MERCIALYS



2022 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

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



2022 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 2022 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 14, 2023, 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, 2023 [1]
2023 first-quarter activity

April 27, 2023
Annual General Meeting

May 2, 2023 [2]
Ex-dividend date

May 4, 2023 [2]
Dividend payment

July 26, 2023 [1]
2023 first-half results

July 27, 2023
Financial information meeting

October 17, 2023 [1]
Activity at end-September 2023

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, 2022, 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 27, 2023.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

In an environment disrupted by two new crises, one geopolitical, with the war in Ukraine, and the other economic, with price inflation reaching its highest levels for nearly 40 years, Mercialys was once again able to maintain a strong level for its operational and financial performance indicators, illustrating the relevance of its strategy.

Dear stakeholders,

The Company had to contend with a further major stress test in 2022 with the war in Ukraine, the rise in interest rates and the return of inflation, which could all potentially continue for some time.

I would like to once again thank Mercialys' teams for their continued commitment and dedication with a view to improving the appeal of our centers and our results.
This has been achieved through the actions carried out on the portfolio to generate reversion and the regular renovation of our centers to improve their letting potential, as well as our innovative activities, events and solutions, such as the Le Shop omnichannel platform or the development of coworking spaces, which have proven their appeal.

The deployment of all of these expert capabilities to further strengthen the attractive positioning and letting potential of our sites around their strong local roots has enabled your Company to continue growing its revenues and Funds From Operations (FFO) and once again highlights the resilience of its business model.

The return to the normalization of shopping center opening conditions in 2022 is reflected in retailers' sales figures, which came in close to their pre-Covid-19 levels. Alongside this, a balance seems to be taking shape between physical and digital retail.

Clients are still very attached to the physical store format, as shown by the latest Quantaflow survey from September 2022, which found that more than 70 % of French people appreciated returning to their stores following the various lockdowns.

This same study also revealed that stores are popular with nearly 75 % of consumers because of their unrivaled client experience. We are convinced that the physical retail model is still just as relevant today, and we firmly believe in this format's predominance, creating living hubs for French people to enjoy each day.

We need to capitalize on this!

All of Mercialys' teams will be satisfied to see that we improved our position in a number of sustainability rankings in 2022.

For instance, the Company moved up to second place in the Global Real Estate Sustainability Benchmark (GRESB), as well as the ranking for the representation of women in management structures on the SBF120.

The rents billed by Mercialys in 2022 once again show sustained organic growth, up + 4.1 %, driven by indexation and the actions carried out on the portfolio.
This resilient profile is also illustrated by the + 3.7 % growth in Funds From Operations (FFO).

2022 was also a key milestone for Mercialys, 17 years after it listed on the stock market. The Casino group, which held 60 % of the capital in 2005, gradually reduced its interest to complete its full exit in April 2022.
Alongside this, the process to bring in-house functions that were previously entrusted to Casino was finalized at the end of 2022.

Mercialys is looking ahead to 2023 with confidence thanks to its sound financial structure and clear strategy for growth. The Company's agility will be an asset in a context in which inflation and interest rates are expected to continue to be key factors in 2023.

Yours sincerely.

Éric Le Gentil
Chairman of the
Board of Directors

QUESTIONS FOR THE LEADERSHIP TEAM

HOW WOULD YOU ASSESS 2022 AND MERCIALYS' RESULTS?

From the geopolitical shock, with energy, to the financial shock, with interest rates, and the economic shock, with inflation, in this uncertain environment, the French model has shown its resilience. Household consumption was preserved thanks to the positive employment trends recorded and the change in purchasing power. Thanks to French consumers' attachment to physical retail following the reopening of stores in 2021, then in 2022, the retailers in our centers saw their activity return to their pre-crisis levels from 2019.

In this context, the performance achieved by Mercialys is very satisfactory. The + 4.1 % organic growth in invoiced rents was supported by the impact of indexation for 1.9 % and the actions carried out on the portfolio of leases, including the renewals and relettings completed in 2021 and 2022, as well as the robust development of Casual Leasing. In 2022, we signed 150 leases, achieving full-year reversion of nearly 3 %.

Funds From Operations (FFO), under the combined impact of revenue growth and the effective control over the change in costs, climbed to Euro 1.13 per share, up 3.1 %, higher than the target for minimum growth of 2 %.

The value of our portfolio remained stable over the year, with an appraisal rate that was virtually unchanged, highlighting the visibility over our future cash flows and the quality of our assets, as well as a cautious valuation approach, reflected in a significant spread between the risk-free rate and the capitalization rate for assets. A dividend of Euro 0.96 will be submitted for approval at the General Meeting, representing 85 % of FFO for the year, in line with the target to distribute 85 % to 95 %.

Mercialys therefore achieved its objectives set out at the start of the year.

ARE THE INFLATIONARY PRESSURES SEEN COMPATIBLE WITH THE COMPANY'S MODEL FOR GROWTH?

Mercialys' portfolio is made up of leading sites in peripheral areas located just outside vibrant mid-size cities in catchment areas where household income levels are higher than the national average. The aim is to create not only physical proximity, but also close day-to-day relationships with our clients in order to anticipate their expectations.

Our positioning is focused more on clients' essential needs, satisfied through retailers with an affordable price positioning, rather than on discretionary spending. All of these elements seem to respond to the current concerns surrounding purchasing power.

The growth in Mercialys' business and results depends on our ability to extract value from our portfolio by working on the retail mix and organizing activities and events to promote our centers, by generating positive reversion on lease renewals and relettings, and by applying a policy to renovate and restructure our sites in line with an architecture that respects its environment.

The retail mix is becoming increasingly precise with the development of Business Intelligence (BI) tools, which will provide our sales teams with fine-grained knowledge of our catchment areas and our clients' aspirations. This will improve their letting potential and help develop the value of our portfolio.

TO CONCLUDE, HOW ARE YOU LOOKING AHEAD TO 2023?

The general environment in 2023 looks set to remain uncertain, with inflation and interest rate rises that are expected to continue throughout the year.

Mercialys aims to continue moving forward with its strategy, while remaining vigilant over changes in the environment, our balance sheet positions and, specifically, the solvency of our client retailers.

The intrinsic features of our business offer a very defensive profile, with recurrent cash flow and the protection linked to indexation, but we must continue to carefully monitor our tenants' business and ensure the sustainability of our rents in relation to their sales, which we call the occupancy cost ratio. This is and must continue to be sustainable for our retailers. Looking beyond simply square meters, we provide them with access to physical and digital marketing tools, as well as client knowledge, which is central to a store's performance, and we support them with their CSR approaches.

The regulatory framework now restricts increases in artificial ground cover, which is helping increase the value of existing sites. Nevertheless, with its solid balance sheet, the Company is positioned to contend with a changing economic environment and envisage a resumption of investments, which have been held back considerably since 2020. This renewal will be able to be achieved through Mercialys' project pipeline or through acquisitions of retail real estate assets.

Mercialys will continue to set demanding standards for the yields on these investments, particularly faced with the change in refinancing conditions.

For 2023, Mercialys is targeting FFO per share growth of at least 2 % and a dividend to represent 85 % to 95 % of FFO.



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

€3,091.2M
portfolio value
(including transfer taxes)

€105.5M
funds from operations (FFO)

€0.96
dividend per share

MERCIALYS ESSENTIALS

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

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Satisfying clients day-to-day needs

OUR VISION

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

Mercialys' portfolio is made up of 48 shopping centers(1), with nearly 800,000 sq.m of space. The Company's assets are home to over 900 international, national and local retailers, attracting more than 110 million visitors each year(2).

Mercialys' asset portfolio is made up primarily of leading retail sites, located in mainland France and on Reunion Island. As partners for day-to-day life, these shopping centers, on a human scale, are located in mid-size urban hubs. They are outstanding examples of convenience retail.

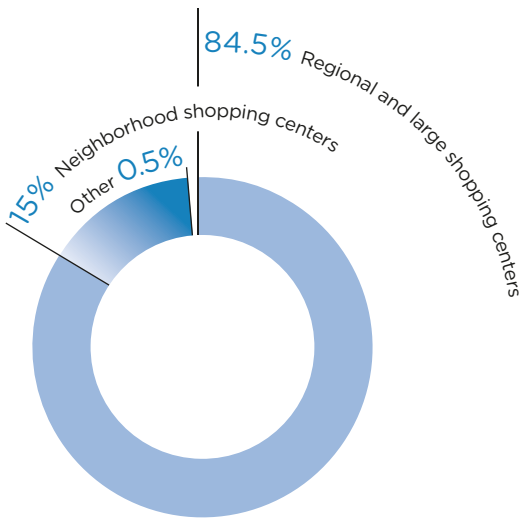
Mercialys' portfolio is firmly established in areas with demographic and income trends that are higher than the national average. These geographies have been a key feature of the Company's investment and divestment strategy since it listed on the stock market in 2005. Looking beyond their intrinsic quality and buoyant underlying socioeconomic factors, the Company is developing an agile and proactive portfolio management approach, with a view to further strengthening their quality and appeal, while capitalizing on its entire range of expertise, from asset management to lettings, operations, physical and digital marketing, and CSR, to divest assets that have reached maturity.

BREAKDOWN OF THE PORTFOLIO BY REGION(3)



BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



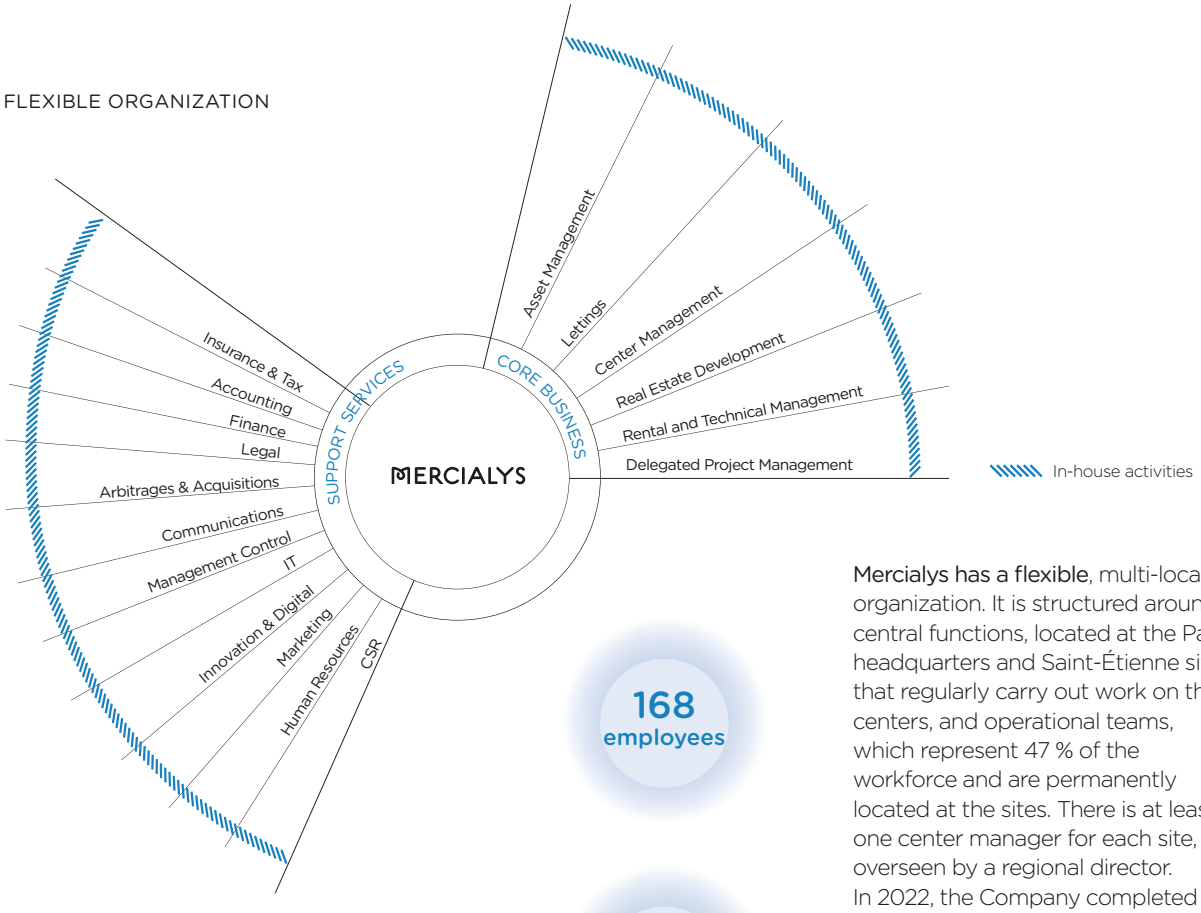
(1) In addition to three dispersed assets.
(2) Excluding periods when national lockdowns were in force and stores were ordered to close.
(3) Excluding dispersed assets.

Looking beyond the dynamic management of its existing portfolio, Mercialys applies a proactive, but rational development strategy. The Company reallocates the proceeds from the disposal of its assets that have reached maturity to support its development project pipeline or acquire assets, while safeguarding its balance sheet positions.
Illustrating this, in 2022, Mercialys sold, for a combined total of nearly Euro 87 million, two Géant hypermarkets (Annecy and Saint-Étienne), two small shopping centers in Marseille (Sainte-Anne and Croix-Rouge) that were no longer aligned with the Company's growth strategy, and various dispersed assets.
At end-2022, the Company had a project pipeline representing Euro 475 million for the period from 2023 to 2027 and beyond.
This pipeline is constantly reviewed in order to ensure the relevance of the projects and their expected profitability. The increase in construction costs may have a negative impact on the target yield of 250bp above the refinancing cost and encourage the Company to carry out arbitrage operations on part of the portfolio with external growth.

This strategy is deployed around three core pillars:
• Ensuring a precision retail mix. 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;
• Creating service platforms in line with socioeconomic changes;
The Company has developed a proprietary digital ecosystem, Le Shop/Ocitô, which includes a marketplace for each center (Le Shop), offering clients all of the products available in the center, with the option to receive them at home or use the click and collect service (first-and last-mile logistics service) through its Ocitô platform;
• Capitalizing on all spaces, thanks in particular to a modular layout design for centers, opening up opportunities for new forms of retail. Casual Leasing is developing strongly alongside traditional leases and providing a new dynamic approach thanks to the frequency of retailer rotations. Mercialys is also continuing to deploy its coworking spaces through its Cap Cowork platform, with a current total of 150 workspaces across four sites (Angers, Grenoble, Toulouse and Nîmes). Six new sites are being looked into with a view to opening in the medium term.

As a leading retail real estate company, Mercialys plays a key role in terms of achieving a balanced urban ecosystem and interacting with retailers, end clients, public authorities and local non-profit organizations. In line with this broad-ranging economic and societal responsibility, the Company is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.

FLEXIBLE ORGANIZATION



168
employees

47%
of employees deployed on site

Mercialys has a flexible, multi-local organization. It is structured around central functions, located at the Paris headquarters and Saint-Étienne site, that regularly carry out work on the centers, and operational teams, which represent 47 % of the workforce and are permanently located at the sites. There is at least one center manager for each site, overseen by a regional director.
In 2022, the Company completed the process to bring its support activities in-house, in addition to the rental and technical management of its shopping centers, which were previously carried out by the Casino group.

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 its clients' 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.

Supported by its strong regional roots, Mercialys' business model has confirmed its resilience in an environment subject to various pressures, marked by two years of a health crisis in 2020 and 2021, while 2022 was affected by a geopolitical crisis and high consumer goods inflation. Mercialys' societal benefits, thanks to retail mixes focused on serving day-to-day needs, were perfectly illustrated. The Company continued moving forward with its strategy to create value across its portfolio and ramped up its digital transformation, launched in 2019. Mercialys is rolling out its innovative offers, including the Ocitô logistics services solutions and its 100 % digital loyalty program Prim' Prim', as well as coworking spaces supporting the activity of its centers. In 2022, the Company also restructured its financial resources, extending the maturity of its debt, with the next maturities not scheduled until February 2026.

Resources serving the strategy

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

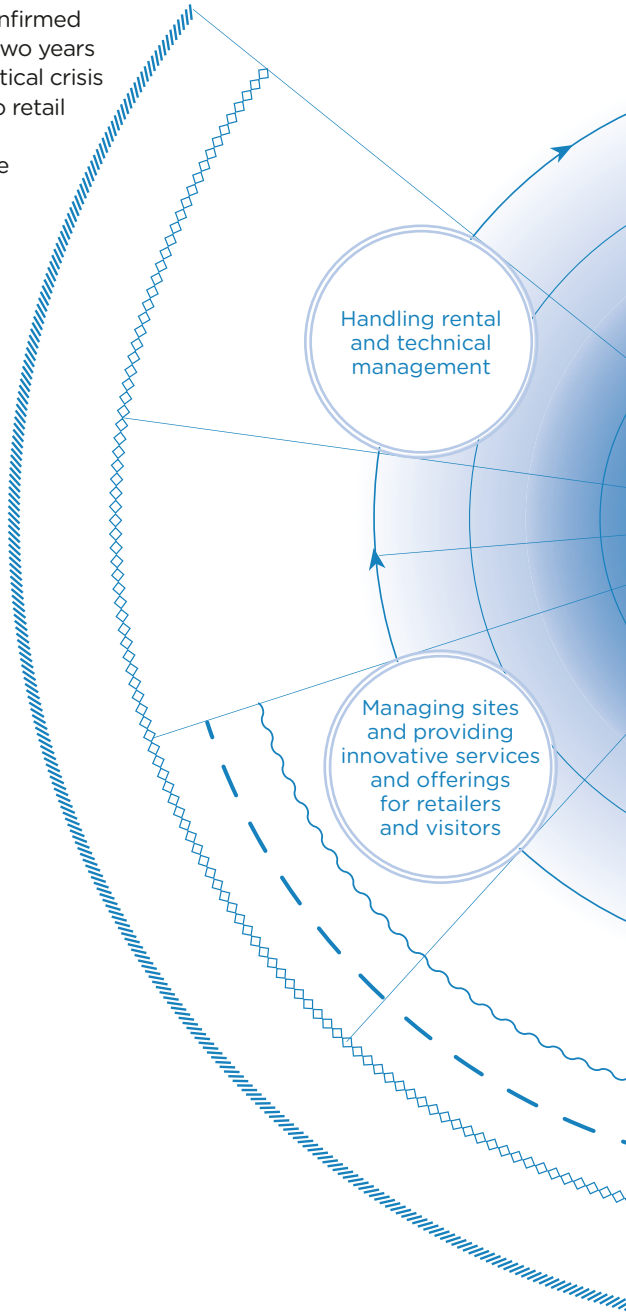
HUMAN RESOURCES
- 168 expert staff
- 61 % women
- 38.7 average age
- 73 % management-grade employees

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

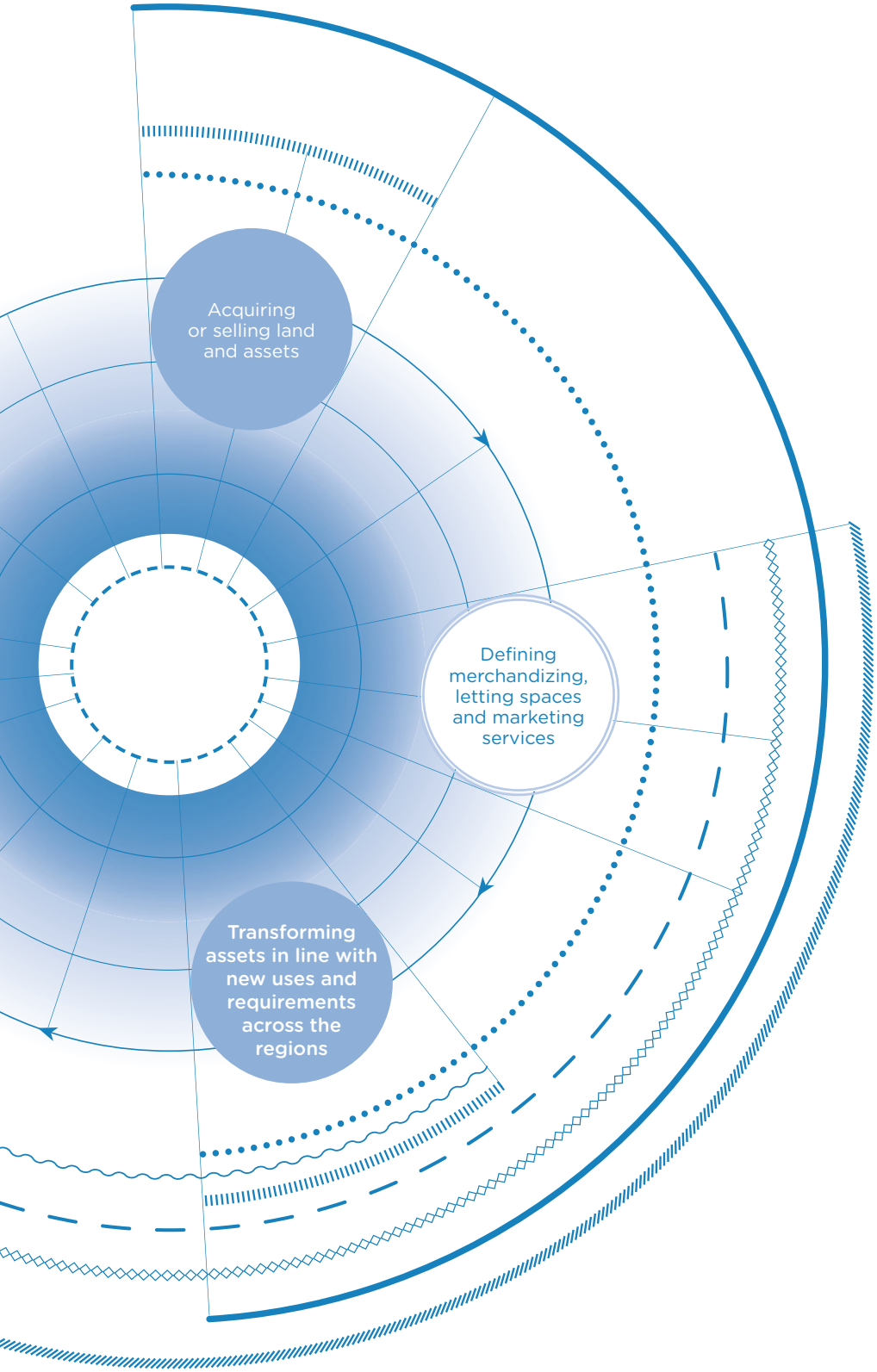
FINANCIAL RESOURCES
- Euro 385 million of undrawn financial resources
- Resilient financial profile:
  - 2.0% (1) average cost of drawn debt
  - 4.5 years average maturity of drawn debt
  - 35.3 % LTV excluding transfer taxes (2)
  - 5.9 x ICR (3)
  - 7.2 x net debt/EBITDA

LAND RESOURCES
- Euro 475 million of development projects for 2023/>2027
- 22 assets concerned, representing 46 % of the number of assets in the portfolio (4)

ENVIRONMENTAL RESOURCES
- 100% of the strategic portfolio in value terms BREEAM In-Use certified
- 46,668 MWh of energy consumed
- 110,654 m³ of drinking water consumed



Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €18.7m of compensation

PROVIDERS AND SUPPLIERS
- €9.5m of purchases

FINANCIAL COMMUNITY
- €91.5m of dividends paid
- €53.2m of financial expenses

STATE AND LOCAL AUTHORITIES
- €0.7m of taxes

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €136k of annual contributions

TENANT RETAILERS
- +790bp [5] outperformance compared with the national panel [6] in terms of footfall
- €4.2 of sales generated on average for each €1 of vouchers spent with the new loyalty program

VISITORS AND END CUSTOMERS
- €6.6m 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
- €345k of contributions to support the local non-profit ecosystem

(1) This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding swaps in connection with these redemptions. / (2) LTV (Loan To Value): net financial debt/(portfolio market value excluding transfer taxes + market value of investments in associates for Euro 52.7 million in 2022 and Euro 55.8 million in 2021, since the value of the portfolio held by associates is not included in the appraisal value). / (3) Interest Coverage Ratio = EBITDA/net finance costs. / (4) Excluding the three dispersed assets. / (5) Between 2015 and 2022. / (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 clients consume, and adapting accordingly to support and meet the needs of its tenant retailers;
2/ Managing its real estate portfolio effectively and specifically its ability to transform them and develop their value in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the green transition.

Triple polarization of flows

Real estate and retail are two sectors that are constantly evolving and follow the latest lifestyle developments. In 2020 and 2021, consumers made increased use of e-commerce and click and collect services as a result of the government-ordered store closures. The health crisis accelerated certain changes that were already taking shape in consumption habits.
The development of e-commerce, up to a 13.4% retail sales market share in France in 2020 (+ 3.4 points *vs.*2019), continued to progress in 2021, but at a less impressive rate (+ 0.7 points to a 14.1% market share) as physical stores reopened, even partially. The latest report on e-commerce from Fevad (February 2023) shows a - 7 % decrease in sales for e-commerce in 2022, reflecting a contraction in its retail sales market share to 12.5%.
Clients are still very attached to physical retail, which continues to have a key position in their day-to-day lives by offering an unrivaled client experience. Alongside this, digital retail is still looking for a profitable business model, particularly taking into account the costs for search engine referencing, deliveries and processing product returns by consumers.

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.

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, through its strong local roots and its development of business intelligence tools, has a fine-grained understanding of the various dynamics at work, with a view to anticipating these changes.
In light of mobility constraints, specific regional development trends and French lifestyle choices, a polarization can be seen on three levels in particular. This polarization is linked directly to the different forms of transport and residential preferences.
The public consultation process launched by the French Ministry for Housing in October 2021, "Habitons la France de demain" (Living in the France of tomorrow), perfectly illustrates the complex realities of regional development to reconcile the political ambition for intensive urban development and individual aspirations for a more dispersed approach.
This shows that density must not be synonymous with densification, but instead connections between housing, retail and work. This is illustrated by the primary concern identified in the public consultation process which, ahead of mobility, concerns the way people consume. The respondents continue to make very widespread use of mass-merchandisers, where the choice of products, diverse selection of stores and prices are more attractive than with e-commerce.

Diverse consumption practices and expectations

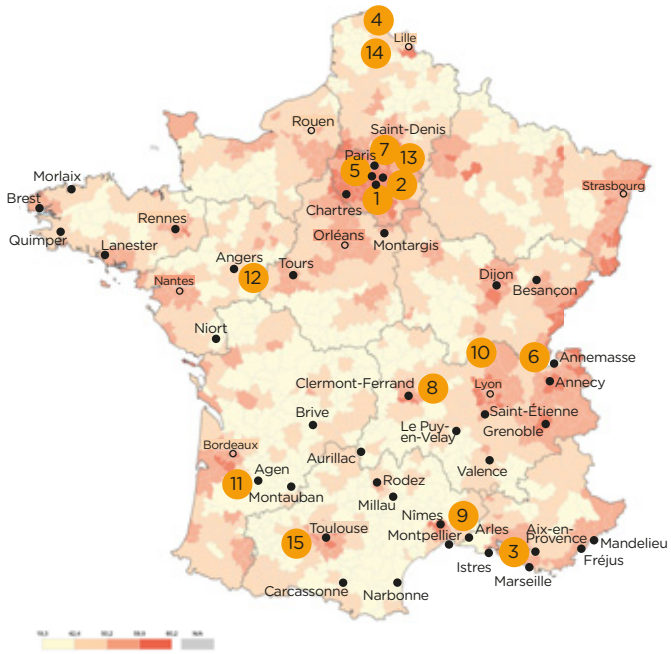
The expectations and practices of people living in very large and medium-sized cities in France are summarized below:

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

Understanding and addressing consumers' needs through retail offerings adapted to the realities of each region is therefore an essential condition for performance in retail real estate. Their long-term viability depends on their ability to provide an effective response to their target clients' expectations, while the size of the sites is not a criterion for performance or resilience.

The first out-of-town retail ranking, organized by the regional retail federation (Fédération des Acteurs du Commerce dans les Territoires, FACT) and Mytraffic, in September 2022, identified France's 15 most attractive areas.
Five Mercialys shopping centers (Marseille, Clermont-Ferrand, Annecy, Arles, Agen) are located in these 15 retail hubs that saw the strongest footfall growth over the last 12 months (July 2021-June 2022).
The common denominators behind this increase in footfall outpacing the national average can be condensed into four points.
Accessibility. This is a key factor since cars are still the widely preferred option.
Client experience. This is crucial and goes hand-in-hand with the investments made to continuously renew the centers' appeal.
Ongoing dialogue with local stakeholders in order to ensure successful integration into the environment.
Lastly, **the functional mix**, with retail hubs that attract a large number of diverse clients.

SHARE OF TAXED HOUSEHOLDS IN 2019 AND FRANCE'S 15TH MOST ATTRACTIVE RETAIL ZONES



● Mercialys' portfolio

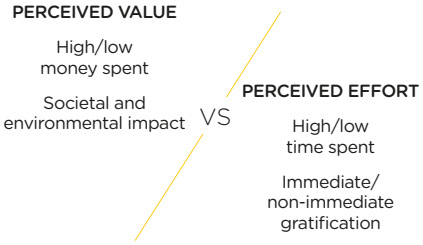
Understanding consumers' needs…

The satisfaction of consumers, whether they live in very large or mid-size cities, is based on meeting their needs. An optimum balance between these needs and their satisfaction is achieved through an ongoing trade-off between the perceived value of goods or services and the effort needed to acquire them. Technological progress has made consumers fundamentally omnichannel and therefore relatively indifferent to whether their distribution channels are physical or virtual.
As such, food purchases are still a bastion of physical retail and the hypermarket format in particular. The digital market share remains marginal at 11% [Fevad]. "Quick commerce" for food, with operators promising to deliver in under 10 minutes, represented a very low level of sales between January and June 2022 with Euro 174.5 million [source IRI], equivalent to one large hypermarket at national level.
There are still questions surrounding the profitability of this model. Excluding food, the weighting of e-commerce increased during the two years of the health crisis in 2020 and 2021, but physical retailers largely contributed to this growth by developing their digitalization to respond to consumers' needs and constraints.

Thanks to their omnichannel or phygital approach, these retailers are ramping up their ability to serve their clients' needs.

To offer each client 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



…to meet them effectively by adapting the offering

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, which benefits from crucial assets in terms of the client experience (availability, practicality, traceability, after-sales service, advice, etc.).
The client experience and the human contact that it involves represent the primary determining factor behind consumers' preference for physical points of sale.
This observation 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.
For consumers, delivery is a given. In medium-sized cities, characterized by extensive urban developments, "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) are not expected to be launched in the near future.

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

VALUE PROPOSITION ALIGNED WITH THESE CHANGING REALITIES

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

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

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

Since it listed on the stock market, Mercialys has been developing or restructuring its assets in line with this approach, building and ensuring the sustainability of market-leading shopping destinations.
The Company's long-term outperformance reflects its value proposition: offering end clients, through a network of shopping centers that are on a human scale and firmly established within their communities, the certainty that they will be able to find the essential products that they consume, making it possible to immediately satisfy their needs with a quick, simple and human buying experience, combined with value for money.
The Company's three longstanding areas of expertise guide this value proposition, supported by its proven ability to anticipate trends around the three priority pillars for development identified.

3 longstanding areas of expertise generating competitive advantages

REAL ESTATE KNOW-HOW
Portfolio of evolving, modular real estate assets

RETAIL KNOW-HOW
Adaptive, omnichannel retail concept

CSR KNOW-HOW
Powerful, responsible dynamics with strong local roots

The Company has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, coworking spaces, e-loyalty programs and reducing the size of hypermarkets.
The ambition is to convert the trends into outstanding ecosystems for retail, digital and logistics solutions, built around the foundations of a diversified selection with affordable pricing, adapted to local needs.
These pillars are broken down into a number of concrete operational projects, engaging all the employees, brought together in multidisciplinary project teams.

3 core pillars for development

PILLAR 1 PRECISION MERCHANDISING
KNOWLEDGE AND PERSONALIZATION
Multiplying personalized interactions with retailers and end clients by further enhancing the Company's proprietary digital and service ecosystem.
DATA MONETIZATION
Developing a personalized offering, thanks to the analysis of proprietary data, while ensuring strict General Data Protection Regulation (GDPR) compliance, and the development of business intelligence (BI) tools to enable our commercial teams to improve the letting potential of our sites.

PILLAR 2 SERVICE PLATFORM
ADAPTED OFFERING AND SERVICES
Further diversifying the centers' offering by including more services, leisure facilities and non-retail circuits, for a richer, differentiating client experience.
FIRST-MILE AND LAST-MILE LOGISTICS
Developing services that integrate centers into the first-mile and last-mile logistics chain, capitalizing on Mercialys' digital maturity to accelerate the omnichannel dimension of its sites.

PILLAR 3 MULTI-FUNCTIONALITY AND STRONG LOCAL ROOTS
MOVING BEYOND THE TRADITIONAL USE OF CENTERS
Establishing the centers as functionally diverse spaces, capitalizing on space not used previously for letting, and integrating local stakeholders' aspirations for limiting urban sprawl.
STRONG MULTI-LOCAL ROOTS
Positioning the centers within a more responsible and sustainable approach to retail and consumption, adapted to local needs, while exploring alternative concepts and ramping up the selection of non-retail events offered at sites, to consolidate their legitimacy.

REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

Mercialys' first competitive advantage lies in its proven real estate know-how, enabling it to hold a portfolio of market-leading assets. Its centers are designed in line with the specific urban features of the various medium-sized cities, based around two key 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, or in densely populated peripheral areas;
- have outstanding transport links; and
- offer long opening hours, optimized parking facilities, clear signs inside the shopping centers, etc.

EFFICIENCY refers to an efficient buying experience, made possible by its assets, as well as the Company's ability to make rapid changes to them. The positioning of Mercialys' centers is focused on satisfying essential needs. These neighborhood centers, while not in opposition to destination centers, are characterized by more frequent and efficient client visits. Consumers prepare their visits beforehand and visit centers to make purchases rather than to stroll around the shops. The average visit time is under one hour. The modularity of Mercialys' assets ensures that they are always effectively aligned with the needs of retailers and end clients, laying the foundations for their core position within their catchment area.



(1) On average.

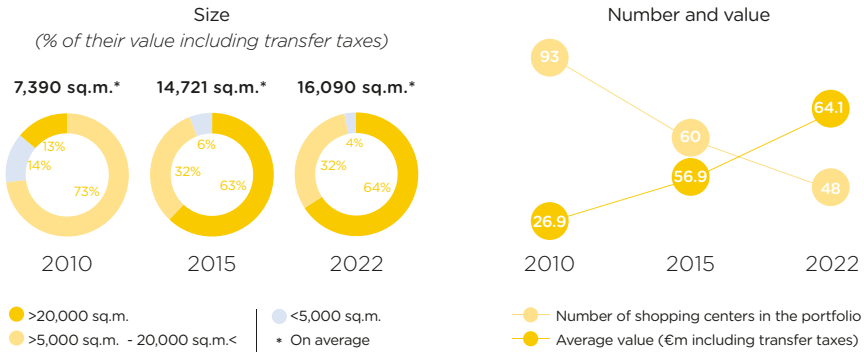
To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy since it was founded. This is built around its asset management approach, selling mature sites, based on the Company's criteria, and making selective reinvestments in assets with residual development potential.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

At end-December 2022, the Company's portfolio comprised 51 assets, with 48 shopping centers and three geographically dispersed assets, valued at a total of Euro 3,091.2 million including transfer taxes. Its shopping centers have an average size of over 16,000 sq.m and an average value of Euro 64.1 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 key consumption areas in urban hubs;
- are located in dynamic regions in mainland France and overseas territories;
- offer residual real estate and commercial development potential.

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

BREAKDOWN OF MERCIALYS' SHOPPING CENTERS



FEATURES OF MERCIALYS SHOPPING CENTER LOCATIONS

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

Guided by its focus on creating value, Mercialys always invests with a selective, rational approach. The Company has a flexible project portfolio, realigned in the last few years around projects making it possible to diversify the use of its centers.
In a retail property sector that has reached maturity, the Company's investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term.
These investments concern assets that are in the portfolio or under development, but may also include assets outside of the Company's current scope if they will be accretive in the short term and offer potential for creating value over the medium term.
At end-2022, Mercialys had a Euro 475 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 **22 OF THE COMPANY'S 48** shopping centers.

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

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

MERCIALYS' DEVELOPMENT PIPELINE

(in millions of euros)

	Total investment	Completion date
Committed projects (2)	20.0	2023/26
Controlled projects	133.1	2024/25
Identified projects	322.3	2025/>27
Total projects (3) (4)	475.4	2023/>27

(1) Of the appraisal value including transfer taxes. / (2) Committed projects primarily include the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8 %, as well as coworking spaces. / (3) Excluding the impact of mixed-use high-street projects, which could also generate margins. / (4) With a positive 250 bps spread between the expected yield and the refinancing cost.

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 clients. The health crisis has accelerated changes that were already taking shape in the retail sector. Mercialys aims to provide appropriate responses to them, built around two key factors driving its success: balance and adaptability.

BALANCE refers first of all to the core offering of consumer goods, in line with the Pareto principle *i.e.* the 20% of the listings consumed 80% of the time) at Mercialys' sites. It aims to satisfy clients' 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 to stand out. Adaptability also refers to Mercialys' ability to understand and satisfy clients' expectations through an increasingly specific and individualized approach, faced with versatile and demanding consumers.

Breakdown of annualized contractual rent by business sector

Personal items	30%
Food-anchored tenants	20%
Culture, gifts and sports	18%
Health and beauty	13%
Restaurants and catering	8%
Household equipment	8%
Services	3%



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

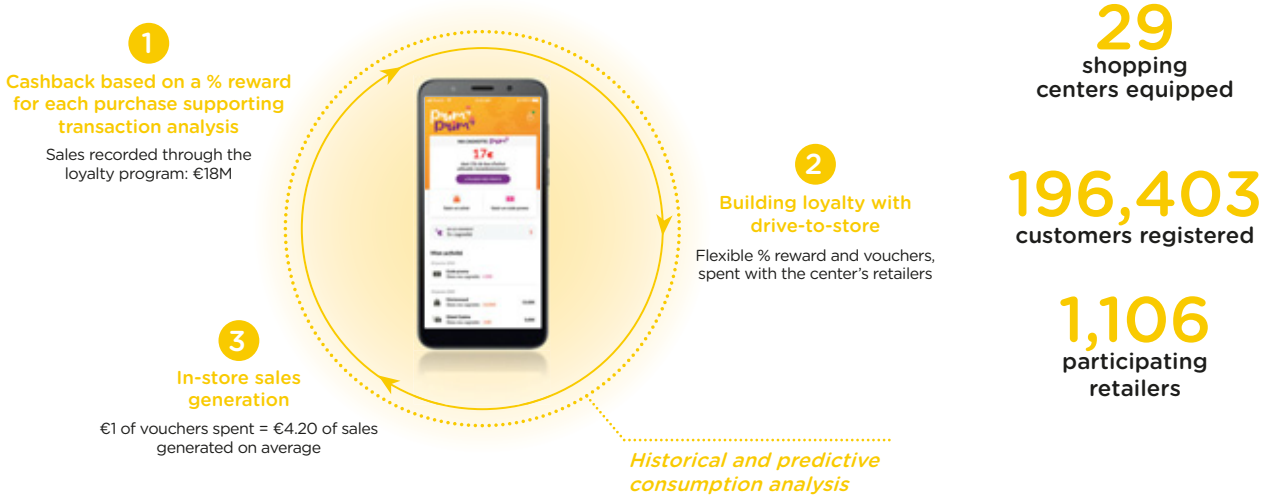
Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its fine-grained understanding of consumers' expectations, thanks to the Business Intelligence (BI) tools developed by the Company over several years.
As Mercialys owns all of its marketing and service tools (Le Shop, loyalty card, Ocitô, etc.), it has a powerful omnichannel ecosystem that enables its client retailers to free themselves up from:
1/ the rising costs involved with buying traffic from the internet giants (GAFA[1]); and
2/ the increase in the commissions paid to marketplace operators, which represented more than 13%[2] of the revenues generated in 2021 (+ 4% vs 2020), a level that is becoming higher than the average occupancy cost ratio for Mercialys' tenants, which represents 11.1% of their sales.

G La Galerie

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

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

STRONGER CONSUMER LOYALTY, WITH MILLIONS OF EUROS OF TRANSACTIONS ANALYZED[3]



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

Le Shop/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:

Le Shop, 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) Source : "baromètre Mirakl des marketplace 2022". / (3) In accordance with the General Data Protection Regulation (GDPR).

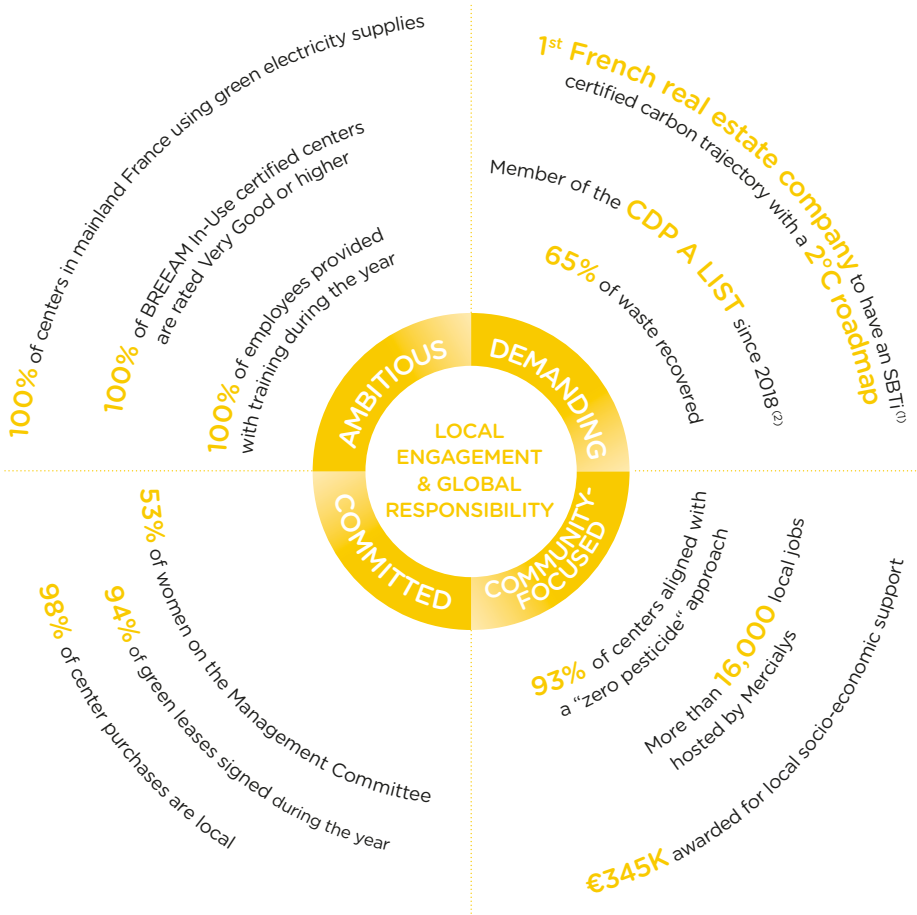
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

Mercialys' third competitive advantage stems from its ability to take into account all its stakeholders. Its positioning at the heart of its communities enables it to effectively understand civil society's expectations and the issues faced. 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.

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' continued to be very vigilant and involved faced with the context of a sharp rise in interest rates and the return of inflation in 2022.
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 areas of expertise.

56%
women directors at end-2022

100%
French directors at end-2022 (1)

8
meetings in 2022

59
average age at end-2022

9
members at end-2022

96%
attendance rate in 2022

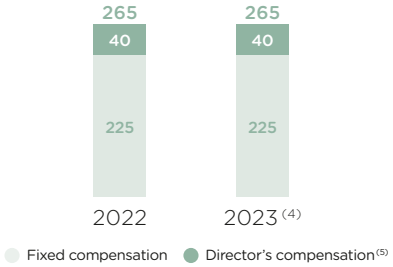
6.1
year average seniority at end-2022

67%
independent directors at end-2022

Compensation for the Chairman of the Board of Directors

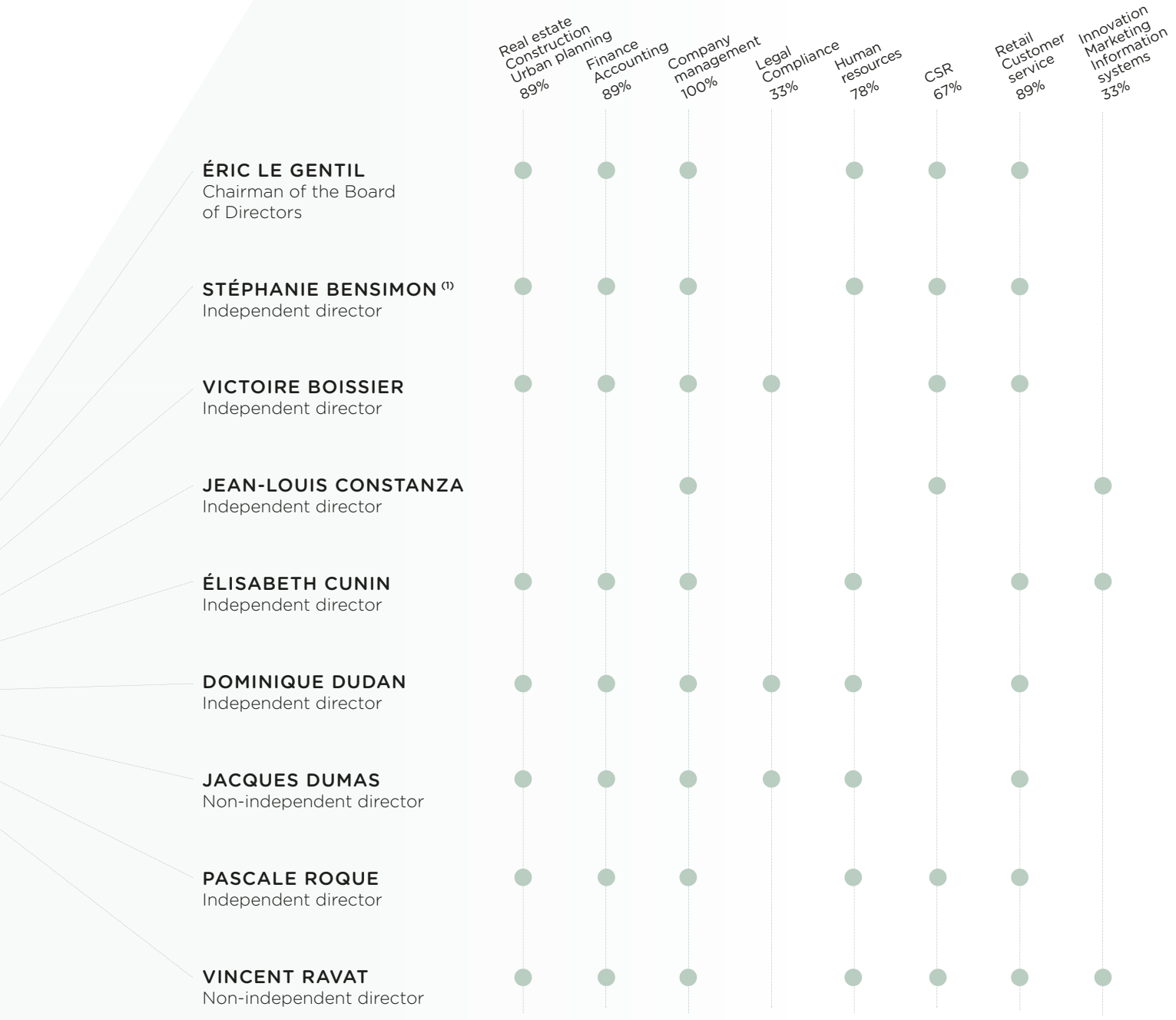
The compensation package for the Chairman of the Board of Directors, Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force (2). He does not receive any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

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) Notably overseeing relations with the Company's main shareholders and financial and/or industrial partners and helping define the strategy and monitor its implementation. / (3) Excluding the variable component included in his remuneration as a director. / (4) Subject to approval at the General Meeting on April 27, 2023. / (5) For 100% attendance.

AREAS OF EXPERTISE



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

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

(1) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021. / (2) Process detailed in the 2022 Universal Registration Document.

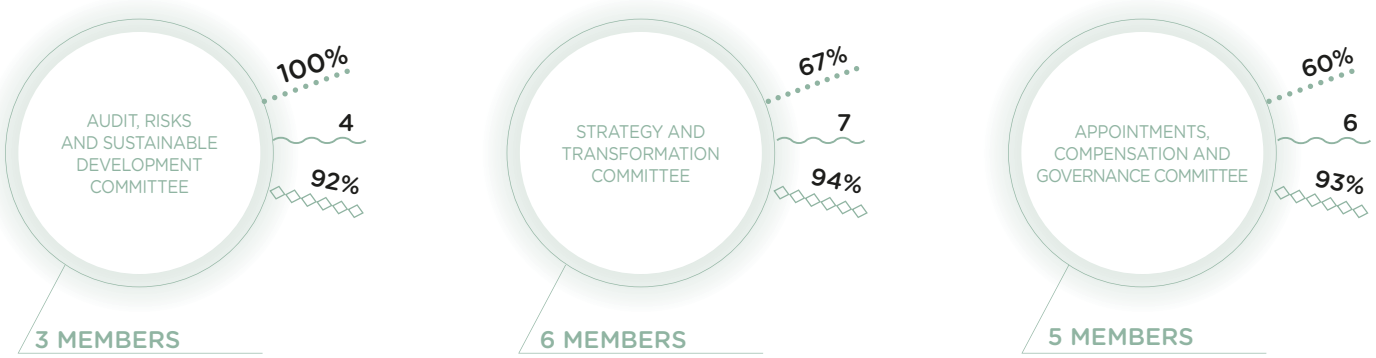
THREE SPECIALIZED COMMITTEES

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



Percentage of independent directors | Number of meetings in 2022 | Attendance rate in 2022

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.

2023 DIRECTORS' COMPENSATION POLICY [1]
(in euros)



(1) Subject to approval at the Annual General Meeting on April 27, 2023. / (2) For 100% attendance, with directors' variable compensation based on their individual effective rate of attendance for the Board of Directors and the Specialized Committees.

FULLY DIVERSIFIED SHAREHOLDING STRUCTURE, ENGAGED AND PROACTIVE DIALOGUE

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

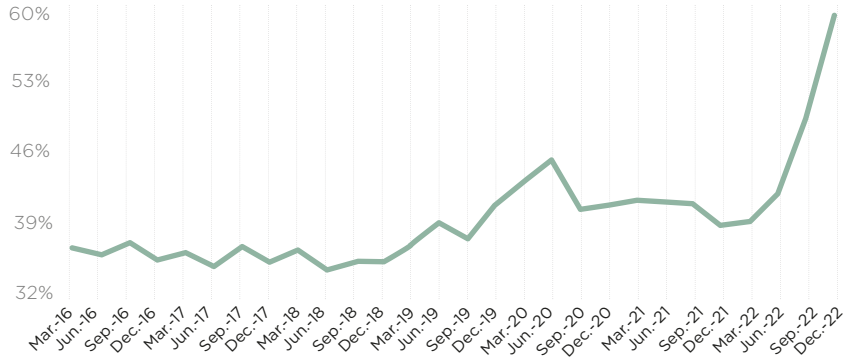
The Company is characterized by its fully diversified capital since the Casino group's full exit from Mercialys' capital. The float represents virtually all of the Company's capital at the end of 2022.

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

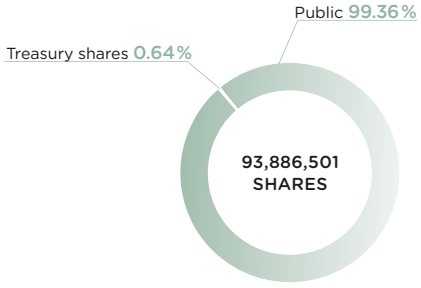
At December 31, 2022, Mercialys' top 33 shareholders [3] held nearly 60 % of its capital and voting rights.

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

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



SHAREHOLDING STRUCTURE
AT DECEMBER 31, 2022



1 SHARE = 1 VOTE

Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders.
In 2022, alongside the many roadshows and contacts led by the management teams, 24 press releases were published for a community of over 900 investors and analysts. The Company also won the transparency award organized by the agency Labrador for its General Meeting brochure.

15 roadshows organized with **10** different brokers and **9** countries covered

#1 2022 Award for Best General Meeting Brochure

24 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

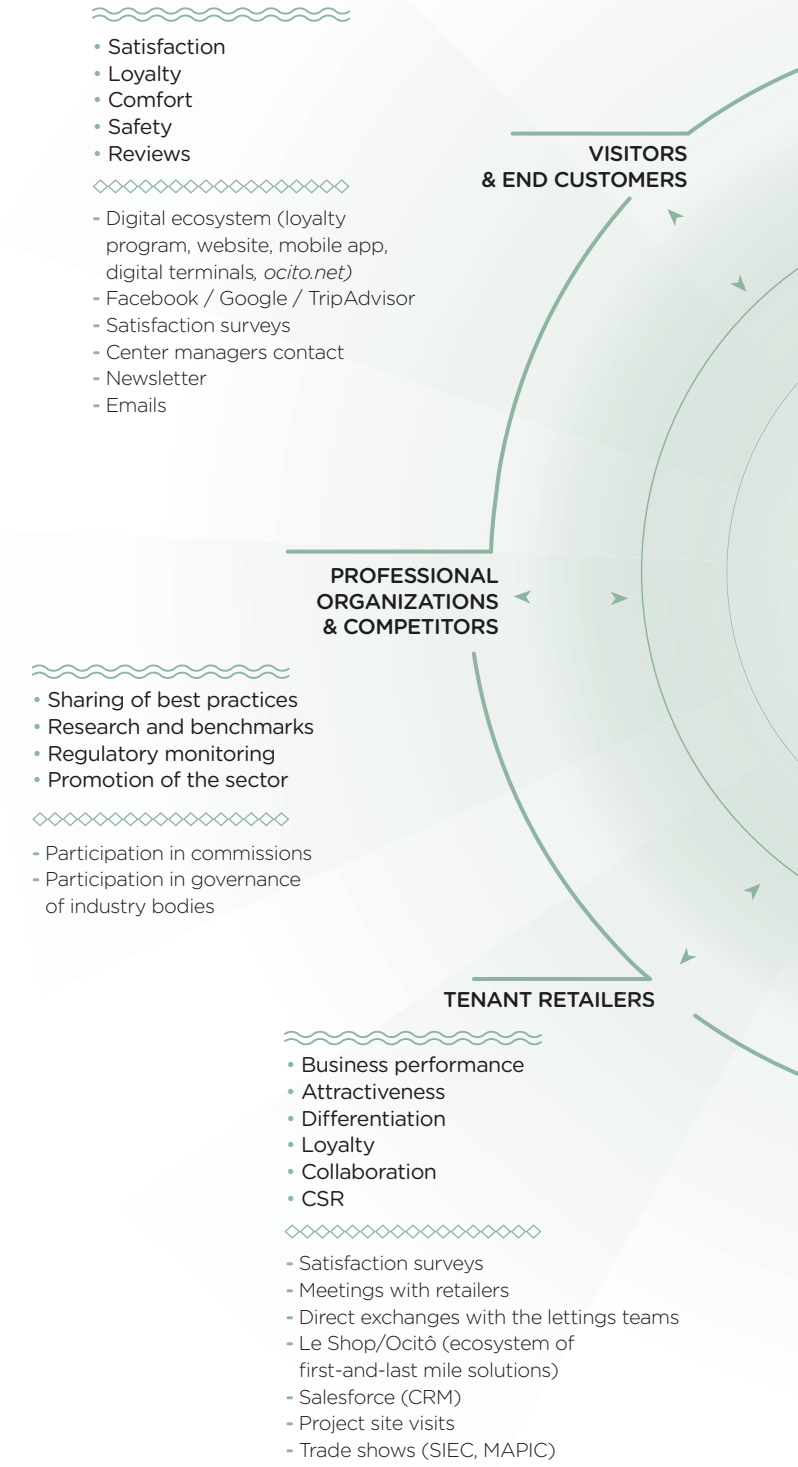
(1) European Public Real Estate Association. / (2) Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group and Generali group.

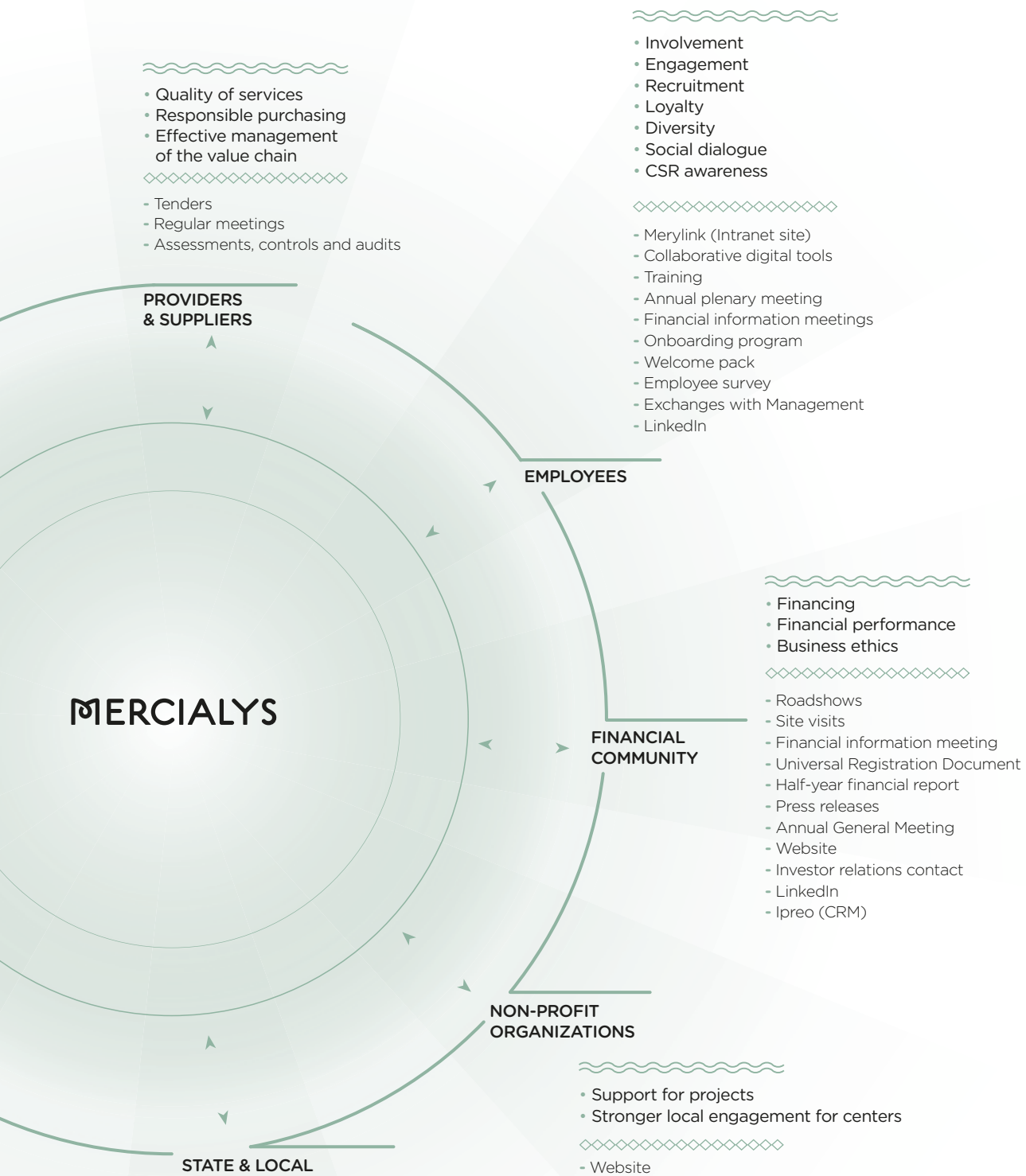
REGULAR DIALOGUE WITH STAKEHOLDERS

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 2022, 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 t 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 close link proved invaluable faced with the context of health and economic instability and the process to bring a number of key functions in-house between 2019 and 2022. It 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 the head office and the various sites.

RISK PREVENTION COMMITTEE'S MISSIONS



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), 53 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. Seven of the 53 risks identified meet these criteria. They cover three categories and are presented below.

CATEGORY	7 RISKS	IMPACT	PROBABILITY	TREND
Risks related to the sector	• Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	NAV	●	↗
	• Risk related to competition on the physical retail segment	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	○	→
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) Data Protection Officer: person in charge of data protection in an organization. / (2) https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.

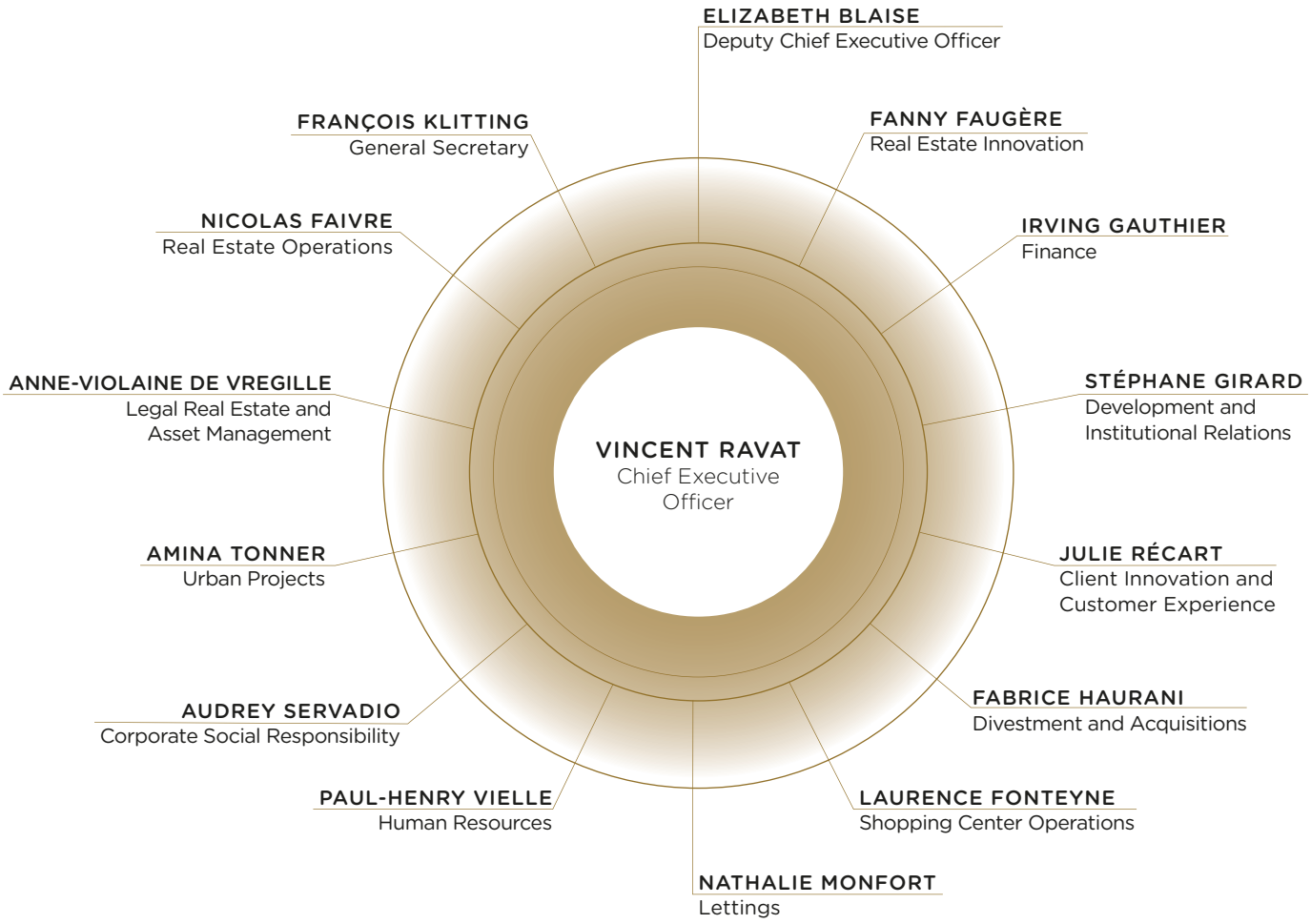
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, parity and strong operational focus

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

The Management Committee was made up of 15 people at December 31, 2022. This expanded composition ensures that it is effectively representative and that the various areas of expertise available to the Company can be capitalized on. All the members have a clear understanding of the challenges involved in Mercialys' business and sector. Their diverse ages, professional backgrounds and experiences represent a source of in-depth exchanges and insights. Their complementary areas of expertise, combined with their broad knowledge base and proximity to the field, further strengthen the Committee's organizational flexibility.

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



Balanced and virtuous executive compensation policy aligned with the strategy

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

OBJECTIVE RECOGNITION OF PERFORMANCE

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

VALUING SUSTAINABILITY DIMENSIONS

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

CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

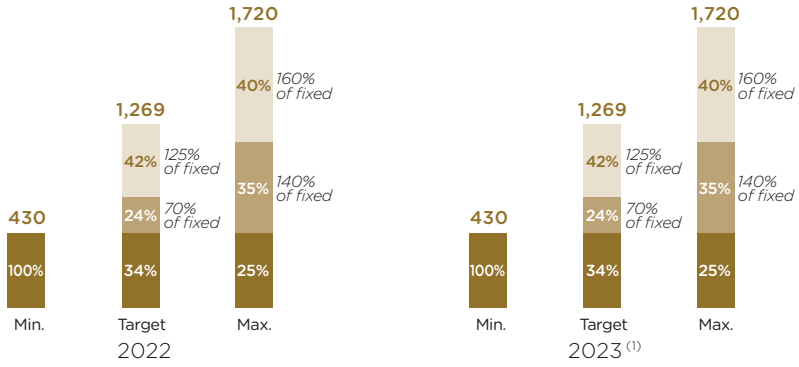
- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performances, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

The compensation policy (*ex ante*) and the 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.

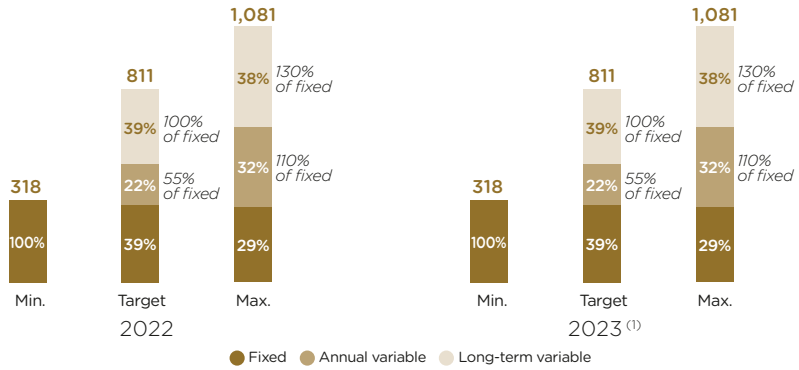
They are submitted for approval by shareholders at the Annual General Meeting, in accordance with the regulations in force. Executive compensation primarily includes a fixed component, a variable annual component and a long-term variable component. The criteria, objectives and thresholds applied to determine 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

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



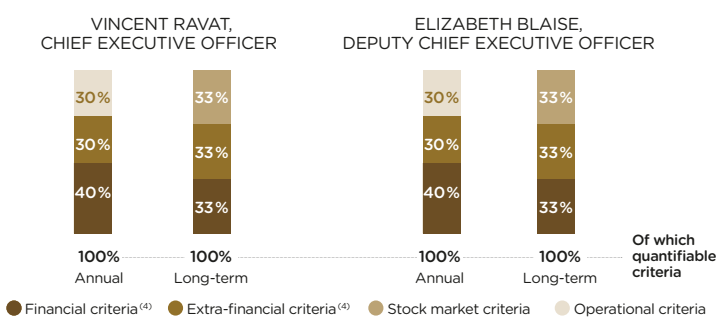
ELIZABETH BLAISE, DEPUTY CHIEF EXECUTIVE OFFICER[2] *(in thousands of euros)*



EQUITY RATIOS[3]

Chief Executive Officer	Deputy Chief Executive Officer
10.4 2022 average	**7.0** 2022 average
11.3 2022 median	**7.6** 2022 median

2022 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES[1]



(1) Subject to approval at the General Meeting on April 27, 2023. / (2) As the Deputee Chief Executive Officer continued in her role as Chief Financial Officer until april 28, 2022, a part of her 2022 compensation was based on her corporate office and another part was based on her employment contract. / (3) Calculation methodology detailed in the 2022 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 **collection rate**, which assesses the proportion of rent, charges and work invoiced to tenants effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL

Change over 12 months(4)	2022 vs. 2021	2021 vs. 2020	2022 vs. 2019
	+16.1%	-4.4%	-11.3%

CHANGE IN RETAILER SALES

Change over 12 months(4)	2022 vs. 2021	2021 vs. 2020	2022 vs. 2019
	+22.9%	-3.3%	+1%

(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. / 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 12 months of operations for 2019, 2020 and 2021.

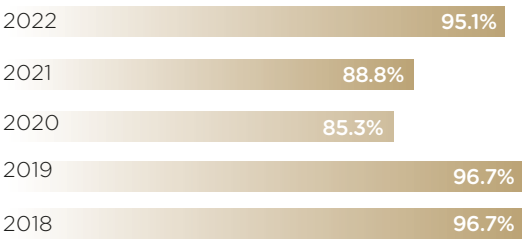
CHANGE IN THE OCCUPANCY COST RATIO



CHANGE IN THE CURRENT FINANCIAL VACANCY RATE



CHANGE IN THE RECOVERY RATE(3)
(Dec 31, of the corresponding year)

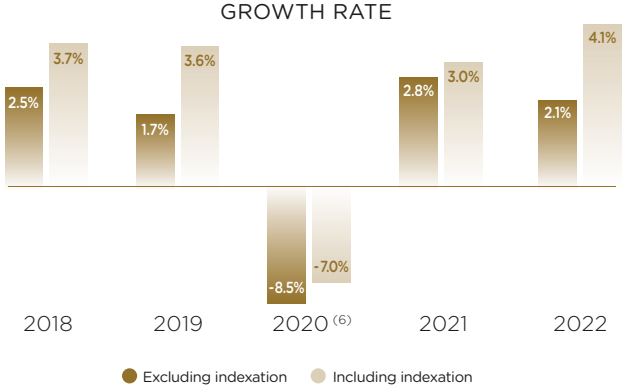


FINANCIAL PERFORMANCE

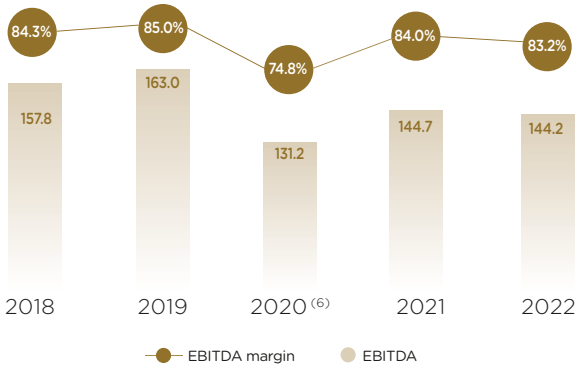
Financial performance is primarily assessed based on:

- **Organic growth** in rental income, which measures the change in the Company's revenues excluding the impact of acquisitions and disposals;
- **EBITDA margin**(4), which assesses the efficiency of its operational management;
- **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



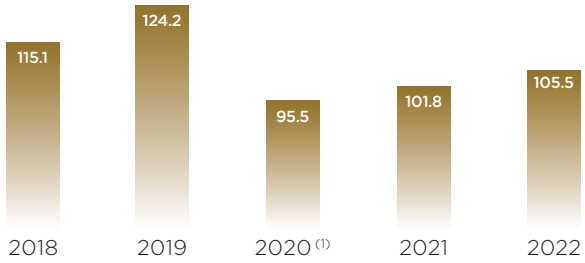
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



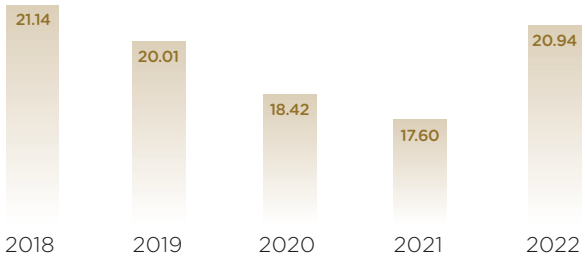
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset. / (3) Rate 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

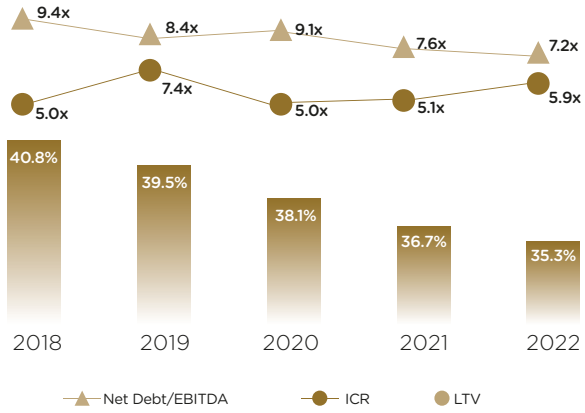
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



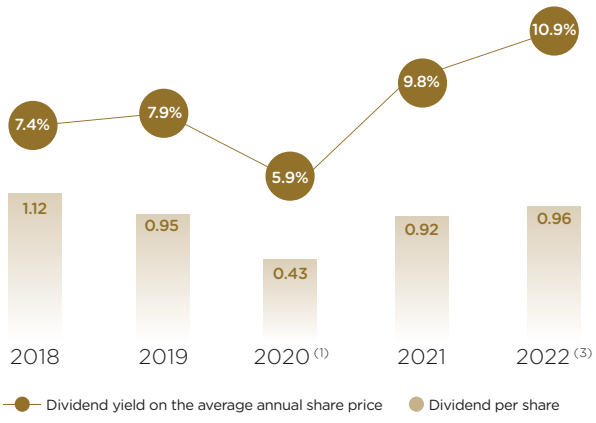
CHANGE IN EPRA NDV (2)
(in euros per share)



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



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



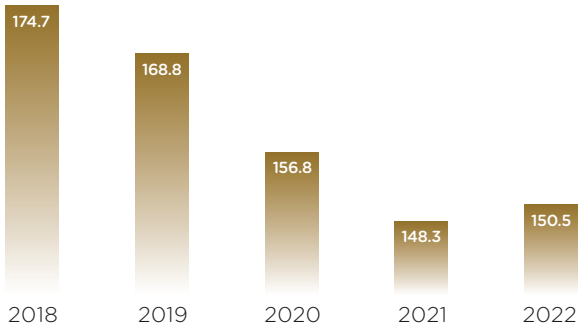
(1) Highly negative impact of the health crisis. / (2) Net Disposal Value. / (3) Subject to approval at the General Meeting on April 27, 2023.

SUSTAINABILITY PERFORMANCE

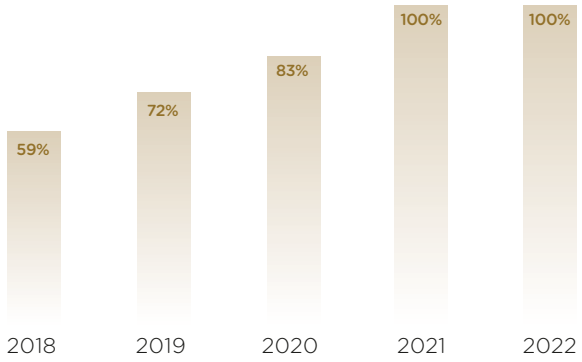
Mercialys' sustainability performance is monitored based on the following aspects:

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

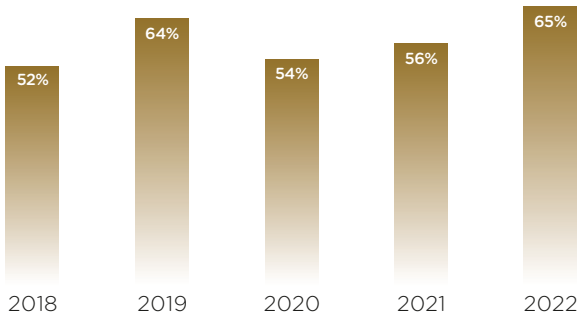
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWhef/sq.m. - current basis)



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



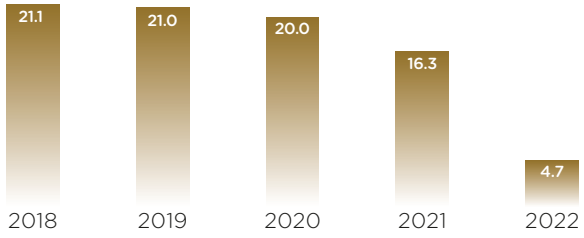
CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)



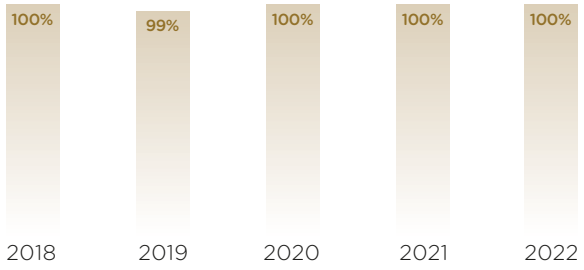
SUSTAINABILITY PERFORMANCE

CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS

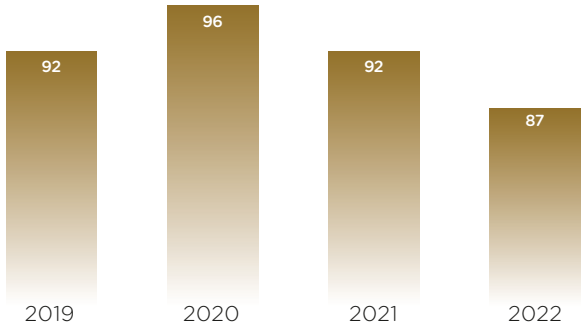
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



CHANGE IN THE PERCENTAGE OF EMPLOYEES TRAINED



CHANGE IN THE WORKPLACE GENDER EQUALITY INDEX



Mercialys' sustainability performance levels are regularly recognized by industry benchmarks and rating agencies, with particularly exceptional results in 2022.

Mercialys confirmed its CDP A List status for the fifth consecutive year, recognized as one of the 283 best-performing companies worldwide out of the 15,000 companies that completed the questionnaire for its approach 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 seventh year, while continuing to progress in its category to reach second place. Lastly, its strong commitment to information and reporting transparency was recognized once again by EPRA, with two new Gold Awards, and at the 13th Transparency Awards ceremony [2], where it received the award for Best General Meeting Brochure, 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.

	2018	2019	2020	2021	2022
GRESB	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	Score: 91/100 Green Star status
CDP	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	Rating: A A List status maintained
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	Score: 90/100
SUSTAINALYTICS	-	Score: 11.74 [4]	Score: 9.4	Score: 9.1	Score: 8.5
MSCI	Rating: BBB	Rating: A	Rating: A	Rating: A	Rating: A
ISS-oekom	Rating: B- Prime status achieved	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained
Transparency Awards	#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	Best general meeting brochure
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
Ministère chargé de l'égalité entre les femmes et les hommes, de la diversité et de l'égalité des chances	#4 on SBF 120	#4 on SBF 120	#4 on SBF 120	Score: 85/100 #3 on SBF 120	Score: 91.7/100 #2 on SBF 120

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



2.9%
current vacancy rate

35.3%
loan to value (LTV)
excluding transfer taxes

5.75 %
appraisal yield rate

1

REVIEW OF THE YEAR

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1.1 Activity report

The economic context in France was disrupted by the inflationary pressures that began in 2021 and initially concerned energy before spreading in 2022 to all other areas of consumption, and particularly food.

Year-on-year consumer price inflation reached + 5.9% at end-December 2022 according to INSEE. Household purchasing power remained virtually stable (- 0.1%), supported by the various government assistance measures to cushion the impact of the inflationary shock. Overall, household consumption remained robust throughout 2022, closing out the year up + 2.2% compared with 2021 according to the Banque de France.

In this disrupted environment, Mercialys once again maintained a high level of operational and financial performance indicators, demonstrating the resilience of its business model and relevance of its strategy. At end-2022, footfall in Mercialys' shopping centers reached 88.7% of the normalized level from 2019. Alongside this, full-year retailer sales across Mercialys' portfolio came in + 1% higher than 2019.

This excellent transformation rate illustrates the efficiency of client visits in our shopping centers and highlights the fact that across the Company's assets, purchases are driven primarily by satisfying day-to-day needs, built around accessibility, client experience, and the functional and service mix in the Company's centers.

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 2.9% at end-2022, *versus* 3.2% at end-2021, significantly lower than at end-2020 (3.8%).

This good operational performance is reflected in the income statement at end-December 2022. Illustrating this, invoiced rents are up + 4.1% like-for-like to Euro 172.6 million. The increase in rental income on a current basis came to + 1.3%, reflecting the disposals completed in 2021 and 2022. EBITDA came to Euro 144.2 million, virtually stable compared with 2021 (Euro 144.7 million). The Company maintained a high EBITDA margin of 83.2% (84.0% in 2021), supported by strict control over operating costs, helping offset the additional costs temporarily sustained in connection with the finalization of the process to bring functions in-house. Funds From Operations (FFO) are up + 3.7% to Euro 105.5 million, and + 3.1% per share to Euro 1.13, with this trend exceeding the target set by the Company for FFO per share growth of at least + 2%.

In 2022, Mercialys significantly strengthened its financial structure's liquidity and maturity, capitalizing on the conditions in place to refinance part of its debt during the first quarter. The balance sheet positions were also further improved in 2022, thanks to its operational management, the good level of resilience shown by its asset values, and its asset rotation policy. The Loan To Value (LTV) ratio was reduced by - 140bp *versus* the end of 2021, with an LTV of 35.3% excluding transfer taxes and 33.0% 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/stable outlook during the year.

The Company's sound financial structure and positive recurrent cash generation offer headroom for new investments, which had been held back to a great extent since 2020. In addition to its priority areas for development over the medium term (service platforms, maximization of spaces), Mercialys aims to accelerate its growth through targeted and accretive acquisitions and the resumption of its project pipeline.

Alongside this, supported by the + 0.8% year-on-year increase in its asset appraisal values (excluding transfer taxes), its balanced payout policy and the positive change in the fair value of fixed-rate debt, the EPRA NDV came to Euro 20.94 per share, up + 19.0% over 12 months and + 6.6% for the second half of 2022.

In view of all of these elements, the Company's Board of Directors will submit a proposal at the General Meeting on April 27, 2023 for a dividend of Euro 0.96 per share for 2022, representing 85% of FFO for the year, offering a yield of 4.6% on the NDV of Euro 20.94 per share at end-2022 and 9.8% on the year's closing price for 2022:

- 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 0.71 per share;
- the distribution based on 70% of exempt profits for 2022 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.05 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.20 per share.

The ex-dividend date is May 2, 2023, with the dividend to be paid on May 4, 2023.

1.1.1 Supported by a resilient business model, Mercialys aims to accelerate its growth over the medium term

Business model demonstrating its resilience in a disrupted environment

2022 represented a further test for the resilience of Mercialys' business model. Following two years characterized by unprecedented disruption in 2020 and 2021 due to the health crisis and its impacts on economic activity and consumption, 2022 was marked by inflationary pressures which gradually progressed from energy to include all areas of consumption.

Mercialys' business model, based on sustainable rents for retailers and an affordable retail mix focused on clients' essential needs, enables it to ensure a long-term focus for its operational performance through different economic cycles and appears to be particularly relevant faced with the current inflationary environment and pressures over purchasing power and interest rates that could take shape looking beyond 2023.

Accessibility is at the heart of Mercialys' strategic positioning. This is highlighted by its pricing accessibility, through its retail mix, as well as the accessibility of its rents for retailers.

For tenants, this accessibility is notably illustrated by an effectively controlled occupancy cost ratio and a competitive level of service charges with Euro 40 per square meter (excluding property tax).

This accessibility is based on not only the positioning of the retail mix, but also accessibility in terms of mobility, illustrated by easy access to our centers by car, which is still the preferred means of transport for many consumers.

Satisfying essential everyday needs is the second pillar from the positioning adopted by Mercialys, which has applied a dynamic commercial strategy since it was created, tailoring its retail mix to each catchment area and regular changes in consumers' expectations.

The Company is focused on a central offering and aims to position itself around a Pareto's Law ratio targeting the 20% of products that correspond to 80% of consumers' needs.

These needs, as expressed by consumers, evolve over time. Mercialys has shown its ability to adapt to demand, without impacting its organic rental growth. Compared with end-2014, personal items, with sales declining steadily nationwide since the early 2010s, were significantly lower (- 280bp) in Mercialys' rental base at end-2022. Alongside this, the Company has considerably strengthened its rental exposure to health and beauty (+ 100bp over the period) and culture, gifts and leisure (+ 350bp), with these segments buoyed by their appeal to consumers.

The rotation between different sectors is illustrated by the operations carried out in 2022. For instance, Mercialys set up new leases with Intersport in Aix-Marseille and Rituals (Health and Beauty) in Lanester to replace two clothing retailers and further strengthen its offering with retailers that are popular with visitors.

Mercialys aims to accelerate its growth over the medium term

Mercialys' shopping centers, located primarily in peripheral areas of vibrant mid-size cities, are positioned as leaders or joint-leaders in their catchment areas. To maintain the strong positioning of its sites, Mercialys needs to regularly enhance its client experience, while investing in its retail units, activities and events, as well as the quality of its spaces to continuously renew the appeal of its centers.

The Company's ability to generate growth and therefore extract value from its portfolio is built primarily around the expertise of its operational staff coordinating and managing the centers, as well as its lettings and asset management teams, for negotiating leases on renewals and relettings, and the transformation of existing assets by redeveloping spaces.

In addition to this traditional know-how, Mercialys has been rolling out a strategy for growth since 2019 built around developing service platforms, deploying precision merchandising and maximizing available space. This is combined with potential for growth from the project pipeline, which is subject to regular arbitrage operations, with acquisitions based on their potential opportunities for yields.

Development of service platforms

In 2019, Mercialys started to build its Le Shop service (change to the name of the Ocitô service, which is now the name of the last-mile delivery service), the Company's proprietary web and mobile marketplace that enables consumers to buy food and non-food products online directly from their center's retailers. The platform also offers 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.

The progress made by e-commerce, with its retail market share climbing from 10% in 2019 to 14.1% in 2021 [(1)], benefited significantly from stores being closed during the health crisis. However, a balance is taking shape between online retail and physical retail, with clients still very attached to physical retail, as highlighted by the latest Quantaflow survey from September 2022, which found that more than 70% of French people appreciated returning to their stores following the various lockdowns. This balance is also illustrated by the fact that e-commerce market shares have stabilized or declined for household appliances, new physical cultural products, clothing and consumer goods since 2021 compared with 2020, according to FEVAD. In 2022, online product sales contracted by -7% versus 2021, with e-commerce estimated to represent 12.5% of total retail product sales, compared with 14.1% in 2021 and 13.4% in 2020.

(1) Fevad: 2022 e-commerce figures.

Physical retail has a key role to play and an opportunity to capitalize on linked to the necessary combination between physical and digital in order to meet consumers' expectations for practicality and product availability. This accounts for the success of "phygital" retailers: Their online sales growth significantly outpaced pure players on average (66% vs 18%) in 2021 (1). The latter are still looking for a profitable and sustainable business model, particularly taking into account the costs for search engine referencing, deliveries and processing product returns.

These developments point to a promising future for hybrid physical retail, while ensuring the sustainability of the shopping center's role in the client journey, capitalizing on their need to see products, benefit from proximity and receive advice.

Mercialys shopping centers need to become, locally, a connection point for physical and digital retail. 28 sites across the portfolio now offer Le Shop to clients, with 190 stores participating. Mercialys will continue to bring more retailers on board in 2023 in order to further strengthen the appeal of the selection available.

The ecosystem also covers all first- and last-mile logistics services through the Ocitô platform in the medium-sized cities where extensive peripheral urban developments make it complicated to achieve scale effects.

This logistics service aims to offer clients interchangeable options to receive their orders at home or to collect them in-store or with the drive-through service.

Le Shop and Ocitô are therefore designed to meet the need for hybrid retail among shopping center visitors and ramp up the capabilities of these sites, while supporting retailers to develop their offering and optimizing the spaces and their logistics with a view to further strengthening the reversion potential for rents.

The "Prim-Prim" loyalty program is another service-focused innovation by Mercialys, launched in 2020. This program makes it possible to support the robust development of sales thanks to the cashback system and loyalty program. It is also a valuable digital tool for accumulating information and targeting visitors' expectations more effectively.

Precision merchandising

Mercialys aims to multiply personalized interactions with retailers and end clients from the Company's proprietary digital and service ecosystem with Le Shop/Ocitô and Prim-Prim.

The client data collected directly by Mercialys, in accordance with GDPR (2), is rich on account of its features (contact data, visits, 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 can be "monetized" through:

- ensuring higher levels of visitor satisfaction, by identifying their needs, missing services or offers;
- providing better service for client retailers, which will be able to "profile" their clients and target their communications for more efficiency and performance analysis.

Using this data effectively makes it possible to optimize client transit times in shopping centers and increase the frequency of their visits. This helps increase retailers' sales and rental reversion potential.

Capitalizing on all spaces

Mercialys' functional and service mix strategy is focused on the digitalization of the retail offering across its sites, as seen previously, in addition to capitalizing on all of its spaces, representing close to 780,000 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. Ongoing dialogue with local authorities, including elected officials, is a key factor for ensuring successful integration into the environment. 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.

Casual Leasing, a service-focused offering developed by Mercialys since 2013, is an outstanding illustration of this approach. The Company has been a pioneer for this form of retail, which has seen rapid growth, through the flexibility that it offers for both local and national retailers. The Casual Leasing business, which is continuously evolving, helps consolidate the positioning of Mercialys' shopping centers at the heart of visitors' day-to-day activities. In 2022, Casual Leasing represented Euro 9.9 million of sales, up + 15% from 2021.

Lastly, Mercialys is continuing to deploy its coworking spaces through its Cap Cowork platform. These spaces are being successfully operated in Angers, Grenoble, Toulouse and Nîmes, with a total of around 150 workspaces. In addition to optimizing this activity's like-for-like results, thanks in particular to its pricing policy, Mercialys has further potential for development. For instance, an extension of the existing space in Angers is being looked into, in addition to the opening of coworking spaces at a further six sites in the medium term.

Out-of-town shopping centers are evolving to become "life hubs", and Mercialys' development pipeline includes seven healthcare centers complementing the pharmacies that are already present at most of its shopping centers.

(1) Knight Franck.
(2) General Data Protection Regulation.

1.1.2 In 2022, Mercialys sold Euro 87 million of assets, based on prices that were at least equivalent to their appraisal values, supporting the Company's capacity for investment

In April 2022, Mercialys finalized the sale of the Géant Casino Annecy Seynod and Saint-Étienne Monthieu hypermarkets, for a combined total including transfer taxes of nearly Euro 65 million, in line with their appraisal values.

Since being acquired in 2014 and 2015, these large food stores had seen their surface areas scaled back significantly, in coordination with their operator Géant, making it possible to set up units with national retailers that are popular with consumers, such as Action and FNAC, contributing to the shopping centers' appeal and creating value for the Company.

These sales 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 21.0% at end-2022).

In December 2022, Mercialys also completed the sale of the Marseille Sainte-Anne and Marseille Croix-Rouge shopping centers for a combined total of Euro 10 million including transfer taxes. The sales prices were aligned with the appraisal values from June 30, 2022. These two centers, which had a limited size (total of 2,700 sq.m and 25 stores) in relation to Mercialys' portfolio and which had been subject to extensive work to extract their rental reversion potential, were no longer aligned with the Company's development strategy.

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 headroom for rolling out its strategy for growth, which will be able to be achieved through the development pipeline or through targeted, value-creating acquisitions, with the Company's current indicators not expected to be adversely affected by their financing costs. These would be focused on retail property or related activities, including shopping centers, retail parks and storage centers.

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.

At end-2022, the Company had a project pipeline representing nearly Euro 475 million for the period from 2023 to 2027 and beyond. This pipeline is constantly reviewed in order to ensure the relevance of the projects and their expected profitability. The increase in construction costs may have a negative impact on the target yield and encourage arbitrage operations on part of the portfolio, with a focus on operations outside the development pipeline. In a still unstable environment concerning changes in inflation and interest rates, Mercialys will launch its investments or acquisitions when they offer a positive 250bp spread between their yield and the refinancing cost.

These projects, which concern 22 sites out of the 48 shopping centers held by Mercialys, include 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 generation profile over the long term.

(in millions of euros)	Total investment	Investment still to be committed	Completion date
Committed projects[1]	**20.0**	**18.7**	**2023/2026**
Tertiary activities	20.0	18.7	2023/2026
Controlled projects	**133.1**	**128.6**	**2024/2025**
Retail	115.7	111.4	2024/2025
Dining and leisure	3.5	3.4	2025
Tertiary activities	13.9	13.8	2024/2025
Identified projects	**322.3**	**322.1**	**2025/>2027**
Retail	208.9	208.8	2025/>2027
Dining and leisure	81.9	81.9	2025/2026
Tertiary activities	31.5	31.5	2025/2027
TOTAL	**475.4**	**469.5**	**2023/>2027**

- *Committed projects: projects fully secured in terms of land management, planning and related development permits.*
- *Controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits.*
- *Identified projects: projects currently being structured, in emergence phase.*

(1) The investments to be committed for the pipeline correspond to the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%, as well as coworking spaces.

1.1.3 EPRA NDV (Net Disposal Value) up + 6.6% over six months and + 19.0% over 12 months

Mercialys' portfolio value came to Euro 3,091.2 million including transfer taxes, down - 1.0% over six months and - 1.5% over 12 months. Like-for-like [(1)], it is down - 0.8% over six months, but up + 0.9% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,896.9 million, down - 1.1% over six months and - 1.6% over 12 months. Like-for-like [(1)], it is down - 0.9% over six months, but up + 0.8% over 12 months.

At end-December 2022, Mercialys' portfolio mainly comprised 48 shopping centers [(2)], with 25 large regional shopping centers and 23 leading local retail sites.

The average appraisal yield rate was 5.75% at December 31, 2022, compared with 5.71% at June 30, 2022 and 5.71% at December 31, 2021. This virtual stability reflects the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation, offsetting the increase in the discount rate resulting from the higher risk-free rate.

The EPRA Net Asset Value indicators are as follows:

	EPRA NRV			EPRA NTA			EPRA NDV		
	12/31/2021	06/30/2022	12/31/2022	12/31/2021	06/30/2022	12/31/2022	12/31/2021	06/30/2022	12/31/2022
€/share	20.51	20.35	20.54	18.39	18.24	18.42	17.60	19.65	20.94
Change over 6 months	+ 1.0%	- 0.8%	+ 0.9%	+ 0.7%	- 0.8%	+ 1.0%	+ 2.5%	+ 11.6%	+ 6.6%
Change over 12 months	- 3.2%	+ 0.2%	+ 0.1%	- 3.4%	- 0.1%	+ 0.2%	- 4.5%	+ 14.4%	+ 19.0%

The EPRA NDV came to Euro 20.94 per share, up + 6.6% over six months and + 19.0% over 12 months. The Euro + 3.34 per share change over 12 months takes into account the following impacts:

- dividend payment: Euro - 0.92;
- Funds From Operations (FFO): Euro + 1.13;
- change in unrealized capital gains [(3)]: Euro + 0.18, including a yield effect for Euro - 0.25, a rent effect for Euro + 0.49 and other effects [(4)] for Euro + 0.06;
- change in fair value of fixed-rate debt: Euro + 3.02;
- change in fair value of other items: Euro - 0.07.

1.1.4 Mercialys' sound financial profile is enabling it to accelerate its growth by rolling out its development pipeline and capitalizing on opportunities for targeted acquisitions

Thanks to the actions carried out in 2022 to consolidate its balance sheet, Mercialys has solid fundamentals in place in a market environment that is volatile, but could open up opportunities for acquisitions.

During the first quarter of 2022, Mercialys carried out a major refinancing operation based on:

- a bond issue for a nominal total of Euro 500 million, maturing in February 2029, with a 2.5% coupon;
- the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon;
- the exercising in full of the make-whole early redemption option for the Euro 469.5 million outstanding on the bond issue scheduled to mature in March 2023, with a 1.787% coupon.

This refinancing operation enabled the Company to significantly extend the average maturity of its bond debt from 3.6 years at end-2021 to 4.9 years at end-2022. The Company does not have any bond maturities until February 2026.

Alongside this, Mercialys has continued moving forward with the "greening" of its Euro 385 million of undrawn liquidity facilities, based on five bilateral lines and a syndicated credit line. To date, environmental clauses (based on the carbon roadmap and the portfolio's BREEAM In Use rating) have been incorporated into the five undrawn bilateral lines, representing a combined total of Euro 205 million.

At end-December 2022, drawn debt represented Euro 1,262 million. It is made up of three bond issues and a private placement, with a residual nominal amount of Euro 1,150 million, as well as commercial paper, with Euro 112 million outstanding at end-December 2022.

The cash position totaled Euro 216 million at end-2022.

(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 15.3 million.
(3) Difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes.
(4) Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains on asset disposals.

The real average cost of drawn debt was 2.0% [1] for the full year in 2022, up slightly from end-June 2022 (1.7%) and stable compared with the full-year figure for 2021 (2.0%). This change in 2022 reflects, on the one hand, the full-year impact of the bond refinancing operation carried out in the first quarter, and on the other hand, the limited impact of the increase in interest rates during the second half of the year.

The average maturity of drawn debt was 4.5 years at December 31, 2022, compared with 3.2 years at December 31, 2021 and 4.7 years at end-June 2022.

Mercialys has a healthy financial structure, with an LTV ratio excluding transfer taxes [2] of 35.3% at December 31, 2022 (compared with 36.6% at June 30, 2022 and 36.7% at December 31, 2021). The LTV ratio including transfer taxes was 33.0% at end-2022, compared with 34.3% at June 30, 2022 and 34.4% at December 31, 2021. The Company has significantly optimized its financial structure thanks to an active divestment policy, implemented under very satisfactory valuation conditions, and the resilience of its appraisal values, highlighting the strong positioning of its sites.

The ICR [3] was 5.9x at December 31, 2022, compared with 6.1x at June 30, 2022 and 5.1x at December 31, 2021, reflecting the impacts of the operational performance on EBITDA and the optimization of the financing structure, successfully carried out in 2022.

On June 8, 2022 and October 27, 2022, Standard & Poor's confirmed its BBB/stable outlook rating for Mercialys.

Since 2012, Mercialys' financing has been based on fixed rates through bonds and commercial paper. The Company put in place mechanisms to benefit from fixed/floating rate swaps and refix its debt, enabling it to capitalize on a downwards trend for rates. This optimization is illustrated by the significant differential between the average cost of drawn debt and the average coupon on bonds between 2015 and 2022.

In 2022, in a context of interest rates rising sharply, Mercialys considerably strengthened its debt hedging. On the one hand, additional hedging positions were set up initially during the first quarter of 2022 in connection with the refinancing operation, and then in the third quarter. On the other hand, Mercialys unwound fixed/floating rate swaps ahead of schedule that had been initially backed against the bond maturing in March 2023, which was subject to an early redemption in 2022.

As a result of these operations, the hedged or fixed-rate debt position (including commercial paper) represented 100% at end-December 2022, compared with 87% at end-June 2022 and 86% at end-December 2021.

Given the hedging positions, with 96% of debt hedged to end-2023, the sensitivity of Mercialys' financial results to changes in interest rates appears to be limited for 2023. A 100bp increase in interest rates would have a Euro 0.2 million impact on the financial results, with all other things being equal.

(1) This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding hedging operations in connection with the bond debt.
(2) LTV (Loan To Value): net financial debt/(portfolio market value excluding transfer taxes + market value of investments in associates for Euro 52.7 million in 2022 and Euro 55.8 million in 2021, 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.

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)	12/31/2022	12/31/2021
Rental revenues	**173,277**	**172,232**
Service charges and property tax	(45,159)	(45,260)
Charges and taxes billed to tenants	37,883	38,476
Net property operating expenses	(69)	(5,403)
Net rental income	**165,932**	**160,043**
Management, administrative and other activities income	2,846	2,801
Other income	424	1,559
Other expenses	(6,283)	(4,953)
Personnel expenses	(18,690)	(14,763)
Depreciation and amortization	(37,729)	(39,157)
Reversals of/(Allowances for) provisions	(2,527)	(997)
Other operating income	88,740	28,760
Other operating expenses	(86,486)	(29,810)
Operating income	**106,227**	**103,484**
Income from cash and cash equivalents	246	177
Gross finance costs	(53,480)	(30,842)
(Expenses)/ Income from net financial debt	**(53,234)**	**(30,665)**
Other financial income	1,089	296
Other financial expenses	(3,939)	(3,466)
Net financial items	**(56,083)**	**(33,835)**
Tax expense	(709)	(848)
Share of net income from associates and joint ventures	2,380	2,264
Consolidated net income	**51,814**	**71,065**
Attributable to non-controlling interests	8,720	8,882
Attributable to owners of the parent	43,094	62,183
Earnings per share [1]		
Net income attributable to owners of the parent *(€)*	0.46	0.67
Diluted net income attributable to owners of the parent *(€)*	0.46	0.67

(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
Undiluted weighted average number of shares in 2022 = 93,384,221 shares
Fully diluted weighted average number of shares in 2022 = 93,384,221 shares

1.2.1.2 Consolidated statement of financial position

Assets

(in thousands of euros)	12/31/2022	12/31/2021
Intangible assets	3,381	5,028
Property, plant and equipment other than investment property	4,743	6,922
Investment property	1,907,148	1,935,117
Right-of-use assets	10,184	8,590
Investments in associates	35,203	37,907
Other non-current assets	50,219	50,733
Deferred tax assets	1,601	1,346
Non-current assets	**2,012,478**	**2,045,642**
Trade receivables	28,557	36,865
Other current assets	31,854	34,595
Cash and cash equivalents	216,085	257,178
Investment property held for sale	0	60,086
Current assets	**276,496**	**388,724**
ASSETS	**2,288,974**	**2,434,366**

Equity and liabilities

(in thousands of euros)	12/31/2022	12/31/2021
Share capital	93,887	93,887
Additional paid-in capital, treasury shares and other reserves	631,246	649,231
Equity attributable to owners of the parent	**725,132**	**743,118**
Non-controlling interests	205,294	202,011
Shareholders' equity	**930,426**	**945,129**
Non-current provisions	1,225	1,008
Non-current financial liabilities	1,131,974	1,237,101
Deposits and guarantees	23,622	23,003
Non-current lease liabilities	9,409	8,353
Other non-current liabilities	2,377	5,716
Non-current liabilities	**1,168,607**	**1,275,181**
Trade payables	13,910	16,477
Current financial liabilities	126,353	150,144
Current lease liabilities	1,084	1,030
Current provisions	13,279	11,443
Other current liabilities	35,237	34,826
Current tax liabilities	78	136
Current liabilities	**189,941**	**214,056**
TOTAL EQUITY AND LIABILITIES	**2,288,974**	**2,434,366**

1.2.1.3 Consolidated cash flow statement

(in thousands of euros)	12/31/2022	12/31/2021
Net income attributable to owners of the parent	43,094	62,183
Non-controlling interests	8,720	8,882
Consolidated net income	**51,814**	**71,065**
Depreciation, amortization [1] and provisions, net of reversals	46,131	49,249
Calculated expenses/(income) relating to stock options and similar	773	(47)
Other calculated expenses/(income) [2]	(386)	(1,280)
Share of net income from associates and joint ventures	(2,380)	(2,264)
Dividends received from associates and joint ventures	3,065	3,014
Income from asset disposals	(8,486)	(8,962)
Expenses/(income) from net financial debt	53,234	30,665
Net financial interest in respect of lease agreements	321	295
Tax expense (including deferred tax)	709	848
Cash flow	**144,825**	**142,583**
Taxes received/(paid)	(1,033)	(409)
Change in working capital requirement relating to operations, excluding deposits and guarantees [3]	5,816	(7,141)
Change in deposits and guarantees	515	708
Net cash flow from operating activities	**150,124**	**135,742**
Cash payments on acquisitions of:		
• investment properties and other fixed assets	(19,098)	(15,913)
• non-current financial assets	(43)	(115)
Cash receipts on disposals of:		
• investment properties and other fixed assets	81,161	30,746
• non-current financial assets	1,274	5
Investments in associates and joint ventures		-
Impact of changes in scope with change of control	(4,292)	-
Change in loans and advances granted		-
Net cash flow from investing activities	**59,002**	**14,724**
Dividends paid to shareholders of the parent company (final)	(86,025)	(22,398)
Dividends paid to shareholders of the parent company (interim)	-	-
Dividends paid to non-controlling interests	(5,437)	(9,063)
Capital increase and reduction	-	-
Other transactions with shareholders	-	-
Changes in treasury shares	(439)	264
Increase in borrowings and financial debt	754,809	230,000
Decrease in borrowings and financial debt	(880,222)	(526,700)
Repayment of lease liabilities	(1,398)	(985)
Interest received [4]	20,999	16,359
Interest paid	(52,484)	(45,474)
Net cash flow from financing activities	**(250,198)**	**(357,999)**
CHANGE IN CASH POSITION	**(41,072)**	**(207,529)**
Net cash at beginning of year	257,071	464,600
Net cash at end of year	215,999	257,071
• of which cash and cash equivalents	216,085	257,178
• of which bank overdrafts	(87)	(108)

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

(2) Other calculated expenses and income mainly comprise:

• discounting adjustments to construction leases	(236)	(318)
• lease rights received from tenants and spread over the firm term of the lease	(662)	(1,848)
• deferred financial expenses	826	697
• interest on non-cash loans and other financial income and expenses	(362)	54

(in thousands of euros)	12/31/2022	12/31/2021
(3) The change in working capital requirement breaks down as follows:		
• trade receivables	8,392	3,375
• trade payables	(2,863)	1,087
• other receivables and payables	287	(11,603)
Total working capital requirement	***5,816***	***(7,141)***

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

1.2.2 Key developments in 2022

Financing

During the first quarter of 2022, Mercialys rolled out a three-pronged refinancing operation. In February 2022, the Company carried out a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon. Alongside this, Mercialys completed the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million. Lastly, in March 2022, the Company fully exercised its make-whole option for the early redemption of its bond maturing in March 2023 with a residual total of Euro 469.5 million. This operation enabled Mercialys to consolidate its balance sheet liquidity and significantly extend the maturity of its debt.

At end-June 2022, Mercialys set up a new credit line for Euro 40 million, maturing in June 2025. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 25 million line due to mature in June 2023.

Asset rotation

In April 2022, Mercialys finalized the sale of the Géant Casino Annecy Seynod and Saint-Étienne Monthieu hypermarkets, for a combined total including transfer taxes of nearly Euro 65 million, to Inter Gestion REIM, operating on behalf of SCPI Cristal Rente, its specialist retail property company.

In September 2022, Mercialys acquired a 70% interest in SCI Rennes-Anglet, in which it previously held 30%, from Immobilière Groupe Casino for Euro 4.9 million. Following this operation, SCI Rennes-Anglet is fully consolidated in Mercialys' accounts at end-2022.

In December 2022, Mercialys completed the sale of the Marseille Sainte-Anne and Marseille Croix-Rouge shopping centers to a private investor, for a combined total of Euro 10 million including transfer taxes, in line with their June 30, 2022 appraisal values.

Shareholding structure and governance

In February 2022, the Casino group indicated that it had sold 6.5% of Mercialys' capital through a total return swap (TRS), reducing its interest to 10.3%. In April 2022, the Casino group indicated that it had sold its remaining interest in Mercialys' capital through a further TRS, and no longer held any voting rights.

Following these sales, Mr Michel Savart and the company La Forézienne de Participations, a non-independent director, represented by Mr David Lubek, who both represented the Casino group on Mercialys' Board of Directors, resigned from their positions as directors respectively on April 26 and April 28, 2022.

In June 2022, the Board of Directors decided to co-opt Mr Vincent Ravat, Mercialys' Chief Executive Officer, as a director. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

On July 1, 2022, the company Generali Vie, represented by Mr Sébastien Pezet, resigned from its position as a director of Mercialys, with immediate effect.

On September 29, 2022, Mercialys was informed through a statutory disclosure threshold declaration that Crédit Agricole Corporate and Investment Bank (CACIB), a Crédit Agricole SA subsidiary, held less than 1% of its capital and voting rights since September 28, 2022. Crédit Agricole Corporate and Investment Bank's residual interest followed the Casino group's sale of its remaining 10.3% interest in Mercialys' capital through a total return swap (TRS) in April 2022 (see above).

In October 2022, as proposed by the Appointments, Compensation and Governance Committee, Mercialys' Board of Directors decided to co-opt Mr Jean-Louis Constanza as an independent director. He was appointed to replace the company Generali Vie, represented by Mr Sébastien Pezet. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

On November 29, 2022, Mercialys was informed through a statutory disclosure threshold declaration that Generali Vie, the Generali group's subsidiary in France, had dropped below the statutory thresholds representing 5%, 4%, 3%, 2% and 1% of the Company's capital and voting rights on November 25, 2022.

General context

While the geopolitical environment linked to the conflict in Ukraine did not directly affect Mercialys' business, it may have weighed on the global economic environment, through its impact on inflation, retailer supply chains and consumption.

1.2.3 Summary of the main key indicators for the period

	12/31/2022
Organic growth in invoiced rents	+ 4.1%
EBITDA [1]	€144.2M
EBITDA/rental revenues	83.2%
Funds From Operations (FFO [2])	€105.5M
Funds From Operations [3] (FFO) per share	€1.13
Fair value of the portfolio (including transfer taxes)	€3,091.2M
Change *vs.* Dec. 31, 2020 (current basis)	- 1.5%
Change *vs.* Dec. 31, 2020 (like-for-like)	+ 0.9%
EPRA NDV per share	€20.94
Change *vs.* Dec. 31, 2020	+ 19.0%
Loan To Value (LTV) - excluding transfer taxes	35.3%

(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. 93,384,221 shares.

1.2.4 Review of activity

Main management indicators

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

At 01/31/2022	Number of leases	Annual MGR* + variable rents (€M)	Share of leases expiring (% annual MGR + variable)
Expired at December 31, 2022	341	20.1	12.0%
2023	123	7.7	4.6%
2024	151	9.2	5.4%
2025	128	7.6	4.5%
2026	173	15.5	9.2%
2027	214	39.2	23.3%
2028	204	14.6	8.7%
2029	181	11.3	6.7%
2030	285	26.4	15.7%
2031	185	10.7	6.3%
2032 and beyond	102	5.9	3.5%
TOTAL	**2,087**	**168.1**	**100%**

* *MGR: minimum guaranteed rent.*

The stock of expired leases at end-2022 reflects the negotiations underway, refusals to renew leases with the payment of compensation for eviction, global negotiations for each retailer, tactical delays, etc.

The **collection rate**, impacted by the health crisis, has gradually normalized. At December 31, 2022, this rate was 95.1% for 2022 and 96.4% for 2021.

The **current financial vacancy rate** - which excludes "strategic" vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 2.9% [1] at December 31, 2022, consistent with the level from end-June 2022 and showing a significant improvement compared with December 31, 2021 (3.2%). At the start of 2023, the financial vacancy level was significantly affected by the retailer Camaïeu going into liquidation, following the administrator's announcement in January. This retailer operated 16 stores across Mercialys' portfolio, representing 0.9% of its rental base. The process to relet these stores is making progress, with two new leases signed for two stores (representing 17% of the rents concerned), outline agreements signed for two stores (representing 12% of the rents concerned), and one exceptional short-term lease set up for another store (representing 3% of the rents concerned). In addition, one store on Reunion Island is continuing to operate (representing 8% of the rents concerned). Lastly, negotiations are underway for the rest of the scope. Positive reversion of + 13.8% was achieved on the lease and outline agreements signed.

The **total vacancy rate** [2] was 4.4% at December 31, 2022, compared with 4.4% at end-June 2022 and 4.9% at December 31, 2021.

Mercialys' underlying rental trends improved during the year in 2022. Illustrating this, 150 lease renewals or relettings were completed in 2022, achieving a reversion rate of + 2.8%, compared with + 1.7% at end-June and + 2.4% at end-September 2022.

Despite the like-for-like increase in rents, the **occupancy cost ratio** [3] remained at a very moderate level with 11.1% at end-December 2022, compared with 10.7% at end-June 2022. This ratio is very similar to the 10.4% recorded in 2019, the last comparable year due to the health crisis.

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 (2.0%), no other tenant represents more than 2% of total rental income.

Casino group retailers accounted for 21.0% of total rental income at December 31, 2022, stable compared with June 30, 2022 (20.9%) and significantly lower than at December 31, 2021 (22.4%). This change benefited from the sale in April 2022 of two hypermarkets operating under the Géant Casino banner, with this impact partially offset by the disposal, in the fourth quarter of 2022, of two shopping centers in Marseille, where the Casino group was not a tenant.

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 18.0%.

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

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
Quimper	100%	Hypermarket	12/2014	12/2026	3 - 6 - 9 - 12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
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
Marseille	04/2011	04/2021	3 - 6 - 9 - 10 commercial lease
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
Besançon	12/2016	12/2028	12-year commercial lease, 6-year firm period
Quimper	05/2017	05/2029	3 - 6 - 9 - 12 commercial lease
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
Clermont-Ferrand	07/2021	06/2033	3 - 6 - 9 - 12 commercial lease

Top 10 tenant retailers (excluding Casino group)
H&M
Feu Vert
Armand Thiery
Nocibé
FNAC
Mango
Orange
Jules
Yves Rocher
Sephora
13.3% OF CONTRACTUAL RENTS ON AN ANNUALIZED BASIS

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

	Number of leases	Annual MGR* + variable rents *(€M)*	Percentage of rent *(%)*	
	12/31/2022	**12/31/2022**	**12/31/2021**	**12/31/2022**
National and international retailers	1,414	110.0	64.2%	65.5%
Local retailers	626	22.7	13.4%	13.5%
Casino cafeterias/restaurants	2	0.2	0.1%	0.1%
Monoprix	1	1.2	0.7%	0.7%
Géant Casino and other entities	44	34.0	21.6%	20.2%
TOTAL	**2,087**	**168.1**	**100.0%**	**100.0%**

* *MGR: minimum guaranteed rent.*

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

	Percentage of rent *(%)*	
	12/31/2021	**12/31/2022**
Restaurants and catering	8.4%	8.3%
Health and beauty	12.6%	12.7%
Culture, gifts and sports	16.3%	17.5%
Personal items	30.5%	30.0%
Household equipment	7.2%	7.7%
Food-anchored tenants	21.8%	20.5%
Services	3.2%	3.2%
TOTAL	**100.0%**	**100.0%**

The **rental income structure** at December 31, 2022 shows that the majority of leases, in terms of overall rental income, include a variable clause. However, the vast majority of leases include a minimum guaranteed rent or do not have a variable clause (98.3% in terms of overall rents):

	Number of leases	Annual MGR + variable rents *(€M)*	Percentage of rent *(%)*	
	12/31/2022	**12/31/2022**	**12/31/2021**	**12/31/2022**
Leases with variable clause	1,291	98.2	58%	58%
• *of which MGR*		*95.3*	*56%*	*57%*
• *of which variable rent with MGR*		*0.4*	*0%*	*0%*
• *of which variable rent without MGR*		*2.5*	*2%*	*2%*
Leases without variable clause	796	69.9	42%	42%
TOTAL	**2,087**	**168.1**	**100%**	**100%**

The rental income structure at December 31, 2022 shows a predominant share of leases indexed against the French commercial rent index (ILC). In 2023, as a result of the lease anniversary dates, the indexation of Mercialys' rents will be linked for 14% to the index published in the first quarter of 2022 (+ 3.32%), with 24% for the index published in the second quarter of 2022 (+ 4.43%), 46% for the index published in the third quarter of 2022 (+ 5.37%), and 9% for the index published in the fourth quarter of 2022, while the other indexes represent a residual balance of 7%.

	Number of leases	Annual MGR + variable rents *(€M)*	Percentage of rent *(%)*	
	12/31/2022	**12/31/2022**	**12/31/2021**	**12/31/2022**
Leases index-linked to the commercial rent index (ILC)	1,789	157.6	95%	95%
Leases index-linked to the Construction Cost Index (ICC)	101	5.6	4%	3%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	178	2.0	2%	1%
TOTAL	**2,068**	**165.2**	**100%**	**100%**

1.2.5 Review of consolidated results

1.2.5.1 Invoiced rents, rental revenues and net rental income

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

(in thousands of euros)	12/31/2021	12/31/2022	Change *(%)*
Invoiced rents	170,352	172,602	+ 1.3%
Lease rights and despecialization indemnities	1,879	674	- 64.1%
Rental revenues	**172,232**	**173,277**	**+ 0.6%**
Property taxes	(13,570)	(13,948)	+ 2.8%
Rebilling to tenants	11,606	11,701	+ 0.8%
Non-recovered property taxes	**(1,964)**	**(2,247)**	**+ 14.4%**
Service charges	(31,690)	(31,211)	- 1.5%
Rebilling to tenants	26,870	26,182	- 2.6%
Non-recovered service charges	**(4,821)**	**(5,029)**	**+ 4.3%**
Management fees	(6,306)	(7,073)	+ 12.2%
Rebilling to tenants	4,183	4,113	- 1.7%
Losses on and impairment of receivables	(2,205)	3,263	na
Other expenses	(1,076)	(372)	- 65.4%
Net property operating expenses	**(5,403)**	**(69)**	**- 98.7%**
NET RENTAL INCOME	**160,043**	**165,932**	**+ 3.7%**

The **+ 1.3 points** change in invoiced rents primarily reflects the following factors:

- the impact of indexation for **+ 1.9 points**, representing Euro + 3.3 million;
- the higher contribution by Casual Leasing for **+ 0.7 points**, representing Euro + 1.3 million;
- the virtually stable level of variable rents for **- 0.1 points**, representing Euro - 0.3 million;
- the actions carried out on the portfolio for **+ 1.0 points**, representing Euro + 1.7 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **+ 0.5 points**, representing Euro + 0.9 million;
- the asset acquisitions and sales completed in 2021 and 2022 for **- 2.5 points**, representing Euro - 4.3 million;
- other effects primarily including strategic vacancies linked to current redevelopment programs for **- 0.2 points**, representing Euro - 0.4 million.

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

Operating trends improved during the year. While the impact of indexation remained at + 1.9% during the four quarters, the deferred impact of the rent relief granted for the lockdown during the first half of 2020 decreased significantly during the year, from + 2.4% at end-March 2022 to + 0.5% at end-December. Alongside this, the impact of the actions carried out on the portfolio, resulting directly from the Company's lettings activity, climbed from - 1.1% at end-March 2022 to + 1.0% at end-December.

Lease rights and despecialization indemnities [(1)] billed over the period came to Euro 0.2 million (compared with Euro 0.7 million at December 31, 2021).

After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for 2022 totaled Euro 0.7 million, compared with Euro 1.9 million for 2021.

Rental revenues therefore came to Euro 173.3 million at December 31, 2022, up + 0.6% from end-2021.

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 7.3 million for 2022, compared with Euro 12.2 million in 2021. A significant upturn in management fee-related costs was recorded in 2022 factoring in the catch-up achieved on collection levels for 2020 and 2021, as well as the normalization of collection during 2022. This catch-up also had an impact during 2022 in terms of the provisions recorded for the previous two years.

Net rental income is up + 3.7% from 2021 to Euro 165.9 million.

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

1.2.5.2 Management income, operating costs and EBITDA

(in thousands of euros)	12/31/2021	12/31/2022	Change *(%)*
Net rental income	**160,043**	**165,932**	**+ 3.7%**
Management, administrative and other activities income	2,801	2,846	+ 1.6%
Other income and expenses	(3,395)	(5,859)	+ 72.6%
Personnel expenses	(14,763)	(18,690)	+ 26.6%
EBITDA	**144,687**	**144,229**	**- 0.3%**
% rental revenues	84.0%	83.2%	-

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 2022 totaled Euro 2.8 million, stable compared with 2021.

No **property development margin** was recorded in 2022.

The Euro 0.4 million of **other current income** recognized in 2022 (Euro 1.6 million 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. Note that the asset held by the OPCI fund UIR 2 was sold during the first half of 2022.

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 2022, these expenses totaled Euro 6.3 million, compared with Euro 5.0 million in 2021. This change takes into account the increase in certain operating costs, partially offset by the changes in the services covered by the Services Agreement, some of which ended in 2022, as well as the Company's committed efforts to moderating its operating costs in an inflationary context.

Personnel expenses totaled Euro 18.7 million in 2022, compared with Euro 14.8 million in 2021. For reference, Mercialys finalized the process to gradually bring back in-house support activities that were previously outsourced under the Services Agreement signed with the Casino group. In 2022, personnel expenses include the staff recruited for the latest activities to be brought in-house, *i.e.* accounting, consolidation, cash management and tax. Lastly, the Company completed various recruitments prior to bringing back in-house the rental management and technical and administrative management activities, with the corresponding mandates, signed with Sudeco, a Casino group subsidiary, ending on December 31, 2022. Under these mandates, Mercialys paid Euro 6.6 million of fees in 2022.

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 144.2 million in 2022, compared with Euro 144.7 million in 2021. The EBITDA margin came to 83.2% (*vs.* 84.0% at December 31, 2021).

1.2.5.3 Net financial items

The **net financial items** taken into account to calculate Funds From Operations (FFO) came to Euro 29.7 million at December 31, 2022, compared with Euro 32.8 million at December 31, 2021.

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

In February 2022, the Company carried out a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon. Alongside this, Mercialys completed the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million. The Company also fully exercised its make-whole option for the early redemption of its bond maturing in March 2023 with a residual total of Euro 469.5 million.

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

In connection with this operation, premiums and additional amortization were recorded in the accounts at end-December 2022 as a result of the two bond redemptions. These impacts are presented in the detailed breakdown of net financial items below:

(in thousands of euros)	12/31/2021	12/31/2022	Change *(%)*
Income from cash and cash equivalents *(a)*	**177**	**246**	**+ 39.3%**
Cost of debt taken out *(b)*	(36,872)	(29,926)	- 18.8%
Impact of hedging instruments *(c)*	9,023	9,456	+ 4.8%
Cost of property finance leases *(d)*	0	0	na
Gross finance costs excluding exceptional items	**(27,849)**	**(20,471)**	**- 26.5%**
Exceptional amortization of costs relating to the early repayment of financial debt *(e)*	(759)	(4,282)	na
Gross finance costs *(f) = (b)+(c)+(d)+(e)*	**(28,607)**	**(24,753)**	**- 13.5%**
Net finance costs *(g) = (a)+(f)* [(1)]	**(28,431)**	**(24,507)**	**- 13.8%**
Cost of revolving credit facility and bilateral loans (undrawn) *(h)*	(3,165)	(2,987)	- 5.6%
Other financial expenses *(i)*	(300)	(327)	+ 9.0%
Other financial expenses excluding exceptional items *(j) = (h)+(i)*	**(3,465)**	**(3,314)**	**- 4.4%**
Non-recurring financial expenses *(k)*	**(2,788)**	**(29,578)**	**na**
Other financial expenses *(l) = (j)+(k)*	**(6,253)**	**(32,892)**	**na**
TOTAL FINANCIAL EXPENSES *(M) = (F)+(L)*	**(34,860)**	**(57,645)**	**NA**
Income from associates	296	232	- 21.6%
Other financial income	553	1,086	+ 96.3%
Other financial income (n)	**849**	**1,318**	**+ 55.2%**
Total financial income (o) = (a)+(n)	**1,026**	**1,564**	**+ 52.5%**
NET FINANCIAL ITEMS = *(M)+(O)*	**(33,835)**	**(56,083)**	**+ 65.8%**

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

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)	12/31/2021	12/31/2022	Change *(%)*
EBITDA	**144,687**	**144,229**	**- 0.3%**
Net financial income (excluding non-recurring items [(1)])	(32,755)	(29,659)	- 9.5%
Reversals of/(Allowance for) provisions	(997)	(2,527)	na
Other operating income and expenses (excluding capital gains on disposals and impairment)	(1,419)	624	na
Tax expense	(848)	(463)	- 45.4%
Share of net income from associates and joint ventures (excluding capital gains, amortization and impairment)	3,583	3,680	+ 2.7%
Non-controlling interests (excluding capital gains, amortization and impairment)	(10,498)	(10,360)	- 1.3%
FFO	**101,754**	**105,524**	**+ 3.7%**
***FFO per share* [(2)]**	***1.10***	***1.13***	***+ 3.1%***

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

(2) Calculated based on the average undiluted number of shares (basic), i.e. 93,384,221 shares.

Other operating income and expenses (excluding capital gains on disposals and impairment) came to Euro + 0.6 million (Euro - 1.4 million at end-2021) and primarily include the impact of the ramping up of activities for Ocitô and Cap Cowork, as well as the reversals or allowances for provisions recorded.

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

2022 recorded a **tax expense** taken into account to calculate Funds From Operations (FFO) of Euro - 0.5 million, primarily comprising the CVAE corporate value-added tax and the deferred tax income recorded. At end-2021, the tax expense was Euro - 0.8 million.

The **share of net income from associates and joint ventures (excluding capital gains, amortization and impairment)** came to Euro 3.7 million at December 31, 2022, compared with Euro 3.6 million at December 31, 2021. 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), and SAS Saint-Denis Génin (in which Mercialys owns shares).

Non-controlling interests (excluding capital gains, amortization and impairment) came to Euro - 10.4 million at December 31, 2022, compared with Euro - 10.5 million at December 31, 2021. They are linked to the 49% stake held by BNP Paribas REIM France in the companies Hyperthetis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

In view of these items, **Funds From Operations (FFO)** [(1)], came to Euro 105.5 million (compared with Euro 101.8 million for 2021), up + 3.7%. Considering the average number of shares (basic) at end-December, FFO represents Euro 1.13 per share at December 31, 2022, compared with Euro 1.10 per share at December 31, 2021, up + 3.1%.

B. Net income attributable to owners of the parent

(in thousands of euros)	12/31/2021	12/31/2022	Change *(%)*
FFO	101,754	105,524	+ 3.7%
Depreciation and amortization	(39,157)	(37,729)	- 3.6%
Other operating income and expenses	369	1,630	na
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	(1,080)	(26,671)	na
Share of net income from associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	296	339	+ 14.5%
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**62,183**	**43,094**	**- 30.7%**

Depreciation and amortization came to Euro 37.7 million in 2022, down - 3.6% from 2021, linked primarily to the asset divestments completed 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 87.7 million at December 31, 2022, compared with Euro 28.6 million at December 31, 2021. This amount includes:

- income from the sale of the Annecy Seynod and Saint-Étienne Monthieu hypermarkets for Euro 64.5 million, and the Marseille Sainte-Anne and Marseille Croix-Rouge sites (Euro 9.9 million);
- income from the sale of geographically dispersed sites (Euro 12.2 million);
- reversals of impairments for investment properties (Euro 1.0 million).

Other operating expenses totaled Euro - 86.1 million at December 31, 2022, compared with Euro - 28.2 million at December 31, 2021. This amount mainly includes:

- the net book value of the assets sold in 2022 (Euro - 72.6 million);
- costs on asset disposals (Euro - 5.7 million);
- provisions recorded for the impairment of investment properties (Euro - 7.6 million).

On this basis, the amount of net capital gains recorded in the consolidated financial statements at December 31, 2022 for asset disposals came to Euro 8.3 million (*vs.* Euro 9.0 million for 2021). Capital gains from asset disposals completed in 2022 and available for distribution at 70% with the SIIC status totaled Euro 6.3 million.

Lastly, in 2022, Mercialys recorded various impacts for the refinancing operations presented above, including the redemption premiums for the bond issues due to mature in March 2023 and July 2027 and the exceptional amortization also resulting from these redemptions. These amounts, combined with the impact of the ineffectiveness of swaps, the banking default risk and the net proceeds and costs linked to unwinding hedging operations in connection with the bond debt, represent a total of Euro 26.7 million.

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 43.1 million for 2022, compared with Euro 62.2 million for 2021.

1.2.5.5 Financial structure

A. Debt cost and structure

At December 31, 2022, Mercialys' **drawn debt** totaled Euro 1,262 million, with the following breakdown:

- a bond for a nominal total of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;

(1) Funds From Operations (FFO) correspond to net income before amortization, gains or losses on disposals net of associated fees, potential asset impairments and other non-recurring effects.

- a bond issue for an outstanding nominal amount of Euro 200 million, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal amount of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- a bond issue for a nominal amount of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 112 million of outstanding commercial paper, with a slightly negative average rate.

Cash and cash equivalents came to Euro 216.1 million at December 31, 2022, compared with Euro 257.1 million at December 31, 2021. 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 + 150.1 million;
- cash receipts/payments related to disposals/acquisitions of assets completed in 2022: Euro + 59.0 million;
- dividend payments to parent company shareholders and non-controlling interests: Euro - 91.5 million;
- issues and repayment of borrowings net of the change in outstanding commercial paper: Euro - 125.4 million;
- net interest paid: Euro - 31.5 million.

Net financial debt came to Euro 1,040.2 million at December 31, 2022, compared with Euro 1,101.5 million at December 31, 2021.

The **real average cost of drawn debt** at December 31, 2022 was 2.0% [1], compared with 1.7% at end-June 2022 and 2.0% at December 31, 2021. This change in 2022 primarily reflects the impact of the refinancing operation carried out in the first quarter, and the limited impact of the increase in interest rates during the second half of the year.

In 2022, in a context of interest rates rising sharply, Mercialys considerably strengthened **its debt hedging**. On the one hand, additional hedging positions were set up initially during the first quarter of 2022 in connection with the refinancing operation, and then in the third quarter. On the other hand, Mercialys unwound fixed/floating rate swaps ahead of schedule that had been initially backed against the bond maturing in March 2023, which was subject to an early redemption in 2022.

As a result of these operations, the hedged or fixed-rate debt position (including commercial paper) represented 100% at end-December 2022, compared with 87% at end-June 2022 and 86% at end-December 2021. At end-2023, the debt hedging rate is expected to be 96%.

B. Debt maturity and liquidity

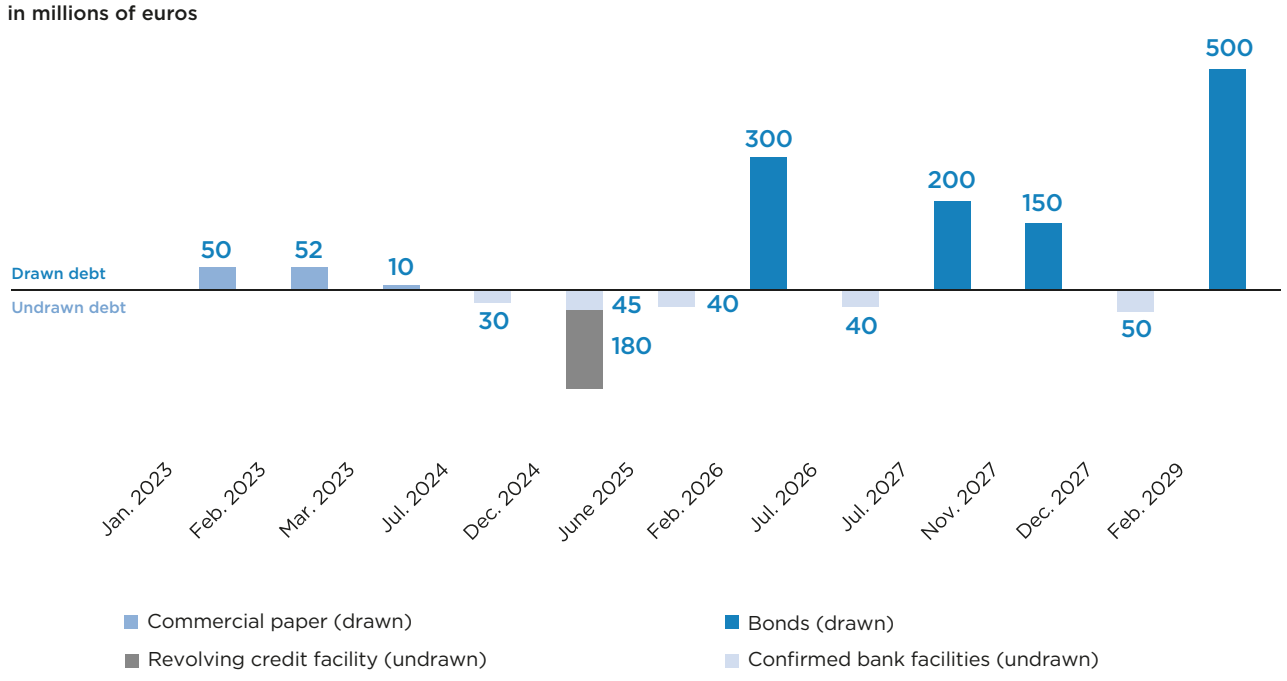
Through the refinancing operation carried out during the first quarter of 2022, the average maturity of drawn debt, including commercial paper, was significantly extended, up to 4.5 years at end-December 2022, compared with 3.2 years at December 31, 2021.

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

- a Euro 180 million revolving bank credit facility, due 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;
- five confirmed bilateral bank facilities for a total of Euro 205 million, maturing between July 2024 and December 2027. 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;

Lastly, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012, with Euro 112 million used (outstanding at December 31, 2022).

The following chart presents Mercialys' **drawn and undrawn debt** maturity schedule (in millions of euros) at December 31, 2022:



(1) This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding hedging operations in connection with the bond debt.

C. Bank covenants and credit rating

Mercialys' financial position at December 31, 2022 satisfied all the various covenants included in the different credit agreements.

The Loan To Value (LTV) ratio excluding transfer taxes came to 35.3% at end-December 2022, compared with 36.7% at end-December 2021, well below the contractual covenants.

An LTV covenant of less than 55% applies to 71% of the confirmed bank lines, with an LTV covenant of less than 50% for the other 29% of these facilities. The Company has once again strengthened its financial structure.

The LTV including transfer taxes was 33.0% at end-December 2022, compared with 34.3% at June 30, 2022 and 34.4% at end-December 2021.

	12/31/2021	12/31/2022
Net financial debt *(€M)*	1,101.5	1,040.2
Appraisal value excluding transfer taxes *(€M)* (1)	3,000.9	2,949.6
LOAN TO VALUE (LTV) - EXCLUDING TRANSFER TAXES	**36.7%**	**35.3%**

(1) Including the market value of investments in associates for Euro 52.7 million for 2022 and Euro 55.8 million for 2021, since the value of the portfolio held by associates is not included in the appraisal value.

Similarly, the Interest Coverage Ratio (ICR) was 5.9x at end-December 2022, significantly higher than the contractual covenant (ICR > 2x), compared with 5.1x at end-December 2021 and 6.1x at end-June 2022.

	12/31/2021	12/31/2022
EBITDA *(€M)*	144.7	144.2
Net finance costs *(€M)* (1)	(28.2)	(24.5)
INTEREST COVERAGE RATIO (ICR)	**5.1X**	**5.9X**

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

The two other contractual covenants are also met:

- the **fair value of assets excluding transfer taxes** at December 31, 2022 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, 2022 (below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%).

On June 8, 2022 and October 27, 2022, Standard & Poor's confirmed its BBB/stable outlook rating for Mercialys.

1.2.5.6 Equity and ownership structure

Consolidated equity totaled Euro 930.4 million at December 31, 2022, compared with Euro 945.1 million at December 31, 2021.

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

- net income for 2022: Euro + 51.8 million;
- payment of the 2021 dividend of Euro 0.92 per share and dividends paid to non-controlling interests: Euro - 91.5 million;
- transactions on treasury shares: Euro + 0.3 million;
- change in fair value of financial assets and derivatives: Euro + 24.7 million.

The **number of outstanding shares** at December 31, 2022 was 93,886,501, unchanged since December 31, 2021.

	2020	2021	2022
Number of shares outstanding			
• At start of period	92,049,169	92,049,169	93,886,501
• At end of period	92,049,169	93,886,501	93,886,501
Average number of shares outstanding	92,049,169	93,179,835	93,886,501
Average number of shares (basic)	**91,532,357**	**92,839,729**	**93,384,221**
Average number of shares (diluted)	**91,532,357**	**92,839,729**	**93,384,221**

At December 31, 2022, Mercialys' shareholding structure had the following breakdown: treasury stock (0.68%), other shareholders (99.32%).

No shareholders informed the AMF that they held more than 5% of its capital or voting rights. However, the Cohen & Steers group, whose parent company is Cohen & Steers Inc., held 5,715,094 shares (including a third-party management position) at December 31, 2022, representing 6.1% of the capital and 3,404,145 voting rights, representing 3.6% of the

voting rights for the specific position held by the Cohen & Steers group and its parent company Cohen & Steers Inc.

1.2.5.7 Dividends

Mercialys' Board of Directors will submit a proposal at the General Meeting on April 27, 2023 for a dividend of Euro 0.96 per share, compared with Euro 0.92 per share for 2021. The payout corresponds to 85% of 2022 FFO and offers a yield of 4.6% on the NDV of Euro 20.94 per share at end-2022 and 9.8% 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 0.71 per share;
- the distribution based on 70% of exempt profits for 2022 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.05 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.20 per share.

The ex-dividend date is May 2, 2023, with the dividend to be paid on May 4, 2023.

1.2.6 Changes in scope and valuation of the asset portfolio

1.2.6.1 Asset acquisitions

In September 2022, Mercialys acquired a 70% interest in SCI Rennes-Anglet, in which it previously held 30%, from Immobilière Groupe Casino for Euro 4.9 million. Following this operation, SCI Rennes-Anglet is fully consolidated in Mercialys' accounts at end-2022.

1.2.6.2 Completions

No significant completions were recorded in 2022.

1.2.6.3 Disposals

In April 2022, Mercialys finalized the sale of the Géant Casino Annecy Seynod and Saint-Étienne Monthieu hypermarkets, for a combined total including transfer taxes of nearly Euro 65 million, to Inter Gestion REIM, operating on behalf of SCPI Cristal Rente, its specialist retail property company.

These large food stores, acquired in 2014 and 2015, had seen their surface areas scaled back significantly in the last few years, in coordination with their operator Géant, making it possible to set up units with national retailers that are popular with consumers, contributing to the shopping centers' appeal. These restructuring operations were part of the ongoing redevelopment of these two sites, illustrating the Company's value creation strategy. For instance, Mercialys opened the Annecy area's first Action store in 2019, in the hypermarket's scaled back spaces, after carrying out major developments at this site since 2017, including the creation of a food court and the opening of a Décathlon store. The Annecy Seynod shopping center also saw its offering further strengthened with a Mégarama nine-screen multiplex cinema opened in December 2022. Alongside this, Mercialys welcomed the retailer FNAC in the space freed up by the Saint-Étienne Monthieu hypermarket in 2017, as part of a project to modernize and restructure this shopping center, enabling 23 new stores to be opened.

In December 2022, Mercialys completed the sale of the Marseille Sainte-Anne and Marseille Croix-Rouge shopping centers to a private investor, for a combined total of Euro 10 million including transfer taxes, in line with their June 30, 2022 appraisal values.

These two local retail sites, representing a combined area of 2,700 sq.m, include a total of 25 stores and are anchored with food stores operated by the Casino group under the Casino Supermarché and Hyper Casino banners. These food stores were not owned by Mercialys and were not part of the scope for this transaction. Mercialys has continued moving forward with its asset rotation policy, divesting shopping centers with a limited size across its portfolio and on which it has carried out extensive work to extract their rental reversion potential.

1.2.6.4 Appraisal valuations and changes in scope

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

- At December 31, 2022, 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, 2022, based on an on-site inspection of 12 sites during the second half of 2022 and an update of the June 30, 2022 appraisals for the other sites;
- Catella Valuation conducted the appraisal of 13 sites at December 31, 2022, based on an update of the appraisals carried out at June 30, 2022;
- Cushman & Wakefield conducted the appraisal of nine sites at December 31, 2022, based on an update of the appraisals carried out at June 30, 2022. Nine on-site inspections were carried out during the first half of 2022;
- CBRE conducted the appraisal of one site at December 31, 2022, based on an update of the appraisal carried out at June 30, 2022. One on-site inspection was carried out during the first half of 2022;
- Galtier performed the appraisal for Mercialys' remaining sites, *i.e.* two sites, at December 31, 2022, based on an update of the appraisals carried out at June 30, 2022.

On this basis, the portfolio value was Euro 3,091.2 million including transfer taxes at December 31, 2022, compared with Euro 3,138.2 million at December 31, 2021. Excluding transfer taxes, this value was Euro 2,896.9 million at end-2022, compared with Euro 2,945.1 million at end-2021.

The portfolio value including transfer taxes is therefore down - 1.5% over 12 months (+ 0.9% like-for-like [1]) and - 1.0% over six months (- 0.8% like-for-like). The change in the portfolio value excluding transfer taxes is consistent with the same proportions (- 0.9% over six months and + 0.8% over 12 months like-for-like).

The average appraisal yield rate was 5.75% at December 31, 2022, compared with 5.71% at June 30, 2022 and 5.71% at December 31, 2021.

Type of property	Average yield rate 12/31/2021	Average yield rate 06/30/2022	Average yield rate 12/31/2022
Regional and large shopping centers	5.43%	5.43%	5.46%
Neighborhood shopping centers	7.33%	7.30%	7.36%
Total portfolio [1]	5.71%	5.71%	5.75%

(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, 2022, as well as the corresponding appraised rental income:

Type of property	Number of assets 12/31/2022	Appraisal value 12/31/2022 (excluding transfer taxes)		Appraisal value 12/31/2022 (including transfer taxes)		Gross leasable area 12/31/2022		Appraised potential net rental income	
		(€M)	*(%)*	*(€M)*	*(%)*	*(sq.m)*	*(%)*	*(€M)*	*(%)*
Regional and large shopping centers	25	2,450.7	84.6%	2,613.6	84.6%	604,891	77.8%	142.8	80.4%
Neighborhood shopping centers	23	432.0	14.9%	462.3	15.0%	167,445	21.5%	34.0	19.2%
Subtotal	**48**	**2,882.6**	**99.5%**	**3,075.9**	**99.5%**	**772,336**	**99.4%**	**176.8**	**99.6%**
Other sites*	3	14.3	0.5%	15.3	0.5%	4,918	0.6%	0.8	0.4%
TOTAL	**51**	**2,896.9**	**100%**	**3,091.2**	**100%**	**777,254**	**100%**	**177.6**	**100%**

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

1.2.7 Outlook

Mercialys has set the following objectives for 2023:

- growth in Funds From Operations (FFO) per share to reach at least + 2% *vs.* 2022;
- dividend to range from 85% to 95% of 2023 FFO.

1.2.8 Subsequent events

There are no significant post-balance sheet events to report.

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

1.2.9 EPRA performance measurements

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

In its half-year financial report and its Universal Registration Document, Mercialys publishes all the EPRA indicators defined by the Best Practices Recommendations, which can be found on EPRA's website. The following table summarizes the EPRA indicators at end-December 2022, end-June 2022 and end-December 2021:

	12/31/2021	06/30/2022	12/31/2022
EPRA earnings *(€ per share)*	1.10	0.61	1.13
EPRA NRV *(€ per share)*	20.51	20.35	20.54
EPRA NTA *(€ per share)*	18.39	18.24	18.42
EPRA NDV *(€ per share)*	17.60	19.65	20.94
EPRA net initial yield *(%)*	5.24%	5.26%	5.29%
EPRA topped-up net initial yield *(%)*	5.32%	5.34%	5.38%
EPRA vacancy rate *(%)*	4.9%	4.4%	4.4%
EPRA cost ratio (including direct vacancy costs) *(%)*	18.5%	14.8%	18.7%
EPRA cost ratio (excluding direct vacancy costs) *(%)*	16.6%	13.0%	16.7%
EPRA capital expenditure *(€M)*	15.9	8.8	24.0
EPRA LTV excluding transfer taxes *(%)*	na	na	37.3%
EPRA LTV including transfer taxes *(%)*	na	na	35.0%

1.2.9.1 EPRA earnings and earnings per share

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

(in millions of euros)	12/31/2021	06/30/2022	12/31/2022
Net income attributable to owners of the parent	**62.2**	**12.6**	**43.1**
Share of net income from associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	(0.3)	(0.1)	(0.3)
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	1.1	26.0	26.7
Other operating income and expenses	(0.4)	0.4	(1.6)
Depreciation and amortization	39.2	18.6	37.7
EPRA EARNINGS	**101.8**	**57.5**	**105.5**
Average number of shares (basic)	92,839,729	93,570,578	93,384,221
EPRA EARNINGS PER SHARE *(€)*	**1.10**	**0.61**	**1.13**

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) European Public Real Estate Association.

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

	12/31/2021		
(in millions of euros)	**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 at end of period	93,394,908	93,394,908	93,394,908
NAV per share *(€)*	**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 p. 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on p. 17 of the EPRA Best Practices Recommendations Guidelines.

(in millions of euros)	06/30/2022 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**685.7**	**685.7**	**685.7**
Includes [1]/Excludes [2]:			
i) Hybrid instruments	0	0	0
Diluted EPRA NAV	**685.7**	**685.7**	**685.7**
Includes [1]:			
ii. a) Revaluation of IP (if IAS 40 cost option is used)	1,017.2	1,017.2	1,017.2
ii. b) 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]	19.1	19.1	19.1
iii) Revaluation of tenant leases held as finance leases [5]	0.0	0.0	0.0
iv) Revaluation of trading properties [6]	0.2	0.2	0.2
EPRA diluted NAV at fair value	**1,722.3**	**1,722.3**	**1,722.3**
Excludes [2]:			
v) Deferred tax in relation to fair value gains of IP [7]	0.0	0.0	
vi) Fair value of financial instruments	(14.6)	(14.6)	
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		(4.2)	
Includes [1]:			
ix) Fair value of fixed interest rate debt			112.3
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [8]	192.6	0.0	
NAV	**1,900.2**	**1,703.2**	**1,834.6**
Fully diluted number of shares at end of period	93,369,700	93,369,700	93,369,700
NAV per share *(€)*	**20.35**	**18.24**	**19.65**

(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.
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(6) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(7) Deferred tax adjustments are presented on p. 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on p. 17 of the EPRA Best Practices Recommendations Guidelines.

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

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

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

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

(in millions of euros)	12/31/2021	06/30/2022	12/31/2022
Investment property – wholly owned	2,945.1	2,930.2	2,896.9
Assets under development (-)	0.0	0.0	0.0
Completed property portfolio excluding transfer taxes	**2,945.1**	**2,930.2**	**2,896.9**
Transfer taxes	193.1	192.6	194.2
Completed property portfolio including transfer taxes	**3,138.2**	**3,122.8**	**3,091.2**
Annualized rental revenues [(1)]	171.2	171.2	170.9
Non-recoverable expenses (-)	(6.8)	(6.8)	(7.3)
Annualized net rents	**164.4**	**164.4**	**163.6**
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	2.5	2.5	2.7
Topped-up net annualized rent	**166.9**	**166.9**	**166.4**
EPRA NET INITIAL YIELD	**5.24%**	**5.26%**	**5.29%**
EPRA TOPPED-UP NET INITIAL YIELD	**5.32%**	**5.34%**	**5.38%**

(1) In 2021, annualized rental revenues included a normalized view of the Casual Leasing business, as observed in 2019, with this business exceptionally affected by the health crisis.

1.2.9.4 EPRA vacancy rate

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

The EPRA vacancy rate was 4.4% at end-December 2022, which is stable compared with the level from end-June 2022 and shows an improvement compared with end-December 2021 (4.9%). "Strategic" vacancies following decisions to facilitate extension or redevelopment plans represent 150bp within this vacancy rate.

(in millions of euros)	12/31/2020	06/30/2022	12/31/2022
Rental value of vacant units	8.7	7.8	7.9
Rental value of the entire portfolio	178.6	176.7	177.3
EPRA VACANCY RATE	**4.9%**	**4.4%**	**4.4%**

1.2.9.5 EPRA cost ratios

(in millions of euros)	12/31/2021	06/30/2022	12/31/2022	Comments
Administrative and operating expense line per IFRS income statement	(19.7)	(11.4)	(25.0)	Personnel expenses and other costs
Net service charge costs/fees	(6.8)	(4.4)	(7.3)	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	(2.1)	(1.6)	(3.0)	Rental management fees
Other income and expenses	(3.3)	4.5	2.9	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	**(31.9)**	**(12.8)**	**(32.3)**	
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)	**(31.9)**	**(12.8)**	**(32.3)**	**A**
Direct vacancy costs [1]	3.3	1.6	3.4	
EPRA costs (excluding vacancy costs) (B)	**(28.6)**	**(11.2)**	**(28.9)**	**B**
Gross rental income less ground rent costs [2]	172.2	86.5	173.3	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)	**172.2**	**86.5**	**173.3**	**C**
EPRA COST RATIO INCLUDING DIRECT VACANCY COSTS	**- 18.5%**	**- 14.8%**	**- 18.7%**	**A/C**
EPRA COST RATIO EXCLUDING DIRECT VACANCY COSTS	**- 16.6%**	**- 13.0%**	**- 16.7%**	**B/C**

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

(2) 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:

	12/31/2021			06/30/2022			12/31/2022		
(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	1.5	0	1.5	3.2	0	3.2	9.4	0	9.4
Developments	2.8	0	2.8	0.2	0	0.2	0.4	0	0.4
Investment property	9.4	0	9.4	4.3	0	4.3	12.3	0	12.3
Incremental lettable space	*2.0*	*0*	*2.0*	*0.7*	*0*	*0.7*	*5.2*	*0*	*5.2*
No incremental lettable space	*4.1*	*0*	*4.1*	*2.5*	*0*	*2.5*	*5.1*	*0*	*5.1*
Tenant incentives	*1.2*	*0*	*1.2*	*0.1*	*0*	*0.1*	*1.6*	*0*	*1.6*
Other material non-allocated types of expenditure	*2.0*	*0*	*2.0*	*0.9*	*0*	*0.9*	*0.5*	*0*	*0.5*
Capitalized interest (if applicable)	1.8	0	1.8	0.8	0	0.8	0.9	0	0.9
Total Capex	**15.5**	**0**	**15.5**	**8.5**	**0**	**8.5**	**23.0**	**0**	**23.0**
Conversion from accrual to cash basis	0.4	0	0.4	0.3	0	0.3	1.0	0	1.0
TOTAL CAPEX ON CASH BASIS	**15.9**	**0**	**15.9**	**8.8**	**0**	**8.8**	**24.0**	**0**	**24.0**

The acquisitions include the acquisition of a 70% interest in SCI Rennes-Anglet for Euro 4.9 million including transfer taxes. Mercialys previously held 30% of this company's capital.

Capital expenditure relating to **investment property** includes:

- under "incremental lettable space", primarily work relating to the traditional project portfolio (shopping center transformations, mixed-use urban projects);
- under "no incremental lettable space", primarily maintenance capex;

under "other material non-allocated types of expenditure", expenditure relating to the Company's IT, its marketing and digital ecosystem, and its CSR approach.

1.2.9.7 EPRA LTV

The following table details the Loan To Value (LTV) ratio, as determined by EPRA from December 31, 2022. This indicator differs from the calculation carried out by the Company, as presented above, which also represents the reference for the various bank covenants.

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

1.3 Real estate portfolio

1.3.1 Portfolio valued at Euro 3,091.2 million including transfer taxes at December 31, 2022

1.3.1.1 Experts and methodology

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

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

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.

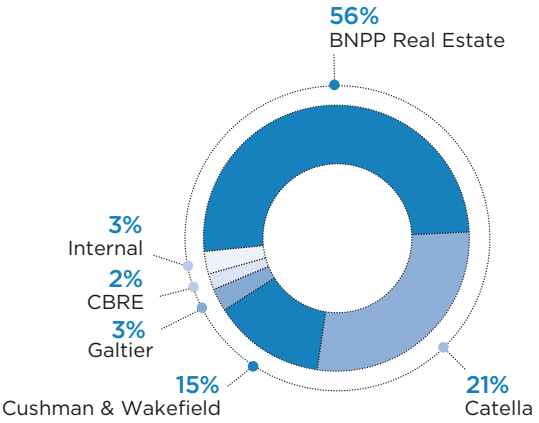
The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as potential risk premiums for obsolescence and rental risk.

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, 2022 and December 31, 2022: 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)



Mercialys' portfolio value came to Euro 3,091.2 million including transfer taxes, down - 1.0% over six months and - 1.5% over 12 months. Like-for-like [(1)], it is down - 0.8% over six months, but up + 0.9% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,896.9 million, down - 1.1% over six months and - 1.6% over 12 months. Like-for-like [(1)], it is down - 0.9% over six months, but up + 0.8% over 12 months.

The average appraisal yield rate was 5.75% at December 31, 2022, compared with 5.71% at June 30, 2022 and 5.71% at December 31, 2021. This virtual stability reflects the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation, offsetting the increase in the discount rate resulting from the higher risk-free rate.

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

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

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

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

In the interests of transparency and accuracy, Mercialys approached its 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 + 3.2% including indexation between 2023 and 2032.

1.3.1.2 Real estate appraisal report prepared by Mercialys' independent valuers

Introduction

At December 31, 2022, 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	€2,379.3 M	€2,537.2 M
of which, undivided share of assets held by third parties (40%)	-	*€76.9 M*	*€82.2 M*
BNPP Real Estate Valuation	35	€2,302.4 M	€2,455.0 M
Cushman & Wakefield Valuation	9	€224.6 M	€240.1 M
Catella Valuation	13	€224.4 M	€240.5 M
CB Richard Ellis Valuation	1	€128.5 M	€137.4 M
Galtier Valuation	2	€9.4 M	€10.1 M
Internal	2	€7.6 M	€8.1 M
TOTAL	**62**	**€2,896.9 M**	**€3,091.2 M**

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, 2022.

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

le 23/01/2023

Jean-Claude DUBOIS
Président

BNP PARIBAS REAL ESTATE
EXPERTISE

CATELLA VALUATION

Jean-François DROUETS
Président

GALTIER VALUATION

Coralie COUVRET
Directrice du Pôle Immobilier
Recognised European Valuer

CUSHMAN & WAKEFIELD VALUATION FRANCE

Valérie PARMENTIER
Partner

CBRE VALUATION

Béatrice ROUSSEAU - MRICS - REV
Directeur

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

1.3.2.1 51 assets at end-2022, representing 777,254 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.

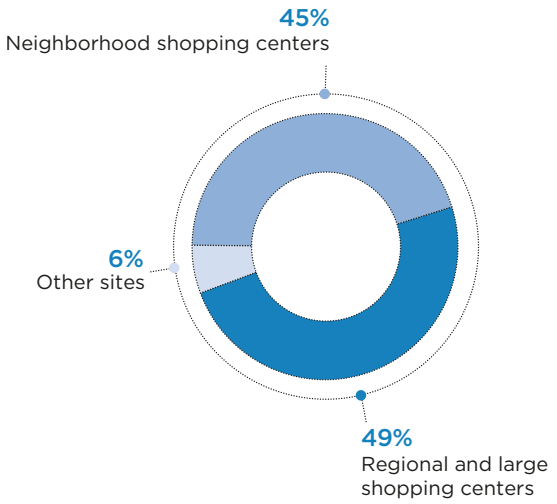
The major regional and large shopping centers and the leading neighborhood shopping centers are made up of shopping centers and adjacent large specialty stores. The other sites comprise individual units, including two cafeterias and a land reserve.

At December 31, 2022, Mercialys' portfolio was made up of 51 assets, including four large regional centers, 21 large shopping centers, 23 neighborhood shopping centers and three other sites, representing a total gross leasable area of 777,254 sq.m.

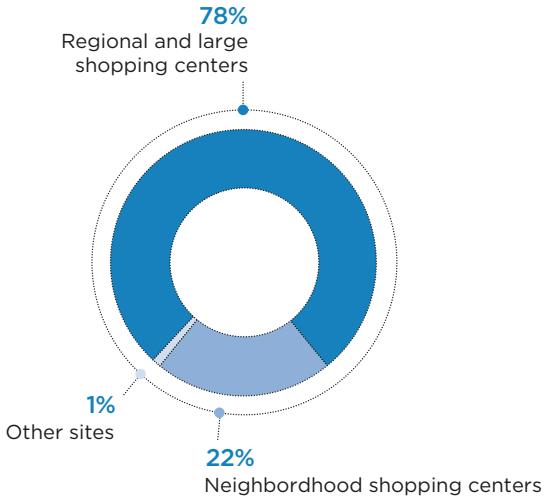
Within its 48 shopping centers, Mercialys owned - exclusively or in partnership with minority interests - the premises of the large food stores in 21 of them at end-December 2022.

BREAKDOWN BY TYPE OF ASSETS HELD BY MERCIALYS

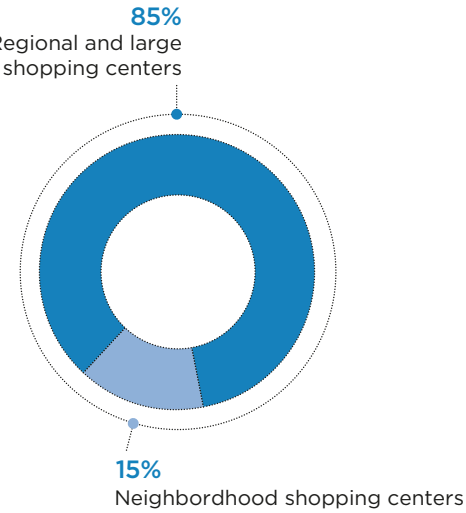
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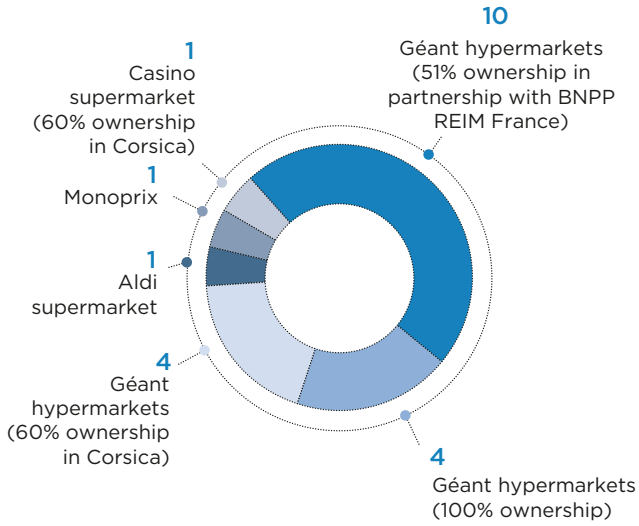
(in sq.m)



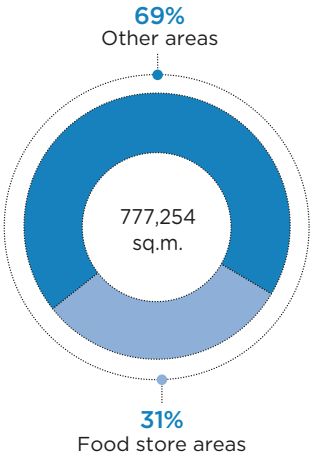
(in appraisal value including transfer taxes)



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



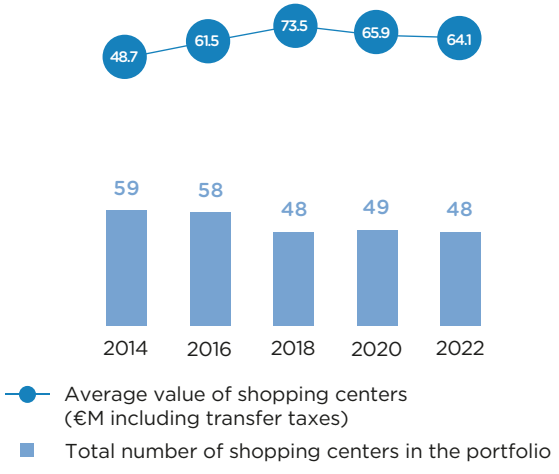
BREAKDOWN OF MERCIALYS' GROSS LEASABLE AREAS

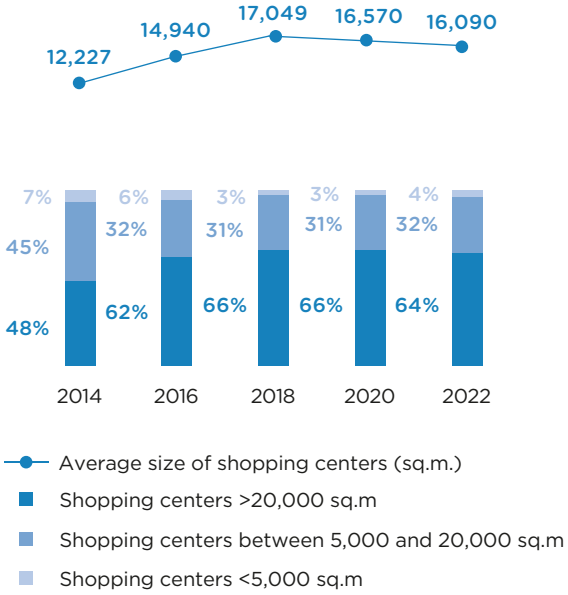


1.3.2.2 Portfolio realigned around leading retail assets in the most dynamic geographic areas

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

The average size of the Company's shopping centers (excluding other sites) was 16,100 sq.m at end-2022, compared with 7,400 sq.m at end-2010 and 12,227 sq.m at end-2014. Their average value was Euro 64.1 million including transfer taxes at end-2022, compared with Euro 26.9 million at end-2010 and Euro 48.7 million at end-2014.





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

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

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

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

		Appraisal value including transfer taxes		Gross leasable area	
Region	**Number of sites**	*(€M)*	*%*	*(sq.m)*	*%*
Corsica	5	123.3	4%	47,863	6%
Île-de-France	3	35.0	1%	9,293	1%
North-East	2	229.4	7%	52,875	7%
West	9	818.1	26%	203,053	26%
Rhône-Alpes	8	525.4	17%	139,271	18%
Reunion Island	5	344.1	11%	38,144	5%
South-East	7	459.7	15%	117,005	15%
South-West	12	556.2	18%	169,750	22%
TOTAL	**51**	**3,091.2**	**100%**	**777,254**	**100%**

1.3.2.3 Detailed breakdown of the portfolio at December 31, 2022

Site name and description	**Type of asset held by Mercialys**	**Year of construction**	**Last project** *(year)*	**Complex's built area at 12/31/2022** *(sq.m)*	**Gross leasable area held by Mercialys at 12/31/2022** *(sq.m)*	**Of which food store area at 12/31/2022** *(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	0	SUDECO
Massena (Géant HM + 25 stores + 2 MSu)	Large shopping centers	1975	2016	31,677	4,204	0	SUDECO
Saint Denis Porte de Paris (Aldi + 1 MSu)	Other	1975		2,900	2,900	0	SUDECO
Reunion Island							
Le Port Sacré-Cœur (Carrefour HM + 90 stores + 7 MSu + 1 RP)	Large shopping centers	2002	2020	27,024	21,401	0	SUDECO
Saint Benoît Beaulieu (Carrefour HM + 22 stores)	Neighborhood shopping centers	2000	2022	7,492	2,014	0	SUDECO
Saint Pierre Front de Mer (Carrefour HM + 26 stores)	Neighborhood shopping centers	1987	1992	11,629	2,118	0	SUDECO
Sainte Marie du Parc (Run Market HM + 77 stores + 1 RP + 6 MSu + 1 services village)	Large shopping centers	1966	2016	27,384	12,611	0	SUDECO
Saint André (land bank)	Other	-	-		0	0	

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Complex's built area at 12/31/2022 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2022 *(sq.m)*	Of which food store area at 12/31/2022 *(sq.m)* when owned by Mercialys	Property management
North-East							
Besançon – Chateaufarine (Géant HM + 85 stores + 11 MSu)	Regional centers	1971	2018	58,218	38,497		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	0	SUDECO
Lanester (Géant HM + 4 MSu + 70 stores)	Large shopping centers	1970	2016	31,267	30,357	17,639	SUDECO
Morlaix (Géant HM + 40 stores + 2 MSu)	Neighborhood shopping centers	1980	2017	28,871	8,054	0	SUDECO
Niort Est (Géant HM + 1 cafeteria + 50 stores + 3 MSu + 1 services village)	Large shopping centers	1972	2015	26,047	18,322	13,306	SUDECO
Quimper – Cornouaille (Géant HM + 1 cafeteria + 88 stores + 9 MSu)	Large shopping centers	1969	2017	34,459	34,459	12,063	SUDECO
Rennes – Saint-Grégoire (Leclerc HM + 86 stores + 2 MSu)	Large shopping centers	1971	2017	52,858	16,999	0	GIE GRAND QUARTIER
Tours – La Riche Soleil (Géant HM + 1 cafeteria + 49 stores + 1 MSu)	Large shopping centers	2002		25,571	9,689	0	SUDECO
Rhône-Alpes							
Annecy Seynod (Casino Hyperfrais HM + 50 stores + 6 MSu + 1 cinema + 1 RP + 2 MSu)	Large shopping centers	1988	2018	28,469	12,717	0	SUDECO
Annemasse (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	0	SUDECO
Saint-Étienne – Monthieu (Géant HM + 1 cafeteria + 50 stores + 5 MSu + 1 service station + 1 car wash station)	Large shopping centers	1972	2017	36,928	20,180	0	SUDECO
Vals près Le Puy (Géant HM + 22 stores + 4 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	0	GACI TROIN

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Complex's built area at 12/31/2022 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2022 *(sq.m)*	Of which food store area at 12/31/2022 *(sq.m)* when owned by Mercialys	Property management
Valence 2 (Géant HM + 1 cafeteria + 55 stores + 1 MSu)	Neighborhood shopping centers	1972	2012	19,155	7,234	0	SUDECO
South-East							
Aix en Provence (Casino Hyperfrais HM + 1 cafeteria + 32 stores + 1 MSu + 1 Feu Vert)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Géant HM + 35 stores + 2 MSu)	Neighborhood shopping centers	1979	2017	26,791	7,328	0	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	0	SUDECO
Marseille – La Valentine (Géant HM + 62 stores + 4 MSu)	Large shopping centers	1970	2015	32,271	13,924	0	SUDECO
Marseille Barneoud (Géant HM + 1 cinema + 59 stores + 6 MSu)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
South-West							
Anglet (Géant HM + 1 cafeteria + 10 stores + 1 MSu)	Other	1976	2016	16,524	3,987	0	SUDECO
Aurillac (Géant HM + 1 cafeteria + 24 stores)	Neighborhood shopping centers	1988	2015	16,890	3,580	0	SUDECO
Boe AGEN (Géant HM + 1 cafeteria + 27 stores + 1 MSu)	Neighborhood shopping centers	1969	2015	18,855	5,499	0	SUDECO
Brive - Malemort (Géant HM + 35 stores)	Neighborhood shopping centers	1972	2017	21,047	5,460	0	SUDECO
Carcassonne – Salvaza (Casino SM + 1 cafeteria + 41 stores + 1 MSu)	Neighborhood shopping centers	1982	2016	19,917	2,502	0	SUDECO
Millau (Géant HM + 20 stores + 1 MSu)	Neighborhood shopping centers	1986	2017	12,610	417	0	SUDECO
Montpellier Argelliers Autoroute (Géant HM + 23 stores + 1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	0	SUDECO
Narbonne (Géant HM + 29 stores + 2 MSu)	Neighborhood shopping centers	1972	2018	20,680	20,680	10,494	SUDECO
Nîmes – Cap Costières (Casino Hyperfrais HM + 1 cafeteria + 86 stores + 4 MSu + coworking)	Large shopping centers	2003	2017	35,209	35,209	14,209	SUDECO
Rodez (Super U + 1 cafeteria + 30 stores + 2 MSu)	Neighborhood shopping centers	1984	2020	17,618	1,436	0	SUDECO
Montauban (Super U + 42 stores + 1 MSu)	Neighborhood shopping centers	1994	2012	19,786	4,765	0	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Complex's built area at 12/31/2022 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2022 *(sq.m)*	Of which food store area at 12/31/2022 *(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	0	SUDECO
TOTAL				**1,347,894**	**777,254**	**239,652**	

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



2nd place
to GRESB

Carbon Disclosure Project
"A List"
since 2018

87/100
on the gender
equality index

2

CORPORATE SOCIAL RESPONSIBILITY

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

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

2.1.1 CSR governance designed to effectively manage the risks and opportunities and implement the 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 CSR Director. The Committee is composed of the Chief Executive Officer, the Deputy Chief Executive Officer, the General Secretary and the Ethics and Compliance Director. 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 53 risks identified by the RPC are divided into eight categories, one of which is dedicated to environmental, social and societal risks. All risks are then assessed annually according to their impact and probability of occurrence. Probability of occurrence assesses the possibility that a risk will materialize at least once, in the short, medium and/or long term. The impact quantifies possible consequences, either in terms of the Company's financial position (change in operating results or Net Asset Value), or obstacles to the ongoing implementation of the Company's strategy or operations, or its reputation (importance given by stakeholders or media impact). CSR risks were assessed using this scale, using the results of the stakeholder consultation conducted upstream.

Each year, the RPC reports on its work to the Audit, Risks and Sustainable Development Committee (ARSDC) and the Management Committee. The Board of Directors as a whole is also regularly updated on the CSR strategy, and the directors have the expertise of Mercialys' teams and feedback from sustainability rating agencies. They can also make use of tools designed for training and the awareness raising of CSR issues, and in particular climate-related issues, such as those provided by the Chapter Zero association.

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

Supervising cross-functional projects

Mercialys' CSR team defines and implements the Company's CSR strategy. It consists of a CSR Director 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. Human resources development issues such as the implementation of Mercialys' diversity and inclusion policy are the responsibility of the Human resources Department. Site managers from various operational teams, supported by the CSR Department, manage the cross-functional CSR strategy projects.

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

- the RPC, in charge of mapping the Company's risks, regularly assesses Mercialys' risks and adjusts them at least once a year;
- the ARSDC, one of the Board of Directors' three specialized committees and whose Chairwoman is the CSR Director, validates the CSR strategy and is updated at least annually on its progress;
- the Board of Directors is kept informed of the implementation of the CSR strategy and the achievement of associated criteria;
- the Management Committee, of which the CSR Director is a member, shares information on the operational implementation of the CSR strategy and its state of progress with all the Company's departments.

For more details on the roles of the various bodies and their interactions, see chapter 5. § 5.1.1, p. 322 et *seq*, and the diagram below.

The Company's executive corporate officers have 20% of their annual variable compensation indexed to the Company's CSR performance. One of their three equally-weighted long-term compensation objectives is systematically also a CSR objective. One of the two 2022 CSR criteria concerns the portfolio's level of BREEAM In-Use certification for the Chief Executive Officer and the achievement of CSR objectives related to bank credit lines for the Deputy Chief Executive Officer. For more information, see chapter 4. § 4.2.2, p. 272 et *seq*.

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

Again with a view to involving as many stakeholders as possible, Mercialys is continuing to green its financing structure. Two major criteria of Mercialys' CSR strategy have been adopted to support five bank credit lines, for a cumulative amount of Euro 205 million. The margins of these credit lines are indexed to the BREEAM In-Use certified share of the strategic portfolio and the achievement of greenhouse gas emissions reduction targets (scopes 1 and 2). 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.

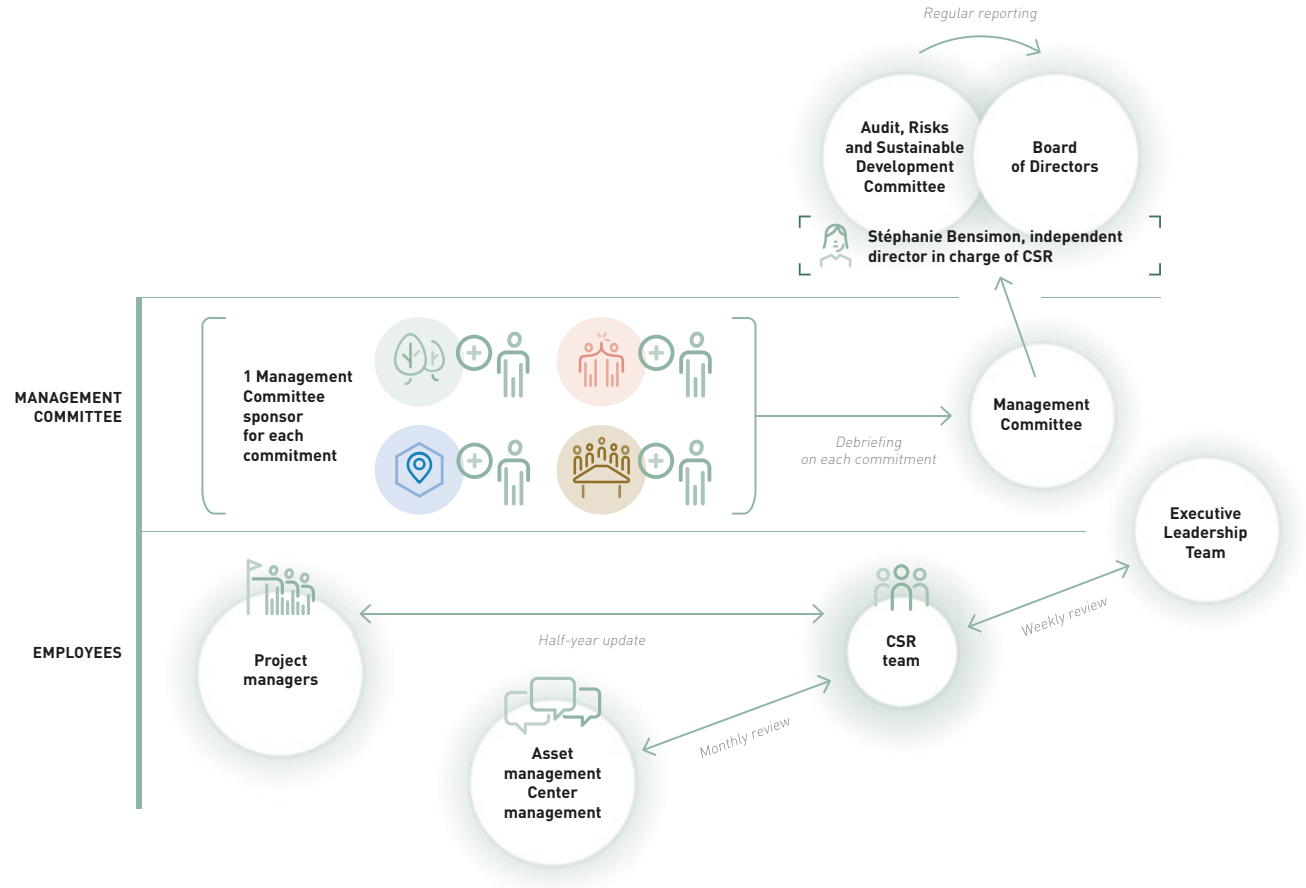
Acting at the asset level

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

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

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

CSR GOVERNANCE



2.1.2 CSR commitments are jointly developed with its stakeholders

Mercialys has been implementing CSR actions since 2010, whose performance is praised each year by sustainability rating agencies (for more details on the various ratings, please refer to the Integrated Report on p. 35). In this respect, two examples of excellent performance in the best market standards can be cited for 2022. First of all, Mercialys maintained its leading position on the Carbon Disclosure Project, remaining on the A List for the 5th consecutive year. Similarly, on its 7th participation in the Global Real Estate Sustainability Benchmark (GRESB), Mercialys achieved 2nd place in its category (1), increasing its overall score by 2 points compared to 2021.

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

As such, the Company has drawn up a comparative study of the CSR strategies of real estate companies and players recognized in terms of CSR maturity, operating in France and abroad. Furthermore, a widespread consultation process was conducted by a specialized consulting firm with the Company's various stakeholders. It involved employees, shopping center visitors, retailers, investors and banks, local authorities and non-profit organizations. A list of CSR issues previously identified as relevant for a retail real estate company were submitted to them. They commented on the importance they attach to them, as well as their perception of Mercialys' level of maturity on these various issues. Qualitative interviews supplemented the results of this questionnaire, in order to identify more specific recommendations or expectations of certain stakeholders. This approach made it possible to revise Mercialys' materiality matrix, which can be found on the Company's website (2).

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

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

Mercialys is committed to:

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

(1) Category: shopping center real estate companies listed in Europe.
(2) Materiality matrix published on the Company's website: https://www.mercialys.com/sustainability/sustainability-strategy-1/stakeholder-engagement

4 FAIR IMPACTS FOR 2030 CSR STRATEGY

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

FOR OUR ENVIRONMENT

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

OUR AMBITIONS FOR 2030

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

FOR OUR STORES

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

OUR AMBITIONS FOR 2030

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

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

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

MAIN NON-FINANCIAL RISKS AND OPPORTUNITIES

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

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

2022 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	CONTRIBUTION TO SDGs (3)
4.7kgCO_2eq./sq.m. scopes 1 & 2	• Carbon roadmap validated by SBTi • Purchase of green energy • Installation of remote reading, optimization and management of equipment • Energy sobriety plan	
65% waste recovered	• Implementation of dedicated communication tools for retailers • Regular awareness-raising of retailers • Deployment of the sortinf of five waste streams and bio-waste on the portfolio • Integration of CSR criteria in waste call for tenders • Waste action plan by site	
5 liters of pesticide products used	• Implement a "zero pesticides" approach for green spaces • Control of green space providers • Differentiated management of green spaces integrated into contracts	
0 sq.m. artificialized	• Hypermarket decapitalization projects to increase the density of shopping centers	
100% of strategic assets certified	• Environmental certification of the portfolio • Strategy for adapting assets to climate change and changes in use	
90% of strategic assets offering responsible retail and services	• Roll-out of the Le Shop / Ocitô digital and logistics platform • Inventory of "responsible" retailers on the portfolio	
0% of our tenants engaged with our "responsible landlord tenant" commitments	• Generalization of environmental annexes to all leases signed • Recovery of environmental data from tenants • Annual meetings with tenants including a CSR update • Conduct tenant satisfaction surveys • Development of a tenant intranet	
94/100 average score in safety audits	• Annual audit of the security provider • Implementation of preventive measures for health risks • Installation of CO_2 sensors	
68% of centers committed to robust regional development	• Operations carried out in the centers • Retailer job offers posted on the shopping centers ' websites and social media • National partnership with *Initiative France* • Director centers mentoring entrepreneurs	
58% of strategic centers with a multifunctional space	• Deployment of coworking under the Cap Cowork brand • Installation of health centers	
83% of center purchases and **31%** of corporate purchases with a CSR clause	• Map Mercialys' purchases and assess the corresponding CSR risks • Inventory of "local" purchases • Incorporate CSR criteria into center contracts and call for tenders • Establishment of works and maintenance specifications for real estate projects and major maintenance operations • Put in place control arrangements	
100% of shopping centers close to public transport	• Installation of charging stations for electric vehicles, bicycle racks, and dedicated carpooling spaces • Rising awareness of visitors	
96% of centers having hosted at least one association	• Provision of spaces for associations and organizations in shopping centers • National partnership with Médecins du Monde	
87/100 on the gender equality index	• Monitoring and management of the main diversity indicators • Signatory of the diversity in business charter • Partnerships with Arpejh	
Retention of the **Great Place to Work** label	• Annual employee satisfaction survey • Establishment of working groups on five specific topics • Employee training program	
95% of employees trained in ethics	• Code of Ethics given to all employees • Annual ethics training for employees • Whistleblowing procedure in place	
Strengthening of the **teleworking agreement**	• Development of 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	

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

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

2.2.1 Aim for net zero carbon emissions

The effects of climate change are also being observed in France, with 2022 being particularly marked by extreme climate events: record heat waves, forest fires, floods, violent storms. Taking action to mitigate climate change and adapting its assets and their operation accordingly are key challenges for Mercialys and all other economic players. Mercialys' Risks Prevention Committee (RPC) has identified and characterized the Company's risks and opportunities associated with the effects of climate change. It is also transparent about its climate risks, in accordance with the 11 recommendations of the international working group Task Force on Climate-related Financial Disclosure (TCFD) (see p. 115 *et seq.*) and by responding publicly each year to the Carbon Disclosure Project (CDP).

Adapting to the effects of climate change

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

Taking things one step further, Mercialys carries out detailed studies, asset by asset, on the priority physical hazards and transition risks related to climate change, as well as the vulnerability and resilience of its assets to these hazards. It thus assessed the risks of 27% of its strategic centers, among the following hazards: heat waves, drought, clay shrinkage and swelling, forest fires, average rise in temperatures, floods/rainfall, storms, marine submersion, coastal erosion, earthquake and landslide. Different timeframes and scenarios were used to carry out these analyses: at 30 and 50 years to be adapted to the life of a building, and the RCP 4.5 and RCP 8.5 scenarios of the Intergovernmental Panel on Climate Change (IPCC). These are the scenarios corresponding respectively to the implementation of measures to stabilize greenhouse gas emissions, and to the most unfavorable scenario without a climate policy. It shows that Mercialys' assets are mainly affected by heat waves, average temperature rise and drought. The significant challenges therefore notably relate to the insulation of buildings and the heating and air conditioning systems of the Company's assets.

From 2023, Mercialys will extend these analyses to its entire portfolio and implement action plans to prevent priority risks.

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

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

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

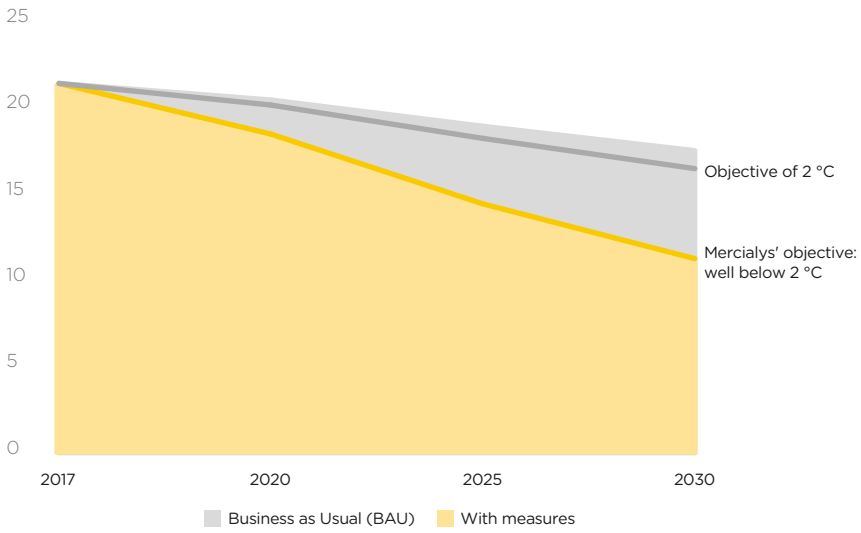
- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the level of the time;
- the "Sectoral Decarbonization Approach" (SDA) scenario of the real estate sector, making it possible to remain below a 2°C increase (RCP 2.6 scenario of the IPCC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

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

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

MERCIALYS CARBON ROADMAP VALIDATED BY THE SBTI

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



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

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

The Science Based Targets initiative approved these objectives in 2019, making Mercialys one of the first real estate companies in the world to have its objectives scientifically approved.

Furthermore, in five credit lines representing a cumulative amount of Euro 205 million, Mercialys has included commitments to reduce scopes 1 and 2 greenhouse gas emissions, and thus begun the gradual greening of its debt (see p. 81).

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

Continuing its actions on scopes 1 and 2

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

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

- the modelling 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. All Mercialys assets have been the subject to such a study;
- the roll-out of remote-read sub-meters across 71% of sites since 2017, with another 20% in the pipeline, means that energy and water consumption can be accurately measured in real-time by site use. This system can also analyze 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 91% of Mercialys' assets to regulate temperatures and the operating time slots of the facilities, among other things. In the geopolitical context of 2022 and in order to anticipate tension on the energy market, Mercialys set up an "energy sobriety" working group in the summer, to identify the measures to be implemented in the winter of 2022/2023, to contribute to the national effort to save energy and determine and test the procedures in the event of a power outage. The Company has thus rolled out concrete actions in its shopping centers:
  - lowering heating and air conditioning temperatures to 17°C in winter and 26°C in summer;
  - limiting night-time heating to a level that keeps facilities frost-free;

(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.

- switching off of general lighting and signs one hour after the last store closes;
- adjusting the air flow rates of ventilation systems;
- shutting down hot water tanks;
- using of 100% LED Christmas decorations;
- lighting Christmas decorations from 11 a.m. indoors and 4 p.m. outdoors;
- reducing the light intensity of advertising screens and large display walls;

- multi-year work plans for the installation of energy-efficient equipment, such as the replacement of aging installations, or LED relamping for lighting. In three years, 79% of sites have undergone such work. As proof of the rapid effectiveness of this work, 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 each year the energy consumption per square meter of the Company's shopping centers, to achieve - 16% between 2017 and 2022.

2/ Use less carbon-intensive energy to operate the shopping centers. Thus, in 2022, all Mercialys sites were supplied with green electricity and all gas centers subscribed to an offer that includes 50% biogas. Mercialys is also able to reduce its carbon footprint with the development of self-produced renewable energy. For example, in 2022, La Galerie Cap Costières in Nîmes produced and consumed 365 MWh of electricity from solar energy thanks to photovoltaic units installed around the main building. In addition, during replacements, the use of equipment using less carbon-intensive energy is favored. For example, the heating and air conditioning equipment in La Galerie le Phare de l'Europe shopping center in Brest using gas have been replaced by others using electricity, with a much lower carbon impact in metropolitan France.

At end of 2022, 85% of the energy consumed by Mercialys' centers therefore comes from renewable sources.

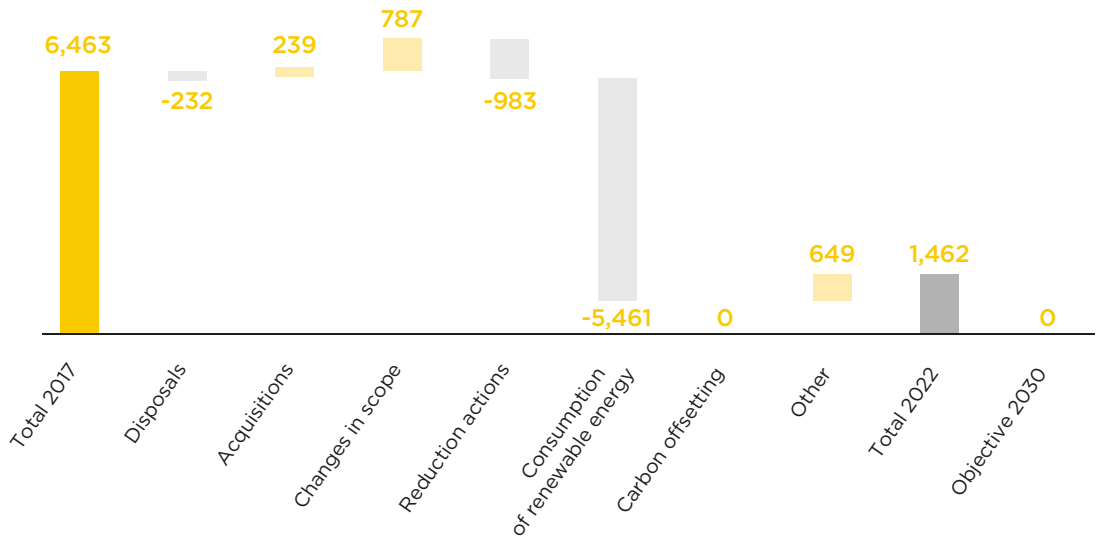
3/ Replace leak-prone air conditioning systems with new units that run on refrigerants with a lower global warming potential (GWP, *i.e.* the level of contribution to the greenhouse effect). Mercialys checks its facilities regularly and monitors refrigerant leaks on a monthly basis. Its overall leak rate in 2022 is 1.5%, well below the national average, which is 9% (1). At the same time, Mercialys is exploring less-polluting alternatives to conventional refrigerants. All of these factors are an integral part of Mercialys' refrigerant replacement strategy.

4/ As a last resort, Mercialys may have to offset its incompressible residual emissions. It has not yet resorted to this option.

Mercialys has assessed the impact of these measures, as well as external factors, to analyze the factors used to reduce its carbon emissions:

CHANGE IN SCOPE 1 AND 2 CARBON EMISSIONS

(in $tCO_2eq.$ – current scope – market based)

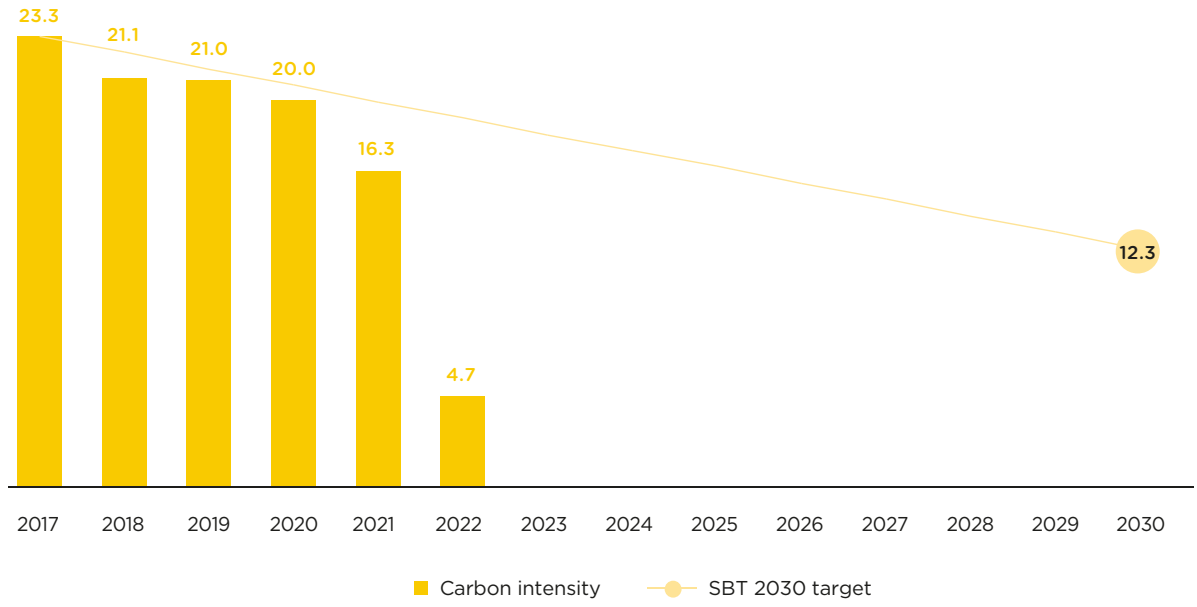


As such, the reduction in greenhouse gas emissions since 2017 is linked to action taken by Mercialys, whether in day-to-day management or investments. Thanks to these actions carried out over many years, Mercialys is ahead of its carbon roadmap for its scopes 1 and 2, as shown in the graph below.

(1) Source: ADEME – ARMINES, 2011.

CARBON INTENSITY SCOPES 1 AND 2 PER SQ.M.

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



2022 Coverage rate: 100%

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 four years, retailers' consumption has been logged for incorporation into the Company's action plans and to provide them with information useful for their operations (average energy consumption per square meter by type of activity, for example, see p. 95);
- advising tenants on low-carbon electricity purchasing options;
- raising employees' awareness of their business travel's carbon impact. All employees are equipped with videoconferencing tools, widely used and the preferred option since 2020. The practice of teleworking, in place at Mercialys since 2017, is widespread (see p. 109 *et seq.*). In addition, the Company car leasing policy has been reviewed and now favors hybrid vehicles;
- working on the end-of-life treatment of the waste produced by the shopping centers. In conjunction with the waste collection services, Mercialys is seeking to optimize waste sorting and select the most energy-efficient outfalls in terms of carbon impact. These aspects were the subject of particular attention during the call for tenders conducted in 2022 (see p. 90).

GREENHOUSE GAS EMISSIONS

		SBTi 2017-2030 target	2022	2021	2020	2019	2018	2017	Change 2017-2022
Scopes 1 and 2	Energy for common areas and general services *(in $kgCO_2eq./sq.m.$)*	- 47%	**4.7**	16.3	20.0	21.0	21.1	23.3	- 80%
Scope 3	Energy consumption by tenants *(in $kgCO_2eq./sq.m.$)*	- 46%	**54.0**	51.0	62.7	65.0	53.2	51.5	+ 5%
	Employee travel *(in $tCO_2eq.$)*	- 26%	**248.4**	206.9	188.7	190.0	321.0	289.0	- 14%
	Waste management *(in tCO_2 eq./metric ton)*	- 26%	**0.170**	0.172	0.175	0.174	0.173	0.280	- 39%

Mercialys is in line with its carbon roadmap and has already achieved two of its four objectives. In recognition of its active commitment to combating climate change, Mercialys has remained on the Carbon Disclosure Project (CDP) A List for the fifth consecutive year. This list is composed of the 283 global companies considered leaders in the fight against climate change, out of over 15,000 participants listed in the CDP's 2022 edition.

Mercialys also presents all of its scope 3 items in the appendices (see p. 120 et *seq.*).

2.2.2 100% of waste recovered

In 2022, Mercialys shopping centers produced more than 6,200 metric tons of waste. Nearly all of this waste comes from the retailers' business activities and quantities are dependent on their packaging policies as well as their logistics organization. This topic was also a high expectation for retailers according to the Company's stakeholder consultation. In order to respond to this challenge and optimize the recovery of 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 five waste streams (cardboard/paper, plastic, wood, glass, scrap metal) and bio-waste in the contracts of all assets whose waste management is carried out by an external service provider [(1)]. In 2022, Mercialys carried out works at 17% of its centers to optimize their waste sorting areas and accommodate new streams. On average, a Mercialys center sorts 6 waste streams, compared to 2.5 in 2017, and 88% of strategic centers sort at least five waste streams. This number can be up to nine sorting flows at a single center: cardboard, bio-waste, plastics, bulky items, scrap metal, paper, Waste Electrical and Electronic Equipment (WEEE), 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 of food have been saved throughout Mercialys centers. In addition to contributing to the fight against food waste, this constitutes additional income for retailers, estimated at Euro 210,000 over the period, of which Euro 47,000 for the year 2022. Other shopping centers such as Grand Quartier in Rennes and La caserne de Bonne in Grenoble recycle cigarette butts. Since 2018, 1.5 million cigarette butts have been collected and recovered, the equivalent of more than 38 km of cigarette butts lined up end-to-end.

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

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

The use of reconditioned equipment has been also requested, in application of a circular economy approach.

Finally, in order to engage the service providers in charge of waste collection and treatment in a process of continuous improvement, they are asked to propose an annual sorting performance objective by asset.

PERCENTAGE OF WASTE RECOVERED

	Objective 2030	2022	2021	2020	2019	2018	2017
Waste recovery rate	**100%**	**64.6%**	56.0%	53.7%	63.9%	51.9%	37.9%
Coverage rate		**92%**	93%	93%	84%	78%	79%

Thanks to all these actions combined, 36% of the centers achieved the Mercialys 2030 CSR strategy objective to recover 100% of their waste in 2022.

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

2.2.3 Zero pesticide used

Mercialys has mapped its interactions with nature during its direct operations and throughout its value chain. In addition, a map of its strategic sites has been drawn up to identify whether they are located near protected areas. It has revealed that only 29% of the strategic portfolio is less than 500 meters from the nearest protected area. The Company then assessed its impacts and dependencies related to nature, which enabled it to identify its main risks and opportunities in this area. The results of its work are presented on p. 115 *et seq.*, in accordance with the draft recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

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

To this end, the Company has carried out ecological audits and drawn up biodiversity action plans set out by ecologists on 81% of its portfolio since 2014. These involve conducting inventories of existing biodiversity on its sites and assessing green space management practices to determine improvement recommendations.

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

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

At the end of 2022, 93% of contracts for the management of green spaces at Mercialys centers include a specific clause specifying that pesticides can only be used as a last resort and favoring the use of labelled products that can be used in organic farming. The Company launched a call for tenders on the management of green spaces at its shopping centers at the end of 2022. The related contracts will include such a clause. The consultation was carried out by requesting the differentiated management of green spaces (differentiated maintenance according to the zones and their ecological sensitivity) and by informing service providers of the ecological specificities of each center (sharing of ecological audits in particular). This rate should therefore improve next year.

Each year, the service provider is monitored to ensure the proper application of this clause.

USE OF PESTICIDES

	Objective 2030	2022	2021	2020	2019	2018	2017
Quantity of pesticides used (l)	**0**	**5.0**	7.0	40.0	0.0	12.8	13.5
Coverage rate		**94%**	91%	85%	41%	46%	46%

Thus, in 2022, 92% of centers did not use any pesticides in the maintenance of green spaces, favoring, for example, manual or mechanical weeding.

In addition, La Galerie Géant Lanester has adopted eco-grazing with the company *Tontons Tondeurs*, a local player specializing in this type of maintenance. Eco-grazing is a natural alternative to mechanical and chemical techniques, using herbivores to maintain green spaces. This method is non-polluting, quiet, and preserves biodiversity. Since 2022, two Ouessant sheep have thus maintained La Galerie's 1,500 sq.m. of green spaces. A wooden shelter has been installed in their enclosure, offering them shelter in the event of inclement weather.

Mercialys also seeks to encourage biodiversity by having designated areas for local wildlife. In line with ecologists' recommendations, 72% 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. For example, the green space service provider at La Galerie Le Phare de l'Europe in Brest has been informed of the presence of a protected species of orchid on the site, and pays particular attention to it during its interventions. In addition, there are lots of swallows' nests in La Galerie 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.

According to the naturalist inventories produced as part of the ecological studies carried out at Mercialys centers, a nationally protected species was observed at 53% of sites, and one threatened species according to the IUCN classification [(1)] at 16% of sites.

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

2.2.4 Effective management of the artificialization of soils

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 and 10 times less impact than an online purchase. However, as a real estate company, the fight against the artificialization of soils remains a major issue for Mercialys, on which it has been focused for several years.

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

Since its creation in 2005, Mercialys has favored areas already waterproofed to carry out its projects: car parks or former warehouses have been reused to carry out its major extension projects without altering land use. For example, Mercialys obtained a favorable opinion from the French National Commercial Development Commission (*Commission Nationale d'Aménagement Commercial* – CNAC) in 2020 for a project to extend its La Galerie Géant Lanester center by more than 2,500 sq.m., 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 may need to rethink the structure of its shopping centers by rebuilding or restructuring the existing building. It might, for example, reduce the surface areas of hypermarkets in order to transform them into several stores, or to increase their density by creating multi-story car parks.

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

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

(1) 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, notably driven by a need for proximity and meaning, Mercialys is committed to promoting more responsible retail by:

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

2.3.1 100% of strategic assets with BREEAM In-Use certification

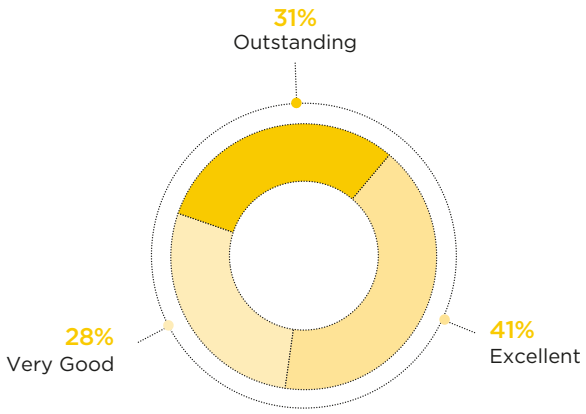
Mercialys has been using the international environmental certification, BREEAM In-Use, as a simple, readable and scalable management tool for the operational assessment of its assets since 2014. This tool is used to support teams in the environmental management of sites. It provides a framework for comparing the assets of a portfolio, identifying best practices and highlighting the teams' work on a daily basis. 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 considered from the point of view of financial stakeholders, as evidenced by the Euro 205 million cumulative credit lines signed since 2021 that include this indicator (see p. 81).

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 2022, Mercialys began the migration of its certified portfolio to the new version of the BREEAM In-Use standard (version 6). This new version, which is more rigorous than the previous one, strengthens the environmental resilience aspect. Nine centers were assessed using to this new version in 2022. All were awarded level Very Good on asset management, and four were upgraded to the next level, *i.e.* Excellent. These results attest to the daily commitment of the teams, since only 10% of BREEAM In-Use v6 certified retail assets in France are certified Very Good or higher [(1)]. Mercialys is thus proving its ability to maintain its assets in line with the highest environmental standards and occupant comfort, in anticipation of new CSR challenges.

In addition, always with a view to continuous improvement, the Company has put in place an action plan to ensure that all of its assets already certified achieve at least level Very Good, which corresponds to a performance that incorporated the most advanced best practices.

CERTIFICATION LEVEL: ASSET MANAGEMENT



At the end of 2022, all strategic assets were thus certified, at least to level Very Good. These excellent results testify to Mercialys' maturity and its teams' commitment to continually improving operational performance.

ENVIRONMENTAL CERTIFICATION ON OPERATIONAL PERFORMANCE

	Objective 2030	2022	2021	2020	2019	2018	2017
Percentage of strategic centers certified	100%	**100%**	100%	83%	72%	59%	48%

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

(1) As of January 3, 2023, according to the list provided by the BRE Group on its website https://tools.breeam.com/projects/explore/buildings.jsp

2.3.2 100% of centers offering responsible stores and services

Developing an innovative omnichannel commerce

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

Launched at the end of 2019, one of these solutions, Le Shop is a shared digital marketplace that allows all businesses in the same center to offer their products for sale and to benefit from customized delivery solutions (home delivery or click & collect). Different brands of food and non-food products can be ordered and delivered at the same time, reducing the carbon impact of delivery. Le Shop/Ocitô 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.

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

It helps to build up the societal resilience of the Company's shopping centers. At the end of 2022, Le Shop/Ocitô digital marketplace was in operation at 90% of Mercialys' strategic shopping centers.

Promoting more responsible stores

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

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

RESPONSIBLE RETAIL AND SERVICES OFFER

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

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

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

Promoting awareness with retailers

Mercialys implements many initiatives to enhance cooperation with retailers, in particular on environmental issues. Firstly, the Company provides them with information documents. Work began to update the welcome packs given to new tenants. These packs include a section on the center's CSR approach and eco-friendly practices. As part of its energy sobriety plan (see p .87 et *seq.*), Mercialys has also provided its retailers with a guide of best practices to adopt to prevent energy shortages during the 2022/2023 winter season.

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

In order to encourage its tenants to reduce the overall environmental impact, Mercialys signed its first environmental lease clauses in 2013. These have been included in all new contracts, from the first square meters [2].

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

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 2022, 94% of leases signed during the year included an environmental clause, bringing the percentage of leases with an environmental clause to 47% of all Mercialys leases. As tenants' average lease length is relatively long, it will take time to roll out this clause across the entire Mercialys portfolio. Meetings to present the progress of the center's CSR strategy to retailers are held annually, facilitating the practical implementation of these environmental annexes. Such meetings were held on 73% of assets in 2022.

Sharing with retailers

Mercialys is continuing to recover the energy consumption of its tenants. In 2022, the Company collected the private consumption of 65% 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, 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.

In addition, as part of the application of the obligations related to the Tertiary Eco-Energy Decree (DEET), Mercialys is initiating discussions with its tenant retailers. In 2022, these relate in particular to the coordination of energy consumption declarations to be made on the OPERAT platform, and will be enhanced in future years. Indeed, to achieve the objectives of the decree, namely to reduce energy consumption by 40% by 2030, then 50% in 2040 and 60% in 2050, lessors and lessees will have to co-develop and monitor action plans.

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.

Administered in digital format, it was sent to the retailers at 97% of Mercialys centers in 2022. The Company plans to survey its tenants each year in order to analyze changes in 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 "responsible landlord tenant" commitment. Its objective is to engage all its brands and independent retailers in CSR issues, marketing, or business.

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

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

ENGAGEMENT WITH TENANTS

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

2.3.4 Zero health and safety incidents

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

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

Preventing safety risks

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

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

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

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

Managing economic crises

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

The 2020 health crisis did, however, require the implementation of immediate and unprecedented measures to strengthen health rules, particularly in the shopping centers. The main measures in place in 2022 at the shopping centers were based on:

- real-time visitor counting to limit the number of visitors entering at the same time and plan ahead for peak times;
- the provision of hydroalcoholic gel at the entrances;
- monitoring the CO_2 rate at 87% of centers to control indoor air quality.

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

Winter 2022 was marked by an energy crisis with potential impacts on the continued operation of the Company's shopping centers. Mercialys and its property manager have prepared for the possibility of electricity outages and have developed a procedure to be implemented should such an event occur. It has also been shared with tenants, who are instructed to evacuate their customers to the common areas in the event of a power cut.

Securing personal data and information systems

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

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

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

More broadly, Mercialys deploys procedures to ensure cybersecurity, or the protection of its information systems and the data embedded in them. This protection is provided by the IT Department which deploys controls through the architecture of the systems, which can be audited by external service providers. The IT Department reports directly to the General Secretary, a member of the Management Committee. Cybersecurity is also the responsibility of employees, who are regularly informed of related issues and have signed an IT security charter. Lastly, Mercialys' Board of Directors is informed of the cybersecurity procedures applied by the Company.

SAFETY AUDITS

	Objective 2030	2022	2021	2020	2019	2018
Average score	95%	**94.4%**	92.6%	91.7%	87.3%	86.5%
Percentage of shopping centers that have audited their security service provider		**96%**	97%	87%	88%	81%

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

2.4 For our regions

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

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

2.4.1 100% of centers committed to robust regional development

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

Supporting jobs in the centers

Mercialys centers host more than 16,000 long-term jobs that cannot be relocated, generated by site retailers. Indeed, 95% of shopping center jobs in France are permanent contracts, higher than the national average of 85% [(1)]. Mercialys also broadcasts these jobs by publishing job offers from retailers on each center's website and social media. The Company increased the visibility of 159 job opportunities from its tenant retailers in 2022.

Furthermore, the centers' day-to-day management requires the involvement of numerous service providers (security, cleaning, etc.). In 2022, over 230 jobs were associated with on-site services.

Promoting jobs around shopping centers

The Company is also proactive in its support of employment in its economic regions. Every year, employment initiatives, such as job fairs or job datings are organized at the centers in partnership with local or national brands and recruitment agencies. The shopping centers provide these businesses with spaces to advertise their job vacancies. They may be tenants of the shopping center looking to recruit, or companies outside the center, present in the local region. For example, an employment bus was welcomed to the parking lot of the Jas de Bouffan shopping center in Aix-en-Provence, in order to recruit and train people as bus drivers in the Provence-Alpes-Côte d'Azur region.

Over the last two years, 60% of strategic centers have supported an employment or integration initiative.

Boosting regions

In order to revitalize the regions and their stores, Mercialys also signed a national partnership in 2021 with the *Initiative France* network, the leading non-profit network for financing and supporting entrepreneurs in France. It reflects the shared desire of the two players to support, in close synergy with local authorities, the economic development of the regions by facilitating the creation of businesses. The partnership is then implemented at the local level with each regional branch of the Company's centers. By the end of 2022, 52% of strategic centers have committed to local *Initiative France* associations, 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 Géant Chateaufarine has officially opened an *Initiative Doubs Territoire de Belfort* store in the middle of the shopping center. Since March 2022, 18 local companies supported by *Initiative Doubs Territoire de Belfort* have had free sales and exhibition space in the center. 35% of the Company's strategic centers set up such spaces in 2022. In total, 81 local entrepreneurs have received support through Mercialys shopping centers.

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

In addition, Mercialys is a partner of *Centre-Ville en Mouvement* and the *Fédération Nationale des Centres-Villes*, known as *Vitrines de France*, two bodies dedicated to city-center retail, and actively participates in the work of the *Institut pour la Ville et le Commerce*, of which the Chief Executive Officer of Mercialys is a Director.

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

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

REGIONAL DEVELOPMENT

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

2.4.2 100% of strategic centers with multifunctional spaces

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

After the first two coworking spaces opened in 2020, operated under the "Cap Cowork" brand, in 2021 Mercialys opened two new spaces at 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 is also developing health centers, such as at the La Galerie La Rocade Furiani near Bastia, home to the first health center inside a Corsican shopping center. It accommodates nine practitioners with different specialties. These two new uses reflect the same desire to adapt the merchandising mix, generating both economic and societal value and meeting the challenges of functional diversity and local anchoring.

MULTIFUNCTIONAL SPACES

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

2.4.3 100% local and responsible purchasing

Purchases represent a significant portion of a company's expenses and are, therefore, an effective lever for rolling out a corporate CSR policy. As a contracting company, Mercialys is not only responsible for the goods and services it purchases directly (from tier-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.

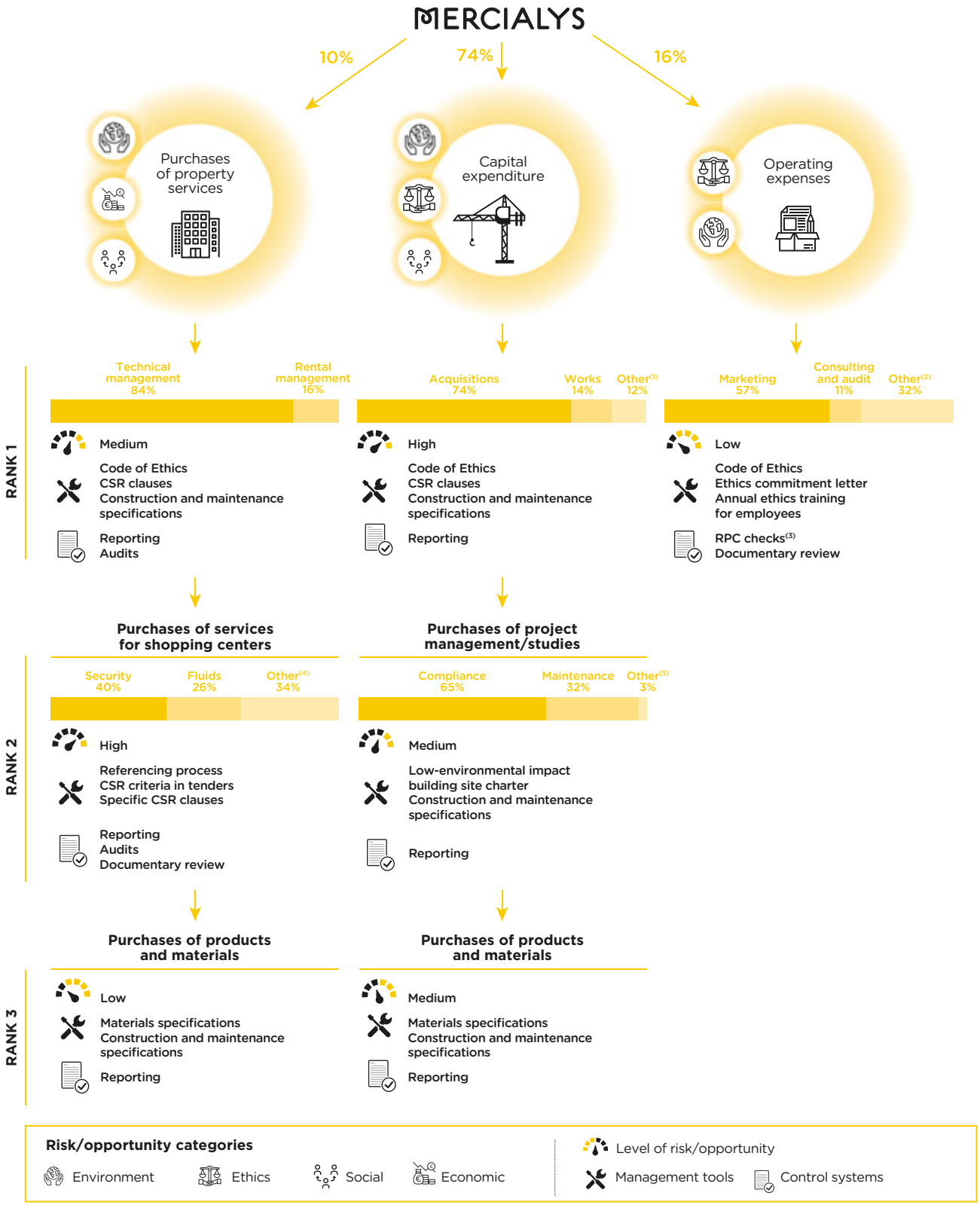
To ensure that the appropriate measures are in place for each purchasing category, Mercialys has structured its responsible purchasing approach around the following measures:

- 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,
  - human rights risk,
  - risk related to personal health and safety,
  - risk related to economic ties;
- developing management measures appropriate to the type and level of risk identified: Mercialys has defined appropriate measures to be implemented to mitigate risks and/or seize identified opportunities. The Company relies on the tools it has designed (such as its "construction and maintenance specifications" or its ethics commitment letter);
- putting into practice the tools and procedures defined by Mercialys to comply with the letter's requirements: the Company has implemented these tools on an operational level, for example, by including specific CSR clauses in service agreements for its centers;
- monitoring the effective application of these measures: depending on the measures taken, Mercialys has set up reporting processes, requests supporting documents, and carries out on-site audits (for example, security service provider audits), etc.

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

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

MAPPING PURCHASES



(1) E.g. maintenance, tools, reports.
(2) E.g. financial reporting, head office, operating costs, business travel.
(3) RPC: Risks 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 tier 1 contracts relating to its shopping centers, *i.e.* the property management agreement and the project and construction work management mandate. 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 works with its property manager to incorporate CSR into the calls for tenders issued for services at the centers (tiers 2 and 3). Thus, during 2022, a call for tenders for the waste management service was carried out, with an emphasis on environmental aspects. The challenges were numerous: increasing the number of waste streams collected, promoting the recovery of final waste wherever possible, optimizing the carbon footprint of transport by favoring service providers with nearby outlets, optimizing the collections and the number of journeys made (see p. 90). A call for tenders for the management of green spaces was launched to be implemented in 2023, also involving Mercialys' CSR Department to include specific criteria for the selection of service providers.

CSR clauses are included in service agreements for the centers, as well as the cleaning contract, which requires the use of eco-labelled products. In 2022, 83% of shopping center purchases had specific CSR clauses for each type of service.

Mercialys also included all of its social and environmental requirements in its "construction and maintenance specifications" for projects and works. It was drawn up by the Company's teams and is appended to the delegated project management contract. This document stipulates all the requirements for the building's environmental certification, its energy performance, the sorting of construction waste, and the certification of materials used.

Finally, aware of its impact on employment in its area of activity (see p. 97), Mercialys seeks to promote local jobs for the provision of services in its centers which involve regular on-site visits. Since 2021, a survey has been carried out to find out where suppliers operating in its centers are travelling from. 98% of shopping center purchases are "local", with service providers located within an average radius of 60 km from the centers, and 58% are located in the same city or department as the center. This aspect, although previously taken into account on an informal basis, is now included as a selection criterion in new contracts and calls for tender.

Applying the Company's CSR requirements to its operating purchases

The purchases necessary for Mercialys to operate are mainly of two types: purchases of services with a contract (consulting, marketing IT, etc.), and purchases of ordered goods (office supplies, small furniture, etc.).

The former in particular can involve ethical risks. In order to prevent these risks, the Ethics and Compliance Director updates a corruption risks map and measures are put in place to mitigate such risks. In fact, for each new service provider codification, mandatory documents are requested such as their URSSAF certificate to combat undeclared labor, as well as the signing of an ethics commitment certificate. By signing this certificate, they undertake to comply with the fundamental principles set out by Mercialys in terms of human rights, working conditions, ethics and environmental protection. The Company also signs confidentiality agreements when the services purchased involve the sharing of certain information.

For purchases of goods that are not subject to a contract, Mercialys incorporates CSR criteria in the selection of the products it purchases. It favors eco-labelled products (FSC, European eco-label, etc.), certified companies (ISO 14001, ISO 9001) and French companies. For example, the coffee supplier for Mercialys head offices sources organic, seasonal coffee and transports it by boat.

(1) Excluding Corsican assets (accounting for 4% of the portfolio).

LOCAL AND RESPONSIBLE PURCHASING

	Objective 2030	2022	2021	2020	2019	2018
Share of center purchases covered by CSR clauses	100%	**82.5%**	81.9%	75.3%	78.9%	79.6%
Share of local center purchases	100%	**97.8%**	98.2%			
Share of corporate purchases covered by CSR clauses	100%	**31.2%**	26.7%	25.7%	21.4%	22.7%

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. At the end of 2022, all centers had at least one entrance less than 500 m from a public transport stop, with an average frequency of less than 15 minutes during peak hours.

At the same time, Mercialys is also involved in the installation of specific equipment in its car parks. In 2022, it launched a consultation to this end, in order to develop the installation of charging stations for ultra- or semi-fast electric vehicles at these centers. At the end of 2022:

- 99% of centers have bicycle shelters;
- 68% of car parks are equipped with charging stations for electric and hybrid vehicles;
- 62% of car parks offer spaces reserved for carpooling.

The second lever is to promote these modes of transport, in order to encourage visitors and shopkeepers to use them. Several communication channels are used:

- information about the routes serving the centers are regularly displayed on the center's screens;
- directional signage points the way to public transport stops;
- screens display the times of the next public transport service departure;
- the shopping centers websites provide information on center accessibility and facilities available.

Thus, Mercialys supports projects to equip the car parks at its centers with specific facilities encouraging low-carbon mobility, and then ensures their visibility with customers and retailers.

2.4.5 100% of centers open to civil society

For Mercialys, being a local player also means promoting solidarity. It thus multiplies the number of non-profit organizations by providing them with free casual leasing, organizing environmental or societal campaigns, and promoting and awareness-raising through posters at these centers or on social media.

Mercialys also seeks to be inclusive to enable everyone to visit its shopping centers in a comfortable manner. For example, it has adapted its centers so that people with reduced mobility or families with strollers can travel easily around them (wide corridors, moving walkways, lifts, etc.). To continue this momentum, Mercialys is supporting the *Autisme France* association by introducing a quiet hour in some of its centers. For example, La Galerie Espace Monthieu has decided to reduce the intensity of the lighting and noise in the center every Tuesday from 1 p.m. to 3 p.m. to offer a calm environment in which people with Autism Spectrum Disorder (ASD) can visit the center.

Furthermore, Mercialys was keen to support the Ukrainian population following the outbreak of the war in 2022. In concrete terms, the Company's shopping center management announced that its sites were available to host specific operations. For example, a collection of basic necessities was carried out at La Galerie Géant La Riche. In addition, Mercialys made a financial contribution of Euro 25,000 to the Business Contribution Fund set up by the French State.

To combine the center's activities with CSR action, Mercialys also organizes solidarity events, such as clothing drives and yard sales. These are opportunities for customers to bring clothes or toys that they no longer use to be sold by *Secours Catholique*, the French Red Cross or local associations. These operations combine the fight against waste with solidarity action, contributing to a circular economy. 72% of centers organized such solidarity collections in 2022.

La Galerie Géant Lanester has set up an area to welcome victims of domestic violence, in conjunction with the *Centre d'information sur les droits des femmes et des familles* (CIDFF) and *Sauvegarde 56*.

Other initiatives are also carried out digitally throughout the year. For World Environment Day, for instance, one tree was planted for each new member joining the Mercialys shopping center loyalty program Prim'Prim', as part of the ongoing partnership between Mercialys and Reforest'Action which began in 2019. In all, 9,900 trees have been planted in France since the start of this partnership, representing an estimated impact of 1,500 equivalent metric tons of CO_2 stored.

LOCAL PUBLIC LIFE

	Objective 2030	2022	2021	2020	2019
Share of assets that hosted an association	100%	**96.3%**	96.9%	94.3%	84.1%

In total, these spaces allocated free of charge represent the equivalent of Euro 172,000 of rents granted by Mercialys. Combined with the time spent on the organization, donations, partnerships and sponsorship, nearly Euro 350,000 has been allocated to support for non-profit associations.

2.5 For our talents

Mercialys firmly believes that strong ethics, diversity in the profiles of its employees and a favorable working environment are sources of wealth and performance within companies. For this reason, the Company has been committed to a responsible approach as an employer for several years now.

This approach is reflected in the following actions:

- annual training for all its employees on ethical rules and best practices;
- systematic application of the principles of professional equality and an active approach to inclusion;
- diversity in the profiles of new employees;
- consideration of employee expectations in the management of locations and in the rules of life at work in order to promote professional fulfilment and daily commitment.

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

2.5.1 An employer committed to ethics, equality and inclusion

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

This approach is overseen by the Ethics and Compliance Director, who is also the Company's Ethics Officer. She reports directly to the Deputy Chief Executive Officer.

In terms of ethics and compliance, the Company's objective is to reduce its exposure to the risks associated with non-compliance with regulations and thereby contribute to strengthening its reputation and ability to attract and retain employees.

In terms of compliance, Mercialys has structured operational and financial control processes to ensure that all laws and regulations relating to its business are complied with. They apply to the various decision-making chains giving rise to the Company's engagement with its various internal and external stakeholders. This approach contributes to the mitigation of the Company's risks, as described in chapter 5 of this Universal Registration Document. In addition to the control procedures, the compliance approach at Mercialys is deeply linked to the concept of ethics, and is regularly explained and reminded to all employees.

The Mercialys Code of Ethics and Code of Conduct reiterates the need to respect the major international fundamental principles, legislation and the environment. This document also formalizes the commitments made and the resulting rules of behavior in all of the Company's business lines and for all employees.

This charter reiterates that the Company operates exclusively in mainland France, Corsica and Reunion Island, and that all of its employees work in France, a country that has ratified the eight fundamental conventions of the International Labor Organization (ILO). These regulations therefore apply in particular to the fight against discrimination at work, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor.

Mercialys strives to scrupulously comply with these conventions and all ethical regulations applicable to the business world.

Moreover, Mercialys has been a signatory to the UN Global Compact since 2018. This commitment demonstrates its will to respect the ten universal principles relating to human rights, international labor standards, environmental protection and the fight against corruption, and to ensure that its suppliers and subcontractors do likewise.

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* Responsible lobbying guidelines;
- inside information and prevention of insider trading;
- non-financing of political life;
- protection of employees' health and safety;
- prevention of discriminatory actions and the right to union representation;
- the whistleblowing procedure.

This charter is given to all new employees joining the Company. It is also posted on Mercialys' intranet and website [1], in French and English.

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.

(1) The Code of Ethics and Code of Conduct are available on the Company's website: https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.
(2) Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy.

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.

A procedure for the protection of whistleblowers is also in place. Employees are regularly reminded of this procedure, which is also clearly displayed in Mercialys' head offices, including the measures to improve this protection put in place by the Law of March 21, 2022. It guarantees confidentiality, as required by law, and allows whistleblowers to contact the Ethics Officer by telephone or dedicated email. In 2022, no reports were made *via* this system. Employees are also free to ask the Ethics Officer about any issues that they may wish to raise. The legislative and regulatory changes that modified the rights of the whistleblower in 2022 have been incorporated into the procedure in place within the Company.

Specific charters governing certain business lines or practices supplement the Code of Ethics and the Code of Conduct. Responsible lobbying guidelines were 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 2022, Mercialys declared two interest representatives to the HATVP [(1)] at national level. A register of external persons met and the reason for the meetings has been put in place and is regularly updated. The procedure in place takes into consideration the extension of the regulations to actions carried out at local level, applicable since July 1, 2022.

In addition, a Stock Market Code of Ethics was updated in October 2021 and published on the Intranet site to remind executives, directors, members of the Management Committee, closely related persons, insiders and any other relevant people of the stock market regulations.

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 by 95% of employees of 2022.

Lastly, since 2022, employees have signed an annual declaration on the existence or absence of a conflict of interest, in addition to the declaration signed when they join the Company.

INVOLVEMENT OF EMPLOYEES

	2022	2021	2020	2019	2018
Percentage of employees trained in ethics	**94.6%**	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.

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 extended its commitment in 2022:

- 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.

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

Mercialys applies its commitments on a daily basis, namely to:

- 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 so as to encourage them to adopt this approach.

Specific awareness-raising actions were carried out during the 2022 fiscal year as part of actions to combat discrimination and promote professional equality. At the end of the year, 95% of employees attended an awareness-raising session on the fight against all forms of discrimination (origin, disability, age, gender, religion, sexual orientation, physical appearance).

No complaints of discrimination were reported to the Ethics Officer or the Human resources Department either in 2021 or in 2022.

Finally, the detailed results of the Great Place To Work campaign reiterated by Mercialys in 2022 were once again very positive on issues related to the equal treatment of employees, similar to the feedback recorded in 2021.

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.

Gender-balanced recruitment and workforce

42 permanent hires were carried out in 2022, of which 23 women and 19 men.

Mercialys has also strengthened its apprenticeship policy and recruited 15 work-study students to reach 20 apprentices at the end of 2022.

As at December 31, 2022, 61% of Mercialys employees were women.

The proportion of female managers has been increasing steadily since 2018. These represent 48% of managers in 2022, *versus* 47% in 2021 and 45% in 2020.

DISTRIBUTION OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2022		2021		2020		2019		2018	
Staff with permanent employment contracts (CDI)	**144**	**86%**	122	89%	109	84%	93	84%	97	90%
Staff with temporary employment contracts (CDD)	**24**	**14%**	15	11%	20	16%	18	16%	11	10%
TOTAL WORKFORCE	**168**	**100%**	**137**	**100%**	**129**	**100%**	**111**	**100%**	**108**	**100%**

BREAKDOWN OF WORKFORCE BY GENDER

	2022		2021		2020		2019		2018	
Female managers	**59**	**48%**	48	47%	41	45%	33	42%	34	41%
Male managers	**63**	**52%**	55	53%	50	55%	45	58%	49	59%
Female employees	**18**	**90%**	0	0%	12	86%	12	75%	9	82%
Male employees	**2**	**10%**	0	0%	2	14%	4	25%	2	18%
Female supervisors	**25**	**96%**	32	94%	21	88%	16	94%	14	100%
Male supervisors	**1**	**4%**	2	6%	3	12%	1	6%	0	0%
TOTAL WOMEN	**102**	**61%**	**80**	**58%**	**74**	**57%**	**61**	**55%**	**57**	**53%**
TOTAL MEN	**66**	**39%**	**57**	**42%**	**55**	**43%**	**50**	**45%**	**51**	**47%**

Gender equality at the heart of Mercialys' compensation policy

Mercialys is committed to making professional gender equality effective in terms of compensation, training and access to promotions, considering that this is a major area for implementing gender equality within the Company. More specifically:

- the Mandatory Annual Negotiation (NAO) agreement focused on the lowest salaries and therefore the female population at supervisor level, *via* a higher general increase proportion for this level;
- in order to guarantee a change in compensation that does not penalize the Company's female employees, the average wage increase provided for by collective agreements is automatically applied to the wages of women during their maternity leave. It should be noted that a system is also in place to ensure that employees on paternity leave are not disadvantaged;
- the duration of maternity or paternity leave does not impact the calculation of variable compensation;
- during maternity and paternity leave, Mercialys makes up the entire salary differential not covered by Social Security;
- for employees on paternity and childcare leave, Mercialys has maintained the benefit of three additional paid calendar days compared to the legal number of days, even though the legal number of days of paternity leave was increased from 25 to 28 days in 2021 (5 beneficiaries in 2022).

As a result of its policy, Mercialys recorded very good performances in terms of gender equality.

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.

	2022	2021	2020	2019
Equality index(/ 100)	**87**	92	96	92

The national average of the index as published in 2022 was 85. In 2022, the index for Mercialys was 87. This result, although marginally worse than last year, means that Mercialys is still 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.

The decline observed in the index is also reflected in the equal pay index: structurally, given the small number of employees within the Company, this indicator is subject to high volatility depending on hires and departures of employees over the period, despite all the measures described above.

The gender pay gap increased from - 1.2% in 2020 to + 4.3% in 2021, to stand at - 7.5% in 2022.

EQUAL PAY FOR MEN AND WOMEN

	2022	2021	2020	2019	2018
Pay gap - managers (women vs. men) over one year	**- 7.5%**	+ 4.3%	- 1.2%	+ 3.9%	+ 4.1%

It has therefore been deemed appropriate to consider this indicator on a rolling 3-year average, i.e. a very limited gap over 2020/2022, at - 1.6%.

	2020/2022	2019/2021	2018/2020	2017/2019	2016/2018
Pay gap - managers (women vs. men) over three years	**- 1.6%**	+ 0.2%	+ 2.3%	+ 3.2%	- 0.7%

A strong desire for diversity in governing bodies

Mercialys implements an ambitious policy in terms of diversity in the management of its teams and in its management bodies.

This policy aims to maintain the highest standards in terms of balanced representation of women and men, both in terms of governance and in the operational management of the Company. It is illustrated by the gender balance prevailing within the Company's Management Committee and Board of Directors.

In addition, the Chairmanships of the three specialized committees assisting the Board of Directors (Strategy and Transformation Committee, Audit, Risks and Sustainable Development Committee, and Appointments, Compensation and Governance Committee) are also chaired by women (see chapter 4, § 4.1.5, p. 257).

	2022		2021		2020		2019		2018	
Women on the Management Committee	**8**	**53%**	7	50%	8	50%	7	50%	2	22%
Women on the Board of Directors	**5**	**56%**	5	50%	5	50%	6	55%	6	55%

Committed for several years to the fight against all forms of discrimination, Mercialys has, since 2014, been a regular winner in the ranking of the feminization of ruling bodies of the SBF 120. After being ranked third in 2021 for 2020, Mercialys ranked second in 2022 for 2021. This ranking is prepared by the firm Convictions RH, commissioned by the French Minister of State for Gender Equality and the Fight against Discrimination.

(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.

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 2022, Mercialys renewed its partnership in favor of employment for people with disabilities with the ARPEJEH association, which aims to promote the training, qualification and employment of young people with disabilities.

At the same time, Mercialys is raising service provider awareness of recruitment to promote the hiring of people with disabilities. This systematic approach led to the recruitment of one worker with reduced mobility on a permanent basis in 2022.

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 2022, this showed 30% of employees under the age of 30, 49% of the workforce composed of experienced employees aged between 30 and 50, and 21% of employees aged over 50.

In 2022, the average age of Mercialys employees was 39 years.

	2022		2021		2020		2019		2018	
Workforce under 30	**51**	**30%**	41	30%	42	33%	37	33%	22	20%
Workforce aged between 30 and 50 years (inclusive)	**82**	**49%**	68	50%	67	52%	54	49%	68	63%
Workforce over 50	**35**	**21%**	28	20%	20	16%	20	18%	18	17%

Fourteen young people under the age of 25 were recruited in 2022: 86% of them are work-study students, reflecting an active dynamic in terms of professional integration.

Lastly, two new hires of seniors (aged 55 and over) were made in 2022.

2.5.2 An employer involved in developing employee commitment and satisfaction

Mercialys firmly believes that employee commitment, job satisfaction and the sharing of values have a decisive impact on the Company's attractiveness, team cohesion, 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 in line with the market in which it operates. To this end, the Company regularly participates in sector-based compensation surveys.

All Mercialys employees, with the exception of work-study students, receive variable compensation equal to at least 4% of their fixed salary. The variable component can represent from 4% to 80% of the fixed component and is related to the achievement of three types of objectives, assessed at the start of the following year:

- for 20% of the variable component: collective and 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 objectives assesses the implementation of the CSR strategy by the employee, this objective being adapted to his or her job; another is cross-functional and common to the team to which he or she belongs;
- 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.

A new platform was developed internally in 2021 to digitize, facilitate and promote fluid exchanges between employees and their managers during professional interviews and annual appraisal interviews.

In addition, since 2019, Mercialys has set up a Company Savings Plan (PEE) which includes a matching contribution by the Company of 50% of the amounts paid in by employees, up to Euro 4,000.

A highly-competitive employee benefits package is also offered to Mercialys employees in order to foster loyalty: a healthcare benefit plan, sick leave subrogation, a bonus share plan, meal vouchers and gift vouchers.

In 2021, 133 employees were eligible for bonus share plans (all employees and corporate officers were affected by this plan in 2021). 150 were eligible in 2022 for 193,937 shares distributed.

	2022	2021	2020	2019	2018
Number of shares distributed	**193,937**	155,986	188,433	72,890	83,199

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, fulfilment 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 2022, 100% of employees attended one or more training sessions.

	2022	2021	2020	2019	2018
Share of trained employees	**100%**	100%	100%	99%	100%

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 2022, Mercialys renewed its non-profit partnership to promote the professional integration of young people and equal opportunities, with the Article 1 association. This association offers young students personalized educational support from a professional mentor, in order to help them through their integration and professional success, and in particular to find their first job.

All Mercialys employees are also invited to show solidarity by donating days off to colleagues with a relative (ascendant or descendant) whose health condition requires significant availability or by participating in charity group or sporting events such as sponsored runs.

Development of employees' engagement 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". It is carried out by an external third party and is completely anonymous. 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 labelled 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 at 65% positive responses.

The survey carried out in 2021 led Mercialys' Management Committee to work on three areas for improvement in 2022:

- a first focus on recognition and compensation by:

  - improving assessment processes and better supporting employees in their development,
  - communicating more effectively on compensation schemes to make them feel valued,
  - establishing a feedback culture;
- a second focus on management and the organization of work by:
  - improving transparency regarding the organization and the role of each person for better steering of day-to-day activities,
  - gaining even more cross-functionality,
  - advancing managerial maturity for the benefit of collective efficiency,
- a third focus on communication by:
  - reinforcing feelings of pride and belonging,
  - explaining the strategy and its daily expression within the departments,
  - maintaining a friendly environment within the Company.

This effort has yielded significant and very encouraging results: in 2022, Mercialys obtained for the second consecutive year the label Great Place to Work, by considerably increasing the percentage of positive responses, reaching 74% positive responses in terms of the overall perception. Employees stressed the relationship of trust and kindness, particularly in terms of autonomy and the responsibility given to them to achieve their objectives. They also perceive their management as competent, accessible but also reliable and demonstrating ethical behavior.

The working environment within Mercialys is also highlighted in the Company's strengths, with premises and equipment, an atmosphere and working environment that enable concentration. Our excellent results on the perceived inclusive working environment reinforce feelings of pride and belonging.

Mercialys' staff turnover rate also reflects, in its own way, the high level of employee satisfaction with the Company. With a rate of 16.4%, it is in 2022 still at a level that may be considered low in view of the prevailing pressures on employment in the real estate sector and in the relatively low average age of the Group's employees.

	2022	2021	2020	2019	2018
Permanent staff turnover	**16.4%**	15.8%	13.9%	22.1%	10.2%

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

- the Company to remain on 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%: achieved in 2022;
- exceed 70% satisfaction on the five criteria relating to respect, fairness, pride in belonging to the Company, a feeling of trust and employee responsibility: achieved in 2022;
- systematically include an individual CSR objective in the annual roadmaps: achieved in 2022.

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 with the social partners continued or were renewed in 2022:

- an agreement on the counting of days of leave in working days to make monitoring easier for both employees and their managers;
- a mandatory annual negotiation (NAO) agreement for 2022 covering employee benefits, working conditions and compensation for Mercialys employees;
- a teleworking charter continuing the policy of two days a week when remote working is possible and specifying the rules for its use.

Mercialys has signed 27 labor agreements and social charters since 2019, which are still in force. The Company's employees are covered, in particular, by the following agreements:

- an agreement on gender equality and quality of life at work, focusing on correcting the gender pay gap, recruitment, access to training, work-life balance, raising awareness and combating sexism;
- 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.

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 customer satisfaction.

Occupational health and safety

	2022	2021	2020	2019	2018
Number of fatal accidents	**0**	0	0	0	0
Number of road accidents	**0**	0	0	0	0
Number of occupational diseases	**0**	0	0	0	0
Number of workplace accidents resulting in lost time of at least one day	**0**	1	0	0	0
Absenteeism rate	**2.4%**	1.2%	3.5%	4.4%	4.7%

Over the course of the year, Mercialys recorded no fatal workplace accidents and no workplace accident with at least one day off work.

The absenteeism rate was 2.4%, higher than last year while remaining limited and well below that of previous years.

The Company car policy has been reviewed and now favors hybrid vehicles.

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 a good work/life balance.

Finally, convinced that creating an environment that is favorable to employee-parents contributes to employee loyalty, Mercialys signed the corporate parenthood charter in 2020. As part of this charter, a parenting day was held at the two central sites of Centorial and One Station on November 30, 2022.

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

- **Article L. 225-102-1 of the French Commercial Code establishing the Statement of Non-Financial Performance (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. 451.

- **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 Ethics and Compliance Director (also Ethics Officer) and the Head of Internal Control. It is prepared following regular discussions with all Mercialys Departments and its main service providers. An analysis and update is performed on a regular basis by the Risks Prevention Committee which is chaired by Mercialys' Chief Executive Officer and reports to the Audit, Risks and Sustainable Development Committee;
- control and assessment procedures at operational and financial levels. These procedures notably include: 1/ the limitation of powers to make commitments on behalf of the Company, 2/ the validation process by several departments of expenditure and transactions with tenants, and 3/ the capacity restricted to four persons within Management, to make payments on behalf of Mercialys;
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees legally required confidentiality (see p. 104);
- a Code of Ethics and Code of Conduct, appended to the Rules of Procedure and describing prohibited conduct, in particular that relating to corruption and influence-peddling. Given to all new employees, it is regularly redistributed and is the subject of an annual training session (see p. 104);
- Responsible lobbying guidelines, engaging the Company and its employees (as well as its service providers, if applicable) in any discussions that may be held with public officials (see p. 104).

- **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. Lastly, the Company's Code of Ethics and Code of Conduct covers the subject of the duty of care that the Company has imposed upon itself.

To honor these commitments, Mercialys is working on introducing a vigilance procedure based on the following:

- the precise mapping and monitoring of the nature of the Company's expenses in order to identify and assess the most significant purchases with regard to its responsibility in terms of human rights, health and safety, ethics and the environment (see p. 98 *et seq.*). An analysis and update is performed on a regular basis by the CSR Department, which reports to the Audit, Risks and Sustainable Development Committee;
- the adoption of measures aimed at preventing and mitigating identified risks, for example through the inclusion of CSR clauses in major calls for tenders and service agreements, such as for property management and the execution of projects and construction work within the shopping centers (see p. 98 *et seq.*) or through the review of contracts and procedures to ensure their compliance with the GDPR (see p. 96);

- the monitoring of these measures and the conduct of assessments and specific audits, such as external audits on the safety of each center, including 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. 95 *et seq.*), preventive environmental assessments going beyond regulatory requirements (see p. 95), and audits on the quality of the main services at the centers (see p. 99);
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees confidentiality (see p. 104).

- **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 European Green Deal.

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

In 2022, Mercialys announced its eligibility for the first two objectives of the taxonomy, namely climate change mitigation and adaptation.

Mercialys' activities all correspond to the activity eligible under taxonomy 7.7 "Acquisition and ownership of buildings". Indeed, the acquisition, transformation and operation of real estate assets, mainly shopping centers, constitutes Mercialys' business as presented in the Company's business model (see p. 8 et seq.).

The data presented corresponds to that in the financial statements, as published in chapter 1 for the entire consolidated scope of the Company, as required by the Directive.

The operating expenses (OPEX) to be considered for the purposes of the taxonomy are restrictive and include only: non-capitalized R&D costs, renovation costs for non-capitalized buildings, short-term leases, maintenance and repair and other direct expenses related to the routine maintenance of property, plant and equipment necessary for their proper functioning. Mercialys' analysis showed that OPEX as defined by the European taxonomy represent less than 5% of the Company's total OPEX. They are therefore immaterial and are not presented.

The share of revenues and capital expenditure (CAPEX) eligible for the European taxonomy are presented in the table below.

ELIGIBILITY FOR THE EUROPEAN TAXONOMY

(in millions of euros)	Code	Total amount	Eligible amount	Eligibility rate	Note
Rental revenues	7.7	173.3	173.3	100%	Including rental revenues (gross) as presented in chapter 1, § 1.21.1, p. 44, and other operating income
External services		3.2	0	0%	
Total taxonomic revenues		**176.5**	**173.3**	**98%**	
Total Capex	7.7	23.0	23.0	100%	Including capitalized expenses as presented in chapter 1, § 1.2.9.6, p. 67 and long-term rental income
Long-term rental income	7.7	1.4	1.4	100%	
Total taxonomic CAPEX		**24.4**	**24.4**	**100%**	

Once the Company's eligible activities have been identified, to be "sustainable" they must make a substantial contribution to at least one of the following objectives while not causing significant harm to others and respecting minimum social standards:

- climate change mitigation: helping to stabilize greenhouse gas emissions in line with the Paris Climate Agreement;
- climate change adaptation: helping to prevent or reduce negative impacts related to the current and future climate;
- the sustainable use and protection of water and marine resources: ensuring the good condition of bodies of water or preventing the deterioration of bodies of water in good condition;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

Mercialys has carried out preliminary work to identify the assets that would be aligned with the first two objectives.

CLIMATE MITIGATION AND ADAPTATION ALIGNMENT CRITERIA

Objective	Substantial contribution criterion (Activity 7.7)	Do not significant harm criterion (Activity 7.7)	Preliminary analysis of Mercialys' alignment
Climate change mitigation	DPE Class A or among the top 15% of assets at national or regional level and With an energy performance measurement and management system (*e.g.* BMS or CPE)	Physical risks related to the climate were identified through an assessment and Measures are taken (or within 5 years) when risks are identified	• 3% of centers in the top 15% according to the benchmark defined by Deepki [1] • Presence and annual maintenance of BMS at 91% of shopping centers • As a testament to the Company's commitment to climate change mitigation, it has had its carbon roadmap scientifically validated since 2019 For more information on its actions and results, see p. 86 et *seq*.
Climate change adaptation	Physical risks related to the climate were identified through an assessment and Adaptation solutions were put in place	DPE class C or among the top 30% of assets at the national or regional level	• 27% of strategic centers have carried out an in-depth site-specific resilience study • Adaptation solutions have been implemented when a risk of negative impact related to climate change has been identified (*e.g.* risk of flooding). 4% of shopping centers are affected. For more information on its actions and results, see p. 86 et seq.

The technical texts have not yet been published for the other four objectives of the taxonomy, however, on the basis of the preliminary texts, the Company has identified its relevant actions and the elements already assessed externally as part of the BREEAM In-Use certification.

Objective	Mercialys action	Criteria assessed for BREEAM In-Use
Sustainable use and protection of water and marine resources	• Mercialys has carried out a study of the vulnerability of its sites to current water stress, and in 2030 according to the RCP 8.5 scenario of the IPCC: Mercialys' sites are located in low, medium and high risk areas • Mercialys consumes moderate amounts of water (mainly linked to the use of toilets by its visitors). This issue emerged as immaterial during the last stakeholder consultation. However, the Company continues to implement actions to improve the management and efficiency of its use of water, through: • its responsible purchasing policy to ensure that its service providers optimize their water consumption and prevent leaks; • its works and maintenance specifications, which provide for the installation of hydro-efficient equipment; • its regular monitoring of water consumption, its cost saving measures, and the roll-out of alert systems in the event of abnormal consumption; • its rainwater supply projects. • Mercialys' main impacts on the quality of water resources are prevented by: • prohibiting the use of pesticides in the management of its green spaces, a source of water and soil pollution; • tracking the water discharges of the center and its users; • performing Legionella analyses on drinking water, in order to protect human health. For more information on its actions and results, see chapter p. 91 et *seq*.	"Water" part (hydro-efficient equipment, water strategy, leak detection, etc.) Mercialys average score: 73% part 1 and 78% part 2 "Health and well-being" part (legionella risk analysis) Mercialys average score: 96%
Transition to a circular economy	Mercialys seeks to promote the sorting and recovery of waste produced by the retailers at its centers. It has systematized the sorting of five waste and bio-waste streams at its centers. The Company also works with its waste service providers to promote the recovery of materials or failing that, the absence of energy from its waste, and thus avoid the disposal and burial of this waste. This was a determining criterion during the last call for tenders, carried out in 2022. As part of its responsible purchasing policy, the Company seeks to reuse construction waste materials. For more information on its actions and results, see p. 90 et *seq*.	"Waste" part - RSC02 and 06 (number of waste streams sorted, waste reporting, targets) Mercialys average score: 74% "Resources" section RSC05 (responsible purchasing policy) Mercialys average score: 93%

(1) Deepki ESG Index for the retail sector in France, available on the website https://index-esg.com

Objective	Mercialys action	Criteria assessed for BREEAM In-Use
Pollution prevention and control	Mercialys has no production activity and therefore does not manufacture or market chemical substances. During the course of its activities, the Company or its subcontractors may occasionally use chemical substances. As part of its responsible purchasing policy, it seeks to minimize or prohibit the use of these substances. For example, it requests that pesticides are not used in the maintenance of its green spaces, and that eco-certified products are used for cleaning. When hazardous products are stored on its sites, they are stored in a retention tank to prevent the spread of the substance in the event of spillage. Patrols are carried out to ensure that hazardous products are properly stored. Mercialys also carries out environmental regulatory monitoring to ensure that it has not caused any pollution, and may be required to carry out additional studies, such as soil pollution studies to check the condition thereof. For more information on its actions and results, see p. 91, p. 98 et *seq*.	"Pollution" part (proper storage of hazardous chemicals, absence of soil pollution, detection of refrigerant leaks, etc.) Mercialys average score: 45% part 1 and 68% part 2
Protection and restoration of biodiversity and ecosystems	Mercialys has mapped the location of its strategic sites in relation to areas of major ecological interest (ZNIEFF types 1 and 2, Natura 2000 areas). It has also had naturalists carry out inventories of the fauna and flora present at 81% of its portfolio sites, to identify any nationally protected or threatened species, according to the IUCN, present at its sites. It then identified its interactions with nature (dependencies and impacts), including biodiversity, during its operations and throughout its value chain, enabling it to implement relevant actions according to the level of sensitivity of the sites. Mercialys' biodiversity action plan follows the Protect > Improve > Restore > Offset pathway: • protect: purchase of timber from sustainably managed forests; protection of threatened/protected species identified on-site; • improve: differentiated management of green spaces and without the use of pesticides; fight against invasive species; installation of relevant habitats to promote local biodiversity; visitor education and awareness-raising; • restore: restoration projects and revegetation of its sites; • offset: involvement in tree planting projects with Reforest'Action since 2019, even if to date the Company does not value this action in terms of nature offsetting, but purely to raise awareness among its visitors. In addition, it communicates transparently on its nature-related issues, in accordance with the recommendations of the Task force on Nature-related Financial Disclosures (TNFD). For more information on its actions and results, see p. 91 et *seq*.	"Land use and ecology" part (ecological characteristics planted or installed, ecological study carried out, biodiversity management, etc.) Mercialys average score: 51% part 1 and 65% part 2

At the same time, the Company must guarantee minimum social standards. It must operate within the framework of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (including the ILO Fundamental Conventions). As a signatory of the United Nations Global Compact since 2018, Mercialys is committed to respecting and ensuring that its suppliers and subcontractors respect the ten universal principles relating to human rights, international labor standards, protecting the environment and the fight against corruption. The Company has also formalized its commitments in its Code of Ethics and Code of Conduct, signed by all new employees. This charter reiterates that the Company operates exclusively in mainland France, Corsica and Reunion Island, and that all of its employees work in France, a country that has ratified the eight fundamental conventions of the International Labour Organization (ILO). These regulations therefore apply in particular to the fight against discrimination at work, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor (see chapter p. 98 et *seq*. and p. 103).

- **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. 106).

1.2 Voluntary regulatory frameworks applied by the Company

Mercialys incorporates nature-related and climate change risk management and opportunities into its corporate strategy. In order to be transparent, the Company's communications are aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD).

Mercialys is structured to approach all CSR issues in the same way. As a result, the governance and management aspects of nature and climate-related risks are aligned and presented jointly below.

1.2.1 Common recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Governance

a) Monitoring of climate change risks and opportunities by the Board of Directors and dependencies, impacts, risks and opportunities related to nature by the Board of Directors

Issues related to climate change and nature are presented quarterly to the Board of Directors, in particular through the Audit, Risks and Sustainable Development Committee (ARSDC). The ARSDC assesses the Company's risks and opportunities, including those related to climate change and nature. The CSR Director also presents the progress of the CSR strategy to this committee on an annual basis.

The Board of Directors also approved Mercialys' CSR strategy, 4 Fair Impacts for 2030, which contains the objective of contributing to carbon neutrality.

The Chairwoman of the ARSDC has been appointed responsible for monitoring the CSR policy and all members of this Committee have expertise in CSR. In total, six members of the Board of Directors are able to claim significant skills in CSR.

For more information, see chapter 0, p. 20 et *seq.*; chapter 2, § 2.1.1, p. 80 et *seq.*; chapter 2, § 2.1.2, p. 83.

b) Management's role in assessing and managing climate-related risks and opportunities as well as dependencies, impacts, risks and opportunities related to nature

The role of the Risks Prevention Committee (RPC) is to identify and assess the Company's risks, as well as to ensure that appropriate measures are put in place to mitigate them. It is co-chaired by the Company's Head of Internal Control and CSR Director. The Committee's other members include the Chief Executive Officer, the Deputy Chief Executive Officer, the General Secretary and the Ethics and Compliance Director.

The 53 risks identified by the RPC are divided into 8 categories, one of which is dedicated to environmental, social and societal risks. This category includes physical and transition risks related to climate change. Each year, the RPC reports on its work to the ARSDC and the Management Committee.

The CSR Director reports directly to the Deputy Chief Executive Officer, proof that the integration of CSR issues, including those related to climate and nature, are at the heart of the Company's strategy. The CSR Director updates the Deputy Chief Executive Officer on a weekly basis on the progress of the CSR strategy and the evolution of key performance indicators.

In addition, the CSR Director sits on the Management Committee and shares progress on the CSR strategy.

This structure ensures that decisions related to CSR risks and opportunities are in line with Mercialys' strategy, while improving communication with all of the Company's departments on progress, objectives and best practices.

See chapter 2, § 2.1.1, p. 80 et *seq.*; chapter 2, § 2.1.2, p. 82 et seq.

Risk management

a) Process for identifying and assessing climate-related risks as well as dependencies, impacts, risks and opportunities related to nature

The identification of risks is the result of work carried out by the Risks Prevention Committee (co-chaired by the CSR Director) on the basis of interviews with each department head and all employees. The Company's risk matrix is presented and validated by the Audit, Risks and Sustainable Development Committee in order to verify the existence of exhaustive coverage of all risks and to monitor risk management procedures. This iterative methodology is likely to identify new risks, particularly climate-related risks, depending on any operational and regulatory changes as well as changes in the commercial real estate market.

The 53 risks identified by the RPC are divided into eight categories, one of which is dedicated to environmental, social and societal risks. This category includes physical and transition risks related to nature and climate change.

Mercialys reviews the main risks that could have a material impact on its business activities, financial position or results on a quarterly basis.

All risks are assessed according to their impact and probability of occurrence. Probability of occurrence assesses the possibility that a risk will materialize at least once, in the short, medium and/or long term. It is divided into three types of occurrence: improbable, possible, probable.

The impact quantifies possible consequences, either in terms of the Company's financial position (change in operating results or Net Asset Value), or obstacles to the ongoing implementation of the Company's strategy or operations, or its reputation (importance given by stakeholders or media impact). It can be low, moderate, or high.

See chapter 2, § 2.1.2, p. 82 et *seq.*; chapter 5, § 5.2, p. 328 et seq.;

b) Processes for managing climate-related risks and dependencies, impacts, risks and opportunities related to nature

Mercialys decides to mitigate, accept or control the risks identified according to their potential impacts. It prioritizes the management and monitoring of its risks according to their materiality. This is defined on the basis of their impact and probability.

Based on the risk mapping, the ARSDC ensures that Mercialys has structured and relevant resources to manage its activities. The RPC is responsible for identifying and assessing existing procedures, implementing a plan to supplement or optimize risk management and ensuring that these procedures have been correctly applied.

Dedicated action plans are put in place to mitigate and manage risks related to the climate and nature with quantifiable objectives and key performance indicators. Mercialys also aims to capitalize on the opportunities that may arise from climate change and is committed to anticipating market changes.

See chapter 2, § 2.1, p. 80 et *seq*.; chapter 2, § 2.2, p. 86 et seq.; chapter 5, § 5.2, p. 328 et *seq*.

c) Processes for identifying, assessing, and managing climate-related risks and those related to nature are integrated into the Company's overall risk management

Climate risk management is integrated into the Company's decision-making and operational procedures.

Mercialys' Board of Directors is informed of the main features of the risk management and internal control procedures.

The ARSDC is responsible for verifying that Mercialys has structured and relevant resources to identify, detect and prevent risks, anomalies and irregularities in the management of its activities.

Risks related to climate and nature are included in Mercialys' overall risk identification and assessment. They are part of one of the eight risk families identified.

See chapter 2, § 2.1.2, p. 80 et *seq*.; chapter 5, § 5.2, p. 328 et *seq*.

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

Strategy

a) Climate-related risks and opportunities identified in the short, medium and long term and b) Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning

- In the short term:
  - **Opportunity related to the development of new services:** each purchase has an impact in terms of carbon emissions, partly due to upstream and downstream logistics. Proposing a solution that minimizes this impact in terms of last mile logistics is a climate opportunity in the sense that it could attract new customers to its shopping centers and generate additional revenues.
- In the medium term:
  - **Transition risk related to future regulations:** Mercialys is subject to the tightening of new climate-related regulations, especially since the real estate sector is prone to stricter regulations, both for existing buildings and new constructions. They result in an increase in compliance costs and investments.
  - **Market transition risk related to changes in consumer behavior:** consumers are increasingly attentive to the environmental and carbon impacts of their consumption. As a retail real estate company, Mercialys would be directly impacted by changes in consumer behavior and/or mobility and would have to adapt its retail and service offerings accordingly in order to maintain its retailers' revenues. The risk related to changes in consumer behavior has also been identified as a priority risk by the Company's RPC.
  - **Reputational risk related to the growing concerns of investors and shareholders regarding climate change:** analysts and investors are gradually incorporating sustainability into their investment decisions, and climate change is one of the main issues they have identified. Inadequate actions by companies on climate-related issues or a poor understanding of the expectations of analysts and investors could make it more difficult or take longer to obtain financing, which may be at higher interest rates.
  - **Opportunity related to the development of low-carbon goods and services:** customers are increasingly looking for environmentally-certified, energy-efficient and climate change-resistant buildings. Certified, energy-efficient and resilient shopping centers can represent differentiating added value that can make shopping centers more attractive to visitors and tenants. In addition, certification arouses the interest of investors, as illustrated by questionnaires and sustainability ratings of rating agencies which now include certification as a standard criterion and can increase the fair value of assets.
- In the medium/long term:
  - **Acute physical risks:** according to IPCC experts, climate change is expected to lead to an increase in the frequency of extreme events, such as storms and floods, as well as an increase in their severity. These events could threaten the safety of shopping centers and visitors. They could eventually force Mercialys to close its shopping centers for a certain period of time in order to carry out appropriate repairs. The Company's assets are mainly exposed to a risk of flooding which can cause a variety of damage to centers, with different levels of severity (structural damage, partitions and screens, property stored by tenants, etc.).
- In the long term:
  - **Opportunity related to the use of less carbon-intensive energy:** with the Paris Climate Agreement, many investors have committed to fighting climate change. In addition, with Article 173 of the French Energy Transition Law and the SFDR [(1)], investors are now required to report on the carbon impact of their portfolio and demonstrate how they are aligning with a low-carbon strategy. A company that is committed to combating climate change is therefore more attractive to investors.

See chapter 2, § 2.1.2, p. 84; chapter 2, § 2.2.1, p. 86 et seq.

c) Resilience of the Company's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario

In order to develop its climate strategy submitted to the SBTi, Mercialys studied three scenarios, over several timeframes (between five years and 2050):

- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the current level;

(1) Sustainable Finance Disclosure Regulation (SFDR) (EU) 2019/2088 on "sustainability-related disclosures in the financial services sector".

- the Sectoral Decarbonization Approach (SDA) scenario of the real estate sector, making it possible to remain below a 2 °C increase (RCP 2.6 scenario of the IPCC fifth assessment report);
- the scenario chosen by Mercialys, which leads to measures to reduce the emissions identified by the Company and which limits the increase in global temperature to "well below 2°C".

See chapter 2, § 2.2.1, p. 86 et *seq*.

Metrics and targets

a) Indicators used to assess climate-related risks and opportunities are in line with the Company's risk management strategy and process

Mercialys uses a wide range of indicators to monitor the progress of its CSR strategy and ensure that climate-related risks and opportunities are effectively mitigated or taken advantage of.

They are presented throughout this chapter 2, with a history of six years to certify changes over time.

These include greenhouse gas emissions (scopes 1, 2 and 3), energy consumption, energy consumption per sq.m., the share of renewable energy, and the portfolio covered by a Natural Risk Prevention Plan (PPRN), and having been the subject of adaptation work.

See chapter 2, section 2.2.1, p. 86 et *seq*.; chapter 2, Appendix 1.3, p. 120 et *seq*.

b) Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks

Greenhouse gas emissions are presented in the table in the appendix on p. 120 et *seq*., with details of the various scopes and the items comprising them.

The Company publishes all of its scopes 1, 2 and 3 emissions, as well as performance ratios, such as the carbon intensity of its portfolio per sq.m.

See chapter 2, § 2.2.1, p. 89; chapter 2, Appendix 1.3, p. 120 et *seq*.

c) Targets used by the Company to manage climate-related risks and opportunities and performance against targets

Mercialys has set objectives for its scopes 1 and 2 and for its broader carbon footprint (scope 3). Mercialys' climate strategy for the 2017 to 2030 period is thus based on the following four objectives:

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

The Science Based Targets initiative approved these objectives in 2019, making Mercialys one of the first real estate companies in the world to have its objectives scientifically approved.

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

The table on p. 89 presents the Company's performance against these targets. It is ahead of its targets for scopes 1 and 2 as well as for waste treatment, and is in line with its roadmap for targets related to tenant waste and energy consumption.

See chapter 2, § 2.2, p. 86 et *seq*.

1.2.3 Taskforce on Nature-related Financial Disclosures (TNFD) recommendations

Strategy

a) Dependencies, impacts, risks and opportunities related to nature identified over the short, medium and long term and b) impacts of risks and opportunities on the Company's businesses, strategy and financial planning

Mercialys has identified its significant dependencies, impacts, risks and opportunities related to nature in several steps, following the LEAP (locate, evaluate, analyze, prepare) approach recommended by the TNFD:

- mapping of Mercialys' interactions with nature, during its direct operations and throughout its value chain;
- mapping of its strategic sites to assess whether they are located near protected areas (< 500 m), or have nationally protected and/or threatened species according to the IUCN classification on-site;
- identification of the impacts of Mercialys and its value chain on environmental assets, as well as Mercialys' dependencies on the ecosystem services provided by nature that it needs;
- assessment of the frequency, severity and potential timeframe of Mercialys' impacts and dependencies on the main factors of pressure on nature identified by the international group IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services): change in land use, overuse of resources, climate change, pollution and invasive species. The Company carried out its assessment based on its knowledge of its business and its value chain, and cross-referenced this with the ENCORE (2) sector-based external assessment to ensure that no topic was overlooked;
- identification of risks and opportunities arising from these dependent relationships with and impacts on nature in the short term (< 2 years), medium term (2-5 years) and long term (> 5 years);
- prioritization of these risks and opportunities based on their potential financial impacts for the Company and probability of occurrence.

This mapping of natural risks then feeds into the overall risk mapping of the Company carried out by the RPC.

(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.
(2) ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. Mercialys has used the ENCORE materiality analysis of the "real estate activities" process for the upstream part and direct operations. The downstream part has not yet been developed in the tool, so Mercialys' internal assessment alone has been used. The ENCORE tool was developed by the Natural Capital Alliance in partnership with UNEP-WCMC (the World Center for Conservation of Nature, part of the United Nations Environment Program).

Mercialys' priority risks and opportunities related to nature are:

- In the short term:
  - **Chronic financial risk:** increase in the prices of resources and raw materials for the operation of the Company, or supply issues in the event of the scarcity of natural resources. For example, Mercialys could be significantly financially impacted by the increase in the price of energy, raw materials and technical facilities required to carry out its work.
  - **Legal and political transition risk:** increase in investments and compliance costs related to changes in regulations and/or increase in associated taxes (Tertiary Eco-Energy Decree, F-Gas regulations, ICPE, the 7 flows decree, zero net artificialization, etc.).
- In the medium term:
  - **Resource efficiency opportunity:** owning and operating a building that is efficient in terms of insulation and thermal and sound regulation (for instance, through the use of green walls or roofs) helps to reduce operating costs and reduce exposure to fluctuations in the price of natural resources, and increase the value of these assets.
- In the medium/long term:
  - **Resilience opportunity:** by integrating adaptation measures into the design of buildings or in the event of extension/renovation, Mercialys could operate a more resilient portfolio. In the event of a natural disaster (*e.g.* flooding) or the occurrence of a chronic physical risk (*e.g.* heat island), its portfolio would be less impacted and degraded.
- In the long term:
  - **Acute physical risks:** the degradation of nature and ecosystems can exacerbate the severity of damage caused by meteorological phenomena such as droughts, floods and heat waves. These include damage to buildings, financial impacts (increase in insurance premiums, financial impact of claims associated with more frequent and more intense exceptional natural events, or the cost of adaptation measures, etc.), and disruption of the business activity of the Company and its tenants.

See chapter 2, § 2.1.2, p. 84; chapter 2, § 2.2.1, p. 86; chapter 2, § 2.2.3, p. 91.

c) Resilience of the Company's strategy, taking into account different scenarios

Mercialys has carried out an assessment of its risks related to heat waves, drought, clay shrinkage and swelling, forest fires, average rise in temperatures, floods/precipitation, storms, marine submersion, coastal erosion, seismic activity, landslides, over different timeframes and scenarios. Mercialys used a 30-year scenario and a 50-year scenario to be adapted to the life of a building, and the IPCC RCP 4.5 and RCP 8.5 scenarios. These scenarios correspond respectively to the implementation of measures to stabilize greenhouse gas emissions, and to the most unfavorable scenario, without a climate policy.

Concerning the risks of water stress, the analysis was carried out to 2030 and 2040 according to the "pessimistic" scenario of the Aqueduct water risk atlas (SSP3 RCP 8.5 scenario).

See chapter 2, § 2.1.2, p. 84; chapter 2, § 2.2.1, p. 86; chapter 2, § 2.2.3, p. 91.

d) Interactions of the organization with low integrity ecosystems, high importance ecosystems or areas of water stress

Mercialys has mapped its interactions with nature during its direct operations and throughout its value chain. In addition, a map of its strategic sites has been drawn up in order to identify whether they are located near protected areas (ZNIEFF type I and II and Natura 2000 areas). It shows that few sites are concerned, since only 29% of the portfolio is less than 500 m from the nearest protected area and no site is in a protected area.

In addition, it has mapped its strategic centers to assess whether they are located in a water-stressed area, using the Aqueduct water risk atlas. It emerges that Mercialys' sites, being only in France, are not affected by the risks of water stress in the short or medium term.

See chapter 2, § 2.2.3, p. 91.

Metrics and targets

a) Indicators used by the organization to assess significant nature-related risks and opportunities in accordance with its risk management strategy and process

In order to monitor the evolution of Mercialys' impact on biodiversity, its dependencies and the appropriateness of measures implemented and their effectiveness, the Company uses the additional indicators constructed taking into account the GRI indicators and IUCN recommendations. The most significant of these are presented throughout this chapter 2, with a history of six years when available to certify changes over time.

These include measurement indicators (proportion of sites with green spaces, located near protected areas, having identified protected or threatened species, etc.) and one performance indicator per identified factor of pressure on nature identified by international group IPBES: quantity of pesticides used, net artificial surface area, energy and water consumption per sq.m., carbon footprint (see TCFD recommendations), waste recovery rate, percentage of sites that have undertaken work to combat invasive species.

See chapter 2, § 2.1.2, p. 85; chapter 2, § 2.2.3, p. 91; chapter 2, § Appendix 1.3, p. 121.

b) Indicators used by the organization to assess and manage dependencies and direct impacts on nature, upstream and, where applicable, downstream

Ongoing adaptation of the TNFD.

c) Targets used by the Company to manage nature-related dependencies, impacts, risks and opportunities and performance against targets

Mercialys has committed to several nature-related issues by 2030 in its 4 Fair Impacts for 2030 CSR strategy:

- reducing scope 1 and 2 emissions by 47% per sq.m. using the market-based method;
- 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;
- contributing to carbon neutrality;
- zero pesticides used;
- 100% of waste recovered;
- 100% of strategic centers sorting 5 waste streams;
- use of recycled materials in construction products;
- promotion of the reuse of construction materials;
- prioritize densification and reconversion over artificialization.

Annual performance against these objectives is published in chapter 2 of the Mercialys Universal Registration Document.

See chapter 2, § 2.1.2, p. 85; chapter 2, § 2.2, p. 89 et *seq*.

d) Description of the alignment between nature and climate objectives and how they contribute to each other

The nature and climate objectives are aligned and contribute to each other, with climate objectives falling directly within the framework of nature-related risk mitigation, in particular those taken on scopes 1 and 2 and on waste management operations.

1.3 Summary and additional indicators

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2018	2019	2020	2021	2022
For our environment	**Energy consumption**	○		MWh	54,324	54,356	47,016	46,746	**46,668**
		□		MWh	53,069	50,389	44,351	41,700	**41,844**
	Electricity consumption	○	Elec-Abs	MWh	41,986	41,645	36,725	34,290	**35,069**
		□	Elec-LFL	MWh	40,784	39,520	35,352	31,646	**32,315**
	Gas consumption	○	Fuels-Abs	MWh	10,734	10,806	8,666	10,674	**9,955**
		□	Fuels-LfL	MWh	10,682	8,964	7,374	8,494	**8,070**
	Urban heat consumption	○	DH&C-Abs	MWh	1,603	1,905	1,625	1,781	**1,644**
		□	DH&C-LFL	MWh	1,603	1,905	1,625	1,561	**1,460**
	Energy intensity per unit area	○	Energy-Int	kWh/ sq.m.	174.7	168.8	156.8	148.3	**150.5**
		□	Energy-Int	kWh/ sq.m.	175.1	166.7	157.0	148.5	**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**
	Share of energy consumption from renewable sources			%	11.7	33.5	16.4	54.4	**85.1**
	Percentage of portfolio with a photovoltaic power plant, by value			%	48.9	48.6	48.9	48.5	**50.3**
	Scope 1 greenhouse gas emissions, location-based	○	GHG-Dir-Abs	$tCO_2eq.$	2,030	1,965	1,615	1,991	**1,878**
		□		$tCO_2eq.$	1,872	1,527	1,280	1,365	**1,406**
	Scope 2 greenhouse gas emissions, location-based	○	GHG-Indir-Abs	$tCO_2eq.$	4,372	4,850	4,348	4,080	**4,074**
		□		$tCO_2eq.$	4,110	4,475	3,982	3,613	**3,626**
	Scope 2 greenhouse gas emissions, market-based	○	GHG-Indir-Abs	$tCO_2eq.$	4,123	4,479	4,375	3,429	**200**
	Scopes 1 & 2 greenhouse gas emissions, location-based	○		$tCO_2eq.$	6,401	6,815	5,964	6,071	**5,952**
		□		$tCO_2eq.$	5,982	6,002	5,262	4,978	**5,032**
	Scopes 1 & 2 greenhouse gas emissions, market-based	○		$tCO_2eq.$	6,153	6,444	5,990	5,152	**1,462**
	Scopes 1 & 2 areal carbon intensity, location-based	○	GHG-Int	$kgCO_2eq./$ sq.m.	22.0	22.2	19.9	19.3	**19.2**
		□	GHG-Int	$kgCO_2eq./$ sq.m.	22.8	22.8	21.4	20.3	**20.8**
	Scopes 1 & 2 areal carbon intensity, market-based	○	GHG-Int	$kgCO_2eq./$ sq.m.	21.1	21.0	20.0	16.3	**4.7**
	Scopes 1 & 2 carbon intensity of use, location-based	○	GHG-Int	$gCO_2eq./$ visitor	47.6	48.3	48.4	53.9	**46.1**
			GHG-Int	$kgCO_2eq./$ sq.m.	56.0	57.8	61.0	64.9	**56.6**
	Scope 3 greenhouse gas emissions related to purchases			$tCO_2eq.$			5,106	4,949	**5,680**
	Scope 3 greenhouse gas emissions related to work			$tCO_2eq.$					**1,120**
	Scope 3 greenhouse gas emissions relating to the management of operations waste			$tCO_2eq.$			1,256	1,224	**1,358**
	Greenhouse gas emissions from upstream production			$tCO_2eq.$	321.0	190.0	188.7	206.9	**248.4**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2018	2019	2020	2021	2022
For our environment	**Scope 3 greenhouse gas emissions related to tenants' energy consumption**	○		$tCO_2eq.$			45,545	36,389	**36,561**
	Scope 3 greenhouse gas emissions	○		$tCO_2eq.$			53,620	44,893	**44,968**
	Scope 3 greenhouse gas emissions related to tenants' energy consumption	○		$kgCO_2eq/sq.m.$	53.2	65.0	62.7	51.0	**54.0**
	Scope 3 greenhouse gas emissions relating to the management of operations waste	○		$tCO_2eq./metric\ ton$	0.2	0.2	0.2	0.2	**0.2**
	Greenhouse gas emissions from electricity upstream production	○	GHG-Indir-Abs	$tCO_2eq.$			1,042	1,068	**1,052**
	Total quantity of waste	△	Waste-Abs	metric tons	6,266	6,909	5,945	5,188	**6,270**
		□	Waste-LfL	metric tons	5,225	5,080	4,339	3,754	**4,298**
	Quantity of non-hazardous industrial waste	△	Waste-Abs	metric tons	4,492	4,964	4,198	3,532	**4,245**
		□	Waste-LfL	metric tons	3,660	3,574	3,037	2,565	**2,898**
	Quantity of cardboard	△	Waste-Abs	metric tons	1,587	1,755	1,536	1,429	**1,729**
		□	Waste-LfL	metric tons	1,412	1,405	1,192	1,080	**1,255**
	Quantity of plastic	△	Waste-Abs	metric tons	37.1	25.6	24.7	13.9	**19.2**
		□	Waste-LfL	metric tons	37.1	17.5	21.2	11.3	**15.9**
	Quantity of bio-waste	△	Waste-Abs	metric tons	79.3	80.0	84.4	65.4	**130.9**
		□	Waste-LfL	metric tons	79.3	53.6	63.7	45.3	**70.6**
	Quantity of paper	△	Waste-Abs	metric tons	0.0	0.0	0.0	1.1	**1.1**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	1.1	**1.1**
	Quantity of wood	△	Waste-Abs	metric tons	5.1	14.2	22.0	22.9	**48.3**
		□	Waste-LfL	metric tons	5.1	3.6	10.0	12.9	**29.6**
	Quantity of glass	△	Waste-Abs	metric tons	8.0	13.2	14.8	9.1	**14.3**
		□	Waste-LfL	metric tons	8.0	2.5	3.2	6.4	**14.3**
	Quantity of metal	△	Waste-Abs	metric tons	0.0	0.0	0.8	3.2	**7.3**
		□	Waste-LfL	metric tons	0.0	0.0	0.3	2.1	**5.3**
	Quantity of other waste	△	Waste-Abs	metric tons	58.2	57.6	63.8	111.0	**74.2**
		□	Waste-LfL	metric tons	23.4	23.7	12.4	29.5	**8.0**
	Waste sorting rate			%	28.3	28.2	29.4	31.9	**32.3**
	Waste recovery rate			%	51.9	63.9	53.7	56.0	**64.6**
	Percentage of recycled waste			%	17.5	14.1	11.9	8.4	**9.4**
	Percentage of composted waste			%	0.0	0.3	0.4	0.4	**0.5**
	Percentage of waste incinerated with energy recovery			%	9.5	9.0	7.0	6.3	**5.2**
	Percentage of waste recovered in other ways			%	24.9	40.7	34.7	41.3	**50.0**
	Total water consumption	△	Water-Abs	m^3	89,381	111,281	108,491	82,684	**110,654**
		□	Water-LfL	m^3	82,184	104,431	103,227	77,883	**98,889**
	Areal water intensity	△	Water-Int	$m^3/sq.m.$	0.7	0.9	0.9	0.6	**0.8**
		□	Water-Int	$m^3/sq.m.$	0.7	1.0	0.9	0.7	**0.9**
	Water consumption per visitor	△	Water-Int	L/visitor	0.9	1.2	1.3	1.1	**1.2**
	Quantity of pesticide used during the year			liters	12.8	0.0	40.0	7.0	**5.0**

○ *Current* □ *Like-for-like* △ *CSR*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2018	2019	2020	2021	2022
For our stores	Percentage of BREEAM In-Use certified assets, by value	Cert-Tot	%	58.9	71.8	82.7	100.0	**100.0**
	Percentage of BREEAM In-Use certified shopping centers, by surface area	Cert-Tot	%	53.1	64.4	83.0	100.0	**100.0**
	Number of BREEAM In-Use certified shopping centers	Cert-Tot		13	15	17	23	**23**
	Percentage of BREEAM New Construction certified assets, by value	Cert-Tot	%	8.9	8.5	8.3	7.9	**8.1**
	Number of BREEAM New Construction certified shopping centers	Cert-Tot		1	1	1	1	**1**
	Percentage of assets covered by a tenant satisfaction survey		%	66.3	89.1	94.5	44.1	**96.8**
	Percentage of leases signed during the year comprising an environmental clause		%	100.0	94.2	95.2	97.8	**93.7**
	Percentage of leases with environmental clause in the portfolio		%			39.0	46.1	**46.5**
	Percentage of shopping centers placing CSR on the agenda of a meeting with tenants		%	92.4	93.8	79.7	91.5	**72.5**
	Private energy consumption		MWh	89,602	83,210	96,227	104,299	**95,414**
	Water consumption of tenants		m^3			162,900	126,826	**188,537**
	Share of tenants whose energy consumptions were collected		%	19.8	35.4	52.9	66.1	**65.0**
	Share of assets having undergone a safety audit within the year	H&S-Asset	%	80.8	88.0	86.8	97.2	**96.3**
	Average security audit score	H&S-Asset	/100	86.5	87.3	91.7	92.6	**94.4**
	Number of convictions related to a health or safety incident	H&S-Comp					0	**0**
For our communities	Percentage of shopping centers that organized an employment event during the year	Comty-Eng	%	35.4	32.5	5.7	19.9	**60.1**
	Number of jobs hosted by Mercialys activity			17,529	17,222	17,423	16,436	**16,606**
	Percentage of strategic centers with a multi-functional space		%	32.6	44.8	48.9	56.7	**57.7**
	Share of asset purchases covered by CSR clauses		%	79.6	78.9	75.3	81.9	**82.5**
	Share of corporate purchases covered by CSR clauses		%	22.7	21.4	25.7	26.7	**31.2**
	Percentage of purchases by “local” shopping centers		%				98.2	**97.8**
	Average number of transport lines accessible to one visitor to a shopping center			3	3	4	4	**4**
	Percentage of shopping centers located less than 500 meters from a public transport stop		%	98.8	100.0	100.0	100.0	**100.0**
	Share of assets equipped with charging stations for electric vehicles		%	49.9	49.3	49.3	64.2	**68.0**
	Percentage of centers having carried out a CSR action during the year	Comty-Eng	%		84.1	94.3	96.9	**96.3**
	Contribution to support for local non-profits	Comty-Eng	€K			860.1	593.8	**345.2**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2018	2019	2020	2021	2022
For our talents	**Total staff**			108	111	129	137	**168**
	Staff with permanent employment contracts (CDI)			97	93	109	122	**144**
	Staff with temporary employment contracts (CDD)			11	18	20	15	**24**
	Number of work-study students accepted during the year			9	4	9	3	**15**
	Number of interns hosted during the year			12	5	4	2	**3**
	Temporary staff			13	9	9	1	**4**
	Full-time staff			100	105	123	132	**160**
	Part-time staff			8	6	6	5	**8**
	Total number of hires	Emp-Turnover		19	30	44	33	**63**
	Number of new hires with temporary employment contracts (CDD)	Emp-Turnover		8	14	16	10	**21**
	Number of new hires with permanent employment contracts (CDI)	Emp-Turnover		11	16	28	23	**42**
	Number of redundancies	Emp-Turnover		0	0	0	0	**0**
	Number of dismissals for other reasons	Emp-Turnover		4	5	4	2	**0**
	Total number of departures	Emp-Turnover		25	21	14	18	**22**
	Permanent staff turnover	Emp-Turnover	%	10.2	22.1	13.9	15.8	**16.4**
	Average annual increase for employees		%	1.5	1.0	1.0	0.5	**4.0**
	Number of bonus shares distributed			83,199	72,890	188,433	155,986	**193,937**
	Total number of training hours	Emp-Training	hours	1,281	1,402	741	1,525	**854**
	Average number of training hours per employee trained	Emp-Training	hours/ employee	12.2	12.9	5.8	11.2	**5.6**
	Number of permanent employees trained	Emp-Training		96	96	114	129	**133**
	Share of trained employees	Emp-Training	%	100.0	99.0	100.0	100.0	**100.0**
	Budget allocated to training	Emp-Training	Euro	295,120	127,767	122,456	150,000	**200,000**
	Number of workers with disabilities	Diversity-Emp		0	1	1	0	**1**
	Total number of women	Diversity-Emp		57	61	74	80	**102**
	Total number of men	Diversity-Emp		51	50	55	57	**66**
	Total number of female managers	Diversity-Emp		34	33	41	48	**59**
	Total number of female employees	Diversity-Emp		9	12	12	0	**18**
	Total number of female supervisors	Diversity-Emp		14	16	21	32	**25**
	Total number of male managers	Diversity-Emp		49	45	50	55	**63**
	Total number of male employees	Diversity-Emp		2	4	2	0	**2**
	Total number of male supervisors	Diversity-Emp		0	1	3	2	**1**
	Number of women on the Management Committee	Diversity-Emp		2	7	8	7	**8**
	Number of men on the Management Committee	Diversity-Emp		7	7	8	7	**7**
	Number of women on the Board of Directors	Diversity-Emp		6	6	5	5	**5**
	Number of men on the Board of Directors	Diversity-Emp		5	5	5	5	**4**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2018	2019	2020	2021	2022
For our talents	**Number of women on permanent employment contracts promoted during the year**	Diversity-Emp		0	1	2	1	**1**
	Number of women recruited during the year	Diversity-Emp		10	22	27	18	**41**
	Number of women trained during the year	Diversity-Emp		61	66	82	81	**86**
	Average age		years	38.7	37.3	37.6	38.0	**38.7**
	Number of employees under 30	Diversity-Emp		22	37	42	41	**51**
	Number of employees between 30 and 50	Diversity-Emp		68	54	67	68	**82**
	Number of employees over 50	Diversity-Emp		18	20	20	28	**35**
	Gender equality index	Diversity-Pay	/100		92	96	92	**87**
	Gender pay gap for managers	Diversity-Pay	%	+ 4.1	+ 3.9	- 1.2	+ 4.3	**- 7.5**
	Number of referrals to the Ethics Officer as part of the whistleblowing procedure			0	0	0	1	**0**
	Percentage of employees trained in ethics during the year		%	84.5	82.9	96.9	97.1	**94.6**
	Percentage of employees trained in CSR during the year		%			74.0	74.0	**0.0**
	Percentage of employees with an individual CSR objective		%		100.0	100.0	100.0	**100.0**
	Lobbying expenses		€K			55.0	27.3	**132.0**
	Absenteeism rate	H&S-Emp	%	4.7	4.4	3.5	1.2	**2.4**
	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	1	**0**
	Number of occupational diseases	H&S-Emp		0	0	0	0	**0**
	Frequency rate of workplace accidents	H&S-Emp		0.0	0.0	0.0	5.3	**0.0**
	Severity rate of workplace accidents	H&S-Emp		0.0	0.0	0.0	0.2	**0.0**
	Number of employees teleworking			36	41	38	33	**112**
	Number of people eligible for teleworking			58	55	74	73	**112**
	Rate of participation in the most recent engagement survey		%	10.0	76.2	81.0	90.1	**90.5**
	Number of days donated to caregivers		days	5	0	7	0	**4**
	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	27	33	30	**31**
	Percentage of employees who had an annual appraisal interview	Emp-Dev	%			100.0	100.0	**100.0**

1.4 Cross-reference table

1.4.1 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. 231 to 249
Procedure for selecting and appointing Board members	Gov-Select	chapter 4, § 4.1.1, p. 230 and 232 to 235
Procedure for managing conflicts of interests	Gov-Col	chapter 4, § 4.1.8, p. 265

1.5 Head office indicators

INDICATOR	SCOPE	EPRA CODE	UNIT	2018	2019	2020	2021	2022	CHANGE 2021/2022
Total electricity consumption	○	Elec-Abs	MWh	234.0	147.0	16.6	35.4	**43.1**	
	□	Elec-LFL	MWh	234.0	147.0	16.6	35.4	**43.1**	+ 21.8%
Total energy consumption from district heating or cooling networks	○	DH&C-Abs	MWh	197.0	184.0	67.3	160.7	**144.7**	
	□	DH&C-LFL	MWh	197.0	184.0	67.3	160.7	**144.7**	- 10.0%
Total fuel consumption	○	Fuels-Abs	MWh	3.9	3.2	0.0	0.0	**0.0**	
	□	Fuels-LfL	MWh	3.9	3.2	0.0	0.0	**0.0**	
Energy intensity of the building		Energy-Int	kWh/ sq.m.	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total direct GHG emissions		GHG-Dir-Abs	$tCO_2eq.$	0.77	0.58	0.00	0.00	**0.00**	
Total indirect GHG emissions		GHG-Indir-Abs	$tCO_2eq.$	53.7	37.5	11.8	13.8	**11.6**	
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	688.1	611.0	517.0	400.9	**559.4**	
	□	Water-LfL	m^3	688.1	611.0	517.0	400.9	**559.4**	+ 39.5%
Building's water intensity		Water-Int	m^3/visitor	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total waste production by type of treatment	○	Waste-Abs	metric tons	7.3	2.9	0.6	0.3	**0.4**	
			% recycled	26%	57%	100%	100%	**100%**	
			% buried	74%	43%	0%	0%	**0%**	
	□	Waste-LfL	metric tons	7.3	2.9	0.6	0.3	**0.4**	+ 38.0%
			% recycled	26%	57%	100%	100%	**100%**	
			% buried	74%	43%	0%	0%	**0%**	

○ *Currant* □ *Like-for-like*

2. Methodological note

2.1 Scopes

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 as at December 31 of year N, excluding isolated units and dismembered assets, *i.e.* assets that represent less than 1% of the Mercialys portfolio in terms of surface area. The CSR scope therefore consists solely of shopping centers and represents 94% of the current scope. Unless otherwise stated, the information published relates to the CSR scope.

C. Strategic centers

Strategic centers are assets identified by Mercialys as generating added value in the medium term given their size, legal structure and project potential. In 2022, 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 Centers Council' CSR reporting guidelines. The like-for-like scope is calculated in relation to the year 2017.

2.2 Reporting period

The environmental and footfall indicators are reported over a rolling 12-month period, from October 1 of year N-1 to September 30 of year N. The data entered as "N" therefore correspond to the indicators calculated from October 1 of year N-1 to September 30 of year N inclusive.

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

Each time a CSR indicator is used as a compensation criterion on an annual calendar basis, it is calculated in accordance with the rules detailed above.

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 for Mercialys.

2.4 Business indicators

A. Surface area of common areas

Common areas are considered to be the center, areas open to the public and heated, ventilated or chilled/cooled areas and offices.

B. GLA surface areas

The gross leasable areas (used for the calculation of coverage rates in surface area) are those presented in chapter 1, § 1.3.2.3, p. 74 *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). The energy produced and consumed on site is also recorded.

B. Greenhouse gas emissions

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

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 leak (kg) × refrigerant's Global Warming Potential (GWP) [(1)] ($kgCO_2eq./kg$).

Greenhouse gas emissions (scope 2)

Emissions related to electricity consumption and urban heat used for the common areas and connected private areas.

Location-based emission factors and Global Warming Potential GWP

The location-based emission factors and GWP used are derived from the most recent version of ADEME's Carbon Base.

Market-based emission factors

The market-based emission factors are derived directly from the different energy suppliers. If the emission factor is not available for year N at the time of the Universal Registration Document's publication, the emission factor for N-1 is used.

In addition, for properties for which information is not provided by the energy supplier, the residual factor calculated by the AIB (Association of Issuing Bodies) is used. For Corsican and Reunionese assets, the location-based emission factor of the Carbon Base is used.

(1) Global Warming Potential (GWP): an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect. ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

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 is waste produced by retailers and left by visitors in the center's bins.

The sites for which waste management is shared between the hypermarket and the shopping center are not taken into account as part of the waste scope.

Quantity

Waste quantities are given by the service provider that collects and handles the treatment of waste on a web platform. For removal in volume, the collected tonnage is estimated based on the number of containers removed and an average volume weight.

For removal by the town, an estimation methodology based on average tonnage by square meter has been devised.

Quantities of unclassified waste (waste that is sorted but rejected for recovery because it is insufficiently sorted) is incorporated into the tonnage of non-hazardous industrial waste.

Outfalls

Information on outfalls is reported by the waste service providers based on European nomenclature codes. A site is excluded from the scope of this indicator if the end-of-life treatment of more than 30% of the waste produced (in metric tons) is unknown.

D. Water consumption

This applies to drinking water consumption only in communal areas only. This indicator includes consumption related to:

- the shopping center's sanitation facilities (customer sanitation facilities and those of the shopping center's management);
- cleaning the center (mall, compactors, etc.);
- the watering of green spaces;
- air conditioning systems (cooling towers).

This indicator does not include:

- purely private consumption (shop consumption);
- water consumption related to fire safety (sprinkler tank, etc.).

E. Head office environmental indicators

The environmental indicators related to offices occupied by Mercialys are limited to the surface area occupied in the building (percentage shares).

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 group of Mercialys portfolio of centers. Based on the corresponding areas, employment ratios per square meter, specific to each business sector, were calculated. These ratios make it possible to extrapolate the jobs hosted by the stores of all Mercialys centers;
- indirect jobs with service providers operating at Mercialys' centers. The following activities were taken into account: maintenance, cleaning, insurance and security, and gardening.

E. Local and responsible purchasing

The percentage of shopping centers with a CSR clause is calculated based on the operating expenses of the centers.

A purchase is considered "local" if it is made:

- in the region or within a radius of 200 km for shopping center purchases;
- in Europe for corporate purchases.

Purchases that do not involve travel by the service provider to the site are excluded from the calculation. These include, for example, Wi-Fi and telephone contracts.

F. Socio-economic contribution

The amount allocated to the support of non-profit organizations corresponds to the sum of donations made by the centers and Mercialys, whether financial or in the form of vouchers, the monetary value of the time spent by the teams, and the amount of the rents granted on an *ex gratia* basis.

3. Opinion of the independent third party

Mercialys

Year ended the 31 December 2022

Independent verifier's report on the consolidated statement of non-financial performance presented in the management 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.

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of one of the statutory auditors of your company (hereinafter "entity"), we present to you our report on the consolidated non-financial statement for the year ended on the 31 December 2022 (hereinafter 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)*.

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

As part of this voluntary process, it is the responsibility of the entity to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks as well as the outcomes of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures as mentioned above.

Responsibility of the independent verifier

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of historical information (recorded or extrapolated) provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

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;
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

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 (revised).[(1)]

Independence and quality control

Our independence is defined by the requirements of article L. 822-11 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.

Means and resources

Our verification work mobilized the skills of four people and took place between October 2022 and February 2023 on a total duration of intervention of about ten weeks.

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information

We conducted three interviews with the persons responsible for the preparation of the Statement, including in particular the CSR and Human Resources departments and the team in charge of the call for tenders for waste management service providers.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code;
- 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 same 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 (professional equality, employee commitment and satisfaction, ethics and work/life balance), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: La Galerie Cap Costières Nîmes and La Galerie Géant Mandelieu;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques or other methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 6% and 10% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (6% of energy consumption, 8% of common areas and private areas served by common facilities and 10% of market value);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures implemented as part of a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performance in accordance with professional guidance; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 13, 2023

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 of employees on permanent contracts Distribution of the workforce by age and gender Share of women on the Management Committee Share of women on the Board of Directors Professional equality index (between women and men) Gender wage gap (C1 and C2 managers) Wage equity ratios Share of employees trained Average number of hours of training per employee Frequency rate and severity rate of occupational accidents Absenteeism rate	Measures to promote diversity and professional equality Employee involvement approach in ethics Development of employee engagement and satisfaction Measures to ensure the quality of life at work and the health and safety of employees

Environmental information

Quantitative Information (including key performance indicators)	*Qualitative Information* (actions or results)
Total quantity of waste by type of waste Waste sorting rate Waste valorization rate and breakdown by types of waste valorization (recycled, reused, composted, incinerated with energy recovering, other type of valorization) Water consumption of common parts Water consumption of tenants Share of tenants whose energy consumptions were collected Energy intensity per unit area Share of energy consumption from renewable sources Greenhouse gas emissions scope 1 and scope 2 (location-based and market-based) Carbon intensity per unit area scope 1 and scope 2 (location-based and market-based) Greenhouse gas emissions scope 3 (related to the management of waste from operations, related to tenants' energy consumption, related to employees' travel, related to purchasing and related to construction work) Share of BREEAM In-Use certified strategic centers Share of BREEAM New Construction certified strategic centers Quantity of phytosanitary product used in the year	Definition and monitoring of the carbon trajectory Measures to improve energy efficiency and measures to implement the Tertiary Decree Measures for waste management and valorization Measures to promote biodiversity

Societal information

Quantitative Information (including key performance indicators)	*Qualitative Information* (actions or results)
Share of assets equipped with charging stations for electric vehicles Share of assets located within 500m of a public transport stop Share of assets covered by a tenant satisfaction survey Share of assets covered by a security audit in the year Average score on the security audit Number of jobs hosted by Mercialys activity Share of assets that hosted an association in the year Share of assets that carried out a CSR action in the year Socio-economic contribution of the assets Share of strategic assets that have carried out an employment action Share of leases signed within the year covered by an environmental annex Share of corporate purchases covered by CSR clauses Share of assets purchases covered by CSR clauses Share of local assets purchases Number of cases referred to the Ethics Officer as part of the alert procedure	Development of a responsible retail offering Measures implemented to promote alternative means of transport Implementation of local employment initiatives Actions to promote solidarity within the assets Actions to promote environmental awareness towards tenants and visitors Actions to promote local and responsible purchasing Measures to ensure safety, health quality and well-being within the assets

4. Independent third party's report on the eligibility indicators relating to the European taxonomy

Mercialys

Year ended the 31 December 2022

Independent verifier's report on the eligibility indicators relating to the European Taxonomy published in the consolidated non-financial statement

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.

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of one of the statutory auditors of your company (hereinafter "entity"), we present to you our report on the eligibility indicators relating to turnover, capital expenditure and operating expenses (hereinafter the "eligibility indicators"), presented in the Annex 1.1 of the consolidated non-financial statement (hereinafter the "Statement") according to the methodological note prepared by the entity (hereinafter the "Guidelines") on the basis of the provisions set out in the Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2021/2139, noting that the legal and regulatory provisions do not require the intervention of the independent verifier on the information set out in Article 8 of the Regulation (EU) 2020/852 (green taxonomy).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, nothing has come to our attention that causes us to believe that the eligibility indicators are not presented in accordance with the Guidelines, in all material respects.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in possible interpretations of the eligibility of activities and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the entity to establish the eligibility indicators in accordance with the Guidelines, a summary of which is included in the management report, and to implement the internal control procedures it deems necessary to ensure that the eligibility indicators are free from material misstatement, whether due to fraud or error.

Responsibility of the independent verifier

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on the compliance of the eligibility indicators with the Guidelines.

As it is our responsibility to form an independent conclusion on the eligibility indicators as prepared by management, we are not permitted to be involved in the preparation of such eligibility indicators, as this could compromise our independence.

However, it is not our responsibility to formulate a report expressing a conclusion on the compliance of the alignment indicators with the taxonomy or the provisions of Delegated Regulation (EU) 2021/2178 or Delegated Regulation (EU) 2021/2139.

Independence and quality control

Our independence is defined by 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.

Means and resources

Our verification work mobilized the skills of three people and took place between November 2022 and February 2023 on a total duration of intervention of about three weeks.

Nature and scope of the work

We planned and performed our work, in accordance with the international standard ISAE 3000 (revised)[1], taking into account the risks of material misstatement of the eligibility indicators.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we 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 obtained an understanding of all the consolidated entities' activities;
- we referred to documentary sources and conducted interviews to corroborate the information that we considered to be the most important;
- we assessed the data collection process to ensure the completeness and fairness of the eligibility indicators;
- we implemented analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- we assessed the overall consistency of the eligibility indicators based on our knowledge of all the consolidated entities;

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information

- for each of the eligibility indicators:
  - we assessed the consistency of the eligibility criteria used with the Guidelines, and
  - we reviewed the information systems extraction process to verify the completeness of the data extracted;
- we reconciled the eligibility indicators with management data or financial statements.

The procedures implemented as part of a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performance in accordance with professional guidance; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 13, 2023

French original signed by:

Independent third party
EY & Associés

Thomas Gault
Partner, Sustainable Development





83.2%
EBITDA margin

2.0%
average cost of drawn debt

€216M
cash

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	12/31/2022	12/31/2021
Rental revenues		**173,277**	**172,232**
Service charges and property taxes		(45,159)	(45,260)
Charges and tax billed to tenants		37,883	38,476
Net property operating charges		(69)	(5,403)
Net rental income	**6.1**	**165,932**	**160,043**
Management, administrative and other activities income	6.2	2,846	2,801
Other income	6.3	424	1,559
Other expenses	6.4	(6,283)	(4,953)
Personnel expenses	6.5	(18,690)	(14,763)
Depreciation and amortization	6.6	(37,729)	(39,157)
Reversals of/(Allowances for) provisions		(2,527)	(997)
Other operating income	6.7	88,740	28,760
Other operating expenses	6.7	(86,486)	(29,810)
Operating income		**106,227**	**103,484**
Income from cash and cash equivalents		246	177
Gross finance costs		(53,480)	(30,842)
(Expenses)/Income from net financial debt	**14.1.1**	**(53,234)**	**(30,665)**
Other financial income	14.1.2	1,089	296
Other financial expenses	14.1.2	(3,939)	(3,466)
Net financial expense		**(56,083)**	**(33,835)**
Tax expense	7.1	(709)	(848)
Share of net income from associates and joint ventures	3.5	2,380	2,264
CONSOLIDATED NET INCOME		**51,814**	**71,065**
Attributable to non-controlling interests		8,720	8,882
Attributable to owners of the parent		43,094	62,183
Earnings per share [1]	**20.3**		
Net income attributable to owners of the parent *(€)*		0.46	0.67
Diluted net income attributable to owners of the parent *(€)*		0.46	0.67

(1) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2022 = 93,384,221 shares.
Fully diluted weighted average number of shares in 2022 = 93,384,221 shares.

3.1.1.2 Statement of consolidated comprehensive income

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Consolidated net income		51,814	71,065
Items that may be recycled as income		**24,872**	**10,060**
Cash flow hedges	18	25,715	10,670
Tax effects	7.2	(843)	(610)
Items that may not be recycled as income		**(184)**	**1**
Change in fair value of financial assets measured at fair value through the other items of comprehensive income	18	(136)	(158)
Actuarial gains or losses	22.1	(64)	211
Tax effects	7.2	17	(52)
Other comprehensive income for the period, net of tax		**24,688**	**10,061**
CONSOLIDATED COMPREHENSIVE INCOME		**76,502**	**81,126**
Attributable to non-controlling interests		8,720	8,882
Attributable to owners of the parent		67,782	72,244

3.1.1.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Intangible assets	8.1	3,381	5,028
Property, plant and equipment	8.1	4,743	6,922
Investment properties	8.1	1,907,148	1,935,117
Right-of-use assets	9	10,184	8,590
Investments in associates	3.5	35,203	37,907
Other non-current assets	10	50,219	50,733
Deferred tax assets	7.2	1,601	1,346
Non-current assets		**2,012,478**	**2,045,642**
Trade receivables	12	28,557	36,865
Other current assets	13	31,854	34,595
Cash and cash equivalents	14	216,085	257,178
Investment properties held for sale	8.2	-	60,086
Current assets		**276,496**	**388,724**
TOTAL ASSETS		**2,288,974**	**2,434,366**

Equity and liabilities

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Share capital	20	93,887	93,887
Additional paid-in capital, treasury shares and other reserves		631,246	649,231
Equity, attributable to owners of the parent	20	725,132	743,118
Non-controlling interests	20.5	205,294	202,011
Equity		**930,426**	**945,129**
Non-current provisions	22	1,225	1,008
Non-current financial liabilities	14	1,131,974	1,237,101
Deposits and guarantees		23,622	23,003
Non-current lease liabilities	9	9,409	8,353
Other non-current liabilities	17.2	2,377	5,716
Non-current liabilities		**1,168,607**	**1,275,181**
Trade payables	15	13,910	16,477
Current financial liabilities	14	126,353	150,144
Current lease liabilities	9	1,084	1,030
Current provisions	22	13,279	11,443
Other current liabilities	16	35,237	34,826
Current tax liabilities	16	78	136
Current liabilities		**189,941**	**214,056**
TOTAL EQUITY AND LIABILITIES		**2,288,974**	**2,434,366**

3.1.1.4 Consolidated cash flow statement

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Net income attributable to owners of the parent		43,094	62,183
Non-controlling interests		8,720	8,882
Consolidated net income		**51,814**	**71,065**
Depreciation, amortization [1] and provisions, net of reversals	6.6	46,161	49,249
Expenses/(income) relating to stock options and similar		773	(47)
Other calculated expenses/(income) [2]		(386)	(1,280)
Share of net income from equity associates and joint ventures	3.5	(2,380)	(2,264)
Dividends received from associates and joint ventures	3.5	3,065	3,014
Income from asset disposals	4.3/6.7	(8,486)	(8,962)
Expenses/(Income) from net financial debt		53,234	30,665
Net financial interest in respect of lease agreements	9	321	295
Tax expense (including deferred tax)	7	709	848
Cash flow		**144,825**	**142,583**
Taxes received/(paid)		(1,033)	(409)
Change in working capital requirement relating to operations, excluding deposits and guarantees [3]		5,816	(7,141)
Change in deposits and guarantees		515	708
Net cash flows from operating activities		**150,124**	**135,742**
Cash outflows on acquisitions of:			
• investment properties and other fixed assets	4.2/8.1.2.3	(19,098)	(15,913)
• non-current financial assets		(43)	(115)
Cash inflows on disposals of:			
• investment properties and other fixed assets	4.3	81,161	30,746
• non-current financial assets		1,274	5
Investments in associates and joint ventures	4.5	-	-
Impact of changes in scope with change of control		(4,292)	-
Change in loans and advances granted	4.5	-	-
Net cash flow from investing activities		**59,002**	**14,724**
Dividends paid to shareholders of the parent company (final)	21	(86,025)	(22,398)
Dividends paid to shareholders of the parent company (interim)	21	-	-
Dividends paid to non-controlling interests	20.5	(5,437)	(9,063)
Increase or decrease in share capital		-	-
Other transactions with shareholders		-	-
Changes in treasury shares		(439)	264
Increase in borrowings and financial liabilities	4.1	754,809	230,000
Decrease in borrowings and financial liabilities	4.1	(880,222)	(526,700)
Repayment of lease liabilities	9	(1,398)	(985)
Interest received [4]	4.4	20,999	16,359
Interest paid	4.4	(52,484)	(45,474)
Net cash flow from financing activities		**(250,198)**	**(357,999)**
CHANGE IN CASH POSITION		**(41,072)**	**(207,529)**
Net cash at beginning of year	14	257,071	464,600
Net cash at end of year	14	215,999	257,071
• of which cash and cash equivalents		216,085	257,178
• of which bank overdrafts		(87)	(108)

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

(2) Other calculated expenses and income mainly comprise:

• *discounting adjustments to construction leases (see Note 10, p. 169)*	*(236)*	*(318)*
• *lease rights received from tenants and spread out over the fixed term of the lease*	*(662)*	*(1,848)*
• *deferred financial expenses*	*826*	*697*
• *interest on non-cash loans and other financial income and expenses*	*(362)*	*54*

(in thousands of euros)	Notes	12/31/2022	12/31/2021
(3) The change in working capital requirement breaks down as follows:			
• *trade receivables*		*8,392*	*3,375*
• *trade payables*		*(2,863)*	*1,087*
• *other receivables and payables*		*287*	*(11,603)*
Total working capital requirement		*5,816*	*(7,141)*

(4) Mainly composed of interest received on instruments qualified as hedges of debt instruments in accordance with IAS 7.16

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, 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	-	-	-	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. 183)	1,837	15,268	-	-	-	-	17,106	-	17,106
Treasury share transactions (see Note 20, p. 183)	-	-	(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, published	**93,887**	**498,102**	**(3,739)**	**162,053**	**(231)**	**(6,953)**	**743,118**	**202,011**	**945,129**
Impact of the IFRS IC – SaaS decision (see Note 1.2.3, p. 143)	-	-	-	(76)	-	-	(76)	-	(76)
At January 1, 2022 (restated)	**93,887**	**498,102**	**(3,739)**	**161,977**	**(231)**	**(6,953)**	**743,042**	**202,011**	**945,052**
Other comprehensive income for the period	**-**	**-**	**-**	**24,872**	**(48)**	**(136)**	**24,688**	**-**	**24,688**
Net income for the period	-	-	-	43,094	-	-	43,094	8,720	51,814
Consolidated comprehensive income for the period	**-**	**-**	**-**	**67,966**	**(48)**	**(136)**	**67,782**	**8,720**	**76,502**
Treasury share transactions (see Note 20, p. 143)	-	-	(1,188)	748	-	-	(439)	-	(439)
Dividends paid for 2021	-	-	-	(86,025)	-	-	(86,025)	(5,437)	(91,462)
Share-based payments	-	-	-	773	-	-	773	-	773
AS AT DECEMBER 31, 2022, PUBLISHED	**93,887**	**498,102**	**(4,927)**	**145,439**	**(279)**	**(7,089)**	**725,132**	**205,294**	**930,426**

(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-lawlimited 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, 2022, 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, 2023, the Board of Directors approved and authorized the publication of the Mercialys group consolidated financial statements for the 2022 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, 2022.

These standards are available on the European Commission website at: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below were applied consistently to all the periods presented in the consolidated financial statements, after taking into account 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, 2022

The European Union has adopted the following standards which are mandatory for the Group with effect from its fiscal year beginning January 1, 2022:

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

- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use;
- IFRS 3 – Updating a Reference to the conceptual Framework;
- Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract;
- Annual Improvements – 2018-2020 Cycle.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of assessment

The consolidated financial statements were prepared using the historical cost principle with the exception of:

- assets and liabilities remeasured at fair value in the context of a business combination, in accordance with the principles set out in IFRS 3;
- derivative financial instruments and financial assets measured at fair value. The book value of assets and liabilities that are fair value hedged items that would otherwise be measured at cost is adjusted to reflect changes in fair value attributable to the risks being hedged.

The consolidated financial statements are presented in thousands of euros. The amounts stated in the consolidated financial statements have been rounded up or down to the nearest thousand and include figures that have been rounded individually. There may be differences between the arithmetic totals of these figures and the aggregates or subtotals shown.

1.2.2 Use of estimates and judgments

In preparing the consolidated financial statements, the Management is required to make a number of judgments, estimates and assumptions that affect the amount of certain assets and liabilities, income and expense items, and certain information provided in the notes to the financial statements. As assumptions are inherently uncertain, actual results may differ from these estimates.

The Group reviews its estimates and assessments on a regular basis to take into account past experience and incorporate factors considered relevant under current economic conditions.

The material judgments made by management to apply the Group's accounting methods and the main sources of uncertainty linked to estimates are identical to those described in the latest annual financial statements.

The main line items in the financial statements that may depend on estimates and judgments are:

- financial assets at fair value through other comprehensive income whose fair value was determined based on their liquidation value;
- the fair value of investment properties whose valuations, as determined by independent assessors, are based on unobservable data;
- the impairment of trade receivables;
- the classification of investment properties held for sale;
- the procedures used for the application of IFRS 16, in particular the determination of discount rates and the lease duration used for the measurement of lease liabilities.

1.2.3 Changes in accounting methods

The main changes resulting from the IFRIC's decision concerning SaaS software implementation, configuration and customization costs are as follows:

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. It clarified the accounting treatment of these costs, which are to be presented (i) under intangible assets in accordance with IAS 38 if the client obtains control of a software resource, or (ii) under expenses for the period when the cloud services are provided if the service is not distinct from the SaaS services, or lastly (iii) under expenses when services are received when they are distinct from the SaaS services.

Impact on key aggregates for the consolidated statement of financial position:

The Mercialys group's SaaS contracts do not grant control of any right of use (IFRS 16) or any intangible asset (IAS 38) and are therefore classed as service agreements.

SaaS implementation costs are therefore recorded as expenses, and when the services are not distinct from access to the software, these expenses are recognized on an ongoing basis as services are received.

The analyses carried out concerning previous periods regarding the application of the IFRS IC decision for the recognition of configuration and customization costs for software used in SaaS (Software as a Service) mode have not had any material impact and have not led to any retroactive restatement for the 2021 fiscal year. The cumulative impacts were therefore recognized in equity at January 1, 2022.

Impacts on the key aggregates of the consolidated statement of financial position as at January 1, 2022

(in thousands of euros)	Dec. 31, 2021 published	Impact of IFRS IC - SaaS decision	Jan. 1, 2022 restated
Intangible assets	5,028	(1,651)	3,377
Property, plant and equipment	6,922	-	6,922
Investment properties	1,935,117	-	1,935,117
Right-of-use assets	8,590	-	8,590
Investments in associates	37,907	-	37,907
Other non-current assets	50,733	1,415	52,148
Deferred tax assets	1,346	-	1,346
Non-current assets	**2,045,642**	**(237)**	**2,045,406**
Trade receivables	36,865	-	36,865
Other current assets	34,595	161	34,755
Cash and cash equivalents	257,178	-	257,178
Investment properties held for sale	60,086	-	60,086
Current assets	**388,724**	**161**	**388,885**
TOTAL ASSETS	**2,434,366**	**(76)**	**2,434,291**
Equity	**945,129**	**(76)**	**945,052**
Of which: equity attributable to owners of the parent	*743,118*	*(76)*	*743,042*
Of which: attributable to non-controlling interests	*202,011*	*-*	*202,011*
Non-current liabilities	**1,275,181**	**-**	**1,275,181**
Current liabilities	**214,056**	**-**	**214,056**
TOTAL EQUITY AND LIABILITIES	**2,434,366**	**(76)**	**2,434,291**

Note 2 Significant events of the fiscal year

Company financing and balance sheet

During the first quarter of 2022, Mercialys rolled out a three-pronged refinancing operation. In February 2022, the Company carried out a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon. Alongside this, Mercialys completed the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million. Lastly, in March 2022, the Company fully exercised its make-whole call option for the early redemption of its bond maturing in March 2023 with a nominal total of Euro 469.5 million. This operation enabled Mercialys to consolidate its balance sheet liquidity and significantly extend the maturity of its debt (Note 14).

At end-June 2022, Mercialys set up a new credit line for Euro 40 million, maturing in June 2025. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 25 million line due to mature in June 2023.

Asset rotation

In April 2022, Mercialys finalized the sale of the Géant Casino Annecy Seynod and Saint-Étienne Monthieu hypermarkets, for a combined total including transfer taxes of nearly Euro 65 million, to Inter Gestion REIM, operating on behalf of SCPI Cristal Rente, its specialist retail property company.

In December 2022, Mercialys completed the disposal of the Marseille Sainte-Anne and Marseille Croix-Rouge shopping centers to a private investor, for a cumulative amount excluding transfer taxes of Euro 9.9 million, a level in line with the appraisal values at June 30, 2022.

Shareholding and governance

In February 2022, the Casino group indicated that it had sold 6.5% of Mercialys' share capital through a total return swap (TRS), reducing its shareholding to 10.3%. In April 2022, the Casino group indicated that it had sold its remaining stake in Mercialys' share capital through a further TRS, and thus no longer holds any voting rights.

Following these sales, Mr. Michel Savart and the company La Forézienne de Participations, a non-independent director, represented by Mr. David Lubek, who both represented the Casino group on Mercialys' Board of Directors, resigned from their positions as directors respectively on April 26 and April 28, 2022 (Note 24).

In June 2022, the Board of Directors decided to co-opt Mr. Vincent Ravat, Mercialys' Chief Executive Officer, as a director. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

On July 1, 2022, the company Generali Vie, represented by Sébastien Pezet, resigned from its position as a director of Mercialys, with immediate effect.

On September 29, 2022, Mercialys was informed by a statutory threshold crossing declaration that Crédit Agricole Corporate and Investment Bank (CACIB), a subsidiary of Crédit Agricole SA, had held less than 1% of its share capital and voting rights since September 28, 2022. The residual interest of Crédit Agricole Corporate and Investment Bank resulted from the disposal, by the Casino group, of the remaining 10.3% shareholding in Mercialys' share capital as part of a total return swap (TRS) in April 2022 (see above).

In October 2022, on the proposal of the Appointments, Compensation and Governance Committee, Mercialys' Board of Directors decided to co-opt Jean-Louis Constanza as an independent director. He was appointed to replace Generali Vie, represented by Sébastien Pezet. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

Mercialys was informed, on November 29, 2022, by a statutory threshold crossing declaration that Generali Vie, a subsidiary of the Generali group in France, had fallen below the statutory thresholds of 5, 4, 3, 2 and 1% of the share capital and voting rights of the Company as of November 25, 2022.

General background

While the geopolitical environment linked to the conflict in Ukraine did not directly affect Mercialys' business, it may also have weighed on the global economic environment, through its impact on inflation, retailer supply chains and consumption.

Note 3 Consolidation scope

ACCOUNTING PRINCIPLE

Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls a subsidiary where it is shown or where it has the right to variable returns due to its links with the entity and it has the ability to influence these returns due to its power over the entity. Financial statements of subsidiaries are included in the consolidated financial statements as from the date of effective transfer of control until the date the control ceases to exist. Subsidiaries, regardless of the percentage interest held, are fully consolidated in the Group's statement of financial position.

Partnerships

The Group classifies its interests in partnerships either as a joint activity (if it has rights to assets and assumes obligations with respect to liabilities, within the framework of a partnership) or as a joint venture (if it only has rights to the net assets concerned by a partnership). On making this assessment, the Group has taken into account the structure of the partnership, the legal form of the separate vehicle, contractual stipulations and, if applicable, other facts and circumstances.

The Group has analyzed its partnerships and concluded that they should be qualified as a joint venture (previously jointly-owned entity). As a result, investments are accounted for using the equity method.

Equity associates

Equity associates are companies over which the Group exercises significant influence on financial and operating policies but which it does not control. Equity associates are recognized in the consolidated statement of financial position using the equity method. Goodwill relating to these entities is included in the book value of the equity investment.

Business combinations

Pursuant to IFRS 3 as revised, the consideration transferred (purchase price) is measured at the fair value of the assets in question, the equity issued and the liabilities incurred on the date of the transaction. The identifiable assets and liabilities of the acquired business are measured at their fair value on the date of acquisition. Costs directly associated with the acquisition are recognized under "Other operating expenses."

Any surplus remaining, plus, if relevant, the amount of non-controlling interests and the fair value of all interests previously held in the acquired company, after deduction of the Group share of the net fair value of the identifiable assets and liabilities of the acquired business will be recognized as goodwill. When the difference is negative, a gain on a bargain purchase is immediately recognized as income.

At the date of acquisition, for each business combination, the Group may elect to apply either the partial goodwill method (restricted to the share acquired by the Group) or the full goodwill method. If the full goodwill method is chosen, non-controlling interests are measured at their fair value and the Group recognizes goodwill on the full amount of the identifiable assets acquired and liabilities assumed.

Business combinations completed prior to January 1, 2010 were accounted for using the partial goodwill method, this being the only method applicable before IFRS 3 (revised).

In case of acquisition by stages, the previously-held equity interest will be remeasured at fair value on the effective date of control. The difference between the fair value and net book value of this equity interest is recognized directly in the income statement (under "Other operating income" or "Other operating expenses").

The amounts recognized on the acquisition date may be adjusted retrospectively if they relate to new information brought to the buyer's attention concerning facts and circumstances that existed before the acquisition date. Beyond the measurement period (not exceeding 12 months after the takeover of the acquired entity), the goodwill may no longer be adjusted; subsequent acquisitions/disposals of non-controlling interests are recognized as transactions with shareholders, *i.e.* directly under equity.

In addition, earn-out payments are included in the consideration transferred at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are allowed against goodwill when they relate to facts and circumstances that existed at the acquisition date. Otherwise, and beyond this period, adjustments to earn-out payments are recognized directly in the income statement (under "Other operating income" or "Other operating expenses"), unless the earn-out payments are against an equity instrument. In the latter case, the earn-out payment is not restated at a later date.

Year-end

The fiscal year-end for all group companies is December 31.

Transactions eliminated from the consolidated financial statements

Balance sheet items and income and expense items resulting from intragroup transactions are eliminated when preparing the consolidated financial statements.

3.1 Transactions in 2022

On September 29, 2022, Mercialys purchased 70% of the share capital and voting rights of SCI Rennes-Anglet from L'Immobilière Groupe Casino. As a result, Rennes-Anglet is fully consolidated from this date.

At the date of acquisition, the final fair value attributed to the identifiable assets of SCI Rennes-Anglet was as follows:

(in millions of euros)	**September 29, 2022**
Investment properties	6.4
Non-current assets	**6.4**
Other current assets	0.5
Current assets	**0.5**
TOTAL ASSETS	**6.9**
Other current liabilities	0.4
Current liabilities	**0.4**
TOTAL LIABILITIES	**0.4**
Equity	**6.5**
Fair value	*6.5*
Goodwill allocated to investment properties	*0.0*

The acquisition price of the SCI Rennes-Anglet securities amounted to Euro 4.6 million. This company holds an asset. The acquisition is treated as a business combination under IFRS 3. The revaluation of the share of interests previously held before the acquisition of SCI Rennes-Anglet is recognized in non-current income for Euro 269 thousand. The contribution to rental revenues for a full year would have been Euro 413 thousand.

3.2 Transactions in 2021

In May 2021, SAS The Next Horizon was created. The corporate purpose of this company, wholly-owned by Mercialys SA, is rental management, property management, and the provision of technical services.

3.3 List of consolidated companies

At December 31, 2022, the Mercialys group comprised 29 consolidated companies:

	12/31/2022			12/31/2021		
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%

	12/31/2022			12/31/2021		
Name	Method	% of interest	% of control	Method	% of interest	% of control
SCI Rennes-Anglet	FC	100.00%	100.00%	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 Genin	EM	30.00%	30.00%	EM	30.00%	30.00%
SAS Mercialys Participations	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS The Next Horizon	FC	100.00%	100.00%	FC	100.00%	100.00%

FC: Full consolidation.
EM: Equity method.

3.4 Assessment of control

With the exception of the acquisition of SCI Rennes-Anglet (see Note 3.1), no event that occurred in 2022 called into question the method used to measure the control of the entities within 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. 148).

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. 148).

SNC Aix2

The Group jointly holds a 50% stake in SNC Aix2. A shareholders' agreement formalizes the sharing of control of the business and sets out the powers of the Monitoring Committee composed of both executives. Each member of the Monitoring Committee has one vote. The Monitoring Committee may only validly deliberate when all members are present. The Committee's decisions are adopted unanimously.

Accordingly, the Group considers the company as a joint venture in accordance with IFRS 11. SNC Aix2 is therefore accounted for using the equity method (see Note 3.5, p. 148).

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. 169).

SAS Hyperthetis Participations (see Note 20.5, p. 185)

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.

In connection with the disposal of 49% of SAS Hyperthetis Participations, Mercialys had a call option on the company's shares or on the real estate assets held by the minority shareholders at a guaranteed minimum price (the higher of the fair value and an IRR), which it had the option to exercise before April 30, 2022. Mercialys did not exercise this option (see Note 23.1.2).

SAS Immosiris (see Note 20.5, p. 185)

On October 22, 2015, Mercialys set up the simplified joint-stock company, Immosiris, with a capital of Euro 100.

On November 2, 2015, Mercialys transferred one real estate asset to Immosiris. On November 10, 2015, Mercialys sold 29.7% of the shares in Immosiris to OPCI REAF, majority-owned by BNP Paribas. On November 10, 2015, Mercialys was diluted by OPCI REAF to 51%.

Since November 2015, Mercialys has held 51% of SAS Immosiris. In accordance with IFRS 10, the analysis performed concludes that the governance rules in place do not define a joint venture but monitor Mercialys' exclusive control over the partners, accompanied by protection rights for minority shareholders given the particular nature of the activity, of which a part of the revenues is obtained from a related party. This is because the criteria defining the concept of control, in accordance with IFRS 10, are met:

- Mercialys has power over collective decisions and consequently controls the operational and strategic activities of SAS Immosiris which mainly comprise the management of rents and investments;
- the rights that Mercialys grants to non-controlling interests are protective rights.

Consequently, SAS Immosiris is consolidated according to the full consolidation method in the Group's consolidated financial statements.

SCI Rennes-Anglet

SCI Rennes-Anglet was 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 sat on the Strategy Committee of SCI Rennes-Anglet and had veto rights on certain decisions. These veto rights were considered protective and reflected Mercialys' significant influence over the company. SCI Rennes-Anglet was therefore accounted for using the equity method (see Note 3.5).

On September 29, 2022, Mercialys SA purchased 70% of the share capital and voting rights of SCI Rennes-Anglet from the Casino group. SCI Rennes-Anglet has therefore been fully consolidated in the Mercialys group's financial statements since that date (see Note 3.1).

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:

	12/31/2022			12/31/2021		
(in thousands of euros)	SCI AMR	SNC Aix2	SCI Rennes-Anglet (09/29/2022)	SCI AMR	SNC Aix2	SCI Rennes-Anglet
% interest	25%	50%	30%	25%	50%	30%
Net rental income	18,016	1,063	309	14,948	1,329	275
Operating income	12,660	311	(55)	11,313	28	787
Net financial expense	(3,159)	(239)	-	(2,377)	(398)	-
Tax expense	(77)	2	-	(123)	1	2
Net income	**9,425**	**73**	**(55)**	**8,813**	**(370)**	**789**
Investment properties	255,237	27,446	5,538	258,996	28,151	5,652
Non-current financial assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Non-current assets	**255,237**	**27,446**	**5,538**	**258,996**	**28,151**	**5,652**
Trade receivables	1,961	442	1	2,369	578	40
Other current assets	4,378	255	217	8,108	71	93
Cash and cash equivalents	12,300	2,256	319	8,089	1,582	731
Current assets	**18,639**	**2,952**	**537**	**18,566**	**2,231**	**864**
TOTAL ASSETS	**273,876**	**30,398**	**6,075**	**277,562**	**30,382**	**6,516**
Equity	**113,284**	**13,624**	**5,647**	**116,042**	**13,845**	**6,359**
Non-current financial liabilities	149,618	15,732	-	150,277	15,531	-
Other non-current liabilities	-	565	103	-	242	100
Non-current liabilities	**149,618**	**16,297**	**103**	**150,277**	**15,773**	**100**
Trade payables	5,305	-	300	6,733	32	52
Current financial liabilities	-	142	-	-	184	-
Other current liabilities	5,668	335	25	4,508	548	9
Current liabilities	**10,973**	**477**	**324**	**11,241**	**764**	**61**
TOTAL EQUITY AND LIABILITIES	**273,876**	**30,398**	**6,075**	**277,562**	**30,382**	**6,516**

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	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**
Equity associates and joint ventures					
SAS Corin Asset Management	66	(17)	-	-	48
SCI AMR	29,010	2,356	(3,045)	-	28,321
SNC Aix2	6,924	37	175	(322)	6,812
SCI Rennes-Anglet	1,907	(17)	(195)	(1,694) [2]	-
SAS Saint-Denis Genin	-	21	-	-	21
FISCAL YEAR 2022	**37,907**	**2,380**	**(3,065)**	**(2,016)**	**35,203**

(1) Of which Euro 817 thousand in dividends not received at December 31, 2022, and Euro 817 thousand at December 31, 2021.

(2) The Euro 1.7 million corresponds to the disposal of the share previously held in SCI Rennes-Anglet, fully consolidated since September 29, 2022.

Note 4 Additional information on the cash flow statement

ACCOUNTING PRINCIPLE

The cash flow statement is prepared according to the indirect method on the basis of the consolidated entity's pre-tax income and is broken down into three categories:

- cash flow from operating activities: including tax, and dividends received from equity associates and joint ventures;
- cash flows from investing activities: especially acquisitions of control, loss of control including transaction costs, acquisitions and disposals of shares in non-consolidated companies, equity associates and joint ventures as well as fixed asset acquisitions and disposals;
- cash flows from financing activities: in particular bond issues and redemptions, issues of equity instruments, transactions between shareholders, net interest (cash flows from finance costs), equity-related transactions and dividends paid.

4.1 Reconciliation between change in cash position and change in net financial debt

(in thousands of euros)	12/31/2022	12/31/2021
Change in cash position	(41,072)	(207,529)
Increase in borrowings and financial liabilities [(1)]	(760,000)	(230,000)
Decrease in borrowings and financial liabilities [(2)]	852,500	526,700
Issue costs, interest not due and loan repayment premiums [(3)]	3,510	(3,845)
Fair value of liabilities	6,345	1,956
CHANGE IN NET FINANCIAL LIABILITIES	**61,282**	**87,282**

(1) In 2022, increases in borrowings and financial liabilities correspond to the placement of the new bond issue of Euro (500) million, and commercial paper purchases for Euro (260) million (see Note 14.2.3).

(2) In 2022, the decrease in borrowings and financial liabilities corresponds to the repayment of the bond maturing in 2023 for an amount of Euro 469.5 million, the partial repurchase of Euro 100 million of the issue maturing in July 2027, and commercial paper repayments of Euro 283 million. (Note 14.2.6) Expenses related to the early buyback of bonds amounted to Euro 26 million (see Note 14.2.3).
In 2021, the increases and decreases in borrowings and financial liabilities corresponded 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).

(3) Costs and issue premiums linked to this new bond issue amounted to Euro 2.2 and 3.0 million respectively.
Expenses related to the early buyback of bonds amounted to Euro 26 million. Lastly, the balance relating to the restructuring of financial instruments amounted to Euro (12.3) million (see Note 14.2.3).

4.2 Reconciliation of fixed asset acquisitions

(in thousands of euros)	12/31/2022	12/31/2021
Increase and other acquisitions of intangible assets	(1,132)	(2,493)
Increase and other acquisitions of property, plant and equipment	(771)	(5,525)
Increase and other acquisitions of investment properties [(1)]	(16,690)	(7,654)
Increase in assets and rights of use	(541)	-
Change in liabilities on fixed assets	35	(240)
CASH OUTFLOWS LINKED TO ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**(19,098)**	**(15,913)**

(1) In 2022, cash outflows relate to the acquisition of standalone units and works.

4.3 Reconciliation of fixed asset disposals

(in thousands of euros)	12/31/2022	12/31/2021
Disposals of property, plant and equipment [1]	12,975	18,534
Disposals of assets classified in IFRS 5 (see Note 8.2, p. 165)	59,673	-
Income from asset disposals [1]	8,486	8,962
Change in trade receivables	28	3,250
CASH INFLOWS FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**81,161**	**30,746**

(1) In 2022, as in 2021, cash inflows from disposals consisted of disposals for the period (see Note 6.7, p. 156).

4.4 Reconciliation of net interest paid

(in thousands of euros)	12/31/2022	12/31/2021
Net finance costs presented in the income statement	**(53,234)**	**(30,665)**
Neutralization of depreciation of costs and issue/redemption premiums	33,189	5,356
Change in incurred interests and fair value hedge derivatives of financial liabilities	(11,120)	(3,513)
Interest paid on lease liabilities	(321)	(295)
Net interest	**(31,485)**	**(29,116)**
of which received	20,999	16,359
of which paid	(52,484)	(45,474)

4.5 Other disclosures relating to the cash flow statement

Impact of changes in scope with change of control

On September 29, 2022, Mercialys SA purchased 70% of the share capital and voting rights of SCI Rennes-Anglet from the Casino group for Euro 4,611 thousand. The cash position of this company amounted to Euro 319 thousand at the time of the acquisition.

Note 5 Segment reporting

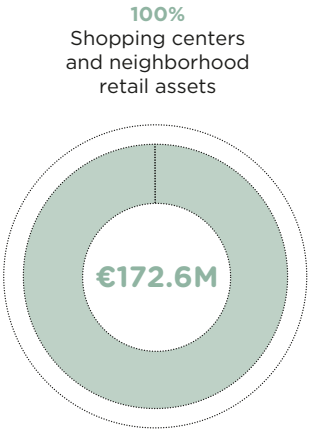
ACCOUNTING PRINCIPLE

Segment reporting reflects Management's view and is established on the basis of internal reporting used by the Chief Operating Decision Maker (the Chief Executive Officer) to make decisions about resources to be allocated and to assess the Group's performance.

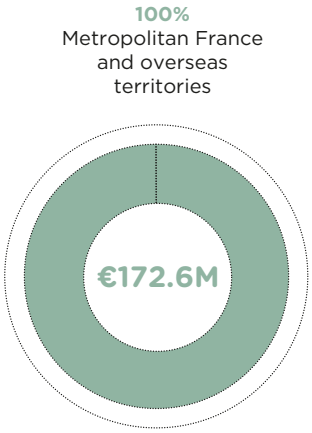
As the Group's Senior Management does not use a breakdown of operations to review operating matters, no segment reporting is provided in the financial statements.

To date, there is only one geographic segment, given that the Group's asset portfolio consists entirely of properties located in France. However, in the future, the Group does not rule out making investments outside of France, in which case information would be disclosed for other geographic segments as well.

BREAKDOWN OF RENTS BY ACTIVITY



BREAKDOWN OF RENTS BY REGION



Note 6 Information on the operating income

6.1 Net rental income

ACCOUNTING PRINCIPLE

Rental revenues

The leasing of properties by the Group to its tenants generates rental revenues. The amounts invoiced are recognized as revenues for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Leases for shopping centers often include a variable portion of rents based on the lessee's sales, with a guaranteed minimum rent in order to limit risk for the Company in periods of economic recession.

Stepped rents, rent holidays and other benefits granted to tenants are accounted for by spreading an amount on a straight-line basis as a decrease or increase to rental revenues for the fiscal year. The spreading is done over the committed term of the lease.

Rental revenues also include upfront payments made by tenants upon signing the lease; if such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include property taxes and service charges not billed to and recovered from tenants as well as other property operating charges. These expenses do not include costs classified by the Group as "Other expenses" or "Personnel expenses."

French regulations mandate a minimum duration of nine years for commercial leases. The tenant is entitled to terminate every three years simply by giving prior notice six months before the end of the current period. However, the parties may agree to a "firm" lease for more than nine years, such as those entered into by Mercialys.

Re-invoiced service charges are recognized as income for the period in which they are recovered. They correspond to the charges re-invoiced to tenants and are presented separately from re-invoiced items.

Breakdown of net rental income

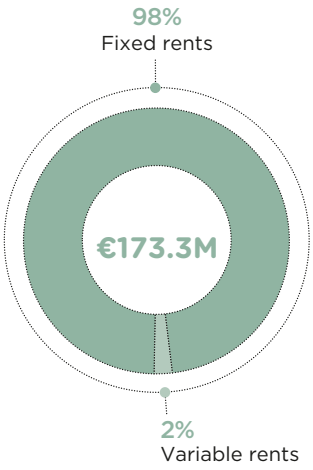
(in thousands of euros)	12/31/2022	12/31/2021
Invoiced rents [1]	172,602	170,352
Lease rights and despecialization indemnities	674	1,879
Rental revenues	**173,277**	**172,232**
Property tax	(13,948)	(13,570)
Rebilling to tenants	11,701	11,606
Non-recovered property taxes	**(2,247)**	**(1,964)**
Service charges	(31,211)	(31,690)
Rebilling to tenants	26,182	26,870
Non-recovered service charges	**(5,029)**	**(4,821)**
Management fees	(7,073)	(6,306)
Rebilling to tenants	4,113	4,183
Losses on and impairment of receivables [3]	3,263	(2,205)
Other expenses [2]	(372)	(1,076)
Net property operating charges	**(69)**	**(5,403)**
NET RENTAL INCOME	**165,932**	**160,043**

(1) Of which the variable component based on revenues: Euro 3,718 thousand in 2022 versus Euro 3,759 thousand in 2021.

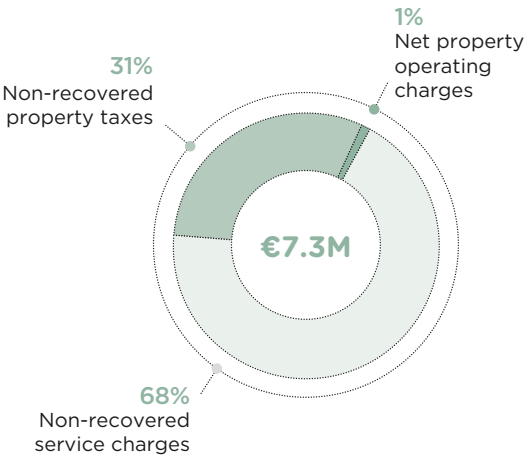
(2) Other expenses include rental income paid on construction leases and long-term ground leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.

(3) Losses on and impairment of receivables mainly comprise a reversal of an unused provision for + Euro 9.2 million generated by the collection efforts in respect of 2020 and 2021, and an allocation of Euro (4.6) million calculated according to the traditional actuarial method and which includes the impact of the liquidation of the Camaïeu brand.

BREAKDOWN OF RENTAL REVENUES



BREAKDOWN OF NON-RECOVERED CHARGES



6.2 Management, administrative and other activities income

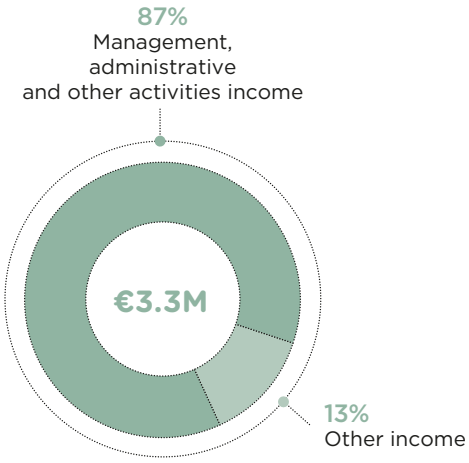
Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with consulting services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. Fees charged in 2022 totaled Euro 2.8 million, unchanged from 2021.

6.3 Other income

Other income amounted to Euro 0.4 million at December 31, 2022 and mainly corresponds to:

- dividends received from the OPCI fund created in partnership with Union Investment: UIR2 for Euro 224 thousand. These dividends correspond to the management of the OPCI's retail property assets, similar to Mercialys' business. They are therefore presented as operating income;
- a final, fixed-sum termination indemnity payment with full discharge of Euro 200 thousand made by UIR 2 (tenant) to Mercialys (lessor) following the amicable termination of the lease by UIR 2.

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. 191), professional fees (Statutory Auditors, consulting, research) and real estate portfolio appraisal costs.

In fiscal year 2022, these expenses amounted to Euro (6.3) million, *versus* Euro (5.0) million in 2021. This change notably takes into account the increase in certain operating costs, partially offset by the change in services covered by the Services Agreement, some of which ended in 2022, as well as the Company's committed efforts to moderating operating costs.

6.5 Personnel expenses

Personnel expenses amounted to Euro (18.7) million at the end of December 2022, *versus* Euro (14.8) million at the end of December 2021.

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.

6.6 Depreciation, amortization, provisions and impairment

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Depreciation and amortization of intangible assets, property, plant and equipment and investment properties [1]		(36,584)	(38,113)
Depreciation and amortization of right-of-use assets		(1,145)	(1,044)
Depreciation and amortization		**(37,729)**	**(39,157)**
Reversals of/(allowances for) investment property impairment [2]	6.7	(6,595)	(8,593)
Reversals of/(allowances for) provisions for liabilities and charges [3]	22.1	(1,836)	(1,501)
Reversals of/(allowances for) impairment on current assets [4]	12	5,965	547
TOTAL ALLOWANCES FOR DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENTS		**(40,196)**	**(48,703)**

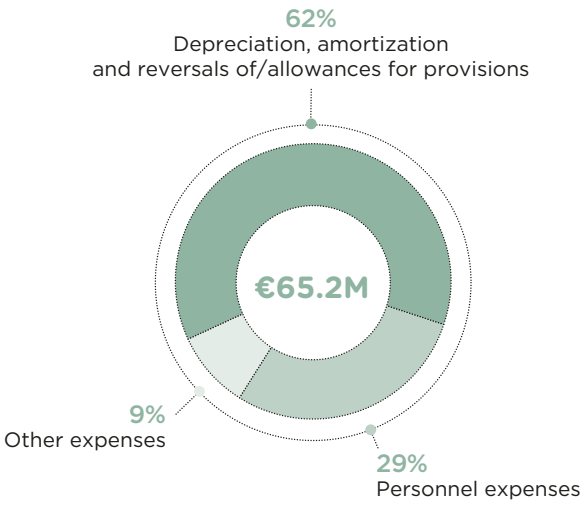
(1) Depreciation and amortization of intangible assets, property, plant and equipment and investment properties was lower than for 2021 due to the disposal of assets carried out during 2022, while investments remained very moderate over the period.

(2) Allowances for investment property impairment are presented under "Other operating expenses" and reversals of investment property impairment under "Other operating income" in the consolidated income statement (see Note 11, p. 170).

(3) Reversals of/(allowances for) provisions for liabilities and charges are presented under "Reversals of/(allowances for) provisions" and "Other operating expenses/income" in the consolidated income statement.

(4) Reversals of/(allowances for) impairment of current assets are presented under "Net property operating charges" in the consolidated income statement.

BREAKDOWN OF OTHER EXPENSES, PERSONNEL EXPENSES DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENT



6.7 Other operating income and expenses

ACCOUNTING PRINCIPLE

This line item records items which by definition are not considered in the appraisal of current operational performance such as non-current asset impairments, disposals of non-current assets and effects of the application of IFRS 3 if applicable.

Other operating income came to Euro 88.7 million at December 31, 2022, *versus* Euro 28.8 million at December 31, 2021. It is made up of:

- income from asset disposals carried out in 2022 for Euro 86.7 million, of which Euro 64.5 million on the two Géant Casino hypermarkets in Annecy Seynod and Saint-Étienne Monthieu, Euro 9.9 million for the Marseille Sainte-Anne and Marseille Croix-Rouge sites and Euro 12.2 million for standalone units.
- reversals of investment property impairment for an amount of Euro 1.0 million,
- a reversal of provisions for litigations for Euro 0.7 million.

In 2021, other operating income came from the disposals of the Marseille Canebière site and the Carré Duparc retail park on Reunion Island for Euro 10.5 million and Euro 15.5 million respectively, and reversals of investment property impairment for Euro 0.1 million.

Other operating expenses came to Euro (86.5) million at December 31, 2022, *versus* Euro (29.8) million at December 31, 2021. These correspond primarily to:

- the net book value of assets disposed of during 2022 and costs relating to these disposals for Euro (78.4) million.
- investment property impairment for an amount of Euro (7.6) million.

In 2021, other operating expenses came from the net book value and costs related to the disposals of Marseille Canebière for Euro (10.2) million and the Reunion Island retail park for Euro (7.2) million, and investment property impairment of Euro (8.7) million.

On this basis, the amount of the capital gain net of disposal of fixed assets recognized in the consolidated financial statements at December 31, 2022 was Euro 2.2 million, including in particular Euro 1.2 million on the disposal of the two Annecy Seynod and Saint-Étienne Monthieu hypermarkets, and Euro 1.2 million on the disposal of the two medium-sized stores in Niort.

In 2021, the net capital gain of Euro 9.0 million, of which Euro 8.2 million on the Reunion Island retail park and Euro 0.3 million on the Marseille Canebière site.

At December 31, 2021, other operating income and expenses had been recognized for Euro (1.4) million and mainly consisted 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)	12/31/2022	12/31/2021
Theoretical tax rate	25.83%	27.37%
Pre-tax income and income from equity associates	**50,144**	**69,648**
Theoretical tax expense	(12,949)	(19,066)
Income tax exemption for SIIC status	29,634	25,365
Theoretical impact of temporary differences subject to tax at zero rate [(1)]	(14,236)	(5,825)
CVAE [(2)] net of corporation tax	(1,011)	(1,044)
Change in corporation tax rate [(3)]	21	(27)
Recognition and elimination of losses [(4)]	(2,176)	(1,657)
Tax credit [(5)]	7	1,405
Effective tax expense	**(709)**	**(848)**
Effective tax rate	1.41%	1.22%

(1) In 2022, as in 2021, temporary differences subject to tax at zero rate primarily comprised provisions for liabilities, asset impairments and consolidation restatements not subject to deferred tax, in particular the cancelation of the capital gain on the internal disposal of fixed assets and securities.

(2) CVAE: contribution on added value paid by companies.

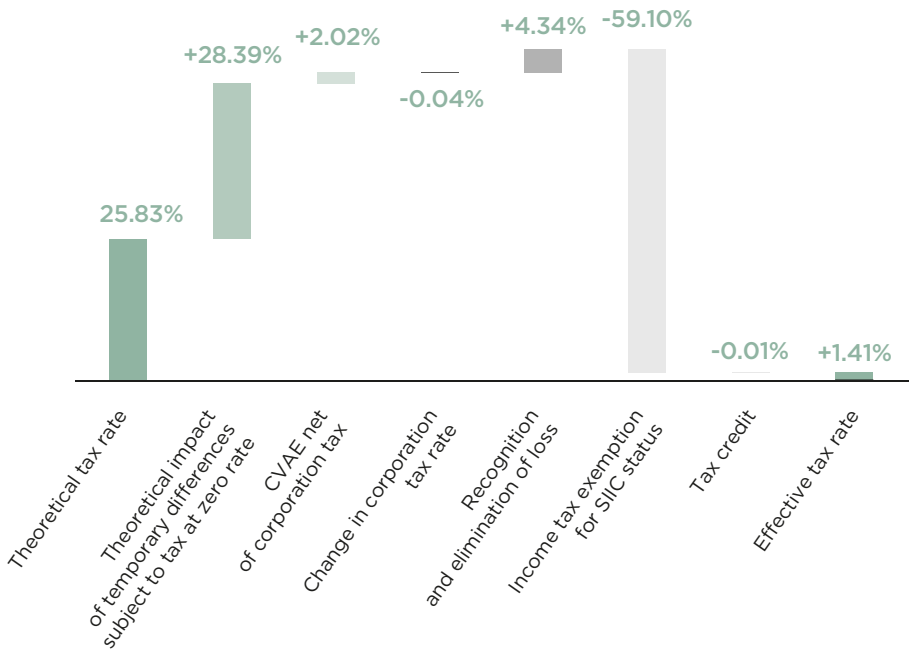
(3) In view of the adoption, on December 21, 2017, of the 2018 Finance Act relative to the progressive change in the corporation tax rate, deferred tax was measured at the tax rate that will be applicable when the temporary difference reverses, i.e. 25.825% in 2022.

(4) In 2022, Mercialys SA and Ocitô La Galerie had tax losses not recognized in deferred tax assets of Euro 8.4 and 0.6 million respectively (versus Euro 4.3 million and Euro 1.7 million in 2021).

(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 lessors in relation to the second lockdown in 2020, recording income of Euro 1.4 million under net rental income (see Note 6.1, p. 153).

The tax expense for the 2022 fiscal year came to Euro (709) thousand, *versus* Euro (848) thousand in 2021. This tax expense consists of the CVAE tax for Euro (1,011) thousand, corporate tax for Euro (45) thousand and deferred income taxes and timing differences for Euro 348 thousand.

RECONCILIATION BETWEEN THE EFFECTIVE TAX EXPENSE
AND THE THEORETICAL TAX EXPENSE



7.2 Deferred taxes

ACCOUNTING PRINCIPLE

In accordance with IAS 12, deferred taxes are recognized. They correspond to tax calculated and that is likely to be recoverable since they consist of assets, on timing tax differences, tax loss carryforwards and certain consolidation restatements.

Deferred tax assets and liabilities are calculated according to the liability method on the basis of the tax rate expected for the fiscal year in which the asset will be realized or the liability settled.

Deferred taxes are recognized as income except if they are attached to business combinations or to items recognized under comprehensive income or directly as equity.

Deferred taxes are always presented as non-current assets or liabilities.

7.2.1 Change in deferred tax assets

(in thousands of euros)	12/31/2022	12/31/2021
Beginning of period	**1,346**	**1,728**
Income/(Expense) for the fiscal year	348	281
Effect of changes in the scope of consolidation and reclassifications	733	-
Changes recognized under other comprehensive income	(826)	(662)
END OF PERIOD	**1,601**	**1,346**

At December 31, 2022 and December 31, 2021, 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. 162. 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 income from the asset and applying a yield rate corresponding to the market rate for assets of the same type, based on the retail area, configuration, location, competition, means of ownership, rental and extension potential and comparability with recent transactions, and taking into account the actual level of rent, less non rebillable expenses and works relative to the corresponding market price and the vacancy rate;
- the second approach, discounted cash flow (DCF), which consists of discounting future flows of income and expenses, takes into consideration projected rent increases and vacancy rates in future years, as well as other forecast parameters such as the duration of the period during which the property will be in the lease market and the investment outlays borne by the lessor.

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

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

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 fiscal year in which it is incurred;
- the site is renovated: if payment of eviction compensation is due to renovation work on the building, this expenditure is included in the cost of this work.

Personnel expenses and borrowing costs directly attributable to the acquisition, construction or production of an asset, for which preparation prior to use or planned sale requires a substantial period of time – generally more than six months – are included in the cost of the asset.

All other borrowing costs are recognized as expenses for the fiscal year in which they are incurred. Borrowing costs are interest and other costs borne by a company within the framework of borrowing funds.

Depreciation

Investment properties and fixed assets are recognized and depreciated according to the component method. For buildings, four components have been identified: structural elements, roofing, fire protection of the building shell, and fixtures. "Roofing" and "Fire protection of the building shell" are identified as separate components only in the case of major renovations. In all other cases, they are not separated from the "structural elements."

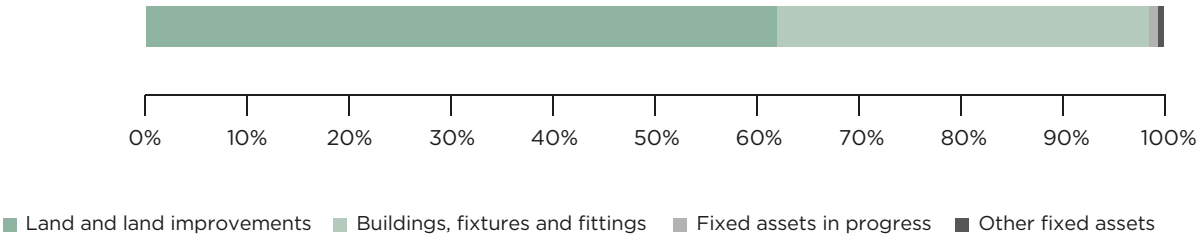
Property, plant and equipment and investment properties, with the exception of land (non-depreciable), are depreciated using the straight-line method for each category of asset, with generally zero residual value:

Type of asset	Depreciation 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

	12/31/2022			12/31/2021		
(in thousands of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Software	9,711	(8,213)	1,498	9,135	(7,129)	2,006
Other intangible assets in progress	1,883	-	1,883	3,021	-	3,021
Intangible assets	**11,593**	**(8,213)**	**3,381**	**12,157**	**(7,129)**	**5,028**
Other property, plant and equipment	5,494	(751)	4,743	7,340	(419)	6,922
Property, plant and equipment	**5,494**	**(751)**	**4,743**	**7,340**	**(419)**	**6,922**
Land and land improvements	1,240,628	(52,403)	1,188,224	1,242,161	(44,659)	1,197,502
Buildings, fixtures and fittings	1,051,267	(352,503)	698,764	1,048,788	(322,445)	726,343
Other property, plant and equipment	11,836	(8,367)	3,469	11,827	(7,755)	4,072
Fixed assets in progress	16,690	-	16,690	7,202	-	7,2022
Investment properties	**2,320,421**	**(413,275)**	**1,907,148**	**2,309,977**	**(374,860)**	**1,935,117**



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, 2021	**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**
Impact of IFRS IC - SaaS decision	-	(1,651)	(1,651)
Increase and other acquisitions	298	834	1,132
Depreciation and amortization	(1,078)	-	(1,078)
Reclassifications and other movements	272	(322)	(50)
AS AT DECEMBER 31, 2022	**1,498**	**1,883**	**3,381**

8.1.2.2 Change in property, plant and equipment

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Property, plant and equipment	Fixed assets in progress	Total
As at January 1, 2021	**-**	**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**
Increase and other acquisitions	-	180	242	349	771
Depreciation and amortization	(0)	(175)	(162)	-	(338)
Reclassifications and other movements	-	309	32	(2,952)	(2,611)
AS AT DECEMBER 31, 2022	**23**	**3,056**	**612**	**1,052**	**4,743**

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 in progress	Total
As at January 1, 2021	**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	(8,719)	(9,234)	(27)	(554)	(18,534)
Reclassification as assets held for sale	(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**
Increase and other acquisitions [2]	5,234	6,681	39	11,199	23,153
Depreciation and amortization	(7,509)	(33,621)	(635)	-	(41,764)
Disposals for the fiscal year [3]	(7,440)	(5,528)	(7)	-	(12,975)
Reclassification as assets held for sale (see Note 8.2, p. 165)	414	-	-	-	414
Reclassification and other movements [1]	24	4,888	-	(1,711)	3,202
AS AT DECEMBER 31, 2022	**1,188,224**	**698,764**	**3,469**	**16,690**	**1,907,148**

(1) The item "Reclassification and other movements" corresponds primarily to the commissioning of buildings already recognized in the previous fiscal year under fixed assets in progress and to the reclassification as assets of investment properties held for sale.

(2) In 2022, the line "Increases and other acquisitions" mainly corresponds to the acquisition of the fixed assets of SCI Rennes-Anglet for Euro 6.5 million, the acquisition of Plan de Campagne and Besançon standalone units in Marseille for Euro 4.5 million, and the work carried out during the year.

(3) In 2022, the line "Disposals for the fiscal year" mainly corresponds to the disposals of the Annecy Seynod and Saint-Étienne Monthieu hypermarkets, the Marseille Sainte-Anne and Marseille Croix-Rouge units, as well as various disposals of standalone units. In 2021, these disposals mainly corresponded 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. 156).

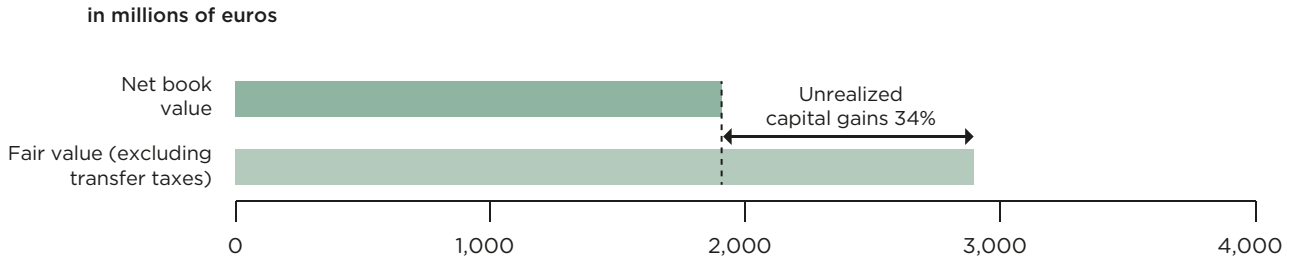
(4) In 2021, Mercialys carried out work mainly on the Timur site for an amount of Euro 1.6 million.

8.1.3 Fair value of investment properties

These valuations concerned all of the investment properties held at December 31, 2022.

The valuation methods applied, as described in Note 8, p. 159, remain unchanged.

	12/31/2022		12/31/2021	
(in thousands of euros)	Net book value	Fair value (excluding transfer taxes)	Net book value	Fair value (excluding transfer taxes)
Investment properties	1,907,148	2,896,934	1,935,117	2,882,914
Investment properties held for sale	-	-	60,086	62,183
TOTAL	**1,907,148**	**2,896,934**	**1,995,203**	**2,945,097**



At December 31, 2022, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and Galtier updated their valuation of Mercialys' portfolio:

- at December 31, 2022, BNP Real Estate Valuation had conducted appraisals at 35 sites, on the basis of a visit to one site during the second half of 2022, and based on an update of the appraisals carried out at June 30, 2022 for the other sites. 12 on-site visits were carried out during the first half of 2022. The appraisals performed by BNP Real Estate Valuation represent Euro 2,455.0 million including transfer taxes (Euro 2,302.4 million excluding transfer taxes) or 79.5% of the property portfolio;
- Catella Valuation had conducted appraisals of 13 sites at December 31, 2022 based on an update of the appraisals from June 30, 2022. The appraisals performed by Catella Valuation represent Euro 240.5 million including transfer taxes (Euro 224.4 million excluding transfer taxes) or 7.7% of the property portfolio;
- Cushman & Wakefield had conducted appraisals of nine sites as at December 31, 2022, based on an update of the appraisals from June 30, 2022. The appraisals performed by Cushman & Wakefield represent Euro 240.1 million including transfer taxes (Euro 224.6 million excluding transfer taxes) or 7.8% of the property portfolio;
- CBRE had conducted the appraisal of one site as at December 31, 2022, based on an update of the appraisal from June 30, 2022. The appraisal performed by CBRE represents Euro 137.4 million including transfer taxes (Euro 128.5 million excluding transfer taxes) or 4.4% of the property portfolio;
- Galtier valued Mercialys' remaining assets, *i.e.* two assets, at December 31, 2022, based on an update of the appraisals from June 30, 2022. The appraisals performed by Galtier represent Euro 10.1 million including transfer taxes (Euro 9.4 million excluding transfer taxes) or 0.3% of the property portfolio;
- Two assets have been included at their acquisition cost. The appraisals performed in-house represent Euro 8.1 million including transfer taxes (Euro 7.6 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 3,091.2 million including transfer taxes (Euro 2,896.9 million excluding transfer taxes) at December 31, 2022, *versus* Euro 3,138.2 million including transfer taxes and Euro 2,945.1 million excluding transfer taxes at December 31, 2021.

The value of the portfolio including transfer taxes therefore dropped by 1.5% over 12 months (an increase of 0.9% on a like-for-like basis [(1)]). The average appraisal yield rate was 5.75% as at December 31, 2022. The average appraisal yield rate was 5.71% as at December 31, 2021.

The change in the fair value of assets excluding transfer taxes for the fiscal year 2022 stems chiefly from:

- the effect of rental income on a like-for-like basis amounting to Euro 45 million;
- the change in the average capitalization rate (reflecting the appraisers' assessments of the sustainability and recurrence of income generated by portfolio assets) which had an impact of Euro (23) million
- changes in the scope of consolidation (acquisitions net of disposals) during the fiscal year amounting to Euro (71) million.

	Average yield rate	Average yield rate	Average yield rate
Type of real estate assets	**12/31/2022**	**06/30/2022**	**12/31/2021**
Regional and large shopping centers	5.46%	5.43%	5.43%
Neighborhood shopping centers	7.36%	7.30%	7.33%
Total portfolio [(2)]	5.75%	5.71%	5.71%

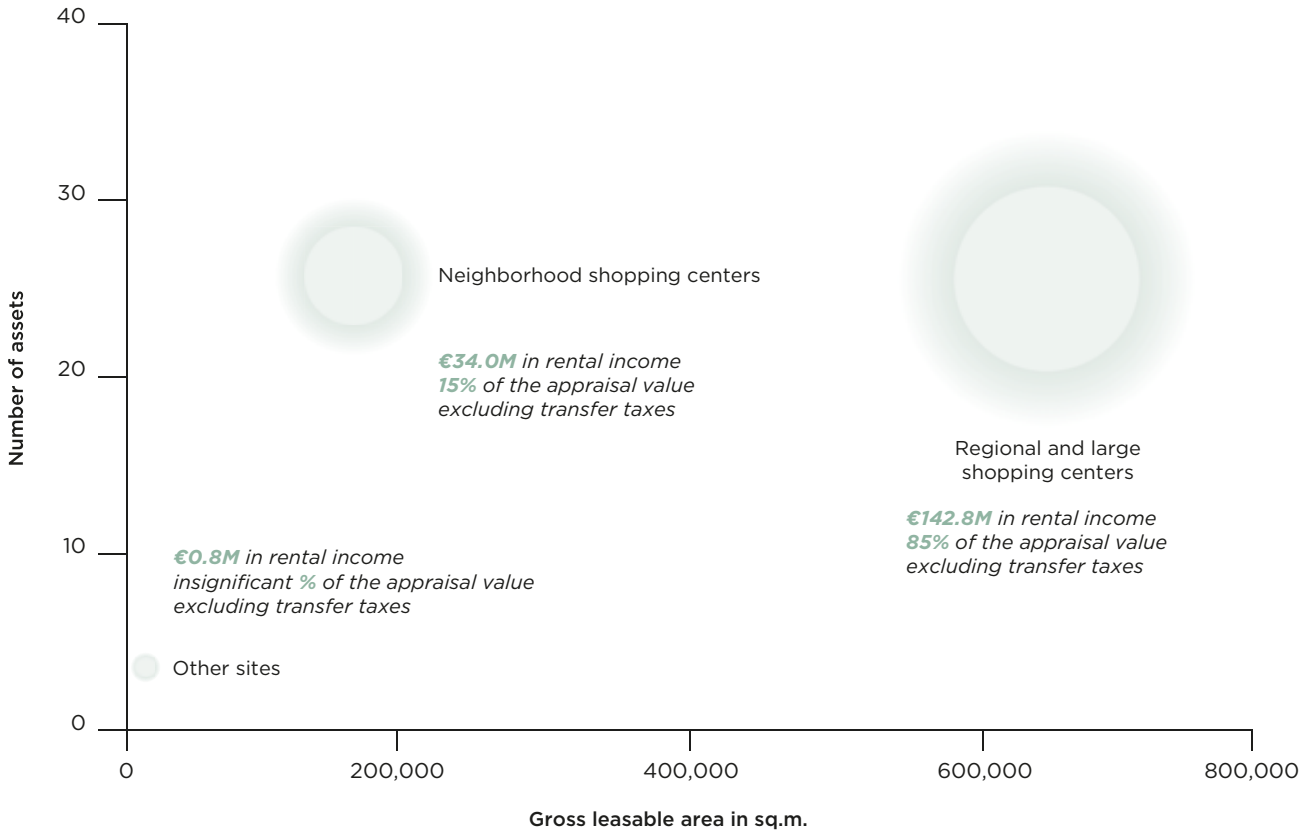
(2) Including other assets (independent cafeterias and other standalone sites).

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, 2022, as well as the corresponding appraised rental income:

	Number of assets at 12/31/2022	Appraisal value at 12/31/2022 (excluding transfer taxes)		Gross leasable area at 12/31/2022		Appraised net rental income	
Type of real estate assets		*(€M)*	*(%)*	*(sq.m.)*	*(%)*	*(€M)*	*(%)*
Regional and large shopping centers	25	2,450.7	84.6%	604,891	77.8%	142.8	80.4%
Neighborhood shopping centers	23	432.0	14.9%	167,445	21.5%	34.0	19.2%
Subtotal	**48**	**2,882.6**	**99.5%**	**772,336**	**99.4%**	**176.8**	**99.6%**
Other sites [(2)]	3	14.3	0.5%	4,918	0.6%	0.8	0.4%
TOTAL	**51**	**2,896.9**	**100.0%**	**777,254**	**100.0%**	**177.6**	**100.0%**

(2) 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 of annual appraised potential net rental income of Euro 177.6 million and a capitalization rate of 6.13%:

Sensitivity criteria	Impact on appraisal value (excluding transfer taxes) *(€M)*
- 0.5% decrease in the capitalization rate	+ 257.2
+ 10% increase in rents	+ 289.7
+ 0.5% increase in the capitalization rate	- 218.5
- 10% decrease in rents	- 289.7

Fees charged to Mercialys for the appraisals detailed above amounted to Euro 169 thousand for the fiscal year ended December 31, 2022, versus Euro 186 thousand at December 31, 2021.

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, 2021	**111**	**-**	**-**	**-**	**111**
Reclassification as investment properties	(111)	-	-	-	(111)
Reclassification as assets held for sale	40,257	19,813	10	5	60,086
As at December 31, 2021 (1)	**40,257**	**19,813**	**10**	**5**	**60,086**
Reclassification as investment properties	(414)	-	-	-	(414)
Reclassification as assets held for sale	-	-	-	-	-
Disposals for the fiscal year	(39,844)	(19,813)	(10)	(5)	(59,673)
AS AT DECEMBER 31, 2022	**-**	**-**	**-**	**-**	**-**

(1) In 2021, investment properties held for sale amounted to Euro 60,086 thousand and corresponded to the Annecy and Saint-Étienne hypermarkets, as well as to non-strategic standalone units for which preliminary sales agreements were held, with no financing conditions, signed during 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 remeasured in the following cases:

- in the event of the revision of the contract duration;
- in the event of a change in the assessment of whether the exercise of a call option is reasonably certain (or not);
- in the event of a change in the amount of the payment expected under the residual value guarantee granted to the lessor;
- in the event of a change in variable rents based on a rate or an index, when the adjustment of the rate or index comes into effect (*i.e.* when the rents are actually modified).

In the first two cases, the debt is remeasured using a discount rate which is revised on the remeasurement date. In the last two cases, the discount rate used for the initial measurement remains unchanged.

The right-of-use is measured using the cost method and is amortized over the estimated duration of the lease, starting on the date on which the contract takes effect. This generates a straight-line amortization expense in the income statement. Moreover, in the event of a loss in value, the right-of-use asset is impaired in accordance with IAS 36 and is re-adjusted in the event of the re-measurement of lease liabilities.

In the event of early termination of a contract, any difference arising from the derecognition of the lease liabilities and the right-of-use is booked to the income statement under other operating income or other operating expenses.

Estimation of the term of the leases

The term of the lease corresponds to the period of execution of the contract (*i.e.* the period during which the contract cannot be terminated by the lessor, along with all renewal options provided for in the contract and available solely to the lessee). This term takes into account the termination and renewal options whose use by the Group is reasonably certain.

When estimating this reasonably certain duration, the Group takes into account all of the characteristics linked to the leased assets (location, offices, movable or immovable nature, economic horizon in terms of use, etc.). In general, the lease term starts on the initial contract date.

For commercial leases (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	Other rights of use	Total
As at January 1, 2021	**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**
Increases for the fiscal year [1]	2,377	-	541	2,918
Depreciation and amortization	(312)	(833)	-	(1,145)
Disposals for the fiscal year [2]	(180)	-	-	(179)
AS AT DECEMBER 31, 2022	**5,216**	**4,426**	**541**	**10,184**

(1) The increases in 2022 correspond to the leases for the Marseille Barnéoud site. In 2021, this increase corresponded to the signing by Mercialys of a new lease on an asset used by the Group's central services.

(2) The decreases in 2022 correspond to the disposal of long-term ground leases by Mercialys to Barnéoud Développement. The disposal for the 2021 fiscal year corresponded to the sale of the construction lease on the Narbonne site.

9.1.2 Information on the income statement

At December 31, 2022, restated lease charges totaled Euro 1,398 thousand. These lease charges are replaced by a depreciation expense on right-of-use assets for Euro 1,144 thousand (see Note 6.6, p. 155) and a financial interest expense on lease liabilities for Euro 321 thousand (see Note 4.4, p. 151).

The amounts recognized in the income statement for the fiscal year concerning agreements excluded from lease liabilities represent Euro 785 thousand and primarily relate to short-term or low value agreements.

9.1.3 Information on the cash flow statement

The total amount paid out during the fiscal year in respect of leases amounted to Euro 1,398 thousand.

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, 2021	**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**
Impact of IFRS IC - SaaS decision	1,415	-	-	-	-	-	1,415
Increase	265	-	-	44	-	221	-
Change in fair value	(866)	(136)	-	-	(730)	-	-
Decrease	(1,274)	-	-	-	-	(1,274)	-
Discounting/accretion	236	-	236	-	-	1	-
Other reclassifications and other movements	(291)	-	(3)	(12)	-	-	(276)
DECEMBER 31, 2022	**50,219**	**3,231**	**4,082**	**288**	**19,701**	**18,756**	**4,159**

(1) Financial assets valued at fair value through other comprehensive income are primarily made up of shares in OPCI UIR II. This mutual fund is owned 80.01% by Union Investment and 19.99% by Mercialys. It operated an asset in Pessac which provided it with rental income.
This asset was sold on April 29, 2022. UIR II also paid out a dividend of Euro 224 thousand at the end of June 2022, recognized in "Other income" on the consolidated income statement (see Note 6.3).

(2) The fair value hedging derivative assets (interest rate risk hedge) are due to mature on February 27, 2026, November 3, 2027 and February 28, 2029. (Note 14.2.3, p. 175).

(3) In 2021, the change was related to accrued interest on the SCI AMR loan.

(4) Prepaid expenses primarily concern Covid-19 relief to be granted for over one year and implementation costs for SaaS software when they are not distinct from the software (Note 6.1, p. 153).

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 or 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. 159.

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. 162, an impairment loss on investment properties, mainly concerning the Tours la Riche, Arles, Narbonne, Chartres and Niort, sites was recognized at end-December 2022, for Euro 7.6 million, under other operating expenses. Reversals of impairment losses on investment properties were also recognized at the end of December 2022 for the Rodez, Carcassonne and Brives sites for Euro 0.1 million, under other operating income (see Note 6.7, p. 156).

Note 12 Trade accounts and other receivables

(in thousands of euros)	12/31/2022	12/31/2021
Trade accounts and other receivables	50,078	64,427
Impairment	(21,521)	(27,562)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**28,557**	**36,865**

Trade receivables as at December 31, 2022 comprise rental income, lease rights and consulting services invoiced during the fiscal year.

In addition to the impact of the Euro 17 million of provisions for doubtful receivables determined by Mercialys and based on the legal framework for disputes with tenants showing arrears, the financial statements at end-December 2022 include provisions corresponding to the impacts of the health crisis for Euro 2 million (see Note 6.1).

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, 2021	9,512	5,512	2,682	18,666	3,002	29,864	25,048	64,427
AS AT DECEMBER 31, 2022	**5,041**	**7,453**	**1,994**	**3,150**	**1,100**	**13,697**	**31,341**	**50,078**

Note 13 Other current assets

ACCOUNTING PRINCIPLE

Assets to be realized, consumed or sold in the course of the normal operating cycle or within twelve months of the closing date are classified as "current assets", as are assets held for sale, cash and cash equivalents. All other assets are classified as "non-current assets".

(in thousands of euros)	Note	12/31/2022	12/31/2021
Advances and down payments paid on orders		102	1,678
Receivables on assets		2,126	2,070
VAT credit		3,419	2,089
Other operating receivables [(1)]		16,711	15,768
Prepaid expenses [(2)]		4,583	4,591
Current hedging instruments	14.2.4	4,913	8,399
OTHER CURRENT ASSETS		**31,854**	**34,595**

(1) Other operating receivables mainly consist of VAT receivables.

(2) Prepaid expenses mainly consist of the spreading out of rent concessions granted to tenants within the context of the health crisis.

Note 14 Financial structure

14.1 Net financial expense

14.1.1 Net finance costs

ACCOUNTING PRINCIPLE

The expenses from net financial debt consist of all income and expenses arising on components of net financial debt during the reporting period, including the income and profit on the sale of cash equivalents, as well as interest charges relating to finance leases.

Net financial debt comprises all borrowings and financial liabilities including derivatives recognized using hedge accounting, less (i) cash and cash equivalents, (ii) derivatives with a positive fair value recognized using hedge accounting concerning borrowings and financial liabilities.

(in thousands of euros)	12/31/2022	12/31/2021
Cost of debt put in place	(60,622)	(40,418)
Impact of hedging instruments [1]	7,142	9,577
Gross finance costs	**(53,479)**	**(30,842)**
Net proceeds of sales of investment securities	246	177
(EXPENSES)/INCOME FROM NET FINANCIAL DEBT	**(53,234)**	**(30,665)**

(1) Mainly composed of interest on hedging instruments and the ineffectiveness of this hedging.

The increase in expenses from net financial debt is linked primarily to early bond buyback costs for Euro 26 million, the additional amortization of premiums and costs for hedging instruments for Euro 4 million, which were initially amortized in line with the effective interest method, as well as the Euro 2 million impact linked to the unwinding of hedging instruments of the 2023 bond issue, repaid in full.

14.1.2 Other financial income and expenses

ACCOUNTING PRINCIPLE

This concerns financial income and expenses that do not form part of the expenses from net financial debt. This item notably includes: non-use fees, costs related to undrawn bank debt, the fair value of derivative assets or liabilities held for trading, dividends received, interest on current accounts with companies outside of the Mercialys group and discounting adjustments.

(in thousands of euros)	12/31/2022	12/31/2021
Other financial income	1,089	296
Financial income	**1,089**	**296**
Other financial expenses	(3,939)	(3,466)
Financial expenses	**(3,939)**	**(3,466)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(2,849)**	**(3,170)**

Other financial expenses primarily concern non-use fees and costs relating to the undrawn bank lines. Other financial income corresponds to interest on loans and current accounts for companies in which Mercialys has a minority interest and the fair value of derivatives held for trading.

14.2 Financial assets and liabilities

ACCOUNTING PRINCIPLE

Financial assets

Financial assets are initially recognized at fair value increased by transaction costs directly linked to their acquisition for the instruments which are not measured at fair value through profit or loss. The costs of acquiring financial assets measured at fair value through profit or loss are recorded in the income statement.

The breakdown of financial assets between current and non-current is determined according to their maturity at the closing date: less or more than one year.

The Group classifies its assets into three categories:

- amortized cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss.

Financial assets at amortized cost

Financial assets are measured at amortized cost when they are not designated at fair value through the income statement, when they are held for the purpose of collecting the contractual cash flows, and when they give rise to cash flows that exclusively correspond to the repayment of the principal sum and interest payments ("SPPI" criterion).

These assets are measured at amortized cost, using the effective interest rate method, less loss of value. Interest income, impairment and profit and loss from derecognition are recorded in the profit or loss statement.

This category mainly includes trade receivables, cash and other loans and receivables.

Financial assets at fair value through other comprehensive income (OCI)

This category comprises mainly debt instruments, equity instruments and non-consolidated equity interests.

- Debt instruments are measured at fair value through OCI if they are not designated at fair value through profit or loss, if they are held for the purpose of receiving contractual cash flows and being sold and if they give rise to cash flows that exclusively correspond to the repayment of the principal sum and interest payments ("SPPI" criterion). Interest income and impairments are recognized as profit or loss. Other net profits and losses are recognized as OCI. Upon derecognition, accumulated gains and losses in OCI are reclassified as income.
- Equity instruments that are not held for trading may be measured at fair value through OCI. The Group can make the choice irrevocable on an investment-by-investment basis. Dividends are then recognized in the income statement unless they clearly represent the recovery of a portion of the cost of the investment. Other gains and losses are recognized as OCI and are never reclassified as profit or loss. The Group recognizes the non-consolidated equity interests of OPCI UIR II in this category.

Financial assets at fair value through profit or loss

All other assets that are not classified as either at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Net gains and losses, including interest and dividends received, are recognized as profit or loss.

This category mainly includes derivatives not qualified as hedging instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments.

To be eligible for classification as a cash equivalent in accordance with IAS 7, investments must meet four criteria:

- short-term investments;
- highly liquid investments;
- investments that are readily convertible to a known amount of cash;
- insignificant risk of changes in value.

Derecognition of financial assets

A financial asset is derecognized in the following two cases:

- the contractual rights to the cash flows from the asset have expired;
- those contractual rights have been transferred to a third party and the transfer meets certain conditions:
  - if the transferor has transferred practically all of the risks and rewards, the asset is derecognized in its entirety;
  - if the transferor has retained practically all of the risks and rewards, the asset continues to be fully recognized in the statement of financial position.

Financial liabilities

Definition

The breakdown of financial liabilities between current and non-current is determined according to their maturity at the closing date: less than or more than one year.

Financial liabilities measured at amortized cost

Borrowings and other financial liabilities at amortized cost are measured on issuance at fair value of the consideration received, then at amortized cost, calculated using the effective interest rate method. Transaction costs, issue premiums and redemption premiums directly related to the acquisition or issue of a financial liability are deducted from value of this financial liability. Costs are then amortized according to the lifetime of the liability, based on the effective interest rate method.

Within the Group, certain liabilities are amortized and particular borrowings are hedged.

Financial liabilities at fair value through the profit or loss statement

These represent derivatives (see below). They are measured at fair value and changes in fair value are recognized in the profit or loss statement.

Derivatives

Derivative instruments are shown in the statement of financial position at fair value.

Derivatives qualifying as hedges: recognition and presentation

The Group applies the option provided by IFRS 9 of applying hedge accounting:

- in the case of fair value hedges (e.g. fixed-rate bond swapped to variable rate), the debt is recognized at its fair value proportional to the risk hedged and any changes in fair value are recorded in income. The change in fair value of the derivative is recognized in the income statement. If the hedge is completely effective, the two effects cancel each other out completely;
- in the case of cash flow hedges (e.g. floating-rate bond swapped to fixed-rate), the effective portion of the change in fair value of the hedging instrument is recorded under other items of comprehensive income. The ineffective portion of the change in fair value of the derivative is entered in the comprehensive income and the effective portion within other comprehensive income and recognized in income when the hedged flows are recognized and in the same section and the hedged item: net financial expense.

Hedge accounting is applicable if:

- the hedging relationship is clearly defined and documented as at the date of inception; and
- the effectiveness of the hedge is demonstrated at inception for as long as it lasts.

Derivatives not qualifying as hedges: recognition and presentation

When a derivative financial instrument has not been (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly in the income statement for the period, under "Other financial income and expenses".

14.2.1 Net cash

(in thousands of euros)	12/31/2022	12/31/2021
Cash	165,985	182,078
Cash equivalents	50,101	75,101
Gross cash	**216,085**	**257,178**
Bank overdrafts	(87)	(108)
CASH NET OF BANK OVERDRAFTS	**215,999**	**257,071**

The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flow from operating activities during the period for Euro 150.1 thousand;
- cash inflows and outflows related to the disposal and acquisition of assets in 2022 for Euro 59 thousand;
- the distribution of dividends to the shareholders of the parent company and to non-controlling interests for Euro (91.5) thousand;
- issues and repayments of borrowings net of the change in outstanding commercial papers for Euro (125.4) thousand;
- net financial interest paid for Euro (31.5) thousand.

14.2.2 Financial liabilities

Net financial liabilities comprise borrowings and financial liabilities, including the fair value of the debt less cash and cash equivalents and fair value hedging derivatives.

Financial liabilities amounted to Euro (1,040.2) million as at December 31, 2022, *versus* Euro (1,101.5) million as at December 31, 2021. These liabilities comprise the following:

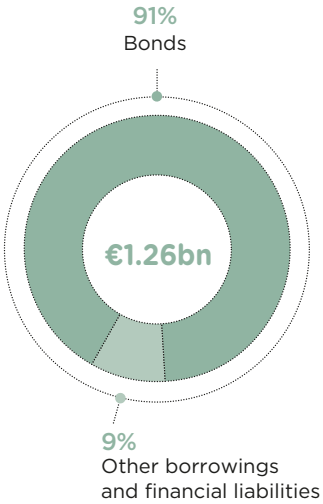
	12/31/2022			12/31/2021		
(in thousands of euros)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	(1,143,021)	(18,368)	(1,161,389)	(1,213,497)	(14,556)	(1,228,052)
Other borrowings and financial liabilities	-	(112,000)	(112,000)	-	(135,000)	(135,000)
Bank overdrafts	-	(87)	(87)	-	(108)	(108)
Fair value of liabilities [(1)]	11,047	4,102	15,148	(23,604)	(480)	(24,084)
Gross financial debt	**(1,131,974)**	**(126,353)**	**(1,258,327)**	**(1,237,101)**	**(150,144)**	**(1,387,245)**
Fair value hedging derivatives – assets	(151)	2,147	1,996	20,185	8,352	28,538
Cash and cash equivalents	-	216,085	216,085	-	257,178	257,178
Cash and cash equivalents and other financial assets	**(151)**	**218,232**	**218,081**	**20,185**	**265,531**	**285,716**
NET FINANCIAL DEBT	**(1,132,125)**	**91,879**	**(1,040,246)**	**(1,216,916)**	**115,387**	**(1,101,529)**

(1) Certain hedging instruments were restructured at the end of 2022. The balance of Euro 12.3 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.

The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro 2,996 thousand and debit risk (DVA) was Euro (151) thousand at December 31, 2022.

The main flows that impacted the change in financial liabilities were changes in bonds for Euro (69.5) million (see Note 14.2.3) as well as commercial paper repayments, net of issues, for Euro (23) million (see Note 14.2.6).

BREAKDOWN OF GROSS FINANCIAL LIABILITIES



14.2.3 Bonds

The change in bond debt for fiscal year 2022 is linked in particular to the placement of a new bond issue on February 17, 2022 for Euro 500 million, with a 7-year maturity and 2.5% coupon. With this latest bond issue, an issue premium was recorded for Euro (3.0) million, along with Euro (2.2) million of issue costs. As for the other bonds, these issue costs are spread in line with the effective interest method over the term of the new bond issue.

Alongside this, Mercialys fully exercised its option for the early redemption of its bond maturing in March 2023, with a residual nominal amount of Euro 469.5 million.

Mercialys also carried out a partial redemption for Euro 100 million of the bond issue due to mature in July 2027. The outstanding amount of this issue represents Euro 200 million. The Company considered that this was an early redemption under IFRS 9 and all of the impacts were recognized in financial expenses for the period.

At December 31, 2022, the amount of bond financing totaled Euro 1,150 million, divided into four issues:

- a Euro 500 million bond issue, yielding a fixed yield of 2.5% and maturing in February 2029;
- a Euro 200 million residual bond issue, yielding a fixed 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 control (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change of control of the Company.

14.2.4 Hedging transactions

In addition, Mercialys introduced an interest rate hedging policy in October 2012 by means of a swap agreement, in order to hedge its interest rate risk. These hedging instruments are recognized in accordance with the fair value hedging method.

In 2022, Mercialys entered into contracts for new cash flow hedging instruments. The premiums relating to these instruments for Euro (793) thousand are recognized in other comprehensive income and are amortized on a straight-line basis over the life of the hedge.

At the same time, Mercialys entered into contracts for a derivative that does not qualify as a hedge. This instrument resulted in the recognition in the income statement under "Other financial income and expenses" of a premium of Euro (517.3) thousand.

All of Mercialys' debt is hedged.

14.2.5 Confirmed credit lines

At the end of December 2022, the Mercialys group's confirmed credit lines amounted to Euro 385 million, of which:

- a Euro 180 million revolving bank credit facility maturing in December 2024;
- five confirmed bank lines for a total amount of Euro 205 million, maturing between July 2024 and December 2027.

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 112 million at December 31, 2022. This figure was Euro 135 million at end-December 2021.

14.2.7 Financial covenants

Mercialys' financial liabilities are subject to default clauses (early repayment) in the event of failure to comply with the following financial ratios:

- LTV (Loan-To-Value): Net financial debt/(fair value excluding the portfolio transfer taxes + market value of investments in consolidated companies) < 50% at each closing date;
- a covenant of less than 55% applies to the confirmed bank lines. The remaining lines are subject to an LTV covenant of less than 50%;
- Interest Coverage Ratio (ICR): consolidated EBITDA [(1)]/Expenses from net financial debt > 2x, at each closing date;
- secured debt/consolidated fair value of investment properties excluding transfer taxes < 20% at any time;
- consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at all times.

Change of control clauses also apply.

	Covenants	12/31/2022	12/31/2021
Loan To Value (LTV)	< 50%	35.3%	36.7%
Interest Coverage Ratio (ICR)	> 2	5.9x	5.1x

At December 31, 2022, the two other contractual covenants (Secured debt/Consolidated fair value of investment properties excluding transfer taxes, and Consolidated fair value of investment properties excluding transfer taxes), as well as the commitment and default clauses, were also complied with.

(1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.

MATURITY OF BOND DEBT AT DECEMBER 31, 2022 AND UNDRAWN FINANCIAL RESOURCES

in millions of euros



Note 15 Trade payables

At December 31, 2022 and 2021, trade payables mainly consisted of unpaid invoices and outstandings relating to supplier Sudeco (property manager on behalf of Mercialys; Sudeco is a subsidiary of the Casino group).

Note 16 Other current liabilities and tax liability

ACCOUNTING PRINCIPLE

Liabilities to be settled during the course of the normal operating cycle or within twelve months of the closing date are classified as "current liabilities." The Group's normal operating cycle is twelve months.

(in thousands of euros)	12/31/2022	12/31/2021
Amounts payable on fixed assets and related accounts	7,034	6,160
Advances and down payments received on orders	1,437	5,984
Tax and social security liabilities	16,063	15,929
Other liabilities	6,564	3,611
Prepaid income	4,139	3,142
Other current liabilities	**35,237**	**34,826**
Current tax liabilities	78	136
Current tax liabilities	**78**	**136**

At December 31, 2022 and December 31, 2021, 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, 2022

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial assets (B)	Financial assets value (A) - (B)	Hedging instruments	Loans and receivables	Financial assets measured at fair value through the other items of comprehensive income	Fair value
Other non-current assets	50,219	4,082	46,136	19,701	23,204	3,231	50,219
Trade receivables	28,557	-	28,557	-	28,557	-	28,557
Other current assets	31,854	13,558	18,296	4,913	13,382	-	31,584
Cash and cash equivalents	216,085	-	216,085	-	216,085	-	216,085

The main measurements used are: the fair value of cash, of trade receivables and of other current financial assets is the same as their book value on the balance sheet, given the short maturities of these receivables.

The fair value measurement methods used with regard to available-for-sale assets, derivatives, and cash and cash equivalents are described in Note 18, p. 180.

As at December 31, 2021

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Total assets non-financial (B)	Asset values financial (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

17.2 Financial liabilities

As at December 31, 2022

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial liabilities (B)	Financial liabilities value (A) - (B)	Liabilities valued at fair value through profit or loss	Hedging instruments	Liabilities measured at amortized cost	Fair value
Bonds	1,161,389	-	1,161,389	-	-	1,161,389	947,578
Other borrowings and financial liabilities [(1)]	112,000	-	112,000	-	-	112,000	112,000
Lease liabilities	10,493	-	10,493	-	-	10,493	10,493
Fair value hedging derivative liabilities [(2)]	(15,148)	-	(15,148)	-	(15,148)	-	(15,148)
Deposits and guarantees	23,622	-	23,622	-	-	23,622	23,622
Trade payables	13,910	-	13,910	-	-	13,910	13,910
Other non-current liabilities	2,377	-	2,377	-	1,646	731	2,377
Other current liabilities	35,237	16,063	19,173	-	-	19,173	35,237
Bank overdrafts	87	-	87	-	-	87	87

(1) Other borrowings and financial liabilities correspond to commercial papers (see Note 14.2.6, p. 176).

(2) Certain hedging instruments were restructured at the end of 2022. The balance of Euro 12.3 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.

The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro (2,996) thousand and debit risk (DVA) was Euro 151 thousand at December 31, 2022.

As at December 31, 2021

				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	1,228,052	-	1,228,052	-	-	1,228,052	1,300,683
Other borrowings and financial liabilities	135,000	-	135,000	-	-	135,000	135,000
Lease liabilities	9,383	-	9,383	-	-	9,383	9,383
Fair value hedging derivative 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

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, 2022

(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	3,231	3,231	-	-	3,231
Fair value hedging derivatives – assets (current and non-current)	1,996	1,996	-	1,996	-
Other derivative assets (current and non-current)	22,618	22,618	-	22,618	-
Cash equivalents	216,085	216,085	216,085	-	-
Liabilities					
Bonds	1,161,389	947,578	947,578	-	-
Other derivative liabilities (current and non-current)	1,646	1,646	-	1,646	-
Fair value hedging derivatives – liabilities (current and non-current) [1]	(15,148)	(15,148)	-	(15,148)	-

(1) Certain hedging instruments were restructured at the end of 2022. The balance of Euro 12.3 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.

The counterparty risk, assessed by means of the Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark to market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro (2,996) thousand at December 31, 2022.

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	-

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, 2022, trade receivables amounted to Euro 28.6 million (see Note 12, p. 171). The structure of trade receivables is highly fragmented.

19.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in paying its debts when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid assets to honor its liabilities when they fall due without incurring unacceptable losses or causing damage to the Group's reputation.

Mercialys has no short-term liquidity risk. At December 31, 2022, it had net cash of Euro 216 million.

The Group has bank lines of Euro 385 million (undrawn as of December 31, 2022).

The following table shows the repayment schedule for financial liabilities as at December 31, 2022, for their nominal amount including interest and excluding discounting.

As at December 31, 2022

	Expiry of contracts						
(in thousands of euros)	Amount due in less than 1 year	Amount due between 1 and 2 years	Amount due between 2 and 3 years	Amount due between 3 and 5 years	Amount due in more than 5 years	Total	Amount recognized in the balance sheet
Bonds and other borrowings excluding derivatives and finance leases	142,150	30,150	30,150	704,900	525,000	1,432,350	1,273,389
Trade payables and other financial liabilities	33,083	-	-	-	23,622	56,705	56,705
Lease liabilities	1,084	1,113	1,142	2,377	4,777	10,493	10,493
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	14,366	14,198	9,864	8,440	1,021	47,889	
Derivative contracts – paid	(9,989)	(11,571)	(16,925)	(17,596)	(3,613)	(59,694)	
Derivative financial instruments assets/(liabilities)	**4,377**	**2,628**	**(7,061)**	**(9,156)**	**(2,593)**	**(11,805)**	

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**	

19.3 Market risk

Market risk is the risk that changes in market prices – such as exchange rates, interest rates and the prices of equity instruments – will adversely affect the Group's net income or the value of the financial instruments that it holds.

The Group's exposure to interest rate risk relates to the borrowings described in Note 14, p. 172. To manage its exposure to the risk of changes in interest rates, the Group uses derivative financial instruments (interest rate swaps).

The risk of an increase in interest rates must be analyzed in connection with the hedging policy put in place by Mercialys through derivative financial instruments. A sensitivity analysis is provided hereafter.

Mercialys operates solely in France (mainland and Reunion Island) and therefore is not exposed to currency risk.

In the first half of 2006, Mercialys entered into a liquidity agreement with Oddo & Cie, with an initial deposit of Euro 1,600,000 in accordance with regulation (EC) No. 2273/2003. Under this contract, the cash funds under management are invested in money-market funds. Cash funds are classified as cash equivalents. No losses were incurred on these funds in 2022 or 2021.

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK:

(in thousands of euros)	12/31/2022	12/31/2021
Bank overdrafts	87	108
Total floating-rate debt (excluding accrued interest) (1)	**87**	**108**
Cash equivalents	50,101	75,101
Cash	165,985	182,078
Total assets	**216,085**	**257,178**
Net position before management	**(216,085)**	**(257,178)**
Derivatives	57,000	192,800
Net position after management	**(159,085)**	**(64,378)**
Net position to be renewed	(159,085)	(64,378)
1% change	1,591	644
Average maturity remaining until the end of the fiscal year	1	1
Change in interest expenses	1,591	644
Expenses from net financial debt	53,234	30,665
Impact of changes in financial expenses/financial costs	**- 2.99%**	**- 2.10%**

(1) The maturity of assets and liabilities at revisable rates is that of the revised rate. Debt not exposed to interest rate risk – primarily accrued interest not yet due – is not included in this calculation.

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK ON DERIVATIVE INSTRUMENTS:

Sensitivity criteria	Impact on pre-tax income *(in thousands of euros)*
Impact of a + 1% change in interest rates	- 196
Impact of a - 1% change in interest rates	158

The sensitivity to interest rate risk on derivative instruments takes into account the restructuring operations implemented in December 2022.

Note 20 Equity and earnings per share

ACCOUNTING PRINCIPLE

How a financial instrument issued by the Group is classified in equity depends on the characteristics of that instrument.

Costs attributable to equity transactions or transactions in own equity instruments are recorded as a deduction from equity, net of tax. Other transaction costs are recognized as expenses of the fiscal year.

Treasury shares are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity, with the result that any gains or losses on disposal, net of the related tax effect, have no impact on the net income for the fiscal year.

20.1 Share capital

On December 31, 2022, the share capital stood at Euro 93,886,501. It consists of 93,886,501 fully paid shares with a par value of Euro 1 each.

(number of shares)	12/31/2022	12/31/2021
Beginning of the fiscal year	93,886,501	92,049,169
End of the fiscal year	**93,886,501**	**93,886,501**

(in thousands of euros)	12/31/2022	12/31/2021
Beginning of the fiscal year	93,887	92,049
End of the fiscal year	**93,887**	**93,887**

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. 186). 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, 2022, the number of treasury shares stood at 600,230, representing Euro 4,927 thousand. Income from the disposal of treasury shares amounted to Euro 748 thousand, net of tax, for the fiscal year ended December 31, 2022 and was recognized directly in Group equity.

As at December 31, 2021, the number of treasury shares stood at 491,593, representing Euro 3,739 thousand. The income on the disposal of treasury shares totaled Euro 551 thousand, net of tax, for the fiscal year ended December 31, 2021, and was recognized directly in Group equity.

20.2 Capital management

The Group's policy is to maintain a solid base of equity capital in order to retain the confidence of investors, creditors and the market, and to support the future growth of the business. The Group pays close attention to the number and diversity of shareholders, the yield rate on equity, the level of dividend paid to shareholders and the liquidity of its shares.

Occasionally the Group makes open market purchases of its own shares. These purchases are made for the purposes of ensuring liquidity in the market for Mercialys shares, holding its own shares for later use in payment or exchange for business acquisitions, and covering the need to provide shares for share purchase or subscription options awarded to employees and corporate officers and for bonus shares awarded to employees and executives.

Neither the Company nor its subsidiaries are subject to any specific capital adequacy requirements imposed by law or regulation.

20.3 Earnings per share

ACCOUNTING PRINCIPLE

Basic earnings per share are calculated on the basis of the weighted average number of shares in circulation during the fiscal year, less any treasury shares.

Diluted earnings per share are calculated using the treasury stock method. Under this method, the denominator also includes the number of potential shares arising from the conversion or exercise of any dilutive instruments (warrants, options, etc.), less the number of shares that could be repurchased at market price with the proceeds received upon exercise of the instruments concerned. Market price means the average price of the share during the fiscal year.

Own equity instruments are included only if they would have a dilutive effect on earnings per share.

20.3.1 Basic earnings, attributable to owners of the parent

(in thousands of euros)	12/31/2022	12/31/2021
Net income attributable to owners of the parent	43,094	62,183
Weighted average number of		
• outstanding shares during the period	93,886,201	93,179,835
• treasury shares	(502,280)	(340,105)
Total number of shares before dilution	**93,384,221**	**92,839,729**
BASIC EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(in euros)*	**0.46**	**0.67**

20.3.2 Diluted earnings, attributable to owners of the parent

(in thousands of euros)	12/31/2022	12/31/2021
Net income attributable to owners of the parent	43,094	62,183
Weighted number of shares before dilution	93,384,221	92,839,729
Number of shares after dilution (1)	**93,384,221**	**92,839,729**
DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(in euros)*	**0.46**	**0.67**

(1) The bonus shares awarded were part of the stock of existing bonus shares. Consequently, this award did not have a dilutive effect.

20.4 Share-based payments

ACCOUNTING PRINCIPLE

The fair value determined on the date when the rights to payment – based on shares paid in equity instruments awarded to employees – are expensed, as an increase in equity, over the vesting period of the rights. The amount recognized as expenses is adjusted to reflect the number of rights for which it is considered that the non-market related conditions of service and performance are met, such that the amount ultimately recognized is based on the actual number of rights that meet the non-market related conditions of service and performance on the vesting date. For rights to payment based on shares combined with other conditions, the measurement of fair value on the grant date reflects these conditions, and the differences between the estimate and the actual payment will not result in a subsequent adjustment.

The fair value of bonus shares is likewise determined as a function of plan characteristics and market data at the award date and assuming employment throughout the vesting period. If the plan specifies no vesting conditions, the expense is recognized in full when the grant is awarded. Otherwise, the expense is spread over the vesting period as the conditions are fulfilled.

Since December 1, 2005, the Group has set up bonus share plans in Mercialys shares for the benefit of employees and executives.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Allocation dates	04/23/2020	04/23/2020	04/22/2021	04/22/2021	04/22/2021	04/28/2022	04/28/2022	04/28/2022
End of allocation period	04/23/2023	04/23/2023	04/22/2024	04/22/2024	04/22/2023	04/28/2025	04/28/2025	04/28/2024
End of holding period	04/23/2025	04/23/2025	04/23/2026	04/23/2026	04/23/2023	04/29/2027	04/29/2027	04/29/2024
Share price at the allocation date *(€)*	7.48	7..48	9.97	9.97	9.97	9.55	9.55	9.55
Number of beneficiaries	2	7	2	13	118	2	12	135
Number of bonus shares awarded at inception	137,779	44,904	95,112	49,074	11,800	120,437	60,000	13,500
Fair value of bonus share *(€)*	3.28	3.65	5.41	5.80	8.16	5.66	5.87	7.52
Selected performance rate	74%	75%	100%	133%	100%	117%	117%	100%
NUMBER OF OUTSTANDING SHARES BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2022	**137,779**	**22,452**	**95,112**	**29,250**	**9,300**	**120,437**	**60,000**	**11,800**

Bonus shares only vest subject to a criterion and when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividends (relative TSR);
- organic growth in rents and FFO growth;
- the CDP (Carbon Disclosure Project) rating;
- the percentage of the portfolio achieving BREEAM In-Use certification (CSR criterion);
- reduction at three years of carbon intensity per unit area.

20.4.1 Bonus share plans

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2021	**306,566**
Shares awarded	155,986
Shares canceled	(105,952)
Shares issued	(2,640)
Outstanding shares at December 31, 2021	**353,960**
Shares awarded	193,937
Shares canceled	(50,628)
Shares issued	(11,139)
OUTSTANDING SHARES AT DECEMBER 31, 2022	**486,130**

20.4.2 Impact on income and equity of share-based compensation

For the fiscal year ended December 31, 2022, this share-based compensation generated an income of Euro 773 thousand charged to "Personnel expenses". In 2021, the share plans generated an expense of Euro 45 thousand, 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.

	12/31/2022		12/31/2021	
(in thousands of euros)	SAS Hyperthetis Participations	SAS Immosiris	SAS Hyperthetis Participations	SAS Immosiris
% interest	51%	51%	51%	51%
Net rental income	15,513	6,278	15,938	7,307
Operating income	12,878	4,850	12,307	5,940
Tax expense	(102)	(29)	(93)	(29)
Net income	**12,776**	**4,821**	**12,213**	**5,911**
Investment properties	256,353	137,486	258,019	136,897
Other non-current assets	-	29	-	69
Non-current assets	**256,353**	**137,515**	**258,019**	**136,966**
Trade receivables	1,290	620	442	1,607
Other current assets	1,114	317	903	495
Cash and cash equivalents	16,234	7,169	9,543	6,607
Current assets	**18,638**	**8,105**	**10,888**	**8,709**
TOTAL ASSETS	**274,991**	**145,620**	**268,906**	**145,675**
Equity	**274,632**	**144,335**	**268,304**	**143,965**
Attributable to non-controlling interests (see Note 3.1.1.3, p. 138)	134,570	70,724	131,469	70,542
Other non-current liabilities	-	1,168	-	1,036
Non-current liabilities	**-**	**1,168**	**-**	**1,036**
Trade payables	36	38	304	250
Other current liabilities	322	79	301	424
Current liabilities	**359**	**117**	**605**	**674**
TOTAL EQUITY AND LIABILITIES	**274,991**	**145,620**	**268,906**	**145,675**

Note 21 Dividends

Dividend for the fiscal year 2021

Out of 93,886,501 shares at December 31, 2021, 93,505,805 shares benefited from the dividend awarded for the fiscal year ended on December 31, 2021 (with 380,696 treasury shares not entitled to dividends).

The Company paid its shareholders a gross dividend of Euro 0.92 per share for the fiscal year ended on December 31, 2021, representing a total of Euro 86,025 thousand.

Dividend for the fiscal year 2022

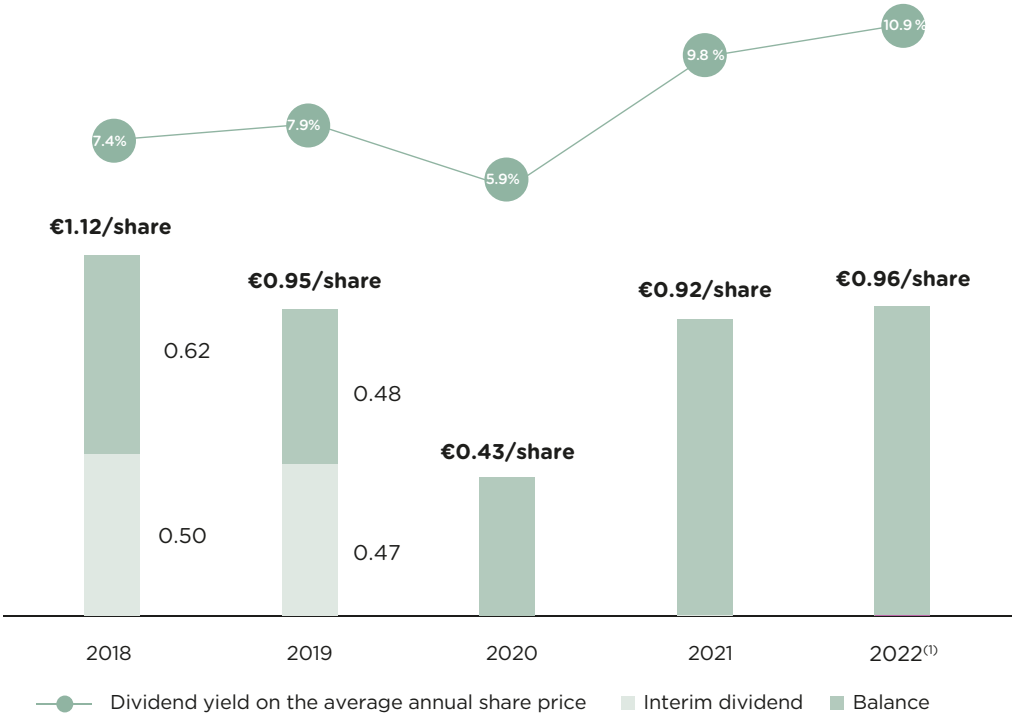
The Board of Directors of Mercialys will propose to the General Meeting of April 27, 2023 the payment of a dividend of Euro 0.96 per share, *i.e.* Euro 90,131 thousand for 93,886,501 shares.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from:

- the leasing or subletting of properties;
- the distribution at 70% of the tax-exempt profits for the fiscal year 2022 from the disposal of properties and investments in real estate companies;
- the distribution of the tax-exempt income recorded in the Company's balance sheet.

The ex-dividend date will be May 2, 2023, with the dividend paid on May 4, 2023.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Subject to approval by the General Meeting of April 27, 2023.

Note 22 Provisions

ACCOUNTING PRINCIPLE

Post-employment benefits

The companies of the Group participate in the instituting of different kinds of benefits for their employees.

In connection with defined contribution plans, the Group is not obliged to make additional payments in addition to the contributions already paid into a fund if the latter does not have sufficient assets to provide the benefits corresponding to the service provided by the employee during current and prior periods. For these plans, contributions are recognized as expenses when they are incurred. Defined contribution plans correspond to general and supplementary schemes of French social security.

The other schemes are defined benefit schemes concerning retirement benefits. Within the context of these plans, commitments are valued according to the projected unit credit method on the basis of agreements in force within each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. These plans and termination benefits are subject to an actuarial valuation by independent actuaries each year for the largest plans and at regular intervals for other plans. These valuations take account in particular of the level of future compensation, employees' probable length of service, life expectancy and staff turnover.

Actuarial gains and losses arise from changes to assumptions and the differences between estimated earnings based on actuarial assumptions and actual earnings. These differences are recognized as items of other comprehensive income for all actuarial gains or losses relating to defined benefit schemes.

Past service costs, indicating the increase in an obligation following the introduction of a new plan or changes to an existing plan, are recognized immediately as expenses.

Expenses relating to plans of this kind are recognized as operating income (cost of services provided, during and prior to the period, reductions and payments) and as "Other financial income and expenses" (financial expenses).

The provision recognized in the balance sheet corresponds to the discounted value of the commitments thus valued.

Other provisions

A provision is recognized when the Group has a current contractual or implied obligation arising from a past event and it is probable that an outflow of resources representing economic benefits will be necessary to fulfill that obligation, provided that the amount of the liability may reliably be estimated.

When time value is material, the amount of the provision is determined by discounting the future expected cash flows.

22.1 Breakdown and changes

Provisions for liabilities and charges include the estimated costs of litigation and other operating risks. The amount of these provisions is not materially different from the actual expenses incurred, in return.

Movements *(in thousands of euros)*	**Provisions for liabilities and charges**	**Provisions Retirement**	**Provisions Long service awards**	**Total**
As at January 1, 2021	**10,004**	**1,090**	**55**	**11,149**
Additions	3,089	126	10	3,225
Reversals	(1,588)	-	-	(1,588)
Other changes [1]	-	(334)	-	(334)
As at December 31, 2021	**11,505**	**882**	**65**	**12,451**
Additions	2,597	158	49	2,804
Reversals	(761) [2]	-	(64)	(824)
Other changes [1]	-	73	-	73
AS AT DECEMBER 31, 2022	**13,341**	**1,113**	**50**	**14,504**

(1) Other changes mainly correspond to actuarial gains and losses.

(2) The reversals of Euro 761 thousand at the end of December 2022 include Euro 704 thousand of provisions that are now no longer applicable.

22.2 Main assumptions used to determine the amount of commitments relating to defined-benefit schemes

Defined benefit schemes are exposed to interest rate risks, the rate of pay rises and the mortality rate.

Details of the main actuarial assumptions made in assessing commitments are provided in the table below:

	12/31/2022	12/31/2021
Discount rate	3.2%	1.0%
Expected rate of pay rises	3.5%	1.6%
Retirement age	64 years	64 years

The discount rate is determined by reference to the iBoxx € Corporates AA 10+ index.

The benchmark mortality tables TGH05 and TGF05 are used for the calculation.

Note 23 Off-balance sheet commitments

The principal commitments are the following:

23.1 Commitments related to ordinary activities

23.1.1 Commitments received

23.1.1.1 Bank guarantees received

Bank guarantees received as a guarantee for the proper payment of rents and service charges amounted to Euro 7,503 thousand at December 31, 2022, *versus* Euro 9,315 thousand at December 31, 2021.

Since December 31, 2021, there have been no bank guarantees received in connection with work ordered from suppliers.

23.1.1.2 Rental guarantees 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 reopening 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

In connection with the disposal of 49% of SAS Hyperthetis Participations, Mercialys had a call option on the company's shares or on the real estate assets held by the minority shareholders at a guaranteed minimum price (the higher of the fair value and an IRR), which it had the option to exercise before April 30, 2022. Mercialys did not exercise this option.

Protocol relating to the disposal of real estate assets and assistance agreement for the disposal of real estate assets

Mercialys and SPF2 Hyperthe, partners of Hyperthétis, have mutually agreed to open a liquidation process for their joint investment in Hyperthétis.

A memorandum of understanding was signed on December 14, 2022, under which Mercialys undertakes to sell all of its Hyperthétis assets, subject to certain conditions.

Mercialys, which owns the premises adjacent to the Hyperthétis assets, also undertakes to sell, subject to certain conditions, these premises whose proximity means that they can be offered for sale at the same time.

To this end, Mercialys has accepted and signed an assistance agreement relating to the preparation and completion of the transaction.

This agreement is granted and accepted for a period expiring on August 31, 2023 and may be extended until February 29, 2024, the date on which it will end.

This new agreement does not call into question the shareholders' agreement signed on November 10, 2015 between Mercialys and SPF2 Hyperthe.

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

No pledge, mortgage, or other conveyance of security interest applies to the Group's assets.

The Group has received the customary warranties from the transferor companies in respect of properties transferred to it.

The Group complies with the applicable regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

23.3 Operating lease commitments

Lessor of operating leases

Almost all the leases granted by the Mercialys group in connection with its business activity are commercial leases, but a few construction leases have been granted in special cases.

The leases signed include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion (the guaranteed minimum rent) and a portion pegged to the revenue of the lessee operating the commercial premises. The minimum guaranteed rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease is due from the lessee whenever there is a positive difference between the percentage of pre-tax revenue earned by the lessee during the calendar year and the base rent.

Unless there is an indexation clause in the lease agreement that provides otherwise, rent amounts are adjusted to the index at the end of each three-year period of the lease. For all leases, the base rent, whether a fixed-only rent or the minimum guaranteed portion of a variable rent, is contractually indexed to the Construction Cost Index or retail rent index published by INSEE in accordance with applicable regulations.

The minimum future rental income receivable under non-cancelable operating leases are as follows:

(in thousands of euros)	12/31/2022	12/31/2021
Less than one year	142,764	140,985
Between one and five years	148,020	176,742
More than five years	11,166	12,177
TOTAL	**301,949**	**329,904**

Note 24 Related-party transactions

Until April 28, 2022, the date when the Casino group's last representative on the Mercialys group's Board of Directors resigned, the Mercialys group had a number of contractual relations with various Casino group companies.

24.1 Identification of the consolidating company

During its meeting on April 28, 2022, following the General Meeting, the Board of Directors was informed that the company La Forézienne de Participations, a non-independent director, was resigning from its position as a director. This resignation took effect following this Board meeting. This resignation follows the Casino group's divestment of its remaining interest in Mercialys' capital, as announced on April 4, 2022. As a result, the Mercialys group is no longer consolidated in the Casino group's financial statements and the Casino group is no longer a related party.

24.2 Leases granted by the Group to Casino group companies

Until April 28, 2022, the date when the Casino group's last representative on the Mercialys group's Board of Directors resigned, the Mercialys group had a number of contractual relations with various Casino group companies.

- The rent charged for these leases from January 1 to April 28, 2022 came to:
- Euro 10,610 thousand for Distribution Casino France (*versus* Euro 30,631 thousand at December 31, 2021);
- Euro 394 thousand for Monoprix (*versus* Euro 1,763 thousand at December 31, 2021);
- Euro 1,940 thousand for the other entities (*versus* Euro 6,452 thousand at December 31, 2021).

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 April 28, 2022 amounted to Euro 2,993 thousand, *versus* Euro 5,882 thousand as at December 31, 2021.

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 2022, this agreement covered administrative management, accounting/finance and IT services. The amount paid by Mercialys to Casino group under this agreement was Euro 228 thousand as at April 28, 2022, *versus* Euro 954 thousand at December 31, 2021.

This agreement expired on 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 thousand in non-use fees for the funds made available by Casino Finance.

In January 2022, Mercialys canceled early this current account advance after paying Euro 62 thousand in non-use fees to Casino Finance.

24.6 Agreements entered into with the Casino group relating to transactions for the acquisition of real estate 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.

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.

24.7 Transactions with SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a Real Estate consulting services 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 1,106 thousand.

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 Euro 18,664 thousand loan to SCI AMR (including accrued interest) at the end of December 2022.

24.8 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, 2022, its Board had eight 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)	12/31/2022	12/31/2021
Short-term benefits [1]	2,021	1,494
TOTAL	**2,021**	**1,494**

(1) Gross salaries (excluding employer contributions), bonuses, incentives, profit-sharing, benefits in kind and directors' fees.

No members of the management bodies held stock options on Mercialys shares as at the end of December 2022.

24.9 Related-party transactions – summary

(in thousands of euros)	12/31/2022	12/31/2021
Income/(expenses)		
Invoiced rents [1]		
Distribution Casino France	10,610	30,631
Monoprix	394	1,763
Other Casino group entities [1]	1,940	6,452
Compensation paid by IGC [1]	-	1,337
Property Management service fees paid to the Casino group [1]	(2,993)	(5,882)
Service agreement fees paid to the Casino group [1]	(228)	(954)
Transactions with SCI AMR [2]	1,106	840
Non-use fees paid to Casino Finance [1]		(554)
Assets/(liabilities)		
Loan to SCI AMR	18,664	18,817
Call for funds issued for the Sacré-Cœur real estate development contract with Casino group	-	311

(1) During its meeting on April 28, 2022, following the General Meeting, the Board of Directors was informed that the company La Forézienne de Participations, a non-independent director, was resigning from its position. This resignation took effect following this Board meeting. This resignation follows the Casino group's divestment of its remaining interest in Mercialys' capital, as announced on April 4, 2022. As a result, the Mercialys group is no longer consolidated in the Casino group's financial statements and the Casino group is no longer a related party.

(2) L'Immobilière Groupe Casino, a subsidiary of Casino group, granted a compensation guarantee of Euro 1.3 million on the Arles site. At December 31, 2021, this was recognized in the Mercialys consolidated financial statements under "Other income" (see Note 6.3, p. 154).

24.10 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 on December 31, 2022 and 2021:

OTHER TRANSACTIONS WITH CASINO GROUP SUBSIDIARIES

	Income	Expenses	Payables	Receivables
(in thousands of euros)	concerning related parties			
2021	15,470	(633)	(1,016)	1,640
2022	**5,525**	**(81)**	**-**	**-**

These transactions primarily include service charges and work charged back to the tenants concerned.

The Casino group subsidiaries are no longer considered as related parties from April 28, 2022, the date when the company La Forézienne de Participations, a non-independent director of the Casino group, resigned from its position on the Mercialys group's Board of Directors.

OTHER TRANSACTIONS WITH EQUITY ASSOCIATES

	Income	Expenses	Payables	Receivables
(in thousands of euros)	concerning related parties			
2021	887	(669)	(86)	1,183
2022	**481**	**(565)**	**(230)**	**1,203**

Note 25 Contingent liabilities

Contingent liabilities relating to a project at the Saint-André site

In 2015, Mercialys, through Epicanthe, acquired shares in SCI Cypérus Saint André (formerly Toutoune), the holder of a sales agreement for the acquisition of a plot of land in the Saint-André district on Reunion Island. This acquisition was part of planned shopping center development

A Euro 900,000 adjustment to the price of the SCI Cypérus Saint André shares was planned, subject to the Saint-André urban planning scheme (*plan local d'urbanisme* – PLU) being adopted before June 30, 2019, either (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a commercial operating permit (*autorisation d'exploitation commerciale* – AEC) enabling the project to go

ahead, or (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project, which was filed on October 4, 2017, to be withdrawn. Mercialys does not believe that any disbursements are likely and so has not recognized any related provision at the end of 2022.

Mercialys has not abandoned its intention to develop this piece of land which is located in a region with great potential, but which will, in part, be dependent on the urban planning strategy adopted by the local authorities.

Note 26 Statutory Auditors' fees

Fees paid to Mercialys' Statutory Auditors amounted to Euro 608 thousand for the fiscal year ended December 31, 2022 (*versus* Euro 461 thousand at December 31, 2021).

Statutory Auditors' fees for the fiscal year 2022 *(in thousands of euros)*	**EY**	**KPMG**
Certification of individual and consolidated financial statements and limited review	307	273
Services other than the certification of financial statements [1]	63	13
TOTAL	**372**	**286**

(1) Services other than the certification of the financial statements relate to the CSR report and the issuance of the comfort letter.

Note 27 Workforce

Number of employees	**12/31/2022**	**12/31/2021**
Workforce at closing date [1]	168	137
Full-time equivalent [2]	155	133

(1) Staff on permanent and fixed-term employment contracts.
(2) Average number of full-time equivalent employees over the year.

Note 28 Subsequent events

There are no subsequent events.

3.1.3 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended on December 31, 2022

To the General Meeting of Mercialys,

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 on December 31, 2022, as attached to this report.

In our opinion, in accordance with the International Financial Reporting Standards as adopted by the European Union, the consolidated financial statements give a true and fair view of the Funds From Operations for the past fiscal year and of the financial position and portfolio of the Group and its consolidated entities, at the end of said year.

The opinion given above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Reporting standards

We conducted our work in accordance with the professional standards applicable in France. We believe that the evidence we have obtained is a sufficient and appropriate basis for our audit opinion.

Our responsibilities under these standards are 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, 2022 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

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, 2022, the net book value of the Group's investment properties amounted to Euro 1,907 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 consolidated financial statements; • the use, by the independent appraisers, of level 3 non-observable inputs as defined by IFRS 13 – Fair Value Measurement, to determine fair value. Consequently, these fair values are based on estimates; • the sensitivity of fair value to the assumptions adopted by the appraisers, which is used to assess the absence of impairment in the investment properties.	In connection with our audit of the Mercialys consolidated financial statements, we implemented the following procedures: • assessment of the competence, independence and integrity of the independent appraisers appointed by the Company; • analysis of the significant changes in fair values, per investment property; • testing of the operational effectiveness of management verifications of the data sent to the appraisers and used to value the investment properties and the verifications made by Management of the fair values derived from these independent appraisals; • interviews, in the presence of our real estate specialists, with the independent appraisers in order to understand and assess the relevance of the estimates, assumptions and measuring methodology applied; • comparison, over a selection of assets, of the data used by the independent appraisers with the data present in the supporting documents such as rental statements and the investment budgets that we received from the Company; • for a selection of assets, analysis, with our real estate specialists, of the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available; • comparison of the items taken into account to determine the amount of provisions to recognize for the impaired investment properties (comparison of the net book values with the audited financial statements, and of the fair value with the independent appraisal); • examination of the suitability of the information given in note 8 to the consolidated financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verifications required by law and regulations on the information relating to the Group, presented in the 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.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as in the consolidated financial statements attached to this report.

Furthermore, it is not our responsibility to verify 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 were appointed as the Statutory Auditors of Mercialys by your General Meeting of May 6, 2010.

At December 31, 2022, our firms were in their thirteenth year of uninterrupted auditing.

Previously, ERNST & YOUNG Audit had been the Statutory Auditor since 1999.

Responsibilities of management and members of corporate governance relating to the consolidated financial statements

Management is responsible for preparing the consolidated financial statements presenting a fair view in accordance with the International Financial Reporting Standards as adopted in the European Union and for setting up the internal control system that it considers necessary for the preparation of 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 to monitor the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit systems, in terms of procedures relating to the production and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. We seek to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards can systematically detect all material misstatements. Misstatements may stem from frauds or from errors and are considered to be material when one can reasonably expect that, taken individually or together, they may influence the economic decisions that the users of the financial statements may make on the basis of such statements.

As specified 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 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 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. 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 13, 2023

KPMG SA

Régis Chemouny

Partner

Lyon, March 13, 2023

Ernst & Young

Sylvain Lauria

Partner

3.2 Separate financial statements

3.2.1 Financial statements

3.2.1.1 Income statement

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Rental revenues		120,337	119,922
Non-recovered property taxes		(2,226)	(3,053)
Non-recovered service charges		(3,442)	(2,956)
Net property operating charges		652	(7,776)
Net rental income	**3**	**115,322**	**106,137**
Management, administrative and other activities income	4	1,152	1,409
Depreciation		(22,911)	(24,295)
Provisions		(2,660)	(1,176)
Personnel expenses	5	(10,478)	(10,211)
Other expenses	6	(12,930)	(9,509)
Operating income		**67,495**	**62,355**
Net financial expense	7	(13,434)	(22,429)
Net exceptional items	8	5,069	(7,851)
Corporate tax	9	7	1,026
NET INCOME		**59,137**	**33,102**

3.2.1.2 Balance sheet

Assets

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Intangible assets		10,268	10,619
Depreciation and impairment		(7,226)	(6,553)
Subtotal		**3,042**	**4,066**
Property, plant and equipment		1,421,387	1,489,684
Depreciation and impairment		(266,437)	(247,298)
Subtotal		**1,154,950**	**1,242,387**
Investments:		770,000	765,117
Impairment of investments		(62,635)	(63,651)
Subtotal		**707,365**	**701,466**
Total non-current assets	**10**	**1,865,357**	**1,947,918**
Receivables	11	192,324	222,476
Cash	12	177,987	227,046
Adjustment accounts		19,947	5,593
Total current assets		**390,258**	**455,116**
Expenses to be spread over several fiscal years		3,775	3,177
Bond redemption premiums		4,827	7,011
TOTAL ASSETS		**2,264,217**	**2,413,222**

Liabilities

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Share capital and additional paid-in capital		561,944	561,944
Reserves		9,389	9,205
Revaluation adjustment		15,635	15,635
Retained earnings		244,074	297,257
Earnings		59,137	33,102
Interim dividend		-	-
Statutory provisions		1,699	1,699
Equity	**13**	**891,878**	**918,842**
Provisions	14	14,823	11,816
Borrowings and financial liabilities	15	1,299,768	1,390,125
Payables	16	56,380	90,004
Adjustment accounts	17	1,368	2,435
Current liabilities		**1,372,339**	**1,494,380**
TOTAL LIABILITIES		**2,264,217**	**2,413,222**

3.2.1.3 Cash flow statement

(in thousands of euros)	Notes	12/31/2022	12/31/2021
Net income		59,137	33,102
Depreciation, amortization, and impairment allowances net of reversals		30,384	38,250
Income from asset disposals		(10,457)	(1,168)
Other calculated expenses/(income)		14,634	4,540
Cash flow		**93,698**	**74,723**
Change in working capital requirement [(1)]		**(23,417)**	**22,725**
Net cash flow from operating activities		**70,280**	**97,448**
Acquisitions of investment assets		(17,741)	(9,523)
Disposals of fixed assets [(2)]		80,844	12,584
Change in loans and advances granted [(3)]		1,030	3,050
Net cash flow from investing activities		**64,134**	**6,112**
Dividends and interim dividends paid	13	(86,025)	(39,504)
Increase or decrease in share capital		-	17,106
Increase in borrowings [(4)]		755,052	230,672
Decrease in borrowings [(4)]		(852,500)	(526,700)
Net cash flow from financing activities		**(183,473)**	**(318,426)**
Change in net cash position		**(49,059)**	**(214,866)**
Net cash at beginning of year		226,980	441,845
Net cash at end of year	12	177,921	226,980
Net cash at end of year		**177,921**	**2226,980**
Cash on balance sheet		**177,987**	**227,046**
Bank overdrafts		**(66)**	**(66)**

(1) The change in working capital requirement breaks down as follows:

• *Trade receivables*	*12,072*	*(1,487)*
• *Suppliers*	*(804)*	*(842)*
• *Other receivables*	*(18,219)*	*8,384*
• *Other liabilities*	*3,110*	*17,758*
• *Adjustment accounts*	*(19,576)*	*(1,088)*
Change	**(23,417)**	**22,725**

(2) In 2021, cash inflows on disposals mainly related to the disposal of the Marseille Canebière and Angoulême sites for Euro 11.4 million, excluding transfer taxes.

In 2022, cash inflows related to disposals mainly consisted of the disposals of the Géant Casino hypermarkets in Annecy Seynod and Saint-Étienne Monthieu, as well as the disposals of the Marseille Sainte-Anne and Marseille Croix-Rouge sites for Euro 75.0 million excluding transfer taxes.

(3) In 2022, OPCI UIR2 repaid the sum of Euro 886 thousand.

(4) In 2021, increases and decreases in borrowings and financial liabilities corresponded solely to changes in commercial papers issued and the Euro 99,200 thousand bond redemption. In 2022, increases and decreases in borrowings and financial liabilities correspond solely to changes in commercial papers issued, the Euro 181,300 thousand bond redemption, and a new Euro 300,000 thousand loan (see Note 15).

3.2.2 Notes to the financial statements

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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 lease rights and preliminary sales agreements included in the contract are transferred to property, plant and equipment. Prior to exercise, purchase options are subject to excess tax depreciation on the amortizable portion of the assets concerned.

1.2 Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at cost or transfer value.

Assets are depreciated using the component method.

For buildings, four components have been identified: structural elements, roofing, fire protection of the building shell, and fixtures.

"Roofing" and "fire protection of the building shell" are identified as separate components only in the case of major renovations. In all other cases, they are not separated from the "structural elements."

Property, plant and equipment are depreciated using either the straight-line method or the diminishing balance method, depending on the characteristics of each asset. For assets received in the contribution, the depreciation period for fixtures is limited to the estimated remaining useful life.

Depreciation expense calculated according to the straight line method corresponds to economic depreciation. The depreciation periods used for the main types of assets are as follows:

Type of asset	Depreciation period
Land arrangements and improvements	40 years
Buildings (structural elements)	50 years
Roofing	15 years
Fire protection of the building shell	25 years
Fixtures and fittings and renovation of premises	10 years-20 years

For all land and constructions, the net book values thus defined are compared to the fair values. Fair value is determined by appraisals conducted for Mercialys on a regular basis by independent appraisers. The valuation of investment property requires some judgment and estimates. When the difference between the fair value and NBV is greater than or equal to Euro 15,000 or greater than 5% of the value of the asset, a provision is recorded.

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

Moreover, Mercialys complies with the Code of Ethics for French REITs (*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 fiscal year in which it is incurred;
- **the site is renovated**: if payment of eviction compensation is due to renovation work on the building, this expenditure is included in the cost of this work.

1.3 Investments

Participating interests are recorded in the balance sheet at cost or transfer value. An impairment allowance is recognized if the value in use is less than fair value. If the fall in value is unusual and temporary, no impairment is recorded.

The value in use is determined on the basis of several criteria such as net assets of the relevant companies at year-end (restated to reflect appraisals of real estate portfolio – see Note 1.2), level of profitability, outlook and usefulness to the Company.

1.4 Provisions

In accordance with ANC regulation 2014-03 on liabilities, any obligation to a third party that entails a probable future outflow of resources without offsetting consideration is recognized by a provision whenever the liability can be reliably estimated.

Managers and other employees receive a post-employment benefit (end-of-career allowance) on retirement, commensurate with their seniority.

In accordance with CNC Recommendation 2003-R.01, a provision is recognized for the estimated liability in respect of all vested rights to post-employment benefits. The amount of this provision has been determined by the projected unit credit method and includes related payroll taxes.

The Company has established bonus share plans for the benefit of Mercialys group managers and employees. A provision is established for the duration of the plan to cover the Company's probable liability, taking into account the award criteria and assuming that the beneficiaries are still employed by the Company at the end of the vesting period.

Receivables and payables are measured at nominal value. Provisions for impairment are booked for receivables in the event of recovery difficulties.

1.5 Financial instruments

The Company uses several financial instruments to reduce its interest rate risk. In this case, the nominal number of forward contracts is reported under off-balance sheet commitments. Only accrued coupons for the fiscal year are recognized in income, against other receivables for derivative assets and other payables for derivative liabilities.

1.6 Rental revenues

Rental revenues comprise the rental of properties by Mercialys to its tenants. The amounts invoiced are recognized as revenue for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Benefits granted to tenants are recognized on a straight-line basis over the term of the contract.

Stepped rents and rent holidays are accounted for by spreading an amount as a decrease or increase to rental revenues for the fiscal year. The spreading is done over the committed term of the lease.

Rental revenue also includes upfront payments made by tenants upon signing the lease. If such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years. If not, they are recognized in full in income over the fiscal year in which the tenant takes possession.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include property taxes and service charges not billed to tenants, as well as other property operating expenses. These expenses do not include expenses recognized by the Company as "Other expenses" or "Personnel expenses".

1.7 Taxes

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 real estate 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 fall within the scope of the Company's ordinary activities.

This line item includes in particular income from the disposal of real estate assets.

Note 2 Significant events of the fiscal year

The significant events of the fiscal year are as follows:

Financing

During the first quarter of 2022, Mercialys rolled out a three-pronged refinancing operation. In February 2022, the Company carried out a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon. Alongside this, Mercialys completed the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million. Lastly, in March 2022, the Company fully exercised its make-whole call option for the early redemption of its bond maturing in March 2023 with a residual nominal total of Euro 469.5 million. This operation enabled Mercialys to consolidate its balance sheet liquidity and significantly extend the maturity of its debt.

At end-June 2022, Mercialys set up a new credit line for Euro 40 million, maturing in June 2025. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 25 million line due to mature in June 2023.

Asset rotation

In April 2022, Mercialys finalized the sale of the Géant Casino Annecy Seynod and Saint-Étienne Monthieu hypermarkets, for a combined total including transfer taxes of nearly Euro 65 million, to Inter Gestion REIM, operating on behalf of SCPI Cristal Rente, its specialist retail property company.

In December 2022, Mercialys completed the sale of the Marseille Sainte-Anne and Marseille Croix-Rouge shopping centers to a private investor, for a cumulative amount of Euro 10 million including transfer taxes, *i.e.* a level in line with the appraisal values of June 30, 2022.

Shareholding and governance

In February 2022, the Casino group indicated that it had sold 6.5% of Mercialys' share capital through a total return swap (TRS), reducing its shareholding to 10.3%. In April 2022, the Casino group indicated that it had sold its remaining stake in Mercialys' share capital through a further TRS, and thus no longer holds any voting rights.

Following these sales, Mr. Michel Savart and the company La Forézienne de Participations, a non-independent director, represented by Mr. David Lubek, who both represented the Casino group on Mercialys' Board of Directors, resigned from their positions as directors on April 26 and April 28, 2022 respectively.

In June 2022, the Board of Directors decided to co-opt Mr. Vincent Ravat, Mercialys' Chief Executive Officer, as a director. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

On July 1, 2022, the company Generali Vie, represented by Sébastien Pezet, resigned from its position as a director of Mercialys, with immediate effect.

On September 29, 2022, Mercialys was informed by a statutory threshold crossing declaration that Crédit Agricole Corporate and Investment Bank (CACIB), a subsidiary of Crédit Agricole SA, had held less than 1% of its share capital and voting rights since September 28, 2022. The residual interest of Crédit Agricole Corporate and Investment Bank resulted from the disposal, by the Casino group, of the remaining 10.3% shareholding in Mercialys' share capital as part of a total return swap (TRS) in April 2022 (see above).

In October 2022, on the proposal of the Appointments, Compensation and Governance Committee, Mercialys' Board of Directors decided to co-opt Jean-Louis Constanza as an independent director. He was appointed to replace Generali Vie, represented by Sébastien Pezet. The ratification of this co-opting will be submitted for approval at the General Meeting to be held on April 27, 2023.

Mercialys was informed, on November 29, 2022, by a statutory threshold crossing declaration that Generali Vie, a subsidiary of the Generali group in France, had fallen below the statutory thresholds of 5, 4, 3, 2 and 1% of the share capital and voting rights of the Company as of November 25, 2022.

General background

While the geopolitical environment linked to the conflict in Ukraine did not directly affect Mercialys' business, it may also have weighed on the global economic environment, through its impact on inflation, retailer supply chains and consumption.

Note 3 Net rental income

(in thousands of euros)	12/31/2022	12/31/2021
Invoiced rents	120,010	118,959
Lease rights and despecialization indemnities	327	963
Rental revenues	**120,337**	**119,922**
Property tax	(9,578)	(9,178)
Rebilling to tenants	7,352	6,125
Non-recovered property taxes	**(2,226)**	**(3,053)**
Service charges	(19,694)	(20,410)
Rebilling to tenants	16,252	17,454
Non-recovered service charges	**(3,442)**	**(2,956)**
Management fees	(5,172)	(4,498)
Rebilling to tenants	2,858	2,933
Other expenses	2,965	(6,210)
Net property operating charges	**652**	**(7,776)**
NET RENTAL INCOME	**115,322**	**106,137**

(1) Include the reversal of a provision for losses on and impairment of receivables of Euro 8.2 million in 2022, generated by the collection efforts in respect of 2020 and 2021, as well as an allocation of Euro 4 million calculated according to the traditional actuarial method and which includes the impact of the liquidation of the Camaïeu brand.

"Other expenses" include in particular rents paid by the Company on construction leases and very long-term ground leases, rent of property finance leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.

Note 4 Management, administrative and other activities income

Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with consulting services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. The income from management is unchanged *versus* the previous year.

Note 5 Personnel expenses

Personnel expenses comprise compensation and benefits granted to the Company's employees.

On average over the fiscal year 2022, the Company had 52 employees (47 managers, 3 supervisors and 2 clerical staff), *versus* 55 employees in 2021.

Note 6 Other expenses

Other expenses comprise shopping center advertising and overhead costs. Overhead costs consist primarily of financial communication costs, corporate communication costs, research and marketing expenses, service functioning costs, directors' paid to Board members, fees paid for subcontracted services (accounting, financial management, human resources management, legal management, IT), fees paid to the Statutory Auditors and the costs incurred for appraisals and the management of the portfolio.

Note 7 Net financial expense

(in thousands of euros)	12/31/2022	12/31/2021
Financial income	**68,846**	**34,883**
Reversal of provision for impairment of participating interests	4,131	668
• Hyperthetis Participations	2,802	-
• Point Confort	97	-
• Rennes-Anglet	-	87
• Immosiris	1,232	230
• UIR 2	-	351
Income from consolidated interests	43,623	13,029
• Point Confort	-	145
• Mercialys Participations	34,500	-
• Dentelle	-	105
• AMR	3,045	2,971
• Immosiris	2,406	2,487
• Hyperthetis Participations	3,253	6,947
• Rennes-Anglet	195	150
• Other	224	224
Interests in affiliated companies	3,742	3,426
Net income/sale of treasury shares	1,974	1,335
Financial income from investments	577	834
Interest income on hedging derivatives	14,795	15,586
Other financial income	3	6
Financial expenses	**(82,280)**	**(57,311)**
Provision for bonus share plans	(681)	(366)
Provisions for foreign exchange losses	(411)	-
Depreciation of bond redemption premium	(6,777)	(5,356)
Provision for participating interests	(3,115)	(5,816)
• Point Confort	-	(707)
• UIR II	(134)	(509)
• AMR	(1,325)	(1,114)
• Rennes-Anglet	(423)	-
• Hyperthetis Participations	-	(2,217)
• Immosiris	(1,232)	-
• Dentelle	-	(1,232)
• Ocitô	-	(37)
Interests in affiliated companies	(570)	(520)
Interest on borrowings	(30,563)	(32,064)
Interest charges on hedging derivatives	(8,757)	(8,748)
Net expense/sale of treasury shares	(1,226)	(785)
Capitalization of borrowing costs	-	43
Other financial expenses [2]	(30,180)	(3,700)
NET FINANCIAL EXPENSE	**(13,434)**	**(22,429)**

(1) Of which Euro 4.8 million in additional amortization on premiums and costs as part of the debt restructuring transaction.

(2) Mainly comprising Euro 26 million of losses on buybacks and Euro 2.4 million related to the settlement of financial instruments as part of the debt restructuring transaction.

Note 8 Net exceptional items

Net exceptional items for fiscal year 2022 mainly correspond to:

- capital gains following the disposal of the Saint-Étienne Monthieu, Annecy Seynod, Marseille Delprat, Paris Massena, Marseille Michelet, Marseille Barnéoud, Niort and Rodez Onet Le Chateau sites for an amount, net of expenses, of Euro 10,457.4 thousand.
- provisions for asset impairment for Euro - 5.4 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 2022, 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)	12/31/2022	12/31/2021
Software	8,004	7,702
Finance lease rights	794	252
Other intangible assets	1,471	2,665
Depreciation and impairment	(7,226)	(6,553)
Net intangible assets	**3,043**	**4,066**
Land and land improvements	756,674	800,087
Depreciation and impairment	(37,164)	(31,398)
Net land and land improvements	**719,510**	**768,690**
Buildings, fixtures and fittings	644,204	672,808
Depreciation and impairment	(222,519)	(209,800)
Net buildings, fixtures and fittings	**421,685**	**463,008**
Other property, plant and equipment	20,509	16,789
Depreciation and impairment	(6,755)	(6,100)
Other net property, plant and equipment	**13,754**	**10,689**
Participating interests	628,558	623,719
Impairment of participating interests	(62,635)	(63,651)
Loans	141,154	141,154
Other investments	288	244
Net investments	**707,365**	**701,466**
NET FIXED ASSETS	**1,865,357**	**1,947,918**

Other property, plant and equipment consist of fixed assets in progress for Euro 10,587 thousand at December 31, 2022, *versus* Euro 7,061 thousand at December 31, 2021.

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, 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)	1,242,387
	Investments:	765,117	(63,651)	701,466
	Total	**2,265,420**	**(317,502)**	**1,947,918**
Increase	Intangible assets	541	(673)	(132)
	Property, plant and equipment	8,013	(22,167)	(14,154)
	Investments:	5,769	(134)	5,635
	Total	**14,323**	**(22,974)**	**(8,651)**
Decrease	Intangible assets	892	(1)	891
	Property, plant and equipment	76,311	(3,028)	73,283
	Investments:	886	(1,150)	(264)
	Total	**78,089**	**(4,179)**	**73,910**
As at December 31, 2022	Intangible assets	10,268	(7,225)	3,043
	Property, plant and equipment	1,421,386	(266,437)	1,154,949
	Investments:	770,000	(62,635)	707,365
	Total	**2,201,654**	**(336,297)**	**1,865,357**

Intangible assets and property, plant and equipment:

The decreases for the year mainly correspond to the disposals of the assets of the Saint-Étienne Monthieu, Annecy Seynod, Marseille Delprat, Paris Massena, Marseille Michelet, Marseille Barnéoud, Niort and Rodez Onet Le Chateau sites for a net book value of Euro 15,880 thousand, and Euro 10,457 thousand net of expenses.

Investments:

The increase in financial assets is mainly due to the acquisition of 1,793,598 shares in Rennes-Anglet for Euro 4,839.6 thousand. This company is wholly owned by Mercialys SA.

Loans realized as at December 31, 2022 were as follows (including financial income):

- SNC Fenouillet Participation: Euro 45,735 thousand;
- SNC Fenouillet Immobilier: Euro 76,662 thousand;
- SCI AMR: Euro 18,664 thousand.

10.3 Impairment

A total of Euro 6,583 thousand in impairment on property, plant and equipment and a reversal of impairment of Euro 1,101 thousand on Mercialys' real estate assets at December 31, 2022, were deemed necessary, *versus* Euro 9,493 thousand and a reversal of Euro 1,876 thousand in 2021.

For equity investments, the changes in impairment recognized during the fiscal year relate to Point Confort, AMR, Rennes-Anglet, Hyperthetis Participations, Immosiris, Epicanthe, Dentelle, Ocitô and UIR II for an amount of Euro 1,016 thousand. At December 31, 2022, these impairments amounted to Euro 62,635 thousand, *versus* Euro 63,651 thousand at December 31, 2021.

These impairments mainly related to the decrease in these subsidiaries' revalued net cash position.

Note 11 Receivables

11.1 Breakdown

(in thousands of euros)	12/31/2022	12/31/2021
Trade receivables	35,782	47,894
Impairment	(13,674)	(20,140)
Net trade receivables	**22,108**	**27,754**
Other operating receivables	22,548	26,861
Current accounts of affiliated companies	150,320	169,780
Impairment	(2,653)	(1,918)
Other net receivables	**170,216**	**194,723**
RECEIVABLES	**192,324**	**222,476**

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, 2021	9,039	3,563	1,594	14,144	(402)	18,899	19,956	47,894
As at December 31, 2022	**5,698**	**4,392**	**1,633**	**2,536**	**899**	**9,460**	**20,624**	**35,782**

Trade receivables as at December 31, 2022 primarily comprise rental income, lease rights and consulting services invoiced at the end of the fiscal year.

In addition to the methodology for recording provisions for doubtful receivables in the amount of Euro 11.1 million determined by Mercialys and based on the level of legal progress on disputes with tenants in arrears, the financial statements at the end of December 2022 include provisions corresponding to the impacts of the health crisis for Euro 780 thousand and Euro 1,556 thousand in respect of the arrears.

Other operating receivables consist essentially of:

- tax receivables of Euro 7,972 thousand at December 31, 2022, *versus* Euro 7,130 thousand at December 31, 2021;
- amounts receivable from tenants under construction leases standing at Euro 4,081 thousand at December 31, 2022, *versus* Euro 3,845 thousand at December 31, 2021. 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 thousand at December 31, 2022, *versus* Euro 817 thousand as at December 31, 2021.

At December 31, 2022, the current accounts of affiliated companies are mainly comprised of current accounts with SCI Caserne de Bonne for Euro 59,685 thousand *versus* Euro 61,459 thousand at December 31, 2021, with SNC FISO for Euro 4,237 thousand *versus* Euro 5,215 thousand at December 31, 2021, with SAS Mercialys Participations for Euro 53,337 thousand *versus* 68,523 thousand at December 31, 2021, and with SNC Sacré-Cœur for Euro 14,331 thousand *versus* 16,287 thousand at December 31, 2021.

In relation to these receivables, accrued income is recognized in the amount of Euro 14,527 thousand, *versus* Euro 21,300 thousand at December 31, 2021, primarily including:

- trade receivables: Euro 5,521 thousand (Euro 5,432 thousand at December 31, 2021);
- other receivables: Euro 7,106 thousand (Euro 13,038 thousand at December 31, 2021);
- current accounts of affiliated companies: Euro 1,824 thousand (Euro 2,580 thousand at December 31, 2021).

11.2 Maturity schedule

(in thousands of euros)	12/31/2022	12/31/2021
Less than one year	188,458	218,867
More than one year	3,866	3,609
RECEIVABLES	**192,324**	**222,476**

Note 12 Net cash

(in thousands of euros)	12/31/2022	12/31/2021
Treasury shares	4,927	3,739
Impairment	-	-
Liquidity agreement	101	101
Banks	172,893	223,206
CASH	**177,921**	**227,046**

The Company holds 600,230 treasury shares, compared to 491,593 as of December 31, 2021.

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, 2020	**544,839**	**361,552**	**1,914**	**908,306**
Capital increase	1,837			1,837
Decrease in share capital				-
Dividends paid		(39,504)		(39,504)
Net income for the fiscal year		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**
Capital increase				-
Decrease in share capital				-
Dividends paid		(86,025)		(86,025)
Net income for the fiscal year		59,137		559,137
Interim dividend				-
Other movements		(75)		(75)
As at December 31, 2022	**561,944**	**328,236**	**1,699**	**891,878**

At December 31, 2022, the share capital was made up of 93,886,501 shares with a par value of Euro 1 each.

13.2 Dividends

Out of 93,886,501 shares at December 31, 2021, 93,505,805 shares benefited from the dividend awarded for the fiscal year ended on December 31, 2021 (with 380,696 treasury shares not entitled to dividends).

The Company paid its shareholders a gross dividend of Euro 0.92 per share for the fiscal year ended on December 31, 2021, representing a total of Euro 86,025 thousand.

Dividend for the fiscal year 2022

The Board of Directors of Mercialys will propose to the General Meeting of April 28, 2023 the payment of a dividend of Euro 0.96 per share, *i.e.* Euro 90.1 million for 93,886,501 shares.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from:

- - the leasing or subletting of properties, *i.e.* Euro 0.71 per share
- - the distribution of 70% of the tax-exempt profits for the 2022 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.05 per share
- - the distribution of tax-exempt income recorded in the Company's balance sheet for Euro 0.20 per share.

The payment of the dividend of Euro 0.96 per share would take place on May 4, 2023 (ex-dividend date being May 2, 2023), subject to approval by the General Meeting of April 27, 2023.

13.3 Share-based payments

Since December 1, 2005, the Group has set up bonus share plans in Mercialys shares for the benefit of executives and managers.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2021	**306,566**
Shares awarded	155,986
Shares canceled	(105,952)
Shares issued	(2,640)
Outstanding shares at December 31, 2021	**353,960**
Shares awarded	193,937
Shares canceled	(50,628)
Shares issued	(11,139)
OUTSTANDING SHARES AT DECEMBER 31, 2022	**486,130**

13.4 Bonus share plans

Allocation dates	04/23/2020	04/23/2020	04/22/2021	04/22/2021	04/22/2021	04/28/2022	04/28/2022	04/28/2022
End of allocation period	04/23/2023	04/23/2023	04/22/2024	04/22/2024	04/22/2023	04/28/2025	04/28/2025	04/28/2024
End of holding period	04/23/2025	04/23/2025	04/23/2026	04/23/2026	04/23/2023	04/29/2027	04/29/2027	04/29/2024
Share price at the allocation date *(€)*	7.48	7.48	9.97	9.97	9.97	9.55	9.55	9.55
Number of beneficiaries	2	7	2	13	118	2	12	135
Number of bonus shares awarded at inception	137,779	44,904	95,112	49,074	11,800	120,437	60,000	13,500
Fair value of bonus share *(€)*	3.28	3.65	5.41	5.80	8.16	5.66	5.87	7.52
Selected performance rate	59%	83%	100%	133%	100%	117%	117%	100%
NUMBER OF OUTSTANDING SHARES BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2022	**137,779**	**22,452**	**95,112**	**29,250**	**9,300**	**120,437**	**60,000**	**11,800**

Bonus shares only vest subject to a criterion and when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividends (relative TSR);
- organic growth in rents and FFO growth;
- the CDP (Carbon Disclosure Project) rating;
- the percentage of the portfolio achieving BREEAM In-Use certification (CSR criterion).

Note 14 Provisions

(in thousands of euros)	12/31/2021	Additions	Reversal	Other changes	12/31/2022
For liabilities and charges	11,417	3,680	747	-	14,349
For end of career severance allowances	377	80	-	-	457
For long service awards	22	-	6	-	16
Provisions	**11,816**	**3,760**	**753**		**14,823**
o/w operating		2,667	6	-	
o/w financial		1,092	-	-	
o/w exceptional		2	747	-	

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)	12/31/2022	12/31/2021
Bonds	1,169,991	1,237,591
Borrowings and debts from credit institutions	112,000	135,000
Bank overdrafts	66	66
Other financial debt (security deposits received)	17,711	17,467
BORROWINGS AND FINANCIAL LIABILITIES	**1,299,768**	**1,390,125**

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

The change in bond debt for fiscal year 2022 is linked in particular to the placement of a new bond issue on February 17, 2022 for Euro 500 million, with a 7-year maturity and 2.5% coupon. With this latest bond issue, an issue premium was recorded for Euro (3.0) million, along with Euro (2.2) million of issue costs.

Alongside this, Mercialys fully exercised its option for the early redemption of its bond maturing in March 2023, with an initial total of Euro 469.5 million.

Mercialys also carried out a partial redemption for Euro 100 million of the bond issue due to mature in July 2027. The outstanding amount of this issue represents Euro 200 million.

At December 31, 2022, the amount of bond financing totaled Euro 1,150 million, divided into four issues:

- a Euro 300 million bond issue yielding a fixed rate of 1.80%, with a maturity of 8 years (maturing in February 2026);
- a Euro 150 million bond issue yielding a fixed rate of 2.00%, with a maturity of 10 years (maturing in November 2027);
- a Euro 500 million bond issue, yielding a fixed rate of 2.5% and maturing in February 2029;
- a Euro 200 million bond issue yielding a fixed rate of 4.625%, with a 7-year maturity (maturing in July 2027).

These bonds are subject to the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. Furthermore, if the rating is downgraded following a change of control (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change of control of the Company.

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.

SUMMARY STATEMENT BY CATEGORY OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2022

(in thousands of euros)	Notional	Net mark-to-market	Mark-to-market (assets)	Mark-to-market (liabilities	Premium	Provision
Fixed/floating rate swaps	550,000	(37,782)	-	(37,782)	-	-
Refixing swaps	243,000	16,152	16,152	-	-	-
Collar	273,500	2,007	2,007	-	-	-
Cap	400,000	2,731	4,377	(1,646)	(793)	-
Trading	100,000	106	106	-	(517)	(411)

At end-December 2022, Mercialys' debt structure, after hedging and including commercial papers, breaks down as follows: 100% fixed-rate or hedged debt.

15.4 Confirmed credit lines

At the end of December 2022, the Mercialys group's confirmed credit lines amounted to Euro 385 million, of which:

- a Euro 180 million revolving bank credit facility maturing in December 2024;
- five confirmed bank lines for a total amount of Euro 205 million, maturing between December 2024 and December 2027.

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, 2022, the outstanding amount was Euro 112 million, versus Euro 135 million at December 31, 2021.

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)]/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	12/31/2022	12/31/2021
Loan To Value (LTV)	< 50%	35.3%	36.7%
ICR (Interest Cost Ratio)	>2	5.9x	5.13x

At December 31, 2022, 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)	12/31/2022	12/31/2021
Trade payables	14,457	16,112
Tax and social security liabilities	8,421	9,552
Income tax	-	-
Current accounts of affiliated companies	20,534	52,021
Trade payables on assets	6,238	6,123
Other liabilities	6,730	6,197
PAYABLES	**56,380**	**90,004**

Current accounts of affiliated companies mainly correspond to the following subsidiaries:

(in thousands of euros)	
SCI Timur	10,234
SNC Dentelle	3,124
SNC Fenouillet Participations	731
SCI Kerbernard	4,681
SNC C/C Narbonne	1,124

Expenses payable amount to Euro 25,629 thousand, *versus* Euro 26,283 thousand at December 31, 2021, broken down as follows:

- trade payables: Euro 13,049 thousand (Euro 11,546 thousand at December 31, 2021);
- tax and social security liabilities: Euro 3,880 thousand (Euro 3,105 thousand at December 31, 2021);
- current accounts of affiliated companies: Euro 367 thousand (Euro 510 thousand at December 31, 2021);
- trade payables on assets: Euro 6,130 thousand (Euro 5,988 thousand at December 31, 2021);
- other liabilities: Euro 1,331 thousand (Euro 5,135 thousand at December 31, 2021).

16.2 Maturity schedule

(in thousands of euros)	12/31/2022	12/31/2021
Less than one year	56,380	90,004
Between one and five years	-	-
More than five years	-	-
PAYABLES	**56,380**	**90,004**

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, 2022, these amounted to Euro 5,187 thousand, *versus* Euro 6,199 thousand at December 31, 2021.

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.

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 was effective on February 3, 2022. For 2022, the amount paid by Mercialys for the undrawn portion of this facility amounted to Euro 62 thousand, excluding taxes, compared with Euro 554 thousand, excluding taxes, for 2021.

This agreement for current account advances is not intended to be renewed.

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 reopening 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. Mercialys did not exercise this option.

Protocol relating to the disposal of real estate assets and assistance agreement for the disposal of real estate assets.

Mercialys and SPF2 Hyperthetis, partners of Hyperthetis, have mutually agreed to open a liquidation process for their joint investment in Hyperthetis. A memorandum of understanding was signed on December 14, 2022 in which Mercialys undertakes to proceed, subject to certain conditions, with the sale of all the assets of Hyperthetis.

Mercialys, which owns the premises adjacent to the Hyperthetis assets, also undertakes to sell, subject to certain conditions, these premises whose proximity means they can be offered for sale at the same time. To this end, Mercialys has accepted and signed an assistance agreement relating to the preparation and completion of the transaction. This agreement is granted and accepted for a period expiring on August 31, 2023 and may be extended until February 29, 2024, the date on which it will end. This new agreement does not call into question the shareholders' agreement signed on November 10, 2015 between Mercialys and SPF2 Hyperthetis.

18.2.3 Other commitments

No pledge, mortgage or other conveyance of security interest applies to the Company's assets.

The Company has received the customary guarantees from the transferor companies in respect of properties transferred to it in 2005 and 2009.

The Company complies with applicable regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

18.3. Commitments under finance leases and operating leases

18.3.1 Lessee of finance leases

At December 31, 2022, 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 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 has not recognized any related provision at the end of 2022.

Mercialys has not abandoned its intention to develop this piece of land which is located in a region with great potential, but which will, in part, be dependent on the urban planning strategy adopted by the local authorities.

Note 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)	12/31/2022	12/31/2021
Income/(expenses)		
Invoiced rents		
Distribution Casino France	4,648	13,342
Monoprix	-	608
Casino Restauration	-	271
Other Casino group entities	1,943	5,794
Service agreement for Hyperthetis Participations	100	100
Service agreement for Immosiris	50	50
Real estate consulting services agreement for AMR	590	530
Service agreement paid to the Casino group	(430)	(954)
Property Management service fees paid to the Casino group	(2,118)	(4,074)
Financial income	47,123	16,173
Financial expenses	(570)	(1,074)
Non-use fees paid to Casino Finance	(62)	(554)
Compensation paid by IGC [1]	-	1,337
Assets/(liabilities)		
Loans	141,061	141,061
Participating interests	618,343	613,504
Current accounts of affiliated companies	129,786	117,760

(1) L'Immobilière Groupe Casino, a subsidiary of Casino group, granted a compensation guarantee of 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 Service, asset management and brand licensing agreement with Hyperthetis Participations

On June 26, 2015, Hyperthetis Participations and Mercialys signed a service and brand licensing agreement. The agreement is signed for an 8-year term and is automatically renewable. In line with the growth and operation of its assets, Hyperthetis Participations has decided to entrust Mercialys with tasks covering the following: accounting, legal and corporate governance management, strategy consultancy, and brand licensing.

Hyperthetis has also signed an asset management agreement with Mercialys.

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 430 thousand for the fiscal year ended December 31, 2022, compared with Euro 954 thousand at December 31, 2021.

As all services associated with this agreement have been brought back in-house by Mercialys, this agreement is now terminated.

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 AMR

Mercialys entered into the following agreements with SCI AMR:

- a real estate consulting services 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 590 thousand.

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 thousand at the end of December 2022.

21.6.2 SNC Fenouillet Participation

At the end of December 2022, as at December 31, 2021, 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 2022 amounted to Euro 2,022 thousand, *versus* Euro 1,494 thousand at December 31, 2021.

Note 23 Statutory Auditors' fees

Fees in thousands of euros at December 2022	Ernst & Young	KPMG
Fees for certification of the financial statements	243	243
Fees other than for the certification of financial statements [1]	65.3	12.5
TOTAL	**308.3**	**255.5**

(1) Fees other than for the certification of financial statements relate to the CSR report.

Note 24 Subsequent events

None.

Note 25 Table of subsidiaries and equity holdings

25.1 Subsidiaries (at least 50% of share capital owned)

(in thousands of euros)

Companies		SIREN (Company registration number)	Equity		Portion of share capital held *(in%)*	Book value of shares held		Loans and advances granted	2022 revenues, excl. tax	2022 net income (+ or -)	Dividends received
			Share capital	Other shareholders' equity		Gross	Net				
SAS Point Confort	16-18 rue du Quatre Septembre 75002 Paris, France	306 139 064	154	5,394	100	8,130	5,714	-	337	63	-
SAS Mercialys Participations	16-18 rue du Quatre Septembre 75002 Paris, France	890 154 016	1	277,507	100	295,180	295,180	53,336	-	22,993	34,500
SAS Hyperthethis Participations	16-18 rue du Quatre Septembre 75002 Paris, France	811 749 852	27,439	215,551	51	139,937	123,889	-	15,715	11,413	3,253
SNC Dentelle	16-18 rue du Quatre Septembre 75002 Paris, France	498 780 345	7,994	303	99.99	8,009	8,009	-	321	1,518	-
SAS Mercialys Gestion	16-18 rue du Quatre Septembre 75002 Paris, France	484 531 561	37	(386)	100	37	37	-	15,533	(108)	-
SAS Immosiris	16-18 rue du Quatre Septembre 75002 Paris, France	814 312 096	14,048	121,305	51	71,649	69,032	-	6,838	2,301	2,406
SAS Astuy	16-18 rue du Quatre Septembre 75002 Paris, France	821 879 467	37	(38)	100	37	37	357	-	(9)	-
SAS Cowork Mercialys	16-18 rue du Quatre Septembre 75002 Paris, France	852 223 676	37	(482)	100	37	37	3,976	333	(278)	-
SAS Ocitô La Galerie	16-18 rue du Quatre Septembre 75002 Paris, France	852 187 111	37	(2,185)	100	37	-	2,922	9	(557)	-
SAS Epicanthe	16-18 rue du Quatre Septembre 75002 Paris, France	812 269 546	1	(423)	100	1	-	585	-	(134)	-
SCI Rennes-Anglet	16-18 rue du Quatre Septembre 75002 Paris, France	820 948 016	2,562	4,016	100	12,527	6,579	51	413	21	195
SAS The Next Horizon	16-18 rue du Quatre Septembre 75002 Paris, France	900 368 697	37	(1,407)	100	75	75	13	-	(1,407)	-
SAS Mercialys Exploitation	16-18, Rue du Quatre-Septembre - 75002 Paris	815 249 198	37	(1,641)	100	37	37	745	5,505	(222)	-
TOTAL						**535,693**	**508,626**				

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**	**2022 revenues, excl. tax**	**2022 net income (+ or -)**	**Dividends received**
simplified joint stock company (SAS) Corin Asset Management	Centre Cial La Rocade 20600 Furiani	492 107 990	37	84	40	15	15	-	1,054	(44)	-
SCI AMR	91-93 bd Pasteur 75015 Paris, France	791 464 191	148,553	27,700	25	75,644	47,063	18,590	24,191	7,928	3,045
SNC AIX2	16-18 rue du Quatre Septembre 75002 Paris, France	512 951 617	10	78	50	6,991	6,991	33	1,475	78	-
OPCI UIR II [1]	112 av. Kleber 75784 Paris Cedex 16	533 700 654	10,756	5,966	19.98	10,205	3,220	-	5,275	2,300	224
TOTAL						**92,855**	**57,289**				

(1) The items concerning OPCI UIR II are taken from the balance sheet as at December 31, 2021.

25.3 Other equity investments

(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**	**2022 revenues, excl. tax**	**2022 net income (+ or -)** [1]	**Dividends received**
SNC Fenouillet Immobilier	16-18 rue du Quatre Septembre 75002 Paris, France	808 659 460	2	1,557	-	1	1	74,192	5,963	1,558	-
GIE Grand Quartier [1]	Route de Saint-Malo 35760 Saint-Grégoire	729 300 087	432	7,043	4.21	10	10	-	4,558	(271)	-
TOTAL						**11**	**11**				

(1) The items concerning GIE are taken from the balance sheet as at December 31, 2021.

3.2.3 Statutory Auditors' report on the annual financial statements

Fiscal year ended on December 31, 2022

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 SA annual financial statements relating to the fiscal year ended on December 31, 2022, as attached to this report.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position for the past fiscal year and of the Company's portfolio for said year, in accordance with French accounting principles.

The opinion given above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Reporting standards

We conducted our work in accordance with the professional standards applicable in France. We believe that the evidence we have obtained is a sufficient and appropriate basis for our audit opinion.

Our responsibilities under these standards are 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, 2022 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

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, 2022, the net book value of the Company's property, plant and equipment amounted to Euro 155 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, plant and equipment 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; • comparison, over a selection of assets, the data used by the independent appraisers with the data present in the supporting documents such as rental statements and the investment budgets that we received from your Company; • for a selection of assets, analysis, with our real estate specialists, of the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available; • comparison of the items taken into account to determine the amount of provisions to recognize for the impaired properties (comparison of the net book values with the audited financial statements, and of the fair value with the independent appraisal); • 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, 2022 for a net amount of Euro 707 million. They are recognized at acquisition cost or their contribution value and are amortized on the basis of their value in use if lower. As stated in note 1.3 "Investments" in the section entitled "Accounting principles, rules and methods" in the notes to the annual financial statements, the value in use of participating interests is determined on the basis of several criteria such as the Net Asset Value (NAV), according to the measurements of the real estate portfolio, their level of profitability, outlook and use. The estimated value in use of participating interests is considered to be a key point of the audit because of its sensitivity to the assumptions made.
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 note 1.3 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.

Information on corporate governance

We certify the existence, in the corporate governance section of the Board of Directors' management 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, 2022, our firms were in their thirteenth 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 risks of material misstatements that we consider the most significant for the audit of the annual financial statements for the fiscal year and which therefore constitute the key audit points that we are required to describe in this report.

We also provide the Audit Committee with the statement specified in Article 6 of regulation (EU) 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 13, 2023
KPMG SA
Régis Chemouny
Partner

Lyon, March 13, 2023
Ernst & Young et Autres
Sylvain Lauria
Partner

3.2.4 Five-year results of Mercialys SA

	2022	2021	2020	2019	2018
Financial position at year-end					
Share capital *(€k)*	93,886.5	93,886.5	92,049.2	92,049.2	92,049.2
Number of shares issued	93,886,501	93,886,501	92,049,169	92,049,169	92,049,169
Comprehensive income *(€k)*					
Revenues excluding tax	122,564.1	121,883.2	125,515.7	140,067.3	138,704.4
Pre-tax income, employee profit-sharing, amortization, depreciation and provisions	90,208.3	78,452.0	144,317.9	134,875.8	118,447.2
Income tax expense	6.8	1026.2	15.5	(60.1)	9.3
Employee profit-sharing	-	-	-	-	-
Income after tax, employee profit-sharing, amortization, depreciation and provisions	59,137.0	33,101.8	69,785.7	82,633.1	74,074.3
Total dividend payment to shareholders	90,131.0 (1)	86,375.6 (1)	39,591.1	87,079.6	103,095.1
Comprehensive income per share *(€)*					
Income after tax, employee profit-sharing, but before amortization, depreciation and provisions	0.96	0.85	1.57	1.46	1.29
Income after tax, employee profit-sharing, amortization, depreciation and provisions	0.63	0.35	0.76	0.90	0.80
Dividend paid per share	0.96 (1)	0.92 (1)	0.43	0.95	1.12
Workforce					
Number of employees *(full-time equivalent)*	51.8	54.6	51.7	46.7	51.3
Total payroll *(€k)*	6,599.1	7,351.0	6,070.2	5,967.5	5,887.9
Amount paid in respect of social security benefits and social programs *(€k)*	2,981.7	3,004.5	2,443.8	2,313.8	2,401.0

(1) Subject to approval from the General Meeting to be held on April 28, 2023.

3.2.5 Information on the Mercialys SA payment terms

The tables below present the payment terms for trade payables and receivables as at December 31, 2022 in thousands of euros, prepared in accordance with the provisions of Article D. 441-6 of the French Commercial Code.

Invoices received and issued, due but not paid as at the closing date.

	Art. D. 441-6 I-1: Invoices received and due but not paid as at the closing date						Art. D. 441-6 I-2: Invoices issued and due but not paid as at the closing date					
	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total (1 day and more)	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total (1 day and more)
(A) Overdue payment installments												
Number of invoices concerned	131					190	116					5,859
Total amount of invoices concerned including tax	1,307	(139)	(16)	(62)	30	(187)	1,211	291	544	1,619	4,591	7,045
Percentage of the total amount of purchases for the fiscal year excluding tax	2%	0%	0%	0%	0%	0%						
Percentage of revenues for the fiscal year excluding tax							1%	0.2%	0.4%	1.3%	3.8%	6.7%
(B) Invoices excluded from (A) concerning payables and receivables in dispute or not recognized in the accounts												
Number of invoices excluded				8						3,622		
Total amount of invoices excluded including tax				12						20,624		
(C) Reference payment terms used (contractual or statutory term – Articles L. 441-10 et *seq*. of the French Commercial Code)												
Payment terms used to calculate overdue payments				Statutory terms: 60 days from date of invoice						Contractual terms: Quarterly billing with payments falling due		



168
employees

56%
Feminization of the Board of Directors

67%
independent 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). Since February 13, 2019, the roles of Chairman of the Board of Directors and Chief Executive Officer have been separated in accordance with best market practices. Éric Le Gentil serves as Chairman of the Board of Directors and Vincent Ravat as Chief Executive Officer. On the same date, Elizabeth Blaise was appointed Deputy Chief Executive Officer, a position held until then by Vincent Ravat.

This separation ensures a balance of powers between:

- the Board, which performs strategic and control functions; and
- Senior Management, which is in charge of operational functions and the execution of the strategy.

The Board of Directors renewed the directorships of Éric Le Gentil, Vincent Ravat and Elizabeth Blaise on April 28, 2022.

The Company refers to the Corporate Governance Code for listed companies published by the French Association of Private Companies (*Association Française des Entreprises Privées* – AFEP), and the Organization of French companies (*Mouvement des Entreprises de France* – MEDEF) (the AFEP-MEDEF Code). The AFEP-MEDEF Code can be consulted on the AFEP website at the following address: www.afep.com. In accordance with the AFEP-MEDEF Code, and pursuant to Article L. 225-37 of the French Commercial Code, it is hereby stated that the Company complies with all the recommendations of the AFEP-MEDEF Code. A cross-reference table can be found in the Appendix on p. 313 *et seq.*

4.1.1.1 General principles governing the composition of the Board

The Board's operating procedures are established by law, the Company's articles of association and the Board's Rules of Procedure. The latter is detailed in chapter 9, § 9.1.5, p. 435 *et seq.*

The Board of Directors' composition is guided by the main principles below:

- directorships run for three years. The Board is partly renewed each year, in accordance with Article 16 of the Company's articles of association and the AFEP-MEDEF Code. This allows for business continuity, promotes the smooth renewal of directorships and gives shareholders the opportunity to vote on these directorships with sufficient frequency;
- the articles of association stipulate no age limit for directors other than the statutory limit according to which no more than one third of the 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. 431);
- 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 context, 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. 431). 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. 444).

The Board of Directors attaches particular importance to its composition and that of its Committees in order to promote diversity. It relies, in particular, on the work and proposals of the Appointments, Compensation and Governance Committee, which regularly conducts reviews and makes proposals, as often as circumstances require, regarding positive changes in the composition of the Board of Directors and its Committees, in line with the Group's strategy. To this end, when the Board of Directors is looking for a new independent member, the Committee puts forward various candidates whose skills, knowledge and experience have been assessed and supplement or reinforce those skills already accessible to the other members of the Board of Directors.

4.1.1.2 Composition of the Board of Directors

A. Current composition of the Board of Directors

The Board of Directors is currently composed of nine directors, of whom:

- six are independent, *i.e.* 67% within the meaning of the AFEP-MEDEF Code; and
- five are women, *i.e.* 56%.

The table below is a summary of the Board of Directors' composition at February 14, 2023, the date of closing of the financial statements for fiscal year 2022, as well as its situation during the course of the 2022 fiscal year:

Members of the Board of Directors	Personal information		Number of Mercialys shares owned (1)	Position on the Board of Directors			Membership of specialized committees 2022 attendance rate		
	Gender	Age (1)		1st appointment	Expiry of directorship	2022 attendance rate	ARSDC	ACGC	STC
Non-executive corporate officer									
Éric Le Gentil	M	62	28,698	02/13/2013	AGM 2025	100%		○ 100%	○ 100%
Executive corporate officers									
Vincent Ravat	M	48	13,392	06/15/2022 (2)	AGM 2024	100%			○ 100%
Independent members									
Stéphanie Bensimon	F	46	4,600	06/07/2018	AGM 2025	100%	○ **P** 100%		○ 86%
Victoire Boissier	F	55	2,000	04/20/2016	AGM 2024	100%	○ 75%	○ 83%	
Élisabeth Cunin	F	62	1,032	06/06/2012	AGM 2025	100%		○ 83%	○ **P** 100%
Jean-Louis Constanza	M	61	0	10/20/2022 (2)	AGM 2024	100%			
Dominique Dudan	F	68	3,500	04/26/2018	AGM 2024	100%		○ **P** 100%	○ 100%
Pascale Roque	F	61	2,054	10/24/2017	AGM 2025	88%	○ 100%		
Generali Vie *(until 07/01/2022)*			0	04/30/2014	-				
Sébastien Pezet, permanent representative *(until 07/01/2022)*	M	47	100	04/22/2021		80%			○ 75%
Members representing the former shareholder, Casino									
La Forézienne de Participations *(until 04/28/2022)*			0	12/10/2010					
David Lubek, permanent representative *(until 04/28/2022)*	M	49	0	11/13/2017		100%			
Jacques Dumas (3)	M	70	508	08/22/2005	AGM 2023	88%		○ 100%	
Michel Savart *(until 04/26/2022)*	M	60	0	05/06/2010		100%	○ 100%		○ 100%
Number of meetings in 2022						**8**	**4**	**6**	**7**
2022 attendance rate						**96%**	**92%**	**93%**	**94%**

(1) Determined as at December 31, 2022.

(2) The ratification of this appointment will be submitted to the General Meeting of April 27, 2023.

(3) Jacques Dumas retired from the Casino group.

ARSDC: Audit, Risks and Sustainable Development Committee
ACGC: Appointments, Compensation and Governance Committee
STC: Strategy and Transformation Committee
C: Chairwoman of the Committee

Given the geographical exposure of the Company, all the directors are of French nationality. One of them is also Swiss.

Most of the time, meetings of the Board of Directors and the Specialized Committees are held in person. However, the possibility is offered to participate by telephone or videoconference, in accordance with the regulations and the Rules of Procedure. Details of the attendance arrangements for of each meeting are presented in § 4.1.4 and 4.1.5, p. 253 *et seq.*

A Board of Directors aligned with best practices

The Board is currently composed of nine directors. With six independent directors (67%), 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 nine Board of Directors' members are women, *i.e.* 56%. 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 100%, 60% and 60% at December 31, 2022.

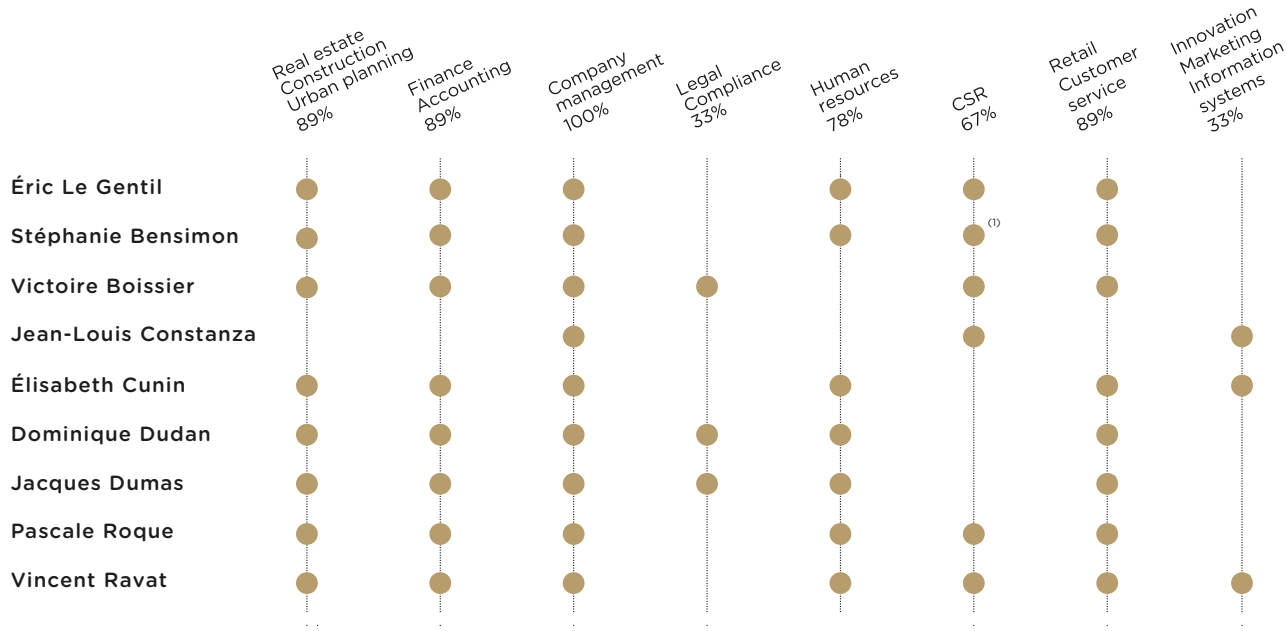
Diversity policy

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 18 members.	The Board has been composed of nine directors since October 20, 2022. This size is 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 46 and 70 and the average age is 59 as at December 31, 2022. Their seniority at December 31, 2022 ranges between 0 and 17 years.
Gender equality	Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code impose a requirement for each gender to be represented by at least 40% of the directors. The Board is committed to maintaining a balanced gender representation.	The number of women and men on the Board of Directors is balanced (five women and four men). This proportion will be maintained if the General Meeting of April 27, 2023 approves the resolutions submitted to it. 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 responding to the Mercialys group's challenges, namely in the areas of: • real estate; • finance; • company management; • legal and compliance; • human resources; • Corporate Social Responsibility (CSR); • retail and customer service; • innovation, marketing and information systems.
Independence of members	The Board of Directors is committed to maintaining a proportion of independent directors at least equal to the threshold of 50% recommended by the AFEP-MEDEF Code for companies that are widely-held and without controlling shareholders.	The Company goes beyond the recommendations of the AFEP-MEDEF Code, since six of the nine Mercialys directors are independent, *i.e.* 67%.

Diverse, cross-functional and complementary skills

The Board of Directors reinforces the diversity of its skills with a panel of experienced members. They have developed expertise in areas deemed key by the Company:



(1) Stéphanie Bensimon was appointed responsible for monitoring the CSR approach on April 20, 2021.

A Board composed of 67% 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 or a company consolidated within this parent company.
Criterion 2 - Cross-directorships	Not to be an executive corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive corporate officer of the Company (currently or in the previous five years) holds a directorship.
Criterion 3 - Significant business relationships	Not to be (or directly or indirectly linked to) a customer, supplier, commercial banker, investment banker, or consultant that is significant to the Company or its Group, or for which the Company or its Group represents a significant portion of its activity.
Criterion 4 - Family ties	Not to be related by close family ties to a corporate officer.
Criterion 5 - Statutory Auditors	Not to have been a Statutory Auditor of the Company within the previous five years.
Criterion 6 - Directorship exceeding 12 years	Not to have been a director of the Company for more than 12 years.
Criterion 7 - Status of non-executive corporate officer	A non-executive corporate officer cannot be considered as independent if he or she receives variable compensation in cash or shares or any compensation linked to the performance of the Company or the Group.
Criterion 8 - Status of the major shareholder	Directors representing major shareholders of the Company or its parent company may be considered independent if these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Appointments, Compensation and Governance Committee, should systematically review the qualification of a director as independent in the light of the composition of the Company's share capital and the existence of a potential conflict of interest.

Every year, the Board pays particular attention to the criterion of significant business ties (criterion 3). When business flows or relationships have been identified between the Company or Group and the companies in which directors qualified as independent hold positions or offices, or have an interest, qualitative and/or quantitative factors are generally taken into consideration by the Board to confirm the independence of the directors concerned. In particular, the Board assesses from the point of view of each party the significance of the business flow, in terms of volume of business, economic dependence and strategic nature. The Board also takes into account the anticipation of the business relationship in relation to the appointment of the director. The Board relies on the work of the Appointments, Compensation and Governance Committee to determine whether these relationships are likely to affect the independence of the directors.

Situation as at December 31, 2022

Six directors fully meet the independence criteria at December 31, 2022: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque and Jean-Louis Constanza. 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 227 branches and 110 affiliates operated by Kiabi in France, only two are in Mercialys shopping centers. The rents paid by Kiabi to Mercialys account for 0.36% of the total rental income received by Mercialys at December 31, 2022. 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, 2022:



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:

- CSR;
- exposure to technologies;
- retail real estate.

The Board took these factors into account.

Independent external firms specializing in the recruitment of executives and corporate officers are charged with finding applicants. Emeric Lepoutre & Partners was involved in the most recent director selection procedures, in particular those resulting in the appointment of Jean-Louis Constanza and Maël Aoustin (whose candidacy is detailed below).

A selection of varied profiles is presented to the Appointments, Compensation and Governance Committee. It then selects certain candidates. The Chairwoman of the Committee and the Chairman of the Board of Directors conduct interviews with the shortlisted candidates who have confirmed their interest, and update the Committee accordingly. The Appointments, Compensation and

Governance Committee then issues an opinion to the Board of Directors. The latter decides on the proposed profile(s).

Implementation in 2022 and 2023

Emeric Lepoutre & Partners was appointed following the resignations of the directors La Forézienne de Participations and Generali Vie.

On the recommendation of the Appointments, Compensation and Governance Committee, two directors were co-opted. The ratification of their appointment will be submitted to the General Meeting of April 27, 2023:

- Vincent Ravat was appointed on June 15, 2022. He has the skills identified as priorities by the Board, namely CSR, exposure to technologies and retail real estate.

  The Chief Executive Officer's experience within the Company is a valuable asset for the Board of Directors. It believed it was important to benefit from the contribution of the Chief Executive Officer in his work as a peer.

- Jean-Louis Constanza was appointed on October 20, 2022. The Board of Directors noted his qualification as an independent director.

  The Board of Directors will benefit from his strong entrepreneurial expertise. He will also contribute a strategic vision of the technological, human and societal issues relevant to Mercialys' future development.

On the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors decided on February 14, 2023 to submit to the General Meeting of April 27, 2023 the candidacy of Maël Aoustin as director:

- Maël Aoustin would be qualified as an independent director, as verified by the Board of Directors.

  He has in-depth knowledge of the real estate sector and Mercialys' businesses. In addition, his expertise in finance would enable him to join the Audit, Risks and Sustainable Development Committee.

DIRECTORS' SELECTION PROCESS

	Definition of needs	Selection			Appointment
Independent Directors	Definition of needs by the Board of Directors	Identification of potential candidates by a recruitment firm	Shortlist drawn up by the Appointments, Compensation and Governance Committee followed by interviews between the chosen candidates, the Chairwoman of the Committee and the Chairman of the Board of Directors	Formulation of an opinion by the Appointments, Compensation and Governance Committee	Co-option by the Board of Directors and proposal for ratification by the General Meeting OR Proposal for appointment by the General Meeting
Directors who are executive corporate officers	Definition of needs by the Board of Directors	Proposal from the Appointments, Compensation and Governance Committee			Co-option by the Board of Directors and proposal for ratification by the General Meeting OR Proposal for appointment by the General Meeting

Re-appointment

Re-appointments of directors are proposed with a view to maintaining the required balance and ensuring the availability of a set of skills commensurate with the Company's activities, strategic priorities and the duties entrusted to the Board Committees. Account is also taken of:

- their desire to be involved in the Company's development;
- their contribution to the work of the Board;
- their sensitivity to CSR commitments; and
- their availability given the frequency of Board and Committee meetings.

The Appointments, Compensation and Governance Committee submits its recommendations to the Board of Directors, which decides whether or not to propose the renewal of directorships to the General Meeting.

The General Meeting of April 27, 2023 will not have to vote on any directorship renewals. Indeed, only the directorship of Jacques Dumas expires and he did not wish to be re-appointed. The Board thanks him for his remarkable and continued contribution to its work since Mercialys began operating in 2005.

B. Offices and positions held by members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer as at December 31, 2022

Éric Le Gentil

CHAIRMAN OF THE BOARD OF DIRECTORS

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, 2022: 28,698

EXPERTISE AND EXPERIENCE

Éric Le Gentil is a graduate of the École Polytechnique, of the Institut d'Études Politiques de Paris and of the Institut des Actuaires Français. He began his career in 1985 in insurance auditing. From 1986 to 1992, he held various positions within the French Ministry of Finance including that of advisor on insurance matters to Pierre Bérégovoy's cabinet. From 1992 to 1999, he held various roles at Athéna Assurances and AGF Assurances. He joined the Generali France group in 1999 as Chief Executive Officer of Generali Assurances Vie & Iard. In December 2004, he was appointed Chief Executive Officer of Generali France Assurances. From July 17, 2013 until February 13, 2019, Éric Le Gentil was Chairman and Chief Executive Officer of Mercialys. Since February 13, 2019, he has been Chairman of the Board of Directors of the Company.

MAIN POSITION

- Chairman of the Board of Directors of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

Office/Position	Date appointed (1)	Date when term expired
• Director	February 13, 2013	OGM to be held in 2025
• Chairman of the Board of Directors	February 13, 2013	Board meeting to be held after the OGM in 2025
• Member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM to be held in 2025
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM to be held in 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
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	○	
• Chairman of Ergera		

(1) Éric Le Gentil was the permanent representative of Generali Vie, a director of Mercialys, from January 1, 2009 to February 13, 2013.

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	In-depth knowledge of real estate and asset management: in charge of asset management and real estate at Generali France from 2002 to 2013, former Chairman and Chief Executive Officer of Mercialys and Chairman of the Board of Directors of the Company since February 2019.
• **Finance, accounting**	Chief Financial Officer of PFA Athena Assurances from 1993 to 1996, in charge of the steering functions of Generali France (Finance, Accounting, Risks and Audit Department) from 2002 to 2013, experience as a company manager.
• **Company management**	Over 25 years of management and senior management experience in the insurance and real estate sectors.
• **Insurance**	Proven experience: 27 years in the industry.
• **Human resources**	Management of teams of 100 to 3,000 people for more than 25 years.
• **CSR**	Expertise developed as part of the management of Mercialys and the establishment of the CSR strategy; member of the Chapter Zero France association.
• **Retail, customer service**	In charge of the distribution network for general agents from 1996 to 1999 at PFA Athena Assurances and then at AGF Assurances; former Chairman and Chief Executive Officer of Mercialys.

Vincent Ravat

CHIEF EXECUTIVE OFFICER - DIRECTOR

Date of birth: March 15, 1974 - French citizen
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2022: 13,392

EXPERTISE AND EXPERIENCE

Vincent Ravat joined Mercialys in January 2014 as Deputy Chief Executive Officer responsible for the lettings, operations and marketing & communication teams. Previously, he served from 2011 as Director of Operations France for Hammerson, a real estate investment, development and management group, listed on the London Stock Exchange, developing its activities in the United Kingdom and France. From 2000 to 2010, he held various positions in Asia, Switzerland, Spain and France, with the Ludendo and Distritoys groups, where he was a member of the Executive Committee. He is a graduate of ESC Rouen (now Neoma Business School) and member of the Royal Institution of Chartered Surveyors (MRICS). He was Deputy Chief Executive Officer of Mercialys from August 2016 to February 2019, and he now serves as Chief Executive Officer. Vincent Ravat has also been a Director of Mercialys since June 15, 2022.

MAIN POSITION

- Chief Executive Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

Office/Position	Date appointed	Date when term expired
• Chief Executive Officer	February 13, 2019	Board meeting to be held after the OGM in 2025
• Director	June 15, 2022	OGM to be held in 2024*
• Member of the Strategy and Transformation Committee	June 15, 2022	OGM to be held in 2024*

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
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 Entreprises Immobilières		
• Executive Vice-Chairman and member of the Board of Directors of the Fédération des Acteurs du Commerce dans les Territoires		
• Member of the Strategy Committee of Colbr SAS		
Offices and positions ended during the past 5 years		
• Deputy Chief Executive Officer of Mercialys	○	
• Chairman of Mercialys Exploitation		
• Manager of La Diane		

* *Vincent Ravat, having been appointed director to replace La Forézienne de Participations for the remainder of its directorship, the ratification of his co-option will be submitted to the OGM of April 27, 2023.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	High level of expertise in the real estate sector and asset management acquired in various management positions within the companies Hammerson and Mercialys.
• **Finance, accounting**	Graduate of ESC Rouen with a major in "Corporate Finance"; various management functions held within companies leading to involvement in numerous financing transactions and in the accounting and analytical management of these same companies.
• **Company management**	Management of various specialized retail companies, including one in Spain, one in Hong Kong and one in China; Deputy Chief Executive Officer, then Chief Executive Officer and Director of Mercialys.
• **Human resources**	Significant experience developed through the management of various companies, particularly in France, Spain and China with in each case more than a hundred employees.
• **CSR**	Heavily involved in the development of new measures concerning CSR issues within Mercialys; member of the Chapter Zero France association.
• **Retail, customer service**	10 years of experience in specialized retail groups in France and abroad.
• **Innovation, marketing, information systems**	Marketing experience in specialized retail and as Deputy Chief Executive Officer in charge of the lettings, operations and marketing & communication teams at Mercialys; implementation of various information systems projects both for front office and back office in the real estate and retail sectors.

Elizabeth Blaise

DEPUTY CHIEF EXECUTIVE OFFICER – NON-DIRECTOR

Date of birth: July 2, 1976 - French citizen
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2022: 4,177

EXPERTISE AND EXPERIENCE

A graduate of the Institut d'Études Politiques de Paris, Elizabeth Blaise began her auditing career at Mazars & Guérard. In 2001, she joined Oddo Securities as a financial analyst, first in the building materials sector, then in real estate in France. She expanded her scope to European real estate by joining Exane BNP Paribas in 2007 in London. She took on the role of Director of Financial Communications and Strategic Studies for Gecina between 2010 and 2014. Elizabeth Blaise held the position of Chief Financial Officer of Mercialys between 2014 and 2022 and since February 2019, that of Deputy Chief Executive Officer.

MAIN POSITIONS

- Deputy Chief Executive Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

Office/Position	Date appointed	Date when term expired
• Deputy Chief Executive Officer	February 13, 2019	Board meeting to be held after the OGM in 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
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		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Extensive knowledge of the real estate sector, first developed as a financial analyst in this sector, then at Gecina and Mercialys.
• **Finance, accounting**	More than 20 years of experience in the finance industry.
• **Company management**	Deputy Chief Executive Officer of Mercialys since 2019.
• **Legal, compliance, governance**	Strong expertise in real estate law, corporate law, as well as transaction structuring.
• **CSR**	Heavily involved in the organization and implementation of new CSR measures at Mercialys: supervision of the CSR Department.

Stéphanie Bensimon

INDEPENDENT DIRECTOR

Date of birth: May 6, 1976 - French citizen
Business address: 20 place Vendôme – 75001 Paris
Number of Mercialys shares held at December 31, 2022: 4,600

EXPERTISE AND EXPERIENCE

Stéphanie Bensimon has a DESS in Finance from the Université Paris IX Dauphine. Managing Director in charge of real estate activities since 2016, she has been Head of Real Estate for Ardian in Europe since 2020. She has over 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, 2022

Office/Position	Date appointed	Date when term expired
• Director	June 7, 2018	OGM to be held in 2025
• Member of the Audit, Risks and Sustainable Development Committee	June 7, 2018	OGM to be held in 2025
• Chairwoman of the Audit, Risks and Sustainable Development Committee	February 13, 2019	OGM to be held in 2025
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM to be held in 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
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		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	More than 20 years of experience in real estate investment, notably within the companies Ardian, Invesco Real Estate, Carval Investors and GE Real Estate Group.
• **Finance, accounting**	Confirmed experience in her various management positions after obtaining a DESS in Finance from the University of Paris IX Dauphine.
• **Company management**	Managing Director in charge of real estate activities since 2016 and Head of the Real Estate activity for Ardian since 2020; Director of Poste Immo.
• **Human resources**	Team management for several years.
• **CSR**	Expertise developed through her various experiences in the real estate sector.
• **Retail, customer service**	Expertise developed over the course of her many professional roles.

Victoire Boissier

INDEPENDENT DIRECTOR

Date of birth: December 28, 1967 - French citizen
Business address: 7 rue Touzet Gaillard - 93400 Saint-Ouen
Number of Mercialys shares held at December 31, 2022: 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, 2022

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	January 20, 2021	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
Within and outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Member of the Appointments and Compensation Committee of Mercialys*	○	

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Experience in the management of hotel real estate, catering, nurseries.
• **Finance, accounting**	Over 25 years of experience in financial management.
• **Company management**	Significant experience: former Vice-Chairman of Finance at Louvre Hotels Group; Deputy CEO of the early learning and education group Grandir.
• **Legal, compliance**	Compliance role (GDPR, Fraud) held within the Grandir group.
• **CSR**	Head of CSR for the Grandir group; member of the Chapter Zero France association.
• **Retail, customer service**	Experience in multi-site retail activities (B2C).

Jean-Louis Constanza

INDEPENDENT DIRECTOR

.Date of birth: April 16, 1961 - French citizen
Business address: 88 rue de Rivoli – 75004 Paris
Number of Mercialys shares held at December 31, 2022: 0

EXPERTISE AND EXPERIENCE

Jean-Louis Constanza holds a DEA in Marketing and Strategy from the University of Paris Dauphine, an MBA from INSEAD and is a graduate of the École Nationale Supérieure de l'Aéronautique et de l'Espace (ENSAE-SUPAERO). He has also studied at Stanford and UCLA. After his initial experience in the aeronautics sector at Aerospatiale then Packinox (1985-1991) and a stint in media consulting at Arthur D. Little (1991-1998), he joined Tele2 in 1998 where he developed Tele2 France then Tele2 Southern Europe. Tele2 is establishing itself as one of Europe's leading alternative voice telecommunications operators with more than 15 million customers. Building on this entrepreneurial success, Jean-Louis Constanza co-created Envie de Fraises (2006), one of the first fully online fashion brands, and in the same year founded the company Ten, the first mobile operator to focus on the Internet on mobiles, later acquired by Orange. He was then Chief Executive Officer of Orange Vallée from 2007 to 2013, then Chief Innovation Officer at Critéo. In 2012, he co-founded Wandercraft, a leader in robotic exoskeletons for people with disabilities, where he held the position of Chief Business Officer in charge of products, marketing, clinical activities, investor relations and overseas development. He is also a member of the company's Board of Directors and was previously a director of Direct Energie, Ingenico and Visa Europe in London.

MAIN POSITIONS

- Head of Development at Wandercraft

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

Office/Position	Date appointed	Date when term expired
• Director	October 20, 2022	OGM to be held in 2024*

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
Outside the Mercialys group		
• Director of Wandercraft		
Offices and positions ended during the past 5 years		
• Director of Visa Europe	○	
• Director of Ingenico		

* *As Jean-Louis Constanza was appointed as a director to replace Generali Vie for the remainder of its directorship, the ratification of his co-option will be submitted to the OGM of April 27, 2023.*

KEY AREAS OF EXPERTISE

• **Company management**	A seasoned entrepreneur who has been involved in the creation of several companies; former Chief Executive Officer of Orange Vallée; former director of Direct Energie, Ingenico and Visa Europe; director of Wandercraft.
• **CSR**	Heavily involved in CSR topics, and notably the inclusion of people with disabilities as part of his activity within Wandercraft.
• **Innovation, marketing, information systems**	Significant experience in the Internet and telecoms sector, and alternative telecommunications operators; in charge of marketing at Wandercraft.

Élisabeth Cunin

INDEPENDENT DIRECTOR

Date of birth: September 17, 1960 - French citizen
Business address: 100 rue du Calvaire – 59510 Hem
Number of Mercialys shares held at December 31, 2022: 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, 2022

Office/Position	Date appointed	Date when term expired
• Director	June 6, 2012	OGM to be held in 2025
• Member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM to be held in 2025
• Chairwoman and member of the Strategy and Transformation Committee	January 20, 2021	OGM to be held in 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
Outside the Mercialys group		
• Chairwoman and Chief Executive Officer and director of Bunsha International		
• Director of the 1001 Fontaines non-profit organization		
• Director of the Solfa non-profit organization		
Offices and positions ended during the past 5 years		
• Chairwoman 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*	○	
• Chairwoman of the company & EC*		

* *Offices and positions ended in 2022.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Director of Mercialys for 10 years.
• **Finance, accounting**	More than 30 years in senior management with daily involvement in finance and accounting.
• **Company management**	Seasoned leader in the retail sector.
• **Human resources**	Expertise developed over more than 30 years in senior management positions.
• **Retail, customer service**	Proven experience in the retail sector, notably at Dia, Etam, André, Comptoir des Cotonniers and Princesse Tam-Tam, Camaïeu; currently Chairwoman of Kiabi group.
• **Innovation, marketing, information systems**	Expertise developed over 30 years mainly managing store networks (in particular product sourcing and customer marketing) that has enabled the repositioning of companies in a fast-evolving context, through initiatives combining data processing by artificial intelligence, interactions with the start-up ecosystem and the development of new business models focused on the circular economy and carbon neutrality.

Dominique Dudan

INDEPENDENT DIRECTOR

Date of birth: January 19, 1954 - French and Swiss citizen
Business address: 1 rue de Condé – 75006 Paris
Number of Mercialys shares held at December 31, 2022: 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 was a member of the Supervisory Board of Swiss Life Asset Managers France (formerly Swiss Life Reim – France) from 2017 until 2022. Dominique Dudan is a Fellow of the Royal Institution of Chartered Surveyors. She has been a long-term member of the MEDEF Economic Commission for the Service Professions Group and the Île-de-France Real Estate Club. She has the title of *Chevalier de l'Ordre National du Mérite*.

MAIN POSITION

- Company director

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

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	January 20, 2021	OGM to be held in 2024
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
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	○	
• Chairwoman and member of the Supervisory Board of Sofidy Pierre Europe (OPCI)		
• Senior Advisor for the real estate section of LBO France Gestion		
• Chairwoman and member of the Supervisory Board of Altixia Candence XII		
• Member of the Supervisory Board of Altixia Commerces		
• Member of the Supervisory Board of Pierre Expansion		
• Chairwoman of Artio Conseil SASU		
• Manager of SCI du 92		
• Manager of SCI MMM & Co		
• Manager of William's Hotel		
• Director of Apexia SPI Social Infrastructures		MCO
• Chairwoman of SASU Nokomis Webstore		
Offices and positions ended during the past 5 years		
• Co-Manager of Warburg-HIH Invest France		
• Director and Vice-President of the *Observatoire Régional de l'Immobilier d'Entreprise en 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	○	
• Member of the Supervisory Board and member of the Audit and Risks Committee of Swiss Life Asset Managers France*		CH
• Senior Advisor at Victoires Haussmann SGP*		

* *Offices and positions ended in 2022.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Numerous operational positions in the real estate sector; former Chief Executive Officer of Arcole Asset Management; former Chairwoman of Union Investment Real Estate France; Director of Gecina; former member of the Supervisory Board of Swiss Life Asset Managers France; member of the Club de l'Immobilier d'Île-de-France.
• **Finance, accounting, regulation, compliance**	Former Chief Operating Officer and member of the Management Board of HSBC Reim; former Deputy Chief Executive Officer and Head of Regulated Real Estate Funds at BNP Paribas Reim.
• **Company management**	Significant experience in management positions and as a member of Boards of Directors and Supervisory Boards; creator of Artio Conseil structure.
• **Human resources**	Former Chief Operating Officer at Accor Hotels & Resorts: managed up to 1,200 people, handled numerous HR topics including the transition to the 35-hour working week.
• **Retail, customer service**	Former Head of Development at Accor Hotels & Resorts.

Jacques Dumas

NON-INDEPENDENT DIRECTOR (DIRECTORSHIP TO END ON APRIL 27, 2023)

Date of birth: May 15, 1952 - French citizen
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2022: 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, after which he was appointed Executive Vice-President of Euris and advisor to the Chairman of Casino, Guichard-Perrachon (2005-2022). Jacques Dumas is now retired.

MAIN POSITIONS

- Company director

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

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 2022		
Outside the Mercialys group		
• Manager of Cognacq-Parmentier		
• Manager of Longchamp-Thiers		
Offices and positions ended during the past 5 years		
• Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon	○	
• Member of the Appointments and Compensation Committee of Mercialys	○	
• 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*		

* *Offices and positions ended in 2022.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Director of Mercialys for 17 years.
• **Finance, accounting**	Former Administrative Director at Compagnie Française de l'Afrique Occidentale - CFAO; former Deputy General Secretary of the Rallye group.
• **Company management**	Former Deputy Chief Executive Officer of Euris; former Advisor to the Chairman of Casino, Guichard-Perrachon.
• **Legal, compliance, human resources**	In-depth expertise in corporate legal functions; former Director of Legal and Social Affairs at Euris.
• **Retail, customer service**	Many positions held within Rallye, Euris and Casino, Guichard-Perrachon.

Pascale Roque

INDEPENDENT DIRECTOR

Date of birth: February 14, 1961 - French citizen
Business address: Business address: 6 avenue Gustave Eiffel - 78180 Montigny-le-Bretonneux
Number of Mercialys shares held at December 31, 2022: 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. Between 2020 and 2022, she was Chief Executive Officer of the Tourism division of Atream, an asset management company (Euro 4 billion), half of which involves the tourism sector (135 establishments in France, Belgium, the Netherlands and Germany). Since April 2022, Pascale Roque has been Chief Executive Officer France at Hertz. For the next three years, she will be responsible for transforming the business model, developing team engagement, steering commercial performance and optimizing assets, first and foremost the fleet.

MAIN POSITION

- Chief Executive Officer France at Hertz

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2022

Office/Position	Date appointed	Date when term will expire
• Director	October 24, 2017	OGM 2025
• Member of the Audit, Risks and Sustainable Development Committee	December 21, 2017	OGM 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
Outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Chairwoman of the Mercialys Audit, Risks and Sustainable Development Committee	○	
• Member of the Executive Committee of the Pierre & Vacances group		
• Chief Executive Officer of Pierre & Vacances Tourisme		
• Chief Executive Officer of PV-CP Holding Exploitation		
• Chief Executive Officer of PV-CP Gestion Exploitation		
• Chief Executive Officer of PV Résidences & Resorts France		
• Chief Executive Officer of SET Pierre & Vacances Guadeloupe		
• Chief Executive Officer of SET Pierre & Vacances Martinique		
• Permanent representative of PV-CP Gestion Exploitation on the Board of Directors of Sogire		
• Permanent representative of PV Résidences & Resorts France on the Board of Directors of PV Exploitation Belgique		BEL
• Director of PV Exploitation Belgique		BEL
• Director of Sociedad de Explotación Turistica Pierre et Vacances España SL		ESP
• Director of Bonavista de Bonmont SL		ESP
• Director of Pierre & Vacances Italia S.r.l.		ITA
• Manager of Pierre et Vacances Maeva Tourisme Haute-Savoie		
• Manager of the Société Hôtelière de l'Anse à la Barque		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Operational knowledge supplemented by investors' vision thanks to experience in Asset Management and Tourism Asset Development at Atream (independent real estate asset and fund management company).
• **Finance, accounting**	Expertise acquired in various management positions; AMF certification.
• **Company management**	Involved over the last 15 years in major operational and organizational transformation projects at Air France; several years of management experience in the hospitality sector; currently Chief Executive Officer France at Hertz.
• **Human resources**	Strong experience in operational human resources management in various senior management positions (Formule 1/Etap hotel, Pierre & Vacances Tourisme, B&B Hotels France and Hertz France).
• **CSR**	Skills developed through extensive experience in the retail and hospitality sector; knowledge of sustainable finance validated by the AMF certification.
• **Retail, customer service**	Significant experience in retail and hospitality within the Accor, B&B Hotels and Pierre & Vacances Center Parcs groups.

C. Offices and positions held by Maël Aoustin, whose appointment as director is proposed

Maël Aoustin

INDEPENDENT DIRECTOR

Date of birth: August 9, 1980 - French citizen
Business address: 91 boulevard Haussmann - 75008 Paris
Number of Mercialys shares held at December 31, 2022: 0

EXPERTISE AND EXPERIENCE

Maël Aoustin has an engineering degree from INSA Lyon, a Master of Science from Brunel University of London and a Master's degree from HEC Paris. He has been Chairman of the Management Board of UXCO Group since March 2022, an integrated investment, development and operations group specializing in residential, student and hotel real estate, majority owned by Brookfield Asset Management. Maël Aoustin has nearly 20 years of experience in real estate, including 12 years at Unibail-Rodamco where he held various management positions in France and abroad in investment, asset management and operations. He was then appointed Chief Executive Officer of commercial real estate company Galimmo from 2016 to 2022, and has been responsible for mergers and acquisitions and real estate for the Louis Delhaize retail group.

MAIN POSITION

- Chairman of the Management Board of UXCO Group

OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2022		
Outside the Mercialys group		
• Chairman of the Management Board of UXCO Group		
• Chairman of the Management Board of UXCO Management		
• Member of the Supervisory Board of Appart City		
Offices and positions ended during the past 5 years		
• Deputy director and member of the Board of Directors of Galimmo Real Estate*		BEL
• Chairman of Galimmo SCA*	○	
• Director and member of the Board of Directors of Immomatch*		LUX

* *Offices and positions ended in 2022.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Employee then manager of real estate companies for nearly 20 years in the investment, asset management and development industries.
• **Finance, accounting**	Responsible for the overall financial management of real estate companies, particularly listed companies (Galimmo SCA from 2016 to 2022).
• **Company management**	Manager of real estate companies (Galimmo, UXCO Group) since 2016 and member of the Executive Committee of an international retail group for 5 years.
• **Human resources**	In charge of human resources policy within the context of management positions and as a company director. UXCO Group has 1,300 employees.
• **Retail, customer service**	Former manager of a retail real estate company and former member of the Executive Committee of an international retail group (Louis Delhaize). Exposed directly to the challenges of retail and customer service.
• **Innovation, marketing, information systems**	Implementation, steering and participation in innovation committees at Unibail-Rodamco, Galimmo and UXCO Group.

D. Changes in the composition of the Board of Directors and its Specialized Committees during fiscal year 2022

	Departures	Appointments	Renewals
Board of Directors	**Michel Savart** *(April 26, 2022)* **La Forézienne de Participations** *(April 28, 2022)* **Generali Vie*** *(July 1, 2022)*	**Vincent Ravat** *(June 15, 2022)* **Jean-Louis Constanza*** *(October 20, 2022)*	**Éric Le Gentil** **Stéphanie Bensimon*** **Élisabeth Cunin*** **Pascale Roque*** *(April 28, 2022)*
Audit, Risks and Sustainable Development Committee	**Michel Savart** *(April 26, 2022)*	-	**Stéphanie Bensimon*** **Pascale Roque*** *(April 28, 2022)*
Appointments, Compensation and Governance Committee	-	-	**Éric Le Gentil** **Élisabeth Cunin*** *(April 28, 2022)*
Strategy and Transformation Committee	**Michel Savart** *(April 26, 2022)* **Sébastien Pezet***, Permanent representative of Generali Vie *(July 1, 2022)*	**Vincent Ravat** *(June 15, 2022)* **Jean-Louis Constanza*** *(January 1, 2023)*	**Éric Le Gentil** **Stéphanie Bensimon*** **Élisabeth Cunin*** *(April 28, 2022)*

* *Independent director.*

E. Changes in the composition of the Board of Directors, submitted to the General Meeting of April 27, 2023

Departures	Appointments	Ratifications	Renewals
Jacques Dumas	Maël Aoustin*	Vincent Ravat Jean-Louis Constanza*	-

* *Independent director.*

The ratification of the appointment of Vincent Ravat and Jean-Louis Constanza will be submitted to the next General Meeting. The Board of Directors also proposes to the General Meeting the appointment of Maël Aoustin as director for a term of three years. Lastly, the directorship of Jacques Dumas will expire at the end of this Meeting. The Board thanks him for his valuable contribution during his 18 years in office.

The Board considers that its new composition will enable it to be a balanced body. Its members will have additional expertise as well as a good knowledge of the sector and the company.

Thus, and subject to approval from the General Meeting on April 27, 2023, at the end of the Meeting, the Board would remain composed of 9 members and would comprise, within the meaning of the criteria set out in the AFEP-MEDEF Code, 7 independent directors: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque, Maël Aoustin and Jean-Louis Constanza. Independent directors would make up 78% of the Board and women, 56%.

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. The Board of Directors appointed:

- Éric Le Gentil as Chairman of the Board of Directors;
- Vincent Ravat as Chief Executive Officer; and
- Elizabeth Blaise as Deputy Chief Executive Officer.

The General Meeting of April 28, 2022 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. The Board also appointed Vincent Ravat as director on June 15, 2022.

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.

A. Restrictions on the powers of Senior Management

The Chief Executive Officer and the Deputy Chief Executive Officer have the most extensive powers to act on behalf of the Company in all circumstances, pursuant to Article L. 225-56 of the French Commercial Code. These powers are to be exercised within the scope of the Company's purpose and of the powers expressly conferred by law on General Meetings and on the Board of Directors.

They represent the Company in its relations with third parties. However, as part of good corporate governance, the Board of Directors has decided to limit the powers of Senior Management and to make certain management initiatives subject to its prior approval, depending on their nature or the amount involved. The thresholds of the limits have been set in order to reserve the most significant transactions for the Board of Directors. The Chief Executive Officer cannot, therefore, carry out the following transactions without obtaining prior authorization from the Board of Directors:

- any transaction likely to affect the strategy of the Company and/or the companies it controls, their financial structure or the scope of their activity, in particular the signing or termination of any agreement likely to have a material effect on the future of the Company and/or its subsidiaries;
- any transaction or commitment exceeding Euro 10 million and, in particular:
  - any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a *de jure* or *de facto* basis; any complete or partial divestment of interests or marketable securities,
  - any acquisition or assignment of claims, lease rights or other intangible assets,
  - any contribution or exchange, with or without consideration, affecting assets, rights, stocks or securities,
  - any acquisition or disposal of properties or real-estate rights,
  - any issue of securities by companies controlled directly or indirectly by the Company,
  - any 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.

Specific annual authorizations

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, 2023, 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.

Senior Management is also authorized to issue:

- bonds for a maximum total annual amount of Euro 550 million with a maturity of up to 10 years;
- convertible bonds to obtain Company shares up to a total par value of Euro 9.3 million, excluding premiums; and
- private placements of bonds, for a maximum total annual amount of Euro 200 million and with maturities of 5 to 15 years;

and, in this respect, to set the characteristics and procedures and to carry out all related market transactions.

Lastly, the Board of Directors authorized Senior Management to partially buy back the existing bond issues maturing in February 2026, July 2027 or February 2029 for a maximum nominal amount of Euro 100 million (excluding the premium linked to the buyback offer).

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 Executive Committee, the Management Committee is primarily intended to represent all the key functions of the Company:

- Senior Management;
- Finance;
- Human resources;
- CSR;
- Real estate operations;
- 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.

Missions and activity

The Committee oversees and monitors operational performance and enables implementation of any initiatives to optimize it. All of the various departments' current issues and projects are analyzed. This highly operational anchoring of the Management Committee and its close proximity to issues in the field form the basis of Senior Management. The latter can thus decide on the Company's major policies and the allocation of its resources on a concrete and effective basis.

In 2022, the Management Committee dealt with many operational issues such as:

- the performance of assets;
- letting;
- investment projects, as well as real estate, development or digital, and disposals; as well as
- the progress of the CSR policy.

It was also asked about human resources issues, more specifically on aspects concerning the organization of working hours and talent retention. Changes to information systems and procedures, particularly related to the finalization of the bringing back in-house of functions, were regularly shared with a view to managing change. In a volatile economic context marked by significant changes in interest rates and energy prices, the Company's financial policy was regularly presented to this body, as were the results of calls for tenders relating to gas and electricity, so that the Committee could address the impact on tenants and visitors.

Composition

At December 31, 2022, the Management Committee was made up of 15 members, of which 53% were women. The average age of its members was 47.4 years, ranging from 36 to 63 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 8.1 years, with both long-serving Mercialys employees and new hires. This helps to combine a solid base of long-standing Company knowledge with a fresh perspective from employees who have recently joined from other industry stakeholders.

The appointment of Management Committee members is based on their expertise and the need to represent their function on the Company's management team. The total number of its members is therefore not fixed. Senior Management always ensures that its composition is as balanced as possible, particularly in terms of age and female representation. Mercialys is committed to ensuring that the latter is routinely maintained at around 50%. No consideration of religious or political opinions, cultural, ethnic or racial affiliations, trade union activities, family situation, sexual preferences, health or disability, or social background may be taken into consideration as part of the member selection process. Mercialys Senior Management itself decides whether to include an employee on the Management Committee, after consulting the Human resources Department.

The composition of the Management Committee was as follows at December 31, 2022:

Member	Gender	Age as at December 31, 2022	Department	Seniority at Mercialys at December 31, 2022 (1)
Vincent Ravat	M	48 years	Chief Executive Officer	9 years
Elizabeth Blaise	F	46 years	Deputy Chief Executive Officer	8 years
Nicolas Faivre	M	45 years	Real estate Operations	19 years
Fanny Faugère	F	50 years	Real estate Innovation	13 years
Laurence Fonteyne	F	51 years	Shopping center Operations	0.7 year
Irving Gauthier	M	40 years	Finance department	2 years
Stéphane Girard	M	54 years	Development and institutional Relations	2 years
Fabrice Haurani	M	38 years	Arbitrage and acquisitions	11 years
François Klitting	M	63 years	General Secretary	1 year
Nathalie Monfort	F	55 years	Letting	17 years
Julie Récart	F	40 years	Customer experience	6 years
Audrey Servadio	F	36 years	Corporate Social Responsibility	10 years
Amina Tonner	F	43 years	Mixed-used Projects	10 years
Paul-Henry Vielle	M	62 years	Human resources	1 year
Anne-Violaine de Vregille	F	40 years	Legal real estate and asset management	12 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 2022 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 as at December 31, 2022**	**Department**	**Member**	**Gender**	**Age as at December 31, 2022**	**Department**
Didier Jacquel	M	63 years	Shopping center Operations	Nicolas Faivre	M	45 years	Real estate Operations
				Laurence Fonteyne	F	51 years	Shopping center Operations

C. Gender balance within ruling bodies

Mercialys is particularly keen to implement a diversity policy. Both Senior Management and the Board of Directors ensure the proper application of this policy (see measures described in chapter 2, p. 104 *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)	53% women

(1) As at December 31, 2022.

Thanks to Mercialys' gender equality policy, gender equality is respected every year, both within the Management Committee and Senior Management. The table above showing the composition of the Management Committee is a perfect illustration of this: of 15 members, 8 are women.

In addition, Mercialys occupies the second position in the general ranking of the feminization of ruling bodies in SBF 120 companies.

As diversity is placed at the heart of the Company's focuses, Mercialys is keen to maintain this momentum and its objectives for the years to come.

	2020	**2021**	**2022**
Percentage of women on the Management Committee	50%	50%	53%
General ranking of the feminization of ruling bodies in SBF 120 companies	4th place	3rd place	2nd place

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 succession plans must be reviewed and updated on a regular basis. In the context of the renewal of the terms of office of the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officer in February 2022 and in the absence of new information, the Appointments, Compensation and Governance Committee did not consider it useful to review these plans. The next review will take place in 2023.

4.1.4 Preparation and organization of the Board of Directors' work

4.1.4.1 Operation of the Board of Directors

Pursuant to the provisions of Article L. 225-35 of the French Commercial Code, the Board of Directors determines the broad lines of the Company's business activities and ensures they are implemented. Except for powers expressly conferred on shareholders' General Meetings and within the limit of the Company's purpose, the Board of Directors concerns itself with all issues affecting the Company's operations and regulates the Company's affairs. It also conducts such audits and reviews as it deems appropriate.

The manner in which the Board of Directors' work is prepared and organized is defined by law, the Company's articles of association, the provisions of the Board of Directors' Rules of Procedure and the charters of Board's Specialized Committees.

The Board of Directors meets as often as required in the interests of the Company, and whenever the Board deems it appropriate. The Board of Directors' deliberations are only valid if at least half of its members are present. Decisions are taken based on a majority of the members present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

The Chairman organizes and directs the Board of Directors' work and reports on it to the General Meeting of shareholders. In this respect, the Chairman convenes meetings of the Board of Directors and draws up the agenda and minutes. The Chairman monitors the operation of the Company's management bodies and verifies in particular that the directors are capable of carrying out their duties.

A. Rules of Procedure of the Board of Directors

The organization and operation of the Board of Directors are governed by its Rules of Procedure, adopted on August 22, 2005. These were last modified on June 15, 2022. The Rules of Procedure also include the corporate governance principles which the Board upholds and applies.

They also describe the operating methods, assignments, powers and duties of the Board and its Specialized Committees:

- Audit, Risks and Sustainable Development Committee;
- Appointments, Compensation and Governance Committee;
- Strategy and Transformation Committee.

The professional ethics rules and good governance principles applicable to the members of the Board of Directors are set out in § 4.1.8, p. 265 *et seq.*

The Rules of Procedure establish the principle that the functioning of the Board of Directors should be subject to regular formal appraisal. They also describe the manner in which, and on what terms, meetings are conducted and votes are taken, and enable the directors to take part in Board meetings by videoconference or other means of telecommunication. The Board of Directors' Rules of Procedure are available to shareholders in this Universal Registration Document (see chapter 9, § 9.1.5, p. 435 *et seq.*). They may also be consulted online at the Company's website: www.mercialys.com.

B. Information on the Board of Directors

The conditions for exercising the right to information established by statute, and the obligations of confidentiality arising therefrom are specified in the Board's Rules of Procedure.

The Chairman of the Board of Directors is required to provide each director with all the documents and information they require to perform their duties.

Senior Management and the Board's Secretary are available to all directors to provide any information or pertinent explanation required.

Internal distribution of information

The information required for the examination of the points to be discussed by the Board of Directors is provided to Board members prior to Board meetings. Each director is therefore provided with a file containing all the information and documents relating to the items on the agenda, subject to its availability and depending on the progress made on these cases. The introduction of a secure platform has made it possible to digitize Board and Committee files, facilitating data transmission and archiving, and improving the level of confidentiality.

Board members are informed of changes in the markets and in the competitive environment, and of the primary challenges faced, including those related to the Company's Corporate Social Responsibility.

At least once every six months, Senior Management provides the Board of Directors with a statement on the Company's activity and that of its main subsidiaries, including in particular:

- revenues and changes in income;
- a report on investments and disposals;
- a summary of debt and the credit facilities available to the Company and its main subsidiaries;
- a list of the agreements covered by Article L. 225-39 of the French Commercial Code that were signed during the previous half-year period.

Between Board meetings, the Directors receive all important information about the Company or about any event that significantly affects the Company, about the transactions or information previously provided to them, or the subjects discussed at meetings. They are invited to the meetings where the financial results are presented to financial analysts and investors.

Welcome program

When directors take office, they receive all the information necessary for the performance of their duties and may ask to be provided with all documents they believe to be useful. They have individual meetings with each director or member of Senior Management. Meetings are also held with certain members of the Management Committee so that they can improve their knowledge of the factors specific to the Company, its businesses and its markets.

At the time of their appointment, the members of the Audit, Risks and Sustainable Development Committee receive information on the Company's specific accounting, financial or operational activities. If necessary, specific CSR training is offered to them.

Mercialys' teams are available to help new directors familiarize themselves with the Group's portfolio during site visits.

This program enables directors to understand the Company's strategic, competitive, environmental, societal and financial issues.

Training

In 2022, the ethics training provided to employees was presented to the directors. In addition, an auditor from Ernst & Young et Associés, a partner in the climate and energy team, presented the new CSR regulations to the Audit, Risks and Sustainable Development Committee.

Several directors joined the Chapter Zero France association in 2022. Its objective is to raise directors' awareness of climate-related issues, in particular the transition to net zero carbon.

In addition, Victoire Boissier, Élisabeth Cunin and Dominique Dudan attended CSR conferences and training as part of their other duties.

Each director may receive additional training if he or she deems it necessary. This may relate in particular to the specificities of the Company, its businesses and business sectors and its CSR issues, in particular climate-related issues, as well as its accounting or financial aspects in order to perfect their knowledge. No director asked for training in 2022.

Site visits

In 2022, one of the meetings of the Board of Directors was held in Angers, at La Galerie Espace Anjou. This meeting enabled the directors to discover more about this asset, its commercial environment and its competition, and to assess more concretely the associated technical, operational, real estate and marketing-related issues. They also heard from several employees responsible for managing the shopping center and learned about the diversification of the site through the coworking activity.

There are plans to carry out more of these types of visits on a periodic basis.

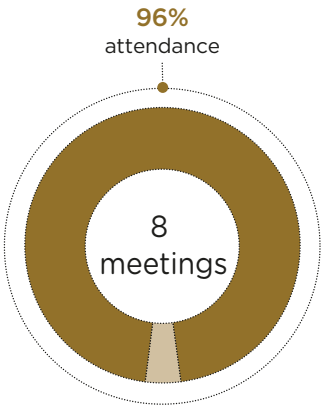
4.1.4.2 Board of Directors' duties and activities

A. Calendar of Board of Directors Meetings in 2022 and attendance arrangements

	01/19/2022	02/14/2022	04/28/2022	05/02/2022	06/15/2022	07/27/2022	10/20/2022	12/07/2022
Éric Le Gentil	P	V	P	V	P	P	P	P
Stéphanie Bensimon*	V	V	V	V	P	P	V	P
Victoire Boissier*	V	V	P	V	P	V	P	P
Jean-Louis Constanza* *(since October 20, 2022)*	-	-	-	-	-	-	-	V
Élisabeth Cunin*	V	P	P	V	P	V	V	P
Dominique Dudan*	P	V	P	V	P	P	P	P
Jacques Dumas	V	R	P	V	P	P	P	P
David Lubek *(until April 28, 2022)*	V	V	V	-	-	-	-	-
Sébastien Pezet* *(until July 1, 2022)*	V	P	R	V	V	-	-	-
Vincent Ravat *(since June 15, 2022)*	-	-	-	-	P	P	P	P
Pascale Roque*	V	P	P	V	V	V	R	V
Michel Savart *(until April 26, 2022)*	V	V	-	-	-	-	-	-

* *Independent director.*

P Physical presence — V Attendance *via* telephone or video conferencing — R Represented (having given proxy to another member of the Board of Directors) — X Non-attendance



B. Activity during 2022

In 2022, the Board of Directors met eight times with an overall attendance rate of 96%.

The Chief Executive Officer, who has also been a director since June 15, 2022, and the Deputy Chief Executive Officer attended all meetings.

Various Group employees also attended these meetings to inform the Board about certain topics:

- the Chief Financial Officer;
- the General Secretary;
- the Secretary of the Board;
- the Director of Property Development and Urban Projects;
- the Director of Real Estate Operations;
- the Director of Development and Institutional Relations;
- the Director of Arbitrage and Acquisitions;
- the CSR Director;
- the IT Director;
- and Heads of Asset Management and Operations.

The Board also benefited from the occasional attendance of external third parties, such as Jérôme Fourquet, Director of the Opinion and Corporate Strategy Department at IFOP.

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 respective compensation.

Furthermore, the Company's independent directors met on October 20, 2022. They submitted a report on their observations and recommendations to the Board of Directors. They expressed their satisfaction with the functioning of the Board and the relationship with Senior Management.

The main topics examined by the Board of Directors in 2022 are listed below:

	Main work carried out in 2022
Financial position	Approval of the annual and half-year financial statements and review of the quarterly financial information, approval of the Management report
	Approval of the business plan and financial projections
	Convening of the Annual General Meeting and approval of the draft resolutions
	Review of the Statutory Auditors' audit plan
	Review of bank liquidity arrangements
	Review of the proposed refinancing operation
	Review of the interest rate risk hedging policy
	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
	Review of the cybersecurity system
	Review of cultural and sporting challenges for the Company
	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
	Renewal of the terms of office of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer
	Update on the shareholding structure and the associated governance
	Co-option of Vincent Ravat and Jean-Louis Constanza as directors
	Review of the composition of the Committees
	Allocation of bonus shares to key employees and all employees
	Internal assessment of the Board of Directors
	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 Committees
Corporate Social Responsibility	Review of the CSR audit approach, update on the 10-year CSR strategy and verification of the achievement of objectives
	Approval of the statement of non-financial performance
	Review of energy efficiency measures
	Review of the Company's workplace diversity, equality and equal pay policy
	Update on human resources: employee commitment, working environment and turnover

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. 233 *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, 2023, the closing date of the financial statements for fiscal year 2022, the Specialized Committees were composed as follows:

	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee	Strategy and Transformation Committee
	3 members, all 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** **Jean-Louis Constanza** **Dominique Dudan**
Non-independent members	-	**Jacques Dumas** **Éric Le Gentil** Chairman of the Board of Directors	**Éric Le Gentil** Chairman of the Board of Directors **Vincent Ravat** Chief Executive Officer

(1) Committee at least two thirds composed of independent members in accordance with the AFEP-MEDEF Code.
(2) Committee composed mainly of independent members in accordance with the AFEP-MEDEF Code.

4.1.5.1 Audit, Risks and Sustainable Development Committee

A. Duties, responsibilities and activity during 2022

The Audit, Risks and Sustainable Development Committee helps the Board of Directors fulfill its role in reviewing and approving the full-year and half-year financial statements, and in examining any transaction, fact or event that may have a significant impact on the position of the Company or its subsidiaries in terms of commitments and/or risks. Its scope also covers the analysis of management risks and the detection and prevention of management anomalies. It is also responsible for monitoring the sustainable development policy.

In this capacity, in accordance with Article L. 823-19 of the French Commercial Code and under the responsibility of the Board of Directors, the Audit, Risks and Sustainable Development Committee is responsible for matters relating to the preparation and control of financial and accounting information.

Its members all have expertise in finance and accounting, company management and CSR:

	Finance/Accounting	Company management	CSR
Stéphanie Bensimon	•	•	•
Victoire Boissier	•	•	•
Pascale Roque	•	•	•
	100%	**100%**	**100%**

The main assignments and duties of the Audit, Risks and Sustainable Development Committee, as well as the work carried out in 2022, are presented below:

Powers	Main duties and work carried out in 2022
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
	Review of the proposed refinancing operation and financial authorizations
	Review of the interest rate risk hedging policy
	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
	Review of the Statutory Auditors' audit plan
	Update on accounting and financial information systems
Internal control and risk management	Review of internal control procedures and risk mapping as well as the work carried out by the Risks Prevention Committee
	Progress update on the bringing back in-house of functions
	Review of the anti-corruption system and compliance and ethics measures put in place
Sustainable development	Review of the CSR audit approach, update on the 10-year CSR strategy and verification of the achievement of objectives
	Review of the statement of non-financial performance
	Assessment of the level of achievement of performance criteria relating to CSR issues, as part of the setting of executive compensation

Elizabeth Blaise, Chief Financial Officer until April 28, 2022 and Deputy Chief Executive Officer, is the Committee's main contact. She attended all Committee meetings. Irving Gauthier, Chief Financial Officer since April 28, 2022, also sits on the Committee.

The Statutory Auditors were heard during the review of the annual and half-yearly financial statements, as part of the presentation of their annual audit plan and their audit of the internal control systems. In addition, the dedicated Statutory Auditors presented their specific audit approach concerning the certification of the consolidated statement of non-financial performance.

Third parties also attended certain Committee meetings: Thomas Gault, partner of the climate and energy team at Ernst & Young et Associés, auditor, and Serge Assouline, of Forex Finance.

The Committee also heard from the Head Accountant.

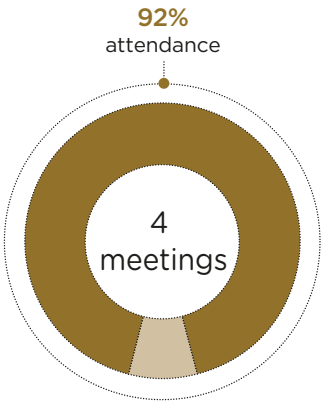
The Audit, Risks and Sustainable Development Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Audit, Risks and Sustainable Development Committee meetings in 2022 and attendance arrangements

	02/11/2022	04/26/2022	07/26/2022	10/19/2022
Stéphanie Bensimon* – Chairwoman	Physical presence	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing
Victoire Boissier*	Non-attendance	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence
Pascale Roque*	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence
Michel Savart *(until April 26, 2022)*	Attendance *via* telephone or video conferencing	-	-	-

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — Non-attendance



4.1.5.2 Appointments, Compensation and Governance Committee

A. Duties, responsibilities and activity during 2022

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 skills required for the members of this Committee are as follows: human resources management, control of dedicated legal aspects and compliance and CSR aspects.

The distribution of these responsibilities among the members as of December 31, 2022 is as follows:

	Legal/Compliance	Human resources	CSR
Dominique Dudan	•	•	
Victoire Boissier	•		•
Élisabeth Cunin		•	
Jacques Dumas	•	•	
Éric Le Gentil		•	•
	60%	**80%**	**40%**

The main assignments and duties of the Appointments, Compensation and Governance Committee, as well as the work carried out in 2022, are presented below:

Powers	Main duties and work carried out in 2022
Compensation	Preparation of the setting of the compensation awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer
	Compensation policy for corporate officers
	Review of proposed share subscription or purchase option and bonus share plans for employees and 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
Appointments	Review of the structure, size and composition of the Board of Directors
	Review of directors' independence and potential conflicts of interest
	Organization of the procedure for selecting directors and examination of candidacies: proposal for the co-option of Vincent Ravat and Jean-Louis Constanza
	Review of the composition and Chairmanship of the Committees
	Review of candidacies for the positions of Chief Executive Officer and Deputy Chief Executive Officer *[n/a in 2022]*
	Renewal of the terms of office of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer
	Succession plan for executive corporate officers and key positions in the Company *[n/a in 2022]*
	Obtaining all useful information relating to the conditions for recruitment, compensation and status of the Group's senior executives *[n/a 2022]*
Governance	Review of the draft corporate governance report
	Preparation and updating of the Board of Directors' Rules of Procedure, the charters of the Committees, the Stock Market Code of Ethics, 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
	Verification of compliance with governance rules within the Board
	Implementation of the regular assessment of the Board of Directors
	Review of the specific powers to be granted to Senior Management with regard to sureties, endorsements and guarantees, loans and credit lines, and well as the issue of bonds and commercial papers
Human Resources	Review of the Company's workplace diversity, equality and equal pay policy
	Update on human resources: employee commitment, working environment, turnover and compensation

Vincent Ravat, Chief Executive Officer, attended some of the Committee's meetings in 2022.

The Committee benefited from presentations by the Secretary of the Board and the General Secretary.

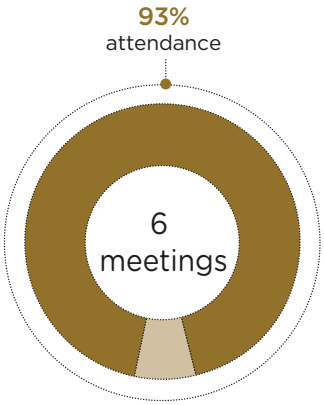
The Appointments and Compensation Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Appointments, Compensation and Governance Committee meetings during 2022 and attendance arrangements

	02/11/2022	04/26/2022	06/14/2022	09/05/2022	10/19/2022	12/07/2022
Dominique Dudan* – Chairwoman	Physical	Physical	Remote	Physical	Physical	Physical
Victoire Boissier*	✕	Remote	Remote	Remote	Physical	Physical
Élisabeth Cunin*	Physical	Remote	Remote	Remote	✕	Physical
Jacques Dumas	Remote	Physical	Remote	Physical	Physical	Physical
Éric Le Gentil	Remote	Physical	Remote	Remote	Physical	Physical

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — ✕ Non-attendance



4.1.5.3 Strategy and Transformation Committee

A. Duties, responsibilities and activity during 2022

The Strategy and Transformation Committee's mission is to:

- review the investment and asset rotation strategy;
- review and issue an opinion on the annual investment budget;
- study any investment or divestment plan for the Company.

It is involved in determining the strategy and monitoring of Mercialys' activity and issues recommendations on the prior authorizations that the Board of Directors is called upon to give to Senior Management.

The Board ensures that the members of this Committee have expertise in the following areas:

- Real estate/Construction/Urban planning;
- CSR;
- Retail/Customer service; or
- Innovation/Marketing/Information systems.

The distribution of these responsibilities among the members as of December 31, 2022 is as follows:

	Real estate/Construction/ Urban planning	CSR	Retail/Customer service	Innovation/Marketing/ Information systems
Élisabeth Cunin	•		•	•
Stéphanie Bensimon	•	•	•	
Dominique Dudan	•		•	
Éric Le Gentil	•	•	•	
Vincent Ravat	•	•	•	•
	100%	**60%**	**100%**	**40%**

The main assignments and duties of the Strategy and Transformation Committee, as well as the work carried out in 2022, are presented below:

Powers	Main duties and work carried out in 2022
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, was a permanent guest of this Committee. Since his appointment as a Director on June 15, 2022, he has been a member of this Committee. Elizabeth Blaise, Chief Financial Officer until April 28, 2022, and Deputy Chief Executive Officer, also attended all of the Committee's meetings in 2022.

The Committee also heard from:

- the Director of Arbitrages and Acquisitions,
- the Director of Development and Mixed-used Projects and
- a Business Development Manager.

Its opinions are adopted by simple majority.

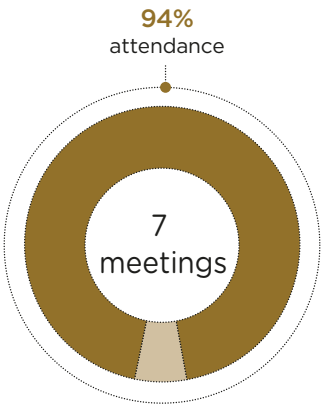
The Strategy and Transformation Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Strategy and Transformation Committee meetings during 2022 and attendance arrangements

	02/11/2022	04/26/2022	05/02/2022	06/14/2022	07/26/2022	10/19/2022	12/07/2022
Élisabeth Cunin* – Chairwoman	Physical	Telephone	Telephone	Telephone	Telephone	Telephone	Physical
Stéphanie Bensimon*	Physical	Telephone	Telephone	Telephone	Telephone	✕	Telephone
Dominique Dudan*	Physical	Physical	Telephone	Telephone	Telephone	Physical	Physical
Éric Le Gentil	Telephone	Physical	Telephone	Telephone	Physical	Physical	Physical
Sébastien Pezet* *(until July 1, 2022)*	Telephone	✕	Telephone	Telephone	-	-	-
Vincent Ravat *(since June 15, 2022)*	-	-	-	-	Physical	Physical	Physical
Michel Savart *(until April 26, 2022)*	Telephone	-	-	-	-	-	-

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — ✕ Non attendance



4.1.6 Corporate Social Responsibility

Both the Board of Directors and each Committee are involved in CSR matters. The assignments and work carried out in this area in 2022 are presented below.

Board of Directors

- Consideration of social and environmental issues in determining the direction of the Company's activity.
- Monitoring the progress of the Company's 4 Fair Impacts for 2030 strategy for the period 2020-2030.
- Verification of the achievement of CSR objectives.
- Review of the CSR audit approach.
- Review of the energy efficiency measures implemented.
- Approval of the statement of non-financial performance.
- Deliberation on the Company's workplace diversity, equality and equal pay policy.
- Monitoring of changes in human resources in terms of employee commitment, working environment, turnover and compensation.
- Consideration of CSR skills for the appointment or reappointment of directors.
- Setting of performance criteria relating to CSR issues as part of Senior Management compensation.

Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee	Strategy and Transformation Committee
• Review of the Group's CSR policy guidelines. • Determination of CSR objectives and challenges. • Verification of the achievement of CSR objectives. • Monitoring the implementation of the CSR policy. • Review of the Company's exposure to non-financial risks. • Monitoring of the process of preparing non-financial information. • Review of the statement of non-financial performance. • Assessment of the level of achievement of CSR-related performance criteria, as part of the setting of Senior Management compensation.	• Review of the Company's workplace diversity, equality and equal pay policy. • Monitoring of changes in human resources in terms of employee commitment, their working environment, turnover and compensation. • Consideration of CSR skills in its recommendations on the appointment or renewal of directorships. • Preparation for the setting of CSR-related performance criteria in the context of Senior Management compensation.	• Consideration of social and environmental aspects when reviewing strategic projects.

Stéphanie Bensimon, Chairwoman of the Audit, Risks and Sustainable Development Committee, is responsible for monitoring the CSR approach. As such, she gathers the information that must be provided by Mercialys' teams to the Committee so that its members have a full understanding and can comment on both the objectives set out in the Company's ten-year CSR strategy, as well as real estate and financial issues and those related to the mapping of the risks induced by this policy. She reports the Committee's conclusions and recommendations on the entire CSR approach to the Board of Directors.

4.1.7 Assessment of the operation of the Board of Directors

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. The latter is tasked with organizing the implementation of this recommendation, assisted by an outside consultant if it so wishes. In addition, individual meetings are held every year between the Chairman of the Board and each director.

During the second half of 2020, the Appointments and Compensation Committee entrusted this assessment to an external consultant, as in 2017. This consultant 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.

At the end of 2022, the Secretary of the Board carried out an internal assessment of the operation of the Board, at the request of the Appointments, Compensation and Governance Committee.

The next assessment will be carried out in the second half of 2023.

Outcome

The assessments in 2020 and 2022 revealed very good governance at Mercialys, both with regard to the composition of the Board composition and its operations. 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
2020	Provide further information on Mercialys' positioning vis-à-vis its competitors.	Presentations have been made on this subject in 2021 and 2022.
	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 in 2021 (see § 4.1.3).
	Renew the memberships 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 operation/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.
	Hold Board meetings in different locations.	The Board met in Angers in June 2022. An on-site Board meeting is scheduled for 2023.
2022	Strengthen the information provided on competitors.	More detailed presentations of the competition's initiatives and achievements were made during the governance sessions in December 2022.
	Further strengthen strategy-related information and discussions.	A reminder of the strategic orientations recorded will be issued regularly and more time will be devoted to the review of these orientations by the Board of Directors.
	Provide more information on innovation.	A presentation was made on this subject.
	Increase the involvement of the members of the Management Committee in Board and Committee meetings.	There are plans to invite members of the Management Committee and other employees more frequently.
	Appoint an additional member to the Audit, Risks and Sustainable Development Committee.	If the General Meeting of April 27, 2023 approves the appointment of Maël Aoustin to the Board of Directors, he will join this Committee.

4.1.8 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 June 2022. These documents may be consulted on the Company's website: www.mercialys.com.

Section V of the Rules of Procedure specifies that before accepting their assignment, each director must read:

- the legal and regulatory texts relevant to their position;
- applicable governance codes and best practices; as well as
- requirements specific to the Company resulting from the articles of association and Rules of Procedure.

Directors have a duty to request the information which they believe necessary to fulfill their role. To this end, they must submit a request to the Chairman of the Board of Directors, within the appropriate time limits, for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.

In 2015, the Board of Directors decided to modify or complete its existing internal procedures and thus consolidate the good governance approach. A decision was therefore made to introduce a process of reviewing all related-party agreements.

With regard to the rules relating to the prevention and management of conflicts of interest, the Rules of Procedure specify that each director has an obligation to inform the Board of Directors of any actual or potential conflict of interest in which he or she could be directly or indirectly involved. In this case, he/she must abstain from attending the discussions and the vote on the corresponding deliberation. Furthermore, each director shall consult the Chairman of the Board of Directors before becoming involved in any business activity or accepting any position or obligation that may place them in a situation of actual or potential conflict of interest. The Chairman may refer such matters to the Appointments, Compensation and Governance Committee and/or the Board of Directors.

In addition to the aspects directly related to governance and their role, the directors are also informed of the Company's overall approach to ethics, in particular through the mandatory annual training provided to all employees. This relates in particular to:

- the fight against money laundering and financing of terrorism;
- preventing corruption and managing of conflicts of interest;
- stock market ethics; and
- human resources aspects.

4.1.8.1 Procedure for prior review of regulated agreements and commitments by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee

The Board of Directors has established a systematic review procedure for regulated agreements (by involving the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee), over and above the procedure for regulated agreements and commitments as provided for by the French Commercial Code.

Thus, the Board of Directors has implemented a prior review procedure by the Audit, Risks and Sustainable Development Committee or by the Strategy and Transformation Committee, according to the nature of the agreement in question, before presentation to the Board of Directors for information or authorization of all agreements starting at the thresholds it has defined, with some exceptions between Mercialys or its wholly-owned subsidiaries and a related party.

A related party means:

(i) any person or entity directly or indirectly holding 10% or more of the Company's share capital or voting rights;

(ii) any executive of the Company;

(iii) any entity having an executive in common with the Company;

(iv) any entity controlled by, or controlling, directly or indirectly, a person or entity referred to in (i) or (ii) above.

Regulated agreements entered into by the Company are also subject to this procedure, regardless of their amount. At the request of Senior Management, this procedure may also be applied to any agreement that does not fall within the scope of this procedure, due to its characteristics. The Board of Directors may also, at the request of the Chairman of the Board of Directors, the Chairman of the Audit, Risks and Sustainable Development Committee, or the Chairman of the Strategy and Transformation Committee, decide to entrust to an *ad hoc* Committee the prior review of an agreement with a specific related party due to the nature and importance of the proposed transaction.

A specific organization and operational charter for the procedure was established and approved by the Board of Directors, after an opinion from the Audit, Risks and Sustainable Development Committee. The Board of Directors' Rules of Procedure also include provisions relating to the principle of prior review of regulated agreements and commitments by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee.

4.1.8.2 Procedure for prior review of ordinary agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee

As part of the transposition of Directive (EU) No. 2017/828 of May 17, 2017 establishing a mechanism for the management of agreements between listed companies and their "related parties", the Law of May 22, 2019 (Pacte Law) has reinforced the procedure for the verification of agreements covered by Article L. 225-38 of the French Commercial Code. It encourages Boards of Directors to regularly assess so-called "ordinary" agreements, entered into under normal conditions (Article L. 22-10-12 of the French Commercial Code).

As mentioned in § 4.1.8.1 above, the Board has adopted, in the context of the prevention of conflicts of interest and the protection of non-controlling interests, a charter on regulated agreements and commitments which entrusts the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee, depending on the purpose of the agreement, with the prior review of:

(i) significant agreements between related parties,

(ii) agreements classified as regulated agreements from the first euro; and

(iii) any other agreement between related parties by nature of its characteristics, at the request of Senior Management.

The Board of Directors has decided to assign the legal duty of the annual assessment of "unregulated" agreements to the Audit, Risks and Sustainable Development Committee or the Strategy and Transformation Committee, depending on the purpose of the agreement. The Committee thereby responsible for this task will provide a report and its opinion to the Board of Directors when the Board carries out its annual review of prior regulated agreements.

The charter on related-party agreements now includes the system for the regular assessment of ordinary agreements entered into by Mercialys. It includes:

- a reminder of the main aspects of French law applicable to regulated agreements 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.

4.1.8.3 Convictions

To the best of the Company's knowledge, no member of the Board of Directors has, over the past five years:

- been convicted for fraud or been charged and/or publicly sanctioned by statutory or regulatory authorities;
- been associated as a senior executive with a bankruptcy, receivership or liquidation;
- been banned by a court from acting as a member of an administrative, managerial, or supervisory body of a publicly traded company, or from being involved in the management or conduct of a publicly traded company.

4.1.8.4 Restrictions accepted by the members of the Board of Directors concerning the disposal of their shares

Pursuant to the Company's articles of association, each director should own at least 100 Mercialys shares. The Rules of Procedure specify that it is preferable that this shareholding corresponds to the equivalent of one 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).

In addition, at the end of their three-year vesting period, Vincent Ravat must retain the following in registered form:

- 100% of his shares acquired in respect of long-term compensation for a period of at least two years following their vesting; and
- 50% of said shares until the end of his duties as corporate officer.

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.

4.1.8.5 Insider trading prevention

The Company has a Stock Market Code of Ethics, which was last updated in June 2022. This Code includes a description of:

1/ applicable legal and regulatory provisions;

2/ the definition of insider information;

3/ measures taken by the Company to prevent insider trading;

4/ obligations of persons having access to insider information; and

5/ penalties incurred.

The Code applies to corporate officers, persons closely linked to them, employees, and more generally to persons who may have access to sensitive or insider information.

It institutes:

- a Stock Market Ethics Committee, tasked primarily with addressing all questions relating to the application of the Stock Market Code of Ethics; and
- an Inside Information Committee, tasked with assessing the potentially privileged nature of a piece of information.

The Stock Market Code of Ethics, just like the Board of Directors' Rules of Procedure, refers to observance of the prohibition against executing any transactions relating to the Company's securities and financial instruments:

- within a period of thirty calendar days prior to the announcement of an interim financial report or an end-of-year report that Mercialys is required to make public;
- starting from the date when a person has insider information and until such information ceases to be insider information, in particular because it has been publicly disclosed.

4.1.8.6 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.

The Board of Directors' Rules of Procedure remind directors that they are required to comply with the statutory rules and with the recommendations of the AFEP-MEDEF Code, which state as follows:

- Executive corporate officers shall not hold more than two other directorships in listed companies outside its group, including foreign companies, and shall request the Board's opinion before accepting a new corporate office in a listed company outside the Group;
- directors shall not hold more than four other directorships in listed companies outside the Group, including foreign companies. This recommendation applies at the time of the appointment or of later renewal to the directorship. Each director will inform the Company of any offices held in other French or foreign companies. They will inform the Company of any new office or professional responsibility without undue delay.

It has been verified that no directors whose directorships coming up for renewal at the Annual General Meeting are in a position whereby they are exceeding the guidelines for simultaneous directorships.

4.1.9 Conflicts of interest involving directors and Senior Management

To the best of the Company's knowledge, there are no potential conflicts of interest between the obligations of any member of the Board of Directors or Senior Management as regards the Company and his/her private interests.

There are no Service agreements in place between Mercialys and the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, or any of the directors. No agreement has been directly or indirectly entered into between a subsidiary of Mercialys and a 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.

Furthermore, to the best of the Company's knowledge, there are no family ties between members of its Board of Directors.

The duties conferred upon the Audit, Risks and Sustainable Development Committee, the Strategy and Transformation Committee, and the Appointments, Compensation and Governance Committee, on which independent directors sit, helps prevent conflicts of interest.

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

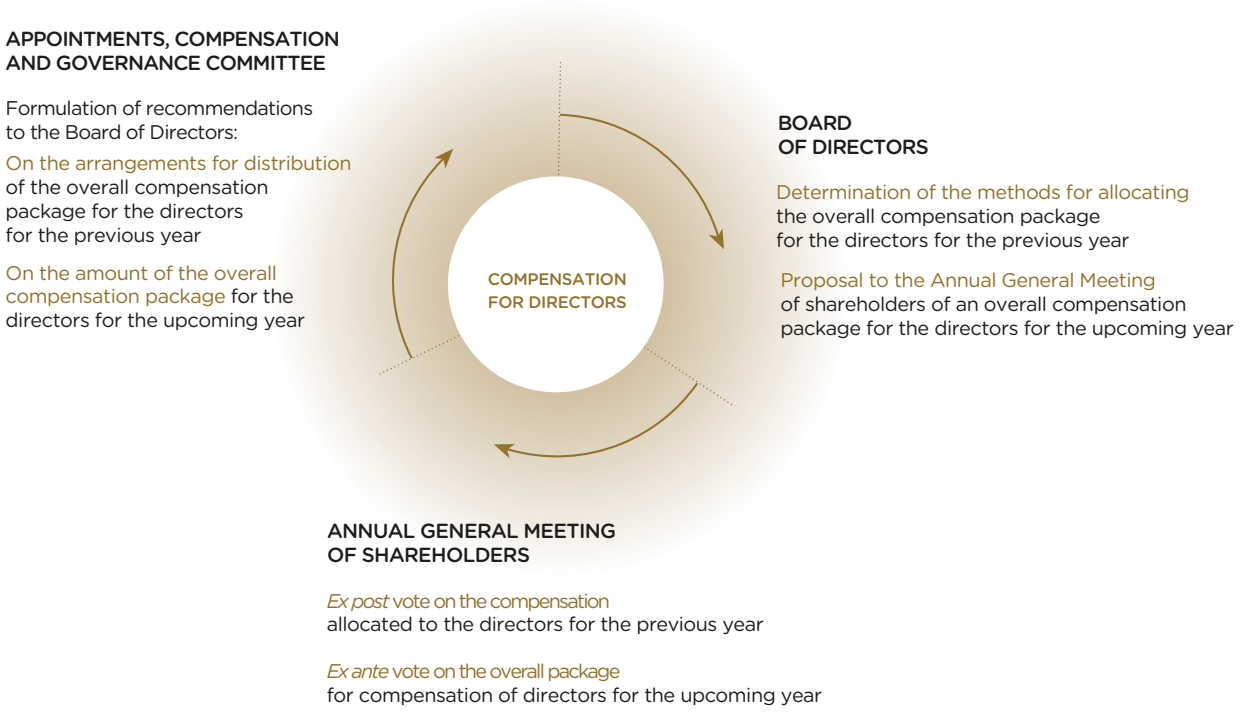
Several years ago, Mercialys introduced a compensation policy for directors which is intended to be balanced, virtuous and favorable to the Company's corporate interest. Accordingly, the Directors receive compensation in return for sharing their expertise and for their involvement in good governance 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 steps are detailed in § 4.1.1, 4.1.8 and 4.1.9, p. 230 *et seq.* and p. 265 *et seq.*

The principles Mercialys applies to its compensation policy for directors are:

- **membership of one or more governance bodies:** the directors' participation in Specialized Committees gives rise to the allocation of additional compensation. The Chairpersons of the Committees and of the Board also receive specific compensation in this capacity;
- **the workload and the level of responsibility involved in belonging to Specialized Committees:** the effort and time directors devote to the Company are taken into account;
- **the attendance:** compensation for directors includes a variable component that is larger than the fixed component, based on their effective individual rate of attendance at Board of Directors' and Specialized Committees' meetings. The variable component of compensation for directors and/or Committee members who have been absent is not reallocated, except in exceptional circumstances;
- **the possibility of exceptional compensation:** in the case of specific events or situations that result in extraordinary meetings of the Specialized Committees or Board of Directors, additional compensation may be allocated to all or some of the directors.

Mercialys determines and allocates the annual package for director compensation in accordance with the traditional procedure illustrated below:

METHODS FOR DETERMINING THE COMPENSATION POLICY FOR DIRECTORS



4.2.1.2 Directors' compensation for fiscal year 2022

The General Meeting of April 28, 2022 set the overall compensation package for members of the Board of Directors and of the Specialized Committees at Euro 370,000, in accordance with the principles of the policy set out above.

On the basis of recommendations from the Appointments, Compensation and Governance Committee, the Board of Directors, at its meeting of December 7, 2022, approved the terms and conditions for the allocation of directors' compensation for fiscal year 2022, 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	€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 and a variable component. The amounts set for each Committee are as follows:

	Strategy and Transformation Committee	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€8,500	€8,500	€8,500
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;
- Generali Vie received its compensation directly as a director on the Mercialys Board of Directors. Sébastien Pezet, permanent representative of Generali Vie, has waived the right to receive 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.

On this basis, the total gross amount of compensation paid in January 2023 in respect of fiscal year 2022 to members of the Board of Directors and of the Specialized Committees totaled Euro 299,931, *versus* Euro 286,275 in respect of fiscal year 2021.

The tables below detail the compensation paid by Mercialys in 2021, 2022 and 2023 to each of the directors. It is stipulated that no compensation was paid by the companies it controls, and that the Company is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

Note that the information concerning Éric Le Gentil, Chairman of the Board of Directors, and Vincent Ravat, director and Chief Executive Officer, is also presented in full in § 4.2.2.2, B, p. 279 *et seq.* and § 4.2.2.4, B, p. 285 *et seq.*

COMPENSATION PAID TO DIRECTORS IN 2021 AND 2022 (IN RESPECT OF FISCAL YEARS 2020 AND 2021)

(in euros)	Amounts paid in 2021	Amounts paid in 2022
Stéphanie Bensimon	30,000	45,000
Victoire Boissier	31,362	35,000
Élisabeth Cunin	30,000	44,010
Dominique Dudan	45,000	43,490
Jacques Dumas	12,500 (1)	11,900 (1)
David Lubek	15,000 (1)	6,875 (1)
Ingrid Nappi	8,519 (2)	-
Sébastien Pezet	-	0 (3)
Pascale Roque	22,689	25,000
Michel Savart	20,000 (1)	20,000 (1)
Bruno Servant	0 (3)	0 (3)
Generali Vie	15,000 (3)	15,000 (3)
Subtotal excluding Éric Le Gentil, Chairman of the Board of Directors	**230,070**	**246,275**
Éric Le Gentil	40,000	40,000
TOTAL	**270,070**	**286,275**

(1) The individual or additional compensation for members representing or employed by the former majority shareholder, the Casino group, or its group of controlled companies, was limited to 50% of the amounts set for other members.

(2) Ingrid Nappi's directorship was not renewed at the General Meeting of April 23, 2020, the date on which her term of office ended.

(3) Generali Vie received its compensation directly as a director on the Mercialys Board of Directors. Bruno Servant, permanent representative of Generali Vie until April 22, 2021, and Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, have waived their compensation as members of the Strategy and Transformation Committee.

COMPENSATION PAID TO DIRECTORS IN 2023 (IN RESPECT OF FISCAL YEAR 2022)

			Specialized Committees						
	Board of Directors		Strategy and Transformation Committee		Audit, Risks and Sustainable Development Committee		Appointments, Compensation and Governance Committee		
(in euros)	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	Total
Stéphanie Bensimon	5,000	10,000	4,000	7,286	9,000	8,500	-	-	43,786
Victoire Boissier	5,000	10,000	-	-	4,000	6,375	4,000	7,083	36,458
Jean-Louis Constanza (1)	986	1,250	-	-	-	-	-	-	2,236
Élisabeth Cunin	5,000	10,000	9,000	8,500	-	-	4,000	7,083	43,583
Dominique Dudan	5,000	10,000	4,000	8,500	-	-	9,000	8,500	45,000
Jacques Dumas	5,000	8,750	-	-	-	-	4,000	8,500	26,250
David Lubek (2)	1,616	3,750			-	-	-	-	5,366
Vincent Ravat (3)	2,740	5,000	2,192	3,643	-	-	-	-	13,575
Pascale Roque	5,000	8,750	-	-	4,000	8,500	-	-	26,250
Michel Savart (4)	1,575	2,500	1,260	1,214	1,260	2,125	-	-	9,934
Generali Vie/ Sébastien Pezet (5)	2,493	5,000	0	0	-	-	-	-	7,493
Subtotal excluding Éric Le Gentil, Chairman of the Board of Directors	**39,410**	**75,000**	**20,452**	**29,143**	**18,260**	**25,500**	**21,000**	**31,166**	**259,931**
Éric Le Gentil	5,000	10,000	4,000	8,500	-	-	4,000	8,500	40,000
TOTAL	**44,410**	**85,000**	**24,452**	**37,643**	**18,260**	**25,500**	**25,000**	**39,666**	**299,931**

(1) Co-option of Jean-Louis Constanza on October 20, 2022.

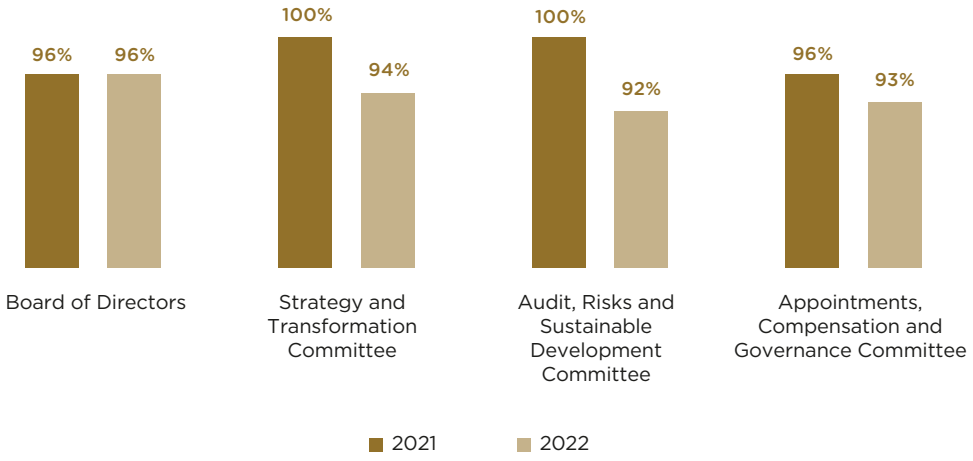
(2) Resignation of La Forézienne de Participations, represented by David Lubek, on April 28, 2022.

(3) Co-option of Vincent Ravat on June 15, 2022.

(4) Resignation of Michel Savart on April 26, 2022.

(5) Resignation of Generali Vie, represented by Sébastien Pezet, on July 1, 2022. Generali Vie received its compensation directly as a director on the Mercialys Board of Directors. Sébastien Pezet has waived his compensation as a member 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 2023

The Board of Directors intends to propose at the General Meeting to be held on April 27, 2023 that no change be made to the overall annual compensation package for the directors, keeping it at Euro 370,000. Due to the increase in the duties entrusted to the Board and its Committees, the Board decided to increase the variable component of the compensation for members of the Board and of the Committees, as well as the additional amount paid to the Chairmen and women of the Committees, without any change to the overall package. The Company has benchmarked comparable companies (comparable by sector or capitalization and free float) and, thus modified, individual compensation remains significantly below the benchmark average.

The conditions for the distribution of directors' compensation would be as follows:

- the annual unitary amount of compensation for members of the Board of Directors would be increased from Euro 15,000 to Euro 16,000. This compensation is made up of a fixed component which would remain unchanged, and a variable component awarded according to attendance:

	Board of Directors
Fixed annual unitary amount	€5,000
Variable annual unitary amount (for 100% attendance)	€11,000

- additional compensation is paid to members of the Specialized Committees. It is made up of a fixed component that would remain unchanged and a variable component awarded according to attendance, which would be increased from Euro 8,500 to Euro 10,000. The additional amount paid to the Chairperson of the Committee would be increased from Euro 5,000 to Euro 6,000:

	Strategy and Transformation Committee	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€10,000	€10,000	€10,000
Additional amount paid to the Committee Chairperson	€6,000	€6,000	€6,000

In addition, unchanged from previous years:

- the individual or additional compensation indicated above will be paid *prorata temporis* depending on the date on which directorships began or ended;
- this compensation is paid in the month following the closing of each fiscal year;
- the corporate officers of Mercialys benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

4.2.2 Compensation and benefits for executives

4.2.2.1 Principles of the compensation policy for executives

Several years ago, Mercialys introduced a compensation policy for executives which is intended to be balanced, virtuous and aligned with the Company's strategy and such as to contribute to its long-term performance. The Board of Directors is aware of the responsibility associated with setting the compensation and objectives of the executives, and has therefore decided to adopt best industry practices, ensuring that the compensation policy will motivate executives, secure their loyalty and reward their performance. The structure of these policies aims to comply with best practices by incorporating recommendations from stakeholders such as proxy advisors and regulatory authorities.

Its approach is based on three structuring principles:

1. objective recognition of performance;
2. valuation of non-financial aspects;
3. convergence of internal and external interests.

Objective recognition of performance	Valuing sustainability dimensions	Convergence of internal and external interests
• Compensation linked to the Company's performance, *via* predominance of the variable component in the executives' compensation package • 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 • Presence of CSR criteria related to climate objectives	• Alignment of the interests of executives and shareholders: long-term variable compensation paid in the form of shares subject to performance, service and ownership criteria • Internal fairness: measurement of differences in executive and employee compensation

Mercialys complies with the recommendations defined by the AFEP-MEDEF Code when determining the compensation policy for its executives, *i.e.* exhaustiveness, balance between the components of compensation, benchmarking, coherence, intelligibility of the rules and measure. Similarly, in accordance with the recommendations relating to the holding of shares by executive corporate officers, the two executive corporate officers of the Company are subject to obligations to retain shares issued under bonus share plans relating to the Company's long-term variable compensation scheme (see cross-reference table in the appendix to this chapter).

Mercialys also complies with the new recommendations included in the revised version of this code published in December 2022 relating to the implementation of the CSR strategy, namely the inclusion of criteria related to Corporate Social Responsibility in executive compensation, at least one of these criteria being exclusively related to climate objectives.

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 the provisions of Article L. 22-10-8, III of the French Commercial Code, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of the compensation for executive corporate officers in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the corporate interest and are necessary to ensure the Company's sustainability or viability. Events that could give rise to the use of this option are, in particular, any event beyond Mercialys' control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as, in particular, the impacts of the Covid-19 pandemic.

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 67% of the members of the Board of Directors and 60% of the members of the 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, 4.1.8 and 4.1.9, p. 230, 265 and 267) and, in particular, situations that may arise in the definition of its executives' compensation.

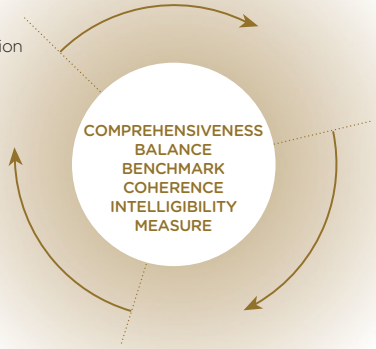
PRINCIPLES AND METHODS FOR DETERMINING THE COMPENSATION POLICY FOR EXECUTIVES

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

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:

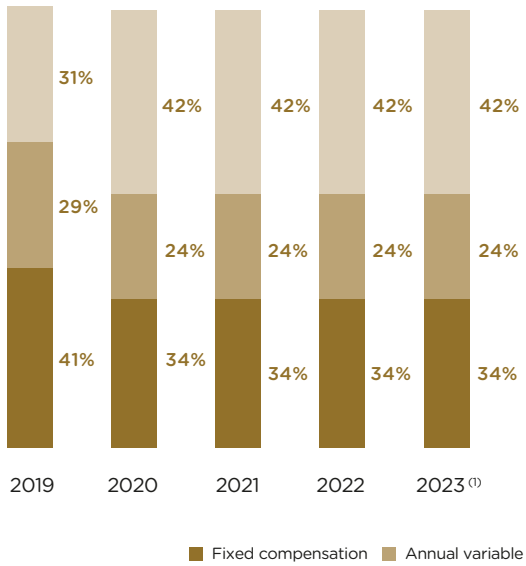
Vote *ex post* on the compensation allocated to the executives for the elapsed year

Vote *ex ante* on the policy for compensation of executives for the upcoming year

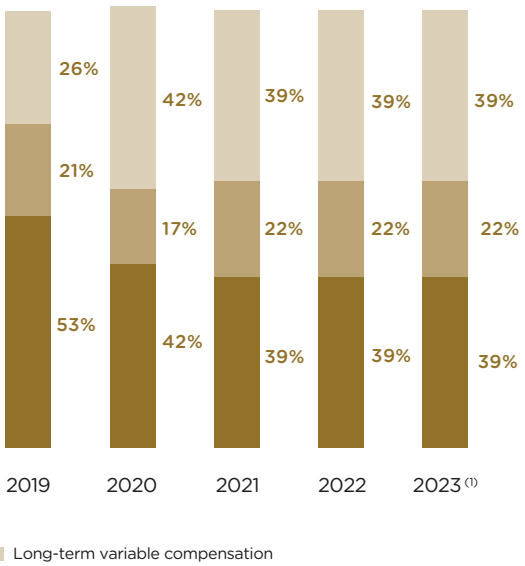
CHANGES IN THE STRUCTURE OF THE TOTAL TARGET COMPENSATION FOR EXECUTIVES

(on the basis of the compensation policy in respect of the indicated year)

CHIEF EXECUTIVE OFFICER



DEPUTY CHIEF EXECUTIVE OFFICER



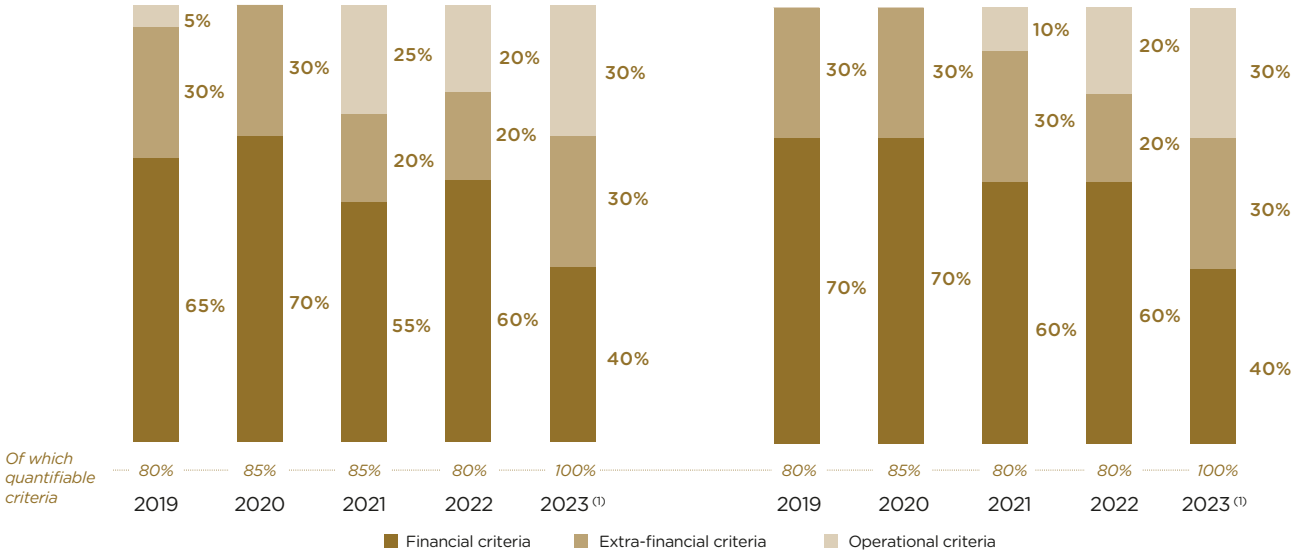
Fixed compensation | Annual variable compensation | Long-term variable compensation

(1) Subject to approval of the 2023 compensation policy by the Ordinary General Meeting of April 27, 2023.

CHANGES IN CRITERIA FOR THE ANNUAL VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

CHIEF EXECUTIVE OFFICER **DEPUTY CHIEF EXECUTIVE OFFICER**

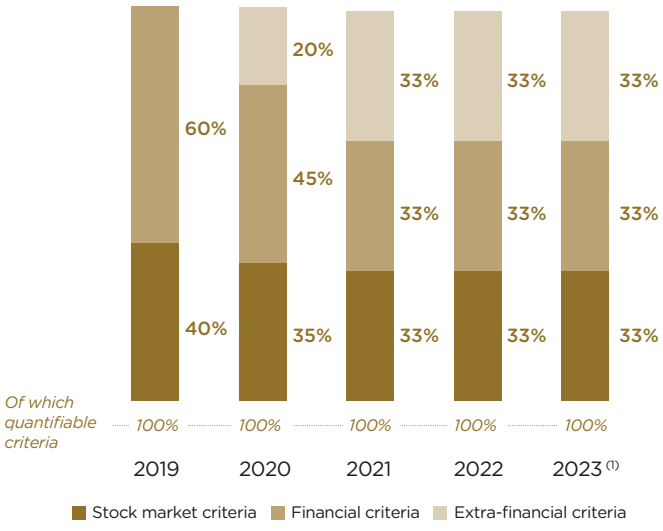


(1) Subject to approval of the 2023 compensation policy by the Ordinary General Meeting of April 27, 2023.

CHANGE IN CRITERIA FOR THE LONG-TERM VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

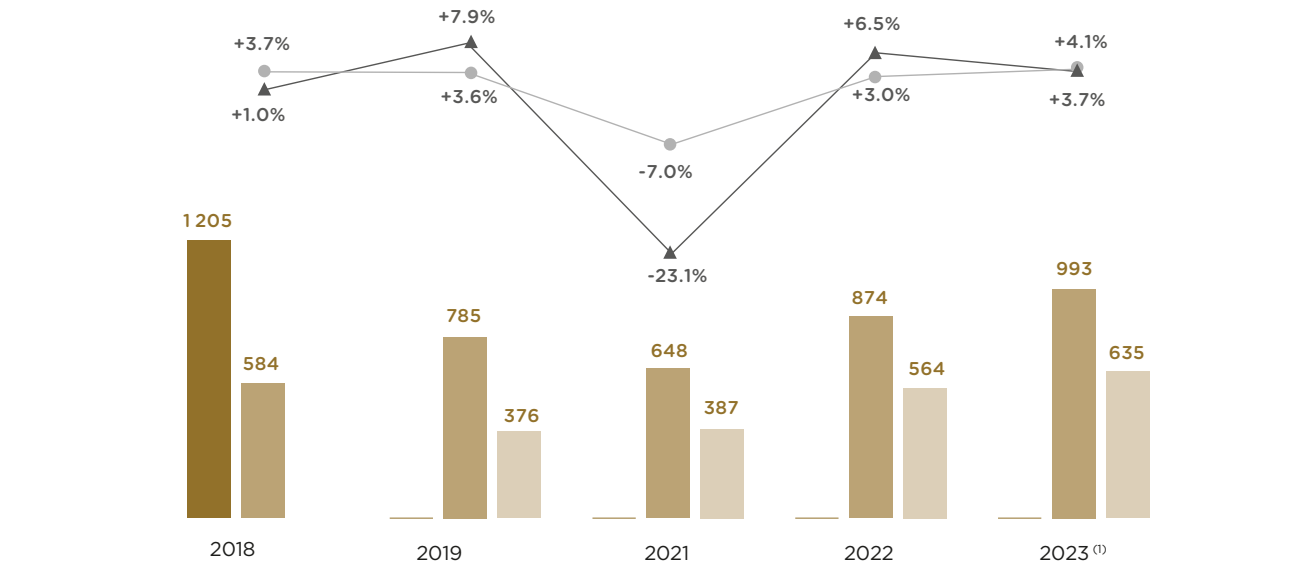
CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER



(1) Subject to approval of the 2023 compensation policy by the Ordinary General Meeting of April 27, 2023.

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 27, 2023.

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)

	2018	2019	2020	2021	2022
Employee compensation					
Average compensation	95,434	85,146	82,489	90,443	121,591
% change		*- 11%*	*- 3%*	*+ 10%*	*+ 34.4%*
Median compensation	86,188	74,196	68,558	80,487	110,367
% change		*- 14%*	*- 8%*	*+ 17%*	*+ 37%*
Chairman of the Board of Directors					
Éric Le Gentil		1,385,892	352,366	361,974	369,705
% change			*- 75%*	*+ 3%*	*+ 2.1%*
Average ratios		16.3	4.3	4.1	3.0
% change			*- 74%*	*- 5%*	*- 24%*
Median ratios		18.7	5.1	4.6	3.3
% change			*- 72%*	*- 0.1%*	*- 28%*
Chairman and Chief Executive Officer					
Éric Le Gentil	1,602,958				
% change					
Average ratios	16.8				
% change					
Median ratios	18.6				
% change					
Chief Executive Officer					
Vincent Ravat		940,965	1,041,674	830,977	1,249,304
% change			*+ 11%*	*- 20%*	*+ 50%*
Average ratios		11.1	12.6	9.2	10.3
% change			*+ 14%*	*- 27%*	*+ 13%*
Median ratios		12.7	15.2	10.3	11.3
% change			*+ 20%*	*- 32%*	*+ 9.7%*
Deputy Chief Executive Officer					
Elizabeth Blaise		571,837	581,295	530,847	839,299
% change			*+ 2%*	*- 9%*	*+ 58%*
Average ratios		6.7	7.0	5.9	7
% change			*+ 5%*	*- 16%*	*+ 18.6%*
Median ratios		7.7	8.5	6.6	7.6
% change			*+ 10%*	*- 22%*	*+ 15%*
Vincent Ravat	715,909				
% change					
Average ratios	7.5				
% change					
Median ratios	8.3				
% change					

Explanation of the main changes

The 2019 equity ratio of the Chairman of the Board of Directors includes the annual variable compensation paid in respect of his position as Chairman and Chief Executive Officer in 2018. In accordance with the applicable regulations, this variable compensation was paid to him following *ex-post* approval by the General Meeting of April 25, 2019.

The 2019 equity ratios reflect the full-year impact of the change in governance in 2019.

The 2021 equity ratios were down due to both an increase in the average and median compensation of Mercialys employees, while the variable compensation paid to executives in 2021 was down significantly due to the effects of the impact of the Covid-19 crisis.

For 2022, the upward trend in the median and average compensation of employees results from:

- the significant review of fixed compensation in line with inflationary trends, the pressure on the job market and the need to retain talent;
- variable bonuses and bonus shares vested by employees following the achievement of performance conditions during the 2022 fiscal year.

The increase in the compensation of the Chief Executive Officer and the Deputy Chief Executive Officer in 2022 results from:

- the good performances achieved in 2021 resulting in an increase in variable compensation compared to that of the previous fiscal year marked by the negative impact of the Covid-19 epidemic;
- bonus shares vested during the 2022 fiscal year, due to the achievement of the performance conditions. The two previous plans had not given rise to share grants, as the performance conditions were not met.

Given the elements described above, the average ratios for 2022 are in line with those of previous years.

The overall analysis of equity ratios above shows that the compensation of Mercialys executives is reasonable. In addition to contributing to social cohesion within the Company, these levels of compensation correspond to the recommendations of the proxies.

Calculation methodology

The equity ratios presented cover the entire workforce of all Mercialys group companies over the whole year, as well as all of the regions in which it operates, *i.e.* mainland France and overseas territories. In addition, in accordance with the French Financial Markets Authority's (AMF) [1] recommendations, to accurately reflect the governance change that came into effect at Mercialys in 2019 [2], the information is presented by position and by corporate officer holding the position. The 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. 128 *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 to employees during year N, including payroll taxes and employer contributions;
- bonus shares vested during year N following the achievement of performance conditions [4];
- compensation in respect of terms of office paid in year N, including payroll taxes and employer contributions.

The methodology used resulted in the executive compensation used in the numerator of the equity ratio corresponds to the compensation paid for the year in question being submitted to the *ex-post* vote of shareholders at the Annual General Meeting, adjusted for employer contributions, as well as the social security regime for company managers, healthcare and pensions.

(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 variable compensation payable in respect of year N-1.
(4) The shares awarded definitively in year N correspond to the plans in previous years. Shares are valued on the basis of the Company's consolidated financial statements.

	Éric Le Gentil		Vincent Ravat		Elizabeth Blaise	
SUMMARY FOR 2022	**Compensation Equity ratio**	**Compensation *Ex-post* vote**	**Compensation Equity ratio**	**Compensation *Ex-post* vote**	**Compensation Equity ratio**	**Compensation *Ex-post* vote**
Fixed compensation	225,000	225,000	430,000	430,000	318,000	318,000
Annual variable compensation	n/a	n/a	478,800	478,800	265,994	265,994
Multi-annual variable compensation	n/a	n/a	0	0	0	0
Other compensation	n/a	n/a	0	0	26,342 (1)	0
Bonus shares acquired during the fiscal year	n/a	n/a	28,028 (2)	0	11,938 (3)	
Compensation allocated in respect of his directorship	40,000	40,000	13,575		0	0
Benefits in kind	0	3,761 (4)	2,167 (5)	39,494 (6)	0	37,328 (7)
Employer's contributions on all compensation components	104,705	0	296,734	0	217,025	0
TOTAL	**369,705**	**268,761**	**1,249,304**	**948,294**	**839,299**	**621,322**

(1) Balance of any account paid to Elizabeth Blaise in respect of the end of her employment contract as Chief Financial Officer.

(2) Value of the 4,266 bonus shares granted to Vincent Ravat under Plan 30, as a result of an achievement rate of 20%, valued on the basis of the consolidated financial statements (IFRS 2).

(3) Value of 1,817 bonus shares granted to Elizabeth Blaise under Plan 30, as a result of an achievement rate of 20%, valued on the basis of the consolidated financial statements (IFRS 2).

(4) Insurance and healthcare benefit plan.

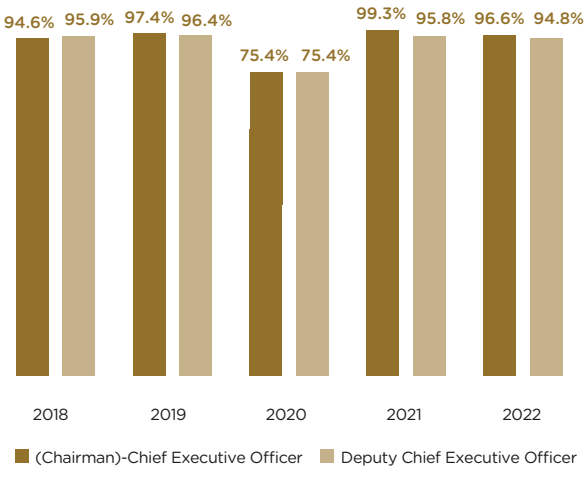
(5) Company car.

(6) Company car, executive unemployment insurance and healthcare benefit plan.

(7) Executive unemployment insurance and healthcare benefit plan.

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 2022

A. Reminder of the principles and criteria for determining, distributing and awarding the components of the Chairman of the Board of Directors' compensation in 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 Chairman of the Board of Directors, were submitted for the approval of the Ordinary General Meeting on April 28, 2022 (12th 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 Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee:

- annual fixed compensation: Euro 225,000;
- compensation in his capacity as director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 268 *et seq.*

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director.

It is specified that Éric Le Gentil is not likely to benefit from allocations of bonus shares under the current plans maturing in fiscal year 2023 or in future fiscal years.

He also benefits from the Company's insurance and healthcare benefit plan.

B. Details of the compensation awarded in respect of fiscal year 2022 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 2021 and 2022 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)	2022 fiscal year	2021 fiscal year
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 performance conditions)	-	-
Valuation of bonus shares vested	-	-

2. Compensation awarded or paid by Mercialys and the companies it controls

Éric Le Gentil was awarded or paid the following compensation and benefits of any kind by the Company in his capacity as Chairman of the Board of Directors and director during and in respect of fiscal years 2022 and 2021, calculated respectively, on a *prorata temporis* basis:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2022 fiscal year		2021 fiscal year	
(in euros)	Amounts awarded (2)	Amounts paid (3)	Amounts awarded (2)	Amounts paid (3)
Fixed compensation (1)	225,000	225,000	225,000	225,000
Annual variable compensation (1)	-	-	-	-
Multi-annual variable compensation (1)	-	-	-	-
Exceptional compensation (1)	-	-	-	-
Compensation allocated in respect of his directorship (1)	40,000	40,000	40,000	40,000
Benefits in kind (4)	3,761	3,761	3,760	3,760
TOTAL	**268,761**	**268,761**	**268,760**	**268,760**

(1) Gross compensation before social security contributions and tax.
(2) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(3) Compensation paid during the fiscal year, regardless of the allocation date.
(4) Healthcare benefit plan.

3. Annual variable compensation

Éric Le Gentil no longer receives annual variable compensation with effect from February 13, 2019.

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

No share subscription or purchase options have been awarded to Éric Le Gentil by the Company and/or companies it controls since 2018.

In his capacity as Chairman of the Board of Directors, a non-executive corporate officer, Éric Le Gentil no longer benefits from bonus share plans.

5. Employment contract, special pension 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 AGIRC) and in the insurance and healthcare benefit plan covering all the Company's employees.

It should be noted that all the tables in the French Financial Markets Authority's (AMF) position-recommendation DOC-2021-02 not appearing in the previous pages do not apply to Éric Le Gentil's compensation for fiscal year 2022, namely:

- table 3, relating to directors' fees and other compensation received by non-executive corporate officers;
- table 4, on the share subscription or purchase options awarded in the fiscal year to each executive corporate officer by the issuer and by any group company;
- table 5, on the share subscription or purchase options exercised in the fiscal year by each executive corporate officer;
- table 6, on the bonus shares allocated during the fiscal year to each corporate officer;
- table 7, on the bonus shares awarded during the fiscal year to each executive corporate officer;
- table 8, on the history of share subscription or purchase options granted;
- table 9, on the share subscription or purchase options awarded to the top ten employees who are not corporate officers and options exercised by them;
- table 10, on the history of bonus share plans.

4.2.2.3 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2023

Board of Directors' report on the compensation policy for the Chairman of the Board of Directors for fiscal year 2023

(11th resolution of the Ordinary General Meeting of April 27, 2023)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2023 to the Chairman of the Board of Directors, must be submitted for the approval of the Ordinary General Meeting of April 27, 2023.

In this regard, the Board of Directors, at its meeting on February 14, 2023, 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. 268 *et seq.*

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director.

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 2022

A. Principles and criteria for determining, distributing and awarding the components of the Chief Executive Officer's compensation in 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, were submitted for approval by the Ordinary General Meeting on April 28, 2022 (13th resolution).

At the Ordinary General Meeting of April 28, 2022, 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. 272 *et seq.*

A reminder is provided below of the 2022 compensation policy for the Chief Executive Officer. The way in which this policy was followed is set out in point B below.

Fixed compensation

For 2022, the annual fixed compensation of the Chief Executive Officer was increased to Euro 430,000.

Annual variable compensation

It was decided to maintain for fiscal year 2022 the variable compensation mechanism put in place in 2021.

Vincent Ravat's variable compensation for 2022 was based on two types of objectives:

1. quantifiable objectives, weighted at 80%, of which one related to CSR;
2. qualitative objectives, weighted at 20%, focused on CSR and Human resources, including the Company's climate and more generally environmental and social issues.

The target annual variable compensation of the Chief Executive Officer remains at 70% of his annual fixed compensation if the objectives set are achieved. It could reach 140% of his annual fixed compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (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 (20% of the total variable compensation)	0%	14%	28%
	Reduction in overall vacancy rate (10% of the total variable compensation)	0%	7%	14%
	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%	14%
	Debt refinancing to extend terms (10% of the total variable compensation)	0%	7%	14%
	Net investments during the year (10% of the total variable compensation)	0%	7%	14%
Qualitative objectives (20% of the total variable compensation)	Corporate Social Responsibility: continuity of benchmark performance in sustainability rating (10% of the total variable compensation)	0%	7%	14%
	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%	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 2022, 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 27, 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 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.

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 control 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 during which the Chief Executive Officer ceases to perform his duties as a corporate officer (and without taking into account the impact of the year, or years, after the termination of his duties). In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

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, 2022 and December 31, 2024, 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, 2022
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	476
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,919
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,051
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	1,367
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,206
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,342
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	344
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,176
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	273
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	6,748
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	403
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	503

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 adjusted accordingly.

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, 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. A financial criterion, namely FFO growth measured as an annual average (CAGR) over three years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation, to align executives' interests with those of the shareholders.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Average annual FFO growth over three years	Multiplier
2%	0%
3%	100%
4%	150%

3. A non-financial criterion linked to the climate objectives, namely the reduction over three years of the carbon intensity of the Mercialys portfolio for 33.33% of the initial allocation in order to involve the Company in the fight against climate change.

The carbon intensity indicator for the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method). The minimum value at the end of 2024 is set at 17.4 $kgCO_2eq/sq.m$, corresponding to the Company's target commitment to reduce emissions by 25% by the end of 2024, compared to 2017 (reference year of the certified roadmap).

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 roadmap)	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%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change of control 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 non-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 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.

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 26.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the 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. As such, 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 2022, 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 2022 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)	2022 fiscal year	2021 fiscal year
Compensation awarded in respect of the fiscal year (see § 2 below)	993,264	873,865
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year		
Cumulative valuation of current bonus share plans (vesting subject to service and performance conditions) (1)	805,139	612,670
Valuation of bonus shares vested	28,028 (2)	n/a
TOTAL	**1,826,431**	**1,486,535**

(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 section 4 below).

(2) Value of the 4,266 bonus shares vested to Vincent Ravat under Plan 30, resulting from an achievement rate of 20%, valued on the basis of the consolidated financial statements.

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind paid or awarded by the Company to Vincent Ravat, in his capacity as Chief Executive Officer, during and in respect of fiscal years 2022 and 2021, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2022 fiscal year		2021 fiscal year	
(in euros)	Amounts awarded (5)	Amounts paid (6)	Amounts awarded (5)	Amounts paid (6)
Fixed compensation (1)	430,000	430,000	360,000	360,000
Annual variable compensation (1)	510,195 (2)	478,800	478,800	252,000
Multi-annual variable compensation (3)	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated in respect of his directorship	13,575	-	-	-
Benefits in kind (4)	39,494	39,494	35,065	35,065
TOTAL	**993,264**	**948,294**	**873,865**	**647,065**

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2022 compensation policy, as approved at the Ordinary General Meeting of April 28, 2022, in § 4.2.2.4, A, p. 281 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 9th resolution presented to the Ordinary General Meeting of April 27, 2023.

(3) Vincent Ravat does not receive multi-annual variable compensation in cash.

(4) Company car, senior executive unemployment insurance, and insurance and healthcare benefit plan covering all the Company's employees.

(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(6) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Vincent Ravat for fiscal year 2022 was determined by the Board of Directors at its meeting of February 14, 2023, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

			% fixed compensation				
		Assessment	Minimum	Target	Maximum	Rate of achie-vement	Amont (€)
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO increased by + 3.7% compared to 2021, despite the scope effects of the disposals completed in both 2021 and 2022. This increase is the result of the good rental dynamic that generated a reversion of + 2.8%, good performance in casual leasing, and the success of the recovery actions carried out for arrears in 2020 and 2021. Taking into account the increase in the number of shares, FFO per share grew by 3.1%.	0.0%	14.0%	28.0%	28.0%	120,400
			1%	2%	3%	3.7%	
	EBITDA margin (20% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures, which are very much needed as a result of the commitments to bring certain functions back in-house, without the full offset of the reductions in the costs of external services in 2022.	0.0%	14.0%	28.0%	28.0%	120,400
			81%	82%	83%	83.2%	
	Reduction in total vacancy rate (10% of the total variable compensation)	Proactive action continued in 2022, while preserving the relationship with tenants as much as possible, resulting in a largely normalized level of recovery for 2021.	0.0%	7.0%	14.0%	8.75%	37,625
			4.9%	4.5%	4.1%	4.4%	

			% fixed compensation				
		Assessment	Minimum	Target	Maximum	Rate of achie-vement	Amont *(€)*
Quantifiable objectives (80% of the total variable compensation)	Percentage of shopping centers BREEAM In-Use certified to a minimum "very good" level (as a percentage of the portfolio's total valuation at December 31, 2022)	100% of assets BREEAM In-Use certified, of which 89.4% at a level at least equal to "Very Good" and 65% at "Excellent" or "Outstanding", proving the excellent management of the real estate portfolio	0.0% 55%	7.0% 70%	14.0% 85%	14% 89.4%	60,200
	Debt refinancing *(€M)* (10% of the total variable compensation)	Mercialys successfully completed several refinancing measures to extend the term of its debt: on the one hand, upstream of a major deterioration in the credit markets, the Company issued a Euro 500 million bond with a maturity of 7 years and a coupon of 2.5%. At the same time, Mercialys repurchased Euro 100 million of its bond maturing in July 2026 with a coupon of 4.625%. In addition, Mercialys continued its efforts to extend the term of its undrawn financing. Thus, the Company signed a new credit line for Euro 40 million maturing in June 2025. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 25 million line due to mature in June 2023.	0.0% €470M	7.0% €500M	14.0% €530M	14.0% €615M	60,200
	Net investments during the fiscal year *(€M)* (10% of the total variable compensation)	AEM investment of Euro 8 million in external growth during the fiscal year on the Anglet and Besançon sites, below the growth objectives initially planned due to highly unfavorable changes in refinancing rates.	0.0% €40M	7.0% €50M	14.0% €60M	0% €8M	0

			% fixed compensation				
		Assessment	Minimum	Target	Maximum	Rate of achie-vement	Amont (€)
Qualitative objectives (20% of the total variable compensation)	Corporate Social Responsibility: continuity of benchmark performance in sustainability rating (10% of the total variable compensation)	Mercialys' 4 Fair Impacts CSR strategy includes four commitments (including one of an HR nature) deemed key by its stakeholder ecosystem and the results of which were as follows in 2022: For our environment Reduction of energy consumption (in KWh/sq.m.): - 19% 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): - 71% on a like-for-like basis over one year Increase in waste recovery rate: + 8.6% on a like-for-like basis For our stores 94% of strategic centers with a responsible retail offering and services. 65% of the private consumption of its tenants collected by Mercialys in 2022. For our regions More than 50% of strategic centers supported an employment or integration initiative in 2022, 83% of shopping center purchases included CSR clauses and 98% of purchases were local. 9,800 trees planted thanks to a partnership associated with our loyalty program, *i.e.* 1,500 tons of CO_2 equivalent stored. Best practices 2nd place in the ranking of the feminization of ruling bodies in SBF 120 companies (+ 1 place from 2021) Transparency Grand Prix: 2022 award for the best meeting brochure. Ranked for the second consecutive year "Regional and Industry Top Rated ESG Performer" by Sustainalytics. GRESB: GREEN STAR status, score of 91/100 (+ 2 points *versus* 2021) and second class in CDP category: in the A List for the 5th consecutive year (Top 283 out of 15,000 companies)	0.0%	7.0%	14.0%	13.3% 190%	57,190

		Assessment	% fixed compensation Minimum	Target	Maximum	Rate of achie-vement	Amont (€)
Qualitative objectives (20% of the total variable compensation)	Human resources and talent 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)	Reiteration of the Company's "Great Place to Work" label reflecting a significant improvement in satisfaction (77% or + 9 pts vs 2021) and employee commitment with a very high response rate (stable at 90%) in a context of strong growth through bringing the workforce in-house. This positive change was notably measured through a confidence index of the members of the Management Committee of 92% (+ 13 pts vs 2021), an outperformance of the national benchmark by Mercialys (+ 2 pts), and a rate of marginal dissatisfaction at only 6%. In addition, the results highlight clear progress in terms of equity (+ 11 pts vs 2021), pride in belonging (+ 5 pts vs 2021), feeling welcomed (90% satisfaction), atmosphere and working environment (87% satisfaction). This satisfaction has enabled turnover to remain stable at around 15% despite high pressure to retain skills. In addition, significant progress has been made, notably with the ARPEJHE association, in the recruitment of people with disabilities.	0.0%	7.0%	14.0%	12.6%	54,180
						180%	
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**70.0%**	**140.0%**	**118.65%**	**510,195**

During the 2022 fiscal year, in a context still marked at the beginning of the year by the effects of the crisis associated with the Covid-19 epidemic, and in particular a general decline in footfall at shopping centers for all players, the Chief Executive Officer demonstrated his ability to ensure Mercialys was in a position to recover its operational and financial fundamentals. Under the leadership and responsibility of Vincent Ravat, Mercialys managed once again to achieve excellent performance in 2022, both in terms of the quantitative and qualitative criteria that had been set.

From a financial standpoint, the management approach implemented enabled continued growth in cash flows and the EBITDA margin, in line with the periods prior to the crisis. The debt refinancing objectives were exceeded and the asset disposals carried out in line with the appraisal values made it possible to strengthen the valuation of the portfolio, 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 led to a clear downward trend in the vacancy rate, both current and strategic, despite the weakening of a retail sector put under pressure by the health crisis, a very sharp reduction in the volume of arrears, a recovery in the revenue growth of casual leasing, and the stability of retailer sales compared to the pre-health crisis levels in 2019.

In addition, the Company's digital transformation continued, notably through the merger of the Ocitô digital ecosystem, now Le Shop, and the shopping centers' websites, and through the continued significant development of the Prim'Prim' loyalty program, measures that continued to support the overall activity of member retailers.

We also note the consolidation of the "Coworking" business line rolled out under the Cap Cowork brand, which continues to record excellent occupancy rates.

The active management of the sector mix in the shopping centers, in line with the selected strategic priorities, thus continued successfully throughout the year.

In 2022, Mercialys has stood out in all aspects of Corporate Social Responsibility with practices that are among the best on the market. Its increasingly specialized management, made possible thanks to the steering tools put in place, has led to a continued reduction in energy consumption at the Company's portfolio sites. At the same time, the general certification of strategic assets was successfully achieved. The Company's ESG approach was regularly praised throughout the year, with awards at performance levels that were even better than in 2021.

Lastly, all of the actions carried out within Mercialys in terms of employee support were actively pursued and the overall employee satisfaction index rose sharply, enabling Mercialys to comfortably obtain the label "Great Place To Work" in 2021.

This variable compensation will be paid subject to the approval of the 9th resolution proposed to the Company's Ordinary General Meeting on April 27, 2023 (see chapter 8, p. 390).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2022, Vincent Ravat, as Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 39).

Vincent Ravat is also the beneficiary of a previous potential bonus share plan (Plan 36), which has not yet matured and is subject to service and three-year performance conditions, and a bonus share plan subject to performance conditions and maturing at the end of 2022 (Plan 33).

In addition, in 2022, Vincent Ravat benefited from the vesting of shares in relation to a plan which was approved in 2019 and matured at the end of 2021 (Plan 30).

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 33, of 04/23/2020	67,355 (2)	€220,924	04/23/2023	04/23/2025 (1)	YES (3)
Plan 36, of 04/22/2021	46,497 (4)	€251,549	04/22/2024	04/22/2026 (1)	YES (5)
Plan 39, of 04/28/2022	58,775 (6)	€332,666	04/28/2025	04/28/2027 (1)	YES (7)
TOTAL	**172,627**	**€805,139**			

(1) Of the total number of shares that vest, the Board of Directors has specified that beneficiaries must hold 50% of the bonus shares in registered form until the end of their corporate office within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 86,215 shares, corresponding to a valuation in the consolidated financial statements of Euro 282,785.

(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: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation; 2) 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 3) 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.

(4) 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.

(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 TSR) compared to the performance of a specific pre-determined panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; 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.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 75,232 shares, corresponding to a valuation in the consolidated financial statements of Euro 688,000, i.e. 0.08% of the Company's share capital based on the number of Company shares as of December 31, 2022.

(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 panel of pre-determined comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over three years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; and the reduction over three years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2024: 17.4 $kgCO_2eq/sq.m$, corresponding to the target commitment by the end of 2024 of a 25% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.

Taking into account the performance criteria, 4,266 shares vested under Plan 30, which was awarded in 2019 and matured in 2022.

TABLE 7 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Bonus shares that became available to Vincent Ravat

Bonus shares that became available	No. and date of Plan	Number of shares that become available during the fiscal year	Vesting conditions
	Plan 30, of 04/25/2019	4,266	Awarding of 20% of the target allocation (21,329 shares) based on the performance conditions provided for in the plan
TOTAL		**4,266**	***I.E.* 0.0045% OF THE COMPANY'S SHARE CAPITAL**

No shares vested under Plans 24 and 27, awarded in 2017 and 2018, and matured in 2020 and 2021, as the performance criteria were not met.

Below is a historical summary of the bonus share plans from which Vincent Ravat has benefited as a corporate officer:

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Plan 24	Plan 27	Plan 30	Plan 33	Plan 36	Plan 39
Date of the Annual General Meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021	04/28/2022
Date of Board meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021	04/28/2022
Total number of bonus shares awarded to corporate officers (target number of shares subject to service and performance conditions)	27,833	31,306	30,414	107,020	73,879 (1)	95,548 (2)
o/w number of shares awarded to Vincent Ravat	8,564	9,633	21,329	67,355	46,497 (1)	58,775 (2)
Vesting date of shares	04/27/2020	04/26/2021	04/25/2022	04/23/2023	04/22/2024	04/28/2025
Holding period end date	04/27/2022	04/26/2023	04/25/2024	04/23/2025	04/22/2026	04/28/2027
Total number of shares vested at 12/31/2022, to corporate officers	0	0	6,083	78,927 (5)	na (7)	na (7)
o/w number of shares vested to Vincent Ravat	0	0	4,266 (3) (4)	49,674 (5) (6)	na (7)	na (7)
Number of shares canceled or lapsed at 12/31/2022	27,833	31,306	24,331	28,093	na (7)	na (7)
Number of outstanding bonus shares for plans not yet matured at 12/31/2022	0	0	0	0	73,879	95,548

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 95,112, of which 59,516 shares to Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,437, of which 75,232 shares to Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 425,813.

(3) Shares vested in 2022, the achievement rate of the objectives having been set at 20% of the target: i.e. 50% achievement rate of the relative TSR condition weighted at 40%, 0% achievement rate of the organic growth criterion weighted at 20%, and 0% achievement rate of the FFO criterion weighted at 40%.

(4) Shares vested in 2022 representing 0.0045% of the Company's share capital.

(5) Shares to be vested in 2023, the achievement rate of the objectives at December 31, 2022 having been set at 73.75% of the target: i.e. 125% achievement rate (Mercialys ranking 10th out of 41 companies making up the index) on the criterion based on the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Euro Zone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation; 150% achievement rate (A rating over three consecutive years) on the Company's CDP (Carbon Disclosure Project) rating criterion, measured once a year over three years between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and 0% achievement rate for the FFO growth criterion measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(6) Shares to be vested in 2023 representing 0.05% of the Company's share capital.

(7) Since the three-year plan has not yet matured, the final allocations at December 31, 2022 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 AGIRC) and the insurance and healthcare benefit plan covering all the Company's employees.

(2) Vincent Ravat may benefit from a payment linked to a non-competition and non-solicitation clause that would apply for a period not to exceed the time of his 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 term of office.

As mentioned for Éric Le Gentil on p. 282, all the tables in the French Financial Markets Authority's (AMF) Position-Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Vincent Ravat's compensation for the 2022 fiscal year (Tables 3, 4, 5, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 27, 2023 is called to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid or awarded in respect of the previous fiscal year to the Chief Executive Officer for his corporate office in fiscal year 2022. 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 2023

Board of Directors' report on the compensation policy for the Chief Executive Officer for fiscal year 2023

(12th resolution of the Ordinary General Meeting of April 27, 2023)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind that may be awarded in 2023 to the Chief Executive Officer in respect of his corporate office must be submitted for approval by the Ordinary General Meeting on April 27, 2023.

In this regard, the Board of Directors, at its meeting on February 14, 2023, approved, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Chief Executive Officer's compensation for 2023.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are presented in § 4.2.2.1, p. 272 *et seq.*

It should be noted that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium and long-term performance and competitiveness by incorporating one or more Corporate Social Responsibility criteria. To this end, it ensures that:

1. **compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

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 Corporate Social Responsibility criteria.**

Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short- and long-term objectives for its executives;

4. **compensation is consistent and in line with employees' compensation.**

The Appointments, Compensation and Governance Committee ensures consistency of compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation.

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

For 2022, the annual fixed compensation of the Chief Executive Officer was Euro 430,000. The amount of the fixed compensation of Vincent Ravat remains unchanged for 2023.

The AFEP-MEDEF Code provides in its recommendation 26.3.1 that "Fixed compensation should in principle only be reviewed at relatively long intervals".

It should be noted that the Proxinvest ranking of the executive compensation of SBF 120 companies for the 2021 fiscal year, published in 2022, shows that Vincent Ravat's compensation package is still in the bottom quintile of the SBF 120 executive compensation ranking, *i.e.* the lowest quintile of the panel.

The data presented in the Proxinvest report details an average fixed compensation allocated to executive corporate officers of SBF 120 companies of Euro 919,000 per year and an average annual variable compensation of Euro 1,141,000 (excluding long-term compensation), which highlights that the level of compensation of Mercialys' Senior Management remains lower than the executive compensation of comparable companies.

Lastly, the same study shows that Mercialys continues to rank among the "best" companies in terms of the equity ratio (7th among SBF 120 companies, with an equity ratio of 11, compared to an average of 88 and median of 53).

Thus, the level of fixed annual compensation of the Chief Executive Officer (and more generally his overall compensation package) is and will in 2023 remain reasonable compared to the level of executive compensation of comparable companies.

Annual variable compensation

Annual variable compensation rewards performance for the fiscal year in question and aims to establish a link between executives' interests and Mercialys' operational strategy over the period.

This compensation is conditional upon the achievement of specific and ambitious targets. As a reminder, the target variable compensation of Vincent Ravat for the 2022 fiscal year amounted to 70% of his 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 140% of the annual fixed compensation.

The variable compensation scheme for Vincent Ravat seems appropriate and it is proposed that it remains unchanged for 2023.

A balanced set of criteria has been selected for 2023, covering aspects of financial performance, operational performance, and non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

Mercialys continues to implement its compensation policy in line with the highest market standards, with 100% quantifiable criteria in the structuring of variable compensation, the criteria for which are defined in detail.

The 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 to assess the financial impacts of the strategy implemented
2. Operational criteria:
   - Total financial vacancy rate in a context of potential sector difficulties due to inflationary pressures
   - Operational launch of new pipeline projects marking the return to a post-Covid growth strategy
   - Continuity of rotation and consolidation of the portfolio through arbitrage to improve the operational efficiency of the teams, refocus the portfolio, reduce overexposure to the real estate company's largest tenant
3. Non-financial CSR criteria, including environmental and climate-related criteria:
   - "Greening" of financing and compliance with CSR objectives associated with changes in bank line margins
   - Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030

		% fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (100% 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%	14.0%	28.0%
	Operational launch of new pipeline projects (10% of the total variable compensation)	0%	7.0%	14.0%
	Continuity of rotation and consolidation of the portfolio through arbitrage (10% of the total variable compensation)	0%	7.0%	14.0%
	Total financial vacancy rate (10% of the total variable compensation)	0%	7.0%	14.0%
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	7.0%	14.0%
	Achievement on a linearized basis of the major objectives of the Company's *4 Fair Impacts* strategy on the global strategic trajectory by 2030 (20% of the total variable compensation)	0%	14.0%	28.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0%**	**70.0%**	**140.0%**

For each quantifiable criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on 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 control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

In the event of the departure of the Chief Executive Officer, including in the event of death and except in the event of dismissal for serious or gross misconduct, the variable compensation for the current year will be calculated on a *prorata temporis* basis of his presence as an executive corporate officer of Mercialys. The calculation of the variable compensation will then be based on the performance criteria assessed at the end of the year during which the Chief Executive Officer ceases to perform his duties.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2023, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval from the Company's Ordinary General Meeting to be held in 2024.

Long-term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement. 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 a service condition (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 departure of the Chief Executive Officer, including in the event of death and except in the event of dismissal for serious or gross misconduct, the right to the bonus shares that would have been awarded to him before the date of his effective departure would be maintained on a *prorata temporis* basis of his presence as executive corporate officer of Mercialys during the vesting period, while remaining subject to the performance conditions of said plan, it being specified that the Board of Directors may decide to maintain the benefit of the plan beyond a *prorata temporis* basis of his presence. It must justify its decision.

The performance conditions will then be calculated on the basis of the plan's performance criteria assessed at the end of the year during which the Chief Executive Officer ceases to perform his duties. In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

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.

Initially, to measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms with reference to a panel of sector companies. This panel is made up of 13 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, 2022
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	475
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,919
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,051
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,206
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,343
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	344
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,176
Lar Espana	ES0105015012	Spain	Neighborhood shopping centers	Spain	428
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	273
Retail Estates	BE03720340	Belgium	Diversified shopping centers	Benelux	944
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	6,748
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	402
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	503

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, 2023 and December 31, 2025, 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 performance criteria would be as follows:

1. Relative performance of Mercialys shares, including dividends (Total Shareholder Return – TSR), compared to the performance of a pre-determined panel of comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation.

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialys' three-year average annual TSR compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
8th to 14th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 13 companies comprising the panel as at January 1, 2023, plus Mercialys.

Should the panel of comparable companies no longer comprise these 13 companies at December 31, 2025, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2025, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average (CAGR) between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation, to align executives' interests with those of the shareholders.

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 in order to involve the Company in the fight against climate change.

The carbon intensity indicator for the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method). The minimum value at the end of 2025 is set at 16.3 $kgCO_2eq/sq.m$, corresponding to the Company's target commitment to reduce emissions by 30% by the end of 2025, compared to 2017 (reference year of the certified roadmap).

At the end of the 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
- 30%, *i.e.* 16.3 $kgCO_2eq/sq.m.$	0%
- 35%, *i.e.* 15.1 $kgCO_2eq/sq.m.$	100%
- 40%, *i.e.* 14.0 $kgCO_2eq/sq.m$	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change of control 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 the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

The bonus shares awarded in 2023 will only become the beneficiary's property after a three-year vesting period which will end in 2026.

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.

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 in registered form until the termination of his duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. 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 the termination of his duties, the Chief Executive Officer may receive compensation under a non-competition and non-solicitation clause. This compensation be paid on a monthly basis equivalent to one-twelfth of 50% of the total annual compensation (fixed and variable) of Vincent Ravat, this total annual compensation being calculated as the average of the total compensation paid for the two fiscal years prior to his departure. It would apply for a period not exceeding the time of his presence in the Company with a maximum duration of two years, it being specified that the Company may reduce the period of application of it or waive it.

This level is below recommendation 25.6 of the AFEP-MEDEF Code, which refers to a cap of two years' overall compensation including the annual fixed and variable components.

The payment of the non-competition compensation is excluded when the Chief Executive Officer exercises his right to retire. In any event, no non-competition compensation may be paid beyond the age of 65.

4.2.2.6 Compensation of the Deputy Chief Executive Officer in respect of fiscal year 2022

A. Principles and criteria for determining, distributing and awarding the components of the Deputy Chief Executive Officer's compensation in 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 office, were submitted for approval by the Ordinary General Meeting on April 28, 2022 (14th resolution).

At the Ordinary General Meeting of April 28, 2022, the shareholders approved the principles and criteria for determining and awarding the compensation of the Deputy Chief Executive Officer.

These principles adhere to the recommendations of the AFEP-MEDEF Code, and are detailed in § 4.2.2.1, p. 272 *et seq.*

The 2022 compensation policy for the Deputy Chief Executive Officer is set out below. The way in which this policy was followed is set out in point B below.

Fixed compensation

For 2022, the annual fixed compensation of the Deputy Chief Executive Officer was increased to Euro 318,000. This compensation is paid in full in respect of her corporate office as Deputy Chief Executive Officer since April 29, 2022.

Annual variable compensation

For 2022, the variable compensation mechanism in force in 2021, which included a CSR objective and a proportion of quantitative criteria of 80%, was maintained.

Elizabeth Blaise's variable compensation for 2022 was based on two types of objectives:

1. quantifiable objectives, weighted at 80%, including a CSR-related objective;
2. qualitative objectives, weighted at 20%, focused on CSR and Human resources, including the Company's climate and more generally environmental and social issues.

The target annual variable compensation of the Chief Executive Officer remains at 55% of his annual fixed compensation if the objectives set are achieved. It could reach 110% of his annual fixed compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (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 (20% of the total variable compensation)	0.00%	11.00%	22.00%
	Gross recovery rate of rents and charges 2021 (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Debt refinancing to extend terms (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Net investments over the year (10% of the total variable compensation)	0.00%	5.50%	11.00%
Qualitative objectives (20% of the total variable compensation)	Bringing accounting and treasury functions back in-house (10% of the total variable compensation)	0.00%	5.50%	11.00%
	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)	0.00%	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 component 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 27, 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 (as mentioned on p. 294 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 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 control 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 would then be calculated on the basis of the plan's performance criteria, assessed at the end of the year during which the Deputy Chief Executive Officer ceases to perform her duties (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.

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 panel of pre-determined comparable companies, measured between January 1, 2022 and December 31, 2024, 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, 2022
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	476
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,919
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,051
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	1,367
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,206
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,342
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	344
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,176
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	273
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	6,748
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	403
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	503

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. A financial criterion, namely FFO growth measured as an annual average (CAGR) over three years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation, so as to align executives' interests with those of the shareholders.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

3. A non-financial criterion linked to the climate objectives, namely the reduction over three years of the carbon intensity of Mercialys' portfolio for 33.33% of the initial allocation in order to involve the Company in the fight against change climate.

The carbon intensity indicator for the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method). The minimum value at the end of 2024 is set at 17.4 $kgCO_2eq/sq.m$, corresponding to the Company's target commitment to reduce emissions by 25% by the end of 2024, compared to 2017 (reference year of the certified roadmap).

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 roadmap)	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%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change of control 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 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.

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 in registered form until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. She does not receive any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

The Deputy Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of the termination of her 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.

B. Details of the compensation, in respect of fiscal year 2022, 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 years 2021 and 2022 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

(in euros)	2022 fiscal year	2021 fiscal year
Compensation awarded in respect of the fiscal year (see § 2 below)	634,993	563,939
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)	534,741	337,926
Valuation of bonus shares granted	11,938 (2)	na
TOTAL	**1,181,672**	**901,865**

(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 section 4 below).

(2) Value of the 1,817 bonus shares vested by Elizabeth Blaise under Plan 30, resulting from an achievement rate of 20%, valued on the basis of the consolidated financial statements.

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind awarded or paid to Elizabeth Blaise, in respect of her corporate office as Deputy Chief Executive Officer, during and in respect of fiscal years 2021 and 2022, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2022 fiscal year		2021 fiscal year	
(in euros)	Amounts awarded (5)	Amounts paid (6)	Amounts awarded (5)	Amounts paid (6)
Fixed compensation (1)	265,000	265,000	132,500	132,500
Annual variable compensation (1)	279,665 (2)	132,997	132,997	53,000
Multi-annual variable compensation (3)			-	-
Exceptional compensation	-	-	-	-
Compensation allocated in respect of her directorship	-	-	-	-
Benefits in kind (4)	36,567	36,567	29,800	29,800
TOTAL	**581,232**	**434,564**	**295,297**	**215,300**

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2022 compensation policy, as approved at the Ordinary General Meeting of April 28, 2022, in § 4.2.2.6, A, p. 297 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 10th resolution presented to the Ordinary General Meeting of April 27, 2023.

(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash.

(4) Senior executive unemployment insurance and insurance and healthcare benefit plan covering all the Company's employees.

(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(6) Compensation paid during the fiscal year, regardless of the allocation date.

In addition, at the beginning of 2022 and until April 28, 2022, Elizabeth Blaise was still employed as Chief Financial Officer at Mercialys. In this respect, the amounts of compensation and benefits of any kind paid for fiscal years 2021 and 2022 are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2022 fiscal year		2021 fiscal year	
(in euros)	**Amounts awarded [6]**	**Amounts paid [7]**	**Amounts awarded [6]**	**Amounts paid [7]**
Fixed compensation [1]	53,000	53,000	132,500	132,500
Annual variable compensation [1] [2]	-	132,997	132,997	53,000
Multi-annual variable compensation [3]	-	-	-	-
Other compensation [4]	-	26,342	-	-
Compensation allocated in respect of her directorship	-	-	-	-
Benefits in kind [4]	761	761	3,145	3,145
TOTAL	**53,761**	**213,100**	**268,642**	**188,645**

(1) Gross compensation before social security contributions and tax.
(2) The terms of variable compensation are set out in the 2020 and 2021 compensation policies
(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash.
(4) Balance of any account under the employment contract.
(5) Insurance and healthcare benefit plan covering all the Company's employees.
(6) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(7) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Elizabeth Blaise for fiscal year 2022 was determined by the Board of Directors at its meeting of February 14, 2023, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria presented 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 increased by + 3.7% compared to 2021, despite the scope effects of the disposals completed in both 2021 and 2022. This increase is the result of the good rental dynamic that generated a reversion of + 2.8%, good performance in casual leasing, and the success of the recovery actions carried out for arrears in 2020 and 2021. Taking into account the increase in the number of shares, FFO per share grew by 3.1%.	0.0%	11.0%	22.0%	22.0%	69,960
			1%	2%	3%	3.7%	
	EBITDA margin (20% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures, which are very much needed as a result of the commitments to bring certain functions back in-house, without the full offset of the reductions in the costs of external services.	0.0%	11.0%	22.0%	22.0%	69,960
			81%	82%	83%	83.2%	
	Gross recovery rate of rents and charges 2021 (10% of the total variable compensation)	Proactive action continued in 2022, while preserving the relationship with tenants as much as possible, resulting in a largely normalized level of recovery for 2021.	0.0%	5.50%	11.0%	10.4%	33,056
			91.4%	94%	96.7%	96.4%	

			% of fixed compensation				Amount (€)
		Assessment	Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	Compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	The achievement of CSR objectives in terms of carbon emissions and certification enables Mercialys to benefit from a margin improvement bonus on the five bilateral bank facilities concerned.	0.0% Malus	5.50% Neutral	11.0% Bonus	11.0% Bonus	34,980
	Debt refinancing to extend terms (10% of the total variable compensation)	Mercialys successfully completed several refinancing measures to extend the term of its debt: on the one hand, upstream of a major deterioration in the credit markets, the Company issued a Euro 500 million bond with a maturity of 7 years and a coupon of 2.5%. At the same time, Mercialys repurchased Euro 100 million of its bond maturing in July 2026 with a coupon of 4.625%. In addition, Mercialys continued its efforts to extend the term of its undrawn financing. Thus, the Company signed a new credit line for Euro 40 million, maturing in June 2025. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 25 million line due to mature in June 2023.	0.0% €470M	5.50% €500M	11.0% €530M	11.0% €615M	34,980
	Net investments during the year (10% of the total variable compensation)	AEM investment of Euro 8 million in external growth during the fiscal year on the Anglet and Besançon sites, below the growth objectives initially planned due to a necessary decline resulting from the highly unfavorable changes in refinancing rates.	0.0% €40M	5.50% €50M	11.0% €60M	0% €8M	0
Qualitative objectives (20% of the total variable compensation)	Bringing accounting and treasury functions back in-house (10% of the total variable compensation)	The accounting, tax and treasury functions were brought back in-house during the first half of 2022 with a staggered commissioning but in line with expectations. The internal changeover of rental invoicing took place at the end of year. Adjustments are expected in 2023 in terms of team sizes and in relation to the more specialist management of financial flows.	0.0%	5.50%	11.0%	4.4%	13,992

			% of fixed compensation				Amount (€)
		Assessment	Minimum	Target	Maximum	Achieved	
Qualitative objectives (20% of the total variable compensation)	Human resources management to ensure talent retention in the context of pressure on the sector's job market. Continuous development of training and continuous improvement of employee satisfaction (10% of the total variable compensation)	Reiteration of the Company's "Great Place to Work" label reflecting a significant improvement in satisfaction (77%, *i.e.* + 9 pts vs 2021) and employee commitment with a very high response rate (stable at 90%) in a context of strong growth through bringing the workforce in-house. Increased satisfaction of teams under the direct responsibility of the Deputy Chief Executive Officer.	0.0%	5.50%	11.0%	7.2%	22,737
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**55.0%**	**110.0%**	**87.9%**	**279,665**

During the 2022 fiscal year, in an environment marked by the return of inflation and a sharp rise in interest rates, Elizabeth Blaise continued to rigorously manage and optimize financial indicators and balance sheet balances.

The balance sheet and liquidity were significantly strengthened, within an optimum schedule, through a structuring operation based on a bond issue of Euro 500 million and buybacks of existing issues for Euro 470 million. As a result, the maturity of the drawn debt has been significantly extended, with no bond maturity occurring before February 2026.

The major financial balances also benefited from the carefully controlled management of rental income and service charge recovery, particularly in respect of arrears related to 2021, a year marked by the health crisis.

Elizabeth Blaise oversaw the implementation of the 2030 CSR strategy. The excellent results recorded on the four pillars of this strategy made it possible to meet the conditions included in the greening of bank financing that began in 2021. This greening also continued in 2022.

The year 2022 was also marked by the finalization of the bringing functions in-house, in this case accounting, financing and taxation. Elizabeth Blaise coordinated this process, which resulted in a positive outcome, including an optimization of the information systems and associated processes. The Deputy Chief Executive Officer was also heavily involved in the active preparation for bringing the rental management and technical and administrative management activities of the centers back in-house, effective in early 2023.

The challenges caused by the economic, operational and internalization context have made the necessary retention of talent, skills development and employee satisfaction within the Company even more salient. In this respect, Elizabeth Blaise carried out cross-functional actions whose positive effects were measured by a "Great Place to Work" satisfaction survey.

It should be noted that Elizabeth Blaise's employment contract was terminated on April 28, 2022. All of her compensation is now attached to her position as Deputy Chief Executive Officer.

This variable compensation will be paid subject to the approval of the 10th resolution proposed to the Company's Ordinary General Meeting on April 27, 2023 (see chapter 8, p. 393).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2022, Elizabeth Blaise, as Deputy Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 39).

Elizabeth Blaise is also the beneficiary of a previous potential bonus share plan (Plan 36), which had not matured and is subject to service and three-year performance conditions, and a bonus share plan subject to performance conditions and maturing at the end of 2022 (Plan 33).

In addition, in 2022, Elizabeth Blaise benefited from the vesting of shares in relation to a plan which was approved in 2019 and matured at the end of 2021 (Plan 30).

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. 380 *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 33, of 04/23/2020	39,665 (2)	€130,101	04/23/2023	04/23/2025 (1)	YES (3)
Plan 36, of 04/22/2021	27,382 (4)	€148,137	04/22/2024	04/22/2026 (1)	YES (5)
Plan 39, of 04/28/2022	34,773 (6)	€196,815	04/28/2025	04/28/2027 (1)	YES (7)
TOTAL	**110,905**	**€534,741**			

(1) Of the total number of shares that vest, the Board of Directors has specified that beneficiaries must hold 50% of the bonus shares in registered form until the end of their corporate office within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 51,564 shares, corresponding to a valuation in the consolidated financial statements of Euro 169,129.

(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: the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) compared to the performance of the companies making up 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.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,575.

(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 TSR) compared to the performance of a specific pre-determined panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; 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.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 45,205 shares, corresponding to a valuation in the consolidated financial statements of Euro 255,860, i.e. 0.05% of the Company's share capital based on the number of Company shares as of December 31, 2022.

(7) Bonus shares shall only vest if the beneficiary (in her 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 panel of pre-determined comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over three years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; and the reduction over three years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2024: 17.4 $kgCO_2eq/sq.m$, corresponding to the target commitment by the end of 2024 of a 25% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.

Taking into account the performance criteria, 1,817 shares vested under Plan 30, which was awarded in 2019 and matured in 2022.

TABLE 7 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Bonus shares that became available to Vincent Ravat		
Bonus shares that became available	No. and date of Plan	Number of shares that become available during the fiscal year	Vesting conditions
	Plan 30, of 04/25/2019	1,817	Awarding of 20% of the target allocation (9,085 shares) based on the performance conditions provided for in the plan
TOTAL		**1,817**	***I.E.* 0.002% OF THE COMPANY'S SHARE CAPITAL**

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Plan 30	Plan 33	Plan 36	Plan 39
Date of the Annual General Meeting	04/25/2019	04/23/2020	04/22/2021	04/28/2022
Date of Board meeting	04/25/2019	04/23/2020	04/22/2021	04/28/2022
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions) (1)	30,414	107,020	73,879 (1)	95,548 (2)
o/w number of shares awarded to Elizabeth Blaise	9,085	39,665	27,382 (1)	34,773 (2)
Vesting date of shares	04/25/2022	04/23/2023	04/22/2024	04/28/2025
Holding period end date	04/25/2024	04/23/2025	04/22/2026	04/28/2027
Total number of shares vested at 12/31/2022, to corporate officers	6,083	78,927 (3)	na (7)	na (7)
o/w number of shares vested to Elizabeth Blaise	1,817 (3) (4)	29,253 (5) (6)	na (7)	na (7)
Number of shares canceled or lapsed at 12/31/2021	24,331	28,093	na (7)	na (7)
Number of outstanding bonus shares for plans not yet matured at 12/31/2022	-	-	73,879	95,548

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 95,112, of which 35,596 shares for Elizabeth Blaise, corresponding to a valuation in the consolidated financial statements of Euro 192,574.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,437, of which 45,205 for Elizabeth Blaise, corresponding to a valuation in the consolidated financial statements of Euro 255,860.

(3) Shares vested in 2022, the achievement rate of the objectives having been set at 20% of the target: i.e. 50% achievement rate of the relative TSR condition weighted at 40%, 0% achievement rate of the organic growth criterion weighted at 20%, and 0% achievement rate of the FFO criterion weighted at 40%.

(4) Shares vested in 2022 representing 0.002% of the Company's share capital.

(5) Shares to be vested in 2023, the achievement rate of the objectives having been set at 73.75% of the target: i.e. 125% achievement rate (ranking of Mercialys in 10th place out of 41 companies in the index) on the criterion based on the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Euro Zone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation; 150% achievement rate (A rating over three consecutive years) on the Company's CDP (Carbon Disclosure Project) rating criterion, measured once a year over three years between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and 0% achievement rate for the FFO growth criterion measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(6) Shares to be vested in 2023 representing 0.03% of the Company's share capital.

(7) Since the three-year plan has not yet matured, the final allocations at December 31, 2022 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 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 (1)	No	Yes	No (2)	Yes	No	Yes (3)	No
○			○		○	○	

(1) Elizabeth Blaise held an employment contract as Chief Financial Officer of Mercialys SA until April 28, 2022

(2) Elizabeth Blaise does not benefit from any supplementary pension plan. She is included in the mandatory group pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan covering all the Company's employees.

(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. 282, all the tables of the French Financial Markets Authority Position-Recommendation DOC-2021-02 that do not appear in the previous pages are not applicable for the 2022 fiscal year with regard to the compensation of Elizabeth Blaise (tables 3, 4, 5, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 27, 2023 is called to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid or awarded in respect of the previous fiscal year to the Deputy Chief Executive Officer for her corporate office in fiscal year 2022. Details and comments about this information can be found in chapter 8, Appendix 3, p. 414 *et seq.*

4.2.2.7 Compensation policy for the Deputy Chief Executive Officer in respect of fiscal year 2023

Board of Directors' report on the compensation policy for the Deputy Chief Executive Officer for fiscal year 2023

(13th resolution of the Ordinary General Meeting of April 27, 2023)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2023 to the Deputy Chief Executive Officer in respect of her corporate office must be submitted for approval by the Ordinary General Meeting on April 27, 2023.

In this regard, the Board of Directors, at its meeting on February 14, 2023, 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 2023.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are presented in § 4.2.2.1 p. 273 *et seq.*

It should be noted that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium- and long-term performance and competitiveness by incorporating one or more Corporate Social Responsibility criteria. To this end, it ensures that:

1. **compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

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 Corporate Social Responsibility criteria.**

Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short- and long-term objectives for its executives;

4. **compensation is consistent and in line with employees' compensation.**

The Appointments, Compensation and Governance Committee ensures consistency between compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation.

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 Deputy Chief Executive Officer's compensation

Fixed compensation

For 2022, the annual fixed compensation of Elizabeth Blaise was increased to Euro 318,000. The amount of compensation awarded to Elizabeth Blaise remains unchanged for 2023.

The AFEP-MEDEF Code provides in its recommendation 26.3.1 that "Fixed compensation should in principle only be reviewed at relatively long intervals".

It should be noted that the Proxinvest ranking of executive compensation of SBF 120 companies for the 2021 fiscal year, published in 2022, shows that the average fixed compensation allocated to executive corporate officers of SBF 120 companies is Euro 919,000 per year and the average annual variable compensation is Euro 1,141,000 (excluding long-term compensation), which highlights the fact that the level of compensation of Mercialys' Senior Management remains lower than the level of executive compensation of comparable companies.

The same study shows that Mercialys continues to rank among the "best" companies in terms of the equity ratio (7th among SBF 120 companies, with an equity ratio of 11 compared to an average of 88 and median of 53).

Thus, the level of annual fixed compensation of the Deputy Chief Executive Officer (and more generally her overall compensation package) is and will in 2023 remain reasonable compared to the level of executive compensation of comparable companies.

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 subject to the achievement of specific and ambitious objectives. As a reminder, the target variable compensation of Elizabeth Blaise for the 2022 fiscal year was 55% of her annual fixed compensation. 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 the annual fixed compensation.

The variable compensation scheme for Elizabeth Blaise seems appropriate and it is proposed that is remains unchanged for 2023.

A set of balanced criteria has been selected for 2023, covering aspects of financial performance, operational performance, and non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

Mercialys continues to implement its compensation policy in line with the highest market standards, with 100% quantifiable criteria in the structuring of variable compensation, the criteria for which are defined in detail.

The 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 to assess the financial impacts of the strategy implemented.
2. Operational criteria:
   - Normalization of the recovery rate of rental income and charges in 2023;
   - Control of the rate of non-rebillable expenses (excluding fees) on a like-for-like basis (as a % of rental revenues) in the context of rising operating costs;
   - Total financial vacancy rate in a context of potential sector difficulties due to inflationary pressures.
3. Non-financial CSR criteria, including environmental and climate-related criteria:
   - "Greening" of financing and compliance with CSR objectives associated with changes in bank line margins;
   - Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (100% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	11.0%	22.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	11.0%	22.0%
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	5.5%	11.0%
	Rate of non-rebillable expenses on a like-for-like basis (as a % of rental revenues) (10% of the total variable compensation)	0%	5.5%	11.0%
	Total financial vacancy rate (10% of the total variable compensation)	0%	5.5%	11.0%
	Normalization of the recovery rate of rental income and charges in 2023 (10% of the total variable compensation)	0%	5.5%	11.0%
	Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030 (20% of the total variable compensation)	0%	11.0%	22.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0%**	**55.0%**	**110.0%**

For each quantifiable criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on 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 control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

In the event of the departure of the Deputy Chief Executive Officer, including in the event of death and except in the event of dismissal for serious or gross misconduct, the variable compensation for the current year will be calculated on a *prorata temporis* basis of her presence as an executive corporate officer of Mercialys. The calculation of the variable compensation will then be based on the performance criteria assessed at the end of the year during which the Deputy Chief Executive Officer ceases to perform her duties.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2023, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval from the Company's Ordinary General Meeting to be held in 2024.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, 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), 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 departure of the Deputy Chief Executive Officer, including in the event of death and except in the event of dismissal for serious or gross misconduct, the right to the bonus shares that would have been awarded to her before the date of her effective departure would be maintained on a *prorata temporis* basis of her presence as executive corporate officer of Mercialys during the vesting period, while remaining subject to the performance conditions of said plan, it being specified that the Board of Directors may decide to maintain the benefit of the plan beyond a *prorata temporis* basis of her presence. It must justify its decision.

The performance conditions will then be calculated on the basis of the plan's performance criteria assessed at the end of the year during which the Deputy Chief Executive Officer ceases to perform her duties. In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

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.

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.

The 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, 2022
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	475
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,919
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,051
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,206
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,343
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	344
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,176
Lar Espana	ES0105015012	Spain	Neighborhood shopping centers	Spain	428
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	273
Retail Estates	BE0003720340	Belgium	Diversified shopping centers	Benelux	944
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	6,748
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	402
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	503

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, 2023 and December 31, 2025, 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 performance criteria would be as follows:

1. Relative performance of Mercialys shares, including dividends (Total Shareholder Return – TSR), compared to the performance of a pre-determined panel of comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation.

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialys three-year average annual TSR compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
8th to 14th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 13 companies comprising the panel as at January 1, 2023, plus Mercialys.

Should the panel of comparable companies no longer comprise these 13 companies at December 31, 2025, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2025, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average (CAGR) between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation, so as to align executives' interests with those of the shareholders.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the limits defined below:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

3. Reduction over three years of the carbon intensity of the Mercialys portfolio for 33.33% of the initial allocation in order to involve the Company in the fight against climate change.

The carbon intensity indicator for the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq/sq.m$, on the current scope of the Mercialys portfolio, using the market-based method). The minimum value at the end of 2025 is set at 16.3 $kgCO_2eq/sq.m$, corresponding to the Company's target commitment to reduce emissions by 30% by the end of 2025, compared to 2017 (reference year of the certified roadmap).

At the end of the 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
- 30%, *i.e.* 16.3 $kgCO_2eq/sq.m.$	0%
- 35%, *i.e.* 15.1 $kgCO_2eq/sq.m.$	100%
- 40%, *i.e.* 14.0 $kgCO_2eq/sq.m$	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change of control 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 the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

The bonus shares awarded in 2023 will only become the beneficiary's property after a three-year vesting period which will end in 2026.

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.

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 in registered form until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. 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. This compensation would be paid on a monthly basis equivalent to one-twelfth of 50% of the total annual compensation (fixed and variable) of Elizabeth Blaise, this total annual compensation being itself calculated as the average of the total compensation paid in respect of the two fiscal years prior to her departure. It would apply for a period not exceeding the time of her presence in the Company with a maximum duration of two years, it being specified that the Company may reduce the period of application of it or waive it.

This level is below recommendation 25.6 of the AFEP-MEDEF Code, which refers to a cap of two years' overall compensation including the annual fixed and variable components.

The payment of the non-competition compensation is excluded when the Deputy Chief Executive Officer exercises her right to retire. In any event, no non-competition compensation may be paid beyond the age of 65.

4.2.3 Results of the votes on the resolutions relating to the compensation of corporate officers at the General Meeting of April 28, 2022

		For		Against		Abstention	Not voted
	Resolution	Votes	%	Votes	%	Votes	Votes
8	**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**	47,408,207	99.000%	478,811	1.000%	9,689,314	3,726
9	**Approval of the total compensation package and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2021 to Éric Le Gentil, Chairman of the Board of Directors**	47,196,203	98.564%	687,641	1.436%	9,692,488	3,726
10	**Approval of the total compensation package and benefits of any kind paid or awarded during the fiscal year ended on December 31, 2021 to Vincent Ravat, Chief Executive Officer**	41,989,017	96.223%	1,648,034	3.777%	13,939,263	3,744
11	**Approval of the total compensation package and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2021 to Elizabeth Blaise, Deputy Chief Executive Officer**	42,732,432	97.927%	904,619	2.073%	13,939,263	3,744
12	**Approval of the compensation policy for Éric Le Gentil, Chairman of the Board of Directors**	47,652,072	99.541%	219,599	0.459%	9,704,661	3,726
13	**Approval of the compensation policy for Vincent Ravat, Chief Executive Officer**	45,884,703	96.606%	1,611,891	3.394%	10,079,720	3,744
14	**Approval of the compensation policy for Elizabeth Blaise, Deputy Chief Executive Officer**	45,011,313	94.767%	2,485,289	5.233%	10,079,720	3,726
15	**Approval of the compensation policy for directors**	47,660,063	99.547%	216,958	0.453%	9,699,311	3,726

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. 437 *et seq.*
1.2	Setting strategic guidelines	Yes	Art. 5 and 12.2 of the RP, p. 437 *et seq.* and 442
1.3	Compliance with the main duties assigned by law	Yes	Art. 5 and 11.2.1 of the RP, p. 437 *et seq.* and 441 *et seq.*
1.4	Information on the Board of Directors	Yes	Art. 6 of the RP, p. 438
1.5	Review of opportunities and risks in line with directors' strategy and information	Yes	Art. 6 of the RP, p. 438
1.6	Oversight of the anti-corruption and influence-peddling system	Yes	Art. 5 of the RP, p. 437 *et seq.*
1.7	Non-discrimination and diversity policy within ruling bodies	Yes	§ 4.1.1.2, A, p. 231 *et seq.* § 4.1.2, B and C, p. 250 *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. 437 *et seq.* § 4.1.2, A, p. 249 *et seq.*
2	**The Board of Directors: collegiate body**		
2.1	Collegiate body mandated by all shareholders	Yes	§ 4.1.1, p. 230
2.2	Adaptation of the Board's composition and organization – Publication of Rules of Procedure	Yes	Last update: June 15, 2022 § 9.1.5, p. 435 *et seq.*
2.3	Limitation of the representation of specific interests	Yes	§ 4.1.1.2, A, p. 231 *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. 249 Separation of functions 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. 249
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 RP, p. 438
4.5	Reliable procedures to identify, control and assess commitments and risks	Yes	Chap. 5, p. 322 *et seq.*
4.6	Relevant information in this area for shareholders and investors	Yes	Off-balance sheet commitments: § 3.1.2 Note 23, p. 189 *et seq.* Financial rating: § 1.2.5.5, p. 58 *et seq.*
5	**The Board of Directors and Corporate Social Responsibility**		
5.1	Setting multi-year strategic guidelines in terms of Corporate Social Responsibility	Yes	§ 4.1.4.2 B p. 256 and § 4.1.6, p. 263
5.2	Presentation to the Board of Directors of the methods for implementing the strategy in terms of Corporate Social Responsibility with an action plan and time frames within which these actions will be carried out	Yes	§ 4.1.4.2 B p. 256 and § 4.1.6, p. 263

Article number	Recommendations	Implementation by Mercialys	Comments
5.3	Definition of specific objectives with different time frames for the climate strategy	Yes	§ 4.1.4.2 B p. 256 and § 4.1.6 p. 263
5.4	Presentation of the climate strategy to the Ordinary General Meeting at least every three years or in the event of a significant change	Yes	Presentation of the climate strategy as part of the 19th resolution of the General Meeting of April 28, 2022
6	**The Board of Directors and the Shareholders' General Meeting**		
6.1	Board of Directors appointed by the shareholders to which it reports on the performance of its duties	Yes	§ 4.1.1.2, p. 231 *et seq.*
6.2	Compliance with the holding and authority of the Shareholders' General Meeting	Yes	Chap. 8, p. 384 *et seq.*
6.3	Management of conflicts of interest in the event of large-scale transactions	Yes	§ 4.1.8 and 4.1.9, p. 265 *et seq.*
6.4	Consultation of shareholders on major transactions	Not applicable	No major transaction in progress
7	**Composition of the Board of Directors: guiding principles**		
7.1	Balance of the composition of the Board – Competence and ethics of the members	Yes	§ 4.1.1, p. 230 *et seq.*
7.2	Composition of the Board of Directors – Diversity policy	Yes	§ 4.1.1.2, p. 232 *et seq.*
8	**Gender diversity policy within ruling bodies**		
8.1	Gender equality targets for ruling bodies	Yes	§ 4.1.1.2, p. 231 *et seq.* § 4.1.2, p. 251 *et seq.*
8.2	Description of ruling bodies' gender diversity policy	Yes	§ 4.1.2, p. 251 *et seq.*
9	**Representation of employee shareholders and employees**		
9.1	Board's application of the provisions of this Code to matters related to directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9.2	Voting by directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9.3	Equal rights and obligations of directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
10	**Independent directors**		
10.1	Integrity, competence, proactivity, attendance and involvement of independent directors	Yes	§ 4.1.1.2, A, p. 231 *et seq.*
10.2	Definition of independent directors	Yes	§ 4.1.1.2, A, p. 233
10.3	Percentage of independent directors	Yes	§ 4.1.1.2, A, p. 231 *et seq.*
10.4	Review of the independence of directors and reporting to shareholders	Yes	§ 4.1.1.2, A, p. 233 *et seq.*
10.5	Director independence review criteria	Yes	§ 4.1.1.2, A, p. 233 *et seq.* The independence criterion relating to the material or non-material nature 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 Kiabi, a tenant retailer of Mercialys
10.6	No variable compensation linked to Company performance for non-executive corporate officers	Yes	§ 4.2.2.2, p. 278 *et seq.*
10.7	Analysis of the independence of directors representing shareholders holding more than 10% of the share capital or voting rights	Not applicable	No shareholder holds more than 10% of the share capital or voting rights
11	**Assessment of the Board of Directors**		
11.1	Compliance with the principle of assessment by the Board of its ability to meet shareholder expectations	Yes	§ 4.1.1.1 and 4.1.1.2, p. 230 *et seq.* § 4.1.7, p. 263 *et seq.*

Article number	Recommendations	Implementation by Mercialys	Comments
11.2	Compliance with the three objectives of the assessment	Yes	§ 4.1.7, p. 263 *et seq.* The assessment carried out by an independent firm in October 2020 met these three objectives
11.3	Compliance with methods of assessment	Yes	§ 4.1.7, p. 263 *et seq.*
12	**Board meetings and committee meetings**		
12.1	Publication of the number of meetings and attendance of directors	Yes	§ 4.1.1.2, A, p. 231 § 4.1.4.2. A p. 254 *et seq.*
12.2	Frequency and appropriate length of meetings	Yes	§ 4.1.4,1. p. 253
12.3	Meetings without the presence of executive corporate officers	Yes	Art. 17 of the RP, p. 443 § 4.4.1.2, B, p. 255 The independent directors meet at least once a year without the presence of the Chairman of the Board of Directors and Senior Management
12.4	Clear minutes of meetings	Yes	Art. 3 of the RP, p. 437
13	**Access to information for directors**		
13.1	Directors' right to information and duty of confidentiality included in the Rules of Procedure	Yes	Art. 6, 15 and 19 of the RP, p. 438, 443 *et seq.*
13.2	Diligent transmission of useful information to directors, even between Board meetings	Yes	Art. 6 of the RP, p. 438
13.3	Director's duty to seek the information needed to perform related duties	Yes	Art. 15 of the RP, p. 443
13.4	Ability of directors to meet with the Company's key executives	Yes	Art. 6 of the RP, p. 438
14	**Director training**		
14.1	Benefit for all directors of training in the specifics of the company, its business lines, its sector and its CSR challenges	Yes	Art. 15 of the RP, p. 443
14.2	Reporting on members of the Audit Committee and their appointment, as well as on special features of company accounting, finance or operations	Yes	Art. 1.3 of the Audit, Risks and Sustainable Development Committee charter, available at: www.mercialys.com
14.3	Specific training for directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
15	**Directors' term of directorship**		
15.1	Term of directorships	Yes	Art. 16 of the articles of association, p. 431 Art. 1 of the RP, p. 435 *et seq.*
15.2	Staggering of directorships	Yes	Art. 16 of the articles of association, p. 431 Art. 1 of the RP, p. 435 *et seq.*
15.3	Information on the directors	Yes	§ 4.1.1.2, A, p. 231 *et seq.*
15.4	Grounds for the candidacy of a director submitted for appointment or renewal	Yes	Annual General Meeting brochure
16	**Board committees: general principles**		
16.1	Existence and composition of committees	Yes	§ 4.1.1.2, A, p. 231 No cross-directorships
16.2	Scope of responsibility of committees	Yes	§ 4.1.5, p. 257 *et seq.*
16.3	Committee operating procedures and rules	Yes	Committee charters, available at: www.mercialys.com
17	**Audit Committee**		
17.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 231
17.2	Powers	Yes	§ 4.1.5.1, p. 257 *et seq.*
17.3	Operating procedures	Yes	§ 4.1.5.1, p. 257 *et seq.* Audit, Risks and Sustainable Development Committee charter, available at: www.mercialys.com

Article number	Recommendations	Implementation by Mercialys	Comments
18	**The Appointments Committee**		
18.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 231 Mercialys has an Appointments, Compensation and Governance Committee
18.2	Powers	Yes	§ 4.1.2, A, p. 234 *et seq.* § 4.1.3, p. 252 § 4.1.5.2, p. 260 The presence of a Deputy Chief Executive Officer mitigates any unforeseen succession of the Chief Executive Officer
18.3	Operating procedures	Yes	§ 4.1.3, p. 252 § 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
19	**The Compensation Committee**		
19.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 231 Mercialys has an Appointments, Compensation and Governance Committee
19.2	Powers	Yes	§ 4.1.5.2, p. 259 *et seq.*
19.3	Operating procedures	Yes	§ 4.1.5.2, p. 259 *et seq.*
20	**The number of terms of office of executive corporate officers and directors**		
20.1	Director involvement	Yes	Art. 18 of the RP, p. 443 *et seq.*
20.2	Limit on the number of terms of office of the executive corporate officer	Yes	Art. 18 of the RP, p. 443 § 4.1.1.2, B, p. 237 The Chief Executive Officer does not hold any other office in a listed company outside the Group
20.3	Specific recommendations regarding non-executive corporate officers' terms of office	Yes	§ 4.1.1.2, B, p. 236 The Chairman does not hold any other office in a listed company outside the Group
20.4	Restriction on the number of directorships	Yes	Art. 18 of the RP, p. 443 § 4.1.1.2, B, p. 236 *et seq.* According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
20.5	Information submitted by the directors on the other directorships held	Yes	Art. 18 of the RP, p. 443 § 4.1.1.2, B, p. 236 *et seq.* According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
21	**Ethics for directors**		
21	Fundamental obligations to be met by the directors	Yes	Art. 14 *et seq.* of the RP p. 443 *et seq.*
22	**Directors' compensation**		
22.1	Attendance-based compensation	Yes	§ 4.2.1, p. 268 *et seq.*
22.2	Additional compensation possible, particularly in the event of attendance at, or Chairmanship of, specialized committees	Yes	§ 4.2.1, p. 268 *et seq.*
22.3	Adjustment of compensation to the level of responsibilities and time spent on the role	Yes	§ 4.2.1, p. 268 *et seq.*

Article number	Recommendations	Implementation by Mercialys	Comments
22.4	Publication of compensation rules and individual amounts paid	Yes	§ 4.2.1, p. 268 *et seq.*
23	**Termination of employment contract in the event of corporate office**		
23.1	End of employment contract if an employee becomes an executive corporate officer	Yes	§ 4.2.2.6, B, 5, p. 306 The Deputy Chief Executive Officer receives compensation as a corporate officer. Her employment contract as Chief Financial Officer expired on April 28, 2022
23.2	Scope of the recommendation	Yes	§ 4.2.2.2, B, 5, p. 280 § 4.2.2.4, B, 5, p. 292 The Chairman of the Board of Directors and the Chief Executive Officer do not have an employment contract
23.3	Exclusions	Not applicable	Only the Mercialys group executive corporate officers are executive corporate officers of subsidiaries
24	**Requirement for corporate officers to hold shares**		
24	Definition of a minimum number of shares that corporate officers must hold in registered form until the end of their term of office	Yes	The Board of Directors has not set minimum shares for executive corporate officers. As part of the compensation policy for executive corporate officers, however, since 2017, long-term variable compensation has systematically been based on the allocation of bonus shares, subject to performance conditions. 100% of the vested shares must be held for a minimum of two years, then 50% until the termination of their duties as corporate officers. § 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 296 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311
25	**Conclusion of a non-competition agreement with a corporate officer**		
25.1	Definition of non-competition agreement	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 297 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311
25.2	Board's authorization of the non-competition agreement and its publication	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 297 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311
25.3	Board's option to waive the implementation of this agreement upon the corporate officer's departure	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.6, A, p. 311
25.4	Payment of non-competition compensation excluded when executives exercise their right to retire and when they are over the age of 65	Not applicable	§ 4.2.2.5, B, p. 294 § 4.2.2.7, B, p. 311
25.5	Prohibition of non-competition agreements signed at the time of the corporate officer's departure and not previously specified	Not applicable	Non-competition agreements are included in compensation policies
25.6	Amount of non-competition indemnity and terms of payment	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.6, A, p. 300
26	**Compensation of corporate officers**		
26.1	Principles for determining the compensation of corporate officers and role of the Board of Directors	Yes	§ 4.2.2, p. 272 *et seq.*
26.2	Principles for determining the compensation of non-executive corporate officers	Yes	§ 4.2.2, p. 272 *et seq.*

Article number	Recommendations	Implementation by Mercialys	Comments
26.3	Components of the compensation of executive corporate officers	Yes	§ 4.2.2.4 *et seq.* p. 281 *et seq.* The 27th resolution, which will be submitted to the General Meeting of April 27, 2023, sets the total number of bonus shares that may be allocated over 26 months at 1.0% of the share capital, of which 0.5% to be allocated to executive corporate officers and 0.5% to employees. This equal distribution is due to the fact that, as a result of its type of business, Mercialys' total workforce has very few employees (144 staff on permanent contracts at the end of December 2022) and so complies with the principle of non-concentration of bonus share plans
26.4	Allowance paid to executive corporate officers upon taking office	Not applicable	No recent executive changes
26.5	Severance pay in the event of the departure of executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 296 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311 Not covered by the compensation policies
26.6	Supplementary pension plans for executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 296 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311 Not covered by the compensation policies
27	**Information on the compensation of corporate officers and policies for granting stock options and performance shares**		
27.1	Constant flow of information	Yes	https://www.mercialys.com/investors/regulated-information/remuneration-of-senior-executives
27.2	Annual information – Content and presentation	Yes	§ 4.2, p. 268 *et seq.* Diligent use of AMF tables
28	**Implementation of recommendations**		
28.1	Application of the "Comply or explain" rule	Yes	Chapter 4 Appendix, p. 313 *et seq.*
28.2	Monitoring of recommendations from the High Committee of Corporate Governance	Not applicable	No comments received by Mercialys in 2022
29	**Review of the Code**		
29	Periodic review of the Code at AFEP and MEDEF's initiative	Not applicable	Compliance of Mercialys practices with the AFEP-MEDEF Code in its updated version of December 2022

Terminology: RP – Rules of Procedure of the Board of Directors.



100%
Strategic portfolio
BREEAM In-Use certified

4.5 years
Maturity
of drawn debt

5.9x
Interest coverage
ratio (ICR)

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 section were developed in accordance with the reference framework set by the French Financial Markets Authority (AMF) [(1)]. The main due diligence carried out before writing the paragraphs below involved circulating AMF questionnaires and internal questionnaires or conducting in-house discussions to identify all the internal control and risk management systems.

These systems constitute an organizational framework that defines:

1. the stakeholders, roles and responsibilities;
2. a risk management process based on the identification, analysis and treatment of risks, and
3. the continuous oversight of these systems.

They are based on various aspects including:

- a specific organization that is dedicated to risk management through a Risk Prevention Committee;
- the internal distribution of procedures, documentation and operating guidelines identified as areas for improvement;
- permanent monitoring through risk assessments (depending on their occurrence and impact), with the associated risk maps updated on a regular basis.

These systems are an integral part of Mercialys' operational and strategic management, and aim to protect the Company against several identified risk categories, ensuring that its development is effectively controlled and sustainable. They also aim to identify the emergence of new risks and to plan for their coverage and management. In the event of a crisis, such as the Covid-19 pandemic, which led to major national restrictions in 2020 and 2021, these systems make it possible to rapidly engage stakeholders and set up procedures that are key to ensuring business continuity.

5.1.1 Internal control and risk management bodies

Mercialys' internal control and risk management systems, as presented in this section, apply to Mercialys and its controlled subsidiaries as defined by the French Commercial Code, in accordance with the AMF reference framework. As indicated by the AMF, the systems are adapted to the specific characteristics of each company and the relationships between the parent company and its subsidiaries.

The internal control and risk management arrangements are built around three areas of expertise. The health crisis in 2020 and 2021 confirmed that they are working effectively and the levels of engagement.

5.1.1.1 Audit, Risks and Sustainable Development Committee (ARSDC)

Mercialys Senior Management defines, designs and implements internal control and risk management systems.

The Board of Directors is informed of the main characteristics of the systems put in place. To do so, it is supported by the Audit, Risks and Sustainable Development Committee, which is responsible for checking that the Company has appropriate and structured resources in place to identify, detect and prevent risks, anomalies and irregularities in the management of its business. Among other duties, this committee closely and regularly monitors the internal control and risk management systems.

Within this framework, it issues observations and recommendations on audit work, while carrying out or commissioning any analyses and reviews that it deems appropriate on any internal control and risk management issues.

The Audit, Risks and Sustainable Development Committee's role includes overseeing the risk mapping process, from financial to sustainability and compliance risks, in addition to the process for preparing financial information. Specifically, it was called on:

- in 2020 and 2021 in connection with the Company's management of the heightened risks resulting from the Covid-19 crisis, and
- in 2021 and 2022 in connection with the process to bring certain functions in-house, particularly in terms of impacts on the information systems and the preparation of the Company's accounts; as well as its financing.

An Audit, Risks and Sustainable Development Committee Charter, available on the Company's website, presents its responsibilities.

Details on the composition, duties and accomplishments of the Audit, Risks and Sustainable Development Committee are presented in chapter 4, § 4.1.5.1, p. 257 and 258.

5.1.1.2 Risk Prevention Committee (RPC)

A Risk Prevention Committee was set up in 2016 to specifically address the increased demand for risk monitoring by regulators. This Committee aims to secure Mercialys' operational and financial processes, offering increased visibility on the handling of its risks.

The Risk Prevention Committee's main mission is to manage the risk control system through a mapping process. Its duties primarily include:

- identifying the risks facing Mercialys;
- identifying and assessing the procedures in place;
- implementing a plan to supplement or optimize the handling of risks, and lastly organizing controls to ensure the correct application of procedures.

(1) AMF – Risk management and internal control systems - Reference framework – July 22, 2010.

This Committee comprises the Chief Executive Officer, the Deputy Chief Executive Officer, the General Secretary, the Head of Internal Control, the Head of CSR and the Head of Compliance and Ethics. Through its members, the Committee benefits from the expert position of each manager and can optimize its approach by having direct access to the departments.

The Committee reports directly to Senior Management, which further strengthens the link between Mercialys' strategy and risk management. This close link proved invaluable faced with the context of health and economic instability seen from 2020 to 2022. It facilitated ongoing dialogue between the stakeholders involved in the risk management process and Senior Management, helping decisions to be taken quickly for actions at the sites and initiatives at the head office.

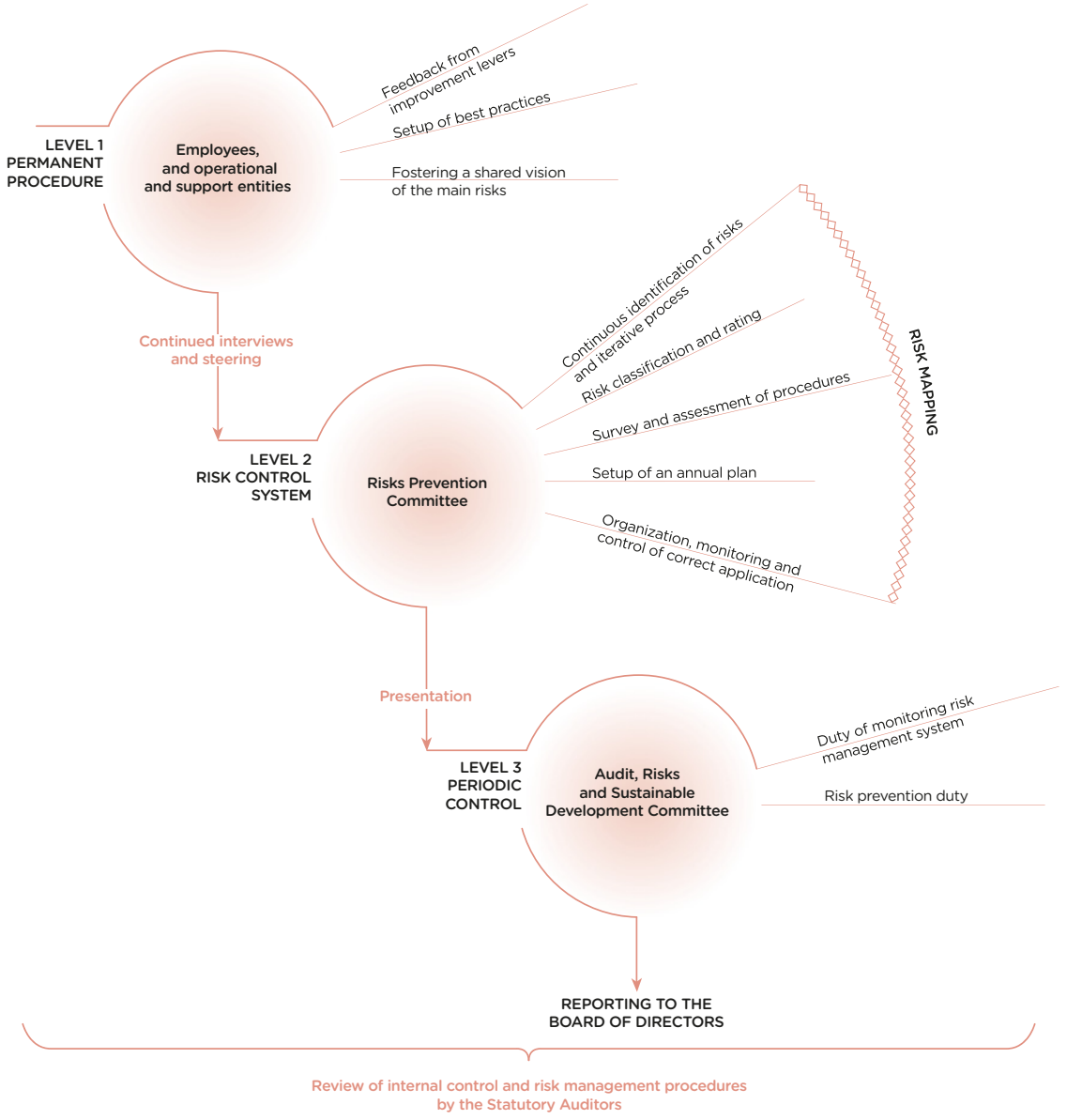
The Risk Prevention Committee meets once a quarter and reports on its work to the Audit, Risks and Sustainable Development Committee at least once a year. The Management Committee is also kept informed through regular presentations.

5.1.1.3 Employees

Employees and middle managers represent the third line in Mercialys' internal control and risk management system. They are tasked with making the internal control and risk management systems work by improving them continuously.

Mercialys therefore ensures that all of its employees are involved in the risk management process through *ad hoc* presentations, communication with the teams and the Risk Prevention Committee's operations. Department heads and/or employees hold regular meetings with Risk Prevention Committee members on specific topics.

Employees also perform a preventative role through frequent discussions with the Head of Internal Control regarding potential improvements or the identification of new risks.



5.1.2 General principles of internal control and risk management

5.1.2.1 Approach and prerequisites

As highlighted by the AMF reference framework, the internal control and risk management systems cannot provide an absolute guarantee that the Company's objectives will be achieved. There are inherent limitations in any system, which may result from a wide range of both internal and external factors.

However, Mercialys works to minimize these risks and their effects. All its internal control and risk management systems are covered by a continuous improvement process aimed at ensuring the implementation of best practices within the Company.

Effective internal control and risk management require two prerequisites:

- setting and communicating the Company's strategic and financial objectives. Mercialys' strategic and financial objectives are set as part of a three-year plan, which is reviewed in full every year. The definition and updating of this plan are led by Mercialys' Senior Management, which is responsible for the Company's key balances, particularly in terms of investments and the allocation of financial resources, as well as monitoring the implementation of the plan;
- rules of conduct and integrity that are known and respected by everyone. Mercialys has a Code of Ethics and Code of Conduct, as well as a Responsible Lobbying Charter, which formalize its commitments in terms of professional ethics and the resulting guidelines for conduct to be followed by all its employees in their work. The Code of Ethics and Code of Conduct are regularly enhanced and updated, and are signed by each employee on a regular basis to reconfirm their commitment to respecting their principles. All employees also receive training each year on specific ethics-related topics. Each year, employees sign a declaration confirming that they are not subject to any conflicts of interest. Lastly, a frame of reference for managerial attitudes and behavior has also been set up and distributed to all the Company's managers to guide their actions each day.

5.1.2.2 Operating procedures for the internal control and risk management systems

	Internal control	Risk management
Definition	Internal control is a set of procedures defined and implemented under the Company's responsibility, helping it to maintain control over its activities, carry out its operations effectively and use its resources efficiently. It is also designed to take appropriate account of the Company's significant risks that could prevent it from achieving its objectives.	Mercialys' risk management system consists of a series of resources, behavioral practices, procedures and actions that are aligned with its characteristics. It is designed to enable managers to eliminate these risks or to keep them at an acceptable level for the Company.
Objectives	Internal control is specifically intended to ensure: • legal and regulatory compliance; • application of the instructions and guidelines given by Senior Management; • correct implementation of procedures, particularly those contributing to the safeguarding of assets; • reliability of financial information.	Risk management is specifically intended to: • create and protect the Company's value, assets and reputation; • secure the Company's decision-making and processes in order to help achieve its objectives; 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. This organizational structure is set out in an organization chart. Delegations of signatures are requested by the proxy where a signature cannot be obtained for a specific transaction. Delegations of powers are managed and monitored by Mercialys' Secretary General's Office and Corporate Legal Department. **2. Human resources management policy:** Mercialys' human resources policy aims to ensure the effective allocation of its human capital through structured recruitment and career management policies in order to enable it to achieve the objectives set. The Company's Human resources Department is responsible for its administrative management. Mercialys' training policies are focused in particular on management, personal development, human resources and the company's business activities, as well as ethics and compliance. To ensure employee motivation, the Company's compensation policy is based on a market salary benchmark analysis and aligned with the principles of internal fairness (the equity ratios are shown in chapter 4, § 4.2.2.1, p. 276 and 277). In addition, the compliance of managers' practices with the standards for managerial attitudes and behaviors is assessed each year as part of their annual performance review, and this is one of the criteria for determining the amount of their variable compensation. Lastly, a satisfaction survey on the workplace environment and organization of work within the Company is carried out on a regular basis. **3. Information systems:** To ensure the security of its data, Mercialys manages its IT network through an internal IT Department and dedicated service providers. Data were also managed by the Casino group until August 31, 2022 under an agreement covering accounting, tax and cash management services, and until December 31, 2022 under various rental management and technical and administrative management mandates. The management software packages and information systems in place are aligned with the Company's current and future objectives, and also make it possible to address issues such as physical security, the retention of archived information and the continuity of operations. The migration of the IT tools deployed by Mercialys before bringing the rental management function in-house was reviewed by the Statutory Auditors.	Mercialys' Senior Management and managerial staff are responsible for identifying the specific risks involved with its activities and analyzing their level in order to manage them effectively. The Risk Prevention Committee meets on a quarterly basis. Its activities aim to reduce the risks identified by managers that could prevent the Company from achieving its objectives. In the event of a specific crisis situation, a dedicated unit is ready to intervene, comprising employees and members of Mercialys' Senior Management team. This crisis unit was deployed several times in 2020 and 2021, confirming its responsiveness and the relevance of its structure. This unit did not need to be deployed in 2022. Mercialys has insurance policies covering property damage, third-party liability, professional and environmental liability, cyber, fraud and executive liability. The main risks insured and the corresponding amounts are presented in the table below.
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 employees. The timeframes for distributing information within Mercialys allow sufficient time for an effective and appropriate response. The production of reliable information on time is supported by information systems that are organized to make it possible to optimize the activities carried out by the stakeholders concerned.	

	Internal control	Risk management
Monitoring	Internal control and risk management are monitored under the authority of Senior Management and overseen by several bodies. Senior Management is regularly informed of potential failings in the internal control and risk management system, and its suitability for activities. It ensures that the necessary corrective measures are taken. The Deputy Chief Executive Officer, supported by members of the Finance Department, the Legal Department and the CSR Department, is responsible for monitoring Mercialys' internal control and risk management system, 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 vary and are adjusted to take into account the loss ratio, insurance market constraints or changes in Mercialys' risks. On the date of this Universal Registration Document, no major and/or significant claims had been recorded that were likely to change the current terms of insurance cover and the amounts of insurance premiums and/or the continuation of self-insurance. Since 2021, in line with the insourcing of insurance services, Mercialys has set up its own insurance programs for most of the risks concerned. The contractual limits on compensation have been tailored to the levels of risks identified for the Group's portfolio and activities.

Property damage and/or operating loss insurance

The risks covered include property damage and/or operating losses due to fire, explosion, malicious act, collapse, natural event, natural disaster, political "violence" or rental liability within the limits negotiated on the insurance markets.

Main risks insured and amounts *(in millions of euros)*	
Fire, explosion, lightning (direct damage and subsequent operating losses) 36-month compensation period for loss of rental income or loss of use and 24 months for operating losses	115
Building collapse	115
Social unrest, riots	115
Terrorist attacks/Acts of terrorism	115
Natural disasters and events (wind or hail limit of Euro 10 million for sites on Reunion Island)	115
Flooding excluding natural disasters and ground movements (limit of Euro 10 million for sites on Reunion Island for ground movements)	30
Neighbor/third-party claims	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, including malicious acts by third parties and data loss for up to Euro 3 million; ransomware risks are covered as of January 1, 2023;
- for the fraud policy: the fraud risks that Mercialys could be exposed to, up to Euro 3 million.

5.1.3 Specific aspects of internal control relating to the accounting and financial information published

The accounting and financial internal control arrangements are designed to ensure:

- compliance of the accounting and financial information published with the rules applicable;
- application of the instructions and policies set out by Senior Management regarding this information;
- reliability of the information distributed and used in-house for oversight or control purposes, whenever this information is used to produce the accounting and financial information published;
- reliability of the financial statements published and other information provided to the market;
- preservation of assets;
- prevention and detection of accounting and financial irregularities and fraud, insofar as possible.

The scope for accounting and financial internal control, as presented below, comprises the parent company Mercialys SA and the companies included in its consolidated accounts.

Mercialys used the Casino group's accounting services to prepare its financial statements, in accordance with the Service Agreement in place between the two groups through to August 31, 2022, when this agreement ended. Since this date, the accounting services and corresponding tools have been managed fully in-house by Mercialys. The accounts at end-2022 were audited, including internal control dimensions, based on this insourcing.

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 prepared the accounting and financial - separate and consolidated - information published by Mercialys through to August 31, 2022. This service was regulated by the Service Agreement signed with the Casino group and was overseen by Mercialys' Administration and Finance Department. As described above, this activity was brought in-house by Mercialys from September 2022, with a dedicated accounting and consolidation team.

The Audit, Risks and Sustainable Development Committee examines the annual and half-year financial statements and reviews the Statutory Auditors' conclusions on their work. It issues an opinion on the draft financial statements to the Board of Directors, which then approves these financial statements.

B. Application and control of accounting and tax rules

The arrangements put in place aim to ensure that the standards applied correspond to the regulations in force and are accessible for everyone involved in the process to prepare accounting and financial data.

The Casino group's Accounting Department monitored emerging regulatory developments, making it possible to understand and anticipate accounting policy changes that might impact Mercialys' accounting standards, under the Service Agreement in place until the end of August 2022, when Mercialys brought the accounting function in-house. Since this date, the Company has drawn on internal expertise and external advisors to ensure the correct application of accounting regulations.

The impact of these changes on the financial statements and their production and presentation is analyzed with Mercialys' Statutory Auditors.

In terms of taxation, analyses are performed on the tax position and at the time of specific transactions. These analyses are conducted by Mercialys with support from specialist external advisors. An external advisor carries out an annual tax review, as well as work to monitor emerging developments in terms of legislation, legal precedents and regulations.

5.1.3.2 Processes supporting the preparation of the accounting and financial information published

A. Identification of the risks affecting the preparation of the accounting and financial information published

Mercialys' Administration and Finance Department is responsible for identifying risks affecting the preparation of the accounting and financial information published, and overseeing outsourced activities if applicable. It applies the principle for the separation of duties in the corresponding processes and positions the control activities in accordance with the level of risk.

B. Control activities aimed at ensuring the reliability of the accounting and financial information published

Processes for the preparation and consolidation of accounting and financial information

The processes for producing accounting information and approving the financial statements are organized to ensure the quality of the accounting and financial information published. In addition, to produce information within short timeframes, early closing procedures are used with a view to securing the reliability of the information.

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' Administration and Finance Department. The accounting function was brought in-house by Mercialys from September 2022. Since this date, the process for preparing the accounting information and closing the accounts has been adapted in line with the changes in the teams put in place and the dedicated information systems.

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. The accounting and cash management tools used by Mercialys in connection with this insourcing were reviewed before being brought into service. The 2022 half-year and full-year accounts were produced by these new systems and were therefore successively reviewed and audited by the Statutory Auditors on these two closes.

In accordance with legal requirements, Mercialys has two Statutory Auditors, whose appointments were renewed in 2022. As part of their mission, they ensure that the annual financial statements are accurate, comply with accounting rules and principles, and give a true and fair view of the results of operations for the past accounting period, as well as the Company's financial position, assets and liabilities at year-end.

Mercialys Administration and Finance Department is in charge of liaising with the external auditors. The Company's Statutory Auditors are appointed with a process that is initiated and controlled by the Audit, Risks and Sustainable Development Committee, in line with the recommendations from the AFEP-MEDEF Corporate Governance Code for listed companies and European regulations (EU regulation 537/2014 and Directive 2014/56), transposed into French law by the order of March 17, 2016 and applicable since June 17, 2016.

Process for the management of external financial information

Mercialys' financial disclosures are based on compliance with the procedures set by the AMF, including the principle of equal treatment for shareholders. They aim to provide a clear view of the Company's strategy, business model and performance by distributing accurate, reliable and truthful information to the financial community.

More specifically, Mercialys adheres to the EPRA [(1)] definition of operational, financial and sustainability performance indicators, aligning itself with industry best practices and contributing to the comparability of results between the sector's various operators.

The latest version of the *EPRA Best Practices Recommendations Guidelines* can be found here: https://www.epra.com/finance/financial-reporting/guidelines.

The *EPRA Sustainability Best Practices Recommendations Guidelines* can be consulted at: https://www.epra.com/sustainability/sustainability-reporting/guidelines.

Financial information is disclosed to the parties concerned in various ways, including:

- the Universal Registration Document;
- the half-year financial report;
- the press releases on the Company's half-year and full-year results;
- the financial information meetings and conference calls (presentation of the half-year and full-year results);
- the press releases on business for the first and third quarters;
- the Annual General Meeting;
- relations with financial analysts, investors and the financial and general press through a Communications and Investor Relations Department.

Mercialys' compliance with best practices and transparent financial and sustainability reporting have been recognized for several years by EPRA, as well as by real estate industry organizations, such as the Transparency Awards.

5.2 Description and management of risks

5.2.1 Identification and classification of risks

On a recurring basis, Mercialys reviews the main risks that could have a material impact on its business activities, financial position or results. Risk management is integrated into the Company's decision-making and operational processes and feeds into the deployment of its strategy.

The Risk Prevention Committee identifies these risks through interviews with each Company Department, with employees and with service providers. The map prepared on this basis is presented to and approved by the Audit, Risks and Sustainable Development Committee, which ensures that all the risks are covered, monitored and managed.

The risk mapping is reviewed each year and may be modified to reflect the action plans put in place or the new risks identified. This iterative process makes it possible to integrate risks related to actual or potential changes, whether operational, regulatory or linked to developments on the retail real estate market.

5.2.1.1 Risk categories

Mercialys' Risk Prevention Committee has identified 53 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	13
Risks related to the financial position	2
Risks related to internal control	16
Legal and regulatory risks	8
Governance risks	5
Environmental, social and societal risks	6
Risks related to financial operations underway	0

(1) 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.

Mercialys reassesses the relevance of these ratings each year, incorporating the following factors in addition to the findings from the dedicated tests:

- the changes in the macroeconomic, operational and financial environment, such as the health crisis linked to Covid-19,
- the insourcing of functions by the Company; or
- the increase in inflation and rates.

Impact

This measures the potential impact of a risk for the Company if it were to occur. When it can be quantified, the impact is expressed as a percentage of 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 consulting with internal and external stakeholders, in line with the strategic CSR approach. The assessment of Mercialys' other risks is based on internal stakeholders. To ensure consistency between these two methodologies, the Risk Prevention Committee rates the impact of environmental, social and societal risks on the basis of their reputational consequences. The level of rating is derived directly from their positioning within the Company's materiality matrix.

	Low	Moderate	High
Change in 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 deployment of the strategy and operations	Moderate obstacles to the deployment of the strategy and operations	Major obstacles to the deployment of the strategy and operations
Reputation	No media impact or impact with a limited number of stakeholders	Local media impact or impact with certain stakeholders	National media impact or impact with a high number of stakeholders

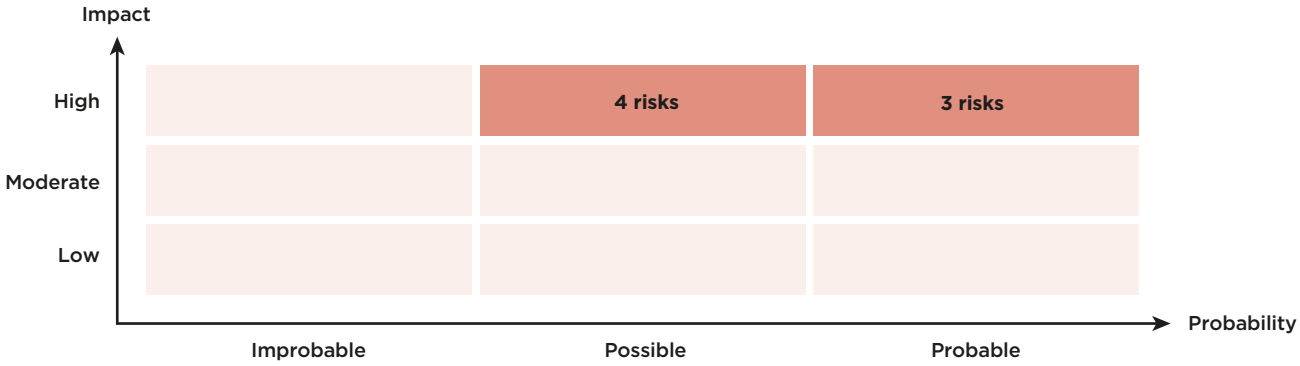
Probability

The probability is defined as the possibility of a risk occurring, at least once, over different timeframes. In other words, it assesses the plausibility of an event involving a risk occurring. The probability is split into three levels: unlikely, possible and probable.

	Unlikely	Possible	Probable
Probability of at least one occurrence of the risk	Over a timeframe of 4 to 5 years	Over a timeframe of 2 to 3 years	Over a timeframe of 1 year

The **priority risks** are those with:

- a "high" impact with a "probable" probability;
- a "high" impact with a "possible" probability;
- a "moderate" impact with a "probable" probability.



5.2.2 Summary of priority risks

Mercialys **rates net risks**, *i.e.* it assesses the impact and probability of its gross risks after potential mitigation arrangements and measures being put in place (insurance, cover, controls and procedures, policies, diversification, etc.).

There were two significant changes in the priority risks in 2022. On the one hand, the risk related to providers, suppliers and subcontractors was no longer applicable following the completion of the process to bring in-house functions that were previously outsourced to the Casino group under:

- the Service Agreement, which expired at August 31; 2022; and
- various rental management and technical and administrative management mandates, which expired at December 31, 2022.

In addition, on April 4, 2022, the Casino group completed its full exit from Mercialys' capital by selling its remaining 10.96% interest. Since April 28, 2022, the Casino group has no longer been represented on Mercialys' Board of Directors. Following this change in the shareholding structure, the risk related to the development of the shareholder Casino is no longer presented in this Universal Registration Document.

Lastly, while the full-year accounts for 2022 continue to reflect the impacts of the consequences of the health crisis (see chapter 3), there have not been any new measures linked to the management of this situation that would have resulted in new operational or financial consequences for the Company. As such, the summary of the risks related to the Covid-19 epidemic presented under the management section in the 2020 and 2021 Universal Registration Documents does not need to be presented for 2022.

Out of the 53 risks identified by Mercialys, seven risks, from three categories, are classed as priority:

Category	Risk	Impact	Probability	Trend
Risks related to the sector	Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	High (NAV)	Probable	Increase
	Risk related to competition on the physical retail segment	High (FFO)	Possible	Stable
	Risk related to new forms of consumption	High (FFO)	Possible	Increase
Risks related to business activities	Risk related to retailer arbitrage and reletting	High (FFO)	Probable	Increase
	Risk related to the safety and security of operations and a deterioration in the portfolio	High (reputation)	Possible	Decrease
	Risk related to acquisitions and construction operations	High (NAV)	Possible	Stable
Risks related to the financial position	Risk related to interest rates, the cost of debt, liquidity and financing	High (FFO)	Probable	Increase

5.2.2.1 Risks related to the sector

A. Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market

Impact: high/Probability: probable/Trend: upward

Description of the risk

The capitalization rate is a key element for calculating the appraisal value of the assets held by Mercialys. It is determined based on the rate considered to be risk-free (*i.e.* the interest rate paid by the French state on its borrowings) and the risk premiums associated with the real estate investment concerned. As part of their twice-yearly valuation campaigns, in accordance with AMF recommendations, the independent real estate appraisers responsible for valuing the Company's portfolio also base their valuations on the rates seen for recent real estate transactions on the physical retail real estate market.

The appraisal value of Mercialys' portfolio may therefore be positively/negatively impacted through the capitalization rate:

- by a significant decrease/increase in rates deemed risk-free or risk premiums;
- by the recognition of more favorable/more unfavorable rates in the context of physical real estate market transactions.

Appraisers' risk premium adjustments may also reflect changes in their perception of the sustainability of asset rental flows, based on their assumptions regarding rent changes, vacancy or even site investment costs.

The appraisal value is taken into account when calculating the Company's Net Asset Value (NAV) and loan to value (LTV). A significant deterioration in Mercialys' portfolio value would likely have an unfavorable impact on its stock price, as well as potentially on its financial rating and the appraisal of its risk profile by finance market operators and, ultimately, on the cost of its debt.

Risk management and coverage

The factors that drive up capitalization rates are linked primarily to changes in central banks' monetary policies and trends for physical real estate investments. Mercialys anticipates the potential impacts of monetary policies: it provides regular updates for Senior Management and performs simulations to assess how interest rate changes will impact the value of its portfolio. It also closely monitors real estate transactions on the market. The portfolio value's sensitivity is 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 thanks to the monitoring methods applied and their frequency. In addition, all the assets in Mercialys' portfolio are valued by independent appraisers every six months, which makes it possible to regularly adjust its value if required.

This risk is managed through the arbitrages that Mercialys carries out on a continuous basis on its portfolio of assets, in line with its market vision. The Company's arbitrage strategy is based on selling assets that have reached maturity or are potentially becoming commercially vulnerable, and investing in its leading assets in order to consolidate their dominance in their catchment areas and strengthen their valuations. In line with this approach, the Company drastically reduced the size of its portfolio in recent years, from 93 shopping centers at end-2010 to 48 at end-2022. Since 2020, it has also strengthened its specialist acquisitions and arbitrage team, by putting the Company's former Head of Asset Management in charge of it, highlighting the strategic and central nature of these areas.

Mercialys' portfolio value came to Euro 2,896.9 million excluding transfer taxes at end-December 2022, compared with Euro 2,930.2 million at end-June 2022 and Euro 2,945.1 million at end-December 2021. The portfolio value excluding transfer taxes is therefore down - 1.6% over 12 months (+ 0.8% like-for-like) and - 1.1% over six months (- 0.9% like-for-like). The average appraisal capitalization rate was 5.75% at December 31, 2022, compared with 5.71% at June 30, 2022 and 5.71% at December 31, 2021.

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 rate also shows the sensitivity to changes in the discount rate. Based on the annual appraised potential net rental income of Euro 177.6 million and the average capitalization rate of 6.13% recorded at end-December 2022, the sensitivity analysis is as follows:

Sensitivity criteria	Impact on the appraisal value excluding transfer taxes *(€M)*
- 0.5% decrease in the capitalization rate	+ 257.2
+ 10% increase in rents	+ 289.7
+ 0.5% increase in the capitalization rate	(218.5)
- 10% decrease in rents	(289.7)

Risk trend: increase

This risk is of major structural importance for Mercialys. Regularly selling some of its assets to reinvest part of the capital generated in its portfolio of value-enhancing projects enables it to maintain the commercial quality of its portfolio and protect its value. Asset liquidity is also needed to cover debt repayment deadlines if the financing markets slow down or stop functioning.

The slowdown in physical retail real estate market transactions observed since 2018 has an overall impact on real estate companies' ability to quickly and easily sell their assets. Mercialys recorded an upward trend for capitalization rates between 2018 and 2022. However, this had a relatively moderate negative impact on its portfolio's appraisal value, as this was offset by the increase in projected rents. Nevertheless, Mercialys has demonstrated the liquidity of its assets, on a basis at least in line with its appraisal values in the last few years, including 2020 and 2021, which were marked by the health crisis.

The real estate appraisers value Mercialys' portfolio on a half-yearly basis (excluding sites owned with investors, which are valued every quarter).

Factoring in a significant increase (+ 285bp over 12 months for the 10-year OAT) in the risk-free rate in France, which might result in an increase in the capitalization rates applied by the appraisers, in addition to the rise in financing costs leading to higher yield rates demanded by investors, the trend for the risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market is considered to be increasing.

B. Risk related to competition on the physical retail segment
Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys, through its activity operating shopping centers, captures part of consumer spending in the catchment areas of the cities where it is present. The level of footfall at its sites is a key indicator with a positive or negative impact on the Company's economic and financial performance.

Extension, redevelopment or greenfield construction projects, on different scales, that may be launched in the medium term could have a potentially significant adverse impact on footfall for Mercialys' shopping centers, especially if these projects are located in major catchment areas for the Company. Particularly strong competition from companies already operating in these catchment areas, aiming to attract the retailers that stand out the most, could also make Mercialys' sites less attractive.

A decrease in shopping center footfall levels would translate into a drop in retailers' sales and profitability, leading to pressure on the rents charged by the Company.

Risk management and coverage

Mercialys manages this risk through two key pillars:

- a regular asset rotation policy: sales may concern sites that are considered to be located in retail areas that are more sensitive to an increase in competition. The Company is therefore gradually focusing its positioning on key areas in cities with demographic and purchasing power trends that are higher than the national average;
- a commercial strategy aiming to further strengthen the attractive positioning of its sites through: (i) medium-sized stores set up to generate additional traffic supporting the entire shopping center, (ii) a retail mix that is adapted to each catchment area, and (iii) the rollout of new shopping center uses (coworking, medical centers), with a view to embedding them more effectively within their communities, (iv) the rollout of services for retailers and consumers (particularly first- and last-mile logistics services).

Through these measures, Mercialys was able to ensure sustained growth in footfall for its shopping centers from 2014 to 2019, significantly outperforming the national index published by the French National Shopping Centers Council (*Conseil National des Centres Commerciaux*, CNCC). This positive footfall trend has been reflected in the sales trends for retailers present at the Company's sites.

The resilience of Mercialys' sites was also demonstrated during 2020 and 2021, which were marked by the health crisis. This is illustrated by the footfall at Mercialys sites during the open periods in 2021, which came to 86% of the normalized level from 2019, despite major operational constraints linked to the health crisis (including curfews and health pass requirements). Retailer sales also showed a good level of resilience. In 2022, shopping center footfall came to 88.7% of the normalized level from 2019, reflecting more "efficient" consumer habits, while the retailers present at Mercialys sites recorded + 1.0% growth in their sales versus 2019.

Risk trend: stable

Some real estate projects have had a localized impact on footfall trends at certain Mercialys sites. However, the Company has never observed any widespread increase in competition in terms of physical commercial property across its portfolio. Moreover, following a moratorium on the construction of new retail space introduced by the French government in 2020, Law no.2021-1104 of August 22, 2021 ("Climate and Resilience Act") sets out:

- the integration of measures to combat the proliferation of artificial ground cover in the principles defined by Article L. 101-2 of the French urban planning code (*Code de l'urbanisme*); and
- the introduction of a target for "net zero artificialization" over time.

The restrictions concerning the creation of new retail space at greenfield sites is expected to contribute to the sustainability of existing sites.

The resilience of the level of activity at Mercialys sites in 2020 and 2021, despite the health crisis, and the upturn in retailer sales in 2022, returning to their 2019 levels, once again prove the relevance of its competitive positioning. The fact that the shopping centers are leaders in their catchment areas means that they have relatively little exposure to retailers' rationalization of physical stores. Mercialys' current financial vacancy rate was effectively under control at end-2022, representing 2.9% (vs. 3.2% at end-2021). It also illustrates the strong positions of Mercialys' sites in their catchment areas.

The risk related to physical retail competition is therefore considered to be stable.

C. Risk related to new forms of consumption
Impact: high/Probability: possible/Trend: upward

Description of the risk

The breakdown of Mercialys' rents by business sector shows a high level of diversification. However, at December 31, 2022, two sectors account for more than 20% of contractual rents on an annualized basis – personal items and large food stores:

	12/31/2022	12/31/2021
Restaurants and catering	8.3%	8.4%
Health and beauty	12.7%	12.6%
Culture, gifts and sports	17.5%	16.3%
Personal items	30.0%	30.5%
Household equipment	7.7%	7.2%
Large food stores	20.5%	21.8%
Services	3.2%	3.2%
TOTAL	**100.0%**	**100.0%**

The risk associated with new forms of consumption is primarily reflected in the following elements:

- a structural contraction in revenues for the personal items sector from 2008 to 2019. This crisis worsened during the Covid-19 epidemic. At the end of October 2022, clothing retailers reported + 4% growth in their sales compared with the same period in 2021. However, this indicator is still down 6.7% from the figure for the year to end-October 2019;
- a paradigm shift in consumption affecting large retailers, with:

1. a model still dominated to a great extent by hypermarkets nationwide in the food segment, but a loss of market shares for integrated operators, benefiting independent retailers and hard discounters,
2. in the non-food segment, a downwards trend for non-food products as a percentage of total hypermarket revenues;

- sustained revenue growth for e-commerce, which represented 14.1% of the retail sector in France in 2021. However, this progress includes the digital ramp-up of physical retailers [(1)].

The two main factors behind a downturn in consumption may affect the profitability of textiles or food retailers, resulting in pressure on Mercialys' rents or even contributing over time to an increase in its vacancy rate.

The development of e-commerce may adversely affect the accounts of "physical" retailers, which need to make significant investments in various areas, including:

- logistics,
- IT, to develop their online distribution and improve their inventory management, and
- marketing for online referencing.

Risk management and coverage

Mercialys is planning ahead to anticipate the risk related to new forms of consumption through:

- the projects carried out since 2015 to reduce the size of sections in hypermarkets, partly those focused on non-food products, coordinating this with the food operator. These projects have helped realign the hypermarkets around food products and more relevant sizes, while providing the shopping centers with access to additional space, making it possible to welcome a number of specialist retailers, restaurants, etc., helping drive growth in footfall at these sites;
- the constant adaptation of its retail mix, continuing to target:
  - a well-diversified portfolio across different sectors;
  - the identification of the most relevant retailers in each sector, particularly in terms of their price positioning;
- the development of customer knowledge, through marketing tools made available to retailers, enabling them to customize offers and provide information that is tailored to their consumption profile, with a view to building loyalty and increasing sales;
- the ramp-up of its digital solution via a proprietary ecosystem including a marketplace (Le Shop) and a first-mile and last-mile logistics offer (Ocitô). This digital solution, which strengthens the convergence between physical and digital retail, had been rolled out at 28 centers at the end of 2022 and is based on three main solutions:

1. a web and mobile marketplace enabling retailers in Mercialys centers to benefit from an additional channel for offering food and non-food products to consumers,
2. a logistics platform that groups together all the services for retailers in centers to facilitate the consolidation and shipping of packages with a ship-from-store model (dedicated logistics unit, provision of consumables, centralized postage franking and collection), and,
3. a transport offer that covers the full range of last-mile delivery solutions, enabling more efficiency and effectiveness for retailers and consumers (immediate delivery, home delivery within two days, click and collect, drive-through, parcel collection lockers).

Risk trend: upward

While difficult to assess, the risk related to new forms of consumption is considered to be on the rise.

The obsolescence of personal items retailers has been a constant feature of the retail landscape for the past decade, and the need to adapt the shopping centers is a major strategic element. This aspect increased in 2020 and 2021 with the successive lockdown measures linked to the health crisis, which weakened many retailers, particularly in the textiles and restaurant/leisure sectors. However, some segments benefited from this particular environment, such as household equipment and digital products. All food distribution formats were also able to remain open throughout 2020 and 2021, which represented a major resilience factor for business at Mercialys' shopping centers. However, the various support measures rolled out by the French government, supplemented (particularly concerning fixed costs) or introduced (for rent payments) in 2021, greatly reduced the number of store and restaurant closures in the shopping centers.

(1) Source: Fevad – e-Commerce and distance selling federation.

Similarly, while the health crisis led to the repeated closure of all "non-essential" stores, prompting some consumers to make some of their purchases online, it is difficult to assess the sustainability of this trend. The statistics do not show that e-commerce players have benefited from a massive and structural shift in consumption in 2020 and 2021, as illustrated by the rapid normalization of retailer sales in the shopping centers as soon as the various lockdown measures were lifted, as well as in 2022. The market share gains for e-commerce slowed down considerably in 2022. There are still questions surrounding the business model of "pure players" online, while financing conditions are tightening. We have therefore seen insolvencies affecting certain operators, as well as pressures triggered by rising logistics and referencing costs, and restrictions on product returns for online orders with many retailers (end of free returns). This raises the question of the sustainability of the market share gains made by e-commerce.

In any event, Mercialys believes that it has proven competitive advantages:

1. the difficulty of obtaining authorizations in France to open large food stores supports the Company's perception that it would be possible to welcome alternative tenants in hypermarket units, after potentially reducing the space allocated;
2. the classification by the government decrees, during the three lockdown periods between 2020 and 2021, of nearly 40% of its rental base as "essential retail" shows how its shopping centers are an integral part of communities' daily lives, as illustrated by the rapid recovery in footfall and retailer sales after the lockdowns were lifted;
3. competition from e-commerce is less acute in the medium-sized cities where Mercialys' assets are located and where visits are recurrent, cover short times and involve limited average baskets, making delivery costs for online purchases comparatively high.

5.2.2.2 Risks related to business activities

A. Risk related to retailer arbitrage and reletting
Impact: high/Probability: probable/Trend: upward

Description of the risk

Mercialys lets space in its shopping malls and medium-sized stores primarily to major national or local retailers.

The impacts associated with these risks concern two key aspects. On the one hand, the profitability of tenant retailers. This may, from time to time, adversely affect the recovery rate or rental reversion potential. It may also have a more structural negative impact on Mercialys' rental revenues if insufficient profitability leads to store closures in the centers owned by the Company, against a backdrop of regular arbitrage by retailers concerning their physical points of sale at national level. On the other hand, if retailers leave, the vacancy rate would impact rental revenues and the ability to pass on the centers' operating expenses during the reletting period. This could last longer when key retail sectors face difficulties, as seen for more than a decade with personal items in France, as mentioned in the previous risk.

In terms of diversification, with the exception of the Casino and H&M groups, no single retailer represents more than 2% of Mercialys' annual rents. Exposure to the Casino group has been scaled back significantly over the last five years and continued to decrease in 2022. However, it still represents a significant percentage of rents, with 21.0% at end-2022. This exposure comes to 18.0% after being:

1. adjusted downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of 10 hypermarkets operating under the Géant Casino banner, and
2. adjusted upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino banner.

The consolidated exposure is split primarily between the hypermarket banners Géant (19.7% of rents at end-2022) and Monoprix (0.7% of rents at end-2022). 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.

In 2022, Mercialys continued scaling back its exposure to the Casino group retailers by selling two hypermarkets in Saint-Étienne and Annecy.

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 regularly discuss 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 make it possible to create value alongside this. If it were not possible to reach an agreement with the Casino group, the Casino group could exercise its option to vacate these units with the three-year breaks. As part of the reletting of these premises, Mercialys would then look at their breakdown between the food offering, reviewed in terms of its operator and format, while increasing the space allocated to the shopping center.

In 2022, Mercialys also reduced its exposure to the H&M group's rents by reletting two units that were previously let to this group to other retailers outside the textiles sector, *i.e.* Cultura and Intersport.

The lease schedule for Mercialys' two main tenants is presented below.

Casino group lease schedule *(main leases: hypermarkets, supermarkets and Monoprix store)*

Site	% held by Mercialys	Type	Lease start date	Lease end date	Lease characteristics
Quimper	100%	Hypermarket	12/2014	12/2026	3 - 6 - 9 - 12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
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
Marseille	04/2011	04/2021	3 - 6 - 9 - 10 commercial lease
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
Besançon	12/2016	12/2028	12-year commercial lease, 6-year firm period
Quimper	05/2017	05/2029	3 - 6 - 9 - 12 commercial lease
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
Clermont-Ferrand	07/2021	06/2033	3 - 6 - 9 - 12 commercial lease

Risk management and coverage

Mercialys limits the insolvency risk and the risk relating to retailer chain closures primarily by diversifying its retailer mix, which limits the impact of a cancellation at a three-year break.

Moreover, the risk linked to potential difficulties affecting the Casino group food retailers operating at the Company's sites must be put into perspective with the options available for reletting the space vacated. Demand for space for food outlets remains strong in France, in a context in which authorizations to open new physical retail stores are now very limited.

Mercialys has also put in place procedures to limit the retailer counterparty risk, including:

- a detailed analysis of achievements from a lettings perspective compared with the budget, carried out each month by the Administration and Finance Department, the Asset Management Department and the Lettings Department. The findings are presented to the Management Committee and lead to specific action plans;

- an annual analysis of the occupancy cost ratio (ratio between the amount of rent including tax, the costs including marketing funds and the work charged back to the retailer and its sales including tax) for each site when assets' business plans are reviewed. Any change that differs from the rates usually recorded for activities is subject to a dedicated review of the context for the retailer and tenant. The Lettings and Asset Management teams then draw conclusions and make decisions on a case-by-case basis;
- the setting of rents on a primarily fixed basis (98.3% of Mercialys' contractual rents on an annualized basis are fixed or include a guaranteed minimum rent at December 31, 2022);
- very regular operational procedures for rent collection and monitoring, carried out jointly by the Rental Management, Asset Management, Lettings, and Administration and Finance Department teams.

In addition, Mercialys plans ahead to anticipate the reletting risk through:

- close tracking of the vacancy rate and associated reletting actions. The quality of the retailers selected is a decisive factor, focusing in particular on their financial health, the relevance of their offering in relation to the catchment area's needs, their locally differentiating features and their effective fit complementing the existing retail mix;
- the structuring of the lettings team to specialize in different geographies and formats:
  1. for each geographical area, resulting in in-depth knowledge of local retailers, catchment areas and assets, and
  2. for each type of space, as the needs and constraints of retailers operating medium-sized stores are significantly different from those in small stores.

The asset management team supports the lettings team and ensures the financial soundness of negotiations for instance, within the broader context of each shopping center's target profitability;

- the asset rotation strategy. Mercialys regularly analyzes the positioning of all its assets within their catchment areas, and its ability to maintain a shopping center's strong appeal within this area over the long term is one of the criteria that may result in a site being divested.

Risk trend: upward

Consumption in France is expected to remain buoyant in the long term, thanks to positive demographics and a high savings rate, which was still at a historically sustained level of 16.2% in the second quarter of 2022 according to the Banque de France (versus 14.9% on average over 2009-2019).

In addition, underlying demand for quality retail premises, such as those offered by Mercialys, is expected to remain resilient in the long term. The Company benefits from its sites' strong anchoring in their catchment areas, thanks to retail mixes that are aligned with day-to-day needs. This is illustrated by the fact that, during the lockdown periods, up to 40% of Mercialys' rental base was classed as "essential retail". Lastly, the French commercial property system, through lease rights, offers strong protection for landlords. These factors help to secure Mercialys' revenues.

The impacts of the health crisis linked to Covid-19 were limited in the short term by the government support measures put in place. At end-2021, they made it possible to offset the majority of the impacts on the unemployment rate or company insolvencies.

The geopolitical and economic context in 2022 weighed on consumer confidence, without any significant contraction in consumption during the year. The unemployment rate, which came to 7.3% at the end of the third quarter of 2022, is low, consistent with the level from 2007.

Mercialys considerably ramped up its monitoring of tenants' health in 2020, 2021 and 2022 when the government support measures were withdrawn. The health and economic crisis exacerbated pre-existing profitability issues for some tenants, particularly in the textiles sector. This risk is illustrated by the retailer Camaïeu, which had a major national network and accounted for 0 9% of Mercialys' rental base, and went into liquidation in September 2022. In addition to business disruptions, the investments to be made by retailers for their marketing and digital strategies faced with competition from online operators have negatively impacted their profitability and balance sheets. These factors could negatively impact Mercialys' future revenue profile as a result of:

- increased vacancy,
- reduced rental collection,
- a drop in variable rents, particularly for H&M,
- even pressure on minimum guaranteed rent levels.

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. The contraction in this operator's market shares could also lead to a reduction in its exposure to this retail format. This could have potentially dilutive effects on Mercialys' rental revenues.

While the recovery rate (rent and charges) for 2022 appears to be largely normalized, with 95.1% at December 31, 2022, and the recovery rates for 2020 and 2021 have returned to normal to a great extent, with 91.3% and 96.4% respectively, and while the recurrent financial vacancy rate was 2.9% at end-2022, the risk is considered to be increasing.

B. Risk related to the safety and security of operations and a deterioration in the portfolio

Impact: high/Probability: possible/Trend: downward

Description of the risk

As a real estate company, the risk relating to the safety and security of operations and a deterioration in the portfolio may take various forms, including:

- operation of its centers (fire, theft, terrorist attack, assault, etc.);
- work carried out at its centers (fall, injury, etc.);
- activities of certain tenants which may affect soil or underground water quality and building structures through roof installations, resulting in an impairment of the assets due to pollution or related deterioration;
- extreme weather conditions or the presence of parasites (termites, dry rot, etc.) which may damage the structure of buildings;

- a health crisis, such as the one linked to Covid-19, which may result in health and safety-related expenses and investments in shopping centers, or lead to partial or total site closures.

If it were to occur, this risk could result in very significant legal and reputational consequences for the Company.

Risk management and coverage

Several types of action are taken to manage this risk:

- safety and security procedures are put in place and regularly reviewed across all the centers, coordinating operations with Mercialys' Property Manager. The providers associated with these procedures are audited each year by the Property Manager. If the Property Manager considers that the results are not satisfactory, corrective actions are put in place and contracts may be terminated. Mercialys also conducts safety and security audits and ensures that the corrective measures are put in place by the Property Manager, when required;
- crisis management procedures are available and tested on a regular basis. The Property Manager's teams also raise retailers' awareness of these issues;
- the Property Manager ensures the regulatory compliance of tenant activities;
- coordinating operations with Mercialys, the Property Manager ensures that:
  - preventive maintenance measures are rolled out for buildings under multi-year work plans, and
  - work is carried out following specific events (e.g. weather events) in order to guarantee public safety and security;
- Mercialys' shopping centers are regularly audited by its insurers' "fire prevention" engineers, in line with annual priorities, notably determined based on the significance of the assets. All sites are audited at least once every five years. The reports from the insurers' fire prevention engineers are provided after each on-site appraisal, accompanied by recommendations, which are followed up on by Mercialys' teams, coordinating efforts with its insurers;
- in exceptional circumstances, such as social movements (e.g. "yellow vests" and farmers), or the Covid-19 pandemic, Mercialys also takes strong measures to ensure the health and safety of its visitors, retailers and employees, both directly and working with the property manager's teams;
- Lastly, Mercialys has cover through its various insurance policies, calibrated based on the cost of rebuilding assets and the operating losses that could be sustained depending on the various scenarios considered.

Risk trend: downward

Public safety and security at Mercialys' shopping centers are part of the Company's core responsibilities, and it takes all the steps required to ensure the highest level of safety and security for visitors. The Company remains vigilant in the context of possible acts of terrorism in France. However, the Vigipirate Plan status was downgraded from "attack emergency" status at end-2020 to "reinforced security - risk of attack" since June 2022.

As part of the fight against the Covid-19 epidemic, Mercialys put in place strict health measures to ensure the health and safety of its customers, traders and staff.

On a more structural level, regular portfolio maintenance ensures business continuity and the cover offered by the insurance policies in place is considered to be effectively calibrated in relation to the potential damages for the Company.

As the Covid-19 epidemic appeared to be less acute at the end of 2022, and the Vigipirate Plan's level of vigilance was downgraded, the trend associated with this risk is considered to be decreasing.

C. Risk related to acquisitions and construction operations

Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys implements a dynamic asset rotation strategy as part of its growth model. Assets that are considered to have insufficient geographic exposure and growth potential, as well as those deemed to have reached their optimum value, are sold. This enables the Company to finance its development pipeline or acquisitions of assets.

Since its initial public offering in 2005, Mercialys has not built any greenfield sites. Mercialys' project pipeline primarily includes redevelopments of existing spaces and extensions. The potential demolition and construction operations relating to these projects are carried out under different types of contracts: direct basis, delegated project management, property development contract, etc. These major operations involve different levels of legal responsibility and financial risks. These include possible exposure to budget overruns on work or the impact of delays with delivering work.

In addition, Mercialys may acquire assets on the market. In this respect, the Company may be exposed to the consequences of incomplete diligence measures at the time of the acquisition, resulting in tax or financial consequences for instance.

Lastly, for both projects and acquisitions, Mercialys is exposed to the construction risk once the 10-year warranty period has expired. If applicable, this risk concerns the need to carry out costly work to bring the asset into line with standards or to refurbish it and ensure that it can operate under good conditions. Operating losses may represent an additional cost within this framework.

Risk management and coverage

As a principal for projects managed under delegated project management contracts, Mercialys carries out regular audits and controls to ensure:

- budgetary and financial monitoring: in addition to everyday management by the Asset Management and Delegated Project Management teams through regular project meetings, ex-post audits are conducted on the projects delivered the previous year to ensure that all cost overruns are effectively justified (request by the principal, program changes or unexpected constraints). Costings are drawn up by independent economists for the most significant projects;
- operational and technical monitoring: joint meetings between the Asset Management and Delegated Project Management teams take place regularly to ensure that projects are moving forward correctly and the specifications are being met;
- monitoring of compliance for health and safety risks: while Mercialys has no direct liability in the event of worksite incidents, there is an image-related risk associated with a financial impact. This risk is managed by both Mercialys and the Delegated Project Management team through the appointment of a health and safety coordinator. The latter is appointed to coordinate the activities of the various companies from a safety perspective. Note that the presence of this coordinator does not discharge the project manager from its legal responsibilities. Mercialys ensures that its teams regularly visit the projects underway at worksites. In the event of an incident, the Delegated Project Management team is alerted directly and the information is transmitted to Mercialys.

During acquisition procedures, Mercialys conducts audits on the assets or the companies holding the assets, covering real estate, tax, accounting and legal aspects, in order to limit the overvaluation risk for the purchase price. These audits are carried out by external advisors (e.g. legal advisors, tax experts, notaries), and coordinated by the Company's in-house teams (Corporate Legal, Real Estate Legal, Administration and Finance Department, and Asset Management).

Lastly, once the 10-year warranties have expired for sites that have been acquired or are under development, Mercialys ensures that the assets are properly maintained throughout their life through multi-year work plans. This vigilance makes it possible to:

- ensure the safety and security of shopping center operations, and
- ensure the balanced distribution of the capital expenditure needed to ensure their long-term viability.

Risk trend: stable

At the end of 2022, Mercialys had a Euro 475-million development project pipeline for 2027 and beyond. Its scale and flexibility offer Mercialys the prospect of quick and sequenced building starts in line with opportunities that may arise at the various sites, and particularly the trends for requirements in their respective catchment areas.

Given the context linked to the health crisis, Mercialys suspended its developments to a great extent between 2020 and 2021. Over this period, as well as in 2022, Mercialys renewed its development pipeline to incorporate projects focused on:

- sites owned by the Company,
- plots requiring agreements with joint owners or joint operators at sites where Mercialys already operates.

Mercialys also takes part in calls for projects organized by local municipalities, offering its mixed real estate expertise.

The Company has all the specific legal expertise for setting up projects. Alongside this, it works with renowned legal and tax advisors to support its development and acquisition projects. In 2020, the Company also strengthened its in-house technical skills, setting up a Technical Department capable of conducting critical reviews of maintenance and construction procedures. Lastly, partnerships with leading developers are put in place to help manage this risk.

In view of these procedures, the risk related to acquisitions and construction operations is considered to be stable.

5.2.2.3 Risks related to the financial position

A. Risk related to interest rates, the cost of debt, liquidity and financing

Impact: high/Probability: probable/Trend: upward

Description of the risk

The historically low interest rate environment seen over the last decade gave way in 2022 to a year marked by a rapid rise in rates, resulting from the geopolitical context and the ECB's restrictive policy to tackle inflation. If this trend continued, this would potentially lead to an increase in the Company's financing costs:

- either through the cost of existing debt, relating to its variable components,
- or through possible refinancing operations.

Mercialys' bond spreads widened significantly compared with the levels observed for the financial instruments of leading French real estate companies in 2022. In addition to various technical factors linked to the secondary market's limited liquidity for the Company's bonds, this change may reflect a perception, among investors, of a risk associated with the concentration of rental exposure around the Casino group and the financial issues facing this group.

This increase in the cost of credit conditions could also impact the acquisition or development operations of the Company, which will continue to demand high standards for the returns on its investments.

Mercialys' financial position at end-2022 appears to be healthy in terms of both liquidity and debt conditions, with the following elements:

Financial debt *(in millions of euros)*	12/31/2022	12/31/2021
Cash	216.1	257.1
Gross financial debt [1]	(1,258.3)	(1,358.6)
Net financial debt	(1,040.2)	(1,101.5)

(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, 2022, Mercialys' drawn debt totaled Euro 1,262 million, with the following breakdown:

- a bond for a nominal total of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond issue with Euro 200 million outstanding, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal total of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- a bond issue for a nominal total of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 112 million of outstanding commercial paper at a slightly negative rate.

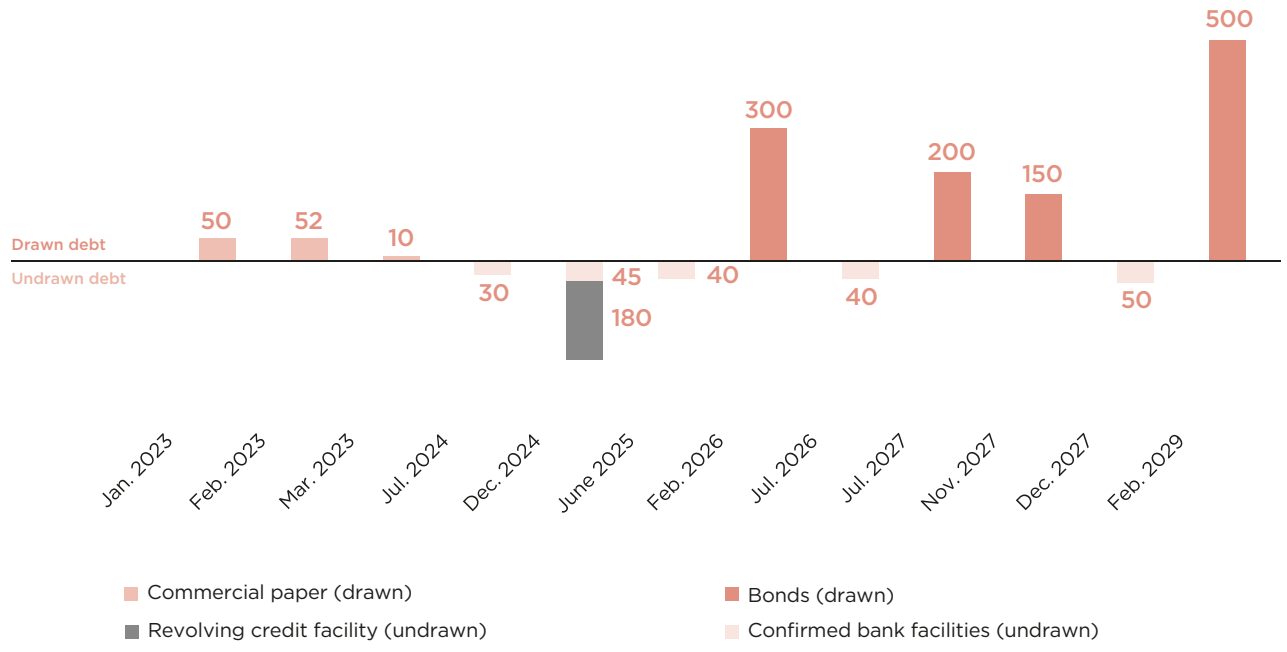
The average maturity of drawn debt was 4.5 years at December 31, 2022, which shows a significant improvement compared with December 31, 2021 (3.2 years), following a refinancing operation carried out during the first quarter of 2022.

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

- a Euro 180 million revolving bank credit facility, maturing in 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;
- five confirmed bilateral bank facilities for a total of Euro 205 million, maturing between July 2024 and December 2027. 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.

In addition, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012. It has been used for a total of Euro 112 million (outstanding at December 31, 2022).

The chart below shows Mercialys' bond debt maturity schedule and undrawn financial resources at December 31, 2022:



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 *(in millions of euros)*	**12/31/2022**	**12/31/2021**
Net financial debt	(1,040.2)	(1,101.5)
Appraisal value excluding transfer taxes [1]	2,949.6	3,000.9
Loan to Value (LTV)	35.3%	36.7%

(1) Including the market value of investments in associates for Euro 52.7 million for 2022 and Euro 55.8 million for 2021, since the value of the portfolio held by associates is not included in the appraisal value.

The Interest Coverage Ratio (ICR) is 5.9x, significantly higher than the minimum level set (ICR >2x).

Interest Coverage Ratio *(in millions of euros)*	**12/31/2022**	**12/31/2021**
EBITDA	144.2	144.7
Net finance costs	(24.5)	(28.2)
Interest Coverage Ratio (ICR)	5.9x	5.1x

Risk management and coverage

As part of the management of the cost of its debt, Mercialys actively manages its interest rate hedging policy, with support from external advisors, with a view to:

- maintaining an optimal hedging rate and keeping the debt structure in line with its bank commitments. Considering the restructuring operations rolled out alongside the refinancing carried out during the first quarter of 2022, then the third quarter of 2022, and the early unwinding of the fixed/floating rate swaps, the fixed-rate debt position came to 100% at December 31, 2022, with 96% expected for end-2023, compared with the 66% required by the banking conditions. In connection with its Standard & Poor's financial rating (currently BBB/stable outlook), Mercialys adopts a cautious strategy by preserving significant leeway on its EBITDA/net finance cost ratio (ICR), which was 5.9x at December 31, 2022, compared with the level of over 2x required by the bank covenant;
- limiting the risk on hedging instruments. Mercialys has defined a list of instruments that it can put in place in view of their associated risk profiles and hedging accounting constraints;
- anticipating the impacts of changes in interest rates. This is achieved by:
  - monitoring and keeping Senior Management regularly informed of changes in FED/ECB monetary policies and financial market developments,
  - carrying out regular sensitivity tests on interest rates in relation to the cost of debt.

The interest rate risk management arrangements also include provisions to:

- limit the choice of banking counterparties. Mercialys only deals with major banks;
- be able to react quickly in the event of significant changes in interest rates through the regular mark-to-market modeling of Mercialys' entire portfolio, particularly with external modeling tools. As an external valuer, the company Forex provides regular reports on the entire portfolio and the counterparty risk. Tests are carried out quarterly, with the fair-value modeling of debt based on interest rates.

The risk of an increase in interest rates must be analyzed in connection with the hedging policy put in place by Mercialys through derivative financial instruments. 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	(196)
Impact of a - 1% change in interest rates	158

Risk trend: upward

This risk is of major structural importance for Mercialys, due to the real estate sector's capital intensity. Its trend is estimated to be increasing, although the potential for it occurring in the short term is limited for the Company as there are no bond maturities due before February 2026.

The Company's ability to carry out sales at values that are at least in line with the appraisals, the effectively managed impacts of the health crisis on household consumption and retailer defaults and, more generally, on the shopping centers' business model helped reassure the Company's financial stakeholders in 2021 and 2022, following a considerably more marked deterioration in the context in terms of perception in 2020. The availability of financing appeared to show a more positive trend in 2021 and the first half of 2022. This is illustrated by the major refinancing operation carried out by Mercialys during the first quarter of 2022, around three pillars:

- a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon;

- early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million;
- exercising in full of the make-whole option for the early redemption of its bond maturing in March 2023 with a nominal total of Euro 469.5 million and a 1.787% coupon.

This operation enabled the Company to:

- significantly extend the maturity of its drawn debt from 3.2 years at end-2021 to 4.5 years at end-2022, and
- further strengthen its liquidity, with no bonds maturing before February 2026.

However, the major inflationary pressures seen globally have contributed to a sharp rise in rates. This will weigh on the cost of existing variable-rate debt and the refinancing operations that could be considered.

In addition, Mercialys' bond spreads may be volatile depending on the news concerning its largest tenant, *i.e.* the Casino group. This situation is potentially resulting in less favorable credit conditions, in relative terms, than for other shopping center market operators and more generally other companies with a similar scale or similar balance sheet positions.

In any event, Mercialys monitors the liquidity situation closely and has debt hedging in place that can adapt to possible changes in interest rates, with this dynamic management of its financial policy actively contributing to Mercialys' effective control over this risk.

5.2.3 Legal risks

In line with its activity to hold real estate assets in which shopping centers are or will be operated, Mercialys is required to comply with not only the tax rules linked to its SIIC status, but also the common law rules concerning the awarding of building permits, as well as many other specific or general regulations governing:

- urban planning for commercial property;
- public health;
- the environment;
- safety; and
- commercial leases.

Any significant changes to the regulations that are applicable to the Company may affect its operating results or its prospects for development or growth.

In addition, as is usually the case for shopping center owners, the Company cannot guarantee that all its tenants, particularly at sites that it has acquired recently, are compliant with all the regulations applicable, particularly in terms of public health, the environment, safety, commercial planning and operating permits. Any irregularities could result in Mercialys, as the property owner, being subject to penalties, which could adversely affect its results and financial position.

5.2.3.1 Risks related to regulations concerning commercial leases

Mercialys is subject to regulations concerning commercial leases as part of its business. French legislation on commercial leases is very strict with regard to the lessor. Certain contractual clauses in these leases relating to the term, termination, renewal and rent indexation are subject to public policy in France, and owners have only limited leeway to adjust rents according to market conditions for instance.

The parties set the initial rent at their discretion when entering into the lease agreement. Unless the lease includes a yearly indexation clause, the rent can only be adjusted every three years to bring it into line with the rental value, but without exceeding the change in the quarterly index applicable since the most recent rental adjustment.

Shopping center leases often include a variable rent clause. This provision sets the rent based on the tenant's sales, with a minimum guaranteed rent, in order to limit the risk for Mercialys in economic recession periods. This turnover-based indexation therefore avoids the regulatory rules for setting or adjusting rents. The adjustment of the minimum guaranteed rent for a commercial lease based on changes in the ILC (commercial rent index) or ILAT (tertiary activities rent index) must therefore be included in the terms of the contract.

French Law no. 2014-626 of June 18, 2014 concerning the craft and retail sectors and microenterprises (the "Pinel Act"), and Decree no. 2014-1317 of November 3, 2014 changed some of the provisions relating to commercial leases.

The public policy changes have been incorporated into the commercial leases entered into or renewed by Mercialys since these new provisions came into effect.

Changes to the regulations governing commercial leases could therefore have a negative impact on the valuation of the portfolio, as well as the Company's earnings, business and financial position.

5.2.3.2 Risks related to regulations concerning urban development and shopping center construction, safety and operations

Mercialys' activities are subject to urban planning regulations and particularly the system of authorizations for commercial operations. In addition to administrative penalties for failing to comply with these requirements (such as formal notice from the local prefectural authorities, subject to a daily fine, to bring the site concerned into line with the authorization given, or a decision to close illegally operating sites to the public until the situation is resolved, also subject to a daily fine), criminal penalties may also be applied.

Furthermore, as establishments open to the public, certain buildings and shopping centers are subject to fire safety regulations. The city mayor therefore only authorizes sites to open after receiving a favorable report from the fire safety commission following a site visit. In addition, the safety commission performs inspections every two years to check compliance with safety standards, and issues a formal report. If regulations are breached, the city mayor or local prefectural authorities may decide to close the site.

Any regulatory change concerning urban planning or safety requirements for establishments open to the public that increases the restrictions or constraints for shopping center developments could limit Mercialys' outlook and possibilities for growth. Likewise, any easing of commercial urban planning regulations could depress the value of the Company's real estate assets.

The Company and its suppliers and subcontractors are also required to comply with various regulations which, if modified, could have significant financial consequences. Tougher building codes, safety regulations or criteria for obtaining planning permission and building permits (commercial licenses) could also have a negative impact on Mercialys' profitability and operating profit by increasing operating expenses and maintenance and improvement costs, as well as the administrative costs inherent in the shopping center business.

5.2.3.3 Risks related to the constraints resulting from the tax system applicable for listed real estate investment trusts (SIIC), possible changes to the conditions for this status or even the loss of this status

Mercialys has had SIIC tax status since November 1, 2005 and is therefore exempt from corporate income tax on most of its business activities. Eligibility for this tax status is notably dependent on compliance with the requirement to redistribute a large part of its profits and could be called into question if these conditions were not met.

Under the amended French Finance Act of 2006, eligibility for SIIC tax status is also dependent on limiting to 60% the portion of the Company's capital or voting rights held by one or more entities acting in concert, with this condition assessed continuously over the fiscal year. As of January 1, 2010, Mercialys could be liable to corporate income tax under French law if it exceeds this threshold in a given fiscal year.

The loss of SIIC tax status and the corresponding tax savings, or any substantial changes in the provisions applicable for SIIC real estate investment trusts, could of course significantly affect the Company's business, earnings and financial position.



51
assets in the portfolio

2nd place
SBF 120 ranking of feminization of ruling bodies

€475M
projects

6

MERCIALYS GROUP ORGANIZATION AND RELATIONS WITH RELATED PARTIES

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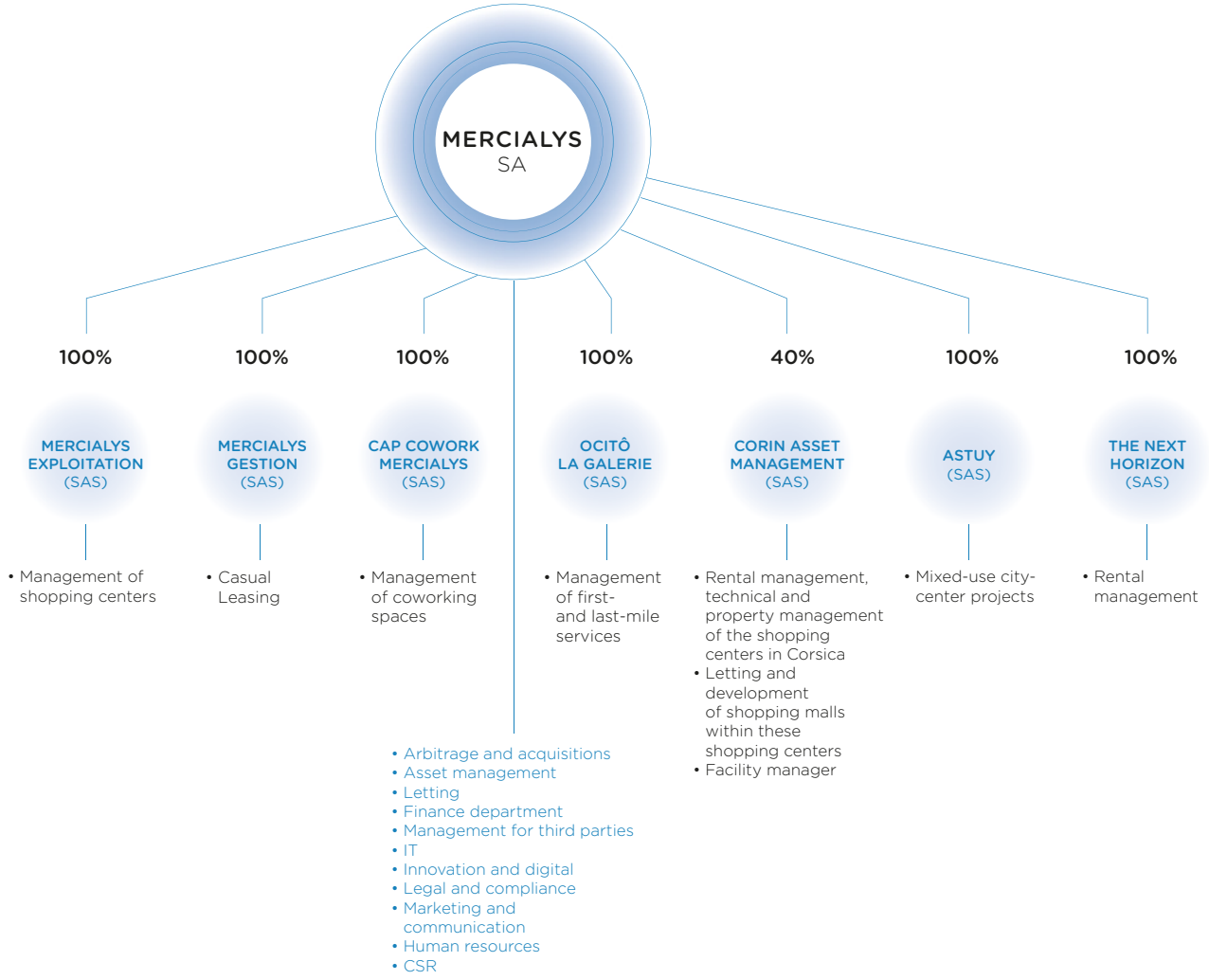
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6.1 Operational organization

Mercialys' operational organization is briefly described in chapter 4, p. 232 *et seq.* and chapter 5, p. 322 *et seq.*

The organization chart below shows the operational structure of the Mercialys.



6.2 Relations with the related parties

In an effort to strengthen the Company's governance, the Board of Directors of Mercialys decided at its meeting of February 11, 2015 to authorize the introduction of a procedure for the agreements entered into between Mercialys group companies and related parties (see chapter 4, § 4.1.8.1, p. 265). 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 meetings of February 15, 2021, and June 15, 2022, the Board of Directors also updated this charter in order, in particular, to adapt it to changes in the Company's governance.

The following agreements, still in force or having ended during the past two fiscal years, have been subject to approval by Mercialys' Board of Directors:

- a Current Account Cash Advance agreement with the Casino group (see § 6.2.4, p. 348), which ended in January 2022;
- two brand licensing agreements with the Casino group (see § 6.2.5 and 6.2.6, p. 348 and 349), one of which was terminated by Mercialys in September 2022.

A table summarizing the regulated agreements that continued or were entered into during fiscal year 2022 is available in the Appendix, p. 359.

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.

At the end of 2022, and following the bringing back in-house of functions since 2019, Mercialys had limited contractual relationships with various Casino group companies. These relationships include the leasing by Mercialys of various premises to the Casino group, with the latter assuming the role of facility manager for Mercialys' portfolio, as well as the management of expenses on certain assets wholly-owned by Mercialys. Lastly, Mercialys can call upon Casino group's delegated project management *via* a framework agreement.

It should be noted that the Casino group is no longer a related party since the resignation of La Forézienne de Participations as director on April 28, 2022.

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: Distribution Casino France, CODIM 2, Floréal and Monoprix, renting various premises within the Company's shopping centers.

Rents invoiced in fiscal year 2022 under the terms of these leases amounted to Euro 37.0 million, compared to Euro 38.8 in 2021.

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 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, real estate 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. The purpose of these riders was essentially:

- 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.

Mercialys 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 expired at the end of 2022. Mercialys internalized 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.

The fees paid by the Company and its subsidiaries to Sudeco for its various services in 2022 totaled Euro 6,559,000 compared to Euro 5,882,000 at December 31, 2021 (see § 3.1.2, note 24.3, p. 191).

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. In July 2022, Mercialys committed, *via* a memorandum of understanding, to vote in respect of the real estate assets held by the Company at the date of signature of the memorandum, in favor of the renewal of the term of office as facility manager and/or Chairmanship of AFUL/ASL, held by Sudeco for a period of one year from the General Meetings to be held at the sites concerned in 2022 for the terms of office will be held in 2023, except in the event of a serious breach on the part of the facility manager.

6.2.3 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.

A new service agreement (the "New agreement"), with an updated scope of services, was entered into with the Casino group on March 11, 2015, replacing the Service agreement of December 8, 2005. This New agreement ran until December 31, 2019, renewable by tacit agreement for a period of twelve (12) months.

Service provisions were subject to an annual fixed compensation reviewed yearly by mutual agreement between the parties, on the basis of costs budgeted by Casino, taking place no later than November 30 of the current year. The parties could decide to adjust the amount of the flat fee in the 4th quarter of each fiscal year. Should the parties fail to agree on this revision, the amount of compensation would be equal to that paid the previous year, for identical services.

The services were gradually brought back in-house by Mercialys between 2019 and August 31, 2022, the expiry date of this agreement. Specifically, in 2022, Mercialys brought back in-house the accounting, taxation and treasury functions.

In respect of 2022, the billing under the Service agreement was Euro 430,000, compared to Euro 954,000 in 2021.

As all services associated with this agreement have been brought back in-house by Mercialys, this agreement is now terminated.

6.2.4 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. The maturity of this agreement, its amount and the attached financial conditions were successively reviewed by four amendments, authorized by Mercialys' Board of Directors in February 2017, December 2018, December 2019 and December 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 was effective on February 3, 2022. For 2022, the amount paid by Mercialys for the undrawn portion of this facility amounted to Euro 50,100, excluding taxes, compared with Euro 554,000, excluding taxes, for 2021.

There are no plans to renew this agreement for current account advances.

6.2.5 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.

6.2.6 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 was 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 retained the right to terminate the agreement, subject to three months' notice.

Mercialys notified Casino, Guichard-Perrachon of the termination of this brand licensing agreement on September 6, 2022.

6.2.7 Covolumetry and joint ownership

Among the real estate assets transferred by L'Immobilière Groupe Casino in October 2005, a very large number are subdivided and organized into *Associations Foncières Urbaines Libres* ("AFUL", private landowners' management associations) and/or *Associations Syndicales Libres* ("ASL", private groups of landowners). 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.

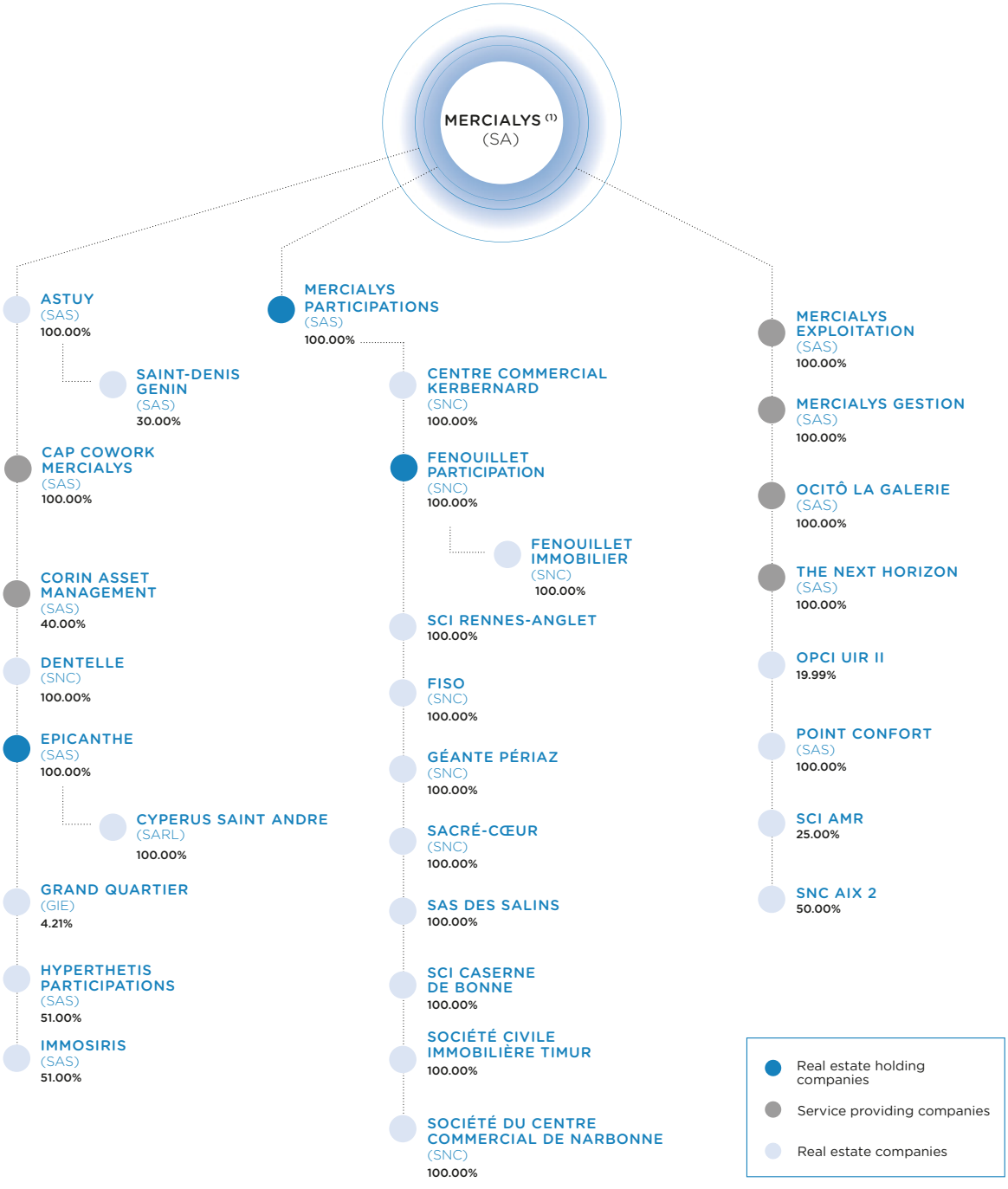
However, an absolute majority vote of all members is required for permission to erect a sign, install a retailer or introduce a paid parking zone. In the absence of a decision taken by an absolute majority, a new General Meeting may be held deciding on a simple majority vote.

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 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.

6.3 Subsidiaries and shareholdings - Mercialys organization chart

The chart below shows the structure of the Mercialys group. A table showing the subsidiaries and shareholdings can be found in § 3.2.2, note 25, p. 218 and 219. In addition to revenue generated and net income for the fiscal year, the table also shows, for each company, shareholders' equity, the Net Asset Value of the securities and dividends received.

MERCIALYS GROUP ORGANIZATION CHART AT DECEMBER 31, 2022



(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 providers

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 15.6 million for the fiscal year ended on December 31, 2022, compared with Euro 11.2 million in 2021. The net income for the 2022 fiscal year was a loss of Euro 108,000, compared with a loss of Euro 299,000 at December 31, 2021.

B. Mercialys Exploitation, SAS

This subsidiary is responsible for the commercial operation of shopping centers.

The company reported revenue, excluding taxes, of Euro 5.5 million for the fiscal year ended on December 31, 2022, compared with Euro 4.1 million at December 31, 2021. The net income for the 2022 fiscal year was a loss of Euro 221,000, compared with a loss of Euro 1,067,000 at December 31, 2021.

C. Cap Cowork Mercialys, SAS

This subsidiary, operates spaces (coworking spaces, letting of offices and private or shared workspaces required for the coworking activity, meeting and reception rooms) and provides services associated with and to users of the coworking activity, as well as a company domiciliation business.

The company reported revenue, excluding taxes, of Euro 333,000 for the fiscal year ended on December 31, 2022, compared with Euro 129,000 in 2021. The net income for fiscal year 2022 was a loss of Euro 278,000 compared to a loss of Euro 234,000 at December 31, 2021.

D. Ocitô La Galerie, SAS

This subsidiary is in charge of connecting customers with partner retailers through any digital medium (website, mobile application, etc.), and the operation of digital platforms (Internet, applications, etc.) intended to connect these partner retailers and customers in order to market products and services to be collected or delivered in stores or to have them delivered to their homes or predefined locations.

The company reported revenue of Euro 9,000 for the fiscal year ended on December 31, 2022, and recognized a loss of Euro 557,000 (no revenue and a loss of Euro 1,457,000 for the 2021 fiscal year).

E. The Next Horizon, SAS

This subsidiary, 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, as 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 1,407,000 at December 31, 2022 compared to a loss of Euro 500 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 retail park was built and opened in 2013.

The company reported revenue, excluding taxes, of Euro 321,000 for the fiscal year ended on December 31, 2022, compared with Euro 289,000 at December 31, 2021. The net income for the 2022 fiscal year was a profit of Euro 1,519,000, compared with a profit of Euro 1,216,000 at December 31, 2021.

B. Fiso, SNC

This subsidiary leases the real estate assets it owns in the shopping centers in Istres and Angers and a coworking space in Angers. It also owns a stake in OPCI UIR II.

The company reported revenue, excluding taxes, of Euro 2.1 million for the fiscal year ended on December 31, 2022, compared with Euro 2.0 million in 2021. The net income for the year was a profit of Euro 1,642,000, compared with a profit of Euro 938 million at December 31, 2021.

C. Géante Périaz, SNC

Géante Périaz owns properties attached to a complex in Seynod (Haute-Savoie).

The company reported revenue, excluding taxes, of Euro 1.2 million for the fiscal year ended on December 31, 2022, compared with Euro 1.1 million in 2021. The net income for the year was a profit of Euro 527,000, compared with a profit of Euro 551,000 at December 31, 2021.

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 15.7 million for the fiscal year ended on December 31, 2022, compared with Euro 15.2 million at December 31, 2021. The net income for 2021 was Euro 11.4 million compared to a profit of Euro 10 million at December 31, 2021.

An agreement was signed between the shareholders 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 shareholders 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 shareholder 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 on December 31, 2022, compared with Euro 6.9 million at December 31, 2021. The net income for the year amounted to Euro 2.3 million at the end of 2022 compared to a profit of Euro 5.3 million at December 31, 2021. An agreement was signed between the shareholders of Immosiris to organize the company's governance. The agreement provides for a lock-up period for the company's 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 shareholder who no longer benefits from the regime will not be obliged to compensate the company for any prejudice suffered by it due to the loss of the tax exemption regime. However, if the reciprocal option is not exercised, the shareholder that no longer benefits from the regime must compensate the company for any prejudice suffered by it because of the loss of this exemption regime.

At the end of the lock-up period, each shareholder 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 an extension to the Aurillac shopping center.

It also holds stakes in Fiso SNC, Société du Centre Commercial de Narbonne SNC, SNC Dentelle, SNC Géante Périaz, 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 338,000 for the fiscal year ended on December 31, 2022, compared with Euro 4093,000 in 2021. The net income for the fiscal year was a profit of Euro 63,000, compared with a loss of Euro 551,000 at December 31, 2021.

G. SAS des Salins

SAS des Salins owns the shopping center extension at the Fréjus site and five retail units in the Carcassonne industrial estate.

The company reported revenue of Euro 1.3 million for the fiscal year ended on December 31, 2022, compared with Euro 1.2 million in 2021. The net income for the year was a profit of Euro 999,000, compared with a profit of Euro 827,000 at December 31, 2021.

H. SCI Caserne de Bonne

This subsidiary owns the city-center shopping center "La Caserne de Bonne" in Grenoble, comprising retail stores, 1,100 sq.m. of offices and 300 parking spaces as well as a coworking space.

The company reported revenue, excluding taxes, of Euro 5.1 million for the fiscal year ended on December 31, 2022, compared with Euro 5.0 million in 2021. The net income for the year was a profit of Euro 1.2 million, compared with a profit of Euro 1,3 million at December 31, 2021.

I. Société Civile Immobilière Timur

Société Civile Immobilière Timur owns the parking lots at the Sainte-Marie Duparc shopping center in Reunion Island, as well as a retail complex.

The company reported revenue, excluding taxes, of Euro 5.1 million for the fiscal year ended on December 31, 2022, compared with Euro 5.6 million in 2021. The net income for the year was a profit of Euro 4.1 million, compared with a profit of Euro 12.7 million at December 31, 2021.

J. Société du Centre Commercial de Narbonne, SNC

This subsidiary leases the property it owns in the shopping center of the Narbonne shopping center.

The company reported revenue, excluding taxes, of Euro 1 million for the fiscal year ended on December 31, 2022, compared with Euro 1 million in 2021. The net income for the year was a profit of Euro 751,000, compared with a profit of Euro 977,000 at December 31, 2021.

K. Centre Commercial Kerbernard, SNC

This company owns most of the retail units at the Géant Casino shopping center in Brest, together with the parking lots.

The company reported revenue, excluding taxes, of Euro 4.0 million for the fiscal year ended on December 31, 2022, compared with Euro 3.8 million in 2021. The net income for the year was a profit of Euro 2.8 million, compared with a profit of Euro 3.0 million at December 31, 2021.

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 9,000 at December 31, 2022, compared with a loss of Euro 9,400 at December 31, 2021.

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 6 million for the fiscal year ended on December 31, 2022, compared with Euro 5.7 million at December 31, 2021. The net income at December 31, 2022 was a profit of Euro 1,558,000, compared with Euro 2,612,000 in 2021.

N. Sacré-Cœur, SNC

Sacré-Cœur owns the extension to the Cap Sacré-Cœur shopping center, located in the municipality of Le Port, in Reunion Island. This 9,200 sq.m. extension was inaugurated on November 6, 2018.

The company reported revenue, excluding taxes, of Euro 3,870,000 for the fiscal year ended on December 31, 2022, compared with Euro 3,960,000 at December 31, 2021. The net income for the year was a profit of Euro 2,252,000, compared with Euro 2,261,000 at December 31, 2021.

O. Cyperus Saint André, SARL

This company owns an eight-hectare plot in Reunion Island. The company did not generate any revenue in the fiscal year ended on December 31, 2022, or at December 31, 2021. The company recorded a net loss of Euro 130,000 at December 31, 2022, compared with a net loss of Euro 70,000 at December 31, 2021.

P. SCI Rennes-Anglet

SCI Rennes-Anglet essentially owns and operates assets in the commune of Anglet. It was initially 30% owned by Mercialys and 70% owned by L'Immobilière Groupe Casino. In 2019, SCI Rennes-Anglet sold the hypermarkets in Rennes and Anglet and therefore only held standalone units in Anglet.

In 2022, under the terms of the shareholders' agreement signed on July 13, 2018 between Mercialys and L'Immobilière Groupe Casino, Mercialys acquired 70% of this company, previously owned by L'Immobilière Groupe Casino.

The company reported revenue, excluding taxes, of Euro 0.4 million for the fiscal year ended on December 31, 2022, compared with Euro 0.4 million in 2021. The net income for the fiscal year was a profit of Euro 0.02 million, compared with a profit of Euro 0.8 million at December 31, 2021.

6.3.1.3 Real estate holding companies

A. Mercialys Participations, SAS

The SAS Mercialys Participations owns nine real estate companies, and also a stake in OPCI UIR II. The company did not generate any revenue in the fiscal year ended on December 31, 2022. The profit for the year amounted to Euro 23.2 million compared to a loss of Euro 5.8 million in 2021.

The company has opted for the status of listed real estate investment company (SIIC).

B. Epicanthe, SAS

SAS Epicanthe holds all of the shares in SARL Cyperus Saint André, which owns an eight-hectare site in Saint-André de La Réunion.

The company reported a loss of Euro 134,000 for the fiscal year ended on December 31, 2022, compared with a loss of Euro 85,000 at December 31, 2021.

C. Fenouillet Participation, SNC

The company Fenouillet Participation holds 100% of the company Fenouillet Immobilier, which owns the extension of the shopping center delivered in 2016.

Fenouillet Participation ended the 2022 fiscal year with a profit of Euro 2,596,000, compared with Euro 831,000 at December 31, 2021.

6.3.2 Shareholdings

A. SNC Aix 2

SNC Aix 2 is equally owned by Mercialys and the company Jas de Bouffan.

This company owns the extension of the Aix-en-Provence shopping center, 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 1.5 million for the fiscal year ended on December 31, 2022, compared with Euro 1.4 million in 2021. The net income for the 2022 fiscal year was a profit of Euro 78,000, compared with a loss of Euro 350,000 at December 31, 2021.

B. SCI AMR

In April 2013, Mercialys formed a partnership with Amundi when it set up SCI AMR, 43.4% owned by Mercialys and 56.6% by OPCIMMO (a collective investment scheme specializing in real estate and open to the general public, managed by Amundi). Mercialys sold or transferred four shopping centers to SCI AMR: Paris Saint-Didier, Montauban, Valence 2 and Angoulême. SCI AMR also acquired the Niort and Albertville sites, sold by Mercialys, on December 29, 2016. Following this transaction, and the entry of two SCPIs (real estate investment trusts) into the capital of SCI AMR, Mercialys' holding was reduced to 39.9%.

An agreement was signed between the partners of SCI AMR to organize the governance of the company. On December 29, 2016, the partners signed an amendment to the original agreement specifically to:

- include the two new assets, Niort and Albertville;
- 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 23.9 million (recognized rents) for the fiscal year ended on December 31, 2022, compared with Euro 20.7 million in 2021. The net income for the fiscal year was a profit of Euro 7.9 million, compared with a profit of Euro 8.1 million at December 31, 2021.

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 rental management and expense management mandate;
- a technical and administrative management mandate; and
- an asset management and letting mandate.

The company reported revenue, excluding taxes, of Euro 1.1 million for the fiscal year ended on December 31, 2022, compared with Euro 1.1 million in 2021. The net income for the 2021 fiscal year was a loss of Euro 22,000, compared with a profit of Euro 22,000 at December 31, 2021.

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. Its purpose is to accommodate mature commercial assets according to the opportunities offered by the market. This same year, it acquired the shopping center of the Bordeaux Pessac shopping center (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.

At December 31, 2022, UIR II generated revenue, excluding taxes (real estate income recognized), of Euro 1.5 million. The profit for the fiscal year was Euro 0.6 million.

In the second half of 2021, a preliminary sales agreement was signed on the Bordeaux Pessac shopping center, with the disposal to be finalized during the first half of 2022. As of December 31, 2022, the procedure for dissolving the OPCI is being prepared by the majority shareholder.

E. 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 (93) – Boulevard Anatole France, square Pierre-de-Geyter and rue Genin, 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 real estate 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.

It is 30% owned by SAS Astuy.

The net income for the 2022 fiscal year was a loss of Euro 44,000, compared with a loss of Euro 201,000 at December 31, 2021.

6.4 Statutory Auditors' special report on regulated agreements

General Meeting for approval of the financial statements for the fiscal year ended on December 31, 2022

To the General Meeting of Mercialys,

As Statutory Auditors of your company, we hereby report on regulated agreements.

It is our responsibility, on the basis of the information provided to us, to communicate to you the characteristics, essential terms and conditions, as well as the reasons for the Company's interest in the agreements of which we have been advised, or which we have discovered during our assignment, without commenting on their usefulness or validity, or identifying the existence of other such agreements. It is your responsibility, according to Article R. 225-31 of the French Commercial Code, to assess the benefits of these agreements in view of their approval.

In addition, we are required, where applicable, to provide you with the information specified in Article R. 225-31 of the French Commercial Code concerning the 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 French National Association of Statutory Auditors (CNCC) relating to this type of undertaking. These procedures consisted in verifying that the information communicated to us matched the basic documents from which they originate.

Agreements submitted for approval to the General Meeting

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements entered into during the past fiscal year which were subject to the prior authorization of your Board of Directors.

With Hyperthetis Participations, a subsidiary of your company

Persons concerned

Vincent Ravat, Chief Executive Officer and Director of your Company, representative of your Company in its capacity as Chairperson of Hyperthetis Participations, and Elizabeth Blaise, Deputy Chief Executive Officer, representative of your Company in its capacity as Chairperson of Hyperthetis Participations.

Contractual agreement serving as a memorandum of understanding on the disposal of real estate assets and an agreement to provide assistance in the disposal of real estate assets

Nature and purpose

On October 20, 2022, your Board of Directors authorized the signing of a contractual agreement serving as (i) a memorandum of understanding on the disposal of real estate assets and (ii) an agreement to provide assistance in the disposal of real estate assets between OPCI SPF2 Hyperthe (BNP Paribas REIM France), Hyperthetis Participations (principal), Mercialys Gestion (agent) and your company. This agreement was signed on December 14, 2022.

The mandate was granted for a period expiring on August 31, 2023. Unless the principal or agent gives notice to the contrary with three (3) months' notice, it will be tacitly extended for a period of six (6) months from September 1, 2023, *i.e.* until February 29, 2024, the date on which it will end.

This agreement is part of the disposal of assets held by Hyperthetis Participations.

Your company holds 51% of the share capital of Hyperthetis Participations, with OPCI SPF2 Hyperthe holding the remainder.

Terms and conditions

This agreement did not give rise to the payment of fees by your company in respect of 2022.

Reasons justifying the interest of the agreement for the Company

Your Board of Directors justified this agreement as follows: this disposal would form part of the Company's asset rotation strategy, ensuring the financing of new investments, while limiting exposure to the Géant Casino brand, in the context of managing the overall rental risk.

Agreements already approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that implementation of the following agreements, already approved by the General Meeting during prior fiscal years, continued during the past fiscal year.

With L'Immobilière Groupe Casino

Persons concerned

Jacques Dumas, director of your company and permanent representative of Euris, director of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino, until January 28, 2022.

Michel Savart, director of your company until April 26, 2022 and permanent representative of Foncière Euris, director of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino, until November 4, 2022.

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

Jacques Dumas, director of your company and permanent representative of Euris, director of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino, until January 28, 2022.

Michel Savart, director of your company until April 26, 2022 and permanent representative of Foncière Euris, director of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino, until November 4, 2022.

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. This agreement was terminated with effect from December 6, 2022.

With Casino Finance

Persons concerned

David Lubek, permanent representative of La Forezienne de Participations, director of your company until April 28, 2022, and Chairman and Chief Executive Officer and director of Casino Finance.

Jacques Dumas, director of your company and permanent representative of Euris, director of Casino, Guichard-Perrachon.

Michel Savart, director of your company until April 26, 2022 and permanent representative of Foncière Euris, Director of Casino, Guichard-Perrachon.

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 refer to any advance in a principal amount of less than Euro 10 million and/or B Advances, which refer 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 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. Margins A and 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 non-use fee representing 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 on December 31, 2022, your Company paid a non-use fee of Euro 50,000 excluding taxes to Casino Finance.

Paris-La Défense and Lyon, on March 13, 2023

The Statutory Auditors

KPMG SA

Régis Chemouny

ERNST & YOUNG et Autres

Sylvain Lauria

Appendix: Summary table of current regulated agreements

The table below summarizes the regulated agreements in force, as described in the Statutory Auditors' special report in accordance with Article R. 225-31 of the French Commercial Code, namely the agreements entered into and authorized during previous fiscal years and which continued during fiscal year 2022. A new regulated agreement was signed during the fiscal year 2022.

Nature of the agreement	Date of Board meeting	Date signed	Date of General Meeting and resolution	Expiry	Financial conditions in 2022	Interest for the Company
With L'Immobilière Groupe Casino						
Brand licensing agreement [1]	Sep. 5, 2005	Sep. 8, 2005	Apr. 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 [1]	Apr. 26, 2007	May 24, 2007	May 6, 2008 No. 4	Dec. 6, 2022	Non-exclusive operating right granted free of charge	Shopping center names
With Casino Finance						
Current Account Cash Advance agreement	Jun. 22, 2012	Jul. 25, 2012	Jun. 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*	*Apr. 27, 2017 No. 5*	*Dec. 31, 2019*		
Amendment No. 2 to the amending act: extension of the term	*Dec. 12, 2018*	*Jan. 18, 2019*	*Apr. 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*	*Apr. 23, 2020 No. 12*	*Dec. 31, 2021*		
Amendment No. 4: extension of the term and changes to conditions	*Dec. 10, 2020*	*Dec. 24, 2020*	*Apr. 22, 2021 No. 12*	*Feb. 3, 2022*	*Non-use fee for this line in the amount of Euro 50,100*	*Participation in the Company's liquidity system*
With OPCI SPF2 Hyperthe (BNP Paribas REIM France) and the Mercialys companies, Hyperthetis Participations and Mercialys Gestion						
Contractual agreement serving as a memorandum of understanding on the disposal of real estate assets and an agreement to provide assistance in the disposal of real estate assets	Oct. 20, 2022	Dec. 14, 2022	Apr. 27, 2023 No. 15	Aug. 31, 2023, tacit renewal until Feb. 29, 2024	No fees payable	Process for the conditional sale of the assets of Hyperthetis Participations under the terms of agreements with OPCI SPF2 Hyperthe (BNP Paribas REIM France)

(1) Brand licensing agreements no longer fall within the scope of regulated agreements since April 26, 2022.



€1.13
FFO per share

9.8%
Yield on 2022 year-end share price

99.4%
free float

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 belonged to compartment A until January 29, 2021, before moving to compartment B. Its shares were eligible for the "classic" Deferred Settlement Service (SRD) from February 26, 2008 to December 29, 2020, the date on which they became eligible for the "long-only" SRD.

Mercialys is part of the SBF 120 index as well as various indices specific to the real estate sector (EPRA, IEIF) and indices taking into account the characteristics of Socially Responsible Investment (Gaïa index in particular).

Over the years, the Company has also issued six bonds, the latest of which was dated February 28, 2022.

At the end of December 2022, four loans were outstanding. On March 15, 2022, Mercialys repaid the loan with a maturity date of March 31, 2023 (ISIN code: FR0012332203). A buyback transaction was carried out in February 2022 on the bond issue maturing in July 2027 for an amount of Euro 300 million, with the residual nominal amount standing at Euro 200 million at December 31, 2022.

Date of issue	Date of maturity	Residual nominal amount	Coupon	ISIN code	Listing
November 3, 2017	November 3, 2027	€M150.0	2.000%	FR0013293362	Paris (Euronext)
February 27, 2018	February 27, 2026	€M300.0	1.800%	FR0013320249	Paris (Euronext)
July 7, 2020	July 7, 2027	€M200.0	4.625%	FR0013522091	Paris (Euronext)
February 28, 2022	February 28, 2029	€M500.0	2.500%	FR0014008JQ4	Paris (Euronext)

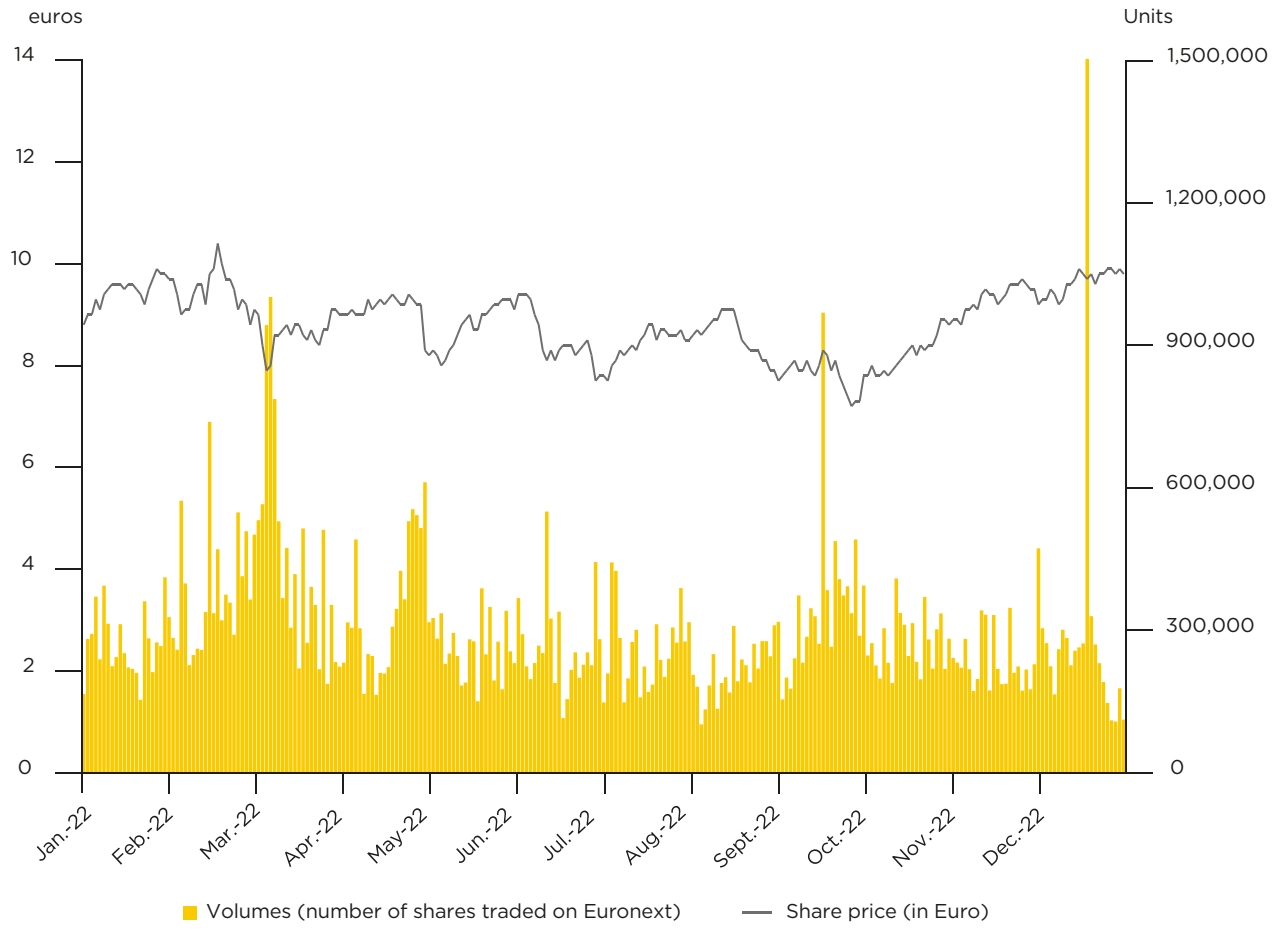
Mercialys is rated BBB/outlook stable by Standard & Poor's.

TRADED VOLUMES AND SHARE PRICE EVOLUTION OVER THE PAST 18 MONTHS [1]

	Share price *(€)*		Number of shares traded *(in thousands)*	Capital traded *(in thousands of euros)*
	Highest	Lowest		
2021				
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
2022				
January	9.895	8.630	5,636	53,152
February	10.420	8.880	7,472	70,869
March	9.250	7.645	10,196	87,498
April	9.600	8.875	6,126	56,439
May	9.350	7.950	6,395	55,566
June	9.560	7.640	5,742	49,305
July	8.825	7.605	5,346	44,615
August	9.270	7.850	5,028	42,905
September	8.415	6.870	7,650	59,862
October	9.005	7.550	5,659	46,486
November	9.690	8.635	5,315	49,431
December	10.030	9.075	7,677	73,986

(1) Source: Euronext Paris.

SHARE PRICE AND NUMBER OF SECURITIES TRADED IN 2022



STOCK MARKET PERFORMANCE OVER THE LAST FIVE YEARS

	2018	2019	2020	2021	2022
Share price *(€)* [1]					
Highest	18.75	13.82	12.64	11.07	10.42
Lowest	11.74	10.09	3.89	6.71	6.87
December 31 (closing price)	11.97	12.33	7.22	8.57	9.77
Market capitalization at December 31 *(€M)*	**1,102**	**1,135**	**665**	**805**	**917**

(1) Source: Euronext Paris.

7.1.2 Share buyback program

7.1.2.1 Current share buyback program

The Ordinary General Meeting of April 28, 2022 authorized the Board of Directors to purchase or arrange for the purchase of Company shares in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (AMF), and European market abuse regulations (specifically regulations (EU) 596/2014 of April 16, 2014 and 2016/1952 of March 8, 2016).

Objectives of the share buyback program:

The objectives of the share buyback program authorized by the General Meeting of April 28, 2022 are:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the French Financial Markets Authority (AMF);
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code, any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code or any allocation of bonus shares under the provisions of Articles L. 22-10-59, L. 22-10-60 and L. 225-197-1 *et seq.* of the French Commercial Code, or any other scheme for payment in shares;
- to deliver these shares when the rights attached to negotiable securities conferring a right to shares are exercised by reimbursement, conversion, exchange, the presentation of a warrant or debt security convertible or exchangeable into shares of the Company, or by any other means that confers a right to shares of the Company;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French financial markets authority and generally to carry out any transaction compliant with applicable regulations.

Buyback terms and conditions:

The acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, by any means, in particular, by trading on the regulated market, through multilateral trading facilities or over-the-counter (OTC), including by block transaction. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

In the event of a public offer relating to the shares or marketable securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share plans or strategic transactions undertaken and announced before the launch of the public offer.

Maximum buyback price:

The purchase price of the shares shall not exceed Euro 13 (thirteen) (excluding purchase costs) per share with a par value of Euro 1 (one) each.

Maximum share of capital:

This authorization may be implemented up to a maximum number of shares representing 10% of the Company's share capital as at the date of the General Meeting of April 28, 2022, on the understanding that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account to calculate the 10% threshold mentioned above shall correspond to said number of purchased shares, after deducting the number of shares resold under the liquidity agreement during the authorization period. However, the number of shares purchased by the Company to be kept and subsequently used as payment or exchange in connection with an external growth transaction may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding at any time whatsoever, more than 10% of the shares making up its share capital.

7.1.2.2 Transactions carried out in 2022

A. Liquidity agreement

In an effort to increase the liquidity of the Group's shares and ensure share price stability, as well as to avoid large fluctuations in the Company's share price unwarranted by market trends, the Company entered into a liquidity agreement with Oddo Corporate Finance on February 20, 2006. This agreement complies with the French Financial Markets Association's (AMAFI) Code of Ethics approved by the French Financial Markets Authority (AMF) on October 1, 2008. The Company allocated Euro 1.6 million to a liquidity account to implement this liquidity agreement.

The Company added Euro 800,000 to the liquidity account on January 20, 2009, a further Euro 3 million on March 9, 2009, and Euro 6 million on May 25, 2009, bringing the total sum allocated to Euro 11.4 million. On December 5, 2011, the Company decided to make a partial withdrawal of Euro 3.4 million, reducing the amount allocated to the liquidity agreement from Euro 11.4 million to Euro 8 million.

On September 9, 2019, the Company entered into a new liquidity agreement, effective retroactively from January 2, 2019, with Oddo BHF SCA. This new liquidity agreement, established following changes in regulations relating to liquidity agreements and in accordance with the French Financial Markets Authority (AMF) Decision No. 2018-01 of July 2, 2018, replaces the previous agreement signed on February 14, 2006. For the implementation of the new agreement, the Company allocated 345,930 shares and Euro 2,389,808.95 to the liquidity account. The fixed amount paid under this contract, which includes trading costs, amounted to Euro 42,000 excluding taxes for the 2022 fiscal year.

During the 2022 fiscal year, a total of 5,262,805 Mercialys shares were purchased at an average price of Euro 8.75 each, and 5,363,029 Mercialys shares were sold at an average price of Euro 8.95 each. At December 31, 2022, the liquidity account contained 286,889 shares and Euro 3,442,484.88.

B. Other transactions

On September 12, 2022, the Company appointed Oddo BHF SCA to buy back its shares in order to cover any bonus share plans, with effect from September 12, 2022 to September 19, 2022 inclusive and covering 220,000 shares.

Thus, in 2022, the Company acquired, through this investment service provider, acting independently in the name and on behalf of the Company, 220,000 shares at an average price of Euro 8.02.

No shares were canceled during the 24-month period from January 1, 2021 to December 31, 2022.

C. Summary of transactions

The table below summarizes the transactions carried out by the Company on treasury shares between January 1, 2022 and December 31, 2022 and indicates the number of treasury shares held by the Company:

	Number of shares	% of capital
Number of shares held at December 31, 2021	**491,593**	**0.52**
Number of shares purchased under the liquidity agreement	5,262,805	
Number of shares sold under the liquidity agreement	(5,363,029)	
Number of shares purchased	220,000	
Number of shares canceled	0	
Number of bonus shares	(11,139)	
Number of shares held at December 31, 2022	**600,230**	**0.64**

The Company's position at December 31, 2022 was as follows:

	12/31/2022
Number of treasury shares in portfolio	600,230
Percentage of share capital held directly or indirectly as treasury shares	0.64%
Number of shares canceled during the last 24 months	0
Book value of the portfolio *(€M)*	4.9
Market value of the portfolio *(€M)* (1)	5.9

(1) Value calculated in millions of euros on the basis of the closing price on December 31, 2022, i.e. Euro 9.77.

Mercialys has no open positions in derivatives. The 600,230 treasury shares held at December 31, 2022 were allocated as follows:

- 286,889 shares for use in connection with the liquidity agreement;
- 313,341 shares for use in any savings plan or bonus share plans 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 27, 2023, 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 French Financial Markets Authority (AMF), and the European market abuse regulations (specifically regulations (EU) 596/2014 of April 16, 2014 and 2016/1052 of March 8, 2016).

Objectives of the share buyback program:

The objectives of the share buyback program that will be submitted to the General Meeting of April 27, 2023 are:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the French Financial Markets Authority (AMF);
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code, any savings 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.

Buyback terms and conditions:

The acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, by any means, in particular, by trading on the regulated market, through multilateral trading facilities or over-the-counter (OTC), including by block transaction. These means include the use of any derivative financial instrument traded on a regulated market, through multilateral trading facilities or over-the-counter and the implementation of option strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

In the event of a public offer relating to shares, securities or marketable securities issued by the Company, the Company may only use this authorization to satisfy its commitments to deliver securities, in the context of bonus share plans committed to and announced before the launch of the public offer.

Maximum buyback price:

The purchase price of the shares shall not exceed Euro 16 (sixteen) (excluding purchase costs) per share with a par value of Euro 1 (one) each.

Maximum share of capital:

This authorization may be implemented up to a maximum number of shares representing 10% of the Company's share capital, taking into account transactions affecting it subsequent to the date of this General Meeting, *i.e.* 8,788,420 shares based on the share capital at December 31, 2022, net of 600,230 treasury shares, up to a maximum of Euro 140.6 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.

Duration of the buyback program:

The authorization granted to the Board of Directors is valid for a period of eighteen months. It terminates and replaces the authorization previously granted by the 20th resolution of the General Meeting of April 28, 2022.

Cancelation of shares:

The Ordinary and Extraordinary General Meeting of shareholders held on April 28, 2022 renewed the authorization granted to the Board of Directors to reduce the Company's share capital through the cancelation of treasury shares. This authorization, granted for a period of 18 months, is valid until October 27, 2023. The renewal of this authorization will be proposed to the General Meeting of April 27, 2023.

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.

At December 31, 2022, the net income generated by Mercialys, the parent company, amounted to Euro 59.1 million, of which Euro 63.8 million in tax-exempt income and Euro 4.7 million in taxable income.

A dividend of Euro 0.96 per share for the 2022 fiscal year will be proposed at the Annual General Meeting of April 27, 2023, for a total of Euro 89.7 million based on the number of shares outstanding at December 31, 2022, without taking into account the cancelation of dividends on treasury shares on the payment date. The proposed dividend corresponds to 85% of the 2022 FFO and offers a yield of 9.8% on the closing price at December 31, 2022.

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 0.71 per share;
- the distribution of 70% of the tax-exempt profits for the 2022 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.05 per share;
- the distribution of tax-exempt income recorded in the Company's balance sheet in the amount of Euro 0.20 per share.

The payment of the dividend of Euro 0.96 per share would take place on May 4, 2023 (ex-dividend date being May 2, 2023), subject to approval by the Annual General Meeting of April 27, 2023.

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.

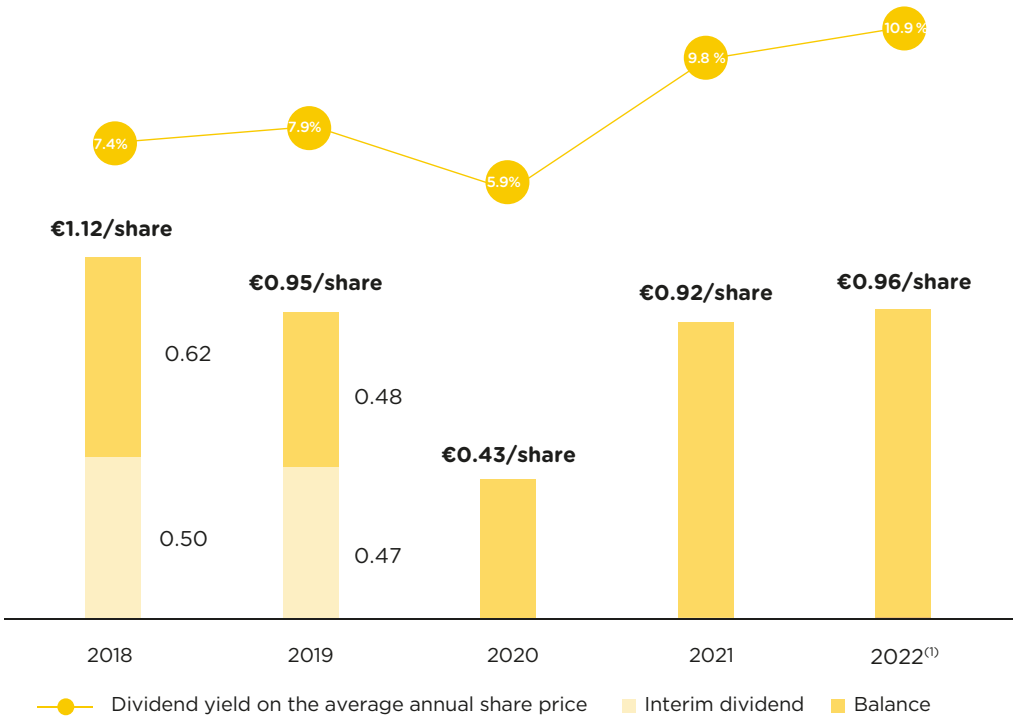
The following table shows dividends paid over the last five fiscal years:

Fiscal year ended	Dividend per share	Dividend distributed eligible for the 40% allowance [1]	Dividend not eligible for the 40% allowance
December 31, 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
December 31, 2021	€0.92	None	€0.92

(1) Pursuant to Article 158-3, paragraph 2, of the French General Tax Code for individuals.
(2) The General Meeting of April 22, 2021 decided to propose to each shareholder an option for the full dividend for the 2020 fiscal year to be paid in cash or in new Company shares.

Dividends not claimed within five years of their payment date are forfeited and handed over to the French Treasury, pursuant to Articles L. 1126-1 and L. 1126-2 of the French Public Property Code.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Subject to appoval by the Annual General Meeting of April, 27, 2023.

7.1.4 Communication policy

Mercialys has set up organized and efficient financial reporting in order to reflect its resolute determination for transparency concerning its business activity and its earnings, and to raise awareness about its business.

The team in charge of financial reporting and investor relations is able to respond to requests for information and documentation from all existing or potential individual or institutional investors.

The Mercialys' website (www.mercialys.com) presents the Group's activities and organization, together with all relevant financial and extra-financial data, in both French and English.

The website also hosts all the Company's published documentation, including the information required by Articles 221-1 *et seq.* of the General Regulations of the French Financial Markets Authority (AMF).

This information is kept for at least five years (ten years for Registration Documents/Universal Registration Documents and half-year financial reports) after their issue date.

The Company's quarterly rental revenues and full-year and half-year results are detailed in press releases issued in French and English.

These press releases, published online on the Company's website and sent through the usual regulatory channels (wire services), are also distributed by email to all investors listed in the Mercialys Customer Relationship Management (CRM) database, and to any interested party. Requests may be submitted directly *via* the "Contact" page on the website, or by writing to the Financial Communication and Investor Relations Department at the following address:

16-18, rue du Quatre-Septembre – 75002 Paris

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.

15 roadshows organized with **10** different brokers and **9** countries covered

#1 for Best General Meeting Brochure

24 press releases distributed to approx. **900** investors and analysts

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

TOP 100 shareholders contacted before each General Meeting

The list of information published or made public by Mercialys in 2022 is as follows:

Nature of the information	Publication date
Activity and results	
Press release on the signing of sales commitments during Q4 2021	01/10/2022
Press release on 2021 annual results	02/14/2022
Press release on a Euro 500 million bond issue as part of an overall refinancing transaction	02/17/2022
Press release on the closing of the partial buyback offer for the bond maturing in July 2027	02/24/2022
Press release on Q1 2022 activity	04/20/2022
Press release on changes in Mercialys' governance (resignation of Mr. Savart)	04/26/2022
Press release on changes in Mercialys' governance (resignation of La Forézienne de Participations - D. Lubek)	04/28/2022
Press release on the finalization of the sale of two Géant Casino hypermarkets	05/02/2022
Press release on changes in Mercialys' governance (co-option of V. Ravat)	06/15/2022
Press release on changes in Mercialys' governance (resignation of Generali Vie - S. Pezet)	07/01/2022
Press release on 2022 half-year results	07/27/2022
Press release on share purchases from September 12, 2022 to September 19, 2022	09/20/2022
Press release on changes in the shareholding structure (declaration of threshold crossing by CACIB)	09/29/2022
Press release on Q3 2022 activity	10/18/2022
Press release on changes in Mercialys' governance (co-option of J.L. Constanza)	10/26/2022
Press release on changes in the shareholding structure (declaration of threshold crossing by Generali)	11/30/2022
Press release on the sale of two shopping centers in Marseille	12/19/2022
Ordinary and Extraordinary General Meeting of April 28, 2022	
2021 Universal Registration Document	03/15/2022
Meeting notice for the Ordinary and Extraordinary General Meeting published in the BALO of March 21, 2022	03/21/2022
2022 meeting brochure	03/22/2022
Press release on the number of outstanding shares and voting rights at March 21, 2022	03/23/2022
Notice of amendment to the meeting notice for the Ordinary and Extraordinary General Meeting published in the *BALO* of March 21, 2022	03/28/2022
Press release on the availability of preparatory documents for the Ordinary and Extraordinary General Meeting	04/07/2022
Statutory Auditors' fees (extract from URD 2022)	04/07/2022
Postal or proxy voting form	04/07/2022
Description of the share buyback program (extract from URD 2022)	04/07/2022
Amount of compensation paid to the highest-paid employees certified by the Statutory Auditors	04/07/2022
Note on external references used within the context of the compensation policy for executives	04/07/2022
Compensation for executives (in accordance with the AFEP-MEDEF Corporate Governance Code)	04/07/2022
Meeting notice for the Ordinary and Extraordinary General Meeting published in the *BALO* of April 8, 2022	04/08/2022
Meeting notice for the Ordinary and Extraordinary General Meeting published in *Affiches Parisiennes* on April 8, 2022	04/08/2022
Presentation of the General Meeting of April 28, 2022	04/28/2022
Minutes and votes of the Ordinary and Extraordinary General Meeting of April 28, 2022	04/28/2022
Company	
Press release on the accelerated implementation of the CSR policy *4 Fair Impacts for 2030* (Breeam In-Use)	04/21/2022
Press release on the Transparency awards: Mercialys receives the award for best meeting brochure	07/05/2022
Press release on energy efficiency: Mercialys rolls out a series of immediate measures	09/15/2022
Press release on GRESB 2: Mercialys moves up to 2nd place and maintains its outstanding rating	10/18/2022
Press release on the feminization of ruling bodies in the SBF 120 companies: Mercialys ranks second	11/08/2022
Press release on the Carbon Disclosure Project (CDP): Mercialys maintains its "A List" position	12/13/2022

Nature of the information	Publication date
Shares	
Press release on the number of outstanding shares and voting rights at December 31, 2021*	01/06/2022
Press release on the half-year review of the liquidity agreement at December 31, 2021*	01/13/2022
Press release on the number of outstanding shares and voting rights at January 31, 2022*	02/07/2022
Press release on the number of outstanding shares and voting rights at February 28, 2022*	03/02/2022
Press release on the number of outstanding shares and voting rights at March 31, 2022*	04/07/2022
Press release on the number of outstanding shares and voting rights at April 30, 2022*	05/10/2022
Press release on the number of outstanding shares and voting rights at May 31, 2022*	06/01/2022
Press release on the number of outstanding shares and voting rights at June 30, 2022*	07/04/2022
Press release on the half-year review of the liquidity agreement at June 30, 2022*	07/22/2022
Press release on the number of outstanding shares and voting rights at July 31, 2022*	08/01/2022
Press release on the number of outstanding shares and voting rights at August 31, 2022*	09/05/2022
Press release on the number of outstanding shares and voting rights at September 30, 2022*	10/05/2022
Press release on the number of outstanding shares and voting rights at October 31, 2022*	11/02/2022
Press release on the number of outstanding shares and voting rights at November 30, 2022*	12/01/2022
Press release on the number of outstanding shares and voting rights at December 31, 2022*	01/04/2023
Other regulated information	
Press release on compensation for executives dated February 25, 2022, updated on April 7, 2022	02/25/2022
Press release on the availability of the 2021 Universal Registration Document*	03/15/2022
Filing and online publication of the 2021 Universal Registration Document*	03/15/2022
Online publication of the CSR chapter of the 2021 Universal Registration Document	03/15/2022
Online publication of the chapter on director and corporate officer compensation and benefits of the 2021 Universal Registration Document	03/15/2022
Online publication of the fees paid to Statutory Auditors for 2021	03/15/2022
Online publication of the report on internal control and corporate governance	03/15/2022
Online publication of the list of information published or made public by Mercialys in 2021	03/15/2022
Online publication of the 2021 Integrated Report	03/30/2022
Press release on the availability of the 2022 half-year financial report	07/27/2022
Online publication of the 2022 half-year financial report*	07/27/2022
Press release on compensation for executives dated December 7, 2022	12/07/2022

* *Regulated information within the meaning of Article 221-1 of the General Regulation of the French Financial Markets Authority (AMF).*

7.1.5 2023 Financial calendar

The Mercialys financial calendar is as follows. It is also available on the Company website at www.mercialys.com.

2023 FINANCIAL CALENDAR

APRIL 20, 2023 (after market close)	APRIL 27, 2023	JULY 26, 2023 (after market close)	JULY 27, 2023	OCTOBER 17, 2023 (after market close)
First-quarter activity *Embargo period(1) from April 5, 2023 before market open to April 20, 2023 after market close*	**Annual General Meeting**	**First-half results** *Embargo period(1) from July 11, 2023 before market open to July 26, 2023 after market close*	**Financial information meeting**	**Activity at end-September** *Embargo period(1) from October 2, 2023 before market open to October 17, 2023 after market close*

(1) Period during which the Company will not provide financial analysts or investors with new information regarding its ongoing business transactions and earnings.

7.2 Share capital and shareholdings

7.2.1 Amount of and changes in share capital over the last five years

On May 21, 2021, the Company's share capital was increased by Euro 1,837,332 through the creation of 1,837,332 shares with a par value of Euro 1 each. This increase results from the exercise by Company shareholders of the option to receive the dividend allocated in respect of the 2020 fiscal year in Company shares.

As such, the share capital, which amounted to Euro 92,049,169 at December 31, 2020, divided into 92,049,169 shares with a par value of Euro 1 each, all of the same class, was increased on May 21, 2021 to Euro 93,886,501, divided into 93,886,501 shares with a par value of Euro 1 each, all of the same class and fully paid up.

The share capital remained unchanged at February 28, 2023.

CHANGES IN/HISTORY OF SHARE CAPITAL OVER THE LAST FIVE YEARS

	Number of shares created	Amount of capital increases/reductions (€)		Share capital (€)	Number of shares in issue	Par value per share (€)
		Nominal	Premium [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
2022	**-**	**-**	**-**	**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 Shareholders' General Meetings of April 22, 2021 and April 28, 2022:

	Operation	Resolution	Maximum amount	Term	Expiry
a)	Capital increase with PSR [1] through the issue of shares or securities granting access to the share capital or debt securities	19th resolution GM 04/22/2021	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 GM 04/22/2021	Euro 18.4 million [2] [3] (with priority period) 10% of the share capital as at the date of the General Meeting (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 GM 04/22/2021	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 GM 04/22/2021	10% of the share capital as at the date of the decision to issue [3]	26 months	June 21, 2023
e)	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 GM 04/22/2021	1% of the total number of shares as of the day of the authorization (*i.e.* 920,491 shares) of which 0.5% for executive corporate officers (*i.e.* 460,245 shares)	26 months	June 21, 2023
f)	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 GM 04/28/2022	Euro 9.3 million [2] [3]	26 months	June 27, 2024
g)	Increase in the number of shares to be issued in the event of a capital increase with or without PSR [1]	23rd resolution GM 04/28/2022	15% of the original issue [2] [3]	26 months	June 27, 2024
h)	Issue of shares or securities granting access to the share capital in the event of a public offer for the shares of another listed company, without PSR [1]	24th resolution GM 04/28/2022	Euro 9.3 million [2] [3]	26 months	June 27, 2024
i)	Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR [1]	26th resolution GM 04/28/2022	2% of the total number of shares as of the day of the authorization (*i.e.* 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 authorizations 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 General Meeting of April 22, 2021, and the 22nd to 24th resolutions of the General 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.

None of the authorizations granted were used during the 2022 fiscal year, with the exception of those relating to bonus share plans.

Pursuant to the authorization granted by the General Meeting of April 22, 2021, the Board of Directors has allocated 193,937 bonus shares, subject to the satisfaction of service and/or performance conditions (see § 7.2.5.3, p. 380 *et seq.*).

It is proposed to the General Meeting of April 27, 2023 to grant the following authorizations:

Operation	Resolution	Maximum amount	Term	Expiry
a) Capital increase with PSR [1] through the issue of shares or securities granting access to the share capital or debt securities	18th resolution	Euro 46.5 million [2] [3]	26 months	June 26, 2025
b) Capital increase without PSR [1] through the issue of shares or securities granting access to the share capital or debt securities, *via* public offering	19th resolution	Euro 9.3 million [2] [3]	26 months	June 26, 2025
c) Capital increase without PSR [1] through the issue of shares or securities granting access to the share capital or to debt securities through an offer referred to in Article L. 411-2, 1° of the French Monetary and Financial Code	20th resolution	Euro 9.3 million [2] [3]	26 months	June 26, 2025
d) Increase in the number of shares to be issued in the event of a capital increase with or without PSR [1]	21st resolution	15% of the original issue [2] [3]	26 months	June 26, 2025
e) Capital increase through the incorporation of reserves, profits, premiums or other amounts that may be capitalized	22nd resolution	Euro 46 million	26 months	June 26, 2025
f) Issue of shares or securities granting access to the share capital in the event of a public offer for the shares of another listed company, without PSR [1]	23rd resolution	Euro 9.3 million [2] [3]	26 months	June 26, 2025
g) Capital increase through the issue of shares or securities granting access to the share capital in exchange for contributions in kind granted to the Company and comprising capital securities or securities granting access to the share capital, without PSR [1]	24th resolution	Euro 9.3 million [2] [3]	26 months	June 26, 2025
h) Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR [1]	26th resolution	2% of the total number of shares as of the day of the authorization (*i.e.* 1,877,730 shares)	26 months	June 26, 2025
i) Bonus share plans to the Company's salaried employees and to the Company's executive corporate officers, and to the salaried employees of its affiliates	27th resolution	1% of the total number of shares as at the date of authorization (*i.e.* 938,865 shares) of which 0.5% for the executive corporate officers (*i.e.* 469,432 shares)	26 months	June 26, 2025

(1) PSR: preferential subscription rights.

(2) The total nominal amount of debt securities that may be issued on the basis of this authorization may not exceed Euro 200 million or the equivalent value in any other currency, or in any monetary unit established by reference to multiple currencies.

(3) The total nominal amount of debt securities that may be issued on the basis of authorizations granted by the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023 may not exceed Euro 200 million or its equivalent in any other currency or in any monetary unit established by reference to several currencies. The total nominal amount of capital increases that may be carried out immediately and/or in the future on the basis of authorizations granted by the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023 may not exceed Euro 46.5 million or its equivalent on the same date in any other currency, it being specified that the total amount of capital increases that may be carried out, immediately and/or in the future, without preferential subscription rights, may not exceed Euro 9.3 million, not including, for each amount, the nominal amount of the additional shares to be issued to preserve the rights of the holders of securities granting access to the share capital in accordance with the law.

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 18 months from April 28, 2022, *i.e.* until October 27, 2023. The renewal of this authorization is proposed to the General Meeting of April 27, 2023 (17th 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:

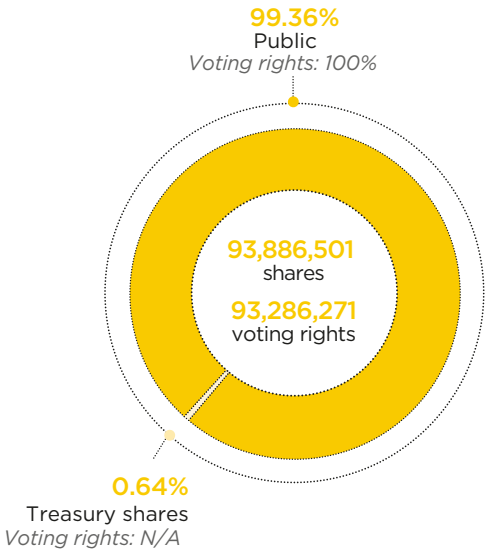
"All shareholders are entitled to the same number of votes as the shares they own or represent, without any limitation, the sole exception being the cases provided for by law and the articles of association."

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, in accordance with applicable regulations, shall not be taken into consideration."

At December 31, 2022, the number of voting rights at the General Meeting totaled 93,286,271, 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, 2022



The breakdown of share capital and voting rights at the close of the last three fiscal years is presented below.

In 2022, significant movements were made by majority shareholders, leading to their exit from the Company's share capital.

As such, in February 2022, the Casino group indicated that it had sold 6.5% of Mercialys' share capital through a total return swap (TRS), reducing its stake to 10.3%. In April 2022, the Casino group indicated that it had sold its remaining interest in Mercialys' share capital through a further TRS, and no longer held any voting rights. On September 29, 2022, Mercialys was informed by a statutory threshold crossing declaration that Crédit Agricole Corporate and Investment Bank (CACIB), a subsidiary of Crédit Agricole SA, had held less than 1% of its share capital and voting rights since September 28, 2022. The residual interest of Crédit Agricole Corporate and Investment Bank resulted from the disposal, by the Casino group, of its remaining 10.3% stake in Mercialys' share capital as part of a TRS in April 2022.

In addition, on November 29, 2022, Mercialys was informed by a statutory threshold crossing declaration that Generali Vie, a subsidiary of the Generali group in France, had fallen below the statutory thresholds of 5, 4, 3, 2 and 1% of the Company's share capital and voting rights as of November 25, 2022.

HISTORICAL BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

	12/31/2020			12/31/2021			12/31/2022				
	Number of shares	% of capital	% of exercisable voting rights*	Number of shares	% of capital	% of exercisable voting rights*	Number of shares	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of exercisable voting rights*
Majority shareholders	**18,559,506**	**20.16**	**20.28**	**15,742,911**	**16.77**	**16.86**	**283** (3)	**NA** (3)	**283** (3)	**283** (3)	**NA** (3)
o/w Casino group	18,559,180	20.16	20.28	15,742,585	16.77	16.86	0	0	0	0	0
of which other shareholders (1)	326	NA	NA	326	NA	NA	283 (3)	NA (3)	283 (3)	283 (3)	NA (3)
Generali group	**7,373,745**	**8.01**	**8.06**	**7,373,745**	**7.85**	**7.90**	**0**	**0**	**0**	**0**	**0**
Treasury shares (2)	**511,547**	**0.56**	**0**	**491,593**	**0.52**	**0**	**600,230**	**0.64**	**600,230**	**0**	**0**
Public	**64,904,599**	**70.51**	**71.67**	**70,278,252**	**74.85**	**75.25**	**93,286,271**	**99.36**	**93,286,271**	**93,286,271**	**99.36**
o/w bearer shares	64,377,167	69.94	71.09	69,649,071	74.18	74.57	92,608,268	98.64	92,608,268	92,608,268	99.27
o/w registered shares	527,432	0.57	0.58	629,181	0.67	0.67	678,003	0.72	678,003	678,003	0.73
TOTAL	**92,049,169**	**100**	**100**	**93,886,501**	**100**	**100**	**93,886,501**	**100**	**93,886,501**	**93,286,271**	**100**

* *Percentage of voting rights exercisable at General Meetings in relation to theoretical voting rights (treasury shares held by Mercialys are deprived of voting rights).*

(1) Controlling shareholders of Casino, Guichard-Perrachon, including Foncière Euris.

(2) Shares acquired under the share buyback program and, in particular, the liquidity agreement (see § 7.1.2, p. 364 et seq.).

(3) Shares held in registered form as of December 31, 2022.

No shareholder has declared to the AMF that they hold more than 5% of the share capital or voting rights. However, at December 31, 2022, the Cohen & Steers group, whose parent company is Cohen & Steers, Inc., held:

- 5,715,094 shares (including a management position on behalf of a third party), *i.e.* 6.1% of the share capital and
- 3,404,145 voting rights, *i.e.* 3.6% of the voting rights, in respect of the specific position of the Cohen & Steers group, of which the parent company is Cohen & Steers, Inc.

All declarations of threshold crossings made to the French Financial Markets Authority (AMF) can be found in § 7.2.3.1, B, p. 377 *et seq.*

7.2.3.1 Threshold crossings

A. Crossing of statutory thresholds

Article 11, paragraph II of the Company's articles of association includes the following provisions regarding the disclosure of threshold crossings:

"In addition to the statutory obligation to inform the Company when certain percentages of share capital and associated voting rights are reached, any individual or legal entity (including any intermediary holding shares belonging to persons domiciled outside France), either alone or in concert with other individuals or legal entities, who comes to hold or ceases to hold, through any means, 1% of the share capital or voting rights or any multiple thereof shall disclose to the Company, within five trading days of the crossing of either of these thresholds, by registered letter with acknowledgment of receipt, the number of shares or voting rights that it holds.

In order to determine these thresholds, consideration is made of shares assimilated to owned shares and the voting rights attached thereto pursuant to the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code.

In each declaration referred to above, the person making said declaration must certify that the declaration covers all of the securities held or possessed as defined by the previous article. The following must also be specified: the shareholders' identity as well as that of the natural persons or legal entities acting together with said shareholder, the number of shares or voting rights they hold directly or indirectly, alone or with other parties, the date and the source of the threshold crossing, and, when applicable, the information referred to in the third paragraph of Article L. 233-7 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, 2022 to February 28, 2023, the following threshold crossings were declared to the French Financial Markets Authority (AMF):

Declaring party	AMF declaration number	Date of declaration	Date of crossing	Legal threshold	Direction of crossing	% of capital	% of voting rights
Concert made up of Jean-Charles Naouri and the companies that he directly or indirectly controls	222C0451	02/24/2022	02/21/2022	15% of voting rights	Down	16.77% (1)	10.27%
La Forézienne de Participations	222C0451	02/24/2022	02/21/2022	15% and 10% of share capital and voting rights	Down	9.28%	9.28%
Casino, Guichard-Perrachon	222C0451	02/24/2022	02/21/2022	5% of share capital	Up	6.50% (1)	0.03%
Société Générale	222C0462	02/25/2022	02/22/2022	5% of share capital and voting rights	Up	7.10% (2)	7.10%
Casino, Guichard-Perrachon	222C0568	03/09/2022	03/04/2022	5% of share capital	Down	4.92% (3)	0.03%
Concert made up of Jean-Charles Naouri and the companies that he directly or indirectly controls	222C0577	03/10/2022	03/07/2022	15% of share capital	Down	14.75% (4)	10.27%
Société Générale	222C0790	04/06/2022	04/01/2022	5% of share capital and voting rights	Down	0.46%	0.46%
La Forézienne de Participations	222C0811	04/07/2022	04/04/2022	5% of share capital and voting rights	Down	0%	0%
Casino, Guichard-Perrachon	222C0811	04/07/2022	04/04/2022	5% and 10% of share capital and voting rights	Up	10.74% (5)	10.74% (5)
Crédit Agricole Corporate and Investment Bank (CACIB)	222C0812	04/08/2022	04/04/2022	5% and 10% of share capital and voting rights	Up	10.96% (6)	10.96% (6)
Caisse des Dépôts et Consignations (CDC)	222C0856	04/14/2022	04/11/2022	5% and 10% of share capital and voting rights	Up	11.12%	11.12%
CNP Assurances	222C0856	04/14/2022	04/11/2022	5% and 10% of share capital and voting rights	Up	10.95%	10.95%
Caisse des Dépôts et Consignations (CDC)	222C0944	04/27/2022	04/22/2022	5% and 10% of share capital and voting rights	Down	0.17%	0.17%
CNP Assurances	222C0944	04/27/2022	04/22/2022	5% and 10% of share capital and voting rights	Down	0.01%	0.01%
Caisse des Dépôts et Consignations (CDC)	222C1094	05/12/2022	05/06/2022	5% and 10% of share capital and voting rights	Up	10.48%	10.48%
CNP Assurances	222C1094	05/12/2022	05/06/2022	5% and 10% of share capital and voting rights	Up	10.34%	10.34%
Caisse des Dépôts et Consignations (CDC)	222C1094	05/12/2022	05/09/2022	5% and 10% of share capital and voting rights	Down	0.15%	0.15%

Declaring party	AMF declaration number	Date of declaration	Date of crossing	Legal threshold	Direction of crossing	% of capital	% of voting rights
CNP Assurances	222C1094	05/12/2022	05/09/2022	5% and 10% of share capital and voting rights	Down	0.01%	0.01%
Crédit Agricole Corporate and Investment Bank (CACIB)	222C1828	07/13/2022	07/08/2022	10% of share capital and voting rights	Down	9.98% (7)	9.98% (7)
Casino, Guichard-Perrachon	222C1894	07/21/2022	07/08/2022	10% of share capital and voting rights	Down	9.98%	9.98%
Concert made up of Jean-Charles Naouri and the companies that he directly or indirectly controls	222C1894	07/21/2022	07/08/2022	10% of share capital and voting rights	Down	9.98% (8)	9.98% (8)
Casino, Guichard-Perrachon	222C2159	09/05/2022	08/31/2022	5% of share capital and voting rights	Down	4.86% (9)	4.86% (9)
Concert made up of Jean-Charles Naouri and the companies that he directly or indirectly controls	222C2159	09/05/2022	08/31/2022	5% of share capital and voting rights	Down	4.86% (9)	4.86% (9)
Crédit Agricole Corporate and Investment Bank (CACIB)	222C2168	09/06/2022	08/31/2022	5% of share capital and voting rights	Down	4.86% (10)	4.86% (10)
APG Asset Management N.V.	222C2410	10/26/2022	10/24/2022	5% of share capital and voting rights	Down	4.88% (11)	4.88% (11)
Generali Vie	222C2609	11/29/2022 and 12/02/2022	12/21/2007	10% of share capital and voting rights	Down	9.81%	9.81%
Generali Vie	222C2609	11/29/2022 and 12/02/2022	11/23/2022	5% of share capital and voting rights	Down	0%	0%

(1) Casino, Guichard-Perrachon held 6,102,623 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with Société Générale on February 21, 2022.

(2) Société Générale held 176 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the holding of "contract for difference" agreements to be settled in cash, without maturity.

(3) Casino, Guichard-Perrachon held 4,621,153 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with Société Générale on February 21, 2022.

(4) Casino, Guichard-Perrachon held 4,237,887 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with Société Générale on February 21, 2022.

(5) Casino, Guichard-Perrachon held the following by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF:

(i) 9,639,962 Mercialys shares as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with CACIB on April 4, 2022;

(ii) 443,857 Mercialys shares as a result of its holding of call options on a maximum of 904,642 Mercialys shares.

(6) CACIB held 478,000 Mercialys shares granted in full ownership as collateral for securities borrowing transactions with third parties.

(7) CACIB held 1,538,620 Mercialys shares granted in full ownership as collateral for securities borrowing transactions with third parties.

(8) Casino, Guichard-Perrachon held 9,368,210 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with CACIB on April 4, 2022.

(9) Casino, Guichard-Perrachon held 4,558,869 shares by assimilation pursuant to Articles L. 233-9 I, 4 bis of the French Commercial Code and 223-14 V of the General Regulation of the AMF, as a result of the hedging of the financial contract on Mercialys shares with payment of a differential (total return swap) entered into by Casino, Guichard-Perrachon with CACIB on April 4, 2022.

(10) CACIB held 3,021,354 Mercialys shares granted in full ownership as collateral for securities borrowing transactions with third parties.

(11) APG Asset Management N.V. held 4,581,543 Mercialys shares on behalf of funds.

The declarations were made on the basis of the information provided by the Company, pursuant to the provisions of Article L. 233-8 of the French Commercial Code and Article 223-16 of the General Regulations of the French Financial Markets Authority (AMF), at the date of declaration of the crossing of the threshold. The total number of voting rights published monthly is calculated, in accordance with Article 223-11 of the General Regulations of the French Financial Markets Authority (AMF), *i.e.* based on all shares potentially carrying voting rights, including shares for which voting rights are withdrawn (treasury shares).

7.2.3.2 Shareholder agreements

To the Company's knowledge, there were no shareholder agreements in effect at February 28, 2023.

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, 2022, the shares held directly by directors and officers represented 0.064% of the share capital and voting rights at the General Meeting.

More specifically, at December 31, 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 0.014% of the share capital and voting rights at the General Meeting,
- the shares held by Elizabeth Blaise, Deputy Chief Executive Officer, represented 0.004% of the share capital and voting rights at the General Meeting.

7.2.3.4 Declarations by executives

The transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2022 and having been the subject of a declaration are as follows:

Date of declaration	Persons concerned	Financial instrument	Type of transaction	Volume	Unit price (€)
01/19/2022	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Call option	Amendment to an existing agreement (1)	2,816,595	0.6645
02/22/2022	La Forézienne de Participations, director	Shares	Disposal	6,102,623	9.65
02/23/2022	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
04/07/2022	La Forézienne de Participations, director	Shares	Disposal	8,713,408	8.965
04/07/2022	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Equity derivative instrument	Swap agreement on Mercialys shares	9,639,962	8.965
05/13/2022	Vincent Ravat, Chief Executive Officer	Shares	Vesting (2)	4,266	9,255

(1) An amendment to the agreement entered into on December 22, 2021, amended on December 23, 2021, relating to a total vesting of 2,816,595 call options (to be settled exclusively in cash), and providing for the early settlement of call options over the period from January 17 to February 18, 2022).

(2) Vesting of shares within the context of bonus share plans.

7.2.3.5 Employee shareholding

At December 31, 2022, employees held 22,230 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 4,668 Mercialys registered shares at December 31, 2022.

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 2022.

7.2.5.2 Share subscription options

No share subscription option plan on the Company's shares was in effect in 2022.

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, 2022 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	04/23/2020	04/23/2023 (1)	04/24/2025	137,779	0	137,779
04/25/2019	04/23/2020	04/23/2023 (2)	04/24/2025	44,904	22,452	22,452
04/22/2021	04/22/2021	04/22/2024 (3)	04/23/2026	95,112	0	95,112
04/22/2021	04/22/2021	04/22/2024 (3)	04/23/2026	49,074	19,824	29,250
04/22/2021	04/22/2021	04/22/2023 (4)	04/23/2023	11,800	2,500	9,300
04/22/2021	04/28/2022	04/28/2025 (5)	04/29/2027	120,437	0	120,437
04/22/2021	04/28/2022	04/28/2025 (5)	04/29/2027	60,000	0	60,000
04/22/2021	04/28/2022	04/28/2024 (4)	04/29/2024	13,500	1,700	11,800
TOTAL				**532,606**	**46,476**	**486,130**

(1) Bonus shares become vested only subject to service condition within the Group on the vesting date, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Euro Zone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation,
(ii) the CDP (Carbon Disclosure Project) rating for 20% of the initial allocation, and
(iii) FFO growth measured as the three-year annual average (CAGR) between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation:

(2) Bonus shares become vested only subject to service condition within the Group on the vesting date, and subject to fulfillment of two performance criteria:
(i) the CDP (Carbon Disclosure Project) rating for 50% of the initial allocation, and
(ii) FFO growth measured as the three-year annual average (CAGR) between January 1, 2020 and December 31, 2022, for the remaining 50% of the initial allocation.

(3) Bonus shares become vested only subject to service condition within the Group on the vesting date, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of a specific panel of comparable companies at January 1, 2021, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation,
(ii) FFO growth measured as the three-year annual average (CAGR) between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation, and
(iii) the rate of certification of the portfolio as a percentage of its value, for 33.33% of the initial allocation.

(4) Bonus shares only vest subject to service condition within the Group on the vesting date.

(5) Bonus shares become vested only subject to service condition within the Group on the vesting date, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of a specific panel of comparable companies at January 1, 2022, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation,
(ii) 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, and
(iii) the 3-year reduction in carbon intensity per square meter on scopes 1 & 2 on the current scope of the portfolio, using the market-based method, measured between January 1, 2022 and December 31, 2024, for the remaining 33.33% of the initial allocation.

During the 2022 fiscal year, two bonus share plans implemented on April 25, 2019 and one bonus share plan implemented on April 23, 2020 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 2022
04/25/2019	04/25/2019	04/25/2022 (1)	04/26/2024	45,621	39,538	6,083
04/25/2019	04/25/2019	04/25/2022 (1)	04/26/2024	23,109	22,003	1,106
04/25/2019	04/23/2020	04/23/2022 (2)	04/24/2022	5,750	1,800	3,950
TOTAL				**74,480**	**63,341**	**11,139**

(1) Bonus shares become vested only subject to service condition within the Group on the vesting date, and subject to the fulfillment of three performance criteria:

(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Euro Zone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation,

(ii) 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

(iii) FFO growth measured as the three-year annual average (CAGR) between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(2) Bonus shares become vested only subject to service condition within the Group on the vesting date.



€90.1M
Dividends paid for 2022

+1%
vs 2019 (retailer sales)

€20.94
NAV per share (NDV)

8

GENERAL MEETING

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8.1 Board of Directors' report and 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 on December 31, 2022 (1st resolution);
- Approval of the consolidated financial statements for the fiscal year ended on December 31, 2022 (2nd resolution);
- Appropriation of net income for the fiscal year – Setting the dividend (3rd resolution);
- Ratification of the co-option of Vincent Ravat and Jean-Louis Constanza as directors (4th and 5th resolutions);
- Appointment of Maël Aoustin as director (6th resolution);
- Approval of the information referred to in Article L. 22-10-9 I of the French Commercial Code relating to compensation paid during or awarded in respect of fiscal year 2022 to the corporate officers (7th resolution);
- Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2022 to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (8th to 10th resolutions);
- Approval of the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (11th to 13th resolutions);
- Approval of the compensation policy for directors (14th resolution);
- Approval of the Statutory Auditors' special report on regulated agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code (15th resolution);
- Authorization for the Company to purchase its treasury shares (16th 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 (17th resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital through the issue, with preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities (18th resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, *via* public offer other than those referred to in Article L. 411-2, 1° of the French Monetary and Financial Code, with optional priority period (19th resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, by public offer referred to in Article L. 411-2, 1° of the French Monetary and Financial Code (20th 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 (21st resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital by incorporation of reserves, profits, premiums or any other sums that may be capitalized (22nd resolution);
- Delegation of authority granted to the Board of Directors to issue, without preferential subscription rights, shares or securities granting access to the share capital in the event of a public exchange offer initiated by the Company (23rd resolution);
- Delegation of powers granted to the Board of Directors, up to a limit of 10% of the Company's share capital, to issue shares or securities granting access to the share capital, in exchange for contributions in kind of capital securities or securities granting access to the share capital (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 (PEE) (26th resolution);
- Authorization granted to the Board of Directors to allocate existing or not yet issued Company bonus shares, to employees and executive corporate officers of the Company and its related companies; automatic waiver by shareholders of their preferential subscription rights (27th resolution).

Resolutions within the competence of the Ordinary General Meeting

- Powers for completion of formalities (28th 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

EXPLANATORY STATEMENT

Pursuant to the 1st and 2nd resolutions, the shareholders are invited to approve the Company's separate financial statements and then its consolidated financial statements to December 31, 2022, as well as the transactions reflected in these financial statements:

- the annual financial statements show a net income of Euro 59,137,167.72; and
- the consolidated financial statements show a net income attributable to owners of the parent of Euro 43,094,000.

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. 220 *et seq.* and § 3.1.3, p. 193 *et seq.*).

FIRST RESOLUTION

Approval of the separate financial statements for the fiscal year ended on December 31, 2022

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, after reviewing the Board of Directors' and Statutory Auditors' reports, approves the separate financial statements for the fiscal year ended on December 31, 2022, as presented to it, together with all of the transactions reflected or mentioned in these reports. The separate financial statements for this period show a net income of Euro 59,137,167.72.

The General Meeting acknowledges that the financial statements for the past fiscal year do not take account of the non-deductible expenses referred to in Article 39-4 of the French General Tax Code.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended on December 31, 2022

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, after reviewing the Board of Directors' and Statutory Auditors' reports, approves the consolidated financial statements for the fiscal year ended on December 31, 2022, 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 43,094,000.

Resolution 3 – Appropriation of the net income for the fiscal year – Setting the dividend

EXPLANATORY STATEMENT

By the 3rd resolution, the Board of Directors proposes that you approve the distribution of a dividend of Euro 0.96 per share.

The ex-dividend date will be May 2, 2023 and the dividend will be paid on May 4, 2023.

THIRD RESOLUTION

Appropriation of the net income for the fiscal year – Setting the dividend

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report, resolves to allocate the net income for the fiscal year ended on December 31, 2022 as follows:

Net income for the year		€59,137,167.72
Retained earnings	(+)	€244,074,157.51
Distributable income	**(=)**	**€303,211,325.23**
Dividend*	(-)	€90,131,040.96
Appropriation to "Retained earnings"	(=)	€213,080,284.27

* *(Based on a number of 93,886,501 shares, including treasury shares, as of December 31, 2022).*

Each share will accordingly receive a dividend of Euro 0.96. The ex-dividend date will be May 2, 2023 and its payment will take place on May 4, 2023.

In the event of a change in the number of shares eligible for dividends between December 31, 2022 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 eligible for the 40% allowance	Dividend not eligible for the 40% allowance
December 31, 2021			
Interim dividend	None	None	None
Lump sum payment (paid in 2022)	€0.92	None	€0.92
TOTAL	**€0.92**	**NONE**	**€0.92**
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**

Resolutions 4 to 6 - Ratification of the co-option of two directors and appointment of one director

EXPLANATORY STATEMENT

The Board of Directors is currently composed of nine directors.

Following the recommendation of the Appointments, Compensation and Governance Committee, the Board proposes that you ratify the appointment as a director of:

- Vincent Ravat, appointed on a provisional basis by the Board on June 15, 2022, to replace La Forézienne de Participations (4th resolution);
- Jean-Louis Constanza, appointed on a provisional basis by the Board on October 20, 2022, to replace Generali Vie (5th resolution);

for the remaining term of office of their predecessors (see presentations in chapter 4, § 4.1.1.2, B p. 237 and 241 of the 2022 Universal Registration Document).

Vincent Ravat is also the Company's Chief Executive Officer. Jean-Louis Constanza is an independent director, in accordance with the recommendations of the AFEP-MEDEF Code.

The 6th resolution proposes the appointment of a new independent director, Maël Aoustin (see presentation in chapter 4, § 4.1.1.2, C, p. 248 of the 2022 Universal Registration Document).

If you approve these proposals, the Board will continue to comprise 9 directors, 5 of whom are women and 4 of whom are men, with 78% being independent directors.

FOURTH RESOLUTION

Ratification of the co-option of Vincent Ravat 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, ratifies the provisional appointment made by the Board of Directors at its meeting of June 15, 2022, of Vincent Ravat as director, to replace La Forézienne de Participations, for the remainder of his predecessor's term of office, *i.e.* until the Ordinary General Meeting to be held in 2024 to approve the financial statements for the year ended December 31, 2023.

FIFTH RESOLUTION

Ratification of the co-option of Jean-Louis Constanza 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, ratifies the provisional appointment made by the Board of Directors at its meeting of October 20, 2022, of Jean-Louis Constanza as director, to replace Generali Vie, for the remainder of his predecessor's term of office, *i.e.* until the Ordinary General Meeting to be held in 2024 to approve the financial statements for the year ended December 31, 2023.

SIXTH RESOLUTION

Appointment of Maël Aoustin 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, resolves to appoint Maël Aoustin as director for a term of three years, *i.e.* until the end of the Ordinary General Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

Resolution 7 – Approval of the information relating to compensation paid to the corporate officers during or awarded in respect of fiscal year 2022

EXPLANATORY STATEMENT

Under the 7th 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 on December 31, 2022 or awarded in respect of the same fiscal year for their office, as presented to the General Meeting in the Board of Directors' corporate governance report.

All information relating to the 2022 compensation policy for corporate officers is presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2, p. 268 *et seq.*).

SEVENTH 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 on December 31, 2022

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' corporate governance report, including in particular the information relating to the compensation paid during or awarded in respect of the fiscal year ended on December 31, 2022 to the Company's corporate officers by virtue of their office, as it appears in the 2022 Universal Registration Document in chapter 4, § 4.2, approves the information referred to in Article L. 22-10-9 I of the French Commercial Code as presented to the General Meeting in the aforementioned report.

Resolution 8 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2022 to Éric Le Gentil, Chairman of the Board of Directors

EXPLANATORY STATEMENT

Under the 8th resolution, pursuant to Article L. 22-10-34 II of the French Commercial Code, the Board of Directors asks you to approve the fixed components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to 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 corporate governance section of the Board of Directors' report in the 2022 Universal Registration Document (see chapter 4, § 4.2.2.2, B, 1, p. 279).

The fixed compensation of Éric Le Gentil as Chairman of the Board of Directors was set at Euro 225,000.

He also receives compensation for his duties as a director.

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 2022 were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 28, 2022, which approved them (by a majority of 99.54%).

The breakdown of the compensation paid during or awarded in respect of fiscal year 2022 to the Chairman of the Board of Directors is presented in Appendix 1, p. 411 of the 2022 Universal Registration Document.

EIGHTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to 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' corporate governance report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded during the fiscal year ended on December 31, 2022 to Éric Le Gentil, Chairman of the Board of Directors, by virtue of his office, as presented in the Universal Registration Document 2022 in chapter 4, § 4.2.2.2, B.

Resolution 9 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2022 to Vincent Ravat, Chief Executive Officer

EXPLANATORY STATEMENT

Under the 9th resolution, pursuant to Article L. 22-10-34 II of the French Commercial Code, the Board of Directors asks you to approve 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, 2022 to Vincent Ravat, Chief Executive Officer, by virtue of his office, as they are listed and described in the table appearing in the corporate governance section of the Board of Directors' report in the 2022 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 1, p. 285).

Vincent Ravat's fixed compensation was set at the sum of Euro 430,000.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 80%, of which one CSR objective; 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 2022, the variable compensation awarded to the Chief Executive Officer amounts to Euro 510,195. The details of how this amount is determined are presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 3, p. 286 *et seq.*).

Pursuant to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the payment of the variable component of the Chief Executive Officer's compensation in respect of fiscal year 2022 is subject to the approval of this resolution by the General Meeting.

He also receives compensation for his duties as director, which he has carried out since June 15, 2022.

The principles and criteria used for determining, allocating and awarding the components of the Chief Executive Officer's compensation for the 2022 fiscal year were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 28, 2022, which approved them (by a majority of 96.61%).

The variable compensation components, of which payment is subject to approval from the General Meeting of April 27, 2023, in this case are determined in accordance with the law (see Appendix 2, p. 412 and 413 of the 2022 Universal Registration Document).

Ninth resolution

Approval of the total compensation and benefits of any kind paid or awarded during the fiscal year ended on December 31, 2022 to Vincent Ravat, Chief Executive Officer

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' corporate governance report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to Vincent Ravat, Chief Executive Officer, by virtue of his office, as presented in the 2022 Universal Registration Document in chapter 4, § 4.2.2.4, B.

Resolution 10 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2022 to Elizabeth Blaise, Deputy Chief Executive Officer

EXPLANATORY STATEMENT

Under the 10th resolution, pursuant to Article L. 22-10-34 II of the French Commercial Code, the Board of Directors asks you to approve 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, 2022 to Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as they are listed and described in the table appearing in the corporate governance section of the Board of Directors' report in the 2022 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 1, p. 301).

Elizabeth Blaise's fixed compensation was set at the sum of Euro 318,000. She had an employment contract as Chief Financial Officer until April 28, 2022. Until then, half of her compensation was paid by Mercialys in respect of her corporate office and the other half in respect of her employment contract. She received Euro 265,000 in respect of her corporate office and Euro 53,000 in respect of her employment contract. In addition, she received Euro 26,342 in the balance of any account paid at the end of her employment contract.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 80%, including two non-financial objectives, one of which is related to CSR;
- 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 2022, the variable compensation awarded to the Deputy Chief Executive Officer amounts to Euro 279,665, in respect of her corporate office. The details of how this amount is determined are presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 3, p. 302 *et seq.*).

Pursuant to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the payment of the variable component of the Deputy Chief Executive Officer's compensation in respect of the 2022 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 2022 fiscal year were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 28, 2022, which approved them (by a majority of 94.77%).

The variable compensation components, of which payment is subject to approval from this General Meeting of April 27, 2023, are in this case determined in accordance with the law (see Appendix 3, p. 414 to 415 of the 2022 Universal Registration Document).

TENTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to 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' corporate governance report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as presented in the 2022 Universal Registration Document in chapter 4, § 4.2.2.6, B.

Resolution 11 – Approval of the compensation policy for Éric Le Gentil, Chairman of the Board of Directors

EXPLANATORY STATEMENT

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 11th resolution, the Board of Directors asks you to approve the principles and components of the compensation of Éric Le Gentil, Chairman of the Board of Directors, determined by the Board of Directors on February 14, 2023 on the recommendation of the Appointments, Compensation and Governance Committee.

In respect of his position as Chairman of the Board of Directors, and particularly the specific assignments entrusted to him, it was decided to pay him fixed annual compensation of Euro 225,000, unchanged from fiscal years 2020, 2021 and 2022.

Éric Le Gentil does not receive any variable compensation in cash or shares aside from the attendance-related component included in his compensation as a director.

All the components relating to the compensation of Éric Le Gentil, Chairman of the Board of Directors, are presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.2.3, p. 280 et *seq.*).

ELEVENTH RESOLUTION

Approval of the compensation policy for 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' corporate governance report, describing the compensation policy for the Company's corporate officers, approves the compensation policy for Éric Le Gentil, Chairman of the Board of Directors, by virtue of his office, as presented in the 2022 Universal Registration Document, in chapter 4, § 4.2.2.3.

Resolutions 12 and 13 – Approval of the compensation policy for Vincent Ravat, Chief Executive Officer, and Elizabeth Blaise, Deputy Chief Executive Officer

EXPLANATORY STATEMENT

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.

Compensation policy for the Chief Executive Officer

Under the 12th resolution, the Board of Directors asks you to approve the principles and components of the compensation of Vincent Ravat, Chief Executive Officer, determined by the Board of Directors on February 14, 2023. All the information relating to the compensation of Vincent Ravat, Chief Executive Officer, is presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.2.5, p. 292 *et seq.*).

In respect of his duties as Chief Executive Officer, it was decided to pay him a fixed compensation of Euro 430,000. This is unchanged compared to the 2022 fiscal year (see chapter 4, § 4.2.2.5, p. 293).

The target annual variable compensation of the Chief Executive Officer remains at 70% of his annual fixed compensation if the objectives set are achieved. In the event of outperformance, this variable compensation could reach up to 140% of his annual fixed compensation.

In the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

Vincent Ravat will also receive compensation for his duties as director.

Compensation policy for Deputy Chief Executive Officer

Under the 13th resolution, the Board of Directors asks you to approve the principles and components of the compensation of Elizabeth Blaise, Deputy Chief Executive Officer, determined by the Board of Directors on February 14, 2023. All information relating to the compensation of Elizabeth Blaise, Deputy Chief Executive Officer, is presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.2.7, p. 307 *et seq.*).

In respect of her duties as Deputy Chief Executive Officer, it was decided to pay her a fixed compensation of Euro 318,000. This is unchanged compared to the 2022 fiscal year (see chapter 4, § 4.2.2.7, p. 307 *et seq.*).

The target annual variable compensation of the Deputy Chief Executive Officer would be 55% of her annual fixed compensation if the objectives set are achieved. In the event of outperformance, this variable compensation could reach up to 110% of her annual fixed compensation.

In the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

TWELFTH RESOLUTION

Approval of the compensation policy for 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' corporate governance report describing the compensation policy for the Company's corporate officers, approves the compensation policy for Vincent Ravat, Chief Executive Officer, by virtue of his office, as presented in the 2022 Universal Registration Document, in chapter 4, § 4.2.2.5.

THIRTEENTH RESOLUTION

Approval of the compensation policy for 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' corporate governance report describing the compensation policy for the Company's corporate officers, approves the compensation policy for Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as presented in the 2022 Universal Registration Document, in chapter 4, § 4.2.2.7.

Resolution 14 – Approval of the compensation policy for directors

EXPLANATORY STATEMENT

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 14th resolution, you are asked to approve the compensation policy for directors, determined by the Board of Directors on February 14, 2023, on the recommendation of the Appointments, Compensation and Governance Committee. The total amount of annual compensation for directors would be Euro 370,000, unchanged compared to 2022.

All the components relating to the compensation policy for directors are presented in the corporate governance section of the 2022 Universal Registration Document (see chapter 4, § 4.2.1.1, p. 268, and § 4.2.1.3, p. 271).

FOURTEENTH 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' corporate governance report describing the compensation policy for the Company's directors, approves the compensation policy for directors, by virtue of their office, as presented in the 2022 Universal Registration Document, in chapter 4, § 4.2.1.1 and 4.2.1.3.

Resolution 15 – Statutory Auditors' special report on regulated agreements

EXPLANATORY STATEMENT

Under the 15th resolution, the Board of Directors asks you to approve the regulated agreements entered into or performed by the Company during the fiscal year ended on December 31, 2022 and mentioned in the Statutory Auditors' special report (see p. 355 *et seq.*).

FIFTEENTH RESOLUTION

Approval of the Statutory Auditors' special report on regulated agreements covered by Articles L. 225-38 et seq. of the French Commercial Code

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Statutory Auditors' special report on agreements covered in the provisions of Articles L. 225-38 and L. 225-40 of the French Commercial Code, approves said report in all its provisions as well as the new agreement referred to therein and approved by the Board of Directors during the fiscal year ended December 31, 2022.

Resolution 16 – Purchase by the Company of its treasury shares

EXPLANATORY STATEMENT

As every year, the Board of Directors asks you to renew the authorization given to the Company to purchase treasury shares under a buyback program.

Details of the objectives of the share buyback program are provided below in the 16th resolution and in the description of the share buyback program in chapter 7, § 7.1.2.3, p. 365 *et seq.* of the 2022 Universal Registration Document.

In the event of a public offer relating to the shares or securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share award plans undertaken and announced before the launch of the tender offer.

In 2022, transactions on treasury shares were as follows:

- purchase of 5,482,805 shares, and
- sale of 5,363,029 shares.

At December 31, 2022, the Company held 600,230 shares, *i.e.* 0.64% of the share capital, of which:

- 313,341 shares allocated to the objective of covering any stock option plan, any savings plan or any bonus share plan, and
- 286,889 shares under the liquidity agreement.

Authorization would be granted within the following limits:

Authorization ceiling

- 10% of the share capital
- Maximum buyback price: Euro 16 per share (excluding acquisition costs)
- Indicative maximum budget, based on the share capital and treasury shares held at December 31, 2022: Euro 140.6 million, corresponding to 8,788,420 shares

Term of the authorization

Eighteen months

SIXTEENTH 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, having reviewed 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 French Financial Markets Authority (AMF);
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code, any savings 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 Euro sixteen (16) (excluding acquisition 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 General Meeting, *i.e.* 8,788,420 shares based on the share capital at December 31, 2022, net of 600,230 treasury shares, for a maximum amount of Euro 140.6 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 cancels, for the unused portion, the previous authorization of the same nature granted by the General Meeting of April 28, 2022, in its 20th resolution.

In the event of a public offer relating to the shares or marketable securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share plans or strategic transactions undertaken and announced before the launch of the public offer.

Consequently, all powers are granted to the Board of Directors, with the option to delegate, to:

- implement this authorization;
- place all stock market orders;
- enter into any agreements with a view, in particular, to keeping registers of share purchases and sales;
- allocate or reallocate the shares acquired to the various objectives in accordance with applicable legal and regulatory conditions;
- complete all other formalities with the French Financial Markets Authority (AMF) and, in general, do whatever is necessary.

8.1.3 Resolutions within the competence of the Extraordinary General Meeting

Resolution 17 – Cancellation by capital reduction of shares bought by the Company

EXPLANATORY STATEMENT

The 17th 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 some of the shares that the Company may acquire pursuant to an authorization granted by the Shareholders' General Meeting.

Authorization ceiling

10% of the share capital per period of twenty-four months

Term of the authorization

Twenty-six months

SEVENTEENTH 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 the Board of Directors' and Statutory Auditors' reports, 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 par value to the reserve or share premium account, according to choice, to amend the articles of association accordingly and complete any formalities.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 28, 2022, in its 21st resolution.

Resolution 18 - Capital increase with shareholders' preferential subscription rights

EXPLANATORY STATEMENT

Under the 18th resolution, the Board of Directors proposes that you authorize it to issue, with preferential subscription rights for shareholders, Company shares or securities granting access to the share capital of the Company or other companies.

This delegation would be suspended during a public offer, unless authorized by the General Meeting.

Delegation ceiling

- Capital increase: par value of Euro 46.5 million, *i.e.* less than 50% of the share capital at December 31, 2022
- 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

EIGHTEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital through the issue, with preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities

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, in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-132 to L. 225-134, L. 22-10-49 and L. 228-91 *et seq.* of the French Commercial Code:

- delegates to the Board of Directors, with the option of subdelegation under the conditions provided for by law, its authority to decide, on one or more occasions and only on its decisions, in the proportions and at the times that it deems appropriate, both in France and abroad, on the issue with preferential subscription rights of:

  (i) Company shares, or

  (ii) any other securities referred to in Articles L. 228-92 paragraph 1, L. 228-93 paragraph 1 or 3, or L. 228-94 paragraph 2 of the French Commercial Code granting access, by any means, immediately and/or in the future, to the share capital of the Company or other companies;

- decides that the subscription may be made either in cash or by offsetting debt;
- resolves that the securities thus issued may consist of debt securities or be associated with 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 issues of warrants to subscribe for new Company shares may be carried out by subscription offer or by free allocation to the owners of old shares, it being specified that the Board of Directors will have the option to decide that the fractional allocation rights shall not be negotiable and that the corresponding securities shall be sold.

The total nominal amount of Company shares that may be issued immediately and/or in the future under this delegation must not exceed forty-six million five hundred thousand euros (Euro 46,500,000) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies, 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 for other adjustments, the rights of holders of securities granting future access to the Company's equity securities.

The total nominal amount of debt securities that the Company may issue on the basis of this delegation may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies.

In the event of a subscription offer, the Board of Directors may, in accordance with the law, institute, if it deems it useful, a subscription right on a reducible basis under which the equity securities or other securities granting access to the share capital which have not been subscribed on an irreducible basis will be allocated to shareholders who have subscribed to a greater number of securities to which they could have subscribed on an irreducible basis, in proportion to the subscription rights they have, and in any event, up to the amounts requested by them.

If the subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entire issue, the Board of Directors may use, under the conditions provided for by law and in the order that it shall determine, one and/or the other of the following options:

- limit the issue to the amount of subscriptions provided that this amounts to at least three-quarters of the issue decided;
- freely distribute all or some of the unsubscribed securities;
- offer to the public, on the French or international market, all or some of the unsubscribed securities.

This delegation automatically entails, for the benefit of holders of securities likely to be issued and granting access to the Company's share capital, the shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

Within the limits set by the General Meeting, and in accordance with the law, the Board of Directors has all the powers, with the option of subdelegation:

- to decide to implement this delegation;
- to set the terms of the issue(s), the nature and characteristics, in particular the issue price with or without premium, of the shares and other securities to be issued and the date, even retroactive, from which the new shares shall bear rights, where applicable, for the redemption or exchange of the securities to be issued with a view to canceling them or not;
- to determine the payment method for the shares or securities giving access to the share capital to be issued immediately or in the future;
- to record the completion of the resulting capital increases, amend the articles of association, and request the admission to trading on a regulated market of the shares and other securities thus issued.

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 provisions 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 cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 22, 2021, in its 19th resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 19 - Capital increase without shareholders' preferential subscription rights by way of a public offer other than those referred to in Article L. 411-2, 1° of the French Monetary and Financial Code

EXPLANATORY STATEMENT

The 19th resolution enables the Board of Directors to issue Company shares or securities granting access to the share capital of the Company or other companies, by way of public offer, with the exception of those intended exclusively for qualified investors and/or a limited circle of investors as referred to in Article L. 411-2, 1° of the French Monetary and Financial Code.

The Board of Directors may establish a priority subscription period on an irreducible and/or reducible basis in favor of shareholders.

This delegation would be suspended during a public 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

- Capital increase: par value of Euro 9.3 million, *i.e.* less than 10% of the share capital at December 31, 2022
- 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

NINETEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, by public offer other than those referred to in Article L. 411-2, 1° of the French Monetary and Financial Code, with an optional priority period

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, in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 22-10-49, L. 22-10-51, L. 22-10-52 and L. 228-91 *et seq.* of the French Commercial Code:

- delegates to the Board of Directors, with the option of subdelegation under the conditions provided for by law, its authority to decide, on one or more occasions, in the proportions and at the times that it deems appropriate, both in France and abroad, the issue, by way of public offer, other than those referred to in Article L. 411-2, 1° of the French Monetary and Financial Code:

  (i) Company shares, or

  (ii) securities covered by Articles L. 228-92 paragraph 1, L. 228-93 paragraph 1 or 3 or L. 228-94 paragraph 2 of the French Commercial Code granting access, by any means, immediately and/or in the future, to the share capital of the Company or other companies;

- decides that the subscription may be made either in cash or by offsetting debt;

- resolves that the securities thus issued may consist of debt securities or be associated with 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 General Meeting resolves to cancel shareholders' preferential subscription rights to the equity securities issued under this delegation. However, the General Meeting delegates to the Board of Directors the power to institute, if it deems it useful for all or part of an issue, a priority subscription period on an irreducible and/or reducible basis in favor of the shareholders and to set the terms and conditions for exercising them, in accordance with the applicable legal and regulatory provisions. This priority subscription shall not give rise to the creation of negotiable rights, but may, if the Board of Directors deems it appropriate, be exercised on an irreducible or reducible basis.

The total nominal amount of Company shares that may be issued immediately and/or in the future under this delegation may not exceed nine million three hundred thousand euros (Euro 9,300,000) or the equivalent value on the same date in any other currency or monetary unit established by reference to multiple currencies, 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 for other adjustments, the rights of holders of securities giving future access to the Company's equity securities.

The total nominal amount of debt securities that the Company may issue on the basis of this delegation may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies.

The General Meeting resolves that if the subscriptions of shareholders and the public have not absorbed the entire issue of securities, the Board of Directors may use, in the order it determines, one and/or both of the following options:

- limit the issue to the amount of subscriptions provided that this amounts to at least three-quarters of the issue decided;
- freely distribute all or some of the unsubscribed securities;
- offer to the public, on the French or international market, all or some of the unsubscribed securities.

The General Meeting delegates to the Board of Directors, at the time of any public exchange offer decided by the Company on its own shares, the power to deliver in exchange the securities referred to in Article L. 228-91 of the French Code of commerce, issued as part of this issue.

This delegation automatically entails, for the benefit of holders of securities likely to be issued and granting access to the Company's share capital, the shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The issue price of the shares to be set by the Board of Directors shall 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, paragraph 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 granting access to the share capital and the number of shares to which these securities shall 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 all the powers, with the option of subdelegation:

- to decide to implement this delegation;
- to set the terms of the issue(s), the nature and characteristics, in particular the issue price with or without premium, of the shares and other securities to be issued and the date, even retroactive, from which the new shares shall bear rights, where applicable, for the redemption or exchange of the securities to be issued with a view to canceling them or not;
- to determine the payment method for the shares or securities giving access to the share capital to be issued immediately or in the future;

- to record the completion of the resulting capital increases, amend the articles of association, and request the admission to trading on a regulated market of the shares and other securities thus issued.

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 provisions 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 cancels the unused portion of the previous delegation of the same nature granted by the General Meeting of April 22, 2021, in its 20th resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 20 – 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

EXPLANATORY STATEMENT

The 20th resolution would allow the Board of Directors to issue shares or securities granting access to the share capital of the Company or other companies, 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 limited circle of investors provided that these investors are acting on their own behalf).

This delegation would be suspended during a public 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

- Capital increase: par value of Euro 9.3 million, *i.e.* less than 10% of the share capital at December 31, 2022
- 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

TWENTIETH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, by public offer referred to in 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, 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:

- delegates to the Board of Directors, with the option of subdelegation under the conditions provided for by law, its authority to decide, on one or more occasions, in the proportions and at the times it deems appropriate, both in France and abroad, the issue, through an offer referred to in Article L. 411-2, 1° of the French Monetary and Financial Code:

  (i) Company shares, or

  (ii) any other securities referred to in Articles L. 228-92 paragraph 1, L. 228-93 paragraph 1 or 3, or L. 228-94 paragraph 2 of the French Commercial Code granting access, by any means, immediately or in the future, to the share capital of the Company or other companies;

- decides that the subscription may be made either in cash or by offsetting debt;

- resolves that the securities thus issued may consist of debt securities or be associated with 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 Company shares that may be issued immediately and/or in the future under this delegation may not exceed nine million three hundred thousand euros (Euro 9,300,000) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies, 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 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 debt securities that the Company may issue on the basis of this delegation may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies.

The General Meeting resolves to cancel shareholders' preferential subscription rights to shares and securities granting access to the share capital to be issued to 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.

This delegation 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 the subscriptions have not absorbed the entire issue of securities, the Board of Directors may use, in the order it determines, one and/or both of the options below:

- limit the issue to the amount of subscriptions provided that this amounts to at least three-quarters of the issue decided;
- freely distribute all or some of the unsubscribed securities;
- offer to the public, on the French or international market, all or some of the unsubscribed securities.

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, paragraph 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 all the powers, with the option of subdelegation, to implement this delegation, in particular:

- to set the terms of the issue(s), the nature and characteristics, in particular the issue price with or without premium, of the shares and other securities to be issued and the date, even retroactive, from which the new shares shall bear rights, where applicable for the redemption or exchange of the securities to be issued with a view to canceling them or not,
- to determine the payment method for the shares or securities giving access to the share capital to be issued immediately or in the future,
- to record the completion of the resulting capital increases, amend the articles of association, and request the admission to trading on a regulated market of the shares and other securities thus issued.

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 provisions 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 cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 28, 2022, in its 22nd resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 21 – 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

EXPLANATORY STATEMENT

The 21st resolution authorizes the Board of Directors, in the context of capital increases carried out with or without preferential subscription rights (18th to 20th resolutions), to increase the initial amount of the issues, in the event of excess requests.

The price would be the same as that used for the initial issue.

This delegation would be suspended during a public offer, unless authorized by the General Meeting.

Delegation ceiling

15% of the original issue

Transactions will be deducted from the ceilings provided for in the 25th resolution.

Term of the delegation

Twenty-six months

TWENTY-FIRST 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, delegates to the Board of Directors, with the option to subdelegate under the conditions provided for by law, in accordance with the provisions of Articles L. 225-129-2, L. 225-135-1, L. 22-10-49 and R. 225-118 of the French Commercial Code, its authority, when any issue carried out under the 18th, 19th and 20th resolutions, to issue a greater number of shares or securities than initially set:

- within the time frames and limits provided for by regulations applicable on the date of the issue, *i.e.* currently:
  - within thirty days of the end of the subscription period,
  - up to a limit of 15% of the initial issue, and
  - at the same price as that used for the initial 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.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 28, 2022 in its 23rd resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 22 - Capital increase by incorporation of reserves, profits, premiums or other

EXPLANATORY STATEMENT

The 22nd resolution would enable the Board of Directors to increase the share capital by incorporating reserves, profits, premiums or other amounts that may be capitalized.

This delegation would be suspended during a public offer, unless authorized by the General Meeting.

Delegation ceiling

Capital increase: par value of Euro 46.5 million (less than 50% of the share capital at December 31, 2022)

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 incorporation of reserves, profits, premiums or any other sums that may be capitalized

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-130, L. 22-10-49 and L. 22-10-50 of the French Commercial Code, delegates to the Board of Directors, with the option to subdelegate under the conditions provided for by law, its authority to decide to increase the share capital, on one or more occasions, at the times and according to the terms and conditions it determines, by incorporating reserves, profits, premiums or other amounts that may be capitalized:

(i) through the issue and free allocation of new equity securities;

(ii) by increasing the par value of existing equity securities; or

(iii) by the combination of these two methods.

The amount of the capital increase resulting from the issues carried out under this resolution shall not exceed the nominal amount of forty-six million five hundred thousand euros (Euro 46,500,000) or the equivalent value in any other currency or monetary unit established by reference to several currencies, 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 for other cases of adjustment, the rights of holders of securities giving future access to the Company's equity securities.

The General Meeting grants the Board of Directors full powers, with the option to subdelegate, to implement this resolution, in particular to:

- determine all the terms and conditions of the authorized transactions and, in particular, set the amount and nature of reserves and premiums to be capitalized, set the number of new equity securities to be issued or the amount by which the par value of existing equity securities making up the share capital will be increased, to set the date, even retroactive, from which the new equity securities will bear rights or the date from which the increase in par value will take effect;
- 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 provisions for other adjustments;
- determine the terms and conditions of use of the fractional rights and, in particular, decide that these rights will not be negotiable or transferable and that the corresponding equity securities will be sold, the sums resulting from the sale being allocated to the holders of the rights within the period provided for by regulations, *i.e.* currently no later than 30 days after the date on which the whole number of equity securities allocated is recorded in their account;
- record the capital increase resulting from the issue of equity securities, amend the articles of association accordingly, request the admission of the securities to trading on a regulated market and carry out all required disclosure formalities; and
- more generally, take all measures and carry out all formalities required for the successful completion of each capital increase.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 22, 2021 in its 24th resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 23 – Capital increase as part of a public offer initiated by the Company

EXPLANATORY STATEMENT

The 23rd resolution authorizes 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 offer made by the Company on the 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 offer, unless authorized by the General Meeting.

Delegation ceiling

- Capital increase: Euro 9.3 million, *i.e.* less than 10% of the share capital at December 31, 2022
- 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-THIRD RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, 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 Statutory Auditors' reports, in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 22-10-49, L. 22-10-54 and L. 228-91 *et seq.* of the French Commercial Code:

- delegates to the Board of Directors, with the option of subdelegation under the conditions provided for by law, the power to decide, on one or more occasions, in the proportions and at the times it deems appropriate, both in France and abroad, the issue of:

  (i) Company shares, or

  (ii) any other 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 initiated by the Company, in France or abroad, on 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;

- resolves that the securities thus issued may consist of debt securities or be associated with 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 General Meeting resolves to cancel, as necessary, shareholders' preferential subscription rights to these shares or securities.

The total nominal amount of Company shares that may be issued immediately and/or in the future under this delegation may not exceed nine million three hundred thousand euros (Euro 9,300,000) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies, 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 for other adjustments, the rights of holders of securities giving access to the Company's equity securities.

The total nominal amount of debt securities that the Company may issue on the basis of this delegation may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies.

This delegation 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 of subdelegation, to implement this delegation, and in particular to:

- set the exchange ratio and, where applicable, the amount of the cash balance to be paid;
- record the number of securities contributed, determine the dates and conditions of issue, in particular the price, the dividend date, the payment methods, the nature and the characteristics of the securities to be issued;
- 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 provisions for other adjustments;

- suspend, where applicable, the exercise of the rights attached to the securities to be issued in the cases and limits provided for by regulatory and contractual provisions and, where applicable, to defer them;
- record on the liabilities side of the balance sheet the contribution premium to which all costs and duties incurred by the transaction may be charged;
- record the completion of the capital increases, amend the articles of association accordingly, and carry out all formalities and declarations and request all authorizations that may prove necessary for the successful completion of the transactions authorized by this delegation and, in general, take any necessary action.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 28, 2022 in its 24th resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 24 - Capital increase to remunerate contributions of securities granted to the Company

EXPLANATORY STATEMENT

The 24th resolution would allow the Board of Directors to issue shares or securities giving access to the Company's share capital in order to remunerate contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital. This option may prove necessary for the Company to pursue its development strategy.

This delegation would be suspended during a public offer, unless authorized by the General Meeting.

Delegation ceiling

- Capital increase: Euro 9.3 million, *i.e.* less than 10% of the share capital at December 31, 2022
- 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 powers granted to the Board of Directors to increase the share capital through the issue, without preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital and/or granting entitlement to the allocation of debt securities, so as to remunerate contributions in kind consisting of equity securities or securities giving access to the share capital

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, in accordance with the provisions of Articles L. 225-147, L. 22-10-49, and L. 22-10-53 *et seq.* of the French Commercial Code:

- delegates to the Board of Directors, with the option of subdelegation under the conditions provided for by law, all powers to carry out a capital increase, through the issue of:
  - (i) Company shares, or
  - (ii) any other securities giving access, by any means, immediately or in the future, to the Company's share capital,

  to remunerate contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital, when the provisions of Article L. 22-10-54 of the French Commercial Code are not applicable;
- resolves that the securities thus issued may consist of debt securities or be associated with 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 any other currency or monetary unit established by reference to multiple currencies;
- acknowledges the absence of preferential subscription rights for shareholders to these shares or securities.

The total nominal amount of Company shares that may be issued immediately and/or in the future under this delegation may not exceed nine million three hundred thousand euros (Euro 9,300,000) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies, 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 for other adjustments, the rights of holders of securities giving access to the Company's equity securities.

The total nominal amount of debt securities that the Company may issue on the basis of this delegation may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit established by reference to multiple currencies.

This delegation 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 of subdelegation, to implement this delegation, and in particular to:

- determine all the terms and conditions of the authorized transactions, in particular:
  - (i) to approve the valuation of the contributions and the granting of special benefits and their values, including, if the contributors consent, the valuation of the contributions or the remuneration of special benefits,
  - (ii) to set the terms, nature and characteristics of the shares and other securities to be issued,
  - (iii) to allocate, where applicable, any share premiums, and in particular all costs incurred by the capital increase;
- 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 provisions for other adjustments;
- suspend, where applicable, the exercise of the rights attached to the securities to be issued in the cases and limits provided for by regulatory and contractual provisions and, where applicable, to defer them;
- record the completion of the capital increases carried out under this delegation and amend the articles of association accordingly;
- carry out all formalities and declarations and request all authorizations that may prove necessary to carry out these contributions and, in general, take any necessary action.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 22, 2021 in its 26th resolution.

The Board of Directors may not, without prior authorization from the General Meeting, use this delegation once a third party has filed a proposal for a public offer for the Company's securities, and until the end of the offer period.

Resolution 25 – Overall limit on financial authorizations

EXPLANATORY STATEMENT

The 25th resolution shall limit the total amount of equity securities or debt securities that may be issued on the basis of the 18th to 24th resolutions, with the exception of the 22nd resolution relating to capital increases by incorporation of reserves, profits, premiums or other.

Authorization ceilings

- Overall ceiling on capital increases: Euro 46.5 million, *i.e.* less than 50% of the share capital at December 31, 2022
- 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, 2022
- 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 18th, 19th, 20th, 21st, 23rd and 24th resolutions, or on the basis of resolutions of the same nature that may succeed said resolutions during the period of validity of this delegation, may not exceed two hundred million euros (Euro 200 million) or the equivalent value in any other currency or monetary unit 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 18th, 19th, 20th, 21st, 23rd and 24th resolutions may not exceed:
  - (i) forty-six million five hundred thousand euros (Euro 46,500,000) or the equivalent value in any other currency or monetary unit established by reference to several currencies,
  - (ii) 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, within the framework of the 19th, 20th, 21st, 23rd and 24th resolutions may not exceed nine million three hundred thousand euros (Euro 9,300,000) or the equivalent value in any other currency or monetary unit established by reference to several currencies,

increased, where applicable, for each of the amounts, by the nominal amount of the additional shares to be issued to safeguard, in accordance with legal and regulatory provisions and, where applicable, contractual provisions for other cases of adjustment, the rights of the holders of securities giving future access to the Company's equity securities.

Resolution 26 – Capital increase reserved for members of a Company savings plan

EXPLANATORY STATEMENT

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 (PEE) of the Company and/or companies related to it.

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 may not be less than the average share price for the 20 trading sessions prior to the date on which the decision is taken setting the opening date of the subscription period, less a discount of no more than 30%, or 40% when the plan's lock-up 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 General 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 Statutory Auditors' reports, in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labor Code and Articles 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 of subdelegation and on its sole initiative, 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 a Company Savings Plan (PEE) of the Company or companies related to it, in accordance with the conditions 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 General Meeting, plus any additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital, in accordance with applicable legal and regulatory requirements and contractual stipulations, it being specified that this ceiling is independent of the overall ceiling referred to in the 25th resolution of this General Meeting.

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 of the Company's shares for the 20 trading sessions prior to the date on which the decision is taken setting the opening date of the subscription period, less a discount of no more than 30%, or 40% when the plan's lock-up period is 10 years or more, nor may it be higher than this average. The General Meeting expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or eliminate the aforementioned discount, in order to take into account, in particular, applicable legal, regulatory and tax provisions of 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 subdelegate 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.

This authorization is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of authority granted by the General Meeting of April 28, 2022 in its 26th resolution.

Resolution 27 - Company bonus share plans for Company employees and executive corporate officers

EXPLANATORY STATEMENT

The purpose of the 27th resolution is to authorize the Board of Directors to allocate bonus shares in the Company to employees and executive corporate officers of the Company and its related companies. This authorization would be part of an employee and executive loyalty policy.

For the executive corporate officers of the Company as well as the members of the Management Committee or any other form of equivalent Executive Committee, the definitive allocation of all the shares must be subject to the achievement of performance conditions, as well as a service condition. These must be determined in advance by the Board of Directors on the basis of one or more criteria. They must be assessed over a minimum period of three fiscal years.

Vesting and holding periods

The duration of the vesting period must be set by the Board of Directors and should not be less than:

- 1 year for employees and
- 3 years for executive corporate officers and members of the Management Committee or equivalent.

These shares must be held for a period set by the Board of Directors, and the cumulative duration of the vesting and holding periods may not be less than:

- 2 years for employees and
- 5 years for executive corporate officers and members of the Management Committee or equivalent.

Exceptions to compliance with the vesting and holding periods may apply, in particular in the event of death or disability.

Ceiling

1.0% of the share capital on the day of the General Meeting (excluding adjustments), of which 0.5% for the benefit of executive corporate officers and 0.5% for the benefit of 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 (144 staff on permanent contracts at the end of December 2022) and so complies with the AFEP-MEDEF Code's principle of non-concentration of bonus share plans.

Transactions will not be deducted from the ceilings provided for in the 25th resolution.

Term of the authorization

Twenty-six months

TWENTY-SEVENTH RESOLUTION

Authorization granted to the Board of Directors to allocate existing or not yet issued Company bonus shares to employees and executive corporate officers of the Company and its related companies; automatic waiver by shareholders of their 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, in accordance with the provisions of Articles L. 225-197-1 to L. 225-197-5, L. 22-10-59 and L. 22-10-60 of the French Commercial Code:

- authorizes the Board of Directors to proceed on one or more occasions, for the benefit of employees of the Company or certain categories thereof and to executive corporate officers, as well as to employees of economic interest groups related to the Company within the meaning of Article L. 225-197-2 of the French Commercial Code, with the allocation of existing or not yet issued Company bonus shares;
- resolves that the total number of shares that may be allocated may not exceed 1.0% of the total number of shares representing the Company's share capital on the date of this General Meeting, of which 0.5% for executive corporate officers and 0.5% for employees, plus any additional shares to be issued to preserve the rights of holders of securities giving access to the Company's share capital, in accordance with applicable legal, regulatory and contractual provisions;
- resolves that with regard to the Company's executive corporate officers as well as members of the Management Committee or any other equivalent form of Executive Committee then in force in the Company if its organization were to change, the vesting of all shares must be subject, in addition to still being employed by the Company or a related company, to the achievement of one or more performance conditions, as well as to mandatory vesting and holding periods. These performance conditions will be determined in advance by the Board of Directors based on one or more criteria. They will be assessed over a minimum period of three fiscal years.

The General Meeting authorizes the Board of Directors to proceed, alternatively or cumulatively, within the limit set in the previous paragraph:

- with the allocation of shares resulting from buybacks carried out by the Company under the conditions provided for in Article L. 22-10-62 of the French Commercial Code; and/or
- the allocation of shares to be issued by way of a capital increase. In this case, the General Meeting authorizes the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the number of shares granted and notes that this authorization automatically entails, for the benefit of the beneficiaries of the bonus shares granted, the waiver by shareholders of their preferential subscription rights on the shares to be issued.

The General Meeting resolves that the shares will be vested to their beneficiaries at the end of a vesting period, the duration of which will be set by the Board of Directors, it being understood that this duration may not be less than:

(i) 1 year for employees; and

(ii) 3 years for executive corporate officers and members of the Management Committee or any other equivalent form of Executive Committee then in force in the Company if its organization were to change.

These shares must be held for a period set by the Board of Directors, and the cumulative duration of the vesting and holding periods may not be less than:

(i) 2 years for employees; and

(ii) 5 years for executive corporate officers and members of the Management Committee or equivalent.

Thus, for example, insofar as the vesting period, for all or part of one or more awards, would be at least two years for employees and five years for executive corporate officers and members of the Management Committee or equivalent, the Board of Directors would be authorized not to impose any holding period for the shares in question.

The General Meeting also authorizes the Board of Directors to decide that, in the event of the disability of the beneficiary corresponding to classification in the 2nd or 3rd categories provided for in Article L. 341-4 of the French Social Security Code, or an equivalent case abroad, the shares may be vested before the end of the remaining vesting period.

The General Meeting grants full powers to the Board of Directors, with the option of delegation in accordance with legal conditions, within the limits set above, to:

- determine the identity of the beneficiaries or the category or categories of beneficiaries of the share allocations, it being specified that no shares may be allocated to employees each holding more than 10% of the share capital, and that the allocation of bonus shares may not result in any of them crossing the threshold of holding more than 10% of the share capital;
- distribute the share allocation rights on one or more occasions and at the times it deems appropriate;
- set the conditions and criteria for the allocation of shares, such as, without the following list being exhaustive, conditions of seniority, conditions relating to the maintenance of the employment contract or the executive corporate office during the vesting period, or any other financial or individual or collective performance condition;
- determine, in accordance with legal conditions and limits, the definitive length of the vesting period and, where applicable, the holding period for the shares;
- register, where applicable, the bonus shares allocated in a registered account in the name of their holder, mentioning the period of unavailability and duration of these shares;
- waive the lock-up of the shares before the end of the holding period in accordance with applicable law and regulations;
- provide, if applicable, an unavailable reserve allocated to the rights of beneficiaries, in an amount equal to the total amount of the par value of the shares likely to be issued by way of a capital increase, by deducting the necessary sums from any reserves freely available to the Company;
- make the necessary withdrawals from this unavailable reserve in order to pay up the par value of the shares to be issued to their beneficiaries;
- set the date of dividend rights, even retroactive, of the new shares resulting from the bonus share plans;
- in the event of a capital increase, amend the articles of association accordingly and carry out all necessary formalities;
- adjust, if necessary, during the vesting period, the number of bonus shares allocated in connection with any transactions on the Company's share capital in order to preserve the rights of the beneficiaries; it is specified that any shares that may be granted pursuant to these adjustments will be deemed to be granted on the same day as the shares initially granted.

In accordance with the provisions of Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, a report will inform the Ordinary General Meeting of any transactions carried out in accordance with this authorization.

This authorization is granted for a period of twenty-six months from the date of this General Meeting. It cancels, for the unused portion, the previous delegation of the same nature granted by the General Meeting of April 22, 2021 in its 29th resolution.

8.1.4 Resolution within the competence of the Ordinary General Meeting

Resolution 28 – Powers for formalities

EXPLANATORY STATEMENT

The 28th resolution is a standard resolution that permits legal publication and formalities to be carried out.

TWENTY-EIGHTH 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 AWARDED OR PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, ÉRIC LE GENTIL, DURING OR IN RESPECT OF FISCAL YEAR 2022

Compensation components put to the vote	Amounts paid during fiscal year 2022	Amounts awarded in respect of fiscal year 2022 or accounting valuation	Presentation
Fixed compensation	**€225,000**	**€225,000**	All details are specified in chapter 4, § 4.2.2.2, p. 278 *et seq.*
Annual variable compensation	**Not applicable**	**Not applicable**	
Multi-annual variable compensation	**Not applicable**	**Not applicable**	
Exceptional compensation	**Not applicable**	**Not applicable**	
Stock options, performance shares or any other long-term benefits	**Not applicable**	**Not applicable**	No award was made in the past fiscal year.
Compensation allocated on account of the directorship	**€40,000**	**€40,000**	Éric Le Gentil receives compensation in respect of his position as a director. The gross amount of compensation linked to his directorship in 2022 has been set at Euro 15,000, comprising an annual fixed component of Euro 5,000 and an annual variable component of Euro 10,000, awarded on the basis of attendance at Board meetings. As a member of the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee, Éric Le Gentil received, like the other members of these Committees, an additional compensation comprising a gross annual fixed component of Euro 8,000 in 2022, and a gross annual variable component of Euro 17,000. Detailed information relating to compensation in respect of the directorship is presented in chapter 4, § 4.2.1.1 and 4.2.1.2, p. 268 *et seq.*
Benefits of all kinds	**€3,761**	**€3,761**	In 2022, the Chairman of the Board of Directors benefited from contributions to the Mercialys insurance and healthcare plan.
Severance pay	**Not applicable**	**Not applicable**	The Company is not bound by an obligation to pay a severance allowance to the Chairman of the Board of Directors for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	

APPENDIX 2: INFORMATION ON THE COMPENSATION AWARDED OR PAID TO THE CHIEF EXECUTIVE OFFICER, VINCENT RAVAT, DURING OR IN RESPECT OF THE FISCAL YEAR

Compensation components put to the vote	Amounts paid during fiscal year 2022	Amounts awarded in respect of fiscal year 2022 or accounting valuation	Presentation
Fixed compensation	**€430,000**	**€430,000**	All details are specified in chapter 4, § 4.2.2.4, p. 281 *et seq.*
Annual variable compensation	**€478,800**	**€510,195**	The General Meeting of April 28, 2022, in its 13th resolution, approved the method for determining the variable compensation for the Chief Executive Officer for fiscal year 2022. 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 Euro 120,400, • for the EBITDA margin: 200% achieved representing Euro 120,400, • for the reduction of the total vacancy rate: 125% achieved representing Euro 37,625, • for the percentage of BREEAM In-Use certified shopping centers to at least level "Very Good" (as a % of the total portfolio value at December 31, 2022): 200% achieved representing Euro 60,200, • for the debt refinancing: 200% achieved representing Euro 60,200, • for net investments over the fiscal year: 0% achieved representing Euro 0; • **qualitative objectives** (20% of the total variable compensation): • for Corporate Social Responsibility: continuity of benchmark performance in terms of non-financial ratings: 190% achieved representing Euro 57,190, • for 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: 180% achieved representing Euro 54,180. 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. 286 *et seq.*
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Vincent Ravat does not receive multi-annual variable compensation in cash.
Exceptional compensation	**Not applicable**	**Not applicable**	Vincent Ravat did not receive any exceptional compensation in or in respect of fiscal year 2022, in accordance with the compensation policy as described in chapter 4, § 4.2.2.4, p. 281 *et seq.*
Stock options, performance shares or any other long-term benefits	**4,266 bonus shares valued at Euro 28,028** (IFRS book value)	**58,775 bonus shares valued at Euro 332,666** (IFRS book value)	4,266 shares valued at Euro 28,028 vested to Vincent Ravat during fiscal year 2022, as a result of the bonus share plan set up in 2019. The number of shares granted is based on the performance conditions associated with this plan, for which the achievement rate was 20%. Pursuant to the authorization granted by the Extraordinary General Meeting of April 22, 2021 (29th resolution), the Board of Directors on April 28, 2022 decided to allocate 58,775 shares to Vincent Ravat, which may be increased to 75,232 shares if the performance criteria are exceeded. The vesting of the bonus shares on April 28, 2025 is subject to: (i) still being a corporate officer in the Company on the vesting date; and (ii) the achievement of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2022 are described in chapter 4, § 4.2.2.6, B, 4, p. 290 *et seq.*

Compensation components put to the vote	Amounts paid during fiscal year 2022	Amounts awarded in respect of fiscal year 2022 or accounting valuation	Presentation
Compensation allocated on account of the directorship	**€0**	**€13,575**	Appointed director of the Company during 2022, Vincent Ravat receives compensation in this respect. The amount of compensation linked to his directorship is made up of an annual fixed component of Euro 5,000 and an annual variable component of Euro 10,000, awarded on the basis of attendance at Board meetings. Vincent Ravat having been appointed on June 15, 2022, the fixed component amounts to Euro 2,740 and the variable component to Euro 5,000. The amount of compensation linked to his position as a member of the Strategy and Transformation Committee is made up of an annual fixed component of Euro 4,000 and an annual variable component of Euro 8,500, awarded on the basis of attendance at Committee meetings. Vincent Ravat having been appointed on June 15, 2022, the fixed component amounts to Euro 2,192 and the variable component to Euro 3,643. Detailed information relating to compensation in respect of the directorship is presented in chapter 4, § 4.2.1.1 and 4.2.1.2, p. 268 *et seq.*
Benefits of all kinds	**€39,494**	**€39,494**	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. No indemnity 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 the 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 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). The payment of the non-competition indemnity is excluded as soon as the Chief Executive Officer exercises his right to retire. In any event, no non-competition indemnity may be paid beyond the age of 65. Benefits of all kinds are described in chapter 4, § 4.2.2.4, B, 2, p. 285 *et seq.*
Severance pay	**Not applicable**	**Not applicable**	No commitment to pay a severance allowance to the Chief Executive Officer for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	The Chief Executive Officer does not benefit from any additional pension plan. He is a member of the mandatory group supplementary pension plan (ARRCO and AGIRC) and the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance.

APPENDIX 3: INFORMATION ON THE COMPENSATION PAID OR AWARDED TO THE DEPUTY CHIEF EXECUTIVE OFFICER, ELIZABETH BLAISE, DURING OR IN RESPECT OF FISCAL YEAR 2022

Compensation components put to the vote	Amounts paid during fiscal year 2022	Amounts awarded in respect of fiscal year 2022 or accounting valuation	Presentation
Fixed compensation	**€318,000**	**€318,000**	From February 13, 2019 onwards, Elizabeth Blaise received half of her compensation as Deputy Chief Executive Officer and half as a Company employee. Her employment contract was terminated on April 28, 2022. All of Elizabeth Blaise's compensation now relates to her position as Deputy Chief Executive Officer. All details are specified in chapter 4, § 4.2.2.6, p. 297 *et seq.*
Other compensation	**€26,342**		Amount paid to Elizabeth Blaise in respect of her balance of any account under the employment contract.
Annual variable compensation	**€265,994**	**€279,665**	The General Meeting of April 28, 2022, in its 14th resolution, approved the method for determining the variable compensation for the Deputy Chief Executive Officer in respect of fiscal year 2022. The amount of the variable portion for her term of office, expressed as a percentage, breaks down as follows: • **quantifiable objectives** (80% of the total variable compensation): • for FFO growth: 200% achieved representing Euro 69,960, • for the EBITDA margin: 200% achieved representing Euro 69,960, • in respect of the gross recovery rate of rental income and charges: 189% achieved representing Euro 33,056, • in respect of meeting the CSR objectives associated with changes in bank line margins: 200% achieved representing Euro 34,980, • in respect of the debt refinancing carried out to extend the term: 200% achieved representing Euro 34,980, • in respect of net investments over the fiscal year: 0% achieved representing Euro 0; • **qualitative objectives** (20% of the total variable compensation): • for the bringing back-house of accounting and treasury functions: 80% achieved representing Euro 13,992, • for 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: 130% achieved representing Euro 22,737. The annual variable compensation may represent 55% of the fixed annual compensation if the defined objectives are achieved and may reach up to 110% of fixed annual compensation if these objectives are exceeded. Full details relating to the variable compensation are presented in chapter 4, § 4.2.2.6, B, 3, p. 302 *et seq.*
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Elizabeth Blaise does not receive multi-annual variable compensation in cash.
Exceptional compensation	**Not applicable**	**Not applicable**	Elizabeth Blaise did not receive any exceptional compensation paid in 2022 or due in respect of fiscal year 2021, in accordance with the compensation policy as described in chapter 4, § 4.2.2.6, p. 297 *et seq.*

Compensation components put to the vote	Amounts paid during fiscal year 2022	Amounts awarded in respect of fiscal year 2022 or accounting valuation	Presentation
Stock options, performance shares or any other long-term benefits	**1,817 bonus shares valued at Euro 11,938** (IFRS book value)	**34,773 shares valued at Euro 196,815** (IFRS book value)	1,817 shares valued at Euro 11,938 vested to Elizabeth Blaise during fiscal year 2022, as a result of the bonus plan set up in 2019. The number of shares granted is based on the performance conditions associated with this plan, for which the achievement rate was 20%. Pursuant to the authorization granted by the Extraordinary General Meeting of April 22, 2021 (29th resolution), the Board of Directors on April 28, 2022, decided to allocate 34,773 shares to Elizabeth Blaise, which may be increased to 45,205 shares if the performance criteria are exceeded. The vesting of the bonus shares on April 28, 2025 is subject to: (i) still being a corporate officer in the Company on the vesting date, and (ii) the achievement of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2022 are described in chapter 4, § 4.2.2.6, B, 4, p. 304 *et seq.*
Benefits of all kinds	**€37,328**	**€37,328**	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 this 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). The payment of the non-competition indemnity is excluded as soon as the Deputy Chief Executive Officer exercises her right to retire. In any event, no non-competition indemnity may be paid beyond the age of 65. Benefits of all kinds are described in chapter 4, § 4.2.2.6, B, 2, p. 301 *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 27, 2023

SEVENTEENTH 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 (CNCC) 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 13, 2023

The Statutory Auditors

KPMG SA

Régis Chemouny

ERNST & YOUNG et Autres

Sylvain Lauria

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 18 to 21 and 23 to 25

General Meeting of April 27, 2023

RESOLUTIONS 18 TO 21 AND 23 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:

- to delegate to it, for a period of 26 months, the authority 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 preferential subscription rights (18th resolution) of shares or any other securities giving access, by any means, immediately and/or in the future, to the share capital of the Company or other companies, by way of a subscription offer or bonus shares allocated to the owners of old shares. The subscription may be made either in cash or by offsetting debt. The securities thus issued may consist of debt securities or be associated with 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.
  - issue without preferential subscription rights by way of a public offering, with the exception of those intended exclusively for qualified investors and/or a limited circle of investors (19th resolution) of shares or securities giving access, by any means, immediately and/or in the future, to the share capital of the Company or other companies. The subscription may be made either in cash or by offsetting debt. The securities thus issued may consist of debt securities or be associated with 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.
  - issue without 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 (20th resolution), of Company shares or any other securities giving access, by any means, immediately or in the future, to the Company's share capital, or the share capital of other companies. The subscription may be made either in cash or by offsetting debt. The securities thus issued, 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;
- to delegate to it, by the 21st 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 18th, 19th and 20th resolutions of the General Meeting of April 27, 2023, 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 (23rd resolution) Company 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 on 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 securities thus issued may consist of debt securities or be associated with 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 powers necessary to issue shares or any other securities giving access by any means, immediately and/or in the future, to the Company's share capital, in exchange for contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital (24th resolution). The securities thus issued may consist of debt securities or be associated with 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 capital increases likely to be carried out immediately and/or in the future may not, in accordance with the 25th resolution, exceed Euro 46.5 million or its equivalent in any other currency or in any monetary unit established by reference to multiple currencies in respect of the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023, 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 or its equivalent value in any other currency or in monetary unit established by reference to multiple currencies in respect of the 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023. The total nominal amount of debt securities that may be issued may not, in accordance with the 25th resolution, exceed Euro 200 million or its equivalent value in any other currency or in monetary unit established by reference to multiple currencies in respect of the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023.

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 (CNCC) 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 19th, 20th and 21st resolutions.

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 18th, 23rd, and 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 19th, 20th, 23rd 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 13, 2023
KPMG SA
Régis Chemouny
Partner

Lyon, March 13, 2023
ERNST & YOUNG et Autres
Sylvain Lauria
Partner

8.2.3 Statutory Auditors' report on the issue of equity securities or securities giving access to the Company's share capital reserved for members of a company savings plan

General Meeting of April 27, 2023

TWENTY-SIXTH RESOLUTION

To the Shareholders,

In our capacity as Statutory Auditors of your company and in execution of the mission provided for by Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code, we hereby present to you our report on the proposed delegation to the Board of Directors the authority to decide on the issue, on one or more occasions, of equity securities or securities giving access to the Company's share capital, without preferential subscription rights, reserved for employees who are members of a company savings plan of the company and its related companies under the conditions set out in Article L. 233-16 of the French Commercial Code, up to a limit of 2% of the share capital, a transaction on which you are asked to vote.

This transaction 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 securities 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 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 the issue, 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 (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 equity securities to be issued.

Subject to a subsequent review of the yet to be determined terms and conditions for the issue, we have no matters to report on the methods used to determine the issue price of the equity securities to be issued, presented in the Board of Directors' report.

As the final terms and conditions under which the issue would be carried out have not been set, we do not express an opinion on them nor, 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 these authorizations are used by your Board of Directors in the event of the issue of shares or equity securities granting access to other equity securities and in the event of the issue of securities granting access to equity securities yet to be issued.

Paris-La Défense and Lyon, on March 13, 2023

The Statutory Auditors

KPMG SA

Régis Chemouny

ERNST & YOUNG et Autres

Sylvain Lauria

8.2.4 Statutory Auditors' report on the authorization to grant existing or yet to be issued bonus shares

General Meeting of April 27, 2023

TWENTY-SEVENTH RESOLUTION

To the General Meeting of Mercialys,

In our capacity as Statutory Auditors of your company and in execution of the mission provided for by Article L. 225-197-1 of the French Commercial Code, we hereby present to you our report on the proposed authorization to grant existing or yet to be issued bonus shares to employees and corporate officers of your company and/or companies related to it, a transaction on which you are asked to vote. The total number of shares that may be allocated under this authorization may not represent more than 1% of the company's share capital, of which 0.5% for executive corporate officers and 0.5% for employees, plus where applicable, additional shares to be issued to preserve the rights of holders of securities giving access to the company's share capital.

On the basis of its report, your Board of Directors proposes that you authorize it for a period of twenty-six months to allocate existing or yet to be issued bonus shares.

It is the responsibility of the Board of Directors to prepare a report on any transaction it wishes to be able to carry out. It is our responsibility to comment on the information provided to you on the proposed transaction.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the French National Association of Statutory Auditors (CNCC) relating to this type of undertaking. These procedures consisted of verifying that the proposed methods presented in the Board of Directors' report comply with the provisions of the law.

We have no matters to report on the information given in the Board of Directors' report on the proposed transaction to grant bonus shares.

Paris-La Défense and Lyon, March 13, 2023

The Statutory Auditors

KPMG SA

Régis Chemouny

ERNST & YOUNG et Autres

Sylvain Lauria



85%
large regional shopping centers (in value including transfer taxes)

11.1%
retailer occupancy cost ratio

1.3 M
customer members of the loyalty program

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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 following were excluded from these transfers:

- premises housing Casino group hypermarkets and supermarkets (with the exception of four supermarkets), and the majority of Casino group convenience stores;
- the parking lots; and
- almost all service stations adjoining hypermarkets and supermarkets.

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 shopping center extensions at an advanced stage of development (CDEC and PC obtained), "turnkey" programs delivered to Mercialys by Casino;
- 10 hypermarket store units (reserve and/or sale) to be converted into shopping center extensions by Mercialys;
- five hypermarket or supermarket premises in jointly-owned complexes in urban areas requiring the consolidation of properties before major restructuring work and the implementation of projects.

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 Mercialys share for every eight 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. 12 L'Esprit Voisin projects were launched for delivery in 2013 and 2014, comprising 120 new stores with a full-year rental value of Euro 8.6 million and a newly built or redeveloped gross leasable area (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 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 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 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.

In 2021, the health crisis had new impacts on the shopping center sector, resulting in the closures of shopping centers depending on their surface area from January 31, and the closure of all stores between April 3 and on May 19. Despite these severe restrictions, Mercialys continued its arbitrage strategy to the tune of Euro 110 million, thus consolidating its balance sheet and preparing room for maneuver for a resumption of investments. The Company has deployed its strategy based on four key pillars: development of services (particularly digital), use of all spaces, implementation of the development pipeline and targeted and accretive acquisition opportunities. The model's resilience resulted in a strong recovery, an increase in recurring income and a sustained level of performance.

9.1.2 General information

9.1.2.1 Company name - trade name

The name of the Company is Mercialys.

9.1.2.2 Place of registration and registration number, legal entity identifier (LEI)

The Company is entered in the Paris Trade and Companies Register under number 424 064 707. The Company's LEI (Legal Entity Identifier) number is: 969500081CGAXB7YS433.

9.1.2.3 Date and term of incorporation of the Company

The Company was formed on August 19, 1999 for a duration expiring on December 31, 2097, except in the event of early dissolution or extension.

9.1.2.4 Head office, telephone number, legal form and applicable legislation, website

The Company's head office is located at 16-18, rue du Quatre-Septembre, 75002 Paris (France) – Tel: + 33 (0)1 82 82 75 95.

The Company is a *société anonyme* (limited liability company under French law) with a Board of Directors and subject to the provisions of the French Commercial Code.

The Company's website can be accessed at the following address: mercialys.com. The information on this website does not form part of this Universal Registration Document, unless incorporated by reference.

9.1.2.5 Regulations specific to the Company's activities

A. Rules on asset ownership

1. Acquisition/construction

The acquisition and/or construction of Mercialys' shopping centers and other real estate assets require(s) the acquisition of the land on which these buildings are subsequently built or the, direct or indirect, purchase of existing assets from third-party companies.

2. Construction leases

Certain sites were built under "construction leases", in cases where landowners did not wish to sell their land outright but preferred simply to grant the right to use the land. A construction lease can run for a term of from 18 to 99 years and confers upon the lessee temporary property rights to the land and the 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 leases

In other cases, the shopping centers and large specialty stores were built under long-term ground leases, which give the beneficiary, as consideration for an agreed modest rent, the right to construct and rent such assets for a period of 18 to 99 years.

Long-term ground leases are rather similar in content to construction leases, but also afford an alternative to the latter where 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 in the locale of the property.

4. Property finance leases

A site can also be acquired through a property finance lease. Property finance leasing is essentially a financing technique comprising both a lease and an option to purchase the leased property 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
- taking into account rents paid over the lease period.

Upon expiration of the lease period, the lessee has three options: (i) to acquire the real estate asset for a price agreed at the outset (typically, one euro or the value of the bare land); (ii) to return the right of use to the owner; or (iii) to commit to a new lease period with the agreement of the lessor.

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.

Joint-ownership

The joint-ownership regime, regulated by the law of July 10, 1965, amended by the order of October 30, 2019, and the decree of March 17, 1967, applies to shopping centers where the ownership of 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 percentage 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.

Division by volume

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 where:

- public works, such as roads, railway lines, metro lines; and
- private projects of a different nature, such as offices, homes, and shopping centers.

Division by volume dispenses with the conventional notion of sole ownership and is based on the separation of the land, above-ground space and below-ground space, resulting in the creation of a three-dimensional volume. The property volume can be schematically defined as a right of ownership, distinct from the ground, involving a three-dimensional, homogeneous portion of above-ground space and below-ground space, corresponding to a building either erected or to be erected, geometric or not, but determined according to measured height and floor plans. These details defining the lots are set out clearly in the description of the division, which further delineates the volumes and their components. Height measurements make it possible:

- to divide elements that are traditionally shared such as walls, piping and the base for land taxes; and
- to apportion the relative ownership rights to several precisely determined volumes, with easements, if applicable, benefiting other volumes.

The notion of division by volume differs from joint-ownership mainly because it contains no common areas jointly-owned by several volume owners, with shares of such areas attached to each volume. With no common areas attached to different volumes, access to or through each volume is determined according to the established easements of right of way or of access. Depending on their situation, each volume will either benefit from or be subjected to such easements.

For division by volume, the relationships between owners, easements, urban planning constraints and operating rules for the volume division are laid down in a document entitled *État descriptif de division en volumes* (division description). The management of the property complex and compliance with the rules laid down in the description of the division into volumes are ensured by a free owners association (ASL) or a free urban land association (AFUL) specially formed between the owners of the volumes, which are its members.

Unlike a joint-ownership association, procedural rules for the ASL and AFUL are determined freely by the owners when drafting their articles of association.

The division description, like any joint-ownership rules, is registered in the land registry.

B. Commercial urban planning regulations

Following on from the reform of the commercial operating permit system introduced by the law on the modernization of the economy (law No. 2008-776 of August 4, 2008, or LME), which increased the thresholds from 300 to 1,000 sq.m., law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the Pinel law) thoroughly overhauled this system, with the result that the commercial operating permit is now integrated into the building permit.

According to the practical arrangements laid down by Decree No. 2015-165 of February 12, 2015 relating to commercial development, a commercial developer whose project requires a building permit will simultaneously apply both for the commercial operating permit and the building permit from a "one stop shop" in the person of the local mayor.

A rejection by the Departmental or national commercial development commission (CDAC or CNAC, as the case may be) will, as a result, prevent the building permit from being issued. For projects that do not need a building permit, the applicant will file a CDAC application with the local prefecture (county), as under previous legislation.

Customer collection points (drives) now also require a commercial operating permit (*Autorisation d'Exploitation Commerciale* or AEC in French), pursuant to the ALUR law No. 2014-366 of March 24, 2014 on housing and urban redevelopment. The lifespan of AECs was modified by Decree No. 2016-1728 of December 15, 2016. As a general rule, it lasts for three years and covers:

- five years for projects of more than 2,500 sq.m. of sales area; and
- seven years for projects larger than 6,000 sq.m.

Following 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 prefectural authorities the option to suspend processing of an AEC outside sectors identified in the city center, within which a local regeneration operation is scheduled.

Lastly, the "Climate and Resilience" law of August 22, 2021 establishes the integration of the fight against the artificialization of soils among the principles referred to in Article L. 101-2 of the French Urban Planning Code, and the establishment of a "zero net artificialization" objective.

C. Public health regulations

The Company has an obligation to detect asbestos and, if necessary, to remove it in accordance with Articles R. 1334-14 to R. 1334-29-9 of the French Public Health Code. As at January 1, 2013, pursuant to the orders of December 28, 2012, when damaged materials likely to present a risk are identified, the property owner or occupier must commission either a periodic inspection of the materials, or the monitoring of ambient dust levels, or works to isolate or remove the asbestos. The local prefecture must also be informed, and precautionary measures must be taken while waiting for works to be completed.

D. Regulations on accessibility for people with disabilities

In terms of the accessibility of its centers for people with disabilities, the Company is required to comply with the law of February 11, 2005 concerning equal opportunities, participation and citizenship of people with disabilities on the basis of:

- taking account of all forms of disability, not only motor disabilities but also sensory (visual and hearing), cognitive and psychological disabilities, and all difficulties relating to mobility;
- a commitment to look after the entire mobility chain, which includes the built environment, roads, facilities and external pathways.

Under Article 41 of the law of February 11, 2005, existing facilities open to the public must allow people with disabilities to access and move around the building and receive information made available by means suited to various disabilities. The order of March 21, 2007 sets out the requirements for the application of Articles R. 111-19-8 and R. 111-19-11 of the French Construction and Housing Code, relating to the accessibility of existing public buildings and amenities for people with disabilities. It also states that these measures must be implemented by January 1, 2015. decree No. 2009-500 of April 30, 2009 relating to the accessibility of public buildings and buildings used as dwellings sets out the required time frames for accessibility assessments. These compulsory assessments determine the accessibility level of the building, identify the works to be carried out to meet the standards and estimate the cost of these works.

To complete this accessibility framework, the following legislation has extended the deadline beyond 2015 for implementation of the works to make public buildings accessible, based on the submission of the "ADAP" (*Agendas d'Accessibilité Programmée*) accessibility timetables: law No. 2014-789 of July 10, 2014 – law No. 2015-988 of August 5, 2015 – order No. 2014-1090 of September 26, 2014 – decree No. 2014-1327 of November 5, 2014.

These timetables have been submitted for the Company's entire operational scope.

The Company is also subject to the safety regulations for public buildings (order of June 25, 1980, as amended by the order of September 24, 2009), which sets out the fundamental design and operation principles for a building to ensure the safe evacuation of people with disabilities. Its purpose is to take account of the inability of some members of the public to evacuate or be evacuated quickly, and to meet the requirements of Article R. 123-4 of the French Construction and Housing Code.

Details of the measures taken to support the employment and integration of workers with disabilities within Mercialys and at shopping centers owned by the Company are provided in chapter 2, § 2.5.1, p. 107.

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. 80 et seq., § 2.2, p. 86 et *seq*., and § 2.4, p. 97 et *seq.*

The Company must also comply with water regulations and in particular the obligation to ensure the treatment of wastewater, pursuant to the Public Health Code and the General Local Authorities Code. All the sites are connected to the public sanitation network. The Company must also comply with the rainwater management obligation (the Water law of January 1992). According to Article L. 225-102-1 of the French Commercial Code, the Company is also obliged to disclose, in its management report, how it takes into account the social and environmental consequences of its activity. The latter must be checked by an independent third party pursuant to decree No. 2012-557 of April 24, 2012.

F. Safety regulations

As establishments open to the public, the Company's shopping centers and certain of its buildings are subject to regulations on fire safety and prevention and on the risks of panic laid down in Articles R. 123-1 to R. 123-55 of the French Construction and Housing Code, in the order of June 25, 1980, as amended, and in the specific provisions that relate to each type of business activity. Prior to opening, the safety inspectors check every establishment intended for public access. Only after the inspectors have given their opinion may the local mayor then authorize the opening of the establishment. In addition, the safety inspectors carry out periodic visits as set out in the general safety regulations in order to check on compliance with safety standards. If they suspect that the safety regulations have not been observed they may make unannounced visits which may, if the situation warrants it, result in an application for administrative closure. The mayor, who has overall policing powers in the municipality, will decide whether or not to grant the application.

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 Article 16 of the law No. 2007-297 of March 5, 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) and decree No. 2014-1317 of November 3, 2014, changed some of the rules concerning commercial leases.

Term

Commercial leases have a minimum term of 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. Also, for commercial leases of more than nine years, it is possible, depending on the parties' agreement, to waive the right to terminate one or more three-year periods.

The lessor, on the other hand, can only take back its property at the end of each three-year period in particular circumstances, such as if it intends to build, rebuild, or extend upwards the existing building. The lessor can only ask the court to terminate the lease in the event of the lessee's non-compliance with its contractual obligations.

Rent and eviction compensation

The parties set the initial rent at their discretion when making the lease agreement. Unless yearly indexation is provided for in the lease, the rent can only be adjusted every three years to bring it into line with the rental value but without exceeding the change in quarterly rent index recorded since the most recent rental adjustment. Shopping center leases often include a double-component rent: in addition to a basic rent freely set by the parties based on the market rental value, an additional variable rent based on the tenant's sales in the leased premises may be added. The basic rent for the commercial lease may be indexed in accordance with the lease provisions based on changes in the ILC (retail rent index) or the ILAT (tertiary rent index). At the end of the lease, the lessor may (i) propose the renewal of the lease to the lessee on new financial terms by giving the tenant notice with an offer to renew the lease or (ii) refuse it by giving it notice refusing to renew the lease. For its part, and in the absence of 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 and management bodies – Rules of Procedure of the Board of Directors

A. Board of Directors

1. Composition of the Board of Directors (extract from Article 14 of the articles of association)

The Company is managed by a Board of Directors. It comprises at least three members and a maximum of eighteen, subject to dispensation provided by law in the event of a merger with another limited liability company. Board members are appointed by the Ordinary General Meeting of shareholders.

2. Duration of directorships – Age limit – Replacements (extract from Articles 15 and 16 of the articles of association)

Members of the Board of Directors are appointed for a term of three years expiring at the close of the Ordinary General Meeting of shareholders approving the financial statements for the past fiscal year and held in the year in which their term of office expires. Directors may be reappointed when their directorship expires.

No one may be appointed as a Board member or permanent representative of a company if, having passed the age of seventy (70), their appointment brings the number of Board members and permanent representatives of legal entity directors above this age to more than one-third of the Board members.

When this age limit is crossed, the oldest director or permanent representative of the legal entity shall be deemed to have resigned automatically at the end of the Ordinary General Meeting that votes on the financial statements for the fiscal year in which the age limit is crossed.

Directors are appointed or reappointed by decision of the Ordinary General Meeting of shareholders. Directors have their terms of office renewed in rotation so that the directors are regularly renewed in proportions that are as equal as possible. In order to enable the system of rotation to operate, the Ordinary General Meeting can appoint a director for a period of one or two years, on an exceptional basis.

In the event of a vacancy in one or more directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments shall be subject to ratification by the first Ordinary General Meeting thereafter.

If the appointment of a director by the Board of Directors is not ratified by the General Meeting, actions taken by the director and decisions made by the Board of Directors during the provisional period shall remain valid.

If the number of directors falls below three, remaining members (or in the event of a shortage a corporate officer designated at the request of any interested party by the presiding judge of the Commercial Court) must immediately convene an Ordinary General Meeting of shareholders to appoint one or more new directors in order to bring the number of directors to the minimum required by law.

Directors appointed to replace another director shall remain in office only for the remainder of their predecessor's term.

The appointment of a new Board member in addition to current members may only be decided by shareholders at the General Meeting.

Each member of the Board of Directors must hold at least 100 registered shares in the Company. If, on the day of his/her appointment, a director does not own the required number of shares or if, during his/her term, he/she ceases to own such number of shares, and does not rectify the situation within six months, he/she is deemed to have resigned from office.

3. Organization, meetings and decisions of the Board of Directors

Chairman – Board officers (extract from Articles 17 and 20 of the articles of association)

The Board of Directors shall appoint one of its members as Chairman whose role shall be defined by law and the Company's articles of association. The Chairman of the Board of Directors organizes and supervises the Board of Directors' work and reports on it at the General Meeting. The Chairman ensures that the Company's various bodies operate effectively and, more specifically, that the directors are able to perform their duties.

The Chairman may be appointed for the full term of his/her office as director, subject to the Board of Directors' right to remove him/her from the Chairmanship and his/her right to resign before the expiry of his/her directorship. The Chairman is eligible for reappointment.

The age limit for serving as Chairman is set at seventy-five (75). Exceptionally, if the Chairman reaches this limit while in office, he/she shall stand down at the end of that term.

If the Chairman is temporarily indisposed or dies, the Board of Directors may delegate the duties of Chairman to a director. If the Chairman is temporarily indisposed, this delegation is given for a limited term and is renewable. If the Chairman dies, the delegation shall remain valid until a new Chairman is elected.

Non-voting directors (extract from Article 23 of the articles of association)

The Ordinary General Meeting may appoint non-voting directors, who may be individuals or legal entities, chosen from among the shareholders. Between two Ordinary General Meetings, the Board of Directors may appoint non-voting directors subject to ratification by the next General Meeting. There may not be more than five non-voting directors.

Non-voting directors serve a term of three years, expiring at the close of the Ordinary General Meeting of shareholders approving the financial statements for the past fiscal year and held in the year their term of office expires. Non-voting directors are eligible for reappointment for as many terms as they wish and may be dismissed at any time by a decision of the Ordinary General Meeting.

Non-voting directors attend meetings of the Board of Directors, during which they provide their opinions and observations and participate in decisions in an advisory capacity.

They may receive compensation for their services, the aggregate amount of which is set by shareholders at their Ordinary General Meeting and maintained until a new decision is taken by another General Meeting. The Board of Directors shall allocate such compensation between non-voting directors as it deems appropriate.

Decisions of the Board (extract from Article 18 of the articles of association)

The Board of Directors meets as often as necessary in the interests of the Company and whenever deemed appropriate, at the place indicated in the notice of the meeting. Notices of meetings are issued by the Chairman or in his/her name by any designated person. If the Board of Directors has not met for more than two months, one-third of directors in office may ask the Chairman to call a meeting to discuss a predetermined agenda. The Chief Executive Officer may also

ask the Chairman to convene a Board meeting to consider a specific agenda.

The actual presence of at least half of the serving directors is required to constitute a quorum for decision-making.

Decisions are made by a majority of members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote. However, if the Board consists of fewer than five members, decisions may be made if unanimously approved by at least two directors present.

Directors may participate in discussions by videoconference or other telecommunication means in accordance with the terms and conditions set out in applicable regulations and the Rules of Procedure of the Board of Directors.

The Board of Directors has the right to make written decisions in accordance with the conditions specified in Article L. 225-37 of the French Commercial Code.

4. Powers of the Board of Directors (extract from Article 19 of the articles of association)

The Board of Directors shall determine Company business policies and ensure that they are implemented, in line with its corporate interest, taking into consideration the social and environmental challenges of its business.

The Board of Directors performs the audits and checks that it deems necessary.

At any time and on its sole initiative, the Board of Directors may change the way in which Senior Management operates, without effecting any change to the articles of association.

The Board of Directors may establish committees, the composition and remit of which it determines, for the purpose of assisting it in its duties. The committees act within the brief granted to them and provide proposals, recommendations and opinions, as appropriate.

The Board of Directors authorizes, within the conditions set by law, related party agreements other than those relating to standard transactions entered into at arm's length, as set out in Article L. 225-38 of the French Commercial Code. In accordance with Article L 225-35 of the French Commercial Code, the Board of Directors' authorization is required for any deposits, sureties or guarantees given in the Company's name. However, the Board of Directors may authorize the Chief Executive Officer to give deposits, sureties or guarantees in the Company's name up to the global limit or maximum amount per authorized commitment each year.

Without prejudice to any legal prohibitions to the contrary, delegations of powers, duties or functions limited to one or more transactions or categories of transactions may be conferred to any person, whether a director of the Company or not.

Furthermore, in its Rules of Procedure, the Board of Directors has adopted a number of mechanisms setting out the powers of the Company's Management (see chapter 4, § 4.1.2, p. 249 et *seq.*).

B. Senior Management of the Company

1. Senior Management (extract from Article 21-I of the articles of association)

The Company's Senior Management is exercised, under its responsibility, either by the Chairman of the Board of Directors or by an individual, who may or may not be a director, appointed by the Board and having the title of Chief Executive Officer.

The Chief Executive Officer's term of office shall be freely determined by the Board of Directors but may not exceed three years. The Chief Executive Officer may be reappointed.

The Chief Executive Officer is vested with the broadest powers to act on the Company's behalf in all circumstances. He/she exercises those powers within the limit of the corporate purpose subject to the powers expressly reserved by law to General Meetings of shareholders and to the Board of Directors. However, as an internal measure, the Board of Directors may decide to limit the powers of the Chief Executive Officer (see 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. 435 *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. Dividends

When the financial statements for the fiscal year approved by the General Meeting show the existence of distributable income, the General Meeting decides, on the proposal of the Board of Directors, to carry out the necessary appropriations to reserves or redemption of share capital, for whose allocation and use it is responsible, and allocate the corresponding amounts to retained earnings or to dividends. Amounts placed in reserve accounts may, on the proposal of the Board of Directors and by decision of the General Meeting, be distributed or capitalized at a later date. Furthermore, when the General Meeting decides to distribute amounts taken from the reserves at its disposal, such decision shall expressly indicate the reserve accounts from which funds are drawn.

3. Interim dividends

The Board of Directors may decide to pay one or more interim dividends, subject to conditions required by law, before the financial statements for the fiscal year are approved.

4. Payment of dividends and interim dividends

Terms for the payment of dividends and interim dividends are determined by the General Meeting or, failing this, by the Board of Directors no later than nine months after the close of the fiscal year.

The General Meeting called to approve the financial statements for the fiscal year may grant each shareholder, for all or part of the dividend or interim dividends paid, an option of payment in cash or in shares. Requests for the payment of dividends in shares must be made no later than three months after the date of the General Meeting.

B. Voting rights attached to shares

1. Voting rights (extract from Articles 28, 29 and 30 of the articles of association)

All shareholders have as many votes as they own or represent shares, without any limitation.

Votes are expressed by show of hands, by electronic means or by any means of telecommunication that permits the identification of shareholders in accordance with applicable regulations. On the proposal of the Board of Directors, the General Meeting may also decide to hold a secret ballot.

A majority vote of shareholders present in person, voting by post or represented by proxy is required for a decision to be made at an Ordinary General Meeting. The votes cast do not include those attached to the shares for which the shareholder has not participated in the vote, has abstained, has returned an empty or void voting form or whose form gives no voting indication.

In an Extraordinary General Meeting, a two-thirds majority of votes cast by shareholders present in person, voting by post or represented by proxy is required. The votes cast do not include those attached to the shares for which the shareholder has not participated in the vote, has abstained, has returned an empty or void voting form or whose form gives no voting indication.

2. Double voting rights

The Extraordinary General Meeting of May 5, 2015 reinstated the principle of "one share, one vote." Under section 3 of Article L. 225-123 of the French Commercial Code, double voting rights are not attributed to fully paid-up shares for which proof is provided of registration for two years in the name of the same shareholder.

3. Limitation on voting rights

None.

9.1.3.4 Changes to the share capital and the rights attached to the shares (extract from Articles 7 and 8 of the articles of association)

A. Capital increases

The Extraordinary General Meeting has sole authority to decide or authorize a capital increase, immediately or in the future, except in the case of a capital increase resulting from a request by a shareholder to receive payment of all or part of a dividend or interim dividend in shares, where such an option has been granted to shareholders by the General Meeting approving the financial statements for the fiscal year.

The Extraordinary General Meeting may delegate this authority to the Board of Directors in accordance with the law, or assign to it the necessary powers to carry out the capital increase in one or more offerings within the time allowed by law, and to determine the terms, record the performance thereof and amend the articles of association accordingly.

In the event of a capital increase through the issue of shares for cash, preferential subscription rights shall, in accordance with legal conditions, be reserved for holders of existing shares. However, shareholders may waive their preferential rights on an individual basis and the General Meeting deciding on the capital increase may cancel said preferential rights in accordance with legal conditions.

B. Reduction and redemption of share capital

The Extraordinary General Meeting may also, subject to the conditions stipulated by law, decide or authorize the Board of Directors to reduce the Company's share capital for any reason and in any manner whatsoever, including through the purchase and cancelation of a specific number of shares or by exchanging existing shares for new shares, for an equivalent number or fewer shares, with or without the same par value, with, if applicable, the sale or purchase of existing shares and with or without a cash balance to be paid or received.

9.1.3.5 General Meetings

A. Form of General Meetings (extract from Articles 29 and 30 of the articles of association)

1. Ordinary General Meeting

The Ordinary General Meeting deliberates on the agreements covered by Article L. 225-38 of the French Commercial Code. It appoints directors, ratifies or rejects temporary appointments made by the Board of Directors, removes directors where it deems there to be just cause, determines the allocation of fixed annual compensation for directors for their activity and determines the amount thereof. It appoints the Statutory Auditors. The Ordinary General Meeting ratifies any decision by the Board of Directors to transfer the head office within the same county (*département*) of France or to a neighboring county.

The Ordinary General Meeting meets once a year to approve, amend or reject the full-year Company financial statements and the consolidated financial statements and to determine the appropriation of profits in accordance with the Company's articles of association. It may decide, subject to the conditions stipulated by law, to grant each shareholder, in respect of all or part of the dividend or interim dividend to be paid, the option to receive payment in cash or in shares.

More generally, the Ordinary General Meeting deliberates on all other matters that do not fall within the scope of the Extraordinary General Meeting.

2. Extraordinary General Meeting

The Extraordinary General Meeting may make amendments to the articles of association as allowed by French company law.

B. Convening and powers of representation (extracts from Articles 25, 27 and 28 of the articles of association)

General Meetings are convened by the Board of Directors or, failing this, by the Statutory Auditors or by an agent designated by the presiding judge of the Commercial Court, on the request of one or more shareholders together representing at least 5% of the Company's share capital, or a shareholders' association in accordance with the provisions of Article L. 225-120 of the French Commercial Code.

The agenda for General Meetings is set by the person who drafts the notice. However, one or more shareholders have the right to request, subject to the conditions stipulated by applicable legislation and regulations, the inclusion of items or draft resolutions in the agenda.

Meetings are held at the Company's head office or any other location in France, as indicated by the party giving notice.

If the Board of Directors so decides, shareholders may participate in meetings and vote by video conference or any other means of telecommunication, including the Internet, that allows for them to be identified in accordance with current regulations and the conditions decided by the Board of Directors.

All shareholders, irrespective of the number of shares they hold, have the right to take part in General Meetings.

The right to participate in General Meetings is subject to registration of the shares in the name of the shareholder or in the name of the intermediary registered on the shareholder's behalf if the shareholder resides abroad, within the time stipulated in Article R. 225-85 of the French Commercial Code. Shares are registered either in the registered share accounts held by the Company or by the agent designated by the Company, or in bearer share accounts held by the authorized intermediary.

The registration of shares in bearer share accounts held by the authorized intermediary is acknowledged by a shareholding certificate issued by the authorized intermediary, if necessary by electronic means, as an attachment to the form for voting by post or by proxy or for requesting an admission card, filled out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to shareholders wishing to attend the meeting in person and who have not received an admission card within the time stipulated in Article R. 225-85 of the French Commercial Code.

Shareholders not attending the meeting in person may choose from one of the following three options, subject to the conditions provided by law and regulations:

- be represented in accordance with legal requirements;
- vote by post in accordance with legal requirements and the articles of association;
- send a proxy to the Company without specifying a proxy: the Chairman of the General Meeting will vote in favor of the adoption of the draft resolutions presented or approved by the Board of Directors and a vote and against all other draft resolutions; to give any other vote, the shareholder must choose a proxy, who agrees to vote as he/she indicates.

C. Holding of General Meetings (extract from Articles 28, 29 and 30 of the articles of association)

The General Meeting is chaired by the Chairman of the Board of Directors, the Vice-Chairman or a director appointed for this purpose by the Board of Directors or, failing this, by an attending shareholder chosen by the meeting.

Ordinary General Meetings are duly constituted and quorate if shareholders present in person, represented by proxy or voting by post, hold at least one-fifth of shares with voting rights. If the requisite quorum is not obtained, a second meeting is held which may deliberate validly irrespective of the fraction of the share capital represented, but which may only vote on items on the agenda for the first meeting.

Extraordinary General Meetings are held regularly and may deliberate validly if shareholders present in person, represented by proxy or voting by post, hold at least one-quarter of voting shares at the first meeting and one-fifth of voting shares at any second meeting. If this quorum is not obtained, the second meeting may be adjourned to a date no more than two months after the date it was called.

Decisions are recorded in minutes signed by members of the Board of Directors. Copies or extracts of the minutes of General Meetings are certified either by the Chairman of the Board of Directors or by the Chief Executive Officer if he or she is a director, or by the secretary of the General Meeting.

9.1.3.6 Form of shares and identification of the holders of securities (extract from Articles 10 and 11 of the articles of association)

Shares are registered shares until they are fully paid up. When they are paid up, subject to any laws to the contrary, shareholders can choose to hold shares in registered or bearer form.

Ownership of shares, whether registered or bearer shares, is evidenced by their registration in an account in accordance with the provisions stipulated by applicable regulations.

Provisions relating to shares apply to bonds and any other marketable securities issued by the Company.

Subject to the regulatory conditions, the Company or its agent may request at any time, from the central securities depository, either directly from one or more intermediaries mentioned in Article L. 211-3 of the French Monetary and Financial Code, the name or, in the case of a legal person, the Company name, nationality, year of birth or, in the case of a legal person, the year of incorporation, postal address and, where applicable, email address of the holders of bearer shares conferring immediate or future voting rights at General Meetings, the number of securities held by each and any restrictions that apply to such securities, and any other information stipulated by the applicable legal and regulatory provisions.

Following a request referred to in the first paragraph above, when a custodian identifies, in the list that he/she is responsible for drawing up, an intermediary as mentioned in paragraph seven of Article L. 228-1 of the French Commercial Code registered on behalf of one or more third-party owners, he/she transmits this request to him/her, unless the Company or its agent expressly asks for this not to happen at the time of the request. The questioned registered intermediary is required to transmit the information to the custodian, who is responsible for communicating it on the latter's behalf, as the case may be, to the Company or its agent or to the central depository. If the identity of the holder or holders of the shares is not disclosed, the votes or powers issued by the financial intermediary registered on behalf of the shareholder shall not be taken into consideration.

Lastly, the Company may ask any legal person holding more than 2.5% of the share capital and voting rights to disclose the identity of persons holding, either directly or indirectly, more than one-third of the legal person's share capital or voting rights exercised at General Meetings.

In the event of the failure of shareholders or financial intermediaries to comply with these disclosure requirements, in accordance with conditions stipulated by law, voting rights and rights to the payment of dividends attached to shares or securities giving immediate or future access to share capital may be suspended or canceled.

In addition to the statutory obligation to inform the Company when certain percentages of share capital and attached voting rights are reached, any natural or legal person (including any intermediary registered as holding securities belonging to persons domiciled outside France), either alone or in concert with other natural or legal persons, who comes to hold or ceases to hold 1% of capital or voting rights or any multiple thereof, by any means, shall inform the Company, within 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 Rules of Procedure of the Board of Directors

The Board of Directors has decided to compile, specify and, where necessary, supplement the provisions of the laws, regulations and Company articles of association that apply to it.

To this end, the Board has drawn up rules of procedure, which also incorporate the principles of the AFEP-MEDEF Corporate Governance Code ("AFEP-MEDEF Code") and the application guide for the High Committee on Corporate Governance to which it is affiliated, and organize their implementation.

These Rules of Procedure describe the organization, operation, powers and responsibilities of the Board of Directors and its committees, and the ethical rules applicable to Board members.

For the purposes of these Rules of Procedure, the term "Group" refers to the Company and any company or entity controlled directly or indirectly by the Company as per Article L. 233-3 of the French Commercial Code (*Code de commerce*).

I. Organization and operation of the Board of Directors

Article 1 Appointment of directors

Directors are appointed or reappointed by shareholders at their General Meeting for a three-year term. Directors may be reappointed when their directorship expires. 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 by videoconferencing or telecommunications systems, under the conditions set out below, may represent another director.

   The provisions from the previous paragraph also apply to the permanent representatives of legal entities.

   The Board of Directors' deliberations are only valid if at least half of its members are present. Decisions are taken based on a majority of the members present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

In accordance with the legal and regulatory provisions, the Chairman of the Board of Directors may from time to time authorize directors who make a substantiated request to attend meetings using videoconferencing or telecommunications systems, under the conditions set out in the prevailing regulations.

The videoconferencing or telecommunications systems must as a minimum transmit the participant's voice and comply with technical requirements that guarantee the identification of the directors concerned and their effective participation in the Board meeting, whose deliberations must be relayed continuously and without any time lag. They must also guarantee the confidentiality of the deliberations.

Videoconferencing enables those attending Board of Directors meetings by such means to be seen, using a camera, and heard through simultaneous voice transmission. The system used must also enable both those attending the meeting by such means and those attending the meeting in person to recognize each other.

Telecommunication involves the use of a telephone conference system that enables those attending the meeting in person and those attending by telephone to recognize the voice of each speaker beyond any conceivable doubt.

If there is any doubt or if reception is poor, the Chairman of the meeting may decide to continue the Board meeting without counting participants whose presence or voice cannot be identified with sufficient certainty in the quorum or majority, provided that enough Board members remain for the meeting to continue to be quorate. If a technical malfunction affects the videoconference or telecommunications systems during a meeting such that the confidentiality of discussions can no longer be ensured, the Chairman may decide to stop the participation of the Board member concerned.

When a videoconference or telecommunications system is used, the Chairman of the Board of Directors must ensure beforehand that all the members invited to attend the Board meeting by such means have the required technical resources with which to do so in accordance with the required conditions.

The minutes of the meeting indicate the names of anyone attending the meeting using videoconference or telecommunications systems, and note any interruptions or technical incidents that took place during the meeting.

Directors who attend Board meetings by videoconference or telecommunications are considered to be present for calculating the quorum and majority, except for decisions concerning the approval of the full-year financial statements, the consolidated financial statements and the management report.

Moreover, the Chairman may authorize a director to attend meetings using any other telecommunications system, but this participation is not taken into account when calculating the quorum and majority.

The Board of Directors may also authorize persons who are not members of the Board to attend Board meetings, in an advisory capacity and without voting rights, including with videoconference or telecommunications systems.

3. An attendance register is maintained and signed by the Board members attending the meeting.

   The 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 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, 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 require its prior authorization, as an internal measure, for:

- any transaction likely to affect the strategy of the Company and/or the companies it controls, their financial structure or the scope of their activity, in particular the signing or termination of any agreement likely to have a material effect on the future of the Company and/or its subsidiaries;

- any transaction or commitment exceeding Euro 10 million (10,000,000) and, in particular:
  - any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a *de jure* or *de facto* basis; any complete or partial divestment of interests or marketable securities;
  - any acquisition or 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 (10,000,000) limit does not apply for the Group's internal transactions, 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 (10,000,000) 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 in terms of amount, 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 in terms of amount;

- 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 term of office 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 term of office 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 10 million (10,000,000), with the exception of those falling within the scope of the annual authorization granted by the Board of Directors, will require prior authorization from the Board of Directors in accordance with the provisions 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 powers

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 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 pre-determined objectives. 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 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 powers

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 powers

The Strategy and Transformation Committee's mission is to:

- prepare and inform the work of the decisions of the Board of Directors on the Company and more generally the Group's strategic guidelines, in particular with regard to development priorities, opportunities for external growth or arbitrage, significant partnership agreements and transactions involving the Company's share 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 projects and sales of assets 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 plans 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 directly or indirectly concern them. In accordance with Article 20 of the AFEP-MEDEF Code (revised in January 2020), they must refrain from taking part in Board or Committee discussions and votes on deliberations regarding the subjects concerned.

A director must resign in the event of a long-term or recurring conflict of interest that cannot be resolved to the satisfaction of the Board.

Each director 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 minimum number of shares set out in the Company's articles of association. Each director has six (6) months from taking office to increase the number of shares they hold to this minimum level. The number of shares held should, where possible, correspond to the equivalent of one (1) year of compensation for their activity as a director (calculated based on the assumption that they participate in all the meetings of the Board and the committees that they belong to for a given fiscal year, excluding any compensation linked to their position as Chairman of a Committee, and retaining Mercialys' weighted average share price for the previous year ended as the value). Company shares held by the directors (individuals or legal entities) must be held on a direct or administered registered basis in accordance with the legal and regulatory conditions in force. Each director undertakes to not carry out short sales, either directly or indirectly, on such securities.

For individual directors, shares held by their dependent minor children or their spouse when not legally separated must also be held on a registered basis. Furthermore, each director must notify the Company regarding the number of Company shares they hold as at December 31 of each year, at the time of any financial transaction or at any time if requested by the Company.

Each member of the Board of Directors undertakes to comply with the provisions of the Stock Market Code of Ethics relating to the prevention of the use of insider information and securities transactions for which he or she has received prior written information, and all applicable legal or regulatory provisions.

In particular, in accordance with Article 19 of EU regulation No. 589/2014 of April 16, 2014 on market abuse and Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), each director must inform the French Financial Markets Authority (*Autorité des Marchés Financiers*) and the Company of any transactions carried out on the Company's financial instruments, under the conditions set by the Stock Market Code of Ethics. The same applies to persons who have close ties with members of the Board of Directors. Directors must notify persons with whom they have close ties of their reporting obligations and ensure that the Company has an up-to-date list of these persons at all times.

Directors should note that they are likely to have access to insider information and must ensure, before entering into any transactions on the Company's financial instruments, that they are not in an insider situation.

As stipulated in the Stock Market Code of Ethics in the event of possession of insider information, directors must, in particular, abstain from carrying out, either directly or indirectly or through an intermediary, any transactions on financial instruments to which insider information relates or on instruments to which these financial instruments are related, and must refrain from disclosing said information to third parties, for as long as the information has not been made public.

Moreover, each director must also abstain from carrying out any transactions relating to the Company's financial instruments, directly or indirectly, on his or her own behalf or for a third party, during the 30 days preceding the publication of the Company's full-year and half-year financial statements and during the 15 days preceding the publication of the Company's quarterly revenues, as well as on the day on which said full-year and half-year financial statements and quarterly revenues are published.

VI. Adoption of the Rules of Procedure

These Rules of Procedure were approved by the Board of Directors during its meeting on August 22, 2005. Their most recent update was approved on June 15, 2022.

9.2 Other regulatory disclosures

9.2.1 Factors that may have an impact in the event of a public offer

The structure of holdings in the Company's share capital and of the direct and indirect stakes in the Company's share capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are provided in § 7.2, p. 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. 431 *et seq*.

The powers of the Board of Directors are described in § 4.1.2, A, p. 249 et *seq*. and § 4.1.3, p. 253, § 9.1.5, II, p. 437 et *seq*. As regards share issues and share buybacks, the powers delegated to the Board of Directors are indicated in § 7.2.2, p. 373.

Furthermore, there are no agreements providing for compensation for Board members or employees if they resign or are made redundant without just cause or if their employment ends as a result of a public offer.

Bank financing agreements include clauses which state that the debt may, at the request of a lending institution, become immediately refundable in the event of a change of control. Such a change of control will be considered to be effective in the event that a third party, acting alone or in concert, might control the Company within the meaning of Article L. 233-3 I and/or II of the French Commercial Code.

Furthermore:

- 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,
- the contract for issuing the Euro 300 million in bonds arranged on July 7, 2020, and
- the contract for issuing Euro 500 million in bonds arranged on February 28, 2022

provide for an early redemption option, which can be exercised by investors in the event of a downgrade in Mercialys' long-term senior debt rating, but only if this downgrade is attributable to a change of control of the Company. A change of control shall be deemed effective if a third party (*i.e.* any person other than Casino, Guichard-Perrachon, the companies that control it or its subsidiaries), acting alone or in concert with other third parties, comes into possession, directly or indirectly, of more than 50% of the Company's voting rights. A rating downgrade shall be deemed to have taken place:

(i) in the event of a withdrawal of the rating by a rating agency,

(ii) in the event of a downgrading to non-investment grade, i.e. a downgrade of at least two notches compared to the current BBB rating, or

(iii) if the rating is already non-investment grade a downgrade of at least one notch.

9.2.2 Research and development, patents and licenses

Mercialys' real estate development business consists of acquiring, owning and managing retail real estate properties for leasing purposes. In this respect, Mercialys does not conduct any research and development activities and does not own any patents. Furthermore, the Company considers that its business activity and profitability do not depend on any trademarks, patents or licenses.

9.2.3 Legal or arbitration proceedings

In the normal course of its business, Mercialys is involved in various legal or administrative proceedings and is subject to administrative checks. The Company sets aside provisions whenever a serious risk threatens to materialize before the end of the fiscal year and it is possible to estimate its financial impact.

In the asset contributions made to Mercialys in October 2005, the Company was substituted for the contributing companies in connection with disputes involving such assets. In accordance with the contribution agreements entered into with the Company, the contributing companies concerned shall pay Mercialys compensation for any prejudice, loss, charge or damage the latter might incur in connection with such disputes.

The main dispute 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 2022.

There are no other governmental, judicial or arbitration proceedings, including any pending proceedings known to the Company or threatening it, likely to have, or having had over the past 12 months, significant impacts on its financial position or profitability.

9.3 Statutory Auditors and person responsible for the Universal Registration Document

9.3.1 Statutory Auditors: identification and fees

9.3.1.1 Principal Statutory Auditors

Ernst & Young et Autres

12 place des Saisons

92400 Courbevoie Paris-La Défense 1

Signatory partner: Sylvain Lauria (since the 2022 fiscal year)

Date of first appointment: August 19, 1999 (articles of incorporation)

Renewal: General Meeting of April 28, 2022

Date of expiry of term of office: at the end of the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended on December 31, 2027

KPMG SA

Tour Eqho

2 avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

Signatory partner: Régis Chemouny (since April 2020)

Date of first appointment: May 6, 2010

Renewal: General Meeting of April 28, 2022

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended on December 31, 2027

9.3.1.2 Fees for the Statutory Auditors and members of their networks covered by the Group

Fiscal years covered [1]: December 31, 2022 and December 31, 2021

	Ernst & Young				KPMG SA			
	Amount (ex. tax)		%		Amount (ex. tax)		%	
	2022	2021	2022	2021	2022	2021	2022	2021
Recurring audit reviews								
Independent audits, certification, review of individual and consolidated financial statements [2]								
• Mercialys SA (parent company)	172,500	167,500	48%	63%	172,500	167,500	63%	86%
• Fully consolidated subsidiaries	63,800	63,700	18%	24%	30,100	28,300	11%	14%
• Sustainability Performance Statements review	52,850	33,500	15%	13%		-		-
Non-recurring reviews								
• Mercialys SA – Interim dividend								
• Subsidiaries – Interim dividend						-		-
Mercialys – Various transactions [3]	70,500		20%		70,500		26%	
TOTAL	**231,200**	**264,700**	**100%**	**100%**	**273,100**	**195,800**	**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 2022, corresponds to the fees related to the issue of a comfort letter as part of a Euro 500 million bond issue, and for the review of the IT systems.

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 p. 451 and 452) 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, 2021:

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 2021 filed with the French Financial Markets Authority (AMF) on March 15, 2022, under filing number D. 22-0097, respectively on p. 450, 132 to 188, 192 to 224, 188 to 191 and 218 to 222;

- 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 2020 fiscal year filed with the French Financial Markets Authority (AMF) on March 17, 2021, under filing number D. 21-0140, respectively on p. 462, 138 to 196, 201 to 233, 197 to 200 and 227 to 231;

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, 2023

Vincent Ravat

Chief Executive Officer



9.4 Cross-reference tables

9.4.1 Universal Registration Document

This cross-reference table lists the items laid down in Annexes 1 and 2 of Commission delegated regulation (EU) 2019/980 of March 14, 2019 supplementing regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission regulation (EC) 809/2004, and refers the reader to the pages of this Universal Registration Document in which the information relating to each of these items is mentioned:

	Chapters/ paragraphs	Pages
1. Persons responsible, third-party information, experts' reports and relevant authority approval		
1.1 Identity of persons responsible	9.3.2	447
1.2 Declaration of persons responsible	9.3.2	447
1.3 Name, address, qualifications and potential interests of persons acting as experts	1.3.1.2, 2 Appendices 3 and 4	70 to 71, 128 to 132
1.4 Statement of third-party information	n/a	n/a
1.5 Declaration relative to the filing of the document with the relevant authority	-	1
2. Statutory Auditors		
2.1 Name and address of the Statutory Auditors	9.3.1	446
2.2 Potential change	n/a	n/a
3. Risk factors	**5.2**	**328 to 342**
4. Information about the issuer		
4.1 Legal and trade name of the issuer	9.1.2.1	426
4.2 Place of registration, registration number and LEI of the issuer	9.1.2.2	426
4.3 Date of incorporation and lifetime of the issuer	9.1.2.3	426
4.4 Head office and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, address and telephone number of its head office and its website	9.1.2.4	426
5. Business overviews		
5.1 Principal activities		
5.1.1 Type of transactions carried out by the issuer and principal activities	1.1	38 to 43
5.1.2 Significant new product or service launched on the market	1.1.1	39 to 40
5.2 Principal markets	1.3	69 to 77
5.3 Significant events in the development of the issuer's activities	1.2.2	47
5.4 Strategy and objectives	Integrated report, 1.1.1, 1.1.2, 1.2.7	10 to 19, 41 to 43, 60
5.5 Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	n/a	n/a
5.6 Basis for any statements made by the issuer regarding its competitive position	1.2.4	49 to 52
5.7 Investments		
5.7.1 Significant investments made	1.2.6	59 to 60
5.7.2 Main investments in progress or to come	1.2.6	59 to 60
5.7.3 Information on joint ventures and companies in which the issuer holds a percentage of the share capital likely to have a material impact on the valuation of its assets and liabilities, its financial position or its results	6.3.2	353 to 354
5.7.4 Environmental issues that may influence the issuer's use of its property, plant and equipment	2.1	80 to 85
6. Organizational structure		
6.1 Summary description of the Group	6.1	346
6.2 List of significant subsidiaries	6.3.1	351 to 353

	Chapters/ paragraphs	Pages
7. Review of the financial position and results		
7.1 Financial position		
7.1.1 Changes in results and financial position including key financial and, where applicable, non-financial performance indicators	1.2, 3.2.1, 3.2.2	44 to 68, 197 to 219
7.1.2 Probable future development of the issuer's activities and its research and development activities	1.1.1, 1.1.2, 9.2.2	39 to 41, 445
7.2 Operating income		
7.2.1 Significant factors, unusual or infrequent events and new developments materially affecting operating income	1.1.1	39 to 40
7.2.2 Explanation of material changes in net revenues or net income	1.2.5.1, 1.2.5.2, 3.2.2 notes 3 and 4	53 to 54, 204
8. Liquidity and equity capital		
8.1 Information about the equity capital	1.2.1.2, 3.1.1.3, 3.2.1.2	45, 138, 198
8.2 Sources and amounts of the issuer's cash flows	1.2.1.3, 3.1.1.4, 3.2.1.3	46 to 47, 139 to 140, 199
8.3 Information on the borrowing requirements and funding structure of the issuer	1.2.5.5, 3.1.2 note 14, 3.2.2 note 15	56 to 58, 172 to 177, 211 to 212
8.4 Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's activities	n/a	n/a
8.5 Information regarding the anticipated sources of funding needed to fulfill the commitments referred to in item 5.7	n/a	n/a
9. Regulatory environment	**9.1.2.5**	**426 to 430**
10. Trend information		
10.1 Main recent trends affecting production, sales and inventories, costs and selling prices and significant changes in the Group's financial performance since the end of the last fiscal year up to the date of filing of the Universal Registration Document	1.2.8	60
10.2Trends, uncertainties, constraints, commitments or events that are reasonably likely to have a material impact on the issuer's outlook, at least for the current fiscal year	1.2.7	60
11. Profit forecasts or estimates		
11.1 Published profit forecasts or estimates	1.2.7	60
11.2 Main assumptions on which the issuer has based its forecast or estimate	1.2.7	60
11.3 Statement of comparability with historical financial information and compliance of accounting methods	3.1.2 note 1.2.3	143
12. Administrative, management and supervisory bodies and Senior Management		
12.1 Board of Directors and Senior Management	4.1	230 to 267
12.2 Conflicts of interest involving administrative, management and supervisory bodies and Senior Management	4.1.9	267
13. Compensation and benefits		
13.1 Amount of compensation paid and benefits in kind	4.2	268 to 312
13.2 Total amount of provisions made or recorded by the issuer to provide for pension, retirement or other similar benefits	n/a	n/a
14. Board practices		
14.1 Date of expiry of terms of office	4.1.1.2, A	231
14.2 Service agreements between members of the Board of Directors and the Company or any of its subsidiaries	4.1.9	267
14.3 Information about the Board of Directors' Committees	4.1.5	257 to 262
14.4 Compliance with the applicable corporate governance regime	4.1.1, 4 Appendix	230 and 313 to 318
14.5 Potential material impacts on corporate governance, including future changes in the composition of the Board and Committees	4.1.1.2, E, 4.1.5	249 and 257
15. Employees		
15.1 Number of employees	2.5.1	105
15.2Shareholdings and stock options	2.5.2, 7.2.3.5, 7.2.5.3	107 to 108, 379, 380 to 381

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16. Main shareholders		
16.1 Shareholders holding more than 5% of the share capital	7.2.3	375 to 379
16.2 Existence of different voting rights	n/a	n/a
16.3 Direct or indirect ownership or control of the issuer and measures taken to ensure this control is not exercised in an abusive manner	7.2.3	375 to 379
16.4 Arrangements that could result in a change of control	n/a	n/a
17. Related-party transactions	**3.1.2 note 24, 6.4, 6 Appendix**	**190 to 192, 356 to 359**
18. Financial information on assets and liabilities, financial position and results		
18.1 Historical financial information		
18.1.1 Audited historical financial information for the last three fiscal years	1.2, 3	44 to 68, 136 to 226
18.1.2 Change in accounting reference date	n/a	n/a
18.1.3 Accounting standards	3.1.2 note 1, 3.2.2 note 1	142 to 143, 201 to 203
18.1.4 Change in accounting guidelines	3.1.2 note 1.2.3	143
18.1.5 Financial information under French GAAP	3.2	197 to 226
18.1.6 Consolidated financial statements	3.1	136 to 196
18.1.7 Date of most recent financial information	1.2.8, 3.1.2 note 28, 3.2.2 note 24	60, 193, 217
18.2 Interim and other financial information	n/a	n/a
18.3 Auditing of historical annual financial information		
18.3.1 Audit report	3.1.3, 3.2.3	193 to 196, 220 to 224
18.3.2 Other audited information	2 Appendices 3 and 4	128 to 132
18.3.3 Unaudited financial information	1.1, 1.2.3, 1.2.4, 1.2.5, 1.2.9	38 to 43, 48 to 59, 61 to 68
18.4 *Pro forma* financial information	3.1.2 note 1	143
18.5 Dividend distribution policy		
18.5.1 Dividend distribution policy and applicable restrictions	7.1.3	366 to 367
18.5.2 Amount of dividend per share	7.1.3	366 to 367
18.6 Legal and arbitration proceedings	9.2.3	445
18.7 Significant change in financial position	n/a	n/a
19. Additional information		
19.1 Share capital		
19.1.1 Amount of share capital issued, number of shares issued and par value	7.2.1	372
19.1.2 Shares not representing capital	n/a	n/a
19.1.3 Number, book value and par value of treasury shares	7.1.2.2	364 to 365
19.1.4 Convertible securities, exchangeable securities or securities with warrants	n/a	n/a
19.1.5 Conditions governing any right of acquisition and/or any bond attached to the authorized but not issued share capital of any company intended to increase the share capital	n/a	n/a
19.1.6 Options or conditional or unconditional agreements to invest the share capital of any member of the Group	n/a	n/a
19.1.7 Share capital history	7.2.1	372
19.2 Memorandum of incorporation and articles of association		
19.2.1 Register and corporate purpose	9.1.2.2, 9.1.3.1	426, 430
19.2.2 Rights, privileges and restrictions attached to each class of shares	9.1.3.3	433
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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 General Regulations of the French Financial Markets Authority (AMF):

	Chapters/ paragraphs	Pages
Separate financial statements	3.2	197 to 226
Consolidated financial statements	3.1	136 to 196
Management report	See the management report cross-reference table 9.4.3	451 to 452
Statement by the persons responsible for the Annual financial report	9.3.2	447
Statutory Auditors' report on the separate and the consolidated financial statements	3.1.3, 3.2.3	193 to 196, 220 to 224
Board of Directors' corporate governance report	See the corporate governance report cross-reference table 9.4.4	452
Statutory Auditors' observations on the Board of Directors' corporate governance report established pursuant to Article L. 225-235 of the French Commercial Code	3.2.3	222

9.4.3 Board of Directors' management report

The table below provides cross references for the information provided in this document constituting the Board of Directors' management report in accordance with Articles L. 225-100 and L. 225-100-2 of the French Commercial Code:

	Chapters/ paragraphs	Pages
Group position and activity		
Position and activity of the Company and of the Group during the past fiscal year	1.2	44 to 68
Company and Group results	3, 6.3	136 to 226, 349 to 355
Financial and, where applicable, non-financial key performance indicators	1.2.3	48
Analysis of the development of business activity, results and financial position	1.2	44 to 68
Significant events since the balance sheet date and the date of the management report	1.2.8, 3.1.2 note 28, 3.2.2 note 24	60, 193, 217
Expected changes and outlook	1.2.7	60
Acquisitions of significant shareholdings in companies having their head office in France	n/a	n/a
Research and development activities	9.2.2	445
Existing branches	n/a	n/a
Notice given to another company in which the Company holds more than 10% of its share capital	n/a	n/a
Internal control or risk management		
Description of the main risks and uncertainties, in particular:		
• financial risks connected with the effects of climate change	2.1.2	84 to 85
• market risks (interest rate, foreign exchange, equities)	5.2.2.3	338 to 341
Internal control and risk management procedures	5.1, 5.2	322 to 330
Indications concerning the use of financial instruments: objectives and the Company's financial risk management policy	3.1.2 notes 18 19, 3.2.2 notes 1.5 and 20, 5.2.2.3	180 to 183, 202, 215, 338 to 341
Vigilance plan	n/a	n/a

	Chapters/ paragraphs	Pages
Share capital and shareholdings		
Major shareholders and share ownership structure and voting rights at December 31, 2022	7.2.3	375 to 379
Employee holdings in the share capital	7.2.3.5	379
Buying and selling of treasury shares	7.1.2	364 to 366
Trading in the Company's shares by executives and corporate officers	7.2.3.4	379
Potential adjustments for securities giving access to the share capital	n/a	n/a
Conditions for the exercise and holding of options by corporate officers	n/a	n/a
Conditions for holding bonus shares allocated to corporate officers	4.2.2.4, 4.2.2.5, 4.2.2.6, 4.2.2.7, 7.2.5.3	282 to 284, 290, 294 to 296, 298 to 300, 304 to 306, 309 to 311, 380 to 381
Disposal of shares with a view to adjusting cross-shareholdings	n/a	n/a
Accounting and financial information		
Net income for the fiscal year and proposed appropriation of income	3.1.1.1, 3.2.1.1, 8.1.2	136, 197, 386 to 387
Amount of dividends paid over the last three fiscal years	8.1.2	386 to 387
Five-year summary of results	3.2.4	225
Trade payables and trade receivables – Payment times	3.2.5	226
Amount of inter-company loans granted	n/a	n/a
Statement of non-financial performance	**2**	**80 to 132**

9.4.4 Corporate governance report

The table below provides cross references for the information provided in this document constituting the Board of Directors' corporate governance report in accordance with Articles L. 225-37 and L. 225-37-4 of the French Commercial Code:

	Chapters/ paragraphs	Pages
Company Senior Management exercising conditions	4.1.2	249 to 252
Appointments and duties of corporate officers	4.1.1.2, B	236 to 247
Membership and conditions for preparing and organizing the Board's work	4.1.1.2, A, 4.1.4	231, 253 to 256
Diversity policy applied to members of the Board of Directors	4.1.1.2 A	232
Limitations to the powers of the Chief Executive Officer	4.1.2 A	249 to 250
Compensation paid to corporate officers	4.2	268 to 312
Agreements between an executive or significant shareholder and a subsidiary	4.1.9	267
Restrictions imposed on corporate officers by the Board of Directors on the exercise of options or the sale of securities	4.2.2.4, 4.2.2.5, 4.2.2.6, 4.2.2.7	284, 296, 300, 311
Monitoring of capital increase authorizations	7.2.2	373 to 374
Methods for shareholder participation at the General Meeting	9.1.3.5	434 to 435
Procedure for assessing current agreements and their implementation	4.1.8.2	266
Reference to a Corporate Governance Code	4.1.1, 4 Appendix	230 and 313 to 318
Information on factors likely to have an impact in the event of a public offer	9.2.1	445
Statutory Auditors' observations on the corporate governance report	3.2.3	222

9.4.5 Statement of Non-Financial Performance (DPEF)

The table below provides cross references for the information provided in this document constituting the Statement of Non-Financial Performance in accordance with Article L. 225-102-1 of the French Commercial Code:

	Chapters / sections	Pages
Business model	Integrated report	8 and 9
Description of the main risks related to the Company's business activity	2.1.2	84
Description of policies for preventing, identifying and managing non-financial risks and their results	2.1	80 to 85
Information on the way in which the Company takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the Company's business activity)	2.2, 2.3, 2.4, 2.5, 2 Appendix 1	85 to 124
Results of the policies applied by the Company, including key performance indicators	2.1.2	85
Employee-related information (employment, work organization, health and safety, labor relations, training, equal treatment)	2.5	103 to 110
Environmental information (general environmental policy, pollution, circular economy, climate change)	2.2	86 to 92
Societal information (societal commitments to sustainable development, subcontracting and suppliers, fair practices)	2.3, 2.4	93 to 102
Anti-corruption information	2.4.2, 2.5.1	98 to 101, 103 and 104
Information on human rights initiatives	2.4.2, 2.5.1	98 to 101 and 103
Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on employees' working conditions	2.5.3	109
Independent third party's report on the information contained in the DPEF	2 Appendix 3	128 to 130

9.5 Subject index and glossary

9.5.1 Subject index

Subjects	Pages
Responsible purchasing	84, 85, 98, 99, 100, 101, 111, 113, 122, 127
Acquisitions	38, 41, 46, 53, 57, 59, 150, 174, 192, 337, 338, 424
Net Asset Value	31, 42, 48, 59, 61, 62, 331
Shareholding	219, 349, 353, 372, 452
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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.

Biodiversity

Biodiversity denotes all living species. It covers the diversity of genes, species and ecosystems and the way in which they interact.

BREEAM (Building Research Establishment Environmental Assessment Method)

BREEAM is the method developed by the Building Research Establishment, a private UK building research body, for assessing the environmental performance of buildings. It is the equivalent of AFNOR's HQE (*Haute Qualité Environnementale*) standard in France (www.breeam.com).

Shopping center

A shopping center is a collection of stores grouped around one or more anchor brands (large food or specialty stores) ensuring a flow of customers or prospects. According to 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.

FACT *(Fédération des Acteurs du Commerce dans les Territoires)*, formerly the CNCC (French Council of Shopping Centers)

The *Fédération des Acteurs du Commerce dans les Territoires* (FACT) is the French professional organization bringing together all professionals in the shopping center industry (developers, managers, investors, brands, retailers, consultants and service providers) (https://www.lesacteursducommerce.com).

Casual Leasing

This concerns small stalls, generally measuring between 6 to 10 sq.m., and temporarily installed in the common areas. They are covered by specific contracts known as short-term Agreements.

Cost of debt

The cost of debt is the average cost of debt drawn down by Mercialys. It incorporates all financial instruments issued in the short and the long term.

Asbestos Technical report (DTA)

The technical report on asbestos (*Dossier Technique Amiante* – DTA) is a document drafted by a certified agency designed to organize the prevention of asbestos-related risks. The report has been compulsory since January 1, 2006, regardless of the construction date of a building and regardless of its use (residential, work, office building, buildings intended for industrial or agricultural use, common areas of community residential buildings).

EBITDA

Earnings before interest, taxes, depreciation and amortization. The equivalent term in French accounting is *excédent brut d'exploitation*.

Renewable energy

Renewable energy denotes sources of energy that are replenished faster than they are used and are thus inexhaustible on a human scale. Renewable energy is provided by the sun, wind, heat from the earth, waterfalls, tides or plant growth. It generates little waste or emissions.

EPRA (European Public Real Estate Association)

Non-profit organization founded in 1999, bringing together many real estate companies listed on the stock market in Europe. EPRA specifically issues recommendations concerning the publication of financial information, in order to ensure consistency and comparability of a number of financial and operational ratios between real estate companies (www.epra.com).

EPRA NAV (Net Asset Value)

NAV (Net Asset Value) is an indicator of the net market value of the asset of a real estate company. EPRA considers this indicator as providing a long-term vision of the Company's management of its real estate assets. It is calculated exclusive of transfer taxes, deferred taxation, and change in market value of the fixed-rate debt and financial instruments. The ratio measures the value of a real estate company from the viewpoint of the business as a going concern.

EPRA NDV (Net Disposal Value)

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA NDV provides a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the balance sheet, net of any resulting tax. This measure should not be viewed as a "liquidation Net Asset Value" because, in many cases, fair values do not represent liquidation values.

EPRA NNNAV (Triple Net Asset Value)

NNNAV (Triple Net Asset Value) corresponds to NAV after taking into account deferred taxes and the market value of fixed-rate debt and financial instruments. This ratio aims to assess the spot Net Asset Value of a real estate company.

EPRA NRV (Net Reinstatement Value)

EPRA NRV measures the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on real estate asset valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA NTA (Net Tangible Assets)

EPRA NTA calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability.

ERNMT

The ERNMT is the audit of the natural, mining and technological risks of a given property that informs the buyer or tenant of the potential risks in the municipality where such buyer or tenant plans to buy or rent. The ERNMT should be included in the technical audit dossier (*Dossier de Diagnostic Technique* – DDT) and given to the future buyer or tenant.

FFO (Funds From Operations)

The FFO is the result of the operations reported by Mercialys. This management indicator corresponds to net profit adjusted for amortization, net capital gains on disposals, impairment of any assets, and other non-recurring items.

Food court

A food court is a space where consumers are offered a wide variety of foods from different counters and where, after having purchased their meal from one of the caterer, they can sit down to eat at a shared table. It can also simply be a group of different traditional restaurants in a specific area. Food courts can be inside or outside.

LFS (Large Food Store)

This is a food store whose gross leasable area is in excess of 750 sq.m..

LSS (Large Specialty Store)

This is a store specializing in a particular sector (sports, household appliances, toys, etc.) whose gross leasable area is in excess of 750 sq.m..

Grenelle Environment Forum

The Grenelle Environment Forum is a series of political meetings which were held in France from July 6 to October 25, 2007. They brought together representatives of government and civil society in order to make long term decisions on the environment and sustainable development. The commitments made during these consultations gave rise to five major pieces of legislation: the so called Grenelle I law, the law on environmental liability, the GMO law, the law on organization and regulation of rail transport, and the so called Grenelle II law. These various laws introduced measures affecting the energy, construction, transport, biodiversity, environmental risk and health sectors.

Interest Coverage Ratio (ICR)

Ratio indicating the rate of cover of financial expenses: relationship between EBITDA and expenses from net financial debt.

Construction Cost Index (ICC)

The Construction Cost Index (ICC) measures the change in the construction cost of new buildings whose main use is non-community residential housing in mainland France. It is a price index based on observation of construction contracts agreed between project owners and the companies providing building works, excluding other housing cost components (land charges, ancillary promotional costs, financial costs, etc.). This index is used, along with the Retail Rent Index (ILC), for the indexation of commercial rents (www.insee.fr).

ICPE

Environmentally protected/classified facilities (*installation classée pour la protection de l'environnement*) are plants, workshops, depots, work sites and, more generally, facilities operated or held by any individual or public or private company, which may present a source of danger or nuisance to the neighboring area with respect to health, safety, public health, agriculture, protection of nature, environment and landscapes, rational use of energy, conservation of sites and monuments or archaeological heritage sites.

Retail Rent Index (ILC)

The quarterly retail rent index (*indice des loyers commerciaux* – ILC) consists of the weighted sum of the indices reflecting changes in consumer prices, new construction prices and retail trade revenues. It covers retail tenants and artisans undertaking a commercial activity. This index is used, along with the Construction Cost Index (ICC), for the indexation of commercial rents (www.insee.fr).

Legionella

Legionella are bacteria naturally present in water and mud, responsible for respiratory diseases (lung infection), known as legionnaire's disease. They usually colonize water networks, especially domestic hot water, air-conditioning installations and cooling towers. Certain water sources may trigger legionnaire's disease.

MGR (Minimum Guaranteed Rent)

The leases signed with tenants include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion, known as the minimum guaranteed rent, and a portion pegged to the revenues of the tenant operating the retail premises. The minimum guaranteed rent is based on the rental value of the premises.

Loan To Value (LTV)

As its name suggests, this indicator is a measure of the level of debt of real estate companies. It is calculated by dividing consolidated net debt by the appraisal value of total assets, including or excluding transfer taxes, plus the value of equity associates' securities.

Invoiced rents

Rents invoiced by Mercialys to its tenants, excluding lease rights and despecialization indemnities.

Net rental income

Rental revenues, net of expenses on buildings and rental charges and property taxes not rebillable to tenants.

Variable rents

Rents that meet specific contractual clauses, generally established as a percentage of the revenues generated by the tenant. Variable rents are generally in addition to the Minimum Guaranteed Rent (MGR) and are triggered if a tenant reaches certain performance thresholds.

Financial rating

Rating agencies (Standard & Poor's in Mercialys' case) award a financial rating, after a detailed analysis of various corporate financial criteria, to show the borrower's credit quality and the level of risk associated with debt instruments from the issuer.

Stakeholder

A partner, whether individual or collective, that is actively or passively involved in Mercialys' decisions and projects. A stakeholder may be internal (employees) or external (shareholders, customers, suppliers, local authorities, etc.).

Company Savings Plan

A Company Savings Plan (PEE) is a collective savings system which allows a company's employees to build a securities portfolio with the Company's help. The employee's payments to the plan may be topped up by contributions from the Company. The sums are locked in for at least five years but may be unlocked in exceptional circumstances.

Company Pension Savings Plan (PERCO)

A Company Pension Savings Plan (PERCO) is a corporate arrangement that enables employees to build savings. The sums are locked in until retirement but may be unlocked in exceptional circumstances. The employee's payments to the plan may be topped up by contributions from the Company. At the time of retirement, the sums are released either as pension payments or, if permitted by the collective agreement, as a lump-sum.

Current scope/like-for-like basis

The current scope includes all of Mercialys' portfolio at a given date, that is to say all assets held in the portfolio over the period analyzed.

The like-for-like basis restates the impact of consolidations (acquisitions and disposals) over the period analyzed, to ensure a stable basis for comparison over time.

Portfolio of development projects or pipeline

The portfolio of development projects, or pipeline, comprises all investments Mercialys plans to make over a given period. These may be renovations, transformations, extensions, creations or acquisitions of assets or companies holding assets.

Mercialys splits its pipeline into three categories:

- committed projects: projects fully secured in terms of land management, planning and related development permits;
- controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits;
- identified projects: projects currently being structured, in emergence phase.

Global Warming Potential (GWP)

Global warming potential (GWP) is an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect. The indicator currently only tracks direct greenhouse gases (GHG), *i.e.* the six gases (CO_2, CH_4, N_2O, CFC, HFC, SF_6) listed in the Kyoto protocol. This indicator is expressed in "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.

Retail Parks

Term used to denote an open-air shopping center with a parking lot shared by all outlets.

Rental revenues

Rents invoiced by Mercialys to its tenants, including lease rights and despecialization indemnities.

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.

Built-up area

The total built-up area occupied by buildings or parts of buildings in a shopping center.

Gross leasable area

The Gross Leasable Area (GLA) of a shopping center is the sum of the sales areas of the businesses within it, excluding the collective circulation spaces (aisles in shopping centers). The gross leasable area includes storerooms and technical premises.

Sales area

The sales area is the area dedicated to the circulation of customers when shopping and paying (cash desks), the surface used to display the products sold, and the circulation areas for sales staff. The sales area does not include storerooms and technical premises.

Occupancy Cost Ratio (OCR)

The occupancy cost ratio is the ratio between rent, charges (included marketing funds) and re-invoiced works, including tax, paid by retailers and their sales revenue including tax. Note that the consolidated occupancy cost ratio reported by Mercialys does not include large food stores.

Capitalization rate

The capitalization rate is the ratio between net rental income of the premises leased + the rental value of vacant premises + income from Casual Leasing, relative to the value of assets excluding transfer taxes.

Recovery rate

The recovery rate corresponds, at the end of a period, to the proportion of rents, charges and work invoiced by Mercialys to its tenants that has actually been collected.

Yield rate

The yield rate is the ratio between net rent of the premises leased + the rental value of vacant premises + income from Casual Leasing, relative to the value of assets including transfer taxes.

EPRA Net Initial Yield

The EPRA net initial yield is the ratio of annualized net rental income in relation to the fair value of the asset portfolio including transfer taxes.

EPRA Topped-up Net Initial Yield Rate

EPRA Topped-up Net Initial Yield Rate is annualized net rental income adjusted for rental gains on rent-free periods, step-up rents and other benefits granted to tenants, relative to the fair value of the asset portfolio including transfer taxes.

Yield on cost

The yield on cost is the estimated return on investment projects. For each project, the rate is calculated by dividing the net rental income created by the project by its total implementation cost.

Total vacancy rate

The total vacancy rate is the rental value of all vacant premises relative to the annualized Minimum Guaranteed Rent for occupied premises + the rental value of all vacant premises. The total vacancy rate includes the current financial vacancy rate + the "strategic" vacancy rate which relates to premises deliberately left vacant to facilitate extension/redevelopment plans. It should be noted that the consolidated vacancy rates published by Mercialys do not include agreements related to the Casual Leasing activity.

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