MERCIALYS

2020 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT AND THE INTEGRATED REPORT

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

TRANSPARENCE LABEL OR 2020

This label recognizes the most transparent documents or information materials according to annual Transparency ranking criteria (https://www.grandsprixtransparence.com).

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

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AMF

The Universal Registration Document was filed on March 17, 2021, 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 19, 2021[1]
2021 first-quarter activity

April 22, 2021
Annual General Meeting

April 29, 2021[2]
Ex-dividend date

May 21, 2021[2]
Dividend payment / Transfer of shares[3]

July 28, 2021[1]
2021 first-half results

July 29, 2021
Financial information meeting

October 18, 2021[1]
Activity at end-September 2021

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, 2020, 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 22, 2021.
(3) If option selected for the dividend to be paid in shares.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

2020 was an unprecedented year, during which Mercialys' governance bodies and employees effectively demonstrated their know-how, responsiveness and dedication.

Dear stakeholders,

We have all collectively faced a real challenge with the global health and economic crisis seen since March 2020. First of all, from a human perspective, it has had serious effects, leaving behind large numbers of grieving families. Secondly, from an economic perspective, it has had deep repercussions and will continue to have a strong impact over the coming months. In this context, Mercialys' Board of Directors and Executive Leadership Team would like to express their full support for everyone affected by this crisis. They would also like to thank the Company's teams for their outstanding mobilization, during these long months, to serve consumers.

More than ever, Mercialys demonstrated its operational excellence in 2020. The entire Company, including our governance bodies, has worked tirelessly to be able to ensure, under the best health and safety conditions, access for customers to the many different day-to-day products and services offered by its shopping centers. Particular care has also been taken with our balance sheet, which has been consolidated in particular through asset divestments.

The French government's repeated orders to close stores are still in force to date, with very significant restrictions on activities. The health protocols are still extremely rigorous and scrupulously followed by the Company, ensuring that its sites offer a safe environment for all stakeholders.

This situation will continue for part of 2021, given the slow pace of the vaccination campaign. However, this should not mask the prospect of a favorable outcome. Mercialys has proven that it has all the assets needed to come through this challenging period, while the crisis has confirmed its robust model and the effective way that its governance and leadership bodies operate. This was illustrated in 2020 by effectively managing its financial balances, accelerating its transformation strategy and achieving a number of awards and recognition from sustainability rating agencies and rankings.

The 2021 Annual General Meeting will be held on April 22. We would like to maintain in-person attendance for this event, ensuring the greatest respect for shareholders' rights.

However, we will need to scrupulously adhere to the health and safety guidelines issued so that we can protect each and every one of us together. In this context, I would therefore invite our shareholders to plan ahead and vote on the resolutions online or by post, and to submit any questions they may have to the Board of Directors ahead of the event. Shareholders also have the option to appoint me to represent them if they wish. The agenda and all the conditions for taking part are presented in the General Meeting brochure. If new health and/or legal requirements mean that Mercialys will have to hold this General Meeting as a closed session, the conditions for organization and participation would be adapted accordingly. Full details will be provided on the Company's website, which we therefore invite our shareholders to consult on a regular basis.

Yours sincerely,

Éric Le Gentil
Chairman of the Board of Directors

« Mercialys has proven that it has all the assets needed to come through this challenging period. »

QUESTIONS FOR THE LEADERSHIP TEAM

THE HEALTH CRISIS LINKED TO COVID-19 HAS AFFECTED ALL FACETS OF SOCIETY. HOW HAS MERCIALYS ADAPTED TO THIS SITUATION?

From an operational perspective, the Company quickly ramped up its arrangements for working from home put in place before the pandemic. Our teams' proven know-how for managing crisis situations, with a number faced in the last few years, linked in particular to the various social protest movements, enabled us to ensure the continuity of our activities. We would like to pay tribute to the outstanding dedication of our teams, who have shown their adaptability, commitment and solidarity, in a context in which our Company has not benefited from any government support measures.

This mobilization has benefited Mercialys' entire ecosystem. Firstly, our tenant retailers, many of whom have been affected by the government orders to close stores. We have successfully established regular and constructive one-to-one dialogue, enabling us to find relevant solutions for each case.

Our commitment to maintaining strong links with our stakeholders has also been illustrated with our end customers, with 100% of our sites remaining open throughout 2020, as well as the ramping up of our dedicated services, content and digital operations for them. Digital connections cannot replace the richness of human interaction, but offer a platform for exchanges and services between members of the communities where our shopping centers are located.

Lastly, our mobilization has benefited these regions where we operate, through the solidarity initiatives carried out both nationally and locally.

HOW IS THE CRISIS REFLECTED IN THE RESULTS FOR 2020?

Mercialys demonstrated its resilience faced with the shock of the lockdowns, highlighting its strong capacity to continue operating. Its operational indicators once again outperformed the national indexes (+685bp for footfall / +1,070bp for retailer sales). This resilience of our assets enabled us to limit the impacts relating to rent relief and provisions connected to the crisis in 2020 to the equivalent of 1.5 months of billing for rent and charges excluding tax.

In addition, although the context was not particularly favorable for investments in the physical real estate market, Mercialys successfully sold six assets in 2020, generating a net cash-in of around Euro 150 million. These disposals, which came in close to the appraisal values, further strengthened the Company's liquidity and supported its balance sheet positions, with a significant improvement in the loan to value ratio compared with end-December 2019, down to 38.1% at the end of December 2020.

Lastly, Mercialys significantly accelerated its transformation strategy launched in 2018, with the widespread deployment of its logistics service Ocitô and its new 100% digital loyalty program. The Company also consulted with more than 900 of its stakeholders in 2020 in connection with the new phase of its CSR strategy, leading to four new core commitments that will guide its priorities in this area for 2020-2030.

HOW IS MERCIALYS LOOKING AHEAD TO 2021?

The start of 2021 has seen particularly reduced visibility. The third wave of government orders to close stores and shopping centers over 20,000 sq.m., then over 10,000 sq.m., without any estimated reopening date on the date when this document was published, represents a major operational constraint and source of uncertainty. Mercialys deplores these exceptional closures as they are once again undermining retailers and the Company's ability to recover its rents, for sites that have introduced widespread health measures to protect visitors.

On the date of this report, these restrictions prevented the Executive Leadership Team from being able to announce specific full-year objectives for 2021. The Board of Directors has also decided to adopt a cautious approach, limiting its proposed dividend to Euro 0.43 per share, representing the minimum required by the SIIC[1] tax status.

Over the longer term, Mercialys is reaffirming its confidence in its fundamentals, which have been further enhanced over the years and its ability to continue anticipating consumer trends. Within a globally mature market, it will continue with its successful asset management strategy, while making selective investments and moving forward with its strategic development, including the development of its services, its formats, its regional realignment and its deployment on the omni-channel logistics segment.

(1) French listed real estate investment trusts (SIIC). With this status, companies such as Mercialys are subject to a specific tax framework, which notably exempts them from corporate income tax on their income from real estate activities, but requires a significant distribution of revenues and capital gains as dividends.

« Mercialys is reaffirming its confidence in its fundamentals, which have been further enhanced over the years, and its ability to continue anticipating consumer trends. »

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

€3,258.3M
portfolio value
(including transfer taxes)

38.1%
loan to value ratio
(excluding transfer taxes)

≈ €150M
net cash-in from disposals

MERCIALYS ESSENTIALS

Mercialys is a leading French real estate company. It is specialized in the holding, management and transformation of retail spaces, anticipating consumer trends.

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Making customers' lives easier each day

OUR VISION

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

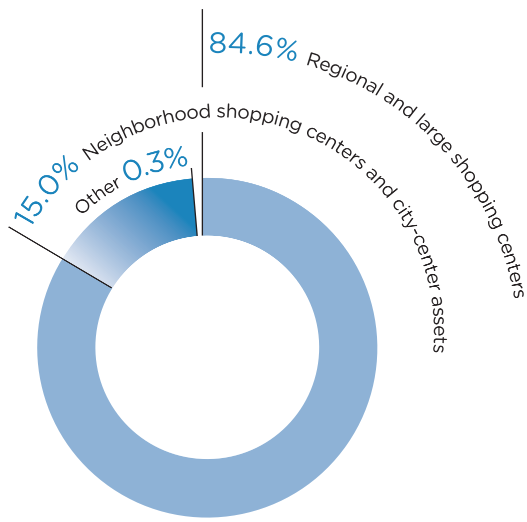
With 49 shopping centers[1] at end-December 2020, the Company is a market leader. The Company's 822,000 sq.m. portfolio is home to more than 900 international, national and local retailers, attracting over 100 million visitors each year[2].

Mercialys' asset portfolio is made up primarily of leading retail sites, all located in mainland France and overseas territories. The vast majority of these sites are located in medium-sized cities and 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 disposal strategy for over a decade, enabling its assets, in addition to their intrinsic qualities, to benefit from buoyant underlying socioeconomic factors and less intense competition.

BREAKDOWN OF THE PORTFOLIO BY REGION[3]

BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes

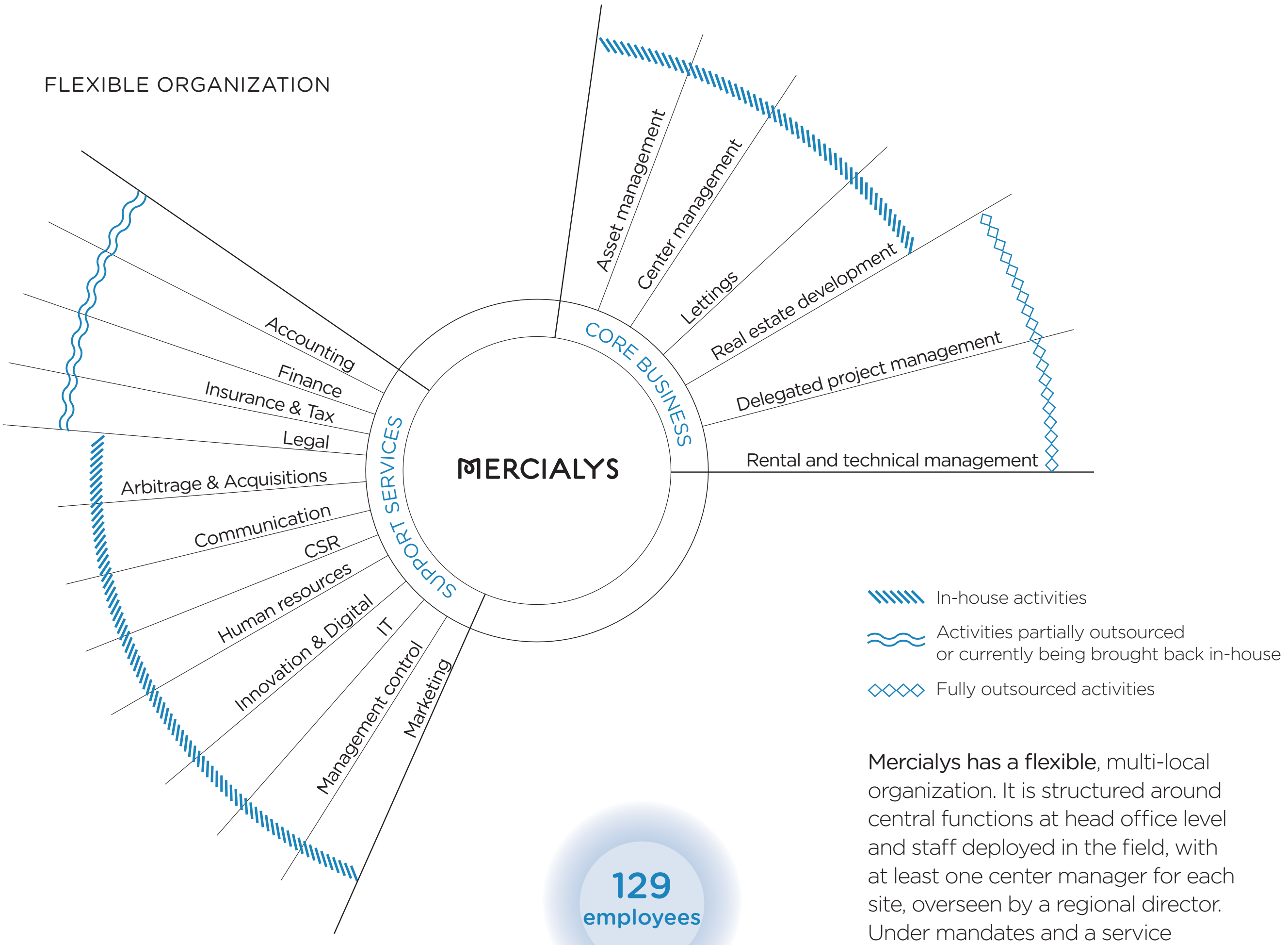


(1) In addition to two high-street retail assets and four dispersed assets.
(2) Excluding periods when national lockdowns were in force and stores were ordered to close.
(3) Excluding dispersed assets.

Mercialys' business aims to ensure the sustainability of its sites and the recurrence of their rental streams. The Company has an agile and proactive portfolio management approach, with all its initiatives aiming to improve its letting potential, sustainability and value growth. To achieve this, 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. As an aggregator for retail-driven solutions, the Company continuously and selectively invests in both its traditional asset portfolio and innovative solutions, supporting the attractive positioning of its centers. Creating modular and environmentally-friendly assets, Mercialys regularly divests its mature sites in order to reallocate these funds on innovative, value-creating projects, without affecting its balance sheet positions.

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

FLEXIBLE ORGANIZATION



Mercialys has a flexible, multi-local organization. It is structured around central functions at head office level and staff deployed in the field, with at least one center manager for each site, overseen by a regional director. Under mandates and a service agreement, the Company outsources some of its support activities, including the rental and technical management of its shopping centers.

129 employees

40% of employees deployed on site

ROBUST BUSINESS MODEL FACED WITH THE CRISIS

Mercialys' strategy is built around the continuous transformation of its commercial offering and real estate assets, adapting them in line with changes in buying behavior and developing and consolidating their rental revenues, while respecting their environment. To achieve this, the Company harnesses six types of resources within a business model creating both financial and sustainability-based value for all its stakeholders.

Faced with the health and economic crisis in 2020, Mercialys was able to effectively capitalize on all the components of its model. Its robust foundations and societal value were once again supported by retail mixes focused on serving day-to-day needs and the sites' strong local roots.

However, the repeated lockdown measures and orders to close "non-essential" stores affected the shopping centers' ecosystem and traditional model. In response, Mercialys capitalized on its outstanding adaptability in order to accelerate its transformation strategy launched in 2019. Several solutions, including the Ocitô logistics services ecosystem or the 100% digital loyalty program, were rolled out on a wide scale in 2020, supporting the business of both Mercialys and its retailers.

Resources serving the strategy

HUMAN RESOURCES
- 129 expert employees
- 38 average age
- 57% women
- 71% management-grade employees

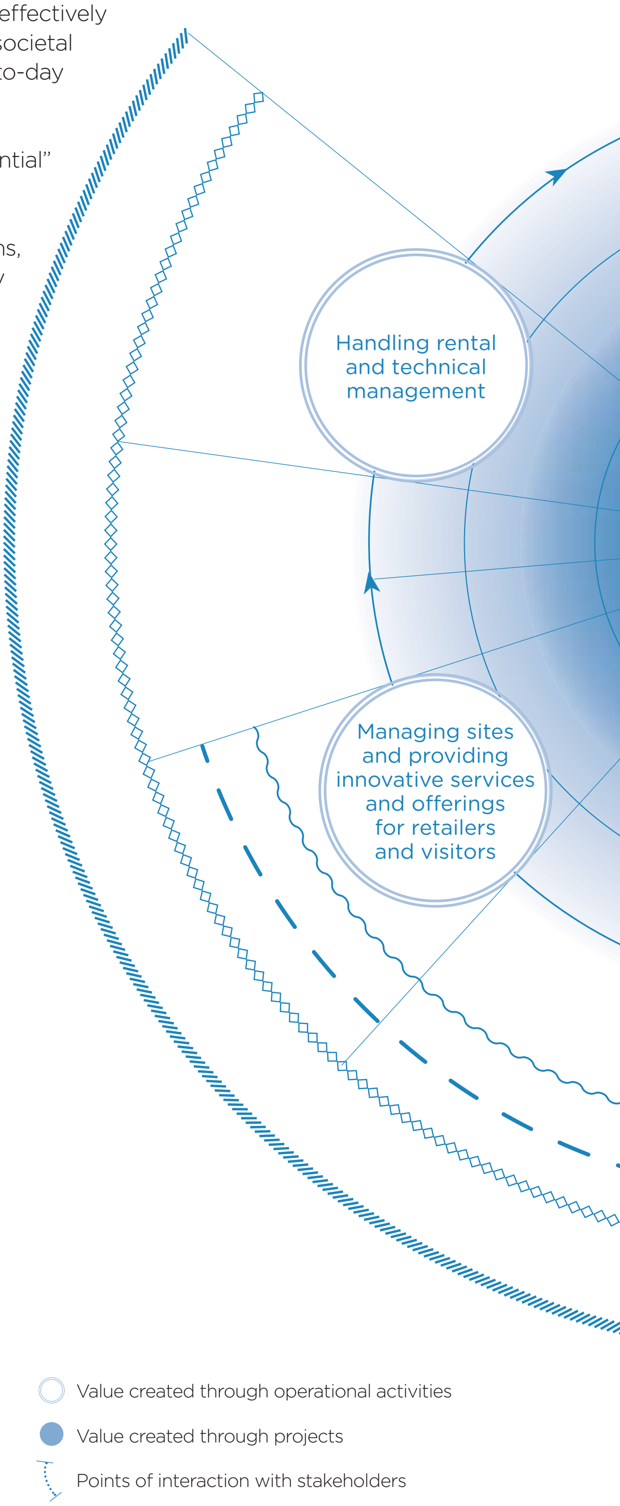
INTELLECTUAL AND TECHNOLOGICAL RESOURCES
- Intangible capital, including the G La Galerie brand and Mercialys' digital ecosystem, with 1.2 million qualified customers in its databases

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

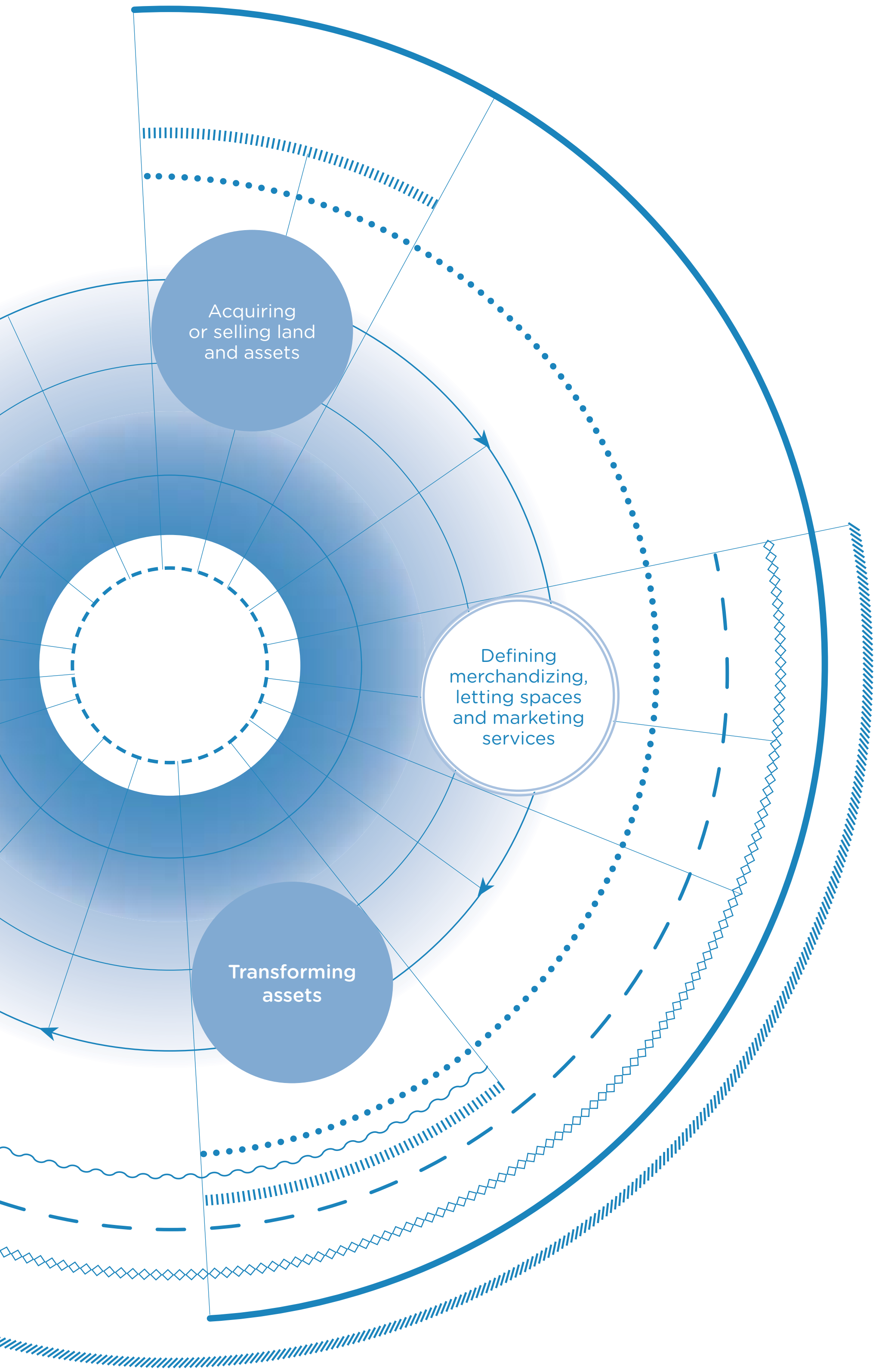
FINANCIAL RESOURCES
- Euro 405 million of undrawn financial resources
- Resilient financial profile:
  - 1.4%(1) average cost of drawn debt
  - 3.5 years average maturity of drawn debt
  - 38.1% LTV excluding transfer taxes(2)
  - 5.0x ICR(3)
  - 9.1x net debt/EBITDA

LAND RESOURCES
- Euro 407 million of development projects for 2021-2027
- 32 assets concerned, representing 63% of the number of assets in the portfolio(4)
- 77% of the portfolio in value terms BREEAM In-Use certified

ENVIRONMENTAL RESOURCES
- 46,695 MWh of energy consumed
- 147,213 m^3 of drinking water consumed



Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €13.1m of compensation paid

PROVIDERS AND SUPPLIERS
- €10m of purchases

FINANCIAL COMMUNITY
- €52.2m of dividends paid, in line with the French government's appeal for national solidarity and moderation during this crisis period
- €21.8m of financial expenses paid

STATE AND LOCAL AUTHORITIES
- €2.0m of tax paid

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €85k of annual contributions

TENANT RETAILERS
- +685bp outperformance compared with the national index(5) in terms of footfall
- €3.4 of sales generated on average for each € of vouchers spent with the new loyalty program

VISITORS AND END CUSTOMERS
- €6.2m budget for marketing funds, associations and economic interest groups (GIE)
- More than 900 retailers present in the centers, ensuring a balanced retail mix focused on essential needs

NON-PROFIT ORGANIZATIONS
- €990k of contributions to support the local non-profit ecosystem

(1) Excluding net proceeds linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue. / (2) Loan To Value = net financial debt/(portfolio's fair value excluding transfer taxes + market value of investments in associates). / (3) Interest Coverage Ratio = EBITDA / net finance costs. / (4) Excluding the four dispersed assets. / (5) CNCC national benchmark index.

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. Its challenges and stakes are therefore linked to:
1/ its understanding of changes in the way that end customers consume and its ability to adapt to tenant retailers' needs;
2/ its effective management of its real estate tools and, more specifically, its ability to transform them in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the ecological transition.

Triple polarization of flows

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

These transformations represent an opportunity for real estate companies if they can successfully identify the sometimes-complex underlying factors behind them. Drawing on its experience and listening to its stakeholders, Mercialys has a fine-grained understanding of the various dynamics at work, which enables it to anticipate these changes.

In light of mobility constraints, specific regional development trends and French lifestyle choices, a polarization can be seen on three levels in particular. Depending on the types of urban development, this polarization is linked directly to the dominance of certain forms of transport and residential preferences. They are reflected in very different conditions for access to consumption and characterize each catchment area throughout the region, which requires a case-by-case approach and analysis for retail real estate.

POLARIZATION OF REGIONS

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

POLARIZATION TOWARDS PERIPHERAL AREAS

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

POLARIZATION AROUND MASTER AREAS

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

Diverse expectations and practices for different realities

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

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

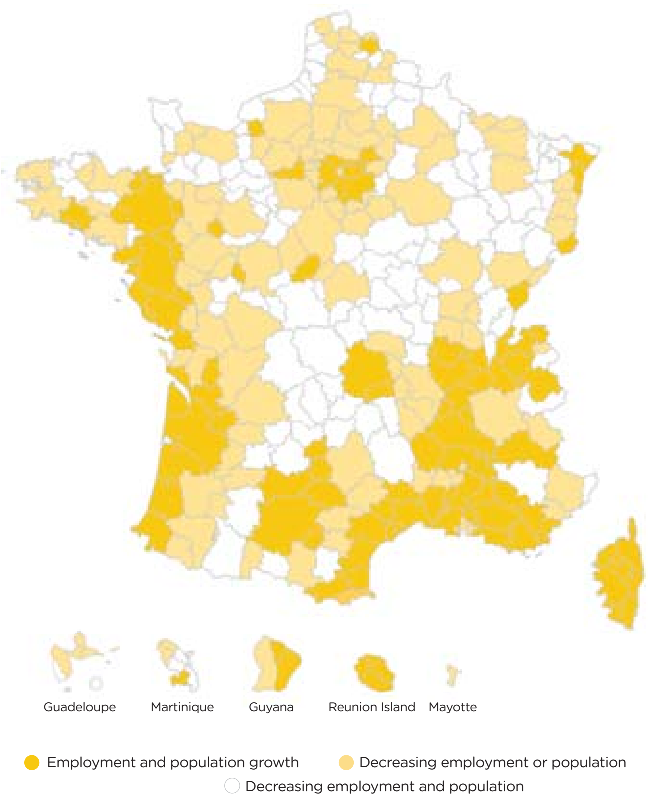
Other factors affect consumers' effective expectations, such as:

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

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

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

SOCIOECONOMIC TRENDS PER FRENCH REGION(1)



(1) Source: Insee.

Understanding consumers' expectations to meet them effectively

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

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

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

To offer each customer a personalized solution, it is therefore necessary to be able to capture their expectations, which means being attentive to them and avoiding traditional undifferentiated sales and marketing approaches for instance. This is valid for both shopping centers and retailers, independently from their scale, their reputation or their business sector.

CONSUMER CHOICE MATRIX

Adapted offerings

New technologies are valuable tools, because they multiply contacts and exchanges with consumers. The digitalization of points of sale is a vital development in order to identify and support their new expectations. However, this will not replace the in-store experience. The human contact involved is the primary determining factor behind their preference for physical points of sale. This observation highlights the importance for retailers to adapt their formats and concepts, focused on more qualitative, daring and differentiating human interactions, within a highly regulated framework for using personal data.

While they appreciate the service, the vast majority of consumers refuse to pay the costs involved with delivering goods to their homes, which complicates the resolution of the economic equation for last-mile logistics. This is particularly evident in medium-sized cities, where extensive peripheral urban developments make it complicated to achieve scale effects. In these areas, "ship from store" delivery appears to be the most financially sustainable option, while the technical responses without additional human costs (e.g. autonomous cars and drone deliveries) are not viable within a foreseeable 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 omni-channel offering.

Lastly, consumers' growing interest in product advice over the last few years has led them to prefer specialized offerings. This specialization is now essential for retailers across all sectors, leading to a rationalization of marketing positionings, the creation of real customer expertise and a reallocation of resources. This trend is notably illustrated by the realignment – underway or planned – of several food retailers around their historic business, as well as the success achieved by medium-sized stores specialized in sport, leisure or household equipment.

STRATEGY AND POSITIONING ALIGNED WITH THESE REALITIES

In a competitive and health context that is transforming physical retail, the challenge for market participants concerns their ability to confirm their societal value, while meeting local consumers' needs across each site.

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

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

Since it was founded Mercialys has been developing its assets in line with this approach, building market-leading shopping destinations.
The Company's long-term outperformance reflects its value proposition: offering end customers, through a network of shopping centers that are on a human scale and firmly established within their communities, the certainty that they will be able to find the essential products that they consume, making it possible to immediately satisfy their needs with a quick, simple and human buying experience, combined with value for money. This positioning was a source of operational resilience for Mercialys in 2020, with all of its sites able to remain open during the national lockdown periods, thanks in particular to their systematic anchoring with a large food store.

3 longstanding areas of expertise generating competitive advantages

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

RETAIL KNOW-HOW
Adaptive, omnichannel retail concept

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

5 strategic pillars to develop tomorrow's retail real estate

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

This ability to anticipate trends is set out today with the five strategic pillars for the transformation of its sites. Mercialys' ambition is to convert them into outstanding ecosystems for retail, digital and logistics solutions, built around the foundations of a diversified selection with affordable pricing, adapted to local needs. Under the effects of the health crisis linked to Covid-19, the Company considerably accelerated the rollout of this transformation strategy in 2020, highlighting the relevance of its vision, supporting operational and financial resilience.

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

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

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

PILLAR 4 FIRST-MILE AND LAST-MILE LOGISTICS
Developing services that integrate centers into the first-mile and last-mile logistics chain, capitalizing on Mercialys' digital maturity to accelerate the omnichannel dimension of its sites.

PILLAR 5 STRONG MULTI-LOCAL ROOTS
Establishing the centers within a more responsible and sustainable approach to retail and consumption, adapted to local needs, while exploring alternative concepts and ramping up the selection of non-retail events offered at sites, to consolidate their legitimacy and centrality.

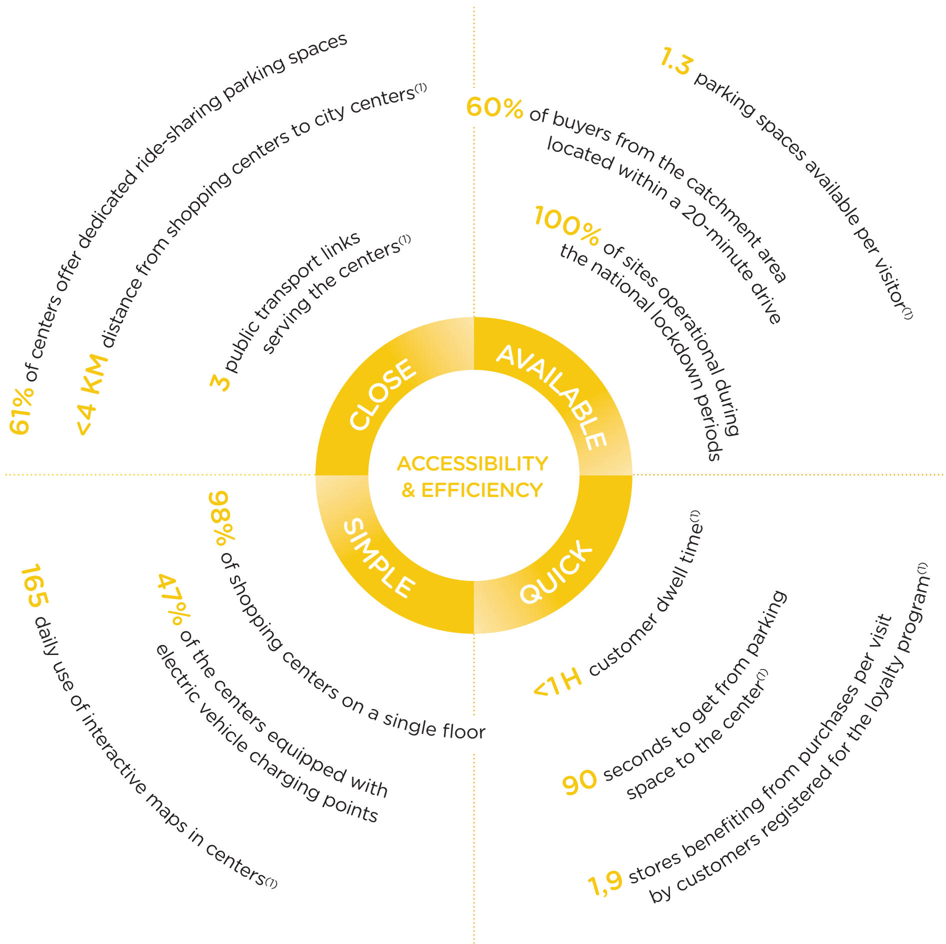
REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

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

ACCESSIBILITY is ensured through the sites' design and prime locations. Mercialys' assets are always located at the heart of their primary catchment area, not far from city centers, with outstanding transport links, long opening hours, optimized parking facilities, clear signs inside the shopping centers, etc.

EFFICIENCY refers to an efficient buying experience, made possible by these assets, as well as Mercialys' ability to make rapid changes to them. Their modularity ensures that they are always effectively aligned with the needs of retailers and customers, laying the foundations for their core position within their catchment area.



(1) On average.

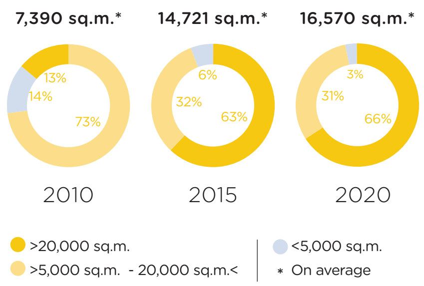
To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy for years. This is built around its asset management approach, selling mature sites, based on the Company's criteria, and making selective reinvestments in assets with residual development potential. This recycling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

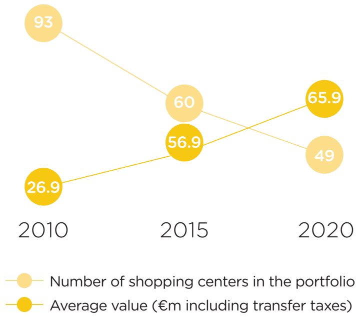
At end-December 2020, the Company's portfolio comprised 55 assets, valued at Euro 3,258.3 million including transfer taxes. Its shopping centers have an average size of 16,600 sq.m. and an average value of Euro 65.9 million including transfer taxes, significantly higher than the levels from 2010.

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

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

BREAKDOWN OF MERCIALYS' SHOPPING CENTERS





FEATURES OF MERCIALYS SHOPPING CENTER LOCATIONS

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

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

Guided by its focus on creating value, Mercialys always invests with a selective, rational approach. The Company has a flexible project portfolio, realigned in the last few years around projects making it possible to diversify the use of its centers. In a retail property sector that has reached maturity, its investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term. Especially as a certain number of players could, in the context of the current health crisis, look to sell their assets at attractive prices, opening up interesting opportunities outside of the Company's current scope.

At end-2020, Mercialys had a deep and flexible Euro 407 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 **32 OF THE COMPANY'S 51** shopping centers and high-street assets.

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

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

MERCIALYS' DEVELOPMENT PIPELINE

(in millions of euros)

	Total investment	Target net yield on cost	Completion date
Committed projects	22.3	NA(5)	2021/26
Controlled projects	133.5	7.4%	2022/24
Identified projects	251.2	7.0%	2022/27
Total projects	407.0	7.1%(5)	2021/27

(1) Of the appraisal value including transfer taxes. / (2) For 2005-2015, latest fully available INSEE data. / (3) Weighted by surface area. / (4) Mainland France. / (5) In the 2021 pipeline, the investments to be committed correspond to an advance for work by Mercialys at the Annecy site, which will be reimbursed to it in full, and the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%.

RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

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

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

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

Breakdown of annualized contractual rent by business sector

Personal items	31%
Food-anchored tenants	22%
Culture, gifts and sports	16%
Health and beauty	12%
Restaurants and catering	9%
Household equipment	7%
Services	3%

(1) On average. / (2) In accordance with the General Data Protection Regulation (GDPR).

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

G La Galerie

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

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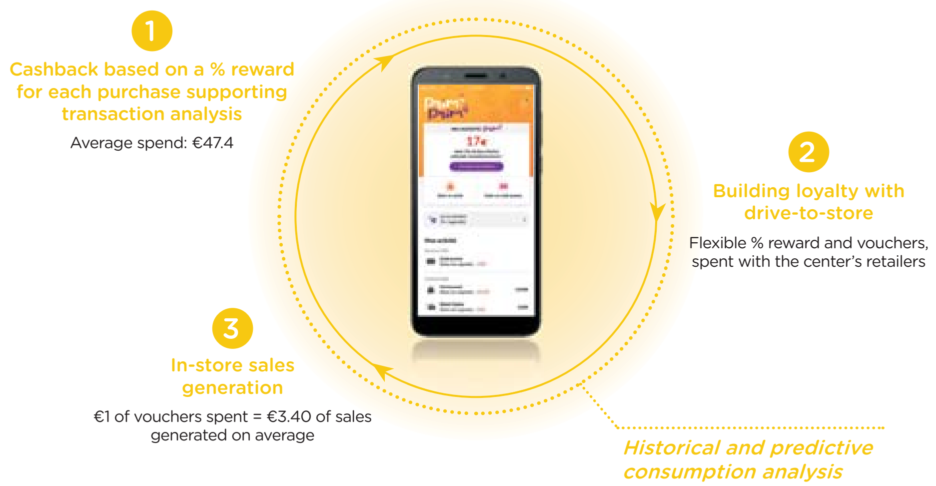
Mercialys' latest innovations include its new 100% digital loyalty program, Prim'Prim', a pioneering solution on the market in terms of understanding end customers' specific needs and habits, supporting robust commercial development and enabling its centers to continuously adapt their offering. It combines capabilities to accurately identify expectations, with predictive analysis potential, refined customer journeys, personalized communication, loyalty building and fluid exchanges between Mercialys, consumers and retailers.

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



24 shopping centers

76,000 customers registered

900 participating retailers

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

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

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

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

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

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

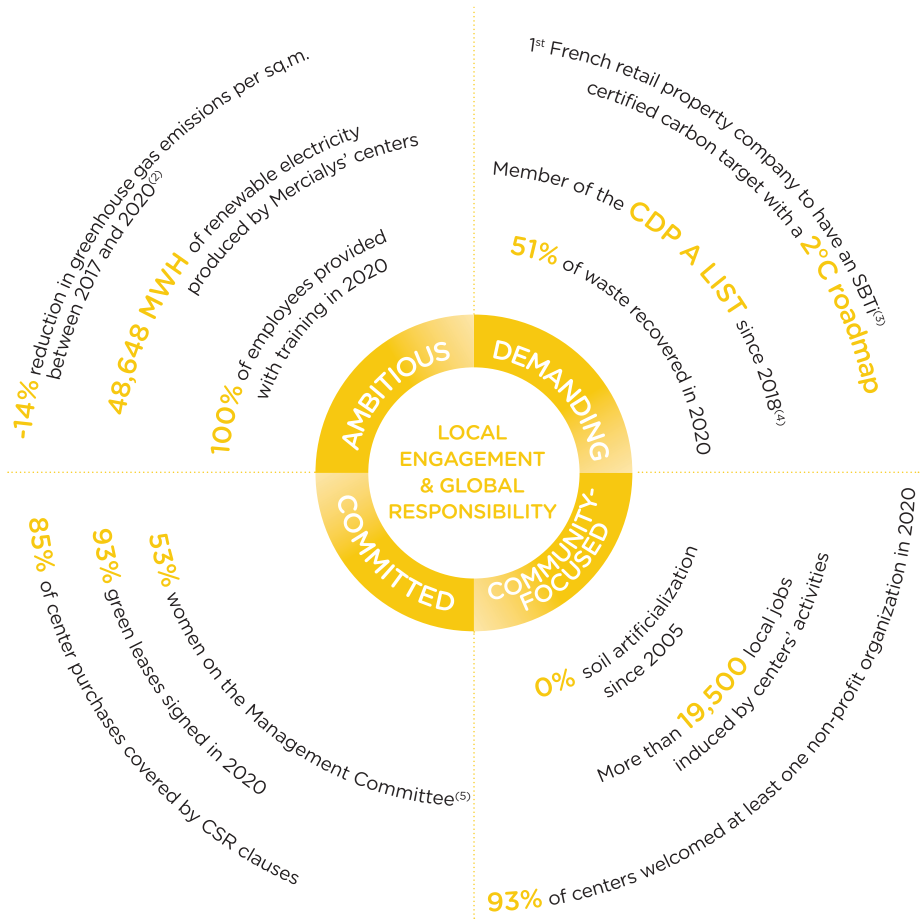
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

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

LOCAL ENGAGEMENT refers to the economic and social positioning of Mercialys' shopping centers, reflected in particular in its good understanding of socioenvironmental 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 the MERY'21 CSR strategy, mapped out for 2015-2020, addressing major issues through 10 operational areas for action. These areas for action, their objectives, their results and their contribution to the SDGs[1] are presented in the table opposite. The new strategy drawn up by Mercialys looking ahead to 2030 is built around four strong commitments: 1/ building a carbon neutral future, 2/ promoting more responsible retail, 3/ partnering for regional development, and 4/ being an engaged employer.



(1) The Sustainable Development Goals (SDGs) 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) Scopes 1 and 2 on a current basis, market-based method. / (3) 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. / (4) 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. / (5) At February 15, 2021, date when the full-year accounts for 2020 were approved.

CSR STRATEGY PRIORITY ISSUES	2020 GOALS	2020 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	RESULTS	CONTRIBUTION TO SDGs
Energy and greenhouse gas emissions	Reduce energy consumption per sq.m. by -20%	-19% reduction in energy consumption per sq.m.	• Set up remote meters and optimize building management systems[1] • Renew equipment with more energy efficiency • Manage equipment	Goal on track to be achieved	SDG 7, SDG 13
	Align its business with a 2°C compatible carbon roadmap		• Achieve an SBTi-certified carbon roadmap • Define a coolant replacement strategy	Goal achieved	
Asset resilience and adaptability	Ensure the adaptability of assets		• Assess the adaptability of assets • Measure the flooding risk vulnerability of assets • Define and deploy an asset adaptability strategy • Carry out adaptation work	Goal achieved	SDG 13
	Enable all the BREEAM In-Use certified assets to progress by one level of certification	89% have progressed by at least one level	• Increase the percentage of certified assets (77% in 2020 vs. 28% in 2015) • Obtain high levels of certification for the "asset management" section	Goal on track to be achieved	
Circular economy	Recover 55% of waste	51% of waste recovered	• Work on the waste facilities and increase the number of flows sorted per center • Carry out collaborative waste workshops with the retailers • Incorporate CSR criteria into tenders	Goal on track to be achieved	SDG 12, SDG 6
	Reduce water consumption by -15%	-26% reduction in water consumption	• Remove air-cooling towers • Set up rainwater recovery tanks • Replace equipment with water-efficient systems	Goal achieved	
Biodiversity	Engage in protecting ordinary biodiversity	+45pt increase in the BREEAM In-Use Land Use and Ecology score	• Carry out ecological audits • Implement a "zero pesticides" approach for green spaces • Install arrangements to welcome local fauna	Goal achieved	SDG 15
Accessibility and connectivity	+15% increase in visitors using alternative means of transport to individual petrol and diesel cars		• 100% of centers close to public transport links • Set up ride-sharing parking spaces, bike racks, charging stations for electric vehicles	Goal not achieved	SDG 11
	80% of visitors have a positive image of center accessibility		• Carry out accessibility compliance works	Goal on track to be achieved	
Customer well-being, health and safety	100% of assets with a high level of security and health and safety	92% average safety audit score	• Set up compliance reporting for 100% of the portfolio • Carry out regular checks on the measures put in place	Goal achieved	
	Increase comfort and quality of life in the centers		• Develop the "Design in freedom" concept • Carry out studies on occupant and visitor comfort and satisfaction	Goal achieved	
	Strengthen visitor satisfaction	+2% increase in visitor satisfaction	• Roll out the Prim'Prim' loyalty program • 76,000 customers registered	Goal achieved	
	Increase tenant satisfaction		• Roll out the Ocitô digital and logistics platform for retailers • Conduct tenant satisfaction surveys	Goal achieved	
Community life and local economic development	Promote local employment	More than 19,500 local jobs induced by centers' activities	• Organize operations supporting employment • Inaugurate the "SKOLA" school store supporting young long-term jobseekers • Set up partnerships to support local retail development	Goal on track to be achieved	SDG 8
	Facilitate social harmony	93% of centers welcomed at least one non-profit organization during the year	• National partnership with Médecins du Monde since 2015 • Carry out solidarity initiatives relating to Covid-19	Goal achieved	
Responsible value chain	80% of purchases over Euro 10,000 with CSR clauses	85% of center purchases covered by CSR clauses	• Map Mercialys' purchases and assess the corresponding CSR risks • Incorporate CSR criteria into center contracts and tenders • Put in place control arrangements	Goal achieved	SDG 12
	Build CSR awareness across the value chain	93% green leases signed during the year 79% of in-center teams carried out CSR reviews with their tenants	• Collaborate with retailers to promote their CSR best practices • Communicate on CSR with customers • Provide annual ethics training for Mercialys employees	Goal achieved	
Talents and diversity	Identify, attract and retain talents	100% of employees provided with training	• Enable staff to transition towards management positions	Goal on track to be achieved	SDG 4, SDG 5, SDG 10
	Combat all forms of discrimination	96/100 at workplace gender equality index[2]	• Parity for the Management Committee and Board of Directors • Sign the Diversity in Business charter • Set up a partnership with Arpejeh[3] and the non-profit Tremplin	Goal achieved	
Organization and quality of life at work	Ensure employee health and safety	0 occupational accident since 2015	• Sign the Charter on the right to disconnect	Goal achieved	SDG 3
	Develop employee engagement	81% participation in the engagement survey	• Propose partnerships with non-profits supporting young people, including non-profits Article 1 and Télémaque • Develop arrangements for staff to work from home	Goal achieved	

✓ Goal achieved — Goal on track to be achieved — ✗ Goal not achieved

(1) Management of various aspects including temperature settings, timeslots for lighting and ventilation. / (2) Index calculated according to the methodology provided by French law No. 2018-771 on gender equality in the workplace. / (3) Arpejeh: non-profit association supporting young students with disabilities.

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

Its way of operating proved particularly resilient faced with the health and economic crisis in 2020.

The holding of meetings online, their frequency and the very high attendance levels demonstrated the directors' outstanding adaptability and mobilization, as well as their essential and complementary skills.

50%
women directors at end-2020

100%
French directors at end-2020[1]

9
meetings in 2020

57.5 ANS
average age at end-2020

10
members at end-2020

98%
attendance rate in 2020

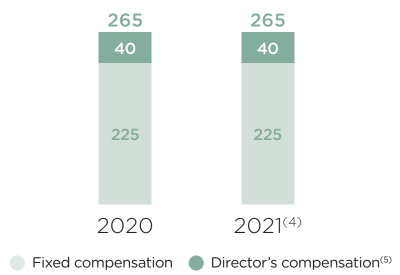
6.5 ANS
years average seniority at end-2020

60%
independent directors at end-2020

Compensation for the Chairman of the Board of Directors

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

CHANGE IN 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 their remuneration as a director. / (4) Subject to approval at the Annual General Meeting on April 22, 2021. / (5) For 100% attendance.

AREAS OF EXPERTISE

Director	Real estate / Construction / Urban planning	Legal / Human resources	Finance / Accounting	Company management	Insurance	Retail / Hospitality	Other[1]
ÉRIC LE GENTIL Chairman of the Board of Directors	●	●	●	●	●		●
STÉPHANIE BENSIMON Independent director	●	●	●	●			
VICTOIRE BOISSIER[2] Independent director	●		●	●		●	
ÉLISABETH CUNIN Independent director	●	●	●	●		●	●
DOMINIQUE DUDAN[2] Independent director	●	●	●	●		●	●
JACQUES DUMAS Non-independent director	●	●	●	●		●	
DAVID LUBEK Permanent representative of La Forézienne de Participations[2], non-independent director	●		●	●	●	●	
PASCALE ROQUE Independent director	●	●	●	●		●	
MICHEL SAVART Non-independent director	●	●	●	●		●	
BRUNO SERVANT[3] Permanent representative of Generali Vie[2], independent director	●		●		●		●

PERMANENT GUESTS

VINCENT RAVAT
Chief Executive Officer

ÉLIZABETH BLAISE
Deputy Chief Executive Officer

With three-year terms of office and one third renewable every year, as well as the regular integration of new directors in line with a demanding selection process[4], Mercialys' Board of Directors has a clear commitment to promoting diversity and renewing its expertise. This panel of experienced members guarantees a professional, informed approach to all the issues encountered by the Company and represents a source of strategic insights and innovation.

(1) Including IT and CSR. / (2) Reappointment submitted for approval at the General Meeting on April 22, 2021. / (3) Subject to the reappointment of Generali Vie as a director, Mr Sébastien Pezet would be appointed as its new permanent representative following the 2021 General Meeting, replacing Mr Bruno Servant. / (4) Process detailed in the 2020 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. In January 2021, the Board of Directors changed the names and remits of two of these committees, reflecting their broader missions and the desire to further strengthen the contributions made by independent directors, who now make up a clear majority of all three Committees. In 2021, as in 2020, all of the 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

4 MEMBERS

MS STÉPHANIE BENSIMON (Chairwoman)
MS VICTOIRE BOISSIER[2]
MS PASCALE ROQUE
MR MICHEL SAVART

5 MEMBERS → 6 MEMBERS as of February 15, 2021[1]

MS DOMINIQUE DUDAN (Chairwoman)
MR ÉRIC LE GENTIL
MR DAVID LUBEK
MR MICHEL SAVART
MR BRUNO SERVANT

1 PERMANENT GUEST
MR VINCENT RAVAT (Chief Executive Officer)

as of February 15, 2021[1]:
MS ÉLISABETH CUNIN (Chairwoman)
MS STÉPHANIE BENSIMON
MS DOMINIQUE DUDAN
MR ÉRIC LE GENTIL
MR MICHEL SAVART
MR BRUNO SERVANT

1 PERMANENT GUEST
MR VINCENT RAVAT (Chief Executive Officer)

5 MEMBERS → 5 MEMBERS as of February 15, 2021[1]

MS ÉLISABETH CUNIN (Chairwoman)
MS VICTOIRE BOISSIER
MS DOMINIQUE DUDAN
MR JACQUES DUMAS
MR ÉRIC LE GENTIL

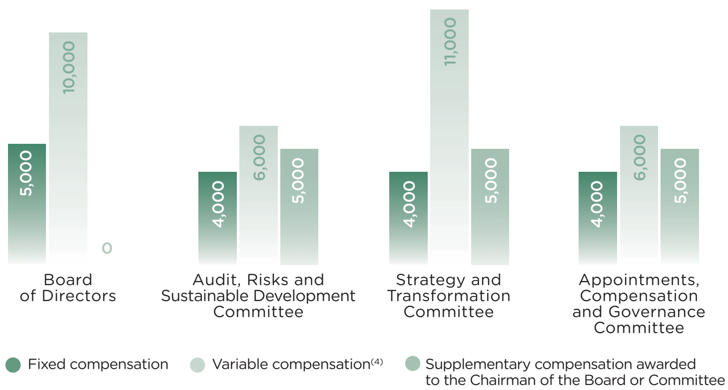
as of February 15, 2021[1]:
MS DOMINIQUE DUDAN (Chairwoman)
MS VICTOIRE BOISSIER
MS ÉLISABETH CUNIN
MR JACQUES DUMAS
MR ÉRIC LE GENTIL

Percentage of independent directors — Number of meetings in 2019 — Attendance rate

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 and Mercialys takes all necessary measures to avoid potential conflict of interest situations.

DIRECTORS' COMPENSATION POLICY[3]
(in euros)



(1) Date when the full-year accounts for 2020 were approved. / (2) Since April 23, 2020, after Ms Ingrid Nappi's term of office was not renewed. / (3) Subject to approval at the General Meeting on April 22, 2021. / (4) For 100% attendance, with directors' variable compensation based on their individual effective rate of attendance for the Board of Directors and the Specialized Committees.

BALANCED SHAREHOLDER BASE ENGAGED IN REGULAR DIALOGUE

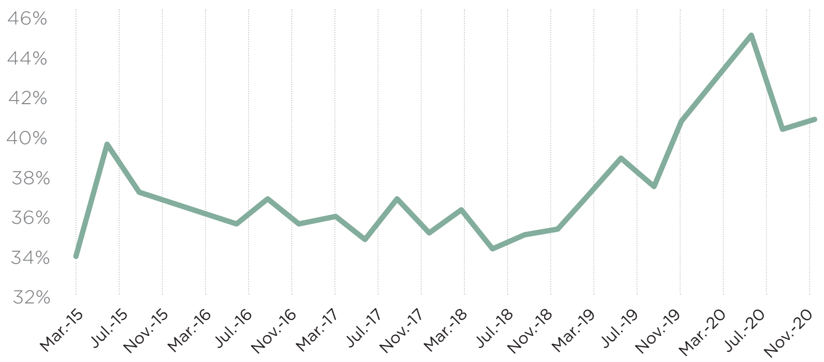
Mercialys is listed on Euronext Paris Compartment B with the ticker MERY and ISIN FR0010241638. The Company is part of the SBF 120, several real estate industry indexes (EPRA[(1)], IEIF[(2)]) and the Gaïa SRI index.

Its shareholder base is characterized by the presence of a major industrial shareholder: the Casino group.

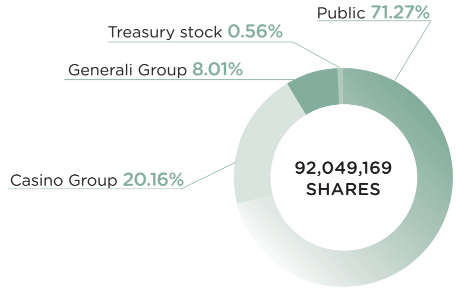
The latter's good understanding of retail trends and real estate stakes enables Mercialys to deploy a strategy that is aligned with the real estate sector's structurally long timeframes, while taking into account CSR issues, ethics and the expectations of all the various stakeholders to deliver sustainable growth that is shared more effectively.

Mercialys' shareholding structure is still very open and diversified. The free float, now up to over 70%, ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up significant positions. At December 31, 2020, Mercialys' top 33 shareholders[(3)] held more than 40% of its capital and voting rights, and many of them have been shareholders for years.

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



SHAREHOLDING STRUCTURE
AT DECEMBER 31, 2020



1 SHARE = 1 VOTE

Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders. In 2020, alongside the many roadshows and contacts led by the management teams, the Company carried out an extensive consultation with its investors on ESG issues[(4)] to better understand their approach to these aspects and to adapt its own approach accordingly.

17 roadshows organized with **11** different brokers and **12** countries covered

#1 TRANSPARENCE LABEL OR 2020 on the SBF 120 for financial and sustainability reporting transparency

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

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

TOP 100 shareholders contacted before each General Meeting

174 analysts and managers called on for a specific consultation on ESG[(4)] issues

(1) European Public Real Estate Association. / (2) Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group and Generali Group. / (4) Environmental, social/societal and governance.

REGULAR DIALOGUE WITH STAKEHOLDERS

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

This dynamic approach enables Mercialys 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 was a crucial asset faced with the health and economic crisis in 2020, with dialogue ramped up in particular, making it possible to 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 2020, from employees to center visitors, retailers, investors and banks, regional authorities and non-profit organizations, in connection with the renewal of its CSR strategy.

VISITORS & END CUSTOMERS

- Satisfaction
- Loyalty
- Comfort
- Safety
- Reviews

- Digital ecosystem (loyalty program, website, mobile app, digital terminals, *ocito.net)*
- Facebook / Google / TripAdvisor
- Satisfaction surveys
- Center managers contact
- Newsletter
- Emails

PROFESSIONAL ORGANIZATIONS & COMPETITORS

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

- Participation in commissions
- Participation in governance of industry bodies

TENANT RETAILERS

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

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

MERCIALYS

PROVIDERS & SUPPLIERS

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

- Tenders
- Regular meetings
- Assessments, controls and audits

EMPLOYEES

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

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

FINANCIAL COMMUNITY

- Financing
- Financial performance
- Business ethics

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

NON-PROFIT ORGANIZATIONS

- Support for projects
- Stronger local engagement for centers

- Website
- CSR contact
- Partnerships
- Universal Registration Document

STATE & LOCAL AUTHORITIES

- Administrative permits
- Project performance
- Economic and societal contribution

- Regional and National Commercial Development Committee (CDAC / CNAC)
- Project information meetings
- Universal Registration Document
- Half-year financial report
- Regulatory controls (e.g. checking barrier measures in the fight against Covid-19)

Core stakes

Means of dialogue

RISK MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT AND BUSINESS ETHICS

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

Organization and approach

Mercialys positions its risk management system at the heart of both its strategy and its operations: it is overseen by a Risk Prevention Committee, which reports to the Executive Leadership Team, and all employees ensure that operational measures are put in place. The Risk Prevention Committee liaises directly with the Audit, Risks and Sustainable Development Committee, which regularly reviews the means in place and issues recommendations on the audit work carried out. This proximity proved to be valuable faced with the context of health and economic instability in 2020. 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

IDENTIFY and inventory risks

ASSESS existing procedures and deploy corrective actions

CONTROL the effective application of procedures by operational staff

Risk mapping

The Risk Prevention Committee's core risk management tool is the risk map, which identifies all the risks that Mercialys is exposed to. 51 risks have been identified and are broken down into a limited number of categories, in accordance with the ESMA guidelines[1]. Mercialys has defined eight of them.
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 Mercialys' 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. 8 of the 51 risks identified meet these criteria. They cover 3 categories and are presented below.

CATEGORY	8 RISKS	IMPACT	PROBABILITY	TREND
Risks related to the sector	• Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	NAV		→
	• Risk related to competition on the physical retail segment	FFO		→
	• Risk related to new forms of consumption	FFO		↗
Risks related to business activities	• Risk related to retailer arbitrage and reletting	FFO		↗
	• Risk related to the safety and security of operations and a deterioration in the portfolio	Reputation		→
	• Risk related to acquisitions and construction operations	NAV		→
	• Risk related to providers, suppliers and subcontractors	Implementation of the strategy and continuity of operations		↘
Risks related to the financial position	• Risk related to interest rates, the cost of debt, liquidity and financing	FFO		↗

OVERVIEW OF RISK MANAGEMENT ARRANGEMENTS

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

Company's firm focus on sustainable development and ethics

On account of its scale, sector and/or activity, which is concentrated exclusively in France, Mercialys is not subject to a certain number of regulations that have come into force in the last few years. However, in line with its commitments, the Company has voluntarily rolled out various policies, processes and action plans to respond to issues which, while not yet regulatory requirements, are essential for respecting professional ethics and compliance.

For instance, Mercialys has put in place:

- A Sustainability Performance report (DPEF), reviewed by an independent third-party organization (OTI);
- An approach to calculate and publish the workplace gender equality progress 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 business conduct, which is available in English and French on Mercialys' website: www.mercialys.com.

(1) Data Protection Officer: person in charge of data protection in an organization.

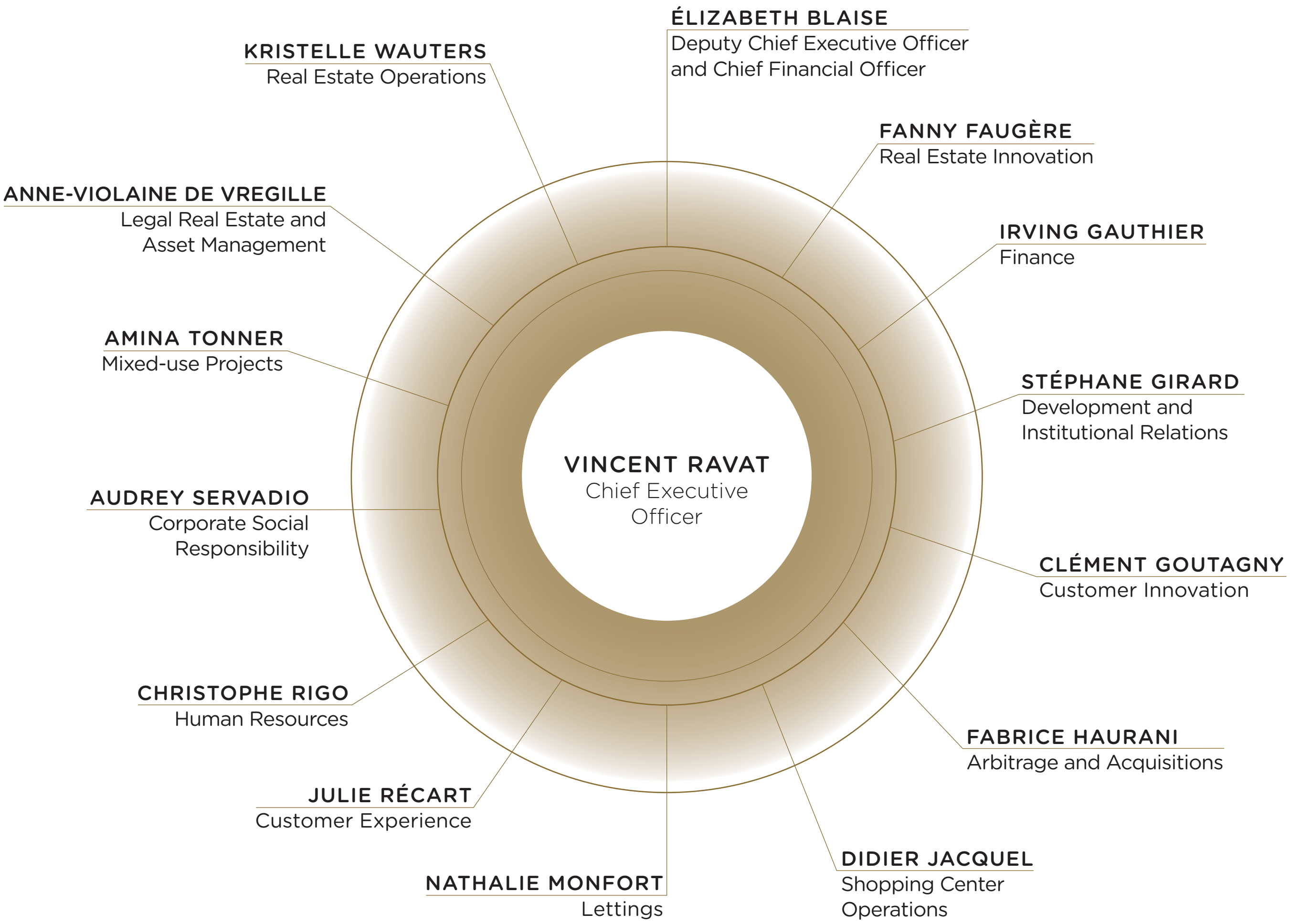
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, female majority and strong operational focus

Mercialys has a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a large number of female members. The Company achieved fourth 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 February 15, 2021, when the 2020 accounts were approved. 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 were vital in 2020 to manage the health crisis effectively. They enabled the Company to remain fully mobilized and operational, with employees across the head office and various sites showing a very strong level of responsiveness, while ensuring full compliance with the safety measures for all the teams.



Balanced and virtuous executive compensation policy aligned with the strategy

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

OBJECTIVE RECOGNITION OF PERFORMANCE

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

VALUING SUSTAINABILITY DIMENSIONS

- Inclusion of CSR criteria in the annual variable component
- Inclusion of CSR criteria in the long-term variable component

CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

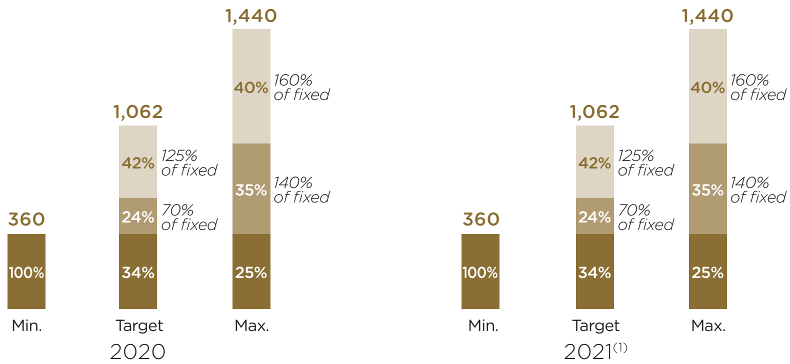
- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performances, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

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

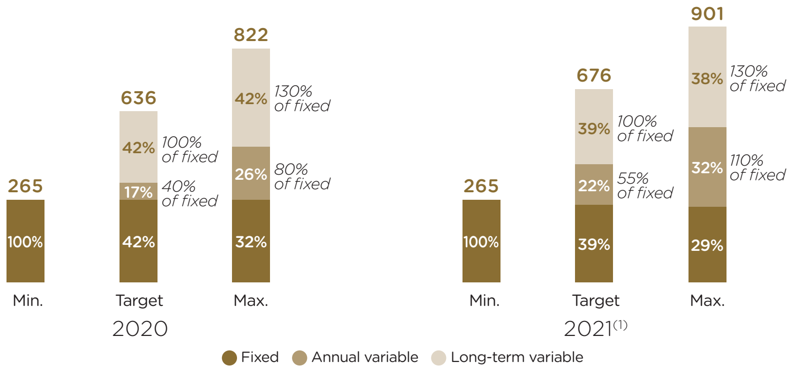
They are submitted for approval by shareholders at the Annual General Meeting, in accordance with the regulations in force. Executive compensation primarily includes a fixed component, a variable annual component and a long-term variable component. The criteria, objectives and thresholds applied to determine the variable components are justified and demanding. The level of compensation for executives is also reasonable in view of the results achieved by Mercialys, their experience and the levels of compensation for employees.

COMPENSATION STRUCTURE

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



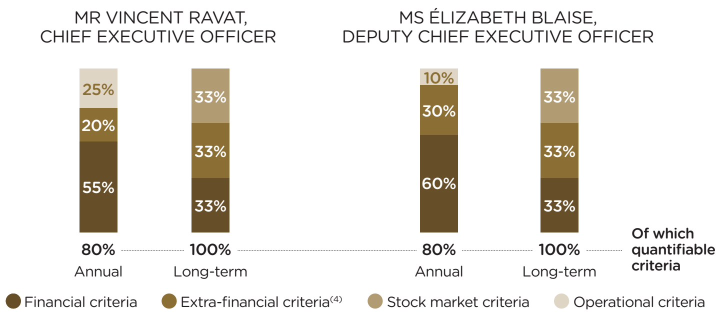
MS ÉLIZABETH BLAISE, DEPUTY CHIEF EXECUTIVE OFFICER[2] *(in thousands of euros)*



EQUITY RATIOS[3]

Chief Executive Officer	Deputy Chief Executive Officer
12.6 2020 average	**7.0** 2020 average
15.2 2020 median	**8.5** 2020 median

2021 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES[1]



(1) Subject to approval at the 2021 General Meeting. / (2) As the Deputy Chief Executive Officer is continuing in her role as Chief Financial Officer, half of her compensation is based on her corporate office and half on her employment contract. / (3) Calculation methodology detailed in the 2020 Universal Registration Document. / (4) All of the extra-financial criteria relate to CSR, for both the Chief Executive Officer and the Deputy Chief Executive Officer.

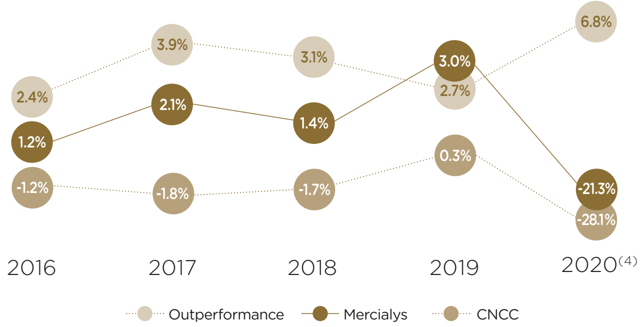
RESILIENT FINANCIAL AND SUSTAINABILITY VALUE CREATION DESPITE THE IMPACTS OF THE CRISIS

2020 was marked by the recurrence of exceptional health measures, such as the lockdowns and the closure of "non-essential" stores, with a significant impact on Mercialys' activity. However, thanks to its agile organization, focused on achieving excellence, the Company was able to maintain constructive dynamics, consolidating the fundamentals for its operational, financial and sustainability performance.

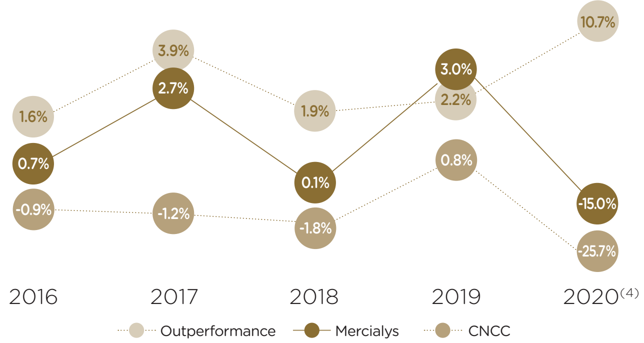
The operational performance of Mercialys' centers is assessed based on:

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

CHANGE IN SHOPPING CENTER FOOTFALL



CHANGE IN RETAILER SALES

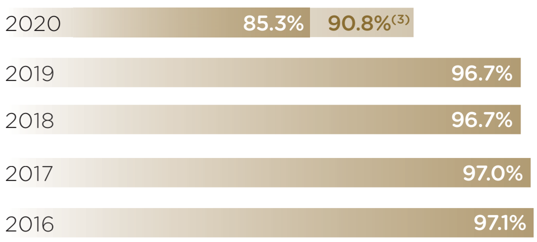


(1) Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing more than 85% of the value of the Company's shopping centers. / (2) Ratio between rent, charges (included marketing funds) and invoiced work (including tax) paid by retailers and their sales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

CHANGE IN THE OCCUPANCY COST RATIO

CHANGE IN THE CURRENT FINANCIAL VACANCY RATE

CHANGE IN THE RECOVERY RATE

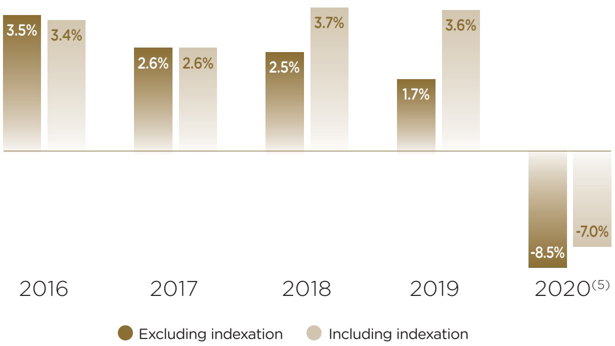


FINANCIAL PERFORMANCE

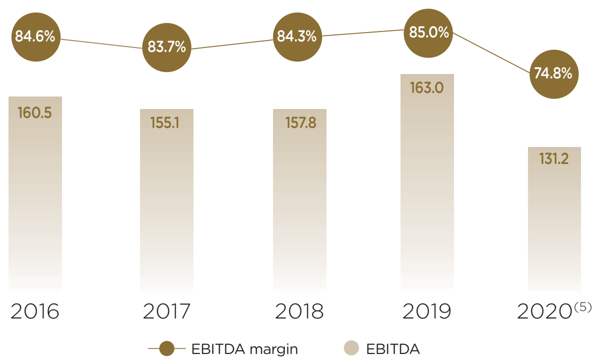
Financial performance is primarily assessed based on:

- **Organic growth in rental income**, which measures the change in the Company's revenues excluding the impact of acquisitions and disposals;
- **EBITDA margin**(4), which assesses the efficiency of its operational management;
- **Funds from operations** (FFO), 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 taxable profit and 70% of capital gains from asset disposals to be distributed as dividends in accordance with the tax status of French listed real estate investment trusts (SIIC), which Mercialys has been entitled to since 2005.

CHANGE IN THE ORGANIC RENTAL INCOME GROWTH RATE



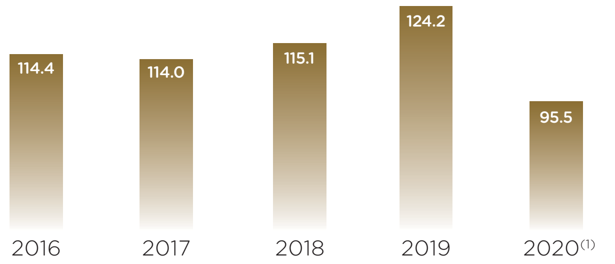
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



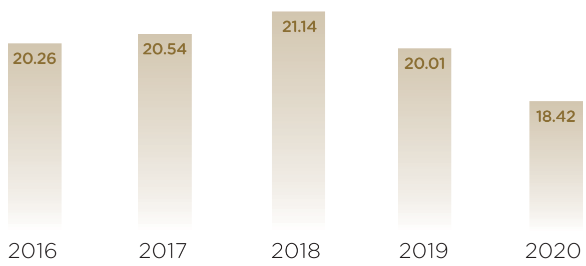
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close in 2020. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset.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

FINANCIAL PERFORMANCE

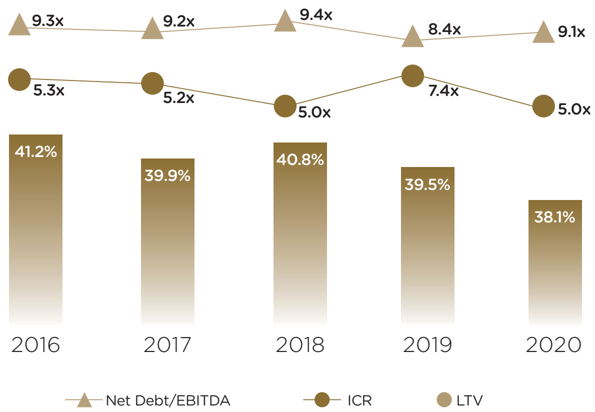
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



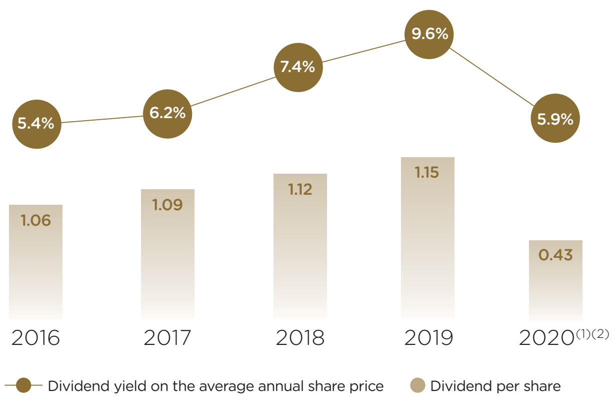
CHANGE IN EPRA NDV
(in euros per share)



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



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



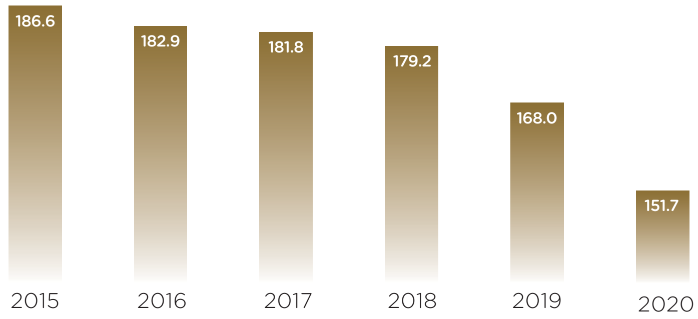
(1) Highly negative impact of the health crisis. / (2) Subject to approval at the Annual General Meeting on April 22, 2021.

SUSTAINABILITY PERFORMANCE

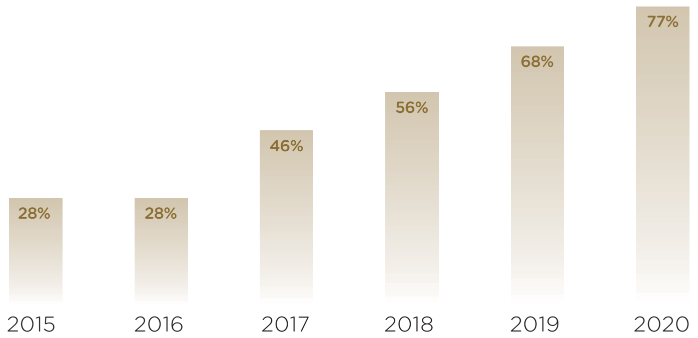
Mercialys' sustainability performance is monitored based on the following aspects:

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

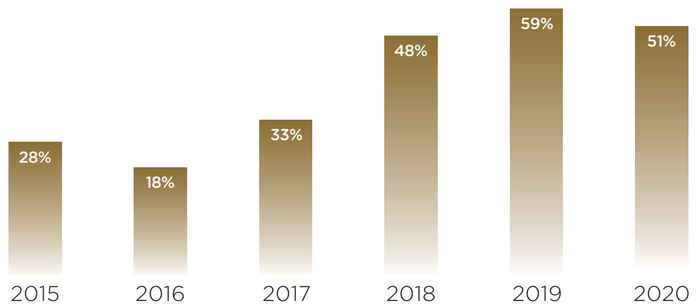
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWh/sq.m. - like-for-like basis)



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

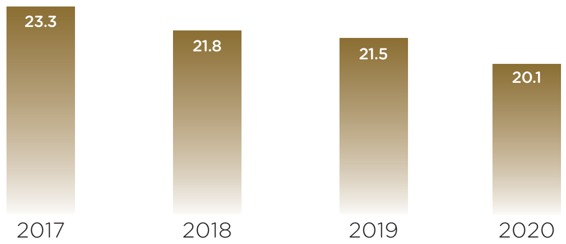


CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)

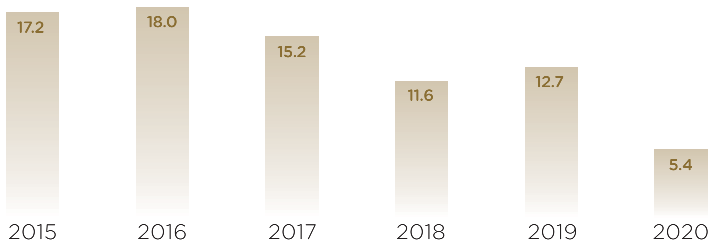


SUSTAINABILITY PERFORMANCE

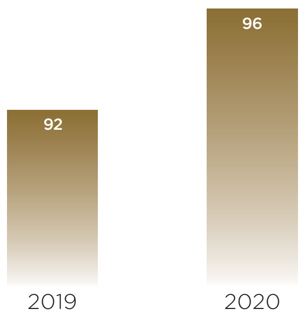
CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



CHANGE IN THE AVERAGE NUMBER OF HOURS OF TRAINING PER EMPLOYEE TRAINED



CHANGE IN THE WORKPLACE GENDER EQUALITY INDEX



Mercialys' sustainability performance levels are aligned with the goals set out with its CSR strategy MERY'21, whose first phase was completed at the end of 2020. Its action plans and achievements have received regular recognition from the leading industry benchmarks and rating agencies in the last few years, with particularly exceptional results in 2020.

Mercialys achieved first place in its category in the Gaïa Rating agency's 2020 ranking (revenues of Euro 150 to 500 million), and came in third overall out of the 230 companies analyzed this season, up 9 places from 2019.

The Company also maintained its GRESB[(1)] Green Star status for the fourth consecutive year, while moving up one position in its category, and confirmed its CDP A List status for the third consecutive year, achieving international recognition for its efforts to reduce its carbon footprint and combat climate change.

Lastly, its strong commitment to information and reporting transparency was recognized once again by EPRA, with two Gold Awards, and at the 11th *Grands Prix de la Transparence*[(2)] ceremony, where it received first place in the All Categories Award, confirming Mercialys' leading position on the SBF 120.

	2015	2016	2017	2018	2019	2020
GRESB	-	Score: 64/100	Score: 84/100 Green Star status achieved	Score: 87/100 Green Star status	Score: 90/100 Green Star status	Score 85/100[(3)] Green Star status
CDP	-	-	Rating: A-	Rating: A Inclusion in the A List	Rating: A Member of the A List	Rating: A Member of the A List
Gaïa Rating	Score: not comparable Member of the Gaïa index	Score: 73/100 Member of the Gaïa index	Score: 79/100 Member of the Gaïa index	Score: 82/100 Member of the Gaïa index	Score: 83/100 Member of the Gaïa index	Score: 87/100 #1 in its category Member of the Gaïa index
vigeo eiris	Score: 47/100	Score: 47/100 (no review in 2016)	Score: 51/100	Score: 51/100 (no review in 2018)	Score: 63/100[(4)]	Score: 64/100[(4)]
SUSTAINALYTICS	-	Score: 39/100[(4)]	Score: 67/100[(4)]	Score: 67/100[(4)] (no review in 2018)	Score: 75/100	Score: 78/100
MSCI	Rating: A	Rating: A	Rating: A	Rating: BBB	Rating: A	Rating: A
ISS-oekom	Rating: D+	Rating: D+	Rating: C-	Rating: B- "Prime" status achieved	Rating: B- "Prime" status maintained	Rating: B- "Prime" status maintained
Grands Prix de la Transparence	#79 on SBF 120	#83 on SBF 120	#3 on SBF 120 Year's Most Improved Award	#1 on SBF 120 Grand Prix "All Categories" Award	Classified out of category Registration Document Award	#1 on SBF 120 Grand Prix "All Categories" Award
EPRA	BPR Gold Award	BPR 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	#10 on SBF 120	#6 on SBF 120	#12 on SBF 120	#4 on SBF 120	#4 on SBF 120	No review to date

(1) Global Real Estate Sustainability Benchmark: international benchmark that assesses the CSR policies and performances of real estate companies each year. / (2) Each year, the Grands Prix de la Transparence awards recognize listed French companies from the SBF 120 for the clarity and quality of their regulatory reporting, based on over 246 objective and public criteria concerning their main financial and sustainability reporting materials. / (3) Score not comparable due to a change in the methodology. / (4) Estimated.

100%
Shopping centers open during the health crisis

74.8%
EBITDA margin

€95.5M
Funds from operations (FFO)

1

COMMENTS ON THE FISCAL YEAR

1.1 Activity report

2020 was significantly affected by the health crisis linked to Covid-19. Faced with the consequences of this pandemic, and particularly the repeated orders to close “non-essential” stores in France, Mercialys rolled out a series of groundbreaking measures and showed an outstanding level of commitment, focused on ensuring the sustainability of retailer activitie in its centers.

Firstly, in accordance with the principles from the government-led mediation charter signed between landlords and tenants, Mercialys provided extensive support for its retailers. For the first lockdown, a maximum support budget of Euro 13.5 million was drawn up and negotiations with retailers led to rent agreements being reached for a total of Euro 9.4 million at end-December 2020. For the second lockdown, a new support budget for a maximum of Euro 6.3 million was put together, recognized in the accounts at end-December 2020 as relief measures issued and to be awarded. In addition, provisions for the impairment of receivables were recorded to cover the residual risks of arrears for the second and third quarters. The overall impacts of the health crisis for Mercialys in 2020 represent Euro 29.4 million, equivalent to 1.5 months of billing for rent and charges excluding tax, with Euro 24.1 million recognized in the accounts at December 31, 2020 as rent waivers or provisions.

The income statement at end-December 2020 reflects these impacts, with invoiced rents down -7.0% like-for-like from end-2019 to Euro 172.9 million, and net rental income down -17.8% to Euro 147.4 million. EBITDA came to Euro 131.2 million, down -19.5%, with the EBITDA margin contracting to 74.8% *versus* 85.0% in 2019. Funds From Operations (FFO) are down -23.1% to Euro 95.5 million, with Euro 1.04 per share, reflecting the impact of the health crisis and the refinancing operation carried out in July 2020.

In general, Mercialys has successfully demonstrated a very strong ability to continue operating. All of its sites remained open throughout the year, including the lockdowns and periods when the government ordered certain stores to close, thanks to their systematic anchoring with a large food store and their retail mixes focused on serving day-to-day needs. Alongside this, Mercialys’ activity indicators also once again clearly outperformed the national indexes. While footfall in its shopping centers was affected during the two lockdown phases, it strongly outperformed the CNCC index by +685bp. Retailer sales in its centers also very clearly outperformed the CNCC index with +1,070bp. These comparatively encouraging trends, combined with the quality of Mercialys’ assets and its measures to support its retailers, limited the number of tenants serving notice in 2020 and made it possible to keep the current financial vacancy level under control at 3.8%.

To better respond to the crisis, Mercialys significantly accelerated the deployment of its transformation strategy in 2020. Examples include the change of scale with Ocitô, its first-mile and last-mile logistics services ecosystem, whose marketplace is now operational across 26 sites, the deployment of its new 100% digital loyalty program, with 76,000 end customers signed up, as well as the opening of a new coworking space in Grenoble, with its closed offices already achieving over 80% occupancy rates. 2020 was also marked by the completion of the first phase of the Company’s CSR strategy, Mery’21. To update this strategy, Mercialys consulted with a diverse panel of more than 900 stakeholders, drawing on their insights to re-identify the most material stakes and redefine the Company’s priorities for sustainable development. Four key commitments were set out and will form the foundations of Mercialys’ CSR strategy for 2020-2030: 1/ Building a carbon neutral future, 2/ Promoting more responsible retail, 3/ Partnering for regional development, 4/ Being an engaged employer.

Lastly, alongside its effective operational management, Mercialys focused on its balance sheet management in 2020. The Company successfully completed significant asset sales during the year, with a total net cash-in of around Euro 150 million. Four Monoprix sites and two hypermarkets were sold to leading institutional investors, making it possible to reduce the loan to value (LTV) ratio by -302bp compared with end-June 2020 to 38.1% excluding transfer taxes and 35.8% including transfer taxes. Aligned with the appraisal values from end-June 2020, these sales also enabled the Company to consolidate its portfolio value, which came to Euro 3,258.3 million including transfer taxes, with a limited like-for-like contraction of -2.3% over six months and -5.5% over 12 months. EPRA NDV came to Euro 18.42 per share, down -7.4% over six months and -7.9% over 12 months.

In view of these developments, the Company’s Board of Directors will submit a proposal at the General Meeting on April 22, 2021 for a dividend of Euro 0.43 per share for 2020, representing 41% of FFO for the year. This dividend corresponds to the recurrent taxable profit available for distribution and does not include the distribution for capital gains on asset sales completed in 2020, representing Euro 0.39. This last amount will need to be distributed by 2022 at the latest. This moderation of its distribution will help safeguard the Company’s liquidity in an uncertain context. Subject to approval by the General Meeting on April 22, 2021, there will also be an option for the dividend to be paid in shares, with an ex-dividend date of April 29 and a payment date of May 21, 2021.

1.1.1 Year significantly affected by the health crisis and requiring Mercialys to take unprecedented measures

Strong tenant support measures for the first lockdown, focused on ensuring the sustainability of retailer activities in the centers

With the Covid-19 pandemic spreading to France, the French government issued an order, in March 2020, to close all "non-essential" stores from March 15 to May 11, 2020. However, the government order authorized "essential" stores to continue trading, which included tenant retailers representing nearly 40% of Mercialys' annualized rental base. All of Mercialys' sites nationwide therefore remained open throughout the first public lockdown, contributing to the resilience of the Company's results.

From May 11, 2020, following the authorization to reopen stores and the lifting of the public lockdown, Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding leisure areas and sit-down restaurants). Restaurants were able to reopen from June 2, 2020.

Following this first lockdown phase, the Company supported its tenants in response to the major economic impacts of the restrictions on activities, aligning itself with the core principles from the mediation process between landlords and tenants, coordinated by the French government in spring 2020. **Within this framework, a maximum support budget of Euro 13.5 million was drawn up.**

At end-December 2020, the negotiations with retailers relating to the first lockdown led **to agreements being signed for a total of Euro 9.4 million**, including:

- **Euro 3.0 million** of relief granted and to be granted without arrangements negotiated in exchange, with 100% recognized in the accounts at December 31, 2020 under invoiced rents;
- **Euro 6.4 million** of relief granted and to be granted with arrangements negotiated in exchange, with its recognition spread over the remaining firm term of the corresponding leases, in accordance with accounting standards. The accounts at December 31, 2020 include a **Euro 1.1 million** impact under invoiced rents. The recognition of the remaining Euro 5.3 million will be spread over 2021 to 2026, with Euro 1.5 million, Euro 1.4 million, Euro 1.3 million, Euro 0.6 million, Euro 0.3 million and Euro 0.1 million respectively. When renewing the leases covered by these support measures, Mercialys has ensured the sustainability of its rental flows, extending the average firm term of its entire lease portfolio by 6.7 months at December 31, 2020.

The balance of the Euro 13.5 million relief budget for the first lockdown, representing Euro 4.1 million, corresponds to the estimated impact of negotiations that had not been finalized at end-2020. If this amount was awarded following the completion of the negotiations, it would reduce the amount of arrears for the corresponding retailers for the second quarter of 2020.

Additional support measures granted to tenants for the second lockdown, accompanied by a complex tax credit mechanism

On October 28, 2020, the French government ordered a second lockdown phase, with all "non-essential" stores to close again. In this context, stores faced further operating restrictions from October 30 to November 28, 2020, an important time of the year for the business of many retailers.

While the scope of the retailers affected was similar to the first lockdown, the geographical area concerned was slightly more limited, as certain overseas territories, including Reunion Island where Mercialys is present, were not subject to these measures. As a result, retailers representing almost 50% of Mercialys' annualized rental base were able to continue operating.

In line with the French government's retailer support recommendations, Mercialys **offered to waive part of their 2020 fourth-quarter rent** for retailers in its shopping centers affected by these latest government-ordered closures. This measure, which represents **Euro 6.3 million** for the Company, was recognized in full in the accounts at end-December 2020 under invoiced rents as relief granted and to be granted.

This relief budget **does not include the support measures that could have to be granted to sit-down restaurants** (which represented around 3% of Mercialys' annualized rental base over the period). As the conditions for them to reopen were not known at end-December 2020, the support measures had not yet been determined by Mercialys. The accounts at December 31, 2020 therefore include Euro 0.5 million of provisions for the impairment of receivables associated with this segment's arrears, corresponding to the month of November 2020.

The Company will be able to benefit from the **tax credit** set up by the French government, subject to the tenants concerned providing the necessary information. This mechanism, which applies exclusively to the relief measures covered by landlords for the second lockdown phase, will result in either a deduction from the corporate income tax paid by the real estate companies, or a reimbursement for the corresponding amounts when the real estate companies pay limited corporate income tax for their non-SIIC activities (which are therefore subject to tax), as it is the case for Mercialys.

The main known provisions for this tax credit are as follows at December 31, 2020:

- the tax credit can be awarded to the landlord exclusively for relief measures concerning tenants that were not considered to be in difficulty at end-2019 (with the exception of micro-enterprises and small businesses, provided that they are not subject to safeguard, receivership, judicial liquidation or professional recovery proceedings);
- the tenant must have less than 5,000 employees worldwide;

- the total amount of rent waivers entitled to a tax credit, all landlords combined, is capped at Euro 1.6 million per tenant for retailers with up to 249 employees, and Euro 2.4 million for tenants with 250 to 4,999 employees, due to the guidelines setting maximum limits for state support at European level;
- the amount of the potential tax credit for the landlord is also dependent on the size of the tenant company, *i.e.* it is equal to 50% of the relief granted, but cannot exceed 33% of the amount of rent provided for in the lease when the waiver is granted for retailers with 250 to 4,999 employees. No tax credit will be awarded for relief granted to retailers with more than 5,000 employees.

On the reporting date for these accounts, Mercialys did not have the abovementioned elements and supporting documents enabling it to estimate the tax credit on a reliable basis. As a result, Mercialys **has not recognized any impact for this mechanism in its accounts at December 31, 2020.**

Lastly, as the restrictions with the second lockdown concerned a particularly important time of the year for business, they compounded the operational shortfalls sustained during the first lockdown. For the full year, these shortfalls are estimated at Euro 1.5 million for Casual Leasing and Euro 1.8 million for the decrease in variable rents.

Exceptional provisions recorded for arrears relating to the second and third quarters

The rent collection rate was affected by the economic and health crisis linked to Covid-19 and the related negotiations concerning the various relief measures granted. For all the rent and charges (excluding tax) billed by Mercialys, this rate came to 85.3% for 2020. On a quarterly basis, it came to 97.4% for the first quarter, 63.9% for the second quarter, 93.4% for the third quarter and 86.2% for the fourth quarter.

These collection rates are calculated on the full amount of rent and charges excluding tax invoiced by Mercialys to its tenants for 2020. This billing is therefore not restated for the amounts relating to the rent relief already granted and to be awarded to retailers or provisions for the impairment of receivables recognized due to certain tenants' payment arrears or legal situations (safeguard, receivership, liquidation). At end-December 2020, the total amount of arrears for rent and charges excluding tax represented Euro 1.5 million for the first quarter, Euro 20.2 million for the second quarter, Euro 3.8 million for the third quarter and Euro 8.2 million for the fourth quarter of 2020.

Restated for the relief granted and to be awarded in connection with the two lockdowns (*i.e.* Euro 9.4 million for the second quarter and Euro 6.3 million for the fourth quarter, from which Euro 0.6 million and Euro 1.1 million respectively need to be deducted for relief measures not related to arrears), the collection rate came to 75.9% for the second quarter, with residual arrears of Euro 11.3 million, and 94.3% for the fourth quarter, with residual arrears of Euro 3.0 million. The full-year collection rate for 2020, restated in the same way, was 90.8% at end-December.

Mercialys therefore recorded **exceptional provisions for arrears from the second and third quarters due to the first lockdown,** in addition to the provisions for doubtful receivables calculated based on the Company's standard conditions (*i.e.* depending on the legal situation of the arrears concerned). These exceptional provisions represent Euro 13.2 million. Bills issued and not yet collected for the fourth quarter of 2020 (excluding measures relating to the month of November and the standard provisions) have not been subject to specific exceptional provisions because their net collection profile is considered to be satisfactory. These provisions were determined as follows:

(in millions of euros)

Outstanding rent and charges excluding tax (without rent relief or provisions)(1)	**24.0**
2nd quarter	20.2
3rd quarter	3.8
Relief granted and to be granted at end-December 2020 for the 1st lockdown - 2nd quarter	**(9.4)**
Relief granted and to be granted without arrangements negotiated in exchange(2)	(3.0)
Relief granted and to be granted with arrangements negotiated in exchange	(6.4)
Standard provisions for doubtful receivables (linked to the legal situation of tenants) - 2nd and 3rd quarters	**(2.5)**
Other effects(3) - 2nd and 3rd quarters	**1.1**
EXCEPTIONAL PROVISIONS FOR ARREARS LINKED TO THE 1ST LOCKDOWN - 2ND AND 3RD QUARTERS	**13.2**

(1) Of which, Euro -0.4 million relating to creditor balances.
(2) Of which, Euro -0.6 million of relief to be issued not relating to arrears.
(3) Of which, Euro +0.4 million of creditor balances and Euro +0.6 million of relief to be issued not relating to arrears.

In total, the impacts of the health crisis, factoring in the full impact of the relief granted and to be granted and the exceptional provisions relating to the lockdowns, without any deferral in the accounts, represent Euro 29.4 million for Mercialys, equivalent to 1.5 months of billing for rent and charges excluding tax. These effects can be summarized as follows:

Impacts	Period concerned	Profit and loss heading	Amount before potential deferral (€M)	Treatment in profit and loss at 12/31/2020 (€M)
Negotiations finalized	1st lockdown	Invoiced rents	9.4	4.1
Negotiations finalized associated with the documentation to be received from tenants	2nd lockdown	Invoiced rents	6.3	6.3
Subtotal			**15.7**	**10.4**
Arrears relating to the 2nd and 3rd quarters	1st lockdown	Provisions for doubtful receivables	13.2	13.2
Arrears for November relating to sit-down restaurants	2nd lockdown	Provisions for doubtful receivables	0.5	0.5
Subtotal			**13.7**	**13.7**
Tax credit	2nd lockdown	Taxes	Positive impact not determined to date, will benefit future periods	Positive impact not determined to date, will benefit future periods
TOTAL			**29.4**	**24.1**

1.1.2 Proactive operational initiatives to secure center fundamentals

The government measures introduced throughout 2020 to tackle the Covid-19 epidemic, and particularly the repeated orders to close "non-essential" stores, impacted all retailers, including those in Mercialys' centers. With a dual approach for responsibility to its stakeholders and securing its revenues over the long term, the Company has rolled out a series of robust support measures faced with the economic impacts of these restrictions on activities.

First of all, it took on board the principles from the landlord-tenant mediation process coordinated by the French Ministry for the Economy and Finance during the second quarter of 2020, which introduced, for all stores that were not able to open, the principle of a shared effort between real estate companies and retailers concerning the months of activity affected by the first lockdown. With government incentives, Mercialys then waived part of their 2020 fourth-quarter rent for retailers that were not able to operate. The Company will be able to benefit from the tax credit set up by the French government, subject to the tenants concerned providing the necessary information (see point 1.1.1, p. 39).

These support measures have been negotiated with retailers on a case-by-case basis (certain negotiations have not been finalized to date and are ongoing), with Mercialys securing commitments from certain retailers in exchange. These are fully aligned with Mercialys' financial and strategic priorities. They primarily include the extension of the firm term of leases, making it possible to increase the average firm term across the Company's entire portfolio by 6.7 months at end-December 2020 (through tenants waiving their next three-year break, deferring this three-year break, securing the early renewal of leases or signing new leases). They may also be based on signing up for the Ocitô first-mile and last-mile logistics services or include development agreements.

Alongside the negotiations linked to the lockdowns, Mercialys has continued moving forward with its standard approach for renewals and relettings in line with its strategic priorities and retail offering, by: 1/ continuing to diversify its retail mixes, while looking to reduce its rental exposure to textiles in particular, and 2/ ensuring a strong focus on the selection of day-to-day products offered at affordable prices.

Illustrating this, Mercialys signed an agreement in 2020 with Hubside Store, specialized in new and reconditioned connected devices and phones, to open four stores across its portfolio. The stores, which will be located at the Nîmes, Mandelieu, Saint-Étienne and Besançon sites, will all replace textiles retailers, helping reduce the Company's rental exposure to this business sector. Through these leases, the Company is also responding to growing consumer interest in more affordable and responsible high-tech products.

In line with this approach, for units that were previously occupied by textiles retailers, Mercialys has signed leases with Body Minute in Clermont-Ferrand, increasing its rental exposure to the buoyant health and beauty sector, with Muy Mucho in Toulouse, consolidating its household equipment selection, and with La Chaise Longue in Lanester, strengthening its culture and gifts dimension. All of these retailers are committed to an attractive value for money positioning, in line with Mercialys' longstanding and differentiating retail strategy.

The positive average reversion rate of +5% generated on reletting (excluding negotiations linked to the health crisis) highlights the resilience of current rent levels and the unchanged level of interest among retailers in physical retail spaces that generate sustainable results, such as those offered by Mercialys.

1.1.3 Focus on innovation to harness the full potential of retail sites by capitalizing on changes in customer habits

Mercialys' agility in terms of both real estate and retail aspects represents a major, longstanding asset for the Company, contributing to its leading position in terms of the results achieved in France over the past decade and contributing to the resilience of its operations in 2020.

However, the health crisis linked to Covid-19 has accelerated certain transformations underway in the retail property sector, which Mercialys had already responded to, in particular: ramping up of online sales, regional and societal fragmentation reflected in diverse expectations for distribution channels and revealing the limitations of both traditional logistics models and 100% web models, growing consumer interest in buying from local producers and stores, consumer aspirations for more diverse uses in centers, etc.

Aware of these shifts, in 2020 the Company significantly accelerated the deployment of its transformation strategy announced at the start of 2019 and aiming to convert its shopping centers into outstanding ecosystems for retail, digital and logistics solutions, built around the foundations of a diversified selection with affordable pricing, adapted to local needs.

In 2020, the change of scale achieved with **Ocitô's first and last-mile logistics services** illustrated the unified retail concept developed by Mercialys, which aims to offer its customers all the products sold in its centers in just a few clicks and with a single order, as well as interchangeable options to receive them at home or to collect them in-store or with the drive-through service.

The lockdown measures and the closure of physical stores have acted as catalysts for this deployment, while proving the relevance of this vision, helping ensure operational and financial resilience for both Mercialys and its retailers. Today, the Ocitô solution is operational at 26 of the Company's shopping centers, including both Company-owned centers and centers managed for third parties, enabling retailers to benefit from pooled logistics services and offer their products directly to consumers on the dedicated web and mobile platform. This platform includes more than 200 retailers to date and the volume of business generated on it has seen weekly growth of nearly 20% since the start of September 2020.

Ocitô is an ecosystem of services designed to: 1/ support retailers with their digital transformation, 2/ provide a response to the issue of last-mile logistics, and 3/ offer end customers a fluid omni-channel buying experience. It is built around three solutions:

- **Ocito.net,** Mercialys' proprietary web and mobile marketplace, enabling consumers to buy food and non-food products online directly from their center's retailers;
- **Ocito.logistique,** which groups together all the "first-mile" logistics solutions to facilitate the consolidation and shipping of packages from stores, enabling retailers to develop their ship-from-store services (*e.g.* pooled logistics unit, provision of consumables, centralized postage franking and collection). The partnership set up by Mercialys with OneStock in the second quarter of 2020 is aligned with this approach;
- **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.

The Ocitô ecosystem offers a wide range of benefits. Ocito.net represents an additional source of sales for retailers, without any fixed costs, which is a decisive factor for their widespread adoption of this service. Ocito.logistique and Ocito.transport make it possible to pool and rationalize logistics for deliveries of online orders, enabling retailers and delivery companies to significantly improve their costs, timeframes and carbon footprint, while ensuring customer satisfaction.

The investments relating to Ocitô have been limited to Euro 1.2 million since the platform's development was launched in 2019. For Mercialys, this service's operating costs came to around Euro 180,000 in 2020, linked in particular to its accelerated deployment across the portfolio. By increasing the number of retailers using it at each site equipped, this solution will continue to be ramped up in 2021, aiming to break even in 2022.

Mercialys' digitalization expertise is a key factor behind Ocitô's success. This maturity is illustrated by the **latest version of Mercialys' 100% digital proprietary loyalty program,** Prim'Prim'. Deployed on a wide scale during the first lockdown phase, providing further proof of the Company's organizational agility, this solution is now operational across 24 shopping centers, owned by the Company or managed for third parties, and is used by more than 900 retailers, achieving an adoption rate of almost 70% in the centers that have been equipped. 76,000 customers have registered for the program.

First of all, Prim'Prim' offers more simplicity for users. It operates based on a digital cashback system. It enables customers to receive a percentage reward each time they buy from their shopping center's participating retailers, entitling them to vouchers which they can then spend with the retailers of their choice in the center. This approach helps build stronger loyalty between consumers and their shopping center.

By encouraging physical and local consumption, this service supports retailers with their sales development: for every Euro 1 of vouchers spent, each customer generated Euro 3.4 on average in the center's stores in 2020.

Several million euros of effective transactions can be analyzed in detail thanks to the data made available by sharing shopping basket contents, with an average basket of Euro 47.4 for Mercialys centers for instance. Mercialys is therefore able to identify its end customers' specific needs and habits far more clearly than with the market's standard approaches, supporting its robust commercial development by continuously adapting each center's offering in line with its location. More generally, this approach feeds into the Company's entire digital ecosystem, including its qualified databases, which now cover close to 1.2 million customers.

Lastly, the local commercial appeal of centers is also supported by the multi-functionality strategy rolled out by Mercialys in 2020. This year, this initiative was illustrated by the continued operational deployment of the coworking solution "Cap Cowork" at the Grenoble site, following on from the Angers site. These two spaces, with 280 sq.m. and 350 sq.m. respectively, each have around 30 workstations, combining closed offices and open spaces. They also have meeting rooms, breakout areas and kitchen corners. Since their launch, the Cap Cowork spaces have already welcomed many different businesses, with their closed offices systematically achieving 80% to 100% occupancy rates. These customers are able to benefit from a service adapted to emerging trends in the world of work, especially in an economic and health context where people are looking for flexibility, in cities where the offering for this type of product is insufficient or not professional. Working out of the shopping centers also enables them to benefit from all the services available on site (parking, banks, dining, Ocitô, etc.).

Cap Cowork is managed in-house by Mercialys' dedicated local teams for the various centers, making it possible to optimize the costs linked to this new business, while enabling the Company to create value out of spaces that were not initially intended for letting. Their operations are now profitable and the development capex for these two spaces represents a combined total of just Euro 0.8 million.

Encouraged by the occupancy rates and the very positive feedback received from customers, Mercialys is extending the Cap Cowork space in Angers by 200 sq.m. and is looking into opening two new projects in 2021 in Toulouse (450 sq.m.) and Nîmes (300 sq.m.), as well as 13 subsequent projects. These projects are in addition to the five healthcare hubs, for which studies are also moving forward with a view to diversifying Mercialys' rental exposure.

With the gradual industrialization of its retail, digital and logistics solutions, Mercialys is positioning itself more than ever as an omni-channel and multi-functional retail pioneer, further strengthening its shopping centers' strategic importance and foundations within their catchment areas.

1.1.4 Renewal of the Company's program for sustainable development, which is now an essential pillar

The exceptional health situation faced in 2020 has raised awareness among certain civil society and business stakeholders on the importance of sustainable development-related issues. Embracing its responsibilities, Mercialys set out its commitments in these areas very early on, unveiling from 2016 an ambitious, proactive CSR strategy - Mery'21 - whose first phase was completed at the end of 2020.

This strategy and its consequences in terms of action plans and achievements have received regular recognition from the various market benchmarks and assessors throughout the last five years. In 2020, Mercialys received an exceptional level of recognition and awards:

- achieving first place in its category (revenues of Euro 150 to 500 million) in the 2020 rankings drawn up by Gaïa Rating, an agency specialized in assessing the ESG performance of French SMEs and mid-market companies listed on the Paris stock exchange. Mercialys climbed nine places up the overall ranking compared with 2019, coming in third out of the 230 companies analyzed in 2020, all revenue categories combined (*i.e.* up to Euro 5 billion);
- maintaining its "A List" ranking with the Carbon Disclosure Project (CDP) for the third consecutive year;
- maintaining its GRESB "Green Star" status for the fourth consecutive year, while moving up one position in its category;
- achieving fourth place on the SBF 120 in the ranking for the representation of women in management structures for listed companies. This performance was recognized with a visit to Mercialys' offices by Marlène Schiappa, French Minister of State for Gender Equality;
- maintaining two EPRA Gold Awards (financial and sustainability reporting) for the sixth and fourth consecutive years respectively;
- winning the 2020 Grands Prix de la Transparence "All Categories" Award, recognizing the best financial and regulatory communications on the SBF 120, following on from the awards received in previous years.

These achievements recognize the major efforts made by Mercialys in terms of ESG performance and reporting transparency for several years, as well as its proven maturity in these areas. In 2020, Mercialys carried out a detailed review of its Mery'21 strategy, objectively identifying its strengths, weaknesses, successes and failures, drawing lessons from these first five years of work and setting out areas for improvement.

In summer 2020, this initiative was accompanied by a process to consult with an extensive panel of the Company's stakeholders, including employees, center visitors, retailers, investors and banks, as well as regional authorities and non-profit organizations. More than 900 stakeholders were able to share their insights, enabling the Company to make exhaustive updates to its materiality matrix. Combined with a series of studies benchmarking the CSR strategies of other real estate operators in France and internationally, as well as an analysis of the Company's risks and opportunities, this initiative led to a redefinition of the strategic priorities to be addressed by Mercialys in terms of sustainable development.

Four key commitments were set out for 2020-2030 and will form the foundations of Mercialys' new CSR strategy:

1. building a carbon neutral future;
2. promoting more responsible retail;
3. partnering for regional development;
4. being an engaged employer.

The Company will maintain a high level of ambition and performance for these commitments, with details of the corresponding action plans and goals to be revealed during the first half of 2021.

1.1.5 Asset sales resulting in a net cash-in of approximately Euro 150 million for Mercialys

While the significantly disrupted economic and health context might have weighed on investor confidence in physical real estate, Mercialys successfully sold a significant amount of assets in 2020 to leading institutional investors, highlighting their interest in resilient retail sites that generate sustainable cashflows.

On December 21, 2020, Mercialys sold the **Monoprix site on Rue des Bourguignons in Asnières-sur-Seine** to a company advised by PICTURE Asset Management The sale was based on a net sales price of Euro 30.8 million, higher than its appraisal value from end-June 2020.

On December 23, 2020, Mercialys sold **three Monoprix sites, located in Chaville, Puteaux and Marcq-en-Barœul**, and **two hypermarkets, located in Besançon and Gassin**, to SCI AMR (a vehicle jointly owned with Amundi Immobilier and consolidated by Mercialys on an equity basis), based on a net sales price for 100% of these five assets of Euro 198 million. All of these sales were carried out at a level consistent with the appraisal values from end-June 2020.

In connection with the financing operations carried out with Amundi Immobilier, a **non-proportional capital increase was carried out for SCI AMR by its shareholders**, resulting in a dilution of Mercialys' interest in this vehicle from 39.9% to 25.0%.

Alongside this, Mercialys acquired, on December 23, 2020, the 60.1% stake that it did not hold in the **Montauban and Valence 2 shopping centers** from SCI AMR. It also acquired the **Dijon Chenôve shopping center** directly from Amundi Immobilier, with a net sales price of Euro 42 million for all of these three assets at 100%, in line with their appraisal values from end-June 2020. These assets to be relaunched and redeveloped show significant potential for both rental income and value growth.

Mercialys' total net cash-in from all of these asset sales represents around Euro 150 million. In this way, the Company has further strengthened its balance sheet and liquidity, contributing to effective control over its Loan To Value ratio (LTV at end-December 2020 of 38.1% excluding transfer taxes and 35.8% including transfer taxes), while continuing to reduce its exposure to its main tenant, the Casino group (20.2% economic exposure(1) at end-December 2020, compared with 24.3% at end-June 2020).

1.1.6 Development project portfolio built around diversifying uses

Taking into account the continued uncertainty surrounding the economic and health context, Mercialys will remain cautious with regard to investments in 2021. While waiting for new sales to be completed, investments will primarily concern site maintenance requirements, which represented just Euro 3 million in 2020, once again highlighting the Company's cost-effective business model.

Nevertheless, Mercialys has a flexible project portfolio, realigned in the last few years around projects making it possible to diversify the use of its centers. More than ever, investments for centers include a detailed analysis of dynamics for their catchment area, as well as the rationale behind the allocation of capital and its profitability over the medium term, focused at all times on creating value and safeguarding the Company's balance sheet positions. In addition, Mercialys remains attentive to potential opportunities for acquisitions outside of its current scope, particularly with a certain number of players that could look to sell their assets at attractive prices. The Partnership Agreement, under which Mercialys benefited from privileged access to the retail real estate development operations carried out by the Casino group, was not extended by the parties and therefore expired on December 31, 2020, marking the start of the three-year engagement clause for Mercialys to not invest in a new project that could have a significant impact on a Casino group food retail site.

At end-December 2020, the Company's project portfolio represented Euro 407.0 million looking ahead to 2027, with around Euro 28.9 million of potential additional rental income, for a target average yield rate of 7.1%. This portfolio, which concerns 32 sites out of the 51 shopping centers and high-street retail assets held by Mercialys, includes retail space projects (redevelopments, extensions, retail parks), dining and leisure projects, and tertiary activity projects (housing, healthcare, coworking, etc.).

(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 adjusted upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino banner.

(in millions of euros)	Total investment	Investment still to be committed	Target net rental income	Target net yield on cost *(%)*	Completion date
Committed projects	**22.3**	**21.8**	**1.4[1]**	**na[1]**	**2021/2026**
Dining and leisure	3.2	3.2	na[1]	na[1]	2022
Tertiary activities	19.1	18.6	1.4	na[1]	2021/2026
Controlled projects	**133.5**	**129.5**	**9.9**	**7.4%**	**2022/2024**
Retail	106.0	102.0	8.0	7.5%	2022/2024
Dining and leisure	27.5	27.5	1.9	6.9%	2023
Identified projects	**251.2**	**251.2**	**17.6**	**7.0%**	**2022/2027**
Retail	82.6	82.6	5.8	7.0%	2023/2024
Dining and leisure	95.0	95.0	6.7	7.0%	2024
Tertiary activities	73.7	73.6	5.2	7.0%	2022/2027
TOTAL PROJECTS	**407.0**	**402.5**	**28.9[1]**	**7.1%[1]**	**2021/2027**

(1) In the 2021 pipeline, the investments to be committed, for the dining and leisure section, correspond to an advance for work by Mercialys on the Annecy site, which will be reimbursed to it in full, while for tertiary activities they primarily concern the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%.

- *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.*

1.1.7 EPRA NDV (Net Disposal Value) down -7.4% over six months and -7.9% over 12 months

Mercialys' **portfolio value** came to Euro 3,258.3 million (including transfer taxes), down -7.5% over six months and -10.3% over 12 months. Like-for-like[1], it is down -2.3% over six months and -5.5% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 3,065.6 million, also down -7.5% over six months and -10.3% over 12 months. Like-for-like[1], it is also down -2.3% over six months and -5.5% over 12 months.

At end-December 2020, Mercialys' portfolio mainly comprised 51 shopping centers and high-street sites[2], with 25 large regional shopping centers and 26 leading local retail sites (neighborhood shopping centers and city-center assets).

The average size of the 49 shopping centers (excluding the two high-street retail assets) was nearly 16,600 sq.m. at end-December 2020, compared with 7,400 sq.m. in 2010. Their average value was Euro 65.9 million including transfer taxes at end-2020, compared with Euro 26.9 million at end-2010.

The **average appraisal yield rate** was 5.72% at December 31, 2020, compared with 5.49% at June 30, 2020 and 5.26% at December 31, 2019.

The **EPRA Net Asset Value** indicators are as follows:

	EPRA NAV			EPRA NNNAV			EPRA NRV			EPRA NTA			EPRA NDV		
	12/31/2020	06/30/2020	12/31/2019	12/31/2020	06/30/2020	12/31/2019	12/31/2020	06/30/2020	12/31/2019	12/31/2020	06/30/2020	12/31/2019	12/31/2020	06/30/2020	12/31/2019
€/share	19.08	19.72	20.53	18.42	19.90	20.01	21.18	22.00	22.87	19.04	19.68[1]	20.49	18.42	19.90	20.01
Change over 6 months	-3.3%	-3.9%	-1.6%	-7.4%	-0.5%	-1.9%	-3.7%	-3.8%	-1.8%	-3.3%	-4.0%	-1.6%	-7.4%	-0.5%	-1.9%
Change over 12 months	-7.1%	-5.4%	-1.6%	-7.9%	-2.4%	-5.4%	-7.4%	-5.6%	-	-7.1%	-5.5%	-	-7.9%	-2.4%	-

(1) Value adjusted from Euro 19.72 per share, as published in the 2020 Half-Year financial report, to Euro 19.68 per share, in order to more accurately reflect the new methodology for calculating EPRA NTA.

EPRA NDV (Net Disposal Value - equivalent to EPRA NNNAV (Triple Net Asset Value) in the specific case of Mercialys, as the Company's balance sheet does not carry any goodwill) came to Euro 18.42 per share, down -7.4% over six months and -7.9% over 12 months. The Euro -1.59 per share change over 12 months takes into account the following impacts:

- dividend payment: Euro -0.48;
- Funds From Operations (FFO): Euro +1.04;
- change in unrealized capital gains (*i.e.* difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes): Euro -1.93, including a yield effect for Euro -2.31, a rent effect for Euro +0.30 and other effects[3] for Euro +0.08;
- change in fair value of fixed-rate debt: Euro -0.06;
- change in fair value of other items: Euro -0.15.

(1) Sites on a constant scope and a constant surface area basis.
(2) Added to these are four geographically dispersed assets with a total appraisal value including transfer taxes of Euro 11.1 million.
(3) Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains on asset disposals.

1.1.8 Very satisfactory liquidity level and balance sheet positions effectively under control

To extend the maturity of its liabilities, Mercialys carried out a refinancing operation in July 2020, based on: 1/ a new Euro 300 million bond issue with a maturity of seven years, and 2/ a partial redemption of the bond issue maturing in 2023 for a nominal value of Euro 181.3 million. Combined with the asset sale operations detailed previously, resulting in a cash-in of around Euro 150 million, as well as the very limited contraction in the portfolio value, Mercialys' balance sheet position is effectively under control.

At end-December 2020, **drawn debt** represented Euro 1,651.2 million. It is made up of three bond issues and a private placement, with a residual nominal amount of Euro 1,318.7 million, as well as commercial paper, with Euro 332.5 million outstanding at end-December 2020.

Taking into account these resources, the amounts received in connection with current activities and proceeds from disposals, Mercialys had Euro 464.6 million of cash at December 31, 2020. Alongside this, the Company had Euro 405 million of **additional undrawn financial resources** at end-2020, virtually unchanged compared with end-June 2020 and end-December 2019 (Euro 410 million). Mercialys did not need to make any drawdowns on its unused credit lines in 2020.

The **real average cost of drawn debt** was 1.4%(1) for 2020, reflecting the full-year impact of the bond redemption in March 2019, the impact of the partial redemption of the bond issue maturing in 2023 and the impact of a new bond issue maturing in July 2027. This rate is virtually stable compared with the cost of drawn debt for 2019, *i.e.* 1.3%.

The **average maturity of drawn debt** was 3.5 years at December 31, 2020, compared with 3.2 years at end-June 2020 and 3.8 years at end-December 2019.

Mercialys benefits from a healthy financial structure, with an **LTV ratio excluding transfer taxes(2)** of 38.1% at December 31, 2020 (compared with 41.1% at June 30, 2020 and 39.5% at December 31, 2019) and an **LTV ratio including transfer taxes** of 35.8% on the same date (*versus* 38.6% at June 30, 2020 and 37.1% at December 31, 2019). The Company has maintained a very balanced financial structure, with its management of liabilities and sales more than offsetting the effects of the economic and health crisis, which were reflected in reduced rent receipts in the second, third and fourth quarters of 2020, as well as pressure on site appraisal values.

The **ICR(3)** was 5.0x at December 31, 2020, compared with 10.6x at June 30, 2020 and 7.4x at December 31, 2019, reflecting the impacts of the health crisis on EBITDA and the impacts of July's bond refinancing on financial expenses.

On June 9, 2020 and December 1, 2020, Standard & Poor's confirmed its **BBB/outlook negative rating** for Mercialys.

Alongside this, Mercialys has maintained a high level of **hedging for its debt**, with a hedged or fixed-rate debt position (including commercial paper) representing 92% at end-December 2020, compared with 82% at end-June 2020 and 86% at end-December 2019.

(1) This rate does not include the positive impact of net proceeds linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue
(2) LTV (Loan To Value): net financial debt / (portfolio market value excluding transfer taxes + market value of investments in associates for Euro 56.4 million in 2020 and Euro 59.7 million in 2019, 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, 2020. 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)	12/31/2020	12/31/2019
Rental revenues	**175,440**	**191,853**
Service charges and property tax	(44,390)	(47,811)
Service charges and property tax reinvoiced to tenants	38,555	42,236
Net property expenses	(22,248)	(7,076)
Net rental income	**147,357**	**179,202**
Management, administrative and other activities income	3,035	3,229
Other income	53	276
Other expenses	(6,150)	(7,283)
Personnel expenses	(13,121)	(12,413)
Depreciation and amortization	(40,777)	(40,440)
Reversals of/(Allowances for) provisions	1,343	(1,252)
Other operating income	242,125	102,496
Other operating expenses	(209,381)	(98,792)
Operating income	**124,484**	**125,023**
Income from cash and cash equivalents	61	190
Expenses from gross financial debt	(21,891)	(22,180)
(Expenses)/Income from net financial debt	**(21,830)**	**(21,990)**
Other financial income	233	255
Other financial expenses	(3,024)	(3,111)
Net financial income	**(24,621)**	**(24,846)**
Tax expenses	(2,019)	(3,270)
Share of net income from equity associates and joint ventures	(3,695)	2,289
Consolidated net income	**94,148**	**99,196**
Attributable to non-controlling interests	8,316	8,856
Attributable to owners of the parent	85,833	90,340
Earnings per share[1]		
Net income, attributable to owners of the parent *(€)*	0.94	0.98
Diluted net income, attributable to owners of the parent *(€)*	0.94	0.98

(1) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2020 = 91,532,357 shares.
Fully diluted weighted average number of shares in 2020 = 91,532,357 shares.

1.2.1.2 Consolidated statement of financial position

Assets

(in thousands of euros)	12/31/2020	12/31/2019
Intangible assets	4,052	3,588
Property, plant and equipment other than investment property	1,605	857
Investment property	2,050,907	2,222,452
Right-of-use assets	8,902	9,981
Investments in equity associates	38,918	36,355
Other non-current assets	73,865	51,867
Deferred tax assets	1,728	1,200
Non-current assets	**2,179,976**	**2,326,300**
Trade receivables	38,217	20,532
Other current assets	40,660	36,594
Cash and cash equivalents	464,611	72,024
Investment property held for sale	111	111
Current assets	**543,599**	**129,262**
TOTAL ASSETS	**2,723,575**	**2,455,562**

Equity and liabilities

(in thousands of euros)	12/31/2020	12/31/2019
Share capital	92,049	92,049
Additional paid-in capital, treasury shares and other reserves	600,875	565,909
Equity attributable to owners of the parent	**692,925**	**657,958**
Non-controlling interests	202,193	202,072
Equity	**895,118**	**860,030**
Non-current provisions	1,207	1,128
Non-current financial liabilities	1,355,914	1,234,944
Deposits and guarantees	22,295	21,502
Non-current lease liabilities	8,655	9,640
Other non-current liabilities	15,311	12,939
Non-current liabilities	**1,403,381**	**1,280,154**
Trade payables	15,394	13,839
Current financial liabilities	348,553	261,643
Current lease liabilities	985	959
Current provisions	9,942	10,920
Other current liabilities	50,193	27,542
Current tax liabilities	9	474
Current liabilities	**425,076**	**315,378**
TOTAL EQUITY AND LIABILITIES	**2,723,575**	**2,455,562**

1.2.1.3 Consolidated cash flow statement

(in thousands of euros)	12/31/2020	12/31/2019
Net income, attributable to owners of the parent	85,833	90,340
Non-controlling interests	8,316	8,856
Consolidated net income	**94,148**	**99,196**
Depreciation, amortization[1] and provisions, net of reversals	53,372	54,226
Calculated expenses/(income) relating to stock options and similar	24	206
Other calculated expenses/(income)[2]	(2,419)	(2,133)
Share of net income from equity associates and joint ventures	3,695	(2,289)
Dividends received from equity associates and joint ventures	6,234	2,449
Income from asset disposals	(47,542)	(17,443)
Expenses/(income) from net financial debt	21,830	21,990
Net financial interest in respect of lease agreements	334	328
Tax expenses (including deferred tax)	2,019	3,270
Cash flows	**131,695**	**159,800**
Taxes received/(paid)	(3,298)	(2,572)
Change in working capital requirement relating to operations, excluding deposits and guarantees[3]	5,696	(1,688)
Change in deposits and guarantees	792	(579)
Net cash flow from operating activities	**134,885**	**154,960**
Cash payments on acquisitions of[4]:		
• investment properties and other fixed assets	(61,593)	(26,412)
• non-current financial assets	(1,833)	(1)
Cash receipts on disposals of[4]:		
• investment properties and other fixed assets	188,386	96,285
• non-current financial assets	-	-
Investments in equity associates and joint ventures	-	(1,625)
Impact of changes in the scope of consolidation with change of ownership	-	-
Change in loans and advances granted	1,799	10,839
Net cash-flow from investing activities	**126,757**	**79,086**
Dividends paid to shareholders of the parent company (final)	(43,957)	(56,863)
Dividends paid to shareholders of the parent company (interim)	-	(43,123)
Dividends paid to non-controlling interests	(8,194)	(6,728)
Capital increase and reduction	(1)	-
Other transactions with shareholders	-	-
Changes in treasury shares	(1,825)	960
Increase in borrowings and financial debt	1,097,167	1,499,700
Decrease in borrowings and financial debt	(901,800)	(1,912,400)
Repayment of lease liabilities	(959)	(644)
Interest received	23,447	33,349
Interest paid	(32,933)	(53,332)
Net cash flow from financing activities	**130,947**	**(539,080)**
CHANGE IN CASH POSITION	**392,588**	**(305,034)**
Net cash at beginning of year	72,012	377,046
Net cash at end of year	464,600	72,012
• of which cash and cash equivalents	464,611	72,024
• of which bank overdrafts	(11)	(12)

(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*	*(340)*	*(355)*
• *lease rights received from tenants and spread over the firm term of the lease*	*(2,472)*	*(2,899)*
• *financial expenses spread out*	*434*	*921*
• *interest on non-cash loans*	*24*	*102*

(in thousands of euros)	12/31/2020	12/31/2019
(3) The change in working capital requirements breaks down as follows:		
• *trade receivables*	*(31,420)*	*1,623*
• *trade payables*	*1,555*	*(929)*
• *other receivables and payables*	*35,561*	*(2,382)*
Total working capital requirement	***5,696***	***(1,688)***

(4) These amounts are presented in gross values excluding the impact of the exchange between Mercialys and SCI AMR concerning the Gassin (sale), Montauban and Valence 2 (acquisitions) real estate assets, which led to the payment of a Euro 37 million balance to Mercialys.

1.2.2 Main highlights of 2020

Impacts relating to the Covid-19 pandemic

The start of 2020 was marked by considerable uncertainty linked to the Covid-19 pandemic in Europe and France, with the French government issuing an order in March to close all non-essential stores from March 15 to May 11, 2020. However, the government order authorized essential stores to continue trading, which included tenant retailers representing nearly 40% of Mercialys' annualized rental base. All of Mercialys' sites therefore remained open during the nationwide public lockdown, ordered by the French government from March 16 to May 11, 2020. On May 11, following the authorization to reopen stores and the lifting of the public lockdown, Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding leisure venues and sit-down restaurants). Restaurants were able to reopen from June 2, 2020.

This full reopening of the centers was completed under optimum health and safety conditions, thanks to measures such as setting up a system to monitor real-time flow management, indicating walking directions for visitors, putting in place hand sanitizer stations, optimizing center ventilation and reinforcing disinfection procedures. Overall, in terms of site operating costs, the implementation of these measures was offset by the savings achieved, particularly on water and energy consumption, during the period when centers were partially closed. In addition to the arrangements in place before the health crisis for employees to work from home, various organizational and health measures were rolled out at the Company's head office to ensure the health and safety of its employees: providing masks and hand sanitizer, introducing social distancing measures, etc.

The government-ordered shutdown may have affected the profitability of the retailers concerned. In this context, a mediation process between tenants and landlords was considered necessary by the French government, which appointed a mediator in April 2020. This mediation process, completed in May 2020, was signed up to by all the landlord federations, including the ones that Mercialys is part of, as well as certain retailer federations, but not by representatives from the main retailers.

Mercialys has aligned itself with the core principles from this mediation process for discussions with its tenants. Negotiations were carried out with retailers on this basis throughout the year, leading to the recognition of relief measures granted and to be awarded in the financial statements at end-December 2020.

In April 2020, and in response to the French authorities' appeal in the context of the health crisis, Mercialys' Board of Directors decided to reduce its proposed dividend for 2019 from Euro 1.15 to Euro 0.95 per share. This amount corresponds strictly to the distribution requirements under the SIIC tax system for real estate investment trusts. The General Meeting on April 23, 2020 voted to approve this revised amount.

On October 28, 2020, the French President announced a new national lockdown from October 30, 2020, with non-essential stores to close again. However, Reunion Island was not concerned by this measure. During this second period of restrictions on activities, nearly 50% of the retailers from Mercialys' annualized rental base were able to remain open. Stores classed as non-essential were able to open again from November 28, 2020, with the exception of dining and leisure venues. Mercialys has continued moving forward with its actions to support its tenant retailers, offering to partly waive their 2020 fourth-quarter rent for the retailers ordered to close. Subject to the tenants concerned providing the necessary information, Mercialys will be able to benefit from the tax credit mechanism determined for compensation by the French government.

Lastly, it is important to note that the health crisis has led to a context of uncertainty concerning the preparation of appraisals and the determination of the fair value of real estate assets.

Refinancing operation

In July 2020, Mercialys carried out a refinancing operation. This concerned a Euro 300 million new bond issue with a 7-year maturity and 4.625% coupon. Alongside this, the Company completed a tender offer to redeem part of its Euro 750 million bond issue maturing in 2023. The nominal amount tendered for the offer came to Euro 181.3 million, with the redeemed bonds cancelled on July 7, 2020. The outstanding amount of the bond issue maturing in March 2023 therefore represents Euro 568.7 million.

Operations on real estate assets

On December 21, 2020, Mercialys sold the Monoprix site in Asnières-sur-Seine to a company advised by PICTURE Asset Management. The net sales price was Euro 30.8 million, higher than the appraisal value from end-June 2020 and significantly lower than the portfolio's average appraisal yield rate of 5.49% on this same date.

On December 23, 2020, Mercialys sold three Monoprix sites, located in Chaville, Puteaux and Marcq-en-Barœul, and two hypermarkets, located in Besançon and Gassin, to SCI AMR. All of these sales were completed based on a net sales price for 100% of the assets of Euro 198 million, in line with their appraisal values from end-June 2020. Alongside this, Mercialys acquired the 60.1% stake that it did not hold in the Montauban and Valence 2 shopping centers from SCI AMR. It also acquired the Dijon Chenôve shopping center directly from Amundi Immobilier, with all of these three assets at 100% giving a net sales price of Euro 42 million, in line with the appraisal values from end-June 2020. In connection with the financing of these operations, a non-proportional capital increase was carried out for SCI AMR by its shareholders, resulting in a dilution of Mercialys' interest in this vehicle from

39.9% to 25.0% (SCI AMR is consolidated by Mercialys on an equity basis). Taking into account the corresponding costs and taxes, Mercialys' total net cash-in with these operations was close to Euro 120 million.

Changes in the shareholding structure

Mercialys' shareholding structure continued to evolve in 2020, with the Casino group announcing the definitive divestment of a further 5% of its stake in the Company's capital, through an amendment dated August 21, 2020 to the equity swap agreement signed with Crédit Agricole Corporate and Investment Bank (CACIB) on July 26, 2018 (AMF declaration No. 2020DD697899). In this declaration, the Casino group had indicated that the agreement would be settled exclusively in cash through to December 28, 2020. Following this operation, the concert of companies owned by Jean-Charles Naouri holds 18,559,506 Mercialys shares, representing 20.16% of its capital and voting rights.

On August 27, 2020, Crédit Agricole informed the AMF that it had exceeded the threshold representing 5% of Mercialys' capital and voting rights (AMF declaration No. 2020DD697900), increasing its stake to 5.21%. On October 8, 2020, Crédit Agricole then reported that it had dropped below the threshold representing 5% of Mercialys' capital and voting rights (AMF declaration No. 220C4161), reducing its interest to 0.76%.

1.2.3 Summary of the main key indicators for the period

	12/31/2020
Organic growth in invoiced rents	-7.0%
EBITDA(1)	€131.2M
EBITDA/rental revenues	74.8%
Funds From Operations (FFO(2))	€95.5M
Funds From Operations (FFO) per share(3)	€1.04
Fair value of the portfolio (including transfer taxes)	€3,258.3M
Change vs. 12/31/2019 (current basis)	*-10.3%*
Change vs. 12/31/2019 (like-for-like)	*-5.5%*
EPRA NDV per share	€18.42
Change vs. 12/31/2019	*-7.9%*
Loan to Value (LTV) - excluding transfer taxes	38.1%

(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. 91,532,357 shares.

1.2.4 Review of activity

Main management indicators

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

	Number of leases	Annual MGR* + variable rents *(€M)*	Share of leases expiring *(% annual MGR* + variable)*
Expired at December 31, 2020	459	27.1	15.6%
2021	176	9.2	5.3%
2022	160	9.8	5.6%
2023	106	8.7	5.0%
2024	141	9.9	5.7%
2025	147	9.3	5.3%
2026	209	22.4	12.9%
2027	234	40.2	23.1%
2028	228	16.1	9.2%
2029	163	9.7	5.6%
2030 and beyond	115	11.7	6.7%
TOTAL	**2,138**	**173.9**	**100.0%**

* *MGR: Minimum Guaranteed Rent.*

The stock of expired leases at end-2020 reflects the negotiations underway, refusals to renew leases with the payment of compensation for eviction, global negotiations for each retailer, tactical delays, etc. As part of the negotiations with retailers concerning the lockdown and store closure phases, Mercialys was often able to obtain, in exchange for rent relief measures, an extension of the firm term of leases for instance (through tenants waiving their next three-year break, deferring this three-year break, securing the early renewal of leases or signing new leases), making it possible to extend the firm term of the lease portfolio by 6.7 months on average at December 31, 2020, ensuring the sustainability of its rental flows.

The **collection rate** has been affected by the health crisis. For the 12 months to end-December 2020, it came to 85.3%, compared with 96.7% at December 31, 2019. These collection rates are calculated on the full amount of rent and charges excluding tax invoiced by Mercialys to its tenants for 2020. This billing is therefore not restated for the amounts relating to the rent relief already granted and to be awarded to retailers or provisions for the impairment of receivables recognized due to certain tenants' payment arrears or legal situations (safeguard, receivership, liquidation). Restated for the relief measures granted and to be awarded in connection with the two lockdowns, the collection rate for the full year in 2020 came to 90.8% at end-December. Also restated for provisions for the impairment of doubtful receivables for the full year, it represents 99.1%.

The **current financial vacancy rate** - which excludes "strategic" vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 3.8%[1] at December 31, 2020, higher than at June 30, 2020 (2.5%) and December 31, 2019 (also 2.5%), particularly after the Dijon Chenôve shopping center, acquired at the end of December from Amundi Immobilier with a view to relaunching this asset, was incorporated into Mercialys' portfolio. Despite the unprecedented economic and health crisis, Mercialys has not seen an alarming increase in the number of tenants serving notice (57 at end-December 2020 *vs.* 41 at end-December 2019 out of a total of 2,138 leases at end-2020) thanks to the quality of its assets and its measures to support retailers. The strong diversification of its retailer portfolio has also enabled it to limit exposure to the safeguard and receivership proceedings affecting certain retailers.

The **total vacancy rate[2]** was 5.4% at December 31, 2020, once again higher than the level from June 30, 2020 (3.4%) and December 31, 2019 (3.2%), following the reintegration into the consolidated portfolio of the Montauban and Valence 2 centers acquired at the end of December from SCI AMR with a view to being redeveloped. Reletting operations are already underway with a view to rapidly normalizing their vacancy levels.

The **reversion** generated on the 71 leases signed (outside of any negotiations relating to the health crisis) in 2020 across the Company's entire portfolio came to +5% on average, highlighting the quality of the rental spaces offered by Mercialys and the ability of its teams to manage retailer rotation with an accretive approach, even in a disrupted operating environment.

The analysis of the **occupancy cost ratio[3]** is ineffective for the full year in 2020 due to the periods when stores were ordered to close. Furthermore, as certain retailers' activities may show strong seasonality during the year, especially in the fourth quarter, any analysis for periods of less than one year is even more complex and potentially not relevant. At December 31, 2019, this ratio showed a very moderate level of 10.4%.

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 (2.9%), no other tenant represents more than 2% of total rental income.

Casino group retailers accounted for 22.7% of total rental income at December 31, 2020, significantly lower than at June 30, 2020 (27.5%) and December 31, 2019 (27.3%). This change benefited from the asset sales completed by Mercialys at end-December 2020, and particularly the sale of four Monoprix stores and two hypermarkets operating under the Géant Casino banner.

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 20.2%.

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

The 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	Leases characteristics
Saint-Denis	100%	Supermarket	01/2000	12/2008	3 -6 -9 commercial lease
Grenoble	100%	Monoprix	02/2010	02/2022	3 -6 -9 -12 commercial lease
Saint-Étienne	100%	Hypermarket	07/2014	06/2026	3 -6 -9 -12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3 -6 -9 -12 commercial lease
Annecy	100%	Hypermarket	12/2014	12/2026	3 -6 -9 -12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 -6 -9 -12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 -6 -9 -12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 -6 -9 -12 commercial lease
Le Puy	51%	Hypermarket	11/2015	11/2027	3 -6 -9 -12 commercial lease
Clermont-Ferrand	51%	Hypermarket	11/2015	11/2027	3 -6 -9 -12 commercial lease
Annemasse	100%	Hypermarket	12/2015	12/2027	3 -6 -9 -12 commercial lease
Marseille Canebière	100%	Monoprix	12/2015	12/2027	3 -6 -9 -12 commercial lease
Ajaccio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Corte	60%	Supermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Furiani	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Porto-Vecchio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Toga	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period

H&M GROUP LEASE SCHEDULE

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

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

	Number of leases	Annual MGR* + variable rents *(€M)*	12/31/2020 *(%)*	12/31/2019 *(%)*
National and international retailers	1,464	112.3	64.6%	61.2%
Local retailers	617	22.1	12.7%	11.5%
Casino cafeterias/restaurants	6	1.1	0.6%	0.6%
Monoprix	2	1.8	1.0%	4.3%
Géant Casino and other entities	49	36.7	21.1%	22.4%
TOTAL	**2,138**	**173.9**	**100.0%**	**100.0%**

* *MGR: Minimum Guaranteed Rent.*

The **breakdown by business sector** (including large food stores) of Mercialys' rents is also still highly diversified, despite the recent significant sales of food assets. The Company will maintain its strategy to build balanced retail mixes, while continuing to scale back its exposure to textiles in favor of sectors such as health and beauty, culture, gifts and sports, as well as more innovative activities:

	12/31/2020	12/31/2019
Restaurants and catering	8.6%	8.1%
Health and beauty	12.3%	11.3%
Culture, gifts and sports	16.0%	14.3%
Personal items	31.5%	31.0%
Household equipment	6.9%	6.4%
Food-anchored tenants	21.5%	26.0%
Services	3.2%	3.0%
TOTAL	**100.0%**	**100.0%**

The **rental income structure** at December 31, 2020 shows that the majority of leases, in terms of overall rental income, include a variable clause. However, the vast majority of leases include a guaranteed minimum rent or do not have a variable clause (97.2% in terms of overall rents):

	Number of leases	*(€M)*	12/31/2020 *(%)*	12/31/2019 *(%)*
Leases with variable component	1,291	102.3	59%	56%
• *of which MGR*		*97.4*	*56%*	*53%*
• *of which variable rent with MGR*		*1.1*	*1%*	*1%*
• *of which variable rent without MGR*		*3.8*	*2%*	*2%*
Leases without variable clause	847	71.6	41%	44%
TOTAL	**2,138**	**173.9**	**100%**	**100%**

Lastly, the rental income structure at December 31, 2020 shows a predominant share of leases indexed against the French retail rent index (ILC). For the vast majority of Mercialys' leases, indexation corresponds to the change in this index between the second quarters of N-2 and N-1 and the third quarters of N-2 and N-1:

	Number of leases	MGR *(€M)*	12/31/2020 *(%)*	12/31/2019 *(%)*
Leases index-linked to the retail rent index (ILC)	1,722	158.7	94%	94%
Leases index-linked to the Construction Cost Index (ICC)	169	7.9	5%	5%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	247	2.3	1%	1%
TOTAL	**2,138**	**169.0**	**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 out over the firm period of the lease (usually 36 months).

(in thousands of euros)	12/31/2020	12/31/2019	Change *(%)*
Invoiced rents	172,911	188,849	-8.4%
Lease rights and despecialization indemnities	2,529	3,003	-15.8%
Rental revenues	**175,440**	**191,853**	**-8.6%**
Property tax	(14,248)	(14,608)	-2.5%
Reinvoiced to tenants	12,684	13,325	-4.8%
Non-recovered property tax	**(1,564)**	**(1,283)**	**+21.9%**
Service charges	(30,142)	(33,202)	-9.2%
Reinvoiced to tenants	25,871	28,911	-10.5%
Non-recovered service charges	**(4,271)**	**(4,291)**	**-0.5%**
Management fees	(5,860)	(6,888)	-14.9%
Reinvoiced to tenants	4,585	4,530	+1.2%
Losses on and impairments of receivables	(19,694)	(3,342)	+489.3%
Other expenses	(1,279)	(1,376)	-7.1%
Net property expenses	**(22,248)**	**(7,076)**	**+214.4%**
NET RENTAL INCOME	**147,357**	**179,202**	**-17.8%**

The **-8.4 points** change in invoiced rents primarily reflects the following factors:

- the impact of indexation for **+1.6 points**, representing Euro +2.9 million;
- the lower contribution by Casual Leasing, due to the opening restrictions, for **-0.8 points**, representing Euro -1.5 million;
- the contraction in variable rents, due to the opening restrictions, for **-0.9 points**, representing Euro -1.8 million;
- the actions carried out on the portfolio, including the deferral of rental measures due to the lockdown, for **-1.3 points**, representing Euro -2.5 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **-5.5 points**, representing Euro -10.4 million;
- the asset acquisitions and sales completed in 2019 and 2020 for **-1.3 points**, representing Euro -2.4 million;
- other effects primarily including strategic vacancies linked to current redevelopment programs for **-0.2 points**, representing Euro -0.3 million.

Taking into account the first five effects presented above, organic growth in invoiced rents is down -7 points, linked primarily to the consequences of the health crisis.

Lease rights and despecialization indemnities[1] received over the period came to Euro 0.9 million, compared with Euro 1.1 million at December 31, 2019, with the following breakdown:

- Euro 0.9 million of lease rights linked to reletting activities (*vs.* Euro 1.0 million in 2019);
- a non-significant amount of despecialization indemnities, as in 2019.

After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for 2020 totaled Euro 2.5 million, compared with Euro 3.0 million for 2019.

Rental revenues therefore came to Euro 175.4 million at December 31, 2020, down -8.6% from end-2019.

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 taken into account to calculate net rental income, including provisions for the impairment of receivables recorded in connection with the health crisis, represent Euro 28.1 million for 2020, compared with Euro 12.7 million for 2019. The ratio of non-recovered property operating expenses to invoiced rents therefore shows a significant increase to 16.2% at December 31, 2020, compared with 6.7% at December 31, 2019.

Net rental income is down -17.8% to Euro 147.4 million at December 31, 2020, compared with Euro 179.2 million at December 31, 2019.

1.2.5.2 Management income, operating costs and EBITDA

(in thousands of euros)	12/31/2020	12/31/2019	Change *(%)*
Net rental income	**147,357**	**179,202**	**-17.8%**
Management, administrative and other activities income	3,035	3,229	-6.0%
Other income and expenses	(6,096)	(7,006)	-13.0%
Personnel expenses	(13,121)	(12,413)	+5.7%
EBITDA	**131,174**	**163,012**	**-19.5%**
% rental revenues	74.8%	85.0%	na

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

Fees charged in 2020 totaled Euro 3.0 million, compared with Euro 3.2 million for 2019.

No **property development margin** was recorded in 2020.

Other current income in 2020 was not significant and down from the Euro 0.3 million recorded in 2019. It 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.

Other current expenses mainly comprise structural costs. 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.

(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.*

For 2020, these expenses totaled Euro 6.1 million, compared with Euro 7.3 million in 2019. This change notably takes into account the changes in the services covered by the Services Agreement, some of which ended in 2020, as well as the Company's committed efforts to moderating operating costs.

Personnel expenses totaled Euro 13.1 million in 2020, compared with Euro 12.4 million in 2019. This increase in personnel expenses reflects the ongoing process by Mercialys to gradually bring back in-house support activities that were previously outsourced under the Services Agreement signed with the Casino group. In 2020, the IT support, HR support and real estate management control activities were brought back in-house, leading to an increase in Mercialys' payroll, alongside a reduction in billing under the Agreement for other current expenses.

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

As a result, **EBITDA**[1] came to Euro 131.2 million in 2020, compared with Euro 163.0 million in 2019, down -19.5%. The EBITDA margin is also down, contracting from 85.0% at December 31, 2019 to 74.8%.

1.2.5.3 Net financial items

Net financial income totaled Euro 24.6 million at December 31, 2020, compared with Euro 24.8 million at December 31, 2019. Restated for the impact of non-recurring items (hedging ineffectiveness, banking default risk, bond redemption premium, bond redemption costs, proceeds from the unwinding of swaps and exceptional amortization relating to the partial redemption of the 2023 issue), which represented Euro 1.1 million of net income at end-December 2020, *vs.* a Euro 1.3 million net expense at end-December 2019, net financial income came to Euro 25.7 million at end-2020, compared with Euro 23.5 million at end-2019. This change primarily reflects the impact of the refinancing operation carried out at the start of July 2020.

The **real average cost of drawn debt** for 2020 was 1.4%[2], higher than the level recorded for the first half of 2020 (1.1%), but virtually stable compared with the rates from 2019 (1.3%), primarily reflecting the full-year impact of the bond redemption in March 2019 and the refinancing operation carried out in July 2020.

The following table presents a breakdown of net financial items:

(in thousands of euros)	12/31/2020	12/31/2019	Change *(%)*
Income from cash and cash equivalents *(a)*	**61**	**190**	**-68.0%**
Cost of debt taken out *(b)*	(31,450)	(30,887)	+1.8%
Impact of hedging instruments *(c)*	7,698	8,706	-11.6%
Cost of property finance leases *(d)*	0	0	na
Expenses from gross financial debt excluding exceptional items	**(23,752)**	**(22,180)**	**+7.1%**
Exceptional amortization of costs in relation to the early repayment of financial debt *(e)*	(2,544)	na	na
Expenses from gross financial debt *(f) = (b)+(c)+(d)+(e)*	**(26,296)**	**(22,180)**	**+18.6%**
Expenses from net financial debt *(g) = (a)+(f)*	**(26,236)**[1]	**(21,990)**	**+19.3%**
Cost of Revolving Credit Facility and bilateral loans (undrawn) *(h)*	(2,724)	(2,487)	+9.5%
Other financial expenses *(i)*	(300)	(364)	-17.6%
Other financial expenses excluding exceptional items *(j) = (h)+(i)*	**(3,024)**	**(2,851)**	**+6.1%**
Exceptional depreciation in relation to refinancing of the RCF *(k)*	na	(259)	na
Other financial expenses *(l) = (j)+(k)*	**(3,024)**	**(3,111)**	**-2.8%**
TOTAL FINANCIAL EXPENSES *(m) = (f)+(l)*	**(29,321)**	**(25,291)**	**+15.9%**
Income from associates	233	0	na
Other financial income	4,406	255	ns
Other financial income *(n)*	**4,639**	**255**	**ns**
Total financial income *(o) = (a)+(n)*	**4,700**	**444**	**ns**
NET FINANCIAL INCOME = *(m)+(o)*	**(24,621)**	**(24,846)**	**-0.9%**

(1) Expenses from net financial debt, in accordance with the conditions for calculation set by the covenants for the Company's bank lines, do not take into account the Euro 4.4 million of net proceeds linked to the bond redemption premium, the bond production costs and the proceeds from unwinding swaps.

(1) Earnings before interest, tax, depreciation and amortization.
(2) This rate does not include the positive impact of net proceeds linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue.

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)	12/31/2020	12/31/2019	Change *(%)*
EBITDA	**131,174**	**163,012**	**-19.5%**
Net financial income (excluding non-recurring items[1])	(25,748)	(23,512)	+9.5%
Reversals of/(Allowances for) provisions	1,343	(1,252)	na
Other operating income and expenses (excluding capital gains on disposals and impairments)	(1,480)	(3,978)	-62.8%
Tax expenses	(2,019)	(3,270)	-38.3%
Share of net income from equity associates and joint ventures (excluding capital gains, amortization and impairments)	2,203	3,631	-39.3%
Non-controlling interests (excluding capital gains, amortization and impairments)	(9,932)	(10,462)	-5.1%
FFO	**95,541**	**124,168**	**-23.1%**
FFO per share[2]	***1.04***	***1.35***	***-22.8%***

(1) Impact of hedging ineffectiveness, banking default risk, bond redemption premium, bond redemption costs, proceeds from unwinding swaps and exceptional amortization relating to the partial redemption of the 2023 issue.

(2) Calculated based on the average undiluted number of shares (basic), i.e. 91,532,357 shares.

Other operating income and expenses (excluding capital gains on disposals and impairments) came to Euro -1.5 million and primarily include the impacts of provisions, as well as the launch of Ocitô's activities. In 2019, they came to Euro -4.0 million, including the impact of Euro 2.1 million of provisions recorded for a dispute concerning a site on Reunion Island.

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.

2020 recorded a **tax expenses** of Euro 2.0 million, primarily comprising the CVAE corporate value-added tax. At December 31, 2020, Mercialys did not record any impact relating to the tax credit mechanism for relief measures granted to retailers in connection with the second lockdown phase. At end-2019, the tax expense came to Euro 3.3 million.

The **share of net income from associates and joint ventures (excluding capital gains, amortization and impairments)** came to Euro 2.2 million at December 31, 2020, compared with Euro 3.6 million at December 31, 2019. 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 Aix 2 (in which Mercialys acquired a 50% stake in December 2013, with Altarea Cogedim owning the other 50%), Corin Asset Management SAS (in which Mercialys has a 40% stake), SCI Rennes-Anglet (in which Mercialys has a 30% stake), and SAS Saint-Denis Genin (in which Mercialys has a 30% stake). The change in this share over the period reflects the assets sold in 2019 by SCI Rennes-Anglet, the asset sales and acquisitions completed at end-December 2020 with SCI AMR, and the impact of the rent relief measures granted by associates in connection with the health crisis.

Non-controlling interests (excluding capital gains, amortization and impairments) came to Euro 9.9 million at December 31, 2020, compared with Euro 10.5 million at December 31, 2019. They are linked to the 49% stake held by BNP Paribas REIM France in the companies Hypertethis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

In view of these items, **Funds From Operations (FFO)**, which correspond to net income before amortization, capital gains or losses on disposals net of associated costs, potential asset impairments and other non-recurring effects, came to Euro 95.5 million (*versus* Euro 124.2 million for 2019), down -23.1%. Considering the average number of shares (basic) at end-December, FFO represents Euro 1.04 per share at December 31, 2020, compared with Euro 1.35 per share at December 31, 2019, down -22.8%.

B. Net income attributable to owners of the parent

(in thousands of euros)	12/31/2020	12/31/2019	Change *(%)*
FFO	95,541	124,168	-23.1%
Depreciation and amortization	(40,777)	(40,440)	+0.8%
Other operating income and expenses	34,223	7,682	+345.5%
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	1,127	(1,334)	na
Share of net income from equity associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	(4,282)	264	na
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**85,833**	**90,340**	**-5.0%**

Depreciation and amortization came to Euro 40.8 million in 2020, virtually stable compared with Euro 40.4 million in 2019.

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 240.7 million at December 31, 2020, compared with Euro 101.4 million at December 31, 2019. This amount includes:

- income from asset sales completed over the period for Euro 236.1 million;
- income associated with reversals of provisions on assets sold for Euro 4.7 million.

Other operating expenses totaled Euro 206.5 million at December 31, 2020, compared with Euro 93.7 million at December 31, 2019. This amount mainly includes:

- the net book value of assets disposed of during 2020 and costs relating to these disposals for Euro 193.1 million;
- provisions recorded for the impairment of investment properties for Euro 13.3 million.

On this basis, the amount of net capital gains recorded in the consolidated financial statements at December 31, 2020 for asset disposals came to Euro 47.5 million (*vs.* Euro 17.4 million for 2019). Capital gains from asset disposals completed in 2020 and available for distribution at 70% with the SIIC status totaled Euro 49.8 million.

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 85.8 million for 2020, compared with Euro 90.3 million for 2019.

1.2.5.5 Financial structure

A. Debt cost and structure

At December 31, 2020, Mercialys' **drawn debt** totaled Euro 1,651.2 million, with the following breakdown:

- a bond issue with a residual nominal amount of Euro 568.7 million, with a fixed coupon of 1.787%, maturing in March 2023;
- a bond issue for a nominal amount of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond issue for a nominal amount of Euro 300 million, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal amount of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- Euro 332.5 million of outstanding commercial paper, with a rate close to zero.

Cash and cash equivalents came to Euro 464.6 million at December 31, 2020, compared with Euro 72.0 million at December 31, 2019. The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flow from operating activities during the period: Euro +134.9 million;
- cash receipts/payments related to disposals/acquisitions of assets completed in 2020: Euro +126.8 million;
- dividend payments to parent company shareholders and non-controlling interests: Euro -52.2 million;
- issues and repayment of borrowings net of the change in outstanding commercial paper: Euro +195.4 million;
- net interest paid: Euro -9.5 million.

Net financial debt came to Euro 1,188.8 million at December 31, 2020, compared with Euro 1,373.2 million at December 31, 2019.

The **real average cost of drawn debt** at December 31, 2020 was 1.4[(1)], higher than the level recorded at end-June 2020 (1.1%) and virtually stable compared with the rate from 2019 (1.3%), primarily reflecting the full-year impact of the bond redemption in March 2019 and the refinancing operation carried out in July 2020.

Alongside this, Mercialys has maintained a high level of **hedging for its debt**, with a hedged or fixed-rate debt position (including commercial paper) representing 92% at end-December 2020, compared with 82% at end-June 2020 and 86% at end-December 2019.

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

B. Liquidity and debt maturity

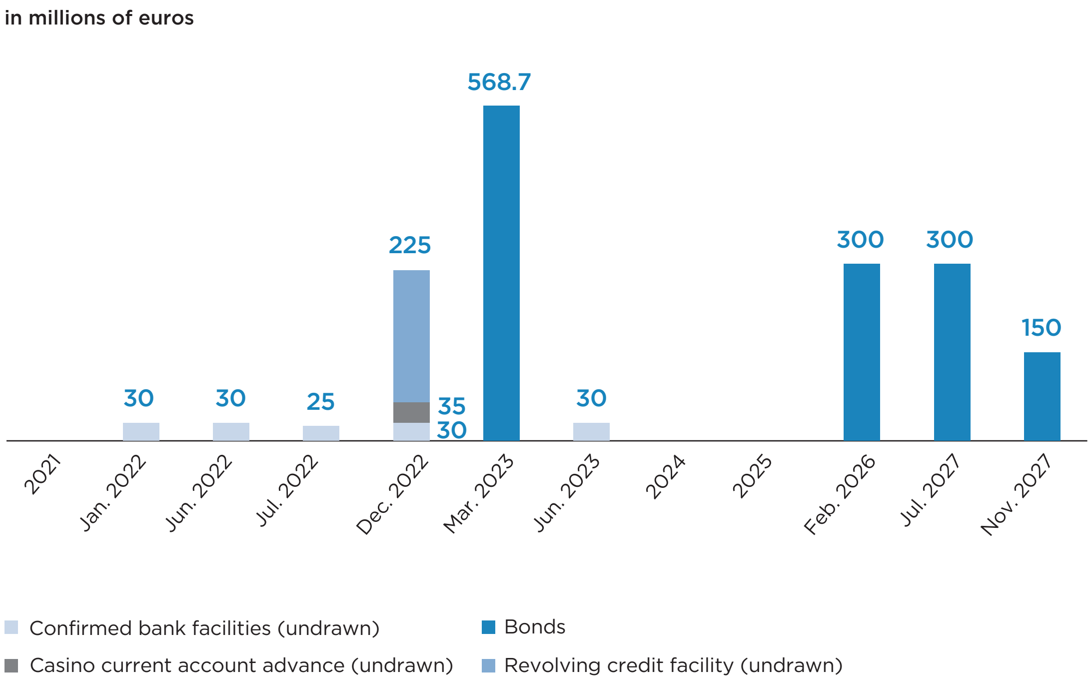
The **average maturity of drawn debt** was 3.5 years at December 31, 2020, following the refinancing operation carried out in July 2020, based on a new Euro 300 million bond issue with a maturity of seven years and the partial redemption of the bond issue maturing in 2023 for a nominal value of Euro 181.3 million.

Mercialys also has Euro 405 million of **undrawn financial resources**, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 225 million revolving bank credit facility, maturing in December 2022. The EURIBOR margin is 125 basis points (for a BBB rating); if undrawn, this facility is subject to payment of a 40% non-use fee;
- five bilateral confirmed bank facilities for a total amount of Euro 145 million, maturing between January 2022 and June 2023. The EURIBOR margins are 150 basis points or lower (for a BBB rating) or fixed rate; if undrawn, these facilities are subject to payment of a non-use fee representing up to 40% of the margins;
- a Casino current account advance for up to Euro 35 million, maturing at December 31, 2022. The EURIBOR margin is progressive; if undrawn, this facility is subject to payment of a 40% non-use fee.

In addition, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012. It has been used for Euro 332.5 million (outstanding at December 31, 2020).

The following chart presents Mercialys' **bond debt maturity schedule and undrawn financial resources** (excluding commercial paper) at December 31, 2020:



C. Bank covenants and credit rating

Mercialys' financial position at December 31, 2020 satisfied all the various covenants included in the different credit agreements.

The **loan to value (LTV) ratio excluding transfer taxes** came to 38.1% at end-December 2020, compared with 39.5% at December 2019, well below the contractual covenants. An LTV covenant of less than 55% applies to 60% of the confirmed bank lines, with an LTV covenant of less than 50% applying to the 40% of other facilities. The Company has maintained a very balanced financial structure, with its management of liabilities and sales more than offsetting the effects of the economic and health crisis, which were reflected in reduced rent receipts in the second, third and fourth quarters of 2020, as well as pressure on site appraisal values.

The LTV including transfer taxes was 35.8% at end-December 2020, compared with 37.1% at end-December 2019.

	12/31/2020	12/31/2019
Net financial debt *(€M)*	1,188.8	1,373.2
Appraisal value excluding transfer taxes *(€M)*(1)	3,122.0	3,479.3
LOAN TO VALUE (LTV) - EXCLUDING TRANSFER TAXES	**38.1%**	**39.5%**

(1) Including the market value of investments in associates for Euro 56.4 million for 2020 and Euro 59.7 million for 2019, since the value of the portfolio held by associates is not included in the appraisal value.

Similarly, the **Interest Coverage Ratio (ICR)** was 5.0x at end-December 2020, significantly higher than the contractual covenant (ICR > 2x), *vs.* 7.4x at end-December 2019.

	12/31/2020	12/31/2019
EBITDA *(€M)*	131.2	163.0
Expenses from net financial debt *(€M)*	(26.2)(1)	(22.0)
INTEREST COVERAGE RATIO (ICR)	**5.0X**	**7.4X**

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

The two other contractual covenants are also met:

- the **fair value of assets excluding transfer taxes** at December 31, 2020 was Euro 3.1 billion (above the contractual covenant minimum, which sets a fair value of investment properties excluding transfer taxes of over Euro 1 billion);
- zero **pledged debt** at December 31, 2020 (below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%).

Mercialys is rated by Standard & Poor's. On June 9, 2020 and December 1, 2020, the agency confirmed its rating for Mercialys of BBB (outlook negative).

1.2.5.6 Equity and ownership structure

Consolidated equity totaled Euro 895.2 million at December 31, 2020, compared with Euro 860.0 million at December 31, 2019.

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

- net income for 2020: Euro +94.1 million;
- payment of the final dividend for 2019 of Euro 0.48 per share and dividends paid to non-controlling interests: Euro -52.2 million;
- transactions on treasury shares: Euro -1.8 million;
- change in fair value of financial assets and derivatives: Euro -5.1 million.

The **number of outstanding shares** at December 31, 2020 stands at 92,049,169, unchanged *versus* December 31, 2019.

	2020	2019	2018
Number of outstanding shares			
• At start of period	92,049,169	92,049,169	92,049,169
• At end of period	92,049,169	92,049,169	92,049,169
Average number of shares outstanding	92,049,169	92,049,169	92,049,169
Average number of shares (basic)	**91,532,357**	**91,789,610**	**91,733,866**
Average number of shares (diluted)	**91,532,357**	**91,789,610**	**91,733,866**

At December 31, 2020, Mercialys' shareholding structure had the following breakdown: Casino group (20.16%), Generali group (8.01%), treasury stock (0.56%), other shareholders (71.27%).

1.2.5.7 Dividends

The final dividend for 2020, paid on April 29, 2020, was Euro 0.48 per share, with Euro 44.0 million in total dividends, fully paid in cash.

Taking into account the very uncertain economic and health context, marked by restrictive measures aimed at safeguarding the Company's cash position, Mercialys' Board of Directors on October 21, 2020 decided unanimously to not pay out an ordinary interim dividend for 2020.

At December 31, 2020, Mercialys' accounting net income (parent company) totaled Euro 69.8 million, with Euro 61.5 million for the exempt sector and Euro 8.3 million for the taxable sector.

The start of 2021 has continued to see widespread disruption due to the measures adopted to manage the health crisis, leading to the closure of many shopping centers and the introduction of a curfew, with significant impacts on the stores that are able to remain open. This is widely affecting the macroeconomic context, illustrated by a sharp fall in consumer confidence in January 2021.

To safeguard the Company's liquidity in this very uncertain environment, the Board of Directors will therefore submit a proposal at the General Meeting on April 22, 2021 to pay a dividend of Euro 0.43 per share for 2020, with a total of Euro 39.6 million based on the number of shares outstanding at December 31, 2020 (without taking into account the cancellation of dividends on treasury shares on the payment date). The proposed dividend will correspond to 41% of 2020 FFO and offer a 6.0% yield on the 2020 closing share 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. It does not include the distribution based on 70% of exempt profits for 2020 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.39 per share. Under the requirements for SIIC real estate investment trusts, this amount will need to be distributed by 2022 at the latest. However, if the health and economic environment improves in 2021, the Board of Directors could decide to pay out an interim dividend during the second half of the year corresponding to part of these 2020 capital gains.

Subject to approval by the Ordinary General Meeting on April 22, 2021, shareholders will be able to opt for: 1/ this dividend to be paid in shares, or 2/ this dividend to be paid in cash. As applicable, the dividend will be released for payment in cash or shares on May 21, 2021, with an ex-dividend date of April 29, 2021, taking into account the timeframes required to put these options in place.

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

1.2.6.1 Asset acquisitions

Mercialys acquired, on December 23, 2020, the 60.1% stake that it did not hold in the **Montauban and Valence 2 shopping centers** from SCI AMR. It also acquired the **Dijon Chenôve shopping center** directly from Amundi Immobilier, with a net sales price of Euro 42 million for all of these three assets at 100%, in line with their appraisal values from end-June 2020. These assets to be relaunched and redeveloped show significant potential for both rental income and value growth.

1.2.6.2 Completions

In 2020, Mercialys delivered the **Le Port Cap Sacré-Cœur retail park on Reunion Island**, rounding out the center's retail mix and cementing its regional appeal with this dining and leisure selection.

The Company also delivered several projects relating to strategic initiatives from its transformation plan, such as the **Grenoble coworking site,** further strengthening the local commercial appeal and resilience of its centers.

1.2.6.3 Disposals

While the significantly disrupted economic and health context might have weighed on investor confidence in physical real estate, Mercialys successfully sold a significant amount of assets in 2020 to leading institutional investors, highlighting their interest in resilient retail sites that generate sustainable cashflows.

On December 21, 2020, Mercialys sold the **Monoprix site on Rue des Bourguignons in Asnières-sur-Seine** to a company advised by PICTURE Asset Management. The sale was based on a net sales price of Euro 30.8 million, higher than its appraisal value from end-June 2020.

On December 23, 2020, Mercialys sold **three Monoprix sites, located in Chaville, Puteaux and Marcq-en-Barœul**, and **two hypermarkets, located in Besançon and Gassin**, to SCI AMR (a vehicle jointly owned with Amundi Immobilier and consolidated by Mercialys on an equity basis), based on a net sales price for 100% of these five assets of Euro 198 million. All of these sales were carried out at a level consistent with the appraisal values from end-June 2020.

In connection with the financing operations carried out with Amundi Immobilier, a **non-proportional capital increase was carried out for SCI AMR** by its shareholders, resulting in a dilution of Mercialys' interest in this vehicle from 39.9% to 25.0%.

Mercialys' total net cash-in from all of these asset sales represents around Euro 150 million. In this way, the Company has further strengthened its balance sheet and liquidity, contributing to effective control over its Loan To Value ratio (LTV at end-December 2020 of 38.1% excluding transfer taxes and 35.8% including transfer taxes), while continuing to reduce its exposure to its main tenant, the Casino group (20.2% economic exposure[1] at end-December 2020, compared with 24.3% at end-June 2020).

(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 adjusted upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino banner.

1.2.6.4 Appraisal valuations and changes in scope

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

At December 31, 2020, 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 36 sites at December 31, 2020, based on an on-site inspection of seven of these sites during the second half of 2020, and on an update of the appraisals carried out at June 30, 2020 for the other sites. No on-site inspections were carried out during the first half of 2020;
- Catella Valuation conducted the appraisal of 13 sites at December 31, 2020, based on an update of the appraisals carried out at June 30, 2020;
- Cushman & Wakefield conducted the appraisal of nine sites at December 31, 2020, based on an update of the appraisals carried out at June 30, 2020;
- CBRE conducted the appraisal of one site at December 31, 2020, based on an update of the appraisal carried out at June 30, 2020;
- Galtier performed the appraisal for Mercialys' remaining sites, *i.e.* two sites, at December 31, 2020, based on an update of the appraisals carried out at June 30, 2020;
- an internal appraisal was carried out for the three assets acquired during the second half of 2020.

These appraisals have been carried out in the context of the health crisis linked to Covid-19 and the real estate appraisers' reports include a significant uncertainty clause for valuations due to this crisis, which is having significant repercussions across all business sectors, including the real estate sector, with, to varying degrees, impacts on sales prices, investments and lettings, in terms of both values and volumes. Certain market data used by appraisers to assess values may be from before this crisis. The inclusion of this clause indicates that the assessments have been determined by the appraisers in a context of greater uncertainty due to the health crisis, but it does not call into question the fair values determined in this way.

On this basis, the **portfolio value** was Euro 3,258.3 million including transfer taxes at December 31, 2020, compared with Euro 3,634.4 million at December 31, 2019. Excluding transfer taxes, this value was Euro 3,065.6 million at end-2020, compared with Euro 3,419.5 million at end-2019.

The portfolio value including transfer taxes is therefore down -10.3% over 12 months (-5.5% like-for-like[(1)]) and -7.5% over six months (-2.3% like-for-like[(1)]). The change in the portfolio value excluding transfer taxes is consistent with the same proportions.

The **average appraisal yield rate** was 5.72% at December 31, 2020, compared with 5.49% at June 30, 2020 and 5.26% at December 31, 2019.

Type of property	Average yield rate 12/31/2020	Average yield rate 06/30/2020	Average yield rate 12/31/2019
Regional and large shopping centers	5.44%	5.32%	5.07%
Neighborhood shopping centers and city-center assets	7.31%	6.25%	6.12%
Total portfolio[(1)]	5.72%	5.49%	5.26%

(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, 2020, as well as the corresponding appraised rental income.

Type of property	Number of assets at 12/31/2020	Appraisal value (excluding transfer taxes) at 12/31/2020		Appraisal value (including transfer taxes) at 12/31/2020		Gross leasable area at 12/31/2020		Appraised potential net rental income	
		(€M)	*(%)*	*(€M)*	*(%)*	*(sq.m.)*	*(%)*	*(€M)*	*(%)*
Regional and large shopping centers	25	2,596.7	84.7%	2,758.0	84.6%	643,691	78.3%	150.1	80.6%
Neighborhood shopping centers and city-center assets	26	458.6	15.0%	489.2	15.0%	176,691	21.5%	35.8	19.2%
Sub-total	**51**	**3,055.3**	**99.7%**	**3,247.2**	**99.7%**	**820,382**	**99.8%**	**185.9**	**99.8%**
Other sites[(1)]	4	10.4	0.3%	11.1	0.3%	1,954	0.2%	0.4	0.2%
TOTAL	**55**	**3,065.6**	**100.0%**	**3,258.3**	**100.0%**	**822,336**	**100.0%**	**186.3**	**100.0%**

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

The Partnership Agreement, under which Mercialys benefited from privileged access to the retail real estate development operations carried out by the Casino group, was not extended by the parties and therefore expired on December 31, 2020. As Mercialys is the joint owner or joint operator of most of its sites with the Casino group, development or redevelopment opportunities will be negotiated on a case-by-case basis by both companies. Mercialys continues to have significant potential for development, as the Company has built up a robust portfolio of projects for the medium term (Euro 407 million by 2027) outside the framework of this agreement.

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

1.2.7 Outlook

At the start of 2021, Mercialys' activity has continued to be disrupted by the partial or total operating restrictions set for a certain number of economic stakeholders and the restrictions on public movement. The Company deplores the exceptional closure of stores and sites that have introduced widespread health measures to protect visitors.

As a result, Mercialys is not in a position at this stage to publish specific full-year objectives for 2021. These objectives will be updated as soon as possible depending on the outlook.

In the meantime, Mercialys is reaffirming its priorities, *i.e.* focusing its efforts on its operational management, deploying the last-mile delivery platform and protecting balance sheet positions.

1.2.8 Subsequent events

In January 2021, Mercialys set up a bond redemption agreement concerning the issue with a residual nominal of Euro 568.7 million maturing in March 2023. With an initial term of six months and covering a total of Euro 50 million, this agreement aims to buy back part of this issue, drawing on the Company's significant cash position at end-2020, then to cancel these debt securities.

On January 29, 2021, the French Prime Minister ordered the closure of all non-food stores with over 20,000 sq.m. of gross leasable area, as well as non-food stores in shopping centers with a gross leasable area of over 20,000 sq.m. This threshold was then lowered to 10,000 sq.m. in early March 2021, in a number of French departments deemed "at risk" from a health point of view.

The definition of this floor space is extremely broad, the footage being calculated by adding all of a site's areas for food or non-food stores, as well as their stockroom and office areas.

Food stores in shopping centers remain open, whether they are supermarkets or specialist food stores (*e.g.* bakeries). Pharmacies are also exempt and will remain open. In addition, the minimum space ratio per person has also been reinforced for all retail spaces (stores over 400 sq.m. and shopping centers), based on one person per 10 sq.m., compared with one person per 8 sq.m. previously.

Stores that are closed are no longer be able to offer click and collect services or order collection services. However, they are still be able to offer deliveries for their products.

These closure measures came into force on Sunday January 31, 2021. As of February 11, 2021, they have also applied to Reunion Island, where Mercialys operates.

In view of these provisions, as of March 6, 2021 and until these restrictions are relaxed, 42% of Mercialys' rental base can remain open.

Following the announcement of these measures, the Ministry for the Economy, Finance and the Recovery indicated that relief measures will be put in place to support retailers.

On March 9, 2021, the Ministry reiterated its commitment, stating that it was awaiting authorization from Brussels in order to be able to actually start helping retailers who were forced to close down to pay rents and charges due to their landlords.

The terms and details of this subsidy, which may be indirect, are not known on the date of publication.

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 2020, end-June 2020 and end-December 2019:

	12/31/2020	06/30/2020	12/31/2019
EPRA earnings *(€ per share)*	1.04	0.69	1.35
EPRA NAV *(€ per share)*	19.08	19.72	20.53
EPRA NNNAV *(€ per share)*	18.42	19.90	20.01
EPRA NRV *(€ per share)*	21.18	22.00	22.87
EPRA NTA *(€ per share)*	19.04	19.68[1]	20.49
EPRA NDV *(€ per share)*	18.42	19.90	20.01
EPRA net initial yield *(%)*	5.28%	5.16%	4.94%
EPRA topped-up net initial yield *(%)*	5.33%	5.20%	5.00%
EPRA vacancy rate *(%)*	5.4%	3.4%	3.2%
EPRA cost ratio (including direct vacancy costs) *(%)*	27.0%	17.0%	16.8%
EPRA cost ratio (excluding direct vacancy costs) *(%)*	25.6%	15.7%	15.6%
EPRA capital expenditure *(€M)*	61.6	6.0	26.4

(1) Value adjusted from Euro 19.72 per share, as published in the 2020 Half-Year financial report, to Euro 19.68 per share, in order to more accurately reflect the new methodology for calculating EPRA NTA.

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)	12/31/2020	06/30/2020	12/31/2019
Net income attributable to owners of the parent	**85.8**	**33.2**	**90.3**
Share of net income from associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	4.3	(0.2)	(0.3)
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	(1.1)	(1.4)	1.3
Other operating income and expenses	(34.2)	11.1	(7.7)
Depreciation and amortization	40.8	20.2	40.4
EPRA EARNINGS	**95.5**	**63.0**	**124.2**
Average number of shares (basic)	91,532,357	91,609,039	91,789,610
EPRA EARNINGS PER SHARE *(€)*	**1.04**	**0.69**	**1.35**

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)

	12/31/2020				
(in millions of euros)	EPRA NAV	EPRA NNNAV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**692.9**	**692.9**	**692.9**	**692.9**	**692.9**
Includes[1]/Excludes[2]:					
i) Hybrid instruments	0.0	0.0	0.0	0.0	0.0
Diluted EPRA NAV	**692.9**	**692.9**	**692.9**	**692.9**	**692.9**
Includes[1]:					
ii.a) Revaluation of IP (if IAS 40 cost option is used)	1,021.9	1,021.9	1,021.9	1,021.9	1,021.9
ii.b) Revaluation of IPUC[3] (if IAS 40 cost option is used)	0.0	0.0	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments[4]	17.5	17.5	17.5	17.5	17.5
iii) Revaluation of tenant leases held as finance leases[5]	0.0	0.0	0.0	0.0	0.0
iv) Revaluation of trading properties[6]	0.0	0.0	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,732.3**	**1,732.3**	**1,732.3**	**1,732.3**	**1,732.3**
Excludes[2]:					
v) Deferred tax in relation to fair value gains of IP[7]	0.0	0.0	0.0	0.0	-
vi) Fair value of financial instruments	14.1	-	14.1	14.1	-
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0	0.0	0.0
viii.a) Goodwill as per the IFRS balance sheet	-	-	-	0.0	0.0
viii.b) Intangibles as per the IFRS balance sheet	-	-	-	(4.1)	-
Includes[1]:					
ix) Fair value of fixed interest rate debt	-	(45.9)	-	-	(45.9)
x) Revaluation of intangibles to fair value	0.0	0.0	0.0	-	-
xi) Real estate transfer tax[8]	-	0.0	192.7	0.0	-
NAV	**1,746.4**	**1,686.4**	**1,939.0**	**1,742.3**	**1,686.4**
Fully diluted number of shares	91,532,357	91,532,357	91,532,357	91,532,357	91,532,357
NAV per share *(€)*	**19.08**	**18.42**	**21.18**	**19.04**	**18.42**

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

(in millions of euros)	06/30/2020 EPRA NAV	EPRA NNNAV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**639.1**	**639.1**	**639.1**	**639.1**	**639.1**
Includes(1)/Excludes(2):					
i) Hybrid instruments	0.0	0.0	0.0	0.0	0.0
Diluted EPRA NAV	**639.1**	**639.1**	**639.1**	**639.1**	**639.1**
Includes(1):					
ii.a) Revaluation of IP (if IAS 40 cost option is used)	1,129.7	1,129.7	1,129.7	1,129.7	1,129.7
ii.b) Revaluation of IPUC(3) (if IAS 40 cost option is used)	0.0	0.0	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments(4)	19.7	19.7	19.7	19.7	19.7
iii) Revaluation of tenant leases held as finance leases(5)	0.0	0.0	0.0	0.0	0.0
iv) Revaluation of trading properties(6)	0.0	0.0	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,788.5**	**1,788.5**	**1,788.5**	**1,788.5**	**1,788.5**
Excludes(2):					
v) Deferred tax in relation to fair value gains of IP(7)	0.0	0.0	0.0	0.0	-
vi) Fair value of financial instruments	18.5	-	18.5	18.5	-
vii) Goodwill as a result of deferred tax	0.0	0.0	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	-	-	-	(4.3)	-
Includes(1):					
ix) Fair value of fixed interest rate debt	-	34.8	-	-	34.8
x) Revaluation of intangibles to fair value	0.0	0.0	0.0	-	-
xi) Real estate transfer tax(8)	-	0.0	208.1	0.0	-
NAV	**1,807.0**	**1,823.3**	**2,015.0**	**1,802.7**	**1,823.3**
Fully diluted number of shares	91,609,039	91,609,039	91,609,039	91,609,039	91,609,039
NAV per share *(€)*	**19.72**	**19.90**	**22.00**	**19.68(9)**	**19.90**

(1) "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.
(2) "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.
(3) Difference between development property held on the balance sheet at cost and fair value of that development property.
(4) Revaluation of intangibles to be presented under adjustment (x) Revaluation of Intangibles to fair value and not under this line.
(5) Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables.
(6) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(7) Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines.
(9) Value adjusted from Euro 19.72 per share, as published in the 2020 Half-Year financial report, to Euro 19.68 per share, in order to more accurately reflect the new methodology for calculating EPRA NTA.

(in millions of euros)	12/31/2019 EPRA NAV	EPRA NNNAV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**658.0**	**658.0**	**658.0**	**658.0**	**658.0**
Includes[1]/Excludes[2]:					
i) Hybrid instruments	0.0	0.0	0.0	0.0	0.0
Diluted EPRA NAV	**658.0**	**658.0**	**658.0**	**658.0**	**658.0**
Includes[1]:					
ii.a) Revaluation of IP (if IAS 40 cost option is used)	1,195.5	1,195.5	1,195.5	1,195.5	1,195.5
ii.b) Revaluation of IPUC[3] (if IAS 40 cost option is used)	0.0	0.0	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments[4]	23.4	23.4	23.4	23.4	23.4
iii) Revaluation of tenant leases held as finance leases[5]	0.0	0.0	0.0	0.0	0.0
iv) Revaluation of trading properties[6]	0.0	0.0	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,876.9**	**1,876.9**	**1,876.9**	**1,876.9**	**1,876.9**
Excludes[2]:					
v) Deferred tax in relation to fair value gains of IP[7]	0.0	0.0	0.0	0.0	-
vi) Fair value of financial instruments	7.7	-	7.7	7.7	-
vii) Goodwill as a result of deferred tax	0.0	0.0	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	-	-	-	(3.6)	-
Includes[1]:					
ix) Fair value of fixed interest rate debt	-	(40.0)	-	-	(40.0)
x) Revaluation of intangibles to fair value	0.0	0.0	0.0	-	-
xi) Real estate transfer tax[8]	-	0.0	214.7	0.0	-
NAV	**1,884.6**	**1,836.8**	**2,099.4**	**1,881.0**	**1,836.8**
Fully diluted number of shares	91,789,610	91,789,610	91,789,610	91,789,610	91,789,610
NAV per share *(€)*	**20.53**	**20.01**	**22.87**	**20.49**	**20.01**

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

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

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

(in millions of euros)	12/31/2020	06/30/2020	12/31/2019
Investment property – wholly owned	3,065.6	3,314.6	3,419.5
Assets under development (-)	0.0	(6.2)	(5.0)
Completed property portfolio excluding transfer taxes	**3,065.6**	**3,308.4**	**3,414.6**
Transfer taxes	192.7	208.1	214.7
Completed property portfolio including transfer taxes	**3,258.3**	**3,516.4**	**3,629.3**
Annualized rental revenues[(1)]	178.5	186.9	184.8
Non-recoverable expenses (-)[(2)]	(6.4)	(5.6)	(5.6)
Annualized net rents	**172.1**	**181.4**	**179.2**
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	1.7	1.6	2.1
Topped-up net annualized rent	**173.8**	**183.0**	**181.3**
EPRA NET INITIAL YIELD	**5.28%**	**5.16%**	**4.94%**
EPRA TOPPED-UP NET INITIAL YIELD	**5.33%**	**5.20%**	**5.00%**

(1) 2020 annualized rental revenues include a normalized view of the Casual Leasing business, which was exceptionally affected by the health crisis during this year.
(2) Non-recoverable expenses for 2020 include an annualized view of the acquisitions of the Montauban, Valence 2 and Dijon Chenôve sites, acquired by Mercialys on December 23, 2020.

1.2.9.4 EPRA vacancy rate

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

The EPRA vacancy rate was 5.4% at end-December 2020, higher than the level from end-June 2020 (3.4%) and end December 2019 (3.2%). "Strategic" vacancies following decisions to facilitate extension or redevelopment plans represent 160bp within this vacancy rate.

(in millions of euros)	12/31/2020	06/30/2020	12/31/2019
Rental value of vacant units	10.0	6.3	6.0
Rental value of the entire portfolio	183.9	182.3	186.7
EPRA VACANCY RATE	**5.4%**	**3.4%**	**3.2%**

1.2.9.5 EPRA cost ratios

(in millions of euros)	12/31/2020	06/30/2020	12/31/2019	Comments
Administrative and operating expense line per IFRS income statement[1]	(19.2)	(9.3)	(19.7)	Personnel expenses and other costs
Net service charge costs/fees[2]	(5.8)	(3.5)	(5.6)	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	(1.3)	0.0	(2.4)	Rental management fees
Other income and expenses[3]	(21.0)	(2.9)	(4.7)	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	**(47.3)**	**(15.7)**	**(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	0.1	Non-group rents paid
• Service charges recovered through comprehensive invoicing (with rent)	0.0	0.0	0.0	
EPRA costs (including vacancy costs) (A)	**(47.3)**	**(15.7)**	**(32.3)**	**A**
Direct vacancy costs[4]	2.5	1.3	2.3	
EPRA costs (excluding vacancy costs) (B)	**(44.8)**	**(14.4)**	**(30.0)**	**B**
Gross rental revenues less ground rent costs[5]	175.4	92.0	191.8	Less costs relating to construction leases and long-term ground leases
Less: service fee and service charge cost components of gross rental revenues	0.0	0.0	0.0	
Plus: share of joint ventures' gross rental revenues (less ground rent costs)	0.0	0.0	0.0	
Rental revenues (C)	**175.4**	**92.0**	**191.8**	**C**
EPRA COST RATIO INCLUDING DIRECT VACANCY COSTS	**-27.0%**	**-17.0%**	**-16.8%**	**A / C**
EPRA COST RATIO EXCLUDING DIRECT VACANCY COSTS	**-25.6%**	**-15.7%**	**-15.6%**	**B / C**

(1) The administrative and operating expense line per IFRS income statement does not include personnel costs that are capitalized for projects or allocated to sales, for Euro 1.4 million at December 31, 2020, Euro 0.5 million at June 30, 2020 and Euro 1.3 million at December 31, 2019.

(2) The net service charge costs/fees for 2020 correspond to the data from the income statement. Unlike the EPRA net initial yield calculation, they do not include an annualized view of the acquisitions of the Montauban, Valence 2 and Dijon Chenôve sites, acquired by Mercialys on December 23, 2020.

(3) Other income and expenses for 2020 include the impact of Euro 13.7 million of non-recurring provisions linked to the health crisis.

(4) 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.

(5) 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:

(in millions of euros)	12/31/2020 Group (excluding joint ventures)	12/31/2020 Joint ventures (proportionate share)	12/31/2020 Group total	06/30/2020 Group (excluding joint ventures)	06/30/2020 Joint ventures (proportionate share)	06/30/2020 Group total	12/31/2019 Group (excluding joint ventures)	12/31/2019 Joint ventures (proportionate share)	12/31/2019 Group total
Acquisitions	44.8	0.0	44.8	0.1	0.0	0.1	0.0	0.0	0.0
Developments	7.8	0.0	7.8	0.9	0.0	0.9	5.3	0.0	5.3
Investment properties	8.0	0.0	8.0	4.5	0.0	4.5	18.7	0.0	18.7
Incremental lettable space	*3.3*	*0.0*	*3.3*	*2.3*	*0.0*	*2.3*	*7.3*	*0.0*	*7.3*
No incremental lettable space	*3.0*	*0.0*	*3.0*	*1.0*	*0.0*	*1.0*	*7.0*	*0.0*	*7.0*
Tenant incentives	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*	*0.1*	*1.4*	*0.0*	*1.4*
Other material non-allocated types of expenditure	*1.6*	*0.0*	*1.6*	*1.1*	*0.0*	*1.1*	*2.9*	*0.0*	*2.9*
Capitalized interest (if applicable)	1.0	0.0	1.0	0.5	0.0	0.5	2.5	0.0	2.5
Total Capex	**61.6**	**0.0**	**61.6**	**6.0**	**0.0**	**6.0**	**26.4**	**0.0**	**26.4**
Conversion from accrual to cash basis	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL CAPEX ON CASH BASIS	**61.6**	**0.0**	**61.6**	**6.0**	**0.0**	**6.0**	**26.4**	**0.0**	**26.4**

Acquisitions for the period concern the Dijon Chenôve, Valence and Montauban assets.

Development capital expenditure concerns the Le Port Retail Park on Reunion Island, as well as the development of strategic initiatives (Ocitô and coworking).

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

- under "incremental lettable space", primarily work relating to the traditional project portfolio (shopping center transformations, mixed-use urban projects) and the strategic projects rolled out at various sites (Ocitô, coworking, Poulanges);
- under "no incremental lettable space", primarily maintenance capex;
- under "other material non-allocated types of expenditure", expenditure relating to IT, the marketing and digital ecosystem, and the CSR certification of assets.

1.3 Real estate portfolio

1.3.1 Portfolio valued at Euro 3,258 million including transfer taxes at December 31, 2020

1.3.1.1 Experts and methodology

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

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

All of the assets in Mercialys' portfolio have been valued, and those undergoing full appraisal have been subjected to town planning surveys, 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:

- first, the capitalization of income method, which consists in 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 borne 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.

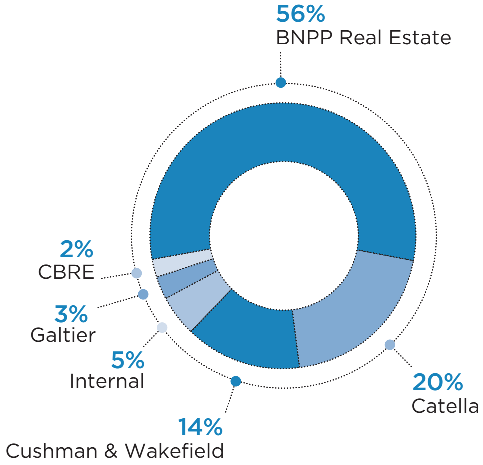
Small assets have been valued by comparison with market transactions on similar assets.

Five independent appraisers performed the appraisals of Mercialys' portfolio at June 30, 2020 and December 31, 2020: BNPP Real Estate Valuation, Catella Valuation, Cushman & Wakefield Valuation, CBRE Valuation and Galtier Valuation. In addition, Mercialys carried out an internal appraisal for the assets acquired during the second half of 2020.

These appraisals have been carried out in the context of the health crisis linked to Covid-19 and the real estate appraisers' reports include a significant uncertainty clause for valuations due to this crisis, which is having significant repercussions across all business sectors, including the real estate sector, with, to varying degrees, impacts on sales prices, investments and lettings, in terms of both values and volumes. Certain market data used by appraisers to assess values may be from before this crisis. The inclusion of this clause indicates that the assessments have been determined by the appraisers in a context of greater uncertainty due to the health crisis, but it does not call into question the fair values determined in this way.

BREAKDOWN OF VALUATIONS PER EXPERT

(as % of the number of assets valued)



On this basis, the portfolio value was Euro 3,258.3 million including transfer taxes at December 31, 2020, compared with Euro 3,634.4 million at December 31, 2019. Excluding transfer taxes, this value was Euro 3,065.6 million at end-2020, compared with Euro 3,419.5 million at end-2019.

The portfolio value including transfer taxes is therefore down -10.3% over 12 months (-5.5% like-for-like[(1)]) and -7.5% over six months (-2.3% like-for-like[(1)]). The change in the portfolio value excluding transfer taxes is consistent with the same proportions.

The average appraisal yield rate was 5.72% at December 31, 2020, compared with 5.49% at June 30, 2020 and 5.26% at December 31, 2019.

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

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

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

In the interests of transparency and accuracy, Mercialys approached its main real estate expert, BNP Paribas Real Estate, for guidance on this point. BNP Paribas Real Estate, which appraises 56% of Mercialys' assets by number, stated that it applied a compound annual growth rate (CAGR) of net rental income of +2.0% including indexation between 2021 and 2030.

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

1.3.1.2 Real estate appraisal report prepared by Mercialys' independent valuers

Introduction

At December 31, 2020, 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, supplemented with an internal appraisal for the assets acquired during the second half of 2020, with the following breakdown:

	Number of assets	Fair value excluding transfer taxes	Fair value including transfer taxes
BNPP Real Estate Valuation	36	€2,494.9M	€2,648.6M
of which, undivided share of assets held by third parties (40%)	-	*€73.0M*	*€78.0M*
BNPP Real Estate Valuation	-	€2,421.9M	€2,570.6M
Cushman & Wakefield Valuation	9	€233.0M	€249.1M
Catella Valuation	13	€227.5M	€242.7M
CB Richard Ellis Valuation	1	€131.8M	€140.9M
Galtier Valuation	2	€9.7M	€10.4M
Internal	3	€41.8M	€44.6M
TOTAL		**€3,065.6M**	**€3,258.3M**

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, 2020.

Standards and general principles

We confirm that our valuations have been conducted in accordance with the corresponding sections of the code of conduct of 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 have also been 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 account of 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 have 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 the information known to the Company's employees and which could affect the value, such as operating expenses, work undertaken, financial items including doubtful debts, 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 have 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 have 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 have assumed that the assets comply with legal requirements and urban planning regulations, particularly as regards structural, fire, health and safety regulations. We have also assumed that any extensions currently under construction comply with urban planning regulations and that all the necessary authorizations have been obtained.

Land titles and rental status

We have based our assessments on the rental position, summaries of additional revenues, non-recoverable charges, capital projects and the business plans provided to us. In addition to what is already mentioned in our reports for each asset, we have 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 have not read the land titles for the assets and have accepted 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 have indicated in our report any signs of poor maintenance observed during our visit, if applicable. The assets have been 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 only for their own expert appraisal work.

BNPP REAL ESTATE VALUATION

Jean-Claude DUBOIS, Président

CATELLA VALUATION

CATELLA VALUATION ADVISORS

GALTIER VALUATION

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

1.3.2.1 55 assets at end-2020, representing 822,336 sq.m. of gross leasable area

Mercialys' sites are grouped into five main categories: large regional centers (with gross leasable area greater than 40,000 sq.m.), large shopping centers (gross leasable area greater than 20,000 sq.m.), leading neighborhood shopping centers (gross leasable area greater than 5,000 sq.m.), high-street retail assets and other sites.

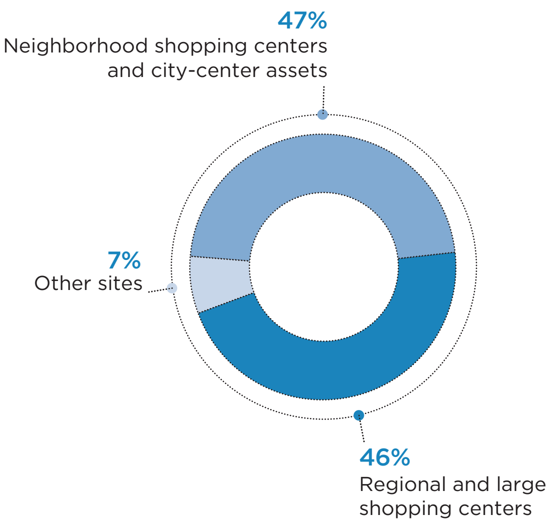
The major regional and large shopping centers and the leading neighborhood shopping centers are made up of shopping centers and adjacent large specialty stores. The high-street retail assets are comprised of Monoprix and Leader Price supermarkets. The other sites comprise individual units, including two cafeterias, one fast food outlet and a land reserve.

At December 31, 2020, Mercialys' portfolio was made up of 55 assets, including four large regional centers, 21 large shopping centers, 24 neighborhood shopping centers, two high-street retail assets and four other sites, representing a total gross leasable area of 822,336 sq.m.

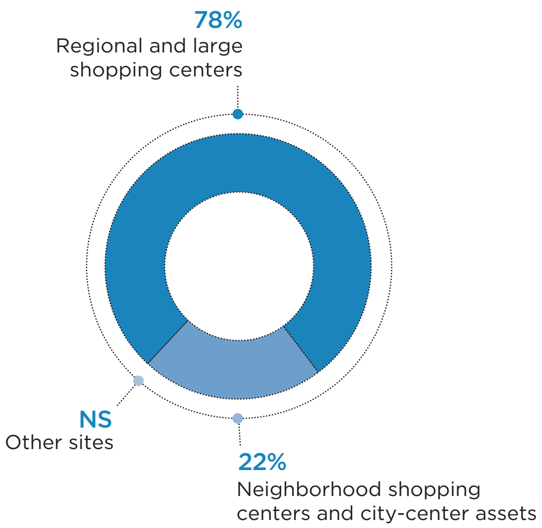
Within its 49 shopping centers, Mercialys owned - exclusively or in partnership with minority interests - the premises of the large food stores in 22 of them at end-December 2020.

BREAKDOWN BY TYPE OF ASSETS HELD BY MERCIALYS

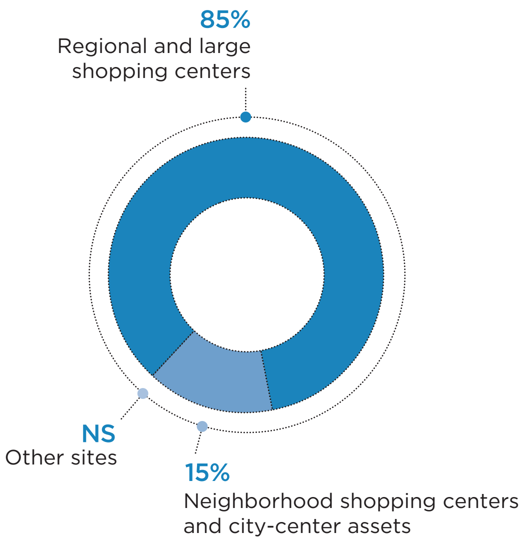
(in number)



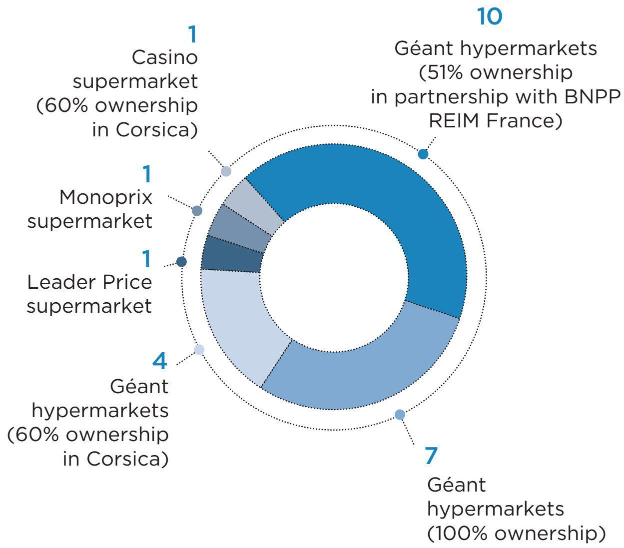
(in sq.m.)



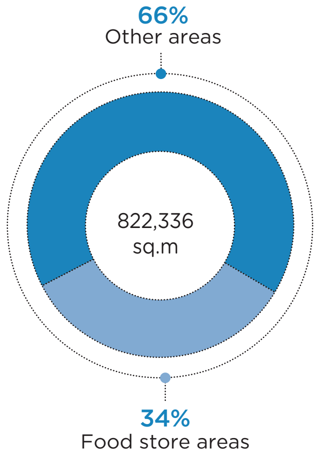
(in appraisal value, including transfer taxes)



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



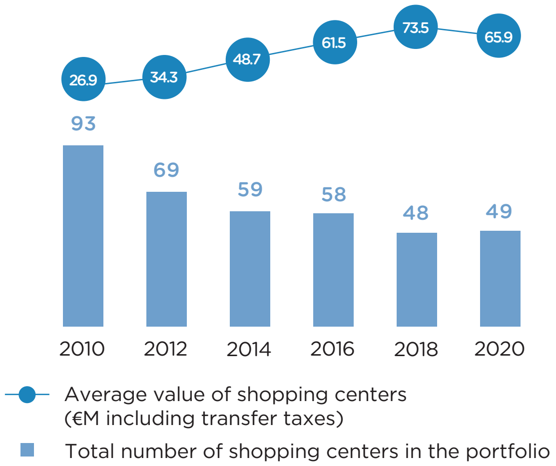
BREAKDOWN OF MERCIALYS' GROSS LEASABLE AREAS

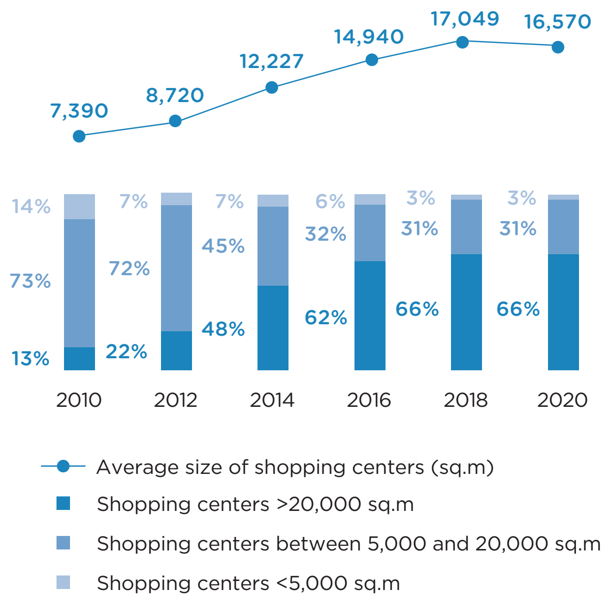


1.3.2.2 Portfolio realigned around leading retail assets in the most dynamic geographical areas

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 high-street retail assets and other sites) was c.16,600 sq.m. at end-2020, compared with c.7,400 sq.m. at end-2010. Their average value was Euro 65.9 million including transfer taxes at end-2020, *versus* Euro 26.9 million at end-2010.





95% of the assets making up Mercialys' portfolio are located in the French regions or Overseas departments, with the remaining 5% in Paris and the greater Paris area. Île-de-France 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 geographical areas with high development potential, such as the coastal regions of the South-East, West and Brittany.

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

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

Region	Number of sites	Appraisal value including transfer taxes (€M)	%	Gross leasable area (sq.m.)	%
Corsica	5	117.0	4%	47,863	6%
Île-de-France	3	43.7	1%	11,014	1%
North-East	2	227.2	7%	52,609	6%
West	10	857.1	26%	205,644	25%
Rhône-Alpes	8	606.7	19%	171,771	21%
Reunion Island	5	334.7	10%	40,939	5%
South-East	10	496.1	15%	125,281	15%
South-West	12	575.9	18%	167,215	20%
TOTAL	**55**	**3,258.3**	**100%**	**822,336**	**100%**

1.3.2.3 Portfolio details at December 31, 2020

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2020 *(sq.m.)*	Gross leasable area held by Mercialys at 12/31/2020 *(sq.m.)*	Of which food store surfaces at 12/31/2020 *(sq.m.)* when owned by Mercialys	Property management
Corsica							
Ajaccio Rocade Mezzavia (Géant HM + 46 shops + 3 MSu)	Large shopping centers	1989	2018	28,773	17,264	10,015	CORIN
Bastia Port Toga (Géant HM + 13 shops)	Neighborhood shopping centers	1991	2017	7,034	4,220	3,201	CORIN
Bastia Rocade de Furiani (Géant HM + 48 shops + 2 MSu + 1 healthcare center)	Large shopping centers	1969	2019	24,498	14,699	8,314	CORIN
Corte (Casino SM + 14 shops)	Neighborhood shopping centers	2004	2004	5,831	3,499	2,466	CORIN
Porto Vecchio (Géant HM + 33 shops + 2 MSu)	Neighborhood shopping centers	1972	2003	14,106	8,182	4,963	CORIN
Île-de-France							
Amilly Montargis (Géant HM + 1 cafeteria + 15 shops +2 MSu + 1 car wash station)	Neighborhood shopping centers	1976	2013	15,192	2,189	-	SUDECO
Masséna (Géant HM + 29 shops + 2 MSu)	Large shopping centers	1975	2016	31,677	5,925	-	SUDECO
Saint-Denis Porte de Paris (Leader Price SM + 1 MSu)	High-street retail assets	1975	-	2,900	2,900	-	SUDECO
Reunion Island							
Le Port Sacré-Cœur (Carrefour HM + 109 shops + 4 MSu + 1 RP)	Regional shopping centers	2002	2020	27,024	21,401	-	SUDECO
Saint-André (Land bank)	Other	-	-	-	-	-	-
Saint-Benoît Beaulieu (Carrefour HM + 22 shops)	Neighborhood shopping centers	2000	-	7,492	2,014	-	SUDECO
Saint-Pierre Front de Mer (Carrefour HM + 26 shops)	Neighborhood shopping centers	1987	1992	11,629	2,118	-	SUDECO
Sainte-Marie Duparc (Run Market HM + 77 shops + 6 MSu + 1 RP)	Large shopping centers	1966	2016	27,384	15,406	-	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2020 *(sq.m.)*	Gross leasable area held by Mercialys at 12/31/2020 *(sq.m.)*	Of which food store surfaces at 12/31/2020 *(sq.m.)* when owned by Mercialys	Property management
North-East							
Besançon – Chateaufarine (Géant HM + 85 shops + 11 MSu)	Regional shopping centers	1971	2018	58,218	38,231	-	SUDECO
Dijon Chenôve (Géant HM + 1 cafeteria + 47 shops + 5 MSu)	Neighborhood shopping centers	1974	1999	36,092	14,378	-	SUDECO
West							
Angers – Espace Anjou (Géant HM + 104 shops + 8 MSu + coworking)	Regional shopping centers	1994	2019	40,564	39,705	15,529	SUDECO
Angoulême – Champniers (Géant HM + 1 cafeteria + 56 shops + 3 MSu)	Other	1972	2016	35,855	540	-	SUDECO
Brest (Géant HM + 71 shops + 7 MSu)	Large shopping centers	1969	2018	36,545	35,755	15,676	SUDECO
Chartres – Lucé (Géant HM + 43 shops + 3 MSu)	Large shopping centers	1977	2016	27,362	9,714	-	SUDECO
Lanester (Géant HM + 2 MSu + 65 shops)	Large shopping centers	1970	2016	31,267	30,357	19,057	SUDECO
Morlaix (Géant HM + 40 shops + 2 MSu)	Neighborhood shopping centers	1980	2017	28,871	8,054	-	SUDECO
Niort Est (Géant HM + 1 cafeteria + 50 shops + 3 MSu + 1 services village)	Large shopping centers	1972	2015	26,047	20,372	13,306	SUDECO
Quimper – Cornouaille (Géant HM + 1 cafeteria + 91 shops + 6 MSu)	Large shopping centers	1969	2017	34,459	34,459	15,409	SUDECO
Rennes – Saint-Grégoire (Leclerc HM + 86 shops + 2 MSu)	Large shopping centers	1971	2017	52,858	16,999	-	GIE GRAND QUARTIER
Tours – La Riche Soleil (Géant HM + 1 cafeteria + 47 shops + 3 MSu)	Large shopping centers	2002	2002	25,571	9,689	-	SUDECO
Rhône-Alpes							
Annecy Seynod (Géant HM + 58 shops + 6 MSu)	Large shopping centers	1988	2018	28,469	28,469	15,663	SUDECO
Annemasse (Géant HM + 37 shops + 3 MSu)	Large shopping centers	1977	2016	25,564	23,384	15,700	SUDECO
Clermont-Ferrand – Nacarat (Géant HM + 69 shops + 1 MSu + 1 services village)	Large shopping centers	1979	2014	34,779	34,779	17,847	SUDECO
Grenoble – La Caserne de Bonne (Monoprix + 45 shops + 4 MSu + coworking)	Large shopping centers	2010	2020	19,124	19,124	3,100	SUDECO
Saint-Étienne – Monthieu (Géant HM + 1 cafeteria + 64 shops + 5 MSu + 1 gas station + 1 car wash station)	Large shopping centers	1972	2017	36,928	36,928	14,462	SUDECO
Valence 2 (Géant HM + 1 cafeteria + 58 shops)	Neighborhood shopping centers	1972	2012	19,155	7,234	-	SUDECO
Vals-près-Le Puy (Géant HM + 1 cafeteria + 22 shops + 5 MSu)	Neighborhood shopping centers	1979	2015	21,367	20,923	11,707	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2020 *(sq.m.)*	Gross leasable area held by Mercialys at 12/31/2020 *(sq.m.)*	Of which food store surfaces at 12/31/2020 *(sq.m.)* when owned by Mercialys	Property management
Villars (1 cafeteria in an Auchan SC)	Other	1985	-	30,931	931	-	G.A.C.I TROIN
South-East							
Aix-en-Provence (Géant HM + 1 cafeteria + 32 shops + 1 MSu)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Géant HM + 33 shops + 2 MSu)	Neighborhood shopping centers	1979	2017	26,791	7,328	-	SUDECO
Fréjus (Géant HM + 45 shops + 3 MSu)	Neighborhood shopping centers	1972	2017	19,911	18,809	13,182	SUDECO
Istres (Géant HM + 43 shops + 1 MSu)	Neighborhood shopping centers	1989	2015	25,584	18,934	13,288	SUDECO
Mandelieu (Géant HM + 49 shops + 2 MSu)	Large shopping centers	1977	2016	31,954	8,553	-	SUDECO
Marseille – Barnéoud Plan de Campagne (Géant HM + 1 cafeteria + 61 shops)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
Marseille – Canebière (Monoprix)	High-street retail assets	1993	-	5,558	5,558	5,558	SUDECO
Marseille – Delprat (Casino SM + 11 shops)	Neighborhood shopping centers	2001	2015	5,510	1,494	-	SUDECO
Marseille – La Valentine (Géant HM + 62 shops + 4 MSu)	Large shopping centers	1970	2015	32,271	13,924	-	SUDECO
Marseille – Michelet (Casino SM + 14 shops)	Neighborhood shopping centers	1971	2016	10,692	1,225	-	SUDECO
South-West							
Anglet (Géant HM + 1 cafeteria + 10 shops)	Other	1976	2016	16,524	483	-	SUDECO
Aurillac (Géant HM + 1 cafeteria + 24 shops)	Neighborhood shopping centers	1988	2015	16,890	3,580	-	SUDECO
Boé Agen (Géant HM + 1 cafeteria + 27 shops + 1 MSu)	Neighborhood shopping centers	1969	2015	18,855	5,499	-	SUDECO
Brive – Malemort (Géant HM + 35 shops)	Neighborhood shopping centers	1972	2017	21,047	5,460	-	SUDECO
Carcassonne – Salvaza (Géant HM + 1 cafeteria + 34 shops + 2 MSu)	Neighborhood shopping centers	1982	2016	19,917	2,502	-	SUDECO
Millau (Géant HM + 5 shops + 1 MSu)	Neighborhood shopping centers	1986	2017	12,610	836	-	SUDECO
Montauban (Géant HM + 1 cafeteria + 34 shops)	Neighborhood shopping centers	1994	2012	19,786	4,765	-	SUDECO
Montpellier – Argelliers Autoroute (Géant HM + 23 shops + 1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	-	SUDECO
Narbonne (Géant HM + 1 cafeteria + 29 shops + 2 MSu)	Neighborhood shopping centers	1972	2018	20,680	20,680	10,494	SUDECO
Nîmes – Cap Costières (Géant HM + 1 cafeteria + 88 shops + 4 MSu)	Large shopping centers	2003	2017	35,209	35,209	14,209	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2020 *(sq.m.)*	Gross leasable area held by Mercialys at 12/31/2020 *(sq.m.)*	Of which food store surfaces at 12/31/2020 *(sq.m.)* when owned by Mercialys	Property management
Rodez (Super U SM + 1 cafeteria + 20 shops + 2 MSu)	Neighborhood shopping centers	1984	2017	17,618	1,986	-	SUDECO
Toulouse – Fenouillet (Géant HM + 1 cafeteria + 134 shops + 14 MSu + 1 RP)	Regional shopping centers	1978	2017	105,769	83,889	-	SUDECO
TOTAL				**1,405,510**	**822,336**	**283,199**	

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

77%
BREEAM In-Use certified portfolio by value

93%
Percentage of shopping centers that hosted a non-profit organization

57%
Women in the workforce

2

CORPORATE SOCIAL RESPONSIBILITY

2.1 Mercialys' CSR strategy

CSR governance

Mercialys has a long-standing commitment of making the integration of environmental, societal and social issues a major differentiating factor and an integral part of its governance and corporate strategy.

The Corporate Social Responsibility (CSR) team at Mercialys is responsible for defining and implementing the Company's CSR strategy. It consists of a CSR Manager 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.

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

- the Risk Prevention Committee (RPC), in charge of mapping the Company's risks, assesses Mercialys' risks annually (including environmental, societal and social risks);
- the Audit, Risks and Sustainable Development Committee (CARDD), one of the Board of Directors' three specialized committees, approves the CSR strategy and is updated at least once a year on its progress;
- the Management Committee, of which the CSR Manager is a member, shares information on the operational implementation of the CSR strategy and its progress with all the Company's departments.

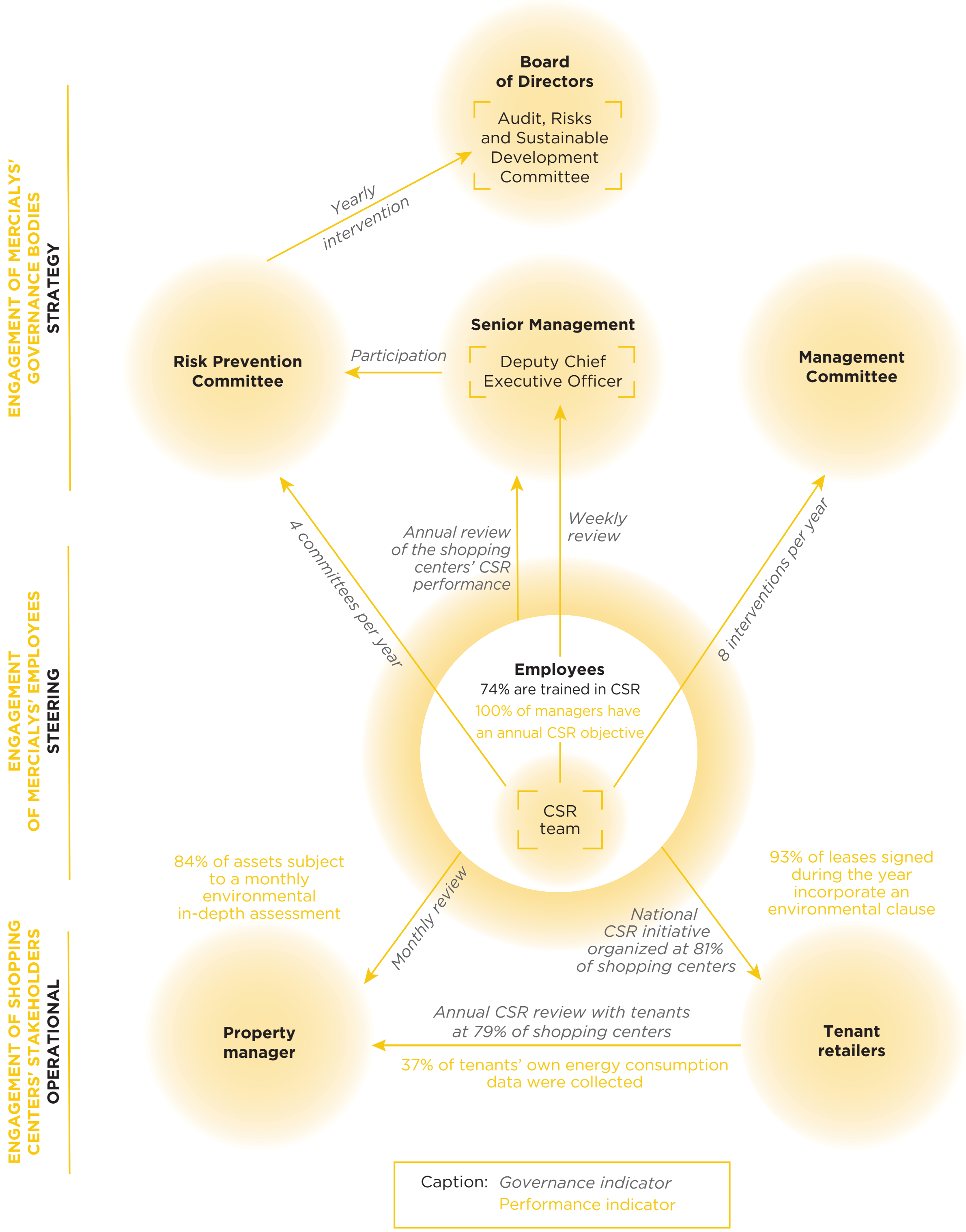
For more details on the roles of the various bodies and their interactions, please refer to chapter 5, § 5.1.1, p. 318 and the diagram shown opposite.

Part of the Company's corporate officers' annual variable compensation is linked to the Company's CSR performance. In 2020, the criterion relates to the GRESB ranking for the Chief Executive Officer and the carbon roadmap for the Deputy Chief Executive Officer. Mercialys also includes a quantitative CSR objective in executives' long-term compensation. For further information, please refer to chapter 4, § 4.2.2, p. 277.

Site managers from various operational teams, supported by the CSR Department, then manage CSR strategy projects. They use a dedicated IT tool to monitor, analyze and manage key CSR performance indicators. It is cross-functional and accessible to all relevant departments (operations, asset management, etc.), as well as to the property manager. In addition, other tools have been developed by department to address Mercialys' CSR expectations accordingly. For example, Shopping center management monitors and analyzes the centers' environmental performance on a monthly basis, asset management checks that the "construction and maintenance specifications" drawn up by Mercialys during projects and works are applied, etc.

All Mercialys employees are involved in the successful implementation of this strategy. 74% of employees were trained in CSR in 2020, and all employees have an individual CSR objective in their annual variable compensation. It counts for 10% of their annual bonus, is job-specific, and is quantifiable for managers and qualitative for other categories of employees.

CSR GOVERNANCE



CSR risks

CSR is part and parcel of Mercialys' risk management process. The RPC is jointly coordinated by the Company's Internal Control Manager and the CSR Manager. The Committee is composed of the Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Director of Human Resources and the Director of Compliance and Ethics.

This RPC is responsible for:

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

The 51 risks identified by the RPC are divided into 8 categories, one of which dedicated to environmental, social and societal risks. This category includes physical and transition risks related to climate change. All risks are then assessed annually according to their significance 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 reassessed this year in light of the results of the stakeholder consultation.

Each year, the RPC reports on its work to the CARDD and the Management Committee. The table shown on pages 88 and 89 matches the CSR risks and opportunities identified by the RPC with the ten priority issues included in Mercialys' CSR strategy, MERY'21, as well as the main measures taken to prevent and mitigate risks and seize CSR opportunities.

CSR approach

Mercialys formalized its first CSR strategy, MERY'21, in 2015. This ambitious strategy, structured around ten priority stakes and twenty-one objectives, and the CSR performance achieved, have been repeatedly praised by sustainability rating agencies (for more details on the various rankings, please refer to the Integrated report p. 35). In 2020, Mercialys was ranked first in its category by Gaïa Rating, and reached third place overall out of the 230 companies assessed in the same year.

When MERY'21 came to end in late 2020, the Company was able to review the improvement of its CSR performance (see table below) and build on its handling of CSR issues to decide on a second strategic phase for 2020-2030. This was determined based on two main areas of analysis and discussion, not only in order to identify the successes and areas for improvement of the MERY'21 strategy, but also the emerging stakes to work on.

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

In addition, a broad consultation was conducted by a specialized consulting firm with the Company's stakeholders, including employees, shopping center visitors, tenant retailers, investors and banks, local authorities and non-profit organizations. These stakeholders were asked about the importance of the various CSR issues identified and proposed for a retail real estate company, and the perceived maturity of Mercialys on these issues. Qualitative interviews supplemented the results of the questionnaire, in order to identify more specific recommendations or expectations of certain stakeholders. This approach led to a review of Mercialys' materiality matrix, which can be consulted on the Company's website: www.mercialys.com.

Based on this matrix, cross-referenced with the CSR risks and opportunities previously identified by the RPC, the 2020-2030 strategy was structured around four key commitments. Topical workshops were then organized by Senior Management, the CSR team and the Human Resources Department, in conjunction with the various departments concerned, to work on each of these commitments in greater detail and in line with operational and real estate realities, and to define related objectives.

The new 2020-2030 CSR strategy will be based on these four commitments:

- to contribute to carbon neutrality;
- to promote more responsible trade;
- to be a true regional development partner;
- to be an involved employer.

This new strategy was presented, along with the results of MERY'21, and was approved by CARDD and the Board of Directors in December 2020. It will be the subject of a specific Company report in the first half of 2021.

A summary of MERY'21 is presented in the table below. This chapter then sets out to detail its strategic projects, its policies and action plans implemented, as well as its results.

CSR RISKS AND REVIEW OF MERY'21

CSR STRATEGY PRIORITY ISSUES	DESCRIPTION OF THE RISK	DESCRIPTION OF THE OPPORTUNITY
Energy and greenhouse gas emissions	• Increased shopping center operating costs and supply problems in the event of increasing scarcity of energy resources	• Keep tenants' energy consumption-related costs down and make it a commercial advantage • Make shopping centers energy self-sufficient as a result of self-produced renewable energies to shield tenants from volatile energy prices

Asset resilience and adaptability	• Transition risks related to the transition to a low-carbon society:
	  • increased investment in response to changing regulations
	  • drop in revenue due to changes in customer behavior (growing demand for independent retailers, reduction in mass consumption, increase in digital purchases)
	  • difficulties in accessing capital due to increasing investor concerns about climate change
	• Physical risks related to more frequent and severe weather events:
	  • damage to buildings, financial impacts (increase in insurance premiums, etc.), and disruption of the Company and its tenants' businesses
		• Own and manage environmentally-certified, energy-efficient and resilient buildings attracts tenants and visitors, and increases asset value
		• Source low-carbon energy and tackle climate change helps attract investors and lowers the Company's interest rate
		• Develop new innovative low-carbon service offerings to generate additional revenue

Circular economy	• Increased operating expenses • Increased investments 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
Biodiversity	• Restriction or modification of projects on account of their impact on biodiversity	• Increase the well-being of occupants • Strengthen the shopping centers' climate resilience (for example during heat waves)
Accessibility and connectivity	• Loss of footfall due to difficult access • Full parking lots, a source of customer dissatisfaction	• Improve the accessibility of its shopping centers • Reduce shopping centers' carbon footprint • Indirectly participate in the fight against air pollution
Customer well-being, health and safety	• Financial impacts (additional investments in video surveillance, for example), in the event of the occurrence of health risks (air pollution, water pollution), security risks (delinquency, attacks) and safety risks (fire, flood) • Drop in revenue 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
Community life and local economic 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	• Obtain a better quality of service and responsiveness from service providers working in the shopping centers due to their geographical proximity • Build on the Company's real estate projects to create local jobs • Establish the shopping centers' reputation within their catchment areas and foster community cohesion through the links forged with local non-profit organizations
Responsible value chain	• 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 • Damage to the Company's reputation in the event of an ethics incident involving one of its suppliers	• Widen the positive impact of the Company by collaborating with its stakeholders • Develop new forms of dialog and partnerships with stakeholders
Talents and diversity	• Difficulties in recruiting employees for strategic positions in case of low level of attractiveness on the jobs market • 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.) • Drop in productivity and high staff turnover if Mercialys is unable to retain its talent • Loss of skills and knowledge in the event of high staff turnover	• Recruit the best talents through employer brand recognition • Develop employees' skills and support their development
Organization and quality of life at work	• 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) 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) Index calculated according to the methodology provided by French law No. 2018-771 on gender equality in the workplace.
(3) Arpejeh: non-profit association supporting young students with disabilities.

2020 GOALS	2020 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	RESULTS	CONTRIBUTION TO SDGs[1]
Reduce energy consumption per sq.m. by -20%	-19% reduction in energy consumption per sq.m.	• Set up remote meters and optimize building management systems • Renew equipment with more energy efficiency • Manage equipment	Goal on track to be achieved	7, 13
Align its business with a 2 °C compatible carbon roadmap		• Achieve an SBTi-certified carbon roadmap • Define a coolant replacement strategy	Goal achieved	
Ensure the adaptability of assets		• Assess the adaptability of assets • Measure the flooding risk vulnerability of assets • Define and deploy an asset adaptability strategy • Carry out adaptation work	Goal achieved	13
Enable all the BREEAM In-Use certified assets to progress by one level of certification	89% have progressed by at least one level	• Increase the percentage of certified assets (77% in 2020 vs. 28% in 2015) • Obtain high levels of certification for the "asset management" section	Goal on track to be achieved	
Recover 55% of waste	51% of waste recovered	• Work on the waste facilities and increase the number of flows sorted per center • Carry out collaborative waste workshops with the retailers • Incorporate CSR criteria into tenders	Goal on track to be achieved	12, 6
Reduce water consumption by -15%	-26% reduction in water consumption	• Remove air-cooling towers • Set up rainwater recovery tanks • Replace equipment with water-efficient systems	Goal achieved	
Engage in protecting ordinary biodiversity	+45 pts increase in the BREEAM In-Use Land Use and Ecology score	• Carry out ecological audits • Implement a "zero pesticides" approach for green spaces • Install arrangements to welcome local fauna	Goal achieved	15
+15% increase in visitors using alternative means of transport to individual petrol and diesel cars	12% of visitors coming by alternative modes of transport	• 100% of centers close to public transport links • Set up ride-sharing parking spaces, bike racks, charging stations for electric vehicles	Goal not achieved	11
80% of visitors have a positive image of center accessibility		• Carry out accessibility compliance works	Goal on track to be achieved	
100% of assets with a high level of security and health and safety	92% average safety audit score	• Set up compliance reporting for 100% of the portfolio • Carry out regular checks on the measures put in place	Goal achieved	
Increase comfort and quality of life in the centers		• Develop the "Design in freedom" concept • Carry out studies on occupant and visitor comfort and satisfaction	Goal achieved	
Strengthen visitor satisfaction	+2% increase in visitor satisfaction	• Roll out the Prim'Prim' loyalty program • More than 75,000 customers registered at 31 December 2020	Goal achieved	
Increase tenant satisfaction		• Roll out the Ocitô digital and logistics platform for retailers • Conduct tenant satisfaction surveys	Goal achieved	
Promote local employment	More than 19,500 local jobs induced by centers' activities	• Organize operations supporting employment • Inaugurate the "SKOLA" school store supporting young long-term jobseekers • Set up partnerships to support local retail development	Goal on track to be achieved	8
Facilitate social harmony	93% of centers welcomed at least one non-profit organization during the year	• National partnership with Médecins du Monde since 2015 • Carry out solidarity initiatives relating to Covid-19	Goal achieved	
80% of purchases over Euro 10,000 with CSR clauses	85% of center purchases covered by CSR clauses	• Map Mercialys' purchases and assess the corresponding CSR risks • Incorporate CSR criteria into center contracts and tenders • Put in place control arrangements	Goal achieved	12
Build CSR awareness across the value chain	93% green leases signed during the year 79% of in-center teams carried out CSR reviews with their tenants	• Collaborate with retailers to promote their CSR best practices • Communicate on CSR with customers • Provide annual ethics training for Mercialys employees	Goal achieved	
Identify, attract and retain talents	100% of employees provided with training	• Enable staff to transition towards management positions	Goal on track to be achieved	4, 5, 10
Combat all forms of discrimination	96/100 at workplace gender equality index[2]	• Parity for the Management Committee and Board of Directors • Sign the Diversity in Business charter • Set up a partnership with Arpejeh[3] and the non-profit Tremplin	Goal achieved	
Ensure employee health and safety	0 occupational accidents since 2015	• Sign the Charter on the right to disconnect	Goal achieved	3
Develop employee engagement	81% participation in the engagement survey	• Propose partnerships with non-profits supporting young people, including the non-profits Article 1 and Télémaque • Develop arrangements for staff to work from home	Goal achieved	

Goal achieved — Goal on track to be achieved — Goal not achieved

2.2 Energy and greenhouse gas emissions

The residential and tertiary sector accounts for more than 20% of greenhouse gas emissions generated in France each year[1]. Climate change is, therefore, an inevitable medium- and long-term issue for Mercialys. 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 below 2 °C compared to pre-industrial temperatures.

Objective No. 1: reduce energy consumption per sq.m. by 20% by 2020

Faced with the increasing scarcity of energy resources and the increase in associated taxes, energy performance is a major issue for Mercialys. The Company may see the operating costs of its shopping centers increase, or encounter supply difficulties. Investing in energy efficiency helps to ensure that service charges are kept under control for retailers, while reducing the shopping centers' environmental footprint.

In the shorter term, improving assets' energy performance is a way to look ahead to the implementation of new regulations. For example, the Tertiary Eco-energy scheme in France requires a 40% improvement in the energy performance of existing tertiary buildings by 2030, 50% by 2040 and then 60% by 2050. Mercialys is thus mindful of the energy efficiency of its assets during its shopping centers' design, construction, restructuring and operational phases.

Designing low-energy buildings

The design and construction phases are critical to reducing building energy consumption. For example, incorporating bioclimatic architecture, which combines natural elements such as wind and sun in the project design, reduces the building's energy requirements. This is why Mercialys has formalized its requirements into its "construction and maintenance specifications". This is attached to delegated project management contracts and must be complied with by companies in charge of its real estate projects.

Optimizing energy consumption whilst in operation

The Company's property manager and shopping center management are responsible for implementing Mercialys' CSR policy and action plans across the centers. In order to improve energy consumption monitoring and analysis at shopping centers with the highest consumption, a new monthly process was established in 2020. This environmental steering tool (energy, water and waste) involves both the management and operational teams of the property manager and Mercialys' Operations Department. It can identify some of the shopping centers' operating problems so that anomalies can be corrected, while sharing best practices already implemented and comparing the centers' performance.

While all Mercialys shopping centers remained open during the two lockdown periods, the 2020 health crisis had mixed effects on their routine operation. Impacts resulting in a drop in energy intensity were reported, since lighting, heating, ventilation and the operation of escalators in some shopping center areas not accessible to the public were greatly reduced. However, since the reopening of all the stores in May 2020, the ventilation systems have been configured in line with the recommendations of the French High Council of Public Health to ensure 100% fresh air renewal, resulting in an increase in energy consumption.

In general, Mercialys uses several levers to achieve its objective:

- the modeling of shopping centers' energy consumption, free from the impact of unexpected events (breakdown, etc.) and influencing factors (weather, occupancy, etc.), is used to identify optimization measures and investments required to improve assets' energy performance. This assessment was carried out across all Mercialys' assets in 2020;
- the roll-out of remote-read sub-meters across 63% of sites since 2017, with another 18% planned for 2021, means that consumption can be measured in real-time by site use. This system can also analyze energy consumption by cross-referencing it with activity data such as shopping center opening hours or footfall, to quickly identify and correct certain management anomalies;
- facilities management and supervision through Building Technical Management Systems at 89% of Mercialys' assets (regulated temperatures, lighting time slots, etc.);
- multi-year work plans for the installation of energy-efficient equipment, such as the replacement of aging installations, or LED relamping for lighting. In two years, 50% of sites will have been equipped with LED lights. Switching to LED interior lighting at the Le Phare de l'Europe shopping center in Brest in 2020 halved energy consumption compared to the previous year.

(1) INSEE, Citepa, Secten report May 2019.

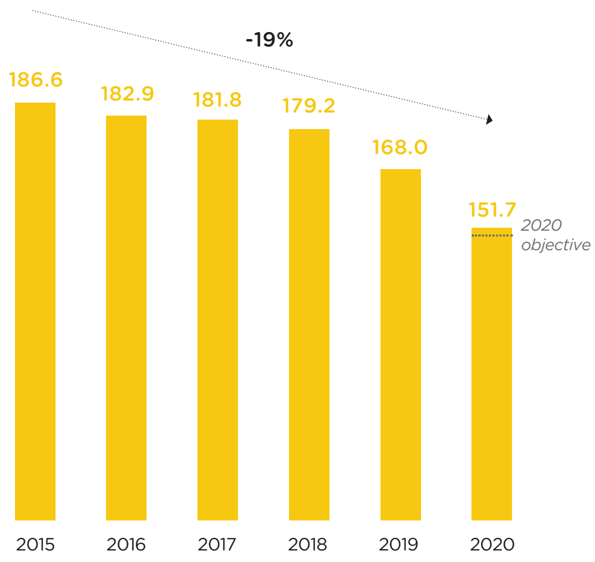
Over the period in question, all of these measures have further reduced the Company's shopping centers' energy consumption per square meter.

ENERGY INTENSITY PER SQ.M

		Energy intensity per unit area *(in kWh/sq.m)*	Coverage rate
Current scope	2015	197.4	97%
	2016	195.2	98%
	2017	191.4	98%
	2018	186.1	98%
	2019	179.9	99%
	2020	**163.8**	**99%**

ENERGY INTENSITY PER SQ.M

(in kWh/sq.m – like-for-like basis)



Coverage rate: 98%

Objective No. 2: align its business with a 2 °C-compatible carbon roadmap

Mercialys is contributing to the ecological transition by reducing its shopping centers' carbon footprint in order to ensure long-term sustainability and value while combating climate change.

Following its scientifically-validated 2 °C carbon roadmap

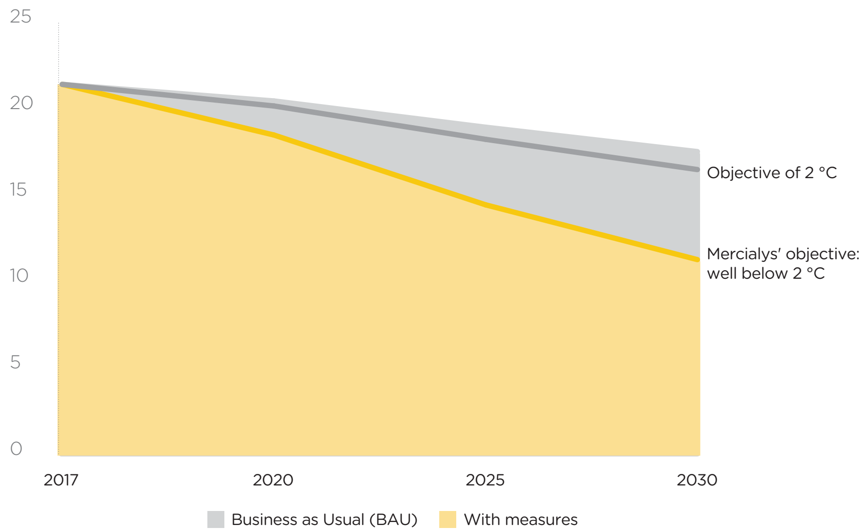
Mercialys studied three scenarios, with several time horizons (between five years and 2050), to set its objectives for combating climate change:

- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the current level;
- the real estate sector "Sectoral Decarbonization approach" (SDA), keeping levels below a rise of 2 °C (scenario RCP2.6 of the Intergovernmental Panel on Climate Change's fifth assessment report);
- the scenario chosen by Mercialys, which leads to measures to reduce the emissions identified by the Company and which limits the increase in global temperature to "well below 2 °C".

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

MERCIALYS CARBON PATHWAY VALIDATED BY THE SBTI

(in kgCO_2/sq.m/year – current scope)



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

- reduce scope 1 and 2 emissions by 47% per sq.m. using the market-based method[1];
- reduce emissions from tenants' energy consumption by 46% per sq.m.;
- reduce emissions from employee travel by 26%;
- reduce 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.

(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.*

Continuing its work on scopes 1 and 2

Mercialys' main levers to achieve its scope 1 and 2 objective for 2030 are the following:

- continue to reduce shopping centers' energy consumption. The measures taken and the main results are shown from page 90 onwards;
- use less carbon-intensive energy for the operation of the centers. To do so, in 2020, Mercialys launched calls to tender for electricity and gas supplies, including electricity from renewable sources and biogas. From 2021, 82% of its shopping centers will be supplied with 100% renewable electricity produced in France. Mercialys is also able to reduce its carbon footprint with the development of self-produced renewable energy. For example, in 2020, La Galerie Cap Costières in Nîmes produced and consumed 302 MWh of electricity from solar energy thanks to photovoltaic units installed above its green spaces;
- 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 leakage rate in 2020 was 1.1%, well below the national average of 9%[1], proof of Mercialys' effectiveness in this area. 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.

Taking further action with the incorporation of 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 two years, retailers' consumption has been logged for incorporation into the Company's action plans and to provide them with the benchmark information that they need for their operations (average energy consumption per sq.m. by type of activity, for example, see page 111);
- proposing a carbon-free electricity purchase agreement to tenants;
- raising employees' awareness of their business travel's carbon impact. All employees are equipped with videoconferencing tools which have been the preferred option and have been widely used, particularly, within the context of the 2020 health crisis. Teleworking, in place since 2017 at Mercialys, was also favored this year (see page 119);
- working on the end-of-life treatment of the waste produced by the shopping centers. In conjunction with property managers and waste collection services, Mercialys is seeking to optimize waste sorting and select the most energy-efficient outfalls in terms of carbon impact (see page 97).

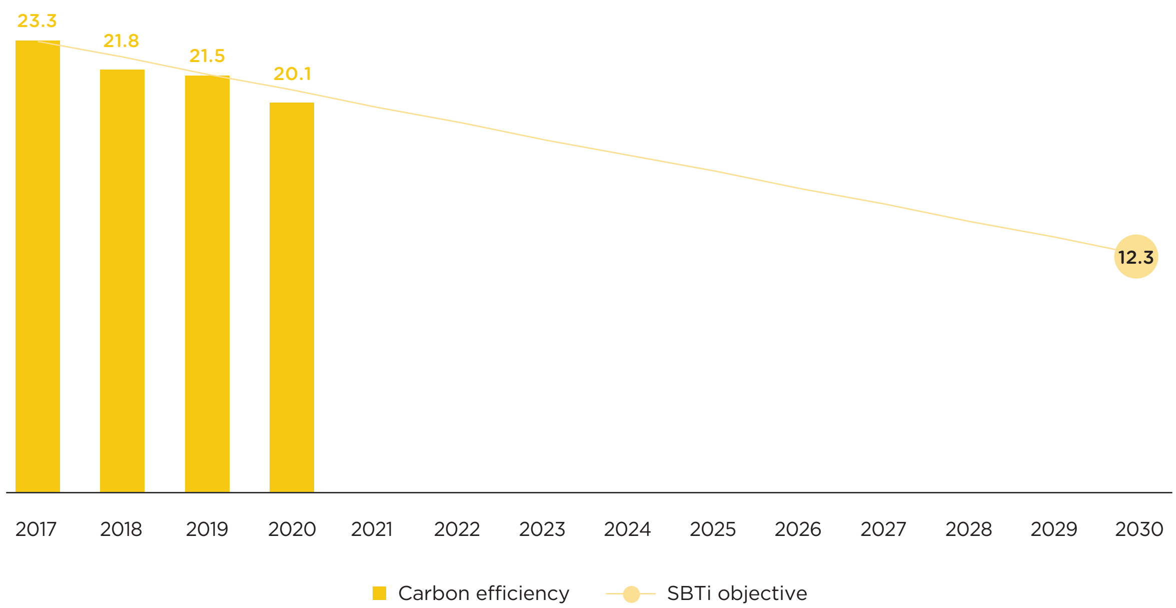
(1) *Source: ADEME – ARMINES, 2011.*

GREENHOUSE GAS EMISSIONS AND SCIENCE BASED TARGETS

	Scopes 1 and 2	Scope 3		
	Energy consumption for common areas and general services *(in $kgCO_2eq./sq.m.$)*	**Tenants' energy consumption** *(in $kgCO_2eq./sq.m.$)*	**Employee travel** *(in $tCO_2eq.$)*	**Waste management** *(in $tCO_2eq./ton$)*
2017	23.3	51.5	289.0	0.280
2018	21.8	53.2	321.0	0.175
2019	21.5	71.6	190.0	0.173
2020	**20.1**	**71.3**	**92.6**	**0.175**
Change 2019-2020	**-6.5%**	**-0.5%**	**-51.3%**	**-1.0%**
Change 2017-2020	**-13.6%**	**+38.5%**	**-68.0%**	**-37.4%**
Objective 2017-2030	**-47%**	**-46%**	**-26%**	**-26%**

CARBON INTENSITY SCOPES 1 AND 2 PER SQ.M.

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



Coverage rate for scopes 1 and 2: 99%

Mercialys is on track with its carbon roadmap and achieved its employee travel-related objective two years ago. Validation of its roadmap by the SBTi, combined with the performance achieved in recent years, testifies to the Company's achievement of its strategic objective, namely, to make its carbon roadmap 2 °C-compatible.

In recognition of its active commitment to combating climate change, Mercialys has remained on the Carbon Disclosure Project (CDP) A List for the third consecutive year. This list is composed of 270 global companies considered leaders in the fight against climate change, out of over 9,600 international participants listed in the CDP's 2020 edition.

2.3 Asset resilience and adaptability

Human-induced climate change, which is already under way, is a global challenge for all economic players. Mercialys' Risk 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 Task Force on Climate-related Financial Disclosures (TCFD).

The Company faces four risks related to climate change:

- physical risks related to more frequent and severe weather events;
- transition risks related to the shift to a low-carbon society:
  - a risk related to changes in regulations,
  - a market risk linked to changes in customer behavior,
  - a reputational risk linked to the growing concerns of investors.

Conversely, climate initiatives may also result in three main opportunities for Mercialys:

- opportunity to own and manage low-emission, more resilient buildings;
- an opportunity to source energy with low carbon impact;
- an opportunity to innovate and develop new low-carbon service offerings.

Objective No. 1: ensure the adaptability of assets

Climate change generates physical risks related to climate events and their potential impacts on the assets in the portfolio. The increase in extreme climate events, whether chronic (rise in temperatures, rise in sea levels, etc.) or occasional and severe (floods, forest fires, etc.), may have a moderate-to-high impact on the Company's portfolio and its medium-term operating conditions. They could threaten the safety of its shopping centers and its visitors, causing damage to buildings. A recent study[1] also warns of the consequences of these risks on health, particularly in France. Among other things, heat wave peaks result in an increase in mortality, and the use of fossil fuels in air pollution and an increase in lung disease.

These risks may require the implementation of preventive adaptation measures, involving a structural and crisis management approach. The Mercialys RPC maps assets' vulnerability to natural risks. Exposure to flooding is the highest risk, with 34% of assets affected by a Flood Risk Prevention Plan, and is monitored quarterly during compliance reporting by the Company's property manager. Only one asset has compulsory work to prevent this risk.

In 2018, to cover asset adaptability risks and, in particular, physical risks related to climate change, Mercialys defined a strategy to improve their environmental and societal resilience, and implemented work to this end. This strategy describes how to:

- identify risks (floods, storms, etc.) and phenomena (changes in use, health crises, obsolescence, etc.), whether extreme, trend-driven or related to the lifespan of the shopping centers;
- characterize their impact on the site (buildings, technical facilities, comfort, etc.) and their probability of occurrence;
- define the right solutions to adopt to minimize the risk.

In 2020, this strategy was rolled out by asset to meet local specificities and identify any preventive adaptation measures to be implemented. Should the risk occur, Mercialys also has an appropriate insurance policy to compensate for the consequences of this risk.

In addition, to continue to increase its resilience to changes in use and changes in consumption patterns, Mercialys is incorporating multi-purpose spaces in its shopping centers and urban projects (*e.g.* high-street retail). After La Galerie Espace Anjou in Angers, in 2020, Mercialys opened its second coworking space at La caserne de Bonne in Grenoble, operated directly under the "Cap Cowork" brand. With an average closed office space occupancy rate of 90%, the Company plans to duplicate these spaces at three additional centers in 2021. Mercialys also opened the first health center in a Corsican shopping center in Bastia Furiani. It accommodates 12 practitioners with different specialties. New health center openings are also planned, with three new centers opening in 2021. These two new uses reflects the same desire to adapt the merchandising mix, generating both economic and societal value and meeting the challenges of functional diversity and local anchoring.

In addition, Mercialys is adapting its service offering, notably through the development of the Ocitô ecosystem, consisting of a marketplace, logistics aggregation capacities and delivery resources. The ocito.net platform enables retailers to offer their items for sale on a shared digital marketplace, to respond to the issue of last-mile logistics while adapting to changing consumer trends. It helps to build up the societal resilience of the Company's shopping centers. In 2020, ocito.net, has been deployed across 76% of Mercialys' shopping centers' retail offering and integrated delivery solutions, such as click and collect or delivery. Different brands of food and non-food products can be ordered and delivered at the same time, reducing the carbon impact of delivery. In addition, this new offering is a great opportunity for Mercialys and its tenants to generate additional revenues when faced with the rise of e-commerce (see page 88), including during the closure of "non-essential" retail and lockdowns related to the health crisis while increasing footfall at shopping centers during normal opening periods.

(1) *Source: The Lancet Countdown on health and climate change – December 3, 2020.*

Objective No. 2: enable all the BREEAM In-Use assets to progress by one level of certification

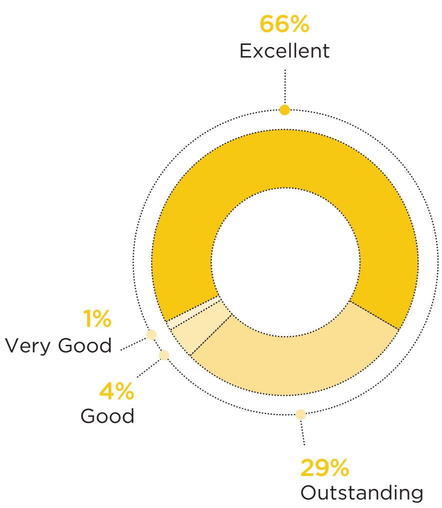
Mercialys has been using the international environmental certification, BREEAM In-Use, as a simple, readable and scalable management tool for the operational assessment of its assets. This tool supports teams with environmental site management, whilst offering a framework for comparing portfolio assets, identifying best practices and recognizing the work done on a daily basis. In addition, the 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 and tenants. Furthermore, certification sparks the interest of investors, as illustrated by rating agencies' questionnaires and extra-financial ratings which now include certification as a matter of course. 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.

There has been a five-fold increase in the number of assets certified by Mercialys since 2014, with four new assets certified in 2020: La Galerie Espaces Fenouillet à Toulouse, La Galerie Géant Angoulême, Les Belles Feuilles in Paris and La Galerie Espace Monthieu in Saint-Étienne. Two were certified as "Excellent" for their asset management (Part 2), proof of performance corresponding to best practices. In addition, all 2020 renewals were up at least one level in this area, thus fulfilling the objective of Mercialys' CSR strategy. 33% even went up two levels, from "Good" to "Excellent". These excellent results testify to Mercialys' maturity and its teams' commitment to continually improving operational performance in order to ensure that the Company's portfolio meets the highest environmental standards.

ENVIRONMENTAL CERTIFICATION ON OPERATIONAL PERFORMANCE

		Share of certified shopping centers, by value
Current scope	2015	28%
	2016	28%
	2017	46%
	2018	56%
	2019	68%
	2020	**77%**

CERTIFICATION LEVEL: ASSET MANAGEMENT



In addition, the BREEAM In-Use standard changed in May 2020. The new version includes a resilience component counting towards 11% of the score for Part 2. The gradual migration of the Mercialys portfolio to this new version should enable the Company to strengthen and standardize its practices in this area.

2.4 Circular economy

The concept of circular economy describes the production of goods and services by limiting the consumption and wastage of resources (raw materials, energy, water, etc.). By adopting this approach, Mercialys is primarily seeking to maximize the recovery of its centers' operating waste and optimize their water consumption.

Objective No. 1: recover 55% of waste in 2020

In 2020, Mercialys shopping centers produced more than 7,300 metric tons of waste. Nearly all of this waste comes from the retailers' business activities and quantities are dependent on their packing policies as well as their logistics organization. Working towards better waste management keeps tenants' costs down against a backdrop of increased costs due to the limitations of treatment capacities. In addition, it is an opportunity for lessor and lessee to collaborate and to reduce the shopping centers' overall environmental footprint. This topic was also a high expectation for retailers according to the Company's stakeholder consultation in 2020.

In order to respond to this challenge and optimize the recovery of its operational waste, Mercialys is committed to:

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

The Company has also organized for all of its assets the systematic sorting of cardboard, plastics, biodegradable waste, paper, glass, wood and scrap metal, whose waste management is carried out by an external service provider[(1)]. In 2020, Mercialys carried out works on 24% of its centers to optimize their waste sorting areas and accommodate new streams. On average, a Mercialys center sorts 3.4 waste streams, against 1.8 in 2015. There can be up to nine sorting streams in the same shopping center: cardboard, biodegradable waste, textiles, bulky items, hangers, paper, healthcare waste with infectious risks (DASRI), 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 50,000 baskets have been saved throughout Mercialys centers. In addition to contributing to the fight against food waste, retailers' losses were estimated to be down, at Euro 165,000 over the period, including Euro 78,000 for 2020. Other shopping centers such as Grand Quartier in Rennes Saint-Grégoire and La caserne de Bonne in Grenoble recycle cigarette butts. Since 2018, 1.2 million cigarette butts were collected and recovered, the equivalent of more than 30 km of cigarette butts lined up end-to-end.

In addition, Mercialys raises retailers' awareness through frequent reminders by shopping center management, property managers and service providers. This takes the form, among other, of clear signage put up in the waste sorting areas, or regular formal and informal communications. 2020 was marked by the distribution of a generic waste sorting guide for tenants, supplemented by a simple and instructive waste booklet adapted to each site to offer retailers the best support possible.

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 2015.

Mercialys real estate projects also generate waste. Consequently, the Company has included a specific clause on sorting construction waste in its "Construction and Maintenance Specifications" that must be followed by the delegated project management.

Once the waste has been collected, the waste service provider is responsible for treating it in such a way as to recover it and avoid its disposal in landfill. Mercialys uses calls to tender and contracts to promote waste recovery, in line with local constraints, and monitors service providers' waste processing on a monthly basis. All these combined efforts and measures led to the achievement of MERY'21's objective in 2019, and 24% of shopping centers are doing a lot more by recovering 100% of their waste.

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

SHARE OF WASTE RECOVERED

		Waste recovery rate	Coverage rate
Current scope	2015	28.1%	67%
	2016	18.5%	76%
	2017	33.0%	76%
	2018	47.8%	77%
	2019	59.3%	83%
	2020	**50.7%**	**91%**

Objective No. 2: reduce water consumption by -15%

Although none of its assets are located in water-stressed areas and do not consume a lot of water, Mercialys is committed to optimizing its shopping centers' water consumption. As the main volume of water consumption are toilets and the watering of green spaces, Mercialys has included specific criteria in its "construction and maintenance specifications" to be applied when renovating toilets, and includes related requirements in contracts for the maintenance of green spaces.

Mercialys first equips its shopping centers' toilets with water-saving devices. Dry urinals, pressure reducers, dual-flow flushes, infrared sensors, etc. are gradually being installed. Other systems, such as shut-off solenoid valves, were installed on 40% of shopping centers in 2020. They can cut off the water supply outside the center's opening hours and therefore avoid consumption relating to an open tap or a leak.

For projects, special attention is paid to choices of plant species, based on their water requirements. "Smart" irrigation systems (drip irrigation, automatic timers, etc.) can also be found at 31% of shopping centers.

Finally, rainwater collection tanks installed at 24% of centers supply water to sanitary facilities or green space irrigation networks. For example, at La Galerie Géant Quimper, 23% of the water required by the shopping center's common areas came from this alternative system in 2020.

In addition, as part of their daily rounds, technicians in charge of site maintenance carry out preventive searches for leaks in order to limit waste. In addition, water consumption is monitored on a monthly basis by the property manager, which then reports back to Mercialys. The data are then shared and analyzed in the same way as the energy consumption data, shown on page 90.

The Covid-19 health crisis had an impact on water consumption in 2020. Additional and exceptional savings were made, due to the closure of toilet facilities during the lockdown period, and the decline in footfall. However, cleaning measures have been increased, resulting in additional consumption.

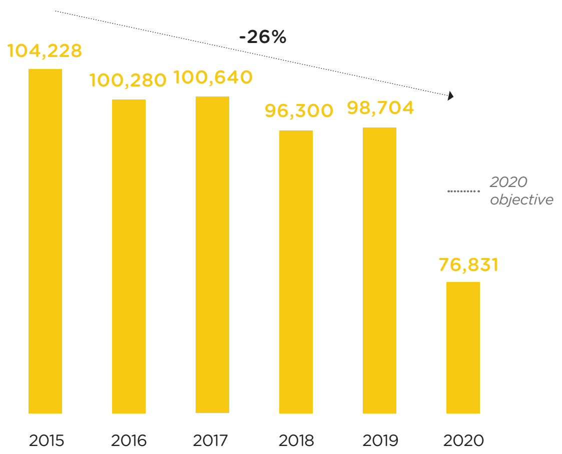
All the measures taken in this particular regard over the past five years have resulted in Mercialys exceeding its objective, reducing its water consumption by 26% on a like-for-like basis compared to 2015.

TOTAL WATER CONSUMPTION

		Water consumption *(in m³)*	Coverage rate
Current scope	2015	135,458.5	83%
	2016	139,763.1	88%
	2017	144,198.6	89%
	2018	134,027.5	100%
	2019	158,297.7	100%
	2020	**147,213.5**	**100%**

TOTAL WATER CONSUMPTION

(in m³ – like-for-like basis)



Coverage rate: 87%

The gradual introduction of remote metering will enable Mercialys to further improve its practices by measuring water consumption in real time, source by source, in 2020. This technology can automatically upload information to an online platform. Anomalies and deviations can, therefore, be identified and corrected more rapidly. The system is fitted with sub-meters in both the common and private areas, which also alerts retailers to anomalies concerning their private consumption.

2.5 Biodiversity

As published by the United Nations[1] (UN), the main factors of biodiversity erosion are changes in land use, climate change, overexploitation, invasive alien species and pollution, particularly plastic pollution. Being aware of these global challenges, Mercialys acts at its own level to help limit these factors in its activities.

Objective: engage in protecting ordinary biodiversity

Firstly, Mercialys is limiting two of the five biodiversity erosion factors identified by the UN, through its carbon roadmap, helping to keep global warming below 2 °C (see page 92), and by striving to raise awareness among tenants on the importance of sorting waste, including plastic, and its recovery (see page 97) to prevent it from ending up in the oceans.

Secondly, Mercialys operates shopping centers built in the 1980s, and all its development projects since its creation in 2005 have been on land that was already sealed. The Company is, therefore, not involved in the artificialization of soils, in line with the commitment contained in the 2018 French National Biodiversity Plan: “net zero artificialization”.

Concerning overexploitation, Mercialys does not directly operate production activities that mobilize natural resources, but all the timber required for its projects must come from sustainably-managed forests and have FSC or PEFC[2] certification. This criterion is provided for in the “construction and maintenance specifications” appended to the delegated project management contract. In addition, for the past two years, Mercialys has been raising the awareness of its centers’ visitors on biodiversity protection by planting a tree when

(1) *Source: Global Biodiversity Outlook 5, September 2020.*
(2) *FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification): labels guaranteeing the traceability of wood purchased and that its production does not contribute to deforestation.*

they take part in competitions or register for the loyalty program. To date, 3,500 trees have been planted in France *via* projects supported by Reforest'Action[1] (see page 112).

Finally, all of the Company's assets are located in France, in urban or semi-urban areas. Mercialys' impact on biodiversity erosion is, therefore, limited, but it is an opportunity to participate in what is known as the "ordinary" biodiversity conservation effort. Today, mass extinction is largely symbolized by emblematic species such as the polar bear, constituting "extraordinary" biodiversity. However, "ordinary" biodiversity, that is to say the most common and familiar biodiversity, is just as important for the balance of ecosystems. This is why Mercialys is committed to promoting "urban" and "ordinary" biodiversity with ecosystems surrounding its shopping centers helping, in particular, to mitigate the problem of invasive species.

To do so, the Company has carried out ecological audits and drawn up biodiversity action plans set out by ecologists on 73% of its portfolio since 2015. These involve conducting inventories of existing biodiversity on its sites and assessing green space management practices to determine improvement recommendations.

As a result of these audits, Mercialys amended its green space maintenance contracts for 70% of its shopping centers in 2015 to:

- introduce a "zero phytosanitary products" 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.

Mercialys also seeks to encourage biodiversity by having designated areas for local wildlife. In line with ecologists' recommendations, 68% of shopping centers have nesting boxes for birds, insect hotels, bat hotels, beehives, plant walls, green roofs, etc.

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

Mercialys assesses the effectiveness of this approach and measures taken on the basis of changes in score in the ecology section of the BREEAM In-Use certifications of its shopping centers. Between 2017, the year in which the certification was rolled out across the Company's portfolio, and 2020, the score more than doubled, proof that the objective set by MERY'21 has been met.

BIODIVERSITY

		Average BREEAM In-Use score for Land Use & Ecology
Current scope	2017	26.4%
	2018	33.0%
	2019	38.5%
	2020	**71.3%**

(1) *Reforest'Action: a company whose mission is to support forest ecosystem restoration projects in France and around the world.*

2.6 Accessibility and connectivity

Encouraging visitors to access the Company's shopping centers using alternative modes of transport to private vehicles is an opportunity for Mercialys. This enables it to make its assets accessible to customers without private vehicles, to prevent parking lots from getting too congested and improve customer satisfaction thanks to smoother paths. This also enables the Company to reduce the carbon footprint associated with visitor travel to its shopping centers (scope 3) and combat air pollution at the same time. Although the Company can implement initiatives to promote these behaviors, it heavily relies on the Government, particularly action from local authorities, to put in place or optimize public transport services.

Objective No. 1: +15% increase in visitors using alternative means of transport to individual petrol and diesel cars by 15%

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.

Supporting the development of innovative and low-carbon transport offers is the main driver. To do so, the Company maintains a regular dialog with its stakeholders, particularly local authorities. The goal is to make the shopping centers as accessible as possible by public transport, whether in relation to service frequency, times or ease of access. By the end of 2020, all centers had at least one entrance located less than 500 meters from a public transport stop, with services running on average every 15 minutes or less, at peak times. At the same time, Mercialys is also developing specific facilities in its parking lots:

- 80% of parking lots have bicycle shelters;
- 61% of parking lots have parking spaces reserved for carpooling;
- 47% of parking lots are equipped with charging stations for electric and hybrid vehicles, most of which are free of charge.

The second aspect is reliant on these modes of transport being promoted, to encourage their use by the centers' visitors and retailers. 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.

Despite Mercialys' efforts, this project's objective was not achieved. In fact, most of Mercialys' shopping centers are located in suburban areas with dispersed low-density housing, where, as a result, the primary mode of travel is still by private car. This was exacerbated by the 2020 health situation, with use of private cars on the increase to avoid a lack of social distancing on public transport.

MODES OF TRANSPORT USED BY VISITORS

		Car and motorbike	Public transport	Bicycle	On foot	Coverage rate
Current scope	2019	83.8%	8.3%	0.9%	6.9%	93%
	2020	**88.1%**	**7.3%**	**NA**	**4.6%**	**89%**

On average, the number of visitors traveling to the shopping centers by car in 2020 was two to three per vehicle, reducing the carbon impact of these trips.

Over the coming years, Mercialys will continue to support the development of lower-carbon modes of transport.

Objective No. 2: 80% of visitors have a positive image of center accessibility

Responding to buildings' accessibility requirements is a social issue for companies in the real estate sector, so that they can welcome everyone, whatever their situation. This includes access for people with reduced mobility and access for seniors or families with strollers. Mercialys is working to make its shopping centers welcoming and accessible to all, and has carried out the necessary works to this end.

2.7 Customer well-being, health and safety

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 that centers comply with current regulations and that fire safety services are up to speed. In 2020, it had to further ensure the adequacy of the health and safety systems in place.

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.

Objective No. 1: 100% of assets with high level of security and health and safety

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.

Indeed, Mercialys shopping centers are both workspaces for around 19,500 people and strolling areas for 98 million visitors welcomed in 2020. Due to this concentration of people, the centers can be a target for malevolent acts. They can also be places where incidents can have serious consequences.

Furthermore, visitors' well-being is influenced by a sense of safety when they are in the shopping centers. Guaranteeing their safety and security is, therefore, a fundamental issue for the Company.

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 Department teams. This makes it possible to identify future measures to be taken and their progress.

First, an annual audit is carried out on each security service provider. 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.

SAFETY AUDITS

		Average score	Share of shopping centers covered by a safety audit
Current scope	2018	87.9%	78.7%
	2019	86.7%	82.9%
	2020	**92.3%**	**85.6%**

Mercialys' Risk Prevention Committee (RPC) also organizes unscheduled internal audits every year. They focus on the correct application of personal safety procedures by the property manager and the security service provider. This year, special attention was paid to the application of anti-Covid measures in the shopping centers.

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

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

Covid-19 health crisis management

As a result of merchandising mixes comprising lots of essential stores and the routine inclusion of one large food store, all Mercialys shopping centers remained open during both national lockdowns. The 2020 health crisis did, however, require the implementation of immediate and unprecedented measures to strengthen health rules, particularly in the centers. In early March, Mercialys' Operations Department and its property manager met regularly to do their utmost to maintain business continuity during lockdown periods and prepare for moving out of lockdown. Lockdown and lockdown exit processes and plans were developed and adjusted as new protocols were announced by the French Government. The main measures implemented at the shopping centers as a result of this task force are based on:

- managing customer routes by organizing traffic flows to prevent customers from crossing one another;
- 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 entrances and the obligation to wear a mask;
- the introduction of specific communications to ensure compliance with personal protective measures (strong signage, posting and broadcasting of radio messages at the center, regular information on websites and social networks, etc.);
- continuous cleaning and disinfection of spaces and facilities;
- supervision and adaptation of the rules for using shared facilities (children's areas, rides, etc.);
- continuous renewal of indoor air.

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

Health and safety risk management procedures are tested on a regular basis and have proven their relevance and effectiveness over time. This approach has helped to achieve a high level of safety and hygiene at the Company's sites, particularly throughout this health crisis.

Securing personal data

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

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

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

Objective No. 2: increase comfort and quality of life in the shopping centers

Mercialys strives to improve the well-being and comfort of visitors and retailers; these are means of differenciation that make its shopping centers a destination of choice.

To do so, the Company has developed a concept with a designer which aims to promote access to art *via* non-retail scenarios at shopping centers for the entertainment of visitors. This project, called *Design en liberté* (Design in freedom) was implemented within La Galerie Espaces Fenouillet in Toulouse in 2020. It brings aesthetic, atypical and fun elements to the customer experience.

In order to offer a visitor experience that increasingly matches expectations, Mercialys conducted a customer survey in 2020 to assess the facilities and atmosphere of its centers. Nearly 4,000 customers shared their opinion on the importance of issues such as ease of access, recycling spaces, nurseries, lighting and sound, and areas with plants, etc.

To ensure occupants' comfort, Mercialys also measures lighting levels, acoustics and indoor air quality. Such measurements have been taken at 79% of portfolio assets over the past five years, in order to determine which measures to take. In addition, shopping centers have been fitted with specific remote-read sensors. Property managers can monitor and take action, in real time, in response to changes in center comfort indicators, such as temperature, humidity levels and certain polluting emissions.

In addition, Mercialys has formalized specific requirements concerning the use of certain products in its "construction and maintenance specifications". For example, glues, paints and varnishes must have an A+ environmental label and have a lower content of, or be free from, Volatile Organic Compounds (VOCs), ensuring better indoor air quality. Companies responsible for construction and major maintenance at the shopping centers are required to comply with these requirements.

In addition, three years ago, Mercialys introduced an IT tool to manage operational excellence. Each shopping center Manager is invited to put themselves in visitors' shoes and report reasons for dissatisfaction, such as the cleanliness of toilets or elevator breakdowns. This tool automatically generates alerts to the site's property manager and the relevant departments (marketing, asset management, etc.). The Mercialys Operations Department monitors the handling of these issues and timeframes for their resolution on a monthly basis. This dynamic tool can adapt to changing circumstances and emerging issues. For example, information from customer surveys is now included, and a new Covid-19 category was integrated this year.

In order to continue to improve the quality of the visitors' experience, the Company's property manager presents Mercialys with an annual report on the quality of the main services supplied to the centers (cleaning, green spaces, maintenance, etc.). Depending on this presentation, budget adjustments or changes of service providers may be decided.

Objective No. 3: strengthen visitor satisfaction

In an increasingly competitive environment, due to the increase in physical retail space and the growth of e-commerce, visitor satisfaction has strategic importance for Mercialys. Indeed, the positioning of the centers within local communities, the centers' footfall and customer loyalty underpin retailers' economic performance, and thus the value of Mercialys' portfolio.

In addition to the measures outlined in the previous paragraph that contribute to improving visitor satisfaction, visitors can directly share their reasons for dissatisfaction, their suggestions or opinions, for example on the activities offered or the quality of the services provided by the centers. Indeed, they can interact in real time with shopping center management by means of specific forms on the centers' websites and Facebook pages.

Mercialys uses its digital tools to measure the satisfaction of visitors to its shopping centers in real time. In this way, it can ensure excellent response times when it comes to implementing corrective measures. The Company also measures satisfaction levels by asking questions *via* different channels: emails sent to customers, centers' WiFi portal login forms and digital interactive maps.

Since 2018, this score has risen on an ongoing basis, proof that the objective of Mercialys' CSR strategy has been achieved.

VISITOR SATISFACTION

		Average score on visitor satisfaction survey	Share of shopping centers covered by a visitor satisfaction survey
	2015	Not comparable	63%
	2016	Not comparable	65%
	2017	Not comparable	86%
Current scope	2018	4.2/5	93%
	2019	4.3/5	94%
	2020	**4.3/5**	**95%**
	Change 2019-2020	**+0.2%**	

Lastly, to keep visitors coming to its shopping centers, Mercialys has improved its loyalty program, called Prim'Prim'. It is free, fully digitized and GDPR-compliant. For each purchase in one of the center's participating stores, customers are rewarded by accumulating euros in their digital pot. They can then spend the pot with the center's retailers and benefit from exclusive discounts. Another demonstration of the improvement in customer satisfaction is that over 75,000 members of this loyalty program, launched in late 2019, were registered as of December 31, 2020.

Objective No. 4: increase tenant satisfaction

Tenant retailers are Mercialys' direct customers. The Company is committed to meeting their needs and providing them with the right environment in which to operate their businesses.

Being located in a shopping center is an advantage for retailers which benefit from a synergy-creating physical environment with multiple retailers all in one place. They can also implement an effective communication policy across the catchment area. In order to cope with the rise of e-commerce, but still maintain this major advantage, in late 2019 Mercialys launched an innovative digital platform called Ocitô, which integrates several last-mile logistics solutions. This offer constitutes a genuine ecosystem of local services able to respond to changes in consumer trends and offer retailers a new lever for revenue growth.

Ocito.net is one of these solutions. It is a shared digital marketplace that allows all businesses in the same center to offer their products for sale and to benefit from customized delivery solutions (home delivery, click and collect or drive-through). Ocito.net thus increases tenants' visibility and provides them with an online sales solution, especially for stores that do not have the resources to develop their own website and associated delivery solution. Its roll-out was accelerated in 2020 to enable retailers to continue to operate, whether or not they were required to close for some of the year. At the end of 2020, 76% of shopping centers had introduced the Ocitô service.

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

In addition, to ensure tenant satisfaction, Mercialys conducts several satisfaction surveys each year on different and complementary themes.

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.

Finally, the Letting Department continued its surveys in 2020 to measure retailer satisfaction with the letting process. Tenants are queried on their general satisfaction, as well as on specific topics (business-related services, legal services, technical services and reception, and marketing tools). 100% of tenants who signed a lease with Mercialys in 2020 were contacted for this survey, with an average response rate of 34%.

TENANT SATISFACTION

		Share of shopping centers covered by a tenant satisfaction survey
Current scope	2016	28%
	2017	53%
	2018	63%
	2019	84%
	2020	**91%**
	Change 2019-2020	**+7 bps**

2.8 Community life and local economic 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 local employment and by welcoming local non-profit organizations and initiatives.

Objective No. 1: promote local employment

Supporting jobs in the centers

Mercialys shopping centers are places of employment for many stakeholders: retailers, service providers, construction workers, etc.

Mercialys centers host more than 19,200 long-term jobs, generated by site retailers. In fact, 95% of shopping center jobs in France are on permanent contracts, higher than the national average of 85%[1]. Mercialys also publicizes these local jobs by publishing job offers from retailers on each center's website. The Company increased the visibility of 72 job offers from its tenant retailers in 2020.

Furthermore, the centers' day-to-day management requires the involvement of numerous service providers (security, cleaning, etc.). In 2020, nearly 400 jobs were associated with on-site services.

In total, Mercialys' shopping centers support more than 19,500 jobs which, by nature, cannot be relocated, making Mercialys a major job provider in the regions where it operates.

Promoting jobs around shopping centers

The Company is also proactive in its support of employment in its economic region. Every year, employment initiatives such as job fairs or job dating, are held at the centers. This year, Covid-19 health measures and lockdowns did not permit such events to be held.

EMPLOYMENT INITIATIVES

		Number of job vacancies	Share of shopping centers that implemented an employment initiative
Current scope	2018	1,524	31.4%
	2019	1,929	28.2%
	2020	**72**	**0%**

However, Mercialys has successfully carried out a project with *Pôle emploi* (French Employment Agency) and the *Apprentis d'Auteuil Océan Indien* at its Cap Sacré-Cœur site at Le Port (Reunion Island) to work towards youth inclusion. Between January and March 2020, Mercialys hosted the "SKOLA Vente" school shop, enabling 20 talented individuals aged between 18 and 28, for whom access to employment is particularly difficult, to follow a three-month training course. The course combined theory and practice to teach them the trade of sales advisor.

Boosting regions

During the first national lockdown, Mercialys continued to support jobs by providing local producers with free pop-up shops. They were thus able to carry on their businesses whilst waiting for local markets and shops to reopen. For example, at La Galerie Val Semnoz in Annecy, various producers were welcomed (producers of wine, local spirulina and derived products, natural donkey milk soaps), all in compliance with health and safety rules.

In 2020, Mercialys also set up four new partnerships with organizations that aim to work on practical measures to boost the economy of local regions, namely *Centre-Ville en Mouvement*, the *Fédération Nationale des Centres-Villes*, *Villes de France* and *Initiative France*. As a partner of the *Initiative France* network, which has worked for over 30 years to promote business creation by supporting small business projects, the Company contributes to the renewal of the local economic fabric. Mercialys is also a partner of *Centre-Ville en Mouvement* and the *Fédération Nationale des Centres-Villes*, known as *Vitrines de France*, two organizations focusing on city-center retail. The Company takes part in discussions on local development in the regions where it operates. Through all of these initiatives, Mercialys is involved in helping to revitalize local shops by providing its expertise and tools, in addition to financial sponsorship.

Lastly, as part of its mixed-use property development activity, Mercialys maintains a regular dialog with all stakeholders in its projects: local authorities, local residents, local authority planners, etc. The Company listens to their expectations and takes a co-construction approach to ensure that its projects are fully integrated in the local area, in line with local urban and economic development issues. In 2020, Mercialys was involved in, and took part in, two public information meetings, alongside its developer and architect partners. In the specifications of the calls for tenders for its projects, the Company included a requirement to use local companies and a minimum number of hours of job integration in order to promote the return to work for people in difficulty.

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

Objective No. 2: facilitate social harmony

For Mercialys, being a local player also means promoting solidarity. Welcoming non-profit organizations at its centers helps the shopping centers blend into the life of the community and indirectly increase the centers' visibility and footfall.

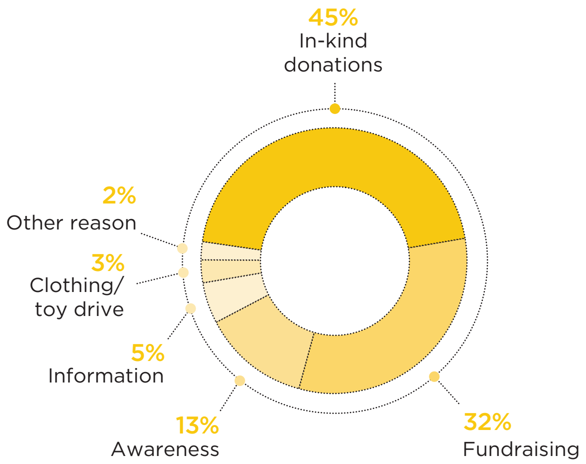
Mercialys provides support to non-profit organizations by providing them with free pop-up stores. The Company has been a partner of Doctors of the World since 2015. Through its regular presence in Mercialys' shopping centers, this non-profit organization recruited 1,595 donors in 2020, with annual donations totaling approximately Euro 280,000. This is approximately Euro 1,409,000 per year since the start of the partnership in 2015. In 2020, Mercialys also offered Doctors of the World an advertising insert in a real estate trade magazine to encourage donations.

In addition to this national partnership, Mercialys centers welcome numerous non-profit organizations throughout the year. They can organize collections of goods, fundraising, or other promotional or awareness-raising campaigns. They can be both national (food banks) and local in scope. In addition, in 2020, La Galerie Géant Quimper hosted a volunteering forum where 28 non-profit organizations had the opportunity to showcase their activities and recruit volunteers. In 2020, 93% of centers hosted one, or more, non-profit organizations. In total, these free spaces represent the equivalent of Euro 900,000 in rents granted by Mercialys. Combined with donations, partnerships and sponsorship, this amounts to more than Euro 990,000 in non-profit support.

LOCAL PUBLIC LIFE

		Number of non-profit organizations hosted	Share of centers that hosted a non-profit organization, by value
Current scope	2019	327	93.9%
	2020	**193**	**92.9%**

NON-PROFITS' REASONS FOR COMING TO CENTERS



In 2020, despite the fact that the health crisis restricted the physical presence of non-profits, Mercialys centers have multiplied their solidarity initiatives. At La Galerie Chateaufarine in Besançon, for example, an initiative supported retailers' businesses and strengthened local solidarity, whilst combating food waste. The retailers' association even bought unsold Easter eggs from the center's chocolate maker to offer them to front-line workers during the first lockdown: hospitals, ambulance staff, firefighters and police officers. La Galerie Hyper 19 in Brive and La Galerie Jumbo Saint-Benoît on Reunion Island set up reception areas for female victims of domestic abuse, in conjunction with the Secretary of State for gender equality, which welcomed and thanked Mercialys for this initiative.

The Company also supported the "one letter one smile" scheme in 2020. It consists of writing a letter to an elderly person residing in a care home to combat isolation during periods of national lockdown. The Company made a donation of Euro 1,000 and encouraged its visitors and employees to take part in this intergenerational solidarity project.

Lastly, in 2020, to continue their role as community living facilitators, 16% of shopping centers organized a community clothing drive. Over 5.4 metric tons of clothing were collected from customers and donated to the *Secours Populaire* and the French Red Cross.

2.9 Responsible value chain

Mercialys is aware that its CSR approach must involve the main players in its ecosystem: service providers and suppliers, tenant retailers and visitors. In addition to being an opportunity to unite them around common values, this enables the Company to limit legal and financial risks in the event of ethical incidents or non-compliance with regulations, as part of a vigilance-oriented approach across its entire value chain.

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.

Objective No. 1: 80% of purchases over Euro 10,000 with CSR clauses

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).

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 the appropriate measures to be implemented to mitigate the risks or seize the opportunities identified. The Company relies on the tools it has designed (such as its "construction and maintenance specifications" or its ethics commitment letter);
- putting into practice the tools and procedures defined by Mercialys to comply with the letter's requirements: the Company has implemented these tools on an operational level, for example, by including specific CSR clauses in center contracts;
- monitoring the effective application of these measures: depending on the measures taken, Mercialys has set up reporting processes (requests for 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 vigilance.

MAPPING PURCHASES

MERCIALYS

10% — Purchases of property services
74% — Capital expenditure
16% — Operating expenses

RANK 1

Purchases of property services

Technical management 84% | Rental management 16%

Medium

Charter of Ethics
CSR clauses
Construction and maintenance specifications

Reporting
Audits

Capital expenditure

Acquisitions 74% | Works 14% | Other(1) 12%

High

Charter of Ethics
CSR clauses
Construction and maintenance specifications

Reporting

Operating expenses

Marketing 57% | Consulting and audit 11% | Other(2) 32%

Low

Charter of Ethics
Ethics commitment letter
Annual ethics training for employees

RPC checks(3)
Documentary review

RANK 2

Purchases of services for shopping centers

Security 40% | Fluids 26% | Other(4) 34%

High

Referencing process
CSR criteria in tenders
Specific CSR clauses

Reporting
Audits
Documentary review

Purchases of project management/studies

Compliance 65% | Maintenance 32% | Other(5) 3%

Medium

Low-environmental impact building site charter
Construction and maintenance specifications

Reporting

RANK 3

Purchases of products and materials

Low

Materials specifications
Construction and maintenance specifications

Reporting

Purchases of products and materials

Medium

Materials specifications
Construction and maintenance specifications

Reporting

Risk/opportunity categories

Environment | Ethics | Social | Economic

Level of risk/opportunity
Management tools
Control systems

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

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 previously identified. These services may present:

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

Mercialys thus inserted CSR clauses into the two main contracts relating to its shopping centers, *i.e.* the property management agreement and the project and construction work execution agreement.

For example, the technical and property management agreement provides for the monthly tracking of energy and water consumption and waste production in Mercialys' reporting tool. The Company conducts a monthly review with the property manager to ensure the comprehensiveness of this reporting and analyze changes in consumption. The agreement also provides for quarterly reporting on the regulatory compliance of its sites, as well as annual monitoring of the quality of services and compliance with Mercialys CSR requirements for the main services purchased for its shopping centers. Under this contract, the property manager is also required to assist in the BREEAM In-Use certification of Mercialys' portfolio, and to help make tenants aware of the Company's CSR strategy.

Taking things one step further, Mercialys worked with its property manager to integrate CSR into calls for tenders for shopping center services. The cleaning contract thus requires the use of certified products, while the contract for the maintenance of the green spaces stipulates differentiated management, and the waste management contract requires monthly reporting. In 2020, 85% of shopping centers purshases had specific CSR clauses for each type of service.

SHOPPING CENTER RESPONSIBLE PURCHASING

		Share of shopping center purchases covered by CSR clauses
Current scope	2018	79.6%
	2019	78.9%
	2020	**85.5%**

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

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

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. They therefore have a corruption risk map and a vigilance plan, and implement strict measures in terms of referencing, evaluating and monitoring their purchases, providing Mercialys with additional assurances.

Lastly, the purchases required for Mercialys to operate are mainly intellectual services (consulting, marketing, IT, etc.) and can therefore generate 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. For example, the Company signs confidentiality agreements when the services purchased involve the sharing of certain information. In addition, in 2020, Mercialys asked its service providers to sign an ethics commitment statement, where they undertake to comply with the fundamental principles listed by the Company in terms of human rights, working conditions, ethics and environmental protection.

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

RESPONSIBLE CORPORATE PURCHASING

		Share of corporate purchases covered by CSR clauses
Current scope	2018	22.7%
	2019	21.4%
	2020	**25.7%**

Objective No. 2: build CSR awareness across the value chain

Downstream of its value chain, the Company also seizes the opportunity to raise awareness on CSR among its tenants and visitors. This approach helps to improve its assets' environmental footprint by taking a collaborative approach.

In 2020, a year marked by the renewal of Mercialys' CSR strategy, discussions on these topics were particularly rewarding. Indeed, a broad consultation of the Company's stakeholders was conducted, including employees, shopping center visitors, tenant retailers, investors and banks, local authorities and non-profits. These stakeholders were asked about the importance of the various CSR issues identified and proposed for a retail real estate company, and the perceived maturity of Mercialys on these issues, in order to continue to involve them in the Company's CSR approach.

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 in 2020 to update the welcome packs given to new tenants. These packs include a section on the center's CSR approach and eco-friendly practices. In addition, the Company has reworked and distributed a generic sorting guide to help retailers easily identify what is recyclable and in which container to deposit their waste. It is accompanied by a waste booklet, specific to each center, specifying the location of waste sorting areas and practical information, such as safety instructions related to the use of equipment.

In order to encourage its tenants to reduce the overall environmental impact, Mercialys signed its first environmental lease clauses in 2013. They soon became standard for all new contracts signed and covering the entire premises (excluding amendments and exempt leases for 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 2020, 93% of leases signed during the year included an environmental clause, bringing the share of leases with an environmental clause to 38% of the total number of Mercialys leases. As tenants' average lease length is relatively long, it will take time to roll out this clause across the entire Mercialys portfolio. Annual meetings were held to report on the progress of centers' CSR strategy to retailers at 79% of assets in 2020, facilitating the practical implementation of these environmental clauses.

ENVIRONMENTAL CLAUSES

		Share of leases with an environmental clause	Share of leases signed during the year covered by an environmental clause
Current scope	2015		61%
	2016		70%
	2017		100%
	2018		100%
	2019		94%
	2020	**38%**	**93%**

In addition, Mercialys is continuing its proactive approach to recovering the energy consumption of its tenants. In 2020, the Company collected data on the consumption of 37% of its tenants in order to engage with the retailers concerned, by providing them with benchmark information and ways to improve their operations' energy performance.

In addition, for the second consecutive year, Mercialys organized a joint awareness-raising initiative with retailers aimed at visitors of its shopping centers. During the European Sustainable Development Week, 81% of Mercialys' centers conducted an initiative to promote the CSR measures implemented by 473 volunteer retailers. Stickers or signs relaying these best practices have been placed at the entrances of the retailers concerned. They have also been posted on shopping center websites.

Promoting awareness with visitors

In an effort to make shopping center visitors aware of sustainable development challenges, Mercialys combines cross-functional center initiatives with local ones.

National measures rolled out across all assets include, for example, the dissemination to visitors of messages on alternative transport systems (public transport, charging stations for electric vehicles, etc.) or on the shopping centers' CSR performance. In 2020, 97% of centers provided such communications, whether *via* their website, social networks or display screens in shopping centers. Some also use frontages or windows to inform on the centers' CSR progress or BREEAM In-Use certification.

In addition, communication campaigns highlighting retailers' CSR best practices also help to raise visitors' awareness. During the European Sustainable Development Week, a competition was organized where participants had the chance to win an indoor vegetable garden.

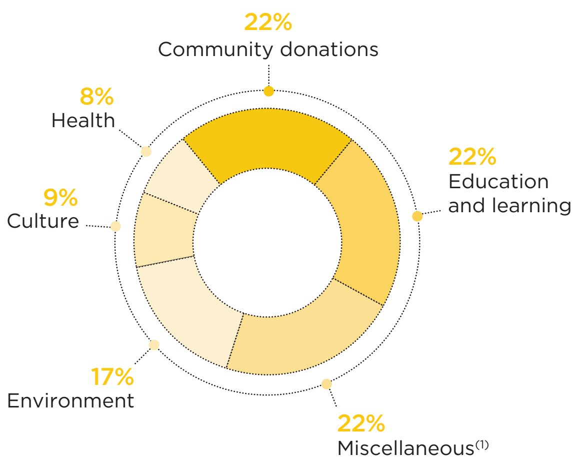
2020 was also the year that Mercialys shopping centers rolled out their new loyalty program, Prim'Prim'. A tree was planted for each new registration, in line with the partnership between Mercialys and Reforest'Action that begun in 2019. In total, 500 trees were planted in France in 2020. The Reunion Island shopping centers donated one Euro to the Kéré association for each account created. This non-profit organization provides emergency aid to Malagasy populations affected by drought.

To supplement these Marketing Department campaigns, shopping center managements organize specific local events in line with CSR news: jobs forums, focus on jobs in the police, or promoting local public transport for instance.

CSR OPERATIONS

		Share of shopping centers that have organized at least one CSR campaign during the year
Current scope	2019	68.9%
	2020	**40.0%**

BREAKDOWN OF CSR CAMPAIGNS BY THEME



(1) *E.g.: raising awareness of blood donation, promoting local public transport, showcasing the activities of the gendarmerie.*

Getting employees involved

Mercialys' ethics policy is led by the Ethics and Compliance Director, who is also the Company's Ethics Officer. It is based on the implementation of best practices to structure Mercialys' voluntary commitments in this area. The Company has formalized its commitments in its Charter of Ethics and code of conduct, available in French and English on its website: www.mercialys.com.

First of all, it states that the Company operates exclusively in mainland France, Corsica and Reunion Island. All its employees work in France, a country that has strict regulations on many CSR topics, and has ratified the eight fundamental International Labour Organization (ILO) conventions. These relate, among other things, to the fight against discrimination in the workplace, 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 endeavors to scrupulously abide by these conventions and all current regulations. In addition to complying with regulations and as part of social dialog practices, Mercialys has signed agreements with employee representatives to increase employee protection, such as an agreement on gender equality.

Moreover, Mercialys has been a signatory to the UN Global Compact since 2018. This commitment demonstrates its desire 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 Charter 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*, in particular, a responsible lobbying charter. insider information and the 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 in English and French.

A whistleblower protection procedure is also in place. Employees are reminded of this procedure on a regular basis. It guarantees confidentiality, as required by law, and allows whistleblowers to contact the Ethics Officer by telephone or dedicated email. In 2020, no reports were filed using this procedure, or spontaneously by employees. No breach or violation of ethical rules was reported. Employees are also free to ask the Ethics Officer about any issues that they may wish to raise.

Specific charters governing certain business lines or practices supplement the Charter of Ethics and the code of conduct. A responsible lobbying charter was developed in 2020. The Director of Development and Institutional Relations is responsible for lobbying activities and ensures that the influencing strategy does not generate conflicts of interests.

A register of meetings with external persons, and the reason for these meetings, is kept to ensure that the charter is applied correctly. Note that, based on its monitoring, Mercialys has reported no interest representatives to the HATVP[1] at the national level, as no-one within its workforce qualifies for this status, given the low frequency of contacts. 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[2].

To ensure that Mercialys' ethics policy is properly disseminated, training is provided annually to all employees. The training explores one, or more, topics depending on the regulatory news that year. In 2020, it focused on all ethical risks with a specific focus on cybercrime, and was rolled out to 97% of employees.

In addition, Mercialys continued to involve its employees in its CSR policy. 74% of them were trained in CSR, Mercialys' policy in this area and its resources. To ensure the full commitment of employees in the implementation of its CSR strategy, Mercialys has, since 2017, included CSR criteria in individual annual objectives. These criteria are specific to each department. In 2020, 100% of employees had a CSR objective, representing between 5% and 20% of their annual bonus. This objective is quantitative for managers, and qualitative for non-managers.

INVOLVEMENT OF EMPLOYEES

		Share of employees trained in ethics	Share of employees with an individual CSR objective
	2018	84%	-
Current scope	2019	83%	100%
	2020	**97%**	**100%**

In 2020, the various departments also increased their involvement in shopping centers' CSR performance review processes. An in-depth monthly analysis of the environmental performance of 84% of assets was introduced in 2020 in order to assess and manage energy and water consumption and waste production performances. It is shared between Mercialys shopping center management and its property manager, at both operational and managerial levels. In addition, the shopping center management and asset manager presented the results of the MERY'21 CSR strategy for all shopping centers to Senior Management during reviews of business plans by asset.

(1) The French authority for transparency in public life.
(2) More information on these commitments is available on their website: http://www.nego4good.com/

2.10 Talents and diversity

In a tight job market where competition for talents is stiff, Mercialys needs to have proactive compensation and training policies that attract and retain talent. The Company must also be able to train its employees for major changes in their jobs and identify their needs to better help them grow and lay the groundwork for the Company's future.

The social policy, which encompasses the main guidelines for the Company's effective human resources management, includes all of Mercialys' commitments in this regard. This policy is published on the Company's website.

The Company's workforce increased in 2020 (+16.2% compared to 2019). This change is consistent with the gradual internalization of development, management control, accounting, IT and human resources management functions. These functions were previously subcontracted *via* a Service agreement with the Casino group (see chapter 6.2, p. 344 of this Universal Registration Document for further details).

The majority of the Company's workforce (84%) has permanent contracts (CDI). The 20 employees on fixed-term contracts (CDD) include apprenticeship and vocational training contracts (14 contracts in 2020), as Mercialys has a proactive policy regarding training and helping young people access the jobs market.

In addition, Mercialys took on four interns and nine temporary employees in 2020.

DISTRIBUTION OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Staff with permanent employment contracts (CDI)	109	84%	93	84%	97	90%	97	86%	95	83%	91	96%	+17.2%
Staff with temporary employment contracts (CDD)	20	16%	18	16%	11	10%	16	14%	20	17%	4	4%	+11.1%
TOTAL STAFF	**129**	**100%**	**111**	**100%**	**108**	**100%**	**113**	**100%**	**115**	**100%**	**95**	**100%**	**+16.2%**

Objective No. 1: identify, attract and retain talents

STAFF TURNOVER

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Permanent staff turnover	**13.9%**	22.1%	10.2%	14.2%	14.4%	17.0%	-37.1%

Compensation policy

To increase its appeal and retain its employees, Mercialys has an incentive-based compensation policy in place which is designed to be attractive compared to that of other companies in the sector.

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

- for 20% of the variable component: quantitative objectives related to the Company's results;
- for 60% of the variable component: individual quantitative and qualitative objectives related to the employee's performance assessed by their manager. One of these quantitative objectives assesses the employee's execution of the CSR strategy, depending on their particular job;
- for 20% of the variable component: qualitative objectives related to the Managerial Attitudes and Conduct (ACM) that the Company expects from each of its employees. The ACM approach is structured around the following five keywords: Leadership, Innovation, Decision-making, Commitment and Customer Responsibility. They encompass all the professional qualities that Mercialys considers essential to individual and collective success.

Moreover, in 2016, Mercialys introduced a bonus share plan to help retain employees. In 2020, a global share allocation plan was introduced for all eligible employees. 188,433 shares were distributed free of charge.

In addition, since 2019, Mercialys has set up a Company savings plan through an agreement under which the Company matches the amounts paid in by employees.

BONUS SHARES

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Number of shares distributed	**188,433**	72,890	83,199	83,947	42,464	0	+158.5%

Recruitment and onboarding policy

Recruitment and talent onboarding are fundamental issues for the Company. In 2020, Mercialys 44 new employees including 28 on permanent contracts. The Company uses specialized recruitment firms, depending on the type of profile and managerial level sought.

Particular attention is paid to the onboarding of new employees. The welcome pack and onboarding process welcome all new employees in a way that is tailored to the needs and specific nature of their role, so they can understand how the Company works.

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 factor that sets the Company apart and stimulates employee 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 state their training requests during their annual performance and professional development review. Training, whether certified 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 changes or for a planned future role.

In 2020, Mercialys set up a digital platform on which individual employees can select the course that they require from a wide range of courses. This solution, made available to all, increases agility and simplifies access to training.

Employees and managers engage in their training. As in previous years, employees have access to:

- specific face-to-face training for the various business activities (real estate finance, commercial negotiation, management, etc.);
- cross-functional face-to-face training, which may be useful for all employees (communication, languages, etc.);
- training *via* e-learning, distance learning, Mooc or Webinar.

Internal training capitalizing on the expertise developed within the Company and promoting experience sharing is also encouraged.

In 2020, 100% of employees took part in one or more training programs.

In addition to training, this new platform allows the digitization of professional interviews and annual performance appraisals *via* an interactive interface, promoting effective dialog between managers and employees.

TRAINING

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Share of employees trained	**100%**	99%	100%	100%	52%	62%	+1.0%

Objective No. 2: combat all forms of discrimination

Mercialys believes that diversity is a source of emulation and innovation, and is at the foundation of a socially and economically successful company. Promoting diversity and equal opportunity helps to develop a management that respects differences and is grounded in trust. This improves team cohesion, which is fundamental for a better "living together" and therefore business performance.

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. As a signatory to the Corporate Diversity Charter, it undertakes to:

- educate and train managers and all employees about nondiscrimination and diversity issues;
- promote the enforcement of the principle of nondiscrimination in all its forms in all actions by management and in all Company decisions, particularly in all stages of human resources management;

- encourage the representation of diversity in all its differences and variety, within the workforce and at all levels of responsibility;
- communicate its commitment to all of its employees, customers and suppliers in order to encourage them to adopt this approach;
- make the development and implementation of the diversity policy a subject of social dialog with the employee representatives;
- regularly assess the progress made and communicate on this progress internally and externally.

In this context, an employee awareness campaign is launched each year. In 2020, 97% of Mercialys employees were trained in the fight against all forms of discrimination. This training included a reminder of the regulatory framework, as well as practical examples. In addition, recruitment managers were trained in non-discriminatory recruitment in 2020.

Gender equality

Women make up 57% of Mercialys' workforce and 45% of managers.

BREAKDOWN OF WORKFORCE BY GENDER

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Female managers	41	45%	33	42%	34	41%	37	44%	35	44%	31	40%	+24.2%
Male managers	50	55%	45	58%	49	59%	48	56%	45	56%	46	60%	+11.1%
Female employees	12	86%	12	75%	9	82%	13	87%	13	59%	4	67%	0.0%
Male employees	2	14%	4	25%	2	18%	2	13%	9	41%	2	33%	-50.0%
Female supervisors	21	88%	16	94%	14	100%	13	100%	13	100%	12	100%	+31.3%
Male supervisors	3	12%	1	6%	0	0%	0	0%	0	0%	0	0%	+200%
TOTAL WOMEN	**74**	**57%**	**61**	**55%**	**57**	**53%**	**63**	**56%**	**61**	**53%**	**47**	**49%**	**+21.3%**
TOTAL MEN	**55**	**43%**	**50**	**45%**	**51**	**47%**	**50**	**44%**	**54**	**47%**	**48**	**51%**	**+10.0%**

Mercialys endeavors to make gender equality a reality when it comes to compensation, training and access to promotions. In order to ensure similar changes in compensation, the average salary increase expected by the collective agreements is automatically applied to the salaries of women during their maternity leave. Finally, during maternity and paternity leave, Mercialys makes up the entire salary differential not covered by social security.

GENDER EQUALITY INDEX

Since 2019, French companies have increasingly been required to calculate and publish a gender equality index. 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 they score less than 75 points out of 100, they have to take corrective measures to enable them to score at least 75 points within three years.

Although not bound by this obligation[(1)] Mercialys nevertheless wanted take part in this initiative and publish this index. To do so, the Company complied with the methodology set out by the French Ministry of Labor, Employment and Economic Inclusion.

	2020	2019	Change 2019-2020
Equality index, score out of 100 points	**96**	**92**	+4.3%

The national average score in the index was 87/100 on February 5, 2021. Mercialys is, therefore, one of the best companies in this regard, with a score of 96/100. The Company was also ranked in fourth position in 2020 for being one of the most virtuous listed companies in terms of the number of women serving on governing bodies and professional equality, according to the data from the Secretary of State for gender equality and the fight against discrimination.

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

EQUAL PAY

Equal pay for women and men is at the heart of Mercialys' compensation policy.

In order to take into account the specific profile of each business and to analyze the pay gap in greater detail, it appeared relevant and more accurate to measure that gap in six major business lines, encompassing all of the Company's management-grade employees. These six main business lines are asset management, letting, finance and support, operations, marketing and projects. The average difference is shown below.

To take into account the introduction of this new calculation method for 2020, the previous years' figures are shown with changes calculated according to this new methodology.

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Managerial pay differential (Women *vs.* Men)	**-1.2%**	+3.9%	+4.1%	+1.7%	-7.8%	-0.6%	-129%

Note that the Company's low workforce makes its results highly volatile. A rolling reading over three years gives a better understanding of the impact of staff turnover and makes it possible to smooth out these impacts.

	2018/2020	2017/2019	2016/2018	2015/2017
Managerial pay differential (Women *vs.* Men)	+2.28%	+3.23%	-0.66%	-2.23%

EQUALITY IN MANAGEMENT

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Women on the Management Committee	**8**	**50%**	7	50%	2	22%	2	22%	2	22%	1	14%	+14.3%
Women on the Board of Directors	**5**	**50%**	6	55%	6	55%	6	50%	5	42%	4	36%	-16.7%

Mercialys is implementing an ambitious policy in terms of management diversity, driven by the commitment of Senior Management. In addition to ensuring the equal pay mentioned above, this policy aims, in particular, to maintain the highest standards in terms of balanced representation of women and men within management bodies. Women made up 50% of the Management Committee and 50% of Mercialys' Board of Directors at the end of 2020. Women also chair 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). For further information, see chapter 4, § 4. & 4.1.1.2 p. 237.

Disabilities

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

- the development of partnerships to accommodate interns or young graduates with disabilities;
- awareness-raising among employees and managers.

In 2020, Mercialys had one disabled employee in its workforce. In addition, the Company indirectly contributes to the employment of disabled people by using companies in the protected sector for services provided at its shopping centers (such as the maintenance of green spaces and cleaning).

EMPLOYEES WITH DISABILITIES

	2020	2019	2018	2017	2016	2015
Number of disabled employees	**1**	1	0	0	0	0

In 2020, Mercialys renewed its two partnerships with non-profit organizations dedicated to the employment of people with disabilities.

The first partnership, signed with Arpejeh, mainly concerns junior high-school students. Arpejeh is dedicated to promoting the training, qualification and employment of young people with disabilities.

The second partnership was signed with Tremplin, whose aim is to get companies involved in the preparation of the professional integration of people with disabilities currently in education. It particularly targets senior high-school students and young people on work-study programs or looking for their first job. Under this partnership, one disabled student on a work-study program joined Mercialys' teams in 2019 and 2020.

Age

Lastly, intergenerational balance is also a component of diversity. In 2020, the average age of Mercialys' employees was 38.

BREAKDOWN OF WORKFORCE BY AGE

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Workforce under 30	**42**	**33%**	37	33%	22	20%	33	29%	36	31%	16	17%	+13.5%
Workforce aged between 30 and 50 (inclusive)	**67**	**52%**	54	49%	68	63%	63	56%	65	57%	68	72%	+24.1%
Workforce over 50	**20**	**16%**	20	18%	18	17%	17	15%	14	12%	11	12%	-

2.11 Organization and quality of life at work

Mercialys is convinced that a high-quality work environment is conducive to employee well-being, commitment and productivity.

To this end, in 2020, Mercialys signed several agreements with its social partners:

- a teleworking agreement extending the number of days when teleworking is possible;
- an agreement on the organization of working time, reducing the number of annual working days for those on executive pay packages in order to fulfil Company requirements whilst recognizing employee aspirations;
- an agreement on time savings account;
- an agreement on social dialog, so as to maintain high-quality social dialog by reasserting the importance of the role of employee representatives and setting the basic principles of collective bargaining;
- an agreement on gender equality and quality of life at work, focusing on the following areas: pay gaps, recruitment, access to training, work-life balance, raising awareness and combating sexism.

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

- an agreement on the supplementary health insurance scheme, setting the terms and conditions of health insurance;
- a welfare scheme enabling employees to receive benefits on top of those paid by social security organizations;
- an agreement on the introduction of a Company savings plan, setting the allocation rules and the matching contribution paid by Mercialys;
- a mandatory annual bargaining agreement (NAO) for 2020 covering employee benefits, working conditions and compensation.

Objective No. 1: ensure employee health and safety

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

In 2020, as has been the case for the last five years, Mercialys recorded no fatal work-related accident and no work-related accident resulting in lost time of at least one day.

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

WORKPLACE HEALTH AND SAFETY

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Number of fatal accidents	**0**	0	0	0	0	0	-
Number of road accidents	**0**	0	0	0	0	0	-
Number of occupational diseases	**0**	0	0	0	0	0	-
Number of work-related accidents resulting in lost time of at least one day	**0**	0	0	0	0	0	-
Absenteeism rate	**3.5%**	4.4%	4.7%	3.3%	3.3%	3.9%	-20.5%

When it comes to psychosocial risks, several systems have been put in place:

- actions to eliminate the risk, such as a listening approach implemented by managers;
- measures to reduce the risk, such as the introduction of teleworking for head office employees and a "Charter on the Right to Disconnect". This charter outlines the right to disconnect and sets out best practices for avoiding stress caused by excessive use of digital devices at work;
- the whistleblowing system, which enables inappropriate behavior to be reported to the Ethics Officer with full anonymity *via* a specific channel;
- the provision of a general guide to raise awareness on the prevention of occupational risks.

Moreover, the collective agreements relating to the health and benefit plans were renegotiated in order to provide employees with better coverage, largely defrayed by the Company. Employees were involved in the choice of insurance company as a result of a survey conducted by the Human Resources Department.

In addition, for Mercialys' new head office, all of the furniture and computer hardware was renewed in 2019. For the greater comfort of employees, they were asked to vote for the most ergonomic office chairs, which they were able to test in the offices. Furthermore, convinced that the quality of the work environment has an impact on the performance of employees, Mercialys increased the number of common areas and meeting space formats creating an inclusive open-plan interior architecture conducive to sharing and interaction.

Lastly, since 2019, Mercialys has paid for an annual subscription to a gym network for all its Paris employees to encourage them to exercise.

Mercialys implemented teleworking in 2017 to further improve its employees' work-life balance. At the end of 2020, and excluding lockdown periods, 51% of eligible employees, *i.e.* 38 employees, worked from home one day a week. In 2020, the health situation resulted in teleworking becoming more widespread, outside the signing of these amendments.

Indeed, this system and the teleworking tools made available enabled employees to effectively manage the periods of lockdown that impacted 2020. On this basis, several teleworking phases took place during the year, in line with various Government communications on measures to be taken in the context of the Covid-19 epidemic, namely:

- from March 12, 2020: the introduction of generalized teleworking for all employees at the head office and in Saint-Etienne;
- from June 2, 2020: resumption of face-to-face work with teleworking extended to two days a week. Particular attention was paid to preventive measures, namely the regular use of hydroalcoholic gel, the supply of masks, physical distancing and the maximum number of people attending meetings in one room;
- from October 29, 2020: once again mandatory teleworking for head office employees.

As regards Mercialys shopping center teams, distancing instructions and health rules are the same as those applied at head office. Video-conference meetings are also preferred. Given the specific "on-site" nature of these jobs, the teams were asked to reduce their time at the shopping centers, allowing them to perform all administrative tasks remotely. In order to reduce the risk of Covid-19 contamination, travel to sites was optimized to avoid overnight stays at hotels wherever possible.

Objective No. 2: develop employee commitment

Mercialys conducts a commitment survey with its employees on a regular basis. This survey assesses employee satisfaction and commitment on the basis of a number of aspects such as management, the quality of working relationships and relations between colleagues. This year additional questions were asked about the Company's management of the Covid-19 pandemic. Over 83% of employees felt that the crisis had been well-managed by the Company.

In 2020, the participation rate was 81%, up on the previous survey.

EMPLOYEE COMMITMENT

	2020	**2018**
Rate of participation in the most recent commitment survey	**80.9%**	76.2%

The Company encourages its employees to show solidarity and engage in charitable activities, as it is convinced that this can have a positive impact on their professional commitment. Mercialys continued its two partnerships with non-profit organizations, focusing on youth employment and equal opportunities. The first such partnership was with Institut Télémaque, which strives to promote equal opportunities in education by supporting youths from modest backgrounds, starting in junior high-school. The second was signed with the non-profit organization Article 1, which offers youths personalized educational support with a professional mentor, in order to help them make a success of their professional integration, and in particular to find their first job.

In addition, all Mercialys employees also have the opportunity to show support by donating days of leave to colleagues who have a relative (young or old) in need of constant care.

Finally, because Mercialys firmly believes that creating an environment that is comfortable for working parents helps to bolster employee loyalty, it signed the "Corporate Parenthood Charter". This year, as a result of the Covid-19 pandemic, planned events such as "Corporate Parenthood Day" as well as various team bonding events could not be held in order to respect the Company's health protocol.

Appendices

1 Additional information and data

1.1 Voluntary procedures implemented by the Company in respect of regulations which do not apply to it

Over recent years, several fundamental aspects of corporate life have become the subject of regulations relative to business ethics and corporate responsibility, in the aim of encouraging companies to better incorporate these aspects into their strategic reflection and action plans.

Due to its size, its business segment and/or its exclusively French activities, Mercialys is exempt from a certain number of these regulations. Nevertheless, as a responsible company, Mercialys is voluntarily implementing certain policies, procedures and action plans to address issues that, while not being regulatory prerequisites, are inherent to business ethics.

The Company has voluntarily adopted best practices, although it is not subject to the following regulations:

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

  In chapter 2 of its Universal Registration Document, Mercialys voluntarily presents the information required under the DPEF. This information is also audited on a voluntary basis. Note that, due to the nature of its business, Mercialys does not present any information on tax evasion. Mercialys operates solely in France, where all its employees are based. Moreover, it is subject to the SIIC tax regime specific to listed real estate investment companies, exempting it from corporation tax on income from most of its activities, subject to predetermined conditions.

  For further details, please refer to the cross-reference table on chapter 9, § 9.4.5, p. 463.

- **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 2020, France ranks 23rd 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 Compliance and Ethics Director (also Ethics Officer) and the Internal Control Manager. 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 Risk Prevention Committee which is chaired by Mercialys' Chief Executive Officer, and reporting to the Audit, Risks and Sustainable Development Committee,
  - control and assessment procedures at operational and financial levels. These procedures include in particular 1/ the limitation of the power to make commitments on behalf of the Company, 2/ the validation process by several departments of expenditure and transactions with tenants, and 3/ the capacity restricted to four persons within Senior Management, to make payments on behalf of Mercialys,
  - the existence of a whistleblowing procedure, of which employees are reminded on a regular basis and which guarantees the legally required confidentiality (see p. 113),
  - a Charter of Ethics and code of conduct, appended to the Internal Rules and describing prohibited conduct, in particular that relating to corruption and influence-peddling. This document is given to all new employees and regularly redistributed, and is the subject of an annual training session (see p. 112 et seq.),
  - a responsible lobbying charter, committing the Company and its employees (as well as its service providers, if applicable) to any discussions that may be held with public officials (see p. 113).

- **Law No. 2017-399 of March 27, 2017 relative to parent companies' and contracting companies' duty of care**

  In its business activities, Mercialys is committed to responsible purchasing and vigilance with regard to its value chain. This enables the Company to actively involve its stakeholders in its CSR endeavors. It can thus prevent abuses and mitigate risks in related areas such as ethics, human rights, the health and safety of people, and the environment.

  The Company is a signatory to the UN Global Compact, under which it has undertaken to comply, and ensure compliance throughout its value chain, with ten universal principles relating to human rights, the environment, international labor standards and the fight against corruption. Mercialys is also a signatory to the NEGO4GOOD Charter for ethical and responsible business negotiations. Moreover, the Company's Charter of Ethics and code of conduct includes the subject of the duty of care that the Company has chosen to follow.

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

  - the precise mapping and monitoring of the nature of the Company's expenses in order to identify and assess the most significant purchases with regard to its responsibility in terms of human rights, health and safety and the environment (see p. 108 et seq.). An analysis and update is performed on a regular basis by the CSR Department, which reports notably to the Audit, Risks and Sustainable Development Committee,

- the adoption of measures aimed at preventing and mitigating identified risks, for example through the insertion of CSR clauses in major calls for tenders and service provision contracts, such as for property management or the execution of projects and construction work in the shopping centers (see p. 108 et seq.); or through the review of contracts and procedures to ensure their compliance with the GDPR (see p. 103),
- the monitoring of these measures and the conduct of assessments and specific audits, such as external audits on the safety of each center, comprising monitoring the implementation of any corrective measures, which can lead to the termination of the contract in the event of non-compliance with these measures (see p. 102 et seq.), preventive environmental assessments going beyond regulatory requirements (see p. 103), and audits on the quality of the main services in the centers (see p. 109 et seq.),
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees confidentiality (see p. 113).

- **Law No. 2018-771 of September 5, 2018 "professional future" on gender equality in the workplace**

  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, medical condition or disability. These commitments are included in its Charter 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 "Corporate Diversity 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. 116).

1.2 Summary and additional indicators

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Energy and greenhouse gas emissions	**Energy consumption**	○		MWh	64,330	60,421	54,611	54,020	54,050	**46,695**
		□		MWh	46,002	43,883	44,021	43,293	40,691	**35,943**
	Electricity consumption	○	Elec-Abs	MWh	45,175	44,141	41,578	41,683	41,339	**36,395**
		□	Elec-LfL	MWh	34,882	34,359	33,647	33,162	31,525	**27,882**
	Gas consumption	○	Fuels-Abs	MWh	17,847	14,818	11,468	10,734	10,806	**8,676**
		□	Fuels-LfL	MWh	9,736	8,062	8,808	8,529	7,261	**6,436**
	Urban heat consumption	○	DH&C-Abs	MWh	1,309	1,462	1,565	1,603	1,905	**1,625**
		□	DH&C-LfL	MWh	1,383	1,462	1,565	1,603	1,905	**1,625**
	Energy intensity per unit area	○	Energy-Int	kWh/sq.m.	197.4	195.2	191.4	186.1	179.9	**163.8**
		□	Energy-Int	kWh/sq.m.	186.6	182.9	181.8	179.2	168.0	**151.7**
	Usage energy intensity	○	Energy-Int	kWh/ visitor	0.4	0.4	0.4	0.4	0.4	**0.4**
		□	Energy-Int	kWh/ visitor	0.4	0.4	0.4	0.4	0.4	**0.4**
	Climate-restated energy consumption	○		MWh	31,684	28,225	29,484	30,500	30,544	**28,040**
		□		MWh	27,329	24,560	25,047	25,015	23,587	**22,195**
	Share of energy consumption from renewable sources			%			9.1	10.0	10.5	**13.4**
	Photovoltaic production			MWh	44,334	47,829	51,736	50,539	50,097	**48,648**
	Percentage of portfolio with a photovoltaic power plant, by value			%	30.1	38.1	38.8	38.0	37.4	**36.5**
	Scope 1 greenhouse gas emissions	○	GHG-Dir-Abs	$tCO_2eq.$	3,046	2,854	2,116	2,149	2,255	**1,945**
		□		$tCO_2eq.$	1,959	1,558	1,455	1,434	1,300	**1,221**
	Scope 2 greenhouse gas emissions, location-based	○	GHG-Indir-Abs	$tCO_2eq.$	2,280	4,409	4,251	4,383	4,888	**4,377**
		□		$tCO_2eq.$	2,029	1,838	1,730	1,771	1,752	**1,616**
	Scope 2 greenhouse gas emissions, market-based	○	GHG-Indir-Abs	$tCO_2eq.$			4,530	4,132	4,507	**4,145**
	Scopes 1 & 2 greenhouse gas emissions, location-based	○		$tCO_2eq.$	5,326	7,263	6,367	6,532	7,143	**6,322**
		□		$tCO_2eq.$	3,989	3,396	3,184	3,205	3,053	**2,837**
	Scopes 1 & 2 greenhouse gas emissions, market-based	○		$tCO_2eq.$			6,646	6,281	6,762	**6,090**
	Scopes 1 & 2 areal carbon intensity, location-based	○	GHG-Int	$kgCO_2eq./$ sq.m.	24.5	27.8	25.1	22.7	22.7	**20.9**
		□	GHG-Int	$kgCO_2eq./$ sq.m.	23.6	21.0	19.4	19.5	18.5	**17.8**
	Scopes 1 & 2 areal carbon intensity, market-based	○	GHG-Int	$kgCO_2eq./$ sq.m.			23.3	21.8	21.5	**20.1**
	Scopes 1 and 2 carbon intensity of use, location-based	○	GHG-Int	$kgCO_2eq./$ visitor	52.1	56.0	54.7	47.6	49.5	**51.6**
		□	GHG-Int	$kgCO_2eq./$ visitor	54.4	45.0	40.9	44.0	41.7	**47.9**
	Greenhouse gas emissions related to tenants' energy consumption			$kgCO_2eq./$ sq.m.			51.5	53.2	71.6	**71.3**
	Greenhouse gas emissions linked to employees' travel			$tCO_2eq.$			289.0	321.0	190.0	**92.6**
	Greenhouse gas emissions relating to the management of operations waste			$tCO_2eq./$ metric ton			0.3	0.2	0.2	**0.2**
	Greenhouse gas emissions from upstream production		GHG-Indir-Abs	$tCO_2eq.$						**1,042**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Asset resilience and adaptability	**Share of BREEAM In-Use certified shopping centers by value**		Cert-Tot	%	28.4	28.2	45.9	55.6	68.3	**77.4**
	Share of BREEAM In-Use certified shopping centers, by surface area		Cert-Tot	%		18.2	42.6	49.2	61.1	**73.8**
	Number of BREEAM In-Use certified shopping centers		Cert-Tot		5	5	22	23	26	**23**
	Share of BREEAM New Construction certified shopping centers by value		Cert-Tot	%	0.0	0.0	7.5	7.7	7.4	**7.3**
	Number of BREEAM New Construction certified shopping centers		Cert-Tot		0	0	1	1	1	**1**
Circular economy	**Total quantity of waste**	○	Waste-Abs	metric tons	5,870	6,695	6,743	7,772	8,519	**7,348**
		□	Waste-LfL	metric tons	4,572	4,895	4,852	5,404	5,365	**4,569**
	Quantity of non-hazardous industrial waste	○	Waste-Abs	metric tons	4,568	5,282	5,125	5,921	6,425	**5,517**
		□	Waste-LfL	metric tons	3,546	3,791	3,679	4,144	4,153	**3,559**
	Quantity of cardboard	○	Waste-Abs	metric tons	1,261	1,372	1,520	1,718	1,883	**1,631**
		□	Waste-LfL	metric tons	1,006	1,081	1,139	1,205	1,185	**963**
	Quantity of plastic	○	Waste-Abs	metric tons	19.3	23.2	32.7	37.1	25.6	**24.7**
		□	Waste-LfL	metric tons	19.3	23.2	28.1	32.1	15.9	**11.7**
	Quantity of biodegradable waste	○	Waste-Abs	metric tons	22.0	16.6	60.7	82.3	80.0	**91.3**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	9.7	5.6	**23.9**
	Quantity of paper	○	Waste-Abs	metric tons	0.0	0.0	0.0	0.0	0.0	**0.0**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	0.0	0.0	**0.0**
	Quantity of wood	○	Waste-Abs	metric tons	0.0	0.0	5.0	5.1	14.2	**20.8**
		□	Waste-LfL	metric tons	0.0	0.0	5.0	5.1	3.6	**8.2**
	Quantity of glass	○	Waste-Abs	metric tons	0.0	0.0	0.0	8.0	2.5	**3.2**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	8.0	2.5	**3.2**
	Quantity of metal	○	Waste-Abs	metric tons	0.0	0.0	0.0	0.0	0.0	**0.8**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	0.0	0.0	**0.0**
	Quantity of other waste	○	Waste-Abs	metric tons	0.0	0.0	0.0	0.0	89.4	**59.4**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	0.0	0.0	**0.0**
	Waste sorting rate	○		%	22.2	21.1	24.0	23.8	24.6	**24.9**
		□		%	22.4	22.6	24.2	23.3	22.6	**22.1**
	Waste recovery rate	○		%	28.1	18.5	33.0	47.8	59.3	**50.7**
		□		%	24.1	14.2	23.6	40.6	49.3	**46.7**
	Share of recycled waste	○		%	18.3	7.0	21.3	14.7	11.6	**9.8**
		□		%	19.5	8.4	14.8	6.8	6.4	**7.4**
	Share of composted waste	○		%	0.0	1.7	1.0	0.1	0.3	**0.3**
		□		%	0.0	2.4	1.5	0.0	0.0	**0.0**
	Share of waste incinerated with energy recovery	○		%	4.9	5.6	3.7	8.1	7.3	**5.3**
		□		%	0.0	1.4	0.9	7.9	7.8	**5.9**
	Percentage of waste recovered in other ways	○		%	5.0	4.1	6.9	25.0	40.1	**35.3**
		□		%	4.6	2.0	6.4	25.9	35.2	**33.3**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Circular economy	Total water consumption	○	Water-Abs	m^3	135,459	139,763	144,199	134,027	158,298	**147,213**
		□	Water-LfL	m^3	104,228	100,280	100,640	96,300	98,704	**76,831**
	Areal water intensity	○	Water-Int	m^3/sq.m.	1.1	1.1	1.2	0.9	1.1	**1.0**
		□	Water-Int	m^3/sq.m.	1.2	1.2	1.2	1.1	1.1	**0.9**
	Water consumption per visitor	○	Water-Int	L/visitor	1.2	1.3	1.3	1.0	1.2	**1.4**
		□	Water-Int	L/visitor	1.3	1.2	1.3	1.2	1.3	**1.2**
	Private water consumption			m^3						**133,008**
Biodiversity	Average BREEAM In-Use score for Land Use & Ecology			%			26.4	33.0	38.5	**71.3**
Accessibility and connectivity	Average number of transport lines accessible to one visitor to a shopping center					3	3	3	3	**3**
	Share of shopping centers located less than 500 meters from a public transport stop			%	80.0	96.2	98.3	98.3	99.5	**100.0**
	Share of customers coming by car and motorcycle to the shopping centers			%	85.5	85.5	75.1	63.6	83.8	**88.1**
	Share of customers coming by public transportation to the shopping centers			%	7.4	7.4	13.0	20.1	8.3	**7.3**
	Share of customers who travel to shopping centers by bicycle			%	0.8	0.8	2.7	1.1	0.9	**NA**
	Share of customers walking to the shopping centers			%	6.3	6.3	9.2	15.2	6.9	**4.6**
	Share of shopping centers equipped with carpooling spaces			%			60.8	61.3	67.5	**61.2**
	Share of shopping centers equipped with charging stations for electric vehicles			%			33.3	46.7	46.3	**47.1**
Customer well-being, health and safety	Share of shopping centers that underwent a safety audit during the year		H&S-Asset	%				78.7	82.9	**85.6**
	Average safety audit score		H&S-Asset	%				87.9	86.7	**92.3**
	Share of shopping centers covered by a visitor satisfaction survey			%	63.0	65.3	86.3	93.3	93.6	**94.8**
	Average rating in the visitor satisfaction survey			/5				4.2	4.3	**4.3**
	Share of shopping centers covered by a loyalty program			%	9.4	61.5	71.6	71.0	84.3	**83.5**
	Share of shopping centers covered by a tenant satisfaction survey			%		28.4	52.5	63.0	84.0	**90.9**
Community life and local economic development	Share of shopping centers that organized an employment event during the year		Comty-Eng	%				31.4	28.2	**0.0**
	Number of job offers at Mercialys shopping centers							1,524	1,929	**72**
	Number of jobs induced by Mercialys' business activity						20,607	20,617	19,756	**19,595**
	Share of shopping centers that hosted a non-profit organization during the year		Comty-Eng	%					93.9	**92.9**
	Share of shopping centers carrying out at least one CSR initiative during the year		Comty-Eng	%					68.9	**40.0**
	Contribution to support for local non-profits		Comty-Eng	€K						**988.5**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Responsible value chain	Share of shopping center purchases covered by CSR clauses		%				79.6	78.9	**85.5**
	Share of corporate purchases covered by CSR clauses		%				22.7	21.4	**25.7**
	Share of leases signed during the year comprising an environmental clause		%	61.0	70.0	100.0	100.0	94.4	**93.4**
	Share of leases with environmental clause in the portfolio		%						**38.3**
	Share of shopping centers placing CSR on the agenda of a meeting with tenants		%				90.5	93.2	**79.3**
	Share of tenants whose energy consumption data was collected		%			20.9	19.8	29.5	**37.0**
	Share of shopping centers providing customers with CSR information during the year		%				95.9	96.0	**96.9**
	Number of referrals to the Ethics Officer as part of the whistle-blowing procedure						0	0	**0**
	Share of employees trained in ethics during the year		%				84.5	82.9	**96.9**
	Share of employees with an individual CSR objective		%					100.0	**100.0**
	Lobbying expenses		€K						**55.0**
Talents and diversity	Total staff			95	115	113	108	111	**129**
	Staff with permanent employment contracts (CDI)			91	95	97	97	93	**109**
	Staff with temporary employment contracts (CDD)			4	20	16	11	18	**20**
	Number of co-op students				18	12	9	4	**9**
	Number of interns			7	12	12	12	5	**4**
	Temporary staff					7	13	9	**9**
	Full-time staff			85	107	103	100	105	**123**
	Part-time staff			10	8	10	8	6	**6**
	Total number of hires	Emp-Turnover		29	43	35	19	30	**44**
	Number of new hires with temporary employment contracts (CDD)	Emp-Turnover		3	20	13	8	14	**16**
	Number of new hires with permanent employment contracts (CDI)	Emp-Turnover		26	23	22	11	16	**28**
	Number of redundancies	Emp-Turnover		0	0	0	0	0	**0**
	Number of dismissals for other reasons	Emp-Turnover		8	5	5	4	5	**4**
	Total number of departures	Emp-Turnover		15	21	36	25	21	**14**
	Permanent staff turnover	Emp-Turnover	%	17.0	14.4	14.2	10.2	22.1	**13.9**
	Average annual increase for employees		%	0.7	1.0	1.0	1.5	1.0	**1.0**
	Number of bonus shares distributed			0	42,464	83,947	83,199	72,890	**188,433**
	Total number of training hours	Emp-Training	hours	962	1,082	1,747	1,281	1,402	**741**
	Average number of training hours per employee trained	Emp-Training	hours/employee	17.2	18.0	15.2	11.6	12.7	**5.4**
	Number of permanent employees trained	Emp-Training						96	**114**
	Share of trained employees	Emp-Training	%	62	52	100	100	99	**100**
	Budget allocated to training	Emp-Training	€	107,200	81,402	198,000	295,120	127,767	**122,456**
	Number of disabled employees	Diversity-Emp				0	0	1	**1**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Talents and diversity	Total number of women	Diversity-Emp		47	61	63	57	61	**74**
	Total number of men	Diversity-Emp		48	54	50	51	50	**55**
	Total number of female managers	Diversity-Emp		31	35	37	34	33	**41**
	Total number of female employees	Diversity-Emp		4	13	13	9	12	**12**
	Total number of female supervisors	Diversity-Emp		12	13	13	14	16	**21**
	Total number of male managers	Diversity-Emp		46	45	48	49	45	**50**
	Total number of male employees	Diversity-Emp		2	9	2	2	4	**2**
	Total number of male supervisors	Diversity-Emp		0	0	0	0	1	**3**
	Number of women on the Management Committee	Diversity-Emp		1	2	2	2	7	**8**
	Number of men on the Management Committee	Diversity-Emp		7	7	7	7	7	**8**
	Number of women on the Board of Directors	Diversity-Emp		4	5	6	6	6	**5**
	Number of men on the Board of Directors	Diversity-Emp		7	7	6	5	5	**5**
	Number of women on permanent employment contracts promoted during the year	Diversity-Emp		3	1	1	0	1	**2**
	Number of women recruited during the year	Diversity-Emp		13	24	21	10	22	**27**
	Number of women trained during the year	Diversity-Emp				83	61	66	**79**
	Average age		Years	39.0	37.0	37.1	38.7	37.3	**37.6**
	Number of employees under 30	Diversity-Emp		16	36	33	22	37	**42**
	Number of employees between 30 and 50	Diversity-Emp		68	65	63	68	54	**67**
	Number of employees over 50	Diversity-Emp		11	14	17	18	20	**20**
	Gender equality index	Diversity-Pay	/100					92	**96**
	Gender pay gap for managers	Diversity-Pay	%	-0.6	-7.8	+1.7	+4.1	+3.9	**-1.2**
Organization and quality of life at work	Number of fatal accidents	H&S-Emp		0	0	0	0	0	**0**
	Number of road accidents	H&S-Emp		0	0	0	0	0	**0**
	Number of occupational diseases	H&S-Emp		0	0	0	0	0	**0**
	Number of work-related accidents	H&S-Emp		0	0	0	0	0	**0**
	Frequency rate of workplace accidents	H&S-Emp		0	0	0	0	0	**0**
	Severity rate of workplace accidents	H&S-Emp		0	0	0	0	0	**0**
	Number of employees teleworking					22	36	41	**38**
	Number of people eligible for teleworking					58	58	55	**74**
	Absenteeism rate	H&S-Emp	%	3.9	3.3	3.3	4.7	4.4	**3.5**
	Rate of participation in the most recent engagement survey		%			80.7	76.2	76.2	**80.9**
	Number of days donated to caregivers		days	5	4	6	5	0	**7**
	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			15	18	17	17	27	**33**
	Percentage of employees who had an annual appraisal interview	Emp-Dev	%						**100**

1.3 Cross-reference tables

Taskforce on Climate-related Financial Disclosures (TCFD) recommendations

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

TCFD recommendation		Correspondence in the Universal Registration Document
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	chapter 2, § 2.1, p. 84 to 86
	b) Describe the management's role in assessing and managing climate-related risks and opportunities	chapter 2, § 2.1, p. 84 to 86
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	chapter 2, § 2.1, p. 88 chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	chapter 2, § 2.1, p. 88 chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	chapter 2, § 2.1, p. 84 and 86 chapter 5, § 5.2.1, p. 324 to 326
	b) Describe the organization's processes for managing climate-related risks	chapter 2, § 2.1, p. 84 to 86 chapter 2, § 2.2, p. 92 and 93 chapter 2, § 2.3, p. 95 and 96 chapter 5, § 5.1.1 and § 5.1.2, p. 318 to 322
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	chapter 2, § 2.1, p. 84 to 86 chapter 5, § 5.2.1, p. 324 to 326
Indicators and objectives	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	chapter 2, § 2.2, p. 94 chapter 2, Appendix 1.2, p. 122 chapter 4, § 4.2.2, p. 277 and 309
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	chapter 2, § 2.2, p. 94 chapter 2, Appendix 1.2, p. 122
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	chapter 2, § 2.2, p. 92

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	Correspondence in the Universal Registration Document
Composition of the Board of Directors	Gov-Board	chapter 4, § 4.1.1.2, p. 237 to 258
Procedure for selecting and appointing Board members	Gov-Select	chapter 4, § 4.1.1, p. 236 and 241
Procedure for managing conflicts of interests	Gov-Col	chapter 4, § 4.1.7, p. 272

1.4 Head office indicators

Indicator	Scope	EPRA code	Unit	2015	2016	2017	2018	2019	2020	Change 2019-2020
Total electricity consumption	○	Elec-Abs	MWh	181	225	216	234	147	**17**	
	□	Elec-LFL	MWh	181	225	216	234	147	**17**	-88.4%
Total energy consumption from district heating or cooling networks	○	DH&C-Abs	MWh	137	156	156	197	184	**67**	
	□	DH&C-LFL	MWh	137	156	156	197	184	**67**	-63.4%
Total fuel consumption	○	Fuels-Abs	MWh	4.0	4.0	4.2	3.9	3.2	**0.0**	
	□	Fuels-LFL	MWh	4.0	4.0	4.2	3.9	3.2	**0.0**	-100.0%
Energy intensity of the building		Energy-Int	kWh/sq.m.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total direct GHG emissions		GHG-Dir-Abs	CO_2	1.10	0.74	0.83	0.77	0.58	**0.00**	
Total indirect GHG emissions		GHG-Indir-Abs	CO_2	37.6	43.9	43.3	53.7	37.5	**11.8**	
Carbon intensity of the building		GHG-Int	$tCO_2eq.$/sq.m.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total water consumption	□	Water-Abs	m^3	478	608	514	688	611	**517**	
	○	Water-LFL	m^3	478	608	514	688	611	**517**	-15.4%
Building's water intensity		Water-Int	m^3/visitor	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total waste production by type of treatment	○	Waste-Abs	metric tons	4.7	5.7	6.2	7.3	2.9	**0.6**	
			% recycled	35%	34%	34%	26%	57%	**100%**	
			% buried	65%	66%	66%	74%	43%	**0%**	
	□	Waste-LFL	metric tons	4.7	5.7	6.2	7.3	2.9	**0.6**	-78.5%
			% recycled	35%	34%	34%	26%	57%	**100%**	
			% buried	65%	66%	66%	74%	43%	**0%**	

○ *Current* □ *Like-for-like*

2 Methodological note

1. Scope

A. CSR scope

The CSR scope includes assets in the portfolio at December 31, year N, excluding "Monoprix" assets and individual lots. The CSR scope therefore solely consists of shopping centers.

B. Current scope

The current scope comprises the assets within the CSR scope, excluding acquisitions during the year, in accordance with the French council of shopping centers (CNCC)'s CSR reporting guidelines.

C. 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 CNCC's CSR reporting guidelines.

Like-for-like basis is calculated in relation to 2015, the MERY'21 CSR strategy baseline year.

2. Reporting period

Environmental indicators (energy consumption, water consumption, greenhouse gas emissions, waste quantities, etc.) are reported over a rolling 12-month period, from October 1 of year N-1 to September 30 of year N. Data entered as "N" therefore correspond to the environmental indicators calculated from October 1 of year N-1 to September 30 of year N, inclusive.

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

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

3. Coverage rate

For each indicator, the coverage rate is given in terms of fair value, including transfer taxes.

The fair value of each asset is based on appraisals conducted on behalf of Mercialys.

For constant scope coverage rates, the market values at December 31 of year N are used.

4. Business indicators

A. Surface area of common areas

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

B. Gross leasable area surfaces

The gross leasable areas (used for the calculation of coverage rates in surface area) are those appearing in chapter 1, § 1.3.2.3, p. 77 et seq.

C. Footfall

Footfall data comes from the counter systems set up at the shopping centers and are collected daily.

The shopping centers for which counters were installed (full installation or modification of existing equipment) during the reporting period are not included in the usage indicators scope. They are factored in after a full year of operation.

5. Environmental 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. 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).

C. Greenhouse gas emissions

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

Greenhouse gas emissions (scope 1)

Emissions related to energy consumption burned on-site for the common areas and connected private areas (particularly gas) and to refrigerant leaks.

Greenhouse gas emissions generated by refrigerant leaks from air conditioning systems are calculated as follows:

Greenhouse gas emissions generated by the refrigerant ($kgCO_2e$) = quantity of refrigerant (kg) × refrigerant's GWP[1] ($kgCO_2e/kg$).

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 GWP

The location-based emission factors used are derived from ADEME's Carbon Base in the most recent version available.

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

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.

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

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 emission factor of the Carbon Base is used.

D. Waste

This relates to waste:

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

The sites for which waste management is shared between the hypermarket and the shopping center are not taken into account as part of the waste scope.

Quantity

Waste quantities are given by the service provider that collects and handles the treatment of waste on a web platform. For removal in volume, the collected tonnage is estimated based on a number of containers removed and an average volume weight.

For removal by the town, an estimation methodology based on average tonnage by sq.m. has been devised.

Quantities of unclassified waste (waste that is sorted but rejected for recovery because it is insufficiently sorted) is incorporated into the tonnage of non-hazardous industrial waste.

Outfalls

Information on outfalls is reported by the waste service providers based on European nomenclature codes. For this indicator, a site is excluded from the scope if the end-of-life treatment of more than 30% of the waste produced (in metric tons) is unknown.

E. Water consumption

This applies to drinking water consumption only in communal areas, expressed in m^3.

This indicator includes:

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

This indicator does not include:

- purely private consumption (shop consumption);
- water consumption related to fire safety (sprinkler tank, etc.).

F. 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).

G. Accessibility by public transport

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

H. Modes of transport used by visitors

The modes of transport used by visitors are calculated based on a customer survey distributed either on paper or digitally (WiFi form or game). Shopping centers with fewer than 100 respondents are not used to calculate this indicator.

Modes of transport are weighted by the center's footfall.

6. Social indicators

A. Training

All types of training, whether face-to-face or e-learning courses, are taken into account for the training indicators. There is no minimum duration used to calculate training hours.

B. 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.

C. Absenteeism

The absenteeism rate is calculated based on theoretical working hours. It takes into account all hours of absence that are not hours for parental leave, training hours or days off.

7. Societal indicators

A. 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. Exempt leases of less than one year, lease amendments and disposals of businesses are excluded.

B. Jobs at the portfolio's shopping centers

These jobs include:

- store positions in shopping centers. These jobs were identified specifically from a sample of Mercialys' centers. Based on the corresponding areas, employment ratios per sq.m., specific to each business sector, were calculated. These area-based ratios are used to extrapolate store positions at all shopping centers in Mercialys' portfolio;
- indirect jobs with service providers operating at Mercialys' centers. The following activities were taken into account: maintenance, cleaning, insurance and security.

C. Visitor satisfaction

Visitor satisfaction is calculated based on the overall satisfaction score, weighted by the shopping center's footfall. The score is taken into account for all the shopping centers surveyed, irrespective of the number of respondents.

To be included in the coverage rate, a shopping center must have used the survey in the last 24 months.

D. Tenant satisfaction

Tenant satisfaction is measured through paper surveys.

To be included in the coverage rate, a shopping center must have used the survey in the last 24 months.

E. Shopping center responsible purchasing

The share of purchases including a CSR clause is calculated on the basis of the amounts entered in the shopping centers' spending budgets, the difference between the budgeted and actual amount being immaterial.

However, for 2020 this amount was unusually high for certain items, and does not reflect purchases in a typical year. The health and safety measures put in place led to exceptional expenses (ramping up of safety or cleaning services, purchase of hydroalcoholic gel, etc.). Although these purchases followed the same purchasing processes and included the same CSR criteria, it seemed more appropriate for Mercialys to base its calculations on actual expenses for 2019 rather than on the 2020 budget, which would have overweighted certain categories of purchase.

3 Independent third party's report

Mercialys

Year ended the December 31, 2020

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

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of one of the Statutory Auditors of your company (hereinafter referred to as "entity"), we present to you our report on the consolidated non-financial statement established for the year ended on the December 31, 2020 (hereafter referred to as the "Statement"), which the entity has chosen to prepare and include in its management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

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

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

Independence and quality control

Our independence is defined by the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225 105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

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

Nature and scope of the work

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

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225 102 1 III of the French Commercial Code as well as information set out in the second paragraph of Article L. 22-10-36 regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (talents and diversity, as well as organization and living conditions at work), 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 le Phare de l'Europe (Brest) et la Galerie Espace Monthieu (Saint-Etienne);

(1) *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.*

- 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, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 4% and 8% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (4% of the energy consumption, 6% of the surface of common areas and 8% of the market value);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities included in the consolidation perimeter.

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

Means and resources

Our verification work mobilized the skills of five people and took place between October 2020 and February 2021 on a total duration of intervention of about ten weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement; representing in particular the environmental, human resources, property management and operations departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, March 10, 2021

French original signed by:

Independent third party
EY & Associés

Jean-François Bélorgey
Partner

Eric Duvaud
Partner, Sustainable Development

Appendix 1: The most important information

Social Information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
Turnover (permanent contracts) Average number of training hours per employee trained Proportion of trained employees Number of disabled employees Share of women in the management committee and on the Board of Directors Professional equality index Breakdown of employees by age and by gender Frequency rate and severity rate of workplace accidents Absenteeism rate Wage equity ratio	Recruitment and integration of talents Development of employees' skills and support in the evolution of their profession or function Development of employee engagement Actions to promote gender diversity and diversity within teams Measures to ensure the health and safety of employees

Environmental Information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
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 Greenhouse gas emissions scope 3 (related to the management of waste from operations, related to tenants' energy consumption and related to employees' travel) Share of BREEAM In-Use certified assets by value Share of BREEAM New Construction certified assets by value Total quantity of waste by type of waste Waste sorting rate Waste valorization rate et breakdown by types of waste valorization (recycled, reused, composted, incinerated with energy recovering, other type of valorization) Water consumption of common parts Water consumption of tenants Share of tenants whose energy consumptions were collected	Energy efficiency improvement measures Definition and follow-up of a 2 °C strategy Measures to ensure assets' adaptability Progression of a certification level for BREEAM In-Use certified assets Measures in favor of circular economy Measures in favor of biodiversity

Societal Information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
Share of assets having undergone a safety audit Average security audit score Share of assets covered by a visitor satisfaction survey and average rating Share of assets covered by a tenant satisfaction survey Share of assets that have carried out an employment supporting action Number of job offers in Mercialys assets Number of jobs hosted by Mercialys assets Share of assets that hosted an association Number of associations hosted Share of leases signed during the year covered by an environmental annex Share of corporate purchases covered by CSR clauses Share of asset purchases covered by CSR clauses Number of cases referred to the Ethics Officer as part of the alert procedure Fatal accidents at work on construction sites Share of assets located within 500m of a public transport stop Breakdown of the visitors' modes of arrival by type of transport Share of assets equipped with carpooling spaces Share of assets equipped with charging stations for electric vehicles	Measures implemented to promote alternative means of transport Implementation of local employment initiatives Provision of space for associations within the assets Insertion of CSR clauses in purchasing contracts and awareness-raising measures for stakeholders in the value chain Measure to ensure safety, health quality and well-being within the assets

€3,258M
Portfolio value including transfer taxes

€18.42
EPRA NDV per share

5.72%
Average appraisal yield rate

3

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.1 Consolidated financial statements

3.1.1 Financial statements

3.1.1.1 Consolidated income statement

(in thousands of euros)	Notes	12/2020	12/2019
Rental revenues		**175,440**	**191,853**
Service charges and property taxes		(44,390)	(47,811)
Charges and tax billed to tenants		38,555	42,236
Net property operating charges		(22,248)	(7,076)
Net rental income	**6.1**	**147,357**	**179,202**
Management, administrative and other activities income	6.2	3,035	3,229
Other income	6.3	53	276
Other expenses	6.4	(6,150)	(7,283)
Personnel expenses	6.5	(13,121)	(12,413)
Depreciation and amortization	6.6	(40,777)	(40,440)
Reversals of/(Allowances for) provisions		1,343	(1,252)
Other operating income	6.7	242,125	102,496
Other operating expenses	6.7	(209,381)	(98,792)
Operating income		**124,484**	**125,023**
Income from cash and cash equivalents		61	190
Gross finance costs		(21,891)	(22,180)
Expense/(Income) from net financial debt	**14.1.1**	**(21,830)**	**(21,990)**
Other financial income	14.1.2	233	255
Other financial expenses	14.1.2	(3,024)	(3,111)
Net financial items		**(24,621)**	**(24,846)**
Tax expense	7.1	(2,019)	(3,270)
Share of net income from associates and joint ventures	3.5	(3,695)	2,289
CONSOLIDATED NET INCOME		**94,148**	**99,196**
attributable to non-controlling interests		8,316	8,856
attributable to owners of the parent		85,833	90,340
Earnings per share[(1)]	**20.3**		
Net income per share, attributable to owners of the parent *(€)*		0.94	0.98
Diluted net income per share, attributable to owners of the parent *(€)*		0.94	0.98

(1) Based on the weighted average number of shares over the period adjusted for treasury shares
Undiluted weighted average number of shares in 2020 = 91,532,357 shares.
Fully diluted weighted average number of shares in 2020 = 91,532,357 shares..

3.1.1.2 Statement of consolidated comprehensive income

(in thousands of euros)	Notes	12/2020	12/2019
Consolidated net income		94,148	99,196
Items that may be recycled as income		**(3,838)**	**(9,180)**
Cash flow hedges	18	(4,177)	(9,518)
Tax effects	7.2	339	338
Items that may not be recycled as income		**(1,269)**	**(4,115)**
Change in fair value of financial assets measured at fair value through the other items of comprehensive income	18	(1,249)	(3,326)
Actuarial gains or losses	22.1	(43)	(7)
Tax effects	7.2	23	(783)
Other comprehensive income for the period, net of tax		**(5,106)**	**(13,296)**
CONSOLIDATED COMPREHENSIVE INCOME		**89,041**	**85,901**
Attributable to non-controlling interests		8,316	8,856
Attributable to owners of the parent		**80,726**	**77,045**

3.1.1.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	12/2020	12/2019
Intangible assets	8.1	4,052	3,588
Property, plant and equipment	8.1	1,605	857
Investment property	8.1	2,050,907	2,222,452
Right-of-use assets	9	8,902	9,981
Investments in associates	3.5	38,918	36,355
Other non-current assets	10	73,865	51,867
Deferred tax assets	7	1,728	1,200
Non-current assets		**2,179,976**	**2,326,300**
Trade receivables	12	38,217	20,532
Other current assets	13	40,660	36,594
Cash and cash equivalents	14	464,611	72,024
Investment property held for sale	8.2	111	111
Current assets		**543,599**	**129,262**
TOTAL ASSETS		**2,723,575**	**2,455,562**

Equity and liabilities

(in thousands of euros)	Notes	12/2020	12/2019
Share capital	20	92,049	92,049
Additional paid-in capital, treasury shares and other reserves		600,875	565,909
Equity, attributable to owners of the parent	20	692,925	657,958
Non-controlling interests	20.5	202,193	202,072
Equity		**895,118**	**860,030**
Non-current provisions	22	1,207	1,128
Non-current financial liabilities	14	1,355,914	1,234,944
Deposits and guarantees		22,295	21,502
Non-current lease liabilities	9	8,655	9,640
Other non-current liabilities	17.2	15,311	12,939
Non-current liabilities		**1,403,381**	**1,280,154**
Trade payables	15	15,394	13,839
Current financial liabilities	14	348,553	261,643
Current lease liabilities	9	985	959
Current provisions	22	9,942	10,920
Other current liabilities	16	50,193	27,542
Current tax liabilities	16	9	474
Current liabilities		**425,076**	**315,378**
TOTAL EQUITY AND LIABILITIES		**2,723,575**	**2,455,562**

3.1.1.4 Consolidated cash-flow statement

(in thousands of euros)	Notes	12/2020	12/2019
Net income, attributable to owners of the parent		85,833	90,340
Non-controlling interests		8,316	8,856
Consolidated net income		**94,148**	**99,196**
Depreciation, amortization(1) and provisions, net of reversals	6.6	53,372	54,226
Expenses/(income) relating to stock options and similar		24	206
Other calculated expenses/(income)(2)		(2,419)	(2,133)
Share of net income from equity associates and joint ventures	3.5	3,695	(2,289)
Dividends received from associates and joint ventures	3.5	6,234	2,449
Income from asset disposals		(47,542)	(17,443)
Expenses/(income) from net financial debt		21,830	21,990
Net financial interest in respect of lease agreements	9	334	328
Tax expense (including deferred tax)	7	2,019	3,270
Cash-flow		**131,695**	**159,800**
Taxes received/(paid)		(3,298)	(2,572)
Change in working capital requirement relating to operations, excluding deposits and guarantees(3)		5,696	(1,688)
Change in deposits and guarantees		792	(579)
Net cash flows from operating activities		**134,885**	**154,960**
Cash payments on acquisitions of:			
• investment properties and other fixed assets	4.2/8.1.2.3	(61,593)	(26,412)
• non-current financial assets		(1,833)	(1)
Cash receipts on disposals of:			
• investment properties and other fixed assets	4.3	188,386	96,285
• non-current financial assets		-	-
Investments in associates and joint ventures	4.5	-	(1,625)
Impact of changes in scope with change of control		-	-
Change in loans and advances granted	4.5	1,799	10,839
Net cash flow from investing activities		**126,757**	**79,086**
Dividends paid to parent company shareholders	21	(43,957)	(56,863)
Dividends paid to parent company shareholders (interim)	21	-	(43,123)
Dividends paid to non-controlling interests	20.5	(8,194)	(6,728)
Increase or decrease in capital		(1)	-
Other transactions with shareholders		-	-
Changes in treasury shares		(1,825)	960
Increase in borrowings and financial liabilities	4.1	1,097,167	1,499,700
Decrease in borrowings and financial liabilities	4.1	(901,800)	(1,912,400)
Repayment of lease liabilities	9	(959)	(644)
Interest received	4.4	23,447	33,349
Interest paid	4.4	(32,933)	(53,332)
Net cash flow from financing activities		**130,947**	**(539,080)**
CHANGE IN CASH POSITION		**392,588**	**(305,034)**
Net cash at beginning of year	14	72,012	377,046
Net cash at end of year	14	464,600	72,012
Of which:			
• Cash and cash equivalents		464,611	72,024
• Bank overdrafts		(11)	(12)

(1) Depreciation and amortization exclude the impact of current asset impairments.			
(2) Other calculated expenses and income mainly comprise:			
• *discounting adjustments to construction leases (note 10, p. 171)*		*(340)*	*(355)*
• *lease rights received from tenants and spread out over the fixed term of the lease*		*(2,472)*	*(2,899)*
• *deferred financial expenses*		*434*	*921*
• *interest on non-cash loans*		*24*	*102*

(in thousands of euros)	Notes	12/2020	12/2019
(3) The change in working capital requirement breaks down as follows:			
• *trade receivables*		*(31,420)*	*1,623*
• *trade payables*		*1,555*	*(929)*
• *other receivables and payables*		*35,561*	*(2,382)*
Total working capital requirement		*5,696*	*(1,688)*

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 compre-hensive income	Equity, attributable to owners of the parent[2]	Non-controlling interests	Total equity
As at December 31, 2018	**92,049**	**482,834**	**(4,975)**	**111,484**	**(335)**	**(1,456)**	**679,601**	**199,944**	**879,545**
Other comprehensive income for the period	-	-	-	(9,180)	(37)	(4,079)	(13,296)	-	(13,296)
Net income for the period	-	-	-	90,340	-	-	90,340	8,856	99,196
Consolidated comprehensive income for the period	**-**	**-**	**-**	**81,160**	**(37)**	**(4,079)**	**77,044**	**8,856**	**85,900**
Treasury share transactions (note 20, p. 184)	-	-	1,374	(281)	-	-	1,093	-	1,093
Final dividends paid for 2018	-	-	-	(56,863)	-	-	(56,863)	(1,417)	(58,280)
Interim dividends paid for 2019	-	-	-	(43,123)	-	-	(43,123)	(5,311)	(48,434)
Share-based payments	-	-	-	206	-	-	206	-	206
Other movements	-	-	-	12	-	(12)	-	-	-
As at December 31, 2019	**92,049**	**482,834**	**(3,601)**	**92,595**	**(371)**	**(5,546)**	**657,958**	**202,072**	**860,030**
Other comprehensive income for the period	-	-	-	(3,838)	(20)	(1,249)	(5,107)	-	(5,107)
Net income for the period	-	-	-	85,833	-	-	85,833	8,316	94,148
Consolidated comprehensive income for the period	**-**	**-**	**-**	**81,995**	**(20)**	**(1,249)**	**80,726**	**8,316**	**89,041**
Treasury share transactions (note 20, p 184)	-	-	149	(1,974)	-	-	(1,825)	-	(1,825)
Final dividends paid for 2019	-	-	-	(43,957)	-	-	(43,957)	(4,349)	(48,306)
Interim dividends paid for 2020	-	-	-	-	-	-	-	(3,845)	(3,845)
Share-based payments	-	-	-	24	-	-	24	-	24
Other movements	-	-	-	-	-	-	-	-	-
AS AT DECEMBER 31, 2020	**92,049**	**482,834**	**(3,452)**	**128,682**	**(391)**	**(6,795)**	**692,925**	**202,193**	**895,118**

(1) Capital reserves correspond to premiums on shares issued for cash or assets, merger premiums and statutory reserves.
(2) Attributable to Mercialys SA shareholders.

3.1.2 Notes to the financial statements

Information about the Mercialys group

Mercialys is a *société anonyme* (French-law limited liability company), specialized in retail property. 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 financial statements at December 31, 2020, reflect the accounting position of the Company, its subsidiaries and joint ventures, as well as the Group's interests in equity associates.

On February 15, 2021, the Board of Directors approved and authorized the publication of the Mercialys group consolidated financial statements for the fiscal year 2020.

Note 1 Accounting principles, rules and measurement 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 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, 2020.

These standards are available on the European Commission website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

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

Standards, amendments and interpretations adopted by the European Union and mandatory as from the fiscal year beginning January 1, 2020

The European Union has adopted the following standards which are mandatory for the Group for its fiscal year beginning January 1, 2020:

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

- Amendments to IAS 1 and IAS 8 – Definition of "material";
- Amendments to references to the conceptual framework in IFRS standards;
- Amendments to IFRS 3 – Definition of a business;
- Amendment to IFRS 16 - Covid-19-related rent concessions;
- Amendments to IFRS 9 - IAS 39 - IFRS 7 - Interest rate benchmark reform - Phase 1.

Standards and interpretations published but not yet in force

Standards adopted by the European Union at the reporting date but not yet in force

The IASB has published the following standards, amendments and interpretations that have been adopted by the European Union but were not yet in force on January 1, 2020.

- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IFRS 3 - Reference to the conceptual framework;
- Amendments to IAS 16 - Property, plant and equipment - Proceeds before intended use;
- Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract;
- Annual improvements to IFRS - Cycle 2018 – 2020;
- Amendments to IFRS 9 - IAS 39 - IFRS 7 - Interest rate benchmark reform - Phase 2.

These should not have a material impact on the Group's consolidated financial statements.

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 carrying cost 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 Net Asset Value;
- the fair value of investment properties whose valuations, as determined by independent assessors, are based on unobservable data;
- customer impairments;
- 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

None

Note 2 Significant events of the fiscal year

Covid-19 pandemic-related impacts

Early 2020 was marked by a climate of great uncertainty relating to the Covid-19 epidemic in Europe and France leading, in March, to the French Government ordering the closure of all non-essential retailers from March 15 to May 11, 2020. However, the government order authorized retailers deemed essential to continue trading, which included Mercialys tenant retailers, accounting for nearly 40% of its annualized rental base. All of Mercialys' sites therefore remained open during the nationwide public lockdown, ordered by the French government between March 16, and May 11, 2020. On May 11, 2020, following the authorization to reopen stores and the lifting of the public lockdown, Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding leisure areas and sit-down restaurants). Restaurants were able to reopen from June 2, 2020.

This full reopening of the centers was completed under optimum health and safety conditions with, in particular, the introduction of real-time flow, and flow direction, management, distribution of hydroalcoholic gel, optimized ventilation and more rigorous disinfection procedures. Overall, the introduction of these measures offset savings on site operating costs, in particular, in relation to water and energy consumption noted during the partial closure of shopping centers. In addition to teleworking arrangements, already in place before the health crisis, organizational and health measures were also deployed at the Company's head office to ensure employees' health and safety *i.e.* provision of masks and hydroalcoholic get, social distancing etc.

The government-ordered shutdown may have affected the profitability of the retailers concerned. In this context, a mediation process between tenants and lessors was considered necessary by the French government, which appointed a mediator in April 2020. This mediation process, completed in May 2020, has been signed up to by all the lessor federations, including the ones that Mercialys is part of, as well as certain retailer federations, but not by representatives from the main retailers.

Mercialys has therefore aligned itself with the core principles from this mediation process for discussions with its tenants. Negotiations were conducted with retailers on this basis throughout the year, resulting in the recognition of credits, and credits to be issued, in the financial statements at the end of December 2020.

In April 2020, and in response to the government's appeal in relation to the health crisis, Mercialys' Board of Directors also decided to reduce its dividend proposal for fiscal year 2019 from Euro 1.15 to Euro 0.95 per share. This amount strictly complies with the Company's distribution obligations under its tax status as a listed real estate company (*sociétés d'investissement immobilier cotées* - SIICs). The Annual General Meeting of April 23, 2020, voted to approve this revised amount.

On October 28, 2020, the President of the French Republic announced another nationwide lockdown from October 30, 2020, resulting once again in the closure of "non-essential" retailers. The department of Reunion Island was not, however, impacted by this measure. Nearly 50% of Mercialys' annualized rental base were able to stay open during this second lockdown. Retailers deemed non-essential were unable to re-open until November 28, 2020, apart from leisure activities and restaurants and catering. Mercialys continued to implement support schemes for its tenant retailers by offering partial rent holidays for the 4th quarter to retailers obliged to close. As a result, the Company may receive the tax credit put in place by the French government, provided that the tenants in question submit the required information.

Finally, it should be noted that the health crisis has created a climate of uncertainty in preparing appraisals and establishing the fair value of real estate assets, as detailed in note 8.1.3, p. 165.

Refinancing operation

In July 2020, Mercialys finalized a refinancing operation. This concerned a Euro 300 million new bond issue with a 7-year maturity and a 4.625% coupon. Alongside this, the Company completed a tender offer to buy back part of its Euro 750 million bond issue maturing in 2023. The nominal amount tendered for the offer came to Euro 181.3 million. The redeemed bonds were cancelled on July 7, 2020, with the outstanding amount of Euro 568.7 million maturing in March 2023.

Real estate asset transactions

On December 21, 2020, Mercialys sold the Monoprix site at Asnières-sur-Seine to a company advised by PICTURE Asset Management. The sale was made on the basis of a net asking price of Euro 30.8 million, above its appraisal value at the end of June 2020 but significantly lower than the portfolios average appraisal yield rate of 5.49% on that same date.

On December 23, 2020, Mercialys sold SCI AMR three Monoprix sites in Chaville, Puteaux and Marcq-en-Barœul, as well as two hypermarkets in Besançon and Gassin. All these sales were made on the basis of a net asking price of Euro 198 million for 100% of the assets, in line with the appraisal value at the end of June 2020. At the same time, Mercialys purchased from SCI AMR its 60.1% interest in the Montauban and Valence 2 shopping centers. It also acquired the Dijon Chenôve shopping center directly from Amundi Immobilier; these three wholly-owned assets representing an acquisition price of Euro 44 million, in line with appraisal values at the end of June 2020. As part of the financing of these transactions, loans and a non-proportional capital increase of SCI AMR were made by its partners, representing a disbursement of Euro 35 million for Mercialys. This led to a dilution of Mercialys' stake in the vehicle from 39.9% to 25.0% (SCI AMR is still consolidated by Mercialys using the equity method).Taking into consideration related costs and transfer taxes, Mercialys' total net cash-in for all these transactions stood at Euro 120 million.

Changes in share ownership

Mercialys share ownership changed again in 2020 with the announcement by the Casino group of completion of the disposal of an another 5% of its equity interest in the Company, *via* an amendment, dated August 21, 2020, to the equity swap agreement signed with Crédit Agricole Corporate and Investment Bank (CACIB) on July 26, 2018, (AMF declaration No. 2020DD697899). The Casino group had stated in this declaration that the agreement would be settled in cash only until December 28, 2020. Following this transaction, the companies in concert owned by Jean-Charles Naouri held 18,559,506 Mercialys shares, or 20.16% of the capital and voting rights.

For its part, on August 27, 2020, Crédit Agricole informed the AMF that its stake in Mercialys had exceeded the threshold of 5% of the Company's capital and voting rights (AMF declaration No. 2020DD697900) to 5.21%. On October 8, 2020, Crédit Agricole then informed the AMF that its stake in Mercialys had fallen below the threshold of 5% of the Company's capital (AMF declaration No. 220C4161) and voting rights, to not hold more than 0.76%.

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 carrying cost of the equity investment.

Business combinations

As required by IFRS 3 revised, the acquisition cost is measured at fair value of the assets, issued equity and liabilities on the date of 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 use 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 valued 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, the only method applicable before the 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 carrying cost of this equity interest is recognized directly in the income statement under ("Other operating income" or "Other operating expenses").

The amounts recognized on the acquisition date may be adjusted retrospectively if they relate to new information brought to the buyer's attention concerning facts and circumstances that existed before the acquisition date. Beyond the measurement period (not exceeding 12 months after the takeover of the acquired entity), the goodwill may no longer be adjusted. Subsequent acquisitions/disposals of non-controlling interests are recognized as transactions with shareholders, *i.e.* directly under equity.

In addition, earn-out payments are included in the consideration transferred at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are allowed against goodwill when they relate to facts and circumstances that existed at the acquisition date. Otherwise and beyond this period, adjustments to earn-out payments are recognized directly in the income statement (under "Other operating income" or "Other operating expenses"), unless the earn-out payments are against an equity instrument. In the latter case, the earn-out payment is not restated at a later date.

Year-end

The financial year-end for all Mercialys group companies is December 31.

Transactions eliminated from the consolidated financial statements

Balance sheet items and income and expense items resulting from intra-group transactions are eliminated when preparing the consolidated financial statements.

3.1 Transactions in 2020

In November 2020 SARL La Diane was dissolved. This dissolution resulted in the universal transfer of assets to a new company created for this purpose, SAS Mercialys Participations. This transaction had no impact on Mercialys 'consolidated financial statements.

The SCI AMR capital increase led to Mercialys' dilution in AMR. Mercialys held a 25% stake in AMR at the end of December 2020 (note 2, p. 145).

3.2 Transactions in 2019

In connection with the new activities developed by the Group, two new entities were created in 2019: SAS Ocitô la Galerie to create a Click & Collect platform and SAS Cap cowork Mercialys to create coworking spaces.

In December 2019, SAS Saint-Denis Genin was created by two companies – Astuy and Panhard Developpement.

3.3 List of consolidated companies

At December 31, 2020, the Mercialys group comprised 28 consolidated companies:

	December 31, 2020			December 31, 2019		
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%
SARL La Diane(1)	-	-	-	FC	100.00%	100.00%
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 Periaz	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	39.90%	39.90%
SNC Aix 2	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 Toutoune	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Mercialys Exploitation	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Rennes-Anglet	EM	30.00%	30.00%	EM	30.00%	30.00%
SAS Astuy	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Sacré-Cœur	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Ocitô la Galerie	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Cap Cowork Mercialys	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Saint-Denis Genin	EM	30.00%	30.00%	EM	30.00%	30.00%
SAS Mercialys Participations(1)	FC	100.00%	100.00%	-	-	-

(1) SARL La Diane was dissolved on November 1, 2020 and merged into SAS Mercialys Participations (note 3.1, p. 147).
FC: Full consolidation
EM: Equity method

3.4 Assessment of control

No event occurred in 2020 to question the method used to measure the control of the entities in the scope of consolidation.

Analysis of control for entities that are not 100% 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 the company as a joint venture according to IFRS 11.Corin Asset Management is therefore accounted for using the equity method (note 3.5, p. 149).

SCI AMR

Following the non-proportional capital increase carried out for SCI AMR by its shareholders in December 2020 (note 2, p. 145), 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 a significant influence over SCI AMR. Consequently, the company is accounted for using the equity method (note 3.5, p. 149).

SNC Aix 2

The Group jointly holds a 50% stake in SNC Aix 2. 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 according to IFRS 11. SNC Aix 2 is therefore accounted for using the equity method (note 3.5, p. 149).

OPCI UIR II

Since July 2011, Mercialys owns 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 share ownership stake.

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 (note 10, p. 171).

SAS Hyperthetis Participations (note 20.5, p. 186)

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 holds a 51% stake in SAS Hyperthetis Participations. In view of the IFRS 10 standard, analysis 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 according to the full consolidation method in the Group's consolidated financial statements.

SAS Immosiris (note 20.5, p. 186)

On October 22, 2015, Mercialys set up a simplified joint-stock company, Immosiris Participations, with a capital of Euro 100.

On November 2, 2015, Mercialys transferred one real-estate asset to Immosiris. On November 10, 2015, Mercialys sold 29.7% of the shares in Immosiris to OPCI REAF, majority-owned by BNP Paribas. On November 10, 2015, Mercialys was diluted by OPCI REAF to 51%.

Since November 2015, Mercialys owns 51% of SAS Immosiris. According to IFRS 10, the analysis performed concludes that the governance rules in place do not define a joint venture but monitor Mercialys's 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 are respected in accordance with IFRS 10:

- 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 investment;
- 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 accounts.

SCI Rennes-Anglet

SCI Rennes-Anglet is 70%-owned by the Casino group and 30%-owned by Mercialys SA. The company's operational and strategic decisions are made by the manager: Casino group. Mercialys sits on the Strategic Committee of SCI Rennes-Anglet and has veto rights on a number of decisions, which are considered protective and show that Mercialys has a significant influence on the company. SCI Rennes-Anglet is therefore accounted for using the equity method (note 3.5, p. 149).

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 when control is lost or gained, adjustments to bring the accounting principles into line with those of the Group and elimination of inter-company acquisitions or disposals up to the percentage held in equity associates:

	2020			2019		
(in thousands of euros)	SCI AMR	SNC Aix 2	SCI Rennes-Anglet	SCI AMR	SNC Aix 2	SCI Rennes-Anglet
% Interest	25%	50%	30%	39.9%	50%	30%
Net rental income	4,810	1,888	501	7,614	2,244	1,514
Operating income	(8,731)	980	192	5,345	1,244	1,072
Net financial items	(1,361)	(342)	(0)	(1,329)	(353)	(105)
Tax expense	(44)	(4)	8	(54)	(9)	(13)
Net income	**(10,136)**	**634**	**200**	**3,962**	**882**	**953**
Investment property	262,140	28,899	5,260	126,919	29,646	5,537
Investment property held for sale	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Non-current assets	**262,140**	**28,899**	**5,260**	**126,919**	**29,646**	**5,537**
Trade receivables	2,321	813	332	1,968	460	478
Other current assets	7,446	47	163	7,510	81	141
Cash and cash equivalents	6,017	7,207	809	4,893	6,181	15,406
Current assets	**15,784**	**8,067**	**1,305**	**14,371**	**6,723**	**16,025**
TOTAL ASSETS	**277,924**	**36,966**	**6,564**	**141,290**	**36,370**	**21,561**
Equity	**119,115**	**14,523**	**6,069**	**56,604**	**14,847**	**20,869**
Non-current financial liabilities	149,118	18,239	-	75,000	18,376	-
Other non-current liabilities	-	618	100	-	528	98
Non-current liabilities	**149,118**	**18,856**	**100**	**75,000**	**18,904**	**98**
Trade payables	6,991	12	237	7,337	24	237
Current financial liabilities	1	189	1	-	204	-
Other current liabilities	2,702	3,385	157	2,349	2,391	358
Current liabilities	**9,694**	**3,587**	**395**	**9,686**	**2,619**	**595**
TOTAL EQUITY AND LIABILITIES	**277,924**	**36,966**	**6,564**	**141,290**	**36,370**	**21,561**

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	Others	End of period
Equity associates and joint ventures					
SAS Corin Asset Management	104	(19)	-	-	85
SCI AMR	23,190	1,581	(2,173)[1]	(13)	22,585
SNC Aix 2	7,477	441	(377)	(117)	7,424
SCI Rennes-Anglet	4,389	286		1,585[2]	6,260
SAS Saint-Denis Genin	-	-	-	-	-
FISCAL YEAR 2019	**35,160**	**2,289**	**(2,550)**	**1,455**	**36,355**
Equity associates and joint ventures					
SAS Corin Asset Management	85	(28)	-	-	57
SCI AMR	22,585	(4,044)	(1,050)[1]	12,287[3]	29,779
SNC Aix 2	7,424	317	(433)	(46)	7,262
SCI Rennes-Anglet	6,260	60	(4,500)	-	1,820
SAS Saint-Denis Genin	-	-	-	-	-
FISCAL YEAR 2020	**36,355**	**(3,695)**	**(5,982)**	**12,241**	**38,918**

(1) Of which Euro 399,000 in dividends not received at December 31, 2020, and Euro 651,000 at December 31, 2019.

(2) Of which Euro 1,625,000 in losses from SCI Rennes-Anglet at December 31, 2019.

(3) The Euro 12.3 million change mainly comprised the Euro 16.8 million capital increase, the impact of the change in Mercialys' stake in SCI AMR of Euro (5.5) million and the neutralization of the capital gains generated on the sale of Mercialys' real estate assets to AMR in the amount of the share held in this entity, i.e. Euro 1 million.

Note 4 Additional information on the cash-flow statement

ACCOUNTING PRINCIPLE

The cash-flow statement is prepared according to the indirect method from the consolidated entity's pre-tax income and is broken down into three categories:

- cash-flows from the activity: including tax, and dividends received from equity associates and joint ventures;
- cash-flows from investing activities: especially acquisitions of control, loss of control including transactions 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)	12/2020	12/2019
Change in cash position	392,588	(305,034)
Increase in borrowings and financial liabilities(1)	(1,103,000)	(1,499,700)
Decrease in borrowings and financial liabilities(1)	901,800	1,912,400
Issue costs and loan repayment premiums(2)	(6,015)	10,357
Fair value of liabilities	(1,013)	(13,018)
CHANGE IN THE NET FINANCIAL DEBT	**184,360**	**105,005**

(1) In 2020 the increases and decreases in borrowings and financial debt correspond to subscriptions and redemption of commercial papers, i.e. Euro (82.5) million, the new Euro 300 million bond issue (Euro 294 million net of expenses and issue premium on the cash-flow statement) and to the tender offer to buy back part of the Euro 750 million bond maturing issue in 2023 for Euro (181.3) million (note 14.2.6, p. 177).

In 2019, increases and reductions in borrowings and financial debt corresponded to subscriptions and redemptions of commercial papers, i.e. Euro (67,000) net of fees in 2019, as well as the redemption of the bond loan in the amount of Euro 479.7 million. (note 14.2.6, p. 177).

(2) Costs and issue premiums linked to the implementation of the new bond amounting to respectively Euro 1,474,000 and Euro 4,359,000 in 2020. This new bond issue led to an increase in accrued interest on loans, whereas in 2019 this figure was down due to the redemption of another bond issue.

4.2 Reconciliation of fixed asset acquisitions

(in thousands of euros)	12/2020	12/2019
Increase and other acquisitions of intangible assets	(1,899)	(1,998)
Increase and other acquisitions of property, plant and equipment	(858)	(904)
Increase and other acquisitions of investment properties(1)	(56,748)	(21,695)
Change in liabilities on fixed assets	(2,088)	(1,814)
CASH OUTFLOWS LINKED TO ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**(61,593)**	**(26,412)**

(1) In 2020, acquisition-related cash outflows were mainly for the buyback of the Montauban and Valence 2 shopping centers from SCI AMR for Euro 19 million and the acquisition of the Dijon Chenôve shopping center from Amundi Immobilier for Euro 24 million (note 2, p. 145). These are shown as gross amounts and do not include the impact of the trade in real estate assets (Gassin - sale, Montauban and Valence 2 - acquisitions) between Mercialys and SCI AMR, resulting in a Euro 37 million balancing payment being made to Mercialys.

4.3 Reconciliation of fixed asset disposals

(in thousands of euros)	12/2020	12/2019
Disposals of property, plant and equipment for the fiscal year(1)	176,653	5,088
Disposals of assets classified in IFRS 5 (note 8.2, p. 168)	-	74,407
Investments in equity associates and joint ventures and change in loans and advances granted(2)	(35,349)	-
Income from asset disposals(1)	47,542	17,443
Change in trade receivables	(461)	(654)
CASH INFLOWS FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**188,386**	**96,285**

(1) *In 2020, receipts related to disposals mainly consisted of:*
   a. *the sale of the Asnières site for a net asking price of Euro 30.8 million (note 2, p. 145);*
   b. *disposals of the Marcq-en-Barœul site for Euro 45.9 million excluding transfer taxes, the Puteaux site for Euro 33.0 million excluding transfer taxes, the Chaville site for Euro 27.9 million excluding transfer taxes and the Gassin and Besançon hypermarkets for Euro 52.5 and Euro 38.6 million, respectively, excluding transfer taxes, for a total net asking price of Euro 198 million (note 2, p. 145);*
   c. *other costs related to these disposals for (3.9) million euros.*

   These are shown as gross amounts and do not include the impact of the trade in real estate assets (Gassin - sale, Montauban and Valence 2 - acquisitions) between Mercialys and SCI AMR, resulting in a Euro 37 million balancing payment being made to Mercialys.

   In 2019, cash inflows related to disposals mainly consist of disposals of the sites in Gap for Euro 6.4 million excluding transfer taxes, Anglet for Euro 2.8 million, La Garenne-Colombes for Euro 39.7 million and Saint-Germain-en-Laye for Euro 47.6 million.

(2) *The total amount disbursed in fiscal year 2020, for the SCI AMR capital increase for Euro (16.8) million and the granting of a loan to SCI AMR for Euro (18.6) million, appears on the cash-flow statement under "cash receipts on disposal of investment properties" so as to include on the same line of the cash-flow statement all the impacts of the sale of assets to AMR.*

4.4 Reconciliation of net interest paid

(in thousands of euros)	12/2020	12/2019
Net finance costs presented in the income statement	**(21,830)**	**(21,990)**
Neutralization of depreciation of costs and issue/redemption premiums	7,749	4,792
Change in incurred interests and fair value hedge derivatives of financial liabilities	4,930	(2,456)
Interest paid on lease liabilities	(334)	(328)
Net Interest	**(9,485)**	**(19,983)**
of which received	23,447	33,349
of which paid	(32,933)	(53,332)

4.5 Other disclosures relating to the cash-flow statement

Investments in equity associates and joint ventures

The total amount disbursed in the financial year 2019 for investments in equity associates and joint ventures was related to the fact that, on June 28, 2019, the Annual General Meeting of SCI Rennes-Anglet unanimously resolved to allocate losses between the partners in proportion to their share in the capital, *i.e.* Euro 1,625,000 for Mercialys.

Change in loans and advances granted

In September 2020, OPCI UIR II repaid the Euro 1.8 million loan granted to it by Mercialys SA in 2011, early.

In 2018, Mercialys granted a supplementary loan to SCI Rennes-Anglet for Euro 7.8 million. It was fully repaid by SCI Rennes-Anglet in the amount of Euro 10.8 million in 2019. This repayment appears in the 2019 cash-flow statement under "change in loans and advances granted".

Note 5 Segment reporting

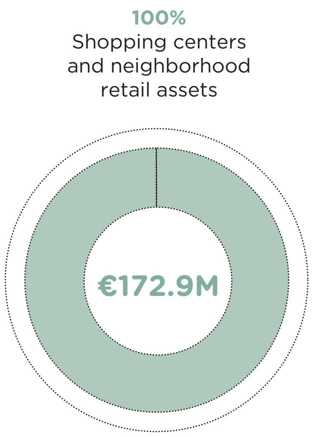
ACCOUNTING PRINCIPLE

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.

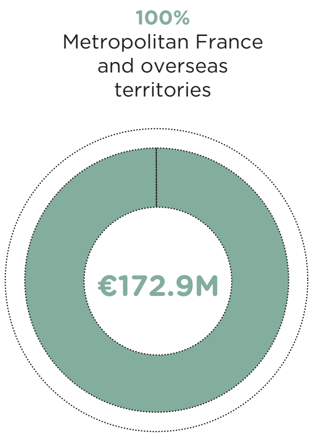
As the Group's Senior Management does not use a breakdown of operations to review operating matters, no segment reporting is provided in the financial statements.

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 concerning operating income

6.1 Net rental income

ACCOUNTING PRINCIPLE

Rental revenues

The leasing of properties by the Group to its tenants generates rental revenues. The amounts invoiced are recognized as revenues for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Leases for shopping centers often include a variable portion of rents based on the lessee's sales, with a guaranteed minimum rent in order to limit risk for the Company in periods of economic recession.

Stepped rents, rent holidays and other benefits granted to tenants are accounted for by spreading an amount on a straight-line basis as a decrease or increase to rental revenues for the period. The spreading is done over the committed term of the lease.

Rental revenues also include upfront payments made by tenants upon signing the lease; if such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include property taxes and service charges not billed to and recovered from tenants as well as other property operating expenses. These expenses do not include costs classified 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, if the parties agree, it is possible to enter into "firm" leases for leases concluded for a duration exceeding nine years such as those entered into by Mercialys.

Re-invoiced service charges are recognized as income for the year in which they are recovered. They consist of the charges re-invoiced to tenants. Since January 1, 2019, these charges are presented separately from re-invoiced items.

Impacts of Covid

Following the initial lockdown between March 15 and May 11, 2020, Mercialys supported its tenants in light of the major economic impacts of the business restrictions imposed, by following the guidelines on mediation between lessors and lessees set out by the French government in spring 2020. On this basis, talks were held with retailers throughout the year, and resulted in Mercialys granting rent concessions and holidays in the form of credits.

On October 28, 2020, the French government ordered a second lockdown leading, once again, to the closure of non-essential establishments. Against this backdrop, retailers were subject to new operating restrictions from October 30, to November 28, 2020, a busy time of year for many retailers. Mercialys offered tenants impacted by these new administrative closures rent holidays for November 2020 in the form of credits.

Contractual amendments (such as an extension of the lease term, waiver of the option to give notice at the end of a three-year period) to agreements signed with tenants in exchange for a consideration were considered by Mercialys to be contractual amendments within the meaning of IFRS 16. Rent holidays not granted in exchange for a consideration were not considered contractual amendments within the meaning of IFRS 16.

As such, Mercialys' financial statements reflect the impact of the aid granted according to the following parameters:

- agreements signed in exchange for a consideration: contractual amendment within the meaning of IFRS 16 resulting in the impact being spread over the fixed term of the lease;
- agreements not signed in exchange for a consideration: Mercialys considered that this was not a modification of the contract within the meaning of IFRS 16 and recognized the rent foregone with immediate compensation in accordance with the provisions of IFRS 9;
- no agreement signed: Mercialys included expected credit losses, an estimate of future rent holidays that it may grant, in addition to the risk of non-collection, in the valuation, in accordance with IFRS 9 (note 12, p. 173).

Breakdown of net rental income

(in thousands of euros)	12/2020	12/2019
Invoiced rents[1]	172,911	188,849
Lease rights and despecialization indemnities	2,529	3,003
Rental revenues	**175,440**	**191,853**
Property tax	(14,248)	(14,608)
Rebilling to tenants	12,684	13,325
Non-recovered property taxes	**(1,564)**	**(1,283)**
Service charges	(30,142)	(33,202)
Rebilling to tenants	25,871	28,911
Non-recovered service charges	**(4,271)**	**(4,291)**
Management fees	(5,860)	(6,888)
Rebilling to tenants	4,585	4,530
Losses on and impairment of receivables	(19,694)	(3,342)
Other expenses[2]	(1,279)	(1,376)
Net property operating charges	**(22,248)**	**(7,076)**
NET RENTAL INCOME	**147,357**	**179,202**

(1) Of which the variable component based on revenues: Euro 3,738,000 in 2020 compared with Euro 5,477,000 in 2019.

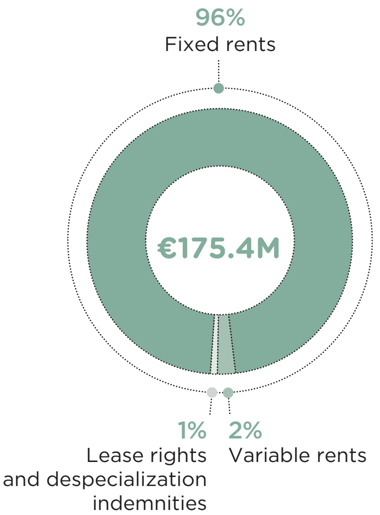
(2) Other expenses include rents paid by the Company on construction leases and very long-term ground leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.

Impacts of Covid-19

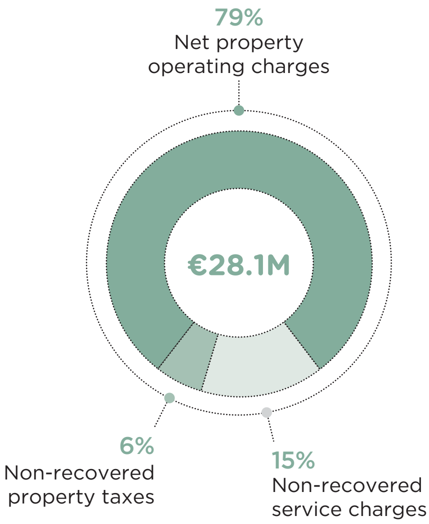
At end-December 2020, the following were recognized:

- for the first lockdown:
  - Euro 3.0 million in rent concessions not in exchange for a consideration and, therefore, without contractual amendment within the meaning of IFRS 16, resulting in full recognition in the financial statements at December 31, 2020,
  - Euro 6.4 million in rent adjustments in exchange for a consideration, giving rise to contractual amendments within the meaning of IFRS 16 and recognition spread over the residual fixed term of the corresponding leases, in accordance with accounting rules. The financial statements as of December 31, 2020 include an impact of Euro 1.1 million;
- for the second lockdown:
  - Euro 6.3 million in rent holidays for November 2020 not in exchange for a consideration and resulting in full recognition in the financial statements at December 31, 2020,
  - a Euro 16.2 million provision for impairment of receivables, including Euro 13.7 million relating to Mercialys' estimate of future rent holidays.

BREAKDOWN OF RENTAL REVENUES



BREAKDOWN OF NON RECOVERED SERVICE CHARGES



6.2 Management, administrative and other activities income

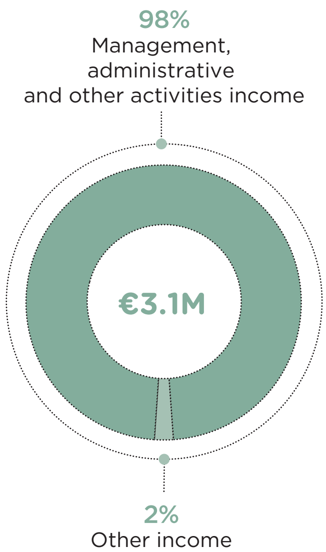
Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with advisory services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. Fees charged in 2020 came to Euro 3.0 million *versus* Euro 3.2 million in 2019.

6.3 Other income

Other recurring income recognized at the end of December 2020 corresponds mainly to dividends received from the OPCI fund created in partnership with Union Investment: UIR II. These dividends correspond to the management of the OPCI's retail property assets, similar to Mercialys' business. They are therefore presented as operating income.

In 2020, these dividends amounted to Euro 53,000 compared to Euro 276,000 in 2019.

BREAKDOWN OF OTHER REVENUES AND OPERATING INCOME



6.4 Other expenses

Other expenses mainly comprise structural costs. Operating expenses include primarily investor relations costs, directors' fees, communication expenses, marketing studies costs, fees paid to the Casino group for services covered by the Service agreement (note 24.5, p. 192) (accounting, financial, human resources and legal management, IT) and real estate asset appraisal fees.

In fiscal year 2020, these expenses amounted to Euro (6.1) million *versus* Euro (7.3) million in fiscal year 2019.

6.5 Personnel expenses

Personnel expenses amounted to Euro (13.1) million at the end of December 2020 compared with Euro (12.4) million at the end of December 2019.

A percentage of these personnel expenses is billed for fees for center management services provided by the teams.

6.6 Depreciation, amortization, provisions and impairments

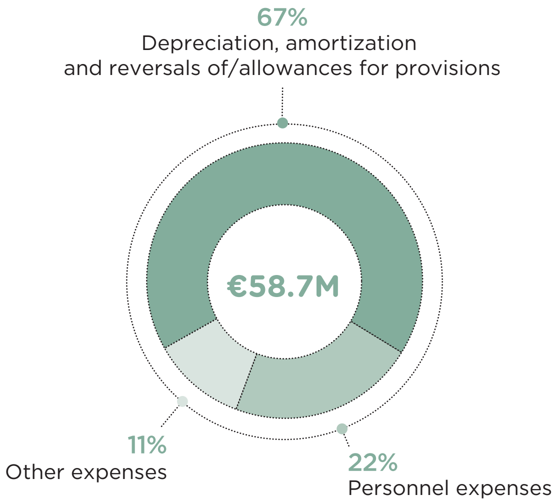
(in thousands of euros)	Notes	12/2020	12/2019
Allowance for depreciation of investment properties and other property, plant and equipment		(39,698)	(39,179)
Depreciation and amortization of right-of-use assets		(1,080)	(1,262)
Depreciation and amortization		**(40,777)**	**(40,440)**
Reversals of/(Allowances for) impairment of investment property(1)	6.7	(13,321)	(10,403)
Reversals of/(Allowances for) provisions for liabilities and charges(2)	22.1	978	(3,382)
Reversals of/(Allowances for) impairment on current assets(3)	12	(18,836)	(1,200)
TOTAL ALLOWANCES FOR DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENTS		**(71,956)**	**(55,426)**

(1) Reversals/(allowances) for impairment of investment properties are shown on the "other operating expenses" line in the consolidated income statement.

(2) Reversals/(Allowances for) provisions for liabilities and charges are shown on the lines "reversals of/(allowances for) provisions" and "Other operating expenses/income" in the consolidated income statement.

(3) Reversals/(allowances for) impairment of current assets are shown on the line "net property operating charges" in the consolidated income statement. The various lockdown measures had a negative impact on the recovery of rent receipts and charges, leading Mercialys to recognize additional provisions (note 6.1 p. 154 and note 12, p. 173).

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 242.1 million at December 31, 2020, *versus* Euro 101.4 million at December 31, 2019. It originates from:

- income from asset disposals completed in 2020 for Euro 234.3 million mainly from the sites of Asnières, Chaville, Puteaux, Marcq-en-Baroeul and the Gassin and Besançon hypermarkets, for which the income recognized in Mercialys' consolidated financial statements stood at Euro 228.0 million (compared to disposals of Euro 101.4 million at December 31, 2019);
- impacts related to the dilution of Mercialys' equity interest in SCI AMR following the capital increase unevenly subscribed by the partners (note 2, p. 145) amounting to Euro 6.4 million.

Other operating expenses came to Euro (209.4) million at December 31, 2020, compared with Euro (93.7) million at December 31, 2019. This corresponds primarily to:

- the net book value of the assets sold during the year 2020 and costs related to these disposals for Euro (193.1) million, mainly for the sites of Asnières, Chaville, Puteaux, Marcq-en-Barœul and the Gassin and Besançon hypermarkets for Euro (189.4) million (of which Euro (14.2) million in fees) *versus* Euro (84.0) million (of which Euro (2.8) million in costs) at December 31, 2019 (note 8.2, p. 168);
- impairment losses on investment property amounting to Euro (13.3) million (*versus* Euro (9.7) million at December 31, 2019).

On this basis, the net capital gain on the disposal of fixed assets recognized in the consolidated financial statements at December 31, 2020 came to Euro 47.5 million, of which Euro 38.6 million for the sites of Asnières, Chaville, Puteaux, Marcq-en-Barœul and for the Gassin and Besançon hypermarkets (net of fees) and Euro 6.4 million related to the impact of the dilution of the equity interest in SCI AMR, compared with a net capital gain of Euro 17.4 million recognized in 2019, of which Euro 17.1 million for the La Garenne-Colombes and Saint-Germain-en-Laye sites (net of fees).

At December 31, 2020, Euro (1.5) million in other operating income and expenses were recognized and mainly consisted of provisions of Euro (1.2) million for a dispute over a site previously sold and relating to construction issues.

Note 7 Tax

ACCOUNTING PRINCIPLE

Current and deferred tax

Mercialys has elected for SIIC tax status effective as of 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 its properties and its investments in subsidiaries not subject to corporate income 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)	12/2020	12/2019
Theoretical tax rate	28.92%	32.02%
Pre-tax income and income from equity associates	**99,862**	**100,177**
Theoretical tax expense	(28,884)	(32,077)
Income tax exemption for SIIC status	36,643	42,437
Theoretical impact of temporary differences subject to tax at zero rate(1)	(6,367)	(11,685)
CVAE(2) net of corporation tax	(2,088)	(2,264)
Tax income	-	-
Change in corporation tax rate(3)	(6)	(70)
Recognition and elimination of losses(4)	(1,315)	389
Effective tax expense	**(2,019)**	**(3,270)**
Effective tax rate	2.02%	3.26%

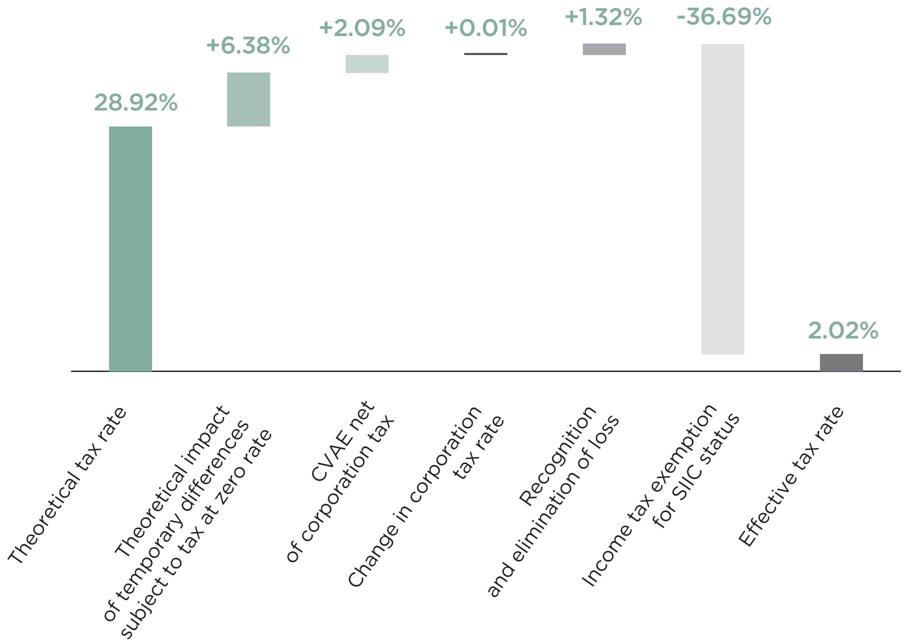
(1) In 2020, as in 2019, temporary differences subject to tax at zero rate primarily comprised provisions for liabilities, asset impairments and consolidation restatements not subject to deferred tax, in particular the cancellation of the capital gain on the internal disposal of fixed assets and securities.

(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 2020, Mercialys had an unrecognized tax loss under deferred tax assets of Euro 4.5 million.

The tax expense for fiscal year 2020 came to Euro (2,019,000) *versus* Euro (3,270,000) at the end of December 2019. This tax expense consists of the CVAE tax for Euro (2,088,000), corporate income tax for Euro (95,000) and deferred income taxes and timing differences for Euro (165,000).



Covid-19 pandemic impact on tax expense

The Company may receive the tax credit put in place by the French government, provided that the tenants in question submit the required information. This mechanism, which only applies to aid granted by lessors for the second lockdown, will result in either a reduction in the corporate tax paid by real estate companies, or a corresponding refund when the real estate companies pay little corporation tax for their non-real estate company activities (thus taxable), as is the case for Mercialys.

The main provisions of this tax credit known at December 31, 2020 were as follows:

- the tax credit can only be paid to lessors for aid to tenants not considered to be in difficulty at the end of 2019 (with the exception of micro and small businesses provided that they are not subject to safeguard, receivership, liquidation or individual voluntary arrangement proceedings;
- tenants must have fewer than 5,000 employees worldwide;
- rent holidays resulting in entitlement to a tax credit, all lessors combined, must not amount to more than Euro 1.6 million per tenant for retailers employing up to 249 employees, and Euro 2.4 million for tenants employing between 250 and 4,999 employees due to EU state aid cap rules;
- the tax credit that the lessor may receive also depends on the size of the tenant company, *i.e.* it amounts to 50% of the aid granted but cannot exceed 33% of the rent set out in the lease when the rent holiday is granted to retailers with between 250 and 4,999 employees. No tax credits will be paid for aid to retailers with more than 5,000 employees.

On the date that its financial statements were prepared, Mercialys did not have the supporting documents listed above allowing it to reliably estimate the tax credit. Mercialys did not, therefore, recognize any impact as a result of this mechanism in its financial statements at December 31, 2020.

7.2 Deferred tax

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)	12/2020	12/2019
Beginning of period	**1,200**	**1,727**
Income/(expense) for the fiscal year	165	(126)
Effect of changes in the scope of consolidation and reclassifications	-	(102)
Changes recognized under other comprehensive income	362	(299)
END OF PERIOD	**1,728**	**1,200**

7.2.2 Change in deferred tax liabilities

(in thousands of euros)	12/2020	12/2019
Beginning of period	**-**	**-**
Income/(expense) for the fiscal year	-	70
Effect of changes in the scope of consolidation and reclassifications	-	(102)
Changes recognized under other comprehensive income	-	32
END OF PERIOD	**-**	**-**

As of December 31, 2020, deferred tax assets mainly relate to cash-flow hedges and tax loss carryforwards.

Note 8 Intangible assets, property, plant and equipment and investment property

ACCOUNTING PRINCIPLE

Intangible assets, property, plant and equipment as well as investment property are recognized according to the cost method (acquisition cost less accumulated depreciation and any impairment losses).

An investment property is a property held by the Group for rental revenue or capital appreciation, or both. Investment properties are recognized and measured in accordance with the provisions of IAS 40.

Within the Group, shopping centers are recognized as investment properties.

Information on the fair value of investment property is provided in note 8.1.3, page 165. 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 Mercialys group are conducted in compliance with the code of conduct 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 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's 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 at least Euro 15,000 or exceeds 5% of the value of the asset, a provision is recognized.

Mercialys' property portfolio is appraised twice yearly by independent experts. These valuations concerned all of the investment properties held at December 31, 2020. They were carried out in the context of the health crisis relating to Covid-19 and the real estate appraisers' reports include a material valuation uncertainty clause as a result of this crisis and its significant repercussions across all business sectors, and particularly real estate, with, to varying degrees, impacts on sales prices, investments and lettings, in terms of values and volumes. 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. These fair values are to be read in conjunction with the sensitivities presented in note 8.1.3, page 165. The valuation methods applied, as described above, remain unchanged.

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.

Carrying amounts of investment property 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 expense in the year 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 that work.

Personnel expenses and borrowing costs directly attributable to the acquisition, construction or production of an asset, for which preparation prior to use or planned sale requires a substantial period of time – generally more than six months – are included in the cost of the asset. In 2020, personnel expenses for Euro 1,416,000 and borrowing costs for Euro 183,000 were incorporated into the asset cost. The capitalization rate used for the recognition of borrowing costs as assets is 1.25%.

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 other property 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.

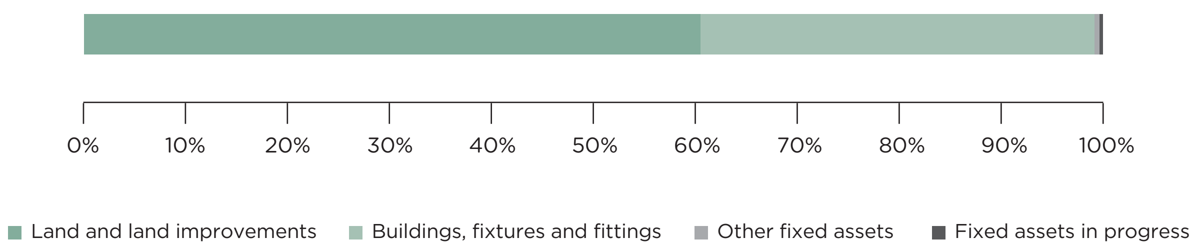
Property, plant and equipment and investment property, with the exception of land (non-depreciable), are depreciated using the straight-line method for each category of asset, with generally zero residual value:

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 & equipment and investment property

8.1.1 Composition

	12/2020			12/2019		
(in thousands of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Software	8,757	(5,696)	3,061	7,040	(4,261)	2,779
Other intangible assets in progress	991	-	991	809	-	809
Intangible assets	**9,748**	**(5,696)**	**4,052**	**7,849**	**(4,261)**	**3,588**
Other property, plant and equipment	1,815	(211)	1,604	958	(101)	857
Property, plant and equipment	**1,815**	**(211)**	**1,604**	**958**	**(101)**	**857**
Land and land improvements	1,289,925	(38,870)	1,251,055	1,376,391	(28,995)	1,347,396
Buildings, fixtures and fittings	1,078,226	(290,276)	787,950	1,114,784	(257,182)	857,602
Other property, plant and equipment	11,867	(7,013)	4,854	11,620	(6,181)	5,439
Fixed assets in progress	7,049	-	7,049	12,017	-	12,017
Investment property	**2,387,067**	**(336,159)**	**2,050,907**	**2,514,811**	**(292,358)**	**2,222,452**



8.1.2 Change in intangible assets, property, plant & equipment and investment property

8.1.2.1 Change in intangible assets

(in thousands of euros)	Software	Other intangible assets	Total
As at January 1, 2019	**2,379**	**330**	**2,710**
Increase and other acquisitions	1,520	478	1,998
Depreciation and amortization	(1,120)	-	(1,120)
Disposals for the fiscal year	-	-	-
As at December 31, 2019	**2,779**	**809**	**3,588**
Increase and other acquisitions	1,717	182	1,899
Depreciation and amortization	(1,435)	-	(1,435)
Disposals for the fiscal year	-	-	-
AS AT DECEMBER 31, 2020	**3,061**	**991**	**4,052**

8.1.2.2 Change in property, plant and equipment

(in thousands of euros)	Buildings, fixtures and fittings	Other property, plant and equipment	Fixed assets in progress	Total
As at January 1, 2019	**5**	**4**	**-**	**8**
Increase and other acquisitions	541	363	-	904
Depreciation and amortization	(21)	(34)	-	(55)
As at December 31, 2019	**524**	**333**	**-**	**857**
Increase and other acquisitions	326	156	376	858
Depreciation and amortization	(48)	(61)	-	(109)
AS AT DECEMBER 31, 2020	**802**	**427**	**376**	**1,604**

Property, plant and equipment mainly comprise fixed assets used by the Group’s central services as well as fixed assets related to the new activities developed by the Group through its two companies Cap Cowork Mercialys SAS and Ocitô la Galerie SAS.

8.1.2.3 Change in investment property

(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, 2019	**1,401,024**	**905,207**	**6,273**	**10,251**	**2,322,755**
Increase and other acquisitions	6,367	7,436	1	7,891	21,695
Depreciation and amortization	(7,380)	(40,169)	(858)	-	(48,407)
Disposals for the fiscal year	(2,111)	(1,933)	(28)	(1,016)	(5,088)
Reclassification as assets held for sale (note 8.2, p. 168)	(50,532)	(18,345)	-	(1,889)	(70,766)
Reclassification and other movements(1)	28	5,404	51	(3,221)	2,262
As at December 31, 2019	**1,347,396**	**857,602**	**5,439**	**12,017**	**2,222,452**
Increase and other acquisitions(2)	23,484	24,495	11	8,662(4)	56,652
Depreciation and amortization	(9,936)	(40,237)	(1,555)	-	(51,728)
Disposals from the fiscal year(3)	(111,617)	(64,760)	(9)	(265)	(176,653)
Reclassification as assets held for sale (note 8.2, p. 168)	-	-	-	-	-
Reclassification and other movements(1)	1,729	10,850	968	(13,365)	184
AS AT DECEMBER 31, 2020	**1,251,055**	**787,950**	**4,854**	**7,049**	**2,050,907**

(1) The line "Reclassification and Other Movements" corresponds primarily to the commissioning of buildings already recognized in the previous fiscal year under fixed assets in progress and to reclassifications of buildings held for sale.

(2) "Increases and other acquisitions" were mainly for the buyback of the Montauban and Valence 2 shopping centers from SCI AMR for Euro 19 million and the acquisition of the Dijon Chenôve shopping center from Amundi Immobilier for Euro 24 million (note 2, p. 145).

(3) "Disposals from the financial year" were mainly for the disposal of the Marcq-en-Baroeul site for Euro 34.3 million, the Puteaux site for Euro 22.5 million, the Asnières site for Euro 21.3 million, the Chaville site for Euro 20.4 million and the Gassin and Besançon hypermarkets for Euro 44.5 and Euro 32.3 million, respectively (note 2, p. 145).

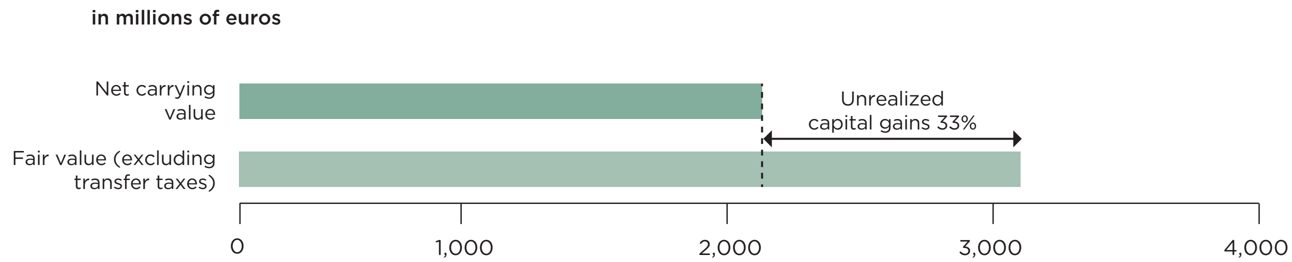
(4) In 2020, Mercialys' main construction work was on the Jumbo Sacré-Cœur site and amounted to Euro 6.5 million. In 2019, Mercialys had carried out construction work, mainly on the sites of Jumbo Sacré-Cœur for Euro 5.9 million, Besançon for Euro 2 million, Nîmes for Euro 1.6 million and Saint-Germain-en-Laye for Euro 1 million.

8.1.3 Fair value of investment properties

These valuations concerned all of the investment properties held at December 31, 2020. They were carried out in the context of the health crisis relating to Covid-19 and the real estate appraisers' reports include a material valuation uncertainty clause as a result of this crisis, said clause stating that the health crisis had significant repercussions across all business sectors, and particularly real estate, with, to varying degrees, impacts on sales prices, investments and lettings, in terms of values and volumes. Nevertheless, these uncertainties raised by the health crisis do not undermine 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. These fair values are to be read in conjunction with the sensitivities presented below.

The valuation methods applied, as described in note 8, page 162, remain unchanged.

	2020		2019	
(in thousands of euros)	Net carrying cost	Fair value (excluding transfer taxes)	Net carrying cost	Fair value (excluding transfer taxes)
Investment property	2,050,907	3,065,632	2,222,452	3,419,534
Investment property held for sale	111	111	111	111
TOTAL	**2,051,018**	**3,065,743**	**2,222,563**	**3,419,645**



At December 31, 2020, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and Galtier updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted appraisals of 36 sites as at December 31, 2020, on the basis of a visit to seven sites during the second half of 2020, and on the basis of an update of the appraisals conducted at June 30, 2020, for the other sites. No site visits had been made during the first half of 2020. The appraisals performed by BNP Real Estate Valuation represent Euro 2,570.6 million including transfer taxes (Euro 2,421.9 million excluding transfer taxes) or 79.0% of the property portfolio;
- Catella Valuation valued 13 sites at December 31, 2020, on the basis of an update of the appraisals conducted as at June 30, 2020; The appraisals performed by Catella Valuation represent Euro 242.7 million including transfer taxes (Euro 227.5 million excluding transfer taxes) or 7.4% of the property portfolio;
- Cushman & Wakefield conducted the appraisal of nine sites as at December 31, 2020, on the basis of an update of the appraisals conducted as at June 30, 2020. The appraisals performed by Cushman & Wakefield represent Euro 249.1 million including transfer taxes (Euro 233.0 million excluding transfer taxes) or 7.6% of the property portfolio;
- CBRE conducted the appraisal of one site as at December 31, 2020, on the basis of an update of the appraisal conducted as at June 30, 2020. The appraisal performed by CBRE represents Euro 140.9 million including transfer taxes (Euro 131.8 million excluding transfer taxes) or 4.3% of the property portfolio;
- Galtier valued Mercialys' remaining assets, *i.e.* two assets, at December 31, 2020, on the basis of an update of the appraisals conducted as at June 30, 2020. The appraisals performed by Galtier represent Euro 10.4 million including transfer taxes (Euro 9.7 million excluding transfer taxes) or 0.3% of the property portfolio;
- an internal appraisal was performed for assets acquired in the second half of 2020. The appraisals performed by Galtier represent Euro 44.4 million including transfer taxes (Euro 41.8 million excluding transfer taxes) or 1.4% 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 3,258.3 million including transfer taxes (Euro 3,065.6 million excluding transfer taxes) at December 31, 2020, *versus* Euro 3,634.4 million including transfer taxes (Euro 3,419.5 million excluding transfer taxes) at December 31, 2019.

The value of the portfolio including transfer taxes therefore dropped by -10.3% over 12 months (a drop of -5.5% on a like-for-like basis[1]). The average appraisal yield rate was 5.72% as at December 31, 2020. The average appraisal yield rate was 5.26% as at December 31, 2019.

The change in the fair value of assets excluding transfer taxes for the fiscal year 2020 stemmed chiefly from:

- the effect of rental income on a like-for-like basis amounted to Euro 27 million;
- a change in the average capitalization rate (reflecting the appreciation of appraisers as to the sustainability and recurrence of income generated by property assets) which had an impact of Euro (212) million;
- the effect of CAPEX committed over the year representing an impact of Euro 7 million;
- changes in the scope of consolidation (acquisitions net of asset sales) amounting to Euro (177) million for the fiscal year.

Type of property	Average yield rate 12/31/2020	Average yield rate 06/30/2020	Average yield rate 12/31/2019
Regional and large shopping centers	5.44%	5.32%	5.07%
Neighborhood shopping centers and city-center assets	7.31%	6.25%	6.12%
Total portfolio[(1)]	5.72%	5.49%	5.26%

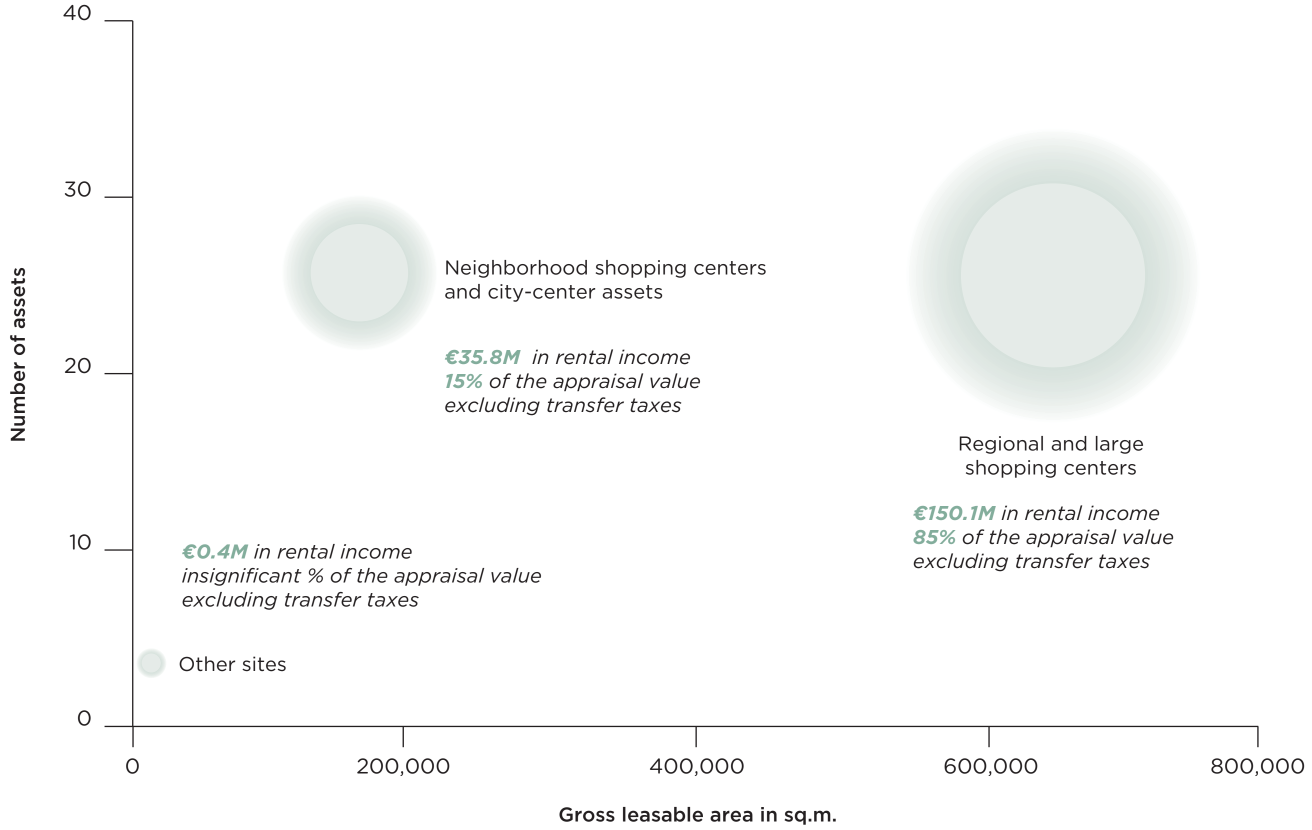
(1) Including other assets (independent cafeterias and other standalone sites).

The following table gives the breakdown of fair value and gross leasable area (GLA) of Mercialys' real estate portfolio by type of property at December 31, 2020, as well as the corresponding appraised rental income.

Type of property	Number of assets at 12/31/2020	Appraisal value at 12/31/2020 excluding transfer taxes *(in millions of euros)*	*(%)*	Gross leasable area at 12/31/2020 *(sq.m.)*	*(%)*	Appraised net rental income *(in millions of euros)*	*(%)*
Regional and large shopping centers	25	2,596.7	84.7%	643,691	78.3%	150.1	80.6%
Neighborhood shopping centers and city-center assets	26	458.6	15.0%	176,691	21.5%	35.8	19.2%
Subtotal	**51**	**3,055.3**	**99.7%**	**820,382**	**99.8%**	**185.9**	**99.8%**
Other sites[(1)]	4	10.4	0.3%	1,954	0.2%	0.4	0.2%
TOTAL	**55**	**3,065.6**	**100.0%**	**822,336**	**100.0%**	**186.3**	**100.0%**

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

(1) Sites on a like-for-like GLA basis.



Due to the strong correlation between the capitalization rate and the discount rate in the appraisers' model, the sensitivity test for changes in the capitalization rates also shows the sensitivity to changes in the discount rate.

Based on an assumption for annual appraised potential net rental income of Euro 186.3 million and a capitalization rate of 6.08%:

Sensitivity criteria	**Impact on appraisal value (excluding transfer taxes)** *(in millions of euros)*
Decrease of 0.5% in capitalization rate	+274.8
Increase of 10% in rents	+306.6
Increase of 0.5% in capitalization rate	(233.0)
Decrease of 10% in rents	(306.6)

Fees charged to Mercialys for the appraisals detailed above amounted to Euro 203,000 for the fiscal year ended December 31, 2020, *versus* Euro 206,000 at December 31, 2019.

8.2 Investment property held for sale

ACCOUNTING PRINCIPLE

Investment property held for sale is stated at the lower of their carrying cost and their fair value, less the costs of sale.

They are classified as assets held for sale if their carrying cost 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 property are no longer depreciated.

CHANGE IN INVESTMENT PROPERTY HELD FOR SALE

(in thousands of euros)	**Land and land improvements**	**Buildings, fixtures and fittings**	**Other property, plant and equipment**	**Property, plant and equipment ongoing**	**Total**
As at January 1, 2019	**2,451**	**1,302**	**-**	**-**	**3,753**
Reclassification as assets held for sale(1)	50,532	18,345	-	1,889	70,766
Disposals for the fiscal year	(52,871)	(19,647)	-	(1,889)	(74,407)
As at December 31, 2019	**111**	**-**	**-**	**-**	**111**
Reclassification as assets held for sale	-	-	-	-	-
Disposals for the fiscal year	-	-	-	-	-
AS AT DECEMBER 31, 2020(2)	**111**	**-**	**-**	**-**	**111**

(1) *In 2019, the reclassifications made during the fiscal year consisted of the sites at Saint-Germain-en-Laye for Euro 36.8 million, La Garenne-Colombes for Euro 32.4 million and Gap for Euro 5.2 million. These sites had been identified as assets held for sale during the fiscal year, except for the Gap site which had already been identified as such in fiscal year 2018 and were then sold in 2019.*

(2) *Investment property held for sale totaled Euro 111,000. They correspond to residual interests held in non-strategic assets that Mercialys intends to divest in the near future.*

Note 9 Leases

PRINCIPLE

As lessee

The Group is a lessee in certain property leases which mainly consist of:

- leases on parcels 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 bond to make lease payments over the same period, reported in the "Current lease liabilities" and "Non-current lease liabilities" lines of the consolidated statement of financial position. Lease liabilities are not included in the Group's net financial debt.

Initial measurement

On the date on which the contract takes effect:

The lease liability is recognized for an amount equal to the present value of fixed future lease payments in relation to the estimated duration of lease, as determined by the Group.

Fixed future lease payments include the possible re-measurement of lease payments in relation to an index or growth rate laid down in the contract. They may also include the value of a purchase option or early termination penalties, if there is reasonable certainty that Mercialys will exercise such options. In addition, fixed payments include a deduction for any lease incentives to be received on the effective date of the lease.

The right-of-use asset corresponds to the value of the lease liability (after deduction of any lease incentives received from the lessor) plus advance lease payments, initial indirect costs, as well as the estimated cost of rehabilitation if this is obligation is provided for in the contract.

Subsequent measurement

The lease liability is measured at amortized cost, using the effective interest rate method.

The changes recorded in the lease-related debt are the following:

- an increase equivalent to the interest expense, determined by applying the discount rate to the debt at the beginning of the period. This interest expense is recognized in the income statement under "Other financial expenses;"
- and decreased by the amount of the lease payments made.

The cash flows relating to the payment of the principal of lease-related debt and the associated interest are presented in the consolidated cash flow statement under cash flows from financing activities.

Besides the re-measurement of the liabilities in the event of contract amendments, liabilities relating to right-of-use assets are re-measured in the following cases:

- in the event of the revision of the contract duration;
- in the event of a change in the assessment of whether the exercise of a call option is reasonably certain (or not);
- in the event of a change in the amount of the payment expected under the residual value guarantee granted to the lessor;
- in the event of a change in variable rents based on a rate or an index, when the adjustment of the rate or index comes into effect (*i.e.* when the rents are actually modified).

In the first two cases, the debt is re-measured using a discount rate which is revised on the re-measurement date. In the last two cases, the discount rate used for the initial measurement remains unchanged.

The right-of-use is measured using the cost method and is amortized over the estimated duration of the lease, starting on the date on which the contract takes effect. This generates a straight-line amortization expense in the income statement. Moreover, in the event of a loss in value, the right-of-use asset is impaired in accordance with IAS 36 and it 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 a simple 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 classed under "Financial assets at amortized cost", presented in the consolidated statement of financial position under "Other current assets" and "Other non-current assets," in an amount equal to the present value of the lease payments to be received (discounted using the interest rate implicit in the contract), to which is added any non-guaranteed residual value payable to the Group;
- breaks down the rental income between interest, which is recognized in the consolidated income statement under other financial income, and a capital amortization charge that reduces the amount of the receivable.

For operating leases, the lessor recognizes the leased assets under "property, plant and equipment" in its statement of financial position and recognizes the lease payments received as income, in a linear fashion over the duration of the lease, under "rental revenues" in the consolidated income statement.

9.1 Lessee

The information relating to such leases is presented hereunder.

9.1.1 Information on the statement of financial position

COMPOSITION AND CHANGE IN RIGHT-OF-USE ASSETS

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Total
As at January 1, 2019	**-**	**-**	**-**
Restatements linked to IFRS 16	4,129	7,114	11,243
Depreciation and amortization	(236)	(1,025)	(1,262)
As at December 31, 2019	**3,892**	**6,089**	**9,981**
Depreciation and amortization	(227)	(852)	(1,080)
AS AT DECEMBER 31, 2020	**3,666**	**5,237**	**8,902**

9.1.2 Information relating to the income statement

At December 31, 2020, restated lease charges totaled Euro 1,194,000. These lease charges are replaced by a depreciation expense on right-of-use assets for Euro 1,080,000 (note 6.6, p. 157) and a financial interest expense on lease liabilities for Euro 334,000 (note 4.4, p. 152).

The amounts recognized in profit and loss for the fiscal year concerning agreements excluded from lease liabilities represent Euro 462,000 and primarily concern short-term agreements.

9.1.3 Information concerning the cash-flow statement

The total amount paid during the fiscal year in respect of leases amounted to Euro 959,000.

Note 10 Other non-current assets

ACCOUNTING PRINCIPLE

Non-current assets consist essentially of financial assets available at fair value through other comprehensive income and amounts receivable from tenants under construction leases; in substance, the return of the construction by the tenant to the lessor at the end of the lease is considered to be an additional rent payable in kind and is spread over the term of the lease. At the end of the lease, when the asset is returned by the tenant, the accrued revenue is cancelled 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)	Prepaid expenses(4)
As at January 1, 2019	**46,773**	**6,302**	**5,819**	**243**	**20,670**	**13,738**	**-**
Increase	27	-	-	1	-	27	-
Change in fair value	17,354	(3,326)	-	-	20,680	-	-
Decrease	(13,231)	-	(2,265)	-		(10,966)	-
Discounting/Accretion	311	-	331	-	-	(20)	-
Other reclassifications and other movements	635	-	-	-	-	-	635
As at December 31, 2019	**51,867**	**2,976**	**3,885**	**244**	**41,350**	**2,778**	**635**
Increase	20,564	1,799	-	145	-	18,620	-
Change in fair value	(650)	(1,249)	-	-	599	-	-
Decrease	(1,939)	-	(140)	-	-	(1,799)	-
Discounting/Accretion	380	-	340	-	-	40	-
Other reclassifications and other movements	3,640	-	-	-	-	-	3,640
DECEMBER 31, 2020	**73,865**	**3,526**	**4,085**	**389**	**41,950**	**19,639**	**4,275**

(1) Financial assets valued at fair value through other comprehensive income are primarily made up of shares in OPCI UIR II. This mutual fund is owned 80.01% by Union Investment and 19.99% by Mercialys. It operates a property in Pessac which provides it with rental income. UIR II also paid out a dividend of Euro 53,000 at the end of December 2020 (note 6.3, p. 156). In 2020 the increase corresponds to the subscription for the OPCI capital increase.

(2) The fair value hedging derivatives (hedge for interest rate risk) mature on March 31, 2023, February 27, 2026, and November 3, 2027 (note 14.2.3, p. 177).

(3) In 2020, the Euro 18.6 million increase euros mainly corresponds to the loan granted by Mercialys to SCI AMR in connection with transactions on real estate assets (note 2, p. 145) nd the Euro 1.8 million decrease corresponds to the early repayment of the OPCI UIR II loan. In 2019, the Euro 11 million decrease corresponded to the repayment of the loan granted to SCI Rennes-Anglet.

(4) In 2020, the increase in prepaid expenses related to the recognition of Euro 3.8 million in credit to be issued for more than one year (note 2, p. 145).

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 property) does not exceed the recoverable amount, *i.e.* the amount that will be recovered by their use or sale.

The recoverable amount of an asset is estimated each time there is evidence that this asset may have lost its value.

Cash generating unit (CGU)

A Cash generating unit is the smallest group of assets that includes an asset the continuing use of which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGU as a center (Large regional centers of neighborhood shopping centers).

Evidence of impairment

Assets are tested for impairment every six months. An impairment provision for investment property is recognized when an appraisal indicates a fair value, excluding transfer taxes, which has fallen below the net book value of the assets by more than 5% and when this difference in net book value can be considered as significant.

Measuring the recoverable amount

The recoverable amount of an asset is the value which is the higher 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, during 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 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. 162.

Loss of value

A loss of value is recognized as soon as the carrying cost 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, p. 162, an impairment loss on investment property concerning the Arles, Tours la Riche, Brives, Carcassonne, Niort and Narbonne sites was recognized at end-December 2020, for an amount of Euro 13.3 million in other operating expenses.

Note 12 Trade accounts and other receivables

(in thousands of euros)	12/2020	12/2019
Trade accounts and other receivables	66,289	29,768
Impairment	(28,072)	(9,236)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**38,217**	**20,532**

Trade receivables as at December 31, 2020, comprise rents, lease rights and advisory services invoiced during the fiscal year.

Trade receivables have increased by Euro 17 million since January 1, 2020.

The various lockdown measures had a negative impact on rents and charges billed.

In this respect, in addition to the method used to allocate doubtful receivables determined by Mercialys and based on the progress of legal disputes with tenants in arrears, Mercialys, in accordance with IFRS 9, recognized an additional provision for rent and charges for the 2nd and 3rd quarters of 2020 for unpaid rents not involving any related disputes but representing an increased risk of non-payment or a risk, considered to be significant, that Mercialys will waive future rents.

Furthermore, given the closure of sit-down restaurant and catering retailers and the lack of any re-opening date on the accounts closing date, no rent holiday proposals were determined at end-December 2020. In light of the heightened risk in relation to the recovery or rent and charges from this category of retailer for the 4th quarter, the Company has set aside provisions for late payments for November 2020.

As such, the financial statements at the end of December 2020 include provisions of Euro 13.7 million for the impacts of the health crisis as described above.

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, 2019	7,078	2,944	448	200	1,509	5,101	17,590	29,768
AS OF DECEMBER 31, 2020	**5,000**	**3,703**	**872**	**13,674**	**678**	**23,927**	**42,360**	**66,289**

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 reporting 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	12/2020	12/2019
Advances and down payments paid on orders		1,570	2,807
Receivables on assets		5,350	2,110
VAT credit		1,644	2,636
Other operating receivables(1)		18,627	15,628
Prepaid expenses(2)		4,293	3,262
Current hedging instruments	14.2.4	9,175	10,149
OTHER CURRENT ASSETS		**40,660**	**36,594**

(1) *Other operating receivables primarily include VAT credits, mainly relating to calls for funds issued by the Sudeco property manager.*

(2) *In 2020, prepaid expenses mainly comprise the spread of rent concessions in exchange for a consideration granted to tenants in the context of the Covid-19 health crisis for less than one year (note 2, p. 145) amounting to Euro 1.5 million.*

Note 14 Financial structure

14.1 Net financial items

14.1.1 Net finance costs

ACCOUNTING PRINCIPLE

The net finance costs consist of all income and expenses arising on components of net financial debt during the reporting period, including the income and profit on the sale of cash equivalents, as well as interest charges relating to finance leases.

Net financial debt comprises all borrowings and financial debt 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)	12/2020	12/2019
Cost of debt put in place	(34,378)	(30,887)
Impact of hedging instruments	12,487	8,706
Gross finance costs	**(21,891)**	**(22,180)**
Net proceeds of sales of investment securities	61	190
EXPENSE/(INCOME) FROM NET FINANCIAL DEBT	**(21,830)**	**(21,990)**

The net finance costs incurred include, in particular, the interest expense on bonds for Euro (27.0) million in 2020, compared with Euro (26.2) million in fiscal year 2019.

14.1.2 Other financial income and expense

ACCOUNTING PRINCIPLE

This concerns financial income and expenses that do not form part of the net finance costs. In particular, this includes commitment fees, the costs relating to undrawn bank loans, dividends received, interest on current accounts with companies not in the Mercialys group, and discounting adjustments.

(in thousands of euros)	12/2020	12/2019
Other financial income	233	255
Financial income	**233**	**255**
Other financial expenses	(3,024)	(3,111)
Financial expenses	**(3,024)**	**(3,111)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(2,791)**	**(2,856)**

In 2020, as in 2019, other financial income and expenses include commitment fees and the deferral of costs relating to undrawn bank loans (RCF) in the amount of Euro (2.7) million, and interests on current accounts of affiliated companies.

14.2 Financial assets and liabilities

ACCOUNTING PRINCIPLE

Financial assets

Financial assets are initially recognized at fair value increased by transaction costs directly linked to their acquisition for the instruments which are not measured at fair value through profit or loss. The costs of acquiring financial assets measured at fair value through profit or loss are recorded in the income statement.

The breakdown of financial assets between current and non-current is determined according to their maturity at the reporting 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 which exclusively correspond to the reimbursement 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 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 correspond solely to payments of principal and interest ("SPPI" criterion). Interest income and impairments are recognized as profit or loss. Other net profits and losses are recognized as OCI. Upon derecognition, accumulated gains and losses in OCI are reclassified as income;
- equity instruments that are not held for trading may be measured at fair value through OCI. The Group can make the choice irrevocable on an investment-by-investment basis. Dividends are then recognized in the income statement unless they clearly represent the recovery of a portion of the cost of the investment. Other gains and losses are recognized as OCI and are never reclassified as profit or loss. The Group recognizes the non-consolidated equity interests of OPCI UIR II in this category.

Financial assets at fair value through profit or loss

All other assets that are not classified as either at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Net gains and losses, including interest and dividends received, are recognized as profit or loss.

This category mainly includes derivatives not qualified as hedging instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments.

To be eligible for classification as a cash equivalent in accordance with IAS 7, investments must meet four criteria:

- short term investments;
- highly liquid investments;
- investments that are readily convertible to a known amount of cash;
- insignificant risk of changes in value.

Derecognition of financial assets

A financial asset is derecognized in the following two cases:

- the contractual rights to the cash-flows from the asset have expired; or
- those contractual rights have been transferred to a third party and the transfer meets certain conditions:
  - if the transferor has transferred practically all of the risks and rewards, the asset is derecognized in its entirety,
  - if the transferor has retained practically all of the risks and rewards, the asset continues to be fully recognized in the statement of financial position.

Financial liabilities

Definition

The breakdown of financial liabilities between current and non-current is determined according to their maturity at the reporting 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 uses the possibility offered 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 income.

Hedge accounting is applicable if:

- the hedging relationship is clearly defined and documented as at the date of inception; and
- the effectiveness of the hedge is demonstrated at inception for as long as it lasts.

14.2.1 Net cash

(in thousands of euros)	12/2020	12/2019
Cash	414,510	21,924
Cash equivalents	50,101	50,101
Gross cash	**464,611**	**72,024**
Bank overdrafts	(11)	(12)
CASH NET OF BANK OVERDRAFTS	**464,600**	**72,012**

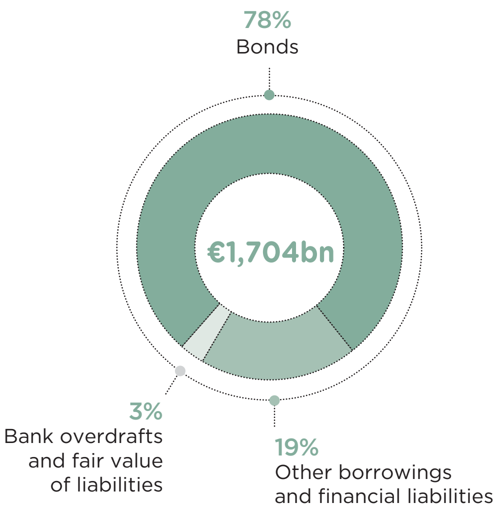
14.2.2 Financial liabilities

Net financial liabilities comprise borrowings and financial debt, including the fair value of the debt less cash and cash equivalents and fair value hedging derivatives.

Financial liabilities amounted to Euro (1,188.8) million as at December 31, 2020 compared with Euro (1,373.2) million as at December 31, 2019. These liabilities comprise the following:

	12/2020			12/2019		
(in thousands of euros)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	(1,308,414)	(15,649)	(1,324,062)	(1,189,037)	(11,389)	(1,200,425)
Other borrowings and financial liabilities	-	(332,500)	(332,500)	-	(250,000)	(250,000)
Bank overdrafts	-	(11)	(11)	-	(12)	(12)
Fair value of liabilities	(47,500)	(393)	(47,894)	(45,908)	(242)	(46,150)
Gross financial debt	**(1,355,914)**	**(348,553)**	**(1,704,467)**	**(1,234,944)**	**(261,643)**	**(1,496,588)**
Fair value hedging derivatives – assets	41,896	9,149	51,045	41,350	10,043	51,393
Cash and cash equivalents	-	464,611	464,611	-	72,024	72,024
Cash and cash equivalents and other financial assets	**41,896**	**473,760**	**515,656**	**41,350**	**82,067**	**123,417**
NET FINANCIAL DEBT	**(1,314,018)**	**125,207**	**(1,188,811)**	**(1,193,594)**	**(179,577)**	**(1,373,171)**

BREAKDOWN OF GROSS FINANCIAL DEBT



The main flows that impacted the change in financial debt were the issue of commercial paper net of redemptions for Euro (82.5) million (note 14.2.6, p. 177), the new Euro (300) million bond issue, the partial buyback of Euro 181.3 million of the tender offer for the bond issue of Euro 750 million and the cash-in related to year-end transactions on real estate assets (note 2, p. 145).

14.2.3 Bonds

In July 2020, Mercialys:

- issued a new Euro 300 million bond offering a fixed yield of 4.625% and maturing in July 2027;
- made a Euro 181.3 million tender offer to buyback part of the Euro 750 million bond issue maturing in 2023.

In March 2019, Mercialys redeemed a Euro 479.5 million bond issue at maturity.

As at December 31, 2020, the amount of bond financing was Euro 1,318.7 million, divided into four issues:

- a Euro 300 million bond issue, yielding a fixed yield of 4.625% and maturing in July 2027;
- a Euro 300 million bond issue, yielding a fixed yield of 1.80% and maturing in February 2026;
- a Euro 568.7 million bond issue yielding a fixed rate of 1.787%, with a maturity of 8 years and 4 months (maturing in March 2023);
- a Euro 150 million bond issue yielding a fixed rate of 2%, with a maturity of 10 years (maturing in November 2027).

These bonds are subject to the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. Furthermore, if the rating is downgraded following a change of ownership (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change in control of the Company.

14.2.4 Hedging

In addition, Mercialys introduced an interest rate hedging policy in October 2012 by means of a swap agreement, in order to hedge its interest rate risk.

Mercialys' debt structure after hedging broke down as follows at the end of December 2020: 92% fixed-rate or hedged debt and 8% floating-rate debt.

These hedging instruments are recognized in accordance with the fair value hedging method.

14.2.5 Confirmed credit lines

At the end of December 2020, the Mercialys group's confirmed credit facilities amounted to Euro 405 million, of which:

- a bank revolving credit facility of Euro 225 million maturing in December 2022;
- five confirmed bank lines for a total of Euro 145 million, maturing between January 2022 and June 2023;
- cash advances from Casino capped at Euro 35 million, maturing in December 2022.

14.2.6 Commercial papers

A Euro 500 million commercial papers program was also set up in the second half of 2012. It has been used since 2014. The outstanding commercial papers amounted to Euro 332.5 million as at December 31, 2020. It stood at Euro 250 million at end December 2019.

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/(market value excluding the portfolio transfer taxes + market value of investments in consolidated companies) <50% at each reporting date;

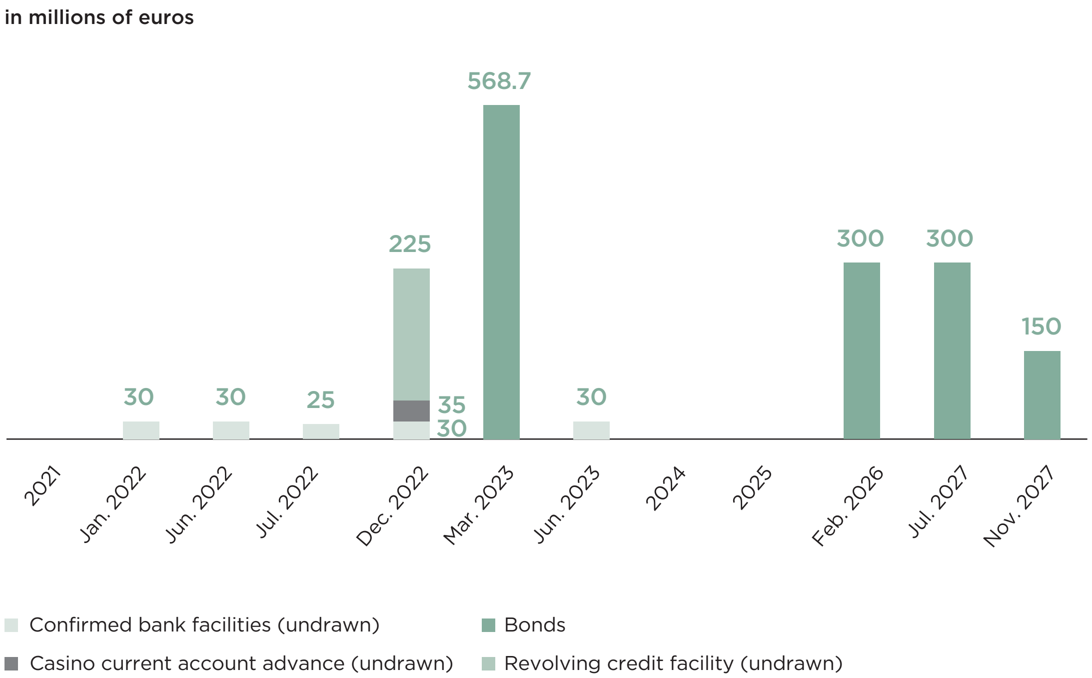
  A covenant of less than 55% applies to 60% of confirmed bank facilities. The balance of these lines involves an LTV covenant of less than 50%.
- Interest Coverage Ratio (ICR): Consolidated EBITDA[1]/Net finance costs > 2, at each reporting date;
- secured debt/consolidated fair value of investment property excluding transfer tax <20% at any time;
- consolidated fair value of investment properties excluding transfer taxes >Euro 1 billion at any time;
- change of control clauses also apply.

(1) *EBITDA: Earnings before interest, taxes, depreciation, and amortization.*

	Covenants	12/2020	12/2019
Loan To Value (LTV)	<50%	38.1%	39.5%
Interest Coverage Ratio (ICR)	>2.0x	5.0x	7.4x

As at December 31, 2020, the two other contractual covenants (Secured debt and 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.

BOND ISSUE AND UNDRAWN FINANCIAL RESOURCES MATURITY AS OF DECEMBER 31, 2020



Note 15 Trade payables

At December 31, 2020 and 2019, trade payables mainly consisted of invoices not yet received and outstandings relating to supplier Sudeco (manages building on behalf of Mercialys; Sudeco is a Casino group subsidiary).

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 reporting date are classified as "current liabilities." The Group's normal operating cycle is twelve months.

(in thousands of euros)	12/2020	12/2019
Amounts payable on fixed assets and related accounts	6,454	10,357
Advances and down payments received on orders	19,684	1,379
Tax and social security liabilities	15,187	7,931
Other liabilities	5,762	2,476
Prepaid income	3,107	5,400
Other current liabilities	**50,193**	**27,542**
Current tax liabilities	9	474
Current tax liabilities	**9**	**474**

As of December 31, 2020, the increase in advances and down payments received on orders mainly corresponds to credits to be issued for the 1st and 2nd lockdown (note 6.1, p. 154).

As at December 31, 2020 and December 31, 2019, the amounts payable in respect of non-current 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, 2020

				Balance sheet value under IFRS 9			
(in thousands of euros)	Carrying cost on the balance sheet (A)	Non-financial assets (B)	Financial asset values (A) - (B)	Hedging instruments	Loans and receivables	Financial assets measured at fair value through the other items of comprehensive income	Fair value
Other non-current assets	73,864	4,474	69,389	41,950	20,138	3,526	73,864
Trade receivables	38,217	-	38,217	-	38,217	-	38,217
Other current assets	40,660	16,531	24,129	9,175	14,952	-	40,660
Cash and cash equivalents	464,611	-	464,611	-	464,611	-	464,611

The main measurements used are: the fair value of cash, of trade receivables and of other current financial assets is the same as their carrying cost on the balance sheet, given the short maturities of these receivables.

The fair value measurement methods used with relation to assets available for sale, derivatives and cash and cash equivalents are described in note 18, p. 181.

As at December 31, 2019

(in thousands of euros)	Carrying cost on the balance sheet (A)	Non-financial assets (B)	Financial assets value (A) - (B)	Balance sheet value under IFRS 9: Hedging instruments	Balance sheet value under IFRS 9: Loans and receivables	Balance sheet value under IFRS 9: Financial assets measured at fair value through the other items of comprehensive income	Fair value
Other non-current assets	51,867	4,129	47,738	41,350	3,413	2,976	51,867
Trade receivables	20,532	-	20,532	-	20,532	-	20,532
Other current assets	36,594	13,937	22,657	10,149	12,506	-	36,594
Cash and cash equivalents	72,024	-	72,024	-	72,024	-	72,024

17.2 Financial liabilities

As at December 31, 2020

(in thousands of euros)	Carrying cost on the balance sheet (A)	Non-financial liabilities (B)	Financial liabilities value (A) - (B)	Balance sheet value under IFRS 9: Liabilities valued at fair value through profit or loss	Balance sheet value under IFRS 9: Hedging instruments	Balance sheet value under IFRS 9: Liabilities measured at amortized cost	Fair value
Bonds	1,324,062	-	1,324,062	-	-	1,324,062	1,358,716
Other borrowings and financial liabilities[1]	332,500	-	332,500	-	-	332,500	332,500
Lease liabilities	9,640	-	9,640	-	-	9,640	9,640
Fair value hedging derivatives – liabilities	47,894	-	47,894	-	47,894	-	47,894
Deposits and guarantees	22,295	-	22,295	-	-	22,295	22,295
Trade payables	15,394	-	15,394	-	-	15,394	15,394
Other non-current liabilities	15,311	-	15,311	-	15,311	-	15,311
Other current liabilities	50,193	14,602	35,591	-	1,888	33,703	50,193
Bank overdrafts	11	-	11	-	-	11	11

(1) Other borrowings and financial debt correspond to commercial papers (note 14.2.6, p. 177).

As at December 31, 2019

(in thousands of euros)	Carrying cost on the balance sheet (A)	Non-financial liabilities (B)	Financial liabilities value (A) - (B)	Balance sheet value under IFRS 9: Liabilities valued at fair value through profit or loss	Balance sheet value under IFRS 9: Hedging instruments	Balance sheet value under IFRS 9: Liabilities measured at amortized cost	Fair value
Bonds	1,200,425	-	1,200,425	-	-	1,200,425	1,220,425
Other borrowings and financial liabilities	250,000	-	250,000	-	-	250,000	250,000
Lease liabilities	10,599	-	10,599	-	-	10,599	10,599
Fair value hedging derivatives – liabilities	46,150	-	46,150	-	46,150	-	46,150
Deposits and guarantees	21,502	-	21,502	-	-	21,502	21,502
Trade payables	13,839	-	13,839	-	-	13,839	13,839
Other non-current liabilities	12,939	-	12,939	-	12,939	-	12,939
Other current liabilities	27,542	8,145	19,397	-	-	19,397	27,542
Bank overdrafts	12	-	12	-	-	12	12

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 end of the reporting period:

- 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 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, 2020

(in thousands of euros)	**Book value**	**Fair value**	**Market price = level 1**	**Models with observable inputs = level 2**	**Models with non-observable inputs = level 3**
Assets					
Financial assets at fair value through other comprehensive income	3,526	3,526	-	-	3,526
Fair value hedging derivatives – assets (current and non-current)	51,045	51,045	-	51,045	-
Other derivative assets (current and non-current)	80	80	-	80	-
Cash equivalents	464,611	464,611	464,611	-	-
Liabilities					
Bonds	1,324,062	1,358,716	1,358,716	-	-
Other derivative liabilities (current and non-current)	17,199	17,199	-	17,199	-
Fair value hedging derivatives – liabilities (current and non-current)	47,894	47,894	-	47,894	-

As at December 31, 2019

(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	2,976	2,976	-	-	2,976
Fair value hedging derivatives – assets (current and non-current)	51,393	51,393	-	51,393	-
Other derivative assets (current and non-current)	107	107	-	107	-
Cash equivalents	72,024	72,024	72,024	-	-
Liabilities					
Bonds	1,200,425	1,220,425	1,220,425	-	-
Other derivative liabilities (current and non-current)	13,096	13,096	-	13,096	-
Fair value hedging derivatives – liabilities (current and non-current)	46,150	46,150	-	46,150	-

18.1 Financial assets at fair value through other comprehensive income

Assets stated at fair value through comprehensive income comprise primarily shares in OPCI UIR II funds, the fair value of which has been determined on the basis of their Net Asset 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 Bond issues

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.

As at December 31, 2020, trade receivables amounted to Euro 41.8 million (note 12, p. 173). The Group's main client, Distribution Casino France, which is a related-party accounted for 20.3% of invoiced rents as at December 31, 2020. The structure of other clients 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. As at December 31, 2020, it had a net cash position of Euro 464,600,000.

The Group has available credit facilities of Euro 370 million (undrawn as at December 31, 2020) and a Casino cash advance of up to Euro 35 million (undrawn as at December 31, 2020).

The following table shows the repayment schedule for financial liabilities as at December 31, 2020, for the nominal amount plus interest and excluding discounting.

As at December 31, 2020

	Expiry of contracts						
(in thousands of euros)	Amount due in less than one 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 5 years or more	Total	Amount recognized in the balance sheet
Bonds and other borrowings excluding derivatives and finance leases	364,938	32,438	601,138	44,550	789,150	1,832,213	1,656,562
Trade payables and other financial liabilities	49,097	-	-	-	22,295	71,392	71,392
Lease liabilities	985	1,013	980	2,032	4,630	9,640	9,640
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	14,807	14,876	14,873	10,026	4,855	59,437	-
Derivative contracts – paid	(8,345)	(8,277)	(3,744)	(4,216)	(1,226)	(25,808)	-
Derivative financial instruments assets/(liabilities)	**6,462**	**6,598**	**11,130**	**5,809**	**3,629**	**33,629**	**-**

As at December 31, 2019

	Expiry of contracts						
(in thousands of euros)	Amount due in less than one 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 5 years or more	Total	Amount recognized in the balance sheet
Bonds and other borrowings excluding derivatives and finance leases	271,803	21,803	21,803	780,203	469,800	1,565,410	1,450,425
Trade payables and other financial liabilities	34,681	-	-	21,502	-	56,183	56,183
Lease liabilities	959	985	1,013	980	6,662	10,599	10,599
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	16,140	15,489	14,629	16,580	7,214	70,052	-
Derivative contracts – paid	(7,909)	(8,468)	(8,245)	(3,750)	(3,338)	(31,710)	-
Derivative financial instruments assets/(liabilities)	**8,231**	**7,021**	**6,384**	**12,830**	**3,876**	**38,342**	**-**

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. 174. 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 1.6 million in accordance with EU regulation No. 2273/2003. Under this contract, the cash funds under management are invested in money-market funds. These cash funds are classified as cash equivalents. No losses were incurred on these funds in 2020 and 2019.

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK:

(in thousands of euros)	12/2020	12/2019
Bank overdrafts	11	12
Total floating-rate debt (excluding accrued interest[(1)]	**11**	**12**
Cash equivalents	50,101	50,101
Cash	414,510	21,924
Total Assets	**464,611**	**72,024**
Net position before management	**(464,611)**	**(72,024)**
Derivatives	137,000	210,000
Net position after management	**(327,611)**	**137,975**
Net position to be renewed	(327,611)	137,975
1% change	3,276	1,380
Average maturity remaining until end of the fiscal year	1	1
Change in interest expenses	3,276	1,380
Cost of debt	21,830	21,991
Impact of changes in financial expenses/financial costs	**-15.01%**	**6.27%**

(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 income before tax *(in thousands of euros)*
Impact of +1% change in interest rates	(4,267)
Impact of -1% change in interest rates	3,153

Note 20 Equity and earnings per share

ACCOUNTING PRINCIPLE

How a financial instrument issued by the Group is classified in equity depends on the characteristics of that instrument.

Costs attributable to equity transactions or transactions in own equity instruments are recorded as a deduction from equity, net of tax. Other transaction costs are recognized as expenses of the fiscal year.

Treasury shares are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity, with the result that any gains or losses on disposal, net of the related tax effect, have no impact on the net income for the period.

20.1 Share capital

On December 31, 2020, the share capital stood at Euro 92,049,169. It consists of 92,049,169 fully paid shares with a par value of Euro 1.00.

(number of shares)	12/2020	12/2019
Beginning of the fiscal year	92,049,169	92,049,169
End of the fiscal year	**92,049,169**	**92,049,169**

(in thousands of euros)	12/2020	12/2019
Beginning of the fiscal year	92,049	92,049
End of the fiscal year	**92,049**	**92,049**

As at December 31, 2020, the number of treasury shares stood at 511,547, representing Euro 3,452,000. This entire amount corresponds to the liquidity contract. The loss incurred on the sale of treasury shares totaled Euro (1,974,000) net of tax for the fiscal year ended December 31, 2020, and was recognized directly in equity.

As at December 31, 2019, the number of treasury shares stood at 296,302, representing Euro 3,601,000. This entire amount corresponds to the liquidity contract. The loss incurred on the sale of treasury shares totaled Euro (281,000) net of tax for the fiscal year ended December 31, 2019, and was recognized directly in Group equity.

20.2 Capital management

The Group's policy is to maintain a solid base of equity capital in order to retain the confidence of investors, creditors and the market, and to support the future growth of the business. The Group pays close attention to the number and diversity of shareholders, the yield rate on equity, the level of dividend paid to shareholders and the liquidity of its shares.

Occasionally the Group makes open market purchases of its own shares. These purchases are made for the purposes of ensuring liquidity in the market for Mercialys shares, holding its own shares for later use in payment or exchange for business acquisitions, and covering the need to provide shares for share purchase or subscription options awarded to employees and corporate officers and for bonus shares awarded to employees and executives.

Neither the Company nor its subsidiaries are subject to any specific capital adequacy requirements imposed by law or regulation.

20.3 Earnings per share

ACCOUNTING PRINCIPLE

Basic earnings per share is calculated on the basis of the weighted average number of shares in circulation during the period, less any treasury shares.

Diluted earnings per share are calculated using the treasury stock method. Under this method, the denominator also includes the number of potential shares arising from 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)	**12/2020**	**12/2019**
Net income, attributable to owners of the parent	85,833	90,340
Weighted average number of		
• outstanding shares during the period	92,049,169	92,049,169
• treasury shares	(516,812)	(259,559)
Total number of shares before dilution	**91,532,357**	**91,789,610**
BASIC NET INCOME PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(€)*	**0.94**	**0.98**

20.3.2 Diluted net income, attributable to owners of the parent

(in thousands of euros)	**12/2020**	**12/2019**
Net income, attributable to owners of the parent	85,833	90,340
Weighted number of shares before dilution	91,532,357	91,789,610
Number of shares after dilution[1]	**91,532,357**	**91,789,610**
DILUTED NET INCOME PER SHARE, ATTRIBUTABLE TO OWNERS OF PARENT *(€)*	**0.94**	**0.98**

(1) The bonus shares awarded were part of the stock of existing bonus shares. Consequently, this award did not have a dilutive effect.

20.4 Share-based payment

ACCOUNTING PRINCIPLE

The fair value determined on the date when the rights to payment – based on shares paid in equity instruments awarded to employees – are expensed, as an increase in equity, over the vesting period of the rights. The amount recognized as expenses is adjusted to reflect the number of rights for which it is considered that the non-market related conditions of service and performance are met, such that the amount ultimately recognized is based on the actual number of rights that meet the non-market related conditions of service and performance on the vesting date. For rights to payment based on shares combined with other conditions, the measurement of fair value on the grant date reflects these conditions, and the differences between the estimate and the actual payment will not result in a subsequent adjustment.

The fair value of bonus shares is likewise determined as a function of plan characteristics and market data at the award date and assuming employment throughout the vesting period. If the plan specifies no vesting conditions, the expense is recognized in full when the grant is awarded. Otherwise, the expense is spread over the vesting period as the conditions are fulfilled.

Since December 1, 2005, the Mercialys group has set up bonus share plans in Mercialys shares for the benefit of executives and managers.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Allocation dates	04/26/2018	04/26/2018	04/25/2019	04/25/2019	04/25/2019	04/23/2020	04/23/2020	04/23/2020
End of vesting period	04/26/2021	04/26/2021	04/25/2022	04/25/2022	04/25/2021	04/23/2023	04/23/2023	04/23/2023
End of holding period	04/26/2023	04/26/2023	04/25/2024	04/25/2024	04/25/2021	04/23/2025	04/23/2025	04/23/2025
Share price at the allocation date *(€)*	16.08	16.08	12.50	12.50	12.50	7.48	7.48	7.48
Number of beneficiaries	2	7	2	7	104	2	7	115
Number of bonus shares awarded at inception	46,959	26,496	45,621	23,109	4,160	137,779	44,904	5,750
Fair value of bonus share *(€)*	7.91	7.91	6.57	6.21	10.29	3.28	3.65	5.55
Selected performance rate	46%	46%	90%	90%	100%	116%	108%	100%
NUMBER OF SHARES OUTSTANDING BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2020	**46,959**	**17,825**	**45,621**	**17,184**	**2,720**	**137,779**	**33,678**	**4,800**

Bonus shares only vest when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividend (relative TSR);
- organic growth in rents and FFO growth;
- CDP (Carbon Disclosure Project) rating.

20.4.1 Bonus share plans

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2019	**182,250**
Shares awarded	72,890
Shares cancelled	(27,871)
Shares issued	(19,070)
Outstanding shares at December 31, 2019	**208,199**
Shares awarded	188,433
Shares cancelled	(80,762)
Shares issued	(9,304)
OUTSTANDING SHARES AT DECEMBER 31, 2020	**306,566**

20.4.2 Impact on earnings and equity of share-based compensation

For the fiscal year ended December 31, 2020, these share-based payments generated an expense of Euro (24,000) charged to "personnel expenses." In 2019, the share plans generated an expense of Euro (205,000), which was charged to "personnel expenses."

20.5 Non-controlling interests

Condensed financial information about the main subsidiaries with insignificant 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.

	2020		2019	
(in thousands of euros)	**SAS Hyperthetis Participations**	**SAS Immosiris**	**SAS Hyperthetis Participations**	**SAS Immosiris**
% Interest	51%	51%	51%	51%
Net rental income	16,144	7,161	16,475	8,510
Operating income	12,297	4,907	11,984	6,334
Tax expense	(187)	(52)	(180)	(66)
Net income	**12,110**	**4,855**	**11,805**	**6,268**
Investment property	260,628	137,414	263,224	138,063
Non-current assets	**260,628**	**137,414**	**263,224**	**138,063**
Trade receivables	361	1,388	839	1,100
Other current assets	880	709	1,650	380
Cash and cash equivalents	8,114	5,641	6,888	1,972
Current assets	**9,355**	**7,738**	**9,377**	**3,453**
TOTAL ASSETS	**269,983**	**145,152**	**272,601**	**141,516**
Equity	**269,711**	**142,929**	**272,069**	**140,323**
Attributable to non-controlling interests (note 3.1.1.3, p. 140)	132,158	70,035	133,314	68,758
Other non-current liabilities	-	914	-	857
Non-current liabilities	**-**	**914**	**-**	**857**
Trade payables	204	275	267	257
Other current liabilities	69	1,034	266	78
Current liabilities	**273**	**1,309**	**533**	**336**
TOTAL EQUITY AND LIABILITIES	**269,983**	**145,152**	**272,603**	**141,516**

Note 21 Dividend

At December 31, 2019, out of 92,049,169 shares, 91,576,507 shares were entitled to the dividend based on 2019 earnings (472,662 treasury shares exempt from dividend payments).

The Company paid its shareholders a gross dividend of Euro 0.95 per share for the year ended December 31, 2019. An interim dividend of Euro 0.47 per share was paid in 2019, and the final dividend of Euro 0.48 per share was paid on April 29, 2020.

Payment of the final dividend represented a total of Euro 43,957 thousand.

The total dividend for 2019 therefore came to Euro 87,080 thousand.

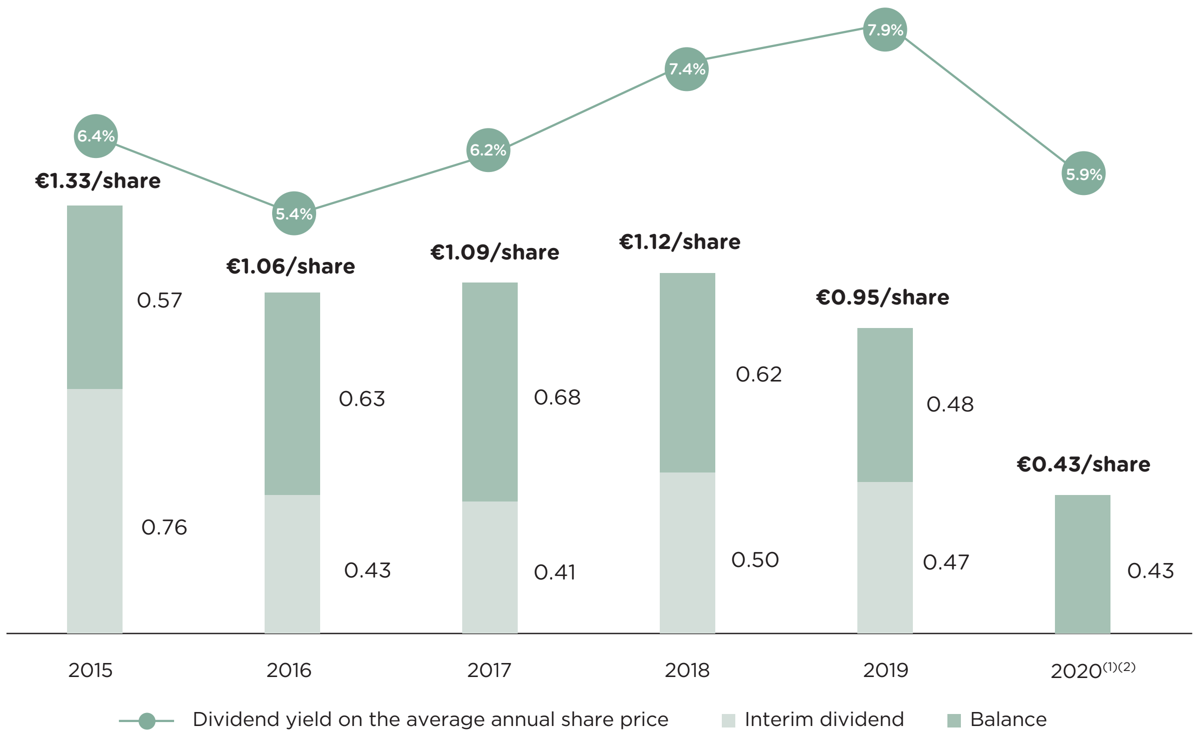
In an economic and health environment that remains uncertain, despite the start of vaccination campaigns, at the reporting date, and given the dividend distribution obligations to which the Company is subject under its real estate investment trust status, Mercialys' Board of Directors will propose to the Annual General Meeting of April 22, 2021 the payment of a total dividend for fiscal year 2020 of 0.43 Euro per share. Note that no interim dividend was paid in October 2020, contrary to the Company's usual practice, due to the priority given to protecting balance sheet positions, as announced on October 21, 2020.

This dividend proposal comprises the obligation to pay a dividend as a result of its status as a real estate investment trust regarding exempt profits from property rental or sub-rental transactions. It does not include the distribution of 70% of exempt profits for fiscal year 2020 from the disposal of real estate and equity interests in real estate companies, *i.e.* Euro 0.39 per share. This amount will have to be paid by 2022 at the latest in accordance with the requirements of the Company's status as a real estate investment trust (SIIC).

If the health and economic environment were to improve in 2021, however, the Board of Directors could decide to pay an interim dividend in the second half that would correspond to a portion of 2020 capital gains.

Subject to the approval of the Ordinary General Meeting of April 22, 2021, shareholders will be able to opt for: 1/ payment of this dividend in shares, 2/ payment of this dividend in cash. Payment and the delivery of shares, if any, would take place. on May 21, 2021, with an ex-dividend date of April 29, 2021, given the time required to implement these options.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Mercialys' Board of Directors unanimously decided, on October 21, 2020, not to distribute an ordinary interim dividend for 2020, given the highly uncertain nature of the health and economic situation, marked by new restrictive measures requiring preservation of the Company's cash position.

(2) Subject to approval by the Annual General Meeting of April 22, 2021.

Note 22 Provisions

ACCOUNTING PRINCIPLE

Post-employment benefits

The companies of the Group participate in the instituting 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 severance pay. 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.

Costs relating to plans of this kind are recognized as operating income (cost of service provided, of the period and past, 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

Movements *(in thousands of euros)*	**Provisions for liabilities and charges**	**Pension provisions**	**Provisions for long-service awards**	**Total**
As at January 1, 2019	**7,600**	**945**	**56**	**8,601**
Additions	4,701	59	3	4,763
Reversals	(1,319)	-	-	(1,319)
Other changes(1)	-	4	-	4
As at December 31, 2019	**10,982**	**1,008**	**59**	**12,048**
Additions	1,666	34	(1)	1,699
Reversals	(2,644)	-	(3)	(2,648)
Other changes(1)	-	49	-	49
AS AT DECEMBER 31, 2020	**10,004**	**1,090**	**55**	**11,149**

(1) Other changes mainly correspond to actuarial gains or losses.

Other provisions 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.

The reversals of Euro 2,644,000 at the end of December 2020 correspond for Euro 1,607,000 to provisions that now have no object.

22.2 Main assumptions used to determine the amount of commitments relating to defined benefit pension schemes

Defined benefit schemes are exposed to interest rate risks, the rate of pay rises and the mortality rate.

Details of the main actuarial assumptions made in assessing commitments are provided in the table below:

	12/2020	12/2019
Discount rate	0.7%	0.6%
Expected rate of pay rises	1.6%	1.0%
Retirement age	64 years	64 years

The discount rate is determined by reference to the Bloomberg 15-year index for AA composites.

The benchmark mortality tables TGH05 and TGF05 are used for the calculation.

Note 23 Off-balance sheet commitments

The principal commitments are the following:

23.1 Commitments relating to current activity

23.1.1 Commitments received

23.1.1.2 Bank guarantees received

- on behalf of tenants, covering payment of rent and service charges: as at December 31, 2020, these amounted to Euro 7,830,000 *versus* Euro 9,281,000 as at December 31, 2019;
- within the context of work ordered from suppliers: Euro 2,000 as at December 31, 2020, *versus* Euro 26,000 as at December 31, 2019.

23.1.1.3 Partnership agreement

Mercialys has signed a Partnership agreement with Casino, Guichard-Perrachon. Details of this commitment are provided in note 24, p. 191.

This Partnership agreement expired at the end of December 2020.

23.1.1.4 Rental guarantee received

On December 23, 2020, following the purchase by Mercialys to SCI AMR of the Montauban and Valence 2 shopping centers (note 2, p. 145), a rental guarantee agreement was signed to formalize the terms and conditions of AMR's commitment to cover Mercialys against any significant adverse change in the rental situation of the two real estate complexes. The term of this agreement is as follows:

- the Montauban cover comes into force if all, or part, of the hypermarket's sales areas closes and ends at the earliest of these two dates, either the partial or total re-opening of the hypermarket's sales areas or December 31, 2023;
- the Valence 2 guarantee covers the period between January 1, 2021 and December 31, 2023.

23.1.2 Commitments given

Commitments made in connection with the disposal of SAS Hyperthetis Participations

In connection with 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 with a guaranteed minimum price, exercisable on its initiative in 2022.

This guaranteed minimum price will be equal to the higher of the NAV and an IRR for all the company shares under option, and to the higher of the appraised fair value and an IRR for all the real-estate assets held by the minorities.

At the end of December 2020, this option was valued at Euro 134.6 million, which corresponds to the company's IRR. The appraisal value amounted to Euro 233 million (excluding transfer taxes) at the end of December 2020.

If the options are not exercised, there is an exit clause for disposal of the assets at their fair value.

23.2 Commitments relating to exceptional transactions

23.2.1 Commitments with Corin

In connection with its Partnership agreement with Corin, in 2006 Mercialys acquired 60% of the undivided rights on certain assets in Corsica for Euro 90 million.

An amendment was made to the memorandum of understanding in 2014. This amendment made it possible to extend certain maturities and to modify the contribution mechanism of the undivided rights. The memorandum of understanding was created for a new 20-year period as from the 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 acquire 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 across a number of maturities. Thus for a maximum of 10% of 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 as from January 31, 2024 and a maximum of 10% of undivided rights from January 31, 2025.

If Corin exercises its 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. A 30% haircut will be applied if Mercialys opts to sell its undivided rights to Corin. Corin may likewise assign the benefit of its contractual promise to any third party.

These promises represent contingent commitments of unforeseeable outcome and are therefore not recognized in the balance sheet. In the event that the transfer takes place, the asset valuation specified in the memorandum of understanding will be representative of market value.

23.2.2 Other commitments

L'Immobilière Groupe Casino, a subsidiary of the Casino group, has granted a compensation guarantee of Euro 1.3 million on a site.

On July 16, 2020, an amendment was signed between the two parties, extending this guarantee through to December 31, 2020. This commitment was kept off-balance sheet within the context of the health situation which is impacting the related legal and administrative environment.

No pledge, mortgage, or other conveyance of security interest applies to the Group's assets.

The Group has received the customary warranties from the transferor companies in respect of properties transferred to it.

The Group complies with the applicable regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

23.3 Operating lease commitments

Operating leases as lessor

Almost all the leases granted by the Mercialys group in connection with its business activity are commercial leases, but a few construction leases have been granted in special cases.

The leases signed include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion (the guaranteed minimum rent) and a portion pegged to the revenue of the lessee operating the commercial premises. The minimum guaranteed rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease is due from the lessee whenever there is a positive difference between the percentage of pre-tax revenue earned by the lessee during the calendar year and the base rent.

Unless there is an indexation clause in the lease agreement that provides otherwise, rent amounts are adjusted to the index at the end of each three-year period of the lease. For all leases, the base rent, whether a fixed-only rent or the minimum guaranteed portion of a variable rent, is contractually indexed to the Construction Cost Index or retail rent index published by INSEE in accordance with applicable regulations.

The minimum future rental income receivable under non-cancellable straight lease contracts are as follows:

(in thousands of euros)	**12/2020**	**12/2019**
Less than one year	139,495	161,928
Between one and five years	201,634	222,064
More than five years	23,865	25,423
TOTAL	**364,995**	**409,415**

Note 24 Related-party transactions

The Mercialys group maintains contractual relations with various Casino group companies. The main agreements are described below:

24.1 Identification of the consolidating company

Since June 21, 2013, Mercialys is consolidated in the Casino group's financial statements under the equity method.

24.2 Leases granted by the Group to Casino group companies

As at December 31, 2020, the breakdown of operating leases to Casino group companies was as follows:

- Casino Restauration: six leases (compared with ten leases at December 31, 2019);
- other Casino group entities: 51 leases (compared with 53 leases at December 31, 2019).

Invoiced rents under these leases during the reporting period amounted to:

- Euro 35,054,000 for Distribution Casino France (*versus* Euro 34,615,000 at December 31, 2019);
- Euro 8,000,000 for Monoprix (*versus* Euro 9,266,000 at December 31, 2019);
- Euro 7,036,000 for the other entities (compared to Euro 8,621,000 at December 31, 2019).

24.3 Property Management activities

Mercialys has outsourced Property Management activities for nearly all its sites to Sudeco, a subsidiary of 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 Property Management activities, fees paid by Mercialys and its subsidiaries to Sudeco as at December 31, 2020, amounted to Euro 5,443,000 *versus* Euro 6,488,000 as at December 31, 2019.

24.4 Partnership agreement with Casino

The Partnership agreement was approved by the Board of Directors on June 22, 2012. An amendment to this agreement was signed on November 12, 2014.

The fundamental principle of the Partnership agreement, under which Casino develops and manages a pipeline of development projects that are acquired by Mercialys to fuel its growth, has been maintained in the amendment to the Partnership agreement.

The initial Agreement concerned a pipeline of projects offering sufficient visibility. The new agreement enables Mercialys to propose new projects which will be examined by Casino and monitored by the monitoring committees.

- Casino will only begin the works once the order has been confirmed by Mercialys, after final approval is obtained and at least 60% of the projects have been pre-let (as a percentage of projected rents – leases signed);
- the acquisition price of projects developed by Casino, determined solely under the initial agreement based on a rent capitalization rate defined according to a matrix – updated half-yearly according to changes in the valuation of the Mercialys portfolio – and provisional rents for the project, can now also be determined on the projected selling price, calculated according to the projected IRR (8% to 10%);
- the principle of the upside / downside being split 50/50 is maintained to take into account the actual conditions under which the assets will be let. Therefore, if there is a positive or negative difference (upside or downside) between the real rents resulting from letting and the rents forecast at the outset, the price will be adjusted upwards or downwards by 50% of the difference observed. A “review clause” between the two parties is provided in the contracts under the early acquisition process mentioned earlier.

In return for the exclusivity clause, Mercialys has made a commitment not to invest in any transactions that may have a significant competitive impact within the catchment area of a site with a Casino group food store.

In 2020, no project was acquired by the Group under that Partnership agreement.

The Partnership agreement expired on December 2020, and was not extended by the parties.

As Mercialys is co-owner or co-volumist with the Casino group for most of its sites, the two companies will have to negotiate on a case-by-case basis on development or restructuring opportunities.

24.5 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 2020, the contract covered administrative management, accounting/finance and IT services. The amount paid by Mercialys to the Casino group under the Service agreement was Euro 1,322,000 for the fiscal year ended December 31, 2020, compared with Euro 2,011,000 to December 31, 2019.

24.6 Consultancy agreement between Mercialys group companies and the Casino group

Mercialys Gestion has entered into a consulting agreement with the Mercialys and Casino group companies. The purpose of this agreement is to make Mercialys Gestion’s team of specialists in property portfolio valuation available to those companies. The advisory Service agreement was signed on July 27, 2007 for an initial term of six years, automatically renewable thereafter for one year at a time, with each party free to terminate the agreement on six months’ notice. On June 1, 2011 Mercialys Gestion’s teams in charge of asset management, marketing and communication were transferred to Mercialys. As a result, an amendment was drafted, specifying that Mercialys is now the new service provider.

On March 23, 2015, Mercialys, Immobilière Groupe Casino and Plouescadis signed a document amending the advisory services master agreement (the “Advisory Services Master Agreement”).

The parties decided to end this agreement on December 31, 2018.

A new, fixed-term agreement, of an initial term of six months, running from January 1 to June 30, 2019, was signed between Mercialys and L’Immobilière Groupe Casino for asset management services provided by Mercialys teams for projects managed on behalf of L’Immobilière Groupe Casino and/or its subsidiaries. This new Agreement was entered into under normal conditions; it is a standing agreement.

This Agreement was renewed automatically for a further six months, unless terminated by either of the parties by registered letter with acknowledgment of receipt, with the understanding that the total duration of the agreement could not exceed 48 months. The Agreement, which was not renewed by the parties, came to an end at the end of 2020.

There were no services provided under this agreement in 2020, and Mercialys did not receive any compensation in this respect during the fiscal year (compared with compensation of Euro 97,000 at December 31, 2019).

24.7 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 the 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 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, an amendment to the agreement was signed, extending the expiry date of this agreement to December 31, 2022.

At end-December 2020, Mercialys had not received any cash advances from Casino.

In the year ended December 31, 2020, Mercialys paid fees of Euro 519,000 for non-use of the funds made available by Casino Finance.

24.8 Agreements entered into with the Casino group relating to transactions for the acquisition of property asset portfolios

In connection with the acquisition's transactions and in addition to the business contribution agreements, various contracts and guarantees were signed with the Casino group companies.

Given the nature of the projects undertaken by Mercialys, the contracts and guarantees that may be entered into are as follows:

First, in connection with the projects executed with the Casino group, the acquisition price paid by Mercialys is determined through the Partnership agreement, and the Casino group provides no guarantees following the transfer of ownership. Second, in connection with acquisitions from the Casino group of redevelopment properties, hypermarket premises, or high street retail assets for development projects to be implemented by the real-estate company (through urban retail projects as well as offices, hotels or housing units). As indicated in note 24.4, p. 192, the Partnership agreement expired at the end of December 2020.

What's more, Mercialys has a non-exclusive framework agreement with the Casino group for delegated project management and property development contracts with the Casino group:

- as at December 31, 2020, various orders had been placed under this framework agreement for projects concerning the sites of Lanester, Gassin, Annecy, Sainte-Marie and Monthieu. Mercialys may stop placing orders at each of the stages of the master agreement as compensation for the payment of the service provider's fees and company compensation for contracts already awarded;
- at December 31, 2020, the Port site on Reunion Island was covered by a property development contract.

Residual risks relating to the development are subject to an autonomous completion guarantee from the contributing companies, comprising a guarantee to pay the sums required to complete the development and a financial guarantee if the deadline is not met.

24.9 Agency agreements with IGC Services

In connection with the transactions for sale of its asset portfolios, Mercialys can call upon the expertise of IGC Services to find any legal entities that may be interested in acquiring one or more assets. This agreement lapsed in 2020 (compensation for this service for 2019 amounted to Euro 1,324,000).

24.10 Related-party transactions of SCI Rennes-Anglet

SCI Rennes-Anglet entered into several agreements:

- with Mercialys Gestion, a marketing fund management mandate and a tenant finders mandate;
- with Mercialys, a brand license agreement;
- with Casino group companies, a rental management agreement (Sudeco) and a Service agreement (IGC Services).

24.11 Transactions with SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a real estate advisory service 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 428,000.

SCI 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 (note 2, p. 145). In respect of these transactions, Mercialys granted a loan to SCI AMR amounting to Euro 18,590,000 at the end of December 2020.

24.12 Transactions in connection with the purchase of shares in Sacré-Cœur

A property development contract has been signed between Sacré-Cœur and Mercialys (project management) and IGC Services (developer), a subsidiary of the Casino group. The latter is responsible for developing the project in two phases according to the terms, timetable and cost defined:

- phase 1: extension, multistory car park (delivered end-2018) and food court (delivered early 2019);
- optional phase 2: retail park for Euro 6.4 million excluding tax, which was delivered in the autumn of 2020. This option was exercised in 2019 following the acquisition of the Le Port plot by Sacré-Cœur on October 31, 2019, for Euro 1.5 million. The work was completed in 2020 and was the subject of calls for funds charged to Sacré-Cœur for Euro 6.3 million.

24.13 Gross compensation allocated to senior executives

Mercialys, a *société anonyme* (limited liability company) under French law, has opted for a governance structure with a Board of Directors. As of December 31, 2020, its Board had nine members in addition to the Chairman of the Board of Directors, six of whom were independent directors. The remuneration amounts shown below are total amounts paid to the directors and the key executives.

(in thousands of euros)	12/2020	12/2019
Short-term benefits[1]	1,464	1,712
TOTAL	**1,464**	**1,712**

(1) Gross salaries (excluding employer contributions), bonuses, incentives, profit-sharing, benefits in kind and directors' fees.

No members of senior management held stock options on Mercialys shares as at the end of December 2020.

24.14 Related-party transactions – summary

(in thousands of euros)	12/2020	12/2019
Income/(Expenses)		
Invoiced rents		
Distribution Casino France	35,054	34,615
Monoprix	8,000	10,859
Other Casino group entities	7,036	7,027
Advisory services agreement received by Mercialys	-	97
Short-term occupancy agreement charged by Mercialys to the Casino group	321	314
Property Management income paid to the Casino group	(5,443)	(6,488)
Service agreement paid to the Casino group	(1,322)	(2,011)
Transactions with SCI AMR[1]	178,962	536
Agency agreement with IGC Services	-	(1,324)
Non-utilization fees paid to Casino Finance	(519)	(193)
Transactions with Casino, Guichard-Perrachon	-	303
Assets/(Liabilities)		
Loan to SCI AMR	18,590	-
Call for funds issued for the Sacré-Cœur property development contract with Casino group	46,050	39,743
Sacré-Coeur earnout paid to Casino	-	3,715

(1) Includes the sale by Mercialys to SCI AMR of the Chaville, Puteaux and Marcq-en-Barœul sites and the Gassin and Besançon hypermarkets for Euro 198 million, as well as the acquisition by Mercialys from SCI AMR of the Valence 2 and Montauban sites for Euro 19.3 million.

24.15 Other related-party transactions

Excluding the amounts indicated above, other related-party transactions (Casino group companies and equity associates) were as follows for the fiscal years ended December 31, 2020 and 2019:

TRANSACTIONS WITH CASINO GROUP SUBSIDIARIES:

(in thousands of euros)	Income	Expenses	Payables	Receivables
	concerning related parties			
2019	20,236	2,499	1,217	457
2020	**18,467**	**1,911**	**1,147**	**1,623**

OTHER TRANSACTIONS WITH EQUITY ASSOCIATES

(in thousands of euros)	Income	Expenses	Payables	Receivables
	concerning related parties			
2019	388	1,086	16	1,397
2020	**32**	**786**	**-**	**1,855**

Note 25 Contingent liabilities

Contingent liabilities relating to a project at the Saint-André site

In 2015, Mercialys, through Epicanthe, acquired shares in SCI Toutoune, the holder of a sale agreement for the acquisition of a piece of land in the commune of Saint-André, on Reunion Island. This acquisition was part of planned shopping center development

A Euro 900,000 adjustment to the price of the SCI Toutoune shares was planned, subject to the Saint-André Urban Planning Scheme (*Plan Local d'Urbanisme* - PLU) being adopted before June 30, 2019, either (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a Commercial Operating Permit (*Autorisation d'Exploitation Commerciale* - AEC) enabling the project to go ahead, or (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project, which was filed on October 4, 2017, to be withdrawn. Mercialys does not believe that any disbursements are likely and so did not recognize any related provision at end-2020.

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

Recurring fees for Mercialys' Statutory Auditors amounted to Euro 487,000 for the fiscal year ended December 31, 2020 (compared with Euro 510,000 as at December 31, 2019).

Statutory Auditors' fees for the fiscal year 2020 *(in thousands of euros)*	EY	KPMG
Certification of individual and consolidated financial statements and limited review	221	188
Services other than the certification of financial statements[1]	60	18
TOTAL	**281**	**206**

(1) Services other than the certification of financial statements relate to:
- *reports on the planned payment of interim dividends;*
- *the CSR report;*
- *the comfort letter.*

Note 27 Workforce

Number of employees	12/2020	12/2019
Workforce at closing date(1)	133	111
Full-time equivalent(2)	119	106

(1) Staff with permanent and fixed-term contracts.
(2) Average number of full-time equivalent employees over the year.

Note 28 Subsequent events

In January 2021, Mercialys set up a bond redemption agreement concerning the issue with a residual nominal of Euro 568.7 million maturing in March 2023. With an initial term of six months and covering a total of Euro 50 million, this agreement aims to buy back part of this issue, drawing on the Company's significant cash position at end-2020, then to cancel these debt securities.

On January 29, 2021, the French Prime Minister ordered the closure of all non-food stores with over 20,000 sq.m. of gross leasable area, as well as non-food stores in shopping centers with a gross leasable area of over 20,000 sq.m. This threshold was then lowered to 10,000 sq.m. in early March 2021, in a number of French departments deemed "at risk" from a health point of view.

The definition of this floor space is extremely broad, the footage being calculated by adding all of a site's areas for food or non-food stores, as well as their stockroom and office areas.

Food stores in shopping centers remain open, whether they are supermarkets or specialist food stores (e.g. bakeries). Pharmacies are also exempt and will remain open. In addition, the minimum space ratio per person has also been reinforced for all retail spaces (stores over 400 sq.m. and shopping centers), based on one person per 10 sq.m., compared with one person per 8 sq.m. previously.

Stores that are closed are no longer be able to offer click and collect services or order collection services. However, they are still be able to offer deliveries for their products.

These closure measures came into force on Sunday January 31, 2021. As of February 11, 2021, they have also applied to Reunion Island, where Mercialys operates.

In view of these provisions, as of March 6, 2021 and until these restrictions are relaxed, 42% of Mercialys' rental base can remain open.

Following the announcement of these measures, the Ministry for the Economy, Finance and the Recovery indicated that relief measures will be put in place to support retailers.

On March 9, 2021, the Ministry reiterated its commitment, stating that it was awaiting authorization from Brussels in order to be able to actually start helping retailers who were forced to close down to pay rents and charges due to their landlords.

The terms and details of this subsidy, which may be indirect, are not known on the date of publication.

3.1.3 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2020

To the Annual general meeting of Mercialys

Opinion

In accordance with the mission entrusted to us by your Annual general meeting, we have audited the consolidated financial statements of Mercialys relating to the fiscal year ended December 31, 2020, as attached to this report.

In our opinion, in accordance with the International Financial Reporting Standards as adopted by the European Union, the consolidated financial statements give a true and fair view of the funds from operations for the fiscal year ended 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 "Statutory Auditors' responsibilities regarding the audit of the consolidated financial statements" of this report.

Independence

We performed our audit in accordance with the rules of independence applicable to us, for the period starting from January 1, 2020 to the date on which we issued our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of (EU) Regulation No. 537/2014 or by the French commercial code or the Code of Ethics of the statutory auditing profession.

Justification of our assessments - Key points of the audit

The global crisis linked to the Covid-19 pandemic created special conditions for the preparation and audit of this year's financial statements. In fact, this crisis and the extraordinary measures taken within the context of the health emergency had a number of consequences for businesses, particularly in terms of their activity and financing, as well as increased uncertainty in their outlook for the future. Some of these measures, such as travel restrictions and teleworking, also had an impact on companies' internal organization and on the way in which audits were conducted.

It is against this complex and constantly changing backdrop that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification for our assessments, we draw your attention to the key points of the audit relating to the risks of material misstatements which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the fiscal year, and how we addressed those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We express no opinion about the items in these consolidated financial statements taken separately.

Measurement of investment property

Identified risk	Our solution
At December 31, 2020, the net book value of the Group's investment properties amounted to Euro 2,051 million. Investment properties are recognized at cost, broken down into components and are depreciated over their useful lives. Note 8 of the notes 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: • the context of the Covid-19-related health crisis: real estate experts' reports contain a material valuation uncertainty clause as a result of this crisis which is having major repercussions across all business sectors. 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; • information specific to each asset such as location, rental revenues, yield rate and capital expenditure; • recent comparable market transactions. The measurement of investment properties is considered to be a key audit point due to: • the significant amount of the fair value excluding transfer taxes presented in the notes to the Group's consolidated financial statements; • the use, by the independent appraisers, of level 3 non-observable inputs as defined by IFRS 13 "Fair Value Measurement", to determine fair value. Consequently, these fair values are based on estimates; • the sensitivity of fair value to the assumptions adopted by the appraisers, which is used to assess the absence of impairment in the investment properties.	In connection with our audit of Mercialys' consolidated financial statements, we implemented the following procedures: • assessment of the competence, independence and integrity of the independent appraisers mandated by the Company; • analysis of the significant changes in fair values, by investment property; • testing 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; • conducting 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 the measuring methodology applied, in the context of the Covid-19 pandemic; • comparing, 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 the Company; • for a selection of assets, analyze, with our real estate specialists, the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available in the context of the Covid-19 health crisis; • comparison of the items taken into account to determine the amount of provisions to recognize for the impaired investment properties (comparison of the net book values with the audited financial statements, and of the fair value with the independent appraisal); • examining the suitability of the information given in note 8 to the consolidated financial statements.

Related party real estate transactions

Identified risk	Our solution
The Group performs property transactions with the Casino group, its main shareholder. Note 24 "Related party transactions" to the consolidated financial statements describes the transactions carried out with related parties. These transactions involve substantial amounts and may follow a different approval channel depending on whether or not they are considered to be regulated. Therefore, the presentation of this information in the notes requires that the Group be able to identify and collate any information if required. Accordingly, we considered the completeness of the information presented in the Notes about real estate transactions with the Casino group companies as a key point of the audit.	In connection with our audit of Mercialys S.A.'s consolidated financial statements, we implemented the following procedures: • identifying the agreements concerning real estate transactions with the Casino group companies, in particular the regulated agreements, reviewing the minutes of meetings of the Board of Directors and investment committees held during the fiscal year; • examining the disclosures in Note 24 to the consolidated financial statements in light of the information in the agreements.

Specific verifications

We also performed, in accordance with the professional standards applicable in France, the specific verifications required by the applicable laws and regulations of the disclosures in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications or information provided for by legislation and regulations.

Presentation format of the consolidated financial statements intended to be included in the Annual Financial Report

Pursuant to Article 222-3-III of the General Regulations of the French financial markets authority, your Company's management informed us of its decision to postpone the application of the single electronic format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in section I of Article L. 451-1-2 of the French monetary and financial code.

Appointment of Statutory Auditors

We were appointed as the We were appointed as the Statutory Auditors of Mercialys S.A. by your Annual general meeting of May 6, 2010.

At December 31, 2020, our firms were in their eleventh year of uninterrupted auditing for your Group.

Previously, ERNST & YOUNG Audit had been the statutory auditor since 1999.

Responsibilities of management and of the members of corporate governance for 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 frauds or errors.

While preparing the consolidated financial statements, it is the responsibility of management 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 consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. We seek to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards can systematically detect all material misstatements. Misstatements may stem from frauds or from errors and are considered to be material when one can reasonably expect that, taken individually or together, they may influence the economic decisions that the users of the financial statements may make on the basis of such statements.

As specified by Article L. 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 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 circumstance, and not for the purpose of expressing an opinion about the effectiveness of internal control;
- they evaluate the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by management, and the relevant disclosures in the consolidated financial statements;

- they assess the proper application by management of the going concern accounting principle and, depending on the evidence collected, the existence or not of a material uncertainty linked to events or circumstances likely to jeopardize the Company's capacity to continue its operations. This assessment relies on the evidence collected until the date of their report, while stressing, however, that subsequent circumstances or events may undermine the going concern. Should the auditors find the existence of a material uncertainty, they will draw the attention of the readers of their report to disclosures in the consolidated financial statements about this uncertainty or, if such disclosures do not exist or are irrelevant, they will issue a qualified certification or refuse to certify;
- they assess the overall presentation of the consolidated financial statements and determine whether the consolidated financial statements reflect the underlying operations and events so as to provide a true and fair view;
- concerning the financial information of persons or entities included in the scope of consolidation, they collect the evidence that they consider sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for managing, overseeing and performing the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which presents, in particular, the scope of the audit works and the work program implemented, 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 (EU) Regulation 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 of the statutory auditing profession. If necessary, we discuss the risks affecting our independence and the precautionary measures applied with the Audit Committee.

Paris-La Défense and Lyon, March 10, 2021

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG et Autres
Régis Chemouny	Nicolas Perlier

3.2 Separate financial statements

3.2.1 Financial statements

3.2.1.1 Income statement

(in thousands of euros)	Notes	12/2020	12/2019
Rental revenues		123,927	138,047
Non-recovered property taxes		(1,853)	(1,035)
Non-recovered service charges		(2,163)	(2,995)
Net property operating charges		(16,216)	(5,790)
Net rental income	3	**103, 695**	**128,227**
Management, administrative and other activities income	4	1,588	2,021
Depreciation		(26,021)	(25,649)
Provisions		1,287	(1,224)
Personnel expenses	5	(8,615)	(7,904)
Other expenses	6	(15,829)	(17,081)
Operating results		**56,105**	**78,390**
Net financial items	7	(31,584)	(5,411)
Net exceptional items	8	45,249	9,714
Corporate tax	9	16	(60)
NET INCOME		**69,786**	**82,633**

3.2.1.2 Balance sheet

Assets

(in thousands of euros)	Notes	12/2020	12/2019
Intangible assets		8,458	7,654
Depreciation and impairment		(5,467)	(4,197)
Subtotal		**2,991**	**3,457**
Property, plant and equipment		1,495,129	1,632,501
Depreciation and impairment		(217,116)	(194,753)
Subtotal		**1,278,013**	**1,437,748**
Investments		764,327	728,369
Impairment of investments		(58,503)	(32,796)
Subtotal		**705,824**	**695,573**
Total non-current assets	10	**1,986,827**	**2,136,778**
Receivables	11	235,565	221,947
Cash	12	441,981	57,760
Adjustment accounts		6,013	2,622
Total current assets		**683,559**	**283,179**
Expenses to be spread over several fiscal years		4,226	4,072
Bond redemption premiums		11,318	13,388
TOTAL ASSETS		**2,685,931**	**2,436,567**

Liabilities

(in thousands of euros)	Notes	12/2020	12/2019
Share capital and additional paid-in capital		544,839	544,839
Reserves		9,205	9,205
Revaluation adjustment		15,635	15,635
Retained earnings		266,926	271,373
Earnings		69,786	82,633
Interim dividend		-	(43,123)
Statutory provisions		1,915	2,200
Equity	13	**908,306**	**882,762**
Provisions	14	10,458	13,860
Borrowings and financial debt	15	1,687,606	1,481,447
Payables	16	76,907	53,035
Adjustment accounts	17	2,654	5,463
Current liabilities		**1,777,625**	**1,553,805**
TOTAL LIABILITIES		**2,685,931**	**2,436,567**

3.2.1.3 Cash-flow statement

(in thousands of euros)	Notes	12/2020	12/2019
Net income		69,786	82,633
Depreciation, amortization, and impairment allowances net of reversals		53,578	46,885
Income from asset disposals		(49,902)	(17,419)
Other calculated expenses/(income)		13,247	1,803
Cash flow		**86,709**	**113,902**
Change in working capital requirement(1)		**6,344**	**(2,823)**
Net cash flow from operating activities		**93,053**	**111,080**
Acquisitions of investment assets		(67,002)	(20,531)
Sale of investment assets(2)		226,547	96,785
Change in loans and advances granted(3)		(20,438)	9,372
Net cash flow from investing activities		**139,107**	**85,625**
Dividends and interim dividends paid	13	(43,957)	(99,986)
Increase or decrease in share capital		-	-
Increase in borrowings(4)		1,097,682	1,499,700
Decrease in borrowings(4)		(901,800)	(1,912,597)
Net cash flow from financing activities		**151,925**	**(512,883)**
Change in net cash position		**384,085**	**(316,179)**
Net cash at beginning of year		57,760	373,939
Net cash at end of year	12	441,845	57,760
Net cash at end of year		**441,845**	**57,760**
Cash on balance sheet		**441,981**	**57,760**
Bank overdrafts		**(136)**	**-**
(1) The change in working capital requirement breaks down as follows:			
• Trade receivables		*(22,841)*	*2,982*
• Suppliers		*(3,181)*	*1,430*
• Other receivables		*368*	*(12,209)*
• Other liabilities		*32,958*	*4,331*
• Adjustment accounts		*(961)*	*644*
Change		**6,344**	**(2,823)**

(2) In 2019, cash inflows related to disposals essentially comprised the disposals of the Saint-Germain-en-Laye et La Garenne-Colombes sites for Euro 90.0 million excluding transfer taxes.
In 2020, cash inflows on disposals mainly related to the disposals of the Gassin, Besançon, Chaville, Marcq-en-Baroeul, Puteaux and Asnières sites for Euro 242.0 million, excluding transfer taxes.

(3) In 2019, Rennes-Anglet repaid the sum of Euro 10,864,000. In 2020, OPCI UIR2 repaid the sum of Euro 1,799,000 and a loan of Euro 18,590,000 was granted to AMR.

(4) Increases and decreases in borrowings and financial debt correspond solely to changes in commercial papers issued and the redemption of the bond in the amount of Euro 479,700,000. In 2020, the increases and decreases in borrowings and financial debt correspond solely to changes in commercial papers issued, the Euro 181,300,000 bond redemption and the new Euro 300,000,000 loan (note 15).

3.2.2 Notes to the financial statements

Information about Mercialys SA

Mercialys is a *société anonyme* (limited liability company) under French law. Its shares are listed on Euronext Paris in Compartment B.

The financial statements are presented in thousands of euros and have been rounded up or down to the nearest thousand, and include figures that have been rounded individually. There may be differences between the arithmetic totals of these figures and the aggregates or subtotals shown.

Note 1 Accounting principles, rules and measurement 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.

Mercialys has been using derivative instruments for several years now to hedge the interest rate risk on its borrowings.The other accounting rules and measurement methods have been applied consistently in the periods presented.

1.1 Intangible assets

"Lease rights" represent the intangible value of property finance leases, which is defined as the value of the right to the lease for the remainder of the lease term plus the value of any purchase options in the lease agreement.

When a purchase option is exercised, the value of the finance lease and purchase option is transferred to property, plant and equipment. Prior to exercise, purchase options are subject to excess tax depreciation on the amortizable portion of the assets concerned.

1.2 Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at cost or transfer value.

Assets are depreciated using the component method.

For buildings, four components have been identified: structural elements, roofing, fire protection of the building shell, and fixtures.

"Roofing" and "Fire protection of the building shell" are identified as separate components only in the case of major renovations. In all other cases, they are not separated from the "structural" elements.

Property, plant and equipment are depreciated using either the straight-line method or the diminishing balance method, depending on the characteristics of each asset. For assets received in the contribution, the depreciation period for fixtures is limited to the estimated remaining useful life.

Depreciation expense calculated according to the straight line method corresponds to economic depreciation. The depreciation periods used for the main types of tangible 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 carrying 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 asset value, 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, appraisal and valuation standards, using the fair value appraisal methods recommended by the 1998 Property Appraisal and Valuation Charter and the 2000 report published by the joint working group of the *Commission des Opérations de Bourse* (COB) and the *Conseil National de la Comptabilité* (CNC) on property asset valuations for listed companies.

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

All assets in Mercialys's 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 income method, 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 property market, 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 non-billable 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, 2020. They were carried out in the context of the health crisis relating to Covid-19 and the real estate appraisers' reports include a material valuation uncertainty clause as a result of this crisis and its significant repercussions across all business sectors, and particularly real estate, with, to varying degrees, impacts on sales prices, investments and lettings, in terms of values and volumes. 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.

Carrying amounts of 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 expense in the year 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 carrying cost 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 - note 1.2), level of profitability, outlook and usefulness to the Company.

1.4 Provisions

In accordance with ANC regulation 2014-03 on liabilities, any obligation to a third party that entails a probable future outflow of resources without offsetting consideration is recognized by a provision whenever the liability can be reliably estimated.

Managers and other employees receive a post-employment benefit (end-of-career allowance) on retirement, commensurate with their length of service.

In accordance with CNC Recommendation 2003-R.01, a provision is recognized for the estimated liability in respect of all vested rights to post-employment benefits. The amount of this provision has been determined by the projected unit credit method and includes related payroll taxes.

The Company has established bonus share plans for the benefit of managers and employees of the Mercialys group. A provision is established for the duration of the plan to cover the Company's probable liability, taking into account the award criteria and assuming that the beneficiaries are still employed by the Company at the end of the vesting period.

Receivables and payables are measured at nominal value. Provisions for impairment are booked for receivables in the event of recovery difficulties.

1.5 Financial instruments

The Company uses several financial instruments to reduce its interest rate risk. In this case, the nominal number of forward contracts is reported under off-balance sheet commitments. Only accrued coupons for the period are recognized in income, against other receivables for derivative assets and other payables for derivative liabilities.

1.6 Rental revenues

Rental revenues comprise the rental of properties by Mercialys to its tenants. The amounts invoiced are recognized as revenue for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Benefits granted to tenants are recognized on a straight-line basis over the term of the contract.

Stepped rents and rent holidays are accounted for by spreading an amount as a decrease or increase to rental revenues for the period. The spreading is done over the committed term of the lease.

Rental revenue also includes upfront payments made by tenants upon signing the lease. If such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years. If not, they are recognized in full in income over the period in which the tenant takes possession.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include non-recovered property taxes and charges as well as other property operating expenses. These expenses do not include expenses recognized by the Company as "Other expenses" or "Personnel expenses".

1.7 Tax expense

The tax regime for French SIICs (analogous to exchange-traded REITs) exempts such companies from corporate income tax on income from real estate activities provided that a minimum of 95% of rental income, 70% of gains on property asset disposals, and 100% of dividends from SIIC subsidiaries are distributed as dividends to shareholders.

The tax expense in the income statement corresponds to tax payable on interest and similar income from cash, equity holdings and the liquidity agreement less the proportionate share of the Company's general costs allocated to taxable business activities, and taxation of fees and services billed to third parties.

1.8 Net exceptional items

Net exceptional items are income and expense items that by virtue of their nature, infrequent occurrence or amount, do not represent the Company's recurring activities.

This line item includes in particular income from the disposal of investment property.

Note 2 Significant events of the fiscal year

The significant events of the fiscal year are as follows:

Covid-19 pandemic-related impacts

Early 2020 was marked by a climate of great uncertainty relating to the Covid-19 epidemic in Europe and France leading, in March, to the French Government ordering the closure of all non-essential retailers from March 15 to May 11, 2020. However, the government order authorized retailers deemed essential to continue trading, which included Mercialys tenant retailers, accounting for nearly 40% of its annualized rental base. All of Mercialys' sites therefore remained open during the nationwide public lockdown, ordered by the French government between March 16, and May 11, 2020. On May 11, following the authorization to reopen stores and the lifting of the public lockdown, Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding leisure areas and sit-down restaurants). Restaurants were able to reopen from June 2, 2020.

This full reopening of the centers was completed under optimum health and safety conditions with, in particular, the introduction of real-time flow, and flow direction, management, distribution of hydroalcoholic gel, optimized ventilation and more rigorous disinfection procedures. Overall, the introduction of these measures offset savings on site operating costs, in particular, in relation to water and energy consumption noted during the partial closure of shopping centers. In addition to teleworking arrangements, already in place before the health crisis, organizational and health measures were also deployed at the Company's head office to ensure employees' health and safety *i.e.* provision of masks and hydroalcoholic get, social distancing etc.

The government-ordered shutdown may have affected the profitability of the retailers concerned. In this context, a mediation process between tenants and lessors was considered necessary by the French government, which appointed a mediator in April 2020. This mediation process, completed in May 2020, has been signed up to by all the lessor federations, including the ones that Mercialys is part of, as well as certain retailer federations, but not by representatives from the main retailers.

Mercialys has therefore aligned itself with the core principles from this mediation process for discussions with its tenants. Negotiations were conducted with retailers on this basis throughout the year, resulting in the recognition of credits, and credits to be issued, in the financial statements at the end of December 2020.

In April 2020, and in response to the government's appeal in relation to the health crisis, Mercialys' Board of Directors also decided to reduce its dividend proposal for 2019 from Euro 1.15 to Euro 0.95 per share. This amount strictly complies with the Company's distribution obligations under its tax status as a listed real estate company (*sociétés d'investissement immobilier cotées* - SIICs). The Annual General Meeting of April 23, 2020, voted to approve this revised amount.

On October 28, 2020, the President of the French Republic announced another nationwide lockdown from October 30, 2020, resulting once again in the closure of "non-essential" retailers. The Reunion Island department was not, however, impacted by this measure. Nearly 50% of retailers forming part of Mercialys' annualized rental base were able to stay open during this second lockdown. Retailers deemed "non-essential" were unable to re-open until November 28, 2020, apart from leisure activities and restaurants and catering. Mercialys continued to implement support schemes for its tenant retailers by offering partial rent holidays for the 4th quarter to retailers obliged to close. As a result, the company may receive the tax credit put in place by the French goverment, provided that the tenants in question submit the required information.

Finally, it should be noted that the health crisis has created a climate of uncertainty in preparing appraisals and establishing the fair value of real estate assets.

Refinancing operation

In July 2020, Mercialys finalized a refinancing operation. This concerned a Euro 300 million new bond issue with a 7-year maturity and a 4.625% coupon. Alongside this, the Company completed a tender offer to buy back part of its Euro 750 million bond issue maturing in 2023. The nominal amount tendered for the offer came to Euro 181.3 million. The redeemed bonds were cancelled on July 7, 2020, with the outstanding amount of Euro 568.7 million maturing in March 2023.

Real estate asset transactions

On December 21, 2020, Mercialys sold the Monoprix site at Asnières-sur-Seine to a company advised by PICTURE Asset Management. The sale was made on the basis of a net asking price of Euro 30.8 million, above its appraisal value at the end of June 2020 but significantly lower than the portfolios average appraisal yield rate of 5.49% on that same date.

On December 23, 2020, Mercialys sold SCI AMR three Monoprix sites in Chaville, Puteaux and Marcq-en-Barœul, as well as two hypermarkets in Besançon and Gassin. All these sales were made on the basis of a net asking price of Euro 198 million for 100% of the assets, in line with the appraisal value at the end of June 2020. At the same time, Mercialys purchased from SCI AMR its 60.1% interest in the Montauban and Valence 2 shopping centers. It also acquired the Dijon Chenôve shopping center direct from Amundi Immobilier. All of these three wholly-owned assets were sold for a net asking price of Euro 42 million, in line with appraisal values at the end of June 2020. As part of the financing of these transactions, a non-proportional capital increase was carried out for SCI AMR by its partners, resulting in a dilution of Mercialys' stake in the vehicle from 39.9% to 25.0% (SCI AMR is consolidated by Mercialys using the equity method).Taking into consideration related costs and transfer taxes, Mercialys' total net cash-in for all these transactions stood at Euro 120 million.

Changes in share ownership

Mercialys share ownership changed again in 2020 with the announcement by the Casino group of completion of the disposal of an another 5% of its equity interest in the Company, *via* an amendment, dated August 21, 2020, to the equity swap agreement signed with Crédit Agricole Corporate and Investment Bank (CACIB) on July 26, 2018 (AMF Declaration No. 2020DD697899). The Casino group had stated in this declaration that the agreement would be settled in cash only until December 28, 2020. Following this transaction, the companies in concert owned by Jean-Charles Naouri held 18,559,506 Mercialys shares, or 20.16% of the share capital and voting rights.

For its part, on August 27, 2020, Crédit Agricole informed the AMF that its stake in Mercialys had exceeded the threshold of 5% of the Company's share capital and voting rights (AMF Declaration No. 2020DD697900) to 5.21%. Crédit Agricole then informed the AMF on October 8, 2020 (AMF Declaration No. 220C4161) that its stake had fallen below the 5% threshold and was now representing only 0.76% of Mercialys' share capital and voting rights.

Note 3 Net rental income

(in thousands of euros)	**12/2020**	**12/2019**
Invoiced rents	122,459	136,246
Lease rights and despecialization indemnities	1,468	1,801
Rental revenues	**123,927**	**138,047**
Property tax	(8,882)	(10,298)
Rebilling to tenants	7,029	9,263
Non-recovered property taxes	**(1,853)**	**(1,035)**
Service charges	(19,415)	(21,676)
Rebilling to tenants	17,252	18,682
Non-recovered service charges	**(2,163)**	**(2,995)**
Management fees	(4,349)	(5,120)
Rebilling to tenants	3,166	3,194
Other expenses	(15,033)	(3,864)
Net property operating expenses	**(16,216)**	**(5,790)**
NET RENTAL INCOME	**103,695**	**128,227**

"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.

Following the initial lockdown between March 15 and May 11, 020, Mercialys supported its tenants in light of the major economic impacts of the business restrictions imposed, by following the guidelines on mediation between lessors and tenants set out by the French government in spring 2020. On this basis, talks were held with retailers throughout the year, and resulted in Mercialys granting rent concessions and holidays in the form of credits.

On October 28, 2020, the French government ordered a second lockdown leading, once again, to the closure of non-essential establishments. Against this backdrop, retailers were subject to new operating restrictions from October 30, to November 28, 2020, a busy time of year for many retailers. Mercialys offered tenants impacted by these new administrative closures, rent holidays for November 2020 in the form of credits.

Mercialys recognized the aid granted according to the following parameters:

- agreements signed in exchange for consideration: amendment of the lease term, waiver of the right to teminate over the next three-year period; impact spread over the fixed term of the lease;
- agreements signed without consideration: immediately recognized in profit or loss as a reduction in rental income;
- no agreement signed: Mercialys included in its analysis of provisions for trade receivables an estimate of future rent holidays as well as non-collection risks (note 11, p. 214 et seq.).

At end-December 2020, the following were recognized:

- for the first lockdown:
  - Euro 2.2 million in rent concessions not in exchange for a consideration, resulting in full recognition in the financial statements at December 31, 2020,
  - Euro 4.7 million in rent adjustments, resulting in recognition being spread over the residual fixed term of the corresponding leases, in accordance with accounting rules. The financial statements as of December 31, 2020 include an impact of Euro 0.8 million;
- for the second lockdown: Euro 4.8 million in rent adjustments not in exchange for a consideration in relation to the free month's rent granted in November 2020.

Note 4 Management, administrative and other activities income

Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with advisory services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. The income from management is unchanged *versus* the previous year.

Note 5 Personnel expenses

Personnel expenses comprise compensation and benefits granted to the Company's employees.

On average over the fiscal year, the Company had 51 employees in 2020 (46 managers, 2 supervisors and 3 clerical staff), *versus* 46 employees in 2019.

Note 6 Other expenses

- Other expenses comprise shopping center advertising and overhead costs. Overhead costs consist primarily of: the cost of investor relations, corporate communication costs, research and marketing and service functioning; attendance fees paid to Board members; fees paid for subcontracted services (accounting, financial management, human resources management, legal management, IT), the fees paid to the Statutory Auditors; and the costs incurred for appraisals and; for management of the property assets.

Note 7 Net financial items

(in thousands of euros)	12/2020	12/2019
Financial income	**43,893**	**55,787**
Provision for bonus share plans	1,460	-
Provision for treasury shares	-	305
Reversal of provision for impairment of participating interests	1,000	1,895
• Hyperthetis Participations	968	-
• Point Confort	32	-
• Rennes-Anglet	-	1,895
Income from consolidated interests	15,678	29,530
• Point Confort	272	330
• La Diane	660	17,494
• Dentelle	145	185
• AMR	1,050	2,173
• Mercialys Gestion	157	1,636
• Aix 2	311	433
• Immosiris	1,147	3,121
• Hyperthetis Participations	7,382	3,882
• Rennes-Anglet	4,500	-
• Others	54	276
Interests in affiliated companies	1,622	1,641
Net income/sale of treasury shares	2,119	759
Financial income from investments	4,958	598
Interest income on hedging derivatives	17,006	21,026
Other financial income	50	33
Financial expenses	**(73,862)**	**(61,199)**
Provision for bonus share plans	(836)	(313)
Provision for treasury shares	-	-
Depreciation of bond redemption premium	(7,749)	(4,792)
Provision for participating interests	(26,707)	(14,662)
• Point Confort	(143)	(1,029)
• UIR II	(1,248)	(3,326)
• AMR	(8,511)	(5,117)
• Rennes-Anglet	(4,439)	-
• Hyperthetis Participations	(10,750)	(5,190)
• Immosiris	(1,615)	-
• Epicanthe	(1)	-
Interests in affiliated companies	(122)	(87)
Interest on borrowings	(26,981)	(26,363)
Provision for participating interests(1)	-	(1,625)
Interest charges on hedging derivatives	(8,261)	(11,373)
Net expense/sale of treasury shares	(4,093)	(1,172)
Capitalization of borrowing costs	167	110
Other financial expenses	(895)	(921)
NET FINANCIAL ITEMS	**(31,584)**	**(5,411)**

(1) Allocation of the loss of SCI Rennes-Anglet.

Note 8 Net exceptional items

Net exceptional items for fiscal year 2020 mainly correspond to:

- capital gains following the disposal of the Asnières, Chaville, Puteaux and Marcq-en-Baroeul sites and the Gassin and Besançon hypermarkets for an amount net of costs of Euro 49.6 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 2020, income from taxable business activities showed a loss and did not give rise to the recognition of any tax expense. The Euro 15,000 income recognized corresponds to a tax adjustment for 2019.

Deferred tax assets and liabilities are not material.

Covid-19 pandemic impact on tax expense

The Company may receive the tax credit put in place by the French government, provided that the tenants in question submit the required information. This mechanism, which only applies to aid granted by lessors for the second lockdown, will result in either a reduction in the corporate tax paid by real estate companies, or a corresponding refund when the real estate companies recognize little corporation tax for their non-real estate company activities (thus taxable), as it is the case for Mercialys.

This tax credit had not yet been implemented by the French government at closing, due in particular to the following constraints already known:

- the tax credit can only be paid to lessors for aid to tenants not considered to be in difficulty at the end of 2019 (with the exception of micro and small businesses provided that they are not subject to safeguard, receivership or liquidation);
- tenants must have fewer than 5,000 employees worldwide;
- rent holidays resulting in entitlement to a tax credit, all lessors combined, must not amount to more than Euro 1.6 million for retailers employing up to 249 employees, and Euro 2.4 million for tenants employing between 250 and 4,999 employees due to EU state aid cap rules;
- the tax credit that the lessor may receive also depends on the size of the tenant company, *i.e.* it may amount to 50% of the aid granted to retailers employing fewer than 249 employees and 33% of the aid granted to retailers employing between 250 and 4,999 employees. No tax credits will be paid for aid to retailers with more than 5,000 employees.

In addition to submitting supporting documents from tenants, the tax authorities should publish specific comments in this regard and, to date, Mercialys does not have the aforementioned items of information enabling it to reliably estimate the tax credit. Mercialys did not, therefore, recognize any impact as a result of this mechanism in its financial statements at December 31, 2020.

Note 10 Net non-current assets

10.1 Breakdown

(in thousands of euros)	12/2020	12/2019
Software	7,574	6,950
Leasehold rights	252	252
Other intangible assets	632	452
Depreciation and impairment	(5,467)	(4,197)
Net intangible assets	**2,991**	**3,457**
Land and land improvements	805,761	895,234
Depreciation and impairment	(26,284)	(21,884)
Net land and land improvements	**779,477**	**873,350**
Buildings, fixtures and fittings	674,274	718,028
Depreciation and impairment	(185,439)	(168,191)
Net buildings, fixtures and fittings	**488,835**	**549,837**
Other property, plant and equipment	15,093	19,240
Depreciation and impairment	(5,393)	(4,678)
Other net property, plant & equipment	**9,700**	**14,562**
Participating interests	623,644	605,084
Impairment of participating interests	(58,503)	(32,796)
Loans	140,440	123,047
Other non-current financial assets	243	237
Net investments	**705,824**	**695,572**
NET NON-CURRENT ASSETS	**1,986,827**	**2,136,778**

Other property, plant and equipment consist of fixed assets in progress for Euro 5,375,000 as at December 31, 2020, compared to Euro 9,750,000 as at December 31, 2019.

Participating interests are presented in detail in the table of subsidiaries and associated companies (note 25, p. 225).

10.2 Changes

(in thousands of euros)		Gross	Depreciation and impairment	Net
As at December 31, 2018	Intangible assets	6,012	(3,090)	2,922
	Property, plant and equipment	1,696,530	(168,184)	1,528,346
	Investments	738,626	(20,029)	718,597
	Total	**2,441,168**	**(191,303)**	**2,249,865**
Increase	Intangible assets	1,642	(1,107)	535
	Property, plant and equipment	18,419	(30,193)	(11,774)
	Investments	913	(14,662)	(13,749)
	Total	**20,974**	**(45,962)**	**(24,988)**
Decrease	Intangible assets	-	-	-
	Property, plant and equipment	82,447	(3,624)	78,823
	Investments	11,170	(1,895)	9,275
	Total	**93,617**	**(5,519)**	**88,098**
As at December 31, 2019	Intangible assets	7,654	(4,197)	3,457
	Property, plant and equipment	1,632,502	(194,753)	1,437,749
	Investments	728,368	(32,796)	695,572
	Total	**2,368,524**	**(231,746)**	**2,136,778**
Increase	Intangible assets	804	(1,270)	(466)
	Property, plant and equipment	47,198	(30,750)	16,448
	Investments	37,757	(26,707)	11,050
	Total	**85,759**	**(58,727)**	**27,032**
Decrease	Intangible assets	-	-	-
	Property, plant and equipment	184,571	(8,387)	176,184
	Investments	1,799	(1,000)	799
	Total	**186,370**	**(9,386)**	**176,983**
As at December 31, 2020	Intangible assets	8,458	(5,467)	2,991
	Property, plant and equipment	1,495,129	(217,116)	1,278,013
	Investments	764,327	(58,503)	705,824
	Total	**2,267,914**	**(281,086)**	**1,986,828**

Intangible assets and property, plant & equipment:

Increases for the period consist essentially of:

- the acquisition of the Montauban and Valence 2 shopping centers from SCI AMR for Euro 19.3 million and the acquisition of the Dijon Chenôve shopping center from Amundi Immobilier for Euro 24 million.

Decreases for the period consist essentially of:

- the disposal of the assets of Gassin, Besançon, Chaville, Marcq-en-Barœul, Puteaux and Asnières for a net book value of Euro 175.2 million, generating a capital gain net of fees of Euro 49.6 million.

Investments:

The increase in investments is mainly due to:

- subscription to OPCI UIR II capital increases for Euro 1,799,000 and to the SCI AMR capital increase for Euro 16,759,000;
- the setting up of a loan for Euro 18,590,000 with AMR.

Loans realized as at December 31, 2020 were as follows (including interest income):

- SNC Fenouillet Participation: Euro 45,126,000;
- SNC Fenouillet Immobilier: Euro 75,672,000;
- OPCI UIR II: Euro 954,000.
- SCI AMR: Euro 18,596,000.

In November 2020, OPCI UIR II repaid its Euro 1,799,000 loan.

10.3 Impairment

A total of Euro 5,999,000 in impairment expense for property, plant and equipment and a reversal of impairment of Euro 461,000 on Mercialys' real estate assets at December 31, 2020, were deemed necessary, *versus* an allowance of Euro 5,402,000 and a reversal of Euro 536,000 in 2019.

On participating interests, impairment changes recognized for the fiscal year concern Point Confort, AMR, Rennes Anglet, Hyperthetis Participations, Immosiris, Epicanthe and UIR II for Euro 25,707,000. At December 31, 2020 these impairments amounted to Euro 58,503,000, *versus* Euro 32,796,000 at December 31, 2019.

These impairments mainly related to the decrease in these subsidiaries' revalued net cash position.

Note 11 Receivables

11.1 Breakdown

(in thousands of euros)	**12/2020**	**12/2019**
Trade receivables	46,382	20,328
Impairment	(19,048)	(6,030)
Net trade receivables	**27,334**	**14,298**
Other operating receivables	32,125	31,995
Current accounts of affiliated companies	176,345	175,691
Impairment	(239)	(37)
Other net receivables	**208,231**	**207,649**
RECEIVABLES	**235,565**	**221,947**

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 three years**	**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, 2019	4,912	2,323	7	36	(601)	6,677	13,651	20,328
As at December 31, 2020	**4,353**	**2,117**	**445**	**10,260**	**489**	**17,664**	**28,719**	**46,383**

Trade receivables as at December 31, 2020, primarily comprise rents, lease rights and advisory services invoiced at the end of the fiscal year.

The various lockdown measures had a negative impact on rents and charges billed.

In this respect, in addition to the method used to allocate doubtful receivables determined by Mercialys and based on the progress of legal disputes with tenants in arrears, Mercialys recognized an additional provision for rent and charges for the 2nd and 3rd quarters of 2020 for unpaid rents not involving any related disputes but representing an increased risk of non-payment or a risk, considered to be significant, that Mercialys will waive future rents.

Furthermore, given the closure of sit-down restaurant and catering retailers and the lack of any re-opening date on the date of closure, no rent holiday proposals were determined at end-December 2020. In light of the heightened risk in relation to the recovery of rent and charges from this category of retailers for the 4th quarter, the Company has set aside provisions for late payments for November 2020.

As such, the financial statements at the end of December 2020 include provisions of Euro 9.6 million for the impacts of the health crisis as described above.

Other operating receivables consist essentially of:

- tax receivables of Euro 8,501,000 as at December 31, 2020, *versus* Euro 8,418,000 at December 31, 2019;
- amounts receivable from tenants under construction leases standing at Euro 4,081,000 as at December 31, 2020 *versus* Euro 3,882,000 as at December 31, 2019. 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 867,000 as at December 31, 2020 *versus* Euro 2,376,000 as at December 31, 2019.

Current accounts of affiliated companies mainly include the current accounts with SCI Caserne de Bonne for Euro 64,706,000, *versus* Euro 67,562,000 as at December 31, 2019, and SNC FISO for Euro 7,031,000, *versus* Euro 6,944,000 as at December 31, 2019, SAS Mercialys Participations for Euro 68,196,000 at December 31, 2020, SCI La Diane nil for 2020 compared with Euro 67,271,000 as at December 31, 2019 and SNC Sacré-Cœur for Euro 18,899,000 at December 31, 2020, *versus* Euro 15,006,000 as at December 31, 2019.

These receivables include accounts receivable of Euro 12,292,000, *versus* Euro 19,415,000 as at December 31, 2019, including primarily:

- trade receivables: Euro 3,913,000 (Euro 3,784,000 as at December 31, 2019);
- other receivables: Euro 13,850,000 (Euro 13,988,000 as at December 31, 2019);
- current accounts of affiliated companies: Euro 868,000 (Euro 820,000 as at December 31, 2019).

11.2 Schedule

(in thousands of euros)	12/2020	12/2019
Less than one year	234,302	218,406
More than one year	3,746	3,541
RECEIVABLES	**238,048**	**221,947**

Note 12 Net cash

(in thousands of euros)	12/2020	12/2019
Treasury shares	3,452	3,601
Impairment	-	-
Liquidity agreement	101	101
Banks	438,428	54,058
CASH	**441,981**	**57,760**

The Company held 404,427 treasury shares under the liquidity agreement with the service providers as at December 31, 2020, *versus* 279,878 as at December 31, 2019.

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, 2018	**544,839**	**353,076**	**2,474**	**900,389**
Increase in share capital	-	-	-	-
Decrease in share capital	-	-	-	-
Dividends paid	-	(56,863)	-	(56,863)
Net income for the period	-	82,633	-	82,633
Interim dividend	-	(43,123)	-	(43,123)
Other movements	-	-	(274)	(274)
As at December 31, 2019	**544,839**	**335,723**	**2,200**	**882,762**
Increase in share capital	-	-	-	-
Decrease in share capital	-	-	-	-
Dividends paid	-	(43,957)	-	(43,957)
Net income for the period	-	69,786	-	69,786
Interim dividend	-	-	-	-
Other movements	-	-	(285)	(285)
AS AT DECEMBER 31, 2020	**544,839**	**361,552**	**1,914**	**908,306**

As at December 31, 2020, the authorized share capital consisted of 92,049,169 shares with a par value of Euro 1.00 each.

13.2 Dividends

At December 31, 2019, out of 92,049,169 shares, 91,576,507 shares were entitled to the dividend based on 2019 earnings (472,662 treasury shares exempt from dividend payments).

The Company paid its shareholders a gross dividend of Euro 0.95 per share for the fiscal year ended December 31, 2019. An interim dividend of Euro 0.47 per share was paid in 2019, and the final dividend of Euro 0.48 per share was paid on April 29, 2020.

Payment of the final dividend represented a total of Euro 43,957 thousand.

The total dividend for 2019 therefore came to Euro 87,080 thousand.

In an economic and health environment that remains uncertain, despite the start of vaccination campaigns, at the reporting date, and the dividend distribution obligations to which the Company is subject under its real estate investment trust status, the Board of Directors of will propose to the Annual General Meeting of April 22, 2021 the payment of a total dividend for fiscal year 2020 of Euro 0.43 per share. Note that no interim dividend was paid in October 2020, contrary to the Company's usual practice, due to the priority given to protecting balance sheet positions, as announced on October 21, 2020.

This dividend proposal comprises the obligation to pay a dividend as a result of its status as a real estate investment trust regarding exempt profits from property rental or sub-rental transactions. It does not include the distribution of 70% of exempt profits for 2020 from the disposal of real estate and equity interests in real estate companies, *i.e.* Euro 0.39 per share. This amount will have to be paid by 2022 at the latest in accordance with the requirements of the Company's status as a real estate investment trust.

If the health and economic environment were to improve in 2021, however, the Board of Directors could decide to pay an interim dividend that would correspond to a portion of these capital gains in the second half of the year.

Subject to the approval of the Ordinary General Meeting of April 22, 2021, shareholders will be able to opt for: 1/ payment of this dividend in shares, 2/ payment of this dividend in cash. The dividend will be paid on May 21, 2021, with an ex-dividend date of April 29, 2021, given the time required to implement these options.

13.3 Share-based payment

Since December 1, 2005, the Mercialys 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, 2019	**182,250**
Shares awarded	72,890
Shares cancelled	(27,871)
Shares issued	(19,070)
Outstanding shares at December 31, 2019	**208,199**
Shares awarded	188,433
Shares cancelled	(80,762)
Shares issued	(9,304)
OUTSTANDING SHARES AT DECEMBER 31, 2020	**306,566**

13.4 Bonus share plans

Allocation dates	04/26/2018	04/26/2018	04/25/2019	04/25/2019	04/25/2019	04/23/2020	04/23/2020	04/23/2020
End of allocation period	04/26/2021	04/26/2021	04/25/2022	04/25/2022	04/25/2021	04/23/2023	04/23/2023	04/23/2023
End of holding period	04/26/2023	04/26/2023	04/25/2024	04/25/2024	04/25/2021	04/23/2025	04/23/2025	04/23/2025
Share price at the allocation date *(€)*	16.08	16.08	12.50	12.50	12.50	7.48	7.48	7.48
Number of beneficiaries	2	7	2	7	104	2	7	115
Number of bonus shares awarded at inception	46,959	26,496	45,621	23,109	4,160	137,779	44,904	5,750
Fair value of bonus share *(€)*	7.91	7.91	6.57	6.21	10.29	3.28	3.65	5.55
Selected performance rate	46%	46%	90%	90%	100%	116%	108%	100%
NUMBER OF SHARES OUTSTANDING BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2020	**46,959**	**17,825**	**45,621**	**17,184**	**2,720**	**137,779**	**33,678**	**4,800**

Bonus shares only vest when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividend (relative TSR);
- organic growth in rents and FFO growth;
- the CDP (Carbon Disclosure Project) rating.

Note 14 Provisions

Changes

(in thousands of euros)	12/31/2019	Additions	Reversal	12/31/2020
For liabilities and charges	13,534	4,591	8,033	10,092
For end of career severance allowances	305	44	-	349
For long service awards	21	-	3	17
Provisions	**13,860**	**4,635**	**8,036**	**10,458**
o/w operating		251	1,537	
o/w financial		836	1,460	
o/w exceptional		3,548	5,039	

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 debt

15.1 Breakdown

(in thousands of euros)	12/2020	12/2019
Bonds	1,338,175	1,215,167
Borrowings and debts from credit institutions	332,500	250,000
Bank overdrafts	136	-
Other financial debt (security deposits received)	16,795	16,280
BORROWINGS AND FINANCIAL DEBT	**1,687,606**	**1,481,447**

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 Bond issues

In July 2020, Mercialys:

- issued a new Euro 300 million bond offering a fixed yield of 4.625% and maturing in July 2027;
- made a Euro 181.3 million tender offer to buy back part of the Euro 750 million bond issue maturing in 2023.

In March 2019, Mercialys redeemed a Euro 479.7 million bond issue at maturity.

As at December 31, 2020, the amount of bond financing was Euro 1,318.7 million, divided into four issues:

- a Euro 300 million bond issue yielding a fixed rate of 1.80%, with a maturity of 8 years (maturing in February 2026);
- a Euro 150 million bond issue yielding a fixed rate of 2.00%, with a maturity of 10 years (maturing in November 2027);
- a residual bond of Euro 568.7 million (Euro 750 million issued in December 2014, partially redeemed in July 2020) yielding a fixed rate of 1.787%, maturing in March 2023;
- a Euro 300 million bond issue yielding a fixed rate of 4.625%, with a maturity of 7 years (maturing in July 2027).

The new Euro 300 million bond issue resulted in the recognition of issuance costs of Euro 4.4 million.

As for the other bonds, the exchange premiums and issue costs are spread according to the effective interest method, over the life span of the new issue.

The bond exchange and repayment premiums, as well as the issue costs, are shown as assets on the balance sheet.

These bonds are subject to the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. Furthermore, if the rating is downgraded following a change of ownership (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change in ownership of the Company.

15.3 Hedging

In addition, Mercialys introduced an interest rate hedging policy in October 2012 through swaps and collars in order to enable it to spread out its interest rate risk over time.

Breakdown of hedges as at December 31, 2020:

(in thousands of euros)	Notional	Net mark-to-market	Mark-to-market (assets)	Mark-to-market (liabilities)	Premium	Provision
Fixed/floating rate swaps	1,018,700	50,640	50,640	-	-	-
Refixing swaps	608,200	(15,463)	157	(15,620)	-	-
Collar	273,500	(1,894)	79	(1,973)	-	-

At end December 2020, Mercialys' debt structure (after hedging and including commercial paper) broke down as follows: 92% fixed-rate or hedged debt and 8% floating-rate debt.

15.4 Confirmed credit lines

The maturity of the HSBC, BECM and La Banque Postale bank lines was extended to maturities between January 2022 and June 2023. The fees amounting to Euro 185,000 have been spread over time.

The additional costs of the bank revolving credit facility of Euro 337,000 were deferred following the change of margin and the amendment of the change of ownership clause.

At the end of December 2020, the Mercialys group's confirmed credit facilities amounted to Euro 405 million, of which:

- a bank revolving credit facility of Euro 225 million maturing in December 2022;
- five confirmed bank facilities in a total amount of Euro 145 million, maturing between January 2022 and June 2023;
- cash advances from Casino of up to Euro 35 million, maturing in December 2022.

15.5 Commercial paper

A Euro 500 million commercial paper program was issued in the second half of 2012. It has been used since 2014. As at December 31, 2020, the outstanding amount was Euro 332.5 million, *versus* Euro 250 million as at December 31, 2019.

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 reporting date.

  A covenant of less than 55% applies to 60% of the confirmed bank facilities. The remaining lines are subject to an LTV covenant of less than 50%;
- Interest Coverage Ratio (ICR): Consolidated EBITDA(1)/Net finance costs >2.0x, at each reporting date;
- secured debt/consolidated fair value of investment property excluding transfer tax <20% at any time;
- consolidated fair value of investment properties excluding transfer taxes >Euro 1 billion at any time;
- change of control clauses also apply.

	Covenants	12/2020	12/2019
Loan To Value (LTV)	<50%	38.1%	39.5%
ICR (Interest Cost Ratio)	>2.0x	5.0x	7.4x

As at December 31, 2020, the two other contractual covenants (Secured debt and 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)	12/2020	12/2019
Trade payables	16,898	20,080
Tax and social security liabilities	9,174	3,906
Income tax	-	60
Current accounts of affiliated companies	27,237	20,095
Trade payables on assets	6,368	6,886
Other liabilities	17,229	2,008
PAYABLES	**76,907**	**53,035**

Current accounts of affiliated companies mainly correspond to the following subsidiaries:

(in thousands of euros)	
SCI Timur	17,387
SNC Dentelle	2,766
SNC Géante Périaz	4,966

Charges to be paid amount to Euro 36,823,000, *versus* Euro 20,402,000 as at December 31, 2019, broken down as follows:

- trade payables: Euro 13,264,000 (Euro 10,321,000 as at December 31, 2019);
- tax and social security liabilities: Euro 2,589,000 (Euro 2,489,000 as at December 31, 2019);
- current accounts of affiliated companies: Euro 114,000 (Euro 87,000 as at December 31, 2019);
- trade payables on assets: Euro 6,114,000 (Euro 6,647,000 as at December 31, 2019);
- other liabilities: Euro 14,742,000 (Euro 857,000 as at December 31, 2019).

16.2 Schedule

(in thousands of euros)	12/2020	12/2019
Less than one year	76,907	53,035
Between one and five years	-	-
More than five years	-	-
PAYABLES	**76,907**	**53,035**

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 activity

18.1.1 Commitments received

18.1.1.1 Bank guarantees received

- on behalf of tenants, covering payment of rent and service charges: as at December 31, 2020, these amounted to Euro 5,195,000, *versus* Euro 6,167,000 as at December 31, 2019;
- for work ordered from suppliers, Euro 26,000 at December 31, 2020.

18.1.1.2 Partnership agreement

The Partnership agreement was approved by the Board of Directors on June 22, 2012. An amendment to this agreement was signed on November 12, 2014.

The fundamental principle of the Partnership agreement, under which Casino develops and manages a pipeline of development projects that are acquired by Mercialys to fuel its growth, has been maintained in the amendment to the Partnership agreement.

The initial agreement concerned a pipeline of projects, listed at an early stage, offering sufficient visibility. The new agreement enables Mercialys to propose new projects which will be examined by Casino and monitored by the monitoring committees.

Casino will only begin the works once the order has been confirmed by Mercialys, after final approval is obtained and at least 60% of the projects have been pre-let (as a percentage of projected rents – leases signed).

The acquisition price of projects developed by Casino, determined solely under the initial agreement based on a rent capitalization rate defined according to a matrix – updated half-yearly according to changes in the valuation of the Mercialys portfolio – and provisional rents for the project, can now also be determined on the projected selling price, calculated according to the projected IRR (8% to 10%).

The principle of the upside/downside being split 50/50 is maintained to take into account the actual conditions under which the assets will be let. If there is a positive or negative difference (upside/downside) between the effective rents resulting from letting and the rents forecast at the outset, the price will be adjusted upwards or downwards by 50% of the difference observed. A "review clause" between the two parties is provided in the contracts under the early acquisition process mentioned earlier.

In return for the exclusivity clause, Mercialys has made a commitment not to invest in any transactions that may have a significant competitive impact within the catchment area of a site with a Casino group food store.

In 2020, no project was acquired by the Group under that Partnership agreement.

The Partnership agreement expired on December 2020, and was not extended by the parties.

As Mercialys is co-owner or co-volumist on most of its sites with the Casino group, the two companies will have to negotiate development or restructuring opportunities on a case-by-case basis.

18.1.1.3 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 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 the agreement was signed, extending the expiry date of this agreement to December 31, 2022.

At end-December 2020, Mercialys had not received any cash advances from Casino.

In the year ended December 31, 2020, Mercialys paid fees of Euro 519,200 for non-use of the funds made available by Casino.

18.1.1.4 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 significant adverse change in the rental situation of the two real estate complexes. The term of this agreement is as follows:

- the Montauban cover comes into force if all, or part, of the hypermarket's sales areas closes and ends at the earliest of these two dates, either the partial or total re-opening of the hypermarket's sales areas or December 31, 2023;
- the Valence 2 guarantee covers the period between January 1, 2021 and December 31, 2023.

18.2. Commitments relating to exceptional transactions

18.2.1 Commitments with Corin

In connection with its Partnership agreement with Corin, in 2006 Mercialys acquired 60% of the undivided rights on certain assets in Corsica for Euro 90 million.

An amendment was made to the memorandum of understanding in 2014. This amendment made it possible to extend certain maturities and to modify the contribution mechanism of the undivided rights. The memorandum of understanding was created for a new 20-year period as from the 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 acquire 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. A 30% haircut will be applied if Mercialys opts to sell its undivided rights to Corin. 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

In connection with the disposal of 49% of Hyperthetis Participations SAS, Mercialys has a call option on the company's securities 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 may exercise in 2022. This option was valued at Euro 134.6 million as of December 31, 2020, corresponding to the company's IRR. The appraisal value amounted to Euro 233 million (excluding transfer taxes) at the end of December 2020. If the options are not exercised, there is an exit clause for disposal of the assets at their fair value.

18.2.3 Other commitments

L'Immobilière Groupe Casino, a subsidiary of the Casino group, has granted a guarantee of compensation for Euro 1.3 million on a site.

On July 16, 2020, an amendment was signed by the two parties extending this guarantee to December 31, 2020. This commitment was kept off-balance sheet within the context of the health situation which is impacting on the related legal and administrative environment.

No pledge, mortgage or other conveyance of security interest applies to the Company's assets.

The Company has received the customary warranties from the transferor companies in respect of properties transferred to it in 2005 and 2009.

The Company complies with applicable law and 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 Finance leases

As at December 31, 2020, the Group did not have any finance leases.

18.3.2 Operating leases as lessee

The leases for which Mercialys is a lessee fall into four categories:

1) leases on parcels of land related to buildings (mainly construction leases and very long-term ground leases);
2) commercial leases for offices;
3) car leases;
4) IT equipment leases.

18.3.3 Operating leases as lessor

Almost all the leases granted by the Mercialys group in connection with its business activity are commercial leases, but a few construction leases have been granted in special cases.

The leases signed include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion (the guaranteed minimum rent) and a portion pegged to the revenue of the lessee operating the commercial premises. The minimum guaranteed rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease is due from the lessee whenever there is a positive difference between the percentage of pre-tax revenue earned by the lessee during the calendar year and the base rent.

Unless there is an indexation clause in the lease agreement that provides otherwise, rent amounts are adjusted to the index at the end of each three-year period of the lease. For all leases, the base rent, whether a fixed-only rent or the minimum guaranteed portion of a variable rent, is contractually indexed to the Construction Cost Index or retail rent index published by INSEE in accordance with applicable regulations.

Note 19 Contingent liabilities

Contingent liabilities relating to a project at the Saint-André site

In 2015, Mercialys, through Epicanthe, acquired shares in SCI Toutoune, the holder of a sale agreement for the acquisition of a piece of land in the commune of Saint-André, on Reunion Island. This acquisition was part of planned shopping center development

A Euro 900,000 adjustment to the price of the SCI Toutoune shares was planned, subject to the Saint-André Urban Planning Scheme (*Plan Local d'Urbanisme* - PLU) being adopted before June 30, 2019, either (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a Commercial Operating Permit (*Autorisation d'Exploitation Commerciale* - AEC) enabling the project to go ahead, or (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project, which was filed on October 4, 2017, to be withdrawn. Mercialys does not believe that any disbursements are likely and so did not recognize any related provision at end-2020.

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's exposure to interest rate risk relates to the borrowings described in note 15.3, p. 218. 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)	12/2020	12/2019
Income/(Expenses)		
Invoiced rents		
Distribution Casino France	17,931	17,833
Monoprix	6,848	9,733
Casino Restauration	1,111	1,115
Other Casino group entities	5,709	5,619
Advisory services agreement received by Mercialys	-	97
Short-term occupancy agreement charged by Mercialys to the Casino group	321	314
Service agreement for Hyperthetis Participations	100	100
Service agreement for Immosiris	50	50
Real estate advisory services agreement for AMR	428	354
Trademarks license agreement for Rennes-Anglet	-	7
Service agreement paid to the Casino group	(1,322)	(2,011)
Property Management service fees paid to the Casino group	(3,930)	(4,717)
Earn-out payment for the Le Port Sacré-Cœur site	0	0
Financial income	16,144	30,723
Financial expenses	(652)	(1,713)
Income from the sale of assets to related parties(1) (3)	178,540	0
Agency agreement with IGC Services	-	(1,324)
Non-utilization fees paid to Casino Finance	(519)	(193)
Transaction with Casino, Guichard-Perrachon	-	303
Assets/(Liabilities)		
Loans	140,348	122,955
Participating interests	613,429	596,668
Current accounts of affiliated companies	149,108	155,596
Project management contracts prepaid by Mercialys to IGC Services	0	0
Call for funds for IGC Services property development agreements	0	0
Acquisition of fixed assets from Casino group(2)	0	0

(1) This income from the disposal of fixed assets is net of expenses.

(2) Some acquisitions can be made pursuant to the Partnership agreement described in note 18, p. 219 of this document; in 2019 and 2020, no acquisitions were made under this agreement.

(3) Includes the sale by Mercialys to AMR of the Chaville, Puteaux, Marcq-en-Barœul sites and the Gassin and Besançon hypermarkets for Euro 198 million as well as the acquisition by Mercialys from AMR of the Valence 2 and Montauban sites for Euro 19.3 million.

21.1 Consulting agreement between Mercialys group companies and the Casino group

The purpose of this agreement is to make Mercialys's team of specialists in property portfolio valuation available to these companies. It was originally signed on July 25, 2007 between Mercialys Gestion and Mercialys, L'Immobilière Groupe Casino and Alcudia Promotion, which are Casino group companies. On June 1, 2011 Mercialys Gestion's teams in charge of asset management, marketing and communication were transferred to Mercialys. As a result, an amendment was drafted, specifying that Mercialys is now the new service provider. Its initial term was six years, automatically renewable thereafter for one year at a time, with each party free to terminate its participation with six months' notice.

On March 23, 2015, Mercialys, Immobilière Groupe Casino and Plouescadis signed a document amending the advisory services framework agreement.

This amending document includes the modifications to the Agreement of July 27, 2007 as well as all the other clauses that remain unchanged. The Parties therefore decided to update the terms of the workload plan as well as the financial terms of the Agreement. A review clause applies at the end of the financial year, in order to adjust the billing to the new scope of work and to determine the billing for N+1.

The parties decided to end this agreement on December 31, 2018.

A new, fixed-term agreement, of an initial term of six months, running from January 1 to June 30, 2019, was signed between Mercialys and L'Immobilière Groupe Casino for asset management services provided by Mercialys teams for projects managed on behalf of L'Immobilière Groupe Casino and/or its subsidiaries. This new Agreement was entered into under normal conditions; it is a standing agreement.

This Agreement was renewed automatically for a further six months, unless terminated by either of the parties by registered letter with acknowledgment of receipt, with the understanding that the total duration of the Agreement could not exceed 48 months. The Agreement, which was not renewed by the parties, came to an end at the end of 2020.

There were no services provided under this agreement in 2020, and Mercialys did not receive any compensation in this respect during the fiscal year (compared with compensation of Euro 97,000 at December 31, 2019).

21.2 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.

21.3 Agreement for the provision of services, asset management and brand licensing with Hyperthetis Participations

On June 26, 2015, Hyperthetis Participations and Mercialys signed a service and brand licensing agreement. The agreement is signed for an 8-year term and is automatically renewable. In line with the growth and operation of its assets, Hyperthetis Participations has decided to entrust Mercialys with tasks covering the following: accounting, legal and corporate governance management, strategy consultancy, and brand licensing.

Hyperthetis Participations has also signed an asset management agreement with Mercialys.

21.4 Service and asset management agreement for Immosiris

In connection with the property transactions in 2015, Mercialys has entered into an asset management and service agreement with Immosiris.

21.5 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 2020, the contract covered administrative management, accounting/finance and IT services. The amount paid by Mercialys to the Casino group under the Service agreement was Euro 1,322,000 for the year ended December 31, 2020, compared with Euro 2,011,000 at December 31, 2019.

21.6 Property Management activities

Mercialys has outsourced Property Management activities for nearly all its sites to Sudeco, a subsidiary of Immobilière Groupe Casino. These activities include service charge management, property management services and the administrative management of tenant associations or Economic Interest Groups (EIGs) which together exist at most of its shopping centers.

21.7 Partnership agreements

Mercialys has signed a Partnership agreement with Casino, Guichard-Perrachon. Details of this agreement are provided in note 18.1.1.2, p. 219.

21.8 Other related-party transactions

21.8.1 SCI Rennes-Anglet

At end December 2018, Mercialys granted a loan of Euro 10,864,000, to SCI Rennes-Anglet. This cash advance earned interest at the arithmetic mean of EONIA daily fixing rates for the interest period plus margin of 50 bps. This agreement was entered into for the term of the shareholder's agreement, *i.e.* 15 years automatically renewable for successive periods of five years.

21.8.2 SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a real estate advisory service 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 324,000.

AMR also signed a rental management agreement with Sudeco, a Casino group company.

In 2020, real estate asset sales and purchases were made between Mercialys and SCI AMR. In respect of these transactions, Mercialys granted a loan of Euro 18,590,000 to SCI AMR in late December 2020.

21.8.3 SNC Fenouillet Participation

At end December 2020, as at December 31, 2019, 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 2020 amounted to Euro 1,488,000, *versus* Euro 1,658,000 at December 31, 2019.

Note 23 Statutory Auditors' fees

Fees in thousands of euros 12/2020	Ernst & Young	KPMG
Fees for certification of the financial statements	161.5	161.5
Fees other than for certification of the financial statements(1)	17.5	17.5
TOTAL	**179.0**	**179.0**

(1) Fees other than for certification of the financial statements relate to:

- *Reports on the planned payment of interim dividends;*
- *The comfort letter.*

Note 24 Subsequent events

In January 2021, Mercialys set up a bond redemption agreement concerning the issue with a residual nominal of Euro 568.7 million maturing in March 2023. With an initial term of six months and covering a total of Euro 50 million, this agreement aims to buy back part of this issue, drawing on the Company's significant cash position at end-2020, then to cancel these debt securities.

On January 29, 2021, the French Prime Minister ordered the closure of all non-food stores with over 20,000 sq.m. of gross leasable area, as well as non-food stores in shopping centers with a gross leasable area of over 20,000 sq.m. This threshold was then lowered to 10,000 sq.m. in early March 2021, in a number of French departments deemed "at risk" from a health point of view.

The definition of this floor space is extremely broad, the footage being calculated by adding all of a site's areas for food or non-food stores, as well as their stockroom and office areas.

Food stores in shopping centers remain open, whether they are supermarkets or specialist food stores (e.g. bakeries). Pharmacies are also exempt and will remain open. In addition, the minimum space ratio per person has also been reinforced for all retail spaces (stores over 400 sq.m. and shopping centers), based on one person per 10 sq.m., compared with one person per 8 sq.m. previously.

Stores that are closed are no longer be able to offer click and collect services or order collection services. However, they are still be able to offer deliveries for their products.

These closure measures came into force on Sunday January 31, 2021. As of February 11, 2021, they have also applied to Reunion Island, where Mercialys operates.

In view of these provisions, as of March 6, 2021 and until these restrictions are relaxed, 42% of Mercialys' rental base can remain open.

Following the announcement of these measures, the Ministry for the Economy, Finance and the Recovery indicated that relief measures will be put in place to support retailers.

On March 9, 2021, the Ministry reiterated its commitment, stating that it was awaiting authorization from Brussels in order to be able to actually start helping retailers who were forced to close down to pay rents and charges due to their landlords.

The terms and details of this subsidy, which may be indirect, are not known on the date of publication.

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: Share capital	Equity: Other shareholders' equity	Portion of share capital held *(in %)*	Carrying cost of shares held: Gross	Carrying cost of shares held: Net	Loans and advances granted	2020 revenue, excl. tax	2020 net income (+ or -)	Dividends received
SAS Point Confort	1, cours A. Guichard 42000 Saint-Étienne	306 139 064	154	6,028	100	8,130	6,323	347	413	176	272
SAS Mercialys Participations	1, cours A. Guichard 42000 Saint-Étienne	890 154 016	1	294,411	100	295,180	295,180	68,196	-	(3,134)	-
SAS Hyperthethis Participations	1, cours A. Guichard 42000 Saint-Étienne	811 749 852	27,439	214,137	51	139,937	123,303	-	15,153	(5,358)	7,382
SNC Dentelle	1, cours A. Guichard 42000 Saint-Étienne	498 780 345	7,994	105	99.99	8,009	8,009	-	300	105	145
SAS Mercialys Gestion	1, cours A. Guichard 42000 Saint-Étienne	484 531 561	37	161	100	37	37	1,723	10,888	157	1,293
SAS Immosiris	1, cours A. Guichard 42000 Saint-Étienne	814 312 096	14,048	123,272	51	71,649	70,034	-	6,579	(1,266)	1,147
SAS Astuy	1, cours A. Guichard 42000 Saint-Étienne	821 879 467	37	(20)	100	37	37	343	-	(5)	-
SAS Cowork Mercialys	1, cours A. Guichard 42000 Saint-Étienne	852 223 676	37	(25)	100	37	37	603	21	(26)	-
SAS Ocitô La Galerie	1, cours A. Guichard 42000 Saint-Étienne	852 187 111	37	(232)	100	37	37	1,564	-	(235)	-
SAS Epicanthe	1, cours A. Guichard 42000 Saint-Étienne	812 269 546	1	(203)	100	1	-	568	-	(178)	-
SAS Mercialys Exploitation	1, cours A. Guichard 42000 Saint-Étienne	815 249 198	37	(368)	100	37	37	341	3,866	(154)	-
TOTAL						**523,091**	**503,034**				

25.2 Shareholdings (10 to 50% of share capital owned)

(in thousands of euros) Companies		SIREN (Company registration number)	Equity		Portion of share capital held *(in %)*	Carrying cost of shares held in thousands of euros		Loans and advances granted	2020 revenue, excl. tax	2020 net income (+ or -)	Dividends received
			Share capital	Other shareholders' equity		Gross	Net				
SAS Corin Asset Management	Centre cial La Rocade 20600 Furiani	492 107 990	37	106	40	15	15	-	998	(71)	-
SCI Rennes-Anglet	8, rue Lamennais 75008 Paris	820 948 016	2,562	4,355	30	7,687	2,075	-	385	203	4,500
SCI AMR	91-93, bd Pasteur 75015 Paris	791 464 191	148,553	52,158	25	75,644	49,502	18,590	8,782	(13,607)	651
SNC Aix 2	1, cours A. Guichard 42000 Saint-Étienne	512 951 617	10	623	50	6,991	6,991	1,630	1,901	623	433
OPCI UIR II[(1)]	112, av. Kleber 75784 Paris Cedex 16	533 700 654	12,516	5,231	19.98	10,205	3,513	886	5,467	2,762	53
						100,542	**62,096**				

(1) The items concerning OPCI UIR II are taken from the balance sheet as of December 31, 2019.

25.3 Other shareholdings

(in thousands of euros) Companies		SIREN (Company registration number)	Equity		Portion of share capital held *(in %)*	Carrying cost of shares held in thousands of euros		Loans and advances granted	2020 revenue, excl. tax	2020 net income (+ or -)	Dividends received
			Share capital	Other shareholders' equity		Gross	Net				
SNC Fenouillet Immobilier	1, cours A. Guichard 42000 Saint-Étienne	808 659 460	2	804	-	1	1	74,192	5,704	804	-
GIE Grand Quartier[(1)]	Route de Saint-Malo 35760 Saint-Grégoire	729 300 087	423	5,666	4.21	10	10	-	4,554	(410)	-
TOTAL						**11**	**11**				

(1) The items concerning GIE are taken from the balance sheet as of December 31, 2019.

3.2.3 Statutory Auditors' report on the annual financial statements

Fiscal year ended December 31, 2020

To the Annual general meeting of Mercialys

Opinion

In accordance with the mission entrusted to us by your Annual general meeting, we have audited the annual financial statements of Mercialys relating to the fiscal year ended December 31, 2020, as attached to this report.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position for the fiscal year and of the Company's portfolio for said period, in accordance with French accounting principles.

The opinion given above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Reporting standards

We conducted our work in accordance with the professional standards applicable in France. We believe that the evidence we have obtained is a sufficient and appropriate basis for our audit opinion.

Our responsibilities under these standards are indicated in the section entitled "Statutory Auditors' responsibilities regarding the audit of the annual financial statements" of this report.

Independence

We performed our audit in accordance with the rules of independence, for the period starting from January 1, 2020 to the date on which we issued our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of (EU) Regulation No. 537/2014 or by the French commercial code or the Code of Ethics of the statutory auditing profession.

Justification of our assessments - Key points of the audit

The global crisis linked to the Covid-19 pandemic created special conditions for the preparation and audit of this year's financial statements. In fact, this crisis and the extraordinary measures taken within the context of the health emergency had a number of consequences for businesses, particularly in terms of their activity and financing, as well as increased uncertainty in their outlook for the future. Some of these measures, such as travel restrictions and teleworking, also had an impact on companies' internal organization and on the way in which audits were conducted.

It is against this complex and constantly changing backdrop that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification for our assessments, we draw your attention to the key points of the audit relating to the risks of material misstatements which, in our professional opinion, were the most significant for the audit of the annual financial statements for the fiscal year, and how we addressed those risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We express no opinion about the items in these annual financial statements taken separately.

Measurement of property, plant and equipment

Identified risk	At December 31, 2020, the net book value of the Company's property, plant and equipment amounted to Euro 1,278 million. Note 1.2 "Property, plant and equipment" of the "Accounting principles and measurement methods" section of the notes to the annual financial statements presents the accounting rules and methods followed by your Company regarding the 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: • the context of the Covid-19-related health crisis: real estate experts' reports contain a material valuation uncertainty clause as a result of this crisis which is having major repercussions across all business sectors. 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; • information specific to each asset such as location, rental revenues, yield rate and capital expenditure; • recent comparable market transactions. The measurement of property, plant and equipment is considered to be a key point of the audit because of their significant amount, the importance of judgment in determining the fair value of property and the sensitivity to the assumptions made by independent appraisals.
Our solution	As part of our audit of the annual financial statements of your Company, we implemented the following procedures: • assessing the competence, independence and integrity of the independent appraisers mandated by your Company; • analyzing the significant changes in fair values by 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; • conducting 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 the measuring methodology applied, in the context of Covid-19; • comparing, 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, analyzing, with our real estate specialists, the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available in the context of the Covid-19 health crisis; • comparing 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); • examining the suitability of the information given 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, 2020 for a net amount of Euro 705 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" under the section "Accounting principles and measurement methods" of the notes to the annual financial statements, the value in use of participating interests is determined on the basis of several criteria such as the Net Asset Value (NAV), according to the measurements of the real estate portfolio of the companies concerned, their level of profitability, outlook and use. The estimate of the 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 in: • an assessment of a provision for risks in the event your 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 "Investments" of the notes to the annual financial statements.

Related party real estate transactions

Identified risk	Your Company executes property transactions with the Casino group, its main shareholder. Note 21 "Information concerning related parties" of the notes to the annual financial statements presents related party transactions. These transactions involve substantial amounts and may follow a different approval channel depending on whether or not they are considered to be regulated. Therefore, the presentation of this information in the notes requires that the company be able to identify and collate any information if required. Accordingly, we considered the completeness of the information presented in the Notes about real estate transactions with the Casino group companies as a key point of the audit.
Our solution	As part of our audit of the financial statements of your Company, we carried out the following procedures: • identifying the agreements concerning real estate transactions with the Casino group companies, in particular the regulated agreements, reviewing the minutes of meetings of the Board of Directors and investment committees held during the fiscal year; • examining the disclosures in note 21 of the notes to the annual financial statements in light of the information in the agreements.

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 information on payment terms mentioned in Article D. 441- of the French commercial code.

Corporate Governance Report

We certify the existence, in the Board of Directors' Management Report on corporate governance, of the information required by Articles L. 225-37-4 and 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 remuneration and benefits received by the corporate officers and any other agreements 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 consolidation scope. 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

Pursuant to Article 222-3-III of the General Regulations of the French financial markets authority, your Company's management informed us of its decision to postpone the application of the single electronic format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in section I of Article L. 451-1-2 of the French monetary and financial code.

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, 2020, our firms were in their eleventh year of uninterrupted auditing for your Group.

Previously, ERNST & YOUNG Audit had been the 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 circumstance, and not for the purpose of expressing an opinion about the effectiveness of 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 a report to the Audit Committee which presents, in particular, the scope of the audit works and the work program implemented, in addition to the findings from our work. We also bring to its attention any material weaknesses that we may identify in the internal control system with respect to the procedures relating to the preparation and processing of accounting and financial information.

The items communicated in the report to the Audit Committee include the material misstatements that we consider as the most significant for the audit of the annual financial statements for the fiscal year and which therefore constitute the key points of the audit that we are required to describe in this report.

We also provide the Audit Committee with the statement specified in Article 6 of (EU) Regulation 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 of the statutory auditing profession. If necessary, we discuss the risks affecting our independence and the precautionary measures applied with the Audit Committee.

The Statutory Auditors

Paris-La Défense, March 10, 2021
KPMG S.A.
Régis Chemouny
Partner

Lyon, March 10, 2021
ERNST & YOUNG et Autres
Nicolas Perlier
Partner

3.2.4 Five-year results of Mercialys SA

	2020	2019	2018	2017	2016
Financial position at year-end					
Share capital *(€K)*	92,049.2	92,049.2	92,049.2	92,049.2	92,049.2
Number of shares issued	92,049,169	92,049,169	92,049,169	92,049,169	92,049,169
Comprehensive income *(€K)*					
Revenues excluding tax	125,515.7	140,067.3	138,704.4	137,899.9	144,453.3
Income before tax, employee profit-sharing, amortization, depreciation and provisions	144,317.9	134,875.8	118,447.2	308,152.8	156,656.3
Income tax expense	(15.5)	60.1	(9.3)	(1,332.4)	102.6
Employee profit-sharing	-	-	-	-	-
Income after tax, employee profit-sharing, amortization, depreciation and provisions	69,785.7	82,633.1	74,074.3	287,280.2	114,187.3
Total dividend payment to shareholders	39,591.1[(1)]	87,079.6	103,095.1	100,333.6	97,572.1
Comprehensive income per share *(€K)*					
Income after tax, employee profit-sharing, but before amortization, depreciation and provisions	1.57	1.46	1.29	3.37	1.70
Income after tax, employee profit-sharing, amortization, depreciation and provisions	0.76	0.90	0.80	3.12	1.24
Dividend paid per share	0.43[(1)]	0.95	1.12	1.09	1.06
Workforce					
Number of employees *(full-time equivalent)*	51.72	46.7	51.3	50.3	43.2
Payroll *(€K)*	6,070.2	5,967.5	5,887.9	6,040.8	5,092.6
Amount paid for employee benefits social security and social programs *(€K)*	2,443.8	2,313.8	2,401.0	2,341.3	2,099.7

(1) Subject to the approval by the Annual General Meeting to be held on April 22, 2021.

3.2.5 Information on the terms of payment of Mercialys SA

The tables below provide information on payment terms for trade payables and receivables as at December 31, 2020 in thousands of euros, prepared in accordance with the provisions required by Article D. 441-6 of the French Commercial Code.

Invoices received and issued due but not paid as of the reporting date.

	Art. D. 441 L-1: Invoices received and due but not paid as of the reporting date						Art. D. 441 L-2: Invoices issued and due but not paid as of the reporting date					
	0 day (for information)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total (1 day and more)**	**0 day (for information)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total (1 day and more)**
(A) Overdue payment installments												
Number of invoices concerned	ns					78	201					3,518
Total amount of invoices concerned including tax	301	(314)	(671)	276	(75)	(784)	1,654	228	11	1,339	8,689	10,267
Percentage of the total amount of purchases for the period excluding tax	1%	1%	1%	1%	1%	2%						
Percentage of revenue for the period excluding tax							1.3%	0.2%	0%	1.0%	6.9%	8.1%
(B) Invoices excluded from (A) concerning payables and receivables in dispute or not recognized in the accounts												
Number of invoices excluded			12						3,803			
Total amount of invoices excluded including tax			294						29,193			
(C) Reference payment terms used (contractual or statutory term - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate overdue payments	Statutory terms: 60 days from invoice date						Contractual terms: Quarterly billing with payments in advance					

60%
Percentage of independent members on the Board of Directors

50%
Percentage of women on the Board of Directors

98%
Board attendance rate

4

CORPORATE GOVERNANCE

4.1 Management and control of the Company

4.1.1 Board of Directors

The Company is incorporated as a *société anonyme* (limited liability company). The roles of Chairman of the Board of Directors and Chief Executive Officer were combined until February 13, 2019. Since this date and in order to improve further 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. Mr Éric Le Gentil is still Chairman of the Board of Directors and Mr Vincent Ravat was appointed Chief Executive Officer.

The Company refers to the corporate Governance Code for listed companies published by the *Association française des entreprises privées* (AFEP, the French Association of Private Companies) and the *Mouvement des entreprises de France* (MEDEF, the Organization of French companies) (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 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 Appendix p. 310 et seq.

4.1.1.1 General principles governing the Board's composition

The Board's operating procedures are established by law, the Company's articles of association and the Board's internal rules. The latter is detailed in chapter 9, § 9.1.5, p. 447 et seq.

The Board of Director's composition is guided by the main principles below:

- directorships have a term of three years and the Board is partly renewed every year, pursuant to the Company's articles of association and the AFEP-MEDEF Code, to allow business continuity, promote smooth renewal of directors and allow shareholders sufficient opportunity for expressing their opinion about these directorships;
- the articles of association stipulate no age limit for directors other than the statutory limit according to which no more than one-third of the directors may be over the age of 70;
- the Board of Directors consists of at least three and at most eighteen members, appointed by the Ordinary General Meeting of shareholders (see Article 14 of the articles of association, or p. 442);
- 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 Annual General Meeting. Non-voting directors, appointed for a three-year term, attend the meetings of the Board of Directors. In this connection, they provide comments and opinions and take part in discussions in an advisory capacity. There may not be more than five non-voting directors. The age limit for serving as a non-voting director is set at eighty. However, to this day the Company has no non-voting directors;
- according to the Internal rules, each director must hold a number of shares in registered form equivalent to at least one year's compensation in respect of their activity.

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 decision-making committees, in line with the Group's strategy. To this end, if the Board of Directors is looking for a new member, the Committee puts forward various candidates whose skills, knowledge and experience have been assessed and supplement or reinforce those skills already accessible to the other members of the Board of Directors.

4.1.1.2 Composition of the Board of Directors

The Board of Directors has ten directors, six of whom are independent (60%) within the meaning of the AFEP-MEDEF Code, and five of whom are women (50%).

A. Composition of the Board of Directors in 2020

The table below is a condensed presentation of the Board of Directors' composition at February 2020, and its position during fiscal year 2020.

Members of the Board of Directors	Personal information		Number of Mercialys shares owned(1)	Position on the Board of Directors			Membership of Specialized Committees 2020 attendance rate		
	Gender	Age(1)		Date of 1st appointment	Expiry of directorship	2020 attendance rate	ARSDC	IC*	ACC
Non-executive corporate officer									
Éric Le Gentil	M	60	27,800	02/13/2013	AGM 2022	100%		100%	100%
Independent members									
Stéphanie Bensimon	F	44	100	06/07/2018	AGM 2022	100%	C 100%		
Victoire Boissier	F	53	2,000	04/20/2016	AGM 04/22/2021	100%	(2) 100%		100%
Élisabeth Cunin	F	60	1,000	06/06/2012	AGM 2022	100%			C 100%
Dominique Dudan	F	66	3,500	04/26/2018	AGM 04/22/2021	100%		C 100%	100%
Ingrid Nappi	F	54	950	04/30/2014	04/23/2020	75%	(3) 100%		
Pascale Roque	F	59	1,990	10/24/2017	AGM 2022	89%	80%		
Generali Vie			7,373,571	04/30/2014	AGM 04/22/2021				
Bruno Servant *permanent representative*	M	60	2,000	04/30/2014		100%		100%	
Directors representing the shareholder, Casino									
La Forézienne de Participations			17,632,626	12/10/2010	AGM 04/22/2021				
David Lubek *permanent representative*	M	47	720	11/13/2017		100%		100%	
Jacques Dumas	M	68	508	08/22/2005	AGM 2023	100%			100%
Michel Savart	M	58	500	05/06/2010	AGM 2023	100%	100%	100%	
Number of meetings in 2020						**9**	**4**	**4**	**4**
2020 attendance rate						**98%**	**95%**	**100%**	**100%**

(1) Determined as of December 31, 2020.
(2) Since April 23, 2020.
(3) Until April 23, 2020.

ARSDC: Audit, Risks and Sustainable Development Committee
IC: Investment Committee
ACC: Appointments and Compensation Committee
C: Chairwoman of the Committee
** Mr Vincent Ravat, in his capacity as Chief Executive Officer, is a permanent guest of the IC.*

Given the geographical exposure of the Company, all directors are of French nationality.

Meetings of the Board of Directors and Specialized Committees are routinely conducted in person. The health situation in 2020 and lockdown and social distancing measures nevertheless led to the members of the Board of Directors attending these meetings by conference call, as authorized by the internal rules of the Board of Directors. Details of how to participate in each meeting is shown in chapter 4, sections 4.1.3 and 4.1.4, p. 261 et seq.

B. Current composition of the Board

The table below is a condensed presentation of the Board of Directors' composition at February 15, 2021, the date of closing of the financial statements for the fiscal year 2020:

Members of the Board of Directors	Personal information		Number of Mercialys shares owned(1)	Position on the Board of Directors			Membership of Specialized Committees		
	Gender	Age(1)		Date of 1st appointment	Years of service	Expiry of directorship	ARSDC	STC(2)*	ACGC(2)
Non-executive corporate officer									
Éric Le Gentil	M	60	27,800	02/13/2013	8	AGM 2022		○	○
Independent members									
Stéphanie Bensimon	F	44	100	06/07/2018	2	AGM 2022	○ C	○	
Victoire Boissier	F	53	2,000	04/20/2016	4	AGM 04/22/2021	○		○
Élisabeth Cunin	F	60	1,000	06/06/2012	8	AGM 2022		○ C	○
Dominique Dudan	F	67	3,500	04/26/2018	2	AGM 04/22/2021		○	○ C
Pascale Roque	F	60	1,990	10/24/2017	3	AGM 2022	○		
Generali Vie			7,373,571	04/30/2014	6	AGM 04/22/2021			
Bruno Servant, *permanent representative*	M	60	2,000	04/30/2014	6			○	
Directors representing the shareholder, Casino									
La Forézienne de Participations			17,632,626	12/10/2010	10	AGM 04/22/2021			
David Lubek, *permanent representative*	M	47	720	11/13/2017	3				
Jacques Dumas	M	68	508	08/22/2005	15	AGM 2023			○
Michel Savart	M	58	500	05/06/2010	10	AGM 2023	○	○	

(1) Determined as of February 15, 2021.

(2) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

ARSDC: Audit, Risks and Sustainable Development Committee
ACGC: Appointments, Compensation and Governance Committee
STC: Strategy and Transformation Committee
C: Chairwoman of the Committee

** Mr Vincent Ravat, in his capacity as Chief Executive Officer, is a permanent guest of the STC.*

Given the geographical exposure of the Company, all directors are of French nationality.

A Board that reflects the shareholding structure of the Company

The Board is now composed of 10 directors. With 6 independent directors (60%), the Company is in line with the highest international standards. The Board regularly surveys its members about the ideal balance of its composition and of its Specialized Committees in order to assure its shareholders and the market that its duties are accomplished with the required independence and objectivity.

Excellent representation of women on the Board of Directors and its Committees

The Board of Directors consists of 5 women out of 10 directors, i.e. 50%. Furthermore, each Committee is chaired by an independent female director. The representation of women on the Audit, Risks and Sustainable Development Committee, the Investment Committee, and the Appointments and Compensation Committee was respectively 75%, 20% and 60% at December 31, 2020.

Since these committees were transformed and their compositions reviewed, on January 20, 2021, the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee have had female representation rates of 50% and 60% respectively.

Diversity policy

The Board of Directors endeavors to apply the principles of the AFEP-MEDEF Code concerning its composition. With the support of the Appointments, Compensation and Governance Committee, it periodically assesses its size, structure and composition, as it does for its Specialized Committees. Proposals for renewals take into account the findings of annual evaluations of the functioning of the Board and form the basis of recommendations from the Appointments, Compensation and Governance Committee.

The size of the Board is considered appropriate. The Board pursues its objective of maintaining the diversity and complementarity of its technical skills and experience, the balanced gender representation of women and men, and the percentage of independent directors above the 50% threshold recommended by the AFEP-MEDEF Code for companies with dispersed ownership without controlling shareholders.

Re-appointments of directors are proposed with a view to maintaining these balances and ensuring the availability of a set of skills commensurate with the Company's activities, strategic priorities and the tasks devolved to the Board Committees. Consideration is also given to their wish to be associated with the Company's development, their awareness of Mercialys's Corporate Social Responsibility (CSR) commitments, and their availability, given the frequency of Board and Committee meetings.

No objective is set in terms of age beyond compliance with the legal age limit. The Board prioritizes its members' wealth of expertise and experience and the complementary nature of their skills.

Religious or political opinions, cultural, ethnic or racial affiliations, trade union activities, family situation, sexual preferences, health or disability, as well as social background cannot, under any circumstances, be taken into account in the process of selecting directors.

The Board of Directors also endeavors to achieve a balanced gender representation on its Specialized Committees. As at February 15, 2021, each Committee is chaired by a woman, while a majority of the members of the Audit, Risks and Sustainable Development Committee and the Appointments, Compensation and Governance Committee are women.

Diverse, cross-functional and complementary skills

The Board of Directors also supports the diversity of its skills with a panel of experienced members with proven expertise in real estate, asset management, finance, legal, human resources, marketing, retail and CSR:

	Real estate Construction Urban planning	Legal Human resources	Finance Accounting	Company management	Insurance	Retail Hospitality	Other(1)
Éric Le Gentil	●	●	●	●	●		●
Stéphanie Bensimon	●	●	●	●			
Victoire Boissier	●		●	●		●	
Élisabeth Cunin	●	●	●	●		●	●
Dominique Dudan	●	●	●	●		●	●
Jacques Dumas	●	●	●	●		●	
David Lubek	●		●	●	●	●	
Pascale Roque	●	●	●	●		●	
Michel Savart	●	●	●	●		●	
Bruno Servant	●		●		●		●

(1) Of which IT and CSR in particular.

A Board composed of 60% independent directors

As regards the duties entrusted to it, the Appointments, Compensation and Governance Committee is tasked with monitoring the position of each of the directors in terms of any relationships they might have with the Company or Group companies to ensure that there is nothing that might compromise their freedom of judgment or might lead to possible conflicts of interest with the Company. In this capacity, the Appointments, Compensation and Governance Committee conducts an annual review of the composition of the Board of Directors and, more specifically, of the independence of Board members with regard to the criteria set out in the AFEP-MEDEF Code:

- criterion 1: not to be an employee or executive corporate officer of the Company, nor an employee, executive corporate officer or Director of a company consolidated by the Company, nor of the Company's parent company nor of a company consolidated by this parent company and not have been in such a position in the previous five years;
- criterion 2: 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 in office or having held such office in the previous five years) is a director;
- criterion 3: not to be (or directly or indirectly linked to) a major customer, supplier, corporate or financial banker, or senior adviser of the Company or of its Group, or for whom the Company or its Group represents a significant part of its business;
- criterion 4: not to have a close family tie to a corporate officer of the Company;
- criterion 5: not to have been the Company's Statutory Auditor in the preceding five years;
- criterion 6: not to have been a director of the Company for more than twelve years (independent status is lost after twelve years);
- criterion 7: not to be controlled by or represent a shareholder holding alone or in concert more than 10% of the share capital of the Company or voting rights at its General Meetings.

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 and the companies in which directors, qualified as independent, hold positions or directorships, qualitative and/or quantitative factors are generally taken into consideration by the Board to confirm the independence of the directors concerned. In particular, the non-material business flow is assessed from the point of view of both the parties, as well as the length of the relationship in relation to the director's appointment.

Six directors meet the independence criteria in full: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque and Mr Bruno Servant, representative of Generali Vie. With regard to Élisabeth Cunin, the Board confirmed its analysis that the business relations between the Kiabi group, where 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 223 branches and 107 affiliates operated by Kiabi in France, only two are in Mercialys shopping centers. The rents paid by Kiabi to Mercialys accounted for 0.3% of the total rents received by Mercialys at December 31, 2020. 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 regarding the independence criteria of the AFEP-MEDEF Code:

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7
INDEPENDENT DIRECTORS							
Stéphanie Bensimon	●	●	●	●	●	●	●
Victoire Boissier	●	●	●	●	●	●	●
Élisabeth Cunin	●	●	●	●	●	●	●
Dominique Dudan	●	●	●	●	●	●	●
Pascale Roque	●	●	●	●	●	●	●
Bruno Servant Permanent representative of Generali Vie	●	●	●	●	●	●	●
NON-INDEPENDENT DIRECTORS							
Jacques Dumas	○	●	●	●	●	●	○
Éric Le Gentil	○	●	●	●	●	●	●
David Lubek Permanent representative of La Forézienne de Participations	○	●	●	●	●	●	○
Michel Savart	○	●	●	●	●	●	○

● Independence criterion met ○ Independence criterion not met

New directors undergo a rigorous selection process

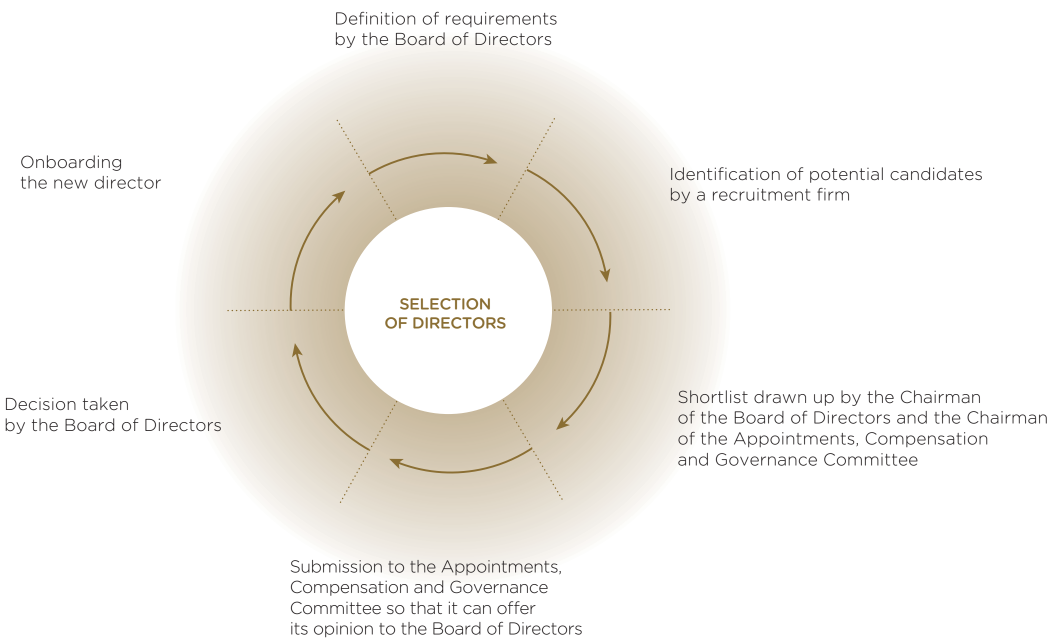
New directors are recruited according to the needs of the Board of Directors, particularly in terms of skills and experience. The comments made when the Board's operations are assessed by the directors already in post are taken into account. On this basis, the most recent assessment, carried out in the fourth quarter of 2020, showed that the most important skills needed to complete the round table would be, in no order of priority, (i) CSR, (ii) exposure to technologies, (iii) retail real estate.

Independent external firms specializing in the recruitment of executives and corporate officers are charged with finding applicants. The most recent hires made on behalf of the Mercialys Board of Directors, namely, Mrs Stéphanie Bensimon and Mrs Victoire Boissier, involved the firm EmÉric Lepoutre & Partners.

A selection of diverse profiles is presented to the Chairman of the Appointments, Compensation and Governance Committee, as well as to the Chairman of the Board of Directors, who may conduct interviews with all or some of the applicants. A shortlist of applicants is then submitted to the Appointments, Compensation and Governance Committee, which issues an opinion to the Board of Directors, which makes a decision from the profile(s) on offer.

Note that the choice of directors representing the Casino group remains at the discretion of the latter, as is the choice of the permanent representative of Generali Vie, Mercialys' second-largest shareholder.

DIRECTORS' SELECTION PROCESS



C. Directorships and positions held by members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

Éric Le Gentil

CHAIRMAN OF THE BOARD OF DIRECTORS

Date of birth: June 20, 1960
French citizen
Business address: 16-18, rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held: 27,800

EXPERTISE AND EXPERIENCE

Mr Éric Le Gentil is a graduate of the École Polytechnique, the Institut d'Études Politiques de Paris and of the Institut des Actuaires Français. He began his career in 1985 in insurance auditing. From 1986 to 1992, he held various positions within the French Ministry of Finance including that of advisor on insurance matters to Pierre Bérégovoy's cabinet. From 1992 to 1999, he held various roles at Athéna Assurances and AGF Assurances. He joined the Generali France group in 1999 as Chief Executive Officer of Generali France Assurances Vie & Iard. In December 2004, he was appointed Chief Executive Officer of Generali France Assurances. From July 17, 2013 until February 13, 2019, Mr 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)

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date of appointment[1]	Date when term expired
• Director	February 13, 2013	OGM to be held in 2022
• Chairman of the Board of Directors	February 13, 2013	OGM to be held in 2022
• Member of the Appointments, Compensation and Governance Committee[2]	January 20, 2021	OGM to be held in 2022
• Member of the Strategy and Transformation Committee[2]	January 20, 2021	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Within and outside the Mercialys group		
• Chairman of Ergera		
• Senior Advisor at Datafolio		
Directorships and positions ended during the past 5 years		
• Director of the non-profit organization Amis et Mécènes de l'Opéra Comique – AMOC		
• Chief Executive Officer of Mercialys	○	
• Managing Partner of La Diane		
• Member of the Mercialys Investment Committee and member of the Appointments and Compensation Committee[2]*	○	

(1) Mr Éric Le Gentil was the permanent representative of Generali Vie, Director of Mercialys, from January 1, 2009 to February 13, 2013.
(2) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see section 4.1.4 Specialized Committees below).
** Directorships and positions ending on January 20, 2021.*

Vincent Ravat

CHIEF EXECUTIVE OFFICER - NON-DIRECTOR

Date of birth: March 15, 1974
French citizen
Business address: 16-18, rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held: 8,841

EXPERTISE AND EXPERIENCE

Mr Vincent Ravat joined Mercialys in January 2014 as Deputy CEO responsible for letting, operations, marketing & communication teams. Previously, he served from 2011 as Director of Operations France for Hammerson, a property investment, development and management group, listed on the London Stock Exchange, developing its activities in the United Kingdom and France. From 2000 to 2010, he held various positions in Asia, Switzerland, Spain and France, with the Ludendo and Distritoys groups, where he was a member of the Executive Committee. He is a graduate of ESC Rouen (now Neoma Business School) and member of the Royal Institution of Chartered Surveyors (MRICS). He was Deputy Chief Executive Officer of Mercialys from August 2016 to February 2019, and he now serves as Chief Executive Officer.

MAIN POSITION

- Chief Executive Officer of Mercialys (listed company)

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Chief Executive Officer	February 13, 2019	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Within the Mercialys group		
• Managing partner of Toutoune		
• Member of the Strategic Committee of SCI Rennes-Anglet		
Outside the Mercialys group		
• Director of the *Institut pour la Ville & le Commerce*		
• Director of the *Fédération des Sociétés Immobilières et Foncières* (FSIF)		
• Executive Vice-Chairman, member of the Management Committee and member of the Board of Directors of the *Conseil National des Centres Commerciaux* (CNCC)		
Directorships and positions ended during the past 5 years		
• Deputy Chief Executive Officer of Mercialys	○	
• Chairman of Mercialys Exploitation		
• Managing partner of La Diane*		

* *Directorships and positions ended in 2020.*

Élizabeth 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: 2,360

EXPERTISE AND EXPERIENCE

A graduate of the Institut d'Etudes Politiques de Paris, Ms Élizabeth Blaise began her auditing career at Mazars & Guérard. In 2001, she joined Oddo Securities as a financial analyst, first in the building materials sector, then in real estate in France. She expanded her scope to European real estate by joining Exane BNP Paribas in 2007 in London. She took on the role of Director of Financial Communications and Strategic Studies for Gecina between 2010 and 2014. Since September 2014, she has served as Chief Financial Officer of Mercialys and since February 2019 she has been in the role of Deputy Chief Executive Officer.

MAIN POSITIONS

- Deputy Chief Executive Officer and Chief Financial Officer of Mercialys (listed company)

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Deputy Chief Executive Officer	February 13, 2019	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Within the Mercialys group		
• Permanent representative of Mercialys on the Board of Administration of OPCI UIR II		
Directorships and positions ended during the past 5 years		
• Chairwoman of Mercialys Gestion		

Stéphanie Bensimon

INDEPENDENT DIRECTOR

Date of birth: May 6, 1976
French citizen
Business address: 20, place Vendôme – 75001 Paris
Number of Mercialys shares held: 100

EXPERTISE AND EXPERIENCE

Ms Stéphanie Bensimon has a DESS in Finance from the Université Paris IX Dauphine. Since 2016, she has held the position of Managing Director in charge of real estate activities for Ardian in Europe. She has almost twenty years of experience in real estate investment, including five years at Invesco Real Estate where she was Head of Investments for France, Belgium and Southern Europe from 2011. Prior to this, she worked for Carval Investors, a subsidiary of the Cargill group, and at GE Real Estate group where she was responsible for real estate investment in for Europe.

MAIN POSITION

- Managing Director, in charge of real estate activities for Ardian France

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	June 7, 2018	OGM to be held in 2022
• Member of the Audit, Risks and Sustainable Development Committee	June 7, 2018	OGM to be held in 2022
• Chairwoman of the Audit, Risks and Sustainable Development Committee	February 13, 2019	OGM to be held in 2022
• Member of the Strategy and Transformation Committee(1)	January 20, 2021	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
• Director of Poste Immo		
• Chairwoman of Areefnap1		
• Chairwoman of Areefnap2		
• Chairwoman of Areefrio1.SAS		
• Chairwoman of Areefrio2.SAS		
• Chairwoman of RamREF 2 SAS		
• Managing partner of SCI Charlotte		
• Managing partner of SCI Tamara		
• Managing partner of La Galaxie		
• Managing partner of ORYOM17H3		
Directorships and positions ended during the past 5 years		
• Co-Manager of Gerpresse – *Gestion Étude et Réalisation de Presse*		
• Managing partner of West Bridge SCI		

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

Victoire Boissier

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: December 28, 1967
French citizen
Business address: 6, allée Jean-Prouvé – 92110 Clichy
Number of Mercialys shares held: 2,000

EXPERTISE AND EXPERIENCE

With degrees from EM Lyon (major in Finance) and the INSEAD International Executive Program, Ms 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 Financial Manager and Chief Financial Officer. From 2009 to 2017, Victoire Boissier has held the position of Vice-President Finance within the Louvre Hotels group and is a member of the Executive Committee. In 2017, she joined the Grandir/Les Petits Chaperons Rouges educational group, as Deputy Chief Executive Officer.

MAIN POSITION

- Deputy Chief Executive Officer Group Finance at Grandir/Les Petits Chaperons Rouges

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	April 20, 2016	OGM of April 22, 2021
• Member of the Audit, Risks and Sustainable Development Committee	April 23, 2020	OGM of April 22, 2021
• Member of the Appointments, Compensation and Governance Committee(1)	January 20, 2021	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Within and outside the Mercialys group		
• None		
Directorships and positions ended during the past 5 years		
• Managing Partner of Achats Services		
• Member of the Executive Committee and Vice-President Finance of Louvre Hôtels group		
• Member of the Mercialys Appointments and Compensation Committee(1)*	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

* *Directorships and positions ended on January 20, 2021.*

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: 1,000

EXPERTISE AND EXPERIENCE

Ms 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, Ms Élisabeth Cunin was appointed Chairwoman of the Kiabi group.

MAIN POSITION

- Chairwoman of Kiabi group

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	June 6, 2012	OGM to be held in 2022
• Member of the Appointments, Compensation and Governance Committee(1)	January 20, 2021	OGM to be held in 2022
• Chairwoman and member of the Strategy and Transformation Committee(1)	January 20, 2021	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
• Chairman and Chief Executive Officer and director of Bunsha International		
• Chairwoman of the Company & EC		
• Director of the 1001 Fontaines non-profit organization		
• Director of the Solfa non-profit organization		
Directorships and positions ended during the past 5 years		
• Chairwoman of Camaïeu International		
• Chairwoman and member of the Management Board of Financière Brame		
• Chairwoman of the Financière Brame		
• Permanent representative of Camaïeu International on the Board of Directors of Mode Développement Belgique SA		BEL
• Permanent representative of Camaïeu International, General Partner of Camaïeu Monaco & Cie		MCO
• Executive Manager of Camaïeu Asia		SGP
• Executive Director of Camaïeu Apparel (Shanghai) Co Ltd.		CHN
• Chairwoman and member of the Mercialys Appointments and Compensation Committee(1)*	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).
** Directorships and positions ended on January 20, 2021.*

Dominique Dudan

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: January 19, 1954
French citizen
Business address: 1, rue de Condé – 75006 Paris
Number of Mercialys shares held: 3,500

EXPERTISE AND EXPERIENCE

With a science background, Ms 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, Ms Dominique Dudan created her own firm, Artio Conseil, while holding the position of Chief Executive Officer of Arcole Asset Management. In early 2011, Ms Dominique Dudan became Chairwoman of Union Investment Real Estate France, a position she held until July 2015. She has been a member of the Board of Directors of Gecina since 2015, and a member of the Supervisory Board of Swiss Asset Managers France (formerly Swiss Life Reim - France) since 2017. Ms 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

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	April 26, 2018	OGM of April 22, 2021
• Chairwoman and member of the Appointments, Compensation and Governance Committee(1)	January 20, 2021	OGM of April 22, 2021
• Member of the Strategy and Transformation Committee(1)	January 20, 2021	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
• Director, member of the Audit and Risk Committee and Chairwoman of the Appointments and Compensation Committee of Gecina	○	
• Member of the Supervisory Board and Chairwoman of the Audit Committee of Selectirente	○	
• Member of the Supervisory Board and member of the Audit and Risk Committee of Swiss Life Asset Managers France		
• Chairwoman and member of the Supervisory Board of Sofidy Pierre Europe (OPCI)		
• Senior Advisor for the real estate section of LBO France Gestion		
• Chairwoman and member of the Supervisory Board of Altixia XII		
• Member of the Supervisory Board of Altixia Commerces		
• Member of the Supervisory Board of Pierre Expansion		
• Chairwoman of Artio Conseil		
• Managing partner of SCI du 92		
• Managing partner of William's Hotel		
Directorships 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 Investment Committee and member of the Appointments and Compensation Committee of Mercialys(1)*	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

* *Directorships and positions ended on January 20, 2021.*

Jacques Dumas

NON-INDEPENDENT DIRECTOR

Date of birth: May 15, 1952
French citizen
Business address: 148, rue de l'Université – 75007 Paris
Number of Mercialys shares held: 508

EXPERTISE AND EXPERIENCE

Mr Jacques Dumas holds a Master's Degree in Law and studied at the Institut d'Études Politiques de Lyon. He began his career as a lawyer, then served as Administration Manager for Compagnie Française de l'Afrique Occidentale – CFAO (1978-1986). In 1987 he joined Rallye group as Deputy Corporate Secretary, then became Manager of Legal Affairs of the Euris group in 1994. He is currently Executive Vice-President of Euris and advisor to the Chairman of Casino, Guichard-Perrachon.

MAIN POSITIONS

- Adviser to the Chairman of Casino, Guichard-Perrachon (listed company) and Executive Vice-President of Euris

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/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 DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Euris group		
• Director of Rallye		
• Permanent representative of Euris on the Board of Directors of Finatis and member of the Audit Committee	○	
• Permanent representative of Euris on the Board of Directors of Casino, Guichard-Perrachon	○	
• Member of the Supervisory Committee of Monoprix	○	
Outside the Euris group		
• Managing partner of Cognacq-Parmentier		
• Managing partner of Longchamp-Thiers		
Directorships and positions ended during the past 5 years		
• Member of the Appointments and Compensation Committee of Rallye	○	
• Permanent representative of Cobivia on the Board of Directors of Casino, Guichard-Perrachon	○	
• Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon	○	
• Member of the Audit, Risks and Sustainable Development Committee of Mercialys	○	
• Member of the Mercialys Appointments and Compensation Committee[1]*	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

* *Directorships and positions ended on January 20, 2021.*

Pascale Roque

INDEPENDENT DIRECTOR

Date of birth: February 14, 1961
French citizen
Business address: Atream - 153, rue du Faubourg St-Honoré - 75008 Paris
Number of Mercialys shares held: 1,990

EXPERTISE AND EXPERIENCE

Ms 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 of the B&B Hotels chain. In 2016, Ms Pascale Roque was brought back by the Pierre & Vacances Center Parcs group to take over the general management of Pierre & Vacances Tourisme and accelerate the brand's international development, continue its move upmarket and open it up to franchising. Since June 2020, she has been Chief Executive Officer of the Tourism division of Atream, an asset management company (Euro 4 billion), half of which involves the tourism sector (135 establishments in France, Belgium, the Netherlands and Germany). With a strong belief in this sector, the Company's objective is to diversify the assets under management, whether Business premises alone or Business premises and Goodwill.

MAIN POSITION

- Head of Tourism, in charge of investment and tourism asset management at the property management company Atream

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	October 24, 2017	OGM to be held in 2022
• Member of the Audit, Risks and Sustainable Development Committee	December 21, 2017	OGM to be held in 2022

OTHER DIRECTORSHIPS AND POSITIONS

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
• None		
Directorships 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 S.E.T. Pierre & Vacances Guadeloupe*		
• Chief Executive Officer of S.E.T. Pierre & Vacances Martinique*		
• Permanent representative of PV-CP Gestion Exploitation on the Board of Directors of Sogire*		
• Permanent representative of PV Résidences & Resorts France on the Board of Directors of PV Exploitation Belgique		BEL
• Deputy Director of PV Exploitation Belgique*		BEL
• Director of Sociedad de Explotación Turistica Pierre et Vacances España SL*		ESP
• Director of Bonavista de Bonmont SL*		ESP
• Director of Pierre & Vacances Italia S.r.l.*		ITA
• Manager of Pierre et Vacances Maeva Tourisme Haute-Savoie*		
• Manager of the Société Hôtelière de l'Anse à la Barque*		

* *Directorships and positions ended in 2020.*

Michel Savart

NON-INDEPENDENT DIRECTOR

Date of birth: April 1, 1962
French citizen
Business address: Foncière Euris – 83, rue du Faubourg Saint-Honoré – 75008 Paris
Number of Mercialys shares held: 500

EXPERTISE AND EXPERIENCE

Mr Michel Savart is a graduate of the École Polytechnique and the École Nationale Supérieure des Mines de Paris. He started his career with Havas in 1986, then moved to Banque Louis Dreyfus in 1987 where he led various projects. Between 1988 and 1994 he managed projects for Banque Arjil (Lagardère group) and advised the bank's Management Board. From 1995 to 1999 he served as Managing Director of Mergers & Acquisitions for Dresdner Kleinwort Benson (DKB). In October 1999, Mr Michel Savart joined Euris-Rallye as Head of Private Equity Investments and advisor to the Chairman. He currently holds the position of advisor to the Chairman of the Rallye-Casino group. Since August 2009, he has also been Chairman and Chief Executive Officer of Foncière Euris.

MAIN POSITIONS

- Adviser to the Chairman of the Rallye/Casino group and Chairman and Chief Executive Officer of Foncière Euris (listed company)

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	May 6, 2010	OGM to be held in 2023
• Member of the Audit, Risks and Sustainable Development Committee	December 12, 2018	OGM to be held in 2023
• Member of the Strategy and Transformation Committee[(1)]	January 20, 2021	OGM to be held in 2023

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Euris group		
• Chairman of the Management Board of Centrum Serenada Sp. Zoo		POL
• Chairman of the Management Board of Centrum Krokus Sp. Zoo		POL
• Member of the Supervisory Committee of Go Sport group		
• Permanent representative of Foncière Euris on the Board of Directors of Casino, Guichard-Perrachon	○	
• Representative of Foncière Euris, Chairwoman of Marigny Foncière and Mat-Bel 2		
• Representative of Marigny Foncière, co-Manager of SCI Les Deux Lions and SCI Ruban Bleu Saint-Nazaire		
• Representative of Marigny Foncière, Managing partner of SCI Pont de Grenelle and SNC Centre Commercial Porte de Châtillon		
Outside the Euris group		
• Chairman of Aubriot Investissements		
Directorships and positions ended during the past 5 years		
• Chairman of the Management Board of Centrum Riviera Sp. Zoo		POL
• Representative of Delano Holding, co-Manager of Delano Participations*		
• Representative of Fenouillet Participation, Manager of Fenouillet Immobilier		
• Permanent representative of Fintis on the Board of Directors of Casino, Guichard-Perrachon	○	
• Representative of Foncière Euris, Chairwoman of Matignon Abbeville*		
• Representative of Immat Bel, Managing Partner of Marigny Fenouillet and Co-Manager of Delano Holding*		
• Representative of Marigny Fenouillet, Manager of Fenouillet Participation		
• Representative of Mat-Bel 2, Managing Partner of Immat Bel*, Marigny Fenouillet and Matbelys		
• Permanent representative of Rallye on the Supervisory Board of Go Sport group*		
• Permanent representative of Rallye on the Board of Directors of Go Sport group		
• Managing partner of Montmorency		
• Co-Manager of Loop 5 Shopping Centre GmbH		DEU
• Co-Manager of Guttenbergstrasse BAB5 GmbH		DEU
• Member of the Appointments and Compensation Committee of Mercialys	○	
• Member of the Mercialys Investment Committee[(1)]**	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

* *Directorships and positions that ended in 2020.*

** *Directorships and positions that ended on January 20, 2021.*

La Forézienne de Participations

NON-INDEPENDENT DIRECTOR (DIRECTORSHIP SUBMITTED FOR RENEWAL)

Simplified joint stock company with capital of Euro 568,599,197
Head office: 1, cours Antoine Guichard – 42000 Saint-Étienne
RCS 501 655 336 Saint-Étienne
Number of Mercialys shares held: 17,632,626

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	December 10, 2010	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Casino group		
• Chairman of Jekk		
• Director of Shopping Property Fund 1		
Directorships and positions ended during the past 5 years		
• Director of Proxipierre		

David Lubek

PERMANENT REPRESENTATIVE OF LA FORÉZIENNE DE PARTICIPATIONS

Date of birth: May 13, 1973
French citizen
Business address: Groupe Casino - 148, rue de l'Université – 75007 Paris
Number of Mercialys shares held: 720

EXPERTISE AND EXPERIENCE

Graduate of École Polytechnique and ENSAE, holder of a post-graduate degree in economics (EHESS), Mr David Lubek began his career as assistant economics professor at ENSAE. He joined the Ministry of Finance in 2000 in the Budget Department, where he occupied several managerial positions (research budget, budget execution summary). In 2006, he joined the Finance Inspectorate, where he was in charge of consulting and audit assignments for the public and private sectors. He joined Groupama in 2010 as Director of the group's general audit. Mr David Lubek was Director of Management Control for the Casino group from 2013 until October 2018, when he was appointed Deputy Chief Financial Officer. In November 2018, he was appointed Chief Financial Officer of Casino group and joined the Executive Committee.

MAIN POSITIONS

- Chief Financial Officer and member of the Executive Committee of the Casino group

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Permanent representative of La Forézienne de Participations	November 13, 2017	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Casino group		
• Member of the Supervisory Committee of GreenYellow		
• Chairman and Chief Executive Officer and Director of Casino Finance		
• Chairman and member of the Supervisory Committee of Monoprix		
• Chairman and member of the Supervisory Committee of Cnova Pay		
Directorships and positions ended during the past 5 years		
• Member of the Audit, Risks and Sustainable Development Committee of Mercialys	○	
• Permanent representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix		
• Director of Ségisor		
• Member of the Mercialys Investment Committee[(1)]*	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).

* *Directorships and positions ended on January 20, 2021.*

Société Generali Vie

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Société anonyme (limited liability company) with capital of Euro 336,872,976
Head office: 2, rue Pillet-Will - 75009 Paris
RCS 602 062 481 Paris
Number of Mercialys shares held: 7,373,571

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Director	April 30, 2014	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Generali France group		
• Director of Generali IARD		
• Director of Generali Luxembourg		LUX
• Director of GFA Caraïbes		
• Director of the non-profit organization The Human Safety Net France (THSN France)		
• Director of The Human Safety Net France endowment fund		
Outside the Generali France group		
• Director of Foncière Développement Logements	○	
• Director of Observation Sélection		
• Director of Reconnaissance Europe		
• Director of Risque & Sérénité		
• Director of Fonds Nouvel Investissement 1		
• Director of Fonds Nouvel Investissement 2		
• Director of Carte Blanche		
• Director of Immeo SE		DEU
• Director of Comgest Monde		
• Member of the Supervisory Board of Covivio Hotels	○	
• Non-voting director of Fonds Logement Intermédiaire		
Directorships and positions ended during the past 5 years		
• Chairman of Haussmann Investissement		
• Director of Europe Assistance Holding		
• Director of Expert et Finances		
• Member of the Supervisory Board of Foncière de Paris SIIC	○	
• Member of the Supervisory Board of Foncia Pierre Rendement		
• Director of Vigeo		
• Director of Pour la Location du Moncey – Beeotop		
• Director of Palatine Mediterranea		

Bruno Servant

PERMANENT REPRESENTATIVE OF GENERALI VIE

Date of birth: February 26, 1960
French citizen
Business address: Generali France – 2, rue Pillet-Will – 75009 Paris
Number of Mercialys shares held: 2,000

EXPERTISE AND EXPERIENCE

A graduate of ESSEC and the Institut d'Études Politiques de Paris, Public Service section, and the Institut des Actuaires, Mr Bruno Servant began his career at Crédit Lyonnais in August 1985. In January 1986 he became portfolio manager at Citibank, and in May 1988 he joined Banque Shearson Lehman Hutton. He joined Deutsche Bank in May 1990, where he was head of the Institutional Investment Management Department and Chairman of the Management Board of Deutsche Asset Management SA. In September 2003, he became Deputy Chief Executive Officer of UBS Global Asset Management France SA. He then joined the Generali group in September 2007 as Deputy Chief Executive Officer and Corporate Secretary of Generali Investment France. Since March 2012, he has been Investment Director at Generali Vie.

MAIN POSITION

- Investment Director at Generali Vie

DIRECTORSHIPS AND POSITIONS HELD WITHIN THE COMPANY AS AT FEBRUARY 15, 2021

Directorship/Position	Date appointed	Date when term expired
• Permanent representative of Generali Vie (until April 22, 2021)	April 30, 2014	OGM of April 22, 2021
• Member of the Strategy and Transformation Committee(1)	January 20, 2021	OGM of April 22, 2021

OTHER DIRECTORSHIPS AND POSITIONS

	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Outside the Generali France group		
• Representative of Generali Vie on the Board of Directors of SICAV Objectif Selection		
• Director of Sycomore Factory		
• Chairman of the Board of Directors of Generali Investments Asia Limited		HKG
• Member of the Supervisory Board of Lion River I		NLD
• Member of the Supervisory Board of Lion River II		NLD
• Member of the Board of Generali Insurance Management SpA (SGR)		ITA
• Chairman of the Board of Generali Real Estate S.p.A.		ITA
• ILN Board of Director member for Generali SpA		CAN
Directorships and positions ended during the past 5 years		
• Permanent representative of Generali Vie, member of the Supervisory Board of Foncière de Paris SIIC	○	
• Managing partner of GF Pierre*		
• Member of the Mercialys Investment Committee(1)**	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.4 Specialized Committees below).
* *Directorships and positions ended in 2020.*
** *Directorships and positions ended on January 20, 2021.*

Sébastien Pezet

PERMANENT REPRESENTATIVE OF GENERALI VIE
(FROM APRIL 22, 2021, SUBJECT TO RENEWAL OF HIS DIRECTORSHIP)

Date of birth: August 19, 1975
French citizen
Business address: Generali France - 2, rue Pillet-Will - 75009 Paris
Number of Mercialys shares held: 0

EXPERTISE AND EXPERIENCE

Sébastien Pezet holds a master's degree in economics and a master's degree in real estate from the University of Paris Dauphine. He joined Generali Real Estate in 2002. He has been Director for Western Europe since January 2018 with a portfolio totaling Euro 11 billion under management comprising offices, retail, logistics and residential. He had previously been appointed head of the French division in 2015. Sébastien Pezet previously worked for two years at Archon Group, a subsidiary of Goldman Sachs, managing Whitehall funds.

MAIN POSITION

- Head of Western Europe Region - Generali Real Estate

OTHER DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
Within the Generali France group		
• Head of Generali Real Estate S.P.A in France		
• Chairman of the Board of Directors and Director of OFI GR1		
• Chairman of the Board of Directors and Director of OFI GB1		
Outside the Generali France group		
• Representative of Generali Real Estate, Director of the Fédération des Sociétés Immobilières et Foncières		
• Permanent representative of Generali Vie, member of the Supervisory Board of Covivio Hotels	○	
• Representative of Generali on the Economic and Financial Real Estate Committee of the FFA		
Directorships and positions ended during the past 5 years		
• Chairman of the Board of Directors and Director of Generali Résidentiel		
• Chairman of the Board of Directors and Director of Generali Bureaux		
• Chairman of the Board of Directors and Director of Immobilière Commerciale des Indes Orientales (IMMOCIO)		
• Member of the Supervisory Board of Covivio Immobilien SE		
• Member of the Supervisory Board of ANF Immobilier	○	
• Manager of the company Parcolog Gondreville Fontenoy 2		

D. Offices and positions held by a member of the Board of Directors who left office during the fiscal year 2020

Ingrid Nappi

INDEPENDENT DIRECTOR UNTIL APRIL 23, 2020

Date of birth: April 1, 1966
French citizen
Business address: ESSEC Business School
1 avenue Bernard-Hirsch, BP 50105 - 95021 Cergy-Pontoise cedex

EXPERTISE AND EXPERIENCE

With a Ph.D. in economics from Université Paris XII and degrees from Université Paris Dauphine (HDR in management science) and the Institut d'Études Politiques de Paris (HDR in Urban Planning and Development), Ms Ingrid Nappi is a Professor at ESSEC (since 1994). She is also in charge of the Real Estate Economics course at ENPC. She began her career as an economics lecturer at the École Centrale de Lille (1989-1994). She is the author of several books: "*Les bureaux, analyse d'une crise*" (pub. ADEF, 1997), "*Management et Marketing de l'immobilier*" (pub. Dunod, 1999), "*Les mutations de l'immobilier: de la Finance au Développement durable*" (pub. Autrement, 2009), and "*Immobilier d'entreprise: analyse économique des marchés*" (pub. Economica, 2010, 2013). She has also written articles and columns for various academic and business reviews covering the property market. She was given a mandate by the Sustainable Building Plan in 2013-2014 to co-lead a working group on energy renovation and the construction industry. She is a member of several scientific committees. Ms Ingrid Nappi is a Fellow of the RICS (Royal Institution of Chartered Surveyors), and is also the founder and manager of the OMI (Real Estate Management Observatory).

MAIN POSITION

- Professor and Researcher

DIRECTORSHIPS AND POSITIONS	Listed company	Outside France
Directorships and positions held in 2020 and in effect at February 15, 2021		
Outside the Mercialys group		
• Member of the *Conseil immobilier de l'État* (French government property council)		
• Director of the *Observatoire Régional du Foncier* en Île-de-France		
• Fellow of the Royal Institution of Chartered Surveyors		
Directorships and positions ended during the past 5 years		
• Director and member of the Mercialys Audit, Risks and Sustainable Development Committee*	○	
• Director of ComUE Université Paris Seine		

* *Directorships and positions ended in 2020.*

E. Changes in the composition of the Board of Directors and its Specialized Committees during the fiscal year 2020

	Board of Directors	Audit, Risks and Sustainable Development Committee	Investment Committee	Appointments and Compensation Committee
Departures	**Ingrid Nappi*** *(as of April 23, 2020 - directorship not renewed)*	**Ingrid Nappi*** *(as of April 23, 2020)*	None	None
Appointments	None	**Victoire Boissier*** *(as of April 23, 2020)*	None	None
Renewals	**Jacques Dumas** **Michel Savart** *(as of April 23, 2020)*	-	-	-

* *Independent director.*

F. Change in the composition of the Specialized Committees following the Board of Directors meeting of January 20, 2021 (and composition at February 15, 2021)

	Audit, Risks and Sustainable Development Committee	Investment Committee *(until January 20, 2021)*	Strategy and Transformation Committee *(from January 20, 2021)*	Appointments and Compensation Committee *(until January 20, 2021)*	Appointments, Compensation and Governance Committee *(from January 20, 2021)*
Departures	None	**Dominique Dudan***, Chairwoman **Éric Le Gentil** **David Lubek** **Michel Savart** **Bruno Servant*** **Vincent Ravat**, Permanent guest	-	**Élisabeth Cunin***, Chairwoman **Victoire Boissier*** **Dominique Dudan*** **Jacques Dumas** **Éric Le Gentil**	-
Appointments	None	-	**Élisabeth Cunin***, Chairwoman **Stéphanie Bensimon*** **Éric Le Gentil** **Dominique Dudan*** **Michel Savart** **Bruno Servant*** **Vincent Ravat**, Permanent guest	-	**Dominique Dudan***, Chairwoman **Victoire Boissier*** **Élisabeth Cunin*** **Jacques Dumas** **Éric Le Gentil**

* *Independent director.*

G. Directorships expiring at the Annual General Meeting of April 22, 2021

Directors	
Whose directorship expires	**Whose directorship is proposed for renewal(1)**
Victoire Boissier* Dominique Dudan* La Forézienne de Participations, represented by David Lubek Generali Vie, represented by Bruno Servant*	Victoire Boissier* Dominique Dudan* La Forézienne de Participations, represented by David Lubek Generali Vie, represented by Sébastien Pezet(2)*

(1) *On the recommendation of the Appointments, Compensation and Governance Committee.*
(2) *Generali Vie has informed the Company that, subject to the renewal of its directorship, Mr. Sébastien Pezet will be appointed as its new permanent representative following the 2021 Annual General Meeting, replacing Mr. Bruno Servant.*
* *Independent director.*

Hence, subject to the approval by the Annual General Meeting of April 22, 2021, at the end of the Meeting, the Board would continue to be composed of ten members with six independent directors as defined by the criteria of the AFEP-MEDEF Code, namely: Mrs Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque and Generali Vie (represented by Mr Sébastien Pezet). The Board will also include three representatives of the shareholder, Casino, namely Messrs. Jacques Dumas and Michel Savart, and La Forézienne de Participations (represented by David Lubek). Independent directors would make up 60% of the Board and women, 50%.

4.1.2 Senior Management of the Company

Since February 13, 2019, and in order to further improve the quality of the Company's governance with respect to best market practices, the functions of Chairman of the Board of Directors and Chief Executive Officer have been separated. Mr Éric Le Gentil was appointed Chairman of the Board of Directors, Mr Vincent Ravat appointed Chief Executive Officer and Mrs Élizabeth Blaise appointed Deputy Chief Executive Officer.

The Annual General Meeting of April 25, 2019 renewed the directorship of Mr Éric Le Gentil, and the Board of Directors which met after this Annual General Meeting renewed this new governance for three years. As Chairman of the Board, Mr Éric Le Gentil will perform specific functions in addition to the Chairmanship of the Board, which are as follows:

- relations with major shareholders and with major financial and/or industrial partners;
- participation in the development of strategy and oversight of its implementation;
- interface between the Board of Directors and Senior Management.

A. Restrictions on the powers of the Company's Senior Management

The Chief Executive Officer and the Deputy Chief Executive Officer have the most extensive powers to act on behalf of the Company in all circumstances, pursuant to Article L. 225-56 of the French Commercial Code. These powers are to be exercised within the scope of the Company's purpose and of the powers expressly conferred by statute on Annual General Meetings and on the Board of Directors. They represent the Company in its relations with third parties. However, as part of good corporate governance, the Board of Directors has decided to limit the powers of Senior Management and to make certain management initiatives subject to its prior approval, depending on their nature or the amount involved. Thresholds have been set to ensure that the Board of Directors approves the most significant transactions, in accordance with statutes and the principles of corporate governance. The Chief Executive Officer cannot, therefore, carry out the following transactions without obtaining the Board of Directors' prior authorization:

- any transaction likely to affect the strategy of the Company and 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 subscription or purchase of securities, any acquisition of an equity interest, immediate or deferred, in any *de facto* or *de jure* grouping or company, and any disposal, total or partial, of equity interests or 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 transaction or any settlement relating to a dispute.

However, the Euro 10 million threshold does not apply to the internal operations of the Mercialys group, which, where appropriate, require the approval of the Chief Executive Officer and the Deputy Chief Executive Officer.

The Chief Executive Officer may delegate some or all of his powers to the Deputy Chief Executive Officer or to a member of the Management Committee.

The same applies to development projects covered by the Partnership agreement with the Casino group, regardless of the amount concerned, which must be submitted to the Board of Directors for prior authorization in accordance with the terms of said agreement. Note that this Partnership agreement expired on December 31, 2020, so this clarification is no longer applicable.

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.

On December 10, 2020, the Board of Directors authorized Senior Management, for a period of one year, *i.e.* from January 1, 2021 to December 31, 2021, to give unlimited sureties, guarantees on the Company's behalf, to its subsidiaries in proportion to the stake held, unlimited in amount and subject to reporting on the use of this authorization at least once a year.

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, within the limit of an annual amount of Euro 100 million.

In addition, Senior Management is authorized to negotiate and issue commercial papers up to a maximum of Euro 500 million.

Finally, Senior Management is authorized to issue bonds for a total maximum amount of Euro 300 million per year and, in this regard, to set the characteristics and terms, and to carry out any related capital market transactions.

B. Management Committee

Mercialys applies the best standards of governance to its Management Committee, particularly in terms of composition, skills and responsibilities.

Set up in September 2019 to replace the Executive Committee, the Management Committee is primarily intended to represent all of the Company's key functions: Senior Management, Finance, Human Resources, CSR, Asset Management, Letting, Operations, Marketing, Legal, Innovation, Arbitrage and Acquisitions, Real Estate Development and Institutional Relations. This wide range of expertise means that the Company is more able to listen to its customers and stakeholders' expectations and to quickly pick up on early-warning signs and areas for improvement, resulting in a more proactive approach to risks and opportunities.

The Committee oversees and monitors operational performance and enables implementation of any initiatives to optimize it. All of the various departments' current issues and projects are analyzed. The fact that the Management Committee's operations are very much in touch with issues on the ground informs Senior Management discussions to decide on the Company's major focuses and the practical and effective allocation of its resources.

In 2020, the Management Committee was specifically tasked with managing any aspects of the health crisis that could impact the Company: introduction of improved health and safety measures, dialog with the various stakeholders (retailers, visitors, etc. local authorities, etc.), legal relationships with tenants and, in particular, any financial impacts. It also dealt with other operational issues such as letting, investment and disposal plans, and the CSR policy.

On February 15, 2021, the closing date of the financial statements for the fiscal year 2020, the Management Committee had 15 members, 53% of whom were women. The average age of its members is 43.7 years, ranging from 33 to 61 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 length of service is 6.1 years, with both long-term Mercialys employees and new hires, thus combining a solid base of historic 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 percentage of women, with Mercialys committed to ensuring that the latter is routinely maintained at around 50%. No consideration of religious or political opinions, cultural, ethnic or racial affiliations, trade union activities, family situation, sexual preferences, health or disability, or social background may be taken into consideration as part of the member selection process. Mercialys Senior Management itself decides whether to include an employee on the Management Committee, after consulting the Human Resources Department.

The composition of the Management Committee is as follows:

Member	Gender	Age at December 31, 2020	Department	Length of service at Mercialys at December 31, 2020[1]
Vincent Ravat	M	46 years	Chief Executive Officer	7 years
Élizabeth Blaise	F	44 years	Deputy Chief Executive Officer and Chief Financial Officer	6 years
Fanny Faugère	F	48 years	Real Estate Innovation	11 years
Irving Gauthier	M	38 years	Administrative and Financial Department	0.3 years
Stéphane Girard	M	52 years	Development and Institutional Relations	0.7 years
Clément Goutagny	M	33 years	Customer Innovation	5 years
Fabrice Haurani	M	36 years	Arbitrage and Acquisitions	9 years
Didier Jacquel	M	61 years	Shopping Center Operations	5 years
Nathalie Monfort	F	53 years	Lettings	15 years
Julie Récart	F	38 years	Customer Experience	4 years
Christophe Rigo	M	52 years	Human Resources	2 years
Audrey Servadio	F	34 years	Corporate Social Responsibility	8 years
Amina Tonner	F	41 years	Mixed-use Projects	8 years
Anne-Violaine De Vregille	F	38 years	Legal Real Estate and Asset Management	10 years
Kristelle Wauters	F	41 years	Real Estate Operations	0.8 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 companies.

Members joining and leaving in 2020 helped to maintain Mercialys' excellent standards in terms of the composition of its Management Committee:

Departures from the Management Committee				New members of the Management Committee			
Member	Gender	Age at December 31, 2020	Department	Member	Gender	Age at December 31, 2020	Department
Raphaël Benjamin	M	38 years	Administrative and Financial Department	Irving Gauthier	M	38 years	Administrative and Financial Department
Nicolas Joly	M	38 years	Executive Vice-President	Stéphane Girard	M	52 years	Development and Institutional Relations
				Kristelle Wauters	F	41 years	Real estate operations

4.1.3 Preparation and organization of the Board of Directors' work

4.1.3.1 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 General Meetings and within the limit of the Company's purpose the Board of Directors concerns itself with all issues affecting the Company's operations and regulates the Company's affairs.

It also conducts such audits and reviews as it deems appropriate.

The Board of Directors also examines and approves the Company's and its subsidiaries' full-year and half-year consolidated financial statements and presents reports on their business and results; it determines the Company's business plan and financial projections. It reviews the management report and the Corporate Governance report, with a view to their approval. It appoints the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer, and determines their compensation. It determines whether Senior Management functions are combined or separated. It allocates stock warrants, stock options and bonus shares, and implements employee shareholding plans. It also reviews the Company's equal opportunities and equal pay policy every year.

The manner in which the Board of Directors' work is prepared and organized is defined by statute, the Company's articles of association, the provisions of the Board of Directors' Internal rules and the charters of Board's Specialized Committees.

The Board of Directors shall meet as often as the interest of the Company requires and whenever the Board deems it appropriate. Meetings of the Board of Directors shall only be quorate if at least half the members are present. Decisions shall be taken by a majority of the members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote.

The Chairman organizes and directs the Board of Directors' work and reports on it to the Annual 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. Internal rules of the Board of Directors

The organization and operation of the Board of Directors are governed by its Internal rules adopted on August 22, 2005. They were last amended on February 15, 2021 following the transformation of the Investment Committee into the Strategy and Transformation Committee, as well as the change of name of the Appointments and Compensation Committee to the Appointments, Compensation and Governance Committee, in order to update their role. The Internal rules also include the corporate governance principles which the Board upholds and applies.

The Internal rules also describe the functioning, powers, responsibilities and tasks of the Board and its Specialized Committees: the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee) and the Strategy and Transformation Committee (formerly the Investment Committee).

The professional ethics rules and good governance principles applicable to the members of the Board of Directors are set forth in § 4.1.6, p. 269 et seq.

The Internal rules 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 Internal rules of the Board of Directors are available to shareholders in this Universal Registration Document (see chapter 9, § 9.1.5, p. 447 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 Internal rules.

The Chairman of the Board of Directors is required to provide each director with all the documents and information they require to perform their duties.

For this purpose, the information required for examination of the points to be discussed by the Board of Directors is provided to Board members before Board meetings. Each director is therefore provided with a file containing all the information and documents relating to the items on the agenda, subject to its availability and depending on the progress made on these cases. The introduction of a secure platform has made it possible to digitize Board and Committee files, facilitating data transmission and archiving, and improving the level of confidentiality.

Board members are informed of changes in the markets and in the competitive environment, and of the primary challenges faced, including those related to the Company's Corporate Social Responsibility.

Under the Internal rules of the Board of Directors, Senior Management provides the Board of Directors, at least once every six months, with a report on the activities of the Company and its main subsidiaries, including changes to revenues and results, investments and disposals, a statement of debt and the credit facilities available to the Company and its main subsidiaries, a list of the agreements referred to in Article L. 225-39 of the French Commercial Code entered into during the previous half, and a table showing the number of employees of the Company and its main subsidiaries.

When directors take office, they receive all the information necessary for the performance of their duties and may ask to be provided with all documents they believe to be useful. Interviews are organized with certain members of the Management Committee so that they can improve their knowledge of the factors specific to the Company, its businesses and its markets.

Senior Management and the Board's secretariat are available to all directors to provide any information or pertinent explanation.

Between Board meetings, the Directors receive all important information about the Company or about any event that significantly affects the Company, about the transactions or information previously provided to them, or the subjects discussed at meetings. They are invited to the meetings where the financial results are presented to financial analysts.

All directors can, if they deem it necessary, receive additional training on the Company's specific features, businesses, areas of activity, its social, societal and environmental priorities, and on accounting or financial aspects in order to further their knowledge. No director asked for training in 2020.

4.1.3.2 Duties of the Board of Directors

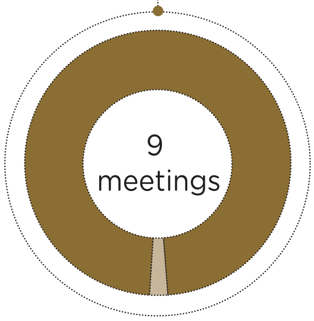
A. Calendar of Board of Directors meetings in 2020 and arrangements for member participation

	Feb 12, 2020	March 9, 2020	April 1, 2020	April 22, 2020	April 23, 2020	June 18, 2020	July 27, 2020	Oct 21, 2020	Dec 10, 2020
Éric Le Gentil	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Physical presence	Telephone conferencing
Stéphanie Bensimon *	Telephone conferencing	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Physical presence	Telephone conferencing
Victoire Boissier *	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Physical presence	Telephone conferencing
Élisabeth Cunin *	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Physical presence	Telephone conferencing
Dominique Dudan *	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Physical presence	Telephone conferencing
Jacques Dumas	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing
David Lubek	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing
Ingrid Nappi * *(director until April 23, 2020)*	Physical presence	Non-attendance	Telephone conferencing	Telephone conferencing	-	-	-	-	-
Pascale Roque *	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Non-attendance	Physical presence	Physical presence	Telephone conferencing
Michel Savart	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing
Bruno Servant *	Physical presence	Physical presence	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Telephone conferencing	Physical presence	Telephone conferencing

* *Independent director.*

Physical presence   Attendance *via* telephone conferencing   Non-attendance

98%
attendance



B. Activity in 2020

In 2020, the Board of Directors' work was largely focused on managing the health crisis. The issues dealt with throughout the year particularly concerned the introduction of health and safety measures at the Company's premises and at retail sites, as well as impacts on the business, relations with tenants, changes in marketing initiatives and balance sheet positions. For this reason, the Board of Directors reviewed the Company's budgetary guidelines and authorized the refinancing policy and operations. The Board also spoke out on changes in the Company's management and strategic outlook resulting from this crisis situation.

It also regularly dealt with issues relating to Mercialys' CSR policy, both in terms of the level of achievement of objectives within the framework of the five-year strategy, Mery'21, which came to an end in 2020, as well as developing the new ten-year strategy. Human resources issues have been the subject of close analyzes, focusing in particular on employee commitment and satisfaction, compensation policies, diversity and professional equality.

The Board's work also focused on the Company's asset rotation strategy, helping to control LTV. In this respect, the Board authorized the completion of disposal operations, which mainly involved the sale of premises at a Monoprix site to an institutional investor, as well as the sale of the three premises at Monoprix sites and two Géant hypermarkets. to SCI AMR. It also approved Mercialys' acquisition of two shopping centers from SCI AMR, as well as one shopping center from Amundi Immobilier.

The Board of Directors noted the end of the Partnership agreement with the Casino group and reviewed procedures for internalizing certain functions previously outsourced under the Service agreement with the same group.

Lastly, the Board approved the financial statements at December 31, 2019, the financial statements for the first half of 2020, as well as the business plan and financial projections of Mercialys. It approved the reports and resolutions submitted to the Combined Ordinary and Extraordinary General Meeting on April 23, 2020. It was also informed of the Company's operations at the end of March and at the end of September 2020.

C. Corporate governance

The Board of Directors also reviewed the Company's position with regard to the principles of corporate governance: composition and organization of the Board and the Committees, renewal of the directorships and independence of the directors.

The Board of Directors has approved the management report and the Corporate Governance report.

The Board was informed of the work of the Specialized Committees as described below (see § 4.1.4, p. 265 et seq.).

Furthermore, the Company's independent directors met on October 21, 2020. They submitted a report on their observations and recommendations to the Chairman of the Board of Directors. They confirmed to the Chairman of the Board of Directors the smooth functioning of the Board and, in particular, highlighted on Senior Management's availability and its regular dialog with the Board. The independent directors also indicated to the Chairman that they have every confidence in Senior Management and support it in all its projects. They have stated their wishes, particularly in terms of strategy, given the current climate.

D. Corporate Social Responsibility

The Board of Directors also approved chapter 2 of the 2019 Universal Registration Document, presenting the Group's CSR policies as part of the ongoing progress plan launched by Mercialys. These policies are based on four fundamental principles.

1. Define an ambitious, achievable strategy that helps create differentiation;
2. Prefer experimentation prior to the roll-out of certain initiatives;
3. Be agile with a strong capacity to adapt to the regions;
4. Promote the implementation of partnership arrangements with certain stakeholders.

Their roll-out is backed by the commitment of all teams to building the strategy, to setting quantitative and qualitative objectives depending on the subject, to introducing them gradually into each business line, and to developing a communication strategy tailored to the different audiences.

By means of the report by the Audit, Risks and Sustainable Development Committee, the Board of Directors was also informed of all the points listed in § 4.1.4.1, C, p. 266, and in particular the Mercialys CSR 2019 assessment, its CSR 2020 roadmap, and changes in its ethics approach aimed at ensuring compliance with the highest standards of business ethics.

E. Compensation – Granting of bonus shares

After consulting the Appointments and Compensation Committee, the Board of Directors decided on the variable compensation to be paid in respect of fiscal year 2019 to Messrs. Éric Le Gentil and Vincent Ravat, as well as Élizabeth Blaise as, respectively, Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officer, on the basis of the quantitative and qualitative objectives approved by the Board of Directors.

In accordance with the provisions of the *Sapin* II Law, the amount of this variable compensation was submitted for the approval of the Ordinary General Meeting of April 23, 2020 (*ex-post* resolutions approved at 98.83% for Mr Éric Le Gentil, at 93.03% for Mr Vincent Ravat and at 98.32% for Mrs Elizabeth Blaise). This compensation was paid to the corporate officers at the end of the Annual General Meeting of April 23, 2020.

In connection with the 2020 compensation policy presented to the Ordinary General Meeting of April 23, 2020, the Board of Directors also set the 2020 objectives for the compensation of Mr Vincent Ravat as Chief Executive Officer and Mrs Élizabeth Blaise as Deputy Chief Executive Officer. Mr Éric Le Gentil as Chairman of the Board of Directors no longer receives variable compensation. The Board also set the principles and criteria for all compensation of executive corporate officers.

4.1.4 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 term of office as director, in view of their training, expertise and experience, attempting to ensure, wherever possible, a gender balance on each Committee. Details of the members' expertise are presented in §4.1.1.2, B, p. 236 et seq. The Board also appoints the Chairman 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 internal rules. The Chairman of each committee reports to the Board of Directors on the work of each of its meetings.

On February 15, 2021, the closing date of the financial statements for the fiscal year 2020, the Specialized Committees were composed as follows:

	Audit, Risks and Sustainable Development Committee	**Appointments, Compensation and Governance Committee**	**Strategy and Transformation Committee**
	4 members 3 of whom are independent(1)	5 members 3 of whom are independent	6 members 4 of whom are independent(1)
Chairwomen – Independent	**Stéphanie Bensimon**	**Dominique Dudan**	**Élisabeth Cunin**
Other independent members	**Victoire Boissier** **Pascale Roque**	**Victoire Boissier** **Élisabeth Cunin**	**Stéphanie Bensimon** **Dominique Dudan** **Bruno Servant**
Non-independent members	**Michel Savart** Representing the shareholder, Casino	**Jacques Dumas** Representing the shareholder, Casino **Éric Le Gentil** Chairman of the Board of Directors	**Éric Le Gentil** Chairman of the Board of Directors **Michel Savart** Representing the shareholder, Casino
Permanent guest	-	-	**Vincent Ravat** Chief Executive Officer

(1) Committee composed mainly of independent members in accordance with the AFEP-MEDEF Code.

4.1.4.1 Audit, Risks and Sustainable Development Committee

A. Duties and responsibilities during the fiscal year 2020

The Audit, Risks and Sustainable Development Committee helps the Board of Directors fulfill its role in reviewing and approving the full-year and half-year financial statements, and in examining any transaction, fact or event that may have a significant impact on the position of Mercialys or its subsidiaries in terms of commitments and/or risks.

In this capacity, in accordance with Article L. 823-19 of the French Commercial Code and on the responsibility of the Board of Directors, the Audit and Risks Committee is responsible for matters relating to the preparation and control of financial and accounting information.

Its duties are:

- to assist the Board of Directors in its task relating to the examination and approval of the full-year and half-year financial statements;
- to review the Group's full-year and half-year financial statements and associated reports before they are presented to the Board of Directors;
- to hear the Statutory Auditors and receive information about their auditing proceedings and their findings;
- to review and express an opinion on applications for the position of Statutory Auditor of the Company and its subsidiaries on the occasion of all appointments;
- to ensure the independence of the Statutory Auditors with whom it has regular contact and examine in this respect, all their relations with the Company and its subsidiaries and to express an opinion on the requested fees;
- to periodically examine the internal control procedures and, in general, the audit, accounting and administration procedures in effect in the Company and in the Group, in liaison with the Chief Executive Officer, Internal Audit Departments and the Statutory Auditors;
- to examine all transactions, facts or events that may have a significant impact on the position of the Company or its subsidiaries in terms of commitments and/or risks;
- to verify that the Company and its subsidiaries have the appropriate means (audit, accounting, and legal) to guard against risks and anomalies in the management of the business of the Company and of its subsidiaries;
- to approve the provision of services other than the certification of accounts by the Statutory Auditors or members of their networks in accordance with applicable legislation;
- follow up the application of the sustainable development policy.

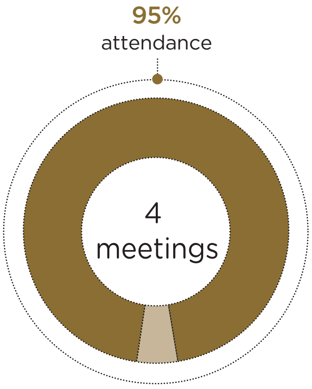
The powers and responsibilities of the Audit, Risks and Sustainable Development Committee are confirmed in its rules of organization and operation, especially as regards the analysis of management risks and the detection and prevention of management irregularities. It is available on the Company's website at: www.mercialys.com.

B. Calendar of meetings of the Audit, Risks and Sustainable Development Committee in 2020 and arrangements for member participation

	Feb 10, 2020	April 21, 2020	July 24, 2020	Oct 20, 2020
Stéphanie Bensimon* – Chairwoman	Physical presence	Attendance *via* telephone conferencing	Physical presence	Physical presence
Ingrid Nappi* *(director until April 23, 2020)*	Attendance *via* telephone conferencing	Attendance *via* telephone conferencing	-	-
Victoire Boissier* *(from April 23, 2020)*	-	-	Attendance *via* telephone conferencing	Attendance *via* telephone conferencing
Pascale Roque*	Attendance *via* telephone conferencing	Attendance *via* telephone conferencing	Physical presence	Non-attendance
Michel Savart	Physical presence	Attendance *via* telephone conferencing	Attendance *via* telephone conferencing	Attendance *via* telephone conferencing

* *Independent director.*

Physical presence — Attendance *via* telephone conferencing — Non-attendance



C. Activity in 2020

On approving the full-year and half-year financial statements, the Audit, Risks and Sustainable Development Committee verified the closing processes and read the Statutory Auditors' report, which included a review of all of the Company's consolidation operations and financial statements, in particular the accounting policies applied. It also reviewed the Company's material risks and off-balance sheet commitments. It was provided with the audit schedule and the Statutory Auditors' fees for 2020.

The Committee has ascertained the independence of the Statutory Auditors. Numerous discussions took place with the Statutory Auditors regarding the certification of the financial statements and the analysis of internal control and IT.

The Committee reviewed Mercialys's internal control and risk prevention documents. It familiarized itself with the risk mapping, covering risks related to the health crisis, financial, operational and information systems, ethics and CSR, as well as the work carried out by the Risk Prevention Committee.

It was also provided with the conclusions of the Statutory Auditors on their work concerning the procedures for the preparation and processing of accounting and financial information. The Committee also analyzed the way in which health crisis-related impacts were treated in the Company's financial statements.

In connection with the procedure for reviewing signed related-party agreements, the Audit, Risks and Sustainable Development Committee also examined Senior Management's general report on related-party agreements entered into in fiscal year 2020.

Lastly, the Audit, Risks and Sustainable Development Committee reviewed Mercialys' CSR report for 2019 and approved the roadmap for the new ten-year CSR policy.

The Committee also examined the Mercialys ethics approach, in particularly by looking more deeply into governance, the protection of personal data, the fight against corruption, statements of interest, protection of whistle-blowers, management of insider information and the fight against harassment and discrimination.

4.1.4.2 Investment Committee (transformed into Strategy and Transformation Committee on January 20, 2021)

A. Duties and responsibilities during the fiscal year 2020

In particular, the duty of the Investment Committee is to examine the investment strategy, to give an opinion on the annual investment budget, and to study any planned investment or disposal by the Company. It is also tasked with examining and issuing an opinion on all renegotiations relating to the partnership contract signed with the Casino group with regard to property development, on all subjects concerned by said agreement.

Its duties are:

- to examine the investment strategy and ensure that planned acquisitions and disposals are consistent with this strategy; in this respect, the Committee shall be regularly informed of planned investments and disposals;
- to examine and issue an opinion on the annual investment budget;
- to study and issue an opinion on planned investments and disposals subject to prior authorization from the Board of Directors;
- to examine all negotiations (annual or other) relating to the Partnership agreement signed with the Casino group concerning property development and acquisitions, on which it issues an opinion to the Board of Directors;
- to carry out all appropriate studies or assignments.

The Committee's opinions are adopted by simple majority. When the Investment Committee considers a transaction involving the Casino group, the two representatives of the shareholder, Casino, take part in the discussions in an advisory capacity.

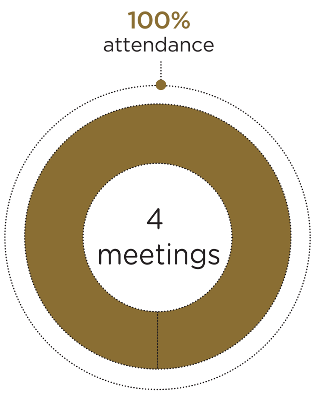
The Investment Committee has an organizational and operating charter which confirms its powers and responsibilities, in connection firstly, with the determination of the strategy and the monitoring of Mercialys's investment activity, and secondly, with the prior authorizations that the Company is required to give to Senior Management. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Investment Committee meetings in 2020 and arrangements for member participation

	April 20, 2020	July 23, 2020	Oct 20, 2020	Dec 9, 2020
Dominique Dudan* – Chairwoman	Attendance via telephone conferencing	Physical presence	Physical presence	Physical presence
Éric Le Gentil	Attendance via telephone conferencing	Attendance via telephone conferencing	Physical presence	Physical presence
David Lubek	Attendance via telephone conferencing	Attendance via telephone conferencing	Attendance via telephone conferencing	Attendance via telephone conferencing
Michel Savart	Attendance via telephone conferencing	Attendance via telephone conferencing	Attendance via telephone conferencing	Attendance via telephone conferencing
Bruno Servant*	Attendance via telephone conferencing	Physical presence	Physical presence	Physical presence
Vincent Ravat – Permanent guest *(not taken into account in the attendance rate below)*	Attendance via telephone conferencing	Physical presence	Attendance via telephone conferencing	Physical presence

* *Independent director.*

Physical presence   Attendance *via* telephone conferencing



C. Activity in 2020

The Committee issued its recommendations regarding the various plans for extensions, acquisitions and asset sales submitted to the Board of Directors.

As part of the process of reviewing all related-party agreements, the Investment Committee examined Senior Management's report on related-party agreements entered into during the fiscal year 2020.

The Committee also took account of the progress of certain projects that had received prior authorization, as well as changes in Mercialys's development projects portfolio. Lastly, discussions took place regarding the decision not to renew the Partnership agreement signed with the Casino group, which expired on December 31, 2020.

D. Transformation of the Investment Committee into the Strategy and Transformation Committee

On January 20, 2021, the Board of Directors decided, as a result of discussions held by the Ad'Hoc Committee, formed in December 2020, and the outcome of the review of the Board's operation, to transform the Investment Committee into the Strategy and Transformation Committee.

This new Committee is composed as follows:

- Élisabeth Cunin, Chairwoman;
- Stéphanie Bensimon;
- Dominique Dudan;
- Éric Le Gentil;
- Michel Savart;
- Bruno Servant.

Vincent Ravat, in his capacity as Chief Executive Officer, is a permanent guest of this Committee.

4.1.4.3 Appointments and Compensation Committee (renamed Appointments, Compensation and Governance Committee on January 20, 2021)

A. Duties and responsibilities during the fiscal year 2020

The principal duties of the Appointments and Compensation Committee are to examine candidates for Senior Management positions and directorships, and to prepare decisions on the compensation of Senior Management, of the Chairman of the Board of Directors, in the event that the functions of Chairman and Chief Executive Officer are separated, and the allocation of compensation paid to directors and members of the committees. It also examines the proposed stock warrant, stock option and bonus share plans. It examines the composition of the Board of Directors.

Its duties are:

- to prepare the setting of the compensation of the Chairman of the Board of Directors in the event that the functions of Chairman and Chief Executive Officer are separated;
- to prepare the setting of the compensation of the Chief Executive Officer and any Deputy Chief Executive Officer(s) and to propose, as required, qualitative and quantifiable criteria for determining the variable component of such compensation;
- to assess all the other benefits and compensation awarded to the Chief Executive Officer and if applicable, any Deputy Chief Executive Officer(s);
- to examine proposed stock warrant, stock option and bonus share plans for employees and executives so that the Board of Directors may set the overall and/or individual number of awarded options or shares, as well as the terms and conditions for awarding them;
- to review the composition of the Board of Directors with regard to the criteria of good governance, in particular, the balanced representation of women and men, the independence of members, and their skills, experience, complementarity and involvement;
- to examine the candidacies for directorships, having regard to the candidates' business experience and skills, their gender and the extent to which they are representative in economic, social and cultural terms;
- to examine candidacies for the position of Chief Executive Officer and, where applicable, Deputy Chief Executive Officer;
- to obtain disclosure of all useful information relating to the methods of recruitment, compensation and status of the Company's senior executives and its subsidiaries;
- to make proposals for and to provide assessments of the compensation and benefits of directors and non-voting directors;
- to assess the position of each director in light of any relationship they might have with the Company or its subsidiaries that might compromise their freedom of judgment or lead to potential conflicts of interest with the Company;
- to implement the regular evaluation of the Board of Directors.

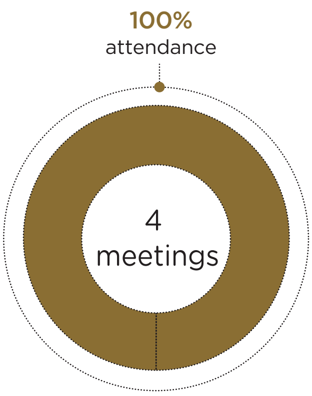
The Appointments and Compensation Committee has an organizational and operating charter which confirms its powers and responsibilities, particularly with regard to implementing and organizing assessment of the Board of Directors' operation, and reviewing compliance with – and the proper application of – the principles of corporate governance and rules of ethics, particularly those derived from the Board's Internal rules. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Appointments and Compensation Committee meetings in 2020 and terms of participation of members

	Jan 17, 2020	Feb 11, 2020	April 20, 2020	Dec 9, 2020
Élisabeth Cunin* – Chairwoman	Physical presence	Physical presence	Attendance via telephone conferencing	Attendance via telephone conferencing
Victoire Boissier*	Physical presence	Physical presence	Attendance via telephone conferencing	Attendance via telephone conferencing
Dominique Dudan*	Physical presence	Physical presence	Attendance via telephone conferencing	Attendance via telephone conferencing
Jacques Dumas	Physical presence	Physical presence	Attendance via telephone conferencing	Attendance via telephone conferencing
Éric Le Gentil	Physical presence	Physical presence	Attendance via telephone conferencing	Attendance via telephone conferencing

* *Independent director.*

Physical presence   Attendance *via* telephone conferencing



C. Activity in 2020

The Committee conducted its annual review of the organization and operation of the Board of Directors and its Specialized Committees, as well as a review of the proper application of the principles of corporate governance and of the rules of ethics in accordance with the AFEP-MEDEF Code and the Board's Internal rules. It presented its recommendations to the Board of Directors.

The Committee also reviewed the position of all the directors in light of any connections with Group companies that may compromise their freedom of judgment or engender a conflict of interest, particularly as regards renewing the directorships of Board members.

It reviewed the Corporate Governance report in accordance with Articles L. 225-37 and L. 22-10-10 of the French Commercial Code.

It was informed about the methods used to determine the 2019 compensation for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (2019 *ex post* compensation policy submitted for approval to the Ordinary General Meeting of April 23, 2020), the results of the 2017 long-term incentive arrangements for the Chairman of the Board of Directors, as well as the renewal of the specific annual powers of Senior Management regarding sureties and guarantees, loans and credit facilities, and the issuance of bonds and commercial papers.

In addition, the Committee reviewed the 2020 *ex ante* compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, as presented for approval by the Ordinary General Meeting of April 23, 2020, pursuant to Article L. 22-10-8 of the French Commercial Code. It also reviewed the 2020 compensation policy for directors.

The Committee also examined the methods for setting up bonus share plans benefiting all Mercialys group employees, key employees and corporate officers, as well as the associated performance criteria.

The Appointments and Compensation Committee also carried out its annual review of the question of the succession of the executive corporate officer and noted that the presence of a Deputy Chief Executive Officer makes it possible to mitigate the effect of unexpected replacement of the Chief Executive Officer, and to do so in accordance with the provisions of Article L. 225-55, paragraph 2 of the French Commercial Code which stipulates that "when the Chief Executive Officer ceases to carry out or is prevented from carrying out their duties, the Deputy Chief Executive Officers, unless otherwise decided by the Board, keep their functions and responsibilities until the new Chief Executive Officer is appointed."

It was also informed about the methods for allocating compensation paid to members of the Board of Directors and the Specialized Committees.

D. Change from the Appointments and Compensation Committee to the Appointments, Compensation and Governance Committee

The Board of Directors meeting of January 20, 2021 decided to increase the governance tasks of the Appointments and Compensation Committee in terms and, therefore, decided that from that date this Committee would be known as the "Appointments, Compensation and Governance Committee."

This Committee is composed as follows:

- Mrs Dominique Dudan, Chairwoman;
- Mrs Victoire Boissier;
- Mrs Élisabeth Cunin;
- Mr Jacques Dumas;
- Mr Éric Le Gentil.

4.1.5 Assessment of the operation of the Board of Directors

As recommended by the AFEP-MEDEF Code, the Internal rules provide for annual discussion and regular evaluation of the functioning of the Board of Directors by the Appointments, Compensation and Governance Committee, tasked with organizing the implementation of this recommendation, assisted by an outside consultant if it so wishes.

During the second half of 2020, the Appointments and Compensation Committee entrusted this assessment to an external consultant, as in 2017, which conducted this assessment based on the analysis of questionnaires submitted personally, and confidentially, by each of the directors.

The outcome of this assessment was that governance at Mercialys was very good and was even better than the 2017 assessment, both in terms of Board composition and operation. All the directors declared their satisfaction with the smooth functioning of the Board and its committees as well as with their relations with the Chairman of the Board and the Company's Senior Management.

A few points for improvement were raised, in particular, Mercialys' positioning in respect of its competitors, a point on which all the directors would like to have more information, as well as the strengthening of the operation/role of the Investment Committee.

The Board of Directors acknowledged this assessment, noted the areas for improvement proposed and undertook initiatives, notably, the transformation of the Investment Committee into the Strategy and Transformation Committee and increasing the Appointments and Compensation Committee's governance role.

The next assessment will be carried out in the second half of 2023.

4.1.6 Ethics

The internal rules of the Board of Directors, and particularly section V, spell out the compliance rules to which the Directors are subject. This section was completed and updated in 2016 and early 2017. 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. Moreover, measures regarding prevention of insider trading were grouped in the Insider trading policy adopted in 2017 and updated in December 2018, and to which the Internal rules specifically refer. These documents may be consulted on the Company's website: www.mercialys.com.

Section V of the Internal rules specifies that, before accepting their nomination, all directors must acquaint themselves with the laws and regulations relating to their position, the applicable good governance practices and codes, and any requirements specific to the Company arising from the articles of association and these internal rules.

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 regulated agreements.

Regarding the rules relating to the prevention and management of conflicts of interest, the Internal rules specify that each director is obliged to inform the Board of Directors about any actual or potential conflict in which they may be involved directly or indirectly, and is obliged to abstain from participating in any discussion and from voting on the corresponding resolution. Furthermore, each director shall consult the Chairman of the Board of Directors before becoming involved in any business activity or accepting any position or obligation that may place them in a situation of actual or potential conflict of interest. The Chairman may take these matters to the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee) of the Board of Directors.

4.1.6.1 Procedure for prior review of regulated agreements by the Audit, Risks and Sustainable Development Committee and the Investment Committee

Mercialys decided to pay particular attention to the agreements between the various companies of the Mercialys group and to the agreements entered into between, on one hand, the companies of the Mercialys group and, on the other, the companies of the Casino group, a Mercialys shareholder, and/or the companies that control it.

In this connection and thus targeting conflicts of interest, 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 - formerly the Investment Committee), over and above the procedure for regulated agreements as provided for by the French Commercial Code.

Thus, the Board of Directors has implemented a prior review procedure by the Audit, Risks and Sustainable Development Committee or by the Strategy and Transformation Committee (formerly the Investment Committee), according to the nature of the agreement in question, before presentation to the Board for information or authorization of all agreements starting at the thresholds it has defined, with some exceptions, between Mercialys or its wholly owned subsidiaries and a related-party.

A related-party means: (i) any company solely or jointly and directly or indirectly controlled by Mercialys, with the exception of wholly owned subsidiaries; (ii) any company that has a significant direct or indirect influence on Mercialys; (iii) any company directly or indirectly controlled by a company with a significant influence on Mercialys.

Regulated agreements entered into by the Company are also subject to this procedure, regardless of their amount. At the request of Senior Management, this procedure may also be applied to any agreement that does not fall within the scope of this procedure, due to its characteristics. The Board of Directors may also, at the request of the Chairman of the Board of Directors, or the Chairman of the Audit, Risks and Sustainable Development Committee, or the Chairman of Strategy and Transformation Committee (formerly the Investment Committee), decide to entrust an *ad hoc* Committee with 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 Internal rules of the Board of Directors also include provisions relating to the principle of prior review of regulated agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee (formerly the Investment Committee).

4.1.6.2 Procedure for prior review of current agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee (formerly the Investment Committee)

In order to transpose EU Directive No. 2017/828 dated May 17, 2017 establishing a mechanism for supervising agreements between listed companies and their “related parties”, the law of May 22, 2019 (Pacte Law) has reinforced the procedure for verification of agreements covered by Article L. 225-38.

It encourages Boards of Directors to regularly assess the so-called “ordinary” agreements, entered into under arm’s length conditions (Article L. 22-10-12 of the French Commercial Code):

“In companies whose shares are admitted to trading on a regulated market, the Board of Directors sets up a procedure making it possible to regularly assess whether the agreements concerning ordinary transactions concluded under arm’s length conditions fulfill these terms and conditions. Persons directly or indirectly concerned by one of these agreements must not participate in the assessment.”

As mentioned in § 4.1.6.1 above, in order to prevent conflicts of interest and protect non-controlling interests, the Board has adopted a charter relating to regulated agreements which, depending on the purpose of the agreement, tasks the Audit, Risks and Sustainable Development Committee or the Strategy and Transformation Committee (formerly the Investment Committee) with prior review of (i) significant regulated agreements, (ii) agreements described as regulated agreements (from the first euro) and (iii) any other agreement between related parties by virtue of its characteristics, at the request of Senior Management.

At its meeting on December 12, 2019, the Board of Directors decided to assign the legal duty of annual assessment of “unrestricted” agreements to the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee (formerly the Investment Committee), depending on the purpose of the agreement. The Committee thereby responsible for this task will give a report and its assessment to the Board of Directors when the Board carries out its annual review of prior regulated agreements.

The Charter for regulated agreements has been revised so as to incorporate the mechanism for regular assessment of ordinary agreements entered into by Mercialys. The revised Charter comprises:

- a reminder of the main aspects of French law applicable to regulated agreements;
- a reminder of agreements falling outside the scope of Article L. 225-38 of the French Commercial Code;

- the principles for classifying agreements entered into by the Company, also referring to the criteria adopted by jurisprudence and the CNCC (French Statutory Auditors' association). The criteria will be shared with the Statutory Auditors;
- a typology of ordinary agreements;
- the creation of an annual report from Senior Management to the relevant Committee(s) concerning assessment of the criteria for classifying agreements from Article L. 225-38 of the French Commercial Code and concerning 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.

4.1.6.3 Convictions

To the Company's knowledge, no member of the Board of Directors has, in the past five years:

- been convicted for fraud or been charged and/or been 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.

4.1.6.4 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 Internal Rules specify that it is preferable that this shareholding corresponds to the equivalent of one (1) year of compensation in respect of his activity as a director (calculated assuming attendance, for a given fiscal year, at all Board and Committee meetings of which the director is a member, excluding any compensation linked to the Chairmanship of a Committee, and calculating the value as the weighted average price of the Mercialys share for the previous fiscal year).

Subject to the above, to the best of the Company's knowledge, there are no restrictions on the members of the Board of Directors concerning the disposal of their investment in the Company's equity capital other than the applicable statutory or regulatory provisions, regarding in particular the undertaking to refrain from trading in Mercialys' securities as part of the prevention of misconduct and insider trading.

Each individual director undertakes not to short sell these securities, directly or indirectly, as Company shares held by directors must also be "pure registered" or "administered registered" in accordance with legal and regulatory requirements.

4.1.6.5 Prevention of misconduct and insider trading

During fiscal year 2016 and early 2017, the Company updated its Internal rules and recommendations following the changes to the legislative and regulatory framework for preventing market abuse with the entry into force on July 3, 2016 of EU regulation no. 596/2014 of April 16, 2014 on market abuse.

On a recommendation from the Appointments and Compensation Committee, the Board of Directors' Internal rules have been amended and an Insider trading policy has been adopted (last updated December 2018). This policy includes in particular a description 1/ of the applicable laws and regulations 2/ the definition of insider information 3/ measures taken by the Company in the context of the prevention of insider trading 4/ obligations of persons with access to insider information and 5/ applicable sanctions.

The policy applies to members of the Board of Directors, executives and persons having close personal relations with them and, more generally, employees likely to have access to sensitive or insider information.

It creates an Insider Trading Committee tasked primarily with addressing all questions relating to the application of the Insider trading policy.

The Insider trading policy, just like the Board of Directors' Internal rules, refers to observance of the prohibition against executing any transactions in the Company's securities and financial instruments:

- within a period of thirty calendar days prior to announcement of an interim financial report or an end of year report that Mercialys is required to publicly disclose;
- 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.

4.1.6.6 Attendance and accumulation of directorships

The Board of Directors' Internal rules 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, Annual General Meetings, and meetings of committees of which they are members. The procedures for setting and allocating Directors' compensation adopted by the Company are in accordance with the AFEP-MEDEF Code which recommends that the variable component linked to diligence should be predominant.

It has been verified that no directors whose directorships come up for renewal at the Annual General Meeting are in a position where they are exceeding the guidelines for simultaneous directorships. The Board of Directors' Internal rules 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:

- the executive corporate officer 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. He or she will inform the Company of any new office or professional responsibility without undue delay.

4.1.7 Conflicts of interest involving directors and Senior Management

The Company has an important business development relationship with one of its shareholders, the Casino group (see chapter 6, p. 343 et seq.). The Casino group may decide to favor its own interests over those of Mercialys. However, in any event, the organization of governance, the manner in which it enters into contracts, and the use of independent appraisals etc., guarantee that the interests of Mercialys are not affected.

Messrs. Jacques Dumas, David Lubek (permanent representative of La Forézienne de Participations) and Michel Savart, directors, hold management positions and/or are members of the corporate bodies of this Mercialys shareholder or of companies that control it, and receive compensation in this capacity.

Apart from these links, there are no potential conflicts of interest between the obligations of any member of the Board of Directors and of Senior Management as regards the Company and his/her private interests.

There are no service provision agreements between Mercialys and the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, or any of the directors. Furthermore, apart from Mrs Élizabeth Blaise, none of the corporate officers hold an employment contract with the Company.

The duties conferred upon the Audit, Risks and Sustainable Development Committee, the Strategy and Transformation Committee (formerly the Investment Committee) and the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee), on which independent directors sit, helps prevent conflicts of interest.

Furthermore, to the best of the Company's knowledge, there are no family ties between members of its Board of Directors.

No agreement has been directly or indirectly entered into between a subsidiary of Mercialys and a senior executive or major shareholder of the Company.

The Company has not granted or constituted any loans or guarantees to any members of its Board of Directors.

With the exception of the contracts binding Casino, Guichard-Perrachon and its subsidiaries to Mercialys (see chapter 6, p. 343 et seq.), no other service agreement exists between the Directors and Mercialys.

4.2 Compensation and benefits of Directors and corporate officers

4.2.1 Compensation and benefits of Directors

4.2.1.1 Principles of the compensation policy for Directors

Several years ago, Mercialys introduced a compensation policy for Directors which is intended to be balanced, virtuous and favorable to the Company's corporate interest. Accordingly, the Directors receive compensation in return for sharing their expertise and for their involvement in good governance of the Company, both of which are sources of sustainable development. Mercialys complies scrupulously with the recommendations of the AFEP-MEDEF Code in this domain. In particular it takes all necessary steps to avoid situations leading to potential conflicts of interest, including those that may concern determination of the compensation (the independence of the Directors is assessed annually by the Appointments, Compensation and Governance Committee). These reviews are detailed in points 4.1.1, 4.1.6 and 4.1.7, p. 236 et seq. and p. 269 et seq.

The principles Mercialys applies to its compensation policy for Directors are:

- **membership of one or more governance bodies:** in addition to their membership of the Board of Directors, the Directors' participation in Specialized Committees gives rise to allocation of an additional compensation. The Chairmen 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. As a result, the Specialized Committees do not all entitle Directors to the same level of additional compensation, depending on the number of meetings organized each year and the technical and strategic criticality;
- **the attendance:** compensation for directors includes a variable component that is larger than the fixed component, based on their effective individual rate of attendance at Board of Directors' Meetings and Specialized Committees. Note that the variable component of compensation for Directors or Committee members who have been absent is not reallocated, except in exceptional circumstances;
- **the possibility of exceptional compensation:** in the case of specific events or situations that result in Extraordinary Meetings of the Specialized Committees or Board of Directors, additional compensation can be allocated to all or some of the directors.

Mercialys determines and allocates the annual package for compensation of Directors according to the traditional procedure illustrated below:

METHODS FOR DETERMINING THE COMPENSATION POLICY FOR DIRECTORS

4.2.1.2 Compensation of Directors for fiscal year 2020

The Annual General Meeting of April 20, 2016 set the overall amount of the package for compensation allocated to members of the Board of Directors and of the Specialized Committees at Euro 325,000, in accordance with the principles of the policy set out above. This amount has remained the same since then, and notably the Annual General Meeting of April 23, 2020 adopted it again.

On the basis of the recommendations of the Appointments and Compensation Committee, the Board of Directors, at its meeting of December 10, 2020, approved the terms and conditions for the allocation of directors' compensation for the fiscal year 2020, which are as follows:

- the annual unitary amount for compensation of members of the Board of Directors is set at Euro 15,000. This compensation consists of a fixed component and a variable component awarded according to attendance:

	Board of Directors
Fixed annual unitary amount	Euro 5,000
Variable annual unitary amount (for 100% attendance)	Euro 10,000

- additional compensation is paid to members of the Specialized Committees. It consists of a fixed component and a variable component. The amounts set for each committee are as follows:

	Investment Committee	**Audit, Risks and Sustainable Development Committee**	**Appointments and Compensation Committee**
Fixed annual unitary amount	Euro 4,000	Euro 4,000	Euro 4,000
Variable annual unitary amount (for 100% attendance)	Euro 11,000	Euro 6,000	Euro 6,000
Additional amount paid to the Committee Chairman	Euro 5,000	Euro 5,000	Euro 5,000

Note that:

- the individual or additional compensation indicated above is paid *prorata temporis* depending on the date when the duties began or ended;
- this compensation is paid in the month following the closing of each fiscal year;
- the individual or additional compensation for members representing or employed by the majority shareholder, the Casino group, or its group of controlled companies, is limited to 50% of the amounts indicated above;
- 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 2021 in respect of fiscal year 2020 to members of the Board of Directors and of the Specialized Committees totaled Euro 270,070 compared to Euro 271,711 in respect of fiscal year 2019.

The tables below detail the compensation paid by Mercialys in 2019, 2020 and 2021 to each of the directors. It is stipulated that no compensation was paid by the companies it controls, and that the Company is not controlled in the sense of Article L. 233-16 of the French Commercial Code.

Note that the information concerning Mr Éric Le Gentil, Chairman of the Board of Directors, is shown also in full detail in § 4.2.2.2, B, p. 283 et seq.

COMPENSATION PAID TO DIRECTORS IN 2019 AND 2020 (FOR THE FISCAL YEARS 2018 AND 2019)

(in euros)	Amounts paid in 2019	Amounts paid in 2020
Stéphanie Bensimon	12,649(1)	28,175
Victoire Boissier	24,091	23,750
Anne-Marie de Chalambert	18,447(2)	-
Élisabeth Cunin	29,091	28,750
Dominique Dudan	25,644(2)	45,000
Jacques Dumas	12,500	12,500
Antoine Giscard d'Estaing	11,250	-
Marie-Christine Levet	11,196(1)	-
David Lubek	12,500	9,250
Ingrid Nappi	23,182	23,750
Pascale Roque	24,200	24,325
Michel Savart	20,000	20,000
Bruno Servant	0(3)	0(3)
Generali Vie	14,091(3)	15,000(3)
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	**238,841**	**230,500**
Éric Le Gentil	50,000(4)	41,211(4)
TOTAL	**288,841**	**271,711**

(1) Resignation of Mrs Marie-Christine Levet on June 7, 2018/Co-option of Mrs Stéphanie Bensimon on June 7, 2018.

(2) Non-renewal of Mrs Anne-Marie de Chalambert's directorship at the Annual General Meeting of April 26, 2018/Appointment of Mrs Dominique Dudan as new director.

(3) Generali Vie changed its compensation policy starting in fiscal year 2018 and now receives its compensation directly in its capacity as director sitting on the Mercialys Board of Directors. Since this new policy was introduced, Mr Bruno Servant, the permanent representative of Generali Vie, has waived his share of payment of his compensation in his capacity as member of the Investment Committee.

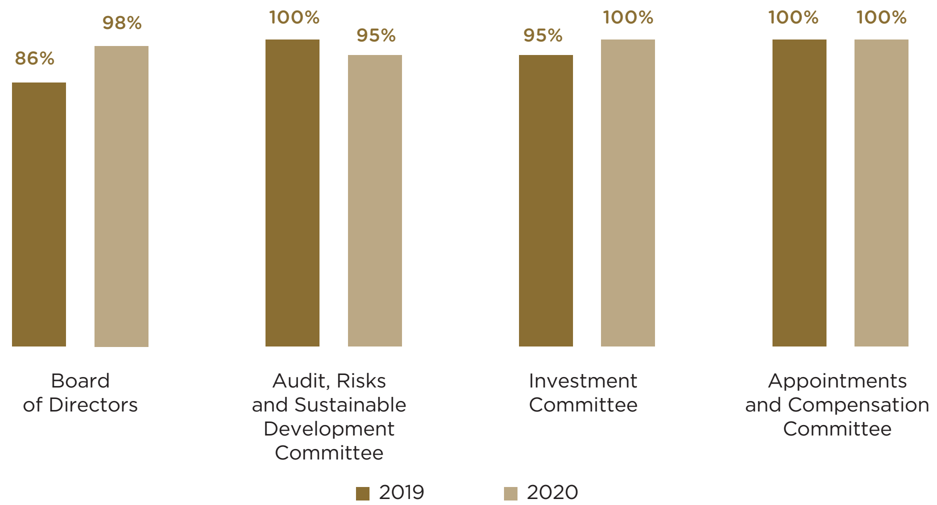
(4) Mr Éric Le Gentil benefited from additional compensation amounting to Euro 20,000 payable to the Chairman and Chief Executive Officer up to February 12, 2019. During fiscal year 2018, he was not however a member of the Appointments and Compensation Committee.

COMPENSATION PAID TO DIRECTORS IN 2021 (FOR FISCAL YEAR 2020)

			Specialized Committees						
	Board of Directors		Investment Committee		Audit, Risks and Sustainable Development Committee		Appointments and Compensation 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	-	-	9,000	6,000	-	-	30,000
Victoire Boissier	5,000	10,000	-	-	2,762	3,600	4,000	6,000	31,362
Élisabeth Cunin	5,000	10,000	-	-	-	-	9,000	6,000	30,000
Dominique Dudan	5,000	10,000	9,000	11,000	-	-	4,000	6,000	45,000
Jacques Dumas	2,500	5,000	-	-	-	-	2,000	3,000	12,500
David Lubek	2,500	5,000	2,000	5,500	-	-	-	-	15,000
Ingrid Nappi(1)	1,548	3,333	-	-	1,238	2,400	-	-	8,519
Pascale Roque	5,000	8,889	-	-	4,000	4,800	-	-	22,689
Michel Savart	2,500	5,000	2,000	5,500	2,000	3,000	-	-	20,000
Generali Vie / Bruno Servant	5,000(2)	10,000(2)	0(3)	0(3)	-	-	-	-	15,000
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	**39,048**	**77,222**	**13,000**	**22,000**	**19,000**	**19,800**	**19,000**	**21,000**	**230,070**
Éric Le Gentil	5,000	10,000	4,000	11,000	-	-	4,000	6,000	40,000
TOTAL	**44,048**	**87,222**	**17,000**	**33,000**	**19,000**	**19,800**	**23,000**	**27,000**	**270,070**

(1) Ingrid Nappi's directorship was not renewed at the Annual General Meeting of April 23, 2020, the date on which her term of office ended.
(2) Generali Vie changed its compensation policy starting in fiscal year 2018 and now receives its compensation directly in its capacity as director sitting on the Mercialys Board of Directors.
(3) Since this new policy was introduced, Mr Bruno Servant, the permanent representative of Generali Vie, has waived his share of payment of his compensation in his capacity as member of the Investment Committee.

ATTENDANCE RATE AT MEETINGS OF THE BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES



4.2.1.3 Compensation policy for Directors in respect of 2021

The Board of Directors intends to propose to the Annual General Meeting of April 22, 2021, that the overall package for annual compensation of the Directors should be kept at Euro 325,000.

It is intended that the historical allocation criteria, indicated in § 4.2.1.2 p. 274 will, subject to any unforeseen events, also remain unchanged in 2021.

4.2.2 Compensation and benefits of 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 practice in the industry, ensuring that the compensation policy will motivate executives, secure their loyalty and reward their performance.

Accordingly, Mercialys complies with the recommendations defined by the AFEP-MEDEF Code when determining the compensation policy for its executives, *i.e.* exhaustiveness, balance between the components of compensation, benchmarking, coherence, intelligibility of the rules and measure.

Its approach is based on three structuring principles:

1. objective recognition of performance;
2. valuing sustainability dimensions;
3. convergence of internal and external interests.

Objective recognition of performance	Valuing sustainability dimensions	Convergence of internal and external interests
• Compensation linked to performance of the Company, *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 CSR criteria in the annual variable compensation of executives. • Presence of a quantifiable CSR criterion in the long-term variable compensation of executives.	• Alignment of the interests of executives and shareholders: long-term variable compensation paid in the form of shares subject to the criteria of performance, service and ownership. • Internal fairness: differences in compensation over time between executives and employees moderate and stable.

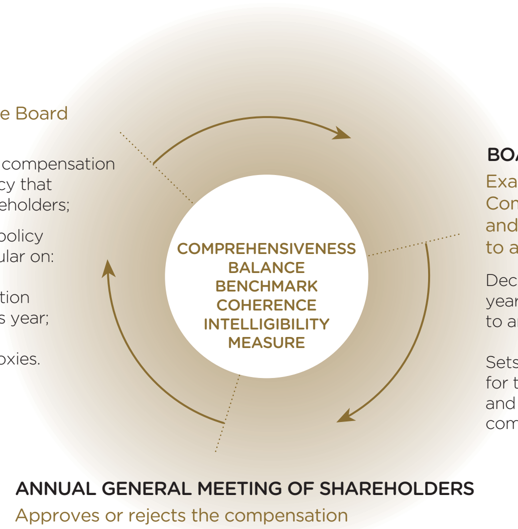
The Board of Directors reviews the compensation policy annually in the light of these criteria, after assessment by the Appointments, Compensation and Governance Committee, and the policy is then submitted for a vote by the Annual General Meeting of shareholders in accordance with the applicable legislation (*ex ante* vote).

Pursuant to Article L. 22-10-8, III (formerly Article L. 225-37-2) of the French Commercial Code, the Board of Directors, on the proposal of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of executive corporate officers' compensation in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the corporate interest and are necessary to ensure the Company's sustainability or viability. Events that could give rise to the use of this option are, in particular, any event beyond Mercialys' control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as, in particular, the impacts of the Covid-19 pandemic.

In the absence of these specific exemptions, the compensation policy voted for, *ex ante*, by the Annual General Meeting may, on an exceptional basis, be reviewed during the year. Should new and unforeseen elements be brought to its attention, the Appointments, Compensation and Governance Committee may propose duly justified amendments to the Board of Directors. The Board will assess the quality of their reasoning and, if it decides that the executive compensation policy needs to be amended, will submit this new policy for shareholder approval in accordance with the process described below.

It should not be forgotten that Mercialys, in which 60% of the members of the Board of Directors and Appointments, Compensation and Governance Committee are independent, has put in place the necessary procedures to avoid conflicts of interest within its governance bodies (see § 4.1.1, 4.1.6 and 4.1.7, p. 236 et seq. and p. 269 et seq.) and, in particular, situations that may arise in the determination of the compensation of its executives.

PRINCIPLES AND METHODS FOR DETERMINING THE COMPENSATION POLICY FOR EXECUTIVES



APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

Draws up the compensation policy for executives and proposes it to the Board of Directors. Its proposals concern:

On the one hand, determination of the compensation for the elapsed year, in light of the policy that was subject to an *ex ante* vote by shareholders;

On the other hand, the compensation policy for the upcoming year, based in particular on:
- the Company's strategic priorities;
- the performance of executives in relation to the criteria adopted in the previous year;
- changes in sectoral practices;
- discussions with shareholders and proxies.

BOARD OF DIRECTORS

Examines the proposals from the Appointments, Compensation and Governance Committee and submits the compensation and policies to a vote by the shareholders, in particular:

Decides upon the compensation for the elapsed year in accordance with the policy that was subject to an *ex ante* vote by the Annual General Meeting

Sets the methods of the compensation policy for the upcoming year, in particular the criteria and objectives for the short and long-term variable compensation

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Approves or rejects the compensation and policies proposed by the Board of Directors:

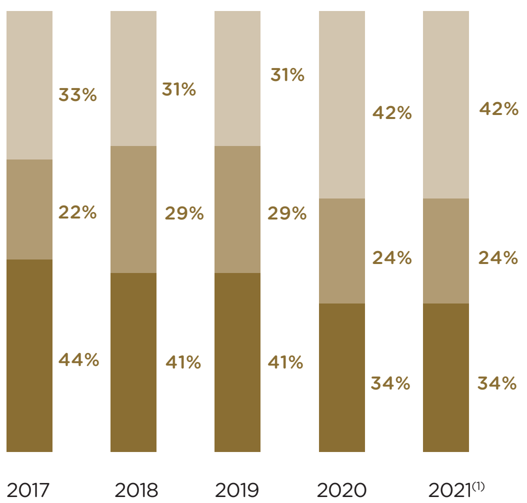
Vote *ex post* on the compensation allocated to the executives for the elapsed year

Vote *ex ante* on the policy for compensation of executives for the upcoming year

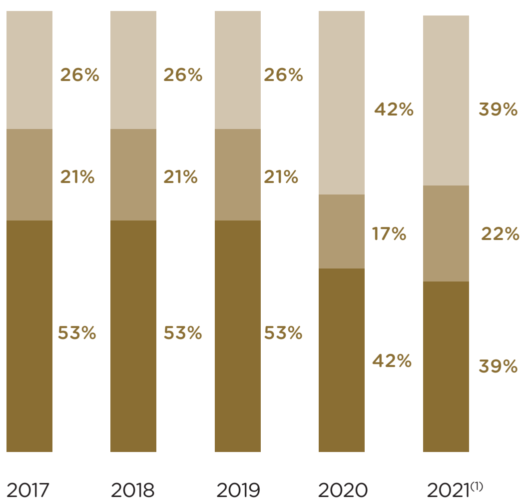
CHANGES IN THE STRUCTURE OF THE TOTAL TARGET COMPENSATION FOR EXECUTIVES

(on the basis of the compensation policy in respect of the indicated year)

(CHAIRMAN)-CHIEF EXECUTIVE OFFICER



DEPUTY CHIEF EXECUTIVE OFFICER

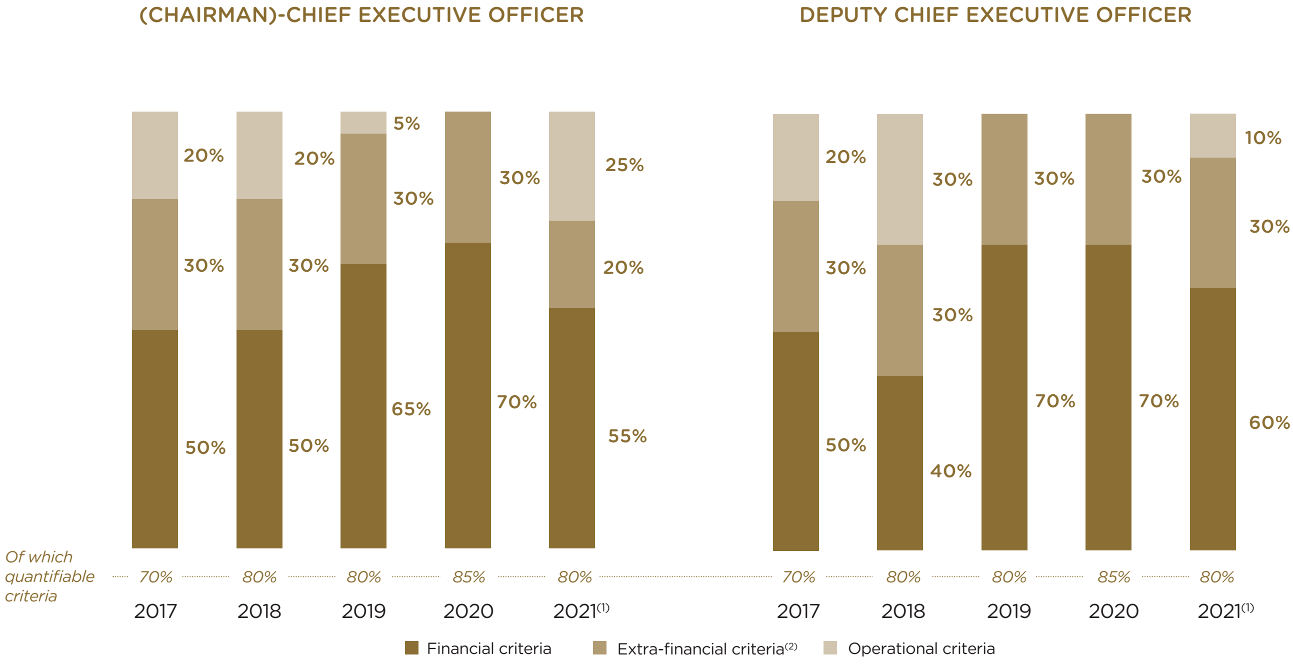


■ Fixed compensation ■ Annual variable compensation ■ Long-term variable compensation

(1) Subject to approval of the 2021 compensation policy by the Ordinary General Meeting of April 22, 2021.

CHANGES IN THE CRITERIA FOR ANNUAL VARIABLE COMPENSATION OF EXECUTIVES

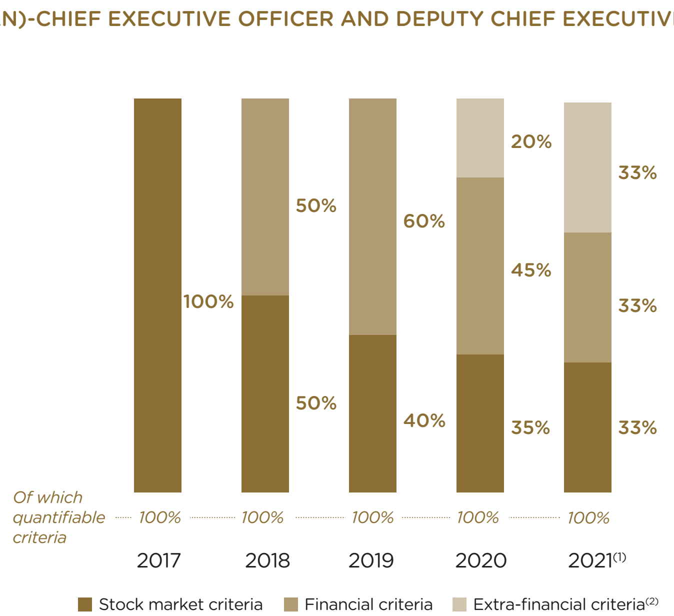
(on the basis of the compensation policy in respect of the indicated year)



(1) Subject to approval of the 2021 compensation policy by the Ordinary General Meeting of April 22, 2021.
(2) Including, within extra-financial criteria: 10% CSR criteria in 2018 and 2019, 30% and 15% respectively for the Chief Executive Officer and the Deputy Chief Executive Officer in 2020, and 20% and 30% respectively for the Chief Executive Officer and Deputy Chief Executive Officer in 2021.

CHANGES IN THE CRITERIA FOR LONG-TERM VARIABLE COMPENSATION OF EXECUTIVES

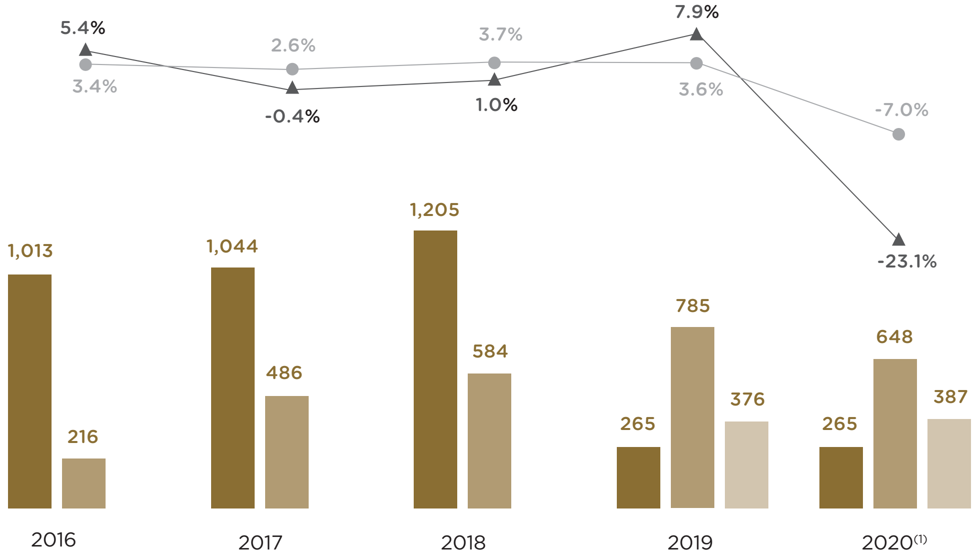
(on the basis of the compensation policy in respect of the indicated year)



(1) Subject to approval of the 2021 compensation policy by the Ordinary General Meeting of April 22, 2021.
(2) The extra-financial criteria appearing in long-term variable compensation relate entirely to CSR.

CHANGE IN COMPANY PERFORMANCE AND IN THE COMPENSATION AWARDED TO EXECUTIVES

(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. Élizabeth 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 22, 2021.

CHANGES IN DIFFERENCES IN COMPENSATION BETWEEN EMPLOYEES AND SENIOR EXECUTIVES AND NON-EXECUTIVES (EQUITY RATIOS)

(amounts paid in respect of the year indicated, including payroll taxes and employer contributions - cost charged to the Company)

	2016	2017	2018	2019	2020
Employee compensation					
Average compensation	79,326	87,788	95,434	85,146	82,489
% change	-	*11%*	*9%*	*-11%*	*-3%*
Median compensation	65,073	71,979	86,188	74,196	68,558
% change	-	*11%*	*20%*	*-14%*	*-8%*
Chairman of the Board of Directors					
Éric Le Gentil				1,385,892	352,366
% change				-	*-75%*
Average ratios				16.3	4.3
% change				-	*-74%*
Median ratios				18.7	5.1
% change				-	*-72%*
Chairman and Chief Executive Officer					
Éric Le Gentil	1,499,266	1,721,000	1,602,958		
% change	-	*15%*	*-7%*		
Average ratios	18.9	19.6	16.8		
% change	-	*4%*	*-14%*		
Median ratios	23.0	23.9	18.6		
% change	-	*4%*	*-22%*		
Chief Executive Officer					
Vincent Ravat				940,965	1,041,674
% change				-	*11%*
Average ratios				11.1	12.6
% change				-	*14%*
Median ratios				12.7	15.2
% change				-	*20%*
Deputy Chief Executive Officer					
Élizabeth Blaise				571,837	581,295
% change				-	*2%*
Average ratios				6.7	7.0
% change				-	*5%*
Median ratios				7.7	8.5
% change				-	*10%*
Vincent Ravat	373,716	833,521	715,909		
% change	-	*123%*	*-14%*		
Average ratios	na(1)	9.5	7.5		
% change	-	*46%*	*-21%*		
Median ratios	na(1)	11.6	8.3		
% change	-	*46%*	*-28%*		
Vincent Rebillard	143,489				
% change	-				
Average ratios	6.5(1)				
% change	-				
Median ratios	7.9(1)				
% change	-				

(1) Mr Vincent Ravat having taken over from Mr Vincent Rebillard as Deputy Chief Executive Officer in 2016, only one position was deemed to be available during the year. As a result, the ratio for the year was calculated on the basis of their cumulative compensation.

Calculation methodology

The equity ratios presented cover all of Mercialys group's workforce, throughout the regions where it operates, *i.e.* metropolitan France and the French overseas territories. In addition, in accordance with French financial markets authority recommendations[1], to accurately reflect the governance changes that have come into effect at Mercialys since 2016,[2] the information is presented by position and by corporate officer who held 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. 132 et seq.).

The compensation equity ratios presented are calculated using the following methodology:

- year N average ratio = compensation paid in year N to executive/average compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions;
- year N median ratio = compensation paid in year N to executive/median of compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions.

Compensation paid in year N consists of the following elements, in the numerator and the denominator:

- fixed salaries paid during year N, including payroll taxes and employer contributions;
- variable salaries paid during year N, including payroll taxes and employer contributions [3];
- exceptional compensation paid during year N, including payroll taxes and employer contributions;
- bonus shares awarded definitively during year N[4];
- compensation in respect of directorships paid in year N, including payroll taxes and employer contributions.

The methodology used resulted in the executive compensation used in the numerator of the equity ratio corresponds to the compensation paid for the year in question being submitted to the *ex post* vote of shareholders at the Annual General Meeting, adjusted for employer contributions, as well as the social security regime for Company managers, healthcare and pensions.

SUMMARY FOR 2020	Éric Le Gentil Compensation Equity ratio	Éric Le Gentil Compensation *ex post* vote	Vincent Ravat Compensation Equity ratio	Vincent Ravat Compensation *ex post* vote	Élizabeth Blaise Compensation Equity ratio	Élizabeth Blaise Compensation *ex post* vote
Fixed compensation	210,102	210,102	360,000	360,000	265,000	265,000
Annual variable compensation	0	0	412,650	412,650	145,728	145,728
Multi-annual variable compensation	0	0	0	0	671	671
Exceptional compensation	0	0	0	0	0	0
Compensation allocated on account of the directorship	41,211	41,211	0	0	0	0
Benefits in kind	0	0	2,619[1]	35,563[2]	0	15,725[3]
Employer's contributions on all compensation components	101,053	0	266,405	0	169,896	0
TOTAL	**352,366**	**251,313**	**1,041,674**	**808,213**	**581,295**	**427,124**

(1) Company car.
(2) Company car, executive unemployment insurance and healthcare benefit scheme
(3) Executive unemployment insurance and healthcare benefit scheme.

Explanation of the main changes

The changes in compensation equity ratios in 2017, compared to 2016, are due to the fact that the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer received long-term variable compensation.

The 2019 equity ratio of the Chairman of the Board of Directors includes the annual variable compensation paid in respect of his office of Chairman and Chief Executive Officer in 2018. In accordance with the applicable regulations, this variable compensation was paid to him following *ex post* approval by the Annual General Meeting of April 25, 2019.

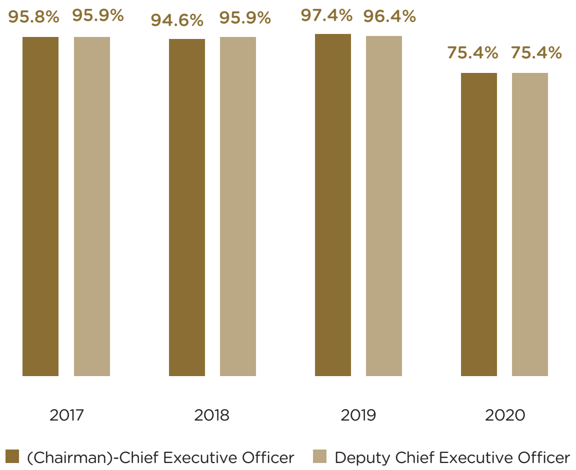
The 2020 equity ratios reflect the full-year impact of the change in governance in 2019.

The overall analysis of compensation equity ratios above shows that the compensation of Mercialys executives is reasonable. In addition to contributing to social cohesion within the Company, these levels of compensation correspond to the recommendations of the proxies.

(1) 2020 report on corporate governance and executive compensation.
(2) In April 2016, Mr Vincent Ravat took over from Mr Vincent Rebillard in the position of Deputy Chief Executive Officer. In 2019, following the separation of the positions of Chairman and Chief Executive Officer, Mr Éric Le Gentil was appointed Chairman of the Board of Directors, Mr Vincent Ravat was appointed Chief Executive Officer, and Mrs Élizabeth Blaise was appointed Deputy Chief Executive Officer.
(3) The annual variable compensation paid during year N corresponds to the compensation payable in respect of year N-1.
(4) The shares awarded definitively in year N correspond to the plans in previous years. The share valuation is defined on the basis of the closing stock exchange price on the definitive vesting dates.

CHANGES 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 policy of the Chairman of the Board of Directors, non-executive corporate officer, in respect of the fiscal year 2020

A. Reminder of the principles and criteria for determining, distributing and awarding the components of compensation of the Chairman of the Board of Directors in 2020

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 2020 to the Chairman of the Board of Directors, were submitted for the approval of the Ordinary General Meeting of April 23, 2020 (8th resolution).

At this Meeting, the shareholders approved the compensation policy proposed for the Chairman of the Board of Directors, as set out below. The way in which this policy was followed is set out in point B below.

You are reminded that this compensation was set after consideration of the tasks assigned to the Chairman of the Board of Directors outside 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 the development of strategy and oversight of its implementation;
- interface between the Board and Senior Management.

The compensation of the Chairman of the Board of Directors consists of fixed compensation in respect of his position as Chairman, plus specific compensation paid for his participation in the Investment Committee and the Appointments and Compensation Committee:

- annual fixed compensation: Euro 225,000;
- compensation in his capacity as Director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 273 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.

Furthermore, it is specified that Mr Éric Le Gentil keeps the benefit of the bonus share plans which were awarded to him in his capacity as Chairman and Chief Executive Officer, provided that he is still a corporate officer at the end of the vesting period.

Lastly, the non-competition clause binding Mr Éric Le Gentil to the Company in respect of his previous executive duties ended on December 31, 2020 and no other clause or benefit is awarded to him.

B. Details of the compensation awarded in respect of fiscal year 2020 or paid in respect of the same fiscal year to Mr 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 Mr Éric Le Gentil for fiscal years 2019 and 2020 are as follows; it being specified that he receives no compensation from the companies controlled by Mercialys and that Mercialys is not controlled as defined by Article L. 233-16 of the French Commercial Code. Furthermore, it is specified that compensation for the fiscal years 2019 and 2020 are not comparable, following the separation of the positions of Chairman of the Board of Directors and Chief Executive Officer on February 13, 2019.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	**Fiscal year 2020**	**Fiscal year 2019**
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)(1)	171,433	268,549
Valuation of other long-term compensation plans	-	-
TOTAL	**436,433**	**533,549**

(1) *Potential valuation of the shares awarded per fiscal year, not yet vested, under plans 24 and 27 and subject to a condition of service as a corporate officer as well as performance conditions over 3 years (see § 4 below).*

2. Compensation paid by Mercialys and the companies it controls

Mr Éric Le Gentil received the following compensation and benefits of any kind from the Company in his capacity as Chairman of the Board of Directors and Chairman and Chief Executive Officer in, and in respect of, fiscal years 2020 and 2019, calculated respectively, on a *prorata temporis* basis:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2020		Fiscal year 2019	
(in euros)	Amounts awarded(7)	Amounts paid(8)	Amounts awarded(7)	Amounts paid(8)
Fixed compensation(1)(2)	225,000	210,102(9)	225,000(3)	302,762(3)
Annual variable compensation(1)(3)	-	-	-	504,630
Multi-annual variable compensation(1)	-	-	-	70,313
Exceptional compensation(1)(4)	-	-	-	112,500
Compensation allocated on account of the directorship(1)	40,000	41,211(5)	40,000(5)	50,000
Benefits in kind(6)	-	-	-	14,823
TOTAL	**265,000**	**251,313**	**265,000**	**1,055,028**

(1) Gross compensation before social security contributions and tax.

(2) The amounts indicated for 2019 also include paid leave.

(3) Mr Éric Le Gentil was appointed Chairman of the Board of Directors on February 13, 2019, and his compensation as Chairman of the Board of Directors for the fiscal year 2019 was therefore less than Euro 225,000. However, up until February 12, 2019, Mr Éric Le Gentil received his compensation as Chairman and Chief Executive Officer, and so the amount paid included compensation as Chairman and Chief Executive Officer and compensation as Chairman of the Board of Directors, during the fiscal year 2019.

(4) On February 13, 2019, the Board of Directors decided to modify the 2018 compensation policy in order to be able to pay Éric Le Gentil exceptional compensation paid for in full by Casino, Guichard-Perrachon, as part of the disposal process by Casino, Guichard-Perrachon, of all, or part, of its stake in Mercialys' share capital. The process of the disposal, by Casino, Guichard-Perrachon, of all, or part, of its stake in Mercialys' share capital was a special circumstance for the Company that required major involvement from the Chairman and Chief Executive Officer in fiscal year 2018. This compensation amounting to Euro 112,500 was paid following approval by the Ordinary General Meeting on April 25, 2019.

(5) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Mr Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional compensation was calculated on a prorata basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

(6) Senior executive unemployment insurance, benefit and pension scheme covering all the Company's employees.

(7) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(8) Compensation paid during the fiscal year, regardless of the allocation date.

(9) The difference in compensation between the amount awarded and paid is due to the reversal in 2020 of a 13th month paid in error in 2019.

The table below summarizes the amounts awarded and paid by the Company to Mr Éric Le Gentil solely in his capacity as Chairman of the Board of Directors and as a director for the fiscal years 2019 and 2020:

TABLE 3 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2020		Fiscal year 2019	
(in euros)	Amounts awarded(3)	Amounts paid(4)	Amounts awarded(3)	Amounts paid(4)
Director's compensation(1)(2)	40,000	41,211(6)	40,000	50,000
Other compensation(1)	225,000	210,102(5)	225,000	197,813(7)
TOTAL	**265,000**	**251,313**	**265,000**	**247,813**

(1) Gross compensation before social security contributions and tax.

(2) In accordance with the compensation policy as approved by the Annual General Meeting of April 23, 2020, the Chairman of the Board of Directors receives compensation in his capacity as director.

(3) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(4) Compensation paid during the fiscal year, regardless of the allocation date.

(5) The difference in compensation between the amount awarded and paid is due to the reversal in 2020 of a 13th month paid in error in 2019.

(6) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Mr Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a pro rata basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

(7) Mr Éric Le Gentil was appointed Chairman of the Board of Directors on February 13, 2019, and his compensation as Chairman of the Board of Directors for the fiscal year 2019 was therefore less than Euro 225,000.

Mr Éric Le Gentil does not receive any compensation, or benefits of any kind whatsoever from companies controlled by Mercialys.

3. Annual variable compensation

Mr Éric Le Gentil ceased receiving annual variable compensation on February 13, 2019 for subsequent periods. In April 2019, he received annual variable compensation in the amount of Euro 504,630 corresponding to the position of Chairman and Chief Executive Officer which he held in 2018.

4. Stock warrants or stock options and bonus shares awarded by the Company and/or the companies it controls

No stock warrants or stock options were awarded in 2020 by the Company and/or companies that it controls to Mr Éric Le Gentil.

Mr Éric Le Gentil is the beneficiary of one bonus share plan, according to the following criteria and arrangements:

TABLE 6 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Bonus shares awarded to Éric Le Gentil				
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 27, of 04/26/2018	21,673(2)	€171,433	04/26/2021	04/27/2023(1)	YES(3)
TOTAL	**21,673**	**€171,433**			

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mr Éric Le Gentil will be 32,509 shares corresponding to a valuation of Euro 257,146.

(3) Bonus shares become vested only if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: 1) the relative performance of the Company's share price including dividend (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial award; 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2018 and December 31, 2020, for 25% of the initial allocation; and 3) FFO growth (excluding the 2019 carrying cost of debt financing for the fiscal year 2018) measured as a three-year annual average between January 1, 2018 and December 31, 2020 for the remaining 25% of the initial award.

In his capacity as Chairman of the Board of Directors, a non-executive corporate officer, Mr Éric Le Gentil no longer benefits from a new bonus share plan.

No shares vested under plan 24, awarded in 2017 and maturing in 2020, as the performance criteria were not met.

Below is a summary of the bonus share plans from which Mr Éric Le Gentil benefited:

TABLE 10 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 24	**Plan 27**
Date of the Annual General Meeting	04/27/2017	04/26/2018
Date of Board of Directors meeting	04/27/2017	04/26/2018
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions)	27,833	31,306(1)
o/w shares awarded to Mr Éric Le Gentil	19,269	21,673(1)
Vesting date of shares	04/27/2020	04/26/2021
Holding period end date	04/27/2022	04/26/2023
Total number of shares vested at December 31, 2020, to corporate officers	0	na(2)
o/w shares vested to Mr Éric Le Gentil	0	na(2)
Number of shares canceled or lapsed at December 31, 2020	27,833	na(2)
Number of outstanding bonus shares for plans not yet matured at December 31, 2020	0	31,306

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 46,959 shares, including 32,509 shares for Mr Éric Le Gentil, corresponding to a valuation of Euro 257,146.

(2) Since the three-year plan has not expired yet, the final allocations at December 31, 2020 cannot be calculated.

5. Employment contract, special pension schemes, severance pay and non-competition clause

TABLE 11 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension scheme		Allowances or benefits payable or likely to be payable, due to termination of, or a change in position		Compensation linked to a non-competition clause	
Yes	No[(1)]	Yes	No[(2)]	Yes	No	Yes	No
	○		○		○		○

(1) In accordance with the provisions of the AFEP-MEDEF Code, Mr Éric Le Gentil, as Chairman of the Board of Directors, does not hold an employment contract with Mercialys.

(2) Mr Éric Le Gentil does not benefit from any supplementary pension scheme. He is included in the mandatory group pension scheme (ARRCO and ARGIC) and in the insurance and healthcare benefit scheme covering all the Company's employees.

Note that all the tables in French Financial Markets Authority Position/Recommendation DOC-2021-02 which do not appear in the previous pages do not apply to Mr Éric Le Gentil's compensation for fiscal year 2020, namely:

- table 4, on the stock warrants or stock options awarded in the fiscal year to each executive officer by the issuer and by any Group company;
- table 5, on the stock warrants or stock options exercised in the fiscal year by each executive officer;
- table 7, relating to the free shares awarded during the fiscal year to each executive officer;
- table 8, on the history of granted stock warrants and stock options;
- table 9, on the stock warrants or stock options awarded to the top ten employees who are not corporate officers and options exercised by them.

4.2.2.3 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer, in respect of the fiscal year 2021

Board of Directors' report on the compensation policy for the Chairman of the Board of Directors for fiscal year 2021

(8th resolution of the Ordinary General Meeting of April 22, 2021)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2021 to the Chairman of the Board of Directors, must be submitted for the approval of the Ordinary General Meeting of April 22, 2021.

In this connection, the Board of Directors, at its meeting on February 15, 2021, established, on the basis of the recommendations of the Appointments, Compensation and Governance Committee, the determining principles and the structure of compensation of the Chairman of the Board of Directors. This compensation was set after consideration of the tasks assigned to the Chairman of the Board of Directors outside 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 the development of strategy 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. 273 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.

Furthermore, it is specified that Mr Éric Le Gentil keeps the benefit of the bonus share plans which were awarded to him in his capacity as Chairman and Chief Executive Officer, provided that he is still a corporate officer at the end of the vesting period.

He also benefits from the Company's insurance and healthcare benefit scheme.

4.2.2.4 Compensation of the Chief Executive Officer in respect of fiscal year 2020

A. Principles and criteria for determining, distributing and awarding the compensation components of the Chief Executive Officer in 2020

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 2020 to the Chief Executive Officer in respect of his corporate term of office, were submitted for approval by the Ordinary General Meeting on April 23, 2020 (9th resolution).

At the Ordinary General Meeting of April 23, 2020, 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. 277 et seq.

A reminder is provided below of the 2020 compensation policy for the Chief Executive Officer. The way in which this policy was followed is set out in point B below.

Fixed compensation

As of February 13, 2019, the compensation for Mr Vincent Ravat in his capacity as Chief Executive Officer was set at Euro 360,000.

Annual variable compensation

It was proposed to maintain the 2019 variable compensation mechanism, which notably includes a CSR objective. In order that Mercialys continues to follow best market practices it was, however, proposed that the proportion of qualitative criteria should continue its reduction and change from 20% to 15%.

The variable compensation is therefore structured around two types of objectives:

1. quantifiable objectives, weighted at 85%, of which two CSR objectives at 15%; and
2. qualitative objectives, weighted at 15%, focused on Human Resources.

The target annual variable compensation of the Chief Executive Officer remains at 70% of his annual fixed compensation if the objectives set are achieved. It could reach 140% of his annual fixed compensation in the case that these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (85% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.0%	14.0%	28.0%
	Organic growth including indexation (15% of the total variable compensation)	0.0%	10.5%	21.0%
	EBITDA margin (15% of the total variable compensation)	0.0%	10.5%	21.0%
	Reduction in greenhouse gas emissions as part of the Mercialys climate strategy (scopes 1 and 2) (5% of the total variable compensation)	0.0%	3.5%	7.0%
	GRESB classification of Mercialys (at constant methodology) (10% of the total variable compensation)	0.0%	7.0%	14.0%
	Asset disposals during the fiscal year *(in millions of euros)* (10% of the total variable compensation)	0.0%	7.0%	14.0%
	Bond maturity management *(in millions of euros)* (10% of the total variable compensation)	0.0%	7.0%	14.0%
Qualitative objectives (15% of the total variable compensation)	Human Resources Management: change in employee satisfaction and commitment (measured by an employee survey) (15% of the total variable compensation)	0.0%	10.5%	21.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**70.0%**	**140.0%**

For each quantitative criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation due for fiscal year 2020, 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 22, 2021.

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 awards.

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:

- stock options and/or stock warrants;
- bonus shares;
- the introduction of an incentive agreement or statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 450,000) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 576,000), in order to comply with best market practices.

The bonus shares awarded will only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits. The Company's performance conditions will also apply, said performance being assessed over a 3-year period using the following criteria and assessment tables:

1. the relative performance of the Mercialys share, including dividend (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial award:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	Multiplier
[0 to 20%]	150%
]20 to 40%]	125%
]40 to 50%]	100%
]50 to 60%]	75%
]60 to 80%]	50%
]80 to 100%]	0%

   The Mercialys ranking will be obtained by dividing the Mercialys ranking in the index by the number of companies constituting the index as of January 1, 2020.

2. An extra-financial criterion, namely the Company's CDP (Carbon Disclosure Project) rating, for 20% of the initial allocation:

   At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table appearing below:

CDP (1 ranking per year)	Multiplier
Rating 1 x > B at constant standards	0%
Rating 2 x > B at constant standards	100%
Rating 3 x > B at constant standards	150%

3. FFO growth measured as the three-year annual average between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial award.

   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 presented below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Annual three-year average FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00% or more	150%

The bonus shares awarded in 2020 will only become the beneficiary's property after a vesting period lasting three years which will end in 2023.

At the end of this three-year vesting period, the Chief Executive Officer will be required to keep 100% of his shares for a period of at least 2 years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of his position as corporate officer.

Furthermore, in accordance with the provisions of the final sub-paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Other compensation components

The Chief Executive Officer does not benefit from any supplementary pension scheme. He participates in the mandatory group supplementary pension scheme (ARRCO and AGIRC) and in the insurance and healthcare benefit scheme in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term.

B. Details of the compensation, in respect of the fiscal year 2020, of Mr 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 Mr Vincent Ravat for fiscal year 2020 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	**Fiscal year 2020**	**Fiscal year 2019**
Compensation awarded in respect of the fiscal year (see § 2, below)	647,563	784,967
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus shares awarded (vesting subject to service and performance conditions)(1)	437,318	259,557
Valuation of other long-term compensation plans	-	-
TOTAL	**1,084,881**	**1,044,524**

(1) Potential valuation of the shares awarded, not yet vested, under plans 24, 27, 30 and 33 and subject to a condition of presence as a corporate officer as well as performance conditions over 3 years (see § 4 below).

2. Compensation paid by Mercialys and the companies it controls

Mr Vincent Ravat received the following compensation and benefits of any kind from the Company in his capacity as Chief Executive Officer in, and in respect of, fiscal year 2020:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2020		**Fiscal year 2019**	
(in euros)	**Amounts awarded(7)**	**Amounts paid(8)**	**Amounts awarded(7)**	**Amounts paid(8)**
Fixed compensation(1)(2)	360,000	360,000	360,000	316,439(9)
Annual variable compensation(1)(3)	252,000	412,650	412,650	124,960
Multi-annual variable compensation(4)	-	-	-	-
Exceptional compensation(1)(5)	-	-	-	108,340
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind(6)	35,563	35,563	12,317	12,317
TOTAL	**647,563**	**808,213**	**784,967**	**562,056**

(1) Gross compensation before social security contributions and tax.

(2) The amounts indicated for 2019 also include paid leave.

(3) The methods for determining variable compensation are restated in the 2020 compensation policy, as approved at the Ordinary General Meeting of April 23, 2020, under § 4.2.2.4, A, p. 286 et seq., and clarifications are provided in § 3 below. It should be noted that the payment of this amount will be subject to the approval of the sixth resolution presented to the Ordinary General Meeting of April 22, 2021.

(4) Mr Vincent Ravat does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019 and 2020.

(5) The Board of Directors, at its meeting of February 14, 2017 and on the recommendation of the Appointments and Compensation Committee, decided to recognize Mr Vincent Ravat's exceptional contribution to the success of the Toulouse Fenouillet project implementation, opened on November 8, 2016, by awarding him an extraordinary cash bonus of Euro 100,000, half of it paid in February 2017 and the other half paid in February 2019, subject to his continued employment. In accordance with the provisions governing the distribution of Mr Vincent Ravat's compensation package, Mercialys paid Mr Vincent Ravat the sum of Euro 33,340 and Mercialys Gestion paid him the sum of Euro 16,660 in February 2017. This distribution was identical for the amount received in February 2019, in view of his continued employment at that date. The Board of Directors decided, on February 13, 2019 to change the 2018 compensation policy to be able to pay Mr Vincent Ravat exceptional compensation fully paid by Casino, Guichard-Perrachon as part of the disposal process by Casino, Guichard-Perrachon of all or some of its equity interest in Mercialys. The sale by Casino, Guichard-Perrachon of all or part of its equity interest in Mercialys constituted a significant special circumstance for the Company which required the major involvement of the Deputy Chief Executive Officer during the 2018 fiscal year. This compensation amounting to Euro 75,000 was paid following approval by the Ordinary General Meeting on April 25, 2019.

(6) Company car, senior executive unemployment insurance and insurance and healthcare benefit scheme covering all the Company's employees. The contribution of the latter is now 24 months, resulting in a larger payment in 2020.

(7) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(8) Compensation paid during the fiscal year, regardless of the allocation date.

(9) As of February 13, 2019, the fixed compensation for Mr Vincent Ravat in his capacity as Chief Executive Officer will be Euro 360,000 per year instead of Euro 300,000 that he received as Deputy Chief Executive Officer.

3. Annual variable compensation

The variable compensation of Mr Vincent Ravat for fiscal year 2020 was determined by the Board of Directors at its meeting of February 15, 2021, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

			% of fixed compensation				
		Assessment	**Minimum**	**Target**	**Maximum**	**Achieved**	**Amount** *(in euros)*
Quantifiable objectives (85% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	14.0%	28.0%	0.0%	
				0.5%		-23.1%	0
	Organic growth including indexation (15% of the total variable compensation)	Organic growth severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	10.5%	21.0%	0.0%	
				2.25%		-7.0%	0
	EBITDA margin (15% of the total variable compensation)	EBITDA margin severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	10.5%	21.0%	0.0%	
				84.0%		74.8%	0
	Reduction in greenhouse gas emissions as part of the Mercialys climate strategy (scopes 1 and 2) (5% of the total variable compensation)	Even though all sites stayed open during both lockdowns, the operational measures put in place reduced emissions in $KgCO_2$eq./sq.m. by -6.5% compared with 2019	0.0%	3.5%	7.0%	7.0%	
				-4.0%		-6.5%	25,200
	GRESB classification of Mercialys (at constant methodology) (10% of the total variable compensation)	Retention of the 5-star label ("Green Star") and the gain of one place *versus* 2019 with a score of 30/30 for the management pillar, 19/20 for the governance pillar and 18/19 for the social component	0.0%	7.0%	14.0%	14.0%	
				5 stars		5 stars+1 place	50,400
	Asset disposals during the fiscal year *(in millions of euros)* (10% of the total variable compensation)	Euro 30.9 million sale to Picture AM and Euro 120 million net sale to Amundi Immobilier	0.0%	7.0%	14.0%	14.0%	
				€70M		€151M	50,400
	Bond maturity management *(in millions of euros)* (10% of the total variable compensation)	Successful bond issue in June 2020 followed by a Euro 181 million tender offer	0.0%	7.0%	14.0%	14.0%	
				€100M		€181M	50,400
Qualitative objectives (15% of the total variable compensation)	Human Resources Management: change in employee satisfaction and commitment (measured by an employee survey) (15% of the total variable compensation)	Positive trend in employee satisfaction and commitment against a backdrop, and in a sector, heavily impacted by the health crisis. This trend was measured, in particular, by a +6.11% rise in participation rate *versus* the previous survey in 2018 (81% from 76.2%) and a significant 12.7% improvement in the average results in terms of answers to all 84 questions in 2020. In addition, an 83.5% average was obtained for the seven questions relating to the management of the pandemic.	0.0%	10.5%	21.0%	21.0%	
				Stable		Improvement of satisfaction and commitment	75,600
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**70.0%**	**140.0%**	**70.0%**	**252,000**

Against a backdrop, and in a sector, that was highly disrupted by an unprecedented crisis, Mr Vincent Ravat was able to safeguard Mercialys' balance sheet positions, offer reassurance regarding the value and liquidity of the portfolio and continue to improve operations at all sites by making structural adaptations in response to the health situation (without resorting to any State aid or short-time working arrangements), whilst maintaining Mercialys' leadership in terms of Corporate Social Responsibility, once again winning multiple awards in 2020. Under Mr Vincent Ravat's leadership, this fiscal year saw the acceleration of the development and deployment across its portfolio of its unified retail platform "Ocitô" and related first and last mile logistics services, as well as the diversification of its real estate projects and their uses (healthcare and co-working spaces). To adapt Mercialys to changes in its shareholder base, Vincent Ravat, against a backdrop of widespread teleworking, also continued to develop and internalize skills, attract new talent, instill a culture of innovation and improve employee commitment and satisfaction.

Overall, and after weighting, objectives were, on average, 100% achieved, *i.e.* variable compensation to be paid at 70% of fixed salary, or Euro 252,000.

This variable compensation will be paid subject to the approval of the 6th resolution proposed to the Company's Ordinary General Meeting on April 22, 2021 (see chapter 8, p. 393).

4. Stock warrants or stock options and bonus shares awarded by the Company and/or the companies it controls

In 2020, Mr Vincent Ravat, as Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 33).

It is also stated that Mr Vincent Ravat was the beneficiary in 2014 and 2016, of bonus share plans which were awarded to him as an employee, prior to his appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 382 et seq.).

Mr Vincent Ravat is also the beneficiary of three bonus share plans according to the following criteria and arrangements:

TABLE 6 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Bonus shares awarded to Mr 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 27, of 04/26/2018	9,633(2)	€76,197	04/26/2021	04/27/2023(1)	YES(3)
Plan 30, of 04/25/2019	21,329(4)	€140,197	04/25/2022	04/25/2024(1)	YES(5)
Plan 33, of 04/23/2020	67,355(6)	€220,924	04/23/2023	04/23/2025(1)	YES(7)
TOTAL	**98,317**	**€437,318**			

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mr Vincent Ravat will be 14,450 shares corresponding to a valuation of Euro 114,299.

(3) Bonus shares only vest only if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: 1) the relative performance of the Company's share price including dividend (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial award. 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2018 and December 31, 2020, for 25% of the initial allocation; and 3) FFO growth (excluding the 2019 carrying cost of debt financing for the fiscal year 2018) measured as a three-year annual average between January 1, 2018 and December 31, 2020 for the remaining 25% of the initial award.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mr Vincent Ravat will be 31,994 shares corresponding to a valuation of Euro 210,200.

(5) Bonus shares only vest if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: 1) the relative performance of the Mercialys share including dividend (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial award, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial award, and 3) growth in FFO measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial award.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mr Vincent Ravat will be 86,215 shares corresponding to a valuation of Euro 282,785.

(7) Bonus shares only vest if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: 1) the relative performance of the Mercialys share including dividend (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial award, 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 award and 3) growth in FFO measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial award.

No shares vested under plan 24, awarded in 2017 and maturing in 2020, as the performance criteria were not met.

Below is a summary of the bonus share plans from which Mr 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
Date of the Annual General Meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020
Date of Board of Directors meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions)	27,833	31,306(1)	30,414(2)	107,020(3)
o/w number of shares awarded to Mr Vincent Ravat	8,564	9,633(1)	21,329(2)	67,355(3)
Vesting date of shares	04/27/2020	04/26/2021	04/25/2022	04/23/2023
Holding period end date	04/27/2022	04/26/2023	04/25/2024	04/23/2025
Total number of shares vested at December 31, 2020, to corporate officers	0	na(4)	na(4)	na(4)
o/w number of shares vested to Mr Vincent Ravat	0	na(4)	na(4)	na(4)
Number of shares canceled or lapsed at December 31, 2020	27,833	na(4)	na(4)	na(4)
Number of outstanding bonus shares for plans not yet matured at December 31, 2020	0	31,306	30,414	107,020

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 46,959, including 14,450 shares for Mr Vincent Ravat, corresponding to a valuation of Euro 114,299.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 45,621, including 31,994 shares for Mr Vincent Ravat, corresponding to a valuation of Euro 210,200.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 137,779, including 86,215 shares for Mr Vincent Ravat, corresponding to a valuation of Euro 282,785.

(4) Since the three-year plan has not expired yet, the final allocations at December 31, 2020 cannot be calculated.

5. Employment contract, special pension schemes, severance pay and non-competition clause

TABLE 11 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension scheme		Allowances or benefits payable or likely to be payable, due to 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) Mr Vincent Ravat does not benefit from any supplementary pension scheme. He is included in the mandatory group pension scheme (ARRCO and ARGIC) and the insurance and healthcare benefit scheme covering all the Company's employees.

(2) Mr 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 in 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 Mr Éric Le Gentil on p. 286, all the tables in French financial Markets Authority Position-Recommendation DOC-2021-02 that do not appear in the previous pages do not apply to fiscal 2020 as regards Mr Vincent Ravat's compensation (tables 3, 4, 5, 7, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, of the French Commercial Code, the Ordinary General Meeting of April 22, 2021 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Chief Executive Officer for his mandate in fiscal year 2020. Details and comments about this information can be found in chapter 8, appendix 2, p. 423 et seq.

4.2.2.5 Compensation policy regarding the Chief Executive Officer in respect of fiscal year 2021

Board of Directors' report on the compensation policy for the Chief Executive Officer for fiscal year 2021

(9th resolution of the Ordinary General Meeting of April 22, 2021)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2021 to the Chief Executive Officer in respect of his corporate term of office must be submitted for approval by the Ordinary General Meeting on April 22, 2021.

In this connection, the Board of Directors, at its meeting on February 15, 2021, established, on the basis of the recommendations of the Appointments, Compensation and Governance Committee, the determining principles and the structure of compensation of the Chief Executive Officer for 2021.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of the executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and measurement. Details of the main principles governing its approach are given in § 4.2.2.1 p. 277 et seq.

Note that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium and long-term performance and competitiveness by incorporating one or more social and environmental criteria. To do so, it ensures that:

1. **compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

   Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. **compensation is based on corporate strategy and performance.**

   The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. **compensation incorporates social and environmental responsibility criteria.**

   Being aware of the major environmental, as well as social and societal, 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 Compensation, Appointments and Governance Committee ensures that compensation is consistent throughout the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Compensation components of the Chief Executive Officer

Fixed compensation

As of February 13, 2019, the compensation for Mr Vincent Ravat in his capacity as Chief Executive Officer was set at Euro 360,000 and will not be changed in 2021.

Annual variable compensation

Annual variable compensation rewards performance for the year N-1 and aims to establish a link between executives' interests and Mercialys' operational strategy over the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

The target annual variable compensation for Mr Vincent Ravat in 2021 would remain at 70% of his annual fixed compensation if the objectives set are achieved.

The maximum achievement rate for each objective could be as high as 200%.

If these objectives are exceeded, the annual variable compensation would be capped at 140% of his annual fixed compensation.

In the event of leaving the Group, the CEO's variable portion would be calculated *prorata temporis*, on the basis of service and in his capacity as CEO.

Variable compensation would be structured around two types of objectives: quantifiable objectives weighted at 80% and two qualitative objectives at 20%. As a result, Mercialys' compensation policy would continue to comply with the best market standards, with a very high percentage of quantifiable criteria.

The annual variable compensation proposed is constructed to reflect the Company's major issues in 2021, whilst reflecting the specific context relating to the health and economic crisis which occurred in 2020. As a result, it would cover both aspects of financial, operational and extra-financial performance and balance sheet positions. For the sake of balance, two criteria were used for each type of performance:

1. Financial criteria
   - FFO growth, measuring the change in Mercialys' recurrent income;
   - EBITDA margin, measuring the efficiency of its operational management.
2. Operational criteria
   - change in footfall in shopping centers on a like-for-like basis and for comparable opening weeks, enabling retailers to increase their business and capitalize on their ability to convert footfall into revenue, reflected in a positive trend in Mercialys' rental income outlook;
   - acceleration of digital transformation making it possible to measure the Company's ability to adapt to changing consumer expectations and to embrace new retail methods, notably by offering new last mile services.
3. Balance sheet criteria
   - partial refinancing of bond debt to lengthen its duration and continue to strengthen the protection of the Company's liquidity and balance sheet positions against an uncertain macro-economic and health backdrop;

- asset disposals during the fiscal year also to strengthen the protection of the Company's liquidity and balance sheet positions.

4. Extra-financial criteria

- improving sites' performance in terms of Social and Environmental Responsibility to ensure associated value creation and responsible, long-term growth;
- human resources and talent management to ensure employees' continuous improvement and commitment and to ensure that their skills are constantly adapted to an ever-changing market environment.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.0%	14.0%	28.0%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0.0%	10.5%	21.0%
	Difference between the change in footfall at Mercialys shopping centers and that of the national index (on a like-for-like basis and for comparable opening weeks) (10% of the total variable compensation)	0.0%	7.0%	14.0%
	Acceleration of the company's digital transformation: development of last mile activities *(retailer members as a % of the total number of retailers in the portfolio, excluding isolated units and minority interests)* (15% of the total variable compensation)	0.0%	10.5%	21.0%
	Bond maturity management *(in millions of euros)* (5% of the total variable compensation)	0.0%	3.5%	7.0%
	Asset disposals during the fiscal year *(in millions of euros)* (15% of the total variable compensation)	0.0%	10.5%	21.0%
Qualitative objectives (20% of the total variable compensation)	Social and Environmental Responsibility: improving sites' performance, contributing to value creation and responsible, long-term growth (10% of the total variable compensation)	0.0%	7.0%	14.0%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0.0%	7.0%	14.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**70.0%**	**140.0%**

For each quantitative criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on the recommendation of the Compensation, Appointments and Governance Committee may, when assessing the achievement of performance objectives, adjust said objectives to recognize the impact of the Covid-19 pandemic-related health emergency, to keep the implementation of the compensation policy in line with performance, in the corporate interest.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Compensation, Appointments and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation for 2021 fiscal year, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2022.

Long-term compensation

In order to associate the Chief Executive Officer over the long-term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share awards.

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:

- stock options and/or stock warrants;
- bonus share plans;

- the introduction of an incentive agreement or statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 450,000) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 576,000), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that he may have been awarded prior to his effective departure date would be maintained on a *prorata temporis* basis in relation to his service as a Mercialys executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Chief Executive Officer ceases to perform his duties (and without taking into account the impact of the year, or years, after the termination of his duties). In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

To measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms, but that the panel of companies should be adapted in order to be more comparable and relevant than the EPRA Nareit/Eurozone index used until now. This new panel is made up of companies more like Mercialys in terms not only of business, but also geography or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at March 10, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,087
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,005
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,385
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	1,142
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	946
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,306
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	394
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,044
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	310
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,549
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	442
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	592

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years between January 1, 2021 and December 31, 2023 in order to align executives' interests with those of the shareholders to restore the Company's growth trajectory and, as a result, its stock market performance.

Lastly, with regard to the CSR policy, an objective is set to achieve a certification rate under the BREEAM nomenclature of 85% of Mercialys' portfolio in order to ensure the sustainability of the Company's portfolio by managing it according to the best market standards. This rate includes the regular renewal of certifications already obtained, as part of ever increasing requirements, as well as the certification of additional assets.

All initiatives will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally weighted criteria.

1. The relative performance of the Mercialys share, including dividend (Total Shareholder Return - TSR), compared to the performance of a pre-defined panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial award:

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	140%
3rd place	130%
4th place	120%
5th place	110%
6th place	100%
7th to 13th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2021, which includes Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' acquisition 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 due to be listed on the panel on December 31, 2023, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average between January 1, 2021 and December 31, 2023, for the remaining 33.33% of the initial award.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table appearing below:

Annual three-year average FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. The portfolio certification rate as a percentage of its value, for 33.33% of the initial allocation:

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined, in accordance with the table presented below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

3-year Breeam-In-Use certification rate (as a % of the portfolio value)	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee will have discretionary power in particular to reduce, eliminate or postpone the application of TSR and the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a vesting period lasting three years which will end in 2024.

In accordance with the provisions of Articles L 225-197-1 and L 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of their term of office. This information is published in the management report.

At the end of this three-year vesting period, the 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 position as corporate officer.

Furthermore, in accordance with the provisions of the final sub-paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Other compensation components

The Chief Executive Officer does not benefit from any supplementary pension scheme. He participates in the mandatory group supplementary pension scheme (ARRCO and AGIRC) and in the insurance and healthcare benefit scheme in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term.

4.2.2.6 Compensation policy regarding the Deputy Chief Executive Officer in respect of fiscal year 2020

A. Principles and criteria for determining, distributing and awarding the components of the Deputy Chief Executive Officer's compensation in 2020

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 2020 to the Deputy Chief Executive Officer in respect of her corporate term of office, were submitted for approval by the Ordinary General Meeting on April 23, 2020 (10th resolution).

At the Ordinary General Meeting of 23 April 2020, 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. 277 et seq.

The 2020 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

Élizabeth Blaise's fixed compensation as Deputy Chief Executive Officer is set at Euro 265,000.

Note that the Deputy Chief Executive Officer retains her employment contract as Chief Administrative and Financial Officer. Accordingly, her annual fixed and variable compensation continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

It was proposed to maintain the variable compensation mechanism in force in 2019, which included a CSR objective. In order that Mercialys continues to follow best market practices it was, however, proposed that the proportion of qualitative criteria should continue its reduction and change from 20% to 15%.

The variable compensation is therefore structured around two types of objectives:

1. quantifiable objectives, weighted at 85%, including two CSR objectives and extra-financial communication at 15%; and
2. qualitative objectives, weighted at 15%, linked to the gradual reinstatement of support functions and related human organization.

The target annual variable compensation of the Deputy Chief Executive Officer is set at 40% of her annual fixed compensation if the objectives set are achieved. It could reach 80% of her annual fixed compensation in the case that these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (85% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.0%	8.0%	16.0%
	Organic growth including indexation (15% of the total variable compensation)	0.0%	6.0%	12.0%
	EBITDA margin (15% of the total variable compensation)	0.0%	6.0%	12.0%
	Reduction in greenhouse gas emissions as part of the Mercialys climate strategy (scopes 1 and 2) (5% of the total variable compensation)	0.0%	2.0%	4.0%
	EPRA and Transparency Awards (with constant methodology) (10% of the total variable compensation)	0.0%	4.0%	8.0%
	Asset disposal during the fiscal year *(in millions of euros)* (10% of the total variable compensation)	0.0%	4.0%	8.0%
	Bond maturity management *(in millions of euros)* (10% of the total variable compensation)	0.0%	4.0%	8.0%
Qualitative objectives (15% of the total variable compensation)	Gradual reinstatement of support functions and related human organization (15% of the total variable compensation)	0.0%	6.0%	12.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**40.0%**	**80.0%**

For each quantifiable criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation due for fiscal year 2020, 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 22, 2021.

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. 225-10-60 of the French Commercial Code (as mentioned on p. 262 for the Chief Executive Officer), on the principle of bonus share awards.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 265,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 130% of the annual fixed compensation (*i.e.* Euro 344,500), in order to comply with best market practices.

The bonus shares allocated would only be vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (as a corporate officer and/or employee). The Company's performance conditions will also apply, said performance being assessed over a 3-year period using the following criteria and assessment tables:

1. The relative performance of the Mercialys share, including dividend (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial award:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	Multiplier
[0 to 20%]	150%
]20 to 40%]	125%
]40 to 50%]	100%
]50 to 60%]	75%
]60 to 80%]	50%
]80 to 100%]	0%

The Mercialys ranking will be obtained by dividing the Mercialys ranking in the index by the number of companies constituting the index as of January 1, 2020.

2. An extra-financial criterion, namely the Company's CDP (Carbon Disclosure Project) rating, for 20% of the initial allocation:

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table appearing below:

CDP (1 ranking per year)	Multiplier
Rating 1 x > B at constant standards	0%
Rating 2 x > B at constant standards	100%
Rating 3 x > B at constant standards	150%

3. FFO growth measured as the three-year annual average between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial award.

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 presented below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Annual three-year average FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00% or more	150%

The bonus shares awarded in 2020 will only become the beneficiary's property after a vesting period lasting three years which will end in 2023.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her corporate office.

Furthermore, in accordance with the provisions of the final sub-paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Moreover, it should be noted that Mrs Élizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialys employee, prior to her appointment as Deputy Chief Executive Officer.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any supplementary pension scheme. She participates in the mandatory group supplementary pension scheme (ARRCO and AGIRC) and in the insurance and healthcare benefit scheme in force within the Company for all employees. She also benefits from senior executive unemployment insurance. She does not receive any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

The Deputy Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of the termination of her position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In exchange, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her annual fixed compensation as a corporate officer which will be paid in installments during its term.

B. Details of the compensation, in respect of the fiscal year 2020, of Mrs Élizabeth Blaise, Deputy Chief Executive Officer

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialys and the companies it controls to Mrs Élizabeth Blaise for fiscal year 2020 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	Fiscal year 2020	Fiscal year 2019
Compensation awarded in respect of the fiscal year (see § 2, below)	386,725	375,728
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus shares awarded (vesting subject to service and performance conditions)(1)	189,789	59,688
Valuation of other long-term compensation plans	-	-
TOTAL	**576,514**	**435,416**

(1) Potential valuation of the shares awarded, not yet vested, under plans 30 and 33 and subject to a condition of presence as a corporate officer and/or employee as well as performance conditions over 3 years (see § 4 below).

2. Compensation paid by Mercialys and the companies it controls

Mrs Élizabeth Blaise received the following compensation and benefits of any kind from the Company in her capacity as Deputy Chief Executive Officer in, and in respect of, fiscal year 2020:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2020		Fiscal year 2019	
(in euros)	Amounts awarded(6)	Amounts paid(7)	Amounts awarded(6)	Amounts paid(7)
Fixed compensation(1)(2)	132,500	132,500	115,000	100,434
Annual variable compensation(1)(3)	53,000	72,864	72,864	-
Multi-annual variable compensation(4)	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind(5)	12,581	12,581	-	-
TOTAL	**198,081**	**217,945**	**187,864**	**100,434**

(1) Gross compensation before social security contributions and tax.

(2) The amounts indicated for 2019 also include paid leave.

(3) The methods for determining variable compensation are restated in the 2020 compensation policy, as approved at the Ordinary General Meeting of April 23, 2020, under § 4.2.2.6, A, p. 297 et seq., and clarifications are provided in § 3 below. It should be noted that the payment of this amount will be subject to the approval of the 7th resolution presented to the Ordinary General Meeting of April 22, 2021.

(4) Mrs Élizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019 and 2020 for her corporate office.

(5) Executive unemployment insurance and healthcare and pension plan.

(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.

In addition, Mrs Élizabeth Blaise performs the duties of Chief Financial Officer at Mercialys. In this respect, the amounts of compensation and benefits of any kind paid for the fiscal year 2020 are as follows:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2020		Fiscal year 2019	
(in euros)	**Amounts awarded[6]**	**Amounts paid[7]**	**Amounts awarded[6]**	**Amounts paid[7]**
Fixed compensation[1][2]	132,500	132,500	115,000	126,279
Annual variable compensation[1][3]	53,000	72,864	72,864	117,325
Multi-annual variable compensation[4]	-	671	-	-
Exceptional compensation[1][5]	-	-	-	48,500
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind[6]	3,144	3,144	-	-
TOTAL	**188,644**	**209,179**	**187,864**	**292,104**

(1) *Gross compensation before social security contributions and tax.*
(2) *The amounts indicated for 2019 also include paid leave.*
(3) *The methods for determining the variable compensation are given in § 4.2.2.6, A, p. 297 et seq., and details are provided in § 3 below.*
(4) *Mrs Élizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019 and 2020 for her corporate office. The amount of Euro 671 paid in 2020 corresponds to the benefit, as an employee of the Company, of democratic bonus share plan No. 29 awarded on 04/26/2018, under which the 87 shares it comprised fully vested to Mrs Élizabeth Blaise on 04/26/2020.*
(5) *To compensate Mrs Élizabeth Blaise's involvement, as Chief Financial Officer, in the process of disposal by Casino, Guichard-Perrachon of all or part of its equity interest in Mercialys, a process that constituted a significant special circumstance for the Company and required the major involvement of the Deputy Chief Executive Officer during the 2018 fiscal year, Mrs Élizabeth Blaise received exceptional compensation. This compensation amounting to Euro 48,500, received in respect of her employment contract, was paid in 2019.*
(6) *Benefit plan covering all the Company's employees.*
(7) *Compensation awarded in respect of the fiscal year, regardless of the date of payment.*
(8) *Compensation paid during the fiscal year, regardless of the allocation date.*

3. Annual variable compensation

The variable compensation of Mrs Élizabeth Blaise for fiscal year 2020 was determined by the Board of Directors at its meeting of February 15, 2021, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

		Assessment	% of fixed compensation: Minimum	% of fixed compensation: Target	% of fixed compensation: Maximum	% of fixed compensation: Achieved	Amount *(in euros)*
Quantifiable objectives (85% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	8.0%	16.0%	-23.1%	
				0.5%		0.0%	0
	Organic growth including indexation (15% of the total variable compensation)	Organic growth severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	6.0%	12.0%	-7.0%	
				2.25%		0.0%	0
	EBITDA margin (15% of the total variable compensation)	EBITDA margin severely impacted by the consequences of the health crisis which were not taken into consideration when the *ex-ante* objectives were set	0.0%	6.0%	12.0%	0.0%	
				84.0%		74.8%	0
	Reduction in greenhouse gas emissions as part of the Mercialys climate strategy (scopes 1 and 2) (5% of the total variable compensation)	Even though all sites stayed open during both lockdowns, the operational measures put in place reduced emissions in $KgCO_2eq$/sq.m. by 6.5% compared with 2019	0.0%	2.0%	4.0%	4.0%	
				-4.0%		-6.5%	10,600
	EPRA and Transparency Awards (using a fixed methodology) (10% of the total variable compensation)	Achieved EPRA Gold ranking and came first in the Labrador ranking for the third consecutive year	0.0%	4.0%	8.0%	8.0%	
				EPRA Gold + Top 15		EPRA Gold and 1st place All Categories	21,200
	Asset disposals during the fiscal year *(in millions of euros)* (10% of the total variable compensation)	Euro 30.9 million sale to Picture AM and Euro 120 million net sale to Amundi Immobilier	0.0%	4.0%	8.0%	8.0%	
				€70M		€151M	21,200
	Bond maturity management *(in millions of euros)* (10% of the total variable compensation)	Successful bond issue in June 2020 followed by a Euro 181 million tender offer	0.0%	4.0%	8.0%	8.0%	
				€100M		€181M	21,200
Qualitative objectives (15% of the total variable compensation)	Gradual reinstatement of support functions and related human organization (15% of the total variable compensation)	Particular mobilization on the issues of internalization of fund management, real estate management control, and payroll functions and preparation for the internalization of accounting and insurance functions	0.0%	6.0%	12.0%	12.0%	
							31,800
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**40.0%**	**80.0%**	**40.0%**	**106,000**

Élizabeth Blaise efficiently managed and optimized financial indicators and balance sheet positions, guaranteeing the Company, its governance and stakeholders maximum visibility, participating in rapid and appropriate decision-making in a shifting environment. In a very challenging environment for shopping center real estate companies, she maintained an effective and productive dialog with financial counterparties: rating agencies, bondholders and bank creditors, helping to consolidate balance sheet liquidity and rating, key safety factors in an industry that uses a significant level of leverage. Discussions with investors and analysts were very high quality, supporting a relationship of trust, including in a downward cycle.

In addition to crisis management, the Deputy Chief Executive Officer dealt with key issues contributing not only to the management of the Company's risk profile but also to its long-term footprint: risk mapping, renewal of the CSR policy and compliance. These issues have positively affected all services.

Lastly, Élizabeth Blaise was particularly involved in various initiatives to internalize functions. On the one hand, some activities were brought in-house in 2020: fund management and real estate management control, with major impacts both for the business as a going concern and for Mercialys' industrial partners, such as Amundi and BNPP REIM. The Deputy Chief Executive Officer was also fully involved in preparing for the internalization of major functions: HR and payroll (internalization in January 2021), preparation for the internalization of the accounting, corporate finance and tax functions (internalization planned for Q1 2022) and the insurance function (internalization at the end of 2021, although insurance cover was taken out in 2020).

This variable compensation will be paid subject to the approval of the 7th resolution proposed to the Company's Ordinary General Meeting on April 22, 2021 (see chapter 8, p. 394).

4. Stock warrants or stock options and bonus shares awarded by the Company and/or the companies it controls

In 2020, Mrs Élizabeth Blaise, as Deputy Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 33).

It is also stated that Mrs Élizabeth Blaise was the beneficiary of bonus share plans which were awarded to her as an employee, prior to her appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 382 et seq.).

TABLE 6 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Bonus shares awarded to Élizabeth Blaise				
No. and date of plan	**Number of shares awarded during the fiscal year**	**Valuation of the shares according to the method adopted for the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
Plan 30, of 04/25/2019	9,085(2)	€59,688	04/25/2022	04/25/2024(1)	YES(3)
Plan 33, of 04/23/2020	39,665(4)	€130,101	04/23/2023	04/23/2025(1)	YES(5)
TOTAL	**48,750**	**€189,789**			

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mrs Élizabeth Blaise will be 13,627 shares corresponding to a valuation of Euro 89,529.

(3) Bonus shares become vested only if the beneficiary (in the capacity of corporate officer and/or employee) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: 1) the relative performance of the Mercialys share including dividend (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial award, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial award, and 3) growth in FFO measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial award.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mrs Élizabeth Blaise will be 51,564 shares corresponding to a valuation of Euro 169,129.

(5) Bonus shares become vested only if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria:

1) the relative performance of the Mercialys share including dividend (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial award,

2) the Company's CDP (Carbon Disclosure Project) rating, measure once a year over a three-year period between January 1, 2020 and December 31, 2022, for 20% of the initial award, and

3) growth in FFO measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial award.

No shares became available in fiscal year 2020 for her corporate office.

Below is a summary of the bonus share plans granted to Élizabeth Blaise as a corporate officer:

TABLE 10 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 30	Plan 33
Date of the Annual General Meeting	04/25/2019	04/23/2020
Date of Board of Directors meeting	04/25/2019	04/23/2020
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions)(1)	30,414(1)	107,020(2)
o/w number of shares awarded to Mrs Élizabeth Blaise	9,085(1)	39,665(2)
Vesting date of shares	04/25/2022	04/23/2023
Holding period end date	04/25/2024	04/23/2025
Total number of shares vested at December 31, 2020, to corporate officers	na(3)	na(3)
o/w number of shares vested to Mrs Élizabeth Blaise	na(3)	na(3)
Number of shares canceled or lapsed at December 31, 2020	na(3)	na(3)
Number of outstanding bonus shares for plans not yet matured at December 31, 2020	30,414	107,020

(1) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mrs Élizabeth Blaise will be 13,627 shares corresponding to a valuation of Euro 89,529.*

(2) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to Mrs Élizabeth Blaise will be 51,564 shares corresponding to a valuation of Euro 169,129.*

(3) *Since the three-year plan has not expired yet, the final allocations at December 31, 2020 cannot be calculated.*

Moreover, it should be noted that Mrs Élizabeth 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 schemes, severance pay and non-competition clause

TABLE 11 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension scheme		Allowances or benefits payable or likely to be payable, due to 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) *Mrs Élizabeth Blaise, as Chief Financial Officer, holds an employment contract with Mercialys SA.*

(2) *Mrs Élizabeth Blaise does not benefit from any supplementary pension scheme. She is included in the mandatory group pension scheme (ARRCO and ARGIC) and in the insurance and healthcare benefit scheme covering all the Company's employees.*

(3) *Mrs Élizabeth 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 in 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. 286, note that all of the French Financial Markets Authority Position/Recommendation DOC-2021-02 tables which do not appear in the previous pages do not apply for fiscal year 2020 as regards Mrs Élizabeth Blaise's compensation (tables 3, 4, 5, 7, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 22, 2021 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Deputy Chief Executive Officer for her mandate in fiscal year 2020. Details and comments about this information can be found in chapter 8, appendix 3, p. 425 et seq.

4.2.2.7 Compensation policy regarding the Deputy Chief Executive Officer in respect of fiscal year 2021

Board of Directors' report on the compensation policy for the Deputy Chief Executive Officer for fiscal year 2021

(10th resolution of the Ordinary General Meeting of April 22, 2021)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2021 to the Deputy Chief Executive Officer in respect of her corporate term of office must be submitted for approval by the Ordinary General Meeting on April 22, 2021.

In this connection, the Board of Directors, at its meeting on February 15, 2021, established, on the basis of the recommendations of the Appointments, Compensation and Governance Committee, the determining principles and the structure of compensation of the Deputy Chief Executive Officer for 2021.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of the executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and measurement. Details of the main principles governing its approach are given in § 4.2.2.1 p. 277 et seq.

Note that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium and long-term performance and competitiveness by incorporating one or more social and environmental criteria. To do so, it ensures that:

1. **Compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

   Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. **Compensation is based on corporate strategy and performance.**

   The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. **Compensation incorporates social and environmental responsibility criteria.**

   Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short, and long-term, objectives for its executives;

4. **Compensation is consistent and in line with employees' compensation.**

   The Appointments, Compensation and Governance Committee ensures consistency between compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Compensation components of the Deputy Chief Executive Officer

Fixed compensation

The compensation for Mrs Élizabeth Blaise as Deputy Chief Executive Officer has been set at Euro 265,000 since January 1, 2020, and will be unchanged in 2021.

Deputy Chief Executive Officer keeps her employment contract as Chief Financial Officer. Accordingly, her annual fixed and variable compensation will continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

Short-term variable compensation rewards performance for the year N-1 and aims to establish a link between the interests of executives and Mercialys' operational strategy for the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

Following the benchmark studies conducted by the Appointments, Compensation and Governance Committee, it was decided to increase Mrs Élizabeth Blaise's target annual variable compensation to 55% of her annual fixed compensation if the objectives set are achieved. In fact, in a specific market panel made up of 18 companies selected by a specialized firm in January 2021, the position of Deputy Chief Executive Officer was compared to the position of CEO in smaller companies in terms of size, revenue and market capitalization, or to the Deputy Chief Executive Officer or Business Line Manager in similar or larger companies in terms of size, revenue and market capitalization. It was noted that the target variable in 2020 (40% of fixed compensation in the event of objectives being 100% achieved, *i.e.* Euro 106,000) was, on average, 45% lower than the panel's average target variable and 37% below the panel's median target variable. The proposed change would reduce the 12% gap observed between Mrs Élizabeth Blaise's target fixed and variable compensation (excluding LTI) and the average target fixed and variable compensation of the market analyzed.

The list of companies used for this benchmark is as follows:

- Altarea Cogedim
- Bouygues
- Carmila
- Compagnie des Alpes
- Covivio
- FFP (formerly Société foncière Financière et de Participation)
- Gecina
- Icade
- Klépierre
- La Française
- Les Nouveaux Constructeurs (Bassac)
- Nexity
- Pichet
- Prologis
- Quartus
- Société de la Tour Eiffel
- Société Foncière Lyonnaise
- Unibail

The maximum achievement rate for each objective could be as high as 200%. If these objectives are exceeded, the annual variable compensation would be capped at 110% of annual fixed compensation.

In the event of leaving the Group, the Deputy Chief Executive Officer's variable portion will be calculated *prorata temporis* on the basis of service as Deputy Chief Executive Officer.

Variable compensation would be structured around two types of objectives: quantifiable objectives weighted at 80% and two qualitative objectives for 20%. As a result, Mercialys' compensation policy would continue to comply with the best market standards, with a very high percentage of quantifiable criteria.

The annual variable compensation proposed is constructed to reflect the Company's major issues in 2021, whilst reflecting the specific context relating to the health and economic crisis which occurred in 2020. As a result, it would cover both aspects of financial, operational and extra-financial performance and balance sheet positions. For the sake of balance, two criteria were used for each type of performance.

1. Financial criteria:
   - FFO growth, measuring the change in Mercialys' recurrent income;
   - EBITDA margin, measuring the efficiency of its operational management.
2. Operational criteria:
   - maintenance of the Company's best financial reporting practices, as assessed by market bodies such as EPRA and Transparency Awards, contributing to Mercialys' ability to enhance its KPIs and create value for its shareholders;
   - internalization, by end-2021, of functions terminated by Mercialys under the Service agreement: corporate legal and insurance functions, which are decisive both for the governance of the listed company and for business continuity.
3. Balance sheet criteria:
   - partial refinancing of bond debt to lengthen its duration and continue to strengthen the protection of the Company's liquidity and balance sheet positions against an uncertain macro-economic and health backdrop;
   - asset disposals during the fiscal year to strengthen the protection of the Company's liquidity and balance sheet positions.
4. Extra-financial criteria:
   - deployment of the new sustainable development plan so that Mercialys continues to follow best market practices in terms of CSR;
   - human resources and talent management to ensure that employees' skills are constantly being adapted to a changing market.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.00%	11.00%	22.00%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0.00%	8.25%	16.50%
	EPRA and Transparency Awards (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Implementation of action plans for the deployment of the new CSR strategy by 2030 *(as a % of the number of predefined objectives)* (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Bond maturity management *(in millions of euros)* (15% of the total variable compensation)	0.00%	8.25%	16.50%
	Asset disposals during the fiscal year *(in millions of euros)* (10% of the total variable compensation)	0.00%	5.50%	11.00%
Qualitative objectives (20% of the total variable compensation)	Internalization of functions terminated by Mercialys under the Service agreement, by the end of 2021 (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0.00%	5.50%	11.00%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.00%**	**55.00%**	**110.00%**

For each quantitative criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on the recommendation of the Compensation, Appointments and Governance Committee may, when assessing the achievement of performance objectives, adjust said objectives to recognize the impact of the Covid-19 pandemic-related health emergency, to keep the implementation of the compensation policy in line with performance, in the corporate interest.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Compensation, Appointments and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation for 2021 fiscal year, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2022.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code (as mentioned on p. 294 for the Chief Executive Officer), on the principle of bonus share awards.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 265,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 130% of the annual fixed compensation (*i.e.* Euro 344,500), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence (in her capacity as corporate officer and/or employee), it being specified that in the event of non-renewal of her corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Deputy Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that she may have been awarded prior to her effective departure date would be maintained on a *prorata temporis* basis in relation to her service as a Mercialys executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties (and without taking into account the impact of the year, or years, after the termination of her duties). In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

To measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms, but that the panel of companies should be adapted in order to be more comparable and relevant than the EPRA Nareit/Eurozone index used until now. This new panel is made up of companies more like Mercialys in terms not only of business, but also geography or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at March 10, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,087
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,005
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,385
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	1,142
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	946
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,306
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	394
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,044
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	310
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,549
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	442
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	592

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years between January 1, 2021 and December 31, 2023 in order to align executives' interests with those of the shareholders to restore the Company's growth trajectory and, as a result, its stock market performance.

Lastly, with regard to the CSR policy, an objective is set to achieve a certification rate under the BREEAM nomenclature of 85% of Mercialys' portfolio in order to ensure the sustainability of the Company's portfolio by managing it according to the best market standards. This rate includes the regular renewal of certifications already obtained, in the context of increasing requirements, as well as the certification of additional assets

All initiatives will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally weighted criteria.

1. The relative performance of the Mercialys share, including dividend (Total Shareholder Return - TSR), compared to the performance of a specific panel of comparable companies measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial award:

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	140%
3rd place	130%
4th place	120%
5th place	110%
6th place	100%
7th to 13th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2021, which includes Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' acquisition 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 due to be listed on the panel on

December 31, 2023, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average between January 1, 2021 and December 31, 2023, for the remaining 33.33% of the initial award:

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table appearing below:

Annual three-year average FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Portfolio certification rate as a percentage of its value, for 33.33% of the initial allocation:

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined, in accordance with the table presented below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

3-year Breeam-In-Use certification rate (as a % of the portfolio value)	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee may use its discretionary power in particular to reduce, eliminate or postpone the application of extra-financial criteria on TSR (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a vesting period lasting three years which will end in 2024.

In accordance with the provisions of Articles L 225-197-1 and L. 22-10-59 of the French commercial code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of their term of office. This information is published in the Management Report.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her corporate office.

Furthermore, in accordance with the provisions of the final sub-paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Other compensation components

The Board of Directors, during its meetings of February 13, 2019 and March 5, 2019, planned to take out executive unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* or "GSC") for Mrs Élizabeth Blaise which covers her net compensation as (i) Deputy Chief Executive Officer and (ii) under her employment contract (the "GSC Allowance").

Note that the GSC cover was taken out in February 2020. The GSC has a 12-month waiting period (deferral of the period covered by the insurance). As a result, on February 12, 2020, the Board of Directors of the Company authorized payment of the subscription and expenses for GSC, formula 55, cover taken out for an initial period of 12 months from February 28, 2020. In order to cover any consequences of the aforementioned waiting period, the Board of Directors has decided to make a commitment to Mrs Elizabeth BLAISE to pay her, in the event of involuntary loss of work between the months of February 2020 and February 28, 2021, an amount equal to the GSC Allowance.

In addition, the GSC only accepts liability for payment of 24-months compensation after two years of contributions[(1)]. On the proposal of the Appointments, Compensation and Governance Committee, the Company's Board of Directors decided, on February 15, 2021, to cover the subscription and costs associated with the GSC, formula 55, for a 24-month compensation period, and in the event of her removal from office between January 1, 2021 and December 31, 2021, inclusive, to pay Mrs Élizabeth Blaise severance pay of equivalent to what she would have received by way of GSC for a maximum of 12 months following the 12-month compensation period paid by the GSC and under the same terms. The operative event triggering the implementation of this commitment will be the expiry of Mrs Élizabeth Blaise's GSC cover.

No deductible period will be applied to the termination of the office for the payment of the indemnity.

This severance payment will be paid monthly for as long as Mrs Élizabeth Blaise is involuntarily out of work. Any resumption of work will result in the cessation of payment of this compensation. The payment of compensation will cease in any case at the end of the 12-month period of compensation not covered by the GSC. Note that this compensation will not be due if Mrs Élizabeth Blaise resigns from her directorship, nor if her directorship is converted into a single employment contract.

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 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 does not receive any other benefit of any kind.

(1) *Since the contractual amendment can only be made at the end of an initial contribution period of one year, a one-year waiting period is then applied under the GSC for this new level of cover.*

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, she would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In return, the Deputy Chief Executive Officer would be paid a monthly allowance equivalent to one-twelfth of 50% of her annual fixed compensation.

Note that, in accordance with the terms of Articles 24.6 and 25.5.1 of the AFEP-MEDEF Code, the aggregate amount of any severance allowances (including compensation relating to termination of employment contract) and compensation for the non-compete clause potentially paid by the Company would not exceed 24 months.

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 IR, p. 449
1.2	Setting strategic guidelines	Yes	Art. 12.2 of the IR, p. 454
1.3	Compliance with the main duties assigned by law	Yes	Art. 5 and 11.2.1 of the IR, p. 449 and 453
1.4	Information on the Board of Directors	Yes	Art. 6 of the IR, p. 449 and 450
1.5	Review of opportunities and risks in line with directors' strategy and information	Yes	Art. 6 of the IR, p. 449 and 450
1.6	Oversight of the anti-corruption and influence-peddling system	Yes	Art. 5 of the IR, p. 449
1.7	Non-discrimination and diversity policy within ruling bodies	Yes	§ 4.1.1.2, B, p. 238 et seq. § 4.1.2, B, p. 259 et seq.
1.8	Corporate governance report on the Board's activities	Yes	§ 4.1.3.2, p. 263 et seq.
1.9	Clarifications required incorporated in the Internal rules	Yes	Art. 5 and 6 of the IR, p. 449 et seq. § 4.1.2, A, p. 259
2	**The Board of Directors: collegiate body**		
2.1	Collegiate body mandated by all shareholders	Yes	§ 4.1.1, p. 236
2.2	Adaptation of the Board's composition and organization - Publication of Internal Rules	Yes	Last update: February 15, 2021 § 9.1.5, p. 447 et seq.
2.3	Limitation of the representation of specific interests	Yes	§ 4.1.1.2, B, p. 238 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. 259 Separation of duties – Appointment of a Lead Director not applicable
3.3	Resources and prerogatives of the Lead Director	Not applicable	No Lead Director
3.4	Information on the organization of management and control powers	Yes	§ 4.1.2, p. 259
4	**The Board and reporting to shareholders and the markets**		
4.1	Rigorous financial reporting policy	Yes	§ 7.1.4, p. 370 et seq.
4.2	Fair reporting	Yes	§ 7.1.4, p. 370 et seq.
4.3	Relevance, balance and educational aspect of information	Yes	§ 7.1.4, p. 370 et seq. Chap. 2, p. 82 et seq.
4.4	Shareholder relations on governance issues entrusted to the Chairman of the Board of Directors or the Lead Director	Yes	Art. 7 RIC, p. 450
4.5	Reliable procedures to identify, control and assess commitments and risks	Yes	Chap. 5, p. 316 et seq.
4.6	Relevant information in this area for shareholders and investors	Yes	Off-balance sheet commitments, note 23, p. 190 et seq. Credit rating: § 1.2.5.5, B, p. 59 et seq.
5	**The Board of Directors and the Annual General Shareholders' Meeting**		
5.1	Board of Directors appointed by the shareholders to which it reports on the performance of its duties	Yes	§ 4.1.1.2, p. 237 et seq.
5.2	Compliance with the holding and authority of the Annual General Shareholders' Meeting	Yes	Chap. 8, p. 384 et seq.
5.3	Management of conflicts of interest in the event of large-scale transactions	Yes	§ 4.1.4.2, p. 266
5.4	Consultation of shareholders on major transactions	Not applicable	No major transaction in progress

Article number	Recommendations	Implementation by Mercialys	Comments
6	**Composition of the Board of Directors: guiding principles**		
6.1	Balance of the composition of the Board - Competence and ethics of the members	Yes	§ 4.1.1, p. 236 et seq.
6.2	Composition of the Board of Directors - Diversity policy	Yes	§ 4.1.1.2, p. 237 et seq.
7	**Gender diversity policy within ruling bodies**		
7.1	Gender equality targets for ruling bodies	Yes	§ 4.1.1.2, p. 237 et seq. § 4.1.2, p. 259 et seq.
7.2	Description of ruling bodies' gender diversity policy	Yes	§ 4.1.2, p. 259 et seq.
8	**Representation of employee shareholders and employees**		
8.1	Board's application of the provisions of this Code to matters related to directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
8.2	Voting by directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
8.3	Equal rights and obligations of directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9	**Independent directors**		
9.1	Integrity, competence, proactivity, attendance and involvement of independent directors	Yes	§ 4.1.1.2, A, p. 237 et seq.
9.2	Definition of independent directors	Yes	§ 4.1.1.2, B, p. 240
9.3	Percentage of independent directors	Yes	§ 4.1.1.2, B, p. 238 et seq.
9.4	Review of the independence of directors and reporting to shareholders	Yes	§ 4.1.1.2, B, p. 240
9.5	Director independence review criteria	Yes	§ 4.1.1.2, B, p. 240 The independence criterion relating to the significance or otherwise of the relationship with the company was the subject of a special analysis by the Appointments and Compensation Committee following the appointment of Mrs. Élisabeth Cunin as Chairwoman of Kiabi, one of Mercialys' tenant retailers
9.6	No variable compensation linked to Company performance for non-executive corporate officers	Yes	§ 4.2.2.2, p. 283 et seq.
9.7	Analysis of the independence of directors representing shareholders holding more than 10% of the share capital or voting rights	Not applicable	The permanent representatives of the Casino group are not considered independent
10	**Assessment of the Board of Directors**		
10.1	Compliance with the principle of assessment by the Board of its ability to meet shareholder expectations	Yes	§ 4.1.1.1, p. 236 et seq. § 4.1.5, p. 269
10.2	Compliance with the three objectives of the assessment	Yes	§ 4.1.5, p. 269 An independent firm was contacted in October 2020 to assess the operation of the Board of Directors. The conclusions of its assessment were presented to the Appointments, Compensation and Governance Committee
10.3	Compliance with methods of assessment	Yes	§ 4.1.5, p. 269
11	**Board meetings and committee meetings**		
11.1	Publication of the number of meetings and attendance of directors	Yes	§ 4.1.1.2, A, p. 237
11.2	Frequency and appropriate length of meetings	Yes	§ 4.1.3.1, p. 261

Article number	Recommendations	Implementation by Mercialys	Comments
11.3	Meetings without the presence of executive corporate officers	Yes	Art. 17 of the IR, p. 455 The independent directors meet at least once a year without the presence of the Chairman of the Board of Directors and Senior Management
11.4	Clear minutes of meetings	Yes	Art. 3, p. 449
12	**Access to information for directors**		
12.1	Directors' right to information and duty of confidentiality included in the Internal Rules	Yes	Art. 6, 15 and 19 of the IR, p. 449, 454 and 455
12.2	Diligent transmission of useful information to Directors, even between Board meetings	Yes	Art. 6 of the IR, p. 449 and 450
12.3	Director's duty to seek the information needed to perform related duties	Yes	Art. 15 of the IR, p. 454
12.4	Ability of directors to meet with the Company's key executives	Yes	Art. 6 of the IR, p. 450
13	**Director training**		
13.1	Benefit for all directors of training in the specifics of the company, its business lines, its sector and its CSR challenges	Yes	Art. 15 of the IR, p. 454
13.2	Reporting on members of the Audit Committee and their appointment, as well as on special features of company accounting, finance or operations.	Yes	Art. 1.3 of the Audit, Risks and Sustainable Development Committee Charter, available at: www.mercialys.com
13.3	Specific training for directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
14	**Directors' term of office**		
14.1	Term of directorships	Yes	Art. 1 of the IR, p. 447
14.2	Staggering of directorships	Yes	Art. 1 of the IR, p. 447
14.3	Information on the directors	Yes	§ 4.1.1.2, A, p. 237
14.4	Grounds for the candidacy of a director submitted for appointment or renewal	Yes	Annual General Meeting brochure
15	**Board committees: general principles**		
15.1	Existence and composition of committees	Yes	§ 4.1.1.2, A, p. 237 No cross-directorships
15.2	Scope of responsibility of committees	Yes	§ 4.1.4, p. 265 et seq.
15.3	Committee operating procedures and rules	Yes	Committee charters, available at: www.mercialys.com
16	**Audit Committee**		
16.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 237
16.2	Powers	Yes	§ 4.1.4.1, p. 265 et seq.
16.3	Operating procedures	Yes	§ 4.1.4.1, p. 265 et seq. Audit, Risks and Sustainable Development Committee Charter, available at: www.mercialys.com
17	**The Appointments Committee**		
17.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 237 Mercialys has an Appointments, Compensation and Governance Committee
17.2	Powers	Yes	§ 4.1.4.3, p. 267 et seq. The presence of a Deputy Chief Executive Officer mitigates any unforeseen succession of the Chief Executive Officer

Article number	Recommendations	Implementation by Mercialys	Comments
17.3	Operating procedures	Yes	§ 4.1.4.3, p. 267 et seq. The Chairman of the Board of Directors is a member of the Appointments, Compensation and Governance Committee and is, therefore, involved in the process of selecting and appointing directors
18	**The Compensation Committee**		
18.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 237 Mercialys has an Appointments, Compensation and Governance Committe
18.2	Powers	Yes	§ 4.1.4.3, p. 267 et seq.
18.3	Operating procedures	Yes	§ 4.1.4.3, p. 267 et seq.
19	**The number of terms of office of executive corporate officers and directors**		
19.1	Director involvement	Yes	Art. 18 of the IR, p. 455
19.2	Limit on the number of terms of office of the executive corporate officer	Yes	Art. 18 of the IR, p. 455 § 4.1.1.2, C, p. 243 The Chief Executive Officer does not hold any other office in a listed company outside the Group
19.3	Specific recommendations regarding non-executive corporate officers' terms of office	Yes	§ 4.1.1.2, C, p. 242 The Chairman does not hold any other office in a listed company outside the Group
19.4	Restriction on the number of directorships	Yes	Art. 18 of the IR, p. 455 § 4.1.1.2, C, p. 242 et seq. According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
19.5	Information submitted by the directors on the other directorships held	Yes	Art. 18 of the IR, p. 455 § 4.1.1.2, C, p. 242 et seq. According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
20	**Ethics for directors**		
20	Fundamental obligations to be met by the directors	Yes	Art. 14 et seq. of the IR, p. 454 et seq.
21	**Directors' compensation**		
21.1	Attendance-based compensation	Yes	§ 4.2.1, p. 273 et seq.
21.2	Additional compensation possible, particularly in the event of attendance at, or chairmanship, of specialized committees	Yes	§ 4.2.1, p. 273 et seq.
21.3	Adjustment of compensation to the level of responsibilities and time spent on the role	Yes	§ 4.2.1, p. 273 et seq.
21.4	Publication of compensation rules and individual amounts paid	Yes	§ 4.2.1, p. 273 et seq.
22	**Termination of employment contract in the event of corporate office**		
22.1	End of employment contract if an employee becomes an executive corporate officer	Yes	§ 4.2.2.6, B, 5, p. 303 The Deputy Chief Executive Officer receives compensation as a corporate officer. Since she continues to perform the duties of CFO, she also has a paid employment contract in this capacity

Article number	Recommendations	Implementation by Mercialys	Comments
22.2	Scope of the recommendation	Yes	§ 4.2.2.2, B, 5, p. 286 § 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
22.3	Exclusions	Not applicable	Only the Mercialys Group executive corporate officers are executive corporate officers of subsidiaries
23	**Executive corporate officers' share ownership obligation**		
23	Definition of a minimum number of shares that executive corporate officers must hold in registered form until the end of their 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 end of their duties as corporate officer § 4.2.2.4, B, 4, p. 291 et seq. § 4.2.2.6, B, 4, p. 302 et seq.
24	**The signing of a non-competition agreement with an executive corporate officer**		
24.1	Definition of non-competition agreement	Yes	§ 4.2.2.4, A, p. 288 § 4.2.2.4, B, 5, p. 292 § 4.2.2.6, A, p. 298 § 4.2.2.6, B, 5, p. 303
24.2	Board's authorization of the non-competition agreement and its publication	Yes	§ 4.2.2.4, A, p. 288 § 4.2.2.4, B, 5, p. 292 § 4.2.2.6, A, p. 298 § 4.2.2.6, B, 5, p. 303
24.3	Board's option to waive the implementation of this agreement upon the executive officer's departure	Yes	§ 4.2.2.4, A, p. 288 § 4.2.2.6, A, p. 298
24.4	Payment of non-competition indemnity excluded when executives exercise their entitlement to retire and when they are over the age of 65	Not applicable	Executives are significantly younger than 65 years of age
24.5	Prohibition of non-competition agreements signed at the time of the executive corporate officer's departure and not previously specified	Not applicable	Non-competition agreements are included in compensation policies
24.6	Amount of non-competition indemnity and terms of payment	Yes	§ 4.2.2.4, A, p. 288 § 4.2.2.6, A, p. 298
25	**Compensation of executive corporate officers**		
25.1	Principles for determining the compensation of executive corporate officers and role of the Board of Directors	Yes	§ 4.2.2, p. 277 et seq.
25.2	Principles for determining the compensation of non-executive corporate officers	Yes	§ 4.2.2, p. 277 et seq.

Article number	Recommendations	Implementation by Mercialys	Comments
25.3	Components of the compensation of executive corporate officers	Yes	§ 4.2.2.4 et seq. p. 286 et seq. Resolution 29 which will be submitted for approval at the Annual General Meeting of April 22, 2021, sets the total number of bonus shares that may be allocated over a period of 26 months at 1.0% of the share capital, 0.5% of which for executive corporate officers and 0.5% for 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 (109 staff on permanent contracts at the end of December 2020) and so complies with the principle of non-concentration of bonus share plans
25.4	Allowance paid to executive corporate officers upon taking office	Not applicable	§ 4.1.1.2, C, p. 243 and 244 No recent changes in terms of executives
25.5	Severance pay in the event of the departure of executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 288 § 4.2.2.6, A, p. 298 Not provided for by compensation policies
25.6	Supplementary pension plans for executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 288 § 4.2.2.6, A, p. 298 Not provided for by compensation policies
26	**Information on the compensation of corporate officers and policies for granting stock options and performance shares**		
26.1	Constant flow of information	Yes	https://www.mercialys.com/investors/regulated-information/remuneration-of-senior-executives
26.2	Annual information - Content and presentation	Yes	§ 4.2, p. 273 et seq. Diligent use of AMF tables
27	**Implementation of recommendations**		
27.1	Application of the "comply or explain" rule	Yes	Appendix 1, p. 310 et seq.
27.2	Monitoring of recommendations from the High Committee in charge of Corporate Governance	Not applicable	No comments received by Mercialys in 2020
28	**Review of the Code**		
28	Periodic review of the Code at Afep and Medef's initiative	Not applicable	Compliance of Mercialys practices with the AFEP-MEDEF Code in its updated version of January 2020

Terminology: IR – Internal rules of the Board of Directors

€1,189M
Net financial debt

1.4%
Average real cost of drawn debt

38.1%
LTV (excluding transfer taxes)

5

RISK FACTORS

5.1 Organization of internal control and risk management

Mercialys' internal control and risk management systems presented in this chapter were developed in accordance with the reference framework set by the French financial markets authority (AMF)(1). The main due diligence carried out before writing the paragraphs below involved circulating AMF questionnaires and internal questionnaires or conducting in-house discussions to identify all the internal control and risk management systems.

These systems constitute an organizational framework defining: 1/ the stakeholders, roles and responsibilities; 2/ a risk management process based on their identification, analysis and handling, and 3/ continuous management of this system.

They are based in particular on:

- a specific organization dedicated to risk management *via* the existence of a Risks Prevention Committee;
- internal dissemination of procedures, documentation and operating methods deemed to be areas for improvement;
- permanent monitoring *via* assessment (depending on the occurrence and impact) of the risks leading to the regular updating of the associated mapping.

These systems are an integral part of Mercialys' operational and strategic management. Their aim is to protect the Company against several families of identified risks, ensuring the Company's controlled and sustainable development. They also aim to identify the emergence of new risks and to plan for their coverage and management. In the event of a crisis, such as the Covid-19 pandemic which led to severe national restrictions in 2020, these systems make it possible to immediately engage stakeholders and set up procedures that are key to ensuring business continuity.

5.1.1 Internal control and risk management bodies

Mercialys' risk management and internal control systems, as described in this chapter, apply to Mercialys and its controlled subsidiaries within the meaning of the French Commercial Code, in accordance with the AMF reference framework(1). As indicated by the AMF, the systems are adapted to the specific characteristics of each company and the relationships between the parent company and its subsidiaries.

The internal control and risk management system is built on three lines of control, which operated and acted efficiently during the 2020 health crisis.

5.1.1.1 Audit, Risks and Sustainable Development Committee (ARSDC)

Mercialys Senior Management defines, designs and implements internal control and risk management systems.

The Board of Directors is informed of the main characteristics of the systems put in place.

For this, it relies on the Audit, Risks and Sustainable Development Committee. The Committee checks that the Company has appropriate and structured resources in place to identify, detect and prevent risks, anomalies and irregularities in the management of its business. Among other duties, this Committee closely and regularly monitors the internal control and risk management systems.

It accordingly issues observations and recommendations on audit work, and carries out or commissions any analyzes and reviews that it deems appropriate on any internal control and risk management issues.

The Audit, Risks and Sustainable Development Committee is notably responsible for overseeing the process of preparing financial information. In 2020, the Committee was called upon, in particular, to help manage risks heightened by the Covid-19 crisis. An Audit, Risks and Sustainable Development Committee Charter, available on the Company's website, presents its responsibilities.

Details on the composition, duties and accomplishments of the Audit, Risks and Sustainable Development Committee are presented in chapter 4, § 4.1.4.1, p. 265 and 266.

5.1.1.2 Risk Prevention Committee (RPC)

A Risks Prevention Committee was set up in 2016 to specifically address the increased demand for risk monitoring by regulators. This Committee aims to secure Mercialys' operational and financial processes, offering increased visibility on the handling of its risks.

The Risks Prevention Committee's main mission is to manage the risk control system through a mapping process. It is primarily tasked to:

- identify the risks run by Mercialys;
- identify and assess existing procedures;
- implement a plan to supplement and optimize risk handling, and to organize the oversight of the proper application of procedures.

This Committee comprises the Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Director of Human Resources, the Head of Internal Control, the Head of CSR and the Director of Compliance and Ethics. Through its members, the Committee benefits from the expert position of each manager and can optimize its approach by having direct access to the departments.

In addition, the Committee's direct reporting to Senior Management strengthens the link between Mercialys' strategy and risk management. This close link proved invaluable in light of health and economic instability in 2020. It facilitated ongoing discussions between players in the risk management process and Senior Management, favoring rapid decision-making for the roll-out of on-site actions and head office initiatives.

(1) AMF – Reference framework on risk management and internal control systems – July 22, 2010.

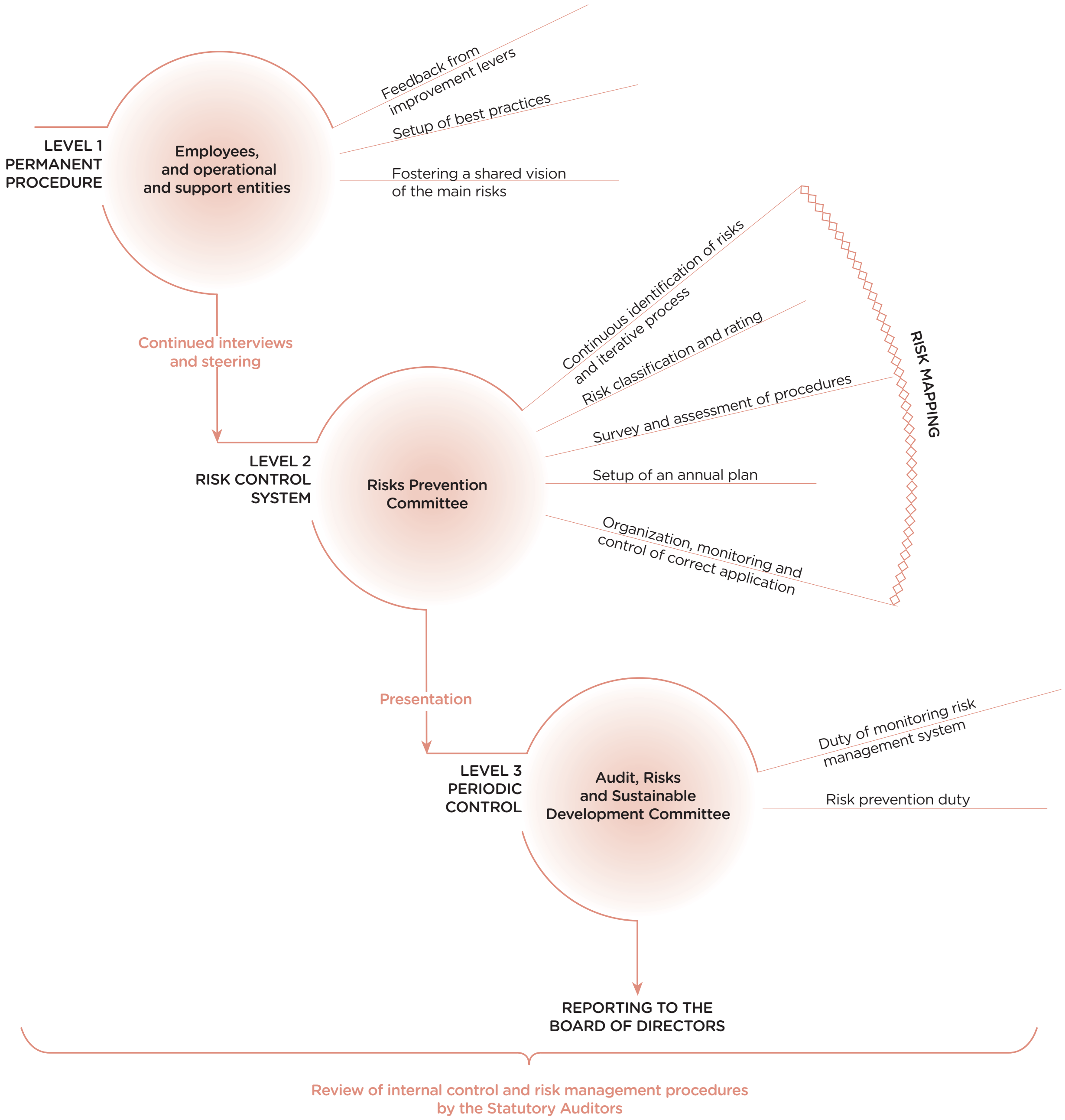
The Risks Prevention Committee meets once a quarter and reports on its work to the Audit, Risks and Sustainable Development Committee at least once a year. The Management Committee is also kept informed through regular presentations.

5.1.1.3 Employees

Employees and middle managers represent the third line in Mercialys' internal control and risk management system. They are tasked with making the internal control and risk management systems work by improving them continuously.

To this end, Mercialys ensures that all its employees are involved in the risk management process by running occasional presentations, sending out communications and informing on Risks Prevention Committee operations. Heads of department and/or employees hold regular meetings with Risks Prevention Committee members on specific topics.

Employees also perform a preventative role through frequent discussions with the Internal Control Manager regarding potential improvements or the identification of new risks.



5.1.2 General principles of internal control and risk management

5.1.2.1 Approach and prerequisite

As highlighted by the AMF reference framework, the internal control and risk management systems cannot provide an absolute guarantee that the Company's objectives will be achieved. There are inherent limitations in any system, which may result from a wide range of both internal and external factors.

This was particularly true in 2020 with the Covid-19 pandemic which led to unprecedented measures in France to combat the spread of the virus: repeated lockdowns of the population and closures of non-essential shops, widespread teleworking, social distancing measures, etc.

Mercialys is, however, working to minimize these risks and their effects. All its internal control and risk management systems are part of a continuous improvement process aimed at ensuring the implementation of best practices within the Company.

Effective internal control and risk management require two prerequisites:

- setting and communicating the Company's strategic and financial objectives. Mercialys' strategic and financial objectives are set as part of a three-year plan, which is reviewed in full every year. The definition and updating of this plan are led by Mercialys' Senior Management, which is responsible for maintaining the Company's financial equilibrium, particularly in terms of investments and the allocation of financial resources, as well as monitoring the implementation of the plan;
- rules of conduct and integrity that are known and respected by everyone. Mercialys has a Charter of Ethics and a code of conduct, as well as a Responsible Lobbying Charter, which formalizes its commitments in terms of professional ethics and the resulting guidelines for conduct to be followed by all its employees daily. The Charter of Ethics and code of conduct are regularly enhanced and updated, and are signed each year by employees to reconfirm their commitment to respecting its principles. All employees also receive training each year on specific ethics-related topics. Lastly, a frame of reference for managerial attitudes and conduct has also been set up and distributed to all the Company's managers to guide their actions each day.

5.1.2.2 Internal control and risk management systems

	Internal control	Risk management
Definition	The Company is responsible for defining and implementing the internal control system, which contributes to the control of its business activities, the efficiency of its operations and the effective use of its resources. It is also designed to take appropriate account of the Company's significant risks that could prevent it from achieving its objectives.	Mercialys' risk management system consists of a set of resources, practices, procedures and actions relevant to the nature of the Company. It is designed to enable executives to eliminate these risks or to keep them at a level acceptable to the Company.
Objectives	Internal control is specifically intended to ensure: • legal and regulatory compliance; • application of the instructions and guidelines given by Senior Management; • correct implementation of procedures, particularly those contributing to the safeguarding of assets; • reliability of financial information.	Risk management is specifically intended to: • create and protect the Company's value, assets and reputation; • secure the Company's decision-making and processes in order to help it achieve its objectives; • help ensure that actions are aligned with the Company's values; • engage employees around a shared vision of the main risks.

<table>
<tr><th></th><th>Internal control</th><th>Risk management</th></tr>
<tr><td>Organizational framework</td><td>Mercialys' internal control organization complies with the following principles:

1. Responsibility and powers:
Each department head is responsible for organizing its structure and functions to ensure that the separation of duties is respected. An internal organization chart sets out this organizational structure.
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 the Human Resources Department, liaising with the Casino group Corporate Legal Department, which operates in line with the Service Agreement between Mercialys and the Casino group.

2. Human resources management policy:
Mercialys' human resources policy aims to ensure the effective allocation of its human capital through structured recruitment and career management policies in order to enable it to achieve the objectives set. The Company's Human Resources Department is responsible for its administrative management.
Mercialys' training policies are focused in particular on management, personal development, human resources and the Company's business activities, as well as ethics and compliance.
In order to ensure employee motivation, the Company's compensation policy is based on a market salary benchmark analysis and aligned with the principles of internal fairness (the equity ratios are shown in chapter 4, § 4.2.2.1, p. 281 and 282). In addition, every year, managers are assessed on their managerial attitudes and behaviors in line with a frame of reference used as part of the annual performance review. It partly determines the amount of their variable compensation. Lastly, a satisfaction survey on the environment and the organization of work within the company is carried out on a regular basis.

3. Information systems:
In order to ensure the security of its data, Mercialys manages its IT network through an internal IT Department and dedicated service providers. Data are also managed by the Casino group in connection with the rental management and technical and administrative management agreements, as well as the accounting services provided. The Casino group uses integrated management software and aligns itself with IT industry standards and processes to ensure that the information systems are adapted to the Company's current and future objectives. They also make it possible to address issues such as physical security, the retention of archived information and the continuity of operations.</td><td>Mercialys' Senior Management and managerial staff are responsible for identifying the specific risks involved with its activities and analyzing their level in order to manage them effectively.
The Risks Prevention Committee meets on a quarterly basis. Its activities aim to reduce the risks identified by managers that could prevent the Company from achieving its objectives.
A special team is on standby should a particular crisis arise. This unit is made up of employees and members of Mercialys' Senior Management, as well as key staff and Senior Management representatives from the rental management company. This crisis unit was mobilized several times in 2020, demonstrating its responsiveness and the relevance of its composition.
Under the Service Agreement, Mercialys keeps the Casino group Insurance Department informed of changes and developments that might modify the assessment of its risks. This department is responsible for taking out and managing Mercialys' insurance policies. This insurance cover is either included in the Casino group's centralized programs, or taken out as part of special policies. For instance, Mercialys benefits from the programs for property damage, professional liability, construction and executive liability insurance cover. Mercialys benefits from synergies and savings on its premiums, whilst enjoying the same cover as other similar-sized companies in the sector. The main risks insured and the corresponding amounts are presented in the table below. The Casino group Insurance Department is also involved in managing claims.
Lastly, Mercialys controls all the service quality-related functions delegated as part of the Service Agreement and updates its risk mapping on an annual basis.</td></tr>
<tr><td>Internal distribution of information</td><td colspan="2">Managers or functional or operational management are responsible for distributing information. Procedures that are specific to Mercialys' activities are distributed on a regular basis to the relevant Company employees and to those concerned by subcontracting activities under the Service Agreement. The timeframes for distributing information within Mercialys allow sufficient time for an effective and appropriate response. The production of reliable information on time is supported by information systems that are organized to make it possible to optimize activities for the stakeholders concerned.</td></tr>
</table>

	Internal control	Risk management
Monitoring	Internal control and risk management are monitored under the authority of Senior Management and overseen by several bodies. Senior Management is regularly informed of potential failings in the internal control and risk management system, and its suitability for activities. It ensures that the necessary corrective measures are taken. The Company's Chief Financial Officer is responsible for monitoring Mercialys' internal control and risk management system, as well as the internal control system for the activities carried out by the Casino group for Mercialys. Managers perform a supervision role on a day-to-day basis to monitor the effective implementation of the internal control and risk management system. They are responsible for implementing corrective action plans and reporting any major failings to Senior Management.	

Main risks insured and amounts covered

The levels of insurance cover are adjusted to take into account the loss ratio, insurance market constraints or changes in Mercialys' risks. On the date of this Universal Registration Document, no major and/or significant claims had been recorded that were likely to change the current terms of insurance cover and the amounts of insurance premiums and/or the continuation of self-insurance. From the end of December 2021, Mercialys will internalize the insurance management function which, until then, has been outsourced to the Casino group under the Service Agreement between the two groups. The potential impact of internalization on insurance premium amounts cannot be estimated to date.

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)	250
Building collapse	250
Social unrest, riots	250
Terrorist attacks/acts of terrorism	150
Natural disasters and events	250
Excluding floods and natural disasters	100
Neighbor/third-party claims sub-limit	20
Tenant/occupant claims sub-limit	20
Costs and Losses sub-limit (including costs to ensure compliance)	50
Loss of rent/Loss of use sub-limit	50

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 75 million per claim per year. These programs also cover pollution risks.

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 fraud insurance

This policy covers specific risks of an IT nature or origin, in particular malicious acts by third parties and data loss, up to a maximum of Euro 5 million, as well as non-IT fraud risks that Mercialys may incur up to Euro 1.25 million.

5.1.3 Specific aspects of internal control relating to the accounting and financial information published

Accounting and financial internal control is designed to ensure:

- compliance of the accounting and financial information published with the rules applicable;
- application of the instructions and policies set out by Senior Management regarding this information;
- reliability of the information distributed and used in-house for oversight or control purposes, whenever this information is used to produce the accounting and financial information published;
- reliability of the financial statements published and other information provided to the market;
- preservation of assets;
- prevention and detection of accounting and financial irregularities and fraud, insofar as possible.

The scope for accounting and financial internal control, as presented below, comprises the parent company Mercialys SA and the companies included in its consolidated accounts.

Mercialys uses the Casino group's accounting services to prepare its financial statements, in accordance with the Service Agreement between the two companies.

5.1.3.1 Process for overseeing the accounting and financial organization

A. General organization

The Casino Real Estate Department shared accounting services center teams prepare the accounting and financial, separate and consolidated information published by Mercialys. This service is regulated by the Service Agreement signed with the Casino group and is overseen by Mercialys' Financial Department.

The Company's Audit, Risks and Sustainable Development Committee examines the annual and half-year financial statements and reviews the Statutory Auditors' conclusions on their work. It then issues an opinion to the Mercialys Board of Directors on the draft financial statements, which then approves said financial statements.

B. Application and control of accounting and tax rules

The arrangements put in place aim to ensure that the standards applied correspond to the regulations in force and are accessible to everyone involved in the process of preparing accounting and financial data.

The Casino group's Accounting Department monitors the regulations as part of the Service Agreement, making it possible to understand and anticipate changes in accounting policies that may impact Mercialys' accounting standards.

The impact of these changes on the financial statements and their presentation is assessed with Mercialys' Statutory Auditors.

In terms of taxation, analyses are performed on the tax position and at the time of specific transactions. These analyzes are conducted by Mercialys with support from specialist external advisors. An external advisor conducts an annual tax review as well as work to monitor emerging developments in terms of legislation, legal precedents and regulations.

5.1.3.2 Processes supporting the preparation of the published accounting and financial information

A. Identification of the risks affecting the preparation of the published accounting and financial information

Mercialys' Financial Department is responsible for identifying risks affecting the preparation of the published accounting and financial information, and overseeing outsourced activities if applicable. It applies the principle for the separation of duties in the corresponding processes and positions the control activities in accordance with the level of risk.

B. Control activities aimed at ensuring the reliability of the published accounting and financial information

Processes for the preparation and consolidation of accounting and financial information

The processes for producing accounting information and approving the financial statements are organized to ensure the quality of the accounting and financial information to be published. In addition, to produce information within short timeframes, early closing procedures are used with a view to securing the reliability of information.

Procedures have been put in place for closing the accounts, with the accounting information produced and controlled by the Casino group's accounting teams under the Service Agreement and by Mercialys' Financial Department.

The IT system is reviewed on a yearly basis by the Statutory Auditors, as part of their audit, focusing in particular on the production of Mercialys' accounting and financial information.

In accordance with legal requirements, Mercialys has two Statutory Auditors, whose appointments were renewed in 2016. As part of their mission, they ensure that the annual financial statements are accurate, comply with accounting rules and principles, and give a true and fair view of the results of operations for the past accounting period, as well as the Company's financial position, assets and liabilities at year-end.

Mercialys' Financial Department is in charge of liaising with external auditors. Procedures for appointing the Company's Statutory Auditors are organized in line with a process initiated and overseen by the Audit, Risks and Sustainable Development Committee. This organization complies with the recommendations of the AFEP-MEDEF Code of Corporate Governance for Listed Companies and European regulations (European regulation No. 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 consulted at: https://www.epra.com/application/files/3115/7287/4349/EPRA_BPR_Guidelines_241019.pdf

And the latest version of the EPRA Sustainability Best Practices Recommendations Guidelines can be consulted at: https://www.epra.com/application/files/3315/0456/0337/EPRA_sBPR_Guidelines_2017.pdf

Financial information is disclosed to the parties concerned in various ways, including:

- the Universal Registration Document;
- the Half-Year financial report;
- the press releases on the Company's half-year and full-year results;
- the financial information meetings and conference calls (presentation of the half-year and full-year results);
- the press releases on business for the first and third quarters;
- the Annual General Meeting;
- relations with financial analysts, investors and the financial and general press through a Communication and Investor Relations Department.

5.2 Description and management of risks

5.2.1 Identification and classification of risks

On a recurring basis, Mercialys reviews the main risks that could have a material impact on its business activities, financial position or results. Risk management is integrated into the Company's decision-making and operational processes and feeds into the deployment of its strategy.

The Risks Prevention Committee identifies these risks on the basis of interviews with each of the Company's departments, employees and service providers. The map prepared on this basis is presented to and approved by the Audit, Risks and Sustainable Development Committee, which ensures that all the risks are covered, monitored and managed.

The risk mapping is reviewed each year and may be modified to reflect the action plans put in place or the new risks identified. This iterative process makes it possible to integrate risks related to actual or potential changes, whether operational, regulatory or related to the dynamics of the retail real estate market.

5.2.1.1 Risk categories

Mercialys' Risks Prevention Committee has identified 51 risks, which it has broken down into categories in accordance with the ESMA[2] guidelines. The breakdown between the eight categories retained is presented in the following table, while noting that Mercialys does not use any subcategories.

	Number of risks
Risks related to the sector	3
Risks related to business activities	12
Risks related to the financial position	2
Risks related to internal control	15
Legal and regulatory risks	8
Governance risks	5
Environmental, social and societal risks	6
Risks related to financial operations underway	0

(1) *EPRA: European Public Real Estate Association.*
(2) *ESMA31-62-1293 "Guidelines on Risk Factors under the Prospectus Regulation".*

5.2.1.2 Risk rating and prioritization

To ensure the pragmatic management and monitoring of its risks, Mercialys has rated them based on their priority. This prioritization system is based on a rating that includes the two dimensions from the risk mapping matrix, *i.e.* the risk's impact and its probability of occurrence.

The accuracy of these ratings was reassessed in 2020 in light of the health and economic situation caused by the Covid-19 crisis. Its impact on the Company's priority risks involved is presented in detail for each risk and summarized in § 5.2.5, p. 340 and 341 of this chapter.

Impact

It measures the potential impact of a risk for the Company if it were to materialize. When it can be quantified, the impact is expressed as a percentage of Funds From Operations (FFO) or the Net Asset Value (NAV). When it cannot be quantified, it is assessed based on Mercialys' ability to continue rolling out its strategy and operations or in terms of reputational consequences. The impact is split into three levels: low, moderate and high.

Note that the assessment of the Company's environmental, social and societal risks is based on their materiality, after consultation with internal and external stakeholders, in line with the strategic CSR approach. The evaluation of Mercialys' other risks is based on internal stakeholders. In order to ensure consistency between these two methodologies, the Risks Prevention Committee rates the impact of environmental, social and societal risks on the basis of their reputational consequences, the rating level being directly taken from their positioning within the Company's materiality matrix.

	Low	Moderate	High
Change in FFO	Less than 1% of FFO	From 1% to 5% of FFO	More than 5% of FFO
Change in NAV	Less than 1% of NAV	From 1% to 5% of NAV	More than 5% of NAV
Implementation of the strategy and continuity of operations	Minor obstacles to the roll-out of the strategy and operations	Moderate obstacles to the roll-out of the strategy and operations	Major obstacles to the roll-out of the strategy and operations
Reputation	No media impact or impact on a limited number of stakeholders	Local media impact or impact on certain stakeholders	National media impact or impact on a high number of stakeholders

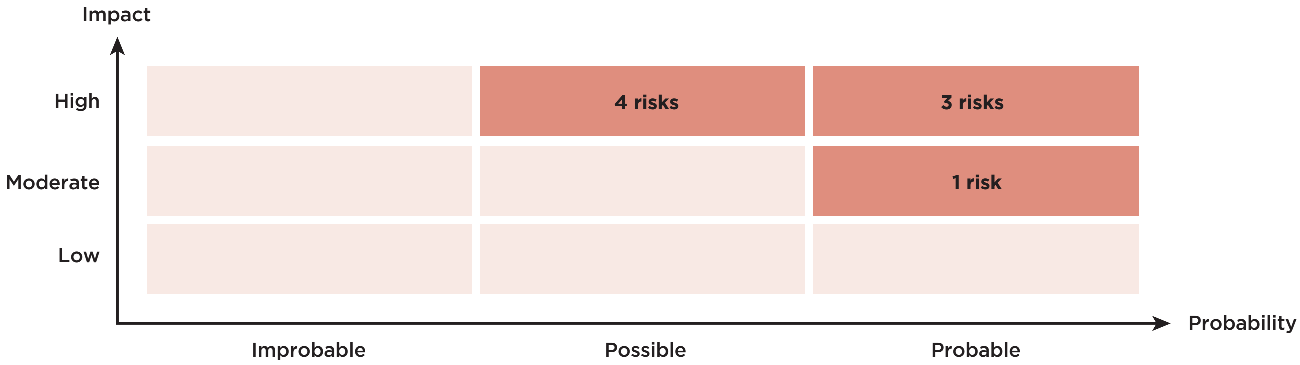
Probability

The probability is defined as the possibility of a risk occurring, at least once, over different timeframes. In other words, it assesses the plausibility of a risk-bearing event happening. The probability is split into three levels: improbable, possible and probable.

	Improbable	Possible	Probable
Probability of at least one occurrence of the risk	Within four to five years	Within two to three years	Within one year

The **priority risks** are those with:

- a “high” impact with a “probable” probability;
- a “high” impact with a “possible” probability;
- a “moderate” impact with a “probable” probability.



5.2.2 Summary of priority risks

Mercialys **rates net risks**. This means that it assesses the impact and probability of its gross risks, taking into account any potential mitigation measures and arrangements (insurance, cover, controls and procedures, policies, diversification, etc.).

Out of the 51 risks identified by Mercialys, eight risks, from three categories, are classed as priority at December 31, 2019:

Risk category	Risk	Risk impact rating	Risk probability rating	Risk trend
Risks related to the sector	Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	High (NAV)	Probable	Stable
	Risk related to competition on the physical retail segment	High (FFO)	Possible	Stable
	Risk related to new forms of consumption	High (FFO)	Possible	Upward
Risks related to business activities	Risk related to retailer arbitrage and reletting	High (FFO)	Probable	Upward
	Risk related to the safety and security of operations and a deterioration in the portfolio	High (reputation)	Possible	Stable
	Risk related to acquisitions and construction operations	High (NAV)	Possible	Stable
	Risk related to providers, suppliers and subcontractors	Moderate (implementation of the strategy and continuity of operations)	Probable	Downward
Risks related to the financial position	Risk related to interest rates, the cost of debt, liquidity and financing	High (FFO)	Probable	Upward

5.2.2.1 Risks related to the sector

A. Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market

Impact: high/Probability: probable/Trend: stable

Description of the risk

The capitalization rate is a key element for calculating the appraisal value of the assets held by Mercialys. It is determined based on the deemed risk-free rate (*i.e.* the interest rate paid by the French state on its borrowings) and the risk premiums associated with the property investment concerned. As part of their twice-yearly valuation campaigns (in accordance with AMF recommendations), the independent real estate appraisers responsible for valuing the Company's portfolio also base their valuations on the rates seen for recent real estate transactions on the physical retail real estate property market.

The appraisal value of the Mercialys portfolio can thus be positively/negatively impacted *via* the capitalization rate:

- by a significant drop/rise in rates deemed risk-free or risk premiums;
- by the recognition of more favorable/lower rates within the context of physical real estate market transactions.

Appraisers' risk premium adjustments may also reflect changes in their perception of the sustainability of asset rental flows, based on their assumptions regarding rent changes, vacancy or even site investment costs.

The appraisal value is taken into account in the calculation of the Company's Net Asset Value (NAV) and the Loan to Value (LTV). A significant deterioration in Mercialys' portfolio value would likely have an unfavorable impact on its stock price, as well as potentially on its financial rating and the appraisal of its risk profile by finance market operators and, ultimately, on the cost of its debt.

Risk management and coverage

The factors that drive up capitalization rates are linked primarily to changes in central banks' monetary policies and trends for physical real estate investments. Mercialys anticipates the potential impacts of monetary policies (providing regular updates to members of Senior Management) and performs simulations to assess how interest rate changes will impact the value of its portfolio. It also closely monitors real estate transactions on the market. The portfolio value's sensitivity is updated every six months, based on a 0.5% decrease/increase in the capitalization rate and a 10% increase/decrease in appraised net rental income.

The risk of a deterioration in the appraisal value, through unfavorable changes in the underlying assumptions, is therefore regularly tracked through the monitoring methods applied and their frequency. In addition, all the assets in Mercialys' portfolio are valued by independent real estate appraisers every six months, which makes it possible to regularly adjust its value if required.

This risk is managed through the arbitrages that Mercialys carries out on a continuous basis on its portfolio of assets, in line with its market vision. The Company's arbitrage strategy is based, on the one hand, on the disposal of assets that have reached maturity or potentially become commercially vulnerable. It is also based on investments in its leading assets, in order to consolidate their dominance in their catchment area and strengthen their value. In line with this approach, the Company drastically reduced the size of its portfolio in recent years, from 93 shopping centers and high-street retail assets at end-2010 to 51 at end-2020. In 2020, it also strengthened its specialist acquisitions and arbitrage team, by putting the Company's former Head of Asset Management in charge of it, thus attesting to the strategic and central nature of these topics.

Mercialys' portfolio value came to Euro 3,065.6 million excluding transfer taxes at end-December 2020, compared with Euro 3,314.6 million at end-June 2020 and Euro 3,419.5 million at end-December 2019. The value of the portfolio excluding transfer taxes was therefore down -10.3% over twelve months (-5.5% like-for-like) and down -7.5% over six months (-2.3% like-for-like). The average appraisal capitalization rate came to 6.08% at December 31, 2020, compared with 5.83% at June 30, 2020 and 5.59% at December 31, 2019.

Due to the strong correlation between the capitalization rate and the discount rate in the real estate appraisers' model, the sensitivity test for changes in the capitalization rates also shows the sensitivity to changes in the discount rate. Based on the annual appraised potential net rental income of Euro 186.3 million and the average capitalization rate of 6.08% recorded at the end of December 2020, the sensitivity analysis is as follows:

Sensitivity criteria	Impact on the appraisal value excluding transfer taxes *(in millions of euros)*
-0.5% decrease in the capitalization rate	+274.8
+10% increase in rents	+306.6
+0.5% increase in the capitalization rate	(233.0)
-10% decrease in rents	(306.6)

Risk trend: stable

This risk is of major structural importance for Mercialys. Regularly selling some of its assets to reinvest part of the capital generated in its portfolio of value-enhancing projects enables it to maintain the commercial quality of its portfolio and protect its value. Asset liquidity is also needed to meet debt repayment deadlines in the event of a slowdown or pause in the finance markets.

The slowdown in physical retail real estate market transactions observed since 2018 has an overall impact on real estate companies' ability to quickly and easily sell their assets. An upward trend in capitalization rates was observed at Mercialys over the period, with a relatively moderate negative impact on the appraisal value of its portfolio. Over the past three years, the Company has been able to sell assets at rates that support its portfolio's valuation levels.

Independent appraisers' reports on the 2020 value of Mercialys assets indicated that some data used to measure these values may be from before the Covid-19 epidemic. As a result, these valuations are surrounded by uncertainty, and regular monitoring is recommended. It is recalled that real estate appraisers value the Mercialys portfolio on a half-yearly basis.

Ultimately, the risk trend related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market is considered stable.

B. Risk related to competition on the physical retail segment

Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys, through its activity operating shopping centers, captures part of the catchment areas of the cities where it is present. The level of footfall at its sites is a key indicator that has an upward or downward impact on the Company's economic and financial performance.

Extension, redevelopment or greenfield construction projects, on different scales, that may be launched in the medium term could have a potentially significant adverse impact on footfall for Mercialys' shopping centers, especially if these projects are located in major catchment areas for the Company. Particularly strong competition from companies already operating in these catchment areas, aiming to attract retailers the retailers that stand out the most, could also make Mercialys' sites less attractive.

A decrease in the footfall at shopping centers would lead to a drop in the profitability for retailers and would ultimately lead to pressure on the rents invoiced by the Company.

Risk management and coverage

Mercialys manages this risk through two key pillars:

- a regular asset rotation policy, which may lead to sales of sites that are considered to be located in retail areas that are more sensitive to an increase in competition. The Company is therefore gradually focusing its positioning on key areas in cities with demographic and purchasing power trends that are higher than the national average;
- a commercial strategy aiming to further strengthen its sites through (i) medium-sized stores set up to generate additional traffic supporting the entire shopping center, (ii) a merchandising mix that is adapted to each catchment area, and (iii) the implementation of new uses of shopping centers (*e.g.* coworking, medical centers and first- and last-mile logistics services in particular), with a view to consolidate their foothold in their local areas within their communities.

Through these measures, Mercialys was able to ensure sustained growth in footfall for its shopping centers from 2014 to 2019, significantly outperforming the national index published by the French national shopping centers council (*Conseil National des Centres Commerciaux*, CNCC). This favorable trend in terms of footfall has had an impact on retailer sales at its sites. This positive differential in terms of footfall and retailer sales continued in 2020, despite the repeated opening restrictions imposed on retail outlets, confirming the adequacy of Mercialys' coverage of this risk.

Risk trend: stable

Some real estate projects have historically had a localized impact on footfall trends at certain Mercialys sites. However, the Company has never observed any major, widespread increase in competition across its physical commercial real estate portfolio. In addition, the French government initiated a moratorium on the construction of new retail space creation projects in 2020. This initiative seems likely to protect established operators in a sector where the number of square meters for retail use is generally sufficient.

The resilience of business levels at Mercialys sites in 2020, despite the health crisis, once again proves the Company's competitive edge. The fact that the shopping centers are leaders in their catchment areas means that they have relatively little exposure to retailers' rationalization of physical stores. Mercialys has not seen a substantial increase in the number of tenants serving notice during the year (57 in 2020 versus 41 in 2019).

Consequently, the risk related to physical retail competition is considered stable.

C. Risk related to new forms of consumption

Impact: high/Probability: possible/Trend: upward

Description of the risk

The breakdown of Mercialys' rents by business sector shows a high level of diversification. However, at December 31, 2020, two sectors account for more than 20% of contractual rents on an annualized basis – personal items and large food stores:

	12/31/2020	12/31/2019
Restaurants and catering	8.6%	8.1%
Health and beauty	12.3%	11.3%
Culture, gifts and sports	16.0%	14.3%
Personal items	31.5%	31.0%
Household equipment	6.9%	6.4%
Large food stores	21.5%	26.0%
Services	3.2%	3.0%
TOTAL	**100.0%**	**100.0%**

The risk associated with new forms of consumption is primarily reflected *via* the following elements:

- a structural contraction in revenues for the personal items sector from 2008 to 2016. After picking up slightly in 2017 (fashion and textiles consumption in France up +0.6%[(1)]), the downward trend continued in 2018 (-2.9% for clothing sales[(1)]) and in 2019 (-1.0%[(1)]). This crisis worsened during the Covid-19 epidemic (at the end of July 2020, clothing and textiles sales were down by -20% versus the same period in 2019[(1)];
- a paradigm shift in consumption affecting large retailers with: 1/ in the food segment, a loss of market share by integrated hypermarket operators benefiting independent retailers and hard discounters, 2/ in the non-food segment, a downward trend for non-food products as a percentage of total hypermarket revenues;
- steady growth in e-commerce revenues, which represented 9.9% of retail in France in 2019[(2)].

The two main factors behind a downturn in consumption may affect textiles or clothing retailer profitability and result in pressure on Mercialys' rents or even contribute to an increase in its vacancy rate.

The development of e-commerce may impact on "physical" retailers which need to make significant investments in terms of IT (to develop their online distribution and improve their inventory management) and marketing.

Risk management and coverage

Mercialys is planning ahead to anticipate the risk related to new forms of consumption through:

- the projects carried out since 2015 to reduce the size of hypermarkets, partly floorspace allocated to non-food products, in coordination with the food operator. These projects have optimized the surface of hypermarkets to concentrate on food products, while providing the shopping centers with access to additional space, in order to accommodate a number of specialist retailers, restaurants, etc., helping drive growth in footfall at these sites;
- the constant adaptation of its merchandising mix, in keeping with the objective of a well-diversified portfolio across different sectors, as well as the identification of the most relevant retailers in each sector, particularly with respect to their price positioning;
- the development of customer knowledge, through marketing tools making it possible to provide visitors with offers and information that are aligned with their consumption profile, with a view to building loyalty;
- the ramping up of its proprietary first- and last-mile logistics solution, Ocitô, with the retail digitalization tool being rolled out in physical stores in 26 of its centers by the end of 2020. The Ocitô ecosystem incorporates three solutions for the convergence of physical and digital retail: 1/ a web and mobile marketplace enabling retailers in Mercialys' centers to benefit from an additional channel through which to offer food and non-food products to consumers, 2/ a logistics platform that groups together all the services for retailers in centers to facilitate the consolidation and shipping of packages with a ship-from-store model (a special logistics unit, provision of consumables, centralized postage franking and collection) and 3/ a transport offer that comprises the full range of last-mile delivery solutions, enabling more effectiveness and efficiency for retailers and consumers (immediate delivery, home delivery within two days, click and collect, drive-through, collection lockers).

Risk trend: upward

While difficult to assess, the risk related to new modes of consumption is considered to be on the rise.

Retailer obsolescence has been a constant feature of the retail sector for the past decade, and the need to adapt the shopping centers is a major strategic element. This increased in 2020 with the successive lockdown measures related to the health crisis which weakened many retailers, particularly in the textiles and catering/leisure sector. Some segments have, however, benefited from this particular environment, such as home equipment and digital products. In addition, all food distribution formats, classed by government decrees as being "essential to the life of the Nation", were able to remain open throughout 2020, constituting a major resilience factor for business at Mercialys shopping centers.

Likewise, although the health crisis has led to the repeated closure of all "non-essential" shops, prompting some consumers to make some of their purchases online, it is difficult to assess the sustainability of this trend. The statistics only demonstrate that e-commerce operators benefited from a massive and structural shift in consumption in 2020. In April in particular, against a backdrop marked by lockdown and the strict closure of shops across the nation, e-commerce revenues only climbed 0.8% compared with April 2019[(2)]. The rapid normalization of footfall in shopping centers as soon as the lockdown measures were lifted also raises the question of the sustainability of the gains in market share achieved by online retail in 2020.

In any event, Mercialys believes that it has proven competitive advantages:

1. the difficulty of obtaining authorizations to open large food stores supports the Company's perception that it would be possible to welcome alternative tenants in hypermarket units, after potentially reducing the space allocated;
2. the classification by government decree, during periods of lockdown, 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 lockdown was lifted;
3. competition from e-commerce is less acute in medium-sized cities where Mercialys' assets are located and where visits are recurrent, short-lived, and involve limited average baskets, making delivery costs for online purchases comparatively high.

(1) French Institute of Fashion.
(2) Fevad.

5.2.2.2 Risks related to business activities

A. Risk related to retailer arbitrage and reletting

Impact: high/Probability: probable/Trend: upward

Description of the risk

Mercialys lets space in its shopping centers and medium-sized stores primarily to major national or local retailers.

The impacts associated with these risks concern two key aspects. On the one hand, the profitability of tenant retailers. This may, from time to time, adversely affect the recovery rate or rental reversion potential. It may also have a more structural negative impact on Mercialys' rental revenues if insufficient profitability leads to store closures in the centers owned by the Company, against a backdrop of regular arbitrage by retailers concerning their physical points of sale at national level. On the other hand, if retailers leave, the vacancy rate would impact rental revenues and the ability to pass on the centers' operating expenses during the re-letting period. This could last longer when key retail sectors face difficulties, as seen for more than a decade with personal items in France, as mentioned in the previous risk.

In terms of diversification, with the exception of the Casino and H&M groups, no single retailer represents more than 2% of Mercialys' annual rents. Exposure to the Casino group accounted for a significant percentage of rents, amounting to 22.7% at the end of 2020. This exposure fell to 20.2% as a result of restating: 1/ downwards BNP Paribas REIM's 49% minority interest in SAS Hyperthetis Participations and SAS Immosiris, which own a total of ten hypermarkets operated under the Géant Casino brand, and 2/ upwards Mercialys' 25% minority interest in SCI AMR, which owns three Monoprix and two hypermarkets operated under the Géant Casino brand. The consolidated exposure is mainly divided between the Géant (20.4% of rents at the end of 2020) and Monoprix (1.0% of rents at the end of 2020) hypermarket brands. If events were to affect the activities of Géant hypermarkets or more generally the activities of Casino, Mercialys' rental revenues and asset values could be impacted.

Mercialys has carried out hypermarket transformations at a number of sites since 2015, reducing their floorspace and reletting the space vacated by the food operator to benefit the shopping center. Casino and Mercialys are discussing new operations of this type, in accordance with the terms of the leases binding the two companies. Under these negotiations, the hypermarket may be awarded a rent reduction, while the space vacated would, at the same time, make it possible to create value. If it was not possible to reach an agreement with the Casino group, it could exercise its option to vacate these units with the three-year breaks. As part of the re-letting of these premises, Mercialys would then look at reviewing the food offering in terms of both its operator and format, and increasing the space allocated to the shopping center.

The lease expiry schedule for Mercialys' two main tenants, *i.e.* the Casino group and H&M, is presented below.

Casino group lease schedule *(main leases: hypermarkets, supermarkets and Monoprix stores)*

Site	% held by Mercialys	Type	Lease start date	Lease end date	Lease characteristics
Saint-Denis	100%	Supermarket	01/2000	12/2008	3-6-9 commercial lease
Grenoble	100%	Monoprix	02/2010	02/2022	3-6-9-12 commercial lease
Saint-Étienne	100%	Hypermarket	07/2014	06/2026	3-6-9-12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3-6-9-12 commercial lease
Annecy	100%	Hypermarket	12/2014	12/2026	3-6-9-12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3-6-9-12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3-6-9-12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3-6-9-12 commercial lease
Le Puy	51%	Hypermarket	11/2015	11/2027	3-6-9-12 commercial lease
Clermont-Ferrand	51%	Hypermarket	11/2015	11/2027	3-6-9-12 commercial lease
Annemasse	100%	Hypermarket	12/2015	12/2027	3-6-9-12 commercial lease
Marseille Canebière	100%	Monoprix	12/2015	12/2027	3-6-9-12 commercial lease
Ajaccio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Corte	60%	Supermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Furiani	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Porto-Vecchio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Toga	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period

H&M Group lease schedule

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

Risk management and coverage

Mercialys limits the insolvency risk and the risk relating to retailer chain closures primarily by diversifying its retailer mix which limits the impact of a cancellation at a three-year break.

Furthermore, the risk linked to potential difficulties affecting the food retailers of the Casino group operating on the Company's sites must be put into perspective with the options available for reletting the vacated space. Demand for space for food outlets remains strong in France, in a context where authorizations to open new physical retail stores are now very limited.

Mercialys has also put in place procedures to contain the retailer counterparty risk, including:

- a detailed analysis of achievements from a lettings perspective compared with the budget, carried out each month by the Financial Department, Asset Management Department and Lettings Department. The findings are presented to the Management Committee and lead to specific action plans;
- an annual analysis of the occupational cost ratio (ratio between the amount of rent including tax, the costs including marketing funds and the works charged back to the retailer and its sales including tax) when assets' business plans are reviewed. Any change that differs from the rates usually recorded for activities is subject to a dedicated review of the context for the retailer and tenant. The Lettings and Asset Management teams then draw conclusions and make decisions on a case-by-case basis;
- the setting of rents on a primarily fixed basis (97.2% of Mercialys' contractual rents on an annualized basis are fixed or include a guaranteed minimum rent at December 31, 2020);
- very regular operational procedures for rent collection and monitoring, carried out jointly by the Rental Management, Asset Management, Lettings and Financial Department teams.

In addition, Mercialys plans ahead to anticipate the reletting risk through:

- close tracking of the vacancy rate and associated reletting actions. The quality of the retailers selected is a decisive factor, focusing in particular on their financial health, the relevance of their offering in relation to the catchment area's needs, their locally differentiating features and their effective fit complementing the existing merchandising mix;
- the creation of a specialist Lettings team 1/ for each geographical area, resulting in in-depth knowledge of local retailers, catchment areas and assets and 2/ for each type of space, as the needs and constraints of retailers operating medium-sized stores are significantly different from those in small stores. The Asset Management team supports the Lettings team and ensures the financial soundness of negotiations, within the broader context of each shopping center's target profitability;
- the asset rotation strategy. Mercialys regularly analyzes the positioning of all of its assets within their catchment area. A shopping center's ability to continue to be very attractive in the long term in this area is one of the criteria that may lead to arbitrage of the site.

Risk trend: upward

Consumption in France is expected to remain buoyant in the long term based on positive demographics and a high savings rate, which increased significantly in 2020 (21.3% at the end of December 2020 versus an average of 14.9% in 2019[1]).

In addition, the underlying demand for quality retail premises, such as those offered by Mercialys, should remain resilient in the long term. The Company benefits from its sites' strong foothold in their catchment areas, offering merchandising mixes that respond to daily needs. During lockdowns, 40% of its rental base was classed as "businesses essential to the needs of the Nation". The French commercial property system, through lease rights, offers strong protection for landlords. These factors help to secure Mercialys' revenues.

The Covid-19 health crisis did, however, have a very negative impact on employment, household confidence and consumption in 2020. This trend could continue in 2021, depending on the epidemiological situation and any associated government restrictions, including new phases of lockdown and closure of certain types of businesses nationally or locally.

Mercialys greatly increased its monitoring of tenants' financial health in 2020. The health and economic crisis exacerbated pre-existing profitability issues for some tenants, particularly in the textiles sector. In addition to business disruptions, the investments required from retailers for their marketing and digital strategy when faced with competition from online operators negatively impacted their profitability and balance sheets. These factors could negatively impact Mercialys' future revenue profile as a result of increased vacancy, reduced rental collection, a drop in variable rents (H&M in particular), or even pressure on minimum guaranteed rents.

Lastly, the Casino group's sales of its Géant business operations in recent years show that its Géant hypermarket brand may be considered less strategic by the Casino group. This may have potentially dilutive effects on Mercialys' rental revenues.

And so, although the recovery rate for the full-year 2020 stands at a respectable 85.3% despite the magnitude of the shock experienced, and while the number of tenants serving notice during the year was limited to 57 and the recurring financial vacancy rate was still below 4% at the end of 2020, risk is thought to be on the rise.

B. Risk related to the safety and security of operations and a deterioration in the portfolio

Impact: high/Probability: possible/Trend: stable

Description of the risk

As a real estate company, the risk relating to the safety and security of operations and a deterioration in the portfolio may take various forms, including:

- operation of its centers (theft, terrorist attack, assault, etc.);
- work carried out at its centers (fall, injury, etc.);
- activities of certain tenants which may affect the quality of soils, underground water, building structures through roof installations, resulting in an impairment of the assets due to pollution or related deterioration;
- extreme weather conditions or the presence of parasites (termites, dry rot, etc.) which may damage the structure of buildings;
- a health crisis, such as the one associated with Covid-19, which may generate health- and safety-related expenses and investments in shopping centers, or lead to partial, or total, site closures.

If it were to occur, this risk could have very significant legal and reputational consequences for the Company.

Risk management and coverage

Several types of measures are taken to manage this risk:

- safety and security procedures are put in place and regularly reviewed across all the centers, coordinating operations with Mercialys' Property Manager. The providers associated with these procedures are audited each year by the Property Manager, and if the Property Manager considers that the results are not satisfactory, corrective measures are put in place and contracts may be terminated. Mercialys also conducts safety and security audits and ensures that the corrective measures are put in place by the Property Manager, where required;
- crisis management procedures are available and are tested on a regular basis. The Property Manager's teams also raise retailers' awareness of these issues;
- the Property Manager ensures the regulatory compliance of tenant activities;
- coordinating operations with Mercialys, the Property Manager ensures that preventive maintenance measures are rolled out for buildings under multi-year work plans and that works are carried out following specific events (*e.g.* weather events) in order to guarantee public safety and security;
- Mercialys' shopping centers are regularly audited by its insurers' "fire prevention" engineers, in line with annual priorities, notably determined based on the significance of the assets. All sites are audited at least once every five years. The reports of the insurers' fire prevention engineers are released after each on-site appraisal, accompanied by recommendations which are followed up on jointly by Mercialys and the Casino group Insurance Department, under the Service Agreement between the two companies;
- in exceptional circumstances, such as social movements ("yellow vests", farmers, for example), or the Covid-19 pandemic, Mercialys also takes strong measures to ensure the health and safety of its visitors, retailers and employees, with the direct collaboration of the Property manager's teams;
- lastly, Mercialys has cover through its various insurance policies, calibrated based on the cost of rebuilding assets and the operating losses that could be sustained depending on the various scenarios considered.

(1) INSEE.

Risk trend: stable

Public safety at Mercialys shopping centers is part of the Company's core responsibility. It takes all necessary measures to ensure the highest level of safety for visitors. The Company is particularly vigilant in this respect, especially in the context of recurring acts of terrorism on national territory, the Vigipirate Plan's status at end-2020 being "heightened security, risk of attack".

As part of the fight against the Covid-19 epidemic, Mercialys also implemented strict health measures to ensure the health and safety of its customers, traders and staff. These measures include real-time customer counting systems, organization of traffic flows, distribution of hydroalcoholic gel at entrances, continuous cleaning and disinfection of premises and equipment, the management and adaptation of communal areas and increased indoor air renewal.

On a more structural level, regular portfolio maintenance ensures business continuity and the cover offered by the insurance policies in place is deemed to be effectively calibrated in relation to the potential damages for the Company.

Consequently, this risk is considered stable.

C. Risk related to acquisitions and construction operations

Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys implements a dynamic asset rotation strategy as part of its growth model. Assets deemed to have sub-optimal geographic exposure and growth potential are sold in order to finance the Company's development project portfolio or asset acquisitions.

Since its initial public offering in 2005, Mercialys has not built any greenfield sites and does not have any projects for this type of site in its current project portfolio, which mainly includes the redevelopment 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 or delegated project management, property development contract, etc. These structures entail various levels of legal responsibility and various financial risks. Notably, these include possible exposure to budget overruns or the impact of delays in delivery.

In addition, Mercialys may acquire assets on the market. In this respect, the Company may be exposed to the consequences of incomplete diligence measures at the time of the acquisition, resulting in tax or financial consequences for instance.

Lastly, for both projects and acquisitions, Mercialys is exposed to the construction risk once the 10-year warranty period has expired. If applicable, this risk concerns the need to carry out costly works to bring the asset into line with standards or to refurbish it and ensure that it can operate under good conditions. Operating losses may represent an additional cost within this framework.

Risk management and coverage

As a principal for projects managed under delegated project management contracts, Mercialys carries out regular audits and controls to ensure:

- budgetary and financial monitoring: in addition to everyday management by the Asset Management and Delegated Project Management teams through regular project meetings, *ex-post* audits are conducted on the projects delivered the previous year to ensure that all cost overruns are effectively justified (request by the principal, program changes or unexpected constraints). Independent economists cost the most significant projects;
- operational and technical monitoring: joint meetings between the Asset Management and Delegated Project Management teams take place regularly to ensure that projects are moving forward correctly and the specifications are being met;
- monitoring of compliance for health and safety risks: while Mercialys holds no direct liability in the event of worksite incidents, there is an image-related risk associated with a financial impact. This risk is managed by both Mercialys and the Delegated Project Management team through the appointment of a health and safety coordinator. The latter is appointed to coordinate the activities of the various companies from a safety perspective. Note that the presence of this coordinator does not discharge the project manager from its legal responsibilities. Mercialys ensures that its teams regularly visit the projects underway at worksites. In the event of an incident, the Delegated Project Management team is alerted directly and the information is transmitted to Mercialys.

During acquisition procedures, Mercialys conducts audits on the assets or the companies holding the assets, covering real estate, tax, accounting and legal aspects, in order to limit the overvaluation risk for the purchase price. These audits are carried out by external advisors (*e.g.* legal advisors, tax experts, notaries), and coordinated by the Company's in-house teams (Corporate Legal, Real Estate Legal, Financial Department and Asset Management).

Lastly, once the ten-year warranties have expired on sites acquired or under development, Mercialys ensures that the assets are properly maintained throughout their life through multi-year work plans. This vigilance makes it possible to guarantee that shopping centers are safe and to evenly distribute the investment expense needed to ensure their sustainability.

Risk trend: stable

At end-2020, Mercialys had a Euro 407 million project pipeline for 2027. Its depth and flexibility offer Mercialys the prospect of quick and sequenced building starts in line with opportunities at the various sites, and particularly emerging needs within their respective catchment areas.

Given the current climate, Mercialys has suspended its developments since 2019, limiting its commitments to strict maintenance investments and projects already under way, amounting to Euro 3.0 million in 2020. The Company also acquired three assets in 2020 all of which at a net asking price of Euro 42 million, in line with the appraisal values at the end of June 2020.

The Company has all the legal expertise specific to project development. At the same time, it calls on recognized legal and tax advisers to support its development and acquisition projects. In 2020, the Company also strengthened its in-house technical skills, setting up a Technical Department capable of conducting critical reviews of maintenance and construction procedures. Lastly, partnerships with leading developers are put in place to help manage this risk.

In view of these procedures, the risk related to acquisitions and construction operations is considered stable.

D. Risk related to providers, suppliers and subcontractors

Impact: moderate/Probability: probable/Trend: downward

Description of the risk

To effectively carry out its day-to-day management and its development projects, Mercialys works with external providers. There are hundreds of providers, contributing to the high level of overheads, with Euro 16.2 million in 2020 and Euro 16.5 million in 2019.

If one or more of them was to potentially default, this could disrupt the deployment of Mercialys' strategy and the continuity of its operations, particularly when certain services that were previously outsourced are gradually being brought back in-house.

For instance, Mercialys uses various accounting and management software and IT systems, which could result in disruptions if the suppliers of these services (solution vendors, hosting providers and IT consultants) were to experience difficulties concerning the security, management and recovery of data belonging to Mercialys.

Furthermore, due to Mercialys' historical organizational structure, services provided by Casino group entities still represent nearly 8.25% of Mercialys' overheads at this stage, resulting in a concentration of the risk related to providers and suppliers for the Company.

For reference, the Casino group provides services to Mercialys under the following agreements entered into between the two groups:

- the Service Agreement, under which some of Mercialys' support functions are still performed by Casino group teams;
- the technical and administrative management and rental management mandates signed with Sudeco, a Casino group subsidiary;
- the non-exclusive framework agreement for delegated project management, entered into with another Casino group subsidiary.

Note that the Partnership Agreement, under which Mercialys benefited from priority access to retail real estate development projects conducted by the Casino group, ended on December 31, 2020. Mercialys' development potential remains unchanged, as the Company has built up a significant medium-term project pipeline (Euro 407 million by 2027) outside the terms of this agreement.

Lastly, although it puts in place all necessary due diligence measures in this area, owing to the large number of providers that it works with, Mercialys is still exposed to the risks relating to non-compliance with the General Data Protection Regulation (GDPR) by one or more of them, or even risks linked to any failure to respect the principles of professional ethics and compliance.

Risk management and coverage

Mercialys protects itself against the risks relating to its suppliers by first of all working primarily with providers that have a solid reputation and leading position. This enables the Company to be supported by leaders on their respective markets, particularly for its accounting and management software. The tools used are those of the market's major players (including Microsoft, Sopra and SAP), whose long-term viability is established.

Mercialys has built clauses into its contracts concerning compliance with the GDPR regulation and business ethics. This is supported by its collaboration with established operators. Due to the legal obligations that these groups generally face, they have usually put in place the procedures and investments needed to ensure their own regulatory compliance. In connection with the outsourcing of its real estate management and technical and administrative management activities, Mercialys also receives regular reports from its provider Sudeco concerning the supplier audits that it conducts on behalf of Mercialys.

With regard to the relationship of service provision with the Casino group, the corresponding risk is managed through:

- regular spot-checks, supported by market consultations and benchmarks;
- a contractual commitment by the provider to continue with the technical and administrative management and rental management mandates until December 31, 2022. In case the agent was to default or terminate these agreements before this date, Mercialys took steps in 2019 to ensure that it would be able to appoint alternative providers with globally comparable pricing conditions (Euro 5.4 million paid for 2020 and Euro 6.5 million for 2019);
- the gradual insourcing of part of the support functions considered to be sensitive by the Company:
  - the services relating to fund management, real estate development and real estate legal aspects ended at December 31, 2019,
  - IT, real estate management control and human resources support services ended in 2020.

As a result, invoicing for the Service Agreement is estimated at Euro 1.0 million for 2021, compared with Euro 1.3 million in 2020 and Euro 2.0 million in 2019.

For the aspects relating to construction work on redevelopments or extensions, the delegated project management framework agreement entered into with the Casino group is not exclusive. Mercialys can therefore work with a number of providers nationwide, once again based on comparable pricing conditions. Mercialys did not make significant use of it in 2020.

Risk trend: downward

The risk related to providers, suppliers and subcontractors is estimated to be decreasing.

The concentration of service providers, suppliers and subcontractors continues to decrease as the activities hitherto outsourced to the Casino group are gradually reintegrated. This process, begun in 2019, will continue in 2021, with the termination of contracts for accounting, Corporate legal, insurance management, and tax and financial assistance activities.

In addition, although the economic and health crisis may have made some operators more vulnerable, the risk of default by service providers, suppliers and subcontractors appears to be low. Although Mercialys works with leading operators, its exposure to each individual operator is limited (outside the Casino group).

Lastly, the diligence measures put in place by Mercialys since 2017 to ensure its value chain's compliance with the principles concerning professional ethics and personal data security in particular represent a moderating element.

5.2.2.3 Risks related to the financial position

A. Risk related to interest rates, the cost of debt, liquidity and financing

Impact: high/Probability: probable/Trend: upward

Description of the risk

The Covid-19 epidemic has increased debt market players' (particularly banks) aversion to risk in respect of the retail real estate sector, reducing the diversity of Mercialys' funding sources and increasing their cost. Nevertheless, the historically low interest rate environment persisted in 2020. A gradual or sudden rise in interest rates would potentially increase the Company's financing cost, through either the cost of existing debt or possible refinancing operations.

Mercialys' bond spreads have widened significantly compared with the levels observed for the financial instruments of leading French real estate companies. This trend may have reflected a perception, among investors, of a risk associated with the concentration of rental exposure around the Casino group and the financial issues facing the latter, which holds 20% of Mercialys' capital.

Mercialys' financial position at end-2020 reflects the following elements:

Financial debt *(in millions of euros)*	**12/31/2020**	**12/31/2019**
Cash	464.6	72.0
Gross financial debt[1]	(1,653.4)	(1,445.2)
Net financial debt	**(1,188.8)**	**(1,373.2)**

(1) Including change in the fair value of financial debt, net book value of bond issue costs and premiums, and fair value of bond-backed derivatives.

At December 31, 2020, the amount of Mercialys' drawn debt stood at Euro 1,651.2 million, composed of:

- a bond for a total nominal amount of Euro 568.7 million, with a fixed coupon of 1.787%, maturing in March 2023;
- a bond for a nominal amount of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond of a nominal amount of Euro 300 million, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal amount of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- Euro 332.5 million in outstanding commercial paper at a rate close to zero.

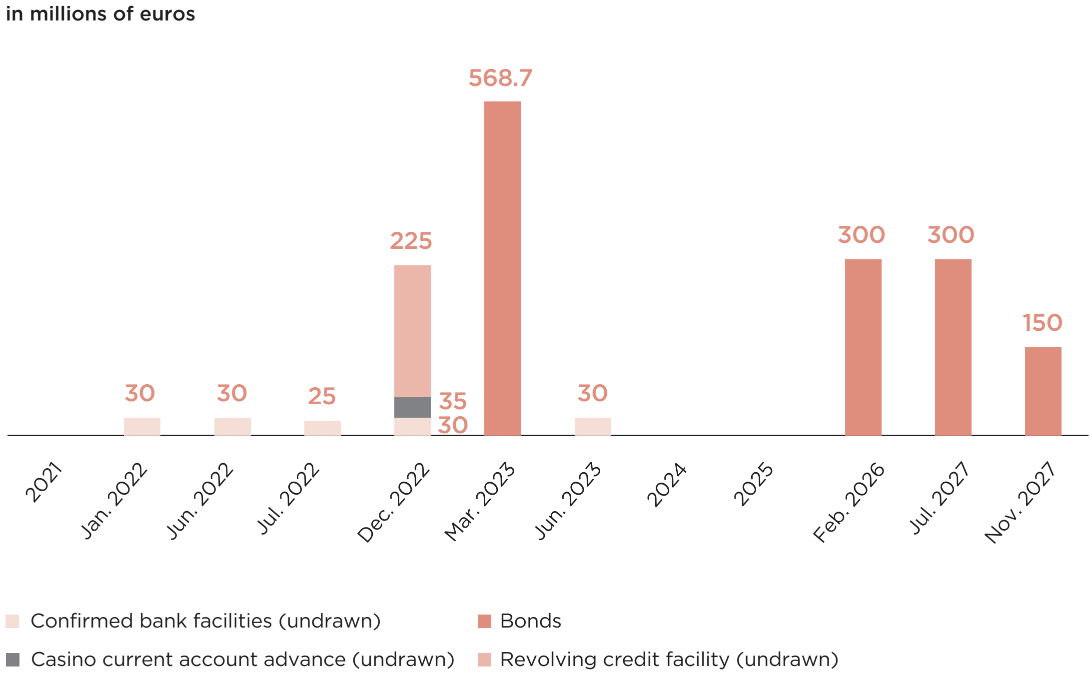
The average maturity of drawn debt was 3.5 years at December 31, 2020, virtually stable versus December 31, 2019 (3.8 years).

Mercialys also has Euro 405 million of undrawn financial resources, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 225 million revolving bank credit facility, maturing in December 2022. This facility bears interest at EURIBOR + a margin of 125 basis points (for a BBB rating); if undrawn, it is subject to payment of a 40% commitment fee;
- five bilateral confirmed bank facilities for a total amount of Euro 145 million, maturing between January 2022 and June 2023. Margins on EURIBOR are less than or equal to 150 basis points (for a BBB rating) or set at a fixed rate, and if undrawn these lines are subject to payment of commitment fees up to 40% of margins;
- cash advances from Casino capped at Euro 35 million, maturing on December 31, 2022. This facility bears a progressive EURIBOR interest rate and if undrawn, is subject to payment of a 40% commitment fee.

In addition, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012. It has been used up to Euro 332.5 million (outstanding at December 31, 2020).

The chart below shows Mercialys 'debt maturity schedule and undrawn financial resources (excluding commercial paper) at December 31, 2020:



Mercialys' financial position also shows that it is respecting its contractual covenants.

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)*	**12/31/2020**	**12/31/2019**
Net financial debt	(1,188.8)	(1,373.2)
Asset appraisal value excluding transfer taxes[1]	3,122.0	3,479.3
Loan To Value (LTV)	**38.1%**	**39.5%**

(1) Including the fair value of investments in associates for Euro 56.4 million in 2020 and Euro 59.7 million in 2019, since the value of the portfolio held by associates is not included in the appraisal value.

ICR ratio (ICR: Interest Coverage Ratio) stands at 5.0x, well above the minimum set (ICR >2.0x).

Interest coverage ratio *(in millions of euros)*	**12/31/2020**	**12/31/2019**
EBITDA	131.2	163.0
Net finance costs	(26.2)	(22.0)
Interest coverage ratio (ICR)	**5.0x**	**7.4x**

Risk management and coverage

As part of the management of the cost of its debt, Mercialys applies a dynamic approach to manage its interest rate hedging policy with a view to:

- maintaining an optimal hedging rate and keeping the debt structure in line with its bank commitments. Fixed-rate debt stood at 92% at December 31, 2020, compared with the 55% required by the bank covenants. In connection with its Standard & Poor's financial rating (currently BBB/negative outlook), Mercialys adopts a cautious strategy by preserving significant leeway on its EBITDA/net finance cost ratio (ICR), which was 5.0x at December 31, 2020, versus the >2.0x required by the bank covenant;
- limiting the risk on hedging instruments. Mercialys has defined a list of instruments that it can put in place in view of their associated risk profiles and hedging accounting constraints;
- anticipating the impacts of changes in interest rates. This involves close monitoring and keeping Senior Management regularly informed of changes in FED/ECB monetary policies and financial market developments. It also involves sensitivity tests, carried out at least once a year on interest rates in relation to the cost of debt.

The interest rate risk management system also includes provisions to:

- limit the choice of banking counterparties. Mercialys only deals with major banks;
- being able to react quickly in the event of significant changes in interest rates through the daily mark-to-market modeling of Mercialys' entire portfolio. The external modeling tools are immediate. As an external valuer, the company Forex provides reports on the entire portfolio and the counterparty risk. Tests are carried out quarterly, with the fair-value modeling of debt based on interest rates.

The risk of an increase in interest rates must be analyzed in connection with the hedging policy put in place by Mercialys through derivative financial instruments. The sensitivity of the Company's pre-tax income to a change in rates is still significant:

Sensitivity criteria	Impact on pre-tax income *(in thousands of euros)*
Impact of a +1% change in interest rates	(4,267)
Impact of a -1% change in interest rates	3,153

Risk trend: upward

This risk is of major structural importance for Mercialys, due to the capital intensity of the real estate sector, and is estimated to be increasing.

The weakening of certain tenant retailers due to the Covid-19 pandemic has contributed to an increase in the risk aversion of the Company's financial stakeholders, which could continue until the health situation is normalized. Against the backdrop of this wait-and-see policy, the availability and cost of financing could deteriorate for Mercialys, to the detriment of its financial performance. A lack of normalization of risk premiums over the coming quarters, or even hypothetical expectations of a rise in interest rates, could impact negatively on both the cost of existing debt and any refinancing operations that may be envisaged.

Similarly, although Mercialys' financial instruments are separate from the Casino group's situation, Mercialys bond spreads may be volatile depending on the news concerning this major shareholder and tenant. This situation could potentially result in less favorable credit conditions, in relative terms, than for other shopping center market players and, more generally, than for other companies of similar size or balance sheet.

In any event, close monitoring of the liquidity situation and a debt hedging strategy that can adapt to possible changes in interest rates are in place. Mercialys' proactive management of its financial policy plays an active role in controlling this risk.

5.2.3 Risks related to changes in the majority shareholder's strategy

Mercialys was created in 1999 by the Casino group. In 2005, looking to manage its real estate portfolio more actively and grow its value, the Casino group transferred part of its real estate assets in France to Mercialys and listed Mercialys on the stock market (Euronext Paris). This partial transfer of assets to Mercialys concerned a number of premises of specialist large stores and shopping centers located at sites where Casino group hypermarkets and supermarkets had a strong foothold, as well as cafeterias and certain sites with franchise supermarkets or convenience stores leased to third parties.

Mercialys' initial public offering, by way of a capital increase with a public offering, marked the start of a gradual reduction, over the years, of the interest in Mercialys' capital held by Mr Jean-Charles Naouri and his controlled companies acting in concert.

At the end of December 2020, the Casino group had a 20.16% capital interest in Mercialys.

As a result of Mercialys' history, there are still a certain number of contractual relations in place between Mercialys and the Casino group. These are presented in detail in chapter 6, § 6.2, p. 344 et seq. The priority risks that may arise due to the existing relations between Mercialys and the Casino group are presented by category in this chapter 5, in accordance with the ESMA methodology, with the following breakdown:

- **Risk related to retailer arbitrage and reletting** (covered in § 5.2.2.2, A, p. 330 et seq.): this section includes the elements relating to Mercialys' rental exposure to the Casino group (22.7% of annualized rental income at end-2020, 19.1% of economic exposure) and the potential impact of change in Casino's positioning for its Géant and Monoprix chains on rents, asset values and financial ratios;
- **Risk related to service providers, suppliers and subcontractors** (covered in § 5.2.2.2, D, p. 335 et seq.): this section includes the elements relating to Mercialys' organizational structure, including the fact that Casino group entities still perform certain support functions for Mercialys under a Service Agreement, whose cost represents 8% of the Company's overheads at end-2020. The technical and administrative management and rental management mandates between the two entities are also covered;
- **Risk related to interest rates, the cost of debt, liquidity and financing** (covered in § 5.2.2.3, A, p. 336 et seq.): this section explains the potential negative impact on Mercialys' bond spreads linked to certain news concerning the Casino group and so, by extension, on the Company's potential future refinancing operations. It is recalled that the Euro 35 million cash advance between Mercialys and the Casino group at December 31, 2020, has not been drawn down by Mercialys to date.

5.2.4 Legal risks

In carrying out its business of owning real estate assets in which shopping centers are, or will be, operated, Mercialys is required not only to comply with tax rules inherent to its status as a *Société d'Investissement Immobilier Cotée* (real estate investment trust), but also with common law. These concern the granting of building permits, as well as numerous other regulations of a specific or general application governing, among other things, commercial urban planning, public health, the environment, safety and commercial leases.

Any significant modification of the regulations applicable to the Company may affect its operating results and its development and growth potential.

Additionally, as it is customary for owners of shopping centers, the Company cannot guarantee that all its tenants, particularly for properties it has recently acquired, will comply with all applicable regulations relating to, among other things, public health, the environment, safety, commercial planning and operating permits. Any irregularities could result in Mercialys, as the property owner, suffering penalties which could adversely affect its earnings and financial position.

5.2.4.1 Risks related to regulations concerning commercial leases

Mercialys is subject to regulations concerning commercial leases as part of its business. French legislation on commercial leases is very strict with regard to the lessor. Certain contractual clauses relating to the term, termination, renewal and rent indexation are matters of public policy in France, and owners have only limited leeway to adjust rents according to market conditions.

The parties set the initial rent at their discretion when making the lease agreement. Unless yearly indexation is provided for in the lease, the rent can only be adjusted every three years to bring it into line with the rental value but without exceeding the change in quarterly construction cost index recorded since the most recent rental adjustment.

Shopping center leases often include a variable rent clause. This provision sets the rent based on the tenant's sales, with a guaranteed minimum rent in order to limit risk for Mercialys in periods of economic recession. Indexation to the tenants' revenues therefore avoids the regulatory rules for setting the rent. The adjustment of the minimum guaranteed rent of a commercial lease based on changes in the ILC (commercial rent index) or ILAT (tertiary activities rent index) must then be provided for under the contract.

Act No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the "Pinel Act"), published in the *Official Journal* on June 19, 2014, and Decree No. 2014-1317 of November 3, 2014, published in the *Official Journal* on November 5, 2014, changed some of the rules concerning commercial leases.

Changes to applicable regulations concerning 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.

The changes to public policy have been incorporated into the commercial leases entered into or renewed by Mercialys since the new rules took effect.

5.2.4.2 Risks related to regulations on urban planning and shopping center construction, safety and operation

Mercialys' activities are subject to city planning regulations, in particular the system of authorizations for commercial operation. In addition to administrative sanctions for failing to comply with these requirements (such as formal notice from the local prefectoral authorities, subject to a daily fine, to bring the site concerned into line with the authorization given, or a decision to close illegally operating sites to the public until the situation is resolved, also subject to a daily fine), penal sanctions may also be imposed.

Furthermore, as establishments open to the public, certain buildings and shopping centers are subject to fire safety regulations. The city mayor therefore only authorizes sites to open upon receipt of a favorable report by the fire safety commission following a site visit. In addition, the safety commission performs biennial inspections to check on compliance with safety standards and issues a formal report. If regulations are breached, the city mayor or local prefectoral authorities may decide to close the site.

Any regulatory change concerning urban planning or safety requirements for establishments open to the public that increases the restrictions or constraints on shopping center development could limit Mercialys' growth opportunities and outlook. Likewise, any easing of commercial urban planning regulations could depress the value of the Company's real estate assets.

The Company, its suppliers, and subcontractors are also bound to comply with various regulations which, if modified, could have significant financial consequences. Tougher building codes, safety regulations, or criteria for obtaining planning permission, building permits (commercial licenses) could also have a negative impact on Mercialys' margins and operating profit by raising operating expense and maintenance and improvement costs, as well as administrative costs inherent in the shopping center business.

5.2.4.3 Risks related to the constraints generated by the tax regime applicable to listed real estate investment companies, to a possible change in the rules regarding that status, or to the loss of that status

Mercialys has enjoyed the tax regime applicable to listed real estate investment companies (SIICs) since November 1, 2005. As such, it is exempt from corporate tax on most of its activities. Eligibility for this tax regime is conditional on compliance with the obligation to redistribute a large part of the profits. Non-compliance could entail the loss of this fiscal regime.

The amended Finance Act of 2006 makes eligibility for SIIC tax regime conditional on limiting to 60% the portion of the Company's capital and voting rights held, continuously over the fiscal year, by one or several entities acting in concert. As from January 1, 2010, in the event of non-respect of this holding threshold, Mercialys could be liable to corporate income tax under French law if it exceeds this threshold in a given fiscal year. Since these provisions took effect, the stake held by the Casino group has remained below this threshold.

The loss of SIIC tax regime and the corresponding tax savings, or any substantial changes in the rules applicable to such listed property companies could, of course, affect the Company's business, earnings and financial position.

5.2.5 Risks relating to the coronavirus (Covid-19) epidemic

The 2020 fiscal year was heavily impacted by the Covid-19 epidemic which resulted in two periods of national lockdown in France, accompanied by the closure of all businesses not considered by the Government as "essential to the life of the Nation". These restrictions, aimed at protecting public health, had a very negative impact on retailers' consumption and business from March 15 to May 11, 2020, and then from October 29 to November 28, 2020. The major uncertainty, both in terms of health and economics, that was created right from the first phase of closure as a result of these restrictions, led Mercialys, on March 23, 2020, to suspend the annual objectives that it had announced when it published its full year results on February 12, 2020, after market closing. Updated objectives, announced on July 27, 2020 after market closing, with the publication of the 1st half-year results for 2020, had to be suspended again on November 2, 2020, following the announcement by the French government of new restrictions leading to the closure of businesses considered "non-essential".

Although the French State has put significant exceptional support measures in place for companies and Mercialys has granted significant rent waivers and payment facilities to its tenants, some retailers have been made vulnerable. The impact of the health crisis on the Company in 2020 stood at Euro 29.4 million, *i.e.* the equivalent of 1.5 months of rental income and charges, excluding taxes, consisting of both existing, and future, credits to its tenant retailers and provisions for bad debt. Euro 24.1 million was recognized in the income statement at the end of December 2020, the remaining balance of Euro 5.3 million corresponding to credits issued, or to be issued, in relation to negotiations finalized with tenants and resulting in considerations being paid, with recognition spread of the residual fixed term of the corresponding leases, in accordance with accounting rules. The impacts on fiscal years 2021 to 2026 will be as follows: Euro 1.5 million, Euro 1.4 million, Euro 1.3 million, Euro 0.6 million, Euro 0.3 million and Euro 0.1 million. Within the context of lease renewals recording these subsidies, Mercialys was able to lock in rental flows, extending the average fixed term of its entire lease portfolio by 6.7 months to December 31, 2020.

On January 29, 2021, the Prime Minister ordered all non-food retailers with a gross leasable area in excess of 20,000 sq.m. to close again, as well as non-food retailers in shopping centers and shopping arcades with a gross leasable area in excess of 20,000 sq.m. This threshold was then lowered to 10,000 sq.m. in early March 2021, in a number of French departments deemed "at risk" from a health point of view.

The definition of this floor space is extremely broad, the footage being calculated by adding all of a site's areas for food or non-food stores, as well as their stockroom and office areas.

Food stores in shopping centers remain open, whether they are supermarkets or specialist food stores (e.g. bakeries). Pharmacies are also exempt and will remain open. In addition, the minimum space ratio per person has also been reinforced for all retail spaces (stores over 400 sq.m. and shopping centers), based on one person per 10 sq.m., compared with one person per 8 sq.m. previously.

Stores that are closed are no longer be able to offer click and collect services or order collection services. However, they are still be able to offer deliveries for their products.

These closure measures came into force on Sunday January 31, 2021. As of February 11, 2021, they have also applied to Reunion Island, where Mercialys operates.

In view of these provisions, as of March 6, 2021 and until these restrictions are relaxed, 42% of Mercialys' rental base can remain open.

Following the announcement of these measures, the Ministry for the Economy, Finance and the Recovery indicated that relief measures will be put in place to support retailers.

On March 9, 2021, the Ministry reiterated its commitment, stating that it was awaiting authorization from Brussels in order to be able to actually start helping retailers who were forced to close down to pay rents and charges due to their landlords.

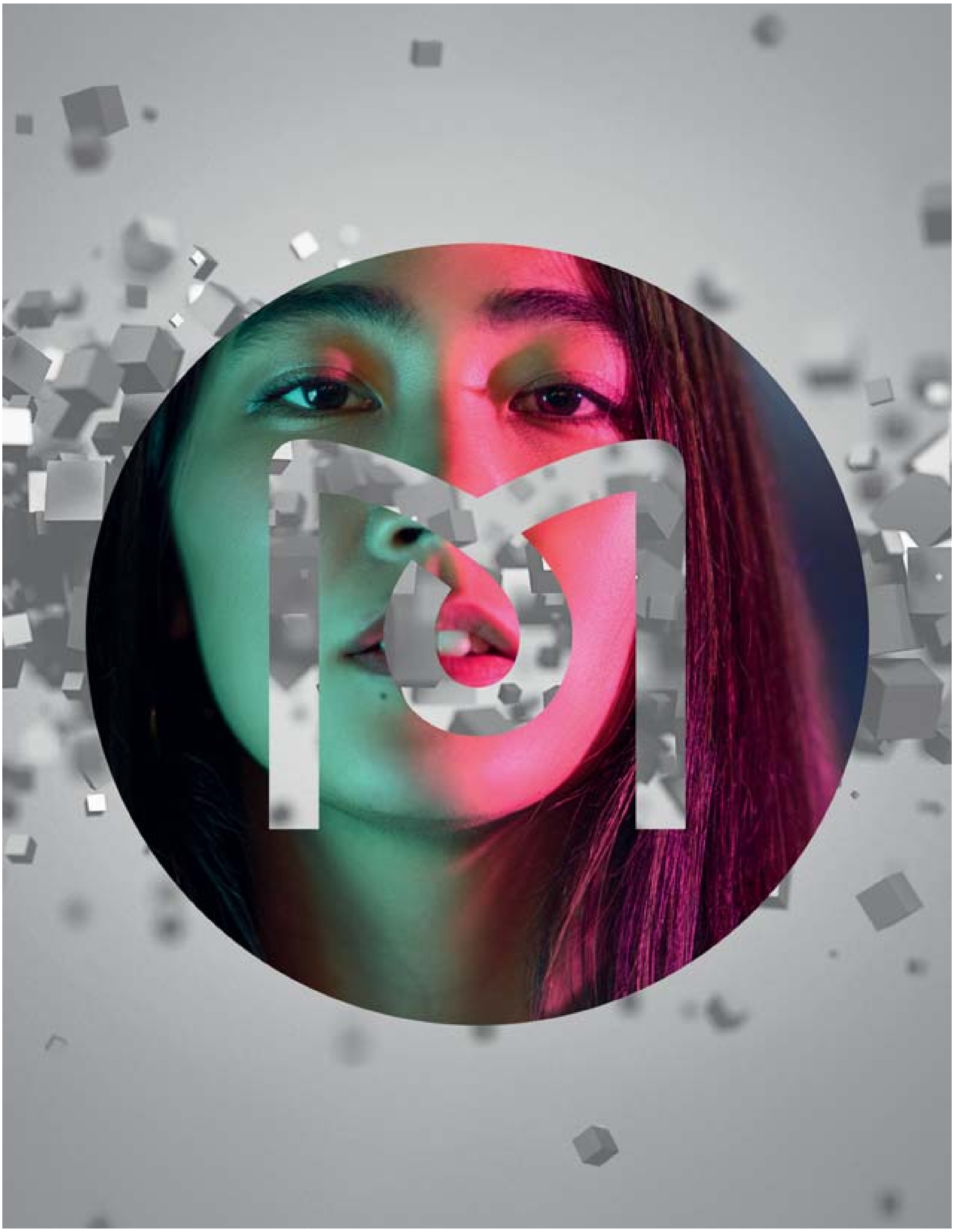
The terms and details of this subsidy, which may be indirect, are not known on the date of publication.

Given these uncertainties and the very harsh operating constraints that have continued into early 2021, at the time of publication, Mercialys was not in a position to report specific objectives for the 2021 fiscal year. These objectives will be updated as soon as the outlook permits.

This unprecedented crisis could also have an impact on Mercialys' other non-retail stakeholders, contributing to an increase in the average level of risk faced by the Company.

The priority risks that may arise as a result of the Covid-19 epidemic are broken down by category in this chapter 5, in accordance with the ESMA methodology, with the following breakdown:

- **Risk related to the capitalization rate, the portfolio value and the liquidity of the real estate assets on the market** (dealt with in § 5.2.2.1, A, p. 327 et seq.): this section deals with the impact of the Covid-19 crisis on physical retail real estate market transactions and on asset valuations by independent real estate appraisers is discussed;
- **Risk related to new forms of consumption** (dealt with in § 5.2.2.1, C, p. 328 et seq.): this section deals with the paradigm shift in consumption and arbitrages between distribution channels that may have been generated during periods of lockdown by the constraints imposed on physical stores;
- **Risk related to retailer arbitrage and reletting** (dealt with in § 5.2.2.2, A, p. 330 et seq.): this section shows items relating to Mercialys 'rental exposure. The quality of its portfolio and the defensive nature of its merchandizing mix help to secure the Company's income despite the difficulties encountered by some tenants;
- **Risk related to the safety and security of operations and a deterioration in the portfolio** (dealt with in § 5.2.2.2, B, p. 333 et seq.): this section includes the health measures put in place to ensure the health and safety of visitors, retailers and employees at the shopping centers, as well as to comply with Government protocols;
- **Risk related to providers, suppliers and subcontractors** (dealt with in § 5.2.2.2, D, p. 335 et seq.): although Mercialys only deals with leading partners and its individual exposure to each partner is limited (apart from the Casino group), this section points out the plausibility of default of certain service providers, suppliers or subcontractors in the current climate;
- **Risk related to interest rates, the cost of debt, liquidity and financing** (dealt with in § 5.2.2.3, A, p. 336 et seq.): this section points to an increase in risk premiums applied to some players in the retail real estate segment by financial stakeholders, due to their increased risk aversion against a backdrop of uncertainty.



€407M
Project portfolio by 2027

€29M
Potential additional rental income

32
Number of assets concerned

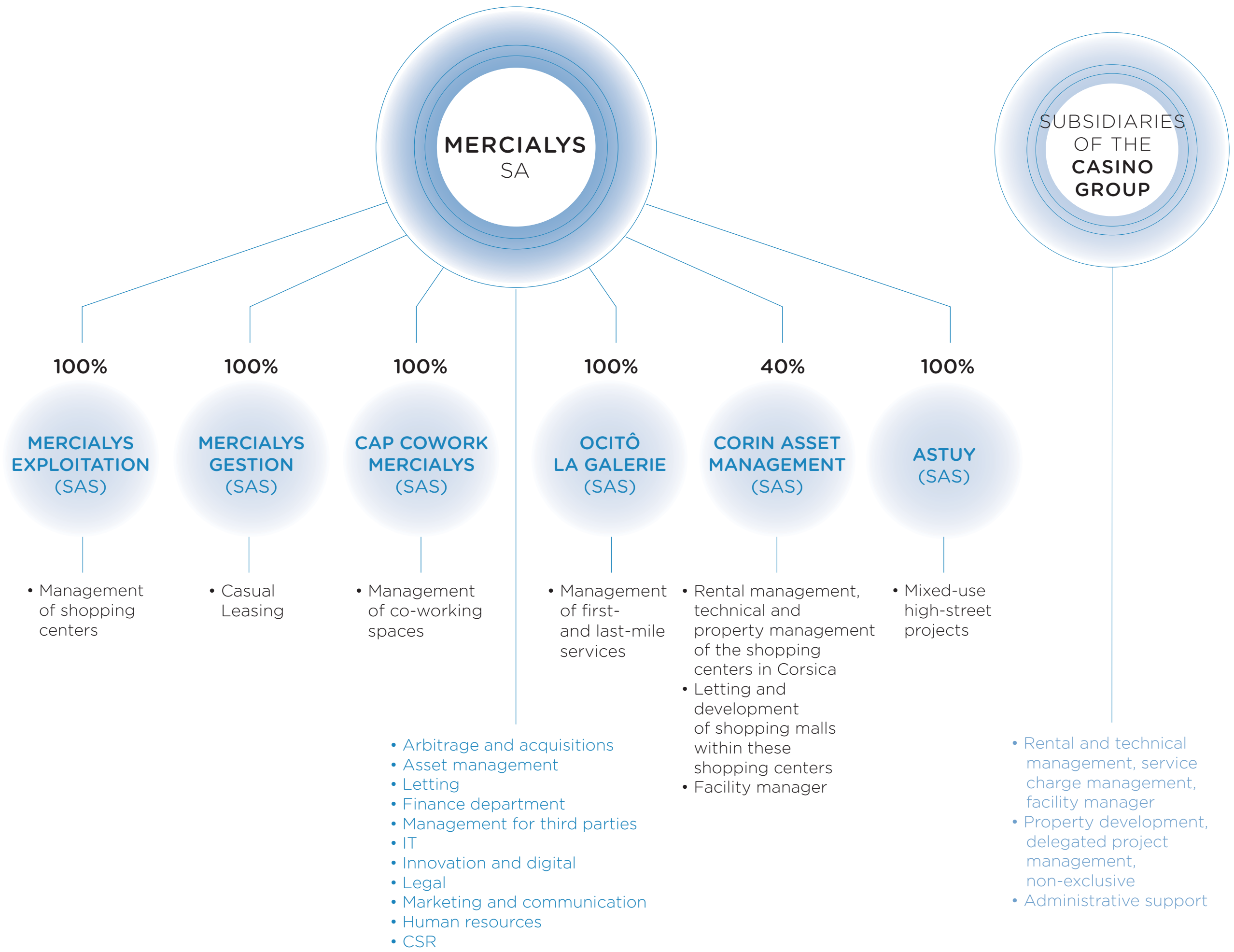
6

MERCIALYS GROUP ORGANIZATION AND RELATIONS WITH CASINO GROUP COMPANIES

6.1 Operational organization

Mercialys' operational organization is briefly described in chapter 4, p. 234 et seq. and chapter 5, p. 316 et seq.

The organization chart below shows the operational structure of the Mercialys group and its main business relationships (other than leases) with the Casino group companies.



6.2 Business relationships with Casino group companies

Mercialys has contractual relations with various Casino group companies. The Company has entered into various agreements with other Casino group entities regarding:

- priority access to retail real-estate development projects conducted by the Casino group (excluding food stores) within the scope of the Company's business activity (see § 6.2.2, p. 345). The agreement setting out this access expired at the end of December 2020;
- property rental management, technical management and administration of its assets, facility management and delegated project management (see § 6.2.3, p. 345 and 346);
- administrative and financial services (see § 6.2.4, p. 346 and 347);
- consulting on shopping center enhancement projects (see § 6.2.8, p. 348 and 349). The agreement setting out this access expired at the end of December 2020.

The main agreements entered into by the Company with Casino, Guichard-Perrachon and the Casino group companies are described below.

Furthermore, in an effort to strengthen the Company's governance, the Board of Directors of Mercialys decided at its meeting of February 11, 2015 to authorize the introduction of a procedure for the agreements entered into between Mercialys group companies and related parties (see chapter 4, § 4.1.6.1, p. 270).

At its meeting of December 12, 2019, the Board of Directors updated the charter relating to agreements between Mercialys group companies and related parties in order to include a procedure for determining and evaluating ongoing agreements entered into by Mercialys, a requirement of the Pacte law of May 22, 2019.

The following agreements have been subject to approval by Mercialys' Board of Directors:

- the Partnership Agreement (see § 6.2.2, p. 345);
- the Current Account Cash Advance Agreement (see § 6.2.5, p. 347 and 348);
- the brand licensing agreements (see § 6.2.6 and 6.2.7, p. 348);
- the Consulting Agreement of March 23, 2015 with L'Immobilière Groupe Casino and Plouescadis (see § 6.2.8, p. 348 and 349).

A summary table of these agreements is available in the Appendix, page 360.

The other agreements relate to standard transactions entered into on normal terms and conditions, as defined in Article L. 225-39 of the French Commercial Code.

6.2.1 Principal leases granted by the Company to Casino group companies

Mercialys and its subsidiaries manage leases entered into with various Casino group entities (excluding Casino Restauration): Distribution Casino France, CODIM 2, Floréal and Monoprix, which may use various premises within the Company's shopping centers.

Rents invoiced in fiscal year 2020 under the terms of these leases amounted to Euro 48.8 million, down Euro 2.3 million on 2019.

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.

Casino Restauration, a wholly-owned subsidiary of the Casino group, operates six catering outlets (including five cafeterias totaling 5,236 sq.m.) in buildings leased from Mercialys. The terms of leases relating to cafeterias are similar to those of the leases signed with companies that are not part of the Casino group.

Rents invoiced in fiscal year 2020 under the terms of leases granted by Mercialys to Casino Restauration amounted to Euro 1.3 million and remained stable compared to 2019.

6.2.2 Partnership Agreement with Casino, Guichard-Perrachon

The Partnership Agreement (hereinafter the "Agreement") signed on July 2, 2012 by Mercialys and Casino, Guichard-Perrachon was extended in 2014 until December 31, 2017. In January 2017, this Agreement was extended until December 31, 2020, the Annual General Meeting having approved this amendment in April 2017.

The Agreement provided Mercialys with privileged access to the retail real estate projects developed by Casino and/or its subsidiaries in France in its area of activity (right of first refusal) and the possibility for the Company to propose projects upstream.

In 2020, no project was acquired by the Company under the Partnership agreement.

The Partnership agreement expired on December 31, 2020, and was not extended by the parties. As Mercialys is co-owner or co-volumist on most of its sites with the Casino group, the two companies will have to negotiate development or restructuring opportunities on a case-by-case basis.

In addition, Mercialys is still bound by a three-year survival clause as from the termination of the Agreement to a commitment not to invest in a new project likely to have a material impact on a Casino group food store site (food retail space of more than 1,000 sq.m.).

6.2.3 Property management and delegated project management activities

A non-exclusive framework agreement was signed between Mercialys and L'Immobilière Groupe Casino for delegated project management. To this effect, depending on the projects conducted by Mercialys, property development contracts may be entered into for specific operations, or such operations may be conducted as part of orders under the delegated project management agreement. This non-exclusive framework agreement was the subject of riders in 2018, mainly to take account of legal and regulatory changes (in particular relating to the Sapin II Act) concerning compliance and safety, and to provide details on the stages of the tasks to be performed by Sudeco.

Furthermore, Mercialys has entrusted Sudeco – a wholly-owned subsidiary of L'Immobilière Groupe Casino – with the rental management, and technical and administrative property management of practically all of its sites, except the Corsican sites managed by Corin Asset Management (see § 6.3.2, C, p. 354).

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 clients that own shopping centers, most of whom are institutional investors.

Agency agreements governing the rental management services provided by Sudeco to Mercialys have been entered into for each site. Under the contracts, Sudeco acts as Mercialys' agent in providing rental management services. These services include: (i) billing, collecting and issuing receipts for rent and charges due to Mercialys, (ii) ensuring that tenants fulfill their contractual commitments and (iii) on instruction from Mercialys, managing the renewal of expired leases (notice, renewal offers and procedures to set the rents and terms of new leases).

Mercialys and Sudeco have also signed agency agreements on a site-by-site basis for technical and administrative property management.

Under these contracts, Sudeco is in charge of the buildings' administrative management. For private premises, the agent handles all issues relating to technical matters and regulatory controls, as well as relations with administrative authorities such as security services. The agent takes out comprehensive insurance policies for the buildings. The agent is also responsible for implementing the appropriate security and protection measures in the event of a crisis and manage related claims.

Sudeco also provides special services to Mercialys, such as overseeing and carrying out special alterations and major repairs.

Sudeco's fee under these agreements is a percentage of the rent collected at the end of each calendar quarter. The agreements with Sudeco (for the management of rents and arrears, and technical and administrative management) were renewed ahead of time, with effect from January 1, 2018 for a five-year term. After the initial term, these agreements may be renewed annually for a period of one year and may not be renewed more than five times.

The internal procedure for the selection of the subcontractor involves discussions between the Asset Management and Letting teams and with Senior Management. Mercialys is taking advantage of the close ties that often exist between the Company's portfolio and the Casino group assets, and choosing Sudeco for this role offers substantial economic benefits.

On the establishment of a charter for related-party agreements in 2015, Mercialys' Audit, Risks and Sustainable Development Committee came to a decision concerning the balance between the parties in the amendments made to the technical and administrative and rental management agreements, and the framework agreement for delegated project management.

All contracts, whether they relate to rental management or technical and administrative property management, share the common characteristics described below.

Mercialys reserves the right to commission external audits to evaluate the quality of Sudeco's services, its fees and its compliance with its obligations under each agency agreement.

Compensation is provided in the event of early termination of the technical and administrative management or rental management agreement. Moreover, each of these contracts may be terminated automatically, without compensation, without notice and at the Company's discretion in the event of (i) non-compliance with the legal and regulatory obligations imposed on Sudeco (professional conduct, financial guarantee), (ii) termination of professional insurance that Sudeco has agreed to maintain for the term of the agency contract and (iii) Sudeco defaulting on its obligations.

The fees paid by the Company and its subsidiaries to Sudeco for its various services in 2020 totaled Euro 5,443,000 compared to Euro 6,488,000 at December 31, 2019 (see chapter 3, 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 remuneration 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 of rules on enjoyment, the rules of procedure or in any other document providing a regulatory framework for shopping centers, are billed separately.

Most facility management agreements between co-ownerships or AFULs (*Association Foncière Urbaine Libre*, an association that manages real estate assets subject to division by volumes) where Mercialys or its subsidiaries are the owners, and Sudeco, are generally entered into for one year, renewable, unless terminated by either party by registered letter with acknowledgment of receipt giving three months' notice.

6.2.4 Service Agreement with Casino

Mercialys entered into a Service Agreement with the Casino group on September 8, 2005, setting out the terms under which the Casino group supplies Mercialys with the support functions necessary for its operations.

In accordance with the provisions of this Service Agreement of December 8, 2005, the parties decided to update the scope of services depending on the changes in their respective models and to create a benchmark in order to define the corresponding fee base.

A new service agreement (the "New Service Agreement") was thus entered into with the Casino group on March 11, 2015, replacing the Service Agreement of December 8, 2005.

The New Service Agreement with the Casino group ran until December 31, 2019. It is now renewed by tacit agreement for a period of twelve (12) months. When signing the New

Service Agreement in March 2015 which incorporated new ways of billing, no calls for tender were made. A Pricewaterhouse Coopers benchmarking assignment was conducted to approve the relevance of the remuneration arrangements in view of the new scope for services rendered, as well as practices in other groups. On this basis, in the context of the control procedure in place for agreements between related parties, the Audit, Risks and Sustainable Development Committee issued a favorable opinion on this New Service Agreement, which was approved by the Board of Directors of Mercialys.

A new benchmark analysis, intended to monitor billing, was requested by the Audit, Risks and Sustainable Development Committee and conducted in the second half of 2016, with the conclusion that the billing method was balanced for Mercialys and Casino.

Under this New Service Agreement, Mercialys received assistance in the following areas:

- in administrative management: legal, human resources, insurance and tax issues;
- in accounting and finance: accounts, preparation of the company financial statements and the consolidated annual and half-year financial statements, financial engineering and transactions, analysis and monitoring of financial risks, management of bank and cash transactions, assistance in the management of the financial structure, management and renewal of bank and bond financing, management of interest rate risk;
- in real estate: fund management and property development;
- in information technology: hardware and software assistance, maintenance and upgrading of tools, applications and infrastructure, operation of IT systems, access to hotline support, management of computer equipment, management of telephone subscriptions and equipment, as well as specific IT studies and developments in project mode, on a case-by-case basis.

Service provisions are subject to an annual fixed remuneration reviewed yearly by mutual agreement between the parties, on the basis of costs budgeted by Casino, which will take place no later than November 30 of the current year. The parties may decide to adjust the amount of the flat fee in the fourth quarter of each year.

Should the parties fail to agree on a revised amount, the fee is equal to the amount paid the previous year, for identical services.

In situations liable to give rise to the risk of a conflict of interests with the Company, the service provider must take appropriate steps, in consultation with Mercialys, to safeguard Mercialys' interests.

Mercialys may arrange qualitative and financial benchmarking of the services provided. Casino has agreed to take the results of any such review into account to offer the Company improved service quality and/or better value for money.

The cost of special services, such as current account agreements, rental management, service charge management and occupancy agreements, is provided for under specific agreements.

The parties may terminate all or part of this New Agreement at any time, ending the performance of one or more services, without being required to pay compensation, subject to the provision of 12 months' notice by registered letter with acknowledgment of receipt.

In December 2018, Mercialys terminated some of the services under this Agreement (real estate legal support, property development assistance, and fund management). This termination took effect at the end of a 12-month period, *i.e.* December 31, 2019. As of June 30, 2019, Mercialys had terminated the property management and IT control services. This termination will also be effective at the end of a 12-month notice period, *i.e.* June 30, 2020. At the end of 2019, Mercialys terminated the provision of human resources support services. This termination took effect at the end of a 12-month notice period, *i.e.* December 31, 2020.

On this basis, services invoiced for 2020 amounted to Euro 1,322,000, excluding VAT, compared to Euro 2,011,000, excluding VAT, in 2019 (see chapter 3, note 24.5, p. 192), the decrease being related to the *pro rata temporis* impact of the internalization of fund management, real estate management and IT functions.

In December 2020, Mercialys canceled insurance management and corporate legal support function services. This termination will take effect at the end of a 12-month notice period, *i.e.* December 31, 2021.

Consequently, the services continuing in 2021 concern support in administrative management (corporate legal, insurance and tax), accounting and finance and cash management.

As such, billing under the Service Agreement is estimated at Euro 0.9 million for 2021.

6.2.5 Current Account Cash Advance Agreement with Casino

On July 25, 2012, Mercialys and Casino, Guichard-Perrachon signed a Current Account Cash Advance Agreement with a maturity of three years, enabling Mercialys to benefit from a confirmed advance from Casino of Euro 50 million. By an amendment dated February 26, 2015, this Agreement was extended until December 2017 and Casino Finance replaced Casino, Guichard-Perrachon in its rights and obligations.

The maturity of this credit facility, which forms part of Mercialys' liquidity arrangements and supports its liquidity ratio, was extended through various amendments, which also formalized the change in the associated financial terms as well as the amount of this advance. Mercialys has never drawn the facility down.

Under amendment No. 1 to the amending document of the aforementioned Agreement, signed on February 14, 2017, Mercialys and Casino Finance decided to extend this Agreement until December 2019 and to change its terms in view of the cost of Casino's financial resources.

The Board of Directors, at its meeting of December 12, 2018, authorized the signing of amendment No. 2 to the amending document of said Agreement between Mercialys and Casino Finance for the purpose of extending the Agreement until December 2020. The terms of the Agreement are unchanged.

At its meeting of December 12, 2019, the Board of Directors authorized the signing of amendment No. 3 to the Current Account Cash Advance Agreement, extending it until December 31, 2021, with the amount being revised down from a maximum of Euro 50 million to Euro 35 million. The related conditions were also reviewed, taking into account the cost of Casino's financial resources.

At its meeting of December 10, 2020, the Board of Directors authorized the signing of amendment No. 4 to the Current Account Cash Advance Agreement, extending it until December 31, 2022. The related conditions were also reviewed, taking into account the cost of Casino's financial resources.

This advance is composed of two tranches respectively of Euro 10 million (available the same day) and of Euro 50 million (available within three days). A commitment fee of 40% of the margin is associated with this advance.

For 2020, the amount paid by Mercialys for the undrawn portion of this facility amounted to Euro 519,000, excluding taxes, compared with Euro 193,000 for 2019.

6.2.6 Brand licensing agreement with L'Immobilière Groupe Casino

Mercialys concluded on September 8, 2005 a brand licensing agreement with L'Immobilière Groupe Casino. Under the terms of this agreement, L'Immobilière Groupe Casino grants a non-exclusive right for Mercialys to use, free of charge, the "Cap Costières" trademark, filed with the *Institut National de la Propriété Industrielle* (the French national institute of industrial property rights) on October 14, 2002, registered in Class 35 under number 023,188,709, renewed in 2012.

This license is granted *intuitu personae*, only for France and for an initial period of 10 years, renewable from year to year by tacit agreement. Each party retains the right to terminate the agreement subject to three months' prior notice.

If L'Immobilière Groupe Casino wishes to sell the brand, Mercialys has a right of first refusal, which it must exercise within 30 days.

In the event of serious misconduct, or if either party fails to fulfill some or all of its obligations, this agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after a formal notice has proved ineffective.

6.2.7 Brand licensing agreement with Casino, Guichard-Perrachon

On May 24, 2007 Mercialys entered into a brand licensing agreement with Casino Guichard-Perrachon, under the terms of which Casino grants Mercialys, free of charge, a non-exclusive right to use the French brands listed below:

Brand	Registration date	Renewal declaration date	Registration number	Classes
BEAULIEU (name)	January 23, 2006	January 6, 2016	06 3 405 097	16, 35 and 36
BEAULIEU... pour une promenade (color visual)	March 21, 2006	January 7, 2016	06 3 417 884	5, 16, 35 and 36
NACARAT (name)	January 20, 2006	January 22, 2016	06 3 404 612	16, 35 and 36
NACARAT (color visual)	January 27, 2006	January 22, 2016	06 3 406 367	16, 35 and 36

This license is granted *intuitu personae*, only for France and for an initial period of 10 years, renewable thereafter from year to year by tacit agreement. Each party retains the right to terminate the agreement, subject to three months' notice.

If Casino wishes to sell one or more of the brands, Mercialys has a right of first refusal, which it must exercise within thirty days. In the event of serious misconduct, or if either party fails to fulfill some or all of its obligations, this agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after a formal notice has proved ineffective.

6.2.8 Consulting Agreement between Mercialys, L'Immobilière Groupe Casino and Plouescadis

On March 23, 2015, Mercialys, L'Immobilière Groupe Casino and Plouescadis signed a document amending the consulting framework agreement (the "Consulting Framework Agreement") incorporating the arrangements set out on the Agreement on July 27, 2007 along with all the terms and conditions which remain unchanged.

Mercialys, in its capacity as service provider, undertook to provide operational services for the completion of shopping center enhancement projects. These services may cover asset management duties, letting assignments on operating or planned sites (excluding projects completed in connection with of the Partnership Agreement between Mercialys and Casino), as well as wider marketing activities.

Billing under this Consulting Agreement was based on time spent by Mercialys' asset management teams on the determination and implementation of projects completed by the Casino group.

The parties decided to end this Agreement on December 31, 2018.

A new, fixed-term agreement, of an initial term of 6 (six) months, running from January 1 to June 30, 2019, was signed between Mercialys and L'Immobilière Groupe Casino for asset management services provided by Mercialys teams for projects managed on behalf of L'Immobilière Groupe Casino and/or its subsidiaries.

This Agreement was renewed tacitly for a further 6 (six) months, unless terminated by either of the parties by registered letter with acknowledgment of receipt, with the understanding that the total duration of the Agreement may not exceed 48 months.

This new Agreement was entered into under normal conditions; it was a standing agreement.

The Consulting Agreement was not renewed by the parties and came to an end at the end of 2020.

There were no services provided under this Agreement in 2020, and Mercialys did not receive any remuneration in this respect during the year (compared to remuneration of Euro 97,000 at December 31, 2019).

6.2.9 AFUL

Among the real estate assets transferred by L'Immobilière Casino group in October 2005, a very large number are subdivided and organized into *Associations Foncières Urbaines Libres* ("AFUL", a private landowners' management association), in which each member has a number of votes proportionate to the surface area in the buildings it owns. Depending on the type of decisions to be taken, the AFUL Annual General Meetings 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 Annual 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 of the vote of all AFUL members is required for permission to erect a sign, install a retailer or introduce a paid parking zone. Failing absolute majority in the vote, another Annual General Meeting may be called, at which decisions can be taken by simple majority.

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 internal regulations of the shopping center, shall be approved by a majority of the members of the AFUL representing at least two-thirds of the votes. Decisions relating to the amendment of these two documents shall also be taken by a two-thirds majority vote. Finally, decisions relating to a change in the allocation of service charges not caused by a change in the building's division by volume must be taken by a unanimous vote of the members of the AFUL.

6.3 Mercialys organization chart – Subsidiaries and shareholdings

The chart below shows the structure of the Mercialys group.

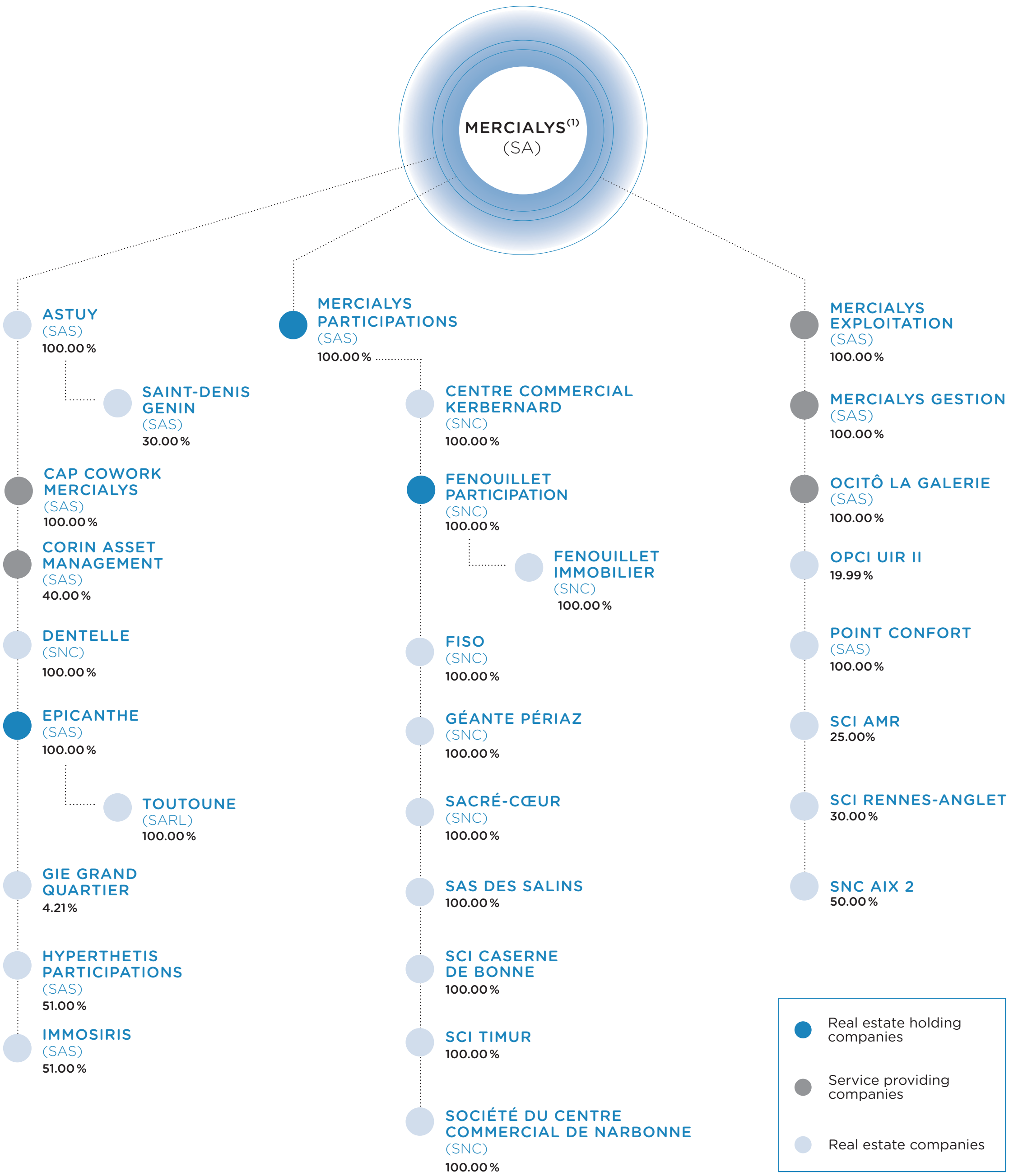
In 2017, shareholdings in eight subsidiaries (all based in France) were transferred from Mercialys SA to SARL La Diane, which has the status of a real estate investment trust (REIT).

In fiscal year 2019, Cap Cowork Mercialys and Ocitô la Galerie were created and are wholly owned by Mercialys SA. They respectively operate coworking spaces across two sites, as well as marketplace and delivery activities that can operate throughout the country. Saint-Denis Genin was incorporated in 2019, with Astuy as a 30% shareholder. This company is majority owned by Panhard Développement and is carrying out a mixed-use development project.

On November 25, 2020, La Diane transferred all its portfolio assets and liabilities to Mercialys Participations (newly created on October 13, 2020) by way of merger-absorption.

A table showing the subsidiaries and shareholdings can be found in chapter 3, note 25, p. 225 and 226. In addition to revenue generated and earnings for the year, the table also shows, for each company, shareholders' equity, the net asset value of the securities and dividends received.

MERCIALYS GROUP ORGANIZATION CHART AT DECEMBER 31, 2020



(1) *Direct and indirect ownership.*
The percentages shown correspond to the percentages of Mercialys Group's capital ownership.

6.3.1 Subsidiaries

6.3.1.1 Service companies

A. Mercialys Gestion, SAS

Mercialys Gestion is responsible for the management of large shopping centers, the letting of shopping arcades and the development of Casual Leasing.

The company reported revenue, excluding taxes, of Euro 10.8 million for the fiscal year ended December 31, 2020, compared with Euro 13.6 million in 2019. The net income for the year was a profit of Euro 157,000, compared with a profit of Euro 1,293,000 at December 31, 2019.

B. Mercialys Exploitation, SAS

Incorporated on December 3, 2015, this subsidiary is responsible for the commercial operation of shopping centers.

The company reported revenue, excluding taxes, of Euro 3.9 million for the fiscal year ended December 31, 2020, compared with Euro 4.3 million at December 31, 2019. The net income for 2020 was a loss of Euro 154,000, compared with a profit of Euro 377,000 at December 31, 2019.

C. Cap Cowork Mercialys, SAS

This subsidiary, incorporated on June 7, 2019, operates co-working spaces (letting of offices and private or shared workspaces required for the co-working activity, meeting and reception rooms) and provides services associated with and to users of the co-working activity, as well as a company domiciliation business.

The company reported revenue, excluding taxes, of Euro 21,000 for the fiscal year ended December 31, 2020 and a loss of Euro 26,000 (no revenue or profit (loss) for 2019).

D. Ocitô La Galerie, SAS

This subsidiary, which was set up on June 7, 2019, connects customers and catering partners through any digital medium (website, mobile application, etc.), and operates digital platforms (Internet, apps, etc.) designed to connect retail partners and customers with a view to marketing products and services to take away, to use in stores, for home delivery or delivery to set locations and the provision of all catering services at home, in the workplace or to take away.

The company did not report any revenue for the fiscal year ended December 31, 2020, and recognized a loss of Euro 235,000 (no revenue and a loss of Euro 4,600 in 2019).

6.3.1.2 Real estate companies

A. Dentelle, SNC

Dentelle owns various parcels of land in Puy-en-Velay and Vals-près-le-Puy (Haute-Loire), on which a 6,100 sq.m. net floor area retail park was built and opened in 2013 adjacent to the Géant Casino hypermarket.

The company reported revenue, excluding taxes, of Euro 300,000 for the fiscal year ended December 31, 2020, compared with Euro 352,000 at December 31, 2019. The net income for the year was a profit of Euro 105,000, compared with a profit of Euro 145,000 at December 31, 2018.

B. Fiso, SNC

This subsidiary, which became part of the Group on July 30, 2008, lets the real estate it owns at the Istres and Angers shopping centers and arcades, comprising 42 and 116 retail units respectively. It also owns a stake in OPCI UIR II.

The company reported revenue, excluding taxes, of Euro 1.9 million for the fiscal year ended December 31, 2020, compared with Euro 1.9 million in 2019. The net income for the year was a profit of Euro 1.2 million, compared with a profit of Euro 1.1 million at December 31, 2019.

C. Géante Périaz, SNC

Géante Périaz owns properties attached to a complex in Seynod (Haute-Savoie) where an extension to the shopping center, representing the creation of 4,900 sq.m. of gross leasable area and 32 stores, was completed and opened to the public on October 20, 2010.

The company reported revenue, excluding taxes, of Euro 1.3 million for the fiscal year ended December 31, 2020, compared with Euro 1.4 million in 2019. The net income for the year was a profit of Euro 281,000, compared with a profit of Euro 703,000 at December 31, 2019.

D. Hyperthetis Participations, SAS

Hyperthetis Participations is 51%-owned by Mercialys and 49% by OPCI SPF2 Hyperthe, and owns nine hypermarkets: Aix-en-Provence, Angers, Brest, Nîmes, Niort, Fréjus, Istres, Narbonne and Vals-près-le-Puy.

The company reported revenue, excluding taxes, of Euro 15.2 million for the fiscal year ended December 31, 2020, compared with Euro 14.9 million at December 31, 2019. The net income for the year was a loss of Euro 5.4 million, compared with a profit of Euro 5.0 million at December 31, 2019.

An agreement was signed between the partners of Hyperthetis Participations to organize the Company's governance. The agreement provides for a lock-up period for the Company's securities ending on April 30, 2022, except in the case of free transfers as defined in the agreement.

The Casino group has a call option on the Company's securities and real estate assets which may be exercised only once on all the real estate assets.

Mercialys has a call option on all SPF 2 Hyperthe securities and on that company's real estate assets.

Additionally, the partners have a reciprocal call option if one of them no longer benefits from the exemption regime set out in Article 208 C of the French General Tax Code, either temporarily or permanently. Upon the exercise of this option, the partner who no longer benefits from the regime will not be obliged to compensate the company for any prejudice suffered by it due to the loss of the tax exemption regime. However, if the reciprocal option is not exercised, the partner that no longer benefits from the regime must compensate the company for any prejudice suffered by it because of the loss of this exemption regime.

At the end of the lock-up period, each partner has a right of first refusal, followed by a tag-along right.

Hyperthetis Participations and Mercialys have entered into a service agreement with a brand licensing agreement.

E. Immosiris, SAS

This company is 51%-owned by Mercialys and 49% by OPCI Real Estate Access Fund, managed by BNP Paribas REIM France, and owns the shopping center in Clermont-Ferrand, as well as the adjacent hypermarket.

The company reported revenue, excluding taxes, of Euro 6.6 million for the fiscal year ended December 31, 2020, compared with Euro 7.5 million at December 31, 2019. The net income for the year was a loss of Euro 1.3 million, compared with a profit of Euro 6.3 million at December 31, 2019. An agreement was signed between the partners of Immosiris to organize the company's governance. The agreement provides for a lock-up period for the company's securities ending on April 30, 2023, except in the case of free transfers as defined in the agreement.

Mercialys has a liquidity clause on all the securities held by Real Estate Access Fund. This option may be exercised only in the event of a change of manager or change of control in Real Estate Access Fund, or in the event of the entry by a competitor into the capital of Real Estate Access Fund, or new investors.

The agreement also schedules the exercise of a call option on the hypermarket for Casino (or one of its affiliates).

Additionally, the partners have a reciprocal call option if one of them no longer benefits from the exemption regime set out in Article 208 C of the French General Tax Code, either temporarily or permanently. Upon the exercise of this option, the partner who no longer benefits from the regime will not be obliged to compensate the company for any prejudice suffered by it due to the loss of the tax exemption regime. However, if the reciprocal option is not exercised, the partner that no longer benefits from the regime must compensate the company for any prejudice suffered by it because of the loss of this exemption regime.

At the end of the lock-up period, each partner has a right of first refusal, followed by a tag-along right.

Lastly, Real Estate Access Fund has a pre-emptive right in the event of the sale of the shopping center occurring subsequent to or after the exercise, by Casino (or one of its affiliates), of the call option on the hypermarket.

Furthermore, a service agreement and an asset management agreement were signed by Immosiris and Mercialys.

F. Point Confort, SAS

This subsidiary is the owner of a 1,500 sq.m. extension to the Aurillac shopping center.

It also holds stakes in Fiso SNC, Société du Centre Commercial de Narbonne SNC, Dentelle SNC, Géante Périaz SNC, SCI Timur, SCI Caserne de Bonne, Kerbernard SNC, Fenouillet Participation SNC, Sacré-Cœur SNC and OPCI UIR II.

The company reported revenue, excluding taxes, of Euro 413,000 for the fiscal year ended December 31, 2020, compared with Euro 467,000 in 2019. The net income for the year was a profit of Euro 176,000, compared with a loss of Euro 856,000 at December 31, 2019.

G. SAS des Salins

SAS des Salins owns the shopping center extension at the Fréjus site on Allée des Hirondelles, comprising 23 stores, acquired in July 2012, and five retail units in the Zone Industrielle de la Bouriette, an industrial estate in Carcassonne.

The company reported revenue of Euro 1.2 million for the fiscal year ended December 31, 2020, compared with Euro 1.4 million in 2019. The net income for the year was a profit of Euro 694,000, compared with a profit of Euro 969,000 at December 31, 2019.

H. SCI Caserne de Bonne

This subsidiary, which became part of the Group on December 31, 2010, owns the La Caserne de Bonne shopping center in Grenoble, comprising retail units with a combined GLA of 19,100 sq.m.: nine large and medium-sized stores including Monoprix, Au Vieux Campeur and Decathlon, 40 stores, of which six restaurants, 1,100 sq.m. of office space and 300 parking spaces. The center, which opened in September 2010, is part of a larger scheme to redevelop 8.5 hectares of a former military base, including 850 housing units, an apart hotel, a four-star hotel, student accommodation, a cinema, a swimming pool, a school and two parks.

The company reported revenue, excluding taxes, of Euro 4.8 million for the fiscal year ended December 31, 2020, compared with Euro 5.5 million in 2019. The net income for the year was a profit of Euro 1 million, compared with a profit of Euro 2.2 million at December 31, 2019.

I. SCI Timur

Timur owns the parking lots at the Sainte-Marie Duparc shopping center in Reunion Island, as well as a retail complex with a GLA of around 15,500 sq.m. including service areas, restaurants and retail space.

The company reported revenue, excluding taxes, of Euro 5.7 million for the fiscal year ended December 31, 2020, compared with Euro 5.8 million in 2019. The net income for the year was a profit of Euro 2.6 million, compared with a profit of Euro 4.0 million at December 31, 2019.

J. Société du Centre Commercial de Narbonne, SNC

This subsidiary, which became part of the Group on July 30, 2008, lets the real estate it owns within the Narbonne shopping center, comprising 29 retail units.

The company reported revenue, excluding taxes, of Euro 1 million for the fiscal year ended December 31, 2020, compared with Euro 1.3 million in 2019. The net income for the year was a profit of Euro 474,000, compared with a profit of Euro 987,000 at December 31, 2019.

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. In December 2017, the company changed its legal structure from a property investment company (SCI) to a general partnership (SNC).

In December 2017, La Diane acquired the 50 shares (1.69% of the capital) held by a minority partner and now wholly owns this subsidiary.

The company reported revenue, excluding taxes, of Euro 3.7 million for the fiscal year ended December 31, 2020, compared with Euro 4.0 million in 2019. The net income for the year was a profit of Euro 2.3 million, compared with a profit of Euro 2.8 million at December 31, 2019.

L. Astuy, SAS

Astuy was incorporated on August 3, 2016. The company's purpose is to take over property development projects, especially based around Monoprix high-street retail assets. It owns 30% of SAS Saint-Denis Genin.

The company recorded a net loss of Euro 4,800 at December 31, 2020, compared with a loss of Euro 3,800 at December 31, 2019.

M. Fenouillet Immobilier, SNC

Fenouillet Immobilier owns the extension to the Toulouse Fenouillet shopping center. This project was developed by Foncière Euris under a partnership with Mercialys.

Fenouillet Immobilier reported revenue of Euro 5.7 million for the fiscal year ended December 31, 2020, compared with Euro 5.9 million at December 31, 2019. The net income at December 31, 2020 was a profit of Euro 804,000, compared with Euro 1,533,000 in 2019.

N. Sacré-Cœur, SNC

This company was acquired by La Diane SARL on December 28, 2017. It did not conduct any business between this date and December 31, 2017. Sacré-Cœur owns the extension to the Cap Sacré-Cœur shopping center, located in the municipality of Le Port, in Reunion Island. This 9,200 sq.m. extension housing 45 new stores was inaugurated on November 6, 2018.

The company reported revenue, excluding taxes, of Euro 3,782,000 for the fiscal year ended December 31, 2020, compared with Euro 3,463,000 at December 31, 2019. The net income for the year was a profit of Euro 2,435,000, compared with Euro 2,335,000 at December 31, 2019.

O. Toutoune, SARL

This company owns an eight-hectare plot in Reunion Island. The company did not generate any revenue in the fiscal year ended December 31, 2020, or at December 31, 2019. The company recorded a net loss of Euro 281,000 at December 31, 2020, compared with a net loss of Euro 466,000 at December 31, 2019.

6.3.1.3 Real estate holding companies

A. Mercialys Participations, SAS

SAS Mercialys Participations, created on October 13, 2020, entered into a merger-absorption with La Diane SARL. Since November 25, 2020, the date of completion of the merger-absorption and the universal transfer of assets and liabilities, it has owned La Diane's entire portfolio, *i.e.* nine real estate companies, and also owns a stake in OPCI UIR II. The company did not generate any revenue in the fiscal year ended December 31, 2020. The loss for the year amounted to Euro 3.1 million.

The company has opted for the status of listed real estate investment company (SIIC).

B. La Diane, SARL

La Diane was absorbed under the terms of a merger-absorption within Mercialys Participations on November 25, 2020. It had owned stakes in nine real estate companies since 2017. It had also owned a stake in OPCI UIR II.

In December 2017, the legal structure of the company was changed from a property investment company (SCI) to a limited liability company (SARL). This company has the status of a *Société d'Investissement Immobilier Côtée* (real estate investment trust).

The company was delisted on December 23, 2020.

C. Epicanthe, SAS

In October 2015, Mercialys acquired the simplified joint stock company Epicanthe.

In November 2015, Epicanthe SAS acquired the shares of Toutoune SARL, owner of an eight-hectare plot in Saint-André in Reunion Island.

The company reported a loss of Euro 178,000 for the fiscal year ended December 31, 2020, compared with a loss of Euro 14,000 at December 31, 2019.

D. Fenouillet Participation, SNC

Fenouillet Participation wholly owns Fenouillet Immobilier. At the end of 2016, Mercialys exercised the fair value option it held on the shopping center extension project. Mercialys previously owned 10% of the shares in Fenouillet Participation.

At December 31, 2016, Mercialys owned 100% of the shares. These shares were transferred to La Diane SARL in 2017.

Fenouillet Participation ended 2020 with a profit of Euro 1,548,000, compared with Euro 931,000 at December 31,2019.

6.3.2 Shareholdings

A. SNC Aix 2

Under the terms of the Partnership Agreement, Mercialys acquired the Casino group's stake in SNC Aix 2 on December 2, 2013. This company is now jointly owned by Mercialys and the Altarea Group.

SNC Aix 2 has developed the proposed extension of the Aix-en-Provence shopping center to accommodate 28 new stores. The extension's opening to the public was done in two phases: one in May 2014 and the other in April 2015.

The company reported revenue, excluding taxes, of Euro 1.9 million for the fiscal year ended December 31, 2020, compared with Euro 2.2 million in 2019. The net income for the year was a profit of Euro 623,000, compared with a profit of Euro 866,000 at December 31, 2019.

B. SCI AMR

In April 2013, Mercialys formed a partnership with Amundi when it set up SCI AMR, 43.4%-owned by Mercialys and 56.6% by OPCIMMO (a collective investment scheme specializing in real estate and open to the general public, managed by Amundi), to which Mercialys sold or transferred four shopping centers: Paris Saint-Didier, Montauban, Valence 2 and Angoulême. The 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 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 11.1 million (recognized rents) for the fiscal year ended December 31, 2020, compared with Euro 9.6 million in 2019. The net income for the year was a loss of Euro 13.6 million, compared with a loss of Euro 9.6 million at December 31, 2019.

C. Corin Asset Management, SAS

Corin Asset Management is jointly owned by Mercialys and Corin, which owns 60% of the share 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 contracts 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 contract for the management of rents and charges, a technical and management mandate, and a contract concerning asset management and letting.

The company reported revenue, excluding taxes, of Euro 1 million for the fiscal year ended December 31, 2020, compared with Euro 1.1 million in 2019. The net income for the year was a loss of Euro 71,000, compared with a loss of Euro 27,000 in at December 31, 2019.

D. OPCI UIR II

In July 2011, Mercialys and Union Investment, a German fund manager active in the real estate market, created an OPCI fund named OPCI UIR II, designed to acquire mature retail properties as opportunities arise on the market.

The fund is 19.99%-owned by Mercialys. In 2011, it acquired the shopping arcade within the Bordeaux-Pessac shopping center.

Mercialys and Union Investment signed a shareholders' agreement which gives Mercialys a put option in the event of acquisition by the mutual fund 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 joint exit right and a drag-along right.

An asset management mandate, a letting mandate and an exclusive communication of mutual interest mandate exist between Mercialys and UIR II.

For the fiscal year ended December 31, 2020, OPCI UIR II reported revenue, excluding taxes, of Euro 5.5 million (real estate income recognized). The net income for the year was a profit of Euro 2.8 million.

E. SCI Rennes-Anglet

SCI Rennes-Anglet, created on June 15, 2016, essentially owns and operates the hypermarkets at the Rennes and Anglet shopping centers. It is 30%-owned by Mercialys and 70%-owned by L'Immobilière Groupe Casino. On July 31, 2018, L'Immobilière Groupe Casino acquired the shares previously held by OPCI SEREIT France following the exercise of a call option on the company's shares by Distribution Casino France in January 2018. In 2019, SCI Rennes-Anglet sold the hypermarkets in Rennes and Anglet and therefore only holds isolated units in Anglet.

The company reported revenue, excluding taxes, of Euro 0.4 million for the fiscal year ended December 31, 2020, compared with Euro 1.7 million in 2019. The net income for the year was a profit of Euro 0.2 million, compared with a profit of Euro 1.1 million at December 31, 2019.

On July 31, 2018, a new shareholders' agreement was signed between Mercialys and L'Immobilière Groupe Casino in the presence of SCI Rennes-Anglet with the primary aim of organizing the company's governance and share movements.

The agreement provides for a lock-up period for the company's shares ending June 30, 2022 (inclusive), except in the event of "free" transfers as defined in the agreement.

Following this lock-up period, any plan by one of the partners to sell its shares will be subject to a right of first offer to the other partner. Mercialys has a tag-along right.

A tag-along obligation also exists at the end of the lock-up period, if L'Immobilière Groupe Casino receives a bid from a third party to purchase all the Company's shares. Mercialys has a right of first refusal.

The agreement provides the partner L'Immobilière Groupe Casino with a right of first refusal over the other assets located on the site of the property complexes.

F. Saint-Denis Genin, SAS

This subsidiary, incorporated on December 13, 2019, is involved, within the framework of a property transaction to be carried out on land located in Saint-Denis – Boulevard Anatole France, square Pierre-de-Geyter and rue Genin, registered under section BJ 115, in (i) the acquisition of all property assets and rights and carrying out all demolition, construction, extension, restructuring, development, improvement, renovation, maintenance or other work, (ii) managing real estate programs and property development for all types of buildings, whatever their nature and whatever their purpose, (iii) developing all types of land and fitting out all types of property complexes, and (iv) marketing and selling (individually or in blocks) all property assets and rights, whether off-plan or completed, and in the event of a sale, managing by any means the financial proceeds of such sale or sales. In accordance with its articles of association, the company closed its first fiscal year on December 31, 2020. It is 30%-owned by Astuy.

6.4 Statutory Auditors' special report on regulated agreements

Annual General Meeting for approval of the financial statements for the fiscal year ended December 31, 2020

To the Annual 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 Annual General Meeting.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the National auditing body in France relating to this type of undertaking. These procedures consisted in verifying that the information communicated to us matched the basic documents from which they originate.

Agreements submitted for approval by the Annual General Meeting

In application of Article L. 225-40 of the French commercial code, we have been advised of the following agreement concluded during the last fiscal year, which is subject to prior authorization from your Board of Directors.

With Casino Finance

Persons concerned

Mr. David Lubek, director of your Company and Chairman and Chief Executive Officer and director of Casino Finance.

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon, which controls Casino Finance.

Nature and purpose

Amendment no. 3 to the document amending the cash advance agreement entered into on December 18, 2019.

At its meeting on October 15, 2014, your Board of Directors authorized the signature of a document amending the cash advance agreement entered into between Casino, Guichard-Perrachon and your Company on July 25, 2012 pursuant to which Casino, Guichard-Perrachon granted credit to your Company up to a maximum of Euro 50 million in the form of A Advances, which refers to any advance in a principal amount of less than Euro 10 million and/or B Advances, which refers to any advance in a principal amount of Euro 10 million or more; these advances are intended solely for the short-term financing of your Company's general needs.

The document amending the cash advance agreement was signed on February 26, 2015, and Casino Finance (a subsidiary of Casino, Guichard-Perrachon and the entity centralizing financing and cash flow for the Casino group) replaced Casino, Guichard-Perrachon in its rights and obligations. The cash advance agreement, which expired on December 31, 2015, was extended until December 31, 2017.

At its meeting on December 14, 2016, your Board of Directors authorized the signature of Amendment no. 1 to the cash advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on February 14, 2017 and extended the agreement until December 2019. The terms and conditions are as follows:

Regarding interest, all A Advances will bear interest at 1-month EURIBOR plus Margin A, and all B Advances will bear interest at the EURIBOR corresponding to the drawdown period plus Margin B, it being understood that these margins may change each year, depending on Casino Finance's then current refinancing costs. Margin A and Margin B were 0.40% and 0.95% respectively for fiscal year 2016.

At its meeting on December 12, 2018, your Board of Directors authorized the signature of Amendment no. 2 to the cash advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on January 18, 2019 and extended the agreement until December 2020, under the same terms and conditions.

At its meeting of December 12, 2019, your Board of Directors authorized the signing of amendment No. 3 to the cash advance agreement, extending it until December 31, 2021, with the amount being revised down from a maximum of Euro 50 million to Euro 35 million. The associated conditions were also reviewed, taking into account the cost of borrowing for Casino, Guichard-Perrachon. The other provisions of the Agreement are unchanged. Amendment No. 3 was signed on December 18, 2019.

At its meeting on December 10, 2020, your Board of Directors authorized the signature of Amendment no. 4 to the cash advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on December 24, 2020 and extended the agreement until December 2022. The associated conditions were also reviewed, taking into account the cost of borrowing for Casino, Guichard-Perrachon:

- for the A Advances, interest at the 1-month EURIBOR rate (with a 0% floor) plus a margin of 150 basis points, revisable annually on the basis of the updated refinancing costs of the Casino, Guichard-Perrachon company (Margin A);
- for the B Advances, interest at 1-month, 2-month or 3-month EURIBOR rate plus a margin of 390 basis points, revisable annually, depending on the discounted refinancing costs of Casino, Guichard-Perrachon (Margin B);
- a commitment fee of 40% of the margin, in line with the revolving credit facility set up by your Company with its banks.

The other provisions of the Agreement are unchanged.

Terms and conditions

For the fiscal year ended December 31, 2020, your company paid a commitment fee of Euro 519,000 excluding VAT to Casino Finance.

Reasons for the company's interest in the agreement

Your Board of Directors provided the following justification for this agreement: In order for this undrawn funding source to continue to be included in the liquidity ratio [...] it is necessary to extend this agreement until December 2022.

Agreements already approved by the Annual General Meeting

Agreements approved in prior fiscal years

A) that continued during the past fiscal year

Pursuant to Article R. 225-30 of the French commercial code, we have been informed that implementation of the following agreements, already approved by the Annual General Meeting during prior fiscal years, continued during the past fiscal year.

With L'Immobilière Groupe Casino

Persons concerned

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino.

Trademarks license agreement

Nature and purpose

In respect of this contract, entered into on September 8, 2005, L'Immobilière Groupe Casino grants, free of charge, a non-exclusive right of use, only in France, and relating to the "Cap Costières" trademark.

Terms and conditions

Your Company has a preferential right to purchase this trademark in the event of L'Immobilière Groupe Casino intending to sell it.

With Casino, Guichard-Perrachon

Persons concerned

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon.

Trademarks license agreement

Nature and purpose

Under this contract entered into on May 24, 2007, Casino, Guichard-Perrachon grants your Company, free of charge, a non-exclusive right of use, only in France and relating to:

- the "NACARAT" word and figurative mark;
- the "BEAULIEU" word mark and the "Beaulieu... pour une promenade" semi-figurative mark.

Terms and conditions

Your Company benefits from a preferential right to purchase these trademarks in the event of Casino, Guichard-Perrachon intending to sell them.

B) that were not implemented during the past fiscal year

In addition, we have been informed of the continuation of the following agreements, already approved by the Annual General Meeting in previous fiscal years, which were not implemented during the past fiscal year.

With Casino, Guichard-Perrachon

Persons concerned

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon.

Document amending the Real Estate Partnership agreement signed

Nature and purpose

The Partnership agreement signed on July 2, 2012 between Casino, Guichard-Perrachon and your Company, for a term expiring on December 31, 2015, has been the subject of amendments and successive extensions, the latter having been made by an amending document dated January 31, 2017, authorized by the meeting of your Board of Directors on December 14, 2016 and approved by the Annual General Meeting of April 27, 2017. Pursuant to this amending document, the said agreement was extended up to December 31, 2020 and various changes were made to improve the methods of collaboration between the parties, while maintaining the general principles of the Agreement and the original balance between the respective rights and obligations of the parties.

The scope of the Partnership agreement corresponds to your Company's sector of activity (shopping centers and medium sized stores, excluding food stores, i.e. supermarkets and hypermarkets).

The general principles of this Partnership agreement are as follows:

- privileged access (right of priority) to the retailing real estate projects developed by Casino, Guichard-Perrachon and/or its subsidiaries in France in its field of activity;

  The three types of project that fall within, or could fall within, the scope of application of the Partnership agreement are as follows:

  - "New Projects" which are projects, within the scope of the agreement, the development of which Casino, Guichard-Perrachon may decide to undertake and which are subject to an undertaking by Casino, Guichard-Perrachon to present them to your Company. Your Company has the right to submit any project to Casino, Guichard-Perrachon, whether or not it falls within the scope of the agreement. Casino, Guichard-Perrachon undertakes to study the proposal so that it can decide whether or not it wishes to be involved in its development,
  - "Projects to be Confirmed" are "New Projects" which have been approved by the governance bodies of the parties, which undertake to devote their best efforts to validating the projects,
  - "Validated Projects", which correspond to "Projects to be Confirmed" for which an order has been placed;
- reciprocal commitments which are arranged into several stages to accompany the development of the projects:
  - identification of the "Projects to be Confirmed" (projects under development that do not yet offer sufficient visibility and security to enable an order to be placed);
  - placing an order for "Validated Projects" (projects with good visibility and sufficient profitability for both parties);
  - confirmation of the order based on the final, determined project (except for the usual flexibility/tenants' requests) when the final authorizations have been obtained and upon achievement of a pre-letting rate of 60% (in value) of leases signed;
  - sale of the asset (transfer of ownership at the opening of the project and payment by your Company at delivery with a 50/50 sharing of the "upside or downside"), with the possibility of basing the asset's valuation on a forecast IRR for the project.
- the agreement provides for the possibility of introducing a fast track project approval process, by signing the deed of sale directly after approval by the governance bodies;
- valuation of projects on the basis of the forecast rental income; the terms and conditions for setting and adjusting the price are as follows:
  - setting the price, at the time of placing the order, based on actual or forecast rental income determined by an independent appraiser, capitalized on the basis of rates determined according to the type of the assets concerned (see below), while the surface areas taken into account are based on the "Gross Leasing Area" (GLA) of the shopping centers after extension and including the large food store;
  - discounting the price on confirmation of the order to take into account changes in the letting and in the capitalization rate;
  - the price is discounted at the time of sale depending on the rental situation two months before opening to the public, without present-valuing the capitalization rate.

In order to take account of fluctuations in market conditions, the capitalization rates applicable under the Partnership agreement are revised by the parties concerned every six months. The capitalization rates for the fiscal year ended December 31, 2020 were as follows:

First half of 2020

	Shopping center		Retail Parks		
Type of property	**Mainland France**	**Corsica and Overseas Departments & Territories**	**Mainland France**	**Corsica and Overseas Departments & Territories**	**High street**
More than 20,000 sq.m.	5.6%	6.2%	6.2%	6.6%	5.4%
5,000 to 20,000 sq.m.	6.1%	6.6%	6.6%	6.9%	5.7%
Less than 5,000 sq.m.	6.6%	6.9%	6.9%	7.6%	6.2%

Second half of 2020

	Shopping center		Retail Parks		
Type of property	**Mainland France**	**Corsica and Overseas Departments & Territories**	**Mainland France**	**Corsica and Overseas Departments & Territories**	**High street**
More than 20,000 sq.m.	5.9%	6.5%	6.5%	6.8%	5.7%
5,000 to 20,000 sq.m.	6.4%	6.8%	6.8%	7.2%	6.0%
Less than 5,000 sq.m.	6.8%	7.2%	7.2%	7.9%	6.5%

The Partnership agreement, as an exception to the foregoing, provides that either party may suggest calculating the provisional selling price for a specific project based on the provisional internal rate of return (IRR) of this project. This IRR is calculated based on the provisional business plan for the project. For guidance, the objective of the parties is to target projects which have the potential to deliver a projected IRR of around 8% to 10%.

In return for the right of priority granted to your Company, the Partnership agreement includes a non-competition clause in favor of Casino, Guichard-Perrachon, which will apply for the whole term of the Partnership agreement. This non-competition clause was strengthened as part of the amendment of the Partnership agreement. So, your Company may not invest in a "New Project" which is a food retailing competitor of the Casino group without the consent of Casino, Guichard-Perrachon. A "New Project" is defined as:

- any project involving a new food store with a sales area exceeding 1,000 sq.m., located on a greenfield site; or
- any existing shopping center with a food retailing area exceeding 1,000 sq.m. which is the subject of an extension representing 30% or more of the total floor area of the existing shopping center before extension; or
- any existing shopping center with a food retailing area which is the subject of an extension resulting in the retailing area becoming greater than 1,000 sq.m. after the extension.

This non-compete clause is applicable for a period of three years following the termination of the Partnership agreement.

- an annual "meeting" clause.

This agreement expired on December 31, 2020, your Board of Directors having noted the non-renewal of this agreement at their meeting on December 10, 2020.

Terms and conditions

For the fiscal year ended December 31, 2020, no project was acquired by your company under the Partnership agreement.

Paris-La Défense and Lyon, March 10, 2021

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG et Autres
Régis Chemouny	Nicolas Perlier

APPENDIX: SUMMARY TABLE OF CURRENT REGULATED AGREEMENTS AND THOSE TO BE VOTED ON

The table below summarizes the agreements referred to in Article R. 225-31 of the French Commercial Code, namely:

- agreements entered into and authorized in previous fiscal years and which continued during the fiscal year 2020;
- the agreement authorized by the Board of Directors in fiscal year 2020 and submitted for the approval of the Annual General Meeting of April 22, 2021.

Nature of the agreement	Date of Board meeting	Date signed	Date of Annual General Meeting and resolution	Expiry
With L'Immobilière Groupe Casino				
Brand licensing agreement	Sep 5, 2005	Sep 8, 2005	April 27, 2006 No. 4	10 years from the signing date, tacitly renewable annually
With Casino, Guichard-Perrachon				
Brand licensing agreement	April 26, 2007	May 24, 2007	May 6, 2008 No. 4	10 years from the signing date, tacitly renewable annually
Real estate partnership agreement[(1)]	June 22, 2012	July 2, 2012	June 21, 2013 No. 5	Dec 31, 2015
Last amending act: extension of the term and changes to conditions	*Dec 14, 2016*	*Jan 31, 2017*	*April 27, 2017 No. 4*	*Dec 31, 2020*
Agreement expired on December 31, 2020	*Dec 10, 2020*	-	-	-
With Casino Finance				
Current account cash advance agreement	June 22, 2012	July 25, 2012	June 21, 2013 No. 6	Dec 31, 2015
Amending act: substitution of Casino Finance for Casino, Guichard-Perrachon and extension of term	*Oct 15, 2014*	*Feb 26, 2015*	*May 5, 2015 No. 5*	*Dec 31, 2017*
Amendment No. 1 to the amending act: extension of the term	*Dec 14, 2016*	*Feb 14, 2017*	*April 27, 2017 No. 5*	*Dec 31, 2019*
Amendment No. 2 to the amending act: extension of the term	*Dec 12, 2018*	*Jan 18, 2019*	*April 25, 2019 No. 6*	*Dec 31, 2020*
Amendment No. 3 to the amending act: extension of the term and changes to conditions	*Dec 12, 2019*	*Dec 18, 2019*	*April 23, 2020 No. 12*	*Dec 31, 2021*
Extension of the term and changes to the conditions proposed to the AGM of April 22, 2021, 12th Resolution (Amendment No. 4)	*Dec 10, 2020*	*Dec 24, 2020*	-	*Dec 31, 2022*

(1) Agreement not implemented in fiscal year 2020.

€0.43
Dividend per share
proposed for 2020

6.0%
Yield on 2020
year-end share price

#1
of the SBF 120 in terms
of transparency of information

7

STOCK MARKET INFORMATION AND SHARE CAPITAL

7.1 Stock market information

7.1.1 Market for Mercialys shares

Mercialys shares have been listed on the Euronext Paris stock exchange (ISIN code: FR0010241638 – Ticker symbol: MERY) since October 12, 2005. Mercialys was in compartment A until January 29, 2021, before moving into compartment B. Its shares were eligible for the "classic" *Service à Règlement Différé* (French Deferred Settlement Service) from February 26, 2008 to December 29, 2020, the date on which they became eligible for the "long-only" deferred settlement service.

Mercialys is part of the SBF 120 index, as well as various indices specific to the real estate sector (EPRA, IEIF) and SRI (notably the Gaïa index).

Over the years, the Company has also issued six bonds, the latest of which was dated July 7, 2020.

Four bonds are still outstanding, the bond dated March 23, 2012 (ISIN code: FR0011223692) having been redeemed at maturity on March 26, 2019.

Date of issue	Date of maturity	Amount	Coupon	ISIN code	Listing
December 2, 2014 and November 27, 2015[1]	March 31, 2023	€568.7 million	1.787%	FR0012332203	Paris (Euronext)
November 3, 2017	November 3, 2027	€150.0 million	2.000%	FR0013293362	Paris (Euronext)
February 27, 2018	February 27, 2026	€300.0 million	1.800%	FR0013320249	Paris (Euronext)
July 7, 2020	July 7, 2027	€300.0 million	4.625%	FR0013522091	Paris (Euronext)

(1) Tap issue dated December 2, 2014.

On January 5, 2021, the Company signed a buyback agreement with Crédit Agricole Corporate and Investment Bank (Cacib) for the bond maturing in March 2023 (ISIN code: FR0012332203). The buyback began on January 5, 2021 and will be carried out over time, reaching a maximum of Euro 50 million by mid-June. Payment is due on June 21, 2021.

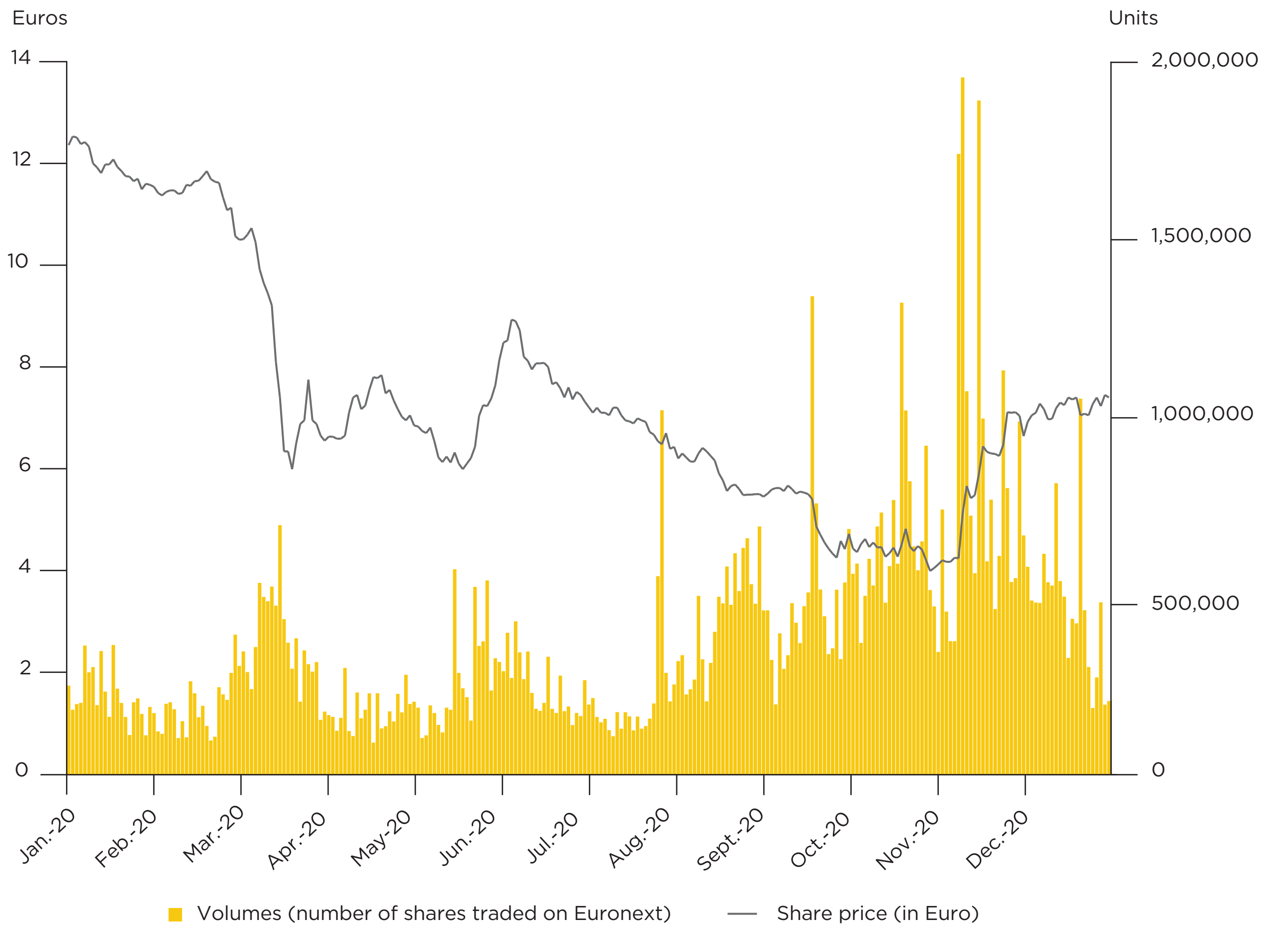
Mercialys is rated BBB/negative outlook by Standard & Poor's.

TRADED VOLUMES AND SHARE PRICE DEVELOPMENTS OVER THE PAST 18 MONTHS[1]

	Share price *(in euros)*		Number of shares traded *(in thousands)*	Capital traded *(in thousands of euros)*
	High	Low		
2019				
August	11.000	10.090	3,029	31,668
September	12.360	10.650	4,695	54,996
October	12.880	11.850	4,358	53,489
November	12.780	11.670	3,623	44,140
December	12.400	11.690	3,578	43,042
2020				
January	12.640	11.380	4,740	56,630
February	11.980	10.350	3,613	40,919
March	10.860	5.700	7,930	64,285
April	7.920	6.405	3,424	24,723
May	7.465	5.775	4,971	32,867
June	9.150	7.295	5,549	44,749
July	7.485	6.150	5,038	34,208
August	6.545	5.275	8,762	50,757
September	5.725	4.136	10,453	53,293
October	4.866	3,890	14,438	63,278
November	7.270	4.038	17,615	102,761
December	7.540	6.580	10,497	74,973
2021				
January	7.815	6.710	9,114	67,261

(1) Source: Euronext Paris.

SHARE PRICE AND NUMBER OF SECURITIES TRADED IN 2020



STOCK MARKET PERFORMANCE OVER THE LAST FIVE YEARS

	2016	2017	2018	2019	2020
Share price *(in euros)*(1)					
High	21.94	19.70	18.75	13.82	12.64
Low	17.43	16.51	11.74	10.09	3.89
December 31 (closing price)	19.25	18.45	11.97	12.33	7.22
Market capitalization at December 31 *(in millions of euros)*	**1,771**	**1,698**	**1,102**	**1,135**	**665**

(1) Source: Euronext Paris.

7.1.2 Share buyback program

7.1.2.1 Current share buyback program

The Ordinary General Meeting of April 23, 2020 authorized the Board of Directors to purchase or arrange for the purchase of the Company's shares in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, Articles 241-1 to 241-7 of the AMF General Regulations, and the European regulation applicable to market abuse (and specifically European regulations 596/2014 of April 16, 2014 and 2016/1952 of March 8, 2016), primarily for the following purposes:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently on behalf of the Company, in connection with a liquidity agreement compliant with a code of ethics recognized by the AMF;
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 et seq. of the French Commercial Code, any savings scheme in accordance with Articles L. 3332-1 et seq. of the French Labor Code or any allocation of bonus shares under the provisions of Articles L. 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 redemption, conversion, exchange, the presentation of a warrant or debt security convertible or exchangeable into shares of the Company, or by any other means that confers a right to shares of the Company;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French financial markets authority and generally to carry out any transaction compliant with applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and by block trade transactions. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 et seq. of the French Monetary and Financial Code.

The purchase price of the shares shall not exceed Euro 17 (seventeen) (excluding purchase costs) per share with a par value of Euro 1 (one).

This authorization may be implemented within the limit of a number of shares representing 10% of the Company's share capital on the date of the Annual General Meeting of April 23, 2020, on the understanding that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account to calculate the 10% threshold specified above will correspond to the number of those purchased shares, after deducting the number of shares resold under the liquidity agreement during the authorization period. However, the number of shares purchased by the Company to be kept and subsequently used as payment or exchange in connection with an external growth transaction may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding at any time whatsoever, more than 10% of the shares making up its share capital.

In the event of a public tender offer relating to shares, securities or transferable securities issued by Mercialys, the Company may only use this authorization to satisfy its commitments to deliver securities, particularly in the context of bonus share plans committed to and announced before the launch of the public tender offer.

7.1.2.2 Transactions carried out in 2020 and until January 31, 2021

A. Liquidity agreement

In an effort to increase the liquidity of the Group's shares and ensure share price stability, as well as to avoid large fluctuations in the Company's share price unwarranted by market trends, the Company entered into a liquidity agreement with Oddo Corporate Finance on February 20, 2006. This agreement complies with the AMAFI (French financial markets association) code of ethics approved by the AMF on October 1, 2008. The Company allocated Euro 1.6 million to a liquidity account to implement this liquidity agreement.

The Company added Euro 0.8 million to the liquidity account on January 20, 2009, a further Euro 3 million on March 9, 2009, and Euro 6 million on May 25, 2009, bringing the total sum allocated to Euro 11.4 million. On December 5, 2011, the Company decided to make a partial withdrawal of Euro 3.4 million, reducing the amount allocated to the liquidity agreement from Euro 11.4 million to Euro 8 million.

On September 9, 2019, the Company entered into a new liquidity agreement, effective retroactively from January 2, 2019, with Oddo BHF SCA. This new liquidity agreement, established following changes in regulations relating to liquidity agreements and in accordance with AMF decision No. 2018-01 of July 2, 2018, replaces the previous agreement signed on February 14, 2006.

For the implementation of the new agreement, 345,930 shares and Euro 2,389,808.95 were allocated to the liquidity account.

During 2020, a total of 4,078,172 Mercialys shares were purchased at an average price of Euro 7.040, and 3,953,623 Mercialys shares were sold at an average price of Euro 6.912. At December 31, 2020, the liquidity account contained: 404,427 shares and Euro 1, 854,919.91.

Between January 1, 2021 and January 31, 2021, a total of 463,114 shares were purchased at an average price of Euro 7,360 and 468,310 shares were sold at an average price of Euro 7,395. At January 31, 2021, the liquidity account contained 399,231 shares and Euro 1,909,538.82.

B. Other transactions

On October 23, 2020, the Company entered into an agreement with Oddo BHF SCA to buy back its shares in order to cover any bonus share plans, effective from October 23, 2020 up to, and including, December 31, 2020, and covering 100,000 shares.

In 2020, the Company acquired, through this investment services provider, acting independently on the Company's behalf, 100,000 shares at an average price of Euro 4.448.

Between January 1, 2021 and January 31, 2021, the Company did not carry out any transactions on its own shares, other than the above-mentioned transactions.

No shares were canceled during the 24-month period from February 1, 2019 to January 31, 2021.

C. Summary of transactions

The table below summarizes the transactions carried out by the Company on its own shares between January 1, 2020 and December 31, 2020 and between January 1, 2021 and January 31, 2021, and indicates the number of treasury shares held by the Company:

	Number of shares	% of capital
Number of shares held at December 31, 2019	**296,302**	**0.32**
Number of shares purchased under the liquidity agreement	4,078,172	
Number of shares sold under the liquidity agreement	(3,953,623)	
Number of shares purchased	100,000	
Number of shares canceled	0	
Number of bonus shares	(9,304)	
Number of shares held at December 31, 2020	**511,547**	**0.56**
Number of shares purchased under the liquidity agreement	463,114	
Number of shares sold under the liquidity agreement	(468,310)	
Number of shares purchased	0	
Number of shares canceled	0	
Number of bonus shares	0	
Number of shares held at January 31, 2021	**506,351**	**0.55**

The Company's position at December 31, 2020 and at January 31, 2021 was as follows:

	12/31/2020	01/31/2021
Number of treasury shares in portfolio	511,547	506,351
Percentage of share capital held directly or indirectly as treasury shares	0.56%	0.55%
Number of shares canceled during the last 24 months	0	0
Book value of the portfolio *(in millions of euros)*	3.5	3.5
Market value of the portfolio *(in millions of euros)*(1)	3.7	3.8

(1) Value in millions of euros based on the December 31, 2020 closing price of Euro 7.22 and the January 29, 2021 closing price of Euro 7.48.

Mercialys has no open positions in derivatives. The 506,351 treasury shares held at January 31, 2021 were allocated as follows:

- 399,231 shares for use in connection with the liquidity agreement;
- 107,120 shares for use in any Company stock option plans, savings schemes or in the allocation of bonus shares to executive corporate officers and employees of the Company and related companies.

7.1.2.3 Description of the share buyback program submitted for shareholder approval

At the Ordinary General Meeting of April 22, 2021, 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 (formerly Article L. 225-209) et seq. of the French Commercial Code, Articles 241-1 to 241-7 of the AMF General Regulations, and the European regulations applicable to market abuse (specifically European regulations No. 596/2014 of April 16, 2014 and No. 2016/1052 of March 8, 2016), in order:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently on behalf of the Company, in connection with a liquidity agreement compliant with a code of ethics recognized by the AMF;

- to implement any Company stock option plan, under the provisions of Articles L. 22-10-56 (formerly Article L. 225-177) et seq. of the French Commercial Code, any savings scheme in accordance with Article 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 redemption, conversion, exchange, the presentation of a warrant or debt security convertible or exchangeable into shares of the Company, or by any other means that confers a right to shares of the Company;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French financial markets authority and generally to carry out any transaction compliant with applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and by block trade transactions. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 et seq. of the French Monetary and Financial Code.

The purchase price of the shares shall not exceed Euro 12 (twelve) (excluding purchase costs) per share with a par value of Euro 1 (one).

This authorization may be implemented within the limit of a number of shares representing 10% of the Company's share capital on the date of this Annual General Meeting, *i.e.* for information 8,698,565 shares on the basis of the capital at January 31, 2021, net of 506,351 treasury shares for a maximum sum of Euro 104.4 million, on the understanding that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account to calculate the 10% threshold specified above will correspond to the number of those 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.

The authorization granted to the Board of Directors is valid for a period of eighteen months. It terminates and replaces the authorization previously granted by the 16th Resolution of the Ordinary General Meeting of April 23, 2020.

In the event of a public tender offer relating to shares, securities or transferable 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 tender offer.

The Combined Ordinary and Extraordinary General Meeting of April 25, 2019 renewed the authorization granted to the Board of Directors to reduce the Company's share capital by the cancellation of treasury shares. This authorization is valid for a period of 26 months, *i.e.* until June 24, 2021. The renewal of this authorization will be proposed at the Combined Ordinary and Extraordinary General Meeting of April 22, 2021.

7.1.3 Dividend 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 income 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 income tax and are covered by this tax regime must be paid out in full.

Mercialys' Board of Directors unanimously decided, on October 21, 2020, not to distribute an ordinary interim dividend for 2020 to preserve the Company's cash flow, given the highly uncertain nature of the health situation, marked by new restrictive measures requiring preservation of the Company's cash position.

In the year ended December 31, 2020, the net income generated by Mercialys, the parent company, amounted to Euro 69.8 million, of which Euro 61.5 million in tax-exempt income and Euro 8.3 million in taxable income.

A dividend of Euro 0.43 per share for 2020 is proposed at the Annual General Meeting of April 22, 2021, totaling Euro 39.6 million based on the number of shares outstanding at December 31, 2020, without taking into account the cancellation of dividends on treasury shares on the payment date. The proposed dividend corresponds to 41% of 2020 FFO and offers a return of 5.9% on the 2020 annual average closing price.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from the leasing or subletting of real estate, it does not incorporate the 70% distribution of tax-exempt profits for the fiscal year 2020 from the disposal of real estate assets and investments in real estate companies, *i.e.* Euro 0.39 per share. This amount will have to be paid by 2022 at the latest in accordance with the requirements of the Company's status as a real estate investment trust. If the health and economic environment were to improve in 2021, the Board of Directors could decide to pay an interim dividend in the second half of 2021 that would correspond to a portion of these capital gains on disposals made in 2020.

Subject to approval by the Ordinary General Meeting of April 22, 2021, shareholders may choose either (i) to receive the dividend in shares (ii) or to receive it in cash.

The ex-dividend date would be on April 29, 2021. Payment and the delivery of shares, if any, would take place on May 21, 2021, given the time required to implement these options.

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.

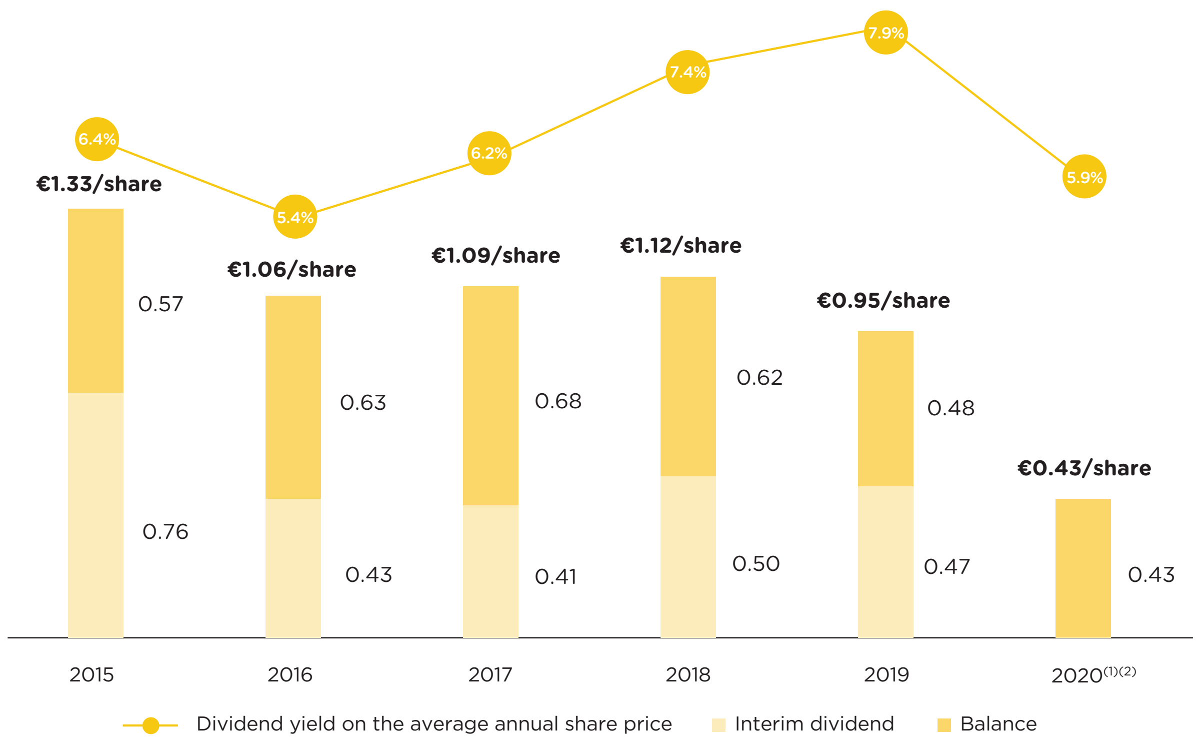
The following table shows dividends paid over the last five fiscal years:

Fiscal year ended	Dividend per share	Dividend paid eligible for 40% allowance[(1)]	Dividend paid not eligible for 40% allowance
December 31, 2015	€1.33	None	€1.33
December 31, 2016	€1.06	None	€1.06
December 31, 2017	€1.09	None	€1.09
December 31, 2018	€1.12	None	€1.12
December 31, 2019	€0.95	None	€0.95

(1) Pursuant to Article 158-3, paragraph 2, of the French General Tax Code for individuals.

Dividends not claimed within five years of their payment date are forfeited and handed over to the French Treasury, pursuant to Articles 1126-1 and 1126-2 of the French Public Property Code.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Mercialys' Board of Directors unanimously decided, on October 21, 2020, not to distribute an ordinary interim dividend for 2020, given the highly uncertain nature of the health and economic situation, marked by new restrictive measures requiring preservation of the Company's cash position.

(2) Subject to approval by the Annual General Meeting of April 22, 2021.

7.1.4 Communication policy

Mercialys has set up organized and efficient financial reporting in order to reflect its resolute determination for transparency concerning its business activity and its earnings, and to raise awareness about its business.

The team in charge of financial reporting and investor relations is able to respond to requests for information and documentation from all existing or potential individual or institutional investors.

The Mercialys' website (www.mercialys.com) presents the Group's activities and organization, together with all relevant financial and extra-financial data, in both French and English.

The website also hosts all the Company's published documentation, including the information required by Articles 221-1 et seq. of the AMF General Regulations.

This information is kept for at least five years (ten years for Registration Documents/Universal Registration Documents and Half-Year financial reports) after their issue date.

The Company's quarterly rental revenues and interim and full-year earnings are detailed in press releases issued in French and English.

These press releases, placed online on the Company's website and sent through the usual regulatory channels (wire services), are also distributed by e-mail to all investors present in the Mercialys Customer Relationship Management (CRM) database, and to any interested party. Requests may be submitted directly *via* the "Contact" page of the website, or by writing to the financial reporting and Investors 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 *via* the Internet in French and English.

Mercialys also participates actively in road shows and industry and thematic conferences, during which it meets with a large number of the Company's current and potential shareholders and bondholders.

During these events, Mercialys gives them direct access to Senior Management and certain members of the Management Committee.

In addition, Mercialys' Management also met, in person or by telephone, with a growing number of investors from various parts of the world who have opted for direct access to the Company.

17 roadshows organized with 11 different brokers and 12 countries covered

#1 TRANSPARENCE LABEL OR 2020 on the SBF 120 for financial and sustainability reporting transparency

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

4 results publications and 2 financial information meetings per year

TOP 100 shareholders contacted before each General Meeting

174 analysts and managers called on for a specific consultation on ESG[(1)] issues

(1) *Environmental, Social/Societal and Governance.*

The list of information published or made public by Mercialys in 2020 is as follows:

Nature of the information	Publication date
Activity and results	
Press release on 2019 annual results	February 12, 2020
Online publication of the 2019 annual results presentation	February 12, 2020
Press release on the Covid-19 epidemic	March 16, 2020
Press release on the moderation of Mercialys' dividend following the Government's appeal and the holding of the 2020 Annual General Meeting behind closed doors	April 1, 2020
Press release on 2020 first-quarter activity	April 20, 2020
Press release on the reopening of all shopping centers from May 11, 2020	May 25, 2020
Press release Mercialys launches a tender offer to purchase for cash up to a maximum acceptance amount its Euro 750 million 1.787% bonds due March 2023	June 26, 2020
Online publication of the Bond investor presentation	June 26, 2020
Press release on the successful placement of a Euro 300 million bond issue and the launch of a tender offer	June 30, 2020
Press release on the closing of the tender offer for the bond due in March 2023	July 6, 2020
Press release Mercialys announces the results of the tender offer in respect of its Euro 750 million bonds maturing in March 2023	July 6, 2020
Press release on 2020 half-year results	July 27, 2020
Online publication of the 2020 half-year results presentation	July 27, 2020
Press release on activity at end-September 2020	October 19, 2020
Information on the interim dividend for the fiscal year 2020	October 21, 2020
Press release on share purchases made from October 23 to October 26 2020 inclusive	October 27, 2020
Press release on the suspension of annual guidance for 2020	November 2, 2020
Press release on the sale of the Monoprix site in Asnières for the net selling price of Euro 30.8 million	December 21, 2019
Press release on disposals for a net amount of nearly Euro 120 million with Amundi Immobilier	December 23, 2020
Combined Ordinary and Extraordinary General Meeting of April 23, 2020	
Publication of the meeting notice in the BALO	March 18, 2020
Online publication of the "2020 Notice of meeting" brochure	March 19, 2020
Online publication of the proxy and mail voting application form	March 19, 2020
Online publication of the number of voting rights and outstanding shares as of March 18, 2020	March 19, 2020
Amendment to the 3rd resolution and changes to procedures for holding, and taking part in Annual General Meeting	April 1, 2020
Press release on the procedure for the provision of preparatory documents	April 2, 2020
Publication of the meeting invitation in the BALO	April 8, 2020
Publication of the meeting invitation in the Petites Affiches	April 8, 2020
Online publication of the presentation	April 23, 2020
Online publication of the general quorum	April 23, 2020
Online publication of responses to written questions to the Board of Directors	April 23, 2020
Online publication of the meeting report and votes	April 23, 2020
Company	
Press release on maintaining position on the Carbon Disclosure Project's A List	January 22, 2020
Press release on the appointment of Kristelle Wauters	February 24, 2020
Press release on the appointment of Fabrice Haurani to the Acquisitions and Arbitrage Department	June 11, 2020
Press release on the unprecedented partnership between Mercialys and OneStock to strengthen shopping centers' omnichannel dimension	June 18, 2020
Press release on the visit of Marlène Schiappa, Minister of State for Gender Equality, praising Mercialys' commitment	July 6, 2020
Press release on Mercialys' proposal for a unified proprietary solution for aggregation, consolidation and last mile-delivery for its portfolio retailers	July 9, 2020
Press release on the results of the 2020 EPRA Awards: Mercialys recognized once again for the quality of its financial and extra-financial reporting	September 9, 2020
Press release on the results of the Grands Prix de la Transparence: Mercialys wins the 2020 Grand Prix de la Transparence "All Categories" Award, leading the SBF 120	October 6, 2020
Press release on GRESB (Global Real Estate Sustainability Benchmark) 2020 results: Mercialys maintains its excellent "Green Star" status and moves up one place in its category	November 24, 2020

Nature of the information	Publication date
Press release on the results of the 2020 Carbon Disclosure Project: maintaining its position on the A List for the third consecutive year	December 8, 2020
Press release on the 77% environmental certification rate of Mercialys' portfolio	December 17, 2020
Press release on the 2020 ESG rating awarded by the Gaïa Rating agency: Mercialys ranked first place in its category	December 18, 2020
Shares	
Press release on the number of outstanding shares and voting rights as of December 31, 2019	January 14, 2020
Press release on the half-year review of the liquidity agreement as of December 31, 2019	January 21, 2020
Press release on the number of outstanding shares and voting rights as of January 31, 2020	February 6, 2020
Press release on the number of outstanding shares and voting rights as of February 29, 2020	March 18, 2020
Press release on the number of outstanding shares and voting rights as of March 31, 2020	April 8, 2020
Press release on the number of outstanding shares and voting rights as of April 30, 2020	May 5, 2020
Press release on the number of outstanding shares and voting rights as of May 31, 2020	June 8, 2020
Press release on the reduction of resources for the liquidity agreement with Oddo BHF	July 6, 2020
Press release on the number of outstanding shares and voting rights as of June 30, 2020	July 7, 2020
Press release on the half-year review of the liquidity agreement as of June 30, 2020	July 29, 2020
Press release on the number of outstanding shares and voting rights as of July 31, 2020	August 4, 2020
Press release on the number of outstanding shares and voting rights as of August 31, 2020	September 15, 2020
Press release on the number of outstanding shares and voting rights as of September 30, 2020	October 12, 2020
Press release on the number of outstanding shares and voting rights as of October 31, 2020	November 10, 2020
Press release on the number of outstanding shares and voting rights as of November 30, 2020	December 7, 2020
Other regulated information	
Press release on executive compensation dated March 6, 2020	March 6, 2020
Press release on the availability of the 2019 Universal Registration Document and comments on the 2020 objectives	March 23, 2020
Filing and online publication of the 2019 Universal Registration Document	March 23, 2020
Online publication of the CSR chapter of the 2019 Universal Registration Document	March 23, 2020
Online publication of the compensation and benefits of directors and corporate officers chapter of the 2019 Universal Registration Document	March 23, 2020
Online publication of the fees paid to the Statutory Auditors for 2019	March 23, 2020
Online publication of the report on internal control and corporate governance	March 23, 2020
Online publication of the list of information published or made public by Mercialys in 2019	March 23, 2020
Online publication of the 2019 Integrated report	March 23, 2020
Press release on the availability of the 2020 Half-Year financial report	July 27, 2020
Online publication of the 2020 Half-Year financial report	July 27, 2020
Press release on executive compensation of December 11, 2020	December 11, 2020

7.1.5 2021 financial calendar

The Mercialys financial calendar is as follows. It is also available on the Company website at www.mercialys.com

2021 FINANCIAL CALENDAR				
APRIL 19, 2021 (after market close)	APRIL 22, 2021	JULY 28, 2021 (after market close)	JULY 29, 2021	OCTOBER 18, 2021 (after market close)
First-quarter activity	**Annual General Meeting**	**First-half results**	**Financial information meeting**	**Activity at end-September**
Embargo period[1] from April 4, 2021 before market open to April 19, 2021 after market close		*Embargo period[1] from July 13, 2021 before market open to July 28, 2021 after market close*		*Embargo period[1] from October 4, 2021 before market open to October 18, 2021 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

At December 31, 2020, the Company's share capital stood at Euro 92,049,169 divided into 92,049,169 fully paid-up shares of the same category, with a par value of Euro 1 each. During the 2020 fiscal year, no changes were made to the share capital.

The share capital remained unchanged at January 31, 2021.

CHANGES IN/HISTORY OF SHARE CAPITAL OVER THE LAST FIVE YEARS

	Number of shares created	Amount of capital increases/reductions *(in euros)*		Share capital *(in euros)*	Number of shares in issue	Nominal value per share *(in euros)*
		Nominal	Premium(1)			
2016	-	-	-	92,049,169	92,049,169	1
2017	-	-	-	92,049,169	92,049,169	1
2018	-	-	-	92,049,169	92,049,169	1
2019	-	-	-	92,049,169	92,049,169	1
2020	**-**	**-**	**-**	**92,049,169**	**92,049,169**	**1**

(1) At the time of the capital increase, before any deductions authorized by the Annual 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 giving access to share capital, granted by the Annual General Meeting of April 25, 2019:

Operation	Maximum amount	Term	Expiry
a) Capital increase with PSR[1] by issuing shares or securities giving access to share capital or debt securities	Euro 32 million[2][3]	26 months	June 24, 2021
b) Capital increase with cancellation of PSR[1] by issuing shares or securities giving access to share capital or debt securities, *via* public tender offer	Euro 9.2 million[2][3]	26 months	June 24, 2021
c) Capital increase with cancellation of PSR[1] by issuing shares or securities giving access to share capital or debt securities, *via* private placement as stated in II of the Article L. 411-2 of the French Monetary and Financial Code	Euro 9.2 million[2][3]	26 months	June 24, 2021
d) Capital increase through the incorporation of reserves, profits, premiums or other amounts that may be capitalized	Euro 32 million[3]	26 months	June 24, 2021
e) Capital increase by issuing shares or securities giving access to share capital in exchange for contributions in kind granted to the Company and comprising capital securities or securities giving access to share capital, without PSR[1]	10% of the share capital on the date of the decision to go ahead with the issue[3]	26 months	June 24, 2021
f) Issuing of shares or securities giving access to share capital in the event of a public tender offer for the shares of another listed company without PSR[1]	Euro 9.2 million[2][3]	26 months	June 24, 2021
g) Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR[1]	2% of the total number of shares as of the day of the authorization (1,840,983 shares)	26 months	June 24, 2021
h) 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	0.5% of the total number of shares at the date of authorization (*i.e.* 460,245 shares) including 0.15% for the corporate officers (138,073 shares)	26 months	June 24, 2021

(1) PSR = preferential subscription right.

(2) The total par value of the debt securities that may be issued on the basis of this delegation 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 par value of the debt securities that may be issued on the basis of delegations a), b), c), d), e) and f) may not exceed Euro 200 million or the equivalent value in another currency, or in any monetary unit established by reference to multiple currencies. The total par value of share capital increases that may be made, immediately and/or in the future on the basis of delegations a), b), c), d), e) and f) may not exceed Euro 32 million, it being specified that the total amount of capital increases that may be made, immediately and/or in the future, without preferential subscription rights, may not exceed Euro 9.2 million, not taking account of the par value of additional shares to be issued to protect the rights of holders of securities giving access to the capital in accordance with the law.

None of the authorizations granted were used during 2020 with the exception of those relating to the allocation of bonus shares.

Pursuant to the authorization granted by the Annual General Meeting of April 25, 2019, the Board of Directors awarded 261,323 bonus shares, amounting to 72,890 shares in 2019 and 188,433 shares in 2020, subject to the satisfaction of continued employment and/or performance conditions (cf. § 7.2.5.3, p. 382 et seq.).

The Annual General Meeting of April 22, 2021, is asked to renew all authorizations due to expire.

The Board of Directors is also authorized to reduce the Company's share capital by canceling treasury stock representing up to 10% of existing share capital at the date of cancellation, per period of twenty-four months. No use has been made of this authorization, which was granted for a period of twenty-six months from April 25, 2019, *i.e.* until June 24, 2021. The renewal of this authorization is also proposed to the Annual General Meeting of April 22, 2021.

7.2.3 Allocation of share capital and voting rights

Article 28-III of the Company's articles of association includes the following provisions regarding voting rights:

"All shareholders are entitled to the same number of votes as the shares they own or represent, without any limitation, the sole exception being the cases provided for by law and the articles of association."

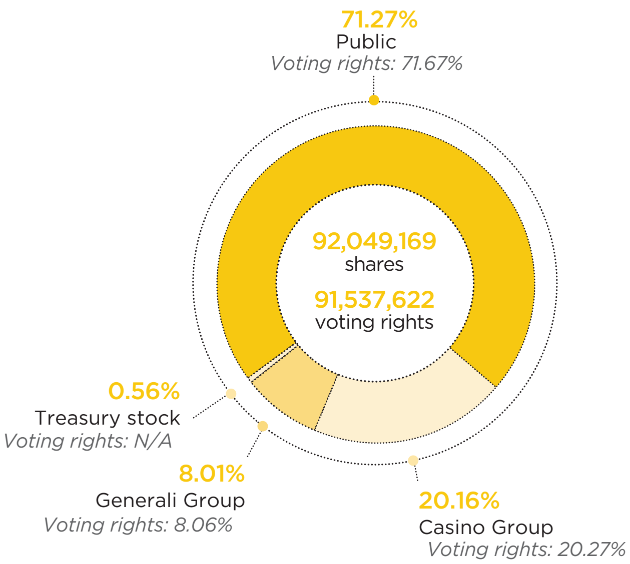
In addition, the Extraordinary General Meeting of May 5, 2015 reinstated the principle of "one share, one vote". Pursuant to the option provided for by Article L. 225-123, paragraph 3, of the French Commercial Code, double voting rights are not attributed to fully paid-up shares for which proof is provided of registration for two years in the name of the same shareholder.

"The vote or proxy issued by an intermediary who is neither declared as an intermediary registered as a holder of securities on behalf of a third party not domiciled in France, nor has revealed the identity of the owners of the securities in respect of which such intermediary is registered, as required by the applicable regulation, will not be taken into consideration."

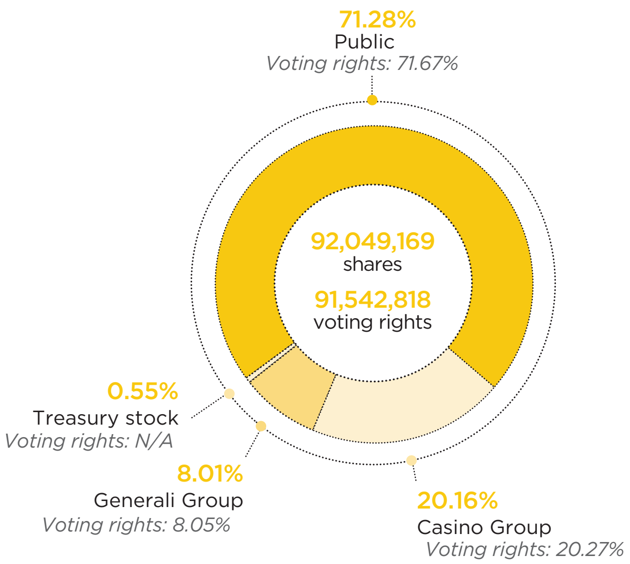
At December 31, 2020, the number of voting rights at the Annual General Meeting totaled 91,537,622 associated with 92,049,169 shares with voting rights. The number of voting rights is different from the number of shares comprising the share capital because the Company holds a certain number of treasury shares.

At January 31, 2021, the number of voting rights at the Annual General Meeting totaled 91,542,818 associated with 92,049,169 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 AS OF DECEMBER 31, 2020



BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS OF JANUARY 31, 2021



The breakdown of share capital and voting rights at closing in the last three years, and at January 31, 2021 is presented below.

This financial agreement, concerning 13,807,375 Mercialys shares (Total Return Swap – TRS) concluded on July 26, 2018 by Casino, Guichard-Perrachon with Cacib, which can be settled from July 27, 2018 until December 28, 2020, exclusively in cash, giving Casino, Guichard-Perrachon an economic effect similar to the possession of those shares within the meaning of Article L. 233-9, I, 4° *bis* of the French Commercial Code, was partially settled on August 24, 2020.

On August 25, 2020, La Forézienne de Participations sold Cacib 4,602,459 Mercialys shares as part of the renewal of the aforementioned financial agreement entered into by Casino, Guichard-Perrachon with Cacib on July 26, 2018, amended on August 21, 2020 and effective from August 25, 2020.

Casino, Guichard-Perrachon specified that it held through assimilation, within the meaning of Article L. 233-9 I 4° *bis* of the French Commercial Code and 223-14 V of the AMF General Regulations, 4,602,459 Mercialys shares (included in the holding through assimilation referred to in the first paragraph) resulting from the renewal of the aforementioned agreement cover (AMF 220C3282).

This "Total Return Swap – TRS" financial agreement expired on October 21, 2020.

All the financial agreements for Mercialys shares entered into by Foncière Euris and Rallye were unwound in 2019 and 2020.

To the best of the Company's knowledge, there were no financial agreements relating to Mercialys shares at January 31, 2021.

HISTORY OF SHARE CAPITAL ALLOCATION

	12/31/2018		12/31/2019		12/31/2020		12/31/2021	
	Number	%	Number	%	Number	%	Number	%
Majority shareholders	**24,080,373**	**26.16**	**24,268,588**	**26.36**	**18,559,506**	**20.16**	**18,559,506**	**20.16**
o/w Casino group(1)	23,161,639	25.16	23,161,639	25.16	18,559,180	20.16	18,559,180	20.16
o/w other shareholders(2)	918,734	1.00	1,106,949	1.20	326	ns	326	ns
Crédit Agricole/ Cacib/Caceis Bank(3)	**16,349,829**	**17.76**	**9,156,378**	**9.95**	**699,772**	**0.76**	**699,772**	**0.76**
Generali group(4)	**7,373,745**	**8.01**	**7,373,745**	**8.01**	**7,373,745**	**8.01**	**7,373,745**	**8.01**
Treasury shares(5)	**381,424**	**0.41**	**296,302**	**0.32**	**511,547**	**0.56**	**506,351**	**0.55**
Public	**43,863,798**	**47.65**	**50,954,156**	**55.36**	**64,904,599**	**70.51**	**64,909,795**	**70.52**
o/w bearer shares	43,420,535	47.17	50,537,065	54.90	64,377,167	69.94	64,372,992	69.93
o/w registered shares	443,263	0.48	417,091	0.45	527,432	0.57	536,803	0.58
TOTAL	**92,049,169**	**100**	**92,049,169**	**100**	**92,049,169**	**100**	**92,049,169**	**100**

HISTORY OF VOTING RIGHTS ALLOCATION(6)

	12/31/2018		12/31/2019		12/31/2020		12/31/2021	
	Number	%	Number	%	Number	%	Number	%
Majority shareholders	**24,080,373**	**26.27**	**24,268,588**	**26.45**	**18,559,506**	**20.27**	**18,559,506**	**20.27**
o/w Casino group(1)	23,161,639	25.27	23,161,639	25.24	18,559,180	20.27	18,559,180	20.27
o/w other shareholders(2)	918,734	1.00	1,106,949	1.21	326	ns	326	ns
Crédit Agricole/ Cacib/Caceis Bank(3)	**16,349,829**	**17.84**	**9,156,378**	**9.98**	**699,772**	**0.76**	**699,772**	**0.76**
Generali group(4)	**7,373,745**	**8.04**	**7,373,745**	**8.04**	**7,373,745**	**8.06**	**7,373,745**	**8.05**
Treasury shares(5)	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
Public	**43,863,798**	**47.85**	**50,954,156**	**55.53**	**64,904,599**	**70.90**	**64,909,795**	**70.91**
o/w bearer shares	43,420,535	47.37	50,537,065	55.08	64,377,167	70.33	64,372,992	70.32
o/w registered shares	443,263	0.48	417,091	0.45	527,432	0.58	536,803	0.59
TOTAL	**91,667,745**	**100**	**91,752,867**	**100**	**91,537,622**	**100**	**91,542,818**	**100**

(1) The cash-only settlement of the financial agreement (Total Return Swap – TRS) entered into on July 26, 2018 with Cacib for 13,807,375 shares, which began in May 2019, was completed on August 24, 2020.
La Forézienne de Participations sold to Cacib, on August 25, 2020, 4,602,459 Mercialys shares in renewal of the aforementioned financial agreement entered into by Casino, Guichard-Perrachon with Cacib on July 26, 2018, amended on August 21, 2020 (effective from August 25, 2020). The "Total Return Swap – TRS" financial agreement expired on October 21, 2020.

(2) Controlling shareholders of Casino, Guichard-Perrachon, including Foncière Euris.
In 2019 and 2020, Foncière Euris and Rallye SA (controlled by Foncière Euris) initiated the settlement of all Equity Swaps relating to Mercialys shares.

(3) Based on threshold crossing declarations made to the AMF:
- *Crédit Agricole SA, which declared on September 28, 2018 that it held 16,349,829 shares representing 17.76% of the share capital and voting rights, indirectly through companies it controls, namely Cacib holding 16,043,225 shares representing 17.43% of the share capital and voting rights and Caceis Bank holding 306,604 shares representing 0.33% of the share capital and voting rights (AMF declaration No. 218C1600 of October 1, 2018), declared on April 4, 2019 that it held 13,793,532 shares representing 14.98% of the share capital and voting rights, indirectly through the companies it controls, namely Cacib, holding 13,786,146 shares representing 14.98% of the share capital and voting rights and Caceis Bank holding 7,386 shares (ns) (AMF declaration No. 219C0619 of April 10, 2019).*
- *Cacib (controlled by Crédit Agricole SA) declared (i) on September 11, 2019 that it held 9,156,378 shares representing 9.95% of the share capital and voting rights (AMF declaration No. 219C1629 of September 17, 2018), (ii) on January 10, 2020 that it held 4,598,408 shares representing 4.99% of the share capital and voting rights (AMF declaration No. 219C0173 of January 14, 2020), (iii) on August 21, 2020 that it held 4,793,967 shares representing 5.21% of the share capital and voting rights (AMF declaration No. 220C3269 of August 28, 2020,) (iv) on September 1, 2020 that it held 4,440,785 shares representing 4.82% of the share capital and voting rights (AMF declaration No. 220C3320 of September 1, 2020).*
- *Crédit Agricole SA, which declared (i) on September 16, 2020 that it held 4,766,759 shares representing 5.18% of the share capital and voting rights, indirectly through companies it controls, namely Cacib holding 4,066,987 shares representing 4.42% of the share capital and voting rights and Caceis Bank holding 699,772 shares representing 0.76% of the share capital and voting rights (AMF declaration No. 220C3782 of September 22, 2020), (ii) on October 1, 2020 that it held 699,772 shares, representing 0.76% of the share capital and voting rights, indirectly through Caceis Bank which it controls (AMF declaration No. 220C4161 of October 8, 2020).*

All threshold crossing declarations made to the AMF are set out in § 7.2.3.1., B, p. 378 et seq. below.

(4) Including 174 bearer shares. Information disclosed by the Company.

(5) Shares acquired under the share buyback program and, in particular, the liquidity agreement (see § 7.1.2, p. 366 et seq.).

(6) This is the number of voting rights at Annual General Meetings, which is different from the number declared under regulations regarding share ownership thresholds (theoretical voting rights). For regulatory declarations, the total number of voting rights and shares comprising the share capital published each month is calculated based on the total number of voting rights in accordance with Article 223-11 of the AMF General Regulations, i.e. based on all shares carrying voting rights, including shares for which voting rights are withdrawn (treasury shares). The difference between voting rights at Annual General Meetings and theoretical voting rights is immaterial, 0.56% at December 31, 2020 and 0.55% at January 31, 2021.

At December 31, 2020, the Casino group directly and indirectly held 20.16% of the share capital and 20.27% of the voting rights, primarily *via* La Forézienne de Participations (subsidiary of Casino, Guichard-Perrachon) which directly held 19.16% of the Company's share capital and 19.26% of the voting rights.

At January 31, 2021, the Casino group directly and indirectly held 20.16% of the share capital and 20.27% of the voting rights, primarily *via* La Forézienne de Participations (subsidiary of Casino, Guichard-Perrachon) which directly held 19.16% of the Company's share capital and 19.26% of the voting rights.

To the best of the Company's knowledge, no shareholder other than the companies referred to above holds more than 5% of the share capital or voting rights of the Company at January 31, 2021.

7.2.3.1 Threshold crossings

A. Statutory threshold crossings

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 1% of the capital or voting rights or any multiple thereof, by any means, 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 Annual 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 Annual General Meetings held within two years of the date on which the failure to disclose to the Company was rectified."

B. Legal threshold crossings

During the period from January 1, 2020 to January 31, 2021, the following threshold crossings were declared to the AMF:

- Crédit Agricole Corporate and Investment Bank (controlled by Crédit Agricole SA) declared that, on January 10, 2020, it crossed below the thresholds of 5% of the share capital and voting rights, following a sale of Mercialys shares on the market, and indirectly held 4,598,408 Mercialys shares representing the same number of voting rights, *i.e.* 4.99% of the share capital and voting rights (AMF 220C0173);
- The concert consisting of Mr Jean-Charles Naouri and companies that he directly or indirectly controls has declared that on January 13, 2020, it directly and indirectly crossed below the threshold of one-third of the share capital and held 28,170,718 Mercialys shares representing 23,715,392 voting rights, *i.e.* 30.60% of the share capital and 25.76% of the voting rights (AMF 220C0210).

  This threshold crossing was due to the partial settlement of a financial agreement for Mercialys shares with payment of a differential (*i.e.* Total Return Swap – TRS) entered into by Casino, Guichard-Perrachon with Crédit Agricole Corporate and Investment Bank (Cacib).

  On this occasion, Casino, Guichard-Perrachon (controlled by Mr Jean-Charles Naouri), declared that it had individually crossed below the 5% threshold of Mercialys' share capital and that it held, pursuant to Articles L. 233-9 I, 4° *bis* of the French Commercial Code and 223-14 V of the AMF General Regulations, 4,455,326 Mercialys shares (included in the holding through assimilation referred to in the first paragraph) resulting from a cash-settled total return swap (TRS) for the same number of Mercialys shares, exercisable until December 28, 2020 (based on a delta of 1 – Cacib Source);
- The concert consisting of Mr Jean-Charles Naouri and companies that he directly or indirectly controls declared that on January 24, 2020, following the sale of Mercialys shares on the market, it directly and indirectly crossed below the threshold of 30% of the share capital and held 27,571,358 Mercialys shares representing 23,453,894 voting rights, *i.e.* 29.95% of the share capital and 25.48% of the voting rights (AMF 220C0427).

  On this occasion, Casino, Guichard-Perrachon (controlled by Mr Jean-Charles Naouri) declared that it held, pursuant to Articles L. 233-9 I, 4° *bis* of the French Commercial Code and 223-14 V of the AMF General Regulations, 4,117,464 Mercialys shares (included in the holding by assimilation referred to in the first paragraph) resulting from a cash-settled total return swap (TRS) for the same number of Mercialys shares, exercisable until December 28, 2020 (based on a delta of 1 – Cacib Source);
- Crédit Agricole Corporate and Investment Bank (controlled by Crédit Agricole SA) declared that on August 21, 2020, it exceeded the thresholds of 5% of the share capital and voting rights following the off-market acquisition of Mercialys shares and indirectly held 4,793,967 Mercialys shares representing the same number of voting rights, *i.e.* 5.21% of the share capital and voting rights (AMF 220C3269);
- The concert consisting of Mr Jean-Charles Naouri and companies that he directly or indirectly controls declared that on August 25, 2020, it directly and indirectly crossed below the threshold of 25% of Mercialys voting rights and held 23,161,965 Mercialys shares representing 18,559,506 voting rights, *i.e.* 25.17% of the share capital and 20.17% of the voting rights (AMF 220C3282).

This threshold crossing was due to the sale by La Forézienne de Participations to Crédit Agricole Corporate and Investment Bank (Cacib) of 4,602,459 Mercialys shares, on August 25, 2020, in renewal of the financial agreement cover for Mercialys shares with payment of a differential (Total return swap – TRS), entered into by Casino, Guichard-Perrachon with Cacib on July 26, 2018, as amended on August 21, 2020 (effective from August 25, 2020).

Casino, Guichard-Perrachon (controlled by Mr Jean-Charles Naouri), also declared that it held, by assimilation, under Articles L. 233-9 I, 4° *bis* of the French Commercial Code and 223-14 V of the AMF General Regulations, 4,602,459 Mercialys shares (included in the holding by assimilation referred to in the first paragraph) resulting from the renewal of the aforementioned cash settlement-only "Total return swap – TRS" for the same number of Mercialys shares, due on December 28, 2020 (based on a delta of 1 – Cacib Source).

On this occasion, (i) the company La Forézienne de Participations declared that it had individually descended below the 20% threshold of Mercialys' capital and voting rights after selling Mercialys shares to Cacib, and (ii) the company Casino, Guichard-Perrachon declared that it had individually climbed above the 5% capital threshold following the increase in the number of shares held by assimilation under the Total Return Swap (TRS) agreement whose coverage was renewed with the aforementioned transaction.

- Crédit Agricole Corporate and Investment Bank (controlled by Crédit Agricole SA) has declared that on August 26, 2020, it crossed below the thresholds of 5% of the share capital and voting rights as a result of a sale of Mercialys shares on the market and held 4,440,785 Mercialys shares representing the same number of voting rights, *i.e.* 4.82% of the share capital and voting rights (AMF 220C3320);
- Crédit Agricole declared that on September 16, 2020, it indirectly exceeded the thresholds of 5% of the share capital and voting rights, due to the off-market acquisition of Mercialys shares, and indirectly held 4,766,759 Mercialys shares representing the same number of voting rights, *i.e.* 5.18% of the share capital and voting rights, through the companies it controls, Crédit Agricole Corporate and Investment Bank, holding 4,066,987 shares, *i.e.* 4.42% of the share capital and voting rights, and Caceis Bank, holding 699,772 shares, *i.e.* 0.76% of the share capital and voting rights (AMF 220C3782);
- Crédit Agricole has declared that on October 1, 2020, following the off-market sale of Mercialys shares (decline in trading book exposure), resulting in the exemption of the person making the declaration from trading (see Article 223-13 I, 2 of the AMF General Regulations), it indirectly crossed below the thresholds of 5% of the share capital and voting rights and held, indirectly through Caceis Bank which it controls, 699,772 Mercialys shares representing the same number of voting rights, *i.e.* 0.76% of the share capital and voting rights (AMF 220C4161).

The declarations were made on the basis of the information provided by the Company, pursuant to the provisions of Article L. 233-8 of the French Commercial Code and Article 223-16 of the AMF General Regulations, at the date of declaration of the crossing of the threshold, it being specified that the total number of voting rights published monthly is calculated, in accordance with Article 223-11 of the AMF General Regulations, i.e. based on all shares potentially carrying voting rights, including shares for which voting rights are withdrawn (treasury shares).

7.2.3.2 Shareholder agreements

To the Company's knowledge, there were no shareholder agreements in effect at January 31, 2021.

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, 2020, the shares held directly by directors and officers represented 27.22% of the share capital and 27.37% of the voting rights at the Annual General Meeting.

At January 31, 2021, the shares held directly by Mercialys' management or executive bodies represented 27.22% of the share capital and 27.37% of the voting rights at the Annual General Meeting.

7.2.3.4 Declarations by the executives

To the best of the Company's knowledge, the Company's executives, or similar persons or individuals having close personal relations with them, completed the following transactions in the Company's shares in 2020 and up to January 31, 2021:

Date	Persons concerned	Financial instrument	Type of transaction	Volume	Unit price *(in euros)*
January 2, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	20,973	12.5177
January 3, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	11,906	12.3900
January 3, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	13,759	12.4562
January 6, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	15,446	12.3577
January 7, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	20,586	12.3463
January 7, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	32,618	12.4033
January 8, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	48,733	12.2200
January 8, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	19,607	12.1400
January 8, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	59,312	12,1600
January 9, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	15,000	12.0028
January 9, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	27,586	12.0094
January 10, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	12,563	11.9176
January 10, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	32,016	11.9156
January 10, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	81,209	11.9411
January 13, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	22,128	11.8417
January 13, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	12,100	11.8422
January 13, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	19,250	11.8600
January 14, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	21,167	11.9337
January 14, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	66,729	11.9396
January 15, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	17,953	11.9807
January 15, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	37,827	11.9741
January 16, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	1,600	11.9721
January 16, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	28,079	12.0222
January 17, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	48,724	11.9822
January 20, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	35,136	11.8823
January 21, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	31,757	11.7736
January 22, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	21,130	11.7313
January 23, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	10,869	11.6815

Date	Persons concerned	Financial instrument	Type of transaction	Volume	Unit price *(in euros)*
January 24, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	28,423	11.7233
January 27, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	23,970	11.5305
January 28, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	24,921	11.5449
January 28, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	13,870	11.5661
January 29, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	15,953	11.5954
January 30, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	26,088	11.5216
January 31, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	23,184	11.4374
February 3, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	18,430	11.3878
February 4, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	18,697	11.4354
February 5, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	22,421	11.4267
February 5, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	36,000	11.4600
February 6, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	28,427	11.4529
February 7, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	28,476	11.4010
February 10, 2020	Foncière Euris, legal entity related to Michel Savart, director	Shares	Disposal	11,492	11.3750
August 25, 2020	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Equity derivative instrument	Amendment to a swap agreement for Mercialys shares	4,602,459	5.65
August 25, 2020	La Forézienne de Participations, director	Shares	Disposal	4,602,459	5.65

7.2.3.5 Employee share ownership

At December 31, 2020, employees held 21,232 shares representing 0.02% of the share capital and voting rights. These registered shares are the result of a bonus share issue authorized by an Extraordinary General Meeting held after August 6, 2015 (Macron law), as no Mercialys shares are held in connection with a Company savings plan or any mutual funds.

7.2.3.6 Pledged shares

To the best of the Company's knowledge, there were pledges on 5,512 Mercialys registered shares at December 31, 2020.

7.2.4 Securities not representing share capital

None.

7.2.5 Stock options, stock warrants and bonus share awards

7.2.5.1 Stock options

No stock option plan on the Company's shares was in effect in 2020.

7.2.5.2 Stock warrants

No stock warrants on the Company's shares were in effect in 2020.

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, 2020 are shown in the tables below:

Date of the Annual 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
April 26, 2018	April 26, 2018	April 26, 2021(1)	April 27, 2023	46,959	0	46,959
April 26, 2018	April 26, 2018	April 26, 2021(1)	April 27, 2023	26,496	8,671	17,825
April 25, 2019	April 25, 2019	April 25, 2022(2)	April 26, 2024	45,621	0	45,621
April 25, 2019	April 25, 2019	April 25, 2022(2)	April 26, 2024	23,109	5,925	17,184
April 25, 2019	April 25, 2019	April 25, 2021(3)	April 26, 2021	4,160	1,440	2,720
April 25, 2019	April 23, 2020	April 23, 2023(4)	April 24, 2025	137,779	0	137,779
April 25, 2019	April 23, 2020	April 23, 2023(5)	April 24, 2025	44,904	11,226	33,678
April 25, 2019	April 23, 2020	April 23, 2022(3)	April 24, 2022	5,750	950	4,800
TOTAL				**334,778**	**28,212**	**306,566**

(1) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares, and subject to fulfillment of three company performance criteria: the relative performance of the Mercialys share dividends included (relative TSR) compared to the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial allocation, organic rental income growth, including pop-up retail outlets, excluding indexation, measured as an annual average over three years between January 1, 2018 and December 31, 2020, for 25% of the initial allocation, and FFO growth (excluding carrying cost of debt financing for 2019, for fiscal year 2018) measured as an annual average over three years between January 1, 2018 and December 31, 2020, for the remaining 25% of the initial allocation.

(2) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares, and subject to fulfillment of three company performance criteria: the relative performance of the Mercialys share dividends included (relative TSR) compared with the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, organic rental income growth, including pop-up retail outlets, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(3) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares.

(4) Bonus shares become vested only if the beneficiary is still present at the Company on the vesting date, and subject to fulfillment of three performance criteria: the relative performance of the Mercialys share dividends included (relative TSR) compared with the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation, the CDP (Carbon Disclosure Project) rating for 20% of the initial allocation and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(5) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares, and subject to fulfillment of two company performance criteria: the CDP (Carbon Disclosure Project) rating for 50% of the initial allocation and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 50% of the initial allocation.

The bonus share award plans implemented on March 20, 2017 and April 26, 2018 resulted in the vesting of shares as follows:

Date of the Annual 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 2020
April 20, 2016	March 3, 2017	March 20, 2020(1)	March 21, 2022	12,283	8,808	3,475
April 26, 2018	April 26, 2018	April 26, 2020(2)	April 27, 2020	9,744	3,915	5,829
TOTAL				**22,027**	**12,723**	**9,304**

(1) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares, and – for 50% of the shares allocated – subject to fulfillment of two performance criteria, each one applying to 25% of the initial award: average organic growth (excluding indexation) over three years (2017, 2018 and 2019) of 2.5% or more, and average performance of the Mercialys share price including dividends (average TSR), i.e. the total shareholder return, over three years (2017, 2018 and 2019) of 8% or more.

(2) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares.

Two bonus share award plans implemented on April 27, 2017 did not result in the shares vesting as the performance criteria were not met.

Date of the Annual 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 2020
April 27, 2017	April 27, 2017	April 27, 2020(1)	April 28, 2022	41,750	41,750	0
April 27, 2017	April 27, 2017	April 27, 2020(1)	April 28, 2022	14,562	14,562	0

(1) Bonus shares only vest if the beneficiary is still with the Company at the vesting date of the shares, and subject to fulfillment of two performance criteria: the absolute performance of the Mercialys share price, including dividends, corresponding to the total shareholder return (absolute TSR), assessed as an annual average between January 1, 2017 and January 31, 2019, for 25% of the initial award, and the relative performance of the Mercialys share price, including dividends (relative TSR), compared with the performance of companies in the EPRA/NAREIT Eurozone index at January 1, 2017, measured between January 1, 2017 and December 31, 2019, for 75% of the initial award.

92,049,169
Total number
of shares

>70%
Free float
percentage

SBF 120
Member
since 2009

8

ANNUAL GENERAL MEETING

8.1 Draft resolutions

8.1.1 Agenda

Resolutions within the competence of the Ordinary General Meeting:

- Approval of the separate financial statements for the fiscal year ended December 31, 2020 (1st Resolution);
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2020 (2nd Resolution);
- Appropriation of income – Setting the dividend – Option to pay the dividend in shares (3rd Resolution);
- Approval of the information referred to in Article L. 22-10-9, I (formerly Article L. 225-37-3, I) of the French Commercial Code relating to compensation paid to the corporate officers during 2020, or awarded in respect of the same fiscal year (4th Resolution);
- Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (5th to 7th Resolutions);
- Approval of the compensation policy for 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 directors (11th Resolution);
- Approval of the statutory Auditors' special report on regulated agreements covered by Articles L. 225-38 et seq. of the French Commercial Code (12th Resolution);
- Renewal of the directorships of Mrs. Victoire Boissier, Mrs. Dominique Dudan, La Forézienne de Participations and Generali Vie (13th to 16th Resolutions);
- Authorization for the Company to purchase its treasury shares (17th 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 (18th Resolution);
- Delegation of authority granted to the Board of Directors to issue Company shares or securities giving access to Company shares or shares of any other company in which it has a direct, or indirect, equity interest, with preferential subscription rights (19th Resolution);
- Delegation of authority granted to the Board of Directors to issue Company shares or securities giving access to Company shares or shares of any other company in which it holds a direct, or indirect, equity interest, without preferential subscription rights, by way of a public tender offer, with the exception of those intended solely for qualified investors and/or a limited circle of investors acting on their own behalf, for shares and/or securities giving access to equity securities or giving entitlement to the allocation of Company debt securities with optional priority subscription periods (20th Resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or securities giving immediate and/or future access to the share capital and/or giving entitlement to the allocation of debt securities, through a public tender offer intended solely for qualified investors and/or a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2-1 of the French Monetary and Financial Code (21st Resolution);
- Authorization granted to the Board of Directors, in the event of issues without preferential subscription rights by way of a public offering or by way of an offer to qualified investors and/or to a restricted circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, I of the French Monetary and Financial Code, to set the issue price in accordance with the procedures determined by the Annual General Meeting (22nd Resolution);
- Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase carried out with or without preferential subscription rights (23rd Resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital through the incorporation of reserves, profits, premiums or other amounts that may be capitalized (24th Resolution);
- Delegation of authority granted to the Board of Directors to issue, without preferential subscription rights, shares or securities giving access to the share capital in the event of a public exchange offer initiated by the Company (25th Resolution);
- Delegation of powers granted to the Board of Directors, up to a maximum of 10% of the Company's share capital, to issue shares or securities giving access to share capital in exchange for contributions in kind, equity securities or securities giving access to the share capital (26th Resolution);
- Overall limit on financial authorizations granted to the Board of Directors (27th 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 (28th Resolution);
- Authorization granted to the Board of Directors to allocate existing or future bonus shares to employees and executive corporate officers of the Company and related companies; automatic waiver by shareholders of their preferential subscription rights (29th Resolution);
- Amendments to the articles of association (30th to 32nd Resolutions);
- Powers for completion of formalities (33rd Resolution).

8.1.2 Resolutions presented to the Ordinary General Meeting

Resolutions 1 and 2 – Approval of the financial statements for the fiscal year

PRESENTATION

Pursuant to the first and second resolutions, the shareholders are invited to approve the Company's separate financial statements and then its consolidated financial statements as at December 31, 2020, as well as the transactions reflected in these accounts.

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. 227 et seq., and § 3.1.3, p. 197 et seq.).

FIRST RESOLUTION

Approval of the separate financial statements for the fiscal year ended December 31, 2020

The Ordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, approves the separate financial statements for the fiscal year ended December 31, 2020, as presented to it, together with all of the transactions reflected or mentioned in these reports. The separate financial statements for this period amounted to a profit of Euro 69,785,667.51.

The Annual General Meeting acknowledges that the financial statements for the past fiscal year do not take account of the non-deductible expenses referred to in Article 39-4 of the French General Tax Code.

It also notes the transfer to the "Retained earnings" account, in accordance with the resolution adopted by the Annual General Meeting of April 23, 2020, of the dividends allocated for the 2019 fiscal year to the shares held by the Company on the dividend payment date and totaling Euro 367,095.68.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended December 31, 2020

The Ordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, approves the consolidated financial statements for the fiscal year ended December 31, 2020, 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 85,833,000.

Resolution 3 – Appropriation of income – Setting the dividend

PRESENTATION

In the 3rd Resolution, the Board of Directors proposes that you approve the payment of a dividend of Euro 0.43 share with an option for payment either in cash or in new shares in the Company.The ex-dividend date will be April 29, 2021 and will be paid on May 21, 2021, the date on which the shares will also be delivered for those who have opted for payment in shares of the whole dividend due to them.

THIRD RESOLUTION

Appropriation of income – Setting the dividend – Option to pay the dividend in shares

The Ordinary General Meeting, after reviewing the Board of Directors' report, resolves to allocate income for the fiscal year ended December 31, 2020, as follows:

Net income for the year		€69,785,667.51
Retained earnings	(+)	€266,926,029.13
Distributable income	**(=)**	**€336,711,696.64**
Dividend	(-)	€39,581,142.67
Appropriation to "Retained earnings"	(=)	€297,130,553.97

Each share will receive a dividend of Euro 0.43.

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 Annual General Meeting notes that the dividends distributed in respect of the last three fiscal years were as follows:

Fiscal year	Dividend per share	Dividend distributed eligible for the 40% allowance	Dividend not eligible for the 40% allowance
December 31, 2019			
Interim dividend (paid in 2019)	€0.47	None	€0.47
Final dividend (paid in 2020)	€0.48	None	€0.48
TOTAL	**€0.95**	**NONE**	**€0.95**
December 2018			
Interim dividend (paid in 2018)	€0.50	None	€0.50
Final dividend (paid in 2019)	€0.62	None	€0.62
TOTAL	**€1.12**	**NONE**	**€1.12**
December 2017			
Interim dividend (paid in 2017)	€0.41	None	€0.41
Final dividend (paid in 2018)	€0.68	None	€0.68
TOTAL	**€1.09**	**NONE**	**€1.09**

The Annual General Meeting also decided to offer each shareholder the option to receive payment for the whole dividend for the fiscal year ended December 31, 2020, in cash or in new Company shares, in accordance with Article 34 of the Company's articles of association, each of these choices being mutually exclusive.

By delegation of the Annual General Meeting, the issue price of each share awarded in payment of the dividend will be set by the Board of Directors and will be equal to a price corresponding to the average price listed on Euronext Paris over the twenty trading sessions preceding the day of the Annual General Meeting, less the net amount of the dividend, rounded up to two decimal places, in accordance with the provisions of Article L. 232-19 of the French commercial code. These shares will bear immediate dividend rights and so will give entitlement to any distribution decided upon from their date of issue.

Subscriptions must be for a whole number of shares. If the dividend amount for which the option is exercised does not correspond to a whole number of shares, shareholders will be able to receive a number of shares rounded down to the net whole number, plus a cash consideration paid by the Company.

The ex-dividend date will be April 29, 2021. The option exercise period will begin on May 3, 2021 and will end on May 17, 2021, inclusive. The option may be exercised by request from authorized financial intermediaries. Any shareholder not exercising their option by the deadline set by this resolution will receive the dividend due in cash. The dividend will be paid on May 21, 2021, the date on which the shares will also be delivered for those who have opted for payment in shares of the whole dividend due to them.

The Annual General Meeting has decided that the Board of Directors will have full powers, with the option of subdelegation under the conditions provided for by law, to implement this resolution, and, in particular, to:

- perform any transactions related to, or subsequent to, the exercise of the option;
- in the event of a capital increase, in accordance with the provisions of Article L. 232-20 of the French Commercial Code, suspend the exercise of the right to receive payment of the dividend in shares for no more than three months;
- charge the cost of said capital increase to the related premium, and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital;
- record the number of shares issued and the completion of the capital increase;
- amend the Company's articles of association accordingly; and
- more generally, complete all formalities necessary for the issuance, admission to trading and financial servicing of the securities issued under this resolution and take all necessary measures in accordance with current legislation and regulations on the date of the transactions in question.

Resolution 4 – Approval of the information relating to compensation paid to the corporate officers during 2020, or awarded in respect of the same fiscal year

PRESENTATION

Under the 4th Resolution, you are asked, pursuant to Article L. 22-10-34, I (formerly Article L. 225-100, II) of the French Commercial Code, to approve all of the information referred to in Article L. 22-10-9 (formerly Article L. 225-37-3, I) of the French Commercial Code relating to compensation of the Company's corporate officers paid in fiscal year 2020 or awarded in respect of the same fiscal year by virtue of their directorship, as presented to the Annual General Meeting in the Board of Directors' corporate governance report, attached to the management report.

All information relating to the 2020 compensation policy for corporate officers is presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2, p. 273 et seq.).

FOURTH RESOLUTION

Approval of the information referred to in Article L. 22-10-9, I (formerly Article L. 225-37-3, I) of the French Commercial Code relating to compensation paid to the corporate officers during 2020, or awarded in respect of the same fiscal year

The Ordinary General Meeting, in application of Article L. 22-10-34, I (formerly Article L. 225-100, II) of the French Commercial Code, after reviewing the Board of Directors' corporate governance report including, in particular, the information on compensation paid in 2020, or awarded in respect of the same fiscal year, to the Company's corporate officers by virtue of their directorship, as it appears in chapter 4 of the 2020 Universal Registration Document, approves the information mentioned in Article L. 22-10-9, I (formerly Article L. 225-37-3, I) of the French Commercial Code as presented to the Annual General Meeting in the aforementioned report.

Resolution 5 – Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Éric Le Gentil, Chairman of the Board of Directors

PRESENTATION

Under the 5th Resolution, pursuant to Article L. 22-10-34, II (formerly Article L. 225-100, III) of the French Commercial Code, you are asked to approve the fixed components of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his directorship, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2020 Universal Registration Document (see chapter 4, § 4.2.2.2, B, 1, p. 283).

Mr Éric Le Gentil's fixed compensation was set at the sum of Euro 225,000.

The principles and criteria used for determining, allocating and awarding the components of the Chairman of the Board of Directors' compensation for the fiscal year 2020 were submitted, pursuant to Article L. 22-10-8 (formerly Article L. 225-37-2 of the French Commercial Code), to the Annual General Meeting held on April 23, 2020, which approved them (by a majority of 99.88%).

The breakdown of the compensation paid during or awarded in respect of fiscal year 2020 to the Chairman of the Board of Directors is presented in appendix 1, p. 422 of the 2020 Universal Registration Document.

FIFTH RESOLUTION

Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Éric Le Gentil, Chairman of the Board of Directors

The Ordinary General Meeting, in accordance with Article L. 22-10-34, II (formerly Article L. 225-100, III) of the French Commercial Code, after reviewing the Board of Directors' corporate governance report attached to the management report, approves the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his directorship, as presented in chapter 4 of the 2020 Universal Registration Document.

Resolution 6 – Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Vincent Ravat, Chief Executive Officer

PRESENTATION

Under the 6th Resolution, pursuant to Article L. 22-10-34, II (formerly Article L. 225-100, III) of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Vincent Ravat, Chief Executive Officer, by virtue of his directorship, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2020 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 1, p. 289).

Mr Vincent Ravat's fixed compensation was set at the sum of Euro 360,000.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 85%, of which two CSR objectives at 15%; and
- qualitative objectives, weighted at 15%, focused on 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 2020, the variable compensation awarded to the Chief Executive Officer amounts to Euro 252,000. The details of how this amount is determined is presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 3, p. 290).

Pursuant to Articles L. 22-10-8 (formerly L. 225-37-2) and L. 22-10-34 (formerly L. 225-100) of the French Commercial Code, payment of the variable portion of the Chief Executive Officer's compensation for 2020 is conditional on the approval of this resolution by the Annual General Meeting.

The principles and criteria used for determining, allocating and awarding the components of the Chief Executive Officer's compensation for the 2020 fiscal year were submitted, pursuant to Article L. 22-10-8 (formerly Article L. 225-37-2) of the French Commercial Code, to the Annual General Meeting held on April 23, 2020, which approved them (by a majority of 75.37%).

The variable compensation components, of which payment is subject to approval from this Annual General Meeting, are in this case determined in accordance with the law (see appendix 2, p. 423 and 424 of the 2020 Universal Registration Document).

SIXTH RESOLUTION

Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mr Vincent Ravat, Chief Executive Officer

The Ordinary General Meeting, in accordance with Article L. 22-10-34, II (formerly Article L. 225-100, III) of the French Commercial Code, after reviewing the Board of Directors' corporate governance report attached to the management report, approves the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid during or awarded in respect of fiscal year 2020, to Mr Vincent Ravat, Chief Executive Officer, by virtue of his directorship, as presented in chapter 4 of the 2020 Universal Registration Document.

Resolution 7 – Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mrs Élizabeth Blaise, Deputy Chief Executive Officer

PRESENTATION

Under the 7th Resolution, pursuant to Article L. 22-10-34, II (formerly Article L. 225-100, III), of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mrs Élizabeth Blaise, Deputy Chief Executive Officer, by virtue of her directorship, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2020 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 1, p. 299).

Mrs Élizabeth Blaise's fixed compensation, which was set at Euro 265,000, is paid by Mercialys, half of which on the basis of her corporate function and half on the basis of her employment contract in respect of her position as Chief Financial Officer.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 85%, of which two CSR and sustainability reporting objectives at 15%; and
- qualitative objectives linked to the gradual reintegration of support functions and the related human organization, weighted at 15%.

In respect of fiscal year 2020, the annual variable compensation awarded to the Deputy Chief Executive Officer amounts to Euro 106,000, paid by Mercialys, half of which on the basis of her corporate function (Euro 53,000) and half in respect of her employment contract (Euro 53,000). Details of how this amount is determined is presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 3, p. 301).

Pursuant to Articles L. 22-10-8 (formerly Article L. 225-37-2) and L. 22-10-34 (formerly Article L. 225-100) of the French Commercial Code, payment of the variable portion of the compensation for the Deputy Chief Executive Officer due for the 2020 fiscal year is conditional on approval of this resolution by the Annual General Meeting.

The principles and criteria used for determining, allocating and awarding the components of the Deputy Chief Executive Officer's compensation for the 2020 fiscal year were submitted, pursuant to Article L. 22-10-8 (formerly Article L. 225-37-2) of the French Commercial Code, to the Annual General Meeting held on April 23, 2020, which approved them (by a majority of 75.37%).

The variable compensation components, of which payment is subject to approval from this Annual General Meeting, are in this case determined in accordance with the law (see appendix 3, p. 425 and 427 of the 2020 Universal Registration Document).

SEVENTH RESOLUTION

Approval of the compensation package and benefits of any kind paid during or awarded in respect of fiscal year 2020 to Mrs Élizabeth Blaise, Deputy Chief Executive Officer

The Ordinary General Meeting, pursuant to Article L. 22-10-34, II (formerly L. 225-100, III) of the French Commercial Code, after reviewing the Board of Directors' corporate governance report attached to the management report, approves the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid during or awarded in respect of fiscal year 2020 to Élizabeth Blaise, Deputy Chief Executive Office, by virtue of her directorship, as presented in chapter 4 of the 2020 Universal Registration Document.

Resolution 8 – Approval of the compensation policy for Mr Éric Le Gentil, Chairman of the Board of Directors

PRESENTATION

Pursuant to Article L. 22-10-8, II (formerly Article L. 225-37-2, II) of the French Commercial Code, the compensation policy for the Chairman of the Board of Directors, by virtue of his directorship, must be submitted at least once a year for approval by the Annual General Meeting.

Under the 8th Resolution, you are asked to approve the principles and components of the compensation of Mr Éric Le Gentil, Chairman of the Board of Directors, determined by the Board of Directors on February 15, 2021 on the recommendation of the Appointments, Compensation and Governance Committee.

In his position as Chairman of the Board of Directors, and particularly the specific assignments entrusted to him, it was decided to pay him a fixed compensation of Euro 225,000, unchanged from fiscal year 2020.

Mr Éric Le Gentil does not receive any variable compensation in cash or shares in addition to the attendance-related component included in his compensation as a director.

All the components relating to the compensation of Mr Éric Le Gentil, Chairman of the Board of Directors, are presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.2.3, p. 286).

EIGHTH RESOLUTION

Approval of the compensation policy for Mr Éric Le Gentil, Chairman of the Board of Directors

The Ordinary General Meeting, in application of the provisions of Article L. 22-10-8, II (formerly Article L. 225-37-2, 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, attached to the management report, approves the compensation policy applicable to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his directorship, as detailed and presented in chapter 4 of the 2020 Universal Registration Document.

Resolutions 9 and 10 – Approval of the compensation policy for Mr Vincent Ravat, Chief Executive Officer, and Mrs Élizabeth Blaise, Deputy Chief Executive Officer

PRESENTATION

Pursuant to Article L. 22-10-8 (formerly Article L. 225-37-2, II) of the French Commercial Code, the compensation policy for the Chief Executive Officer and the Deputy Chief Executive Officer, by virtue of their directorships, must be submitted at least once a year for approval by the Annual General Meeting.

Under the 9th Resolution, you are therefore asked to approve the principles and components of the compensation of Mr Vincent Ravat, Chief Executive Officer, determined by the Board of Directors on February 15, 2021 on the recommendation of the Appointment, Compensation and Governance Committee.

In respect of his duties as Chief Executive Officer it has been decided to pay him fixed compensation of Euro 360,000, unchanged from fiscal year 2020.

With regard to variable compensation, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee may, when assessing the achievement of performance objectives, adjust said objectives to recognize the impact of the Covid-19 pandemic-related health emergency, to keep the implementation of the compensation policy in line with performance, in the corporate interest.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

All the information relating to the compensation of Mr Vincent Ravat, Chief Executive Officer, is presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.2.5, p. 292 et seq.).

Under the 10th Resolution, you are also asked to approve the principles and components of the compensation of Mrs Élizabeth Blaise, Deputy Chief Executive Officer, determined by the Board of Directors on February 15, 2021 on the recommendation of the Appointments, Compensation and Governance Committee.

In respect of her duties as Deputy Chief Executive Officer, it has been decided to pay her compensation of Euro 132,500, unchanged from fiscal year 2020, it being specified that she will also receive the amount of Euro 132,500 in respect of her employment contract as Chief Financial Officer.

With regard to variable compensation, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee may, when assessing the achievement of performance objectives, adjust said objectives to recognize the impact of the Covid-19 pandemic-related health emergency, to keep the implementation of the compensation policy in line with performance, in the corporate interest.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

All information relating to the compensation of Mrs Élizabeth Blaise, Deputy Chief Executive Officer, is presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.2.7, p. 303 et seq.).

NINTH RESOLUTION

Approval of the compensation policy for Mr Vincent Ravat, Chief Executive Officer

The Ordinary General Meeting, in accordance with Article L. 22-10-8, II (formerly Article L. 225-37-2, II) of the French Commercial Code, after reviewing the Board of Directors' report on corporate governance describing the compensation policy for the Company's corporate officers, attached to the management report, approves the compensation policy applicable to Mr Vincent Ravat, Chief Executive Officer, by virtue of his directorship, as detailed and presented in chapter 4 of the 2020 Universal Registration Document.

TENTH RESOLUTION

Approval of the compensation policy for Mrs Élizabeth Blaise, Deputy Chief Executive Officer

The Ordinary General Meeting, pursuant to the provisions of Article L. 22-10-8, II (formerly Article L. 225-37-2, II) of the French Commercial Code, after reviewing the Board of Directors' report on corporate governance describing the compensation policy for the Company's corporate officers, attached to the management report, approves the compensation policy applicable to Mrs Élizabeth Blaise, Deputy Chief Executive Officer, by virtue of her directorship, as detailed in the description and presented in chapter 4 of the 2020 Universal Registration Document.

Resolution 11 – Approval of the compensation policy for directors

PRESENTATION

Pursuant to Article L. 22-10-8, II (formerly Article L. 225-37-2, II) of the French Commercial Code, the compensation policy for the directors, by virtue of their directorships, must be submitted at least once a year for approval by the Annual General Meeting.

Under the 11th Resolution, you are asked to approve the compensation policy for directors, determined by the Board of Directors on February 15, 2021, on the recommendation of the Appointments, Compensation and Governance Committee.

All the components relating to the compensation policy for directors are presented in the corporate governance section of the 2020 Universal Registration Document (see chapter 4, § 4.2.1.3, p. 277).

ELEVENTH RESOLUTION

Approval of the compensation policy for directors

The Ordinary General Meeting, pursuant to the provisions of Article L. 22-10-8, II (formerly Article L. 225-37-2, II) of the French Commercial Code, after reviewing the Board of Directors' report on corporate governance describing the compensation policy for the Company's directors, attached to the management report, approves the compensation policy for directors, by virtue of their directorships, as detailed and presented in the chapter 4 of the 2020 Universal Registration Document.

Resolution 12 – Statutory Auditors' special report on regulated agreements

PRESENTATION

Under the 12th Resolution, the Board of Directors proposes that you approve the regulated agreements entered into or performed by the Company during fiscal year ended December 31, 2020 and mentioned in the Statutory Auditors' special report (see p. 356 et seq.).

In fiscal year 2020, a related-party agreement was authorized by the Board of Directors on December 10, 2020 and submitted for approval to the Annual General Meeting. This is the signing of amendment No. 4 to the Current account cash advance agreement signed on July 25, 2012 with Casino, Guichard-Perrachon. Note that several amendments have been made to this Agreement:

- the amending document dated February 26, 2015 approved by the Annual General Meeting of May 5, 2015, extended the Agreement until December 2017 and that Casino Finance replaced Casino, Guichard-Perrachon in its rights and obligations;
- Amendment No. 1 to the amending document dated February 14, 2017, approved by the Annual General Meeting of April 27, 2017, extended the Agreement until December 2019 and amended the conditions thereof to take account of the changes in the Casino refinancing costs;
- Amendment No. 2 to the amending document dated January 18, 2019, approved by the Annual General Meeting of April 25, 2019, extended the Agreement until December 2020 and amendment No. 3 dated December 18, 2019, approved by the Annual General Meeting of April 23, 2020, extended it until December 2021 in order to ensure that the advances made within this context continue to be included in the liquidity ratio calculated by Standard & Poor's, without making any other modifications to the Agreement.

Amendment No. 4, which was signed on December 24, 2020, extends the Current account cash advance agreement until December 31, 2022. The associated conditions were also reviewed, taking into account the cost of Casino's financial resources.

The other provisions of the Agreement are unchanged.

With the health crisis impacting on the retail sector in particular, the financing markets continue to be marked by major uncertainties, as reflected in the conditions associated with Mercialys' bond issue in July 2020. Against this backdrop, Mercialys is prioritizing the liquidity of its balance sheet which contributes to its BBB rating/negative outlook. The extension of this agreement aims to consolidate Mercialys' liquidity arrangements. If this facility were to be drawn down, its cost would be lower than the price of Mercialys' last bond issue in July 2020.

TWELFTH 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 Ordinary General Meeting, after reviewing the Statutory Auditors' special report on the agreements subject to the provisions of Articles L. 225-38 and L. 225-40 of the French Commercial Code, approves said report in all its provisions as well as the new agreement to which it refers, approved by the Board of Directors during the fiscal year ended December 31, 2020.

Resolutions 13 to 16 – Renewal of the directorships of four directors

PRESENTATION

The Board of Directors is currently composed of ten directors.

On the recommendation of the Appointments, Compensation and Governance Committee, the Board proposes the renewal, for a period of three years, of the four directorships expiring at the end of the Annual General Meeting of April 22, 2021:

- Mrs Victoire Boissier, independent director (13th Resolution);
- Mrs Dominique Dudan, independent director (14th Resolution);
- La Forézienne de Participations, director representing the shareholder Casino (15th Resolution);
- Generali Vie, independent director (16th Resolution);

(see presentation of the directors put forward for reappointment in chapter 4, § 4.1.1.2, C, p. 246, 248, 252 and 254 of the 2020 Universal Registration Document).

If you approve these proposals, the Board will continue to comprise ten directors with equal numbers of women and men and 60% will be independent directors.

THIRTEENTH RESOLUTION

Renewal of the directorship of Mrs Victoire Boissier

The Ordinary General Meeting, after reviewing the Board of Directors' report and noting that the directorship of Mrs Victoire Boissier will expire at the end of this Annual General Meeting, decides to renew the directorship of Mrs Victoire Boissier for a three-year term, *i.e.* until the end of the Ordinary General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Mrs Victoire Boissier has already agreed to the renewal of her directorship.

FOURTEENTH RESOLUTION

Renewal of the directorship of Mrs Dominique Dudan

The Ordinary General Meeting, after reviewing the Board of Directors' report and noting that the directorship of Mrs Dominique Dudan will expire at the end of this Annual General Meeting, decides to renew the directorship of Mrs Dominique Dudan for a three-year term, *i.e.* until the end of the Ordinary General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Mrs Dominique Dudan has already agreed to the renewal of her directorship.

FIFTEENTH RESOLUTION

Renewal of the directorship of La Forézienne de Participations

The Ordinary General Meeting, after reviewing the Board of Directors' report and noting that the directorship of La Forézienne de Participations will expire at the end of this Annual General Meeting, decides to renew the directorship of La Forézienne de Participations for a three-year term, *i.e.* until the end of the Ordinary General Meeting to be held in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

The company La Forézienne de Participations has already agreed to the renewal of its directorship.

SIXTEENTH RESOLUTION

Renewal of the directorship of Generali Vie

The Ordinary General Meeting, after reviewing the Board of Directors' report and noting that the directorship of Generali Vie will expire at the end of this Annual General Meeting, decides to renew the directorship of Generali Vie for a three-year term, *i.e.* until the end of the Ordinary General Meeting to be held in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

The company Generali Vie has already agreed to the renewal of its directorship.

Resolution 17 – Purchase by the Company of its treasury shares

PRESENTATION

The 17th Resolution proposes the renewal of the authorization given to the Board of Directors by the Annual General Meeting of April 23, 2020, for a period of 18 months, to purchase the Company's shares. The maximum purchase price is set at Euro 12 per share and the maximum number of shares that may be purchased would be limited to 10% of the number of shares comprising the Company's share capital on the date of the Annual General Meeting.

For example, on the basis of the capital at January 31, 2021, after deducting the 506,351 shares held in treasury, the maximum theoretical amount which the Company could devote to share purchases would be Euro 104.4 million, corresponding to 8,698,565 shares.

Pursuant to the authorization granted by the Annual General Meeting of April 23, 2020 and based on the information at January 31, 2021, the Company bought 3,728,760 shares and sold 3,693,141 shares.

At January 31, 2021, the Company held 506,351 shares (0.55% of the share capital) including 107,120 shares allocated for the purpose of covering any stock option, savings or bonus share plans, and 399,231 shares under the liquidity agreement.

Details of the objectives of the share buyback program are provided below in the 17th Resolution and in the description of the share buyback program in chapter 7, § 7.1.2, p. 366 et seq. of the 2020 Universal Registration Document.

In the event of a public tender offer relating to the shares or securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share award plans undertaken and announced before the launch of the tender offer.

SEVENTEENTH RESOLUTION

Authorization for the Company to purchase its treasury shares

The Ordinary General Meeting, after having read the Board of Directors' report, authorizes the Board of Directors to purchase or arrange for the purchase of the Company's shares in accordance with the provisions of Articles L. 22-10-62 (formerly Article L. 225-209) et seq. of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the French financial markets authority 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 on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the AMF;
- to implement any Company stock option plan, under the provisions of Article L. 22-10-56 (formerly Article L. 225-177) et seq. of the French Commercial Code, any savings scheme in accordance with Articles L. 3332-1 et seq. of the French Labor Code or any allocation of bonus shares under the provisions of Articles L. 22-10-59, L. 22-10-60 and L. 225-197-1 et seq. of the French Commercial Code, or any other scheme for payment in shares;
- to deliver these shares when the rights attached to 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.

These shares may be acquired, sold, transferred, or exchanged in any manner, including on the market or over the counter, and through block trades. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 et seq. of the French Monetary and Financial Code.

The purchase price of the shares shall not exceed Euro twelve (12) (excluding purchase costs) per share with a par value of Euro (1) one.

This authorization may be implemented within the limit of a number of shares representing 10% of the Company's share capital on the date of this Annual General Meeting, *i.e.*, for example, 8,698,565 shares based on the share capital as at January 31, 2021, net of 506,351 treasury shares, up to a maximum of Euro 104.4 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 purchased by the Company to be held 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 comprising its share capital.

The authorization granted to the Board of Directors is given for a period of eighteen months. It terminates and replaces the authorization previously granted by the 16th Resolution of the Ordinary General Meeting of April 23, 2020.

In the event of a public tender offer relating to the shares or securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share award plans or strategic transactions undertaken and announced before the launch of the public tender offer.

Consequently, full powers are granted to the Board of Directors, with the option to delegate, to implement this authorization, to place any stock market orders, to enter into any agreements in particular with a view to keeping registers of share purchases and sales, to allocate or reallocate the shares acquired to the various objectives pursued in compliance with the legal and regulatory provisions applicable, to make all declarations to the French financial markets authority and carry out any other formalities, and, in general, to take all requisite action.

8.1.3 Resolutions presented to the Extraordinary General Meeting

Resolution 18 – Capital reduction by canceling shares acquired under Company buyback programs

PRESENTATION

The Annual General Meeting of April 25, 2019, under the terms of its 36th Resolution, authorized the Board of Directors, for a period of 26 months, to reduce the share capital by canceling any shares that the Company may acquire under an authorization granted by the shareholders' general meeting, within the limit of 10% of the existing share capital on the date of the cancellation (*i.e.* adjusted to take account of transactions affecting the share capital), per 24-month period.

The Board of Directors did not make use of this authorization.

The 18th Resolution asks you to renew this authorization for a period of 18 months, under the same conditions.

EIGHTEENTH RESOLUTION

Authorization granted to the Board of Directors to reduce the share capital by canceling treasury shares

The Extraordinary General Meeting, after reviewing reports from the Board of Directors and the Statutory Auditors, authorizes the Board of Directors, in accordance with the provisions of Article L. 22-10-62 (formerly Article L. 225-209) 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 Annual General Meeting grants full powers to the Board of Directors, with the option to subdelegate under the conditions provided for by law, to carry out such share capital reduction operation(s) within the limits set above and, in particular, to record the completion of the capital reduction and allocate the difference between the purchase price of the shares and their nominal value to the reserve or share premium account, according to choice, to amend the articles of association accordingly and complete any formalities.

The authorization is granted for a period of eighteen months from the date of this Annual General Meeting and supersedes the unused portion of the previous delegation of the same nature granted by the Annual General Meeting of April 25, 2019 in its 36th Resolution.

Resolutions 19 to 21 – Capital increase with or without shareholders' preferential subscription rights

PRESENTATION

The Annual General Meeting of April 25, 2019, authorized the Board of Directors, for a period of 26 months, to issue shares or securities giving access to the Company's share capital or that of any company in which it has a direct, or indirect, equity interest, with preferential subscription rights (25th Resolution) or without preferential subscription rights through a public tender offer (26th Resolution) or through private placement (27th Resolution).

The Board of Directors has not made use of these authorizations and you are being asked to renew them.

Under the 19th Resolution, you are asked to authorize the Board of Directors, for a further period of 26 months, to decide on the issue, with shareholders' preferential subscription rights, of shares or securities giving immediate and/or future access to the Company's share capital or that of any company in which it has a direct or indirect equity interest, it being specified that the nominal amount of the securities that may be issued under this authorization may not exceed:

- Euro 46 million (*i.e.* 50% of the share capital at December 31, 2020), for shares representing a portion of the share capital (compared to Euro 32 million previously); and
- Euro 200 million, for debt securities (amount unchanged).

Each of these amounts would constitute an overall cap under the 27th Resolution which limits the total nominal amount of equity securities, with and without preferential subscription rights, or debt securities that may be issued under the 19th, 20th, 21st, 22nd, 23rd, 25th and 26th Resolutions, to Euro 46 million and Euro 200 million respectively.

Under the 20th and 21st Resolutions, you are asked to authorize the Board of Directors, for a further period of 26 months, to issue shares or securities, without shareholders' preferential subscription rights, either by way of a public tender offer other than those referred to in Article L. 411-2, 1 of the French Monetary and Financial Code, with the option of granting shareholders a priority subscription period (20th Resolution), or by way of an offer referred to in Article L. 411-2, 1 of the French Monetary and Financial Code (21st Resolution), it being specified that the nominal amount of securities that may be issued under these authorizations may not exceed:

- Euro 18.4 million (corresponding, at December 31, 2020, to less than 20% of the share capital), for securities representing a portion of the share capital (compared to Euro 9.2 million previously). Under the 27nd Resolution, this amount constitutes an overall sub-ceiling for capital increases without preferential subscription rights (excluding issues reserved for members of a Company savings plan);
- under the 20th Resolution, in the event of an issue with a public tender offer, 10% of the share capital on the date of the Annual General Meeting if there is no priority subscription period for shareholders; and
- Euro 200 million, for debt securities (overall ceiling under the 27th Resolution).

It is proposed that these authorizations be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

The option to issue without preferential subscription rights would enable the Board to seize early market opportunities in line with changes in the financial markets and the Group's strategy. The French Monetary and Financial Code offers companies the option to carry out capital increases as part of private placements with qualified investors or a limited circle of investors, provided that these investors are acting on their own behalf.

For issues without preferential subscription rights, securities' issue price will be set in such a way that, for every share issued, the Company receives no less than the minimum amount required by current regulations on the issue date, which is currently the weighted average price of the last three trading sessions on the Euronext Paris regulated market prior to the launch of the public tender offer, less a 5% discount.

For issues with preferential subscription rights under the 19th Resolution, the amount paid or due to the Company for each share that may be issued must be no less than the share's par value.

The issue price of all securities giving entitlement to shares would be determined on the basis of market practices and conditions.

The share allocation rights attached to any securities that may be issued under these resolutions may be exercised on set dates, at any given time, or during one or more periods to be determined by the Board of Directors beginning, at the earliest, on the date of the first allocation of securities, and ending, in the event of redemption, conversion or exchange of a debt security, no more than three months after the loan matures or, under other circumstances, no more than seven years after the issue of the security giving access thereto.

NINETEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to issue Company shares or securities giving access to Company shares or shares of any other company in which it has a direct, or indirect, equity interest, with preferential subscription rights

The Extraordinary General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports and noting that the share capital had been paid up in full, in accordance with Articles L. 225-127, L. 225-129, L. 225-129-2, L. 22-10-49, L. 228-91, L. 228-92, L. 228-93, L. 228-94 et seq. of the French Commercial Code:

- authorizes the Board of Directors, with the option to subdelegate under the conditions provided for by law, to decide, on one or more occasions and at its sole discretion, in the proportions and at the times it sees fit, both in France and abroad, on the issue, with preferential subscription rights, of Company shares or any other securities giving access by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of both, or even existing shares in another company in which it has a direct or indirect equity interest. The subscription may be made either in cash or by offsetting debt;
- resolves that the securities thus issued, and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct or indirect equity interest, may consist of debt securities or be related to the issue of such securities, or allow the issue thereof as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite term, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies.

Warrants to subscribe for new Company shares may be issued by subscription offer or by free allocation to the holders of existing shares, in which case the Board of Directors may decide that the fractional allocation rights will not be tradable and that the corresponding securities will be sold. The proceeds of the sale will be allocated to the holders of such rights no more than thirty days after the date on which the whole number of securities to which they are entitled is recorded in the account.

The total par value of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed Euro forty-six (46) million or the equivalent value on the same date in any other currency, plus, where applicable, the par value of the additional shares to be issued to safeguard, in accordance with legal and regulatory provisions, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's equity securities.

The total par value of the debt securities that the Company may issue on the basis of this delegation may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

In the event of a subscription offer, the Board of Directors may, if it sees fit, in accordance with the law, grant the right to subscribe for excess shares under which equity securities or other securities giving access to the share capital that would not have been subscribed for as of right will be allocated to shareholders who have subscribed for more securities than they were entitled to subscribe for as of right, in proportion to their subscription rights, and in any event, up to the amounts requested.

Where subscriptions as of right and, where applicable, excess subscriptions, have not absorbed the entire issue, the Board of Directors may, in accordance with legal requirements and in any order determined by law, opt for one and/or the other of the following:

- limit the issue to the number of subscriptions, provided that this is at least three quarters of the issue originally planned;
- freely distribute all or some of the unsubscribed securities;
- offer all or some of the unsubscribed securities to the public, on the French or international market.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

Within the limits set by the Annual General Meeting, and in accordance with the law, the Board of Directors has full powers, with the option to subdelegate, to decide to implement this authorization, to set the terms, type and characteristics of the issue(s), in particular the issue price (with or without premium) of the shares and other securities to be issued and the date, even retroactively, from which the new shares will bear dividend rights and, where applicable, the terms and conditions of the buyback or exchange of securities to be issued with a view to holding or cancelling them, to determine the method of payment for the shares or securities giving access to the share capital to be issued immediately or in the future, to record the completion of the resulting capital increases, to charge the issue costs against the premium, to amend the articles of association and, where applicable, to request admission of the shares and other securities issued to trading on a regulated market.

In particular, the Board of Directors may:

- set, for immediate debt security issues, the amount, duration and currency of issue, may decide whether or not said securities are subordinated, their interest rate (fixed, variable, zero-coupon, indexed or other) and their payment date, interest capitalization terms, redemption terms and type (fixed or variable, with or without premium), amortization terms based on market conditions, as well as the circumstances under which they will give entitlement to Company shares and any other terms of issue (including, the granting of guarantees or sureties);
- modify, for the life of the securities concerned, the terms of the securities issued or to be issued in accordance with applicable formalities;

- take all necessary measures to protect the rights of holders of securities giving future rights to new Company shares, in accordance with legal and regulatory requirements and, where applicable, contractual stipulations providing for other adjustments;
- potentially suspend the exercise of the rights attached to these securities for a period set in accordance with the legal and regulatory requirements;
- enter into any and all agreements, in particular with credit institutions, take all measures and complete any formalities to ensure the implementation and successful completion of any issue decided under this delegation;
- deduct, where applicable, the costs of the capital increases from corresponding premiums and, if it deems it appropriate, deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital after each issue.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 25th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

TWENTIETH RESOLUTION

Delegation of authority granted to the Board of Directors to issue Company shares or securities giving access to Company shares or shares of any other company in which it holds a direct, or indirect, equity interest, without preferential subscription rights, by way of a public tender offer, with the exception of those intended solely for qualified investors and/or a limited circle of investors acting on their own behalf, for shares and/or securities giving access to equity securities or giving entitlement to the allocation of Company debt securities with optional priority subscription periods

The Extraordinary General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports, and in accordance with the provisions of the French Commercial Code and, in particular, those of Articles L. 225-129 to L. 225-129-6, 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:

- authorizes the Board of Directors, with the option to subdelegate under the conditions provided for by law, to decide, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, on the issue, by way of a public tender offer, with the exception of those intended solely for qualified investors and/or a limited circle of investors (referred to in L. 411-2, 1 of the French Monetary and Financial Code), of Company shares or any other securities governed by Articles L. 228-91 et seq. of the French Commercial Code, giving access by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of both, or even existing shares in another company in which it has a direct or indirect equity interest. The subscription may be made either in cash or by offsetting debt;
- resolves that the securities thus issued, and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct or indirect equity interest, may consist of debt securities or be related to the issue of such securities, or allow the issue thereof as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite term, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies.

The Annual General Meeting resolves to cancel shareholders' preferential subscription rights to equity securities issued under this delegation. The Annual General Meeting authorizes the Board of Directors to institute, if it sees fit, a preferential subscription period for shareholders on an as-of-right and/or excess subscription basis, for all or part of an issue, and to set its terms and conditions, in accordance with applicable legal and regulatory requirements. This priority subscription will not give rise to the creation of tradable rights, but may, if the Board of Directors sees fit, be exercised on an as-of-right or excess subscription basis.

The total par value of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed (i) where a preferential right is granted to shareholders in accordance with the aforementioned provisions Euro eighteen million four hundred thousand (18,400,000) (*i.e.* less than 20% of the share capital at December 31, 2020) or the equivalent value of this amount on the same date in any other currency, in paragraph 5 below, or (ii) in the absence of a such preferential right, 10% of the share capital on the date of the Annual General Meeting or the equivalent value of this amount on the same date in any other currency. Note that the nominal amount of capital increases completed without preferential subscription under (ii) will be deducted from capital increases completed without such preferential rights under (i). Note that the ceilings provided for in (i) and (ii) will be increased, where applicable, by the par value of additional shares to be issued to protect, in accordance with legal and regulatory requirements and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving future access to the Company's equity securities.

The total par value of the debt securities that the Company may issue on the basis of this delegation may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

The Annual General Meeting resolves that if shareholder and public subscriptions have not absorbed the entire securities issue, the Board of Directors may opt, in the order determined by it, for one or the other of the following:

- limit the issue to the number of subscriptions, provided that this is at least three quarters of the issue originally planned;
- freely distribute all or some of the unsubscribed securities;
- offer all or some of the unsubscribed securities to the public, on the French or international market.

The Annual General Meeting authorizes the Board of Directors, on the occasion of any public exchange offer decided by the Company in respect of its own shares, to exchange the securities referred to in Article L. 228-91 of the French Commercial Code, issued as part of this issue.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The issue price of the shares to be set by the Board of Directors will be no less than the minimum stipulated by the regulations in force on the issue date, currently set out in Articles L. 225-136, 1, L. 22-10-52, 1 and R. 225-119 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 public tender offer, less a maximum discount of 10%, and after correction, if necessary, of this average in the event of a difference on the date of entitlement to dividends.

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 Annual General Meeting, and in accordance with the law, the Board of Directors has full powers, with the option to subdelegate, to decide to implement this authorization, to set the terms, type and characteristics of the issue(s), in particular the issue price (with or without premium) of the shares and other securities to be issued, to determine the method of payment for the shares or securities giving access to the share capital to be issued immediately or in the future and, where applicable, the terms and conditions of their buyback or exchange with a view to holding or cancelling them, to record the completion of the resulting capital increases, to charge the issue costs against the premium, to amend the articles of association and, where applicable, to request the admission of the shares and other securities issued to trading on a regulated market.

In particular, the Board of Directors may:

- set, for immediate debt security issues, the amount, duration and currency of issue, may decide whether or not said securities are subordinated, their interest rate (fixed, variable, zero-coupon, indexed or other) and their payment date, interest capitalization terms, redemption terms and type (fixed or variable, with or without premium), amortization terms based on market conditions, as well as the circumstances under which they will give entitlement to Company shares and any other terms of issue (including, the granting of guarantees or sureties);
- modify, for the life of the securities concerned, the terms of the securities issued or to be issued in accordance with applicable formalities;
- take all necessary measures to protect the rights of holders of securities giving future rights to new Company shares, in accordance with legal and regulatory requirements and, where applicable, contractual stipulations providing for other adjustments;
- potentially suspend the exercise of the rights attached to these securities for a period set in accordance with the legal and regulatory requirements;
- enter into any and all agreements, in particular with credit institutions, take all measures and complete any formalities to ensure the implementation and successful completion of any issue decided under this delegation;
- deduct, where applicable, the costs of the capital increases from corresponding premiums and, if it deems it appropriate, deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital after each issue.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 26th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

TWENTY-FIRST RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or securities giving immediate and/or future access to the share capital and/or giving entitlement to the allocation of debt securities, through a public tender offer intended solely for qualified investors and/or a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2-1 of the French Monetary and Financial Code

The Extraordinary General Meeting, after reviewing the Board of Directors' and the Statutory Auditors' reports, in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 22-10-49, L. 22-10-52 and L. 228-91 et seq. of the French Commercial Code:

- authorizes the Board of Directors, with the option to subdelegate under the conditions provided for by law, to decide, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, on the issue, by way of public tender offers intended solely for qualified investors and/or a limited circle of investors pursuant to the terms of Article L. 411-2, 1 of the French Monetary and Financial Code, of Company shares or any other securities giving access by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of both, or even existing shares in another company in which it has a direct or indirect equity interest. The subscription may be made either in cash or by offsetting debt;
- resolves that the securities thus issued, and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct or indirect, equity interest, may consist of debt securities or be related to the issue of such securities, or allow the issue thereof as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite term, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies.

The total par value of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed Euro eighteen million four hundred thousand (18,400,000) or the equivalent value on the same date in any other currency, plus, where applicable, the par value of the additional shares to be issued to protect, in accordance with legal and regulatory provisions, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's equity securities. Note that, in any event, the nominal amount of the capital increases completed under this resolution may not, in accordance with Article L. 225-136, 2 of the French Commercial Code, exceed 20% of the share capital per year.

The total par value of the debt securities that the Company may issue on the basis of this authorization may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

The Annual General Meeting resolves to cancel shareholders' preferential subscription rights to shares and securities giving access to the share capital to be issued to qualified investors and/or to a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, 1 of the French Monetary and Financial Code.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The Annual General Meeting resolves that if subscriptions have not absorbed the entire securities issue, the Board of Directors may limit the issue to the number of subscriptions received, provided that this is at least three-quarters of the issue originally planned.

The issue price of the shares to be set by the Board of Directors will be no less than the minimum stipulated by the regulations in force on the issue date, currently set out in Articles L. 225-136, 1, L. 22-10-52, 1 and R. 225-119 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 public tender 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 Annual General Meeting and in accordance with the law, the Board of Directors has full powers, with the option to subdelegate, to implement this authorization, to set the terms, type and characteristics of the issue(s), in particular, the issue price (with or without premium) of the shares and other securities to be issued, to determine the method of payment for the shares or securities giving access to the share capital to be issued immediately or in the future and, where applicable, the terms and conditions of their buyback or exchange, with a view to holding or cancelling them, to record the completion of the resulting capital increases, to charge the issue costs against the premium, to amend the articles of association and, where applicable, to request the admission of the shares and other securities issued to trading on a regulated market.

In particular, the Board of Directors may:

- set, for immediate debt security issues, the amount, duration and currency of issue, may decide whether or not said securities are subordinated, their interest rate (fixed, variable, zero-coupon, indexed or other) and their payment date, interest capitalization terms, redemption terms and type (fixed or variable, with or without premium), amortization terms based on market conditions, as well as the circumstances under which they will give entitlement to Company shares and any other terms of issue (including, the granting of guarantees or sureties);

- modify, for the life of the securities concerned, the terms of the securities issued or to be issued in accordance with applicable formalities;
- take all necessary measures to protect the rights of holders of securities giving future rights to new Company shares, in accordance with legal and regulatory requirements and, where applicable, contractual stipulations providing for other adjustments;
- potentially suspend the exercise of the rights attached to these securities for a period set in accordance with the legal and regulatory requirements;
- enter into any and all agreements, in particular with credit institutions, take all measures and complete any formalities to ensure the implementation and successful completion of any issue decided under this delegation;
- deduct, where applicable, the costs of the capital increases from corresponding premiums and, if it deems it appropriate, deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital after each issue.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 27th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 22 – Setting the issue price on an exceptional basis within the context of capital increases without shareholders' preferential subscription rights

PRESENTATION

Under the 22nd Resolution, you are being asked to renew the authorization granted to the Board of Directors, within the context of issues without preferential subscription rights by way of public tender offers (20th Resolution) or by way of an offering to qualified investors and/or to a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, 1 of the French Monetary and Financial Code (21st Resolution) to set, if it sees fit, the issue price, which must be no less than the average share price for the last three trading sessions prior to the launch of the public tender offer, possibly less a discount of no more than 5%.

It is proposed that this authorization be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

The 27th Resolution limits the total amount of equity securities with and without preferential subscription rights, or debt securities that may be issued on the basis of the 19th to 26th Resolutions.

TWENTY-SECOND RESOLUTION

Authorization granted to the Board of Directors, in the event of issues without preferential subscription rights by way of a public offering or by way of an offer to qualified investors and/or to a restricted circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, I of the French Monetary and Financial Code, to set the issue price in accordance with the procedures determined by the Annual General Meeting

The Extraordinary General Meeting, after reviewing the Board of Directors' and the Statutory Auditors' reports, authorizes the Board of Directors, with the option to sub-delegate pursuant to legal requirements, in accordance with Articles L. 225-136 and L. 22-10-52 of the French Commercial Code, when an issue is carried out under the 20th and 21st Resolutions of this Meeting, to set, pursuant to Article L. 22-10-52, 2 of the French Commercial Code, the issue price in accordance with the following conditions:

- the issue price will be no less than the weighted average price for the last three trading sessions prior to the launch of the public tender offer, possibly less a discount of no more than 5%;
- the issue price of the securities giving access to the share capital, taking into account the number of shares to which these securities give entitlement, 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.

The maximum nominal amount of the capital increase resulting from the implementation of this resolution may not exceed 10% of the share capital per year, this limit being assessed on the date of the Board of Directors' decision setting the issue price.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 28th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 23 – Option to increase the amount of issues in the event of excess requests in the context of capital increases with or without shareholders' preferential subscription rights

PRESENTATION

The purpose of the 23rd Resolution is to renew the authorization granted to the Board of Directors by the Annual General Meeting of April 25, 2019, within the context of capital increases completed with or without preferential subscription rights (19th, 20th, 21st and 22nd Resolutions), to increase the initial amount of the issues, in the event of oversubscription, in accordance with current regulations.

It is proposed that this authorization be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

The Board of Directors would, therefore, have the option, within 30 days from the closing of the subscription period, to increase the number of securities issued, at the same price as the initial issue, up to a limit of 15% of the initial issue and subject to the cap set in the 19th, 20th, 21st and 22nd Resolutions, as the case may be, and the overall cap set in the 27th Resolution.

TWENTY-THIRD RESOLUTION

Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase carried out with or without preferential subscription rights

The Extraordinary General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports, authorizes the Board of Directors, with the option to subdelegate pursuant to legal requirements, in accordance with Articles L. 225-135-1 and L. 22-10-49 of the French Commercial Code, on the occasion of any issue carried out under the 19th to 22nd Resolutions of this meeting, to issue a greater number of shares or securities than that initially set within the time limits and caps provided for by the regulations applicable on the issue date (currently within thirty days from the closing of the subscription period, up to a limit of 15% of the initial issue and at the same price as the initial issue) and subject to the cap set out in the resolution under which the issue is decided and the overall cap provided for in the 27th Resolution.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 29th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 24 – Capital increase by incorporation of reserves, profits, premiums or other

PRESENTATION

The Annual General Meeting of April 25, 2019, authorized the Board of Directors, for a period of 26 months, to increase the share capital through the incorporation of reserves, profits, premiums or other amounts that may be capitalized.

The Board of Directors did not make use of this authorization.

You are being asked under the 24th Resolution to renew this authorization for a period of 26 months, up to a total nominal amount of Euro 46 million, *i.e.* 50% of the share capital at December 31, 2020 (compared to Euro 32 million previously), which constitutes the overall cap on capital increases for all issues under the 19th to 26th Resolutions, set out in the 27th Resolution.

It is also proposed that this authorization be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

TWENTY-FOURTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital through the incorporation of reserves, profits, premiums or other amounts that may be capitalized

The Extraordinary General Meeting, voting under the conditions of quorum and majority required for Ordinary General Meetings, after reviewing the Board of Directors' report, in accordance with Articles L. 225-129 to L. 225-130, L. 22-10-49 and L. 22-10-50 of the French Commercial Code, authorizes the Board of Directors, with the option to subdelegate in accordance with legal requirements, to decide on the increase of the share capital, in one or more installments, at the times and in the manner that it sees fit, through the incorporation in the share capital of reserves, profits, premiums or other amounts that may be capitalized, through the issue and bonus allocation of new equity securities or by increasing the par value of existing equity securities, or by a 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 Euro forty-six (46) million or the equivalent value of this amount on the same date in any other currency, not including the amount required to preserve, in accordance with legal requirements, the rights of holders of securities giving entitlement to equity securities.

The Annual General Meeting grants the Board of Directors full powers, with the option to subdelegate, to implement this resolution and, in particular, to:

- set all the terms and conditions of authorized transactions and, specifically, set the amount and type of the reserves and premiums to be capitalized, set the number of new equity securities to be issued or the amount by which the nominal value of the existing equity securities comprising the share capital will be increased, set the date, even retroactively, from which the new equity securities will carry dividend rights or the date from which the increase in the nominal value will take effect;
- take all necessary measures to protect the rights of holders of securities giving access to the share capital on the date of the capital increase;
- determine the terms and conditions of use of fractional rights and, in particular, decide that these rights are not tradable or transferable and that the corresponding equity securities will be sold and the proceeds of the sale will be allocated to the holders of rights by the deadline set out in the regulations, *i.e.* no later than 30 days after the date on which the whole number of equity securities granted is recorded in their account;
- record the capital increase resulting from the issue of the equity securities, amend the articles of association accordingly, request the admission of the securities to a regulated market and complete all required disclosure formalities;
- and, generally speaking, take all necessary measures and carry out all formalities required for the successful completion of each capital increase.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 30th Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 25 – Capital increase as part of a public tender offer initiated by the Company

PRESENTATION

The Annual General Meeting of April 25, 2019 authorized the Board of Directors, for a period of 26 months, to issue shares or securities giving access to the Company's share capital in the event of a public tender offer made by the Company for the shares of another listed company.

The Board of Directors did not make use of this authorization.

You are being asked under the 25th Resolution to renew this authorization for another 26 months so that the Company may retain this option which may be required to continue its development strategy.

The total nominal amount of securities that may be issued under this authorization may not exceed:

- Euro 18.4 million (less than 20% of the share capital at December 31, 2020), in the case of shares representing a portion of the share capital (compared to Euro 9.2 million previously); and
- Euro 200 million (amount unchanged), for debt securities.

It is also proposed that this authorization be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

The 27th Resolution limits the total amount of equity securities with and without preferential subscription rights, or debt securities that may be issued on the basis of the 19th to 26th Resolutions.

TWENTY-FIFTH RESOLUTION

Delegation of authority granted to the Board of Directors to issue, without preferential subscription rights, shares or securities giving access to the share capital in the event of a public exchange offer initiated by the Company

The Extraordinary General Meeting, after reviewing the Board of Directors' and the Statutory Auditors' reports, and ruling in accordance with Articles L. 225-129 to L. 225-129-6, L. 22-10-49, L. 22-10-54 (formerly Article L. 225-148) and L. 228-91 et seq. of the French Commercial Code, authorizes the Board of Directors, with the option to subdelegate in accordance with legal requirements, to decide on the issue of shares in the Company and/or securities giving access by any means, immediately or in the future, to the Company's share capital, as consideration for securities tendered as part of a mixed or alternative public exchange offer, initiated by the Company, in France or abroad, in respect of the securities of a company whose shares are listed on one of the regulated markets referred to in Article L. 22-10-54 (formerly Article L. 225-148) of the French Commercial Code.

The Annual General Meeting resolves to cancel, as necessary, shareholders' preferential subscription rights to these shares or securities.

The total par value of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed Euro eighteen million four hundred thousand (18,400,000) or the equivalent value on the same date in any other currency, plus, where applicable, the par value of the additional shares to be issued to protect, in accordance with legal and regulatory provisions, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's equity securities.

The total par value of the debt securities that the Company may issue on the basis of this authorization may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The Board of Directors shall have full powers, with the option to subdelegate, to implement this authorization and, in particular, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, to record the number of securities tendered for the exchange, to set the dates and conditions of issue, in particular the price, the dividend entitlement date, the payment methods, the nature and the characteristics of the securities to be issued, to suspend the issue of the securities to be issued and, if applicable, the exercise of the rights attached to the securities to be issued, under the circumstances and within the limits set out by regulatory and contractual provisions and, where applicable, to delay such exercise, to record on the liabilities side of the balance sheet the share premium from which any transaction costs and fees will be deducted, to record the completion of capital increases, to amend the articles of association accordingly and complete all formalities and declarations, to request any authorizations that may prove necessary for the completion and successful conclusion of the transactions authorized by this delegation and, more generally, to take all requisite action.

This authorization is granted for twenty-six months from the date of this Annual General Meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 31st Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 26 – Capital increase with a view to remunerating securities granted to the Company

PRESENTATION

The Annual General Meeting of April 25, 2019, had authorized the Board of Directors, for a period of 26 months, to issue shares or securities giving access to the share capital, up to a limit of 10% of the share capital, with a view to remunerating contributions in kind granted to the Company consisting of equity securities or securities giving access to the share capital.

The Board of Directors did not make use of this authorization.

You are being asked in the 26th Resolution to renew this authorization for another 26 months so that the Company may retain this option which may be required to continue its development strategy.

It is also proposed that this authorization be suspended during public tender offer periods, unless authorized by the Annual General Meeting.

The 27th Resolution limits the total amount of equity securities with and without preferential subscription rights, or debt securities that may be issued on the basis of the 19th to 26th Resolutions.

TWENTY-SIXTH RESOLUTION

Delegation of powers granted to the Board of Directors, up to a maximum of 10% of the Company's share capital, to issue shares or securities giving access to share capital in exchange for contributions in kind, equity securities or securities giving access to the share capital

The Extraordinary General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports and ruling in accordance with the provisions of Articles L. 225-129 et seq., L. 225-147, L. 22-10-49 and L. 22-10-53 of the French Commercial Code, grants the Board of Directors, with the option to subdelegate in accordance with legal requirements, full powers, up to the limit of 10% of the Company's share capital measured on the date on which the Board of Directors decides on the issue and, on the basis of the report of the Statutory Auditor(s) mentioned in paragraphs 1 and 2 of the abovementioned Article L. 225-147, to issue shares or securities giving access by any means, immediately or in the future, to the Company's share capital, with a view to remunerating 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 (formerly Article L. 225-148) of the French Commercial Code do not apply, and resolves, as necessary, to waive, for the benefit of the holders of these securities to which the contributions in kind relate, shareholders' preferential subscription rights to the equity securities to be issued under this authorization.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The Board of Directors shall have full powers, with the option to subdelegate, to implement this resolution, to set all the terms and conditions of the authorized transactions, in particular, to rule, on the basis of the report of the Statutory Auditor(s) in relation to the contributions mentioned in paragraphs 1 and 2 of the abovementioned Article L. 225-147, on the valuation of contributions and the granting of special benefits and their values (including, if the contributors agree, to reduce the valuation of the contributions or the remuneration of the special benefits), to set the conditions, nature and characteristics of the shares and other securities to be issued, to make, where applicable, any deductions from share premiums and, in particular, to deduct all costs incurred as a result of the capital increase, to record the definitive completion of the capital increases carried out under this authorization, to amend the articles of association accordingly and complete all formalities and declarations, to request any authorizations that may prove necessary for the completion of these contributions and, generally, to take all requisite action.

This authorization is granted for twenty-six months from the date of this meeting and, if applicable, supersedes any unused portion of the previous authorization of the same nature granted by the Annual General Meeting of April 25, 2019 in the 32nd Resolution.

The Board of Directors may not, without prior authorization from the Annual General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 27 – Overall limit on financial authorizations

PRESENTATION

The purpose of the 27th Resolution is to limit the total amount of equity securities or debt securities that may be issued under the 19th to 26th Resolutions (with the exception of the 24th Resolution on capital increase through the incorporation of reserves, profits, premiums or other).

The total nominal amount of capital increases that may be carried out immediately and/or in the future, may not exceed Euro 46 million, corresponding to approximately 50% of the share capital at December 31, 2020 (compared to Euro 32 million previously). Note that the total amount of capital increases that may be carried out, immediately and/or in the future, without preferential subscription rights under the 20th, 21st, 22nd, 23rd, 25th and 26th Resolutions may not exceed Euro 18.4 million (*i.e.* less than 20% of the share capital at December 31, 2020).

The total nominal amount of the debt securities issues may not exceed Euro 200 million.

TWENTY-SEVENTH RESOLUTION

Overall limit on financial authorizations granted to the Board of Directors

The Extraordinary General Meeting, after reviewing the Board of Directors' report, resolves that:

- the total nominal amount of the debt securities that may be issued on the basis of these resolutions may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies;
- the total nominal amount of capital increases that may be carried out, immediately and/or in the future, on the basis of the 19th to 26th Resolutions (with the exception of the 24th Resolution on capital increases through incorporation of reserves, profits, premiums or other), may not exceed Euro forty-six (46) million or the equivalent value of this amount on the same date in any other currency, it being specified that the total amount of the capital increases that may be carried out, immediately and/or in the future, without preferential subscription rights, under the 20th, 21st, 22nd, 23rd, 25th and 26th Resolutions may not exceed Euro eighteen million four hundred thousand (18,400,000), excluding, for each of the amounts, the par value of the additional shares to be issued to protect the rights of the holders of securities giving access to the Company's share capital.

The Annual General Meeting acknowledges that the total amount of Euro forty-six (46) million does not include the par value of the shares:

- to be issued, where applicable, for the benefit of members of a Company savings plan, as part of the issues decided on under the 28th Resolution;
- to be allocated to employees and executive corporate officers in the event of bonus shares to be issued by way of a capital increase under the 29th Resolution.

Resolution 28 – Capital increase reserved for members of a Company savings plan

PRESENTATION

The Annual General Meeting of April 25, 2019 authorized the Board of Directors, for a period of 26 months, to increase the share capital or sell treasury shares for the benefit of members of Company savings plans and those of related companies.

The Board of Directors did not make use of this authorization.

The 28th Resolution asks you to renew this authorization for another 26 months.

The total number of shares that may be issued under this resolution remains unchanged at 2% of the share capital on the date of the meeting (excluding adjustments), and does not count towards the overall cap on the share capital set by the 27th Resolution.

You are asked to waive shareholders' preferential subscription rights to the shares and securities giving access to the share capital that may be issued under this authorization. The share subscription price, in accordance with the provisions of Article L. 3332-19 of the French Labor Code, may not be less than the average share price for the twenty trading sessions prior to the date on which the decision is taken to set the opening date for the subscription period, less a discount of no more than 20%, or 30% when the plan's lockup period is ten 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.

TWENTY-EIGHTH 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 Extraordinary General Meeting, after reviewing the Board of Directors' and the Statutory Auditors' reports, and ruling in accordance with the provisions of Articles L. 3332-1 et seq. of the French Labor Code and Article L. 225-138-1 of the French Commercial Code, authorizes the Board of Directors, in accordance with legal requirements, with the option to subdelegate, pursuant to Articles L. 225-129-2 and L. 225-129-6 of the French Commercial Code, to increase the Company's share capital, on one or more occasions, by issuing equity securities or securities giving access to the Company's share capital, reserved for members of the Company savings plan or that of related companies under the terms set out in Article L. 233-16 of the French Commercial Code and under the terms set out in Article L. 3332-18 et seq. of the French Labor Code.

The total number of shares that may be issued under this authorization may not exceed 2% of the total number of shares representing the Company's share capital at the date of this meeting, plus any additional shares to be issued to protect the rights of beneficiaries, in accordance with applicable legal and regulatory requirements, it being specified that this cap is independent of the cap referred to in the 22nd Resolution and the overall cap provided for in the 27th Resolution.

The share subscription price, set in accordance with the provisions of Article L. 3332-19 of the French Labor Code, may not be less than the average share price for the twenty trading sessions prior to the date on which the decision is taken to set the opening date for the subscription period, less a discount of no more than 20%, or 30% when the plan's lockup period is ten years or more, given that the Annual General Meeting expressly authorizes the Board of Directors, if it sees fit, to reduce or cancel the discount granted in order to take into account any legal, regulatory and tax provisions applicable under foreign law.

The Annual 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 Annual 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 Annual 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 Annual General Meeting grants full powers to the Board of Directors, with the option to delegate or sub-delegate in accordance with legal requirements, to implement this authorization and carry out this, or these, issue(s) up to the limits set above, on the dates, within the time limits and in accordance with the terms and conditions that it will set in accordance with the statutory and legal requirements, and more specifically:

- to decide whether beneficiaries may subscribe for shares directly or through collective investment vehicles, and to set the scope for capital increases reserved for members of a savings plan;
- to set the amounts of capital increases, the terms and conditions of issues, the characteristics of shares and, where applicable, other equity securities, the dates and durations of subscription periods, and any terms and conditions and deadlines set for shareholders to pay up their shares as well as the seniority conditions that must be met by subscribers for new shares;
- at its sole discretion, after each capital increase, to deduct the costs of the capital increases from the related premiums and deduct from this amount the sums needed to increase the legal reserve to one tenth of the new share capital;
- to record the amount of capital increases in relation to the amount of shares that will actually be subscribed and to amend the articles of association in line with direct or deferred capital increases; and
- in general, to enter into all agreements, take all measures and complete all formalities necessary for the issue, listing and admission to trading of the securities whose issue is authorized.

The authorization is granted for a period of twenty-six months from the date of this Annual General Meeting and supersedes the unused portion of the previous delegation of the same nature granted by the Annual General Meeting of April 25, 2019 in its 34th Resolution.

Resolution 29 – Allocation of bonus Company shares to Company employees and executive corporate officers

PRESENTATION

Under its 35th Resolution, the Annual General Meeting of April 25, 2019 authorized the Board of Directors, for a period of 26 months, to award bonus Company shares to employees and executive corporate officers of the Company and affiliated companies. Corporate officers may be beneficiaries of this authorization subject, in addition to a condition of continued employment by the Company or affiliated companies, to the achievement of performance conditions.

Pursuant to the authorization granted on April 25, 2019, the Board of Directors, further to approval from the Appointments and Compensation Committee, granted share allocation plans in fiscal year 2020 for a total of 188,433 existing or future shares representing 0.20% of the share capital on the date of the authorization.

On the recommendation of the Appointments, Compensation and Governance Committee, the 29th Resolution asks you to continue to exercise this option and, for a period of 26 months, to renew the Board of Directors' authorization for the benefit of the Company's employees and executive corporate officers. Executive corporate officers may be beneficiaries of this authorization subject, in addition to a condition of continued employment by the Company or affiliated companies, to the achievement of performance conditions, as well as pre-established mandatory vesting and holding periods.

The authorization granted at the Annual General Meeting of April 25, 2019 expires on June 24, 2021. The 29th Resolution asks you to terminate this resolution by replacing it with a new authorization for a period of 26 months.

The proposed resolution sets the total number of bonus shares that may be allocated over a period of 26 months at 1.0% of the share capital on the date of this Annual General Meeting (excluding adjustments), 0.5% of which for executive corporate officers and 0.5% for 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 (109 staff on permanent contracts at the end of December 2020) and so complies with the principle of non-concentration of bonus share plans in the AFEP-MEDEF Code. This cap does not count towards the overall cap on capital increases set by the 27th Resolution.

Note that all the bonus share allocation plans currently in force are only for existing shares, with no dilutive effect on the share capital. The total number of existing shares that may be definitively allocated in respect of allocations granted but not yet vested is set at 0.33% of the share capital at December 31, 2020.

Like the authorization granted by the meeting of April 25, 2019, the proposed authorization specifies, in accordance with legal requirements, that the shares would be definitively allocated to their beneficiaries at the end of a vesting period that would be set by the Board of Directors, it being understood that this period may not be less than one year for employees and three years for executive corporate officers as well as members of the Management Committee or any equivalent form of Management Committee in operation at the Company if its organization were to change. These shares must be held for a period set by the Board of Directors, the total duration of the vesting and holding periods being no less than two years for employees and five years for executive corporate officers and Management Committee members or similar. For example, insofar as the vesting period, for all or part of one or more allocations, would be at least two years for employees and five years for executive corporate officers and members of the Management Committee or similar, the Board of Directors would be authorized not to impose any lockup period for the shares in question.

In addition, the Board of Directors would be authorized to decide that, should the beneficiary become classified as having a long-term disability falling into the second or third category provided for in Article L. 341-4 of the French Social Security Code, or a foreign equivalent, the shares would be allocated definitively before the end of the remaining vesting period.

TWENTY-NINTH RESOLUTION

Authorization granted to the Board of Directors to allocate existing or future bonus shares to employees and executive corporate officers of the Company and related companies; automatic waiver by shareholders of their preferential subscription rights

The Extraordinary General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports, in accordance with 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, pursuant to, and 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 to grant, on one or more occasions, to Company employees or some categories of Company employees and executive corporate officers, as well as employees of companies or economic interest groups affiliated to the Company, under the conditions provided for in Article L. 225-197-2 of the French Commercial Code, existing or new bonus Company 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 meeting, of which 0.5% for executive corporate officers and 0.5% for employees, not including any adjustments that may be made to protect the rights of beneficiaries in accordance with legal and regulatory provisions, as well as with applicable contractual provisions;

- resolves that, with regard to the Company's executive corporate officers and members of the Management Committee, or any other form of equivalent management committee then in force at the Company if its organization were to change, the definitive allocation of all the shares must be subject, in addition to a condition of continued employment by the Company or affiliated companies, 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 Annual General Meeting authorizes the Board of Directors to proceed, alternatively or cumulatively, within the limit set above:

- with the allocation of shares from buybacks carried out by the Company under the terms of Articles L. 22-10-61 (formerly Article L. 225-208) and L. 22-10-62 (formerly Article L. 225-209) of the French Commercial Code; and/or
- the allocation of shares to be issued by way of a capital increase. In this case, the Annual General Meeting authorizes the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the number of shares allocated and notes that this authorization automatically entails, for the benefit of the beneficiaries of the bonus shares allocated, shareholders' waiver of their preferential subscription rights to the shares to be issued.

The Annual General Meeting resolves that the shares will be definitively awarded 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 one year for employees and three years for executive corporate officers as well as members of the Management Committee or any other equivalent form of management committee then in force at the Company, if its organization were to change. These shares must be held for a period set by the Board of Directors, the total duration of the vesting and holding periods being no less than two years for employees and five years for executive corporate officers and Management Committee members or similar. For example, insofar as the vesting period, for all or part of one or more allocations, would be at least two years for employees and five years for executive corporate officers and members of the Management Committee or similar, the Board of Directors would be authorized not to impose any lockup period for the shares in question.

In addition, the Annual General Meeting authorizes the Board of Directors to decide that, should the beneficiary become classified as having a long-term disability falling into the second or third category provided for in Article L. 341-4 of the French Social Security Code, or a foreign equivalent, the shares may be allocated definitively before the end of the remaining vesting period.

The Annual General Meeting grants full powers to the Board of Directors, with the option to delegate in accordance with legal requirements, within the limits set above, to do the following:

- identify the beneficiaries or the category or categories of beneficiaries of the share allocations. Note that employees individually holding more than 10% of the share capital may not be granted bonus shares and that bonus share grants may not result in any of these individuals crossing the ownership threshold of more than 10% of the share capital;
- distribute bonus share allocation rights, on one or more occasions, and at the times that it deems appropriate;
- set the conditions and criteria for the allocation of shares, such as, including but not limited to, seniority conditions, conditions relating to continued employment or executive corporate office during the vesting period, or any other financial or individual or collective performance condition;
- determine, under the legal conditions and limits, the definitive duration of the vesting period and, where applicable, the lockup period for the shares;
- where applicable, register the bonus shares allocated in an account in the name of their holder, including the lockup period and its duration;
- cancel the share lockup period in the event of dismissal, retirement, or second- or third-category disability provided for in Article L. 341-4 of the French Social Security Code, or death;
- allocate, where applicable, an unavailable reserve for beneficiaries' rights, in an amount equal to the total par value of any shares that may be issued by way of a capital increase, by deducting the necessary sums from all the 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 dated date, even retroactively, of the new shares resulting from the allocation of bonus shares;
- in the event of a capital increase, amend the articles of association accordingly and complete all necessary formalities;
- adjust, if necessary, during the vesting period, the number of bonus shares allocated in relation to any transactions affecting the Company's share capital in order to protect beneficiaries' rights. Note that any shares that may be allocated pursuant to these adjustments will be deemed to have been awarded on the same day as the shares initially allocated.

In accordance with the provisions of Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, an annual report will inform the Ordinary General Meeting of the transactions carried out pursuant to this authorization.

The authorization is granted for a period of twenty-six months from the date of this Annual General Meeting and supersedes, for the unused portion, the previous delegation of the same nature granted by the Annual General Meeting of April 25, 2019 in its 35th Resolution.

Resolutions 30 to 32 – Amendments to the articles of association

PRESENTATION

In order to harmonize the Company's articles of association with current regulations, it is proposed that, pursuant to the 30th to 32nd Resolutions, the following amendments be made:

- the 30th Resolution consists of transposing the terms of Article L. 225-35 of the French Commercial Code (amended by Law No. 2019-744 of July 19, 2019, on the simplification, clarification and updating of company law), which has also changed the role of the Board of Directors, into the articles of association. Article 19-I of the articles of association would be amended as follows:

  "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. It also takes into consideration, where applicable, the Company's purpose, as defined in accordance with Article 1835 of the French Civil Code**."
- the 31st Resolution consists of removing from Article 24 on Statutory Auditors, the reference to the obligation to appoint one or more alternate auditors, in order to harmonize the articles of association with current regulations. The second paragraph of Article 24-I of the articles of association would, therefore, be deleted.
- In accordance with Law No. 2019-486 of May 22, 2019, known as the Pacte Law and the aforementioned Law No. 2019-744 of July 19, 2019, the 32nd Resolution supports the digitization of records. As such, the Board of Directors' decisions would either be recorded in minutes written in a physical register or in electronic form in a dematerialized register. The paragraph below would be added to Article 18-IV of the articles of association:

  "**The deliberations of the Board of Directors may also be recorded in minutes prepared in electronic form. They are then signed by means of an electronic signature in accordance with the terms of Article 26 of Regulation (EU) No. 910/2014 of the European Parliament and of the Council of July 23, 2014 on electronic identification and trust services for electronic transactions within the internal market.**"

THIRTIETH RESOLUTION

Amendment of Article 19-I of the articles of association

The Extraordinary General Meeting, after reviewing the Board of Directors' report, decides to amend Article 19-I of the Company's articles of association as follows (the added section is highlighted **in bold** in the text below):

- "I. 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. It also takes into consideration, where applicable, the Company's purpose, as defined in accordance with Article 1835 of the French Civil Code**.

  The Board of Directors performs the audits and checks that it deems necessary".

THIRTY-FIRST RESOLUTION

Amendment of Article 24-I of the articles of association

The Extraordinary General Meeting, after reviewing the Board of Directors' report, decides to delete the second paragraph of Article 24-I of the Company's articles of association.

THIRTY-SECOND RESOLUTION

Amendment of Article 18-IV of the articles of association

The Extraordinary General Meeting, after reviewing the Board of Directors' report, decides to amend Article 18-IV of the Company's articles of association as follows (the added section is highlighted in bold in the text below):

"IV. The content of Board of Directors' meetings shall be recorded in minutes signed by the Chairman of the meeting and at least one director. Written consultations shall be recorded in minutes signed by the Chairman and must contain material evidence of the reply of each director in an appendix.

To be valid, copies of, or excerpts from, minutes must be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the 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.

The deliberations of the Board of Directors may also be recorded in minutes prepared in electronic form. They are then signed by means of an electronic signature in accordance with the terms of Article 26 of Regulation (EU) No. 910/2014 of the European Parliament and of the Council of July 23, 2014 on electronic identification and trust services for electronic transactions within the internal market.

The justification of the numbers of directors in office, their presence or representation, the capacity of director and permanent representative of a legal entity acting as a director, Chairman or vice-Chairman of the Board of Directors in office, Chief Executive Officer, Deputy Chief Executive Officer or director temporarily delegated as Chairman as well as the powers granted by the directors represented, shall result, vis à vis third parties, from the statements recorded in the minutes and copies or excerpts of them which are issued."

Resolution 33 – Powers for formalities

PRESENTATION

The 33rd Resolution is a standard resolution that permits legal publication and formalities to be carried out.

THIRTY-THIRD RESOLUTION

Powers for completion of formalities

The Annual General Meeting grants full powers to any bearer of an original version, a copy or an extract of the minutes of this Annual General Meeting to perform the filing, disclosure or other formal requirements prescribed by law.

APPENDIX 1: INFORMATION ON THE COMPENSATION COMPONENTS AWARDED OR PAID IN FISCAL YEAR 2020 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, MR ÉRIC LE GENTIL

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
Fixed compensation	**€210,102**	**€225,000**	All details are specified in chapter 4, § 4.2.2.2, p. 283 et seq. The difference in compensation was due to the reversal, in 2020, of a 13th month paid in error in 2019.
Annual variable compensation	**Not applicable**	**Not applicable**	
Multi-annual variable compensation	**Not applicable**	**Not applicable**	
Exceptional compensation	**Not applicable**	**Not applicable**	
Stock options, performance shares or any other long-term benefits	**Not applicable**	**Not applicable**	No award was made in the previous fiscal year.
Compensation allocated on account of the directorship	**€41,211**	**€40,000**	Mr Éric Le Gentil receives compensation due to his position as a director. The gross amount of compensation linked to his directorship has been set at a gross amount of €15,000, comprising an annual fixed component of €5,000 and an annual variable component of €10,000 awarded on the basis of attendance at Board meetings. As a member of the Investment Committee and the Appointments and Compensation Committe, Mr Éric Le Gentil received, like the other members of these Committees, an additional compensation comprising an annual fixed component totaling the gross amount of €8,000 in 2020, and an annual variable component totaling the gross amount of €17,000. In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Mr Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a *pro rata* basis for 2019, resulting in a payment of €41,211 in respect of 2019, paid in January 2020. Detailed information relating to compensation on account of the directorship is presented in chapter 4, § 4.2.1.1 and § 4.2.1.2, p. 273 et seq.
Benefits of all kinds	**Not applicable**	**Not applicable**	
Severance pay	**Not applicable**	**Not applicable**	The Company is not bound by an obligation to pay a severance allowance to the Chairman of the Board of Directors for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	

APPENDIX 2: INFORMATION ON THE COMPENSATION COMPONENTS AWARDED OR PAID IN FISCAL YEAR 2020 TO THE CHIEF EXECUTIVE OFFICER, MR VINCENT RAVAT

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
Fixed compensation	**€360,000**	**€360,000**	All details are specified in chapter 4, § 4.2.2.4, p. 286 et seq.
Annual variable compensation	**€412,650**	**€252,000**	At the Annual General Meeting of April 23, 2020, the shareholders approved the method for determining and awarding the variable compensation for the Chief Executive Officer for the 2020 fiscal year (9th Resolution). The amount of the variable portion, expressed as a percentage, breaks down as follows: ● **Quantifiable objectives** (85% of the total variable compensation) • For FFO growth: 0% achieved representing €0; • For organic growth including indexation: 0% achieved representing €0; • For the EBITDA margin: 0% achieved representing €0; • For the reduction in greenhouse gas emissions as part of Mercialys' climate strategy (Scopes 1 and 2): 200% achieved representing €25,200; • For GRESB classification of Mercialys: 200% achieved representing €50,400; • For the disposals of assets during the fiscal year: 200% achieved representing €50,400; • For the bond maturity management: 200% achieved representing €50,400. ● **Qualitative objectives** (15% of the total variable compensation) • Human resources management: change in employee satisfaction and commitment (measured by an employee survey) 200% achieved representing €75,600. 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. 290 et seq.
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Mr Vincent Ravat does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2020 for his term of office.
Exceptional compensation	**Not applicable**	**Not applicable**	Mr Vincent Ravat did not receive any exceptional compensation in 2020 or due for fiscal year 2020, in accordance with the compensation policy as described in chapter 4, § 4.2.2.4, p. 286 et seq.
Stock options, performance shares or any other long-term benefits	**Not applicable**	**67,355 bonus shares valued at €220,924**	Pursuant to the authorization granted by the Extraordinary General Meeting of April 25, 2019 (35th Resolution), the Board of Directors' meeting of April 23, 2020, decided to allocate 67,355 shares to Mr Vincent Ravat, which may be increased to 86,215 shares if the performance criteria are exceeded. Bonus shares become vested on April 23, 2023 only if the beneficiary (in its capacity as corporate officer) is still present at the Company on the vesting date, and subject to fulfillment of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2020 are described in chapter 4, § 4.2.2.4, B, 4, p. 291 et seq.

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
Benefits of all kinds	**€35,563**	**€35,563**	The Chief Executive Officer is a member of the insurance plan in force within the Company for all employees and benefits from the social security regime for company executives. He also has a company car. The Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term. Benefits of all kinds are described in chapter 4, § 4.2.2.4, B, 2, p. 289.
Severance pay	**Not applicable**	**Not applicable**	No commitment to pay a severance allowance to the Chief Executive Officer for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	The Chief Executive Officer does not benefit from any additional pension plan. He is a member of the mandatory group supplementary pension plan (ARRCO and AGIRC) and the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance.

APPENDIX 3: INFORMATION ON THE COMPENSATION COMPONENTS AWARDED OR PAID IN FISCAL YEAR 2020 TO THE DEPUTY CHIEF EXECUTIVE OFFICER, MRS ÉLIZABETH BLAISE

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
Fixed compensation	**€265,000**	**€265,000** (including €132,500 for her term of office and €132,500 in respect of her employment contract)	Since February 13, 2019, Mrs Élizabeth Blaise has received half of her compensation as Deputy Chief Executive Officer and half as a Company employee. All details are specified in chapter 4, § 4.2.2.6, p. 297 et seq.
Annual variable compensation	**€145,728**	**€106,000** (including €53,000 for her term of office and €53,000 in respect of her employment contract)	At the Annual General Meeting of April 23, 2020, the shareholders approved the method for determining and awarding the variable compensation due to the Deputy Chief Executive Officer in respect of the 2020 fiscal year (10th Resolution). The amount of the variable portion for her term of office, expressed as a percentage, breaks down as follows: • **Quantifiable objectives** (85% of the total variable compensation): ◦ For FFO growth: 0% achieved representing €0; ◦ For organic growth including indexation: 0% achieved representing €0; ◦ For the EBITDA margin: 0% achieved representing €0; ◦ For the reduction in greenhouse gas emissions as part of Mercialys' climate strategy (Scopes 1 and 2): 200% achieved representing €5,300; ◦ For the EPRA and Transparency Awards: 200% achieved representing €10,600; ◦ For the disposals of assets during 2020: 200% achieved representing €10,600; ◦ For the bond maturity management: 200% achieved representing €10,600. • **Qualitative objectives** (15% of the total variable compensation): ◦ Gradual reinstatement of support functions and related human organization: 200% achieved representing €15,900. The annual variable compensation may represent 40% of the fixed annual compensation if the defined objectives are achieved and may reach up to 80% of fixed annual compensation if these objectives are exceeded. As with fixed compensation, half of her annual variable compensation is paid for her role as Deputy Chief Executive Officer and half in respect of her employment contract. Full details relating to the variable compensation are presented in chapter 4, § 4.2.2.6, B, 3, p. 301 et seq.
Multi-annual variable compensation	**€671**	**Not applicable**	Mrs Élizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not give rise to any vesting in 2020 for her term of office. As a Company employee, the amount of Euro 671 paid in 2020 corresponds to the free distribution of democratic shares no. 29 (87 shares vested to Mrs. Élizabeth Blaise on 04/26/2020).
Exceptional compensation	**Not applicable**	**Not applicable**	Mrs Élizabeth Blaise did not receive any exceptional compensation paid in 2020 or due for fiscal year 2020, in accordance with the compensation policy as described in chapter 4, § 4.2.2.6, p. 297 et seq.
Stock options, performance shares or any other long-term benefits	**Not applicable**	**39,665 bonus shares valued at €130,101**	Pursuant to the authorization granted by the Extraordinary General Meeting of April 25, 2019 (35th Resolution), the Board of Directors' meeting of April 23, 2020, decided to allocate 39,665 shares to Mrs Élizabeth Blaise, which may be increased to 51,564 shares if the performance criteria are exceeded. Bonus shares become vested on April 23, 2023 only if the beneficiary (in their capacity as corporate officer and/or employee) is still present at the Company on the vesting date, and subject to fulfillment of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2020 are described in chapter 4, § 4.2.2.6, B, 4, p. 302 et seq.

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
Benefits of all kinds	**€15,725**	**€15,725** (including Euro 12,581 for her directorship and Euro 3,144 for her employment contract)	The Deputy Chief Executive Officer is a member of the insurance plan in force within the Company for all employees and benefits from the social security regime for company executives. The Board of Directors, during its meetings of February 13, 2019 and March 5, 2019, planned to take out executive unemployment insurance (*Garantie Sociale des Chefs et Dirigeants d'Entreprise* or "GSC") for Mrs Élizabeth Blaise which covers her net compensation as (i) Deputy Chief Executive Officer and (ii) under her employment contract (the "GSC Allowance"). Note that the GSC cover was taken out in February 2020. As a result, on February 12, 2020, the Board of Directors of the Company authorized payment of the subscription and expenses for GSC, formula 55, cover taken out for an initial period of 12 months from February 28, 2020. The GSC has a 12-month waiting period (deferral of the period covered by the insurance). In order to cover any consequences of the aforementioned waiting period, the Board of Directors has decided to make a commitment to Mrs Élizabeth Blaise to pay her, in the event of involuntary loss of work between the months of February 2020 and February 28, 2021, an amount equal to the GSC Allowance. In addition, the GSC only accepts liability for payment of 24-months compensation after two years of contributions(1). Consequently, on the recommendation of the Appointments, Compensation and Governance Committee, the Company's Board of Directors resolved, on February 15, 2021, to pay the contribution and expenses related to the subscription of an executive unemployment insurance agreement for Mrs Élizabeth Blaise (GSC, formula 55), for a 24-month compensation period, and in the event of her removal from office between January 1, 2021 and December 31, 2021, inclusive, to pay Mrs Élizabeth Blaise severance pay of equivalent to what she would have received by way of GSC for a maximum of 12 months following the 12-month compensation period paid by the GSC and under the same terms. The operative event triggering the implementation of this commitment will be the expiry of Mrs Élizabeth Blaise's GSC cover. No deductible period will be applied to the termination of the office for the payment of the indemnity. This severance payment will be paid monthly for as long as Mrs Élizabeth Blaise is involuntarily out of work. Any resumption of work will result in the cessation of payment of this compensation. The payment of compensation will, in any event, cease after twelve months of compensation. Note that this compensation will not be due if Mrs Élizabeth Blaise resigns from her directorship, nor if her directorship is converted into a single employment contract. 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. Note that, in accordance with the terms of Articles 24.6 and 25.5.1 of the AFEP-MEDEF Code, the cumulative amount of the severance pay mentioned above, and any compensation that may be paid by the Company under the non-competition clause, will be for a maximum of 24 months. Benefits of all kinds are described in chapter 4, § 4.2.2.6, B, 2, p. 299.

(1) Since the contractual amendment can only be made at the end of an initial contribution period of one year, a one-year waiting period is then applied under the GSC for this new level of cover.

Compensation components put to the vote	Amounts paid during fiscal year 2020	Amounts awarded in respect of fiscal year 2020 or accounting valuation	Presentation
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

Annual General Meeting of April 22, 2021

EIGHTEENTH 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 National auditing body in France 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 10, 2021

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG et Autres
Régis Chemouny	Nicolas Perlier

8.2.2 Statutory Auditors' report on the issue of shares and other securities, with and/or without preferential subscription rights, provided for in Resolutions 19 to 23 and 25 to 26

Annual General Meeting of April 22, 2021

RESOLUTION NOS° 19 TO 23 AND 25 TO 26

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the mission provided for in 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.

Following a material error incorporating certain information, we are issuing a new report that replaces our initial report from March 10, 2021.

Your Board of Directors proposes to you, on the basis of its report:

- that, for a period of 26 months, it should be authorized to decide on the following transactions and to set the final terms and conditions of these issues and proposes, where applicable, to cancel your preferential subscription rights:
  - issue with preferential subscription rights (19th resolution) of shares or any other securities giving access, by any means, immediately and/or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of the two, or existing shares in another company in which it has a direct, or indirect, interest. The subscription may be made either in cash or by offsetting debt. The securities thus issued and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct, or indirect, equity interest, may consist of debt securities or be related to the issue of such securities, or permit their issue as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite duration, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies,
  - issue with cancellation of preferential subscription rights by way of a public tender offer, with the exception of those intended exclusively for qualified investors and/or a restricted circle of investors, (20th resolution) of shares or any other securities giving access, by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of the two, or existing shares in another company in which it has a direct or indirect, interest. The subscription may be made either in cash or by offsetting debt. The securities thus issued and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct, or indirect, equity interest, may consist of debt securities or be related to the issue of such securities, or permit their issue as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite duration, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies. The nominal amount of the securities that may be issued may not exceed 10% of the share capital on the date of the Annual General Meeting in the absence of a priority period granted to shareholders,
  - issue with cancellation of preferential subscription rights by way of a public tender offer, with the exception of those intended exclusively for qualified investors and/or a restricted circle of investors, (21st resolution) of shares or any other securities giving access, by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of the two, or existing shares in another company in which it has a direct or indirect, interest. The subscription may be made either in cash or by offsetting debt. The securities thus issued and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct, or indirect, equity interest, may consist of debt securities or be related to the issue of such securities, or permit their issue as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite duration, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies;
- to authorize it, under the 22nd resolution and as part of the implementation of the authorization referred to in the 20th and 21st resolutions, to set the issue price based on the weighted average price of the share over the last three trading sessions less a maximum discount of 10%;
- to delegate to it, under the 23rd resolution, for a period of 26 months from the date of this Annual General Meeting, the authority needed to issue a number of shares or securities higher than that initially set, in the event of excess requests in the context of capital increases completed under the 19th, 20th, 21st and 22nd resolutions, within the time limits set by the regulations applicable on the date of the issue;
- 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 (25th resolution) shares and/or securities giving access, by any means, immediately or in the future, to the Company's share capital in exchange for securities contributed to a mixed or alternative public exchange offer, launched by the Company in France or abroad in the securities of a company whose shares are admitted to one of the regulated markets referred to in Article L. 22-10-54 of the French commercial code,

- the powers needed to issue shares or 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 (26th resolution), up to a maximum of 10% of the share capital.

The total nominal amount of capital increases likely to be carried out immediately or in the future may not, according to the 27th resolution, exceed Euro 46 million under the 19th to 23rd and 25th to 26th resolutions. Note that the total amount of the capital increases that may be carried out, immediately and/or in the future, without preferential subscription rights, may not exceed Euro 18.4 million under the 20th to 23rd and 25th to 26th resolutions. The total par value of debt securities likely to be issued may not, according to the 27th resolution, exceed Euro 200 million or the equivalent value in another currency or in composite monetary units for the 20th, 21st and 25th resolutions.

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 National auditing body in France 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, given in the Board of Directors' Report under the 22nd resolution.

Moreover, since this report does not specify the methods used to determine the issue price of the capital securities to be issued as part of the implementation of the 19th, 25th, and 26th resolutions, 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 and, consequently, on the proposal to waive the preferential subscription right that is made to you in the 20th, 21st and 25th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, if necessary, we will prepare an additional report, where these authorizations are used by your Board of Directors in the event of a share issue without preferential subscription rights, in the event of an issue of securities giving access to other capital securities or entitlement to the allocation of debt securities, or in the event of an issue of securities giving access to capital securities yet to be issued.

The Statutory Auditors

Paris-La Défense, on March 16, 2021	Lyon, on March 16, 2021
KPMG S.A.	**ERNST & YOUNG et Autres**
Régis Chemouny	Nicolas Perlier
Partner	Partner

8.2.3 Statutory Auditors' report on the capital increase reserved for members of a company savings plan

Combined General Meeting of April 22, 2021

TWENTY-EIGHTH RESOLUTION

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the mission provided for in Articles L. 225-135 et seq. of the French commercial code, we hereby present to you our report on the proposal to delegate to the Board of Directors the authority to decide on a capital increase via the issue of ordinary shares without preferential subscription rights, reserved for employees of your Company, for a maximum of 2% of the share capital, a transaction on which you are asked to vote.

This capital increase is submitted for your approval in accordance with the provisions of Articles L. 225-129-6 of the French commercial code and L. 3332-18 et seq. of the French Employment Code.

Your Board of Directors proposes, on the basis of its report, that you delegate to it, for a period of twenty-six months, the authority to decide on a capital increase and to cancel your preferential subscription rights to the ordinary shares to be issued. Where applicable, it will be responsible for setting the final issue terms and conditions for this transaction.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 and R. 225-114 of the French commercial code. It is our responsibility to give our opinion on the fairness of the figures taken from the financial statements, on the proposed cancellation of the preferential subscription rights and on certain other information concerning the issue, given in this report.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the National auditing body in France relating to this type of undertaking. These procedures consisted of verifying the content of the Board of Directors' Report on this transaction and the methods used to determine the issue price of the shares.

Subject to a subsequent review of the terms and conditions of any capital increase that may be decided, we have no matters to report on the methods used to determine the issue price of the ordinary shares securities to be issued, given in the Board of Directors' Report.

As the final terms and conditions under which the capital increase would be carried out have not been set, we do not express an opinion on them and, consequently, on the proposal to waive your preferential subscription right.

In accordance with Article R. 225-116 of the French Commercial Code, if necessary, we will prepare an additional report, where this delegation is used by your Board of Directors.

Paris-La-Défense and Lyon, on March 10, 2021

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG et Autres
Régis Chemouny	Nicolas Perlier

8.2.4 Statutory Auditors' report on the authorization to allocate bonus shares (existing or to be issued)

Combined General Meeting of April 22, 2021

TWENTY-NINTH RESOLUTION

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the mission provided for by Article L. 225-197-1 of the French commercial code, we hereby present to you our report on plans to authorize the allocation of existing bonus shares or bonus shares still to be issued, to employees and corporate officers of your Company and its related companies, on which you are asked to vote. The total number of shares that may be allocated under this authorization may not account for more than 1% of your Company's share capital, including 0.5% for executive corporate officers.

Your Board of Directors proposes, on the basis of its report, that it should be authorized, for a period of twenty-six months, to allocate existing bonus shares, or bonus shares still to be issued.

The Board of Directors is responsible for preparing a report on this transaction which it wishes to be able to carry out. It is our responsibility to report to you, where applicable, our observations 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 National auditing body in France relating to this type of undertaking. These procedures consisted of verifying that the methods envisaged and given in the Board of Directors' Report comply with the provisions laid down by law.

We have no matters to report on the information given in the Board of Directors' Report on the proposed bonus share allocation.

Paris-La Défense and Lyon, on March 10, 2021

The Statutory Auditors

KPMG S.A.	**ERNST & YOUNG et Autres**
Régis Chemouny	Nicolas Perlier

51
Shopping centers and high-street retail assets

822,336 sq.m
Gross leasable area

>900
Number of retailers

9

ADDITIONAL INFORMATION

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 are located Casino group hypermarkets and supermarkets, as well as cafeterias and a few sites with franchise supermarkets or convenience stores leased to third parties.

Associated contracts, in particular related leases, were also transferred. However, the premises housing Casino group hypermarkets and supermarkets (with the exception of four supermarkets), including adjoining parking lots and (almost all) service stations, and the majority of Casino group convenience stores were not transferred. The Casino group remains the owner of such premises. The Casino group intended to retain direct ownership of all hypermarkets, supermarkets, adjoining parking lots and service stations, which make up its core business, as well as its non-retail properties (warehouses and office buildings), and transfer to Mercialys only income-generating shopping centers.

These asset contributions made up 146 of the Company's portfolio of 147 real estate assets, the Company having acquired one small asset before the contributions were made.

In addition, SCI Vendôme Commerces, a subsidiary of AXA, transferred ownership of a shopping center to Mercialys.

These transactions were definitively concluded on October 14, 2005.

On October 12, 2005, Mercialys was listed on the Paris stock exchange through a capital increase by way of a public offering.

On November 24, 2005, the Company opted for the French tax regime applicable to SIICs in order to benefit, as of November 1, 2005, from an exemption from corporate income 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 income 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 acquired stakes in the Company.

As remuneration 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 in advanced development (Community economic development corporation (CDEC) authorization and planning consent obtained), "turnkey" programs delivered to Mercialys by Casino; Ten hypermarket units (reserve and/or sale) due to be converted by Mercialys into shopping center extensions; the premises of five hypermarkets or supermarkets in condominium complexes under joint ownership in urban settings, requiring consolidation before major restructuring and project implementation. As remuneration for these contributions, the Company issued 14,191,700 shares, bringing Casino's stake in its share capital to 66.08% at the time of the contribution.

As part of this asset contribution, shareholders decided at Casino Guichard-Perrachon's Ordinary General Meeting of May 19, 2009 to pay an additional dividend in kind to all Casino group shareholders in the form of one (1) Mercialys share for every eight (8) Casino shares held. This had the effect of transferring 14,013,439 Mercialys securities 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 Annual General Meeting of April 13, 2012.

In 2013, Mercialys continued to implement the *L'Esprit Voisin* program with the launch of twelve projects to be delivered in 2013 and 2014. These comprised 120 new stores with a full-year rental value of Euro 8.6 million and newly built or redeveloped GLA of 29,600 sq.m. In addition, Mercialys continued the asset sell-off program initiated in 2012 with the aim of refocusing the portfolio around the assets that best fit its strategy. Following the number of successful sales, Mercialys' portfolio comprised 91 assets as at December 31, 2013, including 62 shopping centers, of which 23% had a unit size greater than 20,000 sq.m.

Mercialys exceeded its operating and financial objectives in 2014. Its dynamic portfolio of shopping centers outperformed the French market. The focus also returned to growth in 2014, with a record gross investment of Euro 522 million for delivered and ongoing projects and acquisitions. Mercialys' solid performance demonstrates its robust and resilient business model, built on value creation underpinned by both the fundamentals of the retail real estate sector and Mercialys' own strengths.

2015 was a year of changes. Mercialys showed it could strike global deals with international retailers and attract new and innovative brands. Its success was reflected in reletting, letting of redeveloped large food retail 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 retail 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 re-letting of cafeterias vacated by the Casino group, by another double-digit increase in Casual Leasing rents, and by shopping center extensions located on reclassified hypermarket surfaces. The extension of the Espaces Fenouillet shopping center in Toulouse, the largest project carried out for Mercialys to date, was also delivered in 2016. Mercialys has proven its ability to let this site successfully. This achievement resulted in a footfall of more than a million visitors in the first two months of opening.

In 2017, the management indicators were once again very promising, with a 6.1% rise in Funds From Operations (FFO), excluding the impact of disposals concluded during the year. Furthermore, Mercialys delivered 12 projects in 2017, generating Euro 5.2 million in additional rental income on an annual basis for an average net yield of 7.4%. Mercialys has also enriched its portfolio of development projects, which represented total potential investments of Euro 825 million at the end of 2017. These projects involve 32 of the 57 shopping centers and high-street retail assets owned by the Company at the end of the year. They represent Euro 50 million in potential additional rental income with a highly accretive average yield rate of 6.7%, making a significant contribution to FFO and NAV growth in the medium and long term.

In 2018, Mercialys continued its excellent trend, outperforming the national shopping center market, despite the social unrest that strongly impacted the suburban shopping centers in the fourth quarter. The year was marked by the inauguration of the flagship extension-renovation project for the Port site on Reunion Island, generating an additional annual rental income of Euro 4.6 million for a yield on cost of 6.2%. 45 new stores were opened on the additional 9,200 sq.m. of space. Mercialys also delivered three large food store transformation projects on the Annecy, Besançon and Brest sites, proving its ability to generate value during surface area renovation operations. Acting according to changing consumer habits, throughout 2018, Mercialys worked to develop five strategic transformation pillars aimed at adapting its centers to new consumer expectations. This reflection on the form and future use of retail assets aims to proactively develop Mercialys' sites, in order to guarantee their attractiveness, local presence, and to ensure their long-term value. Finally, Mercialys also prepared the change to its governance announced in early February 2019, to split the roles of Chairman of the Board of Directors and Chief Executive Officer.

In 2019, Mercialys' assets recorded excellent performance, well above the national average, in terms of footfall and retailer sales. In a context marked by the increasing polarization of retail real estate, Mercialys capitalized on a portfolio that is focused on key areas in dynamic medium-sized cities and refined customer knowledge with tools enabling it to implement offers and events that are tailored to visitors, helping boost their loyalty. In addition, the selection of the right retailers for each catchment area, particularly in terms of price positioning, is still a core part of Mercialys' rental policy as it is crucial for ensuring the attractiveness of its sites and their revenue profile. At the same time, the Loan to Value was kept under control as Mercialys successfully continued its asset rotation policy. Lastly, significant progress was made with projects focused on the core use of assets and the sustainability of their local foothold: inauguration of a first health center (Furiani), delivery of two trial coworking sites (Angers and Grenoble), tests for meal 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).

9.1.2 General information

9.1.2.1 Company name – trade name

The name of the Company is Mercialys.

9.1.2.2 Trade and Companies Register

The Company is entered in the Paris Trade and Companies Register under number 424,064,707.

9.1.2.3 Date and term of incorporation

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

The Company's head office is located at 16/18 rue du Quatre-Septembre, Paris 75002 (France) – Tel.: +33 (0)1 82 82 75 63.

The Company is a French-registered *société anonyme* (joint-stock corporation) with a Board of Directors and subject to the provisions of the French Commercial Code.

9.1.2.5 Regulations specific to the Company's operations

A. Rules on asset ownership

1. Acquisition/construction

The acquisition and/or construction of Mercialys' shopping centers and other real estate assets require(s) the acquisition of the land on which these buildings are subsequently built or the purchase of existing assets from third-party companies.

2. Construction lease

Certain sites were built under "construction leases", in cases where landowners did not wish to sell their land outright but preferred simply to grant the right to use the land.

A construction lease can run for a term of from 18 to 99 years and confers upon the lessee temporary property rights to the land and the buildings which the latter undertakes to construct according to a defined program binding on the lessor.

The parties are free to fix the rent between them on entering into the contract.

For the entire term of the construction lease, the lessee pays the lessor the agreed rent and all charges, taxes and levies on the land as well as the buildings. The lessee is free to let the constructions and collect rental income as if it were the full owner of the site.

At expiry of the construction lease, unless there is a specific clause to the contrary, the lessor is automatically transferred title to the constructions erected by the lessee on its land (shopping centers and large specialty stores).

The buildings revert to the lessor and the lessee is generally not entitled to compensation, unless agreed otherwise between the parties.

As the construction lease leads to the temporary transfer of title to the land and erected constructions, it should be published, just as any amendments thereto (rider, disposal, contributions, termination) at the land registry in the jurisdiction of the assets.

3. Long-term ground lease

In other cases, the shopping centers and large specialty stores were built under long-term ground leases, which give the beneficiary, as consideration for an agreed modest rent, the right to construct and rent such assets for a period of 18 to 99 years.

Long-term ground leases are rather similar in content to construction leases, but also afford an alternative to the latter where shopping centers exist already and no construction is necessary.

Like all leases lasting over 12 years, long-term ground leases must be registered in the land registry.

4. Property finance lease

A site can also be acquired by way of a property finance lease, or *crédit-bail immobilier*, which is essentially a financing technique encompassing a lease with an option to purchase the real property at the end of the lease period at the latest. The way they work is that the owner of the real estate asset (the *crédit-bailleur*, or lessor) grants the right to use it to a company (the *crédit-preneur*, or lessee). At the end of an irrevocable lease period, the lessee can acquire ownership of the real estate asset for a fixed price, which is set when the lease is first signed and takes into account rents paid over the lease period.

Upon expiration of the lease period, the lessee has three options: (i) to acquire the real estate asset for a price agreed at the outset (typically, one euro or the value of the bare land); (ii) to return the right to use to the owner; or (iii) to commit to a new lease period with the agreement of the lessor.

The property finance lease, like any lease, must be registered in the land registry when it runs for over 12 years.

5. Co-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.* "co-ownership" or "division by volume", usually applied due to the setting where these shopping centers or large specialty stores are located or built.

The co-ownership regime, regulated by the law of July 10, 1965 and the decree of March 17, 1967, applies to shopping centers where the ownership of hypermarkets or supermarkets, large specialty stores and shopping centers is shared between different owners. Each co-owner has title to a lot, 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 "co-ownership rules". On his 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 co-owners.

The shares in common areas, which are attributed based on the rental value of the Company's lot, surface area and location, are taken into account when calculating its number of voting rights at co-ownership meetings and its respective share for the maintenance and costs of said areas.

Co-owners have laid down co-ownership rules for determining the uses and conditions of use for both private and common areas, and for the management of common areas. The co-ownership rules are registered in the land registry. All co-owners are represented by the co-ownership association whose executive body is the facility manager. The facility manager's mission is to call General Meetings of Co-owners, draw up the forecast budget required for building maintenance and repair, and act in all instances on behalf of the co-ownership association to safeguard their interests. An Annual General Meeting of Co-owners is 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 co-owners present or represented at meetings, while management decisions require an absolute majority.

Other real estate assets are subject to regulations governing what is known as "division by volume". This concept issues from the practice and necessity of organizing complexes on which public property (roads, railways, metro lines) and various types of private property (offices, apartment buildings, shopping centers) have been built.

Division by volume dispenses with the conventional notion of sole ownership and is based on the separation of the land, above-ground space and below-ground space, resulting in the creation of a three-dimensional volume. The property volume can be schematically defined as a right of ownership, distinct from the ground, involving a three-dimensional, homogeneous portion of above ground space and below ground space, corresponding to a building either erected or to be erected, geometric or not, but determined according to measured height and floor plans. These details defining the lots are set out clearly in the description of the division, which further delineates the volumes and their components. Height measurements make it possible to divide elements that are traditionally shared (such as walls, piping and the base for land taxes) and to apportion the relative ownership rights to several precisely determined volumes, with easements, if applicable, benefiting other volumes.

If, in the description of the volume division, no details are given as to the allotment of such elements, they are considered for the common use of all volumes. The notion of division by volume differs from co-ownership mainly because it contains no common areas co-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* (division description). Management for the entire property complex and compliance with the rules of the division description are the responsibility of an owners association or AFUL specially formed by the owners of volumes, who make up the membership.

Unlike a co-ownership association, procedural rules for the AFUL are determined freely by the owners when drafting the AFUL articles of association.

The division description, like any co-ownership rules, is registered in the land registry.

B. Commercial urban planning regulations

Following on from the reform of the commercial operating permit system introduced by the law on the modernization of the economy (Law No. 2008-776 of August 4, 2008, or LME), which increased the thresholds from 300 to 1,000 sq.m, Law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro enterprises (the Pinel Law) thoroughly overhauled this system, with the result that the commercial operating permit is now integrated into the building permit.

According to the practical arrangements laid down by Decree No. 2015-165 of February 12, 2015 relating to commercial development, a commercial developer whose project requires a building permit will simultaneously apply both for the commercial operating permit and the building permit from a "one stop shop" in the person of the local mayor.

A rejection by the departmental or national commercial development commission (CDAC or CNAC, as the case may be) will, as a result, prevent the building permit from being issued.

For projects that do not need a building permit, the applicant will file a CDAC application with the local prefecture (county), as under previous legislation.

Customer collection points (drives) now also require a commercial operating permit pursuant to the ALUR Law No. 2014-366 of March 24, 2014 on housing and urban redevelopment.

As a result of this reform, building permits are now valid for three years, rather than two.

In terms of sanctions, the Pinel Law has extended the scope of Article L. 752-23 of the French Commercial Code to permanent collection points.

Furthermore, the French housing, development and digital law (ELAN) of November 23, 2018 stipulates the content of commercial planning applications, as well as the penalties applicable in the event of failure to honor the commitments entered into in the commercial operation (AEC) applications.

AEC applications are now assessed against the project's contribution to preserving the commercial fabric of the city center, an assessment of the project's GHG emissions, and checks to ensure there is no wasteland in the city center or the outskirts that the project could be sited on.

If an area is being illegally operated and the situation is not resolved within three months, a fine of Euro 150 per day and per square meter is issued; a fine of Euro 15,000 applies if the offense is repeated.

Finally, the ELAN law gives local prefectoral authorities the option to suspend processing of an AEC outside sectors identified in the city center, within which a local regeneration operation is scheduled.

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 of 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 disabled workers within Mercialys and at shopping centers owned by the Company are provided in chapter 2, § 2.6, p. 101 et seq., § 2.7, p. 102 et seq. and § 2.10, p. 114 et seq.

E. Environmental protection regulations

If the sites owned by the Company are located in a municipality covered by preventive plans concerning technological, natural or mining risks, or are located in a geologically unstable area ranked above 1, or within a *Secteur d'Information sur les Sols* area requiring soil tests to be conducted, the Company is required – under Article L. 125-5 of the French Environmental Code and Decree No. 2005-134 of February 15, 2005 – to inform its tenants and to include the report on the pollution risks in the commercial lease.

Certain sites may also be subject to the rules governing *Installations Classées pour la Protection de l'Environnement* ("ICPE") (Facilities Classified for the Protection of the Environment). A classified facility (as defined by the law of July 19, 1976) is an 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. 84 et seq. and § 2.9, p. 108 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 Law No. 2007-297 of March 5, 2007 (Article 16 of the French "Official Journal" of March 7, 2007), stating that owners, operators or assignees, as applicable, of buildings used for housing or as administrative, professional or commercial premises must, when the importance of these buildings or premises or their location justifies it, arrange security guards or surveillance for such properties and take measures to avoid manifest risks to the safety and security of the premises.

G. Commercial lease regulations

The Company is also subject to regulations concerning commercial leases in connection with its business. Commercial leases are governed by the provisions of Articles L. 145-1 et seq. and R. 145-1 et seq. of the French Commercial Code, and the uncodified articles of the decree of September 30, 1953.

Law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the Pinel Law) published in the "Official Journal" on June 19, 2014, and Decree No. 2014-1317 of November 3, 2014, published in the "Official Journal" on November 5, 2014, changed some of the rules concerning commercial leases.

Commercial leases have a minimum term of nine years. However, the term is not imposed in the same manner on the lessor and the lessee. The lessee is entitled to terminate every three years simply by giving prior notice six months before the end of the current period. However, the parties may agree to a "firm" lease for more than nine years, such as those entered into by Mercialys.

The lessor, on the other hand, can only take back its property at the end of each three-year period in particular circumstances, such as if it intends to build, rebuild, or extend upwards the existing building. The lessor can only ask the court to terminate the lease in the event of the lessee's non-compliance with its contractual obligations.

The parties set the initial rent at their discretion when making the lease agreement. Unless yearly indexation is provided for in the lease, the rent can only be adjusted every three years to bring it into line with the rental value but without exceeding the change in quarterly rent index recorded since the most recent rental adjustment. Shopping center leases often include a double-component rent: in addition to a guaranteed minimum 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 minimum guaranteed rent for the commercial lease may be indexed in accordance with the lease provisions based on changes in the ILC index (Retail Rent Index) or the ILAT (Tertiary Rent Index). At the end of the lease, the Company may refuse to renew it or give the tenant notice with an offer to renew the lease on new financial terms. The lessee, on the other hand, may request the renewal of its lease on the same terms. Failing this, the lease will automatically be extended on the terms applicable at the end of the lease period.

If the Company refuses to renew the lease, it must pay eviction compensation to the tenant to compensate the latter for the loss of its retail, unless the Company can justify non-payment of compensation for serious and legitimate cause.

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 Company 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 ask the *Commission Départementale de Conciliation* (the Local Conciliation Commission), 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 property and real property 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 or financial 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 property, 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 directors and officers – Rules of procedure of the Board of Directors

A. Board of Directors

1. Composition of the Board of Directors *(extract from Article 14 of the articles of association)*

The Company is managed by a Board of Directors. It comprises at least three members and a maximum of eighteen, subject to dispensation provided by law in the event of a merger with another public limited company. Board members are appointed by the Ordinary General Meeting of the shareholders.

2. Term of office – 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 Annual General Meeting approving the financial statements for the previous year and held in the year in which their term of office expires. Directors may be reappointed when their term of office expires.

No one may be appointed as director or permanent representative of a company if, having passed the age of seventy (70) years old, their appointment brings the number of Board members and permanent representatives of companies above this age to more than one-third of Board members.

When this age limit is crossed, the oldest director or permanent representative of the legal entity (director) shall be deemed to have resigned automatically at the end of the Ordinary General Meeting that votes on the accounts for the year in which the age limit is crossed.

Directors are appointed or reappointed by decision of the Annual General Meeting. 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 Annual General Meetings. Such appointments shall be subject to ratification by the first Annual General Meeting thereafter.

If the appointment of a director by the Board of Directors is not ratified by the Annual 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 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 Annual 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 shall organize and supervise the work of the Board of Directors and report thereon to shareholders at the Annual General Meeting. The Chairman monitors the operations of the Company's management bodies and in particular ensures 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 term of office. 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 he/she is temporarily indisposed, this delegation shall be 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 to the Board of Directors, who may be individuals or legal entities chosen from among the shareholders. Between two Annual General Meetings, the Board of Directors may appoint non-voting directors subject to ratification by the next Annual 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 approving the financial statements for the previous year and held in the year their term of office expires. Non-voting directors are eligible for reappointment for as many terms as they wish and may be dismissed at any time by a decision of the Ordinary General Meeting.

Non-voting directors attend meetings of the Board of Directors, during which they provide their opinions and observations and participate in decisions in an advisory capacity.

They may receive compensation for their services, the aggregate amount of which is set by shareholders at their Ordinary General Meeting and maintained until a new decision is taken by another Annual 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 call a Board meeting to consider a predetermined agenda.

The presence of at least half of the serving directors is required to constitute a quorum for decision-making.

Decisions are made by a majority of members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote. However, if the Board consists of fewer than five members, decisions may be made if unanimously approved by at least two directors present.

Directors may participate in discussions by videoconference or other telecommunication means in accordance with the terms and conditions set out in applicable regulations and the Rules of Procedure of the Board of Directors.

The Board of Directors has the right to make written decisions in accordance with the conditions specified in Article L. 225-37 of the French Commercial Code.

4. Powers of the Board of Directors *(extract from Article 19 of the articles of association)*

The Board of Directors shall determine Company business policies and ensure that they are implemented. 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. 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 sureties or guarantees given in the Company's name. However, the Board of Directors may authorize the Chief Executive Officer to give 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. 259).

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 is eligible for reappointment.

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 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. 259), for a description of the limitations on the powers of the Company's Senior Management). The CEO 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 may be authorized to grant sub-delegations or substitutions of powers for one or more transactions or categories of transaction.

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 12, 2020. 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. 447 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 (see chapter 4, § 4.1, p. 236 et seq. for a description of the various committees established, the limits placed on the powers of Senior Management and the procedures for the control and review of the Board of Directors).

9.1.3.3 Rights, privileges and restrictions attached to shares

A. Appropriation of profits and dividends and interim dividend payments *(extract from Articles 13, 33 and 34 of the articles of association)*

Each share represents an interest in the assets and profits of the Company proportional to the fraction of the share capital it represents, taking into account, where applicable, the face value of shares, whether or not they are fully paid up, whether or not they have been written down through whether or not they have been redeemed and the rights of shares in different classes where new classes of share have been created.

1. Profits – Legal reserve

No less than five per cent (5%) of profits for the year, adjusted for any prior year losses, are allocated to a reserve fund known as the "legal reserve". This allocation is no longer required once the legal reserve reaches one tenth of the Company's share capital.

Distributable income is equal to profit for the year less any prior year losses and amounts appropriated to the legal reserve, as mentioned in the above paragraph, and all other allocations to reserves required by law, plus retained earnings.

2. Dividend

When the financial statements for the year approved by the Annual General Meeting show the existence of distributable income, the Annual 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 Annual General Meeting, be distributed or capitalized at a later date. Furthermore, when the Annual General Meeting decides to distribute amounts taken from the reserves at its disposal, such decision shall expressly indicate the reserve accounts from which funds are drawn.

3. Interim dividend

The Board of Directors may decide to pay one or more interim dividends, subject to conditions required by law, before the financial statements are approved.

4. Payment of dividend and interim dividend

Terms for the payment of dividends and interim dividends are determined by the Annual General Meeting or, failing this, by the Board of Directors no later than nine months after the close of the fiscal year.

The Annual General Meeting called to approve the financial statements for the year may grant each shareholder, for all or part of the dividend or interim dividends paid, an option of payment in cash or in shares. Requests for the payment of dividends in shares must be made no later than three months after the date of the Annual General Meeting.

B. Voting rights attached to shares

1. Voting rights *(extract from Articles 28, 29 and 30 of the articles of association)*

Voting rights attached to shares are proportionate to the share of capital they represent. All shares have the same par value and carry one voting right.

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 Annual 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 Article L. 225-123-3 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.

3. Limitations 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. Increase in share capital

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 Annual General Meeting approving the financial statements for the year.

The Extraordinary General Meeting may delegate this authority to the Board of Directors in accordance with the law, or assign to it the necessary powers to carry out the capital increase in one or more offerings within the time allowed by law, and to determine the terms, record the performance thereof and amend the articles of association accordingly.

In the event of a capital increase through the issue of shares for cash, preferential subscription rights shall, in accordance with legal conditions, be reserved for holders of existing shares. However, shareholders may waive their preferential rights on an individual basis and the Annual 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 cancellation 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 Annual General Meetings

A. Form of Annual 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 registered office within the same region of France or to a neighboring region.

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)*

Annual 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 Annual 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 Annual General Meetings.

The right to participate in Annual 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 naming an appointed proxy;
- the Chairman of the Annual General Meeting will vote in favor of draft resolutions presented or approved by the Board of Directors and against all other draft resolutions; to give any other vote, shareholders must choose a proxy who agrees to vote as he/she indicates.

C. Holding of Annual General Meetings *(extract from Articles 28, 29 and 30 of the articles of association)*

The Annual 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 Annual 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 Annual General Meeting.

9.1.3.6 Form of the 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 Annual 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, 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 Annual 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 cancelled.

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 the 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 direct, 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. 233-9 of the French Commercial Code.

The articles of association were updated following the Extraordinary General Meeting of April 23, 2020.

9.1.4 Publicly available documents

The Company's articles of association, minutes of Annual 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 registered office.

9.1.5 Board of Directors' rules of procedures

Version approved by the Board of Directors on February 15, 2021

The Board of Directors has decided to compile, specify and, where necessary, supplement the provisions of the laws, regulations and Company by-laws 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 Annual General Meeting for a three-year term. Directors may be reappointed when their term of office 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.

If one or more Directors' seats become vacant following their death or resignation, the Board of Directors may, between two General Meetings, make provisional appointments. Such appointments are subject to ratification at the next General Meeting. Directors appointed to replace another director will remain in office only for the remainder of their predecessor's term.

No one may be appointed as a Board member or permanent representative of a company if, having passed the age of seventy (70), their appointment brings the number of Board members and permanent representatives of legal entity directors above this age to more than one-third of the Board members.

The Board of Directors ensures that the principles of the AFEP-MEDEF Code are applied in terms of its composition and particularly with regard to the representation of women and independent members.

Article 2 Board of Directors' meetings and deliberations

1. The Board of Directors meets as often as required in the interests of the Company, and whenever the Board deems it appropriate.

   Notices of meetings are issued by the Chairman or in his name by any designated person. If the Board of Directors has not met for more than two months, at least one-third of the directors may ask the Chairman to call a meeting to discuss a predetermined agenda. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda.

   Meetings are held at the place specified in the notice to attend.

   Meetings are chaired by the Chairman of the Board of Directors. In the event of the absence of the Chairman and, if applicable, the director temporarily appointed to perform this function and the Vice-Chairman or vice-chairmen, if applicable, the Board appoints, for each session, one of its members who is present to chair the meeting.

2. A Director may appoint another director to represent them during the Board of Directors' deliberations. They may be appointed by any means that unambiguously indicates the delegating director's intentions. Each member may only represent one other member. A director taking part in a Board meeting with videoconferencing or telecommunications systems, under the conditions set out hereafter, may represent another director subject to prior authorization from the Board of Directors.

   The provisions from the previous paragraph also apply to the permanent representatives of legal entities.

   The Board of Directors' deliberations are only valid if at least half of its members are present. Decisions are taken based on a majority of the members present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

In accordance with the legal and regulatory provisions, the Chairman of the Board of Directors may from time to time authorize directors who make a substantiated request to attend meetings using videoconferencing or telecommunications systems, under the conditions set out in the prevailing regulations.

The videoconferencing or telecommunications systems must as a minimum transmit the participant's voice and comply with technical requirements that guarantee the identification of the directors concerned and their effective participation in the Board meeting, whose deliberations must be relayed continuously and without any time lag. They must also guarantee the confidentiality of the deliberations.

Videoconferencing enables those attending Board of Directors meetings by such means to be seen, using a camera, and heard through simultaneous voice transmission. The system used must also enable both those attending the meeting by such means and those attending the meeting in person to recognize each other.

Telecommunication involves the use of a telephone conference system that enables those attending the meeting in person and those attending by telephone to recognize the voice of each speaker beyond any conceivable doubt.

If there is any doubt or if reception is poor, the Chairman of the meeting may decide to continue the Board meeting without counting participants whose presence or voice cannot be identified with sufficient certainty in the quorum or majority, provided that enough Board members remain for the meeting to continue to be quorate. If a technical malfunction affects the videoconference or telecommunications systems during a meeting such that the confidentiality of discussions can no longer be ensured, the Chairman may decide to stop the participation of the Board member concerned.

When a videoconference or telecommunications system is used, the Chairman of the Board of Directors must ensure beforehand that all the members invited to attend the Board meeting by such means have the required technical resources with which to do so in accordance with the required conditions.

The minutes of the meeting indicate the names of anyone attending the meeting using videoconference or telecommunications systems, and note any interruptions or technical incidents that took place during the meeting.

Directors who attend Board meetings by videoconference or telecommunications are considered to be present for calculating the quorum and majority, except for decisions concerning the approval of the full-year financial statements, the consolidated financial statements and the management report.

Moreover, the Chairman may authorize a Director to attend meetings using any other telecommunications system, but this participation is not taken into account when calculating the quorum and majority.

The Board of Directors may also authorize persons who are not members of the Board to attend Board meetings, in an advisory capacity and without voting rights, including with videoconference or telecommunications systems.

3. An attendance register is maintained and signed by the Board members who take part in the session.

   The participation of persons attending the Board meeting by videoconference or telecommunications is certified on the attendance register by the signature of the Chairman of the meeting.

4. In accordance with Article 18 of the Company's articles of association, in the restricted cases permitted by law, the Board of Directors' decisions may be taken through a written consultation.

   On this date, these cases are as follows:

   - the provisional appointment of Board members if a seat is vacant;
   - the authorization of deposits, sureties and guarantees given by the Company;
   - the compliance of the articles of association with the legislative and regulatory provisions, under a delegation from the Extraordinary General Meeting;
   - the convening of the General Meeting;
   - the transfer of the registered office within the same French department *(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 Remuneration of Board members

1. The Board of Directors may receive total annual remuneration determined by shareholders at the General Meeting.
2. The amount of total remuneration 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 remuneration in recognition of their particular experience or specific assignments entrusted to them.

The Board of Directors may also award exceptional remuneration 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 Executive 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 stakes.

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 referred to in Article L. 225-38 of the French Commercial Code, the Board of Directors has decided, as an internal measure, to require its prior authorization for certain management transactions carried out by the Company when they exceed a certain amount, as set out in section 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, 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 stakes, including in terms of the Company's corporate social responsibility.

Directors may request meetings with the Group's senior management, 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 term of office 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 Executive management

Under Article L. 225-56 of the French Commercial Code, the Chief Executive Officer has the broadest powers to act under any circumstances on behalf of the Company. The Chief Executive Officer exercises these powers within the limits of the corporate purpose and subject to the powers expressly assigned for shareholder meetings and the Board of Directors under the legislation applicable. The Chief Executive Officer represents the Company in its dealings with third parties.

However, the Board of Directors has decided to submit for its prior authorization, as an internal measure, any operation exceeding Euro ten million (10,000,000), and particularly:

- Any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a *de jure* or *de facto* basis; any complete or partial divestment of interests or marketable securities;
- Any acquisition or sale of receivables, lease rights or other intangible assets;
- Any contribution or exchange, with or without outstanding balances, concerning assets, rights, stocks or securities;
- Any acquisition or sale of real estate rights or assets;
- Any issue of marketable securities by directly or indirectly controlled companies;
- Any undertakings with a view to granting or obtaining any loan, borrowing, credit or cash advance;
- Any transactions and any settlements in the event of disputes.

However, the Euro 10 million limit does not apply for the Group's internal operations, which will require the joint approval of the Chief Executive Officer and the Deputy Chief Executive Officer depending on the scope of the latter's powers, as decided by the Board of Directors when appointing the Deputy Chief Executive Officer.

The Chief Executive Officer may temporarily delegate all or part of his or her powers to the Deputy Chief Executive Officer or to a member of the Management Committee.

In addition, Executive 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:

  Executive Management is authorized, with an option to subdelegate:

i) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees up to a limit of Euro 10 million and to continue with any deposits, sureties and guarantees granted previously;

ii) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees to guarantee the commitments made by the controlled companies as defined by section II of Article L. 233-16 of the French Commercial Code, without any limits concerning the amounts; and

iii) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees in relation to the tax and customs authorities without any limits concerning the amounts.

- Loans, confirmed credit facilities, all financing agreements and cash advances:

  The Chief Executive Officer 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:

  Executive 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:

  Executive 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. Executive 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 ten million (10,000,000) will be subject to prior authorization by the Board of Directors in accordance with the stipulations of section 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 specialist 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 observers, 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 remuneration 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, Risk 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, Risk and Sustainable Development Committee

10.1 Members – Organization:

The Audit, Risk 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, Risk 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, Risk and Sustainable Development Committee may consult any person of its choice from the Group's functional departments, including outside the presence of Executive Management. The Audit, Risk and Sustainable Development Committee may, in the performance of its missions, call on any outside advisor or expert it deems useful.

The Audit, Risk 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, Risk and Sustainable Development Committee's missions and remit

In accordance with Article L. 823-19 of the French Commercial Code, the Audit, Risk 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, Risk 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 and financial information, the Audit, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk 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, Risk and Sustainable Development Committee, when these agreements or transactions reach the significance threshold set by the guidelines. The Audit, Risk and Sustainable Development Committee's mission, based on the information submitted by Executive 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, Risk and Sustainable Development Committee issues an opinion, which is submitted to Executive Management and made available to the Board of Directors.

10.2.4 With regard to sustainable development

The Audit, Risk and Sustainable Development Committee reviews the directions relating to the Group's corporate social responsibility policy, determines the objectives and stakes in terms of corporate social responsibility, and ensures the achievement of the objectives set beforehand. It also oversees the gradual implementation and ramping up of this policy, and assesses the Group's contribution to sustainable development.

Article 11 Appointments, Compensation and Governance Committee

11.1 Members – Organization

The Appointments, Compensation and Governance Committee has a minimum of three members, with a majority of independent directors. The Appointments, Compensation and Governance Committee must not must include any executive corporate officers. Its Chairman is chosen from among the independent directors.

The Committee meets at least twice a year, as convened by its Chairman, who may organize any additional meetings when required.

Liaising with the Chief Executive Officer, the Appointments, Compensation and Governance Committee is able to count on the cooperation of the Group's Human Resources Department and Administration and Finance Department, particularly with regard to information for the Committee concerning the compensation policy for key executives.

In the performance of its missions, it may call on any external advisors or experts that it deems useful.

The Appointments, Compensation and Governance Committee reports to the Board of Directors on its work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take based on them.

11.2 Appointments, Compensation and Governance Committee's missions and remit

11.2.1 Missions relating to compensation

The Committee's mission is to:

- prepare to set the overall compensation budget for Board members and the conditions for the distribution of compensation awarded to the directors and observers, 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 stock warrant, stock option and bonus share plans for employees and senior managers 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 proven or potential conflict of interests for directors and decide what action to take;
- preparing and updating the Board of Directors' rules of procedure, the charters for the specialized Committees set up within the Board, as well as the charter for related-party agreements;
- reviewing the changes in corporate governance rules (particularly in connection with the AFEP-MEDEF Code) and identifying emerging practices or significant developments concerning corporate governance regulations and/or practices in France;
- carrying out regular appraisals of the Board of Directors and ensuring that the application of governance rules is respected within the Board with regard to the AFEP-MEDEF Code and the High Committee on Corporate Governance application guide.

Article 12: Strategy and Transformation Committee

12.1 Members – Organization

The Committee is made up of six members, including four independent members, and the Chairman of the Board of Directors.

The Committee meets at least three times a year and at least once every half-year period, as convened by its Chairman, who may organize any additional meetings when required. Its opinions are adopted based on a simple majority of the Committee members.

The Chief Executive Officer is invited to attend all of the Strategy and Transformation Committee's meetings.

Liaising with the Chief Executive Officer, the Strategy and Transformation Committee is able to count on the cooperation of the functional and operational departments of the Company and its subsidiaries concerned.

In the performance of its mission, it may also call on any external advisors or experts that it deems useful.

The Committee reports to the Board of Directors on its work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take based on them. The Board of Directors may also refer specific matters relating to its missions and remit to the Committee.

12.2 Strategy and Transformation Committee's missions and remit

The Strategy and Transformation Committee's mission is to:

- prepare and provide clarifications for work concerning the Board of Directors' decisions relating to the strategies of the Company and more generally the Group, including: areas for development, opportunities for external growth or divestments, significant partnership agreements and operations on the Company's capital;
- assist the Board of Directors with its decisions relating to authorizations granted previously to Executive Management;
- monitor changes in the Group's competitive environment;
- more generally, assist the Board of Directors, which may refer any matters relating to the strategy and development of the Company and the Group to the Strategy and Transformation Committee.

The Strategy and Transformation Committee's remit covers the following:

- reviewing the investment strategy and ensuring that acquisitions and disposals are consistent with this strategy; in this respect, the Committee is regularly informed of any investment and divestment projects carried out;
- reviewing and issuing an opinion on the annual investment budget.

The Strategy and Transformation Committee is responsible for the implementation and monitoring of any Group development plan that may be drawn up by the Board of Directors. In this respect, it will regularly report to the Board of Directors on progress made with such plans.

In accordance with the guidelines for agreements between related parties, 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 guidelines. The Strategy and Transformation Committee's mission, based on the information submitted by Executive 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 Executive Management and made available to the Board of Directors.

IV. Observers

Article 13 Observers

The Ordinary General Meeting may appoint observers, who may be individuals or legal entities, chosen from among the shareholders. The Board of Directors may appoint an observer subject to ratification at the next General Meeting.

There may not be more than two observers. Their term of office is three years. They may be reappointed without limitation.

An observer will be considered to have resigned automatically at the end of the Ordinary General Meeting that votes on the accounts for the year during which the observer reached the age of eighty (80).

Observers attend Board meetings and provide comments and advice and take part in deliberations in an advisory capacity.

They may receive remuneration for their services, with the total amount set by the Ordinary General Meeting and maintained until a new decision is taken at another General Meeting. The Board of Directors divides such remuneration between the observers as it deems appropriate, as proposed by the Appointments, Compensation and Governance Committee.

V. Ethical rules applicable to members of the Board of Directors

Article 14 Principles

All Directors must be able to perform their duties in accordance with the rules of independence, ethics and integrity.

In accordance with the principles of corporate governance, all Directors will perform their duties in good faith, in the way they consider best to further the Company's interests and with the due care expected of any normally prudent person performing such duties.

All Directors undertake, in all circumstances, to maintain their freedom of appreciation, judgment, decision and action and to reject all pressure, direct or indirect, that may be exerted on them.

Article 15 Information provided to directors

Before accepting their assignment, all directors must acquaint themselves with the laws and regulations relating to their position, the applicable good governance practices and codes, and any requirements specific to the Company arising from its articles of association and these rules of procedure.

Directors have a duty to request the information which they believe necessary to fulfill their role. To this end, they must submit a request to the Chairman of the Board, within the appropriate time limits, for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.

Each director may, if he or she deems it necessary, receive additional training on the Group's specific features, businesses, areas of activity and its stakes in terms of corporate social responsibility, as well as on accounting or financial aspects in order to further their knowledge.

Article 16 Defense of corporate interests – Absence of conflicts of interest

Although directors are shareholders in their own right, each director represents all of the shareholders and must act in the interests of the Company under all circumstances.

Each director has a duty of loyalty to the Company. He or she will not act in any way that would be contrary to the interests of the Company or the Group's companies.

All directors undertake to verify that the Company's decisions do not favor one category of shareholders over another.

All directors must notify the Board of any conflict of interests, including potential or future conflicts, that might concern them. In accordance with Article 20 of the AFEP-MEDEF Code (revised in January 2020), they must refrain from taking part in discussions and votes concerning deliberations on the subjects concerned.

Each director must consult the Chairman of the Board before engaging in any activity or accepting any position or obligation that might place him or her in a position of conflict of interest, even if this is merely potential. The Chairman may refer such matters to the Appointments, Compensation and Governance Committee and/or the Board of Directors.

Article 17 Control and assessment of the Board of Directors' operations

The directors must be attentive to how the powers and responsibilities of the Company's corporate bodies are shared out and exercised.

The directors must verify that no person can exercise uncontrolled discretionary power over the Company. They must ensure that the specialized Committees created by the Board of Directors can operate effectively.

Once a year, the Board of Directors organizes a discussion on how it operates. The Board of Directors also conducts a regular appraisal of its own operations, entrusted by the Chairman of the Board of Directors to the Appointments, Compensation and Governance Committee.

The independent directors meet at least once a year with the Executive Directors not being present.

Article 18 Presence of directors – Accumulation of offices

Each director must comply with current legal provisions governing the accumulation of offices, as well as the recommendations from the AFEP-MEDEF Code.

Each director will inform the Company of any offices held in other French or foreign companies. They will inform the Company of any new office or professional responsibility without undue delay. When directors hold an executive position within the Company, they must also request the opinion of the Board of Directors before accepting a new corporate office in a listed company that does not belong to the Group.

All directors must devote the requisite time and attention to their duties. They will be diligent and attend all Board of Directors' meetings, General Shareholders' Meetings 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 observers.

Article 20 Share holdings – Transactions involving Company securities

Each director, whether an individual, legal entity or permanent representative, undertakes to hold the number of shares set out in the Company's articles of association as a minimum. Each director has six (6) months from taking office to increase the number of shares they hold to this minimum level. The number of shares held should, where possible, correspond to the equivalent of one (1) year of compensation for their activity as a director (calculated based on the assumption that they participate in all the meetings of the Board and the Committees that they belong to for a given year, excluding any compensation linked to their position as Chairman of a Committee, and retaining Mercialys' weighted average share price for the previous year ended as the value). Company shares held by the directors (individuals or legal entities) must be held on a direct or administered registered basis in accordance with the legal and regulatory conditions in force. Each director undertakes to not carry out short sales, either directly or indirectly, on such securities.

For individual directors, shares held by their dependent minor children or their spouse when not legally separated must also be held on a registered basis. Furthermore, each director must notify the Company regarding the number of Company shares they hold as of 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 inside information, directors must, in particular, abstain from carrying out, either directly or indirectly or through an intermediary, any transactions on financial instruments to which inside information relates or on instruments to which these financial instruments are related, and must refrain from disclosing said information to third parties, for as long as the information has not been made public.

Moreover, each director must also abstain from carrying out any transactions relating to the Company's financial instruments, directly or indirectly, on his or her own behalf or for a third party, during the 30 days preceding the publication of the Company's full-year and half-year financial statements and during the 15 days preceding the publication of the Company's quarterly revenues, as well as on the day on which said full-year and half-year financial statements and quarterly revenues are published.

VI. Adoption of the rules of procedure

These rules of procedure were approved by the Board of Directors during its meeting on August 22, 2005. Their most recent update was approved on February 15, 2021.

9.2 Other regulatory disclosures

9.2.1 Factors that may have an impact in the event of a public tender offer

The structure of holdings in the Company's share capital and of the direct and indirect stakes in the Company's share capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are provided in chapter 7, § 7.2, p. 374 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. 442 et seq.

The powers of the Board of Directors are described in chapter 4, § 4.1.3, p. 261 et seq., and in chapter 9, § 9.1.5, II, p. 449. As regards share issues and share buybacks, the powers delegated to the Board of Directors are indicated in chapter 7, § 7.2.2, p. 375. Agreements signed by the Company that are amended or can potentially be terminated in the event of a change of ownership of the Company are mentioned in chapter 6, § 6.2, p. 344 et seq.

Furthermore, there are no agreements providing for compensation for Board members or employees if they resign or are made redundant without just cause or if their employment ends as a result of a public tender offer.

Bank financing agreements include clauses which state that the debt may, at the request of a lending institution, become immediately refundable in the event of a change of ownership. Such a change of ownership will be considered to be effective in each of the following cases:

- in the event that the share of capital and voting rights held by Casino, Guichard-Perrachon, and/or its subsidiaries as well as any entity directly or indirectly controlling Casino, in the Company falls below 10%. or
- in the event that a third party, which may include Casino, Guichard-Perrachon, acting alone or in concert, might control the Company within the meaning of Article L. 233-3 I and/or II of the French Commercial Code or;
- in the event that a third party, which may include, Casino, Guichard-Perrachon and/or its subsidiaries as well as any entity directly or indirectly controlling Casino, acting alone or in concert, might hold more than 50% of the Company's capital and/or voting rights.

Furthermore, the contract for issuing the Euro 550 million in bonds arranged on December 2, 2014, and the Euro 200 million tap issue on the existing bond on November 27, 2015, that reaches maturity on March 31, 2023, the contract for issuing the bonds arranged in connection with the Euro 150 million private placement on November 3, 2017 that reaches maturity on November 3, 2027, the contract for issuing the Euro 300 million in bonds arranged on February 27, 2018 that reaches maturity on February 27, 2026, and the contract for issuing the Euro 300 million in bonds arranged on July 7, 2020 provide for an early redemption option, which can be exercised by investors in the event of a downgrade in Mercialys's long-term senior debt rating, but only if this downgrade is attributable to a change in the Company's control. A change in ownership shall be deemed effective if a third party (*i.e.* any person other than Casino, Guichard-Perrachon and its subsidiaries), acting alone or in concert with other third parties, comes into possession, directly or indirectly, of more than 50% of the Company's voting rights. A rating downgrade shall be deemed to have taken place in the event of (i) a withdrawal of the rating by a rating agency, (ii) a downgrade in the rating to non-investment grade (*i.e.* a downgrade of at least two notches on the current BBB rating), or, (iii) if the rating is already in the non-investment grade category, a downgrade of at least one notch.

9.2.2 Research and development, patents and licenses

Mercialys's real estate development business consists of acquiring, owning and managing real 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 1.7% of recurring earnings for 2019.

There are no other governmental, judicial or arbitration proceedings, including any pending proceedings known to the Company or threatening it, likely to have, or having had over the past 12 months, significant impacts on its financial position or profitability.

9.3 Statutory Auditors and person responsible for the Universal Registration Document

9.3.1 Statutory Auditors: identification and fees

9.3.1.1 Permanent Statutory Auditors

Ernst & Young et Autres

12, place des Saisons

92400 Courbevoie Paris-La Défense 1

Signatory partner: Nicolas Perlier (since fiscal year 2016)

Date of first appointment: August 19, 1999 (articles of incorporation)

Renewal: Annual General Meeting of April 20, 2016

Date of expiry of final term of office: at the end of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the fiscal year ended December 31, 2021

KPMG SA

Tour Eqho

2, avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

Signatory partner: Régis Chemouny (since April 2020)

Date of first appointment: May 6, 2010

Renewal: Annual General Meeting of April 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the fiscal year ended December 31, 2021

9.3.1.2 Alternate Statutory Auditors

Auditex

Alternate auditor for Ernst & Young et Autres

12, place des Saisons

92400 Courbevoie Paris-La Défense 1

Date of first appointment: May 6, 2010

Renewal: Annual General Meeting of April 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the fiscal year ended December 31, 2021

Salustro Reydel

Alternate Auditor for KPMG SA

Tour Eqho

2, avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

Date of first appointment: April 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the fiscal year ended December 31, 2021

9.3.1.3 Fees for the Statutory Auditors and members of their networks covered by the Group

Years covered[1]: December 31, 2020 and December 31, 2019

	Ernst & Young				KPMG SA			
	Amount (ex. tax)		%		Amount (ex. tax)		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Recurring audit reviews								
Independent audits, certification, review of individual and consolidated financial statements[2]								
• Mercialys SA (parent company)	161,500	159,000	59%	54%	161,500	159,000	79%	75%
• Fully consolidated subsidiaries	59,700	58,800	22%	20%	26,300	25,900	13%	12%
• Statement of extra-financial performance review	33,500	33,500	12%	11%	-	-	-	-
Non-recurring reviews								
• Mercialys SA – Interim dividend	5,000	5,000	2%	2%	5,000	5,000	2%	2%
• Subsidiaries – Interim dividend	1,500	37,500	1%	13%	-	20,000	-	9%
• Mercialys – Various transactions[3]	12,500	3,000	5%	1%	12,500	3,000	6%	1%
TOTAL	**273,700**	**296,800**	**100%**	**100%**	**205,300**	**212,900**	**100%**	**100%**

(1) For the period in question, these are the services performed in respect of a fiscal year taken into account in the income statement.

(2) Including the services of independent experts or members of the Statutory Auditors' network that they use in connection with the certification of financial statements.

(3) For 2020, corresponds to the fees related to the issuance of a comfort letter as part of a Euro 300 million bond issue, and for 2019, for fees relating to the application of IFRS 16.

9.3.2 Declaration of the person responsible for the Universal Registration Document

Person responsible for the Universal Registration Document

Vincent Ravat

Chief Executive Officer

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, fairly presented and free from material misstatement.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all subsidiaries included in the scope of consolidation. I also declare that the management report (see cross-reference table on page 462) 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, 2019:

the management report, the consolidated financial statements, the Company's annual financial statements, and the corresponding Statutory Auditors' reports that appear in the 2019 Universal Registration Document filed with the AMF on March 23, 2020, under filing number D. 20-0160, on pages 389, 118 to 171, 176 to 199, 172 to 175 and 200 to 203 respectively;

- in respect of the fiscal year ended on December 31, 2018:

the management report, the consolidated financial statements, the Company's annual financial statements, and the corresponding Statutory Auditors' reports that appear in the 2018 Registration Document filed with the AMF on March 18, 2019 under filing number D. 19-0165, on pages 379, 102 to 156, 161 to 183, 157 to 160 and 184 to 187 respectively.

The information included in the Registration Document/Universal Registration Document, other than the information included above, is either replaced or updated by the information present in this Universal Registration Document. Both the Registration Document/Universal Registration Document are available for viewing at the Company's head office and on its website www.mercialys.com.

Paris, on March 17, 2021

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) No. 809/2004, and refers the reader to the pages of this Universal Registration Document in which the information relating to each of these items is mentioned:

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9.4.2 Annual financial report

The table below provides cross references for the information provided in this document constituting the Annual financial report as required of listed companies in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations:

9.4.3 Management report of the Board of Directors

The table below provides cross references for the information provided in this document constituting the Board of Directors' management report in accordance with Articles L. 225-100 and L. 225-100-2 of the French Commercial Code:

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:

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9.4.5 Extra-Financial Performance Statement (DPEF)

The table below provides cross references for the information provided in this document constituting the Extra-Financial Performance Statement in accordance with Article L. 225-102-1 of the French Commercial Code:

	Pages
Business model	8 and 9
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9.5 Subject index and glossary

9.5.1 Subject index

9.5.2 Glossary

Ad'AP

Since January 1, 2015, the scheduled accessibility timetables (*Agendas d'Accessibilité Programmée* – Ad'AP) allow managers or owners of public buildings or facilities open to the public to continue implementing or to implement the accessibility upgrades for their buildings after this date and in compliance with the obligations set by the law of February 11, 2005. An Ad'AP is thus a commitment to complete works within a determined time frame, to finance them and to respect the accessibility regulations, in exchange for the removal of the risks of sanction.

Asbestos Technical report (DTA)

The Asbestos technical report (*Dossier Technique Amiante* – DTA) is a document drafted by a certified agency designed to organize the prevention of asbestos-related risks. The report has been compulsory since January 1, 2006, regardless of the construction date of a building and regardless of its use (residential, work, office building, buildings intended for industrial or agricultural use, common areas of community residential buildings).

Biodiversity

Biodiversity denotes all living species. It covers the diversity of genes, species and ecosystems and the way in which they interact.

BREEAM (Building Research Establishment Environmental Assessment Method)

BREEAM is the method developed by the Building Research Establishment, a private UK building research body, for assessing the environmental performance of buildings. It is the equivalent of AFNOR's HQE *(Haute Qualité Environnementale)* standard in France (www.breeam.com).

Built-up area

The total built-up area occupied by buildings or parts of buildings in a shopping center.

Capitalization rate

The capitalization rate is the ratio between net rents of the premises leased + the rental value of vacant premises + income from casual leasing, relative to the value of assets excluding transfer taxes.

Casual Leasing

This concerns small stalls, generally measuring between 6 to 10 sq.m, and temporarily installed in the common areas. They are covered by specific contracts known as Short-term Agreements.

CNCC *(Conseil National des Centres Commerciaux)*

The CNCC, the national council of shopping centers, is the French professional organization that brings together all professionals in the shopping center industry (developers, managers, investors, brands, retailers, consultants and service providers) (www.cncc.com).

Company Savings Plan

A Company Savings Plan (PEE) is a collective savings system which allows a company's employees to build a securities portfolio with the company's help. The employee's payments to the plan may be topped up by contributions from the company. The sums are locked in for at least five years but may be unlocked in exceptional circumstances.

Cost of debt

The cost of debt is the average cost of debt drawn down by Mercialys. It incorporates all financial instruments issued in the short and the long term.

Current scope/like-for-like basis

The current scope includes all of Mercialys' portfolio at a given date, that is to say all assets held in the portfolio over the period analyzed.

The like-for-like basis restates the impact of consolidations (acquisitions and disposals) over the period analyzed, to ensure a stable basis for comparison over time.

EBITDA

Earnings before interest, taxes, depreciation and amortization. The equivalent term in French accounting is excédent brut d'exploitation.

Environmentally Protected/Classified Facility

Environmentally Protected or Classified Facilities 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.

EPRA (European Public Real Estate Association)

Non-profit organization founded in 1999, bringing together many property 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 property assets. It is calculated exclusive of transfer taxes, deferred taxation, and change in market value of the fixed-rate debt and financial instruments. The ratio measures the value of a real estate company from the viewpoint of the business as a going concern.

EPRA NDV (Net Disposal Value)

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA NDV provides a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation net asset value" because, in many cases, fair values do not represent liquidation values.

EPRA Net Initial Yield

The EPRA net initial yield is the ratio of annualized net rent in relation to the fair value of the asset portfolio including transfer taxes.

EPRA NNNAV (Triple Net Asset Value)

NNNAV (Triple Net Asset Value) corresponds to NAV after taking into account deferred taxes and the market value of fixed rate debt and financial instruments. This ratio aims to assess the spot net asset value of a real estate company.

EPRA NRV (Net Reinstatement Value)

EPRA NRV measures the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA NTA (Net Tangible Assets)

EPRA NTA calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability.

EPRA Topped-up net initial yield rate

EPRA Topped-up net initial yield rate

The EPRA "topped-up" net initial yield is annualized net rent adjusted for rental gains on rent-free periods, step-up rents and other benefits granted to tenants, relative to the fair value of the asset portfolio including transfer taxes.

ERNMT

The ERNMT is the audit of the natural, mining and technological risks of a given property that informs the buyer or tenant of the potential risks in the municipality where such buyer or tenant plans to buy or rent. The ERNMT should be included in the Dossier de Diagnostic Technique (DDT or technical audit dossier) and given to the future buyer or tenant.

FFO (Funds From Operations)

The FFO is the result of the operations reported by Mercialys. This management indicator corresponds to net profit adjusted for amortization, net capital gains on disposals, impairment of any assets, and other non-recurring items.

Financial rating

Rating agencies (Standard & Poor's in Mercialys's case) award a financial rating, after a detailed analysis of various corporate financial criteria, to show the borrower's credit quality and the level of risk associated with debt instruments from the issuer.

Food court

A food court is a space where consumers are offered a wide variety of foods from different counters and where, after having purchased their meal from one of the caterer, they can sit down to eat at a shared table. It can also simply be a group of different traditional restaurants in a specific area. Food courts can be inside or outside.

Global Warming Potential (GWP)

Global warming potential (GWP) is an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect. The indicator currently only tracks direct greenhouse gases (GHG), i.e. the six gases (CO_2, CH_4, N_2O, CFC, HFC, SF6) listed in the Kyoto protocol. This indicator is expressed in "CO_2 equivalent", because the greenhouse effect attributed to CO_2 is defined as 1 and the effects of other substances are expressed relative to that of CO_2.

Grenelle Environment Forum

The Grenelle Environment Forum is a series of political meetings which were held in France from July 6 to October 25, 2007. They brought together representatives of government and civil society in order to make long term decisions on the environment and sustainable development. The commitments made during these consultations gave rise to five major pieces of legislation: the so called Grenelle I Law, the law on environmental liability, the GMO Law, the law on organization and regulation of rail transport, and the so called Grenelle II law. These various laws introduced measures affecting the energy, construction, transport, biodiversity, environmental risk and health sectors.

Gross leasable area

The Gross Leasable Area (GLA) of a shopping center is the sum of the sales areas of the businesses within it, excluding the collective circulation spaces (aisles in shopping centers). The gross leasable area includes storerooms and technical premises.

ICC (Construction Cosvvvt Index)

The Construction Cost Index (ICC) measures the change in the construction cost of new buildings whose main use is non-community residential housing in mainland France. It is a price index based on observation of construction contracts agreed between project owners and the companies providing building works, excluding other housing cost components (land charges, ancillary promotional costs, financial costs, etc.). This index is used, along with the Retail Rent Index (ILC), for the indexation of commercial rents (www.insee.fr).

ILC (Retail Rent Index)

The quarterly index of retail rents (ILC) consists of the weighted sum of the indices reflecting changes in consumer prices, new construction prices and retail trade revenues. It covers retail tenants and artisans undertaking a commercial activity. This index is used, along with the Construction Cost Index (ICC), for the indexation of commercial rents (www.insee.fr).

Interest Coverage Ratio (ICR)

Ratio indicating the rate of cover of financial expenses: relationship between EBITDA and net cost of financial debt.

Invoiced rents

Rents invoiced by Mercialys to its tenants, excluding lease rights and despecialization indemnities.

Legionella

Legionella are bacteria naturally present in water and mud, responsible for respiratory diseases (lung infection), known as legionnaire's disease. They usually colonize water networks, especially domestic hot water, air-conditioning installations and cooling towers. Certain water sources may trigger legionnaire's disease.

LFS (Large Food Store)

This is a food store whose gross leasable area is in excess of 750 sq.m.

Loan To Value (LTV)

As its name suggests, this indicator is a measure of the level of debt of real estate companies. It is calculated by dividing consolidated net debt by the appraisal value of total assets, including or excluding transfer taxes, plus the value of equity associates' securities.

LSS (Large Specialty Store)

This is a store specializing in a particular sector (sports, household appliances, toys, etc.) whose gross leasable area is in excess of 750 sq.m.

MGR (Minimum Guaranteed Rent)

The leases signed with tenants include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion, known as the minimum guaranteed rent, and a portion pegged to the revenue of the tenant operating the retail premises. The minimum guaranteed rent is based on the rental value of the premises.

Net rental income

Rental revenues, net of expenses on buildings and rental charges and property taxes not rebillable to tenants.

Occupancy Cost Ratio (OCR)

The occupancy cost ratio is the ratio between rent, charges (included marketing funds) and re-invoiced works, including tax, paid by retailers and their sales revenue including tax. Note that the consolidated occupancy cost ratio reported by Mercialys does not include large food stores.

Pension Savings Plan

A pension savings plan (PERCO) is a corporate arrangement that enables employees to build savings. The sums are locked in until retirement but may be unlocked in exceptional circumstances. The employee's payments to the plan may be topped up by contributions from the company. At the time of retirement, the sums are released either as pension payments or, if permitted by the collective agreement, as a lump-sum.

Portfolio of development projects or pipeline

The portfolio of development projects, or pipeline, comprises all investments Mercialys plans to make over a given period. These may be renovations, transformations, extensions, creations or acquisitions of assets or companies holding assets.

Mercialys splits its pipeline into three categories:

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

Recovery rate

The recovery rate corresponds, at the end of a period, to the proportion of rents, charges and work invoiced by Mercialys to its tenants that has actually been collected.

Renewable energy

Renewable energy denotes sources of energy that are replenished faster than they are used and are thus inexhaustible on a human scale. Renewable energy is provided by the sun, wind, heat from the earth, waterfalls, tides or plant growth. It generates little waste or emissions.

Rental revenues

Rents invoiced by Mercialys to its tenants, including lease rights and despecialization indemnities

Retail Parks

Term used to denote an open-air shopping center with a parking lot shared by all outlets.

Sales area

The sales area is the area dedicated to the circulation of customers when shopping and paying (cash desks), the surface used to display the products sold, and the circulation areas for sales staff. The sales area does not include storerooms and technical premises.

Shopping center

A shopping center is a collection of stores grouped around one or more anchor brands (large food or specialty stores) ensuring a flow of customers or prospects. According to the CNCC, a shopping center must have at least 20 stores or services, with a gross leasable area (GLA) of at least 5,000 sq.m.

SIIC (Real Estate Investment Company)

The tax regime of SIICs (listed real estate investment companies) was established by the French Finance Law No. 2002-1575 of December 30, 2002 and came into effect on January 1, 2003. This regime applies to property companies investing in real estate assets with a view to leasing them. In return for a significant distribution of their income (95% of recurring revenue, as determined *via* parent company's profits, and 70% of capital gains on asset disposals), SIICs are exempt from corporate tax.

Stakeholder

A partner, whether individual or collective, that is actively or passively involved in Mercialys's decisions and projects. A stakeholder may be internal (employees) or external (shareholders, customers, suppliers, regional authorities, etc.).

Total vacancy rate

The total vacancy rate is the rental value of all vacant premises relative to the annualized minimum guaranteed rent for occupied premises + the rental value of all vacant premises. The total vacancy rate includes the current financial vacancy rate + the "strategic" vacancy rate which relates to premises deliberately left vacant to facilitate extension/redevelopment plans.

Variable rents

Rents that meet specific contractual clauses, generally established as a percentage of the revenue generated by the tenant. Variable rents are generally in addition to the Minimum Guaranteed Rent (MGR) and are triggered if a tenant reaches certain performance thresholds.

Yield on cost

The yield on cost is the estimated return on investment projects. For each project, the rate is calculated by dividing the net rental income created by the project by its total implementation cost.

Yield rate

The yield rate is the ratio between net rent of the premises leased + the rental value of vacant premises + income from casual leasing, relative to the value of assets including transfer taxes.

NOTES:

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