MERCIALYS

REGISTRATION DOCUMENT

—

2015

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

In accordance with Article 212-13 of tyhe AMF General Regulations, this Shelf Registration Document was registered with the Autorité des Marchés Financiers on March 23, 2016.

This document may be used in the context of any financial operation if completed by a transaction summary in respect of which the AMF has granted a visa. This documents has been established by the issuer and is binding upon its signatories.

CONTENT

MESSAGE FROM THE CHAIRMAN

Dear shareholders,

In addition to marking the 10th anniversary of Mercialys' IPO, 2015 was also a milestone for innovation and success in your Company's development.

First, Mercialys' model as a leading local real estate company demonstrated its effectiveness once again: organic growth in rental income reached a five-year high of +3.5%, and recurring income rose by +5.8%, allowing the company to propose a +7.3% increase in dividend to the General Meeting.

This model, with its proven sustainable appeal focused on medium-sized properties throughout France that rank among the most attractive in terms of demographics and economic conditions, is unrivaled among French listed real estate companies. On this basis, a sustainable value creation strategy has been implemented to support retailers and customers at Mercialys shopping centers.

This strategy is leveraged by our values: local presence, commitment, flexibility and innovation.

2015 illustrates each of these values through the numerous initiatives briskly implemented by the Mercialys teams, with with a strong focus on developments . As such, after an initial significant wave of investments in 2014, your Company continued to feed a pipeline of many projects of varying kinds and sizes, but always focused on staying close to our customers and consistency between the DNA of Mercialys' properties and the retailers joining us.

These projects have the distinction of being formed from already existing assets that immediately generate rental income, but also of being delivered within a rapid timescale, and will thus help to drive growth in recurring earnings in 2016 and thereafter.

Deploying a universal brand, G La Galerie, marketing through new or innovative retailers and 35 mid-sized stores that represent the new anchor stores at many sites also demonstrate the Company's ability to constantly adapt, just as our stores and our customers regularly change their concepts and consumption patterns.

Given the quality of the 2015 results, Mercialys can face 2016 with confidence, looking forward to organic growth in rental income excluding indexation of 2% and a 2% increase in FFO compared to 2015.

ÉRIC LE GENTIL
Chairman and Chief Executive Officer of Mercialys

“This strategy is leveraged by our values: local presence, commitment, flexibility and innovation.”

GOVERNANCE

THE BOARD OF DIRECTORS

Éric Le Gentil
Chairman and Chief Executive Officer of Mercialys

Bernard Bouloc
Professor of law

Anne-Marie de Chalambert
Board member

Élisabeth Cunin-Diéterlé
Chairman of the Management Board of the Camaïeu Group

Yves Desjacques
Director of Human Resources of the Casino Group

Jacques Dumas
Executive Vice-President of Euris SAS

Antoine Giscard d'Estaing
Chief Financial Officer of the Casino Group, Representative of the main shareholder

Marie-Christine Levet
Board member

Ingrid Nappi-Choulet
Research professor

Michel Savart
Chairman and Chief Executive Officer of Foncière Euris

Bruno Servant
Representative of Generali

APPOINTMENTS AND REMUNERATION COMMITTE

Anne-Marie de Chalambert
Board member

Élisabeth Cunin-Dieterlé
Chairman of the Management Board of the Camaïeu Group

Bernard Bouloc
Professor of law

Yves Desjacques
Director of Human Resources of the Casino Group

Michel Savart
Representative of the main shareholder, Chairman and Chief Executive Officer of Foncière Euris

AUDIT COMMITTEE

Marie-Christine Levet
Board member

Ingrid Nappi-Choulet
Research professor

Bernard Bouloc
Professor of law

Jacques Dumas
Executive Vice-President of Euris SAS

INVESTMENT COMMITTEE

Anne-Marie de Chalambert
Board member

Bruno Servant
Representative of Generali

Michel Savart
Chairman and Chief Executive Officer of Foncière Euris

Antoine Giscard d'Estaing
Chief Financial Officer of the Casino Group, Representative of the main shareholder

Éric Le Gentil
Chairman and Chief Executive Officer of Mercialys

MANAGEMENT TEAM

Éric Le Gentil
Chairman and Chief Executive Officer of Mercialys

Vincent Rebillard
Chief Operating Officer

Vincent Ravat
Executive Vice-President

FACTSHEET

CREATED IN 2005 BY CASINO, MERCIALYS IS ONE OF THE MAJOR PROPERTY COMPANIES IN FRANCE AND EUROPE, SPECIALIZING IN ADDING VALUE, CONVERTING AND DEVELOPING SHOPPING CENTERS.

Mercialys owns and manages assets that are primarily composed of shopping malls and cafeterias adjacent to hypermarkets or supermarkets belonging to the Casino Group and high-street retail assets. It leases its premises mainly to national retailers – either branches or franchisees – and to independent stores.

With 64 major sites across mainland France, Corsica and, since 2007, Réunion, totaling a gross leasable area of 919,500 sq.m, Mercialys is one of the major shopping center operators in France.

The Company's aim is to enhance and develop its real-estate assets and continue to expand on the commercial real-estate market in France, primarily relying on its privileged relationship with the Casino Group.

High added-value activities

Mercialys carries out 100% of its business in a particularly dynamic real-estate sector in France.

It benefits from good growth prospects in terms of revenue and cash flow, especially due to the annual indexing of rents, low vacancy rates and the low numbers of leases terminated early.

PORTFOLIO'S VALUE
(million euros)
3,542

NUMBER OF SHOPPING CENTERS
64

LEASABLE AREA
919,500 sq.m

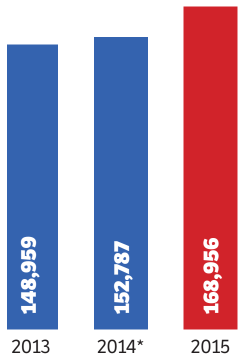
MERCIALYS,
A PURE-PLAYER IN SHOPPING CENTERS IN FRANCE

Shopping centers

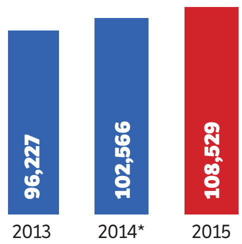
High-street retail assets

KEY **FIGURES**

RENTAL INCOME
(in thousands of euros)



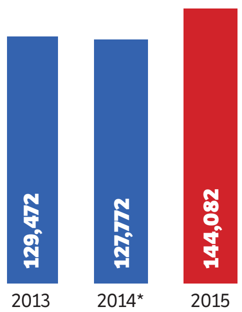
FFO
(in thousands of euros)



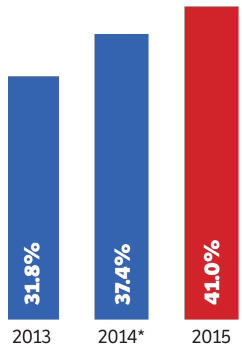
€19.48

EPRA Triple Net NAV/share

EBITDA
(in thousands of euros)



LTV
(in %)

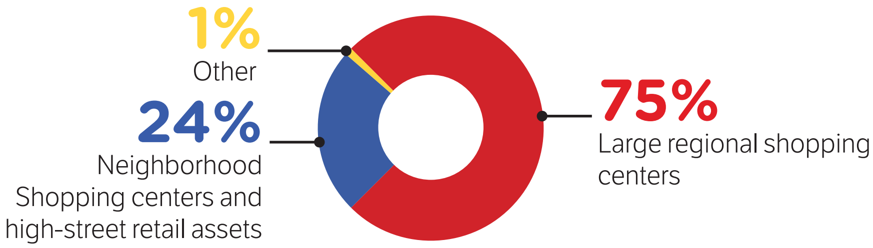


3,541.8

Portfolio's value including transfer taxes (in millions of euros)

* Pro forma following the early application of the IFRS 21 standard

BREAKDOWN OF PORTFOLIO
(% of the appraisal value, as at December 31,2015)

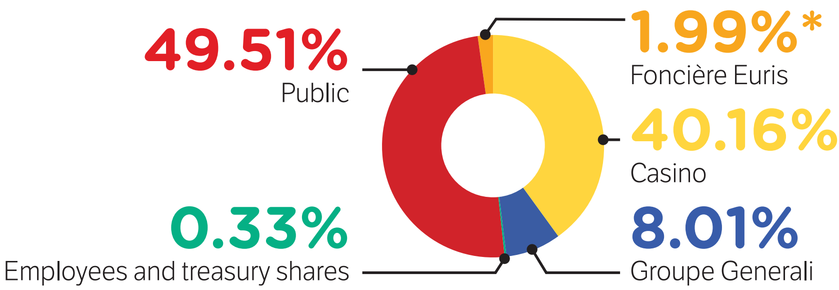


MERCIALYS **ON THE STOCK MARKET**

€19.76

Closing Price at 03/14/16

BREAKDOWN OF SHARE CAPITAL (in %, as at 12/31/15)



* besides 4.5% of additional economic exposure for Rallye and Foncière Euris.

Market capitalization: Euro 1.715 million as at 12/31/15

Business segment: real-estate holding and development

Inclusion in the SBF 120: 12/18/09

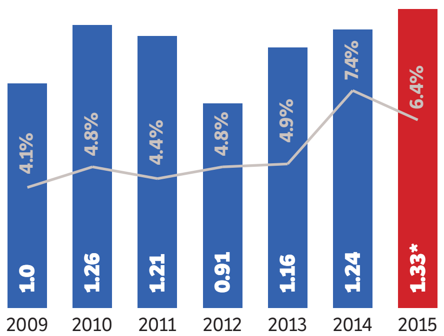
Main index: CAC All Shares

Market: Euronext compartment A

Listed on: Euronext Paris

Eligible for share savings plan (PEA)/Deffered Settlment Service (SRD): no/yes

NET DIVIDEND AND RETURN PER SHARE (in euro)



■ Net dividend per share
— Dividend return on the year's average price

* including Euro 0.76 per share as the interim dividend paid in December 2015

PERFORMANCE OF THE MERCIALYS SHARE COMPARED TO REAL-ESTATE BENCHMARK INDICES
(in euro, 100 base as at 02/29/16)

HIGHLIGHTS OF 2015

FEBRUARY

Cap Costières in Nîmes receives BREEAM In-Use certification.

Valentine Grand Centre in Marseille receives BREEAM In-Use "Outstanding" level certification.

1 Mercialys wins award in the Retail category at the BREEAM Awards 2015, for its La Caserne de Bonne shopping center.

MARCH

Mercialys attends the Retail Connection trade show in London for the first time.

APRIL

2 Inauguration of the extension to the Jas de Bouffan shopping center in Aix-en-Provence in partnership with Altaréa Cogedim.

3 Partnership with Médecins du Monde ("Doctors of the World").

4

JUNE

First disposal of a minority stake in a real estate investment scheme predominantly managed by BNP Paribas REIM France: six large food stores repositionated.

Acquisition of five large food stores for redevelopment, with the first phase forming part of a major medium-term project (Marseille Plan de Campagne).

4 Mercialys creates a unique, universal brand for its shopping centers: G La Galerie.

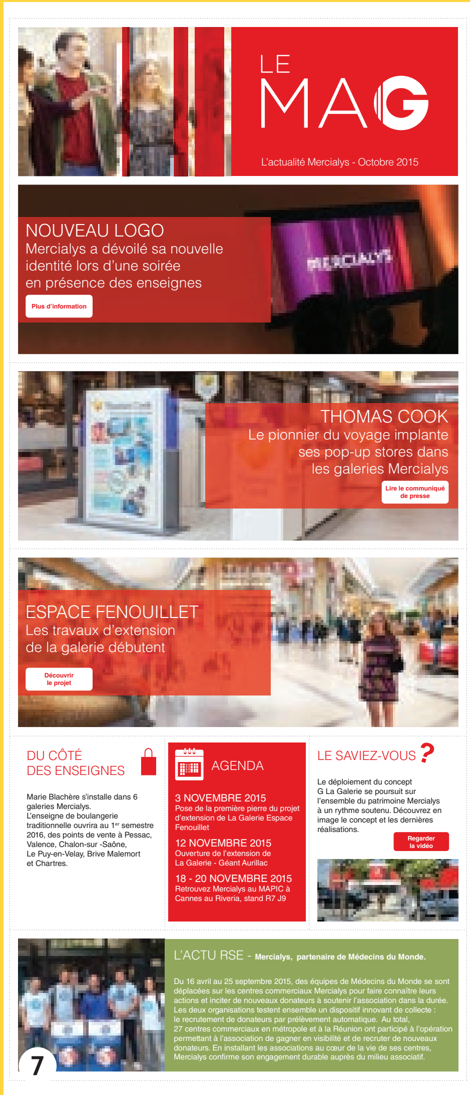
5 Successful opening of the Toulouse Fenouillet retail park, the first phase of this project.

6 Mercialys receives the 2015 CNCC award for extension/renovation of its Espace Anjou center.

JULY

7 Launch of “Mag”, a newsletter for retailers.

Mercialys strengthens its commercial offering by signing leases covering a total of 67,000 sq.m with 35 mid-sized stores.


LE MAG

L'actualité Mercialys - Octobre 2015

NOUVEAU LOGO

Mercialys a dévoilé sa nouvelle identité lors d'une soirée en présence des enseignes

Plus d'information

THOMAS COOK

Le pionnier du voyage implante ses pop-up stores dans les galeries Mercialys

Lire le communiqué de presse

ESPACE FENOUILLET

Les travaux d'extension de la galerie débutent

Découvrir le projet

DU CÔTÉ DES ENSEIGNES

Marie Blachère s'installe dans 6 galeries Mercialys. L'enseigne de boulangerie traditionnelle ouvrira au 1er semestre 2016, des points de vente à Pessac, Valence, Chalon-sur -Saône, Le Puy-en-Velay, Brive Malemort et Chartres.

AGENDA

3 NOVEMBRE 2015
Pose de la première pierre du projet d'extension de La Galerie Espace Fenouillet

12 NOVEMBRE 2015
Ouverture de l'extension de La Galerie - Géant Aurillac

18 - 20 NOVEMBRE 2015
Retrouvez Mercialys au MAPIC à Cannes au Riveria, stand R7 J9

LE SAVIEZ-VOUS ?

Le déploiement du concept G La Galerie se poursuit sur l'ensemble du patrimoine Mercialys à un rythme soutenu. Découvrez en image le concept et les dernières réalisations.

Regarder la vidéo

L'ACTU RSE - **Mercialys, partenaire de Médecins du Monde.**

Du 16 avril au 25 septembre 2015, des équipes de Médecins du Monde se sont déplacées sur les centres commerciaux Mercialys pour faire connaître leurs actions et inciter de nouveaux donateurs à soutenir l'association dans la durée. Les deux organisations testent ensemble un dispositif innovant de collecte : le recrutement de donateurs par prélèvement automatique. Au total, 27 centres commerciaux en métropole et à la Réunion ont participé à l'opération permettant à l'association de gagner en visibilité et de recruter de nouveaux donateurs. En installant les associations au cœur de la vie de ses centres, Mercialys confirme son engagement durable auprès du milieu associatif.

7

5

6

SEPTEMBER

8 Mercialys revamps its visual identity to make it consistent with its DNA as a partner in daily life.

9 Thomas Cook opens its new pop-up stores in Mercialys shopping centers.

OCTOBER

Mercialys receives an EPRA Gold Award for the quality of its financial reporting.

Mercialys wins award in the ranking of female representation on the executive bodies of SBF 120 companies, as the leading SBF 120 company in terms of gender equality among executive staff. Indeed, 50.5% of Mercialy's teams are women.

NOVEMBER

Mercialys closes two new deals with BNP Paribas REIM France on four sites.

10 Laying of the first foundation stone for the extension of the La Galerie Espaces Fenouillet shopping center

11 Opening to the public of the 10 stores in the extension and renovation of the La Galerie Géant Aurillac shopping center.

Union Investment and Mercialys announce BREEAM In-Use "outstanding" level certification for the Bois de Bersol shopping center in Pessac.

Successful placement of a Euro 200 million bond issue.

Leases signed with four new Calliope and Terranova stores for the Teddy Group in France, in the Mercialys shopping centers in Angers and Toulouse.

12 Opening of the first phases of the redevelopment of large food stores in Brest and Niort.

DECEMBER

Espace Anjou wins the "Trophées des Briques d'or" award in the shopping center category, in recognition of a shopping center opened or renovated in the last year that provided the best welcome and offered the best opportunities to retailers.

13 Opening of villages.services at the Brest and Mandelieu sites.

Payment of an interim dividend of Euro 0.76 per share on December 23, 2015.

Strengthening of the strategy of maintaining a local presence across the city center shopping segment: acquisition of five Monoprix sites for redevelopment.

+3.5%

ORGANIC GROWTH IN RENTS EXCLUDING INDEXATION

+10.6%

RENTAL INCOME

+5.8%

FFO

La Galerie - Nacarat à Clermont-Ferrand

01

ACTIVITY REPORT

(Financial statements for the year ended December 31, 2015)

Mercialys' operating performance in 2015 was significantly better than the objective. Organic growth in rents was up +3.5% excluding indexation (compared with an objective of +2%). The main impetus came from the continued growth of Casual Leasing, the positive impact of reversion and completion of development projects on land already owned, and the 40 bp improvement (to 2.0%) in the current vacancy rate.

Funds from operations (FFO) totaled Euro 108.5 million, up +5.8% on 2014 and a significant improvement on the revised objective of +3%. At the same time, EPRA NNNAV climbed +3.4% in 2015 to Euro 19.48 per share. In light of this excellent performance, a dividend of Euro 1.33 per share will be proposed at the General Meeting on April 20, 2016.

Mercialys' success continued throughout 2015, demonstrating its ability to enter into global transactions with international retailers and to attract new and innovative brands. These achievements are illustrated by relettings, the letting of redeveloped large food stores and cafeterias, and large-scale projects such as the Toulouse shopping center extension and retail park. The appeal of Mercialys' shopping centers lies in the perennial outperformance of the assets, benefiting retailers in terms of footfall and revenue growth. This trend stems from the relevance of the geographical footprint, and an ability to transform and improve the marketability of the sites.

The development pipeline also entered a new phase in 2015, when Mercialys acquired 10 large food stores for redevelopment, either fully owned or through subsidiaries held with a third-party investor in which Mercialys owns a 51% stake.

Mercialys is also continuing to develop its innovative proximity real estate model by establishing a high street retail segment. The focus will be on prime locations in urban areas with dynamic population growth and purchasing power above the national average, with assets offering retail or mixed-use development potential. In this context, Mercialys acquired five sites for redevelopment from Monoprix for Euro 110.6 million, generating an immediate net yield of 5.9%. The sites will be developed for retail or mixed use in the medium term and the capex for the development projects will amount to around Euro 45 million.

All these investments have been achieved, while preserving a solid financial structure, with a loan-to-value (LTV) ratio of 41.0% and interest coverage ratio (ICR) of 5.1x at year-end 2015.

Mercialys can therefore remain confident in its 2016 outlook, as a result of its organic growth drivers and the full-year impact of investments and projects completions achieved in 2015, as well as projects scheduled for delivery in 2016. The management has thus set an objective in 2016 of +2% for organic growth in rents excluding indexation, with a +2% increase in FFO on 2015.

1.1 Mercialys benefited from the completion of four projects in 2015, generating Euro 3.2 million in annual rent

Phase 1 of the Toulouse Fenouillet development, a 24,000 sq.m retail park, opened to the public in May 2015. This site is fully let and generates annualized net rents of Euro 2.3 million, or a net yield of 6.9% against a total investment of Euro 33.5 million.

In November 2015, Mercialys acquired an extension from the Casino Group of more than 1,500 sq.m, or 10 additional stores, in its Aurillac shopping center, generating Euro 0.5 million in annualized rents. The extension enhances the attractiveness of the site and complements the merchandising of this leading shopping center within the local area.

Finally, Mercialys delivered the first phases of the redeveloped large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased a 1,330 sq.m extension, securing the future presence of this anchor tenant at the site. The second redevelopment phase of the large food store is currently under way. In Brest, leading brand Cultura has opened a 2,300 sq.m store, driving footfall and increasing the expected reversion on this gallery. In total, these operations generated Euro 0.4 million of annualized net rents and an average IRR of 9.0%.

1.2 Large food stores acquired for redevelopment immediately contributed Euro 17.3 million to annualized rents

In 2015, Mercialys acquired 10 large food stores for redevelopment. Six are 100% owned by the Company, while it has a 51% stake in the remaining four. The acquisitions represented a total amount of Euro 328.1 million, generating rents of Euro 17.3 million, or an immediate overall yield of 5.3%.

As of June 30, 2015, Mercialys had acquired five large food stores for redevelopment from Casino in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan-de-Campagne site). This amounted to a total of Euro 166.7 million, including transfer taxes and net annual rents before renovation of Euro 9.3 million, representing an immediate yield of 5.6%. In December 2015, Mercialys acquired a large food store for redevelopment in Annemasse from the Casino Group for Euro 53.2 million DIH, generating an immediate yield of 4.9%.

In November 2015, Hyperthetis Participations, a subsidiary 51% owned by Mercialys and 49% by the OPCI SPF2[1], acquired the buildings of three large food stores for redevelopment in Istres, Narbonne and Vals-près-Le-Puy from the Casino Group for a total of Euro 69.5 million DIH, immediately generating a net yield of 5.1%.

At the same time, Immosiris, a subsidiary 51% owned by Mercialys and 49% by the OPCI REAF[1], acquired a large food store for redevelopment in Clermont-Ferrand from the Casino Group. The total amount paid for the store, adjacent to the shopping center in Clermont-Ferrand, came to Euro 38.6 million DHI, equivalent to a net yield of 4.9%.

1.3 Acquisition of five sites from Monoprix for redevelopment, as part of the implementation of a high street retail segment, representing annual rents of Euro 6.5 million

Mercialys is complementing its position as a leading proximity real estate company by launching a high street retail business line. Investments in this segment will focus on two fundamentals. First, the location of the assets, with Mercialys favoring prime locations in urban areas benefiting from dynamic population growth or purchasing power that is above the national average. Second, the assets acquired must have the potential for development as urban retail, but also offices, hotels or housing projects that can be led by Mercialys and specialized partners, thus contributing towards the overall appeal of the site. Ultimately, Mercialys will only keep the retail assets in its portfolio.

Mercialys will continue to invest opportunistically in high street retail, a segment that could potentially represent up to 10% of the Company's portfolio and boost the growth in funds from operations.

In this context, in December 2015 Mercialys acquired 5 sites for redevelopment from Monoprix for Euro 110.6 million DIH, triggering an immediate net yield of 5.9%.

These assets are located in areas where the local population has significant purchasing power, for example in the western suburbs of Paris (Puteaux, Asnières and Chaville), on the Belgian border (Lille Marcq-en-Barœul) and in the center of Marseille (Marseille Canebière).

(1) These real estate investment schemes are managed by BNP Paribas REIM France.

1.4 A significant development pipeline in 2016, with Mercialys benefiting from project completions representing Euro 10.4 million in annualized rents

Mercialys is continuing its **controlled development pipeline**, representing an investment of Euro 224.3 million by 2018 – of which Euro 207.1 million remain to be spent – and generating Euro 16.6 million of additional annualized rents.

The Company will benefit from new project completions in 2016:

- following their redevelopment, five large food stores will be delivered in the fourth quarter of 2016 on the Aix, Angers, Anglet, Nîmes (phase 1) and Rennes (phase 1) sites, representing total annualized rents of Euro 2.4 million;
- Mercialys will deliver a 3,600 sq.m retail park in Sainte-Marie (Reunion Island) in the fourth quarter of 2016, generating Euro 0.7 million in annualized rents. At the same time, under the partnership agreement, Mercialys will decide whether to acquire the 1,200 sq.m extension of the Carcassonne Salvaza gallery in the second quarter of 2016, with annualized rents totaling Euro 0.3 million;
- Mercialys has a fair value purchase option with Foncière Euris on phase 2 of the extension of the Toulouse Fenouillet shopping center, to be exercised no later than the opening date. The annualized rents of this project total Euro 7.0 million. At December 31, 2015, the extension had been 68% let.

In addition, Mercialys has kept its controlled development pipeline going with the large food store acquisitions made in 2015. These projects will involve the extension of the adjoining shopping centers, mainly to accommodate powerful and distinctive non-food anchor tenants:

- of the five large food stores acquired in the first half of 2015 in Besançon, Lanester, Dijon, Poitiers and Marseille Plan-de-Campagne, the work planned at this stage on the stores (excluding Plan-de-Campagne, which will be a special large-scale project) is expected to come to Euro 16.3 million, creating approximately Euro 1.2 million in additional annualized rents, or a projected yield of 7.5%. The stores are scheduled to open in 2017. The estimated IRR of the development projects earmarked for these sites is between 8% and 10%;
- of the five large food store acquired in the second half of 2015 in Istres, Narbonne, Vals-près-Le-Puy, Clermont-Ferrand and Annemasse, the work is expected to come to Euro 16.3 million, (of which Mercialys' share is Euro 11.0 million as the Company has a 51% stake in these projects apart from Annemasse), which should generate a 7.6% yield on cost.

Mercialys has also identified a **potential development pipeline** worth Euro 367 million, which will generate Euro 21.0 million of additional annualized rents. This potential pipeline will be initiated by 2020. It consists of a large-scale development (Marseille Plan de Campagne), shopping centers extensions (Réunion Island, Marseille La Valentine, Brest and Clermont-Ferrand) and retail parks (Dijon, Saint-André de la Réunion and Pessac). Mercialys will also work on mixed-use high street retail projects with assets acquired from Monoprix. This will involve both the redevelopment of existing premises and the creation of additional space. The work will cost around Euro 45 million, with an IRR of approximately 9%.

In millions of euros	Total investment	Investment still to be initiated	Forecasted net rents	Target net yield	Delivery dates
Redevelopment of 4 large food stores acquired in H1 2014	34.5	34.5	3.3	9.4%	2015 to 2017
Redevelopment of 8 large food stores acquired in H2 2014	26.7	26.3	2.9	10.9%	2016 and 2017
Redevelopment of 4 large food stores acquired in H1 2015	16.3	16.3	1.2	7.5%	2017
Redevelopment of 5 large food stores acquired in H2 2015	16.3(5)	16.3	1.2	7.6%	2017 and 2018
Toulouse Fenouillet Phase 2(1)	118.0	101.2	7.0	5.9%	2016
Sainte-Marie Retail Park(2)	8.1	8.1	0.7	8.6%	2016
Carcassonne Salvaza(2)	4.4	4.4	0.3	6.3%	2016
Total controlled pipeline	**224.3**	**207.1**	**16.6**	**7.4%**	
Total potential pipeline(3)	**367.4**	**367.4**	**21.0**	**6.5%**	
TOTAL PIPELINE(4)	**591.7**	**574.5**	**37.6**	**6.9%**	

(1) Mercialys holds a fair value call option on this project. If Mercialys decides to exercise its purchase option, the investment would represent an amount of Euro 118 million based on a 5.9% yield.
(2) Projects presented by the Casino Group under the partnership agreement, subject to the approval of the Mercialys Investment Committee and the Board of Directors
(3) Yield excluding the impact of mixed-use city center projects, which could also generate property development margins.
(4) The amounts and yields may change depending on the implementation of the projects.
(5) Of which Mercialys' share is Euro 11 million, Mercialys owning a 51% stake in the Istres, Narbonne, Le Puy and Clermont-Ferrand projects.

1.5 Disposals of non-controlling interests in the context of asset allocation and preservation of Mercialys' solid financial profile

The disposals made by Mercialys in 2015 consisted almost entirely of the sale of 49% stakes in subsidiaries. This policy allows the Company to retain control of the assets, particularly in the context of large food store redevelopment projects (see above), while optimizing its asset allocation and preserving its main financial balances.

In June 2015, Mercialys created the company Hyperthetis Participations, to which it then transferred the buildings of 6 large food stores. Mercialys subsequently sold 49% of Hyperthetis Participations to the OPCI SPF2 (managed by BNP Paribas REIM France) for Euro 106 million DIH, generating an equivalent net yield of 4.8% from the disposal and reflected by a capital gain of Euro 25 million in Mercialys' parent company financial statements.

These six large food stores were acquired in 2014 by Mercialys, which is redeveloping them to include non-food anchor stores, projects that were not part of the assets transferred. 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, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

Finally, in November 2015, Mercialys sold 49% of the subsidiary that owns the Clermont-Ferrand shopping center to the OPCI REAF (managed by BNP Paribas REIM France), on the basis of a 100% valuation of Euro 101.4 million DIH and generating a net yield of 5.0% from the disposal. The disposal of this equity interest generated a net capital gain of Euro 45.5 million in the Mercialys' parent company financial statements at year-end 2015.

1.6 Triple net asset value (EPRA format) was up +3.4% year on year

Mercialys' assets were valued at **Euro 3,541.8 million**, including taxes, a year-on-year increase of +22.4%, primarily driven by changes in scope (+Euro 449 million), compression of the average capitalization rate (+Euro 125 million) and higher rents on a like-for-like basis (+Euro 74 million). On a like-for-like basis, the value of Mercialys' holdings rose **+6.9%** year on year and **+5.5%** compared with June 30, 2015.

At year-end 2015, Mercialys' portfolio was composed of 70 assets, including **64 shopping centers and high street retail assets**, 75% of which are large retail centers, 24% leading neighborhood sites and 0.5% other assets.

The average appraisal yield was **5.36%** at December 31, 2015 *versus* 5.55% at June 30, 2015 and 5.6% at December 31, 2014.

Triple net asset value (EPRA format) rose +3.4% year on year and +4.8% compared with June 30, 2015 to Euro 19.48 per share. This year-on-year increase of Euro 0.63 per share is due to the following:

- payment of dividends: Euro (1.64);
- net income: +Euro 0.87;
- change in fair value of the portfolio: +Euro 1.39;
- change in fair value of financial instruments and other items: +Euro 0.01.

1.7 Favorable financing terms for Mercialys' development

In November 2015, Mercialys successfully placed a Euro 200 million bond, increasing the size of the existing bond maturing on March 31, 2023. Following the transaction, the new nominal amount of this bond was Euro 750 million. The financing cost of the new issue came to 2.203%. Following the transaction, average drawn debt maturity was 5.0 years at December 31, 2015.

At the same time, Mercialys has extended by one year the maturity of its various undrawn banking lines, representing Euro 300 million.

Mercialys thus enjoys favorable financing terms for its acquisitions and development projects, with a high differential compared with the average capitalization rate of the Company's real estate assets (5.36% at December 31, 2015)

The **average real cost of debt drawn** in 2015 was **2.4%**, significantly lower than the level recorded in 2014 (3.1%), mainly due to the full-year impact of the bond exchange in the fourth quarter of 2014. Mercialys also benefits from the optimization measures put in place for the interest rate hedging policy following the Euro 200 million bond issue in November.

Mercialys continues to have a very robust financial structure, with an **LTV** ratio of **41.0%**(2) at December 31, 2015 (*versus* 39.2% at June 30, 2015 and 37.4% at December 31, 2014) and an **ICR** of **5.1x**(3) at December 31, 2015 (*versus* 5.5x at June 30, 2015 and 4.7x at December 31, 2014).

(2) Loan To Value (LTV): Net financial debt/Market value, excluding taxes, of the assets.
(3) Interest Cost Ratio (ICR) EBITDA/Cost of net debt.

Euro 1.18
FFO/SHARE

Euro 19.48
TRIPLE NET NAV/SHARE

85.3%
EBITDA MARGIN

La Galerie - Géant à Fontaine-lès-Dijon

02

FINANCIAL REPORT

Pursuant to regulation (EC) 1606/2002 of July 19, 2002, the Mercialys Group's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union as at December 31, 2015.

Information about these standards is available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The accounting methods set out in this note have been applied consistently to all periods presented in the Consolidated Financial Statements. The new standards and interpretations have been applied as noted.

2.1 FINANCIAL STATEMENTS

Audit procedures have been conducted by the Statutory Auditors and the Statutory Auditors' report on the Consolidated Financial Statements is being finalized.

2.1.1 Consolidated income statement

(in thousands of euros)	12/2014[2]	12/2015
Rental revenues	**152,787**	**168,956**
Non-recovered property taxes	(1,367)	(1,081)
Non-recovered service charges	(3,244)	(3,048)
Property operating expenses	(5,072)	(6,069)
Net rental income	**143,104**	**158,758**
Management, administrative and other activities income	3,017	2,893
Property development margin	118	1,099
Other income	1,845	401
Other expenses	(9,888)	(6,891)
Staff costs	(10,424)	(12,179)
Depreciation and amortization	(23,968)	(24,844)
Reversals/(Allowance) for provisions for liabilities and charges	126	(928)
Other operating income	270,278	3,755
Other operating expenses	(198,132)	(9,020)
Net operating income	**176,076**	**113,044**
Income from cash and cash equivalents	348	225
Finance costs	(27,601)	(28,460)
Net finance costs	**(27,253)**	**(28,235)**
Other financial income	5,064	1,287
Other financial expenses	(1,666)	(1,884)
Net financial income/(expense)	**(23,855)**	**(28,832)**
Tax	(1,055)	(3,138)
Share of net income of associates	1,346	1,026
Consolidated net income	**152,512**	**82,100**
Attributable to non-controlling interests	48	2,486
Attributable to owners of the parent	152,464	79,614
Earnings per share (in euros)[1]		
Net earnings per share, attributable to owners of the parent (in euros)	1.66	0.87
Diluted earnings per share attributable to owners of the parent (in euros)	1.66	0.87

(1) Based on the weighted average number of outstanding shares over the period restated for treasury shares:
> Weighted average number of shares (non-diluted) in 2015 = 91,767,764 shares;
> Weighted average number of shares (fully diluted) in 2015 = 91,767,764 shares.
(2) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.

2.1.2 Consolidated balance sheet

Assets

(in thousands of euros)	12/2014[3]	12/2015
Intangible assets	811	974
Property, plant and equipment other than investment property	434	12
Investment property	1,751,782	2,224,080
Investments in associates	20,880	20,069
Other non-current assets	33,579	34,154
Deferred tax assets	990	338
Non-current assets	**1,808,476**	**2,279,627**
Inventories	-	4,358
Trade receivables	18,687	25,173
Other current assets	64,762	73,232
Cash and cash equivalents	121,015	13,030
Investment property held for sale	5,666	3,095
Current assets	**210,130**	**118,888**
TOTAL ASSETS	**2,018,606**	**2,398,515**

Equity and liabilities

(in thousands of euros)	12/2014[3]	12/2015
Share capital	92,049	92,049
Bonus, treasury shares and other reserves	691,262	617,975
Shareholders' equity attributable to owners of the parent	783,311	710,024
Non-controlling interests	436	206,159
Total equity	**783,748**	**916,183**
Non-current provisions	292	401
Non-current financial liabilities [1]	1,022,424	1,219,574
Deposits and guarantees	22,555	22,880
Non-current tax liabilities and deferred tax liabilities	1	-
Non-current liabilities	**1,045,272**	**1,242,855**
Trade payables	14,026	19,704
Current financial liabilities [2]	143,330	188,720
Current provisions	1,426	2,366
Other current liabilities	30,456	26,968
Current tax liabilities	348	1,719
Current liabilities	**189,586**	**239,477**
TOTAL EQUITY AND LIABILITIES	**2,018,606**	**2,398,515**

(1) The increase in non-current financial liabilities relates to the new Euro 200 million bond issue at the end of 2015.
(2) The increase in current financial liabilities as at December 31, 2015 relates primarily to the issue of commercial paper in 2015 (outstanding amount of Euro 166 million as at December 31, 2015).
(3) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.

2.1.3 Consolidated cash flow statement

In thousands of euros	12/2014*	12/2015
Net income attributable to owners of the parent	152,464	79,614
Non-controlling interests	48	2,486
Consolidated net income	**152,512**	**82,100**
Depreciation, amortization, impairment allowances and provisions net of reversals	24,363	28,139
Unrealized gains and losses relating to changes in fair value	(209)	(181)
Income and charges relating to stock options and similar	406	260
Other income and charges (1)	1,448	(2,170)
Share of income from associates	(1,346)	(1,026)
Dividends received from associates	1,956	1,838
Income from asset sales	(80,092)	2,718
Cash flow	**99,038**	**111,677**
Net finance cost/income (excluding changes in fair value and depreciation)	26,163	28,416
Tax charge (including deferred tax)	1,055	3,138
Cash flow before net finance cost and tax	**126,256**	**143,231**
Tax payments	1,576	(1,160)
Change in working capital requirement relating to operations excluding deposits and guarantees (2)	(12,316)	(9,024)
Change in deposits and guarantees	673	327
Net cash flow from operating activities	**116,189**	**133,374**
Cash payments on acquisition of investment property and other fixed assets	(298,239)	(498,102)
Cash payments on acquisition of non-current financial assets	(322)	-
Cash receipts on disposal of investment property and other fixed assets	37,486	656
Cash receipts on disposal of non-current financial assets	4,791	12
Impact of changes in the scope of consolidation with change of ownership (3)	(59)	(534)
Impact of changes in the scope of consolidation related to associates	(70)	-
Net cash flow from investing activities	**(256,412)**	**(497,966)**
Dividend payments to shareholders	(75,293)	(80,756)
Interim dividends	(32,996)	(69,764)
Dividend payments to non-controlling interests	(49)	(48)
Other transactions with shareholders (4)	0	200,399
Changes in treasury shares	38	(165)
Increase in borrowings and financial liabilities	1,147,223	946,839
Decrease in borrowings and financial liabilities	(761,500)	(716,300)
Net interest received	27,635	17,993
Net interest paid	(54,320)	(41,593)
Net cash flow from financing activities	**250,738**	**256,605**
Change in cash position	**110,515**	**(107,987)**
Net cash at beginning of year	10,479	120,994
Net cash at end of year	120,994	13,007
Of which cash and cash equivalents	121,015	13,030
Of which Bank facilities	(21)	(23)
(1) Other income and expenses primarily comprise:		
Lease rights received and spread out over the term of the lease	*(727)*	*(1,918)*
Discounting adjustments to construction leases	*(569)*	*(629)*
Financial expenses spread out	*180*	*346*
Costs associated with asset sales	*2,526*	*-*
(2) The change in working capital requirement breaks down as follows:		
Trade receivables	*3,027*	*(6,176)*
Trade payables	*6,390*	*5,661*
Other receivables and payables	*(21,436)*	*(4,700)*
Inventories on property developments	*-*	*(3,809)*
Property development liabilities	*(297)*	*-*
	(12,316)	***(9,024)***

(3) At the end of 2015, the Group proceeded with the acquisition of SARL Toutoune shares for Euro 534,000.
(4) On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2 for Euro 99,479,000, net of costs.

2.2 MAIN HIGHLIGHTS OF 2015

Successful issue of a Euro 200 million bond

In November 2015, Mercialys successfully placed a Euro 200 million bond issue maturing on March 31, 2023 to supplement the existing bonds. The issue has raised the bond's new nominal to Euro 750 million. The cost of financing for this new issue is 2.203%. This transaction is in line with the strategy to further strengthen Mercialys' financial structure. It raised the average maturity of the bond to 5.8 years compared with 5.5 years before the issue and create a favorable long-term cost of financing that will contribute to Mercialys' development.

Successful opening of the Toulouse Fenouillet retail park and delivery of extensions to the Brest, Niort and Aurillac galleries

Phase 1 of the Toulouse Fenouillet 24,000 sq.m retail park project opened its doors on May 20, 2015. This asset has been fully let.

In November 2015, Mercialys acquired an extension of over 1,500 sq.m from the Casino Group, representing a further 10 stores, in its Aurillac shopping center for Euro 8.2 million and generated a net yield of 6.5%. The extension enhances the attractiveness of the site and complements the merchandising of this leading gallery within the local area.

Lastly, in December 2015, Mercialys delivered the first redevelopment phases on the large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased an extension of 1,330 sq.m, which will entrench the presence of this strong anchor tenant. Following this stage, a second phase of redevelopment of this large food store is currently being defined. In Brest, Cultura has opened a 2,300 sq.m store. This anchor store that generates footfall should also increase the reversion expected for this gallery. Overall, these transactions generated Euro 0.4 million of annualized net rent and an average IRR of 9%.

Acquisitions of large food stores redevelopment projects that are immediately accretive to FFO and improve the development pipeline

At June 30, 2015, Mercialys acquired from Casino five large food stores in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan-de-Campagne site) to develop extension projects, for a total of Euro 166.7 million including transfer taxes and net annual rents before renovation of Euro 9.3 million, offering an immediate yield of 5.6%.

Furthermore, in November 2015, the subsidiary Hyperthetis Participations, 51% owned by Mercialys and 49% owned by OPCI SPF2, acquired the freeholds of three large food stores for redevelopment in Istres, Narbonne and Vals-près-Le-Puy from the Casino Group for a total of Euro 69.5 million DIH, and an immediate net yield of 5.1%.

At the same time, in November 2015, the subsidiary Immosiris, 51% owned by Mercialys and 49% owned by OPCI REAF, acquired from the Casino Group a large food store for redevelopment in Clermont-Ferrand adjoining the shopping center. The total amount of this acquisition was Euro 38.6 million DIH, representing a net yield of 4.9%.

In December 2015, Mercialys acquired a large food store for redevelopment from Casino at Annemasse for Euro 53.2 million including transfer taxes and net annual rents before reconstruction of Euro 2.6 million.

There are projects to extend the shopping centers adjoining these large food stores in the medium term. The surface area of the large food store will be reduced, to enable the establishment of non-food mid-sized stores, which will enhance the commercial appeal of these sites.

Acquisition by OPCI SPF2 of a 49% stake in a subsidiary majority owned by Mercialys and owner of large food stores

In June 2015, Mercialys created Hyperthetis Participations, to which it then sold the freeholds of six large food stores. On June 26, 2015, Mercialys sold to OPCI SPF2, managed by BNP Paribas, 49% of the shares in Hyperthetis Participations for Euro 106 million DIH, reflecting a net equivalent yield of 4.8% from the disposal.

These six large food stores were acquired in 2014 by Mercialys, which carries out reconstruction projects that integrate the placement of non-food anchor stores that will help improve the commercial value of the sites. These reconstruction projects are not included in the assets contributed by Hyperthetis Participations, which owns only the reconfigured large food store, on the basis of comprehensive annualized net rents of Euro 10.6 million. Mercialys has exclusive control of this company. 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, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

Disposal of a 49% stake in a subsidiary owner of the Clermont-Ferrand shopping center to an OPCI managed by BNP Paribas REIM France

Mercialys sold to OPCI REAF, managed by BNP Paribas REIM France, 49% of the shares of a subsidiary owner of the Clermont-Ferrand shopping center, on the basis of a 100% valuation of Euro 101.4 million DIH, generating a net yield of 5.0% from the disposal. Mercialys has the exclusive control of this company.

Acquisition of five assets for redevelopment from Monoprix for Euro 110.6 million for an immediate net yield of 5.9%

Mercialys is completing its positioning as a leading local real estate investment company by launching a city-center retail business line. In this context, in December 2015 Mercialys acquired five sites for redevelopment from Monoprix for Euro 110.6 million DIH, triggering an immediate net yield of 5.9%. These assets are located in high purchasing power areas in the inner rim suburbs west of Paris (Puteaux, Asnières and Chaville) and the Belgian border (Lille Marcq-en-Barœul) as well as a prime location in the heart of Marseille Canebière. These locations will be decisive for the success of the projects conducted by Mercialys, which will consist both in the redevelopment of existing premises (enabling it to optimize the format of Monoprix stores) and the creation of new premises.

2.3 SUMMARY OF THE MAIN KEY INDICATORS FOR THE PERIOD

	December 31, 2015
Organic growth in invoiced rents	**+3.4%**
EBITDA[4]	**Euro 144.1 m**
EBITDA/Rental revenues	85.3%
Funds from operations (FFO)	**Euro 108.5 m**
Funds from operations (FFO)[5] per share	**Euro 1.18**
Market value of portfolio (including transfer taxes)	**Euro 3,541.8 m**
Change vs. 12/31/2014 (total scope)	+22.4%
Change vs. 12/31/2014 (like-for-like)	+6.9%
EPRA triple net asset value/share	**Euro 19.48**
Change vs. 12/31/2014	+3.4%
Loan to Value (LTV) - excluding transfer taxes	**41.0%**

(4) Earnings before interest, taxes, depreciation and amortization.
(5) Funds From Operations – Net income attributable to owners of the parent before depreciation, capital gains and asset impairments (per fully diluted share).

2.4 REVIEW OF ACTIVITY AND CONSOLIDATED RESULTS

2.4.1 Main management indicators

- The general economic environment at the end of the year reflected the aftershock of the November terrorist attacks in Paris. However, this impact was limited for retailers in Mercialys shopping centers, and traffic picked up and became positive as from December.
  Footfall in Mercialys[6] shopping centers rose 1.9% year-to-date at end December 2015, with a 4.7% drop in November, followed by a 0.7% increase in December. At the same time, there was an overall drop in market footfall (CNCC[7]) of 1.0% year to date at end December.
  Year to date at end December 2015, sales of Mercialys shopping center retailers rose +4.5%, with a slight drop of 0.9% in November, followed by a 2.6% increase in December. At the same time, sales of the entire shopping center market (CNCC[8]) rose +0.2% year-to-date at end December.
- Renewals and relettings generated an average increase of +19.8% in the annualized rental base[9] over the period.
- The Casual Leasing business (short-term leases) continued to grow sharply over the period, rising 28.2% to Euro 8 million. This increase was created in particular by the boom in the business of national retail brands on this segment, which occurred at the same time as the upgrading of its product line by Mercialys and the qualitative improvement of merchandising implemented by the Group.

(6) Mercialys' large shopping centers and main market-leading neighborhood shopping centers on a constant surface area.
(7) CNCC : all shopping centers, comparable scope.
(8) CNCC : all shopping centers, comparable scope.
(9) Vacant at last known rent for relettings.

- The table below details the lease expiry schedule:

Lease expiry schedule	Number of leases	Guaranteed minimum rent (in millions of euros)	Share of leases expiring/Guaranteed minimum rent
Expired at 12/31/2015	452	16.6	9.5%
2016	203	8.6	4.9%
2017	143	6.7	3.8%
2018	150	8.6	4.9%
2019	114	7.1	4.1%
2020	234	17.3	9.8%
2021	212	12.5	7.1%
2022	222	19.3	11.0%
2023	148	9.8	5.6%
2024	197	12.7	7.2%
2025	108	7.3	4.2%
Beyond	68	49.3	28.0%
TOTAL	**2,251**	**175.8**	**100%**

The stock of expired leases at end 2015 is due to ongoing negotiations, lease renewal refusals with payment of eviction compensation, overall negotiations by retailers, tactical delays etc.

- The recovery rate over 12 months at end December 2015 remained high at 97.7%, slightly up compared with June 30, 2015 (97.4%) and with December 31, 2014 (97.6%).
- The number of tenants in liquidation remained low: 24 tenants out of 2,251 leases in the portfolio at December 31, 2015 (compared with 21 at December 31, 2014).
- The current vacancy rate – which excludes "strategic" vacancies designed to facilitate extension and reconstruction plans – remained at a very low level. It was 2.0% as at December 31, 2015, an improvement of 30 bp compared with June 30, 2015 and 40 bp compared with December 31, 2014.
  The total vacancy rate(10) was 2.9% as at December 31, 2015, a sharp drop compared with June 30, 2015 (4.0%) primarily due to the delivery of cafeteria redevelopments. This rate is practically comparable to the total vacancy rate observed at the end of 2014 (2.8%).
- The occupancy cost ratio(11) of our tenants was 10.3% for large shopping centers, which was stable compared with December 31, 2014. Sales of retailers in Mercialys shopping centers had risen 4.8% year to date at end November 2015, which made up for the impact of rent hikes.
  This ratio is still relatively low compared with that of Mercialys' peers in France. This reflects both the reasonable level of real estate costs in retailers' operating accounts and the potential for increasing rent levels upon lease renewal or reconstruction of the premises.
- The rental income received by Mercialys comes from a wide range of retailers. Except for Casino Group and H&M (2.1%), no tenant represents more than 2% of total rental income.
  Casino accounted for 32.7% of total rental income as at December 31, 2015, (compared with 24.6% at December 31, 2014). This increase was due to the acquisition of reconstruction projects on large food stores in 2014 and 2015 as well as the acquisition of 5 Monoprix assets for redevelopment in December 2015. The impact of these acquisitions was partially offset by the decreased contribution of Cafétérias Casino (0.9% of Mercialys rental revenue as at December 31, 2015, compared with 3.2% at the end of 2014). Monoprix accounted for 4.3% of Mercialys' rental revenue at end 2015.
  It must, however, be noted that the increase in the economic exposure of Mercialys to the Casino Group was significantly limited at 29.9%, after the adjustment of the ownership by BNP Paribas REIM France of a 49% stake in Hyperthetis Participations, the owner of the freeholds of 9 large food stores and its 49% stake in Immosiris, owner of the freeholds of the large food store to be repositioned and the gallery in Clermont-Ferrand.

(10) [Rental value of vacant units/(annualized guaranteed minimum rent on occupied units + rental value of vacant units)] in accordance with the EPRA calculation method.
(11) Ratio between rent and service charges paid by a retailer and retail sales (rent + charges including tax)/tenant's retail sales including tax.

The table below shows the breakdown of rents between national and local retailers on an annualized basis:

	Number of leases	GMR*+ annual variable 12/31/2015 (in millions of euros)	12/31/2015 (in %)	12/31/2015** (in %)	12/31/2014 (in %)
National and international retailers	1,496	96.5	54.9%	56.9%	61.0%
Local retailers	650	21.9	12.4%	13.1%	14.5%
Casino Cafeterias /Catering	19	2.1	1.2%	1.2%	3.4%
Monoprix	9	7.5	4.3%	4.5%	0.7%
Géant Casino	77	47.9	27.2%	24.2%	20.5%
TOTAL	**2,251**	**175.8**	**100.0%**	**100.0%**	**100.0%**

* *GMR = Guaranteed minimum rent.*
** *Exposure of rents to the Casino Group adjusted for the 49% stake in Hyperthetis, owner of the freeholds of 9 large food stores repositioned or to be redeveloped and a 49% stake in Immosiris, owner of the food large store to be redeveloped and the shopping center in Clermont-Ferrand.*

The breakdown of Mercialys' rental income by business sector also remained highly diversified.

Breakdown of rental income by business sector, excluding large food stores (% of rental income)	12/31/2015	12/31/2014
Personal items	43.5%	42.1%
Food and catering	9.5%	11.7%
Household equipment	10.8%	9.8%
Beauty and health	15.2%	14.8%
Culture, gifts and leisure	16.9%	17.4%
Services	4.0%	4.1%
TOTAL	**100.0%**	**100.0%**

The structure of rental income as at December 31, 2015 confirmed the dominant share, in terms of rent, of leases without a variable component:

	Number of leases	In millions of Euros	12/31/2015 in %	12/31/2014 in %
Leases with variable component	1,212	86.5	49%	59%
- of which guaranteed minimum rent		84.8	48%	58%
- of which variable rent		1.7	1%	1%
Leases without a variable component	1,039	89.3	51%	41%
TOTAL	**2,251**	**175.8**	**100%**	**100%**

Given the entry into the consolidation scope of large food stores and Monoprix assets with leases signed on the basis of a guaranteed minimum rent without a variable component, the share of leases with a variable component in total rents had dropped at December 31, 2015 compared with December 31, 2014.
Leases linked to the ILC index (Retail rent index) as at December 31, 2015 made up the predominant share of rents in 2015.

	Number of leases	In millions of euros	12/31/2015 in %	12/31/2014 in %
Leases linked to the ILC index (Retail rent index)	1,506	151.4	87%	84%
Leases linked to the CCI index (Construction cost index)	522	20.8	12%	16%
Leases linked to the ILAT index or non-revisable leases	223	2.0	1.1%	-
TOTAL	**2,251**	**174.2**	**100%**	**100%**

2.5 REVIEW OF CONSOLIDATED RESULTS

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).

Rental revenues stood at **Euro 169 million** at December 31, 2015, up 10.6% compared with the end of 2014; the increase in rents invoiced offset the drop in lease rights; rent levels are now given priority over the implementation of such rights.

(in thousands of euros)	2015	2014
Invoiced rents	165,958	148,755
Lease rights	2,998	4,032
Rental revenues	**168,956**	**152,787**
Non-recovered service charges and property taxes	(4,129)	(4,611)
Property operating expenses	(6,069)	(5,072)
NET RENTAL INCOME	**158,758**	**143,104**

The 11.6 points increase in invoiced rents is the result of the following:

- continued robust organic growth in invoiced rents: + 3.4 points (*vs.* +3.1 points in 2014), equal to a Euro 5.1 million increase;
- 2014 and 2015 acquisitions: +16.6 points, equal to a Euro 24.6 million increase;
- the impact of asset sales carried out in 2014: -7.6 points, equal to a Euro 11.3 million drop;
- other effects including primarily the strategic vacancy relating to current redevelopment programs: -0.8 points, equal to a Euro 1.2 million drop.

Like for like, invoiced rents rose 3.4 points, of which in particular:

- -0.1 points as a result of indexation[12];
- +2.0 points as a result of actions carried on the portfolio;
- +1.5 points resulting from the development of the Casual Leasing business, which accounted for Euro 8 million of rent in 2015. This represented a 28.2% increase in one year (or 37.6% excluding the impact of asset sales).

Lease rights and despecialization indemnities received over the period[13] came to **Euro 1.1 million** compared with Euro 3.3 million at December 31, 2014, broken down as follows:

- **Euro 0.7 million** in lease rights relating to ordinary reletting business (compared with Euro 2.1 million in 2014);
- **Euro 0.4 million** in lease rights relating primarily to the letting of the extension/reconstruction of Clermont-Ferrand, Nîmes, Aurillac, Saint-Paul and Sainte-Marie in La Réunion (compared with Euro 1.2 million at December 31, 2014 relating primarily to the letting of the extension of the Albertville Retail Park and Lanester).

After the impact of deferrals required under IFRS, lease rights recognized in 2015 amounted to Euro 3 million compared with Euro 4.0 million in 2014.

NET RENTAL INCOME

Net rental income consists of rental revenues less costs directly allocated to real estate assets. These costs include property taxes and service charges that are not rebilled to tenants, together with property operating expenses, which mainly comprise fees paid to the property manager that are not rebilled and various charges relating directly to the operation of sites.

Costs included in the calculation of net rental income came to Euro 10.2 million in 2015 compared with Euro 9.7 million in 2014, an increase of +5.1%, compared with the +10.6% increase in rental revenues.

The ratio of non-recovered property operating expenses to invoiced rents was 6.1% as at December 31, 2015, compared with 6.5% at December 31, 2014.

Due to the increase in invoiced rents, net rental income rose +10.9% year-on-year to Euro 158.8 million as at December 31, 2015, compared with Euro 143.1 million in 2014.

(12) In 2015, for the majority of leases, rents were indexed either to the change in the construction cost index (CCI) or to the change in the retail rent index (ILC) between the second quarter of 2013 and the second quarter of 2014 (-1.0% and 0% respectively).
(13) Lease rights received as cash before the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease).

2.5.2 Management revenues, operating costs and operating income

MANAGEMENT, ADMINISTRATIVE AND OTHER ACTIVITIES INCOME

Management, administrative and other activities income primarily comprises fees charged in respect of services provided by certain Mercialys staff - whether within the framework of advisory services provided by the asset management team, which works on a cross-functional basis for Mercialys and the Casino Group, or within the framework of shopping center management services provided by teams - as well as letting, asset management and advisory fees relating to partnerships formed.

Fees charged in 2015 came to Euro 2.9 million compared with Euro 3.0 million in 2014.

PROPERTY DEVELOPMENT MARGIN AND EARNOUT PAYMENTS

In 2011, Mercialys and Union Investment - a fund manager highly active in the real estate market - created an OPCI fund designed to invest in mature retail properties. Ownership of this real estate investment fund (OPCI) 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 the fund and is in charge of asset management and letting. In 2011, the fund acquired its first asset in Bordeaux-Pessac. Mercialys has developed an extension to the shopping center comprising 30 new stores, which was delivered to the fund in late November 2012.

No property development margin was recorded in 2015. However, Mercialys managed to let the three remaining vacant lots in the second half of 2015, and therefore benefited from the payment by Union Investment of a Euro 1.1 million net earnout payment. No further earnout payment will be made in the future.

OTHER RECURRING INCOME

Other recurring income of Euro 0.4 million recognized in 2015 includes dividends received from the OPCI fund created in partnership with Union Investment (see above paragraph) amounting to Euro 0.4 million. At the end of 2014, Mercialys had received Euro 0.3 million of dividends from the OPCI. These dividends, similar to net rental revenues, are recognized as operating profit.

OTHER EXPENSES

Other expenses mainly comprise structural costs. Structural costs include primarily investor relations costs, directors' fees, corporate communication costs, shopping centers communication costs, marketing surveys costs, fees paid to the Casino Group for services covered by the Services Agreement (accounting, financial management, human resources, management, IT), professional fees (Statutory Auditors, consulting, research) and real estate asset appraisal fees.

For 2015, these costs amounted to Euro 6.9 million compared with Euro 9.9 million in 2014.

STAFF COSTS

Staff costs amounted to Euro 12.2 million in 2015, compared with Euro 10.4 million in 2014, a 16.8% increase mainly due to the full-year impact of the strengthening of teams carried out in 2014 as for the deployment of new Mercialys projects.

A portion of staff costs are charged back to the Casino Group as part of the advisory services provided by the asset management team, which works on a cross-functional basis for Mercialys and the Casino Group, or as part of the shopping center management services provided by Mercialys' teams (see paragraph above concerning management, administrative and other activities income).

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

As a result of the above, EBITDA[14] came to Euro 144.1 million in 2015 compared with Euro 127.8 million in 2014, up 12.8%.

The EBITDA ratio was 85.3% at December 31, 2015 (compared with 83.6% at December 31, 2014). Without the impact of the Euro 1.1 million net earnout payment recorded for the Pessac transaction, EBITDA would be 84.6%.

(14) EBITDA (Earnings before interest, taxes, depreciation and amortization).

DEPRECIATION, AMORTIZATION AND PROVISIONS

Depreciation and amortization rose slightly to Euro 24.8 million in 2015 compared with Euro 24 million in 2014, parallel to the net investments made in 2014 and 2015.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include primarily:

- as income, the amount of asset sales and other income relating to asset sales;
- as expenses, the net carrying amount of assets sold and costs associated with these asset sales.

Other operating income came to Euro 3.8 million at December 31, 2015 compared with Euro 270.3 million on December 31, 2014.

This amount includes:

- non-strategic asset sales carried out in 2015, representing income recognized in Mercialys' consolidated financial statements of Euro 3.8 million compared with Euro 270.3 million in 2014;
- the costs relating to the sale of a 49% stake in Hypertethis Participations during the first half of 2015 and the sale of 49% of Immosiris in the second half of 2015. As these sales were carried out without any loss of control by Mercialys, their impacts are recognized in equity at December 31, 2015, while the capital gains generated are recorded in Mercialys' statutory financial statements, but eliminated in the consolidated financial statements.

Other operating expenses came to Euro 9 million at December 31, 2015 compared with Euro 198.1 million at December 31, 2014, corresponding primarily to:

- the accounting of an allowance for asset impairment of Euro -2.4 million;
- the net carrying amount of assets sold in 2015 and costs related to these asset disposals: Euro -6 million;
- the accounting of the expenses relating to previous disposals, amounting to Euro -0.7 million.

On this basis, the net capital loss recognized in the consolidated financial statements as at December 31, 2015 was Euro 2.7 million, compared with a net capital gain of Euro 73.9 million recognized in 2014.

2.5.3 Net financial items and tax

NET FINANCIAL INCOME/(EXPENSE)

Net financial items include:

- as expenses: primarily financial expenses relating to the debt incurred by the Company net of income from the arrangements of the related interest rate hedging policy (see section 2.5.5.1 Debt);
- as income: financial income from equity investments, as well as interest income on cash generated in the course of operations and deposits from tenants.

The table below shows a breakdown of net financial items as at December 31:

(in millions of Euros)	2015	2014
Income from cash and equivalents (a)	**0.2**	**0.3**
Financial expenses in relation to financing operations after hedging (b)	(58.8)	(74.1)
Financial income in relation to financing operations after hedging (c)	30.3	46.6
Cost of finance leases (d)	-	-
Gross finance costs excluding exceptional items	*(28.5)*	*(27.5)*
Exceptional depreciation of costs in relation to the early repayment of bank loans (e)	-	(0.1)
Finance costs (f) = (b)+(c)+(d)+(e)	**(28.5)**	**(27.6)**
Net finance costs (g) = (a)+(f)	**(28.2)**	**(27.3)**
Cost of Revolving Credit Facility and bilateral loans (undrawn) (h)	(1.9)	(1.2)
Other financial expenses (i)	-	(0.5)
Other financial expenses excluding exceptional items (j) = (h)+(i)	*(1.9)*	*(1.7)*
Exceptional depreciation in relation to refinancing of the RCF (k)	-	-
Other financial expenses (l) = (j)+(k)	**(1.9)**	**(1.7)**
Total financial expenses (m) = (f)+(l)	**(30.3)**	**(29.3)**
Income from associates	-	4.8
Other financial income	1.3	0.3
Other financial income (n)	**1.3**	**5.1**
Total financial income (o) = (a)+(n)	**1.5**	**5.4**
NET FINANCIAL ITEMS = (M)+(O)	**(28.8)**	**(23.9)**

a) Financial expenses and average cost of debt

Financial expenses amounted to Euro 30.3 million at December 31, 2015 compared with Euro 29.3 million at December 31, 2014. The drop in interest rates due to the financing transactions of the fourth quarter of 2014 and the parallel evolution in hedging instruments was offset by a volume effect of the debt, as Mercialys had issued a Euro 550 million bond in November 2014 and a Euro 200 million bond in November 2015.

The Euro 240 million revolving credit facility (RCF) was thus extended from December 2019 to December 2020. The Euro 60 million credit facilities were also extended from December 2017 to December 2018.

The actual average cost of debt drawn for 2015 was 2.4%, compared with 3.1% as at December 31, 2014.

b) Financial income

Financial income amounted to Euro 1.5 million at December 31, 2015 compared with Euro 5.4 million at December 31, 2014. It was favorably impacted in 2014 by the gain on the disposal of Mercialys stake in GreenYellow (a company that develops solar power plants) for an amount of Euro 4.8 million.

As a result, net financial items represented a net financial expense of Euro 28.8 million as at December 31, 2015 compared with a net financial expense of Euro 23.9 million as at December 31, 2014.

TAX

The tax regime for French “SIIC” (REIT) companies exempts them from paying tax on their income from real estate activities provided that at least 95% of net income from rental activities and 60% of gains on the disposal of real estate assets are distributed to shareholders. The tax expense recognized by Mercialys consisted of corporate value-added tax (CVAE), income tax on businesses that do not come under the SIIC status, deferred taxes and, where applicable, the 3% contribution on profit allocation or capital gains not concerned by dividend obligations under the SIIC status.

In 2015, Mercialys recorded a tax expense of Euro 3.1 million, mainly consisting of the corporate value-added taxes (Euro 1.2 million), the additional contribution to income tax equal to 3% of income distributed in addition to the dividend obligation resulting from the SIIC tax status, amounting to Euro -1.1 million, income tax (Euro 0.4 million) and deferred income taxes in relation to deficits and time gap for Euro -0.5 million.

SHARE OF NET INCOME OF ASSOCIATES

Mercialys pre-empted the implementation of IFRS 10, 11 and 12 for the year ended December 31, 2013. Jointly controlled subsidiaries (namely SCI Geispolsheim and Corin Asset Management), previously proportionally consolidated, were qualified as joint ventures according to IFRS 11 and have therefore been consolidated under the equity method.

Similarly, SCI AMR, the company created in partnership with Amundi Immobilier in 2013, and Aix2, of which Mercialys acquired 50% in December 2013 and which is developing the extension of the Aix-en-Provence shopping center, are considered as joint ventures and consolidated under the equity method.

Lastly, Fenouillet Participations, a company created in partnership with Foncière Euris at the end of 2014, is consolidated under the equity method.

The share of net income from affiliates as at December 31, 2015 amounted to Euro 1 million, compared with Euro 1.3 million as at December 31, 2014.

NET INCOME

Net income was thus Euro 82.1 million as at December 31, 2015 compared with Euro 152.5 million as at December 31, 2014. This drop was primarily due to the favorable impact of capital gains recognized in the 2014 net income, whereas capital gains were recognized in Mercialys’ parent company’s accounts but eliminated in the consolidated financial statements given the structure of disposals completed during the year.

Non-controlling interests stood at Euro 2.5 million as at December 31, 2015, consisting in the 49% stake of BNP Paribas REIM France in Hyperthetis Participations and the 49% stake of BNP Paribas REIM France in Immosiris.

Given these non-controlling interests, net income attributable to owners of the parent was Euro 79.6 million in 2015, compared with Euro 152.5 million in 2014.

FUNDS FROM OPERATIONS (FFO)

Funds from operations, which correspond to net income adjusted for depreciation, capital gains on asset sales and associated costs, and any asset impairments, totaled Euro 108.5 million compared with Euro 102.6 million in 2014. This is a +5.8% increase, mainly as a result of the increase in rental revenues, which offset the increase in net financial expenses and the impact of non-controlling interests.

In 2014, Mercialys had benefited from the recognition of the gain on the disposal of Green Yellow shares for a net amount of Euro 4.3 million.

On the basis of the weighted average number of shares (fully diluted) as at December 31, funds from operations amounted to Euro 1.18 per share as at December 31, 2015, compared with Euro 1.12 per share as at December 31, 2014, representing an increase in funds from operations on a fully diluted per-share basis of 5.9%.

FFO is broken down as follows:

In thousands of euros	At 12/31/2015	Proforma 12/31/2014*	At 12/31/2014
Rental revenues	168,956	152,787	152,787
Property operating expenses	(10,198)	(9,683)	(9,683)
Management income	2,893	3,017	3,017
Provisions for liabilities and charges	(928)	126	126
Staff costs	(12,179)	(10,424)	(10,424)
Other expenses	(6,891)	(9,888)	(9,997)
Property development margin	1,099	118	118
Other current income and expenses	401	1,845	1,845
Other operating income (not related to asset disposals and excluding reversals of asset impairments)	1	94	94
Other operating expenses (not related to asset disposals and excluding asset impairments)	(193)	(1,824)	(1,824)
Net financial income/(expense) excluding non-recurring impact of hedging ineffectiveness and banking default risk (excluding income from the disposal of the Green Yellow equity interest)	(29,012)	(28,187)	(28,187)
Tax expense	(3,138)	(1,055)	(1,016)
Share of net income of equity affiliates	1,026	1,346	1,346
Minority interests excluding amortization and capital gains	(3,309)	(38)	(38)
FFO excluding income from the disposal of the Green Yellow stake	**108,529**	**98,234**	**98,165**
Income from the disposal of the Green Yellow stake	0	4,332	4,332
FFO	**108,529**	**102,566**	**102,497**
FFO/fully diluted share (in euros)	**1.18**	**1.12**	**1.12**

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

2.5.4 Number of shares outstanding

	2013	2014	2015
Number of shares outstanding			
- As at January 1	92,022,826	92,049,169	92,049,169
- As at December 31	92,049,169	92,049,169	92,049,169
Average number of shares outstanding	92,038,313	92,049,169	92,049,169
Average number of shares (basic)	**91,734,656**	**91,826,157**	**91,767,764**
Average number of shares (diluted)	**91,865,817**	**91,826,157**	**91,767,764**

As at December 31, 2015, Mercialys' ownership structure was as follows: Casino (40.16%), Generali (8.01%), Foncière Euris[15] (1.99%), treasury shares and shares held by employees (0.33%), other shareholders (49.51%).

(15) Not including an additional 4.5% of economic exposure for Rallye and Foncière Euris held by derivative instruments.

2.5.5 Financial structure

2.5.5.1 DEBT

a) The Group had cash and cash equivalents of Euro +13 million as at December 31, 2015 compared with Euro +121 million as at December 31, 2014. The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:
   - change in gross debt: Euro 237 million. This change includes the following main cash flows: a new bond issue: Euro 200 million and commercial paper issues net of repayments: Euro 37 million;
   - the issue premium: Euro (6) million;
   - cash flows generated over the period: Euro 112 million;
   - cash receipts on asset sales carried out in 2015: Euro 1 million;
   - cash payments relating to assets acquired in 2015: Euro (498) million;
   - transactions with minority shareholders: Euro 200 million;
   - dividend payments to shareholders: Euro (151) million;
   - net interest paid: Euro (24) million.

b) As at December 31, 2015, the amount of Mercialys' **drawn debt** was Euro 1,395.7 million, comprising:
   - a bond issue of a nominal amount of Euro 750 million, yielding a fixed rate of 1.787% and maturing in March 2023;
   - a residual bond of Euro 479.7 million (a Euro 650 million tranche issued in March 2012, partially redeemed in December 2014), yielding a fixed rate of 4.125% and maturing in March 2019;
   - Euro 166 million of outstanding commercial paper yielding an average rate of 0.07%.

   The average maturity of drawn debt was 5 years as at December 31, 2015 (*versus* 5.7 years as at December 31, 2014).

c) **Net financial debt** was Euro (1,361.1) million as at December 31, 2015, compared with Euro (1,017.6) million as at December 31, 2014.

d) Mercialys also has **financial resources** that will be used to finance ordinary business activities and the cash requirements of Mercialys and its subsidiaries, and to ensure a comfortable level of liquidity:
   - a bank revolving credit facility of Euro 240 million with an initial five-year maturity (December 2019) was extended to six to December 2020 in the second half of 2015. This facility bears interest at the 3-month Euribor + a margin of 115 basis points; if undrawn, this facility is subject to payment of a 0.46% non-use fee (for a BBB financial rating);
   - confirmed bank facilities totaling Euro 60 million, set up in December 2014 with an initial maturity of three years (December 2017), extended to December 2018 in the second half of 2015. These facilities bear interest at a rate lower than 100 basis points above the 3-month Euribor (for a BBB financial rating);
   - cash advances from Casino of up to Euro 50 million, subject to an interest rate of between 60 and 85 basis points above Euribor. This facility matures on December 31, 2017;
   - a Euro 500 million commercial paper program was also set up in the second half of 2012. Euro 166 million had been used (outstanding as at December 31, 2015).

e) Mercialys also introduced an **interest rate hedging** policy in October 2012. It uses derivatives (swaps) to hedge its interest rate risk over time. The interest rate hedging system was adjusted in December 2015 after the Euro 200 million bond issue of November 2015.

   Mercialys' debt structure as at December 31, 2015 was as follows: 60% fixed-rate debt and 40% floating-rate debt.

f) The **average real cost of debt drawn** for fiscal 2015 was 2.4%, compared with 3.1% as at December 31, 2014.

g) **Covenants:** as at December 31, 2015, the loan to value ratio (net financial debt/assets appraisal value excluding transfer taxes) was 41%, well below the contractual covenant (LTV < 50%):

	12/31/2015	12/31/2014
Net debt (in millions of euros)	1,361.1	1,017.6
Appraisal value excluding transfer taxes (in millions of euros)	3,321.6	2,723
Loan To Value (LTV)	**41.0%**	**37.4%**

Likewise, the interest cost ratio (ratio of EBITDA to cost of net debt) was 5.1x, well above the bank covenant requirement (ICR > 2):

	12/31/2015	12/31/2014
EBITDA (in millions of euros)	144.1	127.7
Net finance cost	(28.2)	(27.3)
Interest Cost Ratio (ICR)	**5.1**	**4.7**

The two other bank covenant requirements are also met:

- the market value of properties excluding transfer taxes as at December 31, 2015 was Euro 3.3 billion (above the contractual covenant that sets a market value excluding transfer taxes of over Euro 1 billion);
- a ratio of secured debt/market value excluding transfer taxes of less than 20%. Mercialys had no secured debt as at December 31, 2015.

2.5.5.2 CHANGE IN SHAREHOLDERS' EQUITY

Consolidated shareholders' equity was Euro 916.2 million as at December 31, 2015 compared with Euro 783.7 million as at December 31, 2014. The main changes that affected this item during the period were as follows:

- transactions on treasury shares: Euro (0.1) million;
- disposal of 49% of the shares of Hyperthetis Participations to OPCI SPF2: Euro 133.5 million;
- disposal of 49% of the shares of Immosiris to OPCI REAF: Euro 66.8 million;
- net income for 2015: Euro 82.1 million;
- payment of the final dividend for the 2014 financial year of Euro 0.88 per share: Euro (80.8) million;
- payment of an interim dividend for the 2015 financial year of Euro 0.76 per share: Euro (69.8) million.

2.5.5.3 DIVIDENDS

The balance of the 2014 dividend was paid on May 11, 2015 and amounted to Euro 0.88 per share. This represents a total dividend of Euro 80.8 million fully paid in cash.

At its meeting of December 17, 2015, the Board of Directors decided to pay an interim dividend on 2015 earnings of **Euro 0.76 per share**. This interim dividend was paid out on December 23, 2015, representing a total amount of Euro 69.8 million of interim dividends fully paid in cash.

In accordance with SIIC requirements, the minimum distribution requirement in Mercialys 2015 accounts is Euro 78.3 million.

On February 10, 2016, the Board of Directors proposed, subject to approval by the General Shareholders' Meeting of April 20, 2016, to pay a dividend for 2015 amounting **Euro 1.33 per share**, including the interim dividend of Euro 0.76 per share already paid in December 2015. This corresponds to 100% of distributable earnings under the SIIC regime and 60% of capital gains not subject to the dividend distribution requirements linked to the SIIC status.

This dividend represents a yield of 6.8% relative to the NAV per Mercialys share as at December 31, 2015 (Euro 19.48 per share).

2.6 CHANGES IN THE SCOPE OF CONSOLIDATION AND VALUATION OF THE ASSET PORTFOLIO

2.6.1 Asset acquisitions

Acquisitions made in 2015 amounted to Euro 447 million, including transfer taxes, mainly relating to:

- the extension by over 1,500 sq.m of the Aurillac shopping center for Euro 8.2 million;
- six large food stores located in Besançon, Lanester, Poitiers, Dijon, Marseille (Plan-de-Campagne site) and Annemasse. These acquisitions represent an amount of Euro 220 million including transfer taxes;
- three large food stores for redevelopment *via* Hyperthetis Participations (51% owned), on the Istres, Narbonne and Vals-près-Le-Puy sites for Euro 70 million;
- the Clermont-Ferrand large food store for redevelopment *via* Immosiris for Euro 39 million;
- the freeholds of five Monoprix assets for redevelopment amounting to Euro 110.6 million DIH.

These acquisitions, as well as the immediate yield and the redevelopment projects that will go with them, are described in section II.

2.6.2 Completions of extension or reconstruction projects

Phase 1 of the Toulouse Fenouillet project, the 24,000 sq.m retail park, opened its doors on May 20, 2015. The annualized net rents for this first phase represent Euro 2.3 million, which is a net yield of 6.9% on the total investment amount of Euro 33.5 million.

Mercialys has also delivered the first redevelopment phases on the large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased an extension of 1,330 sq.m, which will entrench the presence of this strong anchor tenant. A second phase of the redevelopment of this large food stores is currently being defined. In Brest, Cultura has opened a 2,300 sq.m store. This anchor store that generates footfall should also increase the reversion expected for this shopping center. Overall, these transactions generated Euro 0.4 million of annualized net rent and an average IRR of 9%.

2.6.3 Asset and share disposals

In June 2015, Mercialys created Hyperthetis Participations, to which it then sold the freeholds of 6 large food stores. On June 26, 2015, Mercialys sold to OPCI SPF2, managed by BNP Paribas REIM France, 49% of the shares in Hyperthetis Participations for Euro 106 million DIH, reflecting a net equivalent yield of 4.8% from the disposal.

Mercialys recorded a net capital gain of Euro 25.3 million in its parent company accounts corresponding to the sale of the underlying assets. Mercialys has control of this company, which is therefore fully consolidated. 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, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

In October 2015, Mercialys created Immosiris, and sold 49% of the shares of this company to OPCI REAF managed by BNP Paribas REIM France. Mercialys sold the Clermont-Ferrand shopping center to Immosiris, on the basis of a 100% valuation of Euro 101.4 million DIH, generating a net yield of 5% from the disposal. The sale of this equity interest generated a net capital gain of Euro 45.5 million, recognized in the Mercialys' parent company accounts. Mercialys has control of this company, which is therefore fully consolidated.

2.6.4 Appraisal valuations and changes in consolidation scope

As at December 31, 2015, BNP Real Estate Valuation, Catella, Cushman & Wakefield and Galtier updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted the appraisal of 44 sites as at December 31, 2015, on the basis of a visit to one of these sites during the second half of 2015, and on the basis of an update of the appraisals conducted at June 30, 2015, for the other sites. Six site visits were conducted during the first half of 2015;
- Catella conducted the appraisal of 17 sites as at December 31, 2015, on the basis of an update of the appraisals conducted as at June 30, 2015;
- Cushman & Wakefield conducted the appraisal of six assets as at December 31, 2015, on the basis of a site visit;
- Galtier conducted the appraisal of Mercialys' other assets, *i.e.* three sites as at December 31, 2015, on the basis of an update of the appraisals conducted as at June 30, 2015, for the other sites;
- the Mercialys' stake in the extension of the Aix-en-Provence shopping center's extension was internally valued, for an amount of Euro 18 million.

Sites acquired during 2015 were valued as follows as at December 31, 2015:

- the Aurillac extension acquired in the second half 2015 was valued based on its acquisition price;
- the freeholds of the five large food stores acquired in the second half of 2015 (Annemasse, Clermont-Ferrand, Istres, Narbonne, Vals-près-Le-Puy) were valued based on their acquisition price;
- the freeholds of the five Monoprix stores acquired for redevelopment in the second half of 2015 were valued at their acquisition price;
- the Brest and Mandelieu Villages-Services were valued based on their acquisition price;
- the land bank acquired in St-André de La Réunion was valued at its purchase price;
- the freeholds of the five large food stores (Besançon, Lanester, Poitiers, Dijon et Marseille) acquired in the first half of 2015 were valued by external appraisers.

On this basis, the portfolio was valued at Euro 3,541.8 million including transfer taxes as at December 31, 2015, compared with Euro 2,893.6 million as at December 31, 2014.

The value of the portfolio therefore rose 22.4% over 12 months (+6.9% like for like(1)) and 14.3% compared with June 30, 2015 (+5.5% like for like).

The average appraisal yield was 5.36% as at December 31, 2015 *versus* 5.55% as at June 30, 2015 and 5.60% as at December 31, 2014.

The Euro 648 million increase in the market value of properties over 12 months is therefore due to:

- the Euro 74 million increase in rents on a like-for-like basis;
- a lower average capitalization rate which had an impact of Euro 125 million;
- changes in consolidation scope for Euro 449 million.

Note that the contribution of the Casual Leasing business to value creation is significant since it represents Euro 144 million in the appraisal value as at December 31, 2015 (compared with Euro 107 million at end 2014) while involving no counterparty investments.

	Average capitalization rate 12/31/2015	Average capitalization rate 06/30/2015	Average capitalization rate 12/31/2014
Large regional shopping centers	5.12%	5.30%	5.21%
Neighborhood shopping centers	6.12%	6.43%	6.54%
Total portfolio*	5.36%	5.55%	5.60%

* *Including other assets (large specialty stores, independent cafeterias and other standalone sites).*

(1) *Sites on a like-for-like GLA basis.*

The following table gives the breakdown of market value and gross leasable area (GLA) by type of asset at December 31, 2015, as well as corresponding appraised rents:

Type of property	Number of assets at 12/31/2015	Appraisal value As at 31/12/2015 incl. TT (in millions of Euros)	(%)	Gross leasable area As at 12/31/2015 (sq.m)	(%)	Appraised net rental income (in millions of Euros)	(%)
Large regional/shopping centers	25	2,670.4	75%	648,400	71%	136.7	72%
Neighborhood shopping centers and city-center assets	39	851.7	24%	263,900	29%	52.1	27%
Sub-total shopping centers	**64**	**3,522.1**	**99%**	**912,300**	**99%**	**188.8**	**99%**
Other sites[(1)]	6	19.7	1%	7,200	1%	0.9	1%
TOTAL	**70**	**3,541.8**	**100%**	**919,500**	**100%**	**189.7**	**100%**

(1) Large specialty stores, independent cafeterias, other (service malls, convenience stores).
NB: Large specialty stores: gross leasable area of over 750 m².

2.7 OUTLOOK

The solid performance achieved in 2015 confirms the relevance of Mercialys' business model:

- a strong positioning based on a local presence both for customers and retail brands;
- growth and resilience thanks to a favorable mix in terms of tenants' business activities, potential for increasing rents and secured acquisitions through the rebuilding of a significant controlled development pipeline

Mercialys has set the following objectives for 2016:

- continuing robust organic growth with the objective of like-for-like growth in invoiced rents, at least 2% higher than in 2015 above indexation;
- growth in funds from operations (FFO) per share of over 2% compared with 2015.

2.8 SUBSEQUENT EVENTS

There have been no significant events after the balance sheet date.

2.9 EPRA PERFORMANCE MEASURES

2.9.1 EPRA earnings and earnings per share

EPRA earnings rose 9.5% as at December 31, 2015, compared with December 31, 2014.

Calculation of EPRA earnings and earnings per share (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
FFO	**108.5**	**102.6**	**102.5**	
Adjustments to calculate EPRA earnings exclude:				
- exceptional costs related to early debt repayments	0.0	0.1	0.1	Euro 100 million of debt repaid before maturity in 2014
- property development margin	(1.1)	(0.1)	(0.1)	Cancelation of the property development margin
- income from the disposal of the Green Yellow equity interest	0.0	(4.3)	(4.3)	Cancelation of income from the net disposal of the Green Yellow equity interest (financial income)
- other items	0.0	0.0	0.0	Cancelation of a non-recurring item recognized under other operating income
EPRA EARNINGS	**107.4**	**98.2**	**98.1**	
EPRA EARNINGS PER SHARE (EPS) (IN EUROS PER SHARE)	**1.17**	**1.07**	**1.07**	considering the average number of shares (diluted)

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

2.9.2 EPRA Net Asset Value (NAV)

Calculation of EPRA net asset value (NAV) (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
Shareholders equity attributable to owners of the parent (IFRS Financial Statements)	**710.0**	**783.3**	**783.1**	
Effect of exercising of options, convertible bonds and other equity securities	0.0	0.0	0.0	
Add back of deferred income and charges	3.4	4.1	4.1	
Revaluation of investment properties (IAS 40)	1,084.3	957.0	957.0	Reversal of the asset net carrying amounts and integration of the asset fair values (incl. construction leases)
Fair value of financial instruments	(20.8)	(66.9)	(66.9)	Difference between the fair value of the debt and the carrying amount of the debt
EPRA NAV	**1,776.9**	**1,677.5**	**1,677.3**	
EPRA NAV PER SHARE (IN EUROS PER SHARE)	**19.36**	**18.27**	**18.27**	considering the average number of shares (diluted)

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

2.9.3 EPRA triple net asset value (NNNAV)

Calculation of EPRA triple net asset value/EPRA NNNAV (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
EPRA NAV	**1,776.9**	**1,677.5**	**1,677.3**	
Fair value of financial instruments	20.8	66.9	66.9	Difference between the fair value of the debt and the carrying amount of the debt
Fair value of the unhedged portion of the fixed-rate debt	(9.8)	(13.6)	(13.6)	Fair value of the unhedged portion of the bond debt
EPRA NNNAV	**1,787.9**	**1,730.8**	**1,730.6**	
EPRA NNNAV PER SHARE (IN EUROS PER SHARE)	**19.48**	**18.85**	**18.85**	considering the average number of shares (diluted)

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

2.9.4 EPRA net initial yield (NIY) and "topped-up" NIY

Calculation of EPRA net initial yield (NIY) and "topped-up" NIY (in millions of euros)	2015	2014 Restated*	2014 (Reported)	Comments
Investment property - wholly owned	3,321.6	2,752.8	2,752.8	Market value excluding transfer taxes
Assets under development (-)	0.0	(29.8)	(29.8)	Market value excluding transfer taxes
Completed property portfolio (excl. transfer taxes)	**3,321.6**	**2,723.0**	**2,723.0**	
Transfer taxes	220.2	170.6	170.6	Transfer taxes disclosed in the appraisals
Gross completed property portfolio valuation (incl. transfer taxes)	**3,541.8**	**2,893.6**	**2,893.6**	**(B)**
Annualized rental income	175.8	151.6	151.6	Annualized current rents, turnover-based rents and revenues from casual leasing, excluding vacant spaces
Non-recoverable expenses (-)	(4.1)	(3.7)	(3.7)	Non-recoverable current charges on assets held
Annualized net rents	**171.7**	**147.8**	**147.8**	**(A)**
Add: notional rent expiration of step-up rents, rent-free periods or other lease incentives	2.4	1.9	1.9	Rents on rent-free periods, step-up rents and other incentives ongoing
Topped-up net annualized rent	**174.1**	**149.7**	**149.7**	**(C)**
EPRA NET INITIAL YIELD (NIY)	**4.85%**	**5.11%**	**5.11%**	**A/B**
EPRA "TOPPED-UP" NIY	**4.91%**	**5.17%**	**5.17%**	**C/B**

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

2.9.5 EPRA cost ratios

Calculation of EPRA cost ratios (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
Administrative/operating expense line per IFRS income statement	(19.1)	(20.3)	(20.4)	Staff costs and other costs
Net service charge costs/fees	(4.1)	(4.6)	(4.6)	Property taxes + Non-recovered service charges (including vacancy cost)
Rental management fees	(2.3)	(2.4)	(2.4)	Rental management fees
Other income and expenses	(3.7)	(2.7)	(2.7)	Other property operating income and expenses excluding management fees
Share of Joint Ventures expenses				None
Total	**(29.3)**	**(30.0)**	**(30.1)**	
Adjustments to calculate EPRA cost ratio exclude (if included above):				
- depreciation and amortization				Depreciation and provisions for fixed assets
- ground rent costs	0.7	0.7	0.7	Non-group rents paid
- service charges recovered through comprehensive invoicing (with the rent)				
EPRA Costs (including vacancy costs) (A)	**(28.6)**	**(29.3)**	**(29.4)**	**A**
Direct vacancy costs[1]	3.0	3.2	4.5	
EPRA Costs (excluding vacancy costs) (B)	**(25.6)**	**(26.0)**	**(24.8)**	**B**
Gross Rental Income less ground rent costs[2]	168.3	152.0	152.0	Less costs relating to construction leases/long-term leases
Less: service fee and service charge costs components of Gross Rental Income				
Plus: share of Joint Ventures (Gross Rental Income less ground rent costs)				
Rental Income (C)	**168.3**	**152.0**	**152.0**	**C**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS)	**-17.0%**	**-19.2%**	**-19.3%**	**A/C**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS)	**-15.2%**	**-17.1%**	**-16.3%**	**B/C**

* *The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21.*

(1) *The EPRA Cost Ratio deducts all vacancy costs related to standing assets or to investment properties undergoing development/refurbishment if they have been included in expense lines. The costs that can be excluded are property taxes, service charges, contributions to marketing costs, insurance premiums, carbon tax, and any other costs directly billed to the unit.*

(2) *Gross rental income should be calculated after deducting any ground rent payable. All service charge fees/recharges/management fees and other income in respect of property expenses must be added and not deducted. If the rent covers service charge costs, they should be restated to exclude them. Tenant incentives should be deducted from rental income, whereas any other costs should be included in costs in line with IFRS requirements.*

2.9.6 EPRA vacancy rate

See section 2.4.1. of this Financial report.

EURO 3,541.8 MILLION
PROPERTY VALUE

64
SHOPPINGS CENTERS AND HIGHSTREET RETAIL SITES

919 500 SQ. M.
LEASABLE AREA

Retail park La Galerie Espaces Fenouillet à Toulouse

03

PORTFOLIO AND VALUATION

3.1 PORTFOLIO VALUED AT EURO 3,542 MILLION INCLUDING TRANSFER TAXES AS AT DECEMBER 31, 2015

The shopping centers owned by Mercialys are appraised by experts in accordance with RICS (Royal Institute of Chartered Surveyors) appraisal and valuation standards using the open market 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 REIT (SIIC) in terms of the rotation of appraisers.

All assets in the Company's portfolio have been valued and those undergoing full appraisal have been subjected to planning, market and competition surveys and site visits. In accordance with the 2000 COB/CNC report, two methods have been used to determine the market value of each asset:

- the capitalization of income method, which consists of taking the rental revenue generated by the asset and multiplying it by a market yield for similar assets, taking account of the actual rent level compared with market levels;
- the discounted cash flow (DCF) method, which takes account of expected increases in rents, vacancies, and other factors such as expected letting periods and investment expenses borne by the lessor.

The discount rate used by the Company 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.

Four independent experts (BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield and Galtier) performed appraisals of Mercialys' portfolio at June 30, 2015 and December 31, 2015.

At December 31, 2015, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield and Galtier updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted the appraisal of 44 sites as at December 31, 2015, on the basis of a visit to one of the sites during the second half of 2015, and on the basis of an update of the appraisals conducted at June 30, 2015, for the other sites. Six site visits were carried out during the first half of 2015;
- Catella Valuation conducted the appraisal of 17 sites as at December 31, 2015, on the basis of an update of the appraisals conducted at June 30, 2015;
- Cushman & Wakefield conducted the appraisal of six sites as at December 31, 2015, on the basis of a site visit;
- Galtier conducted the appraisal of Mercialys' other assets, *i.e.* three sites as at December 31, 2015, on the basis of an update of the appraisals conducted at June 30, 2015;
- Mercialys' share in the extension of the Aix-en-Provence shopping mall was valued internally at Euro 18.4 million including transfer taxes.

Sites acquired during 2015 were valued as follows as at December 31, 2015:

- the Aurillac extension acquired in the second half of 2015 was valued on the basis of the purchase price;
- the premises of five large food stores acquired in the second half of 2015 (Annemasse, Clermont-Ferrand, Istres, Narbonne, Vals-près-Le-Puy) were valued on the basis of the purchase price;
- the premises of five Monoprix stores for transformation acquired in the second half of 2015 were valued at their purchase price;
- the Village services of Brest and Mandelieu were valued on the basis of their purchase price;
- land acquired in Saint-André (La Réunion) was valued at its purchase price;
- an appraisal was carried out on the premises of five large food stores (Besançon, Lanester, Poitiers, Dijon and Marseille) acquired in the first half of 2015.

On this basis, the portfolio was valued at Euro 3,541.8 million including transfer taxes at December 31, 2015, compared with Euro 2,893.6 million at December 31, 2014.

The portfolio value therefore increased by 22.4% over 12 months (+6.9% on a like-for-like basis[1]).

The average appraisal yield was 5.36% at December 31, 2015, compared with 5.35% at June 30, 2015 and 5.60% at December 31, 2014.

The Euro 648 million increase in the market value of the properties over 12 months therefore relates to:

- an increase in rents on a like-for-like basis of Euro 74 million;
- compression of the average capitalization rate, resulting in an increase of Euro 125 million;
- changes in the scope of consolidation for Euro +449 million.

(1) Sites on a like-for-like GLA basis.

Note that the contribution of the Casual Leasing activity to value creation is significant, since it accounts for Euro 144 million of the portfolio value as at December 31, 2015, while involving no investment expenditures.

Classification (1)	Average capitalization rate (2) 12/31/2015	Average capitalization rate (2) 6/30/2015	Average capitalization rate (2) 12/31/2014
Large Regional Shopping Centers	5.12%	5.30%	5.21%
Leading Neighborhood Centers	6.12%	6.43%	6.54%
Total portfolio (3)	5.36%	5.55%	5.60%

(1) Classification in accordance with CNCC system.
(2) Rates calculated on the basis of the appraised rental income including occupied and vacant premises.
(3) Including other assets (large specialty stores, independent cafeterias and other standalone sites).

3.2 A DIVERSIFIED PORTFOLIO OF RETAIL ASSETS

Mercialys classifies its assets into four major categories: Large Regional Shopping Centers (GLA of over 40,000 m^2), Large Shopping Centers (GLA of over 20,000 m^2), Leading Neighborhood Centers (GLA of over 5,000 m^2), and other sites. Large Shopping Centers and Neighborhood Centers[1] consist of shopping malls and the adjacent large specialty stores. Other assets in the portfolio include independent Casino cafeterias, convenience store franchises (Leader Price or Vival), and several large specialty stores.

As at December 31, 2015, Mercialys' portfolio consisted of two Large Regional Shopping Centers (Besançon Chateaufarine and Angers Espace Anjou), 23 Large Shopping Centers, 39 Leading Neighborhood Centers, and six other miscellaneous assets (large specialty store, convenience store, cafeteria), representing a total gross leasable area of approximately 919,500 sq.m.

The following table gives a breakdown of market value and gross leasable area (GLA) by type of asset at December 31, 2015, as well as the rental revenue generated over the year:

Type of real estate	Number of assets at 12/31/2015	Appraisal value at 12/31/2015 inc. TT (in millions of euros)	(%)	Gross leasable area at 12/31/2015 (in sq.m)	(%)	Appraised net rental income (in millions of euros)	(%)
Large Regional Shopping Centers	25	2,670.4	75%	648,400	71%	136.7	72%
Leading Neighborhood Centers	39	851.7	24%	263,900	29%	52.1	27%
Other sites (1)	6	19.7	1%	7,200	1%	0.9	1%
TOTAL	**70**	**3,541.8**	**100%**	**919,500**	**100%**	**189.7**	**100%**

(1) Mainly large specialty stores, convenience stores and cafeterias.
(2) LFS: Large food stores (food stores with a gross leasable area of over 750 sq.m).
LSS: Large specialty stores (stores specializing in a particular business sector with a gross leasable area of over 750 sq.m).

(1) Only the five shopping centers in Corsica and the five shopping centers making up lot 4 of the contribution made in May 2009 include adjoining hypermarkets or supermarkets.

3.3 PRESENCE IN AREAS WITH STRONG GROWTH POTENTIAL

Over 97% of the assets making up Mercialys' portfolio in terms of appraisal value are in the French provinces or overseas departments, with the remaining 3% in Paris and the greater Paris area. The Casino group has gradually expanded from its roots in central-eastern France (Saint-Étienne) into neighboring regions (Loire, Haute-Loire, Rhône-Alpes, etc.) and coastal regions with strong growth potential (southeastern France, western France and Brittany) via mergers and retail chain acquisitions. Only a small percentage of the Company's assets are in Paris and the greater Paris area.

Following its 2007 acquisitions in La Réunion, Mercialys now owns assets outside mainland France.

The following table gives a regional breakdown of Mercialys' portfolio.

Region	Number of assets	Appraisal value inc. TT (in millions of euros)	%	Gross leasable area (in sq.m)*	%
Rhône-Alpes	12	659.3	19%	180,400	20%
West	12	998.7	28%	238,000	26%
South-West	12	515.8	15%	160,900	17%
South-East	13	590.8	17%	153,400	17%
Corsica	5	143.2	4%	47,900	5%
Reunion Island	6	211.0	6%	30,800	3%
North-East	4	309.8	9%	81,600	9%
Paris region	6	113.1	3%	26,500	3%
TOTAL	**70**	**3,541.8**	**100%**	**919,500**	**100%**

* *Including the future surface area of assets under development.*

Breakdown of the portfolio as at December 31, 2015

Site name and description	Type of Mercialys asset[1]	Year of construction	Restructuring/ Renovation (year)	Area of the total site at 12/31/2015	Area of the shopping center at 12/31/2015	Gross leasable area owned by Mercialys at 12/31/2015	Mercialys stake in shopping center at 12/31/2015	Mercialys stake in site at 12/31/2015	Property Management
Corsica									
Ajaccio Rocade Mezzavia (Géant + 46 stores + 1 MSS + 1 restaurant)	LSC	1989	2011	28,773 sq.m	12,082 sq.m	17,264 sq.m	60%	60%	CORIN
Bastia Port Toga (Géant + 14 stores)	NSC	1991		7,034 sq.m	1,699 sq.m	4,220 sq.m	60%	60%	CORIN
Bastia Rocade de Furiani (Géant + 48 stores + 1 MSS + 1 restaurant)	LSC	1969	2003	24,498 sq.m	10,641 sq.m	14,699 sq.m	60%	60%	CORIN
Corte (SM Casino + 12 stores)	NSC	2004		5,831 sq.m	1,573 sq.m	3,499 sq.m	60%	60%	CORIN
Porto Vecchio (Géant + 31 stores + 2 MSS)	NSC	1972	2003	14,106 sq.m	5,365 sq.m	8,182 sq.m	60%	58%	CORIN
Paris region									
Amilly Montargis (Géant + 1 cafeteria + 16 stores + 2 MSS)	NSC	1976	2009	15,192 sq.m	2,896 sq.m	2,189 sq.m	76%	14%	SUDECO
Massena (Géant + 41 stores + 1 MSS)	LSC	1975	2000	31,677 sq.m	18,214 sq.m	6,020 sq.m	33%	19%	SUDECO
Chaville (Monoprix)	LFS	1957		6,244 sq.m	0 sq.m	6,244 sq.m	100%	100%	SUDECO
Puteaux (Monoprix)	LFS	1999		5,625 sq.m	0 sq.m	5,625 sq.m	100%	100%	OLT
Asnières (Monoprix + offices)	LFS	1999		3,497 sq.m	180 sq.m	3,497 sq.m	100%	100%	SUDECO
Saint-Denis Porte de Paris (Leader Price + 1 cafeteria)	SUP	1975	1998	2,900 sq.m	2,900 sq.m	2,900 sq.m	100%	100%	SUDECO
La Réunion									
Le Port Sacré Cœur (Jumbo + 40 stores + 5 MSS)	NSC	2002		27,024 sq.m	12,521 sq.m	12,521 sq.m	100%	46%	SUDECO
Saint-Benoît Beaulieu (Jumbo + 22 stores + 2 MSS)	NSC	2000		7,492 sq.m	2,014 sq.m	2,014 sq.m	100%	27%	SUDECO
Saint-Pierre Front de Mer (Jumbo + 26 stores + 1 MSS)	NSC	1987	1991	12,730 sq.m	3,219 sq.m	3,219 sq.m	100%	25%	SUDECO
Sainte-Marie-du-Parc (Jumbo + 59 stores + 6 MSS)	LSC	1966	2010	23,689 sq.m	12,161 sq.m	12,161 sq.m	100%	51%	SUDECO
Savanna Saint-Paul (Jumbo + 18 stores + 1 MSS)	NSC	1992		10,457 sq.m	898 sq.m	898 sq.m	100%	9%	SUDECO
Saint André (Land)	Others	-	-	-			100%		
North-East									
Besançon – Chateaufarine (Géant + 1 cafétéria + 80 stores + 10 MSS)	LSC	1971	2014	58,218 sq.m	39,214 sq.m	49,297 sq.m	92%	85%	SUDECO
Châlon-sur-Saône (Géant + 1 cafétéria + 11 stores + 2 MSS)	NSC	1973	2001	21,998 sq.m	6,308 sq.m	4,840 sq.m	77%	22%	SUDECO
Fontaine-les-Dijon (Géant + 1 cafeteria + 11 stores + 2 MSS)	NSC	1983	2010	16,903 sq.m	3,224 sq.m	16,903 sq.m	100%	100%	SUDECO
Marcq-en-Barœul (Monoprix + 6 stores)	LFS	1963		10,584 sq.m	709 sq.m	10,584 sq.m	100%	100%	SUDECO

(1) Classification in accordance with nomenclature.
LRSC: Large Regional Shopping Center; LSC: Large Shopping Center; NSC: Neighborhood Shopping Center; CAF: independent cafeteria; SM: Service mall; LFS: Large food store, LSS: Large specialty stores, SUP: Convenience store; Others: mainly standalone lots).

Site name and description	Type of Mercialys asset[(1)]	Year of construction	Restructuring/ Renovation (year)	Area of the total site at 12/31/2015	Area of the shopping center at 12/31/2015	Gross leasable area owned by Mercialys at 12/31/2015	Mercialys stake in shopping center at 12/31/2015	Mercialys stake in site at 12/31/2015	Property Management
West									
Angers – Espace Anjou (Géant + 1 cafeteria + 115 stores + 6 MSS)	LSC	1994	2014	40,564 sq.m	22,647 sq.m	39,705 sq.m	96%	98%	SUDECO
Angoulême – Champniers (Géant + 1 cafeteria + 56 stores + 3 MSS)	LSS	1972	1994	35,855 sq.m	14,407 sq.m	540 sq.m	4%	2%	SUDECO
Brest (Géant + 1 cafeteria + 60 stores + 6 MSS)	LSC	1968	2010	36,545 sq.m	20,869 sq.m	35,755 sq.m	96%	98%	SUDECO
Chartres – Lucé (Géant + 1 cafeteria + 38 stores + 3 MSS)	LSC	1977	2011	27,362 sq.m	9,714 sq.m	9,714 sq.m	100%	36%	SUDECO
Lanester (Géant + 1 cafeteria + 2 MSS + 64 stores)	LSC	1970	2014	31,267 sq.m	12,210 sq.m	30,357 sq.m	93%	97%	SUDECO
Lannion (Géant + 1 cafeteria + 30 stores)	NSC	1973	2011	13,347 sq.m	2,948 sq.m	2,948 sq.m	100%	22%	SUDECO
Morlaix (Géant + 40 stores + 2 MSS)	NSC	1980	2007	23,375 sq.m	7,963 sq.m	2,558 sq.m	32%	11%	SUDECO
Niort Est (Géant + 1 cafeteria + 50 stores + 3 MSS + 1 service village)	LSC	1972	2004	26,047 sq.m	11,972 sq.m	25,155 sq.m	99%	97%	SUDECO
Poitiers – BeauLieu… pour une promenade (Géant + 1 cafeteria + 64 stores + 3 MSS)	LSC	1972	2006	33,049 sq.m	12,405 sq.m	27,428 sq.m	83%	83%	SUDECO
Quimper – Cornouaille (Géant + 1 cafeteria + 82 stores + 7 MSS)	LSC	1969	2012	29,283 sq.m	12,096 sq.m	29,283 sq.m	100%	100%	SUDECO
Rennes Saint-Grégoire (Géant + 1 cafeteria + 86 stores + 2 MSS)	LSC	1971	1999	31,508 sq.m	14,809 sq.m	24,874 sq.m	49%	79%	GIE GRAND QUARTIER
Tours – La Riche Soleil (Géant + 1 cafeteria + 49 stores + 2 MSS)	LSC	2002		25,571 sq.m	9,689 sq.m	9,689 sq.m	100%	38%	SUDECO
Rhône-Alpes									
Albertville (Géant + 1 cafeteria + 42 stores + 3 MSS)	NSC	1977	2014	25,838 sq.m	11,462 sq.m	10,626 sq.m	93%	41%	SUDECO
Annecy Seynod (Géant + 1 cafeteria+ 63 stores + 6 MSS)	LSC	1988	2010	28,469 sq.m	12,806 sq.m	28,469 sq.m	100%	100%	SUDECO
Annemasse (2 stores)	LSS	1972	2000	2,456 sq.m	2,456 sq.m	2,456 sq.m	100%	100%	SUDECO
Annemasse (Géant +1 cafeteria +36 stores + 4 MSS)	LSC	1977	2011	24,136 sq.m	9,864 sq.m	23,384 sq.m	92%	97%	SUDECO
Clermont – Nacarat (Géant + 69 stores + 1 MSS + 1 service village)	LSC	1979	2014	34,779 sq.m	16,932 sq.m	34,779 sq.m	100%	100%	SUDECO
Grenoble La Caserne de Bonne (Monoprix + 48 stores + 5 MSS + 4 offices)	LSC	2010		19,124 sq.m	19,124 sq.m	19,124 sq.m	100%	100%	SUDECO

(1) Classification in accordance with nomenclature.
LRSC: Large Regional Shopping Center; LSC: Large Shopping Center; NSC: Neighborhood Shopping Center; CAF: independent cafeteria; SM: Service mall; LFS: Large food store, LSS: Large specialty stores, SUP: Convenience store; Others: mainly standalone lots).

Site name and description	Type of Mercialys asset(1)	Year of construction	Restructuring/ Renovation (year)	Area of the total site at 12/31/2015	Area of the shopping center at 12/31/2015	Gross leasable area owned by Mercialys at 12/31/2015	Mercialys stake in shopping center at 12/31/2015	Mercialys stake in site at 12/31/2015	Property Management
La Ricamarie (Géant + 1 cafeteria + 30 stores + 2 MSS)	LSS	1976	2001	29,771 sq.m	9,070 sq.m	405 sq.m	4%	1%	SUDECO
Saint-Étienne – Monthieu (Géant + 1 cafeteria + 35 stores + 4 MSS)	LSC	1972	2009	34,095 sq.m	13,501 sq.m	34,095 sq.m	100%	100%	SUDECO
Saint-Martin-d'Hères (Géant + 1 cafeteria + 38 stores)	NSC	1969	2011	19,347 sq.m	3,627 sq.m	2,637 sq.m	73%	14%	SUDECO
Valence Sud (Géant + 1 cafeteria + 22 stores + 1 MSS)	NSC	1968	2009	16,250 sq.m	3,764 sq.m	2,587 sq.m	69%	16%	SUDECO
Vals près Le Puy (Géant + 1 cafeteria + 24 stores + 1 MSS)	NSC	1979	2009	20,923 sq.m	9,660 sq.m	20,923 sq.m	95%	100%	SUDECO
Villars (1 cafeteria in an Auchan shopping center)	CAF	1985		30,931 sq.m	30,931 sq.m	931 sq.m	3%	3%	G.A.C.I TROIN
South-East									
Aix-en-Provence (Géant + 1 cafeteria + 32 stores + 1 MSS on the Géant site)	LSC	1982	2006	26,236 sq.m	9,045 sq.m	23,486 sq.m	77%	90%	SUDECO
Arles (Géant + 1 cafeteria + 30 stores + 2 MSS)	NSC	1979	2009	26,791 sq.m	10,828 sq.m	7,328 sq.m	68%	27%	SUDECO
Fréjus (Géant + 1 cafeteria + 48 stores + 2 MSS)	NSC	1972	2012	19,911 sq.m	6,729 sq.m	18,809 sq.m	84%	94%	SUDECO
Gap (Géant + 1 cafeteria + 22 stores + 1 MSS)	NSC	1980	2011	20,938 sq.m	12,172 sq.m	11,287 sq.m	93%	54%	SUDECO
Istres (Géant + 1 cafeteria + 45 stores + 1 MSS)	NSC	1989	2012	25,584 sq.m	12,033 sq.m	18,934 sq.m	47%	74%	SUDECO
La Foux (Géant + 1 cafeteria + 30 stores + 1 MSS)	NSC	1980	2000	12,761 sq.m	4,113 sq.m	10,106 sq.m	35%	79%	SUDECO
Mandelieu (Géant + 1 cafétéria + 45 stores + 3 MSS)	LSC	1977	2009	31,954 sq.m	8,553 sq.m	8,553 sq.m	100%	27%	SUDECO
Marseille Canebière (Monoprix)	LFS	1993		5,558 sq.m	0 sq.m	5,558 sq.m	100%	100%	SUDECO
Marseille – La Valentine (Géant + 1 cafeteria + 70 stores + 3 MSS)	LSC	1970	2011	32,271 sq.m	13,924 sq.m	13,924 sq.m	100%	43%	SUDECO
Marseille Barneoud (Géant + 1 cafeteria + 61 stores)	LSC	1974	1995	43,806 sq.m	20,098 sq.m	31,382 sq.m	39%	72%	SUDECO
Marseille Delprat (SM Casino + 10 stores)	NSC	2001		5,510 sq.m	1,494 sq.m	1,494 sq.m	100%	27%	SUDECO
Marseille Michelet (SM Casino + 14 stores)	NSC	1971	2001	10,692 sq.m	1,225 sq.m	1,225 sq.m	100%	11%	SUDECO
Villeneuve Loubet (Géant + 1 cafeteria + 7 stores)	NSC	1970	2011	15,741 sq.m	2,723 sq.m	1,340 sq.m	49%	9%	SUDECO

(1) Classification in accordance with nomenclature.
LRSC: Large Regional Shopping Center; LSC: Large Shopping Center; NSC: Neighborhood Shopping Center; CAF: independent cafeteria; SM: Service mall; LFS: Large food store, LSS: Large specialty stores, SUP: Convenience store; Others: mainly standalone lots).

Site name and description	Type of Mercialys asset[1]	Year of construction	Restructuring/ Renovation (year)	Area of the total site at 12/31/2015	Area of the shopping center at 12/31/2015	Gross leasable area owned by Mercialys at 12/31/2015	Mercialys stake in shopping center at 12/31/2015	Mercialys stake in site at 12/31/2015	Property Management
South-West									
Anglet (Géant + 1 cafeteria + 10 stores)	NSC	1976	1996	16,524 sq.m	1,664 sq.m	15,222 sq.m	22%	92%	SUDECO
Aurillac 1 Géant + 1 cafeteria + 14 stores + 1 MSS	NSC	1988	2004	16,890 sq.m	5,875 sq.m	3,552 sq.m	60%	21%	SUDECO
Boé Agen (Géant + 1 cafeteria + 24 stores + 1 MSS)	NSC	1969	2009	18,855 sq.m	5,499 sq.m	5,499 sq.m	100%	29%	SUDECO
Brive Malemort 1 Géant + 1 cafeteria + 34 stores + 2 MSS	NSC	1972	2001	21,047 sq.m	5,460 sq.m	5,460 sq.m	100%	26%	SUDECO
Carcassonne Salvaza (Géant + 1 cafeteria + 34 stores + 2 MSS)	NSC	1982	1994	18,786 sq.m	4,551 sq.m	1,051 sq.m	23%	6%	SUDECO
Castres (Géant + 1 cafeteria + 36 stores)	NSC	1970	2010	15,188 sq.m	5,030 sq.m	4,194 sq.m	83%	28%	SUDECO
Millau (Géant + 1 cafeteria + 2 stores + 2 MSS)	NSC	1986	2005	12,610 sq.m	4,486 sq.m	1,103 sq.m	25%	9%	SUDECO
Montpellier Argelliers Autoroute (Géant + 1 cafeteria + 27 stores + 2 MSS)	NSC	1973	2005	18,725 sq.m	3,566 sq.m	2,325 sq.m	65%	12%	SUDECO
Narbonne (Géant + 1 cafeteria + 27 stores + 2 MSS)	NSC	1972	2012	20,680 sq.m	10,186 sq.m	20,680 sq.m	100%	100%	SUDECO
Nîmes – Cap Costières (Géant + 1 cafeteria + 63 stores + 5 MSS)	LSC	2003		35,209 sq.m	16,630 sq.m	35,209 sq.m	100%	100%	SUDECO
Rodez (Géant + 1 cafeteria + 20 stores + 2 MSS)	NSC	1984	2012	17,618 sq.m	5,174 sq.m	1,986 sq.m	38%	11%	SUDECO
Toulouse Fenouillet (Géant + 1 cafeteria + 46 stores + 3 MSS + 1 Retail Park in development)	LSC	1978	1992	64,612 sq.m	47,213 sq.m	64,612 sq.m	100%	100%	SUDECO
				1,528,861 SQ.M	**649,012 SQ.M**	**919,514 SQ.M**			

(1) Classification in accordance with nomenclature.
LRSC: Large Regional Shopping Center; LSC: Large Shopping Center; NSC: Neighborhood Shopping Center; CAF: independent cafeteria; SM: Service mall; LFS: Large food store, LSS: Large specialty stores, SUP: Convenience store; Others: mainly standalone lots).

3.4 REAL ESTATE APPRAISAL REPORT PREPARED BY MERCIALYS' INDEPENDENT APPRAISERS

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 by reflecting the way in which they are owned (full ownership, construction lease etc.). This condensed report, which summarizes the conditions of our work, has been written in order to be included in the Company's Registration Document. Valuations were performed locally by our appraisal teams and were reviewed by pan-European teams of Appraisers. To determine the market value for each asset, we considered real estate transactions at the European level, as well as domestic transactions. We confirm that our opinion of market value has been revised in the 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 are as at December 31, 2015.

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 provides an internationally accepted basis for valuations. Our valuations comply with IFRS accounting regulations and IVSC standards and recommendations. The appraisals have also been prepared in the light of AMF recommendations concerning the presentation of valuations of listed companies' real estate assets, 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 assets of companies raising public funds, published in February 2000. We certify that we have prepared our appraisals as independent external appraisers, as defined in the standards set out in the Red Book published by the RICS.

TARGET VALUE

Our valuations correspond to market values and are reported to the Company excluding transfer taxes and including transfer taxes.

Conditions

INFORMATION

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

SIZE OF ASSETS

We have not measured the properties and have based our assessments on the sizes provided to us.

ENVIRONMENTAL ANALYSES AND SOIL CONDITIONS

We were not asked to perform a study of soil conditions or an environmental analysis and have not investigated past events in order to determine whether the ground or asset structures 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 have not looked at building permits and assume that the properties have been built and are occupied and used in accordance with all necessary authorizations and are free of any legal recourse. We have assumed that the properties comply with legal requirements and urban planning regulations, particularly as regards structural, fire and health and safety regulations. We have also assumed that any extensions currently under construction comply with urban planning regulations and that all of the necessary authorizations have been obtained.

LAND TITLES AND RENTAL STATUS

We have based our assessments on the rental statuses, summaries of additional revenues, unrecoverable expenses, capital projects and 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 charges or taxes that may be incurred in the event of an asset being sold. The rental and market values stated exclude VAT.

Confidentiality and publication

Lastly, and in keeping with our usual practice, we confirm that our appraisal reports are confidential and intended solely for the Company. We do not accept any liability towards third parties. Publication of the appraisal reports in their entirety or extracts from these reports is prohibited within any document, declaration, circular or communication with third parties without our written agreement, concerning both the form and the context in which these may appear. By signing this condensed report, each appraiser does so on their own behalf and only in relation to their own appraisal work.

DIDIER LOUGE

Chief Executive Officer

BNP PARIBAS REAL ESTATE VALUATION FRANCE

BNP PARIBAS REAL ESTATE

EXPERTISE

JEAN-FRANÇOIS DROUETS

Chairman

CATELLA VALUATION

CATELLA CVA VALUATION ADVISORS

LAURENT LEPREVOST

Chief Executive Officer

GALTIER EXPERTISES IMMOBILIERES ET FINANCIERES

VALERIE PARMENTIER

Director

CUSHMAN & WAKEFIELD

+1.1%

PERFORMANCE OF MERCIALYS' SHARE IN 2015

6.8%

RETURN AND YEAR-END EPRA NNNAV 2015

Village-services de La Galerie - Géant Niort

04

STOCK MARKET INFORMATION

4.1 MERCIALYS' SHARE PERFORMANCE

Mercialys shares have been listed on Compartment A of the Euronext Paris stock exchange (ISIN code FR0010241638 – Ticker Symbol: MERY) since October 12, 2005. They have been eligible for the *Service à Règlement Différé* (French Deferred Settlement Service) since February 26, 2008.

Mercialys is included in the SBF 120 and EPRA indices.

The Company has also issued three bonds: one in 2012, which is listed in Luxembourg, a second in 2014, which is listed in Paris on Euronext, and a third in 2015, in the form of an extension on the 2014 issue. Mercialys is rated BBB/outlook stable by Standard & Poor's.

4.1.1 Trading volume and share price over the last 18 months (source: Euronext Paris)

	Share price (in euros)		Number of shares traded (in thousands)	Value of shares traded (in thousands of euros)
	High	Low		
2014				
August	18.850	17.360	3,085	55,392
September	19.255	17.190	2,719	49,898
October	17.625	15.890	3,694	61,909
November	18.185	17.055	2,394	42,167
December	18.520	16.915	2,935	52,174
2015				
January	21.800	17.975	3,142	62,134
February	22.550	21.410	3,194	70,256
March	24.560	21.330	3,842	88,642
April	24.295	21.975	2,998	70,030
May	22.550	20.530	2,823	60,769
June	21.780	19.560	2,738	56,252
July	21.640	19.480	3,009	61,953
August	21.905	19.475	3,950	81,797
September	20.220	18.550	3,221	61,857
October	21.040	18.880	2,660	53,615
November	21.080	19.085	2,697	53,989
December	20.845	18.200	3,170	62,257
2016				
January	19.000	17.43	3,983	73,886

4.1.2 Stock market performance over the last 5 years

	2011	2012	2013	2014	2015
Share price (in euros) (1)					
High	16.81	16.59	17.58	19.26	24.56
Low	12.73	13.19	13.96	14.80	17.98
December 31 (closing price)	13.91	16.46	15.25	18.44	18.64
MARKET CAPITALIZATION AT DECEMBER 31 (in millions of euros)	**1,280**	**1,514**	**1,403**	**1,696**	**1,715**

(1) Source: NYSE Euronext.
Note: The Mercialys share price was adjusted in April 2012 by means of a special dividend paid from reserves and premiums (€10.87) and approved by the Annual General Meeting of April 13, 2012.

4.2 SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS AT JANUARY 31, 2016

	Capital		Voting rights at General Meetings(5)	
	Number of shares	% of share capital	Number of voting rights	% of voting rights
Major shareholders	37,887,748	41.16	37,887,748	41.27
Casino Group(1)	*36,969,014*	*40.16*	*36,969,014*	*40.27*
Other shareholders(2)	*918,734*	*1.00*	*918,734*	*1.00*
Generali Group(3)	7,373,745	8.01	7,373,745	8.03
Treasury shares(4)	235,334	0.26	0	0.00
Free float	46,552,342	50.57	46,552,342	50.70
TOTAL	**92,049,169**	**100.00**	**91,813,835**	**100.00**

(1) Casino Guichard-Perrachon, the Casino Group parent company, holds 0.03% of Mercialys' capital and voting rights directly and 40.16% of its capital indirectly. Thus, it holds 40.27% of Mercialys' voting rights, mainly via La Forézienne de Participations (a subsidiary of L'Immobilière Groupe Casino), which directly holds 39.16% of Mercialys' capital (representing 39.26% of its voting rights).
(2) Shareholders controlling Casino Guichard-Perrachon, including the company Foncière Euris.
(3) Data provided by the Company (position as at January 31, 2016).
(4) Shares acquired under a share buyback program and liquidity contract (see below).
(5) The number of voting rights at General Meetings differs from the number declared under the regulations on major holdings (theoretical voting rights). In the context of the monthly publication of the total number of voting rights and the total number of shares making up the capital, the former is calculated, in accordance with Article 223-11 of the AMF General Regulations, on the basis of all shares that carry voting rights, including shares for which this voting right has been suspended (treasury shares). The difference between voting rights at General Meetings and theoretical voting rights is not significant (0.26%).

To the best of the Company's knowledge, as of January 31, 2016, no shareholder other than those mentioned above held more than 5% of the Company's share capital and voting rights.

4.3 MAJOR HOLDINGS

Article 11.II of the Company's articles of incorporation includes the following provisions regarding the disclosure of major holdings:

"In addition to the legal requirement 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 crossing of either of these thresholds, by registered letter with return receipt requested, the number of shares and voting rights held directly, as well as the number of other shares or voting rights deemed to be held by the shareholder as detailed out in Article L.233-9 of the French Commercial Code.

This shareholder shall, under the same conditions, inform the Company of the number of shares it holds that give future access to the share capital, as well as the number of voting rights associated with these. These disclosure requirements do not apply to shareholders that hold 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 a shareholders' General Meeting if, during the meeting, the failure to disclose is recorded and one or more shareholders jointly holding at least 5% of the share capital requests said suspension. Similarly, voting rights that have not been properly disclosed cannot be exercised. The voting rights will be suspended at all shareholders' General Meetings held within two years of the date on which the failure to disclose to the Company was rectified."

Details of major shareholding disclosures made between January 1, 2015 and January 31, 2016, are provided in Section 12. Additional information (see Section 12.4.6).

4.4 SHARE BUYBACK PROGRAM

4.4.1 Current share buyback program

At the Annual General Meeting on May 5, 2015, shareholders authorized the Board of Directors to purchase Company shares, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, primarily for the following purposes:

- to maintain liquidity and manage the market for the Company's shares *via* an investment services provider acting independently and on behalf of the Company, within the framework of a liquidity contract compliant with a code of conduct recognized by the AMF;
- to implement any Company stock option plans, in the context of the provisions of Articles L. 225-177 et seq. of the Commercial Code, any savings scheme in accordance with Articles L. 3332-1 *et seq.* of the Employment Code, or any allocation of bonus shares in the context of the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code;
- to deliver these shares when the rights attached to negotiable securities conferring a right to shares are exercised via a 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 for use as securities for payment or exchange in future acquisitions, in accordance with market practices accepted by the AMF;
- to cancel them in order to optimize earnings per share as part of a reduction in share capital;
- to implement any market practice approved by the AMF and to undertake any transaction compliant with current regulations.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and through block trades. These means shall include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies under the conditions 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 may not exceed €35 per share.

Use of this authorization may not increase the number of shares held by the Company to more than 10% of the total number of shares. In addition, when the Company's shares are purchased in the context of a liquidity contract, the number of such shares taken into account when calculating the abovementioned 10% threshold will be equal to the number of shares purchased minus the number of shares resold under the liquidity contract during the authorization period.

In the event of a public offer for shares, securities or transferable securities issued by the Company, the Company may only use this authorization to satisfy its commitments regarding the delivery of securities, particularly in the context of bonus share award plans or strategic operations committed to and announced before the launch of the public offer.

4.4.1.1 TRANSACTIONS CARRIED OUT IN 2015 AND UNTIL JANUARY 31, 2016

4.4.1.1.1 Liquidity contract

In an effort to improve the liquidity of the Group's shares, ensure share price stability, and to avoid significant fluctuations in the Company's share price not warranted by market trends, the Company entered into a liquidity contract with Oddo Corporate Finance on February 20, 2006. This contract complies with the AMAFI (French financial markets association) Code of Conduct approved by the AMF on October 1, 2008. The Company allocated €1,600,000 to a liquidity account to implement this liquidity contract.

Subsequently, the Company added €800,000 to the liquidity account on January 20, 2009, another €3,000,000 on March 9, 2009, and €6,000,000 on May 25, 2009, bringing the total amount allocated to €11,400,000. On December 5, 2011, the Company decided to make a partial withdrawal of €3,400,000, reducing the amount allocated to the liquidity account from €11,400,000 to €8,000,000.

During 2015, a total of 4,209,521 Mercialys shares were purchased at an average price of €21.201, and 4,209,467 Mercialys shares were sold at an average price of €21.163. On January 31, 2016, the liquidity account contained the following at December 31, 2015: 100,000 shares and €6,534,864.

Between January 1 and January 31, 2016, a total of 352,923 Mercialys shares were purchased at an average price of €18.479 and 308,923 Mercialys shares were sold at an average price of €18.565. On January 31, 2016, the liquidity account contained the following at January 31, 2016: 144,000 shares and €5,748,312.

4.4.1.1.2 Other transactions

No shares were cancelled during the 24-month period from February 1, 2014 to January 31, 2016.

Apart from the abovementioned transactions, the Company did not carry out any transactions in its own shares between January 1, 2015 and January 31, 2016.

4.4.1.1.3 Summary of transactions

The table below summarizes the transactions carried out by the Company in its own shares between January 1, 2015 and December 31, 2015 and between January 1, 2016 and January 31, 2016, and indicates the number of shares held by the Company:

	Number of shares	% of share capital
Treasury shares at December 31, 2014	**194,695**	**0.21%**
Shares acquired under the liquidity contract	4,209,521	
Shares sold under the liquidity contract	(4,209,467)	
Number of shares cancelled	0	
Number of bonus shares awarded	(3,415)	
Treasury shares at December 31, 2015	**191,334**	**0.21%**
Shares acquired under the liquidity contract	352,923	
Shares sold under the liquidity contract	(308,923)	
Treasury shares at January 31, 2016	**235,334**	**0.26%**

The following table shows the Company's treasury share position at December 31, 2015 and January 31, 2016:

	12/31/2015	1/31/2016
Number of treasury shares in portfolio	191,334	235,334
Percentage of share capital held directly or indirectly as treasury shares	0.21%	0.26%
Number of shares cancelled during the last 24 months	0	0
Book value of portfolio (in millions of euros)	3.3	4.0
Market value of portfolio (in millions of euros)(1)	3.6	4.4

(1) In millions of euros based on the December 31, 2015 closing price of €18.635 and the January 29, 2016 closing price of €18.84.

Mercialys has no open positions on derivative products. The 235,334 treasury shares held on January 31, 2016 were allocated as follows:

- 144,000 shares to implement the liquidity contract;
- 91,334 shares to implement all stock option plans, saving plans or the allocation of bonus shares to Company employees and corporate officers.

4.4.2 Description of the share buyback program submitted for shareholder approval

At the Annual General Meeting on April 20, 2016, shareholders will be asked to renew the Board of Directors' authorization to purchase Company shares, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, primarily for the following purposes:

- to maintain liquidity and manage the market for the Company's shares via an investment services provider acting independently and on behalf of the Company, within the framework of a liquidity contract compliant with a code of conduct recognized by the AMF;
- to implement any Company stock option plans, in the context of the provisions of Articles L. 225-177 *et seq.* of the Commercial Code, any savings scheme in accordance with Articles L. 3332-1 *et seq.* of the Employment Code, or any allocation of bonus shares in the context of the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code;
- to deliver these shares when the rights attached to negotiable securities conferring a right to shares are exercised via a 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 for use as securities for payment or exchange in future acquisitions, in accordance with market practices accepted by the AMF;
- to cancel them in order to optimize earnings per share as part of a reduction in share capital;
- to implement any market practice approved by the AMF and to undertake any transaction compliant with current regulations.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and through block trades. These means shall include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies under the conditions 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 €35 per share.

Use of this authorization may not increase the number of shares held by the Company to more than 10% of the total number of shares, *i.e.*, on the basis of the share capital as at January 31, 2016, after deduction of the 235,334 shares owned by the Company or as treasury shares on January 31, 2016, and unless such shares have previously been cancelled or sold, 8,969,582 shares, representing 9.74% of the share capital, for a maximum amount of €313,935,370. In addition, when the Company's shares are purchased in the context of a liquidity contract, the number of such shares taken into account when calculating the abovementioned 10% threshold will be equal to the number of shares purchased minus the number of shares resold under the liquidity contract during the authorization period.

The authorization granted to the Board of Directors would be valid for a period of 18 months. It would terminate and replace the authorization previously granted by the eleventh resolution of the Annual General Meeting of May 5, 2015.

In the case of a public offer relating to the shares or securities or transferable securities issued by the Company, the Company may only use this authorization to satisfy its commitments regarding the delivery of securities, particularly in the context of bonus share award plans or strategic operations undertaken and announced before the launch of the public offer.

The Ordinary and Extraordinary General Meeting of Shareholders of May 5, 2015 renewed the authorization granted to the Board of Directors to reduce the Company's share capital *via* the cancellation of treasury shares. This authorization is valid for a period of 26 months, *i.e.* until July 4, 2017.

4.5 SHAREHOLDER AGREEMENT

To the Company's knowledge, there were no shareholder agreements in effect as of January 31, 2016.

4.6 DIVIDEND POLICY

On November 24, 2005, Mercialys elected to be taxed under the regime applicable to *Sociétés d'Investissements Immobiliers Cotées* (SIICs),

As an SIIC, Mercialys is exempt from corporate income tax on its rental income and on capital gains generated from the sale of real estate assets or some holdings in real estate companies. It is also exempt from the additional corporate income tax contribution charged on amounts distributed in connection with its dividend obligations. In return for these exemptions, SIICs must distribute at least 95% of the exempt income generated from leasing and sub-leasing operations to shareholders. Similarly, SIICs must distribute at least 60% of the exempt income generated from the sale of any real estate assets and holdings in real estate companies. Dividends from subsidiaries that are subject to corporate income tax and are covered by this tax regime must be fully redistributed.

On December 17, 2015, the Board of Directors decided to pay an interim dividend of €0.76 per share on 2015 earnings. This interim dividend was paid out on December 23, 2015.

At December 31, 2015, the net income generated by Mercialys, the parent company, amounted to €148 million, including €87 million of tax-exempt income and €61 million of taxable income.

At the Company's Annual General Meeting on April 20, 2016, the Board of Directors will propose to shareholders a dividend of €1.33 per share on 2015 earnings, representing a total payout of €122.4 million. This figure is based on the number of outstanding shares at December 31, 2015, and does not take into account the cancellation of dividends from treasury shares on the payment date. This dividend corresponds to 100% of the distributable earnings under the SIIC regime and represents a yield of 6.8% on the NAV per share at December 31, 2015 (€19.48 per share).

Because an interim dividend of €0.76 per share has already been paid out, a final dividend of €0.57 per share will be paid on April 26, 2016, subject to approval by the Annual General Meeting on April 20, 2016.

For the interim dividend of €0.76, the entire amount was distributed from tax-exempt income.

Dividends taken from the tax-exempt income of SIICs no longer 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 income of SIICs are eligible for this allowance.

Furthermore, social security contributions (15.5%) on dividends paid to individuals resident for tax purposes in France are withheld by the paying institution. As of January 1, 2013, an income tax prepayment (21%) is also withheld on these dividends by the paying institution.

The following table shows the dividends paid over the last five financial years:

Financial year ended:	Dividend per share	Dividend eligible for 40% or 50% allowance(1)	Dividend not eligible for 40% or 50% allowance(1)
December 31, 2010	1.26	0.00056	1.25944
December 31, 2011(2)	1.21	0.0049	1.2051
December 31, 2012	1.22	None	1.22
December 31, 2013	1.16	None	1.16
December 31, 2014	1.24	None	1.24

(1) Pursuant to Article 158-3, paragraph 2, of the French General Tax Code for individuals, the allowance was 40% for dividends paid on 2005, 2006 and 2007 earnings.
(2) Excluding the special dividend of €10.87 per share, of which €0.0396/share was eligible for the 40% allowance and €0.588/share was not eligible for the 40% allowance. The balance of €10.2424 per share represents a repayment of capital pursuant to Article 112, paragraph 1, of the French General Tax Code.

Dividends not claimed within five years of their distribution date are forfeited and handed over to the French Treasury, pursuant to Articles L. 1126-1 and 1126-2 of the French Public Property Code.

4.7 COMMUNICATION POLICY

The Company has gradually implemented a well-organized and effective investor relations policy, reflecting its commitment to transparency and raising awareness about its business.

The Mercialys Investor Relations Department can respond to requests for information and documentation from all existing or potential individual or institutional investors. The Group's website (www.mercialys.com) outlines the Group's activities and financial information.

The website also contains all of the Company's published documentation, including the information required by Articles L. 221-1 *et seq.* of the AMF General Regulations.

The Company's quarterly rental income and interim and full-year earnings are detailed in press releases issued in French and English. These press releases are available on the Company website and can be provided by e-mail upon request. Requests can be submitted directly via the "Contacts" page of the website, or by writing to the Investor Relations Department at the following address:
Address: 148, Rue de l'Université – 75007 Paris, France

E-mail: communication@mercialys.com

Website: www.mercialys.com

Mercialys holds at least one financial information meeting and one conference call each year to discuss the Company's earnings and strategy. Simultaneous interpretation into English is available in the meeting room, and the meeting is also broadcast by telephone in French and English.

THE BOARD OF DIRECTORS OF MERCIALYS IS COMPOSED OF 11 EXPERIENCED AND COMPLEMENTARY MEMBERS

THE THREE COMMITTEES ARE COMPOSED OF DIRECTORS AND INDEPENDENT MEMBERS: AUDIT COMMITTEE, INVESTMENT COMMITTEE, AND APPOINTMENTS AND REMUNERATION COMMITTEE

Jas de Bouffan à Aix-en-Provence

05

CORPORATE GOVERNANCE

5.1 BOARD OF DIRECTORS – EXECUTIVE MANAGEMENT

5.1.1 Board of Directors

5.1.1.1 BOARD MEMBERS AND OPERATING PROCEDURES

At February 10, 2016, the balance sheet date for the 2015 financial year, the Board of Directors had the following eleven members:

- Éric Le Gentil, Chairman and Chief Executive Officer;
- Bernard Bouloc[(1)];
- Anne-Marie de Chalambert[(1)];
- Élisabeth Cunin-Diéterlé[(1)];
- Yves Desjacques, representing La Forézienne de Participations;
- Jacques Dumas;
- Antoine Giscard d'Estaing, representing Casino, Guichard-Perrachon;
- Marie-Christine Levet[(1)];
- Ingrid Nappi-Choulet[(1)];
- Michel Savart;
- Bruno Servant, representing Generali Vie[(1)].

Vincent Rebillard also attends Board meetings in his capacity as Chief Operating Officer.

The General Meeting of May 5, 2015 renewed the terms of office of Anne-Marie de Chalambert of Generali Vie, and La Forézienne de Participations.

In accordance with the Company's articles of incorporation and the Afep-Medef Corporate Governance Code, the Board of Directors is now partly renewed each year.

The end of the term of office of each Director is set out in the table below:

	2016 (General Meeting to approve the 2015 financial statements)	2017 (General Meeting to approve the 2016 financial statements)	2018 (General Meeting to approve the 2017 financial statements)
Bernard Bouloc	X		
Élisabeth Cunin-Diéterlé	X		
Éric Le Gentil	X		
Marie-Christine Levet	X		
Jacques Dumas		X	
Casino, Guichard-Perrachon		X	
Ingrid Nappi-Choulet		X	
Michel Savart		X	
Anne-Marie de Chalambert			x
Generali Vie			x
La Forézienne de Participations			x

(1) *Independent Director.*

The term of office of four Directors – Bernard Bouloc, Élisabeth Cunin-Diéterlé, Éric Le Gentil and Marie-Christine Levet – ends at the General Meeting.

The Appointments and Remuneration Committee, in accordance with the duties entrusted to it, conducted its annual review of the membership of the Board of Directors against the criteria of good governance, particularly with regard to the representation of women and independent members, but also the skills, experience, complementary nature and involvement of the members. In particular, it reviewed the position of each Director in light of any relationship they may have with Group companies that might compromise their freedom of judgment or lead to conflicts of interest.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, has decided to propose to the General Meeting that the terms of office of Bernard Bouloc, Élisabeth Cunin-Diéterlé, Éric Le Gentil and Marie-Christine Levet be renewed for a period of three years.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, has decided to propose to the Annual General Meeting that a new independent Director, Victoire Boissier, be appointed.

Therefore, at the close of the Annual General Meeting of April 20, 2016, the Board would consist of twelve members and include, within the meaning of the criteria of the Afep-Medef Corporate Governance Code, seven independent Directors: Victoire Boissier, Anne-Marie de Chalambert, Élisabeth Cunin-Diéterlé, Marie-Christine Levet, Ingrid Nappi-Choulet, Bernard Bouloc and Generali Vie (represented by Bruno Servant).

The Board would also comprise four representatives of the majority shareholder: Jacques Dumas and Michel Savart, as well as Casino, Guichard-Perrachon (represented by Antoine Giscard d'Estaing) and La Forézienne de Participations (represented by Yves Desjacques).

Independent Directors would make up 58.3% of the Board and women 41.6%.

The Board's operating procedures are established by law, the Company's articles of incorporation and the Board's own rules of procedure. These operating procedures are described in the Chairman's report and in the appendices to the rules of procedure, as well as in Section 12.2.2.

According to the rules of procedure, each Director must hold a number of shares in registered form that corresponds to at least the equivalent of one year's directors' fees.

To the best of the Company's knowledge, over the past five years none of the Board members nor the Chief Operating Officer has been convicted of fraud or been a senior manager in a company undergoing bankruptcy, receivership or liquidation (as defined by French insolvency law). In addition, none of the Board members nor the Chief Operating Officer has over the past five years been incriminated and/or received an official sanction (for financial matters) from a legal or regulatory authority, or has been banned by a court from acting as a member of an administrative, management, or supervisory body, or from being involved in the management or running of a company.

5.1.1.2 NON-VOTING DIRECTORS

Under Article 23 of the Company's articles of incorporation, one or more non-voting Directors may be selected from the Company's shareholders and appointed by an Annual General Meeting, or between two Annual General Meetings by the Board of Directors subject to approval at the next scheduled Annual General Meeting. Non-voting Directors are appointed for a three-year term and attend the meetings of the Board of Directors, during which they share their opinions and observations and take part in decisions in an advisory capacity. There may not be more than five non-voting Directors. The age limit for serving as a non-voting Director is set at 80.

The Company has had no non-voting Directors since April 30, 2014.

5.1.1.3 OFFICES HELD BY BOARD MEMBERS, THE CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICER

Éric Le Gentil

Chairman and Chief Executive Officer *(term of office to be renewed)*

Date of birth: June 20, 1960, 55 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris

Number of Mercialys shares held: 1,000

Expertise and experience

Éric Le Gentil is a graduate of the École Polytechnique, the Institut d'Études Politiques de Paris and 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 Finance Ministry including that of insurance advisor to Pierre Bérégovoy's firm. From 1992 to 1999, he held various roles at Athéna Assurances and AGF Assurances. He joined Generali France in 1999 as Chief Executive Officer of Generali Assurances Vie & Iard. In December 2004, he was appointed Chief Executive Officer of Generali France Assurances. He has been Chairman and Chief Executive Officer of Mercialys since July 17, 2013.

Main executive function

- Chairman and Chief Executive Officer of Mercialys (listed company).

Offices held within the Company

Office	Date appointed	Date term expires
Board member	February 13, 2013	AGM of April 20, 2016
Chairman of the Board of Directors	February 13, 2013	AGM of April 20, 2016
Chief Executive Officer	July 17, 2013	AGM of April 20, 2016
Member of the Investment Committee	April 13, 2012	AGM of April 20, 2016

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

- Member of the Board of the Amis et Mécènes de l'Opéra Comique association – AMOC.

Other offices held during the past five years

(in addition to those listed above)

- Permanent representative of Generali Vie on the Board of Directors of Mercialys (listed company) and member of the Appointments and Remuneration Committee;
- Chief Executive Officer of Generali France Assurances;
- Chairman of the Board of Directors of Generali Réassurance Courtage;
- Chairman of the Board of Directors of Generali Investments France;
- Vice-Chairman of Europ Assistance Holding;
- Board member of Generali France Assurances, Generali Vie, Generali Iard and Generali Réassurance Courtage;
- Permanent representative of Europ Assistance Holding on the Boards of Directors of Europ Assistance (SA) and Europ Assistance France;
- Permanent representative of Generali Iard on the Boards of Directors of Europ Assistance Holding, GFA Caraïbes and Generali Investissement (SICAV);
- Permanent representative of Generali France Assurances on the Boards of Directors of e-cie vie and Prudence Créole;
- Permanent representative of Generali Vie on the Board of Directors of Cofitem-Cofimur;
- Permanent representative of Europ Assistance Holding on the Board of Directors of Europ Assistance España;
- Member of the Supervisory Board and member of the Audit Committee of ANF Immobilier;
- Member and Chairman of the Executive Committee of Cofifo;
- Member of the Investment Advisory Board of Generali Investments S.p.A.;
- Member of the Management Board of Generali Fund Management and Generali Investments Managers SA;
- Member of the Board of Directors of Generali Real Estate S.p.A.;
- Member of the Supervisory Board of the fund to guarantee policyholders against the collapse of personal insurance companies;
- Chairman of SAS Generali 6.

Vincent Rebillard

Chief Operating Officer

Non-Board member

Date of birth: May 21, 1969, 46 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris

Number of Mercialys shares held: 1,799

Expertise and experience

After studying law at Université de Paris I Pantheon Sorbonne (UFR 05 and 07) and gaining his first work experience in Property Management, Vincent Rebillard began his career in commercial distribution in 1996 at Comptoirs Modernes Badin Defforey as Store Director. Following this success, in 1998 he was appointed Head of Legal and Real Estate at the operating company, which is part of the Carrefour Group. He joined the Legal Department for France at Carrefour in 2000, where he was Head of Legal for the south-east region from 2000 to 2002 and then Legal Director for Franchise Support primarily in charge of Franchisee Financing, Property Administration and Investment Control, and member of the Legal Department Committee from 2002 to 2005. In September 2005, he joined the Casino Group, where he was Head of Arbitrage Operations from 2005 to 2006, Executive Vice-President in charge of Real Estate Operations from 2006 to 2011, and then Executive Vice-President in charge of Real Estate Services and Chairman of IGC Services from 2011 to 2012. In September 2012, he was appointed Chief Operating Officer of L'Immobilière Groupe Casino, and then became Chairman in September 2013.

Main executive functions

- Chief Operating Officer of Mercialys;
- Head of the Casino Group's real estate division.

Offices held within the Company

Office	Date appointed	Date term expired
Chief Operating Officer	February 13, 2013	AGM of April 20, 2016

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Casino Group

- Chairman of IGC Services, L'Immobilière Groupe Casino, Plouescadis and Sudeco;
- Board member and Chairman of the Boards of Directors of Intexa (listed company) and Proxipierre;
- Manager of Alpha, Iznik and Toutoune.

Other offices held during the past five years

(in addition to those listed above)

- Chief Executive Officer of Mercialys and Plouescadis;
- Chief Operating Officer of L'Immobilière Groupe Casino;
- Board member of Viveris Odyssée Sppicav;
- Permanent representative of La Forézienne de Participations on the Board of Directors of Shopping Property Fund 1;
- Permanent representative of Casino, Guichard-Perrachon on the Board of Directors of Proxipierre;
- Permanent representative of L'Immobilière Groupe Casino on the Board of Directors of Viveris Odyssée Sppicav;
- Permanent representative of SCI Proximmo on the Board of Directors of AEW Immocommercial;
- Permanent representative of Messidor SNC on the Board of Directors of Intexa (listed company)*;
- Member of the Strategic Committee of Pommerim;
- Manager of Mareso, Pial, Remax, S.A.R.L. Roca, SCI du n°11 de la rue de Fresnil, and SCI Provence et Forez.

* *Offices expired in 2015.*

Bernard Bouloc

Independent Director (term of office to be renewed)

Date of birth: June 15, 1936, 79 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris (domicile)

Number of Mercialys shares held: 960

Expertise and experience

Bernard Bouloc has been a professor of law since 1969 and taught at Panthéon-Sorbonne University (Paris I) from 1981 to 2004. He has written several books on French law, including the Précis Dalloz guides to criminal law and criminal proceedings and Le Guide Pénal du Chef d'Entreprise (The Entrepreneur's Guide to Criminal Law), and is an editor and contributor to several legal journals such as La Revue des Sociétés, RTDCom, Lamy Concurrence and La Revue de Sciences Criminelles. He was a member of the French Review Committee on criminal law and criminal procedure (Comité Léger), whose report was submitted to the French President in September 2009. He was involved in the work of the French Council of State on the European Public Prosecutor from January to June 2011. He published the 24th edition of the Précis Dalloz guide to general criminal law in June 2015 and the 25th edition of the guide to criminal proceedings in December 2015. He annotates corporate criminal law rulings at La Revue des Sociétés, and presented a conference on "the decriminalization of financial offenses" on December 8, 2014 to the Commercial Court of Paris, as well as a conference on money laundering on November 19, 2015 in Luxembourg.

Main executive function

- Professor of Law.

Offices held within the Company

Office	Date appointed	Date term expired
Board member	October 14, 2005	AGM of April 20, 2016
Independent member of the Audit Committee	October 21, 2005	AGM of April 20, 2016
President of the Appointments and Remuneration Committee	March 11, 2013	AGM of April 20, 2016
Independent member of the Appointments and Remuneration Committee	May 12, 2010	AGM of April 20, 2016

Other offices held in 2015 and still in effect at February 10, 2016

None

Other offices held during the past five years

(in addition to those listed above)

None

Anne-Marie de Chalambert

Independent Director

Date of birth: June 7, 1943, 72 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris (domicile)

Number of Mercialys shares held: 1,000

Expertise and experience

Anne-Marie de Chalambert began her career in 1962 as press secretary at Pathé-Marconi. In 1969, she moved into property development within the Valois region as Commercial Director. In 1980, she founded VLGI (Vente Location Gestion Immobilière), a subsidiary of Banque Lazard, where she was Chairman and Chief Executive Officer. In 1996, she joined Generali as Real Estate Director. She then became Chairman and Chief Executive Officer of Generali Immobilier, where she transformed Generali France's mainly residential portfolio into a portfolio consisting primarily of office properties, mostly in Paris and the Paris region. She was appointed Chairman of Generali Real Estate Europe in 2004, where she unites the group's various European real estate teams and invests in communal projects. In 2009, she took up the role of Chairman of Generali Immobiliare until March 2010. Since 2010, she has acted as a consultant to Institut Pasteur in its real estate strategy.

Main executive function

- Member of the Board of Directors.

Offices held within the Company

Office	Date appointed	Date term expired
Board member	July 23, 2013	2018 AGM
Chairman and independent member of the Investment Committee	July 23, 2013	2018 AGM
Independent member of the Appointments and Remuneration Committee	July 23, 2013	2018 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

- Board member of Nexity SA (listed company);
- Member of the Appointments and Remuneration Committee and the Investment Committee of Nexity SA (listed company);
- Board member of Foncière Lyonnaise SA (listed company);
- Member of the Appointments and Remuneration Committee of Foncière Lyonnaise SA (listed company);
- Chairman of AMCH;
- Member of the Investment Committee of the Institut Pasteur.

Other offices held during the past five years

(in addition to those listed above)

None

Élisabeth Cunin-Diéterlé

Independent Director *(term of office to be renewed)*

Date of birth: September 17, 1960, 55 years old

French citizen

Business address: Camaïeu Group – 211, avenue Jules Brame – 59100 Roubaix

Number of Mercialys shares held: 1,000

Expertise and experience

Élisabeth Cunin-Diéterlé holds degrees from the École Polytechnique, ENSAE and the Institut d'Études Politiques de Paris. She began her career at consulting firm McKinsey before moving into the retail sector, first with Dia and then with Etam. She became Chief Executive Officer of André in 2001 and then of Etam Lingerie in 2005. In 2011, Élisabeth Cunin-Diéterlé became Chairman of Comptoir des Cotonniers and Princesse Tam-Tam, brands owned by Japanese group Fast Retailing, which also owns Uniqlo. In October 2013, she joined the Camaïeu Group as Chairman of the Management Board.

Main executive function

- Chairman of the Management Board of the Camaïeu Group.

Offices held within the Company

Office	Date appointed	Date term expired
Board member	June 6, 2012	AGM of April 20, 2016
Independent member of the Appointments and Remuneration Committee	November 27, 2013	AGM of April 20, 2016

Other offices held in 2015 and still in effect at February 10, 2016

Within and outside the Mercialys Group

None

Other offices held during the past five years

(in addition to those listed above)

- Chief Executive Officer of Etam Lingerie;
- Chairman of Créations Nelson, Comptoir des Cotonniers France, Petit Véhicule, AMB;
- Board member of Comptoir des Cotonniers Belgium, Comptoir des Cotonniers United Kingdom, and Princesse Tam-Tam Belgium;
- Chairman of the Board of Directors of Comptoir des Cotonniers Switzerland;
- Manager of Comptoir des Cotonniers Germany, Comptoir des Cotonniers Spain, Comptoir des Cotonniers Italy, Princesse Tam-Tam Germany, Petit Véhicule Italy, and Princesse Tam-Tam Spain.

Jacques Dumas

Board member

Date of birth: May 15, 1952, 63 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris

Number of Mercialys shares held: 500

Expertise and experience

Jacques Dumas has a Master's Degree in Law from the Institut d'Études Politiques de Lyon. He started his career in 1978 with CFAO (Compagnie Française de l'Afrique Occidentale), first as Corporate Counsel then as Administrative Director until 1986. In 1987 he joined Rallye as the Deputy Corporate Secretary, then became Head 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 executive function

- Advisor to the Chairman of Casino, Guichard-Perrachon;
- Executive Vice-President of Euris.

Offices held within the Company

Office	Date appointed	Date term expired
Board member	August 22, 2005	2017 AGM
Member of the Audit Committee	October 22, 2010	2017 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Euris Group

- Board member and member of the Appointments and Remuneration Committee of Rallye (listed company);
- Member of the Supervisory Committee of Monoprix;
- Permanent representative of Euris on the Board of Directors of Finatis (listed company) and member of the Audit Committee;
- Permanent representative of Cobivia on the Board of Directors of Casino, Guichard-Perrachon (listed company);

Outside the Euris Group

- Manager of SCI Cognac-Parmentier and SCI Longchamp-Thiers.

Other offices held during the past five years

(in addition to those listed above)

- Chairman of GreenYellow*;
- Chairman and member of the Supervisory Board of Leader Price Holding;
- Vice-Chairman and member of the Supervisory Board of Franprix Holding;
- Vice-Chairman and member of the Supervisory Board of Monoprix SA;
- Permanent representative of Casino, Guichard-Perrachon on the Board of Directors of Monoprix SA;
- Permanent representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix SA;
- Permanent representative of Distribution Casino France on the Board of Directors of Distribution Franprix;
- Permanent representative of Matignon Diderot on the Board of Directors of Finatis (listed company);
- Permanent representative of Messidor SNC on the Board of Directors of Cdiscount;
- Permanent representative of Retail Leader Price Investment (R.L.P.I.) on the Board of Directors of Clignancourt Discount;
- Permanent representative of Germinal S.N.C., Chairman of Théïadis.

* *Offices expired in 2015.*

Marie-Christine Levet

Independent Director *(term of office to be renewed)*

Date of birth: March 28, 1967, 49 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris (domicile)

Number of Mercialys shares held: 1,000

Expertise and experience

Marie-Christine Levet holds a degree from the École des Hautes Études Commerciales and an MBA from INSEAD. She began her career at Accenture before joining Disney and then Pepsico in marketing and strategy roles. She then obtained solid experience in the internet and telecoms sectors. In 1997, she founded Lycos France and moved it up the ranks to become France's number two internet portal in 2000. She was Chairman of Club-Internet from 2001 to July 2007. From 2004 to 2005, she was also Chairman of the AFA (Association of French ISPs), representing the interests of all players in the market to the public authorities. From 2008 to 2010, she managed the hi-tech IT group Tests as well as internet activities at NextRadioTV. From 2010 to 2013, she was a partner in investment fund Jaïna Capital, specializing in the financing of new innovative businesses. Today, Marie-Christine Levet is a partner in LER, a company that provides support for the development of digital businesses.

Main executive function

- Member of the Board of Directors.

Offices held within the Company

Office	Date appointed	Date term expired
Board member	June 6, 2012	AGM of April 20, 2016
Chairman and independent member of the Audit Committee	April 30, 2014	AGM of April 20, 2016

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

- Board member and Chairman of the Audit Committee of Iliad (listed company);
- Director and member of the Remuneration Committee of Hipay Group (listed company);
- Director and member of the Remuneration Committee of Avanquest (listed company);
- Board member of FINP, the Google Press Digital Innovation Fund for French publishers;
- Non-voting Director of BPIFrance Financement;
- Chairman of MCL Consulting;
- Partner in LER.

Other offices held during the past five years

(in addition to those listed above)

- Independent member of the Investment Committee of Mercialys (listed company);
- Partner in investment fund Jaïna Capital;
- Board member and member of the Audit Committee of BPIFrance Financement*.

* *Offices expired in 2015.*

Ingrid Nappi-Choulet

Independent Director

Date of birth: April 1, 1966, 50 years old

French citizen

Business address: ESSEC Business School – 1, avenue Bernard Hirsch, – BP 50105 – 95021 Cergy-Pontoise cedex

Number of Mercialys shares held: 950

Expertise and experience

With a PhD in economic science from Université Paris XII and degrees from Université Paris Dauphine (HDR in management science) and the Institut d'Études Politiques in Paris (HDR in Urban Planning and Development), Ingrid Nappi-Choulet has been a Professor at ESSEC (since 1994). She is also in charge of the Real Estate Economics course at the ENPC. She began her career teaching economics at the École Centrale de Lille (1989-1994). She has written several books: *Les bureaux, analyse d'une crise* (Analysis of the office space crisis, ADEF, 1997), *Management et Marketing de l'Immobilier* (Real estate management and marketing, Dunod, 1999), *Les mutations de l'immobilier: de la Finance au Développement durable* (Transformation of the real estate market: from finance to sustainable development, Autremont, 2009), and *Immobilier d'entreprise: analyse économique des marchés* (Business real estate: an economic analysis of the markets, 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 under the 2013–2014 French sustainable building plan to co-lead a working party on energy refurbishment and the construction sector. She is a member of several scientific committees. Ingrid Nappi-Choulet 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 executive function

- Professor and researcher.

Offices held within the Company

Office	Date of appointment	Date term expired
Board member	April 30, 2014	2017 AGM
Independent member of the Audit Committee	May 5, 2015	2017 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Within and outside the Mercialys Group

None

Other offices held during the past five years

(in addition to those listed above)

- Board member of ADI – French Association of Real Estate Directors.

* *Offices expired in 2015.*

Michel Savart

Board member

Date of birth: April 1, 1962, 54 years old

French citizen

Business address: Foncière Euris – 83, rue du Faubourg Saint-Honoré – 75008 Paris

Number of Mercialys shares held: 500

Expertise and experience

Michel Savart is a graduate of the École Polytechnique and the École Nationale Supérieure des Mines de Paris. He started his career with Havas in 1986, then moved to Banque Louis Dreyfus in 1987 where he led various projects. Between 1988 and 1994 he managed projects for Banque Arjil (Lagardère Group) and advised the bank's Management Board. From 1995 to 1999 he served as Managing Director of Mergers & Acquisitions for Dresdner Kleinwort Benson (DKB).
In October 1999, Mr. 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 executive functions

- Advisor to the Chairman of the Rallye/Casino Group;
- Chairman and Chief Executive Officer of Foncière Euris (listed company).

Offices held within the Company

Office	Date appointed	Date term expired
Board member	May 6, 2010	2017 AGM
Member of the Appointments and Remuneration Committee	October 22, 2010	2017 AGM
Member of the Investment Committee	October 22, 2010	2017 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Euris Group

- Chairman of the Board of Centrum Riviera Sp Zoo (Poland);
- Permanent representative of Rallye on the Board of Directors of Groupe Go Sport;
- Permanent representative of Finatis on the Board of Directors of Casino, Guichard-Perrachon (listed company);
- Representative of Foncière Euris, Chairman of Marigny Foncière, Mat-Bel 2 and Matignon Abbeville;
- Representative of Marigny Foncière, Co-Manager of SCI Les Deux Lions and SCI Ruban Bleu Saint-Nazaire, and Manager of SCI Pont de Grenelle and SNC Centre Commercial Porte de Châtillon;
- Representative of Mat-Bel 2, Manager of Marigny Fenouillet, Immat Bel and Matbelys;
- Representative of Fenouillet Participation, Manager of Fenouillet Immobilier;
- Representative of Marigny Fenouillet, Manager of Fenouillet Participation;
- Co-Manager of Guttenbergstrasse BAB5 GmbH (Germany).

Outside the Euris Group

- Chairman of Aubriot Investissements;
- Manager of Montmorency.

Other offices held during the past five years

(in addition to those listed above)

- Chairman of the Board of Directors of Mercialys;
- Chairman of the Board of Centrum Wzgorze Sp Zoo (Poland);
- Board member of CDiscount;
- Representative of Foncière Euris, Chairman of Marigny Elysées, Marigny Belfort, Matignon-Bail and Matignon Corbeil Centre;
- Representative of Foncière Euris, Manager of SCI Sofaret and SCI Les Herbiers;
- Representative of Matignon Abbeville, Manager of Centrum Z Sarl, Centrum L Sarl*, and Centrum J Sarl*, and Manager A of Centrum NS Luxembourg Sarl*;
- Representative of Marigny Foncière, Chairman of Mat-Bel 2*;
- Manager of Aubriot Investissements;
- Co-Manager of Alexa Holding GmbH, Alexa Shopping Centre GmbH, Alexanderplatz Voltairestrasse GmbH and Einkaufszentrum am Alex GmbH* and of Loop 5 Shopping Centre GmbH** (Germany).

* *Offices expired in 2015.*
** *Offices expired at the beginning of 2016.*

Casino, Guichard-Perrachon

Board member

French corporation with share capital of Euro 173,192,459.58

Head office: 1, Esplanade de France – 42000 Saint-Étienne

554 501 171 R.C.S. Saint-Étienne

Number of Mercialys shares held: 26,452

Offices held within the Company

Office	Date appointed	Date term expired
Board member	August 19, 1999	2017 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Casino Group

- Board member of Intexa (listed company), Banque du Groupe Casino and Proxipierre;
- Member of the Supervisory Committee of Monoprix.

Outside the Casino Group

- Board member of Loire Télé.

Other offices held during the past five years

(in addition to those listed above)

- Chairman of Investeur 103*;
- Member of the Supervisory Board of Monoprix SA;
- Board member of Codim 2, Monoprix SA, Ségisor*, and Tevir*;
- Board member of Loire Télé SAEML.

* *Mandat et fonction ayant pris fin au cours de l'exercice 2015.*

Antoine Giscard d'Estaing
appointed on April 6, 2009

Permanent representative of Casino, Guichard-Perrachon

Date of birth:

January 5, 1961, 55 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris

Number of Mercialys shares held: 500

Expertise and experience

Antoine Giscard d'Estaing holds a degree from the École des Hautes Études Commerciales and studied at the École Nationale d'Administration. After four years at the Inspectorate of Finances, in 1990 he started at Suez-Lyonnaise des Eaux, where his primary role was that of Chief Financial Officer. He then joined Schneider Electric in 2000 as Executive Vice-President of Finance, Auditing and Legal Affairs, before moving to Danone in 2005 as Executive Vice-President of Finance, Strategy and Information Systems. He was appointed Danone's Corporate Secretary in 2007. In 2008, he became a partner of Bain & Company, and joined the Casino Group in April 2009 as Chief Financial Officer, member of the Executive Committee.

Main executive functions

- Chief Financial Officer and member of the Executive Committee of the Casino Group.

Other offices held in 2015 and still in effect at February 10, 2016

Within the Mercialys Group

- Member of the Investment Committee of Mercialys.

Outside the Mercialys Group

Within the Casino Group

- Chairman of the Board of Directors of Banque du Groupe Casino;
- Chairman of the Supervisory Committee of Monoprix;
- Chairman of GreenYellow;
- Vice-Chairman, Chief Operating Officer and Board member of Casino Finance;
- Non-Executive Director of Cnova N.V. (listed company – Netherlands).

Outside the Casino Group

- Board member of NRJ Group (listed company);
- Chairman and member of the Audit Committee of NRJ Group (listed company);
- Member of the Appointments and Remuneration Committee of NRJ Group (listed company).

Other offices held during the past five years

(in addition to those listed above)

- Chairman of Casino Finance and Casino Restauration;
- Chairman of the Supervisory Board of Monoprix SA;
- Permanent representative of Messidor SNC on the Board of Directors of Monoprix SA;
- Permanent representative of Germinal SNC on the Board of Directors of Monoprix SA;
- Permanent representative of Germinal SNC on the Supervisory Board of Monoprix SA;
- Permanent representative of Casino Restauration, Chairman of Restauration Collective Casino;
- Permanent representative of Distribution Casino France on the Supervisory Board of Franprix Holding;
- Permanent representative of Casino, Guichard-Perrachon on the Board of Directors of Intexa (listed company);
- Director of the Board of Directors and Member of the Financial Committee of Companhia Brasileira de Distribuição* (listed company – Brazil).

* *Offices expired in 2015.*

La Forézienne de Participations

Board member

Simplified joint-stock company with share capital of Euro 568,599,197

Head office: 1, Esplanade de France – 42000 Saint-Étienne

501 655 336 R.C.S. Saint-Étienne

Number of Mercialys shares held: 36,042,460

Offices held within the Company

Office	Date appointed	Date term expired
Board member	December 10, 2010	2018 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Casino Group

- Board member of Proxipierre and Shopping Property Fund 1;
- Chairman of Jekk.

Other offices held during the past five years

(in addition to those listed above)

None

Yves Desjacques

appointed on June 8, 2012

Permanent representative of La Forézienne de Participations

Date of birth:

December 23, 1967, 48 years old

French citizen

Business address: 148, rue de l'Université – 75007 Paris

Number of Mercialys shares held: 500

Expertise and experience

After graduating from Université de Paris II (CIFFOP – 1992), Yves Desjacques began his career in June 1992 in Commercial Union Assurances as a project manager for Human Resources. He joined Generali Assurances in 1994, where he was Head of Human Resources of La France Assurances until 1997, then Head of Generali Human Resources from 1997 to 2001 and Head of Human Resources for "Joint Group Structures" from 1998 to 2001. In October 2001, he was appointed Vice-President of Human Resources and member of the Executive Committee of Vedior France. He was appointed Head of Group Human Resources for the Casino Group and member of the Executive Committee in October 2007. Since 2007, he has been Chairman of the French Equal Opportunities in Education Network.

Main executive functions

- Executive Vice-President of Human Resources, member of Executive Committee of the Casino Group.

Other offices held in 2015 and still in effect at February 10, 2016

Within the Mercialys Group

- Member of the Appointments and Remuneration Committee of Mercialys.

Outside the Mercialys Group

Within the Casino Group

- Director of Almacenes Éxito (listed company – Colombia), Companhia Brasileira de Distribuição (listed company – Brazil) and Wilkes Participações (Brazil);
- Member of the Appointment, Remuneration and Corporate Governance Committee of Almacenes Éxito (listed company – Colombia);
- Member of the Human Resources and Remuneration Committee of Companhia Brasileira de Distribuição (listed company – Brazil);
- Non-Executive Director of Cnova N.V. (listed company – Netherlands);
- Board member and Chief Executive Officer of Segisor;
- Board member and Deputy Treasurer of the Casino Foundation;
- Board member of the Monoprix Foundation;
- Chairman of Compagnie Aérienne de Transport Exécutif (Catex), La Forézienne de Participations and Tomant;
- Manager of Campus Casino;
- Permanent representative of Messidor SNC on the Board of Directors of Intexa (listed company).

Outside the Casino Group

- Chairman of the French Equal Opportunities in Education Network.

Other offices held during the past five years

(in addition to those listed above)

- Chairman and member of the Supervisory Board of Franprix Holding;
- Chairman of the Board of Directors of Intexa* and Distribution Franprix;
- Manager of Casino Développement;
- Permanent representative of L'Immobilière Groupe Casino on the Board of Directors of Mercialys (listed company);
- Permanent representative of Messidor SNC on the Board of Directors of Intexa (listed company);
- Permanent representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix SA;
- Permanent representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix*;
- Permanent representative of Franprix Leader Price Holding on the Supervisory Board of Leader Price Holding;
- Director* and Chairman of the Human Resources and Compensation Committee* of Via Varejo (listed company – Brazil);
- Member of the Stock Option Committee* of Companhia Brasileira de Distribuição (listed company – Brazil).

* *Offices expired in 2015.*

Generali Vie

Independent Director

French corporation with share capital of Euro 299,197,104

Head office: 2, rue Pillet-Will – 75009 Paris

602 062 481 R.C.S. Paris

Number of Mercialys shares held: 7,373,571

Offices held within the Company

Office	Date appointed	Date term expired
Board member	April 30, 2014	2018 AGM

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Generali France Group

- Chairman of Haussmann Investissement;
- Board member of Europ Assistance Holding, Expert et Finances, Generali IARD, and Generali Luxembourg;
- Member of the Supervisory Board of SCPI Generali Habitat.

Outside the Generali France Group

- Board member of Foncière Développement Logements (listed company), SICAV Objectif Sélection, SICAV Palatine Mediterranea, and SICAV Reconnaissance Europe;
- Member of the Supervisory Board of Foncière de Paris SIIC (listed company), Foncière des Murs (listed company) and SCPI Foncia Pierre Rendement.

Other offices held during the past five years

(in addition to those listed above)

- Non-voting Director of Mercialys (listed company);
- Board member of Eurosic, Foncière de Paris SIIC, Generali Actions Plus, Generali Euro Actions, Generali Euro sept/dix ans, Generali Gérance, Generali Investissement, Generali Investments France, Generali Trésorerie, GTA du Val d'Oise, SAI Les trois collines de Mougins, SICAV Eparc Continent, SICAV Fairview Small Caps, SICAV Generali Actions diversifiées, and Mercialys;
- Member of the Supervisory Board of Foncière des Regions and SCPI Rocher Pierre 1.

Bruno Servant

appointed on April 30, 2014

Permanent representative of Generali Vie

Date of birth: February 26, 1960, 56 years old

French citizen

Business address: Generali France – 2, rue Pillet-Will

75309 Paris Cedex 9

Expertise and experience

As a graduate of ESSEC and the Institut d'Études Politiques de Paris, Public Service section, and the Institut des Actuaires, Bruno Servant began his career at Crédit Lyonnais in August 1985. In January 1986 he became portfolio manager at Citibank, and in May 1988 he joined Banque Shearson Lehman Hutton. He moved to 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 S.A. In September 2003, he became Chief Operating Officer of UBS Global Asset Management France SA. He then joined the Generali Group in September 2007 as Chief Operating Officer and Corporate Secretary of Generali Investments France. Since March 2012, he has been Investment Director at Generali Vie.

Main executive function

- Investment Director of Generali France

Other offices held in 2015 and still in effect at February 10, 2016

Outside the Mercialys Group

Within the Generali France Group

- Manager of SCI GF Pierre

Outside the Generali France Group

- Permanent representative of Generali France Assurances on the Supervisory Board of Foncière des Murs;
- Permanent representative of Generali Vie on the Board of Directors of SICAV Objectif Selection;
- Permanent representative of Generali Vie on the Supervisory Board of Foncière de Paris SIIC (listed company);
- Member of the Supervisory Board of Lion River I and Lion River II (Netherlands);
- Member of the Institut des Actuaires Français;
- Member of the Centre des Professions Financières.

Other offices held during the past five years

(in addition to those listed above)

- Permanent representative of Generali Vie, non-voting Director on the Board of Directors of Mercialys;
- Chairman and Chief Executive Officer of SICAV Euro cinq/sept ans, SICAV Euro sept/dix ans, and SICAV Generali Trésorerie;
- Chief Executive Officer of Generali Investments France;
- Board Member of Generali Investments Luxembourg, SICAV Actions plus, SICAV Eparc Continent, SICAV Generali Actions Diversifiées, and STEG;
- Permanent representative of Generali Vie on the Board of Directors of Foncière de Paris SIIC;
- Permanent representative of Generali Vie on the Board of Directors of Generali Luxembourg;
- Member of the Management Board of Generali Investments SpA (Italy).

5.1.1.4 OFFICES HELD BY VICTOIRE BOISSIER, WHOSE APPOINTMENT AS DIRECTOR WILL BE PROPOSED

Victoire Boissier

Date of birth: December 28, 1967, 48 years old

French citizen

Business address: Village 5 – 50, place de l'Ellipse – 92081 Paris La Défense Cedex

Expertise and experience

With degrees from EM Lyon (major in Finance) and the INSEAD International Executive Program, Victoire Boissier began her career in 1990 in the banking sector (Barclays), then in 1992 she joined La Générale de Restauration as Management Controller. Between 1995 and 2008 she held a series of positions within Yum France: Planning Analyst, Head of Strategic Planning, Financial Controller and Manager, Chief Financial Officer, member of the Management Committee and person in charge of management control, internal auditing, IT, accounting, finances and property. Since 2009, Victoire Boissier has been Chief Financial Officer of Louvre Hôtels Group, and is a member of its Executive Committee. She is in charge of the internal auditing, accounts, management control and purchasing departments. In 2011 she was approached by one of the founders of the Gascogne Group, and was a member of its Board of Directors, Strategic Committee and Accounts Committee until 2014.

Main executive functions

- Member of the Executive Committee and Chief Financial Officer of Louvre Hôtels Group.

Other offices held in 2015 and still in effect at February 10, 2016

Within the Louvre Group

- Manager of Achats Services.

Other offices held during the past five years

(in addition to those listed above)

- Board member, member of the Strategic Committee and the Accounts Committee of Gascogne (listed company) (expired in 2014).

5.1.2 Executive Management

The roles of Chairman and Chief Executive Officer have been combined since July 17, 2013, ensuring consistency between the Company's strategy and operational management in an ever-changing environment and thereby shortening the decision-making process. Since that date, these roles have been carried out by Éric Le Gentil.

Since February 13, 2013, the Chairman and Chief Executive Officer has been assisted by the Chief Operating Officer, Vincent Rebillard, who was confirmed in his duties by the Board of Directors on July 17, 2013.

5.1.2.1 RESTRICTIONS ON EXECUTIVE MANAGEMENT POWERS

The Chairman and Chief Executive Officer and the Chief Operating Officer have broad 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 the powers expressly conferred by law to General Meetings of shareholders and to 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 Executive Management powers and to make certain management transactions, depending on their nature or the amount involved, subject to its prior authorization. Thresholds have been set to ensure that the Board of Directors approves the most significant transactions, in accordance with the law and the principles of corporate governance (see Section 5.3.2.4.2).

5.1.2.2 EXECUTIVE MANAGEMENT COMMITTEE

Under the authority of the Chairman and Chief Executive Officer, the Executive Management Committee oversees the Group's operations and implements the Group's strategy as outlined by the Board of Directors. The Committee's functions include carrying out strategic planning, coordinating and sharing initiatives, monitoring cross-functional projects and making sure that action plans are consistent. It monitors the Group's earnings and financial health and decides which action plans should be implemented. Once a month, it carries out a review of earnings and key performance indicators. The Executive Management Committee meets twice a month.

The Executive Management Committee is comprised of the following members:

- Éric Le Gentil, Chairman and Chief Executive Officer;
- Vincent Rebillard, Chief Operating Officer;
- Vincent Ravat, Executive Vice-President;
- Thierry Augé, Head of Human Resources;
- Elizabeth Blaise, Chief Financial Officer;
- Nicolas Joly, Head of Asset Management;
- Stéphane Vallez, Marketing Manager.

5.1.3 Remuneration of senior executives and other corporate officers

5.1.3.1 PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION AND BENEFITS PAID TO CORPORATE OFFICERS

The Board of Directors sets the method and amount of remuneration and benefits granted to executives based on the recommendations of the Appointments and Remuneration Committee, taking into account the principles stipulated in the Afep-Medef Corporate Governance Code: comprehensiveness, balance between compensation components, benchmark, consistency, understandability of the rules and proportionality.

In accordance with the recommendations of the Afep-Medef Corporate Governance Code, the Board of Directors deliberates in the absence of the interested parties.

The total amount of directors' fees allocated to the members of the Board of Directors is set by the Annual General Meeting of Shareholders. The Board of Directors sets the rules for the division of directors' fees between Directors and Committee members on the basis of the recommendations of the Appointments and Remuneration Committee, in accordance with the recommendations of the Afep-Medef Corporate Governance Code.

Directors' fees and Committee members' additional fees are paid in the month following the end of the financial year.

5.1.3.1.1 Remuneration and benefits granted to the Chairman and Chief Executive Officer and Chief Operating Officer

The remuneration comprises the following elements, it being understood that the Chairman and Chief Executive Officer and Chief Operating Officer do not receive any remuneration in the form of directors' fees or other fees from companies controlled by Mercialys:

5.1.3.1.1.1 Annual remuneration

Annual remuneration includes a fixed portion and a variable portion. The methods of determination are decided each year by the Board of Directors on the advice of the Appointments and Remuneration Committee and, if appropriate, after studies carried out by outside consultants.

As Chief Operating Officer, Vincent Rebillard is also Director of the Casino group's Real Estate division and an employee of Casino, Guichard-Perrachon, Mercialys' core shareholder, he receives different fixed and variable remuneration.

Fixed remuneration

Set at Euro 357,000 upon his appointment (July 17, 2013), Chairman and Chief Executive Officer Éric Le Gentil's annual fixed remuneration was increased to Euro 400,000 (+12%) on March 1, 2014, and to Euro 450,000 (+12.5%) on March 1, 2015. This amount remains unchanged for 2016.

Chief Operating Officer Vincent Rebillard's fixed annual remuneration, set at Euro 150,000 on March 1, 2014, was increased to Euro 175,000 on March 1, 2016, based on a benchmark set by a specialized consulting firm (+16.6%). It was previously an amount of Euro 144,000, set on January 14, 2013.

The amount of these annual fixed remunerations was set by the Board of Directors after taking into account the level of responsibility and experience and market practices identified by a study conducted by an independent external firm.

For information purposes, Vincent Rebillard's fixed remuneration for his duties at Casino, Guichard-Perrachon, was increased from an amount of Euro 130,000 in 2015 to Euro 145,000 from March 1, 2016.

Variable remuneration

20% of the Chairman and Chief Executive Officer's and Chief Operating Officer's variable remuneration is determined on the basis of the achievement of quantitative targets for Mercialys, 50% on the basis of individual (quantitative and qualitative) targets and 30% on managerial targets. The pre-established criteria are detailed in Sections 5.1.3.2.1.3 (Chairman and Chief Executive Officer) and 5.1.3.2.2.3 (Chief Operating Officer).

Regarding the Chairman and Chief Executive Officer, the variable remuneration may amount to a maximum of 50% of his fixed remuneration if the targets are achieved and up to 100% of his fixed remuneration if the targets are exceeded.

Regarding the Chief Operating Officer, it may amount to a maximum of 40% of his fixed remuneration if the targets are achieved and up to 80% of his fixed remuneration if the targets are exceeded.

5.1.3.1.1.2. Long-term incentive – Obligation to hold Mercialys shares

To align the Chairman and Chief Executive Officer's and the Chief Operating Officer's interests with the Company's shareholder returns over the long term, the Board of Directors decided in 2014, 2015 and 2016, on the advice of the Appointments and Remuneration Committee, to implement a long-term incentive, amounting to a target of 75% of gross annual (fixed) remuneration for the Chairman and Chief Executive Officer and a target of 50% of gross annual (fixed) remuneration for the Chief Operating Officer.

This long-term incentive will be paid to them only at the end of a three-year period provided that they satisfy the condition of continued presence and the following two performance conditions, which are assessed annually on the basis of three consecutive years, with each of them applying to half of the target incentive:

- Absolute performance of the Company's shares, dividends included, representing the total shareholder return (TSR), assessed as follows:

Annual Mercialys TSR			
2014 plan	2015 plan	2016 plan	Multiplier
0%	0%	0%	0%
6%	8%	10%	33.33%
7%	9%	11%	66.66%
8%	10%	12%	100%
9%	11%	13%	125%
10%	12%	14%	150%

- Performance of the Company's shares, dividends included, representing the total shareholder return (TSR) relative to that of companies making up the EPRA Eurozone index, with the percentage of the incentive actually vesting varying according to the Company's position in the rankings as follows:

Annual ranking of Mercialys compared to companies on the index			
2014 and 2015 Plans		2016 Plan	
Grading	Multiplier	Grading	Multiplier
[0 à 20%]	150%	[0 à 20%]	150%
]20 à 40%]	125%	]20 à 40%]	125%
]40 à 60%]	100%	]40 à 50%]	100%
]60 à 80%]	50%	]50 à 60%]	75%
]80 à 100%]	0%	]60 à 80%]	50%
		]80 à 100%]	0%

One third of the amount of the long-term incentive may be acquired if annual performance conditions are met. The amount of the long-term incentive definitively granted for the current year is therefore known at the end of each year, but will not be paid until the end of the three-year period, subject to the condition of continued presence being met.

The assessment of the whether annual performance conditions have been fulfilled is carried out by an external third party.

Obligation to hold Mercialys shares

To promote the convergence of interests between the Company, its shareholders and the general management over the long term, the Board of Directors decided that the Chairman and Chief Executive Officer and Chief Operating Officer would be obliged to reinvest 100% of the 2014 incentive vesting, 75% of the 2015 incentive vesting and 50% of the 2016 incentive vesting, less social security contributions and income tax applicable at the maximum marginal rate, in Mercialys shares, and to hold the corresponding shares throughout their term of office.

5.1.3.1.1.3 Stock option plans and bonus shares

No stock options or bonus shares were awarded by Mercialys or the companies it controls to the Chairman and Chief Executive Officer and Chief Operating Officer in 2015, nor in previous financial years.

5.1.3.1.1.4 Pension scheme

The Chairman and Chief Executive Officer and Chief Operating Officer do not benefit from any supplementary pension scheme. They are included in the mandatory group pension plan (ARRCO and ARGIC) and the benefit plan covering all employees within the Company. They also benefit from senior executive unemployment insurance (Garantie sociale des chefs d'entreprise).

5.1.3.1.1.5 Payments for taking office

Having appointed him at their meeting of July 17, 2013 as Chairman and Chief Executive Officer, the Board of Directors decided, on the advice of the Appointments and Remuneration Committee, to award to Éric Le Gentil a deferred and conditional exceptional bonus amounting to Euro 105,000, to be vested after a period of three years from his appointment, provided that he is still in office at this date.

5.1.3.1.1.6 Severance payments

The General Meeting of Shareholders of April 30, 2014, approved the commitment made to Éric Le Gentil, on the advice of the Appointments and Remuneration Committee, by the Board of Directors at its meeting of July 17, 2013, appointing him as Chief Executive Officer that, in the event of his being dismissed within 36 months of being appointed, he would be paid a conditional severance bonus equal to:

- twelve months' annual gross remuneration (fixed + variable guaranteed) in the event of dismissal within 12 months of being appointed;
- nine months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months;
- six months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months.

This severance pay shall only be paid if organic growth in rental income, assessed on the basis of the last full-year results published in respect of the financial year preceding the date of revocation, is above indexation.

In accordance with the recommendations of the Afep-Medef Corporate Governance Code, payment of this severance pay is subject to a performance criterion being achieved. However, this is assessed over a single financial year rather than two, considering that the payment is time-limited (three years) and the amount is subject to an annual sliding scale.

No compensation shall be due to Vincent Rebillard, Chief Operating Officer, due to the termination of or change in his duties.

5.1.3.1.1.7 Non-competition compensation

The Chairman and Chief Executive Officer may benefit from compensation relating to a non-compete clause. The General Meeting of April 30, 2014 also approved the decision of the Board of Directors at its meeting of July 17, 2013, that in the event of the termination of his duties, Éric Le Gentil shall be bound by a non-competition and non-solicitation obligation for a period not exceeding his time with the Company up to a maximum of one year, it being specified that the Company may reduce or waive the application period. In return, Éric Le Gentil would receive monthly compensation equivalent to one twelfth of 50% of his annual fixed remuneration.

No compensation relating to a non-compete clause shall be due to the Chief Operating Officer.

5.1.3.1.1.8 Employment contract

In accordance with the provisions of the Corporate Governance Code, the Chairman and Chief Executive Officer and Chief Operating Officer do not hold an employment contract with the Mercialys Group.

5.1.3.1.2 Rules for the division of directors' fees paid to Directors

The General Meeting of June 21, 2013, set the total amount of directors' fees to be paid to members of the Board of Directors and its Committees at Euro 305,000. This amount remains unchanged.

On the basis of the recommendations of the Appointments and Remuneration Committee, at its meeting of November 26, 2015, the Board of Directors set the following rules for the division of directors' fees between Board members:

- The amount of individual directors' fees has been set at Euro 15,000 per year, comprising a fixed portion of Euro 5,000 a year and a variable portion of Euro 10,000 a year awarded on the basis of attendance at Board meetings.
- An additional Directors' fee of Euro 20,000 a year is paid to the Chairman of the Board of Directors.
- Members of technical Committees receive an additional Directors' fee comprising a fixed portion of Euro 4,000 a year and a variable portion of Euro 11,000 a year for members of the Investment Committee and Euro 6,000 for members of the Audit Committee and the Appointments and Remuneration Committee, awarded on the basis of attendance at meetings.
- An additional Directors' fee of Euro 5,000 a year is paid to the Chairman of each Committee.

The variable portion of directors' fees payable to Directors or Committee members who have been absent is not reallocated. Individual or additional directors' fees payable to members representing or employed by the majority shareholder or its control group companies are limited to 50% of the aforementioned amounts. The above individual or additional directors' fees are paid on a prorata basis depending on the date that duties are started or terminated.

Committee members' directors' fees and remuneration are paid in the month following the end of the financial year.

Mercialys' corporate officers benefit from an insurance policy subscribed by the Company covering public, personal and joint and several liability for all senior executives and corporate officers including those belonging to 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 therefore does not constitute a taxable benefit.

5.1.3.2 REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

5.1.3.2.1 Remuneration of Éric Le Gentil, Chairman and Chief Executive Officer

5.1.3.2.1.1 Summary of remuneration payable by Mercialys and the companies it controls or that control it

Éric Le Gentil received the following remuneration, directors' fees and benefits from Mercialys in financial years 2014 and 2015, it being specified that he does not receive any remuneration in the form of directors' fees or other fees from companies controlled by Mercialys and that the latter is not controlled within the meaning of Article L. 233-16 of the French Commercial Code:

(in euros)	2015	2014
Remuneration due for the financial year (see section 5.1.3.2.1.2)	1,040,655	782,387
Valuation of multi-year variable remuneration awarded during the year	-	-
Valuation of stock options granted during the year	-	-
Valuation of bonus shares awarded	-	-
TOTAL	**1,040,655**	**782,387**

5.1.3.2.1.2 Remuneration paid by Mercialys and the companies it controls

Éric Le Gentil received the following remuneration, directors' fees and benefits from Mercialys in his capacity as Chairman of the Board of Directors and Chief Executive Officer in financial years 2014 and 2015:

	2015		2014	
(in euros)	Amount due(7)	Amount paid(8)	Amount due(7)	Amount paid(8)
Fixed remuneration(1)(2)	444,787	437,094	393,992	370,223
Yearly variable remuneration(1)(3)	382,500	325,000	325,000	114,151
Multi-year variable remuneration(1)(4)	-	-	-	-
Exceptional remuneration(5)	150,000	150,000	-	-
Directors' fees	50,000	50,000	50,000	54,787
Fringe benefits(6)	13,368	13,368	13,395	13,395
TOTAL	**1,040,655**	**975,462**	**782,387**	**552,556**

(1) Gross before social security contributions and tax.
(2) See Section 5.1.3.1.1.1. The amounts indicated also include paid leave.
(3) The method used to determine variable remuneration is described in Section 5.1.3.1.1 and further details are given in table 5.1.3.2.1.3 below.
(4) No multi-year variable remuneration is due in respect of the financial years concerned or paid during these financial years. The amounts determined in the annual assessment of performance criteria of the long-term incentive plans (see Sections 5.1.3.1.1.2 and 5.1.3.2.1.4) will not be paid until the end of the prescribed three-year period, subject to the condition of continued presence being fulfilled.
(5) See Section 5.1.3.2.1.5 below.
(6) Senior executive unemployment insurance and benefit plan covering all employees within the company.
(7) Remuneration paid in respect of the financial year, regardless of the payment date.
(8) All remuneration paid in the course of the financial year.

Éric Le Gentil does not receive any remuneration, directors' fees or other benefits from companies controlled by Mercialys.

5.1.3.2.1.3 Annual variable remuneration

Éric Le Gentil's variable remuneration for financial year 2015 was determined by the Board of Directors at its meeting of March 11, 2016, at the proposal of the Appointments and Remuneration Committee, applying the criteria in the table below:

			Minimum	Target	Maximum	Real
Quantitative targets for Mercialys (20% of total variable cost)	Organic growth of rental income (in %), excluding indexation, scope, including on a life-for-like basis	As % of fixed remuneration	0%	5%	10%	7.5%
		Indicator value		*3%*		*3.5%*
	Growth of FFO (in %)	As % of fixed remuneration	0%	5%	10%	10%
		Indicator value		*3.4%*		*5.8%*
Quantitative targets for Mercialys (25% of total variable cost)	EBITDA margin (in %)	As % of fixed remuneration	0%	5%	10%	10%
		Indicator value		*84.7%*		*85.3%*
	Revenue from casual leasing (in € thousands)	As % of fixed remuneration	0%	3.75%	7.5%	1.25%
		Indicator value		*9*		*8*
	Current financial vacancy rate	As % of fixed remuneration	0%	3.75%	7.5%	7.5%
		Indicator value		*2.3%*		*2.0%*
Qualitative targets for Mercialys (25% of total variable cost)	Promoting deployment of the strategy		0%	5%	10%	6.25%
	Continue the client ecosystem transformation		0%	5%	10%	7.50%
	Ensure a high level of financial competence		0%	2.5%	5%	5.0%
Management objectives (30% of total variable cost)			0%	15%	30%	30%
TOTAL VARIABLE COST AS % OF FIXED REMUNERATION			**0%**	**50%**	**100%**	**85%**

5.1.3.2.1.4 Long-term incentive – Obligation to hold Mercialys shares

Éric Le Gentil benefits from three long-term incentive plans, on the advice of the Appointments and Remuneration Committee by the Board of Directors of March 11, 2014, of March 23, 2015 and of March 11, 2016. The conditions of these plans are described in Section 5.1.3.1.1.2.

As a reminder, these long-term incentives will be paid to him only at the end of a three-year period provided that he fulfills the condition of continued presence and the following two performance conditions, which are assessed annually on the basis of three consecutive years, with each of them applying to half of the target incentive:

- absolute performance of the Company's shares, dividends included, representing the total shareholder return (TSR);
- performance of the Company's shares, dividends included, representing the total shareholder return (TSR) relative to that of companies making up the EPRA Eurozone index, with the percentage of the incentive actually vesting varying according to the Company's position in the rankings.

The assessment of whether performance conditions for 2014 and 2015 have been fulfilled, carried out by an external third party, brought to light the following elements:

Long-term incentive plan dated March 11, 2014

	2014	2015
Absolute performance of Mercialys shares, dividends included		
Annual Mercialys TSR	24.2%	15%
Multiplier	150%	150%
Performance of Mercialys shares, dividends included, relative to that of companies making up the EPRA Eurozone index		
Ranking of Mercialys	10th	23rd
Position as a percentile	25th	59th
Multiplier	125%	100%
Overall performance	137.5%	125%
Amount acquired *(payment made in 2017 subject to the condition of continued presence)*	€137,500	€125,000

Long-term incentive plan dated March 23, 2015

	2015
Absolute performance of Mercialys shares, dividends included	
Annual Mercialys TSR	15%
Multiplier	150%
Performance of Mercialys shares, dividends included, relative to that of companies making up the EPRA Eurozone index	
Ranking of Mercialys	23rd
Position as a percentile	59th
Multiplier	100%
Overall performance	125%
Amount acquired *(payment made in 2018 subject to the condition of continued presence)*	€140,625

5.1.3.2.1.5 Exceptional remuneration

To recognize his decisive contribution to the profound reorganization of the Company and the success of Mercialys' new strategy, marked by a return to growth in a difficult climate, the Board of Directors, at its meeting of February 11, 2015, following the recommendation of the Appointments and Remuneration Committee, decided to award Éric Le Gentil an exceptional bonus of Euro 300,000, 50% of which was paid in cash in March 2015. The remaining 50% will be paid to him in March 2017, subject to the condition of continued presence.

The Board of Directors, at its meeting of February 10, 2016, decided, on the recommendation of the Appointments and Remuneration Committee, in order to recognize his involvement in exceeding targets set for 2015, particularly: (i) in terms of investments, the acquisition of 10 food superstores and five sites to be transformed acquired from Monoprix; (ii) three sales made with an investor as part of asset allocation and preserving the financial profile; (iii) the signature of global transactions with international brands and new, innovative brands on the commercial side; (iv) in terms of marketing, the complete overhaul of the internal and external concept, faster deployment onto facades and the creation of a new corporate identity, to award him an exceptional bonus of Euro 350,000, half of which was paid in cash in February 2016 and half of which will be paid in February 2018 subject to the condition of continued presence.

5.1.3.2.1.6 Stock options and bonus shares awarded by the Company and/or the companies it controls

No stock options or bonus shares were awarded by Mercialys or the companies it controls to Éric Le Gentil in 2015, nor in previous financial years.

5.1.3.2.1.7 Employment contract, special pension plans, severance payments and non-compete clause

Employment contract		Supplementary pension scheme		Compensation or benefits due based on the termination of, or change in duties		Compensation linked to a non-compete clause	
Yes	No(1)	Yes	No(1)	Yes(2)	No	Yes(3)	No
	X		X	X		X	

(1) Éric Le Gentil does not hold an employment contract within the Mercialys Group.
(2) See Section 5.1.3.1.6 – Severance payments.
(3) See Section 5.1.3.1.7 – Non-competition compensation.

5.1.3.2.2 Remuneration of Vincent Rebillard, Chief Operating Officer

5.1.3.2.2.1 Summary of remuneration payable by Mercialys and the companies it controls or that control it

Vincent Rebillard received the following remuneration, directors' fees and benefits from Mercialys in financial years 2014 and 2015, it being specified that he does not receive any remuneration in the form of directors' fees or other fees from companies controlled by Mercialys and that the latter is not controlled within the meaning of Article L. 233-16 of the French Commercial Code:

(in euros)	2015	2014
Remuneration due for the financial year (see section 5.1.3.2.2.2)	535,016	252,232
Valuation of multi-year variable remuneration awarded during the year	-	-
Valuation of stock options granted during the year	-	-
Valuation of bonus shares awarded	-	-
TOTAL	**535,016**	**252,232**

5.1.3.2.2.2 Remuneration paid by Mercialys and the companies it controls

Vincent Rebillard received the following remuneration, directors' fees and benefits from Mercialys in his capacity as Chief Operating Officer in financial years 2014 and 2015:

	2015		2014	
(in euros)	Amount due(7)	Amount paid(8)	Amount due(7)	Amount paid(8)
Fixed remuneration(1)(2)	150,350	150,350	149,077	146,819
Yearly variable remuneration(1)(3)	98,550	93,000	93,000	70,000
Multi-year variable remuneration(1)(4)	-	-	-	-
Exceptional remuneration(5)	276,054	276,054	-	-
Directors' fees	-	-	-	-
Fringe benefits(6)	10,062	10,062	10,155	10,155
TOTAL	**535,016**	**529,466**	**252,232**	**226,974**

(1) Gross before social security contributions and tax.
(2) See Section 5.1.3.1.1.1. The amounts indicated also include paid leave.
(3) The method used to determine variable remuneration is described in Section 5.1.3.1.1 and further details are given in table 5.1.3.2.2.3 below.
(4) No multi-year variable remuneration is due in respect of the financial years concerned or paid during these financial years. The amounts determined in the annual assessment of performance criteria of the long-term incentive plans (see Sections 5.1.3.1.1.2 and 5.1.3.2.2.4) will not be paid until the end of the prescribed three-year period, subject to the condition of continued presence being fulfilled.
(5) See Section 5.1.3.2.2.5 below.
(6) Senior executive unemployment insurance and benefit plan covering all employees within the company.
(7) Remuneration paid in respect of the financial year, regardless of the payment date.
(8) All remuneration paid in the course of the financial year.

Vincent Rebillard does not receive any remuneration, directors' fees or other benefits from companies controlled by Mercialys.

Vincent Rebillard is also Director of the Casino group's Real Estate division, and an employee of Casino, Guichard-Perrachon, Mercialys' core shareholder. As such, the amount of all remuneration and benefits due for 2015 totals Euro 289,791.

5.1.3.2.2.3 Annual variable remuneration

Vincent Rebillard's variable remuneration for financial year 2015 was determined by the Board of Directors at its meeting of March 11, 2016, at the proposal of the Appointments and Remuneration Committee, applying the criteria in the table below:

			Minimum	Target	Maximum	Real
Quantitative targets for Mercialys (20% of total variable cost)	Organic growth of rental income (in %), excluding indexation, scope, including on a life-for-like basis	As % of fixed remuneration	0%	4%	8%	6%
		Indicator value		*3%*		*3.5%*
	Growth of FFO (in %)	As % of fixed remuneration	0%	4%	8%	8%
		Indicator value		*3.4%*		*5.8%*
Quantitative targets for Mercialys (25% of total variable cost)	EBITDA margin (in %)	As % of fixed remuneration	0%	3%	6%	6%
		Indicator value		*84.7%*		*85.3%*
	Revenue from casual leasing (in € thousands)	As % of fixed remuneration	0%	3%	6%	1%
		Indicator value		*9*		*8*
	Capex of new projects relative to a standard cost (excl. Fenouillet)	As % of fixed remuneration	0%	4%	8%	6%
		Indicator value		*-25.0%*		*-33%*
Qualitative targets for Mercialys (25% of total variable cost)	Complete the redevelopment projects		0%	2%	4%	2.5%
	Ensure the consistency of the development and the image of the sites		0%	4%	8%	8%
	Promoting deployment of the strategy		0%	4%	8%	6%
Management objectives (30% of total variable cost)			0%	12%	24%	22.2%
TOTAL VARIABLE COST AS % OF FIXED REMUNERATION			**0%**	**40%**	**80%**	**65.7%**

5.1.3.2.2.4 Long-term incentive – Obligation to hold Mercialys shares

Vincent Rebillard benefits from three long-term incentive plans, on the advice of the Appointments and Remuneration Committee by the Board of Directors of March 11, 2014, of March 23, 2015 and of March 11, 2016. The conditions of these plans are described in Section 5.1.3.1.1.2.

As a reminder, these long-term incentives will be paid to him only at the end of a three-year period provided that he fulfills the condition of continued presence and the following two performance conditions, which are assessed annually on the basis of three consecutive years, with each of them applying to half of the target incentive:

- absolute performance of the Company's shares, dividends included, representing the total shareholder return (TSR);
- performance of the Company's shares, dividends included, representing the total shareholder return (TSR) relative to that of companies making up the EPRA Eurozone index, with the percentage of the incentive actually vesting varying according to the Company's position in the rankings.

The assessment of whether the performance conditions for 2014 and 2015 have been fulfilled, carried out by an external third party, brought to light the following elements:

Long-term incentive plan dated March 11, 2014

	2014	2015
Absolute performance of Mercialys shares, dividends included		
Annual Mercialys TSR	24.2%	15%
Multiplier	150%	150%
Performance of Mercialys shares, dividends included, relative to that of companies making up the EPRA Eurozone index		
Ranking of Mercialys	10th	23rd
Position as a percentile	25th	59th
Multiplier	125%	100%
Overall performance	137.5%	125%
Amount acquired *(payment made in 2017 subject to the condition of continued presence)*	€34,375	€31,250

Long-term incentive plan dated March 23, 2015

	2015
Absolute performance of Mercialys shares, dividends included	
Annual Mercialys TSR	15%
Multiplier	150%
Performance of Mercialys shares, dividends included, relative to that of companies making up the EPRA Eurozone index	
Ranking of Mercialys	23rd
Position as a percentile	59th
Multiplier	100%
Overall performance	125%
Amount acquired *(payment made in 2018 subject to the condition of continued presence)*	€31,250

5.1.3.2.2.5 Exceptional remuneration

At its meeting of July 23, 2013, following the recommendation of the Appointments and Remuneration Committee, the Board of Directors awarded Vincent Rebillard an exceptional bonus in respect of his decisive role in asset sales that took place in 2012 and 2013 in view of their strategic nature and the interest and particularly major challenges they represent for Mercialys, as well as their complex and specific nature. This exceptional bonus of a total of Euro 300,000 comprised a gross bonus of Euro 150,000 paid in cash in August 2013 and a deferred and conditional bonus of an initial basic amount of Euro 150,000, to be paid after a period of two years subject to attendance and performance requirements. The definitive amount of the bonus shall be determined according to Mercialys' share price performance, assessed over a period of two years. As such, Mr. Rebillard was paid the sum of Euro 208,554.

To recognize his decisive contribution to the profound reorganization of the Company and the success of Mercialys' new strategy, marked by a return to growth in a difficult climate, the Board of Directors, at its meeting of February 11, 2015, following the recommendation of the Appointments and Remuneration Committee, decided to award Vincent Rebillard an exceptional bonus of Euro 135,000, 50% of which was paid in cash in March 2015. The remaining 50% will be paid to him in March 2017, subject to the condition of continued presence.

The Board of Directors, at its meeting of February 10, 2016, decided, on the recommendation of the Appointments and Remuneration Committee, in order to recognize his involvement in exceeding targets set for 2015, particularly: (i) in terms of investments, the acquisition of 10 food superstores and five sites to be transformed acquired from Monoprix; (ii) three sales made with an investor as part of asset allocation and preserving the financial profile; (iii) the signature of global transactions with international brands and new, innovative brands on the commercial side; (iv) in terms of marketing, the complete overhaul of the internal and external concept, faster deployment onto facades and the creation of a new corporate identity, to award him an exceptional bonus of Euro 162,000, half of which was paid in cash in February 2016 and half of which will be paid in February 2018 subject to the condition of continued presence.

5.1.3.2.2.4 Stock options and bonus shares awarded by the Company and/or the companies it controls

No stock options or bonus shares were awarded by Mercialys or the companies it controls to Vincent Rebillard in 2015, nor in previous financial years.

5.1.3.2.2.5 Employment contract, special pension plans, severance payments and non-compete clause

Employment contract		Supplementary pension scheme		Compensation or benefits due based on the termination of, or change in duties		Compensation linked to a non-compete clause	
Yes	No(1)	Yes	No(1)	Yes	No	Yes	No
	X		X		X		X

(1) Vincent Rebillard has no employment contract within the Mercialys Group and is not entitled to any supplementary pension benefits. He is a member of the mandatory group pension plans (ARRCO and AGIRC) and the benefit plan covering all employees within the Company. However, he benefits from senior executive unemployment insurance (Garantie sociale des chefs d'entreprise).
Vincent Rebillard is also Director of the Casino group's Real Estate division and an employee of Casino, Guichard-Perrachon, Mercialys' core shareholder.

5.1.3.3 REMUNERATION OF OTHER CORPORATE OFFICERS – DIRECTORS' FEES

In accordance with the rules on the division of directors' fees as described in Section 5.1.3.1.2, a total gross amount of Euro 289,641 of directors' fees was paid to Board members, members of the specialized Committees and the non-voting Director in January 2016 for financial year 2015, compared with Euro 287,300 for financial year 2014.

The tables below detail the directors' fees paid by the Company in 2014, 2015 and 2016 to each Director and member of the specialized Committees (excluding Éric Le Gentil, for whom information has been provided above), it being specified that no directors' fees or remuneration was paid by the companies it controls and that the Company is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

Directors' fees paid in 2014 and 2015 (for financial years 2013 and 2014)

(in euros)	2014	2015
Bernard Bouloc	39,027	40,000
Anne-Marie de Chalambert(1)	16,348	45,000
Élisabeth Cunin-Diéterlé(2)	28,701	24,000
Yves Desjacques	11,750	11,000
Jacques Dumas	12,500	12,500
Antoine Giscard d'Estaing	12,792	11,800
Marie-Christine Levet(2)	19,305	28,181
Philippe Moati(3)	25,466	9,964
Ingrid Nappi-Choulet(4)	-	10,370
Michel Savart	20,000	20,000
Bruno Servant(5)	1,888	24,485
Pierre Vaquier(6)	18,982	-

(1) Appointed on July 23, 2013.
(2) Appointed on June 6, 2012.
(3) Term expired on April 30, 2014.
(4) Appointed on April 30, 2014.
(5) Appointed on October 15, 2013 as non-voting Director, then as Director from April 30, 2014.
(6) Term expired on June 21, 2013.

Directors' fees paid in 2016 (for financial year 2015)

(in euros)	Board members: Fixed portion	Board members: Variable portion	Committees: Fixed portion	Committees: Variable portion	Total
Bernard Bouloc	5,000	10,000	13,000	12,000	40,000
Anne-Marie de Chalambert	5,000	9,000	13,000	17,000	44,000
Élisabeth Cunin-Diéterlé	5,000	8,000	4,000	6,000	23,000
Yves Desjacques	2,500	3,500	2,000	2,250	10,250
Jacques Dumas	2,500	5,000	2,000	3,000	12,500
Antoine Giscard d'Estaing	2,500	4,500	2,000	2,750	11,750
Marie-Christine Levet	5,000	10,000	9,000	6,000	30,000
Ingrid Nappi-Choulet[(1)]	5,000	9,000	2,641	3,000	19,641
Michel Savart	2,500	4,500	4,000	8,500	19,500
Bruno Servant	5,000	9,000	4,000	11,000	29,000

(1) Member of the Audit Committee from May 5, 2015.

Director attendance rate, including the Chairman and Chief Executive Officer, at the meetings of the Board of Directors and Committees in 2015

	Board of Directors (10 meetings)	Audit Committee (6 meetings)	Appointments and Remuneration Committee (4 meetings)	Investment Committee (4 meetings)
Bernard Bouloc	100%	100%	100%	-
Anne-Marie de Chalambert	90%	-	100%	100%
Élisabeth Cunin-Diéterlé	80%	-	100%	-
Yves Desjacques	70%	-	75%	-
Jacques Dumas	100%	100%	-	-
Antoine Giscard d'Estaing	90%	-	-	50%
Éric Le Gentil	100%	-	-	100%
Marie-Christine Levet	100%	100%	-	-
Ingrid Nappi-Choulet[(1)]	90%	100%	-	-
Michel Savart	90%	-	100%	100%
Bruno Servant	90%	-	-	100%
Average attendance rate	**91%**	**100%**	**95%**	**90%**

(1) Member of the Audit Committee from May 5, 2015.

5.1.3.4 REMUNERATION ELEMENTS PAYABLE OR AWARDED FOR FINANCIAL YEAR 2015 SUBMITTED FOR REVIEW BY THE SHAREHOLDERS

In accordance with the provisions of the Afep-Medef Corporate Governance Code, the shareholders shall be consulted on the remuneration elements payable or awarded for financial year 2015 to Chairman and Chief Executive Officer Éric Le Gentil and Chief Operating Officer Vincent Rebillard at the next General Meeting called to approve the financial statements for financial year 2015. These elements are presented in the tables below:

Éric Le Gentil, Chairman and Chief Executive Officer

Remuneration elements payable or awarded for the past financial year	Amount or accounting valuation subject to the vote (in euros)	Presentation
Fixed remuneration	444,787	This is an increase of 12.8% compared to remuneration payable for 2014. After reviewing the compensation within peer companies and based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors increased the annual fixed gross compensation of Euro 400,000 to Euro 450,000 effective March 1, 2015, (see Section 5.1.3.1.1.1 of the Annual report).
Annual variable remuneration	382,500	The variable portion may represent 50% of fixed remuneration if targets are achieved and up to 100% of fixed remuneration if targets are exceeded. 20% of the variable remuneration for 2015 is based on the achievement of quantitative targets for Mercialys, 50% on the basis of individual (quantitative and qualitative) targets and 30% on managerial targets (see Section 5.1.3.1.1.1 of the Annual report). Overall and after weighting, 170% of targets were achieved, representing 85% of his fixed remuneration (see Section 5.1.3.2.1.3 of the Annual report).
Deferred variable remuneration	Not applicable	There is no plan to grant deferred variable remuneration.
Multi-year variable remuneration	No amount is due for the past financial year	To align his interests with the Company's shareholder returns over the long term, the Board of Directors decided in 2014 and 2015, on the advice of the Appointments and Remuneration Committee, to award Éric Le Gentil a long-term incentive amounting to a target of 75% of his gross annual (fixed) remuneration. This incentive will be paid to him only at the end of a three-year period provided that he fulfills the condition of continued presence and the following two performance conditions, which are assessed annually on the basis of three consecutive years, with each of them applying to half of the target incentive: - absolute performance of the Company's shares, dividends included, representing the total shareholder return (TSR); - performance of the Company's shares, dividends included, representing the total shareholder return (TSR) relative to that of companies making up the EPRA Eurozone index, with the percentage of the incentive actually vesting varying according to the Company's position in the rankings. One third of the amount of the long-term incentive may be acquired if annual performance conditions are met. The amount of the long-term incentive definitively granted for the current year is therefore known at the end of each year, but will not be paid until the end of the three-year period, subject to the condition of continued presence being fulfilled. The assessment of whether the performance conditions for 2014 and 2015 have been fulfilled, carried out by an external third party, brought to light the following elements: - Regarding the 2014 plan, overall performance totaled 137.5% for 2014 and 125% for 2015, corresponding to the award of an amount of Euro 137,500 for 2014 and Euro 125,000 for 2015, amounts that will not be paid to him until 2017, subject to the condition of continued presence. - Regarding the 2015 plan, overall performance totaled 125% for 2015, corresponding to the award of an amount of Euro 140,625, which will not be paid to him until 2018, subject to the condition of continued presence. Details of the conditions of the long-term incentive plans and the percentage of performance conditions met are presented in Sections 5.1.3.1.1.2 and 5.1.3.2.1.4 of the Annual report. To promote the convergence of interests between the Company, its shareholders and the general management over the long term, the Board of Directors decided that Éric Le Gentil would be obliged to reinvest 100% of the 2014 incentive vesting and 75% of the 2015 incentive vesting, less social security contributions and income tax applicable at the maximum marginal rate, in Mercialys shares, and to hold the corresponding shares throughout his term of office.

Remuneration elements payable or awarded for the past financial year	Amount or accounting valuation subject to the vote (in euros)	Presentation
Exceptional remuneration	150,000	To recognize his decisive contribution to the profound reorganization of the Company and the success of Mercialys' new strategy, marked by a return to growth in a difficult climate, the Board of Directors, at its meeting of February 11, 2015, following the recommendation of the Appointments and Remuneration Committee, decided to award Éric Le Gentil an exceptional bonus of Euro 300,000, 50% of which was paid in cash in March 2015. The remaining 50% will be paid to him in March 2017, subject to the condition of continued presence.
Stock options, performance shares or any other long-term remuneration element	Stock options: Not applicable	Not granted in the past financial year
	Performance shares: Not applicable	Not granted in the past financial year
	Other long-term remuneration element: Not applicable	Not granted in the past financial year
Directors' fees	50,000	The gross amount of individual directors' fees has been set at Euro 15,000 per year, comprising a fixed portion of Euro 5,000 a year and a variable portion of Euro 10,000 a year awarded on the basis of attendance at Board meetings. An additional Directors' fee of Euro 20,000 gross a year is paid to the Chairman of the Board of Directors. Éric Le Gentil is also a member of the Investment Committee. As such, like the other members of the Committee, he receives an additional Directors' fee comprising a fixed portion of Euro 4,000 a year and a variable portion of Euro 11,000 a year.
Valuation of benefits of all kinds	13,368	Éric Le Gentil is a member of the benefit plan covering all employees within the Company and benefits from senior executive unemployment insurance (*Garantie sociale des chefs d'entreprise*).

Remuneration elements subject to a vote by shareholders at the General Meeting in respect of the procedure for regulated agreements and commitments	Amounts (in euros)	Presentation
Severance payments	0	A severance payment may be paid to Éric Le Gentil in the event of his removal from office as Chief Executive Officer within 36 months from July 17, 2013. Subject to conditions, he would therefore be paid a severance bonus equal to: - 12 months' annual gross remuneration (fixed + variable guaranteed) within 12 months of being appointed; - nine months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months; - six months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months. This severance pay would only be paid to him if organic growth in rental income, assessed on the basis of the last full-year results published in respect of the financial year preceding the date of revocation, is above indexation.
Non-competition compensation	0	Éric Le Gentil may receive monthly compensation payable in respect of the non-compete and non-solicitation obligation equal to 1/12th of 50% of his annual fixed remuneration. This obligation shall apply for a period not exceeding his time with the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application period.
Supplementary pension scheme	Not applicable	No supplementary pension scheme

Vincent Rebillard, Chief Operating Officer

Remuneration elements payable or awarded for the past financial year	Amount or accounting valuation subject to the vote (in euros)	Presentation
Fixed remuneration	150,350	This is an increase of 0.85% compared with remuneration payable for 2014. Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors set the annual fixed gross compensation of Vincent Rebillard at Euro 150,000, effective March 1, 2014 (see Section 5.1.3.1.1.1 of the Annual report).
Annual variable remuneration	98,550	The variable portion may represent 40% of fixed remuneration if targets are achieved and up to 80% of fixed remuneration if targets are exceeded. 20% of the variable remuneration for 2015 is based on the achievement of quantitative targets for Mercialys, 50% on the basis of individual (quantitative and qualitative) targets and 30% on managerial targets (see Section 5.1.3.1.1.1 of the Annual report). Overall and after weighting, 164.25% of targets were achieved, representing 65.7% of his fixed remuneration (see Section 5.1.3.2.2.3 of the Annual report).
Deferred variable remuneration	Not applicable	There is no plan to grant deferred variable remuneration.
Multi-year variable remuneration	No amount is due for the past financial year	To align his interests with the Company's shareholder returns over the long term, the Board of Directors decided in 2014 and 2015, on the advice of the Appointments and Remuneration Committee, to award Vincent Rebillard a long-term incentive amounting to a target of 50% of his gross annual (fixed) remuneration. This incentive will be paid to him only at the end of a three-year period, provided that he fulfills the condition of continued presence and the following two performance conditions, which are assessed annually on the basis of three consecutive years, with each of them applying to half of the target incentive: - absolute performance of the Company's shares, dividends included, representing the total shareholder return (TSR); - performance of the Company's shares, dividends included, representing the total shareholder return (TSR) relative to that of companies making up the EPRA Eurozone index, with the percentage of the incentive actually vesting varying according to the Company's position in the rankings. One third of the amount of the long-term incentive may be acquired if annual performance conditions are met. The amount of the long-term incentive definitively granted for the current year is therefore known at the end of each year, but will not be paid until the end of the three-year period, subject to the condition of continued presence being fulfilled. The assessment of the achievement of performance conditions for 2014 and 2015, carried out by an external third party, brought to light the following elements: - Regarding the 2014 plan, overall performance totaled 137.5% for 2014 and 125% for 2015, corresponding to the award of an amount of Euro 34,375 for 2014 and Euro 31,250 for 2015, amounts that will not be paid to him until 2017, subject to the condition of continued presence. - Regarding the 2015 plan, overall performance totaled 125% for 2015, corresponding to the award of an amount of Euro 31,250, which will not be paid to him until 2018, subject to the condition of continued presence. Details of the conditions of the long-term incentive plans and the percentage of performance conditions met are presented in Sections 5.1.3.1.1.2 and 5.1.3.2.2.4 of the Annual report. To promote the convergence of interests between the Company, its shareholders and the general management over the long term, the Board of Directors decided that Vincent Rebillard would be obliged to reinvest 100% of the 2014 incentive vesting and 75% of the 2015 incentive vesting, less social security contributions and income tax applicable at the maximum marginal rate, in Mercialys shares, and to hold the corresponding shares throughout his term of office.

Remuneration elements payable or awarded for the past financial year	Amount or accounting valuation subject to the vote (in euros)	Presentation
Exceptional remuneration	276,054	At its meeting of July 23, 2013, following the recommendation of the Appointments and Remuneration Committee, the Board of Directors awarded Vincent Rebillard an exceptional bonus in respect of his decisive role in asset sales that took place in 2012 and 2013 in view of their strategic nature and the interest and particularly major challenges they represent for Mercialys, as well as their complex and specific nature. This exceptional bonus of a total of Euro 300,000 comprised a gross bonus of Euro 150,000 paid in cash in August 2013 and a deferred and conditional bonus of an initial basic amount of Euro 150,000, to be paid after a period of two years subject to attendance and performance requirements. The definitive amount of the bonus shall be determined according to Mercialys' share price performance, assessed over a period of two years. As such, Mr. Rebillard was paid the sum of Euro 208,554. Furthermore, the Board of Directors, at its meeting of February 11, 2015, following the recommendation of the Appointments and Remuneration Committee, decided to award Vincent Rebillard an exceptional bonus of Euro 135,000, 50% of which was paid in cash in March 2015. The remaining 50% will be paid to him in March 2017, subject to the condition of continued presence.
Stock options, performance shares or any other long-term remuneration	Stock options: Not applicable	Not granted in the past financial year
	Performance shares: Not applicable	Not granted in the past financial year
	Other long-term remuneration element: Not applicable	Not granted in the past financial year
Directors' fees	Not applicable	Not awarded
Valuation of benefits of all kinds	10,062	Vincent Rebillard is a member of the benefit plan covering all employees within the Company and benefits from senior executive unemployment insurance (*Garantie sociale des chefs d'entreprise*).

Remuneration elements subject to a vote by shareholders at the General Meeting in respect of the procedure for regulated agreements and commitments	Amounts (in euros)	Presentation
Severance payments	Not applicable	No commitment to pay compensation for the termination of duties
Non-competition compensation	Not applicable	No non-compete clause
Supplementary pension scheme	Not applicable	No supplementary pension scheme

5.1.4 Conflicts of interest affecting members of the administrative bodies and Executive Management team

The Company has an important business development relationship with the Casino Group, its majority shareholder (see Section 7 titled “Organization of the Mercialys Group” on page 159). The Casino Group may decide to favor its own interests over those of the Company. However, aspects such as the way in which its corporate governance is organized, the means by which agreements are reached, the use of independent appraisals etc. guarantee that the interests of Mercialys are not affected.

Yves Desjacques (permanent representative of La Forézienne de Participations), Jacques Dumas, Antoine Giscard d’Estaing (permanent representative of Casino, Guichard-Perrachon) and Michel Savart, all Board members, and Vincent Rebillard, Chief Operating Officer, have management positions and/or positions on corporate bodies of the majority shareholder of Mercialys or companies that control it, and receive remuneration and/or directors’ fees for these positions.

Aside from these connections, there are no potential conflicts of interest between the obligations of any member of the Board of Directors and of the Executive Management as regards the Company and his or her private interests.

There are no service agreements between the Company and its Chairman and Chief Executive Officer.

The Audit Committee, the Investment Committee and the Appointments and Remuneration Committee, whose members include independent Directors, help to prevent conflicts of interest. For instance, during Investment Committee discussions about a transaction involving the Casino Group, the majority shareholder’s two representatives take part in an advisory capacity only.

Furthermore, in order to strengthen its corporate governance, Mercialys has paid particular attention to the agreements between the various Mercialys Group companies, and to the agreements between Mercialys Group companies on the one hand and the companies in the Casino Group, Mercialys’ majority shareholder, and/or the companies that control it on the other.

With this in mind, in order to target conflicts of interest, the Board of Directors has established a systematic review procedure for agreements with related parties (by involving the Audit Committee and the Investment Committee) over and above the regulated agreements procedure as stipulated by the French Commercial Code.

For all agreements between Mercialys or any of its wholly-owned subsidiaries on the one hand and a related party on the other, where such agreements are above the thresholds defined by the Board with specific exceptions, the Board of Directors has thus implemented a preliminary review procedure to be carried out by the Audit Committee or the Investment Committee, depending on the type of agreement involved, before the agreement is presented to the Board of Directors for information or authorization.

A related party refers to (i) any company controlled by Mercialys, whether solely or jointly and whether directly or indirectly, with the exception of wholly-owned subsidiaries; (ii) any company that has a significant influence, whether directly or indirectly, on Mercialys; (iii) any company controlled, whether directly or indirectly, by a company with a significant influence on Mercialys.

Following consultation with the Audit Committee, specific rules of organization and operation for the procedure were drawn up and approved by the Board of Directors at its meeting on February 11, 2015.

The Statutory Auditors’ special report on regulated agreements made either directly or through a third party between Mercialys and its Chairman and Chief Executive Officer, Chief Operating Officer, a Board member or a shareholder with more than 10% of voting rights, or if this shareholder is a company, its controlling company, and which are not part of standard transactions made under normal conditions, is given on pages 259 to 263.

No agreement has been made, either directly or indirectly, between a subsidiary of Mercialys and a senior executive or major shareholder of the Company.

The Company has not given any loans or guarantees to any of its Board members. Moreover, there are no service agreements linking a corporate officer to the Company apart from the agreements linking Casino, Guichard-Perrachon and its subsidiaries to Mercialys (see Section 7 “Organization of the Mercialys Group” on pages 158 *et seq.*).

5.2 STATUTORY AUDITORS

5.2.1 Principal Auditors

ERNST & YOUNG ET AUTRES

1-2, Place des Saisons

92400 Courbevoie Paris-La Défense 1

Signing partner: Sylvain Lauria (since 2010)

Date first appointed: August 19, 1999 (articles of incorporation)

Date term expires: at the Annual General Meeting which shall convene in 2016 to approve the financial statements for the year ending December 31, 2015.

KPMG S.A.

Immeuble Le Palatin

3, cours du Triangle

92939 Paris-La Défense Cedex

Signing partner: Régis Chemouny (since 2010)

Date first appointed: May 6, 2010

Date term expires: at the Annual General Meeting which shall convene in 2016 to approve the financial statements for the year ending December 31, 2015.

5.2.2 Alternate Auditors

AUDITEX

Alternate Auditor for Ernst & Young et Autres

1-2, Place des Saisons

92400 Courbevoie Paris-La Défense 1

Date first appointed: May 6, 2010

Date term expires: at the Annual General Meeting which shall convene in 2016 to approve the financial statements for the year ending December 31, 2015.

MALCOLM MCLARTY

Alternate Auditor for KPMG S.A.

1, cours Valmy

92923 Paris-La Défense Cedex

Date first appointed: May 6, 2010

Date term expires: at the Annual General Meeting which shall convene in 2016 to approve the financial statements for the year ending December 31, 2015.

5.2.3 Renewal of the Statutory Auditors

With the terms of office of the Statutory Auditors expiring at the General Meeting on April 20, 2016, the Board of Directors has decided not to go to tender given that the Company is satisfied with the performance of the current Auditors and a rotation of partners is planned both at Ernst & Young et Autres and at KPMG SA.

The Board of Directors therefore proposes that the following be renewed and/or appointed at the General Meeting as Principal Auditors:

Ernst & Young et Autres

1-2, Place des Saisons

92400 Courbevoie Paris-La Défense 1

KPMG S.A.

Tour EQHO

2, avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

as Alternate Auditors:

Auditex

Alternate Auditor for Ernst & Young et Autres

1–2, Place des Saisons

92400 Courbevoie Paris-La Défense 1

Salustro Reydel

Alternate Auditor for KPMG

Tour EQHO

2, avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

None of the individuals listed above has audited any transactions or mergers of the Company or companies controlled by it within the meaning of Article L. 233-16 of the French Commercial Code in the course of the last two years.

The terms of office of the Statutory Auditors shall expire at the Annual General Meeting which shall convene in 2022 to approve the financial statements for the year ending December 31, 2021.

5.2.4 Fees for Statutory Auditors and their affiliates paid by the Group

Years covered[1]: December 31, 2015 and December 31, 2014

	Ernst & Young				KPMG S.A.			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Auditing and certification of Company and Consolidated Financial Statements[2]								
- Issuer (parent company)	141,500	141,500	68%	71%	141,500	141,500	81%	83%
- Fully consolidated subsidiaries	48,800	18,800	23%	9%	19,300	19,300	11%	11%
Other services directly related to the accounting audit[3]								
- Issuer (parent company)	18,000	38,000	9%	19%	13,000	10,000	7%	6%
- Fully consolidated subsidiaries		-	-			-		
Sub-total	**208,300**	**198,300**	**100%**	**100%**	**173,800**	**170,800**	**100%**	**100%**
Other services performed by the networks on behalf of fully-consolidated subsidiaries[4]								
Legal, tax, social security		-	-			-	-	
Other		-	-			-	-	
Sub-total		**-**	**-**		**-**	**-**	**-**	
TOTAL	**208,300**	**198,300**	**100%**	**100%**	**173,800**	**170,800**	**100%**	**100%**

(1) Fees for accounting services recognized as expenses during the period.
(2) Includes services performed by independent experts or an affiliate of the Statutory Auditors during the audit assignment.
(3) Services related directly to the audit of the issuer's or subsidiaries' financial statements, performed by:
– the Statutory Auditors in accordance with Article 10 of the Code of Ethics, or
– one of the Auditors' affiliates, in accordance with Articles 23 and 24 of the Code of Ethics.
(4) Non-auditing services performed by one of the Auditors' affiliates for subsidiaries whose financial statements have been certified, in accordance with Article 24 of the code of ethics.

5.3 CHAIRMAN'S REPORT

This report has been prepared by the Chairman of the Board of Directors, pursuant to the provisions of Article L. 225-37 of the French Commercial Code.

The purpose of this report is to present the governance applied within the Board of Directors and Executive Management, as well as internal control and risk management procedures.

This report, attached to the management report on the activities of the Company and its subsidiaries during the financial year ended December 31, 2015, has been examined by the Appointments and Remuneration Committee and approved by the Board of Directors. It has been made available to shareholders prior to the Annual General Meeting.

Pursuant to Article L. 225-235 of the French Commercial Code, it is also the object of a report by the Statutory Auditors on internal control procedures concerning the preparation and processing of accounting and financial reporting, with a certification regarding the other disclosures required.

5.3.1 Corporate Governance Code

As part of the Company's policy of good governance, the Board of Directors refers to the Afep-Medef Corporate Governance Code of November 2015, in particular as regards the preparation of this report.

The Company applies all of the code's recommendations with the exception of the following:

Afep-Medef Code	Practice at Mercialys
Fixed remuneration of corporate officers and managing executives shall be reviewed only at relatively long intervals.	After reviewing the compensation of corporate officers within peer companies and based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors has deemed it appropriate to review the remuneration of the Chief Operating Officer (see Section 5.1.3.1.1.1).
The performance criteria to which the payment of severance payment is subject should be assessed over at least two years.	Any severance payment made to Éric Le Gentil in the event of the revocation of his position is subject to the fulfillment of a performance criterion (see Section 5.1.3.1.1.6). However, as this payment is time-limited (three years from his appointment) and the amount is subject to an annual sliding scale, the Board of Directors has decided that this criterion should be assessed over a single year (that preceding the revocation of his position).

5.3.2 Board of Directors

5.3.2.1 BOARD MEMBERS

Details of the members of the Board of Directors are provided in Section 5.1.1.1 above.

5.3.2.2 PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

The conditions governing the preparation and organization of the Board of Directors' work are defined by law, the Company's articles of incorporation and the rules of procedure of the Board of Directors and of its specialist committees.

5.3.2.3 ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

The roles of Chairman and Chief Executive Officer have been combined since July 17, 2013, ensuring consistency between the Company's strategy and operations in an ever-changing environment and thereby shortening the decision-making process.

The Chairman and Chief Executive Officer is assisted by a Chief Operating Officer, Vincent Rebillard, who has the same powers as the Chief Executive Officer.

The organization and operation of the Board of Directors are governed by rules of procedure adopted on August 22, 2005 and last amended on March 23, 2015, setting out the rules applicable to the Board in accordance with the law, regulations and the Company's articles of incorporation. They also include the corporate governance principles which the Board upholds and applies.

The rules of procedure also describe the operation, powers, responsibilities and tasks of the Board and its specialist committees, namely the Audit Committee, the Appointments and Remuneration Committee and the Investment Committee.

The rules of procedure also define the ethical rules applicable to members of the Board of Directors, especially the confidentiality obligation set out in Article L. 465-1 of the French Monetary and Financial Code and Articles 621-1 *et seq.* of the AMF General Regulations concerning insider trading, and the ban on trading shares in the Company for fifteen days preceding publication of the Company's full-year and half-year financial statements.

They mention that Directors are included in the list of insiders drawn up by the Company under regulations designed to prevent misconduct and illegal insider trading.

The rules of procedure also include provisions concerning the disclosures required of senior executives, similar persons and persons having close personal relations with them when trading shares in the Company.

The rules of procedure state as a principle that the operation of the Board of Directors should be subject to regular and formal appraisal.

They also describe how meetings are held and votes are taken, and allow Directors to take part in Board meetings by videoconference or other telecommunication means.

5.3.2.4 ROLES AND RESPONSIBILITIES 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. With the exception of the powers expressly granted to General Meetings of shareholders and within the scope of the Company's corporate purpose, the Board of Directors acts on all issues affecting the smooth operation of the Company and deliberates on these matters.

It performs such audits and reviews as it deems appropriate.

The Board of Directors also examines and approves the full-year and half-year Company and Consolidated Financial Statements and presents reports on the business and results of the Company and its subsidiaries. It draws up the Company's business plan and financial projections. It reviews the Chairman's report with a view to its approval. It appoints the Chairman and Chief Executive Officer and determines their remuneration. It determines whether Executive Management functions are combined or separated. It allocates stock options and bonus shares, as well as implementing employee shareholding plans. Within this framework, it reviews the Company's equal opportunities and equal pay policy each year.

5.3.2.4.1 Powers of the Chairman of the Board

The Chairman organizes and directs the Board of Directors' work and reports on it to the shareholders at the General Meeting.

The Chairman thus 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 able to carry out their duties.

5.3.2.4.2 Powers of Executive Management

Pursuant to Article L. 225-56 of the French Commercial Code, the Chief Executive Officer and Chief Operating Officer are vested with broad powers to act on the Company's behalf in all circumstances. Nevertheless, these powers must be exercised within the scope of the Company's purpose and the powers expressly conferred by law to General Meetings of shareholders and the Board of Directors. They represent the Company in its relations with third parties.

As part of good corporate governance, the Board of Directors has decided that certain management transactions, depending on their nature or the amount involved, shall be subject to its prior authorization. Thresholds have been set to ensure that the Board of Directors approves the most significant transactions, in accordance with the law and the principles of corporate governance.

The Chief Executive Officer and Chief Operating Officer must therefore obtain the Board of Directors' prior authorization before:

- any transaction liable 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 ten million (10,000,000) euros, including 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 action 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 transactions of the Mercialys Group. The same applies to development projects covered by the Partnership Agreement with Casino, regardless of the amount concerned, which must be submitted to the Board of Directors for prior authorization in accordance with the terms of the said Agreement.

Furthermore, the Chief Executive Officer and the Chief Operating Officer have specific authorized annual limits on guarantees, loans, credit facilities, commercial papers and bond issues.

In 2015, the Board of Directors authorized them for a period of one year to give sureties or guarantees on the Company's behalf to its subsidiaries in proportion to the stake held, subject to the limit of an annual aggregate amount of Euro 100 million and an amount per commitment of Euro 10 million.

They are also authorized to negotiate and implement 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.

In addition, the Chief Executive Officer and the Chief Operating Officer are authorized to negotiate and issue commercial papers up to a maximum of Euro 500 million.

Finally, they are authorized to issue bonds of a total of Euro 100 million per year and, in this regard, to determine the characteristics and terms and to carry out any related capital market transactions.

5.3.2.5 INDEPENDENCE OF BOARD MEMBERS

As part of the duties entrusted to it, the Appointments and Remuneration Committee is tasked with monitoring the situation of each Board member in terms of any relationships they might have with the Company or companies within the Group to ensure that there is nothing which could interfere with its freedom of judgment or potentially lead to a conflict of interest with the Company.

As such, the Appointments and Remuneration 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 Corporate Governance Code. It presents its conclusions to the Board of Directors.

Élisabeth Cunin-Diéterlé is Chairman of the Management Board of the Camaïeu Group. Out of more than 650 stores in France operated by this Group, 24 are situated in shopping malls owned by Mercialys. The rents paid by Camaïeu to Mercialys comprise 1.26% of the total rents received by Mercialys.

The flow of business between Mercialys and Camaïeu is therefore not significant.

The Board of Directors thus includes six independent members: Anne-Marie de Chalambert, Élisabeth Cunin-Diéterlé, Marie-Christine Levet, Ingrid Nappi-Choulet, Bernard Bouloc, and Bruno Servant representing Generali Vie. These members meet the independence criteria set out by the Afep-Medef Corporate Governance Code (see table below) and represent half of the total Board members, as recommended by the Code. Moreover, there is no significant business link between the Company and the independent Directors.

Independent Directors also chair all Board committees.

Good corporate governance is also ensured by the Directors' broad range of skills, experience and background, their availability and their commitment.

The table below provides a summary analysis of the situation of each Board member with regard to the independence criteria of the Afep-Medef Corporate Governance Code:

	Not to be an employee or corporate officer of the Company, or an employee or Board member of its parent company or a company that it consolidates, and not to have been in such a position for the previous five years	Not to be a corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held such office in the previous five years) is a Director	Not to be a significant customer, supplier, corporate banker, or financial banker of the Company or of its Group, or for whom the Company or its Group represents a significant part of the business	Not to be related by close family ties to a corporate officer	Not to have been an Auditor of the Company within the previous five years	Not to have been a Board member of the Company for more than twelve years	Not to represent a major shareholder of the Company or its parent company(1)
1) Independent Directors:							
Bernard Bouloc	yes	yes	yes	yes	yes	yes	yes
Anne-Marie de Chalambert	yes	yes	yes	yes	yes	yes	yes
Élisabeth Cunin-Diéterlé	yes	yes	yes(2)	yes	yes	yes	yes
Marie-Christine Levet	yes	yes	yes	yes	yes	yes	yes
Ingrid Nappi-Choulet	yes	yes	yes	yes	yes	yes	yes
Bruno Servant, representing Generali Vie	yes	yes	yes	yes	yes	yes	yes
2) Other Board members:							
Yves Desjacques, representing La Forézienne de Participations	no	yes	yes	yes	yes	yes	no
Jacques Dumas	no	yes	yes	yes	yes	yes	no
Antoine Giscard d'Estaing, representing Casino, Guichard-Perrachon	no	yes	yes	yes	yes	yes	no
Éric Le Gentil	no	yes	yes	yes	yes	yes	yes
Michel Savart	no	yes	yes	yes	yes	yes	no

(1) Board members representing major shareholders of the Company or its parent may be considered as being independent provided that they do not take part in the control of the Company. In excess of a 10% holding of stock or votes, the Board, upon a report from the Appointments Committee, should systematically review a Board member's classification as independent, having regard to the make-up of the Company's capital and the existence of a potential conflict of interest.
(2) The flow of business between Camaïeu – of which Élisabeth Cunin-Diéterlé is Chairman of the Management Board – and Mercialys is not significant. The rents paid by the Camaïeu Group comprise only 1.26% of the total rents received by Mercialys.

Moreover, the Board of Directors has decided to propose to the General Meeting that a new independent Director be appointed. Following the Annual General Meeting, independent Directors would thus make up 58.3% of the Board and women 41.6%.

5.3.2.6 DIRECTORSHIPS OF OTHER LISTED COMPANIES

In accordance with the Afep-Medef Corporate Governance Code, no Board members hold more than one directorship.

5.3.2.7 ACTIVITY OF THE BOARD OF DIRECTORS DURING 2015

The Board of Directors met 10 times. The average attendance rate for Directors was 90.91%.

5.3.2.7.1 Approval of the financial statements – Activity of the Company and its subsidiaries

The Board approved the financial statements for December 31, 2014 and the first half of 2015, as well as the business plan and financial projections of Mercialys. It approved the reports and resolutions to be put to the Annual General Meeting on May 5, 2015. It was also informed of the Group's operations at March 31 and September 30, 2015.

The Board of Directors approved:

- the acquisition project to extend the Aurillac site;
- the financing activities relating to the Toulouse-Fenouillet-Phase 2 project;
- the acquisition transactions forming part of the Partnership Agreement with Casino (see Section 7.1.2 of the registration document);
- the sales of restructured hypermarkets to Casino;
- the implementation of partnership arrangements with BNP Paribas Reim France.

In addition, the Board of Directors has set up a review procedure for agreements between related parties. As part of this procedure, after first consulting the Audit Committee, the Board of Directors has authorized the signing of an amendment to the Advisory Service Framework Agreement between Mercialys and L'Immobilière Groupe Casino (see Chapter 7 of this document).

Moreover, the Board of Directors has provided the Executive Management with all necessary powers to carry out a new bond issue amounting to Euro 200 million by tapping the 2014 issue.

The Board also benefited from specific presentations on the Company's gender equality policy.

The Company's independent Directors met on December 17, 2015. They have reported the observations and recommendations made in the course of this meeting to the Chairman and Chief Executive Officer.

5.3.2.7.2 Corporate governance

The Board of Directors reviewed the situation of the Company with regard to corporate governance principles, including the membership and organization of the Board and committees, the renewal of terms and the independence of Directors.

The Board of Directors has approved the Chairman's report on the organization and operation of the Board of Directors and Executive Management, as well as on internal control and risk management procedures.

The Board was informed of the work of the specialist committees as described below (see Section 5.3.2.8).

Furthermore, in order to strengthen its corporate governance, Mercialys has paid particular attention to the agreements between the various Mercialys Group companies, and to the agreements between Mercialys Group companies on the one hand and the companies in the Casino Group, Mercialys' majority shareholder, and/or the companies that control it on the other.

With this in mind and in order to target conflicts of interest, the Board of Directors has established a systematic review procedure for agreements with related parties (by involving the Audit Committee and the Investment Committee) over and above the regulated agreements procedure as stipulated by the French Commercial Code.

For all agreements between Mercialys or any of its wholly owned subsidiaries on the one hand and a related party on the other, where such agreements are above the thresholds defined by the Board with specific exceptions, the Board of Directors has thus implemented a preliminary review procedure to be carried out by the Audit Committee or the Investment Committee, depending on the type of agreement involved, before the agreement is presented to the Board of Directors for information or authorization.

A related party refers to (i) any company controlled by Mercialys, whether solely or jointly and whether directly or indirectly, with the exception of wholly owned subsidiaries; (ii) any company that has a significant influence, whether directly or indirectly, on Mercialys; (iii) any company controlled, whether directly or indirectly, by a company with a significant influence on Mercialys.

Following consultation with the Audit Committee, specific rules of organization and operation for the procedure were drawn up and approved by the Board of Directors at its meeting on February 11, 2015.

5.3.2.7.3 Remuneration – stock options and bonus shares granted

After consulting the Appointments and Remuneration Committee, the Board of Directors has decided on the variable remuneration for 2014 to be paid to Éric Le Gentil and Vincent Rebillard as Chairman and Chief Executive Officer and as Chief Operating Officer respectively, on the basis of the quantitative and qualitative objectives approved by the Board of Directors.

The Board of Directors has also set the objectives for 2015 for the remuneration of Éric Le Gentil and Vincent Rebillard.

It also decided to allocate a deferred and conditional bonus to Éric Le Gentil, as well as an exceptional bonus to Vincent Rebillard, partly in the form of a cash payment and partly in the form of a deferred and conditional bonus.

The Board of Directors has decided to introduce a new long-term incentive for Éric Le Gentil and Vincent Rebillard (see Section 5.1.3.2.1.4 and Section 5.1.3.2.2.4).

No bonus shares were granted in 2015.

5.3.2.8 TECHNICAL COMMITTEES

The Board of Directors is supported in its work by three specialist committees: the Audit Committee, the Appointments and Remuneration Committee and the Investment Committee.

All committee members are Directors. They are appointed by the Board, which also selects 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 rules of procedure.

5.3.2.8.1 Audit Committee

Members

The Audit Committee consists of four members: Marie-Christine Levet, Ingrid Nappi-Choulet and Bernard Bouloc, all independent members, and Jacques Dumas, representing the majority shareholder.

The Committee, chaired by Marie-Christine Levet, has a majority of independent members, in accordance with the Afep-Medef Corporate Governance Code. Thanks to their training and experience, the Committee's members have the necessary skills in terms of finance and accounting.

Duties

The Audit 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 situation of Mercialys or its subsidiaries in terms of commitments and/or risks.

To this end, and in accordance with Article L. 823-19 of the French Commercial Code, under the sole and joint responsibility of the Board of Directors, the Audit Committee is in charge of matters relating to the preparation and control of financial and accounting information. In reviews of the full-year and half-year financial statements, the Audit Committee meets at least two days before the Board meeting convened to approve the financial statements.

It is thus responsible for monitoring the preparation of financial information, the efficiency of internal control and risk management systems, the auditing of annual and consolidated accounts by the Statutory Auditors, and the independent status of the Statutory Auditors.

The Audit Committee may consult any person of its choosing from the support divisions of the Company and its subsidiaries. The Audit Committee may, in the performance of its duties, call on any outside advisor or expert it deems useful.

The Audit Committee's powers and responsibilities 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.

Activities

The Audit Committee met six times in 2015 with an attendance rate of 100%.

On approving the full-year and half-year financial statements, the Audit 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 Statutory Auditors' fees for 2015.

The Committee examined Mercialys' risk management documents and the Chairman's report on internal control and risk management procedures.

It was also provided with the conclusions of the work of the Statutory Auditors concerning procedures for the preparation and processing of accounting and financial information.

The Audit Committee also met with the Statutory Auditors, without the representatives of the Company being present, in order to exchange information with them.

As part of the procedure for reviewing agreements with related parties, the Audit Committee conducted a preliminary review of the New Service Agreement between Mercialys and Casino and the amendment to the Advisory Service Framework Agreement between Mercialys and L'Immobilière Group Casino before these agreements were due to be presented to the Board of Directors (for more information see chapter 7).

The Chairman reported to the Board of Directors on the work of each Audit Committee meeting.

5.3.2.8.2 Appointments and Remuneration Committee

Members

The Appointments and Remuneration Committee consists of five members: Anne-Marie de Chalambert, Élisabeth Cunin-Diéterlé and Bernard Bouloc, all independent members, and Yves Desjacques and Michel Savart, representing the majority shareholder.

The Committee, chaired by Bernard Bouloc, has a majority of independent members, in accordance with the Afep-Medef Corporate Governance Code.

Éric Le Gentil is involved in the work of the Committee within the framework of the selection process for new Board members.

Duties

The principal assignments of the Appointments and Remuneration Committee are to consider candidates for Executive Management positions and directorships, and to prepare decisions on the remuneration of the Executive Management and the allocation of directors' fees or specific remuneration paid to Directors and members of the committees. It also examines proposed stock option and bonus share plans, and the composition of the Board of Directors.

The Appointments and Remuneration Committee has drawn up rules confirming its powers and responsibilities, particularly with regard to implementing and organizing the appraisal of the Board of Directors' operation and reviewing compliance with, and the correct application of the principles of, corporate governance and ethical rules, particularly those derived from the Board's rules of procedure.

Activities

The Committee met four times in 2015 with an attendance rate of 95%.

The Committee conducted its annual review of the organization and operation of the Board of Directors and its specialist committees, as well as the correct application of corporate governance principles and ethical rules in accordance with the Afep-Medef Corporate Governance Code and the Board's rules of procedure. It presented its recommendations to the Board of Directors.

The Committee also reviewed the situation of each Board member in the light of any connections with Group companies that may compromise his or her freedom of judgment or engender a conflict of interest, particularly as regards renewing the terms of office of Board members.

It reviewed the Chairman's report on the organization of the Board of Directors' work, as well as the information concerning corporate governance mentioned in the management report.

It was informed of the means used to determine the fixed and variable remuneration payable to the Chief Executive Officer and Chief Operating Officer in 2014 and the results of the long-term incentive procedures for the Chief Executive Officer and the Chief Operating Officer, as well as of the renewal of the Executive Management's specific annual powers with regard to sureties and guarantees, loans and credit facilities and the issuing of bonds and commercial papers.

Furthermore, the Committee has been informed of the establishment of an exceptional bonus of Euro 300,000 for the Chairman and Chief Executive Officer, and of Euro 150,000 for the Chief Operating Officer, 50% of which was paid in cash in March 2015 and the remaining 50% of which will be paid in March 2017 subject to the condition of continued presence. The Committee has also been informed of the introduction of a new long-term incentive for the Chairman and Chief Executive Officer and the Chief Operating Officer.

It was also informed of the means of allocating directors' fees to members of the Board of Directors and specialist committees as well as to the non-voting Director.

The Chairman reported to the Board of Directors on the work of each meeting of the Appointments and Remuneration Committee.

5.3.2.8.3 Investment Committee

Members

The Investment Committee consists of five members: Anne-Marie de Chalambert and Bruno Servant, both independent members, Michel Savart and Antoine Giscard d'Estaing, representing the majority shareholder, and Éric Le Gentil, Chairman of the Board of Directors.

The Committee is chaired by Anne-Marie de Chalambert.

Duties

The Investment Committee has drawn up rules of organization and operation confirming its powers and responsibilities for determining the strategy and monitoring of the Company's business on the one hand, and the prior authorizations to be given by the Committee to the Executive Management on the other.

The Investment Committee's primary duties are to examine the investment strategy, express its opinion on the annual investment budget and assess any proposed investments or disposals. It is also responsible for examining and giving an opinion on all renegotiations relating to the Partnership Agreement with Casino concerning development projects, with regard to all projects affected by the agreement.

The Committee's opinions shall be adopted by a simple majority. When the Investment Committee considers a transaction involving the Casino Group, the two representatives of the majority shareholder take part in the discussions in an advisory capacity.

Activities

This Committee met four times in 2015 with an attendance rate of 90%.

The committee issued its recommendations regarding the various plans concerning enlargement, acquisitions and asset sales submitted to the Board of Directors. It also issued its recommendations in the course of the partnership arrangements with BNP Paribas Reim France.

The Chairman reported to the Board of Directors on the work of each meeting of the Investment Committee.

5.3.2.9 METHODS OF DETERMINING REMUNERATION AND BENEFITS PAID TO CORPORATE OFFICERS

Remuneration paid to senior executives

The Board of Directors sets the remuneration to be paid to Mercialys executives based on the recommendations of the Appointments and Remuneration Committee.

Senior executives' remuneration includes a fixed portion and a variable portion. The methods of determining this are decided each year by the Board of Directors on the advice of the Appointments and Remuneration Committee and, if appropriate, after studies carried out by outside consultants. The variable portion is based on the achievement of Group and individual quantitative and qualitative objectives, on the basis of criteria in keeping with those used for all members of the Executive Management Committee.

All information relating to the remuneration of senior executives can be found in Section 5.1.3 of this document.

Remuneration paid to other corporate officers

The total amount of directors' fees allocated to the members of the Board of Directors is set by the General Meeting of shareholders. The Board of Directors sets the rules for the division of directors' fees between Directors and Committee members on the basis of the recommendations of the Appointments and Remuneration Committee, in accordance with the recommendations of the Afep-Medef Corporate Governance Code.

The means of remuneration for the other corporate officers are described in Section 5.1.3 of this document.

Mercialys' corporate officers benefit from an insurance policy subscribed by the Company covering public, personal and joint and several liability for all its senior executives and corporate officers, including those belonging to 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 therefore does not constitute a taxable benefit.

5.3.2.10 INFORMATION TO MEMBERS OF THE BOARD OF DIRECTORS

The Chairman and Chief Executive Officer or the Chief Operating Officer is required to provide Directors with all the documents and information they require to perform their duties.

The information needed for the examination of issues to be discussed by the Board of Directors is provided to Board members before the Board meeting.

Each Board member is therefore provided with a brief containing all information and documents relating to the items on the agenda.

Under the Board of Directors' rules of procedure, the Executive Management provides the Board of Directors, at least once per quarter, with a report on the activities of the Company and its main subsidiaries, including revenues and results, investments and disposals, a summary of debt and of 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 quarter and a table showing the number of employees of the Company and its main subsidiaries.

5.3.2.11 APPRAISAL OF THE OPERATION OF THE BOARD OF DIRECTORS

As recommended by the Afep-Medef Code, the rules of procedure provide for an annual discussion and for regular appraisal of the operation of the Board of Directors by the Appointments and Remuneration Committee responsible for organizing implementation thereof and assisted by an outside consultant, if it so wishes.

The most recent appraisal of the organization and operation of the Board of Directors was carried out by the Appointments and Remuneration Committee on November 25, 2014.

This appraisal found the organization and operation of the Board of Directors to be entirely satisfactory and in accordance with regulations, ethics and corporate governance principles.

The next appraisal will be in late 2017.

5.3.3 Attendance of shareholders at the General Meeting

Details concerning the attendance of shareholders at General Meetings are set out in Articles 25, 27, 28, 29, 30 and 31 of the Company's articles of incorporation (see Sections 12.2.5.2. and 12.2.5.3. pages 287 and 288).

5.3.4 Factors that may have an impact in the event of a takeover

Details of the Company's shareholding structure and direct and indirect stakes in the Company's share capital of which it is aware in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code are provided in Sections 4.2 and 12.4.5.

There are no restrictions in the articles of incorporation 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 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 incorporation, are described in Section 12.2.2.

The powers of the Board of Directors are described on pages 102, 117, and 284. As regards share issues and share buybacks, the powers delegated to the Board of Directors are indicated on page 290. 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 on pages 159 *et seq.* (see Section 7.2).

Furthermore, there are no agreements providing for remuneration for Board members (except Éric Le Gentil – see page 84 Section 5.1.3.1.1.6) or employees if they resign or are made redundant without just cause or if their employment ends as a result of a takeover.

The loan agreement includes clauses whereby the debt becomes immediately repayable in the event of a reduction in the Casino Group's stake in the Company to below 20% or in the event of a change of control. Such a change of control shall be deemed to have occurred each time that any person other than Casino, Guichard-Perrachon and its subsidiaries, acting alone or in concert with other third parties, comes to own, or directly or indirectly acquires a number of shares in the capital of Mercialys carrying more than 50% of the voting rights exercisable at a General Meeting of the Company.

Furthermore, the issuance contract for the Euro 650 million bond issue arranged on December 26, 2012, which reaches maturity on March 26, 2019, and the issuance contract for the Euro 550 million bond issue arranged on November 28, 2014, which reaches maturity on March 31, 2023, provide for a put option exercisable by investors in the event of a downgrade in Mercialys' long-term senior debt rating, only if this downgrade is attributable to a change in control of the Company. A change in control 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 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.

5.3.5 Chairman's report on internal control and risk management procedures

Mercialys' internal control and risk management procedures and – for functions that are outsourced to the Casino Group within the context of a service agreement – the internal control and risk management procedures of the Casino Group, are based on the AMF (French financial markets regulator) reference framework. The service agreement particularly concerns administrative, accounting, financial, legal, tax, real estate, IT and human resources management functions.

The due diligence procedures performed in preparing this report consisted of circulating AMF questionnaires and internal questionnaires aiming to identify internal control and risk management procedures within the central departments of the Casino Group and Mercialys' Finance Department. The AMF reference framework and its report of the working group on the Audit Committees were also used during the preparation of the report.

The report and the underlying work involved in preparing the report were presented to Mercialys' Executive Management, the Audit Committee and, in accordance with the law of July 3, 2008 bringing various provisions of French company law into line with EU law, submitted to the Board of Directors of Mercialys for approval.

5.3.5.1 INTRODUCTION

5.3.5.1.1 Scope of risk management and internal control

Mercialys' risk management and internal control procedures as described in this report apply to Mercialys and its subsidiaries controlled within the meaning of the French Commercial Code, in accordance with the AMF reference framework. As specified by the AMF, procedures are adapted to the specific characteristics of each company and the relationships between the parent company and subsidiaries.

5.3.5.1.2 Parties involved in risk management and internal control

The Executive Management, *via* the Management Committee, is responsible for defining and implementing risk management and internal control procedures.

Mercialys' Board of Directors is informed of the main characteristics of the risk management and internal control procedures. It has set up an Audit Committee, the role of which is detailed in the next paragraph.

The Board of Directors' Audit Committee is responsible for checking that Mercialys has structured and suitable resources to identify, detect and prevent risks, anomalies or irregularities in the management of its affairs. Among other duties, it conducts close and regular monitoring of risk management and internal control systems.

It issues observations and recommendations on audit work performed, and carries out or commissions any risk management or internal control analyses and reviews that it deems appropriate.

Specifically, it is responsible for monitoring the preparation of financial information and monitoring the efficiency of the Company's internal control and risk management systems. Details of the Committee's duties are set out in an "Audit Charter."

The Company's Chief Financial Officer's duties include implementing risk management and internal control systems relating to Mercialys' own activities and, within the framework of services provided by various Casino Group entities, overseeing risk management and internal control systems applicable to activities performed by the Casino Group. A deputy Chief Financial Officer is tasked in particular with strengthening, supplementing and ensuring compliance with Mercialys' existing risk management and internal control system.

Lastly, the employees and managers are tasked with making the risk management and internal control procedures by working towards improving them continually.

5.3.5.1.3 Limitations of risk management and internal control

As highlighted by the AMF reference framework, internal control cannot provide an absolute guarantee that the Company's objectives will be met. There are inherent limitations in any internal control system, which may result from many internal and external factors.

5.3.5.2 MERCIALYS' GENERAL PRINCIPLES OF RISK MANAGEMENT

5.3.5.2.1 Definition and objective of risk management

Mercialys' risk management consists of a series of methods, behavioral practices, procedures and actions suited to its characteristics. The aim of this approach is to enable managers, if they cannot make these risks disappear, at least to keep them at an acceptable level for the Company.

Risk management aims in particular to help to:

- create and protect value, assets and the Company's reputation;
- secure decision-making procedures and processes in order to help achieve objectives;
- help ensure that initiatives are in line with the Company's values;
- foster a shared vision among employees of the principal risks.

5.3.5.2.2 Components of risk management

5.3.5.2.2.1 Organizational framework

Mercialys' Executive Management and managerial staff are responsible for identifying risks specific to its activities.

As part of the service agreement of September 8, 2005 between Mercialys and the Casino Group, Mercialys delegates the support functions necessary for its operations (see Section 7.2.4). All delegated functions are subject to systematic control processes carried out by the Casino Group, in particular through its Risk Prevention Committee which, among other duties, takes part in the leadership of efforts to manage risks within the Company. At the same time, Mercialys verifies the quality of the delegated services and updates its risk map on a yearly basis.

5.3.5.2.2.2 Risk management process

Identification of risks

Mercialys is exposed to a variety of risks, including market risks, operational risks, legal risks and risks relating to agreements and relations with the Casino Group. These risks are described in the "Risk analysis and coverage" section of this report.

Risk analysis and management

The Executive Management and managerial staff are responsible for analyzing the level of risk so as to manage it in the best way possible.

The control activities described below aim to reduce risks identified by management that may prevent the Company from achieving its objectives.

Moreover, within the context of the service agreement, Mercialys may, where appropriate, call upon the Casino Group's specialist crisis management unit, which, depending on the circumstances, contains all internal or external expertise necessary to ensure Mercialys' smooth functioning, in coordination with the Executive Management and Mercialys' teams.

Mercialys shall keep the Casino Group's Insurance Department informed of any developments that could affect the assessment of risks. Under the service agreement, the Casino Group's Insurance Department is in charge of subscribing to and managing Mercialys' insurance policies. Such insurance coverage is either incorporated into the Casino Group's centralized programs or subscribed to through dedicated insurance policies. The Casino Group's Insurance Department also handles the management of claims.

5.3.5.2.2.3 Ongoing procedures for managing risk

Procedures for managing risk are regularly monitored and reviewed by Mercialys' Executive Management.

5.3.5.3 MERCIALYS' GENERAL PRINCIPLES OF INTERNAL CONTROL

5.3.5.3.1 Definition of internal control

Internal control within Mercialys is a set of procedures, defined and implemented under the Company's responsibility, that assist it in maintaining control over its business activities, carrying out its transactions effectively, and using its resources efficiently. It is also designed to take appropriate account of significant risks to the Company that could prevent it from achieving its objectives.

5.3.5.3.2 Internal control objectives

More specifically, these procedures are designed to ensure:
- compliance with legal and regulatory requirements;
- the application of instructions and guidelines given by Executive Management;
- the correct implementation of procedures, particularly those contributing to the safeguarding of its assets;
- the reliability of financial information.

5.3.5.3.3 Internal control components

5.3.5.3.3.1 Preliminary stages to internal control

Setting and communicating objectives

Mercialys' strategic and financial objectives are set by Executive Management in a three-year plan that is reviewed in full and updated every year.

This plan is put together under the leadership of Mercialys' Executive Management, which is responsible for checking that the Company's overall structure is in balance, particularly in terms of investments and allocation of financial resources, as well as monitoring implementation of the plan.

Rules of conduct and integrity

The framework of managerial attitudes and behavior is to be rolled out across the entirety of the Company's Management.

It also draws on the Code of Ethics for listed real estate investment companies issued in 2008 by the Fédération des Sociétés Immobilières et Foncières (FSIF).

5.3.5.3.3.2 Organization

Responsibilities and powers

Separation of duties

Each Mercialys department head is responsible for organizing its own structure, functions and activities to ensure that the separation of duties is respected. This organizational structure is set out in an organization chart.

Delegation of powers and responsibilities

The hierarchy of delegation of powers is managed by Mercialys' Finance Department, and the hierarchy of delegation of responsibilities is managed and monitored by the entity's Human Resources Department in conjunction with the Casino Group's Legal Department pursuant to the service agreement.

Human resources management policy

The day-to-day administration of Mercialys' human resources policy is handled by Mercialys' Human Resources Department, which is supported by the Casino Group's Human Resources Shared Services Centers under the aforementioned service agreement. The policy aims to ensure the correct allocation of resources *via* structured recruitment and career management policies to allow the Company to achieve its current and future objectives.

Mercialys is also in charge of training policies primarily in the areas of management, personal development and the Company's business activities.

In order to ensure employee motivation, the remuneration policy for the Group's business entities is dependent on an analysis of wage positioning relative to the market and based on the principles of internal fairness.

The compliance of managerial practices with the standards of management attitudes and managerial behaviors is evaluated each year as part of the annual performance review, and has a partial effect on the variable remuneration paid.

IT systems

Mercialys subcontracts its IT operations to the Casino Group, which focuses on the implementation of integrated management software packages and the use of standards and baselines of the IT profession, with the aims of ensuring that the information systems are suitable for the Company's current and future objectives and of addressing issues such as physical and software security, the preservation of archived information, and operational continuity.

Operating procedures and methods: content and distribution procedures

Mercialys' procedures for internal control of its own activities are set out formally as nine procedures corresponding to Mercialys' primary management processes: the investment process, the integration of acquired assets, the commitment of structural expenses, the budget process, marketing, renewal, records management, first refusal on and sale of business capital, and the management of a "L'Esprit Voisin" project.

Mercialys' activities outsourced to the Casino Group are governed by Casino Group procedures.

5.3.5.3.3 Internal distribution of information

Managers are responsible for disseminating relevant information to employees and to functional or operational management.

Specific procedures relating to Mercialys' activities are available in a shared electronic folder that can be accessed by all Mercialys employees and by Casino Group employees involved in their implementation according to the delegation of functions set out in the service agreement.

The time frames for disseminating information throughout the Company are established such that the parties concerned have the opportunity to take appropriate action.

Furthermore, the rapid dissemination of reliable information depends on IT systems, organized as described in this report, and is intended to help the parties concerned perform their activities in an optimal manner.

5.3.5.3.4 Risk management procedures

The risk management procedures are described in the section of this report entitled "General principles of risk management."

5.3.5.3.5 Control activities

Compliance with legal and regulatory requirements

The control activities described below aim to address the legal risks described in the "Risk analysis and coverage" section of this report.

Organization

Under the aforementioned service agreement, Mercialys relies on the Casino Group's Legal Department to look after its legal affairs.

The Casino Group's Legal Department is tasked with helping to ensure that the Group's activities comply with legal and regulatory requirements.

A specific department within the Casino Group's Finance Department is responsible for tax law.

Knowledge of applicable regulations

Mercialys' legal matters are overseen by lawyers from the Casino Group's Legal Department, who can if necessary obtain assistance from external law firms.

Memorandums concerning legal requirements

The Group's lawyers are responsible for transcribing legal rules and any amendments thereto into consultations, standard procedures and memorandums about the Company's legal and regulatory obligations.

The documents prepared by the lawyers are made available to operating managers to ensure that laws and regulations are adhered to.

Furthermore, the Casino Group's Legal Department develops preventive measures and acts as an advisor in all areas of the law. It implements measures to raise awareness of legal risks among the Group's operational and support staff.

Monitoring compliance with legal requirements

Under the aforementioned service agreement, the Casino Group's Legal Department is tasked with overseeing Mercialys' portfolio of subsidiaries in order to ensure that each subsidiary's operations comply with applicable laws and regulations.

The management of the Company or the parties to which it delegates powers are responsible for compliance.

Finally, if necessary, legal disputes are monitored by the Casino Group's Legal Department, with the support of external experts where required.

Application of Executive Management instructions and guidelines

Dissemination of Executive Management instructions and guidelines

As previously stated, Mercialys' objectives are determined by its Executive Management, who are also responsible for ensuring the objectives are met. These objectives form the basis for action plans that are communicated to the entities involved in implementing the strategy.

Accordingly, the Asset Management function, managed directly by Mercialys, is responsible specifically for analyzing each site's situation, devising the resulting short, medium and long-term strategy and implementing these strategies and investments contributing to the development of the real estate portfolio, in accordance with the objectives set by Executive Management.

Furthermore, the leasing of shopping centers to retailers is the responsibility of Mercialys' Sales Department and implemented by its subsidiary Mercialys Gestion, in accordance with the action plans set out by the Executive Management.

Monitoring of the application of instructions and guidelines

A number of key performance indicators are used to monitor the correct application of instructions and guidelines set by the Executive Management and to measure any discrepancies with its objectives. Reporting frequency is defined depending on the nature of the information.

In addition, Mercialys' Executive Management receives a monthly management report prepared in accordance with IFRS that is reviewed by Mercialys' Management Committee to allow for suitable oversight.

Correct functioning of internal processes, particularly those contributing to the safeguarding of its assets

The risks related to the control activities described below are described in the "Risk analysis and coverage" section of this report.

Real estate management process

Investment and work

An investment procedure sets out the stages prior to making a decision, the information required, the financial benchmarks and the various signatories depending on their area of expertise and the amounts involved.

In this regard, the Company has implemented a financial assessment procedure for each real estate investment project. The return on investment is measured against the degree of risk, the type of project, the premium over market value, a market study by an independent expert and the work to be performed.

Leasing and rental management

Procedures and management rules for each stage in the rental management process (leasing, contractual documents, rent collection and maintenance costs, lease renewals, debt collection, etc.) are contained in a manual.

A specific team is assigned to day-to-day rental management, using software tools that monitor all leases and the billing of rent.

Building maintenance and security

Maintenance of all sites is monitored regularly. Building security is outsourced to specialist firms which are also responsible for supervising site entrances/exits, security cameras and equipment management. These security firms conduct security audits within centers specifically to ensure compliance with the regulations and the optimized use of resources. Finally, they define equipment needs and buy, install and maintain the equipment.

A system has been set up to ensure that a set of security instructions and training guides is available in each building.

Image protection process

Mercialys' corporate communications are prepared by the Executive Management together with the Communications Department.

Process for managing assets and financial flows

Mercialys relies on the Casino Group's Corporate Finance Department in accordance with the service agreement between the two parties. The duties delegated to the Corporate Finance Department include in particular:

- cash management: coordinating cash requirements and surpluses, optimizing cash management and processing financial flows;
- the management of financial risks, in particular interest and counterparty risk.

The Corporate Finance Department also supports Mercialys in setting up market financing (commercial papers, bond issues) and bank financing.

In terms of cash management, the Corporate Finance Department monitors Mercialys' cash position on a daily basis (current and projected cash position) and produces a weekly report for submission to the Executive Management. In addition, processing of financial flows is governed by procedures intended to secure receipts and disbursements (approval of signatures and double signature requirement for external financial flows). Incoming and outgoing financial flows are checked daily by means of reconciliations between bank data and accounting data.

In terms of the management of financial risks, the Casino Group's Corporate Finance Department quantifies and analyzes bank counterparty and interest rate risks specific to Mercialys within the framework of a monthly Group report sent to the Executive Management. This report also includes action plans and monitoring of measures taken where risks have been identified.

5.3.5.3.3.6 Monitoring

Internal control procedures are monitored under the aegis of the Executive Management *via* a number of departments and committees. The Executive Management is regularly informed of any potential failings in the internal control system and of whether such procedures are suitable to the Company's activities, and also monitors the implementation of the necessary corrective measures.

Supervision by managerial staff

Managers play a day-to-day role in the ongoing supervision of the effective implementation of the internal control system. They are responsible for implementing corrective action plans or reporting any major failings to the Executive Management, where necessary.

The Company's Chief Financial Officer is responsible for monitoring Mercialys' existing internal control procedures as well as the internal control procedures applicable to the activities carried out by the Casino Group.

Monitoring by External Auditors

In the course of carrying out their duties, the Statutory Auditors are also required to familiarize themselves with the organization and operation of the internal control procedures, to present their observations on the description of the internal control and risk management procedures concerning the preparation and processing of accounting and financial reporting where appropriate, and to provide certification of the other disclosures required by Article L. 225-37 of the French Commercial Code. This Chairman's report on internal control and risk management procedures has been reviewed by the External Auditors with that objective in mind.

Moreover, the External Auditors may exchange information with the Casino Group's Audit and Internal Control Department.

Active oversight of internal control best practice

Finally, under the service agreement, Mercialys benefits from the expertise of the Casino Group's Audit and Internal Control Department, which actively oversees internal control best practice developed within Casino Group entities or shared in the industry. Mercialys decides on the structure of these practices and regulatory changes as part of its risk management.

5.3.5.4 INTERNAL CONTROL RELATING TO PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

Internal control relating to accounting and financial information is designed to ensure:
- the compliance of published accounting and financial information with applicable rules;
- the application of Executive Management instructions and guidelines related to this information;
- the reliability of information distributed and used internally for oversight or control purposes, inasmuch as it forms part of the published accounting and financial information;
- the reliability of the published financial statements and other information provided to the market;
- the preservation of assets;
- the prevention and detection of fraud or any accounting and financial irregularities, to the extent possible.

The scope of accounting and financial internal control described below comprises the parent company Mercialys and companies included in its consolidated financial statements.

Under the aforementioned service agreement, Mercialys relies on the Casino Group's Finance Department for the production of its accounting and financial information.

5.3.5.4.1 Process for the oversight of accounting and financial organization

5.3.5.4.1.1 General organization

Under the service agreement with the Casino Group and under the control of Mercialys' Executive Management, staff on the Shared Accounting Services team and Management Control team of Casino's Real Estate Department prepare the company and consolidated financial and accounting information published by Mercialys.

In order to give Mercialys' Board of Directors an opinion on the proposed financial statements, Mercialys' Audit Committee examines the full-year and half-year financial statements and is informed of the conclusions of the Statutory Auditors regarding their work.

5.3.5.4.1.2 Application and control of accounting and tax rules

The system in place aims to ensure that the standards applied correspond to regulations in force and that they can be accessed by all persons involved in the process of preparing accounting and financial information.

The regulatory environment is monitored by the Casino Group's Accounting Department as part of the service agreement with Casino so that the Company is in a position to understand and anticipate the changes in accounting doctrine that might impact its accounting standards.

In terms of taxation, analysis of the Company's tax position is performed at the balance sheet date. Major transactions are analyzed from a tax standpoint by the Group's Tax Department and external service providers, if applicable. Finally, monitoring of new developments in legislation, case law and regulations result in the dissemination of internal memos on current tax issues.

5.3.5.4.2 Process for the preparation of published accounting and financial information

5.3.5.4.2.1 Identification of risks affecting the preparation of published accounting and financial information

Mercialys' management is responsible for identifying risks affecting the preparation of published accounting and financial information, by overseeing outsourced activities if appropriate. Management applies the principle of separation of duties in the corresponding processes and applies control procedures commensurate with the level of risk.

5.3.5.4.2.2 Control activities aiming to ensure the reliability of published accounting and financial information

Processes for the preparation and consolidation of accounting and financial information

The processes for producing accounting information and financial statements are organized in such as a way as to ensure the quality of published accounting and financial information. In addition, in order to produce information within short lead times, early closing procedures are used so as to preserve the reliability of information.

Consolidation adjustments are made by the Casino group teams tasked with preparing and dealing with Mercialys' accounting and financial information. The Casino Group Accounting Department, tasked with overseeing the accounts, has also set up training programs to support entities in using the reporting system and the Financial Reporting Guide, so as to ensure the quality of information collected and the reliability of accounting and financial information.

The system ensures data consistency through automatic controls, for both company data and consolidated data, under the control of the teams responsible for preparing Mercialys' accounting and financial information.

In accordance with legal requirements, Mercialys has two Statutory Auditors, appointed in 2010. They are responsible for ensuring 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 in the past accounting period and of the Company's financial position, assets and liabilities at year-end.

The Finance Department provides the link with external auditors. The terms and conditions of appointing the Group's Statutory Auditors are based on a process initiated and monitored by the Audit Committee, in accordance with the recommendations of the Afep-Medef Corporate Governance Code for listed companies, and with new EU regulations (EU Regulation 537/2014 and Directive 2014/56) effective as of June 2016, which are still to be transposed into French law by this date.

Management of external financial information

Information is collected and circulated according to a carefully defined process in order to guarantee the quality and reliability of the data. To do this, the Finance Department relies directly on the relevant department for each type of information: accounting, management control, expansion, finance, delegated project management, human resources, IT, legal and corporate. In addition, this information is also consistency tested and cross-checked.

The Company's financial disclosures comply with the procedures laid down by the AMF (Autorité des Marchés Financiers) and with the principle of equal treatment of shareholders. The aim is to provide the financial community with a clear view of the Company's strategy, business model and performance by disseminating accurate, reliable and truthful information to the public.

Financial information is disclosed to the parties concerned in various ways:

- registration document;
- press releases on the Company's results;
- financial information meetings and conference calls (presentation of full-year and half-year results);
- quarterly press releases on revenue and business activity;
- half-year Financial report;
- General Meeting;
- contact with financial analysts, investors and the press, both financial and mainstream.

5.3.5.5 CONCLUSION

Mercialys' risk management and management control procedures are subject to ongoing improvement with the aim of implementing best practices in internal control within the Company.

5.3.6 Appendix: Board of Directors' rules of procedure

The Board of Directors has decided to compile, specify and, where necessary, supplement the provisions of the laws, regulations and Company 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 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.

5.3.6.1 ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

Article 1 – Appointment of Directors

Directors shall be 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 shall first be examined by the Appointments and Remuneration 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 strategy of the Company and its subsidiaries, and hence for the contribution they can make to the Board of Directors' work.

In the event of a vacancy in one or more Directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments shall be subject to ratification at the next General Meeting. Directors appointed to replace another Director shall remain in office only for the remainder of their predecessor's term.

No one may be appointed as Board member 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.

The Board of Directors shall ensure that it includes independent members in accordance with the conditions and criteria proposed in particular by the "Bouton Report" (September 2002).

Article 2 – Meetings of the Board of Directors

1. The Board of Directors shall meet as often as the interest of the Company requires 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 Directors 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.
   Meetings shall be held at the place specified in the notice convening the meeting.
2. A Director may empower another Director to represent him or her in a meeting of the Board of Directors. Power of attorney may be given by any means that unambiguously provides evidence of the principal's intention. Each member may only represent one other member. However, a Director attending a Board meeting by videoconference or other telecommunication means under the conditions set out below may not represent another Director.
   The provisions of the preceding paragraph also apply to the standing representatives of legal entities.
   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.
   In accordance with the laws and regulations, the Chairman of the Board of Directors may from time to time authorize Directors who make a substantiated request to attend meetings by videoconference or telecommunication means, under the conditions set out in the prevailing regulations.
   The videoconference or telecommunication equipment must at least transmit the participant's voice and comply with technical requirements that guarantee identification of the Directors concerned and their effective attendance at the Board meeting, the content of which must be relayed continuously and without any time lag. The system must also ensure that the discussions are kept confidential.
   Videoconferencing enables those attending the Board meeting 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 is 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 telecommunication during a meeting such that the confidentiality of discussions can no longer be ensured, the Chairman may decide to stop attendance by the Board member concerned.

When a videoconference or telecommunication system is used, the Chairman of the Board of Directors must ensure beforehand that all members invited to attend the 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 shall state the name of person(s) attending the meeting by videoconference or telecommunication and note any interruptions or technical incidents that took place during the meeting.

Directors who attend Board meetings by videoconference or telecommunication shall be deemed present when calculating the quorum and majority, except for decisions concerning the approval of the full-year and half-year Company and Consolidated Financial Statements and the reports relating to them.

Moreover, the Chairman may authorize a Director to attend meetings by means of any other telecommunication system, but this attendance shall not be 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.

3. Board members present at the meeting shall sign an attendance register.

   The attendance of persons attending the meeting by videoconference or telecommunication shall be certified on the attendance register by the signature of the Chairman of the meeting.

Article 3 – Minutes

The content of Board of Directors' meetings shall be recorded in minutes signed by the Chairman of the meeting and at least one Director. The minutes shall be approved at the next meeting; to this end, a draft shall be sent to each Director beforehand.

The minutes shall mention any videoconference or telecommunication means used and the name of each Director who attended a Board meeting by such means. The minutes shall 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, the Chief Operating 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, in the form of directors' fees, total annual remuneration determined by shareholders at their Annual General Meeting.
2. The amount of directors' fees thus allocated by shareholders at their Annual General Meeting, pursuant to Article 22-I of the articles of incorporation, shall be shared out by the Board of Directors, on a proposal or on advice from the Appointments and Remuneration 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 directors' fees in recognition of their particular experience or specific assignments entrusted to them.

   Where required, the Board of Directors shall set the remuneration of the Chairman and Vice-Chairman or Vice-Chairmen of the Board of Directors.

   The Board of Directors may also grant exceptional remuneration for special assignments or duties entrusted to its members.
3. Each Director, whether an individual, legal entity or permanent representative, undertakes to hold a number of shares in the Company that corresponds to at least the equivalent of one year's directors' fees – said shares possibly being acquired by means of said directors' fees. However, this provision does not apply to Directors appointed under the terms of Act 99-586 of July 12, 1999, who need only hold the minimum number of shares set out in the articles of incorporation.

   Shares acquired in order to fulfill this obligation must be held in registered form.

5.3.6.2 REMIT AND POWERS OF THE BOARD OF DIRECTORS

Article 5 – Assignments and powers of the Board of Directors

In accordance with the provisions of Article L. 225-35 of the French Commercial Code:

"The Board of Directors shall determine Company business policies and ensure that they are implemented. With the exception of the powers expressly granted to General Meetings of the shareholders and within the scope of the Company's corporate purpose, the Board of Directors acts on all issues affecting the smooth operation of the Company and deliberates on these matters."

The Board of Directors also determines how the Executive Management shall be organized, *i.e.* whether it shall be assumed 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 shall exercise the powers provided for by law and the articles of incorporation. To this end, it shall have a right of information and disclosure, and may be assisted by specialist technical committees.

A – Powers specific to the Board of Directors

The Board of Directors examines and approves the full-year and half-year Company and Consolidated Financial Statements and presents reports on the business and results of the Company and its subsidiaries. It draws up the business plan and financial projections.

It shall call Annual General Meetings and may issue securities if such powers are delegated to it.

B – Prior authorizations granted by the Board of Directors

In addition to the prior authorizations expressly provided for by law concerning 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 a matter of internal procedure, to require its prior authorization for certain management transactions carried out by the Company on account of their nature or when they exceed a certain amount, as set out in Article 8 below.

Therefore, the Board of Directors must authorize all operations likely to affect the strategy of the Company and the companies it controls, their financial structure or their scope of activity and, in particular, the entering into or termination of all agreements likely to have a material effect on the future of the Company and its subsidiaries.

Article 6 – Information and disclosure to the Board of Directors

Throughout the year, the Board of Directors shall carry 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 shall be disclosed to the members of the Board, as appropriate, before Board meetings and insofar as confidentiality requirements do not preclude such disclosure.

The Chief Executive Officer shall provide the following information to the Board of Directors at least once per quarter:

- a report on the activities of the Company and its main subsidiaries, including revenues and results;
- a report on investments and disposals;
- a summary of debt and of 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 that were signed during the previous quarter;
- a table showing the number of employees of the Company and its main subsidiaries.

The Board of Directors shall examine the Group's off-balance sheet commitments once every six months.

Article 7 – The Chairman of the Board of Directors

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 shall give an account, in a report attached to the annual management report, of the composition of the Board, on how the Board's work is prepared and organized and on the internal control and risk management procedures set up by the Company, including a detailed description of those procedures relating to the accounting and financial information used to prepare the Company and Consolidated Financial Statements. The report shall also state any restrictions that the Board of Directors has placed on the powers of the Executive Management.

Insofar as the Company uses the Afep-Medef Corporate Governance Code, which was prepared by organizations representing businesses in France, the report should also specify any provisions of this Code that have not been applied and the reasons for this. It also states where this Code may be consulted.

The report also sets out the procedures for shareholders to attend the Annual General Meeting or refers to the provisions of the articles of incorporation setting out these procedures.

The report also presents the principles and rules set down by the Board of Directors to determine remuneration and benefits all of kinds paid to corporate officers and mentions the publication in the management report of the information specified in Article L. 225-100-3 of the French Commercial Code. The report is approved by the Board of Directors and published.

The Chairman is appointed for a term that may not exceed his term of office as Director. On reaching the age limit of 75, the Chairman shall remain in office until his term expires.

If the Chairman is temporarily indisposed or dies, the Board of Directors may delegate the duties of Chairman to a Director. If he 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.

Article 8 – Executive Management

Pursuant to Article L. 225-56 of the French Commercial Code, the Chief Executive Officer is vested with the broadest powers to act on the Company's behalf in all circumstances. Nevertheless, these powers must be exercised within the scope of the Company's purpose and the powers expressly conferred by law to shareholders' meetings and the Board of Directors. The CEO represents the Company in its dealings with third parties.

However, the Board of Directors has decided, as a matter of internal procedure, to require its prior authorization for the following operations:

- any operation 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 or its subsidiaries;
- any operation or commitment exceeding Euro ten million (10,000,000), 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 action 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. The same applies to development projects covered by the Partnership Agreement with Casino, regardless of the amount concerned, which must be submitted to the Board of Directors for prior authorization in accordance with the terms of the said agreement.

The Chief Executive Officer may be authorized for a renewable period of one year to give sureties or guarantees on the Company's behalf to third parties, subject to the dual limit of an annual aggregate amount and an amount per commitment.

In addition, the Chief Executive Officer may be authorized for a renewable period of one year to carry out the following operations subject to the overall limits set each year by the Board of Directors:

Sureties and guarantees

The Chief Executive Officer is authorized for a period of one year to give guarantees on the Company's behalf to its subsidiaries in proportion to the stake held, subject to the limit of an annual aggregate amount of Euro 100 million and an amount per commitment of Euro 10 million.

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.

Commercial papers

The Chief Executive Officer is authorized for a period of one year to negotiate and implement a commercial papers program of a maximum of Euro 500 million and to negotiate and issue commercial papers up to a maximum of Euro 500 million.

Bonds

The Chief Executive Officer is authorized to issue bonds of a total of Euro 100 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 may delegate some or all of the powers granted to him, apart from in the case of bond issues. He shall regularly inform the Board of Directors of the use of such authorizations.

All these authorizations shall apply to transactions involving both the Company itself and the companies that it directly or indirectly controls.

The Chief Executive Officer's term of office shall be freely determined by the Board of Directors, but may not exceed three years. On reaching the age limit of 75, the Chairman shall remain in office until his term expires.

If the Chief Executive Officer is temporarily indisposed, the Board of Directors shall appoint an acting Chief Executive Officer whose duties shall end on the date on which the Chief Executive Officer is once again in a position to perform his duties.

On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, having the title of Chief Operating Officer.

The maximum number of Chief Operating Officers is five.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and term of the powers granted to the Chief Operating Officer(s), who shall have the same powers as the Chief Executive Officer with respect to third parties.

If the Chairman performs the duties of Chief Executive Officer, the Chief Executive Officer or each of the Chief Operating Officers shall be authorized to grant sub-delegations or substitute powers of attorney for one or more transactions or categories of transaction.

5.3.6.3 COMMITTEES

Article 9 – Provisions common to all technical committees

Pursuant to Article 19-III of the articles of incorporation, the Board of Directors may establish one or more specialist committees, the composition and remit of which it shall determine, and which shall 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 incorporation. Each committee shall report to the Board of Directors on its assignments.

Committees shall have at least three members, drawn from Directors who are individuals or permanent representatives or non-voting members appointed by the Board of Directors. Members are appointed personally and may not be represented by someone else.

The Board of Directors shall determine the committee members' term of office, which may be renewed.

The Board of Directors shall appoint 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 shall decide how often it meets.

Each committee may decide as necessary to invite any person of its choosing to meetings.

The minutes of each committee meeting shall be drawn up, except where otherwise provided, under the authority of the committee Chairman and sent to the committee members. Committee Chairmen shall report to the Board of Directors on their committee's work.

A report on each committee's activity shall be given in the Company's Annual report.

Within the scope of its remit, each committee shall 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 shall receive additional fees awarded by the Board of Directors on a recommendation from the Appointments and Remuneration Committee.

At its meeting of August 22, 2005, the Board of Directors instituted the Audit Committee, the Appointments and Remuneration Committee and the Investment Committee.

Each committee draws up a set of rules, subject to the Board of Directors' prior approval, describing its organization, operation, remit and attributes.

Article 10 – Audit Committee

Members – Organization

The Audit Committee shall have at least three members, appointed by the Board of Directors from those of its members who have financial and management experience.

The committee shall meet at least three times a year, meetings being called by the Chairman, who may organize any additional meetings as circumstances require.

The Audit Committee may consult any person of its choosing from the support divisions of the Company and its subsidiaries, including outside the presence of the Executive Management. The Audit Committee may, in the performance of its assignment, call on any outside advisor or expert it deems useful.

The Audit Committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

The Audit Committee draws up a set of rules, subject to the Board of Directors' prior approval, describing its organization, operation, remit and attributes.

Duties and responsibilities of the Audit Committee

In accordance with the provisions of Article L. 823-19 of the French Commercial Code, under the exclusive and collective responsibility of the Board of Directors, the Audit Committee is tasked with matters relating to the preparation and control of financial and accounting information.

Examination of accounts and financial statements

The Audit Committee's principal assignments 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.

In the context of monitoring the process used to prepare the accounting and financial information, the Audit Committee shall review the full-year and half-year financial statements of the Group and the related reports before they are approved by the Board of Directors.

It shall review the terms for the approval of the financial statements and the nature, scope and results of the work carried out by the Statutory Auditors on that occasion within the Company and its subsidiaries.

As such, the Audit Committee shall consult with the Statutory Auditors, including without the representatives of the Company being present, and have access to their analyses and findings.

Statutory Auditors

The Audit Committee shall consider and issue an opinion on all candidates for the position of Statutory Auditor of the Company and its subsidiaries.

The Audit Committee shall ensure the independence of the Statutory Auditors, with whom it shall maintain regular contact. As such, it shall examine all their dealings with the Company and its subsidiaries and issue an opinion on the fees they request.

Monitoring the effectiveness of internal control and risk management systems

The Audit Committee shall 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. The Audit Committee thus acts as the liaison body between the Board of Directors, the Statutory Auditors of the Company and its subsidiaries and the Internal Audit Departments.

The Audit Committee is also responsible for examining any transaction, fact or event that may have a significant impact on the situation of Mercialys or its subsidiaries in terms of commitments and/or risks. It shall 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.

In the framework of the rules relating to agreements between related parties, significant transactions concluded between

Mercialys or its fully-owned subsidiaries on the one hand and related parties on the other may be brought before the Audit Committee, since these agreements or transactions reach the significance threshold defined by the rules. The Audit Committee is responsible for assessing the balance of the transaction and the appropriateness of the procedure followed to approve the terms, based on the files provided by the Executive Management for each agreement and/or transaction concerned. The Audit Committee shall formulate an opinion which is sent to the Executive Management and made available to the Board of Directors.

Article 11 – Appointments and Remuneration Committee

Members – Organization

The Appointments and Remuneration Committee shall have at least three members.

The committee shall meet at least twice a year, meetings being called by its Chairman, who may organize any additional meetings as circumstances require.

The Appointments and Remuneration Committee shall have at its disposal, in liaison with the Chief Executive Officer, the services of the Group's Human Resources Department and the Administrative and Financial Department.

In the performance of its assignment, it may call on any outside advisor or expert it deems useful.

The Appointments and Remuneration Committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

Duties and responsibilities of the Appointments and Remuneration Committee

Duties relating to remuneration

The assignments of the Committee are:

- to prepare decisions on the remuneration of the Chief Executive Officer and any Chief Operating Officer(s) and to propose, as required, qualitative and quantitative criteria for determining the variable portion of such remuneration;
- to assess all the other benefits and compensation awarded to the Chief Executive Officer and any Chief Operating Officer(s);
- to consider proposed stock option and bonus share plans for employees and senior managers so that the Board of Directors can set the aggregate and/or individual number of options or shares awarded and the terms and conditions for awarding them.

Duties relating to governance

The assignments of the Committee are:

- to examine the composition of the Board of Directors;
- to examine candidacies for directorships, having regard to the candidates' business experience and skills and the extent to which they are representative in economic, social and cultural terms;
- to consider candidacies for the position of Chief Executive Officer and, where applicable, of Chief Operating Officer;
- to obtain disclosure of all useful information relating to the methods of recruitment, remuneration and status of the senior executives of the Company and its subsidiaries;
- to make any proposals and issue any opinion on the directors' fees or other remuneration and benefits granted to Directors and non-voting members;
- to assess the position of each Director in the light of any relationship they might have with the Company or with the Group's companies that might compromise their freedom of judgement or lead to potential conflicts of interest with the Company; The Committee may examine any proven or potential conflict of interest of an administrator and decide what action to take;
- to carry out regular appraisals of the Board of Directors and to ensure that the implementation of the governance rules is respected within the Board with regard to the AFEP/MEDEF code and the application guide for the High Committee on Corporate Governance.

Article 12 – Investment Committee

Members – Organization

The Investment Committee shall have five members, including two independent members, two members representing the majority shareholder and the Chairman of the Board of Directors.

The committee shall meet at least twice a year, meetings being called by the Chairman, who may organize any additional meetings as circumstances require.

The committee's opinions shall be adopted by a simple majority. When the Investment Committee considers a transaction involving the Casino Group, the two representatives of the majority shareholder take part in the discussions in an advisory capacity.

To this end, the Investment Committee shall have at its disposal, in liaison with the Chief Executive Officer, the services of the support and operational divisions of the Company and of the relevant subsidiaries.

In the performance of its assignment, it may also call on any outside advisor or expert it deems useful.

The committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

Duties and responsibilities of the Investment Committee

The assignments of the Investment Committee are:

- to examine the investment strategy and ensure that 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 by the Board of Directors, as set out in Article 8;

- to examine and give an opinion on (i) all renegotiations (annual or other) relating to the Partnership Agreement with the Casino Group concerning development projects, (ii) all projects covered by the said agreement which must be submitted to the Board of Directors for prior authorization in accordance with the terms of the said agreement, and (iii) all decisions required for the Board of Directors in respect of the said agreement;
- to carry out all appropriate studies or assignments.

In the framework of the rules relating to agreements between related parties, significant transactions concluded between Mercialys or its fully-owned subsidiaries on the one hand and related parties on the other may be brought before the Investment Committee, since these agreements or transactions reach the significance threshold defined by the rules. The Investment Committee is responsible for assessing the balance of the transaction and the appropriateness of the procedure followed to approve the terms, based on the files provided by the Executive Management for each agreement and/or transaction concerned. The Investment Committee shall formulate an opinion which is sent to the Executive Management and made available to the Board of Directors.

5.3.6.4 NON-VOTING DIRECTORS

Article 13 – Non-voting Directors

The Annual General Meeting may appoint non-voting Directors to the Board of Directors, who may be individuals or legal entities chosen from among the shareholders. The Board of Directors may appoint a non-voting Director subject to ratification at the next Annual General Meeting.

There may not be more than five non-voting Directors. Their term of office is three years. They may be reappointed without limitation.

A non-voting Director shall be deemed to have resigned automatically at the end of the Annual General Meeting that votes on the accounts for the year in which the non-voting Director reaches the age of 80.

Non-voting Directors attend Board meetings and provide comments and advice and take part in the discussions in an advisory capacity.

They may receive remuneration for their services, the aggregate amount of which is set by shareholders at their Annual General Meeting and maintained until a new decision is taken in another General Meeting. The Board of Directors shall divide such remuneration between non-voting Directors as it deems appropriate.

5.3.6.5 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 shall 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, judgement, 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 and any requirements specific to the Company arising from the articles of incorporation and these rules of procedure.

Article 16 – Defense of the corporate interest – Absence of conflicts of interest

All Directors must act in the Company's corporate interest under all circumstances.

All Directors undertake to verify that the Company's decisions do not favor one category of shareholders over another.

All Directors shall inform the Board of any conflict of interest, real or potential, in which they may be directly or indirectly involved. They must refrain from taking part in discussions and decisions on these subjects.

Article 17 – Control and appraisal of the operation of the Board of Directors

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 technical committees created by the Board of Directors operate smoothly.

Once a year, the Board of Directors shall organize a discussion on how it operates. The Board of Directors shall also conduct a regular appraisal of its own operation, entrusted by the Chairman of the Board of Directors to the Appointments and Remuneration Committee.

The non-executive Directors meet at least once a year, without the executive or internal Directors being present, to discuss any subject.

Article 18 – Presence of Directors

All Directors must devote the requisite time and attention to their duties. They shall be assiduous and attend all Board of Directors' meetings, General Meetings of shareholders and meetings of committees of which they are members.

Article 19 – Transactions involving Company securities

Pursuant to Article L. 621-18-2 of the French Monetary and Financial Code and Articles 223-22 *et seq.* of the AMF General Regulations, the members of the Board of Directors, the Chief Executive Officer and the Chief Operating Officer(s) must declare to the Autorité des Marchés Financiers and to the Company any transactions they perform involving Company securities (acquisitions, disposals, subscriptions to or exchanges of securities, including futures and purchases or subscriptions by exercising stock options even if not followed by a sale of shares), where such transactions exceed an aggregate amount of Euro 5,000 per year.

The same applies to persons who have "close personal ties" with members of the Board of Directors, defined as the following: the spouse or person of similar status, dependent children and all legal entities, trusts or partnerships in respect of which members of the Board of Directors or persons with whom they have close personal ties directly or indirectly exercise managerial responsibility and/or control.

Members of the Board of Directors or persons with whom they have close personal ties must transmit their declaration to the AMF by electronic means within five trading days following completion of the transaction. The declaration is published under the declarant's sole responsibility.

All shares in the Company held by a Director must be in registered form. Moreover, all Directors shall inform the Company of the number of shares in the Company they hold at December 31 of each year and at the time of any financial transaction.

Article 20 – Confidentiality

The Directors and all other persons who attend Board of Directors' meetings are subject to a general confidentiality obligation as regards the discussions and decisions of the Board and its committees.

Information of a non-public nature passed on to a member of the Board of Directors in the context of their duties is intended for them only. They must personally ensure that the information is kept confidential and may not disclose it under any circumstances. The same obligation also applies to the representatives of legal entities who are Directors and to non-voting members of the Board.

Article 21 – Privileged information

Information provided to members of the Board of Directors is governed by the provisions of Article L. 465-1 of the Monetary and Financial Code, Articles 621-1 to 632-11 of the AMF General Regulations and EU Regulation 2773/2003 relating to offences and insider trading.

In particular, if the Board of Directors has received specific confidential information that is likely, at the time of its publication, to have a material effect on the price of the securities of the Company, of a subsidiary or of an associate, the Directors must refrain from disclosing such information to a third party for as long as the information has not been made public.

In this context, all Directors must refrain from carrying out any transaction involving Company securities during the 15 days preceding publication of the Company's full-year and half-year financial statements.

In accordance with the new laws and regulations relating to obligations not to use privileged information, all the Directors, in view of the privileged information which may regularly come to their attention, have been included on the list of the Company's permanent insiders.

The Directors have been informed of their inclusion on the list and reminded of their obligations with regard to privileged information and the penalties for breaching these rules.

5.3.6.6 ADOPTION OF THE RULES OF PROCEDURE

These rules of procedure were approved by the Board of Directors at its meeting on August 22, 2005 and amended at its meetings on November 30, 2006, December 21, 2007, December 19, 2008, June 9, 2011, April 13, 2012, June 22, 2012, October 4, 2012, March 12, 2013, June 21, 2013 and March 23, 2015.

They may be amended at any time by a decision of the Board of Directors.

5.4 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ("*CODE DE COMMERCE*"), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF MERCIALYS S.A.

Financial year ended December 31, 2015

Ladies and gentlemen and shareholders,

In our capacity as Statutory Auditors of Mercialys and in accordance with Article L. 225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code ("*Code de commerce*"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, as well as existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors' report in accordance with Article L. 225-37 of the French Commercial Code ("*Code de commerce*").

OTHER DISCLOSURES

We hereby attest that the report prepared by the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French Commercial Code ("*Code de commerce*").

Paris - La Défense and Lyon, March 21, 2016

The Statutory Auditors

KPMG Audit	
Department of KPMG S.A.	Ernst & Young et Autres
Régis Chemouny Partner	Sylvain Lauria Partner

3 NEW CENTERS
RECEIVED BREEAM IN-USE CERTIFICATION (OUTSTANDING RATING) FOR THE SECOND ASSESSMENT CATEGORY

MERCIALYS PLACED IN THE 10th HIGHEST OUT OF THE SBF 120 LIST OF COMPANIES IN TERMS OF GENDER EQUALITY AMONG ITS MANAGERIAL STAFF

LAUNCH OF A SKILLS SPONSORSHIP PROGRAM

La Galerie Val Semnoz à Annecy

06

SUSTAINABLE DEVELOPMENT

6.1 MERCIALYS' CSR STRATEGY

6.1.1 An ambitious vision: restoring shopping centers to their rightful place in the urban areas

In 2015, Mercialys formalized a CSR strategy after already realizing concrete achievements in 2014, including the internalization of CSR functions within its workforce. Beyond mere compliance, which is the attitude often adopted towards CSR, Mercialys has an ambitious vision: to become a willing participant in the social and ecological transition of the area where it is present.

The conviction behind this strategy was that shopping centers can and should become both a place for social interaction as well as a site for commercial activities. Starting from the observation that a shopping center acts as an engine for growth in the area where it is present regardless of the approach taken, **Mercialys aims to take on this role and restore shopping centers to their rightful place.**

A twofold approach involving responsibility and innovation determined the strategic options:

- **Responsibility is the cornerstone of the strategy** and this solidifies all the historical strengths of Mercialys and the level of compliance that all of the stakeholders expect from the property company.
- **Innovation helps sustain the relationship with other involved parties,** such as merchants, consumers and pertinent authorities to facilitate changes in use, to promote new spaces for consumption, to act with greater responsibility and to support their work to transform society.

6.1.2 A CSR strategy at the heart of the corporate business plan

CSR is an integral part of Mercialys' management and development strategy. It is reflected in the daily implementation of responsible and ethical management in our shopping centers. The CSR strategy developed in 2015 revolves around the corporate business plan and can be broken down into four fundamental values.

REMAINING LOCAL

Local positioning has always been one of the special features of Mercialys in the world of commercial property companies. Its real estate assets, based on shopping centers on a human scale which remain geographically close to their catchment area, with a strong local presence and accessible locations, are considerable assets in terms of CSR. The notion of "remaining local" is the cornerstone of the vision that Mercialys wishes to convey through its CSR strategy: shopping centers as key players within their territory.

AGILITY

Each center is conceived in a specific way and its positioning is adjusted precisely to provide offers that are truly useful and adapted to local conditions. This scalable and flexible design also allows Mercialys to adapt the guidelines of its CSR strategy to specific features, the priorities of the different territories and the priorities of its client.

INNOVATION

Mercialys is firmly committed to an innovative vision of local commercial sites and specifically seeks to facilitate constant adaptation to changing client consumption patterns. This vision has allowed Mercialys to develop a "service-oriented" and flexible attitude which is embodied in the development of casual leasing offers, the "Villages.Services" retail concept and various daily services.

Regarding CSR, this capacity for innovation is a key advantage that allows us to adapt to regulatory developments but also, and especially, to identify new ways of operating, particularly in terms of responsible and collaborative consumption.

COMMITMENT

Mercialys is involved with retailers, merchants and consumers to support them at every stage of their store's life cycle. It is this strong relationship based on partnerships combined with a longstanding commitment to sustainable development that will underpin the definition and implementation of a comprehensive CSR strategy, capable of covering all issues and identifying overall solutions for the social invigoration of territories where it is present.

6.1.3 A CSR strategy with two priorities involving 15 projects

Covering the period from 2016 to 2020 and established with input from the Mercialys teams, our CSR strategy defines quantitative and qualitative targets to be met and proposes an operational action plan to be rolled out across all of our real estate assets while also taking into account the special features of the various shopping centers in the territory. **The strategy is implemented across 15 projects with two major priorities.**

2 PRIORITIES

PRIORITY 1: A responsible company

This first priority is the cornerstone of our CSR strategy. It incorporates all of the areas of responsibility expected from real estate companies. These important issues, to which Mercialys has long been committed, need to be systematized and mastered as much as possible by strengthening existing dynamics and innovating over and above market practices.

PRIORITY 2: Active sites in urban areas

This second facet addresses more social and prospective projects that Mercialys should develop if it wishes to play an active role in the territory where it is established. Based on an ambitious vision of the role of shopping centers in urban areas, this priority allows Mercialys to experiment, to adapt to the special features of the territory and to build future competitive aspects.

15 PROJECTS

Priority 1

Certification of centers

Mercialys, being involved since 2014 in a **BREEAM In-Use certification** program, intends to widen and accelerate this trend, with the goal of having 100% of its real estate assets certified in 2017. The CSR strategy also includes maintaining the exemplary level of the sites rated Outstanding and advancing other sites by at least one rating level by 2020, resulting in an improvement in the environmental quality of all its real estate assets as well as optimal asset management.

Energy

Mercialys will continue its work in the area of energy efficiency (lighting, insulation, HVAC, etc.). Particular attention will first be paid to strengthening energy monitoring tools (Centralized Technical Management, a reporting tool) and increasing management team and tenant awareness. New courses of action will also be analyzed to further develop production of renewable energy in the centers.

Climate change

Efforts directed towards energy management and the replacement of refrigerants will help reduce Mercialys' carbon footprint. However, well aware that the bulk of greenhouse gas emissions related to its business comes from people visiting its shopping centers, the Company intends to take this aspect far more into consideration in its scope of action. From 2016 onwards, when calculating its global footprint, Mercialys will therefore integrate Scope 3 of the Carbon Assessment *(Bilan Carbone®)* related to visitors traveling to its centers. New points of action will be implemented, particularly with local authorities, to change the modes of transport used by visitors to ensure cleaner solutions by 2020.

Water

Mercialys is planning to roll out and expand water conservation efforts (water-saving devices, rainwater harvesting, smart meters, etc.) to as many centers as possible and strengthen actions to improve the quality of the water it discharges.

Waste

At Mercialys shopping centers, waste sorting solutions offered to retailers and customers will gradually increase beginning 2016, in order to reduce the volumes sent to landfill sites and provide waste recycling options to its sub-contracting partners.

Biodiversity

Mercialys is striving to reduce its impact on biodiversity and facilitate a harmonious relationship between its centers and their immediate environment. The most highly committed shopping centers will offer an opportunity to reintegrate nature into cities and provide shelter for the local fauna and flora, thereby forming an integral part of the green and blue spaces located in urban areas.

Employees

Social innovation and the well-being of employees are core elements of Mercialys' CSR strategy. A social barometer assessing the employee opinion will be rolled out in 2016 and will measure the progress made. Moreover, a skills sponsorship program set up in 2015 will be gradually developed and extended to allow employees to act as ambassadors and key players in the Company's CSR strategy.

Health and Safety of consumers and retailers

The health and safety of consumers and retailers working at its shopping centers is a priority for Mercialys. In 2016, we aim to develop a risk-mapping method to define a reinforcement plan for the coming years tailored to the specific features of the various shopping centers; this plan will enable us to incorporate emerging risks.

Responsible purchasing

Actions in this area of priority will strengthen the practices already in place such as the integration of social and environmental clauses in major framework agreements, extending this mindset to a maximum of purchases. A "Responsible Purchasing Charter" will complement the system and will be added to all agreements.

Responsible investments

Mercialys wishes to dialog and jointly engage with the general non-financial rating agencies specializing in the real estate investment sector. This increased visibility will result in a recognition of its level of commitment and ambition in terms of CSR, and increase its attractiveness and credibility vis-à-vis investors and experts.

Priority 2

Connection and mobility

Mercialys intends to continue the work it has carried out for many years with local communities to promote the use of public transport and "soft" modes of transport. Since some customers will always prefer to travel by automobile when visiting its shopping centers, Mercialys also wants to develop solutions aimed at a more rational use of such. Therefore, it will intensify its efforts in the area of carpooling and increase the number of charging stations available for hybrid and electric vehicles. These combined solutions will gradually encourage low-carbon mobility, compatible with the city of tomorrow.

Local economic development

This project strengthens the integration of Mercialys' shopping centers into the local economy. Over the medium term, the CSR strategy will promote general activities to support employment (job forums, job dating, etc.) but will also aim to develop projects to support local start-ups and entrepreneurs.

Accessibility for everyone

Related to one of its values, namely local presence, Mercialys would like to cultivate a broad concept of the accessibility of its centers. This project aims to exceed regulatory requirements regarding accessibility for all people with reduced mobility and design new services that benefit all groups (the elderly, large families, pregnant women, etc.)

Public life and citizenship

The purpose of this ambitious project is to strengthen Mercialys' national and local partnerships with associations, but also to use shopping centers to experiment with operations or set-ups that improve the way we live together, facilitate communications and trigger a reflex in people visiting the shopping centers to think and take action.

Engaged and alternative consumption

Taking into account trends in consumption patterns is essential for a commercial real estate investment company that wishes to place CSR at the heart of its actions. Mercialys has therefore decided to integrate this long-term project into its policy, which consists of supporting and promoting forms of responsible consumption (organic, fair trade, etc.) in its shopping centers and to experiment with new alternative models that will become standard practice in the future (social economy, collaborative and participatory economy, etc.).

6.1.4 Strategic CSR priorities in 2016 for Mercialys

Mercialys' CSR strategy covers all issues connected to the commercial real estate investment business. The action plan envisages the implementation of concrete activities for each of the 15 projects covered by the strategy during the period from 2016 to 2020.

To ensure that operational deployment of the projects is, established an order of priority, as well as an action plan. The plan determines targets and an implementation schedule for each of the projects.

This work has **identified four priority projects for 2016:**

- the certification of centers;
- energy;
- employees;
- health and safety of visitors.

6.2 CONTROLLING ENVIRONMENTAL IMPACTS

6.2.1 Reducing the environmental footprint

ENVIRONMENTAL CERTIFICATION

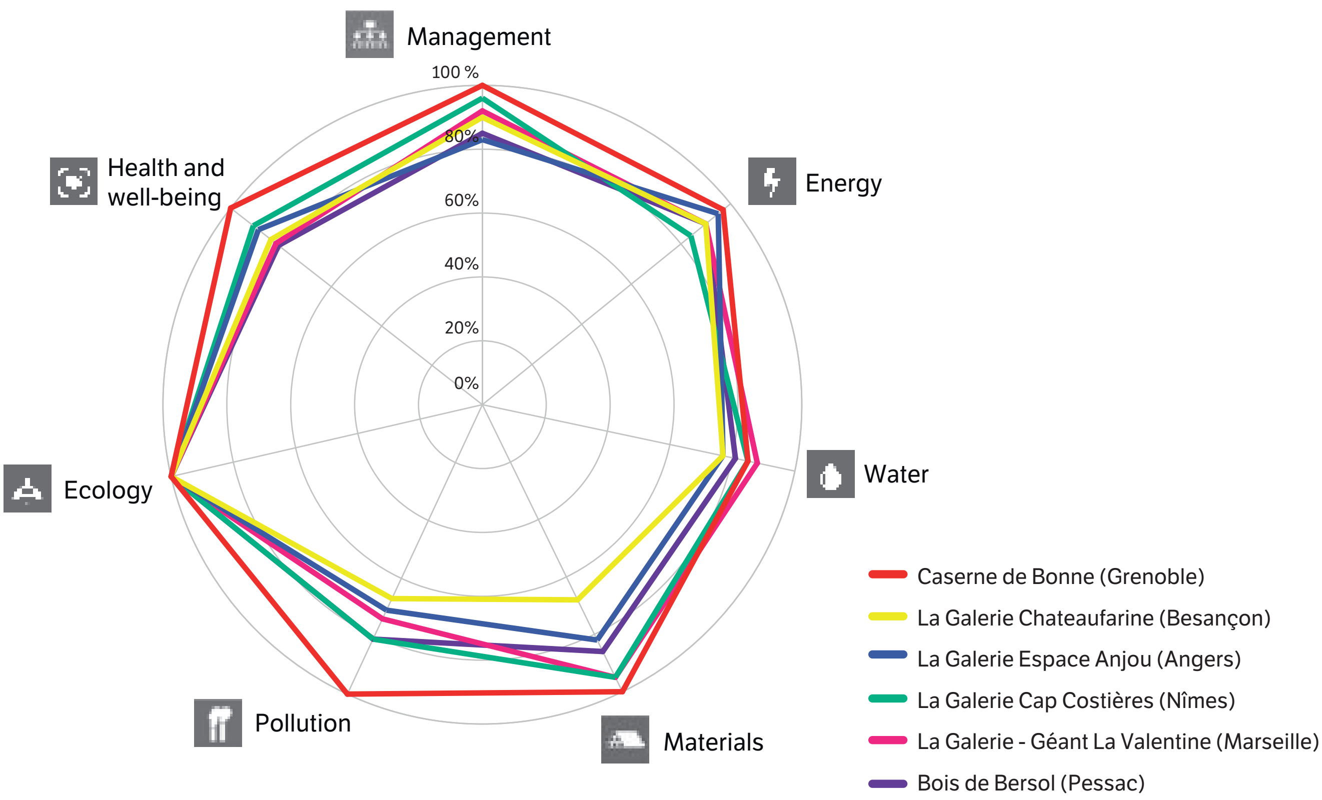
To improve the environmental performance of its projects and real estate assets, Mercialys has embarked upon an environmental certification process. The BREEAM assessment method was chosen to this end, as it is the benchmark for commercial real estate companies.

BREEAM In-Use

Breeam In-Use certification is a valuable tool for teams due to its comprehensive benchmarking (nine thematic areas monitored), its relevance to shopping centers and its level of requirements. It establishes a positive cycle of continual improvement and healthy competition.

Since 2014, Mercialys has embarked upon a gradual certification of the operation of its assets.

In 2015, two new Mercialys shopping centers received Breeam In-Use certification ratings of Outstanding for the second assessment category: Galerie Cap Costières and Galerie Marseille La Valentine. Consequently, as of December 31, 2015, **27% of real estate assets were certified to the highest environmental requirement, with an average score of 72% in Area 1 and 90% in Area 2, attaining the ratings of Excellent and Outstanding, respectively.**



In 2015, Galerie Géant Pessac, jointly owned by Mercialys and Union Investment, was also certified. The rating of Outstanding (Category 2 of the standard) reflects the successful collaboration between the teams of the two companies, which worked together to achieve high environmental and operational excellence.

Finally, in 2015, **La Caserne de Bonne received the Breeam Award for the best asset with Breeam In-Use certification in the retail category.** This distinction also recognizes the daily commitment of teams to offer retailers and visitors friendly, comfortable, healthy and eco-friendly spaces.

BREEAM Construction

Mercialys has also undertaken BREEAM certification for its new buildings, including its Toulouse Fenouillet project, which is in the process of BREEAM environmental certification for construction, aiming for a rating of Excellent.

ENVIRONMENTAL RISKS

Environmental risks relate to the possibility of widespread pollution or of an accident likely to have an impact on the environment. Preventing these risks is a key component of shopping center management priorities. For Mercialys, the main risks relate to the operation of certain technical facilities in common areas and to the activities of certain retailers that may present a risk of pollution. Mercialys' risk management policy includes prevention measures and procedures to manage exceptional events.

ICPE sites

Certain technical facilities in common areas of the shopping centers, due to the power or the type of discharges involved, may also be subject to rules governing *Installations Classées pour la Protection de l'Environnement* (ICPE) (installations classified for environmental protection). In the commercial real estate sector, this regulation applies, in particular, to air-conditioning units and cooling towers, due to the risk of explosion and Legionnaires' disease.

Sudeco, the company in charge of property management at Mercialys shopping centers, ensures that the facilities comply with the regulations. Mercialys checks that all shopping centers concerned are in possession of the permits or declarations required to operate these facilities.

As of December 31, 2015, 13 sites among Mercialys' real estate assets were subject to a reporting system involving periodic inspections.

Risk of oil pollution

Some of the assets belonging to Mercialys host potentially polluting activities, including fuel distribution stations (service stations).

To obtain a comprehensive overview of the risk to the environment posed by these facilities, we investigated the quality of the soil and groundwater directly below these service stations. This gave rise to a status report on "polluted sites and soil" for all of its metropolitan real estate assets. To ensure these maps are updated, the quality of underground water is measured annually.

6.2.2 Rational use of resources

Energy, water and waste are included in the 15 projects identified in the CSR strategy developed for the 2016-2020 period. Mercialys already takes concrete actions to reduce energy and water consumption and recycle the waste it produces, by putting the infrastructure in place and raising tenant retailer awareness of waste sorting.

ENERGY

Energy efficiency is a major concern for Mercialys. It allows Mercialys to reduce the environmental footprint of its shopping centers and also protects its tenants from rising energy prices.

Managing energy performance during construction

The design and construction phases are critical to reducing the energy consumption of a building. This involves following bioclimatic architecture principles to reflect or even take advantage of natural elements (such as wind or sun) to reduce the building's energy requirements, particularly by encouraging natural lighting or enhancing its insulation.

These principles are summarized in the architectural design guide given to architects and project managers commissioned by Mercialys.

Managing energy performance during operations

Current scope

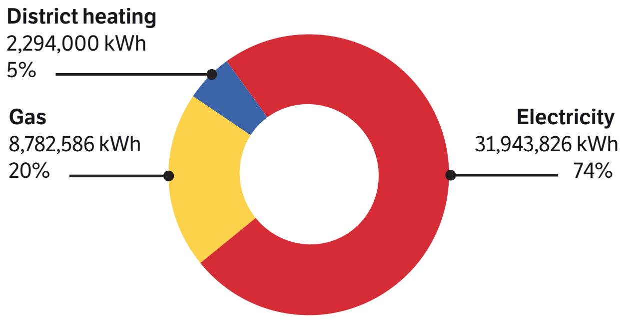
Mercialys is also working to reduce the energy consumption of its properties in use. Energy audits were conducted in 2015 to identify energy-saving measures that could be adopted at all properties such as controlling opening times, adjusting the recommended temperature according to weather forecasts, raising awareness of customers and retailers, etc.

As of December 31, 2015, Mercialys' real estate assets consumed about 43,000 MWh of energy, equivalent to the annual electricity consumption of 9,202 French households.[1]

(1) French Energy Regulatory Commission – 2015.

74% of the energy consumed by Mercialys' shopping centers is electricity (see the diagram below).

Energy mix



		Coverage rate
Surface energy intensity	192 kWh/m²	78%
Usage intensity	0.42 kWh/visitor	69%

Mercialys' average energy intensity is **228 kWh/m²/year**, corresponding to class D of the energy performance certificate (DPE) for shopping centers.

In 2015, the energy consumption associated with the offices occupied by Mercialys stood at 324 MWh.

Renewable energy

Mercialys promotes the development of renewable energies by installing photovoltaic shading in its parking lots and rooftop solar installations in collaboration with GreenYellow.

Current scope

Mercialys has 17 photovoltaic power facilities on its properties. The photovoltaic shading in the parking areas also enhances customer comfort, as it protects them from the sun and rain.

As of December 31, 2015, 100% of energy consumption within Mercialys' current scope was offset by renewable energy from generating plants installed on its real estate assets.

Number of plants	17
Total power in cumulated kW	38,272
Production in kWh	46,789,512
Total area of solar panels (in m²)	190,542

To increase the general public's awareness of energy issues, real-time production is displayed at each of the shopping centers.

WASTE

Three types of waste are generated by Mercialys' shopping centers:

- construction site waste, associated with building or renovating the shopping centers;
- waste from visitors to the shopping centers;
- operating waste from the retail tenants of Mercialys.

Aware of the challenges associated with recycling waste, Mercialys is striving to increase awareness of this issue among teams working on construction sites, and among its employees and tenants.

Construction waste

In France, around 78% of all construction waste by volume comes from business activities[(2)].

Construction waste is therefore an important challenge.

Therefore, upstream of projects, Mercialys provides project managers working on its construction sites with a guide on how to "manage waste from demolition, recycling and rubble/filling" to ensure that best environmental practices are applied. This guide helps them learn the best way to reuse waste from demolition sites.

In addition, a low environmental impact construction site charter requiring the selective sorting of waste at construction sites is appended to work contracts. It also comprises a certain number of obligations that construction companies must fulfill in order to reduce the disturbances related to the site (scheduling tasks that generate high levels of noise disturbance, limiting dust and dirt, limiting machinery noise, etc.).

Operational waste

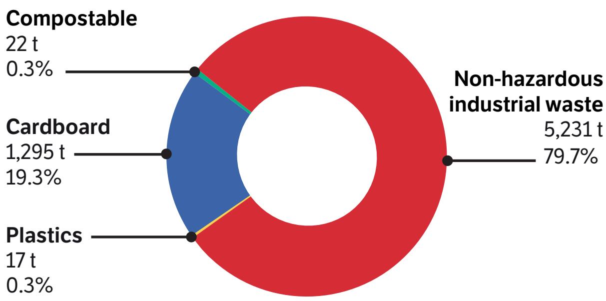
Current scope

Within the current scope, Mercialys' properties generated **6,565 metric tons of waste in 2015**. This represents an average of 143 metric tons of waste for each shopping center.

80% of the waste produced by the properties is made up of non-hazardous industrial waste; 20% is cardboard and less than 1% is plastic and compostable materials.

20% of this waste was recycled in 2015.

Waste generation



Coverage rate = 82%.

(2) Source: Ademe – Key figures for waste – 2015 edition.

At the shopping centers, the waste generated is directly linked to the packaging of products sold by the retailers and their logistical operations.

Moreover, for Mercialys, beyond the quantities produced, the main challenge lies in recycling such waste. In fact, today's waste is tomorrow's resources. For a property company, the complexity of this challenge lies in "the behavioral component": waste from retailers is placed in dedicated areas and trash cans. Recycling is therefore dependent on the way the retailers sort their waste.

In addition to reducing the impact of their business activities on the environment, retailers can also benefit economically from recycling waste. In fact, cardboard, plastic and other recyclable materials are bought by services providers in order to resell them as secondary raw materials. By improving the way it sorts its waste, a shopping center can therefore reduce the cost of removing and processing such waste.

Mercialys' responsibility for its waste is twofold:
- first, it needs to provide appropriate space, equipment and processing channels for both its tenants and visitors to the shopping centers;
- second, it needs to raise awareness and encourage retailers to better sort their waste.

On a like-for-like basis

On a like-for-like basis, **the average waste recycling rate increased by 1% between 2014 and 2015, with around an additional 8% of waste recycled**.

In 2015, waste generated from the offices occupied by Mercialys stood at 4.7 metric tons.

WATER

Water consumption

As the Company's assets are not located in areas subject to water stress and as the Company's business does not consume excessive amounts of water, this is not a material issue for Mercialys: **in 2015, 104,388 m³ of drinking water were consumed at 67% of real estate assets, an average of 1 l/visitor**.

Nevertheless, in order to reduce its environmental footprint, Mercialys is endeavoring to reduce water consumption in its shopping centers. Its actions can be seen in the introduction of water-saving equipment (dry urinals, pressure reducers, dual-flush systems, etc.) in the bathroom facilities in the centers, as well as regular monitoring of consumption carried out by the teams. Rainwater storage tanks are also used to provide water to the toilet facilities and water the green areas, thereby reducing the water used for such purposes. Finally, consideration of the types of plant species chosen by landscapers in the projects also reduces the need for watering the green spaces in the shopping centers.

In 2015, the water consumption in the offices occupied by Mercialys was 478 m³.

Water quality

Mercialys also pays close attention to the quality of the water it discharges, in order to preserve aquatic resources and the ecosystems that depend on them. The majority of Mercialys shopping centers are equipped with oil separators to treat water before it is discharged into the network.

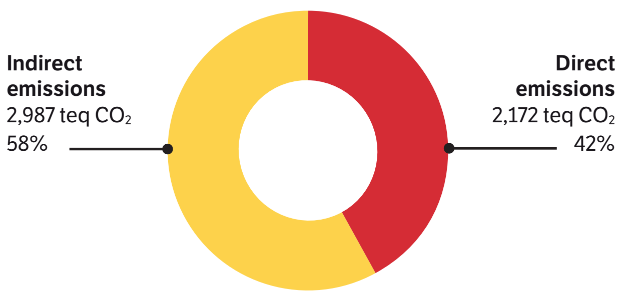
In addition, to ensure the high quality of water discharged, the Company is progressively signing discharge agreements with water utility companies. These agreements provide, in particular, for the regular monitoring of physical and chemical quality of water discharged into the network.

6.2.3 Combating climate change

Climate change is a major challenge for the real estate sector:
- some shopping centers may need to put in place adjustment measures that could have a significant economic impact (flooding, extreme heat, etc.);
- operations at the shopping centers must adjust to these changes (outside temperature, recurrence of exceptional events, etc.).

Current scope

Greenhouse gas emissions



Coverage ratee = 69%.

		Coverage rate
Carbon intensity in kg CO_2 eq/visitor	0.03	61%
Carbon intensity in kg CO_2 eq /m^2	26	69%

By seeking to reduce its overall emissions of greenhouse gases, including Scope 3 emissions, Mercialys is setting itself an ambitious goal as it takes into account emissions for which it is not directly responsible and whose decrease mainly relies on changing the behavior of visitors to its shopping centers.

Under the current scope, the carbon footprint from Mercialys' activities is 5,159 metric tons of CO_2 equivalent. Nearly three-quarters of emissions are the result of visitors travelling to the shopping centers.

GREENHOUSE GAS EMISSIONS RELATING TO VISITOR TRANSPORT

Changing the modes of transport used by visitors to travel to the centers is key to reducing Mercialys' carbon footprint.

For this reason, the Company is focusing its efforts in two areas:

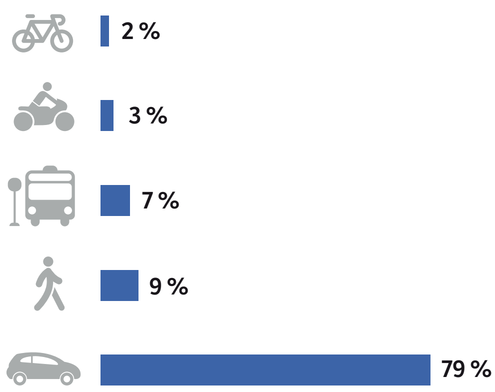
- **development of an innovative transport and less carbon-intensive offer,** in conjunction with local authorities and partnerships. Thus, in its car parking areas, Mercialys is providing:
  - bicycle shelters,
  - parking spaces reserved for people car pooling,
  - charging stations for electrical and hybrid vehicles;
- **promotion of the use of modes of transport that are more sustainable for the environment** for visitors and retailers at its shopping centers, including real-time display of bus timetables in the center, messages raising awareness on screens in the center, information on the shopping centers' website, etc.

In 2015, 11% of visitors to Mercialys shopping centers used "soft" modes of transport when visiting Mercialys' shopping centers.

Current scope

		Coverage rate
Percentage of visitors using "soft methods"	11%	59%
Percentage of visitors using public transport	7%	

Mode of transport used by customers



Mercialys' shopping centers are generally well served by public transport: **80% of the properties are located within 500 meters of a public-transport stop and at the shopping centers, and visitors generally have a choice of three different lines**.

GREENHOUSE GAS EMISSIONS RELATING TO ENERGY CONSUMPTION

By working on reducing energy consumption, Mercialys also contributes to combating climate change by reducing associated greenhouse gas emissions.

Current scope

		Coverage rate
Greenhouse gas emissions related to energy consumption in kg CO_2 equivalent	6,133,674	78%
▪ o/w electricity	4,010,608	
▪ o/w natural gas	1,615,996	
▪ o/w urban heat	507,070	

GREENHOUSE GAS EMISSIONS RELATING TO REFRIGERANT LEAKS

The air conditioning systems in Mercialys' shopping centers work using refrigerants.

Due to their age and the fact that they operate under high pressure, these facilities can leak. Refrigerants leaking from air conditioning systems release gases with a particularly high global warming potential.

In the current scope, such leaks have a minor contribution to the overall carbon footprint of Mercialys as the leakage rate is particularly low (**5% in 2015**).

Current scope

		Coverage rate
Total refrigerant emissions in kg CO_2 equivalent	758,771	84%
▪ o/w R22	21,720	
▪ o/w R407C	185,760	
▪ o/w R410 A	379,470	
▪ o/w RS 45	68,145	
▪ o/w RS 70	103,676	

ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE

There are numerous consequences of climate change, such as flooding, heavy snowfall and drought. Mercialys' portfolio is therefore exposed to a number of risks – such as destabilization of structures and pollution – that may eventually have a significant economic impact, such as increasing insurance premiums, maintenance capital expenditure and risks to its reputation.

At the start of each project, we systematically analyze past climate events to optimize design.

BIODIVERSITY

The impact of Mercialys on biodiversity is limited as most of its assets are located in urban or semi-urban areas.

For Mercialys, preserving biodiversity is not limited to "out-of-the-ordinary" species. For this reason, the Company aims to become a protector of "urban" and "ordinary" biodiversity.

Thus, Mercialys' commitment to protecting biodiversity is mainly manifested through the maintenance of green spaces in its shopping centers.

After conducting environmental audits at all of its certified sites, Mercialys has amended the maintenance agreements for these green spaces in order to:

- put in place a "zero phytosanitary products" policy;
- fight against invasive species that harm to native biodiversity by disturbing and destroying it;
- promote the use of indigenous species to limit the need for external actions.

6.3 ENCOURAGE EMPLOYEE ENGAGEMENT

Employees are the leading resource for Mercialys and essential for the Company's success and performance. The Company therefore pays special attention to offering fair pay to its employees and to their professional development.

Employees are also the ambassadors of the Company and its CSR commitment vis-à-vis the various external stakeholders of Mercialys.

6.3.1 Employment

EMPLOYEES

Mercialys has teams that specialize in commercial real estate and offer the following skills:
- letting;
- management of shopping centers;
- marketing;
- communication;
- administrative and financial management;
- CSR;
- asset management.

As part of the service agreement of September 8, 2005 between Mercialys and the Casino Group, Mercialys delegates some of the support areas such as accounting and legal services.

Employee numbers rose slightly in 2015 (+6.7%), after a significant increase in 2014. The majority of the workforce at Mercialys have permanent contracts.

	2015	2014
Total number of employees	**95**	89
▪ o/w permanent contracts	**91**	81
▪ o/w fixed-term contracts	**4**	8

STAFF MOVEMENTS

In a difficult economic context, Mercialys recruited 29 employees in 2015, with the majority on permanent contracts (90%).

The departures were subject to measures appropriate to the situation, including financial packages that exceeded the legal requirements.

	2015	2014
Total number of staff hired	**29**	42
▪ o/w permanent contracts	**26**	34
▪ o/w fixed-term contracts	**3**	8
Total number of redundancies	**8**	8
▪ Economic redundancies	**0**	0
▪ Redundancies for other reasons	**8**	8

In 2015, the turnover rate of staff on permanent contracts was 17%.

6.3.2 Remuneration

To increase its appeal and retain its employees, Mercialys implements an attractive, fair and incentive-based remuneration policy.

SALARIES

The remuneration of Mercialys employees is made up of a fixed salary and variable component. The variable compensation represents up to 32% of the overall salary and is correlated to the achievement of three types of targets:

- Mercialys' targets;
- individual targets, associated with the employee's performance in relation to targets set by his or her manager at the start of the year;
- managerial attitudes and behavior, relating to the managerial behaviors and actions expected by Mercialys from each of its employees. Managerial attitudes and behavior are organized around the acronym "LIDERS": Leadership, Innovation, Decision-making, Engagement, customer Responsibility and Synergy.

In 2015, the average percentage increase stipulated by compulsory annual negotiations was 0.7%.

INCENTIVE SCHEMES

Mercialys employees benefit from an incentive scheme.

Sums received from the company in respect of incentive schemes and profit sharing can be placed in Company savings plans (*Plan d'Épargne Entreprise – PEE*) or in retirement savings plans (*Plan d'Épargne pour la Retraite Collectif – PERCO*).

	2015
Sum allocated to Mercialys Group employee incentive schemes for 2015	**Euro 26,350.22**

6.3.3 Developing skills

GENERAL TRAINING POLICY

Mercialys' training policy is structured around two areas:

- development of skills and knowledge for employees;
- support for staff during the course of their career or profession.

To meet their needs, employees are invited to express their interest in training as part of their annual performance assessment, which includes a section on their professional development. In 2015, 24% of training requirements were satisfied and 59% of employees attended one or more courses. **On average, a trained employee received 17 hours of training.**

Mercialys uses a training center for employee training that offers three types of training:

- specific face-to-face training for the various professions (real estate finance, commercial negotiation, management, etc.);
- cross-functional face-to-face training, which may be useful for all employees (communications, languages, etc.);
- e-learning training.

The Real Estate Academy was set up in 2015.

The remit of the Academy is:

- to create a pool of employees with technical and commercial skills;
- to support employees in obtaining real estate expertise to progress to jobs with greater responsibility;
- to offer certified training.

The first intake will take place in the first half of 2016.

Finally, in 2015, specific training was developed for directors of shopping centers and their assistants. The course, entitled "canvassing, promotions and commercial loyalty" allowed employees, through examples, role playing and real-life situations, to develop communication techniques to convince and unite.

	2015	2014
Total number of training hours	**962**	648
Average number of hours of training per employee	**10.1**	7.2

EMPLOYEE ENGAGEMENT

Ethics

Mercialys' Code of Business Conduct is available to all employees and given to all new Company employees; this code sets out the rules applicable to all persons carrying out professional activities. It contains rules based on the law and ethics, including those preventing conflicts of interest and fighting against corruption.

Employee Solidarity

The Company is committed to enabling displays of employee solidarity.

Thus, Mercialys employees can demonstrate their solidarity by "donating" holidays to colleagues who have a relative (young or old), whose health situation requires their constant presence. In 2015, five days' leave were donated in this way be employees of Mercialys under the scope of the "Help the Caretakers" program.

Mercialys employees can also demonstrate their solidarity by taking part in the skills sponsorship program launched in 2015. This project enables them to make their time and skills available to an association during their working hours. Committed to the value of local presence, Mercialys encourages the support of collaborative projects at the local level.

In 2015, 14% of the workforce enrolled in the sponsorship program.

Lastly, Mercialys employees are invited to take part in the annual national Food Bank collection, by providing help to warehouse volunteers during the last weekend in November.

Developing employee commitment is also about raising their awareness of environmental issues such that they feel fully mobilized behind protecting the environment. Annual awareness campaigns are therefore organized at the head office. Owing to the fact that COP 21 was held in Paris, the 2015 awareness campaign was dedicated to climate change.

6.3.4 Employee dialogue

Mercialys employees benefit from a collective agreement on employee dialogue. This defines the role of the various parties involved, determines how information and communication technologies are used and identifies the modus operandi of constructive employee dialogue.

On account of Mercialys' size, employee dialogue is conducted through staff representatives.

Staff representatives are invited to monthly meetings to raise questions or to receive information from Management.

Mercialys employees are covered by the following collective agreements, which remain in force:

- the framework agreement on Workplace Training of March 11, 2005;
- the agreement on health and safety in the workplace of December 8, 2010;
- the agreement on the employment of disabled workers of December 21, 2010;
- the agreement on equality between men and women in the workplace of November 21, 2011;
- the agreement on employee dialogue of 2012;
- the collective agreement relating to the generational contract of 2013;
- the amendment to the agreement on profit-sharing of March 27, 2013;
- the agreement on profit-sharing;
- the agreement relating to the Group Savings Plan (PEG);
- the agreement relating to the Group Retirement Savings Plan (PERCO);
- the agreement on the Time Savings Plan (CET) and its amendment.

The collective agreements are available on the intranet.

An amendment to the collective agreement on training was signed in 2015.

Furthermore, several communication tools are in place to ensure regular dialogue between employees and the Management team:

- the bimonthly internal newsletter, "Merynews." In particular, it enables certain successes to be highlighted and shared with all employees;
- "Dialogue," a consultation platform, allows employees to address their questions to General Management;
- breakfast meetings are held every three months between the Chairman and a limited number of employees.

Teams also receive the "Mag", an e-newsletter containing topical business information about Mercialys.

Two annual events also provide the opportunity for Management to share information with all teams about shared successes and forthcoming projects: the Mercialys plenary meeting and the Financial Information Review, to which all employees are invited and where the annual results are presented.

6.3.5 Working conditions

ORGANIZATION OF WORKING HOURS

Depending upon employee status, the organization of working hours is determined according to two modes of operation:

- daily rate for senior managers;
- weekly number of hours.

89% of Mercialys employees work full-time. Employees working part-time have requested to do so.

	2015	2014
Full-time staff	**85**	78
Part-time staff	**10**	11

HEALTH AND SAFETY IN THE WORKPLACE

Mercialys' activities do not present a major risk to the health and safety of workers. Mercialys' key actions on health and safety in the workplace therefore relate to the prevention of psychosocial risks.

Various mechanisms are in place to prevent such risks: training, crisis lines, collective agreements, etc.

	2015	2014
Number of occupational illnesses	**0**	
Number of work-related accidents resulting in lost time of at least one day	**0**	1
Frequency rate of work-related accidents resulting in lost time of at least one day	**0**	8%
Severity rate of work-related accidents resulting in lost time of at least one day	**0**	0.03%
Absenteeism rate	**5%**	5%

However, due to regular travel by certain teams, particular attention is paid to road safety. A full campaign, including an information booklet called "the road safety memo," an e-learning module on preventing risks on the road, a guide to "10 sustainable driving tips" and specific training sessions, has been launched in order to raise employee awareness about the dangers of driving and remind them of the rules of safe driving.

6.3.6 Diversity

Mercialys firmly believes that diversity is a source of healthy competition and innovation and is beneficial for all. The Company has therefore been committed for many years to combating all forms of discrimination, including gender, age, disability, sexual preference, religion, physical appearance, etc.

EQUALITY BETWEEN MEN AND WOMEN IN THE WORKPLACE

Women make up 49% of the Mercialys workforce and 40% of Mercialys supervisory staff.

Women are also present on the Company's Board of Directors (four out of the 11 members are women). The Board's Investment and Audit Committees are also chaired by women.

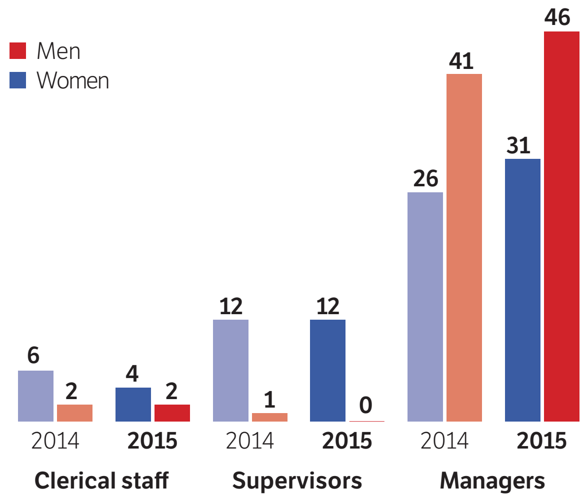
Mercialys therefore sets a particularly good example in terms of equality between men and women. This is why, in 2015, the Company received an award as the 10th best company in terms of the presence of women in management, in the ranking established by the Ethics & Boards agency for the Ministry of Women's Rights.

Moreover, Mercialys works towards achieving effective workplace equality in terms of remuneration and responsibility. For the same position and educational level, there is no difference in remuneration between men and women.

Lastly, 75% of employees who were promoted in 2015 were women.

As testimony to this commitment, Mercialys received the "workplace equality" label, awarded by AFNOR (French standardization body) rewarding the exemplary nature of organizations in their approach to equality between men and women.

Distribution men / women



WORKPLACE INTEGRATION OF DISABLED PEOPLE

Mercialys' policy concerning the employment of disabled workers focuses on 3 areas:

- hiring disabled people in all types of jobs, particularly by strengthening the development of work-based training contracts and apprenticeships;
- improving workplace and/or digital accessibility;
- raising employee awareness.

As of December 31, 2015, Mercialys' legal employment rate of disabled workers was 1.75%.

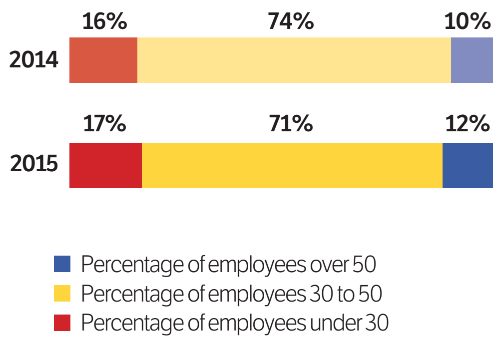
Mercialys also contributes to the indirect employment of disabled people by using companies in the protected sector for services provided at its shopping centers, such as the upkeep of green spaces and cleaning.

KEEPING OLDER PEOPLE IN EMPLOYMENT AND INTEGRATING YOUNG PEOPLE

The bulk of the Mercialys workforce is young, with an average age of 39.

A collective agreement relating to the generational contract was signed in 2013. Its objective is to support the recruitment and retention of employees over age 50, encourage the long-term integration of young people in employment and ensure that know-how and skills are transferred between generations by the implementation of mentoring. In 2015, six employees applied to be "mentors" within the framework of the generational contract.

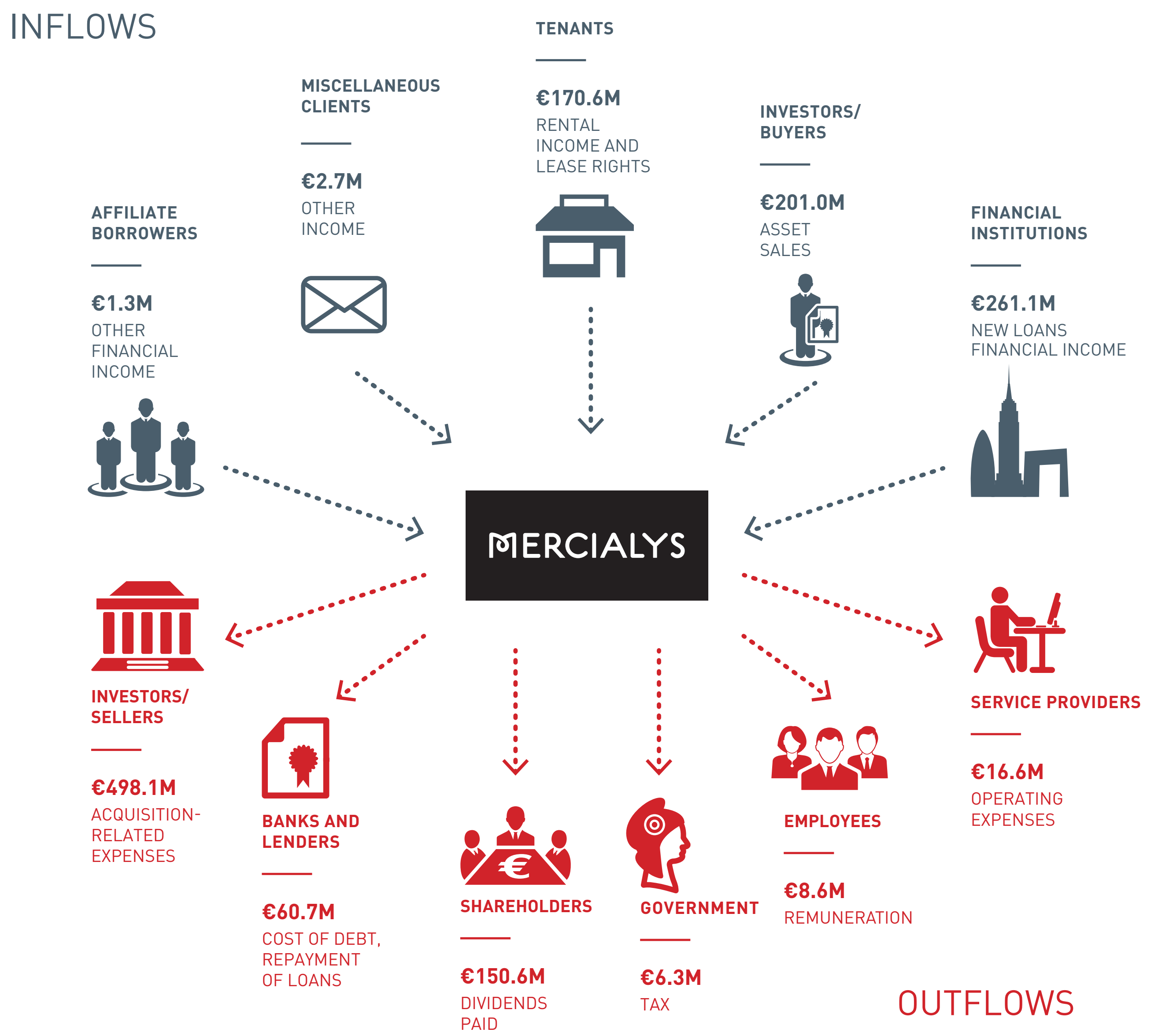
Ratio of staff by age



6.4 WORKING WITH STAKEHOLDERS TO IMPROVE CSR PERFORMANCE

Dialogue with stakeholders is at the heart of the Corporate Social Responsibility approach. Mercialys has therefore forged strong relationships and maintains a regular dialogue with all its stakeholders, whether they are tenants, customers, service providers and suppliers, local players (local associations and authorities), investors and the financial community as well as professional organizations (the French Federation of Real Estate and Property Companies, the French Council of Shopping Centers and the European Public Real Estate Association). Sudeco, the company to which Mercialys has entrusted the real estate management of its shopping centers, and Casino Group, to which it delegates some support functions necessary for its operations *via* the service provision agreement, are also two of the main partners.

This dialogue enables Mercialys to address the increasing demands of its stakeholders in terms of the transparency, accuracy and comparability of non-financial information. It is also an opportunity to strengthen the credibility of its actions, to create useful partnerships and, more generally, to adopt a process of innovation and continuous improvement.



Below is a table summarizing Mercialys' various stakeholders and detailing the forms of dialogue that the Company uses with each of them.

Stakeholder	Main CSR issues	Forms of dialogue
Visitors	Listening and dialogue Customer reviews Customer satisfaction Loyalty Comfort and safety	Websites Facebook pages Twitter Loyalty challenge Satisfaction barometer Operational excellence
Retailers	Sales performance Attractiveness/differentiation Building loyalty Environmental collaboration	Retailers' meeting Green committees Project visits The Mag Retailer events Trade fairs Salesforce
Investors	Financial performance Business ethics	Roadshows Site visits The Mag Financial information review Registration documents
Local authorities	Project environmental performance Financial contribution	CDAC (Departmental Committee for Land Consolidation)
Professional organizations	Sharing of best practices	Participation on committees Participation in governance
Employees	Involvement Building loyalty Commitment Diversity/discrimination Employee dialogue Raising CSR awareness	Breakfast meetings with Management Dialogue Merynews The Mag Plenary Financial information review Welcome booklet
Associations	Solidarity Support	Website
Service providers and suppliers	Quality of services Responsible purchasing	Tenders

6.4.1 Customers

As a shopping center owner, Mercialys has two types of customers:

- its "direct customers": traders who lease premises or locations in its shopping centers;
- its "indirect customers": shopping center visitors, retailers' customers.

CUSTOMER SATISFACTION

Visitor satisfaction is at the heart of Mercialys' business. Indeed, visit frequency and customer loyalty are the basis of asset performance.

Mercialys conducts an annual customer satisfaction barometer. This qualitative and quantitative survey enables it to measure visitor satisfaction level, to better understand their expectations in terms of offers and services and to assess the reputation and attractiveness of the shopping center compared to its competitors.

In 2015, the customer satisfaction barometer was conducted on 59% of real estate assets in terms of value.

The average score for Mercialys shopping centers was 7.4 out of 10, an improvement of 4% compared to 2014.

Furthermore, in order to assess objectively the quality of service offered by Mercialys shopping centers, as well as comfort for shoppers and working conditions for staff, Mercialys conducts Operational Excellence audits every year. These audits are based on more than 100 criteria covering 8 general themes and are conducted by a service provider that conducts mystery store visits. The reports of these audits are then sent to the operational teams for analysis and implementation of corrective actions.

In 2015, 72% of Mercialys shopping centers were subject to Operational Excellence audits. The average score achieved was 89%.

Visitors can also interact with Mercialys shopping center management *via* the shopping center websites or Facebook pages.

SAFETY AND SECURITY

Asbestos

Asbestos represents a health risk for all people who might be exposed to it.

Asbestos risk is managed using an in-house software package, Enviroged. This dynamic business application has an automatic alert process. It provides support for Sudeco technical managers responsible for the real estate management of Mercialys shopping centers in the day-to-day management of asbestos risk, informing them automatically of any measures to be taken in accordance with regulations.

Therefore, in accordance with the regulations, in the event of detection of asbestos materials:

- if the state of preservation of materials allows them to be maintained on the property, audits are conducted regularly in order to check that no further deterioration has taken place;
- if the materials need to be removed, removal is carried out by authorized service providers and the waste is sent through dedicated channels.

Enviroged is also a virtual database that houses all asbestos technical files (*Dossiers Techniques Amiante* – DTA). In accordance with the regulations, these DTA are updated in the event of asset disposal.

With Enviroged, Mercialys has an overview of progress made in actions taken to manage asbestos across its real estate assets.

Furthermore, Mercialys uses all opportunities (renovation work, changes of tenant, etc.) to carry out asbestos removal work.

Legionnaires' disease

Legionnaires' disease is caught by inhaling water vapor containing bacteria suspended in the air. The facilities considered to be at risk at a shopping center are therefore the air cooling towers.

Mercialys pays particular attention to this risk: internal procedures stricter than current regulations have therefore been put in place (frequency of measurements and selected alert threshold). Integration into the Enviroged software package (see description above) allows for the real-time submission of results from samples taken by analysis laboratories. The slightest suspicion is thus detected and managed immediately.

In 2015, no air cooling towers at Mercialys shopping centers exceeded the regulatory warning threshold.

As well as curative actions, Mercialys also carries out preventive actions on its real estate assets. In 2015, sampling of water on hot water networks was therefore conducted on selected shopping centers to detect the presence of Legionnaires' disease. By revealing the absence of bacteria, the samples confirmed the effectiveness of preventive measures such as keeping hot water storage tanks at a temperature above 55°C.

Lastly, Mercialys is trying to eliminate this risk permanently by gradually replacing its air cooling towers.

Natural and seismic risks

In accordance with regulations, Mercialys appends a natural, mining and technological risk statement (*État des Risques Naturels, Miniers et Technologiques* – ERNMT) to all of its leases for the areas affected by these risks.

Accessibility

- Pursuant to the law of February 11, 2005, all of Mercialys' properties have been assessed for accessibility;
- all new projects comply with disability regulations.

Given that it was not possible to cover certain sites within the prescribed timescales (voting at General Meeting or technically not possible), all sites needing it were subject to a scheduled accessibility appointment (*Agendas d'Accessibilité Programmés* – Ad'AP) filing in 2015.

RAISING ENVIRONMENTAL AWARENESS

Visitors

Mercialys uses various channels to make visitors to its shopping centers aware of sustainable development issues:

- news is posted online on the shopping centers' website to provide information on certain actions undertaken;
- messages are disseminated *via* media screens and/or noticeboards located in the shopping centers;
- *ad hoc* events are organized in the shopping centers, tied in with environmental or societal themes.

This customer communication will be reinforced in the scope of the 2016-2020 CSR strategy and new tools to raise awareness and mobilize visitors may be deployed at that time.

Retailers

In order to improve the overall environmental performance of its shopping centers, Mercialys wishes to involve its tenants in its approach. This is why, in 2013, it signed its first environmental appendices to the lease, which have since been made standard for all new contract signatures, from the first m^2.

In 2015, 135 new environmental appendices were signed.

Furthermore, in 2015, work on the architectural and environmental technical specifications (*Cahier des Prescriptions Techniques Architecturales et Environnementales* – CPTAE) was carried out jointly by the commercialization, asset management and delegated contractor teams and by the marketing, asset management and delegated contractor teams and by the Brand and CSR unit in order to update the environmental portion of the CPTAE to incorporate BREEAM In-Use requirements: lighting power, sanitary quality of materials, low environmental impact sites, etc.

6.4.3 Suppliers and service providers

PURCHASING AT MERCIALYS

Mercialys calls upon a great many economic players to manage and build its shopping centers: real estate managers, project managers, architects, communication agencies, real estate experts, land surveyors, etc.

Its purchasing therefore has a major societal impact, due to the amount of purchasing, its ongoing nature and the diversity of business sectors concerned.

Mercialys' purchasing policy is structured around the following four requirements:
- quality;
- cost reduction;
- innovation;
- CSR integration, beginning with regulatory compliance.

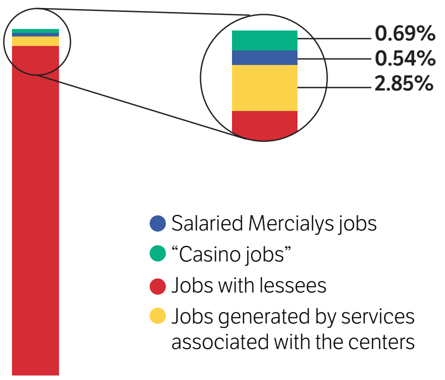
As contractor or sponsor, Mercialys is in a position to influence its service providers so as to direct them towards better consideration of social and environmental issues.

The following major purchasing ranges can be found in shopping centers:
- liquid purchases (energy and water);
- maintenance service purchases;
- safety-related purchases;
- cleaning service purchases;
- waste removal and treatment purchases;
- purchases related to the upkeep of green spaces.

6.4.4 Local players

Through its assets, Mercialys creates indirect local jobs covering a wide range of activities. From the construction to the operation of a site, a large number of people are involved in working on a shopping center (retailers, architects, construction workers and service providers responsible for cleaning the shopping center or for the upkeep of green spaces, etc.).

In 2014, it was estimated[(1)] that Mercialys was fostered around 16,000 jobs in these shopping centers: 15,500 jobs fostered in stores run by Mercialys' lessees and around 450 jobs related to service providers active at the centers (security, cleaning, insurance, maintenance and purchase of consumables).



PUBLIC AUTHORITIES

Public authorities are stakeholders with whom there is dialogue during all stages of a real estate project:
- upstream, in order to determine jointly how to stimulate the local area while minimizing the project's environmental impact;
- during asset management, in order to support local employment or any initiatives that could be taken up by public authorities;
- at the time of an extension or renovation projects, in order to determine jointly how to strengthen the commercial hub without increasing considerably its environmental footprint.

ASSOCIATIONS

Mercialys shopping centers regularly host sporting and charitable associations for fundraising initiatives, promotional campaigns and awareness-raising.

Mercialys is a partner of the Doctors of the World association. In 2015, 32 shopping centers from Mercialys' real estate portfolio took part in the operation that helped raise more than Euro 21,000.

Lastly, in 2015, Mercialys' support for the local association network was displayed through the Maison des Associations, set up at the following shopping centers: Galerie Niort, Galerie Nacarat and Galerie Brest. These spaces, located within open-air galleries, are made available free of charge to associations. Associations can use them to meet, organize collections, recruit new volunteers, tell customers about their activities, etc.

(1) Assessment based on a model prepared from field data, as well as from Eurostat and surface ratios.

6.4.5 Financial community

Mercialys' financial management is responsible for relationships with the financial community, particularly investors, analysts and shareholders. The financial manager is the preferred point of contact for financial and non-financial rating agencies.

In 2015, Mercialys won an "EPRA Gold Award", rewarding the quality and compliance of its reporting with best practices defined by EPRA.

6.4.6 Professional organizations

Mercialys is a member of EPRA (European Public Real Estate Association). The Company publishes indicators compliant with best practices established by the organization.

Mercialys also plays an active role in the sustainable development committees of professional bodies such as the FSIF (*Fédération des Sociétés Immobilières et Foncières* – French Federation of Real Estate and Property Companies) and the CNCC (*Conseil National des Centres Commerciaux* – French Council of Shopping Centers). The sustainable development committees of the FSIF and the CNCC provide the opportunity to share sustainable development best practices and carry out shared projects that drive progress in the sector.

6.5 MEASURING, MONITORING AND MANAGING CSR PERFORMANCE

6.5.1 CSR governance

Given that CSR is at the heart of Mercialys' corporate plan, the human resources responsible for these subjects have been combined with one of Mercialys' business units – marketing and communication. The Brand and CSR unit reports directly to General Management. This organization ensures that decisions are taken in compliance with corporate strategy.

6.5.2 Tools

CSR PLATFORM

In order to monitor and manage CSR strategy and in particular the key indicators associated with each of the 15 CSR strategic projects, a dedicated web platform was developed and implemented in 2015.

The implemented CSR platform helps to facilitate data collection and underpin the reliability of indicators calculated. In the first instance it therefore serves to strengthen the reliability of CSR reporting.

This computer tool is also intended to enable the implementation of Mercialys' CSR strategy to be managed and monitored. The CSR performance of the various sites in the Mercialys real estate portfolio may therefore be monitored against locally adapted strategic objectives.

Upstream of the tool's implementation phase, workshops were organized with future users. These exchanges helped to identify the specific needs and issues of future contributors and to formalize specifications as close as possible to expectations.

Once the tool had been developed, regional training sessions were delivered by the CSR manager in order to support users in "taking ownership" of the tool and in handling the various functionalities.

6.5.3 Procedural note

The indicators provided below in the CSR part of the Mercialys reference document have been selected to meet external requirements concerning non-financial information, both regulatory (Article 225 of the Grenelle 2 Act) and sector-related (GRESB, EPRA, etc.).

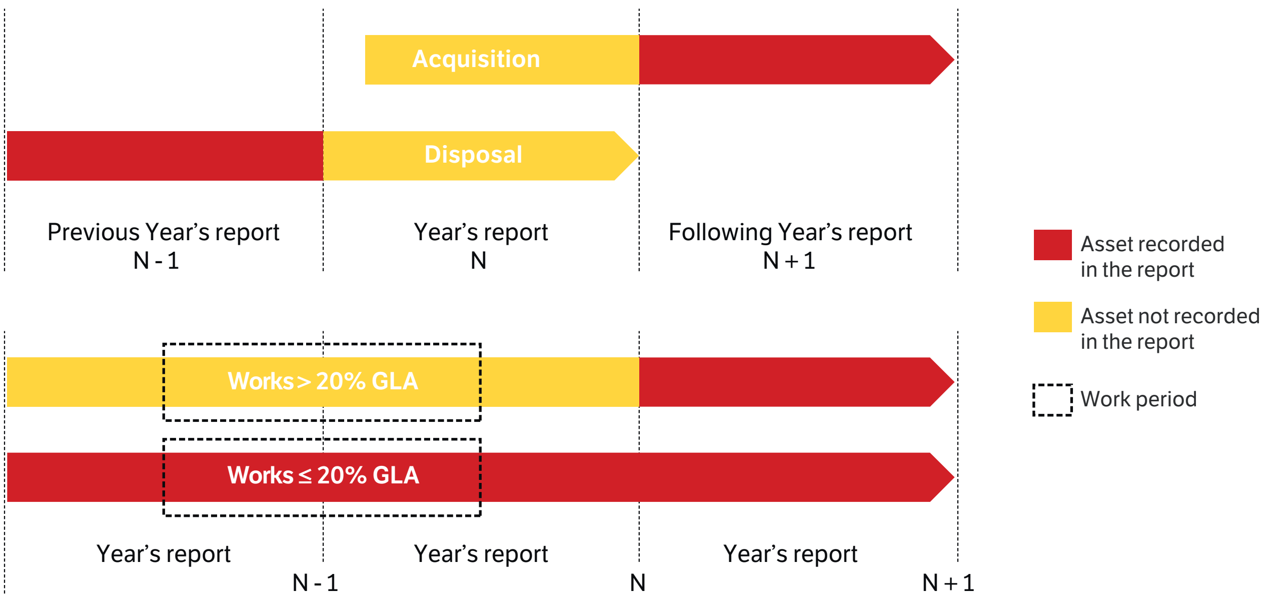
Mercialys' non-financial reporting complies with the sector guide on CSR reporting drawn up by the CNCC and with EPRA guidelines.

6.5.3.1 SCOPE

Scope of current reporting

The scope of current reporting comprises shopping centers in Mercialys' real estate asset portfolio as of December 31, 2015. OPCI funds in which Mercialys holds a share of more than 40% are also included in the reporting scope. The scope excludes standalone lots owned by Mercialys, such as large specialty stores.

In accordance with the recommendations of the CNCC's CSR reporting guide, assets bought or sold during the year have been excluded from the reporting scope. Similarly, assets undergoing work representing GLA surface creation of more than 20% are excluded from the scope (see diagram below).



For each indicator, the coverage rate is given in terms of market value. The market value of each asset is based on appraisals conducted on behalf of Mercialys.

Scope of constant reporting

The scope of constant reporting comprises shopping centers held and managed on behalf of Mercialys for 24 months.

For each indicator, the coverage rate is given in terms of market value. The market value of each asset is based on appraisals conducted on behalf of Mercialys.

Reporting period

For the first time, environmental indicators (energy consumption, water consumption, greenhouse gas emissions, waste quantities, etc.) are reported based on 12 rolling months, from September of year N-1 to August of year N, with N being the current financial year.

The data for 2015 therefore corresponds to the environmental indicators from September 2014 to August 2015 inclusive. The data for 2014 has been recalculated as a result of this change.

Social and societal indicators are always reported on a calendar basis, from January 1 to December 31 of the current financial year.

Exclusions

Some of the information mandated by Article 225 of the Grenelle 2 Act and referred to as excluded in the table above has not been provided in detail owing to the nature of Mercialys' activities and its organizational structure. The reasons behind these exclusions are explained below.

Employee breakdown by geographical area

Mercialys operates solely in France. Its employees are therefore split between offices in Paris and regional offices. It does not therefore seem very relevant to go into this in detail.

Promoting and respecting the stipulations of the International Labor Organization's fundamental conventions relating to freedom of association, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor.

Mercialys operates solely in France.

France has ratified the eight fundamental conventions of the International Labor Organization (ILO), namely:

- Convention 29 on forced labor;
- Convention 87 on freedom of association and protection of the right to organize;
- Convention 98 on the right to organize and collective bargaining;
- Convention 100 on equal remuneration;
- Convention 105 on the abolition of forced labor;
- Convention 111 concerning discrimination;
- Convention 138 on the minimum age for admission to employment;
- Convention 182 on the worst forms of child labor.

France has transposed the fundamental principles of these conventions into its national law.
More specifically:

- freedom of association is included in the law of July 1, 1901;
- the right to collective bargaining is included in the French Employment Code by the law of July 12, 1971.

Mercialys therefore respects these principles in the same way as other regulatory requirements.

Other actions undertaken to support human rights

Mercialys operates solely in France. France adopted the Universal Declaration of Human Rights in 1948 and ratified the European Convention on Human Rights in 1974.

Water supply according to local constraints

All of Mercialys' properties are located in France. Its shopping centers are therefore not located in areas of water stress (according to the UN definition, regions for which availability of water per year and per person is less than 1,700 m^3).

Consumption of raw materials and measures taken to improve efficiency of use

Owing to the nature of its activities, Mercialys does not buy raw materials directly.

However, the Company does consume raw materials indirectly through its construction operations. A set of best practices on managing the demolition and recycling of a building sorting is distributed to companies working on its construction sites, along with a low environmental impact construction site charter to improve site waste.

Land use

Mercialys did not cause any material artificialization of land in 2015.

Amount of provisions and guarantees for environmental risks

The major environmental risks identified are correlated with an operating activity.

Mercialys did not set aside any provisions for environmental risk as of December 31, 2015.

6.5.3.2 DEFINITIONS

6.5.3.2.1 Social indicators

Recruitment

Recruitment is accounted for as the number of new contracts signed.

6.5.3.2.2 Environmental indicators

Energy consumption

This relates to electricity, gas and heating consumption paid for and managed by Mercialys' real estate manager, Sudeco, or Corin Asset Management for properties in Corsica. This indicator therefore includes energy consumption for the communal parts of shopping centers (mall and parking lots) and potentially any consumption by stores and the hypermarket if these are connected to communal facilities. Consumption is reported on the basis of actual billed consumption.

Renewable energy

A plant installed on the roof of a shopping center or shading over a car park constitutes a photovoltaic power facility.

When a shopping center is equipped with installations atop the roof and car park shading, just one power facility is recognized on account of the technical connections.

Greenhouse gas emissions

These mean greenhouse gas emissions generated by:

- energy consumption (see definition above);
- refrigerant leaks from air conditioning systems.

The conversion factors used to obtain greenhouse gas emissions generated by energy consumption are taken from the French Base Carbone national database.

These are set out in the table below.

Emission factor (in kg CO_2 eq/kWh)	Electricity	Gas
Mainland France	0.06	0.184
Corsica	0.53	
La Réunion	0.701	

Emission factor (in kg CO_2 eq/kWh)	Urban heat
Paris	0.195
Valence	0.295
Grenoble	0.146

Greenhouse gas emissions relating to refrigerant leaks

Greenhouse gas emissions generated by refrigerant leaks from air conditioning systems are calculated as follows:

greenhouse gas emissions generated by fluid = quantity of fluid × GWP of fluid:

with greenhouse gas emissions in kg of CO_2 and the quantity of fluid in kg.

Refrigerant leaks are data stated by the service provider responsible for maintaining air conditioning systems.

The Global Warming Potential (GWP) of the various refrigerant gases used in systems is taken from the French national carbon database. These are set out in the table below.

Refrigerant fluid	100-year GWP
R22	1,810
R134A	1,430
R407C	1,800
R410A	2,100
RS 45	3,245
RS 70	1,765

Waste

This relates to waste:

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

Waste quantities are provided by the service provider that collects and handles the treatment of waste on a web platform.

Water consumption

This means consumption of drinking water by communal areas expressed in m^3. This consumption is associated with the shopping center's sanitation facilities, cleaning and watering of green spaces. It does not include water consumption relating to fire safety, such as sprinklers and storage tanks. These consumption figures are taken from meter readings.

Head office data

The environmental indicators related to the Mercialys head office are limited to the surface area occupied by Mercialys in the building (percentage shares).

6.5.3.2.3 Societal indicators

Jobs housed in Mercialys shopping centers

Jobs housed in Mercialys shopping centers include:

- Casino Group staff who, in providing services, work for Mercialys;
- store jobs in Mercialys shopping centers. These jobs are accurately recorded based on a sample of shopping centers from the Mercialys real estate portfolio. Data has been extrapolated by business sector (food and catering, ready-to-wear, services, etc.) from corresponding surface areas across the entire Mercialys real estate portfolio;
- indirect jobs related to services providers operating in Mercialys shopping centers. The following activities have been taken into consideration: security and caretaking services, maintenance and servicing, cleaning, insurance and purchasing of consumables and equipment.

6.5.4 EPRA indicators

In addition to the indicators published above, some additional indicators in accordance with EPRA's *Best Practices Recommendations on Sustainability Reporting* are set out below.

Some indicators are not available this year on a like-for-like basis as a result of moving to a rolling 12 months.

	2014	2015
Energy consumption in kWh	38,797,967	**39,679,732**
Surface energy intensity in kWh/m^2	186	**191**
Water consumption in m^3	83,763	**77,953**
Quantity of waste in metric tons	5,838	**6,075**
Greenhouse gas emissions related to energy consumption in kg CO_2 equivalent	4,589,549	**4,602,247**

6.5.5 Correlation tables

Information	Page
Social	
Total number of employees	
Employee breakdown by gender	
Employee breakdown by age	
Employee breakdown by geographical area	Exclusion
Recruitment	
Redundancies	
Remuneration	
Changes in remuneration	
Organization of working hours	
Absenteeism	
Organization of social dialogue, in particular staff information and consultation procedures and negotiations with staff	
Collective agreements	
Health and safety in the workplace	
Health and safety agreements with trade union organizations or employee representatives	
Workplace accidents, in particular their frequency and seriousness, and work-related illnesses	
Training policies implemented	
Total number of training hours	
Measures taken to support equality between men and women	
Measures taken to support the employment and integration of disabled workers	
Anti-discrimination policy	
Promoting and respecting the stipulations of the International Labor Organization's fundamental conventions relating to respect for freedom of association	Exclusion
Promoting and respecting the stipulations of the International Labor Organization's fundamental conventions relating to the elimination of discrimination in employment and professional life	Exclusion
Promoting and respecting the stipulations of the International Labor Organization's fundamental conventions relating to the elimination of forced or compulsory labor	Exclusion
Promoting and respecting the stipulations of the International Labor Organization's fundamental conventions relating to the effective abolition of child labor	Exclusion

Information	Page
Environmental	
Organization of the company to address environmental issues and, if applicable, environmental assessment or certification procedures	
Employee training and information initiatives concerning protection of the environment	
Methods dedicated to the prevention of environmental risks and pollution	
Measures to prevent, reduce or treat discharges into the air, water and soil that have a serious effect on the environment	
Waste prevention, recycling and elimination measures	
Handling of noise and all other forms of pollution specific to a business activity	
Water consumption	
Water supply according to local constraints	Exclusion
Consumption of raw materials and measures taken to improve efficiency of use	Exclusion
Energy consumption	
Measures taken to improve energy efficiency	
Use of renewable energies	
Greenhouse gas emissions	
Land use	Exclusion
Measures taken to protect or develop biodiversity	
Adapting to the consequences of climate change	
Amount of provisions and guarantees for environmental risks	Exclusion

Information	Page
Societal	
The territorial, economic and social impact of the Company's business activities in terms of employment and regional development	
The territorial, economic and social impact of the Company's business activities on neighboring and local populations	
Conditions for dialogue with such persons or organizations (in particular associations for integration, educational establishments, environmental protection associations, consumer associations and local populations)	
Partnership or sponsorship initiatives	
Factoring of social and environmental concerns into procurement policy	
Taking account of social and environmental responsibility in relations with suppliers and subcontractors	
Importance of subcontracting	
Actions undertaken to prevent corruption	
Measures taken to support the health and safety of consumers	
Other actions undertaken to support human rights	Exclusion

6.5.6 Opinion of independent third-party

Financial year ended December 31, 2015

To the Shareholders,

In our capacity as an independent verifier accredited by the French accreditation body COFRAC[(1)] under the number no. 3-1050, and as a member of the network of one of the Statutory Auditors of the company Mercialys, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2015 set out in Section 6 of the Registration Document, hereafter referred to as the "CSR Information," pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including the CSR Information stipulated in Article R. 225-105-1 of the French Commercial Code, in accordance with the reporting protocols used by the Company, with the environmental data guidelines in the version of February 2016 (hereafter referred to as the "Criteria"), and of which a summary is included at the end of Chapter 6 of the Registration Document and available upon request at the Company's head office.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to certify that the CSR information required is presented in the management report or, in case of omission, that an explanation is given pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (certification of the presence of CSR information);
- to express a limited assurance conclusion, that the CSR Information is fairly presented overall, in all material aspects, in accordance with the Criteria (reasoned opinion on the fairness of CSR information).

Our verification work was undertaken by a team of four people between November 2015 and the date of signing our report and lasted for around eight weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international ISAE 3000 standard[(2)].

(1) Scope of accreditation available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. CERTIFICATION OF PRESENCE OF CSR INFORMATION

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the Company and its societal commitments, as well as, where appropriate, resulting actions or programs.

We compared the CSR information presented in the management report with the list specified by Article 225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we checked that explanations had been given in accordance with the provisions of Article R. 225-105, paragraph 3, of the Commercial Code.

We verified that the CSR information covered the scope of consolidation, namely the Company and its subsidiaries, as defined by Article L. 233-1 of the French Commercial Code, and the companies it controls, as defined by Article L. 233-3 of the same code.

Based on this work, we confirm that the required CSR information is included in the management report.

2. REASONED OPINION ON CSR INFORMATION

Nature and scope of the work

We interviewed the four people responsible for preparing and controlling the CSR Information for the Sustainable Development team and directly attached to the General Management, to the Property Manager of Mercialys (Sudeco) and to the Human Resources Management, and responsible for the data collection process, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, if relevant, industry best practice;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered most important(1) :
We assessed the consistency of other consolidated CSR information in relation to our knowledge of the Company.

Lastly, we assessed the relevance of the explanations provided, where applicable, in view of the partial or total absence of some information, taking into account, where relevant, professional best practice as formalized in the Industry Guide to CSR Reporting published by the French National Council for Shopping Centers.

We consider that the sample methods and the sample sizes that we have selected by exercising our professional judgment allow us to express a limited assurance conclusion; more extensive verification work is required to provide a higher degree of assurance. Due to the use of sampling techniques and other limitations inherent to the operation of any information and internal control system, the risk of failing to detect a significant misstatement in the CSR Information cannot be ruled out entirely.

(1) ***Environmental and societal information:***
- *Indicators (quantitative information): energy and waste consumption from real-estate assets, greenhouse gas emissions, waste from operations.*
- *Qualitative information: the overall policy in terms of the environment, pollution and waste management, the sustainable use of resources and climate change; the territorial, economic and social impact, relationship with stakeholders, and measures taken to ensure the health and safety of consumers.*

Social information:
- *Indicators (quantitative information): total workforce registered, absenteeism rate.*
- *Qualitative information: employment, and the policies implemented for training.*
  - *with regard to the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.). We applied analytical procedures to the quantitative information and verified, on a test basis, the calculations and the compliance of the information, and also verified its coherence and consistency with the other information presented in the management report;*
  - *with regard to the representative sample of sites, we selected sites(2) based on their activity, their contribution to the consolidated indicators, their location and a risk analysis; we conducted interviews to verify the procedures were correctly applied and performed detailed tests on the basis of samples, consisting in verifying the calculations made and linking the data with supporting documentation. The sample selected therefore represented on average 8% of the total energy consumed and around 7% of the market value of Mercialys' real-estate assets.*

Conclusion

Based on our work, we have not identified any significant misstatement that leads us to believe that the CSR Information, as a whole, has not been fairly presented, in compliance with the Criteria.

Without qualifying our conclusion given above, we draw your attention to the following points:

- the energy and CO_2 indicators and the energy intensity ratios per square meter include shopping centers that represent respectively 78%, 69% and 78% of the market value of the consolidated real-estate assets as at December 31, 2015.
- energy consumption and waste management are tracked according to the amount managed and paid by the shopping centers, though exclude any amounts paid directly by tenants. Regarding this amount, the energy consumption has not been adjusted for climate change. Water meters are used to track water consumption in the shopping centers.

Paris-La Défense, March 7, 2016

Independent Verifier
ERNST & YOUNG et Associés

Éric Duvaud	Bruno Perrin
Partner, Sustainable Development	Partner

A GOVERNANCE ENHANCED, THANKS TO THE IMPLEMENTATION OF A NEW CHARTER RELATIVE TO RELATED-PARTY AGREEMENTS

La Galerie Espace Anjou à Angers

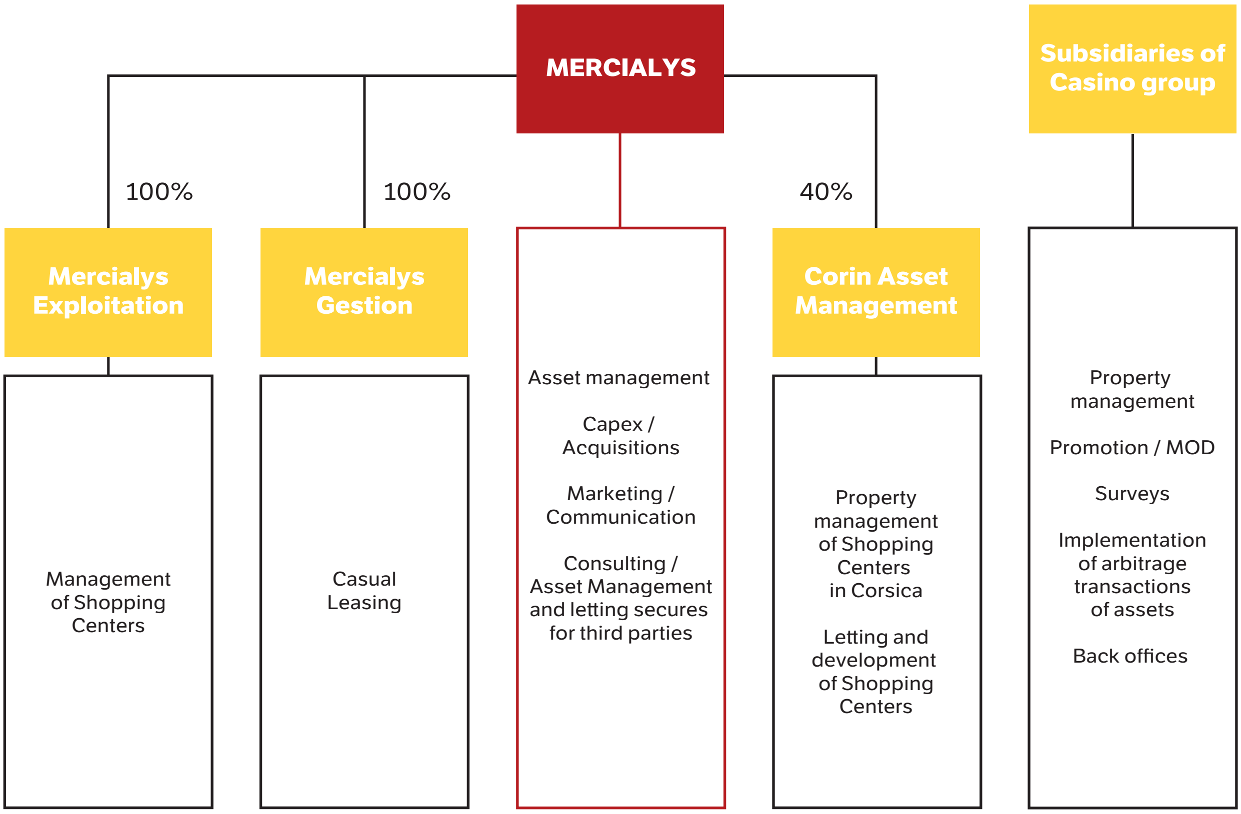
07

ORGANIZATION OF THE MERCIALYS GROUP AND RELATIONS WITH OTHER CASINO GROUP COMPANIES

7.1 OPERATIONAL ORGANIZATION

Mercialys' operational structure is summarized in the Chairman's report.

The organization chart below shows the operational structure of the Mercialys Group and its main relations with other Casino Group companies (excluding leases):



7.2 RELATIONS WITH OTHER CASINO GROUP COMPANIES

Mercialys has significant contractual relations with various Casino Group companies, particularly under leases signed with Casino Restauration and others. The Company has also concluded agreements with other Casino Group entities regarding:

- priority access to retail real estate development and acquisition projects conducted by the Casino Group (excluding food stores) within the scope of the Company's business activity (see section 7.2.2);
- property management activities, primarily related to rental management, management of service charges and managing agent activity (see section 7.2.3);
- administrative and financial services (see section 7.2.4);
- consulting on shopping center enhancement projects (see section 7.2.8).

The main agreements concluded by the Company with Casino, Guichard-Perrachon and Casino Group companies are described below.

Furthermore, at its meeting of February 11, 2015, the Board of Directors of Mercialys, as part of the strengthening of the Company's governance, authorized the setting up of a procedure for the Agreements concluded between the companies of the Mercialys Group and related parties (see section 5.1.4, page 97 of this document).

The following agreements have been subject to approval by Mercialys' Board of Directors:

- the Partnership Agreement (see section 7.2.2),
- the Current Account Advance Agreement (see section 7.2.5),
- brand license agreements (see sections 7.2.6 and 7.2.7),
- the Consulting Agreement (see section 7.2.8).

The other agreements relate to standard transactions concluded under ordinary conditions, as set out in Article L. 225-39 of the French Commercial Code.

7.2.1 Principal leases granted by Mercialys to Casino group companies

7.2.1.1 LEASES SIGNED WITH CASINO RESTAURATION

Casino Restauration, a wholly-owned subsidiary of the Casino Group, operates 19 cafeterias/restaurants (including eight cafeterias totaling 9,121 m^2) in buildings leased from Mercialys, located for the most part on sites occupied by Casino Group stores.

Cafeteria leases are drawn up on the basis of a standard contract.

Of these, seven leases have a term of twelve years. They are dual-component leases comprising a fixed portion of the rent pegged to the ILC index (the minimum guaranteed rent) and a variable component based on the tenant's revenues. Leases entered into with Casino Restauration have the same terms and conditions as most of the leases concluded by the Company, except that Casino cafeterias are not required to pay a security deposit to guarantee rent payment. However, this waiver would cease to apply if the tenant company were no longer part of the Casino Group, or if the Casino Group's stake in Casino Restauration were to fall below 80%, or if some or all of Casino Restauration's business or one or more of its operations were sold to a company outside the Casino Group. In contrast, these provisions would remain in effect if the leased property were transferred to a third party that is not part of the Casino Group. Rental management costs and major repairs as defined in Article 606 of the French Civil Code are payable by the tenant. Each lease contract includes a mobility clause under which the cafeteria can be transferred to another location if the shopping center is restructured.

The other leases differ from those mentioned above in the following terms and conditions:

- a term of nine years;
- payment by Mercialys of rental management costs and major repairs as defined by Article 606 of the French Civil Code;
- no mobility clause.

Rents invoiced in fiscal year 2015 under the terms of leases granted by Mercialys to Casino Restauration amounted to Euro 4.2 million, compared with Euro 7.3 million in 2014.

7.2.1.2 LEASES SIGNED WITH OTHER CASINO GROUP COMPANIES

Mercialys and its subsidiaries also manage leases with various Casino Group entities (other than Casino Restauration). These include: Distribution Casino France, Banque du Groupe Casino, Pacam 2, Sodico 2, Poretta 2, Lion de Toga 2, Hyper Rocade 2, Floréal and Monoprix, which can use premises in the Company's shopping centers.

The rents charged in 2015 under these leases amounted to Euro 37.3 million, compared with Euro 17.4 million in 2014.

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.

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 solar power plants within shopping centers located on La Réunion and in Marseille, Bordeaux Pessac and Fréjus, Mercialys has signed long-term leases with the companies operating the power plants. The leases agreed in 2009 have a term of 20 years from commissioning of the plant, subject to an annual fee of Euro 2 per m^2. The amount of discounted rents was paid in advance to Mercialys, which re-invested them in the capital of GreenYellow, a subsidiary of Casino, Guichard-Perrachon, specializing in the production and sale of solar energy, as well as optimizing energy efficiency. In 2014, Mercialys disposed of its interest in Green Yellow to Casino. The leases signed since 2010 have a 23-year term in return for a flat fee payable annually on July 1 each year.

7.2.2 Partnership Agreement with Casino, Guichard-Perrachon

This agreement, signed on July 2, 2012, ended the previous Partnership Agreement of March 19, 2009. It expires on December 31, 2015. Under the "review" clause contained in the Partnership Agreement, on November 12, 2014 Mercialys and Casino signed an amendment to the said agreement. Under the terms of the amendment to the Partnership Agreement, the agreement was extended until December 31, 2017 and has an annual "review" clause.

Since Mercialys' strategy is evolving from a single, standardized model of shopping mall extensions to a much larger, more differentiated model specific to each site, which must be pre-planned and integrated into the project design if it is to be fully implemented, the parties decided to amend the Partnership Agreement to provide transparency for the market and acquire the resources to implement the strategy. This has been achieved (i) by aligning the agreement with changes in the respective strategies of Mercialys and Casino, (ii) by getting involved at an earlier stage in the process and recommending projects to Casino that match Mercialys' strategy, (iii) by being more flexible in terms of the project brief, the speed of the approval process, the project budget and the pricing method by introducing the concept of internal rate of return ("IRR").

This amending document maintains the major balances of the original agreement. In this way, 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 kept.

Three types of projects have been defined that fall within or could fall within the agreement's scope of application:

- "new projects", whether their scheduled completion date is before or after December 31, 2017, and which may later be included in the scope of the new Partnership Agreement at Mercialys' request, should Casino decide to commit to them;
- "projects still to be confirmed" – where the sites concerned have been identified but not yet approved, and where the parties involved make a bilateral commitment to do their best to obtain approval, so that the projects can proceed as if they had been approved;
- validated projects (all projects to be confirmed, the conditions of which have been validated by the Parties immediately make a bilateral commitment to govern the terms of sale of each of the projects identified by Casino to Mercialys).

This amending document establishes, in particular:

- the option for Mercialys to propose new projects that will be examined by Casino and monitored by the Monitoring Committee;
- an alternative pricing method, calculated based on a projected IRR, with the aim of achieving a target IRR of 8% to 10%;
- the possibility of introducing a fast-track project approval procedure, by signing the deed of sale directly after approval by the governing bodies;
- the strengthening of the non-compete clause in line with Casino's business model: food retail space reduced to 1,000 m^2 (from 1,500 m^2 previously) and addition of a three-year survival clause following the end of the agreement.

The projected selling price of an order (project to be confirmed) is determined based on the annual net rental income for the project, divided by a capitalization rate calculated according to the type of project concerned. The price agreed at the time of the order is adjusted upon confirmation, *i.e.*, once the letting conditions have been satisfied and final administrative authorization obtained, (i) by replacing the projected rental income with contractually agreed rents, (ii) by adjusting the projected rental income for unlet units, (iii) by incorporating any step-up rents and associated provisional or contractual rent-free periods, and (iv) by adjusting the order capitalization rate to reflect changes in the applicable capitalization rates.

To take account of fluctuations in market conditions, capitalization rates applicable within the framework of the Partnership Agreement are revised by the parties concerned twice a year.

Applicable capitalization rates for confirmed orders signed by Mercialys in the second half of 2015 were as follows:

	Shopping Centers		Retail parks		
Type of property	Mainland France	Corsica and overseas depts & territories	Mainland France	Corsica and overseas depts & territories	City center
Large Regional Shopping Centers (over 20,000 m²)	5.9%	6.5%	6.5%	6.9%	5.7%
Local centers (5,000 to 20,000 m²)	6.4%	6.9%	6.9%	7.3%	6.0%
Other assets (< 5,000 m²)	6.9%	7.3%	7.3%	8.0%	6.5%

After taking into account changes in the average appraisal yield for Mercialys' portfolio compared with June 30, 2015, the capitalization rates applicable for the second half of 2016 were as follows:

	Shopping centers		Retail parks		
Type of property	Mainland France	Corsica and overseas depts & territories	Mainland France	Corsica and overseas depts & territories	City center
Large Regional Shopping Centers (over 20,000 m²)	5.7%	6.3%	6.3%	6.7%	5.5%
Local centers (5,000 to 20,000 m²)	6.2%	6.7%	6.7%	7.1%	5.8%
Other assets (< 5,000 m²)	6.7%	7.1%	7.1%	7.7%	6.3%

On the date of the sale, the price is adjusted to take account of the actual letting conditions for these properties. Therefore, if there is a positive or negative difference (upside or downside) between the price stated in the order confirmation based on projected rents and the price calculated on signing the deed of sale based on actual rents set out in the contract, the price will be adjusted upwards or downwards by 50% of the difference observed.

For properties that are vacant when they open to the public, the price of these assets will be calculated taking account of said vacancy, based on projected net rents, stepped rents and rent-free periods determined by mutual agreement between the parties, or if there is no agreement, based on an appraisal in accordance with the conditions of Article 1592 of the French Civil Code.

In addition, the price will be increased for costs payable by Casino for the delivery and completion of audit operations relating to the sale of developments.

In 2015, under the Partnership Agreement, the Company acquired the premises of hypermarkets in Aurillac, Besançon, Lanester, Poitiers, Fontaine-Lès-Dijon, Marseille Plan-de-Campagne, Annemasse, Istres, Narbonne, Vals-près-le-Puy, Clermont-Ferrand, Marseille Cannebière, Lille Marcq-en-Barœul, Asnières, Chaville and Puteaux as well as the Mandelieu Village-Services.

7.2.3 Property Management activities

Mercialys outsources property management services for almost all its sites, except for its Corsican sites managed by Corin Asset Management (see section 7.3.2.2), to Sudeco, a wholly-owned subsidiary of L'Immobilière Groupe Casino. These services include rental management, service charge administration, real estate management and administrative management of site-specific associations or economic interest groups (EIGs) composed of tenants at the majority of the shopping centers it owns. In recent years, Mercialys Gestion has also taken on responsibility for the administration of tenant associations or EIGs (mainly at Large Shopping Centers).

Sudeco was created in 1988 and specializes in rental management and real estate administration. It acts primarily for the Company and the Casino Group, and for other clients that own shopping malls, most of whom are institutional investors. Sudeco currently manages virtually all Mercialys' properties.

Agency contracts governing the rental management services provided by Sudeco to Mercialys have been concluded 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 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). Sudeco's fee under these contracts is a percentage of the rent collected at the end of each calendar quarter. When a tenant's business is sold, involving the drafting of a new lease and negotiation of a new rent, or when expired leases are renewed, Sudeco collects fees corresponding to a percentage of the difference between the new rent and the previous rent.

The Company and Sudeco have also signed agency contracts on a site-by-site basis for the administrative management of service charges.

Under these contracts, Sudeco divides up the general and specific service charges among tenants, allowing the Company to bill tenants separately for their respective portion. 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 (fire safety and electrical equipment inspections), and (v) draws up end-of-year financial statements. Sudeco represents Mercialys within the tenants' association or EIG and, when requested by the association or the EIG, participates in events at the center.

It also provides specific services, such as overseeing and carrying out special alterations and major repairs.

Sudeco collects fees corresponding to a percentage of the annual budget. Sudeco's fees for overseeing alterations and repairs are based on a scale according to the type of work involved.

Fees payable to Sudeco in the event of a change to the rules of tenure, the rules of procedure or any other document providing a regulatory framework for shopping centers are billed separately.

All agency contracts, whether they concern rental management or service charge administration, share the characteristics described in the following paragraphs.

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 contract.

Each agency contract is entered into for an initial one-year term, renewable unless terminated by either party by registered letter giving three months' notice.

Mercialys may terminate Sudeco's agency contracts at any time, provided it gives Sudeco three months' notice. Moreover, each of these contracts may be terminated automatically, without compensation and without notice, 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 2014 totaled Euro 5,391,000 compared with Euro 5,319,000 as at December 31, 2014 (see Note 25 (c) of the Notes to the Consolidated Financial Statements).

7.2.4 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 remuneration base.

A new Service Convention ("the New Service Convention") was thus concluded with the Casino Group on March 11, 2015. It replaced the Service Convention of December 8, 2005.

Under this New Agreement, Mercialys receives assistance in the following areas:

- in administrative management: legal, human resources, insurance and tax issues;
- in accounting-finance: accounts, preparation of the company financial statements and the consolidated annual and interim 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: rental management of the Company's assets service charge administration, outsourced project management, assistance provided on a case-by-case basis by Casino's real estate development unit *via* conventional real estate development contracts for Mercialys' asset restructuring projects, assistance provided by the Casino Group's Studies and Expansion unit);
- Information technology: hardware and software assistance, and maintenance, applications and infrastructures, operation of IT systems, access to hotline support, management of computer equipment, management of telephone equipment and subscriptions, as well as specific IT studies and developments in project mode on a case-by-case basis.

An annual flat fee is charged for the provision of administrative management, accounting-finance, real estate, IT (excluding specific studies and developments for which specific quotations will be drawn up, and excluding the management of computer equipment, which will be outsourced). It will be revised each year by mutual consent between the parties, on the basis of costs budgeted by Casino, latest by the November 30 of the current year. The parties may decide to regularize 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, indexed to identical services.

In situations liable to create the risk of a conflict of interest with the Company, the service provider must take appropriate steps, in consultation with Mercialys, to safeguard Mercialys' interests.

An annual flat fee is charged for the provision of legal, tax, human resources, insurance, accounting, consolidation, centralization, management control, cash management and IT services (excluding studies and bespoke development and management of PCs and laptops). The fee is reviewed each year by mutual consent based on Casino's budgeted costs.

The Company may arrange qualitative and financial benchmarking of the services provided. Casino has agreed to take the results of any such study into account to offer the Company improved service quality and/or better value for money.

The cost of special services, such as the current account agreement, rental management, management of service charges and occupancy agreements, is provided for under specific agreements.

For services agreed on a case-by-case basis, such as outsourced project management or real estate development agreements, or assistance from the Casino Group's Studies and Expansion unit, the fee is set by mutual agreement on a case-by-case basis based on the market price.

Mercialys may terminate the service agreement at any time without penalty, provided it gives six months' notice. Twelve months' notice is necessary if termination would require Casino to take special measures to cancel the service concerned.

The Casino Group may terminate the agreement with twelve months' notice.

Mercialys paid Euro 1,950,000 excluding taxes for these services in 2015, compared with Euro 1,302,000 in 2014 (see Note 25 (e) of the Notes to the Consolidated Financial Statements).

Under the "review" clause of the Agreement, the Parties met to determine whether the budget of the lapsed year needed to be regularized and to draw up the budget for the next year. They signed an Amendment No. 1 to the new Service Agreement:
- no regularization was deemed necessary for the 2015 budget;
- the 2016 budget was revised upward and amounts to Euro 2,080,000 compared with Euro 1,950,000 previously. This increase is the result of additional specific fund management services provided to Mercialys and the revaluation of accounting, consolidation and centralization services.

Under the procedure of related party agreements, this amendment was examined by the Audit Committee, which expressed a favorable opinion.

7.2.5 Current account advance agreement with Casino

On February 26, 2015, Mercialys, Casino, Guichard-Perrachon and Casino Finance signed an amendment to the Current Account Advance Agreement of July 25, 2012. Under the terms of this amendment, Casino Finance, a subsidiary of Casino, Guichard-Perrachon and the Casino Group entity for centralized cash and treasury management, assumes the latter's rights and commitments and the agreement was extended until December 31, 2017.

Under the terms of this agreement, Casino provides Mercialys with a Euro 50 million credit facility in the form of advances under the following conditions:
- option for Mercialys to obtain same-day advances of up to a maximum cumulative amount of Euro 10 million, subject to interest at 1-month Euribor + 70 basis points, revisable annually on the anniversary of the agreement according to Casino's updated refinancing costs (margin A). On July 25, 2013, the margin was reduced to 0.60% per year;
- option for Mercialys to draw down a minimum of Euro 10 million for a term of one week to three months, subject to interest at Euribor[1] margin B is increased to a margin of 85 basis points (margin B).
- a commitment fee of 40% of the margin applies, in line with the revolving credit facility set up by Mercialys with its bank.

[1] Benchmark rate: 1-month Euribor if the drawdown term is one month or less; 2-month Euribor if the drawdown term is more than one month and less than or equal to two months; 3-month Euribor if the drawdown term is more than two months.

7.2.6 Brand license agreement with L'Immobilière Groupe Casino

On September 8, 2005, Mercialys signed a brand license agreement with the company 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 French National Industrial Property Institute on October 14, 2002 and registered in Class 35 under number 02 3188 709.

This license is granted intuitu personae, for French territory only and for an initial period of ten years, renewable from year to year by tacit agreement. Each party retains the right to terminate the agreement subject to three months' notice.

If L'Immobilière Groupe Casino wishes to sell the brand, Mercialys has a pre-emption right that 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, the agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after service of formal notice to do so.

7.2.7 Brand license agreement with Casino, Guichard-Perrachon

Mercialys entered into a brand license agreement with Casino, Guichard-Perrachon on May 24, 2007, under which Casino grants Mercialys free non-exclusive right to use the following French brands:

Brand	Registration date	Registration no.	Categories
BEAULIEU (name)	01/23/2006	06 3 405 097	16, 35 and 36
BEAULIEU... for a promenade (color visual)	03/21/2006	06 3 417 884	16, 35 and 36
NACARAT (name)	01/20/2006	06 3 404 612	16, 35 and 36
NACARAT (color visual)	01/27/2006	06 3 406 367	16, 35 and 36

This license is granted *intuitu personae*, for France only and for an initial period of ten years, thereafter renewable 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 pre-emption right that 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, the agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after service of formal notice to do so.

7.2.8 Consulting Agreement between Mercialys and L'Immobilière Groupe Casino and Alcudia Promotion

In the context of the "L'Esprit Voisin" real estate and commercial value creation program, on July 25, 2007 Mercialys, L'Immobilière Groupe Casino and IGC Promotion signed a consulting agreement with Mercialys Gestion, which had formed a team of real estate asset enhancement specialists.

Under this contract, Mercialys Gestion, as service provider, was responsible for putting together and coordinating a cross-disciplinary project.

Mercialys, L'Immobilière Groupe Casino and IGC Promotion were responsible for the upstream groundwork and the services requested. They also implemented joint action plans and took responsibility for project management.

The consulting agreement was entered into intuitu personae for an initial term of six years, automatically renewable thereafter for one year at a time, with each party free to terminate its participation on six months' notice.

As a result of an amendment dated July 26, 2008, Alcudia Promotion substituted IGC Promotion in its rights and obligations in respect of the Consulting Agreement and the fee payable to Mercialys Gestion was increased by 3% to Euro 1,443,030 excluding taxes, of which Euro 322,390 was payable by Mercialys, with effect from February 8, 2008.

Following an amendment dated December 7, 2009, the annual fee payable to Mercialys Gestion was increased by 1% to Euro 1,457,460 excluding taxes, of which Euro 325,614 was payable by Mercialys, with effect from January 1, 2009.

Due to the transfer of Mercialys Gestion's asset management and marketing and communication teams to Mercialys on June 1, 2010, Mercialys substituted Mercialys Gestion in its rights and obligations in respect of the Consulting Agreement.

For the consulting service, L'Immobilière Groupe Casino and Alcudia Promotion agreed to pay Mercialys an annual fee of Euro 1,170,600 excluding taxes, which could be revised each year by mutual consent.

On March 23, 2015, Mercialys, Immobilière Groupe Casino and Plouescadis signed a document amending the advisory services framework agreement (the "Advisory Services Framework Agreement").

This amending document includes the modifications to the Agreement on 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. The annual flat fee for 2015 was set at Euro 343,000 excluding taxes. To adjust the billing to the scope actually realized and to determine the billing in N+1, a review clause is planned for the end of the financial year.

For 2015, Mercialys received a payment of Euro 343,000 excluding taxes, compared with Euro 11,71,000 excluding taxes in 2014.

7.2.9 AFUL

Among the real estate assets transferred by L'Immobilière Groupe Casino in October 2005, a large number have been subdivided and organized into AFUL, in which each member has a number of votes in proportion to the area of the building it owns. Depending on the type of decision to be taken, the AFUL General Meeting may make its decisions on a simple majority vote, an absolute majority vote, a two-thirds majority vote or a unanimous vote.

As a general rule, the decisions of the General Meeting are taken by a simple majority, *i.e.* the majority of the votes cast by members attending or represented.

However, an absolute majority of the vote of all AFUL members is required for permission to erect a sign, install an aerial or introduce pay parking. If there is no absolute majority, another general meeting can be convened at which decisions will be taken by a simple majority.

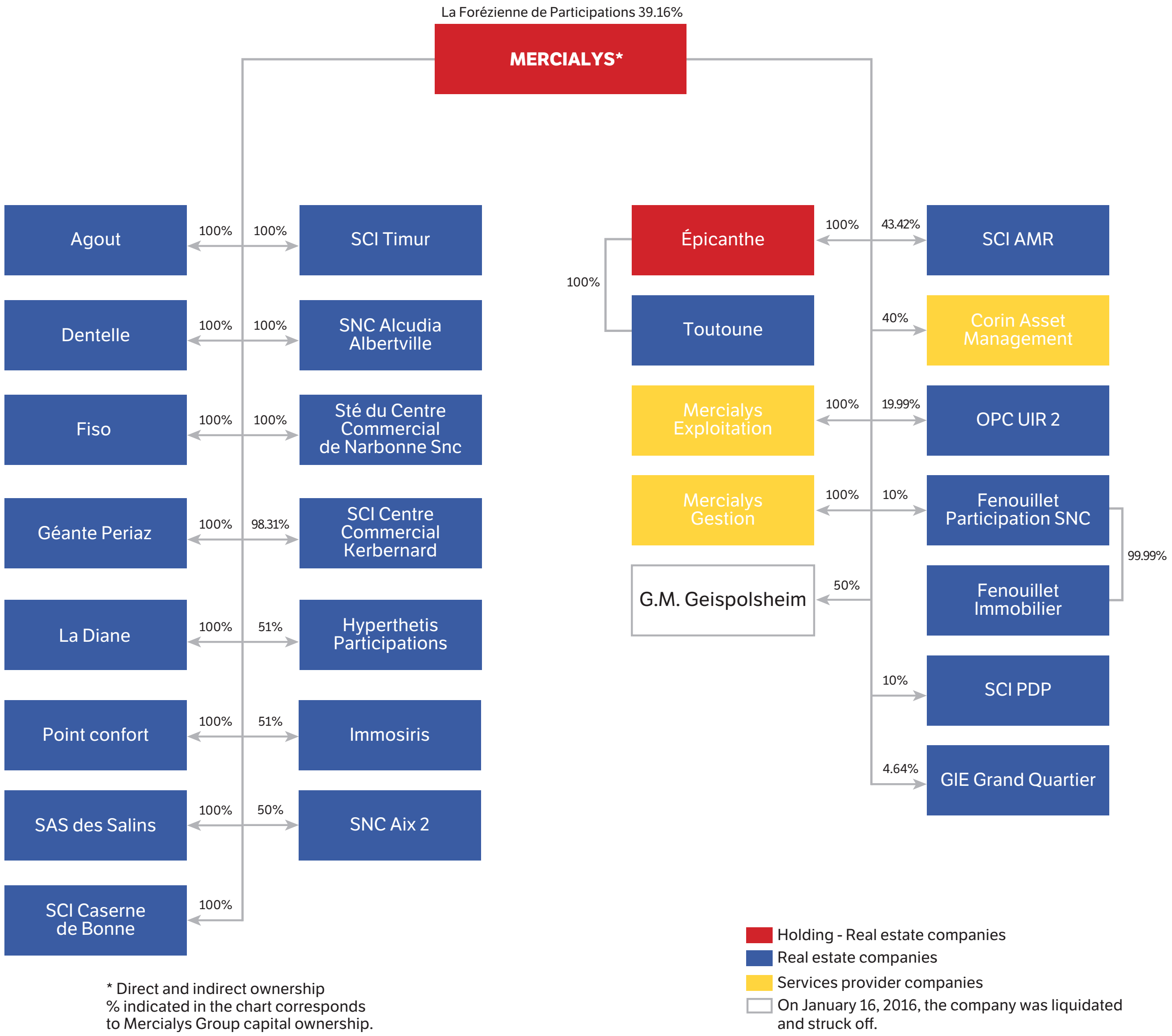
Decisions relating to refurbishment work, new facilities, extension of parking lots and outdoor access to parking lots must be approved by a majority of AFUL members representing at least two-thirds of votes. Decisions relating to the enforcement of provisions contained in the subdivision schedule (except for the collection of charges) or a shopping center's rules of procedure also require a two-thirds majority vote by AFUL members. Decisions relating to the amendment of the subdivision schedule or the rules of procedure are also taken by a two-thirds majority vote. Decisions relating to a change in the allocation of service charges not caused by a change in the building's subdivision must be taken by a unanimous vote of AFUL members.

7.3 MERCIALYS ORGANIZATION CHART – SUBSIDIARIES AND SHAREHOLDINGS

The organization chart below shows the legal structure of the Mercialys Group, made up of 16 subsidiaries and shareholdings in nine companies. Nearly all the real estate assets are owned directly by the parent company except for a few assets owned *via* subsidiaries, all of which are based in France.

Mercialys did not acquire control of any company in 2015.

A table showing the Company's subsidiaries and shareholdings can be found in note 21 of the notes to the Mercialys company financial statements. In addition to revenues generated and net income for the year, the table also shows, for each company, shareholders' equity, net asset value of shares, and dividends received.



* Direct and indirect ownership
% indicated in the chart corresponds to Mercialys Group capital ownership.

7.3.1 Subsidiaries

7.3.1.1 SERVICE PROVIDERS

7.3.1.1.1 Mercialys Gestion

Mercialys Gestion is responsible for the management of Large Shopping Centers, lettings of shopping malls and the development of casual leasing.

The company reported revenues excluding taxes of Euro 8.1 million for the year ended December 31, 2015, compared with Euro 6.2 million in 2014. Net income for 2015 totaled Euro 1,994,000, compared with Euro 16,000 as at December 31, 2014.

7.3.1.1.2 Mercialys Exploitation

The activity of this subsidiary, incorporated on December 3, 2015, is the commercial operation of Shopping Centers.

7.3.1.2 REAL ESTATE COMPANIES

7.3.1.2.1 Agout SNC

SNC Agout owns a property attached to a retail complex in Castres (Tarn), incorporating a 2,350 m² shopping mall that opened to the public in May 2010.

The company reported revenues excluding taxes of Euro 536,000 for the year ended December 31, 2015, compared with Euro 676,000 in 2014. Net income totaled Euro 103 million, compared with Euro 266,000 as at December 31, 2014.

7.3.1.2.2 Dentelle SNC

SNC Dentelle owns various parcels of land in Puy-en-Velay (Haute-Loire) and Vals-près-le-Puy (Haute-Loire), on which a new 6,100 m² retail park built and opened in 2013, within direct proximity to the Géant Casino hypermarket.

The company benefits from a rental guarantee granted by Plouescadis for the amount of Euro 663,000 a year, valid from August 1, 2010 until the retail park opens.

The company reported revenues excluding taxes of Euro 338,000 for the year ended December 31, 2015, compared with Euro 663,000 as at December 31, 2014. Net income totaled Euro 84,000, compared with Euro 531,000 at December 31, 2014.

7.3.1.2.3 Fiso SNC

This subsidiary, which became part of the Group on July 30, 2008, lets real estate it owns within the Istres shopping center, comprising 44 retail units. It also has an equity interest in OPCI UIR II.

The company reported revenues excluding taxes of Euro 3.5 million for the year ended December 31, 2015, compared with Euro 2.2 million in 2014. Net income totaled Euro 2.3 million, compared with Euro 1.7 million as at December 31, 2014.

7.3.1.2.4 Géante Périaz SNC

SNC Géante Périaz owns properties attached to a complex in Seynod (Haute-Savoie), in which an extension to the shopping mall has created 36 new retail units and an additional GLA of 4,900 m². The extension was completed and opened to the public on October 20, 2010.

The company reported revenues excluding taxes of Euro 1.7 million for the year ended December 31, 2015, compared with Euro 1.8 million in 2014. Net income totaled Euro 1 million, compared with Euro 937,000 at December 31, 2014.

7.3.1.2.5 Hyperthetis Participations SAS

Hyperthetis Participations is 51% owned by Mercialys and 49% owned by OPCI SF2, and owns nine hypermarkets, three of which are to be redeveloped: Aix-en-Provence, Angers, Brest, Nîmes, Niort, Fréjus, Istres, Narbonne and Vals-près-le-Puy.

The company reported revenues excluding taxes of Euro 5.8 million for the year ended December 31, 2015. Net income for the period totaled Euro 4.6 million.

7.3.1.2.6 Immosiris SAS

This company is 51% owned by Mercialys and 49% by OPCI REAF, managed by BNP Paribas Reim France, and owns the Clermont-Ferrand shopping center, as well as the hypermarket adjoining the shopping center.

The company reported revenues excluding taxes of Euro 1 million for the year ended December 31, 2015. Net income for the period totaled Euro 867 million.

7.3.1.2.7 La Diane

La Diane owns an equity interest in OPCI UIR II.

The company reported revenues excluding taxes of Euro 200 for the year ended December 31, 2015, compared with Euro 5,000 in 2014. Net income totaled Euro 3,000, compared with Euro 136,000 as at December 31, 2014.

7.3.1.2.7 Point Confort

This subsidiary is the owner of a 1500 m² extension of the Aurillac shopping center.

It also holds stakes in La Diane, Fiso SNC, Société du Centre Commercial de Narbonne SNC, SNC Agout, SNC Dentelle, SNC Géante Périaz, SCI Timur, SCI Caserne de Bonne, Alcudia Albertville and OPCI UIR II.

The company reported revenues excluding taxes of Euro 53,000 for the year ended December 31, 2015, compared with Euro 47,000 in 2014. Net income totaled Euro 181,000, compared with Euro 28,000 as at December 31, 2014.

7.3.1.2.8 SAS des Salins

SAS des Salins owns the shopping mall extension at the Fréjus site on Allée des Hirondelles, comprising 22 stores, acquired in July 2012.

The company reported revenues excluding taxes of Euro 1.6 million for the year ended December 31, 2015, compared with Euro 1.7 million in 2014. Net income totaled Euro 1.1 million, compared with Euro 1.5 million at December 31, 2014.

7.3.1.2.9 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 grouping together shops with a GLA of 17,300 m²: nine large and mid-sized stores including Monoprix and Au Vieux Campeur, 38 shops, five kiosks and five restaurants, 2,800 m² of office space and 300 parking spaces. The center, which opened in September 2010, is part of a broader scheme to redevelop 8.5 hectares of a former military base, including 850 dwellings, an apartment hotel, a four-star hotel, student accommodation, a cinema, a swimming pool, a school and two parks.

The company benefits from a three-year renewable rental guarantee granted by Plouescadis and Opalodis (see Note 2.24.2b “Off-balance sheet commitments” in the Notes to the Consolidated Financial Statements).

The company reported revenues excluding taxes of Euro 5.7 million for the year ended December 31, 2015, compared with Euro 6.4 million in 2014. Net income totaled Euro 1.7 million, compared with Euro 4.7 million at December 31, 2014.

7.3.1.2.10 SCI Timur

Timur owns the car parks at the Sainte Marie Duparc shopping center on La Réunion, as well as a retail complex with a GLA of around 8,500 m² including services areas and restaurants, as well as space for shops.

The company reported revenues excluding taxes of Euro 4.2 million for the year ended December 31, 2015, compared with Euro 3.9 million in 2014. Net income totaled Euro 2.4 million, compared with Euro 2.2 million at December 31, 2014.

7.3.1.2.11 SNC Alcudia Albertville

This company, acquired on December 2, 2013 under the Partnership Agreement, is developing the retail park extension located close to the Albertville shopping center. It will accommodate five new major retailers. The cafeteria will be relocated to the shopping center so that the mall can be renovated and 12 new retail units added in phase two. The shopping center gradually opened to the public starting February 2, 2014.

In 2015, the company reported revenues of Euro 625,000 compared with Euro 2.1 million as at December 31, 2014. Net income for 2015 totaled Euro 57,000, compared with Euro 565,000 in 2014.

7.3.1.2.12 Société du Centre Commercial de Narbonne SNC

This subsidiary, which became part of the Group on July 30, 2008, lets real estate it owns within the Narbonne shopping center, comprising 28 retail units.

The company reported revenues excluding taxes of Euro 1.1 million for the year ended December 31, 2015, compared with Euro 1.2 million in 2014. Net income totaled Euro 866,000, compared with Euro 999,000 as at December 31, 2014.

7.3.1.2.13 SCI Centre Commercial Kerbernard

This subsidiary, which is 98.31%-owned by Mercialys and the remaining 1.69% jointly owned, owns most of the shopping mall in the Géant Casino shopping center in Brest, together with the parking lots. There are no specific agreements between Mercialys and the minority shareholder.

The company reported revenues excluding taxes of Euro 3.8 million for the year ended December 31, 2015, compared with Euro 3.7 million in 2014. Net income totaled Euro 3.3 million, compared with Euro 3 million at December 31, 2014.

7.3.1.2.14 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 Altaréa Group.

SNC Aix 2 is developing the proposed extension of the Aix-en-Provence shopping center. It will accommodate 28 new stores. The extension opened to the public in two phases: one in May 2014 and the other in April 2015.

The company reported revenues excluding taxes of Euro 1.5 million for the year ended December 31, 2015, compared with Euro 547,000 in 2014. Net income totaled Euro 394,000, compared with Euro 360,000 as at December 31, 2014.

7.3.1.3 REAL ESTATE HOLDING COMPANIES

7.3.1.3.1 Epicanthe SAS

In October 2015, Mercialys acquired the simplified joint-stock company Epicanthe SAS.

In November 2015, Epicanthe SAS, acquired the shares of SARL Toutoune, owner of an 8-hectare plot in Saint-André de la Réunion.

7.3.1.4 DORMANT COMPANIES

7.3.1.4.1 G.M. Geispolsheim

Since selling its assets in August 2012, the company has ceased to be active.

On June 30, 2014, the partners decided to dissolve the company and place it in voluntary liquidation.

On January 12, 2016, the liquidation was declared and the company struck off.

7.3.2 Shareholdings

7.3.2.1 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 malls: Paris Saint Didier, Montauban, Valence 2 and Angoulême.

Mercialys has an asset management mandate and a mandate to let vacant units at the properties acquired by SCI AMR.

The company reported revenues excluding taxes of Euro 5.6 million (recognized rents) for the year ended December 31, 2015, compared with Euro 6.2 million in 2014. The company recorded a net loss of Euro 4 million, compared with net income of Euro 1.0 million as at December 31, 2014.

7.3.2.2 CORIN ASSET MANAGEMENT

Corin Asset Management is jointly owned by Mercialys and Corin, which owns 60% of the share capital.

It provides rental, technical and real-estate management services for the five Corsican shopping centers for which Mercialys acquired 60% of the indivisible rights in December 2006 and January 2007. It is also responsible for letting and developing the shopping malls within these centers and manages the co-ownership contract between Corin and Mercialys.

The company reported revenues excluding taxes of Euro 1,003,000 for the year ended December 31, 2015, compared with Euro 986,000 in 2014. Net income totaled Euro 96,000, compared with Euro 91,000 as at December 31, 2014.

7.3.2.3 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 mall within the Bordeaux Pessac shopping center, as well as the extension developed by Pessac 2, a wholly-owned subsidiary of Mercialys.

For the year ended December 31, 2015, the fund reported revenues excluding taxes of Euro 5.6 million (real estate income recognized) compared with Euro 5.8 million in 2014. Net income totaled Euro 1.9 million, compared with Euro 2 million at December 31, 2014.

EURO **1,395.7** MILLION
OF DRAWN DEBT IN 2015

LTV OF **41%**

2.4%
AVERAGE COST OF DRAWN DEBT

La Galerie Chateaufarine à Besançon

08

RISK ANALYSIS

8.1 RISK FACTORS

Risk management is underpinned by the Group's operational and strategic orientation. It is based on the organizational structure set out in the "Chairman's report on internal control and risk management procedures" section of this registration document (see Section 5.3.5).

The Group has carried out a review of the main risks that could have a material impact on its business activities, financial position or results, which are set out below.

Provisions are recognized whenever the Group has a present obligation (constructive or legal) resulting from a past event, the amount of which can be reliably determined and the settlement of which is likely to require an outflow of resources embodying economic benefits for the Group.

8.1.1 Financial risks

Management of financial risk is discussed in Note 20 of the Notes to the Consolidated Financial Statements.

8.1.1.1 INTEREST RATE RISK

Mercialys' financing mechanism is described in Note 14.2 of the Notes to the Consolidated Financial Statements.

Mercialys is primarily a fixed-rate borrower *via* the bond market. As part of its debt optimization strategy, the Group dynamically manages its interest rate hedging policy, in particular through fixed/floating rate operations and by resetting part of its debt at a fixed interest rate.

The interest rate policy was adjusted in December 2015 after the Euro 200 million bond issue of November 2015. Mercialys' debt structure as at December 31, 2015 is as follows: 60% fixed-rate debt and 40% floating-rate debt. This structure is in line with the commitments made by Mercialys under bank facility agreements, since the Company has to hedge at least 55% of its debt against interest rate fluctuations.

The average cost of debt drawn in 2015 stands at 1.9%, down compared with the interest rate recognized at end June 2015 (2.1%) and in 2014 (3.1%).

Risks relating to interest rate fluctuations at December 31, 2015, as well as the hedging policy implemented by the Group, are described in Note 14.2 of the Notes to the Consolidated Financial Statements.

8.1.1.2 FOREIGN EXCHANGE RISK

The Company operates solely in France, and therefore has no foreign exchange risk.

8.1.1.3 EQUITY RISK

Due to the share buyback program approved by the shareholders (see Section 4, "Stock market information"), the Company is exposed to risk in connection with the value of the shares it holds.

Based on the number of shares held on January 31, 2015, *i.e.* 92,049,169 shares, the sensitivity of the Company's net income to a 10% fall in the Mercialys share price is not significant.

The Company allocated Euro 11.4 million to the liquidity account set up on February 20, 2006. In December 2011, the Company decided to make a partial withdrawal of Euro 3.4 million, reducing the amount allocated to the liquidity account from Euro 11.4 million to Euro 8 million.

The Company did not make any payments to or withdrawals from the liquidity account in 2015.

8.1.1.4 COMMODITIES RISK

Given its business activities, the Company is not affected by fluctuations in commodity prices.

8.1.2 Liquidity risk

Mercialys' financing mechanism is described in Note 14.2 of the Notes to the Consolidated Financial Statements, while the management of liquidity risk is discussed in Note 20 of the Notes to the Consolidated Financial Statements.

The average maturity of the debt drawn was 5 years at December 31, 2015 (*versus* 5.2 years at June 30, 2015 and 5.7 years at December 31, 2014).

However, the Company is exposed to a liquidity risk in respect of refinancing its existing debt at maturity and financing any additional liquidity needs.

A severe and prolonged restriction on access to the bank and/or capital markets could limit Mercialys' ability to acquire new assets, finance the renovation of properties and refinance existing debt.

Mercialys' financing needs could increase if its early debt repayment clauses are triggered. The bank facility agreements signed in December 2014 (confirmed facilities and revolving credit facility) contain clauses whereby the debt becomes immediately repayable if certain financial ratios and other covenants are exceeded or if a change of control occurs or if Casino's stake in the Company falls below the 20% threshold or if a third party acquires over 50% of the Company. A change of control will be deemed to have occurred whenever any person other than Casino, Guichard-Perrachon and its subsidiaries, acting alone or in concert with other third parties, comes to own or acquires directly or indirectly a number of shares in Mercialys carrying more than 50% of the voting rights exercisable at a Company General Meeting.

The facility agreements also contain cross-default clauses allowing the lenders or bondholders to demand early repayment of the total outstanding or to trigger the accelerated repayment option in the event that Mercialys fails to meet certain financial commitments (unless this default is corrected within the time allowed).

Consequently, any failure to meet its financial commitments could have a negative impact on the financial position of Mercialys, its earnings, its flexibility in conducting its business and pursuing growth (for example, by impeding or preventing certain acquisitions), its ability to meet its obligations, and its share price.

In addition, the Company may be bound by certain covenants related to asset values. Unfavorable market conditions could reduce the value of the Company's assets, making it more difficult for the Company to comply with the financial ratios described in the loan documentation. If Mercialys were to find itself unable to maintain these ratios, it could be obliged to sell assets or raise funds by issuing equity securities in order to repay the debt or ask lenders to amend certain loan agreement provisions.

8.1.3 Financial counterparty risk

The funding arranged in December 2014 and extended in November 2015 was with major banks.

Mercialys will carefully assess the counterparty risk before entering into any potential contractual agreement with a financial institution, taking into account the credit rating of the institution, among other factors.

8.1.4 Operational risk

8.1.4.1 MACRO-ECONOMIC RISKS

Mercialys' real estate assets consist primarily of shopping centers located in France. The main macro-economic indicators for France are therefore likely to affect the Company's business over the long term, as well as its rental income, the value of its property portfolio, its investment policy and the development of new assets, and therefore its growth prospects. Mercialys' business may be sensitive to economic growth, inflation and consumer spending levels, as well as to interest rates and the French national construction cost index (ICC) and the index of commercial rents (ILC):

- the general economic climate is liable to either encourage or discourage demand for new retail space, and consequently the need to expand the Company's shopping center holdings by acquiring new centers or extending existing ones. It can also have a long-term impact on occupancy rates and the ability of tenants to pay their rent. However, despite the economic climate, the vacancy rate remained low in 2015 (at 2% at December 31, 2015, compared with 2.4% at December 31, 2014), and the number of defaults remained marginal;
- the level of sales at stores renting the premises may affect the variable portion of rents. The variable portion of rents amounted to only 1.1% of rents invoiced by the Company in 2015;
- a fall in the ICC and ILC, to which most of the Company's rents are indexed, could also adversely affect the Company's rental income;
- the Company's ability to raise rents – or even maintain them at current levels – when leases come up for renewal is also affected by supply and demand and by the market, which are influenced by underlying economic trends as well as by the new Pinel Act;
- the value of the Company's property portfolio depends on several factors, including market supply and demand, which depend on the economic climate in general.

The Company's rental income and earnings, the value of its property portfolio, its financial position and growth prospects could also be adversely affected by these factors.

8.1.4.2 RISKS RELATING TO COMMERCIAL PROPERTY SUPPLY AND DEMAND

Given the competitive nature of the commercial property market in France due to market maturity and the relative scarcity of assets, acquiring retail properties could prove difficult, both in terms of timing and price. Accordingly, Mercialys cannot guarantee that acquisition opportunities will always arise under satisfactory market conditions. This could slow the pace of new property acquisitions or even hold back the Company's asset development strategy. The Company might also be unable to sell a portion of its property assets quickly and on satisfactory terms should economic conditions deteriorate or should it otherwise become necessary to do so.

8.1.4.3 ACQUISITION RISKS

The acquisition of property, particularly shopping centers, carries certain risks in terms of assessing: (i) the advantages, weaknesses and rental yield potential of such assets; (ii) short-term effects on the Company's operating profit or loss; (iii) the involvement of senior managers and other key personnel in such operations; and (iv) the risk of discovering problems inherent in such acquisitions (*e.g.* use of retail space exceeding the authorized space, detection of dangerous or toxic materials, environmental issues). Other risks include miscalculating the value of such assets and not achieving rental income or occupancy targets at the shopping centers acquired.

In addition, Mercialys cannot guarantee that such acquisition opportunities will arise. Furthermore, acquisition-led growth can require considerable funding and exert significant pressure on the Company's management and operational systems.

8.1.4.4 ASSET VALUATION RISKS

Mercialys has its portfolio evaluated by independent experts every six months (see Section 3 – "Portfolio and valuation"). The value of the asset portfolio is determined in the light of market supply and demand and many other factors which can vary significantly with shopping center performance levels and economic trends.

Assets are valued according to the historical cost method. Such values are not immediately adjusted for market price fluctuations, and therefore cannot accurately reflect the effective selling price of any property asset.

Consequently, the valuation of such assets is not necessarily in line with their selling prices in the event of disposal.

The Company publishes the appraisal value of its properties excluding and including transfer taxes every six months when it publishes its results.

8.1.4.5 INTEREST RATE RISKS

Interest rates influence the value of Mercialys' assets. They partly determine the yields and discount rates applied by property appraisers to the rents of buildings used for commercial purposes. A sharp increase in interest rates would therefore result in a reduction in the appraisal value of the Company's properties.

Additionally, it would increase the cost of financing investments if Mercialys were to incur debt to finance its future acquisitions.

At December 31, 2015, the value of Mercialys' property assets was Euro 3,541.8 million including transfer taxes, with an appraised rental value of Euro 189.7 million.

The average capitalization rate of leased assets, which is the ratio between the appraised rental value and market value, including transfer taxes, and which is used to measure the profitability of investment property, stood at 5.36% at December 31, 2015.

A minor increase in the capitalization rate would have no immediate effect on the Company's earnings, mainly because:

- assets are accounted for at historical cost. The annual change in their market value is therefore not recorded in the income statement;
- at December 31, 2015, the market value (including transfer taxes) of the Company's assets was Euro 1,303.9 million (including transfer taxes) higher than their net book value recorded in the balance sheet.

A sensitivity analysis simulating a hypothetical 50 basis point increase in interest rates is provided in Note 8.1.2.3 of the Notes to the Consolidated Financial Statements relating to investment property.

8.1.4.6 COMPETITION RISKS

In the course of doing business, the Company is in competition with several players, mainly in the property segment. Competition also plays a role in its rental business.

In dealing in property assets, Mercialys competes with a number of listed property companies, both French (including Klépierre and Unibail-Rodamco) and European companies with a significant asset base in France (including Eurocommercial Properties and Hammerson), along with several major institutional investors, notably banks and insurance companies, retailers' real estate investment companies (Immochan, Carmila & Carrefour Property and Immo Mousquetaires) or even independent operators. Some of these competitors have superior financial power, larger portfolios and their own development capabilities, and may also have a larger regional or local footprint than the Company's. These strengths put the major market players in a good position to tender for development projects or asset acquisitions offering potentially high returns, and at prices that do not necessarily correspond to the Company's investment and acquisition criteria.

Under current conditions in the commercial property market and with intense competition from a number of operators, Mercialys could find itself unable to carry out its development strategy, which could adversely affect its growth, business and future earnings.

In the course of its rental business, the Company is also faced with substantial competition from Regional Shopping Centers, business parks, mid-sized and larger chain discount stores in city suburbs, as well as from downtown shopping malls operated by rival companies and located in extended catchment areas that sometimes overlap with those of the Company's own shopping centers. Some of the shopping centers owned by the competition may prove more successful than the Company's shopping centers in attracting both highly lucrative retail brands and customers. Added to this is competition from e-commerce. These factors may affect sales at stores in the Company's shopping malls, their growth and earnings prospects, as well as rental income, and therefore the income they generate for the Company.

In addition, the growth of electronic retailing and other new forms of competition in recent years could affect the sales of certain Company tenants, and consequently the Company's revenues insofar as a portion of rents received depends on the tenant's revenues.

8.1.4.7 OPERATIONAL COUNTERPARTY RISK

Given the nature of the Company's business activities and customer type – generally large retail chains – the risk of non-payment was not considered material at December 31, 2015. The recovery rate over 12 months was 97.7%.

In addition, the Company's top five, top ten and top thirty tenants – excluding Casino Group subsidiaries – accounted for 7%, 12% and 22% of total gross rents respectively in 2015 on an annualized basis, an even higher dispersion of risk compared with 2014, thereby avoiding any risk of dependency.

Except for H&M, Monoprix and Distribution Casino France, no tenant represents more than 2% of total rental income.

Casino accounted for 32.1% of total rental income as at December 31, 2015, compared with 24.6% at December 31, 2014. This increase was due to the acquisition of reconstruction projects on large food stores in 2014 and 2015 as well as the acquisition of five Monoprix stores to be converted in December 2015. The impact of these acquisitions is partially offset by the decreased contribution of Casino Cafétérias (0.9% of Mercialys rental revenue at December 31, 2015, compared with 3.2% at the end of 2014). Monoprix accounted for 4.3% of Mercialys rental revenue at end 2015.

It must however be noted that the economic exposure of Mercialys to the Casino Group rose at a significantly more limited rate to 27.7%, after the restatement of ownership by BNP Paribas REIM France of a 49% stake in Hyperthetis Participations, the owner of the premises of nine large food stores and its 49% stake in Immosiris, owner of the premises of the large food store to be repositioned in Clermont-Ferrand.

8.1.4.8 COMMERCIAL RISKS IN SITE LETTING

Mercialys leases most of its proprietary premises in shopping malls and mid-sized stores to large domestic retailers (*i.e.* nationally or internationally recognized brands operating across France), as well as to various entities in the Casino Group.

The presence of these major brands with strong consumer appeal may have a significant impact on flows and footfall in shopping centers, and thus on the earnings of all shopping mall tenants, given the pulling power retail chains have in some centers.

The commercial real estate sector in which the Company operates is also characterized by a rapidly changing environment and shifting customer demand. As a result, the Company has to adapt the design of its centers and tenant mix to consumer expectations and, more generally, to anticipate and respond effectively to changes in the shopping center real estate sector.

The Company may therefore encounter difficulties in its search for attractive stores and brands that accept its rental terms, particularly when letting new or prospective shopping centers developed by the Company, either independently or with third parties.

In addition, if retailers should become less attractive, experience a slowdown in sales, or cease trading, particularly in a tough economic climate, or if shopping centers should fail to keep up with market trends, this could have a significant adverse effect on the total rental yield of some shopping centers, and consequently on the Company's asset valuations, business and earnings.

8.1.4.9 RISKS RELATED TO THE COST AND AVAILABILITY OF APPROPRIATE INSURANCE COVERAGE

Mercialys arranges insurance policies covering its real estate assets and third-party liability under the Casino Group's insurance program.

Given the solid links between the Casino Group and Mercialys in terms of assets and organization, Mercialys benefits from the synergy and insurance capacity available to the Casino Group. No major incident occurred in 2015 that could reduce the availability of insurance coverage and/or significantly affect insurance premiums.

8.1.4.10 RISKS RELATED TO THE POTENTIAL REPLACEMENT OF THE PROPERTY MANAGER

Administration and rental management for nearly all of the Company's shopping centers has been outsourced to Sudeco, a subsidiary of Casino. Sudeco is also in charge of rental management for the Casino Group's property assets. It handles day-to-day rental activity at shopping centers (billing and rent collection, review of contractual commitments, dealing with tenant requests and problems).

Any replacement of Sudeco could, in addition to the extra costs relating to the change of service provider, lead to a temporary decline in the efficiency of rent collection and services in general, as well as lower satisfaction among the Company's various tenants, resulting in the need for a period of adaptation to the specific requirements of the properties concerned.

Sudeco also manages communal service charges for shopping centers held in co-ownership or as part of an AFUL (Association Foncière Urbaine Libre, a private landowners' management association) arrangement with Casino, the owner and operator of the adjoining hypermarket. In such a context, Sudeco's management responsibilities could lead to conflicts of interest.

8.1.4.11 RISKS RELATED TO SERVICE AND SUBCONTRACTING QUALITY

The attractiveness and value of the property portfolio may be affected by potential tenants' perception of the properties in terms of quality, cleanliness and/or building safety, and/or the need to undertake redevelopment, renovation or repair works. Maintenance and insurance costs may also affect the Company's rental income.

The Company relies on a number of subcontractors and suppliers in its rental business. Should they go out of business, prove unable to meet their financial obligations or provide a lower quality of products and services, this could result in a deterioration in the quality of services provided in the context of day-to-day asset management (especially maintenance and security), or a slowdown in active construction sites for development, redevelopment or renovation projects, and an increase in related costs, mainly to replace defaulting subcontractors with more expensive service providers, or possible late delivery penalties for the Company, or even the inability to enforce legal or contractual guarantees.

The Company cannot guarantee that the services or products provided by subcontractors and suppliers will be entirely satisfactory, particularly because the Company's property managers only have limited control over subcontractors' personnel.

The eight main subcontractors and/or suppliers for Mercialys are EDF, Engie, Cofely, as well as Securitas Distribution, SOS Sécurité, Alter Services, CIPS Sécurité and Sud Gardiennage Services. Together, these firms account for approximately 23% of the Company's rental expenses, most of which are rebilled to the Company's tenants.

8.1.4.12 COMMERCIAL RISKS RELATING TO NON-RENEWAL OF LEASES

French regulations mandate a minimum duration of nine years for commercial leases. However, the duration 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, 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.

It is possible that when renewing its leases, the Company may be faced with market and/or regulatory conditions that are unfavorable for lessors.

Furthermore, if a lease is not renewed upon expiry, Mercialys cannot guarantee that it will be able to re-let the property quickly and on satisfactory terms, which would result in a lack of revenues from vacant premises, in addition to the associated fixed costs that Mercialys would continue to incur.

Changes in market conditions during the term of current leases could therefore have a negative impact on the valuation of the portfolio, as well as the Company's earnings, business and financial position.

8.1.4.13 RISK OF MERCIALYS FAILING TO COMPLETE ITS INVESTMENT PROJECTS

Mercialys invests in the renovation or redevelopment of existing sites in accordance with its strategy of enhancing the value of its property portfolio and the attractiveness of its commercial offering.

Such asset-enhancing investment projects may also involve a degree of uncertainty with respect to procedures for obtaining the necessary administrative authorizations, as well as the risk of delays or non-completion due to the complexity of certain projects.

Delays or non-completion of certain investment projects, or their completion under onerous conditions, not to mention the internal and external costs of feasibility studies, could hamper the Company's growth strategy, thus adversely affecting the Company's earnings, business and financial position.

8.1.4.14 RISKS RELATED TO DEVELOPMENT PROJECTS

As part of its expansion, Mercialys will occasionally act as a real estate developer. This activity presents the following risks:

- the cost of construction could exceed initial estimates; for example, the construction phase could be delayed, or technical difficulties or setbacks could arise owing to the complexity of the project. The prices of the materials used could have an adverse impact on the initial budget;
- the costs incurred initially (such as survey expenses) generally cannot be deferred or cancelled in the event of the project being delayed or not completed.

These risks may result in delays or prevent the project from being completed, as well as having an unfavorable impact on the Company's results.

However, real estate development is not one of Mercialys' core business activities.

When developing its centers, Mercialys buys assets developed by Casino at below-market rates (see the capitalization rates for the new Partnership Agreement in Section 7.2.2).

Within this framework, Mercialys is not exposed to development risks.

8.1.4.15 IT RISKS

In managing rentals, Mercialys and/or its service providers use a number of IT tools and information systems such as Pegas/Immoged, a database for the legal and statistical monitoring of the property portfolio, and Altaix, which monitors rents and property expenses. The Company and/or its service providers also have IT backup systems. However, given the number of leases managed by the Company, if such IT systems and databases were to be destroyed or damaged in any way, the Company's rental management business could be disrupted, for example due to billing problems.

8.1.5 Risks in connection with agreements and relationships with the Casino Group

8.1.5.1 RISKS FROM AGREEMENTS MADE WITH CASINO

As a result of changes in its shareholding structure, Mercialys has adapted its corporate governance in accordance with the commitments made when announcing its new strategic plan on February 9, 2012. A new Partnership Agreement was signed with the Casino Group on July 2, 2012. This was amended on November 12, 2014, essentially to extend it until December 31, 2017.

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 kept in the new Partnership Agreement under the same financial terms.

However, the non-renewal of this agreement could limit growth opportunities in a market where opportunities for creation or acquisition of new shopping centers are relatively limited at present. Any significant change in the Casino Group's strategy or the impossibility of implementing such operations could also affect the Company's development prospects.

On March 11, 2015, the Company entered into a new service agreement (the "Service Agreement") with the Casino Group, which replaces the agreement signed on September 8, 2005. This Service Agreement defines the terms for the provision of necessary support functions for the Company (administrative management, mainly for legal issues and human resources, accounting and financial assistance, IT services and services in connection with the property business). These services concern all the support functions for the Company. They also provide access, for the Company's property activities, to the expertise and technical resources of the Casino Group's development team, particularly for development and restructuring projects the Company conducts on its own behalf. Although the Casino Group no longer controls the Company, the service agreements between the two companies have been maintained. The non-renewal of such contracts on expiry could give rise to extra costs for the replacement and training of alternative service providers, or for creating in-house services. This would generate additional costs and potential delays in setting up these services, and could have an adverse effect on the Company's business and earnings.

Furthermore, within the framework of the document amending the current account advance agreement signed with Casino on Thursday, February 26, 2015 (the "Current Account Advance Agreement"), the Company could be subject to early repayment of any advances still outstanding if Casino ceases to be a director of Mercialys and no longer holds a direct or indirect stake of at least 5%.

Details of the various contracts and agreements between Mercialys and the Casino Group or its companies are provided in Section 7 of this Registration Document.

8.1.5.2 MAIN SHAREHOLDER RISK

The loss of control by the Casino Group, the majority shareholder, of the majority of voting rights at shareholders meetings was recognized at the Annual General Meeting on June 21, 2013. However, in the event of a very low attendance rate by other shareholders, the Casino Group may make important decisions at its sole discretion, in particular concerning the members of the Board of Directors, approval of annual financial statements and dividend payouts.

8.1.6 Health and environmental risks

Mercialys' business activities are subject to various environmental regulations, in particular those relating to installations classified for environmental protection ("ICPE") and the Water Act of January 1992.

Any tightening of such laws and regulations could cause extra expense for the Company in relation to bringing its installations up to standard.

The Company's buildings are also subject to health regulations that take account of the risks relating to the presence of asbestos, lead or the development of Legionnaires' disease. Even if technical management of these risks is outsourced to specialist providers, the Company may nevertheless be at risk of legal proceedings in the event of a lack of proper controls or failure to ensure the compliance of the installations it owns.

In addition, the six service stations and dry cleaners located at sites owned by Mercialys may be concerned by the pollution of soil and groundwater by hydrocarbons or chlorinated solvents.

Although these risks are primarily the responsibility of the operators of these installations, who could be found liable if they failed to monitor their installations and ensure they were up to standard, the Company could still be involved as owner of the sites concerned, if the operator were to cease to exist.

Such incidents could have a negative impact on the Company's financial position, earnings and reputation.

Likewise, if such incidents were to occur in a hypermarket or supermarket owned by the Casino Group – or even a third party – this could have an adverse effect on the image of the entire shopping center where a shopping mall owned by the Company is located.

In addition, technological risks also represent a challenge for the Company's business activities. The gradual implementation of technological risk prevention plans ("PPRTs") could result in an additional financial risk for the Company. These PPRTs could potentially jeopardize plans to extend a shopping center or require substantial changes to it. They could also result in a major retrofit of existing sites.

The Company's buildings may also be exposed to natural risks such as earthquakes, flooding or collapse, especially when built on former mining sites, for example Saint-Etienne Monthieu and Paris Masséna. Such incidents could lead to the total or partial closure of the shopping center concerned, which would have a significant negative impact on the Company's image and reputation, the attractiveness of its assets, and on its business and earnings.

Furthermore, failure to comply with these regulations may result in administrative sanctions against the Company, such as the refusal or withdrawal of administrative authorization, site closures and site repairs, and/or penalties, such as fines, closure of the business, or a prison sentence for directors.

For more information about the measures taken to prevent environmental risks, see the section of this Registration Document on sustainable development.

8.1.7 Legal risks

Mercialys holds property in which shopping malls and cafeterias are or will be operated. The Company is therefore obligated to comply not only with tax rules with regard to its corporate status as a listed property company (SIIC), but also with the ordinary rules of French law on building permits, and several specific regulations governing areas such as urban zoning for commercial property, public health, the environment, security and commercial leases.

Any substantial modification of the regulations applicable to the Company may affect its operating results and its development and growth potential.

Additionally, as is customary for owners of shopping centers, the Company cannot guarantee that all its lessees, 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. The Company, as the property owner, could suffer penalties as a result of the failure of its lessees to comply with applicable regulations, and this could affect its earnings and financial position.

8.1.7.1 RISKS RELATING TO REGULATIONS CONCERNING COMMERCIAL LEASES

The Company 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. Contractual clauses relating to the term, termination, renewal and rent indexing are matters of public policy in France, and owners have only limited leeway to raise 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 be adjusted only every three years to correspond to rental value, but it cannot vary by more than the quarterly construction cost index indicates (since the most recent rental adjustment).

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. This indexation to the lessee's revenues therefore avoids the rules for setting or adjusting rents. In a commercial lease, therefore, the adjustment of the guaranteed minimum rent based on changes in the ILC (commercial rent index) or ILAT (tertiary rent index) is only possible if expressly stipulated in the terms of the contract.

In addition to the operational problems resulting from the non-renewal of a commercial lease as described above (see Section 8.1.4.13), the tenant is entitled to eviction compensation if the lessor refuses to renew the lease.

Act 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the "Pinel Act"), published in the French Official Journal on June 19, 2014, and Decree No. 2014-1317 of November 3, 2014, published in the French Official Journal on November 5, 2014, amended some of the rules concerning commercial leases.

The changes to public policy have been incorporated into the commercial leases entered into or renewed by Mercialys since the new rules took effect.

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.

8.1.7.2 RISKS RELATING TO THE REGULATIONS ON PLANNING, CONSTRUCTION, SAFETY AND OPERATION OF SHOPPING CENTERS

The Company's 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 governor, 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 biannual inspections to check on compliance with safety standards, and issues a formal report. If regulations are breached, the city mayor or local governor may decide to close the site.

Commercial premises are also obliged to provide security or surveillance, where their size or location warrants this, in order to avoid manifest risks for the security and orderliness of the premises. Failure to comply with this requirement may result in a fine of up to Euro 1,500.

Any regulatory change concerning city planning or safety requirements for establishments open to the public that increases the restrictions or constraints on shopping center development could limit the Company's growth opportunities and outlook. Conversely, any easing of commercial zoning 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 or commercial licenses, could also have a negative impact on the Company's margins and operating profit by raising operating expense and maintenance and improvement costs, as well as administrative costs inherent in the shopping center business.

8.1.7.3 RISKS RELATED TO FISCAL CONSTRAINTS ON LISTED PROPERTY INVESTMENT COMPANIES, CHANGES IN THE APPLICABLE TAX STATUS OR LOSS THEREOF

Mercialys has enjoyed the tax status applicable to listed property companies (SIIC) since November 1, 2005. It is thus exempt from corporate income tax on most of its business income. Eligibility for this status is conditional on compliance with the obligation to redistribute a large part of its profits. Non-compliance could entail the loss of this advantageous fiscal regime.

In addition, the amended Finance Act of 2006 makes eligibility for SIIC tax status conditional on limiting to 60% the portion of the Company's capital and voting rights held, from time to time over the fiscal year, by one or several entities acting in concert. As of January 1, 2010, the Company 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.

Furthermore, the Company is obliged to hold acquired assets for five years, enabling asset contributions to be governed by Article 210 E of the French General Tax Code. This could constitute a constraint that limits the Company's capacity for dynamic asset management and adversely affects its performance and earnings. Non-compliance with this commitment entails a penalty equivalent to 25% of the contribution value of the asset in question.

The loss of SIIC tax status and the corresponding tax savings, or any substantial changes in the rules applicable to such listed property companies, could affect the Company's business, earnings and financial position.

8.1.7.4 LEGAL AND ARBITRATION PROCEEDINGS

In the normal course of its business, the Mercialys Group is involved in various legal or administrative proceedings and is subject to administrative control. The Group 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 the Company 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 compensate Mercialys for any prejudice, loss, charge or damage compensation the latter might incur in connection with such disputes.

The main proceedings are as follows:

- Proceedings following the sudden termination of business relations between Mercialys and Société Marketing et Distribution, who sought payment from Mercialys of the sum of Euro 328,671.20 as damages and interest for its loss. The Paris Court of Appeal, ruling on appeal, reduced the amount of compensation due to Société Marketing et Distribution from Euro 188,000 to Euro 164,531. It also dismissed the claimant's cross-appeal seeking additional compensation of Euro 50,000. Based on this final judgment, Société Marketing et Distribution must reimburse Euro 37,469 to Mercialys. Mercialys is in the process of recovering this sum.
- A co-owner has issued a writ against the co-owners' association of a site that is 80%-owned by Mercialys following upgrading works. The case is currently pending before the Paris Court of Appeal. Mercialys had recognized a provision for liabilities and charges in its financial statements to December 31, 2013, which was reversed on payment of this amount.

To the best of the Company's knowledge, there are no other governmental, arbitration or legal proceedings, including any outstanding or threatened proceedings, which are or were in the past 12 months liable to have significant effects on the financial situation or the profitability of the Company and/or the Group.

8.2 INSURANCE AND RISK COVERAGE

8.2.1 General description of insurance policies

Mercialys is named as additional insured under the insurance programs set up by the Casino Group Insurance Department. Mercialys relies on the Casino Group's Insurance Department to manage its risks and insurance policies, in accordance with the Service Agreement between Casino and Mercialys (see Section 7.2.4).

This assistance primarily concerns:

- the analysis and quantification of insurable risks, including technical risk prevention and protection;
- negotiation and arrangement of insurance under the Casino Group's programs with leading insurers;
- arbitrage between the transfer of risk financing to the insurance market and self-insurance;
- administrative management of insurance policies and overseeing claims management.

The technical risk prevention and protection policy set up by Mercialys is linked to the Casino Group policy, with the support of the technical departments of the Group's insurers. Shopping centers undergo regular appraisals, depending on the sum insured and appraisal frequency. The reports of the insurers' loss prevention engineers are submitted after each on-site assessment, accompanied by recommendations that are monitored jointly by Mercialys and the insurers' loss prevention engineers.

8.2.2 Principal insurance coverage in place

Mercialys takes advantage of the synergies and discounted premiums available from pooling insurance coverage, while enjoying the same protection as other similar-sized companies in the sector. This insurance is subject to variations and/or adjustments to take account of the claims rate, insurance market constraints or changes in risks.

Mercialys is mainly covered for property damage, professional liability, building liability, and directors' and corporate officers' liability.

At the time of writing, no major and/or significant claim liable to affect current terms of insurance and the cost of insurance premiums and/or the premiums and continuation of self-insurance had been made in 2015.

8.2.3 Self-insurance

Self-insurance is a strategic risk management and funding decision. It is designed to streamline and control insurance costs by smoothing fluctuations in the insurance market.

Self-insurance is used to finance small, infrequent claims.

8.2.4 Insurance coverage

For major, intensive claims, the financing of these risks is transferred to the insurance market. The nature and limits of coverage are determined with the help of external consultants and insurance brokers, based on the market practices of insurers, risk analysis models, and the associated financial implications.

8.2.4.1 PROPERTY DAMAGE AND/OR OPERATING LOSS INSURANCE

The policies negotiated on the insurance market mainly cover property damage and/or operating losses due to fire, explosion, malicious act, collapse, natural event, natural disaster, political violence or tenant liability. Mercialys' limits of insurance coverage are identical to those available to the Casino Group.

(in millions of euros)	
Fire, explosion, lightning (direct damage consequential operating losses – 18-month compensation period)	400
Building collapse	150
Social unrest, riots	150
Acts of terrorism	80
Natural disasters	400
Neighbor/third party claims	20
Tenant/occupant claims	15
Loss of use/compliance expenses	20
Loss of rents	20

8.2.4.2 THIRD-PARTY LIABILITY

This mainly covers personal injury, property damage and/or financial losses caused to third parties through negligence, errors or omissions in a service 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.

Mercialys' insurance coverage limits are identical on the whole to those available to the Casino Group.

8.2.4.3 BUILDING INSURANCE

This covers the risks to which Mercialys could be exposed as project manager, in compliance with the regulations and legal requirements for insurance.

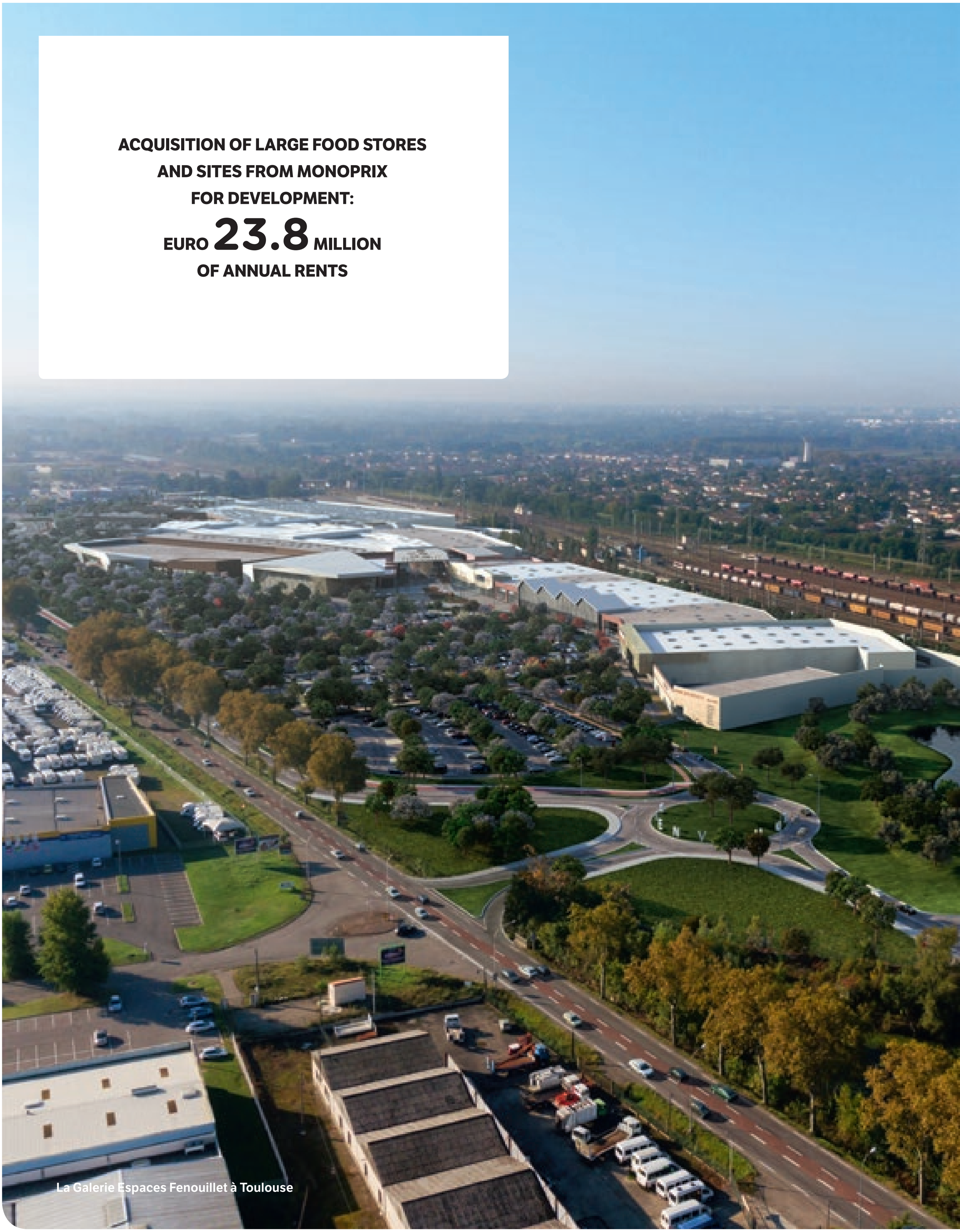
The coverage limits are consistent with the practices and insurance obligations for the building industry.

8.2.5 Claims management

Claims management is entrusted to the Group Insurance Department, with the support of Mercialys' management and operational staff. The Group Insurance Department oversees the processing and settlement of insurance claims, liaising with insurers, claims adjusters and advisors.

ACQUISITION OF LARGE FOOD STORES AND SITES FROM MONOPRIX FOR DEVELOPMENT:

EURO 23.8 MILLION OF ANNUAL RENTS



La Galerie Espaces Fenouillet à Toulouse

09

CONSOLIDATED FINANCIAL STATEMENTS

9.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended December 31, 2015, on:

- the audit of the consolidated financial statements of Mercialys;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. It also involves evaluating the appropriateness of the accounting policies used, significant estimates made, and the overall presentation of the financial statements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations for that financial year, in accordance with the International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring the following matters to your attention:

Note 8 to the consolidated financial statements describes the accounting rules and methods adopted by the Group concerning the accounting and valuation of investment properties, as well as their depreciation. Investment properties are recognized at cost. To assess potential impairment on these investment properties, the Group relies on fair values determined by independent property appraisers.

Our work consisted in examining the assumptions made by these independent property appraisers, and the results of the valuations, evaluating the data used by the Group as the basis of the overall valuations, notably in case of potential impairment, and verifying that the notes to the financial statements provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Lyon, March 21st, 2016

The Statutory Auditors

KPMG Audit	Ernst & Young et Autres
Department of KPMG S.A.	
Régis Chemouny	Sylvain Lauria

9.2 FINANCIAL STATEMENTS

9.2.1 Consolidated income statement

For the periods ended December 31, 2015 and December 31, 2014.

(in thousands of euros)	Notes	12/2015	12/2014[1]
Rental revenues		**168,956**	**152,787**
Non-recovered property taxes		(1,081)	(1,367)
Non-recovered service charges		(3,048)	(3,244)
Property operating expenses		(6,069)	(5,072)
Net rental income	**Note 5.1**	**158,758**	**143,104**
Management, administrative and other activities income	Note 5.2	2,893	3,017
Property development margin	Note 5.7	1,099	118
Other income	Note 5.3	401	1,845
Other expenses	Note 5.4	(6,891)	(9,888)
Staff costs		(12,179)	(10,424)
Depreciation and amortization	Note 5.5	(24,844)	(23,968)
Reversals/(Allowance) for provisions		(928)	126
Other operating income	Note 5.6	3,755	270,278
Other operating expenses	Note 5.6	(9,020)	(198,132)
Net operating income		**113,044**	**176,076**
Revenues from cash and cash equivalents		225	348
Cost of gross debt		(28,460)	(27,601)
(Cost of net debt)/Income from net cash	**Note 14.1.1**	**(28,235)**	**(27,253)**
Other financial income	Note 14.1.2	1,287	5,064
Other financial expenses	Note 14.1.2	(1,884)	(1,666)
Net financial income/(expense)		**(28,832)**	**(23,855)**
Tax	Note 6	(3,138)	(1,055)
Share of net income of associates and joint ventures	Note 7	1,026	1,346
CONSOLIDATED NET INCOME		**82,100**	**152,512**
of which non-controlling interests		2,486	48
Attributable to owners of the parent		79,614	152,464
Earnings per share	**Note 21.3**		
Earnings per share attributable to owners of the parent (in euros)		0.87	1.66
Diluted earnings per share attributable to owners of the parent (in euros)		0.87	1.66

(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2).

9.2.2 Statement of consolidated comprehensive income

For the periods ended December 31, 2015 and December 31, 2014.

(in thousands of euros)	Notes	12/2015	12/2014[1]
Consolidated net income		82,100	152,512
Items that may be recycled as income		**444**	**(1,541)**
Change in fair value of available-for-sale financial assets		677	(2,349)
Tax		(233)	808
Items that may not be recycled as income		**(52)**	**(15)**
Actuarial gains or losses		(78)	(23)
Tax		27	8
Other comprehensive income for the period, net of tax		**392**	**(1,556)**
CONSOLIDATED COMPREHENSIVE INCOME		**82,492**	**150,956**
of which share of non-controlling interests		2486	48
Attributable to owners of the parent		**80,006**	**150,908**

(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2).

9.2.3 Consolidated balance sheet

For the periods ended December 31, 2015 and December 31, 2014.

ASSETS

(in thousands of euros)	Notes	12/2015	12/2014[1]
Intangible assets	Note 8.1	974	811
Property, plant and equipment other than investment property		12	434
Investment property		2,224,080	1,751,782
Investments in associates	Note 7	20,069	20,880
Other non-current assets	Note 10	34,154	33,579
Deferred tax assets	Note 6	338	990
Non-current assets		**2,279,627**	**1,808,476**
Inventories	Note 5.7	4,358	-
Trade receivables	Note 12	25,173	18,687
Other current assets	Note 13	73,232	64,762
Cash and cash equivalents	Note 14	13,030	121,015
Investment property held for sale	Note 8.2	3,095	5,666
Current assets		**118,888**	**210,130**
TOTAL ASSETS		**2,398,515**	**2,018,606**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	12/2015	12/2014[1]
Share capital		92,049	92,049
Bonus, treasury shares and other reserves		617,975	691,262
Equity attributable to owners of the parent		710,024	783,311
Non-controlling interests		206,159	436
Equity	**Note 21**	**916,183**	**783,748**
Non-current provisions	Note 23	401	292
Non-current financial liabilities	Note 14	1,219,574	1,022,424
Deposits & guarantees		22,880	22,555
Deferred tax liabilities	Note 6.2	-	1
Non-current liabilities		**1,242,855**	**1,045,272**
Trade payables	Note 15	19,704	14,026
Current financial liabilities	Note 14	188,720	143,330
Current provisions	Note 23	2,366	1,426
Other current payables	Note 16	26,968	30,456
Current tax liabilities	Note 16	1,719	348
Current liabilities		**239,477**	**189,586**
TOTAL EQUITY AND LIABILITIES		**2,398,515**	**2,018,606**

(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2).

9.2.4 Statement of consolidated cash flows

For the periods ended December 31, 2015 and December 31, 2014.

(in thousands of euros)	Notes	12/2015	12/2014 (1)
Net income, attributable to owners of the parent		79,614	152,464
Non-controlling interests		2,486	48
Consolidated net income		**82,100**	**152,512**
Depreciation, amortization, impairment allowances and provisions net of reversals	Note 5.5	28,139	24,363
Unrealized losses/gains relating to changes in fair value		(181)	(209)
Income and charges relating to stock options and similar		260	406
Other calculated (income)/expense(2)		(2,170)	1,448
Share of income from associates	Note 7	(1,026)	(1,346)
Dividends received from associates	Note 7	1,838	1,956
Income from asset sales		2,718	(80,092)
Cash flow		**111,677**	**99,038**
Cost of net debt (excluding changes in fair value and depreciation)		28,416	26,163
Tax charge (including deferred tax)		3,138	1,055
Cash flow before cost of net debt and tax		**143,231**	**126,256**
Taxes received (paid)		(1,160)	1,576
Change in working capital requirement relating to operations, excluding deposits and guarantees(3)		(9,024)	(12,316)
Change in deposits and guarantees		327	673
Net cash flow from operating activities		**133,374**	**116,189**
Cash payments on acquisitions of:			
investment property and other fixed assets		(498,102)	(298,239)
non-current financial assets		-	(322)
Cash receipts on disposal of:			
investment property and other fixed assets		656	37,486
non-current financial assets		12	4,791
Impact of changes in the scope of consolidation with change of ownership(4)		(534)	(59)
Impact of changes in the scope of consolidation related to associates		-	(70)
Net cash flow from investing activities		**(497,966)**	**(256,412)**
Dividend payments to shareholders	Note 22	(80,756)	(75,293)
Interim dividends	Note 22	(69,764)	(32,996)
Dividend payments to non-controlling interests		(48)	(49)
Other transactions with shareholders(5)		200,399	0
Changes in treasury shares		(165)	38
Increase in borrowings and financial liabilities		946,839	1,147,223
Decrease in borrowings and financial liabilities		(716,300)	(761,500)
Net interest received		17,993	27,635
Net interest paid		(41,593)	(54,320)
Net cash flow from financing activities		**256,605**	**250,738**
CHANGE IN CASH POSITION		**(107,987)**	**110,515**
Opening cash position	Note 14	120,994	10,479
Net cash at end of year	Note 14	13,007	120,994
Of which:			
Cash and cash equivalents		13,030	121,015
Bank loans		(23)	(21)
(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2)			
(2) Other income and expenses primarily comprise:			
- discounting adjustments to construction leases (Note 10)		*(629)*	*(569)*
- lease rights received and spread out over the term of the lease		*(1,918)*	*(727)*
- deferral of financial expenses		*346*	*180*
- disposal expenses		*-*	*2,526*
(3) The change in working capital requirement breaks down as follows:			
Trade receivables		*(6,176)*	*3,027*
Trade payables		*5,661*	*6,390*
Other receivables and payables		*(4,700)*	*(21,436)*
Inventories on property development		*(3,809)*	*-*
Property development liabilities		*-*	*(297)*
		(9,024)	***(12,316)***

(4) At the end of 2015, the Group proceeded with the acquisition of SARL Toutoune shares for Euro 534,000.

(5) On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2 for Euro 99,479,000 net of costs. OPCI SPF2 took part in the capital increase of Hyperthetis Participations on November 10, 2015 for the amount of Euro 34,048,000. On November 10, 2015, Mercialys sold 49% of the shares in Immosiris to OPCI REAF for Euro 66,872,000 net of costs.

9.2.5 Statement of changes in consolidated equity

For the periods ended December 31, 2015 and December 31, 2014.

(in thousands of euros)	Share capital	Reserves related to share capital(2)	Treasury shares	Consolidated reserves and retained earnings	Actuarial gains or losses	Available-for-sale financial assets	Share-holders' equity attributable to Group(3)	Non-controlling interests	Total share-holder's equity
At January 1, 2014(1)	**92,049**	**482,836**	**(3,771)**	**166,650**	**(26)**	**2,323**	**740,064**	**436**	**740,500**
Other comprehensive income for the period	-	-	-	-	(15)	(1,541)	(1,556)	-	(1,556)
Net income for the period	-	-	-	152,464	-	-	152,464	48	152,512
Consolidated comprehensive income for the period	-	-	-	152,464	(15)	(1,541)	150,908	48	150,956
Transactions in treasury shares (Note 21)	-	-	577	(353)	-	-	223	-	223
Final dividends paid for 2013	-	-	-	(75,293)	-	-	(75,293)	(49)	(75,341)
Interim dividends paid for 2014	-	-	-	(32,996)	-	-	(32,996)	-	(32,996)
Share-based payments	-	-	-	406	-	-	406	-	406
As at December 31, 2014(1)	**92,049**	**482,836**	**(3,195)**	**210,878**	**(41)**	**782**	**783,311**	**436**	**783,748**
Other comprehensive income for the period	-	-	-	-	(52)	444	392	-	392
Net income for the year	-	-	-	79,614	-	-	79,614	2,486	82,100
Consolidated comprehensive income for the period	-	-	-	79,614	(52)	444	80,006	2,486	82,492
Transactions in treasury shares (Note 21)	-	-	(117)	(31)	-	-	(148)	-	(148)
Final dividends paid for 2014	-	-	-	(80,756)	-	-	(80,756)	(48)	(80,804)
Interim dividends paid for 2015	-	-	-	(69,764)	-	-	(69,764)	-	(69,764)
Other changes in interests without loss or gain of controlling interest in subsidiaries(4)	-	-	-	(2,885)	-	-	(2,885)	203,285	200,399
Share-based payments	-	-	-	260	-	-	260	-	260
Other movements	-	(1)	1	-	-	-	-	-	-
AS AT DECEMBER 31, 2015	**92,049**	**482,834**	**(3,311)**	**137,317**	**(93)**	**1,226**	**710,024**	**206,159**	**916,183**

(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2).
(2) Reserves related to share capital correspond to premiums on shares issued for cash or assets, merger premiums and legal reserves.
(3) Attributable to Mercialys SA shareholders.
(4) On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2 for Euro 99,479,000 net of costs. The expenses related to the disposal of the shares of Hyperthetis Participations amounting to Euro 1,788,000 are recognized as equity.
On November 10, 2015, OPCI SPF2 took part in the capital increase for the amount of Euro 34,048,000.
On November 10, 2015, Mercialys disposed of 49% of the shares of Immosiris to OPCI REAF: Euro 66,872,000. The expenses related to this transaction totaled Euro 1,964,000.

9.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Information relating to the Mercialys Group

Mercialys is a *société anonyme* (corporation) governed by French law, specializing in retail property. Its head office is located at 148, rue de l'Université, 75007 Paris.

The Mercialys SA shares are listed on Euronext Paris, Compartment A.

The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Mercialys Group".

The Consolidated Financial Statements at December 31, 2015 reflect the accounting position of the Company, its subsidiaries and joint ventures, as well as the Group's interests in affiliated companies.

On February 10, 2016, the Board of Directors approved and authorized the publication of the Mercialys Group Consolidated Financial Statements for the year ending December 31, 2015.

Note 1 Accounting principles and methods

1.1 ACCOUNTING STANDARDS

In accordance to European regulation (EC) 1606/2002 of July 19, 2002, the Mercialys Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union and are applicable as at December 31, 2015.

These standards are available on the European Commissions website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The Accounting principles set out in this note have been applied consistently to all periods presented in the Consolidated Financial Statements. The new standards and interpretations described below have been applied as noted.

Standards, amendments and interpretations adopted by the European Union and mandatory as from the financial year beginning January 1, 2015

The European Union has adopted the following texts which are mandatory for the Group for its financial year beginning January 1, 2015:

- IFRIC 21 – Levies:
  This interpretation results in the recognition of tax-related liabilities on the date of the obligating event in accordance with legislation.

The impact on the consolidated financial statements as at December 31, 2014 is presented in Note 1.3.2.

- Annual improvements to IFRS – 2011-2013 cycle: these amendments of the standard apply prospectively. These improvements include in particular an amendment to IAS 40 – Investment Property:
  This amendment specifies that:
  - an entity has to assess whether the acquisition of an investment property consists in the acquisition of an asset, a group of assets or business combination within the scope of IFRS 3 – Business combinations,
  - this judgment must be based on the provisions stated in IFRS 3 – Business combinations.

This amendment has not had a material impact on the Group's results and financial position.

1.2 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1 Basis of assessment

The Consolidated Financial Statements are stated in thousands of euros. The euro is the Group's functional currency. 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 arithmetic totals of these figures and the aggregates or subtotals shown.

The statements have been prepared based on the historical cost method, with the exception of available-for-sale financial assets and hedging derivatives, which are stated at fair value.

1.2.2 Use of estimates and judgments

In preparing the Consolidated Financial Statements, the Group is required to make a number of judgments, estimates and assumptions that affect certain assets and liabilities, income and expense items, and certain information provided in the notes to the financial statements. Because assumptions are inherently uncertain, actual results may differ significantly from these estimates. The Mercialys Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.

The main line items in the financial statements that may depend on estimates and judgments are:

- fair value of available-for-sale assets;
- hedging instruments;
- fair value of investment properties (see Note 8.1).

The financial statements reflect management's best estimates on the basis of information available at the reporting date.

The judgment may be made in the accounting treatment relating to the purchase of investment properties; at each transaction, the Group analyzes, on the basis of assets and existing activity, whether the purchase should be treated as a business combination or as the purchase of a standalone asset.

As regards held-for-sale investment property, the sale of such assets is deemed to be "highly probable" within the next 12 months. This criterion is assessed on the basis of the fact that the investment properties are subject to a formalized preliminary sales agreement, and when the Group deems that they are at an advanced stage of negotiations with identified buyers.

As regards the scope of consolidation and the method of consolidation to be applied, for each shareholding, the Group analyzes all items that may characterize control or notable influence, in particular the percentage stake held, governance rules, commercial agreements and, more generally, all agreements between the parties (Note 3).

1.3 ACCOUNTING CHANGES AND RESTATEMENT OF THE COMPARATIVE INFORMATION

1.3.1 Application of IFRIC 21

The Group opted for the application of this interpretation, which involves recognising tax-related liabilities on the date of the taxable event in accordance with legislation.

The impacts on the consolidated financial statements as at January 1, 2014 and December 31, 2014 is are set out in Note 1.3.2.

1.3.2 Adjustment of comparative information

The tables below summarise the impacts of the application of IFRIC 21 on the financial statements as at December 2014 in relation to the published financial statements.

Assets

(in thousands of euros)	12/2014 (Reported)	Restatement of IFRIC 21	12/2014 Restated
Intangible assets	811	-	811
Property, plant and equipment other than investment property	434	-	434
Investment property	1,751,782	-	1,751,782
Investments in associates	20,880	-	20,880
Other non-current assets	33,579	-	33,579
Deferred tax assets	1,098	(108)	990
Non-current assets	**1,808,584**	**(108)**	**1,808,476**
Inventories	18,687	-	18,687
Trade receivables	64,442	320	64,762
Cash and cash equivalents	121,015	-	121,015
Investment property held for sale	5,666	-	5,666
Current assets	**209,810**	**320**	**210,130**
TOTAL ASSETS	**2,018,394**	**212**	**2,018,606**

Equity and liabilities

(in thousands of euros)	12/2014 (Reported)	Restatement of IFRIC 21	2014 Restated
Equity	**783,536**	**212**	**783,748**
Non-current provisions	292	-	292
Non-current financial liabilities	1,022,424	-	1,022,424
Deposits & guarantees	22,555	-	22,555
Non-current tax liabilities and deferred tax liabilities	1	-	1
Non-current liabilities	**1,045,272**	**-**	**1,045,272**
Trade payables	14,026	-	140,26
Current financial liabilities	143,330	-	143,330
Current provisions	1,426	-	1,426
Other current payables	30,456	-	30,456
Current tax liabilities	348	-	348
Current liabilities	**189,586**	**-**	**189,586**
TOTAL EQUITY AND LIABILITIES	**2,018,394**	**212**	**2,018,606**

Consolidated income statement

(in thousands of euros)	12/2014 (Reported)	Restatement of IFRIC 21	12/2014 Restated
Net rental income	143,104	-	143,104
Net operating income	**175,967**	**109**	**176,076**
Net financial income/(expense)	**(23,855)**	**-**	**(23,855)**
Tax	(1,016)	(39)	(1,055)
Share of net income of associates	1346	-	1,346
Consolidated net income	**152,442**	**70**	**152,512**

Note 2 Significant events

The significant events of the period are as follows:

SUCCESSFUL ISSUE OF A EURO 200 MILLION BOND

In November 2015, Mercialys successfully placed a Euro 200 million bond issue to supplement the existing bonds and maturing on March 31, 2023. Following this operation, the bond's new nominal was raised to Euro 750 million (Note 14.2.2).

SUCCESSFUL OPENING OF THE TOULOUSE FENOUILLET RETAIL PARK AND DELIVERY OF EXTENSIONS TO THE BREST, NIORT AND AURILLAC SHOPPING CENTERS

Phase 1 of the Toulouse Fenouillet project opened to the public on May 20, 2015.

In November 2015, Mercialys acquired an extension of more than 1,500 sq.m from the Casino Group, representing a further 10 stores, in its Aurillac shopping center for Euro 8.1 million.

Finally, in December 2015, Mercialys delivered the first phases of the redeveloped large food stores to acquired in the first half of 2014 in Niort and Brest.

ACQUISITIONS OF LARGE FOOD STORES REDEVELOP THAT ENHANCE THE DEVELOPMENT PIPELINE

At June 30, 2015, Mercialys acquired from Casino five large food stores (GSA) in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan-de-Campagne site) to develop extension projects, for a total of Euro 167 million including transfer taxes and net annual rents before renovation of Euro 9.3 million.

Furthermore, in November 2015, Hyperthetis Participations, a subsidiary 51% owned by Mercialys and 49% by OPCI SPF2, acquired the premises of three large food stores in Istres, Narbonne and Vals-près-Le-Puy from the Casino Group for a total of Euro 69 million deed in hand.

At the same time, in November 2015, the Immosiris, a subsidiary 51% owned by Mercialys and 49% by OPCI REAF, acquired from the Casino Group a large food store for redevelopment in Clermont-Ferrand adjoining the shopping center. The total amount of this acquisition is Euro 38.6 million DIH.

In December 2015, Mercialys acquired a large food store for redevelopment in Annemasse from the Casino Group for Euro 53.2 million deed in hand.

ACQUISITION BY OPCI SPF2 OF A 49% STAKE IN A SUBSIDIARY MAJORITY OWNED BY MERCIALYS AND OWNER OF HYPERMARKET PREMISES

On June 1, 2015, Mercialys created Hyperthetis Participations, to which it then transferred the premises of six large food stores.

On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2, majority-owned by BNP Paribas, for Euro 106 million DIH, reflecting a net yield of 4.8% from the disposal.

These six food superstores were acquired in 2014 by Mercialys, which is redeveloping them to include nonfood anchor stores that will help improve the commercial value of the sites. These redevelopment projects were not included in the assets transferred. Hyperthetis Participations, 51% owned by Mercialys, owns only reconfigured large food stores. Mercialys has the exclusive control of this company and 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 (the highest price between the fair value and an IRR), able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

DISPOSAL OF A 49% STAKE IN A SUBSIDIARY OWNER OF THE CLERMONT-FERRAND SHOPPING CENTER TO AN OPCI MANAGED BY BNP PARIBAS REIM FRANCE

Mercialys sold 49% of the subsidiary that owns the Clermont-Ferrand shopping center to the OPCI REAF (managed by BNP Paribas REIM France), on the basis of a 100% valuation of Euro 101.4 million, generating a net yield of 5% from the disposal. Mercialys has the exclusive control of this company.

ACQUISITION OF SITES FROM MONOPRIX ASSETS FOR REDEVELOPMENT FOR EURO 110.6 MILLION WITH AN IMMEDIATE NET YIELD OF 5.9%

Mercialys completes its positioning as a leading proximity real estate company by launching a high street retail business line. In this context, in December 2015, it acquired the premises of five Monoprix sites for redevelopment from the Casino Group for a DIH price of Euro 110.6 million, triggering an immediate net yield of 5.9%.

Note 3 Scope of consolidation

Accounting principles

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 balance sheet.

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-controlled entity). As a result, investments are now accounted for using the equity method (previously proportionally consolidated).

Associated companies

Associated companies are those over which the Group exercises significant influence on financial and operating policies but which it does not control. Associated companies are accounted for in the balance sheet using the equity method. Goodwill relating to these entities is included in the carrying value 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 bargain a purchase is immediately recognized as income.

At the date of acquisition, for each business combination, the Group may elect to measure the non-controlling interest either at the non-controlling interest's proportionate share of net assets (partial goodwill) or at fair value. 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 as 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 amount of this equity interest is recognised directly in the income statement under "Other operating income" or "Other operating expenses".

The provisional amounts recognised on the acquisition date may be adjusted retrospectively during a 12-month measurement period if new information is obtained about facts and circumstances that existed before the acquisition date. Goodwill may not be adjusted after the measurement period. The subsequent acquisition of non-controlling interests does not give rise to the recognition of additional goodwill. Subsequent acquisitions/disposals of non-controlling interests are recognized as transactions with shareholders, or 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 after the end of this period, adjustments to earn-out payments are recognized directly in income ("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 intragroup transactions are eliminated when preparing the Consolidated Financial Statements.

3.1 2015 TRANSACTIONS

On June 1, 2015, Mercialys set up a 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 without a loss in controlling interest.

At end December 2015, Mercialys owned 51% of SAS Hyperthetis Participations.

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 Immosiris. On November 10, Mercialys sold 49% of the shares in Immosiris to OPCI REAF, managed by BNP Paribas REIM France, without a loss in controlling interest. At end December 2015, Mercialys owned 51% of SAS Immosiris.

On October 22, 2015, Mercialys acquired SAS Epicanthe who had acquired SARL Toutoune on November 5, 2015. This acquisition has been recorded as an acquisition of standalone assets.

On December 2, 2015, Mercialys set up a simplified joint-stock company SAS Mercialys Exploitation. This company had not yet registered any activity as at December 31, 2015.

The companies Centre commercial de Lons and Chantecouriol were dissolved on April 13, 2015.

Agence d'ici was dissolved on December 31, 2015. These dissolutions resulted in the universal transfer of assets of these companies to Mercialys SA. These transactions had no impact on the consolidated financial statements.

3.2 2014 TRANSACTIONS

In the first half of 2014, the Group had acquired the following from Casino, as part of the restructuring and extension of its Toulouse-Fenouillet shopping center:

- the land and premises of the large food store for Euro 39.5 million;
- SNC Fenouillet Immobilier (controlling interest) for Euro 10.9 million which mainly carry building rights.

These transactions had been carried out together and recorded as the acquisition of a standalone asset (asset to be redeveloped).

Under its partnership with Foncière Euris, at the end of December 2014, Mercialys had sold SNC Fenouillet Immobilier to SNC Fenouillet Participation in which it has a 10% stake.

SNC Pessac 2 had been dissolved on July 29, 2014 and SAS Krétiaux had been dissolved on December 2, 2014. These dissolutions resulted in the universal transfer of assets of SNC Pessac 2 and SAS Krétiaux to Mercialys SA.

3.3 LIST OF CONSOLIDATED COMPANIES

As at December 2015, the Mercialys Group comprised 23 consolidated companies:

	12/2015			12/2014		
Name	Method	Interest %	Control %	Method	Interest %	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%
SCI Kerbernard	FC	98.31%	100.00%	FC	98.31%	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%
SCI La Diane	FC	100.00%	100.00%	FC	100.00%	100.00%
Société de Centre Commercial de Lons SNC	-	-	-	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 Agout	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Géante Périaz	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Dentelle	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Chantecouriol	-	-	-	FC	100.00%	100.00%
SCI GM Geispolsheim	EM	50.00%	50.00%	EM	50.00%	50.00%
SCI Caserne de Bonne	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Agence d'ici	-	-	-	FC	100.00%	100.00%
SCI AMR	EM	43.42%	43.42%	EM	43.42%	43.42%
SNC Aix2	EM	50.00%	50.00%	EM	50.00%	50.00%
SNC Alcudia Albertville	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Fenouillet Participation	EM	10.00%	10.00%	EM	10.00%	10.00%
SAS Hyperthetis participations	FC	51.00%	51.00%	-	-	-
SAS Immosiris	FC	51.00%	51.00%	-	-	-
SAS Epicanthe	FC	100.00%	100.00%	-	-	-
SARL Toutoune	FC	100.00%	100.00%	-	-	-
SAS Mercialys Exploitation	FC	100.00%	100.00%	-	-	-

FC: Fully consolidated.

3.4 ASSESSMENT OF JOINT CONTROL AND SIGNIFICANT INFLUENCE

SCI GM Geispolsheim

The Group jointly holds a 50% stake in SCI GM Geispolsheim. In view of the agreements with its partner, the Group considers the company as a joint venture according to IFRS 11. SCI GM Geispolsheim is therefore consolidated under the **equity method** (Note 7).

Corin Asset Management SAS

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 consolidated under the **equity method** (Note 7).

SCI AMR

SCI AMR is 56.58%-owned by Amundi and 43.42% by Mercialys SA. The majority of decisions relating to SCI AMR's financial and operating policy are reached by a simple majority. The Group only has a significant influence over SCI AMR. The company is therefore consolidated under the **equity method** (Note 7).

SNC Aix2

The Group jointly holds a 50% stake in SNC Aix2. In view of the agreements with its partner, the Group considers the company as a joint venture according to IFRS 11. SNC Aix2 is therefore accounted for using the equity method (Note 7).

SNC Fenouillet Participation

On December 30, 2014, Mercialys entered into a partnership with Foncière Euris for the Toulouse Fenouillet project. This operation led to the creation of SNC Fenouillet Participation, 90% owned by Foncière Euris and 10% owned by Mercialys under the partnership agreement signed on December 30, 2014. Mercialys exercises significant influence over this company, which is therefore consolidated under the **equity method** (Note 7).

OPCI UIR II

Since July 2011, Mercialys owns 19.99% of OPCI UIR II established with UI, which owns 80.01%.

The governance rules cannot presume a significant influence of Mercialys over the OPCI. OPCI UIR II is therefore classified under **Assets available for sale** (Note 10).

SAS Hyperthetis Participations (Note 2)

On June 1, 2015, Mercialys set up a 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 end June 2015, Mercialys owns 51% of SAS Hyperthetis Participations. According to IFRS 10, the analysis performed concludes that Mercialys has exclusive control over this company.

Mercialys has the power to influence the returns of SAS Hyperthetis Participations through the shareholders' agreement in place.

Mercialys has a call option with a guaranteed minimum price (the highest price between the fair value and an IRR). This option was valued at Euro 134 million. If the options are not exercised, there is an exit clause for disposing of the assets at their fair value.

Consequently, SAS Hyperthetis Participations continues to be consolidated according to the **full consolidation** method in the Group's consolidated accounts.

SAS Immosiris (Note 2)

On October 22, 2015, Mercialys set up a simplified joint-stock company Immosiris Participations with a capital of 100 euros.

On November 2, 2015, Mercialys transferred one real estate asset 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 monitors Mercialys' exclusive control over the partners, accompanied by protection rights for minority shareholders given the particular nature of the activity, of which a part of the revenues is obtained from a related party This is because the criteria defining the concept of control 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 continues to be consolidated according to the **full consolidation** method in the Group's consolidated accounts.

Note 4 Segment reporting

Accounting principle

Segment reporting now reflects management's view and is established on the basis of internal reporting used by the chief operating decision maker (the Chairman and Chief Executive Officer) to make decisions about resources to be allocated and assess the Group's performance.

As the Group's Executive 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. In the future, however, the Mercialys Group does not rule out making investments outside France, in which case information would be disclosed for other geographic segments as well.

Note 5 Information concerning operating income

5.1 NET RENTAL INCOME

Accounting principle

Rental revenues

The leasing of properties by the Group to its tenants generates rental revenue. 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.

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 of 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.

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 “Staff costs”.

Breakdown of net rental income

(in thousands of euros)	12/2015	12/2014(1)
Invoiced rents(2)	165,958	148,755
Lease rights	2,998	4,032
Rental revenues	**168,956**	**152,787**
Property tax	(12,255)	(8,845)
Rebilling to tenants	11,174	7,478
Non-recovered property taxes	**(1,081)**	**(1,367)**
Service charges	(28,941)	(23,843)
Rebilling to tenants	25,893	20,599
Non-recovered service charges	**(3,048)**	**(3,244)**
Management fees	(5,897)	(5,715)
Rebilling to tenants	3,573	3,353
Losses on and impairment of receivables	(1,684)	(1,561)
Other expenses(3)	(2,061)	(1,149)
Property operating expenses	**(6,069)**	**(5,072)**
NET RENTAL INCOME	**158,758**	**143,104**

(1) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21 (Note 1.3.2)
(2) Of which the variable portion based on revenues: Euro 1,209,000 in 2015 compared with 1,104,000 in 2014.
(3) 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.

5.2 MANAGEMENT, ADMINISTRATIVE AND OTHER ACTIVITIES INCOME

Management, administrative and other activities income comprise primarily fees charged in respect of services provided by certain Mercialys staff – whether within the framework of advisory services provided by the team dedicated to extension/renovation programs, which works on a cross-functional basis for Mercialys and the Casino Group, or within the framework of shopping center management services provided by teams – as well as letting, asset management and advisory fees relating to the partnerships formed with Union Investment and Amundi Immobilier. Fees charged in 2015 came to Euro 2.9 million compared with Euro 3.0 million in 2014.

5.3 OTHER INCOME

Other recurring income of Euro 401,000 recognized in 2015 corresponds to dividends received from the OPCI fund created in partnership with Union Investment: UIR2. These dividends correspond to the management of the OPCI's retail property assets, similar to the business activity pursued by Mercialys. They are therefore presented as operating income.

In 2014, these dividends stood at Euro 345,000.

5.4 OTHER EXPENSES

Other expenses mainly comprise structural costs. Structural costs include primarily investor relations costs, Directors' fees, fees paid to the Casino Group for services covered by the Services Agreement (accounting, financial management, human resources, management, IT) and real estate asset appraisal fees.

5.5 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF ASSETS

(in thousands of euros)	12/2015	12/2014
Allowance for depreciation of investment properties and other property, plant and equipment	(24,107)	(22,998)
Allowance for depreciation of PPE held on finance leases	(737)	(970)
Depreciation and amortization	**(24,844)**	**(23,968)**
Reversals/(Allowance) for impairment of investment property	(2,355)	638
Reversals/(Allowance) for provisions	(940)	266
Reversals/(Allowance) for impairment on current assets	(383)	(477)
TOTAL ALLOWANCES FOR DEPRECIATION, PROVISIONS AND IMPAIRMENT	**(28,522)**	**(23,541)**

5.6 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 and IFRS 10.

Other operating income amounted Euro 3.8 million as at December 31, 2015 compared with Euro 270.3 million at December 31, 2014, as a result of:

- asset sales carried out in 2015, primarily of the Tassin site representing income recognized in Mercialys' consolidated financial statements of Euro 3 million compared with Euro 268.5 million as at December 31, 2014).

Other operating expenses totaled Euro 9 million as at December 31, 2015 compared with Euro 198.1 million as at December 31, 2014, corresponding primarily to:

- the net book value of assets sold in 2015 and costs associated with these asset sales: Euro 6.5 million compared with Euro 193.9 million as at December 31, 2014;
- impairment losses on investment properties amounting to Euro 2.4 million;
- the recognition of other non-recurring expenses in the amount of Euro 0.2 million, including in particular costs relating to departure of employees and structuring.

On this basis, the net capital gain on the disposal of fixed assets recognized in the consolidated financial statements as at December 31, 2015 was Euro 0.7 million, compared with a net capital gain of Euro 73.9 million recognized in 2014.

5.7 INVENTORIES AND PROPERTY DEVELOPMENT MARGIN

Accounting principle

Inventories relate to property development activities for third parties.

Work in progress related to property development programs currently in progress within the framework of "off-plan sale" or "property development" agreements are stated at cost. Income is recognized according to the percentage of completion method. The level of completion corresponds to the ratio of costs incurred and projected costs. Impairment losses are booked if the realizable value of inventories or works in progress is lower than the cost price.

The property development contract signed with OPCI UIR2 in 2011 resulted in an earn-out payment of Euro 1.1 million at end 2015, corresponding to the letting of vacant units.

As at December 31, 2014, Mercialys had recognized Euro 0.1 million of property development margin mainly comprising earn-out payments for the letting of vacant units.

The rental guarantee granted by the Mercialys group for unlet units ended at the end of 2015. Mercialys will therefore no longer receive earn-out payments.

At end December 2015, the inventory amounting to Euro 4.4 million corresponded to the inventory of Toutoune company related to a property development program. This company owns land at Saint-André de la Réunion which will be used for the extension and transfer of the adjacent hypermarket and the creation of a new shopping center.

Note 6 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 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 60% of its capital gains on property sales.

Under the SIIC regime, Mercialys may not be more than 60% owned by a single shareholder or group acting in concert, and 15% of shareholders must hold less than 2% of the Company's share capital.

Upon election of SIIC status, Mercialys was required to pay an exit tax of 16.5% on its unrealized capital gains on properties and 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.

6.1 TAX EXPENSE

Reconciliation of the effective tax expense and the theoretical tax expense

(in thousands of euros)	12/2015	12/2014
Theoretical tax rate	34.43%	34.43%
Pre-tax income and income from associates	**84,212**	**152,221**
Theoretical tax expense	(28,994)	(52,410)
Income tax exemption for SIIC status	41,012	56,592
Theoretical impact of temporary differences subject to tax at zero rate	(9,966)	(2,981)
CVAE[(1)] net of corporation tax	(1,183)	(722)
Additional tax	(1,121)	-
Recognition and elimination of loss	(2,888)	(1,533)
EFFECTIVE TAX INCOME (EXPENSE)	**(3,138)**	**(1,055)**
Effective tax rate	(3.73%)	(0.69%)

(1) CVAE: contribution on added value paid by companies.

The tax expense for 2015 came to Euro 3,138 thousand compared with a Euro 1,055 thousand at end December 2014. This tax expense is made up of the additional contribution to corporate income tax equal to 3% of distributed income beyond the obligation resulting from the SIIC tax status for Euro 1,074 thousand, CVAE[(1)] for Euro 1,183 thousand, corporate income tax for Euro 419 thousand and deferred tax losses and temporary differences of Euro 462 thousand.

In 2015, temporary differences subject to tax at zero rate primarily comprised consolidation restatements not subject to deferred tax, in particular the cancellation of the capital gain on the internal disposal of fixed assets.

In 2014, temporary differences subject to tax at zero rate primarily comprised consolidation restatements relating to the cancellation of the capital gain on the sale of assets to AMR (for the share held), which is not taxed as it falls under the SIIC regime.

6.2 DEFERRED TAXES

Accounting principle

In accordance with IAS 12, deferred taxes are recognized. They correspond to tax calculated and that is likely to be recoverable since they consist of assets, on timing tax differences, tax loss carryforwards and certain consolidation restatements.

Deferred tax assets and liabilities are calculated according to the liability method on the basis of the tax rate expected for the 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.

Change in deferred tax assets

(in thousands of euros)	12/2015	12/2014
Beginning of period	**990**	**509**
Income/(expense) for the year	(462)	40
Effect of changes in the scope of consolidation and reclassifications	(1)	(562)
Changes recognized under other comprehensive income	(189)	1,003
END OF PERIOD	**338**	**990**

Change in deferred tax liabilities

(in thousands of euros)	12/2015	12/2014
Beginning of period	**1**	**563**
Expense/(Income) for the year		-
Effect of changes in the scope of consolidation and reclassifications	(1)	(562)
Changes recognized under other comprehensive income		-
END OF PERIOD		**1**

As of December 31, 2015, deferred tax assets recognized related primarily to tax loss carryforwards and the revaluation at fair value of assets available for sale.

Note 7 Share of net income of associates and joint ventures

The table below presents aggregate information of individually non-significant associates and joint ventures, for the share held by the Group.

(in thousands of euros)	Beginning of period	Share of income from for the period	Dividends	Other	End of period
Joint ventures					
SAS Corin Asset Management	54	36	(37)	-	53
SCI GM Geispolsheim	63	(6)	(50)	-	8
SCI AMR	14,359	1,135	(1,869)	22	13,647
SNC Aix2	6,929	181	-	64	7,173
FISCAL 2014	**21,405**	**1,346**	**(1,956)**	**86**	**20,880**
Joint ventures					
SAS Corin Asset Management	53	38	(36)	-	55
SCI GM Geispolsheim	8	(4)	-	-	4
SCI AMR	13,647	895	(1,801)	-	12,740
SNC Aix2	7,173	197	-	-	7,370
Associated companies					
SNC Fenouillet Participation	-	(101)	-	-	(101)
FISCAL 2015	**20,880**	**1,026**	**(1,838)**	**-**	**20,069**

Note 8 Intangible assets, PP&E and investment property

Accounting principle

Intangible assets, property, plant and equipment as well as investment property are recognized at 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 malls are recognized as investment properties.

After initial recognition, they are measured at cost less accumulated depreciation and any impairment losses. Information on fair value is provided in the notes to the Consolidated Financial Statements in Note 8.1.3. Depreciation methods and periods are the same as those used for property, plant and equipment other than investment property.

Appraisals of shopping malls 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' property portfolio are appraised on a rotating basis, at the rate of one-third every year and by discounting 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 rate of return corresponding to the market rate for assets of the same type, based on the retail area, configuration, 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.

Cost price of fixed assets and investment properties

The acquisition cost of property assets and investment properties includes the acquisition expenses of these assets and investment properties gross of tax.

Carrying amounts of investment properties may include compensation paid to a tenant evicted upon early termination of a lease when:

- the tenant is replaced: if payment of eviction compensation enables the performance of the asset to be enhanced, this expenditure is capitalized as part of the cost of the asset; if not, this expenditure is charged to 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.

Borrowing costs directly attributable to the acquisition, construction or production of an asset, for which preparation prior to use or planned sale requires a substantial period of time – generally more than six months – are included in the cost of the asset. All other borrowing costs are recognized as expenses for the 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" 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 period (in years)
Land and land improvements	40 years
Buildings (structural elements)	50 years
Roofing	15 years
Fire protection of the building shell	25 years
Fixtures, fittings and building improvements	10 years-20 years

8.1 INTANGIBLE ASSETS, PP&E AND INVESTMENT PROPERTY

8.1.1 Composition

	12/2015			12/2014		
(in thousands of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Software	1,816	(857)	959	1,297	(486)	811
Other intangible assets in progress	15	-	15	-	-	-
INTANGIBLE ASSETS	**1,831**	**(857)**	**974**	**1,297**	**(486)**	**811**
Buildings	-	-	-	12	(4)	8
Other property, plant and equipment	49	(42)	7	1,118	(692)	426
Fixed assets in progress	5	-	5	-	-	-
PROPERTY, PLANT AND EQUIPMENT OTHER THAN INVESTMENT PROPERTY	**54**	**(42)**	**12**	**1,130**	**(696)**	**434**
Land and land improvements	1,379,302	(10,543)	1,368,759	1,093,834	(7,804)	1,086,030
Buildings, fixtures and fittings	967,265	(150,275)	816,990	753,110	(126,492)	626,618
Other property, plant and equipment	5,706	(2,712)	2,994	7,751	(2,703)	5,048
Fixed assets in progress	35,337	-	35,337	34,086	-	34,086
INVESTMENT PROPERTY	**2,387,610**	**(163,530)**	**2,224,080**	**1,888,781**	**(136,999)**	**1,751,782**

8.1.2 Change in intangible assets, PP&E and investment property

8.1.2.1 Change in intangible assets

(in thousands of euros)	Software	Other intangible assets	Total
At January 1, 2014	**1,008**	**14**	**1,022**
Increase and other acquisitions	42	2	44
Depreciation and amortization	(255)		(255)
Disposals for the period	(1)	-	(1)
Reclassification and other movements	16	(16)	-
AS AT DECEMBER 31, 2014	**811**	**-**	**811**
Increase and other acquisitions	520	15	535
Depreciation and amortization	(372)	-	(372)
Disposals for the period	-	-	-
Reclassification and other movements	-	-	-
AS AT DECEMBER 31, 2015	**959**	**15**	**974**

8.1.2.2 Change in property, plant and equipment

(in thousands of euros)	Buildings	Other property, plant and equipment	Fixed assets in progress	Total
As at January 1, 2014	**10**	**489**	**-**	**499**
Increase and other acquisitions	-	12	-	12
Depreciation and amortization	(2)	(75)	-	(77)
AS AT DECEMBER 31, 2014	**8**	**426**	**-**	**434**
Increase and other acquisitions	44	-	5	49
Depreciation and amortization	(53)	(418)	-	(471)
Disposals for the period	-	-	-	-
Reclassification and other movements	-	-	-	-
AS AT DECEMBER 31, 2015	**-**	**7**	**5**	**12**

This line item consists of property, plant and equipment used by the Central Departments of the Group.

8.1.2.3 Change in investment properties

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Other property, plant and equipment	Property, plant and equipment in progress	Total
As at January 1, 2014	**854,445**	**525,417**	**19,355**	**24,246**	**1,423,463**
Changes in scope of consolidation	(11,050)	-	(3,902)	-	(14,952)
Increase and other acquisitions	319,142	159,084	306	46,701	525,233
Depreciation and amortization	(930)	(21,702)	(1,004)	-	(23,636)
Disposals for the period	(98,470)	(71,882)	(9,955)	-	(180,307)
Reclassification and other movements(1)	22,893	35,701	248	(36,861)	21,981
AS AT DECEMBER 31, 2014	**1,086,030**	**626,618**	**5,048**	**34,086**	**1,751,782**
Increase and other acquisitions	277,934	196,261	744	24,209	499,148
Depreciation and amortization	(2,916)	(22,729)	(708)	-	(26,353)
Disposals for the period	(1,233)	(1,328)	-	(508)	(3,069)
Reclassification as assets held for sale	(891)	(2,100)	-	(104)	(3,095)
Reclassification and other movements(1)	9,835	20,268	284	(24,720)	5,667
AS AT DECEMBER 31, 2015	**1,368,759**	**816,990**	**5,369**	**32,963**	**2,224,080**

(1) *The line "Reclassification and other movements" corresponds primarily to the commissioning of buildings already recognized under the previous year and to reclassifications of buildings held for sale.*

In 2015, investments totaled Euro 500 million. They correspond primarily to the acquisitions of the premises of five stores from Monoprix for redevelopment for a total amount of Euro 111 million, five large food stores for redevelopment in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan-de-Campagne site) for a total of Euro 167 million (including transfer taxes), the acquisition of the premises of three large food stores to be redeveloped in Istres, Narbonne and Vals-près-Le-Puy for a total amount of Euro 69 million (including transfer taxes), the acquisition of a large food store in Clermont-Ferrand to be redeveloped, for a total amount of Euro 39 million (including transfer taxes) and the acquisition of a large food store to be redeveloped in Annemasse for Euro 53 million.

At end December 2014, the change in scope of Euro -14,952 thousand corresponded to the fixed assets of SNC Alcudia Fenouillet, which were sold at the end of the year.

In 2014, investments stood at Euro 525 million. They correspond mainly to the acquisitions of sites at Nîmes for Euro 44.2 million, Monthieu for Euro 42.5 million, La Foux-Gassin for Euro 41.3 million, Fréjus for Euro 40.9 million, Aix-en-Provence for Euro 40.2 million, Brest for Euro 37.2 million, Toulouse Fenouillet for Euro 39.5 million, Rennes Saint-Grégoire for Euro 31.0 million, Angers espace Anjou for Euro 31.6 million, Quimper for Euro 30.5 million, Niort for Euro 24.9 million, Annecy Seynod for Euro 24.9 million and Anglet for Euro 24 million.

8.1.3 Fair value of investment properties

As at December 31, 2015, BNP Real Estate Valuation, Catella, Cushman & Wakefield and Galtier updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted the appraisal of 44 sites as at December 31, 2015, on the basis of a visit to one of the sites during the second half of 2015, and on the basis of an update of the appraisals conducted at June 30, 2015, for the other sites. Six site visits were carried out during the first half of 2015. The appraisals performed by BNP Real Estate Valuation represent Euro 2,531.2 million including transfer taxes or 71.5% of the property portfolio;
- Catella conducted the appraisal of 17 sites as at December 31, 2015, on the basis of a visit to one of the sites during the second half of 2015, and on the basis of an update of the appraisals conducted at June 30, 2015, for the other sites. The appraisals performed by Catella represent Euro 358.3 million including transfer taxes or 10.1% of the property portfolio;
- Cushman & Wakefield conducted the appraisal of six sites as at December 31, 2015, on the basis of a site visit. The appraisals performed by Cushman & Wakefield represent Euro 224.5 million including transfer taxes or 6.3% of the property portfolio;
- Galtier conducted the appraisal of Mercialys' other assets, *i.e.* three sites as at December 31, 2015, on the basis of an update of the appraisals conducted as at June 30, 2015, for the other sites. The appraisals performed by Galtier represent Euro 13.8 million including transfer taxes or 0.4% of the property portfolio;
- the share held by Mercialys in the extension of the Aix-en-Provence shopping center was valued internally at Euro 18.4 million including transfer taxes.

Sites acquired during 2015 were valued as follows as at December 31, 2015:

- the Aurillac extension acquired in the second half 2015 was valued on the basis of its acquisition price;
- the premises of the five large food stores acquired in the second half of 2015 (Annemasse, Clermont-Ferrand, Istres, Narbonne, Vals-près-Le-Puy) were valued on the basis of their acquisition price;
- the premises of the five stores from Monoprix acquired in the second half of 2015 were valued at their acquisition price;
- the Niort and Besançon Villages-Services were valued based on their acquisition price;
- the land bank acquired in Saint-André de la Réunion was valued at its purchase price;
- the premises of the five large food stores (Besançon, Lanester, Poitiers, Dijon et Marseille) acquired in the first half of 2015 were valued by independent appraisers.

On this basis, the portfolio was valued at Euro 3,541.8 million including transfer taxes at December 31, 2015 (Euro 3,321.6 million excluding transfer taxes), compared with Euro 2,893.6 million at December 31, 2014 (Euro 2,722.9 million excluding transfer taxes). According to IFRS 13, this is a level 3 valuation.

The value of the portfolio therefore rose by 22.4% over 12 months (and increased by 6.9% on a like-for-like basis(1)). The average appraisal yield was 5.4% as at December 31, 2015. The average appraisal yield was 5.6% as at December 31, 2014.

The change in the fair value of the portfolio in 2015 therefore stemmed from:

- a Euro 74 million increase in rents on a like-for-like basis;
- a lower average capitalization rate, which had an impact of Euro 125 million;
- changes in the scope of consolidation (acquisitions net of asset sales): Euro 449 million.

Note that the contribution of the Casual Leasing activity to value creation is significant since it represents Euro 144 million in the appraisal value at December 31, 2015 (Euro 107 million as at December 31, 2014) while involving no investments.

	Average capitalization rate(2)	Average capitalization rate(2)	Average capitalization rate(2)
	12/31/2015	6/30/2015	12/31/2014
Large regional shopping centers	5.1%	5.3%	5.3%
Neighborhood shopping centers	6.1%	6.4%	6.5%
Total portfolio(1)	5.4%	5.5%	5.6%

(1) Including other assets (large food stores, large specialty stores, independent cafeterias and other standalone sites).
(2) Including extensions in progress acquired in 2009.

(1) Sites on a like-for-like GLA basis.

The following table gives the breakdown of fair value and gross leasable area (GLA) by type of asset at December 31, 2015, as well as corresponding appraised rents:

Type of property	Number of assets at 12/31/2015	Appraisal value As at 12/31/2015 (including transfer taxes)		Gross leasable area As at 12/31/2015		Appraised net rental income	
		(in millions of euros)	(%)	(m²)	(%)	(in millions of euros)	(%)
Large regional shopping centers	25	2,670.4	75%	648,400	71%	136.7	72%
Neighborhood shopping centers	39	851.7	24%	263,900	29%	52.1	27%
Sub-total shopping centers	**64**	**3,522.1**	**99%**	**912,300**	**99%**	**188.8**	**99%**
Other sites[1]	6	19.7	1%	7,200	1%	0.9	1%
TOTAL	**70**	**3,541.8**	**100%**	**919,500**	**100%**	**189.7**	**100%**

(1) Large food stores, large specialty stores, independent cafeterias, other (service malls, convenience stores).
NB: Large food stores: gross leasable area of over 750 m².
Large specialty stores: gross leasable area of over 750 m².

Thus based on an assumption of annual appraised rents of Euro 189.7 million and a capitalization rate of 5.4%:

- the impact of a 0.5% drop in this rate and the 10% increase in appraised rent should have a positive impact of Euro 755.3 million on the fair value of investment properties;
- the impact of a 0.5% drop in this rate and the 10% drop in appraised rent should have a negative impact of Euro 26 million on the fair value of investment properties;
- the impact of a 0.5% increase in this rate and the 10% increase in appraised rent should have a positive impact of Euro 21.6 million on the fair value of investment properties;
- the impact of a 0.5% increase in this rate and the 10% decrease in appraised rent should have a negative impact of Euro 626.3 million on the fair value of investment properties.

Fees charged to Mercialys for the appraisals detailed above amounted to Euro 186,000 for the financial year ended December 31, 2015.

8.2 INVESTMENT PROPERTY HELD FOR SALE

Accounting principle

Investment property held for sale is stated at the lower amount between their carrying value and their fair value less selling costs.

They are classified as held-for-sale assets if their carrying value is recovered primarily by means of a sale rather than continuing use.

This condition is deemed to be 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. Executive Management must have implemented a plan 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.

In 2015, Mercialys' management implemented a plan to sell some of its investment properties. Those meeting the criteria set out above were reclassified on the balance sheet under "Investment property held for sale". Investment property held for sale amounted to Euro 3,095,000 as at end December 2015.

Note 9 Finance leases

Accounting principle

Finance leases, which are leases that transfer to the lessee virtually all risks and rewards incidental to ownership of the leased property, are recognized in the balance sheet at inception of the lease at the fair value of the leased property or the present value of minimum lease payments, whichever is lower.

Properties held by the Group under finance leases are treated in the balance sheet and consolidated income statement as if they had been purchased and financed by borrowing. An asset is recognized for the leased property, and a corresponding liability is recognized for the financing provided by the lease.

Lease payments are allocated between interest expense and amortization of the outstanding loan.

Future payments in respect of finance leases are discounted and recorded on the Group balance sheet under financial liabilities.

Leased assets are depreciated over their expected useful life in the same way as other similar assets, or over the term of the lease, if shorter and if the Group cannot be reasonably certain that it will become the owner of the asset at the end of the lease.

At December 31, 2015, the Group had no finance leases.

Note 10 Other non-current assets

Accounting principle

Non-current assets consist essentially of assets available for sale and amounts receivable from tenants under construction leases; in substance, 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. At the end of the lease, when the asset is handed over by the lessor, the accrued revenue is cancelled by recognizing an equivalent amount as a property asset. Because the maturity of these financial assets is greater than one year at the outset, the amounts are discounted to present value.

Breakdown of other non-current assets

(in thousands of euros)	Total	Available-for-sale financial assets[1]	Construction leases	Real estate guarantees	Non-current hedging assets[2]
December 31, 2013	**20,703**	**12,522**	**7,970**	**211**	**-**
Changes in scope of consolidation	-	-	-	-	-
Acquisition	15	-	-	15	-
Change in fair value	15,183	16	-	-	15,167
Decrease	(2,890)	(2,823)	-	(67)	-
Discounting adjustments	569	-	569	-	-
DECEMBER 31, 2014	**33,579**	**9,715**	**8,539**	**158**	**15,167**
Changes in scope of consolidation	-	-	-	-	-
Acquisition	-	-	-	-	-
Change in fair value	(41)	677	-	-	(718)
Decrease	(12)	-	-	(12)	-
Discounting adjustments	629	-	629	-	-
DECEMBER 31, 2015	**34,154**	**10,392**	**9,168**	**145**	**14,449**

(1) Available-for-sale financial assets are primarily made up of OPCI UIR II shares. The fund is 80.01%-owned 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 401,000 at end December 2015 (Note 5.3).
(2) Fair value hedging derivatives mature between March 26, 2019 and March 31, 2023.

Note 11 Impairment of non-current assets

Accounting principle

IAS 36 sets forth the procedures that an entity must follow to ensure that the carrying amount of its assets (tangible, intangible and investment properties) does not exceed the recoverable amount, *i.e.* the amount that will be recovered by their use or sale.

The recoverable value of an asset is estimated each time there is evidence that this asset could have lost its value.

Cash generating unit (CGU)

A cash-generating unit is the smallest group of assets that includes the asset and continuing use of which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Mercialys Group defines its CGUs as its shopping centers.

Evidence of impairment

Assets are tested for impairment whenever there is objective evidence of a change in value, such as material changes in the operating environment of the asset, lower-than-expected financial performance or an appraisal indicating a fair value below the net book value of assets.

Measuring the recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is estimated for each standalone asset. If this is not possible, assets are grouped into cash generating units (CGUs) for which the recoverable amount is determined.

The fair value corresponds 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.

Value in use is the present value of the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is determined according to two approaches described in Note 10.

Loss of value

A loss of value is recognized as soon as the carrying amount 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 properties

On the basis of the appraisals described in Note 8.1.3, an impairment loss on investment properties concerning the Arles site was recognized at the end of December 2015 in the amount of Euro -2,355,000.

Following the disposals made in 2014, impairment losses on investment properties were fully recognized in 2014 in the amount of Euro 638,000. These impairment losses concern the Brive-La-Gaillarde city center (Euro 513,000), Châteauroux (Euro 79,000) and Marseille (Euro 46,000).

Note 12 Trade accounts and other receivables

(in thousands of euros)	12/2015	12/2014
Trade accounts and other receivables	30,055	23,183
Impairment	(4,882)	(4,496)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**25,173**	**18,687**

Trade receivables as at December 31, 2015, comprise primarily rents, lease rights and advisory services invoiced at the end of the year.

The outstanding 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 of less than 3 months	In arrears of 3 to 6 months	In arrears of 6 to 12 months	In arrears of more than 12 months	Total	Total	Total
As at December 31, 2015	**12,564**	**6,103**	**332**	**(17)**	**(494)**	**5,924**	**11,567**	**30,055**
As at December 31, 2014	11,306	1,307	1,032	153	-	2,493	9,383	23,183

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, and cash and cash equivalents. All other assets are classified as "non-current assets".

(in thousands of euros)		12/2015	12/2014
Advances and down payments paid on orders		1,504	287
Receivables on assets		84	390
VAT credit		2,794	6,017
Other operating receivables[1]		47,208	44,171
Accrued expenses		1,924	1,966
Current financial assets (hedging instruments)	14.2.3	19,718	11,931
OTHER RECEIVABLES		**73,232**	**64,762**

(1) Other operating receivables primarily include VAT credits, mainly relating to calls for fund issued by the property manager.

Note 14 Financial structure

14.1 FINANCIAL RESULT

14.1.1 Cost of net debt

Accounting principle

The cost of net debt consists of all income and expenses arising on components of net debt during the reporting period, including income and gains on the sale of cash equivalents, as well as interest charges relating to finance leases.

Net debt comprises all financial liabilities including derivatives recognized using hedge accounting, less (i) cash and cash equivalents, (ii) derivatives with a positive fair value recognized using hedge accounting concerning borrowings and financial liabilities.

(in thousands of euros)	12/2015	12/2014
Interest expenses on financing transactions after hedging	(58,792)	(74,233)
Interest income on financing transactions after hedging	30,332	46,632
Cost of gross debt	**(28,460)**	**(27,601)**
Net proceeds of sales of investment securities	225	348
INCOME FROM NET CASH/ (COST OF NET DEBT)	**(28,235)**	**(27,253)**

Interest expenses on financing transactions after hedging comprises mainly the Euro -29.9 million interest expense on the bond loan for 2015 compared with Euro -27 million for 2014.

14.1.2 Other financial income and expense

Accounting principle

This concerns financial income and expenses that do not form part of the cost of net debt. This includes in particular fees for non-use, charges 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)	12/2015	12/2014
Financial income from investments		-
Other financial income	1,287	5,064
Financial income	**1,287**	**5,064**
Other financial expenses	(1,884)	(1,666)
Financial expenses	**(1,884)**	**(1,666)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(597)**	**3,398**

In 2015, other financial income and expenses include fees for non-use and the deferral of charges relating to undrawn bank loans (RCF) in the amount of Euro -1.9 million, and interests on current accounts of affiliated companies.

In 2014, other financial income and expense included fees for non-use and the deferral of charges relating to undrawn bank loans in the amount of Euro -1.2 million, and dividends received for Euro 4.3 million.

14.2 FINANCIAL ASSETS AND LIABILITIES

Accounting principle

Financial assets

Financial assets are classified into four categories according to their nature and the entity's intent in holding them:
- held-to-maturity investments;
- financial assets measured at fair value through profit or loss;
- loans and receivables;
- assets available for sale.

Only the last two categories are relevant to Mercialys.

The breakdown of financial assets between current and non-current is determined according to their maturity at the reporting date: less than or more than one year.

Measurement and initial recognition of financial assets

All financial assets are initially recognized at fair value plus transaction costs (with the exception of the transaction costs of assets measured at fair value through profit or loss, which are recognized at cost.

Loans and receivables

Loans and receivables are primarily composed of short-term trade receivables. After their initial recognition, they are measured at amortized cost using the effective interest rate method. Long-term loans and receivables not bearing interest or bearing interest at a rate below the market rate are discounted when the amounts are significant, discounted at a rate representative of market conditions. Any impairments are recognized in profit or loss.

Trade receivables are recognized and measured at the initial invoice amount, less impairment allowances for any non-recoverable amounts. They are maintained as assets on the balance sheet so long as all risks and rewards associated with them have not been transferred to a third party.

Assets available for sale

This category comprises mainly non-consolidated interests.

Assets available for sale are presented as non-current financial assets. They are measured at fair value and changes in fair value are recognized as other items of comprehensive income, net of deferred tax until the asset is sold, cashed in or disposed of in another manner or until it is demonstrated that the asset has lost value in a prolonged and significant way. In this case, the profit or loss – previously recognized in the relevant fair value reserve (as equity) – is transferred to profit or loss.

The impairment of an asset available for sale is final. Subsequent positive changes in fair value are recognized directly in equity.

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.

Financial liabilities

Definition

Financial liabilities are classified in two categories and comprise:
- borrowings at amortized cost;
- financial liabilities measured at fair value through profit or loss.

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.

Measurement and recognition of financial liabilities

The measurement of financial liabilities depends on their classification under IAS 39.

All financial liabilities are initially recognized at their fair value less transaction costs (with the exception of the transaction costs of liabilities measured at fair value through profit or loss, which are recognized as expense).

Financial liabilities measured at amortized cost

After their initial recognition, borrowings and other financial liabilities are usually recognized at amortized cost calculated with the effective interest rate method.

Issue costs and premiums and redemption premiums form part of the amortized cost of borrowings and financial liabilities. They are deducted from or added to borrowings, depending on the case, and are amortized on an actuarial basis.

Measurement and recognition of derivatives

Derivatives are stated in the balance sheet at fair value.

The Group uses the option offered under IAS 39 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.* variable-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 recognized in the income statement. The amounts recognized under items of other comprehensive income are taken to income to match the recognition of the hedged items.

Hedge accounting is applicable if:

- the hedging relationship is clearly defined and documented as of the date of inception;
- the effectiveness of the hedge is demonstrated at inception for as long as it lasts.

(in thousands of euros)	12/2015	12/2014
Cash	12,929	120,914
Cash equivalents	101	101
Cash and cash equivalents	**13,030**	**121,015**
Bank overdrafts	(23)	(21)
NET CASH AND CASH EQUIVALENT	**13,007**	**120,994**

14.2.1 Financial liabilities

Financial liabilities amounted to Euro 1,361.1 million as at December 31, 2015 compared with Euro 1,017.6 as December 31, 2014. These liabilities comprise the following:

	12/2015			12/2014		
(in thousands of euros)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	(1,205,197)	(21,181)	(1,226,378)	(1,018,012)	(12,688)	(1,030,701)
Other borrowings and financial liabilities	-	(166,000)	(166,000)	-	(129,000)	(129,000)
Bank overdrafts	-	(23)	(23)	-	(21)	(21)
Fair value hedging derivatives – liabilities	(14,377)	(1,516)	(15,893)	(4,411)	(1,621)	(6,032)
Financial liabilities	**(1,219,574)**	**(188,720)**	**(1,408,294)**	**(1,022,424)**	**(143,330)**	**(1,165,754)**
Fair value hedging derivatives – assets	14,449	19,718	34,167	15,167	11,931	27,098
Cash and cash equivalents	-	13,030	13,030	-	121,015	121,015
Cash and cash equivalents and other financial assets	**14,449**	**32,748**	**47,197**	**15,167**	**132,946**	**148,113**
NET FINANCIAL DEBT	**(1,205,125)**	**(155,972)**	**(1,361,097)**	**(1,007,257)**	**(10,384)**	**(1,017,641)**

The change in net financial debt is mainly explained by:

- the Euro 200 million bond issue (see Note 14.2.2);
- the issue of commercial papers net of redemption for Euro 37 million (14.2.5).

14.2.2 Bonds

As at December 31, 2015, the amount of bonds was Euro 1,229.7 million, divided into:

- a Euro 750 million bond issue yielding a fixed rate of 1.787%, with a maturity of 8 years and 4 months (due in March 2023);
- a residual bond of Euro 479.7 million (tranche of Euro 650 million issued in March 2012, partially redeemed in December 2014), yielding a fixed rate of 4.125% and maturing in March 2019.

The new Euro 200 million bond issue resulted in the recognition of a Euro -5.6 million bond exchange premium as well as Euro -0.9 million of bond issue fees.

As for the other bonds, the exchange premiums and issue fees are spread according to the TIE method, over the life time of the new issue.

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, in the event that the rating is downgraded following a change of control (see definition below), Mercialys bondholders may request redemption of their share.

A downgrade of the rating is defined as the withdrawal of a rating by a rating of the agency, the downgrading of a 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 downgrade of the rating must relate explicitly to the change of control of the Company.

14.2.3 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.

The interest rate hedging policy was adjusted after the refinancing operations that took place at the end of December 2015. Mercialys' debt structure broke down as follows at end December 2013: 60% fixed-rate debt and 40% variable-rate debt.

These hedging instruments are recognized according to the fair value hedging method.

14.2.4 Confirmed credit facilities

The bank financing set up by Mercialys on February 23, 2012, included a medium-term loan of Euro 200 million (not used). On January 20, 2014, this credit facility was replaced with a confirmed credit facility of Euro 150 million. This new short-term loan matures in 2019. The credit facility was raised by Euro 90 million to Euro 240 million. The terms were reviewed and the maturity raised to five years as from December 2014. In 2015, the maturity of this credit facility was extended until December 2020.

The costs amounting to Euro 1.6 million are spread over the maturity of the loan.

In December 2014, Mercialys set up confirmed credit facilities for a total amount of Euro 60 million with a 3-year maturity (with a double one-year extension option).

In 2015, this maturity was extended until December 2018.

At end December 2015, the Mercialys Group's confirmed credit facilities therefore amounted to Euro 300 million, of which Euro 240 million maturing in December 2020 and Euro 60 million maturing in December 2018.

14.2.5 Commercial papers

A Euro 500 million commercial paper program had also been set up in the second half of 2012. It has been used since 2014. The outstanding commercial paper was Euro 166 million as at December, 31 2015. It stood at Euro 129 million at end December 2014.

14.2.6 Financial covenants

Mercialys' financial liabilities are subject to default clauses (early redemption) in the event of the non-respect of the following financial ratios:

- Loan To Value (LTV): Consolidated net debt/consolidated fair value of investment properties excluding transfer taxes < 50%, at each accounting date;
- Interest Cost Ratio (ICR): consolidated EBITDA[1]/Cost of net debt > 2, at each accounting date;
- Secured debt/consolidated fair value of investment properties excluding transfer taxes < 20% at any time;
- Consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at any time.

Change of ownership clauses are also applicable.

	Covenants	12/2015	12/2014
Loan To Value (LTV)	<50%	41.0%	37.4%
Interest Cost Ratio (ICR)	>2	5.1%	4.7%

As at December 31, 2015, the two other contractual covenants (secured debt/consolidated fair value of investment properties excluding transfer taxes and Consolidated fair value of investment properties excluding transfer taxes) as well as the commitment and default clauses are also complied with.

Note 15 Trade payables

As at December 31, 2015 and 2014, trade payables comprised primarily invoices not yet received and outstandings relating to supplier Sudeco – a Casino Group subsidiary which manages buildings on behalf of Mercialys.

(1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.

Note 16 Other current payables and tax liabilities

Accounting principle

Liabilities to be settled in 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)	12/2015	12/2014
Trade payables and accruals on assets	11,079	9,449
Advances and down payments received on orders	651	261
Tax and social security liabilities	9,228	10,751
Other liabilities	695	3,936
Prepaid income	5,314	6,059
OTHER CURRENT PAYABLES	**26,968**	**30,456**
Current tax liabilities	1,719	348
CURRENT TAX LIABILITIES	**1,719**	**348**

As at December 31, 2015 and December 31, 2014, amounts payable in respect of non-current assets concerned invoices not yet received at the end of the 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, 2015

(in thousands of euros)	Carrying value on balance sheet (A)	Non-Financial assets (B)	Value of financial assets (A) – (B)	Balance sheet value under IAS 39			Fair value
				Hedging instruments	Loans and receivables	Assets available for sale	
Other non-current assets	34,154	9,313	24,842	14,449		10,392	34,154
Trade receivables	25,173	-	25,173	-	25,173	-	25,173
Other current assets	73,232	17,289	55,943	19,718	36,225	-	73,232
Cash and cash equivalents	13,030	-	13,030	-	13,030	-	13,030

The main measurements used are: fair value of cash, of trade receivables and other current financial assets is the same as their carrying amount on the balance sheet, due to the short maturity schedules of these receivables.

The fair value measurement methods used relating to available-for-sale assets, derivatives and cash and cash equivalents are described in Note 18.

As at December 31, 2014

(in thousands of euros)	Carrying value on balance sheet (A)	Non-Financial assets (B)	Value of financial assets (A) – (B)	Balance sheet value under IAS 39			Fair value
				Hedging instruments	Loans and receivables	Assets available for sale	
Other non-current assets	33,579	8,698	24,881	15,167		9,714	33,579
Trade receivables	18,687	-	18,687	-	18,687	-	18,687
Other current assets	64,762	17,078	47,684	11,931	35,753		64,762
Cash and cash equivalents	121,015	-	121,015	-	121,015	-	121,015

17.2 FINANCIAL LIABILITIES

As at December 31, 2015

				Balance sheet value under IAS 39			
(in thousands of euros)	Carrying value on balance sheet (A)	Non-financial liabilities (B)	Value of financial liabilities (A) – (B)	Liabilities at fair value through profit or loss	Hedging instruments	Liabilities at amortized cost	Fair value
Bonds	1,226,378	-	1,226,378	-	-	1,226,378	1,247,153
Other borrowings and financial liabilities	166,000	-	166,000	-	-	166,000	166,000
Fair value hedging derivatives – liabilities	15,893	-	15,893	-	15,893	-	15,893
Deposits and guarantees	22,880	-	22,880	-	-	22,880	22,880
Trade payables	19,704	-	19,704	-	-	19,704	19,704
Other current payables	26,968	7,956	19,012	-	-	19,012	26,968
Bank overdrafts	23	-	23	-	-	23	23

As at December 31, 2014

				Balance sheet value under IAS 39			
(in thousands of euros)	Carrying value on balance sheet (A)	Non-financial liabilities (B)	Value of financial liabilities (A) – (B)	Liabilities at fair value through profit or loss	Hedging instruments	Liabilities at amortized cost	Fair value
Bonds	1,030,701	-	1,030,701	-	-	1,030,701	1,103,642
Other borrowings and financial liabilities	129,000	-	129,000	-	-	129,000	129,000
Fair value hedging derivatives – liabilities	6,032	-	6,032	-	6,032	-	6,032
Deposits and guarantees	22,555	-	22,555	-	-	22,555	22,555
Trade payables	14,026	-	14,026	-	-	14,026	14,026
Other current payables	30,456	11,059	19,397	-	-	19,397	30,456
Bank overdrafts	21	-	21	-	-	21	21

Note 18 Fair value hierarchy

The Group has identified three financial instrument categories based on the two valuation methods used (listed prices and valuation techniques). In accordance with international accounting standards, this classification is used as a 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 whose fair value is determined using valuation techniques drawing on observable market inputs;
- **level 3:** financial instruments whose fair value is determined using valuation techniques drawing 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, 2015

(in thousands of euros)	Carrying value	Fair value	Market price = level 1	Models with- observable inputs = level 2	Models with non-observable inputs = level 3
Assets					
Available-for-sale financial assets	10,392	10,392	-	-	10,392
Fair value hedging derivatives – assets (current and non-current)	34,167	34,167	-	34,167	-
Cash equivalents	13,030	13,030	13,030	-	-
Equity & liabilities					
Bonds	1,226,378	1,247,153	1,247,153	-	-
Fair value hedging derivatives – assets (current and non-current)	15,893	15,893	-	15,893	-

As at December 31, 2014

(in thousands of euros)	Carrying value	Fair value	Market price = level 1	Models with- observable inputs = level 2	Models with non-observable inputs = level 3
Assets					
Available-for-sale financial assets	9,714	9,714	-	-	9,714
Fair value hedging derivatives – assets (current and non-current)	27,098	27,098	-	27,098	-
Cash equivalents	121,015	121,015	121,015	-	-
Equity & liabilities					
Bonds	1,030,701	1,103,642	1,103,642	-	-
Fair value hedging derivatives – assets (current and non-current)	6,032	6,032	-	6,032	-

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets (AFS) stated at fair value comprise primarily shares in OPCI funds, the fair value of which has been determined on the basis of their net asset value. This is a level 3 valuation.

DERIVATIVES

Derivatives are valued externally using the usual valuation techniques for financial instruments of this kind. 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.

BONDS

Fair value has been determined for listed bonds on the basis of the last quoted price as at the balance sheet date. This is a level 1 valuation.

Note 19 Derivatives

To manage its exposure to the risk of changes in interest rates, the Group uses derivatives (interest rate swaps).

Assessment of sensitivity to interest rate risk

(in thousands of euros)	12/2015	12/2014
Bank overdrafts	23	21
Total variable-rate debt (excluding accrued interest) (1)	**23**	**21**
Cash equivalents	101	101
Cash	12,929	120,914
Total assets	**13,030**	**121,015**
Net position before management	**(13,007)**	**(120,994)**
Derivatives	457,500	463,000
Net position after management	**444,493**	**342,006**
Net position to be renewed	444,493	342,006
1% change	4,445	3,420
Average duration remaining until end of year	1	1
Change in interest expenses	4,445	3,420
Cost of debt	28,235	27,253
IMPACT OF CHANGE IN INTEREST EXPENSES/INTEREST CHARGES	**15.74%**	**12.55%**

(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.

Note 20 Financial risk management

The Group's exposure to financial risk is addressed below.

CREDIT RISK

The Group's exposure to credit risk is the risk of financial loss in the event that a customer (tenants) or counterparty to a financial instrument fails to fulfill its contractual obligations.

The Mercialys Group's exposure to credit risk is relative to its tenants. On signing lease contracts, tenants provide financial securities in the form of guarantee deposits or sureties, generally representing three months' rent.

As at December 31, 2015, trade receivables amounted to Euro 25.2 million (see Note 12). The Group's main client – Distribution Casino France, which is an affiliate – accounted for around 18.1% of invoiced rents as at December 31, 2015. The structure of other clients is highly fragmented.

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 to the greatest extent 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 2013, it had a net cash position of Euro 13,007,000.

The Group benefits from a revolving credit facility Euro 300 million (not drawn as at December 31, 2015) and a Casino current account advance of up to Euro 50 million (not drawn as at December 31, 2015).

The following table shows the repayment schedule for financial liabilities as at December 31, 2015, for the nominal amount plus interest and excluding discounting.

As at December 31, 2015

(in thousands of euros)	Expiry of contracts: Due in less than one year	Due in 1-2 years	Due in 2-3 years	Due in 3-5 years	Due in 5 or more years	Total	Amount recognized on the balance sheet
Bonds and other borrowings excluding derivatives and finance leases	199,190	33,190	33,190	526,293	790,208	1,582,071	1,400,713
Trade payables and other financial liabilities	38,739	-	-	22,880	-	61,619	61,619
NON-DERIVATIVE FINANCIAL INSTRUMENTS –LIABILITIES:							
Interest rate derivatives							
Derivative contracts – received	24,850	25,586	25,071	35,182	27,286	137,974	
Derivative contracts – paid	(18,887)	(18,442)	(19,227)	(22,881)	(32,454)	(111,891)	
DERIVATIVES: ASSETS/(LIABILITIES)	**5,963**	**7,143**	**5,844**	**12,301**	**(5,169)**	**26,083**	

As at December 31, 2014

(in thousands of euros)	Expiry of contracts: Due in less than one year	Due in 1-2 years	Due in 2-3 years	Due in 3-5 years	Due in 5 or more years	Total	Amount recognized on the balance sheet
Bonds and other borrowings excluding derivatives and finance leases	151,992	29,616	29,616	538,932	589,314	1,339,470	1,159,701
Finance leases	-	-	-	-	-	-	-
Trade payables and other financial liabilities	33,444	-	-	22,555	-	55,999	55,999
NON-DERIVATIVE FINANCIAL INSTRUMENTS –LIABILITIES:	**185,436**	**29,616**	**29,616**	**561,487**	**589,314**	**1,395,469**	**1,215,700**
Interest rate derivatives							
Derivative contracts – received	14,609	22,023	22,540	46,873	34,947	140,993	
Derivative contracts – paid	(17,859)	(17,717)	(18,307)	(30,198)	(35,553)	(119,635)	
DERIVATIVES: ASSETS/(LIABILITIES)	**(3,250)**	**4,306**	**4,233**	**16,675**	**(606)**	**21,357**	**21,066**

MARKET RISK

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and prices of equity instruments, will adversely affect the Group's net income or the value of financial instruments that it holds.

The Mercialys Group's exposure to interest rate risk relates to the borrowings described in Note 14. To manage its exposure to the risk of changes in interest rates, the Group uses derivatives (interest rate swaps).

Mercialys operates solely in France (mainland and La Réunion) and therefore is not exposed to currency risk.

In the first half of 2006, Mercialys entered into a liquidity contract with Oddo & Cie, with an initial deposit of Euro 1,600 thousand in accordance with EU Regulation 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 2015 and 2014.

Note 21 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 period.

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 in the income statement for the period.

Share capital amounted to Euro 92,049,169 as at December 31, 2015, comprising 92,049,169, fully paid-up shares with a par value of Euro 1.

21.1 SHARE CAPITAL

(in number of shares)	12/2015	12/2014
Beginning of year	92,049,169	92,049,169
END OF YEAR	**92,049,169**	**92,049,169**

(in thousands of euros)	12/2015	12/2014
Beginning of year	92,049	92,049
END OF YEAR	**92,049**	**92,049**

As at December 31, 2015, the number of treasury shares stood at 191,334, representing Euro 3,311,000. This entire amount corresponds to the liquidity contract. The loss incurred on the sale of treasury shares totaled Euro -31,000 net of tax for the financial year ended December 31, 2015, and was recognized directly in equity.

As at December 31, 2014, the number of treasury shares stood at 191,695, representing Euro 3,195,000. This entire amount corresponds to the liquidity contract. The loss incurred on the sale of treasury shares totaled Euro -353,000 net of tax for the financial year ended December 31, 2014, and was recognized directly in equity.

21.2 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 future development of the business. The Group pays close attention to the number and diversity of shareholders, the rate of return on equity, the level of dividends paid to shareholders and the stocks liquidity.

On an occasional basis, 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 own shares for later use in payment or exchange for business acquisitions, and covering supply requirements for share purchase or subscription options awarded to employees and Directors and 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.

21.3 EARNINGS PER SHARE

Accounting principle

Basic earnings per share is calculated on the basis of the weighted average number of shares outstanding during the period, less any shares held in treasury.

Diluted earnings per share is 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 share price during the year.

Own equity instruments are included only if they would have a dilutive effect on earnings per share.

Basic earnings per share attributable to owners of the parent

(in thousands of euros)	12/2015	12/2014
Net income, attributable to owners of the parent	79,614	152,464
Weighted average number of		
shares outstanding during the period	92,049,169	92,049,169
treasury shares	(281,405)	(223,012)
Total number of shares before dilution	**91,767,764**	**91,826,157**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (IN EUROS)	**0.87**	**1.66**

Diluted earnings per share attributable to owners of the parent

(in thousands of euros)	12/2015	12/2014
Net income, attributable to owners of the parent	79,614	152,464
Weighted average number of shares before dilution	91,767,764	91,826,157
Number of shares after dilution	91,767,764	91,826,157
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (IN EUROS)	**0.87**	**1.66**

(1) Bonus shares awarded were included in the existing stock of bonus shares. Consequently, this award did not have a dilutive effect.

SHARE-BASED PAYMENT

Accounting principle

The fair value determined on the date of award of the payment entitlements based on shares paid in equity instruments granted to employees is expensed, as an increase in equity, over the vesting period. 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.

Beginning December 1, 2005, the Mercialys Group has established 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 share plan

Grant dates	10/15/2013	4/30/2014	4/30/2014
End of allocation period	10/15/2016	4/30/2017	4/30/2017
End of holding period	10/15/2018	4/30/2019	4/30/2019
Share price at the grant date (in euros)	15.12	16.58	16,58
Number of beneficiaries	27	3	9
Number of bonus shares awarded at inception	71,009	9,005	8,785
Number of bonus shares awarded at inception after adjustment(1)	71,009	9,005	8,785
Fair value of the bonus share (in euros)	11.27	6.38	10.46
Performance rate	100%	53%	87%
NUMBER OF OUTSTANDING SHARES BEFORE APPLICATION OF PERFORMANCE CRITERIA AT DECEMBER 31, 2015	**39,224**	**9,005**	**7,815**

(1) Adjustment of price and number of options following payment of the 2011 exceptional distribution (AGM of April 13, 2012).

With the exception of the October 15, 2014 plans, bonus shares only become vested once the Company's performance criteria have been met, assessed over a defined period and resulting in the determination of the percentage of shares vested.

The following performance criteria are applied:

- Performance of the Mercialys shares, dividends included for 2014, 2015 and 2016 (plan awarded in 2014).
- Organic growth over 3 years (plan awarded in 2014).

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2014	**126,160**
Shares awarded	17,790
Shares cancelled	(18,126)
Shares issued	(55,251)
Outstanding shares at December 31, 2014	**70,573**
Shares awarded	-
Shares cancelled	(11,114)
Shares issued	(3,415)
OUTSTANDING SHARES AT DECEMBER 31, 2015	**56,044**

Impact on earnings and equity of share-based compensation

For the year ended December 31, 2015, share-based payments generated an expense of Euro 240,000 charged to "staff costs" and Euro 20,000 charged to other operating income and expenses. In 2014, the expense relating to share-based compensation plans was Euro 363,000 recognized as "staff costs" and Euro 43,000 recognized as other operating income and expenses.

Note 22 Dividends

As at December 31, 2014, out of the 92,049,169 shares, 91,768,221 benefited from the dividend in respect of 2014 earnings (280,948 treasury shares actions are exempt from dividend payment).

The Company paid its shareholders a gross dividend of Euro 1.24 per share in respect of the financial year ended December 31, 2014. An interim dividend of Euro 0.36 per share was paid in 2014, and the final dividend of Euro 0.88 per share was paid on May 11, 2015.

Payment of the final dividend represented a total of Euro 80,756,000.

The total dividend for the 2014 financial year therefore came to Euro 113,752,000.

On December 23, 2015, Mercialys also paid an interim dividend of Euro 0.76 per share representing an amount of Euro 69,764,000.

In accordance with SIIC tax rules, the minimum distribution requirement derived from the profits presented in Mercialys' statutory financial statements in 2015 is Euro 78.3 million.

On February 10, 2016, the Board of Directors proposed, subject to approval by the General Meeting of April 20, 2016, to pay a dividend in respect of 2015 amounting Euro 1.33 per share (including the interim dividend of Euro 0.76 per share paid in December 2015), that is the distribuable result due to SIIC tax rules and 60% of capital gains not subject to distribution in accordance with SIIC tax rules.

The financial statements presented before appropriation of net income do not reflect this dividend, which is subject to approval by a forthcoming Annual General Meeting.

Note 23 Provisions

Accounting principle

Post-employment benefits

Group companies are involved in putting together the different kinds of benefits available to their employees.

Within the context of defined contribution plans, the Group is not obliged to make additional payments on top of 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 the 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 post-employment benefits. Within the context of these plans, commitments are valued according to the projected unit credit method on the basis of agreements in force within each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. These plans and termination benefits are subject to an actuarial valuation by independent actuaries each year for the largest plans and at regular intervals for other plans. These valuations take account in particular of the level of future compensation, employees' probable length of service, life expectancy and staff turnover.

Actuarial gains and losses arise from changes to assumptions and the differences between estimated earnings based on actuarial assumptions and actual earnings. These differences are recognized as items of other comprehensive income for all actuarial gains and 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 on ordinary activities (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 present obligation (contractual or implied) arising from a past event and it is probable that an outflow of resources representing economic benefits will be necessary to extinguish that obligation, provided the amount of the liability can be reliably estimated.

When time value is material, the amount of the provision is determined by discounting the future expected cash flows.

23.1 BREAKDOWN AND CHANGES

Change (in thousands of euros)	Other provisions	Pension provisions	Provisions for long service awards	Total
As at January 1, 2014	**1,692**	**212**	**19**	**1,923**
Additions	2,265	22	9	2,296
Reversals	2,531	-	-	2,531
Other changes[1]	-	30	-	30
As at December 31, 2014	**1,426**	**264**	**28**	**1,718**
Additions	1,777	23	5	1,805
Reversals	837	3		840
Other changes[1]	-	83	-	83
AS AT DECEMBER 31, 2015	**2,366**	**367**	**34**	**2,767**

(1) Other changes correspond mainly to acquisitions and 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.

The reversals of Euro 837,000 at end December 2015 correspond to provisions that now have no object.

23.2 MAIN ASSUMPTIONS USED TO DETERMINE THE AMOUNT OF COMMITMENTS RELATING TO DEFINED BENEFIT PENSION SCHEMES

Defined benefit plans are exposed to risks relating to interest rates, 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:

	12/2015	12/2014
Discount rate	2.2%	2.2%
Expected rate of pay rises	1.8%	2.0%
Retirement age	64 years	64 years

The discount rate is determined in reference to the Bloomberg 15-year index for AA composites.

Note 24 Off-balance sheet commitments

The principal commitments are the following:

24.1 COMMITMENTS RELATING TO ORDINARY ACTIVITIES

(a) Commitments received

Preliminary sales agreements

At the end of 2015, Mercialys had signed a preliminary sales agreement for a property representing Euro 3.3 million.

Bank guarantees received

- on behalf of tenants, covering payment of rent and service charges: at December 31, 2015, these amounted to Euro 5 million compared with Euro 4,380,000 as at December 31, 2014;
- within the context of work ordered from suppliers: Euro 5,494,000 at December 31, 2015 compared with Euro 6,053,000 at December 31, 2014.

Partnership Agreement

Mercialys has signed a **Partnership Agreement** with Casino, Guichard-Perrachon. Details of this commitment are provided in Note 25.

(b) Commitment made under the disposal of SAS Hyperthetis Participations:

As part of the disposal of the 49% stake in SAS Hyperthetis Participations, Mercialys has the exclusive control of this company and 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 (the highest price between the fair value and an IRR), able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

24.2 COMMITMENTS RELATING TO EXCEPTIONAL OPERATIONS

(a) Commitments between Mercialys and Corin

Under 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 transfer of undivided rights. The memorandum of agreement was created for a new 20-period as from the signing of the amendment. Today, it is projected that in the event that the agreement to hold the undivided rights in common is not renewed, the party that initiated the end of the undivided rights will be penalized when the undivided rights are shared. The rights may be shared either in kind, with the other party choosing the units (the hypermarket premises will go to Mercialys as a priority), 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 transfer its rights to Mercialys.

On the assumption that Corin exercises its right to sell, not sooner than January 31, 2020, Mercialys has the option of buying Corin's undivided rights, or assigning its own rights and obligations to a third party, or 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.

(b) Commitment relating to the Toulouse Fenouillet project

Call option: Mercialys entered into a partnership in 2014 with Foncière Euris to carry out work on the site, through a company majority owned by Foncière Euris. Mercialys has a call option on Phase 2 (extension of the shopping mall), at its fair value, which can be exercised when the mall opens under price terms unchanged from the initial project.

If Mercialys decides to exercise its call option at the fair value of Phase 2, on December 31, the investment would represent for Mercialys an amount of Euro 118 million, Euro 17 million of which had already been committed as at December 31, 2015.

Guarantee given to assignees of Fenouillet Immobilier shares: Mercialys has undertaken to cover all amounts, damages, expenses, losses or any other prejudices of any kind that would result from events that began before the date of the assignment, not recognized on the assignment date. The compensation will begin when the cumulative losses will represent Euro 50,000 and will not exceed Euro 10,900,000.

It must be noted that the work on the Toulouse Fenouillet project will be performed by the Casino Group.

(c) Other commitments

No pledge, mortgage, or other conveyance of security interest applies to the Group's assets.

The Group has received the customary warranties from the transferor companies in respect of properties transferred to it.

The Group complies with applicable law and regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

24.3 OPERATING LEASE COMMITMENTS

Operating leases

Almost all of the leases granted by the Mercialys Group as part of 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 guaranteed minimum rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease contract 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 an indexation clause in the lease agreement 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 rent amounts receivable under non-cancellable straight lease contracts are as follows:

(in thousands of euros)	12/2015	12/2014
Less than one year	153,016	119,122
Between one and five years	152,065	98,248
More than 5 years	14,364	16,551
TOTAL	**319,446**	**233,920**

Note 25 Related-party transactions

The Mercialys Group maintains contractual relations with various companies of the Casino Group. The main agreements are described below:

(A) IDENTIFICATION OF THE PARENT COMPANY

Since June 21, 2014, Mercialys SA is consolidated under the equity method in the financial statements of Casino, Guichard-Perrachon.

(B) LEASES GRANTED BY MERCIALYS TO CASINO GROUP COMPANIES

As at December 31, 2015, the breakdown of operating leases to Casino Group companies was as follows:

- **19 leases to Casino Restauration:** eight leases relating to premises operated under the Casino Cafeteria name and 11 leases relating to premises operated under other names (compared with 39 leases at December 31, 2014);
- **Other Casino Group entities:** 86 leases (compared with 65 leases as at December 31, 2014).

Rents invoiced under these leases during the reporting period amounted to:

- Euro 4,228,000 for Casino Restauration (compared with Euro 7,346,000 as at December 31, 2014);
- Euro 37,306,000 for the other entities (compared with Euro 17,415,000 as at December 31, 2014).

(C) PROPERTY MANAGEMENT ACTIVITIES

Mercialys outsources Property Management activities for nearly all its sites to Sudeco, a subsidiary of Immobilière Groupe Casino. These activities include rental management, management of common service charges, real estate administration and administration of the tenant associations or Economic Interest Groups (EIGs) which exist at most of its shopping centers. Within the context of Property Management activities, fees paid by Mercialys and its subsidiaries to Sudeco as at December 31, 2015, amounted to Euro 5,391,000 compared with Euro 5,319,000 as at December 31, 2014.

(D) PARTNERSHIP AGREEMENT WITH CASINO

The Partnership Agreement was approved by the Board of Directors on June 22, 2012. This 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 kept in the new Partnership Agreement under the same financial terms.

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 that will be examined by Casino and monitored by the Monitoring Committees.

- Casino will only begin works once the order has been reiterated by Mercialys after definitive authorization is obtained and at least 60% of developments have been pre-let (as a percentage of projected rents – leases signed).
- The acquisition price of the projects developed by Casino, determined solely under the initial agreement on the basis of a rent capitalization rate defined according to a matrix updated twice a year depending on changes in appraisal rates of Mercialys' portfolio, and projected rents for the project, can now also be determined based on a projected selling price calculated on the basis of a projected IRR (8 to 10%).
- The principle of upside/downside being split 50/50 is maintained to take account of the effective conditions under which the properties will be let. Therefore, if there is a positive or negative difference (upside or downside) between effective rents resulting from letting and expected rents 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 operations that may have a significant competitive impact within the catchment area of a site with a Casino Group food store.

The initial three and half year term of the partnership has been extended to December 31, 2017.

In 2015, acquisitions were made under this partnership agreement. They concerned the following sites: Aurillac, Besançon, Lanester, Poitiers, Dijon, Marseille Plan-de-Campagne, Istres, Narbonne, Val-près-le-Puy, Clermont-Ferrand, Annemasse, Puteaux, Asnières, Chaville, Marseille Canebière, Lille Marcq-en-Barœul and Mandelieu.

(E) SERVICE AGREEMENT WITH CASINO

Mercialys has entered into a provision of Services Agreement with the Casino Group for the purpose of organizing the provision of support services that Mercialys requires in order to operate, in particular in administrative management, accounting and finance, real estate services and information systems. The amount paid by Mercialys to the Casino Group under the Services Agreement was Euro 1,950,000 for the year ended December 31, 2015, compared with Euro 1,302,000 to December 31, 2014.

(F) ADVISORY SERVICES AGREEMENT BETWEEN MERCIALYS GROUP COMPANIES AND L'IMMOBILIÈRE GROUPE CASINO AND ALCUDIA PROMOTION

Mercialys Gestion has entered into an agreement with Mercialys, L'Immobilière Groupe Casino and Alcudia Promotion, Casino Group companies, to provide advisory services to those 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 services contract was signed on July 25, 2007 for an initial term of six years, automatically renewable thereafter for one year at a time, with each party free to terminate its participation on six months' notice. On June 1, 2011 Mercialys Gestion's asset management, marketing and communication teams 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 framework agreement (the "Advisory Services Framework Agreement").

This amending document includes the modifications to the Agreement on 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, and set the annual flat fee for 2015 at Euro 343,000 excluding taxes. To adjust the billing to the scope of work effectively completed and to determine the billing for N+1, a review clause is provided at the end of the year.

Mercialys received remuneration of Euro 343,000 under this agreement at end December 2015, compared with Euro 1,171,000 as at December 31, 2014.

(G) CURRENT ACCOUNT AND CASH MANAGEMENT AGREEMENT WITH CASINO

On September 8, 2005, Mercialys signed a Current Account and Cash Management Agreement with Casino. Under the agreement, Mercialys and Casino 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, the two parties decided to terminate the existing Current Account and Cash Management Agreement and sign a current account agreement. The Agreement will enable Mercialys to keep a current account with Casino allowing it to benefit from cash advances from Casino up to the current threshold of Euro 50 million.

The duration of the Agreement is aligned with that of the new Partnership Agreement negotiated between the parties, *i.e.* expiring on December 31, 2017.

(H) AGREEMENTS WITH THE CASINO GROUP RELATING TO PORTFOLIO OF PROPERTY ASSET ACQUISITION TRANSACTIONS

As regards the agreements signed in relation to acquisitions, various contracts and guarantees have been signed with Casino Group companies, in addition to the business contribution agreements.

Given the nature of the projects executed by Mercialys, the contracts and guarantees that can be concluded are as follows: On one hand, under the projects with the Casino Group, the acquisition price paid by Mercialys is determined through the Partnership Agreement, and the Group Casino provides no guarantees following the transfer of ownership. On the other hand, under the acquisitions of assets to be redeveloped, hypermarket premises or city center assets from the Casino Group comprising development projects to be implemented by the real estate company (through urban retail projects as well as offices, hotels or housing units), Mercialys can conclude delegated project management or property development contracts with the Casino Group, since the real estate company does not carry out construction-related functions internally.

Delegated project management contracts have been signed with IGC Services to counter-guarantee the commitments undertaken by the latter as delegated project manager concerning the cost and deadlines for completion of the works. Amounts prepaid by the Group to IGC Services and not used as of December 31, 2015 amounted to Euro 2,606,000 compared with Euro 1,507,000 as at December 31, 2014. As at December 31, 2015, there were no unused prepaid amounts under the delegated management or project management assistance contracts concluded with IGC Promotion and Alcudia Promotion. At December 31, 2014, these prepaid amounts stood at Euro 37,000.

Property development contracts have also been signed with IGC Services, the price of which has been deducted from the discounted value of the contributions. There were calls for funds relating to Property Development Agreements with IGC Services. These calls for funds recognized as receivables, totaled Euro 365,000 as at December 31, 2015.

The residual commitment under these property development and delegated project management contracts stands at Euro 76,158,000.

The short-term occupancy agreements with Distribution Casino France guarantee the payment of rents to Mercialys before the site is opened to the public. Amounts invoiced as at December 31, 2015 totaled Euro 585,000 compared with Euro 3,703,000 as at December 31, 2014 invoiced to Immobilière Groupe Casino.

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.

(I) SERVICE AND BRAND LICENSE AGREEMENT

On June 26, 2015, Hyperthetis Participations and Mercialys signed a service and brand license agreement. The agreement is signed for an 8-year term and is renewable by tacit agreement. In line with the development and operation of its assets, Hyperthetis Participations has decided to entrust Mercialys with engagements covering the following: accounting and legal management, corporate governance, strategy consulting as well as brand licenses. The service will be paid a fee of Euro 75,000 per year.

(J) EXCLUSIVE AGENCY AGREEMENTS WITH IGC SERVICES

Within the framework of selling its asset portfolios, Mercialys calls upon the expertise of IGC Services to find any legal entities that may be interested in acquiring one or more assets. In 2015, the payment for this service amounted to Euro 2,233,000.

(K) CURRENT ACCOUNT AGREEMENT WITH SNC FENOUILLET PARTICIPATION

On December 30, 2014 signed a current account agreement with SNC Fenouillet Participation. The release of funds into the current account will depend on Mercialys' LTV and a maximum amount of Euro 19,650,000. This agreement has been signed for a six-year term.

At end December 2015, Euro 16,800,000 had been released by Mercialys. Financial interest income recorded for the year stood at Euro 996,000.

(L) GROSS COMPENSATION ALLOCATED TO THE MAIN COMPANY DIRECTORS

Mercialys, a French-law public limited company *(société anonyme)*, has opted for the governance structure with a Board of Directors. As at December 31, 2015, its Board had 10 members, in addition to the Chairman, six of whom are non-executive Directors. The remuneration amounts shown below are total amounts paid to Directors and key executive officers.

(in thousands of euros)	12/2015	12/2014
Short-term benefits[(1)]	1,802	1,202
TOTAL	**1,802**	**1,202**

(1) Gross salaries (excluding employer contributions), premiums, incentives, profit-sharing, benefits in kind and Director's fees.

No members of senior management held options on Mercialys shares as at end December 2015.

(M) RELATED-PARTY TRANSACTIONS – SUMMARY

(in thousands of euros)	12/2015	12/2014
Income/(Expenses)		
Invoiced rents		
Casino Restauration	4,228	7,346
Other Casino Group entities:	37,306	17,415
Advisory Services Agreement received by Mercialys	343	1,171
Short-term occupancy agreement billed by Mercialys to the Casino Group	308	3,703
Income from the disposal of Fenouillet Immobilier securities	-	462
Income from the disposal of fixed assets to the Casino Group	-	73,192
Property management activity paid to the Casino Group	(5,391)	(5,319)
Service Agreement paid to the Casino Group	(1,950)	(1,302)
Exclusive agency agreement with IGC Services	(2,233)	-
Assets/(Liabilities)		
Project management contracts prepaid by Mercialys to:		
IGC Services	2,606	1,507
IGC Promotion/Alcudia Promotion	-	37
Call for funds for property development contracts	365	4,507
Current account agreement with Fenouillet	16,800	16,800
Off-plan sale ("Vente en l'état futur d'achèvement") agreement entered into with Fenouillet and paid by Mercialys	138	12,687
Acquisitions of fixed assets from the Casino Group	448,098	421,143

(N) OTHER RELATED-PARTY TRANSACTIONS

Excluding the amounts presented above, related-party transactions for the years ended December 31, 2015 and 2014 are as follows:

Transactions with subsidiaries of the Casino Group

(in thousands of euros)	Income	Expenses	Payables concerning related parties	Receivables
2015	**360**	**483**	**6,870**	**1,655**
2014	963	2,937	7,726	5,224

Transactions with jointly controlled entities

(in thousands of euros)	Income	Expenses	Payables concerning related parties	Receivables
2015	**114**	**598**	**129**	**9,652**
2014	85	588	29	9,538

Note 26 Statutory Auditors' fees

Recurring fees for the Group's Statutory Auditors amounted to Euro 379,000 for the year ended December 31, 2015, compared with Euro 324,000 as at December 31, 2014. There were also non-recurring fees for audits carried out for the financing operations conducted by Mercialys.

Note 27 Number of employees

(in number of employees)	12/2015	12/2014
Number of employees at closing date	98	94
Full-time equivalent[1]	92	90

(1) Average number of full-time equivalent employees over the year.

Note 28 Standards and interpretations published but not yet in force

STANDARDS NOT ADOPTED BY THE EUROPEAN UNION AT THE REPORTING DATE

The IASB has published the following standards, amendments and interpretations that have not yet been adopted by the European Union, but apply to the Group:

Standard (date of application for the Group subject to adoption by the EU)	Description of the standard
IFRS 16 *Leases* (January 1, 2019)	This standard will be applied retrospectively. It specifies the principles for recognizing, measuring, presenting and disclosing leases by lessors and lessees. It replaces the current standard IAS 17 and its interpretations.
IFRS 9 *Financial instruments* (January 1, 2018)	This standard will be applied retrospectively. It proposes a single, logical approach for classifying and measuring financial assets that reflects the business model under which the assets are managed as well as their contractual cash flows. It is a single impairment model that is prospective and based on "expected losses"; and a significantly reformed approach to hedge accounting. Appendix disclosures are also reinforced.
IFRS 15 including the amendment *Income from contracts with customers* (January 1, 2018)	This standard will be applied retrospectively. It sets out the principles for recognizing revenue arising from contracts with customers (it does not include contracts within the scope of specific standards such as leases, insurance contracts and financial instruments. The basic principle is to recognize income to describe the transfer of control of goods or services to a customer, for an amount that reflects the payment that the entity is expecting to receive in return for these goods or services.
Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and an associate or a joint venture* (January 1, 2016)	These amendments to the standards will be applied prospectively. The purpose of the amendments is to reduce conflicts between the provisions of IFRS 10 and IAS 28 relating to the sale or contribution of assets between an investor and an associate or a joint venture. The main consequence of these amendments is that gain or loss resulting from a disposal is fully recognized, when the transaction concerns a business within the meaning of IFRS 3 (whether or not it is a subsidiary).

An initial analysis of the main impacts of the application of IFRS 15, IFRS 9 and IFRS 16 in the Group's consolidated financial statements will be launched in 2016.

The amendments to IFRS 10 and IAS 28 should not have a material impact on the Group's consolidated financial statements.

STANDARDS ADOPTED BY THE EUROPEAN UNION AT THE REPORTING DATE BUT NOT IN FORCE

The IASB has published the following standards, amendments and interpretations that have been adopted by the European Union and apply to the Group, but were not yet in force on January 1, 2015:

Standard (date of application for the Group)	Description of the standard
Amendments to IAS 19 *Employee contribution* (January 1, 2016)	These amendments to the standard will be applied prospectively. It applies to contributions of employees or third parties to defined benefit plans. The purpose is to simplify the accounting of contributions that do not depend on the number of years of service of the employee.
Annual improvements to IFRS *2010-2012 Cycle* (January 1, 2016)	These amendments to the standards will be applied prospectively. The standards concerned are: - IFRS 2 – Share-based payments; - IFRS 3 – Business combinations; - IFRS 8 – Operating sectors; - IFRS 13 – Fair value measurement; - IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets; - IAS 24 – Related party disclosures.
Amendments to IAS 16 and IAS 38 *Clarification concerning acceptable amortization methods* (January 1, 2016)	These amendments to the standard will be applied prospectively. The IASB has stated that the use of a revenue-based method of amortization is not appropriate because revenue generated by an activity that includes the use of an asset reflects factors other than the consumption of economic benefits related to the asset.
Amendments to IFRS 11 *Acquisition of an interest in a joint operation* (January 1, 2016)	These amendments to the standard will be applied prospectively. The amendment published specifies accounting for acquisitions of interests in a joint operation the activity of which constitutes a "business" as defined in IFRS 3 – Business combinations. For these acquisitions, an entity must apply the accounting principles relating to business combinations (IFRS 3) as well as the other IFRS that are not in contradiction with the provisions of IFRS 11.
Annual improvements to IFRS *2012-2014 Cycle* (January 1, 2016)	These amendments to the standards will be applied prospectively. The standards concerned are: - IFRS 5 – Non-current assets held for sale and discontinued operations; - IFRS 7 – Financial Instruments: Disclosures; - IAS 19 – Employee benefits; - IAS 34 – Interim Financial Reporting.
Amendments to IAS 1 *Disclosure Initiative* (January 1, 2016)	These amendments to the standard will be applied prospectively. The amendment published provides clarification on two points: - the application of the concept of materiality, by specifying that it applies to financiers including the notes and that the inclusion of immaterial information may obscure the information; - the application of professional judgment, by changing certain wording that is considered to be prescriptive and thus does not leave room for judgment.

These amendments should not have a material impact on the Group's consolidated financial statements.

Note 29 Subsequent events

There are no subsequent events.

4

PROJECTS COMPLETED IN 2015

3.2 M€

OF ANNUAL RENTS

La Galerie - Géant Narbonne

10

STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2015

10.1 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended December 31, 2015, on:

- the audit of the accompanying annual financial statements of Mercialys;
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2015 and of the results of its operations for that financial year, in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring the following matters to your attention:

Notes (b) "Tangible assets" and (c) "Financial assets" in section II, "Accounting principles, rules and methods", of the notes to the financial statements describe the rules and methods adopted by your Company concerning the recognition and valuation of tangible assets and equity interests. As regards the determination of potential impairment, your Company has to express assumptions and relies, notably, on the procedures adopted by independent real estate appraisers.

As part of our assessment of the accounting rules and principles applied by your Company, we verified the appropriateness of the accounting methods described above and assessed the reasonable nature of the assumptions adopted.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We also performed, in accordance with the professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits received by the directors and any other commitments made in their favor, we verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we certify that this information is accurate and presented fairly.

In accordance with French law, we verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense and Lyon, March 21st, 2016

The Statutory Auditors

KPMG Audit	Ernst & Young et Autres
Department of KPMG S.A.	
Régis Chemouny	Sylvain Lauria

10.2 FINANCIAL STATEMENTS

10.2.1 Income statement

(in thousands of euros)	Notes	12/2015	12/2014
Rental revenues		139,340	129,185
Non-recovered property taxes		(592)	(75)
Non-recovered service charges		(2,750)	(3,744)
Property operating expenses		(7,767)	(6,535)
Net rental income	**1**	**128,232**	**118,831**
Income from management, administration and other activities	**2**	3,016	2,367
Depreciation and impairment of non-current assets		(17,907)	(17,782)
Provisions		11	(115)
Staff costs	**3**	(8,003)	(6,994)
Other expenses	**4**	(11,821)	(28,756)
Operating income		**93,528**	**67,551**
Net financial income/(expense)	**5**	(9,585)	(15,703)
Net exceptional items	**6**	65,428	74,736
Corporate income tax	**7**	(1,119)	-
NET INCOME		**148,251**	**126,584**

10.2.2 Balance sheet

ASSETS

(in thousands of euros)	Notes	12/2015	12/2014
Intangible assets		2,162	1,628
Depreciation and impairment		(833)	(461)
Sub-total		**1,329**	**1,167**
Tangible assets		1,671,047	1,566,136
Depreciation and impairment		(117,235)	(105,502)
Sub-total		**1,553,812**	**1,460,634**
Investments		413,166	215,635
Impairment of investments		(8,931)	(6,339)
Sub-total		**404,236**	**209,296**
Total non-current assets	**8**	**1,959,377**	**1,671,097**
Current assets			
Receivables	**9**	249,153	195,487
Cash	**10**	11,053	124,209
Adjustment accounts		1,909	1,904
Total current assets		**262,115**	**321,600**
Expenses to be spread over several financial years	**13**	5,336	
Bond redemption premiums	**13**	28,140	30,829
TOTAL ASSETS		**2,254,968**	**2,023,526**

EQUITY & LIABILITIES

(in thousands of euros)	Notes	12/2015	12/2014
Share capital and share premium		544,839	544,839
Reserves		9,205	9,205
Revaluation adjustment		15,635	15,635
Retained earnings		69,640	56,808
Prior year income not yet allocated		-	-
Net income		148,251	126,584
Interim dividends		(69,764)	(32,996)
Regulated provisions		10,318	6,983
Equity	**11**	**728,125**	**727,058**
Provisions	**12**	2,141	2,461
Borrowings and financial liabilities	**13**	1,439,569	1,193,797
Payables	**14**	76,438	90,443
Adjustment accounts	**15**	8,695	9,767
Current liabilities		**1,526,843**	**1,296,468**
TOTAL EQUITY AND LIABILITIES		**2,254,968**	**2,023,526**

10.2.3 Cash flow statement

(in thousands of euros)	Notes	12/2015	12/2014
Net income		148,251	126,584
- Depreciation, amortization, and impairment allowances net of reversals		26,402	23,140
- - Income from asset sales		(70,727)	(76,907)
- - Other calculated (income)/expense[(2)]		13,141	1,024
Cash flow		**117,068**	**73,841**
Change in working capital requirement[(1)]		**(56,944)**	**22,067**
Net cash flow from operating activities		**60,124**	**95,908**
Acquisitions of investment assets		(688,245)	(286,060)
Sale of investment assets		435,445	32,582
Net cash flow from/(used in) investing activities		**(252,800)**	**(253,478)**
Dividends and interim dividends paid	**11**	(150,520)	(108,289)
Increase or decrease in capital		-	-
Increase in borrowings		946,839	1,142,357
Decrease in borrowings		(716,833)	(766,595)
Net cash flow used in financing activities		**79,486**	**267,474**
Change in net cash position		**(113,189)**	**109,904**
Opening cash position		124,209	14,305
Net cash at end of year	**10**	11,020	124,209
Net cash at end of year		**11,020**	**124,209**
Cash on balance sheet		**11,053**	**124,209**
Bank facilities		**(33)**	**-**

(1) The change in working capital requirement breaks down as follows:

Trade receivables	*(6,191)*	*4,191*
Trade payables	*7,319*	*6,056*
Other receivables	*(21,675)*	*(14,585)*
Other liabilities	*(35,318)*	*23,040*
Adjustment accounts	*(1,078)*	*3,365*
Change	***(56,944)***	***22,067***

(2) For the 2015 financial period, this amount includes proceeds from the transfer of all the assets and liabilities of Lons, Chantecouriol and Agence d'ici amounting to Euro 7,691,000, compared with Euro 1,024,000 in 2014 for Pessac 2 and Krétiaux.

10.3 NOTES TO THE FINANCIAL STATEMENTS

Mercialys is a French-law public limited company *(société anonyme)*. Its shares are listed on Euronext Paris in compartment A.

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.

I. Significant events of the year

SUCCESSFUL ISSUE OF A EURO 200 MILLION BOND

In November 2015, Mercialys successfully placed a Euro 200 million bond issue to supplement the existing bonds maturing on March 31, 2023. The issue has raised the bond's new nominal to Euro 750 million.

SUCCESSFUL OPENING OF THE TOULOUSE FENOUILLET RETAIL PARK AND DELIVERY OF EXTENSIONS TO THE BREST, NIORT AND AURILLAC SHOPPING CENTERS

Phase 1 of the Toulouse Fenouillet project opened its doors on May 20, 2015.

In November 2015, Mercialys acquired an extension of over 1,500 sq.m from the Casino Group, representing a further 10 stores, in its Aurillac shopping center for Euro 8.1 million.

Lastly, in December 2015, Mercialys delivered the first conversion phases on the large food stores (GSA) acquired in the first half of 2014 in Niort and Brest.

ACQUISITIONS OF LARGE FOOD STORE CONVERSION PROJECTS THAT ENHANCE THE DEVELOPMENT PIPELINE

At June 30, 2015, Mercialys acquired from Casino five large food stores (GSA) in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan de Campagne site) as redevelopment projects, for a total of Euro 167 million including transfer taxes and net annual rents before renovation of Euro 9.3 million.

In December 2015, Mercialys acquired a large food store for conversion from Casino at Annemasse for Euro 53.2 million DIH.

ACQUISITION BY OPCI SPF2 OF A 49% STAKE IN A SUBSIDIARY MAJORITY-OWNED BY MERCIALYS AND OWNER OF HYPERMARKET PREMISES

On June 1, 2015, Mercialys created Hyperthetis Participations, to which it then transferred the premises of six large food stores.

On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2, majority-owned by BNP Paribas, for Euro 106 million DIH, reflecting a net yield of 4.8% from the disposal.

These six large food stores were acquired in 2014 by Mercialys, which is redeveloping them to include nonfood anchor stores that will help improve the commercial value of the sites. These redevelopment projects were not included in the assets transferred. Hyperthetis Participations, 51% owned by Mercialys, owns only reconfigured large food stores. Mercialys has the exclusive control of this company and 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 (the highest price between the fair value and an IRR), able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

DISPOSAL OF A 49% STAKE IN A SUBSIDIARY OWNER OF THE CLERMONT-FERRAND SHOPPING CENTER TO AN OPCI MANAGED BY BNP PARIBAS REIM FRANCE

Mercialys sold 49% of the subsidiary that owns the Clermont-Ferrand shopping center to the OPCI REAF (managed by BNP Paribas REIM France), on the basis of a 100% valuation of Euro 101.4 million, generating a net yield of 5% from the disposal. Mercialys has the exclusive control of this company.

ACQUISITION OF FIVE MONOPRIX ASSETS FOR REDEVELOPMENT FOR EURO 110.6 MILLION FOR AN IMMEDIATE NET YIELD OF 5.9%

Mercialys completes its positioning as a leading local real estate investment company by initiating a city-center retail business line. In this context, in December 2015, it acquired the premises of five Monoprix shops for redevelopment from the Casino Group for a DIH price of Euro 110.6 million, offering an immediate net yield of 5.9%.

II. Significant accounting policies

The statutory financial statements have been prepared in accordance with the prescriptions of the French accounting standards regulation ANC 2014-03 on the general chart of accounts approved by the decree of September 8, 2014.

Accounting principles and policies have been applied consistently in the periods presented.

(A) 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.

(B) PROPERTY, PLANT AND EQUIPMENT OTHER THAN INVESTMENT PROPERTY

Property, plant and equipment other than investment property are recorded in the balance sheet at cost or transfer value.

Non-current assets are 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" 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 assets 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 depreciable life of fixtures, fittings and improvements is limited to the estimated remaining useful life.

Depreciation expense calculated according to the straight line method corresponds to economic depreciation. The depreciable lives used for the main types of tangible assets are as follows:

Type of non-current assets	Depreciation period
Land and land improvements	40 years
Buildings (structural elements)	50 years
Roofing	15 years
Fire protection of the building shell	25 years
Fixtures, fittings and building improvements	10 years – 20 years

For all land and buildings, the net carrying amount is compared with the discounted value, defined as the higher of fair value and value in use. Fair value is determined by appraisals conducted for the Company on a regular basis by independent appraisers. Value in use is determined for each site on the basis of capitalized future net rental income. When the discounted value is determined to be less than the carrying amount, an impairment allowance is recognized if the unrealized loss of value is confirmed by further analysis.

The Company does not incur any maintenance expenditures 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 investment 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 performance of the asset to be enhanced (increasing rental revenue, and thereby 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 that work.

(C) INVESTMENTS

Participating interests are recorded in the balance sheet at cost or transfer value. An impairment allowance is recognized if the carrying amount is less than fair value. If the drop in value is unusual and temporary, no impairment is recorded.

Fair value is determined on the basis of several criteria such as net assets of the relevant companies at year-end (restated to reflect appraisals of property assets), level of profitability, outlook and usefulness to the Company.

(D) 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) upon 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 executives and employees of 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.

(E) 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 of 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 "Staff costs."

(F) TAX

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 net income from rental activities, 60% of gains on sale of property assets, 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 maintenance 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.

(G) NET EXCEPTIONAL ITEMS

Net exceptional items are income and expense items that by virtue of their nature, infrequency or amount are not representative of the Company's recurring activities.

This line item includes income from the disposal of investment property.

III. Addendum to the financial statements

1. NET RENTAL INCOME

(in thousands of euros)	12/2015	12/2014
Rents	136,862	125,923
Lease rights and other payments	2,478	3,262
Rental revenues	**139,340**	**129,185**
Property tax	(7,572)	(8,938)
Rebilling to tenants	6,980	8,863
Non-recovered property taxes	**(592)**	**(75)**
Service charges	(28,944)	(21,269)
Rebilling to tenants	26,194	17,525
Non-recovered service charges	(2,750)	(3,744)
Management fees	(4,858)	(4,896)
Rebilling to tenants	2,895	2,806
Other expenses	(5,804)	(4,445)
Property operating expenses	**(7,767)**	**(6,535)**
NET RENTAL INCOME	**128,232**	**118,831**

"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.

2. INCOME FROM MANAGEMENT, ADMINISTRATION AND OTHER ACTIVITIES

Management income increased by Euro 649,000 year-on-year. The accounts closed as at December 31, 2015 benefited from the addition of non-recurring sale of the Pessac site.

3. STAFF COSTS

Staff costs comprise salaries and benefits granted to the Company's employees.

The proceeds from the tax credit for competitiveness and employment (CICE) is accounted for as and when the qualifying remuneration on which it is based is recognized. It amounted to Euro 19,300 for 2015 (compared with Euro 12,200 in 2014), deducted from staff costs.

The tax credit has helped to improve the Company's competitiveness, with Euro xx thousand invested in retail displays for the Casual Leasing business, and Euro xx thousand in staff training.

On average over the year, the Company had 41 employees in 2015 (35 managers, three supervisors and three clerical staff), compared with 40 employees in 2014.

4. OTHER EXPENSES

Other expenses comprise shopping center advertising and overhead costs. Overhead costs consist primarily of investor relations costs, institutional communications costs, research and marketing costs, service costs, directors' fees paid to Board members, fees paid for subcontracted services (accounting, financial management, human resources, IT, marketing) and expenses incurred for appraisals and management of property assets.

5. NET FINANCIAL INCOME/(EXPENSE)

(in thousands of euros)	12/2015	12/2014
Financial income	**58,604**	**42,048**
provision for bonus share plans	-	424
provision for treasury shares	-	8
reversal of provision for impairment of participating interests	156	118
- Point Confort	*130*	*-*
- La Diane	*26*	*113*
- Other	*-*	*5*
Income from consolidated interests	28,636	16,140
- Kerbernard	*2,897*	*2,813*
- Timur	*2,250*	*2,051*
- Fiso	*1,715*	*1,434*
- Point Confort	*93*	*76*
- Les Salins	*1,102*	*1,346*
- Caserne de Bonne	*4,692*	*2,278*
- Géante de Périaz	*937*	*1,467*
- Narbonne	*989*	*737*
- Lons	*7,071*	*364*
- Dentelle	*531*	*556*
- Chantecouriol	*2,549*	*538*
- AMR	*1,802*	*1,870*
- Alcudia Albertville	*559*	*-*
- Mercialys Gestion	*744*	*-*
- Other	*705*	*475*
interests in affiliated companies	1,931	992
net income/sale of treasury shares	1,443	1,291
financial income from investments	261	422
interest income on hedging derivatives	26,166	22,652
other financial income	10	1
Financial expenses	**(68,189)**	**(57,751)**
provision for bonus share plans	(220)	-
provision for treasury shares	(89)	-
depreciation of bond redemption premium	(3,520)	(1,298)
provision for participating interests	(3,301)	(3,858)
- G.M Geispolsheim	*(2)*	*(56)*
- Point Confort	*-*	*(961)*
- Lons shopping mall	*-*	*(503)*
- AMR	*(3,228)*	*(2,022)*
- Other	*(71)*	*(316)*
interests in affiliated companies	(200)	(216)
interest on borrowings	(29,896)	(27,043)
interest on commercial papers issued	(117)	(287)
interest charges on hedging derivatives	(21,305)	(19,568)
net charges/sale of treasury shares	(1,491)	(1,830)
merger malus	(7,691)	(1,024)
other debt interest	(6)	(2,337)
other financial expenses	(353)	(290)
NET FINANCIAL INCOME/(EXPENSE)	**(9,585)**	**(15,703)**

6. NET EXCEPTIONAL ITEMS

Net exceptional items in 2015 correspond primarily to gains on the sale of property assets. The capital gain net of costs relating to these transactions amounted to Euro 73,748,000 including transfer taxes amounting to Euro 18,000.

7. TAX

Tax expense corresponds to tax due on income from the Company's taxable business activities, plus the additional contribution owing on the amounts paid out. In 2015, this income represented a loss and did not result in the recognition of a tax expense; the expense booked related primarily to dividend payments.

Deferred tax assets and liabilities are not material.

8. NON-CURRENT ASSETS

Breakdown

(in thousands of euros)	12/2015	12/2014
Software	1,792	1,258
Leasehold rights	356	356
Other intangible assets	14	14
Depreciation and impairment	(833)	(461)
	1,329	**1,167**
Land and land improvements	990,827	957,661
Depreciation and impairment	(8,123)	(6,018)
	982,704	**951,643**
Buildings, fixtures and fittings	652,650	578,302
Depreciation and impairment	(106,592)	(96,769)
	546,058	**481,533**
Other property, plant and equipment	27,570	30,172
Depreciation and impairment	(2,520)	(2,714)
	25,050	**27,458**
Participating interests	413,031	215,499
Impairment of participating interests	(8,931)	(6,339)
Other non-current financial assets	135	136
	404,235	**209,296**
NET NON-CURRENT ASSETS	**1,959,377**	**1,671,097**

"Other property, plant and equipment" includes Euro 21,244 thousand of construction work in progress at December 31, 2015 compared with Euro 24,257,000 at December 31, 2014.

Participating interests are presented in detail in the table of subsidiaries and associated companies (see Note 21).

Changes

(in thousands of euros)		Gross	Depreciation and impairment	Net
At December 31, 2013	Intangible assets	1,586	(208)	1,378
	Property, plant and equipment other than investment property	1,255,887	(110,604)	1,145,283
	Investments	223,884	(6,140)	217,744
		1,481,356	**(116,951)**	**1,364,405**
Increases	Intangible assets	44	(255)	(211)
	Property, plant and equipment other than investment property	493,059	(17,527)	475,531
	Investments	11,433	(3,858)	7,576
		504,536	**(21,639)**	**482,897**
Decreases	Intangible assets	1	(1)	0
	Property, plant and equipment other than investment property	182,811	(22,630)	160,181
	Investments	19,681	(3,658)	16,023
		202,493	**(26,288)**	**176,205**
As at December 31, 2014	Intangible assets	1,628	(461)	1,167
	Property, plant and equipment other than investment property	1,566,135	(105,501)	1,460,634
	Investments	215,635	(6,339)	209,296
		1,783,399	**(112,302)**	**1,671,097**
Increases	Intangible assets	535	(373)	162
	Property, plant and equipment other than investment property	347,085	(19,869)	327,216
	Investments	342,374	(3,301)	339,073
		689,994	**(23,543)**	**666,451**
	Intangible assets	1	(1)	0
Decreases	Property, plant and equipment other than investment property	242,173	(8,135)	234,038
	Investments	144,843	(709)	144,133
		387,017	**(8,846)**	**378,171**
As at December 31, 2015	Intangible assets	2,162	(833)	1,329
	Property, plant and equipment other than investment property	1,671,047	(117,235)	1,553,812
	Investments	413,166	(8,931)	404,235
		2,086,376	**(126,999)**	**1,959,377**

The increases for the period consist essentially of:

- the acquisitions of the premises of five Monoprix stores for redevelopment for a total amount of Euro 111 million, five large food stores for redevelopment in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan-de-Campagne site) for a total of Euro 134 million including transfer taxes, and the acquisition of a large food store to be redeveloped in Annemasse for Euro 53 million;
- the creation of shares in SAS Hyperthetis Participations for Euro 240 million and in SAS Immosiris for Euro 102 million.

Decreases for the period correspond primarily to:

- the sale of 14 properties representing a book value of Euro 234 million;
- to the transfer of all the assets and liabilities of SNC du Centre Commercial de Lons for Euro 8 million and of SNC Chantecouriol for Euro 7 million;
- the disposal of shares in SAS Hyperthetis Participations for Euro 100 million and in SAS Immosiris for Euro 30 million.

Impairment

Taking account of the indication of loss of value and appraisal valuations of the property portfolio, an impairment allocation of Euro 2,335,000 was deemed necessary for Mercialys' property assets at December 31, 2015.

For participating interests, changes in impairment charges concern Point Confort, G.M. Geispolsheim, Agence d'Ici, A.M.R., and the shopping malls Lons and La Diane.

These impairment charges relate primarily to the reduction in these subsidiaries' revalued net cash position as a result of dividends paid out in the course of the year.

9. RECEIVABLES

Breakdown

(in thousands of euros)	12/2015	12/2014
Trade receivables	23,117	16,303
Impairment	(3,701)	(3,281)
	19,416	**13,022**
Other operating receivables	**49,458**	**40,680**
Current accounts of affiliated companies	180,316	141,786
Impairment	(37)	(1)
	229,737	**182,465**
RECEIVABLES	**249,153**	**195,487**

The aging of trade receivables breaks down as follows:

Trade accounts and notes receivable	Assets not due and not impaired	Assets due and not impaired at closing date					Impaired assets	
(in thousands of euros)	Total	In arrears of less than 3 months	In arrears of 3 to 6 months	In arrears of 6 to 12 months	In arrears of more than 12 months	Total	Total	Total
AS AT DECEMBER 31, 2015	**9,065**	**6,045**	**268**	**(3)**	**(924)**	**5,386**	**8,666**	**23,117**
As at December 31, 2014	7,737	1,170	879	56	(218)	1,887	6,679	16,303

Trade receivables as at December 31, 2015 comprise primarily rents, lease rights and advisory services invoiced at year end.

Other operating receivables consist essentially of:

- tax receivables of Euro 11,687,000 as at December 31, 2015 compared with Euro 12,084,000 at December 31, 2014;
- amounts receivable from tenants under construction leases standing at Euro 9,168,000 as at December 31, 2015 compared with Euro 8,939,000 as at December 31, 2014. In substance, 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. At the end of the lease, the accrued revenue is canceled by recognizing an equivalent amount as a property asset;
- dividends to be received of Euro 4,228,000 as at December 31, 2015 (compared with Euro 3,560,000 as at December 31, 2014).

As at December 31, 2014, they also included receivables from the sale of assets of Euro 285,000.

Current accounts of affiliated companies mainly include the current accounts with SCI Caserne de Bonne for Euro 78,612,000 compared with Euro 77,756,000 as at December 31, 2014 and SNC FISO for Euro 41,602,000 compared with Euro 10,411,000 as at December 31, 2014.

On December 30, 2014, Mercialys signed a current account agreement with SNC Fenouillet Participation. The availability of funds in the current accounts will depend on Mercialys' LTV ratio and will be capped at Euro 19,560,000. This agreement has been signed for a period of six years. As at December 31, 2015, this current account stood at Euro 16,800,000. Financial interest expenses recorded for the year stood at Euro 996,000.

These receivables include accounts receivable of Euro 40,831,000 compared with Euro 30,189,000 as at December 31, 2014, including primarily:

- trade receivables: Euro 5,981,000 (Euro 4,658,000 as at December 31, 2014);
- other operating receivables: Euro 30,097,000 (Euro 24,606,000 as at December 31, 2014);
- current accounts of affiliated companies: Euro 1,703,000 (Euro 767,000 as at December 31, 2014).

Maturity

(in thousands of euros)	12/2015	12/2014
Less than one year	240,629	187,177
More than one year	8,524	8,310
RECEIVABLES	**249,153**	**195,487**

10. NET CASH

(in thousands of euros)	12/2015	12/2014
Treasury shares	3,311	3,195
Impairment	(89)	-
Liquidity contract	101	101
Banks	7,730	120,913
CASH	**11,053**	**124,209**

The Company held 191,334 treasury shares under the liquidity contract with service providers as at December 31, 2015, compared with 99,946 as at December 31, 2014.

11. EQUITY

Change in equity before allocation of net income for the year

(in thousands of euros)	Share capital and share premium	Reserves and net income	Provisions provisions	Equity
At December 31, 2013	**544,839**	**156,940**	**6,170**	**707,949**
Capital increase	-	-	-	-
Capital decrease	-	-	-	-
Allocation of net income	-	-	-	-
Dividends paid	-	(75,293)	-	(75,293)
Net income for the year	-	126,584	-	126,584
Interim dividends	-	(32,996)	-	(32,996)
Other movements	-	-	813	813
As at December 31, 2014	**544,839**	**175,236**	**6,983**	**727,058**
Capital increase	-	-	-	-
Capital decrease	-	-	-	-
Allocation of net income	-	-	-	-
Dividends paid	-	(80,756)	-	(80,756)
Net income for the year	-	148,251	-	147,570
Interim dividends	-	(69,764)	-	(69,764)
Other movements	-	-	3,336	3,923
AS AT DECEMBER 31, 2015	**544,839**	**172,967**	**10,319**	**728,125**

The 2015 interim dividend resulted in a cash payment of Euro 69,764,000.

As at December 31, 2015, authorized share capital consisted of 92,049,169 shares with a par value of Euro 1.00.

Dividends

As at December 31, 2014, of the 92,049,169 shares, 91,768,221 benefited from the dividend in respect of 2014 earnings (280,948 treasury shares actions are exempt from payment).

The Company paid its shareholders a gross dividend of Euro 1.24 per share in respect of the financial year ended December 31, 2014. An interim dividend of Euro 0.36 per share was paid in 2014, and the final dividend of Euro 0.88 per share was paid on May 11, 2015.

Payment of the final dividend represented a total of Euro 80,756,000.

The total dividend for the 2014 financial year therefore came to Euro 113,752,000.

On December 23, 2015, Mercialys also paid an interim dividend of Euro 0.76 per share representing an amount of Euro 69,764,000.

In accordance with SIIC tax rules, the minimum distribution requirement derived from the profits presented in Mercialys' statutory financial statements in 2015 is Euro 78.3 million.

On February 10, 2016, the Board of Directors proposed, subject to approval by the General Meeting of April 20, 2016, to pay a dividend in respect of 2015 amounting Euro 1.33 per share.

Share-based payment

Beginning December 1, 2005, the Mercialys Group has established 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 outstanding
Outstanding shares as at January 1, 2014	**126,160**
Shares awarded	(55,251)
Shares canceled	(18,126)
Shares issued	17,790
Outstanding shares as at December 31, 2014	**70,573**
Shares awarded	(3,415)
Shares canceled	(11,114)
Shares issued	-
OUTSTANDING SHARES AS AT DECEMBER 31, 2015	**56,044**

Bonus share plans Grant dates	10/15/2013	04/30/2014	04/30/2014
End of allocation period	10/15/2016	04/30/2017	04/30/2017
End of holding period	10/15/2018	04/30/2019	04/30/2019
Share price at the grant date (in euros)	15.12	16.58	16.58
Number of beneficiaries	27	3	9
Number of bonus shares awarded at inception	71,009	9,005	8,785
Number of bonus shares awarded at inception after adjustment[(a)]	71,009	9,005	8,785
Fair value of the bonus share (in euros)	11.27	6.38	10.46
Performance rate	100%	53%	87%
NUMBER OF OUTSTANDING SHARES BEFORE APPLICATION OF PERFORMANCE CRITERIA AS AT DECEMBER 31, 2015	**39,224**	**9,005**	**7,815**

(a) Adjustment of price and number of options following payment of the 2011 exceptional distribution (AGM of April 13, 2012).

12. PROVISIONS

Changes

(in thousands of euros)	12/31/2014	Allowances	Reversals	12/31/2015
For liabilities and charges	2,340	1,023	1,365	1,998
For end of career severance allowances	110	20	-	130
For long service awards	11	2	-	13
PROVISIONS	**2,461**	**1,045**	**1,365**	**2,141**
o/w operating		821	832	
o/w financial		219	-	
o/w exceptional		5	533	

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.

13. BORROWINGS AND MISCELLANEOUS FINANCIAL LIABILITIES

Breakdown

(in thousands of euros)	12/2015	12/2014
Bonds	1,254,999	1,045,741
Borrowings from credit institutions	166,000	129,000
Bank facilities	33	-
Other financial liabilities (security deposits)	18,537	19,056
BORROWINGS AND FINANCIAL LIABILITIES	**1,439,569**	**1,193,797**

Security deposits received are repayable to tenants when they leave or, at the earliest, at the next three-year expiry date. Because occupancy rates on the Company's properties are very high, these deposits received constitute a virtually permanent source of financing of indeterminable maturity.

Bonds

As at December 31, 2015, the amount of bond financing was Euro 1,229.7 million, divided into two issues:

- a Euro 750 million bond issue yielding a fixed rate of 1.787%, with a maturity of 8 years and 4 months (due in March 2023);
- a residual bond of Euro 479.7 million (tranche of Euro 650 million issued in March 2012, partially redeemed in December 2015), yielding a fixed rate of 4.125% and maturing in March 2019.

The new Euro 200 million bond issue resulted in the recognition of a Euro -5.6 million bond exchange premium as well as Euro -0.9 million of bond issue fees. As for the other bonds, the exchange premiums and issue fees are spread according to the TIE method, over the life span of the new issue.

The bond exchange and repayment premiums, as well as the issue fees, are presented 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, in the event that the rating is downgraded following a change of control (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as the withdrawal of a rating by a ratings agency, the downgrading of a 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 relate explicitly to the change of control of the company.

Hedging

In addition, Mercialys introduced an interest rate hedging policy in October 2012 by means of a swap agreement in order to enable it to spread out its interest rate risk over time.

The interest rate hedging system was adjusted after refinancing operations that took place at the end of December 2015. Mercialys' debt structure broke down as follows at end December 2015: 60% fixed-rate debt and 40% variable-rate debt.

These hedging instruments are recognized according to the fair value hedging method.

Confirmed credit facility

The bank financing set up by Mercialys on February 23, 2012 included a medium-term loan of Euro 200 million (not used). On January 20, 2014, this credit facility was replaced with a confirmed credit facility of Euro 150 million. This new short-term loan matures in 2019. The credit facility was raised by Euro 90 million to Euro 240 million. The terms were reviewed and the maturity extended to five years from December 2014. The costs amounting to Euro 1.6 million are spread over time.

In December 2014, Mercialys took out confirmed credit facilities for a total amount of Euro 60 million with a 3-year maturity (with a double one-year extension option).

At the end December 2015, the Mercialys Group's confirmed credit facilities therefore amounted to Euro 300 million.

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, 2015, the outstanding stood at Euro 166 million.

Financial covenants

Mercialys' financial liabilities are subject to default clauses (early redemption) in the event of failing to respect the following financial ratios:

- Loan To Value (LTV): Consolidated net debt/consolidated fair value of investment properties excluding transfer taxes < 50%, at each accounting date;
- Interest Cost Ratio (ICR): Consolidated EBITDA[1]/Net finance costs > 2, at each accounting date;
- Secured debt/consolidated fair value of investment properties excluding transfer taxes < 20% at any time;
- Consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at any time.

(1) EBITDA: Earnings before interest, taxes, depreciation and amortization.

Change of ownership clauses are also applicable.

	Covenants	12/2015	12/2014
Loan To Value (LTV)	<50%	41.0%	37.4%
Interest Cost Ratio (ICR)	>2	5.1%	4.7%

As at December 31, 2015, the two other contractual covenants (secured debt/consolidated fair value of investment properties excluding transfer taxes and Consolidated fair value of investment properties excluding transfer taxes) as well as the commitment and default clauses are also complied with.

14. PAYABLES

Breakdown

(in thousands of euros)	12/2015	12/2014
Trade payables	25,815	18,485
Tax and social security liabilities	6,113	4,552
Income tax	1,074	295
Current accounts of affiliated companies	29,957	52,675
Trade payables on assets	10,408	8,967
Other liabilities	3,070	5,469
	76,438	**90,443**

Current accounts of affiliated companies correspond to the following subsidiaries:

(in thousands of euros)	
SCI La Diane	14,099
SCI Timur	8,296
SNC Géante Périaz	3,465
SNC Dentelle	2,012
SNC Agout	1,914

Charges to be paid amount to Euro 25,221,000 compared with Euro 24,270,000 as at December 31, 2014, broken down as follows:

- trade payables: Euro 12,800,000 (Euro 10,099,000 as at December 31, 2014);
- tax and social security liabilities: Euro 4,257,000 (Euro 2,217,000 as at December 31, 2014);
- current accounts of affiliated companies: Euro 172,000 (Euro 202,000 as at December 31, 2014);
- trade payables on assets: Euro 6,070,000 (Euro 6,594,000 as at December 31, 2014);
- other liabilities: Euro 1,922,000 (Euro 5,158,000 as at December 31, 2014).

Maturity

(in thousands of euros)	12/2015	12/2014
Less than one year	76,438	90,443
Between 1 and 5 years	-	-
More than 5 years	-	-
PAYABLES	**76,438**	**90,443**

15. ADJUSTMENT ACCOUNT

This item consists essentially of lease payments still to be deferred and income from unwinding swaps.

16. OFF-BALANCE SHEET COMMITMENTS

The principal commitments are the following:

1. Commitments relating to ordinary activities

(a) Commitments received

Preliminary sales agreements

At the end of 2015, Mercialys had signed a preliminary sales agreement for a property representing Euro 3.3 million.

Bank guarantees received

- on behalf of tenants, covering payment of rent and service charges: as at December 31, 2015, these amounted to Euro 3,380 thousand compared with Euro 3,094 thousand as at December 31, 2014;
- within the context of work ordered from suppliers: Euro 1,247 thousand at December 31, 2015 compared with Euro 1,432 thousand at December 31, 2014.

Mercialys has signed a Partnership Agreement with Casino, Guichard-Perrachon, approved by the Board of Directors on June 22, 2012. An amendment to this agreement was signed on November 12, 2014.

The initial three-and-a-half-year term of the partnership has been extended to December 31, 2017.

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 kept in the new Partnership Agreement under the same financial terms.

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 that will be examined by Casino and monitored by the Monitoring Committee.

Casino will only begin works once the order has been reiterated by Mercialys after definitive authorization is obtained and at least 60% of developments have been pre-let (as a percentage of projected rents – leases signed).

The acquisition price of projects developed by Casino, determined solely based on a rent capitalization rate under the original agreement, can now also be determined on the projected selling price, calculated according to the projected IRR (8% to 10%).

The principle of upside/downside being split 50/50 is maintained to take account of the actual conditions under which the properties will be let. Therefore, if there is a positive or negative difference (upside or downside) between actual rents resulting from letting and expected rents 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 operations that may have a significant competitive impact within the catchment area of a site with a Casino Group food store.

In 2015, acquisitions were made under this partnership agreement; they are detailed in Note 18.

On September 8, 2005, Mercialys signed a Current Account and Cash Management Agreement with Casino. Under the agreement, Mercialys and Casino 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, the two parties decided to terminate the existing Current Account and Cash Management Agreement and sign a current account agreement. The agreement will enable Mercialys to keep a current account with Casino allowing it to benefit from cash advances from Casino up to the current threshold of Euro 50 million.

The duration of the Agreement is aligned with that of the new Partnership Agreement negotiated between the parties; it has therefore been extended up to December 31, 2017.

(b) Commitment in respect to the disposal of SAS Hyperthetis Participations:

As part of the disposal of the 49% stake in SAS Hyperthetis Participations, Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests with a guaranteed minimum price (the highest price between the fair value and an IRR), able to be exercised on its initiative as at March 31, 2022. This option was valued at Euro 133.8 million at December 31, 2015.

(c) Commitments given

Various contracts and guarantees have been concluded with related parties in connection with acquisitions.

Mercialys is committed under property development and project management agreements with IGC Services. Calls for funds are made for property development agreements as and when the work progresses, and are recognized as receivables. As at December 31, 2015 they stood at Euro 365 thousand.

Delegated project management agreements, signed on December 31, 2015, related to a Euro 35,043 thousand envelope of work.

2. Commitments relating to exceptional operations

(a) Commitments between Mercialys and Corin

Under 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 transfer of undivided rights. The memorandum of agreement is valid for a further 20 years from the signing of the amendment.

Today, it is projected that in the event that the agreement to hold the undivided rights in common is not renewed, the party that initiated the end of the undivided rights will be penalized when the undivided rights are shared. The rights may be shared either in kind, with the other party choosing the units (the hypermarket premises will go to Mercialys as a priority), 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 transfer its rights to Mercialys.
- On the assumption that Corin exercises its right to sell, not sooner than January 31, 2020, Mercialys has the option of buying Corin's undivided rights, or assigning its own rights and obligations to a third party, or 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.

(b) Commitment relating to the Toulouse Fenouillet project

- Call option: Mercialys entered into a partnership in 2014 with Foncière Euris to carry out work on the site, through a company majority-owned by Foncière Euris. Mercialys has a call option on Phase 2 (extension of the shopping center), at its fair value, which can be exercised when the mall opens under price terms unchanged from the initial project.
  If Mercialys decides to exercise its purchase option in Phase 2, the resulting investment (under Phase 2) would represent a total of Euro 118 million (of which Euro 17 million had already been committed as at December 31, 2014).
- Guarantee given to assignees of Fenouillet Immobilier shares: Mercialys has undertaken to cover all sums, damages, expenses and losses of any kind whatsoever, resulting from events predating the date of the sale, and not recognized on the date of the sale. Compensation will be payable once the cumulative losses amount to Euro 50,000 and will be capped at Euro 10,900,000.

It must be noted that the work on the Toulouse Fenouillet project will be performed by the Casino Group.

(c) Other commitments

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.

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.

3. Commitments under finance leases and operating leases

(a) Finance leases

At December 31, 2015, the Group no longer had any finance leases.

(b) Operating leases

Almost all of the leases granted by the Mercialys Group as part of 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 guaranteed minimum rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease contract 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 an indexation clause in the lease agreement 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.

Mercialys SA affirms that:

- Mercialys SA has received the customary warranties from the transferor companies in respect of properties transferred to it in 2005 and 2009.
- No pledge, mortgage, or other conveyance of security interest applies to any of Mercialys' assets.
- 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.

17. MARKET RISK

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and prices of equity instruments, will adversely affect the Group's net income or the value of financial instruments that it holds.

Mercialys' exposure to interest rate risk relates to the borrowings described in Note 13. To manage its exposure to the risk of changes in interest rates, the Company uses derivatives (interest rate swaps).

18. INFORMATION CONCERNING RELATED PARTIES

(in thousands of euros)	12/2015	12/2014
Income/(Expenses)		
Invoiced rents		
Casino Restauration	*4,202*	*7,181*
Other Casino group entities	*29,234*	*16,204*
Advisory Services Agreement received by Mercialys	343	1,171
Short-term occupancy agreement billed by Mercialys to the Casino Group	308	3,703
Interest income and similar	29,766	13,201
Interest expense and similar	(4,017)	(2,884)
Income from the disposal of Fenouillet Immobilier securities	-	(60)
Income from the sale of assets to the Casino Group	74,605	60,291
Property management income paid to the Casino Group	(4,475)	(4,508)
Service Agreement paid to the Group Casino	(1,950)	(1,062)
Exclusive agency agreement with IGC Services	(2,233)	-
Assets/(Liabilities)		
Participating interests	404,613	215,312
Current accounts of affiliated companies	150,359	86,381
Project management agreements prepaid by Mercialys to:		
IGC Services	-	*92*
IGC Promotion/Alcudia Promotion	-	*37*
Calls for funds for property development agreements		
IGC Services	*365*	*4,507*
SNC Alcudia Albertville	-	*2,311*
Off-plan sale (Vente en l'état futur d'achèvement) agreement entered into with Fenouillet and paid by Mercialys	138	12,687
Acquisition of fixed assets from the Casino Group*	299,798	420,314

* *Some of these acquisitions were completed within the context of a Partnership Agreement (see note 16 herein); sites concerned are the following: in 2015, Besançon, Lanester, Poitiers, Dijon, Marseille Plan-de-Campagne, Annemasse, Puteaux, Asnières, Chaville, Marseille Canebière, Lille Marcq-en-Barœul and Mandelieu, and in 2014, Angers, Anglet, Fréjus, Nîmes Cap Costières, Quimper, Aix-en-Provence, Annecy Seynod and Gassin-la-Foux.*

19. REMUNERATION

Gross remuneration paid to officers and Directors in 2015 amounted to Euro 1,802 thousand, compared with Euro 1,202 thousand as at December 31, 2014.

20. SUBSEQUENT EVENTS

There are no subsequent events.

21. SUBSIDIARIES AND EQUITY HOLDINGS

Subsidiaries (at least 50% of the capital held)

Company	Head Office	SIREN [Company registration number]	Shareholders' equity[1]		Share of capital held (%)	Book value of investment (in thousands of euros)		Loans and advances granted	Revenue excl. tax 2015	Net income (loss) 2015[1]	Dividends received
			Capital	Other equity		Gross	Net				
SCI Kerbernard	1, Esplanade de France 42000 Saint-Étienne	777 501 396	451	3,887	98.31	24,430	24,430	7,033	3,845	3,277	2,897
SAS Point Confort	1, Esplanade de France 42000 Saint-Étienne	306 139 064	154	7,063	100	8,130	7,245	2,985	53	181	76
SCI La Diane	1, Esplanade de France 42000 Saint-Étienne	424 153 815	4	14,248	99	16,836	14,192	-	-	3	48
SAS Hyperthetis	1, Esplanade de France 42000 Saint-Étienne	811 749 852	27,439	251,525	51	136,937	136,937	-	5,802	4,579	-
SNC Du Centre Commercial de Narbonne	1, Esplanade de France 42000 Saint-Étienne	348 888 272	2	895	99	13,819	13,819	2,658	1,119	866	989
SNC Alcudia Albertville	1, Esplanade de France 42000 Saint-Étienne	511 018 681	1	58	99.99	1,130	1,130	2,522	625	57	559
SNC FISO	1, Esplanade de France 42000 Saint-Étienne	419 827 100	2	2,260	99	12,957	12,957	41,602	3,476	2,260	1,715
SCI Caserne de Bonne	1, Esplanade de France 42000 Saint-Étienne	477 667 976	3,400	1,677	99.99	161	161	78,612	5,688	1,655	4,692
SAS Les Salins	1, Esplanade de France 42000 Saint-Étienne	493 244 594	10,439	2,693	100	10,515	10,515	7,532	1,611	1,082	1,349
SNC Agout	1, Esplanade de France 42000 Saint-Étienne	497 952 812	9,380	268	99.99	9,500	9,500	-	536	103	267
SNC Géante Périaz	1, Esplanade de France 42000 Saint-Étienne	498 760 396	16,344	1,369	99.99	16,359	16,359	-	1,710	1,042	937
SNC Dentelle	1, Esplanade de France 42000 Saint-Étienne	498 780 345	7,994	84	99.99	8,009	8,009	-	338	84	531
SCI Timur	Centre Commercial Duparc 32 rue Michel Ange – 97438 Sainte-Marie	382 921 773	37,686	5,553	99.99	35,711	35,711	-	4,201	2,395	2,051
SAS Mercialys Gestion	1, Esplanade de France 42000 Saint-Étienne	484 531 561	37	771	100	37	37	2,199	8,101	1,994	-
SAS Immosiris	1, Esplanade de France 42000 Saint-Étienne	814 312 096	14,048	127,303	51	71,649	71,649	84	1,009	867	-
SAS Epicanthe	1, Esplanade de France 42000 Saint-Étienne	812 269 546	1	-	100	1	1	533	-	-	-
SAS Mercialys exploitation	1, Esplanade de France 42000 Saint-Étienne	815 249 198	37	-	100	37	37	-	-	-	-
TOTAL						**366,218**	**362,689**				

Shareholdings (10 to 50% of share capital owned)

Company	Head Office	SIREN [Company registration number]	Shareholders' equity[1]		Share of capital held (%)	Book value of investment (in thousands of euros)		Loans and advances granted	Revenue excl. tax 2015	Net income (loss) 2015[1]	Dividends received
			Capital	Other equity		Gross	Net				
SAS Corin Asset Management	Centre cial La Rocade 20600 Furiani	492 107 990	37	100	40	15	15	-	1,003	96	37
SCI PDP	1, Esplanade de France 42000 Saint-Étienne	501 644 470	16	(549)	10	2	-		-	(3)	-
SCI G M Geispolsheim	3 rue de la Coopérative 67000 Strasbourg	504 621 020	4	9	50	156	5	-	-	(7)	0
SCI AMR	91-93, bd Pasteur 75015 Paris	791 464 191	47,460	3,112	43.42	28,233	22,983		5,762	(4,048)	1,802
SNC AIX 2	1, Esplanade de France 42000 Saint-Étienne	512 951 617	10	596	50	6,991	6,991	9,623	1,539	394	-
OPCI UIR II	112, avenue Kléber, 75784 Paris Cedex 16	533 700 654	49,607	1,964	19.98	8,406	8,406	2,685	5,606	1,936	401
SNC Fenouillet Shareholding	8, rue du Faubourg-Saint-Honoré 75008 Paris	808 659 460	1	(1,005)	10	0.1	0.1	16,800	-	(1,005)	-
						43,803	**38,400**				

Other shareholdings

Company	Head Office	SIREN [Company registration number]	Shareholders' equity[1]		Share of capital held (%)	Book value of investment (in thousands of euros)		Loans and advances granted	Revenue excl. tax 2015	Net income (loss) 2015[1]	Dividends received
			Capital	Other equity		Gross	Net				
GIE Grand Quartier[2]	Route de Saint-Malo 35760 Saint-Grégoire	729 300 087	443	6,617	-	10	10	-	3,215	3,267	-
TOTAL						**10**	**10**				

(1) Subject to the approval of the financial statements
(2) Information on the GIE is taken from the balance sheet ending on December 31, 2014.

10.4 APPENDIX FIVE YEAR' SUMMARY OF RESULTS

	12/2015	12/2014	12/2013	12/2012	12/2011
Financial position at year-end					
Share Capital (in thousands of euros)	92,049.2	92,049.2	92,049.2	92,022.8	92,022.8
Number of share oustanding	92,049,169	92,049,169	92,049,169	92,022,826	92,022,826
Comprehensive income (in thousands of euros)					
Revenue exclusive of VAT	142,180.1	131,192.0	128,227.0	138,609.7	141,346.7
Income before tax, employee profit-sharing, depreciation, amortization and provisions	179,623.5	149,901.8	172,743.1	153,419.1	168,816.4
Income tax	1,119.3	0.0	(235.0)	3,790.2	967.9
Employee profit-sharing	(58.1)	70.0	14.7	35.3	44.5
Income before tax, employee profit-sharing, depreciation, amortization and provisions	148,251.5	126,583.8	145,997.1	129,092.0	141,928.7
Dividend payment to shareholders, total	122,425.4	114,141.0	106,777.0	83,740.8	111,347.6
Comprehensive income on a per-share					
Income after tax, employee profit-sharing but before depreciation, amortization and provisions	1.95	1.63	1.88	1.6	1.8
Income after tax, employee profit-sharing, depreciation, amortization and provisions	1.6	1.4	1.6	1.4	1.5
Dividend paid per-share	1.33	1.24	1.16	0.91	1.21
Workforce					
Numbers of employee (full-time equivalent)	41.4	40.5	39.4	40.2	33.7
Payroll (in thousands of euros)	5,061.2	4,904.6	3,582.9	3,781.2	3,469.5
Amount paid for employee benefits, social security and employee community benefits (in thousands of euros)	1,959.6	2,028.3	1,670.5	1,644.7	1,417.8

10.5 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

It is our responsibility to inform you, on the basis of information provided to us, of the characteristics, essential terms and conditions, and reasons for the company's interest in the agreements and commitments of which we have been advised, or which we have discovered during our mission, without commenting on their usefulness or validity, or identifying the existence of other such agreements or commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code ("Code de commerce"), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code ("Code de commerce") concerning the implementation, during the year, of the agreements and commitments already approved by the general meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the general meeting of shareholders

In accordance with Article L. 225-40 of the French commercial code ("Code de commerce"), we have been advised of certain related party agreements and commitments which received prior authorization from your board of directors.

A) AMENDING ACT TO THE ADVISORY SERVICES AGREEMENT ON MARCH 23, 2015 (FORMERLY "ALCUDIA / L'ESPRIT VOISIN")

Persons concerned

Casino, Guichard-Perrachon, member of the board of directors of your company and of the company L'Immobilière Groupe Casino.

Mr Vincent Rebillard, CEO of your company from February 13, 2013, and Chairman of L'Immobilière Groupe Casino.

Nature and purpose

As part of the program to create real estate and commercial value (known as "Programme Alcudia / L'Esprit Voisin"), your company, L'Immobilière Groupe Casino and IGC Promotion entered into an advisory services agreement on July 25, 2007 with Mercialys Gestion, which formed a team of specialists in the valuation of real estate assets.

Under this agreement, Mercialys Gestion acts as integrator and coordinator of a cross-disciplinary project.

Your company, L'Immobilière Groupe Casino and IGC Promotion are responsible for the project execution relating to the thought process and the services entrusted. They also implemented joint action plans and took responsibility for project management.

By amendment of July 23, 2008, Alcudia Promotion was substituted for IGC Promotion.

The amendment of July 30, 2010, having effect as of June 1, 2010, stipulated that the teams responsible for the asset management, marketing and communication attached to Mercialys Gestion were transferred to your company. Consequently, since that date, the framework agreement has been established between your company, in its capacity as a service provider, and L'Immobilière Groupe Casino and Alcudia Promotion in their capacity as clients.

In its decision of March 23, 2015, the Board of Directors authorized the signing of an amending act to the advisory services agreement. This amending document includes the modifications to the agreement of July 25, 2007 as well as all the other clauses that remain unchanged.

Your company and L'Immobilière Groupe Casino and Alcudia Promotion have therefore decided to update the terms of the workload plan, as well as the financial terms of the Agreement. To adjust the billing to the scope of work effectively completed and to determine the billing for N+1, a review clause is provided at the end of the year.

Terms and conditions

In respect of 2015, L'Immobilière Groupe Casino and Alcudia Promotion have paid your company remuneration amounting to €343,000 excluding taxes.

Reasons for the interest of the convention in the company

Your Board of Directors has made this decision based on the following: "In view of the evolution and distribution of these development projects involving your company and Casino Guichard-Perrachon (70% of the projects realized by your company and 30% by Casino Guichard-Perrachon, compared to 22% and 78% previously), the parties have hereby decided to update the terms of the workload plan, as well as the financial terms of the agreement, with the annual remuneration for 2015 being set at €343,000 excluding taxes."

B) COMPENSATION PAYABLE TO ERIC LE GENTIL IN THE EVENT OF HIS REMOVAL FROM OFFICE AS CHIEF EXECUTIVE OFFICER FROM JULY 17, 2013

At its meeting on July 17, 2013, the Board of Directors has decided that in the event of his dismissal within 36 months of his appointment, he would receive a conditional severance package equal to:

- twelve months' gross annual remuneration (fixed + variable guaranteed) in the event of dismissal within 12 months of being appointed;
- nine months' gross annual remuneration (fixed + variable received) in the event of dismissal within the next 12 months;
- six months' gross annual remuneration (fixed + variable received) in the event of dismissal within the next 12 months;

It being specified that this severance pay would only be paid if organic growth in rental income, assessed on the basis of the latest full-year results published for the financial year preceding the date of dismissal, is above indexation.

You are called upon to approve again the commitment made to Eric Le Gentil, pursuant to Article L. 225-42-1 of the French Commercial Code.

Agreements and commitments already approved by the general meeting of shareholders

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS

a) which remained effective during the year

In accordance with Article R. 225-30 of the French Commercial Code ("Code de commerce"), we have been advised that the implementation of the following agreements and commitments, which were approved by the general meeting of shareholders in prior years, continued during the year.

1. Unemployment insurance and welfare / pension scheme for managers

Persons concerned

Messrs Eric Le Gentil, CEO from July 17, 2013 and Vincent Rebillard, Deputy CEO from Februrary 13, 2013.

Nature and amount of sums paid in the course of the financial year

Messrs Eric Le Gentil and Vincent Rebillard benefited, while in office, from the unemployment insurance for company managers and from collective supplementary pension and welfare schemes obligatory within your company.

In respect of the unemployment insurance, the contributions paid by your company in 2015 amounted to €9,725 for Mr. Eric Le Gentil and €7,896 for Mr. Vincent Rebillard.

In respect of the welfare scheme, the employer contributions relating to financial year 2015 amounted to €3,572 Mr. Eric Le Gentil and €2,086 for Mr. Vincent Rebillard.

In addition, Messrs Eric Le Gentil and Vincent Rebillard benefited, while in office, from the commitments meeting the characteristics of the collective and obligatory pension schemes, the contributions of which result from national labour-management agreements.

2. Real estate partnership agreement entered into with Casino, Guichard-Perrachon

Persons concerned

Casino, Guichard-Perrachon, member of your company's board of directors.

Mr Michel Savart, member of the Board of Directors of Casino Guichard-Perrachon.

a) Real estate partnership agreement

Nature and purpose

During its meeting on October 15, 2014, your Board of Directors authorized the signing of an amending act to the partnership agreement between your company and Casino Guichard-Perrachon, which was signed on July 2, 2012, and terminated the agreement which was signed on March 19, 2009.

Pursuant to the amendment act signed on November 12, 2014, the partnership agreement which was due to expire on December

31, 2015, has been extended until December 31, 2017, and various improvements have been made in order to facilitate the implementation of the respective strategies of the two companies, whilst ensuring that the balance of their rights and obligations (the new "Partnership Agreement") was maintained. The general principles of this partnership agreement are as follows:

- maintaining privileged access for the benefit your company to the portfolio of development projects of the Casino Guichard-Perrachon group (right of priority);
- increased security of portfolio of projects by reciprocal commitment upstream, the Casino Guichard-Perrachon group only starting the work once the order has been confirmed by your company, which only acts after the final authorizations have been obtained;
- maintaining past economic balances between the Casino Guichard-Perrachon group and your company (capitalization rates defined according to a matrix updated every six months depending on how the valuation of your company's assets evolves, and the 50/50 share of the "upside/downside" observed at opening in relation to the estimated rents);
- annual "meeting" clause.

The scope of the partnership agreement corresponds to the field of activity of your company (shopping centers and mid-size stores, excluding food stores, i.e. supermarkets and hypermarkets).

The three types of project that fall within, or could fall within, the scope of application of the partnership agreement are:

- "New Projects", which correspond to projects within the scope of the agreement, for which your company may decide to initiate the development, and of which the envisaged completion date may or may not be beyond December 31, 2017, and which are the subject of an undertaking by Casino Guichard-Perrachon for your company. Your company has the right to submit any project to Casino Guichard-Perrachon, irrespective of whether it falls within the scope of the agreement. Casino Guichard-Perrachon undertakes to study the proposal, and to decide whether or not it wishes to be involved in its development.
- "Projects to be Confirmed", which correspond to "New Projects" which have been approved by the governing bodies of parties who undertake to make their best efforts to validate the projects.
- "Validated Projects", which correspond to "Projects to be Confirmed", and which are the subject of an order.

The various stages and commitments provided for are as follows:

- identification of the "Projects to be Confirmed" (projects under development that do not yet offer sufficient visibility and security to allow the placing of an order);
- placing of 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-marketing rate of 60% of leases signed (in terms of value);
- sale of the asset (transfer of property upon the opening of the project and payment by your company upon delivery with 50/50 sharing of the "upside / downside").

The agreement provides for the possibility of introducing a fast-track project approval procedure, by signing the deed of sale directly after approval by the governing bodies.

The terms of fixing and adjusting the prices are as follows:

- the price is fixed upon the placing of the order based on actual or forecast rents fixed by an independent expert, capitalized on the basis of rates defined according to the category of assets concerned (see below);
- the price is discounted upon confirmation of the order to take into account changes in marketing and the capitalization rate;
- the price is discounted upon the sale depending on the rental situation two months before opening to the public, without the capitalization rate being updated.

In order to take account of fluctuations in market conditions, capitalization rates applicable within the framework of the partnership agreement are revised by the parties concerned twice a year. The capitalization rates for 2015 were as follows:

1st half 2015

Type of property	Shopping centers Mainland France	Shopping centers Corsica and Overseas depts & territories	Retail parks Mainland France	Retail parks Corsica and Overseas depts & territories	City center
Regional centers / major centers (> 20,000 m²)	6.0%	6.6%	6.6%	7.0%	5.8%
Local centers (5,000 to 20,000 m²)	6.5%	7.0%	7.0%	7.4%	6.1%
Other assets (< 5,000 m²)	7.0%	7.4%	7.4%	8.1%	6.6%

2nd half 2015

Type of property	Shopping centers Mainland France	Shopping centers Corsica and Overseas depts & territories	Retail parks Mainland France	Retail parks Corsica and Overseas depts & territories	City center
Regional centers / major centers (> 20,000 m²)	5.9%	6.5%	6.5%	6.9%	5.7%
Local centers (5,000 to 20,000 m²)	6.4%	6.9%	6.9%	7.3%	6.0%
Other assets (< 5,000 m²)	6.9%	7.3%	7.3%	8.0%	6.5%

Notwithstanding the preceding provision, the partnership agreement stipulates that either party may suggest calculating the provisional selling price for a specific project, based on the provisional internal rate of return (IRR) of that project. This IRR is calculated based on the provisional business plan for the project. For guidance, the aim 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-concurrence clause in favor of Casino Guichard-Perrachon which shall be applicable for the duration of the partnership agreement. This non-concurrence clause has been strengthened pursuant to the amendment of the partnership agreement. As such, your company cannot invest in a "New Project" and become a 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 covering a sales area exceeding 1,000m2, located on a greenfield site; or
- any existing shopping center with a food product sales area covering a sales area exceeding 1,000m^2 (subject to an extension), with a floor area of at least 30% of the existing floor area of the existing shopping center; or
- any existing shopping center with a food product sales area which is subject to an extension, which will result in the sales area exceeding 1,000m^2 after extension.

This non-concurrence clause is applicable for a period of three years, following the termination of the partnership agreement.

Terms and conditions

In accordance with this partnership agreement, your company or its affiliates have acquired the following from the Casino Guichard-Perrachon group during 2015: the hypermarkets to be redeveloped in Lanester, Besançon, Plan de Campagne, Poitiers, Fontaine-lès-Dijon, Annemasse, Le Puy, Narbonne, Istres, and Clermont-Ferrand, as well as the building project in Aurillac.

b) Current account advance agreement

Nature and amount of sums paid in the course of the preceding financial year

During its meeting on October 15, 2014, the Board of Directors authorized the signing of an amendment to the current account advance agreement which was concluded between Casino Guichard-Perrachon and your company on July 25, 2012, whereby Casino Guichard-Perrachon has granted your company a credit facility of up to a maximum amount of €50 million, in the form of an A Advance, which refers to any advance with a principle amount less than €10 million, and/or a B Advance, which refers to any advance with a principle amount of at least €10 million. These advances are intended exclusively for the short-term financing of your company's general requirements. The amendment to the current account advance agreement was signed on February 26, 2015.

The current account advance agreement which matured on December 31, 2015 has been extended until December 31, 2017.

Furthermore, following the creation of Casino Finance, a subsidiary of Casino Guichard-Perrachon, focusing on the funding and treasury of the Casino group, the substitution of Casino Finance in the rights and obligations of the latter was authorized.

Concerning the interest:

Any A Advance will bear EURIBOR interest for 1 month, increased by Margin A, and any B Advance will bear EURIBOR interest corresponding to the disbursement period, increased by Margin B, on the understanding that these margins may change each year, depending on the current Casino Finance refinancing costs. Margin A and Margin B correspond respectively to 0.60% and 0.85% for 2015.

Terms and conditions

For the financial year ended December 31, 2015, your company paid a non-utilization commission of €172,000 to Casino Finance, determined daily by the amount of undrawn credit, at a rate of 40% of Margin B.

b) which were not implemented during the year

In addition, we have been advised that the following agreements and commitments, which were approved by the general meeting of shareholders in previous years were not implemented during the year.

1. With L'Immobilière Groupe Casino

Persons concerned

Casino, Guichard-Perrachon, member of the board of directors of your company and of the company L'Immobilière Groupe Casino.

Mr Vincent Rebillard, CEO of your company from February 13, 2013, and Chairman of L'Immobilière Groupe Casino.

Brand license agreement

Nature and importance of the services provided

In respect of this agreement entered into on September 8, 2005, L'Immobilière Groupe Casino grants, free of charge, a non-exclusive utilization right covering the French territory only and relating to the "Cap Costières" trademark.

Your company has a preferential right of purchase of this trademark in the event of L'Immobilière Groupe Casino's intention to sell.

2. Casino Guichard-Perrachon, member of your company's Board of Directors.

Brand license agreement

Nature and importance of the services provided

In respect of this agreement concluded on May 24, 2007, Casino Guichard-Perrachon grants your company, free of charge, a non-exclusive utilization right covering the French territory only and relating to:

- the word mark "NACARAT" and the semi-figurative mark,
- the word mark "BEAULIEU" and the semi-figurative mark.

Your company benefits from a preferential right of purchase of these trademarks in the event of Casino Guichard-Perrachon's intention to sell.

3. With Mr. Eric Le Gentil, CEO of Mercialys as of July 17, 2013

a) Severance pay clause in the event of removal from office

Nature and purpose

At its meeting on July 17, 2013, the Board of Directors decided that, in the event of Mr Eric Le Gentil's removal from office within a period of thirty-six months as from his appointment, he would receive, on the condition of organic growth in rental income, a severance payment equal to:

- twelve months of his gross annual remuneration (fixed + variable guaranteed) in the event of his removal from office within twelve months as from his appointment;
- nine months of his gross annual remuneration (fixed + variable received) in the event of his removal from office within the following twelve months;
- six months of his gross annual remuneration (fixed + variable received) in the event of his removal from office within the following twelve months;

This severance payment would be paid to him on condition that organic growth of rental income, calculated based on the last annual results published for the financial year prior to the date of his removal from office, exceeds the index.

Terms and conditions

This agreement has had no effect in respect of financial year 2015.

b) Non-concurrence clause

Nature and purpose

At its meeting on July 17, 2013, the Board of Directors authorized a non-concurrence and non-solicitation obligation concerning Mr. Eric Le Gentil that would apply, in the event of termination of his duties, for a period not exceeding the length of his presence in the company, capped at one year, it being specified that the company may reduce the duration of the clause or waive its application.

In return, Mr Eric Le Gentil would receive monthly compensation equivalent to one twelfth of 50% of his annual fixed remuneration.

Terms and conditions

This agreement has had no effect in respect of financial year 2015.

Paris - La Défense and Lyon, March 21, 2016

The Statutory Auditors

KPMG Audit	Ernst & Young and others
Département de KPMG S.A.	
Régis Chemouny	Sylvain Lauria

6.8%

RETURN ON YEAR-END EPRA NNAV

1.33€/SHARE

DIVIDEND'S DISTRIBUTION FOR 2015

0.76€/SHARE

INTER DIVIDEND PAID IN DECEMBER 2015

La Galerie Cap Costières à Nîmes

11 GENERAL MEETING

11.1 BOARD OF DIRECTORS' REPORT TO THE EXTRAORDINARY GENERAL MEETING

Ladies and gentlemen,

We have called this Extraordinary General Meeting, in accordance with the law and the articles of incorporation, to ask for your approval of a new authorization for the allocation of bonus shares.

In fact, the Board of Directors is asking the General Meeting to renew in advance the authorization granted to it regarding the allocation of bonus shares granted by the General Meeting of May 5, 2015, in order to take advantage of the new provisions implemented by French law for economic growth and activity (known as the "Macron Law"), as the new system only applies to bonus shares allocated on the basis of an authorization approved after the publication of the aforesaid law, namely on August 8, 2015.

We are asking you to authorize the Board to allocate existing or future bonus Company shares, on one or more occasions, to the benefit the Company's employees and its affiliates. As stipulated by law, the Board will determine the identity of the beneficiaries of such allocations as well as the conditions and, where appropriate, the criteria for allocating the shares.

Pursuant to this authorization, the Company's corporate officers may not be allocated bonus Company shares.

The shares shall be definitively allocated to their beneficiaries at the end of a vesting period and must be retained by them for a minimum period of time determined by the Board of Directors. However, the period must not be less than two years, and the shares must be held by their beneficiaries for a minimum of two years.

Moreover, the Board of Directors is authorized to provide that, in the event of the incapacity of the beneficiary corresponding to the classification determined in the second or third categories set out in Article L. 341-4 of the French Social Security Code, the shares may be allocated definitively before the end of the outstanding vesting period.

The total number of bonus shares to be allocated may not exceed 0.5% of the capital; furthermore, it is stated that this amount does not take into account any adjustments likely to apply in accordance with the applicable legal and regulatory provisions.

The authorization we are requesting from you would be valid for a period of 18 months from this Meeting, and would terminate the authorization given at the Meeting of May 5, 2015.

We hope that you agree to this proposal and approve the corresponding resolution.

The Board of Directors.

11.2 STATUTORY AUDITOR’S SPECIAL REPORT ON THE ALLOCATION OF BONUS SHARES – RESOLUTION 19

Extraordinary General Meeting of April 20, 2016 – resolution no. 19

Dear Shareholders,

In our capacity as statutory auditors for your company and in accordance with the mission defined in Article L. 225-197-1 of the French Commercial Code (“Code de commerce”), we hereby present our report on the allocate existing or future free shares for the benefit of salaried employees of your company and its affiliates, an issue on which you are called to vote.

On the basis of its report, your Board of Directors asks you to authorize the allocation of existing or future free shares, for a period of 18 months.

It is the responsibility of the Board of Directors to prepare a report on the proposed operation. It is our responsibility to inform you of our comments, if applicable, on the information provided to you regarding the proposed operation.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body in France (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures mainly involved ensuring that the methods proposed and described in the report by the Board of Directors were in accordance with the provisions of French law.

We have no comments to make regarding the information given in the report of the Board of Directors on the proposed operation to authorize the allocation of free shares.

Paris - La Défense and Lyon, March 21, 2016

The Statutory Auditors

KPMG Audit

Department of KPMG S.A.

Régis Chemouny
Partner

Ernst & Young et Autres

Sylvain Lauria
Partner

11.3 DRAFT RESOLUTIONS

11.3.1 Resolutions within the authority of the Annual General Meeting

Resolutions 1 and 2: Approval of the financial statements

Presentation

Under the **first and second resolutions,** shareholders are called upon to approve the Statutory Financial statements and then the Consolidated Financial Statements for the year ended December 31, 2015, as well as the transactions reflected in these financial statements.

These financial statements have been certified without qualification by the Statutory Auditors.

FIRST RESOLUTION

(Approval of the Statutory Financial Statements for the year ended December 31, 2015)

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the financial statements for the year ended December 31, 2015, as presented, together with all of the transactions reflected or mentioned in these reports. The financial statements for the year show a profit of Euro 148,251,477.64.

The General Meeting duly notes that the financial statements for the past financial year do not take account of non-tax-deductible expenses referred to in Article 39-4 of the French General Tax Code.

In addition, it formally notes the transfer to the “Retained earnings” account of sums corresponding to the dividends and interim dividends allocated to the shares held by the Company on the date of their payment, representing a total amount of Euro 389,361.52.

SECOND RESOLUTION

(Approval of the Consolidated Financial Statements for the year ended December 31, 2015)

The Annual General Meeting, after reviewing the reports of the Board of Directors and the Statutory Auditors, approves the Consolidated Financial Statements for the year ended December 31, 2015, as presented, showing a consolidated net profit, Group share, of Euro 79,614,000.

Resolution 3: Appropriation of income and setting of the dividend

Presentation

In the **third resolution,** the Board of Directors asks you to approve the payment of a dividend of Euro 1.33 per share, up 7.3% compared with 2015.

Under the tax regime for SIIC companies, the Company is required to pay out to shareholders at least 95% of its tax-exempt income from the letting or sub-letting of buildings and at least 60% of its tax-exempt income from the sale of buildings and investments in real estate companies. Dividends from subsidiaries that are subject to corporate income tax and that come under the sphere of this tax regime must be fully redistributed.

Taking account of the interim dividend of Euro 0.76 per share paid on December 23, 2015, the final dividend amounts to Euro 0.57 per share.

The ex-dividend date is April 22, 2016. The payment date will be on April 26, 2016.

THIRD RESOLUTION

(Appropriation of income – Setting of the dividend)

The Annual General Meeting, on the proposal of the Board of Directors, resolves to allocate income for the year ended December 31, 2015, as follows:

Net income for the year		€ 148,251,477.64
Retained earnings	(+)	€ 69,639,904.13
Distributable income	**(=)**	**€ 217,891,381.77**
Dividend	(-)	€ 122,425,394.77
Appropriation to “Retained earnings”	(=)	€ 95,465,987.00

Each share will receive a dividend of Euro 1.33.

The Annual General Meeting duly notes that:

- the amount of the dividend it has determined (Euro 1.33) includes the interim dividend of Euro 0.76 per share paid on December 23, 2015;
- consequently, the final dividend comes to Euro 0.57 per share and will be paid on April 26, 2016.

Distributions of tax-exempt income make up 100% of the dividend.

Payments of dividends taken from the tax-exempt income of listed real estate investment companies (SIIC) no longer give the right to the 40% allowance mentioned in Paragraph 2 of Article 158-3 of the French General Tax Code. Only payments of dividends taken from the non-tax-exempt income of SIICs are eligible for this allowance.

As this does not apply to the shares held by the Company on the date of payment of the dividend, the corresponding sums are to be transferred to "Retained earnings."

The General Meeting duly notes that the dividends paid out in respect of the last three years were as follows:

Year ended	Dividend per share	Dividend eligible for the 40% allowance	Dividend not eligible for the 40% allowance
December 31, 2014			
Interim dividend (paid in 2014)	*€0.36*	*None*	*€0.36*
Final dividend (paid in 2015)	*€0.88*	*None*	*€0.88*
Total	**€1.24**	**None**	**€1.24**
December 31, 2013			
Interim dividend (paid in 2013)	*€0.34*	*None*	*€0.34*
Final dividend (paid in 2014)	*€0.82*	*None*	*€0.82*
Total	**€1.16**	**None**	**€1.16**
December 31, 2012			
Interim dividend (paid in 2012)	*€0.25*	*None*	*€0.25*
Final dividend (paid in 2013)	*€0.97*	*None*	*€0.97*
Total	**€1.22**	**None**	**€1.22**

Resolutions 4 and 5: Regulated agreements

Presentation

Under the **fourth resolution,** the Board of Directors asks you to approve the following agreement signed with L'Immobilière Casino Group and Plouescadis:

- Amending act to the Advisory Services Framework Agreement of March 23, 2015, which updates the terms and conditions of the work schedule and the financial conditions of the Agreement, the fixed rate annual remuneration for 2015 is set at Euro 343,000 excl. tax. To adjust the billing to the scope of work effectively completed and to determine the billing for N+1, a review clause is provided at the end of each year.

Furthermore, as the term of office as a Director of Éric Le Gentil, the Chairman and Chief Executive Officer, is submitted to this General Meeting for approval, under the fifth resolution the Board of Directors is asking you, in accordance with the provisions of Paragraph 4 of Article L. 225-42-1, to renew the commitment given to the latter in terms of the compensation payable to him in the event of his removal from office as Chief Executive Officer within 36 months of July 17, 2013, the date he was appointed.

Under the terms of this undertaking, he was to be paid a severance payment, under certain conditions, equal to:

- 12 months' annual gross remuneration (fixed + variable guaranteed) in the event of dismissal within 12 months of being appointed;
- 9 months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months;
- 6 months' annual gross remuneration (fixed + variable received) in the event of dismissal within the next 12 months;
- it being specified that this severance pay is only payable if organic growth in rental income, assessed on the basis of the last full-year results published in respect of the financial year preceding the date of revocation, is above indexation.

This undertaking, originally approved by the General Meeting of April 30, 2014, ends on July 16, 2016.

FOURTH RESOLUTION

(Regulated agreement: approval of the amending act to the Consulting Services Agreement signed with L'Immobilière groupe Casino and Plouescadis)

Having read the special report from the Statutory Auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code, the Annual General Meeting approves the amending act to the Advisory Services Framework Agreement of March 23, 2015, signed with L'Immobilière Casino Group and Plouescadis.

FIFTH RESOLUTION

(Regulated agreement: renewal of the commitment made to Éric Le Gentil, Chairman and Chief Executive Officer, in the event of his removal from office, under Article L. 225-42-1 of the French Commercial Code)

The Annual General Meeting, after reading the Board of Directors' report and the Statutory Auditors' special report, approves, subject to the adoption of the tenth resolution, the renewal of the commitment made to Éric Le Gentil concerning the compensation payable to him in the event of his removal from office as a Chief Executive Officer.

The General Meeting duly notes that this commitment ends on July 16, 2016.

Resolutions 6 and 7: Opinion on executive compensation

Presentation

The Afep-Medef Corporate Governance Code, by which the Company abides, invites companies to submit the remuneration of their executive corporate officers for the previous financial year to the opinion of shareholders.

Under the **sixth and seventh resolutions,** you are asked to express a favorable opinion on the remuneration payable or awarded to Éric Le Gentil, the Chairman and Chief Executive Officer, as broken down and detailed in the table on page 93 and the remuneration payable or awarded to Vincent Rebillard, Chief Operating Officer, as broken down and detailed in the table on page 95.

All of this information is also given in Chapter 5 of the Registration Document (see page 82 and following).

SIXTH RESOLUTION

(Opinion on remuneration package payable or awarded to Éric Le Gentil, Chairman and Chief Executive Officer, in respect of the financial year ended December 31, 2015)

The Annual General Meeting, consulted in accordance with recommendation 24.3 of the revised Afep-Medef Corporate Governance Code of June 2013, which constitutes the Company's code of reference pursuant to Article L. 225-37 of the French Commercial Code, delivers a favorable opinion on the remuneration payable or awarded in respect of the financial year ended December 31, 2015, to Éric Le Gentil, Chairman and Chief Executive Officer, as set out in Chapter 5 of the Registration Document.

SEVENTH RESOLUTION

(Opinion on remuneration package payable or awarded to Vincent Rebillard, Chief Operating Officer, in respect of the financial year ended December 31, 2015)

The Annual General Meeting, consulted in accordance with recommendation 24.3 of the revised Afep-Medef Corporate Governance Code of June 2013, which constitutes the Company's code of reference pursuant to Article L. 225-37 of the French Commercial Code, delivers a favorable opinion on the remuneration payable or awarded in respect of the financial year ended December 31, 2015, to Vincent Rebillard, Chief Operating Officer, as set out in Chapter 5 of the Registration Document.

Resolutions 8 through 11: Renewal of the term of office of four Directors

Presentation

The **eighth, ninth, tenth and eleventh resolutions** concern the renewal for a period of three years of the respective terms of office of Bernard Bouloc, Élisabeth Cunin-Diéterlé, Éric Le Gentil and Marie-Christine Levet.

The Board of Directors is composed of eleven members and includes, within the meaning of the criteria of the Afep-Medef Corporate Governance Code, six independent Directors: Anne-Marie de Chalambert, Élisabeth Cunin-Diéterlé, Marie-Christine Levet and Ingrid Nappi-Choulet as well as Bernard Bouloc and Generali Vie (a company represented by Bruno Servant).

The Board of Directors also includes four representatives of the main shareholder: Jacques Dumas and Michel Savart, as well as Casino, Guichard-Perrachon (represented by Antoine Giscard d'Estaing) and La Forézienne de Participations (represented by Yves Desjacques).

Independent Directors make up 54.5% of the Board and women 36.4%.

EIGHTH RESOLUTION

(Renewal of Bernard Bouloc's term of office as a Director)

Having read the report from the Board of Directors and noted that Bernard Bouloc's term of office as a Director was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Bernard Bouloc's as a Director for a period of three years, *i.e.* until the Annual General Meeting held in 2019 to approve the financial statements for the financial year ending December 31, 2018.

NINTH RESOLUTION

(Renewal of Élisabeth Cunin-Dieterlé's term of office as a Director)

Having read the report from the Board of Directors and noted that Élisabeth Cunin-Dieterlé's term of office as a Director was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Élisabeth Cunin-Dieterlé's as a Director for a period of three years, *i.e.* until the Annual General Meeting held in 2019 to approve the financial statements for the financial year ending December 31, 2018.

TENTH RESOLUTION

(Renewal of Éric Le Gentil's term of office as a Director)

Having read the report from the Board of Directors and noted that Éric Le Gentil's term of office as a Director was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Éric Le Gentil's as a Director for a period of three years, *i.e.* until the Annual General Meeting held in 2019 to approve the financial statements for the financial year ending December 31, 2018.

ELEVENTH RESOLUTION

(Renewal of Marie-Christine Levet's term of office as Director)

Having read the report from the Board of Directors and noted that Marie-Christine Levet's term of office as a Director was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Marie-Christine Levet's as a Director for a period of three years, *i.e.* until the Annual General Meeting held in 2019 to approve the financial statements for the financial year ending December 31, 2018.

Resolution 12: Appointment of a new Director

Presentation

The **twelfth resolution** relates to the appointment of Victoire Boissier as a new independent Director to the Board of Directors (See § 5.1.1.4 of the Reference Document, page 81).

In order to allow for the regular renewal of Directors by fractions that are as equal as possible, as set out in the Company's articles of incorporation, the term of office of Victoire Boissier is fixed at two years.

Therefore, at the close of the General Meeting, the Board of Directors would be composed of twelve members and include five women Directors representing 41.6% of board members, and seven independent Directors, within the meaning of the criteria set out in the Afep-Medef Corporate Governance Code.

TWELFTH RESOLUTION

(Appointment of Victoire Boissier as a new Director)

The Annual General Meeting, having considered the Board of Directors' report, resolves to appoint Victoire Boissier as a Director for a period of two years, *i.e.* until the Annual General Meeting held in 2018 to approve the financial statements for the financial year ending December 31, 2017.

Resolution 13: Directors' fees allocated to the Board of Directors

Presentation

The Annual General Meeting of June 23, 2013, set the annual directors' fees allocated to the Board of Directors at Euro 305,000.

In order to take the appointment of an additional Director into account, we are asking you, under **resolution thirteen,** to set the annual amount of Directors' fees allocated to the Board of Directors at Euro 325,000.

THIRTEENTH RESOLUTION

(Directors' fees allocated to the Board of Directors)

The Annual General Meeting set the annual directors' fees allocated to the Board of Directors at Euro 325,000.

Resolutions 14 through 17: Renewal of the appointment of the Statutory Auditors

Presentation

The current appointments of the regular and alternate Statutory Auditors will end at the close of the General Meeting.

You are asked, under the **fourteenth and fifteenth resolutions,** to renew the terms of office of the Statutory Auditors from Ernst & Young et Autres and KPMG SA.

Under the **sixteenth resolution,** you will be asked to renew the terms of office of Auditex as alternate Statutory Auditor to Ernst & Young et Autres.

Under the **seventeenth resolution,** you will be asked to appoint Salustro Reydel as an alternate Auditor to KPMG SA.

FOURTEENTH RESOLUTION

(Renewal of the mandate of Ernst & Young et Autres as the regular Statutory Auditor)

Having read the report from the Board of Directors and noted that the mandate of Ernst & Young et Autres, the regular Statutory Auditor, was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Ernst & Young et Autres as the regular Statutory Auditors for a period of six years, *i.e.* until the Annual General Meeting held in 2022 to approve the financial statements for the financial year ending December 31, 2021.

FIFTEENTH RESOLUTION

(Renewal of the mandate of KPMG SA as the regular Statutory Auditor)

Having read the report from the Board of Directors and noted that the mandate of KPMG SA, the regular Statutory Auditor, was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of KPMG SA as the regular Statutory Auditor for a period of six years, *i.e.* until the Annual General Meeting held in 2022 to approve the financial statements for the financial year ending December 31, 2021.

SIXTEENTH RESOLUTION

(Renewal of the mandate of Auditex as the alternate auditors to Ernst & Young et Autres)

Having read the report from the Board of Directors and noted that the mandate of Auditex, the alternate auditor, was due to expire at the end of this Meeting, the Annual General Meeting resolves to renew the mandate of Auditex as the alternate auditor to Ernst & Young et Autres for a period of six years, *i.e.* until the Annual General Meeting held in 2022 to approve the financial statements for the financial year ending December 31, 2021.

SEVENTEENTH RESOLUTION

(Appointment of Salustro Reydel as an alternate auditor to KPMG SA)

Having read the report from the Board of Directors, the Annual General Meeting resolves to appoint Salustro Reydel as the alternate auditor to KPMG SA for a period of six years, *i.e.* until the Annual General Meeting held in 2022 to approve the financial statements for the financial year ending December 31, 2021.

Resolution 18: Purchase by the Company of its own shares

Presentation

The **eighteenth resolution** renews the authorization given to the Board of Directors for a period of 18 months to buy shares of the Company; however, it is stated that the Company may not hold more than 10% of the total number of shares making up the share capital. The maximum purchase price is set at Euro 35 per share.

Under the authorization granted by the General Meeting of May 5, 2015 and on the basis of figures as at end January 2016, the Company bought 352,923 shares, and sold 308,923 shares under the liquidity agreement.

At January 31, 2016, the Company held 235,334 shares (0.26% of share capital), including 91,334 shares allocated for the purpose of covering any stock option plans, saving plans or bonus share plans, and 144,000 shares under the liquidity agreement.

Details of the aims of the share buyback program are provided in the eighteenth resolution, as well as in the description of the share buyback program in Chapter 4 of this Registration Document.

In the case of a public offering of shares, securities or transferable securities issued by the Company, the Company may only use this authorization to satisfy its commitments regarding the delivery of securities, particularly in the context of bonus share award plans or strategic operations undertaken and announced before the launch of the public offer.

EIGHTEENTH RESOLUTION

(Authorization for the Company to purchase its own shares)

The Annual General Meeting, after reading the Board of Directors' report, authorizes the Board of Directors to buy the Company's shares in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, primarily for the following purposes:

- to maintain liquidity and manage the market for the Company's shares *via* an investment services provider acting independently and on behalf of the Company, under a liquidity contract compliant with a code of conduct recognized by the French Financial Markets Authority, (*Autorité des Marchés Financiers:* 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 Employment 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 stock-option payment scheme;
- to deliver them upon the exercise of rights attached to transferable securities conferring an entitlement, whether by way of reimbursement, conversion, swap, presentation of a warrant or of a debt security convertible or exchangeable into shares of the Company, or in any other way, to the allocation of shares of the Company;
- to keep them with a view to using them as securities for payment or exchange in future acquisitions, in compliance with market practices accepted by the AMF;
- to cancel them in order to optimize earnings per share in the context of a reduction in share capital;
- to implement any market practice approved by the AMF and to undertake any transaction compliant with current 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 shall include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of optional strategies under the conditions authorized by the competent market authorities, provided that such means do not contribute to a significant increase in the volatility of the shares. 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 35 per share.

Use of this authorization may not have the effect of increasing the number of shares owned by the Company to more than 10% of the total number of the shares, namely, on the basis of the share capital as at January 31, 2016, after deduction of the 235,334 shares owned by the Company or as treasury shares on January 31, 2016, and unless such shares have previously been canceled or sold, 8,969,582 shares, representing 9.74% of the share capital, for a maximum amount of Euro 313,935,370, it being specified that when the Company's shares are purchased in the context of a liquidity contract, the number of such shares taken into account for the calculation of the threshold of 10% referred to above will be the number of such purchased shares, after deduction of the number of shares resold pursuant to the liquidity contract during the period of the authorization.

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 eleventh resolution of the Annual General Meeting of May 5, 2015.

In the case of a public offering relating to the shares or debt or transferable securities issued by the Company, the Company may only use this authorization to satisfy its commitments regarding the delivery of securities, particularly in the context of bonus share award plans or strategic operations undertaken and announced before the launch of the public offer.

Consequently, full powers are granted to the Board of Directors, which may be delegated, to place any stock market orders and enter any agreements in order, in particular, to keep records of the buying and selling of shares, allocate or reallocate the shares acquired for the various purposes in question, under the applicable legal and regulatory conditions, make any declarations to the AMF and carry out any other formalities, and, in general, take all necessary measures.

11.3.2 Resolutions that fall within the scope of the Extraordinary General Meeting

Resolution 19: Authorization to allocate existing or future bonus Company shares

Presentation

The Ordinary and Extraordinary General Meeting of May 5, 2015, authorized the Board of Directors to allocate, for a period of 26 months, bonus Company shares to employees and corporate officers of the Company and its affiliates.

Your Board of Directors has not allocated any shares under this authorization in 2015.

Under **resolution nineteen**, you are asked to renew in advance this authorization in order to take advantage of the new provisions implemented by the law for economic growth and activity (known as the "Macron Law"), as the new system only applies to bonus shares allocated on the basis of an authorization approved after the publication of the aforesaid law. This authorization will be valid for a period of 18 months.

The total number of bonus shares to be allocated may not exceed **0.5% of the capital** (excluding adjustments).

Pursuant to this authorization, the Company's corporate officers may not be allocated bonus Company shares.

The shares shall be definitively allocated to their beneficiaries at the end of a vesting period and must be retained by them for a minimum period of time determined by the Board of Directors. However, the period must not be less than two years, and the shares must be held by their beneficiaries for a minimum of two years. Moreover, the General Meeting is to authorize the Board of Directors to provide that, in the event of the invalidity of the beneficiary corresponding to the classification determined in the second or third of the categories stipulated in Article L.341-4 of the French Social Security Code, the shares may be allocated definitively before the end of the outstanding vesting period.

NINETEENTH RESOLUTION

(Authorization granted to the Board of Directors to allocate existing or future bonus Company shares to employees of the Company and its affiliates; automatic waiver by shareholders of their preferential subscription rights)

After reading the special reports drafted by the Board of Directors and Statutory Auditors, the Extraordinary General Meeting, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors, in accordance with and under the conditions stipulated by the provisions of Articles L.225-197-1 to L.225-197-5 of the French Commercial Code, to allocate existing or future bonus shares on one or more occasions, to the benefit the Company's employees or to certain categories of said employees,, as well as to employees of companies or economic interest groups affiliated to it, as defined in Article L.225-197-2 of the Commercial Code, on the understanding that the Company's corporate officers may not be allocated such bonus shares;
- determines that the total number of shares to be allocated may not exceed 0.5% of the total number of shares representing the Company's share capital on this date, with no account taken of the adjustments likely to be applied to protect the rights of the beneficiaries in accordance with the legal and statutory provisions, as well any applicable contractual provisions.

The General Meeting authorizes the Board of Directors to carry out, alternatively or cumulatively, within the limits determined in the previous paragraph:

- to allocate shares stemming from the Company's redemptions under the conditions stipulated in Articles L.225-208 and L.225-209 of the French Commercial Code; and/or

- to allocate the future shares resulting from the capital increase; in such cases, the General Meeting authorizes the Board of Directors to increase the capital by the maximum nominal amount corresponding to the number of shares allocated and takes note that this authorization automatically implies that the beneficiaries of the bonus shares allocated shall waive their preferential subscription rights to the future shares.

The General Meeting determines that the shares shall be definitively allocated to their beneficiaries at the end of a vesting period and must be retained by them for a minimum period of time determined by the Board of Directors. However, this period must not be less than two years, and the shares must be held by their beneficiaries for a minimum of two years. Moreover, the General Meeting is to authorize the Board of Directors to provide that, in the event of the invalidity of the beneficiary corresponding to the classification determined in the second or third categories stipulated in Article L.341-4 of the French Social Security Code, the shares may be allocated definitively before the end of the outstanding vesting period.

The General Meeting agrees that the definitive allocation of shares to employees may be submitted to one or more performance conditions to be determined by the Board of Directors.

The General Meeting grants full authority to the Board of Directors, which may sub-delegate such powers in accordance with the law, subject to the limits set out above, to:

- determine the identity of the beneficiaries, or the categories of the beneficiaries of share allocations; however, it is restated that shares may not be allocated to employees and corporate officers holding individually more than 10% of the share capital; moreover, the allocation of bonus shares may not result in an individual beneficiary holding more than 10% of the share capital;
- distribute the share allocation rights on one or more occasions and at the times it considers appropriate;
- set the conditions and criteria for the share allocations such as, including but not limited to, the length of service, maintaining a contract of employment or retaining corporate duties during the vesting period, and any other financial conditions or condition relating to individual or collective performance;
- determine, in accordance with legal conditions and limits, the final vesting period and, where appropriate, the required lock-in period;
- register, where appropriate, the bonus shares allocated in a registered account opened in the name of their holder, stipulating the lock-in period and its duration;
- cancel the lock-in period attached to the shares in cases of redundancy, retirement or incapacity corresponding to categories 2 or 3 stipulated in the provisions of Article L.341-4 of the French Social Security Code, or in the event of death;
- set aside an unavailable reserve, allocated to the rights of the beneficiaries, for an amount equal the total nominal value of shares likely to be issued through a capital increase, by deducting the necessary sums from all reserves freely available to the Company;
- make the necessary deductions from this unavailable reserve to release the nominal value of future shares to be issued to their beneficiaries;
- determine the maturity 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 incorporation accordingly and carry out all the necessary formalities;
- carry out, where appropriate, during the vesting period, any adjustments to the number of bonus shares allocated in connection to transactions involving the Company's capital in order to protect the rights of beneficiaries; it is specified that any shares allotted by virtue of such adjustments will be deemed to have been allotted 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, a special report will be drawn up each year to inform the Annual General Meeting of the transactions carried out under this authorization.

The General Meeting sets the period during which the Board of Directors may make use of this authorization at eighteen months. It terminates all authorizations for the same purpose granted by the General Meeting held on May 5, 2015.

Resolution 20: Powers for carrying out formalities

Presentation

The **twentieth resolution** is a standard resolution that permits legal publications and formalities to be carried out.

TWENTIETH RESOLUTION

(Powers for carrying out formalities)

The General Meeting grants full powers to any bearer of an original version, a copy or an extract of the minutes of this General Meeting to perform the filing, disclosure or other formal requirements prescribed by law.

+3.5%

ORGANIC GROWTH IN RENT EXCLUDING INDEXATION

+10.6%

RENTAL INCOME

+5.8%

FFO

La Galerie - Géant à Fontaine-lès-Dijon

12

ADDITIONAL INFORMATION

12.1 GENERAL INFORMATION

12.1.1 Company name – trading name

The name of the Company is Mercialys.

12.1.2 Register of Trades and Companies

The Company is entered in the Register of Trades and Companies of Paris under number 424 064 707.

12.1.3 Date and duration 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.

12.1.4 Registered office, telephone number, legal form and applicable legislation

The Company's registered office is located at 148, rue de l'Université, 75007 Paris (France) – Tel. 01 53 70 23 20.

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.

12.1.5 Regulations specific to the Company's activities

12.1.5.1 REGULATIONS APPLICABLE TO HOLDING PROPERTY ASSETS

Acquisition/construction

Mercialys operates in two ways: either it acquires land and has its shopping malls constructed on it, or it acquires existing buildings from other companies.

Construction lease

Certain sites were built under "construction leases," in cases where landowners did not wish to sell their land outright but simply to grant the usufruct for valuable consideration (leasehold). A construction lease can run from 18 to 99 years, and confers upon the leaseholder temporary property rights to the land and the buildings that the latter undertakes to construct. The parties are free to determine the rent between themselves when entering into the contract. For the entire duration of the construction lease, the lessee pays the lessor the agreed rent and all charges, taxes and levies on the lands as well as the buildings. Upon expiration of the lease, the lessor becomes the owner of the shopping malls and large specialized store premises built upon its land, unless otherwise specified in the lease agreement. The buildings revert to the lessor for no consideration, unless agreed otherwise between the parties.

Since a construction lease temporarily transfers proprietary rights to the land and buildings, it must be registered in the mortgage registry.

Emphyteutic lease

In other cases where shopping malls and large specialized stores were already built, and their owners wished only to grant usufruct rights, emphyteutic leases were set up which, in return for a modest rent, confer upon the beneficial owner the right to rent out the premises for periods of between 18 and 99 years. Emphyteutic leases are rather similar in content to construction leases, but afford an alternative to the latter where malls exist already and no construction is necessary. Like all leases lasting over 12 years, emphyteutic leases must be registered in the mortgage registry.

Property leasing *(crédit-bail immobilier)*

A site can also be acquired by way of a property leasing transaction. The French property lease, or *crédit-bail immobilier*, 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. Such a leasing transaction therefore causes the owner of the property (the *crédit-bailleur*, or lessor) to grant the use thereof to a company (the *crédit-preneur*, or lessee). At the end of an irrevocable lease period, the lessee can acquire ownership of the real property for a fixed price, which is set at execution and takes into account the rents paid over the lease period.

Upon expiration of the lease period, the lessee has three options: (i) to acquire the real property for a price agreed upon at the outset (typically, one euro or the value of the bare land); (ii) to return the use thereof to the owner; or (iii) to commit to a new lease period with the agreement of the lessor.

The property lease, like any lease, must be registered in the mortgage registry when it runs for over 12 years.

Co-ownership and volume division

Shopping malls and large specialized stores, whether acquired directly, via construction lease or property lease, are subject to specific regulations applying to either co-ownership or *division en volumes* (volume division), depending typically on the environment in which the properties are located or built.

The co-ownership system is governed by the Act of July 10, 1965 and the Decree of March 17, 1967. It applies to shopping centers in which ownership is shared by the hypermarkets, supermarkets, shopping malls or large specialty stores located therein. Each co-owner has title to a lot, with exclusive rights to that private portion, plus an ownership share in the common lots. This entire ensemble is subject to operational rules contained in the co-ownership by-laws. The owner benefits from all powers conferred by ownership rights attached to real property. The owner can also freely use the common lots, provided such use does not infringe on the rights of other co-owners.

The shares in common lots, which are attributed based on the rental values of the owner's lots, surface areas and locations, also enter into calculating the number of voting rights the owner has in co-ownership meetings and their respective shares of the common expenses thereof.

The co-ownership by-laws lay down rules for determining the uses and conditions of use for both private and common lots, and for the administration of common lots. The by-laws are registered in the mortgage conservation archives. All the co-owners are represented by the co-ownership association, the executive body being the building manager, who calls General Meetings, draws up the forecast budget required for building maintenance and repair, and acts in all instances on behalf of the co-ownership association to preserve their interests. A General Meeting of co-owners is called annually by the building 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 in meetings, while administrative decisions require an absolute majority.

Other properties are subject to regulations governing what is known as "volume division." 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.

Volume division 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 systematically 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 part of common lots (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 volume division differs from co-ownership mainly because it contains no common lots owned jointly by several volume owners, with shares of such common lots attached to each volume.

With no common lots 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 volume divisions, 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 associative syndicate or AFUL specially formed by the owners of volumes, who make up the membership.

Unlike a co-ownership organization, procedural rules for the AFUL are determined freely by the owners when drafting the AFUL by-laws.

The division description, like all co-ownership by-laws, is registered in the mortgage conservation archives.

12.1.5.2 COMMERCIAL ZONING REGULATIONS

Following on from the reform of the commercial operating permit system introduced by the law on the modernization of the economy (Act No. 2008-776 of August 4, 2008, or "LME" for short), which increased the thresholds from 300 to 1,000 m², Act No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the "Pinel Act") radically 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 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, as under previous legislation.

Customer collection points now also require a commercial operating permit pursuant to the ALUR Act 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 Act has extended the scope of Article L. 752-23 of the French Commercial Code to permanent collection points. The local governor still has the authority to order the operator concerned to bring the commercial area into line with the authorization granted within a period of one month. Without prejudice to the application of criminal sanctions, an order may be given requiring the closure to the public of retail areas operated illegally within 15 days, until the situation is resolved. The measures taken by the local governor are accompanied by a daily fine of Euro 150 per square meter in violation of the permit. Furthermore, failure to comply with these measures is punishable by a fine of Euro 15,000.

12.1.5.3 PUBLIC HEALTH REGULATIONS

The Company has an obligation to detect asbestos and, if necessary, to remove it according to 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.

12.1.5.4 RULES 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 Act 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 Act 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. 11-19-8 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 timeframes 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"* accessibility timetables: Act No. 2014-789 of July 10, 2014 – Act 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 Section 6 – "Sustainable development" of this Registration Document.

12.1.5.5 ENVIRONMENTAL PROTECTION REGULATIONS

If the sites held by the Company are located in a municipality covered by preventive plans concerning technological or natural risks, or are located in a geologically unstable area, Article L. 125-5 of the French Environmental Code and Order No. 2005-134 of February 15, 2005 require the Company to inform its tenants. In addition, a report on the natural and technological risks must be appended to the commercial lease.

Certain installations may also be subject to rules governing *Installations Classées pour la Protection de l'Environnement (*ICPE) (installations classified for environmental protection). Classified installations (according to the Act of July 19, 1976) are installations or activities 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 installation must inform the local authorities of any significant transformation planned for the installation. Under the ICPE regime governing the installation (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 installation has been ordered to cease operations, the operator must inform the local authorities at least one month prior to operations ceasing, and must restore the site to a state in which any danger or inconvenience is eliminated, as stipulated in Article L. 511-1 of the French Environmental Code.

The Company currently owns facilities and equipment in some of its buildings used for cooling and/or combustion, vital for the comfort of its clients, which in some cases are subject to ICPE regulations.

Details of the resources implemented to prevent environmental risks are provided in Section 6, "Sustainable development" of this Registration Document.

The Company must also comply with water regulations and in particular the obligation to ensure the treatment of waste water, pursuant to the Public Health Code and the General Local Authorities Code. All sites are connected to the public sanitation network.

It must also comply with the rainwater management obligation (Water Act of January 1992).

According to Article L. 225102-1 of the French Commercial Code, the Company is obliged to disclose in its management report how it takes into account the social and environmental consequences of its activity. These must be verified by an independent third party pursuant to Decree No. 2012-557 of April 24, 2012.

12.1.5.6 SAFETY REGULATIONS

As establishments open to the public, shopping centers and certain buildings of the Company 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, as well as the Order of June 25, 1980, as amended, and specific provisions relating to each type of business activity. Prior to opening any establishment intended for public access, the safety commission performs an inspection. Once the commission has given its opinion, the local mayor may then authorize the opening of the establishment. In addition, the safety commission performs periodic visits as set out in the general safety regulations in order to check on compliance with safety standards. If it suspects a breach of the safety regulations, it may also carry out spot checks. An application for administrative closure may be submitted if the situation warrants it. The mayor, who has overall policing powers in the municipality, will decide whether or not to grant the application.

Note that 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.

Commercial premises are also under the obligation to provide security guards or surveillance where required due to their size or location. This translates as taking measures to prevent crime and maintain order in public buildings, according to Article L. 127-1 of the French Construction and Housing Code, amended by Act 2007-297 of March 5, 2007. The application of this provision with regard to commercial premises is defined in Decree No. 97-46 of January 15, 1997, and for parking lots in Decree No. 97-47 of January 15, 1997.

Article L. 127-1 of the French Construction and Housing Code was amended by Article 16 of Act No. 2007-297 of March 5, 2007 (French Official Journal of March 7, 2007), stating that the owners, operators or assigners (as applicable) of buildings used as housing or administrative, professional or commercial premises must, when justified by the importance of these buildings or premises or their location, arrange security guards or surveillance for such properties and take measures to avoid manifest risks to the safety and security of the premises.

12.1.5.7 COMMERCIAL LEASE REGULATIONS

The Company is also subject to regulations concerning commercial leases as part of its business. Commercial leases are governed by Articles L. 145-1 *et seq.* and R. 145-1 of the French Commercial Code, and the uncodified articles of the Decree of September 30, 1953.

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.

Commercial leases have a minimum duration of nine years. However, the duration is not imposed in the same manner on the lessor and the lessee. The lessee has the option of terminating the lease every three years by giving six months' notice before the end of the current period. However, the parties may agree to a "firm" lease for more than nine years, such as those agreed to by Mercialys.

The lessor, on the other hand, can take back its property at the end of a three-year period only if it intends, without limitation, to build, rebuild or build upwards on 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 entering into the lease agreement. Unless yearly indexation is provided for in the lease, the rent may only be adjusted every three years to reflect the rental value, but without exceeding the variation indicated by the quarterly construction cost index (since the most recent rental adjustment). Leases for shopping centers often include a variable rent clause based on the lessee's sales, with a minimum guaranteed rent to limit the risk for the Company during periods of economic recession. This indexation to revenues therefore avoids the rules for setting or adjusting rents as laid down in Articles L. 145-1 *et seq.* and R. 145-1 of the French Commercial Code as described above. In a commercial lease, therefore, the adjustment of the guaranteed minimum rent based on changes in the ILC (commercial rent index) or ILAT (tertiary rent index) is only possible if expressly stipulated in the terms of the contract. At the end of the lease, the Company can refuse to renew it or give the lessee notice with an offer to renew the lease under new financial terms. The lessee, on the other hand, can request the renewal of its lease on the same terms. If no action is taken on either side, the lease is automatically renewed at the terms applicable at the end of the lease period.

If the Company refuses renewal, it must pay eviction compensation to the lessee to repair any prejudice incurred by the latter, unless the Company can justify non-payment of compensation for serious and legitimate cause.

In the event 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. The right to withdraw (*droit de repentir*) its initial decision may be exercised only if the lessee has not prepared to leave the premises in the interim. The right to withdraw can 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 an official process server.

In the event 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 on an amicable basis by the parties, or failing this, by process of law. In the latter case, the party to act first submits a request to the Local Conciliation Commission *(Commission Départementale de Conciliation)*, prior to bringing any action before the District Court *(Tribunal de Grande Instance)*, to solicit the Court's opinion on the rental agreement in an attempt to reconcile the two parties. If no agreement is reached, the case must be laid before the District Court within two years of the effective lease renewal date. The rent determined for the renewed lease must meet two criteria: it must accurately reflect the rental value of the premises and comply with the "rental ceiling" rule mandated by Articles L. 145-1 *et seq.* and R. 145-1 of the French Commercial Code. Unless there has been a material change in the factors that determine the rental value of the premises, rents payable under leases that do not run for longer than nine years are capped and cannot exceed the variation indicated by the ILC or ILAT. However, there are exceptions to this ceiling rule, which are "monovalent" premises (or mono-use premises, so designed that they can serve for one sole activity). These exceptions have leases with initial durations of nine years, but which, via the automatic renewal mechanism, have an effective duration of more than twelve years. In such a case, new rental rates can be freely negotiated with lessees at the end of the contractual lease period for mono-use premises, and after the twelfth year, according to prevailing market conditions for nine-year tacitly renewable leases.

It is however specified that Article L. 145-34 of the French Commercial Code, as amended by the Pinel Act, now provides that in the case of a significant alteration of the elements referred to in paragraphs 1 to 4 of Article L. 145-33, or if an exception is made to the ceiling 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 a year, than 10% of the rent paid in the previous year.

12.2 MEMORANDUM AND BY-LAWS

12.2.1 Corporate purpose (Article 3 of the by-laws)

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 for letting to tenants, management, leasing, development of all types of land, buildings and property rights, fitting out of all property complexes for letting 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 malls or the leasing of space within shopping malls; 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.

12.2.2 Provisions of the by-laws relating to executive and management bodies – Rules of procedure of the Board of Directors

12.2.2.1 BOARD OF DIRECTORS

12.2.2.1.1 Composition of the Board of Directors *(excerpt from Article 14 of the by-laws)*

The Company is managed by a Board of Directors comprising 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 Annual General Meeting of the shareholders.

12.2.2.1.2 Term of office – Age limit – Replacements *(excerpt from Articles 15 and 16 of the by-laws)*

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 Board member or permanent representative of a company if, having exceeded the age of seventy (70) years, 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 passed, the oldest Board member or permanent representative of a company is deemed to have resigned from office at the end of the Annual General Meeting approving the financial statements for the year in which the limit was passed.

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 Annual General Meeting can appoint a Director for a period of one or two years, on an exceptional basis.

In the event of a vacancy in one or more Directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments shall be subject to ratification by the first Annual General Meeting thereafter.

If the appointment of a Director by the Board of Directors is not ratified by the Shareholders' 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 Annual 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 deliberating in a 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.

12.2.2.1.3 Organization, meetings and decisions of the Board of Directors

12.2.2.1.3.1 Chairman – Board officers *(excerpt from Articles 17 and 20 of the by-laws)*

The Board of Directors shall appoint one of its members as Chairman whose role shall be defined by law and the Company's by-laws. 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 is responsible for the proper running of the Company's management bodies and in particular for ensuring 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 75. Exceptionally, if the Chairman reaches this limit while in office, he/she shall stand down at the end of that term.

In the event of the temporary impediment or death of the Chairman, the Board of Directors may delegate the duties of Chairman to another Director. In the event of temporary impediment, such 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.

12.2.2.1.3.2 Non-voting Directors *(excerpt from Article 23 of the by-laws)*

The Annual 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 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 Annual General Meeting approving the financial statements for the previous year and held in the year in which 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 Annual 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 remuneration for their services, the aggregate amount of which is set by shareholders at the Annual General Meeting and maintained until a new decision is taken at another General Meeting. The Board of Directors shall divide such remuneration between non-voting Directors as it deems appropriate.

12.2.2.1.3.3 Decisions of the Board *(excerpt from Article 18 of the by-laws)*

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 can 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 telecommunications means in accordance with the terms and conditions set out in applicable regulations and the rules of procedure of the Board of Directors.

12.2.2.1.4 Powers of the Board of Directors *(excerpt from Article 19 of the by-laws)*

The Board of Directors shall determine Company business policies and ensure that they are implemented. With the exception of the powers expressly granted to General Meetings and within the scope of the Company's corporate purpose, the Board of Directors acts in all matters concerning the smooth operation of the Company and deliberates on such matters. 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 Executive Management operates, without effecting any change in the by-laws.

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 internal rules, the Board of Directors has adopted a number of mechanisms setting out the powers of the Company's management (see Section 5, "Corporate governance").

12.2.2.2 EXECUTIVE MANAGEMENT OF THE COMPANY

12.2.2.2.1 Executive Management *(excerpt from Article 21-I of the by-laws)*

The Company's Executive 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 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, for the purpose of internal order, the Board of Directors may decide to limit the powers of the Chief Executive Officer (see Section 5, "Corporate governance," for a description of the limits placed on the powers of the Company's Executive Management). The Chief Executive Officer represents the Company in its dealings with third parties.

The age limit for serving as Chief Executive Officer is set at 75. However, on reaching the age limit, the Chief Executive Officer remains in office until his/her term expires.

The Board of Directors may remove the Chief Executive Officer from office at any time. If dismissal is decided without due cause, it may give rise to the payment of damages, except if the Chief Executive Officer performs the functions of Chairman of the Board of Directors.

12.2.2.2.2 Chief Operating Officers *(excerpt from Article 21-II of the by-laws)*

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 Chief Operating Officer.

Their term of office may not exceed three years. Chief Operating Officers are eligible for reappointment and have the same powers as the Chief Executive Officer in dealings with third parties.

The age limit for serving as Chief Operating Officer is set at 75. However, on reaching the age limit, Chief Operating Officers remain in office until their term expires.

The Chief Operating 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 Chief Operating Officers shall be authorized to grant sub-delegations or substitute powers of attorney for one or more transactions or categories of transaction.

12.2.2.3 RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

The Board of Directors adopted internal rules of procedure on August 22, 2005, amended on November 30, 2006, December 21, 2007, December 19, 2008, June 9, 2011, April 13, 2012, June 22, 2012, October 4, 2012, March 12, 2013, June 21, 2013 and March 23, 2015. These rules of procedure are intended to complement legal and regulatory requirements and the Company's by-laws in stating the modus operandi of the Board of Directors. These rules can be found in Section 5.3.6.

They define the organization, modus operandi, powers and remits of the Board of Directors and committees established from among its members, as well as the framework for the control and assessment of how it operates (see Section 5, "Corporate governance," for a description of the various committees established and the limits placed on the powers of Executive Management and procedures for the control and assessment of the Board of Directors).

12.2.3 Rights, privileges and restrictions relating to shares

12.2.3.1 APPROPRIATION OF PROFITS AND DIVIDEND AND INTERIM DIVIDEND PAYMENTS *(EXCEPT FROM ARTICLES 13, 33 AND 34 OF THE BY-LAWS)*

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 necessary, the face value of shares, whether or not they are fully paid up, depreciated and non-depreciated capital and the rights of shares in different classes where any new classes of shares have been created.

12.2.3.1.1 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.

Profit available for distribution is equal to profit for the year less prior year losses where applicable 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.

12.2.3.1.2 Dividends

When the financial statements for the year approved by the General Meeting show the existence of profits available for distribution, the General Meeting decides, on the proposal of the Board of Directors, to carry out the necessary appropriations to reserves and depreciation of share capital, the allocation or employment of which it governs, to allocate amounts to retained earnings or to pay dividends. Amounts placed in reserve accounts may, on the proposal of the Board of Directors and by decision of the General Meeting, be distributed or capitalized at a later date. Furthermore, when the General Meeting decides to distribute amounts taken from the reserves at its disposal, such decision shall expressly indicate the reserve accounts from which funds are drawn.

12.2.3.1.3 Interim dividends

The Board of Directors may decide to pay one or more interim dividends, subject to conditions required by law, before the financial statements are approved.

12.2.3.1.4 Payment of dividends and interim dividends

Terms for the payment of dividends and interim dividends are determined by the General Meeting or, failing this, by the Board of Directors no later than nine months after the close of the fiscal year.

The General Meeting called to approve the financial statements for the year may grant each shareholder, for all or part of the dividend or interim dividends paid, an option of payment in cash or in shares. Requests for the payment of dividends in shares must be made no later than three months after the date of the General Meeting.

12.2.3.2 VOTING RIGHTS ATTACHED TO SHARES

12.2.3.2.1 Voting rights *(excerpt from Articles 28, 29 and 30 of the by-laws)*

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 the provisions of the law. On the proposal of the Board of Directors, the General Meeting may also decide to hold a secret ballot.

A majority vote of shareholders present in person, voting by post or represented by proxy is required for a decision to be made at an Annual General Meeting. At 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.

12.2.3.2.2 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 will not be attributed to fully paid-up shares for which proof is provided of registration for two years in the name of the same shareholder.

12.2.3.2.3 Limitations on voting rights

Not applicable.

12.2.4 Changes to share capital and rights attached to shares *(excerpt from Articles 7 and 8 of the by-laws)*

12.2.4.1 CAPITAL INCREASE

The Extraordinary General Meeting has sole authority to decide or authorize a capital increase, immediately or in the future, except in the case of a capital increase resulting from a request by a shareholder to receive payment of all or part of a dividend or interim dividend in shares, where such an option has been granted to shareholders by the General Meeting approving the financial statements for the year.

The Extraordinary General Meeting may delegate this authority to the Board of Directors in accordance with the law, or assign to it the necessary powers to carry out the capital increase in one or more offerings within the time allowed by law, and to determine the terms, record the performance thereof and amend the by-laws accordingly.

In the event of a capital increase through the issue of shares for cash, preferential subscription rights shall, in accordance with legal conditions, be reserved for holders of existing shares.

However, shareholders may waive their preferential rights on an individual basis and the General Meeting deciding on the capital increase may cancel said preferential rights in accordance with legal requirements.

12.2.4.2 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.

12.2.5 General Meetings

12.2.5.1 FORM OF GENERAL MEETINGS *(EXCERPT FROM ARTICLES 29 AND 30 OF THE BY-LAWS)*

12.2.5.1.1 Annual General Meetings

The Annual General Meeting deliberates on the related party 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 Directors' fees to the Board of Directors and sets the amount thereof. It appoints the Statutory Auditors. The Annual 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 Annual 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 by-laws. 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 Annual General Meeting deliberates on all other matters that do not fall within the scope of the Extraordinary General Meeting.

12.2.5.1.2 Extraordinary General Meetings

An Extraordinary General Meeting may make amendments to the by-laws as allowed by French company law.

12.2.5.2 CONVENING OF GENERAL MEETINGS AND POWERS OF REPRESENTATION *(EXCERPTS FROM ARTICLES 25, 27 AND 28 OF THE BY-LAWS)*

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 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 draft resolutions in the agenda.

Shareholders' Meetings are held at the Company's registered 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 telecommunications, including the Internet, that allows for them to be identified in accordance with current regulations and the conditions decided by the Board of Directors.

All shareholders, irrespective of the number of shares they hold, have the right to take part in General Meetings.

The right to participate in General Meetings is subject to registration of the shares in the name of the shareholder or in the name of the intermediary registered on the shareholder's behalf if the shareholder resides abroad, within the time stipulated in Article R. 225-85 of the French Commercial Code. Such registration is effected 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 by-laws;
- send a proxy to the Company without naming an appointed proxy; the Chairman of the 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.

12.2.5.3 CONDUCT OF GENERAL MEETINGS *(EXCERPT FROM ARTICLES 28, 29 AND 30 OF THE BY-LAWS)*

The General Meeting is chaired by the Chairman of the Board of Directors, the Vice-Chairman or a Director appointed to such effect by the Board of Directors or, failing this, by a shareholder chosen by the Meeting.

Annual 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-fifth of shares with voting rights. If the requisite quorum is not obtained, a second meeting is held which may deliberate validly irrespective of the fraction of the share capital represented, but which may only vote on items on the agenda for the first meeting.

Extraordinary General Meetings are held regularly and may deliberate validly if shareholders present in person, represented by proxy or voting by post hold at least one-quarter of voting shares at the first meeting and one-fifth of voting shares at any second meeting. If this quorum is not obtained, the second meeting may be adjourned to a date no more than two months after the date it was called.

Decisions are recorded in minutes signed by members of the Board of Directors. Copies or extracts of the minutes of General Meetings are certified either by the Chairman of the Board of Directors or by the Chief Executive Officer if he or she is a Director, or by the secretary of the General Meeting.

12.2.6 Form of shares and identification of shareholders *(excerpt from Articles 10 and 11 of the by-laws)*

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 may request at any time, from the central securities depository, the name or, in the case of a legal person, the company name, nationality and address of the holders of bearer shares conferring immediate or future voting rights at General Meetings, the number of shares held by each one and any restrictions that apply to such shares, and the date of birth or, in the case of a legal person, the year of incorporation of same. On the basis of the list provided, the Company may also ask, either via the central depository or directly, subject to the same conditions, persons on the list whom it believes to be holding shares on behalf of others, whether the shares are held for themselves or for third parties and, in such case, to provide information to enable the Company to identify the aforementioned third party or parties. If the identity of the holder or holders of the shares is not disclosed, voting rights or the powers issued by the financial intermediary registered on behalf of the shareholder shall not be taken into consideration.

Lastly, the Company may ask any legal person holding more than 2.5% of the share capital and voting rights to disclose the identity of persons holding, either directly or indirectly, more than one-third of the legal person's share capital or voting rights exercised at General Meetings.

In the event of the failure of shareholders or financial intermediaries to comply with these disclosure requirements, in accordance with conditions stipulated by law, voting rights and rights to the payment of dividends attached to shares or securities giving immediate or future access to share capital may be suspended or cancelled.

12.2.7 Disclosure thresholds

Provisions in the Company's by-laws relating to disclosure obligations are described in Section 4, "Stock market information" (see Section 4.3).

12.3 DOCUMENTS ON DISPLAY

The Company's by-laws, minutes of General Meetings and other Company documents, as well as historical financial information and any assessments or declarations provided by experts on the Company's request required to be made available to shareholders, in accordance with applicable legislation, are on display at the Company's registered office.

12.4 SHARE CAPITAL

12.4.1 Amount of share capital

At December 31, 2015, the Company's share capital stood at Euro 92,049,169 divided into 92,049,169 fully paid-up shares with a par value of Euro 1. During 2015, the share capital was not subject to any changes (see table "Changes in share capital over the last five years" in Section 12.4.5.).

Share capital remained unchanged at January 31, 2016.

12.4.2 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 May 5, 2015:

	Operation	Maximum amount	Term	Expiry
a)	Capital increase with preferential subscription rights maintained[1] through the issuing of shares or securities giving access to share capital or debt securities.	Euro 32 million[2][3]	26 months	July 4, 2017
b)	Capital increase with cancellation of preferential subscription rights[1] through the issuing of shares or securities giving access to share capital or debt securities via public offering.	Euro 9.3 million[2][3]	26 months	July 4, 2017
c)	Capital increase with cancellation of preferential subscription rights[1] through the issuing of shares or securities giving access to share capital or debt securities by an offering as stated in Article L. 411-2 of the French Monetary and Financial Code.	Euro 9.3 million[2][3]	26 months	July 4, 2017
d)	Capital increase through the incorporation of reserves, profits, premiums or other amounts that can be capitalized.	Euro 32 million[3]	26 months	July 4, 2017
e)	Capital increase through the issuing of shares or securities giving access to share capital in exchange for contributions in kind granted to the Company and comprising shares or securities giving access to share capital, with cancellation of preferential subscription rights[1].	10% of share capital[3]	26 months	July 4, 2017
f)	The issuing of shares or securities giving access to share capital in the event of a public offering for the shares of another listed company with cancellation of preferential subscription rights[1].	Euro 9.3 million[2][3]	26 months	July 4, 2017
g)	Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates with cancellation of preferential subscription rights[1].	2% of the Company's share capital on May 5, 2015 (*i.e.* 1,840,983 shares)	26 months	July 4, 2017
h)	Allocation of stock purchase options to employees and corporate officers of the Company and its affiliates.	1% of the Company's share capital on May 5, 2015 (*i.e.* 920,491 shares), of which 0.2% for corporate officers (*i.e.* 184,098 shares)	26 months	July 4, 2017
i)	Allocation of stock subscription options to employees and corporate officers of the Company and its affiliates.	1% of the Company's share capital on May 5, 2015 (*i.e.* 920,491 shares), of which 0.2% for corporate officers (*i.e.* 184,098 shares)	26 months	July 4, 2017
j)	Allocation of bonus shares to employees and corporate officers of the Company and its affiliates.	0.5% of the Company's share capital on May 5, 2015 (*i.e.* 460,245 shares), of which 0.1% for corporate officers (*i.e.* 92,049 shares)	26 months	July 4, 2017

(1) Preferential subscription rights.
(2) The amount of debt securities that may be issued immediately or in the future on the basis of this authorization is limited to Euro 200 million or its equivalent in another currency or composite currency.
(3) The total par value of debt securities that may be issued immediately or in the future on the basis of resolutions a), b), c), d), e) and f) may not exceed Euro 200 million or the equivalent value in another currency or composite monetary unit, plus any redemption premium above par. The total par value of capital increases that may be carried out immediately and/or in the future on the basis of resolutions 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 9.3 million, not taking account of the par value of additional shares to be issued to protect the rights of holders of securities in accordance with the law.

None of the authorizations conferred were used in 2015.

As no authorizations are due to expire, no resolutions concerning authorizations will be submitted to the General Meeting of April 20, 2016, except for a resolution on the bonus share allotment.

The General Meeting of May 5, 2015 authorized the Board of Directors to award bonus shares to employees and corporate officers of the Company and its affiliates for a period of 26 months from the General Meeting, *i.e.* until July 4, 2017. Act No. 2015-990 (the “Macron Act”), published in the Official Journal of August 7, 2015, amended the bonus share regime for share awards authorized by the Extraordinary General Meeting after August 7, 2015 (reduction of share vesting and lock-up periods and changes to taxation). To reflect the new arrangements, a resolution will be submitted to the General Meeting on April 20, 2016 to authorize the Board of Directors to award bonus shares in the Company to employees and corporate officers of the Company and its affiliates.

Such authorization, which would be given for a period of 18 months, supersedes the authorization granted by the General Meeting of May 5, 2015 in its twenty-fourth resolution.

The Board of Directors is also authorized to reduce the Company’s share capital by cancelling 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 May 5, 2015, *i.e.* until July 4, 2017.

12.4.3 Stock options

Not applicable.

12.4.4 Bonus share awards

Using the authorization granted by the Extraordinary General Meeting, the Board of Directors has set up bonus share plans for existing shares.

Details of the various plans in effect as at January 31, 2016 are shown in the tables below:

Date of award	Vesting date of bonus shares awarded	Date after which shares may be sold	Number of beneficiaries	Number of bonus shares awarded to corporate officers	Number of bonus shares awarded to the top 10 employee beneficiaries	Adjusted total number of shares awarded(4) at 1/31/2016
10/15/2013	10/15/2016(1)	10/15/2018	27	0	50,719	39,224
04/30/2014	04/30/2017(2)	04/30/2019	3	0	9,005	9,005
04/30/2014	04/30/2017(3)	04/30/2019	9	0	8,785	7,815

(1) Bonus shares become vested only if the beneficiary is still with the Company at the vesting date of the shares.
(2) Bonus shares become vested only if the beneficiary is still with the Company at the vesting date of the shares, subject to fulfilment of two business performance criteria: the absolute performance of the Mercialys share price, including dividends, corresponding to the total shareholder return (TSR), and the relative performance of the Mercialys share price, including dividends, compared with the performance of companies in the FTSE EPRA Euro Zone index, assessed annually over three consecutive years (2014, 2015 and 2016) and allowing the shares to be acquired by third parties, each one applying to 50% of the initial allocation.
(3) Bonus shares become vested only if the beneficiary is still with the Company at the vesting date of the shares, and – for 50% of the shares awarded – subject to fulfilment of two performance criteria, each one applying to 25% of the award: average organic growth over three years of 2% or more and average three-year performance of the Mercialys share price, including dividends (average TSR), of 6% or more.
(4) This is the number of shares originally awarded less cancelled rights (11,114 rights were cancelled in 2015. No rights were cancelled between January 1 and January 31, 2016).

The bonus share award plan implemented on October 15, 2013 resulted in the vesting of shares on October 15, 2015 as follows:

Date of award	Vesting date of bonus shares awarded	Number of bonus shares awarded on a definitive basis	Type of shares
10/15/2013	10/15/2015(1)	3,415	existing shares

(1) Bonus shares become vested only if the beneficiary is still with the Company at the vesting date of the shares.

12.4.5 Changes in share capital over the last five years

	Number of shares created	Increase/decrease in share capital (in euros)		Share capital (in euros)	Number of shares in issue	Value per share (in euros)
		Nominal	Premium(1)			
2011						
Bonus shares	32,502	32,502	32,502	92,033,290	92,033,290	1
Cancellation of shares	27,689	27,689	(665,859)	92,005,601	92,005,601	1
Stock options	17,225	17,225	338,830	92,022,826	92,022,826	1
2012	-	-	-	92,022,826	92,022,826	1
2013						
Bonus shares	26,343	26,343	23,041	92,049,169	92,049,169	1
2014	-	-	-	92,049,169	92,049,169	1
2015	-	-	-	92,049,169	92,049,169	1

(1) At the time of the capital increase, before any deductions authorized by the General Meeting.

There was no operation affecting the share capital during January 2016.

12.4.6 Ownership of share capital and voting rights

The Company's share capital and voting rights at December 31, 2013, 2014 and 2015 and January 31, 2016 break down as follows:

	12/31/2013			
	Shares		Voting rights at General Meetings(1)	
Shareholder	number	%	number	%
Majority shareholders	36,969,240	40.16	36,969,240	40.27
o/w Casino Group	*36,969,014*	*40.16*	*36,969,014*	*40.27*
o/w other shareholders	*226*	*0*	*226*	*0*
Generali group(2)	7,373,745	8.01	7,373,745	8.03
Treasury shares(3)	250,000	0.27	0	0
Free float	47,456,184	51.56	47,456,184	51.70
o/w bearer shares	*47,029,735*	*51.09*	*47,029,735*	*51.23*
o/w registered shares	*426,449*	*0.46*	*426,449*	*0.46*
	92,049,169	**100.00**	**91,799,169**	**100.00**

	12/31/2014			
	Shares		Voting rights at General Meetings(1)	
Shareholder	number	%	number	%
Majority shareholders	36,969,240	40.16	36,969,240	40.25
o/w Casino Group	*36,969,014*	*40.16*	*36,969,014*	*40.25*
o/w other shareholders	*226*	*0*	*226*	*0*
Generali group(2)	7,373,745	8.01	7,373,745	8.03
Treasury shares(3)	194,695	0.21	0	0
Free float	47,511,489	51.62	47,511,489	51.72
o/w bearer shares	*47,068,165*	*51.13*	*47,068,165*	*51.24*
o/w registered shares	*443,324*	*0.48*	*443,324*	*0.48*
	92,049,169	**100.00**	**91,854,474**	**100.00**

Shareholder	12/31/2015 Shares number	%	Voting rights at General Meetings(1) number	%
Majority shareholders	37,887,748	41.16	37,887,748	41.25
o/w Casino Group(4)	*36,969,014*	*40.16*	*36,969,014*	*40.25*
o/w other shareholders(5)	*918,734*	*1.00*	*918,734*	*1.00*
Generali group(2)	7,373,745	8.01	7,373,745	8.03
Treasury shares(3)	191,334	0.21	0	0
Free float	46,596,342	50.62	46,596,342	50.73
o/w bearer shares	*46,214,555*	*50.21*	*46,214,555*	*50.31*
o/w registered shares	*381,787*	*0.41*	*381,787*	*0.42*
	92,049,169	**100.00**	**91,857,835**	**100.00**

Shareholder	1/31/2016 Shares number	%	Voting rights at General Meetings(1) number	%
Majority shareholders	37,887,748	41.16	37,887,748	41.27
o/w Casino Group(4)	*36,969,014*	*40.16*	*36,969,014*	*40.27*
o/w other shareholders(5)	*918,734*	*1.00*	*918,734*	*1.00*
Generali group(2)	7,373,745	8.01	7,373,745	8.03
Treasury shares(3)	235,334	0.26	0	0.00
Free float	46,552,342	50.57	46,552,342	50.70
o/w bearer shares	*46,171,138*	*50.16*	*46,171,138*	*50.29*
o/w registered shares	*381,204*	*0.41*	*381,204*	*0.42*
	92,049,169	**100.00**	**91,813,835**	**100.00**

(1) This is the number of voting rights at General Meetings, which is different from the number declared under regulations regarding share ownership thresholds (theoretical voting rights). For regulatory declarations, the total number of voting rights is calculated every month based on the total number of voting rights and the number of shares comprising the share capital, in accordance with Article 223-11 of the AMF General Regulations, based on all voting shares including non-voting shares (treasury shares). The difference between voting rights at General Meetings and theoretical voting rights is immaterial (0.21% at December 31, 2015 and 0.26% at January 31, 2016).

(2) Bearer shares.

(3) See "Share buyback program" in Section 4, "Stock market information" (pages 58 to 60).

(4) At December 31, 2015, Casino, Guichard-Perrachon held 0.03% of the share capital and voting rights directly and 40.16% of the share capital and 40.25% of the voting rights indirectly, primarily via La Forézienne de Participations (a subsidiary of L'Immobilière Groupe Casino), which held 39.16% of the share capital and 39.24% of the voting rights directly.
At January 31, 2016, Casino, Guichard-Perrachon held 0.03% of the share capital and voting rights directly and 40.16% of the share capital (40.27% of the voting rights) indirectly, primarily via La Forézienne de Participations (a subsidiary of L'Immobilière Groupe Casino), which held 39.16% of the Company's share capital (39.26% of voting rights) directly.

(5) Shareholders controlling the company Casino, Guichard-Perrachon, including the company Foncière Euris, which holds 918,000 shares following the exercise on October 13, 2015 of the physical option under the equity swap agreement it concluded on February 15, 2013 (AMF declaration 215C0429). In addition, Foncière Euris concluded equity swap agreements for 918,000 shares with an option of physical delivery of the shares expiring on March 13, 2017 (AMF declaration 214C0424) and 2,300,000 shares with cash settlement.
The company Rallye SA (controlled by Foncière Euris) has also entered into cash-settled equity swap agreements for 1,843,405 shares.

No material changes have taken place in the ownership of the share capital and voting rights over the last three years.

At December 31, 2015, shares held directly and indirectly by Mercialys' management or executive bodies represented 49.16% of the share capital and 49.26% of the voting rights at General Meetings.

At January 31, 2016, shares held directly and indirectly by Mercialys' management or executive bodies represented 49.16% of the share capital and 49.29% of the voting rights at General Meetings.

As far as the Company is aware, no shareholder, other than those listed above, holds more than 5% of its share capital or voting rights.

Between January 1, 2015 and January 31, 2016, no shareholders disclosed to the AMF that a notifiable threshold had been crossed.

Information about shareholders' agreements relating to the Company's shares is provided in section 4, "Stock market information" (see page 59). As far as the Company is aware, there are no agreements that could result in a change of ownership.

Trading of the Company's shares by Directors, similar persons or closely related persons in 2015 and between January 1, 2016 and January 31, 2016, is presented in the table below:

Date	Person concerned	Type of transaction	Number of shares	Amount (in euros)
4/27/2015	La Forézienne de Participations, Director	Disposal	900,000	20,425,500
4/27/2015	Dinetard, legal entity related to Casino Guichard-Perrachon, Director	Acquisition	900,000	20,425,500

At December 31, 2015, 109,000 Mercialys shares were held by employees of the Company or affiliated companies within the framework of the Casino Group company savings plan.

As far as the Company is aware, there were pledges on 918,973 Mercialys registered shares at December 31, 2015.

12.4.7 Securities not representing share capital

Not applicable.

12.5 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 real estate holdings 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'Investissements Immobiliers Cotée* (SIIC), equivalent to a real estate investment trust (REIT).

Accordingly, in 2005, the Casino Group decided to transfer to Mercialys, without retroactive effect, within the context of partial transfers of assets in accordance with the regime for demergers (excluding transfers of securities), all premises of specialized superstores and shopping centers located at the sites of Casino Group hypermarkets and supermarkets and cafeterias, as well as certain sites containing franchise supermarkets or convenience stores leased to third parties and owned by the Casino Group.

Associated contracts, in particular related leases, were also transferred. However, the premises in which the hypermarkets, supermarkets (apart from four supermarkets) and the majority of Casino Group convenience stores are located, car parks and nearly all service stations attached to hypermarkets and supermarkets were not included. The Casino Group remains the owner of such premises. The Casino Group intended to retain direct ownership of all hypermarkets, supermarkets, car parks and attached service stations, which make up its core business, as well as its non-retail properties (warehouses and office buildings), and to transfer to Mercialys only income-generating shopping centers.

These asset contributions concerned 146 of the Company's 147 properties (the Company had acquired a small property before the contributions were made).

In addition, SCI Vendome 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 completed its initial public offering as part of 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 tax on rental revenue and capital gains on disposal of real estate properties or on disposal of certain holdings in real estate companies. In order to benefit from this tax exemption, SIICs are required to pay out at least 85% of their tax-exempt rental income in dividends to their shareholders, and at least 50% of their exempted income from disposal of real estate properties and certain holdings in real estate companies. Dividends from subsidiaries that are subject to corporate income tax and that come under the sphere of this tax regime must be fully redistributed.

In 2006, L'Immobilière Groupe Casino sold 10,935,000 shares in a block sale to institutional investors, thereby reducing the Casino Group's 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 Vindemia – a subsidiary of the Casino Group – of four shopping malls in December 2007, the Company issued 2,231,041 shares, increasing Casino's stake in the Company to 61.48%.

On May 19, 2009, the Casino Group contributed a portfolio of 25 assets to the Company as part of the "Alcudia/L'Esprit Voisin" program (a multi-year program launched in July 2006 with the aim of renovating, redeveloping, extending and creating value at 100 or so sites operated jointly with the Casino Group). This portfolio concerned four distinct types of properties: three shopping malls; seven shopping mall extensions at an advanced stage of development (CDEC authorization and building permits obtained), due to be delivered turnkey to Mercialys by Casino; ten hypermarket lots (storage and/or sales areas) due to be converted into shopping center extensions by Mercialys; five hypermarkets or supermarkets in properties as part of a co-ownership complex in an urban location, requiring the consolidation of the properties before the start of extensive redevelopment works and the implementation of the "Alcudia/L'Esprit Voisin" project at these sites. 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.

Within the framework of this asset contribution, the Annual General Meeting of Casino, Guichard-Perrachon of May 19, 2009 decided to pay an additional dividend in kind to the Casino Group's shareholders in the form of the allotment of one (1) Mercialys share for eight (8) Casino shares. This payment resulted in the transfer by Casino, Guichard-Perrachon of 14,013,439 Mercialys shares to its shareholders, consequently decreasing Casino, Guichard-Perrachon's participation in Mercialys' capital to 50.89%.

In 2012, Mercialys embarked on a new strategic plan based on its vision of "Foncière Commerçante," with the aim of increased differentiation, stimulating demand and proactively expanding its offering. The implementation of this business strategy is accompanied by the normalization of Mercialys' financial structure with a Euro 1 billion debt commitment, partly in the form of 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 has been 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 acquired by Mercialys to drive its growth, has been 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 a dividend payout, which was approved by the General Meeting of April 13, 2012.

In 2013, Mercialys continued to implement the "L'Esprit Voisin" program. Twelve L'Esprit Voisin projects were launched for delivery 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 m^2. In addition, Mercialys finalized its program of asset sales initiated in 2012, with the aim of refocusing the portfolio around properties best suited to the Company's strategy. At the end of this program, Mercialys' portfolio comprised 91 assets as at December 31, 2013, including 61 shopping centers, of which 74% were large shopping centers.

Mercialys exceeded its targets in 2014, its dynamic portfolio of shopping centers outperforming the French market. The focus also returned to external growth in 2014, with a record gross investment of Euro 522 million in terms of delivered and ongoing projects and acquisitions. New projects continued to be delivered at a steady pace throughout 2014. Mercialys' solid performance demonstrates its robust and resilient business model, built on value creation underpinned by both the fundamentals of the retail property sector and Mercialys' own strengths.

12.6 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Mercialys' 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.

12.7 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Person responsible for the Registration Document

Éric Le Gentil, Chairman and Chief Executive Officer

Declaration of the person responsible for the Registration Document

"I hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this 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 condition and results of the Company and all subsidiaries included in the scope of consolidation. I also declare that the financial review (see cross-reference table on page 301), gives an accurate account of the development of the business, results and financial condition of the Company and all subsidiaries included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial condition and accounts presented in this Registration Document and read the whole of the document.

The historical financial information contained in this Registration Document has been audited by the Statutory Auditors. Their reports can be found on pages 186 and 236 of this document for the year ended December 31, 2015 and are incorporated by reference below for the years ended December 31, 2014 and December 31, 2013."

Paris

March 23, 2016

Éric Le Gentil,

Chairman and Chief Executive Officer

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004, the following information is included by reference in this Registration Document:

- the 2013 Registration Document, which was filed with the AMF under number 14-0294 on April 4, 2014 and which includes:
  - the consolidated financial statements and the corresponding Statutory Auditors' report on pages 151 to 196,
  - the Company's financial statements prepared in accordance with French GAAP and the corresponding Statutory Auditors' general and special reports on pages 197 to 225,
  - financial information on pages 3 to 150;
- the 2014 Registration Document, which was filed with the AMF under number D.15-0319 on April 10, 2015 and which includes:
  - the consolidated financial statements and the corresponding Statutory Auditors' report on pages 181 to 227,
  - the Company's financial statements prepared in accordance with French GAAP and the corresponding Statutory Auditors' general and special reports on pages 229 to 258,
  - financial information on pages 13 to 180.

Sections of these documents not included are either not of relevance to investors or are covered by another part of the Registration Document.

12.8 COMMISSION REGULATION (EN) NO. 809/2004 OF APRIL 29, 2009 – CROSS-REFERENCE TABLE

The table below provides cross-references between the pages in the Registration Document and the key information required under European Commission Regulation (EC) No. 809/2004 of April 29, 2004.

12.9 FINANCIAL REPORT – CROSS-REFERENCE TABLE

The table below provides cross-references for the information provided in the Registration Document constituting the financial report as required of listed companies in accordance with Article L. 451-1-2 the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations:

	Pages
Parent company financial statements	238 to 258
Consolidated financial statements	188 to 233
Management report	301
Statement by the persons responsible for the financial report	297
Statutory Auditors' report on the separate and consolidated financial statements	236 to 237, 186 to 187
Information relating to Statutory Auditors' fees	100
Report by the Chairman of the Board of Directors on the preparation and organization of the work performed by the Board of Directors and internal control and risk management procedures	101 to 115
Statutory Auditors' report on the report by the Chairman of the Board of Directors on internal control and risk management procedures	124 to 125

12.10 BOARD OF DIRECTORS' MANAGEMENT REPORT – CROSS-REFERENCE TABLE

The table below provides cross-references for the information provided in the registration 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:

	Pages
Situation and changes to the Company during the past year	241
Results of the Company, its subsidiaries and the companies they control	14 to 41
Key performance indicators	27
Analysis of the development of business activity, results and financial position	14 to 41
Acquisitions of significant shareholdings in companies having their head office in France	166
Trade payables – Payment times	302
Progress made or difficulties encountered	14 to 41
Description of main risks and uncertainties	172 to 182
Indications concerning the use of financial instruments: objectives and the Company's policy in terms of financial risk management	220
Information about market risks (interest rate, forex, equity risk)	172, 215
Information about country risks	n/a
Significant events since the balance sheet date and the date of the management report	38
Expected changes and outlook	38
Means of Executive Management of the Company	82
Appointments and duties of corporate officers	66 to 80
Remuneration paid to corporate officers	82 to 96
Trading in the Company's shares by directors and corporate officers	294
Agreements between a director or major shareholder and a subsidiary	97
Social and environmental information	128 to 154
Information on the technological accident risk prevention policy	n/a
Changes made in the presentation of the annual (and consolidated) financial statements	194 to 195
Main shareholders and share ownership structure and voting rights at December 31, 2013	57, 292 to 293
Factors likely to have an impact in the event of a public tender offer	109
Employee holdings in the share capital	293
Buying and selling of treasury shares	58 to 60
Net income for the period and proposed appropriation of income	60
Amount of dividends paid over the last three years	61
Research and development activities	296
Observations by the Works Council on the economic and social situation	n/a
Appendices	
Monitoring chart for capital increase authorizations	290
Five-year summary of results	258
Chairman's report	101 to 115

ANNEXE
MATURITY OF TRADE PAYABLES

The table below gives a breakdown of current trade payables, in thousands of euros, established in accordance with the provisions of Article L. 441-6-1 of the French Commercial Code:

	1 to 30 days before due date	From 31 to 60 days before due date	From 61 to 90 days before due date	> than 91 days before due date	Due	Total
Trade accounts payable and accruals	**11,214**	**300**	**0**	**0**	**1,492**	**25,806**
Trade payables	*11,117*	*300*	*0*	*0*	*1,492*	*12,909*
Notes payables	*97*	*0*	*0*	*0*	*0*	*97*
Accrued invoices						*12,800*
Total trade payables and accruals on assets	**3,249**	**3**	**0**	**0**	**1,073**	**10,408**
Trade payables on assets	*1,544*	*3*	*0*	*0*	*1,073*	*2,620*
Notes payables on assets	*1,705*					*1,705*
Accrued invoices on assets						*6,083*

Notes

Notes

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NOTRE PROXIMITÉ NOUS ENGAGE

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