C. Summary of transactions

The table below summarizes the transactions carried out by the Company in its own shares between January 1 and December 31, 2018 and between January 1 and January 31, 2019, and indicates the number of shares held by the Company:

	Number of shares	% of capital
Number of shares held as at December 31, 2017	**171,961**	**0.19**
Number of shares purchased under the liquidity contract	2,363,088	
Number of shares sold under the liquidity contract	(2,144,692)	
Number of shares canceled	0	
Number of bonus shares	(8,933)	
Number of shares held as at December 31, 2018	**381,424**	**0.41**
Number of shares purchased under the liquidity contract	53,605	
Number of shares sold under the liquidity contract	(101,919)	
Number of shares held as at January 31, 2019	**333,110**	**0.36**

The Company's position at December 31, 2018 and January 31, 2019 was as follows:

	Dec 31, 2018	Jan 31, 2019
Number of treasury shares in portfolio	381,424	333,110
Percentage of share capital held directly or indirectly as treasury shares	0.41%	0.36%
Number of shares canceled during the last 24 months	0	0
Book value of the portfolio (in millions of euros)	5.0	4.3
Market value of the portfolio (in millions of euros)(1)	4.6	4.5

(1) Value in millions of euros based on the December 31, 2018 closing price of Euro 11.97 and the January 31, 2019 closing price of Euro 13.40

Mercialys has no open positions in derivative products. The 333,110 treasury shares held on January 31, 2019 were allocated as follows:

- 297,616 shares for use in connection with the liquidity contract;
- 35,494 shares for use in all the Company stock option plans, savings schemes or in the allocation of bonus shares to officers and employees of the Company and related companies.

7.1.2.3 Description of the share buyback program submitted for shareholder approval

At the Annual General Meeting of April 25, 2019, shareholders will be asked to renew the Board of Directors' authorization to purchase, directly or indirectly, shares in the Company pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-5 of the General Regulation of the AMF, and the European regulations applicable to market abuse (specifically European regulations no. 596/2014 of April 16, 2014 and no. 2273/2003 of December 22, 2003), in order:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently on behalf of the Company, in connection with a liquidity contract compliant with a code of conduct recognized by the AMF;
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, any savings scheme in accordance with Articles L. 3332-1 *et seq.* of the French 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 scheme for payment in shares;
- to deliver these shares when the rights attached to negotiable securities conferring a right to shares are exercised by reimbursement, conversion, exchange, the presentation of a warrant or debt security convertible or exchangeable into shares of the Company, or by any other means that confers a right to shares of the Company;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the AMF and generally to carry out any transaction compliant with applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and by block trade transactions. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

The purchase price of the shares should not exceed Euro 20,00 (excluding purchase costs) per share with a par value of Euro 1,00 (one).

This authorization may be implemented within the limit of a number of shares representing 10% of the Company's share capital on the date of this Annual General Meeting, *i.e.* for information 8,871,806 shares on the basis of the capital at January 31, 2019, net of 333,110 treasury shares, for a maximum sum of Euro 177,4 million, on the understanding that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account to calculate the 10% threshold specified above, will correspond to the number of those purchased shares, after deducting the number of shares resold under the liquidity agreement during the authorization period.

However, the number of shares purchased by the Company to be kept and subsequently used as payment or exchange in connection with an external growth transaction may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding at any time whatsoever, more than 10% of the shares making up its share capital.

The authorization granted to the Board of Directors will be valid for a period of 18 months. It would terminate and supersede the authorization previously granted by the fourteenth resolution of the Ordinary General Meeting of April 26, 2018.

In the event of a public tender offer relating to the 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 connection with bonus share award plans or strategic transactions undertaken and announced before the launch of the public offer.

The Combined Ordinary and Extraordinary General Meeting of April 27, 2017 renewed the authorization granted to the Board of Directors to reduce the Company's share capital by the cancellation of treasury shares. This authorization is valid for a period of 26 months, *i.e.* until June 26, 2019. The renewal of this authorization will be proposed to the Annual General Meeting of April 25, 2019.

7.1.3 Dividend policy

On November 24, 2005, the Company elected to be taxed under the regime applicable to *Sociétés d'investissements immobilier cotées* (SIICs).

As a SIIC, Mercialys is exempt from corporate income tax on its rental revenues and on capital gains generated from the sale of real estate assets or some holdings in real estate companies. In return for this tax exemption, SIICs must distribute to their shareholders at least 95% of the exempt income generated from property leasing and sub-leasing transactions. Similarly, SIICs must distribute at least 60% of the exempt income generated from the sale of any property and interests in property companies. Dividends from subsidiaries that are subject to corporate income tax and are covered by this tax regime must be fully redistributed.

On July 25, 2018, the Board of Directors decided to pay an interim dividend of Euro 0.50 per share on 2018 earnings. This interim dividend was paid out on October 23, 2018.

At December 31, 2018, the net income generated by Mercialys, the parent company, amounted to Euro 74.1 million, including Euro 72.2 million of tax-exempt income and Euro 1.9 million of taxable income.

The Board of Directors will propose to the Annual General Meeting of April 25, 2019 the payment of a 2018 dividend of Euro 1.12 per share (which includes the interim dividend of Euro 0.50 per share already paid in October 2018), an increase of +2.8% compared to 2017. The dividend thus represents an overall amount of Euro 103.1 million on the basis of the number of shares outstanding at December 31, 2018, without taking into account the cancellation of dividends on treasury shares at the date of payment. The proposed dividend offers a return of 5.3% on the EPRA NNNAV of Euro 21.14 per share at the end of 2018.

The proposed dividend corresponds to 90% of 2018 FFO, in accordance with the objective announced by Mercialys: a dividend within a range of 85% to 95% of 2018 FFO and up by at least 2% from 2017. It corresponds to (i) the distribution obligation under the SIIC status concerning exempt profits from leasing or subletting of properties, *i.e.* Euro 0.93 per share, (ii) 60% distribution of exempt profits for fiscal year 2018 from the sale of properties and interests in property companies, *i.e.* Euro 0.06 per share, and finally (iii) the remainder of 60% of exempt profits for fiscal year 2017 from the sale of properties and interests in property companies, *i.e.* Euro 0.13 per share.

Because an interim dividend of Euro 0.50 per share has already been paid, a final dividend of Euro 0.62 per share will be paid on May 2, 2019 (ex-dividend date April 29, 2019), subject to the approval of the Annual General Meeting of April 25, 2019.

For the interim dividend of Euro 0.50 per share, 100% of the amount was distributed from tax-exempt income.

Dividends taken from the tax-exempt income of SIICs do not qualify for the 40% allowance provided for in Article 158-3, paragraph 2, of the French General Tax Code. Only dividends taken from the non-tax-exempt income of SIICs are eligible for this allowance.

Furthermore, social security contributions (17.2%) on dividends paid to individuals fiscally domiciled in France are withheld by the paying institution. In addition, since January 1, 2013, an income tax prepayment (12.8%) has also been withheld on these dividends by the paying institution.