

MERCIALYS

BOARD OF DIRECTORS'

HALF-YEAR FINANCIAL REPORT

First half of 2024

CONTENTS

CONTENTS	2
KEY FIGURES	4
1. ACTIVITY REPORT.....	5
1.1. 2024 first-half results aligned with the long-term upward trend.....	5
1.2. Detailed analysis of results	8
1.3. Disposals and investments.....	15
1.4. Portfolio appraisal and net asset value	16
1.5. Financial structure	18
1.6. Equity and ownership structure	21
1.7. 2024 objectives confirmed	22
1.8. Subsequent events.....	22
1.9. Risk factors and uncertainties.....	22
2. EPRA PERFORMANCE MEASURES	23
2.1. EPRA earnings and earnings per share	23
2.2. EPRA net asset value (NRV, NTA, NDV).....	24
2.3. EPRA Net Initial Yield and EPRA “topped-up” Net Initial Yield	27
2.4. EPRA vacancy rate.....	27
2.5. EPRA cost ratios	28
2.6. EPRA capital expenditure.....	29
2.7. EPRA LTV	30
3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	33
3.1. Condensed consolidated income statement	33
3.2. Condensed consolidated statement of comprehensive income	34
3.3. Condensed consolidated statement of financial position	35
3.4. Consolidated cash flow statement	36
3.5. Statement of changes in consolidated equity	38
4. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	39
Note 1 : Basis of preparation of the financial statements and accounting methods	39
Note 2 : Significant events.....	41
Note 3 : Seasonality of the business	41
Note 4 : Segment reporting.....	41
Note 5 : Basis for consolidation.....	42
Note 6 : Equity.....	43

Note 7 : Dividends paid, proposed or approved	43
Note 8 : Business combinations	43
Note 9 : Investment properties and investment properties held for sale	43
Note 10 : Leases	46
Note 11 : Net rental income.....	47
Note 12 : Other income.....	47
Note 13 : Other expenses.....	47
Note 14 : Other operating income and expenses	48
Note 15 : Other non-current assets	48
Note 16 : Trade receivables.....	49
Note 17 : Financial structure and financial costs	49
Note 18 : Contingent assets and liabilities	53
Note 19 : Tax	53
Note 20 : Related-party transactions	54
Note 21 : Off-balance sheet commitments.....	55
Note 22 : Identification of the consolidating company.....	55
Note 23 : Subsequent events	55
5. STATUTORY AUDITORS' REVIEW REPORT	56
6. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT	58
7. GLOSSARY	59

KEY FIGURES

(In millions of euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Invoiced rents	87.9	177.5	91.4
EBITDA	72.3	149.4	76.1
Net recurrent earnings (NRE)	57.5	109.0	59.3

Operating performance	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Organic growth in invoiced rents including indexation	+4.2%	+4.1%	+4.1%
Current financial vacancy rate	3.3%	2.9%	3.0%
Occupancy cost ratio	10.9%	10.7%	10.9%

Per share data (in euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Net recurrent earnings (NRE), average basic number of shares	0.62	1.17	0.63
EPRA NTA (in millions of euros)	1,583.2	1,519.7	1,481.2
EPRA NTA per share ¹ , diluted number of shares at the end of the period	16.99	16.29	15.85

Portfolio value and debt	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Fair value of portfolio including transfer taxes (in millions of euros)	2,987.0	2,872.0	2,879.4
Fair value of portfolio excluding transfer taxes (in millions of euros)	2,799.8	2,692.3	2,700.0
Average appraisal yield rate	6.21%	6.61%	6.68%
LTV (excluding transfer taxes)	38.6%	38.9%	39.4% ²
ICR (EBITDA / net finance costs)	5.2x	5.1x	5.5x

¹ NTA: Net Tangible Assets. Calculated based on the diluted number of shares at the end of the period, in accordance with European Public Real Estate Association (EPRA) guidelines

² Proforma for the sale of four hypermarkets in July 2024

1. ACTIVITY REPORT

1.1. 2024 first-half results aligned with the long-term upward trend

Price-consciousness among consumers is a pivotal element that has become established as a permanent feature. This focus has been particularly strong since inflation picked up again in 2022.

Alongside this, another constant feature of consumer behavior is the concept of “shopping for pleasure”: going shopping is still a source of satisfaction and 71%³ of respondents said that they enjoy making purchases either systematically, often or occasionally (compared with 66% in March 2022).

Caught between the desire to consume and the need to control their spending, with 41% of households saying that they base their decisions primarily on their purchasing power⁴, consumers prefer brands with a very clear price positioning: Action, Decathlon and Leroy Merlin are respectively the top three preferred retailers among French consumers⁴. They are also adapting their behavior, as indicated by 85%⁴ of households looking for promotional offers or switching to less expensive items.

French people’s concerns about their purchasing power are also **impacting their aspirations to consume in a better way**, with only 13% saying that they have actually changed their habits to move in this direction, while 95%⁵ of French people would like to consume more responsibly.

Within this paradigm, **Mercialys aims to continually adapt its retail mix and establish itself as the real estate market leader for accessible retail** across all consumption segments. Illustrating this trend, the opening of the Action store in Aix-en-Provence led to a +29% increase in footfall for this center from December 2023 to June 2024; the inauguration of the Normal store in Annecy is reflected in a +26% increase in this site’s footfall since May 2024; lastly, 4,200 visits over two days highlight the success of the operations carried out with the low-price brands Plantes Pour Tous and Le Goût des Plantes at the Grenoble and Toulouse sites.

Lastly, the takeover of hypermarkets previously operated by the Casino group by Intermarché, Carrefour and Auchan fully supports this offering of affordable local services. Hypermarkets play a key role in limiting the impact of food costs on household budgets, thanks in particular to their own private labels.

At end-June 2024, proforma for the sale of Casino’s business operations to Auchan in Corsica⁶ and the disposal of four hypermarkets owned 51% by Mercialis, as announced on July 2, 2024, Mercialis’ rental exposure⁷ shows a weighting of 15.9% for large food stores, representing a **foundation of revenues indexed against a recurrent consumption segment** making a positive contribution to the Company’s risk profile. This risk profile also benefits from **limited exposure** of around 5% of economic rental income to the individual retailers making the biggest contributions, i.e. Intermarché and Auchan. This breakdown could see minor changes depending on the decisions taken by the competition authorities.

In this environment, Mercialis is reporting progress with its results, reflecting the solid level of consumption in

³ Opinionway survey for Bonial (June 2024)

⁴ Annual study of France’s favorite retailers – EY Parthenon

⁵ Kantar Insight

⁶ As part of the signing, on June 22, 2024 of a unilateral purchase agreement for the sale of the Casino group’s subsidiary in Corsica to Rocca Group and Auchan Retail France

⁷ Consolidated rental income adjusted (i) downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of six hypermarkets following the sale completed in July 2024, and (ii) upwards for Mercialis’ 25% minority interest in SCI AMR, which owns three Monoprix stores and two hypermarkets

France and highlighting the relevance of its positioning, closely aligned with customers' purchasing power expectations, through a retail mix focused on essential needs at affordable prices.

For the year to end-June 2024, **footfall**⁸ at Mercialis shopping centers is up +2.0%, outperforming the Quantaflow national index (+1.3%) by +70bp.

This excellent trend is particularly satisfactory considering the number of disruptive factors that affected footfall during the first half of 2024: the attrition affecting supplies for the hypermarkets operated by Casino prior to the transfer of business operations, the organization of liquidation sales, and the subsequent closure of these hypermarkets for two to three weeks.

The opening of these stores under their new banners, primarily in May and June 2024, was recognized with strong footfall levels, driven specifically by the proactive price reduction policies applied by the three retailers, as well as their more attractive and well-stocked supplies.

Alongside this, for the year to end-May 2024, **retailer sales** in the Company's shopping centers saw +3.4% growth, outpacing the FACT national index's +1.7% increase by 170bp.

The **occupancy cost ratio**⁹ shows a very sustainable level of 10.9% at end-June 2024, slightly higher than December 31, 2023 (10.7%), linked to the impact of indexation on rents, and identical to the level from June 30, 2023 (10.9%).

Simultaneously the **rent and service charge collection rate** as of June 30, 2024, stands at 95.1% vs. 92.9% as of June 30, 2023.

The **current financial vacancy rate**¹⁰ - which excludes strategic vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 3.0% for the first half of 2024, showing an improvement compared with end-June 2023 (3.3%) and virtually stable in relation to December 31, 2023 (2.9%).

The first half of 2024 saw a sustained level of lettings activity, contributing to this limited vacancy rate. Against a backdrop of sustained indexation, the **reversion** rate on renewals and relettings came to -0.2%. This rate does not take into account the reletting of a mid-size unit, previously leased to H&M, in Marseille La Valentine to Intersport, which had an impact of -2.7%. This operation contributed to this shopping center's repositioning around sport, further strengthening the selection of retailers available in this segment, which already includes Sport 2000, the official Olympique de Marseille football club store, Foot Locker and Courir.

In the consumption environment described above, the beauty / health and culture / gifts / sports sectors continue to be particularly buoyant, once again thanks to the momentum generated by affordable retailers in particular.

Mercialis has continued to adapt its retail mix in line with these underlying trends, illustrated by the relettings secured during the first half of this year. Out of the 40 transactions completed during this period, sectors covering discretionary spending - personal items and household equipment - accounted for just 12 of the leases signed (30%), compared with 28 for day-to-day retailers (70%). 50% of the retail mix prior to these relettings was made up of discretionary spending-related retailers, with a 20% reduction in the weighting for these segments.

Organic growth¹¹ in the Company's invoiced rents came to +4.1%, including +4.4% indexation. EBITDA came to Euro 76.1 million, up +5.2% from June 30, 2023, with an EBITDA margin of 83.1% (vs 82.0% at June 30, 2023).

⁸ Mercialis' large centers and main convenience shopping centers based on a constant surface area, representing around 80% of the value of the Company's shopping centers

⁹ Ratio between rent, charges (included marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores

¹⁰ The occupancy rate, as with Mercialis' vacancy rate, does not include agreements relating to the Casual Leasing business.

¹¹ Assets enter the like-for-like scope used to calculate organic growth after being held for 12 months

Net recurrent earnings (NRE) are up +3.3% from end-June 2023 to Euro 59.3 million, and up +3.0% per share, an upward trend exceeding the full-year target for 2024 (at least +2.0% compared with 2023).

The **appraisal value excluding transfer taxes** shows a slight increase for the first half of the year, up +0.4% like-for-like to Euro 2.7 billion. The **average appraisal yield rate** came to 6.68% at June 30, 2024, following a very slight increase of +7bp compared with end-December 2023 (6.61%) and shows a positive yield spread of nearly 340bp compared with the risk-free rate (10-year OAT) at end-June.

This value adjustment, offset by the impact of the dividend payment and the negative impact of the change in the fair value of fixed-rate debt compared with end-2023, contributed to the -3.3% contraction in NDV per share over six months to Euro 16.53 per share.

Mercialys continues to benefit from a particularly solid financial profile, with a loan to value (LTV) ratio excluding transfer taxes of 39.4% for the first half of 2024 proforma of the sale of the 4 hypermarkets concluded in July 2024 (vs. 38.9% at end-2023) and an ICR of 5.5x (vs. 5.1x and 5.2x respectively at end-December 2023 and end-June 2023).

Over the coming months, and subject to market conditions, Mercialis aims to finalize the early refinancing of the bond maturity due in July 2027, either through the exercise of its make-whole call option or by any other means, which would require the issuance of new financing.

The Company is able to **confirm its objectives for 2024**, with growth in net recurrent earnings (NRE) per share to reach at least +2.0% versus 2023 and a dividend to range from 75% to 95% of 2024 net recurrent earnings.

1.2. Detailed analysis of results

1.2.1. Sustained organic rental income growth of +4.1%

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

(In thousands of euros)	Jun 30, 2023	Jun 30, 2024	Change %
Invoiced rents	87,910	91,385	+4.0%
Lease rights and despecialization indemnities	254	175	-31.0%
Rental revenues	88,164	91,560	+3.9%
Property taxes	-13,729	-14,265	+3.9%
Rebilling to tenants	11,453	11,872	+3.7%
Non-recovered property taxes	-2,276	-2,393	+5.1%
Service charges	-19,742	-18,126	-8.2%
Rebilling to tenants	16,965	16,196	-4.5%
Non-recovered service charges	-2,777	-1,930	-30.5%
Management fees	-555	-304	-45.3%
Rebilling to tenants	1,999	2,030	+1.6%
Losses on and impairment of receivables	-2,219	-1,777	-19.9%
Other expenses	229	221	-3.3%
Net property operating expenses	-546	171	na
Net rental income	82,564	87,408	+5.9%

The **+4.0 points** change in invoiced rents primarily reflects the following factors:

- the impact of indexation for **+4.4 points**, representing Euro +3.9 million;
- the lower contribution by Casual Leasing for **-0.2 points**, representing Euro -0.1 million;
- the increase in variable rents for **+0.2 points**, representing Euro +0.2 million;
- the actions carried out on the portfolio for **-0.5 points**, representing Euro -0.4 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **+0.1 points**, representing Euro +0.1 million;
- the assets divested in 2023 and 2024 had a non-significant impact;
- other effects primarily including strategic vacancies linked to current redevelopment programs for **-0.1 points**, representing Euro -0.1 million.

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

The **lease rights and despecialization indemnities**¹² billed over the period are not significant, consistent with the first half of 2023. After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for the first half of 2024 totaled Euro 0.2 million, compared with Euro 0.3 million for the first half of 2023.

¹² Compensation paid by a tenant to modify the purpose of their lease and be able to perform an activity other than that originally specified in the lease agreement.

Rental revenues therefore came to Euro 91.6 million at June 30, 2024, up +3.9% from the first half of 2023.

Net rental income is up +5.9% to Euro 87.4 million at June 30, 2024. It corresponds to the difference between rental revenues and the costs that are directly allocated to the sites. These costs include property taxes and service charges that are not billed back to tenants, as well as property operating expenses (primarily fees paid to the property manager that are not re-invoiced and various charges relating directly to site operations).

The costs included in the calculation of net rental income represent Euro 4.2 million for the first half of 2024, compared with Euro 5.6 million at June 30, 2023. The ratio of non-recovered property operating charges to invoiced rents came to 4.5% for the first half of 2024, compared with 6.4% for the first half of 2023.

1.2.2. Changes in the lease structure

The rents received by Mercialis come from a very diverse range of retailers since, with the exception of food retailers, no other tenant represents more than 2% of total rental income.

Top 10 tenant retailers (excluding large food stores)

H&M
Feu Vert
Armand Thierry
Nocibé
FNAC
Intersport
Mango
Jules
Sephora
Histoire d'Or

13.9% of contractual rents on an annualized basis

Exposure to large food stores represented 21.6% of Mercialis' invoiced rents at June 30, 2024. At end-June 2024, and proforma for the sale of four hypermarkets completed in July 2024 and the upcoming transfer to the Auchan banner of the five Casino stores owned by Mercialis in Corsica¹³, Mercialis' rental exposure to food retail banners gives the following breakdown:

Retailer	% of consolidated rental income	% of proforma consolidated rental income	% of economic rental income	% of proforma economic rental income
Intermarché	5.5%	5.9%	5.4%	5.6%
Auchan	7.1%	5.5%	4.3%	5.1%
Carrefour	2.4%	2.5%	2.1%	2.1%
Monoprix	0.7%	0.8%	1.6%	1.6%
Casino #Hyperfrais	5.6%	2.3%	4.7%	1.2%
Aldi	0.2%	0.2%	0.2%	0.2%
Lidl	0.1%	0.1%	0.1%	0.1%
TOTAL	21.6%	17.2%	18.4%	15.9%

¹³ In connection with the unilateral preliminary purchase agreement signed on June 22, 2024 with a view to the Casino group selling its Corsican entity to Rocca group and Auchan Retail

The consolidated vision is calculated factoring in all of the rent paid by banners from the food retailers.

The calculation of economic rental income factors in the adjustment (i) downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of six hypermarkets, and (ii) upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets.

The **breakdown by retailer** (national, international or local retailers) of contractual rents on an annualized basis is as follows:

	Number of leases Jun 30, 2024	Annual MGR* + variable rents (€m) Jun 30, 2024	Percentage of rent (%)	
			Jun 30, 2023	Jun 30, 2024
National and international retailers	1,395	155.2	86.6%	87.0%
Local retailers	560	23.1	13.4%	13.0%
Total	1,955	178.3	100.0%	100.0%

* MGR: minimum guaranteed rent

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

	Percentage of rent (%)	
	Jun 30, 2023	Jun 30, 2024
Food and dining	8.4%	8.7%
Health and beauty	12.9%	13.6%
Culture, gifts and sports	17.8%	17.7%
Personal items	29.0%	28.1%
Household equipment	7.8%	7.5%
Food-anchored tenants	20.9%	21.6%
Services	3.2%	2.8%
Total	100.0%	100.0%

The **rental income structure** at June 30, 2024 shows that the majority of leases, in terms of overall rental income, include a variable clause. However, the Company's exposure to purely variable rents is very limited, representing 1.7% of the rental base.

	Number of leases Jun 30, 2024	Annual MGR + variable rents (€m) Jun 30, 2024	Percentage of rent (%)	
			Jun 30, 2023	Jun 30, 2024
Leases with variable clause	1,289	109.2	58%	61%
- of which MGR		104.8	56%	59%
- of which variable rent with MGR		1.3	0%	1%
- of which variable rent without MGR		3.0	2%	2%
Leases without variable clause	666	69.2	42%	39%
Total	1,955	178.3	100.0%	100.0%

The rental income structure at June 30, 2024 shows a predominant share of leases indexed against the French commercial rent index (ILC). As a result of the lease anniversary dates, the indexation of Mercialys' rents will be linked for 14% to the index for the first quarter of 2023, with 21% for the index for the second quarter of 2023,

47% for the index for the third quarter of 2023, and 11% for the index for the fourth quarter of 2023, while the other indexes represent a residual balance of 7%.

	Number of leases Jun 30, 2024	Annual MGR + variable rents (€m) Jun 30, 2024	Percentage of rent (%)	
			Jun 30, 2023	Jun 30, 2024
Leases index-linked to the commercial rent index (ILC)	1,712	168.1	96%	97%
Leases index-linked to the construction cost index (ICC)	74	4.8	3%	3%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	149	1.1	1%	1%
Total	1,935	174.0	100.0%	100.0%

Lastly, the following table presents details of the lease schedule:

At June 30, 2024	Number of leases	Annual MGR + variable rents (in millions of euros)	Share of leases expiring (% annual MGR + variable)
Expired at December 31, 2023	294	22.3	12.5%
2024	129	8.2	4.6%
2025	132	8.2	4.6%
2026	156	15.4	8.7%
2027	204	42.1	23.6%
2028	183	14.8	8.3%
2029	161	11.4	6.4%
2030	239	25.4	14.2%
2031	182	11.7	6.6%
2032	117	7.5	4.2%
2033 and beyond	158	11.2	6.3%
Total	1,955	178.3	100.0%

The stock of expired leases at end-2023 reflects the negotiations underway, refusals to renew leases with the payment of compensation for eviction, global negotiations for each retailer, tactical delays, etc.

1.2.3. Management income, overheads and EBITDA

(In thousands of euros)	Jun 30, 2023	Jun 30, 2024	Change %
Net rental income	82,564	87,408	+5.9%
Management, administrative and other activities income	1,412	1,526	+8.1%
Other income and expenses	-1,904	-3,380	+77.5%
Personnel expenses	-9,789	-9,496	-3.0%
EBITDA	72,284	76,059	+5.2%
% rental revenues	82.0%	83.1%	-

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

Fees charged at June 30, 2024 totaled Euro 1.5 million, compared with Euro 1.4 million at June 30, 2023.

No **property development margin** was recorded during the first half of 2024 or in 2023.

No **other current income** was recorded at June 30, 2024, consistent with the first half of 2023. **Other current expenses** mainly comprise overheads. Overheads primarily include financial communications costs, remuneration paid to members of the Board of Directors, corporate communications costs, shopping center communications costs, marketing research costs, professional fees (statutory auditors, consulting, research) and real estate portfolio appraisal costs. For the first half of 2024, these costs represent Euro 3.4 million, compared with Euro 1.9 million for the first half of 2023.

Personnel expenses totaled Euro 9.5 million for the first half of 2024, down -3% from the first half of 2023. A portion of the personnel expenses may be charged back as fees, in connection with advisory services provided by the asset management team or shopping center management services provided by Mercialys' teams on site (see paragraph above concerning management, administrative and other activities income).

As a result, **EBITDA**¹⁴ totaled Euro 76.1 million, up +5.2% from June 30, 2023. The EBITDA margin represents 83.1% (vs. 83.9% at December 31, 2023 and 82.0% at June 30, 2023).

1.2.4. Net financial items

The **net financial items** taken into account to calculate net recurrent earnings (NRE) came to Euro 14.4 million at June 30, 2024, compared with Euro 13.7 million at June 30, 2023.

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

For the first half of 2024, the limited increase in financial expenses takes into account the fixed/floating rate products extinguished. The higher cost of commercial paper is more than offset by the proceeds from cash investments.

¹⁴ Earnings before interest, tax, depreciation and amortization

<i>(In thousands of euros)</i>	Jun 30, 2023	Jun 30, 2024	Change %
Income from cash and cash equivalents (a)	1,296	2,210	+70.6%
Cost of debt taken out (b)	-17,823	-17,172	-3.7%
Impact of hedging instruments (c)	2,554	1,137	-55.5%
Cost of property finance leases (d)	0	0	-
Gross finance costs excluding exceptional items	-15,269	-16,035	+5.0%
Exceptional amortization of costs relating to the early repayment of financial debt (e)	0	0	-
Gross finance costs (f) = (b)+(c)+(d)+(e)	-15,269	-16,035	+5.0%
Net finance costs (g) = (a)+(f)	-13,974	-13,825	-1.1%
Cost of revolving credit facility and bilateral loans (undrawn) (h)	-1,191	-1,384	+16.2%
Other financial expenses (i)	-240	-200	-16.8%
Other financial expenses excluding exceptional items (j) = (h)+(i)	-1,431	-1,584	+10.7%
Costs on redemption operations and restructuring of debt and hedging instruments (k)	-5,397	-3,615	-33.0%
Other financial expenses (l) = (j)+(k)	-6,828	-5,199	-23.9%
Total financial expenses (m) = (f)+(l)	-22,097	-21,234	-3.9%
Income from associates	381	378	-0.9%
Other financial income	0	0	-
Other financial income (n)	381	378	-0.9%
Total financial income (o) = (a)+(n)	1,677	2,587	+54.3%
NET FINANCIAL ITEMS = (m)+(o)	-20,420	-18,647	-8.7%

1.2.5. Net recurrent earnings (NRE) and net income attributable to owners of the parent

1.2.5.1. Net recurrent earnings (NRE)

<i>(In thousands of euros)</i>	Jun 30, 2023	Jun 30, 2024	Change (%)
EBITDA	72,284	76,059	+5.2%
Net financial income (excluding non-recurring items ¹⁵)	-13,698	-14,441	+5.4%
Reversals of / (Allowances for) provisions	-658	761	na
Other operating income and expenses (excluding capital gains or losses on disposals and impairment)	3,396	1,152	-66.1%
Tax expense	-265	-203	-23.6%
Share of net income from associates and joint ventures (excluding capital gains or losses on disposals, amortization and impairment)	1,799	1,730	-3.8%
Non-controlling interests (excluding capital gains or losses on disposals, amortization and impairment)	-5,404	-5,737	+6.2%
Net recurrent earnings (NRE)	57,453	59,322	+3.3%
NRE per share¹⁶	0.62	0.63	+3.0%

Other operating income and expenses (excluding capital gains or losses on disposals and impairment) came to Euro +1.2 million, primarily including reversals or allowances for provisions. At June 30, 2023, a Euro 2.1 million

¹⁵ ¹⁵ Impact of hedging ineffectiveness, banking default risk, premiums, costs and non-recurring amortization relating to bond redemptions, proceeds and costs from unwinding hedging operations

¹⁶ Calculated based on the average undiluted number of shares (basic), i.e. 93,483,692 shares

provision for a dispute concerning a site on Reunion Island, relating to an issue with the road network, was reversed.

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

The **tax expense** for the first half of 2024 was Euro -0.2 million, made up primarily of the CVAE corporate value-added tax. The tax expense for the first half of 2023 was Euro -0.3 million.

The **share of net income from associates and joint ventures** (excluding capital gains, amortization and impairment) came to Euro 1.7 million at June 30, 2024, down -3.8% compared with June 30, 2023 (Euro 1.8 million). The companies consolidated under the equity method in Mercialys' consolidated financial statements are SCI AMR (created in partnership with Amundi Immobilier in 2013 and in which Mercialys has a 25% stake), SNC Aix2 (in which Mercialys acquired a 50% stake in December 2013, with Altarea Cogedim owning the other 50%), Corin Asset Management SAS (in which Mercialys has a 40% stake), SAS Saint-Denis Génin (in which Mercialys has a 30% stake), DEPUR Expériences (in which Mercialys has a 22.9% stake) and Imocom Partners (in which Mercialys has a 30% stake). The change in financing conditions for the SCI AMR scope offset the positive impact of indexation on rental income for these companies.

Non-controlling interests (excluding capital gains or losses, amortization and impairment) came to Euro 5.7 million at June 30, 2024, up +6.2% from June 30, 2023 (Euro 5.4 million). They are linked to the increase in rental income relating to BNP Paribas REIM France's 49% stake in Hyperthetis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

In view of these items, **net recurrent earnings (NRE)**¹⁷ totaled Euro 59.3 million at June 30, 2024, up +3.3% from June 30, 2023. Considering the average number of shares (basic) of 93,483,692, net recurrent earnings (NRE) represents Euro 0.63 per share at June 30, 2024 (+3.0% over the period), with this trend higher than the full-year target for growth of over +2.0%.

1.2.5.2. Net income attributable to owners of the parent

<i>(In thousands of euros)</i>	Jun 30, 2023	Jun 30, 2024	Change (%)
Net recurrent earnings (NRE)	57,453	59,322	+3.3%
Depreciation and amortization	-18,926	-19,097	+0.9%
Other operating income and expenses	-18,216	194	na
Hedging ineffectiveness, banking default risk and net impacts of bond redemptions and hedging operations	-6,653	-4,403	-33.8%
Share of net income from associates, joint ventures and non-controlling interests (amortization, impairment and capital gains or losses)	16,783	237	-98.6%
Net income attributable to owners of the parent	30,441	36,251	+19.1%

¹⁷ Net recurrent earnings (NRE) correspond to net income before amortization, gains or losses on disposals net of associated fees, potential asset impairments and other non-recurring effects

Depreciation and amortization came to Euro 19.1 million at June 30, 2024, compared with Euro 18.9 million at June 30, 2023, with this change reflecting the investments made by Mercialys over the period.

Other operating income and expenses not included in net recurrent earnings correspond notably to the amount of capital gains or losses on property disposals net of costs and provisions for impairment of assets.

Other operating income came to Euro 9.1 million at June 30, 2024, compared with Euro 1.9 million at June 30, 2023. This amount mainly includes:

- income from sales of geographically dispersed sites (Euro 1.6 million);
- income relating to adjustments for previous sales (Euro 1.2 million);
- reversals of impairments for investment properties (Euro 6.4 million).

Other operating expenses totaled Euro 8.9 million at June 30, 2024, compared with Euro 20.2 million at June 30, 2023. They correspond primarily to:

- expenses relating to adjustments for previous sales (Euro 1.0 million);
- the net book value of the assets sold and costs linked to the disposal (Euro 2.3 million);
- provisions recorded for the impairment of investment properties (Euro 5.6 million).

Lastly, Mercialys recorded the impacts of the hedging operations carried out to further strengthen its fixed-rate debt position during the first half of 2024. These amounts, combined with the impact of the ineffectiveness of swaps and the banking default risk, represented a total of Euro -4.4 million.

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 36.3 million at June 30, 2024, compared with Euro 30.4 million at June 30, 2023.

1.3. Disposals and investments

While no significant disposals were completed during the first half of 2024, on July 2, 2024, Mercialys announced the disposal of four hypermarkets in which it had a 51% interest, with the remaining 49% owned by a fund managed by BNP Paribas REIM, as well as ancillary lots belonging to the Company, for a total net sales price of Euro 117.5 million. These hypermarkets were operated by Auchan. This divestment operation will help balance the Company's rental exposure between the various operators, as described in section 1.2.2 of this Report. It will also help further strengthen Mercialys' already solid financial position and support its ability to roll out a strategy for growth.

The Company is capitalizing on this very healthy financial structure to invest, either through its development pipeline (as detailed below), or through targeted asset acquisitions. A highly selective approach will be applied to trigger these investments, in terms of both real estate fundamentals (location, rental exposure, potential energy consumption optimization) and financial fundamentals, requiring a minimum yield of 7%.

Over the past few months, the Company's projects have made progress with pre-lettings. In Saint-André (Reunion Island), the 13,000 sq.m retail park to potentially be developed on Mercialys' land reserve sites is 63% pre-let, with this progress supporting the target to submit a building permit application during the fourth quarter of 2024. Similarly, in Sainte-Marie (Reunion Island), the pre-letting of the extension offering over 11,000 sq.m of space in the shopping center has only just begun, but is already up to 12%, while advanced expressions of interest have been received representing 35% of the expected rental income, and the building permit application is also scheduled to be submitted by the first quarter of 2025. The Valence 2 center redevelopment project is 47% pre-let, with the application for administrative approvals expected to be submitted during the fourth quarter of 2024.

Lastly, the project to redevelop the older section of the Toulouse shopping center has also been launched and the requests for administrative approvals are expected to be submitted during the fourth quarter of 2024.

(In millions of euros)	Total investment	Investment still to be committed	Completion date
COMMITTED PROJECTS¹⁸	18.9	18.3	2024/2027
Tertiary activities	18.4	17.9	2024/2027
Dining and leisure	0.5	0.4	2024
CONTROLLED PROJECTS	186.2	176.7	2025/2028
Retail	160.6	151.5	2025/2028
Dining and leisure	14.3	14.2	2025/2026
Tertiary activities	11.3	11.1	2025/2026
IDENTIFIED PROJECTS	227.0	226.6	2025/>2028
Retail	152.5	152.1	2025/>2028
Dining and leisure	54.4	54.4	>2028
Tertiary activities	20.1	20.1	2026/>2028
TOTAL PROJECTS	432.0	421.6	2024/>2028

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

1.4. Portfolio appraisal and net asset value

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

At June 30, 2024, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE Valuation and BPCE Expertises immobilières updated their valuation of Mercialis' portfolio:

- BNP Real Estate Valuation valued 17 sites at June 30, 2024 with on-site visits of two sites during the first half of 2024, and updated the appraisals from December 31, 2023;
- Catella Valuation valued 15 sites at June 30, 2024, based on an update of the appraisals from December 31, 2023;
- Cushman & Wakefield valued nine sites at June 30, 2024, based on on-site inspections during the first half of 2024;
- CBRE Valuation valued one site at June 30, 2024, based on updating its appraisal from December 31, 2023;
- BPCE Expertises Immobilières valued 16 sites at June 30, 2024, based on updating their appraisals from December 31, 2023;

¹⁸ The investments to be committed for the pipeline correspond to the Saint-Denis mixed-use project, north of Paris, as well as coworking spaces

On this basis, Mercialys' **portfolio value** came to Euro 2,879.4 million including transfer taxes, up +0.3% like-for-like¹⁹ for the first half of 2024. The appraisal value excluding transfer taxes is up +0.4% like-for-like, with the positive impact of rental income (+2.3%) offsetting the impact of a slight increase in rates.

	Appraisal value at Jun 30, 2024	Current basis		Like-for-like ⁽¹⁹⁾	
		Change over last 6 months	Change over last 12 months	Change over last 6 months	Change over last 12 months
Value excluding transfer taxes	2,700.0	+0.3%	-3.6%	+0.4%	-3.4%
Value including transfer taxes	2,879.4	+0.3%	-3.6%	+0.3%	-3.4%

The **average appraisal yield rate** was 6.68% at June 30, 2024, showing a limited increase of +7bp compared with end-December 2023 and up +47bp from June 30, 2023. This average rate shows a positive yield spread of over 340bp compared with the risk-free rate (10-year OAT) at end-June.

Type of property	Average yield rate		
	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Regional and large shopping centers	5.93%	6.34%	6.47%
Neighborhood shopping centers	7.88%	8.26%	7.99%
Total portfolio²⁰	6.21%	6.61%	6.68%

The following table presents the breakdown of Mercialys' portfolio by fair value and gross leasable area (GLA) by type of property at June 30, 2024, as well as the corresponding appraised rental income:

Type of property Jun 30, 2024	Number of assets	Appraisal value (excl. transfer taxes)		Appraisal value (incl. transfer taxes)		Gross leasable area		Appraised potential net rental income	
		(€m)	(%)	(€m)	(%)	(sq.m)	(%)	(€m)	(%)
Regional and large shopping centers	25	2,286.1	84.7%	2,436.8	84.6%	604,840	78.9%	157.6	81.9%
Neighborhood shopping centers	22	401.9	14.9%	429.7	14.9%	157,584	20.6%	34.3	17.8%
Subtotal	47	2,688.0	99.6%	2,866.5	99.6%	762,424	99.5%	191.9	99.8%
Other sites	2	12.1	0.4%	12.9	0.4%	3,987	0.5%	0.5	0.2%
Total	49	2,700.0	100%	2,879.4	100%	766,412	100%	192.4	100%

The **EPRA net asset value** indicators are as follows:

	EPRA NRV			EPRA NTA			EPRA NDV		
	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
€/share	19.03	18.25	17.80	16.99	16.29	15.85	18.80	17.10	16.53
Change over 6 months	-7.4%	-4.1%	-2.5%	-7.8%	-4.1%	-2.7%	-10.2%	-9.1%	-3.3%
Change over 12 months	-6.5%	-11.2%	-6.5%	-6.9%	-11.6%	-6.7%	-4.3%	-18.4%	-12.0%

¹⁹ Sites on a constant scope and a constant surface area basis

²⁰ Including the two dispersed assets

The **EPRA Net Disposal Value (NDV)** came to Euro 1,545.0 million at end-June 2024 vs. Euro 1,751.5 million at end-June 2023. Per share, it represents Euro 16.53²¹, down -3.3% over six months and -12.0% over 12 months.

The Euro -0.57 per share change²² for the first half of this year takes into account the following impacts:

- Dividend payment: Euro -0.99;
- Net recurrent earnings: Euro +0.63²³;
- Change in unrealized capital gains²⁴: Euro -0.04, including a yield effect for Euro -0.57, a rent effect for Euro +0.67 and other effects²⁵ for Euro -0.14;
- Change in fair value of fixed-rate debt: Euro -0.13;
- Change in fair value of derivatives and other items: Euro -0.04.

1.5. Financial structure

1.5.1. Cash, cost of debt and debt structure

The **cash position** came to Euro 88.2 million at June 30, 2024, compared with Euro 118.2 million at December 31, 2023. The main cash flows that impacted the change in Mercialis' cash position over the period were as follows:

- Net cash flow from operating activities during the period: Euro +91.7 million;
- Cash receipts / payments related to disposals / acquisitions of assets completed in the first half of 2024: Euro -8.7 million;
- Dividend payments to parent company shareholders and non-controlling interests: Euro -98.8 million;
- Issues and repayment of borrowings net of the change in outstanding commercial paper: no impact;
- Net interest paid: Euro -13.9 million.

At June 30, 2024, Mercialis' **drawn debt** totaled Euro 1,192 million, with the following breakdown:

- A bond issue for a nominal amount of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond issue for an outstanding nominal amount of Euro 200 million, with a fixed coupon of 4.625%, maturing in July 2027;
- A private bond placement for a nominal amount of Euro 150 million, with a fixed coupon of 2.0%, maturing in November 2027;
- A bond issue for a nominal amount of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 42 million of outstanding commercial paper.

²¹ Calculation based on the diluted number of shares at the end of the period, in accordance with the EPRA methodology regarding the NDV.

²² Calculation based on the diluted number of shares at the end of the period

²³ Calculation based on the diluted number of shares at the end of the period, as this concerns the impact of NRE on the change in NDV per share.

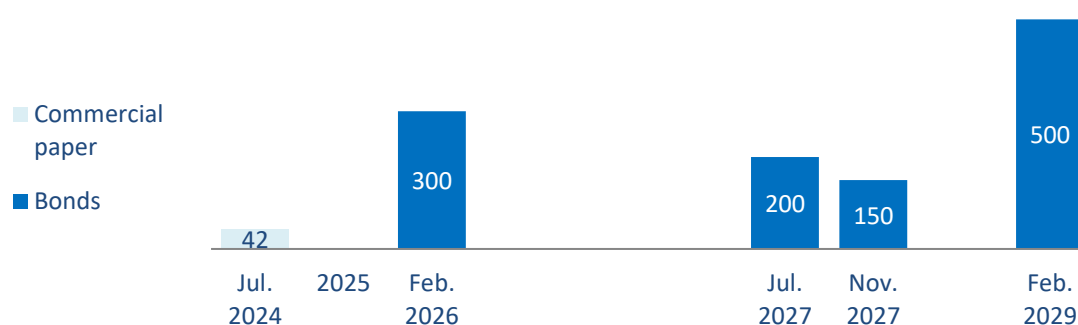
²⁴ Difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes.

²⁵ Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains or losses on asset disposals

The **real average cost of drawn debt**²⁶ remained under control at 2.2% for the first half of 2024, showing an improvement of 10bp compared with end-December 2023 and up 10bp over 12 months (2.1% at end-June 2023). The proceeds from cash investments partially offset the fixed/floating rate products extinguished.

The **average maturity of drawn debt** was 3.3 years at June 30, 2024, compared with 3.8 years at December 31, 2023 and 4.2 years at June 30, 2023.

Mercialys' drawn debt maturity schedule (in millions of euros) at June 30, 2024:



In a context of high volatility and a trend for rising interest rates, Mercialys maintained a **fully fixed-rate debt position** at end-June 2024 (including commercial paper). Considering the hedging instruments set up in 2022 and 2023, and the historical fixed/floating rate products gradually extinguished, the fixed-rate debt level (at constant debt level) is expected to be 92% at end-2025.

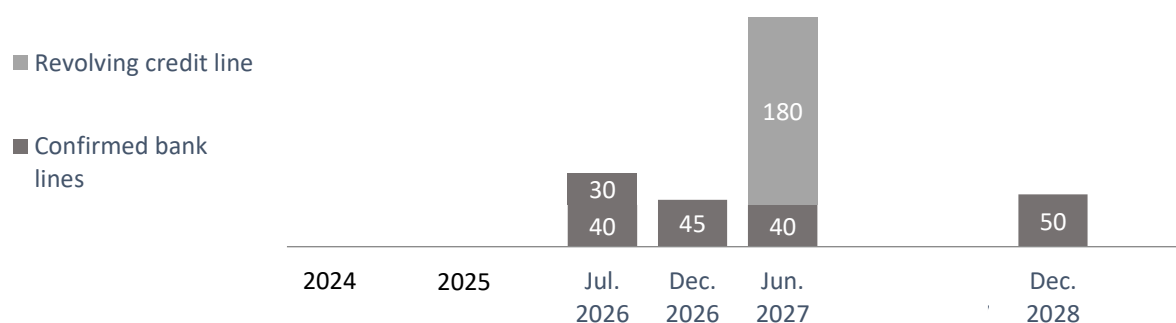
Net financial debt came to Euro 1,096.6 million at June 30, 2024, compared with Euro 1,063.6 million at December 31, 2023.

Mercialys also has Euro 385 million of **undrawn financial resources**, enabling it to benefit from a satisfactory level of liquidity. Under these arrangements, 57% of the undrawn lines were extended during the first half of 2024.

- a Euro 180 million revolving bank credit facility, due in June 2027. The Euribor margin is 155bp (for a BBB rating); if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin;
- five bilateral confirmed bank facilities for a total of Euro 205 million, maturing between July 2026 and December 2028. The Euribor margins are 155 basis points or lower (for a BBB rating) or fixed rate; if undrawn, these facilities are subject to payment of a non-use fee representing up to 46% of the margins;
- a Euro 500 million commercial paper program, set up during the second half of 2012, with Euro 42 million used (outstanding at June 30, 2024).

All of the undrawn bank resources include ESG criteria.

²⁶ This rate does not include the net expense linked to premiums, costs and non-recurring amortization relating to bond redemptions, as well as the proceeds and costs from unwinding hedging operations

Mercialys' undrawn debt maturity schedule (in millions of euros) at June 30, 2024:**1.5.2. Bank covenants and credit rating**

Mercialys' financial position at June 30, 2024 continued to be very healthy and satisfied all the covenants included in the various credit agreements.

The **LTV ratio excluding transfer taxes**²⁷ came to 40.0% at June 30, 2024 (compared with 38.9% at December 31, 2023 and 38.6% at June 30, 2023), with an **LTV ratio including transfer taxes** of 37.4% on the same date (versus 36.4% at December 31, 2023 and 36.1% at June 30, 2023). Proforma for the sale of four hypermarkets completed in July 2024 (51%-owned by Mercialys), the LTV would come to 39.4% excluding transfer taxes and 36.9% including transfer taxes.

A covenant requiring an LTV (excluding transfer taxes) of less than 55% applies to 92% of the confirmed bank lines, with an LTV covenant of less than 50% for the other 8% of these facilities.

	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Net financial debt (in millions of euros)	1,098.6	1,063.6	1,096.6
Appraisal value excluding transfer taxes (in millions of euros) ²⁸	2,848.1	2,737.4	2,744.3
Loan to value (LTV) - excluding transfer taxes	38.6%	38.9%	40.0%

Similarly, the **ICR**²⁹ was 5.5x at end-June 2024, significantly higher than the contractual covenant (ICR > 2x) and showing a marked improvement compared with end-December 2023 (5.1x) and end-June 2023 (5.2x).

	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
EBITDA (in millions of euros)	72.3	149.4	76.1
Net finance costs (in millions of euros)	-14.0	-29.2	-13.8
Interest coverage ratio (ICR)	5.2x	5.1x	5.5x

²⁷ LTV (Loan To Value): net financial debt / (market value of the portfolio excluding transfer taxes + market value of investments in associates)

²⁸ Including the market value of investments in associates for Euro 44.3 million at June 30, 2024, Euro 45.1 million at December 31, 2023 and Euro 48.3 million at June 30, 2023, since the value of the portfolio held by associates is not included in the appraisal value

²⁹ ICR (Interest Coverage Ratio): EBITDA / net finance costs

The two other contractual covenants are also met:

- The **fair value of assets excluding transfer taxes** at June 30, 2024 was Euro 2.7 billion (above the contractual covenant minimum, which sets a fair value of investment properties excluding transfer taxes of over Euro 1 billion);
- Zero **pledged debt** at June 30, 2024 (below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%).

Mercialys is rated by Standard & Poor's. On October 20, 2023, the agency confirmed its rating for Mercialys of BBB (with stable outlook).

1.6. Equity and ownership structure

Consolidated equity totaled Euro 811.5 million at June 30, 2024, compared with Euro 866.1 million at December 31, 2023.

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

- Net income for the first half of 2024: Euro +41.5 million;
- Payment of the 2023 dividend of Euro 0.99 per share and dividends paid to non-controlling interests: Euro - 98.8 million;
- Transactions on treasury shares: Euro +0.8 million;
- Change in fair value of financial assets and derivatives: Euro +1.9 million.

The **number of outstanding shares** at June 30, 2024 was 93,886,501, unchanged since December 31, 2023.

	2022	2023	Jun 30, 2024
Number of shares outstanding			
- At start of period	93,886,501	93,886,501	93,886,501
- At end of period	93,886 501	93,886 501	93,886,501
Average number of shares outstanding	93,886 501	93,886 501	93,886,501
Average number of shares (basic)	93,384,221	93,305,357	93,483,692
Average number of shares (diluted)	93,384,221	93,305,357	93,483,692

At June 30, 2024, Mercialys' shareholding structure had the following breakdown: Treasury stock (0.47%) and other shareholders (99.53%).

Two shareholders informed the AMF that they held more than 5.0% of the capital or voting rights. BlackRock Inc, acting on behalf of clients and funds under management, held 5,666,317 shares, representing 6.04% of the capital, at December 19, 2023. AXA IM, acting on behalf of funds which it manages, held 4,970,806 shares, representing 5.29% of the capital, at June 12, 2024.

1.7. 2024 objectives confirmed

Considering the satisfactory performance levels achieved over the first half of the year, Mercialys is able to **confirm its objectives for 2024**:

- Growth in net recurrent earnings (NRE) per share to reach at least +2.0% vs. 2023;
- Dividend to range from 75% to 95% of 2024 NRE.

1.8. Subsequent events

On July 2, 2024, Mercialys announced the sale of four hypermarkets to a club deal formed by Foncière Magellan, MTV Capital and Ciméa Patrimoine. Mercialys owned 51% of these assets, with the remaining part held by a fund managed by BNP Paribas REIM France. As part of this transaction, Mercialys also sold two fully-owned ancillary units. This transaction represents a total net sales price of Euro 117.5 million.

On July 3, 2024, Mercialys paid an additional amount of €1 million related to the 2023 acquisition of 30% of ImocomPartners.

1.9. Risk factors and uncertainties

The risk factors identified and presented in chapter 5 and section 5.2 of the Universal Registration Document filed with the French Financial Markets Authority (AMF) on March 13, 2024 under number D.24-0104 have not changed.

2. EPRA PERFORMANCE MEASURES

Mercialys applies the EPRA³⁰ recommendations for the

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

In its half-year financial report and its Universal Registration Document, Mercialys publishes all the EPRA indicators defined by the Best Practices Recommendations, which can be found on EPRA's website. The following table summarizes the EPRA indicators at end-June 2023, end-December 2023 and end-June 2024:

	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
EPRA earnings - Euros per share	0.62	1.17	0.63
EPRA NRV – Euros per share	19.03	18.25	17.80
EPRA NTA – Euros per share	16.99	16.29	15.85
EPRA NDV – Euros per share	18.80	17.10	16.53
EPRA net initial yield (%)	5.63%	5.97%	6.04%
EPRA topped-up net initial yield (%)	5.72%	6.05%	6.13%
EPRA vacancy rate (%)	4.7%	4.4%	4.4%
EPRA cost ratio - including direct vacancy costs (%)	19.6%	17.8%	18.6%
EPRA cost ratio - excluding direct vacancy costs (%)	17.5%	16.1%	17.0%
EPRA capital expenditure (€m)	11.7	22.5	11.0
EPRA LTV	40.6%	41.2%	42.4%
EPRA LTV including transfer taxes (%)	38.1%	38.7%	39.8%

2.1. EPRA earnings and earnings per share

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

(In millions of euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Net income attributable to owners of the parent	30.4	53.4	36.3
Share of net income from associates, joint ventures and non-controlling interests (amortization, impairment and capital gains or losses)	-16.8	-16.0	-0.2
Hedging ineffectiveness, banking default risk and net impacts of bond redemptions and hedging operations	6.7	10.6	4.4
Other operating income and expenses	18.2	22.4	-0.2
Depreciation and amortization	18.9	38.5	19.1
EPRA EARNINGS	57.5	109.0	59.3
Average number of shares (basic)	93,252,895	93,305,357	93,483,692
EPRA EARNINGS PER SHARE (in euros)	0.62	1.17	0.63

The calculation of the net recurrent earnings (NRE) reported by Mercialys is identical to that for the EPRA earnings. There are no adjustments to be made between these two indicators.

³⁰ European Public Real Estate Association

2.2. EPRA net asset value (NRV, NTA, NDV)

(In millions of euros)	Jun 30, 2023		
	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	663.2	663.2	663.2
Includes³¹ / Excludes³²:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	663.2	663.2	663.2
Includes²⁶:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	929.0	929.0	929.0
ii.b) Revaluation of IPUC ³³ (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments ³⁴	13.1	13.1	13.1
iii) Revaluation of tenant leases held as finance leases ³⁵	0.0	0.0	0.0
iv) Revaluation of trading properties ³⁶	0.1	0.1	0.1
EPRA diluted NAV at fair value	1,605.4	1,605.4	1,605.4
Excludes³²:			
v) Deferred tax in relation to fair value gains of IP ³⁷	0.0	0.0	
vi) Fair value of financial instruments	-19.1	-19.1	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii.a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii.b) Intangibles as per the IFRS balance sheet		-3.1	
Includes³¹:			
ix) Fair value of fixed interest rate debt			146.1
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax ³⁸	187.1	0.0	
NAV	1,773.4	1,583.2	1,751.5
Fully diluted number of shares at end of period	93,178,472	93,178,472	93,178,472
NAV per share (in euros)	19.03	16.99	18.80

³¹ "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted

³² "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back

³³ Difference between development property held on the balance sheet at cost and fair value of that development property

³⁴ Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line

³⁵ Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables

³⁶ Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties

³⁷ Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines

³⁸ Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines

(In millions of euros)	Dec 31, 2023		
	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	677.2	677.2	677.2
Includes³⁹ / Excludes⁴⁰:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	677.2	677.2	677.2
Includes³⁴:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	843.8	843.8	843.8
ii.b) Revaluation of IPUC ⁴¹ (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments ⁴²	10.9	10.9	10.9
iii) Revaluation of tenant leases held as finance leases ⁴³	0.0	0.0	0.0
iv) Revaluation of trading properties ⁴⁴	0.0	0.0	0.0
EPRA diluted NAV at fair value	1,532.0	1,532.0	1,532.0
Excludes⁴⁰:			
v) Deferred tax in relation to fair value gains of IP ⁴⁵	0.0	0.0	
vi) Fair value of financial instruments	-9.2	-9.2	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii.a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii.b) Intangibles as per the IFRS balance sheet		-3.1	
Includes³⁴:			
ix) Fair value of fixed interest rate debt			62.6
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax ⁴⁶	179.7	0.0	
NAV	1,702.5	1,519.7	1,594.6
Fully diluted number of shares at end of period	93,278,112	93,278,112	93,278,112
NAV per share (in euros)	18.25	16.29	17.10

³⁹ "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted

⁴⁰ "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back

⁴¹ Difference between development property held on the balance sheet at cost and fair value of that development property

⁴² Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line

⁴³ Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables

⁴⁴ Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties

⁴⁵ Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines

⁴⁶ Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines

(In millions of euros)	Jun 30, 2024		
	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	623.6	623.6	623.6
Includes⁴⁷ / Excludes⁴⁸:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	623.6	623.6	623.6
Includes⁴⁷:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	860.3	860.3	860.3
ii.b) Revaluation of IPUC ⁴⁹ (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments ⁵⁰	10.4	10.4	10.4
iii) Revaluation of tenant leases held as finance leases ⁵¹	0.0	0.0	0.0
iv) Revaluation of trading properties ⁵²	0.0	0.0	0.0
EPRA diluted NAV at fair value	1,494.2	1,494.2	1,494.2
Excludes⁴⁸:			
v) Deferred tax in relation to fair value gains of IP ⁵³	0.0	0.0	
vi) Fair value of financial instruments	-9.8	-9.8	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii.a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii.b) Intangibles as per the IFRS balance sheet		-3.2	
Includes⁴⁷:			
ix) Fair value of fixed interest rate debt			50.8
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax ⁵⁴	179.3	0.0	
NAV	1,663.8	1,481.2	1,545.0
Fully diluted number of shares at end of period	93,448,370	93,448,370	93,448,370
NAV per share (in euros)	17.80	15.85	16.53

⁴⁷ "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted

⁴⁸ "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back

⁴⁹ Difference between development property held on the balance sheet at cost and fair value of that development property

⁵⁰ Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line

⁵¹ Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables

⁵² Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties

⁵³ Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines

⁵⁴ Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines

2.3. EPRA Net Initial Yield and EPRA “topped-up” Net Initial Yield

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

(In millions of euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Investment property – wholly owned	2,799.8	2,692.3	2,700.0
Assets under development (-)	0.0	0.0	0.0
Completed property portfolio excluding transfer taxes	2,799.8	2,692.3	2,700.0
Transfer taxes	187.1	179.7	179.3
Completed property portfolio including transfer taxes	2,987.0	2,872.0	2,879.4
Annualized rental revenues	175.9	178.8	181.3
Non-recoverable expenses (-)	-7.6	-7.4	-7.4
Annualized net rents	168.3	171.4	173.9
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	2.5	2.3	2.6
Topped-up net annualized rent	170.8	173.7	176.5
EPRA net initial yield	5.63%	5.97%	6.04%
EPRA “Topped-up” Net Initial Yield	5.72%	6.05%	6.13%

2.4. EPRA vacancy rate

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

The EPRA vacancy rate was 4.4% at end-June 2024, stable compared with the level from end-December 2023 (4.4%). “Strategic” vacancies following decisions to facilitate extension or redevelopment plans represent 140bp within this vacancy rate.

(In millions of euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024
Rental value of vacant units	8.6	8.2	8.3
Rental value of the entire portfolio	182.8	185.5	189.4
EPRA vacancy rate	4.7%	4.4%	4.4%

2.5. EPRA cost ratios

(In millions of euros)	Jun 30, 2023	Dec 31, 2023	Jun 30, 2024	Comments
Administrative and operating expense line per IFRS income statement	-11.7	-24.6	-12.9	Personnel expenses and other costs
Net service charge costs / fees	-5.1	-5.9	-4.3	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	1.4	3.1	1.7	Rental management fees
Other income and expenses	-2.0	-4.3	-1.6	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	-17.3	-31.7	-17.0	
Adjustments to calculate the EPRA cost ratio exclude (if included above):				
- Depreciation and amortization	0.0	0.0	0.0	Depreciation and provisions for fixed assets
- Ground rent costs	0.0	0.0	0.0	Non-group rents paid
- service charges recovered through comprehensive invoicing (with the rent)	0.0	0.0	0.0	
EPRA costs (including vacancy costs) (A)	-17.3	-31.7	-17.0	A
Direct vacancy costs ⁵⁵	1.9	3.0	1.5	
EPRA costs (excluding vacancy costs) (B)	-15.4	-28.7	-15.6	B
Gross rental revenues less ground rent costs ⁵⁶	88.2	178.0	91.6	Less costs relating to construction leases and long-term ground leases
Less: service fee and service charge cost components of gross rental revenues	0.0	0.0	0.0	
Plus: share of joint ventures gross rental revenues (less ground rent costs)	0.0	0.0	0.0	
Rental revenues (C)	88.2	178.0	91.6	C
EPRA COST RATIO including direct vacancy costs	-19.6%	-17.8%	-18.6%	A / C
EPRA COST RATIO excluding direct vacancy costs	-17.5%	-16.1%	-17.0%	B / C

⁵⁵ The EPRA cost ratio deducts all vacancy costs for assets undergoing development/refurbishment if they have been expensed. The costs that can be excluded are property taxes, service charges, contributions to marketing costs, insurance premiums, carbon tax, and any other costs directly related to the property.

⁵⁶ Gross rental revenues should be calculated after deducting any ground rent payable. All service charges, management fees and other income in respect of property expenses must be added and not deducted. If the rent includes service charges, these should be restated to exclude them. Tenant incentives may be deducted from rental income, whereas any other costs should be recognized in line with IFRS requirements.

2.6. EPRA capital expenditure

The following table presents the property-related capital expenditure for the period:

(In millions of euros)	Jun 30, 2023			Dec 31, 2023			Jun 30, 2024		
	Group (excluding joint ventures)	Joint ventures (proportionate share)	Group total	Group (excluding joint ventures)	Joint ventures (proportionate share)	Group total	Group (excluding joint ventures)	Joint ventures (proportionate share)	Group total
Acquisitions	1.1	0	1.1	2.2	0	2.2	0.0	0.0	0.0
Developments	0.3	0	0.3	2.1	0	2.1	1.2	0.0	1.2
Investment property	10.0	0	10.0	17.7	0	17.7	9.1	0.0	9.1
<i>Incremental lettable space</i>	1.2	0	1.2	4.8	0	4.8	1.4	0.0	1.4
<i>No incremental lettable space</i>	6.4	0	6.4	9.2	0	9.2	6.5	0.0	6.5
<i>Tenant incentives</i>	2.2	0	2.2	3.0	0	3.0	1.0	0.0	1.0
<i>Other material non-allocated types of expenditure</i>	0.1	0	0.1	0.7	0	0.7	0.2	0.0	0.2
Capitalized interest (if applicable)	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0
Total Capex	11.3	0	11.3	22.0	0	22.0	10.3	0.0	10.3
Conversion from accrual to cash basis	0.4	0.0	0.4	0.5	0	0.5	0.7	0.0	0.7
Total CapEx on cash basis	11.7	0.0	11.7	22.5	0	22.5	11.0	0.0	11.0

Development capital expenditure remained non-significant over the period.

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

- Under “incremental lettable space”, primarily work relating to the traditional project portfolio (shopping center transformations, mixed-use urban projects) and the strategic projects rolled out at various sites (architectural fit-out work);
- Under “no incremental lettable space”, primarily maintenance capex.

2.7. EPRA LTV

The following table details the loan to value (LTV) ratio, as determined by EPRA. This indicator differs from the calculation carried out by the Company, as detailed above, which represents the reference for the various bank covenants.

Ratio at June 30, 2023

(In millions of euros)	Group	Share of joint-ventures	Non-controlling interests	Total
Borrowings from financial institutions		40.9	0.5	41.5
Commercial paper	52.0			52.0
Hybrids				
Bond loans	1,138.3			1,138.3
Include Foreign currency derivatives (futures, swaps, options and forwards)	-16.1			-16.1
Net payables				
Owner-occupied property (debt)				
Current accounts (equity characteristic)				
Exclude Cash and cash equivalents:	-91.7	-4.0	7.6	-88.2
Net debt (a)	1,082.5	36.9	8.2	1,127.5
Owner-occupied property:				
Investment properties at fair value:	2,799.8	90.1	-156.5	2,733.4
Properties held for sale				
Include Properties under development				
Intangibles	3.1			3.1
Net receivables	23.0	0.6	-1.4	22.2
Financial assets	23.6	-4.6		18.9
Total property value (b)	2,849.5	86.0	-157.9	2,777.6
EPRA LTV (a) / (b)				40.6%
Real estate transfer taxes (c)	187.1	6.3	-10.8	182.7
EPRA LTV including real estate transfer taxes (a) / (b) + (c)				38.1%

Ratio at December 31, 2023

(In millions of euros)	Group	Share of joint-ventures	Interests held	Non-controlling interests	Total
Borrowings from financial institutions		40.7		-0.7	40.0
Commercial paper	42.0				42.0
Hybrids					
Bond loans	1,139.8				1,139.8
Include Foreign currency derivatives (futures, swaps, options and forwards)	-5.8				-5.8
Net payables		0.3			0.3
Owner-occupied property (debt)					
Current accounts (equity characteristic)					
Exclude Cash and cash equivalents:	-118.2	-4.3		12.3	-110.1
Net debt (a)	1,057.8	36.7		11.6	1,106.2
Owner-occupied property:					
Investment properties at fair value:	2,692.3	87.1		-154.0	2,625.4
Properties held for sale					
Include Properties under development					
Intangibles	3.1				3.1
Net receivables	31.0			-1.3	29.7
Financial assets	23.5	-4.6	5.4		24.3
Total property value (b)	2,750.0	82.5	5.4	-155.3	2,682.5
EPRA LTV (a) / (b)					41.2%
Real estate transfer taxes (c)	179.7	6.2		-10.6	175.3
EPRA LTV including real estate transfer taxes (a) / (b) + (c)					38.7%

Ratio at June 30, 2024

(In millions of euros)	Group	Share of joint-ventures	Interests held	Non-controlling interests	Total
Borrowings from financial institutions		40.5			40.5
Commercial paper	42.0				42.0
Hybrids					
Bond loans	1,142.8				1,142.8
Include Foreign currency derivatives (futures, swaps, options and forwards)	-7.5				-7.5
Net payables		0.1		-1.1	-1.0
Owner-occupied property (debt)					
Current accounts (equity characteristic)					
Exclude Cash and cash equivalents:	-88.2	-3.8		15.6	-76.4
Net debt (a)	1,089.1	36.8		14.5	1,140.4
Owner-occupied property:					
Investment properties at fair value:					
Properties held for sale	121.9			-55.0	66.8
Include Properties under development					
Intangibles	3.2				3.2
Net receivables	24.9				24.9
Financial assets	23.4	-4.6	5.5		24.3
Total property value (b)	2,751.5	81.9	5.5	-150.5	2,688.5
EPRA LTV (a) / (b)					42.4%
Real estate transfer taxes (c)	179.3	6.1		-10.4	175.0
EPRA LTV including real estate transfer taxes (a) / (b) + (c)					39.8%

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3.1. Condensed consolidated income statement

Interim statements at June 30, 2024 and 2023.

(In thousands of euros)	Notes	Jun 30, 2024	Jun 30, 2023
Rental revenues		91,560	88,164
Service charges and property tax		-32,391	-33,471
Charges and taxes billed to tenants		28,069	28,418
Net property operating expenses		171	-546
Net rental income	<i>Note 11</i>	87,408	82,564
Management, administrative and other activities income		1,526	1,412
Other income	<i>Note 12</i>	-	-
Other expenses	<i>Note 13</i>	-3,380	-1,904
Personnel expenses		-9,496	-9,789
Depreciation and amortization		-19,097	-18,926
Reversals of / (Allowances for) provisions		761	-658
Other operating income	<i>Note 14</i>	10,635	5,399
Other operating expenses	<i>Note 14</i>	-9,289	-20,219
Operating income		59,069	37,879
Income from cash and cash equivalents		2,210	1,296
Gross finance costs		-19,800	-17,846
(Expenses) / Income from net financial debt	<i>Note 17.3.1</i>	-17,590	-16,550
Other financial income	<i>Note 17.3.2</i>	755	382
Other financial expenses	<i>Note 17.3.2</i>	-1,812	-4,252
Net financial items		-18,647	-20,420
Tax expense	<i>Note 19</i>	-400	-196
Share of net income from associates and joint ventures	<i>Note 5</i>	1,466	1,040
Consolidated net income		41,488	18,304
Attributable to non-controlling interests ⁵⁷		5,236	-12,137
Attributable to owners of the parent		36,251	30,441
Earnings per share ⁵⁸			
Net income attributable to owners of the parent (in euros)		0.39	0.33
Diluted net income attributable to owners of the parent (in euros)		0.39	0.33

⁵⁷ In 2023, the loss attributable to non-controlling interests is linked primarily to the recognition of provisions for impairment on investment properties attributable to minority interests.

⁵⁸ Based on the weighted average number of shares over the period adjusted for treasury shares:

- Undiluted weighted average number of shares for the first half of 2024 = 93,483,692 shares
- Fully diluted weighted average number of shares for the first half of 2024 = 93,483,692 shares

3.2. Condensed consolidated statement of comprehensive income

Interim statements at June 30, 2024 and 2023.

<i>(In thousands of euros)</i>	Notes	Jun 30, 2024	Jun 30, 2023
Consolidated net income		41,488	18,304
Items that may be reclassified subsequently to profit or loss		1,787	-1,455
Cash flow hedges	<i>Note 17.4</i>	1,831	-1,571
Tax effects		-44	116
Items that may not be reclassified subsequently to profit or loss		155	4
Change in fair value of financial assets measured at fair value through other comprehensive income	<i>Note 17.4</i>	-13	-36
Actuarial gains or losses		226	54
Tax effects		-58	-14
Other comprehensive income for the period, net of tax		1,941	-1,451
Consolidated comprehensive income		43,429	16,853
Attributable to non-controlling interests		5,236	-12,137
Attributable to owners of the parent		38,193	28,990

3.3. Condensed consolidated statement of financial position

Interim statement at June 30, 2024 and for the year ended December 31, 2023.

ASSETS			
<i>(In thousands of euros)</i>	Notes	Jun 30, 2024	Dec 31, 2023
Intangible assets		3,220	3,144
Property, plant and equipment other than investment property		7,192	5,825
Investment property	Note 9	1,734,533	1,864,950
Right-of-use assets	Note 10	10,573	10,615
Investments in associates	Note 5	39,385	39,557
Other non-current assets	Note 15	36,560	37,577
Deferred tax assets		1,444	1,614
Non-current assets		1,832,907	1,963,282
Trade receivables	Note 16	36,757	35,936
Other current assets		30,538	31,902
Cash and cash equivalents	Note 17	88,202	118,155
Investment properties held for sale	Note 9	121,889	1,400
Current assets		277,386	187,393
TOTAL ASSETS		2,110,293	2,150,676

EQUITY AND LIABILITIES			
<i>(In thousands of euros)</i>	Notes	Jun 30, 2024	Dec 31, 2023
Share capital	Note 6	93,887	93,887
Additional paid-in capital, treasury shares and other reserves		529,704	583,337
Equity attributable to owners of the parent		623,591	677,224
Non-controlling interests		187,908	188,871
Shareholders' equity		811,499	866,095
Non-current provisions		1,340	1,406
Non-current financial liabilities	Note 17	1,136,925	1,131,627
Deposits and guarantees		31,601	24,935
Non-current lease liabilities	Note 10	9,465	9,529
Other non-current liabilities		2,725	4,834
Non-current liabilities		1,182,056	1,172,332
Trade payables		18,133	9,265
Current financial liabilities	Note 17	49,924	53,037
Current lease liabilities	Note 10	1,438	1,331
Current provisions		13,257	15,581
Other current liabilities		33,981	32,940
Current tax liabilities		5	95
Current liabilities		116,737	112,249
TOTAL EQUITY AND LIABILITIES		2,110,293	2,150,676

3.4. Consolidated cash flow statement

Impact on key aggregates for the consolidated cash flow statement

Interim statements at June 30, 2024 and 2023.

<i>(In thousands of euros)</i>	Notes	Jun 30, 2024	Jun 30, 2023
Net income attributable to owners of the parent		36,251	30,441
Non-controlling interests		5,236	-12,137
Consolidated net income		41,488	18,304
Depreciation, amortization ⁽¹⁾ and provisions, net of reversals		15,770	34,460
Calculated expenses/(income) relating to stock options and similar		300	412
Other calculated expenses/(income) ⁽²⁾		-193	2,513
Share of net income from associates and joint ventures		-1,466	-1,040
Dividends received from associates and joint ventures		2,499	1,748
Income from asset disposals		934	-130
Expenses/(income) from net financial debt	Note 17.3	17,590	16,550
Net financial interest in respect of lease agreements	Note 10	169	175
Tax expense (including deferred tax)	Note 19	400	196
Cash flow		77,491	73,187
Taxes received/(paid)		-419	-310
Change in working capital requirement relating to operations, excluding deposits and guarantees ⁽³⁾		7,921	-6,179
Change in deposits and guarantees		6,665	891
Net cash flow from operating activities		91,657	67,590
Cash payments on acquisitions of:			
investment properties and other fixed assets	Note 9	-11,035	-11,679
non-current financial assets		-19	-3
Cash receipts on disposals of:			
investment properties and other fixed assets		1,752	-
non-current financial assets		575	2,820
Change in loans and advances granted		-	-
Net cash flow from investing activities		-8,727	-8,863
Dividends paid to shareholders of the parent company (final)	Note 7	-92,643	-89,565
Dividends paid to non-controlling interests		-6,199	-8,825
Change in treasury shares		518	-1,750
Increase in borrowings and financial debt	Note 17	96,000	52,000
Decrease in borrowings and financial debt	Note 17	-96,000	-120,399
Repayment of lease liabilities	Note 10	-678	-763
Interest received		10,075	10,088
Interest paid		-23,956	-23,788
Net cash flow from financing activities		-112,883	-183,002
Change in cash position		-29,953	-124,275
Net cash at start of period	Note 17	118,155	215,999
Net cash at end of period	Note 17	88,202	91,724
of which cash and cash equivalents		88,202	91,724
of which bank overdrafts		-	-

		Jun 30, 2024	Jun 30, 2023
(1) Depreciation and amortization exclude the impact of impairments on current assets			
(2) Other calculated expenses and income mainly comprise:			
discounting adjustments to construction leases	Note 15	-102	-108
lease rights received from tenants and spread over the firm term of the lease		-19	-254
deferred financial expenses		333	310
Employee benefits		180	211
interest on non-cash loans and other financial income and expenses		-586	2,393
(3) The change in working capital requirement breaks down as follows:		7,921	-6,179
Trade receivables	Note 16	-819	624
Trade payables		8,868	2,416
Other receivables and payables		-129	-9,220

3.5. Statement of changes in consolidated equity

Interim statements at June 30, 2024 and 2023.

<i>(In thousands of euros)</i>	Share capital	Capital reserves ⁵⁹	Treasury shares	Consolidated reserves and retained earnings	Actuarial gains or losses	Change in financial assets through other comprehensive income	Equity attributable to owners of the parent ⁶⁰	Non-controlling interests	Total equity
At December 31, 2022	93,887	498,102	-4,927	145,439	-279	-7,089	725,132	205,294	930,426
Other comprehensive income for the period	-	-	-	-1,455	40	-36	-1,451	-	-1,451
Net income for the period	-	-	-	30,441	-	-	30,441	-12,137	18,304
Consolidated comprehensive income for the period	-	-	-	28,986	40	-36	28,990	-12,137	16,853
Treasury share transactions	-	-	-682	-1,068	-	-	-1,750	-	-1,750
Dividends paid for 2022	-	-	-	-89,565	-	-	-89,565	-8,825	-98,389
Share-based payments	-	-	-	412	-	-	412	-	412
At June 30, 2023	93,887	498,102	-5,609	84,204	-239	-7,125	663,219	184,332	847,551
At December 31, 2023	93,887	498,102	-5,323	97,962	-257	-7,147	677,224	188,871	866,095
Other comprehensive income for the period	-	-	-	1,787	167	-13	1,941	-	1,941
Net income for the period	-	-	-	36,252	-	-	36,252	5,236	41,488
Consolidated comprehensive income for the period	-	-	-	38,038	167	-13	38,193	5,236	43,429
Capital increase	-	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	1,065	-547	-	-	518	-	518
Dividends paid for 2023	-	-	-	-92,643	-	-	-92,643	-6,199	-98,842
Share-based payments	-	-	-	300	-	-	300	-	300
At June 30, 2024	93,887	498,102	-4,258	43,109	-89	-7,159	623,591	187,908	811,499

⁵⁹ Capital reserves = premiums on shares issued for cash or assets, merger premiums and legal reserves

⁶⁰ Attributable to Mercialis SA shareholders

4. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Information relating to the Mercialys Group

Mercialys is a French-law limited liability company (*société anonyme*), specialized in retail property. Its registered office is located at 16-18 rue du Quatre Septembre, 75002 Paris.

Mercialys SA's shares are listed on Euronext Paris Compartment B.

The Company and its subsidiaries are hereafter referred to as the "Group" or the "Mercialys Group".

The condensed half-year consolidated financial statements at June 30, 2024 reflect the accounting position of the Company and its subsidiaries and joint ventures, as well as the Group's interests in associates.

On July 24, 2024, the Board of Directors drew up and authorized publication of the Mercialys Group's condensed consolidated financial statements for the half-year ended June 30, 2024.

Note 1 : Basis of preparation of the financial statements and accounting methods

Note 1.1 : Statement of compliance

In accordance with Regulation (EC) No. 1606/2002 of July 19, 2002, the Mercialys Group's condensed consolidated financial statements were prepared in accordance with *International Financial Reporting Standards* (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union at the date on which the financial statements were approved by the Board of Directors and applicable at June 30, 2024.

These standards are available on the European Commission website at: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting_en

Note 1.2 : Basis of preparation

The half-year consolidated financial statements, presented in summary form, have been prepared in accordance with IAS 34 ("Interim Financial Reporting").

They do not include all the information and notes presented in the annual financial statements. As such, they should be read together with the Group's consolidated financial statements at December 31, 2023.

They are available on request from the Communications Department, 16-18 rue du Quatre Septembre, 75002 Paris, or online at www.mercialys.com.

The Group's condensed consolidated financial statements are presented in thousands of euros. The euro is the Group's reporting and functional currency. The statements have been prepared based on the historical cost method, with the exception of financial assets stated at fair value through other comprehensive income and hedging derivatives, which are stated at fair value.

The tables contain figures that have been rounded individually. There may be differences between the arithmetic totals of these figures and the aggregates or subtotals shown.

Note 1.3 : Accounting principles

The accounting principles used for the preparation of the condensed consolidated financial statements at June 30, 2024 are identical to those applied for the annual consolidated financial statements for 2023.

The compulsory arrangements to be applied from January 1, 2024:

- Amendments to IAS 1_Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 16_Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 & IFRS 7_Supplier Finance Arrangements;

have not had any impact on the Group's condensed consolidated financial statements.

Note 1.4 : Use of estimates and judgments

In preparing the condensed consolidated financial statements, management is required to make a number of judgments, estimates and assumptions that affect the amount of certain assets and liabilities, income and expense items, and certain information provided in the notes to the financial statements. As assumptions are inherently uncertain, actual results may differ from these estimates.

The Group reviews its estimates and assessments on a regular basis to take into account past experience and incorporate factors considered relevant under current economic conditions.

The material judgments made by management to apply the Group's accounting methods and the main sources of uncertainty linked to estimates are identical to those described in the latest annual financial statements.

The main line items in the financial statements that may depend on estimates and judgments are:

- Financial assets stated at fair value through other comprehensive income whose fair value was determined on the basis of their net asset value;
- The fair value of investment properties whose valuations, as determined by independent assessors, are based on unobservable data;
- The impairment of trade receivables;
- The classification as investment property held for sale;
- The procedures used for the application of IFRS 16, in particular the determination of discount rates and the lease duration used for the measurement of lease liabilities.

Mercialys' financial statements take into account the stakes involved with climate change, based on current practices and knowledge. The Company's expenditure in connection with its CSR policy looking ahead to 2030, linked in particular to environmental stakes (carbon neutrality, rationalized use of natural resources, effective

control over artificial ground cover), is recognized as investments (heating and air conditioning systems, changes to lighting systems, waste management-related equipment, etc.) or as expenses (consulting, studies, etc.). In addition, the valuation of investment properties incorporates this dimension by factoring in multi-year work plans taking into account the expenditure relating to changes in buildings and their uses.

Lastly, all of Mercialys' undrawn bank lines at end-June 2024 include ESG criteria, linked in particular to climate change stakes (e.g. carbon trajectory, BREEAM rating of assets), that increase or decrease the cost of these financing facilities.

The Group, notably through its Audit, Risks and Sustainable Development Committee, regularly monitors the risks relating to climate change, and specifically the transition risks, which refer to the financial impacts resulting from the effects of putting in place a low-carbon business model on economic stakeholders.

Note 2 : Significant events

Sales operation

At the start of 2024, Mercialys sold a geographically dispersed unit at the Narbonne site for Euro 1.4 million.

Change in the rental base

Following the agreements signed by the Casino group with Intermarché, Auchan Retail and Carrefour, the majority of the retailers in the hypermarkets owned by Mercialys changed during the first half of 2024.

In addition, on June 22, 2024, the Casino group announced that it had signed a unilateral preliminary purchase agreement with the Rocca group and Auchan Retail France with a view to selling its subsidiary operating the hypermarkets and supermarkets owned by Mercialys in Corsica.

Note 3 : Seasonality of the business

The Group's business is not affected by seasonality.

Note 4 : Segment reporting

Segment reporting reflects management's views and is prepared based on the internal reporting used by the chief operating decision maker (the Chief Executive Officer) to allocate resources and assess the Group's performance.

As the Group's Senior Management does not use a breakdown of operations to review operational results, no segment reporting is provided in the financial statements.

To date, there is only one geographic segment, given that the Group's portfolio consists exclusively of assets located in France. However, in the future, the Group does not rule out making investments outside of France, in which case information would be disclosed for other geographic segments as well.

Note 5 : Basis for consolidation

Note 5.1 : List of consolidated companies

At June 30, 2024, the Mercialys Group consolidated the following companies:

Name	Jun 30, 2024			Dec 31, 2023		
	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%
SNC Kerbernard	FC	100.00%	100.00%	FC	100.00%	100.00%
Point Confort SA	FC	100.00%	100.00%	FC	100.00%	100.00%
Corin Asset Management SAS	EM	40.00%	40.00%	EM	40.00%	40.00%
Société du Centre Commercial de Narbonne SNC	FC	100.00%	100.00%	FC	100.00%	100.00%
FISO SNC	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS des Salins	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Timur	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Géante Periaz	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Dentelle	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Caserne de Bonne	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI AMR	EM	25.00%	25.00%	EM	25.00%	25.00%
SNC Aix2	EM	50.00%	50.00%	EM	50.00%	50.00%
SNC Fenouillet Participation	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Fenouillet Immobilier	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Hyperthetis Participations	FC	51.00%	51.00%	FC	51.00%	51.00%
SAS Immosiris	FC	51.00%	51.00%	FC	51.00%	51.00%
SAS Epicanthe	FC	100.00%	100.00%	FC	100.00%	100.00%
SARL Cypérus Saint-André (previously Toutoune)	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Mercialys Exploitation	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Rennes-Anglet	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Astuy	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Sacré-Cœur	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Ocitô la Galerie	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Cap Cowork Mercialys	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Saint-Denis Genin	EM	30.00%	30.00%	EM	30.00%	30.00%
SAS Mercialys Participations	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS The Next Horizon	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Hillel	EM	22.88%	22.88%	EM	22.88%	22.88%
SAS ImocomPartners	EM	30.00%	30.00%	EM	30.00%	30.00%

FC: full consolidation / EM: equity method

Note 5.2 : Assessment of control

No events that occurred during the first half of 2024 called into question the assessments of control of the consolidated entities described at December 31, 2023.

Note 6 : Equity

At June 30, 2024, the share capital comprised 93,886,501 fully paid-up ordinary shares with a par value of Euro 1.

Note 7 : Dividends paid, proposed or approved

Out of 93,886,501 shares at December 31, 2023, 93,578,963 shares benefited from the dividend awarded for the year ended December 31, 2023 (with 307,538 treasury shares not entitled to dividends).

The Company paid its shareholders a gross dividend of Euro 0.99 per share for the year ended December 31, 2023, representing a total of Euro 92,643,000.

Note 8 : Business combinations

No business combination operations took place during the period ended June 30, 2024. The asset transactions that took place relate to acquisitions or disposals of individual assets.

Note 9 : Investment properties and investment properties held for sale

Acquisitions and disposals

No significant acquisitions or sales were carried out during the first half of 2024.

Investment properties held for sale

The Group's Management is committed to a plan to sell some of its investment properties. Those whose sale is highly likely are reclassified on the balance sheet under "investment properties held for sale". At end-June 2024, investment properties held for sale represented Euro 121.9 million.

Impairment of investment property

Tests for the impairment of investment properties are carried out at cash-generating unit level, i.e. for the site comprising shopping centers, mid-size units and hypermarkets.

When Mercialys plans to sell assets individually, these tests may be carried out on the asset to be sold, as the cash-generating unit approach is no longer applicable.

A provision for the impairment of investment property is recognized when the appraisal value excluding transfer taxes is more than 5% below the net book value of the assets and when this difference can be considered as significant.

Additional impairments and reversals of impairments on investment properties were recorded at end-June 2024 for Euro -5.6 million and Euro +6.6 million respectively, taking the total amount of impairments to Euro 75.5 million at end-June 2024.

In this context, under a private agreement dated April 9, 2009, including the agreement for contributions in kind, Immobilière Groupe Casino transferred various assets to Mercialys including real estate assets and rights for the use of commercial premises located in a real estate complex in Arles. This shopping center was subject to an Agreement dated October 18, 1977 between the municipality of Arles and SCI Arles Sud (the company which initially built the site), providing for a conditional reversion of the site to the urban community after a period of 45 years since it opened to the public, i.e. on June 20, 2024. Mercialys is challenging the validity of this Agreement and the resulting loss of ownership of the site with the administrative authorities. Meanwhile, the Company is continuing to manage the units that it owns on the site.

However, to take into account the risk of not prevailing in the various proceedings, the following impacts are reflected in the consolidated financial statements:

- The very specific legal situation of this site has been taken into account, with a provision for impairment recorded on this asset. The asset's appraisal value is determined by discounting future cash flows and therefore factors in, on a cautious basis, the legal deadline, even though it is being disputed. As a result, this valuation at June 30, 2024 is set at zero. Alongside this, the buildings are depreciated on a straight-line basis. At June 30, 2024, the provision therefore represents Euro 15.5 million.
- Recognition of a provision for liabilities and charges corresponding to the cancellation of the net income received by Mercialys for the management of this asset. This provision would be reversed in exchange for a reversion of this aggregate net income to the municipality if Mercialys were to lose ownership following the legal disputes that are underway. It would be reversed without compensation if the Company prevails. At June 30, 2024, no provision was recorded yet in relation to this, as the period considered is only 10 days.

Fair value of investment property and investment properties held for sale

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

These valuations concerned all of the investment properties held at June 30, 2024. The valuation methods applied, presented in the Group's consolidated financial statements at December 31, 2023, remain unchanged. The assumptions retained have changed in order to notably take into account (i) potential changes in rates, (ii) possible inflation, and (iii) difficulties recovering trade receivables.

Based on these elements, the portfolio was valued at Euro 2,879.4 million including transfer taxes at June 30, 2024, compared with Euro 2,872.0 million at December 31, 2023. Excluding transfer taxes, this value was Euro 2,700.0 million at end-June 2024, compared with Euro 2,692.3 million at end-December 2023.

The portfolio value including transfer taxes is therefore up 0.3% over six months (0.3% like-for-like ⁴) and down 3.6% over 12 months (3.40% like-for-like ^[4]).

The portfolio value excluding transfer taxes is therefore up 0.3% over six months (0.4% like-for-like ^[4]) and down 3.6% over 12 months (3.4% like-for-like ^[4]).

The average appraisal yield rate was 6.68% at June 30, 2024, up +7bp compared with December 31, 2023.

The change in the fair value of assets excluding transfer taxes of Euro +7.8 million over six months is due to:

- The increase in rents on a like-for-like basis: Euro +62.4 million;
- The reduction in the average capitalization rate: Euro -52.9 million;
- The change in scope: Euro -1.8 million.

The average appraisal yield rates are as follows:

Type of property	Average yield rate		Average yield rate
	Jun 30, 2024	Dec 31, 2023	Jun 30, 2023
Regional and large shopping centers	6.47%	6.34%	5.93%
Neighborhood shopping centers	7.99%	8.26%	7.88%
Total portfolio ⁵	6.68%	6.61%	6.21%

The following table presents the breakdown of Mercialis' portfolio by fair value and gross leasable area (GLA) by type of property at June 30, 2024, as well as the corresponding appraised rental income:

Type of property	Number of assets	Appraisal value (excl. transfer taxes)		Appraisal value (incl. transfer taxes)		Gross leasable area		Appraised potential net rental income	
		June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024
	(€m)	(%)	(€m)	(%)	(sq.m)	(%)	(€m)	(%)	
Regional and large shopping centers	25	2,286.1	84.7%	2,436.8	84.6%	604,840	78.9%	157.6	81.9%
Neighborhood shopping centers	22	401.9	14.9%	429.7	14.9%	157,584	20.6%	34.3	17.8%
Subtotal	47	2,688.0	99.6%	2,866.5	99.6%	762,424	99.5%	191.9	99.8%
Other sites	2	12.1	0.4%	12.9	0.4%	3,987	0.5%	0.5	0.2%
Total	49	2,700.0	100%	2,879.4	100%	766,412	100%	192.4	100%

⁴ Sites on a constant scope and constant surface area basis

⁵ Including the 2 dispersed assets

Assuming annual appraised rents of Euro 192.4 million and a capitalization rate of 7.12%, the sensitivity of the appraisal value of Mercialys' portfolio is as follows:

Sensitivity criteria	Impact on appraisal value (excluding transfer taxes)
	(€m)
-0.5% decrease in the capitalization rate	203.8
+10% increase in rents	270.0
+0.5% increase in the capitalization rate	-177.1
-10% decrease in rents	-270.0

Note 10 : Leases

The leases for which Mercialys is a lessee fall into two categories:

- Leases for plots of land linked to investment properties (mainly construction leases and emphyteutic leases);
- Commercial leases for offices.

The Group applies one of the capitalization exemptions proposed by the standard for short-term equipment leases (12 months).

The term of the lease corresponds to the legally enforceable period of the contract and takes into account the options for termination and renewal whose use by the Group is reasonably certain.

The information relating to leases is presented hereafter.

Note 10.1 Information relating to the balance sheet

Composition and change in right-of-use assets

(In thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Other right-of-use assets	Total
At December 31, 2023	6,185	4,054	375	10,615
Increases and reappraisals during the period ⁽¹⁾	437	283	-	721
Disposals for the period	-	-	-	-
Depreciation and amortization	-187	-522	-54	-763
At June 30, 2024	6,436	3,815	322	10,573

⁽¹⁾ The indexation of rents results in a reassessment of lease liabilities in relation to the right-of-use assets.

Note 10.2 Information relating to the income statement

At June 30, 2024, restated lease charges totaled Euro 847,000. These lease charges are replaced by a depreciation expense on right-of-use assets for Euro 709,000 and a financial interest expense on lease liabilities for Euro 169,000.

The amounts recognized in profit and loss for the first half of the year concerning agreements excluded from lease liabilities represent Euro 47,000 and primarily concern short-term agreements.

Note 10.3 Information relating to the cash-flow statement

The total amount paid out for leases during the first half of the year came to Euro 678,000.

Note 11 : Net rental income

Net rental income corresponds to the difference between rental revenues and the costs that are directly allocated to the sites. These costs include property taxes and service charges that are not billed back to tenants, as well as property operating expenses (primarily various charges relating directly to site operations).

Note 12 : Other income

No other income was recorded during the first half of 2024.

Note 13 : Other expenses

Other current expenses mainly comprise overheads. Overheads primarily include financial communications costs, remuneration paid to members of the Board of Directors, corporate communications costs, marketing research costs, professional fees (statutory auditors, consulting, research) and real estate portfolio appraisal costs.

For the first half of 2024, these expenses totaled Euro 3.3 million, compared with Euro 1.9 million for the first half of 2023.

Note 14 : Other operating income and expenses

Other operating income and expenses came to Euro 1.3 million at end-June 2024, compared with Euro -14.8 million at end-June 2023.

Other operating income, which came to Euro 10.6 million, primarily includes Euro 6.4 million of reversals of impairments for investment properties (Note 9), a Euro 1.5 million reversal of provisions for disputes, Euro 0.9 million of reversals of provisions for rental guarantees, and Euro 1.9 million of proceeds from disposals.

Other operating expenses totaled Euro -9.3 million and primarily include allocations for the impairment of investment properties for Euro -5.6 million, asset disposal-related costs for Euro -3.3 million, and a provision for disputes for Euro -0.4 million.

Note 15 : Other non-current assets

At June 30, 2024, other non-current assets can be broken down as follows:

(In thousands of euros)	Total other non-current assets	Financial assets at fair value through other comprehensive income ⁽¹⁾	Construction leases	Real estate guarantees	Non-current hedging assets ⁽²⁾	Loans and interest ⁽³⁾	Prepaid expenses ⁽⁴⁾
At December 31, 2023	37,577	482	3,972	293	9,299	19,058	4,473
Increase	388	-	-	20	-	369	-
Change in fair value	-140	-13	-	-	-128	-	-
Decrease	-575	-	-	-16	-	-558	-
Discounting / Accretion	102	-	102	-	-	-	-
Other reclassifications and other movements	-792	-	-	-	-	-	-792
June 30, 2024	36,560	469	4,073	296	9,171	18,869	3,681

(1) Financial assets at fair value through other comprehensive income primarily comprise shares in the OPCI fund UIR II. This mutual fund's ownership is split between Union Investment with an 80.01% stake and Mercialis with 19.99%. It operated an asset in Pessac which provided it with rental income. This asset was sold on April 29, 2022. This company is currently being liquidated.

(2) The fair value hedging derivatives (interest rate risk hedge) are due to mature on August 28, 2024, August 28, 2025, February 27, 2026, November 3, 2027 and February 28, 2029.

(3) Loans and interest correspond primarily to the Euro 18.6 million loan granted by Mercialis to SCI AMR in December 2020.

(4) Prepaid expenses primarily concern SaaS software implementation costs when they are not distinct from the software.

Note 16 : Trade receivables

<i>(In thousands of euros)</i>	Jun 30, 2024	Dec 31, 2023
Trade receivables and related	63,660	61,091
Depreciation	-26,904	-25,155
Trade receivables and related, net	36,757	35,936

The provisions for doubtful receivables determined by Mercialys and based on the legal framework for disputes with tenants in arrears totaled Euro 24.2 million at June 30, 2024.

Note 17 : Financial structure and financial costs

Note 17.1 : Net cash

The breakdown of net cash is presented below:

<i>(In thousands of euros)</i>	Jun 30, 2024	Dec 31, 2023
Cash	65,154	47,087
Cash equivalents	23,048	71,068
Gross cash	88,202	118,155
Bank overdrafts	-	-
Cash net of bank overdrafts	88,202	118,155

Under the liquidity agreement with Oddo & Cie, managed funds are invested in money market UCITS. These funds, which meet the criteria defined for classification as cash equivalents, are part of the net cash position.

Note 17.2 : Borrowings and financial liabilities

Note 17.2.1 : Composition

Net financial debt comprises financial debt and borrowings, including fair value hedging derivative liabilities, excluding cash and cash equivalents and fair value hedging derivative assets.

<i>(In thousands of euros)</i>	Jun 30, 2024			Dec 31, 2023		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	-1,145,510	-15,480	-1,160,990	-1,144,678	-18,368	-1,163,046
Other borrowings and financial debt	-	-42,000	-42,000	-	-42,000	-42,000
Bank overdrafts	-	-	-	-	-	-
Fair value of liabilities	8,584	7,556	16,140	13,051	7,331	20,382
Gross financial debt	-1,136,925	-49,924	-1,186,850	-1,131,627	-53,037	-1,184,664
Fair value hedging derivatives – assets	-21	2,118	2,097	-30	2,944	2,914
Cash and cash equivalents	-	88,202	88,202	-	118,155	118,155
Cash and cash equivalents and other financial assets	-21	90,320	90,299	-30	121,099	121,069
NET FINANCIAL DEBT	-1,136,947	40,396	-1,096,551	-1,131,657	68,062	-1,063,595

Note 17.2.2 : Change in financial liabilities

The change in financial liabilities is linked primarily to the changes in cash and cash equivalents.

Note 17.2.3 : Financial covenants

Mercialys' financial liabilities are subject to default clauses (early repayment) in the event of failure to comply with the following financial ratios:

- Loan to value (LTV): Net financial debt / (market value of the portfolio excluding transfer taxes + market value of investments in associates) <55% at each reporting date applies to 92% of the confirmed bank facilities, with <50% for the other confirmed bank lines.
- *Interest coverage ratio* (ICR): consolidated EBITDA⁶ / net finance costs > 2x, at each reporting date;
- Secured debt / consolidated fair value of investment properties excluding transfer taxes < 20% at all times;
- Consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at all times.

Change of control clauses also apply.

	Covenants	Jun 30, 2024	Dec 31, 2023
Loan to value (LTV)	<55 % ⁽¹⁾	40.0%	38.9%
Interest coverage ratio (ICR)	>2x	5.5x	5.1x

(1) A covenant requiring an LTV (excluding transfer taxes) of less than 55% applies to 92% of the confirmed bank lines, with an LTV covenant of less than 50% for the other 8% of these facilities.

At June 30, 2024, the other contractual covenants (secured debt / consolidated fair value of investment properties excluding transfer taxes, and consolidated fair value of investment properties excluding transfer taxes), as well as the commitment and default clauses, were also complied with.

Note 17.3 : Net financial items**Note 17.3.1 Net finance costs**

<i>(In thousands of euros)</i>	Jun 30, 2024	Jun 30, 2023
Cost of debt put in place	-17,199	-17,974
Impact of hedging instruments	-2,600	128
Gross finance costs	-19,800	-17,846
Net proceeds from sales of investment securities	2,210	1,296
Income from net cash / (net finance costs)	-17,590	-16,550

During the first half of 2024, the increase in net finance costs primarily reflects the impacts of hedging instruments offset through proceeds from cash investments.

⁶ EBITDA: earnings before interest, tax, depreciation and amortization.

Note 17.3.2 Other financial income and expenses

(In thousands of euros)	Jun 30, 2024	Jun 30, 2023
Other financial income	755	382
Financial income	755	382
Other financial expenses	-1,812	-4,252
Financial expenses	-1,812	-4,252
Total other financial income and expenses	-1,057	-3,870

Other financial expenses primarily concern non-use fees relating to the undrawn bank lines and the fair value of derivatives held for trading. Other financial income concerns remuneration from loans and partner current accounts for companies in which Mercialys has a minority interest.

Note 17.4 : Fair value of financial instruments

The following tables present a comparison of the book value and fair value of financial assets and liabilities, other than those whose book values correspond to reasonable approximations of their fair values, such as trade receivables, trade payables and cash and cash equivalents.

At June 30, 2024	Book value	Fair value	Market price = level 1	Models with observable inputs = level 2	Models with non- observable inputs = level 3
<i>(In thousands of euros)</i>					
ASSETS					
Financial assets at fair value through other comprehensive income ⁷	469	469	-	-	469
Fair value hedging derivatives – assets (current and non-current) ⁸	2,097	2,097	-	2,097	-
Other derivative assets (current and non-current) ⁸	9,382	9,382	-	9,382	-
Cash equivalents	88,202	88,202	88,202	-	-
LIABILITIES					
Bonds	1,160,990	1,104,045	1,104,045	-	-
Other derivative liabilities (current and non-current) ⁸	-16,140	-16,140	-	-16,140	-
Fair value hedging derivatives – liabilities (current and non-current) ⁸	1,983	1,983	-	1,983	-

The counterparty risk, assessed based on the Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA), adjusts the mark to market. It therefore reduces the assets or liabilities. At June 30, 2024, the credit risk (CVA) totaled Euro (58,000), while the Debit Valuation Adjustment (DVA) represented Euro 439,000.

⁷ Financial assets at fair value through other comprehensive income primarily comprise shares in OPCI funds. Their fair value was determined on the basis of their net asset value. This is a level 3 valuation.

⁸ Derivative instruments are valued externally based on the usual valuation techniques for financial instruments of this kind. The valuation models include observable market inputs – in particular the yield curve – and the quality of the counterparty. These fair value measurements are generally level 2.

At December 31, 2023	Book value	Fair value	Market price	Models with observable inputs	Models with non-observable inputs
<i>(In thousands of euros)</i>			= level 1	= level 2	= level 3
ASSETS					
Financial assets at fair value through other comprehensive income ⁷	482	482	-	-	482
Fair value hedging derivatives – assets (current and non-current) ⁸	2,914	2,914	-	2,914	-
Other derivative assets (current and non-current) ⁸	10,372	10,372	-	10,372	-
Cash equivalents	118,155	118,155	118,155	-	-
LIABILITIES					
Bonds	1,163,046	1,090,581	1,090,581	-	-
Other derivative liabilities (current and non-current)	4,956	4,956	-	4,956	-
Fair value hedging derivatives – liabilities (current and non-current) ⁸	-20,382	-20,382	-	-20,382	-

Certain hedging instruments were restructured in 2023. The balance of Euro 13.2 million is spread over the timeframe between the instrument's renegotiation date and the underlying element's end date.

The counterparty risk, assessed based on the Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA), adjusts the mark to market. It therefore reduces the assets or liabilities. At December 31, 2023, the credit risk (CVA) totaled Euro -78,000.

Note 18 : Contingent assets and liabilities

Contingent liabilities relating to a project at the Saint André site

In 2015, Mercialys, through Epicanthe, acquired shares in the company Cypérus Saint-André SARL (previously Toutoune), the holder of a sales agreement for the acquisition of a plot of land in the Saint André district on Reunion Island. This acquisition was part of a planned shopping center development.

A Euro 900,000 adjustment to the price of the Cypérus Saint-André SARL shares was planned, subject to the Saint André Urban Planning Scheme (*Plan Local d'Urbanisme - PLU*) being adopted before June 30, 2019:

- (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a Commercial Operating Permit (*Autorisation d'Exploitation Commerciale - AEC*) enabling the project to go ahead,
- (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project to be withdrawn. It was withdrawn with effect on October 4, 2017. Mercialys does not believe that any disbursements are likely and so did not recognize any related provisions during the first half of 2024.

Mercialys has not abandoned its intention to develop this piece of land which is located in a region with great potential, but which will, in part, be dependent on the urban planning strategy adopted by the local authorities.

Note 19 : Tax

The tax expense recorded is determined based on management's best estimate of the expected weighted average annual tax rate for the full year, multiplied by the income before tax for the interim period.

The tax regime for French real estate investment trusts (SIIC) exempts them from paying tax on their income from real estate activities, provided that at least 95% of income from rental activities and 70% of gains on the disposal of real estate assets are distributed to shareholders.

The Euro -400,000 tax expense comprises the CVAE corporate value-added tax for Euro -247,000, corporate income tax for Euro -72,000 and deferred tax for Euro -82,000.

Note 20 : Related-party transactions

With SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- Real estate advisory service agreement: under this agreement, SCI AMR entrusts Mercialys with general assistance for managing its real estate assets. This agreement, initially entered into on April 23, 2013, was extended at an early date to cover the period from January 1, 2017 to March 15, 2024, then from December 23, 2020 to December 31, 2025. When it expires, the agreement will be automatically renewed for one-year periods, and it will automatically end by December 31, 2030.
- Exclusive letting mandate for a five-year period. This mandate, initially entered into on April 23, 2013, was extended at an early date to cover the period from January 1, 2017 to March 15, 2024, before being extended again on December 23, 2020 through to December 31, 2025.

These transactions totaled Euro 366,000 for the first half of 2024.

For the real estate asset purchase and sales operations carried out in December 2020 between Mercialys and SCI AMR, Mercialys granted a loan to SCI AMR.

This loan represented Euro 18,776,000 at end-June 2024, including Euro 185,000 of accrued interest.

Other related-party transactions

Excluding the amounts indicated above, the other related-party transactions for the periods ended June 30, 2024 and 2023 were as follows:

Other transactions with associates:

	Income	Expenses	Payables	Receivables
(In thousands of euros)	concerning related parties			
June 30, 2023	-	-	-	37
June 30, 2024	89	-36	-	-

Note 21 : Off-balance sheet commitments

The Group's commitments at June 30, 2024 are those mentioned in the annual financial statements for the year ended December 31, 2023, in addition to the commitments described below. They also include preexisting commitments for which the amounts are subject to change.

Commitment relating to the disposal of SAS ImocomPartners

The acquisition of a 30% interest in ImocomPartners is based on the payment of two installments. The initial 80% payment was recorded at December 31, 2023 and an earn-out, calculated based on ImocomPartners' definitive accounts at December 31, 2023, will be paid in 2024. This earn-out payment is expected to represent Euro 1 million (note 23).

A commitment was entered into in connection with the disposal of SAS ImocomPartners, with Mercialys having acquired 30% of this company at the end of 2023. Alongside the partners' agreement, signed on December 20, 2023, between the founders, the longstanding partners of ImocomPartners and Mercialys, a purchase and sales agreement was entered into for the shares issued by the company concerning the transfer of ownership of the remaining 70% to Mercialys in 2025.

This equity investment is subject to the following conditions precedent, as mentioned in the annual financial statements for the year ended December 31, 2023.

This sales price, calculated based on the 2023 accounts and the provisional accounts for 2024, is expected to be around Euro 15 million.

Note 22 : Identification of the consolidating company

The Mercialys Group does not have a consolidating company.

Note 23 : Subsequent events

On July 2, 2024, Mercialys signed an agreement for the definitive sale of the four assets held through the Hyperthetis Company in which Mercialys holds a 51% stake. These assets are presented under investment properties held for sale at June 30, 2024. The net sales price is Euro 117.5 million.

On July 3, 2024, the earn-out relating to the 2023 acquisition of the 30% interest in ImocomPartners was paid for Euro 1 million.

5. STATUTORY AUDITORS' REVIEW REPORT

Mercialys

Registered office: 16-18 rue du Quatre Septembre – CS36812 – 75082 Paris cedex 02

Share capital: Euro 93,886,501

Statutory auditors' review report on the 2023 half-year financial information

For the period from January 1, 2024 to June 30, 2024

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the limited review of the condensed consolidated half-year financial statements of Mercialis, for the period from January 1, 2024 to June 30, 2024, as appended to this report;
- the verification of the information presented in the half-year activity report.

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. Our responsibility is to express a conclusion concerning these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France.

A limited review primarily involves holding discussions with the members of the management team in charge of accounting and financial aspects, and applying analytical procedures. Such a review is less comprehensive than the investigations required for a full audit under French industry standards. As such, the assurances obtained through a limited review that the accounts in general are free from any material misstatements represent moderated assurances, lesser than those obtained with a full audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements have not been prepared, in all material respects, in accordance with IAS 34 - IFRS standard as adopted by the European Union applicable to interim financial information.

II. Specific verification

We also verified the information presented in the half-year activity report concerning the condensed consolidated half-year financial statements subject to our limited review.

We do not have any observations to make regarding its fair presentation and consistency with the condensed consolidated half-year financial statements.

Lyon and Paris-La Défense, July 24, 2024

The Statutory Auditors

KPMG S.A.

Régis Chemouny
Associé

Ernst & Young et Autres

Sylvain Lauria
Associé

6. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

MERCIALYS

French limited company (société anonyme) with capital of Euro 93,886,501

Registered office: 16-18 rue du Quatre Septembre

75002 Paris, France

Paris trade and companies register: 424 064 707

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

“To the best of my knowledge, the condensed interim financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets and financial position of the company and all subsidiaries included in the scope of consolidation and that the enclosed interim financial review gives a true and fair view of key events for the first six months of the year, their impact on the financial statements and the main related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year”.

Paris, July 24, 2024

Vincent Ravat

Chief Executive Officer



7. GLOSSARY

▪ Capitalization rate

The capitalization rate is the ratio between net rents from premises leased + the rental value of vacant premises + income from casual leasing, relative to the value of assets excluding transfer taxes.

▪ Collection rate

The collection rate corresponds, at the end of a period, to the proportion of rents, charges and work invoiced by Mercialys to its tenants that has actually been collected.

▪ Cost of debt

The cost of debt is the average cost of debt drawn down by Mercialys. It incorporates all financial instruments issued in the short and long term.

▪ Current scope / like-for-like basis

The current scope includes all of Mercialys' portfolio at a given date, i.e. all assets held in the portfolio over the period analyzed.

The like-for-like basis restates the impact of consolidations (acquisitions and disposals) over the period analyzed, to ensure a stable basis for comparison over time.

▪ EBITDA

Earnings before interest, taxes, depreciation and amortization. The equivalent term in French accounting is "*excédent brut d'exploitation*".

▪ EPRA NDV (Net Disposal Value)

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA NDV provides a scenario where deferred tax, financial instruments, and certain other adjustments are calculated based on their full impact on liabilities, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation net asset value" because, in many cases, fair values do not represent liquidation values.

▪ EPRA net initial yield

The EPRA net initial yield is the ratio of annualized net rent in relation to the fair value of the asset portfolio including transfer taxes.

▪ EPRA NTA (Net Tangible Assets)

The EPRA NTA calculation assumes that entities buy and sell assets, thereby crystallizing certain levels of deferred tax liabilities.

▪ EPRA NRV (Net Reinstatement Value)

EPRA NRV measures the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

▪ EPRA topped-up net initial yield

The EPRA "topped-up" net initial yield is annualized net rent adjusted for rental gains on rent-free periods, step-up rents and other benefits granted to tenants, relative to the fair value of the asset portfolio including transfer taxes.

▪ Net recurrent earnings (NRE)

NRE is the result of the operations reported by Mercialys. This management indicator corresponds to net profit adjusted for amortization, net capital gains on disposals, potential asset impairments and other non-recurring items.

▪ Interest Coverage Ratio (ICR)

Indicating the rate of coverage of financial expenses, ratio between EBITDA and the net cost of financial debt.

▪ Invoiced rents

Rents invoiced by Mercialys to its tenants, excluding lease rights and despecialization indemnities.

- **Loan to value (LTV)**

This indicator measures the level of debt of real estate companies. It is calculated by dividing consolidated net debt by the appraisal value of total assets, including or excluding transfer taxes, plus the value of equity associates' securities.

- **Minimum Guaranteed Rent (MGR)**

The leases signed with tenants include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion, known as the minimum guaranteed rent, and a portion pegged to the revenue of the tenant operating the retail premises. The minimum guaranteed rent is based on the rental value of the premises.

- **Net rental income**

Rental revenues, net of expenses on buildings and rental charges and property taxes not rebillable to tenants.

- **Occupancy cost ratio (OCR)**

The occupancy cost ratio is the ratio between rent, charges (included marketing funds) and re-invoiced works, including tax, paid by retailers and their sales revenue including tax. Note that the consolidated occupancy cost ratio reported by Mercialis does not include large food stores.

- **Portfolio of development projects or pipeline**

The portfolio of development projects, or pipeline, comprises all of the investments that Mercialis plans to make over a given period. These may be renovations, transformations, extensions, creations or acquisitions of assets or companies holding assets.

Mercialys splits its pipeline into three categories:

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

- **Rental revenues**

Rents invoiced by Mercialis to its tenants, including lease rights and despecialization indemnities.

- **Total vacancy rate**

The total vacancy rate is the rental value of all vacant premises relative to the annualized minimum guaranteed rent for occupied premises + the rental value of all vacant premises. The total vacancy rate includes the current financial vacancy rate + the "strategic" vacancy rate which relates to premises deliberately left vacant to facilitate extension / redevelopment plans

- **Variable rents**

Rents that meet specific contractual clauses, generally established as a percentage of the revenue generated by the tenant. Variable rents are generally in addition to the Minimum Guaranteed Rent (MGR) and are triggered if a tenant reaches certain performance thresholds.

- **Yield rate**

The yield rate is the ratio between net rent from premises leased + the rental value of vacant premises + income from casual leasing, relative to the value of assets including transfer taxes.

