MERCIALYS

PRESS RELEASE

Paris, February 14, 2024

2023 full-year results

- The food retailers Intermarché, Auchan and Carrefour will gradually replace the Casino group banners and therefore considerably improve the Company's rental risk profile from 2024. On the basis of publicly available information, these three retailers are expected to respectively represent 5.2%, 4.1% and 2.0% of Mercialys' pro- forma rental base.
- **Net recurrent earnings (NRE) came to Euro 109.0 million (+3.3%), with Euro 1.17 per share, up +3.3%,** exceeding the target for growth of at least +2%. The basis for comparison for 2022 incorporated various elements relating to the health crisis. On a basis restated for these non-recurring impacts, 2023 NRE are **up +11.0%**.
- The combination of the **stabilization of the reversion rate, the +4.1% organic growth in invoiced rents** and the **limited vacancy rate of 2.9%** fully contributed to the growth in NRE.
- **Tenant retailer sales**, up +2.2% from 2022, illustrate the good level of resilience of business for the Company's retailers, supported by the sustainable occupancy cost ratio of 10.7%, compared with 11.1% in 2022.
- **The EBITDA margin came to 83.9%**, reflecting an improvement compared with 2022 (83.2%), thanks to the robust letting performance and the effective management of operating costs.
- The **portfolio value** including transfer taxes is down -7.0% like-for-like at end-2023 (-3.7% for the second half of the year) factoring in an +86bp increase in the average appraisal rate to 6.61% (+40bp during the second half of the year). Mercialys' asset portfolio offers a particularly high yield of 405pb above the risk-free rate. **The EPRA NDV** came to Euro 17.10 per share, down -18.4% for 2023 and -9.1% for the second half of the year, reflecting the decrease in the value of sites and the revaluation of fixed-rate debt in marked to market.
- The Company's growth potential remains intact and is in line with its focus on maintaining a sound financial structure. The **loan to value ratio (excluding transfer taxes)** for 2023 came to an effectively managed level of 38.9% despite the contraction in asset values, with an ICR of 5.1x.
- Mercialys' strong financial position will also enable it to deploy its **project pipeline,** which represented Euro 429 million at end-2023, with a view to supporting its future growth, while maintaining a very strict profitability criterion for projects of at least 250bp above the refinancing cost.
- **A proposed dividend of Euro 0.99 per share for 2023,** up +3.1% from 2022**.** It represents 85% of NRE and offers a **particularly high yield of 9.9%** on the end-2023 closing price.
- **2024 objectives:** The Company will maintain its highly selective approach for choosing its projects and will continue to focus on ensuring an attractive yield for its shareholders. Mercialys is targeting NRE per share growth of at least +2.0%, combined with a dividend ranging from 75% to 95% of 2024 NRE.

	Dec 31, 2022	Dec 31, 2023	Change (%)
Organic growth in invoiced rents including indexation	+4.1%	+4.1%	-
EBITDA (€m)	144.2	149.4	+3.6%
EBITDA margin	*83.2%*	*83.9%*	-
Net recurrent earnings (€m)	**105.5**	**109.0**	**+3.3%**
ICR (EBITDA / net finance costs)	5.9x	5.1x	-
LTV (excluding transfer taxes)	35.3%	38.9%	-
LTV (including transfer taxes)	33.0%	36.4%	
Portfolio value including transfer taxes (€m)	3,091.2	2,872.0	-7.0%[1]
EPRA NRV (€/share)	20.54	18.25	-11.2%
EPRA NTA (€/share)	18.42	16.29	-11.6%
EPRA NDV (€/share)	20.94	17.10	-18.4%
Dividend (€/share)	**0.96**	**0.99[2]**	**+3.1%**

[1] Like-for-like change

[2] Subject to approval by the General Meeting on April 25, 2024

I. 2023 full-year business and results

1 - Mercialys is becoming the only real estate partner of all the major French food distribution networks

On December 18, 2023, the Casino group announced that it had entered exclusive negotiations with Intermarché and Auchan Retail with a view to selling virtually the entire scope of Casino group hypermarkets and supermarkets (excluding Corsica) to Groupement Les Mousquetaires and Auchan Retail. Following these exclusive negotiations, Casino announced on January 24 that it had reached agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. This operation, which remains subject to approval by the competition authorities, is expected to be carried out in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.
The portfolio of Casino group hypermarkets and supermarkets in Corsica, where Mercialys has a 60% stake in five Casino hypermarkets that it owns in partnership with the company Corin, has not been included by the Casino group in this sales agreement.
On January 24, 2024, Carrefour also announced that it has entered into exclusive negotiations with Groupe Intermarché to acquire 31 stores. Under the terms of the agreement, Carrefour will substitute Intermarché for the purchase of 26 stores from Casino, while the remaining 5 stores will be acquired directly from Intermarché.
On January 25, 2024, the magazine LSA published the list of the 31 points of sale, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

Through this deep realignment of the retail sector in France, Mercialys, whose food anchoring was represented exclusively by the Casino group, which accounted for 20.5% of its rental income in 2023 on a consolidated basis, will become the only European retail property company to partner with all the major French food retailers.
Mercialys is once again setting out its strategic conviction to maintain significant exposure within its rental revenues to food retail, an asset class offering a foundation for recurring index-linked revenues.

At end-2023, Mercialys' rental exposure to large food stores is split between:

- 5 food stores (including one Monoprix store) operated by Casino and fully owned by Mercialys
- 5 food stores operated by Casino and 60% owned by Mercialys
- 10 food stores (9 operated by Casino and 1 by Intermarché since October 1, 2023) 51% owned by Mercialys (through SAS Immosiris and SAS Hyperthetis Participation, both 49% owned by BNPP Real Estate)
- 5 food stores (3 operated by Monoprix, 1 by Casino and 1 by Intermarché since October 1, 2023) 25% owned by Mercialys (through SCI AMR, 75% owned by Amundi).

Taking into account the share of rental income depending on how assets are held through these various entities, Mercialys' economic exposure to rent from retailers operated by the Casino Group comes to 17.4%.

On a pro forma basis and based on information published in the press (above and article of January 22, in the magazine LSA) and subject to the final breakdown of the various hypermarkets, the retailers Intermarché, Auchan and Carrefour would respectively represent 5.2%, 4.1% and 2.0% of rents on an economic basis.

This realignment will modify and considerably improve the Company's rental risk profile. It will make it possible to replace single-tenant exposure to one struggling retailer with multi-tenant exposure to retailers that have sound financial foundations and robust commercial performance levels.

This operation will also make a significant contribution to the drive to diversify Mercialys' rental base: the Company's current leading tenant will represent considerably less than 10% of the rental base.

In addition, Mercialys may be able to support these operators, if required, to optimize their concept and format, capitalizing on its experience with asset transformation and in synergy with the adjoining shopping centers.

Looking beyond this scope for sites where Mercialys is directly exposed to large food stores:

- 19 of its shopping centers are currently anchored by Casino hypermarkets whose premises it does not own and which are subject to proposed food banner transfers to Intermarché and Auchan;
- 7 of its shopping centers are already anchored by hypermarkets whose premises it does not own and which are operated by retailers other than Casino: Super U in Rennes, Rodez, Montauban, Carrefour in Le Port, Saint-Benoît and Saint-Pierre (Reunion Island), RunMarket (Intermarché partner) in Sainte-Marie (Reunion Island).

Across all these sites, the attractive price positioning of Intermarché, Auchan and Carrefour will consolidate Mercialys' retail mix, focused on affordable day-to-day products, and will support the consistency of the offering, help drive footfall in its centers and boost the retailers' operational performances.

2 - The excellent commercial performances by the centers, focused on day-to-day needs, are supporting the good trend for operational indicators

In 2023, the +0.6% increase in household purchasing power, supported by higher wages and savings income, was reflected in +0.7% growth in consumption, following +2.1% in 2022, according to the latest projections of the Banque de France (Dec 19, 2023). This trend masks a number of trade-offs made by consumers with their spending to limit the impacts of inflation, which remained high in 2023, with consumer prices climbing +4.5 % year-on-year in the last quarter of 2023.

Footfall in Mercialys' shopping centers (excluding hypermarkets) is up +1.4% for 2023, compared with +1.9% for the Quantaflow national index. The -50bp performance differential compared with the national index was reduced throughout the year (-140bp at end-June and -80bp at end-September) and reflects the attractive positioning of the centers, offsetting the deceleration of the hypermarkets managed by the Casino group, which recorded a -8.7% decline in footfall over the year.

From October 15, 2023, the opening under the Intermarché banner of two hypermarkets previously operated by Casino and owned by Mercialys in Le Puy (51% stake, with the remaining interest held by BNPP Real Estate) and Besançon (25% stake, with the remaining interest held by Amundi), has been well-received by customers. As a result, the footfall at the Besançon hypermarket have shown a significant improvement in the last two months of the year, with an increase of +24.9% in November and +37.5% in December, compared to stable footfall in the first 9 months of 2023.

In this context, the average basket for consumption at the Company's centers continued to progress in 2023 to reach Euro 20.3 per visitor, compared with Euro 19.3 in 2022 (+5.2%). Looking beyond the impact of inflation, this increase reflects the continued attractive positioning of Mercialys' shopping centers through their affordable offering focused on essential needs, which is proving resilient faced with the trade-offs that consumers are being forced to make.

This increase in the transformation rate helped drive further progress with retailer sales across Mercialys' portfolio, up +2.2% in 2023 compared with 2022, while the national panel (FACT) increased by +3.3%.

Change in the relative performance of Mercialys shopping centers vs. the national panel (FACT) for 2023

Sales (year to)	1st half of 2023	2nd half of 2023	End-December 2023
Mercialys' retailers	+3.5%	-1.3%	+2.2%
FACT activity index	+4.8%	-1.4%	+3.3%
Delta	***-130bp***	***+10bp***	***- 110bp***

The outperformance by the FACT panel, linked mainly to a very favorable base effect during the first quarter (large shopping centers had been affected by the rollout of the vaccine pass in the first quarter of 2022), reversed during the second half of the year, reflecting the good commercial performance by Mercialys' retailers.

The **occupancy cost ratio**[3] was 10.7% in 2023, compared with 11.1% in 2022 and 10.9% for the first half of 2023. This ratio, which shows an improvement and remains at a particularly measured level, makes it possible to assess the sustainability of rents for the Company's tenant retailers. This reasonable real estate occupancy cost is underpinned by an average level of service charges per sq.m (excluding property taxes) for retailers of Euro 48, reflecting the increase in charges due to inflation, as well as the Company's extensive work to limit its impact, particularly through energy efficiency measures.

Alongside this, the **collection rate** for rent and charges for 2023 was 96.3% at end-January 2024, while noting that to date, the Casino group is paying its rents in line with its contractual commitments.

The **current financial vacancy rate**[4] came to 2.9% at end-December 2023, showing a significant improvement compared with the 3.3% recorded at end-June 2023 and in line with the 2.9% from end-December 2022.
This stability of the current financial vacancy rate is particularly satisfactory considering the significant number of retailers, primarily in the textile sector, that filed for bankruptcy or went into liquidation in 2023 in a context of the emergence from the health crisis and the withdrawal of government support measures.

Mercialys' intense reletting activity throughout 2023 enabled it to keep the current financial vacancy level effectively under control at just 40bp above its all-time low of 2.5% from 2019.

This robust performance is illustrated by the 150 leases signed for renewals or reletting during 2023, as in 2022. While the year-on-year comparison is not meaningful considering the diversity of the lease schedule, Mercialys recorded a very sustained commercial performance and an acceleration in the last quarter.
The 2023 **reversion rate**, linked to these negotiations, was stable (+0.1%) and consistent with the high level of indexation in 2023 of +3.7%.

Mercialys' strategy of continuing to focus its retail mix moving towards recognized, affordable and essential retailers for consumers was illustrated by the leases signed in 2023, reflecting its focus on continuing to enhance the letting potential and attractive features of its sites. This concerns both leading assets and sites that are looking to reconquer positions within Mercialys' portfolio.

Among the leading centers, Angers and Nîmes saw new leases signed in 2023 with retailers that are popular with clients, such as Rituals, Darty, Intimissimi, The Waffle Factory and Amorino in Angers, and Adidas Originals, Project X Paris, Adopt, Rituals, Bouygues Telecom and La Fabrique Cookies in Nîmes.

[3] Ratio between rent, charges (including marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores.
[4] The occupancy rate, as with Mercialys' vacancy rate, does not include agreements relating to the Casual Leasing business.

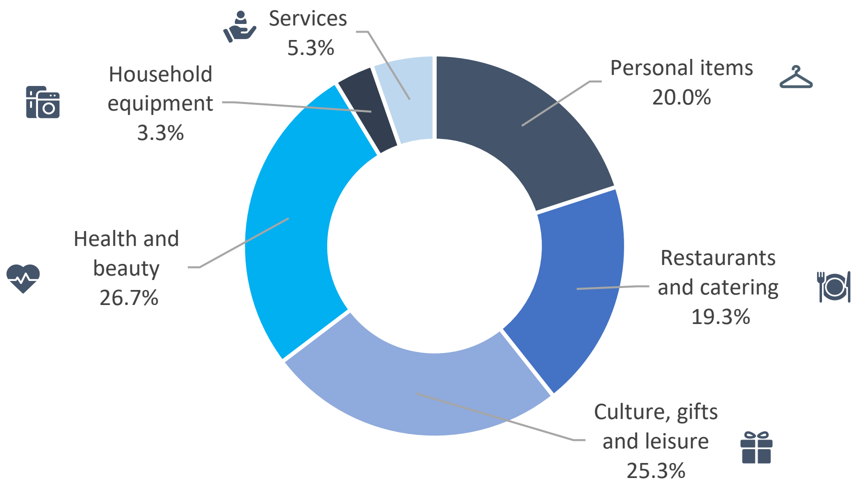
In terms of the centers that are in a reconquest phase, the Fenouillet center in Toulouse benefited from 14 leases signed in 2023, with 4 in the culture-leisure-gifts segment (including Wizzle and Media Clinic) and 3 in health-beauty (Krys Audition, Afflelou and La Boutique du Coiffeur), as well as the discount fashion retailer Naumy in a mid-size unit. The Annecy center, which also opened a Megarama cinema at the start of the year, signed several leases with leading national retailers such as New Yorker and Normal.

These leases illustrate Mercialys' ability to relet its units following defaults by retailers, while scaling back the weighting of textiles and expanding the selection offered to consumers, helping further strengthen the letting potential of its sites.

The retail mix, excluding large food stores, of the 150 leases signed for renewals and relettings in 2023, presented in the chart below, clearly illustrates this in-depth trend.

Personal items accounted for 20% of the new leases signed (in terms of the number), while this category represents 36.5% of the Company's rental base excluding large food stores at end-2023. Health-beauty accounted for just under 27% of the leases signed in 2023, while this segment currently represents 16.4% of the rental base excluding large food stores at end-2023.

Breakdown of renewals or reletting leases signed in 2023 by business segment



3 - Net recurrent earnings growth exceeding the target set, driven by sustained organic growth and the effective management of operating costs and financial expenses

Invoiced rents came to Euro 177.5 million, up +2.8% on a current basis and +4.1% like-for-like. These changes reflect the following elements:

	Year to end-December 2022		Year to end-December 2023	
Indexation	+1.9 pp	+€3.3m	+3.7 pp	+€6.3m
Contribution by Casual Leasing	+0.7 pp	+€1.3m	-0.3 pp	-€0.5m
Contribution by variable rents	-0.1 pp	-€0.3m	+1.1 pp	+€1.9m
Actions carried out on the portfolio	+1.0 pp	+€1.7m	-0.8 pp	-€1.4m
Accounting impact of "Covid-19 rent relief" granted to retailers	+0.5 pp	+€0.9m	+0.4 pp	+€0.8m
Like-for-like growth	**+4.1 pp**	**+€6.9m**	**+4.1 pp**	**+€7.1m**
Asset acquisitions and sales	-2.5 pp	-€4.3m	-1.2 pp	-€2.0m
Other effects	-0.2 pp	-€0.4m	-0.1 pp	-€0.2m
Growth on a current basis	**+1.3 pp**	**+€2.3m**	**+2.8 pp**	**+€4.9m**

Organic growth[5] in invoiced rents, **up +4.1%**, reflects the impact of indexation at +3.7% and the contribution by variable rents, illustrating the good level of business for tenant retailers.

The contribution from **Casual Leasing** is down slightly for the full year in 2023. This business was impacted by the decrease in hypermarket footfall levels for certain types of activities.

The **scope effects** had a Euro -2.0 million impact on rental income for 2023, linked mainly to the sales completed in April 2022 (Géant Casino hypermarkets in Annecy Seynod and Saint-Etienne Monthieu) and December 2022 (Marseille Sainte-Anne and Marseille Croix-Rouge centers).

Rental revenues are up Euro +4.7 million (+2.7%) compared with 2022 to Euro 178.0 million, reflecting the change in invoiced rents and the drop in lease rights and despecialization indemnities.

Net rental income is up +3.0% end-2023 to Euro 170.9 million. Two key factors were behind this change.
The Company benefited from the lower level of management fees paid after various activities were brought in-house beginning 2023 for around Euro 6 million. However, in 2022, Euro +7.8 million of net income was recorded for various impacts relating to the health crisis: a non-recurring positive effect linked to reversals of provisions for arrears recorded for 2020-2021 for a total of Euro +9.2 million and, alongside this, a Euro -1.4 million expense relating to rent relief. In 2023, the net impact relating to this exceptional situation was very limited, representing Euro +0.4 million, split between a Euro -0.7 million expense corresponding to relief on the rent billed and a reversal of provisions relating to the arrears resulting directly from the health crisis for Euro +1.1 million. Excluding these non-recurring items associated with the health crisis, net rental income would be up +7.8% for 2023.

Despite this strong basis of comparison effect, **EBITDA** totaled Euro 149.4 million, up +3.6% from 2022. An indicator for the efficiency of the Company's operational management, EBITDA benefited from the rental income growth achieved and was supported by strict control over site operating costs and overheads. The EBITDA margin is up to 83.9% (vs. 83.2% in 2022).

The **net financial expenses** used to calculate net recurrent earnings totaled Euro 29.6 million, stable compared with 2022 (Euro 29.7 million). The **real average cost of drawn debt** was 2.3% for the full year in 2023, compared with 2.1% at end-June 2023. The +30bp increase compared with end-2022 (2.0%) is linked primarily to the fixed/floating rate products extinguished, helping further strengthen the hedging of fixed-rate debt, up to 96%, in line with what the Company had announced in a context of interest rate volatility. However, the increase in financial income from the cash invested made it possible to largely offset the increase in the average cost of drawn debt.

Other operating income and expenses (excluding capital gains or losses on disposals and impairment) came to Euro +2.2 million, compared with Euro +0.6 million in 2022, primarily including the impact of net reversals of provisions. Specifically, a Euro 2.1 million provision for a dispute concerning a site on Reunion Island, relating to an issue with the road network, was reversed at the end of June 2023.

The **tax** retained to calculate net recurrent earnings represents a Euro -0.6 million expense at end-December 2023, compared with Euro -0.5 million at end-December 2022. This amount corresponds primarily to a CVAE corporate value-added tax expense.

The **share of net income from associates and joint ventures** (excluding capital gains or losses, amortization and impairment) came to Euro 3.6 million in 2023, compared with Euro 3.7 million at December 31, 2022.

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

Non-controlling interests (excluding capital gains or losses, amortization and impairment) came to Euro -11.2 million for 2023, compared with Euro -10.4 million in 2022.

Net recurrent earnings are up +3.3% from 2022 to Euro 109.0 million. This operational performance enabled the Company to record Euro 1.17 of net recurrent earnings per share[6], up +3.3%, with this performance exceeding the target set for net recurrent earnings per share growth of at least +2% versus 2022. As indicated above, the basis for comparison at December 31, 2022 benefited from Euro +7.8 million of net income for various impacts relating to the health crisis, compared with Euro +0.4 million of net income in the accounts at end-December 2023. Net recurrent earnings restated for these non-recurring items would be up +11.0%.

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change (%)
Invoiced rents	**172,602**	**177,495**	**+2.8%**
Lease rights and despecialization indemnities	674	515	-23.6%
Rental revenues	**173,277**	**178,010**	**+2.7%**
Non-recovered building service charges and property taxes and other net property operating expenses	-7,345	-7,086	-3.5%
Net rental income	**165,932**	**170,924**	**+3.0%**
Management, administrative and other activities income	2,846	3,078	+8.1%
Other income and expenses	-5,859	-4,433	-24.3%
Personnel expenses	-18,690	-20,169	+7.9%
EBITDA	**144,229**	**149,400**	**+3.6%**
EBITDA margin (% of rental revenues)	*83.2%*	*83.9%*	-
Net financial items (excluding non-recurring elements [7])	-29,659	-29,593	-0.2%
Reversals of / (Allowances for) provisions	-2,527	-4,774	+88.9%
Other operating income and expenses (excluding capital gains or losses on disposals and impairment)	624	2,179	na
Tax expense	-463	-634	+36.9%
Share of net income from associates and joint ventures (excluding capital gains or losses, amortization and impairment)	3,680	3,574	-2.9%
Non-controlling interests (excluding capital gains or losses, amortization and impairment)	-10,360	-11,191	+8.0%
Net recurrent earnings [8]	**105,524**	**108,961**	**+3.3%**
Net recurrent earnings per share (€)	***1.13***	***1.17***	***+3.3%***

II. Very healthy financial structure making it possible to absorb the portfolio value adjustment

1 - EPRA Net Disposal Value (NDV) down -9.1% over six months and -18.4% over 12 months, reflecting the lower valuation of sites and a significant impact of the revaluation of fixed-rate debt in marked to market

Mercialys' **portfolio value** came to Euro 2,872.0 million including transfer taxes, down -3.8% over six months and - 7.1% over 12 months. Like-for-like[9], it is down -3.7% over six months and -7.0% over 12 months.
Excluding transfer taxes, the portfolio value was Euro 2,692.3 million, down -3.8% over six months and -7.1% over 12 months. Like-for-like[9], it is down -3.7% over six months and -7.0% over 12 months.

[6] Calculated based on the average undiluted number of shares (basic), i.e. 93,305,357 shares
[7] Impact of hedging ineffectiveness, banking default risk, premiums, non-recurring amortization and costs relating to bond redemptions, proceeds and costs from unwinding hedging operations
[8] Net recurrent earnings = net income attributable to owners of the parent before amortization, gains or losses on disposals net of associated fees, any asset impairment and other non-recurring effects
[9] Sites on a constant scope and a constant surface area basis

At end-December 2023, Mercialys' portfolio mainly comprised 48 shopping centers[10], with 25 large regional shopping centers and 23 leading local retail sites.

The **average appraisal yield rate** was 6.61% at December 31, 2023, compared with 5.75% at December 31, 2022 and 6.21% at June 30, 2023. This decompression of the appraisal rates by 40bp during the second half of the year and 86bp over the full year reflects the context of rising interest rates between 2022 and 2023, as well as an overall increase in the risk premium recognized by the appraisers across the real estate sector in general and specifically for Mercialys, with this risk considered to be higher with regard to the sustainability of rental income from the Casino group, before the completion of the restructuring process. However, the economic and financial assumptions retained by the appraisers do not show any fundamental changes from year to year, reflecting the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation.

This decompression of the appraisal rate to 6.61% enables Mercialys to offer a significant yield spread on its assets of 405bp versus the risk-free rate (10-year OAT) at December 31, 2023.
One would need to go back to 2006 to find a relatively similar appraisal rate of 6.30% for Mercialys, which at the time represented a yield spread versus the OAT of 231bp, some way below the level recorded at end-2023. During this period of over 15 years, the Company has made in-depth changes to the structure of its asset portfolio through a large-scale realignment, transitioning from 157 assets to 48 sites. The Company has further strengthened its portfolio considerably through these successive rationalizations, with the unit value of its assets up to Euro 60 million in 2023 compared with Euro 8.1 million in 2006.

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

	EPRA NRV			EPRA NTA			EPRA NDV		
	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023
€ / share	20.54	19.03	18.25	18.42	16.99	16.29	20.94	18.80	17.10
Change over 6 months	+0.9%	-7.4%	-4.1%	+1.0%	-7.8%	-4.1%	+6.6%	-10.2%	-9.1%
Change over 12 months	+0.1%	-6.5%	-11.2%	+0.2%	-6.9%	-11.6%	+19.0%	-4.3%	-18.4%

The **EPRA Net Disposal Value (NDV)** came to Euro 17.10 per share, down -9.1% over 6 months and -18.4% over 12 months. The Euro -3.84 per share change over 12 months takes into account the following impacts:
- Dividend payment: Euro -0.96;
- Net recurrent earnings: Euro +1.17;
- Change in unrealized capital gains or losses[11]: Euro -2.04, including a yield effect for Euro -4.07, a rent effect for Euro +1.90 and other effects[12] for Euro +0.13;
- Change in fair value of fixed-rate debt: Euro -1.53;
- Change in fair value of derivatives and other items: Euro -0.49;

2 - Loan to value ratio (LTV) including transfer taxes of 36.4% and ICR of 5.1x reflecting a particularly solid financial profile

The **real average cost of drawn debt**[13] for 2023 came to 2.3%, following a limited increase compared with the 2.0% recorded at end-2022 and 2.1% at end-June 2023. This change is linked mainly to the instruments set up to fix and extinguish the fixed/floating rate products, helping further strengthen debt hedging. In a context of interest rate volatility and significant increases in rates from the first half of 2022, Mercialys further strengthened its **hedging rate**

[10] Added to these are two geographically dispersed assets with a total appraisal value including transfer taxes of Euro 13.0 million.
[11] Difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes.
[12] Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains or losses on asset disposals
[13] This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding hedging operations

for its fixed-rate debt, up to 96% for 2023. For 2024, the hedging instruments set up on the residual debt will make it possible to reach 100% hedging for fixed-rate debt, with the real average cost of drawn debt, on this basis, expected to move closer to the average cost of bond debt, i.e. 2.6%.

At end-December 2023, **drawn debt** represented Euro 1,192 million. It is made up of three bond issues and a private placement, with a residual nominal amount of Euro 1,150 million, as well as commercial paper, with Euro 42 million outstanding at end-December 2023. Alongside this, the **cash position** totaled **Euro 118 million** at end-2023.

The **average maturity of drawn debt** was 3.8 years at December 31, 2023, compared with 4.2 years at end-June 2023 and 4.5 years at December 31, 2022. Excluding commercial paper, Mercialys does not have any drawn debt maturities before February 2026.

Mercialys continues to benefit from a very healthy financial structure, with an **LTV ratio excluding transfer taxes**[14] of **38.9% at December 31, 2023** (compared with 38.6% at June 30, 2023 and 35.3% at December 31, 2022) and an **LTV ratio including transfer taxes** of **36.4%** on the same date (versus 36.1% at June 30 and 33.0% at December 31, 2022). The LTV ratio is significantly below the bank covenant level of 55% concerning 92% of the undrawn lines.

The **ICR** was 5.1x [15] at December 31, 2023, compared with 5.2x at June 30, 2023 and 5.9x at December 31, 2022, reflecting the impacts of the operational performance on EBITDA. It is significantly higher than the minimum level of at least 2x set by the bank covenants.

Mercialys also has Euro 385 million of undrawn financing resources, stable compared with end-December 2022, with the maturity of 90% of them extended in 2023. The average maturity of undrawn bank resources represents 2.9 years. In addition, at end-2023, 100% of the undrawn bank lines included ESG criteria, compared with just over 53% at end-2022.

On October 20, 2023, Standard & Poor's confirmed its **BBB / stable outlook** rating for Mercialys.

With its particularly robust balance sheet, Mercialys has the capacity to accelerate its growth through its major project pipeline, as well as opportunities for acquisitions**.**

III. Resilient risk profile and effectively managed growth

At the end of the financial year 2023, with an uncertain economic environment, excellent operational and financial performances and relatively marked adjustments to the property values by the appraisers, Mercialys is moving into 2024 with a significant change in its food retail exposure.

In this context, the Company will continue to be ambitious as it looks to grow its real estate fundamentals, while benefiting from the relaunch of the hypermarkets anchoring its portfolio and deploying its resources to work on its project pipeline and potential for investments.

1 - Focusing on the key financial balances

Following an intense phase to rationalize its portfolio from 2019 to 2022, when Mercialys divested close to Euro 500 million of assets (100%-owned) after considerably developing their attractive positioning, the Company is

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[14] LTV (Loan To Value): net financial debt / (portfolio market value excluding transfer taxes + market value of investments in associates for Euro 45.1 million in 2023 and Euro 52.7 million in 2022, since the value of the portfolio held by associates is not included in the appraisal value).
[15] ICR (Interest Coverage Ratio): EBITDA / net finance costs

maintaining its opportunistic approach to new disposals with a view to focusing on the most promising sites with potential for medium-term growth in terms of value creation.

Thanks to its very sound financial structure, the Company has resources in place to firmly commit to a development phase over the coming years.
This growth strategy will be achieved through the development pipeline or through targeted accretive acquisitions focused on retail property or related activities, including shopping centers, retail parks and storage centers. Specifically, the Company will aim to ensure that the yield on these operations is at least 250bp higher than the refinancing cost for the projects or acquisitions.

2 - Continuing to make progress with the Company's management in line with the core pillars of the 2020-2030 CSR strategy

In 2023, Mercialys made concrete progress with key milestones from the roadmap set out with its 10-year CSR strategy "4 Fair Impacts for 2030".
Various objectives aimed at improving the environmental footprint of sites are showing very positive trends, including:

- a reduction in greenhouse gas emissions per sq.m by -24% compared with 2020 and -35% versus 2017, the date when Mercialys rolled out its carbon trajectory,
- a waste recovery rate of 66.2%,
- 100% BREEAM In Use certification for strategic centers, including the regular renewal of this certification in line with the increasingly demanding rating criteria. Illustrating this, the average score of strategic assets in part 2 is 72.0%,
- nearly 60% of the strategic centers have multifunctional spaces and 75.9% are equipped with electric vehicle charging stations.

This strategy also concerns the Company's ethical management, and this dimension is illustrated in particular by its very good performance in terms of gender equality, measured by the workplace equality index (drawn up by the French Ministry of Labor, Employment and Inclusion), after Mercialys scored 93 / 100 in 2023, compared with a national average of 88 / 100.
Lastly, Mercialys structures its governance in line with the best corporate governance standards, as illustrated by its Board of Directors, since 78% of its directors are independent and 56% are women.
The Company's committed approach around the various CSR pillars is recognized by the leading sustainability rating agencies and public authorities. In 2023, Mercialys was once again ranked second for the representation of women in management structures on the SBF 120. The Company also maintained its second-place ranking in its category (listed retail property companies in Europe) in the GRESB, with a high score of 89/100, and was recognized as a "Regional and Industry Top ESG Performer" for the third year running by Sustainalytics. Lastly, in February 2024, Mercialys was included in the Carbon Disclosure Project's Climate A List for the sixth consecutive year.

3 - Capitalizing on opportunities for external growth, illustrated by the achievements in 2023

The two external growth operations carried out in 2023 contribute to the desire for development and the creation of new real estate tools.
In September 2023, Mercialys announced the acquisition, in two phases, of the investment management company Imocom Partners. In December 2023, after this operation was approved by the French financial markets authority (AMF), Mercialys acquired 30% of the capital from the company's longstanding shareholders for Euro 5.7 million. The remaining 70% will be acquired by the Company during the first half of 2025, after the approval by the French financial market authority and following an interim period during which the current management team will accompany and support the company's development. The price of this second tranche will be adjusted based on the performance of the SGP and the underlying fund.

Imocom Partners manages the OPPCI investment fund ImocomPark, which holds a portfolio of 33 retail parks in France, with a total rental area of over 385,000 sq.m, let to around 400 tenants. The fund's assets represent a value of Euro 652 million including transfer taxes and generate Euro 40 million of annual rental income.

This operation offers increased visibility in relation to tenant retailers, while increasing the Company's capacity to work on retail or mixed real estate development projects. In a context of pressures on land reserves, linked in particular to the French Climate and Resilience Act, land management is becoming increasingly important and will open up opportunities that Mercialys and Imocom Partners aim to capitalize on.
Lastly, the development of new retail property funds represents a major source of value creation for Mercialys.

In 2023, Mercialys also took up a major stake in the round of fundraising carried out by DEPUR Expériences to become this company's second largest shareholder, after its founder, with just under 23% of its capital, for a total of Euro 1.1 million.
This investment in a company specialized in the design and execution of major Food & Beverage & Entertainment (F&B&E) projects, alongside Bouygues Immobilier and the BPI Tourism/Leisure fund, further strengthened Mercialys' expertise covering fine-grained consumption trends.
DEPUR's approach involves structuring in one place a range of food and beverage and entertainment services for a customer experience that extends well beyond culinary know-how.
Thanks to the funds raised with this operation, DEPUR has resources in place to accelerate its development and further strengthen its expertise, with its ambition to establish itself as the first vertically integrated operator specialized in the F&B&E sector, from conceptualization through to operations.

4 - Implementing the project pipeline

At end-2023, the pipeline of projects already identified and likely to be deployed on the mid-term represented Euro 429 million, as presented below. Mercialys will continue to focus its development on the retail sector, while capitalizing on its various areas of real estate expertise, enabling it to take part in calls for tenders for mixed-use development projects organized by cities or local authorities looking to reposition their neighborhoods or developments incorporating property development margins.

The pipeline's other projects concern 28 sites out of the 48 shopping centers held by Mercialys and include retail space projects (redevelopments, extensions, retail parks), dining and leisure projects, and tertiary activity projects (housing, healthcare, coworking, etc.). This potential reconfiguration of sites will make it possible to ensure their continued appeal looking beyond purely convenience retail aspects, while ensuring the sustainability of their strong positioning in their catchment areas and their cash flow generation profile over the long term.

The increase in both borrowing rates and construction costs is leading to a highly selective approach for projects, which must meet a demanding criterion for a yield of 250bp above the refinancing cost. Investments will also need to meet strict quality criteria in terms of rental exposure (resilient sectors) and geographic location.
Around 30% of the investment projects concern dining, leisure and tertiary activities, illustrating the diversification around projects connected to the retail sector.

(In millions of euros)	Total investment	Investment still to be committed	Completion date
COMMITTED PROJECTS[16]	**20.2**	**18.8**	**2024 / 2026**
Tertiary activities	20.2	18.8	2024 / 2026
CONTROLLED PROJECTS	**181.2**	**171.3**	**2024 / 2026**
Retail	152.2	142.6	2024 / 2026
Dining and leisure	14.1	14.0	2025 / 2026
Tertiary activities	14.9	14.7	2025 / 2026
IDENTIFIED PROJECTS	**227.5**	**227.2**	**2024 / > 2028**
Retail	148.5	148.3	2024 / > 2028
Dining and leisure	65.9	65.8	2026 / > 2028
Tertiary activities	13.1	13.1	2025 / > 2028
Total	**428.8**	**417.4**	**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*

IV. Outlook and dividend

Outlook for 2024

In an environment in which interest rates could remain considerably higher than the levels from 2015 to 2022, the Company is moving forward in 2024 with significant assets in place.
Mercialys' rental risk profile will improve considerably and see a clear pivot, thanks to the gradual replacement of the Casino group banners, the Company's legacy tenant, which still represented 17.4% of rental income in 2023, while benefiting from a diversified anchoring with all of the major food operators in France.
Mercialys is also once again setting out its strong attachment to food retail as the foundation for its rental base considering the proximity and recurrence that it generates with consumers, in line with the positioning of the centers.
The Company's sound financial foundations and the visibility offered by indexation, a core pillar supporting a balanced landlord-tenant relationship, while continuing to carefully monitor the solvency of client retailers, enable Mercialys to set the following objectives for 2024:

- Net recurrent earnings per share growth of at least +2.0% vs. 2023;
- Dividend to range from 75% to 95% of 2024 net recurrent earnings.

The change in the lower range to 75% of net recurrent earnings for the year, compared with 85% previously, will make it possible to free up additional capacity to fund investments in 2024 if necessary.
Mercialys could capitalize on the opportunity opened up by the changes in the hypermarkets anchoring its sites to work in partnership with the new retailers to further strengthen the appeal for clients (comfort, services, renovations) and establish new mid-size stores and retailers with activities that effectively complement those of the hypermarkets, the majority of which have realigned around their food offering.
In connection with its project pipeline following the work carried out in the last two years on significant calls for projects (Chartres and Angers), the Company will need to hold land reserves while waiting for the work to start up.
This payout range contributes to a yield per share that will continue to be particularly attractive for 2024, with the financing potential freed up in this way to support the return for shareholders over the medium term.

[16] The investments to be committed for the pipeline correspond to the Saint-Denis mixed-use urban project, north of Paris and coworking spaces

Dividend for 2023

Mercialys' Board of Directors will submit a proposal at the General Meeting on April 25, 2024 for a dividend of **Euro 0.99 per share**, compared with a dividend of Euro 0.96 per share for 2022. The payout corresponds to 85% of 2023 net recurrent earnings and offers a yield of 5.8% on the NDV of Euro 17.10 per share at end-2023 and 9.9% on the year's closing price.
For the last three years, Mercialys will have paid out Euro 2.87 of dividends, representing 85% of its recurrent earnings and providing an average yield of 10.1% for its shareholders over this period. Mercialys is therefore fulfilling its role as a listed real estate investment company (SIIC).

The proposed dividend for 2023 is based on the distribution requirement with the SIIC tax status concerning exempt profits from:

- property rental or sub-letting operations (including dividends paid by the subsidiaries subject to the SIIC system), i.e. Euro 0.86 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.13 per share.

The ex-dividend date is April 29, 2024, with the dividend to be paid on May 2, 2024.

* * *

This press release is available on www.mercialys.com.
A presentation of these results is also available online, in the following section:
Investors / News and press releases / Financial press releases

Analyst and investor contact
Olivier Pouteau
Tel: +33 (0)6 30 13 27 31
Email: opouteau@mercialys.com

About Mercialys

Mercialys is one of France's leading real estate companies. It is specialized in the holding, management and transformation of retail spaces, anticipating consumer trends, on its own behalf and for third parties. At December 31, 2023, Mercialys had a real estate portfolio valued at Euro 2.9 billion (including transfer taxes). Its portfolio of 2,038 leases represents an annualized rental base of Euro 175.5 million. Mercialys has been listed on the stock market since October 12, 2005 (ticker: MERY) and has "SIIC" real estate investment trust (REIT) tax status. Part of the SBF 120 and Euronext Paris Compartment B, it had 93,886,501 shares outstanding at December 31, 2023.

APPENDIX TO THE PRESS RELEASE

Financial report

1. Financial statements 15
2. Key developments in 2023 18
3. Summary of the main key indicators for the period 18
4. Review of activity 19
5. Review of consolidated results 23
6. Outlook 33
7. Subsequent events 33
8. EPRA performance measurements 34

Financial report

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, the Mercialys Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and applicable at December 31, 2023. These standards are available on the European Commission website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en. The accounting policies set out below were applied consistently to all the periods presented in the consolidated financial statements, after taking into account, or with the exception of, the new standards and interpretations described below.

1. Financial statements

The audit procedures on the consolidated accounts have been completed. The certification report is currently being issued.

1.1. Consolidated income statement

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023
Rental revenues	**173,277**	**178,010**
Service charges and property tax	(45,159)	(51,079)
Charges and taxes billed to tenants	37,883	45,201
Net property operating expenses	(69)	(1,208)
Net rental income	**165,932**	**170,924**
Management, administrative and other activities income	2,846	3,078
Other income	424	-
Other expenses	(6,283)	(4,433)
Personnel expenses	(18,690)	(20,169)
Depreciation and amortization	(37,729)	(38,540)
Reversals of / (Allowances for) provisions	(2,527)	(4,774)
Other operating income	88,740	10,647
Other operating expenses	(86,486)	(30,915)
Operating income	**106,227**	**85,818**
Income from cash and cash equivalents	246	3,185
Gross finance costs	(53,480)	(38,194)
(Expenses)/ Income from net financial debt	**(53,234)**	**(35,009)**
Other financial income	1,089	774
Other financial expenses	(3,939)	(6,085)
Net financial items	**(56,083)**	**(40,321)**
Tax expense	(709)	(495)
Share of net income from associates and joint ventures	2,380	1,727
Consolidated net income	**51,814**	**46,730**
Attributable to non-controlling interests	8,720	(6,643)
Attributable to owners of the parent	43,094	53,373
Earnings per share[17]		
Net income attributable to owners of the parent (in euros)	0.46	0.57
Diluted net income attributable to owners of the parent (in euros)	0.46	0.57

[17] Based on the weighted average number of shares over the period adjusted for treasury shares
Undiluted weighted average number of shares in 2023 = 93,305,357 shares
Fully diluted weighted average number of shares in 2023 = 93,305,357 shares

1.2. Consolidated statement of financial position

ASSETS *(in thousands of euros)*	Dec 31, 2022	Dec 31, 2023
Intangible assets	3,381	3,144
Property, plant and equipment other than investment property	4,743	5,825
Investment property	1,907,148	1,864,950
Right-of-use assets	10,184	10,615
Investments in associates	35,203	39,557
Other non-current assets	50,219	37,577
Deferred tax assets	1,601	1,614
Non-current assets	**2,012,478**	**1,963,282**
Trade receivables	28,557	35,936
Other current assets	31,854	31,902
Cash and cash equivalents	216,085	118,155
Investment property held for sale	0	1,400
Current assets	**276,496**	**187,393**
Total assets	**2,288,974**	**2,150,676**

EQUITY AND LIABILITIES (in thousands of euros)	Dec 31, 2022	Dec 31, 2023
Share capital	93,887	93,887
Additional paid-in capital, treasury shares and other reserves	631,246	583,337
Equity attributable to owners of the parent	725,132	677,224
Non-controlling interests	205,294	188,871
Shareholders' equity	**930,426**	**866,095**
Non-current provisions	1,225	1,406
Non-current financial liabilities	1,131,974	1,131,627
Deposits and guarantees	23,622	24,935
Non-current lease liabilities	9,409	9,529
Other non-current liabilities	2,377	4,834
Non-current liabilities	**1,168,607**	**1,172 332**
Trade payables	13,910	9,265
Current financial liabilities	126,353	53,037
Current lease liabilities	1,084	1,331
Current provisions	13,279	15,581
Other current liabilities	35,237	32,940
Current tax liabilities	78	95
Current liabilities	**189,941**	**112,249**
Total equity and liabilities	**2,288,974**	**2,150,676**

1.3. Consolidated cash flow statement

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023
Net income attributable to owners of the parent	43,094	53,373
Non-controlling interests	8,720	(6,643)
Consolidated net income	**51,814**	**46,730**
Depreciation, amortization(1) and provisions, net of reversals	46,161	64,054
Calculated expenses/(income) relating to stock options and similar	773	763
Other calculated expenses/(income)(2)	(386)	5,559
Share of net income from associates and joint ventures	(2,380)	(1,727)
Dividends received from associates and joint ventures	3,065	2,525
Income from asset disposals	(8,486)	(766)
Expenses/(income) from net financial debt	53,234	35,009
Net financial interest in respect of lease agreements	321	344
Tax expense (including deferred tax)	709	495
Cash flow	**144,825**	**152,987**
Taxes received/(paid)	(1,033)	(569)
Change in working capital requirement relating to operations, excluding deposits and guarantees(3)	5,816	(19,464)
Change in deposits and guarantees	515	1,313
Net cash flow from operating activities	**150,124**	**134,267**
Cash payments on acquisitions of:		
investment properties and other fixed assets	(19,098)	(22,532)
non-current financial assets	(43)	(4)
Cash receipts on disposals of:		
investment properties and other fixed assets	81,161	3,964
non-current financial assets	1,274	3,146
Investments in associates and joint ventures		(6,312)
Impact of changes in scope with change of control	(4,292)	-
Change in loans and advances granted		-
Net cash flow from investing activities	**59,002**	**(21,740)**
Dividends paid to shareholders of the parent company (final)	(86,025)	(89,565)
Dividends paid to shareholders of the parent company (interim)	-	-
Dividends paid to non-controlling interests	(5,437)	(9,780)
Capital increase and reduction	-	-
Other transactions with shareholders	-	-
Changes in treasury shares	(439)	(744)
Increase in borrowings and financial debt	754,809	109,000
Decrease in borrowings and financial debt	(880,222)	(192,204)
Repayment of lease liabilities	(1,398)	(1,231)
Interest received (4)	20,999	17,880
Interest paid	(52,484)	(43,727)
Net cash flow from financing activities	**(250,198)**	**(210,371)**
Change in cash position	**(41,072)**	**(97,844)**
Net cash at beginning of year	257,071	215,999
Net cash at end of year	215,999	118,155
of which cash and cash equivalents	216,085	118,155
of which bank overdrafts	(87)	-

(1)	*Depreciation and amortization exclude the impact of impairment on current assets*		
(2)	*Other calculated expenses and income mainly comprise:*		
	- discounting adjustments to construction leases	*(236)*	*(207)*
	- lease rights received from tenants and spread over the firm term of the lease	*(662)*	*2,920*
	- deferred financial expenses	*826*	*648*
	- interest on non-cash loans and other financial income and expenses	*(362)*	*2,024*
(3)	*The change in working capital requirement breaks down as follows:*		
	- trade receivables	*8,392*	*(7,462)*
	- trade payables	*(2,863)*	*(4,646)*
	- other receivables and payables	*287*	*(7,356)*
	Total working capital requirement	***5,816***	***(19,464)***
(4)	*Primarily comprising interest received on debt hedging instruments in accordance with IAS 7.16*		

2. Key developments in 2023

Financing

At end-June 2023, Mercialys set up a new credit line for Euro 180 million, maturing in June 2026, with two options for a one-year extension. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 180 million line due to mature in December 2024.

Change in the rental base

On December 18, 2023, the Casino group announced that it had entered exclusive negotiations with Intermarché and Auchan Retail with a view to selling virtually the entire scope of Casino group hypermarkets and supermarkets (excluding Corsica) to Groupement Les Mousquetaires and Auchan Retail. Following these exclusive negotiations, Casino announced on January 24 that it had reached agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. The sales will be completed in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.
This operation remains subject to the relevant approvals being obtained from the competition authorities.
The portfolio of Casino group hypermarkets and supermarkets in Corsica, where Mercialys has a 60% stake in five Casino hypermarkets that it owns in partnership with the company Corin, has not been included by the Casino group in this sales agreement.
On January 24, 2024, Carrefour also announced that it has entered into exclusive negotiations with Groupe Intermarché to acquire 31 stores. Under the terms of the agreement, Carrefour will substitute Intermarché for the purchase of 26 stores from Casino, while the remaining 5 stores will be acquired directly from Intermarché.
On January 25, 2024, the magazine LSA published the list of the 31 points of sale, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

3. Summary of the main key indicators for the period

	Dec 31, 2023
Organic growth in invoiced rents	**+4.1%**
EBITDA[18]	**149.4**
EBITDA/rental revenues	*83.9%*
Net recurrent earnings [19]	**109.0**
Net recurrent earnings per share[20]	**1.17**
Fair value of the portfolio (including transfer taxes)	**2,872.0**
Change vs. Dec 31, 2022 (current basis)	*-7.1%*
Change vs. Dec 31, 2022 (like-for-like)	*-7.0%*
EPRA NDV per share	**17.10**
Change vs. Dec 31, 2022	*-18.4%*
Loan to Value (LTV) – excluding transfer taxes	**38.9%**

[18] Earnings before interest, taxes, depreciation, amortization and other operating income and expenses
[19] Net recurrent earnings = net income attributable to owners of the parent before amortization, gains or losses on disposals net of associated fees, any asset impairment and other non-recurring effects
[20] Calculated based on the average undiluted number of shares (basic), i.e. 93,305,357 shares

4. Review of activity

4.1. Main management indicators

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

At Dec 31, 2023	Number of leases	Annual MGR* + variable rents (€m)	Share of leases expiring (% annual MGR + variable)
Expired at December 31, 2023	350	23.6	13.5%
2024	157	9.0	5.1%
2025	125	7.8	4.4%
2026	170	16.3	9.3%
2027	205	40.7	23.2%
2028	196	15.1	8.6%
2029	176	11.7	6.7%
2030	255	26.0	14.8%
2031	187	11.6	6.6%
2032	118	6.9	3.9%
2033 and beyond	99	6.8	3.9%
Total	**2,038**	**175.5**	**100%**

** MGR: minimum guaranteed rent*

➢ 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. Among the 13.5% of leases due at the end of 2023, 1.7% are the subject of agreements signed in January 2024.

➢ At end-January 2024, the **collection rate** for rent and charges from 2023 represents 96.3%.

➢ The **current financial vacancy rate** - which excludes “strategic” vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 2.9%[21] at December 31, 2023, stable compared with the level from end-2022 and showing a significant improvement compared with June 30, 2023 (3.3%). Mercialys’ robust letting activity enabled it to offset the impact of the retailers going into turnaround or liquidation proceedings, particularly in the textiles sector.

➢ **The total vacancy rate**[22] was 4.4% at December 31, 2023, which is also significantly lower than end-June 2023 (4.7%) and stable compared with end-2022.

➢ Mercialys’ robust underlying letting performance led to 150 leases being signed for renewals or relettings in 2023, securing a **reversion** rate that is stable (+0.1%) and relevant considering the combination of high indexation in 2023 at +3.7%.

➢ Thanks to the positive trend for retailer activity levels, the **occupancy cost ratio**[23] remained at a still very measured rate of 10.7% at end-December 2023, down from end-June (10.9%) and end-December 2022 (11.1%), despite the like-for-like increase in rents.

[21] The occupancy rate, as with Mercialys’ vacancy rate, does not include agreements relating to the Casual Leasing business.

[22] In accordance with the EPRA calculation method: rental value of vacant units / (annualized minimum guaranteed rent on occupied units + rental value of vacant units).

[23] Ratio between rent, charges (including marketing funds) and invoiced work paid by retailers and their sales revenue (excluding large food stores): (rent + charges + reinvoiced work including tax) / sales revenue including tax

The rents received by Mercialys come from a very diverse range of retailers as, with the exception of the Casino group retailers (details presented below), no other tenant represents more than 2% of total rental income.

The Casino group's restructuring and the in-depth realignment of the food retail landscape in France, as presented earlier, will significantly change Mercialys' rental structure from 2024.

Casino group retailers accounted for 20.5% of total rental income at December 31, 2023, down from 21.4% at June 30, 2023 and 21.0% at December 31, 2022. This decrease of exposure to the Casino group is generated by the transfer of the Besançon and Le Puy hypermarkets to Intermarché.
This consolidated accounting exposure is calculated factoring in all of the rent paid by Casino group retailers. Mercialys' economic exposure to rent from retailers operated by the Casino group came to 17.4% vs. 18.3% at June 30 and 18.0% at end-2022, after being adjusted:

(1) downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of nine hypermarkets operating under the Géant Casino banner (with the Le Puy site operated by Intermarché since October 2023), and
(2) upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino and Intermarché banners.

The lease schedule for Mercialys' main tenant is presented below:

Schedule for key Casino group leases

Site	% held by Mercialys	Type	Lease start date	Lease end date	Lease characteristics
Grenoble	100%	Monoprix	02/2010	02/2022	3 - 6 - 9 - 12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3 - 6 - 9 - 12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Clermont-Ferrand	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Annemasse	100%	Hypermarket	12/2015	12/2027	3 - 6 - 9 - 12 commercial lease
Ajaccio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Corte	60%	Supermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Furiani	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Porto-Vecchio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Toga	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period

Top 10 tenant retailers (excluding Casino Group)

H&M
Feu Vert
Armand Thiery
Nocibé
FNAC
Mango
Orange
Jules
Sephora
Intersport
13.4% of contractual rents on an annualized basis

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

	Number of leases	Annual MGR* + variable rents (€m)	Percentage of rent (%)	
	Dec 31, 2023	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023
National and international retailers	1,401	116.4	65.5%	66.3%
Local retailers	591	23.2	13.5%	13.2%
Casino cafeterias / restaurants	2	0.2	0.1%	0.1%
Monoprix	1	1.2	0.7%	0.7%
Géant Casino and other entities	43	34.5	20.2%	19.7%
Total	**2,038**	**175.5**	**100.0%**	**100.0%**

** MGR: minimum guaranteed rent*

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

	Percentage of rent (%)	
	Dec 31, 2022	Dec 31, 2023
Restaurants and catering	8.3%	8.6%
Health and beauty	12.7%	13.0%
Culture, gifts and sports	17.5%	17.9%
Personal items	30.0%	28.9%
Household equipment	7.7%	7.7%
Food-anchored tenants	20.5%	20.9%
Services	3.2%	3.0%
Total	**100.0%**	**100.0%**

The **rental income structure** at December 31, 2023 shows that the majority of leases, in terms of overall rental income, include a variable clause. The Company's exposure to purely variable rents is however very limited, representing 1.7% of the rental base.

	Number of leases Dec 31, 2023	Annual MGR + variable rents (€m) Dec 31, 2023	Percentage of rent (%) Dec 31, 2022	 Dec 31, 2023
Leases with variable clause	1,338	107.5	58%	61%
- of which MGR		*103.4*	*57%*	*59%*
- of which variable rent with MGR		*1.1*	*0%*	*1%*
- of which variable rent without MGR		*3.0*	*2%*	*2%*
Leases without variable clause	700	68.0	42%	39%
Total	**2,038**	**175.5**	**100%**	**100%**

The rental income structure at December 31, 2023 shows a predominant share of leases indexed against the French commercial rent index (ILC). In 2024, as a result of the lease anniversary dates, the indexation of Mercialys' rents will be linked for 15% to the index published in the first quarter of 2023 (+6.69%), with 22% for the index published in the second quarter of 2023 (+6.60%), 47% for the index published in the third quarter of 2023 (+5.97%), and 10% for the index published in the fourth quarter of 2023, while the other indexes represent a residual balance of 6%.

	Number of leases Dec 31, 2023	Annual MGR + variable rents (€m) Dec 31, 2023	Percentage of rent (%) Dec 31, 2022	 Dec 31, 2023
Leases index-linked to the retail rent index (ILC)	1,771	164.8	95%	96%
Leases index-linked to the construction cost index (ICC)	89	5.4	3%	3%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	158	1.2	1%	1%
Total	**2,018**	**171.4**	**100%**	**100%**

5. Review of consolidated results

5.1. Invoiced rents, rental revenues and net rental income

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

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change %
Invoiced rents	172,602	177,495	+2.8%
Lease rights and despecialization indemnities	674	515	-23.6%
Rental revenues	**173,277**	**178,010**	**+2.7%**
Property taxes	-13,948	-14,265	+2.3%
Rebilling to tenants	11,701	12,048	+3.0%
Non-recovered property taxes	**-2,247**	**-2,217**	**-1.3%**
Service charges	-31,211	-36,813	+18.0%
Rebilling to tenants	26,182	33,152	+26.6%
Non-recovered service charges	**-5,029**	**-3,661**	**-27.2%**
Management fees	-7,073	-952	-86.5%
Rebilling to tenants	4,113	4,032	-2.0%
Losses on and impairment of receivables	3,263	-4,441	na
Other expenses	-372	153	na
Net property operating expenses	**-69**	**-1,208**	**na**
Net rental income	**165,932**	**170,924**	**+3.0%**

The **+2.8 points** change in invoiced rents primarily reflects the following factors:
- the impact of indexation for **+3.7 points**, representing Euro +6.3 million;
- contribution by Casual Leasing for **-0.3 points**, representing Euro -0.5 million;
- the increase in variable rents for **+1.1 points**, representing Euro +1.9 million;
- the actions carried out on the portfolio for **-0.8 points**, representing Euro -1.4 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **+0.4 points**, representing Euro +0.8 million;
- the asset acquisitions and sales completed in 2022 and 2023 for **-1.2 points**, representing Euro -2.0 million;
- other effects primarily including strategic vacancies linked to current redevelopment programs for **-0.1 points**, representing Euro -0.2 million.

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

Lease rights and despecialization indemnities invoiced over the period[24] totaled Euro 3.4 million (compared with Euro 0.2 million at December 31, 2022). After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for 2023 totaled Euro 0.5 million, compared with Euro 0.7 million for 2022.

Rental revenues therefore came to Euro 178.0 million at December 31, 2023, up +2.7% from end-2022.

Net rental income is up +3.0% from 2022 to Euro 170.9 million. 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 net property operating expenses (primarily fees paid to the property

[24] 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.

manager that are not re-invoiced and various charges relating directly to site operations).

The costs included in the calculation of net rental income represent Euro 7.1 million for 2023, compared with Euro 7.3 million in 2022.
In parallel the Company benefited from the lower level of management fees paid after various activities were brought in-house in 2022 for around Euro 6 million. However, in 2022, Euro +7.8 million of net income was recorded for various impacts relating to the health crisis: a non-recurring positive effect linked to reversals of provisions for arrears recorded for 2020-2021 for a total of Euro +9.2 million and, alongside this, a Euro -1.4 million expense relating to rent relief. In 2023, the net impact relating to this exceptional situation was very limited, representing Euro +0.4 million, split between a Euro -0.7 million expense corresponding to relief on the rent billed and a reversal of provisions relating to the arrears resulting directly from the health crisis for Euro +1.1 million. Excluding these non-recurring items intended to spread the impacts associated with the health crisis, net rental income would be up +7.8% for 2023.

5.2. Management income, operating costs and EBITDA

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change (%)
Net rental income	**165,932**	**170,924**	**+3.0%**
Management, administrative and other activities income	2,846	3,078	+8.1%
Other income and expenses	-5,859	-4,433	-24.3%
Personnel expenses	-18,690	-20,169	+7.9%
EBITDA	**144,229**	**149,400**	**+3.6%**
% rental revenues	***83.2%***	***83.9%***	-

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

Fees charged in 2023 totaled Euro 3.1 million, compared with Euro 2.8 million for 2022.

No **property development margin** was recorded in 2023.

No **other current income** was recorded in 2023 (Euro 0.4 million in 2022). This included the dividends received from the OPCI fund UIR2, 80%-owned by Union Invest and 20% by Mercialys. The asset held by the OPCI fund was sold during the first half of 2022.

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 2023, these expenses totaled Euro 4.4 million, compared with Euro 6.3 million in 2022. This change takes into account the increase in certain operating costs, largely offset by the Company's committed efforts to moderating operating costs in an inflationary context.

Personnel expenses came to Euro 20.2 million in 2023, higher than 2022 (Euro 18.7 million). This change factors in the impact of pay rises in an inflationary context and the integration of new staff recruited in 2022 and 2023 in connection with the rental management and technical and administrative management activities being brought back in-house (as of January 1, 2023), as well as the profit-sharing agreement set up during the second half of the year, which represented a provision of Euro 1.4 million.

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**[25] came to Euro 149.4 million in 2023, compared with Euro 144.2 million in 2022. The EBITDA margin was 83.9% (vs. 83.2% at December 31, 2022).

5.3. Net financial items

The **net financial items** taken into account to calculate net recurrent earnings came to Euro 29.6 million at December 31, 2023, compared with Euro 29.7 million at December 31, 2022.

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.

In 2023, the increase in financial expenses linked primarily to the fixed/floating rate products extinguished was offset by an increase in financial income from the cash invested.

In connection with the debt restructuring carried out during the first quarter of 2022, premiums and additional amortization were recorded in the accounts at end-June 2022 as a result of the two bond redemptions. These impacts are presented in the detailed breakdown of net financial items below:

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change (%)
Income from cash and cash equivalents *(a)*	**246**	**3,185**	na
Cost of debt taken out *(b)*	-29,926	-34,730	+16.0%
Impact of hedging instruments *(c)*	9,456	2,359	-75.1%
Cost of property finance leases *(d)*	0	0	na
Gross finance costs excluding exceptional items	**-20,471**	**-32,370**	**+58.1%**
Exceptional amortization of costs relating to the early repayment of financial debt *(e)*	-4,282	0	na
Gross finance costs *(f) = (b)+(c)+(d)+(e)*	**-24,753**	**-32,370**	**+30.8%**
Net finance costs *(g) = (a)+(f)* [26]	**-24,507**	**-29,186**	**+19.1%**
Cost of revolving credit facility and bilateral loans (undrawn) *(h)*	-2,987	-2,572	-13.9%
Other financial expenses *(i)*	-327	-436	+33.3%
Other financial expenses excluding exceptional items *(j) = (h)+(i)*	**-3,314**	**-3,008**	**-9.2%**
Costs on redemption operations and restructuring of debt and hedging instruments *(k)*	-29,578	-8,900	-69.9%
Other financial expenses *(l) = (j)+(k)*	**-32,892**	**-11,908**	**-63.8%**
Total financial expenses *(m) = (f)+(l)*	**-57,645**	**-44,279**	**-23.2%**
Income from associates	232	773	na
Other financial income	1,086	0	na
Other financial income *(n)*	**1,318**	**773**	**-41.3%**
TOTAL FINANCIAL INCOME *(o) = (a)+(n)*	**1,564**	**3,958**	**+153.1%**
Net financial items = *(m)+(o)*	**-56,083**	**-40,321**	**-28.1%**

[25] Earnings before interest, tax, depreciation and amortization

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

5.4. Net recurrent earnings and net income attributable to owners of the parent

5.4.1. Net recurrent earnings

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change (%)
EBITDA	**144,229**	**149,400**	**+3.6%**
Net financial income (excluding non-recurring items [27])	-29,659	-29,593	-0.2%
Reversals of / (Allowances for) provisions	-2,527	-4,774	+88.9%
Other operating income and expenses (excluding capital gains or losses on disposals and impairment)	624	2,179	na
Tax expense	-463	-634	+36.9%
Share of net income from associates and joint ventures (excluding capital gains or losses, amortization and impairment)	3,680	3,574	-2.9%
Non-controlling interests (excluding capital gains or losses, amortization and impairment)	-10,360	-11,191	+8.0%
Net recurrent earnings	**105,524**	**108,961**	**+3.3%**
Net recurrent earnings per share[28]	***1.13***	***1.17***	***+3.3%***

Other operating income and expenses (excluding capital gains or losses on disposals and impairment) came to Euro +2.2 million (Euro +0.6 million at end-2022), primarily reflecting the impact of net reversals of provisions. Specifically, a Euro 2.1 million provision for a dispute concerning a site on Reunion Island, relating to an issue with the road network, was reversed at the end of June 2023.

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.

2023 recorded a **tax expense** taken into account to calculate net recurrent earnings of Euro -0.6 million, primarily comprising the CVAE corporate value-added tax. At end-2022, the tax expense was Euro -0.5 million.

The **share of net income from associates and joint ventures (excluding capital gains or losses, amortization and impairment)** came to Euro 3.6 million at December 31, 2023, compared with Euro 3.7 million at December 31, 2022. 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 Genin (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).

Non-controlling interests (excluding capital gains or losses, amortization and impairment) came to Euro -11.2 million at December 31, 2023, compared with Euro -10.4 million at December 31, 2022. They are linked to the 49% stake held by BNP Paribas REIM France in the companies Hyperthetis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

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

[28] Calculated based on the average undiluted number of shares (basic), i.e. 93,305,357 shares

In view of these items, **net recurrent earnings**[29] came to Euro 109.0 million (compared with Euro 105.5 million for 2022), up +3.3%. Considering the average number of shares (basic) at end-December, net recurrent earnings represent Euro 1.17 per share at December 31, 2023, compared with Euro 1.13 per share at December 31, 2022, up +3.3%.
As indicated above, the basis for comparison at December 31, 2022 benefited from Euro +7.8 million of net income for various impacts relating to the health crisis, compared with Euro +0.4 million of net income in the accounts at end-December 2023. Net recurrent earnings restated for these non-recurring items would be up +11.0%.

5.4.2. Net income attributable to owners of the parent

(In thousands of euros)	Dec 31, 2022	Dec 31, 2023	Change %
Net recurrent earnings	105,524	108,961	+3.3%
Depreciation and amortization	-37,729	-38,540	+2.1%
Other operating income and expenses	1,630	-22,447	na
Hedging ineffectiveness, banking default risk and net impact of bond redemptions and hedging operations	-26,671	-10,589	-60.3%
Share of net income from associates, joint ventures and non-controlling interests (amortization, impairment and capital gains or losses)	339	15,987	na
Net income attributable to owners of the parent	**43,094**	**53,373**	**+23.9%**

Depreciation and amortization came to Euro -38.5 million in 2023, up +2.1% from 2022.

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

Other operating income came to Euro 7.2 million at December 31, 2023, compared with Euro 87.7 million at December 31, 2022. This amount mainly includes:
- income from the sale of geographically dispersed sites (Euro 3.9 million);
- income relating to adjustments for previous sales (Euro 3.2 million).

Other operating expenses totaled Euro -29.6 million at December 31, 2023, compared with Euro -86.1 million at December 31, 2022. They correspond primarily to:
- the net book value of the assets sold (Euro -2.4 million);
- expenses relating to adjustments for previous sales (Euro -3.2 million);
- costs relating to acquisitions (Euro -0.8 million);
- provisions recorded for the impairment of investment properties (Euro -23.2 million).

The amount of net capital gains recorded in the consolidated financial statements at December 31 came to Euro 1.5 million (vs. Euro 8.3 million for 2022).

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 53.4 million for 2023, compared with Euro 43.1 million for 2022.

[29] Net recurrent earnings correspond to net income before amortization, gains or losses on disposals net of associated fees, potential asset impairments and other non-recurring effects

5.5. Financial structure

5.5.1. Debt cost and structure

At December 31, 2023, Mercialys' **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 2.00%, maturing in November 2027;
- a bond issue for a nominal amount of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 42 million of outstanding commercial paper, with an average rate of around 4%.

Cash and cash equivalents came to Euro 118.2 million at December 31, 2023, compared with Euro 216.1 million at December 31, 2022. The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flow from operating activities during the period: Euro +134.3 million;
- cash receipts / payments related to disposals / acquisitions of assets completed in 2023: Euro -21.7 million;
- dividend payments to parent company shareholders and non-controlling interests: Euro -99.3 million;
- issues and repayment of borrowings net of the change in outstanding commercial paper: Euro -83.2 million;
- net interest paid: Euro -25.9 million.

Net financial debt came to Euro 1,063.6 million at December 31, 2023, compared with Euro 1,040.2 million at December 31, 2022.

The **real average cost of drawn debt** for 2023 was 2.3%, compared with 2.1% at end-June 2023 and 2.0% at end-2022. This change is linked mainly to the instruments set up to fix and extinguish the fixed/floating rate products, helping further strengthen debt hedging. In a context of significant increases in interest rates and rate volatility from the first half of 2022, Mercialys further strengthened its hedging rate for its fixed-rate debt, up to 96% for 2023. For 2024, the hedging instruments set up on the residual debt will make it possible to reach 100% hedging for fixed-rate debt, with the real average cost of drawn debt, on this basis, expected to move closer to the average cost of bond debt, i.e. 2.6%.

Debt maturity and liquidity

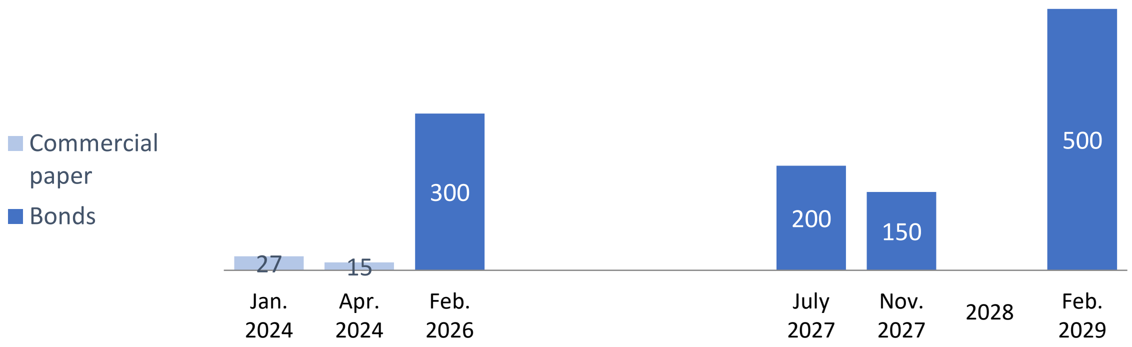
The **average maturity of drawn debt**, including commercial paper, was 3.8 years at end-December 2023, compared with 4.2 years at June 30, 2023 and 4.5 years at December 31, 2022.

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

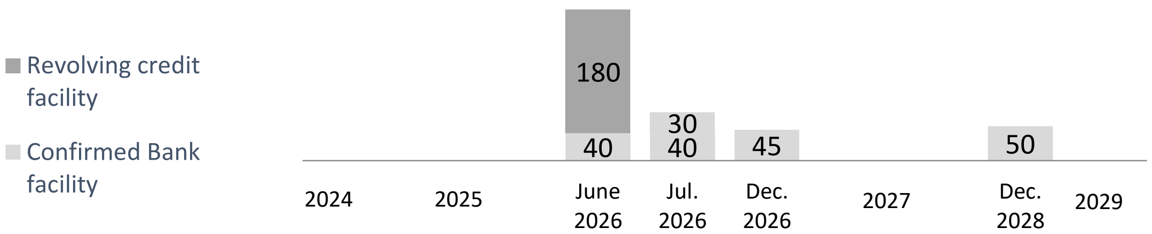
- a Euro 180 million revolving bank credit facility, due in June 2026. The Euribor margin is 155bp (for a BBB rating); if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin;
- five bilateral confirmed bank facilities for a total of Euro 205 million, maturing between June 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;

Lastly, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012, with Euro 42 million used (outstanding at December 31, 2023).

Mercialys' drawn debt maturity schedule (in millions of euros) at December 31, 2023:



Mercialys' undrawn debt maturity schedule (in millions of euros) at December 31, 2023:



5.5.2. Bank covenants and credit rating

Mercialys' financial position at December 31, 2023 met all the various covenants included in the different credit agreements.

The **loan to value (LTV) ratio excluding transfer taxes** came to 38.9% at end-December 2023, compared with 35.3% at end-December 2022 and 38.6% at June 30, 2023, well below the contractual covenants. An LTV covenant 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.

The LTV including transfer taxes was 36.4% at end-December 2023, compared with 33.0% at end-December 2022 and 36.1% at June 30, 2022 and 34.4% at end-December 2021.

	Dec 31, 2022	Dec 31, 2023
Net financial debt (in millions of euros)	1,040.2	1,063.6
Appraisal value excluding transfer taxes (in millions of euros)[30]	2,949.6	2,737.4
Loan to value (LTV) - excluding transfer taxes	**35.3%**	**38.9%**

[30] Including the market value of investments in associates for Euro 51.5 million for 2023 and Euro 52.7 million for 2022, since the value of the portfolio held by associates is not included in the appraisal value

Similarly, the **interest coverage ratio (ICR)** was 5.1x at end-December 2023, significantly higher than the contractual covenant (ICR > 2x), compared with 5.9x at end-December 2022 and 5.2x at end-June 2023.

	Dec 31, 2022	Dec 31, 2023
EBITDA (in millions of euros)	144.2	149.4
Net finance costs (in millions of euros)[31]	-24.5	-29.2
Interest coverage ratio (ICR)	**5.9x**	**5.1x**

The two other contractual covenants are also met:
- the **fair value of assets excluding transfer taxes** at December 31, 2023 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 December 31, 2023, below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%.

On October 20, 2023, Standard & Poor's confirmed its **BBB / stable outlook rating** for Mercialys.

5.6. Equity and ownership structure

Consolidated equity totaled Euro 866.1 million at December 31, 2023, compared with Euro 930.4 million at December 31, 2022.

The main changes that affected consolidated equity during the year were as follows:
- net income for 2023: Euro +46.7 million;
- payment of the 2022 dividend of Euro 0.96 per share and dividends paid to non-controlling interests: Euro 99.3 million;
- change in fair value of financial assets and derivatives: Euro -11.7 million.

The **number of outstanding shares** at December 31, 2023 was 93,886,501, unchanged since December 31, 2022.

	2021	2022	2023
Number of shares outstanding			
- At start of period	92,049,169	93,886,501	93,886,501
- At end of period	93,886,501	93,886,501	93,886,501
Average number of shares outstanding	93,179,835	93,886,501	93,886,501
Average number of shares (basic)	**92,839,729**	**93,384,221**	**93,305 357**
Average number of shares (diluted)	**92,839,729**	**93,384,221**	**93,305 357**

At December 31, 2023, Mercialys' shareholding structure had the following breakdown: treasury stock (0.65%), other shareholders (99.35%).
Two shareholders informed the AMF that they held more than 5.0% of the capital or voting rights. BlackRock Inc's holding company held 5,666,317 shares on December 2023, representing 6.0% of the capital and voting rights. AXA IM held 4,821,145 shares on December 19, 2023, representing 5.0% of the company's capital and voting rights.

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

5.7. Dividend

Mercialys' Board of Directors will submit a proposal at the General Meeting on April 25, 2024 for a dividend of **Euro 0.99 per share**, compared with a dividend of Euro 0.96 per share for 2022. The payout corresponds to 85% of 2023 net recurrent earnings and offers a yield of 5.8% on the NDV of Euro 17.10 per share at end-2023 and 9.9% on the year's closing price.
For the last three years, Mercialys will have paid out Euro 2.87 of dividends, representing 85% of its recurrent earnings and providing an average yield of 10.1% for its shareholders over this period.

This proposed dividend for 2023 is based on the distribution requirement with the SIIC tax status concerning exempt profits from:

- property rental or sub-letting operations (including dividends paid by the subsidiaries subject to the SIIC system), i.e. Euro 0.86 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.13 per share.

The ex-dividend date is April 29, 2024, with the dividend to be paid on May 2, 2024.

Changes in scope and valuation of the asset portfolio

5.8. Asset acquisitions

No significant acquisitions occurred in 2023.

5.9. Extension or redevelopment projects

The development pipeline is presented in section III, paragraph 4 of this press release.

5.10. Asset disposals

No significant disposals occured in 2023.

5.11. Appraisal valuations and changes in scope

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

At December 31, 2023, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and BPCE Expertises Immobilières updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted the appraisal of 17 sites at December 31, 2023, based on an *on-site* inspection of 2 sites during the second half of 2023 and an update of the June 30, 2023 appraisals for the other sites;
- Catella Valuation conducted the appraisal of 16 sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023;
- Cushman & Wakefield conducted the appraisal of 9 sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023. Nine on-site inspections were carried out during the first half of 2022;

- CBRE conducted the appraisal of 1 site at December 31, 2023, based on an update of the appraisal carried out at June 30, 2023. One on-site inspection was carried out during the first half of 2023;
- BPCE Expertises Immobilières conducted the appraisal of 16 sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023.

On this basis, the **portfolio value** was Euro 2,872.0 million including transfer taxes at December 31, 2023, compared with Euro 3,091.2 million at December 31, 2022. Excluding transfer taxes, this value was Euro 2,692.3 million at end-2023, compared with Euro 2,896.9 million at end-2022.

The portfolio value including transfer taxes is therefore down -7.1% over 12 months (-7.0% like-for-like[32]) and -3.8% over six months (-3.7% like-for-like). The change in the portfolio value excluding transfer taxes is consistent with the same proportions (-3.7% over six months and -7.0% over 12 months like-for-like).

The **average appraisal yield rate** was 6.61% at December 31, 2023, compared with 6.21% at June 30, 2023 and 5.75% at December 31, 2022.

Type of property	Average yield rate Dec 31, 2022	Average yield rate Jun 30, 2023	Average yield rate Dec 31, 2023
Regional and large shopping centers	5.46%	5.93%	6.34%
Neighborhood shopping centers	7.36%	7.88%	8.26%
Total portfolio [33]	**5.75%**	**6.21%**	**6.61%**

The following table presents the breakdown of Mercialys' portfolio by fair value and gross leasable area (GLA) by type of property at December 31, 2023, as well as the corresponding appraised rental income:

Type of property	Number of assets Dec 31, 2023	Appraisal value (excl. transfer taxes) Dec 31, 2023		Appraisal value (incl. transfer taxes) Dec 31, 2023		Gross leasable area Dec 31, 2023		Appraised potential net rental income	
		(€m)	(%)	(€m)	(%)	(sq.m)	(%)	(€m)	(%)
Regional and large shopping centers	25	2,279.7	84.7%	2,430.9	84.6%	604,840	77.9%	154.0	81.1%
Neighborhood shopping centers	23	400.5	14.9%	428.1	14.9%	167,726	21.6%	35.3	18.6%
Subtotal	**48**	**2,680.2**	**99.5%**	**2,859.0**	**99.5%**	**772,567**	**99.5%**	**189.4**	**99.8%**
Other sites[33]	2	12.1	0.5%	13.0	0.5%	3,987	0.5%	0.5	0.2%
Total	**50**	**2,692.3**	**100%**	**2,872.0**	**100%**	**776,554**	**100%**	**189.8**	**100%**

[32] Sites on a constant scope and a constant surface area basis
[33] Including the 2 dispersed assets.

6. Outlook

The Company's sound financial foundations and the visibility offered by indexation, a core pillar supporting a balanced landlord-tenant relationship, while continuing to carefully monitor the solvency of client retailers, enable Mercialys to set the following objectives for 2024:

- Net recurrent earnings per share growth of at least +2.0% vs. 2023;
- Dividend to range from 75% to 95% of 2024 net recurrent earnings.

The change in the lower range to 75% of recurrent earnings for the year, compared with 85% previously, will make it possible to free up additional capacity to fund investments in 2024 if necessary.
Mercialys could capitalize on the opportunity opened up by the changes in the hypermarkets anchoring its sites to work in partnership with the new retailers to further strengthen the appeal for clients (comfort, services, renovations) and establish new mid-size stores and retailers with activities that effectively complement those of the hypermarkets, the majority of which have realigned around their food offering.
This payout range contributes to a yield per share that will continue to be particularly attractive for 2024, with the financing potential freed up in this way to support returns for shareholders over the medium term.

7. Subsequent events

On January 24, Casino announced that it had signed agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. The sales will be completed in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.
This operation remains subject to the relevant approvals being obtained from the competition authorities.
The Casino Group has excluded the portfolio of hypermarkets and supermarkets in Corsica from this sale agreement.
On January 24, 2024, Carrefour also announced that it has entered into exclusive negotiations with Groupe Intermarché to acquire 31 stores. Under the terms of the agreement, Carrefour will substitute Intermarché for the purchase of 26 stores from Casino, while the remaining 5 stores will be acquired directly from Intermarché.
On January 25, 2024, the magazine LSA published the list of the 31 points of sale, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

8. EPRA performance measurements

Mercialys applies the EPRA[34] recommendations for the indicators provided below. EPRA is the representative organization for listed real estate companies in Europe and issues recommendations on performance indicators to improve the comparability of financial statements published by the various companies.
In its half-year financial report and its Universal Registration Document, Mercialys publishes all the EPRA indicators defined by the Best Practices Recommendations, which can be found on EPRA's website. The following table summarizes the EPRA indicators at end-December 2023, end-June 2023 and end-December 2022:

	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023
EPRA earnings (€ per share)	1.13	0.62	1.17
EPRA NRV (€ per share)	20.54	19.03	18.25
EPRA NTA (€ per share)	18.42	16.99	16.29
EPRA NDV (€ per share)	20.94	18.80	17.10
EPRA net initial yield (%)	5.29%	5.63%	5.97%
EPRA topped-up net initial yield (%)	5.38%	5.72%	6.05%
EPRA vacancy rate (%)	4.4%	4.7%	4.4%
EPRA cost ratio - including direct vacancy costs (%)	18.7%	19.6%	17.8%
EPRA cost ratio - excluding direct vacancy costs (%)	16.7%	17.5%	16.1%
EPRA capital expenditure (€m)	24.0	11.7	22.5
EPRA LTV *(%)*	37.3%	40.6%	41.2%
EPRA LTV including transfer taxes *(%)*	35.0%	38.1%	38.7%

8.1. EPRA earnings and earnings per share

The following table shows the relationship between net income attributable to owners of the parent and net recurrent earnings per share as defined by EPRA:3

(In millions of euros)	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023
Net income attributable to owners of the parent	**43.1**	**30.4**	**53.4**
Share of net income from associates and joint ventures and non-controlling interests (amortization, depreciation and capital gains or losses)	-0.3	-16.8	-16.0
Hedging ineffectiveness, banking default risk, net impact of bond redemptions and hedging operations	26.7	6.7	10.6
Other operating income and expenses	-1.6	18.2	22.4
Depreciation and amortization	37.7	18.9	38.5
EPRA earnings	**105.5**	**57.5**	**109.0**
Average number of shares (basic)	93,384,221	93,252,895	93,305,357
EPRA earnings per share (€)	**1.13**	**0.62**	**1.17**

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

[34] European Public Real Estate Association

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

(In millions of euros)	Dec 31, 2022 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**725.1**	**725.1**	**725.1**
Includes [35] / Excludes [36]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**725.1**	**725.1**	**725.1**
Includes[35]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	1,005.6	1,005.6	1,005.6
ii.b) Revaluation of IPUC [37] (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments [38]	17.5	17.5	17.5
iii) Revaluation of tenant leases held as finance leases [39]	0.0	0.0	0.0
iv) Revaluation of trading properties [40]	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,748.2**	**1,748.2**	**1,748.2**
Excludes[36]:			
v) Deferred tax in relation to fair value gains of IP [41]	0.0	0.0	
vi) Fair value of financial instruments	-26.1	-26.1	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii.a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii.b) Intangibles as per the IFRS balance sheet		-3.4	
Includes[35]:			
ix) Fair value of fixed interest rate debt			205.2
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [42]	194.2	0.0	
NAV	**1,916.4**	**1,718.7**	**1,953.4**
Fully diluted number of shares at end of period	93,286,271	93,286,271	93,286,271
NAV per share (in euros)	**20.54**	**18.42**	**20.94**

[35] "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted
[36] "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back
[37] Difference between development property held on the balance sheet at cost and fair value of that development property
[38] Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line
[39] Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables
[40] Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties
[41] Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines
[42] Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines

(In millions of euros)	Jun 30, 2023 EPRA NRV	 EPRA NTA	 EPRA NDV
IFRS equity attributable to shareholders	**663.2**	**663.2**	**663.2**
Includes[43] / Excludes[44]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**663.2**	**663.2**	**663.2**
Includes [43]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	929.0	929.0	929.0
ii.b) Revaluation of IPUC[45] (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments [46]	13.1	13.1	13.1
iii) Revaluation of tenant leases held as finance leases [47]	0.0	0.0	0.0
iv) Revaluation of trading properties [48]	0.1	0.1	0.1
EPRA diluted NAV at fair value	**1,605.4**	**1,605.4**	**1,605.4**
Excludes [44]:			
v) Deferred tax in relation to fair value gains of IP [49]	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	
Includes [43]:			
ix) Fair value of fixed interest rate debt			146.1
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [50]	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**

[43] "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted
[44] "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back
[45] Difference between development property held on the balance sheet at cost and fair value of that development property
[46] Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line
[47] Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables
[48] Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties
[49] Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines
[50] 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**
Includes[51] / Excludes[52]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**677.2**	**677.2**	**677.2**
Includes[51]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	843.8	843.8	843.8
ii.b) Revaluation of IPUC [53] (if IAS 40 cost option is used)	0.0	0.0	0.0
ii.c) Revaluation of other non-current investments [54]	10.9	10.9	10.9
iii) Revaluation of tenant leases held as finance leases [55]	0.0	0.0	0.0
iv) Revaluation of trading properties [56]	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,532.0**	**1,532.0**	**1,532.0**
Excludes[52]:			
v) Deferred tax in relation to fair value gains of IP [57]	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	
Includes[51]:			
ix) Fair value of fixed interest rate debt			62.6
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [58]	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**

[51] "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted
[52] "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back
[53] Difference between development property held on the balance sheet at cost and fair value of that development property
[54] Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line
[55] Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables
[56] Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties
[57] Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines
[58] Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines

8.3. 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)	**Dec 31, 2022**	**Jun 30, 2023**	**Dec 31, 2023**
Investment property – wholly owned	2,896.9	2,799.8	2,692.3
Assets under development (-)	0.0	0.0	0.0
Completed property portfolio excluding transfer taxes	**2,896.9**	**2,799.8**	**2,692.3**
Transfer taxes	194.2	187.1	179.7
Completed property portfolio including transfer taxes	**3,091.2**	**2,987.0**	**2,872.0**
Annualized rental revenues	170.9	175.9	178.8
Non-recoverable expenses (-)	-7.3	-7.6	-7.4
Annualized net rents	**163.6**	**168.3**	**171.4**
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	2.7	2.5	2.3
Topped-up net annualized rent	**166.4**	**170.8**	**173.7**
EPRA net initial yield	**5.29%**	**5.63%**	**5.97%**
EPRA "Topped-up" Net Initial Yield	**5.38%**	**5.72%**	**6.05%**

8.4. EPRA vacancy rate

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

The EPRA vacancy rate was 4.4% at end-December 2023, showing an improvement compared with the end of June 2023 (4.7%) and stable compared with the level recorded at end-December 2022. "Strategic" vacancies following decisions to facilitate extension or redevelopment plans represent 150bp within this vacancy rate.

(In millions of euros)	**Dec 31, 2022**	**Jun 30, 2023**	**Dec 31, 2023**
Rental value of vacant units	7.9	8.6	8.2
Rental value of the entire portfolio	177.3	182.8	185.5
EPRA vacancy rate	**4.4%**	**4.7%**	**4.4%**

8.5. EPRA cost ratios

(In millions of euros)	Dec 31, 2022	Jun 30, 2023	Dec 31, 2023	Comments
Administrative and operating expense line per IFRS income statement	-25.0	-11.7	-24.6	Personnel expenses and other costs
Net service charge costs / fees	-7.3	-5.1	-5.9	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	-3.0	1.4	3.1	Rental management fees
Other income and expenses	2.9	-2.0	-4.3	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	**-32.3**	**-17.3**	**-31.7**	
Adjustments to calculate the EPRA cost ratio exclude (if included above):				
- Depreciation and amortization	0.0	0.0	0.0	Depreciation and provisions for fixed assets
- Ground rent costs	0.0	0.0	0.0	Non-group rents paid
- Service charges recovered through comprehensive invoicing (with rent)	0.0	0.0	0.0	
EPRA costs (including vacancy costs) (A)	**-32.3**	**-17.3**	**-31.7**	**A**
Direct vacancy costs [59]	**3.4**	**1.9**	**3.0**	
EPRA costs (excluding vacancy costs) (B)	**-28.9**	**-15.4**	**-28.7**	**B**
Gross rental revenues less ground rent costs [60]	173.3	88.2	178.0	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)	**173.3**	**88.2**	**178.0**	**C**
EPRA cost ratio including direct vacancy costs	**-18.7%**	**-19.6%**	**-17.8%**	**A / C**
EPRA cost ratio excluding direct vacancy costs	**-16.7%**	**-17.5%**	**-16.1%**	**B / C**

[59] 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.
[60] 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.

8.6. EPRA capital expenditure

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

(In millions of euros)	Dec 31, 2022			Jun 30, 2023			Dec 31, 2023		
	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	9.4	0	9.4	1.1	0	1.1	2.2	0	2.2
Developments	0.4	0	0.4	0.3	0	0.3	2.1	0	2.1
Investment property	12.3	0	12.3	10.0	0	10.0	17.7	0	17.7
Incremental lettable space	*5.2*	*0*	*5.2*	*1.2*	*0*	*1.2*	*4.8*	*0*	*4.8*
No incremental lettable space	*5.1*	*0*	*5.1*	*6.4*	*0*	*6.4*	*9.2*	*0*	*9.2*
Tenant incentives	*1.6*	*0*	*1.6*	*2.2*	*0*	*2.2*	*3.0*	*0*	*3.0*
Other material non-allocated types of expenditure	*0.5*	*0*	*0.5*	*0.1*	*0*	*0.1*	*0.7*	*0*	*0.7*
Capitalized interest (if applicable)	0.9	0	0.9	0.0	0	0.0	0.0	0	0.0
Total investment	**23.0**	**0**	**23.0**	**11.3**	**0**	**11.3**	**22.0**	**0**	**22.0**
Conversion from accrual to cash basis	1.0	0	1.0	0.4	0.0	0.4	0.5	0	0.5
Total CapEx on cash basis	**24.0**	**0**	**24.0**	**11.7**	**0.0**	**11.7**	**22.5**	**0**	**22.5**

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

- under “incremental lettable space”, primarily work relating to the traditional project portfolio (shopping center transformations, mixed-use urban projects);
- under “no incremental lettable space”, primarily maintenance capex;
- under “other material non-allocated types of expenditure”, expenditure relating to the Company’s IT, its marketing and digital ecosystem, and its CSR approach.

8.7. 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 presented above, which also represents the reference for the various bank covenants.

Ratio at December 31, 2022

(In millions of euros)		Group	Share of joint-ventures	Non-controlling interests	Total
Includes	Borrowings from financial institutions	-	40.7	0.6	41.2
	Commercial paper	112.0	-		112.0
	Hybrids	-	-		-
	Bond loans	1,144.2	-		1,144.2
	Foreign currency derivatives (futures, swaps, options and forwards)	-21.0	-		-21.0
	Net payables				-
	Owner-occupied property (debt)				-
	Current accounts (equity characteristic)				-
Exclude	Cash and cash equivalents:	-216.0	-4.2	11.3	-208.9
Net debt (a)		**1,019.2**	**36.5**	**11.9**	**1,067.6**
Includes	Owner-occupied property:	-	-		-
	Investment properties at fair value:	2,896.9	95.0	-173.0	2,818.9
	Properties held for sale				-
	Properties under development	-	-		-
	Intangibles	3.4			3.4
	Net receivables	18.7	-0.0	-1.6	17.1
	Financial assets	26.1	-4.6		21.4
Total property value (b)		**2,945.1**	**90.4**	**-174.6**	**2,860.8**
	EPRA LTV (a) / (b)				**37.3%**
	Real estate transfer taxes (c)	**194.2**	**6.7**	**-12.0**	**189.0**
	EPRA LTV including real estate transfer taxes (a) / (b) + (c)				**35.0%**

Ratio at June 30, 2023

(In millions of euros)		**Group**	**Share of joint-ventures**	**Non-controlling interests**	**Total**
Includes	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
	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**
Includes	Owner-occupied property:				
	Investment properties at fair value:	2,799.8	90.1	-156.5	2,733.4
	Properties held for sale				
	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
Includes	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
	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**
Includes	Owner-occupied property:	-	-			-
	Investment properties at fair value:	2,692.3	87.1		-154.0	2,625.4
	Properties held for sale					-
	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%**