

# Ordinary general meetings of shareholders

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*April 27, 2006*

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# Shareholders' meeting formalities

- ✓ Introduction
- ✓ Constitution of the shareholders' meeting board
- ✓ Quorum
- ✓ Documents put at shareholders' disposal

## Shareholders' meetings agenda

- ✓ Shareholders' meeting for the year ended October 31, 2005 :
  - > *Statutory auditors' report on the company financial statements*
  - > *Approval of the statutory financial statements for the year ended October 31, 2005*
  - > *Appropriation of earnings*
  - > *Approval on agreements governed by article L 225-38 of the Code de Commerce*
  - > *Approval of the consolidated financial statements for the year ended October 31, 2005*

## Shareholders' meetings agenda

- ✓ Shareholders' meeting for the year ended December 31, 2005 :
  - > *Statutory auditors' report on the company financial statements*
  - > *Approval of the statutory financial statements for the year ended December 31, 2005*
  - > *Allocation of net income – Dividend proposal*
  - > *Distribution of an additional dividend by way of deduction from retained earnings and share premiums*
  - > *Approval on agreements governed by article L.225-38 of the Code de Commerce*
  - > *Approval of the consolidated financial statements for the year ended December 31, 2005*
  - > *Authorisation given to the company to purchase its own shares*

# ▶ 2005 activity and Pro forma consolidated results

## Speakers

**Jacques Ehrmann**, Chairman and Chief Executive Officer ◀ |

**Géry Robert-Ambroix**, Chief Operating Officer ◀ |

**Catherine Oulé**, Executive Vice President ◀ |

# Agenda

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# Introduction

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▶ After a few months of existence of Mercialys,  
what conclusion can we draw ?

*Mercialys since the IPO*

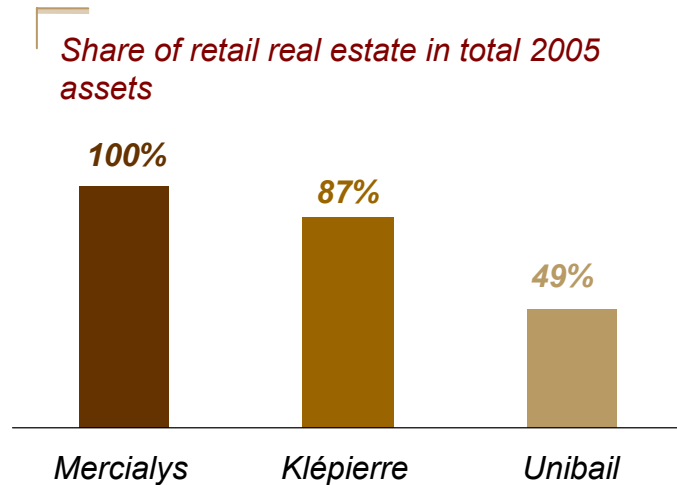
- ✓ The market appreciated the innovative Mercialys IPO
- ✓ Confidence is justified by the delivery of the promises made for 2005
- ✓ Major positive moves in 2006, after few months, should maintain this confidence



# The concept and creation of Mercialys provide a strong vision for the Company

## *A growth and yield real estate company*

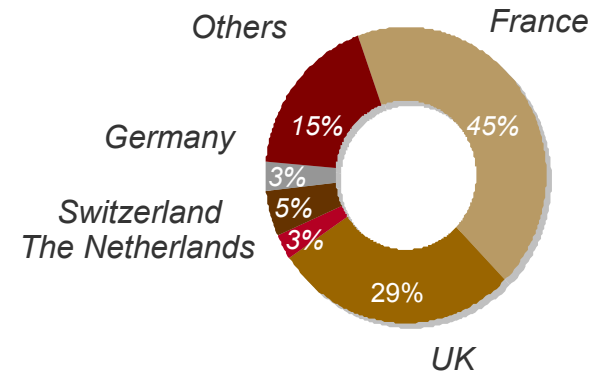
- ✓ A simple and efficient business model
  - > *A pure play in the strong and dynamic shopping centre segment*
  - > *A solid portfolio of property assets at the outset*
  - > *A profitable and sustained growth*
  - > *Steady cash flows and good earnings visibility*
- ✓ REIT-type structure (SIIC)
  - > *No tax*
  - > *High dividend pay-out*
- ✓ Financial structure adapted to the 5-year investment programme, particularly adapted to the new SIIC 3 context
- ✓ Considerable potential for expanding the asset base, notably due to the Casino project pipe-line



# ▶ The IPO was a real success

## The market was ready

- ✓ 15 x oversubscribed
- ✓ Subscription of 4 out of 5 investors met during the roadshows in the Netherlands, Switzerland, UK and France
- ✓ IPO priced at the top end of the range (€18.13)
  - > 200 European institutional investors amongst the most prestigious
  - > A balanced geographical breakdown of subscribers
- ✓ 28 000 individual shareholders
- ✓ A significant increase in the share price since the IPO: +11%, based on current level of €20,20 (closing price as of April 25, 2006)
- ✓ All criteria and conditions met for entry into the EPRA and IEIF indices from mid-2006
- ✓ A reiterated interest demonstrated on March 14, 2006 when Casino sold a new 15 % of Mercialys capital



# ▶ Our commitments for 2005 have been met

## Key 2005 figures and events

- ✓ 2005 pro forma results in line with announced objectives
  - > *Growth in rents of 7.3%*
  - > *Growth in cash-flow of 7.6%*
- ▶ Versus an objective of + 6% to + 7%
- ✓ Net income: + 8.7% at €51.0m, and a pro forma EPS of €0.70\*
- ✓ NAV (including stamp duty)/share: €17.07 end 2005, +9.3% relative to the evaluation of 30/06/05
- ✓ In line with the commitment made at the IPO, proposal for a full dividend\*\* of €0.59 per share, resulting in a yield of 3.25% on the IPO price, only 6 months after the IPO
- ✓ SIIC regime adoption starting November 1, 2005

\* Based on the number of shares at year end of 72 918 918

\*\* Proposed at today Shareholders meeting

# ▶ The Company, its board, its governance and its management are all well in place at end 2005

## *The governance structure is already active*

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- ✓ The audit committee has sat twice to approve the accounts to 30/10/05, to 31/12/05 and pro forma 2005
- ✓ The remunerations committee examined top executive remuneration and a programme to align management interests with those of the shareholders through conditional stock-option and free share attributions
- ✓ The investment committee approved the exercise of the Casino options for the Poitiers and Clermont-Ferrand shopping centres and the renewal of the Casino self-service restaurants rental agreements conditions. The Casino representatives did not take part in the vote concerning these operations
- ✓ The charters formalising procedures and responsibilities of the committees were approved by the Board which has already met 4 times since the IPO



## The Board of Directors is composed by more that one third of independent members

- ✓ Mr Jacques Ehrmann
- ✓ Mr Bernard Bouloc (independent member)
- ✓ Mr Thierry Bourgeron
- ✓ Mr Jacques Dumas
- ✓ Mr Pierre Féraud
- ✓ Mr Gérard Koenigkheit
- ✓ Mr Philippe Moati (independent member)
- ✓ Mr Eric Sasson (independent member)
- ✓ Mrs Catherine Soubie
- ✓ Mr Jacques Tierny
- ✓ Mr Pierre Vaquier (independent member)

# ▶ The positive moves are already significant for 2006

## A promising year

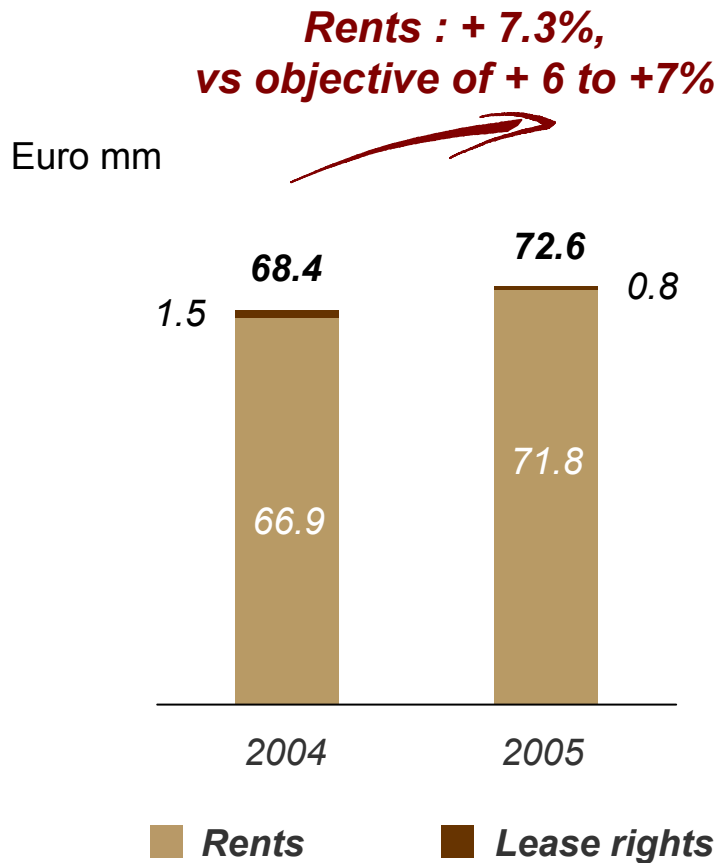
- ✓ An ambitious investment programme up and running
  - > *74% of the €100m of investment programmed for 2006 is already committed and confirmed of which the Clermont-Ferrand and Poitiers shopping centres for €43m*
- ✓ Feu Vert rental renewal agreed (5% of Mercialys rental revenue)
- ✓ Cafétérias Casino rental renewal agreed (15% of Mercialys rental revenue)
- ✓ Acceleration of the Casino 2006-2010 pipeline, already up + 30% since October
- ✓ Inditex Group (Zara): a major agreement being negotiated for a large number of stores
- ✓ New opportunities generated by the SIIC 3 additional mechanism
  - > *Mercialys financial structure optimal in the new context*
  - > *Many investment projects resulting from the visibility created by the IPO*
- ✓ Q1 2006 rental revenues up 6.7% in line with targets

# 2005 pro forma results

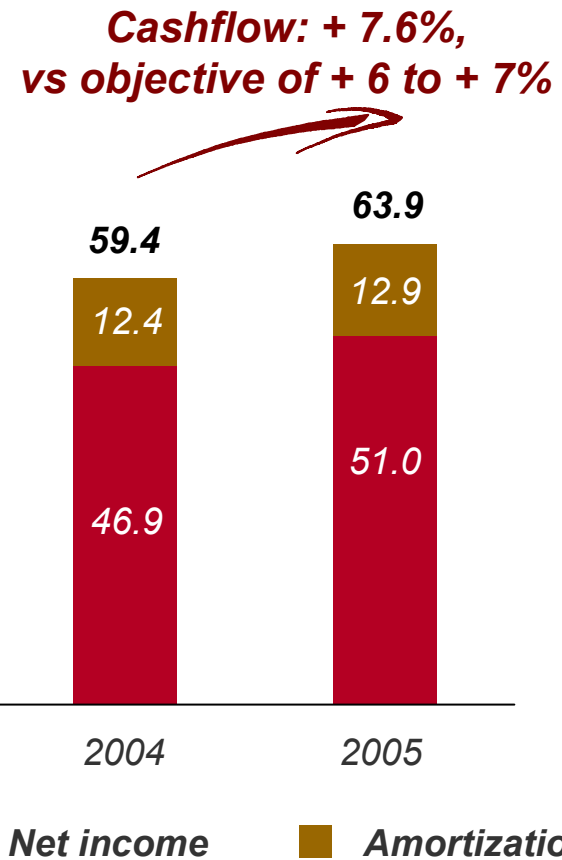
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# ▶ The objectives have been achieved

## Breakdown of rental revenues



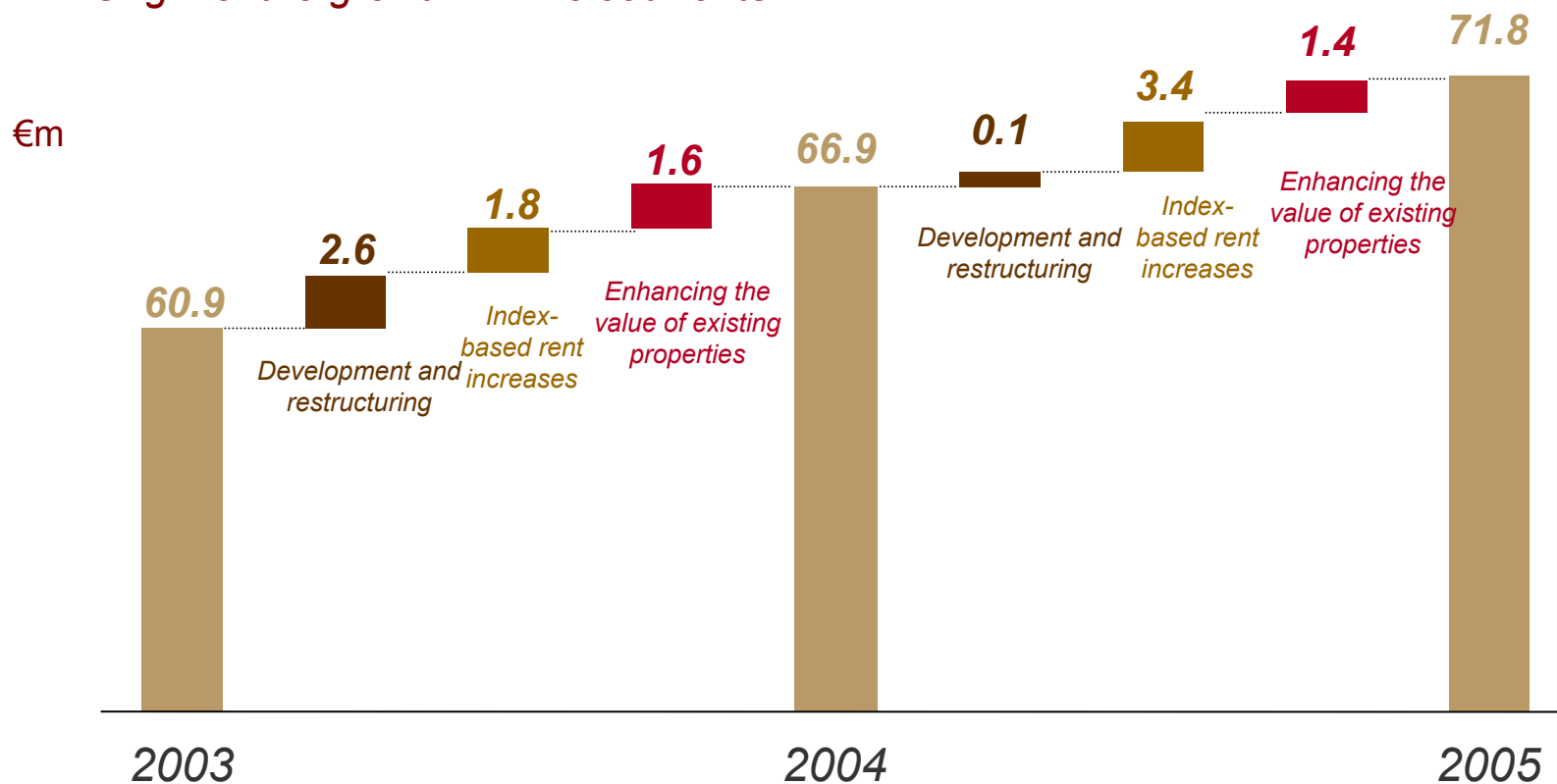
## Cashflow



# 2005 was a year of organic growth

## Favourable Construction cost index in 2005

Origin of the growth in invoiced rents



# ▶ Net income rose + 8.7%

## Simplified P&L

Euro mm (pro forma - IFRS)

	2004 pro forma	2005 pro forma	Variation	Financial Year statements ended 31/10/05	Financial Year statements ended 31/12/05
<b>Invoices rents</b>	<b>66,9</b>	<b>71,8</b>	<b>+ 7,3%</b>	<b>3,4</b>	<b>11,7</b>
Rental income	68,4	72,6	+ 6,2%	3,4	11,7
Net rental income	63,5	67,9	+ 7,0%	3,2	11,1
Operating costs	- 16,5	- 17,3	+ 5,0%	- 0,9	- 3,8
<b>Operating income</b>	<b>47,0</b>	<b>50,6</b>	<b>+ 7,7%</b>	<b>2,2</b>	<b>7,3</b>
Financial income	- 0,1	0,7		0,2	0,8
Tax	0,0	- 0,3		- 0,8	- 0,3
<b>Net income</b>	<b>46,9</b>	<b>51,0</b>	<b>+ 8,7%</b>	<b>1,7</b>	<b>7,9</b>
<b>Pro forma EPS*</b>		<b>€ 0,70</b>			

Number of shares '000 at 31/12/05

72 919

\* Based on the number of shares at year end 2005

## ▶ 2005 dividend at €0.59 / share\*

### *Distribution of 85% of 2005 pro forma income*

- ✓ Amount corresponds to 85% of the 2005 pro forma operating income, in line with the commitment made at the IPO
- ✓ A **yield of 3.25%** on the basis of the IPO price of €18.13, after 6 months of quotation
- ✓ Payment date: **May 5, 2006**

*Proposed at today Annual Shareholders meeting*



# The capital increase has strengthened Mercialys balance sheet

## *Simplified balance sheet*

<b>Assets</b>	<b>IFRS</b>			
	€m	31.12.2004	31.10.2005	31.12.2005
Investment properties		895,2	893,1	893,4
Financial assets		9,9	9,6	9,7
<b>Total invested assets</b>		<b>905,1</b>	<b>902,7</b>	<b>903,0</b>
Cash		10,1	236,6	237,9
Clients and other creditors		0	31,1	11,15
<b>TOTAL ASSETS</b>		<b>915,2</b>	<b>1 170,4</b>	<b>1 152,4</b>
<b>Liabilities</b>				
Shareholders' equity – Group share		889,3	1 112,5	1 120,4
Minority interests		0,7	0,6	0,6
<b>Consolidated shareholders' equity</b>		<b>890,0</b>	<b>1 113,1</b>	<b>1 121,0</b>
Financial liabilities		22,5	22,4	22,3
<b>Other liabilities</b>		<b>2,7</b>	<b>34,9</b>	<b>9,1</b>
<b>TOTAL LIABILITIES</b>		<b>915,2</b>	<b>1 170,4</b>	<b>1 152,4</b>

- ✓ Net cash of €238m at 31/12/05
- ✓ A balance sheet that facilitates the implementation of the investment programme

# ▶ Our portfolio is exclusively commercial property

## Summary of assets

- ✓ A large portfolio:
  - > **148** sites, of which **87** shopping centres
  - > Gross leasable area: **549 000 m<sup>2</sup>**
  - > Valuation (including stamp duty) of **€1 027m** at December 31, 2005, **up + 7.3%** relative to 30/06/05
  
- ✓ Of commercial property:
  - > Concentrated in large and neighbourhood shopping centres - 90% of rents, the most dynamic segments
  - > Mostly, situated around a Casino store, but 80% of the portfolio is leased to brands outside the Casino group
  - > With a highly diversified client portfolio: the top 30 clients, excluding Casino self-service restaurants, representing less than 27% of total rental income

# ▶ Total assets valued at €1 027 m, including stamp duty

## *Implicit capitalisation rate of 7%*

Type of property	Number of properties at 31/12/05	Valuation at 31/12/05		GLA at 31/12/05		2005 invoiced rents	
		m€	(%)	(m <sup>2</sup> )	(%)	m€	(%)
Large shopping centres	27	635	62	264 000	48	42.3	59
Neighbourhood Shopping centres	60	292	28	174 000	32	22.3	31
Food hypermarkets	11	16	2	24 000	4	1.2	2
Large speciality stores	5	10	1	12 000	2	0.6	1
Self-service restaurants	23	41	4	43 000	8	3.0	4
Other	22	33	3	32 000	6	2.4	3
<b>TOTAL</b>	<b>148</b>	<b>1 027</b>	<b>100</b>	<b>549 000</b>	<b>100</b>	<b>71.8</b>	<b>100</b>

### ✓ Valuation method:

- > Valuation performed by Atis Real and Galtier on 30/06/2005 using the classic method of revenue capitalisation and discounted cash flow
- > Annualisation of Q4 2005 invoiced rents
- > Cap rates used by the experts on 30/06/05 reduced by 30 bps to take into account the decline in cap rates in 2<sup>nd</sup> half 2005
- > A new valuation by Atis Real and Galtier is programmed for 30/06/2006 on the entire asset base

## ► Mercialys NAV rose to €1 245 m

*NAV per share up +9.3% relative to 30/06/05*

€m	At 31/12/05	
<b>Consolidated equity (IFRS)</b>	<b>1 121.0</b>	
<b>Unrealised capital gain on assets</b>	<b>124.0</b>	
<b>NAV including stamp duty</b>	<b>1 245.0</b>	€17.07 / share*, + 9.3%
<b>Unrealised capital gain on assets</b>	<b>- 61.6</b>	
<b>NAV excluding stamp duty</b>	<b>1 183.4</b>	

\* Based on 72 918 918 outstanding shares as of December 31, 2006

# Mercialys Activity

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# Management indicators reflect the efficiency of the asset management

## A dynamic portfolio with potential

### ✓ Dynamic

#### > *Increase in turnover achieved by retailers*

- » in Mercialys large shopping centres on constant basis + 2.6% vs an average for large French shopping centres of + 1.5% (source: CNCC\*)
- » in Mercialys neighbourhood shopping centres on constant basis + 2.4% vs an average for local French shopping centres of + 1.4% (source: CNCC\*)

#### > *Recovery rate of more than 99%*

#### > *Financial occupancy rate of 97.6% in 2005*

### ✓ Potentiel

#### > *An occupancy cost ratio \*\* of 7.1% at December 31, 2005*

#### > *An average rent of €131/m<sup>2</sup> in 2005, vs €124/ m<sup>2</sup> at 31/12/2004*

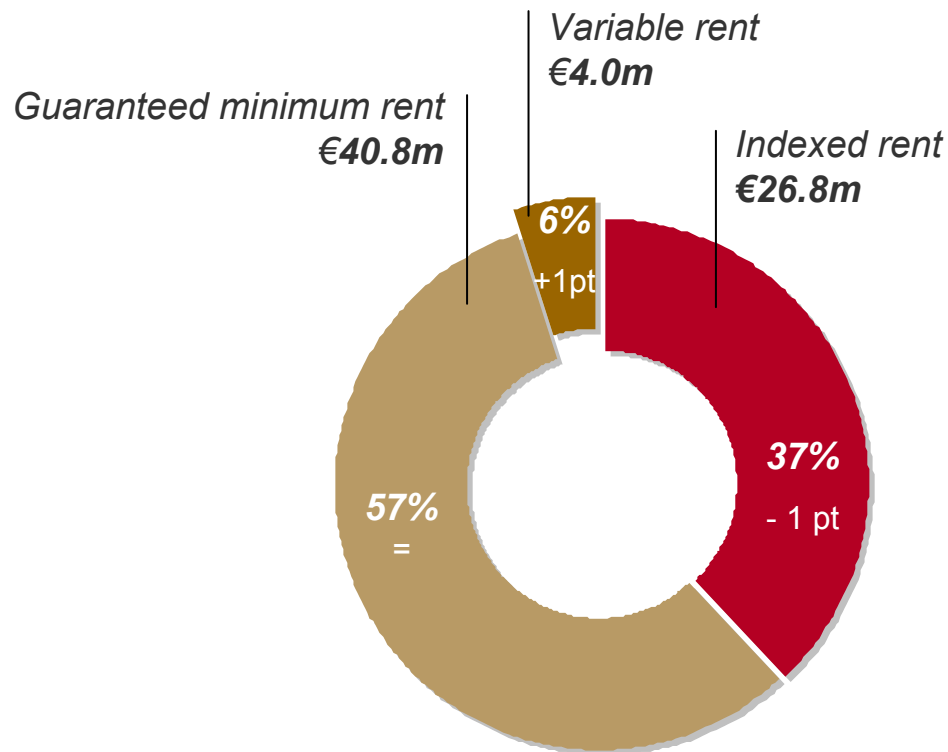
\* CNCC: Conseil National des Centres Commerciaux

\*\* Occupancy cost ratio: 
$$\frac{\text{rent (excl. VAT)} + \text{service charges (excl. VAT)}}{\text{revenues of the tenant (excl. VAT)}}$$

## ▶ The lease breakdown has improved

*Increase in variable rent share confirms the good health of the retail clients*

*Rent breakdown at 31/12/05*



■ 869 leases with variable clause

■ 1 082 leases without variable clause



# Mercialys has renewed or recommercialised 87 leases in 2005

*Increase in new leases + 27%*

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- ✓ Increase in the total rental roll in 2005 of €1.4m
- ✓ Amongst the 87 leases
  - > *56 signed for 10 year instead of 9 before*
    - » Unlimited rents increase
    - » Variable rents
  - > *A majority of national retail brands*

## ► Feu Vert : 25 leases renewed

*An important portfolio coming up for renewal on December 31, 2005*

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### ✓ Situation :

- > *A leading brand in car maintenance, established on the Mercialys shopping centre car-parks*
- > *25 Feu Vert with 9-year leases up for renewal*

### ✓ Results :

- > *Leases renewed from January 1, 2006, termination date 31/12/2015*
  - > *An increase in rent of € 203 000, up + 9.1% versus 2005 basis*
  - > *Institutional 10-year leases*
- ✓ Feu Vert : 3 additional leases + € 84.000 increase in rent on an annual basis
- > *One Mercialys lease negotiated with an extension of leased areas*
  - > *Two IGC leases to be transferred to Mercialys within 12 months*

# ▶ Casino self-service restaurants represent 15% of rent income

## *An important portfolio*

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- ✓ Situation:
  - > *84 Casino self-service restaurants with 9-year leases for renewal, representing €8.4 m of rent in 2005*
  - > *Rent with two components*
  
- ✓ Renewal of these 84 leases:
  - > *12-year institutional leases*
  - > *Effect date : April 1st, 2006*
  - > *An increase in rent of €984.000 on an annual basis, up + 11.5%*
  - > *Impact for 2006 : € +738.000 in rent income*

# Innovation is a winning strategy

- ✓ Merchandising plan
  - > *Increasing the presence of personal equipment and services stores on our sites*
  - > *Actions essentially oriented to national banners*
- ✓ Enhancing the value of the neighbourhood shopping centres
- ✓ Interior atmosphere
  - > *Revival of the Valence 2 centre by a stimulating renovation*
- ✓ Exterior architecture
  - > *Covering of the exterior of Dijon Chenôve*
- ✓ Communication and events
  - > *Improving the visual identity*
  - > *Stronger events and communication programme*

# Enhancement of neighbourhood shopping centres

Gassin



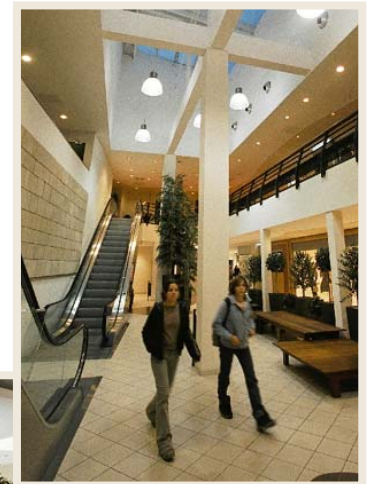
Albi



Rodez



Annemasse



Brive



# ▶ Valence 2

Before



After

✓ Repositioning of the site

- > *Relets / renewals*
- > *Improvement of the facades and the entrances*
- > *Creation of an interior atmosphere*



# ▶ Dijon Chenôve

## Before



## After

- ✓ Dressing of the facades of the centre:
  - > *Deployment of the new visual identity*
  - > *Increase in the impact of the facades and entrances*
  - > *Improvement of the visibility from the main roads junctions*





# Dijon Chenôve

- ✓ Improving the visual identity
- ✓ Stronger event and communication programme

September

October

November

December

*New school year*

*Harry Potter*

*Fashion shows*

*Safari Zoo*

*Christmas*



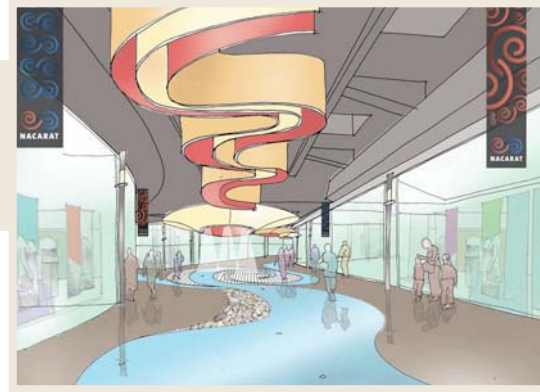
## ► Clermont Ferrand – Le Brézet

### *From shopping centre to mall*

- ✓ Extension of the site to 30 000 m<sup>2</sup>:
  - > *From 27 to 47 stores*
  - > *+ 2 restaurants*
  - > *+ 2 large speciality stores*
  
- ✓ Notification of option by Mercialys in December 2005
  
- ✓ 70% of the spaces are already let
  
- ✓ Average rent more than € 450 / m<sup>2</sup>, above objectives
  
- ✓ Opening in December 2006

# ▶ Clermont Ferrand – Le Brézet

## *The concept*



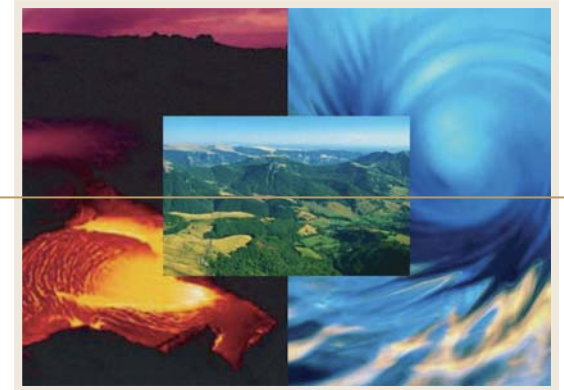
## *Integration*

The history, the culture, a sense of pride ...

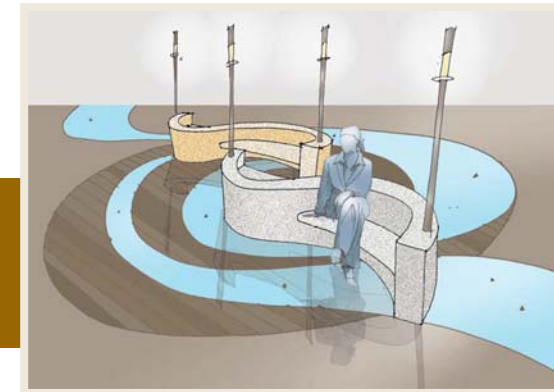
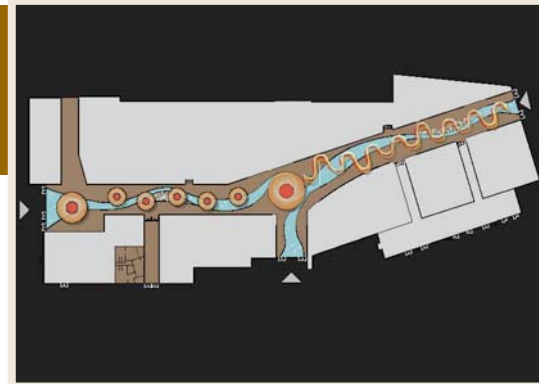
Puy de Dôme, Vulcania, Fire

Spas, springs, Water

All the elements in harmony, perfectly balanced



# ►► Clermont Ferrand – Le Brézet

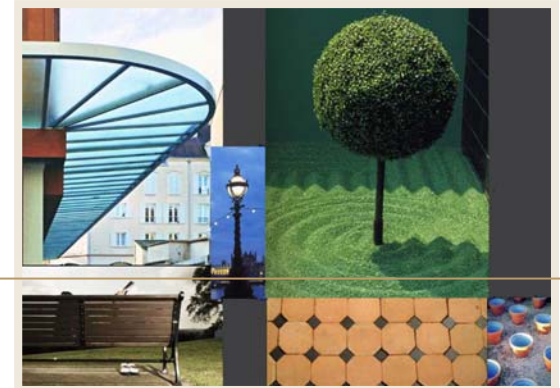
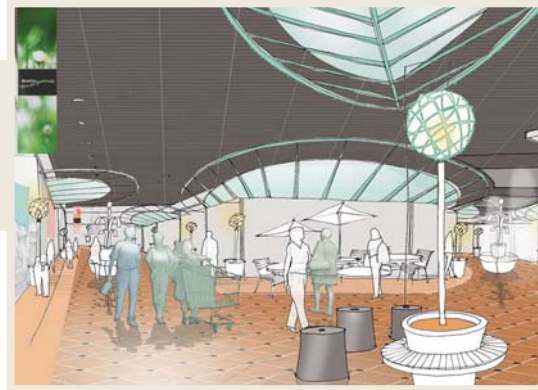


## ► Poitiers – BeauLieu...belle promenade

### *From shopping centre to mall*

- ✓ Extension of the shopping centre of 6 000 m<sup>2</sup>:
  - > *from 44 to 65 stores*
  - > *+ 2 speciality stores*
- ✓ Notification of option by Mercialys in December 2005
- ✓ 65% of the spaces are already reserved
- ✓ Average rent more than € 400 / m<sup>2</sup>, above objectives
- ✓ Opening October 2006

## ► Poitiers – BeauLieu...belle promenade

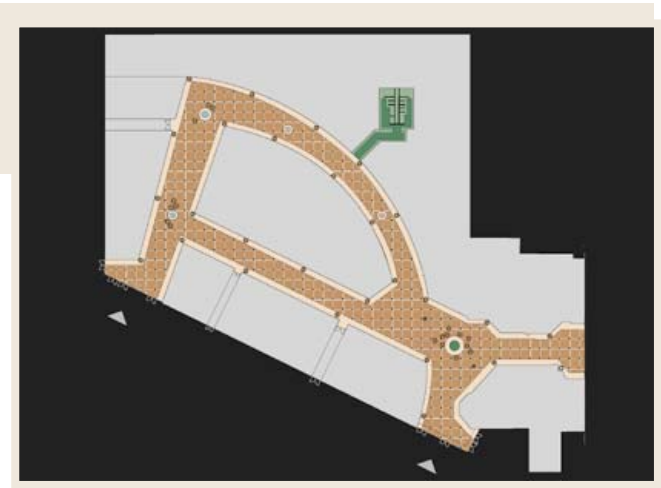


### *An open invitation to wander*

The central island, glass awning,  
a city atmosphere

Strolling about: through the salle des Pas Perdus, along the boulevards  
Glass, metal, cobblestones

# ► Poitiers – BeauLieu...belle promenade



# ► Poitiers – BeauLieu...belle promenade



# ▶ The IPO has improved visibility of Mercialys and helped to attract major retail banners

## *New partnerships expected*

- ✓ Positive effects of the IPO on banners with renewed interest of certain partners and contacts with new ones
- ✓ Negotiations to develop the Inditex / Mercialys partnership on a large number of sites with all the banners of the group. Reference banners, such as Zara, Bershka ..., developing traffic and enhancing the Mercialys sites

# **An ambitious development strategy**

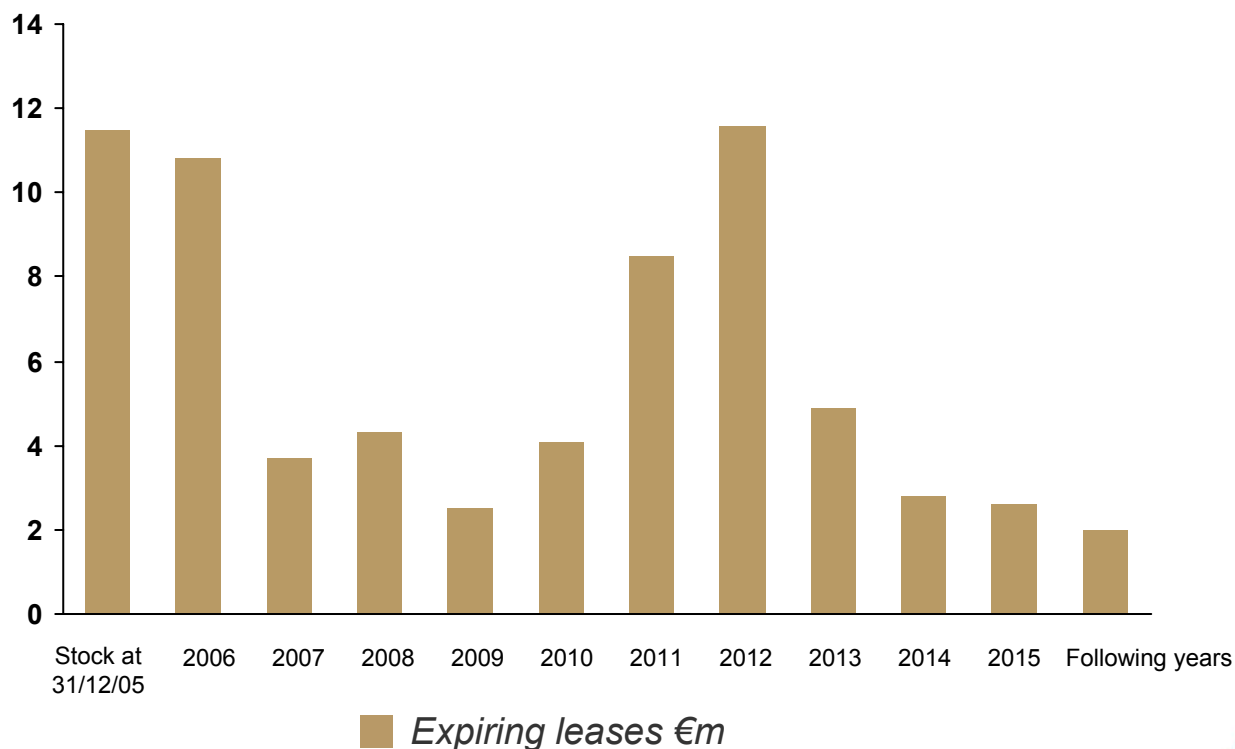
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# ▶ The current portfolio conceals strong potential

## *Strong reversionary potential*

- ✓ Significant stock of leases currently being renewed (400 leases / €11.6m rent): negotiations underway, legal proceedings underway, national banner negotiations, tactical stalling...

### *Expiring leases*



## ▶ Renovation and restructuring will optimise the current portfolio

### *Enhance attraction of assets over the next 5 years*

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- ✓ Value creation renovation and restructuring operations
- ✓ Capex to maintain high quality of sites
- ✓ €100m of investment over the 5 years, of which €38m in 2006 and 2007
- ✓ **10 projects** already committed for in 2006, for **€12m**



## Exclusive access to Casino development pipe-line provides a growth accelerator

*Pipe-line increased + 30%*

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- ✓ Casino's 5-year pipe-line of development projects has increased from €200m to €260m in the last six months (+ 30%):
  - > **Years 2006-2007: 12 operations for €76m**
    - » **Clermont-Ferrand / Poitiers: €43m**
    - » 10 creations or extensions underway : **€33m**
  - > **Years 2008-2010: 16 projects for an identified total of €184 m**
  
- ✓ An investment plan of nearly €200m over 5 years through exercise of call options on the shopping centres of the Casino group development projects
  - > *Up to end 2006, the purchase price is fixed on the basis of capitalisation rate of:*
    - » 8% expected annual net rents for the shopping centres
    - » 8.5% of expected annual net rents for the speciality stores outside a centre
  - > *For the following years, purchase price is established at the beginning of the year for the following 12 months respecting the balance of the initial terms relative to market rates*

## ▶ Mercialys intends to be a significant player in commercial real estate acquisitions market

### *New assets or minority assets within existing shopping centres*

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- ✓ An acquisition budget of an average €45m pa
- ✓ An exceptional network through the Casino group providing access to sellers at the outset of a disposal programme
- ✓ Expertise to make complex acquisitions with strong capacity for value creation
- ✓ With the benefit of the SIIC 3 regime, providing access to the reduced capital gains tax rate (16.5%) for sellers to a SIIC, until December 2007
- ✓ Already **€19m** committed today for 2006

## ▶ The investment plan is already well underway

### *A plan of more than €500m over 5 years*

- ✓ The investment objective to 2010 represents more than 50% of the current portfolio\*
- ✓ **74%** of 2006 €100 m investment programme is already committed

€m	To end 2007	<i>of which already committed</i>	To end 2010
<b>Renovation and restructuring</b>	<b>38</b>	<b>12</b>	<b>100</b>
<b>Acquisition of assets from Casino pipe-line</b>	<b>72</b>	<b>43</b>	<b>200</b>
<b>Acquisition of existing assets**</b>	<b>90</b>	<b>19</b>	<b>200</b>
<b>Total investment programme</b>	<b>200</b>	<b>74</b>	<b>500</b>

\* Value excluding stamp duty

\*\* Including minority assets in current Mercialys shopping centres

# ▶ Investment criteria are well-defined

## Qualitative

- ✓ 100% retail (shopping centres with or without a hypermarket, retail parks, speciality stores and eventually town centres with banner-partners)
- ✓ Privileging acquisitions with reversionary or extension potential

## Quantitative

- ✓ A model based on the theory of economic capital and an hypothesis of return on capital of 15%

# Outlook and objectives

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# The outlook for retail real estate and Mercialys in 2006 is attractive

- ✓ A healthy market
  - > *Sustained by the development of national and international banners in mid-sized shopping centres across France*
  - > *Stimulated by the wave of primary or secondary LBOs on the retail brands leading to vigorous build-up*
  - > *With modest growth in shopping centre sales and consumer demand and stable number of visitors*
- ✓ A solid Mercialys model combining potential from enhancing the value of the existing portfolio and development
- ✓ Repetition of 2006 objectives:
  - > *+ 5 to + 7% in rental revenues*
  - > *+ 12 to + 15% in cashflow*
- ✓ Repetition of 2007 to 2010 objectives:
  - > *Double digit growth in the major Mercialys aggregates*
  - > *Balance between organic growth and the contribution from development and acquisitions*



# Statutory auditors' report on the company financial statements



# Questions and answers

 Approval of the resolutions

**Ordinary general shareholders' meeting,  
27 April 2006**

*Financial statements for the year ended 31 October 2005*

## First resolution

- ✓ Approval of the financial statements for the year ended 31 October 2005 showing a net profit of €1,529,335.20.



## Second resolution

- ✓ Approval of the allocation of the net income for the year ended October 31, 2005 to the retained earnings on top of the compulsory allocation to the legal reserve.



## Third resolution

- ✓ Approval of related party agreements authorised during the period :
  - > *Partnership agreement with Casino, Guichard-Perrachon*
  - > *Cash account and cash management agreement with Casino, Guichard-Perrachon*
  - > *IPO placement guaranty agreement between IGC and book runners*
  - > *Agreement on the breakdown between Mercialys and IGC of costs linked with asset contributions and IPO*
  - > *Brand licence agreement with L'Immobilière Groupe Casino*

## Fourth resolution

- ✓ Approval of the consolidated financial statements for the period ended October 31, 2005, showing a net profit, group share, for the period of €1,690,000.

 Approval of the resolutions

**Ordinary general shareholders' meeting,  
27 April 2006**

*Financial statements for the year ended 31 December 2005*

## First resolution

- ✓ Approval of the financial statements for the year ended 31 December 2005 showing a net profit of €7,259,656.06.



## Second resolution

- ✓ Approval of the allocation of the net income for the year ended December 31, 2005 and of a dividend proposal payable as of May 5, 2005 for a global amount of €8,021,080.98, each share receiving a dividend of € 0.11

## Third resolution

- ✓ During its IPO Mercialys expressed its intention to distribute 85% of its 2005 Pro forma results. Approval of the distribution of an additional dividend of €0.48 per share, payable as of May 5, 2006 for a total of € 35,001,080.64 by way of deduction of the sum of €329,032.36 from retained earnings and the sum of €34,672,048.08 from share premiums.

## Fourth resolution

- ✓ Approval of related-party agreements authorized during the period.
  - > *Fee for termination instigated by the company agreement for Mr Géry Robert-Ambroix*

## Fifth resolution

- ✓ The shareholders hereby approve the consolidated financial statements for the period ended December 31, 2005 showing a net profit, group share, for the period of €7,869,000.

## Sixth resolution

- ✓ Authority given to the company to purchase its own shares during a period of eighteen months. The total number of shares held by the company may not exceed 10 % of the number of outstanding shares at any given time. The purchase price of the shares may not exceed €30 a share.

▶ Closure



# ▶ Remuneration of Directors for the year 2005

- ✓ Remuneration of the Chairman and CEO (Mercialys share)
  - > 2005 fixed remuneration : €50,000
  - > Bonus for the success of the IPO : €180,000
  - > Variable remuneration : as much as 50% of the fixed remuneration depending on the completion of objectives
  - > Directors' fees : €3,750
  
- ✓ Remuneration of the Chief Operating Officer (paid by Mercialys)
  - > 2005 fixed remuneration : €35,481
  - > Bonus for the success of the IPO : €80,000
  - > Variable remuneration : as much as 50% of the fixed remuneration depending on the completion of objectives
  - > Fee for termination instigated by the Company equals to one year's basic salary if dismissed by the Company before 9 May 2007. No non-competition clause.
  - > Benefit in kind : €3,355

## ► Attendance fees – Allocation process

### *The Board Members :*

The individual amount of Board members' attendance fees is €15,000 including :

- > *a fixed part of €5,000 \**,
- > *a variable part which is capped at €10,000 and conditional to attendance at meetings of the Board of Directors,*

### *The Committee Members :*

Additional fees are paid to the Committee members including :

- > *a fixed part of €4,000\**,
- > *a variable part of €11,000 for members of the Investment Committee and € 6,000 \* for members of the Audit Committee and members of the Appointments and Remuneration Committee. These fees are conditional to attendance at meetings,*

An additional fee of €3,000 is also paid to the Chairman of each Committee.

(\*) Individual compensation payable to Committee members representing or employed by the majority shareholder are reduced by half.

## ► Attendance fees paid for 2005

- ✓ The total amount of attendance fees paid to all Board and Committee members for 2005 is €50,125.

(€)	Directors		Committees		Total
	<i>Fixed part</i>	<i>Variable part</i>	<i>Fixed part</i>	<i>Variable Part</i>	
Bernard Bouloc	1 250	2 500	1 750	-	5 500
Thierry Bourgeron	625	625	500	750	2 500
Jacques Dumas	625	1 250	500	750	3 125
Pierre Féraud	625	1 250	500	1 375	3 750
Gérard Konigkheit	625	1 250	-	-	1 875
Philippe Moati	1 250	2 500	1 750	1 500	7 000
Eric Sasson	1 250	2 500	2 750	2 750	9 250
Catherine Soubie	625	1 250	500	-	2 375
Jacques Tierny	625	1 250	500	1 375	3 750
Pierre Vaquier	1 250	1 250	2 000	2 750	7 250

*Detailed calculation described on page 49 of the 2005 annual report of Mercialys*

# Ownership of the share capital as of March 17, 2006

