MERCIALYS
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Executive compensation

(published in accordance with the AFEP-MEDEF corporate governance code and Article R. 225-34-1 of the French commercial code)

I. 2018 variable compensation to be paid to the Chairman and Chief Executive Officer and the Chief Operating Officer, subject to approval at the General Meeting on April 25, 2019:

During its meeting on February 13, 2019, and after consulting with the Appointments and Compensation Committee, the Company's Board of Directors approved the following items of compensation for the Chairman and Chief Executive Officer and the Chief Operating Officer for 2018:

- The Board of Directors set the amount of variable compensation for the Chairman and Chief Executive Officer and the Chief Operating Officer for 2018.

  For reference, the target represented 70% of fixed annual compensation for the Chairman and Chief Executive Officer, with a maximum of 140%, and 40% for the Chief Operating Officer, with a maximum of 80%.

  It was based on the achievement of quantitative targets for Mercialys for 80% and managerial targets for 20%.

  The Board of Directors acknowledged the levels of performance achieved and set the amount of variable compensation for 2018 as follows:

  . For the Chairman and Chief Executive Officer, a gross total of Euro 504,630;
  . For the Chief Operating Officer, a gross total of Euro 187,440.

- The Board of Directors also set the amount of the long-term variable compensation arrangements set up by the Board of Directors on March 11, 2016 for Mr Éric Le Gentil. This cash-based long-term incentive program is combined with a three-year presence condition and various performance conditions (absolute and relative Total Shareholder Return).

  The bonus is paid in installments of one third when the performance conditions for each year are achieved. In this way, the amount of the definitive bonus awarded is known at the end of each year, but it is only definitively acquired if they are present at the end of the three-year vesting period.

  Under these arrangements, Mr Éric Le Gentil, provided that he is present as a corporate officer in March 2019, will receive Euro 70,312.50, which will be paid to him following the General Meeting on April 25, 2019.

- On February 13, 2019, the Board of Directors decided to amend the 2018 compensation policy to be able to award Mr Éric Le Gentil and Mr Vincent Ravat exceptional compensation based on Euro 112,500 for Mr Éric Le Gentil and Euro 75,000 for Mr Vincent Ravat, with the full amount of this compensation covered by the company Casino, Guichard-Perrachon in connection with the process for Casino, Guichard-Perrachon to divest all or part of its interest in Mercialys' capital. The process for

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Casino, Guichard-Perrachon to divest all or part of its interest in Mercialys' capital represented a significant specific circumstance for the Company, requiring a high level of involvement by the Chairman and Chief Executive Officer and the Chief Operating Officer in 2018. This compensation will only be paid if the resolutions submitted at the Ordinary General Meeting on April 25, 2019 are approved.

II. 2019 compensation policy for the Chairman of the Board of Directors and the Chief Executive Officer:

On February 13, 2019, the Board of Directors also decided to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer, and appointed Mr Éric Le Gentil as Chairman of the Board and Mr Vincent Ravat as Chief Executive Officer.

In accordance with Article L.225-37-2 of the French commercial code (Code de commerce), the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional elements from the overall pay package and the benefits of any kind awarded for 2019 to the Chairman of the Board of Directors and the Chief Executive Officer for their corporate offices were set by the Board of Directors on February 13, 2019 after consulting with the Appointments and Compensation Committee, and will be submitted for approval at the General Meeting on April 25, 2019.

The Board of Directors' specific report detailing all of these elements will be presented in the 2018 registration document and the General Meeting brochure.

a) Compensation for the Chairman of the Board of Directors:

The fixed annual compensation for the Chairman of the Board of Directors was set at Euro 225,000, i.e. 50% of the last fixed compensation received by Mr Éric Le Gentil, notably for the specific missions assigned to him as Chairman of the Board: (i) relations with key shareholders, as well as key financial and/or industrial partners, (ii) participation in drawing up the strategy and monitoring its implementation, and (iii) liaising between the Board and the Executive Management team.

Mr Éric Le Gentil, as Chairman of the Board of Directors, will not receive any variable annual compensation, any long-term variable compensation or any bonus shares. Similarly, Mr Éric Le Gentil loses his entitlement to cover under the senior executive unemployment insurance scheme (Garantie Sociale des Chefs d'entreprise).

With regard to the bonus share plans from 2017 and 2018, Mr Éric Le Gentil will continue to be entitled to these awards, with the presence conditions for each of these two plans concerning a position as a "corporate officer" with Mercialys. These conditions will therefore be met if Mr Éric Le Gentil is still a corporate officer at the end of the vesting period, i.e. April 27, 2020 for the first plan and April 26, 2021 for the second.

As a director, a member of the Investment Committee and a member of the Appointments and Compensation Committee, Mr Éric Le Gentil will receive attendance fees in accordance with the company's rules.

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In addition, the Chairman of the Board of Directors will be bound by a non-compete obligation for one year (while noting that the company may cancel it or reduce this period) with monthly compensation equivalent to 1/12th of 50% of his fixed annual compensation. This non-compete obligation concerns (i) the performance of any activity, in any form, in companies that are competitors of Mercialys and its subsidiaries, in France or other countries, operating in the following areas: real estate development and investment; the management, administration, maintenance and operation based on leases of retail real estate assets and rights, and, generally, the development of shopping centers, as well as (ii) the solicitation of clients, in the catchment areas for Mercialys' shopping centers, which Mercialys or its subsidiaries have sold goods and services to. The payment of this compensation does not apply if Mr Éric Le Gentil exercises his rights to retirement. In any event, no compensation will be payable to him after the age of 65. This compensation will be paid in installments during the period concerned.

b) Compensation for the Chief Executive Officer:

. **Fixed compensation**

Following his appointment as Chief Executive Officer on February 13, 2019, it has been decided to increase Mr Vincent Ravat's fixed annual compensation from Euro 300,000 to Euro 360,000 in view of his new functions.

With regard to variable annual compensation and long-term incentives, the Board of Directors has decided, as proposed by the Appointments and Compensation Committee, to align this compensation policy with the policy applied for the Chief Executive Officer in place in 2018.

. **Variable annual compensation**

The variable compensation arrangements set up in 2018, which included a CSR target, are being maintained.
Variable compensation is therefore structured around two types of targets:
1/ Quantitative targets, with an 80% weighting, including one CSR target for 10%, and
2/ Managerial targets for 20%.

For each quantitative criteria, a minimum achievement limit is defined beforehand, along with a target level corresponding to Mercialys' targets for performance in line with the objectives, and a level of outperformance in relation to the target. Variable compensation is calculated on a straight-line basis between the minimum and maximum limits.

As indicated previously, to align the variable compensation with that of the former Chief Executive Officer, it has been decided to increase the Chief Executive Officer's variable annual compensation to 70% (vs 40% in 2018 in his position as Chief Operating Officer) of his fixed annual compensation if the targets set are achieved, potentially rising to 140% (vs 80% in 2018 in his position as Chief Operating Officer) of his fixed annual compensation if the targets are exceeded.

. **Long-term incentives**

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To align the Chief Executive Officer's interests with the company's shareholder performance over the long term, the Board of Directors, subject to Article L.225-197-6 of the French commercial code, has decided on the principle for awarding bonus shares.

This award would represent a target based on:

. 75% of the Chief Executive Officer's fixed pay (i.e. Euro 270,000), potentially rising to 112.50% of his fixed pay (i.e. Euro 405,000) if the performance conditions are exceeded.

The bonus shares awarded would only be vested by the Chief Executive Officer after a three-year vesting period, subject to company performance and presence conditions, with this performance assessed over the full three-year period based on the following criteria for assessment:

- Relative performance of Mercialys' share, dividends included (Total Shareholder Return - TSR), in relation to the performance of companies making up the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2019 and December 31, 2021 for 40% of the shares awarded;
- Organic rental revenue growth, including casual leasing and excluding indexation, measured based on an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation;
- FFO growth measured based on an annual average over three years between January 1, 2019 and December 31, 2021 for the remaining 40% of the initial allocation.

The Chief Executive Officer will be required to retain 100% of his shares for two years following the end of this three-year vesting period and then 50% until he no longer holds his positions with the company.

Furthermore, in accordance with the final paragraph of Article 24.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes to not use risk hedging operations until the end of the lock-up period for his shares.

. **Non-compete clause**

The Chief Executive Officer will be bound by a non-compete obligation for one year (while noting that the company may cancel it or reduce this period) with monthly compensation equivalent to 1/12th of 50% of his fixed annual compensation. This non-compete obligation concerns (i) the performance of any activity, in any form, in companies that are competitors of Mercialys and its subsidiaries, in France or other countries, operating in the following areas: real estate development and investment; the management, administration, maintenance and operation based on leases of retail real estate assets and rights, and, generally, the development of shopping centers, as well as (ii) the solicitation of clients, in the catchment areas for Mercialys' shopping centers, which Mercialys or its subsidiaries have sold goods and services to. This compensation will be paid in installments during the period concerned.

Paris, February 18, 2019

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