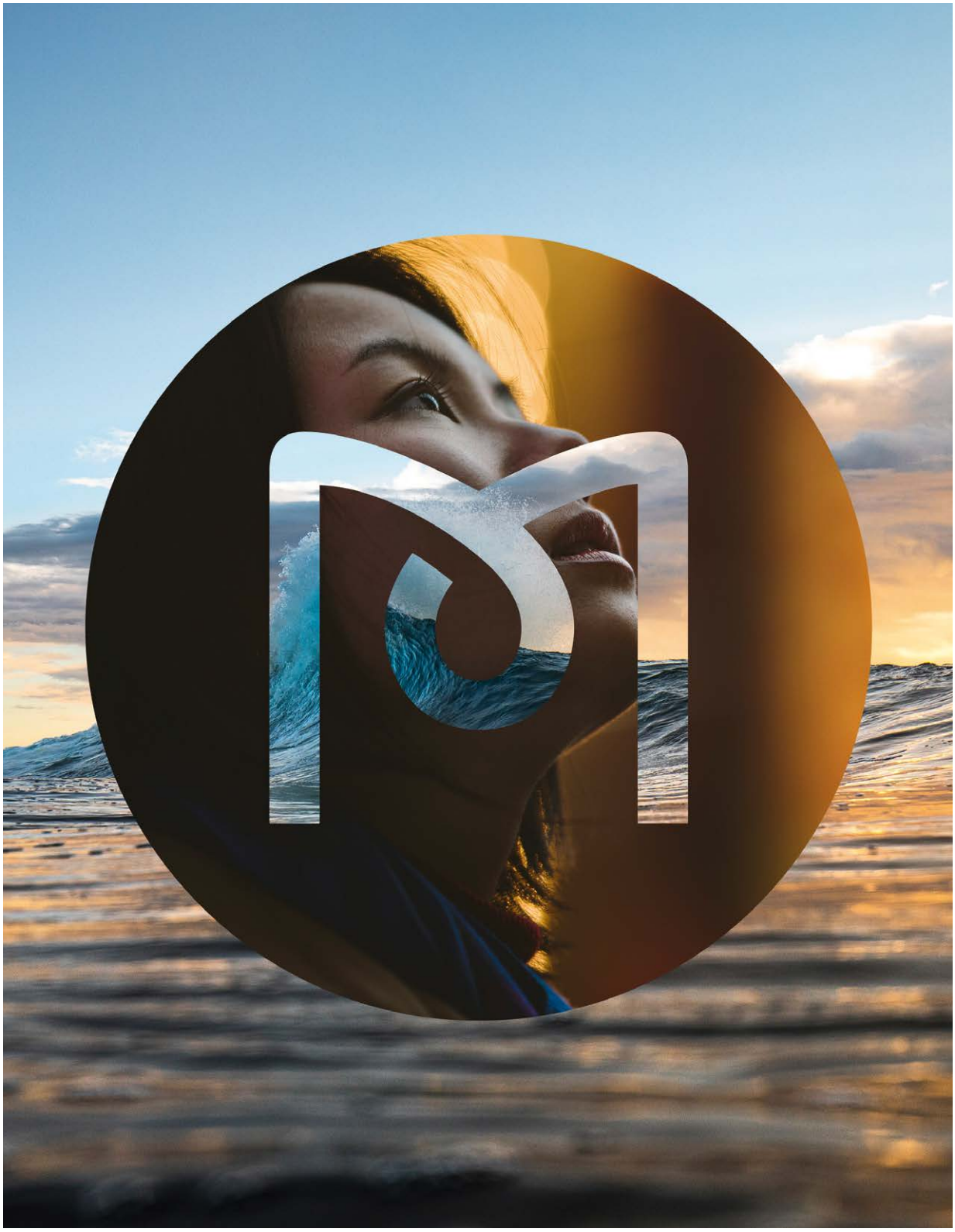
MERCIALYS



2021 INTEGRATED REPORT

EXTRACT FROM THE UNIVERSAL REGISTRATION DOCUMENT

FINANCIAL CALENDAR

April 20, 2022 [1]
2022 first-quarter activity

April 28, 2022
Annual General Meeting

May 3, 2022 [2]
Ex-dividend date

May 5, 2022 [2]
Dividend payment

July 27, 2022 [1]
2022 first-half results

July 28, 2022
Financial information meeting

October 18, 2022 [1]
Activity at end-September 2022

Important information

This integrated report is modeled on the reference framework established by the International Integrated reporting Council (IIRC). It covers all of Mercialys' consolidated entities and naturally contains forward-looking data and information.

This document contains certain forward-looking statements regarding future events, trends, projects or targets. These forward-looking statements are subject to identified and unidentified risks and uncertainties that could cause Mercialys' actual results and strategy to differ materially from those anticipated in or based on these forward-looking statements.

Please refer to Mercialys' Universal Registration Document for the year ended December 31, 2021, available on the Company's website (www.mercialys.com), and specifically section 5 "Risk factors", for a description of the main risk factors and uncertainties that could affect Mercialys' business.

Mercialys makes no undertaking in any form to publish updates or adjustments to these forward-looking statements, nor to report new information, in case of future events or any other circumstances that might cause these statements to be revised.

(1) After market close.
(2) Subject to approval at the Annual General Meeting on April 28, 2022.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

In a context still marked by the various impacts of the health crisis, Mercialys successfully demonstrated its resilience and the relevance of its model in 2021. The unfailing dedication shown by its teams, combined with the disciplined rollout of its strategy, enabled it to respond to a complex environment, consolidate its financial fundamentals and put in place capabilities to drive its future development.

Dear stakeholders,

During the past year, Mercialys confirmed the relevance of its model and strategy.

In 2021, faced with the ongoing health crisis, our teams showed outstanding dedication to accompany and support our customers as each new stage unfolded during this period.

The Company's staff were ever present on the ground, making it possible, as in 2020, to maintain access to services and safety across our sites, while ensuring full compliance with the health measures set by the public authorities.

Shopping center footfall and retailer sales at our sites were able to return close to the levels from 2019.

Closely aligned with the communities within which we operate, Mercialys' teams also mobilized to support both chains and independent retailers with managing the financial impacts of the crisis by applying a proactive strategy for renegotiating leases with a long-term focus.

However, this stronger presence alongside our customers did not detract in any way from our implementation of the strategy mapped out by the Company's Board of Directors.

With the deployment of our multichannel platform, we continued to build customer loyalty across our centers, while supporting new forms of consumption. We moved forward successfully with the diversification of our retail mix and the development of our coworking and casual leasing initiatives.

We also continued with the strategy to bring the Company's key functions back in-house, in line with the schedule and conditions planned.

The Company's outstanding standards for financial communication and transparency received further recognition, following on from the excellent results in previous years.

The performance achieved in 2021 with the implementation of the CSR strategy was truly outstanding. Mercialys is capitalizing on all the various driving forces with a view to achieving the ambitious goals from its plan looking ahead to 2030.

Lastly, in line with our divestment strategy, we completed some significant sales, paving the way for Mercialys to reduce its level of debt, while giving it significant capacity for investment for the future.

2021 was also a key year because Mercialys received Great Place to Work certification, which recognizes companies that offer an outstanding workplace environment.

Driven by its strategy, its commitments, the quality of the retailers within its portfolio and the continued dedication shown by its teams, who I would like to thank once again, Mercialys will be able to successfully meet the challenges that lie ahead over the coming years and sustainably position itself within the world of retail real estate.

Yours sincerely,

Éric Le Gentil
Chairman of the Board of Directors

QUESTIONS FOR THE LEADERSHIP TEAM

2021 WAS A YEAR OF SIGNIFICANT CONTRASTS. HOW WOULD YOU ASSESS THIS SITUATION?

The ongoing health crisis led to new government orders to close stores during the first half of the year, combined with restrictions on operations through to the end of the summer, which affected the business of retailers that had already been significantly impacted in 2020.

Despite the extensive measures announced by the French State to support retailers, the restrictions on openings continued to affect the collection of rent and charges, which has not yet fully normalized.

The relevance of Mercialys' model, the know-how of its teams and the acceleration of the rollout of its innovative services enabled the Company to achieve outstanding operational performance levels despite a context that was relatively unfavorable overall.

Over the full year, our retailers' sales returned to a level that was virtually equivalent to 2019 for the months of activity based on comparable opening periods.

Above all, we closed out the year with one of the industry's most robust balance sheets. We can therefore look ahead to the future with confidence.

THE HEALTH CRISIS HAS ACCELERATED THE TRANSFORMATION OF MANY SECTORS, INCLUDING RETAIL. WHAT IS YOUR PERSPECTIVE?

The changes in consumption habits that have been underway for several years have been accelerated by the health crisis and need to be taken on board by all types of retail operators.

These transformations have first of all concerned geographical aspects, with a reversal of migration flows in favor of peri-urban individual homes in French regions away from the capital. This phenomenon has been accentuated by people working from home, moving their places for shopping from near the office to closer to home.

Mercialys' portfolio, built around leading sites in peripheral areas of vibrant mid-size cities, appears to be very well suited to these changes.

Moreover, while online shopping has progressed, this has also been thanks to the strong development of multichannel sales among traditional retailers. These developments therefore indicate that the future will involve hybrid physical or "phygital" retail. Within this model, the role of the shopping center, anchored in everyday consumption, is still just as relevant. This relevance is linked in particular to the human aspect: advice from sales teams, contact with local producers, participation in events and activities. The importance of the human relationship is one of the key aspects that has been revealed by the health crisis.

WHAT IS THE OUTLOOK FOR 2022?

Mercialys has a robust operational and financial profile at the start of 2022. With these foundations, the Company is effectively positioned to relaunch a strategy for growth, built around four major pillars over the medium term: developing services (particularly digital), leveraging on customer knowledge, capitalizing on all spaces, and implementing its development pipeline alongside opportunities for targeted and accretive acquisitions.

We also believe that a premium will build up on existing assets. The French Climate and Resilience Act has introduced new requirements to combat the proliferation of artificial ground cover. The development of shopping centers on currently undeveloped plots is now virtually forbidden.

The Company will also continue moving forward with its CSR plan for 2020-2030. This is structured around a number of core goals for our stakeholders and our sites, such as promoting responsible retail within certified assets, combating the proliferation of artificial ground cover, contributing to regional development, and supporting the global effort to tackle climate change. This last dimension will be submitted for approval at our General Meeting.

With these strong foundations, and excluding the health situation's potential impacts on operations, Mercialys is targeting growth of at least +2.0% in funds from operations (FFO) per share in 2022, with a dividend to represent 85% to 95% of FFO.



Elizabeth Blaise
Deputy Chief Executive Officer
and **Vincent Ravat**
Chief Executive Officer

€3,138.2M
portfolio value
(including transfer taxes)

36.7%
loan to value ratio
(excluding transfer taxes)

€1.10
FFO per share

MERCIALYS ESSENTIALS

Founded in 2005, Mercialys is now one of the leading real estate companies in France and Europe. Anticipating consumer trends is a core part of the Company's strategy, enabling it to continuously adapt the management of its shopping centers and drive their transformation, optimizing their value creation.

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Making customers' lives easier each day

OUR VISION

Offering shopping centers that are on a human scale, have close links with their communities and create sustainable value for all our stakeholders.

Mercialys' portfolio is made up of 50 shopping centers[1], with over 813,000 sq.m. of retail space. The Company's assets are home to more than 900 international, national and local retailers, attracting more than 100 million visitors each year[2].

Mercialys' asset portfolio is made up primarily of leading retail sites, located in mainland France and certain French overseas territories. As partners for day-to-day life, these shopping centers are located in mid-size urban hubs, close to housing and on a human scale. They represent a different way of looking at retail.

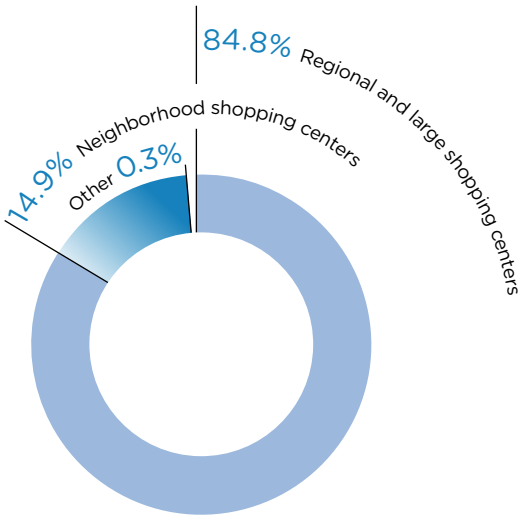
Mercialys' assets are located in areas with demographic and income trends that are higher than the national average. These geographies have been a key feature of the Company's investment and divestment strategy for over a decade, enabling its assets, in addition to their intrinsic qualities, to benefit from buoyant underlying socioeconomic factors and moderate competitive intensity.

BREAKDOWN OF THE PORTFOLIO BY REGION[3]



BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



(1) In addition to 3 dispersed assets.
(2) Excluding periods when national lockdowns were in force and stores were ordered to close.
(3) Excluding dispersed assets.

Mercialys' business aims to ensure the sustainability of its sites and the recurrence of their rental streams. The Company has an agile and proactive portfolio management approach. All of its initiatives aim to improve the letting potential, sustainability and value growth of its assets.

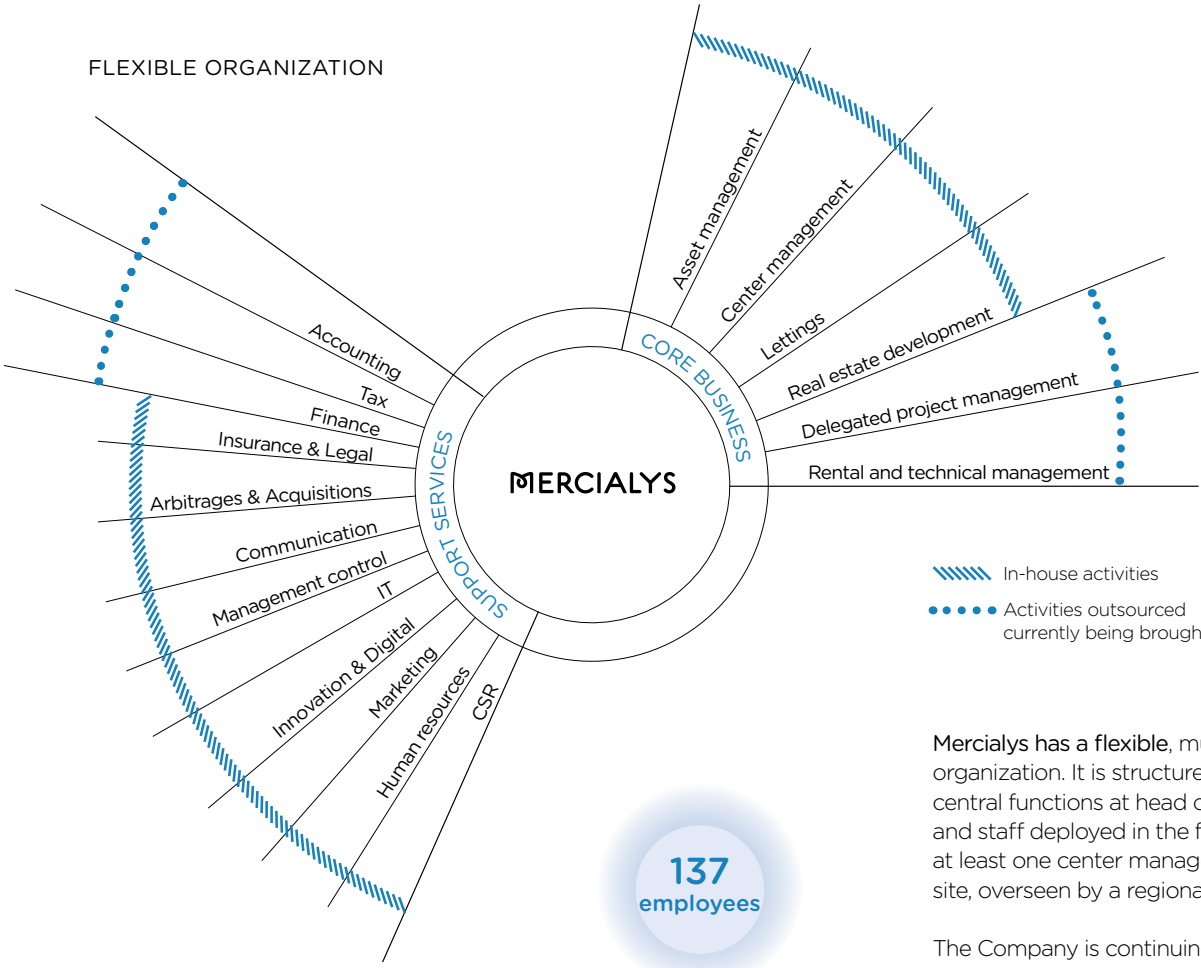
Mercialys has applied a dynamic commercial strategy since it was created, tailoring its retail mix to each catchment area and regular changes in consumers' expectations.

This strategy is deployed around three core pillars:
- precision merchandising, with an approach tailored to the specific features of each catchment area;
- creation of service platforms in line with customers' needs;
- modular layout design for centers, opening up opportunities for new forms of retail.

Mercialys regularly divests its mature sites in order to reallocate these funds on innovative, value-creating projects, without affecting its balance sheet positions.

As a leading retail real estate company, Mercialys plays a key role in terms of shaping the urban environment and interacting with retailers, end customers, local authorities and associations.
In line with this broad-ranging economic and societal responsibility, it is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.

FLEXIBLE ORGANIZATION



137
employees

43%
of employees deployed on site

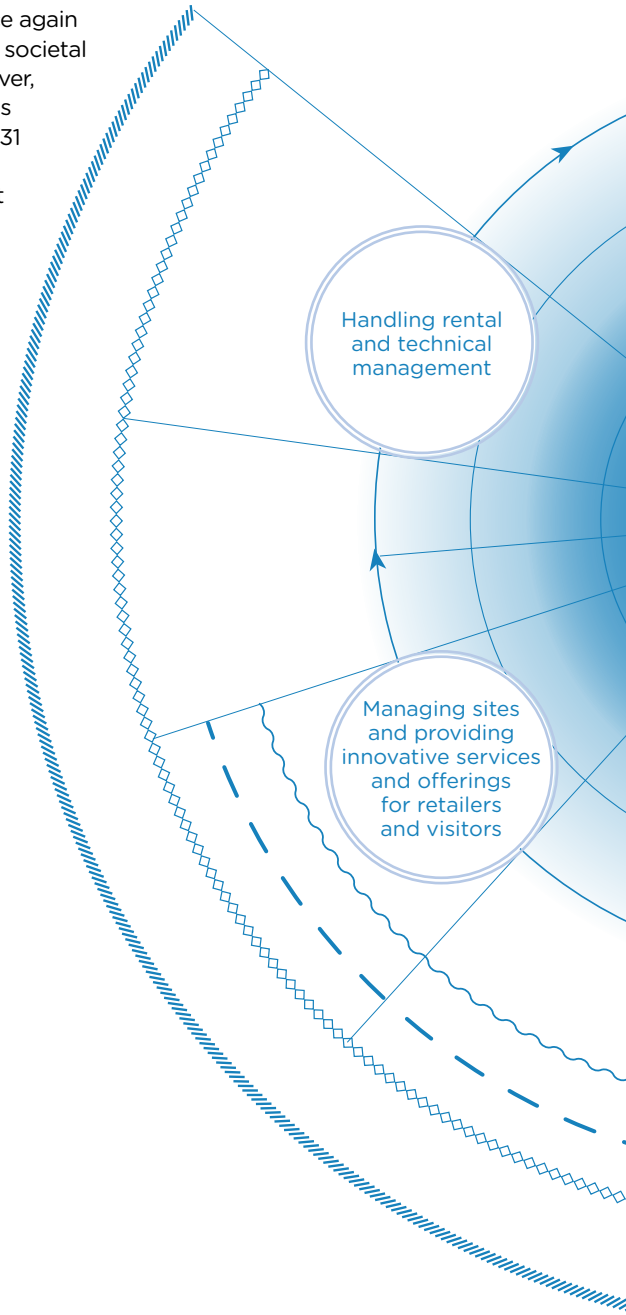
Mercialys has a flexible, multi-local organization. It is structured around central functions at head office level and staff deployed in the field, with at least one center manager for each site, overseen by a regional director.

The Company is continuing to bring its support activities in-house, including the rental and technical management of its shopping centers.

ROBUST BUSINESS MODEL THROUGH THE CYCLES

Mercialys is continuously transforming its retail offering and real estate assets to ensure increasingly close alignment with changes in buying behavior. This strategy enables it to generate sustainable rental revenues, while respecting the environment. Mercialys' business model, built around six types of resources, is focused on creating both financial and sustainability-based value for all of its stakeholders.

With its strong regional roots, Mercialys' business model was able to once again confirm both its resilience, faced with a challenging environment, and its societal value, thanks to retail mixes focused on serving day-to-day needs. However, the health and economic crises continued in 2021, and retailers classed as "non-essential" in shopping centers were ordered to close from January 31 to May 19, 2021. To respond to this situation, Mercialys ramped up its transformation, launched in 2019. The Company has continued to roll out a range of solutions with the Ocitô logistics services and Prim' Prim', its 100% digital loyalty program, supporting the activity of both its centers and its stakeholders.



Resources serving the strategy

ORGANIZATIONAL AND GOVERNANCE RESOURCES
- Organizational capital, perfectly reflected in the Company's four values: proximity, agility, commitment and innovation
- Balanced shareholder base engaged in regular dialogue

HUMAN RESOURCES
- 137 expert employees
- 38 average age
- 58% women
- 75% management-grade employees

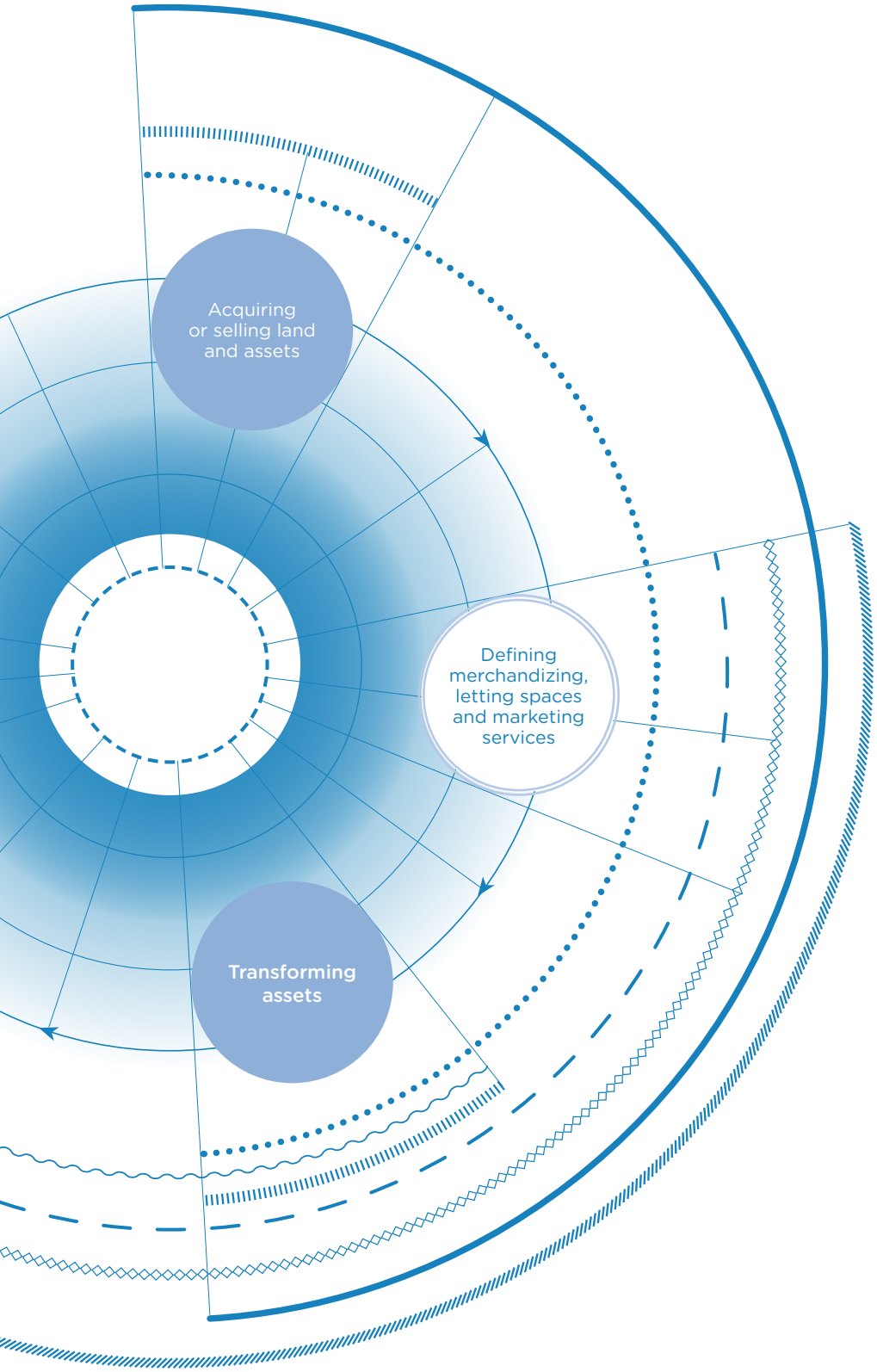
INTELLECTUAL AND TECHNOLOGICAL RESOURCES
- Intangible capital, including the G La Galerie brand and Mercialys' digital ecosystem, with 1.3 million qualified customers in its databases

FINANCIAL RESOURCES
- Euro 480 million of undrawn financial resources
- Resilient financial profile:
  - 2.0% (1) average cost of drawn debt
  - 3.2 years average maturity of drawn debt
  - 36.7% LTV excluding transfer taxes (2)
  - 5.1x ICR (3)
  - 7.6x net debt/EBITDA

LAND RESOURCES
- Euro 494 million of development projects for 2022-2027
- 28 assets concerned, representing 56% of the number of assets in the portfolio (4)

ENVIRONMENTAL RESOURCES
- 100% of the strategic portfolio in value terms BREEAM In-Use certified
- 46,526 MWh of energy consumed
- 82,455 m^3 of drinking water consumed

Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €14.8m of compensation

PROVIDERS AND SUPPLIERS
- €8m of purchases

FINANCIAL COMMUNITY
- €31.5m of dividends paid
- €30.7m of financial expenses

STATE AND LOCAL AUTHORITIES
- €0.8m of taxes

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €83k of annual contributions

TENANT RETAILERS
- +230bp [5] outperformance compared with the national panel [6] in terms of footfall, despite the health measures enforced in 2021
- €4.4 of sales generated on average for each € of vouchers spent with the new loyalty program

VISITORS AND END CUSTOMERS
- €5.4m budget for marketing funds, associations and economic interest groups (GIE [7])
- More than 900 retailers present in the centers, ensuring a balanced retail mix focused on essential needs

NON-PROFIT ORGANIZATIONS
- €594k of contributions to support the local non-profit ecosystem

(1) This rate does not include the net expense linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue. / (2) LTV (Loan To Value): net financial debt/ (portfolio market value excluding transfer taxes + market value of investments in associates for Euro 55.8 million in 2021 and Euro 56.4 million in 2020, since the value of the portfolio held by associates is not included in the appraisal value). / (3) ICR, Interest Coverage Ratio = EBITDA/ net finance costs. / (4) Excluding the three dispersed assets. / (5) Comparable period for months when open between 2019 and 2021. / (6) Quantaflow national panel. / (7) GIE, Groupement d'intérêt économique in french translated by Economic interest groups in english

RETAIL REAL ESTATE AND CONSUMPTION TRENDS

As a retail real estate company, Mercialys' business is positioned at the crossroads between two key sectors for the French economy: retail and real estate.
The Company therefore faces two challenges:
1/ Understanding changes in the way that its end customers consume, and adapting to meet the needs of its tenant retailers;
2/ Managing its real estate tools effectively and specifically its ability to transform them in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the ecological transition.

Triple polarization of flows

Impacted by sociological, demographic and technological developments, which are resulting in new lifestyles, practices and mindsets, the real estate and retail sectors are undergoing a deep transformation. In 2021, the health crisis linked to Covid-19 continued to accelerate the changes that were already underway, with the ramping up of online sales and increased use of click and collect services.

These transformations represent an opportunity for real estate companies if they can successfully identify the complex underlying factors behind them. Drawing on its experience and listening to its stakeholders, Mercialys has a fine-grained understanding of the various dynamics at work, which enables it to anticipate these changes.

In light of mobility constraints, specific regional development trends and French lifestyle choices, a polarization can be seen on three levels in particular.
Depending on the types of urban development, this polarization is linked directly to the dominance of certain forms of transport and residential preferences. They are reflected in very different conditions for access to consumption and characterize each catchment area throughout the region, which requires a case-by-case approach and analysis for retail real estate.

POLARIZATION OF REGIONS

Growth in the population, employment and wealth tend to be concentrated in the Paris Region and in France's coastal and border areas.

POLARIZATION TOWARDS PERIPHERAL AREAS

Outside of the Paris Region and very large cities, this growth tends to be concentrated in out-of-town areas, rather than city centers.

POLARIZATION AROUND MASTER AREAS

In these medium-sized cities, consumption is concentrated in dominant out-of-town retail hubs, which account for the majority of retail stores and are preferred destinations for consumers.

Diverse expectations and practices for different realities

The expectations and practices of people living in very large and medium-sized cities in France are summarized below:

	HOUSING	MOBILITY	CONSUMPTION
VERY LARGE CITIES	• Intensive and focused on centrality • Collective • Reduced living spaces, notably limiting storage capacity	• Extensive public transport network and use of soft forms of transport • Reduced number of car owners, against a backdrop of restrictive public policies for this means of transport	• Fragmentation in time and space • Multiple buying journeys • Weaker commercial loyalty
MEDIUM-SIZED CITIES	• Extensive and focused on peripheral areas • Low-rise individual homes • Larger living spaces, notably with possibilities for storage	• Weaker regional coverage with public transport, against a backdrop of public policies to rationalize the network • Virtually systematic and daily use of cars and reduced use of soft forms of transport in relation to the distances to be covered	• Concentration in master areas • Increased recurrence • Interest in local products

Other factors may also affect consumers' expectations:

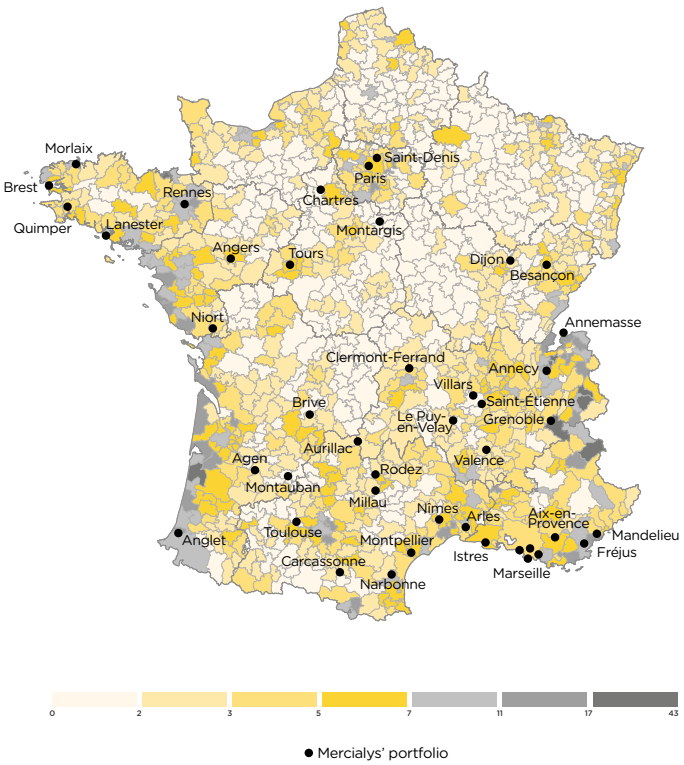
• the specific features of France's regions: consumers from the various regions do not buy exactly the same products and services;

• the economic and sociological disparities between the regions: the recurring demonstrations are an illustration of the social divides affecting the country and reflect differences in terms of levels of financial comfort and societal and environmental expectations.

As a result, consumers' needs are localized, specific and differentiated. Understanding them and addressing them through retail offerings adapted to the realities of each region is an essential condition for performance in retail real estate. Therefore, different retail formats and positionings may exist, as their long-term viability depends on their ability to provide an effective response to their target customers' expectations, while the size of the sites is not a criterion for performance or resilience.

CONSTRUCTION TRENDS IN FRENCH REGIONS

(Number of housing starts per 1,000 inhabitants in 2019, Sitadel base)



Understanding consumers' expectations to meet them effectively

Whether they live in mid-size or very large cities, most French consumers are covered by a choice matrix that combines the satisfaction of three fundamental needs with an ongoing tradeoff between the perceived value of goods or services and the effort needed to acquire them. On this basis, they determine the path of least resistance between their need and its satisfaction, regardless of whether their distribution channels are physical or virtual. Technological progress has made consumers fundamentally omnichannel.

In a country where more than 50% of consumption is linked to social transfers, pricing accessibility is a major determining factor for buying decisions. Other types of considerations, based on more or less rational underlying factors that are specific to each consumer's sensitivity, may also come into play, but remain largely secondary in terms of retail consumer choices.

With regard to food consumption for instance, although consumers support organic, few actually buy organic in the end due to budget reasons. Purchases of these products reflect both environmental convictions and health concerns linked to their origins or treatment. Similarly, purchases of packaging-free food products or local produce are based on a personal approach to reducing the carbon footprint of the products consumed, in addition to reducing costs.

To offer each customer a personalized solution, it is therefore necessary to be able to understand their expectations, which means being attentive to them and avoiding traditional undifferentiated sales and marketing approaches for instance. This is valid for both shopping centers and retailers, independently from their scale, their reputation or their business sector.

CONSUMER CHOICE MATRIX



Adapted offerings

New technologies are valuable tools, because they multiply the opportunities for contacts and exchanges with consumers. The digitalization of points of sale is a vital development in order to identify and support their expectations. However, this will not replace the in-store experience. This experience and the human contact that it involves represent the primary determining factor behind consumers' preference for physical points of sale. This observation highlights the importance for retailers to adapt and modernize their formats and concepts, focused on more qualitative and differentiating human interactions, within a highly regulated framework for using personal data.

While they appreciate the service, the vast majority of consumers refuse to pay the costs involved with delivering goods to their homes, which complicates the resolution of the economic equation for last-mile logistics. This is particularly evident in medium-sized cities, where extensive peripheral urban developments make it complicated to achieve scale effects. In these areas, "ship from store" delivery appears to be the most financially and environmentally sustainable option, while the technical responses to the last-mile delivery issue without additional human costs (e.g. autonomous cars and drone deliveries) are not viable in the short term.

Store designs are therefore expected to evolve in order to be able to satisfy the click and collect and delivery logistics constraints involved with a continuous and seamless omnichannel offering. Over the last few years, consumers' growing interest in specific product advice has led them to prefer specialized offerings. This specialization is now essential for retailers across all sectors, leading to a rationalization of marketing positionings, the creation of real customer expertise and a reallocation of resources. This trend is illustrated by the realignment of several food retailers around their historic business, as well as the success achieved by medium-sized stores specialized in sport, leisure or household equipment.

STRATEGY AND POSITIONING ALIGNED WITH THESE REALITIES

In a challenging competitive and health context for physical retail stakeholders, the key stakes concern their ability to confirm their societal value, while meeting local consumers' needs across each site.

Faced with the growing complexity of customer journeys, the winning players, in terms of both retailers and shopping centers, stand out through the following key features:

- **clear positioning** and **strong identity**;
- focus on **transparency** and **product quality**;
- culture of more **local** and **responsible** retail;
- **fluid omnichannel** logistics.

Since it was founded, Mercialys has been developing its assets in line with this approach, building market-leading shopping destinations. The Company's long-term outperformance reflects its value proposition: offering end customers, through a network of shopping centers that are on a human scale and firmly established within their communities, the certainty that they will be able to find the essential products that they consume, making it possible to immediately satisfy their needs with a quick, simple and human buying experience, combined with value for money. This positioning has been a source of operational resilience for Mercialys, especially during the health crisis period, thanks to each site's systematic anchoring with a large food store.

3 longstanding areas of expertise generating competitive advantages

REAL ESTATE KNOW-HOW
Portfolio of evolving, modular real estate assets

RETAIL KNOW-HOW
Adaptive, omnichannel retail concept

CSR KNOW-HOW
Powerful, responsible dynamics with strong local roots

5 strategic pillars to adapt tomorrow's retail real estate

Mercialys has a proven capacity for innovation. It has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, e-loyalty programs and reducing the size of hypermarkets.

This ability to anticipate trends is set out today with the five strategic pillars defined to support the transformation of its sites. The ambition is to convert them into outstanding ecosystems for retail, digital and logistics solutions, built around the foundations of a diversified selection with affordable pricing, adapted to local needs. These pillars are broken down into a number of concrete operational projects, engaging all the employees, brought together in multidisciplinary project teams.

PILLAR 1 KNOWLEDGE AND PERSONALIZATION
Multiplying personalized interactions with retailers and end customers by further enhancing the Company's proprietary digital and service ecosystem.

PILLAR 2 ADAPTED OFFERING AND SERVICES
Further diversifying the centers' offering by including more services, leisure facilities and non-retail circuits, for a richer, differentiating customer experience.

PILLAR 3 MULTI-FUNCTIONALITY
Moving beyond the traditional use of centers to establish them as functionally diverse spaces, capitalizing on space not used previously for letting and integrating local stakeholders' aspirations for limiting urban sprawl.

PILLAR 4 FIRST-MILE AND LAST-MILE LOGISTICS
Developing services that integrate centers into the first-mile and last-mile logistics chain, capitalizing on Mercialys' digital maturity to accelerate the omnichannel dimension of its sites.

PILLAR 5 STRONG MULTI-LOCAL ROOTS
Establishing the centers within a more responsible and sustainable approach to retail and consumption, adapted to local needs, while exploring alternative concepts and ramping up the selection of non-retail events offered at sites, to consolidate their legitimacy and centrality.

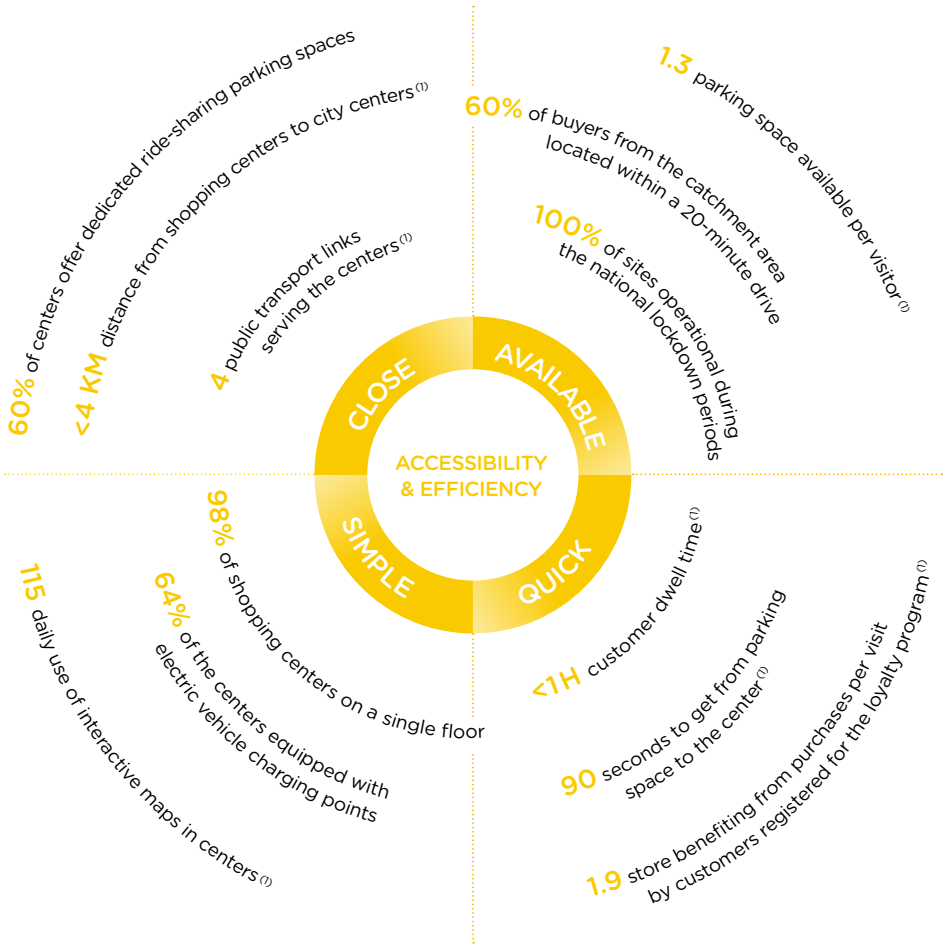
REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

Mercialys' first competitive advantage lies in its proven real estate know-how, enabling it to hold a portfolio of market-leading assets. Its centers are designed in line with the specific urban features of the various medium-sized cities, based around two key success factors for a simple, seamless buying experience: accessibility and efficiency.

ACCESSIBILITY is ensured through the sites' design and prime locations. Mercialys' assets: are always located at the heart of their primary catchment area, not far from city centers, have outstanding transport links, offer long opening hours, optimized parking facilities, clear signs inside the shopping centers, etc.

EFFICIENCY refers to an efficient buying experience, made possible by its assets, as well as the Company's ability to make rapid changes to them. The modularity of Mercialys' assets ensures that they are always effectively aligned with the needs of retailers and end customers, laying the foundations for their core position within their catchment area.



(1) On average.

To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy for years. This is built around its asset management approach, selling mature sites, based on the Company's criteria, and making selective reinvestments in assets with residual development potential. This recycling of capital enables the Company to support its development, while keeping debt levels effectively under control.

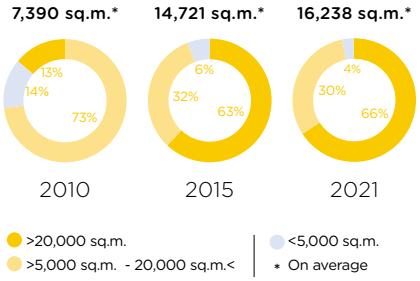
At end-December 2021, the Company's portfolio comprised 53 assets, with 50 shopping centers and 3 geographically dispersed assets, valued at Euro 3,138.2 million including transfer taxes.
Its shopping centers have an average size of 16,300 sq.m. and an average value of Euro 62.6 million including transfer taxes, significantly higher than the levels from 2010.

This portfolio is made up primarily of sites that:
- are leaders or co-leaders in their catchment areas, i.e. located in master consumption areas in urban hubs;
- are located in dynamic regions in mainland France and overseas territories;
- offer residual real estate and commercial development potential.

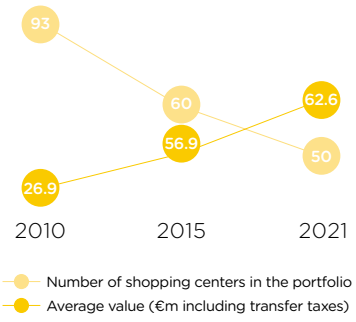
This realignment of the portfolio around a limited number of centers with critical mass enables Mercialys to optimize its asset management, which also contributes to its industry-leading position for profitability.

BREAKDOWN OF MERCIALYS' SHOPPING CENTERS

Size
(% of their value including transfer taxes)



Number and value



FEATURES OF MERCIALYS SHOPPING CENTER LOCATIONS

90% (1)
Proportion of centers located within the 1st or 2nd commercial zone of their catchment area

	Demographic growth (2)	Gross disposable income per capital growth (2)
Mercialys' geographic exposure (3)	+6.95%	+18.13%
French average (4)	+5.00%	+15.76%
Outperformance	195bp	237bp

Guided by its focus on creating value, Mercialys always invests with a selective, rational approach. The Company has a flexible project portfolio, realigned in the last few years around projects making it possible to diversify the use of its centers.
In a retail property sector that has reached maturity, its investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term.
Especially as a certain number of players could, in the context of the current health crisis, look to sell their assets at attractive prices, opening up major interesting opportunities outside of the Company's current scope.

At end-2021, Mercialys had a Euro 494 million project pipeline, with:
- retail space projects (redevelopment of retail spaces, extension of shopping centers, construction of retail parks);
- dining and leisure projects;
- tertiary activity projects (housing, healthcare, coworking, etc.).

Projects covering **28 OF THE COMPANY'S 50** shopping centers.

DIVISIBLE and **PHASABLE** projects, enabling quick project launches and completion schedules.

Projects exclusively at **EXISTING** sites (brownfield), with a fully **CONTROLLED** risk profile.

MERCIALYS' DEVELOPMENT PIPELINE
(in millions of euros)

	Total investment	Target net yield on cost	Completion date
Committed projects (5)	19.9	NA	2022/26
Controlled projects	125.4	7.0%	2022/25
Identified projects	348.4	7.0%	2023/27
Total projects (6)	493.8	7.0%	2022/27

(1) Of the appraisal value including transfer taxes. / (2) For 2005-2015, latest fully available INSEE data. / (3) Weighted by surface area. / (4) Mainland France. / (5) In the 2022 pipeline, the investments to be committed, for the dining and leisure section, correspond to the creation of two restaurants in the parking area at the Angers site and a food court at the Sainte-Marie site on Reunion Island. The tertiary activities primarily include the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%, as well as coworking spaces. / (6) Excluding the impact of mixed-use high-street projects, which could also generate margins.

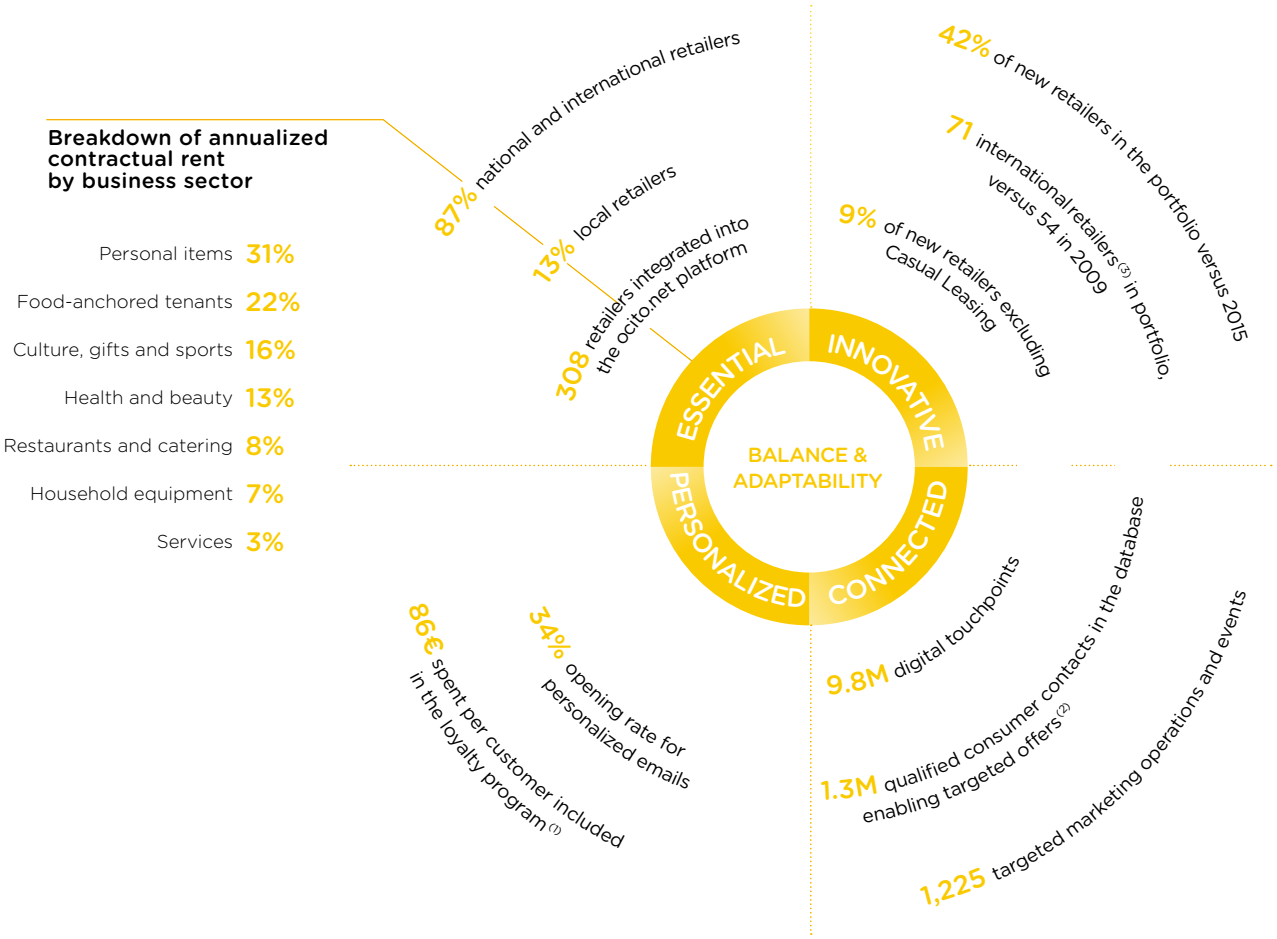
RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

Mercialys' second competitive advantage concerns its retail know-how, which aims to ensure that the products and services offered are perfectly aligned with the needs of retailers and end customers. The health crisis has accelerated certain changes that were already taking shape in the retail sector. Mercialys aims to provide appropriate responses to them, built around two key success factors: balance and adaptability.

BALANCE refers first of all to the core offering of consumer goods (i.e. the 20% of the listings consumed 80% of the time) at Mercialys' sites. It aims to satisfy customers' essential day-to-day needs with affordable pricing and products, which is a key factor in consumers' choices. This balance is also reflected in the diverse retail mix achieved, in terms of exposure to both different segments and specific brands or types of retailers, making the assets highly resilient.

ADAPTABILITY characterizes the ability of these retail mixes to evolve in response to changes in the catchment areas' requirements, consumer habits, different times of the year, etc. From this perspective, Casual Leasing complements traditional leases, providing an endless source of retail innovation and opportunities for centers t o stand out. Adaptability also refers to Mercialys' ability to understand and satisfy customers' expectations through an increasingly specific and individualized approach, faced with versatile and demanding consumers.



(1) On average. / (2) In accordance with the General Data Protection Regulation (GDPR). / (3) Non-French retailers (excluding stockrooms) with international exposure.

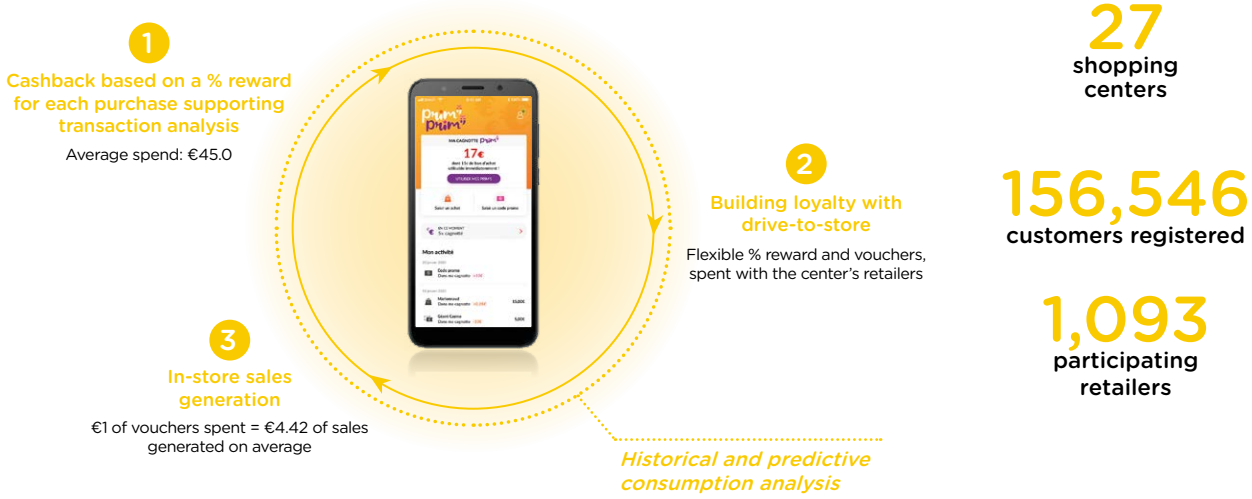
Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its fine-grained understanding of consumers' expectations, thanks to a range of digital tools. The Company is able to count on a powerful omnichannel ecosystem that characterizes the dedicated brand for its sites: G La Galerie. As Mercialys owns all of its marketing and service tools, this enables it to free itself up from the rising costs involved with buying traffic from the internet giants (GAFA[1]). These tools reinforce the many different physical marketing actions and events carried out in the centers, all for a cost that is significantly lower than an individualized center-specific approach.

G La Galerie

- **UNIQUE** brand and architectural concept
- Integrated **DIGITAL** B to B and B to C **ECOSYSTEM** and **SERVICES**
- **NATIONAL** marketing campaigns around a strong identity with a **LOCAL** focus for events and activities

Mercialys' latest innovations include Prim'Prim', its 100% digital loyalty program, a pioneering solution on the market in terms of understanding end customers' specific needs and habits. This program supports robust commercial development and enables its centers to continuously adapt their offering. It combines capabilities to accurately identify expectations, with predictive analysis potential, refined customer journeys, personalized communication, loyalty building and fluid exchanges between Mercialys, consumers and retailers.

STRONGER CONSUMER LOYALTY, WITH MILLIONS OF EUROS OF TRANSACTIONS ANALYZED[2]



Mercialys' digitalization expertise is helping drive its second major, groundbreaking innovation: Ocitô, its first-mile and last-mile logistics service. Ocitô illustrates the unified retail concept developed by the Company, which aims to offer its customers all the products sold in its centers in just a few clicks and with a single order, as well as interchangeable options to receive them at home or to collect them in-store or with the drive-through service.

The Ocitô ecosystem aims to:
1/ support retailers with their digital transformation,
2/ provide a response to logistics issues,
3/ offer end customers a fluid omni-channel buying experience.
It is built around three solutions:

Ocito.net, Mercialys' proprietary web and mobile marketplace, enabling consumers to buy food and non-food products online directly from their center's retailers.

Ocito.logistique, which groups together all the first-mile logistics solutions to facilitate the consolidation and shipping of packages from stores, enabling retailers to develop their ship-from-store services (e.g. pooled logistics unit, provision of consumables, centralized postage franking and collection).

Ocito.transport, a suite of last-mile logistics solutions and expertise, enabling customers to receive their products in line with their needs (express home delivery, home delivery within two days, click and collect, drive-through, parcel collection lockers in shopping centers, etc.).

(1) GAFA : Google, Apple, Facebook and Amazon. / (2) In accordance with the General Data Protection Regulation (GDPR).

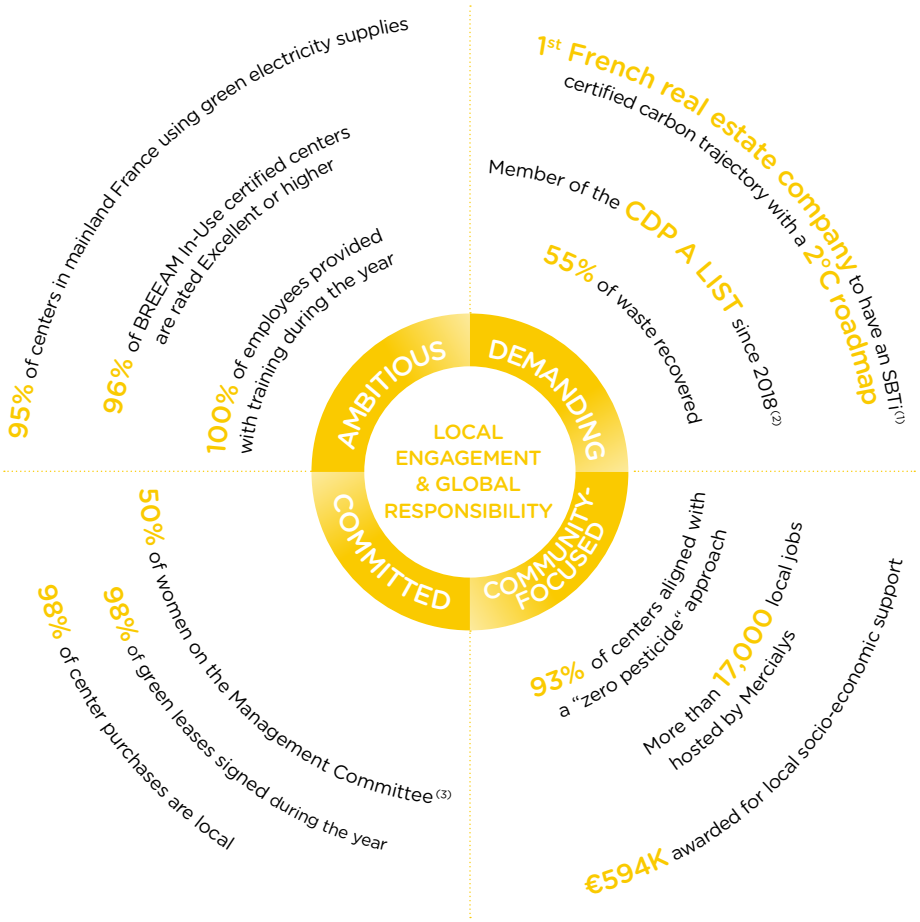
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

Mercialys' third competitive advantage stems from its ability to take into account all its stakeholders. Its positioning close to its communities enables it to effectively understand civil society's expectations and the issues faced. Through its presence in a large number of regions and cities across France, Mercialys is able to effectively assess diverse local realities and needs, ensuring that its actions are always responsible and sustainable.

LOCAL ENGAGEMENT refers to the economic and social positioning of Mercialys' shopping centers, reflected in particular in its good understanding of socio-environmental trends and developments in the various regions. This capability enables the Company to identify the stakes involved and capitalize on opportunities for progress and value creation over the medium and long term, ensuring the centers' legitimacy and leadership in their catchment areas, within a constantly evolving environment.

THE GLOBAL RESPONSIBILITY is reflected in its CSR strategy, 4 Fair Impacts for 2030, which is organized around four major commitments:
1) building a carbon neutral future;
2) promoting more responsible retail;
3) being a major partner for regional development;
4) being an engaged employer.
These commitments, and the corresponding goals, are presented in the chart opposite.



(1) The Science Based Targets initiative (SBTi) is a non-profit organization that assesses the alignment between the greenhouse gas emission reduction targets set by companies and the recommendations made by scientists in order to effectively limit the increase in global temperatures to 2°C by 2100. / (2) Carbon Disclosure Project (CDP): international non-profit organization which studies each year the impact of major listed companies on CO_2 emissions and climate change. / (3) At December 31, 2021.

4 Fair Impacts for 2030, CSR ambition further strengthened

4 Fair Impacts is structured around four commitments that Mercialys has set out looking ahead to 2030. The Company's CSR strategy incorporates the environmental, societal and social stakes into its operational performance.

ALL ENGAGED
AROUND A CSR STRATEGY FOCUSED
ON OUR 4 MAIN IMPACTS

FOR OUR ENVIRONMENT

By targeting carbon neutrality and advocating the rationalized use of resources to reduce our environmental footprint

OUR AMBITIONS FOR 2030

- Aim net zero carbon emissions
- 100% of waste recovered
- Zero pesticide use

FOR OUR STORES

By jointly building more sustainable retail and living spaces with our tenants

OUR AMBITIONS FOR 2030

- 100% of strategic assets BREEAM In-Use certified
- 100% of centers offering responsible stores and services
- 100% of our tenants engaged in our "responsible landlord tenant" commitments



FOR OUR COMMUNITIES

By positioning our assets at the heart of communities, like springboards for local economic and community life

OUR AMBITIONS FOR 2030

- 100% of centers committed to robust regional development
- 100% of strategic centers with multifunctional spaces
- 100% local and responsible purchases
- Promoting and supporting eco-mobility

FOR OUR TALENTS

By developing our employees' ethical engagement and providing opportunities for fulfilling careers

OUR AMBITIONS FOR 2030

- Maintaining best practices for gender equality
- Developing employee engagement and satisfaction
- Building a culture of exemplary ethical practices

BOARD OF DIRECTORS ALIGNED WITH THE BEST STANDARDS

Mercialys' strategy is led by a Board of Directors that is effectively aligned with market best practices. The Board regularly reviews the way that it operates and its representativeness in order to ensure for both shareholders and the market that it always performs its missions with the independence and objectivity required.

Professionalism, gender parity and engagement

The Board of Directors' way of operating proved particularly resilient faced with the health and economic crisis in 2021. It has evolved over the years, enabling the Company to consolidate its outstanding practices and further strengthen its ability to develop a proactive and responsible strategy.

The frequency of meetings and the strong attendance levels highlight the dedication of the Company's directors, as well as their essential and complementary key competencies.

50%
women directors at end-2021

100%
French directors at end-2021 (1)

8
meetings in 2021

57
average age at end-2021 (2)

10
members at end-2021

96%
attendance rate in 2021

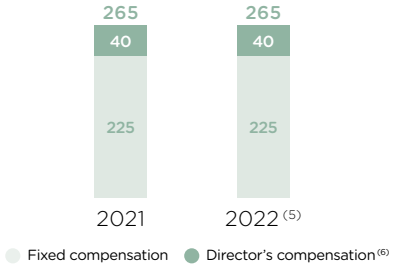
6.3
year average seniority at end-2021 (2)

60%
independent directors at end-2021

Compensation for the Chairman of the Board of Directors

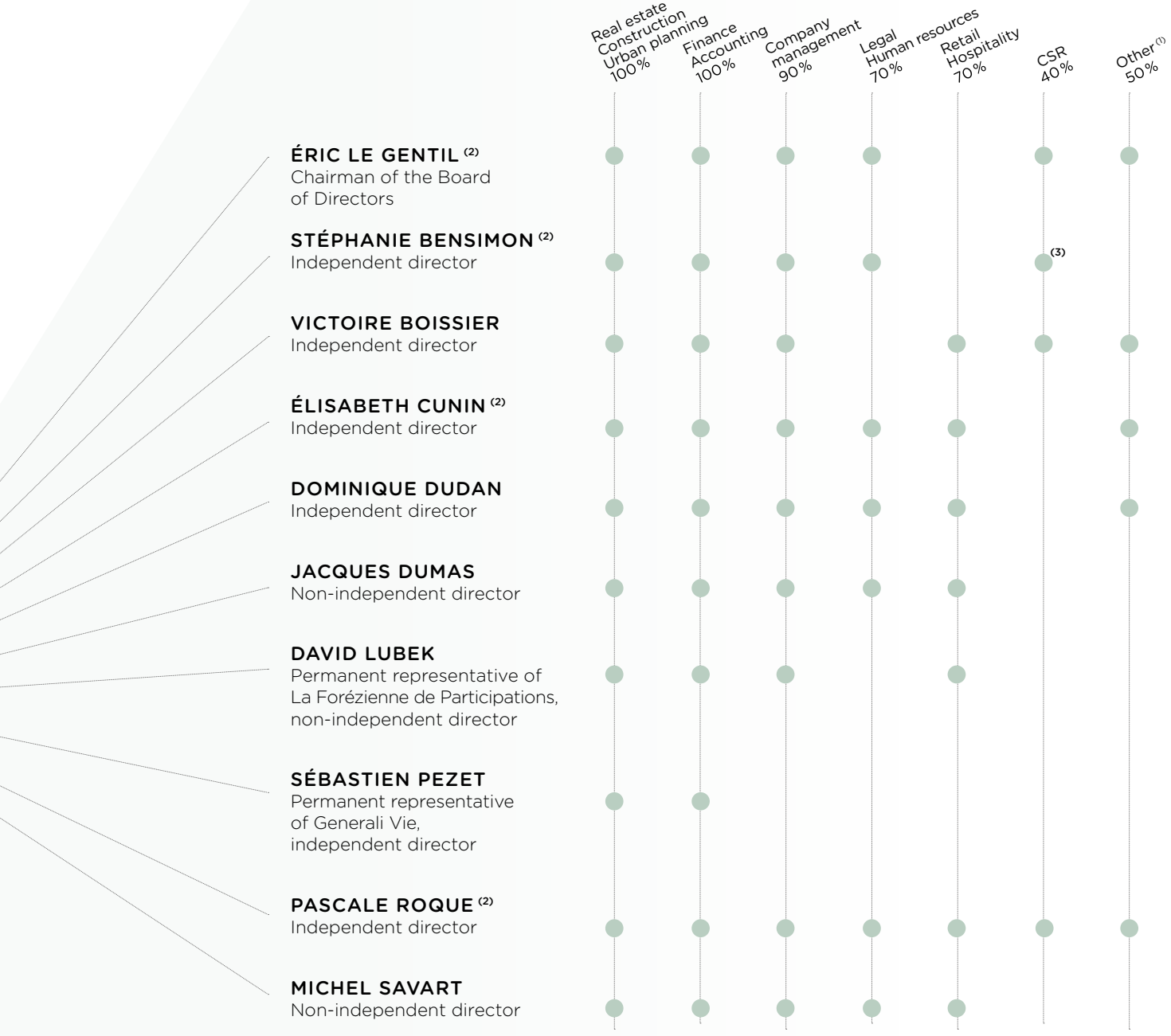
The compensation package for the Chairman of the Board of Directors, Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force (3). He does not receive any variable compensation in cash or securities (4).

CHANGE IN THE COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS
(in thousands of euros)



(1) In accordance with the Company's exclusively French geographic exposure. / (2) Individual. / (3) Notably overseeing relations with the Company's main shareholders and financial and/or industrial partners and helping define the strategy and monitor its implementation. / (4) Excluding the variable component included in his remuneration as a director. / (5) Subject to approval at the General Meeting on April 28, 2022. / (6) For 100% attendance.

AREAS OF EXPERTISE



PERMANENT GUESTS

VINCENT RAVAT
Chief Executive Officer

ELIZABETH BLAISE
Deputy Chief Executive Officer

With three-year terms of office and the regular integration of new directors in line with a demanding selection process (4), Mercialys' Board of Directors has a clear commitment to promoting diversity and renewing its expertise.

This panel of experienced members guarantees a professional, informed approach to all the issues encountered by the Company and represents a source of strategic insights and innovation

(1) Including compliance, insurance, marketing and IT. / (2) Reappointment submitted for approval at the General Meeting on April 28, 2022. / (3) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021. / (4) Process detailed in the 2021 Universal Registration Document.

THREE SPECIALIZED COMMITTEES

Mercialys' Board of Directors is supported by three specialized Committees, and it has defined their responsibilities and the specific ways that they operate. These Committees are made up exclusively of directors, appointed by the Board based on their training and experience.

Expert and diligent

Three specialized Committees assist the Board of Directors: the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee, and the Strategy and Transformation Committee. These specialized Committees are chaired by female independent directors and their composition ensures the balanced representation, independence and expertise of their members.

COMPOSITION OF THE SPECIALIZED COMMITTEES

AUDIT, RISKS AND SUSTAINABLE DEVELOPMENT COMMITTEE

75%
4
100%

4 MEMBERS

STÉPHANIE BENSIMON (Chairwoman)
VICTOIRE BOISSIER
PASCALE ROQUE
MICHEL SAVART

STRATEGY AND TRANSFORMATION COMMITTEE

67%
6
100%

6 MEMBERS

ÉLISABETH CUNIN (Chairwoman)
STÉPHANIE BENSIMON
DOMINIQUE DUDAN
ÉRIC LE GENTIL
MICHEL SAVART
SÉBASTIEN PEZET

1 PERMANENT GUEST

VINCENT RAVAT (Chief Executive Officer)

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

60%
5
96%

5 MEMBERS

DOMINIQUE DUDAN (Chairwoman)
VICTOIRE BOISSIER
ÉLISABETH CUNIN
JACQUES DUMAS
ÉRIC LE GENTIL

Percentage of independent directors — Number of meetings in 2021 — Attendance rate in 2021

Directors' compensation

In return for their expertise and their contribution to the Company's good governance, Mercialys' directors receive compensation.
This compensation is designed to be balanced, virtuous and aligned with the Company's corporate interests.
The directors' compensation policy ensures compliance with the recommendations from the AFEP-MEDEF Code. Mercialys takes all necessary measures to avoid potential conflict of interest situations.

2022 DIRECTORS' COMPENSATION POLICY [1]

(in euros)



(1) Subject to approval at the Annual General Meeting on April 28, 2022. / (2) For 100% attendance, with directors' variable compensation based on their individual effective rate of attendance for the Board of Directors and the Specialized Committees.

BALANCED SHAREHOLDER BASE ENGAGED IN REGULAR DIALOGUE

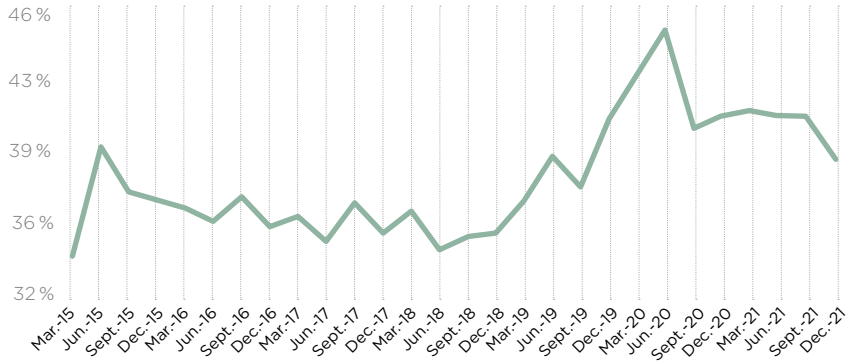
Mercialys is listed on Euronext Paris Compartment B with the ticker MERY and ISIN FR0010241638. The Company is part of the SBF 120, several real estate industry indexes (EPRA[1], IEIF[2]) and the Gaïa SRI index.

The Company's shareholder base is characterized by the presence of a major industrial shareholder: the Casino group. The latter's good understanding of retail trends and real estate stakes notably enables Mercialys to deploy a strategy that is aligned with the real estate sector's structurally long timeframes, while taking into account CSR issues, ethics and the expectations of all the various stakeholders to deliver sustainable growth that is shared more effectively.

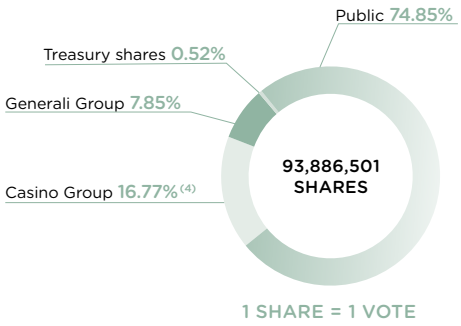
Mercialys' shareholding structure is still very open and diversified. The free float, close to 75%, ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up significant positions. At December 31, 2021, Mercialys' top 33 shareholders[3] held nearly 39% of its capital and voting rights, and many of them have been shareholders for years.

By applying the "one share, one vote" rule, Mercialys ensures identical treatment for all its shareholders and this is reflected in the very high levels of participation in its General Meetings each year.

CHANGE IN THE PERCENTAGE OF THE CAPITAL AND VOTING RIGHTS
HELD BY THE TOP 33 SHAREHOLDERS



SHAREHOLDING STRUCTURE
AT DECEMBER 31, 2021



Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders.
In 2021, alongside the many roadshows and contacts led by the management teams, 21 press releases were published for a community of over 900 investors and analysts. The Company also received the 2021 award for best Universal Registration Document.

17 roadshows organized with **11** different brokers and **11** countries covered

GRANDS PRIX DE LA TRANSPARENCE 2021
#1 on the SBF 120 for financial and sustainability reporting transparency

21 press releases distributed to a base of around **900** investors and analysts

TOP 100
shareholders contacted before each General Meeting

2 **4** results publications and financial information meetings per year

(1) EPRA, European Public Real Estate Association. / (2) EIF, Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group and Generali Group. / (4) On February 21, 2022, the Casino group sold 6.5% of Mercialys' capital through a TRS.

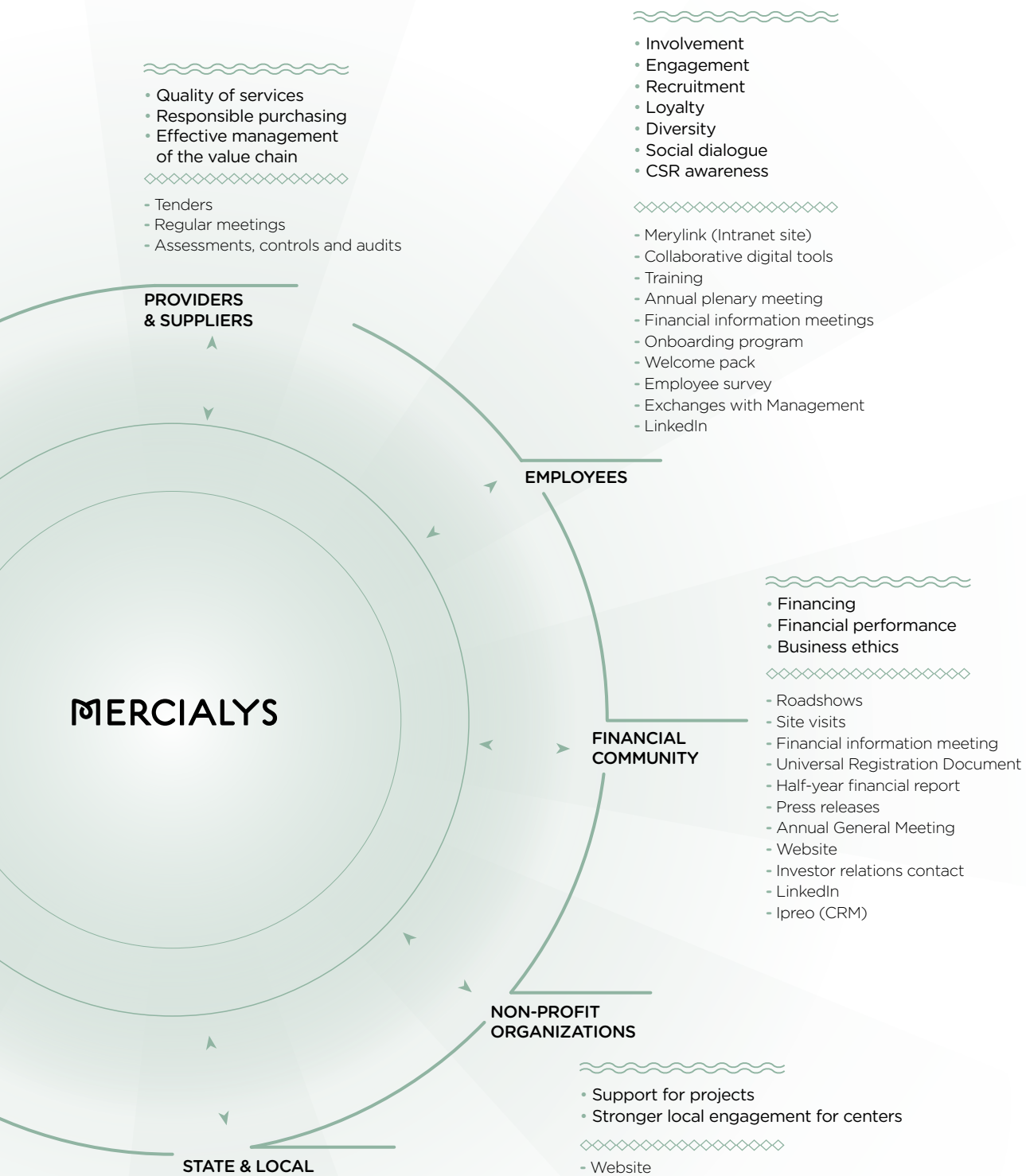
REGULAR DIALOGUE WITH STAKEHOLDERS

Through its business, Mercialys is part of a major ecosystem of stakeholders with which it builds solid relationships.

The dynamic approach established by the Company, based on regular dialogue, enables it to incorporate their expectations into its strategic reviews, while taking on board the core economic, social, societal, environmental and governance stakes, with a focus on creating lasting and shared value. This has been a crucial asset faced with the health and economic crisis, with dialogue ramped up in particular, making it possible to very quickly adopt new ways of operating in order to maintain each stakeholder's activities, while ensuring alignment with France's national solidarity initiative.

This dialogue also offers opportunities to build long-term partnerships and more generally to align the Company with a process of continuous improvement and innovation. Illustrating this approach, the Company consulted with more than 900 stakeholders in 2021, from employees to center visitors, retailers, investors and banks, regional authorities and non-profit organizations, in connection with the renewal of its CSR strategy.




MERCIALYS
PROVIDERS & SUPPLIERS
• Quality of services
• Responsible purchasing
• Effective management of the value chain
- Tenders
- Regular meetings
- Assessments, controls and audits
EMPLOYEES
• Involvement
• Engagement
• Recruitment
• Loyalty
• Diversity
• Social dialogue
• CSR awareness
- Merylink (Intranet site)
- Collaborative digital tools
- Training
- Annual plenary meeting
- Financial information meetings
- Onboarding program
- Welcome pack
- Employee survey
- Exchanges with Management
- LinkedIn
FINANCIAL COMMUNITY
• Financing
• Financial performance
• Business ethics
- Roadshows
- Site visits
- Financial information meeting
- Universal Registration Document
- Half-year financial report
- Press releases
- Annual General Meeting
- Website
- Investor relations contact
- LinkedIn
- Ipreo (CRM)
NON-PROFIT ORGANIZATIONS
• Support for projects
• Stronger local engagement for centers
- Website
- CSR contact
- Partnerships
- Universal Registration Document
STATE & LOCAL AUTHORITIES
• Administrative permits
• Project performance
• Economic and societal contribution
- Regional and National Commercial Development Committee (CDAC / CNAC)
- Project information meetings
- Universal Registration Document
- Half-year financial report
- Regulatory controls (e.g. checking barrier measures in the fight against Covid-19)
Core stakes
Means of dialogue

RISK MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT AND BUSINESS ETHICS

Mercialys is committed to managing its risk profile effectively, while ensuring that its activities are aligned with the best standards of professional ethics. All its internal control and risk management arrangements aim to ensure that the objectives set by Management are achieved, while safeguarding the Company's future and ensuring full compliance with ethical principles.

Organization and approach

Mercialys positions its risk management system at the heart of both its strategy and its operations: it is overseen by a Risk Prevention Committee, which reports to the Executive Leadership Team, and all employees ensure that operational measures are put in place. The Risk Prevention Committee liaises directly with the Audit, Risks and Sustainable Development Committee, which regularly reviews the means in place and issues recommendations on the audit work carried out. This proximity proved to be valuable faced with the context of health and economic instability in 2021. It enabled ongoing dialogue between the stakeholders involved in the risk management process and the Company's executive management bodies, enabling decisions to be taken quickly at both the head office and the various sites.

RISK PREVENTION COMMITTEE'S MISSIONS

IDENTIFY and inventory risks

ASSESS existing procedures and deploy corrective actions

CONTROL the effective application of procedures by operational staff

Risk mapping

The Risk Prevention Committee's core risk management tool is the risk map, which identifies all the risks that Mercialys is exposed to. In accordance with the ESMA guidelines[(1)], 51 risks have been identified and are broken down into eight categories, defined by Mercialys.
To ensure the pragmatic management and monitoring of its risks, the Company has rated them according to their priority. This prioritization system is based on a rating that includes the two dimensions from the mapping matrix: the risk's impact and its probability of occurrence.

IMPACT

Measures the potential impact of a risk for Mercialys if it was to occur

4 types of impact

QUANTIFIABLE
- Funds From Operations (FFO)
- Net Asset Value (NAV)

NON-QUANTIFIABLE
- Ability to ensure the implementation of the strategy and continuity of operations
- Reputation

3 rating levels

- LOW
- MODERATE
- HIGH

PROBABILITY

Possibility of a risk occurring, at least once, over different timeframes

3 rating levels

- IMPROBABLE
- POSSIBLE
- PROBABLE

The map is updated on a regular basis. Active monitoring of emerging developments and frequent exchanges with employees make it possible to monitor changes in the risks in line with the Company's environment, while rapidly and efficiently adapting the hedging arrangements and levels as required. They also aim to proactively identify new risks.

(1) ESMA31-62-1293 "Guidelines on Risk Factors under the Prospectus Regulation".

Priority risks

Mercialys rates net risks. The priority risks have either: a *moderate* impact with a *probable* probability, or a *high* impact with a *possible* or *probable* probability. Eight of the 51 risks identified meet these criteria. They cover three categories and are presented below.

CATEGORY	8 RISKS	IMPACT	PROBABILITY	TREND
Risks related to the sector	• Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	NAV	●	→
	• Risk related to competition on the physical retail segment	FFO	●	→
	• Risk related to new forms of consumption	FFO	●	↗
Risks related to business activities	• Risk related to retailer arbitrage and reletting	FFO	●	↗
	• Risk related to the safety and security of operations and a deterioration in the portfolio	Reputation	●	→
	• Risk related to acquisitions and construction operations	NAV	●	→
	• Risk related to providers, suppliers and subcontractors	Implementation of the strategy and continuity of operations	●	↗
Risks related to the financial position	• Risk related to interest rates, the cost of debt, liquidity and financing	FFO	●	→

OVERVIEW OF RISK MANAGEMENT ARRANGEMENTS

PRINCIPLES	OBJECTIVES	PARTICIPANTS	TOOLS	RESULTS
• Collaborative approach • Rapid operational implementation • Interactive process • Preventative approach	• Identify • Monitor • Measure • Steer	• Audit, Risks and Sustainable Development Committee • Executive Leadership Team • Risk Prevention Committee • Ethics and Compliance Director • Operational managers • Employees	• Risk mapping • Interviews with employees • Communication and awareness	• Arrangements at the heart of the management team's strategy • Risk profile known and managed effectively

Company's firm focus on sustainable development and ethics

On account of its scale, sector and/or activity, which is concentrated exclusively in France, Mercialys is not subject to a certain number of regulations that have come into force in the last few years. However, in line with its commitments, the Company has voluntarily rolled out various policies, processes and action plans to respond to issues which, while not yet regulatory requirements, are essential for respecting professional ethics and compliance.
For instance, Mercialys has put in place:
• A Sustainability Performance report (DPEF), reviewed by an independent third-party organization;
• An approach to calculate and publish the workplace gender equality index;
• A corruption risk map and dedicated assessment and control procedures, as well as an internal whistleblowing procedure, in accordance with the legislation in force;
• A stock market Code of Ethics to prevent insider trading;
Responsible lobbying guidelines;
• A vigilance approach to monitor practices across its value chain, notably by mapping the categories of the Company's spending, integrating CSR clauses into key contracts and tenders, and deploying measures to monitor, assess and/or audit suppliers and providers.
In addition, the Company has a Director of Compliance and Ethics, who also serves as the DPO[1].
The Director of Compliance and Ethics is a member of the Risk Prevention Committee and works in line with the Code of Ethics and code of conduct, which are available on Mercialys' website: www.mercialys.com[2].

(1) DPO, Data Protection Officer: person in charge of data protection in an organization. / (2) https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.

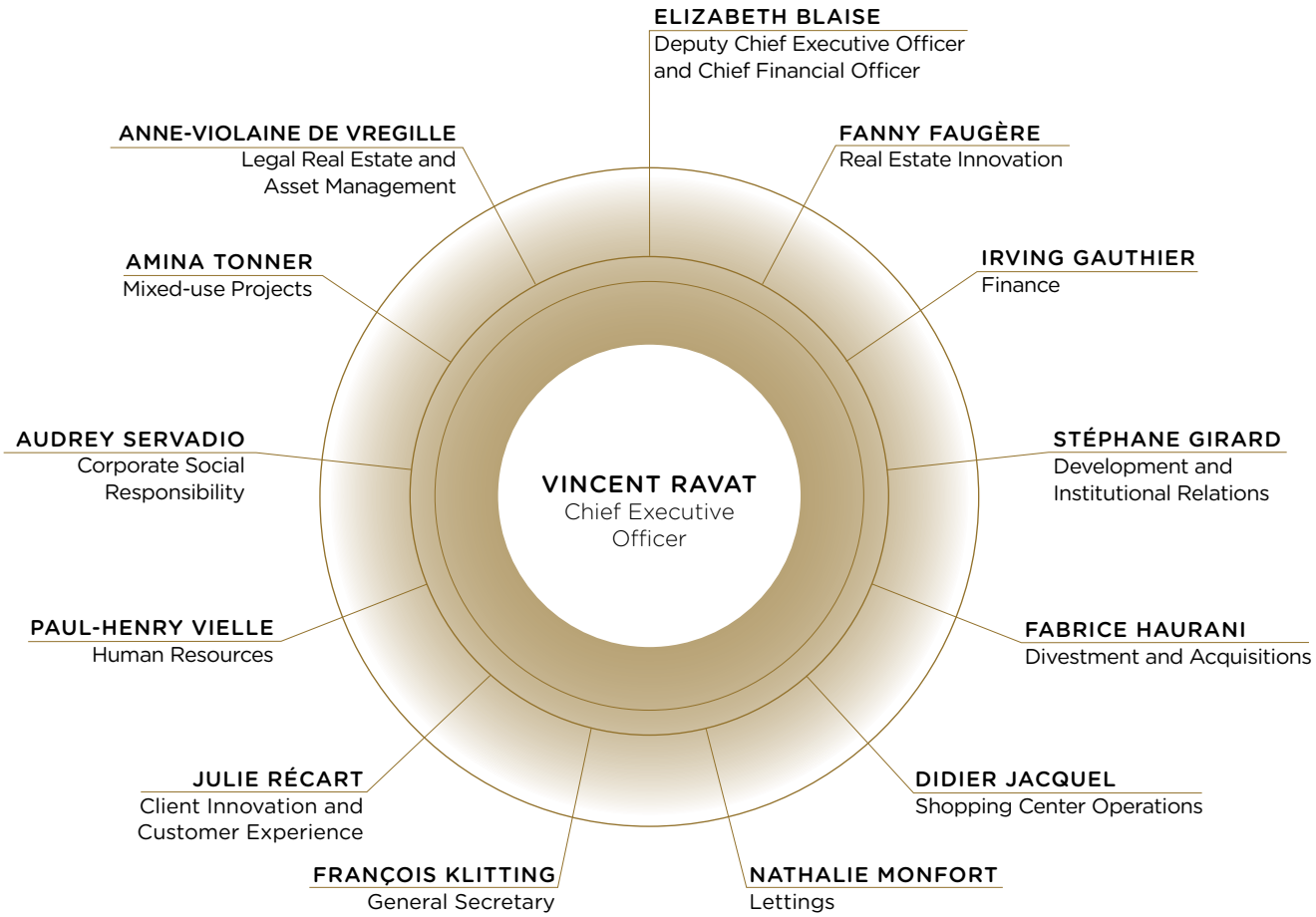
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, parity and strong operational focus

Mercialys has a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a large number of female members. The Company achieved third place on the SBF 120 in the ministerial ranking for the representation of women in management structures for listed companies.

The Management Committee was made up of 14 people at December 31, 2021. This expanded composition ensures that it is effectively representative and that the various areas of expertise available to the Company can be capitalized on. All the members have a clear understanding of the challenges involved in Mercialys' business and sector. Their diverse ages, professional backgrounds and experiences represent a source of in-depth exchanges and insights. Their complementary areas of expertise, combined with their broad knowledge base and proximity to the field, further strengthen the Committee's organizational flexibility.

These features are necessary for effective management, especially during a period marked by a health crisis. They enable the Company to remain fully mobilized and operational, with employees across the head office and various sites showing a very strong level of responsiveness, while ensuring full compliance with the safety measures for all the teams.



Balanced and virtuous executive compensation policy aligned with the strategy

Mercialys has an executive compensation policy that is focused on contributing to the Company's short-term and long-term value creation. This policy is compliant with the recommendations from the AFEP-MEDEF Code and is built around three principles:

OBJECTIVE RECOGNITION OF PERFORMANCE

- Variable component higher than the fixed component within the overall compensation package
- Focus on quantifiable criteria for the annual variable and long-term components

VALUING SUSTAINABILITY DIMENSIONS

- Inclusion of CSR criteria in the annual variable component
- Inclusion of CSR criteria in the long-term variable component

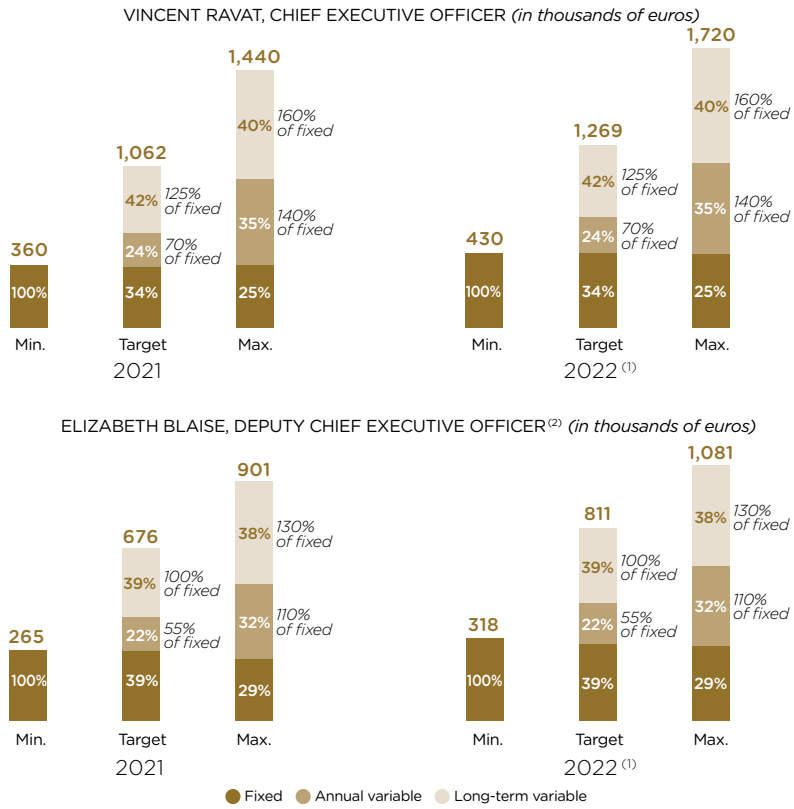
CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performances, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

The compensation policy (*ex ante*) and the payment of items of compensation (*ex post*) are set each year by the Board of Directors after consulting with the Appointments, Compensation and Governance Committee.

They are submitted for approval by shareholders at the Annual General Meeting, in accordance with the regulations in force. Executive compensation primarily includes a fixed component, a variable annual component and a long-term variable component. The criteria, objectives and thresholds applied to determine the variable components are justified and demanding. The level of compensation for executives is also reasonable in view of the results achieved by Mercialys, their experience and the levels of compensation for employees.

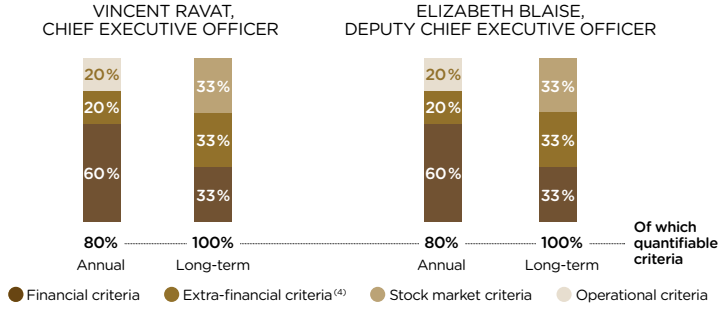
COMPENSATION STRUCTURE



EQUITY RATIOS (3)

Chief Executive Officer	Deputy Chief Executive Officer
9.2	**5.9**
2021 average	2021 average
10.3	**6.6**
2021 median	2021 median

2022 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES (1)



(1) Subject to approval at the General Meeting on April 28, 2022. / (2) As the Deputy Chief Executive Officer continued in her role as Chief Financial Officer in 2021, and for the duration of her current appointment, half of her compensation is based on her corporate office and half on her employment contract. / (3) Calculation methodology detailed in the 2021 Universal Registration Document. / (4) All of the sustainability criteria relate to CSR, for both the Chief Executive Officer and the Deputy Chief Executive Officer.

RESILIENT FINANCIAL AND SUSTAINABILITY VALUE CREATION DESPITE THE IMPACTS OF THE CRISIS

Thanks to its agile organization, focused on achieving excellence, Mercialys is able to maintain constructive dynamics, consolidating the fundamentals for its operational, financial and sustainability performance.



OPERATIONAL PERFORMANCE

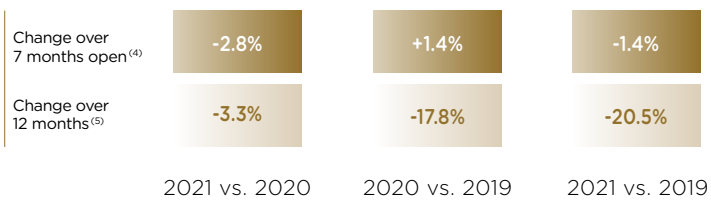
The operational performance of Mercialys' centers is assessed based on:

- Their **footfall**(1), or the number of visitors counted at entrances to the Company's large centers and main convenience shopping centers;
- Their **retailer sales**(1), which measure tenant retailers' operational performance and therefore their financial health;
- The **occupancy cost ratio**(2) for retailers in the centers, which assesses the weighting of real estate in their profit and loss and therefore the sustainability of the rents charged;
- The **current financial vacancy rate**(3), which makes it possible to assess the centers' commercial management;
- The **recovery rate**, which assesses the effective proportion of rent, charges and work invoiced to tenants and effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL



CHANGE IN RETAILER SALES



(1) Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing more than 85% of the value of the Company's shopping centers. / (2) Ratio between rent, charges (included marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores. / (3) Mercialys' vacancy rate does not include agreements relating to the Casual Leasing business. / (4) Scope including the weekly change concerning the months of operations without shopping center closures: January, June, July, August, September, October and December. / (5) Scope including 12 months of operations for 2019, 2020 and 2021.

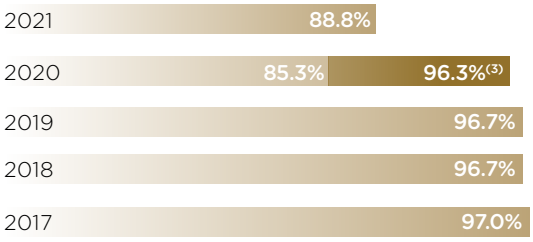
CHANGE IN THE OCCUPANCY COST RATIO



CHANGE IN THE CURRENT FINANCIAL VACANCY RATE



CHANGE IN THE RECOVERY RATE

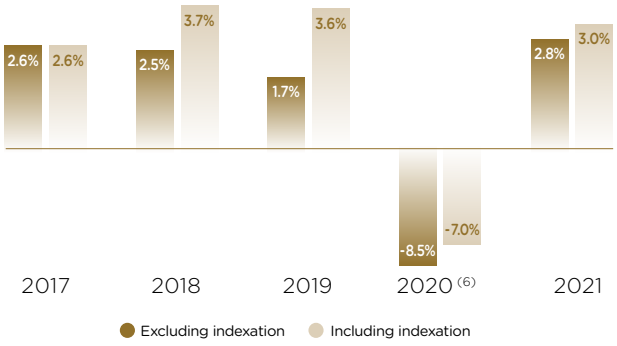


FINANCIAL PERFORMANCE

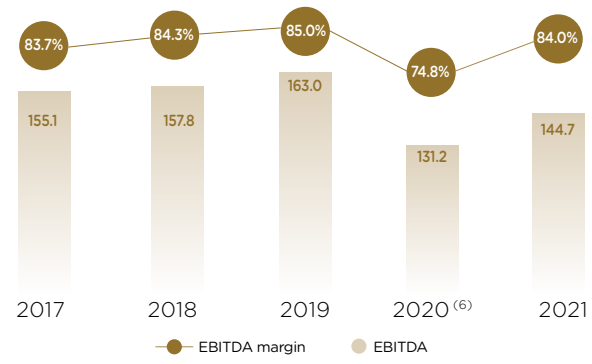
Financial performance is primarily assessed based on:

- **Organic growth** in rental income, which measures the change in the Company's revenues excluding the impact of acquisitions and disposals;
- **EBITDA margin**(4), which assesses the efficiency of its operational management;
- **Funds from operations** (FFO(5)), which makes it possible to assess the change in its recurrent income;
- **Net asset value** (NAV), which measures the residual value of the Company's assets after reimbursing its creditors;
- The **LTV, ICR**, and **net debt/EBITDA** ratios, which make it possible to assess the sustainability of its debt;
- **Dividend yield**, with 95% of recurrent income and 70% of capital gains from asset disposals to be distributed as dividends in accordance with the tax status of French listed real estate investment trusts (SIIC), which Mercialys has been entitled to since 2005.

CHANGE IN THE ORGANIC RENTAL INCOME GROWTH RATE



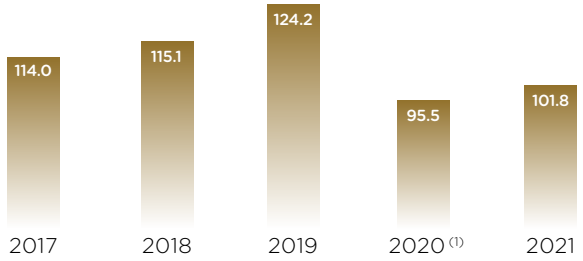
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



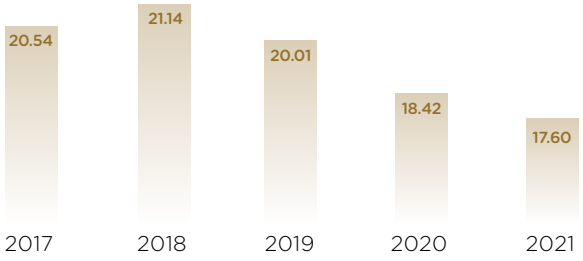
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close in 2020 and 2021. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset. / (3) Rate restated for relief measures issued and to be awarded to retailers for the two lockdowns in 2020 (2020 rate adjusted at end-December 2021). / (4) EBITDA margin: earnings before interest, taxes, depreciation, amortization and other operating income and expenses. Margin calculated on rental revenues. / (5) FFO, Funds From Operations. / (6) Highly negative impact of the health crisis.

FINANCIAL PERFORMANCE

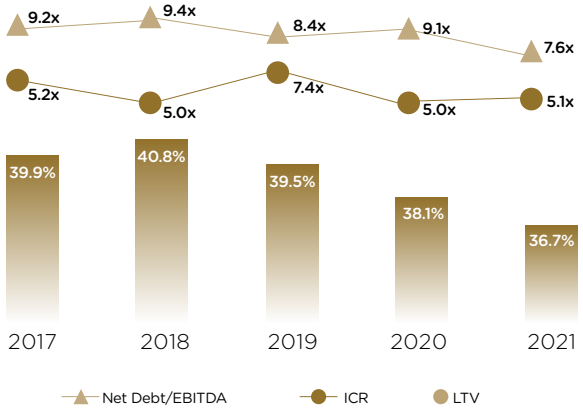
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



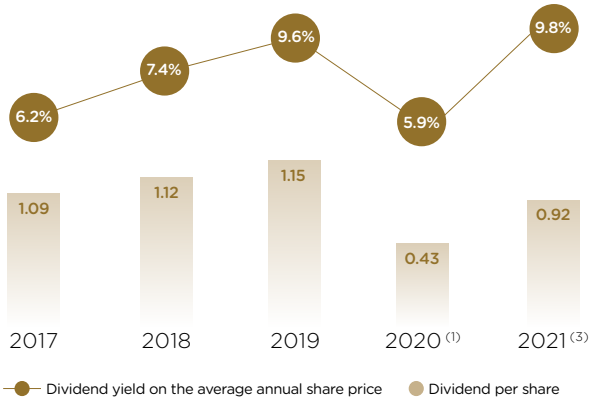
CHANGE IN EPRA NDV (2)
(in euros per share)



CHANGE IN THE LTV *(excluding transfer taxes)*, ICR AND NET DEBT / EBITDA RATIOS



CHANGE IN THE DIVIDEND *(in euro per share)* AND DIVIDEND YIELD



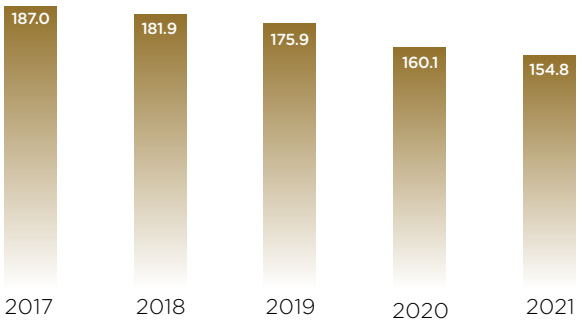
(1) Highly negative impact of the health crisis. / (2) NDV, Net Disposal Value. / Subject to approval at the General Meeting on April 28, 2022.

SUSTAINABILITY PERFORMANCE

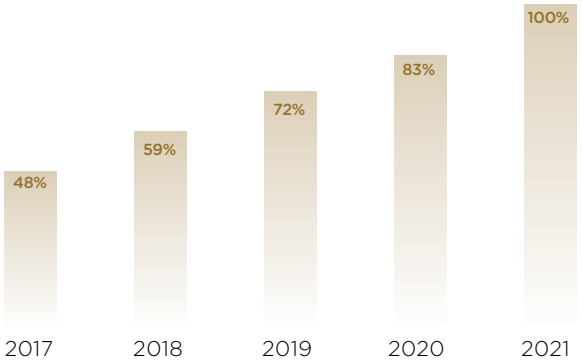
Mercialys' sustainability performance is monitored based on the following aspects:

- **Energy intensity per square meter** for its centers, which illustrates their efficiency in terms of energy consumption;
- **Percentage of the strategic portfolio that is BREEAM In-Use certified**, the retail real estate sector's leading international certification;
- **Shopping center waste recovery**, which demonstrates the cooperation established between the Company and its retailers in terms of sustainable development;
- Direct and indirect **carbon emissions** (scopes 1 and 2), a key indicator for monitoring the effective management of Mercialys' carbon footprint, in line with its commitment to tackling climate change;
- **Employee training**, which ensures their professional development and the effective alignment between their profiles and the Company's future requirements for skills;
- **Workplace gender equality index**, which assesses the ability to ensure equal treatment for all employees and to recognize their unique features and diversity.

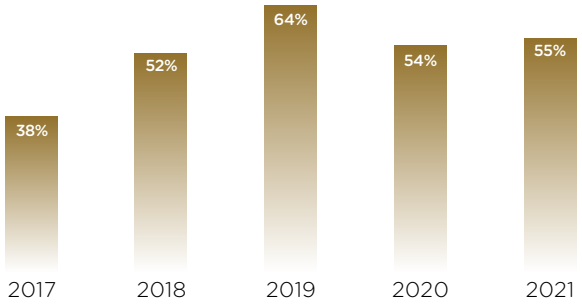
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWh/sq.m. - current basis)



CHANGE IN THE PERCENTAGE OF THE STRATEGIC PORTFOLIO WITH BREEAM IN-USE CERTIFICATION
(% of the total value of the strategic portfolio including transfer taxes)



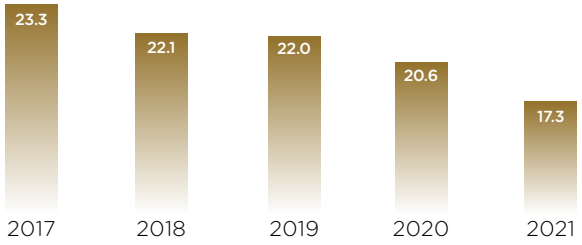
CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)



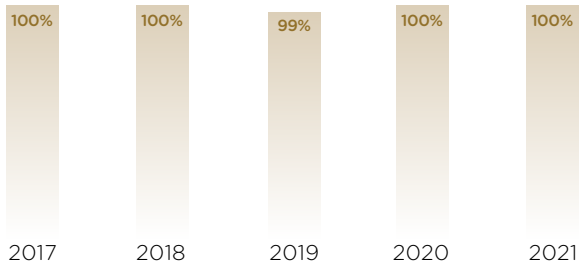
SUSTAINABILITY PERFORMANCE

CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS

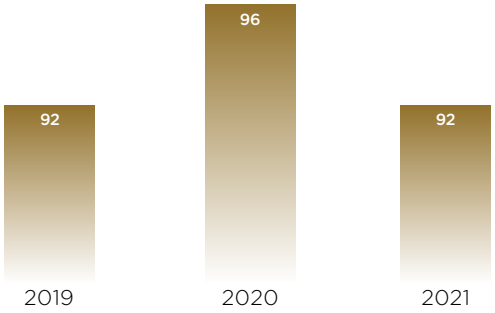
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



CHANGE IN THE PERCENTAGE OF EMPLOYEES TRAINED



CHANGE IN THE WORKPLACE GENDER EQUALITY INDEX



Mercialys' sustainability performance levels are regularly recognized by industry benchmarks and rating agencies, with particularly exceptional results in 2021.

Mercialys maintained first place in its category (revenues of Euro 150 to 500 million) in the Gaïa Rating agency's 2021 ranking for the second consecutive year, and confirmed its CDP A List status for the fourth year running, achieving international recognition for its efforts to reduce its carbon footprint and combat climate change, despite the more demanding criteria adopted.

The Company also maintained its GRESB[(1)] Green Star status for the fifth consecutive year, while moving up one position in its category to achieve third place. Lastly, its strong commitment to information and reporting transparency was recognized once again, by EPRA, with two new Gold Awards, and at the 12th *Grands Prix de la Transparence* ceremony[(2)], where it received the award for Best Universal Registration Document, confirming Mercialys' leading position on the SBF 120.

These achievements once again confirm the Company's leading position for Corporate Social Responsibility, which the new phase of Mercialys' CSR strategy – 4 Fair Impacts – will continue building on.

	2017	2018	2019	2020	2021
GRESB	Score: 84/100 Green Star status achieved	Score: 87/100 Green Star status	Score: 90/100 Green Star status	Score: 85/100[(3)] Green Star status	Score: 89/100 Green Star status
CDP	Rating: A-	Rating: A Inclusion in the A List	Rating: A A List status maintained	Rating: A A List status maintained	Rating: A A List status maintained
Gaïa Index	Score: 79/100 Member of the Gaïa index	Score: 82/100 Member of the Gaïa index	Score: 85/100 Member of the Gaïa index	Score: 87/100 #1 in its category Member of the Gaïa index	Score: 89/100 #1 in its category Member of the Gaïa index
SUSTAINALYTICS	-	-	Score: 11.74[(4)]	Score: 9.4	Score: 9.1
MSCI	Rating: A	Rating: BBB	Rating: A	Rating: A	Rating: A
ISS-oekom	Rating: C-	Rating: B- Prime status achieved	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained
Grands Prix de la Transparence	#3 on SBF 120 Year's Most Improved Award	#1 on SBF 120 Grand Prix "All Categories" Award	Classified out of category Registration Document Award	#1 on SBF 120 Grand Prix "All Categories" Award	Best Universal Registration Document
EPRA	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award
Ministère chargé de l'égalité entre les femmes et les hommes, de la diversité et de l'égalité des chances	#12 on SBF 120	#4 on SBF 120	#4 on SBF 120	#4 on SBF 120	Score: 85/100 #3 on SBF 120

(1) Global Real Estate Sustainability Benchmark: international benchmark that assesses the CSR policies and performances of real estate companies each year. / (2) Each year, the Grands Prix de la Transparence awards recognize listed French companies from the SBF 120 for the clarity and quality of their regulatory reporting, based on 281 objective and public criteria concerning their main financial and sustainability reporting materials. / (3) Score not comparable due to a change in the methodology. / (4) Risk approach used by Sustainalytics: the lower the score, the better the Company's assessment.



MERCIALYS

16-18, rue du Quatre-Septembre - 75002 Paris

Email: contact@mercialys.com

www.mercialys.com

Photo credits: Arnault de Giron

Designed & published by LABRADOR +33 (0)1 53 06 30 80
INFORMATION DESIGN