MERCIALYS

2022 INTEGRATED REPORT

EXTRACT FROM THE UNIVERSAL REGISTRATION DOCUMENT

FINANCIAL CALENDAR

April 20, 2023 [1]
2023 first-quarter activity

April 27, 2023
Annual General Meeting

May 2, 2023 [2]
Ex-dividend date

May 4, 2023 [2]
Dividend payment

July 26, 2023 [1]
2023 first-half results

July 27, 2023
Financial information meeting

October 17, 2023 [1]
Activity at end-September 2023

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, 2022, 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 27, 2023.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

In an environment disrupted by two new crises, one geopolitical, with the war in Ukraine, and the other economic, with price inflation reaching its highest levels for nearly 40 years, Mercialys was once again able to maintain a strong level for its operational and financial performance indicators, illustrating the relevance of its strategy.

Dear stakeholders,

The Company had to contend with a further major stress test in 2022 with the war in Ukraine, the rise in interest rates and the return of inflation, which could all potentially continue for some time.

I would like to once again thank Mercialys' teams for their continued commitment and dedication with a view to improving the appeal of our centers and our results.
This has been achieved through the actions carried out on the portfolio to generate reversion and the regular renovation of our centers to improve their letting potential, as well as our innovative activities, events and solutions, such as the Le Shop omnichannel platform or the development of coworking spaces, which have proven their appeal.

The deployment of all of these expert capabilities to further strengthen the attractive positioning and letting potential of our sites around their strong local roots has enabled your Company to continue growing its revenues and Funds From Operations (FFO) and once again highlights the resilience of its business model.

The return to the normalization of shopping center opening conditions in 2022 is reflected in retailers' sales figures, which came in close to their pre-Covid-19 levels. Alongside this, a balance seems to be taking shape between physical and digital retail.

Clients are still very attached to the physical store format, as shown by the latest Quantaflow survey from September 2022, which found that more than 70 % of French people appreciated returning to their stores following the various lockdowns.

This same study also revealed that stores are popular with nearly 75 % of consumers because of their unrivaled client experience. We are convinced that the physical retail model is still just as relevant today, and we firmly believe in this format's predominance, creating living hubs for French people to enjoy each day.

We need to capitalize on this!

All of Mercialys' teams will be satisfied to see that we improved our position in a number of sustainability rankings in 2022.

For instance, the Company moved up to second place in the Global Real Estate Sustainability Benchmark (GRESB), as well as the ranking for the representation of women in management structures on the SBF120.

The rents billed by Mercialys in 2022 once again show sustained organic growth, up + 4.1 %, driven by indexation and the actions carried out on the portfolio.
This resilient profile is also illustrated by the + 3.7 % growth in Funds From Operations (FFO).

2022 was also a key milestone for Mercialys, 17 years after it listed on the stock market. The Casino group, which held 60 % of the capital in 2005, gradually reduced its interest to complete its full exit in April 2022.
Alongside this, the process to bring in-house functions that were previously entrusted to Casino was finalized at the end of 2022.

Mercialys is looking ahead to 2023 with confidence thanks to its sound financial structure and clear strategy for growth. The Company's agility will be an asset in a context in which inflation and interest rates are expected to continue to be key factors in 2023.

Yours sincerely.

Éric Le Gentil
Chairman of the
Board of Directors

QUESTIONS FOR THE LEADERSHIP TEAM

HOW WOULD YOU ASSESS 2022 AND MERCIALYS' RESULTS?

From the geopolitical shock, with energy, to the financial shock, with interest rates, and the economic shock, with inflation, in this uncertain environment, the French model has shown its resilience. Household consumption was preserved thanks to the positive employment trends recorded and the change in purchasing power. Thanks to French consumers' attachment to physical retail following the reopening of stores in 2021, then in 2022, the retailers in our centers saw their activity return to their pre-crisis levels from 2019.

In this context, the performance achieved by Mercialys is very satisfactory. The + 4.1 % organic growth in invoiced rents was supported by the impact of indexation for 1.9 % and the actions carried out on the portfolio of leases, including the renewals and relettings completed in 2021 and 2022, as well as the robust development of Casual Leasing. In 2022, we signed 150 leases, achieving full-year reversion of nearly 3 %.

Funds From Operations (FFO), under the combined impact of revenue growth and the effective control over the change in costs, climbed to Euro 1.13 per share, up 3.1 %, higher than the target for minimum growth of 2 %.

The value of our portfolio remained stable over the year, with an appraisal rate that was virtually unchanged, highlighting the visibility over our future cash flows and the quality of our assets, as well as a cautious valuation approach, reflected in a significant spread between the risk-free rate and the capitalization rate for assets. A dividend of Euro 0.96 will be submitted for approval at the General Meeting, representing 85 % of FFO for the year, in line with the target to distribute 85 % to 95 %.

Mercialys therefore achieved its objectives set out at the start of the year.

ARE THE INFLATIONARY PRESSURES SEEN COMPATIBLE WITH THE COMPANY'S MODEL FOR GROWTH?

Mercialys' portfolio is made up of leading sites in peripheral areas located just outside vibrant mid-size cities in catchment areas where household income levels are higher than the national average. The aim is to create not only physical proximity, but also close day-to-day relationships with our clients in order to anticipate their expectations.

Our positioning is focused more on clients' essential needs, satisfied through retailers with an affordable price positioning, rather than on discretionary spending. All of these elements seem to respond to the current concerns surrounding purchasing power.

The growth in Mercialys' business and results depends on our ability to extract value from our portfolio by working on the retail mix and organizing activities and events to promote our centers, by generating positive reversion on lease renewals and relettings, and by applying a policy to renovate and restructure our sites in line with an architecture that respects its environment.

The retail mix is becoming increasingly precise with the development of Business Intelligence (BI) tools, which will provide our sales teams with fine-grained knowledge of our catchment areas and our clients' aspirations. This will improve their letting potential and help develop the value of our portfolio.

TO CONCLUDE, HOW ARE YOU LOOKING AHEAD TO 2023?

The general environment in 2023 looks set to remain uncertain, with inflation and interest rate rises that are expected to continue throughout the year.

Mercialys aims to continue moving forward with its strategy, while remaining vigilant over changes in the environment, our balance sheet positions and, specifically, the solvency of our client retailers.

The intrinsic features of our business offer a very defensive profile, with recurrent cash flow and the protection linked to indexation, but we must continue to carefully monitor our tenants' business and ensure the sustainability of our rents in relation to their sales, which we call the occupancy cost ratio. This is and must continue to be sustainable for our retailers. Looking beyond simply square meters, we provide them with access to physical and digital marketing tools, as well as client knowledge, which is central to a store's performance, and we support them with their CSR approaches.

The regulatory framework now restricts increases in artificial ground cover, which is helping increase the value of existing sites. Nevertheless, with its solid balance sheet, the Company is positioned to contend with a changing economic environment and envisage a resumption of investments, which have been held back considerably since 2020. This renewal will be able to be achieved through Mercialys' project pipeline or through acquisitions of retail real estate assets.

Mercialys will continue to set demanding standards for the yields on these investments, particularly faced with the change in refinancing conditions.

For 2023, Mercialys is targeting FFO per share growth of at least 2 % and a dividend to represent 85 % to 95 % of FFO.

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

€3,091.2M
portfolio value
(including transfer taxes)

€105.5M
funds from operations
(FFO)

€0.96
dividend per share

MERCIALYS ESSENTIALS

Founded in 2005, Mercialys is one of the leading real estate companies in France and Europe. Anticipating consumer trends, supporting our partner retailers and adapting center formats to further strengthen their attractive positioning and optimize their value are at the heart of the Company's strategy.

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Satisfying clients day-to-day needs

OUR VISION

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

BREAKDOWN OF THE PORTFOLIO BY REGION (3)

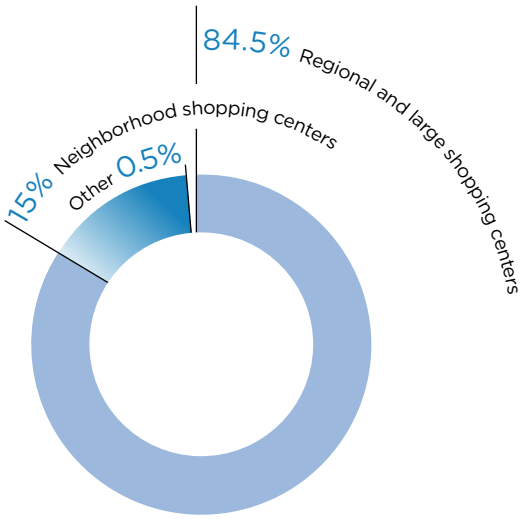
Mercialys' portfolio is made up of 48 shopping centers(1), with nearly 800,000 sq.m of space. The Company's assets are home to over 900 international, national and local retailers, attracting more than 110 million visitors each year(2).

Mercialys' asset portfolio is made up primarily of leading retail sites, located in mainland France and on Reunion Island. As partners for day-to-day life, these shopping centers, on a human scale, are located in mid-size urban hubs. They are outstanding examples of convenience retail.

Mercialys' portfolio is firmly established 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 since it listed on the stock market in 2005. Looking beyond their intrinsic quality and buoyant underlying socioeconomic factors, the Company is developing an agile and proactive portfolio management approach, with a view to further strengthening their quality and appeal, while capitalizing on its entire range of expertise, from asset management to lettings, operations, physical and digital marketing, and CSR, to divest assets that have reached maturity.

BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



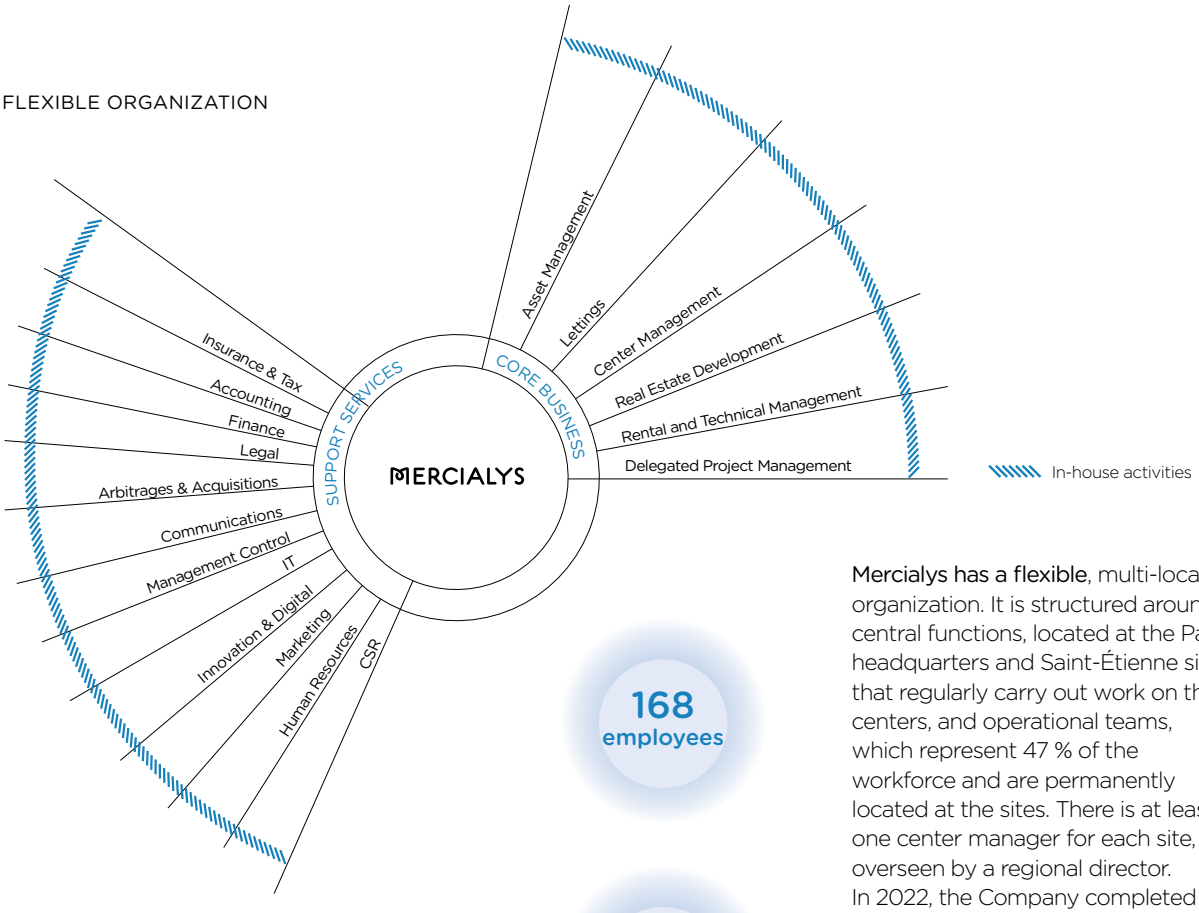
(1) In addition to three dispersed assets.
(2) Excluding periods when national lockdowns were in force and stores were ordered to close.
(3) Excluding dispersed assets.

Looking beyond the dynamic management of its existing portfolio, Mercialys applies a proactive, but rational development strategy. The Company reallocates the proceeds from the disposal of its assets that have reached maturity to support its development project pipeline or acquire assets, while safeguarding its balance sheet positions.
Illustrating this, in 2022, Mercialys sold, for a combined total of nearly Euro 87 million, two Géant hypermarkets (Annecy and Saint-Étienne), two small shopping centers in Marseille (Sainte-Anne and Croix-Rouge) that were no longer aligned with the Company's growth strategy, and various dispersed assets.
At end-2022, the Company had a project pipeline representing Euro 475 million for the period from 2023 to 2027 and beyond.
This pipeline is constantly reviewed in order to ensure the relevance of the projects and their expected profitability. The increase in construction costs may have a negative impact on the target yield of 250bp above the refinancing cost and encourage the Company to carry out arbitrage operations on part of the portfolio with external growth.

This strategy is deployed around three core pillars:
• Ensuring a precision retail mix. 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;
• Creating service platforms in line with socioeconomic changes;
The Company has developed a proprietary digital ecosystem, Le Shop/Ocitô, which includes a marketplace for each center (Le Shop), offering clients all of the products available in the center, with the option to receive them at home or use the click and collect service (first-and last-mile logistics service) through its Ocitô platform;
• Capitalizing on all spaces, thanks in particular to a modular layout design for centers, opening up opportunities for new forms of retail. Casual Leasing is developing strongly alongside traditional leases and providing a new dynamic approach thanks to the frequency of retailer rotations. Mercialys is also continuing to deploy its coworking spaces through its Cap Cowork platform, with a current total of 150 workspaces across four sites (Angers, Grenoble, Toulouse and Nîmes). Six new sites are being looked into with a view to opening in the medium term.

As a leading retail real estate company, Mercialys plays a key role in terms of achieving a balanced urban ecosystem and interacting with retailers, end clients, public authorities and local non-profit organizations. In line with this broad-ranging economic and societal responsibility, the Company is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.

FLEXIBLE ORGANIZATION



168
employees

47%
of employees deployed on site

Mercialys has a flexible, multi-local organization. It is structured around central functions, located at the Paris headquarters and Saint-Étienne site, that regularly carry out work on the centers, and operational teams, which represent 47 % of the workforce and are permanently located at the sites. There is at least one center manager for each site, overseen by a regional director.
In 2022, the Company completed the process to bring its support activities in-house, in addition to the rental and technical management of its shopping centers, which were previously carried out by the Casino group.

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 its clients' 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.

Supported by its strong regional roots, Mercialys' business model has confirmed its resilience in an environment subject to various pressures, marked by two years of a health crisis in 2020 and 2021, while 2022 was affected by a geopolitical crisis and high consumer goods inflation. Mercialys' societal benefits, thanks to retail mixes focused on serving day-to-day needs, were perfectly illustrated. The Company continued moving forward with its strategy to create value across its portfolio and ramped up its digital transformation, launched in 2019. Mercialys is rolling out its innovative offers, including the Ocitô logistics services solutions and its 100 % digital loyalty program Prim' Prim', as well as coworking spaces supporting the activity of its centers. In 2022, the Company also restructured its financial resources, extending the maturity of its debt, with the next maturities not scheduled until February 2026.

Resources serving the strategy

ORGANIZATIONAL AND GOVERNANCE RESOURCES
- Organizational capital, perfectly reflected in the Company's four values: proximity, agility, commitment and innovation
- Board of Directors aligned with best practices for independence and gender parity

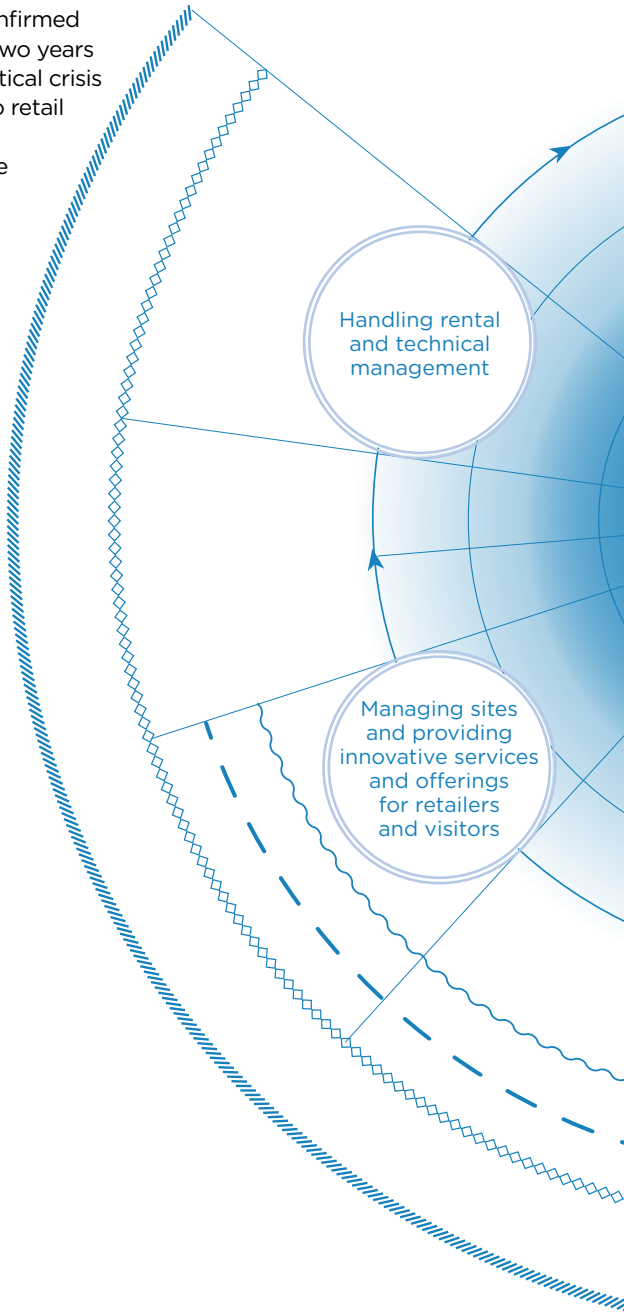
HUMAN RESOURCES
- 168 expert staff
- 61 % women
- 38.7 average age
- 73 % management-grade employees

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

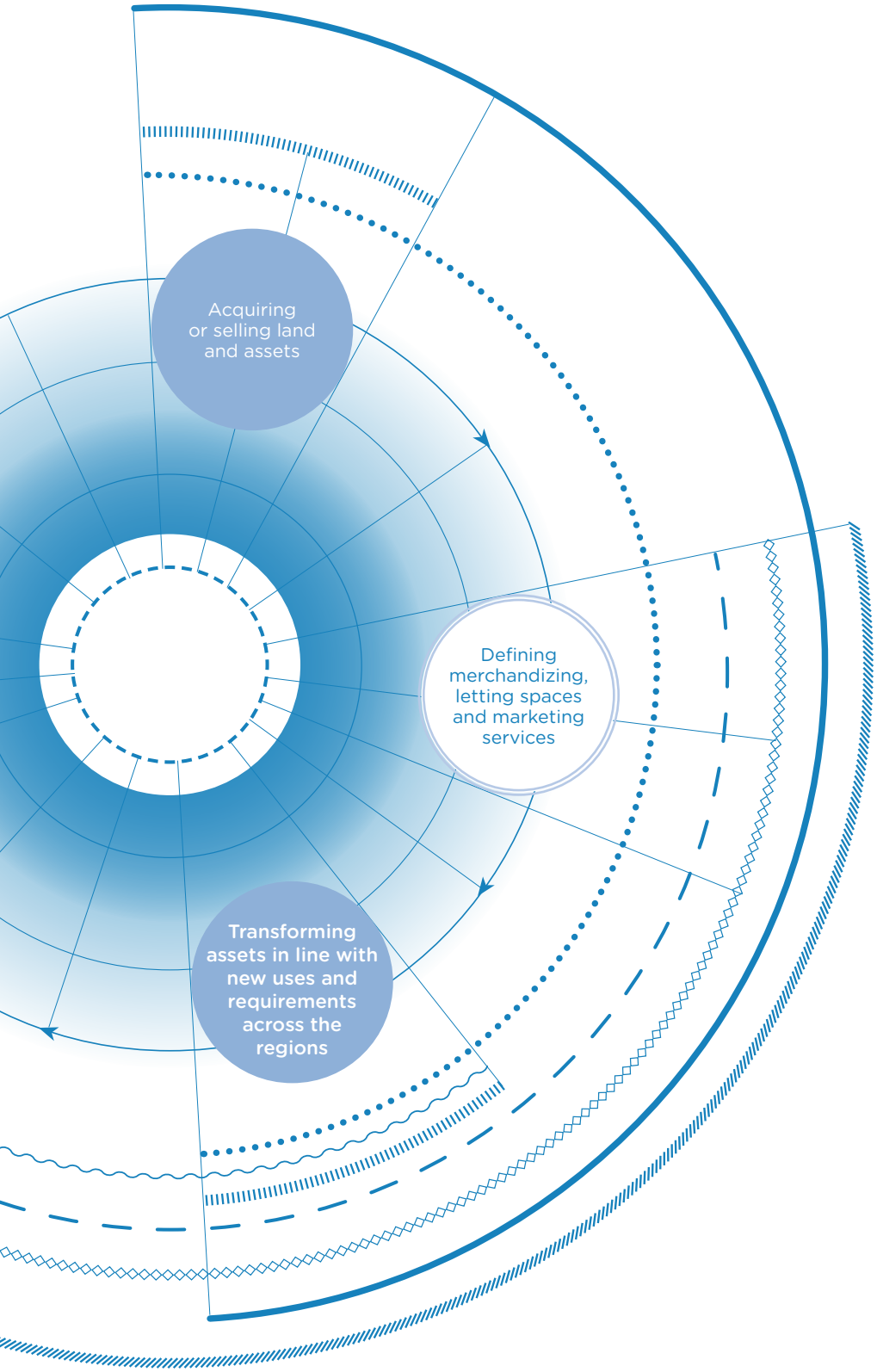
FINANCIAL RESOURCES
- Euro 385 million of undrawn financial resources
- Resilient financial profile:
  - 2.0% (1) average cost of drawn debt
  - 4.5 years average maturity of drawn debt
  - 35.3 % LTV excluding transfer taxes (2)
  - 5.9 x ICR (3)
  - 7.2 x net debt/EBITDA

LAND RESOURCES
- Euro 475 million of development projects for 2023/>2027
- 22 assets concerned, representing 46 % of the number of assets in the portfolio (4)

ENVIRONMENTAL RESOURCES
- 100% of the strategic portfolio in value terms BREEAM In-Use certified
- 46,668 MWh of energy consumed
- 110,654 m^3 of drinking water consumed



Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €18.7m of compensation

PROVIDERS AND SUPPLIERS
- €9.5m of purchases

FINANCIAL COMMUNITY
- €91.5m of dividends paid
- €53.2m of financial expenses

STATE AND LOCAL AUTHORITIES
- €0.7m of taxes

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €136k of annual contributions

TENANT RETAILERS
- +790bp [5] outperformance compared with the national panel [6] in terms of footfall
- €4.2 of sales generated on average for each €1 of vouchers spent with the new loyalty program

VISITORS AND END CUSTOMERS
- €6.6m 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
- €345k of contributions to support the local non-profit ecosystem

(1) This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding swaps in connection with these redemptions. / (2) LTV (Loan To Value): net financial debt/(portfolio market value excluding transfer taxes + market value of investments in associates for Euro 52.7 million in 2022 and Euro 55.8 million in 2021, since the value of the portfolio held by associates is not included in the appraisal value). / (3) Interest Coverage Ratio = EBITDA/net finance costs. / (4) Excluding the three dispersed assets. / (5) Between 2015 and 2022. / (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 clients consume, and adapting accordingly to support and meet the needs of its tenant retailers;
2/ Managing its real estate portfolio effectively and specifically its ability to transform them and develop their value in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the green transition.

Triple polarization of flows

Real estate and retail are two sectors that are constantly evolving and follow the latest lifestyle developments. In 2020 and 2021, consumers made increased use of e-commerce and click and collect services as a result of the government-ordered store closures. The health crisis accelerated certain changes that were already taking shape in consumption habits.
The development of e-commerce, up to a 13.4% retail sales market share in France in 2020 (+ 3.4 points *vs.*2019), continued to progress in 2021, but at a less impressive rate (+ 0.7 points to a 14.1% market share) as physical stores reopened, even partially. The latest report on e-commerce from Fevad (February 2023) shows a - 7 % decrease in sales for e-commerce in 2022, reflecting a contraction in its retail sales market share to 12.5%.
Clients are still very attached to physical retail, which continues to have a key position in their day-to-day lives by offering an unrivaled client experience. Alongside this, digital retail is still looking for a profitable business model, particularly taking into account the costs for search engine referencing, deliveries and processing product returns by consumers.

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.

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, through its strong local roots and its development of business intelligence tools, has a fine-grained understanding of the various dynamics at work, with a view to anticipating 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. This polarization is linked directly to the different forms of transport and residential preferences.
The public consultation process launched by the French Ministry for Housing in October 2021, "Habitons la France de demain" (Living in the France of tomorrow), perfectly illustrates the complex realities of regional development to reconcile the political ambition for intensive urban development and individual aspirations for a more dispersed approach.
This shows that density must not be synonymous with densification, but instead connections between housing, retail and work. This is illustrated by the primary concern identified in the public consultation process which, ahead of mobility, concerns the way people consume. The respondents continue to make very widespread use of mass-merchandisers, where the choice of products, diverse selection of stores and prices are more attractive than with e-commerce.

Diverse consumption practices and expectations

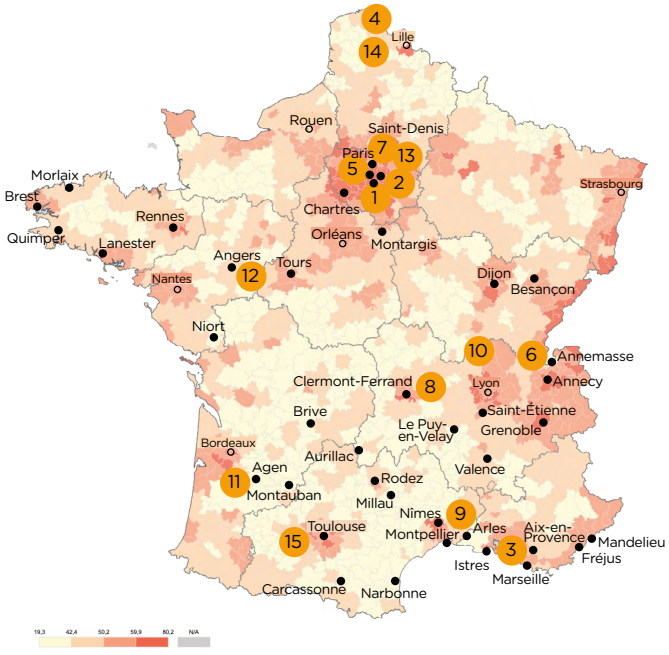
The expectations and practices of people living in very large and medium-sized cities in France are summarized below:

	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

Understanding and addressing consumers' needs through retail offerings adapted to the realities of each region is therefore an essential condition for performance in retail real estate. Their long-term viability depends on their ability to provide an effective response to their target clients' expectations, while the size of the sites is not a criterion for performance or resilience.

The first out-of-town retail ranking, organized by the regional retail federation (Fédération des Acteurs du Commerce dans les Territoires, FACT) and Mytraffic, in September 2022, identified France's 15 most attractive areas.
Five Mercialys shopping centers (Marseille, Clermont-Ferrand, Annecy, Arles, Agen) are located in these 15 retail hubs that saw the strongest footfall growth over the last 12 months (July 2021-June 2022).
The common denominators behind this increase in footfall outpacing the national average can be condensed into four points.
Accessibility. This is a key factor since cars are still the widely preferred option.
Client experience. This is crucial and goes hand-in-hand with the investments made to continuously renew the centers' appeal.
Ongoing dialogue with local stakeholders in order to ensure successful integration into the environment.
Lastly, **the functional mix**, with retail hubs that attract a large number of diverse clients.

SHARE OF TAXED HOUSEHOLDS IN 2019 AND FRANCE'S 15TH MOST ATTRACTIVE RETAIL ZONES



● Mercialys' portfolio

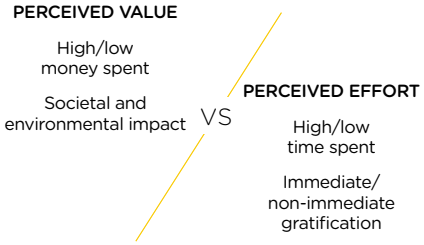
Understanding consumers' needs…

The satisfaction of consumers, whether they live in very large or mid-size cities, is based on meeting their needs. An optimum balance between these needs and their satisfaction is achieved through an ongoing trade-off between the perceived value of goods or services and the effort needed to acquire them. Technological progress has made consumers fundamentally omnichannel and therefore relatively indifferent to whether their distribution channels are physical or virtual.
As such, food purchases are still a bastion of physical retail and the hypermarket format in particular. The digital market share remains marginal at 11% [Fevad]. "Quick commerce" for food, with operators promising to deliver in under 10 minutes, represented a very low level of sales between January and June 2022 with Euro 174.5 million [source IRI], equivalent to one large hypermarket at national level.
There are still questions surrounding the profitability of this model. Excluding food, the weighting of e-commerce increased during the two years of the health crisis in 2020 and 2021, but physical retailers largely contributed to this growth by developing their digitalization to respond to consumers' needs and constraints.

Thanks to their omnichannel or phygital approach, these retailers are ramping up their ability to serve their clients' needs.

To offer each client 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



…to meet them effectively by adapting the offering

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, which benefits from crucial assets in terms of the client experience (availability, practicality, traceability, after-sales service, advice, etc.).
The client 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.
For consumers, delivery is a given. In medium-sized cities, characterized by extensive urban developments, "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) are not expected to be launched in the near future.

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 client 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.

VALUE PROPOSITION ALIGNED WITH THESE CHANGING REALITIES

The challenge for physical retail players concerns their ability to maintain their commercial and societal benefits, and therefore meet local consumers' needs across each site.

Faced with the growing complexity of client journeys, the winning players, in terms of both retailers and shopping centers, stand out through the following key features:
- **clear positioning** and **strong identity**;
- renewed **attractive features**, centered around **clients' expectations**
- culture of more **local** and **responsible** retail;
- **fluid omnichannel** logistics.

Since it listed on the stock market, Mercialys has been developing or restructuring its assets in line with this approach, building and ensuring the sustainability of market-leading shopping destinations.
The Company's long-term outperformance reflects its value proposition: offering end clients, 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.
The Company's three longstanding areas of expertise guide this value proposition, supported by its proven ability to anticipate trends around the three priority pillars for development identified.

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

The Company has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, coworking spaces, e-loyalty programs and reducing the size of hypermarkets.
The ambition is to convert the trends 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.

3 core pillars for development

PILLAR 1 PRECISION MERCHANDISING
KNOWLEDGE AND PERSONALIZATION
Multiplying personalized interactions with retailers and end clients by further enhancing the Company's proprietary digital and service ecosystem.
DATA MONETIZATION
Developing a personalized offering, thanks to the analysis of proprietary data, while ensuring strict General Data Protection Regulation (GDPR) compliance, and the development of business intelligence (BI) tools to enable our commercial teams to improve the letting potential of our sites.

PILLAR 2 SERVICE PLATFORM
ADAPTED OFFERING AND SERVICES
Further diversifying the centers' offering by including more services, leisure facilities and non-retail circuits, for a richer, differentiating client experience.
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 3 MULTI-FUNCTIONALITY AND STRONG LOCAL ROOTS
MOVING BEYOND THE TRADITIONAL USE OF CENTERS
Establishing the centers as functionally diverse spaces, capitalizing on space not used previously for letting, and integrating local stakeholders' aspirations for limiting urban sprawl.
STRONG MULTI-LOCAL ROOTS
Positioning 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.

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, or in densely populated peripheral areas;
- have outstanding transport links; and
- 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 positioning of Mercialys' centers is focused on satisfying essential needs. These neighborhood centers, while not in opposition to destination centers, are characterized by more frequent and efficient client visits. Consumers prepare their visits beforehand and visit centers to make purchases rather than to stroll around the shops. The average visit time is under one hour. The modularity of Mercialys' assets ensures that they are always effectively aligned with the needs of retailers and end clients, 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 since it was founded. 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.

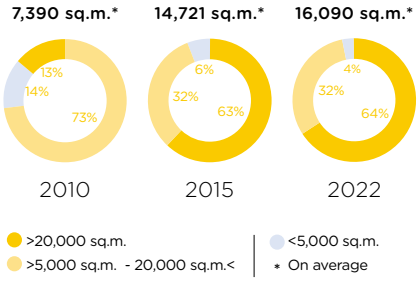
At end-December 2022, the Company's portfolio comprised 51 assets, with 48 shopping centers and three geographically dispersed assets, valued at a total of Euro 3,091.2 million including transfer taxes. Its shopping centers have an average size of over 16,000 sq.m and an average value of Euro 64.1 million 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 key consumption areas in urban hubs;
• are located in dynamic regions in mainland France and overseas territories;
• offer residual real estate and commercial development potential.

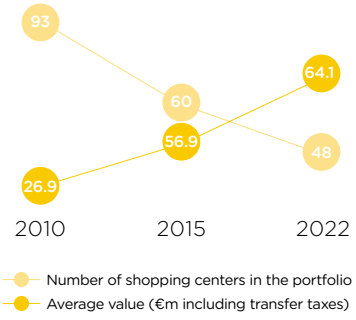
This realignment of the portfolio around a limited number of centers with critical mass enables Mercialys to optimize its asset management, which also contributes to its industry-leading position for profitability.

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

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, the Company's investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term.
These investments concern assets that are in the portfolio or under development, but may also include assets outside of the Company's current scope if they will be accretive in the short term and offer potential for creating value over the medium term.
At end-2022, Mercialys had a Euro 475 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 **22 OF THE COMPANY'S 48** 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	Completion date
Committed projects (2)	20.0	2023/26
Controlled projects	133.1	2024/25
Identified projects	322.3	2025/>27
Total projects (3) (4)	475.4	2023/>27

(1) Of the appraisal value including transfer taxes. / (2) Committed projects primarily include the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8 %, as well as coworking spaces. / (3) Excluding the impact of mixed-use high-street projects, which could also generate margins. / (4) With a positive 250 bps spread between the expected yield and the refinancing cost.

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 clients. The health crisis has accelerated changes that were already taking shape in the retail sector. Mercialys aims to provide appropriate responses to them, built around two key factors driving its success: balance and adaptability.

BALANCE refers first of all to the core offering of consumer goods, in line with the Pareto principle *i.e.* the 20% of the listings consumed 80% of the time) at Mercialys' sites. It aims to satisfy clients' 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 to stand out. Adaptability also refers to Mercialys' ability to understand and satisfy clients' expectations through an increasingly specific and individualized approach, faced with versatile and demanding consumers.

Breakdown of annualized contractual rent by business sector

Personal items	30%
Food-anchored tenants	20%
Culture, gifts and sports	18%
Health and beauty	13%
Restaurants and catering	8%
Household equipment	8%
Services	3%

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

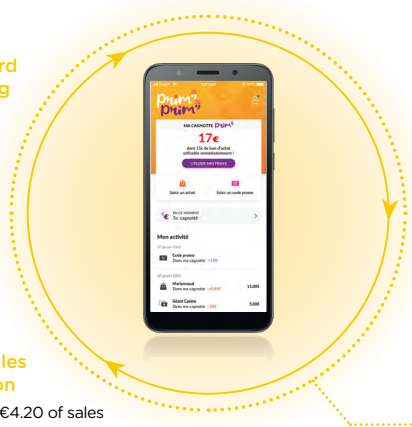
Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its fine-grained understanding of consumers' expectations, thanks to the Business Intelligence (BI) tools developed by the Company over several years.
As Mercialys owns all of its marketing and service tools (Le Shop, loyalty card, Ocitô, etc.), it has a powerful omnichannel ecosystem that enables its client retailers to free themselves up from:
1/ the rising costs involved with buying traffic from the internet giants (GAFA[1]); and
2/ the increase in the commissions paid to marketplace operators, which represented more than 13%[2] of the revenues generated in 2021 (+ 4% vs 2020), a level that is becoming higher than the average occupancy cost ratio for Mercialys' tenants, which represents 11.1% of their sales.

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

Prim'Prim', Mercialys' 100 % digital loyalty program, rolled out in 2020 and continuously enhanced, is a pioneering solution on the market in terms of understanding end clients' 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 client journeys, personalized communication, loyalty building and fluid exchanges between Mercialys, consumers and retailers.

STRONGER CONSUMER LOYALTY, WITH MILLIONS OF EUROS OF TRANSACTIONS ANALYZED[3]



1 **Cashback based on a % reward for each purchase supporting transaction analysis**
Sales recorded through the loyalty program: €18M

2 **Building loyalty with drive-to-store**
Flexible % reward and vouchers, spent with the center's retailers

3 **In-store sales generation**
€1 of vouchers spent = €4.20 of sales generated on average

Historical and predictive consumption analysis

29 shopping centers equipped

196,403 customers registered

1,106 participating retailers

Mercialys' digitalization expertise is helping drive its second major, groundbreaking innovation: Ocitô, its first- and last-mile logistics service, illustrates the unified retail concept developed by the Company, which aims to offer its clients 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

Le Shop/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:

Le Shop, 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) Source : "baromètre Mirakl des marketplace 2022". / (3) In accordance with the General Data Protection Regulation (GDPR).

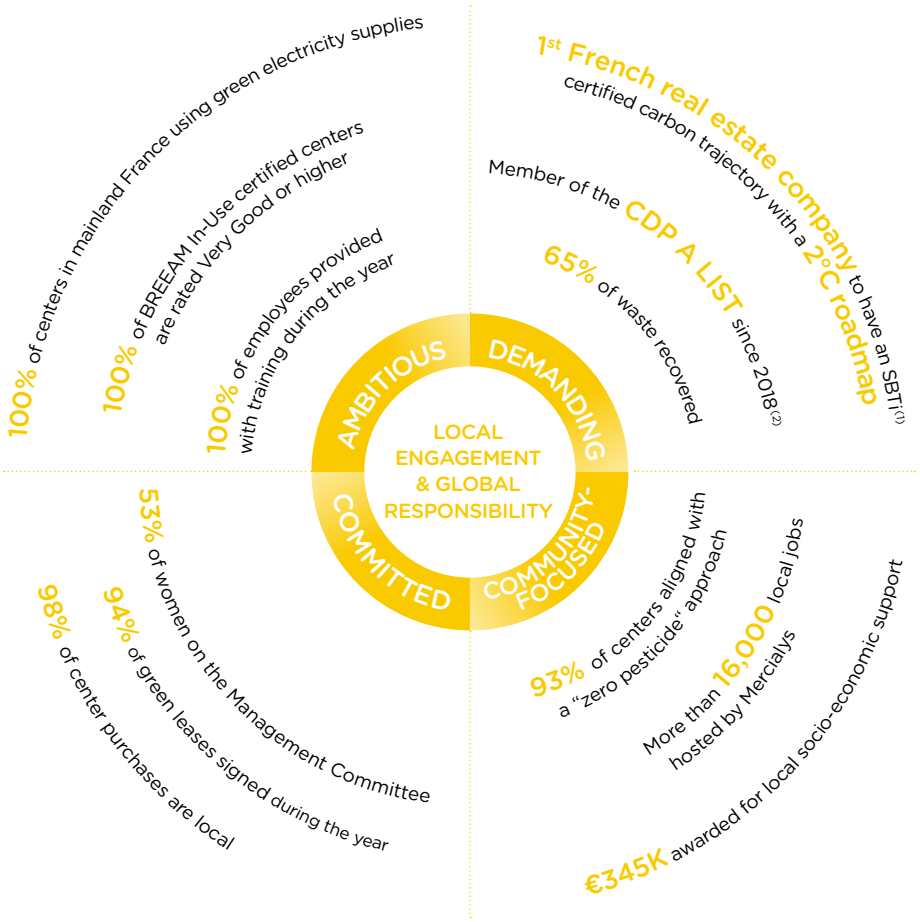
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

Mercialys' third competitive advantage stems from its ability to take into account all its stakeholders. Its positioning at the heart of 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.

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' continued to be very vigilant and involved faced with the context of a sharp rise in interest rates and the return of inflation in 2022.
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 areas of expertise.

56%
women directors at end-2022

100%
French directors at end-2022 (1)

8
meetings in 2022

59
average age at end-2022

9
members at end-2022

96%
attendance rate in 2022

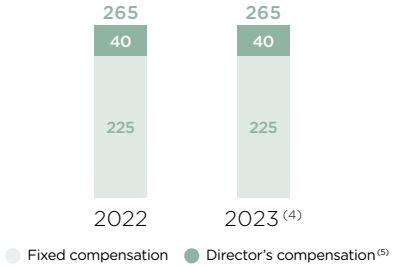
6.1
year average seniority at end-2022

67%
independent directors at end-2022

Compensation for the Chairman of the Board of Directors

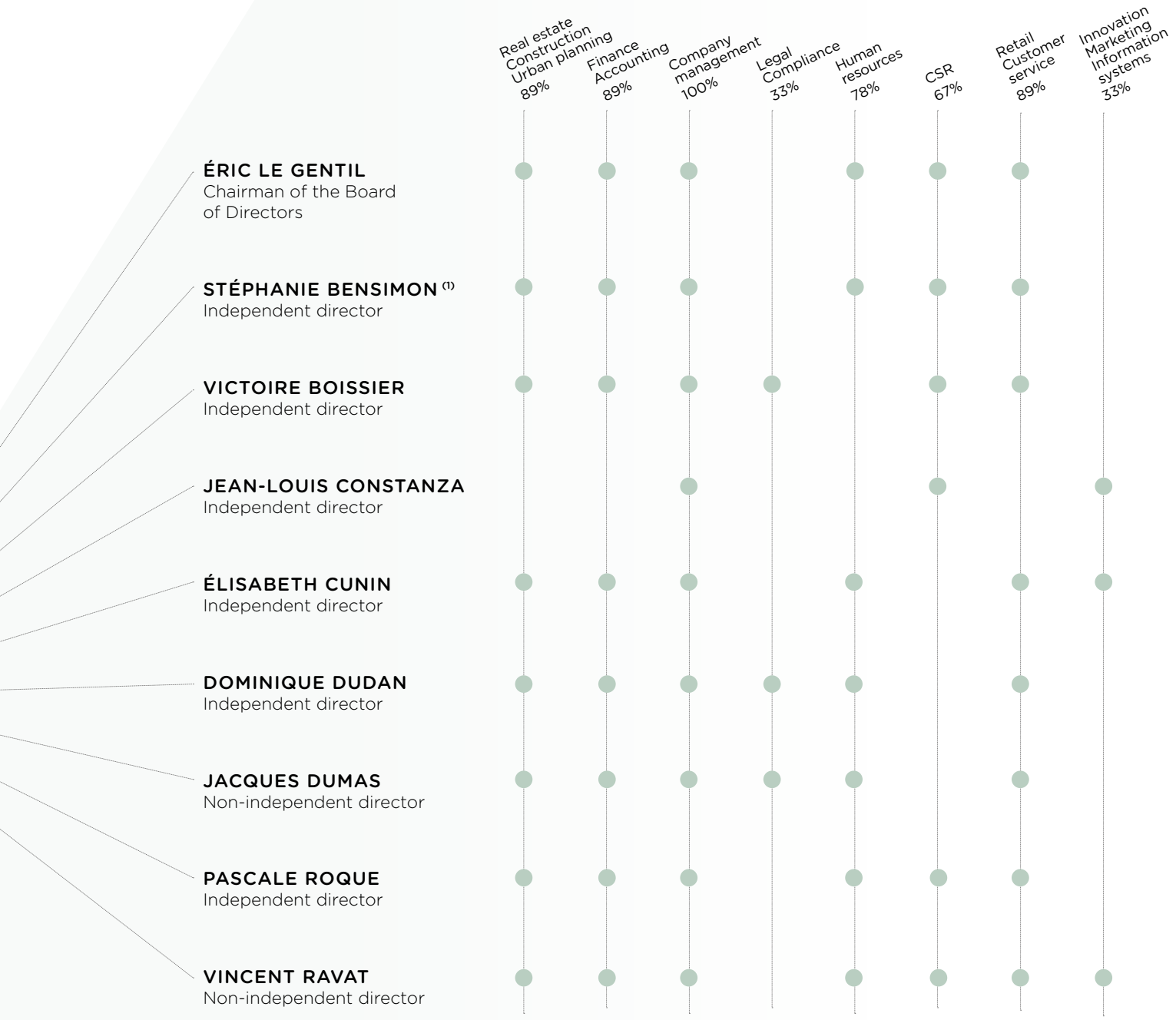
The compensation package for the Chairman of the Board of Directors, Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force (2). He does not receive any variable compensation in cash or securities (3).

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) Notably overseeing relations with the Company's main shareholders and financial and/or industrial partners and helping define the strategy and monitor its implementation. / (3) Excluding the variable component included in his remuneration as a director. / (4) Subject to approval at the General Meeting on April 27, 2023. / (5) For 100% attendance.

AREAS OF EXPERTISE



With three-year terms of office and the regular integration of new directors in line with a demanding selection process (2), 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) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021. / (2) Process detailed in the 2022 Universal Registration Document.

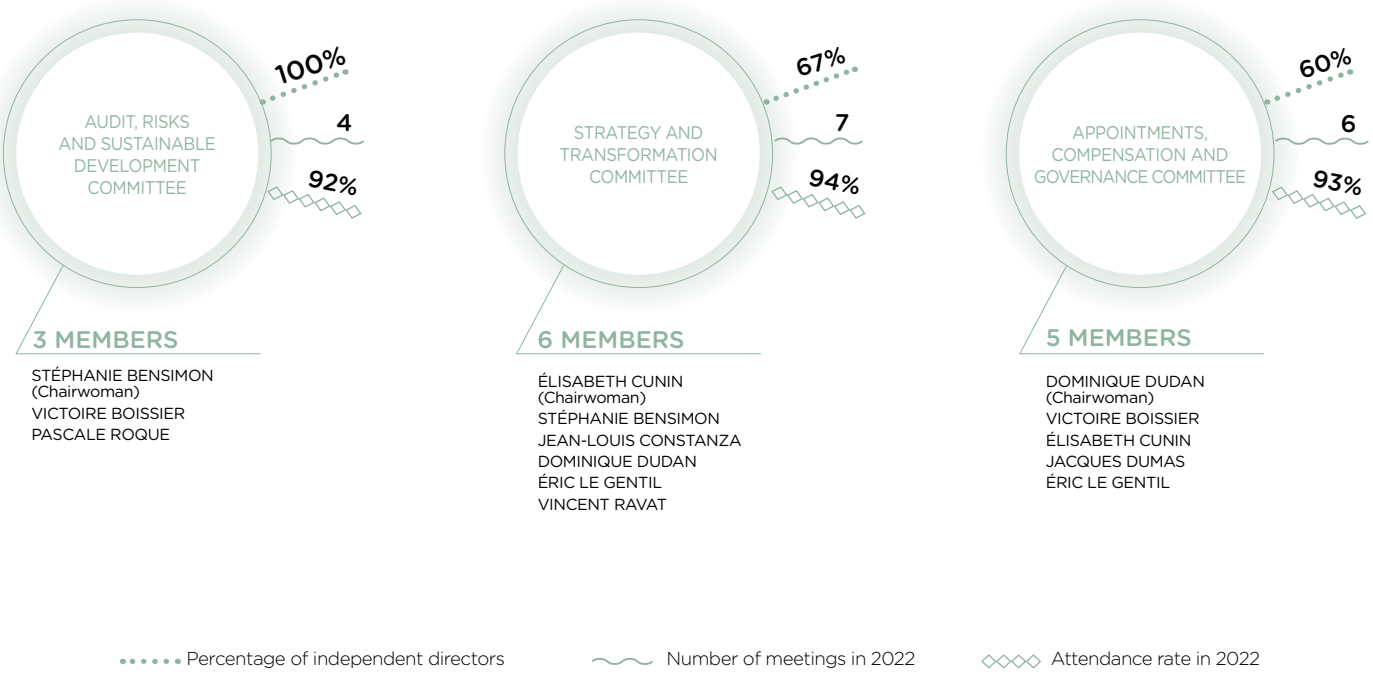
THREE SPECIALIZED COMMITTEES

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

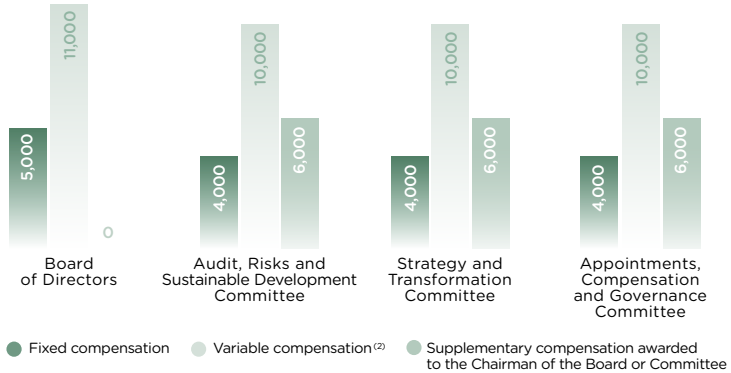


Directors' compensation

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.

2023 DIRECTORS' COMPENSATION POLICY [1]

(in euros)



(1) Subject to approval at the Annual General Meeting on April 27, 2023. / (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.

FULLY DIVERSIFIED SHAREHOLDING STRUCTURE, ENGAGED AND PROACTIVE 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.

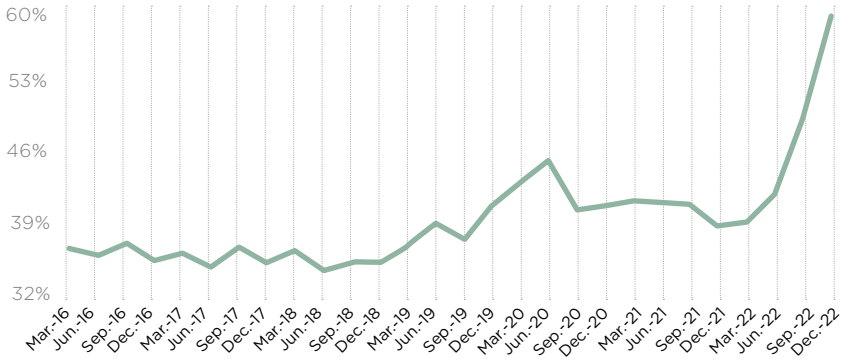
The Company is characterized by its fully diversified capital since the Casino group's full exit from Mercialys' capital. The float represents virtually all of the Company's capital at the end of 2022.

The free float ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up and develop significant positions.

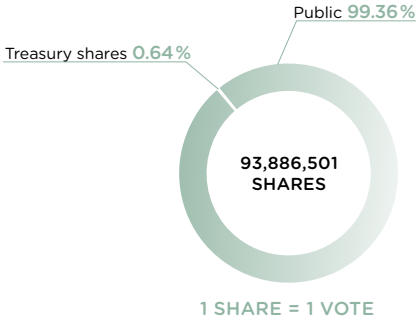
At December 31, 2022, Mercialys' top 33 shareholders [3] held nearly 60 % of its capital and voting rights.

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, 2022



1 SHARE = 1 VOTE

Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders.
In 2022, alongside the many roadshows and contacts led by the management teams, 24 press releases were published for a community of over 900 investors and analysts.
The Company also won the transparency award organized by the agency Labrador for its General Meeting brochure.

15 roadshows organized with 10 different brokers and 9 countries covered

#1 2022 Award for Best General Meeting Brochure

24 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

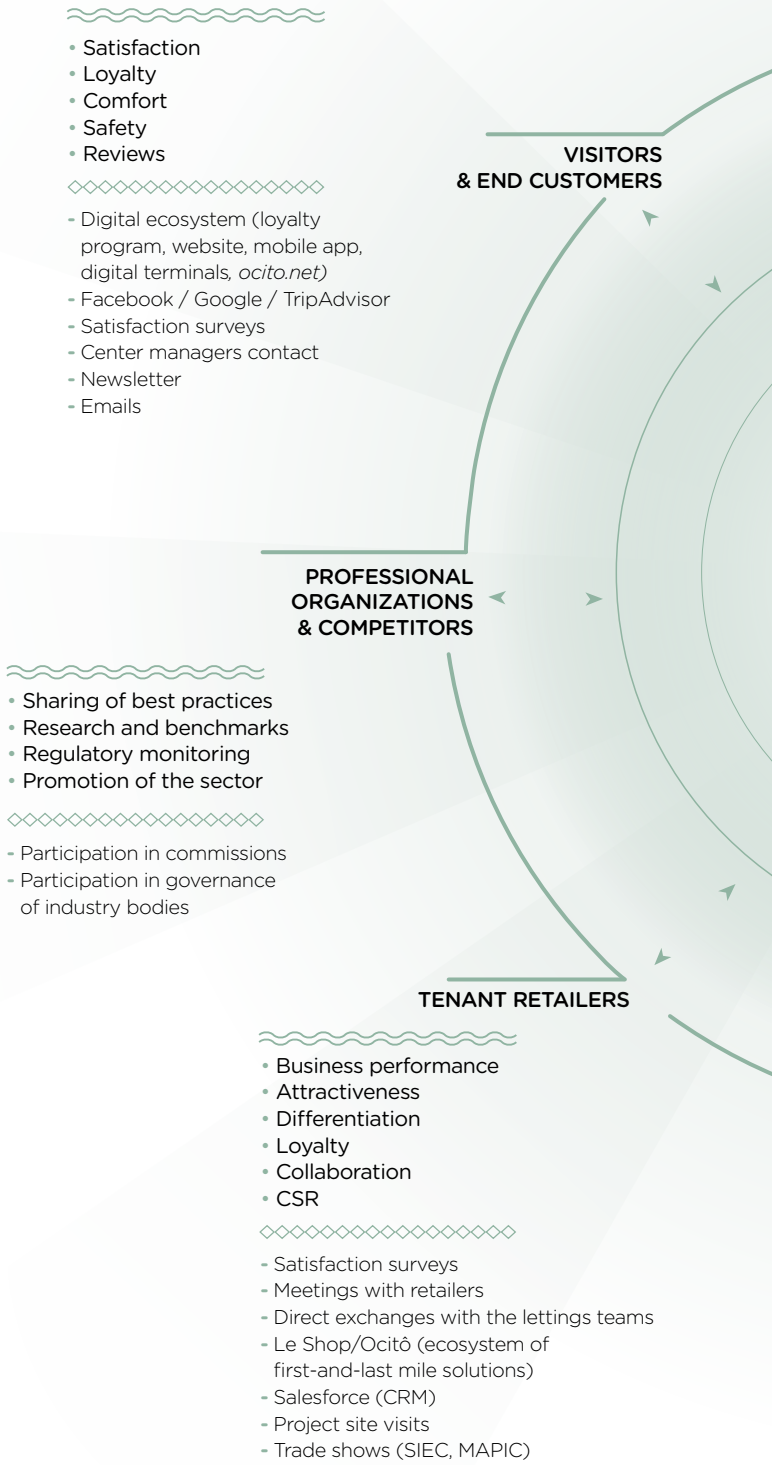
(1) European Public Real Estate Association. / (2) Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group and Generali group.

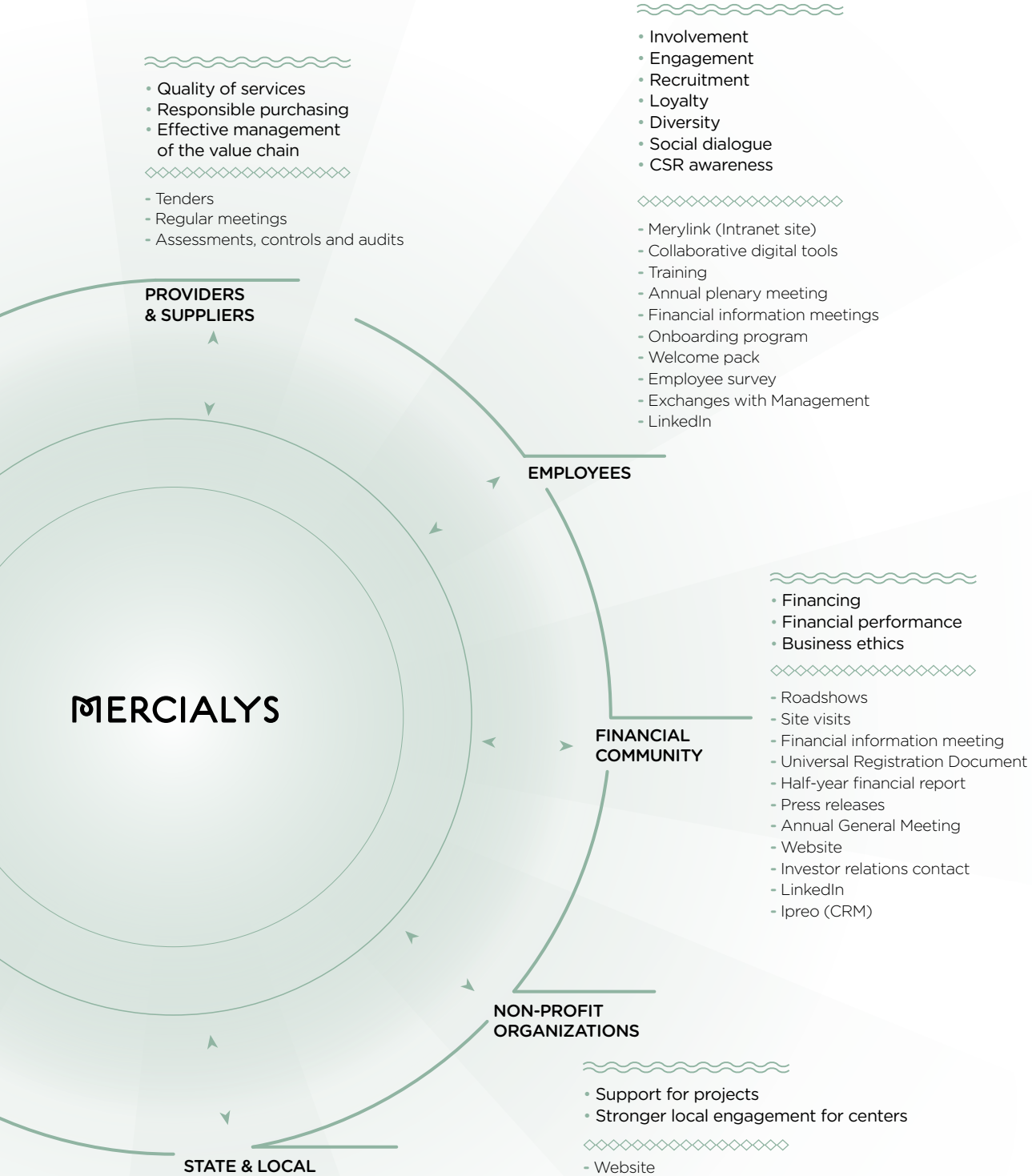
REGULAR DIALOGUE WITH STAKEHOLDERS

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 2022, from employees to center visitors, retailers, investors and banks, regional authorities and non-profit organizations, in connection with the renewal of its CSR strategy.




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
MERCIALYS
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 t 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 close link proved invaluable faced with the context of health and economic instability and the process to bring a number of key functions in-house between 2019 and 2022.
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 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)], 53 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. Seven of the 53 risks identified meet these criteria. They cover three categories and are presented below.

CATEGORY	7 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	●	→
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) Data Protection Officer: person in charge of data protection in an organization. / (2) https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.

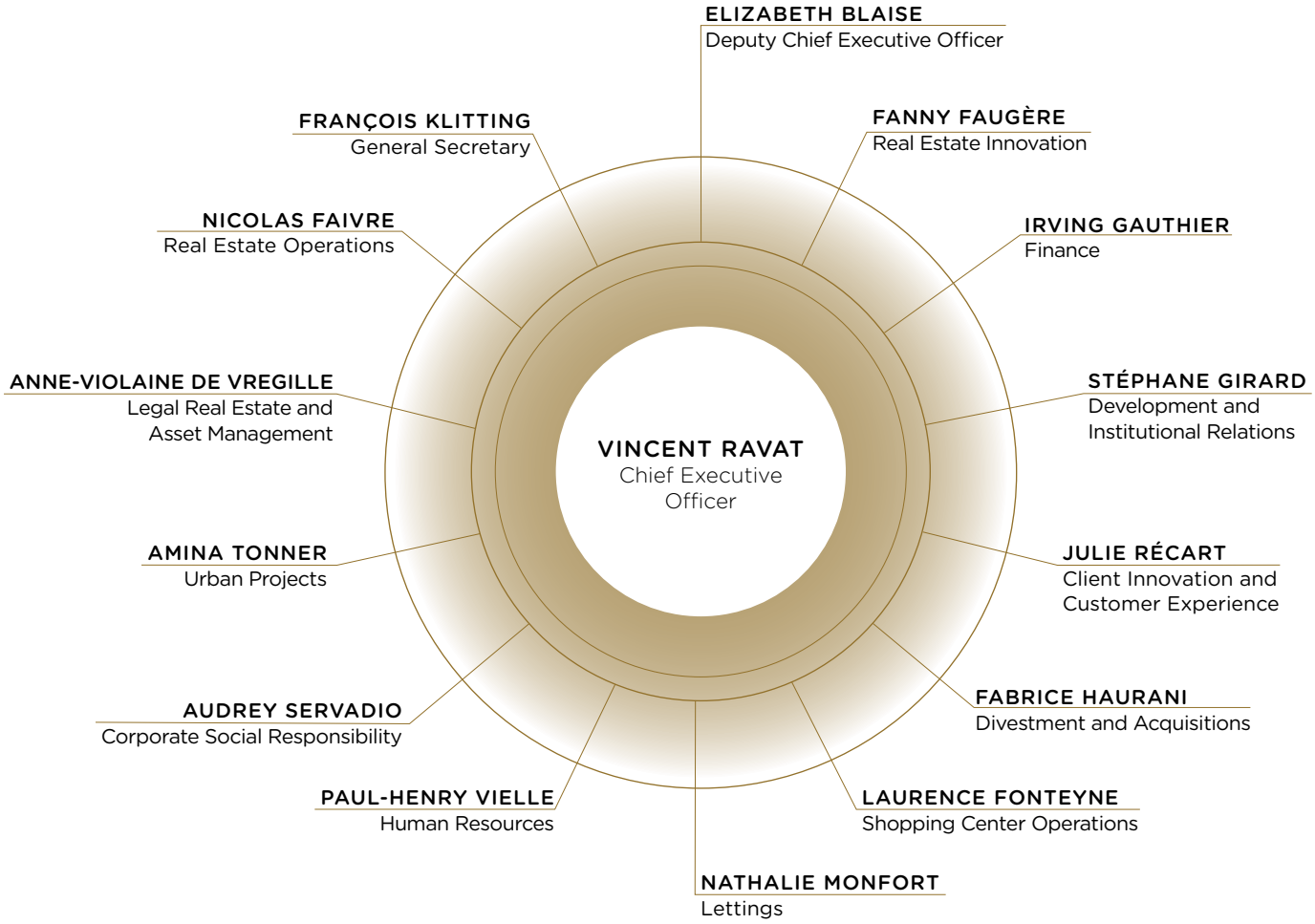
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, parity and strong operational focus

Mercialys has a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a commitment to parity. The Company achieved second 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 15 people at December 31, 2022. 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 line with the climate objectives in the long-term variable component

CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

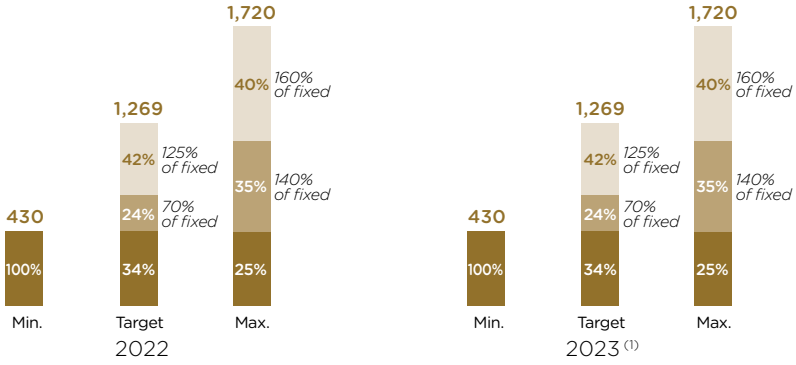
- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performances, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

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.

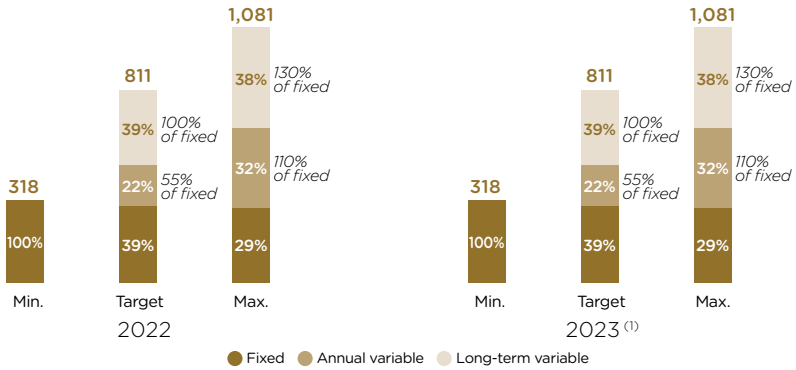
They are submitted for approval by shareholders at the Annual General Meeting, in accordance with the regulations in force. Executive compensation primarily includes a fixed component, a variable annual component and a long-term variable component. The criteria, objectives and thresholds applied to determine 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

VINCENT RAVAT, CHIEF EXECUTIVE OFFICER *(in thousands of euros)*



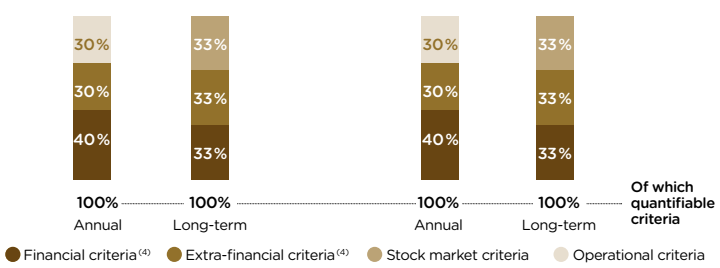
ELIZABETH BLAISE, DEPUTY CHIEF EXECUTIVE OFFICER (2) *(in thousands of euros)*



EQUITY RATIOS (3)

Chief Executive Officer	Deputy Chief Executive Officer
10.4	**7.0**
2022 average	2022 average
11.3	**7.6**
2022 median	2022 median

2022 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES (1)



(1) Subject to approval at the General Meeting on April 27, 2023. / (2) As the Deputee Chief Executive Officer continued in her role as Chief Financial Officer until april 28, 2022, a part of her 2022 compensation was based on her corporate office and another part was based on her employment contract. / (3) Calculation methodology detailed in the 2022 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.

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 **collection rate**, which assesses the proportion of rent, charges and work invoiced to tenants effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL

Change over 12 months(4)	2022 vs. 2021	2021 vs. 2020	2022 vs. 2019
	+16.1%	-4.4%	-11.3%

CHANGE IN RETAILER SALES

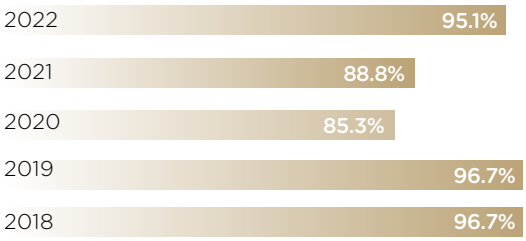
Change over 12 months(4)	2022 vs. 2021	2021 vs. 2020	2022 vs. 2019
	+22.9%	-3.3%	+1%

(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. / 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 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(3)
(Dec 31, of the corresponding year)

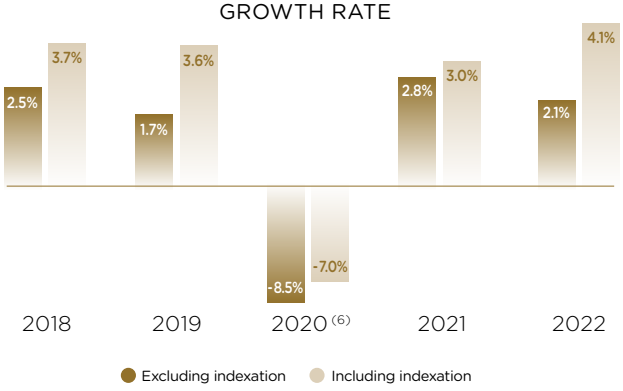


FINANCIAL PERFORMANCE

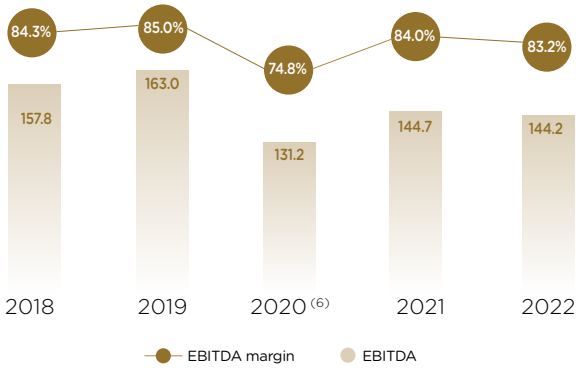
Financial performance is primarily assessed based on:

- **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



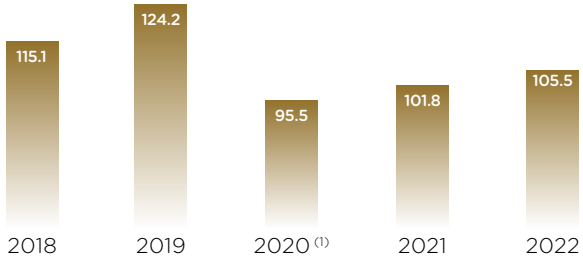
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



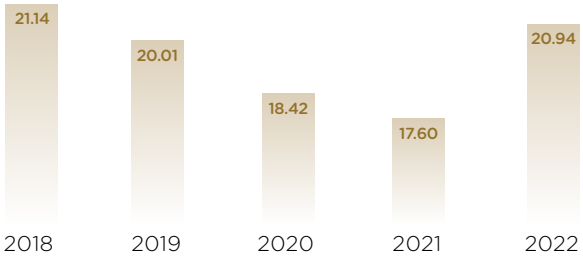
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset. / (3) Rate 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

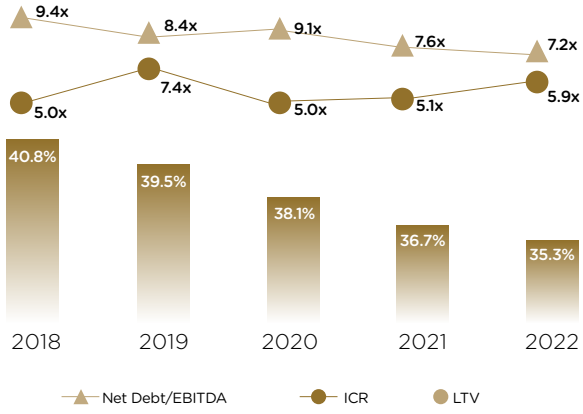
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



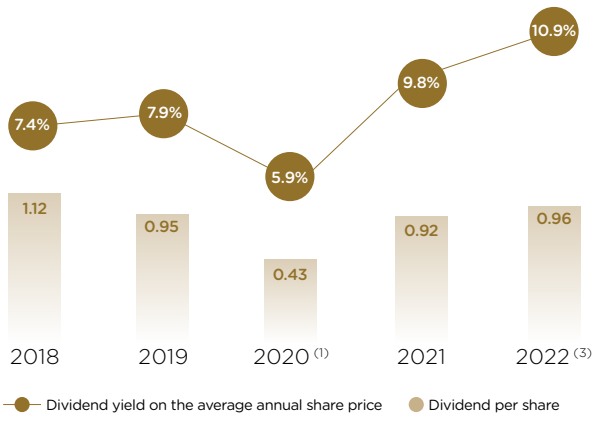
CHANGE IN EPRA NDV (2)
(in euros per share)



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



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



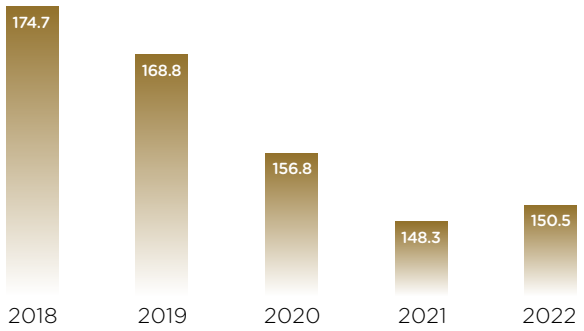
(1) Highly negative impact of the health crisis. / (2) Net Disposal Value. / (3) Subject to approval at the General Meeting on April 27, 2023.

SUSTAINABILITY PERFORMANCE

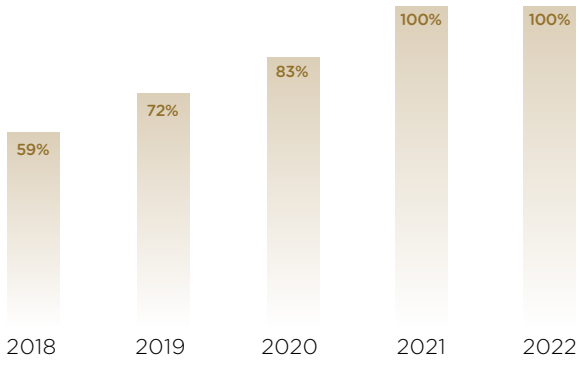
Mercialys' sustainability performance is monitored based on the following aspects:

- **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.

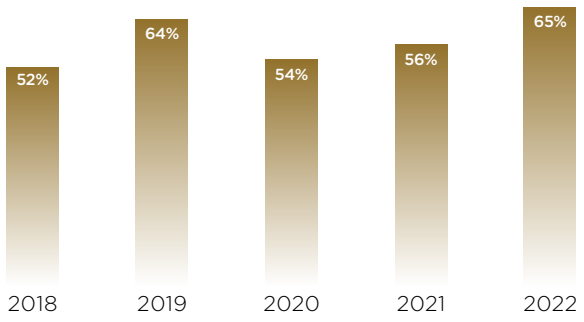
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWhef/sq.m. - current basis)



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



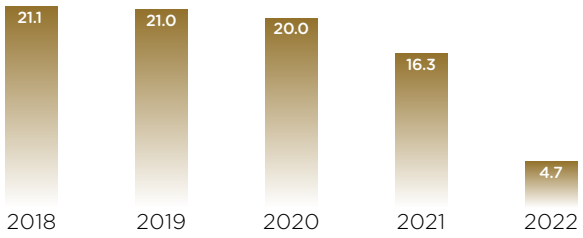
CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)



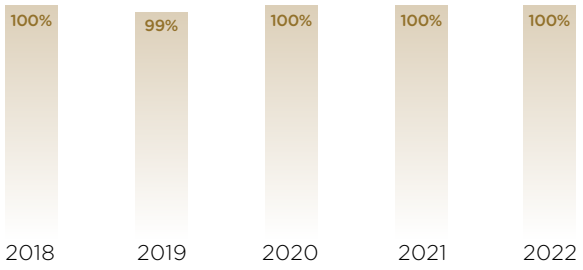
SUSTAINABILITY PERFORMANCE

CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS

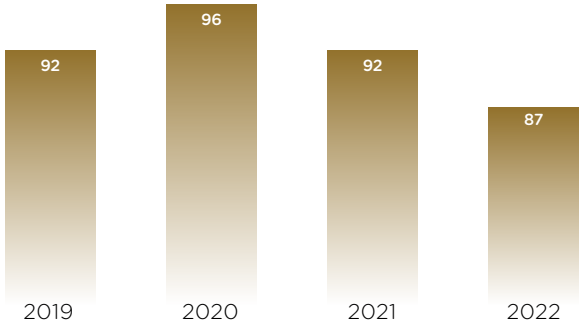
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



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 2022.

Mercialys confirmed its CDP A List status for the fifth consecutive year, recognized as one of the 283 best-performing companies worldwide out of the 15,000 companies that completed the questionnaire for its approach 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 seventh year, while continuing to progress in its category to reach second place. Lastly, its strong commitment to information and reporting transparency was recognized once again by EPRA, with two new Gold Awards, and at the 13th Transparency Awards ceremony [2], where it received the award for Best General Meeting Brochure, 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.

	2018	2019	2020	2021	2022
GRESB	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	Score: 91/100 Green Star status
CDP	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	Rating: A A List status maintained
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	Score: 90/100
SUSTAINALYTICS	-	Score: 11.74 [4]	Score: 9.4	Score: 9.1	Score: 8.5
MSCI	Rating: BBB	Rating: A	Rating: A	Rating: A	Rating: A
ISS-oekom	Rating: B- Prime status achieved	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained
Transparency Awards	#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	Best general meeting brochure
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	#4 on SBF 120	#4 on SBF 120	#4 on SBF 120	Score: 85/100 #3 on SBF 120	Score: 91.7/100 #2 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 Transparency 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.

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