4.2 Compensation and benefits of Directors and Corporate officers

4.2.1 Compensation and benefits of Directors

4.2.1.1 Compensation policy for Directors

The total amount of directors' fees allocated to the members of the Board of Directors is set by the Annual General Meeting. The Board of Directors sets the rules for the allocation of Directors' fees to Directors and members of the Committees on the basis of the recommendations of the Appointments and Compensation Committee, in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code.

The variable portion of directors' fees payable to Directors or Committee members who have been absent is not reallocated. Individual or additional directors' fees payable to members representing or employed by the majority shareholder or its group of controlled companies are limited to 50% of the subsequent amounts. The subsequent individual or additional directors' fees are paid *prorata temporis* depending on the date when the duties began or ended.

The directors' fees and compensation of Committee members are paid in the month following the end of each fiscal year.

The corporate officers of Mercialys benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

The Annual General Meeting of June 20, 2016 set the total amount of directors' fees to be paid to members of the Board of Directors and its Committees at Euro 325,000. This amount was previously Euro 305,000.

On the basis of the recommendations of the Appointments and Compensation Committee, the Board of Directors, at its meeting of December 14, 2016, set the rules for allocating directors' fees among the members as follows:

- the annual individual amount of directors' fees was set at Euro 15,000 comprising a fixed portion of Euro 5,000 per year and a variable portion of Euro 10,000 per year, awarded on the basis of attendance at meetings of the Board of Directors;
- an additional directors' fee in an annual amount of Euro 20,000 is paid to the Chairman of the Board of Directors;
- members of the specialized Committees receive an additional attendance fee comprising a fixed portion of Euro 4,000 per year and a variable portion of Euro 11,000 per year for members of the Investment Committee, and Euro 6,000 for members of the Audit and Risks Committee, and the Appointments and Compensation Committee, awarded on the basis of attendance at meetings;
- an additional directors' fee of Euro 5,000 per year is paid to the Chairman of each of these Committees.

These rules did not evolve in 2018.

4.2.1.2 Compensation of Directors in respect of 2018

In accordance with the rules on the breakdown of directors' fees, as described above, the total gross directors' fees paid in January 2019, in respect of the 2018 fiscal year, to the members of the Board of Directors and members of the Committees was Euro 288,841 compared to Euros 309,098 euros in respect of the 2017 fiscal year. Mr. Bruno Servant waived his directors' fees as a member of the Investment Committee.

The tables below detail the directors' fees paid by the Company in 2017, 2018 and 2019 to each director and member of the specialized Committees (excluding Éric Le Gentil, whose information is provided in § 4.2.2.1, B, 2, p. 237). It is specified that no directors' fees or compensation was paid by the companies Mercialys controls and that the Company is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

Directors' fees paid in 2017 and 2018 (for fiscal years 2016 and 2017)

(in euros)	2017	2018
Victoire Boissier	9,493	17,600
Bernard Bouloc	41,200	34,701
Anne-Marie de Chalambert	45,000	43,889
Élisabeth Cunin	24,000	25,945
Yves Desjacques	11,600	9,296
Jacques Dumas	12,500	12,500
Antoine Giscard d'Estaing	13,000	13,889
Marie-Christine Levet	29,000	28,889
David Lubek [1]	-	768
Ingrid Nappi-Choulet	21,800	20,167
Pascale Roque [2]	-	3,154
Michel Savart	20,000	18,300
Bruno Servant	30,000	30,000

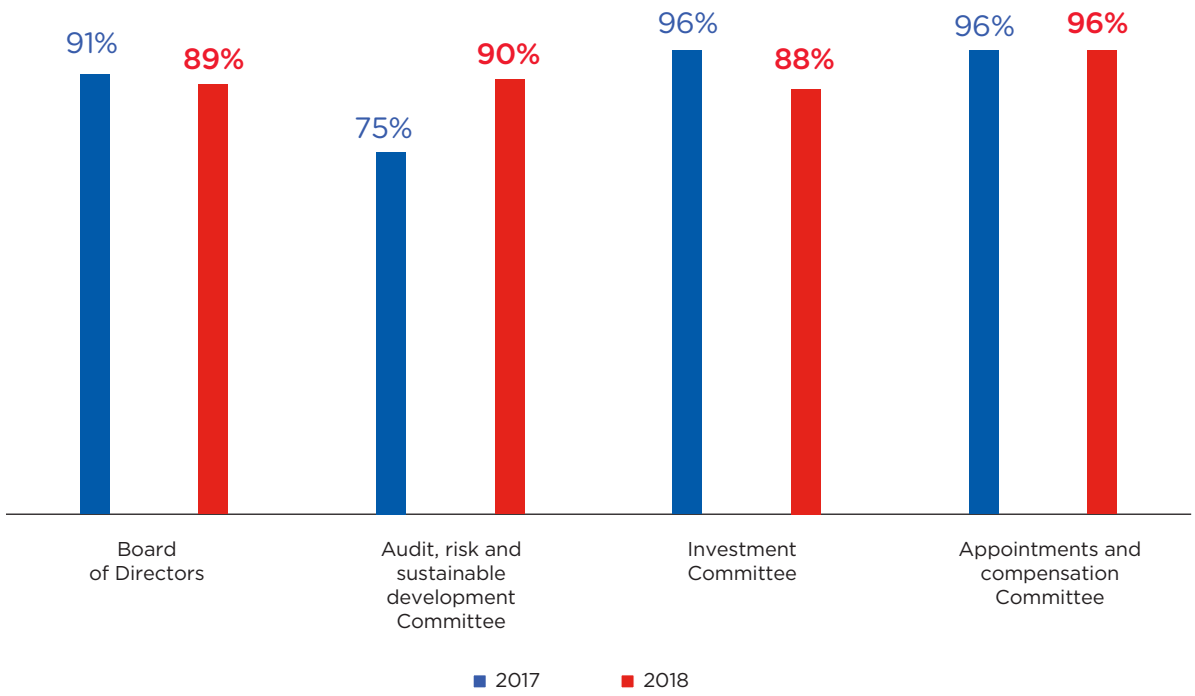
(1) Appointed on November 13, 2017, replacing Mr Yves Desjacques, as a permanent representative of La Forézienne de Participations.
(2) Appointed on October 24, 2017 to replace Mr Bernard Bouloc.

Directors' fees paid in 2019 (for fiscal year 2018)

	Board of Directors		Specialized Committees		
(in euros)	Fixed component	Variable component	Fixed component	Variable component	Total
Stéphanie Bensimon [1]	2,836	4,545	2,268	3,000	12,649
Victoire Boissier	5,000	9,091	4,000	6,000	24,091
Anne-Marie de Chalambert [2]	1,589	2,727	4,131	10,000	18,447
Élisabeth Cunin	5,000	9,091	9,000	6,000	29,091
Dominique Dudan [2]	3,411	6,364	8,869	7,000	25,644
Jacques Dumas	2,500	5,000	2,000	3,000	12,500
Antoine Giscard d'Estaing [3]	2,500	4,000	2,000	2,750	11,250
Marie-Christine Levet [1]	2,164	3,636	3,896	1,500	11,196
David Lubek	2,500	5,000	2,000	3,000	12,500
Ingrid Nappi-Choulet	5,000	8,182	4,000	6,000	23,182
Pascale Roque	5,000	6,364	6,836	6,000	24,200
Michel Savart	2,500	5,000	4,000	8,500	20,000
Generali Vie [4]	5,000	9,091	-	-	14,091

(1) Resignation of Ms. Marie-Christine Levet on June 7, 2018/Appointment of Ms. Stéphanie Bensimon on June 7, 2018.
(2) Non-renewal of Ms. Anne-Marie de Chalambert's directorship at the Annual General Meeting of April 26, 2018 – Appointment of Ms. Dominique Dudan as new director.
(3) Resignation of the Casino, Guichard-Perrachon company of their directorships, represented by Mr. Antoine Giscard d'Estaing.
(4) Generali Vie received directors' fees in respect of the 2018 fiscal year in its capacity as director, Mr. Bruno Servant having waived his directors' fees as a member of the Investments Committee.

RATE OF ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES



4.2.2 Compensation and benefits of executives and corporate officers

4.2.2.1 Compensation of the Chairman and Chief Executive Officer in respect of 2018

A. Principles and criteria for determining, distributing and awarding the compensation components of the Chairman and Chief Executive Officer in 2018

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2018 to the Chairman and Chief Executive Officer in respect of his corporate directorship, were submitted for adoption by the Annual General Meeting on April 26, 2018 (Resolution 6).

At the Annual General Meeting of April 26, 2018, the shareholders approved the principles and criteria for determining and awarding the compensation of the Chairman and Chief Executive Officer.

The principles for determining the compensation of executive corporate officers submitted to the Annual General Meeting are those of the AFEP-MEDEF Code: completeness, balance between the compensation components, benchmarking, consistency, and intelligibility of the rules and measurements.

A reminder is provided below of the 2018 compensation policy for the Chairman and Chief Executive Officer.

Fixed compensation

Set at Euro 450,000 on March 1, 2015, the fixed compensation did not change in 2017 and remains unchanged in 2018.

Annual variable compensation

In order to more firmly place Corporate Social Responsibility (CSR) at the core of the Group's strategic priorities, a decision was taken to change the mechanism for the 2018 variable compensation paid in 2019 to the corporate officers.

This change involves incorporating a quantifiable CSR target and reducing the percentage for managerial targets, taking out the measurement of the social and societal criterion.

The variable compensation is therefore structured around two types of objectives:

1. quantitative objectives, weighted at 80% (versus 70% in 2017) of which 1 CSR objective at 10%; and

2. managerial objectives, whose weighting has been reduced to 20% (versus 30% in 2017).

The results of the compensation benchmarking performed in 2017 with the Mercer consultancy firm show that:

- the fixed compensation for the Chairman and Chief Executive Officer ranks between the 1st quartile and the median of the market;
- the target bonus is less competitive, as it ranks below the 1st quartile of the market.

In order to reduce the difference in level with respect to market practices, it was decided that the target variable compensation of the Chairman and Chief Executive Officer would be changed and raised to the level of the 1st quartile, *i.e.* 70% versus 50% for the 2017 fiscal year.

Therefore, variable compensation may represent 70% of his fixed annual compensation if the objectives defined are achieved, and may equal up to 140% (vs 100% in 2017) of his fixed annual compensation if the objectives are exceeded.

The criteria selected and their weight in determining the variable compensation are as follows:

		% of the fixed compensation		
		Minimum	**Target**	**Maximum**
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth excluding the carrying cost of the 2019 debt refinancing	0%	14%	28%
	Organic growth of rental revenues (excluding indexation)	0%	7%	14%
	EBITDA margin	0%	7%	14%
	Improvement in CSR classifications: GRESB and EPRA	0%	7%	14%
	Footfall spread in Mercialys centers as compared to the total CNCC market	0%	7%	14%
	Current financial vacancy rate	0%	7%	14%
	Annualized rental income from 2018 openings	0%	7%	14%
Managerial objectives (20% of the total variable compensation)		0%	14%	28%
TOTAL VARIABLE COMPENSATION AS % OF THE FIXED COMPENSATION		**0%**	**70%**	**140%**

For each quantitative criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the payment of the variable portion of the compensation due for fiscal year 2018, after determining the amount on the basis of the achievement of the objectives defined above, depends on the approval of the Company's Annual General Meeting to be held in April 25, 2019.

Long term compensation

Remember that Éric Le Gentil benefits from a long-term variable incentive plan, established on the advice of Appointments and Compensation Committee, by the Board of Directors' meeting of March 11, 2016. This compensation will only be paid to Mr. Le Gentil after a period of three years, *i.e.* in 2019, subject to his continued presence in the company (in the capacity of corporate officer), and to two performance conditions, as described in § 4.2.2.1,B,4, p. 238 and 239. In 2017, the Board resolved to adopt the principle of a bonus share award in order to associate the Chairman and Chief Executive Officer over the long term with the Company's performance, subject to compliance with the provisions of Article L. 225-197-6 of the French Commercial Code. This award would replace the previously granted long term variable incentive plan. This principle of awarding bonus shares was repeated in 2018.

So, that bonus shares may only be awarded to corporate officers if the Company grants to its employees, and to at least 90% of the employees of its subsidiaries, one of the following benefits:

- stock options and/or stock warrants;
- bonus shares;
- the introduction of a profit-sharing arrangement or of an exceptional participation agreement. For companies that already have such agreements, the first allocation authorized by the Ordinary General Meeting held after the Law of December 3, 2008, assumes that each of them (the listed company, and its concerned subsidiaries) changes the manner of calculating one of these agreements or pays an additional profit share or profit-sharing supplement.

This award would represent a target of 75% of his fixed salary (*i.e.* Euro 337,500) and can represent up to 112.50% of his fixed salary (*i.e.* Euro 506,250) in the event of outperformance.

The bonus shares awarded will only be fully vested by the Eric Le Gentil at the end of a three-year vesting period, provided that they are still corporate officers and subject to company performance, the latter being assessed on all three years, on the basis of the following criteria and evaluation grids:

- Relative performance of the Mercialys share, dividend included (Total Shareholder Return – TSR), compared to the performance of the companies composing the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the allotted shares:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	**Multiplier**
[0 to 20%]	150%
]20 to 40%]	125%
]40 to 50%]	100%
]50 to 60%]	75%
]60 to 80%]	50%
]80 to 100%]	0%

- Organic growth of rental revenues, including Casual Leasing, excluding indexation, measured as the three-year annual average between January 1, 2018 and December 31, 2020, for 25% of the initial allocation.

At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in rental revenues	Multiplier
2.00%	0%
2.30%	100%
2.60% or more	150%

The multiplier moves in a straight line between the defined limits.

- FFO growth (excluding the carrying cost of the 2019 debt financing, for fiscal year 2018) measured as the three-year annual average between January 1, 2018 and December 31, 2020, for the remaining 25% of the initial allocation.

  At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in FFO	Multiplier
2.00%	0%
3.00%	100%
4.00% or more	150%

The multiplier moves in a straight line between the defined limits.

The bonus shares awarded in 2018 will become the property of the beneficiary after a vesting period of at least three years which will end in 2021.

At the end of this three-year vesting period, Éric Le Gentil will be required to hold 50% of his shares for a period of at least two years after they are fully vested, and to hold the remaining 50% until the termination of his position.

Furthermore, in accordance with the provisions of the final subparagraph of Article 24.3.3 of the AFEP-MEDEF Code, Éric Le Gentil undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Other compensation components

The Chairman and Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind.

No severance allowance shall be paid to Éric Le Gentil as a result of the termination of, or change in, his position.

The Chairman and Chief Executive Officer may also benefit from an allowance relating to a non-compete clause. Indeed, if his position is terminated, the Chairman and Chief Executive Officer will be bound by a non-compete and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application period. In return, Éric Le Gentil will be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation.

In addition, the Chairman and Chief Executive Officer receives, for his service on the Board of Directors, compensation comprising a fixed and a variable component determined on the basis of attendance at Board meetings. For 2017, this fee totaled Euro 50,000.

B. Compensation, in respect of 2018, of Éric Le Gentil, Chairman and Chief Executive Officer until February 13, 2019

1. Summary of compensation payable by Mercialys and the companies it controls or which control it

The compensation, directors' fees and benefits of any kind payable by Mercialys to Éric Le Gentil for fiscal years 2017 and 2018 are as follows, given that he receives no compensation in the form of attendance or other fees from the companies controlled by Mercialys and that Mercialys is not controlled as defined by Article L. 233-16 of the French Commercial Code:

Table 1 – AMF position-recommendation number 2009-16

(in euros)	Fiscal year 2018	Fiscal year 2017
Compensation due for the fiscal year (see § 2, below)	1,205,021	1,043,554
Valuation of multi-year variable incentive awarded during the year	-	-
Valuation of options awarded during the year	-	-
Valuation of bonus shares awarded [1]	268,549	97,116
TOTAL	**1,302,137**	**1,140,670**

(1) Potential valuation of the shares awarded, not yet vested, under plans 24 and 27 and subject to a condition of presence in a corporate officer position as well as and performance conditions over 3 years (see § 6 below).

2. Compensation paid by Mercialys and the companies it controls

Éric Le Gentil received the following compensation, directors' fees and benefits of all kind from Mercialys in his capacity as Chairman of the Board of Directors and Chief Executive Officer in fiscal years 2017 and 2018:

Table 2 – AMF position-recommendation number 2009-16

	Fiscal year 2018		Fiscal year 2017	
(in euros)	Amounts owed [8]	Amounts paid [9]	Amounts owed [8]	Amounts paid [9]
Fixed compensation [1] [2]	452,755	452,755	452,191	452,191
Annual variable compensation [1] [3]	504,630[3]	344,250	344,250	320,625
Multi-year variable compensation [1]	70,313[4]	184,140[5]	182,812	326,188
Exceptional compensation [6]	112,500	175,000	-	150,000
Directors' fees	50,000	50,000	50,000	50,000
Benefits in kind [7]	14,823	14,823	14,301	14,301
TOTAL	**1,205,021**	**1,220,968**	**1,043,554**	**1,313,305**

(1) Gross compensation before social security contributions and tax.

(2) The amounts indicated also include paid leave.

(3) The methods for determining variable compensation are restated in the 2018 compensation policy, as approved at the Ordinary Shareholders' Meeting of April 26, 2018, under § 4..2.2.1, A, p. 234, and clarifications are provided in table 3 below. It should be noted that the payment of this amount will be subject to the approval of the fourth resolution presented to the Annual Shareholders' Meeting of April 25, 2019.

(4) Éric Le Gentil will receive Euro 70,313, this compensation must gain the approval of the Resolution 4 by the Company's shareholders at the Company's Annual General Meeting, under the 2016 long-term incentive facility according to the terms and provisions set out by the Board Meeting of March 11, 2016 (see § 4 below).

(5) In April 2018, Éric Le Gentil received the sum of Euro 182,812, in addition to Euro 1,328 corresponding to banking costs in connection with the reinvestment of this sum in shares, i.e. Euro 184,140.

(6) See § 5 below.

(7) Senior executive unemployment insurance and benefit plan covering all the Company's employees.

(8) Compensation paid in respect of the fiscal year, regardless of the date of payment.

(9) All compensation paid during the fiscal year.

The compensation package granted in 2018 to the Chairman and Chief Executive Officer was 7% smaller than the 2017 package.

Éric Le Gentil does not receive any compensation, directors' fees or other benefits from companies controlled by Mercialys.

3. Annual variable compensation

The variable compensation of Éric Le Gentil for the 2018 fiscal year was determined by the Board of Directors at its meeting of February 13, 2019, on the proposal of the Appointments and Compensation Committee, applying the criteria in the table below:

			Minimum	Target	Maximum	Actual
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth excluding the carrying cost of the 2019 debt refinancing	% of the fixed compensation	0%	14%	28%	28%
		Value of the indicator		*3.0%*		*4.5%*
	Organic growth of rental revenues (excluding indexation)	% of the fixed compensation	0%	7%	14%	11.69%
		Value of the indicator		*2.3%*		*2.5%*
	EBITDA margin	% of the fixed compensation	0%	7%	14%	4.20%
		Value of the indicator		*84.5%*		*84.3%*
	Improvement in CSR classifications: GRESB and EPRA	% of the fixed compensation	0%	7%	14%	12.25%
		Value of the indicator		*Status maintained*		*Status maintained + GRESB score at 87%*
	Footfall spread in Mercialys centers as compared to the total CNCC market	% of the fixed compensation	0%	7%	14%	14%
		Value of the indicator		*250 bps*		*310 bps*
	Current financial vacancy rate	% of the fixed compensation	0%	7%	14%	0%
		Value of the indicator		*2.4%*		*2.5%*
	Annualized rental income from 2018 openings	% of the fixed compensation	0%	7%	14%	14%
		Value of the indicator		*Euro 4.9 m*		*Euro 5.4 m*
Managerial objectives (20% of the total variable compensation)		% of the fixed compensation	0%	14%	28%	28%
TOTAL VARIABLE COMPENSATION AS % OF THE FIXED COMPENSATION			**0%**	**70%**	**140%**	**112.14%**

This compensation will only be paid subject to the approval of the 4th resolution proposed to the Company's Annual General Meeting on April 25, 2019 (see chapter 8, p. 314).

4. Long-term variable compensation – Obligation to hold Mercialys shares

Éric Le Gentil is the beneficiary of one long-term variable incentive set up, on the advice of the Appointments and Compensation Committee, by the Board of Directors' meetings of March 11, 2016, as the arrangements made by the Board meetings of March 11, 2014 and March 23, 2015 expired in 2017 and 2018 respectively.

Under the arrangements of March 11, 2014, Éric Le Gentil received the sum of Euro 326,188 in March 2017 and, in accordance with the obligation to reinvest, acquired 17,400 shares (Euro 289,000, *i.e.*, the allotted amount, net of payroll taxes) corresponding to an amount exceeding the obligation set by the Board of Directors' meeting of March 11, 2014 (Euro 162,000). Under the arrangements of March 23, 2015, he received the sum of Euro 184,140 in April 2018 at the end of the Annual General Meeting and acquired, pursuant to the reinvestment obligation, 6,400 shares (Euro 105,216) *i.e.* an amount in excess of the obligation set by the Board of Directors on March 23, 2015 (Euro 66,000).

This long-term variable compensation is only paid at the end of a three-year period subject to a condition of presence (in the capacity of corporate officer) and to the two following performance conditions, assessed annually over three consecutive years, each of them applying to half of the target incentive payment:

- absolute performance of the Company's shares, dividend included (Total Shareholder Return – TSR), corresponding to the total return for the shareholder;
- relative performance of the Company's share, dividend included (Total Shareholder Return – TSR) in relation to the performance of the companies making up the EPRA/NAREIT Eurozone index, with the percentage of the incentive actually vested varying according to the Company's position in the rankings.

The assessment of the achievement of performance conditions for 2016, carried out by an external third party, shows the following information:

Long-term variable incentive plan dated March 11, 2016

	2016	2017	2018
Absolute performance of Mercialys shares, dividend included			
Annual Mercialys TSR	5.2%	2.19%	-24.74%
Multiplier	0%	0%	0%
Performance of Mercialys shares, dividend included, relative to that of companies making up the EPRA/NAREIT Eurozone index			
Mercialys ranking	16th	39th	40th
Position as a percentile	33rd	86th	97th
Multiplier	125%	0%	0%
Overall performance	62.5%	0%	0%
Amount vested (payment made in 2019 subject to the condition of continued employment)	**Euro 70,313**	**Euro 0**	**Euro 0**

Éric Le Gentil is required to reinvest in shares 50% of the incentive thus acquired in shares, after deducting social security contributions and income tax at the maximum marginal rate, and to hold the corresponding shares throughout the term of his directorship. This compensation is due in any case.

5. Exceptional compensation

The Board of Directors, at its meeting of February 10, 2016, decided, on the recommendation of the Appointments and Compensation Committee, to recognize his contribution to the exceeding if the objectives set for 2015 – particularly: (i) in terms of investments, the acquisition of ten hypermarkets from Casino and five sites to be transformed from Monoprix; (ii) three disposals made with an investor in connection with asset allocation and preserving the financial profile; (iii) on the commercial side, the signature of global transactions with international brands and new innovative retailers; (iv) in terms of marketing, the complete overhaul of the internal and external concept, its fast deployment onto facades and the creation of a new corporate identity – to award him an exceptional bonus of Euro 350,000, half of which was paid in cash in February 2016 and half of which will be paid in February 2018 subject to the condition of continued presence as a corporate officer.

Futhermore, the Board of Directors decided, on February 13, 2019 to change the 2018 compensation policy to be able to pay M. Eric Le Gentil exceptional compensation which will be fully paid by Casino, Guichard-Perrachon as part of the disposal process by Casino, Guichard-Perrachon of all or some of its investment in the capital of Mercialys. The sale by Casino, Guichard-Perrachon of all or part of its equity interest in Mercialys constituted a special circumstance for the Company which required major involvement by the Chairman and Chief Executive Officer during the 2018 fiscal year. Payment of this compensation is subject to Resolutions 8 and 10 being approved by the Ordinary general meeting (submitted to the meeting of April 25, 2019, (see chapter 8, p. 318 and 319).

6. Stock warrants or stock options and bonus shares awarded by the Company and/or the companies it controls

No stock warrants or stock options were awarded in 2018 by the Company and/or companies that it controls to M. Eric Le Gentil.

In accordance with the authorization conferred by the 26th resolution of the Extraordinary Annual General Meeting of April 27, 2017, authorizing the granting of bonus shares to the corporate officers, M. Éric Le Gentil received two bonus share allocations in line with the following criteria and procedures:

Table 6 – AMF position-recommendation number 2009-16

	Bonus shares awarded to Éric Le Gentil				
No. and date of the plan	Number of shares awarded in the year	Valuation of the shares according to the method adopted for the consolidated financial statements	Vesting date	Availability date (2) (5)	Performance conditions (3) (6)
Plan 24, of 04/27/2017	19,269 (1)	Euro 97,116	04/27/2020	04/28/2022	YES
Plan 27, of 04/26/2018	21,673 (4)	Euro 171,433	04/26/2021	04/27/2023	YES
TOTAL	**40,942**	**EURO 268,549**			

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Éric Le Gentil will be 28,904 shares corresponding to a value of Euro 145,676.

(2) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(3) Bonus shares become vested only if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of two performance criteria: the absolute performance of the Company's share price, including dividends, corresponding to the total shareholder return (TSR), assessed as an annual average between January 1, 2017 and January 31, 2019 for 25% of the initial award; and the relative performance of the Company's share price dividends included (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2017, measured between January 1, 2017 and December 31, 2019, for 75% of the initial award.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Éric Le Gentil will be 32,509 shares corresponding to a value of Euro 257,146.

(5) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(6) Bonus shares become vested only if the beneficiary (in the capacity of corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: the relative performance of the Company's share price, including dividends, corresponding to the total shareholder return (TSR), compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial award; organic growth of rental revenues, including Casual Leasing, excluding indexation, measured as a yearly average over 3 years between January 1, 2018 and December 31, 2020 for 25% of the initial award, and growth in the FFO (excluding cost of carrying the debt financing for 2019, for the 2018 fiscal year) measured as a yearly average over 3 years between January 1, 2018 and December 31, 2020 for the remaining 25% of the initial award.

Moreover, no share became available in 2018.

7. Employment contract, special pension plans, severance pay and non-compete compensation

Table 11 – AMF position-recommendation number 2009-16

Employment contract		Supplementary pension plan		Compensation or benefits due, based on termination of, or change in, duties		Compensation linked to a non-compete clause (3)	
Yes	No (1)	Yes	No (2)	Yes	No	Yes	No
	X		X		X	X	

(1) In accordance with the provisions of the Corporate Governance Code, the Chairman and Chief Executive Officer, Éric Le Gentil does not have an employment contract with the Mercialys Group.

(2) Éric Le Gentil does not benefit from any supplementary pension plan. He is included in the mandatory group pension plan (ARRCO and ARGIC) and the benefit plan covering all the Company's employees.

(3) Éric Le Gentil may benefit from a payment linked to a non-compete obligation that would apply for a period of one year; it is specified that the Company may reduce or waive the application period. In exchange, he would be paid a monthly sum equivalent to one-twelfth of 50% of his annual fixed compensation as Chairman of the Board. This clause ends the previous one in his capacity as Chief Executive Officer. The payment of this clause will be in instalments over his term of office.

Note that none of the AMF tables (Position-recommendation no. 2009-16) which do not appear in the foregoing pages apply to Eric Le Gentil, namely:

- table 3, on directors' fees and other compensation received by non-executive corporate officers;
- table 4, on the stock warrants or stock options awarded in the fiscal year to each executive corporate officer by the issuer and by any Group company;
- table 5, on the stock warrants, stock options or purchases of shares exercised in the fiscal year by each executive corporate officer;
- table 7, on awarded bonus shares that have vested in favor of each corporate officer;
- table 8, on the history of grants of stock warrants and stock options;
- table 9, on the stock warrants or stock options granted to the top ten employees who are not corporate officers and the options they have exercised;
- table 10, on the history of grants of bonus shares.

4.2.2.2 2019 Compensation Policy for the Chairman of the Board of Directors, non-executive corporate officer

Report by the Board of Directors on the principles and criteria for determining, distributing and awarding the compensation components of the Chairman of the Board of Directors for fiscal year 2019

(Twelfth resolution of the Ordinary Shareholders' Meeting of April 25, 2019)

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and the benefits of any kind, attributable for 2019 to the Chairman of the Board of Directors in respect of his corporate position, must be approved by the Ordinary Shareholders' Meeting of April 25, 2019.

In this connection, the Board of Directors, at its meeting on February 13, 2019, established, on the basis of the recommendations of the Appointments and Compensation Committee, the principles for determining the structure of the compensation of the Chairman of the Board of Directors. This compensation was set after consideration of the benchmark studies analyzed by the Appointments and Compensation Committee and the tasks assigned to the Chairman of the Board of Directors outside the general duties provided for by law, which are as follows:

- relations with major shareholders and with major financial and/or industrial partners;
- participation in the development of strategy and oversight of its implementation;
- interface between the Board and Senior Management.

The compensation of the Chairman of the Board of Directors is thus composed of fixed compensation and directors' fees for his Board membership and his participation in the Investment Committee and the Appointments and Compensation Committee:

- annual fixed compensation: Euro 225,000;
- directors' fees: as provided by the rules in force within the Company.

This compensation is due as from February 13, 2019.

The Chairman of the Board of Directors receives no variable compensation in cash or securities.

The Chairman of the Board of Directors may also benefit from an allowance relating to a non-compete clause that would apply for a period of one year, it being specified that the Company may reduce or waive the application period. In return, he will be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation as Chairman of the Board of Directors. This allowance will not be paid if Eric Le gentil exercices his entitlement to retire. In any case, no allowance may be paid to him beyond the age of 65. Payment of this clause will be in instalments during his term of office.

This clause terminates the previous clause binding Eric Le Gentil in his capacity as Chief Executive Officer.

4.2.2.3 Compensation of the Chief Operating Officer in respect of 2018

A. Principles and criteria for determining, distributing and awarding the compensation components of the Chief Operating Officer in 2018

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2018 to the Chief Operating Officer in respect of his corporate directorship, were submitted for adoption by the Annual General Meeting on April 26, 2018 (Resolution 7).

At the Annual General Meeting of April 26, 2018, the shareholders approved the principles and criteria for determining and awarding the compensation of the Chief Operating Officer.

The principles for determining the compensation of executive corporate officers submitted to the Annual General Meeting are those of the AFEP-MEDEF Code: completeness, balance between the compensation components, benchmarking, consistency, and intelligibility of the rules and measurements.

A reminder is provided below of the 2018 compensation policy for the Chief Operating Officer

Fixed compensation

The annual fixed compensation of the Chief Operating Officer was set at Euro 270,000 on his appointment on August 30, 2016, with effect from September 1, 2016, on the basis of the benchmarking conducted by a specialized firm. At the Appointments and Compensation Committee meeting of August 30, 2016, it was duly recorded that the Chief Operating Officer's compensation would change in time to reflect the successful assumption of his position. Given the successful assumption of his position, the Board of Directors, at its meeting held on February 14, 2017 and on the recommendation of the Appointments and Compensation Committee, decided to raise his annual fixed compensation to Euro 300,000 with effect from March 1, 2017, *i.e.* an increase of 11%. This amount remained unchanged in 2018.

The annual fixed and variable compensation of the Chief Operating Officer is divided in two: two-thirds paid by Mercialys and one-third by Mercialys Gestion, a wholly owned subsidiary of Mercialys, because he keeps his salaried positions as Director in charge of operations, letting and marketing within Mercialys Gestion.

Annual variable compensation

In order to more firmly place Corporate Social Responsibility (CSR) at the core of the Group's strategic priorities, a decision was taken to change the mechanism for the 2018 variable compensation paid in 2019 to the corporate officers.

This change involves incorporating a quantifiable CSR target and reducing the percentage for managerial targets, taking out the measurement of the social and societal criterion.

The variable compensation is therefore structured around two types of objectives:

1. quantitative objectives, weighted at 80% (versus 70% in 2017) of which 1 CSR objective at 10%; and

2. managerial objectives, whose weighting has been reduced to 20% (versus 30% in 2017).

The variable compensation of the Chief Operating Officer may represent 40% of his fixed annual compensation if the defined objectives are achieved, and may equal up to 80% of his fixed annual compensation if these objectives are exceeded.

The criteria selected and their weight in determining the variable compensation are as follows:

		% of the fixed compensation		
	Minimum	**Minimum**	**Target**	**Maximum**
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth excluding the carrying cost of the 2019 debt refinancing	0%	4%	8%
	Organic growth of rental revenues (excluding indexation)	0%	4%	8%
	EBITDA margin	0%	4%	8%
	Improvement in CSR classifications: GRESB and EPRA	0%	4%	8%
	Footfall spread in Mercialys centers as compared to the total CNCC market	0%	4%	8%
	Current financial vacancy rate	0%	4%	8%
	Annualized rental income from 2018 openings	0%	4%	8%
	Number of qualified customer contacts in the Mercialys databases	0%	4%	8%
Managerial objectives (20% of the total variable compensation)		**0%**	**8%**	**16%**
TOTAL VARIABLE COMPENSATION AS % OF THE FIXED COMPENSATION		**0%**	**40%**	**80%**

For each quantitative criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the payment of the variable portion of the compensation due for fiscal year 2018, after determining the amount on the basis of the achievement of the objectives defined above, depends on the approval of the Company's Annual General Meeting to be held in April 25, 2019.

Long term compensation

In order to associate the Chief Operating Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 225-197-6 of the French Commercial Code, on the principle of bonus share awards.

This award represents a target of 50% of fixed salary (Euro 150,000) and could represent up to 75% of fixed salary (Euro 225,000) in the event of outperformance.

The bonus shares awarded will only be fully vested by the Chief Operating Officer at the end of a three-year vesting period, subject to conditions of presence (in the capacity of corporate officer) and of company performance, the latter being assessed on all three years, on the basis of the following criteria and evaluation grids:

- Relative performance of the Mercialys share, dividend included (Total Shareholder Return – TSR), compared to the performance of the companies composing the EPRA/NAREIT Eurozone index at January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the allotted shares:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	**Multiplier**
[0 to 20%]	150%
]20 to 40%]	125%
]40 to 50%]	100%
]50 to 60%]	75%
]60 to 80%]	50%
]80% to 100%]	0%

- Organic growth of rental revenues, including Casual Leasing, excluding indexation, measured as the three-year annual average between January 1, 2018 and December 31, 2020, for 25% of the initial allocation.

  At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in rental revenues	**Multiplier**
2.00%	0%
2.30%	100%
2.60% or more	150%

The multiplier moves in a straight line between the defined limits.

- FFO growth (excluding the carrying cost of the 2019 debt financing, for fiscal year 2018) measured as the three-year annual average between January 1, 2018 and December 31, 2020, for the remaining 25% of the initial allocation.

  At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in FFO	Multiplier
2.00%	0%
3.00%	100%
4.00% or more	150%

  The multiplier moves in a straight line between the defined limits.

The bonus shares awarded in 2018 will become the property of the beneficiary after a vesting period of at least three years which will end in 2021.

At the end of this three-year vesting period, Vincent Ravat will be required to keep 50% of his shares for a period of at least two years after they are fully vested, and to hold the remaining 50% until the termination of his position.

Furthermore, in accordance with the provisions of the final subparagraph of Article 24.3.3 of the AFEP-MEDEF Code, Vincent Ravat undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Moreover, remember that Vincent Ravat is the beneficiary of bonus share plans which were awarded to him as a Mercialys Gestion employee, prior to his appointment as Chief Operating Officer.

Other compensation components

The Chief Operating Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Operating Officer resulting from the termination of, or change in, his position.

The Chief Operating Officer may also benefit from an indemnity relating to a non-compete clause. Indeed, if his position is terminated, the Chief Operating Officer will be bound by a non-compete and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application period. In exchange, the Chief Operating Officer will be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation.

B. Details of the compensation, in respect of 2018 fiscal year, of Vincent Ravat, Chief Operating Officer until February 13, 2019

Vincent Ravat, Chief Operating Officer, currently holds the position of Director in charge of operations, letting and marketing at Mercialys Gestion, a company controlled by Mercialys and is in this respect, an employee of that company. The fixed and variable compensation of Vincent Ravat is divided into two parts, with two thirds paid by Mercialys and one third paid by Mercialys Gestion.

1. Summary of compensation payable by Mercialys and the companies it controls or which control it

The compensation, directors' fees and benefits of any kind payable to Mr. Vincent Ravat for fiscal year 2018 by Mercialys and the companies it controls were established as follows. It should be noted that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code:

Table 1 – AMF position-recommendation number 2009-16

(in euros)	Fiscal year 2018	Fiscal year 2017
Compensation due for the fiscal year (see § 2, below)	584,043	486,149
Valuation of multi-year variable incentive awarded during the year	-	-
Valuation of options awarded during the year	-	-
Valuation of bonus shares awarded (1)	119,360	43,163
TOTAL	**703,403**	**529,312**

(1) Potential valuation of the shares awarded, not yet vested, under plans 24 and 27 and subject to a condition of presence as a corporate officer as well as performance conditions over 3 years (see § 5 below).

2. Compensation paid by Mercialys and the companies it controls

Vincent Ravat received the following compensation, directors' fees and benefits of all kinds from Mercialys in his capacity as Chief Operating Officer in fiscal year 2018:

Table 2 – AMF position-recommendation number 2009-16

	Fiscal year 2018		Fiscal year 2017	
(in euros)	Amounts due [7]	Amounts paid [8]	Amounts due [7]	Amounts paid [8]
Fixed compensation [1] [2]	200,404	200,404	197,233	194,156
Annual variable compensation [1] [3]	124,960 [3]	115,200	115,200	33,240
Multi-year variable compensation [1] [4]	-	-	-	-
Exceptional compensation [5]	75,000	-	-	33,340
Directors' fees	-	-	-	-
Benefits in kind [6]	13,347	13,347	9,569	9,569
TOTAL	**413,711**	**328,951**	**322,002**	**270,305**

(1) Gross compensation before social security contributions and tax. On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided, on the basis of a benchmark created by a specialized consulting firm, to increase Vincent Ravat's gross fixed annual compensation to Euro 300,000 as of March 1, 2017.

(2) The amounts indicated also include paid leave.

(3) The methods for determining variable compensation are restated in the 2018 compensation policy, as approved at the Annual Shareholders' Meeting of April 26, 2018, under § 4.2.2.3,A, p. 241, and clarifications are provided in table 3 below. It should be noted that the payment of this amount will be subject to the approval of the fifth resolution presented to the Annual Shareholders' Meeting of April 25, 2019.

(4) Vincent Ravat does not receive multi-year compensation.

(5) See § 4 below.

(6) Senior executive unemployment insurance and benefit plan covering all the Company's employees.

(7) Compensation paid in respect of the fiscal year, regardless of the date of payment.

(8) All compensation paid during the fiscal year.

In addition, Vincent Ravat performs the duties of Director of operations, letting and marketing at Mercialys Gestion. For this reason, the amounts of the compensation and benefits of all kinds due for 2018 were as follows:

Table 2 – AMF position-recommendation number 2009-16

	Fiscal year 2018		Fiscal year 2017	
(in euros)	Amounts due [7]	Amounts paid [8]	Amounts due [7]	Amounts paid [8]
Fixed compensation [1] [2]	102,193	102,193	102,779	101,277
Annual variable compensation [1] [3]	62,480 [3]	57,600	57,600	16,620
Multi-year variable compensation [1] [4]	-	-	-	-
Exceptional compensation [5]	-	25,000	-	34,160
Directors' fees	-	-	-	-
Benefits in kind [6]	5,659	5,659	3,768	3,768
TOTAL	**170,332**	**190,452**	**164,147**	**155,825**

(1) Gross compensation before social security contributions and tax.

(2) The amounts indicated also include paid leave.

(3) The methods for determining variable compensation are restated in § 4.2.2.3,A, p. 241, and clarifications are provided in the table in § 3 below. It should be noted that the payment of this amount will be subject to the approval of the fifth resolution presented to the Annual Shareholders' Meeting of April 25, 2019.

(4) Vincent Ravat does not receive multi-year compensation.

(5) See § 4 below.

(6) Senior executive unemployment insurance and benefit plan covering all the Company's employees and company car.

(7) Compensation paid in respect of the fiscal year, regardless of the date of payment.

(8) All compensation paid during the fiscal year.

3. Annual variable compensation

The variable compensation of Vincent Ravat for fiscal year 2018 was determined by the Board of Directors at its meeting of February 13, 2019, on the proposal of the Appointments and Compensation Committee, applying the criteria in the table below:

			Minimum	Target	Maximum	Actual
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth excluding the carrying cost of the 2019 debt refinancing	% of the fixed compensation	0%	4%	8%	8%
		Value of the indicator		*3.0%*		*4.5%*
	Organic growth of rental revenues (excluding indexation)	% of the fixed compensation	0%	4%	8%	6.68%
		Value of the indicator		*2.3%*		*2.5%*
	EBITDA margin	% of the fixed compensation	0%	4%	8%	2.40%
		Value of the indicator		*84.5%*		*84.3%*
	Improvement in CSR classifications: GRESB and EPRA	% of the fixed compensation	0%	4%	8%	7%
		Value of the indicator		*Status maintained*		*Status maintained + GRESB score at 87%*
	Footfall spread in Mercialys centers as compared to the total CNCC market	% of the fixed compensation	0%	4%	8%	8%
		Value of the indicator		*250 bps*		*310 bps*
	Current financial vacancy rate	% of the fixed compensation	0%	4%	8%	0%
		Value of the indicator		*2.4%*		*2.5%*
	Annualized rental incomes from 2018 openings	% of the fixed compensation	0%	4%	8%	8%
		Value of the indicator		*Euro 4.9 m*		*Euro 5.4 m*
	Number of qualified customer contacts in the Mercialys databases	% of the fixed compensation	0%	4%	8%	8%
		Value of the indicator		*600,000*		*715,279*
Managerial objectives (20% of the total variable compensation)		% of the fixed compensation	0%	8%	16%	14.40%
TOTAL VARIABLE COMPENSATION AS % OF THE FIXED COMPENSATION			**0%**	**40%**	**80%**	**62.48%**

This compensation will be paid subject to the approval of the 5th resolution proposed to the Company's Annual General Meeting on April 25, 2019 (see chapter 8, p. 315).

4. Exceptional compensation

The Board of DIrectors, at its meeting of February 14, 2017 and on the recommendation of the Appointments and Compensation Committee, decided to recognize Vincent Ravat's exceptional contribution to the success of the implementation of the Toulouse Fenouillet project, opened on November 8, 2016, by giving him an extraordinary bonus of Euro 100,000 in cash, half of it paid in February 2017 and the other half to be paid in February 2019, subject to his continued employment.

In accordance with the provisions governing the distribution of Vincent Ravat's compensation package, Mercialys paid Vincent Ravat the sum of Euro 33,340 and Mercialys Gestion paid him the sum of Euro 16,660 in February 2017. This distribution will be identical for the amount to be received in February 2019, subject to the condition of continued employment.

In February 2018, Vincent Ravat received Euro 25,000 from Mercialys Gestion, in respect of real estate transactions completed in 2015; this compensation was introduced in early 2016, for his position as Director in charge of operations, lettign and marketing.

The Board of Directors decided, on February 13, 2019 to change the 2018 compensation policy to be able to pay M. Vincent Ravat exceptional compensation which will be fully paid by Casino, Guichard-Perrachon as part of the disposal process by Casino, Guichard-Perrachon of all or some of its investment in the capital of Mercialys. The sale by Casino, Guichard-Perrachon of all or part of its equity interest in Mercialys constituted a special circumstance for the Company which required the major involvement of the Chief Operating Officer during the 2018 fiscal year. Payment of this compensation is subject to Resolutions 9 and 11 being approved by the Ordinary general meeting of April 25, 2019 (see chapter 8, p. 318 and 319).

5. Stock warrants or stock options and bonus shares awarded by the Company and/or the companies it controls

No stock warrants or stock options were awarded in 2018 by the Company and/or companies it controls to Mr. Vincent Ravat.

It is, however, specified that in 2014 and 2016 Vincent Ravat benefited from bonus share allotment plans, which were made in the context of his salaried duties and before his appointment as Chief Operating Officer (see chapter 7, § 7.2.5.3, p. 305 et seq.).

In accordance with the authorization conferred by the 26th resolution of the Extraordinary Annual General Meeting of April 27, 2017, authorizing the granting of bonus shares to the corporate officers, Mr Vincent Ravat received two bonus share allocations in line with the following criteria and procedures:

Table 6 – AMF position-recommendation number 2009-16

	Bonus shares awarded to Vincent Ravat				
No. and date of the plan	Number of shares awarded in the year	Valuation of the shares according to the method adopted for the consolidated financial statements	Vesting date	Availability date (2) (5)	Performance conditions (3) (6)
Plan 24, of 04/27/2017	8,564 (1)	Euro 43,163	04/27/2020	04/28/2022	YES
Plan 27, of 04/26/2018	9,633 (4)	Euro 76,197	04/26/2021	04/27/2023	YES
TOTAL	**18,197**	**EURO 119,360**			

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will be 12,846 shares corresponding to a value of Euro 64,744.

(2) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(3) Bonus shares become vested only if the beneficiary (in their capacity as corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of two performance criteria: the absolute performance of the Company's share price, including dividends, corresponding to the total shareholder return (TSR), assessed as an annual average between January 1, 2017 and January 31, 2019 for 25% of the initial award; and the relative performance of the Company's share price dividends included (Total Shareholder Return – TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2017, measured between January 1, 2017 and December 31, 2019, for 75% of the initial award.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will be 14,450 shares corresponding to a value of Euro 114,299.

(5) The Board of Directors has set at 50% the number of bonus shares definitively awarded which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(6) Bonus shares become vested only if the beneficiary (in their capacity as corporate officer) is still present at the Company on the vesting date of the shares, and subject to fulfillment of three performance criteria: the relative performance of the Company's share price, including dividends, corresponding to the total shareholder return (TSR) compared to the performance of the companies in the EPRA/NAREIT Eurozone on January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial award, organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over 3 years between January 1 2018 and December 31, 2020, for 25% of the initial award, and growth in the FFO (excluding carrying cost for 2019, for the 2018 fiscal year) measured as a yearly average over 3 years between January 1 2018 and December 31, 2020 for the remaining 25% of the initial award.

Moreover, no share became available in 2018.

6. Employment contract, special pension plans, severance pay and non-compete compensation

Table 11 – AMF position–recommendation number 2009-16

Employment contract		Supplementary pension plan		Compensation or benefits due, based on termination of, or change in, duties		Compensation linked to a non-compete clause (3)	
Yes	No (1)	Yes	No (2)	Yes	No	Yes	No
	X		X		X	X	

(1) Vincent Ravat has an employment contract with Mercialys Gestion. He holds the position of Director in charge of the operations, letting and marketing.

(2) Vincent Ravat does not benefit from any additional pension plan. He is included in the mandatory group pension plan (ARRCO and ARGIC) and the benefit plan covering all the Company's employees.

(3) Vincent Ravat may benefit from a payment linked to a non-compete clause and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year; it is specified that the Company may reduce or waive the application period. In exchange, he would be paid a monthly sum equivalent to one-twelfth of 50% of his annual fixed compensation. This compensation will be paid in instalments during his term of office. This new non-compete clause terminates the preceding one in his capacity as Chief Operating Officer.

As mentioned for Éric Le Gentil on p. 240, note that none of the AMF tables (Position-recommendation no. 2009-16) which do not appear in the foregoing pages apply to Vincent Ravat.

Pursuant to the provisions of Article L. 225-100, II, of the French Commercial Code, the Ordinary Shareholders' Meeting of April 25, 2019 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of 2018 to the Chairman and Chief Executive Officer and to the Chief Operating Officer for their mandate. Details and comments about this information can be found in chapter 8, appendix 1 and 2, p. 341 et seq.

4.2.2.4. 2019 compensation policy for the Chief Executive Officer and the Deputy Chief Executive Officer

Report by the Board of Directors on the principles and criteria for determining, distributing and awarding the compensation components of the Chief Executive Officer and Deputy Chief Executive Officer for fiscal year 2019

(Thirteenth and Fourteenth resolutions of the Ordinary Shareholders' Meeting of April 25, 2019)

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and the benefits of any kind, attributable for 2019 to the Chief Executive Officer and Deputy Chief Executive Officer in respect of their corporate position, must be approved by the Ordinary Shareholders' Meeting of April 25, 2019.

In this context, the Board of Directors, at its meeting on February 13, 2019 and March 5, 2019, established, on the basis of the recommendations of the Appointments and Compensation Committee, the principles for determining the structure of the compensation of the Chief Executive Officer and the Deputy Chief Executive Officer for 2019.

I. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF code for determining the compensation of the corporate executive officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and measurements.

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board of Directors deliberates without the interested parties being present.

The Board of Directors ensures that the compensation policy is aligned with the corporate interests and with the interests of the shareholders and stakeholders. The performance indicator selected for the variable compensation component must be in line with the Mercialys strategy.

II. Compensation components of the Chief Executive Officer

Fixed compensation

Appointed Chief Executive Officer on February 13, 2019, it was decided, after consideration of the benchmark studies analyzed by the Appointments and Compensation Committee, to increase Vincent Ravat's fixed compensation from Euro 300,000 to Euro 360,000 with respect to his new functions.

This compensation is due as from February 13, 2019.

Mr. Vincent Ravat will no longer be bound by any employment contract, his employment contract with Mercialys Gestion expiring at the end of the Annual General Meeting of April 25, 2019.

With regard to the annual variable compensation and long-term compensation, the Board of Directors decided, on the proposal of the Appointments and Compensation Committee, to align this compensation policy with that granted in 2018 to the serving Chief Executive Officer.

Annual variable compensation

It has been suggested that the variable compensation mechanism introduced in 2018 containing a CSR target be maintained

The variable compensation will therefore be structured around two types of objectives:

1. quantitative objectives, weighted at 80% of which 1 CSR objective at 10%; and

2. managerial objectives, weighted at 20%.

As previously indicated, in order to align this variable compensation with that of the previous Chief Executive Officer, it was decided that the annual variable compensation of the Chief Executive Officer be increased to 70% (vs 40% in his capacity as Chief Operating Officer) of his fixed annual compensation if the defined objectives are achieved and may equal up to 140% (vs 80% in 2018 in his capacity as Chief Operating Officer) of his fixed annual compensation if these objectives are exceeded.

It is determined on the basis of having achieved quantitative objectives for 80% and managerial objectives for 20%.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% of the fixed compensation		
		Minimum	Target	Maximum
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth	0%	17.5%	35%
	Organic growth excluding indexation	0%	10.5%	21%
	EBITDA margin	0%	10.5%	21%
	Reduction in emissions (scope 1 and 2: energy consumption and refrigerant leaks) as part of the 2030 carbon strategy (-47% between 2017 and 2030)	0%	7%	14%
	Footfall spread in Mercialys centers as compared to the total CNCC market	0%	3.5%	7%
	Repurchase and partial refinancing of the 2023 bond issue to extend the duration (without carrying cost impact)	0%	7%	14%
Managerial objectives (20% of the total variable compensation)		0%	14%	28%
TOTAL VARIABLE COMPENSATION AS % OF FIXED COMPENSATION		**0%**	**70%**	**140%**

For each quantitative criterion, a minimum threshold of achievement is set, as is a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, payment of the variable portion of the compensation due for the 2019 fiscal year, after determining its amount based on the achievement of the objectives defined above, is conditional on approval by the Annual General Meeting to be held in 2020.

Long term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 225-197-6 of the French Commercial Code, on the principle of bonus share awards.

Bonus shares may only be granted to corporate officers if the Company grants to its employees and at least 90% of employees in its subsidiaries one of the following benefits:

- stock purchase and/or subscription options;
- bonus shares;
- the implementation of a statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the General Meeting held after the introduction of Law of December 3, 2008 requires that each of them (listed company and subsidiaries concerned) amend the calculation methods relating to one of these agreements, or pays a supplementary profit-sharing allocation.

This allotment would then represent a target of 75% of his fixed salary (*i.e.* Euro 270,000) and could represent up to 112.5% of his fixed salary (*i.e.* Euro 405,000) in the event of outperformance.

The bonus shares awarded will only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence (in the capacity of corporate officer) and of company performance, the latter being assessed on all three years, on the basis of the following criteria and evaluation grids:

- Relative performance of the Mercialys share, dividend included (Total Shareholder Return – TSR), compared to the performance of the companies composing the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the allotted shares:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	Multiplier
[0 to 20%]	150%
]20 to 40%]	125%
]40 to 50%]	100%
]50 to 60%]	75%
]60 to 80%]	50%
]80% to 100%]	0%

The Mercialys ranking will be obtained by dividing the Mercialys index ranking by the number of companies on the index over the course of the period.

- Organic growth of rental revenues, including Casual Leasing, excluding indexation, measured as the three-year annual average between January 1, 2019 and December 31, 2021, for 20% of the initial allocation.

At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in rental revenues	Multiplier
2.00%	0%
2.30%	100%
2.60% or more	150%

The multiplier moves in a straight line between the defined limits.

- FFO growth measured as the three-year annual average between January 1, 2019 and December 31, 2021 for the remaining 40% of the initial allocation.

At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in FFO	Multiplier
2.00%	0%
3.00%	100%
4.00% or more	150%

The multiplier moves in a straight line between the defined limits.

The number of shares vested on the basis of the various performance criteria may be rounded up, up to a limit of 150% of the individual initial award.

The bonus shares awarded in 2019 will become the property of the beneficiary after a vesting period of three years which will end in 2022.

At the end of this three-year vesting period, the Chief Executive Officer will be required to keep 100% of his registered shares for a period of at least two years after they are fully vested, and to hold 50% until the termination of his position as corporate officer.

Furthermore, in accordance with the provisions of the final subparagraph of Article 24.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may also benefit from an indemnity relating to a non-compete clause. In effect, in the event of the termination of his position, the Chief Executive Officer will be bound by a non-compete and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year; it is specified that the Company may reduce or waive the application period. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in instalments during his term of office. This clause terminates the previous clause binding Vincent Ravat in his capacity as Chief Operating Officer.

III. Compensation components of the Deputy Chief Executive Officer

Fixed compensation

After her appointment as Deputy Chief Executive Oficer on February 13, 2019, it was decided to set her fixed compensation, in compliance with the benchmark surveys carried out, at the sum of Euro 230,000.

This compensation is due as from February 13, 2019.

Deputy Chief Executive Officer keeps her employment contract as Chief Financial Officer. Accordingly, her annual fixed and variable compensation is divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

Similarly to the compensation of the Chief Executive Officer, it is proposed to retain the variable compensation system set up in 2018 which incorporates a CSR objective.

The variable compensation is therefore structured around two types of objectives:

1/ quantitative objectives, weighted at 80% of which 1 CSR objective at 10%; and

2/ managerial objectives, weighted at 20%.

The variable compensation of the Deputy Chief Executive Officer may represent 40% of her fixed annual compensation if the defined objectives are achieved and may equal up to 80% of her fixed annual compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% of the fixed compensation		
		Minimum	Target	Maximum
Quantitative objectives Mercialys (80% of the total variable compensation)	FFO growth	0 %	6 %	12 %
	Organic growth excluding indexation	0 %	4 %	8 %
	EBITDA margin	0 %	6 %	12 %
	Reduction in emissions (scope 1 and 2: energy consumption and refrigerant leaks) as part of the 2030 carbon strategy (-47% between 2017 and 2030)	0 %	4 %	8 %
	Asset disposals during the fiscal year	0 %	4 %	8 %
	Increase in the debt hedging with a maximum budget (Euro 500,000)	0 %	4 %	8 %
	Buyback and partial refinancing of the 2023 bond issue to extend the duration (without carrying cost impact)	0 %	4 %	8 %
Managerial objectives (20% of the total variable compensation)		0 %	8 %	16 %
TOTAL VARIABLE COMPENSATION AS A % OF THE FIXED COMPENSATION		**0 %**	**40 %**	**80 %**

For each quantitative criterion, a minimum threshold of achievement is set, as is a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provision of Article L. 225-37-2 of the French Commercial Code, payment of the variable portion of the Deputy Chief Executive Officer's compensation for 2019 fiscal year, after determination its amount based on the achievement of the objectives defined above, is conditional on the approval by the Company's Annual General Meeting to be held in 2020.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 225-197-6 of the French Commercial Code (as mentioned above for Chief Executive Officer), on the principle of bonus share awards.

This award would represent a target of 50% of her fixed salary (i.e. Euro 115,000) and could represent up to 75% of her fixed salary (i.e. Euro 172,500) in the event of outperformance.

The bonus shares awarded will only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence (in the capacity of corporate officer and/or employee) and of company performance, the latter being assessed on all three years, on the basis of the following criteria and evaluation grids:

- Relative performance of the Mercialys share, dividend included (Total *Shareholder Return* – TSR), compared to the performance of the companies composing the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the allotted shares:

Ranking of the three-year average annual TSR of Mercialys compared with the companies comprising the index	Multiplier
[0 to 20%]	150 %
]20 to 40%]	125 %
]40 to 50%]	100 %
]50 to 60%]	75%
]60% to 80%]	50%
]80% to 100%]	0 %

The Mercialys ranking will be obtained by dividing the Mercialys index ranking by the number of companies on the index over the course of the period.

- Organic growth of rental revenues, including Casual Leasing, excluding indexation, measured as the three-year annual average between January 1, 2019 and December 31, 2021, for 20% of the initial allocation.

  At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in rental revenues	Multiplier
2.00 %	0 %
2.30 %	100 %
2.60 % or more	150 %

The multiplier moves in a straight line between the defined limits.

- FFO Growth measured as the three-year annual average between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

At the end of the three-year period, the number of shares vested under this performance criterion will be determined in accordance with the average obtained, based on the grid presented below:

Three-year average annual organic growth in FFO	Multiplier
2.00 %	0 %
3.00 %	100 %
4.00 % or more	150 %

The multiplier moves in a straight line between the defined limits.

The number of shares vested on the basis of the various performance criteria may be rounded up, if appropriate, to a limit of 150% of the individual initial award.

The bonus shares awarded in 2019 will become the property of the beneficiary after a vesting period of three years which will end in 2022.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her registered shares for a period of at least two years after they are fully vested, and to hold 50% until the termination of her corporate office and/or her position.

Furthermore, in accordance with the provisions of the final subparagraph of Article 24.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the period for holding the shares.

Moreover, it should be noted that Ms Elizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialys employee, prior to her appointment as Deputy Chief Executive Officer.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. She does not receive any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

The Deputy Chief Executive Officer may also benefit from an indemnity relating to a non-compete clause. In effect, in the event of the termination of her position, the Deputy Chief Executive Officer will be bound by a non-compete and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it is specified that the Company may reduce or waive the application period. In exchange, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her annual fixed compensation.