MERCIALYS

148, rue de l'Université 75007 Paris France +33 1 53 10 23 30

Executive compensation

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

In accordance with Article L.225-37-2 of the French commercial code (Code de commerce), the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the overall compensation package and the benefits of any kind that may be awarded for 2019 to the Deputy Chief Executive Officer for her corporate office were set by the Board of Directors on March 5, 2019 after consulting with the Appointments and Compensation Committee, and will be submitted for approval at the General Meeting on April 25, 2019.

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

. Fixed compensation

Following her appointment on February 13, 2019, it has been decided to set the Deputy Chief Executive Officer's fixed compensation at Euro 230,000, in accordance with the benchmark research carried out.
This compensation is due from February 13, 2019.

The Deputy Chief Executive Officer will continue to have an employment contract in her capacity as Chief Financial Officer. In this respect, her fixed and variable annual compensation will be split based on half for her corporate office and half for her employment contract.

. Variable annual compensation

As for the Chief Executive Officer's compensation, it is proposed to maintain the variable compensation arrangements set up in 2018, which included a CSR target.

Variable compensation is therefore structured around two types of targets:
1/ Quantitative targets, with an 80% weighting, including one CSR target for 10%, and
2/ Managerial targets for 20%.

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

It has been decided to set the Deputy Chief Executive Officer's variable annual compensation at 40% of her fixed annual compensation if the targets set are achieved, potentially rising to 80% of her fixed annual compensation if the targets are exceeded.

. Long-term incentives

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

French limited company (société anonyme). Capital: Euro 92,049,169. Paris trade and companies register: 424 064 707. APE code: 6820B.

This award would represent a target based on:

. 50% of the Deputy Chief Executive Officer's fixed pay (i.e. Euro 115,000), potentially rising to 75% of her fixed pay (i.e. Euro 172,500) if the performance conditions are exceeded.

The bonus shares awarded would only be vested by the Deputy Chief Executive Officer after a three-year vesting period, subject to presence conditions (in her capacity as a corporate officer and/or employee) and company performance conditions, with this performance assessed over the full three-year period based on the following criteria for assessment:

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

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

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

. **Non-compete clause**

The Deputy Chief Executive Officer will be bound by a non-compete obligation for a period that will not exceed her seniority with the Company up to a limit of one year (while noting that the company may cancel it or reduce this period) with monthly compensation equivalent to 1/12th of 50% of her fixed annual compensation. This non-compete obligation concerns (i) the performance of any activity, in any form, in companies that are competitors of Mercialys and its subsidiaries, in France or other countries, operating in the following areas: real estate development and investment; the management, administration, maintenance and operation based on leases of retail real estate assets and rights, and, generally, the development of shopping centers, as well as (ii) the solicitation of clients, in the catchment areas for Mercialys' shopping centers, which Mercialys or its subsidiaries have sold goods and services to. This compensation will be paid in installments during the period concerned.

Paris, March 6, 2019