MERCIALYS

2019 INTEGRATED REPORT

EXTRACT FROM THE UNIVERSAL REGISTRATION DOCUMENT

FINANCIAL CALENDAR

April 20, 2020 (1)
2020 first-quarter activity

April 23, 2020
Annual General Meeting

April 27, 2020 (2)
Ex-dividend date

April 29, 2020 (2)
Dividend payment

July 27, 2020 (1)
2020 first-half earnings

July 28, 2020
Financial information meeting

October 19, 2020 (1)
Activity at end-September 2020

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, 2019, 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 23, 2020.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

2019 was another year of outstanding success for Mercialys, with excellent results from a financial, sustainability and operational perspective.

With organic rental income growth of +3.6%, a +7.9% increase in funds from operations (FFO), a dividend of €1.15 per share, delivering a yield of 9.3% versus the end-December 2019 share price, and an effectively managed Loan To Value (LTV) ratio (excluding transfer taxes) of 39.5%, Mercialys once again confirmed the quality of its asset portfolio, its management and its position as an industry leader in Europe.

It also made remarkable progress from a sustainability perspective in 2019, including scientific approval from the SBTi(1) for its strategy to tackle climate change, the continued BREEAM In-Use(2) certification of its portfolio, building awareness of CSR issues among its end customers and retailers, and the transformation of its executive management structure based on a new Management Committee with 50% women members.

Lastly, from an operational perspective, Mercialys has continued to demonstrate in 2019 its outstanding capacity to anticipate industry developments, aiming to align its sites with tomorrow's retail trends. Its many different initiatives include launching a home delivery platform for meals from the centers' restaurants and opening a pilot coworking space.

The start of 2020 has been marked by a global health crisis. Mercialys' Board of Directors and Executive Leadership Team are fully mobilized in order to ensure the best level of continuity for operations. The government measures adopted, although significant, allow several categories of Mercialys' tenant retailers to remain open. Nevertheless, the lockdown is having a major impact on footfall across the sites and raising questions about retailers' solvency and therefore the ability to collect rents. In this context, the 2020 guidance published by Mercialys in February is no longer applicable and will be updated once the outlook for the health context has become clearer.

The 2020 Annual General Meeting will be held on April 23. The health and safety of our shareholders, our teams and all our stakeholders are our main priority. I would therefore ask our shareholders to submit any questions they may have to the Board of Directors ahead of the event and to vote on the resolutions online or by post. All the conditions for doing so are presented in the General Meeting brochure. They also have the option to appoint me to represent them if they wish.

Yours sincerely,

Éric Le Gentil
Chairman of the
Board of Directors

> *"Mercialys has continued to demonstrate in 2019 its outstanding capacity to anticipate industry developments."*

(1) The Science Based Targets initiative (SBTi) is a non-profit organization that assesses, based on criteria defined by scientific experts, the alignment between the greenhouse gas emission reduction targets set by companies and the recommendations of the Intergovernmental Panel on Climate Change (IPCC), in order to ensure that these targets effectively limit the increase in global temperatures to 2°C by 2100 compared with 1990. / (2) BREEAM (BRE Environmental Assessment Method) is the world's foremost environmental assessment method and rating system for buildings. BREEAM sets the standard worldwide for best practices in sustainable building construction and is one of the most widely used measures of a building's environmental performance. The in-use environmental performance of buildings is calculated based on two key areas: asset performance (asset's intrinsic quality) and building management (asset's management).

QUESTIONS FOR THE CHIEF EXECUTIVE OFFICER

VINCENT RAVAT, WHEN YOU WERE APPOINTED, YOU LAUNCHED A NEW STRATEGIC VISION. HOW DID THIS MOVE FORWARD IN 2019?

Our business is faced with changes in what customers expect and the ways they consume. This is accelerating and I wanted to put Mercialys in the best possible position to respond to this. I believe in physical retail's fundamentals and its essential role in the regions. I also believe in adapting it to the current changes incrementally, rather than any sudden shift away from historic models.

This adaptation is already moving forward for Mercialys, set out with the 5 strategic pillars that we announced at the start of 2019. The aim is to further strengthen the characteristics that have laid the foundations for our shopping centers' success up until now, focusing on services, societal anchoring and the consolidation of local flows across the regions.

With the inauguration of several pilot projects aimed at increasing the multi-functionality of our sites and integrating them within the last-mile logistics chain, we are consolidating Mercialys' position at the forefront of innovation for retail real estate. Alongside this, the strengthening of our digital service and marketing ecosystem, supporting an increasingly personalized customer relationship, is aligning Mercialys with the core trends for tomorrow's retail.

MERCIALYS HAS A VERY ROBUST CSR APPROACH. HOW DO YOU SUCCESSFULLY RECONCILE YOUR STAKEHOLDERS' DIVERSE EXPECTATIONS?

Mercialys is an engaged company with clear commitments, illustrated by its CSR approach, which has won multiple awards in the last few years. Its multi-local asset portfolio and its positioning at the heart of its catchment areas enable it to effectively understand the various needs and urban environments.

The whole challenge is to effectively integrate:
1/ the expectations of consumers constantly looking for new choices and immediacy;
2/ the growing environmental and societal demands of the regions;
3/ the structurally long timeframes involved with responsible and sustainable real estate developments.
Our initiatives therefore combine a balance between essential core consumption and a regular rotation of retail mixes, as well as CSR and rational investments to support fair regional development between the various stakeholders.

This year, the Board of Directors incorporated a quantifiable CSR criterion, representing 20%, into the long-term variable compensation for executives[1], highlighting its commitment to the integration of all these issues and the alignment of interests.

WILL THE CURRENT YEAR BE A TURNING POINT FOR MERCIALYS?

The start of 2020 has been extremely disrupted by the Coronavirus epidemic. Mercialys' priorities at this stage are to protect its robust balance sheet foundations, ensure the safety of its staff and customers, and dialogue with its retailers looking for solutions to ensure the sustainability of everyone's activities. All our efforts are currently focused on managing this situation and looking into the conditions that will enable Mercialys to take on board the new paradigms in an economic and social environment that is likely to be significantly transformed.

One of Mercialys' core features is its agility, and especially its ability to adapt. I am committed to continuing to establish this entrepreneurial culture, built around flexibility, a shared ambition and freedom for initiatives supporting innovation and value creation. Capitalizing on our operational excellence, which has been the foundation for our results in line with the industry's highest standards for years, we will continue to evolve, to enrich ourselves with ideas from our employees and customers, to test out concepts and to research innovative partnership and investment frameworks. We will also continue moving forward with our CSR strategy, drawing up new five-year goals and action plans, establishing its increasingly core position at the heart of our model.

(1) Subject to the 2020 compensation policy for executive officers being approved at the Annual General Meeting on April 23, 2020.

“One of Mercialys’ core features is its agility, and especially its ability to adapt. I am committed to continuing to establish this entrepreneurial culture, built around flexibility, a shared ambition and freedom for initiatives supporting innovation and value creation.”

85%
EBITDA margin

€3,634M
portfolio value
(including transfer taxes)

€469M
of development projects

MERCIALYS ESSENTIALS

Mercialys is a real estate company founded in 2005 and specialized in managing and developing the value of retail assets.

With 47 shopping centers and 6 high-street retail assets[1] at end-December 2019, Mercialys is a market leader for shopping centers in France. The Company's 844,000 sq.m portfolio is home to more than 900 international, national and local retailers, attracting over 100 million visitors each year.

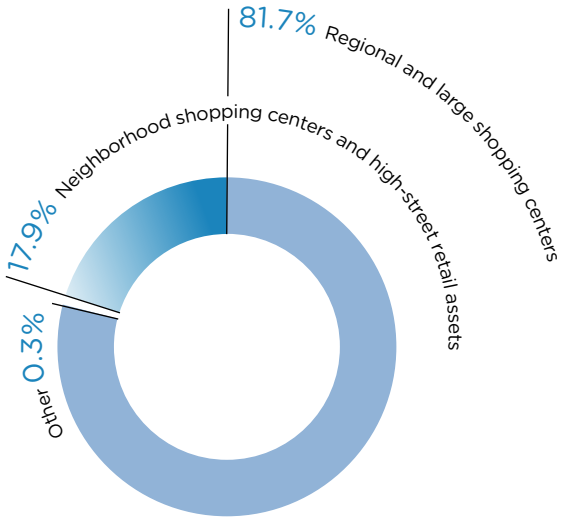
Mercialys' asset portfolio is made up primarily of leading retail sites, all located in mainland France and overseas territories. These sites are located in areas with demographic and income trends that are significantly higher than the national average, predominantly in medium-sized cities. These geographies have been a key feature of the Company's investment and disposal strategy for the past decade, enabling its assets, in addition to their intrinsic qualities, to benefit from buoyant underlying socioeconomic factors and less intense competition.

Mercialys has a flexible, multi-local organization. It is structured around central functions at head office level and staff deployed in the field, with at least one center manager for each site, overseen by a regional director. Under mandates and a service agreement, the Company outsources some of its administrative activities, including the rental and technical management of its shopping centers.

BREAKDOWN OF THE PORTFOLIO BY REGION[2]

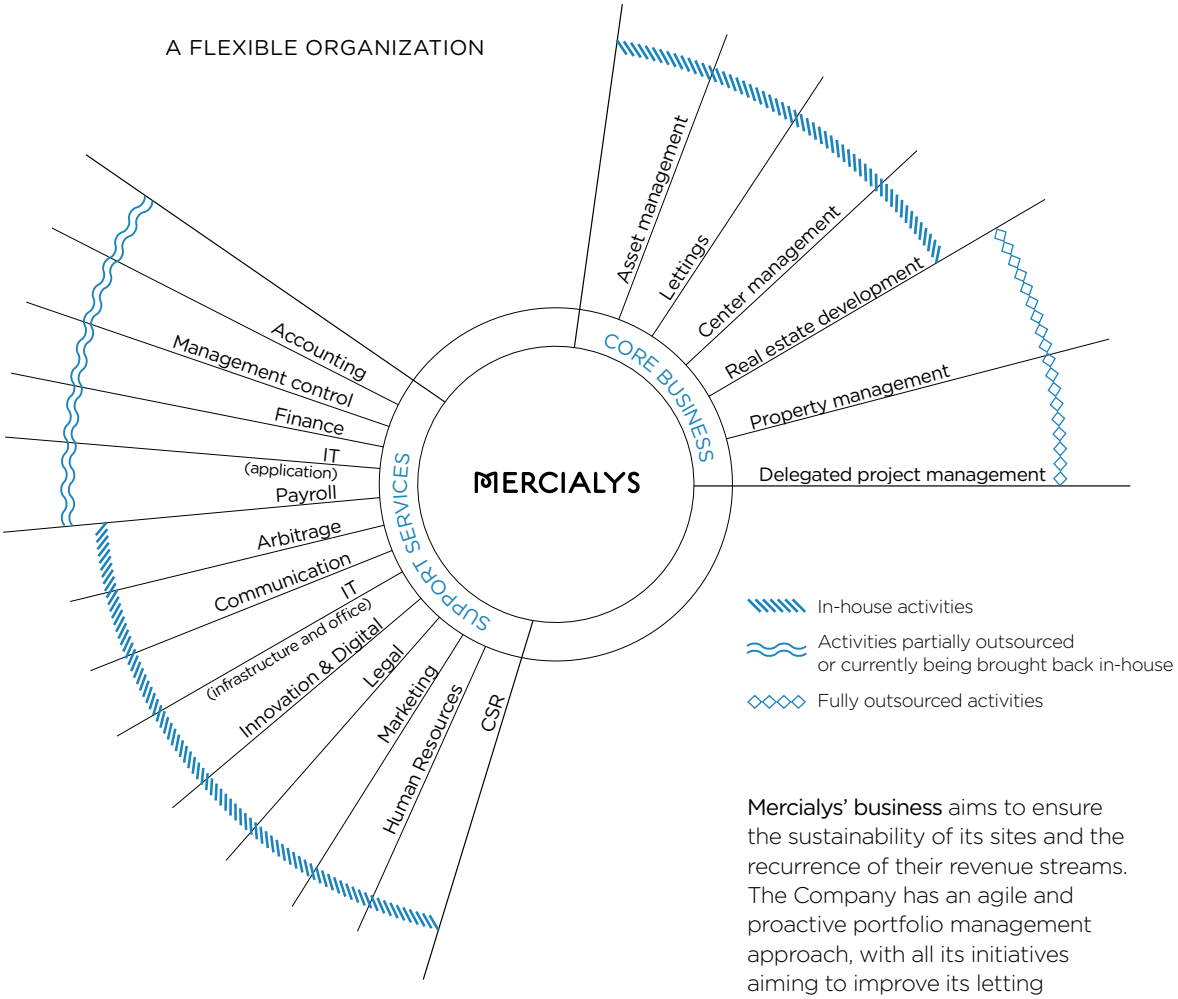
BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



(1) In addition to 5 dispersed assets. / (2) Excluding dispersed assets.

A FLEXIBLE ORGANIZATION



111 employees

41% of employees deployed on site

75% of employees part of homeworking programs(1)

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Making customers' lives easier each day

OUR VISION

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

Mercialys' business aims to ensure the sustainability of its sites and the recurrence of their revenue streams. The Company has an agile and proactive portfolio management approach, with all its initiatives aiming to improve its letting potential, sustainability and value growth.
To achieve this, Mercialys has developed a dynamic commercial strategy since it was created, tailoring its retail mix to each catchment area and regular changes in consumers' expectations. It combines this with an ongoing selective investment and disposal strategy. On the one hand, Mercialys invests in modular, environmentally responsible assets, and on the other hand, regularly divests its mature sites in order to reinvest these funds, particularly in its project pipeline.
Lastly, as a leading retail real estate company, Mercialys plays a key role in terms of shaping the urban environment and interacting with retailers, end customers, local authorities and associations. In line with this broad-ranging economic and societal responsibility, it is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.

(1) Among eligible employees.

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. Its challenges and stakes are therefore linked to: 1/ its understanding of changes in the way that end customers consume and its ability to adapt to tenant retailers' needs; 2/ its effective management of its real estate tools and, more specifically, its ability to transform them in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the ecological transition.

Polarization of flows

Impacted by sociological, demographic and technological developments, which are resulting in new lifestyles, practices and mindsets, the real estate and retail sectors are undergoing a deep transformation.

This transformation represents an opportunity for real estate companies if they can successfully identify and understand the complex underlying factors behind these changes. Drawing on its experience and listening to its stakeholders, Mercialys has this fine-grained understanding of the various dynamics at work.

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

POLARIZATION OF REGIONS

Growth in the population, employment and wealth densely 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 peripheral areas outside cities, rather than city centers.

POLARIZATION AROUND MASTER AREAS

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

Diverse expectations

The different 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 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

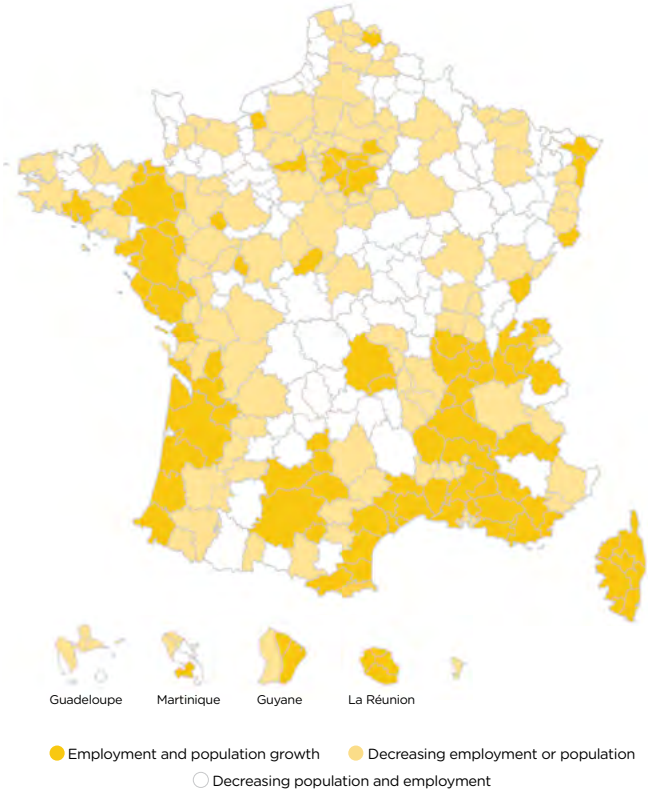
In addition to these differences between types of cities, other factors affect consumers' effective expectations, such as:

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

• the economic and sociological disparities between the regions: the recent demonstrations are an illustration, at national level, of the significant social divides affecting the country and reflect major inequalities in terms of levels of financial comfort and societal and environmental expectations.

As a result, consumers' needs are localized, specific and differentiated. Understanding them and addressing them through adapted retail offerings is an essential condition for performance in retail real estate. It is therefore possible to have a variety of competitive positionings and retail formats, as their long-term viability does not depend on their size, but their ability to provide an effective response to their target customers' expectations.

SOCIOECONOMIC TRENDS PER FRENCH REGION(1)



(1) Source: Insee

Understanding consumers' expectations

Whether they live in very large or medium-sized cities, most French consumers are covered by a choice matrix that combines the satisfaction of 3 fundamental needs with an ongoing tradeoff between the perceived value of goods or services and the effort needed to acquire them.
On this basis, they determine the path of least resistance between their need and its satisfaction, regardless of whether their distribution channels are physical or virtual, as technological progress has made consumers fundamentally omnichannel.

In a country where more than 50% of consumption is linked to social transfers, pricing accessibility is a major determining factor for buying decisions. Secondary considerations may also come into play, based on rational underlying factors that are specific to each consumer's sensitivity.

With regard to food consumption for instance, although consumers support organic, few actually buy organic in the end due to budget reasons. Organic food purchases reflect both environmental convictions and health concerns linked to the origins or treatment of the products offered, and therefore a desire among customers to protect their health.
Similarly, purchases of packaging-free food products or local produce are based on a personal approach to reducing packaging and the carbon footprint of products consumed, as well as a search for low-price products.

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

CONSUMER CHOICE MATRIX

Adapted offerings

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

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

Lastly, consumers' growing demand for product advice over the last few years has led them to prefer specialized offerings. This specialization is now essential for retailers across all sectors, leading to a rationalization of marketing positionings, the creation of real customer expertise and a reallocation of resources. This trend is clearly illustrated by the realignment - underway or planned - of several food retailers around their historic business, as well as the success achieved by medium-sized stores specialized in sport, leisure or household equipment.

STRATEGY AND POSITIONING ALIGNED WITH THESE REALITIES

In an increasingly competitive physical retail environment, the challenge for market participants concerns their ability to respond, asset by asset, to the needs of local consumers.

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

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

Since it was founded, Mercialys has been developing its assets in line with this approach, building market-leading shopping destinations. The Company's sustainable outperformance reflects its value proposition: offering retailers' end customers, through a network of shopping centers that are on a human scale and closely aligned with their local realities, 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.

3 longstanding know-how
generating competitive advantages

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

RETAIL KNOW-HOW
Adaptive, omnichannel retail concept

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

5 new strategic pillars
to invent tomorrow's retail real estate

The Company has a proven capacity for innovation. Mercialys has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, e-loyalty programs and even reducing the size of hypermarkets.
In 2019, this ability to anticipate trends was set out with the publication of five new strategic pillars for the transformation of its sites. These aim to capitalize on the portfolio's characteristics in order to respond to the sector's paradigm shift.
These pillars are broken down into a number of concrete operational initiatives, engaging all the employees, brought together in multidisciplinary project teams and adopting a pragmatic "test and learn" approach.

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

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

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

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

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

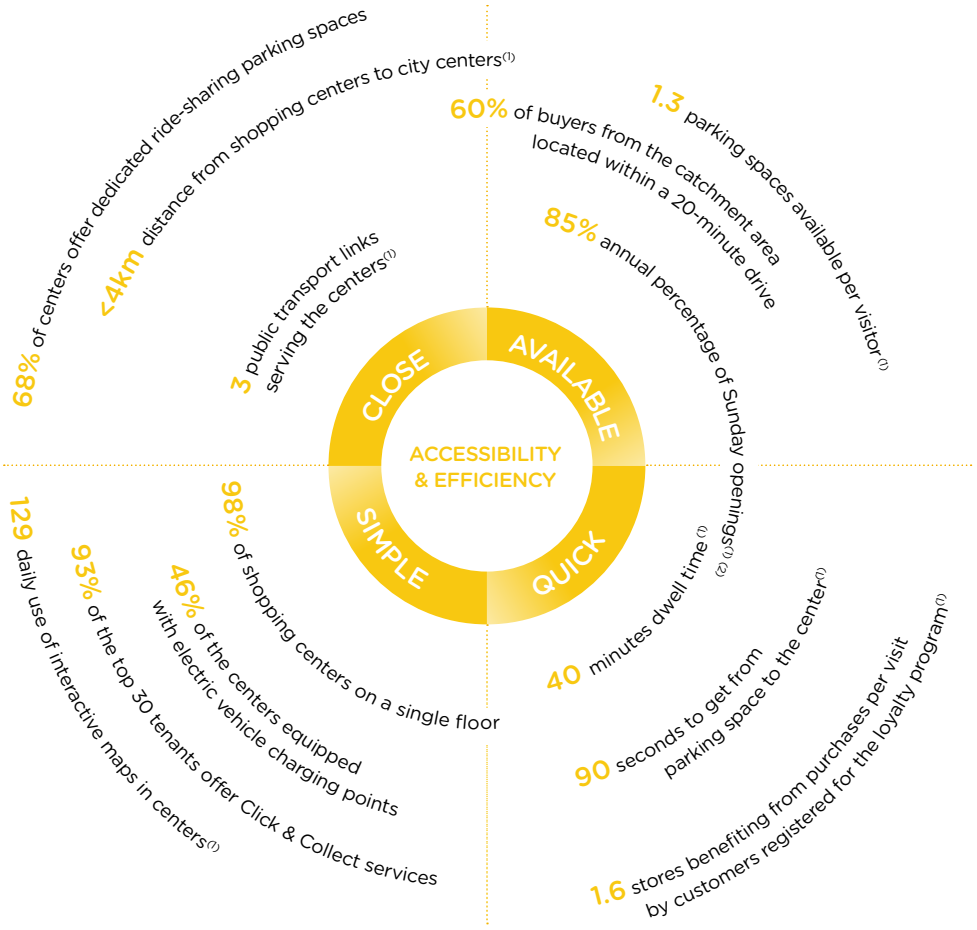
REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

Mercialys' first competitive advantage lies in its proven real estate know-how, enabling it to hold a portfolio of market-leading assets. Its shopping centers are designed in line with the specific urban features of the various medium-sized cities, notably 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, with outstanding transport links, long opening hours, optimized parking facilities, clear signs inside the shopping centers, etc.

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



(1) On average. / (2) Including large food stores.

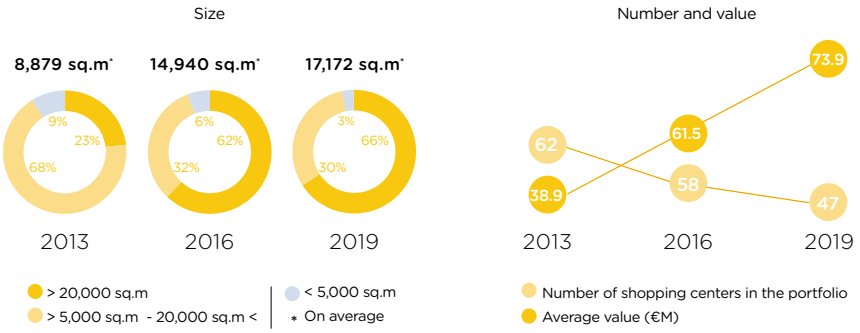
To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy for years. This is built around its asset management approach, selling mature sites, based on the Company's criteria, and making selective reinvestments in assets with residual development potential. This recycling of capital enables Mercialys to support its development, while keeping debt levels effectively under control. At end-December 2019, the Company's portfolio comprised 58 assets, valued at Euro 3,634.4 million including transfer taxes. Its shopping centers have an average size of 17,172 sq.m and an average value of Euro 73.9 million including transfer taxes, significantly higher than the levels from 2005.

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

(% of their value including transfer taxes)



FEATURES OF MERCIALYS SHOPPING CENTER LOCATIONS

86%(1)
proportion of centers located within the 1st or 2nd commercial zone of their catchment area

(1) In proportion to appraisal values including transfer taxes.

	Demographic growth(1)	Gross disposable income per capital growth(1)
Mercialys' geographic exposure(2)	+6.95%	+18.13%
French average(3)	+5.00%	+15.76%
Outperformance	195bp	237bp

(1) For 2005-2015, latest fully available INSEE data. / (2) Weighted by surface area. / (3) Mainland France.

Guided by its focus on creating value, Mercialys always invests with a selective, rational approach. Its development projects follow a strict logic to further strengthen the letting potential of its sites and consolidate their dominant positions. At end-2019, the Company had a deep and flexible Euro 468.6 million project pipeline with:
- retail space requalification projects (notably reducing hypermarket space to set up new shops and medium-sized stores);
- new retail space creation projects (extending shopping centers, building retail parks and food courts);
- mixed-use urban projects (renovating and redeveloping existing assets with functional diversity and flexible programming).

Projects covering **26 OF THE COMPANY'S 53** shopping centers and high-street assets.

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

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

MERCIALYS' DEVELOPMENT PIPELINE

(in millions of euros)

	Total investment	Target net yield on cost	Completion
Committed projects	11.3	7.1%	2020
Controlled projects	218.9	6.8%(1)	2021/25
Identified projects	238.4	7.0%(1)	2022/26
Total projects	468.6	6.9%(1)	2020/26

(1) Excluding the impact of mixed-use urban projects, which could also generate property development margins.

RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

Mercialys' second competitive advantage concerns its retail know-how, which aims to ensure that the products and services offered are perfectly aligned with the needs of retailers and end customers. It is built around two key success factors: balance and adaptability.

BALANCE refers first of all to the core offering of consumer goods (*i.e.* the 20% of the listings consumed 80% of the time) at Mercialys' sites, satisfying customers' essential needs with affordable pricing and products, which is a key factor in consumers' choices. It 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 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. Through a regular rotation of tenants and concepts, it helps ensure a vibrant retail mix, offering new discoveries for customers each time they visit centers. Adaptability also refers to Mercialys' ability to understand and satisfy customers' expectations through an increasingly specific and individualized approach.

Breakdown of annualized contractual rent by business sector

Personal items	31%
Food-anchored tenants	26%
Culture, gifts and sports	14%
Health and beauty	11%
Restaurants and catering	8%
Household equipment	6%
Services	3%

(1) On average. / (2) In compliance with the General Data Protection Regulation (GDPR).

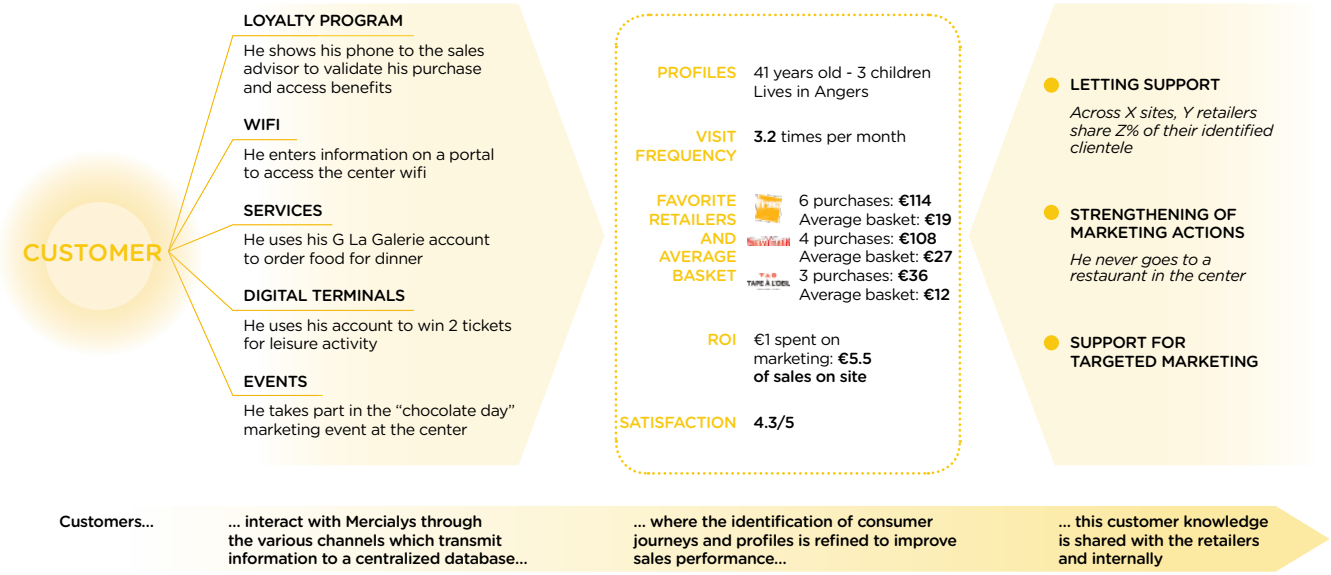
Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its increasingly fine-grained understanding of consumers' expectations, thanks in particular to the development of digital tools. The Company is able to count on a powerful omnichannel ecosystem, placed under the dedicated umbrella brand for its sites: G La Galerie.
This ecosystem includes a centralized marketing platform and services for retailers and end customers. It enables the convergence of their in-store and digital buying experiences and represents a robust tool for capturing expectations, carrying out predictive analysis, enhancing the customer experience, personalizing communications, building loyalty and driving more fluid exchanges between Mercialys, retailers and consumers.
It reinforces the many different physical marketing actions and events carried out in the centers, all for a cost that is significantly lower than an individualized center-specific approach. In addition, all of Mercialys' marketing and service tools are proprietary, enabling the Company to free itself up from the rising costs involved with buying traffic from the internet giants (GAFAs[1]).

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

The G La Galerie ecosystem makes it possible to develop extremely fine-grained knowledge of customers' needs and to tailor their retail offering to their individual needs. This ensures that their expectations are satisfied more effectively, with a more engaging buying experience, supporting center footfall and differentiation, as well as retailer sales.
As illustrated below, Mercialys' marketing actions aim to capitalize on each customer touchpoint - both physical and digital - to collect information and enhance their profile[2]. To date, Mercialys knows 20% of the individual customers from each catchment area on average for the 33 centers that are fully equipped with the G La Galerie system.
This customer knowledge is based on several criteria, such as the frequency of visits, the level of satisfaction and the retailers visited. Since 2018, Mercialys has also been able to access customers' average spend figures, irrespective of the retailer.
This improved understanding of expectations and habits is a key driver for strengthening customer loyalty. These data enable effectively targeted communications for events at the centers and specific retailer offers, improving the rates for customers returning to stores.
Alongside this, Mercialys' database makes it possible to approach center footfall on a store-by-store basis. Each center can share its database's statistical analysis with tenants in order to prepare targeted marketing actions for each store and its customers or prospects, ultimately benefiting the site's overall footfall figures.

KNOWING CUSTOMERS TO TAYLOR THE OFFERING AND MEET THEIR NEEDS MORE EFFECTIVELY



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

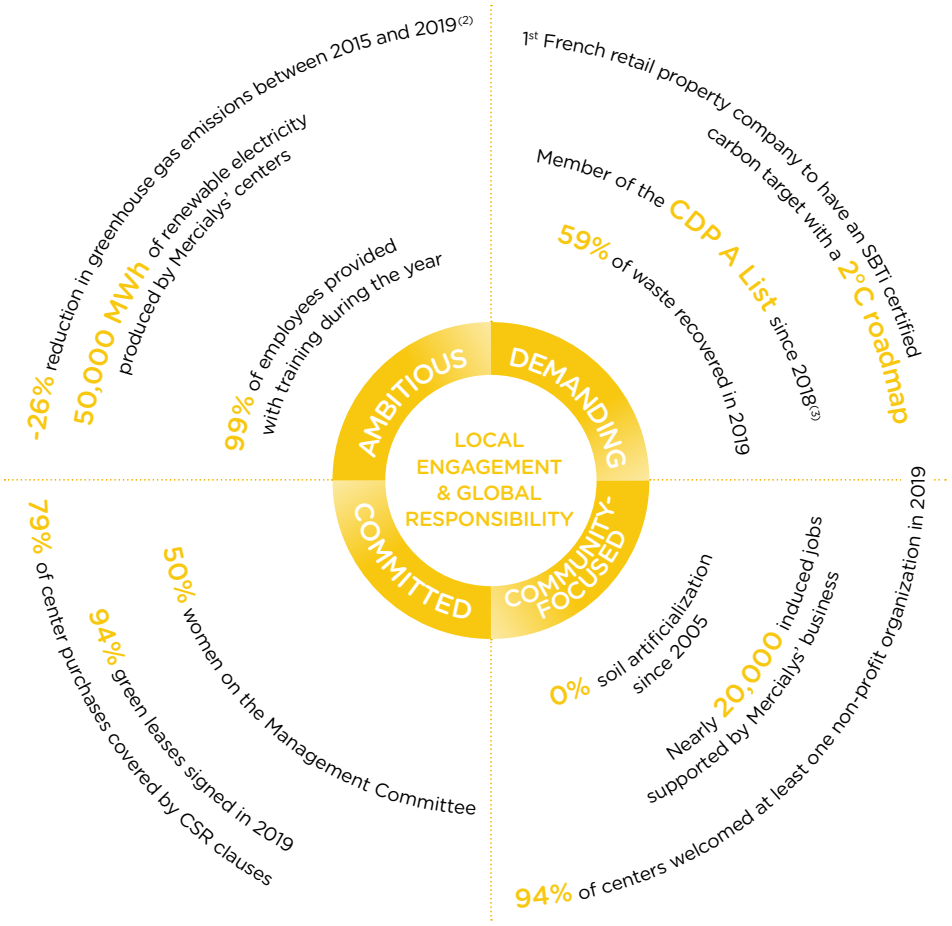
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

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

LOCAL ENGAGEMENT refers to the central economic and social positioning of Mercialys' shopping centers, reflected in particular in its good understanding of socioenvironmental 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, further consolidating the centers' legitimacy and leadership in their catchment areas.

GLOBAL RESPONSIBILITY refers to the MERY'21 CSR strategy mapped out in 2015 to respond to global issues through 10 priorities covering the risks and opportunities to be addressed by the Company. These priorities, their objectives set for 2020 and their contribution to the Sustainable Development Goals[1] are presented in the table opposite. While solutions are defined globally, most of them are implemented locally based on operational action plans that are tailored to the specific features and realities of each site. The next five-year plan for the CSR strategy is currently being finalized and will be published soon.



(1) SDGs: the Sustainable Development Goals adopted by the UN in 2015 define 17 priorities for development that is socially equitable, environmentally safe, economically prosperous, inclusive and predictable looking ahead to 2030. / (2) Scopes 1 and 2 on a like-for-like basis, location-based method. / (3) Carbon Disclosure Project (CDP): non-profit international organization which studies each year the impact of major listed companies on CO_2 emissions and climate change.

PRIORITIES	GOALS	CONTRIBUTION TO SDGs
Energy and greenhouse gas emissions	• Reduce energy consumption per sq.m by -20% by 2020 • Align its business with a 2°C compatible carbon roadmap	
Asset resilience and adaptability	• Ensure the adaptability of assets • Enable the assets to progress by one level of BREEAM In-Use certification	
Circular economy	• Recover 55% of waste in 2020 • Reduce water consumption by -15%	
Biodiversity	• Engage in protecting ordinary biodiversity	
Accessibility and connectivity	• Increase the percentage of visitors using alternative means of transport to individual petrol and diesel cars by +15% • 80% of visitors have a positive image of center accessibility	
Customer wellbeing, health and safety	• 100% of assets with a high level of security and health and safety • Increase comfort and quality of life in the centers • Strengthen visitor satisfaction • Increase tenant satisfaction	-
Community life and economic development	• Promote local employment • Facilitate social harmony	
Responsible value chain	• 80% of purchases over Euro 10,000 with CSR clauses • Build CSR awareness across the value chain	
Talents and diversity	• Identify, attract and retain talents • Combat all forms of discrimination	
Organization and quality of life at work	• Ensure employee health and safety • Develop employee engagement	

IMPLEMENTING THE CSR STRATEGY

GOVERNANCE

- Reporting to the Audit, Risks and Sustainable Development Committee
- Head of CSR part of the Management Committee
- CSR correspondents in each center

STAKEHOLDER ENGAGEMENT

- 27% of employees trained on CSR in 2019
- 95% of property managers trained on the CSR management tools in 2019
- 93% of centers have covered CSR during a meeting with tenant retailers

MEASURING PERFORMANCE

- 90% of centers have a monthly monitoring system for key environmental indicators
- 15% of variable annual compensation and 20% of long-term variable compensation for executives linked to CSR in 2020(1)
- 100% of management-grade employees have specific annual CSR targets for their activities

(1) Subject to the 2020 compensation policy being approved at the Annual General Meeting.

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, engagement and female majority

Mercialys' Board of Directors has evolved over the years, enabling it to consolidate the Company's outstanding practices and to specifically further strengthen its ability to develop a proactive and responsible strategy. In line with the Casino group's gradual reduction of its stake in Mercialys' capital, its representation on the Board has been reduced and today it holds 3 out of 11 seats. Moreover, in February 2019, it was decided to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer.
At February 12, 2020, the date when the accounts for 2019 were approved, the Board of Directors was made up of 11 directors, including 7 independent directors and 6 women.

54.5%
women directors at end-2019

56
average age at end-2019

100%
French directors at end-2019(1)

11
members

5.6 YEARS
of seniority on average at end-2019

86%
attendance rate in 2019

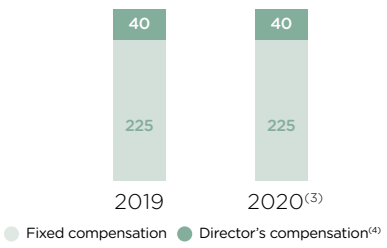
8
meetings in 2019

63.6%
independent directors at end-2019

Compensation for the Chairman of the Board of Directors

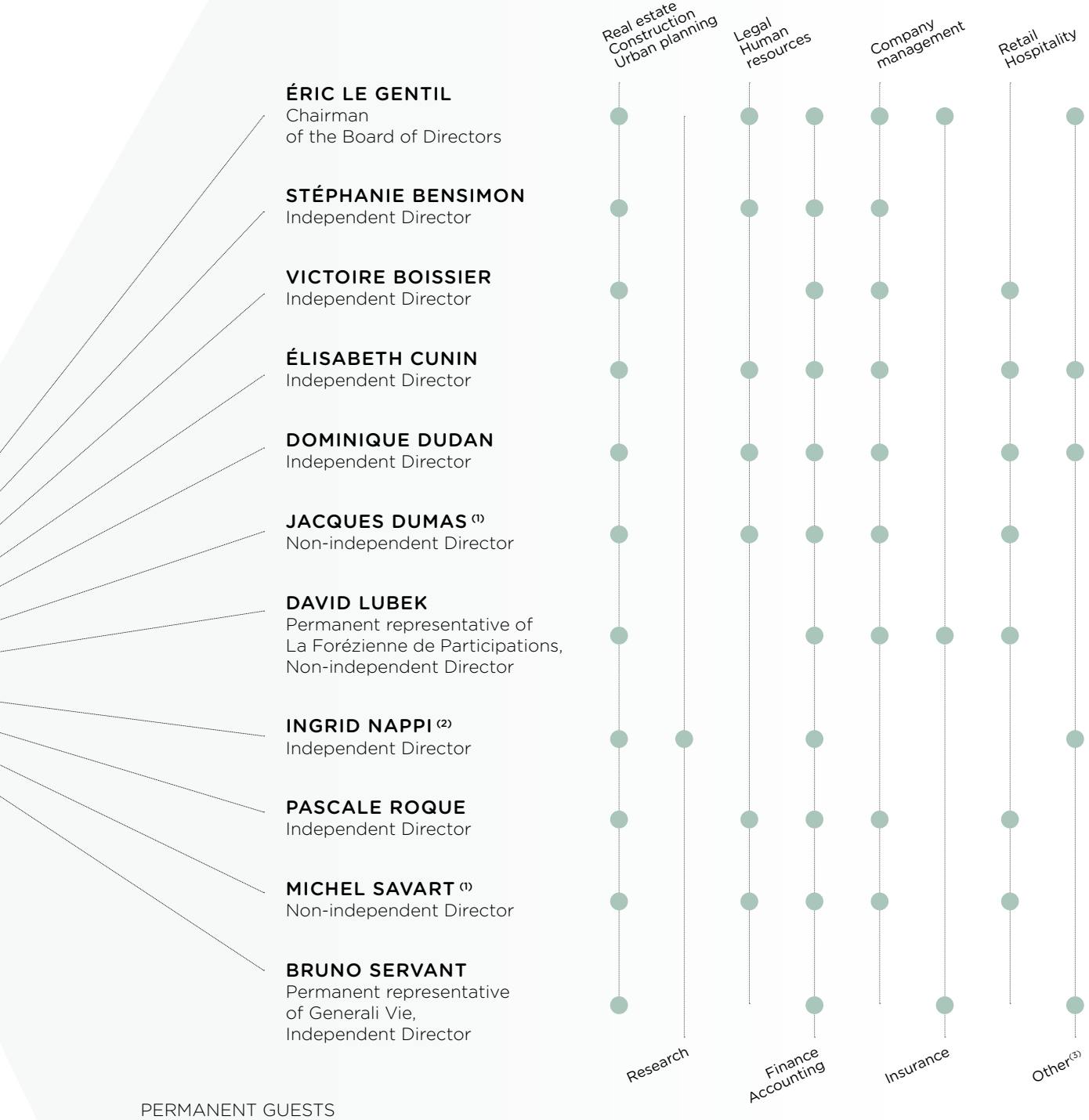
The compensation package for the Chairman of the Board of Directors, Mr. Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force(2). He does not receive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

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) Subject to approval at the 2020 Annual General Meeting. / (4) For 100% attendance.

AREAS OF EXPERTISE



PERMANENT GUESTS

VINCENT RAVAT
Chief Executive Officer

ÉLIZABETH BLAISE
Deputy Chief Executive Officer

With 3-year terms of office and one third renewable every year, as well as the regular integration of new directors, Mercialys' Board of Directors has a clear commitment to promoting diversity and renewing its expertise.

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

(1) Reappointment submitted for approval at the 2020 Annual General Meeting. / (2) Non-renewal of her term of office submitted for approval at the 2020 Annual General Meeting. / (3) Including IT and CSR.

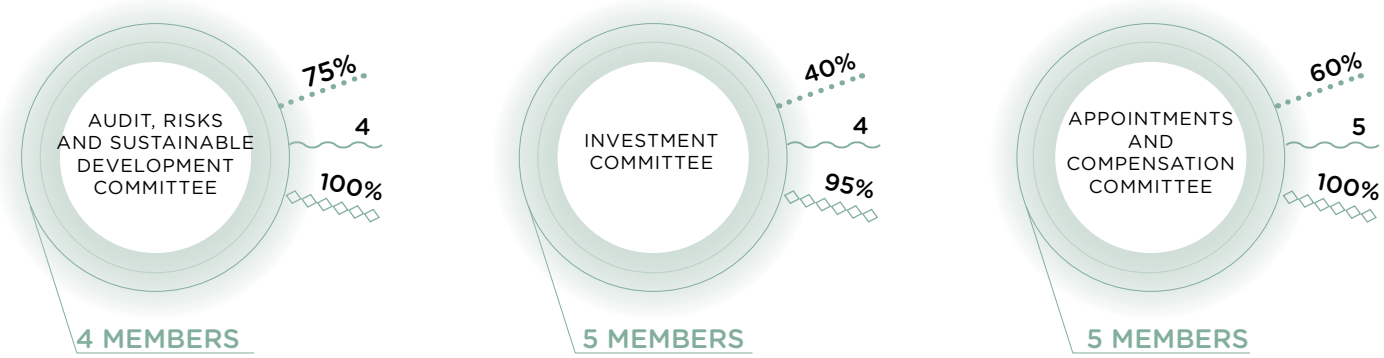
THREE SPECIALIZED COMMITTEES

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

The three Specialized Committees that assist the Board of Directors are the Audit, Risks and Sustainable Development Committee, the Investment Committee and the Appointments and Compensation Committee. They are all chaired by female independent directors and their composition ensures the balanced representation, independence and expertise of their members, supporting Mercialys' objective management and differentiating strategy.

COMPOSITION OF THE SPECIALIZED COMMITTEES



4 MEMBERS

Ms. STÉPHANIE BENSIMON
(Chairwoman)
Ms. INGRID NAPPI
Ms. PASCALE ROQUE
Mr. MICHEL SAVART

5 MEMBERS

Ms. DOMINIQUE DUDAN
(Chairwoman)
Mr. ÉRIC LE GENTIL
Mr. DAVID LUBEK
Mr. MICHEL SAVART
Mr. BRUNO SERVANT

1 PERMANENT GUEST

Mr. VINCENT RAVAT
Chief Executive Officer

5 MEMBERS

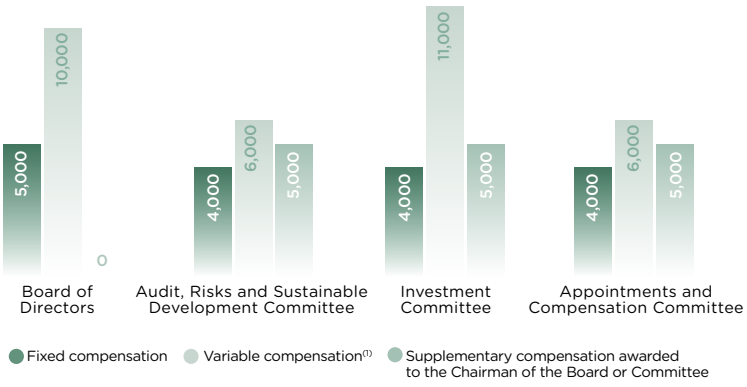
Ms. ÉLISABETH CUNIN
(Chairwoman)
Ms. VICTOIRE BOISSIER
Ms. DOMINIQUE DUDAN
Mr. JACQUES DUMAS
Mr. ÉRIC LE GENTIL

••••• Percentage of independent directors ~~~ Number of meetings in 2019 ◇◇◇ Attendance rate

Compensation for directors

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 also ensures strict compliance with the recommendations from the AFEP-MEDEF Code and Mercialys takes all necessary measures to avoid potential conflict of interest situations.

COMPENSATION POLICY FOR DIRECTORS
(in euros)

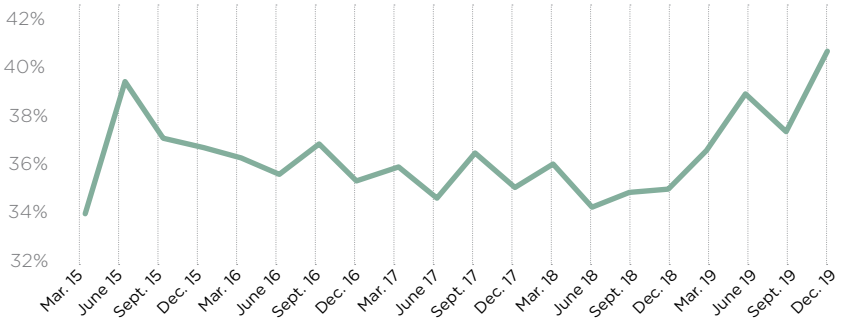


(1) For 100% attendance, directors' variable compensation being based on their individual effective rate of attendance for the Board of Directors and the Specialized Committees.

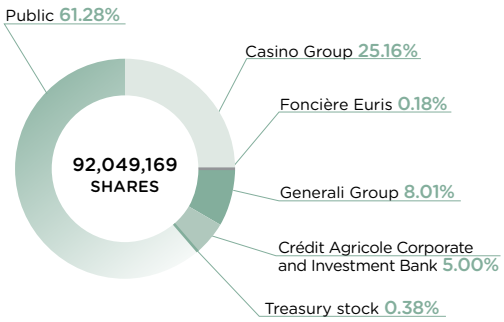
BALANCED AND ENGAGED SHAREHOLDER BASE

Mercialys has been listed on Euronext Paris Compartment A (ticker: MERY; ISIN: FR0010241638) since its initial public offering on October 12, 2005. The Company is part of the SBF 120, several real estate industry indexes (EPRA[1], IEIF[2]) and the Gaïa SRI index. The Company has a stable shareholder base, characterized by the presence of a major industrial shareholder: the Casino group. Its good understanding of retail trends and real estate stakes enables Mercialys to deploy a strategy that is aligned with the real estate sector's structurally long timeframes, while taking into account CSR issues, ethics and the expectations of all the various stakeholders to deliver sustainable growth that is shared more effectively.
Nevertheless, Mercialys' shareholding structure is still very open and diversified. The free float, now up to over 60%, ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up significant positions. At December 31, 2019, Mercialys' top 33 shareholders[3] held more than 40% of its capital and voting rights, and many of them have been shareholders for years.

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

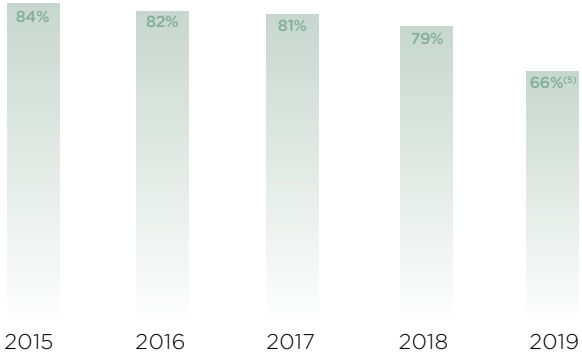


SHAREHOLDING STRUCTURE
AT JANUARY 31, 2020[4]



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 Meeting each year. More specifically, the Company's commitments include:
1/ **ensuring** that resolutions are compliant with the recommendations of proxy voting agencies;
2/ **maintaining** regular, proactive dialogue with its shareholders;
3/ **making** it easier for shareholders to express themselves, thanks in particular to the simplified approach for submitting questions and resolutions and the option for voting electronically.

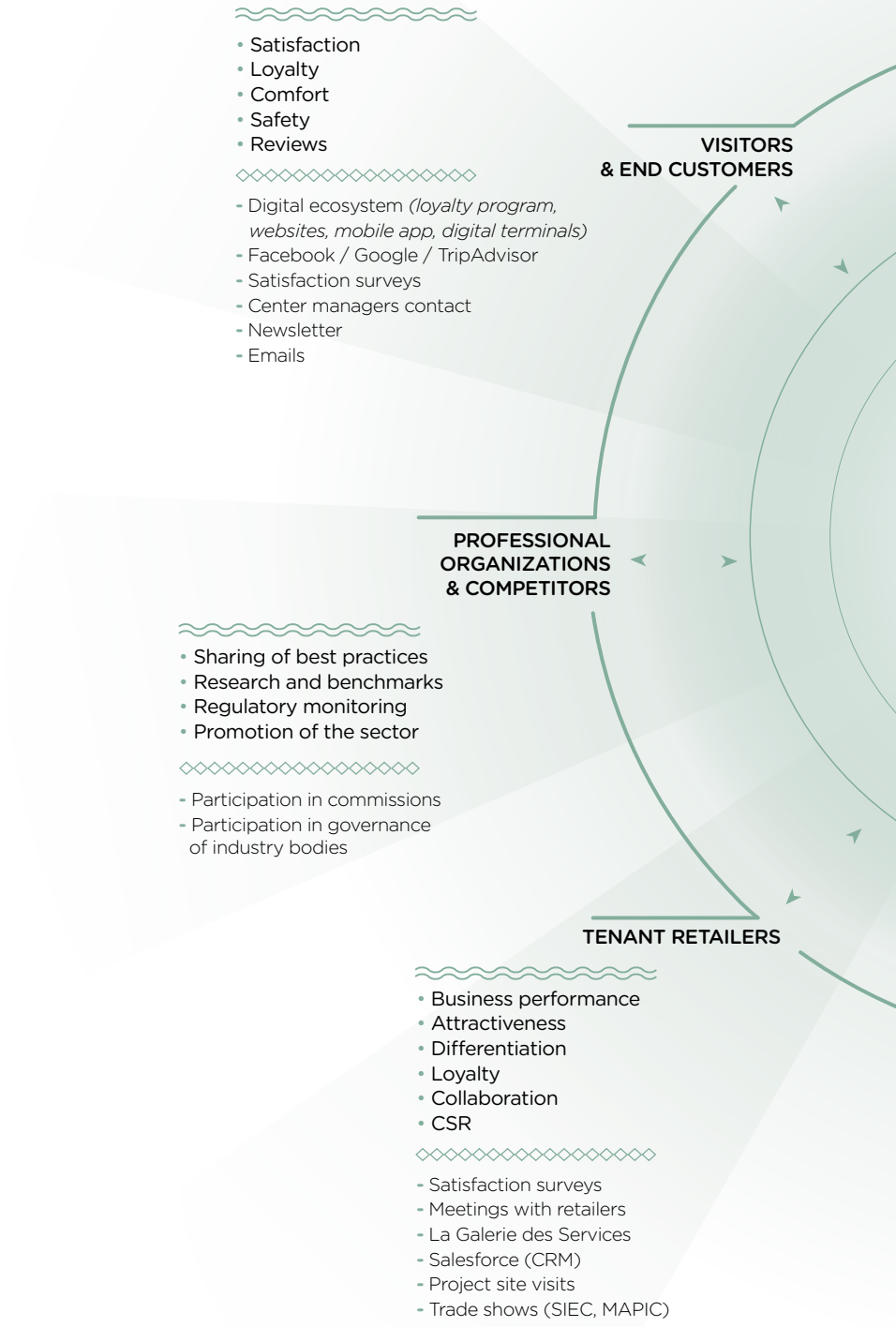
CHANGE IN THE PERCENTAGE OF SHAREHOLDERS
PRESENT, REPRESENTED OR VOTING ONLINE OR BY POST
AT THE LATEST ORDINARY GENERAL MEETINGS

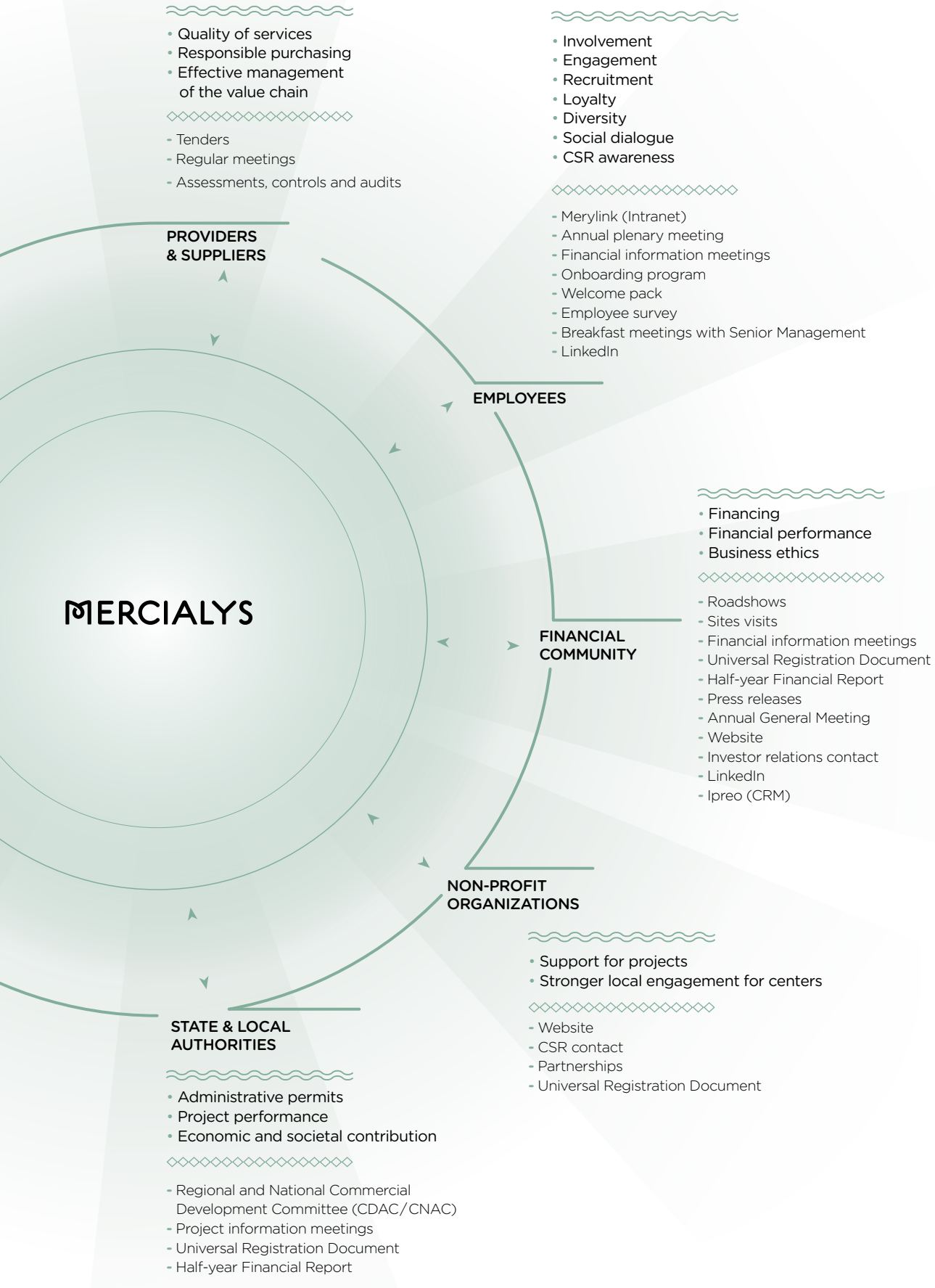


(1) EPRA: European Public Real Estate Association. / (2) IEIF: Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group, Generali Group and remaining securities in the process of being sold by Crédit Agricole Corporate and Investment Bank. / (4) Based on disclosure thresholds reported to the AMF in January 2020. / (5) The 15% of Mercialys' capital sold by the Casino group to Crédit Agricole, under an equity swap agreement, represented a non-voting position in 2019, with the bank treating the holding of these securities as a hedging position.

REGULAR DIALOGUE WITH STAKEHOLDERS

Through its business, Mercialys is part of a major ecosystem of stakeholders with which it builds solid relationships and maintains regular dialogue. This dynamic approach enables Mercialys to incorporate its ecosystem's 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 dialogue also offers opportunities to build long-term partnerships and more generally to align the Company with a process of continuous improvement and innovation.



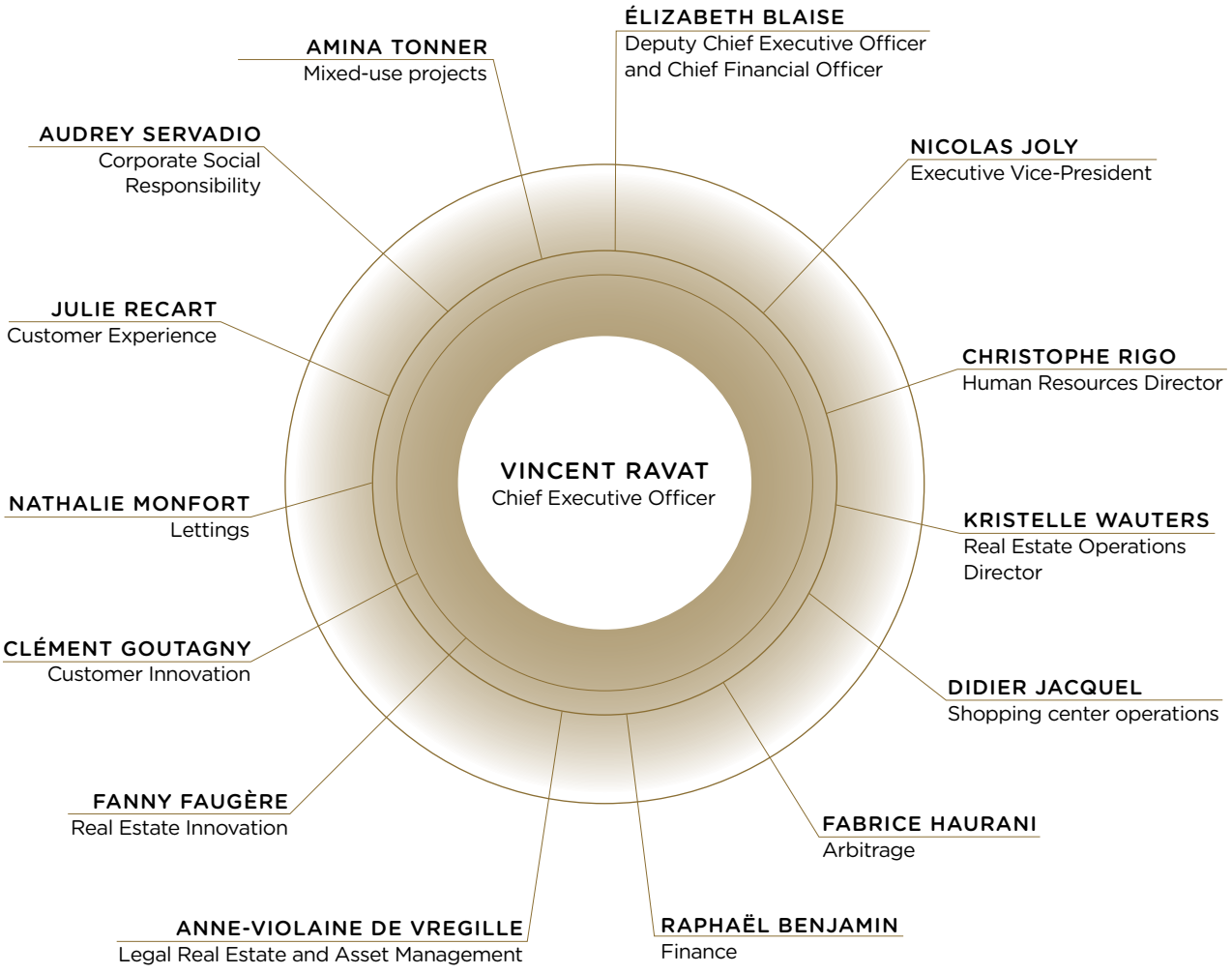

• Quality of services
• Responsible purchasing
• Effective management of the value chain
- Tenders
- Regular meetings
- Assessments, controls and audits
PROVIDERS & SUPPLIERS
• Involvement
• Engagement
• Recruitment
• Loyalty
• Diversity
• Social dialogue
• CSR awareness
- Merylink (Intranet)
- Annual plenary meeting
- Financial information meetings
- Onboarding program
- Welcome pack
- Employee survey
- Breakfast meetings with Senior Management
- LinkedIn
EMPLOYEES
MERCIALYS
• Financing
• Financial performance
• Business ethics
- Roadshows
- Sites visits
- Financial information meetings
- Universal Registration Document
- Half-year Financial Report
- Press releases
- Annual General Meeting
- Website
- Investor relations contact
- LinkedIn
- Ipreo (CRM)
FINANCIAL COMMUNITY
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

MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, female majority and strong operational focus

Mercialys made certain changes to its executive management structure in 2019, building a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a large number of female members. Mercialys was the top company from the SBF 120 in the "Le Point" and "L'Express" rankings for the representation of women in management committees and executive bodies.

The Management Committee was made up of 15 people at February 12, 2020, when the 2019 accounts were approved. This new 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.



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

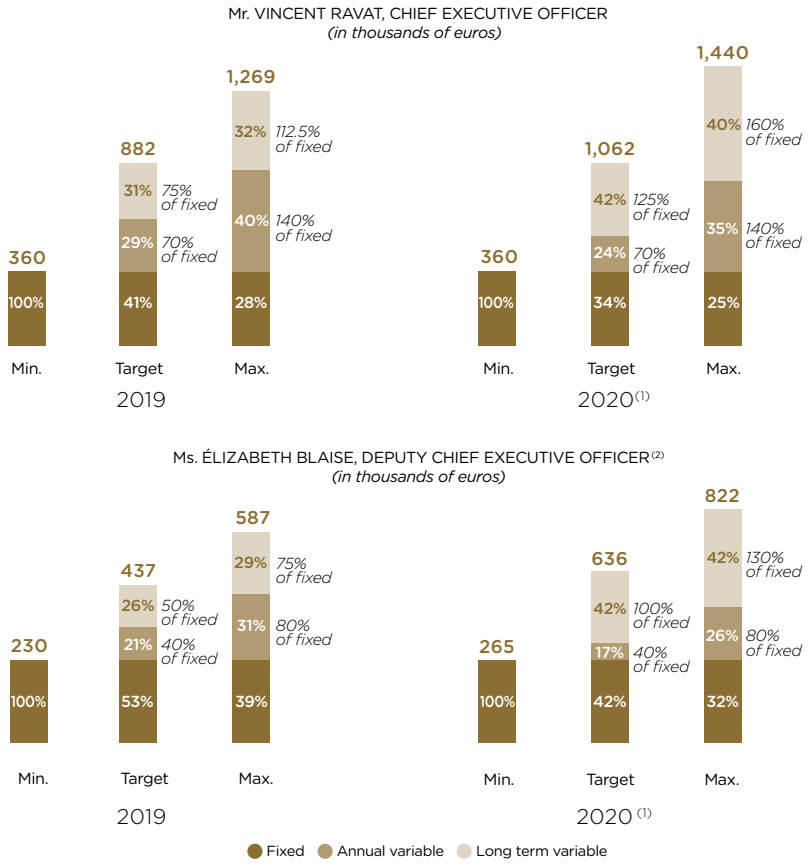
- Inclusion of quantifiable CSR criteria in the annual variable component
- Inclusion of a quantifiable CSR criterion in the long-term variable component (1)

CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

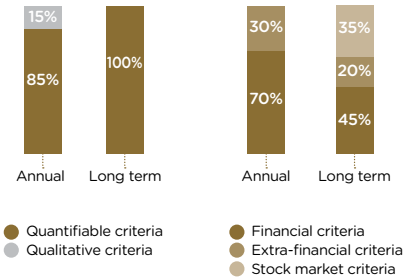
- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performance, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

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 and Compensation 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 excellent results achieved each year by Mercialys, their experience and the levels of compensation for employees.

COMPENSATION STRUCTURE



2020 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES (1)



EQUITY RATIOS (3) AND COMPENSATION POLICY APPROVAL RATE

	2019 average	2019 median	Votes approving the 2019 compensation policy
Chief Executive Officer	11.05	12.68	97.4%
Deputy Chief Executive Officer	6.72	7.71	96.4%

(1) Subject to the 2020 compensation policy being approved at the Annual General Meeting. / (2) As the Deputy Chief Executive Officer is continuing in her role as Chief Financial Officer, half of her compensation is based on her corporate office and half on her employment contract. / (3) Calculation methodology detailed in the Universal Registration Document.

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 manages its risks within a collaborative, community-based approach. The Company has positioned its risk management system at the heart of both its strategy and its operations: it is overseen by a Risk Prevention Committee, which reports to the Executive Leadership Team, and all employees ensure that operational measures are put in place.

The Risk Prevention Committee liaises directly with the Audit, Risks and Sustainable Development Committee, which regularly reviews the means in place and issues recommendations on the audit work carried out.

RISK PREVENTION COMMITTEE'S MISSIONS

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. 55 risks have been identified and are broken down into categories in accordance with the ESMA guidelines(1). Mercialys has defined 8 of them. 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

UNLIKELY

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 Mercialys' 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. 8 of the 55 risks identified meet these criteria. They cover 3 categories and are presented below.

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

OVERVIEW OF RISK MANAGEMENT ARRANGEMENTS

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

Company's firm focus on sustainable development and ethics

On account of its scale, sector and/or activity, which is concentrated exclusively in France, Mercialys is not subject to a certain number of regulations that have come into force in the last few years. However, in line with its commitments, the Company has voluntarily rolled out certain policies, processes and action plans to respond to various issues which, even not 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;
• 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;
• A vigilance approach to monitor practices across its value chain, notably by mapping the Company's spending, integrating CSR clauses into key contracts and deploying measures to monitor and assess 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 is available in English and French on Mercialys' website: www.mercialys.com.

(1) Data Protection Officer: person in charge of data protection in an organization.

BUSINESS MODEL GENERATING TOTAL PERFORMANCE

Mercialys' strategy is built around the continuous transformation of its commercial offering and real estate assets, adapting them in line with changes in buying behavior and developing and consolidating their rental revenues, while respecting their environment.

To achieve this, the Company harnesses six types of resources within a business model creating both financial and sustainability-based value for all its stakeholders.

Resources serving the strategy

HUMAN RESOURCES
- 111 expert employees
- 37 average age
- 55% women
- 70% management-grade employees

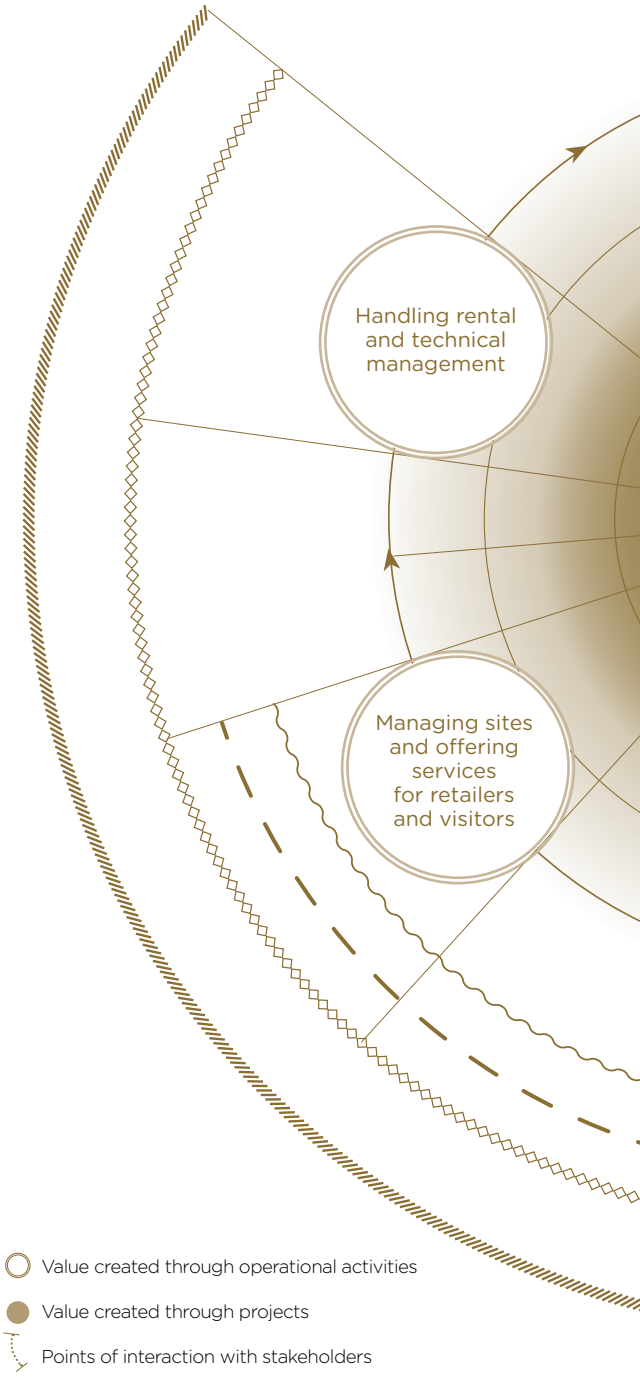
INTELLECTUAL AND TECHNOLOGICAL RESOURCES
- Intangible capital, including the G La Galerie brand and Mercialys' digital ecosystem, with 1 million qualified customers in its databases

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

FINANCIAL RESOURCES
- Euro 410 million of undrawn financial resources
- Balanced financial profile:
  - 1.3% average cost of drawn debt
  - 3.8 years average maturity of drawn debt
  - 39.5% LTV excluding transfer taxes(1)
  - 7.4x ICR(2)
  - 8.4x net debt/EBITDA

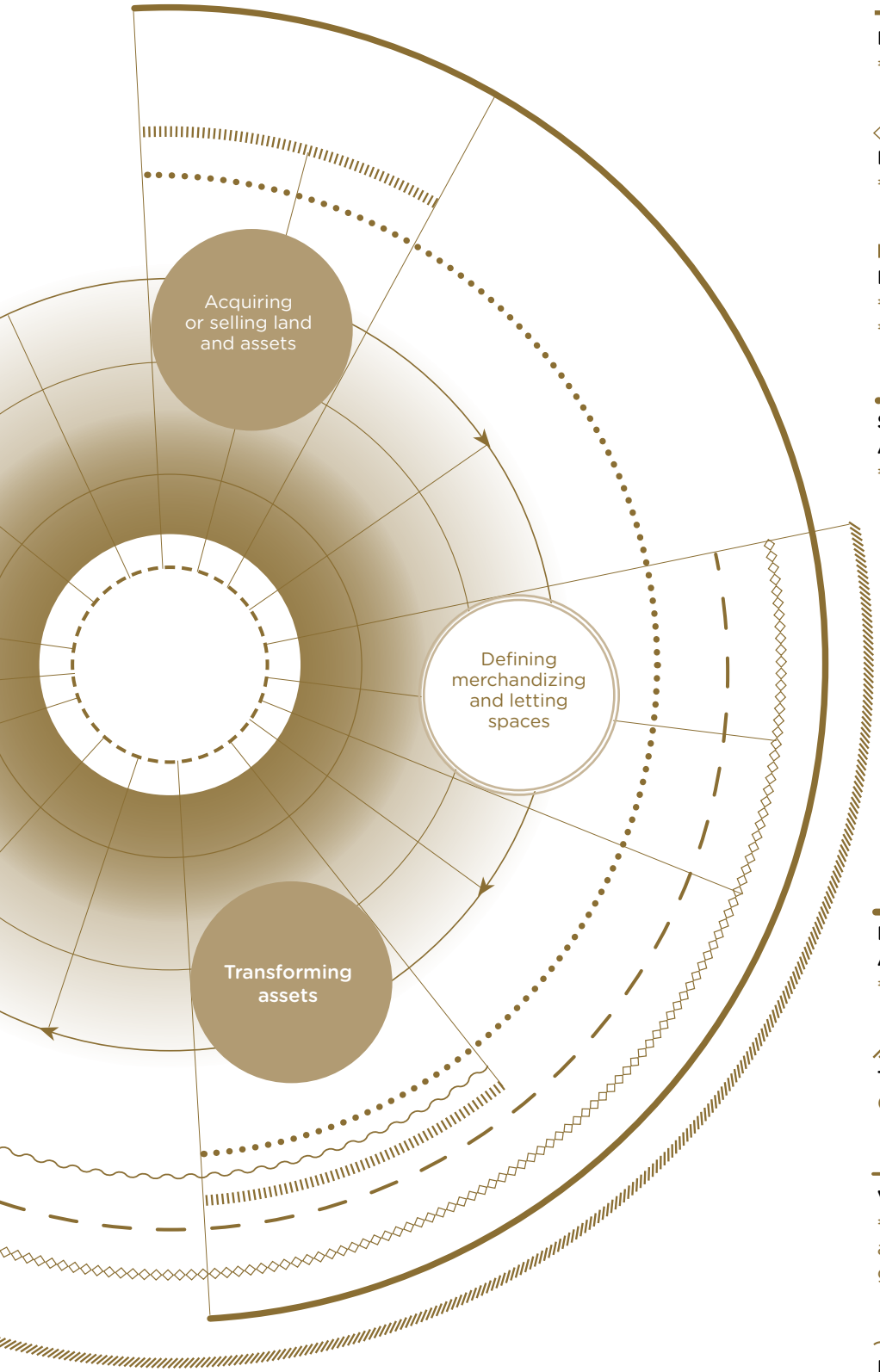
LAND RESOURCES
- Euro 468.6 million of development projects for 2020-2026
- 26 assets concerned, representing 49% of the number of assets in the portfolio(3)

ENVIRONMENTAL RESOURCES
- 56,605 MWh of energy consumed
- 159,418 m³ of drinking water consumed



(1) Loan To Value = net financial debt / (portfolio's fair value excluding transfer taxes + market value of investments in associates). / (2) Interest Coverage Ratio = EBITDA / net finance costs. / (3) Excluding the 5 dispersed assets.

Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
€12.4M of compensation paid

PROVIDERS AND SUPPLIERS
€13M of purchases

FINANCIAL COMMUNITY
€107M of dividends paid
€25M of financial expenses paid

STATE AND LOCAL AUTHORITIES
€3.3M of tax paid

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
€84K of annual contributions

TENANT RETAILERS
Over 100M annual visitors

VISITORS AND END CUSTOMERS
€6.5M budget for marketing funds, associations and economic interest groups (GIE)

NON-PROFIT ORGANIZATIONS
1,929 job offers shared across the centers

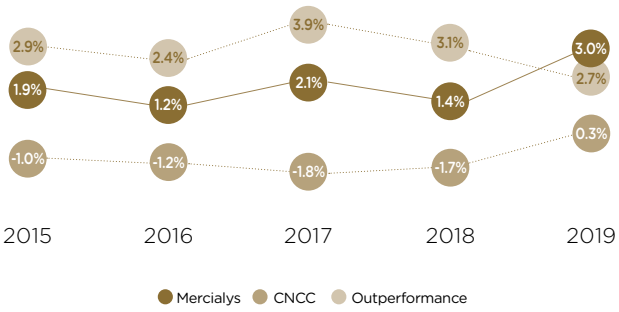
CREATING LASTING FINANCIAL AND SUSTAINABILITY-BASED VALUE

Through its organization focused exclusively on achieving excellence over the short, medium and long term, Mercialys creates lasting value. The attractiveness of its centers is managed each day with several key operational indicators and this is reflected in the outstanding financial and sustainability results achieved by the Company each year.

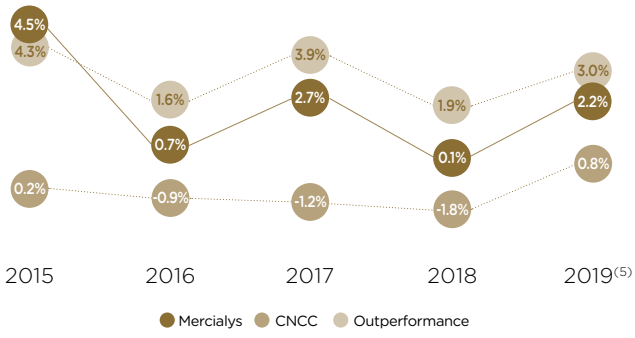
The operational performance of Mercialys' centers is assessed based on:

- 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 costs in their profit and loss and therefore the sustainability of the rents charged;
- The **current financial vacancy rate**(3), which makes it possible to assess the centers' commercial management;
- The **recovery rate**(4), which assesses the effective proportion of rent, charges and work invoiced to tenants and effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL



CHANGE IN RETAILER SALES



(1) Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing nearly 90% of the value of the Company's shopping centers. / (2) Ratio between rent, charges (included marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores. / (3) Mercialys' vacancy rate does not include agreements relating to the Casual Leasing business. / (4) Over 12 months. / (5) Year to end-November 2019.

CHANGE IN THE OCCUPANCY COST RATIO

CHANGE IN THE CURRENT FINANCIAL VACANCY RATE

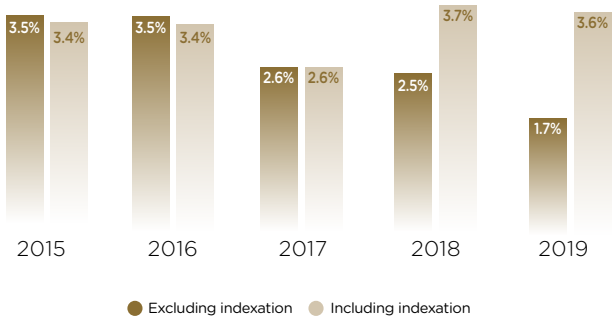
CHANGE IN THE RECOVERY RATE

FINANCIAL PERFORMANCE

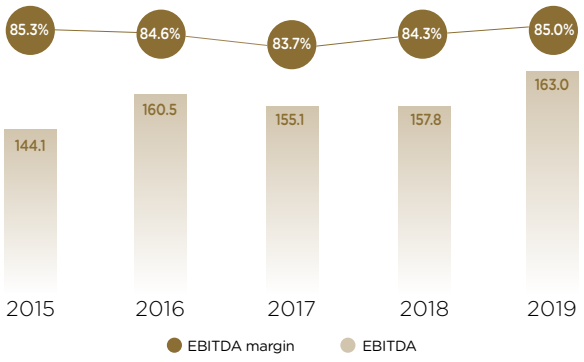
Financial performance is primarily assessed based on:

- **Organic growth in rental income**, which measures the change in the Company's revenues excluding the impact of acquisitions and disposals;
- **EBITDA margin**(1), which assesses the efficiency of its operational management;
- **Funds From Operations** (FFO), 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;
- **LTV, ICR** and **net debt/EBITDA** ratios, which make it possible to assess the sustainability of its debt;
- **Dividend yield**, with 95% of FFO 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



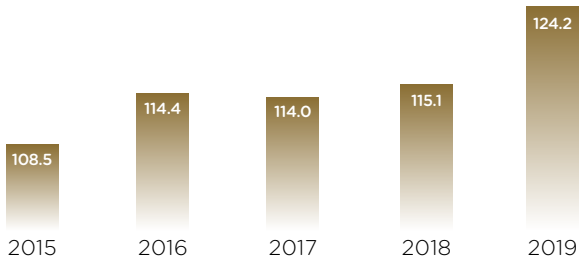
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN



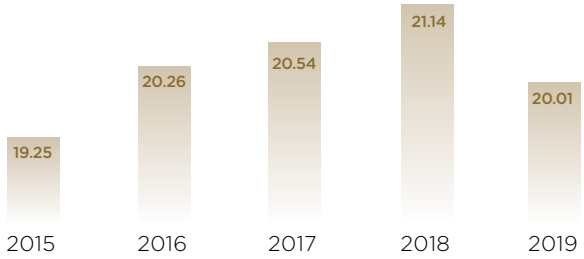
(1) Earnings before interest, taxes, depreciation, amortization and other operating income and expenses. Margin calculated on rental revenues.

FINANCIAL PERFORMANCE

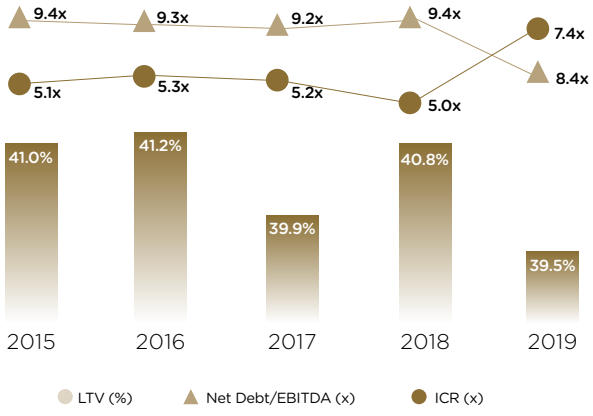
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



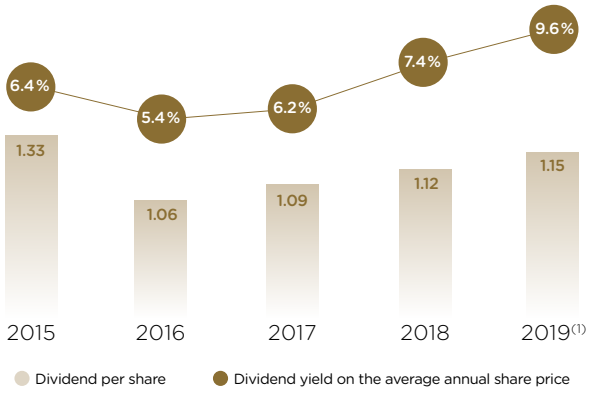
CHANGE IN EPRA NNNAV
(in euros per share)



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



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



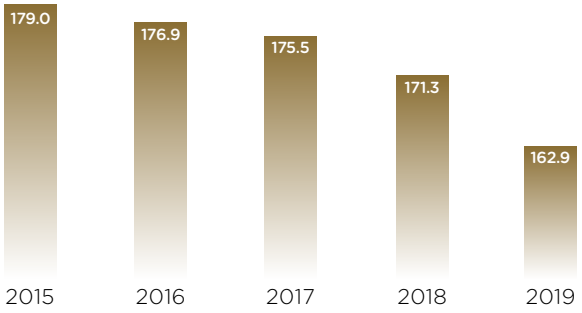
(1) Subject to approval at the Annual General Meeting on April 23, 2020.

SUSTAINABILITY PERFORMANCE

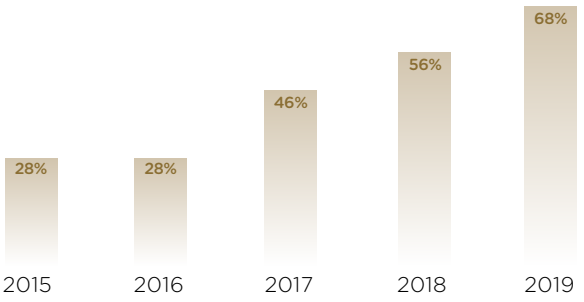
Mercialys' sustainability performance is monitored based on the following aspects:

- **Energy intensity per square meter** for its centers, which illustrates their efficiency in terms of energy consumption;
- **Percentage of the 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;
- **Gender pay gap**, which assesses the ability to ensure equal treatment for all employees and to recognize their unique features and diversity.

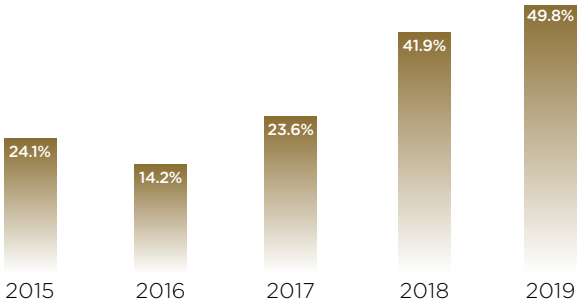
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWh/sq.m - like-for-like basis)



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



CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(like-for-like basis)

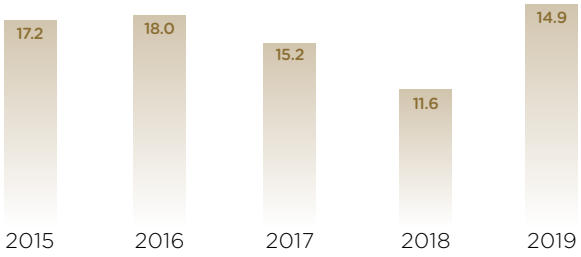


SUSTAINABILITY PERFORMANCE

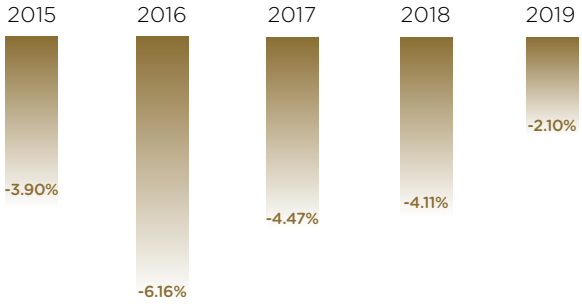
CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS PER SQ.M

(Scopes 1 and 2 - in tons of CO_2 equivalent - market-based method – like-for-like basis)

CHANGE IN THE AVERAGE NUMBER OF HOURS OF TRAINING PER EMPLOYEE TRAINED



CHANGE IN THE GENDER PAY GAP(1)



(1) Excluding senior executives.

Mercialys' sustainability performance levels are in line with its MERY'21 CSR strategy goals and were recognized once again in 2019 by the leading industry benchmarks and rating agencies.

For instance, Mercialys confirmed its "Prime" status with the rating agency ISS-Oekom and its inclusion in the CDP A List, for the second consecutive year, recognizing its leadership for sustainable development, taking into account the expectations of all its stakeholders and its value creation on multiple levels.
Mercialys' voluntary commitments and maturity in terms of CSR were also recognized with its continued Green Star rating by GRESB(1), for the third consecutive year, and its score of 90/100, ranking it in fifth place for retail real estate companies in Europe.
Lastly, with the Company's strong commitment to information and reporting transparency, it once again received two EPRA Gold Awards, in addition to the award for Best Registration Document on the SBF 120 at the 10th *Grands Prix de la Transparence*(2) ceremony.

	2015	2016	2017	2018	2019
GRESB	-	Score: 64/100	Score: 84/100 Green Star status achieved	Score: 87/100 Green Star status	Score: 90/100 Green Star status
CDP	-	-	Rating: A-	Rating: A Inclusion in the A List	Rating: A A List status maintained
Gaïa index	Score: not comparable Member of the Gaïa index	Score: 73/100 Member of the Gaïa index	Score: 79/100 Member of the Gaïa index	Score: 82/100 Member of the Gaïa index	Score: 83/100 Member of the Gaïa index
vigeo eiris	Score: 47/100	Score: 47/100 (no review in 2016)	Score: 51/100	Score: 51/100 (no review in 2018)	Score: 63/100(3)
SUSTAINALYTICS	-	Score: 39/100(3)	Score: 67/100(3)	Score: 67/100(3) (no review in 2018)	Score: 75/100
MSCI	Rating: A	Rating: A	Rating: A	Rating: BBB	Rating: A
ISS-oekom	Rating: D+	Rating: D+	Rating: C-	Rating: B- "Prime" status achieved	Rating: B- "Prime" status maintained
TRANSPARENCE	#79 on SBF 120	#83 on SBF 120	#3 on SBF 120 Year's Most Improved Award	#1 on SBF 120 Grand Prix "All Categories" Award	Classified out of category Registration Document Award
EPRA	BPR Gold Award	BPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award
Ethics & Boards	#10 on SBF 120	#6 on SBF 120	#12 on SBF 120	#4 on SBF 120	No review to date

(1) Global Real Estate Sustainability Benchmark: international benchmark that assesses the CSR policies and performances of real estate companies each year. / (2) Each year, the Grands Prix de la Transparence awards recognize listed French companies from the SBF 120 for the clarity and quality of their regulatory reporting, based on over 200 objective criteria concerning their main financial and sustainability reporting materials. / (3) Estimated.

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