

MERCIALYS

16-18 rue du Quatre-Septembre
CS 36812 - 75082 Paris Cedex 02 - France

Executive compensation

(published in accordance with the AFEP-MEDEF corporate governance code)

I. Variable compensation for the Chief Executive Officer and Deputy Chief Executive Officer

a) 2023 variable compensation to be paid to the Chief Executive Officer and the Deputy Chief Executive Officer, subject to approval at the General Meeting on April 25, 2024

During its meeting on February 14, 2024, and after consulting with the Appointments, Compensation and Governance Committee, the Company's Board of Directors approved the following items of compensation for the Chief Executive Officer and the Deputy Chief Executive Officer for 2023:

The Board of Directors set the amount of variable compensation for the Chief Executive Officer and the Deputy Chief Executive Officer for 2023.

For reference, the target represented 70% of annual fixed compensation for the Chief Executive Officer, with a maximum of 140%, and 55% for the Deputy Chief Executive Officer, with a maximum of 110%.

It was based on the achievement of quantitative targets for 100%.

The Board of Directors acknowledged the levels of performance achieved and set the amount of variable compensation for 2023 as follows:

- For the Chief Executive Officer, a gross total of Euro 442,470;
- For the Deputy Chief Executive Officer, a gross total of Euro 314,645.

b) Long-term compensation definitively awarded to the Chief Executive Officer and Deputy Chief Executive Officer

For reference, in accordance with the compensation policies approved during the General Meeting on April 22, 2021, the Board of Directors decided, during its meeting on the same day, to award the Chief Executive Officer and Deputy Chief Executive Officer, as part of their long-term compensation, a maximum of 95,112 bonus shares (with 59,516 shares awarded to the Chief Executive Officer and 35,596 awarded to the Deputy Chief Executive Officer), subject in full to a condition for being present (as a corporate officer) on the vesting date for the shares, as well as compliance with three performance criteria over FY 2021 to FY 2023 (inclusive).

For information, the Board of Directors, during its meeting on February 14, 2024, following the opinion issued by the Appointments, Compensation and Governance Committee, acknowledged the vesting of 95,112 bonus shares under this plan, with 59,516 bonus shares for the Chief Executive Officer and 35,596 for the Deputy Chief Executive Officer with effect from April 22, 2024, in accordance with the terms of said plan.



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II. 2024 compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

In accordance with Article L.22-10-8 of the French commercial code (Code de commerce), the 2024 compensation policy for corporate officers was set by the Board of Directors on February 14, 2024, after consulting with the Appointments, Compensation and Governance Committee, and will be submitted for approval at the General Meeting on April 25, 2024.

The Board of Directors' specific report detailing all of these elements will be presented in the 2023 Universal Registration Document and the 2024 General Meeting brochure.

a) Compensation for the Chairman of the Board of Directors

The annual fixed compensation for Mr Éric Le Gentil, as Chairman of the Board of Directors, will remain unchanged in 2024 at Euro 225,000, for the specific missions assigned to him as Chairman of the Board: (i) relations with key shareholders, as well as key financial and/or industrial partners, (ii) participation in drawing up the strategy and monitoring its implementation, and (iii) liaising between the Board and the Executive Leadership Team.

Mr Éric Le Gentil, as Chairman of the Board of Directors, will not receive any annual variable compensation, any long-term variable compensation or any bonus shares.

As a director, a member of the Strategy and Transformation Committee, which changed its name to the Sustainable Investment Committee, and a member of the Appointments, Compensation and Governance Committee, Mr Éric Le Gentil will receive compensation for this activity in accordance with the Company's rules.

b) Compensation for the Chief Executive Officer

– Fixed compensation

Mr Vincent Ravat's annual fixed compensation as Chief Executive Officer has been set at Euro 430,000 since 2022.

It is proposed to not modify the amount of his fixed compensation in 2024.

The Proxinvest report on executive pay in SBF 120 companies for FY 2022, published in 2023, shows that Mercialys continues to be one of the "best" companies in terms of its equity ratio (8th on the SBF 120 with an equity ratio of 11, versus an average of 77 and median of 45).

Overall, the Chief Executive Officer's compensation policy is structured to ensure a stronger focus on rewarding the Company's performance, particularly over the long term.

– Annual variable compensation

This compensation is conditional upon the achievement of specific and ambitious targets.



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For reference, Mr Vincent Ravat's target variable compensation for 2023 represented 70% of his annual fixed compensation. In the event of outperformance, this variable compensation could therefore reach up to 140% of his annual fixed compensation. It is proposed to not modify this variable compensation policy in 2024.

Mercialys also continues to align its compensation policy with the best market standards, with 100% quantitative criteria (higher than the HCGE best practice recommendation) continuing to structure the variable compensation component, based on criteria that are clearly defined.

A series of balanced criteria have been retained for 2024, covering financial performance, operational performance and sustainability performance aspects relating to the CSR strategy, including climate stakes and more generally the Company's social and environmental stakes.

The objectives retained reflect the Company's main challenges and stakes for the coming year; they are ambitious and measurable:

1 - Financial criteria

- NRE ¹ growth in order to measure the change in Mercialys' recurrent earnings
- EBITDA margin in order to assess the financial impacts of the strategy implemented

2 - Operational criteria

- Total financial vacancy rate in a context of increased difficulties for retailers
- Maintaining an investment and disposal volume (excluding current maintenance) over the year making it possible to adapt growth and ensure balanced positions on the balance sheet, while securing the portfolio's liquidity
- Effective operational launch of projects from the pipeline marking the transition to an operational phase for projects on which the preparatory and administrative developments were completed in 2023

3 - CSR sustainability criteria, including environmental and climate aspects

- Score in the ranking for the representation of women on the SBF 120 maintained at the highest level to ensure the Company's continued alignment with market best practices
- Achievement on a linearized basis of the major objectives from the Company's "4 Fair Impacts" strategy in line with the global strategic roadmap looking ahead to 2030

In accordance with Article L. 22-10-8, III of the French commercial code, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of the compensation for executive corporate officers in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the Company's best interests and are necessary to ensure the Company's sustainability or viability. The events that could result in this option being used include any

¹ Note that the "Net Recurrent Earnings" (NRE) concept has gradually replaced the "FFO" concept, which was used previously, in the Company's financial reporting without modifying how the indicator was previously calculated for all compensation components



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event beyond Mercialys' control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as the impact of an epidemic as with Covid-19.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (particularly following a merger or disposal, a change of control, the acquisition or creation of a new significant activity or the discontinuation of an existing significant activity), the Board of Directors, as recommended by the Compensation, Appointments and Governance Committee, may, at its discretion, adjust one or more performance criteria-related parameters upwards or downwards (weighting, trigger thresholds, objectives, targets, etc.) for the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

In the event of the Chief Executive Officer's departure, including in the event of his death and excluding his dismissal for gross or serious misconduct, the variable compensation for the current year will be calculated on a *pro rata temporis* basis for his presence as an executive officer of Mercialys. His variable compensation will then be calculated based on performance criteria assessed at the end of the year during which the Chief Executive Officer ceased to hold his office.

– Long-term incentives

To align the Chief Executive Officer's interests with the Company's shareholder performance over the long term, the Board of Directors, subject to Article L. 22-10-60 of the French commercial code, has decided to maintain the principle for awarding bonus shares.

This award would represent a target based on 125% of his annual fixed compensation (i.e. Euro 537,500) if the targets set are achieved, potentially rising to 187.5% of his annual fixed compensation if each performance criteria is exceeded. In any event, the combination of the three criteria would be capped at 160% of his annual fixed compensation (i.e. Euro 688,000).

All of the target variable components (annual or multi-year bonus and performance shares) are aligned with the thresholds recommended by the voting advisory agencies as they do not exceed 200% of the fixed salary and the combined amount of the variable components does not exceed 300% of the maximum fixed compensation.

In addition, the annual variable compensation does not exceed the long-term conditional component of the Chief Executive Officer's compensation with a view to supporting a genuine alignment between compensation and long-term performance, while not encouraging short-term risk-taking.

Vesting will be subject to performance conditions, as indicated in Section 4 of the 2023 Universal Registration Document. One of the objectives is linked to reducing the carbon intensity of the Company's portfolio in order to positively engage the Company in the fight against climate change.

Moreover, bonus shares will only be vested by the Chief Executive Officer at the end of a three-year vesting period, subject to conditions of presence in his capacity as a corporate officer.



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Following this three-year vesting period, the Chief Executive Officer would be required to hold 100% of his shares for a minimum period of two years after they are fully vested, and then to hold 50% on a registered basis until the end of his office. The requirement to retain 50% of the shares acquired for over two years would only continue to apply until the total amount of shares held by the executives represents 300% of their last gross annual fixed compensation. The amount would be determined at the start of each year based on Mercialys' weighted average share price for the previous year ended.

In the event of the Chief Executive Officer's departure, including in the event of his death and excluding his dismissal for gross or serious misconduct, his entitlement to the bonus shares awarded to him before his effective departure date would be maintained on a *prorata temporis* basis for his presence as an executive officer of Mercialys during the vesting period, while remaining subject to said plan's performance conditions.

The performance conditions will then be calculated based on the plan's performance criteria, assessed at the end of the year during which the Chief Executive Officer ceased to hold his office.

In such a case, on his effective departure, the Chief Executive Officer would also be discharged from any holding requirement.

Furthermore, in accordance with the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes to not use risk hedging operations until the end of the lock-up period for his shares.

– **Non-compete clause**

The Chief Executive Officer is entitled to severance benefits in exchange for a non-compete and non-solicitation obligation that would be paid on a monthly basis equivalent to one twelfth of 50% of Mr Vincent Ravat's total annual compensation (fixed and variable), with this total annual compensation calculated as the average of the total compensation paid for the two years prior to his departure.

This would apply for a period not exceeding his time with the Company, up to a maximum of two years, while noting that the Company may reduce or waive the application period.

This level is below the recommendation from Article 25.6 of the AFEP-MEDEF Code, which refers to a maximum limit of two years of total compensation, comprising the annual fixed and variable components.

Payment of the non-compete benefits is excluded if the Chief Executive Officer exercises his entitlement to retire. In any event, no non-compete benefits will be payable to him after the age of 65.

c) Compensation for the Deputy Chief Executive Officer

– **Fixed compensation**

Ms Elizabeth Blaise's annual fixed compensation for 2022 and 2023 was Euro 318,000.



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It is proposed to not modify the amount of Ms Elizabeth Blaise's fixed compensation in 2024.

The Deputy Chief Executive Officer's compensation policy is structured to ensure a stronger focus on rewarding the Company's performance, particularly over the long term.

– Annual variable compensation

This compensation is conditional upon the achievement of specific and ambitious targets.

For reference, Ms Elizabeth Blaise's target variable compensation for 2023 represented 55% of her annual fixed compensation.

The maximum achievement rate for each target could reach 200%. In the event of outperformance, this variable compensation could therefore reach up to 110% of her annual fixed compensation. It is proposed to not modify this variable compensation policy in 2024.

Mercialys continues to align its compensation policy with the best market standards, with 100% quantitative criteria now structuring the variable compensation component, based on criteria that are clearly defined.

A series of balanced criteria have been retained for 2024, covering financial performance, operational performance and sustainability performance aspects relating to the CSR strategy, including climate stakes and more generally the Company's social and environmental stakes.

The objectives retained reflect the Company's main challenges and stakes for the coming year; they are ambitious and measurable:

1 - Financial criteria

- NRE ² growth in order to measure the change in Mercialys' recurrent earnings
- EBITDA margin in order to assess the financial impacts of the strategy implemented

2 - Operational criteria

- Maintaining an investment and disposal volume (excluding current maintenance) over the year making it possible to adapt growth and ensure balanced positions on the balance sheet, while securing the portfolio's liquidity
- Control over the change in the rate of net rental expenses not charged back to tenants on a like-for-like basis in a context of rising operating costs
- Total financial vacancy rate in a context of increased difficulties for retailers

3 - CSR sustainability criteria, including environmental and climate aspects

² Note that the "Net Recurrent Earnings" (NRE) concept has gradually replaced the "FFO" concept, which was used previously, in the Company's financial reporting without modifying how the indicator was previously calculated for all compensation components



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- “Greening” of financing facilities and achievement of the CSR objectives associated with the change in the margins for the bank facilities
- Achievement on a linearized basis of the major objectives from the Company’s 4 Fair Impacts strategy in line with the global strategic roadmap looking ahead to 2030

In accordance with Article L. 22-10-8, III of the French commercial code, the Board of Directors, as proposed by the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of the compensation for executive corporate officers in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the Company’s best interests and are necessary to ensure the Company’s sustainability or viability. The events that could result in this option being used include any event beyond Mercialys’ control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as the impact of an epidemic as with Covid-19.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group’s strategy or scope (particularly following a merger or disposal, a change of control, the acquisition or creation of a new significant activity or the discontinuation of an existing significant activity), the Board of Directors, as recommended by the Compensation, Appointments and Governance Committee, may, at its discretion, adjust one or more performance criteria-related parameters upwards or downwards (weighting, trigger thresholds, objectives, targets, etc.) for the Deputy Chief Executive Officer’s annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

In the event of the Deputy Chief Executive Officer’s departure, including in the event of her death and excluding her dismissal for gross or serious misconduct, the variable compensation for the current year will be calculated on a prorata temporis basis for her presence as an executive officer of Mercialys. Her variable compensation will then be calculated based on performance criteria assessed at the end of the year during which the Deputy Chief Executive Officer ceased to hold her office.

— 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 Article L. 22-10-60 of the French commercial code, has decided to maintain the principle for awarding bonus shares.

Ms Elizabeth Blaise’s target percentage has been kept, expressed as a percentage, at the level from the 2023 plan, with a target based on 100% of her annual fixed compensation (i.e. Euro 318,000) if the targets set are achieved, potentially rising to 150% of her annual fixed compensation if each performance criteria is exceeded. In any event, the combination of the three criteria would be capped at 130% of her annual fixed compensation (i.e. Euro 413,400), in order to comply with market best practices.



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Vesting will be subject to performance conditions, as indicated in Section 4 of the 2023 Universal Registration Document. One of the objectives is linked to reducing the carbon intensity of the Company's portfolio in order to positively engage the Company in the fight against climate change.

Moreover, the bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to presence conditions in her capacity as a corporate officer.

Following this three-year vesting period, the Deputy Chief Executive Officer would be required to hold 100% of her bonus shares for a minimum period of two years after they are fully vested, and then to hold 50% on a registered basis until the end of her office. The requirement to retain 50% of the shares acquired for over two years will only continue to apply until the total amount of shares held by the executives represents 300% of their last gross annual fixed compensation. The amount will be determined at the start of each year based on Mercialys' weighted average share price for the previous year ended.

In the event of the Deputy Chief Executive Officer's departure, including in the event of her death and excluding her dismissal for gross or serious misconduct, her entitlement to the bonus shares awarded to her before her effective departure date would be maintained on a *prorata temporis* basis for her presence as an executive officer of Mercialys during the vesting period, while remaining subject to said plan's performance conditions.

The performance conditions will then be calculated based on the plan's performance criteria, assessed at the end of the year during which the Deputy Chief Executive Officer ceased to hold these offices.

In such a case, on her effective departure, the Deputy Chief Executive Officer would be discharged from any holding requirement.

Furthermore, in accordance with the final paragraph of Article 26.3.3 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 is entitled to severance benefits in exchange for a non-compete and non-solicitation obligation that would be paid on a monthly basis equivalent to one twelfth of 50% of Ms Elizabeth Blaise's total annual compensation (fixed and variable), with this total annual compensation calculated as the average total compensation paid for the two years prior to her departure.

This would apply for a period not exceeding her time with the Company, up to a maximum of two years, while noting that the Company may reduce or waive the application period.



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This level is significantly lower than the recommendation from Article 25.6 of the AFEP-MEDEF Code, which refers to a maximum limit of two years of total compensation, comprising the annual fixed and variable components.

Payment of the non-compete benefits is excluded if the Deputy Chief Executive Officer exercises her entitlement to retire. In any event, no compensation will be payable to her after the age of 65.

Paris, February 16, 2024



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