

Paris, October 17, 2017

Activity at end-September 2017

Further outperformance by Mercialys' prime convenience portfolio

Business extremely solid, with **+2.8%** organic growth excluding indexation and operational indicators **clearly outpacing** the market

Dynamic lettings performance and multichannel offering further strengthened

Mercialys recognized for the **transparency of its reporting** and **its CSR performance**

Eric Le Gentil, Mercialys' Chairman and CEO: "Mercialys is continuing to build on its success, with another excellent quarter. Organic growth excluding indexation came to +2.8%, exceeding the full-year targets, while the operational indicators strongly outperformed the market in terms of both footfall (+320bp) and retailer sales (+320bp). Our lettings performance has also been strong, with a total of 222 leases signed through to the end of September, and the Company has consolidated its multichannel approach with the deployment of its range of integrated digital services for its tenants. Alongside this, Mercialys received a number of awards this quarter for the transparency of its financial and sustainability reporting, as well as its CSR performances. Lastly, the Company is able to confirm its targets for 2017".

I. Excellent trends maintained for organic growth

Mercialys is confirming its very positive trends, with **+2.8%** like-for-like growth in invoiced rents excluding indexation for the year to end-September 2017. Including indexation, this growth comes out at **+2.9%**.

On a current basis, invoiced rents represent **Euro 136.4 million**, down **-0.7%**, reflecting the divestment plan that is underway.

Factoring in lease rights and despecialization indemnities, **rental revenues** came to **Euro 137.8 million** at September 30, 2017, down slightly, contracting **-0.8%** from end-September 2016.

<i>(In thousands of euros)</i>	Year to end-September 2016	Year to end-September 2017	Change (%)	Like-for-like change (%)
Invoiced rents	137,384	136,407	-0.7%	+2.9%
Lease rights	1,615	1,426	-11.7%	
Rental revenues	138,999	137,833	-0.8%	

The change in invoiced rents primarily reflects the following factors:

- Very sustained organic growth: **+2.9 points** or Euro +4.0 million
- The acquisitions and investments made in 2016: **+3.8 points** or Euro +5.3 million
- The assets sold in 2016 and 2017: **-7.2 points** or Euro -9.9 million
- Other effects, including strategic vacancies linked to current extension and redevelopment programs: **-0.3 points** or Euro -0.4 million

Like-for-like, invoiced rents are up **+2.9%**, including:

- **+0.1 points** for indexation
- **+2.0 points** for actions carried out on the portfolio
- **+0.8 points** linked to the Casual Leasing business, which represented Euro 6.0 million of rental income at end-September 2017, with a significant +23.3% increase versus the same period in 2016.

Lease rights and despecialization indemnities received over the period¹ are stable compared with September 30, 2016 at Euro 0.7 million. After factoring in the deferrals required under IFRS, lease rights at September 30, 2017 represent Euro 1.4 million, compared with Euro 1.6 million at end-September 2016.

II. Outstanding and sustainable operational performances

Once again this quarter, Mercialys' operational performances highlight its solid model and relevant positioning in relation to its centers' retailers and customers.

For the year to end-August 2017, the **sales figures for retailers** in Mercialys centers² significantly outperformed the shopping center market overall (CNCC³) by +320 basis points, up **+1.9%** from the same period in 2016.

For the year to end-September 2017, **footfall in Mercialys shopping centers**² also outperformed the CNCC³ by +320 basis points, up **+1.9%** from the same period last year.

With 222 new leases signed at end-September 2017, up +11% like-for-like from end-September 2016, Mercialys has confirmed its strong lettings performance, the appeal of its convenience offering and its leadership in its trading areas.

The Company has continued to diversify its retail mix, notably welcoming the fine delicatessen and chocolate store Le Comptoir de Mathilde in Toulouse Fenouillet, strengthening the range of services offered with Bouygues Télécom opening stores in Angers, Quimper and Tours, developing the health offering with two new Kryss stores in Fréjus and Montpellier, in addition to the fashionable jeweler Pandora opening a store in Lanester.

Alongside this, the letting of the three major extensions that will be delivered in November 2017 is nearing completion, enabling Mercialys to bring together distinctive local, national and international retailers at these sites. For instance, leases have been signed with the Italian retailer Bialetti, the fashion brands Bonobo and Jack & Jones, and the telecoms operator Orange in Rennes. The Morlaix extension will also be welcoming a number of retailers, including Yves Rocher, while the new fine dining bistro concept Brut Butcher will be opening within the Saint-Etienne Monthieu extension.

¹ Lease rights received as cash before the impact of deferrals required under IFRS (deferral of lease rights over the firm period of leases)

² Mercialys' large centers and main market-leading local-format centers based on a constant surface area

³ CNCC index – all centers, comparable scope

III. Growing success with La Galerie des Services

Mercialys' prime convenience shopping centers offer their customers an efficient buying experience (average visit of 36 minutes) and a differentiating store selection that is perfectly aligned with each catchment area. These distinctive marks ensure that the centers' offering is competitive in relation to e-commerce.

To further strengthen the integration of digital technology for marketing and loyalty with the intrinsic appeal of its assets, Mercialys has enhanced its ecosystem with the launch of "La Galerie des Services" at the end of June 2017.

By the end of September 2017, this new platform already had 1,200 retailers signed up, out of a total of around 2,100 leases. Nearly 60% of the stores are thence already able to benefit from this new tool's acceleration effect for their offers.

With La Galerie des Services, the benefits for retailers in Mercialys centers include:

1. Communicating with customers and promoting their offers across all the digital channels available. In just three months, 20% of the retailers have already deployed ad hoc promotional campaigns using the platform.
2. Building customer loyalty. More than 25,000 "retailer special offers" have been shared with consumers in our shopping centers since the beginning of the year.
3. Diversifying their distribution channels. Mercialys notably offers retailers the possibility to set up click-and-collect services and simplified access to the various forms of casual leasing.
4. Helping firmly establish the shopping centers within local community life, notably offering job offers online.

La Galerie des Services has been rolled out to supplement all the digital arrangements already used in Mercialys centers, including the Challenge Fidélité loyalty program, the only fully virtual loyalty program offered to date by a real estate company in France. This program, launched in 2014, is enjoying great success with both retailers and customers: 70% of the stores have signed up for it and nearly 350,000 qualified customers are registered in Mercialys' database to date, an increase of 120,000 in three months and nearly 9,000 on average for each center managed.

IV. Major transparency and CSR achievements

This quarter, Mercialys received a number of awards, recognizing its application of the best international practices for financial and sustainability reporting, as well as its progress in terms of corporate social responsibility.

In September, the Company won two EPRA Gold Awards at the annual EPRA conference⁴. The first award recognized, for the third consecutive year, the transparency and quality of its financial reporting. The second rewarded the implementation of its CSR strategy and the reporting of its progress ensuring strict compliance with standards.

⁴ The European Public Real Estate Association works to promote, develop and represent listed European real estate companies

Also in September, Mercialys won an award at the eighth Grands Prix de la Transparence event, which reviews each year French companies listed on the SBF 120 for their regulatory reporting based on over 150 criteria. Mercialys was ranked third in the SBF 120, the highest level ever achieved by a real estate company, and won the most improved award, climbing up the rankings by 80 places in one year.

Lastly, for its second participation in the GRESB⁵, Mercialys retained its Green Star status⁶ and was ranked 26th out of 138 in the Global Retail category, up 42 places. With an excellent overall result of 84/100, up 20 points over one year, Mercialys achieved an outstanding score in particular for its governance (90/100).

V. Dividend and outlook

As announced with the 2017 half-year earnings, Mercialys' Board of Directors has decided to pay out an interim dividend of Euro 0.41 per share, considering the Company's solid performances, which will have an ex-dividend date of October 19, 2017 and be released for payment on October 23, 2017.

In addition, for the full year in 2017, Mercialys is able to confirm that:

- It will pay out a dividend ranging from 85% to 95% of 2017 FFO, and this will be at least stable compared with the dividend for 2016
- Organic growth in invoiced rents excluding indexation will be over +2%
- The contraction in FFO will be significantly less than the -5% announced at the start of the year, factoring in the schedule for disposals over the year and the quality of the operational results achieved at this stage.

The management team is also reaffirming its confidence that the LTV ratio excluding transfer taxes will converge to around 37%.

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This press release is available on www.mercialys.com

Analysts / investors:

Alexandre Leroy
Tel: +33(0)1 53 65 24 39

Press contact:

Gwenaëlle Allaire
Tel: +33(0)1 53 70 23 34

About Mercialys

Mercialys is one of France's leading real estate companies, focused exclusively on retail property. At June 30, 2017, Mercialys had a portfolio of 2,108 leases, representing a rental value of Euro 174.6 million on an annualized basis. At June 30, 2017, it owned properties with an estimated value of Euro 3.7 billion (including transfer taxes). Mercialys has had "SIIC" real estate investment trust (REIT) tax status since November 1, 2005 and has been listed on Euronext Paris Compartment A (ticker: MERY) since its initial public offering on October 12, 2005. At June 30, 2017, there were 92,049,169 shares outstanding.

⁵ Global Real Estate Sustainability Benchmark: the real estate industry's leading CSR rankings

⁶ Green Star status: highest category in the GRESB rankings

IMPORTANT INFORMATION

This press release 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 actual results to differ materially from the results anticipated in the forward-looking statements. Please refer to the Mercialys shelf registration document available at www.mercialys.com for the year ended December 31, 2016 for more details regarding certain factors, risks 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, new future events or any other circumstances that might cause these statements to be revised.

MERCIALYS RENTAL REVENUES

2016	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Q1	Q2	Q3	Q4
Invoiced rents	44,992	91,869	137,384	187,621	44,992	46,877	45,515	50,237
Lease rights	559	1,155	1,615	2,175	559	596	460	560
Rental revenues	45,551	93,025	138,999	189,795	45,551	47,474	45,974	50,796
Change in invoiced rents	16.2%	14.0%	13.2%	13.1%	16.2%	12.0%	11.5%	12.7%
Change in rental revenues	15.0%	13.1%	12.3%	12.3%	15.0%	11.3%	10.7%	12.4%

2017	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Q1	Q2	Q3	Q4
Invoiced rents	45,689	92,098	136,407		45,689	46,409	44,309	
Lease rights	511	1,020	1,426		511	509	406	
Rental revenues	46,200	93,118	137,833		46,200	46,918	44,715	
Change in invoiced rents	1.6%	0.2%	-0.7%		1.6%	-1.0%	-2.6%	
Change in rental revenues	1.4%	0.1%	-0.8%		1.4%	-1.2%	-2.7%	