

Activity at end-September 2019

Sustained growth, reflecting excellent fundamentals

Like-for-like invoiced rents: +3.6% including indexation, +1.7% excluding indexation

Continued operational outperformance by the centers: footfall up +120bp¹
and retailer sales¹ up +100bp versus the CNCC index²

2019 guidance confirmed and interim dividend to be paid on October 23

Vincent Ravat, Mercialys' Chief Executive Officer: "Mercialys is continuing to move forward with its excellent trend, with organic growth in invoiced rents of +3.6%, higher than its full-year objective. The Company is building its performance around its base of modular, sector-leading assets and its case-by-case lettings, enabling it to always effectively meet the changing expectations of retailers and end customers in terms of products and services, as well as their customer experience. With its strong local foundations and its commitment to regularly listening to its stakeholders, Mercialys is ideally positioned to meet the specific needs of the regions with peri-urban development, through a responsible development approach. We can once again confirm our guidance for 2019".

I. Sustained organic growth

At end-September 2019, Mercialys is reporting like-for-like growth in **invoiced rents** of +1.7% excluding indexation and +3.6% including it. On a current basis, invoiced rents are up +2.4% from end-September 2018 to Euro 139.7 million.

(In thousands of euros)	Year to end-September 2018	Year to end-September 2019	Change Current basis (%)	Change Like-for-like basis (%)
Invoiced rents	136,460	139,739	+2.4%	+3.6%
Lease rights	1,285	2,311	na	
Rental revenues	137,744	142,050	+3.1%	

The change in invoiced rents primarily reflects the following factors:

- High organic growth: **+3.6 points** or Euro +4.9 million;
- Impact of assets sold, net of investments, in 2018 and 2019: **-0.7 points** or Euro -0.9 million;
- Other effects, including strategic vacancy linked to current development programs: **-0.5 points** or Euro -0.7 million.

¹ Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing around 85% of the value of the Company's shopping centers

² CNCC index all centers, comparable scope

Like-for-like, invoiced rents are up **+3.6%**, including:

- **+1.9 points** for indexation;
- **+1.7 points** for all the actions carried out on the portfolio.

After factoring in the deferrals applicable under IFRS, **lease rights and despecialization indemnities** received over the period represent Euro 2.3 million, compared with Euro 1.3 million at September 30, 2018.

Rental revenues came to Euro 142.1 million at end-September 2019, up +3.1% from end-September 2018.

II. Sustained operational outperformance, supported by increasingly fine-grained knowledge of consumers

Mercialys' shopping centers¹ once again outperformed the national market (CNCC index²), with:

- For the year to end-August 2019, **retailer sales** up +1.7% versus the same period in 2018, with a positive spread of +100 basis points;
- For the year to end-September 2019, **shopping center footfall levels** up +1.6% versus the same period in 2018, with a positive spread of +120 basis points.

This market-leading position for the Company's shopping centers reflects its proven real estate flexibility and its constant focus on identifying iconic, differentiating retailers that are aligned with the changing needs of its catchment areas.

Commercial innovation efforts over the last few years have been supported by the continued regular rotation of concepts and balanced retail mixes. For example, Mercialis is getting ready to welcome Nature & Découvertes at its Saint-Étienne Monthieu center, increasing this site's exposure to the leisure sector. More variety and new choices have also been introduced in the last few months to the dining selection available at several sites, for example with Pitaya and Tonton Marius opening shortly in Marseille and Cañas y Tapas bringing its Spanish dining concept to Toulouse. Mercialis' teams have also signed up various retailers recently that were not previously part of its portfolio, including the beauty brand Rituals in Besançon.

Alongside this commercial flexibility, the recent opening of a major healthcare hub at the Bastia Furiani site in Corsica illustrates Mercialis' real estate flexibility, for which it has built up expert capabilities, and specifically the functional diversity strategy that it is now deploying at a certain number of its assets. The modularity of Mercialis' centers, perfectly illustrated by the requalification of hypermarket space in particular, also supports the Casual Leasing business, which is rolling out a new concept for fully adaptable kiosks across the majority of the portfolio this year. These Easy Pop-Up kiosks, created for local campaigns by major national retailers, have been designed jointly with the Cmd+O collective, from Bordeaux School of Architecture and Landscaping, and take into account a range of considerations, from aesthetics (lighting, digital equipment) to practical aspects (adaptable furniture depending on activities: windows, storage units, horizontal/vertical surfaces, etc.) and environmental features (reusable materials, FSC certified timber). They are fully aligned with the high quality standards of Mercialis' centers and the brands that they welcome, ensuring perfect integration with the sites' overall architecture, while helping provide an increasingly varied and responsive selection of retail spaces.

The relevance of the design of Mercialys' sales spaces and the choice of its retailers are notably supported by its innovative digital deployments. For instance, new interactive terminals offering opportunities to win prizes have been set up recently for 41% of the portfolio in value terms. These arrangements, fully integrated within the Company's digital ecosystem, have enabled more than 18,000 customers to register for their chance to win prizes in the last three months.

The success of these terminals, generating qualified data, follows on from the latest changes to the loyalty system, which will cover 80% of the portfolio in value terms by the end of 2020. This new program has already made it possible to analyze the equivalent of Euro 2 million of baskets of purchases supporting an increasingly fine-grained understanding of end customers' profiles, habits and needs, benefiting both their satisfaction and the performance of Mercialys' centers.

III. Mercialys recognized for its CSR commitments and its communication practices

Mercialys' leadership in terms of CSR and the quality of its financial and sustainability reporting were recognized once again in the third quarter of 2019 with a number of French and international awards.

The Company won EPRA Gold Awards for both its financial reporting, for the fifth consecutive year, and its sustainability reporting, for the third consecutive year. It also won the award for the Year's Best Registration Document on the SBF 120 in the 10th Grands Prix de la Transparence Awards, one year after receiving the Grand Prix "All Categories" Award.

In terms of corporate social responsibility (CSR), Mercialys is the first French retail property company to have its strategy to combat global warming scientifically approved by the international Science Based Targets initiative (SBTi). The Company has made various commitments, including reducing the emissions linked directly to its activity by -47% per sq.m by 2030 compared with 2017. In addition, for its fourth participation in the GRESB, Mercialys continued to progress up the rankings for this international benchmark with a score of 90/100. The Company retained its Green Star status and confirmed its position in the global benchmark's top decile. Lastly, the Company was also recognized by Ethifinance-Gaïa, the CSR rating agency specialized in SMEs, winning second prize in its category (revenues of Euro 150 to 500 million). Since 2013, Mercialys has been part of the SRI Gaïa Index, which is made up of the Paris stock market's leading companies for CSR, highlighting its position as a CSR pioneer.

These awards are the result of Mery' 21, the ambitious and proactive CSR strategy formalized and structured in 2015. This strategy is rolled out through initiatives at the heart of the various regions, with its latest achievements including the dedicated car-sharing platform set up in the third quarter of 2019 for employees of retailers at the Besançon site, in partnership with the sector leader iDVROOM. In line with its commitments, Mercialys is also constantly working to raise awareness of sustainable development issues among its customers and retailers: in the last few months for instance, it has carried out two operations with "Reforest'Action" through a social media challenge, enabling the Company to reintroduce 4,000 trees from species that are endemic to its centers' locations, particularly in Brittany, the Dordogne and the Gard region.

IV. Dividend and outlook

As announced when earnings for the first half of 2019 were released, the interim dividend of Euro 0.47 per share, decided on by the Board of Directors in line with the Company's robust performances, will be released for payment on October 23, 2019, with an ex-dividend date of October 21, 2019.

In addition, Mercialys is able to confirm its confidence that it will be able to achieve its full-year objectives for 2019:

- Organic growth in invoiced rents including indexation of around +3% compared to 2018, with at least +1% excluding indexation;
- Funds From Operations (FFO) per share up at least +4% compared to 2018;
- Dividend within a range of 85% to 95% of 2019 FFO, at least stable compared to 2018.

* * *

This press release is available on www.mercialys.com

Analysts / investors / media contact:

Alexandre Leroy

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

Email: aleroy@mercialys.com

About Mercialys

Mercialys is one of France's leading real estate companies, focused exclusively on retail property. At June 30, 2019, Mercialys had a portfolio of 2,123 leases, representing a rental value of Euro 184.3 million on an annualized basis. It owns assets with an estimated value of Euro 3.8 billion (including transfer taxes) at June 30, 2019. 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, 2019, there were 92,049,169 shares outstanding.

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 registration document available at www.mercialys.com for the year ended December 31, 2018 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

2018	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Q1	Q2	Q3	Q4
Invoiced rents	45,174	91,381	136,460	185,213	45,174	46,207	45,079	48,753
Lease rights	387	771	1,285	2,074	387	384	514	789
Rental revenues	45,560	92,152	137,744	187,287	45,560	46,591	45,592	49,543
Change in invoiced rents	-1.1%	-0.8%	+0.0%	+0.9%	-1.1%	-0.4%	+1.7%	+3.5%
Change in rental revenues	-1.4%	-1.0%	-0.1%	+1.1%	-1.4%	-0.7%	+2.0%	+4.3%

2019	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Q1	Q2	Q3	Q4
Invoiced rents	46,312	93,843	139,739		46,312	47,531	45,896	
Lease rights	820	1,644	2,311		820	824	667	
Rental revenues	47,132	95,487	142,050		47,132	48,355	46,563	
Change in invoiced rents	+2.5%	+2.7%	+2.4%		+2.5%	+2.9%	+1.8%	
Change in rental revenues	+3.5%	+3.6%	+3.1%		+3.5%	+3.8%	+2.1%	