

## Mercialys suspends its full-year guidance for 2020

On the evening of Wednesday October 28, 2020, the French President announced a new nationwide lockdown and the closure of all non-essential stores. This measure, both drastic and repeated, which came into force from midnight on Friday October 30, 2020 and will at this stage remain in place through to December 1, 2020, aims to stop the resurgence of the Covid-19 epidemic, following a very significant acceleration in the last few weeks.

During the first national lockdown phase, with the order to close non-essential stores, which was kept in place from March 15 to May 11, 2020, **all of Mercialys' sites remained open** thanks to their retail mixes focused on day-to-day purchases and specifically their systematic anchoring with a food retail format. Almost 40% of the Company's total rental base was authorized to continue trading, ensuring the resilience of its financial and operational results, as illustrated by its end-September 2020 business update published on October 19.

This second lockdown phase covers a **comparable scope in terms of authorized activities**. The geographic area subject to the restrictions is however slightly more limited, as French overseas territories are not concerned to date by the lockdown measures rolled out in Mainland France (with the exception of Martinique). Mercialys' four shopping centers located on Reunion Island can therefore remain open in full. The French government will reassess the extent of the lockdown arrangements every 15 days and particularly the scope of retail activities ordered to shut down.

Mercialys has of course complied once again with this decision aimed at protecting public health, taking the measures needed to ensure the continuity of its operations, combined with the greatest respect for the safety of its employees and customers: 1/ further strengthening health management in its centers, which are **all still open for authorized activities**, as during the first lockdown phase; 2/ resuming the arrangements for all head office staff to work from home and adjusting the schedules for staff working on site; 3/ maintaining very regular dialogue with retailers, in line with the approach launched in March.

In this context, Mercialys is able to count on the attractive positioning of its assets thanks to their out-of-town locations in mid-size cities, their outstanding accessibility with individual cars, their architecture which can help minimize concerns (single-floor design, extensive outdoor areas, easy access to all parts of the centers from all parking areas, etc.), and their alignment with day-to-day essential needs.

Nevertheless, the measures set by the French government will inevitably weigh on an already fragile economic situation, although it is not possible at this stage to specifically quantify their impacts on Mercialys' tenant retailers or consumer behavior. It is also uncertain how long the current restrictions will be kept in place, at an important time of the year for retailers' activities in the run-up to the Christmas holidays.

In this context, the Company is suspending its full-year guidance for 2020, with the revised version published on July 27, 2020 **excluding, as indicated, the potential impact of further outbreaks with the health crisis:**

- Funds From Operations (FFO) per share to contract by 10% to 15% compared with 2019;
- Dividend to range from 70% to 95% of 2020 FFO.

For reference, no new full-year guidance had been set for organic growth, as this indicator no longer seemed relevant for 2020, linked in particular to the limited visibility concerning the accounting impact of spreading rent relief measures (IFRS 16).

This guidance will be updated once the outlook regarding the health context and the corresponding government measures has become clearer. In the meantime, and more than ever, Mercialys will focus its efforts on its operational management, ensuring effective control over costs and protecting its balance sheet positions.

This press release is available on [www.mercialys.com](http://www.mercialys.com)

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**About Mercialys**

Mercialys is one of France's leading real estate companies, focused exclusively on shopping centers and high-street retail assets. At June 30, 2020, Mercialys had a portfolio of 2,111 leases, representing a rental value of Euro 182.3 million on an annualized basis. At June 30, 2020, it owned properties with an estimated value of Euro 3.5 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, 2020, 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 Mercialys' Universal Registration Document available at [www.mercialys.com](http://www.mercialys.com) for the year ended December 31, 2019 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.*