

**2023 first-quarter activity****Start of the year marked by Mercialys' resilient performance in a disrupted socio-economic context****Organic growth: +3.0%****2023 objectives confirmed**

Vincent Ravat, Mercialys' Chief Executive Officer: "Mercialys' business shows an outstanding level of resilience at the start of 2023, with organic growth of +3.0%, in an environment marked by the surge in inflation, as well as, specifically in France, the demonstrations against the proposed pension reforms and the strikes that resulted in fuel shortages in certain regions. Mercialys' centers showed their resilience faced with these disruptive factors thanks to their affordable positioning, providing a relevant response in terms of the products and services offered. Mercialys is able to confirm its full-year targets for 2023, with funds from operations (FFO) per share growth of at least +2% and a dividend ranging from 85% to 95% of 2023 FFO".

**I. Organic growth in invoiced rents of +3.0%**

During the first quarter of 2023, Mercialys' business recorded +3.0% **organic growth**. **Invoiced rents** totaled Euro 43.5 million, following more limited growth of +0.2% compared with the first quarter of 2022, taking into account the assets divested in 2022.

<i>(In thousands of euros)</i>	At March 31, 2022	At March 31, 2023	Change Current basis (%)	Change Like-for-like basis (%)
Invoiced rents	43,429	43,501	+0.2%	+3.0%
Lease rights	181	132	-27.4%	
<b>Rental revenues</b>	<b>43,610</b>	<b>43,633</b>	<b>+0.1%</b>	

The change in invoiced rents reflects the following factors:

	At March 31, 2022		At March 31, 2023	
Indexation	+1.9 pp	+€0.8m	+3.6 pp	+€1.5m
Contribution by Casual Leasing	+1.4 pp	+€0.6m	-1.1 pp	-€0.5m
Contribution by variable rents	+0.2 pp	+€0.1m	+0.8 pp	+€0.3m
Actions carried out on the portfolio	-1.1 pp	-€0.4m	-1.2 pp	-€0.5m
Accounting impact of "Covid-19 rent relief" granted to retailers	+2.4 pp	-€1.0m	+0.9 pp	+€0.4m
<b>Growth (like-for-like)</b>	<b>+4.8 pp</b>	<b>+€2.0m</b>	<b>+3.0 pp</b>	<b>+€1.3m</b>
Asset acquisition and sales	-1.0 pp	-€0.4m	-2.7 pp	-€1.2m
Other effects	-0.3 pp	-€0.1m	-0.2 pp	-€0.1m
<b>Growth (current basis)</b>	<b>+3.5 pp</b>	<b>+€1.5m</b>	<b>+0.2 pp</b>	<b>+€0.1m</b>

Invoiced rents benefited from positive **indexation** of **+3.6%** for the first quarter of 2023, mainly factoring in the French commercial rent index (ILC) figures published in 2022 and specifically those for the second and third quarters (+4.43% and +5.37% respectively), which represent 70% of the indexation for 2023.

The **actions carried out on the portfolio** had a **-1.2%** negative impact on organic growth, linked primarily to the vacancy resulting from Camaïeu's liquidation for 0.7%, in addition to 0.3% for a retailer's departure from a mid-size unit that will shortly be replaced by an innovative sport and wellbeing concept store. Excluding these two specific impacts, the actions carried out on the portfolio show a limited change of **-0.2%**.

During the first quarter of 2023, more than 30% of the rental income corresponding to Camaïeu units was relet, securing positive reversion of nearly 14%, with its impacts to be seen over the coming quarters.

During the first quarter, the renewal and reletting activity focused on 27 leases. These leases generated positive reversion of +3.3%, illustrating the effective management of the occupancy cost ratios, benefiting our client retailers.

The extensive support measures rolled out by the French State for businesses during the health crisis in 2020 and 2021 undeniably deferred the financial difficulties facing the most fragile businesses. Since the start of 2023, several retailers have been placed in receivership, which could require Mercialys to carry out reletting actions if these proceedings lead to compulsory liquidations. While it is monitoring these situations particularly closely, Mercialys would like to highlight that no retailers, with the exception of Casino, represent more than 2% of the Company's rental income. The three retailers recently placed into liquidation (San Marina) or receivership (Go Sport and Kaporal) together represent around 1.5% of the Company's rental income.

The context for the first quarter of 2023 was disrupted by the demonstrations held, with a -1.1% (Euro -0.5 million) negative impact on the casual leasing business, while the total full-year impact is expected to remain limited due to this activity's strong seasonality at the end of the year.

The scope effects represent -2.7% (Euro -1.2 million of rental income) and are linked to the disposals completed in 2022, covering two hypermarkets (April 2022) and two shopping centers (December 2022).

After factoring in the deferrals applicable under IFRS, lease rights and despecialization indemnities received over the period represent Euro 0.1 million, compared with just under Euro 0.2 million for the first quarter of 2022.

In view of these elements, rental revenues came to Euro 43.6 million for the first quarter, virtually stable (+0.1%) compared with the corresponding quarter in 2022.

## **II. Retailer sales up 6.0%**

The first quarter of 2023 was marked by a number of disruptive factors, with the most significant concerning the demonstrations and strikes held to protest against the proposed pension reforms. Cities in various French regions were particularly affected, which resulted in difficulties with access to some centers, as well as temporary fuel shortages, restricting the trips made by clients.

Total footfall across Mercialys' sites for the first quarter of 2023 is up +0.5% versus the same period the previous year, compared with a +5.3% increase for the Quantaflow national index.

This performance masks a significant differential between the footfall in Mercialys centers, which recorded growth of +5.7%, 40bp higher than the national panel, and the performance by the hypermarkets, where footfall contracted sharply by -7.9%.

This particularly marked differentiation illustrates clients' different shopping journeys, with the centers benefiting from their specific attractive features.

The robust trend - excluding hypermarkets - is also reflected in the sales recorded by tenant retailers, up +6.0% for the first quarter of 2023. At end-February 2023, retailer sales growth came to +6.9%, while the FACT national panel increased by +8.8%. The differential in favor of the national panel is linked primarily to a stronger upturn, within the national panel, for large shopping centers, which had been affected more by the introduction of the vaccine pass in restaurants through to mid-March 2022.

The context of high inflation in which our retailers are operating (+4.2% weighted inflation based on the mix of activities according to the SAD/FACT indicator), although significantly lower than for food (+15%), is contributing to their sales growth, but business in volume terms is showing a good level of resilience thanks to the affordable positioning of the majority of the retailers present at Mercialys sites.

## **III. Proposed dividend of Euro 0.96 per share**

As announced on February 14 with the 2022 full-year earnings release, Mercialys' Board of Directors will submit a proposal at the General Meeting on April 27, 2023 for a dividend of Euro 0.96 per share for 2022, up +4.3% compared with the dividend for 2021.

The proposed dividend corresponds to 85% of 2022 funds from operations and offers a yield of 4.6% on the NDV of Euro 20.94 per share at end-2022 and 9.8% on the year's closing share price.

This proposed dividend is based primarily on the distribution requirement with the SIIC tax status concerning exempt profits from:

- property rental or sub-letting operations (including dividends paid by the subsidiaries subject to the SIIC system), i.e. Euro 0.71 per share;
- the distribution based on 70% of exempt profits for 2022 from the disposal of properties and investments in real estate companies, i.e. Euro 0.05 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.20 per share.

The ex-dividend date would be May 2, 2023, with the dividend to be paid on May 4, 2023.

**MERCIALYS RENTAL REVENUES**

2022	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Q1	Q2	Q3	Q4
Invoiced rents	43,429	86,087	129,030	172,602	43,429	42,658	42,943	43,572
Lease rights	181	364	532	674	181	182	168	142
<b>Rental revenues</b>	<b>43,610</b>	<b>86,450</b>	<b>129,562</b>	<b>173,277</b>	<b>43,610</b>	<b>42,840</b>	<b>43,111</b>	<b>43,714</b>
Change in invoiced rents	+3.5%	+3.2%	+1.7%	+1.3%	+3.5%	+2.9%	-1.2%	+0.2%
Change in rental revenues	+2.4%	+2.1%	+0.8%	+0.6%	+2.4%	+1.8%	-1.8%	+0.1%

2023	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Q1	Q2	Q3	Q4
Invoiced rents	43,501				43,501			
Lease rights	132				132			
<b>Rental revenues</b>	<b>43,633</b>				<b>43,633</b>			
Change in invoiced rents	+0.2%				+0.2%			
Change in rental revenues	+0.1%				+0.1%			

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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. It is specialized in the holding, management and transformation of retail spaces, anticipating consumer trends, on its own behalf and for third parties. At December 31, 2022, Mercialys had a real estate portfolio valued at Euro 3.1 billion (including transfer taxes). Its portfolio of 2,087 leases represents an annualized rental base of Euro 168.1 million. Mercialys has been listed on the stock market since October 12, 2005 (ticker: MERY) and has "SIIC" real estate investment trust (REIT) tax status. Part of the SBF 120 and Euronext Paris Compartment B, it had 93,886,501 shares outstanding at December 31, 2022.

**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, 2022 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.*