MERCIALYS

PRESS RELEASE

Paris, April 23, 2019

2019 first-quarter activity

Start of the year confirming the robust model

Organic growth: +3.4% including indexation, +1.8% excluding indexation

Rental revenues: +3.5%

Centers continuing to outperform: +180 bp for footfall and +190 bp for retailer sales

Vincent Ravat, Mercialys' Chief Executive Officer: *"Mercialys has confirmed the sustained development of its business at the start of 2019, with organic growth of +3.4% including indexation and +1.8% excluding it. The centers' leading positions in their catchment areas made it possible to ensure resilient sales in a difficult market environment, marked by continued social unrest. More than ever, the characteristics of the Company's sites are aligned with the rationalization of customer visits, providing a relevant response in terms of the products and services offered. Thanks to this performance, Mercialys is able to confirm its objectives for 2019, with organic growth in invoiced rents of around +3% including indexation and at least +1% excluding indexation, FFO growth of at least +4%, and a dividend at least stable within a range of 85% to 95% of 2019 FFO".*

I. Organic growth in invoiced rents of +3.4%

Mercialys' business continued to build on its positive trends over the first quarter of 2019, with **organic growth** of +3.4% including indexation and +1.8% excluding indexation. **Invoiced rents** climbed to Euro 46.3 million, up +2.5% compared with the first quarter of 2018 after factoring in scope effects.

(in thousands of euros)	Year to end-March 2018	Year to end-March 2019	Change Current basis (%)	Change Like-for-like basis (%)
Invoiced rents	45,174	46,312	**+2.5%**	**+3.4%**
Lease rights	387	820	**na**	
Rental revenues	**45,560**	**47,132**	**+3.5%**	

The change in invoiced rents reflects the following factors:

- Robust organic growth: **+3.4 points**,
- Impact of assets sold, net of acquisitions, in 2018: **-0.3 points**,
- Other effects, primarily including strategic vacancy linked to current redevelopment programs: **-0.6 points**.

Like-for-like, invoiced rents are up **+3.4%**, including:
- **+1.6 points** for indexation,
- **+1.8 points** for actions carried out on the portfolio.

Lease rights and despecialization indemnities received over the period came to Euro 0.8 million, compared with Euro 0.4 million for the first quarter of 2018, after factoring in the deferrals applicable under IFRS. This progress is linked to the projects currently being developed at the Le Port site on Reunion Island.

Rental revenues represent Euro 47.1 million at March 31, 2019, with a significant increase of +3.5% versus March 31, 2018.

II. Operational indicators resilient against a backdrop of continued disruption to footfall

The social unrest that began in the fourth quarter of 2018 has continued to affect activity levels in the shopping centers at the start of 2019. The first quarter saw mixed results, affected by contrasting trends.

On the one hand, activity levels were relatively satisfactory during the sales period, while end-of-year purchases in 2018 focused primarily on food products.

On the other hand, the environment continued to be disrupted, with France switching to a system for deducting income tax at source, which may have led to a certain wait-and-see attitude among consumers, while weekends continued to be affected by the social unrest, resulting in a climate that discouraged people from going out and consuming.

Lastly, the quarter was impacted by unfavorable calendar base effects, in terms of both the number of store trading days over the period and the fact that Easter fell on April 1st in 2018, which benefited consumption in the weeks prior to this holiday last year.

In this very specific context, Mercialys' shopping centers[1] continued to outperform the national market (CNCC index[2]), with:
- **Footfall** up +0.3% over the first quarter of 2019, compared with the same period in 2018, outperforming the market by +180 basis points,
- **Retailer sales** up +0.3% for the 12 months to end-February 2019, compared with the corresponding prior period, outperforming the market by +190 basis points.

Consumption is expected to normalize over the coming months as the demonstrations have gradually eased and the government has rolled out initiatives to support consumer purchasing power.

Alongside this, Mercialys is continuing to move forward with its initiatives to improve its retail mixes and the quality of its services, with a view to making its centers even more attractive by aligning them with a focus on best-value purchases. The 35 projects announced in February, with the first results expected for the end of the first half of 2019, will make it possible to continue working on the sites' efficiency and standout features, consolidating the Company's key success factors.

[1] Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing around 80% of the value of the Company's shopping centers
[2] CNCC index – all centers, comparable scope

III. Payout of Euro 0.62 per share on May 2, 2019

As announced on February 13 with the 2018 full-year earnings release, Mercialys' Board of Directors will submit a proposal at the General Meeting on April 25, 2019 for a dividend of Euro 1.12 per share for 2018 (including the Euro 0.50 per share interim dividend already paid in October 2018), up +2.8% compared with the dividend for 2017.

The proposed dividend offers a yield of 5.3% based on the EPRA NNNAV of Euro 21.14 per share from end-2018 and 9.4% based on the year's closing share price.

This payment represents 90% of 2018 FFO and corresponds to 95% of the recurrent taxable profit excluding capital gains, in accordance with the SIIC rules (representing Euro 0.93 per share), as well as all the capital gains available for distribution based on asset sales from 2018 (Euro 0.06 per share), and the remaining amount of the capital gains available for distribution based on assets sold in 2017 (representing Euro 0.13 per share).

After deducting the interim dividend already paid out, the balance on this dividend represents Euro 0.62 per share. The ex-dividend date is April 29, 2019, and the dividend will be paid out on May 2, 2019.

* * *

This press release is available on www.mercialys.com

Analysts / investors 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 December 31, 2018, Mercialys had a portfolio of 2,167 leases, representing a rental value of Euro 182 million on an annualized basis. At December 31, 2018, it owned properties with an estimated value of Euro 3.8 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 December 31, 2018, there were 92,049,169 shares outstanding.

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**	**45,593**	**49,542**
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				46,312			
Lease rights	820				820			
Rental revenues	**47,132**				**47,132**			
Change in invoiced rents	+2.5%				+2.5%			
Change in rental revenues	+3.5%				+3.5%			