

## 2022 first-quarter activity

### Mercialys' positioning adapted to a macroeconomic environment putting purchasing power at the heart of household concerns

Robust letting activity supporting rental income growth and reducing the vacancy rate

Vincent Ravat, Mercialys' Chief Executive Officer: *"In the first quarter of 2022, Mercialys continued to reduce its vacancy rate in line with standard levels. The stabilization of rental reversion, against a general backdrop of rising inflation, also illustrates the soundness of its model. Excluding base effects relating to the health crisis during the first quarter of 2021, Mercialys recorded organic rental income growth of +2.4% for the first three months of 2022. Thanks to this performance, Mercialys is able to confirm its full-year targets for 2022, with FFO per share growth of at least +2% and a dividend ranging from 85% to 95% of 2022 FFO".*

#### I. Organic rental revenue growth of +4.8%, with +2.4% excluding base effects linked to the health crisis

The operational results recorded by Mercialys at end-March 2022 appear to have largely normalized. Mercialys maintained its robust letting activity, enabling it to achieve sustained organic growth.

First-quarter **organic growth** came to +4.8%, including +1.9% for indexation, as well as a deferred impact of +2.4% for the relief measures relating to the first lockdown in 2020, granted and recorded in the accounts in 2021.

**Invoiced rents** climbed to Euro 43.4 million, up +3.5% compared with end-March 2021, after factoring in scope effects.

<i>(In thousands of euros)</i>	At March 31, 2021	At March 31, 2022	Change Current basis (%)	Change Like-for-like basis (%)
Invoiced rents	41,958	43,429	+3.5%	+4.8%
Lease rights	635	181	-71.4%	
<b>Rental revenues</b>	<b>42,593</b>	<b>43,610</b>	<b>+2.4%</b>	

The change in invoiced rents reflects the following factors:

	At March 31, 2021		At March 31, 2022	
Indexation	+0.5 pp	+€0.2m	+1.9 pp	+€0.8m
Contribution by Casual Leasing	-1.0 pp	-€0.5m	+1.4 pp	+€0.6m
Contribution by variable rents	-1.4 pp	-€0.7m	+0.2 pp	+€0.1m
Actions carried out on the portfolio	-1.2 pp	-€0.5m	-1.1 pp	-€0.4m
Accounting impact of "Covid-19 rent relief" granted to retailers	-2.9 pp	-€1.4m	+2.4 pp	+€1.0m
<b>Growth (like-for-like)</b>	<b>-6.0 pp</b>	<b>-€2.8m</b>	<b>+4.8 pp</b>	<b>+€2.0m</b>
Asset acquisition and sales	-3.7 pp	-€1.7m	-1.0 pp	-€0.4m
Other effects	0.0 pp	€0.0m	-0.3 pp	-€0.1m
<b>Growth (current basis)</b>	<b>-9.8 pp</b>	<b>-€4.6m</b>	<b>+3.5 pp</b>	<b>+€1.5m</b>

**Lease rights** and **despecialization indemnities** received over the period totaled Euro 0.2 million, compared with Euro 0.6 million at end-March 2021, after factoring in the deferrals applicable under IFRS. This reduction is linked primarily to the end of the staggered recognition of lease rights relating to the extension of Le Port on Reunion Island, carried out in 2018.

**Rental revenues** therefore came to Euro 43.6 million at March 31, 2022, up +2.4% from March 31, 2021.

## II. Operational indicators resilient in an uncertain context

During the first quarter of 2022, business continued to be marked by various elements linked to the general health environment, the inflationary macroeconomic context and the outbreak of the crisis in Ukraine.

However, capitalizing on the strong positions of its retail sites, Mercialys has rolled out a robust letting policy, making it possible to **further reduce the vacancy rate**. At end-March 2022, the current financial vacancy rate was 2.9%, significantly lower than at end-December 2021 (3.2%). The total vacancy rate (including "strategic" vacancies following decisions to facilitate the deployment of extension or redevelopment plans) was 4.5% at end-March 2022, which is also significantly lower than at end-2021 (4.9%).

The robust letting performance is illustrated by the 61 leases signed for renewals or relettings during the first quarter of 2022 for around 12,000 sq.m. The **reversion rate** associated with these negotiations was +0.1%.

The stabilization of reversion appears to be satisfactory in a context marked by geopolitical risks, with their impacts on household consumption still uncertain, as well as rising inflation, reflected in the increase in the new rents negotiated.

Alongside this, Mercialys has continued moving forward with its efforts concerning its **collection rate**. This came to 93.0% at April 15, 2022 for 2021, highlighting the significant progress made compared with the 88.8% recorded at December 31, 2021. The collection rate for the first quarter of 2022 was 92.9% at April 15, 2022.

The support package put in place for rent and charges <sup>(1)</sup>, with a view to preventing the spread of the Covid-19 epidemic, was subject to payments by the French State during the first quarter of 2022. However, a significant number of tenant applications are still being processed. The continued rollout of these government support measures is expected to help improve the collection rate for 2021 over the coming months.

<sup>(1)</sup> Support package relating to certain retail and service activities that were forbidden from welcoming members of the public during the first half of 2021.

Rising inflation is putting the issue of purchasing power back at the heart of households' concerns. The positioning of Mercialys' sites is aligned with these stakes; on the one hand, through a food offering that is affordable thanks to the hypermarkets anchoring its centers, which represent an attractive format in terms of pricing, and, on the other hand, through its range of affordable retailers across all consumption segments.

### III. Dividend of Euro 0.92 per share proposed at the General Meeting on April 28, 2022

As announced on February 14, 2022, Mercialys' Board of Directors will submit a proposal at the General Meeting on April 28, 2022 for a **dividend** of Euro 0.92 per share, compared with a limited dividend of Euro 0.43 per share for 2020. The payout corresponds to 85% of 2021 FFO and offers a yield of 5.2% on the NDV of Euro 17.60 per share at end-2021 and 10.7% on the year's closing price.

This proposed dividend is based 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 0.39 per share;
- the distribution based on 70% of exempt profits for 2021 from the disposal of properties and investments in real estate companies, i.e. Euro 0.01 per share;
- the distribution based on 70% of exempt profits for 2020 from the disposal of properties and investments in real estate companies, i.e. Euro 0.38 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.14 per share.

The ex-dividend date is May 3, 2022, with the dividend to be paid on May 5, 2022.

### IV. Changes in the shareholding structure

Following on from the gradual scaling back of its interest in Mercialys' capital that began in 2018, the Casino group announced, on April 4, 2022, that it had sold 10.3% of Mercialys' capital through a total return swap. Following this operation, the Casino group no longer holds any Mercialys shares or voting rights.

This withdrawal by the Casino group has helped further strengthen the float within Mercialys' shareholding structure, benefiting the share's liquidity. The Generali group is the Company's largest shareholder, with 7.85% of its capital. During its meeting on April 28, the Board of Directors will review the changes in the shareholder base and the corresponding governance structure. Information will be released to the market, if applicable.

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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, 2021, Mercialys had a real estate portfolio valued at Euro 3.1 billion (including transfer taxes). Its portfolio of 2,134 leases represents an annualized rental base of Euro 168.8 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, 2021.

## **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, 2021 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

2021	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Q1	Q2	Q3	Q4
Invoiced rents	41,958	83,419	126,878	170,352	41,958	41,461	43,459	43,474
Lease rights	635	1,246	1,673	1,879	635	611	428	206
<b>Rental revenues</b>	<b>42,593</b>	<b>84,665</b>	<b>128,551</b>	<b>172,232</b>	<b>42,593</b>	<b>42,072</b>	<b>43,886</b>	<b>43,680</b>
<i>Change in invoiced rents</i>	-9.8%	-8.1%	-7.0%	-1.5%	-9.8%	-6.2%	-4.8%	+19.0%
<i>Change in rental revenues</i>	-9.7%	-8.0%	-7.1%	-1.8%	-9.7%	-6.2%	-5.2%	+17.6%

2022	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Q1	Q2	Q3	Q4
Invoiced rents	43,429				43,429			
Lease rights	181				181			
<b>Rental revenues</b>	<b>43,610</b>				<b>43,610</b>			
<i>Change in invoiced rents</i>	+3.5%				+3.5%			
<i>Change in rental revenues</i>	+2.4%				+2.4%			