MERCIALYS

PRESS RELEASE
Paris, July 27, 2022

2022 first-half results

- **Major refinancing operation carried out during the first quarter.** The maturity of debt, liquidity and financing costs were significantly optimized, with the latter reduced from 2.0% at end-2021 to 1.7% at end-June 2022. The Company's short-term debt maturities are very clearly covered by the cash position and confirmed bank lines, with the next bond maturities not due until 2026.
- The divestment of two hypermarkets enables the Company to **further reduce its loan to value ratio (LTV)**, down to 36.6% excluding transfer taxes and 34.3% including transfer taxes at end-June 2022. The portfolio value is Euro 3,122.8 million including transfer taxes, up +1.7% over six months like-for-like. The average appraisal yield rate came to 5.71%, stable compared with end-December 2021. EPRA NDV climbed +11.6% over six months to Euro 19.65 per share, reflecting the positive trend for asset values, as well as a significant impact for the change in the fair value of debt.
- Following a first quarter marked by significant health, political, economic and geopolitical disruptions, **retailer sales** for the half-year show a **trend that is very close to the normalized 2019 level**, with footfall representing 88.7% of the 2019 baseline. This trend reflects the appetite among French consumers to return to physical retail. Alongside this, the attractive positioning of Mercialys' sites was illustrated by the combination of two factors during the first half of the year. On the one hand, the sustainability of rents for retailers, with an occupancy cost ratio of 10.7% at end-June 2022 (vs. 10.4% at end 2019), despite an indexation effect of +1.9% and a rental reversion rate of +1.7%. On the other hand, a further reduction in the current financial vacancy rate, from 3.2% at end-2021 to 2.9% at end-June 2022.
- **Invoiced rents** are up +3.2%, with **+5.3% like-for-like**. **The EBITDA margin is still high, with 87.0%** for the first half of 2022, highlighting the robust trend for rents and the effective control over costs, despite the costs resulting from the completion of the process to bring back in-house the last support functions that were previously outsourced to the Casino group.
- **Funds from operations (FFO)** at end-June 2022 **are up +3.2%**.
- **2022 objectives:** Considering the satisfactory performance levels achieved over the first half of the year, Mercialys is able to confirm its objectives, excluding the health situation's potential impacts on its operations. These objectives are based on growth in funds from operations (FFO) per share to reach at least +2% vs. 2021 and a dividend to range from 85% to 95% of 2022 FFO.

	Jun 30, 2021	Jun 30, 2022	Change %
Organic growth in invoiced rents including indexation	-4.0%	+5.3%	-
EBITDA (€m)	76.3	75.3	-1.4%
EBITDA margin	90.1%	87.0%	-
Funds from operations, FFO (€m)	**55.7**	**57.5**	**+3.2%**
ICR (EBITDA / net finance costs)	5.6x	6.1x	-
LTV (excluding transfer taxes)	38.3%	36.6%	-
LTV (including transfer taxes)	36.0%	34.3%	-
Portfolio value including transfer taxes (€m)	3,185.6	3,122.8	+1.1% (+1.7% H1) [1]
EPRA NRV (€/share)	20.32	20.35	+0.2%
EPRA NDV (€/share)	17.17	19.65	+14.4%

[1] Like-for-like change

I. 2022 first-half business and results

During the first half of 2022, business continued to be widely marked by various elements linked to the general health environment at the start of the year, then the outbreak of the crisis in Ukraine and an inflationary macroeconomic context. These disruptions negatively affected retail trends in France during the first quarter. However, the performance figures in terms of shopping center footfall and retailer sales [2] picked up again significantly in the second quarter.

Footfall reached 88.7% of the normalized level for 2019, while noting that the bases for comparison are not relevant in relation to 2020 and 2021 as a result of the government-ordered store closures.
Based on the same parameters, the national panel (Quantaflow) shows a footfall figure for the first half of 2022 representing 86.3% of the level from 2019.

Across Mercialys' portfolio, retailer **sales** at end-June 2022 represented 98.1% of the normalized level from 2019, including 102.3% just for the month of June. At end May 2022, the national panel (CNCC) shows retailer sales at 91.5% of their normalized level from 2019.

The **occupancy cost ratio** [3] came to a balanced level of 10.7% at end-June 2022. This ratio, which was not able to be determined for 2020 and 2021 due to the government-ordered store closures, was 10.4% at December 31, 2019.

The **current financial vacancy rate** [4] was 2.9% for the first half of 2022, showing a further reduction compared with the 3.2% recorded at December 31, 2021 and 4.0% at end-June 2021.

The robust letting performance is illustrated by the 90 leases signed for renewals or relettings during the first half of 2022. The reversion rate associated with these negotiations was +1.7%.

The combination of the three indicators, i.e. the higher reversion rate, the positive organic rental income growth and the contraction in the vacancy rate, appears to be particularly satisfactory in an uncertain environment. Note that in June 2022, the Bank of France reported that household purchasing power was expected to contract only slightly in 2022 (-1% estimated), before picking up again in 2023 and 2024 (+0.5% and +1.5% estimated respectively). According to the Bank of France, the development of inflation in France is expected to be cushioned through the purchasing power support measures already put in place (e.g. energy price caps, fuel rebates) or that could be determined through the amended finance bill. These measures to mitigate the contraction in purchasing power are also helping support retailers' activity.

Alongside this, Mercialys has continued moving forward with its efforts concerning its collection rate. This came to 94.7% at July 22, 2022 for 2021, highlighting the significant progress made compared with the 88.8% recorded at December 31, 2021. The collection rate for the first half of 2022 was 94.6% at July 22, 2022.

[2] Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing over 80% of the value of the Company's shopping centers. The Rennes and Agen centers were included in the basis for analysis at June 30, 2022, replacing the Clermont-Ferrand center, held by a company in which Mercialys has a 51% interest, and the Chartres center, which is subject to a repositioning project.
[3] Ratio between rent, charges (including marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores.
[4] The occupancy rate, as with Mercialys' vacancy rate, does not include agreements relating to the Casual Leasing business.

Organic growth [5] in rental income for the first half of the year came to **+5.3%**, including a limited indexation effect of +1.9%.
The positive trend recorded in the first quarter of 2022 is continuing to ramp up. While the indexation effect was stable at end-March and end-June 2022 (+1.9%), the deferred impact of the rent relief granted for the lockdown during the first half of 2020 dropped from +2.4% at end-March to +1.4% at end-June 2022.
Organic growth, excluding base effects linked to the health crisis, therefore came to +3.9% at the end of the first half of 2022, compared with +2.4% at end-March 2022.

As a result of the indexation mechanisms and the lease anniversary dates, the indexation effect for Mercialys' rental income is linked primarily to the French Commercial Rent Index (ILC) published for the second and third quarters of 2021, and will therefore remain limited, with an estimated impact of less than +2% for the full year in 2022.

Invoiced rents came to Euro 86.1 million, up +3.2% on a current basis and +5.3% like-for-like. These changes reflect the following elements:

	Year to end-June 2021		Year to end-June 2022	
Indexation	+0.3 pp	+€0.2m	+1.9 pp	+€1.6m
Contribution by Casual Leasing	-0.4 pp	-€0.4m	+1.6 pp	+€1.3m
Contribution by variable rents	-0.8 pp	-€0.8m	+0.1 pp	+€0.1m
Actions carried out on the portfolio	-2.3 pp	-€2.1m	+0.3 pp	+€0.2m
Accounting impact of "Covid-19 rent relief" granted to retailers for the 2020 lockdowns	-0.8 pp	-€0.7m	+1.4 pp	+€1.1m
Like-for-like growth	**-4.0 pp**	**-€3.7m**	**+5.3 pp**	**+€4.4m**
Asset acquisition and sales	-4.0 pp	-€3.6m	-2.0 pp	-€1.6m
Other effects	-0.1 pp	-€0.0m	-0.1 pp	-€0.1m
Growth on a current basis	**-8.1 pp**	**-€7.3m**	**+3.2 pp**	**+€2.7m**

Rental revenues came to Euro 86.5 million, up +2.1% from the first half of 2021, reflecting the growth in invoiced rents and the contraction in lease rights and despecialization indemnities.

Net rental income is up +1.2% to Euro 85.0 million. It includes a significant upturn in management fee-related costs compared with the first half of 2021, factoring in the catch-up achieved on collection levels for 2020 and 2021, as well as the normalization of collection during the first half of 2022. This catch-up has also had an impact on the provisions recorded for these years.

EBITDA totaled Euro 75.3 million, down -1.4% compared with June 30, 2021. The EBITDA margin came to a high level of 87.0% (vs. 84.0% at December 31, 2021 and 90.1% at June 30, 2021).

The **net financial expenses** used to calculate FFO [6] totaled Euro 14.2 million at June 30, 2022, significantly lower than end-June 2021 (Euro 16.1 million). Specifically, this improvement reflects the impact of the refinancing operation carried out during the first quarter of 2022, based on a Euro 500 million bond issue with a 2.5% coupon, the partial redemption of Euro 100 million of the bond issue with a maturity of July 2027 and 4.625% coupon, and lastly, the exercising of the make-whole early redemption option on the bond issue scheduled to mature in March 2023 for a nominal total of Euro 469.5 million with a 1.787%

[5] Assets enter the like-for-like scope used to calculate organic growth after being held for 12 months
[6] FFO: Funds from operations = Net income attributable to owners of the parent before amortization, gains or losses on disposals net of associated fees, any asset impairment and other non-recurring effects

coupon. The positive impact of this refinancing is also reflected in the **real average cost of drawn debt** of 1.7%, compared with the 2.0% recorded for the full year in 2021.

Other operating income and expenses (excluding capital gains on disposals and impairment) came to Euro +0.8 million and primarily include the impact of the ramping up of activities for Ocitô and Cap Cowork, as well as the reversals or allowances for provisions recorded.0

Tax represents a Euro -0.3 million expense at end-June 2022 (Euro -0.4 million for the first half of 2021). This amount corresponds primarily to a CVAE corporate value-added tax expense.

The **share of net income from associates and joint ventures** (excluding capital gains, amortization and impairment) came to Euro 1.8 million at June 30, 2022, compared with Euro 1.7 million at June 30, 2021.

Non-controlling interests (excluding capital gains, amortization and impairment) came to Euro -5.4 million at June 30, 2022, virtually stable compared with the first half of 2021 (Euro -5.3 million).

In view of these elements, **funds from operations (FFO [6])** are up +3.2% from June 30, 2021 to Euro 57.5 million, with Euro 0.61 per share [7].

(In thousands of euros)	Jun 30, 2021	Jun 30, 2022	Change %
Invoiced rents	**83,419**	**86,087**	**+3.2%**
Lease rights and despecialization indemnities	1,246	364	-
Rental revenues	**84,665**	**86,450**	**+2.1%**
Non-recovered building service charges and property taxes and other net property operating expenses	(699)	(1,441)	-
Net rental income	**83,966**	**85,009**	**+1.2%**
Management, administrative and other activities income	1,292	1,208	-6.6%
Other income and expenses	(2,042)	(1,620)	-20.7%
Personnel expenses	(6,900)	(9,346)	+35.5%
EBITDA	**76,317**	**75,251**	**-1.4%**
EBITDA margin (% of rental revenues)	*90.1%*	*87.0%*	-
Net financial items (excluding non-recurring items[8])	(16,101)	(14,162)	-12.0%
Reversals of / (Allowances for) provisions	(346)	(522)	+51.1%
Other operating income and expenses (excluding capital gains on disposals and impairment)	(199)	766	-
Tax expense	(423)	(339)	-19.6%
Share of net income from associates and joint ventures (excluding capital gains, amortization and impairment)	1,745	1,836	+5.2%
Non-controlling interests (excluding capital gains, amortization and impairment)	(5,300)	(5,367)	+1.3%
FFO	**55,694**	**57,461**	**+3.2%**
Funds from operations (FFO) per share [7](in euros)	***0.60***	***0.61***	***+1.6%***

[7] Calculated based on the average undiluted number of shares (basic), i.e. 93,570,578 shares
[8] Impact of hedging ineffectiveness, banking default risk, prices, non-recurring amortization and costs relating to bond redemptions, proceeds and costs from unwinding swaps in connection with these redemptions

II. Deep changes in the shareholding and governance structure launched in 2012 and completed in 2022

Mercialys' history has been closely linked to the Casino group, which listed the Company on the stock market in 2005. While Mercialys has not been a Casino subsidiary since 2012, Casino continued to be a shareholder with around 40% of the Company's capital from 2012 to 2018. Casino's contribution as a shareholder and the various real estate agreements in place between the two companies contributed to drive Mercialys' economic performance.

From July 2018, Casino gradually divested its interest, completing its exit from the shareholding structure in April 2022. The governance structure has been adapted in line with this change in the shareholder base. Since April 28, 2022, the Board of Directors has no longer included any representatives of Casino. It is aligned with the best governance standards and includes 63% independent directors, with five women and three men, with the difference between the number of members of each gender limited to two[9].

Since 2019, with a phased approach, Mercialys has brought various support functions that were previously outsourced to Casino back in-house. This process will be completed in August 2022, with the Company also bringing back in-house its rental, technical and administrative management activities, which were previously entrusted to a Casino subsidiary, which is still responsible for facilities management for the shopping centers owned by Mercialys. The agreements between Mercialys and Casino concerning real estate projects or financing have also been gradually phased out since 2020.

Alongside this, Casino continues to be a tenant, primarily for hypermarkets, and represents 20.9% of Mercialys' total rental income at end-June 2022 (vs. 22.6% at end-June 2021 and 22.4% at end-December 2021). Mercialys' rental exposure is distributed across:

- 5 food stores (including one Monoprix store) operated by Casino and 100% owned by Mercialys
- 5 food stores operated by Casino and 60% owned by Mercialys
- 10 food stores operated by Casino and 51% owned by Mercialys

Mercialys' portfolio also includes diverse food operators. On the one hand, the Company owns a food store operated by Aldi. On the other hand, at the sites where Mercialys does not own the food anchors, they are are owned and operated by either Casino, or Carrefour (3 sites), Système U (3 sites) and Intermarché (1 site).

In addition, through SCI AMR, created in partnership with Amundi Immobilier, Mercialys has a 25% interest in 3 Monoprix sites and 2 hypermarkets operated by Casino.

In total, taking into consideration the share in rental income based on the stakes held in assets through these various entities, Mercialys' economic exposure to rent from retailers operated by the Casino group is 17.8% at end-June 2022.

While Mercialys is gradually scaling back its exposure to Casino as its primary tenant, thanks in particular to asset rotations, it is still relevant to own hypermarkets. First of all, as a factor driving recurrent visits within the retail mix of these sites, in addition to, as demonstrated since 2015, through the capacity for these assets to evolve in line with the adjacent shopping center.

[9] French law of January 27, 2011 concerning the balanced representation of women and men within boards of directors and supervisory boards and workplace equality: compliance for boards of directors with eight members or less.

III. Maintaining the attractiveness of everyday retail: Mercialys' robust approach to building client knowledge to support retailers

One of the major operational challenges for Mercialys in an uncertain consumption environment is to develop the attractiveness of its sites and their footfall levels, while offering the best tools for retailers to maximize the potential for sales across their stores.

Thus, Mercialys is leveraging the capabilities making it possible to communicate with visitors across its shopping centers, and particularly the **1.3 million qualified contacts** who are registered in the Company's bases. The relevance of this targeted communication is illustrated by a **41% opening rate** for the communications sent by the Company.
Mercialys is continuing to further strengthen its client knowledge with a view to qualifying their needs even more effectively. In 2022, a new feature was introduced with the loyalty program, offering the possibility for clients to scan their receipts. The analysis of these data makes it possible to more effectively determine on-site events, communications and retailers or products to be showcased. Mercialys aims to analyze the data from receipts representing 1% of the sales generated by retailers in its shopping centers.

These client knowledge tools aim to carry out two types of actions that will generate traffic and therefore sales for retailers.

On the one hand, setting up cashback operations financed with the sites' marketing funds. The cashback balance is built up through purchases made in the center and then converted into vouchers that clients can use exclusively in their shopping center. The effectiveness of this type of operation was demonstrated once again during the first half of 2022 across Mercialys' portfolio: **every Euro 1 of vouchers awarded has generated Euro 4.0 of purchases.**

On the other hand, thanks to the improvement in the health conditions, Mercialys' teams were able to start organizing special events and activities again, either for different celebrations (Valentine's Day, Father's Day, etc.) or with retailers. These actions on the ground are particularly well suited to local retail, renewing clients' interest in their shopping center, focusing on human contact and promoting retailers and products.

Once again, these special events and activities, supported by the Prim Prim loyalty program, have achieved results that can be measured with various indicators, as illustrated by the following examples: a +25% increase in footfall over one week in June at Le Port (Reunion Island) thanks to a cashback operation on dedicated timeslots; a +44% increase in the average basket at an Yves Rocher store in Niort in connection with a specific event; and a 67% voucher usage rate in stores at the Brest shopping center in May.

IV. Resumption of investments: arbitrage to be carried out between making acquisitions and rolling out the development pipeline

Mercialys weathered the health crisis in 2020 and 2021, while once again demonstrating the liquidity and value of its assets. The characteristics of this arbitrage policy also marked the sales completed during the first half of 2022.

They represented a total of Euro 71.7 million including transfer taxes, primarily concerning two Géant hypermarkets in Annecy and Saint-Etienne. Overall, these sales were based on transactions values that were slightly higher than the appraisal values. These disposals also helped reduce Mercialys' exposure to its primary tenant, the Casino group.

These divestments and the major refinancing operation carried out during the first quarter of 2022 (see section V of this press release) are enabling Mercialys to resume an investment strategy.

Mercialys has made far-reaching changes to the make-up of its development pipeline since the end of the Partnership Agreement signed with the Casino group. At end-June 2022, only 30% of Mercialys' projects are dependent on reaching an agreement with Casino as a co-owner or co-volumist.

The characteristics of the projects also illustrate the Company's multifunctionality approach and its drive to capitalize on all of its spaces. Around 40% of the investments planned concern dining, leisure and tertiary activities (e.g. coworking or logistics).

Recent inflationary pressures, concerning labor and building material costs, have also led to changes in the investments to be made in terms of these developments and their yields. The sustainability of rent levels is still a decisive factor for projects to be launched.

At end-June 2022, Mercialys' development pipeline represented Euro 540 million with around Euro 36.6 million of potential additional rental income. Mercialys has already rolled out various projects linked primarily to relaunching sites.

(In million euros)	Total investment	Investment still to be committed	Target net rental income	Target net yield on cost (%)	Completion date
COMMITTED PROJECTS	**20.7**	**18.4**	**0.2**	**na**	**2022 / 2026**
Dining and leisure	1.1	1.1	0.1	6.0%	2022
Tertiary activities	19.6	17.3	0.2	na [10]	2022 / 2026
CONTROLLED PROJECTS	**134.8**	**130.1**	**9.4**	**7.0%**	**2023 / >2027**
Retail	89.9	85.4	6.3	7.0%	2023 / 2025
Dining and leisure	1.2	1.2	0.1	7.0%	2024 / 2025
Tertiary activities	43.7	43.5	3.1	7.0%	2023 / >2027
IDENTIFIED PROJECTS	**385.0**	**384.9**	**26.9**	**7.0%**	**2024 / >2027**
Retail	236.9	236.8	16.6	7.0%	2025 / >2027
Dining and leisure	111.9	111.9	7.8	7.0%	2025 / 2026
Tertiary activities	36.2	36.2	2.5	7.0%	2024 / >2027
TOTAL PROJECTS [10]	**540.4**	**533.4**	**36.6**	**na**	**2022 / >2027**

- *Committed projects: projects fully secured in terms of land management, planning and related development permits*
- *Controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits*
- *Identified projects: projects currently being structured, in emergence phase*

[10] Excluding the impact of mixed-use projects, which could also generate margins.

V. Portfolio and financial structure

Strong EPRA NDV (Net Disposal Value) growth, up +11.6% over six months and +14.4% over 12 months

Mercialys' **portfolio value** came to Euro 3,122.8 million including transfer taxes, down -0.5% over six months and -2.0% over 12 months. Like-for-like [11], it is up +1.7% over six months and +1.1% over 12 months. Excluding transfer taxes, the portfolio value came to Euro 2,930.2 million, down -0.5% over six months and -2.2% over 12 months. Like-for-like [11], it is up +1.7% over six months and +0.8% over 12 months.

At end-June 2022, Mercialys' portfolio mainly comprised 50 shopping centers [12], with 25 large regional shopping centers and 25 leading local retail sites.

The **average appraisal yield rate** was 5.71% at June 30, 2022, unchanged compared with the end of December 2021 and consistent with the 5.74% recorded at June 30, 2021.

The **EPRA net asset value** indicators are as follows:

	EPRA NRV			EPRA NTA			EPRA NDV		
	Jun 30, 2021	Dec 31, 2021	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021	Jun 30, 2022
€/share	20.32	20.51	20.35	18.26	18.39	18.24	17.17	17.60	19.65
Change over 6 months	-0.8%			-0.8%			+11.6%		
Change over 12 months	+0.2%			-0.1%			+14.4%		

The **EPRA Net Disposal Value (NDV)** came to Euro 1,834.6 million at end-June 2022 vs. Euro 1,608.1 million at end-June 2021. Per share, it represents Euro 19.65 [13], with a significant increase of +11.6% over six months and +14.4% over 12 months.

The Euro +2.04 per share change[13] for the first half of this year takes into account the following impacts:

- dividend payment: Euro -0.92;
- Funds from operations (FFO): Euro +0.62 [14];
- Change in unrealized capital gains (i.e. difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes): Euro +0.44, including a yield effect for Euro +0.03, a rent effect for Euro +0.50 and other effects [15] for Euro -0.08;
- Change in fair value of fixed-rate debt: Euro +2.02;
- Change in fair value of derivatives and other items: Euro -0.12.

[11] Sites on a constant scope and a constant surface area basis
[12] Added to these are three geographically dispersed assets with a total appraisal value including transfer taxes of Euro 8.5 million.
[13] Calculation based on the diluted number of shares at the end of the period, in accordance with the EPRA methodology regarding the NDV
[14] Calculation based on the diluted number of shares at the end of the period, as this concerns the impact of FFO on the change in NDV per share
[15] Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains on asset disposals.

Major refinancing operation carried out during the first quarter of 2022, consolidating liquidity levels and helping optimize the cost of debt

During the first quarter of 2022, Mercialys rolled out a three-pronged refinancing operation. The Company carried out a bond issue for a nominal total of Euro 500 million, with a 7-year maturity and 2.5% coupon. Alongside this, Mercialys completed the early redemption of Euro 100 million of the bond issue due to mature in July 2027, with a 4.625% coupon and an initial nominal total of Euro 300 million. The Company also fully exercised its make-whole call option for the early redemption of its bond maturing in March 2023 with a nominal total of Euro 469.5 million.

This operation enabled Mercialys to significantly extend the **average maturity of its bond debt** from 3.6 years at end-2021 to 5.4 years at end-June 2022. The average maturity of drawn debt was 4.7 years at end-June 2022, compared with 3.2 years at end-December 2021.
This has significantly strengthened the Company's liquidity, as the next bond maturity will be due in February 2026. Between now and this date, only various commercial paper programs are still to be renewed or redeemed, for a combined total of Euro 182 million. These short-term financing facilities are very largely covered by the Euro 242.3 million of **free cash flow** at end-June 2022 and by the **undrawn confirmed bank facilities** in place for a combined total of Euro 430 million.

Thanks to this refinancing in particular, the **real average cost of drawn debt**[16] for the first half of 2022 came to 1.7%, which represents a significant improvement compared with the 2.0% recorded for the full year in 2021.
In a context of high interest rate volatility, Mercialys has maintained a high level of **hedging for its debt**, with a hedged or fixed-rate debt position (including commercial paper) of 87% at end-June 2022, compared with 86% at end-December 2021 and 87% at end-June 2021.

Mercialys continues to benefit from a very healthy financial structure, with an **LTV ratio excluding transfer taxes** [17] of 36.6% at June 30, 2022 (compared with 36.7% at December 31, 2021 and 38.3% at June 30, 2021) and an **LTV ratio including transfer taxes** of 34.3% on the same date (versus 34.4% at December 31, 2021 and 36.0% at June 30, 2021).

The **ICR** was 6.1x [18] at June 30, 2022, compared with 5.1x at December 31, 2021 and 5.6x at June 30, 2021, reflecting both the operational performance and the optimization of the financing structure.

On June 8, 2022, Standard & Poor's confirmed its **BBB / stable outlook** rating for Mercialys.

[16] This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding swaps in connection with these redemptions.
[17] LTV (Loan To Value): Net financial debt / (market value of the portfolio excluding transfer taxes + market value of investments in associates for Euro 56.5 million at June 30, 2022 and Euro 55.9 million at June 30, 2021, since the value of the portfolio held by associates is not included in the appraisal value)
[18] ICR (Interest Coverage Ratio): EBITDA / net finance costs

VI. 2022 outlook confirmed

Considering the satisfactory performance levels achieved over the first half of the year, Mercialys is able to **confirm its full-year objectives for 2022**, excluding the health situation's potential impacts on its operations:

- Growth in funds from operations (FFO) per share to reach at least +2% vs. 2021;
- Dividend to range from 85% to 95% of 2022 FFO.

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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 June 30, 2022, Mercialys had a real estate portfolio valued at Euro 3.1 billion (including transfer taxes). Its portfolio of 2,130 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 June 30, 2022.

APPENDIX TO THE PRESS RELEASE FINANCIAL STATEMENTS

Consolidated income statement

(In thousands of euros)	Jun 30, 2021	Jun 30, 2022
Rental revenues	**84,665**	**86,450**
Service charges and property tax	(30,148)	(29,765)
Charges and taxes billed to tenants	25,929	25,389
Net property operating expenses	3,520	2,935
Net rental income	**83,966**	**85,009**
Management, administrative and other activities income	1,292	1,208
Other income	221	424
Other expenses	(2,263)	(2,044)
Personnel expenses	(6,900)	(9,346)
Depreciation and amortization	(19,557)	(18,622)
Reversals of / (Allowances for) provisions	(346)	(522)
Other operating income	790	74,212
Other operating expenses	(6,568)	(73,878)
Operating income	**50,637**	**56,440**
Income from cash and cash equivalents	162	19
Gross finance costs	(14,115)	(38,644)
(Expenses) / Income from net financial debt	**(13,953)**	**(38,625)**
Other financial income	153	132
Other financial expenses	(1,619)	(1,628)
Net financial items	**(15,419)**	**(40,121)**
Tax expense	(423)	(339)
Share of net income from associates and joint ventures	1,091	1,185
Consolidated net income	**35,886**	**17,165**
Attributable to non-controlling interests	4,498	4,570
Attributable to owners of the parent	31,388	12,595
Earnings per share [19]		
Net income attributable to owners of the parent (in euros)	0.34	0.13
Diluted net income attributable to owners of the parent (in euros)	0.34	0.13

[19] Based on the weighted average number of shares over the period adjusted for treasury shares:
- Undiluted weighted average number of shares for the first half of 2022 = 93,570,578 shares
- Fully diluted weighted average number of shares for the first half of 2022 = 93,570,578 shares

Consolidated statement of financial position

ASSETS *(in thousands of euros)*	**Dec 31, 2021**	**Jun 30, 2022**
Intangible assets	5,028	4,214
Property, plant and equipment	6,922	4,189
Investment property	1,935,117	1,921,342
Right-of-use assets	8,590	10,032
Investments in associates	37,907	37,368
Other non-current assets	50,733	37,392
Deferred tax assets	1,346	1,013
Non-current assets	**2,045,642**	**2,015,551**
Trade receivables	36,865	29,944
Other current assets	34,595	38,265
Cash and cash equivalents	257,178	242,306
Investment properties held for sale	60,086	405
Current assets	388,724	310,919
Total assets	**2,434,366**	**2,326,471**

EQUITY AND LIABILITIES (in thousands of euros)	**Dec 31, 2021**	**Jun 30, 2022**
Share capital	93,887	93,887
Additional paid-in capital, treasury shares and other reserves	649,231	591,857
Equity attributable to owners of the parent	**743,118**	**685,743**
Non-controlling interests	202,011	201,144
Shareholders' equity	**945,129**	**886,887**
Non-current provisions	1,008	811
Non-current financial liabilities	1,237,101	1,142,871
Deposits and guarantees	23,003	23,608
Non-current lease liabilities	8,353	9,530
Other non-current liabilities	5,716	354
Non-current liabilities	**1,275,181**	**1,177,174**
Trade payables	16,477	20,130
Current financial liabilities	150,144	197,815
Current lease liabilities	1,030	1,444
Current provisions	11,443	11,195
Other current liabilities	34,826	31,747
Current tax liabilities	136	79
Current liabilities	**214,056**	**262,410**
Total equity and liabilities	**2,434,366**	**2,326,471**