

Activity at end-September 2024

Excellent commercial trends and solid operational performance

Organic growth of +4.0% over nine months

2024 objectives confirmed

Vincent Ravat, Mercialys' Chief Executive Officer: "While 2024 has seen a significant slowdown in inflation, there is still a clear perception of purchasing power pressures among consumers. Mercialys, the leading REIT for accessible retail, responds to these concerns through its retail mix that is focused on recurrent purchases covering customers' essential needs. The relevance of this positioning is reflected in the strong outperformance in terms of both site footfall indicators (+130bp) and the sales recorded by retailers at Mercialys sites (+110bp) compared with the national indexes. The Company achieved robust organic growth of +4.0% at end-September 2024 and is able to confirm its objectives for 2024: growth in net recurrent earnings (NRE) per share to reach at least +2% and a dividend to range from 75% to 95% of 2024 NRE".

I. Organic growth in invoiced rents of +4.0%

At end-September, **invoiced rents** totaled Euro 134.7 million, with an **organic growth** rate of +4.0%, while growth on a current basis came to +1.9%, primarily factoring in the four hypermarkets sold in July 2024.

(In thousands of euros)	Year to end-September 2023	Year to end-September 2024	Change Current basis (%)	Change Like-for-like basis (%)
Invoiced rents	132,183	134,728	+1.9%	+4.0%
Lease rights	395	270	-31.7%	
Rental revenues	132,578	134,998	+1.8%	

The organic growth in invoiced rents takes into account the following factors:

- Positive **indexation**, which came to +4.2 points over nine months, reflecting the increase in the commercial rent index (ILC) observed in 2023 and highlighting Mercialys' ability to apply the conditions from its leases, with a constant focus on maintaining a sustainable occupancy cost ratio for retailers (10.9% at end-June 2024, excluding large food stores);
- Positive contribution by **Casual Leasing** for +0.1 points, with a significantly more favorable trend than the first half of 2024 (-0.2 points). This activity is already benefiting from the significant increase in hypermarket footfall levels following the takeover of stores by Auchan, Intermarché and Carrefour at Mercialys sites during the second quarter of 2024;
- Impact of **actions carried out on the portfolio** for -0.8 points;
- Increase in **variable rents** by +0.4 points, reflecting the good level of business for tenants.

Invoiced rents also incorporate other effects, including the **strategic vacancies linked to current development programs** for -0.2 points. Lastly, the **scope effects** had a Euro -2.5 million impact, with -1.9 points on rental income at September 30, 2024, and they are linked primarily to the disposal, in July 2024, of four hypermarkets that were 51% owned by Mercialys.

After factoring in the deferrals applicable under IFRS, **lease rights and despecialization indemnities** received over the period represent Euro 0.3 million, compared with Euro 0.4 million at September 30, 2023.

In view of these elements, **rental revenues** came to Euro 135.0 million at September 30, 2024, up +1.8% from September 30, 2023.

II. Shopping centers performing very well in terms of footfall and sales, supporting the rental activity

For the year to end-June 2024¹, household consumption stabilized (+0.3%) and purchasing power increased by +1.5%, in a context of declining inflation (+1.2% at end-September 2024, with +0.5% for food). However, consumers continue to be particularly sensitive to prices in terms of their purchasing decisions, a dimension that Mercialys' positioning is built around, illustrated by the latest openings across the Company's portfolio.

For instance, the recent openings by the streetwear retailer Snipes in the Toulouse Fenouillet shopping center, with over 500 sq.m, as well as Intersport in Marseille La Valentine, for over 2,000 sq.m, Normal in Annecy Seynod and an On Air fitness center at Grenoble Caserne de Bonne have enjoyed great success with customers and are contributing to the continued adaptation of Mercialys' retail mix.

Similarly, on the segment for accessible retail incorporating an environmentally responsible dimension, Geev, a leading circular economy and donations app, with a subscription-based business model, opened its first Geev Shop in the Toulouse Fenouillet shopping center in September 2024. This 300 sq.m concept store attracted more than 1,700 visitors and led to an increase in the site's footfall by over +15% on the day it opened.

The price repositioning of the hypermarkets anchoring Mercialys' shopping centers after their operations were taken over by Intermarché, Auchan and Carrefour between May and June 2024 is also aligned with consumers' needs and continued to drive a significant increase in footfall overall across these stores during the third quarter.

Illustrating this, **footfall** in Mercialys' shopping centers is up +2.5% at end-September 2024, compared with +1.2% for the Quantaflow national index. The +130bp performance differential highlights the relevance of the Company's positioning on the consumption segments boosted by their pricing accessibility.

This positive trend is reflected in the **sales** recorded by Mercialys' tenant retailers, up +2.4% at end-August 2024, outperforming the FACT national panel's +1.3% growth by +110bp.

Supported by the attractive positioning of the various sites in their catchment areas, the level of lettings activity at end-September saw 89 agreements signed for both renewals and relettings. In a context of very sustained indexation, these leases secured positive **reversion** of +0.4% (versus -0.2% at end-June)².

Alongside this, the hypermarket operations transition phase continued moving forward during the third quarter.

On the one hand, on October 2, 2024, the Casino group indicated that it had completed the disposal of its subsidiary operating its activities in Corsica, with operations at the five Corsican hypermarkets and supermarkets owned by Mercialys switching to the Auchan banner and the stores reopening to the public from October 16.

¹ INSEE

² This reversion does not take into account the reletting of a mid-size unit, previously leased to H&M, to Intersport in Marseille La Valentine, with an impact of -2.3%. This letting supported the strategic repositioning of this center, which has already made significant progress, around the particularly dynamic sports segment.

On the other hand, the Casino group shut down operations at several hypermarkets where operations were not sold as part of the overall transactions that it entered into with Auchan, Intermarché and Carrefour. At the Brest and Niort centers, this concerns two hypermarkets that are 51% owned by Mercialys. The Casino group is committed to operating and paying rent on these stores until the corresponding leases expire at the end of June 2027. These leases offered the retailer a three-year break during the first half of 2024, while this option was not exercised. The Casino group is complying with its quarterly payment schedules, including the fourth quarter of 2024.

Operations at four hypermarkets that are not owned by Mercialys, but that anchor small centers which it owns (Brive, Aurillac, Valence and Chenove), were also shut down. The operational and financial stakes for these centers are limited for Mercialys, as they represent in total 1.0% of the Company's net rental income (including Casual Leasing rents and excluding mid-size units whose flows are not significantly affected by the large food stores), while Valence and Chenove are subject to redevelopment projects, dependent on local consultations which are currently underway.

The Casino group's sales of business operations in 2023 and 2024 showed the value of spaces in this consumption segment, making it possible to consider a takeover of operations at these hypermarkets, including based on optimized spaces.

III. Financing structure further strengthened

In September 2024, Mercialys successfully placed a Euro 300 million bond issue with a 7-year maturity and 4.0% coupon. Alongside this, Mercialys exercised the option for the early redemption of its bond maturing in July 2027, with a residual nominal total of Euro 200 million and a 4.625% coupon.

This refinancing operation enabled Mercialys to extend the maturity of its drawn debt from 3.3 years at end-June 2024 to 4.0 years at end-September 2024, while optimizing its average cost of debt and further strengthening the liquidity of its balance sheet.

The Company's solid financial position, illustrated by its loan to value ratio (LTV including transfer taxes) of 36.9% at end-June 2024, proforma for the sale of the four hypermarkets in July, will be further strengthened over the second half of 2024 through the disposal of several assets, which are not significant on the Company's scale (Montauban and Rodez centers and ancillary assets at Millau and Paris Massena). These disposals once again illustrate the Company's commitment to realigning its portfolio around the most dynamic assets in terms of value creation, as well as its ability to find liquidity for its assets under financial conditions that are in line with their valuation within the Company's net asset value.

Lastly, on October 24, 2024, Standard & Poor's confirmed its BBB / stable outlook rating for Mercialys.

IV. Full-year objectives confirmed

The performance levels at end-September enable Mercialys to confirm its objectives for 2024, with:

- Growth in net recurrent earnings (NRE) per share to reach at least +2.0% in 2024 vs. 2023;
- A dividend to range from 75% to 95% of 2024 net recurrent earnings.

MERCIALYS RENTAL REVENUES

2023	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Q1	Q2	Q3	Q4
Invoiced rents	43,501	87,910	132,183	177,495	43,501	44,408	44,273	45,312
Lease rights	132	254	395	515	132	122	141	119
Rental revenues	43,633	88,164	132,578	178,010	43,633	44,531	44,414	45,431
Change in invoiced rents	+0.2%	+2.1%	+2.4%	+2.8%	+0.2%	+4.1%	+3.1%	+4.0%
Change in rental revenues	+0.1%	+2.0%	+2.3%	+2.7%	+0.1%	+3.9%	+3.0%	+3.9%

2024	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Q1	Q2	Q3	Q4
Invoiced rents	45,463	91,385	134,728		45,463	45,922	43,343	
Lease rights	82	175	270		82	93	95	
Rental revenues	45,545	91,560	134,998		45,545	46,015	43,438	
Change in invoiced rents	+4.5%	+4.0%	+1.9%		+4.5%	+3.4%	-2.1%	
Change in rental revenues	+4.4%	+3.9%	+1.8%		+4.4%	+3.3%	-2.2%	

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This press release is available on 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 June 30, 2024, Mercialys had a real estate portfolio valued at Euro 2.9 billion (including transfer taxes). Its portfolio of 1,955 leases represents an annualized rental base of Euro 178.3 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, 2024.

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 for the year ended December 31, 2023 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.