MERCIALYS

PRESS RELEASE

Paris, April 13, 2016

2016 first-quarter activity

Invoced rents are up +2.6% like-for-like and +2.7% excluding indexation, with operational trends that have continued to be satisfactory

Casual Leasing is still a significant operational performance factor

Rental revenues are up +15% to Euro 45.6 million

As Eric Le Gentil, Mercialys' Chairman and Chief Executive Officer, confirms: *"The first quarter shows a satisfactory operational performance, in line with the full-year target for like-for-like rental growth of +2% above indexation.*
Mercialys' shopping centers have continued to outperform the national market in terms of both sales and footfall, despite the still challenging economic environment.
The positive reversion generated by redevelopments based on a constant surface area is continuing to drive like-for-like rental growth. Alongside this, the Casual Leasing business is still a significant factor for organic growth, and the increase in demand from national retailers, as well as the emergence of entrepreneurial retailers that are using this format to start up or develop their business, is further strengthening our confidence in the potential and sustainability of this activity".

I. Change in rental revenues

Invoiced rents at March 31, 2016 are up **+16.2%** compared with March 31, 2015 to Euro 45.0 million**.** Like-for-like growth in invoiced rents came to **+2.7%** excluding the impact of a slightly negative level of indexation, reflecting the satisfactory operational trends that have continued to be recorded.

Rental revenues climbed to **Euro 45.6 million** at March 31, 2016, up +15.0% from March 2015, while growth in invoiced rents offset the contraction in lease rights, with rent levels now given priority over setting up lease rights.

In thousands of euros	Cumulative to end-March 2015	Cumulative to end-March 2016	Change (%)	Like-for-like change (%)
Invoiced rents	**38,713**	**44,992**	**+16.2%**	**+2.6%**
Lease rights	880	559		
Rental revenues	**39,593**	**45,551**	**+15.0%**	

The change in invoiced rents primarily reflects the following factors:
- Sustained organic growth in invoiced rents: **+2.6 points**,
- Acquisitions in 2015: **+15.6 points**,
- Other effects primarily including strategic vacancies linked to current redevelopment programs: **-2.0 points**

Like-for-like, invoiced rents are up **+2.6%**, including:
+2.1% for actions carried out on the portfolio,
+0.6% for the development of the Casual Leasing business, which represented Euro 1.6 million in rent for the quarter, taking into account the seasonality effect. This development is in line with expectations for the full year, with growth of over 10% versus 2015,
-0.1% for indexation

Lease rights and despecialization indemnities received over the period[1] are globally stable compared with Euro 0.1 million at March 31, 2015. After factoring in the deferrals required under IFRS, lease rights for end-March 2016 came to Euro 0.6 million, compared with Euro 0.9 million for the first quarter of 2015.

II. Retailers benefiting from asset performance

Mercialys' shopping centers have continued to outperform the sector in France in terms of both footfall and retailer sales growth.

12 months rolling, the sales figures for retailers in Mercialys centers[2] were up +3.8% at end-February 2016, compared with +0.6% growth for the shopping center market (CNCC[3]).

Footfall in Mercialys' shopping centers showed a further +1.4% increase 12months rolling at end-February 2016, including a particularly positive trend for February, while overall footfall levels for the market (CNCC) are down -1.1% at end-February 2016.

III.Casual Leasing business is still a key driver for organic rental growth

The Casual Leasing business continued to develop in the first quarter of 2016, with full-year rental income growth of over 10% expected for 2016, in line with the target of over 2% organic growth in rental income excluding indexation for the year.

Mercialys firmly believes in the long-term success of this business, generating equivalent quality rental income to "traditional" commercial leases, as confirmed by the fact that they are taken into account by the independent appraisers based on an identical discount rate to the malls.

Casual Leasing is effectively aligned with the new core retail trends: from the retailers' perspective, with rapidly evolving concepts and the emergence of a new entrepreneurial paradigm, as well as from the perspective of customers' expectations and consumption habits.

Firstly, **national and international brands** are ramping up their presence on this type of format, which enables them to not only build a marketing presence with their customers, but also to develop their profitability through a sales activity. This category of trade marketing customers, which was marginal for our sites in 2013, represented

[1] Lease rights received as cash before the impact of deferrals required under IFRS (deferral of lease rights over the firm period of leases)
[2] Mercialys' large centers and main market-leading local-format centers based on a constant surface area
[3] CNCC index – all centers, comparable scope

over 30% of this segment's rents at end-March 2016. They include notably Procter & Gamble, Reckitt, Henkel, Numericable, Mars, Unilever and L'Oréal. The development of their presence following the first successful trial initiatives is illustrated by the example of Canal +, which set up at various Mercialys sites in 2015 and is positioned for over 250 weeks at around 15 sites in 2016.

In addition, the flexibility of casual leasing is particularly well-suited to the development of **new, entrepreneurial retailers**, which can test out their concepts and develop their sales while keeping flexibility in terms of their fixed costs. The success achieved by Save (smartphone repairs) and Lunettes pour Tous illustrates this new economy that is being supported by Mercialys.

Lastly, **local retailers** are still a significant component within this activity, offering customers a continually evolving range of products, which represents a major asset for neighborhood shopping malls which clients are visiting regularly. The premiumization drive has continued to progress since 2014, supported by the accompanying measures rolled out by Mercialys, including a guide for merchandising best practices segmented for each business. This provides added value for tenants by helping them to optimize their presentation, while ensuring the best integration of these units within the malls.

A pioneer for casual leasing in France, Mercialys has built up dedicated expertise, which is required for the "industrialization" of this constantly evolving rental activity, supported by a proprietary IT tool developed for managing several thousand leases each year.

IV. Payout of Euro 0.57 / share on April 26, 2016

On February 10, 2016, Mercialys' Board of Directors proposed, subject to approval by the general shareholders' meeting on April 20, 2016, to set the dividend for 2015 at Euro 1.33 per share (including the interim dividend of Euro 0.76 per share already paid in December 2015).

This represents a yield of 6.8% in relation to Mercialys' triple net asset value (EPRA format) from the end of 2015 (Euro 19.48 per share).

After deducting the interim dividend already paid out, the balance on this dividend represents Euro 0.57 per share. It will be paid in full in cash on April 26, 2016.

The ex-dividend date will be April 22, 2016.

* *
*

This press release is available on www.mercialys.com

Analysts / investors:
Elizabeth Blaise
Tel: + 33(0)1 53 65 64 44

Press contact:
Communications
Tel: + 33(0)1 53 65 24 78

About Mercialys

Mercialys is one of France's leading real estate companies, focused exclusively on retail property. At December 31, 2015, Mercialys had a portfolio of 2,251 leases, representing a rental value of Euro 175.8 million on an annualized basis.
At December 31, 2015, it owned properties with an estimated value of Euro 3.5 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, 2015, there were 92,049,169 shares outstanding.

IMPORTANT INFORMATION
This press release contains certain forward-looking statements about 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 the Mercialys shelf registration document available at www.mercialys.com for the year ended December 31, 2015 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

	YEAR TO DATE				*PER QUARTER*			
	Mar 31, 2014	**Jun 30, 2014**	**Sep 30, 2014**	**Dec 31, 2014**	**Q1**	**Q2**	**Q3**	**Q4**
Invoiced rents	36,031	76,005	111,469	148,755	36,031	39,975	35,464	37,286
Lease rights	1,073	2,125	2,991	4,031	1,073	1,053	866	1,040
Rental revenues	**37,104**	**78,131**	**114,460**	**152,787**	**37,104**	**41,027**	**36,329**	**38,236**
Change in invoiced rents	-4.6%	3.9%	3.3%	4.1%	-4.6%	12.8%	2.1%	6.5%
Change in rental revenues	-6.2%	1.9%	1.5%	2.6%	-6.2%	10.5%	0.8%	5.7%
	Mar 31, 2015	**Jun 30, 2015**	**Sep 30, 2015**	**Dec 31, 2015**	**Q1**	**Q2**	**Q3**	**Q4**
Invoiced rents	38,713	80,558	121,394	165,958	38,713	41,845	40,836	44,564
Lease rights	880	1,698	2,377	2998	880	818	679	621
Rental revenues	**39,593**	**82,256**	**123,771**	**168,956**	**39,593**	**42,663**	**41,515**	**45,185**
Change in invoiced rents	7.4%	6.0%	8.9%	11.6%	7.4%	4.7%	15.1%	19.5%
Change in rental revenues	6.7%	5.3%	8.1%	10.6%	6.7%	4.0%	14.3%	18.2%
	Mar 31, 2016	**Jun 30, 2016**	**Sep 30, 2016**	**Dec 31, 2016**	**Q1**	**Q2**	**Q3**	**Q4**
Invoiced rents	44,992							
Lease rights	559							
Rental revenues	**45,551**							
Change in invoiced rents	16.2%							
Change in rental revenues	15.0%							