



PRESS RELEASE

Paris, January 14, 2014

Activity for 2013:

**Organic growth target exceeded:
like-for-like growth in invoiced rents of +3.7%
including 1.7 points of growth excluding indexation**

Enhanced offering with 12 'L'Esprit Voisin' development projects launched over the year representing additional full-year rental income of Euro 8.6 million

Eric le Gentil, Chairman and Chief Executive Officer of Mercialys, comments:

"With organic growth in invoiced rents 1.7 point above indexation, Mercialys managed to exceed its initial organic growth target of +1.5 point in 2013 under complex market conditions. This performance attests to the solidity of the company's business model and the priority given to creating value by its teams, who have played an extremely active role and who are close to the client.

With the development of twelve 'L'Esprit Voisin' projects, Mercialys also continued to fuel its future growth, while also making its shopping centers more attractive by means of renovation works and refocusing the portfolio on assets presenting potential.

These efforts have helped to improve the quality of our portfolio and the momentum of our shopping centers."

I. Change in rental revenues

Rental revenues totaled **Euro 149.0 million** to December 31, 2013.

On a like-for-like basis, invoiced rents rose by **+3.7%** thanks to the ongoing attention paid by staff to renegotiating higher rents and the development of the specialty leasing business.

<i>(in thousands of euros)</i>	Cumulative to end-Dec 2012 (Disclosed)	Cumulative to end-Dec 2012 (Pro forma) ¹	Cumulative to end-Dec 2013	% change	% change like-for-like
Invoiced rents	152,537	151,866	142,951	-5.9%	+3.7%
Lease rights	7,881	7,816	6,008		
Rental revenues	160,419	159,682	148,959	-6.7%	

¹ Mercialys pre-empted the implementation of IFRS 11 for the year ended December 31, 2013. Subsidiaries that were previously proportionally consolidated are consolidated under the equity method for the year to December 31, 2013. As a result, SCI Geispolsheim rental revenues recognized in 2012 on a proportionally consolidated basis (i.e. Euro 737 thousand) have been restated.

The year was characterized by:

- continuing robust organic growth in invoiced rents: **+3.7 points** including **+1.7 point** relating to measures to improve the lease portfolio and **+2.0 points** relating to indexation²;
- the completion of 2012 and 2013 L'Esprit Voisin development projects: impact of **+1.3 point** on growth in invoiced rents;
- the effect of asset sales carried out in 2012 and 2013, reducing our rental base: **-10.6 points**;
- other effects including primarily the strategic vacancy relating to current redevelopment programs: **-0.3 point**

Lease rights and despecialization indemnities received over the period³ amounted to Euro 3.1 million compared with Euro 4.9 million to December 31, 2012, broken down as follows:

- Euro 2.8 million in lease rights relating to ordinary reletting business (compared with Euro 3.0 million in 2012);
- Euro 0.3 million in lease rights relating primarily to the letting of the extension of the Ste Marie site in La Réunion, completed during the first half of 2013 (compared with Euro 1.9 million to December 31, 2012 received primarily in relation to three projects).

After the impact of deferrals required under IFRS, lease rights recognized in 2013 amounted to Euro 6.0 million compared with Euro 7.8 million in 2012. 2012 benefited in particular from the effect of significant lease rights received in both 2011 and 2010.

II. Developments undertaken in 2013

Twelve 'L'Esprit Voisin' development projects were launched, for completions in 2013 and 2014, representing 120 new stores and an additional Euro 8.6 million in full-year rental income.

The implementation of "L'Esprit Voisin" development projects continued in 2013. These development projects help to make shopping centers more attractive and create a more diversified offering, with the inclusion of new retailers in 2013 such as Timberland, Calzedonia, Calvin Klein Jeans, Apple Premium, Virgin Mobile, Du Bruit dans la Cuisine, Linvosges, Tamaris and Héma...

Following the completion during the first half of 2013 of four mid-size stores at the Ste Marie site in La Réunion (Ste Marie being the leading shopping center in La Réunion), the Clermont-Ferrand shopping center benefited from the opening of an H&M extension in October 2013.

Six secured projects were also acquired in December 2013: Albertville (creation of a retail park and redevelopment of the existing cafeteria, due to open in February 2014), Lanester (extension of the shopping mall, due to open in April 2014), Aix en Provence (extension of the shopping mall, with the first phase due to open in May 2014 followed by a second phase in March 2015), Clermont-Ferrand (extension of the shopping mall, due to open in November 2014), Besançon (extension of the shopping mall, due to open in November 2014), and St Paul in La Réunion (extension of the shopping mall, due to open in November 2014).

These projects have obtained authorization free of any claims and benefit from a high average letting rate of 79% as at December 31, 2013. They represent a total investment of Euro 79 million for Mercialys, Euro 49 million of which was paid in December 2013, and have resulted in the immediate receipt of rental flows at an average yield of 6.4%.

Works have also begun at the Annemasse site (extension of the Décathlon mid-size store, due to open in November 2014) and Angers (redevelopment of the shell of the former But store as new shops, due to open in November 2014).

² In 2013, for the majority of leases, rents were indexed either to the change in the construction cost index (CCI) or to the change in the retail rent index (ILC) between the second quarter of 2011 and the second quarter of 2012 (respectively +4.58% and +3.07%).

³ Lease rights received as cash before the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease).

Lastly, works are due to begin in early 2014 at the Albertville site (shopping mall extension) and the Nîmes site (redevelopment of the shell of the former Boulanger store as new shops), also due for completion in November 2014.

These developments represent a total of **120 new stores**, with a rental value of **Euro 8.6 million over the full year** and a GLA of 29,600 m² of newly created or redeveloped space.

III. Finalization of the program of asset sales initiated in 2012

In 2013, Mercialis finalized its program of asset sales initiated in 2012, with the aim of refocusing the portfolio around properties best suited to the company's strategy

Mercialis sold Euro 232 million of assets in 2013⁴, thereby finalizing the program of asset sales initiated in 2012.

In total, the asset sales carried out in 2012 and 2013 concerned 21 shopping centers and 20 standalone lots (service mall, cafeterias, offices), as well as the extension carried out at the Bordeaux-Pessac shopping center, sold on an off-plan basis to the fund set up with Union Investment. The average investor yield for these asset sales was 6.2%, above the appraisal values.

This program of asset sales coupled with the completions of 'L'Esprit Voisin' extension/redevelopment projects has helped to increase the intrinsic quality of the portfolio by keeping assets presenting potential for value creation and refocusing the portfolio on assets that fit in with the company's strategy.

At December 31, 2013, Mercialis' portfolio comprised 91 assets including 61 shopping centers, of which 74% were large shopping centers.

This program of asset sales enabled the company to make an early bank loan repayment of Euro 250 million in 2013, reducing its bank debt to Euro 750 million (compared with Euro 1.0 billion at the end of 2012). Mercialis has therefore maintained a solid financial structure and optimized its financial expenses.

⁴ Amount including transfer taxes, including earnout payments on vacant lots representing an estimated total of Euro 13 million

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This press release is available on the website www.mercialys.com

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About Mercialys

Mercialys is one of France's leading real estate companies, solely active in retail property. At June 30, 2013, Mercialys had a portfolio of 2,127 leases representing a rental value of Euro 133.9 million on an annualized basis. As at June 30, 2013, it owned properties to an estimated value of Euro 2.4 billion (including transfer taxes). Mercialys has benefited from "SIIC" tax status (REIT) since November 1, 2005 and has been listed on compartment A of Euronext Paris, symbol MERY, since its initial public offering on October 12, 2005. The number of outstanding shares was 92,049,169 as of June 30, 2013, and 92,022,826 as of December 31, 2012.

CAUTIONARY STATEMENT

This press release contains 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 to December 31, 2012 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 circumstance that might cause these statements to be revised.

MERCIALYS RENTAL REVENUES (Pro forma⁵)

<i>Pro forma</i>	<i>CUMULATIVE</i>				<i>QUARTERLY</i>			
	31/03/2011	30/06/2011	30/09/2011	31/12/2011	Q1	Q2	Q3	Q4
Rental income	36,817	75,262	113,218	152,626	36,817	38,445	37,956	39,408
Lease rights	1,581	3,439	5,153	7,432	1,581	1,858	1,714	2,279
Rental revenues	38,398	78,701	118,372	160,059	38,398	40,303	39,671	41,687
Change in invoiced rents	4.8%	6.7%	5.8%	5.5%	4.8%	8.5%	4.1%	4.5%
Change in rental revenues	6.9%	8.7%	7.7%	7.1%	6.9%	10.5%	5.7%	5.3%
<i>Pro forma</i>	31/03/2012	30/06/2012	30/09/2012	31/12/2012	Q1	Q2	Q3	Q4
Rental income	38,378	76,554	114,100	151,866	38,378	38,176	37,546	37,766
Lease rights	1,860	3,793	5,793	7,816	1,860	1,932	2,001	2,022
Rental revenues	40,238	80,347	119,894	159,682	40,238	40,109	39,547	39,788
Change in invoiced rents	4.2%	1.7%	0.8%	-0.5%	4.2%	-0.7%	-1.1%	-4.2%
Change in rental revenues	4.8%	2.1%	1.3%	-0.2%	4.8%	-0.5%	-0.3%	-4.6%
<i>Pro forma</i>	31/03/2013	30/06/2013	30/09/2013	31/12/2013	Q1	Q2	Q3	Q4
Rental income	37,764	73,193	107,943	142,951	37,764	35,428	34,750	35,008
Lease rights	1,778	3,493	4,778	6,008	1,778	1,714	1,285	1,230
Rental revenues	39,543	76,685	112,720	148,959	39,543	37,143	36,035	36,238
Change in invoiced rents	-1.6%	-4.4%	-5.4%	-5.9%	-1.6%	-7.2%	-7.4%	-7.3%
Change in rental revenues	-1.7%	-4.6%	-6.0%	-6.7%	-1.7%	-7.4%	-8.9%	-8.9%

⁵ Mercialys pre-empted the implementation of IFRS 11 for the year ended December 31, 2013. Subsidiaries that were previously proportionally consolidated are consolidated under the equity method for the year to December 31, 2013. As a result, SCI Geispolsheim rental revenues recognized in 2011 and 2012 on a proportionally consolidated basis (i.e. Euro 947 thousand in 2011 and Euro 737 thousand in 2012) have been restated.