



PRESS RELEASE

Paris, April 16, 2012

**Q1 2012 Rental revenues**

**Growth in rental revenues +5.2%**  
*including an organic growth in invoiced rents of +4.9%*

**Major steps taken forward in the implementation of the new strategy:**  
*Implementation of a total financing of Euro 1.2 billion*

**Distribution of Euro 11.54 / share on April 20, 2012**

«The past quarter was very active for Mercialys. After the announcement of our new strategy, we have already taken major steps forward in its implementation. We completed our first financings for more than Euro 1 billion and we obtained a BBB rating in line with our objectives. Our bond issue in particular – oversubscribed 8 times – was a success. At the same time, the operational activity kept on going at a steady pace: our ability to extract value from our portfolio remained the growth driver during this quarter and will feed our results throughout the year» commented Jacques Ehrmann, Chairman and CEO of Mercialys.

**I. Rental revenues**

Three months **rental revenues** as of March 31, 2012 were up **+5.2%** in comparison with the same period in 2011:

<i>In Euro thousands</i>	Q1 2011	Q1 2012	% change
<b>Invoiced rents</b>	<b>36,887</b>	<b>38,592</b>	<b>+4.6%</b>
Lease rights/Entry fees	1,581	1,888	
<b>Rental revenues</b>	<b>38,468</b>	<b>40,480</b>	<b>+5.2%</b>

The first quarter of the year was marked by:

- an organic growth in invoiced rents that remained steady: **+4.9 points** (including indexation<sup>1</sup>: +2.5 points)

The Specialty leasing<sup>2</sup> activity generated invoiced rents of Euro 1.2 million during Q1 2012 compared with Euro 0.7 million in Q1 2011.

- the impact of the completion of the 2011 Esprit Voisin projects together with to the integration of Brive shopping center in Mercialys portofolio at end-2011: **+4.9 points** on invoiced rents

- the effect of Euro 120 million assets disposals carried out at end-2011<sup>3</sup> that led to a reduction in our rents basis: **-5.2 points**

**Lease rights** and despecialization indemnities received as of March 31<sup>4</sup>, 2012 amounted to Euro 0.2 million, compared with Euro 1.8 million at end-March 2011, including:

- Euro 0.2 million lease rights linked to the recurring reletting activity (compared with Euro 0.7 million at end-March 2011)
- There was no lease right invoiced during Q1 2012 given that the completions of 2012 extension/restructuring programs will start on Q2 2012 (as a reminder, Euro 1.1 million were received at end-March 2011 linked to the letting of new extensions/restructuring programs on Nîmes and Ajaccio).

Including IFRS smoothing accounting, lease rights accounted for at end-March 2012 amounted Euro 1.9 million compared with Euro 1.6 million at end-March 2011, up +19% mainly due to significant lease rights received in 2011.

## **II. Major steps taken at end-March 2012 forward in the implementation of the new strategy of ‘*Foncière commerçante*’<sup>5</sup>**

On February 9, 2012, Mercialys launched a new strategic plan based on the concept of ‘*Foncière commerçante*’ in line with the positioning developed in the past six years.

During Q1 2012, Mercialys took major steps forward in the implementation of this new strategy.

### ***Mercialys rated BBB***

On March 8, 2012, Standard & Poor’s published the first rating of the Company: Mercialys benefits from a BBB rate with stable outlook, at a comfortable level of Investment Grade, in line with the objectives of the Company.

### ***Implementation of a total financing of Euro 1.2 billion***

During Q1 2012, Mercialys put in place a total financing of Euro 1.2 billion, including:

- a Euro 550 million bank facilities including a bank term loan of Euro 350 million as well as a Euro 200 million Revolving Credit Facility
- a Euro 650 million bond

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<sup>1</sup> In 2012, 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 2010 and the second quarter of 2011 (respectively +5.01% and +2.56%)

<sup>2</sup> Short-term lets in the common areas of the shopping malls

<sup>3</sup> Please refer to our press release relative to 2011 full-year revenues disclosed on January 16, 2012 – Sale price including transfer taxes

<sup>4</sup> Cash amount received before IFRS smoothing accounting (over the first 3 years of leases)

<sup>5</sup> Think and act as a retailer

On February 23, 2012, Mercialys signed a facility agreement with 5 banks for an amount of Euro 1.2 billion:

- a Euro 500 million bank term loan maturing February 23, 2015 reviewed at Euro 350 million given the success of our bond issue;
- a Euro 200 million Revolving Credit Facility maturing February 23, 2015 to finance general corporate purposes and financial needs of Mercialys and its subsidiaries, and ensure an adequate level of liquidity;
- in addition, this facility agreement included a Euro 500 million of bridge-to-bond that was cancelled after the bond issue.

On March 16, 2012, Mercialys successfully issued its first bond for an amount of Euro 650 million (compared with an initial objective of Euro 500 million). This bond issue was oversubscribed (8 times) by a diversified base of European investors.

This 7-year bond will pay a coupon of 4.125%.

With this bond issue, Mercialys benefits from long-term financial resources at an attractive cost.

### ***The implementation of the Esprit Voisin program kept on going***

During Q1 2012, the implementation of the Esprit Voisin program kept on going. One project was completed in Agen Boé shopping center. Developed on 660 m<sup>2</sup> of surfaces acquired from the anchored hypermarket, the new area hosts a restaurant.

Besides, works continued on the other sites to be opened during the year. The next completions are expected during Q2 2012 in Quimper, Rodez and Fréjus. At the same time, 6 shopping centers will be entirely renovated at the Esprit Voisin concept.

The other completions will take place during the second half of the year including projects of Narbonne, Montauban, Istres and Bordeaux-Pessac among others.

### ***The refocusing of the portfolio is ongoing***

The strategic plan announced on February 9, 2012, based on the vision of '*Foncière commerçante*', needs the refocusing of the portfolio on a reduced number of assets benefiting from a positioning and a size that fits the development of this plan. That will be achieved by the disposal of assets ineligible to this new strategy with an objective of assets sales of around Euro 500 million.

At end-March 2012, Euro 57 million<sup>6</sup> of assets disposals were already secured.

## **III. Distribution of Euro 11.54 / share on April 20, 2012**

As announced on February 9, 2012, based on the success of its first development phase, Mercialys will pay on April 20, 2012 a distribution of Euro 1 billion in addition to the last instalment of the 2011 dividend, i.e Euro 11.54 per share<sup>7</sup>, including:

- an exceptional distribution of Euro 10.87 per share mainly including a reimbursement of contribution premium (Euro 10.24 per share, non-taxable in France<sup>8</sup>)
- the last instalment of the 2011 dividend representing Euro 0.67 per share<sup>9</sup>

The detachment of the coupon will be effective on April 17, 2012.

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<sup>6</sup> Sales signed or under promises

<sup>7</sup> Distribution approved by The General Meeting of April 13, 2012

<sup>8</sup> Out of the Euro 0.63 balance, Euro 0.0396 per share is eligible to the 40% allowance mentioned in the French General Tax code

<sup>9</sup> Amount of dividend 2011 = Euro 1.21 euro per share including an interim dividend of Euro 0.54 per share paid in September 2011, i.e a balance dividend for 2011 of Euro 0.67 per share (including Euro 0.0049 per share eligible to the 40% allowance mentioned in the French General Tax code)

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This press release is available on the [www.mercialys.com](http://www.mercialys.com) website

Next events and publications :

- July 24, 2012 (after market close) 2012 half-year earning press release
- July 25, 2012 (10.00 am) Analysts Meeting

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**About Mercialys**

Mercialys is one of France's leading real estate companies, solely active in retail property. Rental revenue in 2011 came to Euro 161.0 million and net income, Group share, to Euro 147.4 million  
It owned 120 properties at December 31, 2011 with an estimated value of Euro 2.6 billion (including transfer taxes). Mercialys has benefited from "SIIC" tax status (REIT) since November 1, 2005 and has been listed on compartment A of Euro next Paris, symbol *MERY*, since its initial public offering on October 12, 2005. The number of outstanding shares was 92,022,826 as of December 31, 2011 and 92,000,788 as of December 31, 2010.

**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](http://www.mercialys.com) for the year to December 31, 2011 for more details regarding certain factors, risks and uncertainties that could affect Mercialys's 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

<i>TOTAL</i>					<i>QUARTERS</i>			
In Euro thousands	03/31/2007	06/30/2007	09/30/2007	12/31/2007	Q1	Q2	Q3	Q4
Invoiced rents	23,688	47,557	72,257	97,723	23,688	23,869	24,700	25,465
Lease rights	447	881	1,287	1,773	447	434	406	486
<b>Rental revenues</b>	<b>24,135</b>	<b>48,438</b>	<b>73,545</b>	<b>99,496</b>	<b>24,135</b>	<b>24,303</b>	<b>25,106</b>	<b>25,951</b>
Change in invoiced rents	31.1%	22.3%	23.1%	21.1%	31.1%	14.7%	24.5%	15.7%
Change in rental revenues	28.8%	22.2%	22.8%	20.9%	28.8%	16.3%	23.9%	15.7%
In Euro thousands	03/31/2008	06/30/2008	09/30/2008	12/31/2008	Q1	Q2	Q3	Q4
Invoiced rents	27,626	55,884	83,775	113,613	27,626	28,258	27,892	29,838
Lease rights	516	1,111	1,842	2,588	516	595	731	746
<b>Rental revenues</b>	<b>28,142</b>	<b>56,995</b>	<b>85,618</b>	<b>116,201</b>	<b>28,142</b>	<b>28,853</b>	<b>28,623</b>	<b>30,583</b>
Change in invoiced rents	16.6%	17.5%	15.9%	16.3%	16.6%	18.4%	12.9%	17.2%
Change in rental revenues	16.6%	17.7%	16.4%	16.8%	16.6%	18.7%	14.0%	17.8%
In Euro thousands	03/31/2009	06/30/2009	09/30/2009	12/31/2009	Q1	Q2	Q3	Q4
Invoiced rents	30,630	62,875	97,591	130,911	30,630	32,245	34,716	33,320
Lease rights	680	1,643	2,650	3,326	680	963	1,007	676
<b>Rental revenues</b>	<b>31,310</b>	<b>64,518</b>	<b>100,241</b>	<b>134,237</b>	<b>31,310</b>	<b>33,208</b>	<b>35,723</b>	<b>33,996</b>
Change in invoiced rents	10.9%	12.5%	16.5%	15.2%	10.9%	14.1%	24.5%	11.7%
Change in rental revenues	11.3%	13.2%	17.1%	15.5%	11.3%	15.1%	24.8%	11.2%
In Euro thousands	03/31/2010	06/30/2010	09/30/2010	12/31/2010	Q1	Q2	Q3	Q4
Invoiced rents	35,127	70,547	106,995	144,695	35,127	35,420	36,447	37,700
Lease rights	803	1,842	2,934	4,811	803	1,039	1,092	1,877
<b>Rental revenues</b>	<b>35,930</b>	<b>72,390</b>	<b>109,929</b>	<b>149,506</b>	<b>35,930</b>	<b>36,459</b>	<b>37,539</b>	<b>39,577</b>
Change in invoiced rents	14.7%	12.2%	9.6%	10.5%	14.7%	9.8%	5.0%	13.1%
Change in rental revenues	14.8%	12.2%	9.7%	11.4%	14.8%	9.8%	5.1%	16.4%
In Euro thousands	03/31/2011	06/30/2011	09/30/2011	12/31/2011	Q1	Q2	Q3	Q4
Invoiced rents	36,887	75,583	113,733	153,385	36,887	38,696	38,150	39,652
Lease rights	1,581	3,571	5,314	7,621	1,581	1,990	1,742	2,307
<b>Rental revenues</b>	<b>38,468</b>	<b>79,154</b>	<b>119,046</b>	<b>161,005</b>	<b>38,468</b>	<b>40,686</b>	<b>39,892</b>	<b>41,959</b>
Change in invoiced rents	5.0%	7.1%	6.3%	6.0%	5.0%	9.2%	4.7%	5.2%
Change in rental revenues	7.1%	9.3%	8.3%	7.7%	7.1%	11.6%	6.3%	6.0%
In Euro thousands	03/31/2012	06/30/2012	09/30/2012	12/31/2012	Q1	Q2	Q3	Q4
Invoiced rents	38,592				38,592			
Lease rights	1,888				1,888			
<b>Rental revenues</b>	<b>40,480</b>				<b>40,480</b>			
Change in invoiced rents	4.6%				4.6%			
Change in rental revenues	5.2%				5.2%			