



**PRESS RELEASE**

Paris, April 17, 2013

**Q1 2013 Rental revenues**

**A steady organic growth in invoiced rents of +4.5%**

**The asset disposal plan initiated in 2012 is being finalized:**

*Out of a total of Euro 472 million of assets sales, Euro 232 million were carried out in 2012, Euro 230 million will be carried out in 2013 first-half<sup>1</sup> and Euro 10 million in 2013 second-half*

During the past quarter, Mercialys continued to generate a steady organic growth thanks to an active asset management work and targeted letting actions.

Our efforts also concentrated on finalizing the asset disposal plan initiated in 2012 that contributes to refocus our portfolio on solid assets benefiting from a critical size and a potential fitting to the implementation of the 'Foncière Commerçante'<sup>2</sup> strategy.

The roll-out of the 'Foncière Commerçante' has now entered an active phase with the aim of strengthening the attractiveness of our retailers and of our shopping centers.

**I. Rental revenues**

Three months rental revenues as of March 31, 2013 amounted **Euro 39.6 million**, in slight decrease (-2.3%) as a result of the significant assets sales initiated in 2012.

<i>In Euro thousands</i>	Q1 2012	Q1 2013	% change
<b>Invoiced rents</b>	<b>38,592</b>	<b>37,770</b>	<b>-2.1%</b>
Lease rights/Entry fees	1,888	1,778	
<b>Rental revenues</b>	<b>40,480</b>	<b>39,548</b>	<b>-2.3%</b>

Q1 2013 invoiced rents were supported by a solid organic growth of **+4.5 points**.

<sup>1</sup> Sales signed in 2013, or subject to a promise to sell or to a firm offer to be carried out in the first-half of 2013 - Including estimated earnout payments of Euro 13 million on vacant lots

<sup>2</sup> Think and act as a retailer

The first quarter of the year was marked by:

- an organic growth in invoiced rents that remained steady: **+4.5 points**, ie 240 base points above indexation<sup>3</sup> (+2.1 points)

The Specialty leasing<sup>4</sup> activity benefited from non-recurring invoiced rents of Euro 0.3 million in Q1 2013.

- the impact of the completion of the 2012 Esprit Voisin projects: **+1.6 point** on invoiced rents

- the effect of Euro 232 million assets disposals carried out over 2012<sup>5</sup> and, to a lesser extent, the assets sales carried out in Q1 2013, that led to a reduction in our rents basis: **-7.9 points**

The change in invoiced rents was also influenced by non-recurring items: mainly the strategic vacancy relating to on-going redevelopment programs, with a negative impact on growth in invoiced rents at Q1 2013 (**-0.3 point**).

Lease rights and despecialization indemnities received as of March 31, 2013<sup>6</sup> amounted to Euro 0.5 million, compared with Euro 0.2 million at end-March 2012, including:

- lease rights linked to the recurring reletting activity: Euro 0.5 million (compared with Euro 0.2 million at end-March 2012);
- lease rights relating to the letting of extension/ redevelopment programs represented an insignificant amount in Q1 2013. As a reminder, there was no non-recurring lease right invoiced during Q1 2012.

Including IFRS smoothing accounting, lease rights accounted for at end-March 2013 amounted Euro 1.8 million compared with Euro 1.9 million at end-March 2012.

## II. The asset disposal plan initiated in 2012 is being finalized

### *Euro 472 million<sup>7</sup> of assets sales carried out or secured*

The disposal plan of Euro 472 million – initiated in 2012 – is being finalized. This disposal plan enables Mercialys to refocus its portfolio around assets best suited to the roll-out of the ‘Foncière Commercante’ strategy. Following the Euro 232 million of assets sales completed in 2012, a further Euro 230 million of assets sales<sup>8</sup> – already secured – should be carried out during the first-half of 2013, including approximately Euro 198 million<sup>8</sup> of assets to be sold before April 30, 2013; and Euro 10 million of assets sales<sup>9</sup> during the second-half of 2013.

Thus, Mercialys sold 14 isolated lots during Q1 2013, representing a total amount of Euro 19 million including transfer taxes.

At the end of this refocusing process, 47 assets will have been sold representing a total of Euro 472 million<sup>7</sup> at an average capitalization rate of 6.2%, for a price above the appraisal value.

Mercialys’s portfolio will then be made up of 90 assets with 60 shopping centers, including large shopping centers in a proportion of 73%.

This disposal program will enable Mercialys’s Board of Directors to propose, during the Annual general meeting to be held on June 21, 2013, to the shareholders a second exceptional distribution. The amount will be set by mid-May by Mercialys’s Board of Directors that will summon the Annual general meeting.

<sup>3</sup> 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%)

<sup>4</sup> Short-term lets in the common areas of the shopping malls

<sup>5</sup> Please refer to our press release relative to 2012 full-year revenues disclosed on January 14, 2013

<sup>6</sup> Cash amount received before IFRS smoothing accounting (over the first 3 years of leases)

<sup>7</sup> Including transfer taxes and including estimated earnout payments of Euro 17 million on vacant lots

<sup>8</sup> Including transfer taxes and including estimated earnout payments of Euro 13 million on vacant lots

<sup>9</sup> Including transfer taxes and including estimated earnout payments of Euro 4 million on vacant lots

This exceptional distribution will be added to the recurring dividend relative to 2012 of Euro 0.91 per share<sup>10</sup> representing a current yield of 5.6% on the basis of the share price at market close on April 16, 2013.

Those distributions (excluding the interim dividend of Euro 0.25 per share already paid in October 2012) will be paid on June 28, 2013 subject to the approval of the Annual General Meeting to be held on June 21, 2013.

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

#### Next events and publications:

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|--------------------------------------|--|
| • June 21, 2013 (10.00 am)           | Annual General Meeting                   |
| • July 23, 2013 (after market close) | 2013 first-half earnings (press release) |
| • July 24, 2013 (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 2012 came to Euro 160.4 million and net income, Group share, to Euro 143.4 million.

It owned retail properties at December 31, 2012 representing 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 Euronext 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, 2012. The number of outstanding shares was also 92,022,826 as of December 31, 2011.

#### **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, 2012 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.*

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<sup>10</sup> Dividend subject to the approval of the General Annual Meeting to be held on June 21, 2013 - including the interim dividend of Euro 0.25 per share already paid in October 2012

## MERCIALYS RENTAL REVENUES

In Euro thousands	TOTAL				QUARTERS			
	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	77,141	114,771	152,537	38,592	38,549	37,630	37,767
Lease rights	1,888	3,849	5,859	7,881	1,888	1,961	2,010	2,022
<b>Rental revenues</b>	<b>40,480</b>	<b>80,990</b>	<b>120,630</b>	<b>160,419</b>	<b>40,480</b>	<b>40,510</b>	<b>39,640</b>	<b>39,789</b>
Change in invoiced rents	4.6%	2.1%	0.9%	-0.6%	4.6%	-0.4%	-1.4%	-4.8%
Change in rental revenues	5.2%	2.3%	1.3%	-0.4%	5.2%	-0.4%	-0.6%	-5.2%
In Euro thousands	03/31/2013	06/30/2013	09/30/2013	12/31/2013	Q1	Q2	Q3	Q4
Invoiced rents	37,770				37,770			
Lease rights	1,778				1,778			
<b>Rental revenues</b>	<b>39,548</b>				<b>39,548</b>			
Change in invoiced rents	-2.1%				-2.1%			
Change in rental revenues	-2.3%				-2.3%			