



PRESS RELEASE

Paris, October 14, 2013

## Activity to end-September 2013:

Steady organic growth in invoiced rents of **+4.1%**

Launch of 10 “*Esprit Voisin*” programs  
representing Euro 7.6 million of additional rents on an annualized basis

“Over the last nine months, Mercialys has maintained a steady rate of organic growth excluding indexation at +1.9%, thanks to the constant attention paid by its teams to relettings, lease renegotiations and the development of Specialty leasing activities.

Furthermore, with the development of ten *Esprit Voisin* projects, our teams have continued to fuel future growth,” said Eric Le Gentil, Chairman and Chief Executive Officer of Mercialys.

### I. Evolution of rental revenues

**Rental revenues** amounted Euro **112.7 million** as of September 30, 2013.

On a like-for-like basis, invoiced rents rose by **+4.1%** over the period.

<i>(in thousands of euros)</i>	Cumulative to end- September 2012	Cumulative to end- September 2013	% change
<b>Invoiced rents</b>	<b>114,771</b>	<b>107,943</b>	<b>-5.9%</b>
Lease rights	5,859	4,778	
<b>Rental revenues</b>	<b>120,630</b>	<b>112,720</b>	<b>-6.6%</b>

The first nine months of the year were characterized by:

- continuing steady organic growth in invoiced rents: **+4.1 points** including **+1.9 point** relating to measures to improve the lease portfolio and +2.1% relating to indexation<sup>1</sup>;
- the impact of the completion of 2012 and 2013 “*Esprit Voisin*” development projects: impact of **+1.3 points** on growth in invoiced rents;
- the effect of asset sales carried out in 2012 and in the first part of 2013, reducing our rental base: **-11.2 points**;
- other effects including mainly the strategic vacancy relating to current redevelopment programs: **-0.1 points**.

<sup>1</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%).

In 2013, Mercialys completed a program of Euro 472 million of asset sales initiated in 2012, which enabled the Company to pay down Euro 250 million of bank loans, bringing the total amount of loans outstanding down to Euro 750 million (vs Euro 1.0 billion at end-December 2012). Thus, Mercialys maintains a solid financial structure and optimizes its financial expenses.

**Lease rights** and despecialization indemnities received over the period<sup>2</sup> amounted to Euro 2.0 million compared with Euro 3.7 million to end-September 2012, broken down as follows:

- Euro 1.7 million in lease rights relating to ordinary reletting activities (compared with Euro 2.3 million to end-September 2012);
- Euro 0.2 million in lease rights relating primarily to the letting of the extension of the Ste Marie de La Réunion site, completed during the first half of 2013 (compared with Euro 1.4 million to end-September 2012 received primarily in relation to three projects).

After the impact of deferrals required under IFRS, lease rights recognized to end-September 2013 totaled Euro 4.8 million, compared with Euro 5.9 million to end-September 2012.

## **II. Developments underway at end-September 2013**

***Ten “Esprit Voisin” development projects were launched for completion in 2013 and 2014 totaling 94 new stores and an additional Euro 7.6 million in full-year rental income.***

Following the completion of four mid-size stores at the Ste Marie de La Réunion site in the first half of 2013, “Esprit Voisin” development projects will continue at a robust rate with planned completion dates at late 2013 and 2014.

Works have already begun at six sites: Clermont-Ferrand (2 projects: opening of H&M extension in October 2013 and extension of the shopping center due to open in November 2014), Albertville (creation of a retail park and redevelopment of the existing cafeteria, due to open in February 2014), Lanester (extension of the shopping center, due to open in April 2014), Aix en Provence (phase 1 of the extension of the shopping center, due to open in May 2014), Angers (redevelopment of the shell of the former But store as new shops, due to open in November 2014), and Annemasse (extension of the Décathlon mid-size store, due to open in November 2014).

Works are due to begin at the start of 2014 at Besançon (extension of the shopping center) and Albertville (extension of the shopping center).

These developments represent 94 new stores, a rental value of Euro 7.6 million over the full year and a GLA of 23,600 m<sup>2</sup> of newly created or redeveloped space.

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<sup>2</sup> Lease rights received as cash before the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease).

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

(in thousands of euros)	CUMULATIVE				QUARTERLY			
	03/31/2008	06/30/2008	09/30/2008	12/31/2008	Q1	Q2	Q3	Q4
Rental income	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 thousands of euros)	03/31/2009	06/30/2009	09/30/2009	12/31/2009	Q1	Q2	Q3	Q4
Rental income	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 thousands of euros)	03/31/2010	06/30/2010	09/30/2010	12/31/2010	Q1	Q2	Q3	Q4
Rental income	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 thousands of euros)	03/31/2011	06/30/2011	09/30/2011	12/31/2011	Q1	Q2	Q3	Q4
Rental income	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 thousands of euros)	03/31/2012	06/30/2012	09/30/2012	12/31/2012	Q1	Q2	Q3	Q4
Rental income	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 thousands of euros)	03/31/2013	06/30/2013	09/30/2013	12/31/2013	Q1	Q2	Q3	Q4
Rental income	37,770	73,193	107,943		37,770	35,423	34,750	
Lease rights	1,778	3,493	4,778		1,778	1,714	1,285	
<b>Rental revenues</b>	<b>39,548</b>	<b>76,685</b>	<b>112,720</b>		<b>39,548</b>	<b>37,137</b>	<b>36,035</b>	
Change in invoiced rents	-2.1%	-5.1%	-5.9%		-2.1%	-8.1%	-7.7%	
Change in rental revenues	-2.3%	-5.3%	-6.6%		-2.3%	-8.3%	-9.1%	