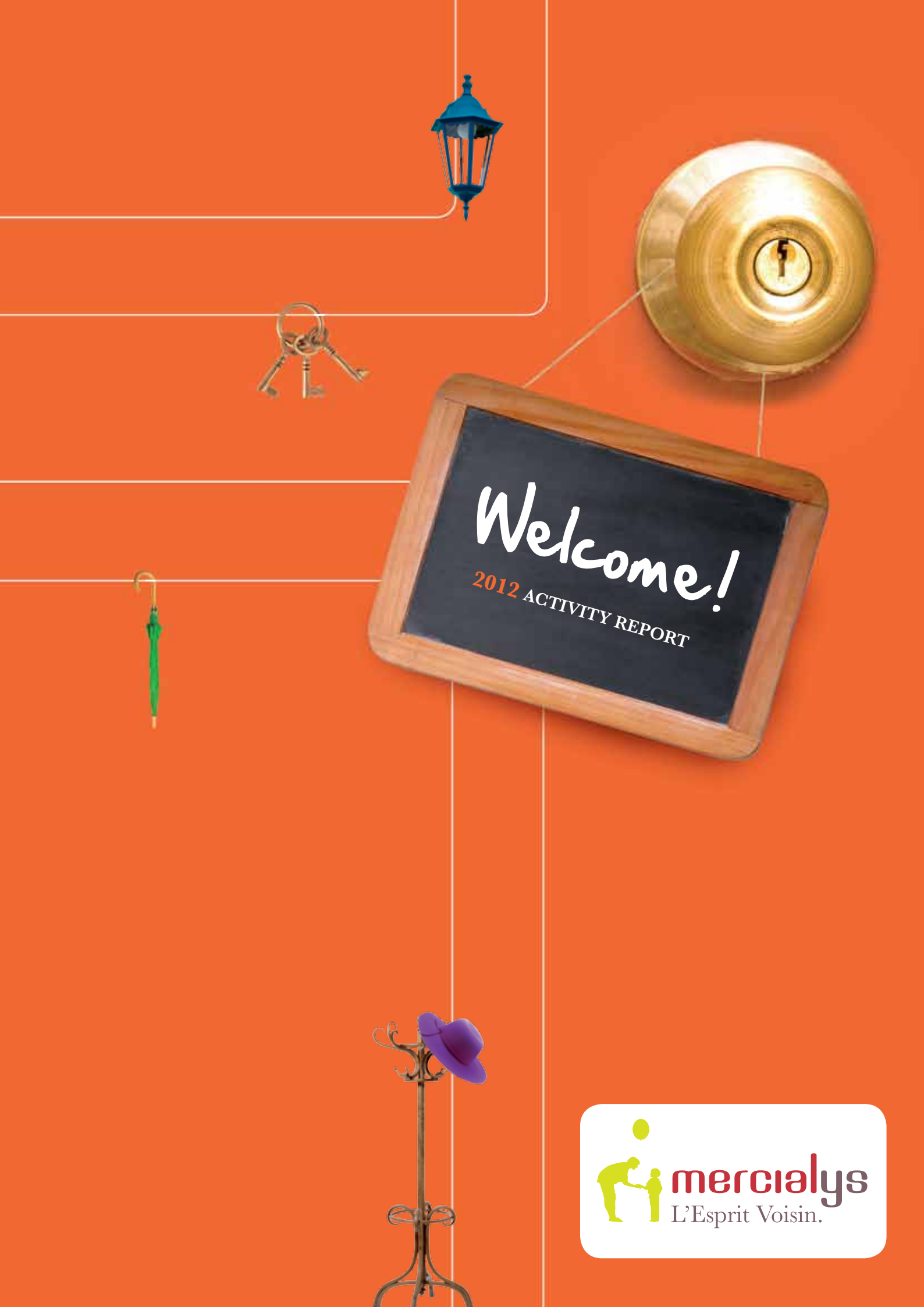


mercialys
L'Esprit Voisin.

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About us

Mercialys is one of the largest real estate companies in France and Europe, specializing in the upgrading, transformation and management of shopping centers. It has been developing this expertise since 2005, when it was created by Casino, which remains its key partner.

A listed real estate company specializing in retail property

At the end of 2012, Mercialys owned around 100 properties including 70 shopping centers worth Euro 2.6 billion. Mercialys benefits from "SIIC" tax status (REIT) and has been listed since October 2005 in compartment A of Euronext Paris under the symbol MERY. It was included in the SBF 120 index in December 2009.

From “L’Esprit Voisin” to “La Foncière Commerçante”

In 2006, Mercialys launched, an ambitious renovation and redevelopment program for its shopping centers, the Alcudia program, based on the concept of “L’Esprit Voisin”. “L’Esprit Voisin” has since become a real trademark for the company, offering a different way of designing and managing shopping centers so that both shoppers and retailers feel truly at home.

In 2012, Mercialys took another step forward in this strategy of standing out from the rest of the market with the launch of a unique and innovative approach based on the “Foncière Commerçante” concept (“Think and act as a retailer”). Mercialys intends to position itself not as just a lessor but as a true partner to its retailers, aiming to encourage their commercial success by providing its knowledge of the local community and a broad range of services suited to their needs. The “Foncière Commerçante” strategy is also based on a broader retail offering at shopping centers, which makes them more attractive, stimulates retailers’ business activity and creates new growth drivers for Mercialys.





8 new openings in 2012

7 additional shopping centers renovated under "L'Esprit Voisin" concept

Objectives met
Mercialys confirms its strengths in 2012



2012 marked a turning point in Mercialys's history. In February 2012, the Company announced the launch of a new phase of its strategy based on a new vision of the role of shopping center lessor, which Mercialys has called the "Foncière Commerçante" strategy ("Think and act as a retailer").

To accompany this strategy, the Company made major changes to its financial and shareholding structure during the year.

While doing so, its operational activities continued at a brisk rate and the Company delivered another excellent operating and financial performance, once again demonstrating the relevance and solidity of its business model.



A very active year with solid results.

Mercialys once again demonstrated the resilience and potential of its business model in 2012.

Organic growth continues to be one of Mercialys's main growth drivers. This is stimulated and enhanced by "L'Esprit Voisin" concept.

The "Foncière Commerçante" strategy opens up new possibilities.

117 new stores

68,000 m² created, redeveloped or renovated in 2012

+ Euro 8.2 million of rental income on an annual basis



2012 rental revenues were supported by organic growth and completions of "L'Esprit Voisin" development projects.

Organic growth: still one of the main growth drivers

Organic growth in invoiced rents remained robust in 2012 at +4.3% thanks to ongoing efforts to optimize average rental values within the portfolio and develop the specialty leasing business. Optimizing the value of leases in the portfolio represents an ongoing target for the teams at Mercialys by means of renewals, relets and temporary lets at mall locations.

Letting activity therefore remained very brisk in 2012, with 274 leases signed.

A strong positioning: "L'Esprit Voisin" concept continuing to fuel portfolio growth

The shopping centers business held up well in 2012 in a bleak economic climate. Mercialys benefited from its positioning focusing on neighborhood shopping centers - which were the most resilient in the sector - and supported by "L'Esprit Voisin" concept. Mercialys delivered a strong performance, with sales growth for retailers at its large shopping centers of +1.5% in 2012 relative to 2011.



Since 2006, Mercialys has been working on a highly ambitious program, unique in scale and offering considerable value creation: the Alcudia/"L'Esprit Voisin" program.

"L'Esprit Voisin" concept is part of Mercialys's DNA, based on a local culture with the aim of marking it out more from the rest of the market and enhancing its shopping center offering. This approach - which takes account of architectural, marketing and commercial aspects - is resolutely customer-focused and intends to meet customers' expectations. This makes Mercialys's shopping centers more dynamic, pleasant and attractive.

In 2012, business continued to be fuelled by completions of "L'Esprit Voisin" development projects. Following the 18 development projects completed in 2010 and 2011, a further eight developments were opened in 2012 in Fréjus, Quimper, Istres, Rodez, Agen, Narbonne, Montauban and Bordeaux-Pessac.



Growth in adjusted funds from operations (FFO) of +9.9%, ahead of target

Funds from operations* (FFO) is the performance indicator used by Mercialys.

In February 2012, Mercialys set a target of growth in adjusted funds from operations (FFO)** per share for 2012 of +6% to 8% relative to 2011.

Thanks in particular to its operating performance and tight control of its cost structure, Mercialys beat this target and achieved growth of +9.9% in adjusted funds from operations per share.

* Net income, Group share before depreciation and capital gains and excluding additional tax contribution of 3%.

** Adjusted for the effects relating to i/ asset sales carried out in 2011 and 2012; ii/ the net property development margin; iii/ on the basis of a comparable financial structure.

Major achievements: the roadmap announced in February 2012 has been completed

In February 2012, Mercialys announced the launch of a new phase of its strategy and set itself ambitious targets for 2012:

- Launch of the "Foncière Commerçante" strategy
- Refocusing the portfolio on properties that fit in with the development of the "Foncière Commerçante" strategy in terms of positioning and size
- Normalization of the financial structure
- Payment of an exceptional distribution to shareholders
- Adapting governance to changes in the shareholding structure

The "Foncière Commerçante" strategy: a new way of looking at the business in order to boost the momentum of shopping centers

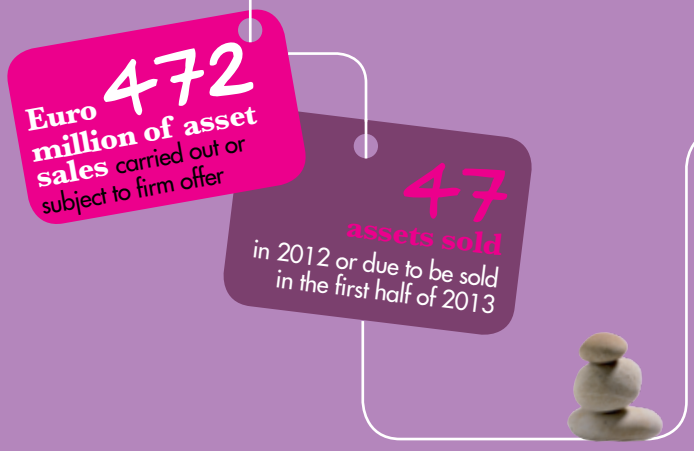
In keeping with the strategy developed over the last six years with "L'Esprit Voisin" concept, in February 2012 Mercialys announced the launch of a new strategic plan centered around the "Foncière Commerçante" concept ("Think and act as a retailer"), a new way of looking at the real estate investment business.

With the "Foncière Commerçante" strategy, Mercialys has gone beyond the status of mere lessor to become a hyperlocal multi-channel "retailer". It now constitutes a partner able to offer its tenants powerful and targeted marketing tools in order to make its shopping centers more attractive and stimulate demand. It works alongside retail chains and independent retailers in integrating them into the local community in order to boost their retail success.

"Agence d'ici" was created in 2012 specifically to develop and implement new communications tools thanks to a dedicated team. At the shopping centers, a commercial director – who is a true marketing expert - focuses exclusively on commercial actions and marketing within the context of the "Foncière Commerçante" strategy, with the support of the property manager in charge of operations.

The first "Foncière Commerçante" pilot projects were launched at eight sites in the second half of 2012 and a further nine centers are due to follow in 2013. A range of 50 services has already been developed and offered to retailers.

In addition, the "Foncière Commerçante" strategy aims to make these shopping centers stand out even more by enhancing their offering to meet unsatisfied customer expectations, mainly through partnerships.



Mercialys is refocusing its portfolio

Mercialys's transformation under the "Foncière Commerçante" strategy involves refocusing the portfolio on the properties that offer the best fit with the new concept. Mercialys therefore launched a plan of asset sales in 2012, representing an exceptional amount of around Euro 500 million. The assets to be sold are properties that have reached maturity or do not offer the potential needed to develop "L'Esprit Voisin" extensions and/or new "Foncière Commerçante" activities. A total of 47 properties were sold in 2012 or are due to be sold in the first half of 2013, including 22 shopping centers, one extension sold on an off-plan basis (Bordeaux-Pessac) and 24 standalone lots (service mall, restaurants, offices), representing a total price of Euro 472 million including transfer taxes, above the appraisal values.

At the end of this arbitrage program, Mercialys's portfolio will consist of fewer properties but with a larger average size, offering potential for value creation and suited to the roll-out of the "Foncière Commerçante" strategy.

Normalization of the financial structure, protecting the solidity of the balance sheet

As announced in February 2012, the implementation of the new strategic plan has been accompanied by a normalization of the financial structure for Mercialys, in line with that of other leading French real estate companies.

This resulted in the taking out of debt of a total of Euro 1.25 billion in 2012, including a Euro 650 million bond, a Euro 350 million bank loan and undrawn available credit facilities of Euro 250 million.

Mercialys's new financial structure maintains the solidity of the balance sheet and helps to optimize the rate of return offered thanks to a reasonable leverage effect. As at December 31, 2012, Mercialys's LTV (Loan to Value) ratio was 33.3%.

An exceptional distribution of Euro 1 billion

In 2012, Mercialys paid out an exceptional distribution of Euro 10.87 per share. This is an unprecedented amount for the industry, relative to Mercialys's size.

Based on the success of its first development phase and the launch of its new strategy, Mercialys wanted to return to shareholders their initial contributions. This resulted in a payout of Euro 1 billion - in addition to the 2011 recurring dividend - in the first half of 2012, equal to an exceptional distribution of Euro 10.87 per share, mainly including a reimbursement of contribution premium.

A second exceptional dividend is due to be paid, subject to the approval of the general shareholders' meeting, on completion of the program of asset sales carried out in 2012 and the first half of 2013.

New corporate governance structure

Lastly, 2012 was a year of major changes in the Company's corporate governance, with the aim of reflecting changes in Mercialys's shareholding structure. Casino announced its intention to reduce its stake in Mercialys, which was done in 2012 with a reduction in its stake to 40.2% of voting rights. At the end of the process, while remaining one of Mercialys's key strategic partners, Casino no longer has the majority on Mercialys's Board of Directors.

Two new independent directors were appointed to the Board of Directors, which now consists of six independent directors and four Board members representing the Casino Group.

The Board of Directors and technical committees are now chaired by independent directors.

The main agreements between Mercialys and Casino were reviewed in 2012 to take account of the changes in its shareholding structure. A new Partnership Agreement was signed, which maintains the major balances of the original agreement under the same financial terms and allows Mercialys to fuel its growth under attractive conditions and without a development risk.

At the end of the process, carried out in record time, Mercialys will have refocused its portfolio on solid assets, increased its potential for value creation and laid the foundations for its future business model.



Mercialys's future growth will be centered around three main areas:

- Its core business of real estate investment, with the aim of creating value from its portfolio by extracting reversionary potential and from "L'Esprit Voisin" development projects. At the same time, Mercialys will continue with its strategy of selling off mature properties that do not fit in with the "Foncière Commerçante" strategy.
- The development of partnerships by acquiring minority stakes in funds investing in mature assets, which could be operated by Mercialys. Mercialys could then deploy its expertise, benefit from additional revenues and optimize the return on capital invested, improved by fees received and the leverage effect implemented in the funds, in addition to that of Mercialys itself.
- "Foncière Commerçante" activities: this means capitalizing on Mercialys's hyperlocal positioning in order to work with tenants on developing their business and enhancing the offering of our shopping centers by developing new commercial activities on a proprietary basis or with a partner.

Outlook for 2013

2013 will be characterized by continuing robust organic growth, a further strong operating performance, continued implementation of the Alcudia/"L'Esprit Voisin" program and the roll-out of the "Foncière Commerçante" strategy with 17 shopping centers due to be rolled out at the end of 2013. This is in addition to the development of third-party management activities, which is one of the Company's new sources of additional revenues.

Mercialys plans to continue to roll out its strategy with the same emphasis on excellence that has driven its teams until now, working hard and pro-actively to develop potential, and with a strong desire to undertake new projects.

Corporate Governance

The Management



VINCENT REBILLARD
Chief Operating Officer



LAHLOU KHÉLIFI
Chief Executive Officer



THIERRY AOUIZERATE
Executive Vice-President



NICOLAS FAIVRE
Director of
Alcudia Asset Management



MARIE-FLORE BACHELIER
Chief Financial Officer



BRUNO DUGAS
Director of Operating
Asset Management



JULIEN ROUSSEL
Commercial Director



ALEXANDRE BARILLET
Business Development
Director

The Board of Directors





Eric Le Gentil*
Chairman of the Board of Mercialys
Chief Executive Officer
of Generali France

Elisabeth Cunin-Dieterlé*
Chairman and Chief Executive Officer
of Fast Retailing Group

Marie-Christine Levet*
Partner of Jaina Capital

Bernard Bouloc*
Former professor of Law

Jacques Dumas
Deputy Managing Director
of Foncière Euris

Philippe Moati*
Professor at University Paris VII and
Co-Chairman of the Observatoire
Société et Consommation - Obsoco

Michel Savart
Chief Executive Officer
of Foncière Euris

Pierre Vaquier*
Chief Operating Officer
of Axa REIM

Casino Guichard Perrachon
represented by Antoine Giscard d'Estaing,
Chief Financial Officer
of Group Casino

La Société Forézienne de Participations
represented by Yves Desjacques,
Human Ressources Director
of Group Casino

Appointments and Remuneration Committee

Bernard Bouloc*
Chairman of the Committee
Former professor of Law

Yves Desjacques
Human Ressources
Director of Group Casino

Éric Le Gentil*
Chief Executive Officer
of Generali France

Philippe Moati*
Professor at University Paris VII and
Co-Chairman of the Observatoire
Société et Consommation - Obsoco

Michel Savart
Representative of the main shareholder
Chief Executive Officer
of Foncière Euris

Audit Committee

Elisabeth Cunin-Dieterlé*
Chairman of the Committee
Chairman and Chief Executive Officer
of Fast Retailing Group

Bernard Bouloc*
Former professor
of Law

Jacques Dumas
Representative of the main shareholder
Deputy Managing Director
of Foncière Euris

Pierre Vaquier*
Chief Operating Officer
of Axa REIM

Investment Committee



Pierre Vaquier*
Chairman of the Committee
Chief Operating Officer
of Axa REIM

Marie-Christine Levet*
Partner of Jaina Capital

Antoine Giscard d'Estaing
Representative of the main shareholder
Chief Financial Officer
of Group Casino

Eric Le Gentil*
Chief Executive Officer
of Generali France

Michel Savart
Chief Executive Officer
of Foncière Euris



** Independent Board Member*

What happened in 2012

– January –

In Agen Boé, the 660 m² acquired from the anchored hypermarket allowed for the installation of a restaurant.



– February –

February 3 Two new shopping centers receive Label "V" accreditation, Annemasse and Nîmes, bringing the total number of shopping centers with the label to seven.

February 9 Mercialys begins a new phase of its development strategy with the "Foncière Commerçante" concept.

February 23 A Euro 1.2 billion debt facility agreement is signed with five banks.

– March –

March 8 Standard & Poor's publishes its first rating of the company: BBB with a stable outlook, a comfortable investment grade rating.

March 16 Mercialys successfully issues its first bond for an amount of Euro 650 million.

– April –

April 20 To mark the successful completion of its first development phase, Mercialys pays its shareholders an exceptional distribution of Euro 1 billion, equal to Euro 10.87 per share.



– May –

May 4 The Casino Group sells 9.8% of Mercialys's share capital, reducing its stake in the company to 40.2%.

May 16 The extension to La Porte de Rodez shopping center in Rodez opens with seven new stores over 1,200 m².

May 23 The extension to the Glann Odet shopping center in Quimper is opened, with 20 new stores enhancing the offering of the center, enlarged by 5,200 m².

– June –

June 6 Mercialys adapts its corporate governance with the appointment of two new independent directors, Elisabeth Cunin-Dieterle and Marie-Christine Levet.

June 13 and 14 Mercialys takes part in the SIEC retail property trade show in Paris.

June 14 During the SIEC trade show, La Caserne de Bonne shopping center in Grenoble wins the award for best Sustainable Development project in 2011.

June 26 A new Partnership Agreement and a new Current Account Agreement with Casino are approved.

June 6 The extension to the Allée des Hirondelles shopping center opens in Fréjus.

– August –

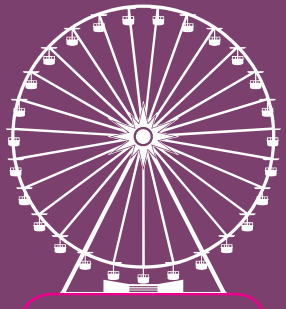
Two portfolios of properties that do not fit in with the new "Foncière Commerçante" strategy are sold.



– September –

September 15 The extension to the Albasud shopping center opens in Montauban.

September 21 Mercialys organizes the "Fête des Voisins" and invites its partner retailers to celebrate "Les Jeux des Voisins".





– October –

Eight "Foncière Commerçante" pilot sites are rolled out, marking the launch of Agence d'ici.

October 3 H&M moves into the Narbonne shopping center in an area acquired from the anchored hypermarket.

October 15 An interim dividend of Euro 0.25 per share is paid to shareholders.

October 16 The fifth "Label V" committee meeting results in the accreditation of two new shopping centers, Fontaines des Clairions in Auxerre and Glann Odet in Quimper. The label has been awarded to a total of nine shopping centers.

– November –

November 14 to 16 At the MAPIC real estate convention, Mercialys begins letting of the Toulouse Fenouillet shopping center.

November 21 The extension to Les Pins des Cognets shopping center opens in Istres with 17 new stores over 2,000 m².

November 28 Mercialys completes the extension to the Bois de Bersol shopping center in Bordeaux Pessac, which was sold on an off-plan basis to a real estate fund created by Mercialys and Union Investment.



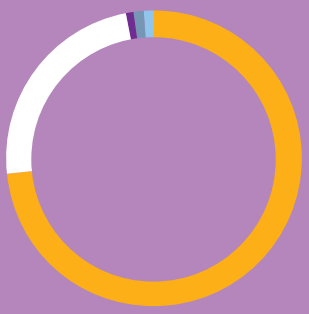
Key Figures

€2,561 M
Total appraisal value
(including transfer taxes)



Portfolio breakdown by type of asset

(appraisal value including transfer taxes in %, as of December 31, 2012)



73%
Large and regional shopping centers (31 assets)

24%
Neighborhood shopping centers (39 assets)

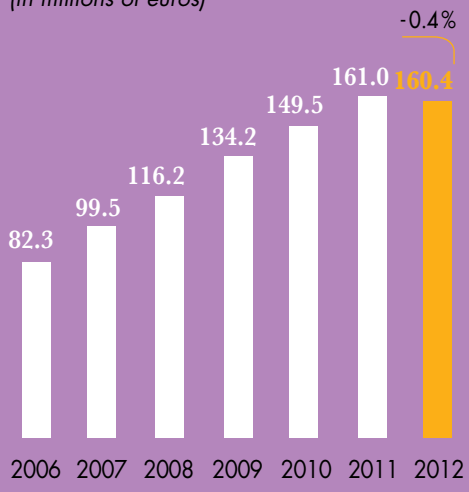
1%
Assets under development

1%
Others (24 assets)

1%
Independent cafeterias (11 assets)

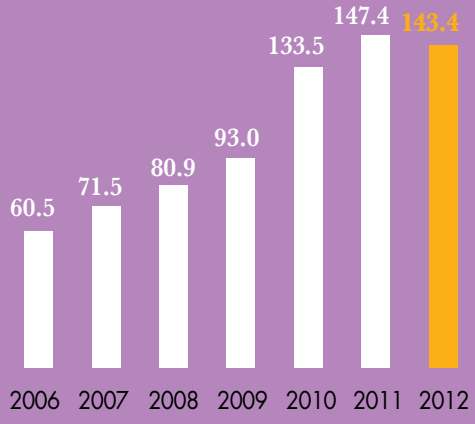
Rental revenues

(in millions of euros)



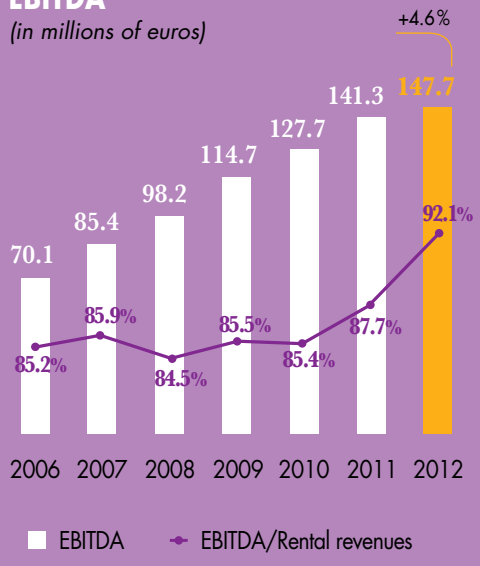
Net income, Group share

(in millions of euros)



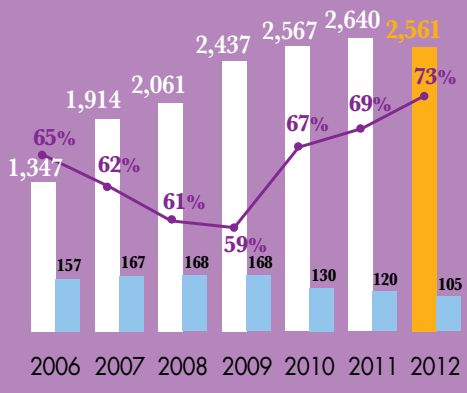
EBITDA

(in millions of euros)



Portfolio (Including transfer taxes)

(in millions of euros)



Adjusted FFO* per share, fully diluted
+9.9%

**Net income, Group share, excl. depreciation, capital gains on asset sales and additional tax contribution of 3%, adjusted for rental income from assets sold in 2011 and 2012, and based on a like-for-like financial structure; excluding property development margin on Pessac extension (net of tax) and exceptional costs relating to the restructuring of the financial and shareholding structure.*

Share Information

Number of outstanding shares as of 12/31/12:
92,022,826

Market capitalisation:
as of 02/28/13,
Euros 1,490.8 million

Business segment:
Real Estate

Inclusion in the SBF 120:
on December 18, 2009

Main Index:
CAC All Shares

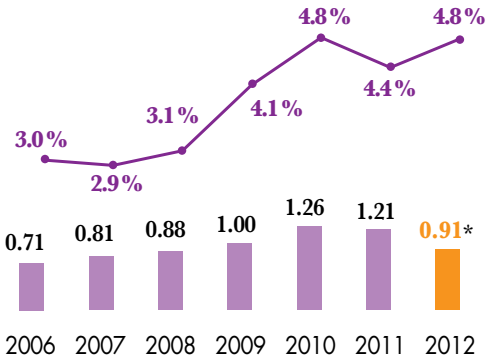
Market:
Eurolist on Euronext
(segment A)

Listing Market:
Euronext Paris

PEA/SRD eligibility:
no/yes

€16.20
on 02/28/2013

Net dividend and yield per share
(in euro)

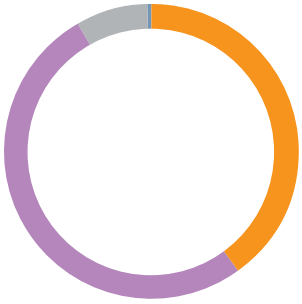


Net dividend per share

Yield per share in % (net dividend / average closing share price)

** Including interim dividend of Euro 0.25 per share paid in October, 2012; subject to the approval of the General Meeting of June 21, 2013.*

Shareholder structure
(in %, as of February 28, 2013)



40.17%
Casino

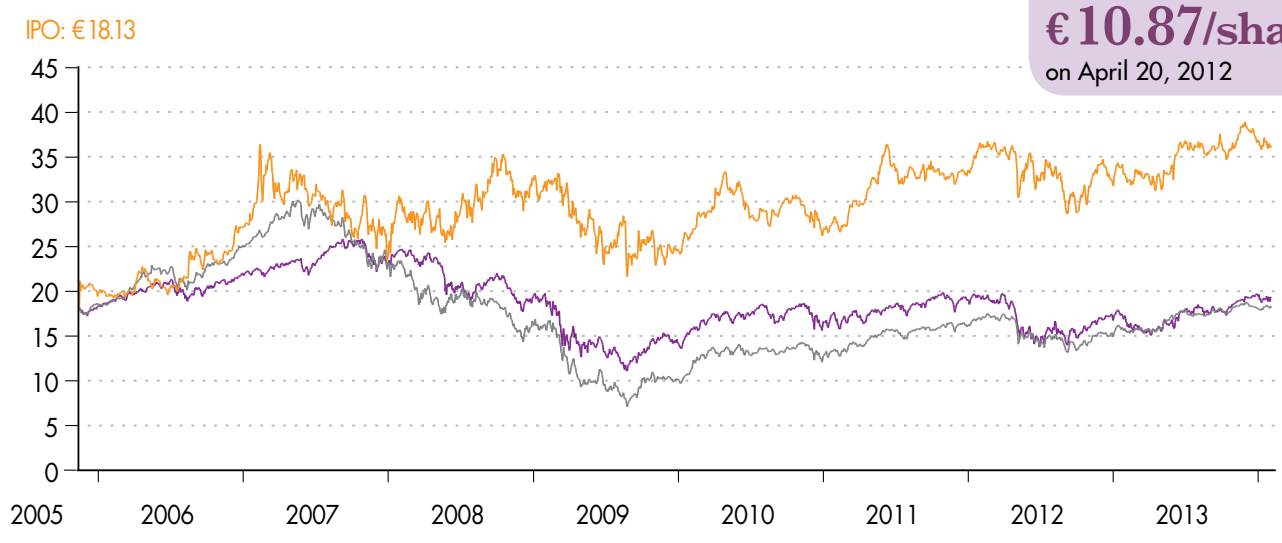
8.01%
Generali Group

51.62%
Public

0.19%
Treasury shares

Relative performance of Mercialys' share
(in euro, rebased to 100 as of 10/11/2005, date of the IPO)

Exceptional distribution of
€10.87/share
on April 20, 2012



Mercialys (total return, dividend resinvested)

Rebased EPRA Eurozone (total return, dividend resinvested)

Rebased CAC 40 (total return, dividend resinvested)

"L'Esprit Voisin" concept: what makes Mercialys stand out

We are working every day on enhancing our shopping centers, making them evolve, turning them into welcoming places to visit and doing ever more to integrate them into their surroundings. This is what makes us unique. We call this "L'Esprit Voisin" concept.

"L'Esprit Voisin" is the desire to create a family-friendly atmosphere, carefully thought out and paying attention to everyone, all of the time. This is our credo, our trademark and our source of pride. This is what makes our shopping centers different and closer to their customers, their way of life, and their local region.







"L'Esprit Voisin" at all of our shopping centers

Since 2006, Mercialys has committed itself to a major program of renovation, redevelopment and/or extension works at its shopping centers in order to create growth centered around "L'Esprit Voisin" concept. This ambitious development plan was named Alcudia. This name is now synonymous with success and standing out, with more than half of Mercialys' retail portfolio renovated under "L'Esprit Voisin" concept.











Another way of bringing shopping centers to life

In order to make its shopping centers stand out, Mercialys has come up with a new way of thinking, "L'Esprit Voisin", and has rolled it out. "L'Esprit Voisin" now guides all of Mercialys' actions on a daily basis. It has become its culture and that of its shopping centers.

This positioning is based on the notion of proximity - in both geographical and human terms - to shoppers and retailers. Shopping centers constitute a familiar and family-friendly environment, where connections are made and a relationship of trust is built up. "L'Esprit Voisin" is another way of bringing a shopping center to life within its local environment and responding to the expectations of its shoppers and retailers.

15 new "L'Esprit Voisin" development projects
were completed in 2012 including 8 extensions and 7 renovations

68,000 m²
of selling space created, redeveloped and/or renovated

Reflecting the local region

Each shopping center draws its inspiration from the heart of its local region and borrows local symbols, with architectures paying tribute to local landscapes and activities, culture and traditions, such as the wine-growing estates of Bordeaux, the Provencal streets of Fréjus and the forest settings of Istres and Rodez. Their external and internal fittings highlight their local heritage with unusual touches such as beehives, an orchard or a garden of aromatic plants. The traditional materials and plant essences used come from the local region, with colors blending in with the local landscape.



Visible proof

"L'Esprit Voisin" concept is also based on a number of small details borrowed from everyday life, which give Mercialys' shopping centers a soul and are experienced by shoppers throughout their visit. As soon as they arrive at the shopping center, they enter a gateway with a welcome sign such as a totem pole with colored lettering, immediately identifiable services, spaces for relaxation and play areas for children. The walkways are easy to identify and the car parks are suitable for everyone. The area surrounding the shopping center is brightened up with birdhouses in a variety of colors. Simplicity and humor set the pleasant tone.

Further proof of "L'Esprit Voisin" concept is the doormat saying "Welcome" to visitors as soon as they enter. The mall is bathed in natural light and scattered with details reminiscent of home, creating a warm and familiar decor.

"L'Esprit Voisin": a resolutely customer-focused approach

"L'Esprit Voisin" concept means knowing how to anticipate consumers' expectations and respond to them while paying attention to their demands. This means a variety of services, practical tips and attention to detail in ensuring a comfortable and enjoyable environment, with a multitude of small touches that make Mercialys' shopping centers even more attractive.

"L'Esprit Voisin" shopping centers are responsible and community-minded, and respectful of the environment and others. They become part of local life, forming close ties with their environment and the local region. By organizing events, they create ties and participate in local life.

"L'Esprit Voisin" concept also impacts Mercialys' relationship with its partners, namely independent retailers and national retail chains. This relationship is based on mutual trust, listening and dialogue, maintained through numerous occasions to strengthen these ties in order to succeed together.

A fun time for our retailers every year

La Fête des Voisins,
is an evening event organized in an informal setting.

Breakfasts,
to discuss digital matters with marketing directors.

The details that set the tone

A garden with flowers? Beehives on the roof of a shopping center? This has never been seen before, apart from at Albasud in Montauban.

At Quimper, the surprise comes from the shopping center's orchard. And the Pessac shopping center has planted its own vineyard in the heart of the Bordeaux region.

These unusual touches accentuate the center's local footing and create ties with the local region. They provide the opportunity to speak to shoppers and create a sense of understanding. They also constitute an excellent educational vehicle, by allowing for events to be held targeted at children and their families.



Innovative ideas and small touches

With impatient children, hungry teenagers and overwhelmed parents, in order to ensure that shopping with the family remains a pleasure for everyone, "L'Esprit Voisin" concept strives to address the needs of all types of visitors.

Need a break? Nurseries provide practical services and are always accessible, and indoor and outdoor play areas give children somewhere to amuse themselves under the attentive eye of their parents. A number of free wifi areas are planned in order to help people stay in touch. And everyone can meet up again at "Le Rendez-Vous" area at the heart of the shopping center. This meeting point is designed for relaxation, centralizing all practical information about the center, such as available services, a telephone to call a taxi company directly and even a real-time digital display of bus timetables so that you're not caught short.





"L'Esprit Voisin" is synonymous with ongoing optimization

Means of consumption, travel and communication are changing, and customers' desires and needs are also changing. So that they continue to feel at home at their shopping center, Mercialys listens to what they want. Everyone is able to give their opinion or make suggestions via the website or the suggestion box in the shopping center. Satisfaction surveys are conducted regularly to assess the quality of the atmosphere, access, parking facilities, retail offering and services.

The center manager is always present, paying attention to the needs of retailers and shoppers. This ability to listen gives rise to new ideas to optimize services and enrich "L'Esprit Voisin" concept.

Centers that are generous with loyal shoppers

For the last three years, Mercialys has belonged to the S'Miles loyalty program. Sixteen of its shopping centers and more than 700 shops have already adopted the program and reward their customers when they make a purchase.

The loyalty program has established its reputation among shoppers by organizing regular events.

In 2012
31,236 shoppers belonged to the loyalty program,
including more than **6,500 shoppers recruited during the year**
37 million S'Miles points awarded
133,000 cardholders rewarded

"L'Esprit Voisin" concept, an experience for sharing

Shoppers now live "L'Esprit Voisin" experience on a daily basis at around 50 shopping centers. So that they can enjoy the experience to the full and appropriate it for themselves, Mercialys has chosen to go even further, by showcasing its philosophy at its shopping centers. It takes the trouble to explain its vision to its shoppers and asserts its values in order to share them more effectively. This innovative approach is further proof of "L'Esprit Voisin" concept. It has three main aims: to enhance the impact and commitment of "L'Esprit Voisin" concept towards receptive customers, to continue to make Mercialys stand out from other real estate companies via an ambitious marketing positioning and to ensure the continuing improvement of "L'Esprit Voisin" concept.


01

LE MANIFESTE

L' Esprit Voisin.*

Nous partageons la même région, le même paysage, le même territoire. Nous sommes d'ici, du coin, des environs. Nous sommes voisins. Ici, la pierre, le bois, les matériaux viennent de la région, les arbres viennent de la région, les équipes viennent de la région. Ici, vous êtes le bienvenu, la lumière naturelle est la bienvenue, la végétation est la bienvenue. Nos portes sont grandes ouvertes à vous, à tous, aux familles, mais aussi aux initiatives. Nous croyons à l'économie locale, à la vie locale, à la solidarité locale, à la citoyenneté locale et plus loin, à la planète. Vous êtes ici dans un lieu où l'on peut se promener, un endroit où l'on peut se rencontrer, un espace où nous nous efforçons de faire régner un esprit : L'Esprit Voisin.

mercialys
L'Esprit Voisin.

mercialys.fr

We share the same region, the same countryside, the same territory. We come from this area, this is our home, our local environment. We are neighbors. The stone, the wood, the other materials are all local, as are the trees, as are the people who work here. We welcome everyone here, we welcome the natural light and the vegetation. Our doors are wide open, to all of you and your families, but we are also open to new ideas. We believe in the local economy, local life, local community spirit, local citizenship and, looking further afield, the planet. This is a place where you can walk about at your leisure, a place for meeting people, a place where a true spirit lives: "L'Esprit Voisin".





Mercialys shares its philosophy with its customers

"L'Esprit Voisin" concept is evident as soon as you enter a shopping center, thanks to a manifesto. This reference text sets out our vision, our different way of doing business, what we believe in, why we do things and what benefits we hope to offer our customers.

The customer experience is then punctuated by around 30 statements, treated with humor and simplicity. These texts illustrate the symbolic characteristics of "L'Esprit Voisin" concept, such as entrance gates, birdhouses and the name of the shopping center, and explain them in order to make them even more familiar.







Mercialys, its retailers and its customers all included in the same digital ecosystem

The internet and social networking have become vital tools for creating and maintaining dialogue with customers. However, activating these powerful marketing methods requires real know-how, technical and financial resources, and continuing commitment. With Esprit Voisin 2.0, Mercialys is continuing with its drive and providing its shopping centers and retailers with tools that meet the needs of their customers.

Bringing "L'Esprit Voisin" to life on the internet and social networking sites

In addition to just visiting a shopping center, the internet and social networking help to bring to life and enrich the relationship between the shopping center, retail chains, independent retailers and customers. In January 2012, Mercialys created a new dynamic web platform and put it online. Each shopping center has a mobile version of its website in order to meet the needs of shoppers on the move.

Furthermore, pages dedicated to shopping centers' news have been created on Facebook. These pages are administrated locally by shopping center managers and allow for real-time interaction. An increasing number of customer recruitment campaigns, games and events allow for ties with customers to be maintained.

Regular events for these communities allow for customers using the website to become "fans" and then "customer ambassadors" who convey information and disseminate the shopping center's brand image. These targeted messages constitute a particularly effective means of communication and help to attract new customers.

"Mon Centre" - the new mobile application

"L'Esprit Voisin" concept also exists in pocket format. The easy-to-use app can be customized and makes even more services available to customers of Mercialys' shopping centers. They can take it with them when they go shopping and have access to a wide range of useful services, such as how to find where they parked their car, their shopping list and birthday reminders.

The mobile app also helps to enrich customers' shopping experience by offering tips and exclusive and customized discounts or "Specials", which can be downloaded by identified customers, as well as offers under the S'Miles loyalty program.

The "Mon Centre" mobile app was launched on October 15, 2012, at 20 shopping centers. It became available to be downloaded at 36 shopping centers on November 15 and a second version has already been launched with new features encouraging users to use it even more, such as classified ads, check-in, weather forecasts, Facebook birthday calendar and the ability to view loyalty points.



For more information, flash this QR code

Mobile app

More than 5,000 downloads in the first month and 2,000 customer accounts created

For more information, go to
mercialys.fr/moncentre



Simple, useful and customized tools for retailers

In order to give national retail chains and local retailers greater visibility on its shopping center websites and greater autonomy in managing their space, Mercialys offers them direct access to the digital ecosystem. Retailers are given help in learning about their dedicated extranet site.

These new services help to strengthen the relationship of trust between Mercialys and its tenants.



Websites

More than 1 million visits to the shared web platform.

Around 50,000 unique visitors to the websites of Mercialys's large shopping centers and more than 160,000 page views, 30% more than in 2011.

A commitment to sustainable development

Mercialys has made a commitment to controlling the impact of its shopping centers on the environment, ensuring that they blend in with the local landscape and supporting local economic and community life. In order to take a long-term view to this commitment, Mercialys has created a sustainable development accreditation system for its shopping centers: "Label V". In keeping with "L'Esprit Voisin" concept, this label takes account of social aspects in addition to environmental criteria.

Four new shopping centers given "Label V" accreditation in 2012

Glann Odet in Quimper, Fontaines des Clairions in Auxerre, Cap Costières in Nîmes and Praz du Léman in Annemasse have been given "Label V" accreditation.



A label with exacting standards

"Label V" encourages Mercialys' shopping centers to address sustainable development issues.

Shopping centers are assessed on the basis of 116 measurable and quantifiable objective criteria. These criteria are weighted according to how difficult they are to achieve and some are mandatory in order to be able to apply for the label. Each shopping center has to be audited on the basis of this reference framework by a recognized independent external organization, Ecocert Environnement. The shopping center director and the technical director then submit the application to the Labeling Committee, which decides whether or not to award "Label V" accreditation. The committee is made up of 12 independent members from a variety of backgrounds connected to the real estate business.

After two years of feedback and with a view to ensuring ongoing improvement, Mercialys has made changes in 2012 to the reference framework and the accreditation process.

The label has been awarded to a total of **nine** shopping centers

Label V

For more information on Fontaines de Clairions shopping center, flash this QR code

17 photovoltaic power facilities

Annual generation: 35,075 MWh

Total area of panels: 147,225 m²

Mercialys' shopping centers adopt renewable energies

With regard to energy, Mercialys is installing photovoltaic shading in its shopping center car parks and solar power facilities on roofs in partnership with GreenYellow, a subsidiary of the Casino Group.

It is therefore working to support the development of renewable energy generation. In 2012, three new solar power facilities were installed at the Albi, Marseille Delprat and Montauban shopping centers, bringing the total number of solar power installations to 17.



Making shopping centers more energy efficient

In addition to the development of renewable energies, Mercialys also benefits from GreenYellow's expertise with a view to making its shopping centers more energy efficient. Energy audits were carried out at 22 shopping centers in 2012 in order to determine framework measures that may be taken to make them more energy efficient. These audits resulted in the signing of Energy Efficiency Agreements ("*Contrats de Performance Energétique*" or CPE), ensuring the durability of efforts to improve energy efficiency for around a dozen shopping centers.

Reducing the carbon footprint with environmentally-friendly means of transport

In 2012, three shopping centers underwent a carbon footprint assessment, the results of which confirmed that on average three-quarters of greenhouse gas emissions generated by a shopping center relate to customer transportation. This has resulted in Mercialys' commitment to supporting environmentally-friendly means of transport, by extending cycle paths, installing bicycle shelters, creating dedicated car-pooling spaces and providing recharging stations for hybrid and electric vehicles. In 2012, seven new recharging stations were installed at Mercialys shopping centers.



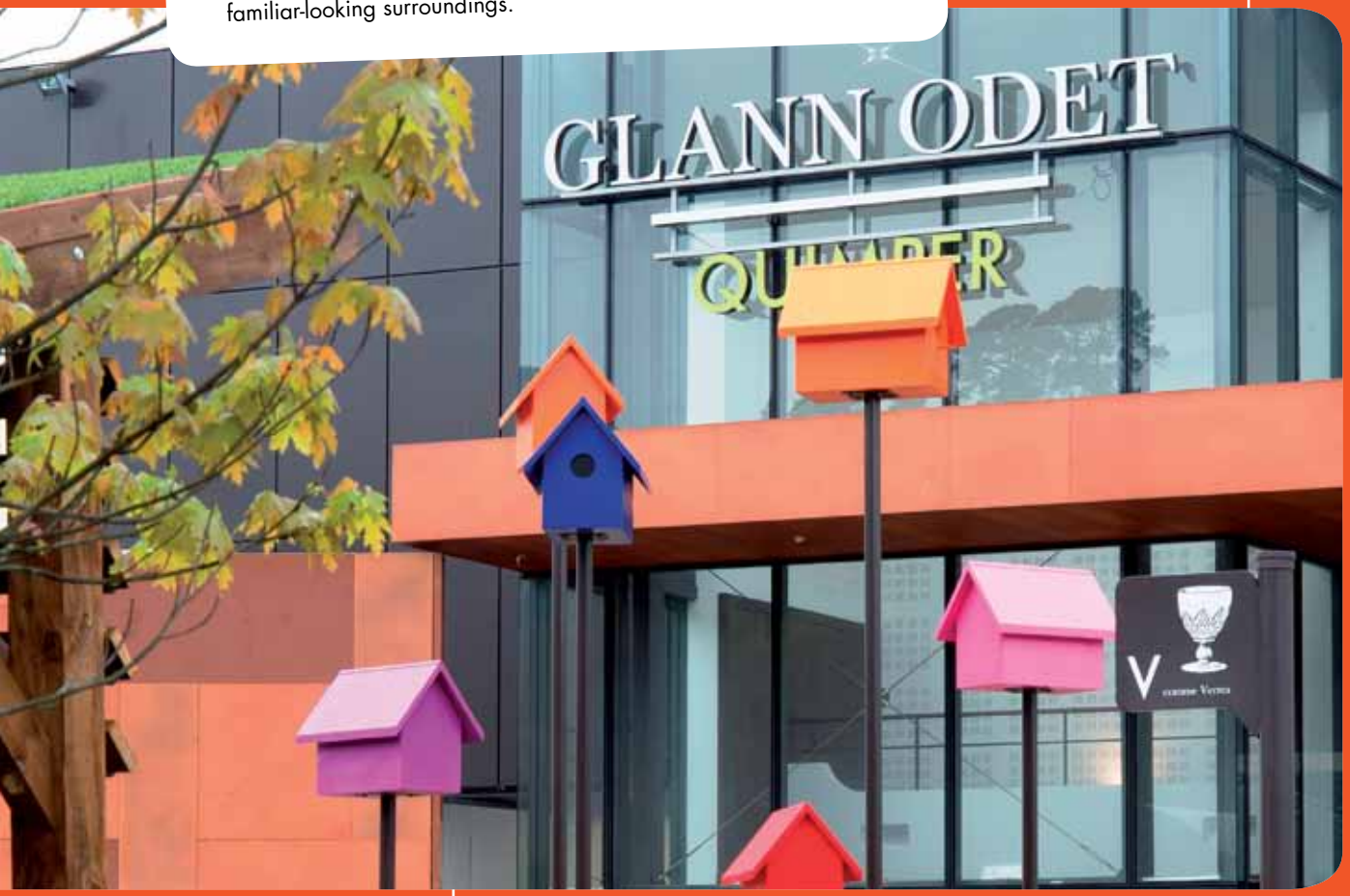
Mercialys holds a 5.25% stake in GreenYellow.

A real seal of approval

The CNCC Sustainable Development prize was awarded to La Caserne de Bonne shopping center in the center of Grenoble. The jury was particularly impressed by its integration into the local urban fabric, as well as its innovative bioclimatic hall and management of its planted roof.

Bigger, better, closer

"L'Esprit Voisin" program continued at a brisk pace in 2012. A further eight extensions were added to Mercialys' portfolio and another seven shopping centers were fully renovated. By adopting "L'Esprit Voisin" concept, each shopping center is able to tell its own story and interact with the local environment. Shoppers are able to discover new shops in familiar-looking surroundings.



In Quimper

"L'Esprit Voisin" brings the banks of the Odet to life

Opening:
May 25, 2012

The Glann Odet shopping center opened its doors in May 2012 following a complete transformation, as a larger and more user-friendly venue. Seizing the opportunity arising from the relocation of Castorama, the center capitalized on the newly unoccupied space to expand and further enhance its retail offering. With 5,200 m² of additional space and 20 new retailers, the shopping center has consolidated its market-leading position in the city of Quimper and is now regional in scale while still maintaining a strong human dimension. Its new facilities and services, designed in accordance with "L'Esprit Voisin" concept, offer the region's shoppers an unparalleled shopping experience.



+ 26%
increase in footfall over the first 8 months.
A positive impact on revenues, also favoring retailers from the existing shopping center.

+ 42%
increase in footfall in June 2012 vs. June 2011

Discover Glann Odet in images



"Just like home", to make the people of Quimper feel at home

In the interior of the shopping center, the walls are covered in the same wood as a ship's decking and the reception balcony is customized with a metal ship's railing. Everything is designed to encourage visitors' well-being. The proportions remain human in scale, with comfortable furnishings and decorated to create a touch of intimacy, making shoppers feel at home.

Seaside location sets the tone

The shopping center's architecture is based on the heritage of Brittany and the seaside location of the Odet region. The exterior pays tribute to the themes of boating and the coastline, reflecting the strong desire to blend in with the local environment and heritage. The rust-tinted riveted metal used in the entrance gates is reminiscent of a ship's hull. The low walls at the front doors, borders and benches are in granite, like the public spaces in Quimper.

20 new retailers

75 shops



A name chosen by shoppers

In Breton, "Glann Odet" means "the banks of the Odet", the river that runs close to the shopping center. This name was chosen by shoppers themselves.

To mark the center's overhaul and enable shoppers to adopt it as their own, a competition was organized to give it a new name in keeping with the local culture and region. Shoppers were invited to vote for one of the three names suggested.

An extension of
5,200 m²



The center capitalized on the newly vacant space arising from the relocation of Castorama to expand, add to and diversify its retail offering. The major retailers present, such as Caroll, Promod, Armor Lux, Esprit, Sephora and André, have been joined by Mango, Kaporal 5, Foot Locker and Sergent Major for men's/women's/children's ready-to-wear clothing, Marionnaud for health and beauty, and Nature & Découvertes for leisure goods. This is the first retail outlet in the city of Quimper for around 10 of the 20 new retailers, including FNAC. The arrival of this well-known chain generates a high level of footfall, which benefits all of the center's retailers, both old and new.



In
7 years
the center has tripled in value

1,400 parking spaces

A catchment area of **128,000** people



I have two main roles: I'm in charge of the day-to-day commercial life of the center, including communications and the loyalty card scheme. I work with retailers, identifying the issues they face and proposing the services offered by Agence d'ici.

Flore Audine,
Commercial Director



New services to create an unparalleled shopping experience

In order to give parents an occasional break while out with their children, play areas are provided both inside and outside the center, and a childcare service organizes events every Wednesday and Saturday.

"Le Rendez-Vous" provides a pleasant and comfortable place to wait, meet others or find out about the many services available, reflecting the symbols of "L'Esprit Voisin" concept. A number of services can be accessed directly, such as a taxi phone, digital bus timetables and free wifi access.





It's a very impressive development. It has a warm and modern ambiance and is tastefully decorated. It's by far the most attractive shopping center in the southern part of the Finistère department.

Charles Proust
Atol manager





A community-minded and ecologically responsible neighbor

Both the renovation works and the day-to-day running of the center take environmental concerns into account.

Alternative means of transport are given pride of place, with bus stops and the creation of cycle paths, as well as dedicated parking spaces for electric and hybrid vehicles to recharge

A unique piece of Breton nature

In addition to the orchard of pruned apple trees, a first for a shopping center, Glann Odet has a fruit and vegetable garden in recognition of the region's growing heritage. This piece of Breton nature at the heart of the shopping center includes a sheltered area called "*La Maison du Fruit*" ("The House of Fruit"), another original idea allowing for educational and social events to be held.





I oversee the running of the center in order to provide a comfortable and sheltered place for shoppers to visit every day.

Frédéric Przybyla,
Head of Operations



The Solar Wall, a "green" innovation

Glann Odet is fitted with a 325m² Solar Wall on its southern façade, which captures the heat provided by the sun's rays. The outside air is heated before flowing into the shopping center's ventilation system. This innovative system, only the second installed in France, enables Glann Odet to make energy savings of 30-50% in staying warm during the winter. In summer, the system limits how much the center heats up by preventing solar rays from reaching the building.

An impact on local employment

Glann Odet has allowed for the creation of around 80 jobs, thereby contributing to the region's social and economic development. The renovation works involved 20 companies, 11 of which were from the Brittany region.





We are pleased with our new store in Glann Odet. It is a high-quality center offering a wide range of stores. The opening of restaurants has injected real impetus and attracted new customers.

Jean-Christophe Catonne
Fnac Store Manager





A crèche for "little neighbors"

It is not always easy to work in peace when you also need to ensure that your baby is being looked after. At Glann Odet, Mercialys offers a tailored solution: an inter-company crèche for 20 children, intended for all businesses in the city, is due to open in September 2013.

Employees will at last have a reliable and practical childcare solution close to their workplace, which will help make life easier.



Les Pins des Cognets in Istres

A forest setting

+ 2,000 m²
17
new retailers
50
shops
8,640 m²
of solar panels

By doubling in size, Les Pins des Cognets has consolidated its market-leading position in Istres.

The additional 2,000 m² have enabled it to extend its retail offering to include 17 new retailers, including Promod, Camaïeu, Armand Thiery, Kiko, Cléor, Yves Rocher, Darjeeling and Micromania, all of which have opened their first outlets in the town.

The center has capitalized on its exceptional setting to create a natural environment. The name chosen by shoppers refers to the nearby wonderful pine forest. The new shops can be accessed via an external walkway, encouraging people to take a leisurely walk. This is also part of "L'Esprit Voisin" concept.







Allée des Hirondelles in Fréjus

An air of Provence

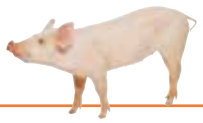
+ 2,245 m²
24
new retailers
50
shops
4,000 m²
solar panels





"L'Esprit Voisin"-inspired renovation of the shopping center has resulted in a very Provencal ambiance, with a promenade, open air square, terraces, etc. It is reminiscent of Provencal villages, with areas designed for living outdoors and a lively pedestrianized shopping street.

This warm environment invites shoppers to take their time and make the most of the rich and varied range of national retail chains and independent retailers. The number of stores at Allée des Hirondelles has doubled and its new size has enabled it to create a very attractive fashion offering with retailers like LMV, Ooxoo, Kaporal5, Blue Box, Morgan, Jules, Okaïdi, Jack & Jones and San Marina. Of the 24 new retailers, 14 did not yet have an outlet in Fréjus.









Bois de Bersol in Bordeaux Pessac

Between vineyards, sea and forest

+ 6,510 m²
30 new retailers
60 shops and 6 mid-size stores
A 4,500 MWh solar power plant

The stone entrance gates are reminiscent of the entrance to a wine-growing estate. The low walls, walkways and steps also evoke Bordeaux's wineries. These are natural choices, as the shopping center has its own vineyard.

In choosing its new name, shoppers were inspired by the proximity of the Landes forest. The new architectural design also gives a nod to the pine-clad oyster huts of the Bay of Arcachon. The region's heritage is present everywhere, as is nature. As "L'Esprit Voisin" concept is also synonymous with environmentally-friendly innovation, Bois de Bersol saves around 13,000 tons of carbon dioxide each year thanks to its solar power plant installed on the roof and in the shading to the car park.

Bois de Bersol enhances its retail power

With its additional 6,510 m², the shopping center has doubled its retail offering. It has transformed itself but still retains its relaxed feel and family-friendly size.

Bois de Bersol now includes 30 new retailers, 22 of which have come to Pessac for the first time.





A successful partnership for Mercialys

The extension to the Bordeaux Pessac shopping center illustrates a new way for Mercialys to enhance the value of its full expertise.

In 2011, the shopping mall and the retail park were bought by the real estate investment fund created within the framework of a partnership between Mercialys and Union Investment, one of Europe's largest real estate investors.

Mercialys operates the fund and is in charge of asset management and letting. Mercialys also acted as developer of the extension, which was sold to the fund on an off-plan basis.



La Porte de Rodez in Rodez

Forest life

+ 1,200 m²
7 new retailers
30 shops
7,000 solar panels

Renamed La Porte de Rodez by shoppers, the Onet-le-Château shopping center was extended by 1,200 m² during its renovation. Its new scale and enhanced retail offering respond to the expectations of local shoppers, with a variety of retail facilities including restaurants, healthcare, beauty and clothing. The architecture is inspired greatly by the forests of the Aveyron region and all of the center's façades are covered in wood. In recognition of the city's medieval architecture, a play area provides a place for children to enjoy themselves in between a fortified castle and a suspension bridge.



+ 2,075 m²
15 new shops
50 retailers
19,000 m² of solar panels

Albasud in Montauban

Centered around the theme of terracotta





People go to the Albasud shopping center for its enhanced range of retailers, but they clearly go back for the pleasure of walking through its fruit trees, flower garden and aromatic plants. It offers a familiar decor, with steel and brick used in tribute to the façades of the buildings of Montauban, using warm and natural colors and materials. Nature is present everywhere, with special events taking place. The three beehives on the roof and their 130,000 bees are expected to produce around 60 kg of honey each year.

Albasud also generates some of its own power, with 11,800 solar panels providing the equivalent of the yearly consumption of 200 households.





Agen Boé

A place for eating out

Having a quick lunch or meeting up with friends for a proper meal, the center's restaurants have quickly become its main hub.

In January 2012, a new restaurant opened at the center, La Pataterie, on the 660 m² vacant space from the Géant Casino hypermarket.

The neighborhood shopping center is the largest in the area and also comprises 21 shops and two restaurants. Its architecture is inspired by the local tobacco dryers, a theme chosen during the renovation works of 2008.



Narbonne

A fashion and beauty-led overhaul

The H&M store eagerly awaited by the women of Narbonne opened its doors on October 3, 2012. This new addition was made possible by the redevelopment of the Géant Casino hypermarket's selling space, making the center more attractive and fostering the loyalty of shoppers in the south of Narbonne.

Yves Rocher also chose to open an outlet in the renovated shopping center, which now has 30 stores.

And for our "little neighbors", an inter-company crèche is due to open by the end of 2013.



Also adopting "L'Esprit Voisin" concept

In 2012, **7** shopping centers were renovated under "L'Esprit Voisin" concept.



The teams at Mercialys capitalized on this to review the details and take inspiration from the natural surroundings, traditions and local culture to create a warm and familiar atmosphere. In other words, bringing "L'Esprit Voisin" to life.

Valence 2, completed in July 2012, has adopted the white willow that borders the city's canals and is used to make wicker.

In Montélimar, the tone is set by nougat, the almond trees surrounding the town and the honey of Provence.

The tradition of wood is inseparable from Oyonnax and is therefore present in the shopping center, located close to the forest.

In the spa town of Lons-le-Saunier, water is the natural inspiration.

In Montpellier, the castle and its magnificent parkland, with its Medicis vases and statues, provided the ideal theme for the shopping center's renovation, which was completed in February 2013.

Soon to become part of "L'Esprit Voisin"...

The Alcudia program is continuing to fuel the growth of Mercialys's portfolio.

Around 10 new "L'Esprit Voisin" redevelopment, extension and renovation projects are due to be completed or launched in 2013.

Among these projects, some shopping centers such as Besançon and Brest have already undergone an initial extension phase. They will be subject to a second phase of redevelopment in order to make them even more attractive and capitalize fully on their potential.













The "Foncière Commerçante" strategy: a new way of looking at retail

Moving forward and innovating: that's what we do. We always need to come up with projects that allow us to move ahead and benefit above all the customers, retail chains and independent retailers at our shopping centers. With the "Foncière Commerçante" strategy, in the continuation of "L'Esprit Voisin", we have taken the next step in working more closely with our partners, helping them to boost their sales and supporting them in their commercial success. We have enhanced our expertise with two words: hyper-local and multi-channel, with the ongoing desire to create value for the benefit of all parties involved in the new strategy.

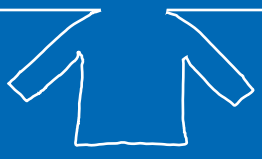




Agence d'ici lives up to its name

Agence d'ici works closely with retailers and customers. It is able to speak to everyone and targets all parties concerned. It thinks on a general level, and acts locally. Its range of services is adapted to each shopping center in order to help to boost retailers' sales. Agence d'ici is the concrete way of rolling out the new "Foncière Commerçante" strategy on the ground, while maintaining the principles of proximity and performance.









The "Foncière Commerçante" strategy: ever closer and ever more efficient

Following on from the Alcudia and L'Esprit Voisin program, Mercialys has taken the next step in its development with the launch of the "Foncière Commerçante" strategy, in order to strengthen the local presence that unites it with national retail chains and local retailers. This local presence is also synonymous with retail performance and boosting sales.

The bleak climate that has weighed down the economy and society as a whole over the last few years has increased sensitivity to the changes that have turned the environment for retailers upside down. Retailers are having to cope with a market that is more competitive than ever, and respond to this increasingly intense competition with more limited financial resources, with the imperative of keeping up to date with their methods of communication - in particular digital communications - which are also constantly evolving.

A new strategy to make it stand out

Against this backdrop, Mercialys has developed a new strategy known as the "Foncière Commerçante" strategy, which consists of a modern, pro-active and multi-channel way of supporting its shopping centers. With the "Foncière Commerçante" strategy, Mercialys works alongside national retail chains and independent retailers on a local level with one key aim: to help to ensure their commercial success.





This very innovative approach - in keeping with the approach taken by Mercialys since it was first created - forms part of the continuing evolution of how it views retail and its business. Following on from the Alcudia program, which enabled Mercialys to renovate, redevelop and increase the size of its portfolio, the "Foncière Commerçante" strategy marks the next step in its value-creation strategy.

Until now, Mercialys offered three conventional real estate services: it charged rent from its tenants, looked after the management of its shopping centers, and did everything to develop footfall at its shopping centers by means of customized events and services. Mercialys wanted to become more than just a lessor by taking on a wider role in which it works alongside its retail partners in order to help them achieve commercial success.

Mercialys is now a hyper-local and multi-channel retailer. The "Foncière Commerçante" strategy is based on three principles: standing out even more from the rest of the market, stimulating demand and expanding the range of services offered.

A dedicated unit for stimulating demand

Until now, as a conventional real estate company, Mercialys endeavored in particular to develop footfall at its shopping centers. With the "Foncière Commerçante" strategy, it has made a major step forward in working with retailers in their efforts to boost revenues by offering effective tools to stimulate demand. Mercialys now thinks and acts like a retailer facing the problems of how to attract new customers, foster the loyalty of existing customers and increase the average spend. To resolve these three concerns, it has asserted its role as a local and multi-channel marketing agency with the creation of Agence d'ici. This means of support and these initiatives have already been well received by retailers, who are receptive to Mercialys's commitment to becoming a partner in their development.

Mercialys stands out from the crowd

For many years, "L'Esprit Voisin" is the trademark of Mercialys. Already rolled out at around 50 shopping centers, the experience is now enjoyed on a day-to-day basis by local shoppers. Mercialys is now taking the next step in making itself stand out. It wants to make customers understand and be more aware of "L'Esprit Voisin" philosophy. Rather than just words, it wants to implement concrete actions, with an ambitious marketing positioning forming part of its drive for continuing improvement. "L'Esprit Voisin" concept is brought to life by constant dialogue with customers.

By reading texts displayed at shopping centers that are committed, simple and sometimes humorous in tone, customers are able to find out about the relevance and reality of this philosophy at their leisure. The philosophy is also conveyed across all of the digital media used by Mercialys. "L'Esprit Voisin 2.0" therefore provides a real launching pad for the Company's innovative and effective digital strategy.



A broader range of services to meet new expectations

While the internet and e-commerce in particular have changed consumer habits definitively, the creation of new products or services aims primarily to meet consumers' unsatisfied expectations. With the "Foncière Commerçante" strategy, Mercialys is planning to diversify its range of e-commerce services by extending it to "web to store", "drive-in" and pick-up points. In order to make day-to-day life easier for customers, new services will be launched and new markets such as pop-up shops will be developed. Within this framework, Mercialys will be able to form partnerships if it cannot find suitable partners to help it to achieve its targets. Occasionally, Mercialys will also be able to put itself in the position of retailer.

Agence d'ici, a "tailor-made" service and action on a local level

"Foncière Commerçante" has entered an active operational phase. Agence d'ici is the backbone of this strategy. On a local level, for retail chains and independent retailers, Agence d'ici offers a multi-channel range of bespoke retail services that are both innovative and effective.



A pro-active approach

Launched in October 2012, Agence d'ici is a specialist communications and marketing agency offering a broad range of services to major national retail chains and independent retailers. It supports them on a day-to-day basis by providing a variety of services intended to stimulate footfall and increase revenues. To do this, it implements measures to attract new customers, foster customer loyalty and increase the average spend - the three main drivers behind a store's retail performance. Drawing on local resources and skills, all of the measures implemented by Agence d'ici aim to optimize the performance of retailers' spending on communications at minimal cost.

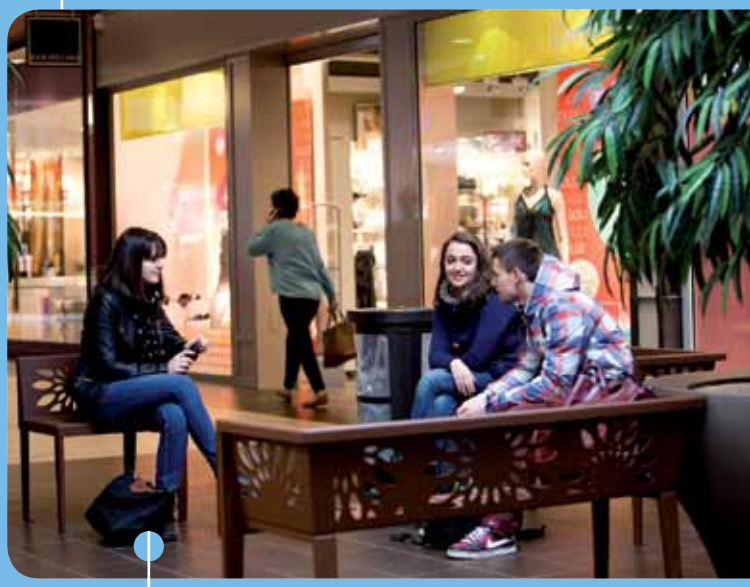
What Agence d'ici offers: 6 types of service with a total range of 50 services





A hyper-targeted database

Agence d'ici offers a number of strengths to ensure its success. It has built up a highly qualified and highly localized database, which is essential in guaranteeing the effectiveness of targeted messages. Addresses have been collected across clearly defined regions in order to provide shopping centers and retailers with reliable, relevant and promising contact details, collected primarily via the S'Miles loyalty card scheme or during marketing campaigns.



A studio producing multi-channel initiatives

Agence d'ici also has a studio specializing in the development of tools designed for shopping centers. It applies its expertise in three main areas. A multi-format communications pack is offered to shopping centers in order to implement effective measures suited to the plan and during the high points of their communications. This is suitable for all types of media and uses a pre-formatted picture database. A digital ecosystem comprising a website, Facebook page, mobile app and e-newsletter is also provided for each shopping center that wants one. The third area in which Agence d'ici uses its expertise is loyalty programs, which have been rolled out at 16 major shopping centers in terms of size. Associated with the S'Miles loyalty scheme, it brings together 85% of retailers at shopping centers and 120,000 cardholders.

Loyalty rewarded in two ways

For example, one shopping center has been opened privately for members of the loyalty card scheme and for the center's top customers. This has a favorable result in two ways: customers feel that they have been given a real privilege, while retailers involved in the campaign enjoy a significant boost in revenues over the period.











A successful opening campaign

At the Besançon Chateaufarine shopping center, a print and digital campaign was launched to promote the opening of a Léonidas store. The number of contacts was higher than expected and the average click rate was also above average.

Clearly defined commercial territory

Agence d'ici's main strength lies in its on-the-ground knowledge and its expertise derived from geo-marketing surveys of the local commercial fabric, carried out by experts and based on a number of criteria, such as the shopping center's local environment, existing and future competition, profile and development of consumers, and consumer habits. These surveys allow for a diagnosis applied to a specific catchment area and the recommendation of targeted actions.







A geo-locally useful survey

A geo-marketing survey carried out in Nîmes highlighted the advantages of offering new services targeted at customers using the new tramline and identifying a new customer base with strong buying power for the shopping center.



Commercial Directors: the real "plus" of the Agence d'ici approach

At each shopping center, the Commercial Director is the main point of contact for retailers. With retailers and in collaboration with Agence d'ici, the Commercial Director implements bespoke measures, the effectiveness of which is measured through detailed analysis of the results. First of all, the Commercial Director submits a diagnosis of the problems at hand in order to come up with measures to be taken. Once this diagnosis has been validated, and on the back of in-depth knowledge of visitors to the shopping center, the Commercial Director devises tools to ensure that the right offering is made available to the right retailer. Performance indicators allow for the quality of services provided to be measured accurately.



Ensuring the quality of relationships

More generally speaking, Agence d'ici endeavors to enhance and respect the relationship between retailers and customers. By using a variety of channels, it is able to encourage diversity and improve the quality of exchanges between retailers and customers, whether physical, mobile or digital. The measures proposed respect customers' private space. The number of messages sent is deliberately controlled in order to avoid rejections. And while the offers made always aim to be attractive, they fit in with the pace of responsible consumption on a human scale, from the viewpoint of both customers and retailers.

Very positive initial feedback

The initial services provided in 2012 confirm the appeal to national retail chains and independent retailers of the "Foncière Commerçante" approach as implemented on the ground by Agence d'ici. A number of retailers have already placed their trust in Agence d'ici. This initial feedback suggests a promising future.

At the end of 2013, a total of 17 Mercialys shopping centers should benefit from the services of Agence d'ici as part of the "Foncière Commerçante" strategy.



Expertise driving innovative ideas

Euro 4.3 m
of rents invoiced in 2012



"L'Esprit Voisin" shopping center is a living space undergoing constant renewal. With the "Foncière Commerçante" strategy, new challenges are being taken on to attract and foster the loyalty of shoppers, reflecting current trends, blossoming with new activities, to offer a distraction as well as a source of information and providing a service.

Mercialys's dedicated Business Development teams are constantly listening to shoppers and retailers, in search of innovative ideas. They explore new areas of intervention in order to come up with complementary services to make the shopping center more attractive and make it stand out more, as well as creating additional sources of revenue for Mercialys.

The success of pop-up shops

Shopping malls regularly play host to temporary tenants selling goods during summer or at Christmas. These "pop-up" shops, also known as Specialty Leasing, add to the life of Mercialys's shopping centers. Mercialys has turned this into an organized, professional business activity in its own right, generating regular growth in revenues.

Events, launches or product presentations, and themed shows benefit from the shopping center's usual footfall, but also help to enrich and temporarily update its offering, thereby generating additional footfall for all retailers.

In 2012, the Specialty Leasing business generated a record level of invoiced rents of Euro 4.3 million - up 9% relative to 2011 - seven times the level achieved in 2005, the year Mercialys was founded.



Shopping centers as a means of communication

Mercialys is not content just to lease billboards within its shopping centers. Its teams have come up with a structured advertising and events planning offering, providing a turnkey service for advertisers and agencies.

The shopping center creates the event and becomes a means of communication in itself, offering a wide variety of media and sensory experiences. Shoppers are able to find out about and try new products. They share new sensations conveyed by the shopping center's radio station... This unique offering allows Mercialys to run high quality campaigns and increase both rental revenues and footfall at its shopping centers.

Implementation by Mercialys of Multi-company crèches dedicated to our "little neighbors".



A window on the world for e-commerce retailers

Mercialys is a pioneer in cross-channel retail and in the first half of 2013 it will be the first in the world to offer a concrete turnkey solution combining virtual commerce and physical commerce for e-commerce retailers looking for visibility and contact with their customers. For them, the shopping center will become a window on the physical world, where customers can look at products and talk to a salesperson, benefit from exclusive offers, place orders and arrange deliveries.



Mercialys identifies new talents in retail

Mercialys is always looking to stay one step ahead of the times and stand out from the rest of the market, and is thus a member of Investessor, France's leading network of business angels, and a member of France Angels.

Its aim is to pick out from the thousands of applications received every year talents and new technologies that will help it to stand out even more and create new opportunities for growth in the future.

Capitalizing on expertise

In addition to its core business of real estate investment, Mercialys takes an opportunistic approach to developing new activities that create value, primarily by forming partnerships within the framework of creating funds of retail assets.

As minority joint investor with a limited stake in the fund, Mercialys's aim is to operate the fund and provide its expertise in asset management, letting and sourcing.

As operator of the funds, Mercialys both receives additional revenues and optimizes the return on capital invested, improved by a double leverage effect and protected against inflation.

A promising new partnership with Amundi Immobilier

In 2012, Mercialys and Amundi Immobilier joined forces to create a fund of mid-size retail assets. Amundi Immobilier was formed from the merging of the third-party real estate asset management activities of Crédit Agricole and Société Générale.

To begin with, the fund intends to acquire four properties owned by Mercialys in Montauban, Valence 2, Angoulême and Paris Saint-Didier. This win-win partnership will enable Mercialys to sell properties that do not fit in with its new "Foncière Commerçante" strategy but that offer an attractive yield for Mercialys and its partner or partners within the framework of a leveraged fund. In addition, Mercialys offers the fund the benefit of its knowledge and expertise in the properties sold, while continuing to take care of asset management and letting under service agreements with the fund.

These third-party activities will enable Mercialys to benefit from additional revenues from the services provided and dividends received.

Partnership with Union Investment: First successful acquisition in Bordeaux-Pessac

In 2011, German fund manager Union Investment called on Mercialys's expertise to help it to expand its presence in the French retail property market. This initiative resulted in a partnership. Together, the two companies have created an OPCI real estate investment fund designed to invest in mature retail properties. The fund is 80%-owned by Union Investment and 20% by Mercialys, with Mercialys providing its know-how in asset management, letting, sourcing and development.

The fund made its first acquisition in 2011 of a retail complex in Bordeaux-Pessac including an extension to the existing shopping center sold on an off-plan basis to the fund. Mercialys developed this extension - which houses 30 new stores - under "L'Esprit Voisin" concept and delivered it to the fund in late November 2012. This successful development project generated a property development margin for Mercialys of more than Euro 10 million before tax in 2012, in addition to fees charged by Mercialys to the fund for asset management, letting and advisory services provided.

As at December 31, 2012, the retail complex owned by the fund in Bordeaux-Pessac represented an area of 20,300 m² and a market value including transfer taxes of around Euro 85 million.



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