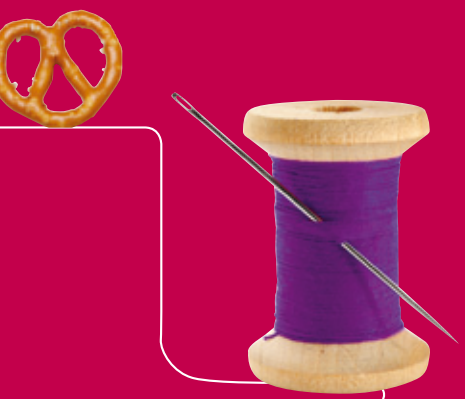
WELCOME !

2011 Activity Report





WWW.MERCIALYS.COM



mercialys
L'Esprit Voisin.

OUR GROUP

Profile

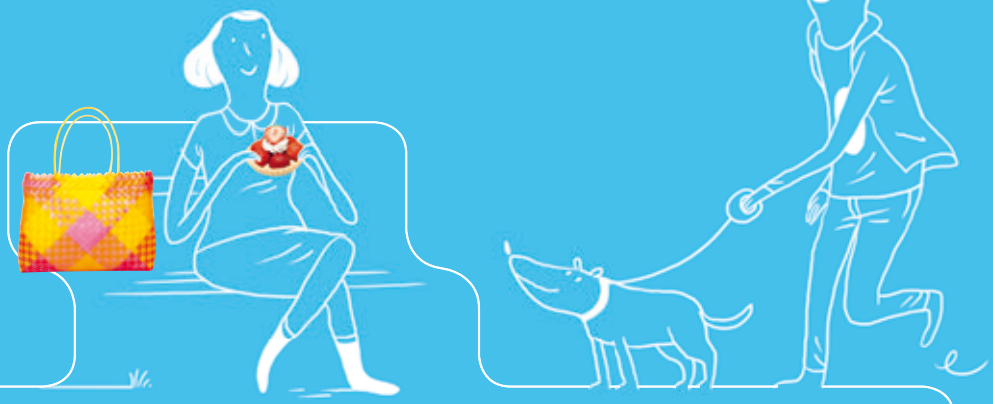
Chairman's message 2
Corporate Governance 6
2011 Highlights 8
Key figures 10



OUR VALUES

Making you feel at home

The Esprit Voisin concept: Mercialys's trademark 14
Reflecting local identity 16
Useful ideas 18
Shopping centers in line with their customers 20
Responsible retailers and citizens 22



OUR AIM

A new way of looking at retail

Valentine Grand Centre shopping center: a story shared with the people of Marseille 26
"Esprit Voisin" concept at the heart of... 32
Partnerships creating value 37
The art of transformation 39
Entrepreneurial spirit 40
2006-11: the Alcudia years 42
2012: The "Foncière Commerçante" strategy 43
In 2012, they will also adopt the "Esprit Voisin" concept... 44



Profile

Mercialys is one of the leading property companies in France and Europe. Listed in the SBF 120 index, the company was founded in 2005 by Casino, which has since accompanied it in its growth and remains one of its key partners.

Mercialys's expertise and experience in transforming and renovating shopping centers make it one of the french market leaders in retail property.

Mercialys owns and manages 120 assets including 84 shopping centers in large and medium-sized towns in France, representing a total value of 2.6 billion at end-2011.

Since 2006, Mercialys has focused on its ambitious Alcudia/Esprit Voisin program to renovate, redevelop, create mass appeal for and convert all of its shopping centers. Esprit Voisin is the Mercialys trademark, a concept based on the notion of proximity to offer customers and retailers shopping centers where they can feel at home. This approach represents the different way in which Mercialys chooses to carry out its business, namely by enhancing the value of and optimizing its offering, transforming and managing its shopping centers.

With a close relationship with its clients and listening to their needs, Mercialys capitalizes on the successes of the past six years and its entrepreneurial spirit to design and build the retail properties of the future, day after day.



Further boom after six years of growth

Message from Jacques Ehrmann



11
new openings in 2011

8
renovations

“By capitalizing on its new “Foncière Commerçante” strategy, Mercialys is aiming to go beyond the status of mere lessor to become a hyperlocal multi-channel “retailer”.”*

* Think and act as a Retailer



Euro
2.6
billion of assets



What are your main comments on last year?

2011 was an extremely successful year, characterized by excellent financial and operating results, with further robust growth in rental income and cash flow. Our main performance indicator of funds from operations saw growth of 10% in 2011, twice the target set at the start of 2011.

In terms of operating performance, 2011 was a record year following an already exceptional year in 2010. We signed a record number of leases and completed, launched and carried out a record number of development projects. In 2011, we signed 402 leases, 14% more than in 2010 and much more than our natural market share, and completed 11 Esprit Voisin development projects, including symbolic sites such as Marseille La Valentine, Annemasse and Auxerre. These considerable achievements - which have been well received by customers and retailers - have enabled us to enhance the commercial power of our shopping centers significantly.

10 %
increase in funds
from operations

You also continued with the program of asset sales initiated in 2010...

Indeed, the roll-out of the Esprit Voisin program has been accompanied since 2010 by a policy of asset rotation. The aim is to divest ourselves of non-core assets or assets that have reached maturity, and thereby refocus our portfolio on a smaller number of properties, allowing us to concentrate on our core business line of converting and enhancing the value of properties presenting potential.

In the space of two years, we have sold 61 properties to institutional buyers who favor long-term ownership and stable yields, primarily service malls, small properties and a few mature shopping centers, for a total of Euro 242 million, representing 5% of the portfolio sold each year.

This process of asset rotation has gone hand in hand with the roll-out of the Esprit Voisin program, resulting in profound changes to our asset portfolio, which currently consists of fewer shopping centers but larger sites and with greater potential.

We owe this major overhaul of the portfolio to the remarkable efforts of our staff. The quality of our achievements relates to both their level of involvement and their well-organized approach and renowned expertise in the transformation of shopping centers.

You have stated that 2011 was a strategic turning point. What is your assessment of the first six years of the company's existence?

2011 crowns a positive cycle marked by six years of continuous growth since Mercialys was founded. During this period, we have implemented powerful growth drivers, starting with the Alcudia/Esprit Voisin program. This plan to transform, modernize and increase the mass appeal of our portfolio of retail properties aims to make our shopping centers more attractive and therefore enhance their performance. In six years, a total of 37 shopping centers representing 286,000 m² have been extended, redeveloped or renovated under the Esprit Voisin concept. And let us not forget that during these six years, Esprit Voisin

×××



146
new shops

112,900 m²
converted to the concept



was created to establish itself as our trademark, reflected in all aspects of value creation. This unique architectural, marketing and retailer approach aims primarily to adapt the design of shopping centers and the retailer mix to customers' expectations, and more generally to anticipate changes in market conditions in order to reach effectively to our competitors. Synonymous with closeness in terms of location and relationships, the Esprit Voisin concept is resolutely customer-focused and this remains central to everything we do.

"We are extending the Esprit Voisin concept with an even more retail-focused slant."

Thanks to the successful execution of its original strategy, Mercialys has achieved impressive growth over the last six years. Our performance has more than doubled over this period thanks to average growth of 13-14% a year and a yearly average increase of around 9% in funds from operations (FFO) per share. At the same time, the value of the portfolio has also more than doubled to Euro 2.6 billion. Mercialys wishes to mark the success of this initial expansion phase by rewarding the shareholders who have supported it since 2005 for their loyalty. Our aim is to pay an exceptional dividend of Euro 1.25 billion, which is unprecedented in the industry taking account of Mercialys's size, during 2012 on top of the final dividend for 2011.

You announced at the same time the launch of a new strategy that you have called the "Foncière Commerçante*" strategy. What is this about?

We now have a new way of looking at our industry for the future that will underpin our "Foncière Commerçante" strategy. We want to go beyond the status of mere lessor to become a multi-channel hyperlocal "retailer" able to offer its tenants powerful marketing tools, targeted at each micro-catchment area in order to make our shopping centers more attractive and stimulate demand and sales. We also want to enhance the retail options and services offered by our shopping centers in order to meet customers' unsatisfied expectations through partnerships or by becoming a "retailer", if necessary, in order to make the Esprit Voisin stand out even more.

We need to manage our shopping centers as any retailer would operate by using all of the communications and development resources available to us in order to attract ever more customers through targeted initiatives tailored to the local fabric.

* Think and act as a Retailer

402
leases signed

"Mercialys's future growth will be driven by the new "Foncière Commerçante" strategy."*





31,200 m²
of area created



How will this new strategic plan affect your activities in 2012?

It requires refocusing our portfolio on a smaller number of properties benefiting from a size and positioning that allows for the development of the "Foncière Commerçante" model.

To begin with, this means selling properties that are not suited to the roll-out of this new strategy. We therefore plan to sell 60 to 70 properties, equal to a volume of around Euro 500 million during 2012.

At the same time, we plan to step up our program of completions of Esprit Voisin renovation and extension projects, with the aim of converting around 100% of the remaining portfolio between now and the end of 2014. Following 11 Esprit Voisin completions in 2011, we intend to complete a further 13 in 2012.

The new plan is accompanied by a normalisation of Mercialys's financial structure through a financing of Euro 1 billion, ie a leverage that will remain still below the sector average.

Overall, we expect this to result in a more resilient portfolio, further solid growth, regardless of the general economic climate, and higher rates of return for the investors who have placed their trust in us since 2005.

This is supported by the Casino Group, which has accompanied Mercialys's growth since it was founded in 2005 and will continue to accompany it during this latest stage of its expansion by remaining a key partner.

In 2012, we have set ourselves a target of growth in funds from operations – adjusted for the mechanical impacts relating to the issuance of debt and to the 2011 and 2012 asset disposals – comprised between 6% and 8%.

We are entering into this new stage of our development with a great deal of enthusiasm, on the strength of the experience developed over the last six years with the implementation of the Esprit Voisin concept, which has enabled us to create a unique trademark that is appreciated by retailers and customers alike, and which is envied by many. We believe that the "Foncière Commerçante" strategy will be at least as powerful and rich as the Esprit Voisin concept, which is still our core value.

Chairman and Chief Executive Officer
of Mercialys,
Jacques Ehrmann



Corporate Governance

The Management



JACQUES EHRMANN
Chairman and Chief Executive Officer



GÉRY ROBERT-AMBROIX
Chief Operating Officer



YVES CADELANO
Executive Vice-President



MARIE-FLORE BACHELIER
Chief Financial Officer



JULIEN ROUSSEL
Commercial Director



ANNE-LAURE JOUMAS
Marketing and Communications Director



BRUNO DUGAS
Director of Operating Asset Management



ROXANE RAYNAUD
Director of Alcudia Asset Management



ÉLÉONORE VILLANUEVA
Director of Large Centers

The Board of Directors

Jacques Ehrmann
Chairman and Chief Executive Officer
of Mercialys

Bernard Bouloc
Former professor of Law

Yves Desjacques
Executive Vice-President
of Human Ressources
of Casino Group

Jacques Dumas
Chief Operating Officer
of Euris SAS

Antoine Giscard d'Estaing
Casino Group
Chief Financial Officer

Pierre Féraud
Chairman of the Board
of Directors of Foncière Euris

Michel Savart
Chief Executive Officer
of Foncière Euris

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

Éric Sasson
Manager of Carlyle
Real Estate Advisors France

Pierre Vaquier
Chief Executive Officer
of AXA REIM

Éric Le Gentil
Chief Executive Officer
of Generali France

Camille de Verdelhan
Project Coordinator within
the Casino Group
Finance Department



Appointments and Remuneration Committee

Éric Le Gentil
Independant Board Member
Chairman of the Committee
and Chief Executive Officer
of Generali France

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

Yves Desjacques
Executive Vice-President
of Human Ressources
of Casino Group

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

Bernard Bouloc
Independant Board Member
Former professor of Law



Audit Committee

Éric Sasson
Chairman of the Committee
and Independant Board Member
Manager of Carlyle
Real Estate Advisors France

Bernard Bouloc
Independant Board Member
Former professor of Law

Pierre Vaquier
Independant Board Member
Chief Executive Officer
of AXA REIM

Jacques Dumas
Representative of the
controlling shareholder
Chief Operating Officer
of Euris SAS

Investment committee

Pierre Vaquier
Independant Board Member
Chairman of the Committee
and Chief Executive Officer
of AXA REIM

Éric Sasson
Independant Board Member
Manager of Carlyle
Real Estate Advisors France

Jacques Ehrmann
Chairman and Chief Executive
Officer of Mercialys

Michel Savart
Chairman and Chief Executive
Officer of Foncière Euris

Antoine Giscard d'Estaing
Representative of the
controlling shareholder
Chief Financial Officer
of Groupe Casino



2011 Highlights

jan.

20 January **La Caserne de Bonne** in **Grenoble** wins the 2011 award for "Shopping center design" from the Procos specialist retail federation.



mar.

5 March Opening of new stores G Star, Guess, TallyWeijl and extension of the H&M store at the **Cap Costières** shopping center **in Nîmes**.

9 March Naming of the **Porte Sud-Geispo, shopping center** in **Strasbourg**. Mercialys and Union des Coopérateurs d'Alsace (Coop Alsace) extended the small service mall by 3,000 m² to add 20 new retailers.

20-23 March Mercialys takes part for the second time in the international **franchise trade show**. The only shopping center owner at the trade show, Mercialys put people interested in taking on a franchise in contact with retailers.

31 March Five new retailers opened their doors at **Valentine-Grand Centre in Marseille**, in the first stage of the renovation and extension of the shopping center.

apr.

6 April Opening of the **La Rocade** shopping cente in **Ajaccio**. The 1,470 m² extension has provided 14 new stores for the people of southern Corsica.

sept.

15 September The fourth **"Fête des Voisins"** event brings together 250 representatives of retailers.

oct.

13 October The labeling committee for awarding "**Label V**" selects two new centers: Valentine Grand Centre in Marseille and La Caserne de Bonne in Grenoble.



may

11 May Opening of the **Promenades Océanes** shopping center in **Château d'Olonne**. With an additional 5,800 m², the center has welcomed 14 new stores.

12 May The **Les Belles Feuilles** shopping center, renovated in the spirit of "grand hotel shops", has opened in the 16th "district" of Paris.

june

15 June The CNCC (French National Council of Shopping Centers) awards the **prize for best renovation in 2010** to the Val Semnoz shopping center in Annecy and the **prize for sustainable development** to "Label V".

15-16 June Mercialys's teams take part in the SIEC Commercial Real Estate and Equipment trade show in Paris.

july

Creation of an OPCI real estate investment fund with **Union Investment**, a German fund manager active in the real estate market, allowing it to seize opportunities in the mature shopping center market. The fund has acquired its first asset in Bordeaux-Pessac.

aug.

24 August Launch of the **Valentine Grand Centre** extension in **Marseille**. 25 new stores for people living in the region.





nov.

9 November Opening of **Domaine Caladois** in **Villefranche-sur-Saône**, offering 20 new retailers, in an environment inspired by the winemaking industry.

16 November A successful launch for the **Praz du Léman** shopping center in **Annemasse**, with FNAC and 19 other leading retailers opening their doors.

16-18 November Mercialys presents its new development projects at **MAPIC**, the international real estate trade show that brings together thousands of key players in the sector each year.

23 November Launch of the **Fontaines des Clairions** shopping center in **Auxerre**. With 25 new retailers including H&M, an additional 5,800 m² and new decoration, the center has become a destination of choice.

dec.

Mercialys sells **16 properties** for €120 million, equal to around 5% of its portfolio, thereby continuing with the asset rotation policy initiated in 2010 for properties that have reached maturity.

Acquisition of the extension of 4 stores at the **Espace Anjou** shopping center in **Angers**.

Acquisition of the **Brive Malemort** shopping center, to be transformed to the "Esprit Voisin" concept.

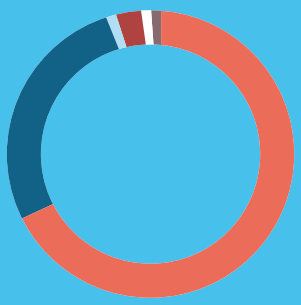


Key Figures

2639.9 M€
Total appraised value
(including transfer taxes)

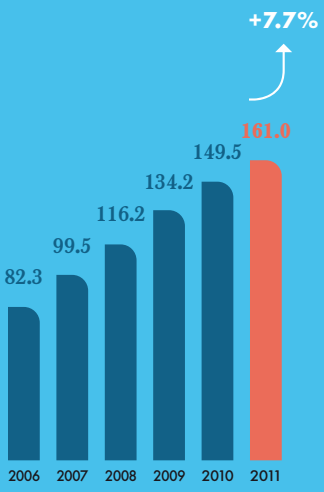


Portfolio breakdown by asset types
(approved value in % at December 31, 2011)

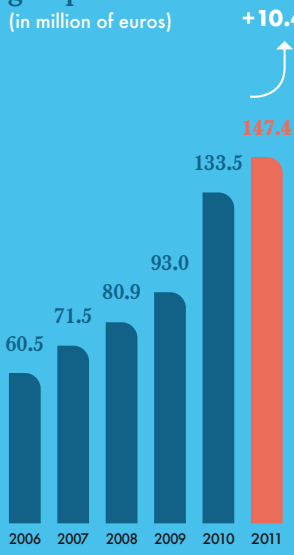


- 69% Large and regional shopping centers (32 assets)
- 26% Neighborhood shopping centers (52 assets)
- 1% Assets under development
- 3% Other (16 assets)
- 1% Large specialized stores (5 assets)
- 1% Independent cafeterias (15 assets)

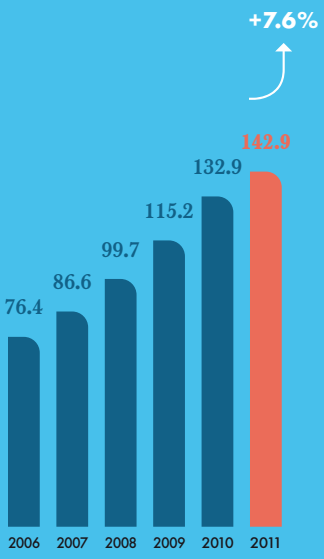
Rental revenues
(in million of euros)



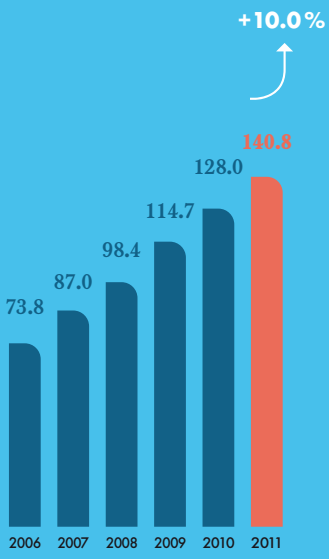
Net income, group shares
(in million of euros)



Cash flow*
(in million of euros)



FFO**
(in million of euros)



2011 cash flow per share***
Euro 1.56 per share
+7.5 over the year



* Net income before depreciation and other non-cash items.

** Net income, Group share before depreciation and capital gains on asset sales.

*** Cash flow per share, fully diluted.

**** Including interim dividend of Euro 0.54 per share paid in September, 2011, subject to the approval of General Meeting of April 13, 2012.

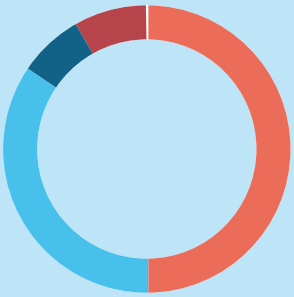
Share information

€26.04
closing price
on February 29, 2012

+44%
growth in share price
since IPO



Shareholder structure
(in % at December 31, 2011)



50.09% Casino
34.56% Public
7.26% AXA Group
8.01% Generali Group
0.07% Treasury shares

Number of shares:
92, 022, 826

Market capitalisation:
as of 02/29/12
Euro 2,396.3 million

Business segment:
Real Estate

Inclusion in the SBF 120:
on December 19, 2009

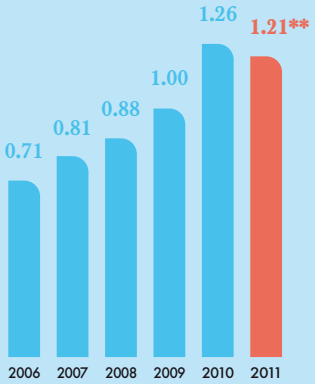
Main Index:
CAC All Shares

Market:
Eurolist on Euronext

Listing Market:
Euronext Paris

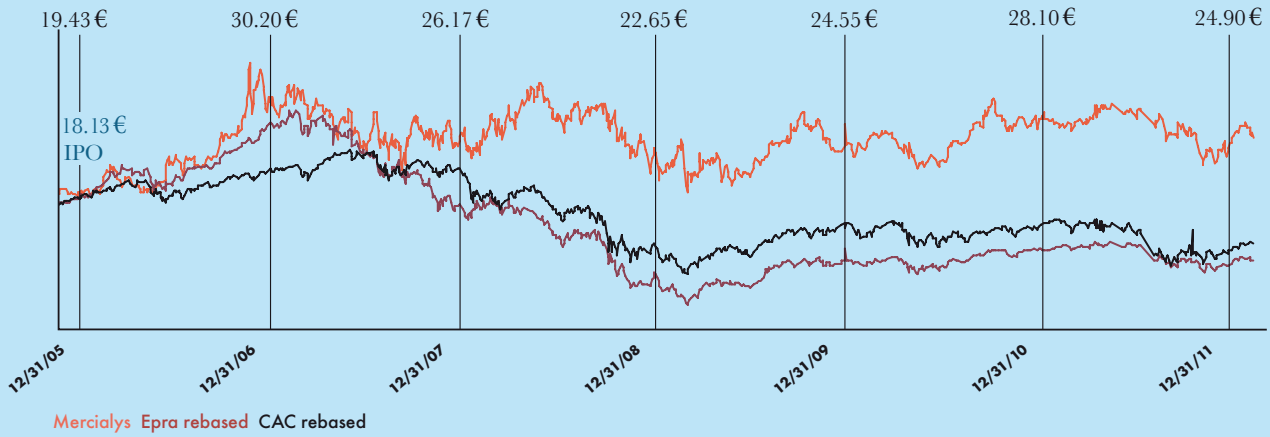
PEA/SRD eligibility:
yes/yes

Net dividend per share
(in euros)





Share price from October 11, 2005 to February 29, 2012 (in euro)



Making you feel at home

What if the shopping center were to become a place for living and pleasure? By creating warm, lively atmospheres on a human scale that provide a suitable venue for meeting up with others, the "Esprit Voisin" concept has reinvented neighborhood retail and invites everyone to share in this completely new experience. Reflecting its environment, each site is unique and conveys its own identity and history. The shopping centers are also unique in terms of their ability to offer practical and different services, either on site or on the internet, focusing on proximity and creating social ties.



THE ALCUDIA/ ESPRIT VOISIN PROGRAM

Since 2006, Mercialys has endeavored to enhance the value of its sites as part of the "Alcudia/Esprit Voisin" program, which aims to renovate, redevelop and create mass appeal for all of its shopping centers.



The Esprit Voisin concept: Mercialys's trademark

Based on the value of proximity, the "Esprit Voisin" concept drives Mercialys's actions. It constitutes a real trademark that fits in with the company's ongoing efforts to enhance the value of and optimize its offering, and transform and manage its shopping centers. It is a state of mind, creating a link and a human relationship, apparent throughout the entire company. Mercialys's staff endeavor on a day-to-day basis to cultivate this unique approach in order to make its shopping centers places for meeting and socializing.

Renovated shopping centers suitable for everyone

The Esprit Voisin concept is Mercialys's trademark, which guides all of its renovation and extension projects. Synonymous with "welcome" and based on the principle of proximity, it is perfectly adapted to the demands of its customers. With a firm footing in their local region, each of the shopping centers has its own identity, in terms of their fittings, architecture and services. Their atmosphere is inspired directly by the everyday lives of their customers. A warm welcome, cosy furniture "like at home" and ingenious services are strong signs that make customers feel as if they were arriving at someone's home and accompany them throughout their visit. Located mainly in medium-sized towns, Mercialys's shopping centers have become real convergence points for a town or district, at the heart of the customers' everyday lives.

11 shopping centers converted to the Esprit Voisin concept in 2011

Customers at the heart of the Esprit Voisin concept

As good neighbors, Mercialys's shopping centers embodying the Esprit Voisin concept pay attention to their customers and ensure that they meet or even exceed their expectations. More attention, more smiles, more services and more humanity - there are numerous ways in which everyday shopping becomes a moment of shared enjoyment, without having to hurry or waste time.



Awards won by the Esprit Voisin concept

The reopening of the Val Semnoz-Seynod shopping center did not go by unnoticed in the profession. The project was awarded the 2011 Prize for Best Renovation by the "Conseil National des Centres Commerciaux" (CNCC).

The trusted partner of retailers

While the Esprit Voisin concept embodies proximity, it is above all synonymous with trust towards its retail partners. With each of them, Mercialys endeavors to maintain a relationship based on listening and dialogue and increasing the number of opportunities to strengthen ties. This commitment is symbolized by the "Fête des Voisins", created especially for retailers, with the fourth event bringing together more than 250 retail managers and developers.

A number of new retailers joined Mercialys shopping centers for the first time in 2011, demonstrating their confidence in their potential. Retailers such as FNAC, Mise au Green, Nature & Découvertes, Biz Bee, Kiko, Adidas and even Actu Eyes now share the Esprit Voisin concept.

146 stores opened

27 new retailers

402 leases signed (351 in 2010)

Find out about the Esprit Voisin concept on the internet

Meeting others at MAPIC

As a key player in the retail property market, Mercialys had a leading role at the 17th MAPIC international retail real estate professionals conference, held last November in Cannes. This provided the opportunity to form numerous contacts and receive its retail partners at an eye-catching stand illustrating the codes of the Esprit Voisin concept.





Reflecting local identity

A shopping center is a key point of everyday life. People have their habits and meet there family and friends. It therefore needs to adapt to its surrounding environment. This is why no Mercialys shopping center is like any other.

From the coast to the mountains

Each region has its own ambiance. In Les Sables d'Olonne in the Vendée region, the charm of tapped maritime pinewood and chestnut recreates the ambiance of the Atlantic coast. In Villefranche-sur-Saône, wood frames are reminiscent of the cellars of Beaujolais. The wooden and dry stone facade evokes the Annemasse shopping center's location between the lake and the mountains. For Mercialys, each site is exclusive and designed to respect local architecture using traditional materials.

This desire for a personalized approach goes as far as the choice of name. For each project, customers are invited to take part in choosing the name of their future shopping center. In Annemasse, the name "Praz du Léman" was chosen to reflect its location, with "Praz" meaning "meadow" in the Savoyard dialect. Domaine Caladois refers to the winemaking industry and the name given to the people of Villefranche-sur-Saône.



A crossroads for meeting and socializing

At Mercialys's shopping centers, customers do not just cross paths. They meet up, talk and share everyday experiences. Everything is designed to encourage socializing and a friendly atmosphere. Each year, shopping centers organize the "Fête des Voisins", which provides the opportunity for retailer and customer "neighbors" to meet. At Valentine Grand Centre in Marseille, tournaments are held at the "pétanque" court throughout the year. In Villefranche-sur-Saône, educational events are held about winemaking for schools and families.



Friendly local figures as center managers

To embody and bring to life the values of the Esprit Voisin concept on a day-to-day basis, Mercialys regularly recruits local people who are known and respected by the entire community to manage its centers. For example, four former top-ranking athletes from the worlds of rugby, handball and hockey are now at the helm at the Clermont-Ferrand, Annecy, Dijon and Grenoble shopping centers.

21 shopping centers have a Facebook page, a Twitter account and a Foursquare location

Retailers supporting the community

Social ties are a key aspect of the Esprit Voisin concept. That is why, all of Mercialys's shopping centers support local community projects and initiatives. Whether promoting local cultural events, supporting the "Restos du Cœur" scheme, providing support for the "Telethon" or partnering development of the local region, sharing in the Esprit Voisin concept means investing in local social and economic development.

Creating ties... and jobs

Each shopping center extension project contributes to the economic momentum of the region in which it is located. Mercialys helps to put job applicants in touch with retailers creating jobs. Organized in partnership with the local Pôle Emploi institution, the "Forum de l'Emploi" provides an opportunity for recruitment and information meetings within the shopping center. This is a long-term partnership, as new meetings are then organized on a regular basis at the center.

Priority given to local retailers

In order to support local retailers, Mercialys helps independent retailers to set up shops alongside national retailers. In Annemasse and Marseille, ready-to-wear fashion stores Manélis and Trendy have a position of choice within the shopping center.





Useful ideas

Winning the hearts of customers is an ongoing challenge. In order to pay ever more attention and be ever more useful to the people who place their trust in it, Mercialys is constantly innovating with new ideas and tips that make it stand out.

Open and ready to listen

Mercialys's shopping center managers are always there, available and paying attention, in order to bring the Esprit Voisin concept to life on a day-to-day basis. Acting as a true mediator serving customers and retailers, they discuss and receive opinions, comments and suggestions either directly or via the shopping center's website and a suggestion box located in the shopping center.

Serving well-being

As good neighbours, Mercialys shopping centers are able to welcome people of all kinds and offer services to improve their everyday lives. Attention is paid to the small things to ensure that everyone is able to relax and have a fun time with the family. In addition to nurseries providing practical services that are always accessible, the shopping centers provide inside and outside play areas for children to amuse themselves under the attentive eye of their parents.







The "Le Rendez-Vous" area in the heart of the shopping center provides a meeting place for everyone. This meeting point is arranged to centralize all practical information about the center, such as available services, a telephone to contact a taxi company directly, a rest area, a digital display of bus timetables depending on the center and free wifi zones.

All paths lead to Esprit Voisin

People can travel to Mercialys's shopping centers by bus, bicycle, on foot or by car. In order to encourage customers to use more economical and environmentally-friendly modes of transport, Mercialys takes accessibility into account during the design phase. To do this, teams work in partnership with local authorities - such as in Marseille and Villefranche-sur-Saône - to create bus services or extend cycle routes that lead directly to the car park. Bus timetables are displayed in real time at the shopping center to ensure that people never miss their bus. And to encourage environmentally-friendly transport, bicycle shelters and parking spaces reserved for car pooling are provided alongside charging points for hybrid and electric vehicles.



44.5 million S'Miles awarded

871,000 in-store transactions

620 participating stores

215,000 cardholders rewarded

Listening to customers

In order to ensure the ongoing optimization of its facilities, Mercialys listens to its customers in order to find out what they think. This year, 19 shopping centers launched major satisfaction surveys to assess the quality of their atmosphere, access, parking facilities, retail offering and services. The results show that 87% of satisfied customers would recommend their shopping center.

Rewarding loyalty

Because a relationship of trust needs to be maintained on a day-to-day basis, Mercialys's shopping centers belong to the S'Miles program to thank customers for their loyalty. Under this multi-retailer loyalty scheme, every purchase made in the shopping center allows for S'Miles to be collected for conversion into gift vouchers, rewards and exclusive gifts. Encouraged by the results of the program, a further three shopping centers joined the scheme in 2011, bringing the total number to 16.

37
websites and mobile web sites

Shopping centers in line with their customers

In order to extend dialogue and create a real relationship of complicity with their customers, shopping centers are now active on the internet and social networking sites like Facebook, Twitter and Foursquare. As part of this new digital strategy, shopping center managers and retailers are investing in online resources in order to create and manage a community of customers and prospects. The Esprit Voisin concept is now also shared with the web.





Center managers are true community managers

Managing their shopping centers on the ground, Mercialys's shopping center managers are now also on the web. As true "community managers", they extend their everyday actions to include the internet. The principle of proximity held dear by the Esprit Voisin concept there fore takes on a new dimension, creating a continuous link between retailers, customers and shopping centers.

21 Facebook pages

Cultivating the Esprit Voisin spirit on the web

Mercialys's shopping centers have always constituted hubs for people living in the same district or town. This now also applies to the web, with the creation of local community platforms called "Voisins d'ici".

On the "Voisins d'ici Angers" and "Voisins d'ici Grenoble" areas, customers meet up online to chat and share their ideas, plans, services and information about the town.

"Boxes and letters"

In order to make the most of Facebook's viral features, 16 shopping center pages have launched a campaign called "Des boîtes et des lettres" ("Boxes and letters"), a fun game with the aim of recruiting fans. This initial social networking experiment has generated a number of friendly contacts between shopping centers and their customers.



A new generation of websites

This cultural revolution has naturally resulted in a new generation of websites for Mercialys's shopping centers that are more user-friendly, dynamic and clearly structured, giving greater priority to input from internet users with news blogs to react and links to social networking sites. And in order to keep up with evolving habits and the growing number of customers connecting to the internet via smartphones, a mobile web version of each website has also been created.

As a forum for expression for everyone, these websites also provide a high level of visibility for national and local retailers, with customized spaces to give details about their stores and to share good tips.

Shopping centers geolocated on Foursquare

Foursquare is a geolocation-based fun social networking site in which users register their presence at identified locations. This constitutes an additional tool for shopping center managers, who have made it part of their digital arsenal. In Niort, for example, shoppers checking in receive an S'Miles bonus. This has resulted in a four-fold increase in users.

Average of
40,000
unique visitors
to our websites

2.9 million
page views

"Show off your shopping center"

In order to boost their reputation, the Marseille and Auxerre shopping centers have launched the "Epatez la Galerie" ("Show off your shopping center") campaign on Facebook. The idea is very straightforward: customers have their photo taken in the shopping center and invite their friends to vote for them. They therefore become "ambassadors" of the shopping center, involving their own networks and allowing for the viral features of Facebook to be exploited as much as possible in order to boost shopping centers' local reputations.



Shopping centers on social networking sites

How to imagine a digital strategy without Facebook? Mercialys's shopping centers are present on the social networking site via dedicated pages administrated by center managers themselves, allowing for interaction and dialogue with their customers. On a day-to-day basis, they develop and manage a true local community by means of online campaigns to recruit fans. This year, Facebook has provided real ground for experimentation and sharing of ideas, fostering the loyalty of ever more customers and prospects. The social web presents a real opportunity for shopping centers to create links with the digital life of their customers. The first challenge was therefore to come up with campaigns that promote both their shopping malls and their fan pages.





Responsible retailers and citizens

By creating retail and lifestyle destinations that respect the environment and generate social ties, Esprit Voisin shopping centers confirm their natural role in supporting sustainable development. This commitment is reflected on a daily basis by a wide range of initiatives and responsible projects serving people living in the region.

Carbon footprint assessments to reduce its impact on the environment

In order to obtain a better understanding of the impact of its greenhouse gas emissions and reduce the consequences, Mercialys performed carbon footprint assessments at three shopping centers representative of its portfolio in 2011, in order to implement generalized corrective measures. Four current development projects have also been audited in order to identify sources of pollution and choose the most efficient materials. This approach will be extended to new development projects in 2012.

However, being a responsible business also means protecting natural resources. This year, more than 30 shopping centers closely monitored their water and energy consumption, as well as their waste production.





17 centers fitted with solar panels and shading

Choosing solar energy

Since 2009, Mercialys has made a commitment to supporting the development of renewable energies. In partnership with GreenYelllow, a company specializing in the field and a subsidiary of the Casino Group, shopping center roofs have been fitted with solar panels and car parks with photovoltaic shading to capture solar energy while also protecting customers from the sun and the rain. 11 new centers were fitted this year. The centers' total solar energy production is over 24 GWh, equivalent to the consumption of 5,333 families.

Label V

National recognition for "Label V"

The CNCC (French National Council of Shopping Centers) awarded its 2010 "Sustainable Development" prize to the Val Semnoz shopping center in Annecy, a center with "Label V" accreditation. Mercialys's entire sustainable development approach has therefore been recognized by the profession.

"Label V": supporting sustainable progress

"Label V" represents a positive new step forward. Created in 2010 by Mercialys, in keeping with the Esprit Voisin concept, the label responds to the social and environmental expectations expressed by customers. It rewards shopping centers with an exemplary and innovative approach to sustainable development on the basis of a reference framework of around 100 criteria.

In 2011, following an audit performed by Ecocert Environnement, the labeling committee - chaired by Philippe Pelletier, lawyer and Chairman of Plan Bâtiment Grenelle - awarded "Label V" to two new shopping centers. La Caserne de Bonne in Grenoble was marked out in particular for its integration into the urban environment and its innovative bioclimatic hall. Meanwhile, Valentine Grand Centre was noted for its "pétanque" court and photovoltaic panels.



Raising public awareness

The visibility provided by "Label V", the creation and distribution of a booklet of best practices and the organization of the first "Mes gestes verts" forum by 11 major shopping centers in 2011 all constitute resources put in place by Mercialys to raise customer awareness about sustainable development issues.



5 centers awarded "Label V" at end-2011



For more information, scan the QR code below to access video to tell you more about Caserne de Bonne !

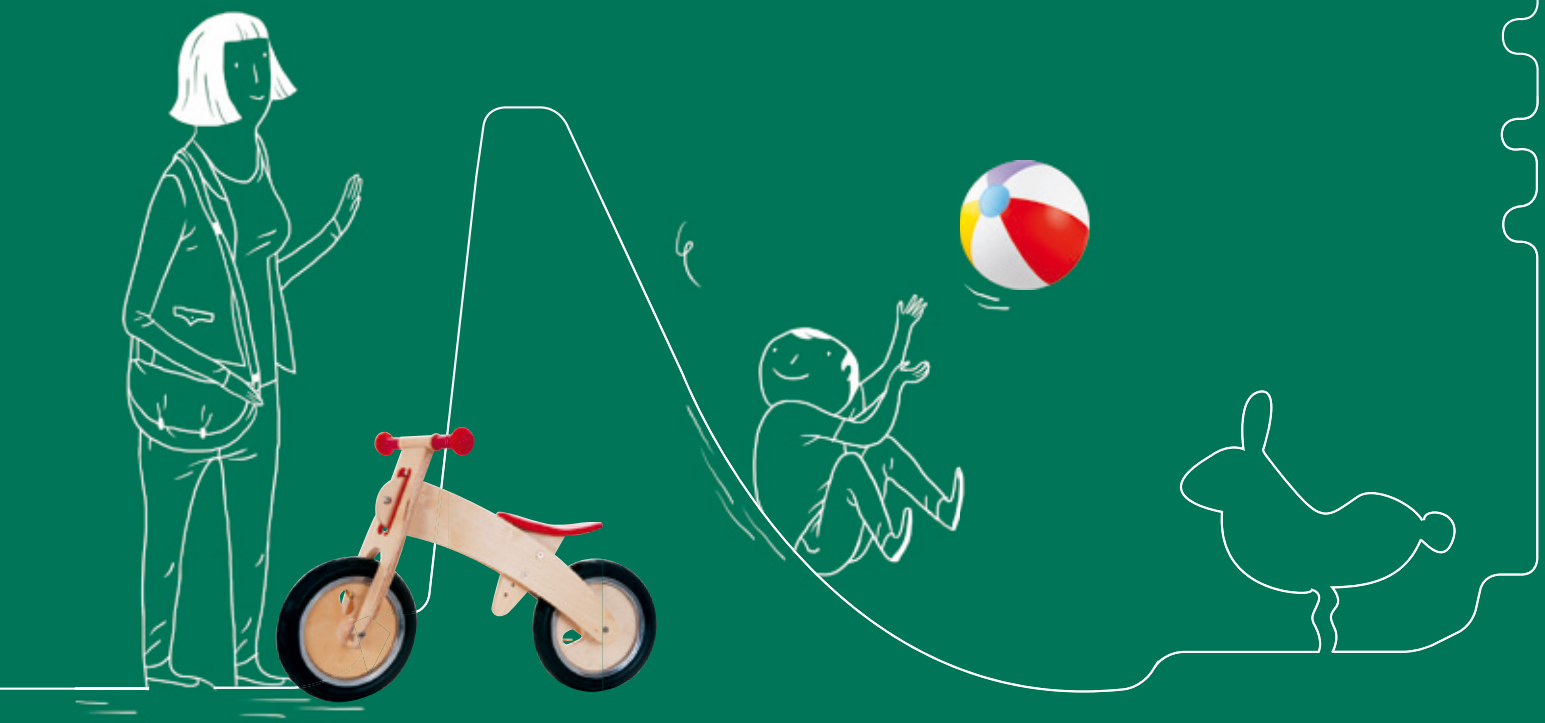
A new way of looking at retail

For Mercialys, the retail of the future is being invented every day with the Esprit Voisin concept. At the heart of this innovative approach is its unique expertise combined with listening to customers in order to continually exceed their expectations.
In terms of architecture, atmosphere and services, the possibilities are endless for how to make where you shop a new venue for wellbeing. This success is illustrated by the emblematic projects that opened their doors in 2011.



SHOPPING CENTERS AHEAD OF THEIR TIME

Addressing the challenge of being a responsible and innovative entrepreneur, Mercialys is continually developing new activities and ambitious partnerships with the aim of meeting consumers' expectations. With the Esprit Voisin concept, Mercialys observes and permanently exceeds these developments to create a new model, in which the customer's demands are central to its concerns.



Valentine Grand Centre shopping center: a story shared with the people of Marseille

More than just a redevelopment project, Mercialys has achieved a true "metamorphosis" on the outskirts of Marseille. The site was the Casino Group's first shopping center, opened in 1970, and is now also the 30th to adopt the "Esprit Voisin" concept. Its 25 new retailers give it the status of a major regional shopping center. This constitutes a success for Mercialys and a new meeting point for all of the people of Marseille.







A new shopping center for the people of Marseille

Located between Aubagne and Marseille, the Valentine Grand Centre shopping center has been fully renovated by Mercialys and enhanced its retail offering following the extension of August 2011. The center now houses 65 well known retailers able to meet all shoppers' desires.

Celebrating local culture

Designed and built in symbiosis with the culture and environment of the South of France, Valentine Grand Centre immediately won the hearts of the people of Marseille. Everything in its architecture evokes the spirit of the city, in terms of the regional materials used such as ochre and dry stone for the entrance and facades, as well as its "pétanque" court and lively terraces. Visitors can wander through paths of nettle trees and cypress trees, creating a sensory journey punctuated by meeting areas, such as play areas for children and relaxation areas. The people of Marseille have been seduced by the center and chose the name of "Valentine Grand Centre" in homage to the historic district of La Valentine, where it is located.

Increase in footfall of around **20%**



"I've just met up with my friend Léa for coffee. We've got a lot to talk about!"

VANESSA H.
Customer since 2010



In six years, the value of the center has increased **6** fold

A "pétanque" court at Valentine Grand Centre



In tribute to the culture of Marseille, Valentine Grand Centre offers its customers a "pétanque" court worth of the old part of the city, where tournaments are organized throughout the year in a village square atmosphere. This initiative has been well received by shoppers, who appreciate this original and fun touch.



A shop for football fans



You cannot come from Marseille without supporting its football team. To people's greatest delight, L'Olympique de Marseille store has opened its doors alongside sports retailers Foot Locker and Sport 2000.

More than
400,000
additional customers in four months

"There's a different atmosphere here. You feel calm, at ease, and almost forget about the pace of city life!"

DIDIER B.
Retailer since 1992





"With its 25 new stores and decoration reflecting the traditions of the region, Valentine Grand Centre offers visitors a completely new shopping center, that is larger, more attractive, more environmentally friendly and more "neighborly"."

BRUNO MOUTON
Center manager

A new shopping destination

On-trend, young or more classic - a broad range on offer at Valentine Grand Centre. The project has managed to attract a number of well-known retailers such as H&M, Jules, San Marina, Minelli, Du Pareil au Même, Marionnaud and even IKKS Women, Banana Moon and Biz Bee. A total of 25 new shops and two specialist mid-size stores have been added to the larger center.

This is in order to satisfy the desires of the people of Marseille, which is confirmed by the growing number coming to Valentine Grand Centre, with more than 900,000 visitors in December.









7th H&M store in Marseille, the Swedish brand joins the center's 65 retailers.



A play area to have fun like at the park.



"All my favorite shops are here!"

ANNE D.
Customer since 1981

Slow pace of life at Valentine Grand Centre



Among the 65 retailers at the shopping center, a number of lively, sun-filled terraces provide spaces for visitors to have lunch or take a break in their day.

25
new shops



130
jobs created

Priority given to solar energy



The solar energy installation at Valentine Grande Centre is one of the 10 largest in France in terms of installed capacity, with 1,269 panels on the roof and 7,296 on the car park.



“The paths of cypress trees, the palm trees in the car park... enjoy all of these small nods to the region”

KARIM T.
Customer since 1986

For more information, scan the QR code below to access video to tell you more about Valentine Grand Centre !

8,000 **tons of carbon dioxide avoided each year**

Cleaner and more economical energy

The sun is a vital source of energy, particularly in Marseille, where the sun shines 234 days a year. Thanks to the system of photovoltaic panels installed on the roof and the car park by GreenYellow, the shopping center currently produces the equivalent of the yearly consumption of 600 households, avoiding carbon dioxide emissions of 8,000 tons a year. Shading over the car park also ensures customers' comfort, protecting them from the sun and rain.

Thanks to these environmentally-friendly installations and its involvement in local life, Valentine Grand Centre is the fourth shopping center to receive "Label V" certification.

The Casino Group spirit

The secret of the success of the Valentine Grand Centre development project is having been able to pool the resources and expertise of the Casino Group. Subsidiaries joined forces with Mercialys, from Géant Casino to Casino Cafétéria, as well as the delegated project manager of even GreenYellow, with the aim of optimizing space within the shopping center.

The combination of all of these areas of expertise has helped to optimize the profitability of the Valentine Grand Centre development project.





Approaches to the center are brightened up by colorful birdhouses.





920
parking spaces covered by photovoltaic panels providing shade



"After doing the shopping, we always stop in the play area. That's my favorite part!"

MATHILDE A.
age 4½



Welcoming electric vehicles



To encourage new methods of transport and help customers with their efforts to protect the environment, Valentine Grand Centre offers visitors free recharging stations for electric and hybrid vehicles. This innovative and practical service attests to the center's desire to reduce its impact on the environment, as well as that of its customers.

“Esprit Voisin” concept at the heart of...

Unique, welcoming and full of character, all of the 11 new development projects by Mercialys embody the excellence of the “Esprit Voisin” concept in their own way. Overview of the major successes of 2011.

Fontaines des Clairions
in Auxerre



5,800 m²
created

twice
as many
shops



THE NEW SHOPPING DESTINATION IN AUXERRE

The people of Auxerre discovered their completely renovated shopping center in May. The center is both modern and inspired by the traditions of the Burgundy region and its timber-framed houses. By doubling the number of shops, Fontaines des Clairions has become a true shopping destination and consolidated its status as the leading shopping center in its area.
It has achieved this by attracting major retailers such as H&M, which has opened its first store in the Yonne region. Six weeks after opening its doors, the results could be seen: 600,000 additional customers and sales above initial estimates.







Praz du Léman
in Annemasse



4,500 m² created

20 new retailers



BETWEEN THE LAKE AND THE MOUNTAINS

FNAC has chosen the new Praz du Léman shopping center to open its first store in Annemasse. As a precursor to its commercial and popular success, Mercialys has signed its first partnership agreement with France's leading retailer of cultural products. And what is more, the building has worked its charm, inspired by its location between the lake and the mountains. With a total of 35 stores, the center offers a broad range of retailers meeting shoppers' everyday needs. More than 700,000 people visited the center during its first two months of opening and existing retailers achieved an 11% increase in sales relative to November/December 2010.

Domaine Caladois
in Villefranche-sur-Saône



2,415 m² created

20 new shops

IN THE MIDST OF THE VINEYARDS

The Domaine Caladois shopping center has undergone a real transformation, evolving from a simple shopping mall into a true retail center. With its 20 new stores such as Christine Laure, Morgan, Darjeeling and Tape à l'Oeil, the new Domaine Caladois shopping center has attracted 11,000 visitors a day since opening. Converted to the "Esprit Voisin" concept, it pays homage to the winemaking industry thanks to its name, chosen by customers, the succession of storehouses in wooden cladding and its timetable of educational events.







Promenades Océanes
in Les Sables d'Olonne

5,800 m² created

25 nouvelles boutiques



A SEASIDE ATMOSPHERE

The people of Château d'Olonne discovered 14 new shops in their Promenades Océanes shopping center with retailers such as Tape à l'Oeil, Franck Provost and Subway opening stores for the first time in the town. The "Esprit Voisin" concept has created the charm of seaside promenades, using local materials such as wood, tapped maritime pine and chestnut. It is a source of inspiration for customers, who named their new shopping center "Promenades Océanes" without hesitation.





Partnerships creating value

To ensure the success of its shopping centers, Mercialys shares with its external partners the expertise of its teams in upgrading, redeveloping and extending its retail sites.

La Rocade
in Ajaccio



THE "ESPRIT VOISIN" CONCEPT IN CORSICA

"Esprit Voisin" also reflects the spirit of sharing. This is particularly true in Corsica, where Mercialys has worked alongside its local partner Corin. The result is an extension that enhances what was already a leading site on the island, a new space that now houses 14 new retailers. The 47-store shopping venue was immediately adopted by the people of Ajaccio.

27,300 m²
redeveloped

1,470 m²
created



Porte Sud-Geispo
in Strasbourg

3,000 m² created

20 new shops



PARTNER IN RECONQUERING

Mercialys joined forces with Union des Coopérateurs d'Alsace (Coop d'Alsace), which owns the E.Leclerc hypermarket, to create a new future for the Porte Sud-Geispo shopping center in the south of Strasbourg. This partnership has enabled Mercialys to transform the small service mall into a lively and modern living space. 20 new national and regional retailers were attracted by the project, offering the people of Alsace a varied and dynamic retail choice.





The art of transformation

Eight shopping centers renovated in 2011

As part of the Alcudia program, in addition to its extension projects, Mercialys has another means of enhancing the value of its portfolio. In 2011, eight shopping centers were renovated in accordance with the Esprit Voisin concept. Each of them has a team to provide the same level of care in creating a modern and pleasant shopping environment that blends in with the local region. For example, the architecture of the Chartres shopping center is inspired by the organs of the Cathedral, that of the Albertville shopping center by mountain chalets, that of the Annonay shopping center by the hot-air ballooning tradition and that of the Epinal shopping center by its imagery, while the Villeneuve-Loubet shopping center is inspired by pebbles and the beach. These renovated shopping centers are more attractive and encourage customer loyalty.







Redevelopment works for new stores

In order to permanently improve the attractiveness of the retail facilities offered by its shopping centers, Mercialys carries out redevelopment works in order to enhance its range of shops. Teams are therefore assigned to convert floor space taken from the selling area or storage area of certain Géant Casino hypermarkets into shops.

At Cap Costières in Nîmes, this approach has allowed retailers G Star, Guess, and Tally Weijl to join existing retailers at the shopping center and allowed H&M to enlarge its store to 1,400 m².

Espace Anjou in Angers has consolidated its status as the largest shopping center in the region with 90 stores with the addition of a 1,680 m² H&M store from converted hypermarket area. JC Aubry Shopping Professionnal, Swarovski and Kiko have also opened their first stores in the region.

In Montauban, Armand Thiery Femme et Homme has opened a store on over 650 m² of redeveloped area. This redevelopment enables customers to pass the time until the opening of 17 new stores planned for the end of summer 2012.

Brive Malemort to adopt the Esprit Voisin concept

At the end of 2011, Mercialys made a new acquisition with the Brive Malemort shopping center, which is to be transformed in accordance with the Esprit Voisin concept. With 34 small shop units and three mid-size stores, it is one of the largest two shopping centers in the Corrèze region of France.

Entrepreneurial spirit

Mercialys is an entrepreneur at heart, encouraging innovative and sometimes daring initiatives by its staff, with the aim of delivering ever more for its customers and satisfying their expectations as best possible. Developing new activities to generate footfall at its shopping centers, seizing new opportunities, continually adapting and facing new challenges all form an integral part of the company's DNA. Mercialys is therefore active where it is not expected, opportunistically developing value-creating activities that go well beyond its core business.



A dedicated Specialty Leasing team

Listening to market trends, Mercialys has strengthened its teams in order to develop its Specialty Leasing business, which consists of providing retailers or brands with locations in shopping centers for an event, promotion or to launch a new product. This form of pop-up retail adds to the life of the center, regularly enhancing and updating its retail offering in order to achieve greater customer satisfaction.

Thanks to a professional and upscaled approach, invoiced rents saw very strong growth of +28% in 2010 and +15% in 2011, totaling around €4 million in 2011.

Development of renewable energies

In 2009, Mercialys made a commitment to supporting the development of renewable energies by installing solar panels on the roofs of its shopping centers and photovoltaic shading in its car parks. To go even further, Mercialys has become a shareholder in GreenYellow, a company specializing in the installation of photovoltaic panels on roofs, created by the Casino Group. The two companies work together to set up photovoltaic facilities at Mercialys shopping centers. To date, a total of 17 shopping centers are already equipped, with spectacular installations in particular on Réunion Island and at Valentine Grand Centre in Marseille.

Creation of a partnership with Union Investment via an OPCI fund

In 2011, Mercialys formed a partnership with Union Investment, a German fund manager that is highly active in the real estate market, which wanted to expand its presence in the French retail property market. Union Invest chose to draw on Mercialys's expertise to help it to achieve this. 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 the real estate company providing its know-how in asset management, letting and sourcing.

The fund made its first acquisition in 2011 of a retail complex in Bordeaux-Pessac for around €80 million. The fund will acquire other mature properties and enable Mercialys to generate additional revenues related primarily to services provided for the fund and dividends received.







2006-2011: the Alcudia years

Since it was founded, Mercialys has developed powerful growth drivers that have enabled it to deliver a robust performance and become a key player in its sector. Funds from operations increased by an average of +9% a year and rental revenues saw average growth of 13-14% a year.



66,500 m²
of shopping malls created

Average growth in funds from operations of
+9%
a year

euro
23.2
million of rental income created





37
Esprit Voisin shopping centers at end-2011

Asset sales of Euro
242
million

286,000 m²
of shopping mall area converted to the Esprit Voisin concept



Since 2006, Mercialys has managed to implement powerful growth drivers. The Alcudia/Esprit Voisin program - an exhaustive and ambitious program to convert, modernize and increase the mass appeal of its shopping centers - has resulted in the transformation of 37 sites.

At the same time, our teams have taken a pragmatic and rigorous approach to streamlining Mercialys's portfolio, allowing it to focus on properties presenting considerable potential.

Over the last few years, the Esprit Voisin concept was launched and has established itself as the Mercialys trademark. Marking it out from the rest of the sector, the Esprit Voisin concept places the customer at the heart of everything it does.

Modern, attractive shopping centers that are popular with customers and retailers alike attest to the success of this initial strategic phase of the "Alcudia years".

2012: The "Foncière Commerçante*" strategy

2012 marks a turning point for Mercialys, which has made a decisive shift in its positioning with the development of its "Foncière Commerçante" strategy. Following the achievements of its first six years, it intends to go even further in its view of retail, going beyond the status of mere lessor to become a multi-channel and hyperlocal retailer.

2012 was a turning point for Mercialys, which has made a decisive shift in its positioning with the development of its "Foncière Commerçante" strategy.

On the strength of its achievements of the first six years, it intends to go even further in its view of retail, going beyond the status of mere lessor to become a multi-channel and hyperlocal retailer.

This new strategy ensures the durability of and strengthens the positioning initiated with the Esprit Voisin concept. Mercialys's shopping centers will continue to stand out in order to increase their visibility and their initiatives on the internet. The Esprit Voisin concept, a unique philosophy that has already been asserted, will be extended by the Group's "Foncière Commerçante" strategy.

Mercialys is also aiming to become the partner of choice for its tenants by developing powerful tools, in order to make its shopping centers more attractive and stimulate demand. By thinking and acting like a retailer alongside the shops in its centers, it is preparing a range of new services and e-services for its shopping centers and partner retailers. Using tailored marketing tools, the center's management will work with retailers on increasing store footfall and boosting sales.

In order to meet the unsatisfied expectations of its customers, Mercialys is also planning to enhance its range



of products and services by extending its offering in the areas of e-commerce, everyday services and innovative retail concepts.

In order to successfully pursue this strategy, Mercialys intends to step up the rate of "Alcudia/Esprit Voisin" development projects, with the aim of converting 95% of its portfolio to the concept by the end of 2014. At the same time, its teams will continue to sell properties that do not fit in with the roll-out of this new strategy. The portfolio will therefore be halved in size, focusing on 60-70 targeted properties whose size, scale and positioning will allow for the development of the "Foncière Commerçante" strategy.

With the "Foncière Commerçante" strategy, Mercialys is harnessing all of its resources to create new opportunities for growth. This strategy follows on from the Esprit Voisin approach, with Mercialys continually striving to meet the expectations of its partner retailers and end customers as far as possible.





* Think and act as a Retailer

In 2012, they will also adopt the "Esprit Voisin" concept...

More than **50%** of Mercialys's retail portfolio will have adopted the "Esprit Voisin" concept at the end of 2012. This equals more than 425,000 m² of upgraded and renovated area.

Buoyed by the excellent results seen in its first completed projects, the Alcudia program will be intensified further in 2012, with the opening of 13 extensions, including sites as symbolic as Quimper, Fréjus, Pessac and Istres. Another 14 centers will undergo renovation works. 2012 will therefore be the year that all records are broken.



Pessac (33)



Quimper (29)



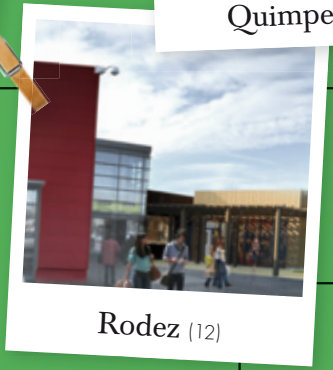
Agen Boe (47)



Istres (13)



Fréjus (83)



Rodez (12)



Narbonne (11)



Montauban (82)

For more information about Esprit Voisin: www.lespritvoisin.fr

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