



PRESS RELEASE

Paris, January 14, 2013

Activity for 2012

**An organic growth in invoiced rents of +4.3%
and stable rental revenues despite assets disposals**

8 'Esprit Voisin' projects completed over the year

Launch of the 'Foncière Commerçante'¹ model

**Euro 302 million of assets sold,
around Euro 120 million of assets sales at an advanced negotiation stage
and Euro 60 million of additional assets sales in progress**

**A portfolio refocused on assets benefiting from a size and a market positioning
suited to the 'Foncière Commerçante' model**

The fourth quarter of 2012 puts an end to an extremely active year for Mercialys proving once again the robustness and resilience of Mercialys business model, with rental revenues driven by a strong organic growth and the completions of 'Esprit Voisin' projects.

The implementation of the new strategy of 'Foncière Commerçante' kept on going over the year. The first pilot tests were launched in 8 shopping centers during the second half of the year and we started to refocus our portfolio on assets with a size and a market positioning in line with our strategy of 'Foncière Commerçante'.

I. Rental revenues and rental management indicators

2012 full year rental revenues remained almost stable compared with 2011 at **Euro 160.4 million** taking into account the impact of the assets disposals.

<i>Thousands of Euro</i>	FY 2011	FY 2012	% change
Invoiced rents	153,385	152,537	-0.6%
Lease rights / entry fees	7,621	7,881	
Rental revenues	161,005	160,419	-0.4%

¹ Think and act as a retailer

Invoiced rents as of December 31, 2012 amounted **Euro 152.5 million**, a slight decrease of **-0.6%** over 2012.

2012 was characterized by:

- a steady organic growth in invoiced rents: **+4.3 points** (including indexation²: +2.0 points);
- the impact of the completion of 'Esprit Voisin' development projects and the inclusion in the portfolio of 2011 and 2012 acquisitions: impact of **+3.9 points** on growth in invoiced rents;
- the effect of asset sales carried out in late 2011³ and the asset sales carried out in 2012, reducing our rental base: **-7,6 points**.

The change in invoiced rents during the year was also influenced by non-recurring items, mainly relating to base effects (positive non-recurring items recognized in 2011) and the strategic vacancy relating to on-going redevelopment programs, with a negative impact on growth in invoiced rents at end-2012 (**-1.2 point**).

Following a record year in 2011, the renewals and reletting activity maintained a strong pace in 2012 with 209 leases signed (compared with 255 in 2011), representing a growth in the annualized rental base of respectively +23% for renewals and +49%⁴ for relets.

Thanks to the implementation of a dedicated team in 2010, the Speciality Leasing activity also continued to post strong growth: invoiced rents were up +9.1% in 2012 at Euro 4.3 million (compared with Euro 3.9 million invoiced in 2011 and Euro 3.4 million invoiced in 2010).

Lease rights and despecialization indemnities received as of December 31, 2012⁵ amounted to **Euro 4.9 million**, compared with Euro 10.2 million in 2011, breaking down as follows:

- **Euro 3.0 million** in lease rights relating to ordinary reletting activities and despecialization indemnities (compared with Euro 4.8 million as of December 31, 2011),
- **Euro 1.9 million** in lease rights relating primarily to the letting of the Quimper, Fréjus and Istres extension/redevelopment programs completed in 2012 (compared with Euro 5.4 million as of December 31, 2011). 2011 benefited from significant extensions completions (Geispolsheim, Ajaccio, Marseille La Valentine, Annemasse, Auxerre and Villefranche) that generated an exceptional amount of lease rights received.

After the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease), lease rights and despecialization indemnities recognized as rental revenues as of December 31, 2012 increased by +3.4% to Euro 7.9 million (compared with Euro 7.6 million as of December 31, 2011), as a result of significant lease rights received both in 2010 and 2011.

Rental management indicators as of December 31, 2012 remained at a good level

- > The current vacancy rate⁶ as of December 31, 2012 remained stable at 2.4% compared to June 30, 2012;
- > 2012 recovery rate over 12 months as of December 31, 2012 remained satisfactory at 97.7% (vs 97.8% as of June, 2012 and 98.3% as of December 31, 2011);
- > The number of tenants under liquidation remained stable and at a marginal level.

² In 2012, for the majority of leases, rents were indexed either to the change in the construction cost index (CCI) or to the change in the retail rent index (ILC) between the second quarter of 2010 and the second quarter of 2011 (respectively +5.01% and +2.56%)

³ See press release on 2011 results published on January 16, 2012

⁴ Vacant basis at the last known rent

⁵ Cash amount received before IFRS smoothing accounting (over the first 3 years of leases)

⁶ Excluding strategic vacancy

II. Completion of 'Esprit Voisin' projects and assets disposals

8 projects completed in 2012 including 4 in Q42012

During Q4 2012, completions of Esprit Voisin projects kept on going at a steady pace:

- The sites of Montauban and Istres benefited from a renovation and an extension of the shopping mall that increase their commercial position.
- In Narbonne, an H&M store opened on an area acquired from the anchored hypermarket.
- Finally, in November 2012, Mercialys completed the extension of Bordeaux-Pessac shopping center. As a reminder, Mercialys and Union Investment, a fund manager highly active in the real estate market, created in 2011 an OPCI fund designed to invest in mature retail properties. The fund is 80%-owned by Union Investment and 20% by Mercialys. Mercialys is in charge of asset management and letting of premises. In 2011, the fund acquired its first asset in Bordeaux-Pessac comprising a shopping center and a retail park. The extension developed under the 'Esprit Voisin' concept was sold to this OPCI fund on an off-plan basis.

Thus, a total of 66 new stores opened during Q42012 representing a full-year rental value of Euro 4.4 million (including Euro 2.5 million for Bordeaux-Pessac extension) and a newly created, redeveloped and/or renovated GLA of 38,300sqm.

In addition, a retail park developed by the Casino development teams opened in front of our existing shopping center at Fontaine- les-Dijon, reinforcing the position of this site.

4 projects had already been completed during the first-half of 2012 including:

- 1 extension developed on areas acquired from the anchored hypermarket at the site of Agen Boé;
- 2 extensions of the existing shopping mall at the sites of Fréjus and Rodez;
- 1 redevelopment of a former Castorama store as new shops at the site of Quimper.

In total, **117 new retailers** opened during 2012, representing a **full-year rental value of Euro 8.2 million** (including Euro 2.5 million for Bordeaux-Pessac extension) and newly created, redeveloped and/or renovated GLA of 68,000 m².

At the same time, 7 shopping centers were renovated in 2012 under the 'Esprit Voisin' concept.

Euro 302 million of assets sold

The asset rotation policy initiated by the Company in 2010 continued in 2012.

Thus, Mercialys sold 21 assets during 2012 representing an amount of **Euro 232 million** including transfer taxes at an average capitalization rate including transfer taxes of 6.25%. Furthermore, Mercialys accepted binding acquisition offers for 20 additional assets representing an amount of **Euro 69 million** including transfer taxes.

Recorded sales comprise 14 neighborhood shopping centers (Avignon Cap Sud, Geispolsheim, Larmor, Les Sables d'Olonne, Limoges, Lons le Saunier, Montpellier Gange, St André de Cubzac, St Etienne La Ricamarie, Torcy Monchanin, Toulouse Basso Combo, Troyes Barberey, Villenave d'Ornon and Villefranche), 1 extension sold on an off-plan basis (Bordeaux-Pessac) and 6 standalone lots (service outlet, cafeterias, offices).

Rental income from these properties, excluding the extension of Bordeaux-Pessac, amounts to Euro 12.0 million on a full year basis.

The accepted binding acquisition offers comprise Dijon Chenôve site, Brive downtown site, and 18 additional isolated assets.

In addition to those Euro 302 million of assets disposals, an amount of around Euro 120 million of assets sales is at an advanced negotiation stage, and Euro 60 million of additional assets sales are in progress.

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This press release is available on the www.mercialys.com website

Next events and publications:

- February 13, 2013 (after market close) 2012 FY Results (Press release)
- February 14, 2013 (10:00 am) 2012 FY Results (Meeting)

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About Mercialys

Mercialys is one of France's leading real estate companies, solely active in retail property. Rental revenue in 2011 came to Euro 161.0 million and net income, Group share, to Euro 147.4 million.

It owned retail properties at June 30, 2012 representing an estimated value of Euro 2.7 billion (including transfer taxes). Mercialys has benefited from "SIIC" tax status (REIT) since November 1, 2005 and has been listed on compartment A of Euronext Paris, symbol MERY, since its initial public offering on October 12, 2005. The number of outstanding shares was 92,022,826 as of June 30, 2012 and 92,022,826 as of December 31, 2011.

CAUTIONARY STATEMENT

This press release contains forward-looking statements about future events, trends, projects or targets.

These forward-looking statements are subject to identified and unidentified risks and uncertainties that could cause actual results to differ materially from the results anticipated in the forward-looking statements. Please refer to the Mercialys shelf registration document available at www.mercialys.com for the year to December 31, 2011 for more details regarding certain factors, risks and uncertainties that could affect Mercialys's business.

Mercialys makes no undertaking in any form to publish updates or adjustments to these forward-looking statements, nor to report new information, new future events or any other circumstance that might cause these statements to be revised.

MERCIALYS RENTAL REVENUES

In Euro thousands	TOTAL				QUARTERS			
	03/31/2007	06/30/2007	09/30/2007	12/31/2007	Q1	Q2	Q3	Q4
Invoiced rents	23,688	47,557	72,257	97,723	23,688	23,869	24,700	25,465
Lease rights	447	881	1,287	1,773	447	434	406	486
Rental revenues	24,135	48,438	73,545	99,496	24,135	24,303	25,106	25,951
Change in invoiced rents	31.1%	22.3%	23.1%	21.1%	31.1%	14.7%	24.5%	15.7%
Change in rental revenues	28.8%	22.2%	22.8%	20.9%	28.8%	16.3%	23.9%	15.7%

In Euro thousands	TOTAL				QUARTERS			
	03/31/2008	06/30/2008	09/30/2008	12/31/2008	Q1	Q2	Q3	Q4
Invoiced rents	27,626	55,884	83,775	113,613	27,626	28,258	27,892	29,838
Lease rights	516	1,111	1,842	2,588	516	595	731	746
Rental revenues	28,142	56,995	85,618	116,201	28,142	28,853	28,623	30,583
Change in invoiced rents	16.6%	17.5%	15.9%	16.3%	16.6%	18.4%	12.9%	17.2%
Change in rental revenues	16.6%	17.7%	16.4%	16.8%	16.6%	18.7%	14.0%	17.8%

In Euro thousands	TOTAL				QUARTERS			
	03/31/2009	06/30/2009	09/30/2009	12/31/2009	Q1	Q2	Q3	Q4
Invoiced rents	30,630	62,875	97,591	130,911	30,630	32,245	34,716	33,320
Lease rights	680	1,643	2,650	3,326	680	963	1,007	676
Rental revenues	31,310	64,518	100,241	134,237	31,310	33,208	35,723	33,996
Change in invoiced rents	10.9%	12.5%	16.5%	15.2%	10.9%	14.1%	24.5%	11.7%
Change in rental revenues	11.3%	13.2%	17.1%	15.5%	11.3%	15.1%	24.8%	11.2%

In Euro thousands	TOTAL				QUARTERS			
	03/31/2010	06/30/2010	09/30/2010	12/31/2010	Q1	Q2	Q3	Q4
Invoiced rents	35,127	70,547	106,995	144,695	35,127	35,420	36,447	37,700
Lease rights	803	1,842	2,934	4,811	803	1,039	1,092	1,877
Rental revenues	35,930	72,390	109,929	149,506	35,930	36,459	37,539	39,577
Change in invoiced rents	14.7%	12.2%	9.6%	10.5%	14.7%	9.8%	5.0%	13.1%
Change in rental revenues	14.8%	12.2%	9.7%	11.4%	14.8%	9.8%	5.1%	16.4%

In Euro thousands	TOTAL				QUARTERS			
	03/31/2011	06/30/2011	09/30/2011	12/31/2011	Q1	Q2	Q3	Q4
Invoiced rents	36,887	75,583	113,733	153,385	36,887	38,696	38,150	39,652
Lease rights	1,581	3,571	5,314	7,621	1,581	1,990	1,742	2,307
Rental revenues	38,468	79,154	119,046	161,005	38,468	40,686	39,892	41,959
Change in invoiced rents	5.0%	7.1%	6.3%	6.0%	5.0%	9.2%	4.7%	5.2%
Change in rental revenues	7.1%	9.3%	8.3%	7.7%	7.1%	11.6%	6.3%	6.0%

In Euro thousands	TOTAL				QUARTERS			
	03/31/2012	06/30/2012	09/30/2012	12/31/2012	Q1	Q2	Q3	Q4
Invoiced rents	38,592	77,141	114,771	152,537	38,592	38,549	37,630	37,767
Lease rights	1,888	3,849	5,859	7,881	1,888	1,961	2,010	2,022
Rental revenues	40,480	80,990	120,630	160,419	40,480	40,510	39,640	39,789
Change in invoiced rents	4.6%	2.1%	0.9%	-0.6%	4.6%	-0.4%	-1.4%	-4.8%
Change in rental revenues	5.2%	2.3%	1.3%	-0.4%	5.2%	-0.4%	-0.6%	-5.2%