



PRESS RELEASE

Paris, April 15, 2014

**Q1 2014 activity:**

**Robust organic growth in invoiced rents of +2.9%  
including 2.4 points of growth excluding indexation  
in line with the objective of growth of 2 points above indexation for 2014**

**Mercialys' unique positioning strengthened its business momentum  
in Q1**

Eric le Gentil, Chairman and Chief Executive Officer of Mercialys, commented: *“Business momentum during the first quarter demonstrated the effectiveness of our strategy. Mercialys successfully continues to transform its shopping centers, turning them into unique retail values. Retailers’ sales in our shopping centers increased, outperforming the sector index. Organic growth generated is in line with the objective set for 2014. Lastly, the 10 “L’Esprit Voisin” completions announced have started and will continue in the next 12 months according to the originally schedule.”*

**I. Change in rental revenues**

***Mercialys achieved another quarter of strong organic growth in rental income, up +2.9% including growth of 2.4 points before indexation***

With growth of 2.4% before indexation, Mercialys confirmed its solid business momentum relating to both its original and unique positioning and the priority given to developing the attractiveness and marketability of its shopping centers.

**Rental revenues** totaled **Euro 37.1 million** to March 31, 2014.

In thousands of euros	Cumulative to end-March 2013 (Reported)	Cumulative to end-March 2013 (Pro forma) <sup>1</sup>	Cumulative to end-March 2014	% change	% change like-for-like
<b>Invoiced rents</b>	<b>37,770</b>	<b>37,764</b>	<b>36,031</b>	<b>-4.6%</b>	<b>+2.9%</b>
Lease rights	1,778	1,778	1,073		
<b>Rental revenues</b>	<b>39,548</b>	<b>39,543</b>	<b>37,104</b>	<b>-6.2%</b>	

<sup>1</sup> Mercialys pre-empted the implementation of IFRS 11 for the year ended December 31, 2013. Subsidiaries that were previously proportionally consolidated have been consolidated under the equity method since December 31, 2013. As a result, SCI Geispolsheim rental revenues recognized in the first quarter of 2013 on a proportionally consolidated basis have been restated.

The change in invoiced rents during the first quarter reflects:

- strong organic growth in invoiced rents: **+2.9 points** including **+2.4 points** relating to measures to improve the lease portfolio and +0.5 points relating to indexation<sup>2</sup>;
- the inclusion in the portfolio of completions of 2013 and 2014 “L’Esprit Voisin” development projects: impact of **+2.2 points** on growth in invoiced rents;
- the effect of asset sales carried out in 2013 and 2014, reducing our rental base: **-8.5 points**;
- other effects including primarily the strategic vacancy relating to current redevelopment programs: **-1.2 points**.

**Lease rights** and despecialization indemnities received over the period<sup>3</sup> amounted to Euro 0.3 million compared with Euro 0.5 million in the first quarter of 2013 and comprise lease rights relating mainly to ordinary reletting activities.

After the impact of deferrals required under IFRS, lease rights recognized in the first half of 2014 totaled Euro 1.1 million, compared with Euro 1.8 million in 2013. The first quarter of 2013 benefited in particular from the effect of the deferral of significant lease rights received over the previous three years.

## II. Q1 activity

### *Brisk activity in the first quarter*

Activity at Mercialys’ shopping centers was particularly brisk in the first quarter of 2013:

- Sales generated by retailers at Mercialys shopping centers<sup>4</sup> developed favorably. Over 12 months rolling, retailers at Mercialys’ large shopping centers achieved growth of +1.0% to end-February, 190 basis points above the rate of sector growth (*neighborhood shopping centers - source: CNCC*).
- Letting activity was robust, with 109 leases signed compared with 93 in Q1 2013. Growth in rents achieved on renewals and relets remained among the highest in the sector.
- New retailers joined the portfolio, including Linvosges, Violeta by Mango, Esprit lingerie, Cook&Go, Izac and Napapijri.

### *10 “L’Esprit Voisin” development projects launched will boost growth in 2014*

A 2,200 m<sup>2</sup> retail park has opened at the Albertville site, comprising six new shops and mid-size stores, including Picard. The opening of this retail park - which will be accompanied in 2014 by the redevelopment of the shopping mall (conversion of the existing cafeteria into new shops) - has increased the site’s commercial power.

Further openings are scheduled for the second quarter of 2014 at the following sites:

- Lanester: extension of the shopping mall, due to open on April 22, and
- Aix-en-Provence: extension of the shopping mall with the first phase due to open in May 2014, followed by the second phase in March 2015.

Other projects are due to be completed in the second half of 2014:

- Albertville: redevelopment of the existing cafeteria into new shops;
- Angers: redevelopment of the shell of the former But store into new shops;
- Annemasse: extension of the Décathlon mid-size store;
- Besançon: extension of the shopping mall on space acquired from the hypermarket;
- Clermont-Ferrand: extension of the shopping mall also on space acquired from the hypermarket;
- Nîmes: redevelopment of the shell of the former Boulanger store into new shops; and
- St Paul, La Réunion: extension of the shopping mall.

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<sup>2</sup> In 2014, 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 2012 and the second quarter of 2013 (respectively +0.79% and -1.74%).

<sup>3</sup> Lease rights received as cash before the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease)

<sup>4</sup> Large shopping centers and main neighborhood shopping centers

In total, these developments represent **116 new stores**, a rental value of **Euro 8.1 million over the full year** and a GLA of 26,100 m<sup>2</sup> of newly created or redeveloped space, for a total investment of Euro 110 million. These investments contribute to make Mercialys' shopping centers more attractive and to diversify its offering, and will be accompanied by the development of the casual leasing business.

### ***Further disposals of non-strategic assets: 5 standalone lots sold in the first quarter of 2014***

During the first quarter of 2014, Mercialys sold five standalone lots for Euro 2.8 million including transfer taxes. Mercialys is therefore continuing with its policy of selling off non-strategic assets.

These asset sales coupled with completions of "L'Esprit Voisin" extension/redevelopment projects help to increase the intrinsic quality of the portfolio by keeping assets presenting potential for value creation and refocusing the portfolio on assets that fit in with the company's strategy.

## **III. Dividend payout of Euro 0.82 per share on May 9, 2014**

On February 12, 2014, Mercialys' Board of Directors proposed, subject to approval by the general shareholders' meeting of April 30, 2014, setting the dividend paid in respect of 2013 at **Euro 1.16 per share**, including the interim dividend of Euro 0.34 per share already paid in June 2013.

This represents a **yield of 7.5%** relative to Mercialys' closing share price of April 14, 2014 (Euro 15.48 per share);

After deducting the interim dividend already paid, the **balance of the dividend** represents an amount of **Euro 0.82 per share**.

**This will be paid in full in cash on May 9, 2014.**

The ex-dividend date is May 6, 2014.

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

Next events and publications:

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|--------------------------------------|-------------------------------|
| • April 30, 2014 (10.00 am)          | General shareholders' meeting |
| • July 22, 2014 (after market close) | 2014 half-year results        |
| • July 23, 2014 (10.00 am)           | Analysts' meeting             |

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**About Mercialys**

Mercialys is one of France's leading real estate companies, solely active in retail property. At December 31, 2013, Mercialys had a portfolio of 2,128 leases representing a rental value of Euro 135.2 million a year.

As at December 31, 2013, it owned properties to an estimated value of Euro 2.5 billion (including transfer taxes). Mercialys has benefited from "SIIC" tax status (REIT) since November 1, 2005 and has been listed on compartment A of Euronext Paris, symbol MERY, since its initial public offering on October 12, 2005. The number of outstanding shares was 92,049,169 as of December 31, 2013, compared with 92,022,826 as of December 31, 2012.

**CAUTIONARY STATEMENT**

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

*These forward-looking statements are subject to identified and unidentified risks and uncertainties that could cause actual results to differ materially from the results anticipated in the forward-looking statements. Please refer to the Mercialys shelf registration document available at [www.mercialys.com](http://www.mercialys.com) for the year to December 31, 2013 for more details regarding certain factors, risks and uncertainties that could affect Mercialys' business.*

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

**MERCIALYS RENTAL REVENUES (Pro forma<sup>5</sup>)**

<i>Pro forma</i>	CUMULATIVE				QUARTERLY			
	03/31/2011	06/30/2011	09/30/2011	12/31/2011	Q1	Q2	Q3	Q4
Invoiced rents	36,817	75,284	113,240	152,670	36,887	38,467	37,956	39,429
Lease rights	1,581	3,515	5,229	7,508	1,581	1,934	1,714	2,279
<b>Rental revenues</b>	<b>38,398</b>	<b>78,799</b>	<b>118,470</b>	<b>160,177</b>	<b>38,468</b>	<b>40,401</b>	<b>39,671</b>	<b>41,708</b>
<i>Pro forma</i>	03/31/2012	06/30/2012	09/30/2012	12/31/2012	Q1	Q2	Q3	Q4
Invoiced rents	38,378	76,554	114,100	151,866	38,378	38,176	37,546	37,766
Lease rights	1,860	3,793	5,793	7,816	1,860	1,932	2,001	2,022
<b>Rental revenues</b>	<b>40,238</b>	<b>80,347</b>	<b>119,894</b>	<b>159,682</b>	<b>40,238</b>	<b>40,109</b>	<b>39,547</b>	<b>39,788</b>
Change in invoiced rents	4.2%	1.7%	0.8%	-0.5%	4.0%	-0.8%	-1.1%	-4.2%
Change in rental revenues	4.8%	2.0%	1.2%	-0.3%	4.6%	-0.7%	-0.3%	-4.6%
<i>Pro forma</i>	03/31/2013	06/30/2013	09/30/2013	12/31/2013	Q1	Q2	Q3	Q4
Invoiced rents	37,764	73,193	107,943	142,951	37,764	35,428	34,750	35,008
Lease rights	1,778	3,493	4,778	6,008	1,778	1,714	1,285	1,230
<b>Rental revenues</b>	<b>39,543</b>	<b>76,685</b>	<b>112,720</b>	<b>148,959</b>	<b>39,543</b>	<b>37,143</b>	<b>36,035</b>	<b>36,238</b>
Change in invoiced rents	-1.6%	-4.4%	-5.4%	-5.9%	-1.6%	-7.2%	-7.4%	-7.3%
Change in rental revenues	-1.7%	-4.6%	-6.0%	-6.7%	-1.7%	-7.4%	-8.9%	-8.9%
	03/31/2014	06/30/2014	09/30/2014	12/31/2014	Q1	Q2	Q3	Q4
Invoiced rents	36,031				36,031			
Lease rights	1,073				1,073			
<b>Rental revenues</b>	<b>37,104</b>				<b>37,104</b>			
Change in invoiced rents	-4.6%				-4.6%			
Change in rental revenues	-6.2%				-6.2%			

<sup>5</sup> Mercialys pre-empted the implementation of IFRS 11 for the year ended December 31, 2013. Subsidiaries that were previously proportionally consolidated have been consolidated under the equity method since December 31, 2013. As a result, SCI Geispolsheim rental revenues recognized in 2011, 2012 and Q1 2013 on a proportionally consolidated basis have been restated for 2011, 2012 and 2013.