



PRESS RELEASE

Paris, October 15, 2014

Activity at end-September 2014:

Organic growth in invoiced rents of +2.9% including +2.6 points above indexation

Based on this momentum, Mercialys is raising its full-year organic growth forecast excluding indexation to more than +2.5% from +2% initially

Rental revenues up +1.5% at end September

Eric Le Gentil, Chairman and Chief Executive of Mercialys commented: *"Our robust organic growth and sharp outperformance in terms of both footfall and growth in retailers' sales are testimony to our innovative capability and agility in continuously adapting our commercial offering to our clients' needs. In terms of governance, we have just won 3rd place in the second annual SBF 120 company rankings for female representation at management level."*

I. Change in rental revenues

Organic growth in rents remained robust at end-September, enabling Mercialys to raise its full-year forecast by +50bp

Mercialys delivered an above-market operating performance at end-September 2014, confirming the merits of its unique positioning in the shopping center investment sector and the effectiveness of its growth model.

At end-September 2014, invoiced rents grew by +2.9% on a like-for-like basis with an indexation impact of just 0.3 points. Organic growth before indexation therefore remains high and in line with the trend at end-June 2014.

Mercialys is therefore raising its full-year organic growth forecast excluding indexation to +2.5% from +2% initially.

Rental revenues came to **€114.5 million** at September 30, 2014, an increase of +1.5% compared with the first nine months of 2013.

In thousands of euros	Cumulative to end-September 2013 (reported)	Cumulative at end-September 2013 (pro forma) ¹	Cumulative at end-September 2014	% change	% change like-for-like
Invoiced rents	107,943	107,937	111,469	+3.3%	+2.9%
Lease rights	4,778	4,778	2,991		
Rental revenues	112,720	112,715	114,460	+1.5%	

The change in invoiced rents at end-September reflects:

- Organic growth in invoiced rents: **+2.9 points** including +2.6 points relating to measures to improve the lease portfolio and +0.3 points relating to indexation;²
- The impact of projects completed in 2013 and 2014 and acquisitions made in 2014: **+7.4 points**;
- The impact of asset sales in 2013 and 2014: **-6.4 points**;
- Other effects, primarily including the strategic vacancy relating to current redevelopment programs: **-0.7 points**.

Lease rights and despecialization indemnities received during the period³ amounted to Euro 1.2 million compared with Euro 2.0 million at end-September 2013 and mainly comprise lease rights relating to ordinary reletting activities.

After the impact of deferrals required under IFRS, lease rights recognized in the nine months to September 30, 2014 totaled Euro 3.0 million, compared with Euro 4.8 million at September 30, 2013, as 2013 benefited in particular from the effects of the deferral of significant lease rights received over the previous three years.

II. Robust operating performance, significant positive impact of the development policy

Mercialys shopping centers outperform the sector once again

Third quarter 2014 operating indicators were dynamic, reflecting the continued appeal of Mercialis' neighborhood shopping center model:

- On a cumulative basis to end-August 2014, retailers' sales in Mercialis shopping centers⁴ grew by +0.7% compared with a -0.2% decline for the CNCC shopping center index.
- Footfall in Mercialis shopping centers grew by +0.9% cumulatively to end-August 2014, compared with a -0.6% decline for the CNCC shopping center index.
- Letting activity retained buoyant, with 191 leases signed versus 167 at September 30, 2013. Growth in rents achieved on lease renewals and relettings is among the highest in the sector.

¹ Mercialis preempted IFRS 11 at December 31, 2013. Subsidiaries that were previously proportionally consolidated have therefore been accounted for under the equity method as of December 31, 2013. SCI Geispolsheim rental revenues, which were proportionally consolidated at end-September 2013, have accordingly been restated on the 2013 basis.

² In 2014, for the majority of leases, rents were indexed either to the change in the construction cost index (ICC) or to the change in the retail rent index (ILC) between the second quarter of 2012 and the second quarter of 2013 (respectively -1.74% and +0.79%).

³ Lease rights received in cash before the impact of deferrals required under IFRS (deferral over the firm period of the lease).

⁴ Mercialis' large shopping centers and main neighborhood shopping centers.

Seven new developments or redevelopments totaling 16,700 sq.m will be completed during the second half of 2014, generating an extra Euro 5.6 million in rents

During the second half of 2014, Mercialys will complete 7 new developments or redevelopments totaling 16,700 sq.m in Nîmes (completed in September), Annemasse, Angers, Saint-Paul Savanna, Besançon, Clermont-Ferrand and Albertville.

The average financial letting rate on the projects is higher than 100% as the rental terms on some projects have proved better than initially expected, reflecting both the appeal of the centers and the effectiveness of Mercialys' letting process. The completed projects will generate an additional Euro 5.6 million in gross rental revenues in a full year.

In the first half of 2014, Mercialys completed 3 projects totaling 7,900 sq.m: a retail park in Albertville, a shopping mall extension in Lanester and the first phase of a shopping mall extension in Aix-en-Provence.

Mercialys' development activity in 2014 will thus contribute rental revenues of Euro 8.1 million in a full year.

III. Interim dividend of Euro 0.36 per share paid on October 14, 2014

When the 2014 half-yearly results were published, the Board of Directors of Mercialys announced an interim dividend of Euro 0.36 per share, which was paid on October 14, 2014.

Mercialys will thus have paid a total of Euro 1.18 to its shareholders in 2014, representing a 6.6% return on liquidation NAV at June 30, 2014 (Euro 17.91 per share).

IV. Governance: Mercialys ranks 3rd (of 120 participants) in female representation at management level

In the second annual rankings for female representation at management level in SBF 120 companies, compiled by the French Secretary of State for Women's Rights, Mercialys obtained 3rd place with a score of 66.55 out of 100, up from 7th place in 2013.

Mercialys owes this place to its overall female representation rate within the company of almost 47% and an improvement of more than 7 points in the criteria for female representation on the Board of Directors, which has four women out of a total eleven members.

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

Analyst/investor relations:
Elizabeth Blaise
Tel.: + 33(0)1 53 65 64 44

Press relations:
Communications
Tel.: + 33(0)1 53 65 24 78

About Mercialys

Mercialys is one of France's leading real estate companies, solely active in retail property. At June 30, 2014, Mercialys had a portfolio of 2,170 leases representing a rental value of Euro 137.5 million on an annualized basis. At June 30, 2014, it owned properties with an estimated value of Euro 2.6 billion (including transfer taxes). Mercialys has benefited from "SIIC" tax status (REIT) since November 1, 2005 and has been listed on compartment A of Euronext Paris, symbol MERY, since its initial public offering on October 12, 2005. The number of outstanding shares was 92,049,169 as of June 30, 2014.

IMPORTANT INFORMATION

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, 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 forma⁵)

<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
Rental revenues	38,398	78,799	118,470	160,177	38,468	40,401	39,671	41,708
<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
Rental revenues	40,238	80,347	119,894	159,682	40,238	40,109	39,547	39,788
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	73,187	107,937	142,951	37,764	35,423	34,750	35,013
Lease rights	1,778	3,493	4,778	6,008	1,778	1,714	1,285	1,230
Rental revenues	39,543	76,680	112,715	148,959	39,543	37,137	36,035	36,244
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	76,005	111,469		36,031	39,975	35,464	
Lease rights	1,073	2,125	2,991		1,073	1,053	866	
Rental revenues	37,104	78,131	114,460		37,104	41,027	36,329	
Change in invoiced rents	-4.6%	3.9%	3.3%		-4.6%	12.8%	2.1%	
Change in rental revenues	-6.2%	1.9%	1.5%		-6.2%	10.5%	0.8%	

⁵ Mercialys preempted IFRS 11 at December 31, 2013. Subsidiaries that were previously proportionally consolidated have therefore been accounted for under the equity method as of December 31, 2013. SCI Geispolsheim rental revenues, which were proportionally consolidated in 2011, 2012 and the first quarter of 2013, have accordingly been restated on the 2011, 2012 and 2013 basis.