2011 full-year results
A new vision and a new strategy

Becoming a “Foncière commerçante”

“Think and act as a Retailer”

Thursday, February 9, 2012

Preliminary notice

- The 2011 full-year consolidated financial statements were approved by the Board of Directors at its meeting of February 9, 2012.

- Audit procedures have been conducted by the statutory auditors. Finalization of the statutory auditors' report on the consolidated financial statements is in progress.

Overview of 2011

2011: A successful year

- Rental revenues up **+7.7%**

- Funds from operations (FFO) per share* up **+10.0%**, much ahead of management's objectives (+5% in February 2011, revised to +7% in July 2011)

- Another record year in terms of lettings with **402 leases signed**

- Second part of the asset rotation program: Mercialys is continuing with its policy of rotating mature assets with the **sale** in 2011 of **5% of the portfolio**, representing **Euro 120 million****

(*) Funds from operations – Net income, Group share before depreciation and capital gains – Per share, fully diluted
(**) Including transfer taxes

Esprit Voisin: a successful program led at a brisk rate of completions…

- **11 Esprit Voisin development projects completed over the year**
- Successful openings on a B to B basis (excellent lettings) and on a B to C basis (sharp increase in footfall)

And in the second half of the year…

112,900 m² developed under the concept

31,200 m² created / 2,200 m² redeveloped / 79,500 m² renovated

Mercialys continuing with its dynamic asset rotation policy

- A policy initiated at end-2010 (end of the fiscal lock-up period)

Euro 120m* of mature properties sold in 2011

equal to approximately 5% of the value of the portfolio

16 properties sold across 6 portfolios

Initial buyer yield 6.36% better than appraisal yields**

- In 2 years, Mercialys has sold 61 properties for a total of Euro 242m* and completed, at the same time, Esprit Voisin development projects at a brisk rate
- It has therefore significantly transformed its asset portfolio:

Fewer shopping centers, with a larger size per center

A potential per unit reinforced

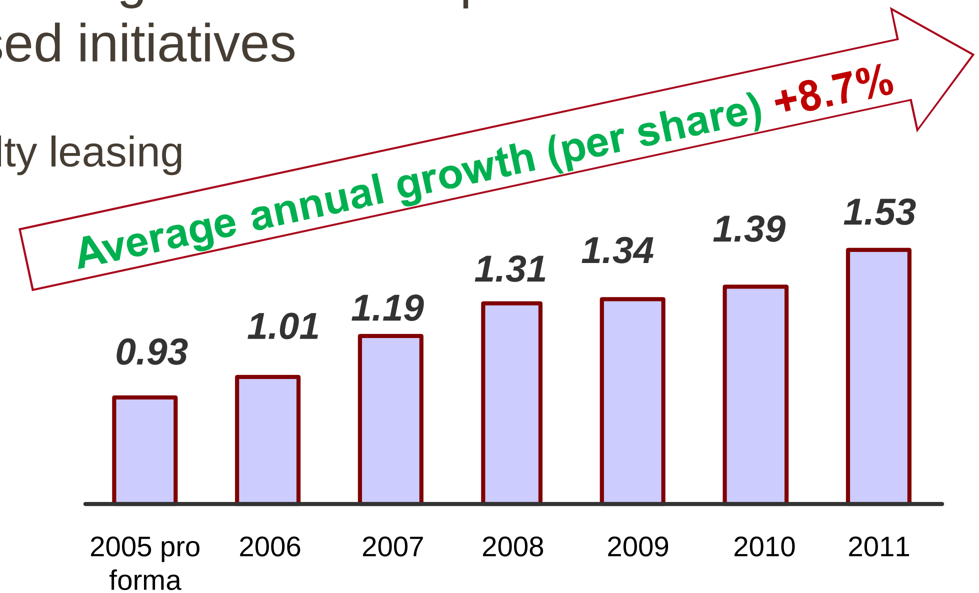
(*) Price set out in contract (including transfer taxes)
(**) Calculation based on net rental income including potential net rental income from vacant properties

2011 emphasizes 6 years of growth based on the strategic principles adopted at the time of the IPO (the "Alcudia" years)

- A period characterized by the implementation of powerful growth drivers…
  - The Alcudia / Esprit Voisin program: implementation of an exhaustive program of creating value, modernizing properties and giving our shopping centers critical mass
  - Streamlining of the portfolio: rotation of mature or small properties

- … and the creation of a strong brand – "Esprit Voisin" - via a large number of customer-focused initiatives
- Fostering loyalty
- Events management and specialty leasing
- Label V

Funds from operations per share (FFO) Euro per share*



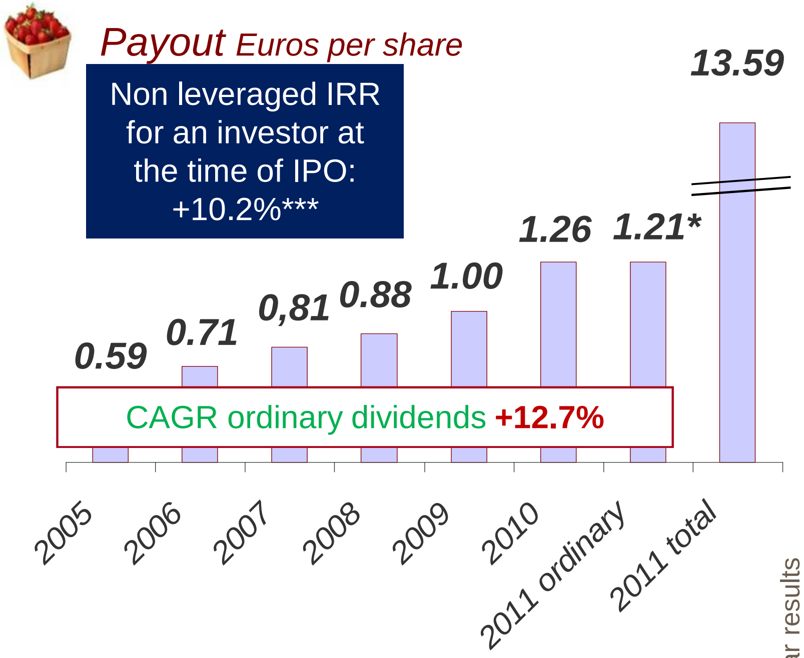
(*) Funds from operations – Net income, Group share before depreciation and capital gains – Per share, fully diluted

A track record allowing for an exceptionally large distribution
(including more than 90% from the contribution premium account)

- Mercialys wants to mark the end of this first strategic phase, the “Alcudia years”, with a payout of **Euro 1.25 billion** to be paid during 2012 **in addition to the final installment of 2011 dividend**

In euros per share

Ordinary dividend for 2011*	1.21
Exceptional payout of Euro 1bn*	10.87
Payout of Euro 250m subject to asset sales in 2012**	2.72
Total	**14.80**
Interim dividend paid in 2011	-0.54
Payout for 2012	**14.26**



(*) Payout submitted to the Annual General Meeting for approval on April 13, 2012
(**) Payment subject to completion of the 2012 asset sales plan of Euro 500 million decided by the Board of Directors and submitted to the Annual General Meeting for approval – Includes the payout of 50% of capital gains realized
(***) Based on NAV at December 31,2011

2012: A new vision and the start of a new strategy: becoming the *"Foncière commerçante"**

- **Becoming a *"Foncière commerçante"****: stepping up its efforts to differenciate from the rest of the market by enhancing Mercialys's strategic positioning initiated with the launch of the "Esprit Voisin" brand
  - **An even more differenciating approach** and "Esprit Voisin" personality further accentuated
  - Stimulating demand by offering **a range of new services and e-services** to the shopping center and each of its tenants
  - Enhanced range of services and items offered to consumers **following on from the "Esprit Voisin" concept**

- To support this strategy, Mercialys is stepping up the repositioning of its portfolio
  - **Acceleration of the Esprit Voisin program** of renovation, redevelopment projects and giving mass appeal to properties in the portfolio
  - Refocusing on a **smaller portfolio of assets**, of **60/70** sites vs. 120 at present, with increased site management

mercialys L'Esprit Voisin.

(*) "Think and act as a Retailer "

La *“Foncière commerçante”*: preserving growth and resilience, improving returns while maintaining strong ties with Casino

Stronger growth profile

- Roll-out of the *“Foncière commerçante”* strategy
- Refocusing of the portfolio on the assets most fitted to the roll-out of this concept
- Acceleration of the “Esprit Voisin” program

More resilient portfolio

- Focusing on the most solid assets in terms of size, strength, potential
- Maintaining a pure-play profile: 100% domestic, 100% retail, no property developments
- Diversification of the portfolio maintained (regions, number of sites and tenants)
- A more uniform portfolio
- Characteristics of the portfolio calibrated to support financial leverage

Higher returns for shareholders

- Exceptional payouts spread out over 2012
- Roll-out of the *“Foncière commerçante”* strategy, which will have a lasting effect on the Group's growth profile
- A normalized financial leverage (compared with the sector) accompanying the business strategy

Maintaining strong ties with Casino

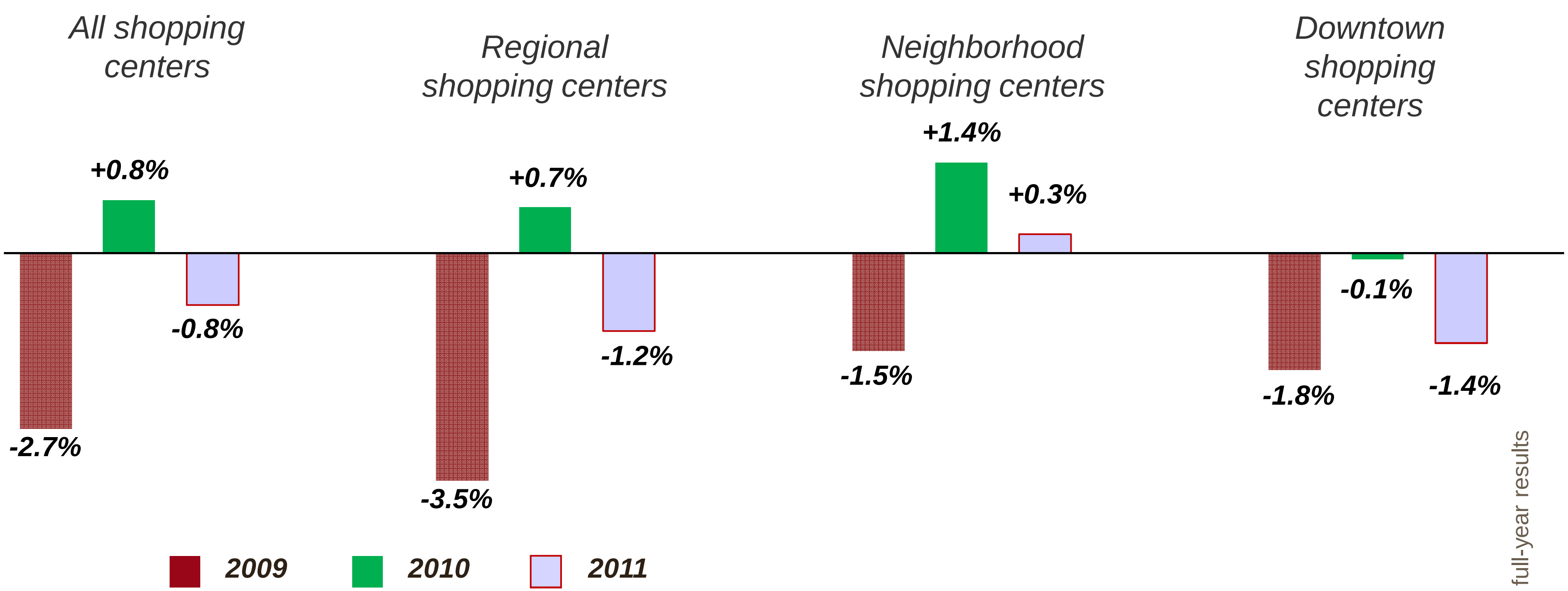
- Principles of the Partnership renewed,until 2015 in a new contract signed, subject to Mercialys new governance approval
- Casino will keep a 30-40% stake

2011 activity

For the second year in a row, retailers' sales remain more or less stable

❖ Neighborhood shopping centers continue to hold up well

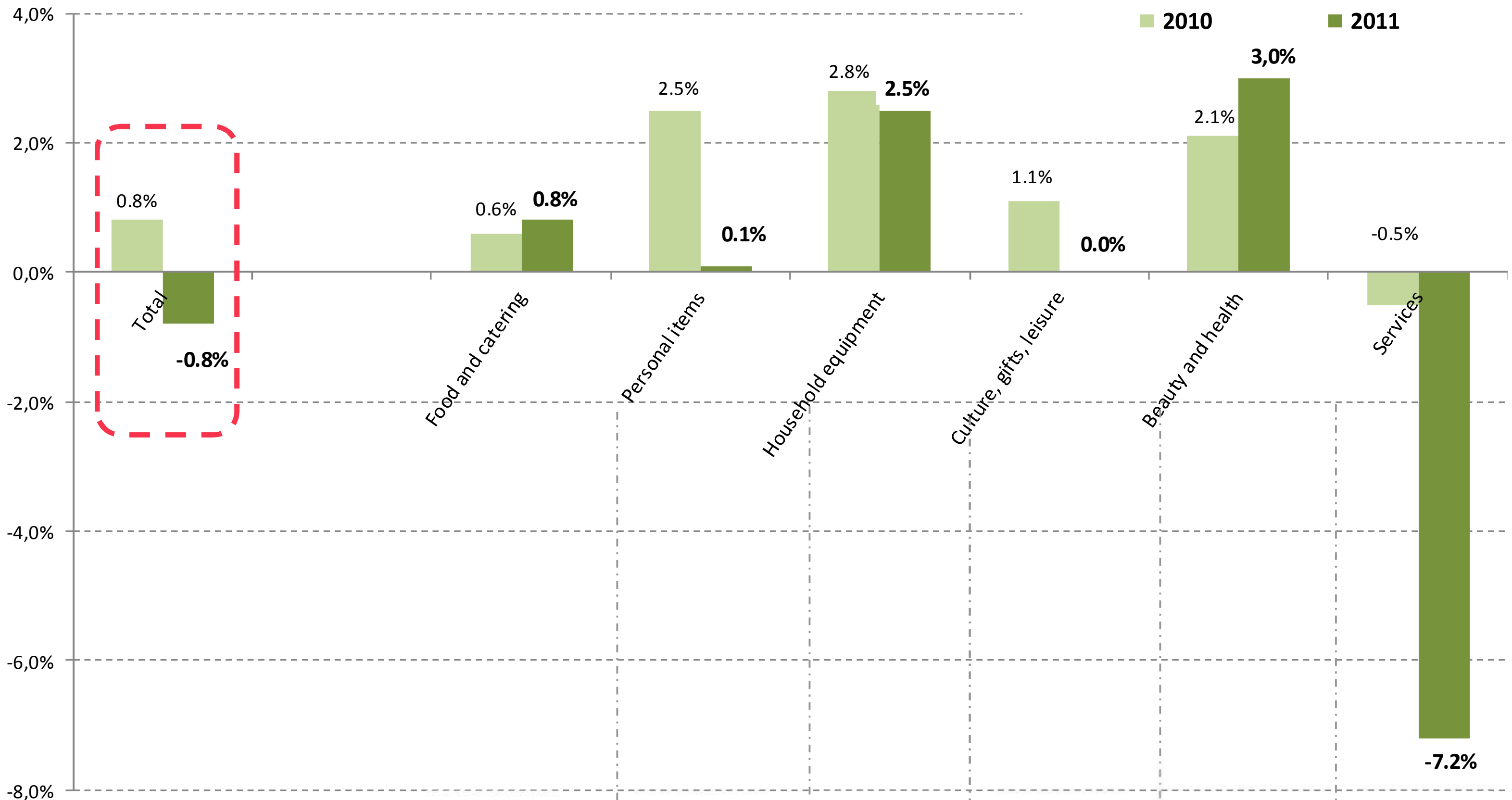
Cumulative retailers' sales growth
Source: CNCC – like-for-like scope / all retailers



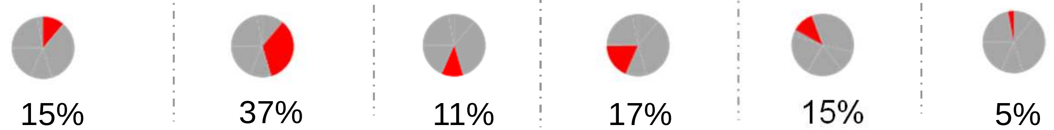
Performances vary depending on the sector and strengths specific to each brand

Sales of retailers at shopping centers*

Cumulative growth to end-December 2010 and 2011



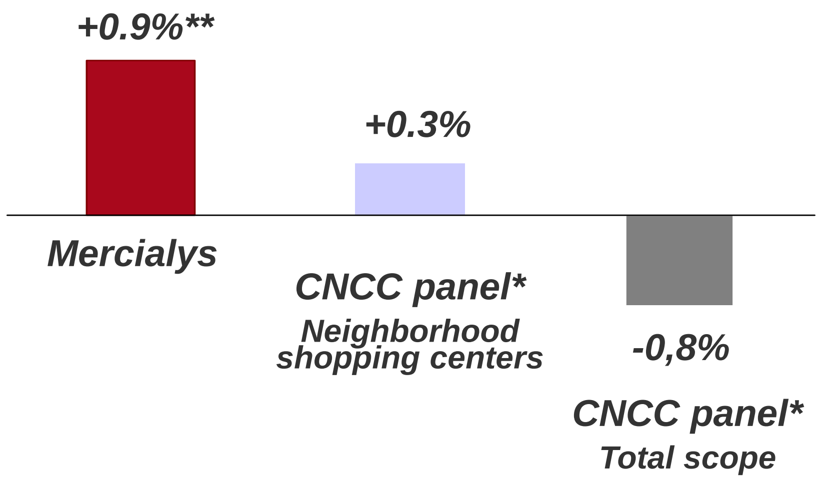
Weighting of sector in Mercialys's rental income excluding large food stores



(*) Source CNCC – like-for-like scope – All retailers – Cumulative to December 2011

Against this backdrop, our retailers benefit from the positive impact of “Esprit Voisin” shopping center extensions

Retailers’ sales growth
All retailers – Cumulative to end-December 2011



- “Esprit Voisin” development projects have a tangible impact on retailers’ sales:
  - Via extensions completed since 2008
  - Via successful relets

Example:

Marseille La Valentine –
All retailers (not including extension)

+3.0%**

(*) Source: Conseil national des centres commerciaux (CNCC) – Like-for-like
(**) Cumulative retailers’ sales growth to end-December 2011- All retailers

Following an exceptional year in 2010, a record year for Mercialys in terms of leases signed

2011	2010
157 leases renewed	**130** leases renewed
98 relets	**107** relets
147 leases signed for Esprit Voisin development projects	**114** leases signed for Esprit Voisin development projects
402 leases signed	**351 leases signed**

Average increase in rental values:

Renewals: +20%

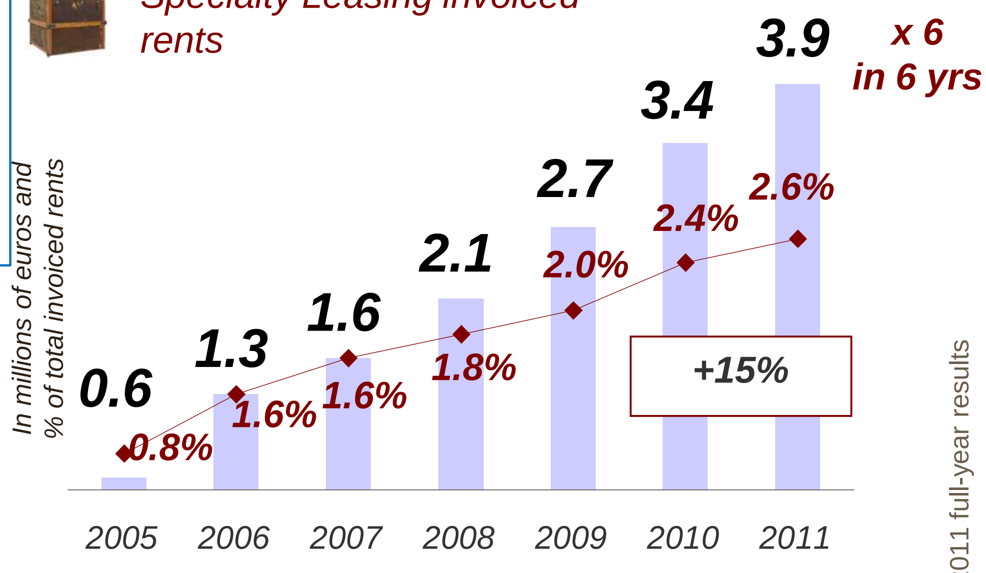
Relets:

+172% *(basis of properties vacant for more than one year at zero)*

+38% *(properties vacant at last known rent)*

- Strong growth in Specialty Leasing*, an anti-cyclical activity

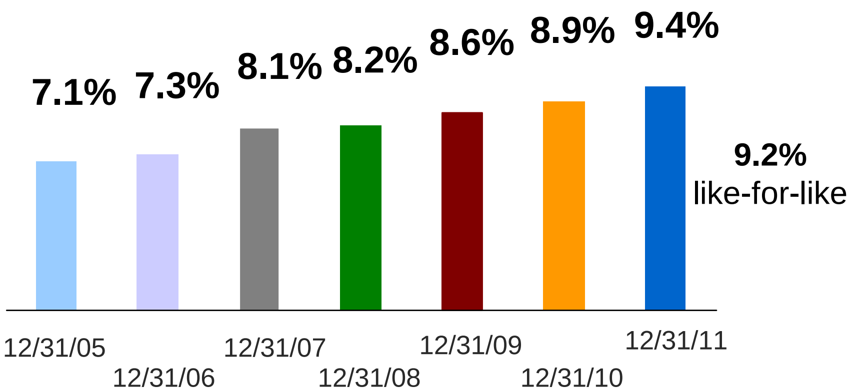
Specialty Leasing invoiced rents



(*) Short-term lets

Slight improvement in management indicators, demonstrating the resilience of the portfolio once again

- Recovery rate* remaining at a high level: 98.3% *(98.0% at December 31, 2010)*
- Continuing modest occupancy cost ratio** for our retailers



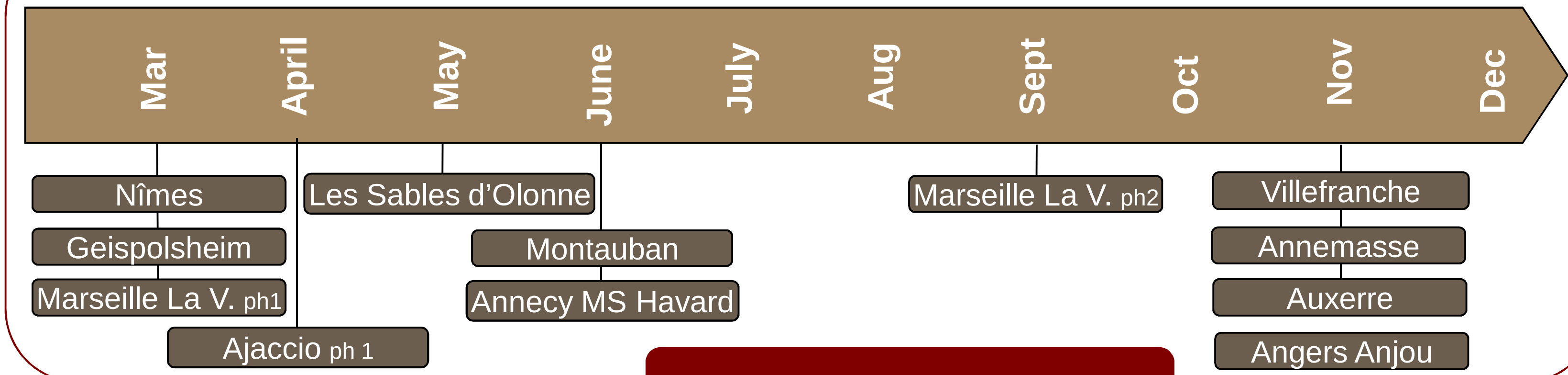
The increase over the year relates primarily to new leases included in the scope of consolidation with an average occupancy cost ratio of 10.7%.

- Slight improvement in recurring vacancy rate to 2.0% *(2.1% at December 31, 2010)*
- Stable strategic vacancy rate: 0.6% *(0.5% at December 31, 2010)*
- 13 liquidations over the year out of a portfolio of 2,649 leases
- The number of tenants in liquidation remains marginal: 19 *(same as at December 31, 2010)*

(*) Rolling over 12 months of billings
(**) Rent + service charges incl. VAT / tenants' sales incl. VAT

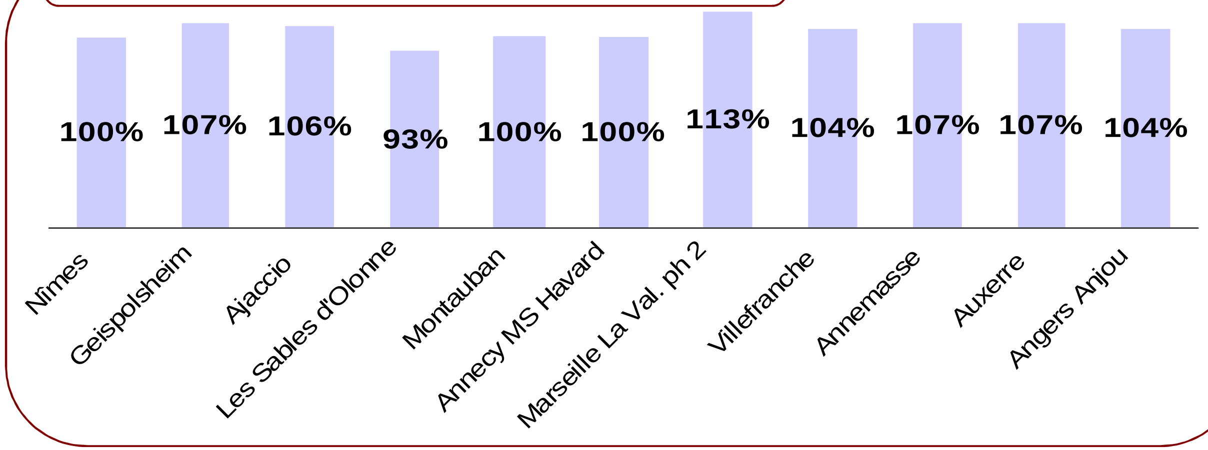
2011 enhanced by the "Esprit Voisin" program with 11 successful completions…

11 completions in 2011



+ 8 renovations

Letting of development projects*



112,900 m² developed under the concept

31,200 m² created

(146 new shops)

2,200 m² redeveloped

79,500 m² renovated

(*) In terms of rental value, compared with estimated potential rental income at the start of the development project according to RCG – Lease contracts and letters of agreement signed

… and symbolic openings in the second half of the year

- Symbolic completions: phase 2 of Marseille La Valentine, Villefranche, Auxerre, Annemasse etc.

Marseille La Valentine
Extension opened on August 24, 2011

- Increase of **+19.4%** in shopping mall footfall between opening and December 31, 2011, representing over **400,000 additional customers**
- Around **900,000 visitors** in December 2011
- Géant sales up 4.3% since opening.

Villefranche sur Saône
Extension opened in November 9, 2011

- Average of **11,000 visitors a day** since opening.
- **New retailers beat their targets** and existing retailers enjoyed a sharp increase in sales
- **Hypermarket sales in line** with Géant hypermarkets average

Annemasse
Extension opened in November 16, 2011

- More than 700,000 visitors in 2 months
- Existing retailers' sales up +**11% vs 2010** in November and December
- Géant Casino sales up **+4%** vs 2010 in November and December

Auxerre
Extension opened on November 23, 2011

- More than **600,000 visitors** during the first 6 weeks of opening
- Major retailers beat their sales targets
- Géant Casino sales up **+1%** since opening. Hypermarket customer flows up **4%.**

Annemasse: from 500,000 visitors in Nov/Dec 2010 to 700,000 in the last 2 months of 2011

Enlarged by 4,300 m²

17 new shops opened + 1 mid-size store (Fnac), renovation of the existing shopping mall

The center now has **32 shops** and 4 mid-size stores including Fnac, which has become part of Mercialys's portfolio for the first time.

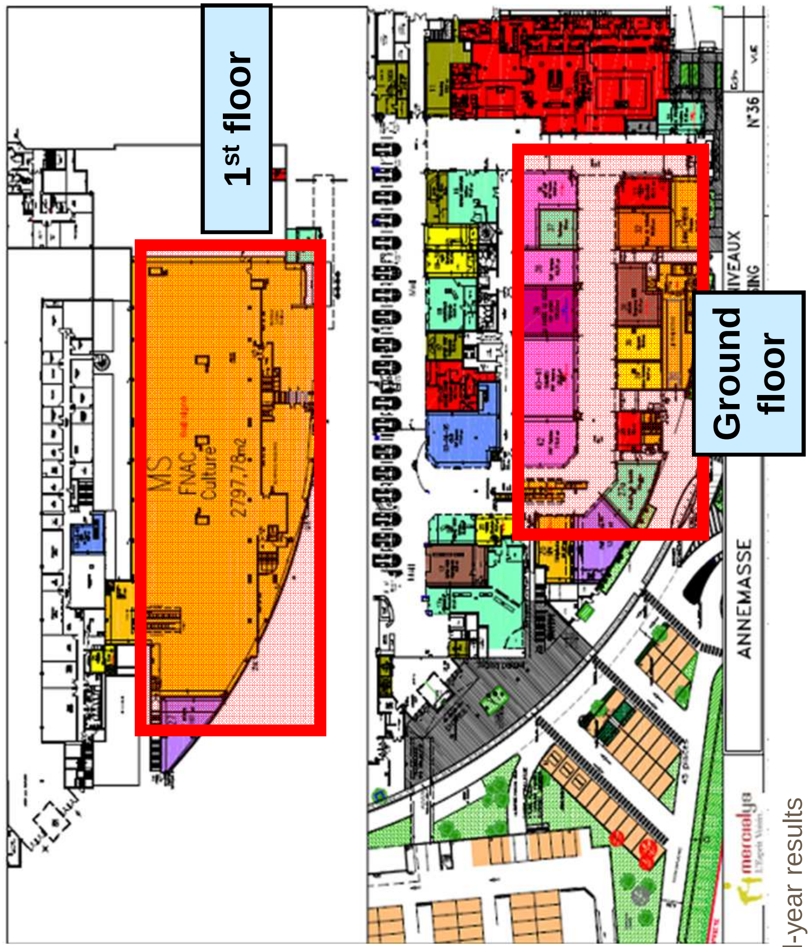
- **Total investment*: Euro 17.4m**
- **Gross annual rental income: additional Euro 1.2m**
- **Extension yield: 6.8%**

Inclusion of Fnac, Camaïeu, SFR, Bonobo, Patrice Bréal, Naf Naf, Atol, Sun Valley, De Neuville etc.

Average store rent: **Euro 618 per m²**

Letting rate**: **107%**

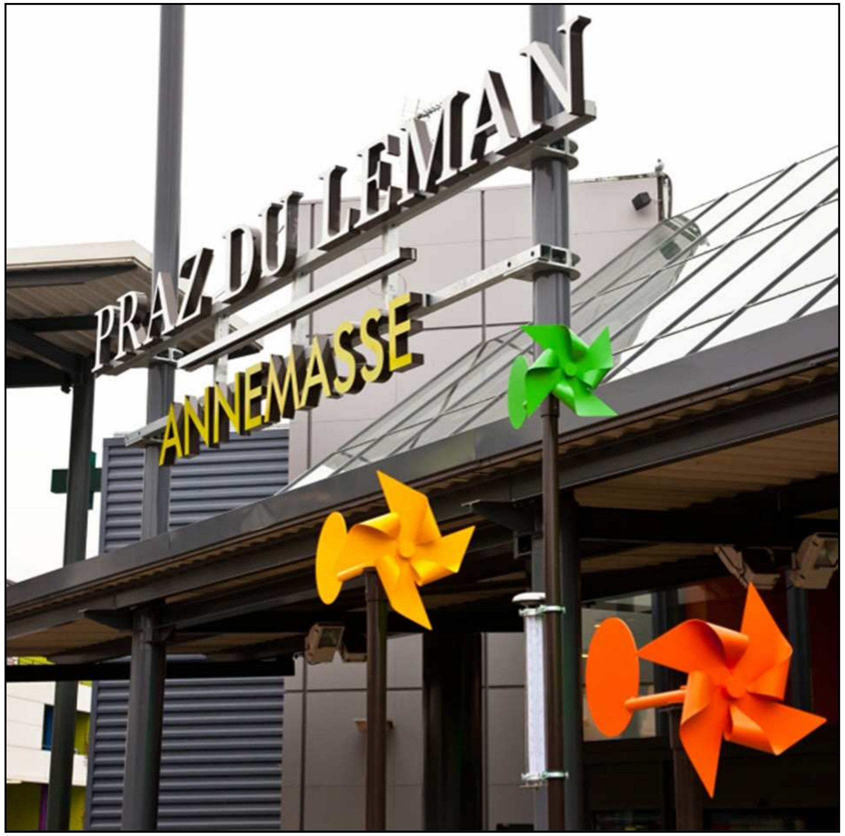
Opening date: November 16, 2011



(*) Net of lease rights received

(**) In terms of rental value, compared with estimated potential rental income at the start of the development project

At the heart of a leading retail area next to Geneva



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Auxerre: a number of shops that doubled

Enlarged by 6,000 m²

21 new shops opened + 1 mid-size store (H&M), renovation of the existing shopping mall

The center now has **44 shops** and 3 mid-size stores

- **Total investment*: Euro 23.8m**
- **Gross annual rental income: Additional Euro 1.5m.**
- **Extension yield: 6.5%**

Inclusion of Sephora, H&M, Mango, Kaporal, Actu Eyes, Morgan, Du Pareil au Même etc.

Average store rent: **Euro 431 per m²**

Letting rate**: **107%**

Opening date: November 23, 2011

(*) Net of lease rights received

(**) In terms of rental value, compared with estimated potential rental income at the start of the development project

Auxerre: a leading site in a dominant regional retail area

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Villefranche: the transformation of a small shopping mall in a shopping center

Enlarged by 2,500 m²

19 new shops opened, renovation of the existing shopping mall

The center now has **35 shops** and 2 mid-size stores

- **Total investment*: Euro 15.8m**
- **Gross annual rental income: additional Euro 1.1m**
- **Extension yield: 6.7%**

Inclusion of Morgan, San Marina, Orange, Armand Thiery Homme et Femme, Nocibé, Micromania, Devred etc.

Average store rent: **Euro 458 per m²**

Letting rate**: **104%**

Opening date: November 9, 2011

(*) Net of lease rights received

(**) In terms of rental value, compared with estimated potential rental income at the start of the development project

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Villefranche: market leader in a niche area

Brive Malemort: another center to be converted to the “Esprit Voisin” concept

- Acquired for Euro 14.8m
- One of the two main shopping centers in Corrèze, attached to a long-standing hypermarket
- Annual rental value of Euro 950,000
- 34 shops with a total GLA of 2,700 m² as well as 3 mid-size stores, including in particular Sergent Major, Eram, Pantashop and McDonalds

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Mercialys continued with the implementation of a controlled asset rotation plan in 2011…

	2010	2011
Asset sales	Euro 122m for 45 properties	Euro 120m for 16 properties
As % of portfolio	5%	5%
Type of assets sold	Small properties	Service malls and standalone assets
Capital gain	Euro 31.1m	Euro 30.6m
Initial buyer yield*	6.5%	6.36%

The 61 assets sold are mature assets comprising primarily service malls and standalone assets

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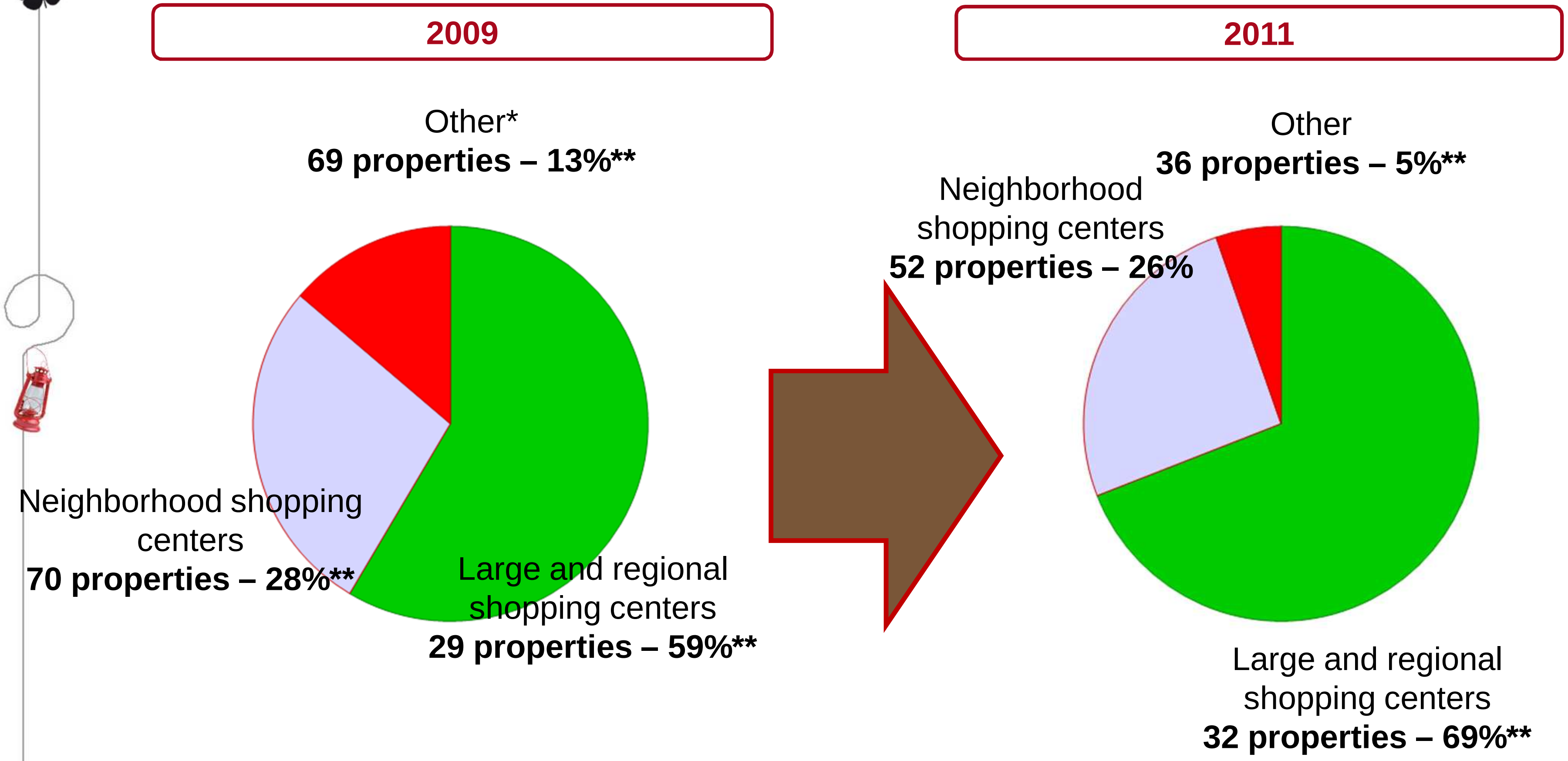
(*) Calculation based on net rental income including potential net rental income from vacant properties

… contributing to a major refocusing of the portfolio



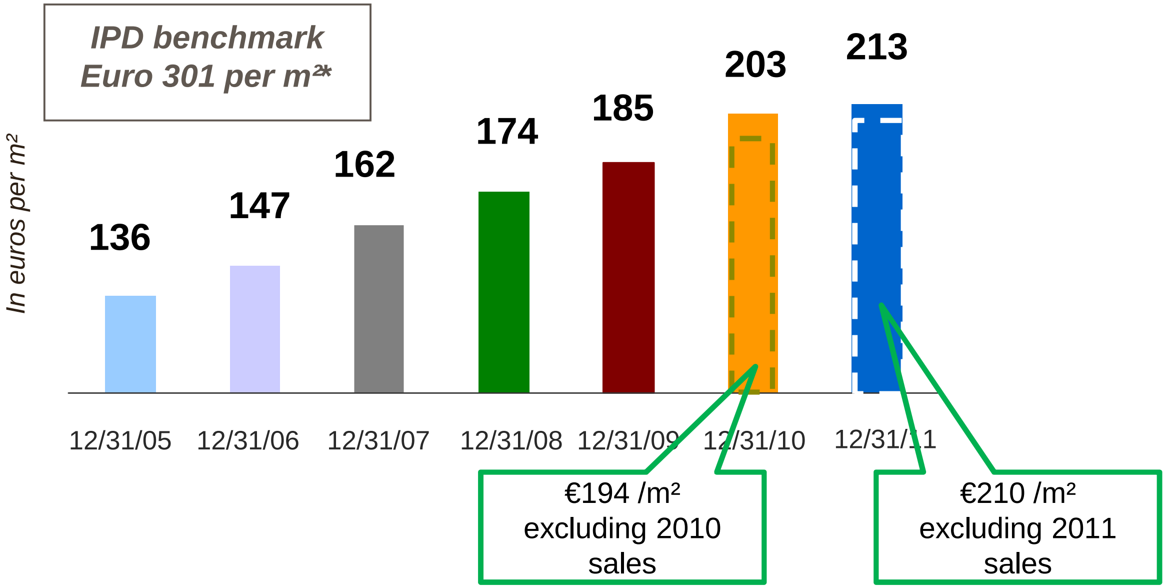
168 properties

120 properties

(*) Large food stores, large specialty stores, independent cafeterias, assets under development and other assets
(**) Percentage calculated according to market value of assets including transfer taxes

Average rental income for the portfolio still below the benchmark: room for maneuver maintained

❖ **Average gross rental value of Euro 213 per m² below the benchmark**



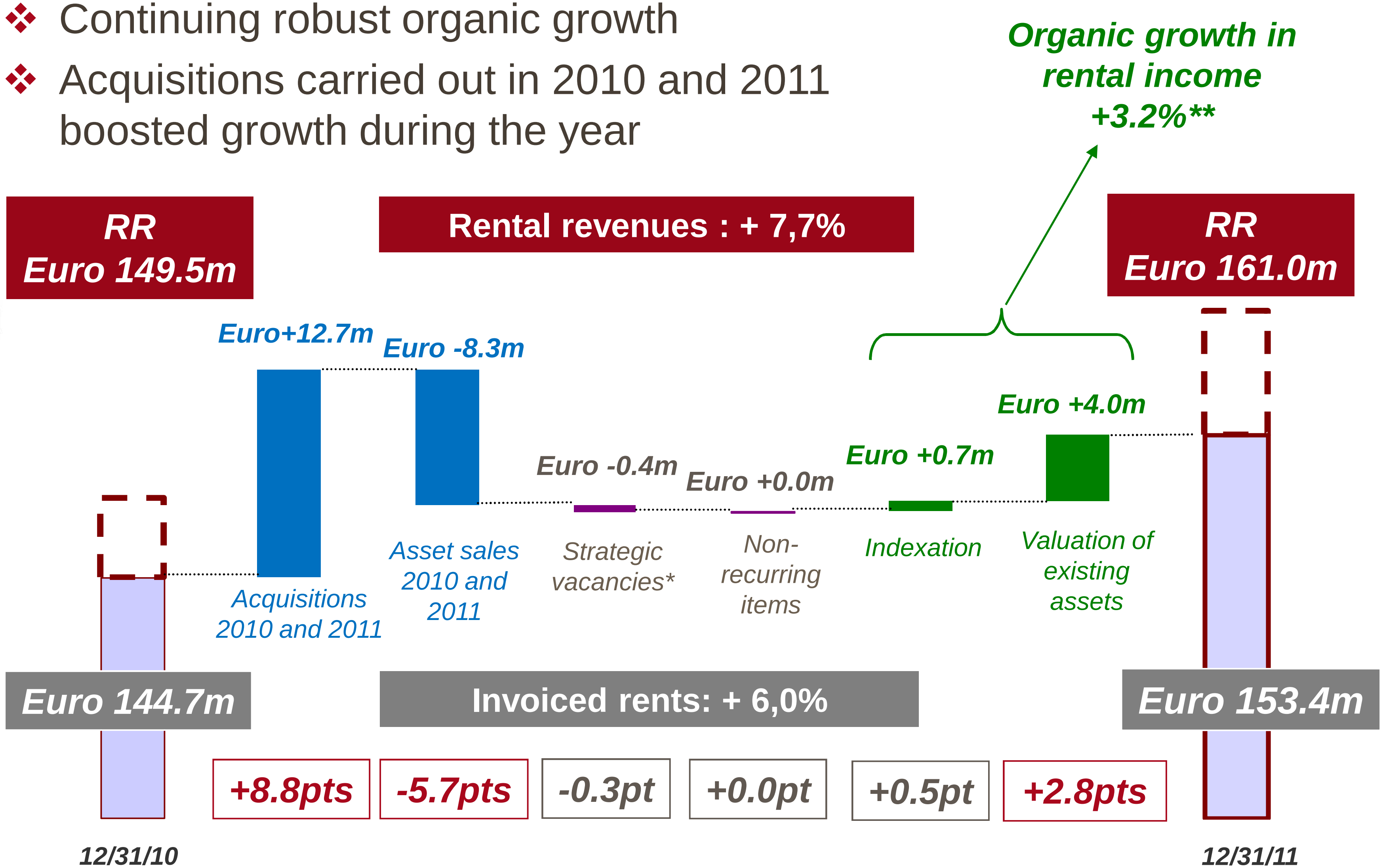
Change over 12 months: **+Euro 10 per m²**

- Like-for-like growth in rental income **+Euro 4 per m²**
- Average of assets sold **Euro 170 per m²**
- Average of Esprit Voisin lettings: **Euro 308 per m²** for shops

(*) Rental value per m² at end-2010 – Shopping centers excluding Mercialys portfolio

Against this backdrop, Mercialys achieved solid growth in rental revenues

- Continuing robust organic growth
- Acquisitions carried out in 2010 and 2011 boosted growth during the year



(*) Relating to the "Esprit Voisin" program – Lots left empty to facilitate future redevelopment works
(**) Organic growth in invoiced rents including recurring vacancies, variable rents and indexation, excluding the impact of recurring lease rights

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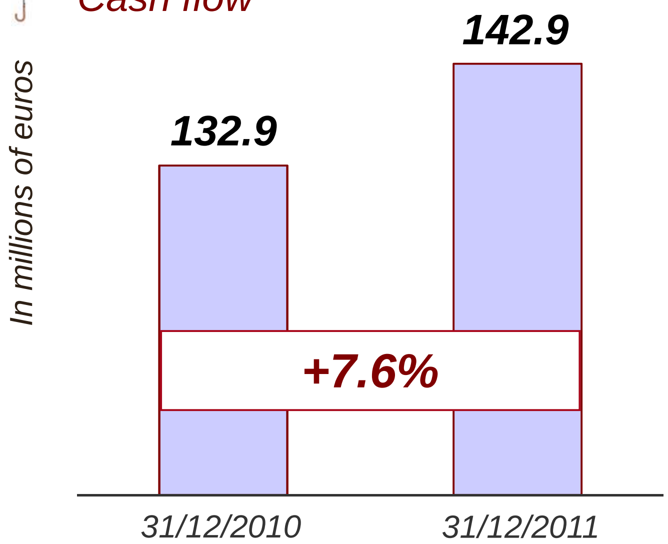
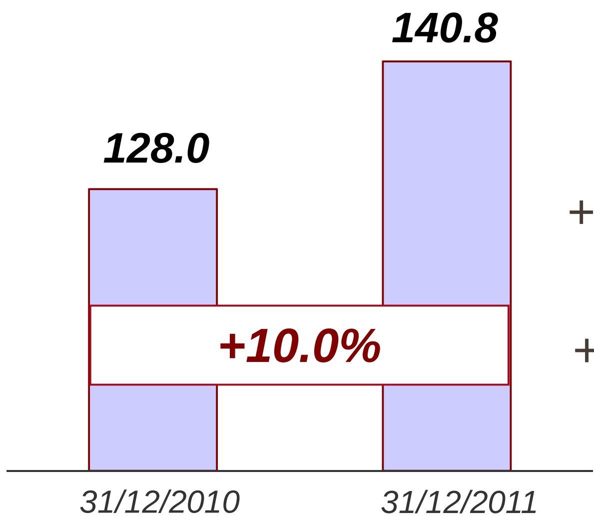
Strong growth in cash flow and FFO**…

- Growth largely exceeding management's objectives

Cash flow



Funds From Operations (FFO)*



Objective
+5% in Feb. 2011
revised to
+7% in July 2011

Euro per share**	1.45	1.56	1.39	1.53
	+7.5%		+10.0%	

(*) Net income, Group share before depreciation and capital gains
(**) Relative to the average number of shares (fully diluted) over the period

…as a result of generation of productivity margins and development of services activities for third parties

	2011	2010	% chg.
Net rental income	**151.7**	**140.3**	**+8.1%**
Operating expenses	-16.7	-15.5	+7.8%
Misc. other income and expense	6.3	3.1	+103%
Operating income before depreciation and net capital gains	**141.3**	**127.9**	**+10.4%**
Net financial items	+0.8	0.1	
Tax and minorities	-1.3	-0.0	
Funds from operations (FFO)*	**140.8**	**128.0**	**+10.0%**
Depreciation	-23.9	-25.4	
Net capital gains	30.6	31.1	
Minorities	-0.0	-0.2	
Net income, Group share	**147.4**	**133.5**	**+10.4%**

Strong growth in gross rental income
Improvement in gross / net conversion rate

Overhead costs controlled to accompany expansion

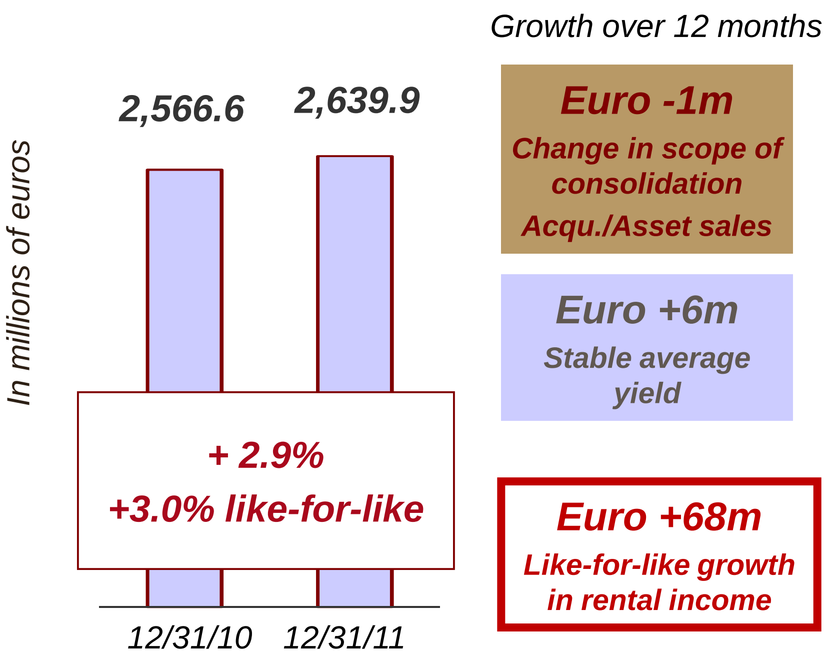
Development of profitable new activities

(*) Funds from operations – Net income, Group share before depreciation and capital gains

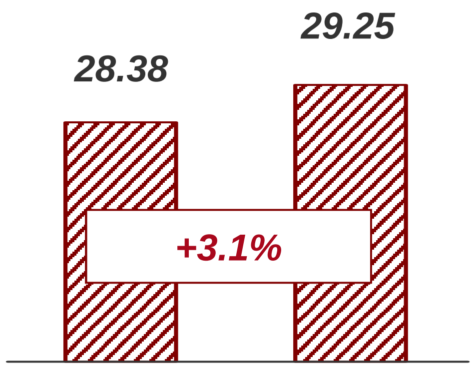
Increase in value of the portfolio as a result of organic growth

❖ Stable average appraisal yields

*Appraisal value of portfolio, including transfer taxes**



NAV per share incl. transfer taxes (euros)



Liquidation NAV per share (excl. transfer taxes)	
26.89	**27.72**

Average appraisal yield	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
	5.5%	5.8%	6.1%	5.8%	5.8%

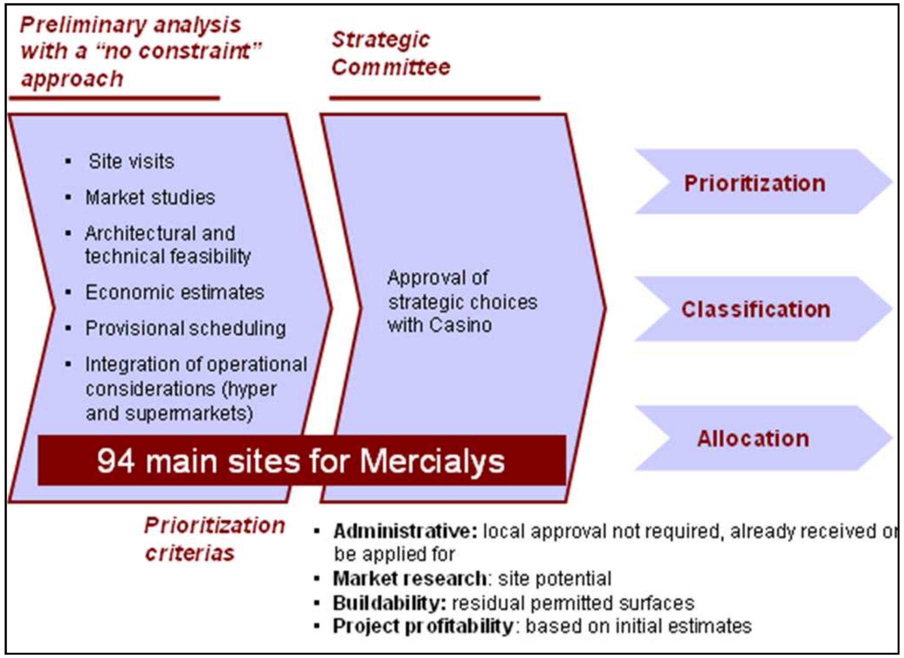
(*) Valuation based on appraisals by Atis Real, Catella, Galtier and Icade

2006-2011: the Alcudia years, the construction of a track record

2006: Casino and Mercialys come up with the Alcudia program and the repositioning of the portfolio

❖ A redevelopment program that is ambitious…

❖ … and exhaustive



Mercialys creates its trademark – “l’Esprit Voisin” - reflected in all aspects of value creation

❖ Transformation of shopping centers: proof of the “Esprit Voisin” concept

A gateway in local colors


Modern and high quality architecture

A welcome message to customers

Everyday services


Commitment to the community


Comfortable rest areas

❖ A resolutely customer-focused positioning

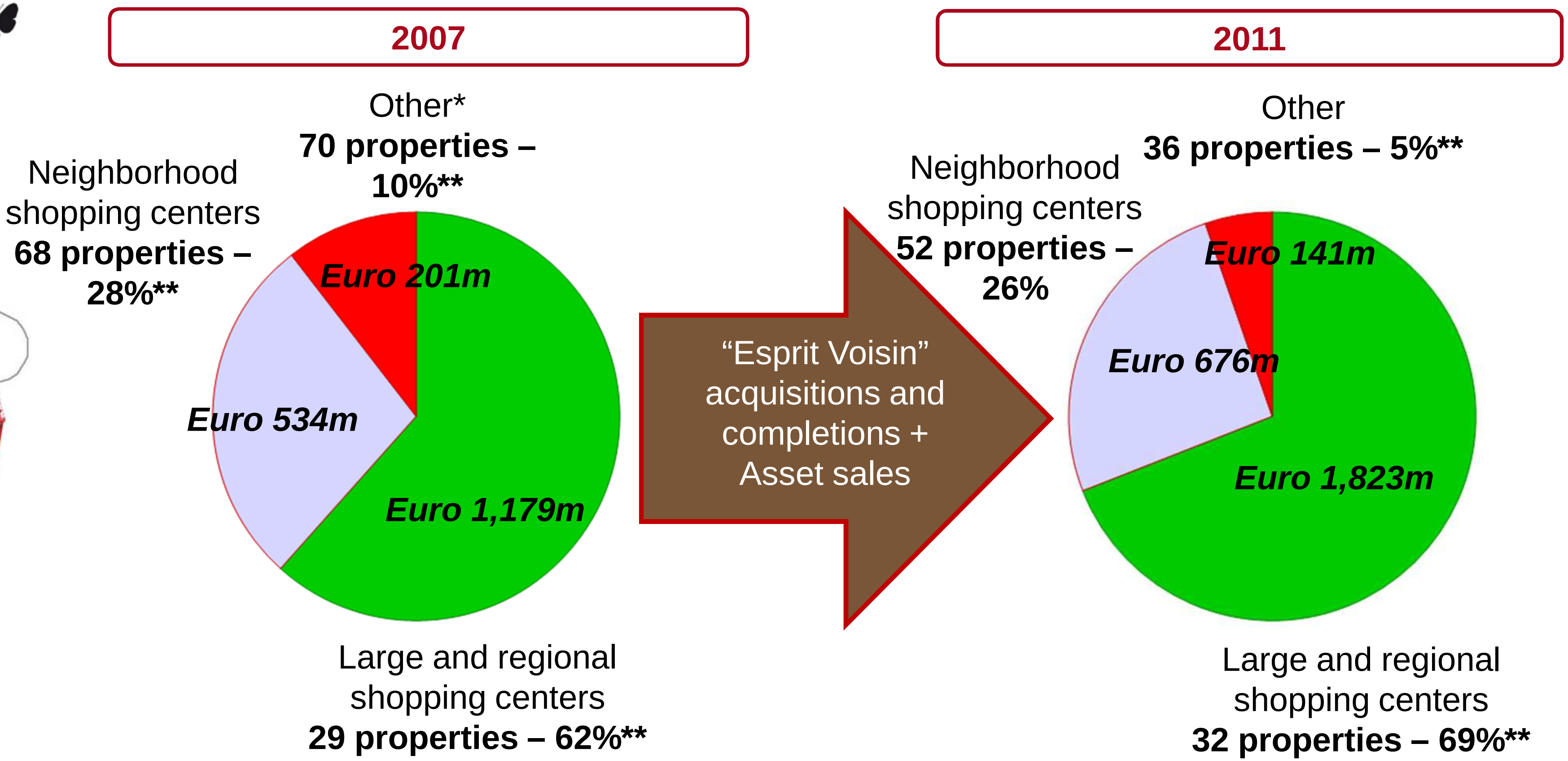
A customer-centric approach, understanding their expectations, knowing who they are

The development of a product - **the Shopping Center -** designed to satisfy and even exceed customers’ expectations

Dedicated and personalized communication

A state of mind, creating a link and a human relationship, apparent throughout the entire company

Asset rotation policy adopted in 2010 completes the Group's approach and allows for refocusing of the portfolio…



167 properties

Euro 1,914m

120 properties

Euro 2,640m

(*) Large food stores, large specialty stores, independent cafeterias, assets under development and other assets
(**) Percentage calculated according to market value of assets including transfer taxes

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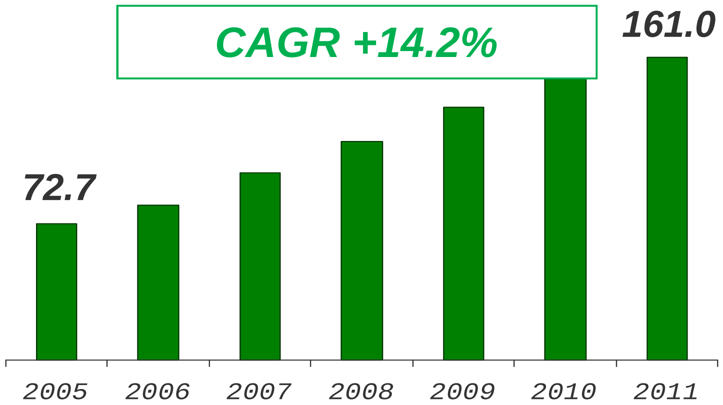
… and generating, thanks to the close and beneficial partnership with Casino, growth and value creation

- **2005**: Initial contribution of assets by Casino; IPO
- **2006**: Acquisition of 5 shopping centers in Corsica
- **2007**: Acquisition of 5 shopping centers in Réunion island; Launch of Alcudia program and “Esprit Voisin” concept
- **2008**: Implementation of Esprit Voisin, 3 extensions and 9 renovations
- **2009**: Major acquisition of 25 properties from the Casino Group for Euro 334m
- **2010**: Sale of 45 mature properties for Euro 122m; 25% of the portfolio developed under the Esprit Voisin concept
- **2011**: Sale of 16 mature properties for Euro 120m; 37% of the portfolio developed under the Esprit Voisin concept

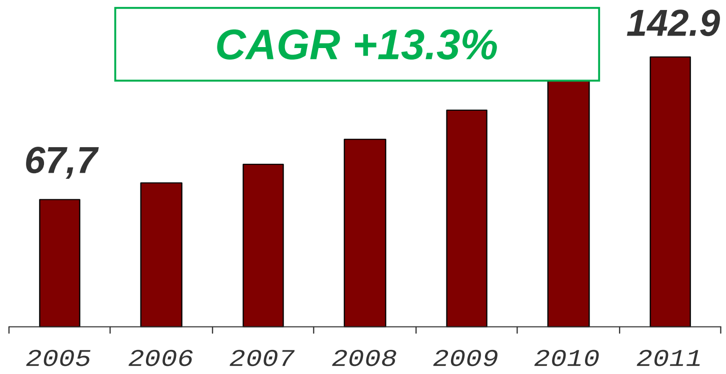
	2005	2006	2007	2008	2009	2010	2011
Asset value	Euro 1,027m	Euro 1,347m	Euro 1,914m	Euro 2,061m	Euro 2,437m	Euro 2,567m	Euro 2,640m
NAV per share	17.07	20.08	25.70	27.00	26.78	28.38	29.25

Strategy behind robust growth over the entire period

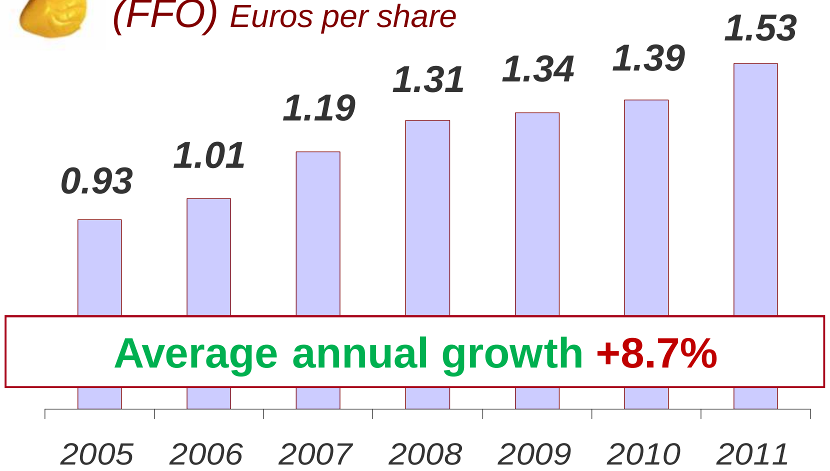
Rental revenues



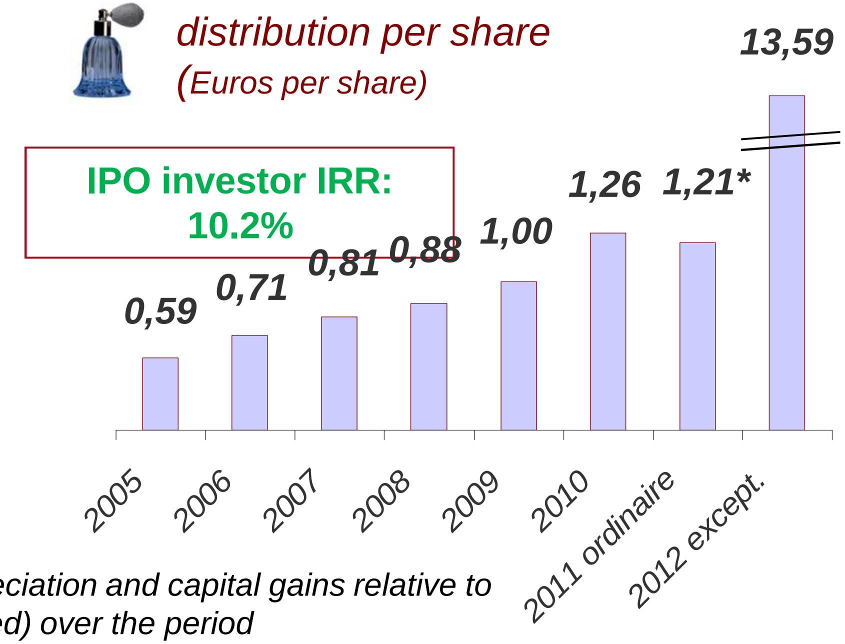
Cash flow



Funds from operations per share * (FFO) Euros per share



distribution per share (Euros per share)



(*) Net income, Group share before depreciation and capital gains relative to the average number of shares (fully diluted) over the period

(**) Payout submitted to the Annual General Meeting for approval

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2012: Becoming a “Real Estate Company-Retailer”

New vision / New strategy

Our vision: Going beyond the mere status of lessor to become a multi-channel hyperlocal ‘retailer’…

1 Enhancing our unique approach thanks to the Esprit Voisin

B to B* <u>and</u> *B to B to C

The Esprit Voisin concept explained to customers:

From actual experience…

Rolled out at 37 sites, the Esprit Voisin concept is **perceived** by customers living the Esprit Voisin concept every day

…to displaying a philosophy

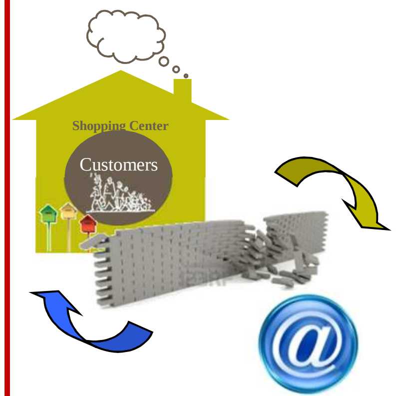
Today, our aim is to **share** the Esprit Voisin concept with customers:

- Our different view of how to do what we do
- Our values: local presence, commitment, conviviality, generosity and openness

A reference text, displayed at our shopping centers, expressing commitment, affirmation and our philosophy

Around 30 slogans, each illustrating a symbolic element of the Esprit Voisin concept

The Esprit Voisin is also conveyed via the web:



L’Esprit Voisin.2.0

Esprit Voisin turns 2.0, allowing shopping centers to be key players on the local web by creating:

- A local management community
- A global and cross-channel client approach
- Presence on social networking sites

Retailer among retailers … …

2 Stimulating demand

Position itself as a <u>multi-channel hyperlocal marketing agency</u>

➔ Develop in-depth knowledge of the customers at each shopping centers
➔ Define and operate as best possible local communications networks

Offer a <u>range of innovative services</u> to shopping centers and retailers…

➔ Effective loyalty tools: S'Miles loyalty card, computerized systems
➔ Complementary and effective channels for disseminating retailers' news : websites , mobile web, Facebook pages etc.
➔ Implementation of hyperlocal customer relations management (CRM – high quality targeted communication)
➔ Tools designed to attract new customers

… all around the <u>center manager</u>

➔ A retailer among retailers, with full understanding of the microlocal market
➔ A true marketing expert, focusing exclusively on center management and communications, with the support of property manager Sudeco
➔ On the strength of this on-the-ground knowledge, he/she acts as a hyperlocal community manager
➔ He/She permanently offers innovative solutions to retailers – individually or together

… and even developing retail partnership initiatives

3 Enlarging our offering

Aim: **To meet customers' unsatisfied expectations.**

A changing retail climate:

- 53% of people in France shop online at least once a month, ie 6% of their needs. E-commerce therefore accounts for 3.04% of total retail trade*.
- 12% of online shoppers have already bought items using their mobile phone, i.e. more than 3 million people in France**.

The **web and e-commerce** have changed consumer habits for good.

Different fields of action:

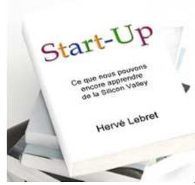
- **e-commerce** (web to store, drive, pick-up points etc.)
- **making life easier** (services for families, administrative steps, health services, everyday life etc.)
- **new markets** (specialty leasing, Goldservices, new restaurants, snack bars etc.)

Different approaches:

In case of absence of existing high quality operators, develop **an innovative and original approach:**

- Form **partnerships** and blend skills

- Become a **retailer by exception** (entrepreneurial initiative)



* Source LeMondeInformatique.fr
** Source FEVAD

A new model requiring acceleration in the momentum of the last few years: giving properties mass appeal and creating value…

In 2012 – 2014, Mercialys stepped up its program of shopping center renovation and extension, still basing its approach on its fundamental principles:

Giving shopping centers mass appeal	Creating mass retail appeal	Increasing the value of the portfolio	Converting the entire portfolio	Accompanying the actions of Casino
396,000 m² of shopping malls created, redevelopped and/or renovated, incl. 132,000m² in 2012	Forming partnerships with major retail anchors	Rental income of Euro 26m generated, including Euro 7m in 2012	95% of the portfolio converted under the concept at end-2014	**28,000 m²** of hypermarket space converted

2012 – 2014

Objectives: 37 development projects + 27 renovations under the Esprit Voisin concept

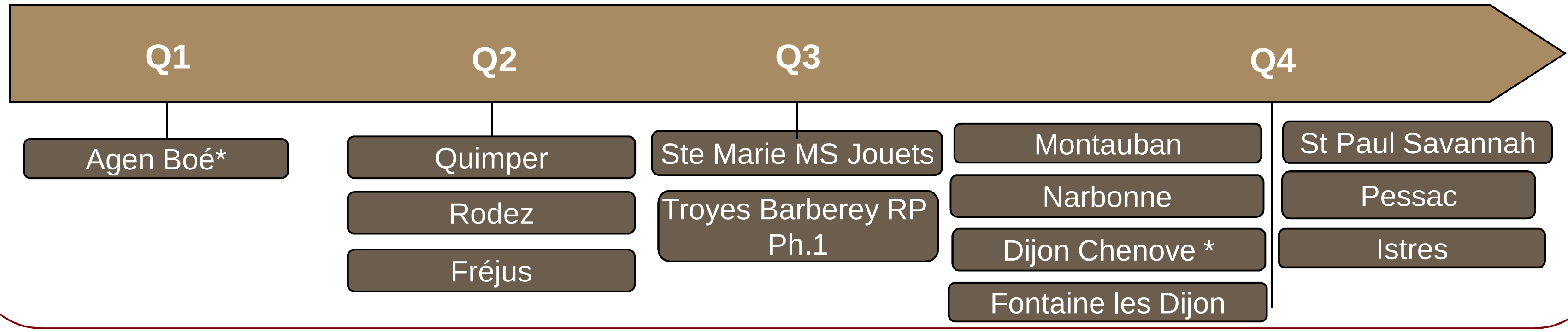
Euro 26m in rental income created / 396,000m² created, redeveloped and/or renovated

Investment of Euro 120-180m a year *financed by a mix of free cash flow, debt and sales of mature assets*

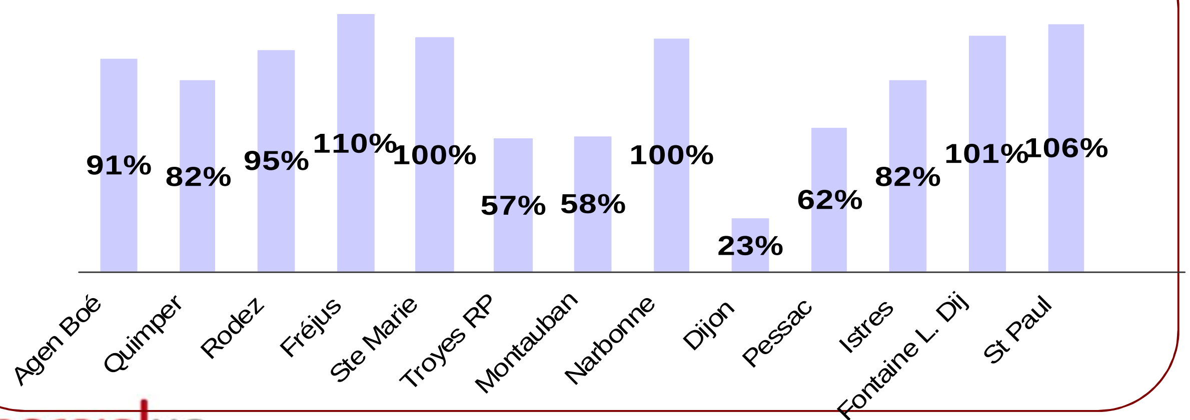
2012: another intensive year in terms of Esprit Voisin completions

- 13 Esprit Voisin extensions due to open in 2012 and 14 renovations under the Esprit Voisin concept

2012 timetable



Letting rate of 2012 development projects



2013 development projects

Angoulême (cafeteria redevelopment)
Troyes Barberey (dept. store ext.)
Troyes Barberey RP Ph.2
Annemasse phase 2
Brive Malemort
Carcassonne Salvaza
Lanester phase 2
Annecy Arcal'oz Ph.2
Besançon phase 2
La Ricamarie
Quimper phase 2
St Benoît de la Réunion

(*) Decapitalization = extension on former hypermarket space

A model that implies to sell assets which profile do not fit the new strategy

Approximately Halve the number of properties to be managed to allow for development of the *"Foncière commerçante"* strategy across a number of properties presenting critical mass and a profile fitted to the new concept

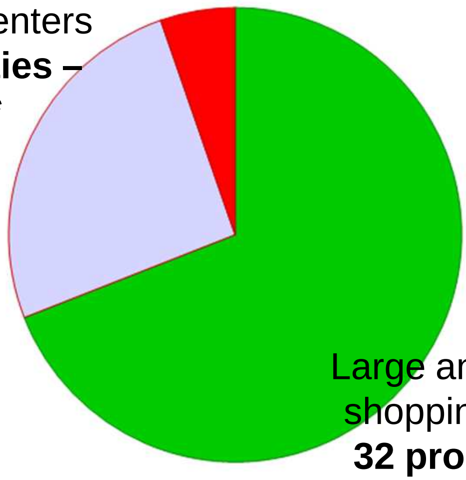
Horizon	2010-11	2012
Number of sites sold	**61**	**50-60 properties sold**
Categories	**Properties not fitted to the new strategy**	
Value of asset sales	**Euro 242m**	**Euro 500m***

mercialys L'Esprit Voisin.

(*) submitted to the approval of the new Board of Directors

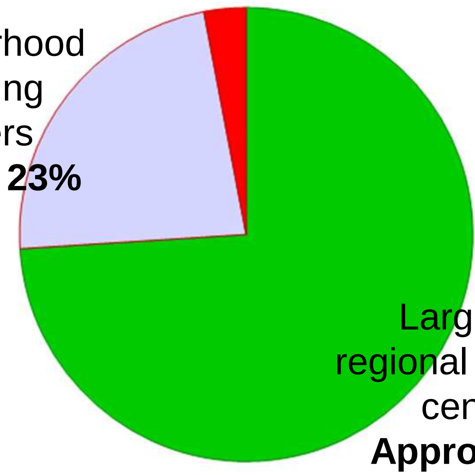
An “asset and marketing intensive” strategy focused on 60 to 70 target properties

2011



Number of properties: 120

End-2012



Number of properties: approx. 60/70

Greater reversionary and redevelopment potential
Market leader or challenger in their area
Major retail areas
Size suited to the *“Foncière commerçante”* strategy

(*) Large food stores, large specialty stores, independent cafeterias, assets under development and other assets
(**) Percentage calculated according to market value of assets including transfer taxes

The strategic and financial components of the new strategy will spread out over 2012

1 Financing of **Euro 1bn**

3 Asset sales (**Euro 500m** in 2012)

Acceleration of the « Esprit Voisin » program: 2012 completions and launch of 2013/2014 projects

The « Foncière commerçante » = **A unique approach** + **Demand** + **Offer**

2 Payment of final dividend for 2011*
Exceptional payout of **Euro 1bn***

4 Target payout of around **Euro 250m****

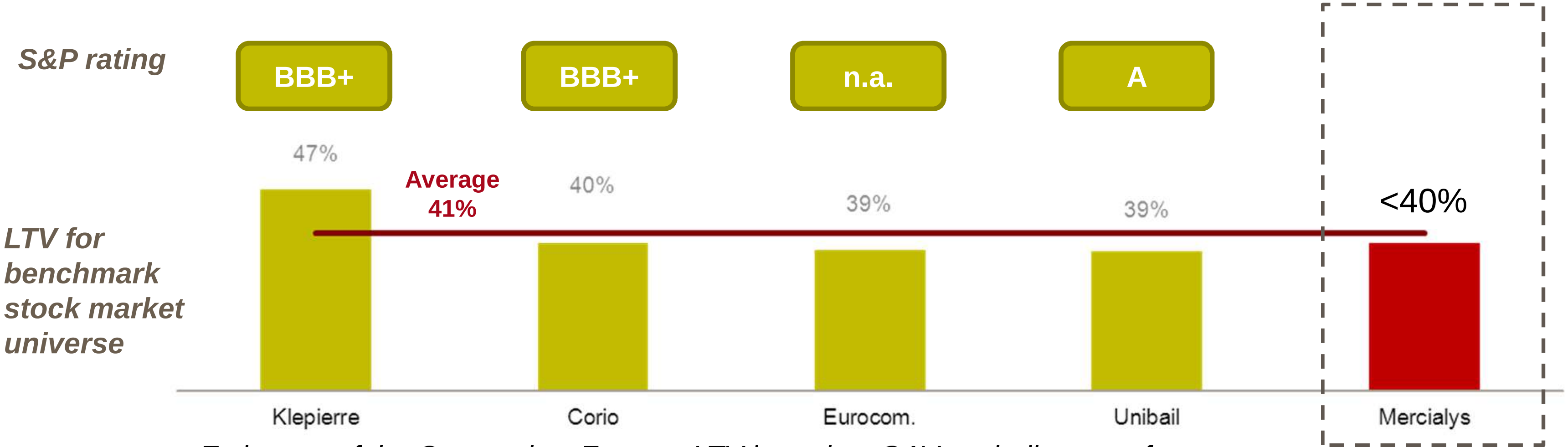
Repayment of **Euro 200m** of bank loans

First half-year | *Second half-year*

(*) Dividends submitted to the Annual General Meeting for approval on April 13, 2012
(**) Payment subject to completion of the 2012 asset sales plan of Euro 500 million decided by the Board of Directors and submitted to the Annual General Meeting for approval – Includes the payout of 50% of capital gains realized

The leverage was normalised in line with the sector, conservative in view of the company's profile

- Target Loan to Value (LTV) ratio of less than 40%, in line with the sector median
  - *Conservative level of debt in view of the company's resilient and visible cash flow*
  - *Solid targeted rating: Investment Grade (BBB)*
  - *Diversification of sources of financing, in particular with access to the bond market to provide financing for future growth*



Estimates of the Companies, Factset, LTV based on GAV excluding transfer taxes

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A financing already secured

Financing

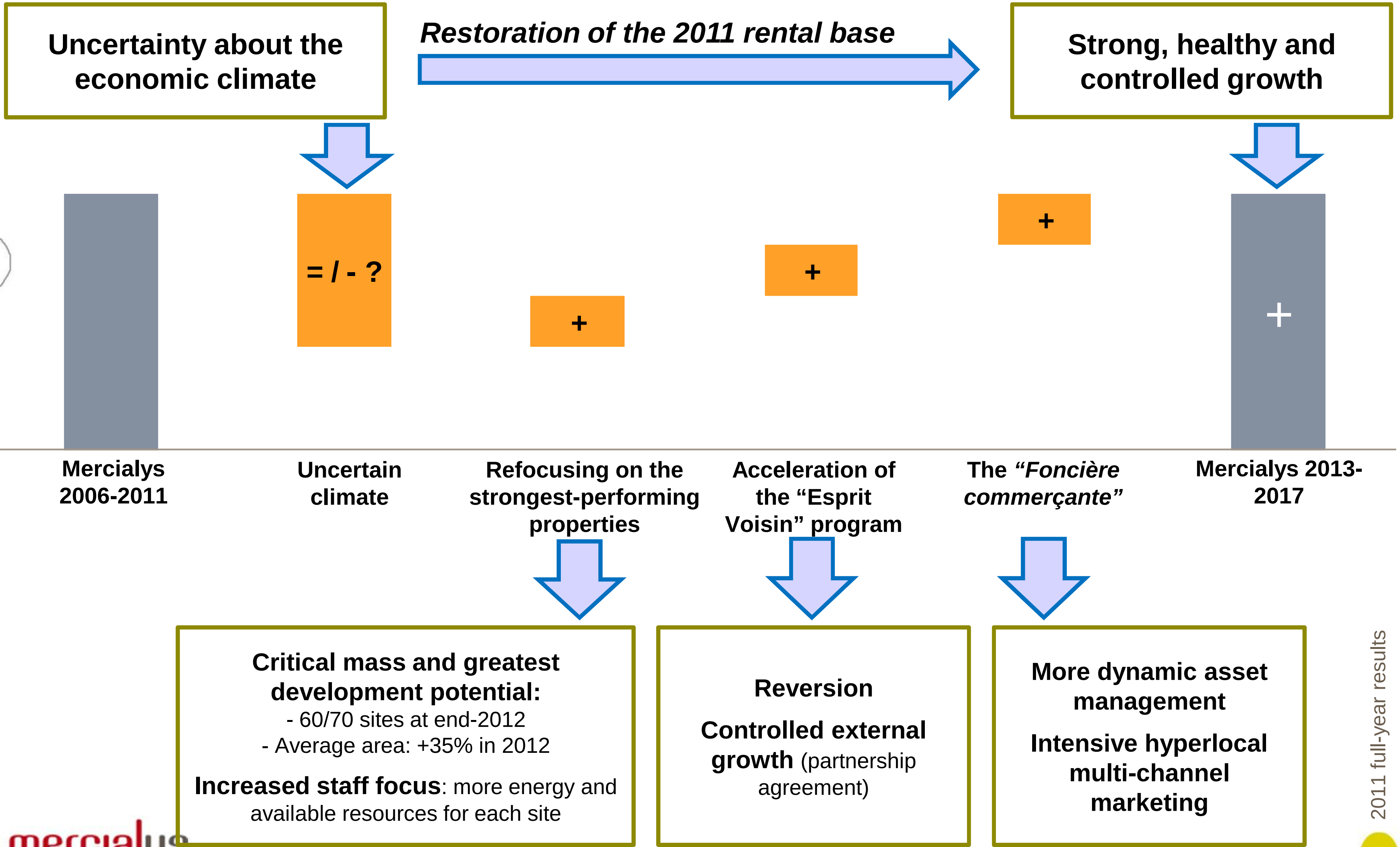
	Amount	Estimated all-in cost as of today
Bank debt (maturity of 3 years, forward repayment)	Euro 500m*	approx. 3.5%
Bridge to bond (maturity of 18 months, refinanced by a bond issue equivalent to at least the same amount)	Euro 500m	2.35% - 4.35%** approx.
Total financing	**Euro 1,000m**	
RCF*** (maturity of 3 years) not drawn at the date of the transaction	Euro 200m	

- A firm commitment was obtained from 5 banks for the whole financing

(*) Including Euro 200m repaid at the end of the Euro 500m asset sale program
(**) Rate increasing according to the term of the bridge loan
(***) Revolving credit facility

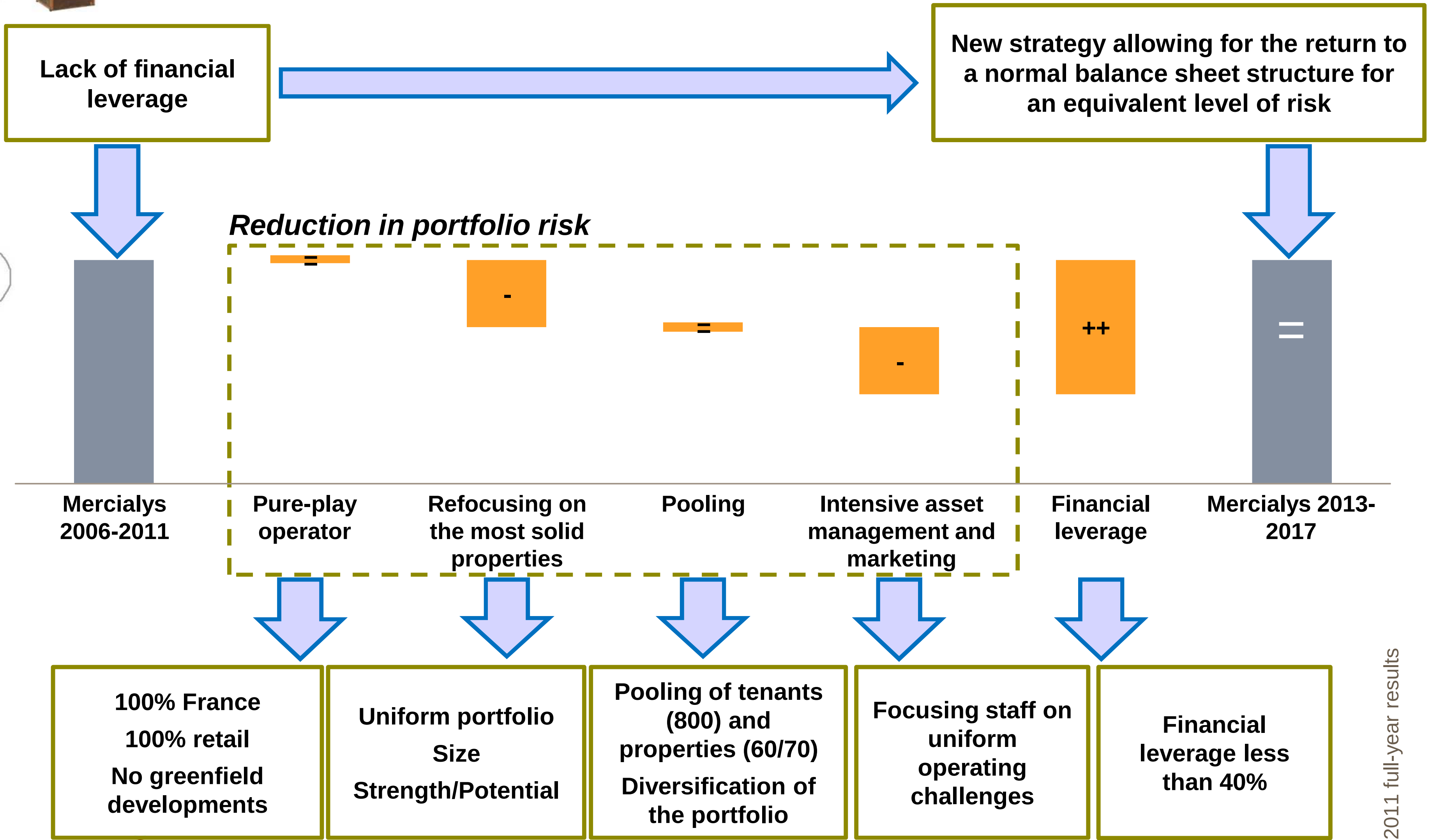
Stronger growth profile despite uncertain economic conditions

Mercialys's growth profile evolution



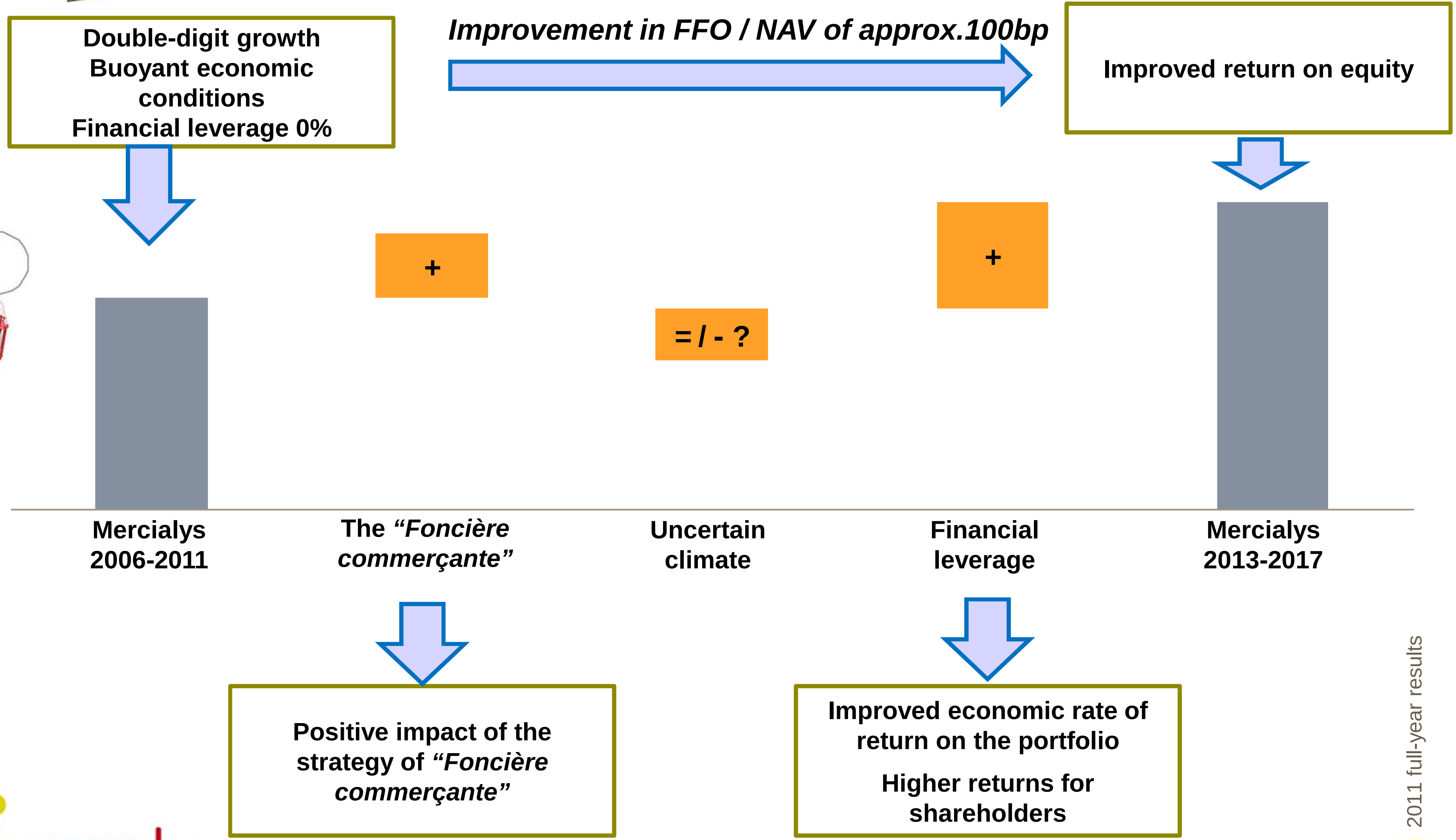
Maintaining a low risk profile despite use of financial leverage

Mercialys's risk profile



Higher returns for shareholders

Mercialys' s rate of return evolution



New strategy fully supported by Casino, the main shareholder, for the benefit of all shareholders

- Deconsolidation in Casino accounts / validation of use of leverage effect
- Keeping a 30-40% stake and adapting governance accordingly
- New strategy fully supported
- Partnership agreement:
  - *The practical terms of the partnership will be adapted in a new agreement, subject to the decision – once the effective change of control has taken place – of Mercialys's new governance*
  - *The fundamental principle of the Partnership Agreement, under which Casino develops and manages a pipeline of development projects that are acquired by Mercialys to fuel its growth will be preserved under the same financial terms.*
  - *The term of the new agreement would be extended until 2015*
- The existing services agreements would also be maintained with the necessary adaptations given the new shareholding structure

The next key steps

- General Meeting of shareholders approving the first exceptional distribution: April 13, 2012
- Issuance of a Euro 1 billion debt: before end of June 2012
- Payment of the final installment of 2011 ordinary dividend and exceptional distribution of Euro 1 billion: before end of June 2012
- Partial disposal of Casino's stake in Mercialys: over the course of 2012
- Implementation of the new governance: over the course of 2012
- New Partnership Agreement: over the course of 2012
- Disposal of Euro 500 million of assets and partial distribution to Mercialys shareholders : during H2 2012

Outlook

2012 – a turning point: Major strategic changes, Mercialys enters adulthood…

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The Alcudia years

- Steady growth based **on organic and external growth**
- Launch of the **transformation process** of our properties
- A **trademark,** positioning and **strong differenciation**

A balance sheet structure normalized

Changes in the shareholding structure

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Becoming a ***«Foncière commerçante »***

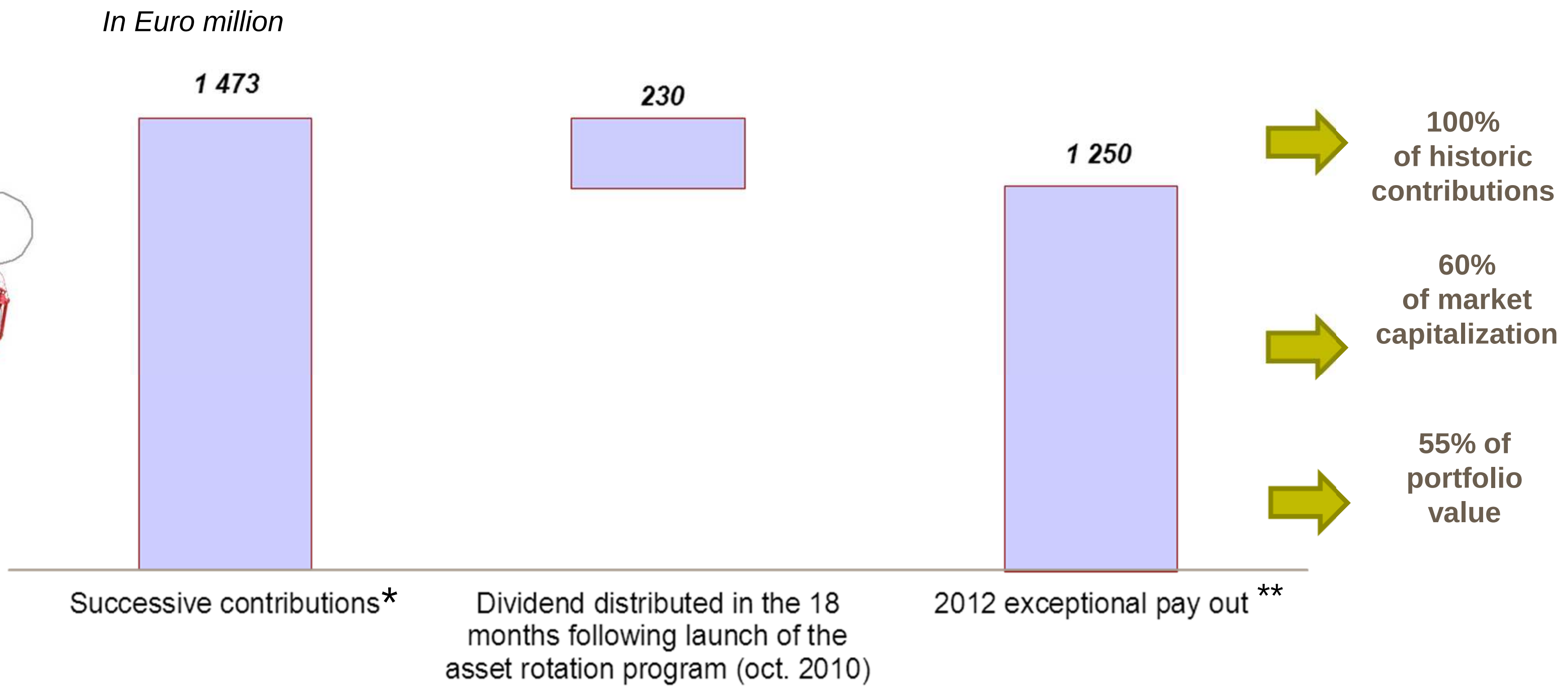
A ***business strategy*** based on

- the « Esprit Voisin » concept,
- an efficient partnership with Casino
- a refocused portfolio,
- an experienced team,

a **track record of growth, resilience and successful operational roll-out of the strategy**

2012 will be marked by an exceptionally large payout, unprecedented in the sector …

- **In less than two years, the amount of payout paid or to be paid to shareholders would pay back the historic contributions from shareholders**



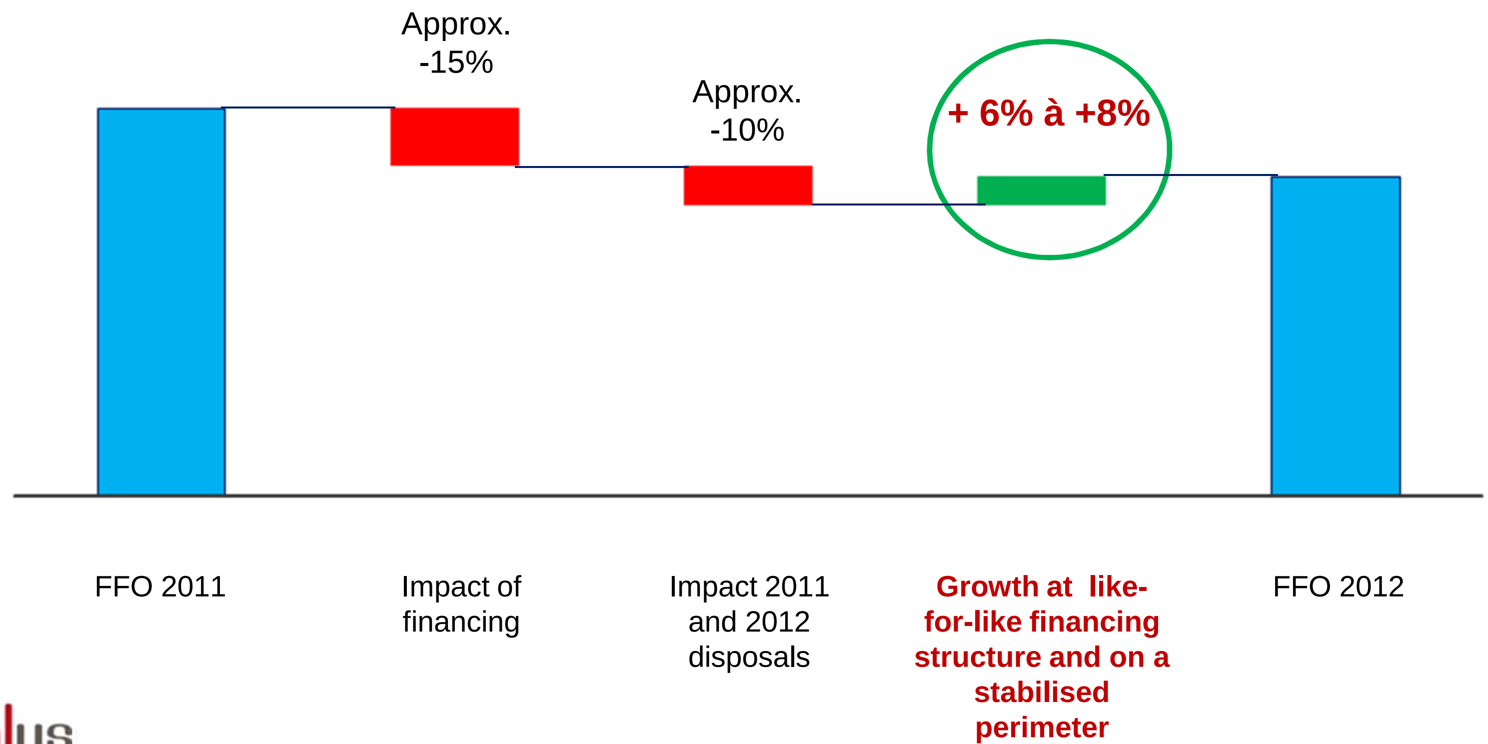
- **An unprecedented relative amount for Mercialys and for the sector**

(*) Contributions at the time of the Company creation, capital increase (IPO in 2005) and contributions of assets (2007 and 2009)

(**) Payment subject to completion of the 2012 asset sales plan of Euro 500 million decided by the Board of Directors and submitted to the Annual General Meeting for approval – Includes the payout of 50% of capital gains realized

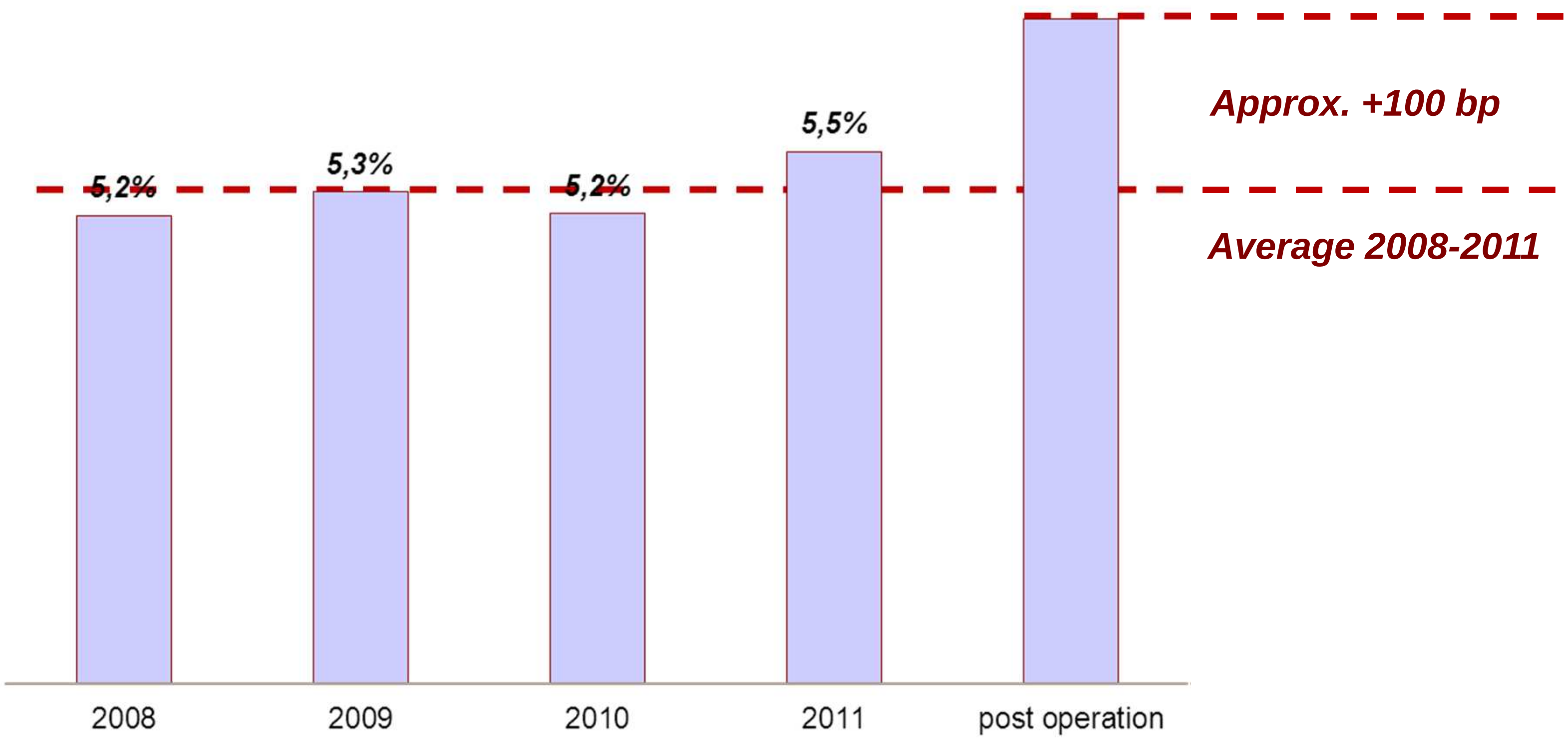
… and by a dynamic target in terms of cashflow growth on a refocused portfolio

- The focus on the extraction of organic growth is a priority
- The number of « Esprit Voisin » completions in 2012 will fuel the growth
- The « *Foncière commerçante* » vision will reinforce the resilience and growth



On the short and mid term, the shareholders should benefit from a significant lasting improvement of the return rate

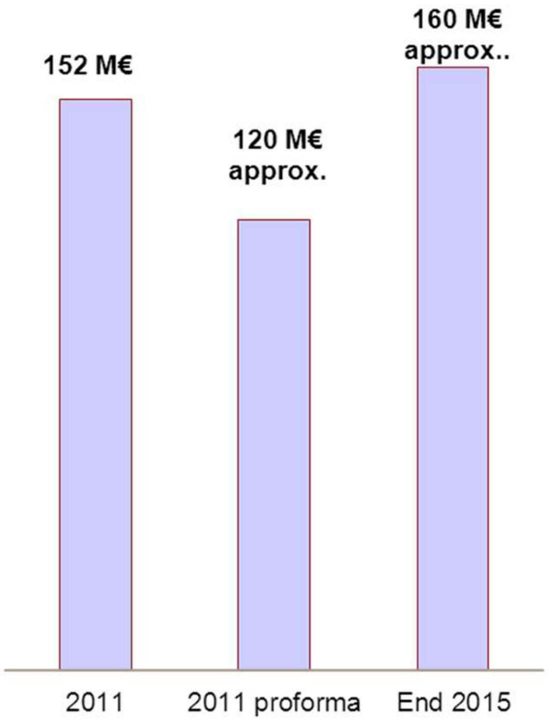
❖ **Targeted change in FFO/NAV per share rate***



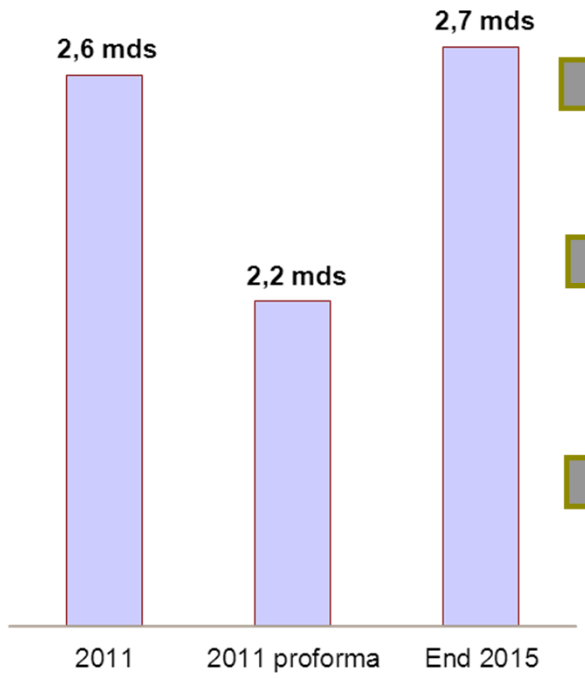
(*) Based on NAV excluding transfer taxes and FFO per share

As of 2015, an objective of total restoration of the annualized rental base and of the portfolio value

Net rental income on a full-year basis



Portfolio value*



Objectives

A portfolio value restored as of 2015

NAV of Euro 1.7bn in 2015 after the pay-back of the total contributions

A new strategy with a reinforced and lasting growth outlook

(*) including transfer taxes – 2015 estimated based on a cautious approach on capitalization rates

Appendices

Detailed income statement

In millions of euros	12/31/09	12/31/10	12/31/11	% chg. 11/10
Invoiced rents	130.9	144.7	153.4	+6.0%
Lease rights	3.3	4.8	7.6	+58.4%
Rental revenues	**134.2**	**149.5**	**161.0**	**+7.7%**
Non-recovered property taxes	- 0.2	- 0.2	-	
Non-recovered service charges	- 3.1	- 3.7	- 3.6	
Property operating expenses	- 5.2	- 5.2	- 5.7	
Net rental income	**125.8**	**140.3**	**151.7**	**+8.1%**
Management, administrative and other activities income	3.1	2.8	6.2	
Depreciation and amortization	-21.7	-25.5	- 24.0	
Staff costs	- 7.7	-8.8	- 9.8	
External costs	- 6.5	-6.7	- 6.9	
Operating expenses	**- 32.7**	**-38.1**	**-34.4**	**-9.8%**
Operating income	**93.1**	**102.2**	**117.3**	**+14.8%**
Exceptional income	-	31.4	30.6	
Net financial items	-0.3	0.1	0.8	
Tax	0.2	0.0	- 1.0	
Net income, Group share	93.0	133.5	147.4	+10.4%
EPS *(euros per share)**	1.09	1.45	1.60	

** Based on the average number of shares, fully diluted*

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Number of shares

	2009	2010	2011
Number of shares outstanding			
. As at January 1	75,149,959	91,968,488	92,000,788
. As at December 31	91,968,488	92,000,788	92,022,826
Average number of shares outstanding	85,483,530	91,968,488	92,011,241
Average number of shares (basic)	85,360,007	91,744,726	91,865,647
Average number of shares (diluted)	85,420,434	91,824,913	91,892,112

Condensed balance sheet

Assets			
In millions of euros	12/31/10	06/30/11	12/31/11
Investment property	1,604.3	1,538.9	1,624.8
Financial assets	11.7	12.2	13.6
Other assets	1.0	0.7	0,8
Total non-current assets	1,617.0	1,551.1	1,639.2
Cash and Casino current account	77.4	45.1	47.5
Trade and other receivables	40.9	33.2	51.3
Investment property held for sale	-	78.6	8.9
Inventories	-	-	9.0
Total assets	**1,735.2**	**1,708.7**	**1,756.0**

Equity and liabilities	12/31/10	06/30/11	12/31/11
Equity attributable to Group	1,647.4	1,633.1	1,679.4
Minority interests	0.7	0.5	0.5
Total equity	1,648.1	1,633.6	1,679.9
Financial liabilities	12.5	11.9	11.6
Deposits and guarantees	23.1	23.6	23.7
Trade and other payables	51.5	39.6	40.8
Total equity and liabilities	**1,735.2**	**1,708.7**	**1,756.0**

- Net cash of Euro 45.1 million as at December 31, 2011

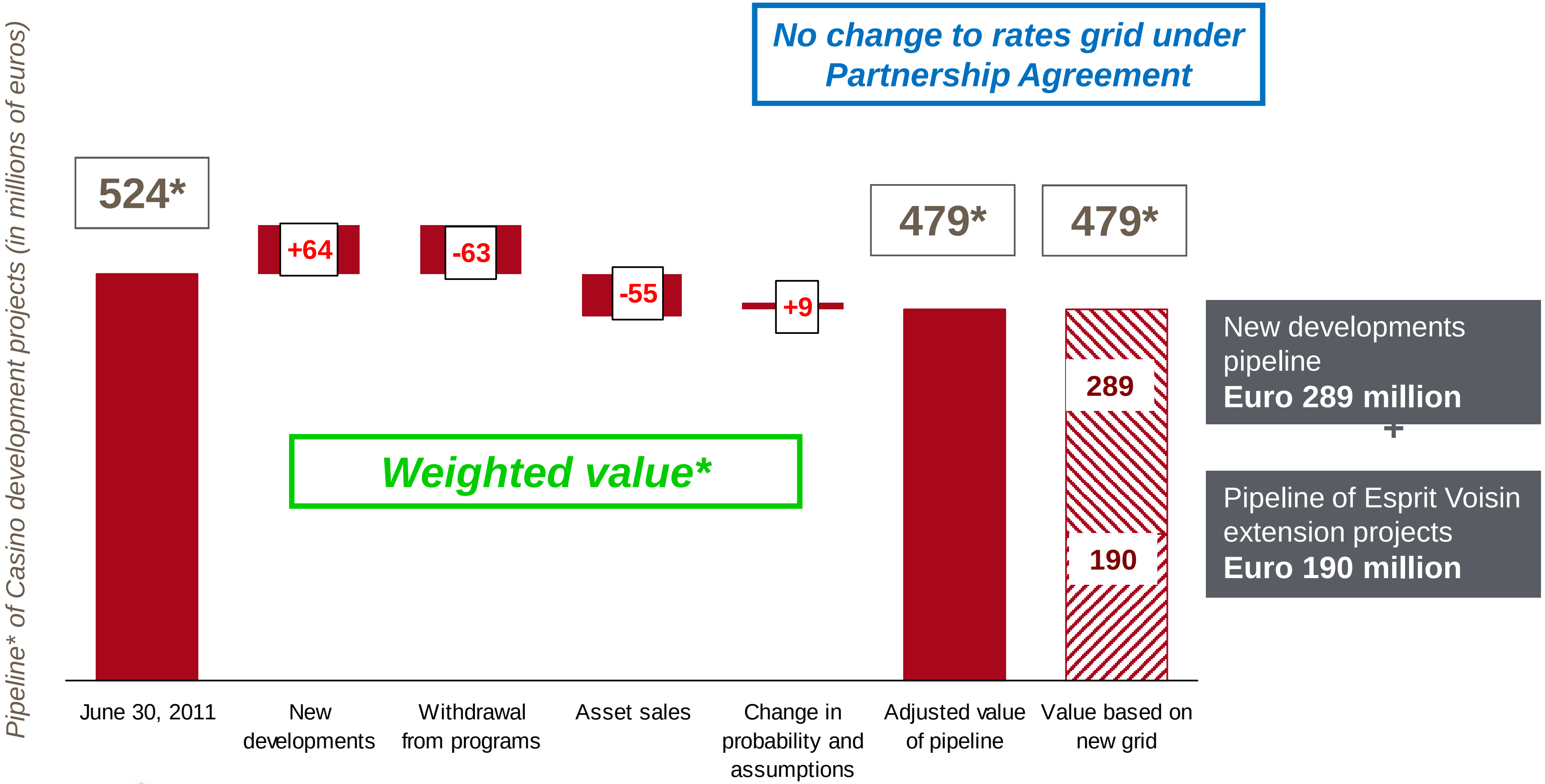
Partnership Agreement: new terms

- Grid of capitalization rates applicable to call options exercised in the first half of 2012 within the framework of the current Partnership Agreement with Casino

Type of property	Shopping malls		Retail parks		City center
	Mainland France	Corsica and overseas depts & territories	Mainland France	Corsica and overseas depts & territories	
Large regional shopping centers/Large shopping centers *(over 20,000 m²)*	***6.3%***	6.9%	6.9%	7.3%	6.0%
Neighborhood shopping centers *(5,000-20,000 m²)*	***6.8%***	7.3%	7.3%	7.7%	6.4%
Other *(o/w less than 5,000 m²)*	***7.3%***	7.7%	7.7%	8.4%	6.9%

The Casino pipeline remains our main external growth driver for the next few years

- A still large pipeline of Esprit Voisin extension projects
- Numerous completions planned for 2012 and 2013

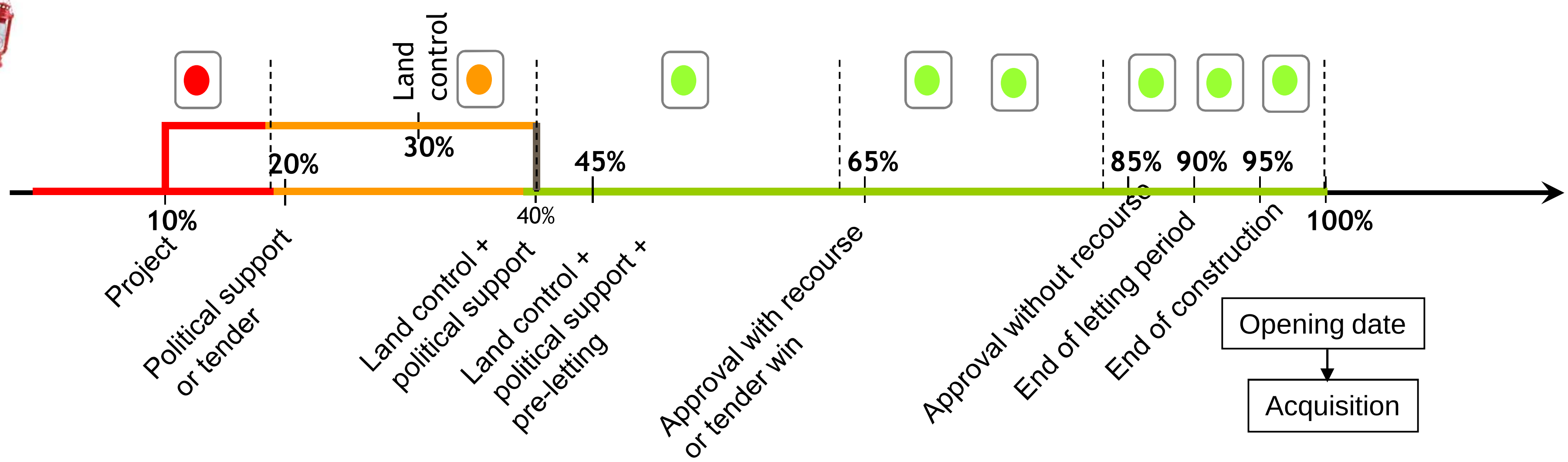


(*) Value weighted for probability of success on a project-by-project basis (see next slide)

Enhancing the value of the pipeline taking into account the stage of completion of each project

Each stage of completion has its own probability

- ***The development pipeline as it currently stands contains development projects with widely varying stages of completion and chances of going ahead***
- ***The valuation method for the pipeline takes account of the stage of completion of each project***



A realistic approach