



PRESS RELEASE

Paris, January 17, 2011

2010 full year rental revenues

A steady activity and a double-digit growth in 2010:

- Rental revenues up +11.4%
- A record year in lettings with 351 leases signed
- 7 Esprit Voisin projects completed in 2010
- Disposal of Euro 120 million of assets in Q4 2010

« The fourth quarter of 2010 was particularly intense for Mercialys: 3 new Esprit Voisin projects were completed and the new shopping center of La Caserne de Bonne located in Grenoble opened and joined Mercialys portfolio. It puts an end to a very active year, marked by a growth in rental revenues that remained steady, a record performance in lettings, and a rate of completions of Esprit Voisin projects that reached a level never achieved before that will emphasize in the next years, commented Jacques Ehrmann, Chairman and CEO of Mercialys.

« We also carried out the disposal of Euro 120 million of assets, ie approximately 5% of our portfolio value. Our teams will keep on focusing on our core business, the development and valuation of assets with potential. The disposal of mature assets to long-term investors is fully part of our strategy».

Rental revenues up +11.4% in 2010

2010 full year rental revenues amounted to Euro 149.5 million, up **+11.4%** compared to the same period in 2009:

<i>Thousands of Euro</i>	FY 2009	FY 2010	% change
Invoiced rents	130,911	144,695	+10.5%
Lease rights / entry fees	3,326	4,811	
Rental revenues	134,237	149,506	+11.4%

Invoiced rents as of December, 2010 were up 10.5% at Euro 144.7 million fuelled by:

- Growth generated by rents negotiations on the portfolio: **+3.2 points**
- External growth mainly resulting from the acquisition in May 2009 of a portfolio of Esprit Voisin projects to be developed, for an amount of Euro 334 million: **+7.1 points**
- Assets disposal realised in the last two weeks of December 2010: **-0.2 point**

2010 growth in invoiced rents was mitigated by the effect of indexation that had a slight negative impact (-0.5 point), strategic vacancy due to our on-going restructuring programs on our sites (-0.3 point) and a slight decrease in variable rents (-0.1 point).

Finally, sums accounted for boost actions granted to a few sites in Q4 last year had a non-recurring impact on 2010 growth of +1.2 point.

Entry fees and despecialization indemnities received as of December 31, 2010¹ increased significantly compared with 2009, mainly due to significant entry fees received at Esprit Voisin projects completions in 2010. Recurring entry fees received under the current activity of reletting were also up in 2010.

The total entry fees and despecialization indemnities received in 2010 amounted to Euro 10.1 million compared with Euro 4.0 million in 2009, including:

- **Euro 3.2 million** entry fees linked to the recurring reletting activity (compared with Euro 2.8 million in 2009)
- **Euro 6.9 million** entry fees linked to the letting of new extensions/restructuring programs completed in 2010, mainly Brest, Castres, Annecy, Sainte Marie (Reunion island) and Paris St Didier 16^e (compared with Euro 1.2 million in 2009 mainly on the site of Besançon Châteaufarine).

Including IFRS smoothing accounting, entry fees accounted for at the end of 2010 were up +45% at Euro 4.8 million compared with Euro 3.3 million in 2009.

A strong performance in letting activity

The letting activity - that includes renewals, relets and the letting of new premises - beat a record in 2010: 351 leases were signed (vs 306 in 2009):

> 237 leases were renewed or relet in 2010 with an average annualised rent growth of respectively +27% and +114%, representing additional rents for a total amount of Euro +3.5 million on an annualised basis.

> 114 leases signed relating to extensions under development

In addition, thanks to the implementation of a dedicated team, the Speciality Leasing activity kept on developing and achieved a significant performance: Euro 3.4 million of rents were invoiced in 2010, up Euro +0.8 million compared with 2009.

Mercialys rental management indicators as of December 31, 2010 remained similar to those observed as of September 30, 2010

> The current vacancy rate² as of December 31, 2010 remained stable at 2.1%.

> 2010 recovery rate over 12 months as of December 31, 2010 remained also stable at 98.0% (compared with 97.8% as of September 30, 2010).

> 7 new defaults of independent retailers were recorded during Q4 2010 increasing the number of defaults up to 19 for 2010. At end-December 2010, Mercialys portfolio included 19 tenants under liquidation (versus 17 at end-December 2009), which remains extremely low compared with the 2,629 leases of Mercialys portfolio as of December 31 2010.

¹ Cash amounts received before IFRS smoothing accounting (over the first 3 years of leases)

² Excluding strategic vacancy that represents 0.5%

Q4 2010 activity

A record performance in completion of projects: 7 programs completed in 2010 including 3 in Q4 2010

During Q4 2010, completions of Esprit Voisin projects kept on going at a steady pace with the opening of two extensions in October in Annecy and Sainte Marie (Reunion Island) and the completion of the restructuring of the shopping mall *Les Belles Feuilles* located on the site of Paris Saint Didier 16e including the extension of its supermarket.

80 new retailers opened during Q4 2010, representing a full-year rental value of Euro 5.7 million and a GLA³ of 13,500 m². On average, the letting rate in value achieved on those projects was 103%⁴ as of December 31, 2010.

Four projects had already been completed during the previous quarters of 2010 on the sites of Castres (extension), Brest (restructuring of the former Castorama area into new shops), Fontaine-Les-Dijon (development of new stores on former Hypermarket surfaces) and Lons Le Saunier (development of a Retail Park).

In total, **133 new retailers** opened during 2010, representing a **full-year rental value of Euro 9.1 million** and a GLA of 29,300 m².

Disposal of Euro 120.1 million of assets

Q4 2010 was marked by a new step in Mercialis strategy of value creation with the disposal, at the end of 2010, of 45 assets gathered in various portfolios for an amount of Euro 120.1 million at an average capitalization rate of 6.7%. The net capital gain amounted to Euro 31.1 million. Approximately 5% of Mercialis portfolio in value was sold.

The assets sold are mature assets mainly composed of service malls, food stores, premises of isolated convenience stores and restaurants, co-ownership lots as well as a mature shopping center located in Saint Nazaire.

Acquisition of a shopping center in Grenoble for Euro 92.9 million on December 31, 2010

The new shopping center of *Caserne de Bonne* located in Grenoble also joined Mercialis portfolio on December 31, 2010⁵.

The shopping center was acquired for Euro 92.9 million.

This new center, opened on September 15, 2010, is located in Grenoble downtown and comprises:

- > 17,300 m² of retail space (GLA) welcoming in particular Monoprix, Au Vieux Campeur, Nature et Découverte and H&M, 38 small stores, 5 kiosks and 5 restaurants;
- > 2,800 m² of office space on the first floor;
- > 300 parking space

representing an annual rental value of Euro 5.9 million.

The shopping center forms part of a broader program to redevelop 8.5 hectares of old military land also including 850 accommodations, a hotel residence, a 4 stars hotel, a student residence, a cinema, a swimming pool, a school and two landscaped parks.

³ Gross Leasable Area

⁴ Effective rents on leases compared to target rents set at the origin of the project

⁵ Please refer to Mercialis press release dated February 15, 2010

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

Nest press release:

- February 9, 2011 (after market close) 2010 FY Results (Press release)
- February 10, 2011 (10 am) 2010 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 2009 came to Euro 134.2 million and net income, Group share, to Euro 93.0 million.

It owned 168 properties with an estimated value of Euro 2.5 billion including transfer taxes at June 30, 2009. 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 92,000,788 as of December 31, 2010; 91,968,488 as of December 31, 2009.

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, 2009 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			
	31/03/2006	30/06/2006	30/09/2006	31/12/2006	Q1	Q2	Q3	Q4
Invoiced rents	18,072	38,874	58,711	80,714	18,072	20,802	19,837	22,003
Lease rights	660	759	1,178	1,604	660	99	419	425
Rental revenues	18,732	39,633	59,890	82,318	18,732	20,901	20,256	22,429
In Euro thousands	31/03/2007	30/06/2007	30/09/2007	31/12/2007	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	31/03/2008	30/06/2008	30/09/2008	31/12/2008	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	30,584
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%	17.9%
In Euro thousands	31/03/2009	30/06/2009	30/09/2009	31/12/2009	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	31/03/2010	30/06/2010	30/09/2010	31/12/2010	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	1,876
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%