



## PRESS RELEASE

Paris, April 15, 2010

### Q1 2010 Rental revenues

### Growth in rental revenues up +14.8%

**For the 15<sup>th</sup> consecutive quarter Mercialys realizes a double-digit growth in rental revenues**

Three months rental revenues as of March 31, 2010 amounted to Euro 35,930 thousand, up **+14.8%** in comparison with the same period in 2009:

| <i>Thousands of Euro</i> | Q1 2009       | Q1 2010       | % change      |
|--------------------------|---------------|---------------|---------------|
| <b>Invoiced rents</b>    | <b>30,630</b> | <b>35,127</b> | <b>+14.7%</b> |
| Lease rights/Entry fees  | 680           | 803           |               |
| <b>Rental revenues</b>   | <b>31,310</b> | <b>35,930</b> | <b>+14.8%</b> |

**Invoiced rents** were up **+14.7%** at Euro 35,127 thousand fuelled by:

- growth generated by rents negotiations on the portfolio of leases: **+3.2 points**
- external growth mainly due to the acquisition in 2009 of a portfolio of Alcudia / Esprit Voisin projects to be developed for an amount of Euro 334 million: **+12.6 points**

These two main growth drivers are mitigated by the effect of indexation that had a slight negative impact on Q1 invoiced rents growth (-0.6 point) – a negative impact to remain over the whole year – and, on a lesser extent, by the effect of strategic vacancy due to our on-going restructuring programs on our sites (-0.5 point).

Once again, Mercialys demonstrated its ability to optimize the value of its portfolio through leases negotiations as well as renovation and restructuring actions on its portfolio of shopping centers. This expertise has enabled the Company to generate significant double-digit growths in its rental revenues during 15 consecutive quarters while maintaining a low risk profile induced by the nature of Mercialys development mainly focused on existing sites, and on the robustness of its balance-sheet. The organic growth<sup>1</sup> generated by leases negotiations remained high at +3.2%, similar to the performance reached during the past three years.

*«In line with our expertise at transforming shopping centers, we keep on extracting value from our portfolio through pro-active actions on our existing leases and the development of our sites. We have put in place a virtuous and controlled growth based primarily on the enhancement of our assets which are full of potential. Thanks to the visibility given by this business model, we confirm at this stage our target to achieve year-on-year growth close to 10% in rental revenues in 2010 despite the negative impact of indexation»,* commented Jacques Ehrmann, Chairman and Chief Executive Officer of Mercialys.

**Entry fees** received in the first quarter of 2010 represented a cash amount<sup>2</sup> of Euro 1.0 million compared with Euro 0.8 million in Q1 2009.

Including IFRS smoothing accounting, entry fees accounted for in Q1 2010 were up +18.1% at Euro 0.8 million compared with Euro 0.7 million in Q1 2009.

### Q1 2010 rental activity

During the first quarter of 2010, the implementation of the Alcudia / Esprit Voisin program kept on going:

- > 3 new shops were developed on acquired hypermarket surfaces and opened in Besançon Chateaufarine shopping center.
- > Works continued on the other 7 sites to be opened during the year. First deliveries are expected during Q2 2010 at Castres, Brest and Fontaine-Lès-Dijon sites. The other deliveries will take place during the second half of the year at Lons Le Saunier, Paris St Didier, Annecy and Ste Marie (Reunion island) sites.
- > Euro +3.8 million additional rents were accounted for during the past quarter compared with Q1 2009 resulting from the acquisition of assets to be developed within the Alcudia / Esprit Voisin carried out during 2009 first-half<sup>3</sup>.

Q1 2010 rental management indicators are in line with those observed during 2009 and confirm the resilience of our portfolio. The current vacancy rate<sup>4</sup> as of March 31, 2010 remained low at 2.3%, stable compared with end-2009. The recovery rate over 12 months as of March 31, 2010 remained high at 98.1 %, also stable compared with end-2009. Six defaults of independent retailers or franchisees were recorded during Q1 2010, which remains restricted in comparison with the size of the portfolio (2,650 leases as of March 31, 2010).

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<sup>1</sup> Growth on a like-for-like basis before indexation impact

<sup>2</sup> Cash amounts received before IFRS smoothing accounting (over the first 3 years of leases)

<sup>3</sup> Please refer to Mercialys press release dated March 5, 2009

<sup>4</sup> Excluding strategic vacancy that represents 1.2%

Next press releases:

- July 27, 2010 (after market close) 2010 Half-year results

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**About Mercialys**

Mercialys, one of France's leading real estate companies, is solely active in commercial property. Rental revenue in 2009 came to Euro 134.2 million and net income, Group share, to Euro 93.0 million.

It owns 168 properties with an estimated value of Euro 2.4 billion at December 31, 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 91,968,488 as at December 31, 2009; 90,537,634 as at June 30, 2009; and 75,149,959 as at December 31, 2008.

**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, 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

| TOTAL                     |               |               |                |                | QUARTERS      |               |               |               |
|---------------------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|
| In Euro thousands         | 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           |
| <b>Rental revenues</b>    | <b>18,732</b> | <b>39,633</b> | <b>59,890</b>  | <b>82,318</b>  | <b>18,732</b> | <b>20,901</b> | <b>20,256</b> | <b>22,429</b> |
| 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           |
| <b>Rental revenues</b>    | <b>24,135</b> | <b>48,438</b> | <b>73,545</b>  | <b>99,496</b>  | <b>24,135</b> | <b>24,303</b> | <b>25,106</b> | <b>25,951</b> |
| 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           |
| <b>Rental revenues</b>    | <b>28,142</b> | <b>56,995</b> | <b>85,618</b>  | <b>116,201</b> | <b>28,142</b> | <b>28,853</b> | <b>28,623</b> | <b>30,584</b> |
| 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           |
| <b>Rental revenues</b>    | <b>31,310</b> | <b>64,518</b> | <b>100,241</b> | <b>134,237</b> | <b>31,310</b> | <b>33,208</b> | <b>35,723</b> | <b>33,996</b> |
| 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        |               |                |                | 35,127        |               |               |               |
| Lease rights              | 803           |               |                |                | 803           |               |               |               |
| <b>Rental revenues</b>    | <b>35,930</b> |               |                |                | <b>35,930</b> |               |               |               |
| Change in invoiced rents  | 14.7%         |               |                |                | 14.7%         |               |               |               |
| Change in rental revenues | 14.8%         |               |                |                | 14.8%         |               |               |               |