



PRESS RELEASE

2008 full year rental revenues

Paris, January 19, 2009

Mercialys keeps things up in 2008 with cumulated rental revenues up +16.8%

First deliveries of Alcurdia extensions on Q4 2008

Significant growth of 2008 rental revenues driven by the combined effect of a steady organic growth and 2007 and 2008 acquisitions

2008 full year rental revenues amounted to Euro 116,201 thousand, up **+16.8%** compared to the same period in 2007.

<i>Thousands of Euro</i>	FY 2007	FY 2008	% change
Invoiced rents	97,723	113,613	+16.3%
Lease rights / Entry fees	1,773	2,588	
Rental revenues	99,496	116,201	+16.8%

2008 full year invoiced rents were up **+16.3%** compared to 2007.

Organic growth of invoiced rents remained steady at **+7.5%** mainly thanks to:

- ✓ actions on the portfolio of leases (+3.5 points)
155 leases were renewed or relet in 2008 with an annualised rent growth of respectively +29% and +121%, or a comparable performance to previous years, representing additional rents for a total amount of Euro +2.5 million on an annualised basis.
- ✓ indexation (+4.2 points).

Both drivers had a little cannibalization effect on variable rents (-0.2 point impact on invoiced rents growth).

2007 and 2008 acquisitions had an impact of **+9.7 points** on 2008 invoiced rents growth due to their size and a favourable timing. As a reminder, a significant part of 2007 acquisitions were made at the end of 2007 with a major acquisition of 5 shopping centers in La Réunion for a total amount of Euro 73.8 million.

2008 acquisitions with the most significant impact on full year invoiced rents were the three shopping centers located in Pau Lons, Istres and Narbonne acquired on July 30, 2008 for a total amount of Euro 39.7 million.

Q4 2008 was marked by the first deliveries of Alcludia extensions. Alcludia is an ongoing wide program aiming to renovate, redevelop, extend and implement the « Neighbourhood Spirit » concept on a large part of our portfolio of shopping centers during the next few years.

3 shopping centers extensions were inaugurated at Valence Sud, on October 15, at Lanester on November 12, and at Le Puy on November 26. Additionally, 9 sites renovated according to the « Neighbourhood Spirit » concept were inaugurated during the last quarter of 2008.

The Alcludia project generates some voluntary vacancy (shops to be restructured or sat in the middle of the future mall). This **strategic vacancy** has a negative impact of **-0.5 point** on 2008 invoiced rents growth.

Lastly, 2007 benefited from a Euro 443 thousand gain following the settlement of a particularly long suit on a renewal. This exceptional gain has a negative impact on 2008 invoiced rents growth of **-0.5 point**.

Entry fees received in 2008 rose sharply to Euro 3,863 thousand compared with Euro 1,424 thousand in 2007, including:

- Euro 2,550 thousand entry fees linked to the recurring relets (compared to Euro 1,424 thousand in 2007): this strong growth was boosted by 6 significant relets in Brest, Toulouse, Massena (Paris 12th), Quimper, Valence 2 and Le Puy.
- Euro 1,318 thousand entry fees generated by the lettings related to the 3 Alcludia extensions acquired in 2008. As a reminder, there was no Alcludia entry fees received in 2007.

Including IFRS smoothing accounting, entry fees accounted for at the end of 2008 were up +46% at Euro 2,588 thousand versus Euro 1,773 thousand in 2007.

“For the third consecutive year, 2008 was marked by a double-digit growth of rental revenues higher than originally anticipated, thanks to our continuous focus on extracting value of our portfolio, and thanks to selective acquisitions made whether on the market or from the Alcludia program.

2008 has been indeed the first year of implementation of our Alcludia program launched in July 2006. Those value creating Alcludia projects strengthen the size and the quality of our shopping centers, and match up to the consumers’ new expectations.

Mercialys is therefore in a good position to withstand a more delicate environment, said Jacques Ehrmann, CEO of Mercialys.

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This press release is available at www.mercialys.com

Next publications:

- February 11, 2009 (after market close) 2008 full year results (Press release)
- February 12, 2009 (10 am) 2008 full year results meeting
- April 20, 2009 (after market close) 2009 Q1 rental revenues

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About Mercialys

Mercialys is one of the few large French companies to focus entirely on shopping centers. Rental revenues in 2007 amounted to Euro 99.5 million and net earnings to Euro 71.5 million. 2008 full year rental revenues amounted to Euro 116.2 million.

Mercialys owns 167 assets with an estimated value of Euro 2.1 billion at June 30, 2008. It elected for "SIIC" (REIT) tax status on November 1, 2005 and has been listed on Eurolist by Euronext Paris, symbol *MERY*, since its initial public offering on October 12, 2005. There were 75,149,959 Mercialys shares in issue at December 31, 2007.

CAUTIONARY STATEMENT

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

These forward-looking statements are by nature 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 for the year ended December 31, 2007, available at www.Mercialys.com, for a description of the key factors, risks and uncertainties liable to influence Mercialys's business operations and results.

Mercialys makes no undertaking to update or revise these forward-looking statements or to disclose new information, future events or circumstances that might affect them.

MERCIALYS RENTAL REVENUES

In Euro thousands	TOTAL				QUARTERS			
	31/03/2005	30/06/2005	30/09/2005	31/12/2005	Q1	Q2	Q3	Q4
Invoiced rents	17,268	36,749	54,128	71,825	17,268	19,481	17,379	17,697
Lease rights	288	467	709	831	288	179	242	122
Rental revenues	17,556	37,216	54,837	72,656	17,556	19,660	17,621	17,819

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
Change in invoiced rents	4.7%	5.8%	8.5%	12.4%	4.7%	6.8%	14.1%	24.3%
Change in rental revenues	6.7%	6.5%	9.2%	13.3%	6.7%	6.3%	15.0%	25.9%

In Euro thousands	TOTAL				QUARTERS			
	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	TOTAL				QUARTERS			
	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%

By activity

In Euro thousands	TOTAL				QUARTERS			
	31/03/2006	30/06/2006	30/09/2006	31/12/2006	Q1	Q2	Q3	Q4
Large shopping centers	11,059	23,335	35,292	48,710	11,059	12,276	11,958	13,418
Neighbourhood shopping centers	5,816	12,586	18,837	25,546	5,816	6,770	6,250	6,710
Other assets	1,857	3,713	5,761	8,062	1,857	1,856	2,048	2,301
Rental revenues	18,732	39,633	59,890	82,318	18,732	20,901	20,256	22,429

In Euro thousands	TOTAL				QUARTERS			
	31/03/2007	30/06/2007	30/09/2007	31/12/2007	Q1	Q2	Q3	Q4
Large shopping centers	14,602	29,335	44,612	60,429	14,602	14,733	15,277	15,817
Neighbourhood shopping centers	7,100	14,222	21,463	29,011	7,100	7,122	7,241	7,548
Other assets	2,433	4,882	7,470	10,056	2,433	2,448	2,588	2,587
Rental revenues	24,135	48,438	73,545	99,496	24,135	24,303	25,106	25,951

In Euro thousands	TOTAL				QUARTERS			
	31/03/2008	30/06/2008	30/09/2008	31/12/2008	Q1	Q2	Q3	Q4
Large shopping centers	16,169	32,842	49,346	66,699	16,169	16,672	16,504	17,353
Neighbourhood shopping centers	8,760	17,703	26,631	36,715	8,760	8,944	8,928	10,084
Other assets	3,213	6,450	9,641	12,787	3,213	3,237	3,191	3,146
Rental revenues	28,142	56,995	85,618	116,201	28,142	28,853	28,623	30,583