



PRESS RELEASE

Paris, January 23, 2008

2007 was marked by a strong growth of rental revenues: +21%

The fair value of Mercialys assets is Euro 1,913.8 million, up +42% over 12 months boosted by the combined effect of organic and external growth

Strong growth of rental revenues in 2007 boosted by 2006 and 2007 acquisitions and a steady organic growth

2007 Full Year rental revenues amounted to Euro 99,496 thousands, up +20.9% compared with the same period in 2006.

<i>Thousands Euro</i>	FY 2006	FY 2007	% change
Invoiced rents	80,714	97,723	+21.1%
Lease rights / Entry fees	1,604	1,773	
Rental revenues	82,318	99,496	+20.9%

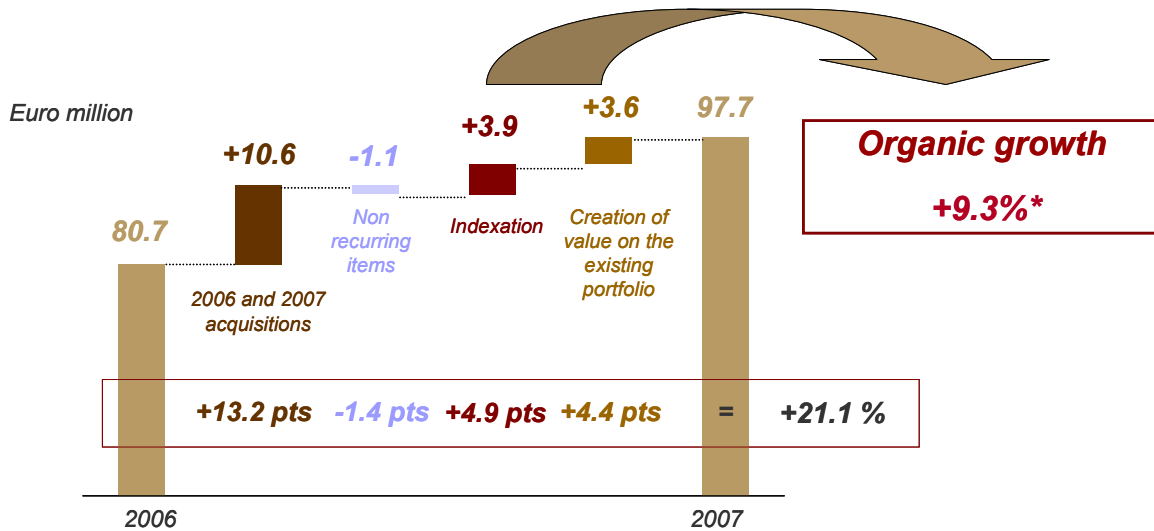
2007 full year **invoiced rents** were up **+21.1%**

Organic growth represented **+9.3 points** of this growth under the combined effect of renewals, relets, the development of the specialty leasing activity and indexation (+4.9 points).

2006 and 2007 acquisitions represented **+13.2 points** of this growth. Their impact on growth was major, linked with both their significant size and a favourable timetable.

Invoiced rents growth was also impacted by a *non recurring item*: 106 leases for which variable rents were invoiced annually until 2005 were invoiced on a quarterly basis in 2006. 2006 therefore benefited from both the invoicing of 2005 variable rents and quarterly invoicing in 2006. This had a negative impact of Euro -1,118 thousand on variable rents growth.

Breakdown of growth in invoiced rents



* Growth in 2007 invoiced rents compared with the same period in 2006 on a like-for-like basis and including the effects of indexation and excluding non recurring items

Extracting the reversionary potential: a focus that keeps on bearing fruits

In 2007, 184 leases have been renewed or relet with significant rental value growth :

- > 78 leases relets with an annualized rental value up +115%.
- > 106 leases renewed with an annualized rental value up +39%.

2007 also benefited from a Euro 443 thousand gain following the settlement of a particularly long suit on a renewal.

Additionally, Mercialys kept on developing specialty leasing (temporary leases in malls): rental revenues from this activity were up +26% at Euro 1,593 thousand.

The value of the portfolio of assets was Euro 1,913,8 million, up +42% compared with December 31, 2006 value

In 2007, Mercialys acquired Euro 183 million of commercial assets with an average capitalisation rate of **7%**.

5 shopping centers in La Réunion (<i>St Marie, St Benoit, St Pierre, Le Port Sacré Cœur, Savanna St Paul</i>)	73.8 Euro mill.
3 shopping centers (<i>Béziers, Bordeaux Villenave d'Ornon, Morlaix</i>)	27.4 Euro mill.
3 assets from the Casino pipeline (<i>retail parks in Annecy and Canet en Roussillon, Go Sport in Besançon Châteaufarine</i>)	21.6 Euro mill.
5 co-ownership lots (<i>St Didier in Paris 16^{ème}, St Brieuc, Albi, Tarbes</i>)	5.8 Euro mill.
3 shopping centers in Corsica (<i>Furiani, Porto Vecchio, Port Toga - 2006 preliminary sales agreements</i>)	55.0 Euro mill.

	183.5 Euro mill.

As a reminder, acquisitions registered in 2006 amounted to Euro 105.5 million.

As of December 31, 2007, after the acquisitions presented above, Mercialys owned 167 assets for a total surface of 640 000 m² and a value, including transfer taxes, of **Euro 1,913.8 million**, as estimated by the independent appraisers Atis Real and Galtier, versus Euro 1,613.3 million at June 30, 2007 and Euro 1,346.9 million at December 31, 2006.

The average yield of those appraisal values was **5,5%** versus 5,8% at June 30, 2007 and 6,3% at December 31, 2006.

In 2007 the value of the portfolio grew thanks to :

- ✓ Rent increases on a like for like basis for Euro +135 million
- ✓ Yield compression of appraisals for Euro +230 million
- ✓ Inclusion of 2007 acquisitions for Euro +202 million¹

“The good performance of Mercialys shows, ones again, the good health of the sector of shopping centers, which combines both the dynamism of the retail activity and the predictability of index-linked rental revenues, stated Jacques Ehrmann, Mercialys Chief Operating Officer.

“In addition to the sector strengths, Mercialys benefits from a high reversionary potential, a large new project pipeline of controlled and profitable developments, together with no debt on its balance sheet at this stage”.

¹ 2007 fourth quarter acquisitions have been valued at their purchase price

Next publications:

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| • February 21, 2008 (morning) | 2007 Full year results |
| • April 21, 2008 (evening) | 2008 Q1 rental revenues |
| • July 24, 2008 (morning) | 2008 Half year results |
| • October 20, 2008 (evening) | 2008 Q3 rental revenues |

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About Mercialys

Mercialys, one of France's leading real estate companies, is solely active in commercial property. Rental revenue in 2006 amounted to Euro 82.3 million and net income, Group share, to Euro 60.5 million. It owns 167 properties with an estimated value of Euro 1.9 billion at December 31, 2007. Mercialys has benefited from "SIIC" tax status (French REIT) since November 1, 2005 and has been listed on Euronext Paris, symbol *MERY*, since its initial public offering on October 12, 2005. At December 31, 2007, Mercialys had been issued 75 149 959 outstanding shares.

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, 2006 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

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	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 ents	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	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 ents	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%

By activity

In Euro thousands	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
Neighborhood 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	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
Neighborhood 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