PRESS RELEASE

Q3 2009 Rental revenues

Paris, October 19, 2009

Q3 2009 rental revenues up +17.1%

Organic growth remains strong at +6.8%

1. Growth of rental revenues driven by the combined effect of organic growth and 2008 and 2009 acquisitions

Nine months rental revenues as of September 30, 2009 amounted to Euro 100,241 thousands, up **+17.1%** in comparison with the same period in 2008.

Thousands of Euro	Q3 2008	Q3 2009	% change
Invoiced rents	**83,775**	**97,591**	**+16.5%**
Lease rights/Entry fee	1,842	2,650	
Rental revenues	**85,618**	**100,241**	**+17.1%**

Organic growth of invoiced rents remained steady at **+6.8%.** Actions on the portfolio of leases including renewals, relets and focused actions on specialty leasing in malls have an impact of **+3.4 points**, the remaining part of this growth being attributable to indexation[1] (+4.4 points) and variable rents (-0.9 point).

2008 and 2009 acquisitions had an impact of **+10.3 points** on Q309 invoiced rents growth of which 6.4 points due to the contribution of Euro 334 million of assets occurred in the first half of this year[2].
The strategic vacancy linked with the implementation of the Alcudia/"Esprit Voisin"[3] program and future extensions of our sites had a negative impact of **-0.7 point** on 9 months invoiced rents growth.

Entry fees received as of September 30, 2009 represented a cash amount of Euro 3.8 million[4] compared with Euro 2.3 million at the end of Q3 2008 including Euro 1.2 million from the letting of new extensions opened in 2009, mainly in Besançon.

[1] 2009 indexation is mainly linked with either Construction Cost Index (CCI) or Commercial rents index (ILC) evolution between Q2 2007 and Q2 2008, respectively +8.85% and +3.85%.
[2] Please refer to Mercialys press release dated March 5, 2009.
[3] Program aiming at renovating and restructuring all Mercialys' shopping centres which generates some voluntary vacancy (shops to be restructured or sat in the middle of the future mall).
[4] Cash amounts received before IFRS smoothing accounting (over the first 3 years of leases)

2. Rental activity: Rental management indicators

During the first nine months of the year, the general economic environment has been difficult in France with an undeniable impact on shopping centres activity, notably noticeable during the third quarter: erosion of frequentation in shopping centres experienced during the first half of 2009 (-3.5% ytd at the end of June according CNCC data) continued during the third quarter of 2009 (-2.8% in July, -4.9% in August and -4.3% in September according CNCC data).

During the same period, tenants' sales in French shopping centres were down -3.6%[5] ytd at the end of August 2009 according CNCC data. After a satisfying month of June (+2.9%[6]), tenants' sales registered a strong decrease in July and August (respectively -3.9% and -7.1% according CNCC data).
In this difficult environment, tenants sales in French Neighbourhood shopping centres resisted better than the average sales evolution in all French shopping centres, respectively -2.7% versus -3.6% for the first 8 months of the year according to CNCC.
The consumption sectors of personal equipment, services and Culture/gifts were more affected than others.

In that environment, Mercialys rental management indicators showed that impact of the environment on our tenants' activity is, at this stage, limited:

- Tenants' sales in Mercialys large shopping centres showed a strong resistance: they are down -1.0 % at the end of August 2009 to be compared with the evolution of -2.7%[7] of the French neighbourhood shopping panel of the CNCC over the same period.

- The recovery rate of Q309 invoiced rents remained high: 96.9% of rents invoiced in the quarter received by the end of September. Stable compared with Q2 09 rate.

- The number of defaults remained limited: 6 liquidations proceeding during the first nine months of the year (out of 2,726 leases at end-September, 2009).
  During the same period, 8 shops under liquidation process were relet. Thus, Mercialys has only 15 tenants under liquidation as of September 30, 2009 versus 17 at the end of year 2008, or 2 less.

The current vacancy rate remains low: 2.0% (stable compared to end-2008).

Conditions applied to renewals and relets of this quarter were similar to those experienced previously (rental annual value growth respectively equal to +26%[8] and +124% over the first 9 months of 2009).

Those indicators show the strong resilience of a portfolio of shopping centres in France in a difficult economic environment; in particular for Mercialys whose tenants benefit from one of the lowest occupancy cost in the market.

3. Release of CCI and ILC evolution for Q2 09 applicable on January 1st, 2010 indexation

French INSEE published in October CCI and ILC indices of Q209 applicable to more than 80% in value of our leases, respectively at -4.1% and +0.84% versus Q208 indices (to be compared with +8.85% and +3.85% in Q208).
After 3 years of strong indexation, these evolutions meet the sector professionals' concerns, both owners and tenants, who were expecting a lower indexation. Tenants still benefiting from ICC indexation, i.e. approximately 3 out of 10 tenants in our portfolio (leases under negotiation or renewal, leases not compiling with ILC rules, tenants who did not wish to change their index), will get the profit of a negative indexation on January 1st, 2010. This will be a welcomed break for our partners, the tenants, in the current gloomy environment.

---

[5] CNCC data : Total French shopping centres on a comparable basis – Cumulative as of August 31
[6] CNCC data : Total French shopping centres on a comparable basis – monthly data
[7] CNCC data : Neighbourhood shopping centres on a comparable basis – Cumulative as of August 31
[8] Excluding the renewal of 15 leases with Casino self service restaurant already at a rental value nearly at market price (+4.3% on annualised rental values for this renewal)

“*We experienced again this quarter a contrasted and paradoxical situation between a good year for Mercialys and deteriorating economical trends both commercially and monetary (impact on indexation) speaking. This situation enables us at remaining confident into our objective of a +15% growth of rental revenues and recurring operating cashflows for 2009 and at the same time preparing ourselves to face in 2010 new delicate challenges for the Industry* “, said Jacques Ehrmann, CEO of Mercialys.

* *
*

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

Next publications:

- January 18, 2010 (after market close) 2009 rental revenues

Analyst/investor relations:
Marie-Flore Bachelier
Tel + 33(0)1 53 65 64 44

Press relations:
Image7: Caroline Simon Phélip or Monique Denoix
Tel. + 33(0)1 53 70 74 57
caroline.simon@image7.fr
mdenoix@image7.fr

About Mercialys

Mercialys, one of France's leading real estate companies, is solely active in commercial property. 2008 rental revenue came to Euro 116.2 million and net income, Group share, to Euro 80.9 million.
It owns 167 properties with an estimated value of Euro 2.4 billion 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 75,149,959 at December 31, 2008, then 90,537,634 at June 30, 2009, and 91,968,488 since October 9, 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, 2006 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 31/03/2006	30/06/2006	30/09/2006	31/12/2006	QUARTERS 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		30,630	32,245	34,716	
Lease rights	680	1,643	2,650		680	963	1,007	
Rental revenues	**31,310**	**64,518**	**100,241**		**31,310**	**33,208**	**35,723**	
Change in invoiced rents	10.9%	12.5%	16.5%		10.9%	14.1%	24.5%	
Change in rental revenues	11.3%	13.2%	17.1%		11.3%	15.1%	24.8%	