



PRESS RELEASE

Paris - October 23, 2006

**THIRD QUARTER ACTIVITY INDICATORS**

**3Q 2006 RENTAL REVENUES UP +9.2% AND INVOICED RENTS UP +8.5%  
HIGHER THAN THE INITIAL TARGETED +5 TO +7 % FOR 2006**

**Rental revenues up +9.2%: upstream of the reversionary potential initiated during the first half of 2006 is visible in 3Q 2006 figures**

Mercialys 3Q 2006 **rental revenues** amount to Euro 59,890 thousands, up **+9.2%** compared with 3Q 2005 (on a pro forma basis<sup>1</sup>).

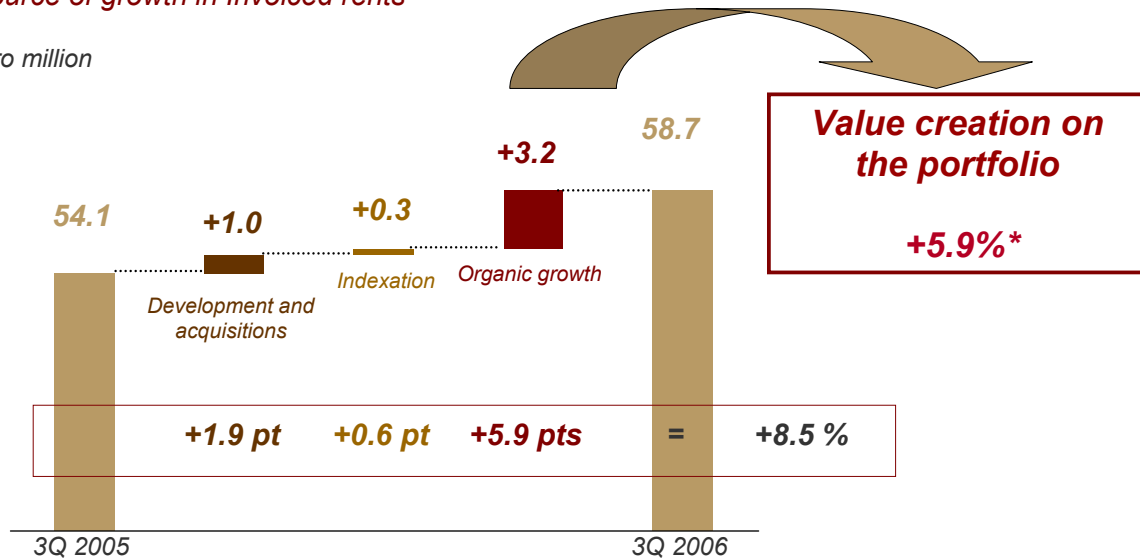
<i>Thousands Euro</i>	09/30/05 Pro forma <sup>1</sup>	09/30/06	% change
<b>Invoiced rents</b>	<b>54,128</b>	<b>58,711</b>	<b>+8.5%</b>
Lease rights	709	1,178	
<b>Rental revenues</b>	<b>54,837</b>	<b>59,890</b>	<b>+ 9.2%</b>

3Q 2006 **invoiced rents** were Euro 58,711 thousands, up **+8.5%** relative to 3Q 2005.

<sup>1</sup> Mercialys has been created through various contributions in October 2005. Therefore, 2005 figures, presented in this press release are pro forma historical figures built from 2005 accounts of companies which contributed their assets to Mercialys.

## Source of growth in Invoiced rents

Euro million



\* Year-on-year growth in 3Q06 vs 3Q05 on a comparable scope excluding indexation impact

The upstream of reversionary potential initiated during the first half is already bearing fruits as **on a like for like basis**, - excluding 2005 and 2006 change of scope and excluding indexation - invoiced rents increased by **+5.9%**.

Rent indexation contribution remained low (+0.6 point) as the Construction Cost Index used to renew leases as of January 1<sup>st</sup> (more than 80% of Mercialys leases) was only up +0.71%.

2005 and 2006 changes of scope contributed a +1.9 point to the 3Q 2006 invoiced rents growth. New Clermont Ferrand and Poitiers sites, rented during 2006 summer, contributed a +0.4 point to the invoiced rents growth.

3Q 2006 lease rights increased to Euro 1,178 thousands versus Euro 709 thousands at the end of 3Q 2005. The impact of lease rights earned on Clermont-Ferrand and Poitiers sites was Euro 130 thousands as their impact on net results was spread over 36 months, in line with market practices.

Jacques Ehrmann, Chief Executive Officer commented:

*“The work done by the team during the first half as far as reversionary potential is concerned is visible in Q3 activity indicators and as announced last September rental revenue growth is higher than initial target set.*

*The reversionary potential embedded in our assets, which leads us at accumulating over the time a significant growth of rental revenues, is visible, quarter after quarter, especially this year where indexation is historically low. The +5.9% growth of invoiced rents on a like-for-like basis is an historical record for Mercialys.”*

Next releases:

- January 24, 2007 (evening) Full year rental revenues for 2006
- March 1, 2007 (morning) 2006 earnings

*This press release is available at [www.mercialys.com](http://www.mercialys.com)*

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***About Mercialys***

Mercialys is one of France's leading real estate investment companies specializing in the retail sector, with assets worth Euro 1,120 million at June 30, 2006. Pro forma rental revenue for 2005 amounted to Euro 72.7 million and net income, Group share to Euro 51.0 million. Rental revenue for the first half of 2006 was Euro 39.6 million and net income, Group share Euro 29.7 million. Mercialys obtained "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.

***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 reference document for the year ended December 31, 2005, which is available at [www.mercialys.com](http://www.mercialys.com), for a description of the main factors, risks and uncertainties that could affect the company's operations.

Mercialys does not undertake to update or revise these forward-looking statements nor to disclose new information, future events or other circumstances that might affect them.