PRESS RELEASE

Paris, March 2, 2006

2005 objectives achieved:

- **Growth in invoiced rents of 7.3 %**
- **Growth in cash flow of 7.6 %**

NAV per share up + 9.3%

2006 Investment plan well advanced : 68 %

Proposed dividend of €0.59 per share

The Board met on March 1, 2006, chaired by Jacques Ehrmann, to approve the accounts for the period November 1 to December 31, 2005 and to examine the 2005 activity and pro forma[1] results of Mercialys.

Consolidated key figures

Non-audited provisional figures

	IFRS			
€m	2004 pro forma	2005 pro forma	% change	Period from 01/11 to 31/12 2005
Invoiced rents	66.9	71.8	+ 7.3%	11.7
Operating income	47.0	50.6	+ 7.7%	7.3
Net income	46.9	51.0	+ 8.7%	7.9
Cash flow	59.4	63.9	+ 7.6%	10.2
Net cash	na	238		238
Per share (€)				
Net income pro forma *	-	0.70		
Dividend	-	0.59		
NAV including stamp duty	-	17.07		

* based on the number of shares at year end 2005 of 72 918 918

2005 activity in line with published objectives

2005 pro forma invoiced rents rose to €71.8 million, up +7.3 % vs an objective of growth of + 6 to 7%. This increase principally reflects strong organic growth from the favourable effect of the Construction cost index and the rent reversion. The 87 leases that have been renewed or relet during the year achieved an average increase in rent of over + 27 %. In 2005, Mercialys also benefited from an optimal occupancy rate of 97.6% and growth in retail sales of its large shopping centres of +2.6 % versus +1.5 % for the sector, source CNCC.

[1] Mercialys closed two sets of accounts in 2005 : the first to 31/10/05, in order to opt for the SIIC (REIT-type) regime on 01/11/05, and the second, for a period of two months to 31/12/05. The figures presented in the release are pro forma historic figures for 12 months built upon information extracted from the individual accounts of the companies that contributed assets to the Group.

2005 net income rose to €51.0 million, up + 8.7%, resulting in a pro forma EPS of €0.70.

2005 cash flow exceeded the 2005 growth objective of +6 to 7% reaching €63.9 million, up +7.6%.

Net cash was €238 million at 31/12/05.

Increase in the NAV (including stamp duty) of + 9.3 %since June 30, 2005

The valuation of assets including transfer taxes at December 31, reached €1 026 million, up +7.2% relative to June 30, 2005 due to the combination of the growth in rents, as well as the yield shift in the second half 2005 (-30 bps). The NAV including stamp duty rose to €1 245 million, or €17.07 per share, up + 9.3% relative to June 30, 2005.

An investment strategy in action

With the funds raised from the capital increase at the time of the IPO in October 2005, of €230 million, Mercialys has targeted an ambitious investment programme of €500 million over a period of 5 years.

In 2006, Mercialys' growth potential flows from three sources of development:

- To enhance the value of its assets, Mercialys has significant reversionnary potential with 400 leases in the process of being renewed and has a voluntarily innovative strategy as much in the marketing of its sites as the partnerships it is creating with new banners.
- Through the partnership agreement with Casino, Mercialys benefits from exclusive access to the development projects of Casino. The pipe-line has grown by +30 % in the last six months. The Company has thus notified its options on the Clermont Ferrand Le Brézet and Poitiers Beaulieu projects which will open end-2006, and will invest €43 million.
- Mercialys intends to be active in the retail property acquisitions arena, particularly attractive with the new SIIC 3 context which creates a window of opportunity for sellers of assets in 2006 and 2007.

Today, 68 % the €100 million of investments planned for 2006 is already committed.

Outlook

In this context, Mercialys repeats its objectives :

- 2006 : +5 to 7% of growth in rental revenue and +12 to 15% of growth in cash flow.
- 2007-2010 : double-digit growth in its two major aggregates, equally divided between organic growth and the development or acquisition of new assets.

Dividend

In line with the commitment made during the IPO, at the Shareholders meeting on April 27, 2006, the Board will propose the payment of a dividend of €0.59 per share, corresponding to 85 % of 2005 pro forma operating income. The dividend will be paid May 5, 2006.

Regarding these results, Jacques Ehrmann, Chairman and Chief Executive Officer of Mercialys said:

« *Only four months after its creation and the IPO, Mercialys is establishing itself as a yield and growth stock.*

In line with our commitments, we propose a full dividend for 2005 for our shareholders, although we only adopted the SIIC regime last November.

More than two thirds of the 2006 investment programme is already committed at the end of February, illustrating the energy and enthusiasm of the Mercialys team.

With our objectives repeated, we are confident and determined to succeed in the next steps of our development. »

Next events:

- *April 24, 2006, 1st Quarter Revenue (before stock exchange opening)*
- *April 27, 2006, Annual Shareholders Meeting*
- *May 5, 2006, 2005 Dividend payment date*

Mercialys is one of the major French real estate companies, exclusively present in retail property, with at December 31, 2005, €1 026million of assets under management. Casino is the majority shareholder of the Company. Since November 1, 2005, Mercialys benefits from the SIIC (REIT-type) tax regime and, since the IPO on October 12, 2005 is quoted on the Eurolist of Euronext Paris.

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