PRESS RELEASE

Paris, July 22, 2009

Mercialys performed solid results for the first half of the year and raises its objectives for 2009

Rental revenues: **+13.2%** to Euro 64.5 million
including organic growth in invoiced rents of **+6.3%**

Recurring operating cash flow[1]: **+12.5%** to Euro 55.5 million

Growth objectives for 2009 raised: **+15%** for rental revenues and recurring operating cash flow[1]

- ✓ **A period of robust earnings growth:**
  - > Rental revenues up **+13.2%** at Euro 64.5 million
  - > Organic growth in invoiced rents of **+6.3%**
  - > Recurring operating cash flow[1] up **+12.5%** at Euro 55.5 million
  - > Total cash flow up **+12.9%** at Euro 56.8 million
  - > Net income, Group share up **+10.6%** at Euro 45.8 million
- ✓ **Satisfactory rental management indicators**
- ✓ **A portfolio valued at Euro 2,381.0 million**, up +15.5% over six months (down -2.8% on a like-for-like basis), with an increase in the average yield of **+48bp** to **6.25%.** The negative impact of the higher average yield of appraisals was largely offset by the impact of organic growth in rental income.
- ✓ **Net Asset Value[2] equal to Euro 26.28 per share**, down -3% over six months
- ✓ **A positive net cash position of Euro 36.3 million**
- ✓ **An objective of growth for 2009 raised to +15%** for rental revenues and recurring operating cash flow

"The main event of the first half of the year was Mercialys's largest acquisition since the IPO, marking a major step forward in enhancing our stock market profile by increasing our free float to close to Euro 1 billion.
During this first-half, Mercialys also confirmed the consistency of its business model. Moreover, the asset management activity was steady and dynamic during this period while the difficult economic environment had no impact on our rental activity management ratios. The combination of all those factors leads us to raise our objectives of growth for 2009 to +15%," commented Jacques Ehrmann, Chairman and Chief Executive Officer of Mercialys.

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[1] Total cash flow excluding interest on cash and cash equivalents, net of tax, and non-recurring items (Euro 1.2 million of lease rights received in the first half of 2009 vs zero in the first half of 2008).
[2] Replacement NAV

1. FIRST-HALF 2009 BUSINESS PERFORMANCE

Rental revenues increased by +13.2%

Aggregate rental revenues to end-June 2009 came to Euro 64,518 thousand, an increase of **+13.2%** compared with the same period in 2008, broken down as follows:

Euro thousands	1H08*	1H09*	% change
Invoiced rents	**55,884**	**62,875**	**+12.5%**
Lease rights *(IFRS)*	1,111	1,643	+47.9%
Rental revenues	**56,995**	**64,518**	**+13.2%**

(*) A limited review has been performed by auditors on these results

Invoiced rents increased by **+12.5%** in the first half of 2009 as a result of organic growth and acquisitions in 2008 and 2009.

On a like-for-like basis, invoiced rents rose by Euro +3.5 million or **+6.3 points**.
This organic growth relates to:
> Efforts to enhance the rental portfolio including lease renewals, relets and targeted efforts to obtain short-term lets in malls: Euro +2.0 million (+3.5 points);
> Rent indexation[3], representing Euro +2.2 million (+4.0 points).
> Decline in variable rents: Euro -0.7 million (-1.2 points).

Acquisitions made in 2008 and 2009 had a significant impact on growth in rents in the first half of 2009 of Euro +3.9 million (**+7.0 points**).

This growth was attenuated slightly by the effect of **so-called "strategic" vacancy**, which had an impact of Euro -0.5 million (**-0.8 points**) on growth in invoiced rents in the first half of 2009. This effect relates to the implementation of the Alcudia/*'Esprit Voisin'* program, with the aim of renovating and restructuring all of Mercialys's shopping centers, resulting in deliberate vacancies at certain lots (stores due to be restructured or relocated).

Lease rights and despecialization indemnities received in the first half of 2009 totaled Euro 2.7 million compared with Euro 1.6 million in the first half of 2008, broken down as follows:

- lease rights of Euro 1.5 million relating to ordinary reletting activity (compared with Euro 1.6 million in the first half of 2008, which benefited from four major relets);
- lease rights of Euro 1.2 million relating to the letting of extensions in Besançon and Arles shopping centers acquired in the first half of 2009. As a reminder, no lease rights were received on new properties in the first half of 2008.

After the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease), lease rights and despecialization indemnities recognized as rental revenues in the first half of 2009 amounted to Euro 1.6 million, up +48% or Euro +0.5 million compared with the first half of 2008.

[3] For the majority of leases, indexation applied in 2009 corresponds to either the change in the CCI (construction cost index) or the change in the ILC (retail rent index) between the second quarter of 2007 and the second quarter of 2008 (up +8.85% and +3.85% respectively).

Continuing satisfactory rental management indicators in the first half of 2009

The first quarter of the year was subject to generally difficult economic conditions in France.
According to the CNCC, sales generated by retailers at French shopping centers fell by -4.2%[4] on a cumulative basis to end-May 2009.

Against this backdrop, Mercialys's management indicators remained satisfactory:

➤ Sales generated at Mercialys shopping centers held up well, slipping by -1.6% on a cumulative basis to end-May 2009 compared with a drop of -2.6%[5] for the CNCC panel of neighborhood shopping centers over the same period.

➤ Lease renewals and relets were negotiated under favorable terms, although with a slight increase in negotiation times.
A total of 154 leases were renewed or relet in the first half of 2009 (123 commercial leases and 31 non-commercial leases[6]). This includes the renewal of 15 Casino Cafétéria leases, the original rent for which was close to the market value (increase of +4.3% for these renewals).
Annualized growth in the rental base was +27% for lease renewals (excluding Casino Cafétéria) and +103% for relets, representing additional rental income of Euro +3.0 million over a full year.

➤ The ordinary vacancy rate remained low at 1.8% (compared with 2% at December 31, 2008).

➤ The number of defaults was very limited, with just two liquidations in the first half of the year (out of 2,628 leases at end-June 2009).

➤ The recovery rate for invoiced rents remained high, with 97% of rents charged in the second quarter of 2009 received by June 30, 2009.

These indicators attest to the solid resilience of the portfolio of shopping centers in France against the backdrop of difficult economic conditions, particularly for Mercialys, whose tenants continue to benefit from one of the lowest occupancy costs in the market.

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[4] Source: CNCC shopping center index (all categories) to end-May 2009 on a comparable basis
[5] Source: CNCC cumulative neighborhood shopping centers to end-May 2009 on a comparable basis
[6] Short-term leases (Photomaton photo booths, cash points, children's play areas etc.) of a maximum of 23 months not subject to French commercial law

2. FIRST-HALF 2009 RESULTS

Euro thousands	1H08	1H09	% change 2009/2008
Invoiced rents	**55,884**	**62,875**	**+12.5%**
Rental revenues	56,995	64,518	+13.2%
Net rental income	53,909	60,674	+12.5%
Operating expenses	-4,533	-4,498	
Depreciation, amortization and impairment of assets	-8,325	-9,965	
Operating income	**41,051**	**46,211**	**+12.6%**
Net financial income (expense)	852	-138	
Tax	-468	-246	
Net income	**41,435**	**45,827**	**+10.6%**
Net income, Group share	**41,410**	**45,810**	**+10.6%**
Cash flow	50,299	56,803	+12.9%
Recurring operating cash flow[7]	49,297	55,466	+12.5%
Non-diluted and diluted EPS *(Euro)*[8]	0.54	0.58	
Net asset value (replacement NAV) (Euro per share)	27.91	26.28	

Growth in operating income in line with growth in net rental income

First-half operating income was impacted by:
> lower external costs as a result of a cost-cutting plan in force since late 2008;
> higher staff costs as a result of the company's brisk growth, mainly in relation to the implementation of the Alcudia/*'Esprit Voisin'* program, entailing the recruitment of a dozen or so employees in 2008, the full impact of which was seen in the first half of 2009. Mercialys had 59 employees at June 30, 2009, compared with 47 at January 1, 2008;
> a non-recurring profit of Euro 664 thousand corresponding to costs of cross-functional studies conducted as part of the implementation of the Alcudia/*'Esprit Voisin'* program being partially charged back;
> an increase in property operating expenses and amortization charges as a result of acquisitions.

Investments made in 2008 also led to a fall in average cash between the first half of 2008 and the first half of 2009. Net financial income for the first half of 2009 was therefore down compared with the same period in 2008.

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[7] Total cash flow excluding interest on cash and cash equivalents, net of tax, and non-recurring items
[8] Based on the weighted average number of outstanding shares over the period
The earnings per share of Euro 0.54 at June 30, 2008 is different from the amount disclosed in our 2008 half-year financial report (Euro 0.55) due to a calculation including the number of new shares issued for the payment of the 2008 final dividend.

Growth in cash flow in line with growth in rental revenues

Cash flow rose by +12.9%, boosted by the favorable impact of lease rights of Euro 2.7 million received in the first half of 2009 compared with Euro 1.6 million in the first half of 2008.
Recurring operating cash flow, which excludes interest on cash and cash equivalents net of tax, and lease rights relating to new properties completed, which are non-recurring, increased by +12.5%.

3. VALUE OF ASSETS AND BALANCE SHEET

A major acquisition of a portfolio of 25 assets by means of contribution

On March 5, 2009, Mercialys announced the acquisition of 25 assets from the Casino Group for Euro 333.5 million (see Management Report at the end of this press release).
The acquisition, effective on May 19, 2009, was paid for with 14.2 million newly issued shares transferred in full to Casino.

This transaction forms part of the partnership strategy between Casino and Mercialys and represents a major step forward in:

> > Mercialys growth (approximately +20% of growth for Mercialys main indicators)
> > the completion of Alcudia/*'Esprit Voisin'* program; and
> > enhancing Mercialys's stock market profile, increasing the company's free float to close to Euro 1 billion and doubling the stock's liquidity.

Value of assets up +15.5% to Euro 2.4 billion at June 30, 2009.

The value of the company's assets increased by +15.5% over the first half of the year (-2.8% on a like-for-like basis) to **Euro 2,381.0 million**, inclusive of transfer taxes, as a result of:

> > the consolidation of acquisitions made in the first half of 2009, representing Euro +378 million, including the acquisition of 25 assets representing an open market value of Euro 375 million[9];
> > the increase in like-for-like rents, representing an impact of Euro +100 million;
> > the increase in the average capitalization rate, representing an impact of Euro -157 million.

The average yield based on appraisals rose by +48bp between December 31, 2008 and June 30, 2009 to 6.25%.

NAV was **Euro 26.28 per share**[10] at June 30, 2009 (on the basis of 90.5 million shares), compared with Euro 27.00 per share at December 31, 2008 (on the basis of 75.1 million shares).

Balance sheet remains debt-free

At June 30, 2009, Mercialys had a positive net cash position of Euro 36.3 million (compared with Euro 8.9 million at December 31, 2008). The acquisitions by means of the contribution of a portfolio of 25 assets as well as the payment of 2008 final dividend partially in shares allowed Mercialys to maintain its financial flexibility.

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[9] The 25 assets acquired through an asset contribution from the Casino Group have been valued at the appraisal values determined by the Retail Consulting Group Expertise (20 assets appraised) and Catella Valuation (5 assets appraised) at the time of the asset contribution. In order to determine the market value of these contributed assets, it is reminded that Casino and Mercialys also took into account the size of the acquisition and development projects, and - for lots 1, 2 and 3 - the terms of the Partnership Agreement between the two companies. This agreement allows Mercialys to acquire new properties developed by Casino at a capitalization rate reflecting the risks sharing between the parties and notably with Mercialys responsible for the risk of letting the properties. By way of indication, the contribution value of the assets was 11% below the total appraisal value.

[10] Replacement NAV

4. PARTNERSHIP AGREEMENT

In the light of the increase in the average yield based on appraisals for Mercialys's portfolio at June 30, 2009: +48bp, ie +8.3%, the Board of Directors approved yields for the second half of 2009 at its meeting of July 22, 2009, in accordance with the new Partnership Agreement between Mercialys and Casino signed in 2009 first-half. Applicable capitalization rates for options exercised by Mercialys in the second half of 2009 will therefore be as follows:

TYPE OF PROPERTY	Shopping centers		Retail parks		Downtown centers
	Mainland France	Corsica and overseas departments and territories	Mainland France	Corsica and overseas departments and territories	
Regional shopping centers / Large shopping centers (over 20,000 m²)	6.8%	7.4%	7.4%	7.8%	6.5%
Neighborhood shopping centers (5,000- 20,000 m²)	7.3%	7.8%	7.8%	8.3%	6.9%
Other properties (less than 5,000 m²)	7.8%	8.3%	8.3%	9.0%	7.4%

The Alcudia/'*Esprit Voisin*' program, entailing the extension of existing sites, and the development pipeline constitute a series of investment opportunities with an estimated value of **Euro 505 million**[11] (taking account of new capitalization rates applicable in the second half of 2009), on which the company has **exclusive options call.**

5. INTERIM DIVIDEND

Proposed payment of interim dividend in shares

In 2007, the Board of Directors agreed in principle to the payment of an interim dividend representing half of the dividend for the previous financial year, in the absence of any specific or new situation that could result in the interim dividend being revised upwards or downwards.

Thus, it will be proposed at the Board of Directors meeting to be held in September 11, 2009 to decide the payment of an interim dividend of Euro 0.44 per share which would be due on October, 2009. Shareholders would be given the option of receiving payment of the interim dividend in shares, thereby allowing shareholders to benefit from a 10% discount on the stock price [12].

6. OUTLOOK

Mercialys's performance is based on a resilient business model, underpinned by both the fundamentals of the retail property sector in France and the company's own strengths.

In view of Mercialys's growth potential, solid results for the first half of 2009 and the visibility provided by the observation of its business performance and economic conditions in the first half of the year, the Management has decided to raise its objectives of growth for 2009 to +15% (year-on-year) for rental revenues and recurring operating cash flow.

[11] Potential value of acquisition of the pipeline by Mercialys weighted for probability of going ahead on a project-by-project basis.

[12] The subscription price would be equal to 90% of the average opening share price during the 20 trading days prior to the date of the Board of Directors' decision setting the subscription price, minus the amount of the interim dividend allocated

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

Next publications:

- October 19, 2009 (after market close) Third-quarter 2009 revenues

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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, and 90,537,634 at June 30, 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.

Financial report – 2009 first half

Accounting rules and methods

In accordance with EU regulation 1606/2002 of July 19, 2002 on international accounting standards, consolidated financial statements for the period to June 30, 2009 have been prepared under IAS/IFRS as applicable at this date and as approved by the European Union at the balance sheet date. The consolidated half-year financial statements have been prepared in accordance with IAS 34 ("Interim financial reporting").

The consolidated half-year financial statements, presented in summary form, do not contain all of the information and notes provided in the full-year financial statements. They should therefore be read in parallel with the Group's consolidated financial statements to December 31, 2008.

CONSOLIDATED INCOME STATEMENT

For the period to June 30, 2009 (six months) and to June 30, 2008 (six months)

Euro thousand	1H09*	1H08*
Rental revenues	**64,518**	**56,995**
Non recovered property taxes	-148	-84
Non recovered service charges	-1,601	-1,147
Property operating expenses	-2,095	-1,855
Net rental income	**60,674**	**53,909**
Revenue from management, administration and other activities	1,966	1,159
External costs	-2,416	-2,475
Depreciation, amortization and impairment of assets	-9,965	-8,325
Allowances to provisions for contingencies and charges	-36	-180
Staff costs	-4,057	-3,037
Other operating income and costs	45	-
Operating income	**46,211**	**41,051**
Revenues from cash and cash equivalents	176	1,527
Cost of gross debt	-283	-618
Cost of debt/Income from net cash	**-107**	**909**
Other financial income and costs	-31	-57
Net finance income	**-138**	**852**
Tax	-246	-468
Net income	**45,827**	**41,435**
Attributable to minority interests	17	25
Attributable to Group equity holders	**45,810**	**41,410**
Earnings per share (Euro per share) (1)		
Basic earnings per share attributable to Group equity holders	0.58	0.54
Diluted earnings per share attributable to Group equity holders	0.58	0.54

(*) A limited review of these financial statements was performed by the Statutory Auditors
(1) Based on the weighted average number of outstanding shares over the period.
The earnings per share of Euro 0.54 at June 30, 2008 is different from the amount disclosed in our 2008 half-year financial report (Euro 0.55) due to a calculation including the number of new shares issued for the payment of the 2008 final dividend.

CONSOLIDATED BALANCE SHEET

ASSETS

Euro thousand	June 30, 2009*	December 31, 2008
Intangible assets	32	37
Property, plant and equipment other than investment property	847	910
Investment property	1,568,632	1,231,328
Non-current financial assets	12,160	11,703
Total non-current assets	**1,581,671**	**1,243,978**
Trade receivables	9,008	4,440
Other receivables	11,858	8,851
Casino current account	32,460	8,489
Cash and cash equivalents	4,811	2,141
Current assets	**58,136**	**23,921**
TOTAL ASSETS	**1,639,808**	**1,267,900**

EQUITY AND LIABILITIES

Euro thousand	June 30, 2009*	December 31, 2008
Share capital	90,536	75,150
Reserves related to share capital	1,392,611	1,051,987
Treasury shares and reserves	44,206	28,102
Net income attributable to Group	45,810	80,911
Interim dividend payments	-	(30,035)
Equity attributable to Group	**1,573,163**	**1,206,115**
Minority interests	590	616
Total equity	**1,573,753**	**1,206,731**
Non-current provisions	89	79
Non-current financial liabilities	9,788	10,948
Deposits and guarantees**	21,070	19,349
Non-current tax liabilities	1,207	1,189
Non-current liabilities	**32,154**	**31,566**
Trade payables	8,889	9,156
Current financial liabilities	3,673	4,624
Short term provisions	1,029	439
Other current payables	19,186	15,164
Current tax liabilities	1,122	219
Current liabilities	**33,899**	**29,602**
TOTAL EQUITY AND LIABILITIES	**1,639,808**	**1,267,900**

(*) A limited review of these financial statements was performed by the Statutory Auditors
(**) As of the financial year ended December 31, 2008, deposits and guarantees are presented as a separate line item.

CONSOLIDATED CASH FLOW STATEMENT

Euro thousand	1H09*	1H08*
Net income attributable to the Group	45,810	41,410
Net income attributable to minority interests	17	25
Net income from consolidated companies	**45,827**	**41,435**
Depreciation, amortization, impairment allowances and provisions	9,974	8,480
Income and charges relating to share-based payments	295	187
Other income and charges with no impact on cash flow, including discounting	748	198
Depreciation, amortization, impairment allowances and other non-cash items	**11,017**	**8,865**
Income on disposal of investment property	-40	
Cash flow	**56,803**	**50,300**
Net income/cost of debt	118	-909
Tax expense	246	468
Cash flow before cost of debt and tax expense	**57,167**	**49,859**
Tax payments	490	293
Change in working capital requirement relating to operations** (1)	-7,193	2,004
Net cash flow from operating activities	**50,464**	**52,196**
Cash payments on acquisition of investment property and other assets	-15,134	-9,113
Cash payments on acquisition of financial assets	-9	-455
Cash payments on disposal of investment property and other assets	-2,738	16
Impact of changes in the scope of consolidation (2)	1,923	-16,907
Change in loans and advances given	-	-
Net cash flow from investing activities	**-10,482**	**-26,459**
Dividend payments to shareholders (3)	-11,698	-34,591
Dividend payments to minority interests	-41	-80
Increase in capital (2) (3)	-980	
Repurchase/resale of treasury shares	1,605	-600
Reduction in financial liabilities	-1,319	-1,437
Net cost of debt	-118	909
Net cash flow from financing activities	**-12,551**	**-35,799**
Change in cash position	**27,433**	**-10,063**
Opening cash position	8,867	70,676
Closing cash position	36,302	60,613
Closing cash position	**36,302**	**60,613**
Of which:		
Casino SA current account	32,460	59,419
Cash on balance sheet	4,811	2,193
Bank facilities	-969	-999

(*) A limited review of these financial statements was performed by the Statutory Auditors
(**) As of the financial year ended December 31, 2008, deposits and guarantees are presented as a separate line item.

(1) The change in working capital requirement breaks down as follows (Euro thousand):

	1H09	1H08
Trade receivables	-4,555	-329
Trade payables	-3,052	-295
Deposits and guaranties	1,697	-335
Other receivables and payables	-1,283	3,003

(2) The acquisition of assets for Euro 333.5 million carried out by way of contribution during the first-half of 2009 has no impact on this cash flow statement except of the expenses related to that transaction (Euro 145 thousand) and net cash position of investment acquired (Euro 2,058 thousand).
(3) The distribution of dividends carried out by issuance of Mercialys shares has no impact on this cash flow statement except the amount of expenses paid for the transaction.

Principal events of the first half of 2009

On March 5, 2009, Mercialys announced the acquisition from the Casino Group of a portfolio of 25 assets for an asset contribution worth Euro 334 million. This represents the largest acquisition made by Mercialys since its October 2005 IPO.

This portfolio comprises 4 distinct asset lots:

> Lot 1: 3 shopping centers in Besançon and Arles, completed in the first quarter of 2009 and entirely let

> Lot 2: 7 extensions of shopping centers at an advanced stage of development ('CDEC' administrative authorizations and building permits obtained), already over 60% pre-let.

> Lot 3: 10 hypermarket space lots (storage and/or sale area) to be transformed into shopping center extensions by Mercialys

> Lot 4: 5 hypermarket and supermarket premises in complex co-ownership assets, located in urban areas, where ownership reorganization is necessary before initiating restructuring works and implementing the Alcudia/*'Esprit Voisin'* program on the sites.

The acquisition, effective on May 19, 2009, was paid for with 14.2 million newly issued shares transferred in full to Casino.

This transaction, which is in line with the partnership strategy pursued by Casino and Mercialys, represents a major step forward for the Alcudia/*'Esprit Voisin'* program. It was approved unanimously by Mercialys' Board of Directors on March 4, 2009, with the support of Mercialys' largest shareholders (Generali, AXA and BNP Paribas Assurances). It was approved at Mercialys' Extraordinary General Meeting on May 19, 2009, the date from which Mercialys started to earn rental income from these assets.

This transaction will be beneficial to Mercialys in several respects:

• From a real estate standpoint, it will lead to an increase of 18% in Mercialys' portfolio value and generate potential additional rent of Euro 23.9 million on a full year basis following introduction of all the assets into service, or a rise of 21% on 2008 rental revenues. Mercialys' teams have a detailed knowledge of the potential of assets at high-potential locations, which will bolster its existing portfolio, especially in Paris and Marseille.
This transaction is expected to be accretive from 2010, increasing cash flow per share by around 2%. Its impact on NAV per share after the transaction is neutral.

• From a financial standpoint, this capital-funded transaction will help to finance Alcudia/*'Esprit Voisin'* projects over the next 18 to 24 months and maintains Mercialys' debt-free financial structure.

• From a stock market point of view, following the distribution by Casino of the 14 million Mercialys shares received in consideration for these asset contributions to its own shareholders, this transaction will significantly increase the Company's free float[13] to close to Euro 1 billion and radically diversify Mercialys' ownership structure, thereby boosting the liquidity of Mercialys shares.

[13] The free float is defined here as the Company's market capitalization excluding Casino's shareholding

Rental revenues and rental management indicators

Rental revenues mainly comprise **rent invoiced** by the Company plus a smaller contribution from lease rights paid by some tenants in addition to rent.

During the first half of 2009, invoiced rent came to Euro 62.9 million compared with Euro 55.9 million over the same period of 2008, representing an increase of **+12.5%.**

(Euro million)	1H09	1H08
Invoiced rent	62,875	55,884
Lease rights	1,643	1,111
Rental revenues	**64,518**	**56,995**
Non recovered rental costs and property taxes	-1,749	-1,231
Property operating expenses	-2,095	-1,855
Net rental income	**60,674**	**53,909**

On a like-for-like basis, invoiced rent rose by Euro 3.5 million (**+6.3** points).
This growth was driven by:

- ✓ Enhancements to the lease portfolio, including renewals, relets and targeted efforts on short-term leases in malls: Euro +2.0 million (+3.5 points).
- ✓ Indexation[14] of rents representing Euro +2.2 million (+4.0 point).
- ✓ The decrease in variable rents had a negative impact of Euro -0.7 million on the change in invoiced rent (-1.2 points).

The acquisitions made in 2008 and 2009 had a significant impact on rental growth during the first half of 2009: Euro +3.9 million (**+7.0** points).

This increase was slightly mitigated by so-called *"strategic" vacancy*, which had a negative impact on rental income growth in the first half of 2009 of Euro -0.5 million (**-0.8** point). This effect was attributable to the implementation of the Alcudia/*'Esprit Voisin'* program to renovate and restructure all Mercialys shopping centers, which led to deliberate vacancies in some lots (stores due to be restructured or relocated).

Mercialys rental management indicators remained satisfactory at end-June, 2009

➤ In the first half of 2009, the Company's business included the renewal or reletting of 123 commercial and 31 non-commercial leases[15] and generated rental growth of Euro +2.4 million on an annualized basis. The development of the activity of speciality leasing generated an additional rental growth of Euro +0.6 million.

	Annualized growth in the rental base *(Euro million)*	***2009/2008 growth rate***
***70** leases relet*	+2.0	+103%
***53** leases renewed*	+0.4	+27%[16]
Short-term lets	+0.6	+90%
	+Euro 3.0 million	

[14] In 2009, for the majority of leases, rents were indexed either to the change in the construction cost index (CCI) or to the change in the retail rent index (ILC) between the second quarter of 2007 and the second quarter of 2008 (respectively +8.85% and +3.85%).
[15] These represent location rental agreements (photo machines, ATMs, merry-go-round, etc.) for a maximum term of 23 months not subject to a commercial lease
[16] Growth rate excluding the 15 Casino cafeteria lease renewals, the original leases for which were close to market value (increase of 4.3% for these renewals)

Lease expiry schedule		Guaranteed minimum rent	% of leases expiring/ Guaranteed minimum rent
Expired at June 30, 2009	397 leases	13,414	9.7 %
2009 (to expire)	96 leases	2,818	2.0 %
2010	170 leases	4,387	3.2%
2011	286 leases	11,446	8.3%
2012	264 leases	18,138	13.1%
2013	162 leases	7,611	5.5%
2014	167 leases	9,958	7.2%
2015	233 leases	11,900	8.6%
2016	300 leases	15,751	11.4%
2017	169 leases	8,311	6.0%
2018	268 leases	19,236	13.9%
2019	54 leases	3,411	2.5%
Beyond	62 leases	11,680	8.5%
Total	**2,628 leases**	**138,061**	**100.0%**

Mercialys has a significant stock of expired leases. This situation is attributable to ongoing negotiations, ongoing disputes (some negotiations result in a hearing by a rents tribunal), renewal refusals for reasons of redevelopment with payment of eviction compensation, global negotiations for retail brands and tactical delays.

➤ The recovery rate of invoiced rents remained high: 97% of rents and rental charges invoiced for Q209 were received by June 30, 2009.

➤ The number of defaults was very restricted: 2 liquidations proceeding during the first 2009 half-year (out of 2,628 leases at end-June, 2009)

➤ Tenants' sales in Mercialys shopping centers showed a good resilience decreasing by -1.6% (on a cumulative basis to end-May 2009) compared with a drop of -2.6%[17] for the CNCC panel of neighborhood shopping centers over the same period.

➤ The vacancy rate remained low. The current vacancy rate - that excludes "strategic" vacancies designed to facilitate redevelopment plans scheduled under the Alcudia/'*Esprit Voisin*' program - came to 1.8% at June 30, 2009, compared with 2.0% at December 31, 2008.
The total vacancy rate[18] came to 2.9% compared with 3.1% at December 31, 2008.

➤ The occupancy cost[19] of our tenants came to 8.5% for the major shopping centers (rent + charges gross of taxes/sales gross of taxes), up +30 bp compared with December 31, 2008, which remains a fairly moderate level compared with Mercialys' peers. This figure reflects both the reasonable level of real estate costs in retailers' operating accounts and the potential for increasing rent levels upon lease renewal or redevelopment of the premises.

➤ The rents received by Mercialys come from a highly diversified base of retail brands. Apart from Cafétérias Casino (9%), Feu Vert (5%) and Casino (12%), no one tenant accounts for more than 2% of the total. The proportion of Casino in total rents increased significantly since December 31, 2008 due to the acquisition of 5 hypermarkets and supermarkets premises within the transaction carried out by way of contribution during the first half-year of 2009. The rents related to those 5 assets represent 6% of the total rents on an annualized basis.
The table below shows a breakdown of rents between national and local brands on an annualized basis.

[17] CNCC index for Neighborhood shopping centers on a cumulative basis (from January 1 to May 30, 2009) on a comparable basis
[18] [Rental value of vacant units/(rental value of vacant units + annualized guaranteed minimum rent on occupied units)]
[19] Ratio of the rent and charges paid by a retailer to sales (rent + charges gross of taxes/sales gross of taxes)

	Number of leases	GMR+ annual variable June 30, 2009 (Euro millions)	As a %	Dec. 31, 2008
National brands[20]	1,466	80.6	60%	60%
Local brands	927	25.9	19%	22%
Cafétérias Casino	107	12.2	9%	11%
Other Casino Group brands	128	16.7	12%	7%
Of which 5 HM/SM premises	*5*	*8.0*	*6%*	-
Total	**2,628**	**135.5**	**100%**	**100%**

** GMR = Guaranteed Minimum Rent*

Breakdown of rental income by business sector **% of rental income**	**June 30, 2009**	**Dec. 31, 2008**
Personal items	25.6%	28.1%
Food and catering	15.1%	17.7%
Household equipment	12.8%	13.9%
Beauty and health	12.8%	14.2%
Culture, gifts and leisure	13.6%	14.8%
Services	5.0%	5.8%
Large food stores	15.0%	5.5%
Total	**100%**	**100%**

The structure of rental revenues at June 30, 2009 confirmed the dominant share, in terms of rent, of leases with a variable component:

	Number of leases	**Euro millions**	**% of total**
Leases with variable component	1,253	76.5	56%
- of which Guaranteed Minimum Rent		*74.3*	*55%*
- of which of which Variable Rent		*2.2*	*2%*
Leases without variable component	1,375	59.0	44%
Total	**2,628**	**135.5**	**100%**

[20] Including the rents of the 10 hypermarket space lots (storage and/or sale area) acquired within the contribution transaction carried out during the first-half of 2009 (lots to be transformed into shopping center extensions by Mercialys)

Rental revenues also include lease rights and despecialization indemnities paid over and above rent by tenants on signing a new lease or on changing business while a lease is in force. At June 30, 2009, rental revenues rose by **+13.2%** compared with the first half of 2008.

Lease rights and despecialization indemnities received during the first half of 2009 amounted to Euro 2.7 million, up from Euro 1.6 million in the first half of 2008, breaking down as follows:

- Euro 1.5 million in lease rights linked to current reletting activities (compared with Euro 1.6 million in the first half of 2008, which was boosted by four major relettings).
- Euro 1.2 million in lease rights linked to lettings of the Besançon and Arles extensions acquired during the first half of 2009. To recap, there were no non-current lease rights received during the first half of 2008.

After taking into account the deferrals provided for under IFRS (deferred recognition of lease rights over the irrevocable duration of leases), lease rights and despecialization indemnities recognized in respect of the first half of 2009 amounted to Euro 1.6 million, representing an increase of +48% (Euro +0.5 million) compared with the first half of 2008.

Net rental income

Net rental income is the difference between rental revenue and expenses relating directly to the operation of sites. These expenses include property taxes and service charges that are not rebilled to tenants, together with property operating expenses, which mainly comprise fees paid to the property manager and not rebilled and various charges relating directly to the operation of sites.

Costs included in the calculation of net rental income came to Euro 3.8 million in the first half of 2009 compared with Euro 3.1 million in the first half of 2008, an increase of +24.6% owing chiefly to growth in the portfolio following the acquisitions completed in 2008 and 2009.
The non recovered property operating expenses/invoiced rent ratio came to 6.1% in the first half of 2009, compared with 5.5% in the first half of 2008.
The growth in net rental income was in line with the growth in invoiced rent. Net rental income during the first half of 2009 came to Euro 60.7 million, up from Euro 53.9 million in the first half of 2008, representing an increase of **+12.5%**.

Staff costs

Staff costs reflect all the costs of Mercialys' executive and management teams, with the headcount standing at 59 staff at June 30, 2009 (compared with 55 at June 30, 2008 and 57 at December 31, 2008).

Staff costs increased sharply in the first half of 2009 (+33.6%) owing to the recruitment of new employees during 2008, with 12 new arrivals over the period to bolster the marketing, asset management and advertising/marketing teams, in particular in relation to roll-out of the Alcudia/'*Esprit Voisin*' program. Mercialys's executive and management teams consisted of a total of 59 people at June 30, 2009 compared with 47 people at January 1, 2008.
As a result, staff costs amounted to Euro 4.1 million, compared with Euro 3.0 million during the first half of 2008.

The services provided by some Mercialys teams are billed back: the fees billed came to Euro 1.3 million in the first half of 2009, compared with Euro 1.2 million in the first half of 2008. Those services include consulting services provided by the Alcudia/'*Esprit Voisin*' project team - which works on a cross-company basis for Mercialys and Casino Group – that are billed by Mercialys to Casino Group under the 2007 consulting services agreement signed.

Other expenses

Other expenses mainly reflected central structural costs. Structural costs include investor relations costs, directors' fees, fees paid to the Casino Group for services covered by the Services Agreement (accounting, financial management, human resources, management, IT), professional fees (Statutory Auditors, consulting, research) and portfolio appraisal fees.

During the first half of 2009, these costs remained stable at Euro 2.4 million compared with Euro 2.5 million during the first half of 2008 as a result of a cost-cutting plan implemented in force since late 2008.

Depreciation, amortization and impairment charges

Depreciation and amortization came to Euro 10.0 million during the first half of 2009, compared with Euro 8.3 million in the first half of 2008. The growth in depreciation and amortization was predominantly driven by the acquisitions completed in 2008, which came to a gross amount of Euro 71.7 million (these acquisitions took place mainly in the second half of 2008) and, to a lesser extent, to those made in 2009, since the purchase of the 25 assets through an asset contribution in the first half of 2009 was completed on May 19, 2009. The acquisition of this asset portfolio will thus have a greater impact on depreciation and amortization expense in the second half of 2009.

Operating income

During the first half of 2009, operating income came to Euro 46.2 million, up from Euro 41.1 million in the first half of 2008, representing an increase of +12.6% owing to the increase in net rental income.

First-half operating income was impacted by:
> lower external costs as a result of a cost-cutting plan;
> higher staff costs as a result of the company's recruitments carried out in 2008;
> a non-recurring profit of Euro 664 thousand corresponding to costs of cross-functional studies conducted as part of the implementation of the Alcudia/'*Esprit Voisin*' program being partially charged back;
> an increase in property operating expenses and amortization charges as a result of acquisitions.

Net finance costs

Net finance costs include finance costs relating to lease contracts (Tours La Riche Soleil, Toga, Furiani and Sainte-Marie-Duparc on Reunion island) and interest income from cash generated in the course of operations and deposits from tenants.

At June 30, 2009, Mercialys had a positive cash position of Euro 36.3 million compared with Euro 8.9 million at December 31, 2008.

During the first half of 2009, net finance costs came to Euro -0.1 million compared with net finance income of Euro 0.9 million in the first half of 2008. The decrease was due to the gradual use of cash to finance Mercialys' investments.

Tax

The tax regime for French "SIIC" (REIT) companies exempts them from paying tax on their income from real estate activities provided that at least 85% of net income from rental activities and 50% of gains on the disposal of real estate assets are distributed to shareholders.

The tax expense recorded in the income statement corresponds to tax payable on finance income less a portion of the Company's central costs allocated to its taxable income.
In addition, the tax expense for this first-half of 2009 was impacted by a non-recurring profit of Euro 664 thousand corresponding to costs of cross-functional studies conducted as part of the implementation of the Alcudia/'*Esprit Voisin*' program being charged back.

During the first half of 2009, tax expense came to Euro 0.3 million, compared with Euro 0.5 million during the first half of 2008.

Net income

Minority interests were not significant.

During the first half of 2009, total net income and net income attributable to equity holders of the parent both rose by +10.6% to Euro 45.8 million from Euro 41.4 million in the first half of 2008.

Cash flow

Cash flow is calculated by adding back depreciation, amortization and impairment charges and other non-cash items to net income.

Over the first six months, cash flow moved up +12.9% to Euro 56.8 million in 2009 compared with Euro 50.3 million in the equivalent period of 2008.

Recurring operating cash flow, being cash flow excluding interest income from positive cash position net of tax and non recurring items, advanced by +12.5% to Euro 55.5 million. Non-recurring items came to Euro 1.2 million in the first half of 2009, representing the lease rights received on the new assets acquired during the first half of 2009. No non-recurring items were recognized during the first half of 2008.

Balance sheet structure

At June 30, 2009, the Group had cash of Euro 36.3 million compared with Euro 8.9 million at December 31, 2008.
After deducting borrowings, net cash stood at Euro 23.8 million at June 30, 2009, compared with Euro -4.9 million in net debt at December 31, 2008, after restating security deposits and guarantees, which are no longer included in borrowings from December 31, 2008.

Consolidated equity came to Euro 1,573.8 million at June 30, 2009, compared with Euro 1,206.7 million at December 31, 2008.

The remainder of the dividend for 2008 paid on June 17, 2009, came to Euro 0.48 per share, representing a total dividend payout in June 2009 of Euro 36.0 million, Euro 24.3 million of which was made in shares and Euro 11.7 million in cash.

During 2007, the Board of Directors decided to adopt a policy of paying out a regular interim dividend representing half the total dividend paid in the previous year, barring exceptional or new circumstances which may lead to an increase or decrease in the amount of the interim dividend.

It will be proposed at the Board of Directors meeting to be held in September 11, 2009 to decide the payment of an interim dividend of **Euro 0.44 per share** for the year 2009, which would be due on October, 2009. Shareholders would be given the option of receiving payment of the dividend in shares, thereby allowing shareholders to benefit from a 10% discount on the stock price[21].

[21] The subscription price would be equal to 90% of the average opening share price during the 20 trading days prior to the date of the Board of Directors' decision setting the subscription price minus the amount of the interim dividend allocated

Valuation of the asset portfolio

During the first half of 2009, Mercialys acquired **Euro 336 million** in assets based on an average gross capitalization rate of **7.1%**, including:

> a portfolio of 25 assets from the Casino Group through a **Euro 333.5 million** asset contribution

This portfolio comprises both:

- assets in service generating immediate income: 3 shopping center extensions in Besançon and Arles, which are fully let, the premises of 5 stores (2 hypermarkets and 3 supermarkets) located in Paris and Marseille, as well as hypermarket space intended to be restructured into a shopping center.
- 7 shopping center extensions due to be delivered in 2010 and 2011 under the Alcudia/*'Esprit Voisin'* program already over 60% pre-let.

> Various co-ownership lots at Villenave d'Ornon and Montélimar for **Euro 2.7 million**.

At the same time, Mercialys sold a non-core asset at Colombes for Euro 0.5 million.

Atis Real, Catella and Galtier updated their valuation of Mercialys Group's portfolio at June 30, 2009:

- Atis Real conducted the appraisal of the hypermarkets, i.e. 101 sites, based on an update of the appraisals conducted at December 31, 2008, except for three properties that were appraised on a site visit.
- Catella conducted the appraisal of the supermarkets, i.e. 19 sites, including a visit to each of the 19 locations.
- Galtier conducted the appraisal for Mercialys' other assets, i.e. 47 sites, based on an update of the appraisals conducted at December 31, 2008.

The sites acquired during the first half of 2009 were valued as follows:

- ✓ The 25 assets acquired through an asset contribution from the Casino Group were valued at the appraisal values determined by the Retail Consulting Group Expertise (20 assets appraised) and Catella Valuation (5 assets appraised) at the time of the asset contribution. In order to determine the market value of these contributed assets, it is reminded that Casino and Mercialys also took into account the size of the transaction and projects and, with respect to lots 1, 2 and 3, the provisions of the Partnership Agreement between Casino and Mercialys. This agreement provides for the sale to Mercialys of developments carried out by Casino at a capitalization rate reflecting the sharing of risks by the parties and notably the fact that the letting risk is borne by Mercialys. For indicative purposes, the contribution values showed a discount of 11% to the total value of the appraisals conducted.
- ✓ The co-ownership lot acquired at Villenave d'Ornon was valued at acquisition cost pending the appraisal reports.
- ✓ The lot acquired in Montélimar was valued as part of the overall site valuation.

On the basis of these valuations, the portfolio was valued at Euro 2,381.0 million including transfer taxes at June 30, 2009, compared with Euro 2,061.2 million at December 31, 2008.
The value of the portfolio thus appreciated by +15.5% over the 6-month period as a result of:

- ➢ the first-time consolidation of acquisitions during the first half of 2009, which had a positive impact of Euro +378 million owing to the purchase of a portfolio of 25 assets for a market value of Euro 375 million,
- ➢ the increase in rents on a like-for-like basis, which had an impact of Euro +100 million,
- ➢ the increase in the average capitalization rate, which had a negative impact of Euro -157 million.

The average yield on the appraised value increased by +48 bp between December 31, 2008 and June 30, 2009, reaching 6.25% at June 30, 2009.

On a like-for-like basis, the value of the portfolio decreased by Euro -58 million or -2.8% between December 31, 2008 and June 30, 2009.

	Average capitalization rate*** June 30, 2009	Average capitalization rate Dec. 31, 2008	Average capitalization rate June 30, 2008
Large shopping centers	5.8%	5.4%	5.0%
Neighborhood shopping centers	6.8%	6.3%	6.1%
Total portfolio*	6.2%	5.8%	5.5%**

Including other assets (large food stores, large specialty stores, independent cafeterias and other isolated assets)
*****Excluding the positive impact of restructuring that were underway at the Besançon, Le Puy, Lanester and Brest sites***
******Excluding extensions under development acquired in 2009***

The following table shows the breakdown of the market value and gross leasable area (GLA) of Mercialys' real estate portfolio by type of asset at June 30, 2009, excluding the assets contributed during the first half of 2009, as well as the related appraised rents over the period shown:

Type of property	Number of assets at June 30, 2009	Appraisal value at June 30, 2009 inc. TT (Euro million)	(%)	Gross leasable area at June 30, 2009 (m^2)	(%)	Appraised net rental income (Euro million)	(%)
Large regional centers	1	65	3	19,300	2	3.3	2
Large shopping centers	28	1,322	57	353,300	45	77.0	52
Neighborhood shopping centers	69	666	30	252,100	32	45.5	31
Large food stores	12	21	1	31,000	4	1.4	1
Large specialty stores	8	44	2	28,400	4	2.9	2
Independent cafeterias	22	53	3	32,500	4	3.7	2
Other (1)	27	86	4	35,300	5	6.3	4
Sub-total Assets in service	**167**	**2,257**	**95**	**751,900**	**100**	**140.1**	**94**
Assets under development (extensions)		124	5%	31,300(2)	4	8.2	6
Total		**2,381**	**100**	**783,200**	**100**	**148.3**	**100**

(1) Mostly service malls and convenience stores.
(2) Estimated surface of the assets when completed
N.B.:
LFS: Large Food Stores, gross leasable area of over 750 m^2
LSS: Large Specialty Stores, gross leasable area of over 750 m^2

Net asset value

Net asset value (NAV) is defined as consolidated equity plus any unrealized capital gains or losses on the asset portfolio and any deferred expenses or income.

NAV is calculated in two ways: excluding transfer taxes (liquidation NAV) or including transfer taxes (replacement NAV).

NAV at June 30, 2009 (Euro million)		NAV at December 31, 2008
Consolidated equity	**1,573.8**	**1,206.7**
Add back deferred income and charges	5.4	3.9
Unrealized gains on assets	**800.3**	**818.2**
Updated market value	2,381.0	2,061.2
Consolidated net book value	-1,580.7	-1,243.0
Replacement NAV	**2,379.4**	**2,028.8**
Per share (Euro)	**26.28**	**27.00**
Transfer taxes and disposal costs	-118.0	-120.3
Liquidation NAV	**2,261.3**	**1,908.5**
Per share (Euro)	**24.98**	**25.40**
Number of shares (in millions)	**90.5**	**75.1**

The issuance of new Mercialys shares within the payment of the 2008 final dividend had a negative impact of Euro -0,08 on the replacement NAV per share.

Deliveries under the Alcudia/'*Esprit Voisin*' program

The Alcudia/'*Esprit Voisin*' program is a project to develop and restructure Mercialys' portfolio of shopping centers. It involves upgrading this estate to match the Group's standards and neighborhood culture, developing the theme of 'Neighborhood Spirit' ('*Esprit Voisin*'), and taking every opportunity available to create architectural value (renovation, restructuring, extension).

During 2008, the program entered a phase of active implementation, with the delivery of the initial projects. Three extensions were delivered during the fourth quarter of 2008, namely the Lanester, Valence Sud and Le Puy projects, and 9 other sites underwent renovation in line with the '*Esprit Voisin*' concept in 2008.

During the first half of 2009, implementation of the Alcudia/'*Esprit Voisin*' program ramped up significantly with Mercialys' acquisition from Casino of a portfolio of 25 Alcudia/'*Esprit Voisin*' projects for close to Euro 334 million.

Amongst those 25 assets, 3 shopping center extensions in Besançon and Arles - which are fully let – were delivered during the first-half of 2009.

The Casino development pipeline

At June 30, 2009, Casino's total pipeline, including new projects and Alcudia extensions, was valued at Euro 505 million compared with Euro 706 million at December 31, 2008, and Euro 710 million at June 30, 2008 (weighted valuation of investment programs taking into account the probability of completion on a project-by-project basis).
The reduction in the pipeline's value between December 31, 2008 and June 30, 2009 was attributable chiefly to:

- the removal of projects acquired as part of the asset contribution completed during the first half of 2009, which were valued at Euro 168 million in Casino's pipeline at December 31, 2008, leading to a negative impact of Euro -168 million,
- the removal of other programs, leading to a negative impact of Euro -89 million,
- the addition of new programs, with a positive impact of Euro +214 million,
- changes in the probability of completion had a negative impact of Euro -115 million,
- application of the new rate schedule under the Partnership Agreement for the second half of 2009, which had a negative impact of Euro -43 million.

Note that Mercialys holds exclusive options to buy all these investment opportunities.

Euro million	Vision June 2009
Renovation and restructuring of existing centers (*)	21
Acquisition of new developments or of extensions to existing sites (Alcudia)	505

(*) Excluding current maintenance work

This information presents an outlook which the Group deems based on reasonable assumptions. It should not be used for the preparation of earnings estimates. It is also subject to the risks and uncertainties inherent in the Group's business activities, and the Group's actual results may therefore differ from these targets and projections. For a more detailed description of the risks and uncertainties, please see the Group's 2008 Registration Document.

In the light of the increase in the average yield based on appraisals for Mercialys's portfolio at June 30, 2009: +48bp, ie a rise of +8.3%, the Board of Directors approved yields for the second half of 2009 at its meeting of July 22, 2009, in accordance with the new Partnership Agreement between Mercialys and Casino signed in the first half of 2009.
Applicable capitalization rates for options exercised by Mercialys in the second half of 2009 will therefore be as follows:

TYPE OF PROPERTY	Shopping centers		Retail parks		Downtown centers
	Mainland France	Corsica and overseas departments and territories	Mainland France	Corsica and overseas departments and territories	
Regional shopping centers / Large shopping centers (over 20,000 m²)	6.8%	7.4%	7.4%	7.8%	6.5%
Neighborhood shopping centers (5,000- 20,000 m²)	7.3%	7.8%	7.8%	8.3%	6.9%
Other properties (less than 5,000 m²)	7.8%	8.3%	8.3%	9.0%	7.4%

Outlook for Mercialys

Mercialys's performance is based on a highly resilient business model, underpinned by both the fundamentals of the retail property sector in France and the company's own strengths.

In view of Mercialys's growth potential, solid results for the first half of 2009 and the visibility provided by the observation of its business performance and economic conditions in the first half of the year, the Management has decided to raise its objectives of growth for 2009 to +15% (year-on-year) for rental revenues and recurring operating cash flow.

Subsequent events

No material event has occurred since the end of the period.

Review of the results of the parent company Mercialys SA

Euro million	**1H09***	1H08*
Rental revenues	**61.3**	54.9
Net income	**44.4**	42.1

(*) A limited review of these financial statements was performed by the Statutory Auditors

Business activities

Mercialys SA, the parent company of the Mercialys group, is a real estate company that has opted for the Sociétés d'Investissements Immobiliers Cotées (SIIC, Real Estate Investment Trust) tax regime. It owns 161 of the 167 commercial assets owned by the Mercialys group and holdings in:
- 5 real estate companies (owning 6 retail assets),
- 2 management companies, namely Mercialys Gestion and Corin Asset Management.
- 7 companies acquired as part of the asset contribution completed during the first half of 2009 housing the development assets (extensions of existing assets)

Mercialys SA's revenues consist primarily of rental revenues and, more marginally, interest earned on the Company's cash under its current account agreement with Casino.

Review of the financial statements

In the first half of 2009, Mercialys SA generated Euro 61.3 million in rental revenues and Euro 44.4 million in net income.
As the Company owns 161 of the 167 of the retail assets owned by the Mercialys group as a whole, information on the main events affecting the Company's activity in 2009 can be found in the business review section of the management report on the consolidated financial statements for the Mercialys group.

Total assets at June 30, 2009 amounted to Euro 1,589.0 million, including

✓ net non-current assets of Euro 1,518 million

and

✓ net cash of Euro 33.7 million, including a current account balance with Casino, Guichard-Perrachon of Euro 32.5 million.
In order to optimize cash management, Mercialys has entered into a cash pooling agreement with Casino Guichard-Perrachon.
The interest is set at Eonia plus 0.10%, and total interest received in the first half of 2009 was Euro 0.2 million.

The Company's equity amounted to Euro 1,546 million.
The main changes in this item during the period were:
- Increase in capital and reserves related to share capital linked to the asset contribution completed during the first half of 2009, and to the payment of 2008 final dividend that was partially paid by the issuance of new Mercialys shares: Euro +334.0 million
- Payment of the final dividend in respect of the 2008 financial year: Euro -36.0 million
- Income for the first half of 2009: Euro +44.4 million

Principal transactions with related parties

The principal related party transactions are described in Note 14 to the half-year consolidated financial statements.