PRESS RELEASE

Paris, February 11, 2009

Solid 2008 results

A year of growth both organic and due to acquisitions

Rental revenues: **+16.8%** to Euro 116.2 million
including organic growth in invoiced rents of **+7.5%**

Completion of the first extensions under the Alcudia program

- ✓ **A year of solid earnings growth:**
  - > Rental revenues up **+16.8%** at Euro 116.2 million
  - > Organic growth in invoiced rents of **+7.5%**
  - > Recurring operating cash flow[1] up +15.7% at Euro 97.0 million
  - > Total cash flow up 15.2% at Euro 99.7 million
  - > Net income, Group share up 13.1% at Euro 80.9 million

- ✓ **Euro 71.7 million of acquisitions presenting potential for value creation**
  - > Acquisition of first three Alcudia extensions in the fourth quarter of 2008 representing a total amount of Euro 23.4 million with an effective average yield of 8.2%
  - > Acquisition of a portfolio of three shopping centers for Euro 39.7 million, presenting a potential medium-term yield of 7.5%

- ✓ **Portfolio valued at Euro 2,061.2 million**, an increase of +7.7% over 12 months (down -0.6% over six months) at an average yield of **6.0%**[2]
  Organic growth in rental revenues more than made up for the negative impact of the increase in the average appraised rate over the course of the year.

- ✓ **NAV equal to Euro 27.00 per share**, up +5% over 12 months (down -3% over six months)

- ✓ **A dividend of Euro 0.88 per share** compared with Euro 0.81 per share for 2007, an increase of **+9%, and proposed option for payment of the final dividend in shares**

- ✓ **Sources of financing secured for 18 months**

- ✓ **A Partnership agreement improved and extended to December, 2014** (December, 2010 previously)

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[1] Total cash flow excluding interest on cash and equivalents, net of income tax and non-recurring items (Euro 1.3 million in 2008; zero in 2007)
[2] Rate calculated on the basis of appraised rents, taking account of indexation to the retail rent index (ILC) at January 1, 2009

"2008 was a year of strong earnings growth and also saw the first completions of Alcudia extensions. This is the concrete result of our vast renovation and redevelopment program launched three years ago, which constitutes a major growth driver for the future," comments Jacques Ehrmann, Chairman and Chief Executive Officer of Mercialys.
Mercialys locally-oriented positioning - the result of a well thought-out marketing strategy - and its partnership with Casino - improved and extended to 2014 - combined with a unique debt-free profile within the resilient real estate sector in France make its business model very robust to cope with more challenging economic conditions," he adds.

2008 RESULTS

Euro thousands	2006	2007	2008	% change 2008/2007
Invoiced rents	**80,714**	**97,723**	**113,613**	**+16.3%**
Rental revenues	82,318	99,496	116,201	+16.8%
Net rental income	76,982	93,484	109,157	+16.8%
Operating costs	-6,836	-8,326	-11,086	
Depreciation, amortization and impairment of assets	-13,356	-15,454	-17,449	
Operating income	**56,791**	**69,703**	**80,622**	**+15.7%**
Net financial income	6,140	3,202	931	
Tax	-2,425	-1,307	-601	
Net income	**60,505**	**71,598**	**80,953**	**+13.1%**
Net income, Group share	**60,468**	**71,549**	**80,911**	**+13.1%**
Cash flow	76,404	86,562	99,723	+15.2%
Recurring operating cash flow[1]	70,070	83,840	96,994	+15.7%
Non-diluted and diluted EPS *(Euro)*	0.83	0.98	1.08	+10.2%
Net asset value (replacement NAV) *(Euro per share)*	20.08	25.70	27.00	+5.1%

Another year of double-digit growth in rental revenues

Rental revenues saw further significant growth of +16.8% in 2008, ahead of expectations, as a result of:

> organic growth of +7.5%, driven by the effect of indexation and renewal and reletting efforts in 2007 and 2008;

> robust growth through acquisitions of 9.7%, relating to the size of acquisitions carried out in 2007 and 2008 and a favorable calendar effect, as half of the Company's 2007 acquisitions in terms of value took place in December 2007 (five shopping malls in Reunion and a shopping mall in Béziers for a total of Euro 93.5 million), accentuating 2008 growth relative to 2007;

> a +46.0% increase in lease rights recognized relating to letting performances in previous years and the current year.

Growth in operating income in line with growth in rental revenues

Operating income benefited from the combined effect of growth in rental revenues and contained growth in property operating expenses and structural costs.
Structural costs net of fees received were impacted by:
> acquisitions;
> the Company's strong growth in relation to the Alcudia project: Mercialys had 57 employees at December 31, 2008, compared with 47 at December 31, 2007;
> studies launched within the framework of the project (marketing, research and advertising costs etc.).

Operating income increased by +15.7%, in line with growth in rental revenues.

Gradual use of cash and equivalents to finance investments (balance of Euro 8.9 million at December 31, 2008 compared with Euro 70.7 million at December 31, 2007) brought down net financial expenses and the related tax charge.

As a result, net income, Group share, increased by +13.1% to Euro 80.9 million

Double-digit cash flow growth

Cash flow increased by +15.2%, benefiting from the favorable impact of lease rights of Euro 3.9 million received in 2008 (compared with Euro 1.4 million in 2007), including lease rights of Euro 1.3 million from the letting of the three Alcudia extensions acquired in 2008 (compared with no lease rights relating to the Alcudia program in 2007).

Recurring operating cash flow, which excludes interest on cash and equivalents net of income tax and lease rights relating to new properties completed, which are non-recurring, increased by +15.7%, in line with growth in rental revenues.

VALUE OF ASSETS AND BALANCE SHEET

Value of assets breaks through the Euro 2 billion mark in 2008.

The value of assets increased by +7.7% over 12 months (-0.6% over six months) to **Euro 2,061.2 million**, inclusive of transfer taxes. The impact of the increase in capitalization rates in 2008 (Euro -95 million) was more than offset by the impact of organic growth (Euro +162 million), achieved thanks to the work of the Company's teams. In addition, acquisitions carried out during the year had a positive impact of Euro +80 million.

NAV came to **Euro 27.00 per share**[3] compared with Euro 25.70 in the year-earlier period and Euro 27.91 per share to June 30, 2008, an increase of +5% over 12 months (down -3% over six months).

Selective acquisitions presenting potential for value creation

Acquisitions made over the year represented investment of **Euro 71.7 million**. The assets acquired meet Mercialys's key criteria in terms of reversionary potential and/or major redevelopment potential which will create value in the short and medium-term.
The main acquisition of the year concerned a portfolio of three shopping malls anchored by Casino hypermarkets, located in Istres, Narbonne and Pau, acquired from private investors for Euro 39.7 million[4], representing an initial average yield of 5.6%. All of these assets present opportunities for increases in rents in the short term and possibilities for extensions (Alcudia projects in Istres and Narbonne). The average medium-term yield on these three assets excluding extensions is valued at around 7.5%.

ALCUDIA PROGRAM and PARTNERSHIP AGREEMENT

Year marked by completion of first Alcudia extensions

The Alcudia program was launched in July 2006 with the aim of renovating, expanding and creating value at the 110 main shared Casino and Mercialys sites in six years.
A dedicated team is in charge of heading up this extensive program, which constitutes a major growth driver for the Company for the next few years.

The program became active in 2008 with the completion of the first extensions in the fourth quarter of the year. There were **three extensions** in total at the Lanester, Valence Sud and Le Puy shopping centers, as well as **nine renovations** of centers under the "Neighborhood Spirit" concept inaugurated during the last quarter of the year.
Extensions acquired by Mercialys in 2008 at Lanester, Valence Sud and Le Puy for Euro 23.4 million[5] represent an additional 34 stores. Rents negotiated by Mercialys's letting teams generate an **effective average yield of 8.2%**, plus additional lease rights of Euro 1.3 million received in 2008.
These acquisitions were carried out within the framework of the Partnership agreement with Casino, which allows Mercialys to acquire new properties developed at a preferential rate relative to the market rates, which constitutes a real competitive advantage for Mercialys.

[3] Replacement NAV
[4] Excluding acquisition of the Istres extension
[5] Including the cost of works at Lanester

A renewed, extended and improved Partnership agreement offering Mercialys a secure investment outlook for the years ahead

With both parties having been satisfied with the Partnership agreement over the last three years, partners Mercialys and Casino wanted to extend and improve the agreement, initially due to expire on December 31, 2010.

A draft new agreement was therefore submitted for approval by Mercialys's Board of Directors at its meeting of February 11, 2009. After deliberating on the proposal, the Board approved the new provisions and decided to apply them retroactively as of January 1, 2009, subject to authorization from Casino's Board of Directors at its meeting of March 4, 2009 and to approval from both Mercialys and Casino Annual General Meeting that will take place before June 30, 2009.

The draft Partnership agreement contains the following amendments:
> Extending the agreement to December 31, 2014 (as opposed to end-2010 initially);
> Half-yearly reviews of the agreement's capitalization rates - as opposed to once a year under the original agreement - to take account of major changes in market rates more frequently;
> Segmentation of rates under the agreement reviewed to take account of the type of property and location; newly calculated capitalization rates are generally more favorable for Mercialys as a result of this more refined segmentation;
> A 50/50 split between Mercialys and the developer of the difference between actual rental income on opening and projected rental income as determined by expert appraisers, whether this difference is positive or negative (upside/downside), in order to take account of the current difficulty in valuing projected rental income at the date Mercialys exercises its option;
> The possibility for Mercialys to buy properties off-plan and to receive properties by way of contributions subject to the usual relevant procedures.

After taking account of the development of the average appraisal yield for Mercialys's portfolio at December 31, 2008, the Board of Directors approved the rates for the first half of 2009 in accordance with this amendment to the new draft agreement at its meeting of February 11, 2009.

Applicable capitalization rates for options exercised by Mercialys in the first half of 2009 will therefore be as follows:

TYPE OF PROPERTY	Shopping malls		Retail parks		City center
	Mainland France	Corsica and overseas depts	Mainland France	Corsica and overseas depts	
Large regional shopping centers / Large shopping centers (over 20,000 m²)	6.3%	6.8%	6.8%	7.2%	6.0%
Neighborhood shopping centers (5,000-20,000 m²)	6.7%	7.2%	7.2%	7.7%	6.4%
Other properties (less than 5,000 m²)	7.2%	7.7%	7.7%	8.3%	6.8%

Under the terms of the original 2005 Partnership agreement, the capitalization rates applied for 2009 would have been 6.3% for all types of shopping center (compared with 6% in 2008) and 6.7% for standalone properties (compared with 6.4% in 2008).

The Alcudia program and development pipeline constitute a series of investment opportunities with an estimated value of **Euro 706 million**[6], on which the Company has **exclusive purchase options**.

[6] Potential acquisition value of the pipeline by Mercialys weighted for probabilities of going ahead on a project-by-project basis

FINANCING

A debt-free balance sheet and sources of financing secured for 18 months

At December 31, 2008, Mercialys had a positive net cash position of Euro 8.9 million (compared with Euro 70.7 million at December 31, 2007).

Mercialys benefits from a secured financing agreement with Casino for 18 months[7]:

> The current account and cash management agreement with Casino has been subject to an amendment providing the possibility for Mercialys to use this account for the short-term financing of its business activities, up to a maximum debit balance of Euro 50 million, subject to interest at the EONIA rate plus 50 basis points.

> A Euro 100 million loan agreement in two tranches of Euro 50 million each will be implemented in the first quarter of 2009.
This loan, subject to interest at the three-month Euribor rate plus 125 basis points for the first Euro 50 million tranche and the three-month Euribor rate plus 175 basis points for the second Euro 50 million tranche, will be for a period of 18 months from the drawing.

DIVIDEND

Proposed payment of final dividend in shares

On February 11, 2008, the Board of Directors set a **dividend of Euro 0.88 per share**[8] for the 2008 financial year to be proposed at the Annual General Meeting, representing an increase of **+9%** relative to the dividend of Euro 0.81 per share paid in respect of 2007. After deduction of the interim dividend of Euro 0.40 per share already paid in October 2008, the final dividend comes to Euro 0.48 per share.

At the Annual General Meeting, a proposal will also be made concerning the possibility for shareholders to opt for payment of the final dividend for 2008 in shares, thereby allowing shareholders to benefit from a 10% discount on the subscription price[9].

[7] Subject to approval by Casino's Board of Directors on March 4, 2009
[8] Subject to approval at Mercialys's Annual General Meeting
[9] The subscription price will be calculated on the basis of the average opening price of the last 20 trading days before Mercialys's Annual General Meeting

OUTLOOK

Mercialys in good shape to start on 2009

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

Its base of indexed rents and the principle of leasehold rights, which ensures the loyalty of tenants, are a major factor in cushioning the impact of economic conditions.

In addition, Mercialys benefits from:
> a favorable outlook in terms of organic growth thanks to considerable potential to increase rent levels on its rental portfolio;
> promising growth drivers in the form of Alcudia projects, developed on existing sites and therefore offering greater security for Mercialys and retailers;
> a strong position, benefiting from both consumer interest in local sites and a favorable geographical location, with sites in the fastest-growing regions;
> a robust balance sheet at end-2008;
> a win-win partnership with Casino extended to end-2014.

2009 looks set to be more difficult than previous years in view of the economic climate.
However, the Management maintains its guidance of growth in rental revenues and recurring operating cash flow of +25% over two years (2009 compared with 2007).

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

Next publications:

- February 12, 2009 (10.00am) 2008 full-year earnings (financial information meeting)
- April 20, 2009 (after market close) First-quarter 2009 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 2008 came to Euro 116.2 million and net income, Group share, to Euro 80.9 million. It owns 168 properties with an estimated value of over Euro 2 billion at December 31, 2008. 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 as at December 31, 2008, was 75,149,959.

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.

1. Business Review

(Financial statements for the year ended December 31, 2008)

Double-digit growth in rental revenues and cash flow for the third consecutive year

Rental revenues increased by a further +16.8% in 2008 - a stronger performance than the one originally expected - as a result of both organic growth, driven by the continuing creation of value from our rental portfolio, and our policy of selective acquisitions.

Organic growth in invoiced rents came to +7.5%, fueled by the effect of indexation and renewal and re-letting efforts in 2007 and 2008.
With an average rental value which, for historic reasons, is below market values, Mercialys's rental portfolio presents considerable potential for value creation. Mercialys's staff work daily to extract value from the portfolio, thereby contributing to the Company's organic growth.

With a positive impact of +9.7%, acquisitions also made a significant contribution to growth in invoiced rents in 2008. This impact relates to the size of acquisitions carried out in 2007 and 2008 and a favorable calendar effect, as half of the Company's 2007 acquisitions in terms of value took place in December 2007 (five shopping malls in La Reunion and a shopping mall in Béziers for a total of Euro 93.5 million), accentuating 2008 growth relative to 2007.

Growth in rental revenues is reflected in cash flow growth, with an increase of +15.2% in 2008.

Year marked by completion of first Alcudia extensions

The Alcudia program was launched in July 2006 with the aim of renovating, expanding and creating value at the 110 main shared Casino and Mercialys sites in six years.
A whole dedicated team has been hired to head up this extensive program, which constitutes a major growth driver for the Company for the next few years.

The program became active in 2008 with the completion of the first extensions in the fourth quarter of the year.
There were three extensions in total at the Lanester, Valence Sud and Le Puy shopping centers, as well as nine renovations of centers under the "Neighborhood Spirit" concept inaugurated during the last quarter of the year.

Extensions acquired by Mercialys in 2008 at Lanester, Valence Sud and Le Puy for Euro 23.4 million[10] represent an additional 34 stores and rents created generating an effective average yield of 8.2%, plus additional lease rights of Euro 1.3 million received in 2008 thanks to the commercial performance of Mercialys's teams.
These acquisitions were carried out within the framework of the partnership agreement with Casino, which allows Mercialys to acquire new properties developed at a preferential rate relative to the market rates, which constitutes a real competitive advantage for Mercialys.

Selective acquisitions presenting considerable reversionary potential

In a very flat market for acquisitions in 2008, characterized by a very low volume of transactions and continuing intense competition due to the scarcity of high quality retail properties, Mercialys maintained a highly selective investment policy.

The main acquisition of the year concerned a portfolio of three shopping malls anchored by Casino hypermarkets, located in Istres, Narbonne and Pau, acquired from private investors for Euro 39.7 million[11], representing an initial average yield of 5.6%.
These properties all present opportunities for reversionary potential and extension (Alcudia projects in Istres and Narbonne). The average medium-term yield on these three properties excluding extensions is valued at around 7.5% (39 leases out of 79 renewable within five years).

[10] Including the cost of extension works at Lanester
[11] Excluding acquisition of the extension to the Istres shopping mall

The acquisition of this portfolio fully illustrates Mercialys's selective strategy of acquiring properties presenting potential and from which its letting, asset management and delegated project management teams are able to create value in the short and medium term.

In addition, the Company acquired three Alcudia extensions and various condominium lots, standalone lots, extensions of existing lots or volumes for construction acquired from Casino.

In total, 2008 acquisitions amounted to Euro 71.7 million, with an average gross yield of 6.6%.

A year confirming the solidity of Mercialys's business model

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

The shopping center sector has an extremely dynamic and resilient performance profile. It is intrinsically correlated with trends in the retail industry and therefore offers a dual advantage for Mercialys in terms of performance:

- exceptionally good visibility in terms of cash flow, with a solid base of index-linked rents, very low vacancy rates due to the practice of leasehold rights, a peculiarity of the French retail system which requires an outgoing tenant to find a replacement, and risks pooled over a large number of sites and leases;
- an ongoing ability to create value by working on a center's merchandising and events planning, negotiating lease renewals and relets, and pursuing a policy of renovating and redeveloping centers to improve their competitiveness.

Against this backdrop, Mercialys has created a flexible organization structure by combining and developing specialized skills in value-creating functions.

Mercialys also presents its own strengths:

- Mercialys benefits from a favorable outlook in terms of organic growth thanks to considerable potential to increase rent levels on its rental portfolio.
- Mercialys benefits from secure access to acquisitions. The partnership agreement with the Casino Group gives Mercialys an exclusive option to purchase each of the new sites developed by the Group at a discounted price. In addition, Casino's large pipeline means that it can remain selective about investment opportunities arising on the market.
- Casino and Mercialys are working together to develop a very ambitious program that is unique in scale - Alcudia - which will create value for both parties and, which two unrelated structures could not carry out. Redevelopment and extension works carried out within the framework of the program will take place at existing sites, thereby significantly limiting the risks taken by Mercialys and its retail tenants. These risks are even more limited by the fact that vigilance criteria in terms of new developments have been enhanced and works only begin once new developments have been at least 60% pre-let.
- Mercialys's shopping centers benefit from a strong position, benefiting from both consumer appeal for local sites and a strong local footing, as well as a favorable geographical position in France, with centers in the fastest-growing regions (Rhône-Alpes, Provence-Alpes-Cote d'Azur, Atlantic Arc).
- Lastly, Mercialys benefits from specialist asset management skills and a healthy balance sheet, allowing it to pursue successfully its ambitious development program.

With the completion of the first Alcudia works, 2008 was the first year in which the Alcudia program became concrete. Its aim is to fully redevelop or renovate a large part of the Company's shopping center portfolio within the next five years.

In this area in particular, Mercialys has implemented major growth drivers: new and/or renovated properties and new premises to be let at existing sites, all coupled with an ambitious, carefully reviewed and extensive marketing strategy expressed via the "Neighborhood Spirit" concept, symbolizing the spirit of the Alcudia program. Central to this strategy, the "Neighborhood Spirit" concept is a means of creating value and establishing the identity of our shopping centers, which offer a local presence and close relations with customers via a renewed visual identity, architecture respecting the environment, a strong local footing and clever and innovative services designed to meet new customer expectations.

2. Financial Review

In this document Mercialys Group is named Mercialys or The Company.

2.1 Financial statements

2.1.1 Consolidated income statement

in thousands of euros	12/2006	12/2007	12/2008
Rental revenues	**82,318**	**99,496**	**116,201**
Non-recovered property taxes	(124)	(252)	(70)
Non-recovered service charges	(1,418)	(1,691)	(2,451)
Property operating expenses	(3,794)	(4,070)	(4,523)
Net rental income	**76,982**	**93,484**	**109 157**
Management, administration and other activities income	1,182	2,293	2,474
External costs	(3,774)	(4,776)	(6,886)
Depreciation, amortization and impairment of assets	(13,356)	(15,454)	(17,449)
Provisions	(5)	(286)	(154)
Staff costs	(4,239)	(5,557)	(6,520)
Operating income	**56,790**	**69,703**	**80,622**
Revenues from cash and cash equivalents	6,574	4,150	2,152
Cost of gross debt	(381)	(831)	(1,110)
Income from net cash (Cost of net debt)	**6,193**	**3,319**	**1,042**
Other financial income and costs	(53)	(117)	(111)
Net financial income	**6,140**	**3,202**	**931**
Tax	(2,425)	(1,307)	(601)
Net income	**60,505**	**71,598**	**80,953**
Minority interests	37	49	42
Net income, Group share	**60,468**	**71,549**	**80,911**
Earnings per share (in euros) [(1)]			
Net earnings per share (in euros)	0.83	0.98	1.08
Diluted net earnings per share (in euros)	0.83	0.98	1.08

(1) Based on the weighted average number of outstanding shares over the period.

2.1.2 Consolidated balance sheet

Assets

in thousands of euros	12/2006	12/2007	12/2008
Intangible assets	11	26	37
Tangible fixed assets	36	925	910
Investment property	989,260	1,165,204	1,231,328
Non-current financial assets	10,287	10,989	11,703
Total fixed assets	**999,594**	**1,177,144**	**1,243 978**
Trade receivables	1,389	3,886	4,440
Other receivables	27,351	8,613	8,851
Casino SA current account	126,814	67,615	8,489
Cash and cash equivalents	1,631	3,064	2,141
Current assets	**157,185**	**83,177**	**23,921**
TOTAL ASSETS	**1,156,779**	**1,260,322**	**1 267,900**

Shareholders' equity and liabilities

in thousands of euros	12/2006	12/2007	12/2008
Share capital	72,919	75,150	75,150
Share capital reserves	988,118	1,048,567	1,051,987
Consolidated reserves	15,858	21,529	28,102
Net income, Group share	60,468	71,549	80,911
Interim dividend payments	(24,044)	(26,226)	(30,035)
Shareholders' equity, Group share	1,113,319	1,190,569	1,206 115
Minority interests	644	651	616
Total shareholders' equity	**1,113,963**	**1,191,221**	**1,206,731**
Long-term provisions	40	55	79
Non-current financial liabilities	9,138	13,810	10,948
Deposits and guarantees*	13,734	18,542	19,349
Non-current tax liabilities	961	3,102	1,189
Non-current liabilities	**23,873**	**35,509**	**31,566**
Trade payables	3,533	4,143	9,156
Current financial liabilities	1,710	2,924	4,624
Short-term provisions	44	286	439
Other current liabilities	12,266	25,968	15,164
Current tax liabilities	1,390	271	219
Current liabilities	**18,943**	**33,592**	**29,602**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,156,779**	**1,260,322**	**1,267,900**

(*) As of the financial year ended December 31, 2008, deposits and guarantees are presented as a separate line item. To provide a year-on-year comparison, amounts for 2006 and 2007 have been adjusted.

2.1.3 Consolidated cash flow statement

in thousands of euros	12/2006	12/2007	12/2008
Net income, Group share	60,468	71,549	80,911
Minority interests	37	49	42
Net income from consolidated companies	**60,505**	**71,598**	**80,953**
Depreciation, amortization and impairment of assets	13,400	15,697	17,602
Calculated income and charges on share-based payments	135	245	498
Other non-cash income and charges	2,364	(978)	670
Depreciation, amortization, provisions and other non-cash items	**15,899**	**14,964**	**18,770**
Cash flow	**76,404**	**86,562**	**99,723**
Net cost of debt	(6,193)	(3,319)	(1,042)
Tax charge	2,425	1,307	601
Cash flow before cost of net debt and tax charge	**72,636**	**84,550**	**99,281**
Tax payments	(2,794)	(3,797)	(1,715)
Change in working capital requirement relating to operations* (1)	(9,904)	24,389	7,332
Net cash flow from operations*	**59,938**	**105,142**	**104,898**
Cash payments on acquisition of investment property and other fixed assets	(99,702)	(102,781)	(41,217)
Cash payments on acquisition of financial assets	(132)	(43)	(1)
Cash receipts on disposal of financial assets	0	31	35
Impact of changes in scope of consolidation	(6,787)	443	(57,700)
Change in loans and advances given	(48)	0	0
Net cash flow from investment operations	**(106,669)**	**(102,350)**	**(98,883)**
Dividend payments to shareholders	(42,976)	(27,679)	(34,591)
Interim dividends	(24,044)	(26,226)	(30,035)
Dividend payments to minority interests	(24)	(42)	(81)
Changes in treasury shares	(661)	(315)	(1,236)
Increase in financial liabilities*	0	0	0
Reduction in financial liabilities*	(1,361)	(9,464)	(2,922)
Net cost of debt	6,193	3,319	1,042
Net cash flow from financing operations*	**(62,873)**	**(60,406)**	**(67,824)**
Change in cash position	**(109,603)**	**(57,614)**	**(61,809)**
Opening cash position	237,893	128,290	70,676
Closing cash position	128,290	70,676	8,867
Of which:			
Casino SA current account	126,814	67,615	8,489
Cash and cash equivalents	1,631	3,064	2,141
Bank facilities	(155)	(3)	(1,763)

(1) The change in working capital is as follows (Euro thousands):

Trade receivables	+ 520	(2,493)	+ 303
Trade payables	+ 604	(160)	+ 4,398
Deposits and guarantees*	+2,920	+11,234	+ 277
Other payables and receivables	(13,948)	+15,808	+ 2,354
	(9,904)	**24,389**	**7,332**

(*) As of the financial year ended December 31, 2008, deposits and guarantees are presented as a separate line item. To provide a year-on-year comparison, amounts for 2006 and 2007 have been adjusted.

2.2 Review of activity and consolidated results

2.2.1 Rental revenues and net rental income

Rental revenues mainly comprise rents billed by the company plus a smaller element of lease rights and despecialization indemnities paid by some tenants in addition to rent.

In 2008, invoiced rents amounted to Euro 113.6 million versus Euro 97.7 million in 2007, an increase of **+16.3%**.

(in millions of euros)	pro forma 2005	2006	2007	2008
Invoiced rents	71,825	80,714	97,723	113,613
Lease rights	831	1,604	1,773	2,588
Rental revenues	**72,656**	**82,318**	**99,496**	**116,201**
Non-recovered service charges and property taxes	-1,270	-1,542	-1,943	-2,521
Property operating expenses	-3,502	-3,794	-4,070	-4,523
Net rental income	**67,884**	**76,982**	**93,484**	**109,157**

Invoiced rents rose by **+16.3%** in 2008 compared with 2007, driven by organic growth (+7.5 points) and acquisitions made in 2006 and 2007 (+9.7 points), partially offset by non-recurring items (-1.0 point).

On a like-for-like basis, invoiced rents rose by Euro +7.3 million or **+7.5%**, driven by:

- ✓ Efforts to enhance the rental portfolio including lease renewals, relets and targeted efforts to obtain short-term lets in malls: Euro +3.4 million (+3.5 points);
- ✓ Rent indexation: Euro +4.1 million (+4.2 points). For the vast majority of leases, the indexation applied in 2008 was based on the change in the CCI index[12] between the second quarter of 2006 and second quarter of 2007. This change was particularly significant over the period, at +5.05%.

- ✓ These two effects had a slight cannibalization effect on variable rents: Euro -0.2 million (-0.2 point).

Acquisitions made in 2007 and 2008 had a significant impact on growth in rents in 2008: Euro +9.5 million **(+9.7%)**. Remember that a considerable portion of 2007 acquisitions took place in December 2007 (five shopping malls acquired in La Reunion and one shopping mall in Béziers), the full impact of which was seen on growth in 2008.
For 2008, the main acquisitions impacting rents for the year were the shopping malls in Narbonne, Pau Lons and Istres acquired on July 30, 2008 for Euro 39.7 million.

This growth was attenuated slightly by the effect of so-called "strategic" vacancies, which had an impact of Euro -0.5 million (-0.5 point) on growth in invoiced rents in 2008. This effect relates to the implementation of the Alcudia program, with the aim of renovating and redeveloping Mercialys's shopping centers, resulting in deliberate vacancies at certain lots (stores due to be redeveloped or relocated).

Lastly, it should be remembered that the third quarter of 2007 benefited from an income of Euro 443 million following the settlement of a particularly long suit on a renewal. This exceptional gain had a non-recurring negative impact of Euro -0.4 million (-0.5 point) on growth in invoiced rents in 2008.

During 2008, 155 current lease renewals or relets generated additional rental revenue of Euro +2.5 million on an annualized basis, or Euro +3.0 million including leases on short-term lets.

12 Construction Cost Index

	Annualized growth in rental base	
	in millions of euros	in %
70 *relets*	+1.8	+121%
85 *lease renewals*	+0.8	+29%
Short-term lets	+0.5	+30%
	Euro +3.0 million	

Mercialys has considerable potential to increase rent levels over the next few years.

The occupancy cost ratio[13] for tenants stood at 8.2% for large shopping centers, compared with 8.1% at end-December 2007. The occupancy cost ratio is relatively low compared with that of Mercialys's peers. It 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.

Lease expiry schedule		**Guaranteed minimum rent**	**Share of leases expiring/ Guaranteed minimum rent**
Expired	401 leases	13,271	11.9%
2009	129 leases	4,458	4.0%
2010	168 leases	4,216	3.8%
2011	273 leases	10,571	9.5%
2012	274 leases	15,632	14.1%
2013	156 leases	6,664	6.0%
2014	155 leases	4,947	4.5%
2015	229 leases	10,683	9.6%
2016	299 leases	14,479	13.1%
2017	162 leases	7,598	6.9%
2018	232 leases	15,826	14.3%
Beyond	49 leases	2,386	2.2%
Total	**2,527 leases**	**110,732**	**100.0%**

The stock of expired leases includes ongoing negotiations and disputes (some renegotiations result in a hearing by a rents tribunal), lease renewal refusals with payment of eviction compensation, global negotiations by retail brands, tactical delaying, etc.

The rents received by Mercialys come from a broad, diversified base of retail brands. Apart from Casino Restauration (10.5%), Feu Vert (4%) and Casino (7%, particularly with three hypermarkets and two supermarkets in Corsica), no one tenant accounts for more than 2% of the total invoiced rents. The table below shows a breakdown of rents between national and local brands on an annualized basis.

	Number of leases	**GMR*+ annual variable 12/31/08 (in millions of euros)**	**%**
National brands	1,375	68.7	60%
Local brands	925	24.8	22%
Casino Restauration (self-service restaurants)	99	12.0	11%
Other Casino Group brands	128	8.3	7%
Total	**2,527**	**113.8**	**100%**

**GMR = Guaranteed minimum rent*

13 Ratio between rent and service charges paid by a retailer and retail sales (rent + charges including tax/tenant's retail sales gross of tax)

The structure of rental revenues at December 31, 2008 confirms the domination of leases with a variable component:

	Number of leases	in millions of euros	%
Leases with variable component	1,209	69.7	61%
- of which guaranteed minimum rent		*66.6*	*58%*
- of which variable rent		*3.1*	*3%*
Leases without variable component	1,318	44.2	39%
Total	**2,527**	**113.8**	**100%**

Excluding "strategic" vacancies designed to facilitate redevelopment plans scheduled under the Alcudia project, the financial occupancy rate was 97.9% in 2008 compared with 97.8% at end-December 2007.
The total financial occupancy rate[14] came to 96.9% compared with 97.1% at end-December 2007, down -0.2 point mainly due to "strategic" vacancies.

Rental revenues also include lease rights paid by tenants upon signing a new lease and despecialization indemnities paid by tenants that change their business activity during the course of the lease. Rental revenues rose by **+16.8%** in 2008 compared with 2007.

Lease rights and despecialization indemnities received increased significantly relative to 2007, totaling Euro 3.9 million compared with Euro 1.4 million in 2007, broken down as follows:

- Euro 2.6 million in lease rights relating to ordinary reletting business (compared with Euro 1.4 million in 2007): this sharp increase is mainly due to the reletting of six major leases for sites in Brest, Toulouse, Massena (Paris 12th), Quimper, Valence 2 and Le Puy;
- Euro 1.3 million in lease rights relating to the letting of the three Alcudia extensions acquired in 2008. Remember that no Alcudia lease rights were received in 2007.

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 2008 amounted to Euro 2.6 million, an increase of Euro +0.8 million or +46% compared with 2007.

Net rental income

Net rental income consists of rental revenues less costs directly allocated to real estate assets. These costs 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 7.0 million in 2008 compared with Euro 6.0 million in 2007, an increase of +17.2% due to growth in the portfolio following acquisitions made in 2007 and 2008. The ratio of non-recovered property operating expenses to invoiced rents remained stable at 6.2% at end-2008 (compared with 6.2% at end-2007).
Consequently, rental income net of costs relating directly to real estate assets grew as fast as invoiced rents, totaling Euro 109.2 million in 2008 compared with Euro 93.5 million in 2007, an increase of **+16.8%** (compared with +16.3% for invoiced rents).

2.2.2 Operating costs and operating income

Staff costs

Staff costs include all costs relating to Mercialys's executive and management teams, which consisted of a total of 57 people at December 31, 2008 (compared with 47 at December 31, 2007).
This increase in the number of employees is partly due to the strengthening of letting teams and Alcudia asset management teams, primarily within the framework of the roll-out of the Alcudia program, as well as the strengthening of ordinary asset management teams in connection with strong growth in the portfolio of properties owned as a result of significant acquisitions in 2006 and 2007.
Consequently, staff costs rose sharply in 2008, with an increase of +17.3% to Euro 6.5 million compared with Euro 5.6 million in 2007.

14 [Rental value of vacant units /(Rental value of vacant units + annualized guaranteed minimum rent on occupied units)]

A portion of staff costs are charged back to the Casino Group as part of the advice services provided by the team dedicated to the Alcudia project, which works on a transversal basis for Mercialys and the Casino Group. Fees charged by Mercialys to the Casino Group in respect of the advice services agreement totaled Euro 1.1 million in 2008 (same amount of Euro 1.1 million in 2007). This agreement was signed for an initial term of six years and is described in chapter 7 of the shelf-registration document, "Organization of the Mercialys Group and relations with other Casino Group companies".

Other expenses

Other expenses mainly comprise structural costs. Structural costs include primarily 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) and real estate asset appraisal fees.

In 2008, these costs came to Euro 6.9 million compared with Euro 4.8 million in 2007. The increase was mainly due to the company's expansion (marketing campaigns, research fees, communication fees relating to extensions and sites customized in 2008, recruitment costs etc.), as well as costs relating to various investment opportunities under review.

Depreciation, amortization and impairment of assets

Depreciation and amortization totaled Euro 17.5 million in 2008, compared with Euro 15.5 million in 2007. This sharp increase was due to acquisitions made in 2007 and 2008.
2007 acquisitions represented a gross investment of Euro 183 million, including five shopping malls acquired in La Reunion for Euro 73.8 million in December 2007.
2008 acquisitions represented a gross investment of Euro 71.7 million. Most of these acquisitions took place in the second half of 2008, including three shopping malls in Narbonne, Pau Lons and Istres acquired on July 30, 2008 and three Alcudia extensions.

Management, administration and other activities income

Fees invoiced for ancillary activities (letting, sales of business operations, shopping center management, "Alcudia" advice services) rose to Euro 2.5 million in 2008 compared with Euro 2.3 million in 2007.

Operating income

Operating income therefore came to Euro 80.6 million in 2008 compared with Euro 69.7 million in 2007, an increase of +15.7% driven by:
- the increase in net rental income (+16.8%);
- contained growth in structural costs.

The ratio of EBITDA[15] to invoiced rents came to 86.5% in 2008 compared with 87% at end-2007.

2.2.3 Net financial income, tax and net income

Net financial income

Financial items include financial expenses relating to finance leases (Euro 15.1 million outstanding at December 31, 2008 on Tours La Riche Soleil, Toga, Furiani and Ste-Marie-du-Parc in La Reunion) and interest income on cash generated in the course of operations, deposits from tenants and cash balances.
At December 31, 2008, Mercialys had a positive cash position of Euro 8.9 million compared with Euro 70.7 million at December 31, 2007.

In 2008, net financial income came to Euro 0.9 million compared with Euro 3.2 million in 2007. The decrease was due to the gradual use of cash to finance 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.

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[15] Earnings Before Interest, Tax, Depreciation and Amortization

The tax charge recorded in the income statement corresponds to tax payable on financial income on cash holdings less a share of the company's central costs allocated to its taxable income.
The tax charge for 2008 was Euro 0.6 million compared with Euro 1.3 million in 2007.

Net income

Net income came to Euro 81.0 million in 2008 compared with Euro 71.6 million the previous year, an increase of +13.1%. Minority interests were not material (Euro 42 thousand).
Net income, Group share, therefore came to Euro 80.9 million compared with Euro 71.5 million in 2007, an increase of +13.1%.

2.2.4 Cash flow

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

Cash flow rose +15.2%, from Euro 86.6 million in 2007 to Euro 99.7 million in 2008. 2008 benefited from significant lease rights representing Euro 3.9 million received over the year, from both ordinary letting activities (Euro 2.6 million received in 2008 compared with Euro 1.4 million in 2007) and the letting of the three Alcudia extensions acquired in 2008 (Euro 1.3 million received in 2008 compared with nothing in 2007).

Recurring operating cash flow (cash flow adjusted for interest income on cash net of tax and non-recurring items) rose by +15.7% to Euro 97.0 million. Non-recurring items amounted to Euro 1.3 million in 2008, corresponding to lease rights received in relation to Alcudia extensions acquired in the second half of the year. There were no non-recurring items in 2007.

2.2.5 Balance sheet structure

At December 31, 2008, the Group had cash of Euro 8.9 million compared with Euro 70.7 million at December 31, 2007. After deducting financial liabilities, net cash amounted to Euro -4.9 million at December 31, 2008 compared with Euro 53.9 million at December 31, 2007, adjusted for deposits and guarantees, which are no longer included in financial liabilities as of December 31, 2008.

Consolidated shareholders' equity was Euro 1,206.7 million at December 31, 2008 compared with Euro 1,191.2 million one year earlier.

The Board of Directors has decided to adopt a policy of paying a regular interim dividend representing half the total dividend paid in the previous year, barring exceptional circumstances which may lead to an increase or decrease in the amount of the interim dividend.
Thus, the Board of Directors decided at its meeting of July 23, 2008 to pay an interim dividend of **Euro 0.40 per share** on October 6, 2008.

On February 11, 2009, the Board of Directors also decided, subject to approval at the Annual General Meeting, to raise the dividend in respect of 2008 by +9% to **Euro 0.88 per share** from Euro 0.81 per share in respect of 2007. After deducting the interim dividend already paid, the final dividend represents an amount of Euro 0.48 per share.
A resolution will be submitted to the Annual General Meeting, offering each shareholder the option of obtaining payment of the final dividend of Euro 0.48 paid in respect of 2008 in shares or in cash.
For the interim dividend of Euro 0.40 per share, the entire amount was distributed from tax-exempt income. For the final dividend of Euro 0.48 per share, the amount will also comprise 100% distributed from tax-exempt income.
In accordance with SIIC tax rules, the minimum distribution requirement in 2008 is Euro 66,119 thousand. Based on the number of outstanding shares, the total dividend payout for 2008 will be Euro 66,132 thousand, which is slightly higher than the minimum requirement.

2.2.6 Valuation of the asset portfolio

Acquisitions made in 2008 amounted to **Euro 71.7 million** on the basis of an average gross capitalization rate of **6.6%.** These acquisitions break down as follows:

A portfolio of 3 shopping malls *(Narbonne, Pau and Istres)*	Euro 40.8 million
3 Alcudia extensions *(Lanester, Valence Sud and Le Puy)*	Euro 23.4 million
Miscellaneous condominium lots *(Montceau Les Mines, Villenave d'Ornon, Valence 2, Exincourt, Tarbes La Loubère, Paris St Didier, and Auxerre)*	Euro 2.8 million
Miscellaneous other properties from the Casino pipeline (*2 extensions of lots in Agen Boé and Quimper, 2 mid-size stores in Les Sables d'Olonne, and 2 volumes to be constructed in Quimper and Dijon Chenôve)*	Euro 4.7 million
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	Euro 71.7 million

Remember that acquisitions recognized in 2007 represented investment of Euro 183.5 million.

The portfolio was valued at Euro 2,061.2 million including transfer taxes at December 31, 2008 up from Euro 1,913.8 million at December 31, 2007.
This represents an increase of +7.7% over the year (or +3.5% on a like-for-like basis). The average appraisal yield was 5.8% at December 31, 2008 (6% at January 1, 2009 after applying the retail rent index 'ILC' on appraisal rents) compared with 5.5% at December 31, 2007.

Growth in the market value of the portfolio in 2008 therefore came from:
- ✓ an increase in rents on a like-for-like basis: +Euro 162 million;
- ✓ the integration of acquisitions made over the year: +Euro 80 million;
- ✓ the increase in the average capitalization rate: -Euro 95 million.

2.2.7 Net asset value

Net asset value (NAV) is defined as consolidated shareholders' 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 December 31, 2008 (in millions of euros)		For information NAV at 12/31/07
Consolidated shareholders' equity	**1,206.7**	**1,191.2**
Add back deferred income and charges	3.9	2.4
Unrealized gains on assets	**818.2**	**737.6**
Updated market value	*2,061.2*	*1,913.8*
Consolidated net book value	*-1,243.0*	*-1,176.2*
Replacement NAV	**2,028.8**	**1,931.3**
Per share (in euros)	**27.00**	**25.70**
Transfer taxes and disposal costs	-120.3	-111.7
Liquidation NAV	**1,908.5**	**1,819.5**
Per share (in euros)	**25.40**	**24.21**

2.3 Outlook

2.3.1 Investment outlook

Roll-out of the Alcudia program

The Alcudia project concerns the expansion and redevelopment of Mercialys's shopping center portfolio. It is about putting the Company's shopping centers in harmony with the spirit of the Group and its culture of proximity by developing the "Neighborhood Spirit" theme, seizing all opportunities for architectural value creation (renovations, redevelopment, extensions).

The project entered its active phase in 2008 with the completion of three extensions in the fourth quarter of the year: Lanester, Valence Sud and Le Puy.

The roll-out of the program will continue over the next few years.

The Casino development pipeline

At December 31, 2008, Casino's overall pipeline - including new projects and Alcudia extensions - was valued at Euro 706 million compared with Euro 775 million at December 31, 2007 and Euro 710 million at June 30, 2008 (valuation weighted for investment programs, taking account of the probability of completion on a project-by-project basis).
We remind you that Mercialys has exclusive options to buy all of these investment opportunities.

In millions of euros	October 2005 (IPO)	December 2007	December 2008
Renovation and redevelopment of existing shopping centers (*)	100	78	133
Acquisition of new developments and extension programs at existing sites (Alcudia)	200	775	706

(*) Excluding ordinary maintenance works

This information is based on objectives which the Group believes to be reasonable. It should not be used to forecast results. It is also subject to the risks and uncertainties inherent in the Group's business activities and actual results may therefore differ from these targets and projections. For a more detailed description of risks and uncertainties, please refer to the Group's 2008 shelf-registration document.

Partnership agreement with Casino

A five-year partnership agreement was signed with Casino in 2005. This agreement governs relations between Mercialys and Casino regarding acquisitions of new properties (developments or new extensions of existing properties) and has been generally satisfactory for both parties over the last three years.

As the partnership agreement is due to expire on December 31, 2010, Mercialys and Casino wanted the agreement to be amended and improved as of 2009.

A draft of a new partnership agreement was therefore submitted to the Board of Directors for approval on February 11, 2009. After deliberating, the Board approved the provisions set out in the draft new partnership agreement and decided to apply them retroactively as of January 1, 2009, subject to authorization from Casino's Board of Directors at its meeting of March 4, 2009 and to approval from both Mercialys and Casino Annual General Meeting that will take place before June 30, 2009.

This draft partnership agreement concerns the following main changes:

- ✓ Extending the agreement to December 31, 2014 (December 31, 2010 previously);
- ✓ Half-yearly reviews of the agreement's capitalization rates - as opposed to once a year under the original agreement - to take account of changes in market yield rates more frequently;
- ✓ Revision of the method used to determine capitalization rates on the basis of a refined approach for applicable rates depending on the type of property and the location of the property. Newly calculated capitalization rates are still favorable for Mercialys relative to the market rate. For example, properties of less than 5,000 m^2 will benefit from a much more advantageous rate than that which applied under the original agreement. Remember that the original agreement provided only two capitalization rates - one applying to shopping centers and the other to standalone properties.
- ✓ A 50/50 split between Mercialys and the developer of the difference between actual rental income and appraisal rental income, whether this difference is positive or negative (upside/downside), in order to take account of the current difficulty in valuing projected rental income at the date Mercialys exercises its option. This difference was allocated entirely to Mercialys under the original agreement;
- ✓ The possibility for Mercialys to buy properties off-plan;
- ✓ The possibility for Mercialys to receive properties by way of contributions.

After taking account of the development of the average appraisal yield for Mercialys's portfolio at December 31, 2008, the Board of Directors approved the rates for the first half of 2009 in accordance with this draft partnership agreement at its meeting of February 11, 2009.

Applicable capitalization rates for options exercised by Mercialys in the first half of 2009 will therefore be as follows:

TYPE OF PROPERTY	**Shopping malls**		**Retail parks**		**City center**
	Mainland France	Corsica and overseas departments and territories	Mainland France	Corsica and overseas departments and territories	
Large regional shopping centers / Large shopping centers (over 20,000 m^2)	6.3%	6.8%	6.8%	7.2%	6.0%
Neighborhood shopping centers (5,000 to 20,000 m^2)	6.7%	7.2%	7.2%	7.7%	6.4%
Other properties (less than 5,000 m^2)	7.2%	7.7%	7.7%	8.3%	6.8%

Under the terms of the original 2005 partnership agreement, the capitalization rates applied for 2009 would have been 6.3% for all types of shopping centers (compared with 6% in 2008) and 6.7% for standalone properties (compared with 6.4% in 2008).

2.3.2 Business outlook

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

Its base of indexed rents and the principle of leasehold rights, which ensures the loyalty of tenants, are a major factor in cushioning the impact of economic conditions.

In addition, Mercialys benefits from:
> a favorable outlook in terms of organic growth thanks to considerable potential to increase rent levels on its rental portfolio;
> promising growth drivers in the form of Alcudia projects, developed on existing sites and therefore offering greater security for Mercialys and retailers;
> a strong position, benefiting from both consumer interest in local sites and a favorable geographical location, with sites in the fastest-growing regions;
> a robust balance sheet at end-2008;
> a win-win partnership with Casino extended to end-2014

2009 looks set to be more difficult than previous years in view of the economic climate.
However, the Management maintains its guidance of growth in rental revenues and recurring operating cash flow of +25% over two years (2009 compared with 2007).

2.4 Subsequent events

No material event has occurred since the year end.

2.5 Review of the results of the parent company, Mercialys SA

in millions of euros	**2008***	2007*
Rental revenues	**111.3**	96.4
Net income	**79.5**	68.4

(*) Statutory financial statements

2.5.1 Activity

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 162 of the 168 retail assets owned by the Mercialys Group and holdings in 10 companies, including eight real estate companies (which own the remaining assets) and two management companies, Mercialys Gestion and Corin Asset Management.

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

2.5.2 Review of the financial statements

In 2008, Mercialys SA generated Euro 111.3 million in rental revenues and Euro 79.5 million in net income.
As the company owns almost all the retail assets owned by the Mercialys Group as a whole, information about the main events affecting the Company's activity in 2008 can be found in the business review section of the management report on the consolidated financial statements for the Mercialys Group.
The notes to the financial statements set out the significant accounting policies used by the Company and provide disclosures on the main balance sheet and income statement items and their change over the year.

Total assets at December 31, 2008 amounted to Euro 1 247.2 million, including:

- ✓ net fixed assets of Euro 1 201.7 million

and

- ✓ net cash of Euro 10.3 million, including a current account balance with Casino Guichard-Perrachon of Euro 8.5 million. In order to optimize cash management, Mercialys has entered into a cash pooling agreement with Casino Guichard-Perrachon. The account earns interest at EONIA plus 0.10%, and total interest received in 2008 was Euro 2.1 million.

The company's shareholders' equity amounts to Euro 1 202.7 million.

The main changes in this item during the year were:

- Payment of the final dividend in respect of 2007: -Euro 34.6 million
- Payment of the interim dividend in respect of 2008 in October 2008: -Euro 30.0 million
- Net income for the year: +Euro 79.5 million