PRESS RELEASE

Paris, July 27, 2010

Rental revenues up +12.2%
including growth relating to measures to enhance the portfolio of **+3.8%**

Recurring operating cash flow[1]: +13.5 %

Acceleration in the 'Esprit Voisin' program with 7 completions during the year

- ✓ **A period of robust earnings growth:**
  - \> Rental revenues up **+12.2%** at Euro 72.4 million
    Mercialys's first-half rental revenues equaled full-year revenues in 2005[2], the Company's first year in operation
  - \> Growth in invoiced rents relating to measures to enhance the portfolio of **+3.8%**
  - \> Recurring operating cash flow[1] up **+13.5%** at Euro 63.0 million
  - \> Total cash flow[3] up **+13.4%** at Euro 64.4 million
  - \> Net income, Group share up **+11.1%** at Euro 50.9 million

- ✓ **Major operating achievements** in the first half of the year**:**
  - \> 7 projects in progress, 3 extensions completed in the first half of 2010 and another 4 due to be completed in the second half of 2010
  - \> 65 new leases signed in the first half of the year

- ✓ **Portfolio valued at Euro 2,467.8 million**, up +1.3% over six months, with a reduction in the average yield of **-10 bp** to **6.0%**

- ✓ **Net asset value[4] equal to Euro 27.10 per share**, up +1.2% over six months

- ✓ **Interim dividend of Euro 0.50** per share

- ✓ **2010 targets confirmed: growth of close to +10% in rental revenues and recurring operating cash flow**

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[1] Total cash flow excluding interest on cash and equivalents, net of income tax and non-recurring items
[2] Proforma data

[3] Cash flow = net income before depreciation and other non-cash items
[4] Replacement NAV

"The first half of the year was once again characterized by a solid operating and financial performance as a result of effective execution of our strategy.
The implementation of 'Esprit Voisin' development projects is gaining pace and our rate of completions currently stands at an unprecedented level, which will continue to rise over the next two years.
Our strategy has enabled us to achieve remarkable growth of an average of 14% a year over five years. Over the first six months of the year, we generated rental revenues of Euro 72 million, equal to the level achieved over the full year in 2005.
Thanks to the visibility provided by this business model, we are able to reiterate our target of growth in rental revenues and recurring operating cash flow of close to 10% in 2010," commented Jacques Ehrmann, Chairman and Chief Executive Officer of Mercialys.

1. FIRST-HALF 2010 BUSINESS PERFORMANCE

Rental revenues up +12.2%

Aggregate rental revenues to end-June 2010 came to Euro 72,390 thousand, an increase of **+12.2%** compared with the same period in 2009, broken down as follows:

Euro thousands	H1 2009*	H1 2010*	% change
Invoiced rents	**62,875**	**70,547**	**+12.2%**
Lease rights *(IFRS)*	1,643	1,842	+12.1%
Rental revenues	**64,518**	**72,390**	**+12.2%**

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

Invoiced rents increased by Euro +7.7 million (+12.2%) during the first half of 2010 as a result of:
- growth related to the renegotiation of rents on leases in the portfolio: Euro +2.4 million (+3.8 points);
- external growth related primarily to the acquisition in 2009 of a Euro 334 million portfolio of 'Esprit Voisin' development projects: Euro +6.4 million (+10.2 points).

The effects of these two major growth drivers were attenuated by:
- indexation[5], which had a negative impact of Euro -0.4 million (-0.6 points) over the first half of the year, recurring over the course of the year;
- variable rents, which had a negative impact of Euro -0.6 million (-1.0 points); and
- to a lesser extent, the strategic vacancies relating to our current redevelopment programs: Euro -0.2 million (-0.3 points).

[5] In 2010, 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 2008 and the second quarter of 2009 (respectively -4.10% and +0.84%).

Lease rights and despecialization indemnities received during the first half of 2010 amounted to Euro 3.2 million, up from Euro 2.7 million in the first half of 2009, breaking down as follows:

- Euro 1.6 million in lease rights relating to ordinary reletting activities (compared with Euro 1.5 million in the first half of 2009);
- Euro 1.6 million in lease rights relating to lettings of the Besançon La Faille, Brest, Castres and Fontaine Les Dijon extension/redevelopment programs completed during the first half of 2010 (compared with Euro 1.2 million in the first half of 2009 linked to the letting of the Besançon extension).

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 2010 amounted to Euro 1.8 million, an increase of +12.1% compared with Euro 1.6 million in the first half of 2009.

In addition, the main rental management indicators remained stable during the first half of the year.

Continuing ramp-up of the 'Esprit Voisin' program

The 'Esprit Voisin' development program gained pace significantly in 2010 and was enhanced with new tools and services for customers:

- 3 developments were completed during the first half of 2010 at Castres (extension), Brest (redevelopment of the former Castorama shell as new stores), and Fontaine-Les-Dijon (new stores developed on space acquired from hypermarkets).
  A total of 44 new retailers opened stores during the first half of the year or are due to open stores, representing a rental value of Euro 2.6 million over the full year and a GLA of 8,300 m².
- A further 4 development projects will be completed in the second half of 2010 representing 88 new retailers, a full-year rental value of Euro 6.8 million and a GLA of 21,000 m².
- 13 completions of 'Esprit Voisin' extensions are also in preparation for 2011.

Development projects already completed or in progress resulted in the signing of a record number of leases in the first half of 2010, with 65 new leases signed.

These development projects are accompanied by the introduction of a sustainable development accreditation label and the roll-out of the S'Miles loyalty card scheme at 13 of our major shopping centers.

With the acquisition of the new Caserne de Bonne shopping center in Grenoble (see our press release of February 15, 2010), a total of 5 new or redeveloped properties will be added to Mercialys's portfolio in the second half of 2010.

2. FIRST-HALF 2010 RESULTS

Euro thousands	H1 2009	H1 2010	% change 2010/2009
Invoiced rents	**62,875**	**70,547**	**+12.2%**
Rental revenues	64,518	72,390	+12.2%
Net rental income	60,674	68,697	+13.2%
Net income, Group share	**45,810**	**50,902**	**+11.1%**
Cash flow	56,803	64,391	+13.4%
Recurring operating cash flow[6]	55,466	62,956	+13.5%

Total cash flow up +13.4%

Cash flow increased by +13.4%, benefiting from the favorable impact of:
> Growth in rental income; and
> Euro 3.2 million in lease rights received during the first half of 2010 (compared with Euro 2.7 million in the first half of 2009).

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 a solid +13.5%.

Interim dividend increased by +13.6% to Euro 0.50 per share

In 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.

In view of the Company's solid first-half performance, the Board of Directors decided at its meeting of July 27, 2010 to maintain this principle. An interim dividend of Euro 0.50 per share will therefore be paid in October 2010.

3. OUTLOOK

In an economic climate characterized by signs of timid recovery, the shopping center rental market held up well during the first half of 2010, which was accompanied by a significant upturn in transactions and improved appetite for retail property in France.
Against this backdrop, Mercialys continued with the implementation of its ‘Esprit Voisin’ development projects at existing sites - which are therefore more secure for Mercialys and retailers - allowing the Company to reinforce its sites against its competitors.

[6] Cash flow excluding interest on cash and cash equivalents, net of tax and non-recurring items

More generally speaking, Mercialys plans to continue with the strategy it has successfully pursued for more than four years, based on both enhancing the value of the existing portfolio and selected targeted investments in properties offering potential. 2010 will also mark the end of the period of holding our properties, with the possibility of arbitrage operations concerning mature properties from the end of the year.

In the light of the Company's solid first-half performance, the visibility provided by the observation of business performance and economic conditions in the first half of the year, and planned completions in the second half of 2010, Management reiterates its target of year-on-year growth of close to +10% in rental revenues and recurring operating cash flow in 2010.

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

Next publications:

- October 18, 2010 (after market close) Third-quarter 2010 revenues

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About Mercialys

Mercialys, one of France's leading real estate companies, is solely active in retail property. 2009 rental revenues came to Euro 134.2 million and net income, Group share, to Euro 93.0 million.
It owns 168 properties with an estimated value of Euro 2.5 billion at June 30, 2010. 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 91,968,488 at June 30, 2010.

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, 2009 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.

Accounting rules and methods

In accordance with EU regulation 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements for the period to June 30, 2010 have been prepared under IAS/IFRS ("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, 2009.

1. Financial statements

1.1 Consolidated income statement

For the period to June 30, 2010 (six months) and to June 30, 2009 (six months)

(in thousands of euros)	1H10*	1H09*
Rental revenues	**72,390**	**64,518**
Non-recovered property taxes	-122	-148
Non-recovered service charges	-1,636	-1,601
Property operating expenses	-1,935	-2,095
Net rental income	**68,697**	**60,674**
Management, administration and other activities income	1,446	1,966
Other expenses	-2,592	-2,416
Depreciation and amortization	-12,141	-9,965
Allowance for provisions for liabilities and charges	-12	-36
Staff costs	-4,479	-4,057
Other operating income and expenses	-17	45
Operating income	**50,902**	**46,211**
Revenues from cash and cash equivalents	170	176
Cost of debt, gross	-111	-283
Cost of debt, net	**59**	**-107**
Other financial income and expense	-26	-31
Net financial income (expense)	**33**	**-138**
Tax	-1	-246
Net income	**50,934**	**45,827**
Attributable to minority interests	32	17
Attributable to Group equity holders	**50,902**	**45,810**
Earnings per share (in euros) (1)		
Basic earnings per share attributable to Group equity holders	0.55	0.58
Diluted earnings per share attributable to Group equity holders	0.55	0.58

(*) 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 adjusted for treasury shares:

> Weighted average number of shares (non-diluted) at June 30, 2010 = 91,729,522 shares

> Weighted average number of shares (full diluted) at June 30, 2010 = 91,798,324 shares

1.2 Consolidated balance sheet

ASSETS

(in thousands of euros)	06/2010*	12/2009
Intangible assets	21	26
Property, plant and equipment other than investment property	751	802
Investment property	1,576,663	1,573,139
Non-current financial assets	13,376	12,964
Deferred tax assets	372	221
Total non-current assets	**1,591,183**	**1,587,152**
Trade receivables	8,434	6,043
Other receivables	17,597	13,896
Casino SA current account	50,230	67,034
Cash and cash equivalents	479	2,869
Current assets	**76,740**	**89,840**
TOTAL ASSETS	**1,667,923**	**1,676,994**

EQUITY AND LIABILITIES

(in thousands of euros)	06/2010*	12/2009
Share capital	91,968	91,968
Reserves related to share capital	1,423,739	1,422,410
Consolidated reserves	39,429	38,685
Net income attributable to the Group	50,902	93,029
Interim dividend payments	-	(39,790)
Equity attributable to Group	1,606,038	1,606,302
Minority interests	632	606
Total equity	**1,606,670**	**1,606,908**
Non-current provisions	146	125
Non-current financial liabilities	6,141	7,357
Deposits and guarantees	21,826	21,333
Non-current tax liabilities	612	603
Non-current liabilities	**28,725**	**29,418**
Trade payables	7,110	9,340
Current financial liabilities	2,761	3,784
Short-term provisions	897	888
Other current payables	21,120	26,029
Current tax liabilities	640	626
Current liabilities	**32,528**	**40,667**
Total equity and liabilities	**1,667,923**	**1,676,994**

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

1.3 Consolidated cash flow statement

(in thousands of euros)	06/2010*	06/2009*
Net income attributable to the Group	50,902	45,810
Net income attributable to minority interests	32	17
Net income from consolidated companies	**50,934**	**45,827**
Depreciation, amortization, impairment allowances and provisions net of reversals	12,151	9,974
Income and charges relating to share-based payments	329	295
Other non-cash income and charges	980	748
Depreciation, amortization, impairment allowances and other non-cash items	**13,460**	**11,017**
Income from asset sales	-2	-40
Cash flow	**64,391**	**56,803**
Cost of net debt	-59	118
Tax charge (including deferred tax)	1	246
Cash flow before cost of net debt and tax	**64,333**	**57,167**
Tax payments	570	490
Change in working capital requirement relating to operations (1)	-7,982	-8,890
Change in deposits and guarantees	493	1,697
Net cash flow from operating activities	**57,414**	**50,464**
Cash payments on acquisition of investment property and other fixed assets	-18,175	-15,134
Cash payments on acquisition of financial assets	0	-9
Cash receipts on disposal of investment property and other assets	19	2,738
Cash receipts on disposal of financial assets	5	0
Impact of changes in the scope of consolidation (2)	-4,433	1,923
Change in loans and advances given		-
Net cash flow from investing activities	**-22,584**	**-10,482**
Dividend payments to shareholders (3)	-51,380	-11,698
Dividend payments to minority interests	-8	-41
Capital increase or decrease (2) (3)	-440	-980
Changes in treasury shares	-18	1,605
Reduction in financial liabilities	-1,176	-1,319
Net cost of debt	59	-118
Net cash flow from financing activities	**-52,963**	**-12,551**
Change in cash position	**-18,132**	**-27,433**
Opening cash position	67,858	8,867
Closing cash position	49,727	36,302
Closing cash position	**49,727**	**36,302**
Of which:		
Casino SA current account	50,230	32,460
Cash on balance sheet	479	4,811
Bank facilities	-982	-969

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

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

	1H10	1H09
Trade receivables	-2,391	-4,555
Trade payables	-2,230	-3,052
Other receivables and payables	-3,361	-1,283

(2) At the start of the year, the Group proceeded with the payment of GM Geispolsheim shares acquired at the end of 2009 in the amount of Euro 4,433 thousand. The contribution in kind made in the first half of 2009 of Euro 333.5 million had no impact on this cash flow statement except that of expenses related to the transaction (Euro 135 thousand) and the net cash position of the companies acquired (Euro 2,058 thousand).

(3) During the first half of 2009, the dividend payments financed through the issuing of shares had no impact on this cash flow statement except the impact of expenses related to the transaction, shown in "Capital increase". Additional costs of Euro 440 thousand were paid during the first half of 2010.

2. Review of activity and consolidated results

2.1 Rental revenues, net rental income and 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 2010, invoiced rents came to Euro 70.5 million compared with Euro 62.9 million over the same period in 2009, representing an increase of **+12.2%**.

(in millions of euros)	1H10	1H09
Invoiced rents	70,547	62,875
Lease rights	1,842	1,643
Rental revenues	**72,390**	**64,518**
Non-recovered service charges and property taxes	-1,758	-1,749
Property operating expenses	-1,935	-2,095
Net rental income	**68,697**	**60,674**

Invoiced rents rose by Euro +7.7 million (**+12.2%**).This growth was driven by:
- growth related to the renegotiation of rents on leases in the portfolio: Euro +2.4 million (+3.8 points);
- external growth related primarily to the acquisition in 2009 of a Euro 334 million portfolio of 'Esprit Voisin' development projects: Euro +6.4 million (+10.2 points).

The effects of these two major growth drivers were attenuated by:
- indexation[7], which had a negative impact of Euro -0.4 million (-0.6 points) over the first half of the year, recurring over the course of the year;
- variable rents, which had a negative impact of Euro -0.6 million (-1.0 points); and
- to a lesser extent, the strategic vacancies relating to our current redevelopment programs: Euro -0.2 million (-0.3 points).

2.2 Main management indicators:

Mercialys's rental management indicators remained relatively stable in the first half of 2010.

➤ The recovery rate of invoiced rents remained high: 98.0% of rents and rental charges invoiced over 12 months were received by June 30, 2010 (compared with 98.1% by March 31, 2010 and 98.3% by December 31, 2009).

➤ The number of defaults during the first half of the year remained low, with ten liquidations over the period (out of 2,679 leases signed at June 30, 2010).
In addition, 4 units affected by liquidation were relet over the period.

➤ The vacancy rate remained low. The current vacancy rate - which excludes "strategic" vacancies designed to facilitate redevelopment plans scheduled under the 'Esprit Voisin' program - stood at 2.1% at June 30, 2010, compared with 2.3% at December 31, 2009. This constitutes an improvement of 0.2 points thanks to the reletting in the first half 2010 of certain vacant lots representing a significant amount in terms of value.

[7] In 2010, 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 2008 and the second quarter of 2009 (respectively -4.10% and +0.84%).

The strategic vacancy rate decreased to 0.6% (compared with 1.1% at December 31, 2009), mainly as a result of the letting of vacant lots at redeveloped sites partly or fully completed during the first half of 2010, namely Brest, Fontaine-Les-Dijon and Paris St Didier.

As a result of these effects, the total vacancy rate[8] decreased from 3.4% at December 31, 2009, to 2.6% at June 30, 2010.

➤ The occupancy cost ratio[9] for tenants stood at 8.6% at June 30, 2010 (rent + charges including tax/tenant's retail sales gross of tax), stable relative to December 31, 2009, which is still fairly moderate compared with Mercialys's peers.

➤ Mercialys has a significant stock of expired leases to work on. This is due to ongoing negotiations, disputes (some negotiations result in a hearing by a rents tribunal), lease renewal refusals with payment of eviction compensation, global negotiations by retailers, tactical delays etc.

Lease expiry schedule		**Guaranteed minimum rent** (in millions of euros)	**% of leases expiring/ Guaranteed minimum rent**
Expired at June 30, 2010	365 leases	13.2	9.6%
2010 (to expire)	166 leases	4.0	2.9%
2011	294 leases	10.7	7.8%
2012	264 leases	15.8	11.4%
2013	158 leases	6.9	4.9%
2014	156 leases	9.0	6.5%
2015	235 leases	11.4	8.3%
2016	295 leases	14.6	10.6%
2017	166 leases	8.2	6.0%
2018	293 leases	20.2	14.6%
2019	153 leases	8.1	5.8%
2020	83 leases	12.1	8.7%
Beyond	51 leases	3.8	2.7%
Total	**2,679 leases**	**137.9**	**100.0 %**

➤ Rents received by Mercialys come from a very wide range of retailers. With the exception of Cafétérias Casino (9%), other Casino brands[10] (12%) and Feu Vert (4%), no tenant represents more than 2% of total revenue.

The table below shows a breakdown of rents between national and local brands on an annualized basis.

	Number of leases	**GMR + annual variable June 30, 10 (in millions of euros)**	**June 30, 10 As a %**	**Dec 31, 09 As a %**
National brands[11]	1,633	86.6	63%	61%
Local brands	809	22.1	16%	18%
Cafétérias Casino / Self-service restaurants	105	12.5	9%	9%
Other Casino Group brands	132	16.7	12%	12%
including 5 hyper/supermarkets acquired in H1 2009	*5*	*8.1*	*6%*	*6%*
Total	**2,679**	**137.9**	**100%**	**100%**

**GMR = Guaranteed minimum rent*

[8] [Rental value of vacant units/(annualized guaranteed minimum rent on occupied units + rental value of vacant units)]
[9] Ratio of the rent and charges paid by a retailer to sales (rent + charges gross of taxes/sales gross of taxes)
[10] Includes rents from five hypermarkets and supermarkets acquired as part of the contribution of assets in the first half of 2009
[11] Includes rents from 10 hypermarkets surfaces acquired as part of the contribution of assets in the first half of 2009 to be converted into small stores (Casino rental guarantee until the end of redevelopment works)

Breakdown of rental income by business sector **% of rental income**	**June 30, 2010**	**December 31, 2009**
Personal items	27.0%	25.8%
Food and catering	14.7%	14.8%
Household equipment	12.1%	12.7%
Beauty and health	12.9%	12.9%
Culture, gifts and leisure	13.8%	13.9%
Services	4.8%	5.1%
Large food stores	14.7%	15.0%
Total	**100 %**	**100 %**

The structure of rental revenues at June 30, 2010 confirmed the dominant share, in terms of rent, of leases with a variable component:

	Number of leases	**Annual rental income** (in millions of euros)	**As a %**
Leases with variable component	1,372	81.3	59%
- of which guaranteed minimum rent		*79.7*	*58%*
- of which variable rent		*1.6*	*1%*
Leases without variable component	1,307	56.6	41%
Total	**2,679**	**137.9**	**100%**

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.
At June 30, 2010, rental revenues rose by **+12.2%** compared with the first half of 2009.

Lease rights and despecialization indemnities received during the first half of 2010 amounted to Euro 3.2 million, up from Euro 2.7 million in the first half of 2009, breaking down as follows:

- Euro 1.6 million in lease rights relating to ordinary reletting activities (compared with Euro 1.5 million in the first half of 2009);
- Euro 1.6 million in lease rights relating to lettings of the Besançon La Faille, Brest, Castres and Fontaine Les Dijon extension/redevelopment programs completed during the first half of 2010 (compared with Euro 1.2 million in the first half of 2009 linked to the letting of the Besançon extension).

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 2010 amounted to Euro 1.8 million, an increase of +12.1% compared with Euro 1.6 million in the first half of 2009.

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 3.7 million in the first half of 2010 compared with Euro 3.8 million in the first half of 2009, a reduction of -3.9% mainly due to a decrease in property fees.
The non-recovered property operating expenses/invoiced rents ratio came to 5.2% in the first half of 2010, down significantly compared with 6.1% in the first half of 2009.
Growth in net rental income exceeded growth in invoiced rents. During the first half of 2010, net rental income came to Euro 68.7 million compared with Euro 60.7 million in the first half of 2009, an increase of **+13.2%**.

2.3 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 65 people at June 30, 2010 (compared with 59 at June 30, 2009 and December 31, 2009, and 57 at December 31, 2008).

Staff costs increased by +10.4% during the first half of 2010 owing to the recruitment of new employees in 2009 and 2010, with six new arrivals during the first half of 2010 to bolster the shopping center marketing, operating and shopping centers management teams, in particular in relation to roll-out of the 'Esprit Voisin' program.
As a result, staff costs amounted to Euro 4.5 million, compared with Euro 4.1 million during the first half of 2009.

The services provided by some Mercialys teams are billed back: the fees billed came to Euro 1.4 million in the first half of 2010, compared with Euro 1.3 million in the first half of 2009. This includes in particular consulting services provided by the 'Esprit Voisin' project team - which works on a cross-functional basis for Mercialys and the Casino Group - that are billed by Mercialys to Casino Group under the 2007 consulting services agreement.
Remember that the first half of 2009 also benefited from non-recurring income of Euro 663 thousand relating to the billing back of cross-functional studies conducted as part of the 'Esprit Voisin' program.

Other expenses

Other expenses mainly comprise structural costs. Structural costs include primarily investor relations costs, directors' fees, corporate communication costs, marketing surveys costs, 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 real estate asset appraisal fees.

These costs amounted to Euro 2.6 million during the first half of 2010 compared with Euro 2.4 million during the first half of 2009, up +7.3%, mainly as a result of the increase in back office expenses at Casino in relation to the ramp-up of business momentum.

Depreciation, amortization and impairment of assets

Depreciation and amortization came to Euro 12.1 million during the first half of 2010, compared with Euro 10.0 million in the first half of 2009, an increase of +21.5%. The increase in depreciation and amortization was predominantly driven by the acquisitions completed in 2009, which came to a gross amount of Euro 342 million - including the acquisition of 25 properties on May 19, 2009 by means of a contribution for Euro 334 million - the full impact of which on depreciation and amortization was seen in the first half of 2010.

Operating income

As a result of the above, operating income came to Euro 50.9 million in the first half of 2010, compared with Euro 46.2 million in the first half of 2009, up +10.2%.

The ratio of EBITDA[12] to rental revenues was 87.1% over 12 months, stable relative to June 30, 2009.

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

2.4 Net financial items and tax

Net financial items

Net financial items include:
- as expenses: financial expenses relating to finance leases, representing Euro 7.9 million outstanding at June 30, 2010 concerning two sites: Tours La Riche and Port Toga;
- as income: interest income on cash generated in the course of operations, deposits from tenants and Mercialys's cash balances.

At June 30, 2010, Mercialys had a positive cash position of Euro 49.7 million compared with Euro 67.9 million at December 31, 2009.

Net financial income for the first half of 2010 totaled Euro 0.03 million compared with net financial expenses of Euro 0.1 million in the first half of 2009. This positive change is mainly due to the reduction in financial expenses relating to finance leases. Remember that two options were exercised in the second half of 2009 concerning the lease contracts for Furiani and Sainte Marie Duparc on La Reunion island.

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 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.
This is in addition to deferred tax. Net deferred tax totaled Euro +70 thousand during the first half of the year.

This resulted in a near-zero tax charge of just Euro 1 thousand for the first half of 2010 compared with Euro 0.3 million for the first half of 2009.

Net income

Minority interests were not significant.
During the first half of 2010, net income and net income attributable to the Group rose by +11.1% to Euro 50.9 million from Euro 45.8 million in the first half of 2009.

2.5 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 half of 2010, cash flow rose +13.4% to Euro 64.4 million compared with Euro 56.8 million in the equivalent period of 2009.

Recurring operating cash flow (cash flow adjusted from interest income on cash net of tax and non-recurring items) rose by +13.5% to Euro 63.0 million. Non-recurring items amounted to Euro 1.3 million in the first half of 2010, corresponding mainly to lease rights received on new properties acquired in the first half of 2010. Non-recurring items of Euro 1.2 million were recognized during the first half of 2009 representing lease rights relating to the Besançon extension.

2.6 Balance sheet structure

The Group had cash of Euro 49.7 million at June 30, 2010, compared with Euro 67.9 million at December 31, 2009.
After deducting financial liabilities, net cash stood at Euro 41.8 million at June 30, 2010, compared with Euro 58.8 million in net debt at December 31, 2009.

Consolidated shareholders' equity was Euro 1,606.7 million at June 30, 2010, compared with Euro 1,606.9 million at December 31, 2009.
The main changes affecting consolidated shareholders' equity during the first half of year were as follows:
- Payment of the final dividend in respect of the 2009 financial year: Euro -51.4 million;
- Net income for the first half of 2010: Euro +50.9 million.

2009 final dividend paid on May 14, 2010, amounted to Euro 0.56 per share, representing a total dividend payout of Euro 51.4 million paid entirely in cash.

In 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.

On July 27, 2010, the Board of Directors therefore decided to pay an interim dividend for 2010 of **Euro 0.50 per share**, payable in October 2010.

2.7 Valuation of the asset portfolio

At June 30, 2010, Atis Real, Catella and Galtier updated their valuation of Mercialys's portfolio:
- Atis Real conducted the appraisal of hypermarkets, i.e. 102 sites, based on an update of the appraisals conducted at December 31, 2009, except for 12 sites that were subject to an appraisal on the basis of a site visit in the first half of 2010;
- Catella conducted the appraisal of supermarkets, i.e. 19 sites, based an update of the appraisals conducted at December 31, 2009;
- Galtier conducted the appraisal of Mercialys's other assets, i.e. 47 sites, based on an update of the appraisals conducted at December 31, 2009.

No new properties were acquired during the first half of 2010.

On the basis of these appraisals, the portfolio was valued at Euro 2,467.8 million including transfer taxes at June 30, 2010, compared with Euro 2,437.2 million at December 31, 2009. This represents an increase of Euro 31 million in the value of the portfolio including transfer taxes over the last six months.
In percentage terms, the value of the portfolio therefore rose by +1.3% over six months, mainly due to the -10 basis point reduction in the average yield on the basis of appraisals between December 31, 2009 and June 30, 2010. The average yield was 6.0% at June 30, 2010 compared with 6.1% at December 31, 2010.

	Average yield June 30, 2010**	**Average yield** Dec 31, 2009**	**Average yield** June 30, 2009**
Regional and Large shopping centers	5.6%	5.7%	5.8%
Neighborhood shopping centers	6.5%	6.7%	6.8%
Total portfolio*	6.0%	6.1%	6.2%

** Including other assets (Large Food Stores, Large Specialty Stores, independent cafeterias and other isolated assets)*
*** Including extensions acquired in 2009 in progress*

The following table gives the breakdown of market value and gross leasable area (GLA) by type of asset at June 30, 2010, as well as the corresponding appraised net rental income:

Classification	Number of assets at June 30, 2010	Appraisal value at June 30, 2010 inc. TT (millions of euros)	(%)	Gross leasable area at June 30, 2010 (m^2)	(%)	Appraised net rental income (millions of euros)	(%)
Large regional shopping centers	1	125.4	5%	32,700	4%	6.5	4%
Large shopping centers	28	1,310.5	53%	340,000	43%	74.4	50%
Neighborhood shopping centers	70	707.5	29%	259,500	33%	46.6	31%
Large food stores	12	20.2	1%	31,000	4%	1.4	1%
Large specialty stores	8	42.9	2%	28,400	4%	2.9	2%
Independent cafeterias	22	52.5	2%	32,500	4%	3.6	2%
Other(1)	27	85.8	3%	35,300	4%	6.2	4%
Sub-total built assets	**168**	**2,344.8**	**95%**	**759,400**	**96%**	**141.5**	**95%**
Assets under development (extensions)		123.0	5%	28,900 (2)	4%	7.8	5%
Total	**168**	**2,467.8**	**100%**	**788,300**	**100%**	**149.3**	**100%**

(1) Primarily service malls and convenience stores

(2) Estimated surface area at time of contribution

NB:
Large food stores: gross leasable area of over 750 m^2
Large specialty stores: gross leasable area of over 750 m^2

2.8 Net asset value calculation

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 (in millions of euros)	June 30, 2010	For information NAV at Dec 31, 2009
Consolidated shareholders' equity	**1,606.7**	**1,606.9**
Add back deferred income and charges	6.9	4.9
Unrealized gains on assets	**878.5**	**851.1**
Updated market value	2,469.0	2,437.2
Consolidated net book value	-1,590.5	-1,586.1
Replacement NAV	**2,492.0**	**2,463.0**
Per share (in euros)	**27.10**	**26.78**
Transfer taxes and disposal costs	-136.8	-134.3
Liquidation NAV	**2,355.2**	**2,328.7**
Per share (in euros)	**25.61**	**25.32**
Number of shares	**91,968,488**	**91,968,488**

3. Outlook

3.1 Investment outlook

Completions under the 'Esprit Voisin' program

The 'Esprit Voisin' program 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 'Esprit Voisin' theme, seizing all opportunities for architectural value creation (renovations, redevelopment, extensions).

The project entered its active phase in 2008 with the completion of the first developments.

The 'Esprit Voisin' program took a major step in the first half of 2009 with Mercialys's acquisition from Casino of a portfolio of 25 'Esprit Voisin' projects for close to Euro 334 million.

During the first half of 2010, the implementation of 'Esprit Voisin' development projects continued with:

> 3 completions of developments during the first half of 2010 at Castres (extension), Brest (redevelopment of the former Castorama shell as new stores), and Fontaine-Les-Dijon (new stores developed on space acquired from hypermarkets).
  A total of 44 new retailers opened stores during the first half of the year or are due to open stores, representing a rental value of Euro 2.6 million over the full year and a GLA of 8,300 m².

> A further 4 development projects will be completed in the second half of 2010 representing 88 new retailers, a full-year rental value of Euro 6.8 million and a GLA of 21,000 m².

> 13 completions of 'Esprit Voisin' extensions are also in preparation for 2011.

The Casino development pipeline

At June 30, 2010, Casino's overall pipeline - including new projects and 'Esprit Voisin' extensions - was valued at Euro 555 million compared with Euro 530 million at December 31, 2009, and Euro 505 million at June 30, 2009 (valuation weighted for investment programs, taking account of the probability of completion on a project-by-project basis).

The increase in value of the pipeline between December 31, 2009 and June 30, 2010 was mainly due to:

- the removal or disposal of programs: Euro -6 million;
- the inclusion of new programs: Euro +86 million;
- changes to probability of completion: Euro -30 million;
- changes to the configuration of certain projects (impact on potential rental income and yields): Euro -33 million;
- application of the new rate grid under the Partnership Agreement for the second half of 2010: Euro +9 million.

We remind you that Mercialys has exclusive options to buy all of these investment opportunities.

In millions of euros	December 2009	June 2010
Renovation and redevelopment of existing shopping centers (*)	33	34
Acquisition of new developments and extension programs at existing sites ('Esprit Voisin')	530	555

(*) 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 to the Company'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 2009 shelf-registration document. The presentation and assessment of those risks and uncertainties remained unchanged as of June 30, 2010.

After taking account of the development of the average appraisal yield for Mercialys's portfolio at June 30, 2010 relative to December 31, 2009, representing a decrease of -1.6%, at its meeting of July 27, 2010, the Board of Directors approved the rates for the second half of 2010 in accordance with the partnership agreement between Mercialys and Casino.

Applicable capitalization rates for options exercised by Mercialys in the second half of 2010 will therefore be as follows:

TYPE OF PROPERTY	Shopping centers		Retail parks		City center
	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)	6.5%	7.1%	7.1%	7.5%	6.2%
Neighborhood shopping centers 5,000 to 20,000 m²)	7.0%	7.5%	7.5%	8.0%	6.6%
Other properties (less than 5,000 m²)	7.5%	8.0%	8.0%	8.7%	7.1%

3.2 Business outlook

In an economic climate characterized by signs of timid recovery, the shopping center rental market held up well during the first half of 2010, which was accompanied by a significant upturn in transactions and improved appetite for retail property in France.
Against this backdrop, Mercialys continued with the implementation of its 'Esprit Voisin' development projects at existing sites - which are therefore more secure for Mercialys and retailers - allowing the Company to reinforce its sites against its competitors.

More generally speaking, Mercialys plans to continue with the strategy it has successfully pursued for more than four years, based on both enhancing the value of the existing portfolio and selected targeted investments in properties offering potential. 2010 will also mark the end of the period of holding our properties, with the possibility of arbitrage operations concerning mature properties from the end of the year.

In the light of the Company's solid first-half performance, the visibility provided by the observation of business performance and economic conditions in the first half of the year, and planned completions in the second half of 2010, Management reiterates its target of year-on-year growth of close to +10% in rental revenues and recurring operating cash flow in 2010.

4. Subsequent events

There have been no significant events subsequent to the balance sheet date.

5. Main related-party transactions

The main related-party transactions are described in Note 12 of the notes to the interim consolidated financial statements.