Board of Directors’ half-year financial report

2009 first half

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Business report

Accounting rules and methods

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

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

CONSOLIDATED INCOME STATEMENT

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

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

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

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CONSOLIDATED BALANCE SHEET

ASSETS

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

EQUITY AND LIABILITIES

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

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

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CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

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

Principal events of the first half of 2009

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

This portfolio comprises 4 distinct asset lots:

> Lot 1: 3 shopping centers in Besançon and Arles, completed in the first quarter of 2009 and entirely let
> Lot 2: 7 extensions of shopping centers at an advanced stage of development ('CDEC' administrative authorizations and building permits obtained), already over 60% pre-let.
> Lot 3: 10 hypermarket space lots (storage and/or sale area) to be transformed into shopping center extensions by Mercialys
> Lot 4: 5 hypermarket and supermarket premises in complex co-ownership assets, located in urban areas, where ownership reorganization is necessary before initiating restructuring works and implementing the Alcudia/'*Esprit Voisin*' program on the sites.

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

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

This transaction will be beneficial to Mercialys in several respects:

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

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

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

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

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Rental revenues and rental management indicators

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

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

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

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

- ✓ Enhancements to the lease portfolio, including renewals, relets and targeted efforts on short-term leases in malls: Euro +2.0 million (+3.5 points).
- ✓ Indexation[2] of rents representing Euro +2.2 million (+4.0 point).
- ✓ The decrease in variable rents had a negative impact of Euro -0.7 million on the change in invoiced rent (-1.2 points).

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

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

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

➤ In the first half of 2009, the Company's business included the renewal or reletting of 123 commercial and 31 non-commercial leases[3] and generated rental growth of Euro +2.4 million on an annualized basis. The development of the activity of speciality leasing generated an additional rental growth of Euro +0.6 million.

	***Annualized growth in the rental base** (Euro million)*	***2009/2008 growth rate***
***70** leases relet*	+2.0	+103%
***53** leases renewed*	+0.4	+27%[4]
Short-term lets	+0.6	+90%
	+Euro 3.0 million	

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

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

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

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

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

➤ Tenants' sales in Mercialys shopping centers showed a good resilience decreasing by -1.6% (on a cumulative basis to end-May 2009) compared with a drop of -2.6%[5] for the CNCC panel of neighborhood shopping centers over the same period.

➤ The vacancy rate remained low. The current vacancy rate - that excludes "strategic" vacancies designed to facilitate redevelopment plans scheduled under the Alcudia/'*Esprit Voisin*' program - came to 1.8% at June 30, 2009, compared with 2.0% at December 31, 2008.
The total vacancy rate[6] came to 2.9% compared with 3.1% at December 31, 2008.

➤ The occupancy cost[7] of our tenants came to 8.5% for the major shopping centers (rent + charges gross of taxes/sales gross of taxes), up +30 bp compared with December 31, 2008, which remains a fairly moderate level compared with Mercialys' peers. This figure reflects both the reasonable level of real estate costs in retailers' operating accounts and the potential for increasing rent levels upon lease renewal or redevelopment of the premises.

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

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

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	Number of leases	GMR+ annual variable June 30, 2009 (Euro millions)	As a %	Dec. 31, 2008
National brands[8]	1,466	80.6	60%	60%
Local brands	927	25.9	19%	22%
Cafétérias Casino	107	12.2	9%	11%
Other Casino Group brands	128	16.7	12%	7%
Of which 5 HM/SM premises	*5*	*8.0*	*6%*	-
Total	**2,628**	**135.5**	**100%**	**100%**

** GMR = Guaranteed Minimum Rent*

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

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

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

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

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

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

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

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

Net rental income

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

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

Staff costs

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

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

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

Other expenses

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

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

Depreciation, amortization and impairment charges

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

Operating income

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

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

Net finance costs

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

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

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

Tax

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

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

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

Net income

Minority interests were not significant.

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

Cash flow

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

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

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

Balance sheet structure

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

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

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

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

It will be proposed at the Board of Directors meeting to be held in September 11, 2009 to decide the payment of an interim dividend of **Euro 0.44 per share** for the year 2009, which would be due on October, 2009. Shareholders would be given the option of receiving payment of the dividend in shares, thereby allowing shareholders to benefit from a 10% discount on the stock price[9].

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

Valuation of the asset portfolio

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

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

This portfolio comprises both:

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

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

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

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

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

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

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

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

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

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

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

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

Including other assets (large food stores, large specialty stores, independent cafeterias and other isolated assets)

***Excluding the positive impact of restructuring that were underway at the Besançon, Le Puy, Lanester and Brest sites*

****Excluding extensions under development acquired in 2009*

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

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

(1) Mostly service malls and convenience stores.

(2) Estimated surface of the assets when completed

N.B.:

LFS: Large Food Stores, gross leasable area of over 750 m^2

LSS: Large Specialty Stores, gross leasable area of over 750 m^2

Net asset value

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

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

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

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

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

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

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

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

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

The Casino development pipeline

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

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

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

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

(*) Excluding current maintenance work

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

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

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

Outlook for Mercialys

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

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

Subsequent events

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

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Review of the results of the parent company Mercialys SA

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

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

Business activities

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

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

Review of the financial statements

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

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

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

and

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

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

Principal transactions with related parties

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

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Consolidated half-year financial statements
Half-year period to June 30, 2009

Figures in the tables have been rounded individually. There may be differences between arithmetic totals of these figures and the aggregates or subtotals shown.

CONSOLIDATED INCOME STATEMENT

For the half-year periods to June 30, 2009 and 2008

in thousands of euros	June 30, 2009 *	June 30, 2008 *
Rental revenues	**64,518**	**56,995**
Non-recovered property taxes	(148)	(84)
Non-recovered service charges	(1,601)	(1,147)
Property operating expenses	(2,095)	(1,855)
Net rental income	**60,674**	**53,909**
Management, administration and other activities income	1,966	1,159
External costs	(2,416)	(2,475)
Depreciation, amortization and impairment of assets	(9,965)	(8,325)
Provisions	(36)	(180)
Staff costs	(4,057)	(3,037)
Other operating income and expenses	45	-
Operating income	**46,211**	**41,051**
Income from cash and cash equivalents	176	1,527
Cost of gross debt	(283)	(618)
Income from net cash (Cost of net debt)	(107)	909
Other financial income and expense	(31)	(57)
Net financial income	**(138)**	**852**
Tax	(246)	(468)
Consolidated net income	**45,827**	**41,435**
Minority interests	17	25
Net income, Group share	**45,810**	**41,410**
Earnings per share (in euros) [(1)]		
Net earnings per share	0.58	0.54
Diluted net earnings per share	0.58	0.54

(1) Earnings per share to June 30, 2008 of Euro 0.54 differ from reported earnings per share of Euro 0.55 as stated in our 2008 half-year financial statements to take account retrospectively of dividends paid in the form of newly created shares issued in June 2009.

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

Consolidated statement of recognized income and expense

For the half-year periods to June 30, 2009 and 2008

in thousands of euros	From January 1, 2009 to June 30, 2009 *	From January 1, 2008 to June 30, 2008 *
Net income for the period	**45,827**	**41,435**
Actuarial gains or losses	3	2
Tax on actuarial gains or losses	(1)	(1)
Income and expenses recognized directly in equity	**3**	**1**
Total income and expenses recognized for the period	**45,829**	**41,436**
Attributable to Group	45,813	41,411
Attributable to minority interests	17	25

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

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Consolidated balance sheet

For the half-year period to June 30, 2009 and financial year ended December 31, 2008

ASSETS

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

EQUITY AND LIABILITIES

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

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

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CONSOLIDATED CASH FLOW STATEMENT

For the half-year periods to June 30, 2009 and 2008

in thousands of euros	June 30, 2009 *	June 30, 2008 *
Net income from consolidated companies	**45,827**	**41,435**
Depreciation, amortization, impairment allowances and provisions net of reversals	9,974	8,480
Calculated income and charges on share-based payments	295	187
Other non-cash income and charges	748	198
Depreciation, amortization and other non-cash items	**11,017**	**8,865**
Income from asset sales	(40)	0
Cash flow	**56,803**	**50,300**
Cost of net debt	118	(909)
Tax charge	246	468
Cash flow before cost of net debt and tax charge	**57,167**	**49,859**
Tax payments	490	293
Change in working capital requirement relating to operations (1) (4)	(7,193)	2,044
Net cash flow from operations	**50,464**	**52,196**
Cash payments on acquisition of investment property and other fixed assets	(15,134)	(9,113)
Cash payments on acquisition of financial assets	(9)	(455)
Cash receipts on disposal of investment property and other fixed assets	2,738	16
Cash receipts on disposal of financial assets		-
Impact of changes in scope of consolidation (2)	1,923	(16,907)
Change in loans and advances given	-	-
Net cash flow from investment operations	**(10,482)**	**(26,459)**
Dividend payments to shareholders (3)	(11,698)	(34,591)
Dividend payments to minority interests	(41)	(80)
Capital increase (2) (3)	(980)	-
Changes in treasury shares	1,605	(600)
Reduction in financial liabilities (4)	(1,319)	(1,437)
Net cost of debt	(118)	909
Net cash flow from financing operations (4)	**(12,551)**	**(35,799)**
Change in cash position	**27,433**	**(10,063)**
Opening cash position *Note 6*	8,867	70,676
Closing cash position *Note 6*	36,302	60,613

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

	June 30, 2009	June 30, 2008
Trade receivables	(4,555)	(329)
Trade payables	(3,052)	(295)
Deposits and guarantees (4)	1,697	(335)
Other receivables and payables	(1,283)	3,003
	(7,193)	**2,044**

(2) The contribution in kind made in the first half of 2009 of Euro 333.5 million does not impact the cash flow statement apart from the impact of costs relating to the transaction (Euro 145 thousand) and net cash of the acquired companies (Euro 2,058 thousand).

(3) Dividends paid in the form of newly created shares do not impact the cash flow statement apart from the impact of costs relating to the transaction.

(4) 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 the previous year have been adjusted.

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the half-year periods to June 30, 2009 and 2008

in thousands of euros	Share capital	Reserves related to share capital (1)	Treasury shares	Consolidated reserves and retained earnings	Actuarial gains or losses	Equity attributable to Group (3)	Minority interests	Total equity
At January 1, 2008	**75,150**	**1,048,567**	**(1,380)**	**68,235**	**(3)**	**1,190,569**	**651**	**1,191,221**
Income and expenses recognized directly in equity	-	-	-	-	1	1	-	1
Net income for the period	-	-	-	41,410	-	41,410	25	41,435
Total income and expenses recognized	-	-	-	41,410	1	41,411	25	41,436
Transactions in treasury shares	-	-	(781)	119	-	(662)	-	(662)
Dividends paid for 2007	-	-	-	(34,591)	-	(34,591)	(80)	(34,671)
Share-based payments	-	-	-	187	-	187	-	187
Other movements (2)	-	3,420	-	(3,420)	-	-	-	-
At June 30, 2008 *	**75,150**	**1,051,987**	**(2,161)**	**71,940**	**(2)**	**1,196,914**	**597**	**1,197,511**
At January 1, 2009	**75,150**	**1,051,987**	**(2,631)**	**81,611**	**(1)**	**1,206,115**	**616**	**1,206,732**
Income and expenses recognized directly in equity	-	-	-	-	3	3	-	3
Net income for the period	-	-	-	45,810	-	45,810	17	45,827
Total income and expenses recognized	-	-	-	45,810	3	45,813	17	45,829
Capital increase (4)	15,388	339,927	-	-	-	355,315	-	355,315
Transactions in treasury shares	-	-	1,727	(79)	-	1,648	-	1,648
Final dividends paid for 2008	-	-	-	(36,028)	-	(36,028)	(43)	(36,072)
Share-based payments	-	-	-	295	-	295	-	295
Other movements (2)	-	697	-	(697)	-	-	-	-
At June 30, 2009 *	**90,538**	**1,392,611**	**(904)**	**90,913**	**2**	**1,573,163**	**590**	**1,573,753**

(1) Reserves related to share capital correspond to premiums on shares issued for cash or assets, merger premiums and legal reserves.

(2) Other movements correspond to the appropriation of income to the legal reserve.

(3) Attributable to Mercialys SA shareholders.

(4) See details in notes 3 and 7.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General information

Mercialys is a *société anonyme* (corporation) governed by French law, created on October 12, 2005, specializing in retail property. Its head office is located at 10, Rue Cimarosa, 75116 Paris.
The Mercialys SA shares are listed on Euronext Paris, Compartment A.

The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Mercialys Group".

The Mercialys Group's consolidated financial statements for the period ended June 30, 2009 reflect the accounting situation of the company and its subsidiaries and jointly controlled entities, as well as the Group's interests in affiliated companies. As with the financial statements to June 30, 2008, they are subject to a limited review by our statutory auditors.

The Mercialys Group's consolidated financial statements for the period ended June 30, 2009, were authorized by the Board of Directors on July 22, 2009.

Note 2: Basis of preparation of the financial statements and accounting policies

Note 2.1: Declaration of compliance

Pursuant to regulation (EC) 1606/2002 of July 19, 2002, the Mercialys Group's consolidated financial statements have been prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) adopted by the European Union.

Information about these standards is available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm). They include international accounting standards (IAS and IFRS) and interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

Note 2.2: Basis of preparation

The consolidated half-year financial statements, presented in summary form, have been prepared in accordance with IAS 34 ("Interim financial reporting").

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

The Group's consolidated financial statements for the financial year ended December 31, 2008 are available on request from the Communications Department, 10 Rue Cimarosa, Paris 16, or on the www.mercialys.com website.

The full-year consolidated financial statements to December 31, 2009 and the comparative information for 2008 included therein will have to be approved in accordance with applicable standards and interpretations as at December 31, 2009. The information provided in this document relating to December 31, 2008 and June 30, 2009 may therefore be amended in accordance with any changes in standards and interpretations and their adoption by the European Union.

The consolidated financial statements are stated in thousands of euros. The euro is the Group's functional currency. Figures in the tables have been rounded individually.
There may be differences between arithmetic totals of these figures and the aggregates or subtotals shown.

The statements have been prepared based on the historical cost method.

Accounting methods

The accounting rules and methods used in preparing the summary half-year financial statements are the same as those used in the consolidated financial statements for the financial year ended December 31, 2008, including or excluding the new standards and interpretations described below.

New standards and interpretations applicable or applied as of January 1, 2009

- IAS 1 as revised - Presentation of Financial Statements;
- IFRS 8 - Operating Segments;
- IFRIC 13 - Customer Loyalty Programmes;
- Amendment to IAS 23 - Borrowing costs;
- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendments to IAS 1 and IAS 32 – Puttable Financial Instruments and Obligations Arising on Liquidation;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 15 – Agreements for the Construction of Real Estate (adopted by the European Union after June 30, 2009).

Apart from the application of IFRS 8, the new standards and interpretations published by the IASB have not had a material impact on the Group's financial statements or the notes to the financial statements.

Within the framework of the first-time application of IFRS 8 – Operating Segments, as the Group's executive management does not use the breakdown of activities to review operating results, no segment reporting is provided in the financial statements.

New standards and interpretations adopted by the European Union at June 30, 2009

- IAS 27 as revised - Consolidated and Separate Financial Statements (applicable to annual periods beginning on or after July 1, 2009);
- IFRS 3 as revised - Business Combinations (applicable to business combinations for which the acquisition date is in annual reporting periods beginning on or after July 1, 2009);
- Amendment to IFRS 5 – Partial sale of shares in a subsidiary resulting in loss of exclusive control (applicable to annual periods beginning on or after July 1, 2009);
- IFRIC 12 – Service Concession Arrangements (applicable to annual periods beginning on or after March 30, 2009).

The Mercialys Group has not made early application of any of these standards or interpretations. The first-time application of IAS 27 as revised and IFRS 3 as revised will not impact the consolidated financial statements at the date of adoption but will affect the Group's subsequent acquisitions. The application of IFRIC 12 will not impact the Group's financial position.

New standards and interpretations not yet adopted by the European Union

- Amendment to IAS 39 – Financial Instruments: recognition and measurement of "Eligible Hedged Items" (applicable to annual periods beginning on or after July 1, 2009);
- Amendments to IFRIC 9 and IAS 39 – Reassessment of Embedded Derivatives and Financial Instruments: recognition and measurement (applicable to annual periods ending on or after June 30, 2009);
- IFRIC 17, Distributions of Non-cash Assets to Owners (applicable to annual periods beginning on or after July 1, 2009);
- IFRIC 18, Transfer of Assets from Customers (applicable to annual periods beginning on or after July 1, 2009);
- IFRS 7 – Improvements to financial instruments disclosures (applicable to annual periods beginning on or after January 1, 2009);
- Annual improvements to IFRS (April 16, 2009) applicable to annual periods beginning on or after January 1, 2010;
- Amendment to IFRS 2 - Share-based Payment: Group Cash-settled Share-based Payment Transactions (applicable to annual periods beginning on or after January 1, 2010);

The Mercialys Group is currently in the process of determining the potential impact of the application of these new standards and interpretations not adopted by the European Union as at June 30, 2009 on the income statement, balance sheet, cash flow statement and notes to the consolidated financial statements.

Judgments and estimates

In preparing the consolidated financial statements, the Group is required to make a number of estimates and assumptions that affect certain assets and liabilities, income and expense items, and certain information provided in the notes to the financial statements. Because assumptions are inherently uncertain, actual results may differ significantly from these estimates. The Mercialys Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.
The main line items in the financial statements that may depend on estimates are the following:

- impairment allowances for doubtful receivables;
- fair value of investment properties, as well as accounting treatment relating to the purchase of investment properties. For each transaction, the Group reviews whether the purchase should be treated as a business combination or as the purchase of a standalone asset on the basis of the assets and existing activity;
- valuation of employee stock options.

The financial statements reflect management's best estimates on the basis of information available at the reporting date.

Tax

Mercialys has opted for SIIC tax status and therefore recognizes a tax charge only for its activities not exempt from tax.

Note 3: Significant events

At its meeting of March 4, 2009, Mercialys's Board of Directors unanimously approved the principle of the contribution by the Casino Group of a portfolio of 25 assets comprising both properties in operation generating immediate revenues and seven extensions of shopping centers (these assets are transferred by means of the contribution of shares in the companies that own them; see note 5) due to the completed in 2010 and 2011 as part of the Alcudia program. These properties were already over 60% pre-let by Mercialys at the reporting date.

These contributions were approved and took place during Mercialys's Extraordinary General Meeting of May 19, 2009. Details of the nature of these contributions are provided in note 9.

The acquisition of these properties was financed entirely by 14.2 million newly issued Mercialys shares with a vesting date of January 1, 2009.

In accounting terms, the deal has been treated as the purchase of standalone assets. Management believed that the assets contributed offered a strategic fit with existing properties already managed by Mercialys. In addition, some of the properties acquired were not yet in operation at June 30, 2009. As this acquisition was financed through the issuing of equity instruments, it falls within the scope of IFRS 2. The assets were recognized at fair value at the date of the transaction. Information about the fair value of these properties is provided in note 9, "Investment property".

Note 4: Seasonal nature of activities

The Group's activities are not subject to any seasonal effects.

Note 5: Changes in the scope of consolidation

During the first half of the year, seven companies were added to Mercialys's scope of consolidation as a result of contributions made by the Casino Group to Mercialys:

- SNC Vendolonne
- SAS des Salins
- SCI Timur
- SNC Agout
- SNC Géante Périaz
- SNC Dentelle
- SNC Chantecouriol

All of these companies are in the real estate development phase. Their respective development programs correspond to extensions of shopping centers that have not yet been finalized. They will be delivered turnkey over the next 24 months.

As stated in note 3, the acquisition of these entities does not meet the criteria set out in IFRS 3. The deal has therefore been recognized as the purchase of standalone assets and liabilities.

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Note 6: Cash, cash equivalents and net debt

The "net cash" and "net debt" aggregate items break down as follows for the half-year period to June 30, 2009 and the financial year ended December 31, 2008:

in thousands of euros	June 30, 2009 *	December 31, 2008
Cash	4,710	1,252
Cash equivalents	101	889
Casino, Guichard-Perrachon current account	32,460	8,489
Gross cash	37,271	**10,630**
Bank facilities	(969)	(1,763)
Net cash	36,302	**8,867**
Debt (excluding bank overdrafts)	(12,492)	(13,809)
Net debt	23,810	**(4,942)**

Under the terms of the liquidity agreement with Oddo & Cie, assets under management are invested in money-market funds. These funds meet the criteria for cash equivalents and are part of the net cash position.

Note 7: Dividends paid, proposed or decided

A gross dividend of Euro 0.88 per share in respect of the financial year ended December 31, 2008 was paid on June 17, 2009, minus the interim dividend of Euro 0.40 per share paid to shareholders in October 2008.
For payment of the final dividend, each shareholder had the option of payment in cash or payment in newly issued shares in the Company on the basis of an issue price of Euro 20.36.
67.5% of rights were exercised in favor of payment of the final dividend in shares, as a result of which 1,195,975 new shares were created. Settlement-delivery of these shares was on June 17, 2009 and the shares have been listed on Euronext Paris as of this date. The vesting date for the new shares is January 1, 2009, and they are assimilated with other shares in the Company.
The final dividend in cash was paid on June 17, 2009, representing a total amount of Euro 11,698 thousand.

The dividend relating to the 2008 financial year therefore represented a total of Euro 66,063 thousand.

It will be proposed at the Board of Directors meeting in September 2009 to decide to pay an interim dividend for the 2009 financial year of Euro 0.44 per share, to be paid in October 2009 with shareholders able to opt for payment of the interim dividend in shares.

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

Note 8: Business combinations

No business combinations were formed during the period ended June 30, 2009.

Note 9: Investment property

Acquisitions and disposals

Investment amounted to Euro 348 million during the first half of 2009, including Euro 333.5 million in contributions in kind (see note 3).

These contributions concern four distinct types of properties:

- 3 shopping centers in Besançon and Arles, completed in the first quarter of 2009 (Euro 47 million);
- 7 extensions of shopping centers at an advanced stage of development; CDEC authorization and building permits have been obtained (value of assets of companies included in the group's scope of consolidation: Euro 113 million - these assets have been included in the consolidated financial statements at their open market value).
- 10 hypermarket lots (storage and/or sales areas) due to be converted into shopping center extensions by Mercialys (Euro 50 million).
- 5 hypermarkets or supermarkets in properties as part of a co-ownership complex in an urban location, requiring the consolidation of the properties before the start of extensive redevelopment works and the implementation of the Alcudia project at these sites (Euro 124 million).

The group's other investments amounted to Euro 14 million and correspond to the acquisition of two co-ownership lots for Euro 2.7 million and the carrying out of works.

Fair value of investment properties

At December 31, 2008, Atisreal Expertise and Galtier updated valuations on all of the appraisals they had made previously. Icade was appointed to update the valuations carried out in 2007 at the time of the acquisition of the Savanna Saint-Paul, Saint-Pierre and Le Port Sacré-Coeur sites in La Reunion island.
Acquisitions made during 2008 were valued:

- by appraisers (Narbonne, Istres, Pau Lons, Tarbes, Agen Boe, Quimper Ergue, Quimper, Sables d'Olonne, Montceau les Mines, Valence 2);
- at the purchase price corresponding to the fair value for acquisitions made in the fourth quarter (Villenave d'Ornon, Paris Saint Didier, Auxerre, Exincourt, Chenove, Valence Sud);
- by capitalization of rents at the appraisal value for the existing shopping center for the Lanester and Le Puy extensions.

Appraisers BNP Paribas Real Estate, Catella Valuation and Galtier updated the valuation of Mercialys's portfolio at June 30, 2009. All sites were appraised on a like-for-like basis.

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

- ✓ The 25 properties acquired by means of a contribution from the Casino Group were valued at their appraisal value according to The Retail Consulting Group Expertise (20 properties appraised) and Catella Valuation (five properties appraised) at the time of the contribution. In order to determine the open market value of these properties for the contributions, Casino and Mercialys also took account of the size of the transaction and development

projects, and - for lots 1, 2 and 3 - the terms of the Partnership Agreement between Casino and Mercialys. Under the terms of this agreement, Mercialys shall transfer developments carried out by Casino at a capitalization rate that takes account of the sharing of risks between the two parties, in particular the fact that Mercialys is responsible for marketing risks. By way of indication, the contribution values presented a discount of 11% to the total appraisal value. Total contribution values came to Euro 333.5 million excluding transfer taxes.

- ✓ The co-ownership lot acquired in Villenave d'Ornon was valued at the purchase price pending appraisal reports and the lot acquired in Montelimar was valued by an appraiser as part of the overall appraisal of the site. The appraisal values for these two properties came to Euro 2.8 million.

On this basis, the portfolio was valued at Euro 2,381.0 million including transfer taxes at June 30, 2009, compared with the valuations of Euro 2,061.2 million at December 31, 2008 and Euro 2,073.9 million at June 30, 2008.

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

The rates of return used by the appraisers for the capitalization of rental income approach depend on the type of asset and vary from 5.25% to 8.75% for hypermarket sites and 6% to 9.5% for other sites.
For the DCF method, the discount rates applied by the appraisers range from 6% to 8% for the portfolio as a whole.
Lastly, transfer taxes represented 4.9% of the valuation of the portfolio including transfer taxes at June 30, 2009.

Average capitalization rates on the basis of appraisal valuations are therefore:

	June 30, 2009	December 31, 2008	June 30, 2008
- Large shopping centers:	5.8%	5.4%	5.0%
- Neighborhood shopping centers:	6.8%	6.3%	6.1%
- Total portfolio:	6.2%	5.8%	5.5%

The theoretical sensitivity of the value of the portfolio, including transfer taxes, is as follows:

in thousands of euros	**2009 rental value**
Annual rental income	148.3
Capitalization rate	6.2%
Fair value of investment properties	2,381.0

Therefore, assuming annual rental income of Euro 148.3 million and a capitalization rate of 6.2%, a 0.5% reduction in the capitalization rate would result in an increase in the fair value of properties of Euro 208 million. A 0.5% increase in the capitalization rate would reduce the fair value of the portfolio by Euro 177 million.

A 10% increase or decrease in rental income would have a positive or negative impact of Euro 238 million.
On the basis of these appraisal valuations, no impairment of these assets has been recognized in the financial statements to June 30, 2009.

Note 11: Loans and borrowing

In the first half of 2009, repayment of debt relating to all of the Group's financial leases amounted to Euro 1,317 thousand.

Note 12: Contingent assets and liabilities

No events in the first half of 2009 generated any contingent assets or liabilities.

Note 13: Off-balance sheet commitments

During the first half of the year, no options were exercised in relation to the Partnership Agreement between Mercialys and Casino, Guichard-Perrachon,

Within the framework of the contributions made during the period between the Casino Group and the Mercialys Group, Mercialys received guarantee commitments concerning both the quality of the properties contributed and, for properties under development, the completion of works within the agreed time frame and in accordance with the budgets set out in the delegated project management and property development agreements.
Independently of the commitments given by the companies contributing properties within the framework of the deal, as regards contributions eligible for the "SIIC 5" regime under Article 210E of the French General Tax Code, Mercialys has also made a commitment to hold these assets for a period of five years.

Mercialys has signed memorandums of understanding under which it agrees to pay eviction compensation to tenants representing an amount of Euro 791 thousand.

Note 14: Related-party transactions

The Mercialys Group maintains contractual relations with various companies of the Casino Group.

Leases granted by the Mercialys Group to companies of the Casino Group developed as follows in the first half of 2009:

- Casino Restauration: -6 leases, representing a total of 107 leases as at June 30, 2009, including 96 relating to premises operated under the Casino Cafétéria name and 11 relating to premises operated under other names;
- Other Casino Group entities: +14 leases, representing a total of 128 leases at June 30, 2009.

Rents invoiced under these leases during the first half of 2009 amounted to:

- Euro 6,383 thousand for Casino Restauration;
- Euro 5,231 thousand for other entities.

Fees paid by Mercialys and its subsidiaries to Sudeco in respect of **Property Management** activities amounted to Euro 2,338 thousand in the first half of 2009.

In respect of the **Partnership Agreement** with the Casino Group, the Mercialys Group did not acquire any sites in the first half of 2009.

The amount paid by Mercialys in respect of the **Service Agreement** came to Euro 358 thousand in the first half of 2009.

In respect of the **Advisory Services Agreement** between Mercialys Gestion and Mercialys, L'Immobilière Groupe Casino and Alcudia Promotion, Mercialys Gestion was paid Euro 1,385 thousand in the first half of 2009, including Euro 560 thousand from companies outside the Mercialys Group.

In respect of the **Current Account and Cash Management Agreement** with Casino Guichard Perrachon, the Mercialys Group's current account balance stood at Euro 32,460 thousand and interest earned amounted to Euro 163 thousand in the first half of 2009.

Other related-party transactions in addition to these agreements are summarized as follows:

in thousands of euros		Income	Expense	Payables	Receivables
		concerning related parties			
		June 30 *			
Transactions with subsidiaries of the Casino Group					
	2009	1,135	1,563	2,552	808
	2008	3	214	870	1,545

in thousands of euros		Income	Expense	Payables	Receivables
		concerning related parties			
		June 30 *			
Transactions with jointly controlled entities					
	2009	0	153	9	0
	2008	0	154	63	0

During the first half of 2009, Mercialys paid Casino group companies the dividend in respect of the financial year ended December 31, 2008, minus the interim dividend paid in October 2008, representing Euro 21,523 thousand. This amount was paid in newly issued shares.

Note 15: Subsequent events

No significant events occurred after the accounting date.

Note 16: Identity of the consolidating company

Mercialys is consolidated by the Casino Group under the full consolidation method.
The Casino Group held a 50.89% stake in the Company before elimination of treasury shares at June 30, 2009.

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

Statement by the person responsible for the interim financial report

To the best of my knowledge, the interim financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets and financial position of the company and all subsidiaries included in the scope of consolidation and that the interim financial review gives a true and fair view of key events of the first six months of the year, their impact on the interim financial statements and the main related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year.

Paris, July 22, 2009

Jacques EHRMANN
Chairman and Chief Executive Officer

Statutory auditors’ review report on the first half-year financial information for 2009

Period from January 1 to June 30, 2009

This is a free translation into English of the statutory auditor’s review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with article L.451-1-2 III of the French monetary and financial code (code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Mercialys, for the period from January 1 to June 30, 2009, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the (condensed) half-yearly financial statements.

Paris and Lyon, July 22, 2009.

The statutory auditors

French original signed by

Cabinet Didier Kling et Associés		Ernst & Young Audit
Didier Kling	Bernard Roussel	Jean-Luc Desplat