

Acquisition of 25 assets for Euro 334m



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Speakers

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► Contents

	► Page ◀
► Transaction overview	4
► Asset contribution within the Alcudia program	9
► Contribution terms	21
► Financial impacts	24
► A new step for Mercialys stock	30
► Conclusion	34
► Appendices	36

Transaction overview

▶ Proposed transaction

A major step in the Alcudia program

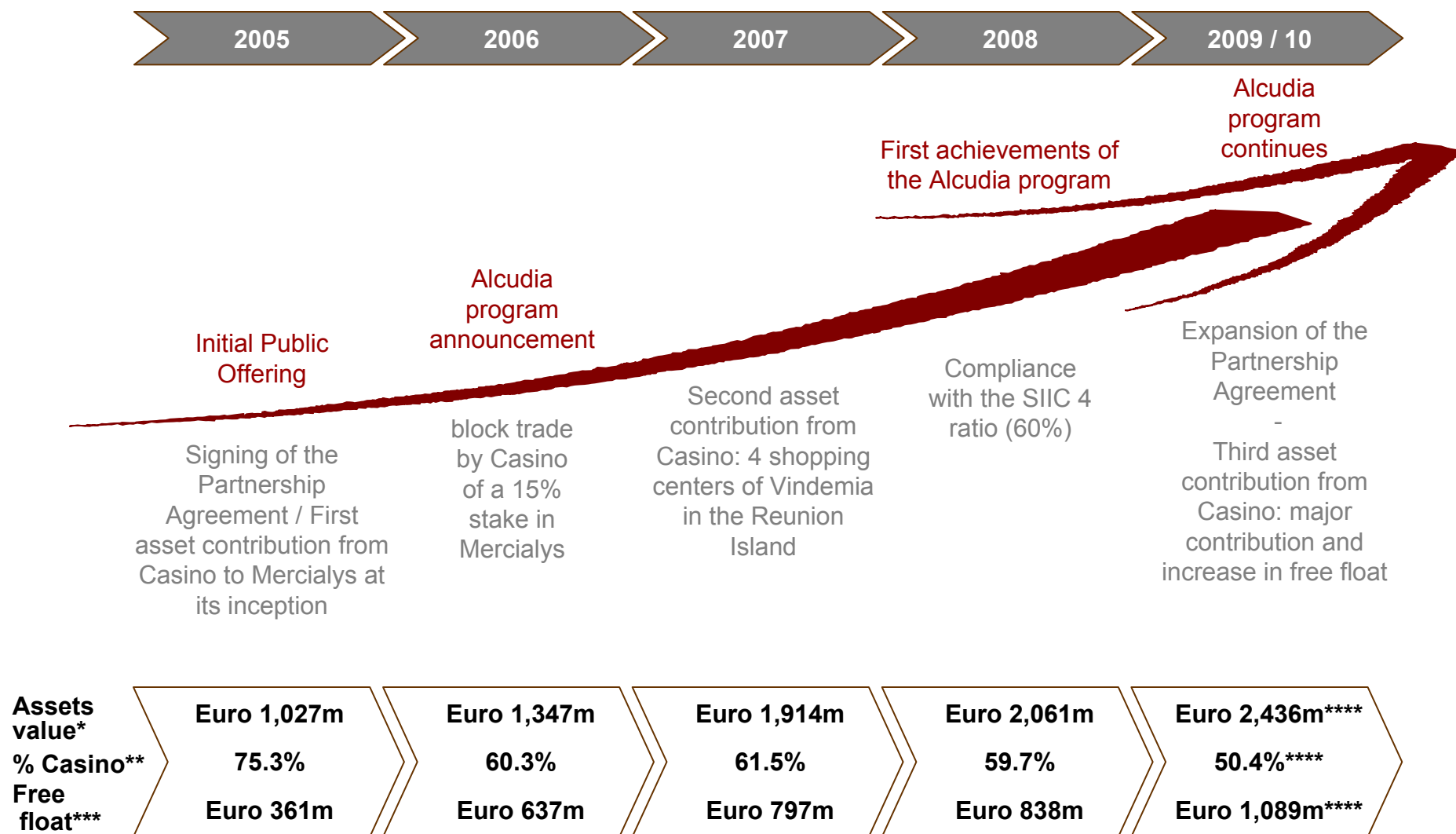
- ▶ Real estate portfolio contribution from Casino to Mercialys, that includes Alcudia's controlled projects due to be developed from 2009-2010:
 - ▶ Asset contribution of Euro 334m
 - ▶ Expected full year rents of Euro 23.9m
- ▶ Remuneration* of the contribution by the issuance of 14.2 million of new Mercialys shares** at a price of Euro 23.5 per share
- ▶ Distribution by Casino to its shareholders of 1 Mercialys share for 8 held shares (AO or ADP***). After the transaction, Casino will hold a 50.4% stake in Mercialys
- ▶ Transaction subject to approvals by Mercialys' EGM, scheduled on May 19, 2009, and by Casino's AGM, scheduled on May 19, 2009 for the distribution
- Transaction to be completed in H1 2009

* The valuation of the contributed assets and its remuneration will be assessed by the contribution auditors and the independent expert. Based on their reports, Mercialys' Board of Directors will hold a meeting on April 6, 2009, and Mercialys' EGM will hold a meeting on May 19, 2009, to give their final approval on the transaction

** The issued shares do not give right to the 2008 dividend, the distribution of which should be on June 17, 2009

*** AO (Actions Ordinaires) = Ordinary Shares and ADP (Actions à Dividende Prioritaire) = Preferred Shares

► Coherence and continuity of the strategy since the IPO



* Appraisal value of the asset portfolio (transfer taxes included) as of 31/12

** Casino stake as of 31/12

*** Free float calculated excluding Casino's stake, based on the annual average share price

**** Post transactions presented in this document

► A structuring transaction ...

Acceleration in the implementation of the Alcudia program, in line with the business model

Growth

- ✓ Acquisition of 25 Alcudia projects (100% retail, 100% France, 100% controlled)
- ✓ An 18% increase in Mercialys portfolio value
- ✓ Positive impact on the reversion potential of the portfolio pre-contribution

Yield

- ✓ Full year potential invoiced rents increased by Euro 23.9m (21% of the 2008 invoiced rents)
- ✓ Contributed assets generate a 7.2%* average yield (excluding partitioning)

Debt free

- ✓ Financing of a large part of the Alcudia program through a share transaction
- ✓ Maintains a strong financial flexibility

Improvement of the trading status

- ✓ Free float increased to Euro 1,089m**
- ✓ Diversification of the shareholder base
- ✓ Increase in stock liquidity

► ... which does not increase the risk profile

Integration of assets controlled by Mercialys

- ✓ Knowledge and control of the contributed assets, the potential of which has been analyzed for a long time within the Alcudia program
 - *Projects developed on existing sites with potential*
 - *Projects at an advanced development stage*
- ✓ Valuation and terms of the asset contribution are consistent with the principles of the Partnership Agreement with Casino
 - *Implementation of the new Partnership Agreement yield rates*
 - *Casino bears the development risks and Mercialys focuses on the letting of the contributed assets*
 - *Letting already at an advanced stage*
 - *Administrative approvals obtained ('CDEC', building permits)*

Asset contribution within the Alcudia program

Asset contribution within the Alcudia program

Lot 1 (Euro 47m)

New operating assets

- ✓ Alcudia extensions completed in H1 2009
- ✓ Pre-letting finalized (a restaurant is still to be let)

3 assets (shopping centers): Besançon (2), Arles

Lot 2 (Euro 113m)

Assets in advanced development stage

- ✓ Alcudia extensions due to completion within 2 years, with CDEC and building permits obtained
- ✓ Pre-letting in advanced stage (56%)
- ✓ The assets are delivered turnkey by Casino

7 assets (shopping centers): Le Puy*, Lons le Saunier*, Castres, Annecy, Les Sables d'Olonne, Valence Sud (stage 2), Sainte Marie du Parc (Réunion island)

Lot 3 (Euro 50m)

Hypermarkets' surfaces reduction (storage & sales area)

- ✓ Reduction of hypermarkets areas to be transformed in shopping centers (Alcudia extension)
- ✓ Letting by Mercialys
- ✓ Assets contributed by Casino without partitioning

10 hypermarkets lots: Agen Boé, Angoulême, Besançon, Béziers, Fontaine-Les-Dijon, La Ricamarie, Marseille La Valentine, Montargis, Montauban, Narbonne

Lot 4 (Euro 124m)

Assets to be reorganized before a complex Alcudia restructuring

- ✓ Hypermarkets and supermarkets walls in complex condominium assets that need to be reorganized before initiating the works
- ✓ Unified ownership in commercial centers located in urban areas

5 urban hypermarkets / supermarkets walls highly interlinked: Paris (2), Marseille (3)

► Lot 1: new operating assets

Description

- ✓ Commercial extension of 2 sites: Arles (already opened) and Besançon (opening on March 10, 2009)
- ✓ Letting finalized (a restaurant is still to be let in Arles)
- ✓ Post extension, Besançon site will become a Large Regional shopping center (> 40 000 m² GLA)
- ✓ Main shop brands: Boulanger, Courir, H&M, L'Occitane, Maison du Monde, Nocibé

Key figures

- ✓ Number of lots: 23 lots on 2 sites
- ✓ Contributed surface: **13,500 m² GLA**
- ✓ Initial yield rate: **6.0%** (rate of the 2008 Partnership Agreement)
- ✓ Effective yield (actual rents): **6.6%**
- ✓ Full year rents: **Euro 3.1m**
- ✓ 2009 invoiced rents (7.5 months): Euro 1.9m
- ✓ Contribution amount: **Euro 47m**

► Lot 1: new operating assets

Example: Besancon

Current plan



Outdoor view



Plan of the project



Indoor view



► Lot 2: assets in advanced development stage

Description

- ✓ Extension of shopping centers of 7 sites: Annecy, Castres, Le Puy (Retail Park), Les Sables d'Olonne, Lons le saunier (Retail Park), Sainte Marie du Parc (Réunion island) and Valence Sud (phase 2)
- ✓ Contribution in the form of shares in the entities holding the assets
- ✓ Property development agreements are signed between Casino and Mercialys.
Casino bears the development risk
- ✓ No future payment related to works will be due by Mercialys
- ✓ Projected opening dates ranging from 2010 to 2011
- ✓ Pre-letting rate up to 56%

Key figures

- ✓ Number of lots: 121 lots on 7 sites
- ✓ Contributed surface: **31,200m² GLA**
- ✓ Initial yield rate*: **6.6%** (H1 2009 rate of the new Partnership Agreement)
- ✓ Potential full-year rents: **Euro 8.2m**
- ✓ 2009 invoiced rents: no rents (sites under construction)
- ✓ Contribution amount: **Euro 113m**

► Lot 2: assets in advanced development stage

Example: Sainte Marie du Parc (Réunion Island)

Current plan



Current outdoor view



Plan of the project



Outdoor view





Lot 3: hypermarkets' surfaces reduction (storage & sales area)

Description

- ✓ Extension and reorganization of shopping centers of current hypermarket areas, on 10 sites: Agen Boé, Angoulême, Besançon, Béziers, Fontaine-Les-Dijon, La Ricamarie, Marseille La Valentine, Montargis, Montauban, Narbonne
- ✓ Contribution of lots by Casino
- ✓ Rents guaranteed by Casino from the contribution date until the end of the works (based on expected rents after completion of the projects)
- ✓ Mercialys is only in charge of expenses related to final partitioning works
- ✓ Projected opening dates: between end 2009 and 2011

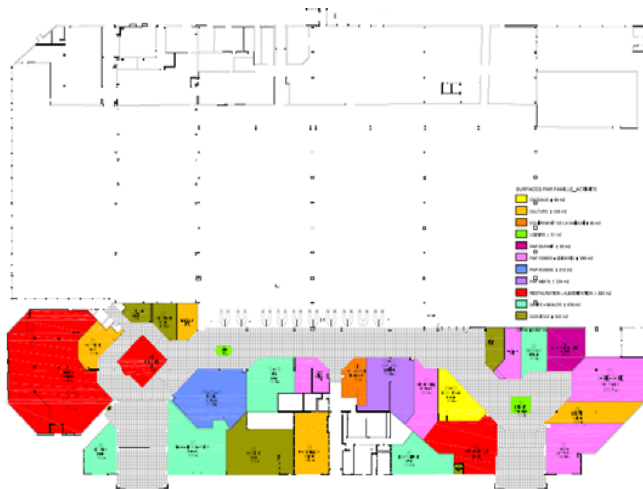
Key figures

- ✓ Number of lots: 65 lots on 10 sites
- ✓ Contributed surface: **15,100 m² GLA**
- ✓ Initial yield rate*: **6.4%** (H1 2009 rate of the new Partnership Agreement)
- ✓ Potential full-year rents**: **Euro 4.6m**
- ✓ 2009 rents guaranteed by Casino (7.5 months): Euro 2.8m
- ✓ Cost of construction for the 10 sites (predetermined price): Euro 23m
- ✓ Contribution amount: **Euro 50m**

► Lot 3: hypermarkets' surfaces reduction (storage & sales area)

Example: Narbonne

Current plan



8,000 m²GLA of hypermarkets areas, 3,082 m² GLA of stores and 585 m² GLA of indoor areas turned into 6,730 m² GLA of hypermarkets areas, 4,021 m² GLA of stores and 1,146 m² GLA of indoor areas

Outdoor view (1/2)



Plan of the project



Outdoor view (2/2)





Lot 4: assets to be reorganized before a complex Alcludia restructuring

Description

- ✓ Walls of food stores on 5 urban sites:
 - Marseille Delprat
 - Marseille La Valentine
 - Marseille Michelet
 - Paris Massena (13e)
 - Paris St Didier (16e)
- ✓ Ownership reorganization to facilitate the future implementation of complex Alcludia projects
- ✓ Institutional commercial lease signed by Géant / Casino supermarkets

Key figures

- ✓ Contributed surface: **65,400 m² GLA**
- ✓ Initial yield rate: **6.5%**
- ✓ Full-year rents: **Euro 8.0m**
- ✓ 2009 invoiced rents (7.5 months): Euro 4.9m
- ✓ Contribution amount: **Euro 124m**

► Risks well controlled for each lot

A risk sharing pattern in accordance with the Partnership Agreement

Lot 1

New operating assets



- ✓ Assets already in operation and let

Lot 2

Assets in advanced development stage



- ✓ Casino remains the developer – turnkey delivery of the assets
- ✓ Mercialys bears the letting risk
- ✓ Pre-letting rate up to 56%

Lot 3

Hypermarkets' surfaces reduction (storage & sales area)



- ✓ Mercialys is the contracting owner and is in charge of the final partitioning works
- ✓ Casino will pay the rents until the opening of the new stores

Lot 4

Assets to be reorganized before a complex Alcudia restructuring



- ✓ The reorganized ownership facilitates the future restructuring of the site
- ✓ Food retail areas under a 12-year renewable institutional commercial lease with Géant / Casino supermarkets

► Seizing the opportunity of a major contribution deal

An appropriate timetable for each lot

Lot 1

New operating assets



- ✓ Options already exercised
- ✓ Delivery to Mercialys already planned

Lot 2

Assets in advanced development stage



- ✓ Options to be exercised in H1 2009 (CDEC and building permits obtained)
- ✓ Delivery within 2 years for lot 2

Lot 3

Hypermarkets' surfaces reduction (storage & sales area)



- ✓ The reorganization of the ownership facilitates the definition of the restructuring projects

Lot 4

Assets to be reorganized before a complex Alcludia restructuring

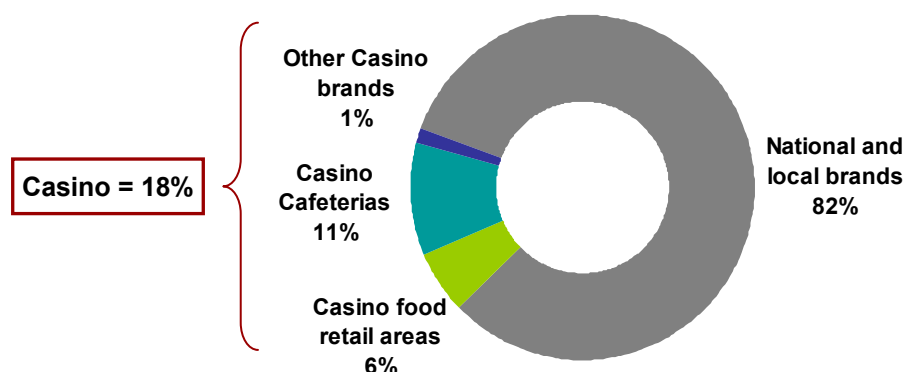


- ✓ *Size of the portfolio adapted to a contribution*
- ✓ *Financing of the Alcludia program until 2010/2011*

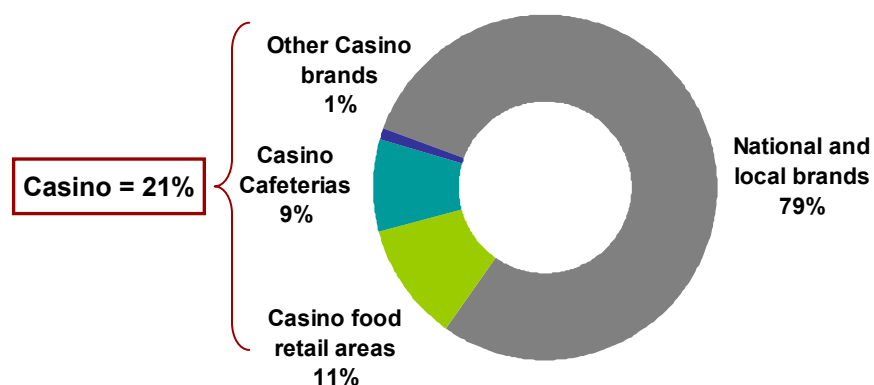


Casino Group share in Mercialys' invoiced rents will remain stable

Breakdown by brands before transaction (% of 2008 rents)



Breakdown by brands after completion of all projects (% of rents)*



Contribution terms

The valuation methods for the assets rely significantly on the Partnership Agreement

- ✓ The valuation of contributed assets amounts to Euro 334m

	<i>Contribution value</i>	<i>Methods used</i>
LOT 1: New operating assets	Euro 47m	Valuation based on the 2008 Partnership Agreement
LOT 2: Assets in advanced development stage	Euro 113m	Valuation based on the new Partnership Agreement's H1 2009 rates, taking notably into account a discounted value reflecting the opening dates of the sites
LOT 3: Hypermarkets' surface reduction (storage & sales area)	Euro 50m	Valuation based on the new Partnership Agreement's H1 2009 rates. Works to be completed by Mercialys (Euro 23m) are adjusted in the valuation
LOT 4: Assets to be reorganized before a complex Alcudia restructuring	Euro 124m	Appraisal value negotiated between both parties

- ✓ Total potential full year rents in 2009: Euro 23.9m
- ✓ Total 2009 rents: Euro 9.6m (i.e. Euro 15.7m on a full year basis)
- ✓ The contribution value of the assets refers to the experts' reports from either The Retail Consulting Group Expertise or Catella Valuation. Casino and Mercialys also took into account the size of the transaction and of the projects, and for the lots 1, 2 and 3, the Partnership Agreement* between Casino and Mercialys ; this agreement includes a transfer to Mercialys of the developments made by Casino at a yield rate taking into account the risk sharing between the parties, and notably that Mercialys bears the letting risk. For illustrative purposes, the contribution value represents an 11% discount to the total ascribed by those experts

► Contribution payment

Issue price of Mercialys new shares: Euro 23.5 after payment of the 2008 final dividend

- ✓ The issue price of Mercialys new shares is Euro 23.98, 2008 cum dividend, i.e. Euro 23.50 post Euro 0.48 dividend expected to be distributed on May 27, 2009 to which the new shares are not entitled*.
- ✓ This issue price** implies a 4% discount to the share price as of March 3, 2009**, and 6% to the NAV per share excluding transfer taxes of Mercialys as of December 31, 2008
- ✓ This valuation is based on a multi-criteria analysis, including usual intrinsic and analogical methods: share price, trading comparables, net asset value and discounted cash flow
- ✓ Issue of 14.2 million new Mercialys shares, carrying full dividend rights from January 1, 2009***, representing 19% of the current share capital
- ✓ Prior to the vote by the Shareholders' Meeting of Mercialys approving the issue of shares in exchange of the contributed assets, the value of the issue will be substantiated by a report by the contribution auditors and a fairness opinion by an independent expert

* The valuation of the contributed assets and its remuneration will be assessed by the contribution auditors and the independent expert. Based on their reports, Mercialys' Board of Directors will hold a meeting on April 6, 2009, and Mercialys' EGM will hold a meeting on May 19, 2009, to give their final approval on the transaction

** Including 2008 final dividend (Euro 0.48)

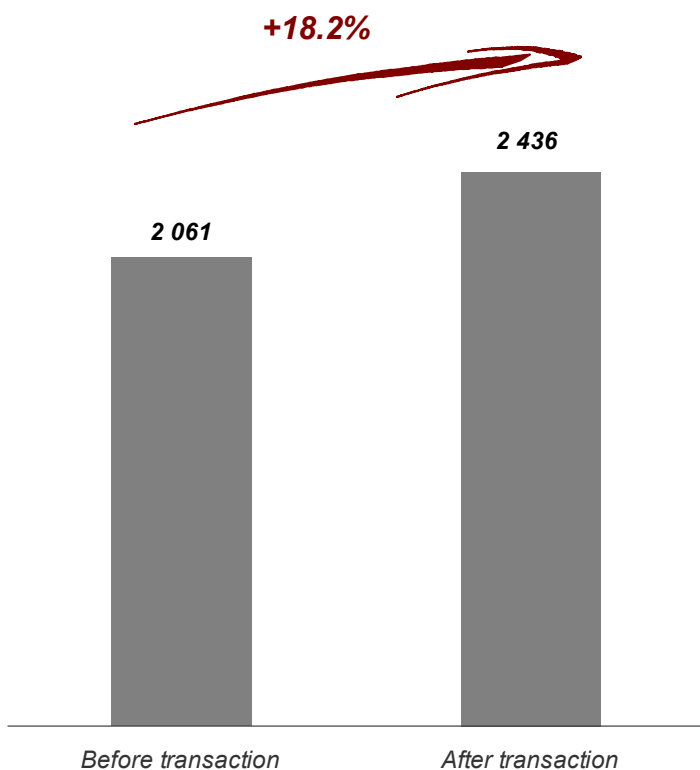
*** The issued shares do not give right to the ordinary dividend 2008

Financial impacts

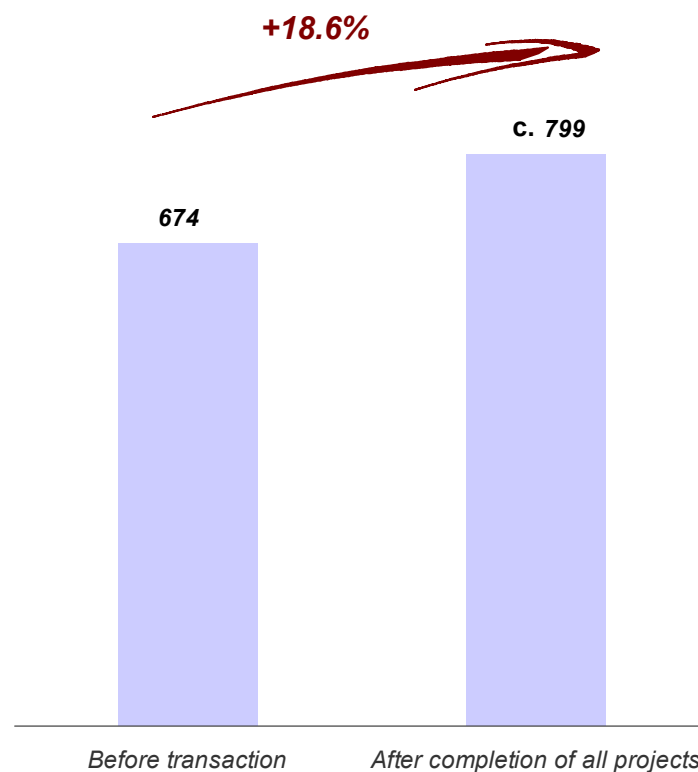
► A direct and significant impact on the assets value

Growth in asset base

Appraisal value of assets (million euros)

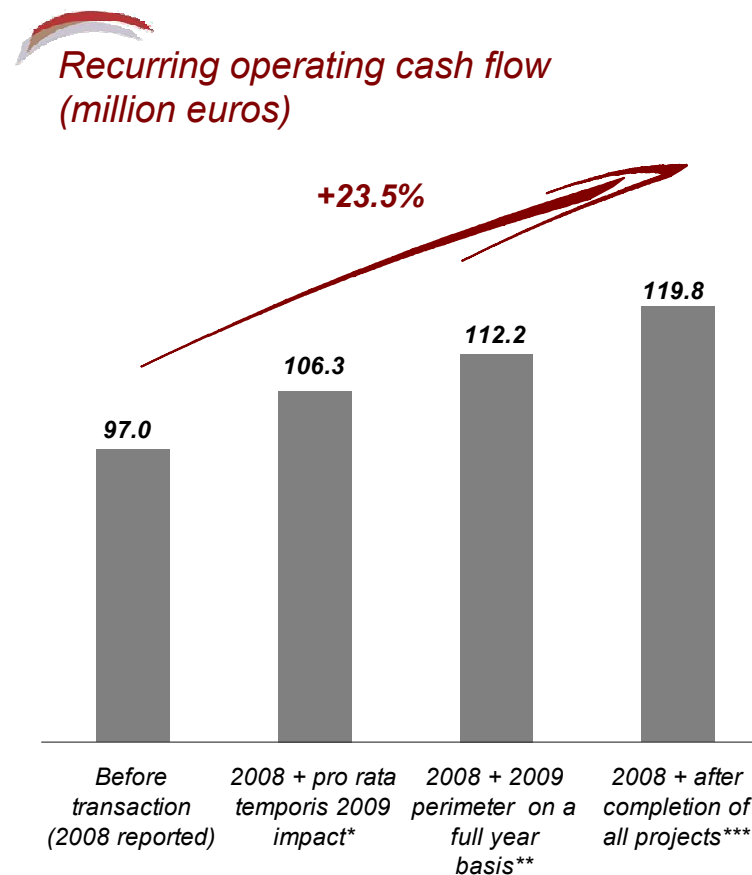
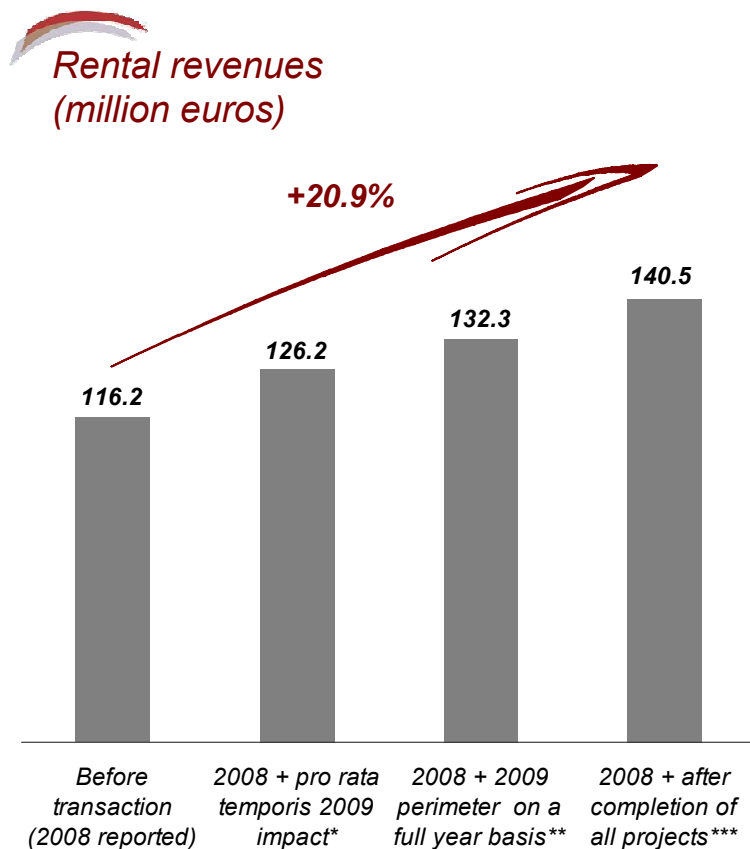


Size of assets ('000 m²)



► ... and on the main activity indicators

A strong growth acceleration



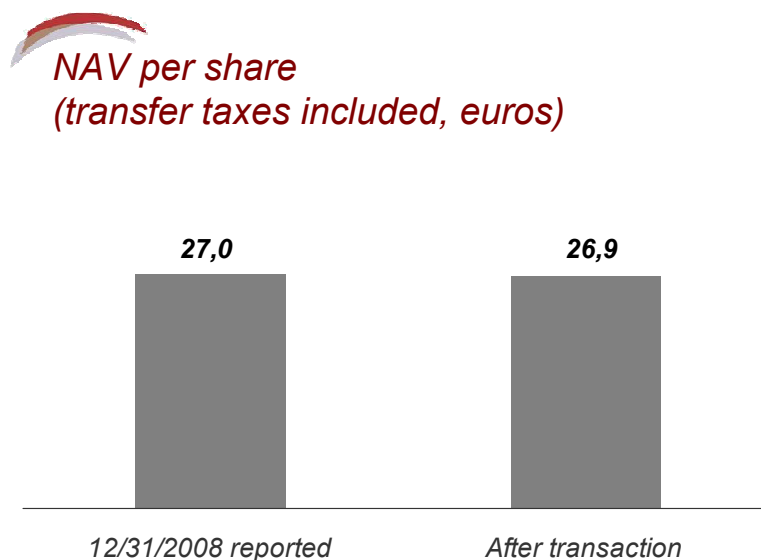
* 2008 figures + 2009 figures of the contributed assets based on a consolidation starting on May 19, 2009

** 2008 figures + 2009 figures on a full year basis for the contributed assets

*** 2008 figures + total potential figures after completion of all contributed projects for the extension of commercial centers

► Accretive impact on the cash flow per share from 2010 and neutral impact on the NAV per share

- ✓ Accretive impact on the cash flow per share from 2010
 - *Accretive impact from 2010 of c.2%*
- ✓ Neutral impact of the transaction on the NAV post transaction



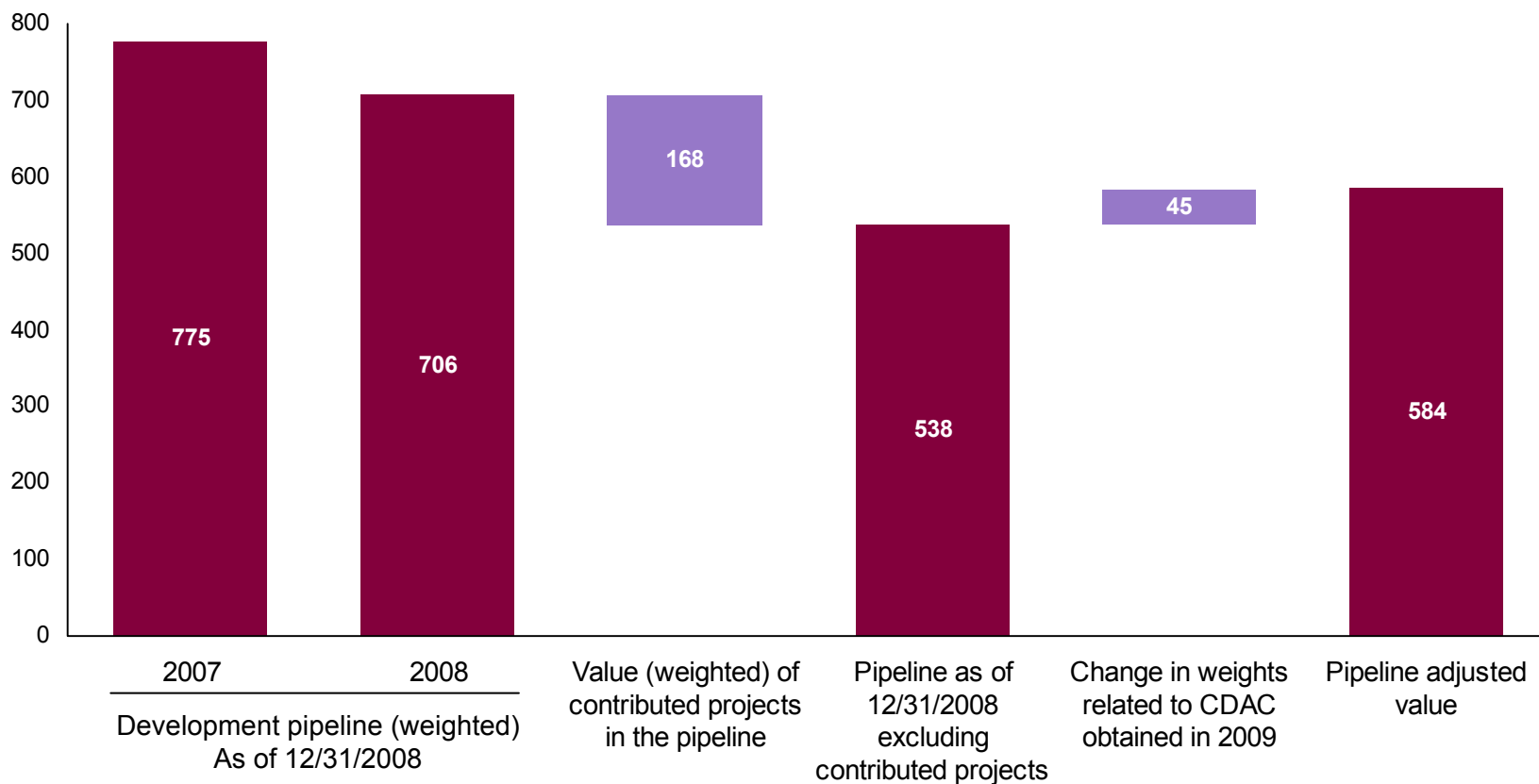


Limited impact on the pipeline of projects

Since the beginning of 2009, the pipeline reduction has already been replenished by one quarter



Pipeline of projects of Casino developments in million euros



The transaction reinforces the 2009 outlook

***Growth targets set by the Management for 2009
increased by c.100%***

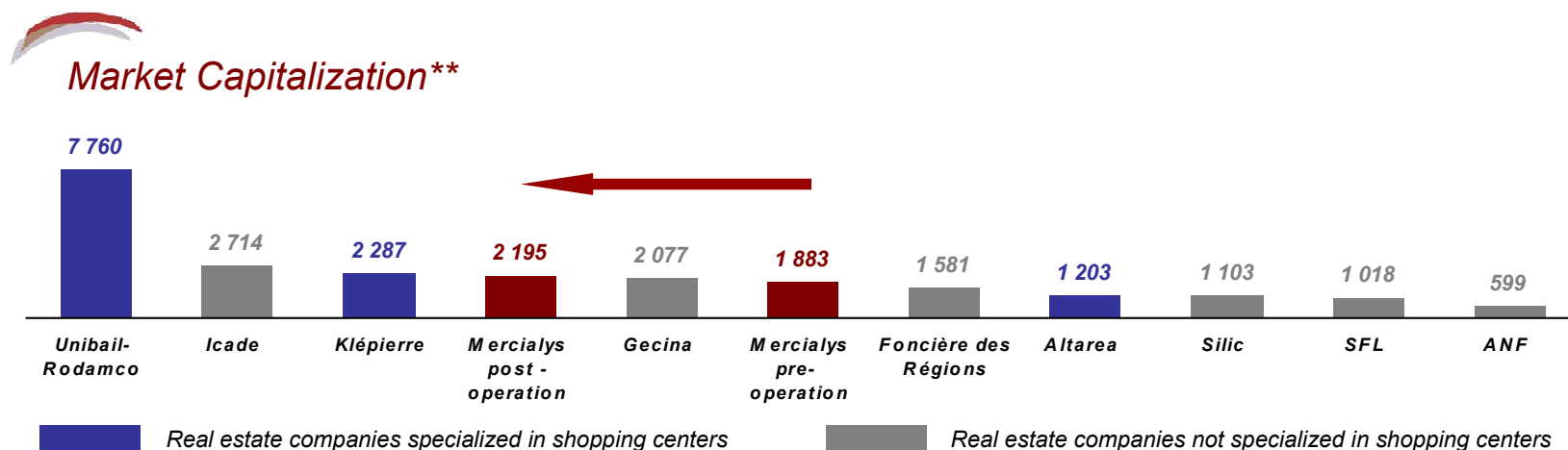
***Reminder: the targets set by the management over 2 years (2009 vs 2007)
for rental revenues and recurring operating cash flow were +25%,
i.e. given the 2008 achievements, a respective growth of 7% and 8%
for the year 2009 (2009 vs 2008)***

A new step for Mercialys stock

► A significantly improved stock market profile

Casino will distribute to its shareholders 1 Mercialys share for 8 shares held (AO or ADP). Post all transactions, Casino retains a 50.4% stake in Mercialys*

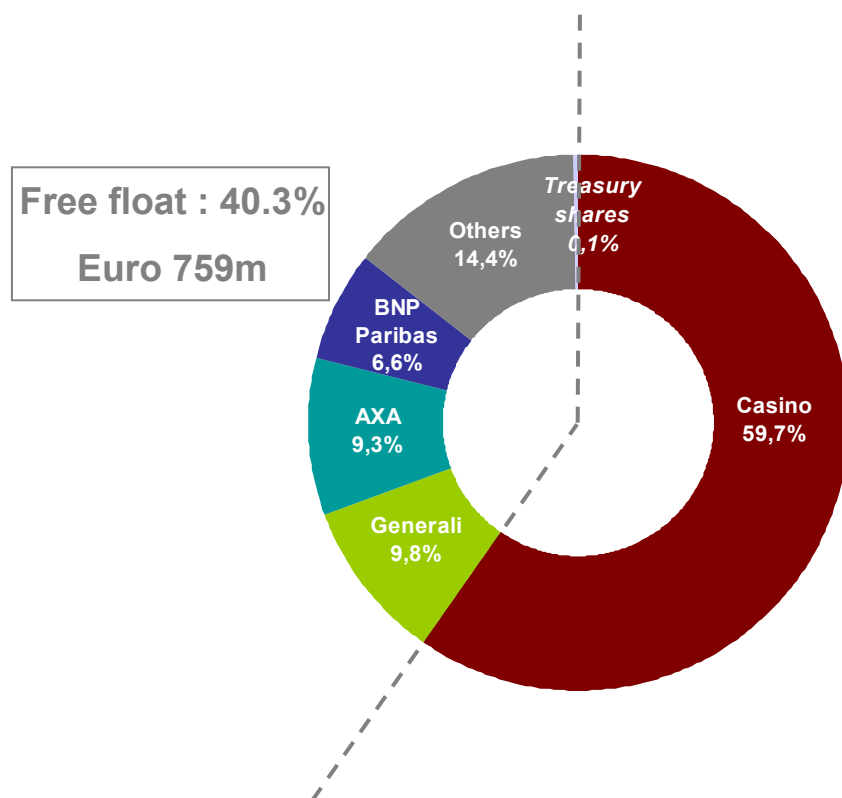
- ✓ Increase in the market capitalization: Mercialys confirms its third place among the real estate companies specialized in shopping centers



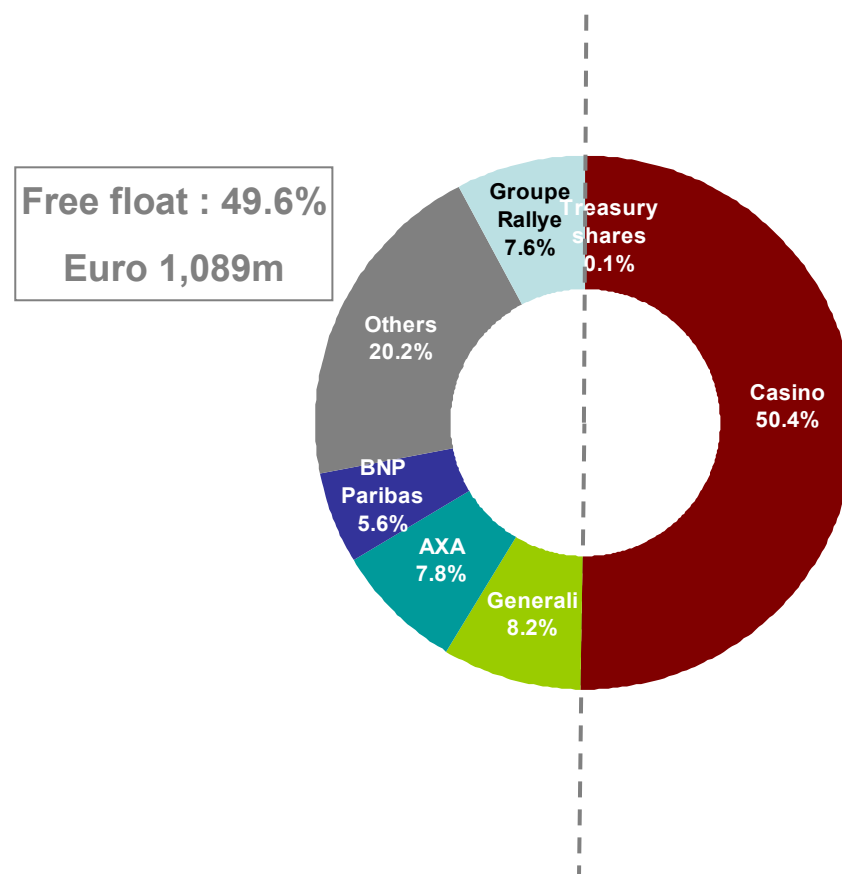
- ✓ Increase in free float which exceeds Euro 1 billion and in stock liquidity : increased potential interest from international investors with demanding criteria in terms of investment size, free float and liquidity
- ✓ Diversification of the shareholder base
- ✓ Increased weighting in the EPRA index
- ✓ Retained SIIC status

► Free float increase to Euro 1,089m*

Shareholding structure before transaction
Market capitalization: Euro 1,883m



*Post transaction shareholding structure***
Post transaction Market capitalization* :
Euro 2,195m



* Based on price of 24.57 euros calculated on the closing share price of March 3, 2009 adjusted for the final dividend of 0.48 euros

** After distribution by Casino to its shareholders of a dividend paid partly in shares at a rate of 1 Mercialis share for 8 Casino shares held

► Shareholders' intentions

Major shareholders' support for the contribution project

- ✓ Casino's Board of Directors held a meeting on March 4, 2009, and has unanimously approved the contribution transaction and the distribution proposal. Casino intends to remain a long term majority shareholder of Mercialys
- ✓ After this contribution and the distribution of Mercialys' shares by Casino, Rallye will hold a direct shareholding in Mercialys representing 7.6% of the capital, with a strong value creation potential

Rallye supports the asset contribution from Casino to Mercialys, which will enable to accelerate the implementation of the Alcludia program, while significantly strengthening Mercialys' growth potential
- ✓ Mercialys' Board of Directors, which held a meeting on March 4, 2009, unanimously approved this transaction. Major institutional shareholders of Mercialys, i.e. Generali, AXA and BNPParibas Assurances (Cardif), support the transaction

Conclusion

Conclusion

- ▶ **Contribution of high quality assets in line with Mercialys' development strategy**
 - ▶ **Alcudia growth**
 - ▶ **No increase in risk profile**
- ▶ **This transaction emphasizes the strong benefits generated by the relationship between Casino and Mercialys → « 1+1=3 »**
- ▶ **Financing of Alcudia project due to completion within the 24 coming months**
- ▶ **Improvement of Mercialys' stock profile**
- ▶ **Mercialys' Board of Directors decided to increase the pay-out ratio to 100% of SIIC results for the years 2009 and 2010*, in order to allow shareholders to benefit immediately from the future growth embedded in the proposed transaction****

*Starting in 2011 (end of the tax vetting period "période de conservation fiscale"), Mercialys will have the possibility to arbitrage assets and to distribute 50% of capital gains

**Proposition to be submitted to Mercialys Annual General Meetings

Appendices

Detailed indicative timetable

Contribution subject to approval by the Shareholders' General meeting on May 19, 2009

- ✓ April 6, 2009: Mercialys' Board of Directors' Meeting and issue of a notice to call for Mercialys' Extraordinary Shareholders' Meeting – Contribution agreement signing
- ✓ Mid-April 2009: Registration of the Mercialys contribution document by the French financial authority (Autorité des marchés financiers) and visa of Casino's prospectus regarding the distribution of Mercialys shares
- ✓ April 20, 2009 (after market): First quarter 2009 activity indicators
- ✓ May 19, 2009: Mercialys shareholder's General Meeting, approving the transaction and the completion of the contribution
- ✓ May 27, 2009: Mercialys shares to trade ex-dividend and start of the option period for the share-based payment of the ordinary dividend of Mercialys
- ✓ May 28, 2009 : Casino shares to trade ex-2008 dividend (cash and shares)
- ✓ June 17, 2009 (date to be confirmed) : Payment of Mercialys 2008 final dividend and admission and listing of new Mercialys shares issued for the part of the final dividend paid in shares

► Reminder on the Alcudia program

Alcudia: an ambitious program for the development of our portfolio

- ✓ Alcudia is a pluriannual program launched in July 2006 aiming at **renovating, restructuring, expanding and creating value on a hundred of sites operated in collaboration with Casino** (Mercialys shopping centers adjoined to Casino hypermarkets or supermarkets).
It is materialized by the creation of strongly personalised commercial centers, complying with the company '**Neighbourhood Spirit**' concept, aiming at making them more attractive and differentiating. Site by site, the global portfolio of commercial centers has been rethought (architecture, urbanistics, merchandising...) perfectly in line with group proximity values and customers' expectations.
- ⇒ **Thereby, Mercialys deploys a solid growth driver:** new and/or renovated assets in line with new customers' expectations, and new areas available to let on existing sites.
- ⇒ A program developed in the context of the **Partnership Agreement**: Casino develops extension operations and Mercialys acquires it with an advantageous yield rate set in the Partnership Agreement.
- ✓ Major phases of the program:



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