Bond Investor Presentation

November 17, 2014

Disclaimer

This presentation may contain certain forward-looking objectives and statements relating to Mercialys' financial position, operating results, business activities and growth strategy.

These objectives and statements are based on assumptions that are dependent upon significant risk and uncertainty factors that may prove to be inexact. The information is valid only at the time of writing and Mercialys does not assume any obligation to update or revise the objectives on the basis of new information or future or other events, subject to applicable regulations.

Contents

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Fundamentals

& equity story

Key drivers in Mercialys' investment story

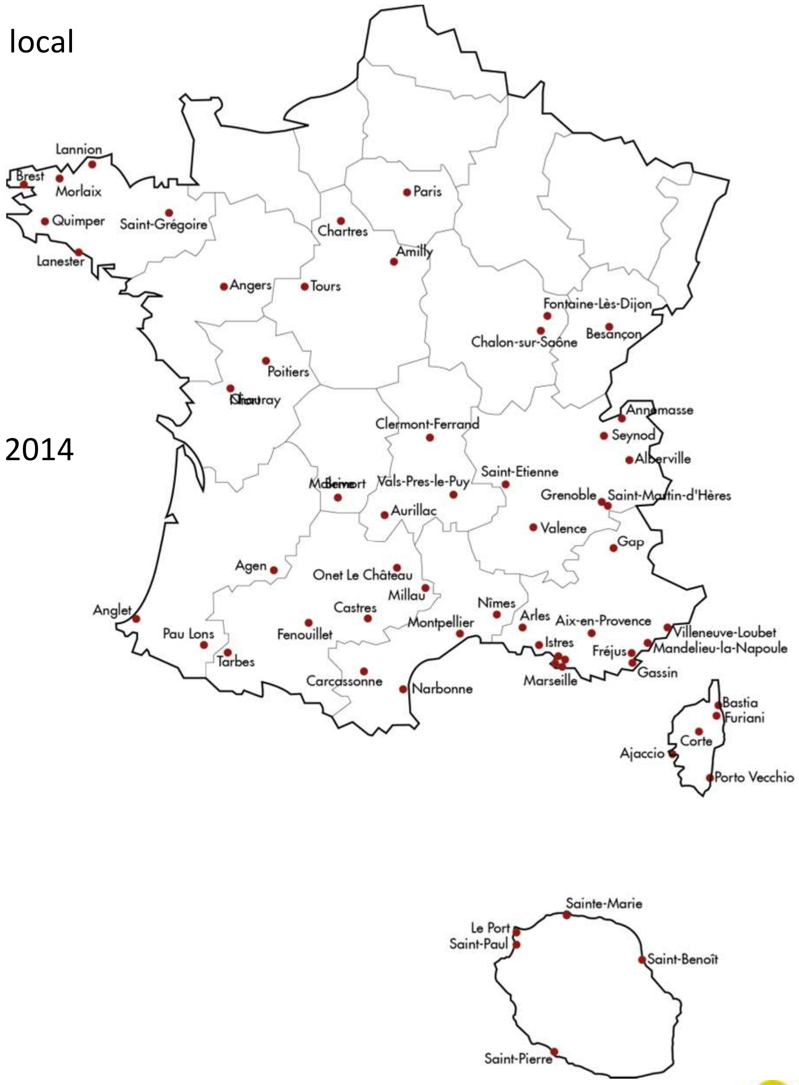
Pure player for shopping centers

❖ **REIT specialized in retail real estate**

- Mercialy's portfolio is made up primarily of large and local shopping centers located in France's most dynamic regions

❖ **Portfolio focused on assets with potential**

- **61** shopping centers
- Rental area: **660,100 sq.m**
- Total market value including rights: **€2,580m** at 30 June 2014 (x2.7 since 2005)
- 2013 rental income: **€149m**
- More than **600** retailers, with **2,170** leases



Key drivers in Mercialys' investment story

Value creation based on a low risk profile

- **Strong market position**
  - The only French pure player for shopping centers
  - Solid track record of operating performance
  - Best-in-class corporate governance

- **Business model providing value creation…**
  - Still significant reversionary potential
  - Strong development pipeline: shopping centers extensions, redevelopments, conversion of cafeterias / hypermarkets
  - Ability to acquire land banks and projects from Casino or from third parties

- **…through the continued transformation of our assets…**
  - Innovation and agility for asset management, marketing and letting: ability to constantly transform the offer for both retailers and final consumers
  - New concepts adapted to changes in consumption patterns: Casual Leasing, Villages Services
  - Our shopping centers are not destination retail locations, but a leading proximity offer, on which the penetration rate for e-commerce is limited, securing the level of turnover among our retailers

- **…based on a low-cost approach…**
  - Lean and efficient structure: best-in-class EPRA cost ratio

- **…and providing a low risk profile**
  - No development risk
  - Strong financial profile in terms of both LTV and ICR
  - Wide geographical and tenant diversification

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Key drivers in Mercialys' investment story

Pure player for shopping centers

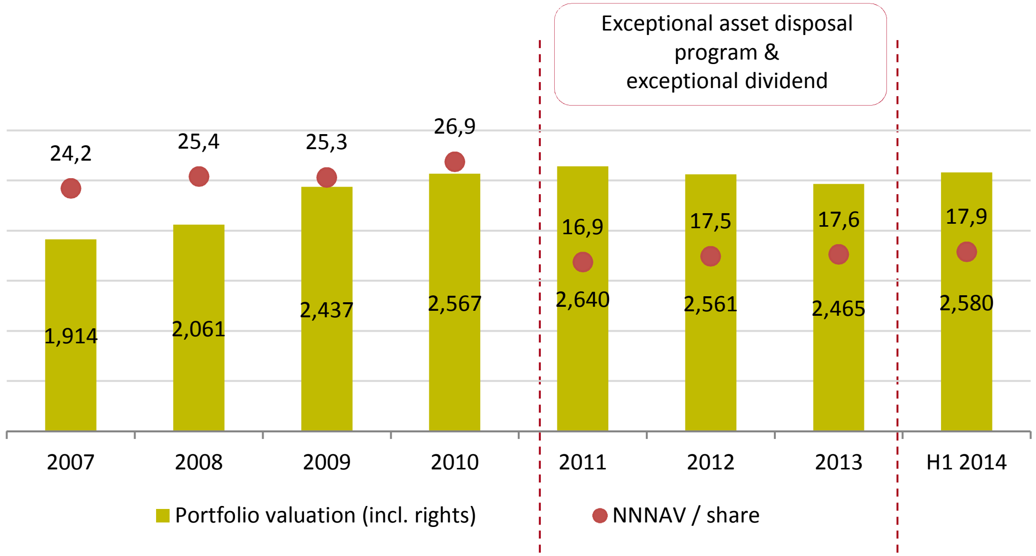
❖ **Strong level of diversification:**

- No tenant (excluding Casino) represents more than 3% of total annualized rents
- The 10 main tenants (excluding Casino) represent 15% of total annualized rents

€465m of asset disposals in 2012 /2013 have enabled Mercialys to refocus the portfolio on high-potential assets

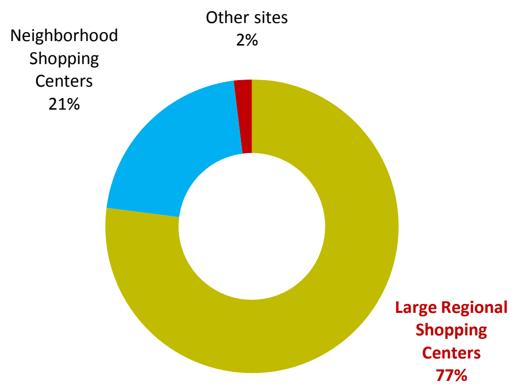
❖ **Solid growth in the portfolio's market value, driven by investments and organic growth**

Portfolio value (incl. rights) and NNNAV / share *



Average capitalization rate: *5.5%* ↗ *5.8%* ↗ *6.1%* ↘ *5.8%* → *5.8%* ↗ *5.85%* → *5.85%* → *5.7%*

Breakdown of portfolio's market value (incl. rights) At June 30, 2014



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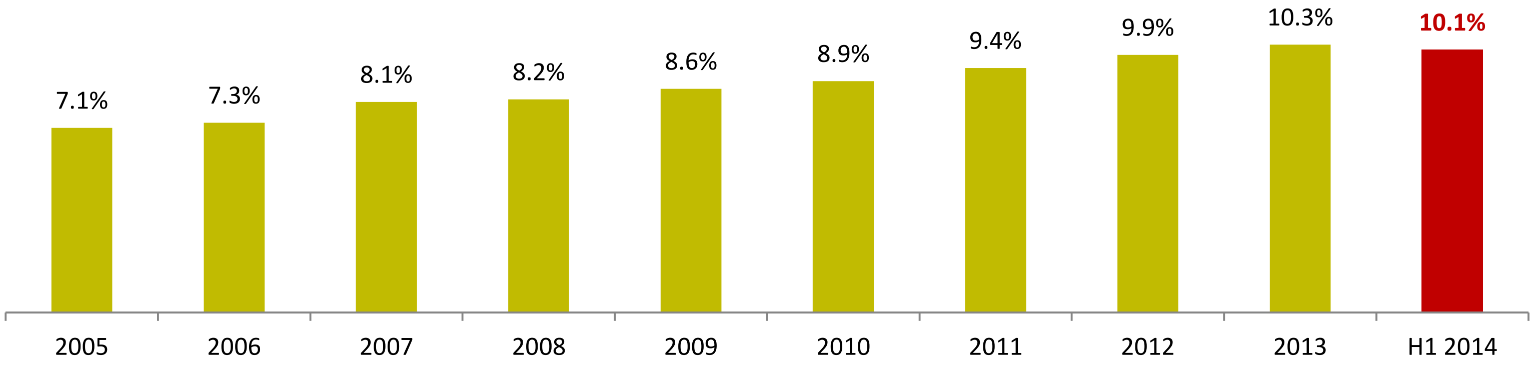
(*) Valuations based on expert reports by Atis Real, Catella, Galtier and Icade

Key drivers in Mercialys' investment story

Strong business model

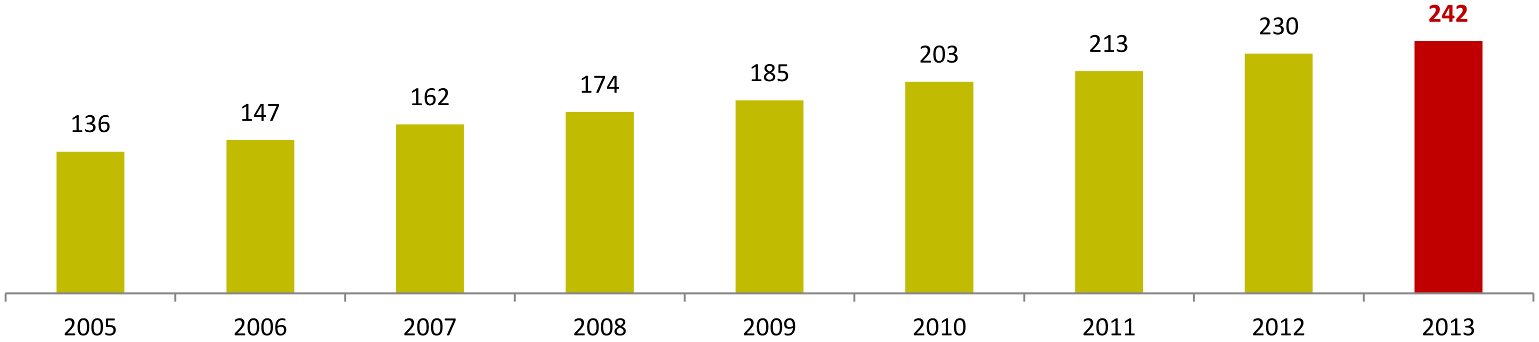
- Very high recovery rate* : **97.6% in H1 2014** *(stable vs. 2013)*
- Moderate occupancy cost ratio** for our tenants



Significant potential for higher rental income

- **Mercialys' average gross rental value is €242 / sq.m**

2013 IPD benchmark:
€311 / sq.m



(*) Over the last 12 months of invoicing
(**) Ratio between rent + service charges including VAT / tenant's retail sales including VAT
(***) Market rent/ sq.m at YE13– Benchmark excluding Mercialys portfolio

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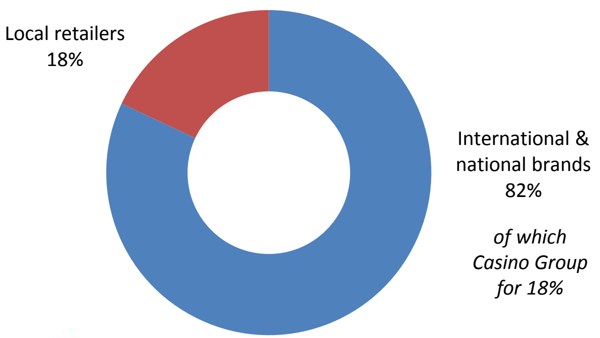
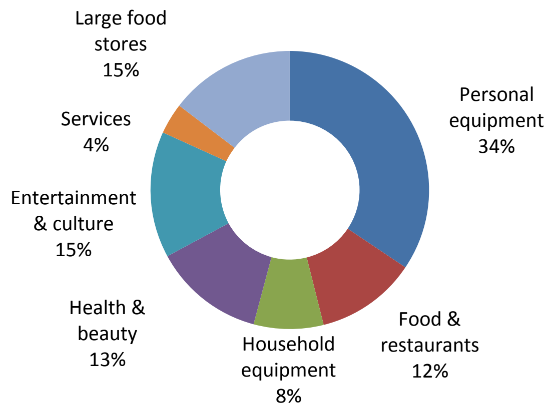
Well-balanced risk profile

Solid underlying trends, diversified merchandizing and retail mix

- **More than 600 retailers and 2,170 leases without overexposure to or dependence on large retailers**
- **French retail offers strong cash flow visibility through lease structures and barriers to entry**
  - Solid revenue base, indexed annually (ICC and ILC)
  - Revenue structure based on a Minimum Guaranteed Lease, combined with variable leases depending on our retailers' sales performance
  - The French "Droit au bail" - a genuine financial asset for tenants who can sell their rights when they leave. The "Droit au Bail" or "lease rights" system makes it possible to maintain very low vacancy rates (it is very rare for tenants to leave without selling their rights)
  - A business model requiring specific, advanced skills and expertise
  - Very strict regulations ("CDAC") restricting the ability to open or expand shopping centers

Breakdown of rents by type of retailer and business sector (as % of annualized leases, H1 2014)





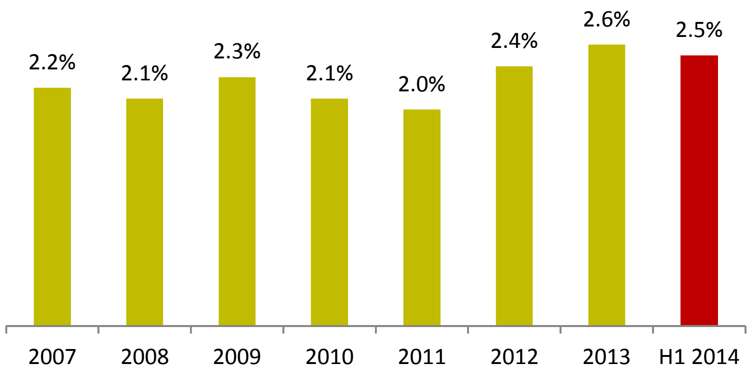
Key drivers in Mercialys' investment story

Low vacancy rate mirroring the portfolio's efficiency

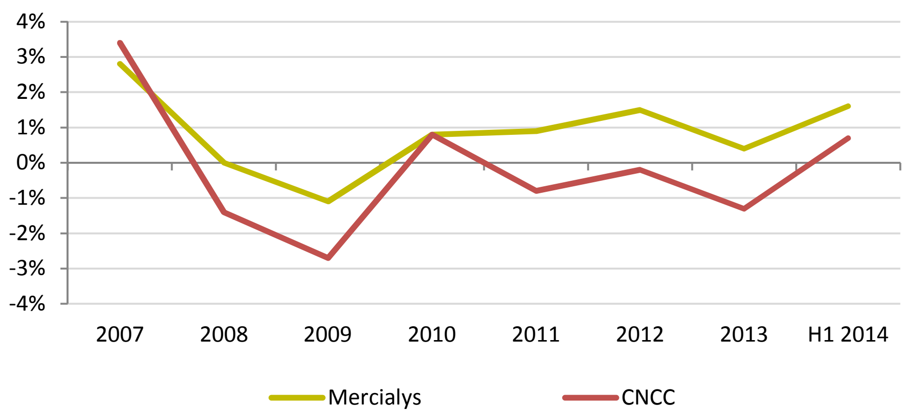
- **Mercialys' business model is in line with retailer trends...**
  - Retailer development intentions (as identified by Procos): slowdown in exposure to jumbo shopping centers in favor of city-centers, retail parks and shopping centers focused on cities with 40,000 to 100,000 inhabitants
    - Saturation of large cities
    - Unsustainable OCRs

- **...outperforming significantly in terms of current vacancy**
  - Overall vacancy rate for France's 500 largest shopping centers: up from 4.6% in 2012 to 7.5% in 2014
  - Mercialys' vacancy rate strongly outperforms this benchmark with a 4.0% total vacancy rate (2.5% current vacancy rate) at end-June 2014

Mercialys' current vacancy rate



Gross sales posted by retailers in Mercialys shopping centers vs. CNCC benchmark



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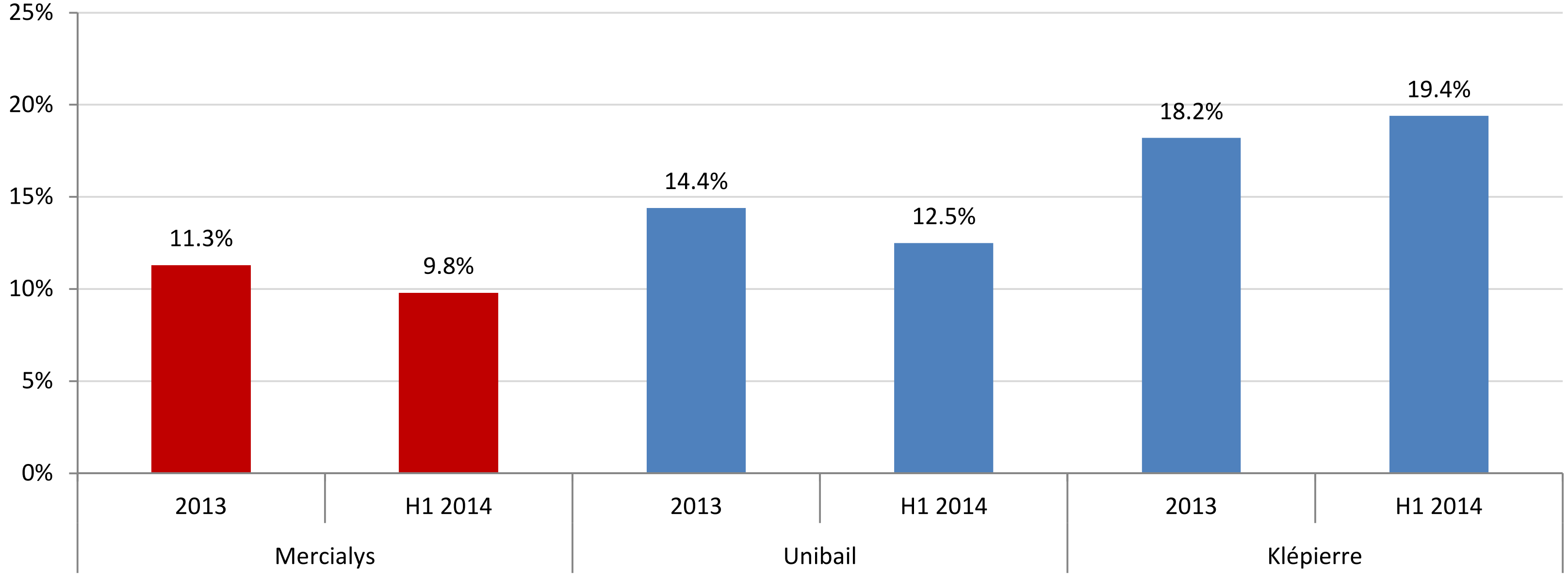
Key drivers in Mercialys' investment story
Efficient cost base

❖ Lean structure: EPRA cost ratio benchmark

- To encourage clearer, more comparable disclosures for total costs, the EPRA (European Public Real Estate Association) has developed guidance for reporting two EPRA cost ratios (including and excluding vacancy costs)
- The purpose of these ratios is to reflect the relevant overheads and operating costs of the business

EPRA cost ratio (including vacancy costs)



Sources: companies, Mercialys

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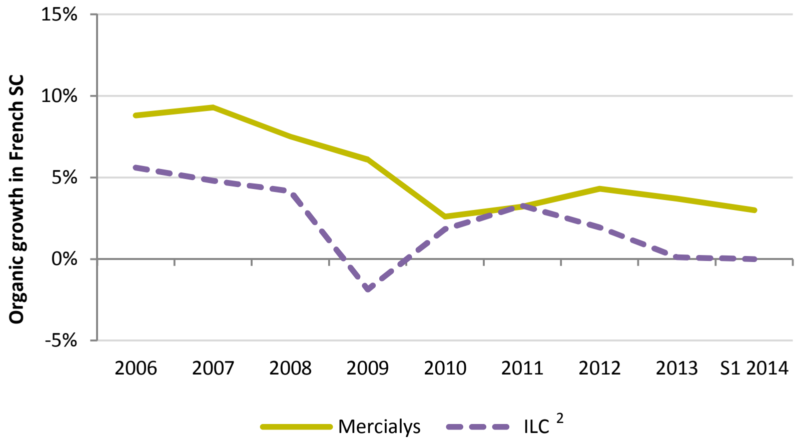
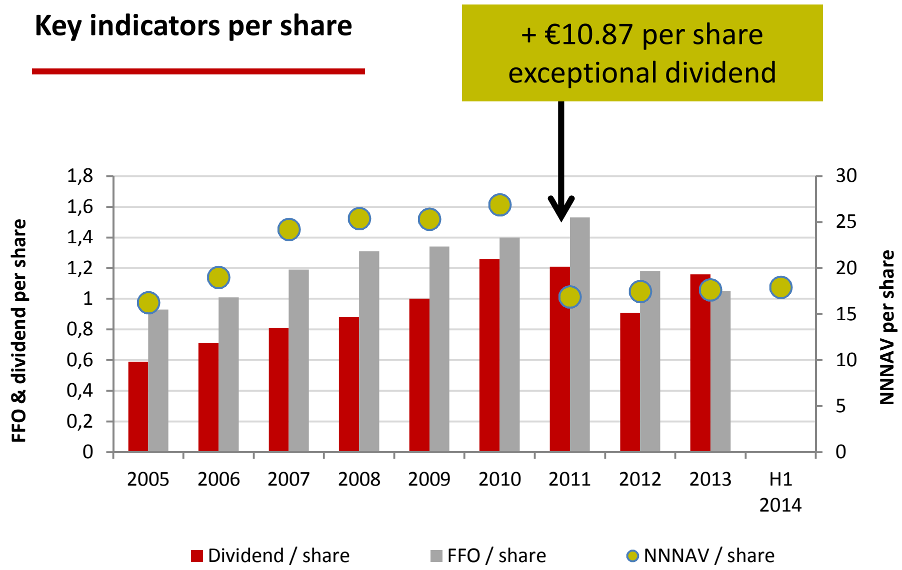
Key drivers in Mercialys' investment story
FFO profile and outlook

- 2014 revised upwards for both organic growth and increase in FFO
  - Organic growth in rents invoiced is expected to come in at least +2.5% above indexation (vs. +2% initially)
  - Mercialys is targeting over €100m in FFO[1], with growth of around +5% in 2014

Organic growth in rents invoiced & indexation



Key indicators per share



(1) *Funds From Operations: Net income attributable to the Group excluding amortization, depreciation, asset write-downs and capital gains on asset sales*
(2) *ILC is composed of 50% consumer price index / 25% construction cost index / 25% retail trade turnover index*

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Financial structure

Key drivers in Mercialys' investment story

Firm commitment to maintain a prudent financial structure

- **Debt structure fully in line with sector requirements**
  - Willingness to diversify sources and access debt capital markets
  - Mid-to-long term financing structure to be extended going forward to match long-term investments
  - Adequate interest rate hedging with at least 50% of total debt at fixed or hedged rates

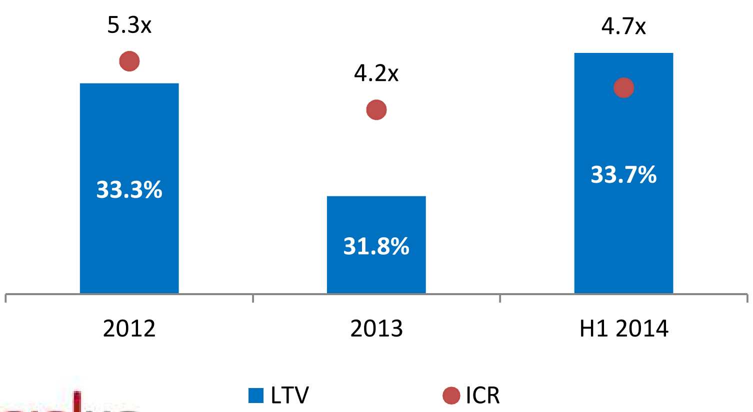
- **Mercialys aims to maintain ample headroom vs. financial covenants**
  - Management has set a objective of maximum LTV at 40%, combined with a strong interest coverage ratio
  - Firm strategic commitment to remain a solid investment grade

- **Strong focus on liquidity**
  - Adequate level of medium-term committed credit lines

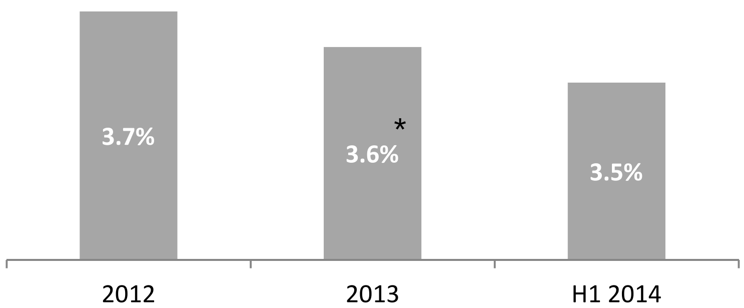
Standard & Poor's rating

BBB/Stable

Change in LTV and ICR



Change in the cost of debt



** Excluding exceptional amortization of expenses after the repayment of bank debt totaling €250m*

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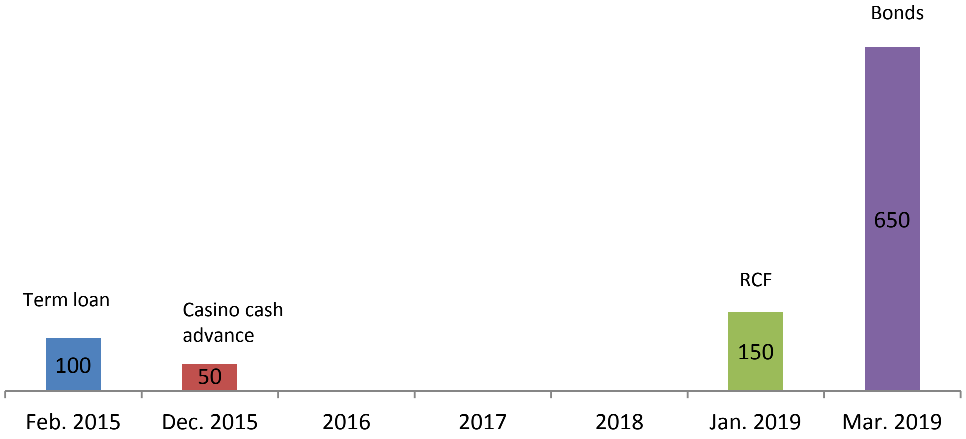
Key drivers in Mercialys' investment story

Current debt profile

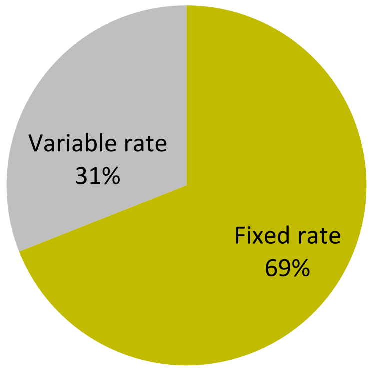
- At end-June 2014, drawn debt represented **€815.5m**, with an LTV of **33.7%**
  - **€650m bond issue with a 4.125% coupon**, maturing in March 2019
  - **€100m** of bank debt
  - **€65.5m** of commercial paper outstanding
- Mercialys has access to the following undrawn facilities:
  - 5-year **€150m Revolving Credit Facility**
  - **€50m** Casino cash advance
  - Commercial paper program (€500m)

No secured financing

Debt maturity profile (in €m)



Balanced hedging policy



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Development pipeline

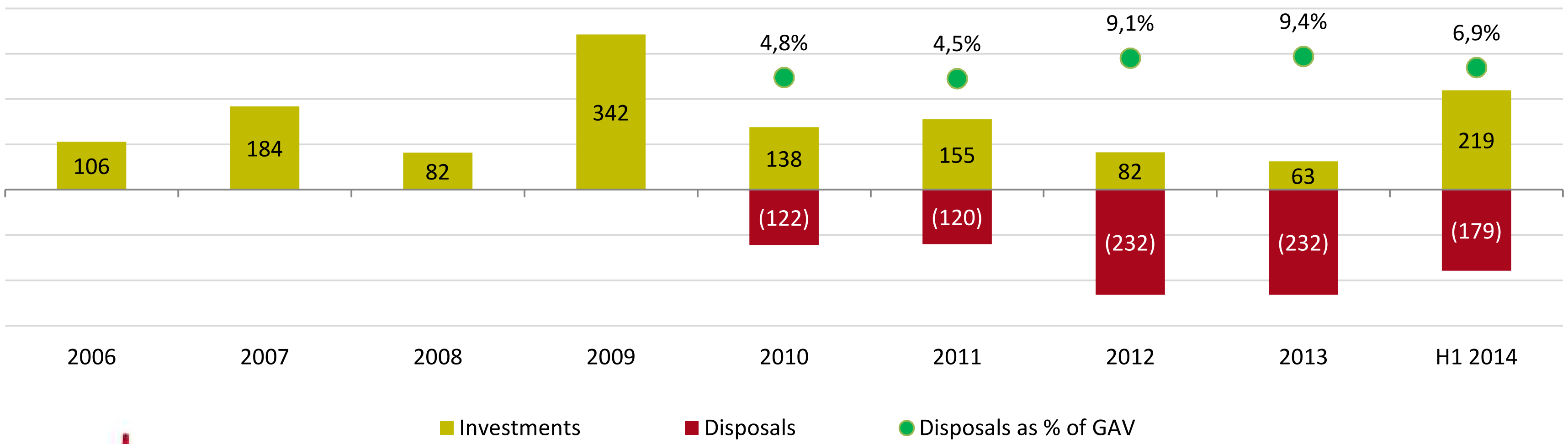
Key drivers in Mercialys' investment story

Dynamic investment approach

- Significant investment capacity
  - Ability to acquire land banks and projects from Casino through the partnership
  - Investment pricing determined through a grid of capitalization rates revised every half-year
  - Mercialys also has the ability to launch transformation projects:
    - **4 new transformation projects acquired for €144m in H1 2014**
  - In H1 2014, Mercialys has made further investments on projects to be delivered during the year and on the Toulouse project

- Asset rotation is contributing towards the portfolio's refocusing and financing for new investments
  - €465m of disposals in 2012 / 2013 (42 assets sold)…
  - …crystallizing value (sales prices higher than appraisals)…
  - …and contributing to the financing of new investments

Asset rotation (in €m)



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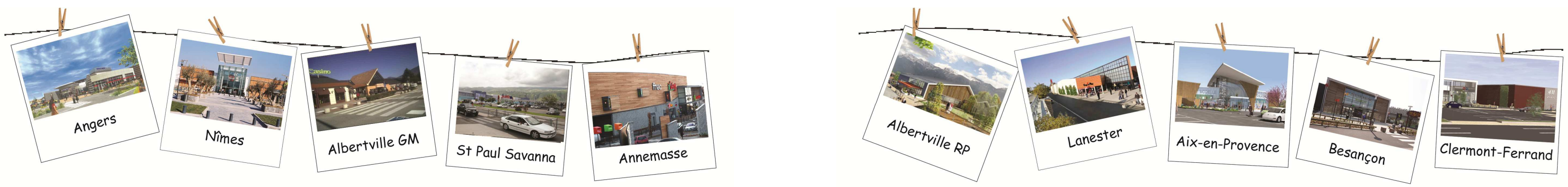
Key drivers in Mercialys' investment story

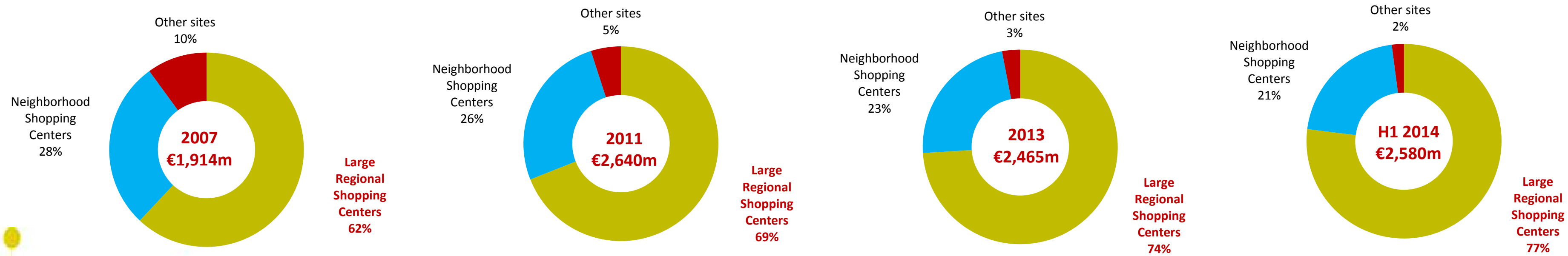
Successful project completions in 2014

- 10 projects completed in 2014
  - €8.1m of additional annualized rents



- Risk profile optimized through a deep transformation of the portfolio
  - Through project completions, the acquisition of 4 large food stores and its asset rotation approach, Mercialys' portfolio structure has changed significantly over the past 3 years
  - In H1 2014, large regional shopping centers made up 77% of Mercialys' portfolio vs. 62% at end-2007 and 69% at end-2011

Asset rotation (in €m)



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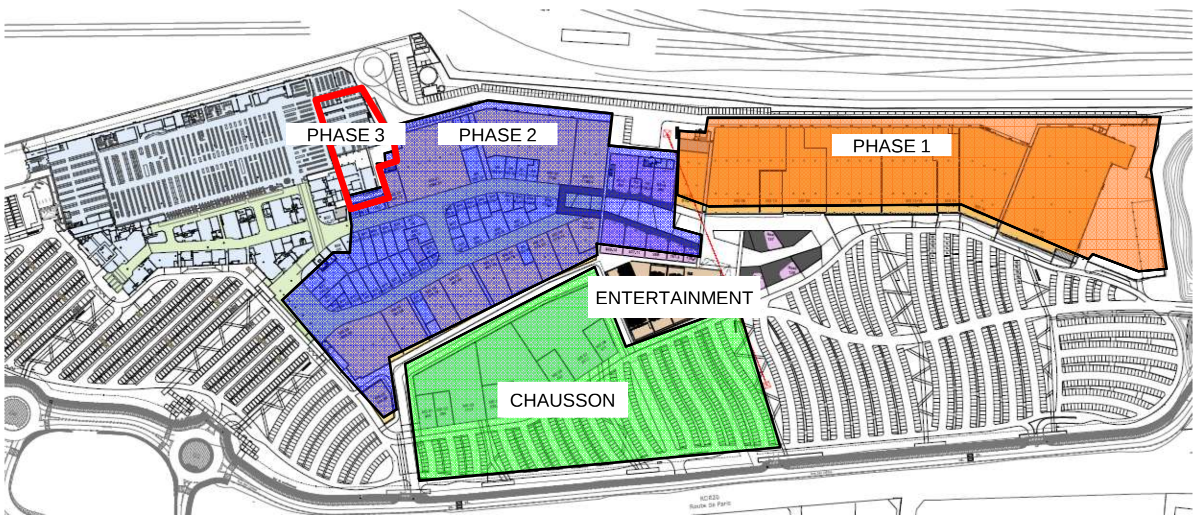
Key drivers in Mercialys' investment story

Example of a significant project led by Mercialys: Toulouse

- Investment of approximately €180m
- Extension project in 3 phases:
  - Phase 1 - retail park with 9 mid-size outdoor units for 24,400 sq.m
  - Phase 2 - shopping center composed of 13 mid-size stores, 47 shops and 13 restaurants, with a GLA of over 24,300 sq.m
  - Phase 3 - transformation of a portion of hypermarket reserves in order to strengthen the shopping mall and create a services village
- Future shopping center with a GLA of 55,000 sq.m (excluding the hypermarket)

CURRENT

FUTURE



Key drivers in Mercialys' investment story

Example of a significant project led by Mercialys: Toulouse

Portfolio's largest shopping center, while remaining < 10% of GAV

Final area: 70,000 m²

Euro 13.5 million in rent, i.e. about 9% of Mercialys' rents

Investment: Euro 180m → **Estimated Market Value in the long term at Euro 240m**

IRR > 10%

Phased investments

• Acquisition of building rights, and existing areas (large food stores, ancillary lots and phase 1 land)	**Euro 58m**
• Launch of phase 1 works (estimate)	**Euro 22m**
• Phase 2 land and works - 2015/2016 (estimate)	**Euro 100m**

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Shareholding structure

& governance

Governance

❖ Stabilized shareholding and management structure

- Casino remains a key partner, owning 40.2% of Mercialys' shares
- Eric Le Gentil was appointed Chairman & CEO in July 2013
- Since 2012, the Board of Directors has had a majority of independent directors

❖ Mercialys' governance is built around market best practices

- Appointment & remuneration committee:
  - Composed of 5 members, 3 of whom are independent
  - Independent chairman
- Audit committee:
  - Composed of 3 members, 2 of whom are independent
  - Independent chairman
- Investment committee:
  - Composed of 5 members, 2 of whom are independent
  - Independent chairman

Governance: Board structure

Eric Le Gentil	Chairman & CEO

6 independent Board members :

Bernard Bouloc	Private law professor
Anne-Marie de Chalambert	Director of various companies
Elisabeth Cunin-Diéterlé	Chairman of Camaïeu Group Management Board
Marie-Christine Levet	Active in private equity
Ingrid Nappi-Choulet	Research professor
Société Generali Vie	*Represented by* Bruno Servant, Generali France's Chief Investment Officer

4 representatives of the principal shareholder:

Casino, Guichard-Perrachon	*Represented by* Antoine Giscard d'Estaing, Groupe Casino CFO
Forézienne de Participations	*Represented by* Yves Desjacques, Groupe Casino Head of HR
Jacques Dumas	Deputy CEO, Société Euris
Michel Savart	Chairman & CEO, Société Foncière Euris

Appendix

Income statement

In millions of euros	06/30/13*	06/30/14	% 14/13 chge.
Invoiced rents	73.2	76.0	3.9%
Lease rights	3.5	2.1	
Rental revenues	**76.7**	**78.1**	**1.9%**
Non-recovered property tax	(0.1)	-	
Non-recovered service charges	(1.8)	(2.1)	
Property operating expenses	(3.2)	(2.3)	
Net rental income	**71.6**	**73.8**	**3.0%**
Management, administrative and other activities income	2.0	1.5	
Depreciation and provisions	(11.6)	(11.3)	
Staff costs	(4.2)	(5.0)	
External costs	(3.3)	(3.6)	
Other recurring income and expenses	2.1	0.3	
Recurring operating income	**56.7**	**55.8**	**-1.5%**
Non-recurring income	46.7	57.6	
Net financial items	(16.5)	(10.4)	
Tax	0.3	-	
Share in net income of affiliates	0.2	0.6	
Net income, Group share	**87.3**	**103.6**	**18.6%**
EPS *(euros per share)***	**0.95**	**1.13**	**18.6%**

(*) Pro-forma 2013
(**) Based on the average number of outstanding shares over the period, fully diluted

Condensed balance sheet

In millions of euros

Assets	12/31/12*	12/31/13	06/30/14
Investment property	1,414.2	1,423.5	1,524.7
Financial assets	27.4	42.1	54.1
Other assets	1.4	2.1	3.2
Total non-current assets	***1,443.0***	***1,467.7***	***1,582.0***
Cash and Casino current accounts	205.9	15.8	6.6
Trade and other receivables	49.4	63.5	69.4
Investment property held for sale	143.0	27.6	18.8
Total assets	**1,841.2**	**1,574.6**	**1,676.8**

Equity and liabilities	12/31/12	12/31/13	06/30/14
Equity, attributable to Group	737.5	739.9	766.8
Minority interests	0.4	0.4	0.5
Total consolidated equity	***737.9***	***740.4***	***767.3***
Financial liabilities	1,027.2	774.2	846.2
Deposits and guarantees	23.6	21.9	22.3
Trade and other payables	52.4	38.2	40.9
Total equity and liabilities	**1,841.2**	**1,574.6**	**1,676.8**

(*) Pro forma