ESG PROFILE

June 2019

MERCIALYS

Mercialys at a glance

Leading listed French real estate company that is a pure player for shopping centers

- Mercialys' portfolio is focused on large and neighborhood shopping centers, as well as high-street retail assets that are leaders in their areas
- Assets are concentrated in the most dynamic French regions

Portfolio focused on high-potential assets

- **55** shopping centers and city-center sites[1]
- Leasable area: **873,000** sq.m
- Appraised asset value (including transfer taxes): **€3,780.2m** at December 31, 2018
- Annualized rental income: **€182m**
- Over **600** retailers and **2,167** leases

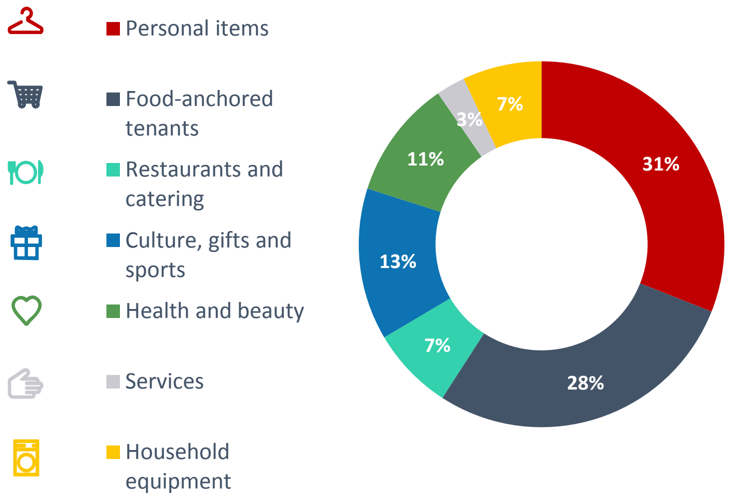
Mercialys portfolio

(1) In addition to six geographically dispersed assets

Mercialys rental portfolio

Breakdown of rental income by business sector

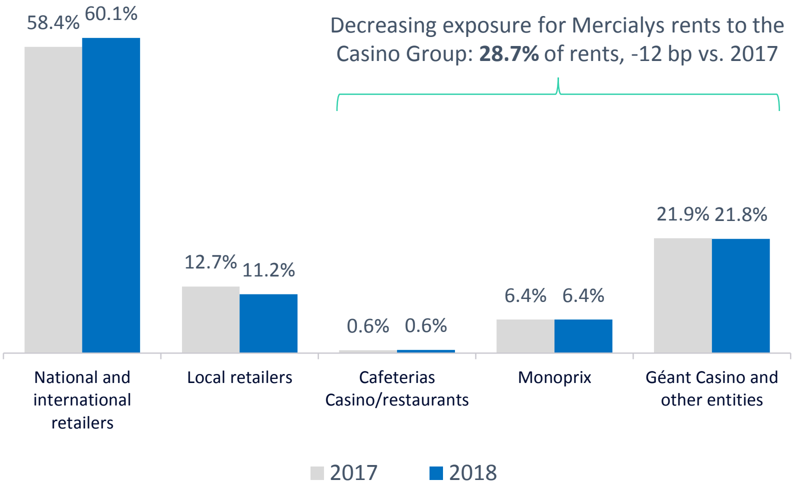
(% of annualized rental income at December 31, 2018 – including exposure to the Casino Group)



6.6 years weighted average lease term

Breakdown of rental income by retailer

(% of annualized rental income at December 31, 2018)

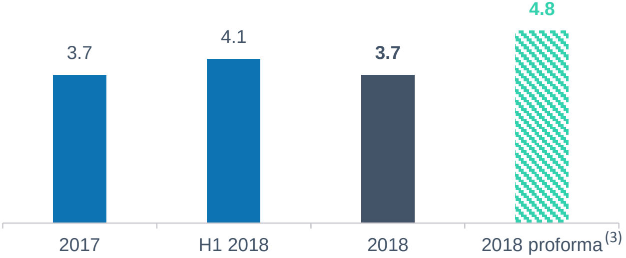


89% of national and international retailers

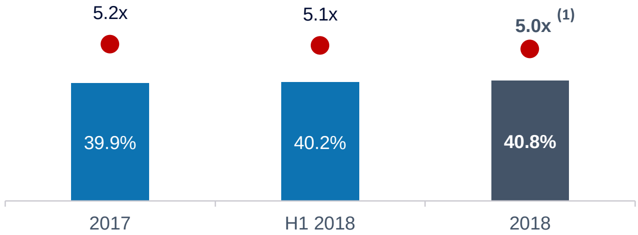
Financial and shareholding structure

- **Net debt: €1,478.2m including**
  - €1,679.7m of bond debt, of which €479.7m to be reimbursed in March 2019
  - €183.0m of commercial paper
- **Undrawn committed credit lines: €410m**
- **Standard & Poor's rating: BBB / stable outlook**

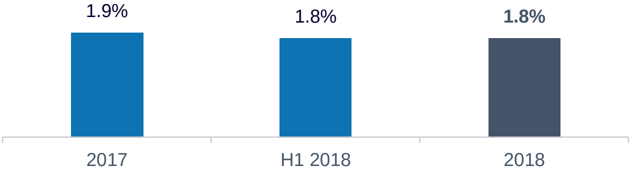
Change in debt maturity (in years)[2]



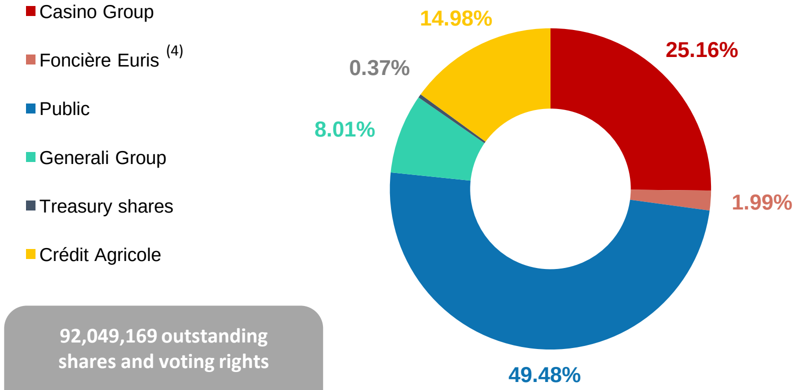
Change in LTV (excluding transfer taxes) and ICR



Change in the cost of drawn debt[2]



Mercialys shareholders at April 4, 2019



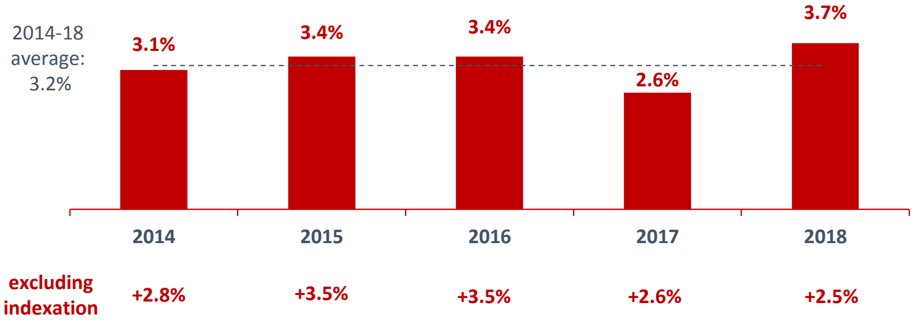
92,049,169 outstanding shares and voting rights

1 share = 1 vote

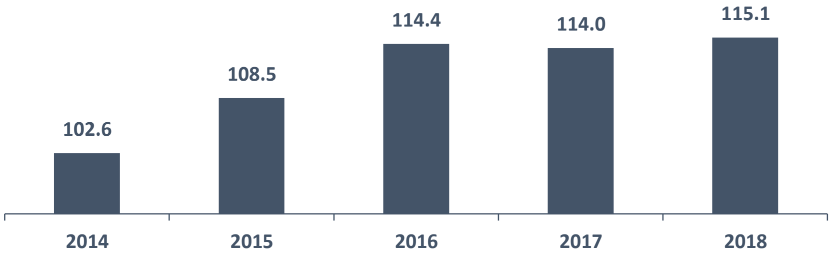
[1] Negatively impacted by the carrying cost linked to the March 2019 bond refinancing through a derivative financial instrument, with an exclusive cash settlement basis
[2] Including commercial paper program
[3] Proforma for the March 2019 bond redemption
[4] Foncière Euris is also, together with Rallye, economically exposed for 4.5%

Operating excellence over the years

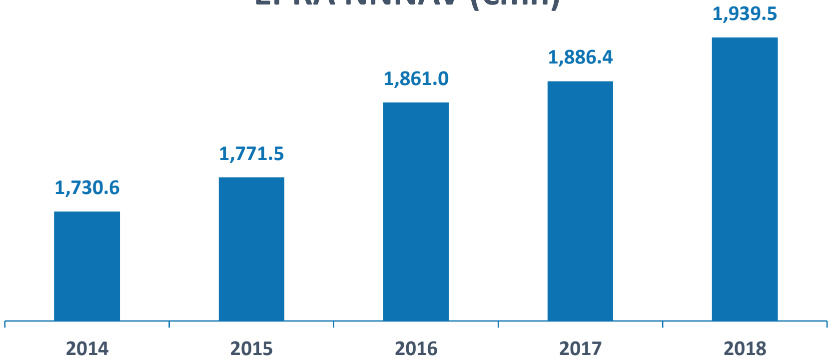
Organic growth, including indexation (%)



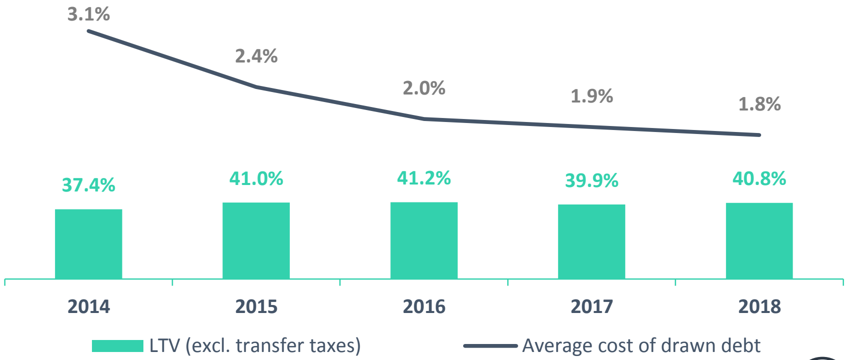
FFO (€mn)



EPRA NNNAV (€mn)



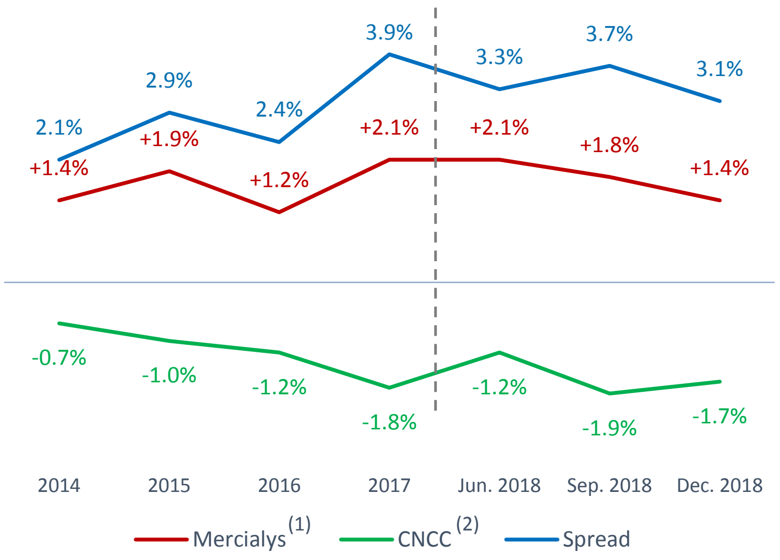
LTV and average cost of drawn debt (%)



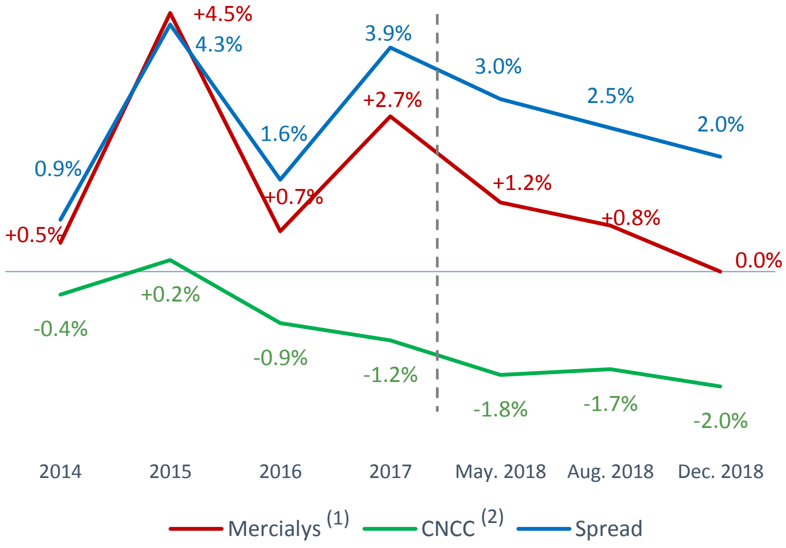
Another year of strong performance

Footfall and retailer sales outperforming the national benchmark

Cumulative change in Footfall at end-December 2018



Cumulative change in Retailer sales at end-December 2018

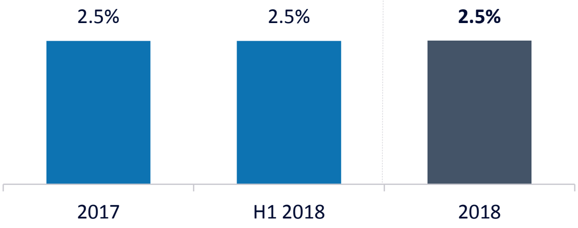


MERCIALYS

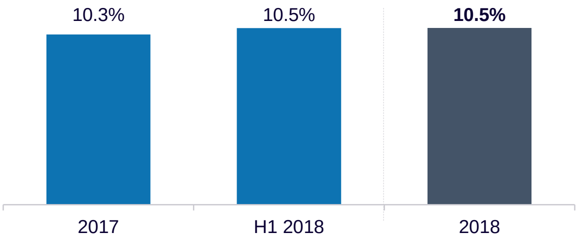
(1) Mercialys' large centers and main neighborhood shopping centers based on a constant surface area, representing more than 80% of the Company's shopping centers value. The Le Port site in Reunion was excluded from the scope in 2018 due to significant non-recurring impacts linked to the extension work and the impact of the inauguration
(2) CNCC index – all centers, comparable scope

Sustainable rents and strong confidence

Change in recurring financial vacancy rate[1]



Change in occupancy cost ratio[1]



(rents + charges including marketing costs + work charged back to tenants, including tax) / tenants' sales including tax
Excluding large food stores

2019 objectives

Organic growth in invoiced rents:

Around +3%, with at least +1% excluding indexation
Strong level of organic growth while maintaining sustainable retailer OCRs

Change in FFO:

At least +4%

Dividend policy:

At least stable
within a range of 85% to 95% of 2019 FFO

[1] *Mercialys' occupancy rate and vacancy rate do not include agreements relating to the Casual Leasing business*

Mercialys value proposition

THE SUCCESS OF THE MERCIALYS MODEL IS BASED ON THREE COMPETITIVE ADVANTAGES:

REAL ESTATE KNOW-HOW

A portfolio of evolving, modular real estate assets

RETAIL KNOW-HOW

An adaptive and omni-channel retail concept

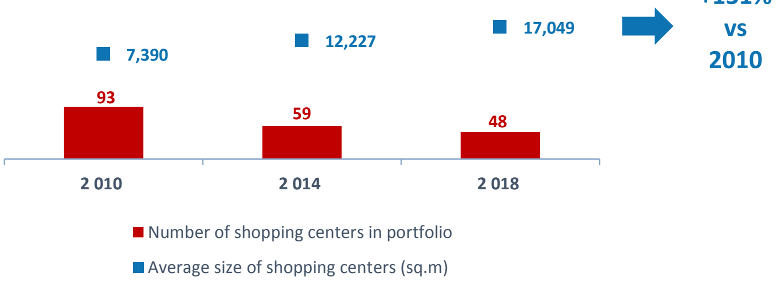
CSR KNOW-HOW

A powerful, responsible dynamic with a strong local presence

A portfolio of evolving, modular real estate assets

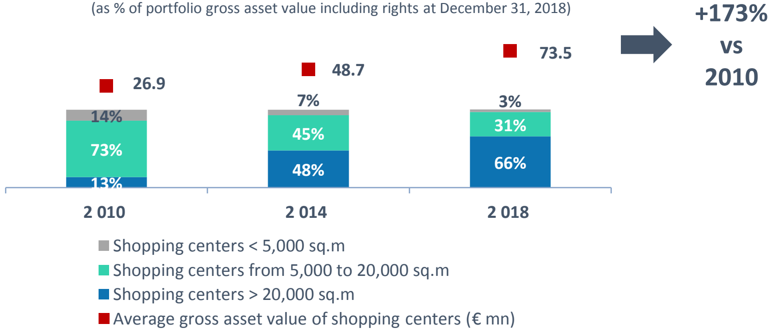
Capital recycling leading to a portfolio structured around sites with critical mass and optimized asset management

Number of shopping centers(1) and average size



Shopping center(1) breakdown by size

(as % of portfolio gross asset value including rights at December 31, 2018)



15 assets sold since 2016 for €373m(2) (including transfer taxes)

- Non-leading position on the primary catchment area
- Limited development potential
- Location outside priority zones

Pipeline

(in millions of euros)	Total investment (€M)	Investment still to be committed (€M)	Target net rental income (€M)	Target net yield on cost (%)	Completion date
COMMITTED PROJECTS	**12.1**	**11.7**	**0.9**	**7.1%**	**2019**
Le Port	12.1	11.7	0.9	7.1%	2019
Food court	0.8	0.4	-	-	-
Retail Park	11.3	11.3	-	-	-
CONTROLLED PROJECTS	**207.3**	**207.0**	**10.4(3)**	**6.7%(3)**	**2020/2022**
Redevelopments and requalifications	66.2	65.9	4.4	6.7%	2020/2021
Extensions and retail parks	88.9	88.9	6.0	6.7%	2020/2022
Mixed-use high-street projects	52.2	52.2	na	na	2021/2022
IDENTIFIED PROJECTS	**348.3**	**348.2**	**21.6(3)**	**7.0%(3)**	**2022/2025**
TOTAL PROJECTS	**567.7**	**566.9**	**32.9(3)**	**6.9%(3)**	**2019/2025**

(1) i.e. excluding City Center and Other assets *(2) Based on a 100% valuation of the assets* *(3) Excluding the impact of mixed-use high-street projects, which may also generate property development margins*

An adaptive and omni-channel retail concept

A balanced and evolving retail offer

More than
120
international retail chains in portfolio versus 54 in 2009

54%
of new retail chains in portfolio compared to 2009

10%
average annual turnover of retailers since 2015, excluding Casual Leasing

6
new Casual Leasing retailers on average by day on the entire portfolio, meaning 1,500 per year

700,000[1]
qualified consumer contacts in the database used to issue targeted offers

845
targeted events and marketing operations

5 M
digital touchpoints in 2018

38%
of personalized emails opened

A unique B to B and B to C omni-channel marketing and services ecosystem

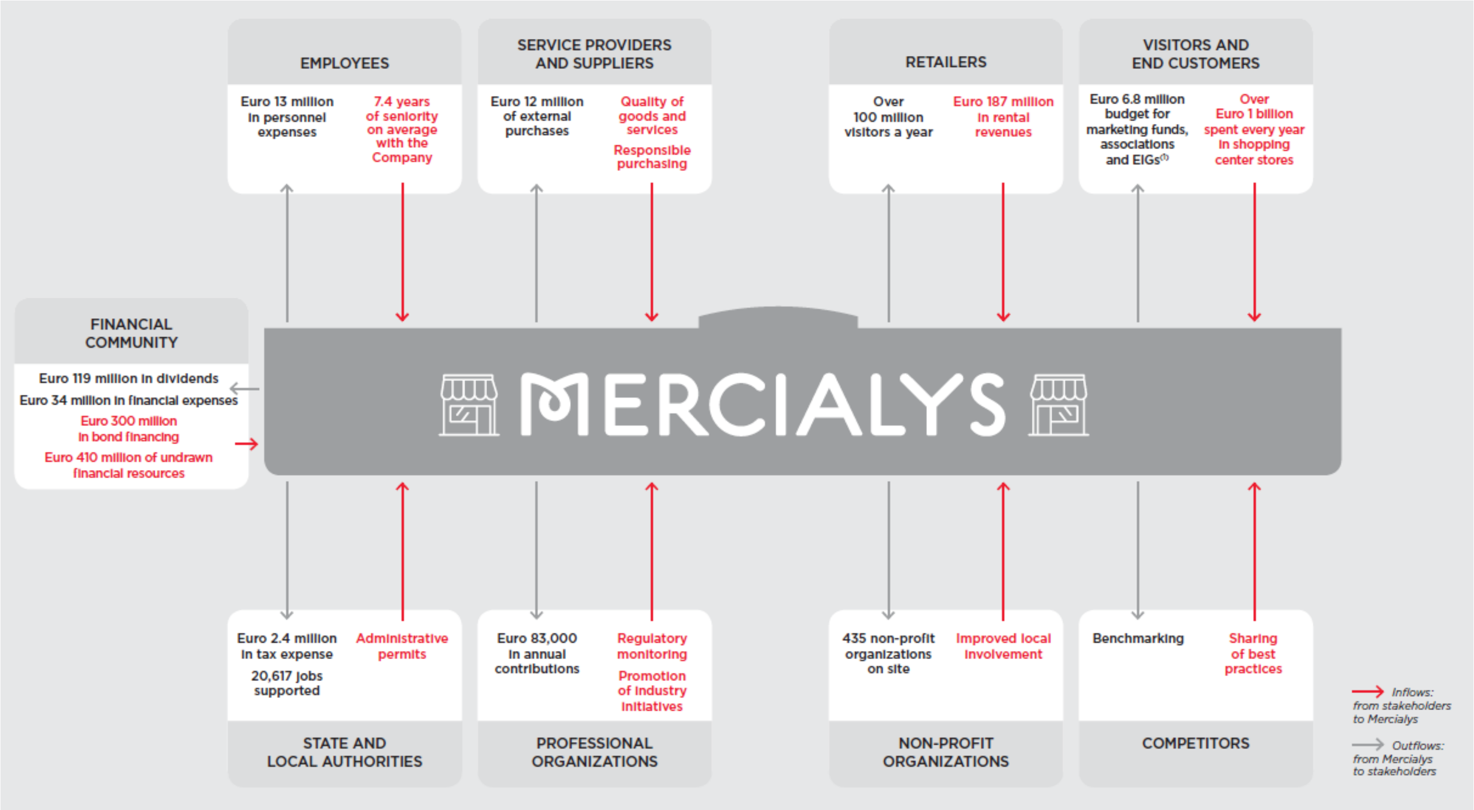
G LA GALERIE

- A modern, identifiable architecture that blends into the environment of each center
- National marketing campaigns around a strong brand and local implementation of events and activities
- Services and an integrated B to C digital ecosystem
- Services and an integrated B to B digital ecosystem

[1] *In compliance with General Data Protection Regulation (GDPR)*

A powerful, responsible dynamic with a strong local presence

Mercialys has forged solid relationships within its ecosystem and engages in regular dialog with all its stakeholders

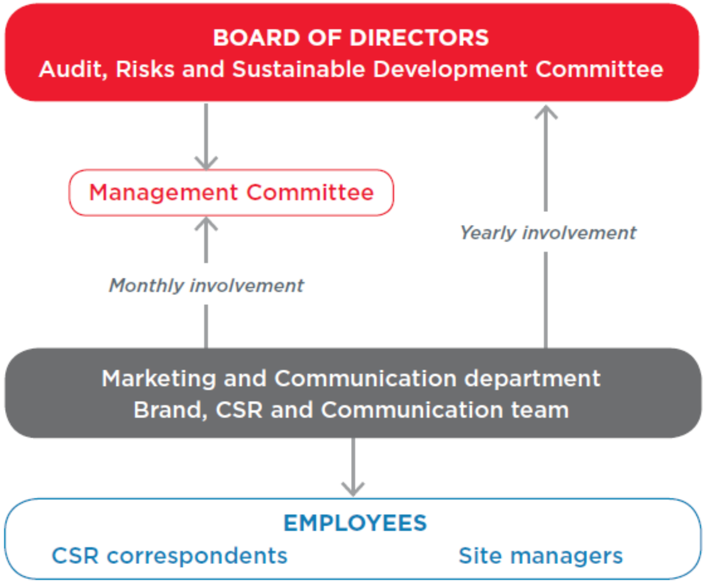


MERY’21: a strong commitment to responsible and ethical management

10 operational priorities addressing 5 major issues and laying down clear quantitative and qualitative objectives to be achieved by 2020

	CREATION OF LASTING VALUE	PURSUIT OF ETHICS AND MEANING	LOCAL INVOLVEMENT	CLIMATE CHANGE	DWINDLING RESOURCES
Customer well-being, health and safety	●●	●	●		
Accessibility and connectivity	●		●●	●	
Adaptability and resilience of assets	●●			●	
Citizenship and local economy	●	●●	●		
Responsible value chain		●	●●		
Energy and greenhouse gas emissions				●●	●
Circular economy				●	●●
Biodiversity			●●		●
Talent and diversity	●	●●			
Organization and quality of life at work		●●			

○○ *Significant impact* ○ *Moderate impact*



Examples of 2018 achievements

	2015	2018	2020
Certification (BREEAM In-Use certification level)	28 %	56 %	90 %
Water *(reduction in water consumption)*		- 11 %	- 15 %
Climate change (reduction in greenhouse gas emissions per visitor vs 2015)		- 17 %	- 20 %
Waste (waste recovered)	23 %	40 %	55 %
Connection and mobility (percentage of visitors traveling to centers using an alternative form of transport)	14.5 %	35.7%	30 %

Certification: *Action plan implemented on every center in order to improve its certification level by one grade*
Renewal of centers certified as OUTSTANDING

Water: *Reduction of leaks, fitting of water-saving systems*

Climate change: *Definition of the carbon roadmap to limit the increase in temperatures to 2°C*

Waste: *Work on outflows, waste workshops with retailers*

Connection and mobility: *Implementation of the mobility plans by site*
(charging stations, parking spaces reserved for carpooling users, real-time display of bus timetables in the centers, bicycle shelters, etc.)

Examples of 2018 achievements

100% of leases signed including environmental clauses

47% of the portfolio equipped with charging stations for electric vehicles

63% of the centers covered by a tenant satisfaction survey

435 non-profit organizations hosted

1,474 job vacancies offered at the centers during job fairs in 2018

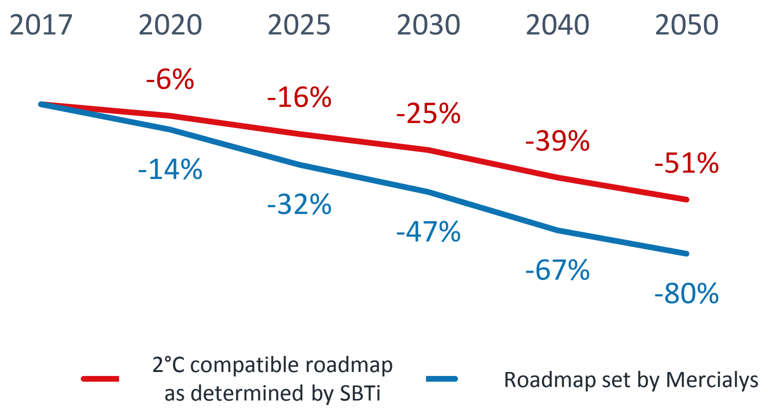
Definition of the Company's carbon roadmap

SCOPES 1 & 2

2030 — Reduce emissions by **47%**

2050 — Reduce emissions by **80%**

Carbon roadmap for center operations (Scopes 1 & 2)



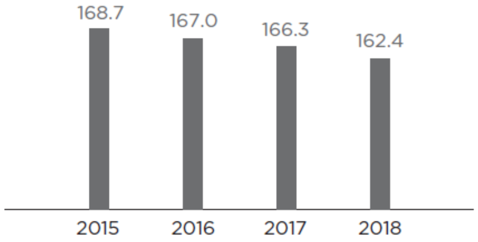
SCOPE 3

2030
- Tenant energy consumption: reduce emissions by **47%**
- Visitor and tenant travel: reduce emissions by **32%**

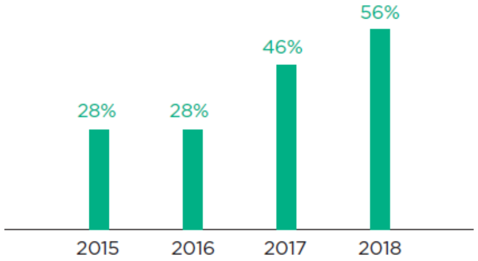
2050
- Tenant energy consumption: reduce emissions by **80%**
- Visitor and tenant travel: reduce emissions by **63%**

A lasting sustainability performance

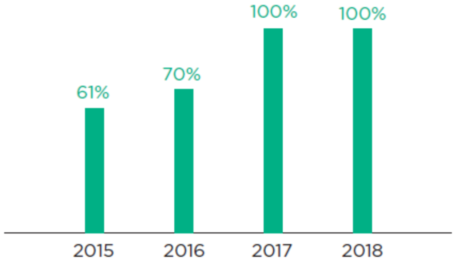
CHANGE IN AREAL ENERGY INTENSITY
(IN KWH/SQ.M - LIKE-FOR-LIKE BASIS)



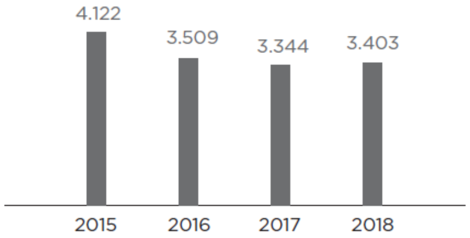
CHANGE IN THE PROPORTION OF PORTFOLIO WITH BREEAM IN-USE CERTIFICATION
(IN % OF THE APPRAISAL VALUE INCLUDING TRANSFER TAXES)



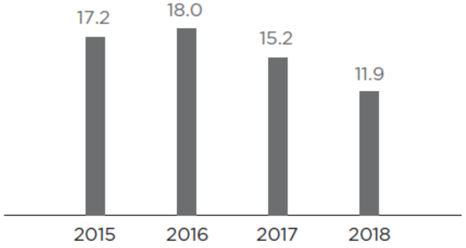
CHANGE IN THE PROPORTION OF LEASES SIGNED DURING THE YEAR COVERED BY ENVIRONMENTAL CLAUSES



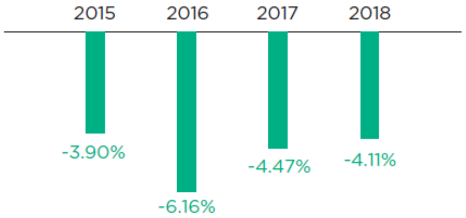
CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS
(SCOPES 1 AND 2 - IN TONS CO2 EQUIVALENT - LOCATION-BASED METHOD - LIKE-FOR-LIKE BASIS)



CHANGE IN THE AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE TRAINED



CHANGE IN THE PAY GAP BETWEEN MEN AND WOMEN [1]



[1] *Excluding senior executives*

Governance

A Board of Directors aligned with the best international standards

Composition as of February 13, 2019

11 MEMBERS

Éric Le Gentil[1]
Chairman of the Board of Directors

Bruno Servant
Permanent representative of Generali Vie, Independent Director

Stéphanie Bensimon[2]
Independent Director

Michel Savart
Non-independent Director

Victoire Boissier
Independent Director

Pascale Roque[1]
Independent Director

Élisabeth Cunin[1]
Independent Director

Ingrid Nappi-Choulet
Independent Director

Dominique Dudan
Independent Director

David Lubek
Permanent representative of La Forézienne de Participations, Non-independent Director

Jacques Dumas
Non-independent Director

Vincent Ravat
Chief Executive Officer

Elizabeth Blaise
Deputy Chief Executive Officer

Composition as of February 13, 2019

Attendance rate in 2018: **89%**	Average age at the end of 2018: **55 years**	Parity at the end of 2018: **54.5% women**
Number of meetings in 2018: **11**	Independence at the end of 2018: **63.6%**	Average seniority at the end of 2018 [3]: **4 years**

[1] *Directorship renewed at the 2019 Annual General Meeting* [2] *Co-option ratified and Directorship renewed at the 2019 Annual General Meeting* [3] *With Mercialys' Board of Directors*

Governance

3 Specialized Committees, all chaired by female independent directors

AUDIT, RISKS AND SUSTAINABLE DEVELOPMENT COMMITTEE	INVESTMENT COMMITTEE	APPOINTMENTS AND COMPENSATION COMMITTEE
4 MEMBERS	5 MEMBERS	5 MEMBERS
Ms Stéphanie Bensimon *(Chairwoman)* Ms Ingrid Nappi-Choulet Ms Pascale Roque Mr Michel Savart	Ms Dominique Dudan *(Chairwoman)* Mr Éric Le Gentil Mr David Lubek Mr Michel Savart Mr Bruno Servant 1 permanent guest Mr Vincent Ravat, Chief Executive Officer	Ms Elisabeth Cunin *(Chairwoman)* Ms Victoire Boissier Ms Dominique Dudan Mr Jacques Dumas Mr Éric Le Gentil
75% | 4 | 90%	40% | 4 | 88%	60% | 4 | 96%

Independent members rate   *Number of meetings in 2018*   *Attendance rate*

Mercialys ESG ratings history

	GRESB	CDP	Gaïa Rating	vigeo eiris	Sustainalytics	MSCI	ISS-oekom	Grands Prix de la Transparence	EPRA European Public Real Estate Association	Ethics Boards
2015	-	-	Score: not comparable Member of the Gaïa index	Score: 47/100	-	Rating: A	Rating: D+	79th in the SBF 120	BPR Gold award	10th in the SBF 120
2016	Score: 64/100	-	Score: 73/100 Member of the Gaïa index	Score: 47/100 (no review in 2016)	Score: 39/100[1]	Rating: A	Rating: D+	83rd in the SBF 120	BPR Gold Award	6th in the SBF 120
2017	Score: 84/100 Obtained Green Star status	Rating: A-	Score: 79/100 Member of the Gaïa index	Score: 51/100	Score: 67/100[1]	Rating: A	Rating: C-	3rd in the SBF 120 Price for the best improvement in the year	BPR Gold Award sBPR Gold Award	12th in the SBF 120
2018	Note: 87/100 Green Star status	Rating: A Inclusion on the A-List	Score: 82/100 Member of the Gaïa index	Score: 51/100 (no review in 2018)	Score: 67/100[1] (no review in 2018)	Rating: BBB	Rating: B- Obtained Prime status	1st in the SBF 120 Grand Price in All Categories	BPR Gold Award sBPR Gold Award	4th in the SBF 120
2019				Score: 63/100[1]	Score: 75/100					

(1) estimated

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