

2005 Analysts Meeting



March 2, 2006

Speakers

Jacques Ehrmann, Chairman and Chief Executive Officer ◀ |

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Agenda

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Introduction

▶ After 4 ½ months of existence of Mercialys, what are the results ?

Mercialys since the IPO

- ✓ The market appreciated the innovative Mercialys IPO
- ✓ Confidence is justified by the delivery of the promises made for 2005
- ✓ Major positive moves in 2006, after only 2 months of the year, should maintain this confidence

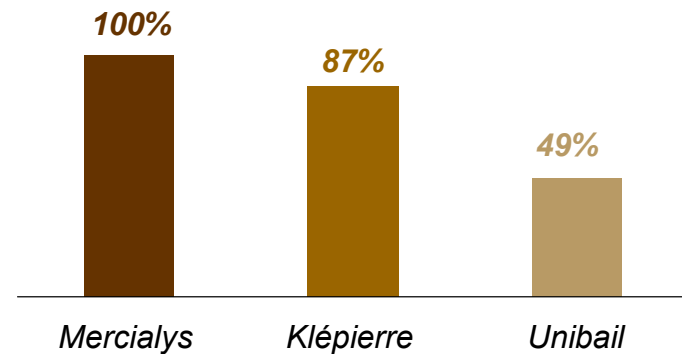


The concept and creation of Mercialys provide a strong vision for the Company

A growth and yield real estate company

- ✓ A simple and efficient business model
 - > *A pure play in the strong and dynamic shopping centre segment*
 - > *A solid portfolio of property assets at the outset*
 - > *Profitable, sustained growth*
 - > *Steady cash flow and good earnings visibility*
- ✓ REIT-type structure (SIIC)
 - > *No tax*
 - > *High dividend pay-out*
- ✓ Financial structure adapted to the 5-year investment programme, particularly adapted to the new SIIC 3 context
- ✓ Considerable potential for expanding the asset base due notably to the Casino project pipe-line

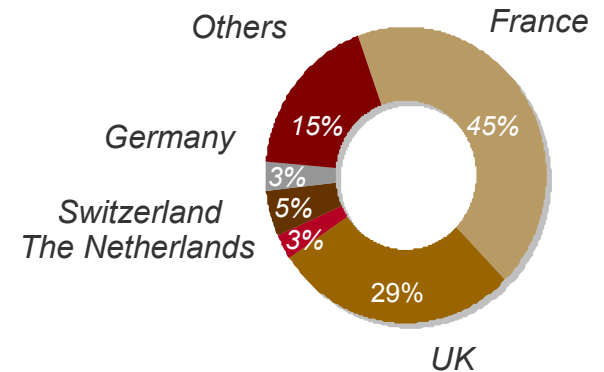
Share of retail real estate in total 2005 assets



► The IPO was a real success

The market was ready

- ✓ 15 x oversubscribed
- ✓ Subscription of 4 out of 5 investors met during the roadshows in the Netherlands, Switzerland, UK and France
- ✓ IPO priced at the highest level (€18.13)
 - > 200 European institutional investors amongst the most prestigious
 - > A balanced geographical breakdown of subscribers
- ✓ 28 000 private investors
- ✓ A significant increase in the share price since the IPO: +20%, based on current level of €22
- ✓ All criteria and conditions met for entry into the EPRA and IEIF indices from mid-2006



► Our commitments for 2005 have been met

Key 2005 figures and events

- ✓ 2005 pro forma results in line with announced objectives
 - > Growth in rents of 7.3%
 - > Growth in cash-flow of 7.6%
-
- Versus an objective
of + 6% to + 7%
- ✓ Net income: + 8.7% at €51.0m, and a pro forma EPS of €0.70*
 - ✓ NAV (including stamp duty)/share: €17.07 end 2005, +9.3% relative to the evaluation of 30/06/05
 - ✓ In line with the commitment made at the IPO, proposal for a full dividend** of €0.59 per share, resulting in a yield of 3.25% on the IPO price, only 6 months after the IPO
 - ✓ SIIC regime adoption November 1, 2005

* Based on the number of shares at year end of 72 918 918

** To be proposed at the Shareholders meeting of April 27, 2006

The Company, its board, its governance and its management are all well in place at end 2005

The governance structure is already active

- ✓ The audit committee has sat twice to approve the accounts to 30/10/05, to 31/12/05 and pro forma 2005
- ✓ The remunerations committee has already activated a programme to align management interests with those of the shareholders through conditional stock-option and free share attributions
- ✓ The investment committee approved the exercise of the Casino options for the Poitiers and Clermont-Ferrand shopping centres and the concept of the renewal of the Casino self-service restaurants rental agreements. The Casino representatives did not take part in the vote concerning these operations
- ✓ The charters formalising procedures and responsibilities of the committees were approved by the Board which has already met 4 times since the IPO

► The positive moves are already significant for 2006

A promising year

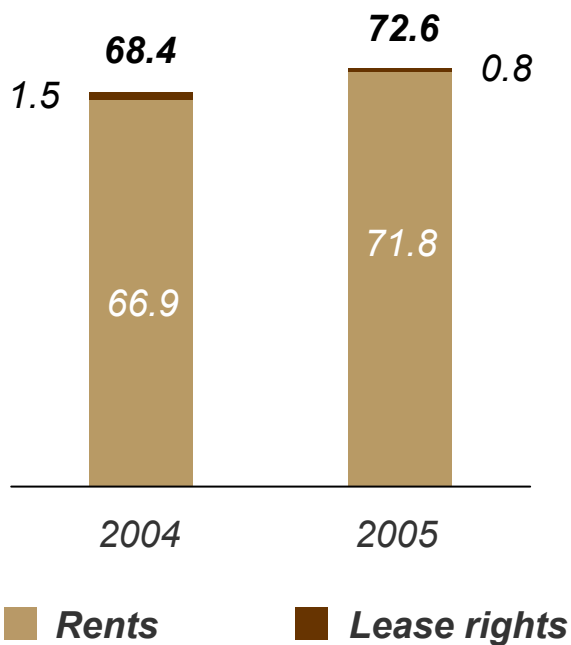
- ✓ An ambitious investment programme up and running
 - > *68% of the €100m of investment programmed for 2006 is already committed and confirmed of which the Clermont-Ferrand and Poitiers shopping centres for €43m*
- ✓ Feu Vert rental renewal agreed (5% of Mercialys rental revenue)
- ✓ Cafétérias Casino rental renewal at an advanced stage of negotiations (15% of Mercialys rental revenue)
- ✓ Acceleration of the Casino 2006-2010 pipeline already up + 30% since October
- ✓ Inditex Group (Zara): a major agreement being negotiated for a large number of stores
- ✓ New opportunities generated by the SIIC 3 additional mechanism
 - > *Mercialys financial structure optimal in the new context*
 - > *Many investment projects resulting from the visibility created by the IPO*

2005 pro forma results

► The objectives have been achieved

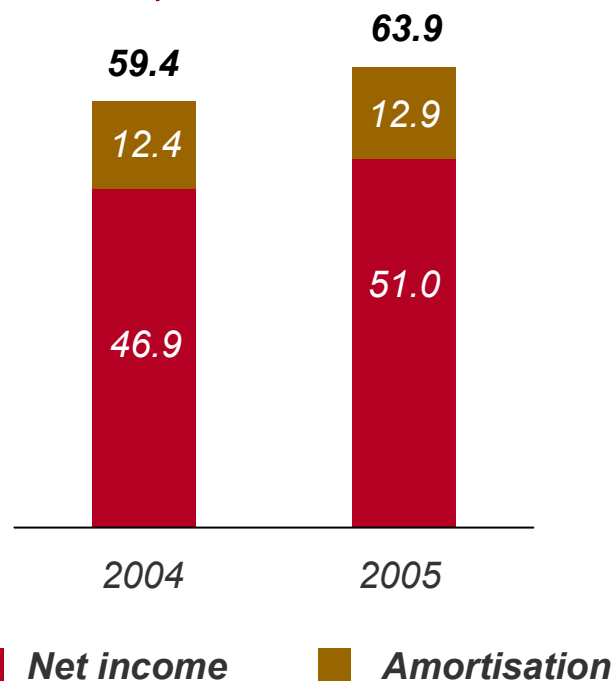
Breakdown of rental revenues*

**Rents : + 7.3%,
vs objective of + 6 to +7%**



Cashflow*

**Cashflow: + 7.6%,
vs objective of + 6 to + 7%**

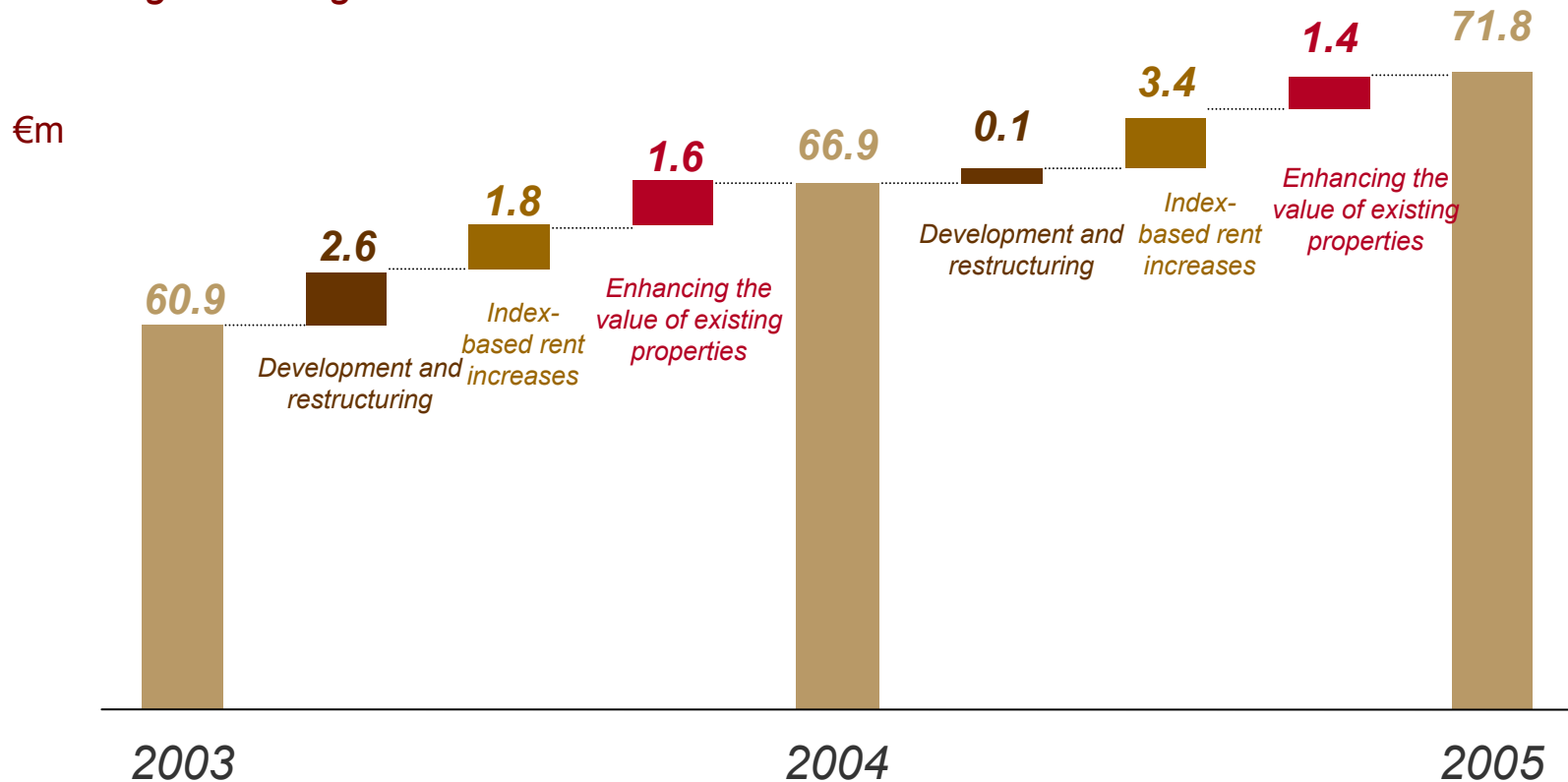


* €m

► 2005 was a year of organic growth

Favourable Construction cost index in 2005

Origin of the growth in invoiced rents



* Construction Cost Index

► Net income rose + 8.7%

Simplified P&L

<i>M€ (pro forma –IFRS)</i>	2004	2005	Change
Invoiced rents	66.9	71.8	+7.3%
Rental income	68.4	72.6	+6.2%
Net rental income	63.5	67.9	+7.0%
Operating costs	16.5	17.3	+5.0%
Operating income	47.0	50.6	+7.7%
Financial income	-0.1	0.7	
Tax	0.0	-0.3	
Net income	46.9	51.0	+8.7%
Pro forma EPS*		0.70 €	

Number of shares '000 at 31/12/05

72 918

* Based on the number of shares at year end 2005

► 2005 dividend proposed at €0.59 / share*

Distribution of 85% of 2005 pro forma income

- ✓ Proposal to pay a **dividend of €0.59 per share** at the Annual Shareholders Meeting on April 27, 2006
- ✓ Amount corresponds to 85% of the 2005 pro forma operating income, in line with the commitment made at the IPO
- ✓ A **yield of 3.25%** on the basis of the IPO price of €18.13, after 6 months of quotation
- ✓ Payment date: **May 5, 2006**

* To be proposed at the Annual Shareholders meeting on April 27, 2006



The capital increase has strengthened the Mercialys balance sheet

Simplified balance sheet

Assets	IFRS	
	31.12.2004	31.12.2005
€m		
Investment properties	895.2	893.3
Financial assets	9.9	9.7
Total non-current assets	905.1	903.0
Cash	10.1	237.9
Clients and other creditors	0	11.4
TOTAL ASSETS	915.2	1 152.4
Liabilities		
Shareholders'equity – Group share	889.3	1 120.4
Minority interests	0.7	0.6
Consolidated shareholders' equity	890.0	1 121.0
Financial liabilities	22.5	22.3
Current liabilities	2.7	9.1
TOTAL LIABILITIES	915.2	1 152.4

- ✓ Net cash of €238m at 31/12/05
- ✓ A balance sheet that facilitates the implementation of the investment programme

► Our portfolio is exclusively commercial property

Summary of assets

- ✓ A large portfolio:
 - > **148** sites, of which **87** shopping centres
 - > Gross leasable area: **549 000** m²
 - > Valuation (including stamp duty) of **€1 026m** at December 31, 2005, **up + 7.2%** relative to 30/06/05
- ✓ Of commercial property:
 - > Concentrated in large and neighbourhood shopping centres - 90% of rents, the most dynamic segments
 - > Mostly, situated around a Casino store, but 80% of the portfolio is leased to brands outside the Casino group
 - > With a highly diversified client portfolio: the top 30 clients, excluding Casino self-service restaurants, representing less than 27% of total rental income

* GLA: "Gross Leasable Area"



Total assets valued at €1 026 m, including stamp duty

Implicit capitalisation of rents of 7%

Type of property	Number of properties at 31/12/05	Valuation at 31/12/05		GLA at 31/12/05		2005 invoiced rents	
		m€	(%)	(m²)	(%)	m€	(%)
Large shopping centres	27	634	62	264 000	48	42.3	59
Neighbourhood Shopping centres	60	292	28	174 000	32	22.3	31
Food hypermarkets	11	16	2	24 000	4	1.2	2
Large speciality stores	5	10	1	12 000	2	0.6	1
Self-service restaurants	23	41	4	43 000	8	3.0	4
Other	22	33	3	32 000	6	2.4	3
TOTAL	148	1 026	100	549 000	100	71.8	100

✓ Valuation method:

- > Valuation based on that performed by Atis Real and Galtier on 30/06/2005 using the classic method of revenue capitalisation and discounted cash flow from rents
- > Annualisation of Q4 2005 invoiced rents
- > Cap rates used by the experts on 30/06/05 reduced by 30 bps to take into account the decline in cap rates in 2nd half 2005
- > A new valuation by Atis Real and Galtier is programmed for 30/06/2006 on the entire asset base

► Mercialys NAV rose to €1 245 m

NAV per share up +9.3% relative to 30/06/05

€m	At 31/12/05	
Consolidated equity (IFRS)	1 121.0	
Unrealised capital gain on assets	124.0	
NAV including stamp duty	1 245.0	€17.07 / share*, + 9.3%
Unrealised capital gain on assets	- 61.6	
NAV excluding stamp duty	1 183.4	

* Based on 72 918 918 shares

Mercialys Activity



Management indicators reflect the efficiency of the asset management

A dynamic portfolio with potential

✓ Dynamic

> *Increase in turnover achieved by retailers*

- » in the Mercialys large shopping centres on constant basis + 2.6% vs an average for large French shopping centres of + 1.5% (source: CNCC*)
- » in the Mercialys neighbourhood shopping centres on constant basis + 2.4% vs an average for local French shopping centres of + 1.4% (source: CNCC*)

> *Recovery rate of more than 99%*

> *Financial occupancy rate of 97.6% in 2005*

✓ Potentiel

> *An occupancy cost ratio ** of 7.1% at December 31, 2005*

> *An average rent of €131/m² in 2005, vs €124/ m² at 31/12/2004*

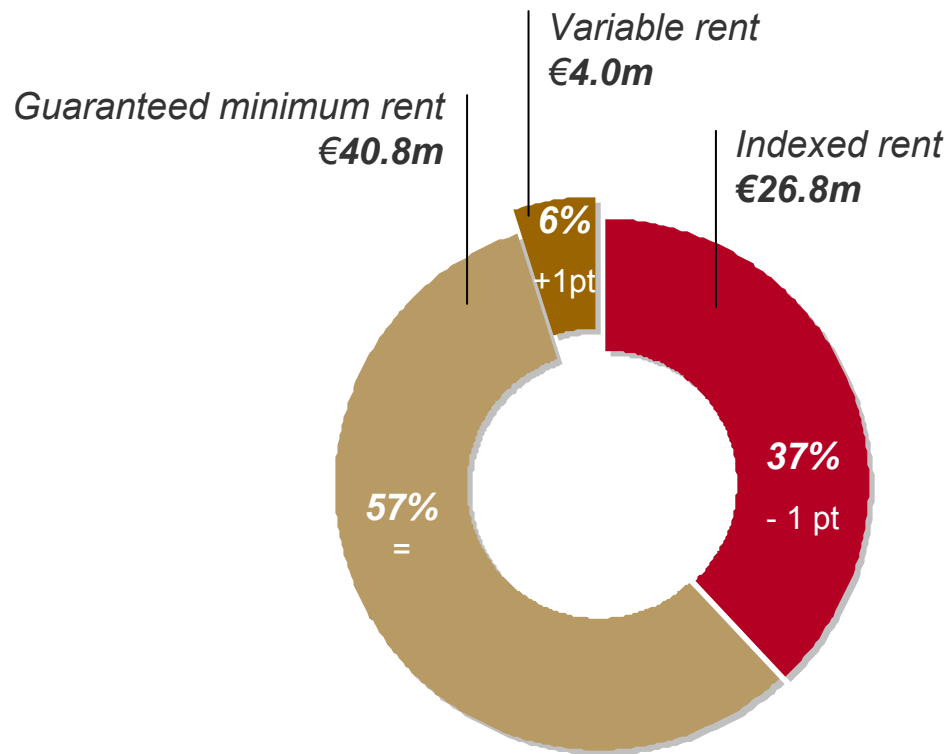
* CNCC: Conseil National des Centres Commerciaux

** Occupancy cost ratio:
$$\frac{\text{rent (excl. VAT)} + \text{service charges (excl. VAT)}}{\text{revenues of the tenant (excl. VAT)}}$$

► The lease structure has improved

Increase in variable rent confirms the good health of the retail clients

Rent structure at 31/12/05



■ 869 leases with variable clause

■ 1 082 leases without variable clause



Merrialys has renewed or recommercialised 87 leases in 2005

Increase in new leases + 27%

- ✓ Increase in the total rental roll in 2005 of €1.4m
- ✓ Amongst the 87 leases
 - > *56 have gone from 9 to 10 years*
 - » Unlimited
 - » Variable rents
 - > *A majority of national retail brands*

► Feu Vert represents 5% of rental revenue

An important portfolio coming up for renewal on December 31, 2005

✓ Situation :

- > *A leading brand in car maintenance, established on the Mercialys shopping centre car-parks*
- > *27 Feu Vert with 9-year leases up for renewal, representing €2.464m of 2005 rent*
- > *Rent with two components:*
 - » *A minimum rent guaranteed at market value, €113 / m²*
 - » *A variable clause: 3.6% of net revenues*

✓ Results :

- > *Leases renewed from January 1, 2006, for those terminating 31/12/2015*
- > *An increase in rent of € 214 000, + 8.7% and €122 / m²*
- > *Institutional 10-year leases*

Casino self-service restaurants represent 15% of rental revenue

An important portfolio terminating December 31, 2006

- ✓ Situation:
 - > *84 Casino self-service restaurants with 9-year leases for renewal, representing €8.4 m of 2005 rent*
 - > *Rent with two components:*
 - » A minimum rent guaranteed, €127 / m²
 - » A variable clause: 6.0% of net revenues
- ✓ Negotiations well advanced, with the support of an independent consultant to:
 - > *Migrate to 12-year institutional leases*
 - > *Materialise the reversionary potential*
 - » reminder: less reversionary potential in restaurant outlets than in retail

Innovation is a winning strategy

- ✓ Merchandising plan
 - > *Increasing the presence of personal equipment and services stores on our sites*
 - > *Actions essentially oriented to national banners*
- ✓ Enhancing the value of the neighbourhood shopping centres
- ✓ Interior atmosphere
 - > *Revival of the Valence 2 centre by a stimulating renovation*
- ✓ Exterior architecture
 - > *Covering of the exterior of Dijon Chenôve*
- ✓ Communication and events
 - > *Improving the visual identity*
 - > *Stronger events and communication programme*

Enhancement of neighbourhood shopping centres

Gassin



Albi



Rodez



Annemasse



Brive



► Valence 2

Before



After

✓ Repositionning of the site

- > *Relets / renewals*
- > *Improvement of the facades and the entrances*
- > *Creation of an interior atmosphere*



Before



After

- ✓ Dressing of the facades of the centre:
 - > *Deployment of the new visual identity*
 - > *Increase in the impact of the facades and entrances*
 - > *Improvement of the visibility from the main roads junctions*





Dijon Chenôve

- ✓ Improving the visual identity
- ✓ Stronger event and communication programme

September

October

November

December

New school year

Harry Potter

Fashion shows

Safari Zoo

Christmas



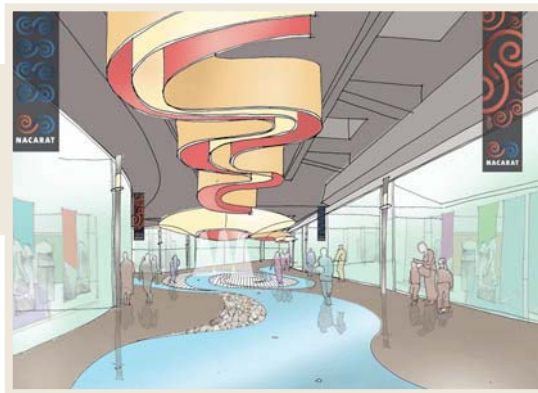
► Clermont Ferrand – Le Brézet

From shopping centre to mall

- ✓ Extension of the site to 30 000 m²:
 - > *From 27 to 47 stores*
 - > *+ 2 restaurants*
 - > *+ 2 large speciality stores*
- ✓ Notification of option by Mercialys in December 2005
- ✓ 70% of the spaces are already let
- ✓ Average rent more than 450€ / m², above objectives
- ✓ Opening in December 2006

► Clermont Ferrand – Le Brézet

Concept de l'extension



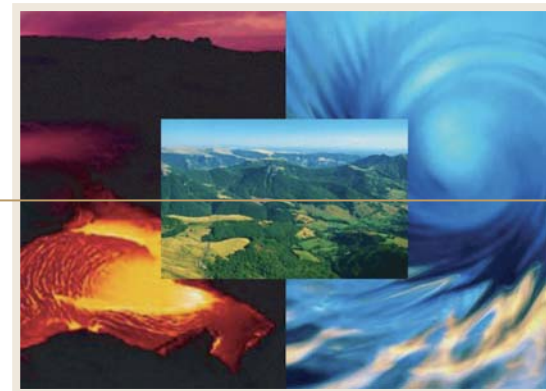
Integration

The history, the culture, a sense of pride ...

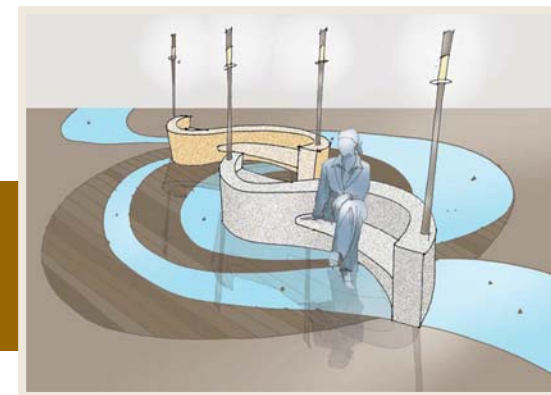
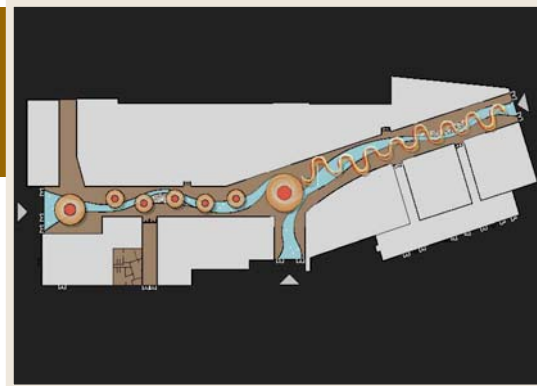
Puy de Dôme, Vulcania, Fire

Spas, springs, Water

All the elements in harmony, perfectly balanced



►► Clermont Ferrand – Le Brézet



► Poitiers – BeauLieu...belle promenade

From shopping centre to mall

- ✓ Extension of the shopping centre of 6 000 m²:
 - > *from 44 to 65 stores*
 - > *+ 2 speciality stores*
- ✓ Notification of option by Mercialys in December 2005
- ✓ 65% of the spaces are already reserved
- ✓ Average rent more than 400€ / m², above objectives
- ✓ Opening October 2006

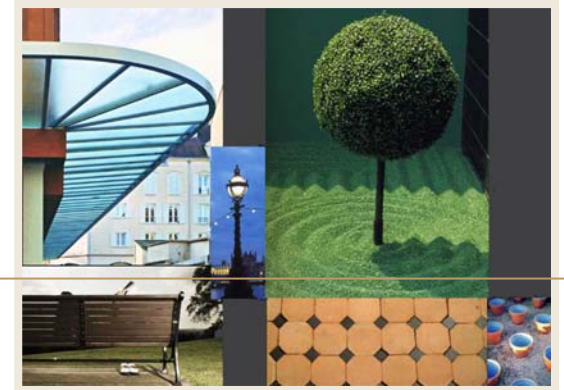
► Poitiers – BeauLieu...belle promenade



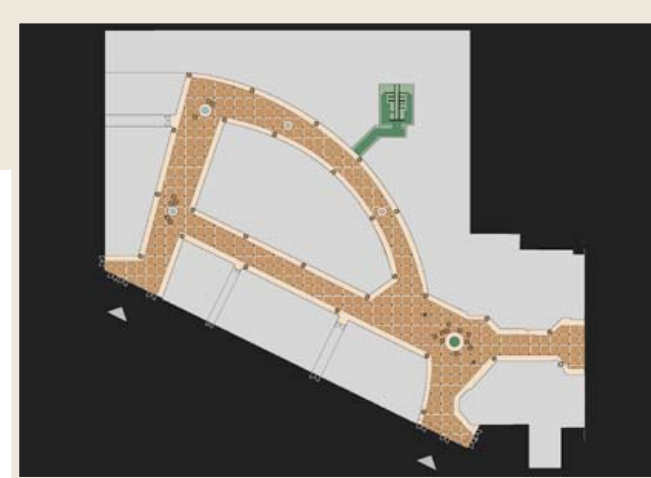
An open invitation to wander

The central island, glass awning,
a city atmosphere

Strolling about: through the salle des Pas Perdus, along the boulevards
Glass, metal, cobblestones



► Poitiers – BeauLieu...belle promenade



► Poitiers – BeauLieu...belle promenade





The IPO has improved visibility of Mercialys and helped to attract major retail banners

New partnerships expected

- ✓ Positive effects of the IPO on banners with renewed interest of certain partners and contacts with new ones
- ✓ Negotiations to develop the Inditex / Mercialys partnership on a large number of sites and with all the banners of the group. Reference banners, such as Zara, Bershka ..., developing traffic and enhancing the Mercialys sites

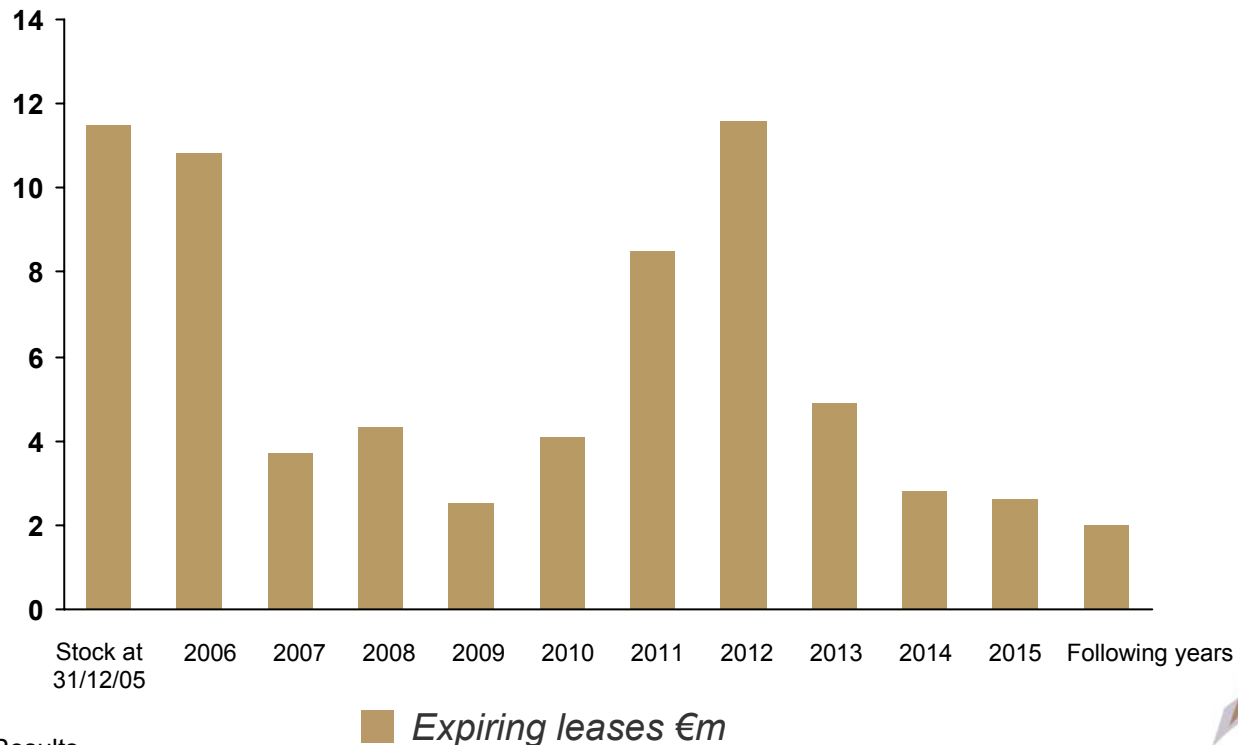
An ambitious development strategy

► The current portfolio conceals strong potential

Strong reversionary potential

- ✓ Significant stock of leases currently being renewed (400 leases / €11.6m rent): negotiations underway, legal proceedings underway, national banner negotiations, tactical stalling...

Expiring leases



Renovation and restructuring will optimise the current portfolio

Enhance attraction of assets over the next 5 years

- ✓ Value creation renovation and restructuring operations
- ✓ Capex to maintain high quality of sites
- ✓ €100m of investment over the 5 years, of which €38m in 2006 and 2007
- ✓ **10 projects** already committed for in 2006, for **€12m**



Exclusive access to Casino development pipe-line provides a growth accelerator

Pipe-line increased + 30%

- ✓ **Casino's 5-year pipe-line of development projects has increased from €200m to €260m in the last six months (+ 30%):**
 - > ***Years 2006-2007: 12 operations for €76m***
 - » ***Clermont-Ferrand / Poitiers: €43m***
 - » 10 creations or extensions underway : ***€33m***
 - > ***Years 2008-2010: 16 projects for an identified total of €184 m***
- ✓ **An investment plan of nearly €200m over 5 years through exercise of call options on the shopping centres of the Casino group development projects**
 - > *Up to end 2006, the purchase price is fixed on the basis of capitalisation rate of:*
 - » 8% expected annual net rents for the shopping centres
 - » 8.5% of expected annual net rents for the speciality stores outside a centre
 - > *For the following years, purchase price is established at the beginning of the year for the following 12 months respecting the balance of the initial terms relative to market rates*

Mercialys intends to be a significant player in commercial real estate acquisitions market

New assets or minority assets within existing shopping centres

- ✓ An acquisition budget of an average €45m pa
- ✓ An exceptional network through the Casino group providing access to sellers at the outset of a disposal programme
- ✓ Expertise to make complex acquisitions with strong capacity for value creation
- ✓ With the benefit of the SIIC 3 regime, providing access to the reduced capital gains tax rate (16.5%) for sellers to a SIIC, until December 2007
- ✓ Already **€13m** committed today for 2006

► The investment plan is already well underway

A plan of more than €500m over 5 years

- ✓ The investment objective to 2010 represents more than 50% of the current portfolio*
- ✓ **68%** of 2006 €100 m investment programme is already committed on March 2nd

€m	To end 2007	<i>of which already committed</i>	To end 2010
Renovation and restructuring	38	12	100
Acquisition of assets from Casino pipe-line	72	43	200
Acquisition of existing assets**	90	13	200
Total investment programme	200	68	500

* Value excluding stamp duty

** Including minority assets in current Mercialys shopping centres

► Investment criteria are well-defined

Qualitative

- ✓ 100% retail (shopping centres with or without a hypermarket, retail parks, speciality stores and eventually town centres with a banner-partner)
- ✓ Privileging acquisitions with reversionary or extension potential

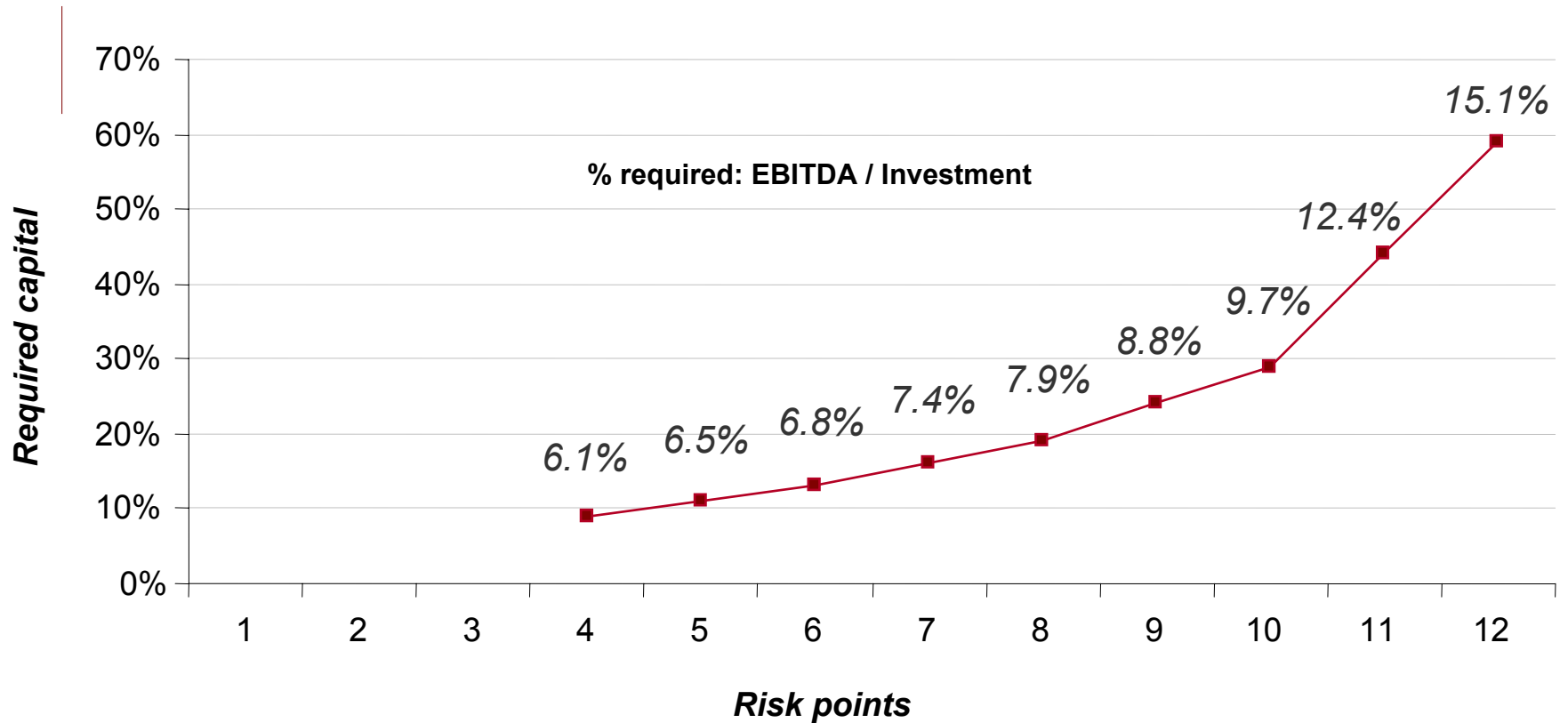
Quantitative

- ✓ A model based on the theory of economic capital and an hypothesis of return on capital of 15%
- ✓ The risks of each project are estimated and modelled (4 to 12 "risk points") according to 4 criteria:
 1. Type of projet
 2. Level of price / goodwill
 3. Local market
 4. State of assets
- ✓ The theoretical capital attributed to each project depends on risk level
- ✓ The WACC is different for each project and leads to minimum limits of return on investment (EBITDA/Investment)

▶ The model provides rational reasoning

Acceptable limits curve

Theoretical



Outlook and objectives



The outlook for retail real estate and Mercialys in 2006 is attractive

- ✓ A healthy market
 - > *Sustained by the development of national and international banners in mid-sized shopping centres across France*
 - > *Stimulated by the wave of primary or secondary LBOs on the retail brands leading to vigorous build-up*
 - > *With modest growth in shopping centre sales and consumer demand and stable number of visitors*
- ✓ A solid Mercialys model combining potential from enhancing the value of the existing portfolio and development
- ✓ Repetition of 2006 objectives:
 - > *+ 5 to + 7% in rental revenues*
 - > *+ 12 to + 15% in cashflow*
- ✓ Repetition of 2007 to 2010 objectives:
 - > *Double digit growth in the major Mercialys aggregates*
 - > *Balance between organic growth and the contribution from development and acquisitions*

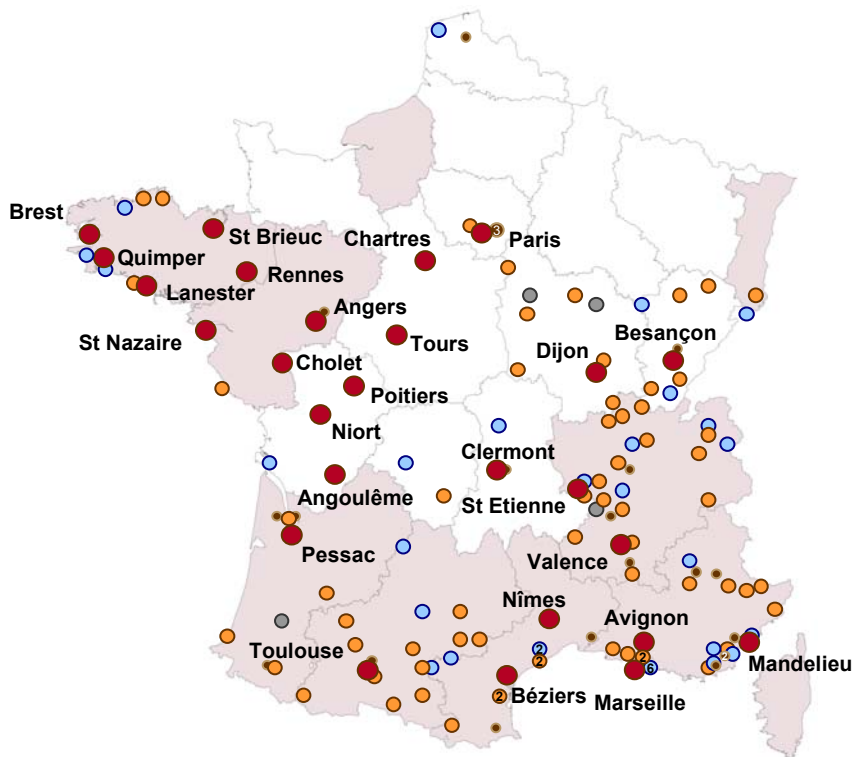
Appendices

Mercialys asset portfolio

Established in the fastest-growing demographic regions

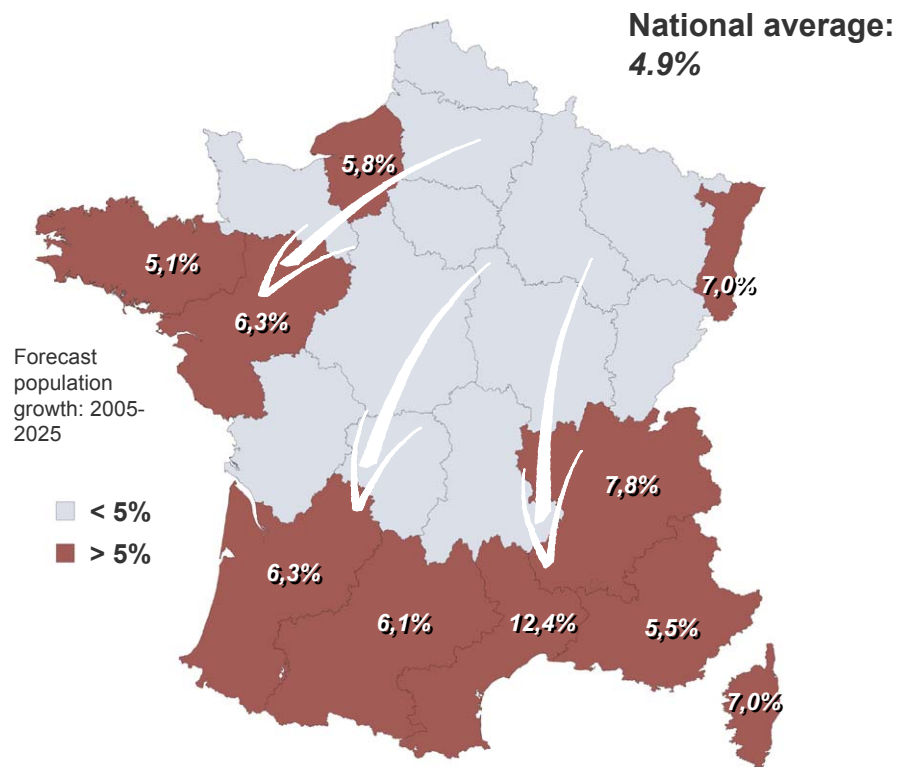
Portfolio by region

Asset locations



- Large shopping centre
- Food hypermarkets, specialty stores, service outlets
- Neighbourhood centre
- Self-service restaurants
- Other (convenience stores, leased land)

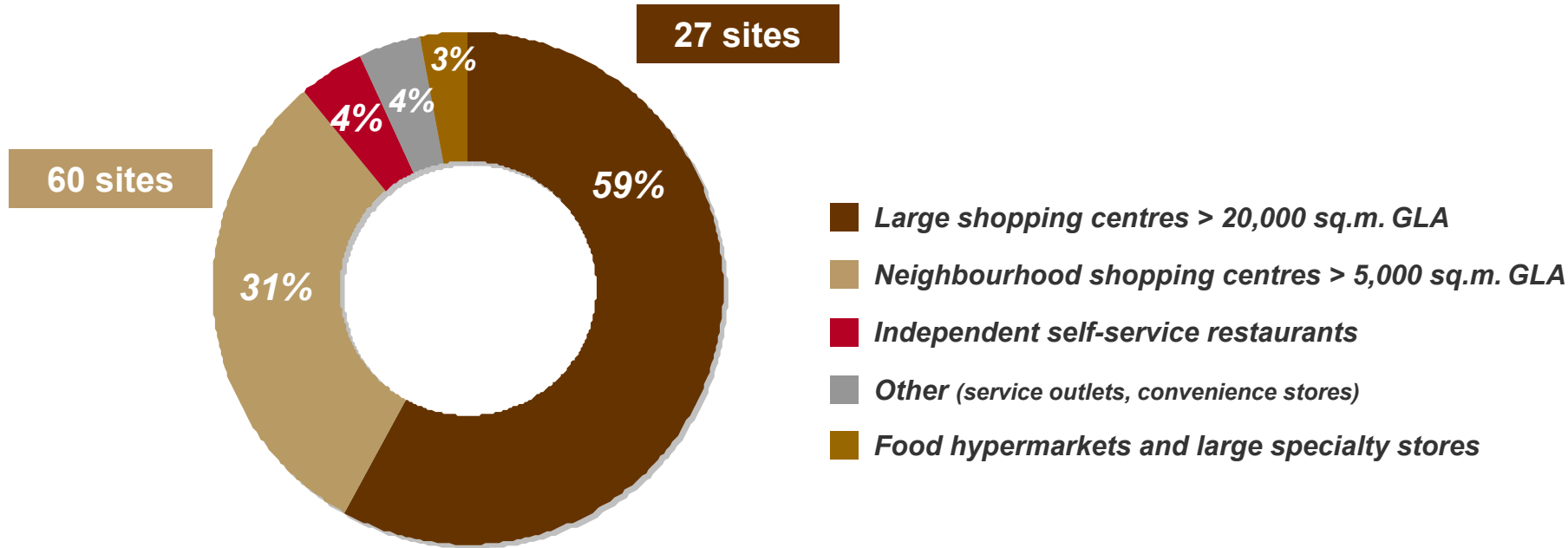
Expected population flows



Source: INSEE (2004 census study), INED

► A presence in all formats

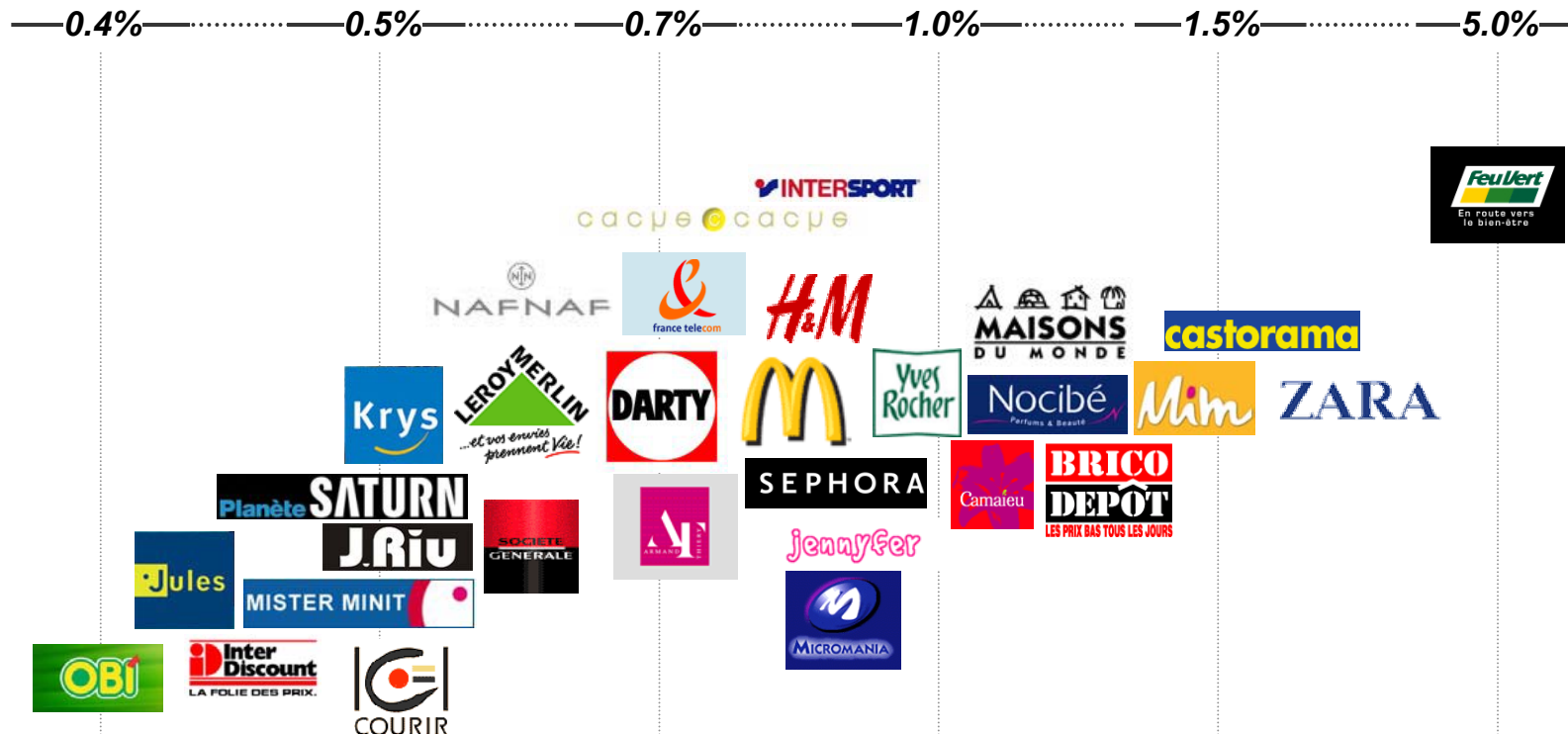
Breakdown of rental revenue



✓ 90% of rental income comes from sites of over 5 000 m²

A diversified tenant base

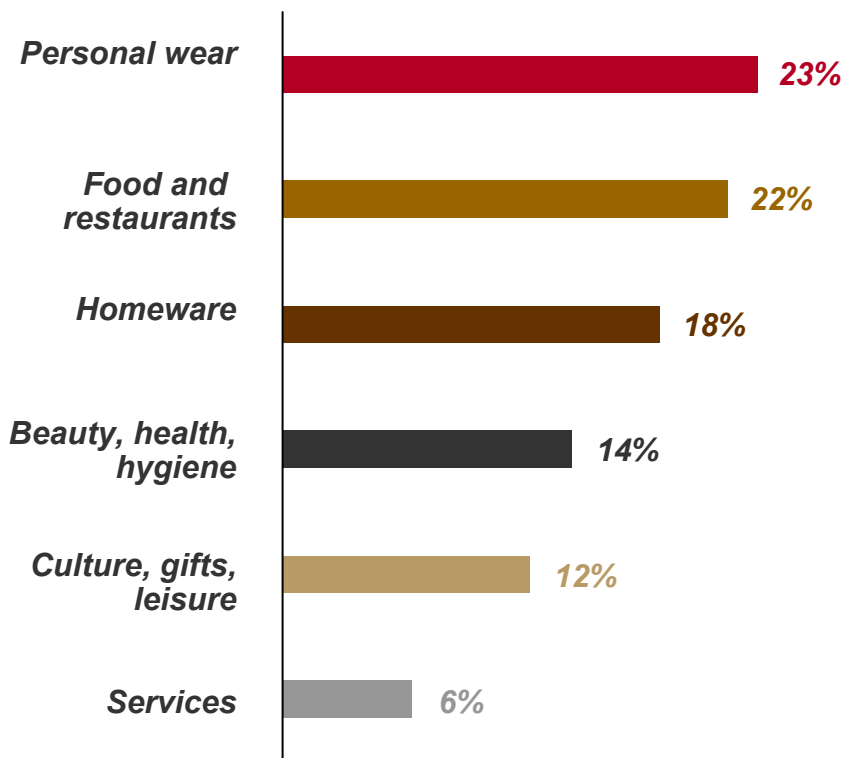
The 30 biggest tenants (excluding Groupe Casino) account for less than 27% of total rent roll



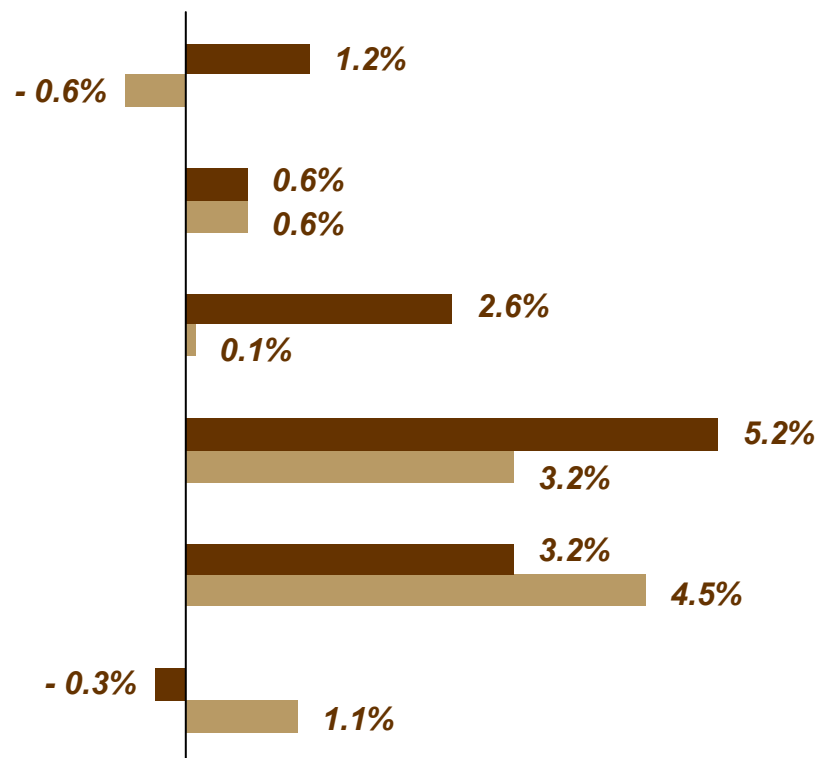
► Balanced portfolio in terms of types of stores

Mercialys revenue by business segment

Breakdown of rents by business segment



Change in revenue by business segment



Source: CNCC

■ 2004
■ 2003



A liquidity contract to consolidate market volumes and avoid excess

Terms

- ✓ Agent: Oddo Corporate Finance
- ✓ Current budget: 800 000 euros
- ✓ Effective since February 27, 2006
- ✓ Objectives of the purchase programme: ensure liquidity and market activity



Shareholder and management interests have been aligned

- ✓ Aligning management interests with those of shareholders:
 - > *Stock option programme:*
 - » Beneficiaries: 7 people
 - » Number of options: 38 550
 - » Life of programme: 5.5 years to 31/05/11
 - » Blocked period: to 30/11/08
 - » Exercise price: 20.21 euros (average of the opening price of the 20 days preceding 1/12/05)
 - > *Free share attribution:*
 - » Beneficiaries: 16 people
 - » Maximum number of shares: 11 924
 - » Delay: 3 years to 30/11/08
 - » Minimum conservation period: 2 years to 30/11/10
 - » Acquisition criteria: growth in cash flow after financial charges and before tax
- ✓ 3 major recruitments as planned:
 - > *Finance director*
 - > *Senior asset manager*
 - > *Senior sales person*

► Mercialys shareholder base

Groupe Casino shareholding at 75.3%

Share-ownership at 02/03/06

