2018 HALF-YEAR RESULTS

July 26, 2018

MERCIALYS

Preliminary remarks

The 2018 first-half consolidated financial statements were approved by the Board of Directors on July 25, 2018.

A limited scope review of these financial statements has been performed by the statutory auditors.

Contents

SUCCESSFULLY TACKLING MARKET EVOLUTIONS

Eric Le Gentil

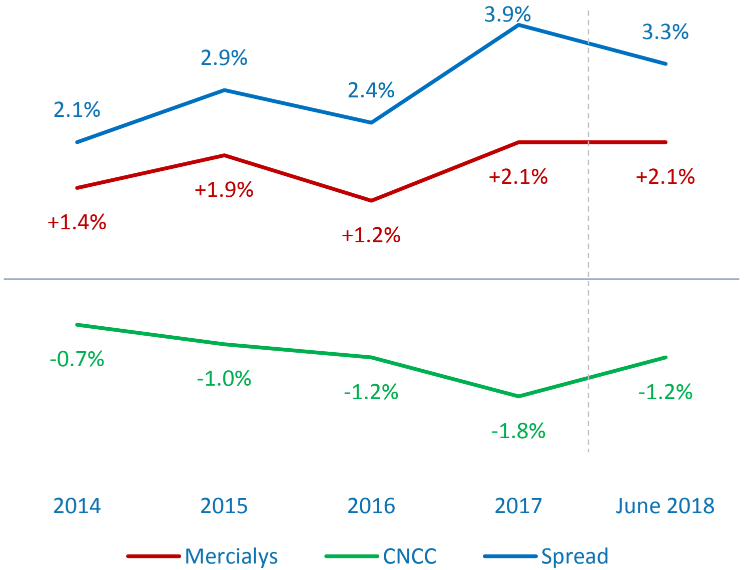
Chairman & CEO

MERCIALYS

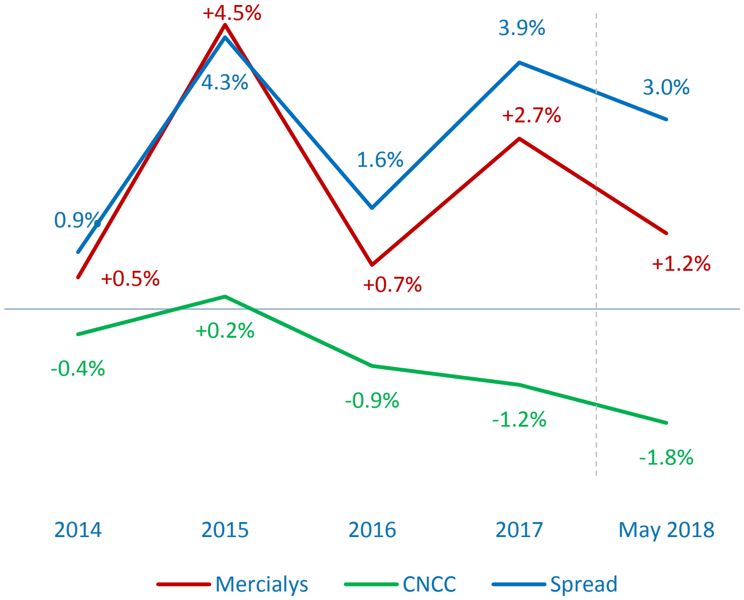
Another half-year of operational excellence

Footfall and retailer sales significantly outperforming the national benchmark

Cumulative change in Footfall at end-June 2018



Cumulative change in Retailer sales at end-May 2018



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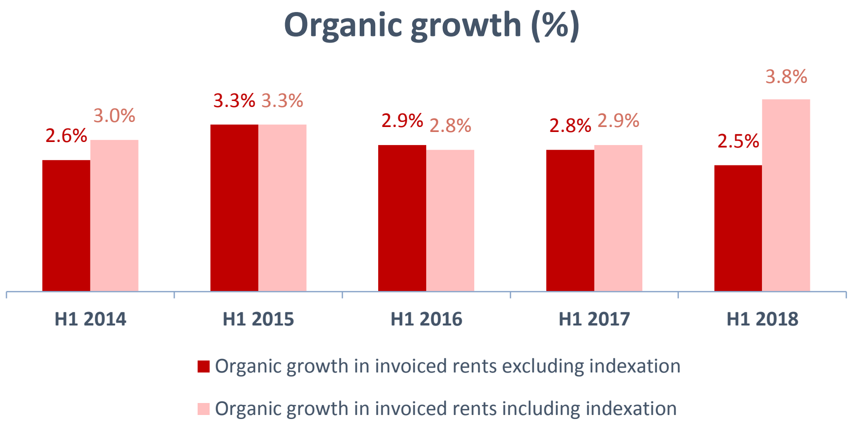
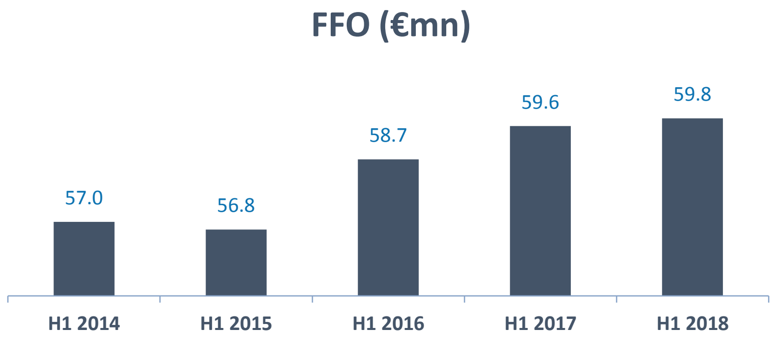
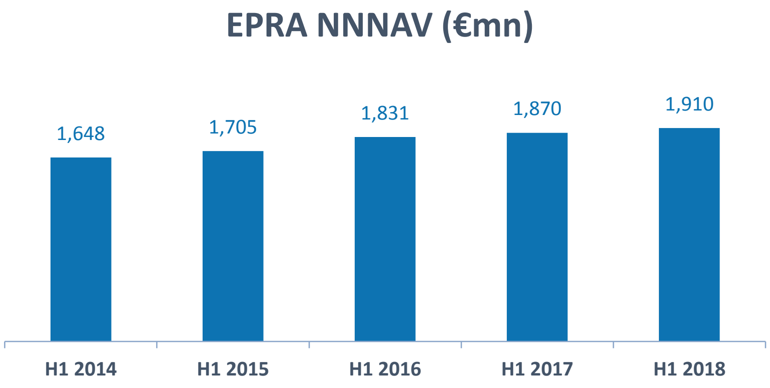
(1) *Mercialys' large centers and main neighborhood shopping centers based on a constant surface area, representing c. 85% of the Company's shopping centers value (scope as reported to the CNCC by Mercialys)*

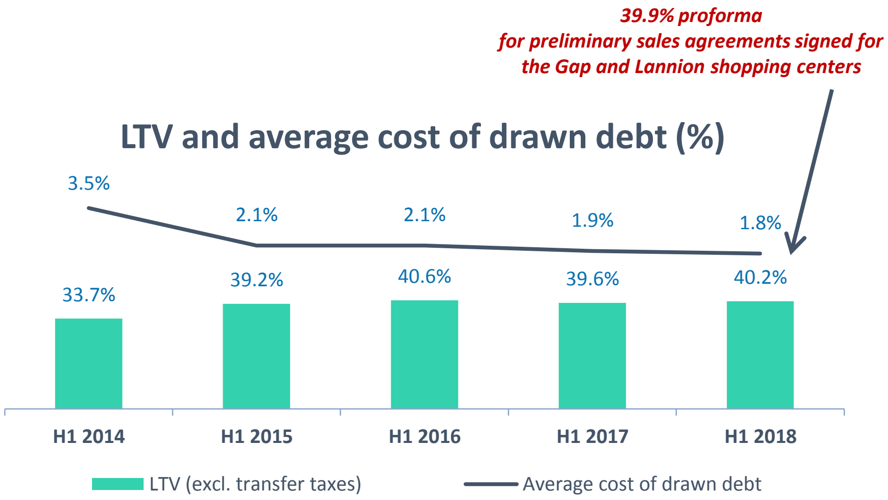
(2) *CNCC index – all centers, comparable scope*

Robust key figures









2018 objectives confirmed

Organic growth in invoiced rents:

>2% above indexation[1]

Change in FFO:

At least +2%

excluding the full impact of the 2019 bond maturity refinancing

Dividend policy:

At least +2%

within a range of 85% to 95% of 2018 FFO

€0.50 per share interim dividend

to be paid out on October 23, 2018

(1) *With the significant upturn in indexation, organic growth in invoiced rents including indexation will come in significantly higher than 3% in 2018*

Strength of French commercial REITs underestimated

Generational asymmetry and diversity of shopping journeys within which brick and mortar is still a successful channel

Retailers' ability to adapt to cyclical changes over the medium term and REITs' know-how to select the best-performing brands

Mercialys' leading convenience model sustained through its innovative letting & digital strategy, continuously optimized portfolio and strong development pipeline

Fragmentation of shopping journeys: shopping center still a relevant format

Average delivery costs of **€7**[(2)] per order for online retail in Paris, even though the most densely populated city in France

Decrease in the average basket for online retail[(3)] to **€71** per order for textiles, **€48** per order for health & beauty and **€31** per order for culture & leisure, from an average basket of **€91** from 2008 to 2011

In this context, shops remain a relevant and profitable format

A strong and adapted store network enables brands to serve digital shopping journeys through "**ship from store**[(4)]" solutions

"Baby boomers continue to exert disproportionate economic influence even though their generational influence has waned significantly in the face of younger, larger cohorts. [….] These "customers of the future" are part of a multigenerational market driving new demand, but operating in the shadow of an asymmetrical model of generational wealth retention.

At least for the next decade or two, Boomers and GenXers will retain significant wealth and largely be done spending on items that fueled a high percentage of past retail growth."

source: AT Kearney, "The future of shopping centers"

Shopping centers are still the **#1** shopping destination for **46%** of respondents. **8 out of 10** have a positive image of shopping centers (87% for a diversified selection, 71% for finding modern, fashionable trends, 68% for the possibility of finding great deals). **71%** return to the same shopping center most of the time

source: Retailscope 2017 Odoxa

(1) Silent Generation (1928-1945), Baby Boomers (1946-1964), Gen X (1965-1980), Millennials or Gen Y (1981-1997), Gen Z (1998-2016) and Alphas (2017-) *(2) Source: Exane BNP Paribas*
(3) Sources: DigitasLBi & FEVAD *(4) Online order shipped to a consumer from the most appropriate local store, notably based on its stock and location*

Retailers adapting to address key customer needs

Convenience and store experience represent strong determining factors for shopping across the generations

Key purchase criteria for different customer generations[1]		Generation Y	Generation X	Baby Boomers
	1	Convenience	Convenience	Value for money
	2	Value for money	Store experience	Quality
	3	Adaptation to my requirements	Quality	Store experience

Specialist retailers gaining momentum, focusing on areas of excellence and differentiation. "Shop in shop[2]" replacing generalist offer both online and offline

Technology not enough to satisfy customers' needs. Preferred brands in France are mostly "brick & mortar", but with strongly improved quality, service and value for money to keep customers' trust

10 preferred brands in France[1]		Brand	Change since 2014
	1	Decathlon	↗ 7
	2	Cultura	↗ 8
	3	Picard	↘ 2
	4	Fnac	< Top 10 in 2014
	5	Amazon	↘ 3
	6	Sephora	< Top 10 in 2014
	7	Grand Frais	< Top 10 in 2014
	8	Yves Rocher	↘ 5
	9	Leroy Merlin	< Top 10 in 2014
	10	IKEA	↘ 1

(1) 2018 OC&C ranking of French peoples' favorite brands (Les enseignes préférées des Français)

(2) Space in a point-of-sale reserved for another retailer

Proof on electronics: Mercialys redeploys reinvented specialists

SECTOR

Positive trends across all the segments, with excellent long-term trends for household appliances

2017 consumer spending: €21.9Bn	2005-17 CAGR	2016-17 CAGR
Computer hardware & software	-1.6%	+2.3%
Consumer electronics	-2.4%	+1.2%
Household appliances	+2.1%	+2.2%
TOTAL	**-0.7%**	**+1.9%**

Source: OC&C

51 new physical stores (+11%) opened by Fnac-Darty in 2017

+3.5% increase in FTEs[(1)] over 2015-16

MERCIALYS RESPONSE

Ongoing reduction of hypermarket space:

opportunity to install the successful specialist brands sought after by customers

Unique solution to the last kilometer equation:

critical to have a strong store network for these brands

6 new Fnac, Darty and Boulanger stores across Mercialys portfolio since 2015

[(1)] *Full Time Equivalents*

Proof on textiles: Mercialys effectively selects winning concepts

SECTOR

Large branded chains continue to perform very well, despite a slowing market

2017 consumer spending: €39.3Bn		2008-17 CAGR	2016-17 CAGR
Top 100 brands	⬅ Mercialys focus	+2.1%	+1.2%
Other[1]		-3.3%	-2.8%
TOTAL		**-0.8%**	**-0.7%**

Source: OC&C

+1.4% points of sales growth per annum between 2014 and 2017

+1.1% price inflation between February 2017 and February 2018

Mercialys marginally exposed to recent retail brand setbacks or physical store network rationalizations

MERCIALYS RESPONSE

New trends and needs:

new brands selected

Strong multi-channel models:

traditional brands successfully combining on/off-line strategies

celio*

ZARA

Adaptable retail spaces:

Mercialys able to satisfy the need for specific formats and fast fashion with easily adaptable space

[1] Grocery and department store private label, small chains and independents

Proof on health and beauty: Mercialys supports a more diverse offering

SECTOR

Performance supported by non-store retailing
and specialized retailers

2017 consumer spending: €12.9Bn		2005-17 CAGR	2013-17 CAGR
Specialized retailers[1]	Mercialys focus	+1.5%	+0.9%
Non-store retailing[2]		+1.5%	+1.6%
Other[3]		+0.1%	-1.2%
TOTAL		**+0.7%**	**-0.1%**

Source: OC&C

+1.5% points of sales growth per annum between 2015 and 2017

+20k jobs created over 2015-16 in the perfumery and cosmetics segments

MERCIALYS RESPONSE

New retail formats:
through Casual Leasing

New trends and generations:
new distinctive brands selected

adopt' PARFUMS DE FRANCE — Réserve Naturelle Paris

Incumbents evolving:
traditional brands reinventing their concepts, improving in-store experience and going strong on omnichannel

YVES ROCHER
21 stores across Mercialys portfolio

SEPHORA
7 stores across Mercialys portfolio

Distribution channel specific to France:
pharmacies

10% of pharmacies' turnover generated by health and beauty (parapharmacie)[4]

24 pharmacies across Mercialys portfolio

[1] *Including Beauty Specialists, Pharmacies and Drugstores*
[2] *Including Direct Selling, Homeshopping, Internet Retailing and Vending*
[3] *Including Department Stores, Mass Merchandisers, Variety Stores, Warehouse Clubs, Non-grocery Specialists and Hair Salons*
[4] *KPMG Pharmacies moyennes professionnelles 2017 – 25th edition*

Proof on foodservice: Mercialys strengthens major footfall drivers

SECTOR

5% niche growing steadily within the overall foodservice market

2017 consumer spending: €2.9Bn	2005-17 CAGR	2016-17 CAGR
Foodservice through retail	+2.2%	+2.6%

Source: OC&C

+9.0% points of sales growth per annum between 2014 and 2017 in chained restaurants

+3.0% increase in FTEs[1] per annum between 2014 and 2017

+2.3% of visits to quick service restaurants between 2016 and 2017

MERCIALYS RESPONSE

Targeted offer:

fast food and concepts dedicated to specific customers

Partner of innovative brands:

Mercialys supports the development of successful food operators with distinctive concepts, replacing older formats (cafeterias)

[1] Full Time Equivalents

Consumer categories driving Mercialys' growth

Dedicated offer aligned with the characteristics of French medium-sized city populations

Women
74% of visitors

Visiting primarily for the mall
82% of visitors come primarily for the mall
18% for the hypermarket

Baby Boomers and Generation X and Y
Average age of 39

Shopping fast
36-minute average stay in our shopping centers
4.4 stores visited on average

Professionally engaged
65% working people
14% retirees
21% students and other

Regular visits
58 visits on average per year and per customer
28% of them visit several times per week

From a middle socio-economic class
50% employees
Disposable income above national average

Living nearby
60% of buyers located within a 20-minute drive

Major expectations for these customers

1

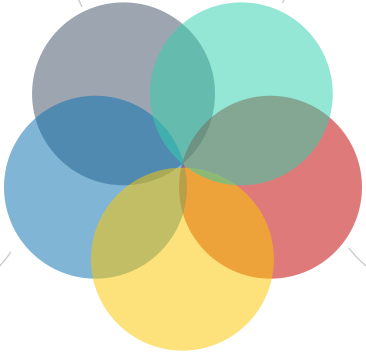
Need for **simplicity**

1 out of 2 French people choose their shopping center based on its ease of access[1] and 78% spend less than 2h per shopping trip[2]

2

Need for recognition and **rewards**

56% of consumers want to benefit from personalized offers[2]



5

Need for **immediacy**

88% of customers consider that an immediate response to requests for help increases their loyalty[5]

3

Need for **meaning**

53% of French people prefer brands with a commitment to sustainable development and ethics[3]

4

Need to refer to the **community**

92% of customers trust an influencer more than traditional advertising or celebrities[4]

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[1] *LSA magazine May 2018* [2] *L'Observatoire Cetelem 2017* [3] *L'Observatoire Cetelem 2013* [4] *Forbes research, Musefind* [5] *Salesforce, State of the Connected Customer study*

Customers at the heart of Mercialys' marketing strategy (1/2)

Expectation #1: Need for simplicity

- **Ensuring local visibility for our centers**
  - Over 6,000 Adwords ads to promote the 2,380 stores in our centers, optimized with a KPI for conversions to visits
  - Waze campaigns to reach 4 out of 10 drivers locally
  - Centers in the top 3 Google searches
- **Helping customers to prepare for their visits and purchases**
  - 52% of digital traffic concerns store pages, which list 2,340 services offered by retailers (click&collect, bookings for restaurants and services, etc.)
- **Offering an easier shopping experience for center customers**
  - Development of the services offered, with 40 services from H2 2018 (wifi, creche, helmet lockers, changing rooms, electric charging points, etc.)

Expectation #2: Need for recognition and rewards

- **Personalizing interactions with customers**
  - 552,000 people database with significant and qualified GDPR compliant information thanks to the loyalty program
  - +30 point increase in the opening rate for targeted emails over 6 months to 45%
- **Rewarding our customers' repeat visits**
  - Nearly 10% of unique customers in the catchment areas are registered for the loyalty program
  - Only real estate company to have incorporated e-vouchers with automated reimbursements for retailers within 72 hours
- **Offering more purchasing power**
  - Cashback tests underway at 4 centers

Customers at the heart of Mercialys' marketing strategy (2/2)

Expectation #3: Need for meaning

- **Enabling customers to benefit from our strong local roots**
  - Over 200 events with sports and fun-educational associations or charities
- **Engaging customers in their center's CSR approach**
  - Customer training on eco-friendly practices and information on centers' CSR initiatives and results

Expectation #4: Need to refer to the community

- **Capitalizing on the reputation and influence of local bloggers**
  - More than 20 hot products from retailers highlighted on the blogger's social media for each operation, with referrals to retailer e-commerce sites and stores
- **Capitalizing on our customers’ influence as ambassadors**
  - 11% of new members generated through sponsoring since January 2018
- **Being present on all the customer rating and opinion platforms**
  - 30k opinions collected on Facebook, TripAdvisor, Google, etc. over the past 2 years

Expectation #5: Need for immediacy

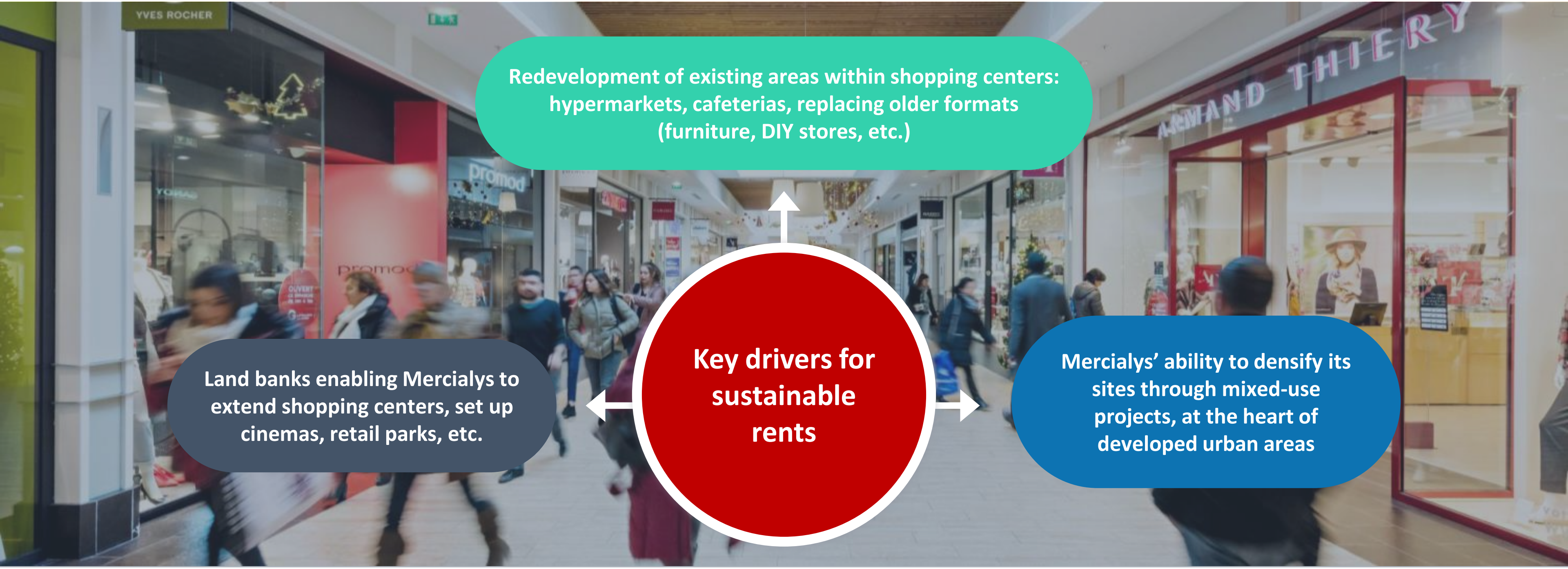
- **Automating responses to customer requests**
  - Dynamic form for immediate handling of after-sales service with the Loyalty Challenge
  - Facebook chatbot being tested for immediate responses to customer questions
  - Automated sending of a satisfaction survey the day after customer visits >> 10% response rate
- **Guiding customers to the centers and stores**
  - Guiding to parking spaces and digital directories
- **Recommending retailers and special offers in real time**
  - 150k push notifications sent per month

CONTINUOUSLY EVOLVING PORTFOLIO

Vincent Ravat
Chief Operating Officer

MERCIALYS

Continuously optimized portfolio



Redevelopment of existing areas within shopping centers: hypermarkets, cafeterias, replacing older formats (furniture, DIY stores, etc.)

Key drivers for sustainable rents

Land banks enabling Mercialys to extend shopping centers, set up cinemas, retail parks, etc.

Mercialys' ability to densify its sites through mixed-use projects, at the heart of developed urban areas

Sales helping drive the portfolio's rationalization

15 assets sold since 2016 for €373m[1]
(including transfer taxes, proforma for the two sales agreements signed for the Gap and Lannion shopping centers in July)

1 Chalon-sur-Saône (2017 - services gallery)

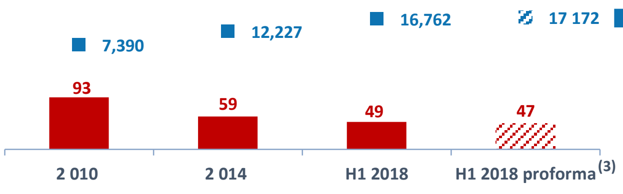
2 Poitiers (2017 - shopping center)
Fontaine-lès-Dijon (2017 - shopping center)

6 Anglet (2016 - shopping center)
Castres (2017 - services gallery)
Saint-Martin-d'Hères (2017 - services gallery)
Valence Sud (2017 - services gallery)
Villeneuve-Loubet (2017 - services gallery)
Saint-Paul (2018 - shopping center)

6 Albertville (2016 - shopping center)
Niort (2016 - shopping center)
Rennes (2016 - redeveloped hypermarket)
Toulouse (2017 - redeveloped hypermarket)
Gap (2018 - shopping center)
Lannion (2018 - shopping center)

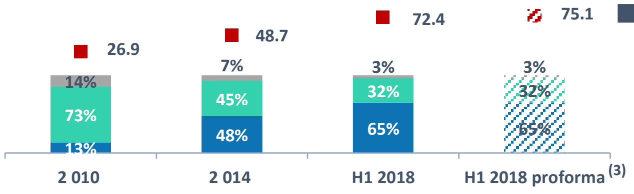
Capital recycling leading to a portfolio structured around sites with critical mass and optimized asset management

Number of shopping centers[2] **and average size**



+132% vs 2010

Shopping center[2] **breakdown by size**
(as % of portfolio gross asset value including rights at June 30, 2018)



+179% vs 2010

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[1] based on a 100% valuation of the assets [2] i.e. excluding City Center and Other assets [3] proforma for the sales agreements signed in July for the Gap and Lannion shopping centers

2018 projects

3 hypermarket transformations

- Annecy
- Besançon
- Brest (ph. 2)

Major extension and outdoor food court

- Le Port (Reunion Island)

15,000 sq.m of gross leasable area

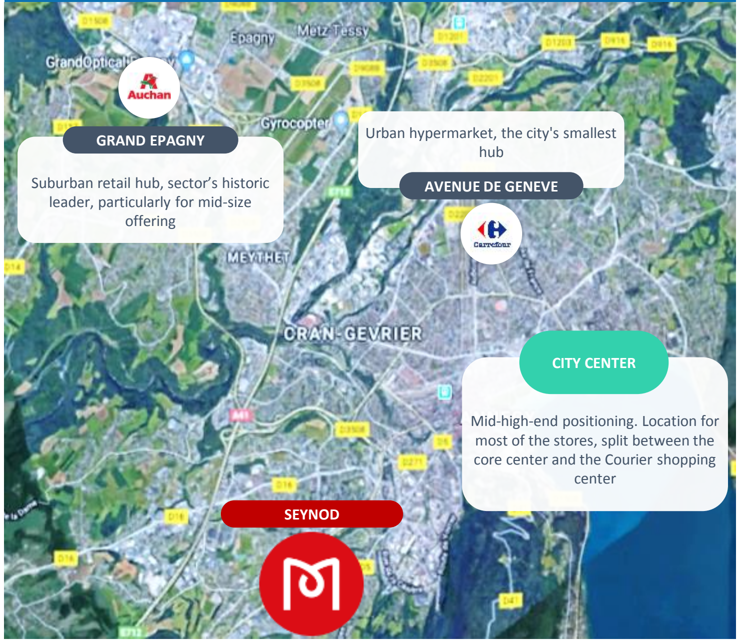
8 new medium-sized stores, **48** new shops

€4.9m of annualized rent

6.2% overall yield on cost

Targeted investments for leading and strong potential centers in dynamic urban hubs

ANNECY

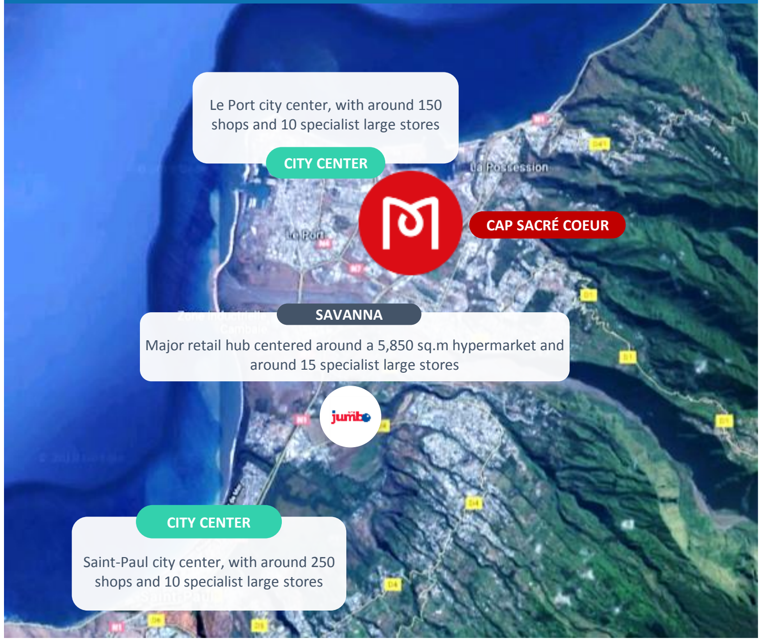


BESANCON

Targeted investments for leading and strong potential centers in dynamic urban hubs

BREST

LE PORT



Annecy Seynod – Center at the heart of a high-growth region

- **La Galerie Annecy Seynod**
  - 63 shops with 9,000 sq.m GLA
- **Catchment area**
  - c. 273,000 inhabitants, +20% population growth over the last 10 years
  - Average income level higher than the national average (+30% at the heart of the area)
  - Seynod is the region's sector with the largest land reserves and housing programs

Annecy Seynod – Vibrant example of a prime convenience center building loyalty in its primary sector

1. **2016 and 2017**: cafeteria transferred to the car park and adapted to the "A la Bonne Heure" concept. Requalification of the space freed up in the center to welcome Brut Butcher and Casa Pizza
2. **2017**: 1,000 sq.m retail space extension to welcome Decathlon with 2,000 sq.m
3. **2018**: 1,150 sq.m hypermarket space requalification to welcome a new medium-sized store
4. **2019**: building of a multiscreen cinema on the existing car park and a new car park on the center's roof
5. **2019**: creation of a 1,200 sq.m fitness gym by merging 6 existing units and part of the communal areas

Besançon – Area's historic hub and leader

- **La Galerie Besançon Chateaufarine**
  - 90 stores with 33,000 sq.m GLA
- **Catchment area**
  - c. 400,000 inhabitants, +3.7% expected by 2025
  - Overrepresentation of families and people under the age of 39
  - Dynamic employment area, with 167,000 jobs , including 28,000 in the primary catchment area and captive customers for lunch breaks

Besançon – Undisputed leadership, further strengthened with the new selection of retailers

1. **2014**: 2,200 sq.m extension, making it possible to create 18 units and notably welcome Hema and Du Bruit dans la Cuisine
2. **2015**: cafeteria transferred to the car park and adapted to the "A la Bonne Heure" concept. Requalification of the space freed up in the center to set up a new foodservice offer with 3 distinctive brands
3. **2016**: requalification of the previous Halle space to set up Jennyfer, IKKS and Le Temps des Cerises
4. **2017**: 841 sq.m H&M extension opened
5. **2018**: 1.870 sq.m hypermarket space requalification to set up a new medium-sized store (FNAC)

Brest – Leading center with outstanding transport links and a dense urban area

- **La Galerie Brest Le Phare de l'Europe**
  - 70 shops with 22,000 sq.m GLA
- **Catchment area**
  - c. 420,000 inhabitants, located primarily in the north of the area
  - Young population, with a mid to high education level
  - Significant urban developments, with +2,500 new housing units expected to be built over the coming years

Brest – Leadership consolidated by welcoming outstanding medium-sized stores and improving the customer experience

1. **2014 and 2015:** Cafeteria transferred to the car park, with the "A la Bonne Heure" concept. Mango and Boulangerie Ange set up in the space vacated in the center
2. **2015:** Open-air mall built and opened with 6 stores
3. **2016**: H&M extended on top floor with 1,300 sq.m GLA
4. **2016:** Phase 1 hypermarket transformations, with a medium-sized store created with 2,400 sq.m GLA for Cultura and escalators set up to facilitate access to the rooftop car park
5. **2018:** Phase 2 of the hypermarket transformation project, with a medium-sized store created with 1,200 sq.m GLA for New Yorker's arrival

T. Tram link arriving directly at the car park, with the open-air mall paving the way to the shopping center's main gate

Reunion Island – Site fully redesigned to become the leader in the Indian Ocean

- Objective: development of a complete commercial offer within 2 years, turning the center into the absolute shopping and leisure spot on Reunion island
- In 2018:
  - Development of an 8,300 sq.m gross leasable area extension and a multistory car park
  - Significant changes in the mix to strengthen and anchor the shopping center locally. Extension 98% pre-let with distinctive brands

COURIR American Vintage SPRINGFIELD Sfera KOTON NESPRESSO. DPAM OKAÏDI act for kids

CAP SACRÉ-CŒUR
OCÉAN INDIEN

€73.8m investment	6.2% yield on cost

Reunion Island – Project phases

2018

1 Extension
44 new shops including 5 medium-sized stores on 8,300 sq.m gross leasable area

2 Multistory car park
550 spaces

3 Space requalification
1,000 sq.m gross leasable area

2019

4 Outdoor food court
6 units on 575 sq.m gross leasable area

5 Indoor food court
5 units on 750 sq.m gross leasable area

6 Retail park
4 medium-sized stores on 3,600 sq.m

Pipeline

(in millions of euros)	Total investment (€M)	Investment still to be committed (€M)	Net rental income forecast (€M)	Net yield on cost forecast	Completion date
COMMITTED PROJECTS	**79.5**	**25.0**	**4.9**	**6.2%**	**2018**
Le Port extension	73.8	21.3	4.6	6.2%	2018
Other projects	5.7	3.6	0.4	6.1%	2018
Annecy	0.5	0.4	-	-	-
Besançon	2.1	2.0	-	-	-
Brest	3.1	1.2	-	-	-
CONTROLLED PROJECTS	**353.0**	**348.2**	**19.8**[(1)]	**6.6%**[(1)]	**2019/2022**
Redevelopments and requalifications	61.3	60.4	3.7	6.0%	2019/2021
o.w. Le Port (indoor Food Court)	0.8	0.8	-	-	-
o.w. Marseille La Valentine	16.3	16.3	-	-	-
o.w. Aix-Marseille Plan de Campagne (transformation)	8.2	8.1	-	-	-
Extensions and retail parks	239.5	235.6	16.1	6.7%	2019/2021
o.w. Le Port (Retail Park)	11.7	11.7	-	-	-
o.w. Aix-Marseille Plan de Campagne (extension)	40.0	40.0	-	-	-
o.w. Nîmes	40.9	40.9	-	-	-
Mixed-use high-street projects	52.2	52.1	na	na	2021/2022
o.w. Marcq-en-Baroeul	18.0	18.0	-	-	-
o.w. Chaville	8.4	8.4	-	-	-
o.w. Puteaux	19.5	19.5	-	-	-
o.w. Saint-Denis	6.3	6.3	-	-	-
IDENTIFIED PROJECTS	**392.0**	**391.9**	**25.1**[(1)]	**7.0%**[(1)]	**2021/2024**
TOTAL PROJECTS	**824.5**	**765.0**	**49.8**[(1)]	**6.7%**[(1)]	**2018/2024**

COMMITTED
Projects fully secured in terms of land management, planning and related development permits

CONTROLLED
Projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits

IDENTIFIED
Projects currently being structured, in emergence phase

[(1)] *excluding the impact of mixed-use high-street projects, which may also generate property development margins*

High-street retail focus: Paris' wealthy inner rims

Puteaux

Vibrant hub at the gateway to Paris

- City with c. 45,000 inhabitants 3 km northwest of Paris, 5 minutes from the La Défense business center, part of which spreads into Puteaux
- Les Hauts-de-Seine is France's wealthiest region

Store located in a very high-quality local environment

- On the city's main shopping street, with large numbers of ground-floor retail units
- Close to new collective housing complexes, as well as local government services and facilities (town hall, police station, etc.)
- Comprehensive range of schools within 700m
- Outstanding accessibility with the tram service, train lines and Paris Ring Road

Monoprix scope *Joint ownership scope*

High-street retail focus: Paris' wealthy inner rims

Current asset

- 3-floor Monoprix store with 2,200 sq.m sales area
- Opened in 1999, joint ownership

Project

- Mixed-use project, including the redevelopment and extension of the Monoprix store, the creation of a residential complex with 150 homes, and a dedicated 150-space underground car park for the residence

Metrics

- Completion date: 2022
- Target investment: €19.5m
- Target IRR: >8%

DOMINIQUE HERTENBERGER
ARCHITECTE URBANISTE, DPLG

Progress

- Approval of the mixed-use project by the municipality
- Modification of the local development plan underway
- Requests for administrative authorizations filed in Q3 2019

High-street retail focus: Paris' most densely-populated inner rims

Saint-Denis

- **Booming neighborhood at the gateway to Paris**
  - City adjacent to Paris, north of the city. Famous as the home of the Stade de France national stadium and for hosting the future 2024 Olympics
  - Most populous city in Paris' northern suburbs and one of the main areas for office developments across the Paris region
- **Food store located 4 km from Paris, in a neighborhood undergoing a major transformation**
  - Area benefiting from an in-depth requalification, with the recent development of residential programs
  - Close to the road network, offering outstanding links and good visibility for the site
  - 250m from a Metro line and Tram line, with a project to extend the tram line

High-street retail focus: Paris' most densely-populated inner rims

Current asset

- 3-floor Leader Price store, with 1,925 sq.m sales area
- Opened in 1967, freehold

Project

- Mixed-use project with the rebuilding of the Leader Price on 1,200 sq.m, the creation of a housing complex with 108 homes, the development of a student residence with 212 apartments, and the building of a 162-space underground car park

Metrics

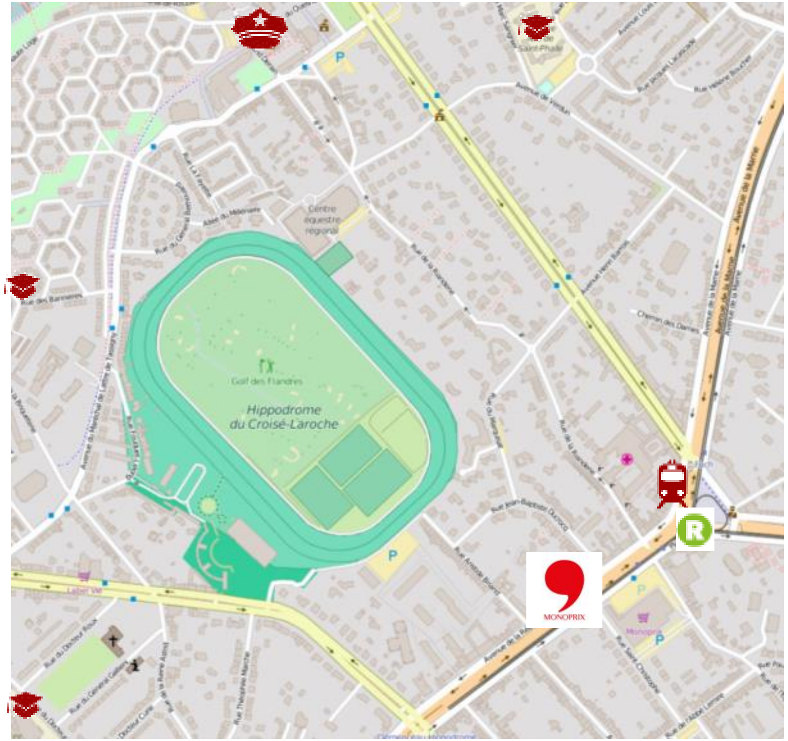
- Completion date: 2022
- Target investment: €6.3m
- Target IRR: >8%

MG A U

Progress

- Selection of three national operators, consulting with the City at the end of Phase 1
- Appointment of the project's partner operator in Q4 2018, consulting with the City
- Requests for administrative authorizations filed in Q2 2019

High-street retail focus: immediate outskirts of Lille

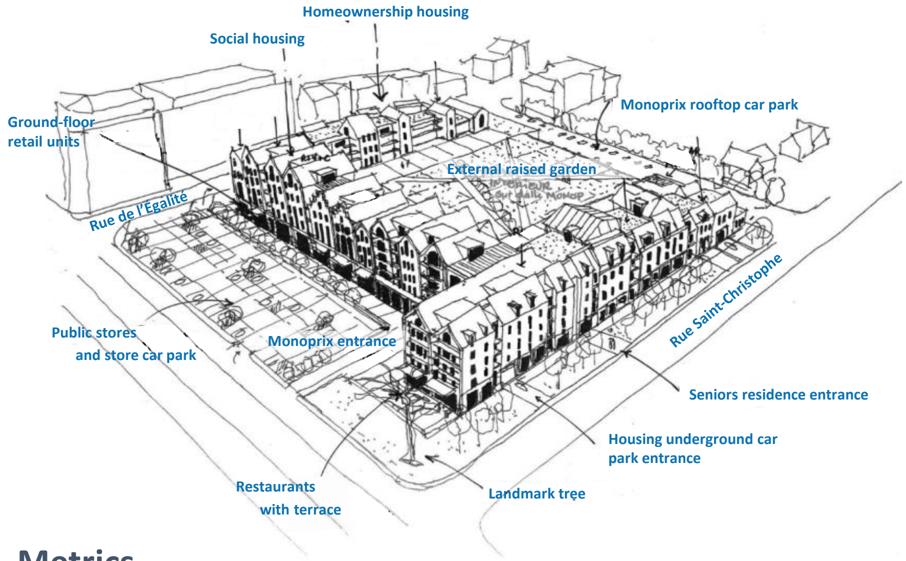


Marcq-en-Baroeul

- **Premium city within France's 6th largest urban area**
  - City with c. 40,000 inhabitants, 10 mins from Lille and 15 mins from the Belgian border
  - Sought-after neighborhood with high disposable income levels

- **Monoprix easily accessible, located in a wealthy and well-equipped neighborhood, close to a high-end residential area**
  - At the crossroads of the city's main traffic routes, with several public transport links and highways and main regional roads accessible within a 5mn drive
  - Dynamic high street retail selection
  - Several schools within 1.5 km, extensive medical services and racetrack nearby

High-street retail focus: immediate outskirts of Lille



Current asset

- 3-floor Monoprix store, with 4,614 sq.m sales area
- Opened in 1963, freehold

Project

- Mixed-use project around the Monoprix site's redevelopment, with the redevelopment of the existing space, the extension of the adjacent shopping mall and the creation of 160 retirement and multiple family homes

Metrics

- Completion date: 2022
- Target investment: €18.0m
- Target IRR: >8%

GHA ARCHITECTES

Progress

- City's support obtained for an architectural project and program
- Consultation process underway with residents concerning the project
- Administrative authorization requests filed in Q2 2019

FINANCIAL STRUCTURE & RESULTS

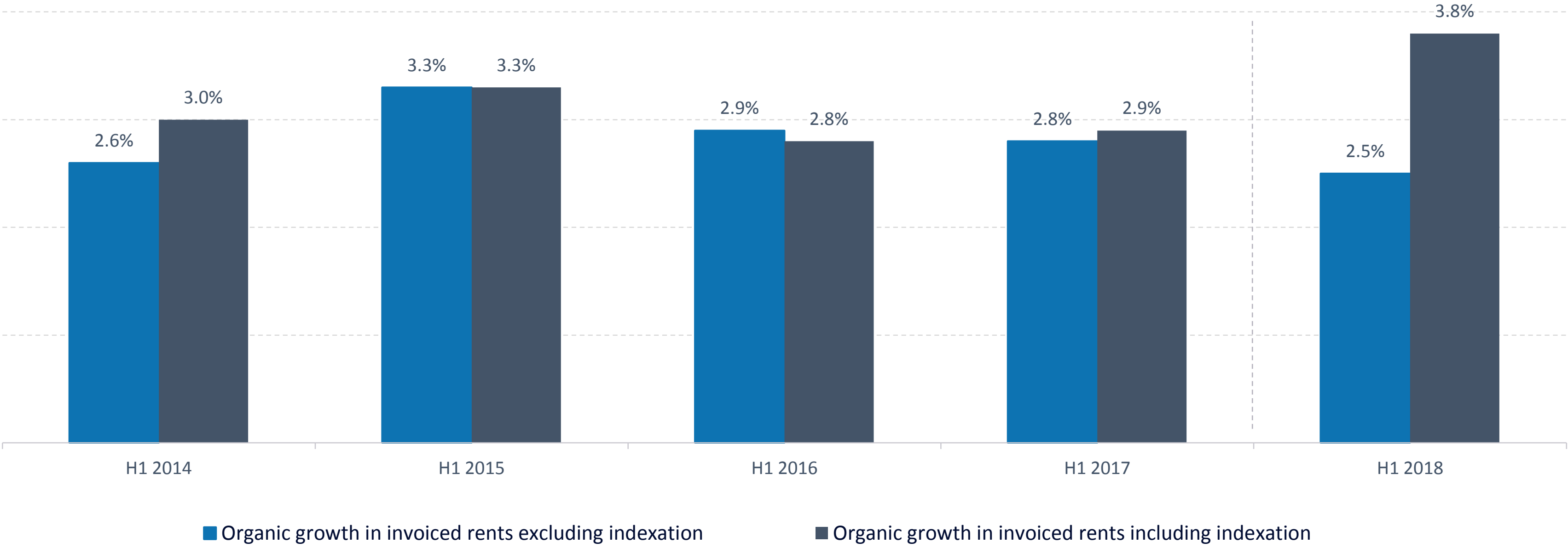
Elizabeth Blaise

Chief Financial Officer

MERCIALYS

Solid organic growth

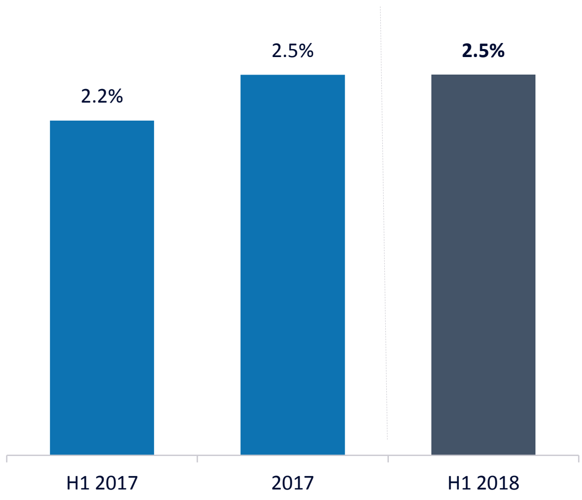
Renewals & relettings: +12.1%



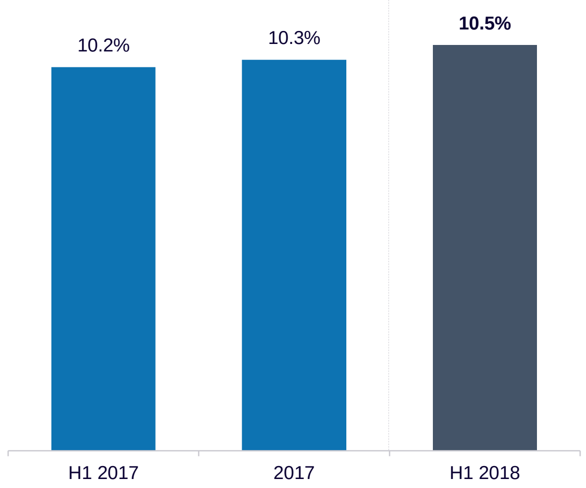
[(1)] *Assets enter the like-for-like scope used to calculate organic growth once they have been held for 12 months*

Sustainable rents keeping vacancy rates at frictional levels

Change in recurring financial vacancy rate



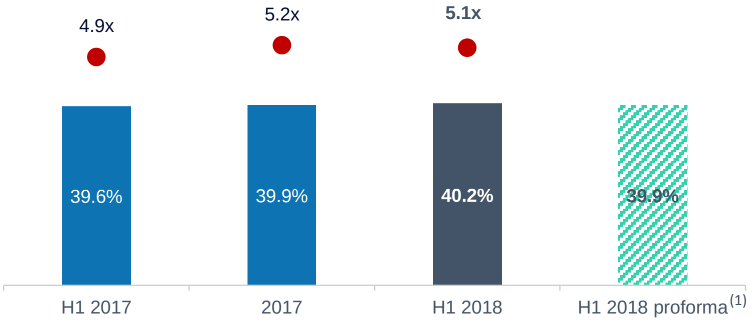
Change in occupancy cost ratio



(Rents + charges incl. tax) / tenants' sales incl. tax, excluding large food stores

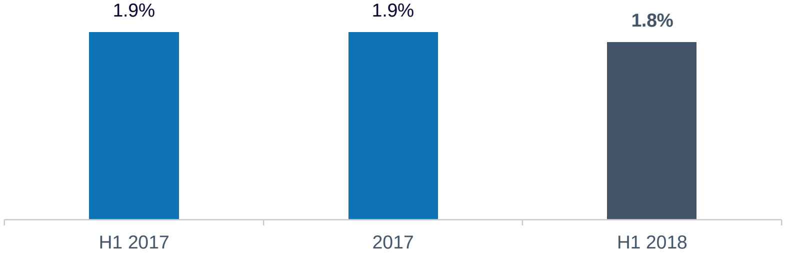
Strong financial profile

Change in LTV (excluding transfer taxes) and ICR

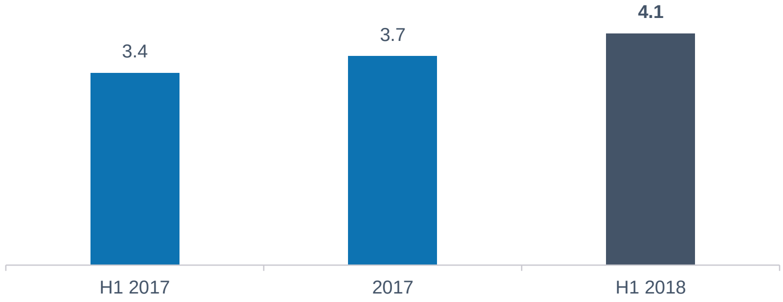


- **Net debt: €1,466m including**
  - **€1,679.7m of bond debt**
  - **€185.0m of commercial paper**
- **Undrawn committed credit lines: €410m**
- **Standard & Poor's rating: BBB / stable outlook**

Change in the cost of drawn debt



Change in debt maturity (in years)



(1) *proforma for the preliminary sales agreements signed in July for the Gap and Lannion shopping centers*

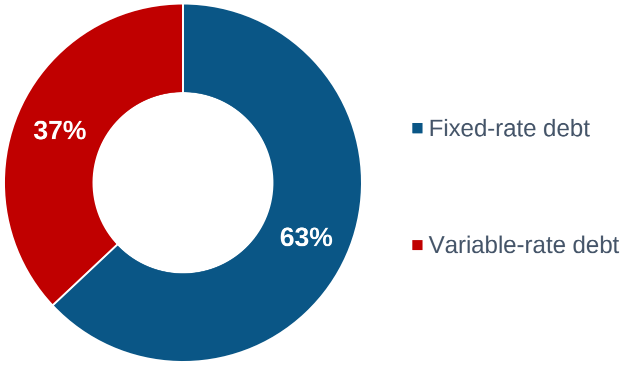
Cost of debt and hedging strategy

Early refinancing of the 2019 bond in a favorable context

- **€479.7m bond issue, with a coupon of 4.125%, maturing in March 2019 and to be held to maturity**
- **Early refinancing of this line through:**
  - a €150m bond issue in November 2017, with a coupon of 2.0%, maturing in November 2027
  - a €300m bond issue in February 2018, with a coupon of 1.8%, maturing in February 2026
- **Total estimated carrying cost for these two lines of c. €4m taking into account the hedging strategy**

Debt: fixed vs. floating rate exposure

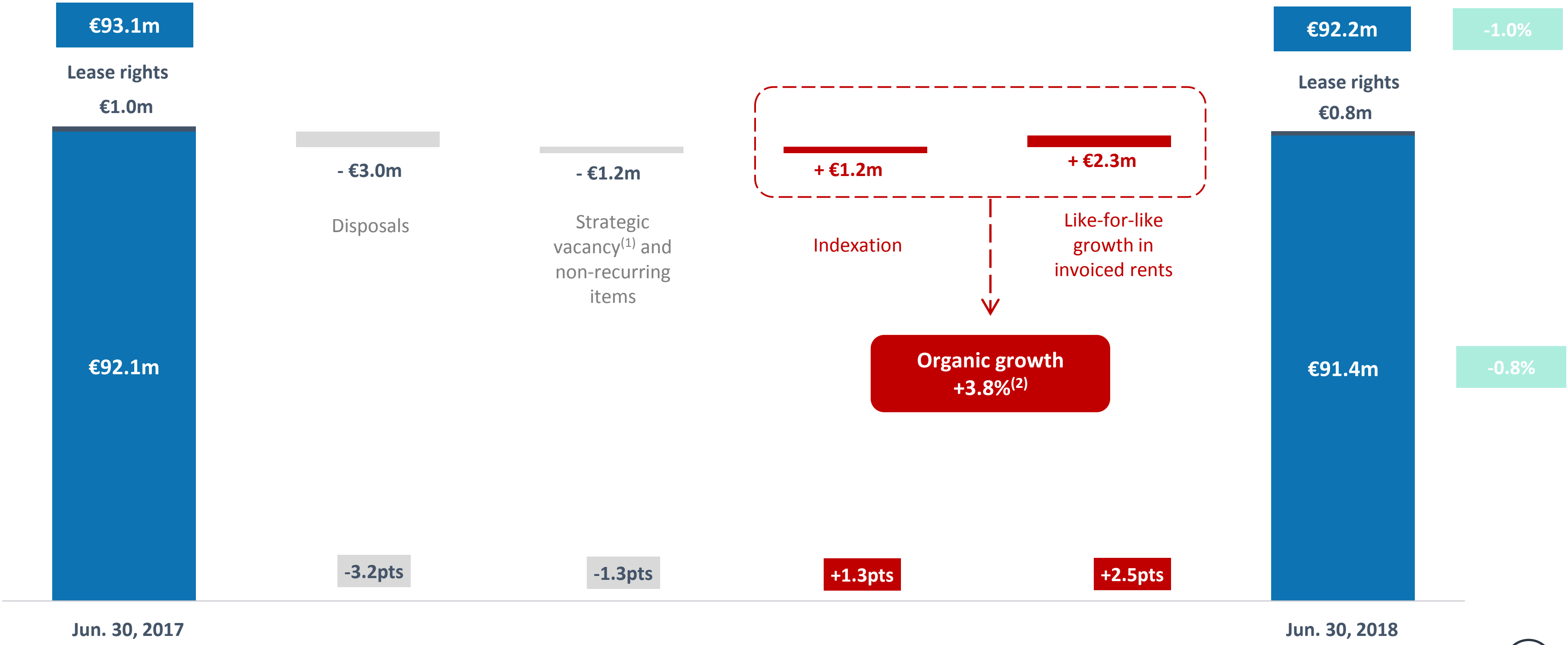
(including commercial paper program)



Substantial financial cost savings from 2019 onwards

Rental revenues

Organic growth in line with 2018 target: +3.8%



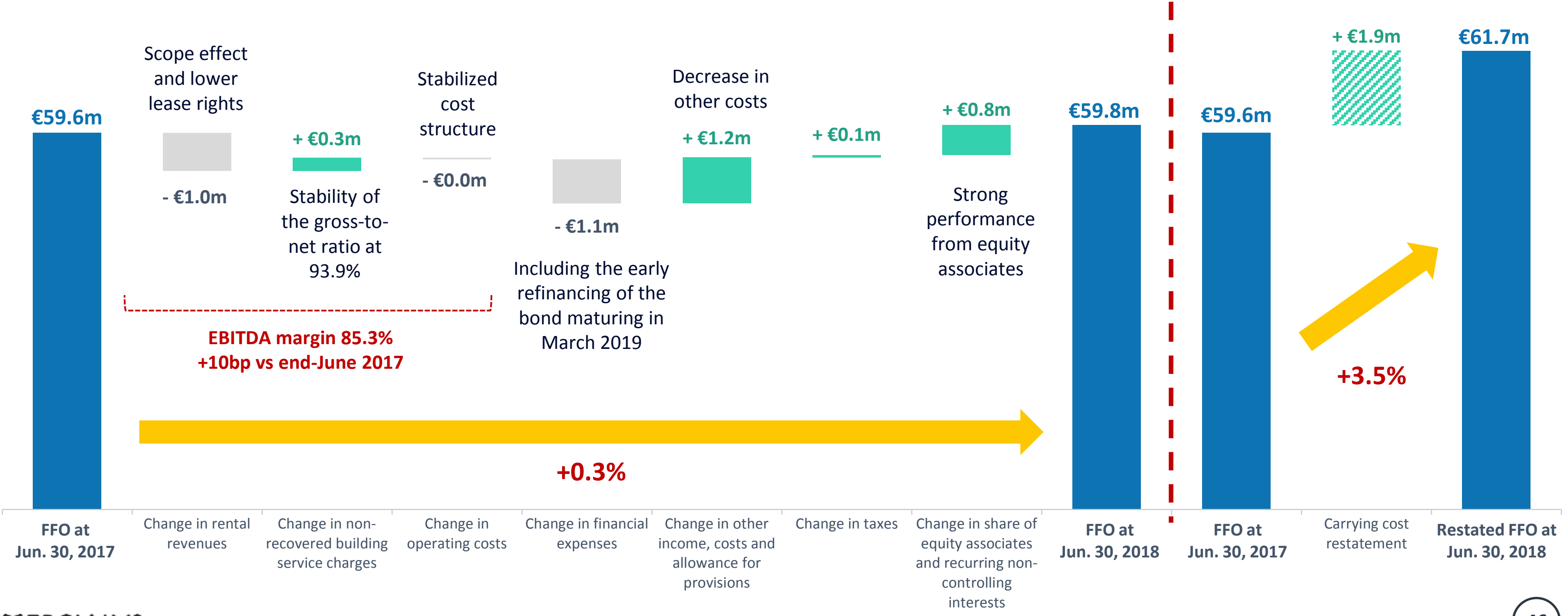
MERCIALYS

[1] *Linked to the development program – units left vacant to facilitate future developments*

[2] *Organic growth in invoiced rents including current vacancy, variable rents and indexation, excluding the impact of recurring lease rights*

FFO

+0.3% increase including the carrying cost, +3.5% without



Disposals

1 disposal finalized and 2 preliminary sales agreements signed in July 2018 for a total of €33.7m including transfer taxes

Saint-Paul shopping center

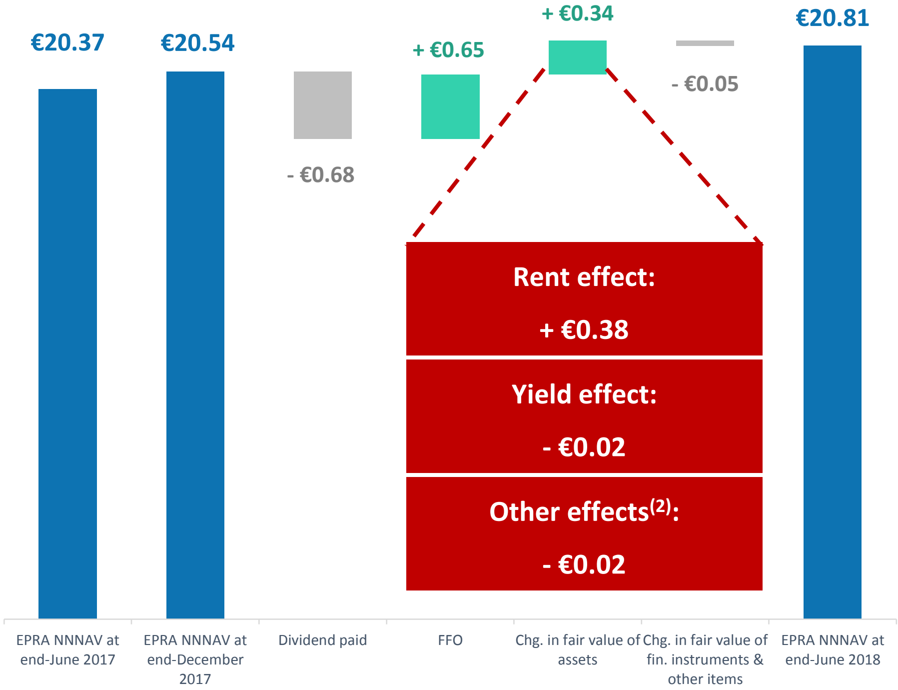
Gap shopping center

Lannion shopping center

Above appraisal values

Change in NNNAV per share(1)

+2.2% over 12 months, +1.3% over 6 months



- **Portfolio value of €3,797m including rights**
  - +1.6% over 6 months, +2.6% over 12 months
  - +1.4% like-for-like over 6 months(3), including a €17.0m (i.e. 0.5%) contribution from capex spent over the period

	06/2017	12/2017	06/2018
Average appraisal capitalization rate	5.14%	5.13%	5.07%

6bp contraction linked to the integration in the portfolio value of the capex spent over the period

MERCIALYS

(1) *Calculated on average diluted number of shares, following EPRA guidelines*
(2) *Including impact of revaluation of assets outside of organic scope and associates, maintenance capex and capital gains on asset disposals*
(3) *Sites on a constant surface basis*

APPENDICES

Financial calendar

2018

October 17

Activity at September 30, 2018 (after market close)

Asset locations

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

- **56** shopping centers and city-center sites[(1)]
- Leasable area: **876,000** sq.m
- Appraised asset value (including transfer taxes): **€3,796.6m** at June 30, 2018
- Annualized rental income: **€178m**
- Over **600** retailers and **2,130** leases

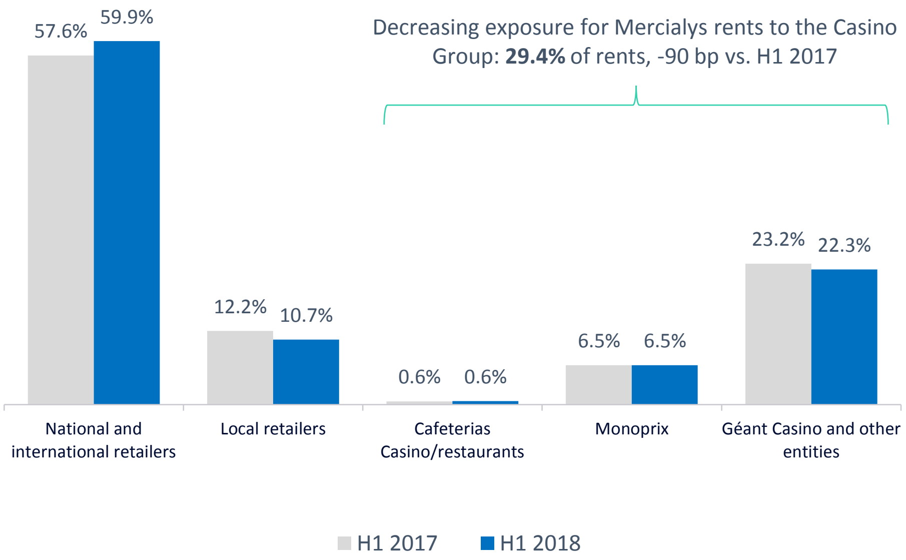
Mercialys portfolio

[(1)] *Added to these are six geographically dispersed assets*

Mercialys portfolio

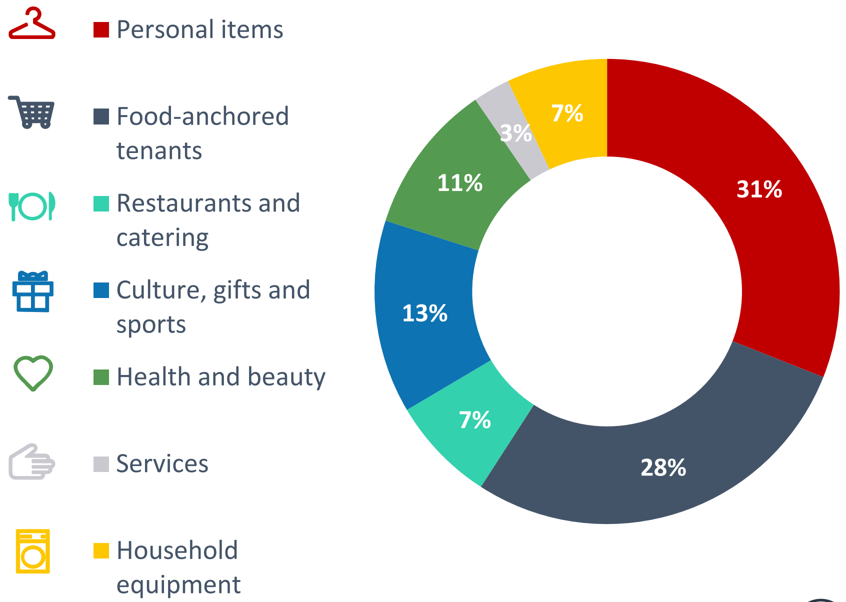
Change in the share of Casino brands in Mercialys' annualized rental income

(Rent paid by Casino brands as % of annualized rental income at June 30, 2018)



Breakdown of rental income by business sector

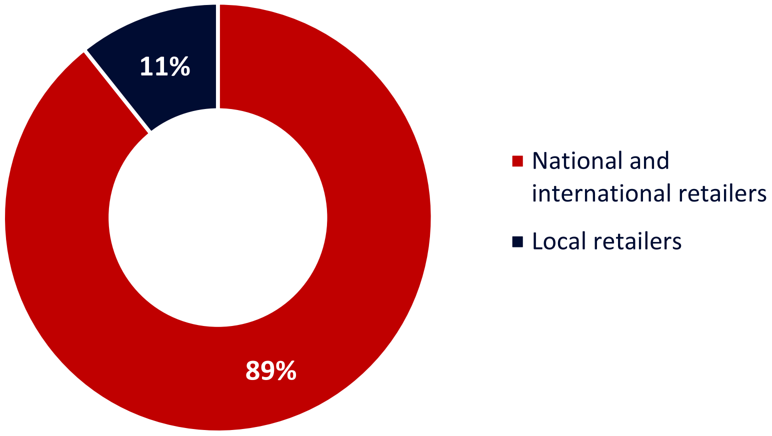
(% of annualized rental income at June 30, 2018 – including exposure to the Casino Group)



Mercialys portfolio

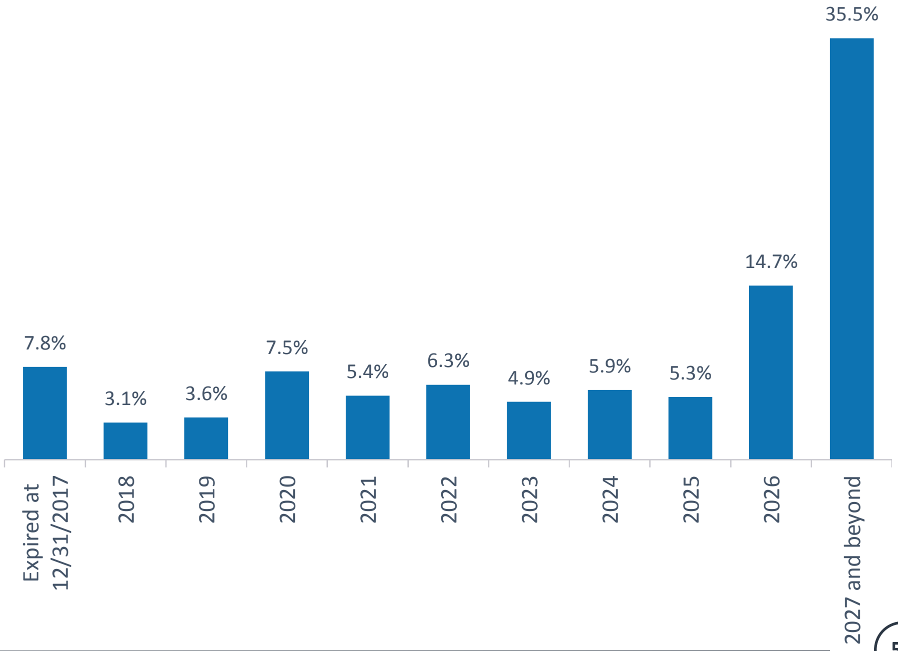
Types of retailers present in Mercialys assets

(% of annualized rental income at June 30, 2018 – including exposure to the Casino Group)



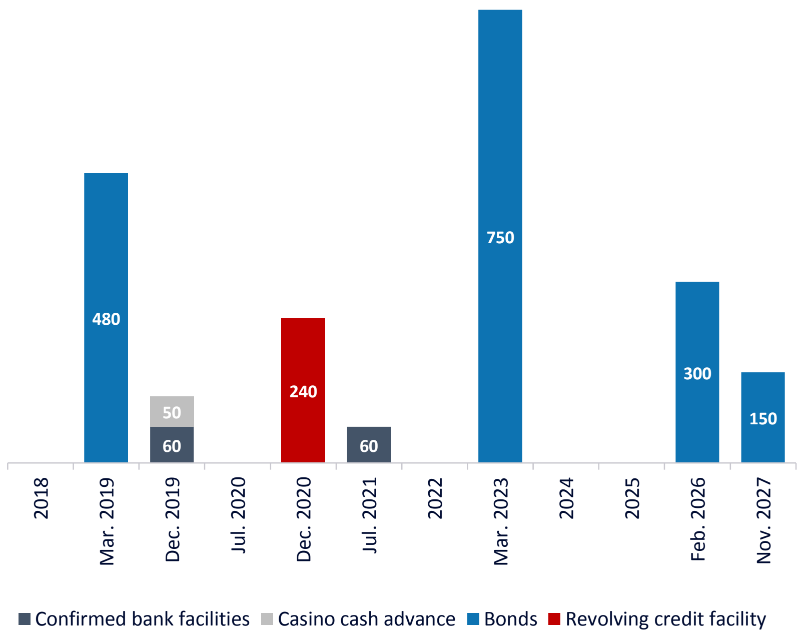
Lease expiry schedule

(percentage of leases expiring / guaranteed minimum rent)

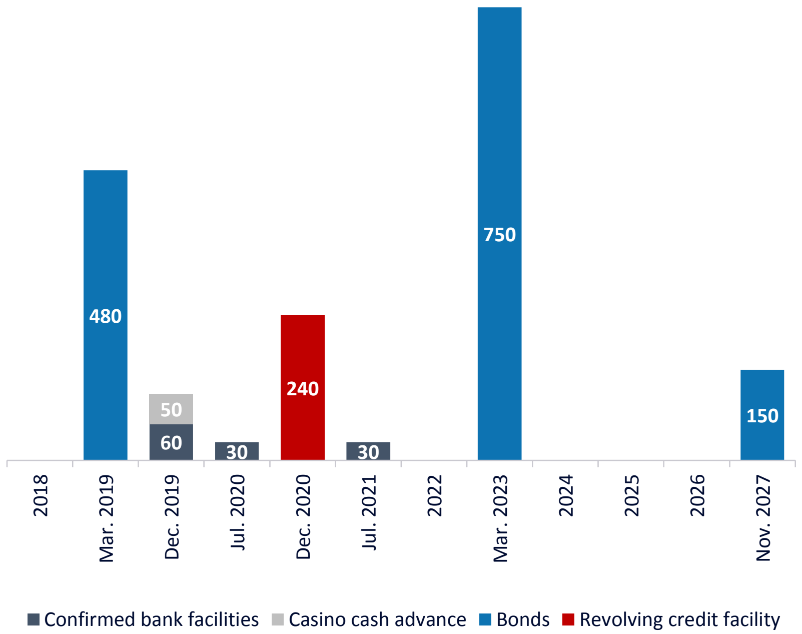


Financing structure & debt schedule

Debt schedule at end of H1 2018[1]
in €m



Debt schedule at end-2017[1]
in €m



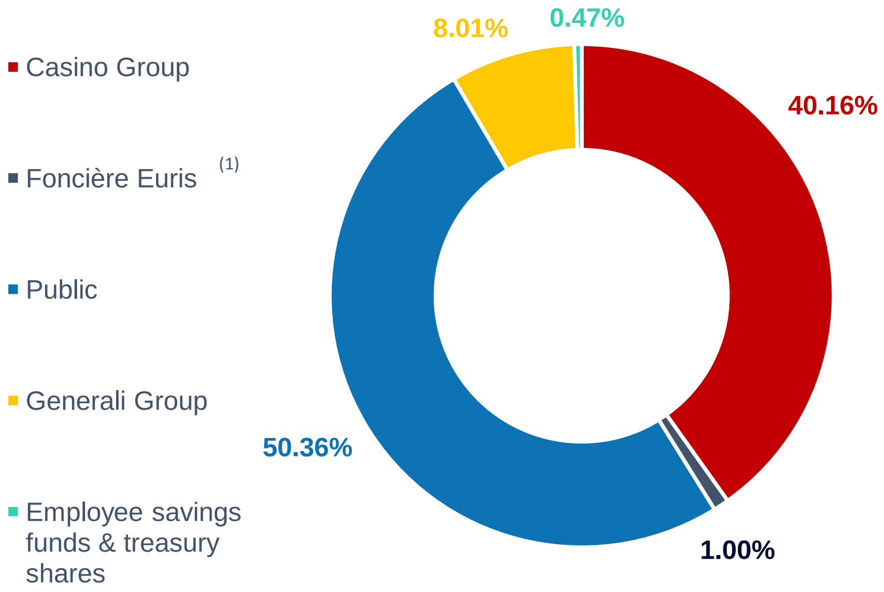
MERCIALYS

[1] Excluding commercial paper program

Mercialys shareholding structure and number of shares

	December 31, 2016	December 31, 2017	June 30, 2018
Number of shares outstanding at the end of the period	92,049,169	92,049,169	92,049,169
Average number of shares outstanding	92,049,169	92,049,169	92,049,169
Average number of shares (basic)	91,856,715	91,830,447	91,779,147
Average number of shares (diluted)	91,856,715	91,830,447	91,779,147

Mercialys shareholders at June 30, 2018



(1) Fonciere-Euris also holds a 0.99% option through a derivative instrument with physical settlement. In addition, with Rallye, it is economically exposed for 4.5% on an exclusive cash settlement basis.

FFO, EPRA earnings & net income group share

In thousands of euros	June 30, 2017	June 30, 2018
Invoiced rents	92,098	91,381
Lease rights	1,020	771
Rental revenues	**93,118**	**92,152**
Non-recovered service charges and property taxes	-3,508	-3,411
Property operating expenses	-3,155	-2,918
Net rental income	**86,455**	**85,823**
Management, administrative and other activities income	2,537	1,609
Other income and expenses	-3,262	-2,934
Personnel expenses	-6,411	-5,852
EBITDA	**79,319**	**78,647**
Net financial items (excluding the impact of hedging ineffectiveness and banking default risk)	-15,064	-16,194
Reversals of / (allowance for) provisions	416	589
Other operating income and expenses (excluding gains on disposals and impairment)	-169	838
Tax expense	-1,133	-1,076
Share of net income from equity associates	1,343	2,170
Non-controlling interests excluding capital gains and amortization	-5,098	-5,159
FFO	**59,614**	**59,815**
FFO per share (based on average diluted number of shares)	*0.65*	*0.65*
EPRA earnings	**59,614**	**59,815**

FFO	59,614	59,815
Depreciation and amortization	-16,983	-18,119
Other operating income and expenses	8,599	3,116
Impact of hedging ineffectiveness and banking default risk	-2,057	-18
Non-controlling interests: capital gains and amortization	895	118
Net income, Group share	**50,067**	**44,913**

Balance sheet

In thousands of euros		December 31, 2017	June 30, 2018
ASSETS	Intangible assets	2,486	2,419
	Property, plant and equipment	10	9
	Investment property	2,305,414	2,321,810
	Investments in associates	38,445	38,695
	Other non-current assets	37,529	36,090
	Deferred tax assets	319	669
	Non-current assets	**2,384,203**	**2,399,693**
	Trade receivables	15,839	22,176
	Other current assets	59,713	41,303
	Cash and cash equivalents	196,913	383,303
	Investment property held for sale	113	113
	Current assets	**272,578**	**446,895**
	TOTAL ASSETS	**2,656,781**	**2,846,588**
EQUITY AND LIABILITIES	Share capital	92,049	92,049
	Additional paid-in capital, treasury shares and other reserves	626,468	599,938
	Equity Group share	**718,517**	**691,987**
	Non-controlling interests	202,023	200,485
	Equity	**920,540**	**892,472**
	Non-current provisions	857	949
	Non-current financial liabilities	1,377,454	1,199,471
	Deposits and guarantees	22,694	21,287
	Other non-current liabilities	0	2,257
	Deferred tax liabilities	578	1
	Non-current liabilities	**1,401,583**	**1,223,964**
	Trade payables	12,516	10,711
	Current financial liabilities	281,396	677,528
	Current provisions	6,265	5,812
	Other current liabilities	34,432	36,073
	Current tax liabilities	49	28
	Current liabilities	**334,658**	**730,151**
	TOTAL EQUITY AND LIABILITIES	**2,656,781**	**2,846,588**

Breakdown of assets

Average rate of return: 5.07% at June 30, 2018

Type of property	Number of assets at June 30, 2018	Appraisal value (excl. transfer taxes) at June 30, 2018		Appraisal value (incl. transfer taxes) at June 30, 2018		Gross leasable area at June 30, 2018		Appraised net rental income	
		In €m	%	In €m	%	Sq.m	%	In €m	%
Regional / large shopping centers	24	2,714.1	76.0%	2,883.6	76.0%	633,450	72.3%	139.1	72.3%
Neighborhood shopping centers and city-center assets	32	834.2	23.4%	888.4	23.4%	233,388	26.6%	52.3	27.2%
Sub-total for shopping centers	**56**	**3,548.3**	**99.4%**	**3,771.9**	**99.4%**	**866,838**	**99.0%**	**191.4**	**99.4%**
Other sites	6	23.0	0.6%	24.7	0.6%	9,102	1.0%	1.1	0.6%
Total portfolio	**62**	**3,571.3**	**100.0%**	**3,796.6**	**100.0%**	**875,940**	**100.0%**	**192.5**	**100.0%**

Capitalization rate grid

Applicable under the Partnership Agreement with Casino

Rates applicable

in the **second half of**

2018

Type of property	Shopping centers		Retail parks		City center
	Mainland France	Corsica and overseas depts. & territories	Mainland France	Corsica and overseas depts. & territories	
> 20,000 sq.m	5.4%	6.0%	6.0%	6.3%	5.2%
5,000 to 20,000 sq.m	5.9%	6.3%	6.3%	6.7%	5.5%
< 5,000 sq.m	6.3%	6.7%	6.7%	7.3%	6.0%

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