MERCIALYS

WE SHAPE THE CONVENIENCE PLACE TO BE

JUNE 2016

THE IMPORTANCE OF BEING CONVENIENT

>14 million people living in our catchment areas

Annual footfall of >154 million visits

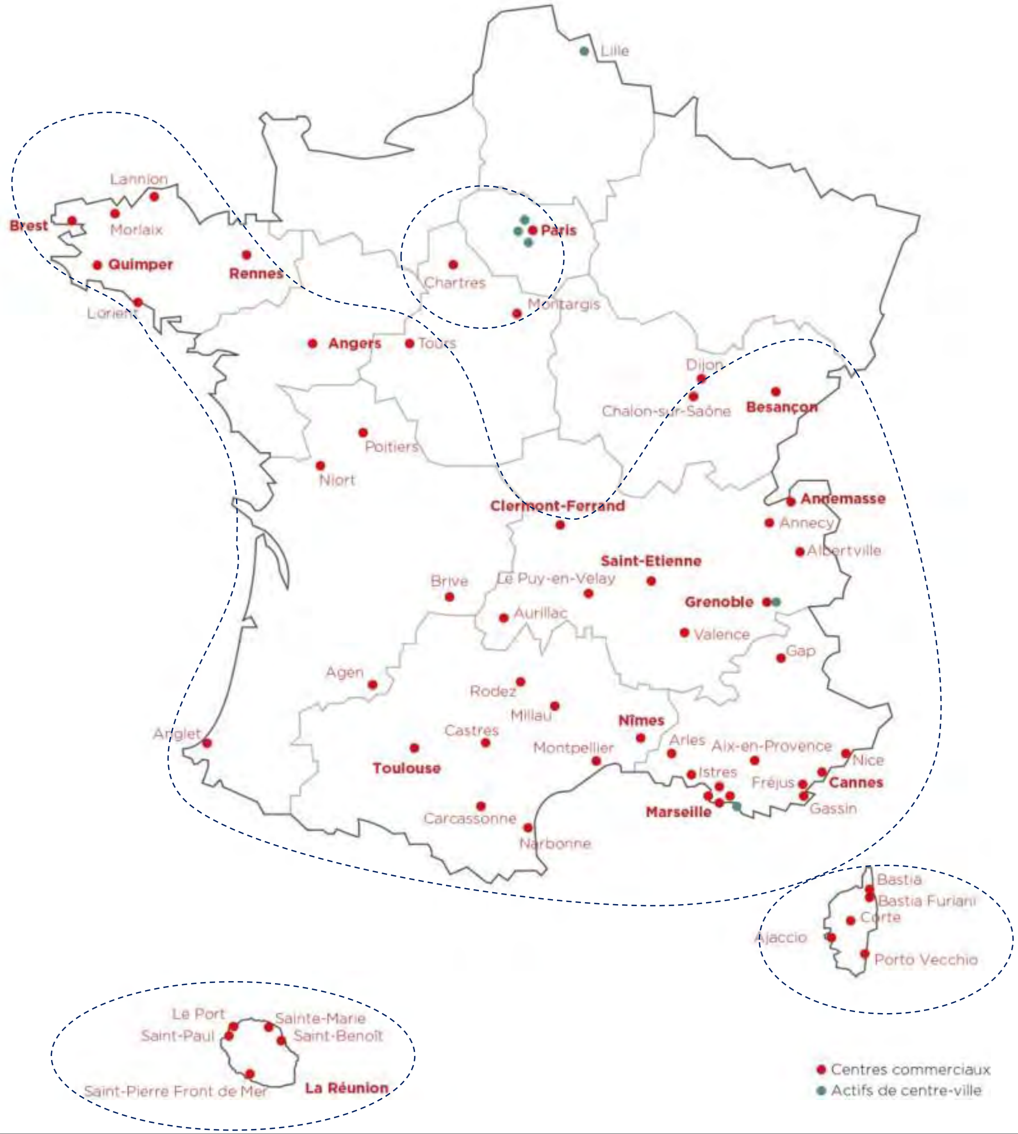
Retailer sales across Mercialys' portfolio: €1.6bn

Leasable area of 920,000 sq.m

57 projects ongoing

630 retailers giving access to Click & Collect across our portfolio

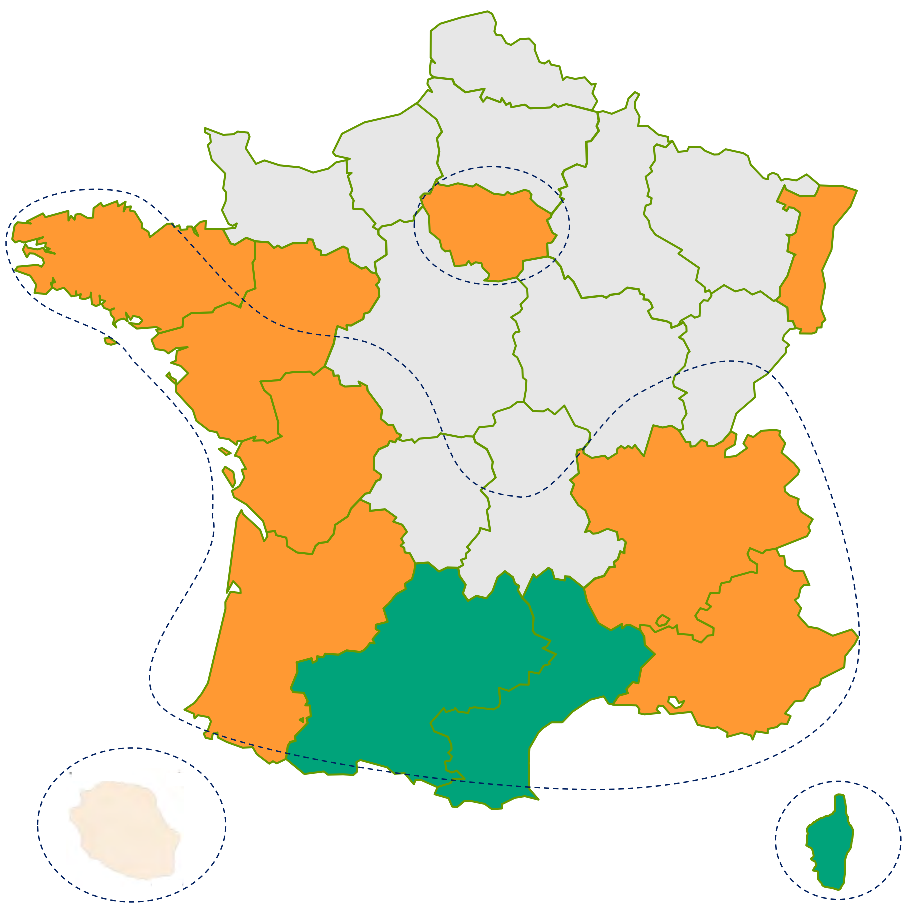
THERE IS LIFE OUTSIDE WORLD-CITIES: MERCIALYS' PORTFOLIO IS WELL POSITIONED TO BENEFIT FROM POSITIVE TRENDS FOR PROVINCIAL MARKETS…



…BECAUSE OUR NETWORK IS ALIGNED AROUND REGIONS WITH POSITIVE MIGRATORY FLOWS AND EMPLOYMENT TRENDS

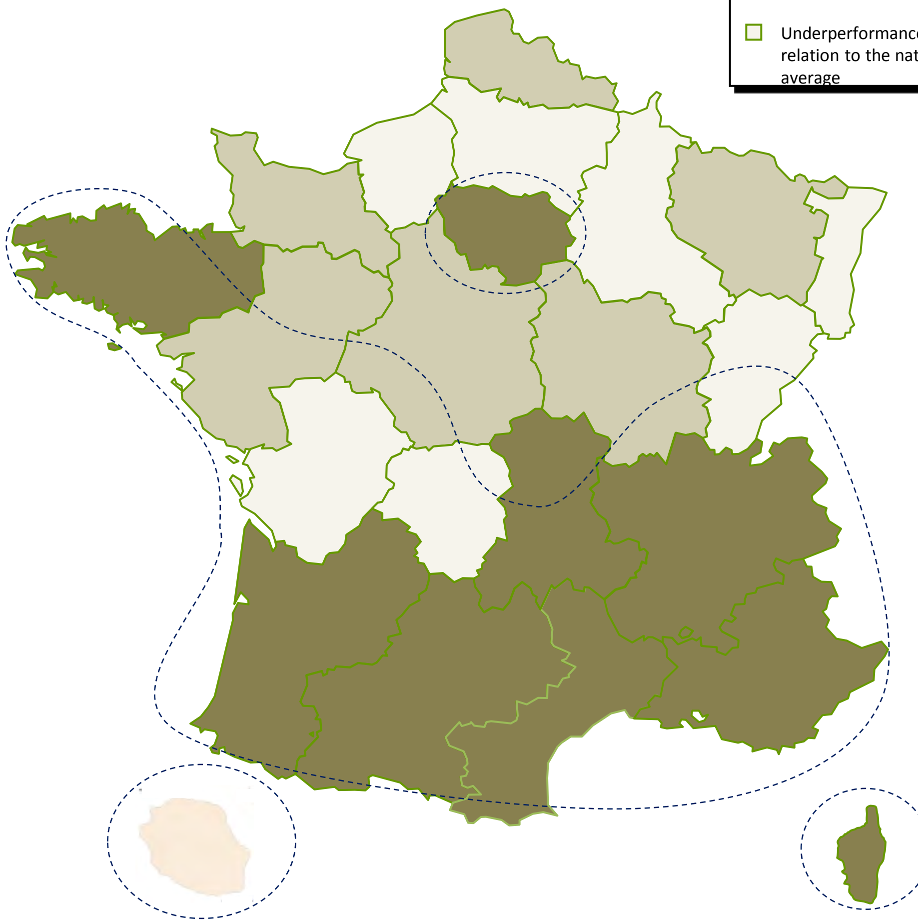
Average annual change in population (%) – 1999 to 2009 (*)

- >= 1.2%
- < 1.2% and >= 0.6%
- < 0.6%



Change in net jobs in relation to the working population in 2014 (**)

- Outperformance in relation to the national average
- In line with the national average
- Underperformance in relation to the national average



STRONG, ACCRETIVE DEVELOPMENT PIPELINE TO BE COMPLETED BY 2020

Controlled pipeline: €224m with a 7.4% yoc

- *Transformation of 21 hypermarkets*
- *Toulouse Fenouillet (phase 2)*
- *Sainte-Marie retail park*
- *Extension of the Carcassonne shopping center*

Potential pipeline: €367m with a 6.5% yoc

- *Marseille Plan de Campagne shopping center extension*
- *Mixed-use high street retail projects*
- *Shopping center extensions*
- *Retail parks*

Total pipeline: €592m with a 6.9% yoc

UNIQUE PARTNERSHIP WITH A MAJOR FOOD RETAILER: A CORE STRENGTH FOR MERCIALYS

MERCIALYS

ASSET MANAGEMENT

Fees paid to Mercialys for asset management missions

PROJECTS

Access to a unique platform of projects through off-market deals

LETTING

Fees paid to Mercialys for letting missions

BACK OFFICE SERVICES

Property management, legal, tax, accounting, IT, etc.

GROUPE Casino
NOURRIR UN MONDE DE DIVERSITÉ

BACK TO TODAY'S AGENDA: HOW WERE THE MONOPRIX PROJECTS SELECTED?

OPERATIONAL PROCESS

15 assets under review in mid-2015

Upside potential through a transformation project

Location

Prime locations in city centers

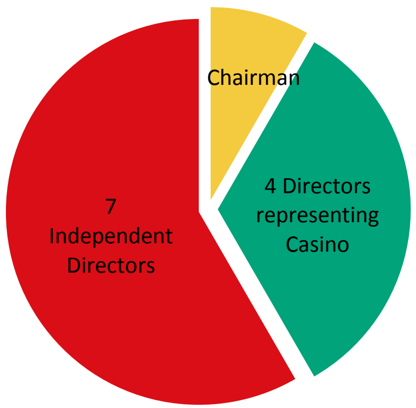
Higher than average purchasing power

5 sites to be transformed acquired in H2 2015

CORPORATE GOVERNANCE

Full decision power for Independent Directors

Board of Directors structure



ADMINISTRATIVE CONSTRAINTS

DIA (Déclaration d'Intention d'Aliéner)

Technical assessments

Notarial deed

CONSISTENT FIT WITH MERCIALYS' DRIVERS & VALUES

Boosting the FFO & total return

Increase in rent from additional retail space

Development margin from the sale of non-retail areas developed with partners

Dedicated & experienced team

Enhanced expertise in mixed-use development through a "lean and mean" team

Preparing the future

Getting access to a customer base on convenience markets, which was previously out of reach for Mercialys

Know-how gained on mixed-use schemes in line with medium-term urban & SRI constraints

84 YEARS OLD…


MONOPRIX
M O N O P R I X
HOTEL TERMINUS
MONOPRIX
PRISUNIC
MONOPRIX

…AND STILL KICKING

ALWAYS ON THE RIGHT SPOT IN CITY CENTERS

- Located in 85% of cities with over 50,000 inhabitants

Monoprix Réaumur-Sébastopol – Paris

- Good match for all customers

604 SHOPS – 6 CONCEPTS *

MONOPRIX FLAGSHIPS
313 SHOPS
MONOPRIX

CONVENIENCE
152 SHOPS
monop'
monop'daily
monop'station

ORGANIC FOOD ADDICTS
129 SHOPS
NATURALIA

URBAN CUSTOMERS

BEAUTY ADDICTS
10 SHOPS
monop'beauty

** At December 31, 2015*

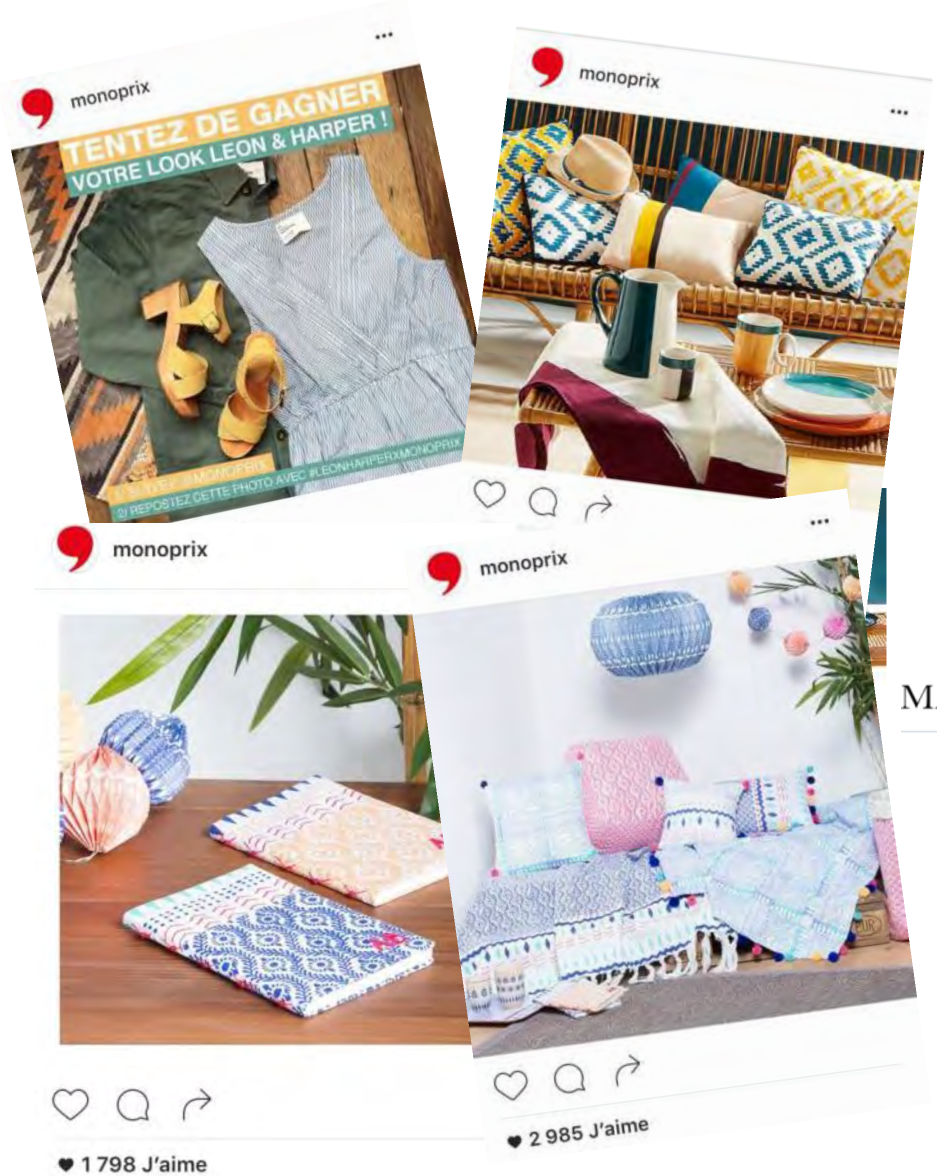
ICONIC, PREMIUM BRAND…

Monoprix Cours Mirabeau – Aix-en-Provence

Monop' Place Bellecour – Lyon

- Modern and trendy
- Does not take itself too seriously
- Distributing quality products: Monoprix Gourmet, Organic, etc.
- Focused on quality
- Displaying a full range of products
- Offering services

…WITH STRONG PARTNERSHIPS



- Make “*le beau et le bon*”* accessible to all
- Partnerships with designers and trendy brands to maintain customer curiosity

Textile & Cosmetics | Fashion | Food

ANTIK BATIK PARIS

MAISON SARAH LAVOINE Paris

lorafolk paris

Michel et Augustin les trublions du goût

My Little Beauty

LEON & HARPER

maisonGeorgette

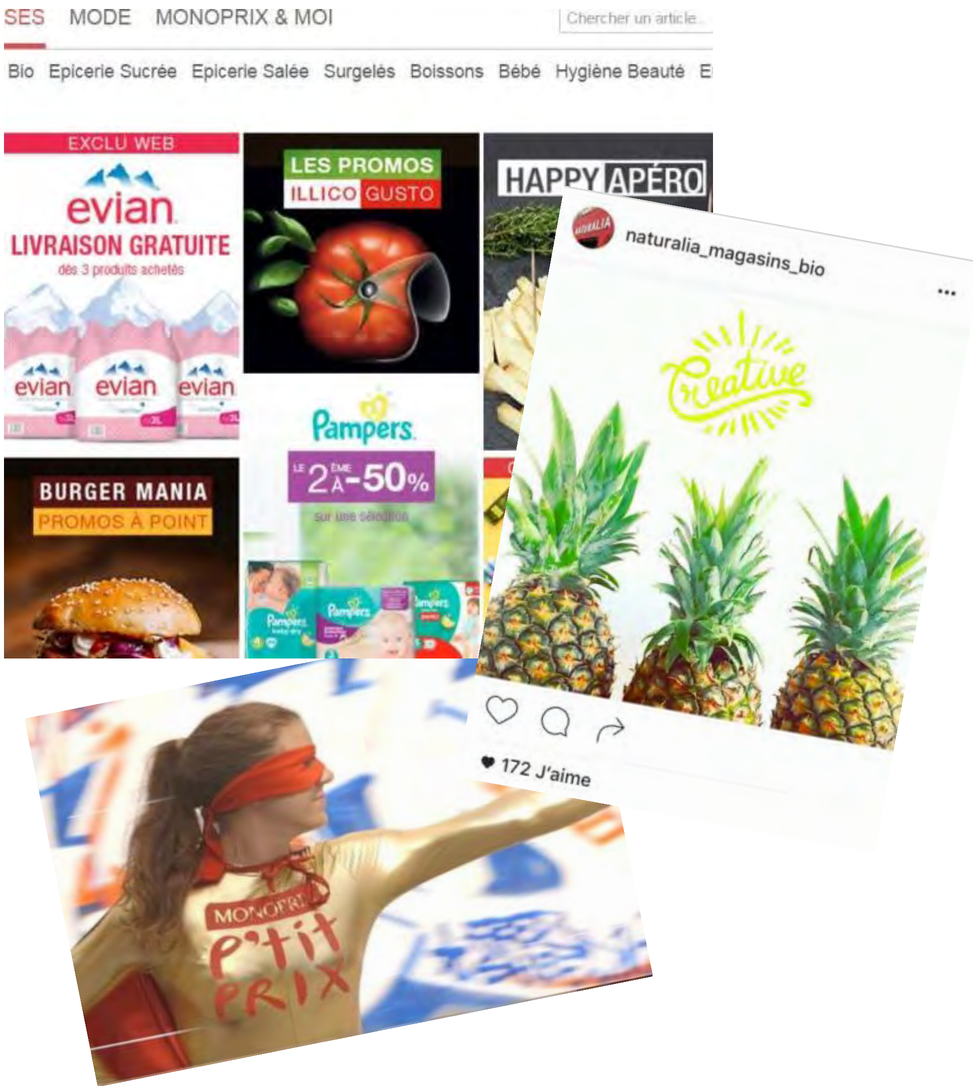
* The beautiful things and the good things

DIFFERENTIATING BRAND…

- "*Vivement aujourd'hui*"*: new tagline full of optimism and enthusiasm
  - Provoke surprise in everyday life
  - Provide customers with innovation and create a buzz
- Outside-the-box communications strategy
  - Connect with customers
  - Surprising and humorous marketing

* Can't wait for today

…WITH AN INNOVATIVE DNA



- New packaging for own-label products
  - Inspired by Warhol’s Factory and 1960s pop culture
  - The “*p’tit prix*”* policy: complete the offer with cheaper, well-packaged products
- New e-commerce website launched in December 2015
  - New browsing inspired by social media
  - New style:
    - Simplified presentation of food products
    - Full fashion display

** Small prices*

MONOPRIX

CHAVILLE PROJECT

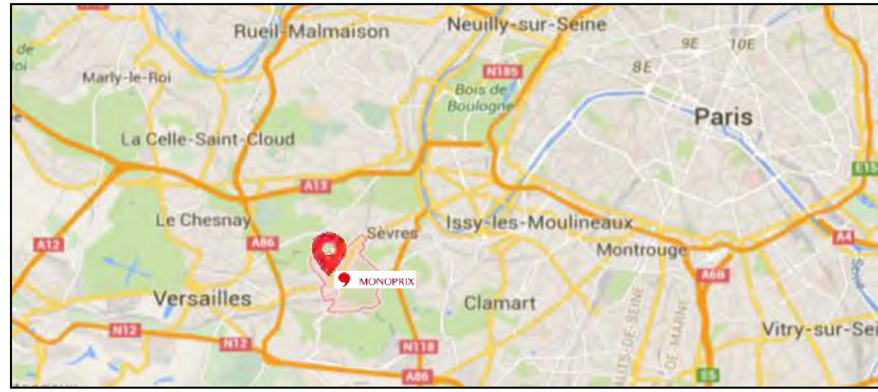
MONOPRIX - CHAVILLE

BUOYANT ENVIRONMENT UNDERGOING A TRANSFORMATION

CITY CENTER DEVELOPMENT ZONE

Chaville, a district in the Inner Rim, in Paris' southwest suburbs, is around 6 km from the capital and 5 km east of Versailles.

The store is located in a new redeveloped neighborhood – "ZAC DE CENTRE VILLE" - designed to become the city center hub for this district with 19,343 inhabitants.



Program:

- 29,500 sq.m of housing, with:
  - *7% reserved for first-time buyers*
  - *25% social housing*
- 2,300 sq.m of shops
- Public car park
- 700 sq.m of offices and business premises
- Market hall looking out over a 2,500 sq.m square
- New 5,790 sq.m school
- 290 sq.m children's leisure center
- New 1,800 sq.m youth / cultural center

Development zone developer: Société Publique Locale Seine-Ouest Aménagement

Development zone architect: André & Christian Roth

Development zone landscape architect: Jean-François Provost / Ingrid Saumur

Development zone created: Dec. 2006

Final operation delivery date: Mars 2017

ZAC DE CENTRE VILLE

Paul Bert block
Architect: Marc BREITMAN
Contracting authority: Les Nouveaux Constructeurs

J. Moulin school
Capacity: *700 pupils*
Architect: **André and Christian ROTH**
Contracting authority: Conseil Général 92

Bataille Stalingrad block
Architect: Gilles ENGELMANN
Contracting authority: Akerys

New youth / cultural center
Space: 1,800 sq.m
Architect: LARAQUI BRINGER Architecture
Contracting authority: City of Chaville

Des Coteaux block
Architect: **Anthony BECHU**
Contracting authority: Bouygues Immobilier
Delivery date: Q1 2016

MONOPRIX - CHAVILLE
PRESENTATION OF THE SITE

OVERVIEW

Asset make-up

- 3-floor Monoprix store, with 2,800 sq.m of sales area and 3,200 sq.m of stockrooms
- 2,000 sq.m multistory car park, with 80 spaces
- 2,800 sq.m plot

Opening date: 1957

Legal system: freehold

Environment

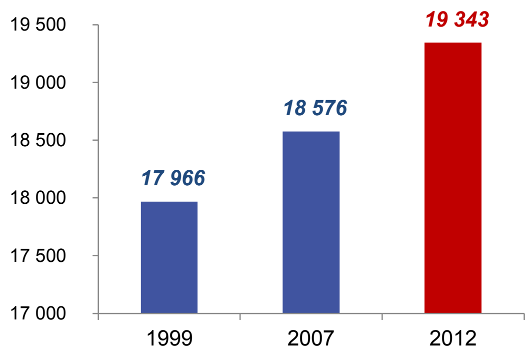
- City center, close to stores and public facilities (city hall, schools, youth / cultural center)
- Site adjacent to a major urban development operation that is currently being completed

MONOPRIX - CHAVILLE
SOCIOECONOMIC DATA

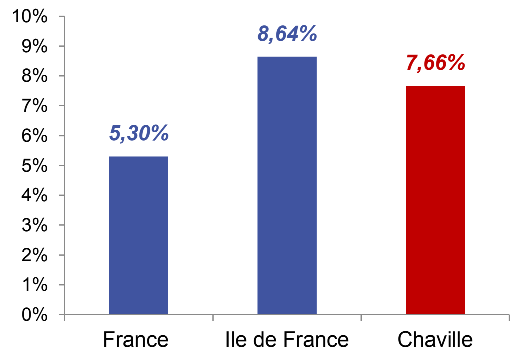
HOUSEHOLDS WITH STRONG PURCHASING POWER

INSEE

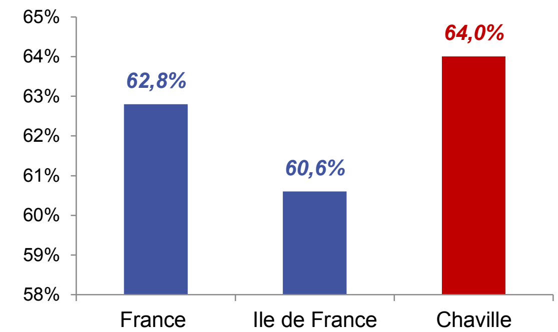
2012 : 19,343 inhabitants



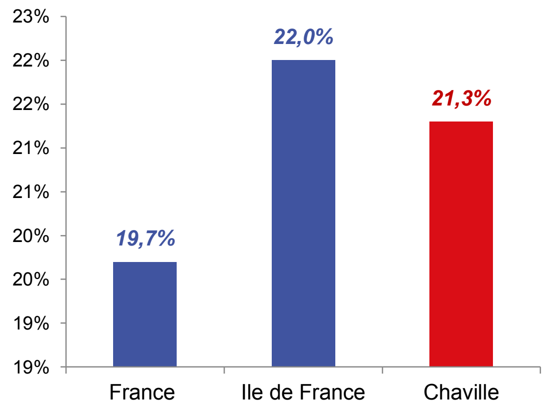
1999/2012 growth: +7.7%
French average: +5,3%



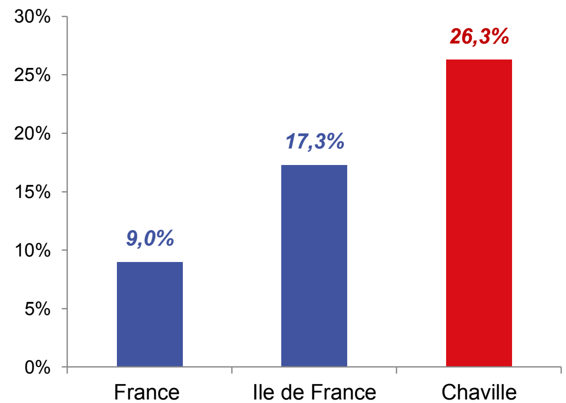
Percentage of families: 64%



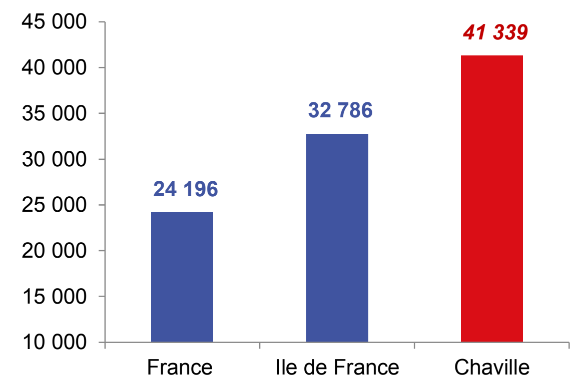
Representation of 30-44 year-olds: 21.3%



Executives and professionals: 26.3%
17.0% higher than the French average



Household income: €41,339
French average: €24,196



MONOPRIX - CHAVILLE
BUOYANT RESIDENTIAL REAL ESTATE MARKET

6 PROGRAMS LAUNCHED SINCE NOV. 2011

Average new-build price: ***€6,700/sq.m with parking***

Average price for old properties: ***€4,437/sq.m***

PLAZA IMMOBILIER

LES NOUVEAUX CONSTRUCTEURS

AKERYS PROMOTION

Research carried out by INOVEFA étude - marketing - vente

OGIC LES NOUVEAUX CONSTRUCTEURS

Bouygues Immobilier Bien plus pour vous BNP PARIBAS IMMOBILIER

LES NOUVEAUX CONSTRUCTEURS

MONOPRIX - CHAVILLE
PROJECT FOCUS

PROVISIONAL PROGRAM

Program:

- Demolition of the Market Hall by the city *(planned for July 2016)*
- Transfer of the pharmacy *(owned by SEM Locale Seine-Ouest Aménagement)*
- Major redevelopment of the Monoprix site with:
    1. *Creation of a multistory residence*
    2. *Creation of 5 stores at the base of the building*
    3. *Extension of the Monoprix store's sales area and rationalization of its stockrooms*
- Development of a two-floor underground car park

Project architect: AGENCE D'ARCHITECTURE A. BECHU

Pre-project

Post-project

Pre-project

Post-project

MONOPRIX - CHAVILLE
PROJECT FOCUS

RESIDENCE PROJECT

Volume: housing section

- Creation of a residence with a landscaped garden at the heart of the block
- Development of a gradually sloping public space encouraging flows between the old and new Chaville and enabling continuous visibility for the building's street-level stores on the upper ground floor and the new Monoprix entrance on the lower ground floor.

MONOPRIX - CHAVILLE
PROJECT FOCUS

COMMERCIAL PROJECT

Project's commercial section

⇒ MONOPRIX store with 3,050 sq.m of sales area and 1,300 sq.m of stockrooms on 2 levels

⇒ Creation of 5 street-level stores at the base of the building, with 2 units set aside for relocating the pharmacy and the medical center, i.e. 330 sq.m)

Upper ground floor

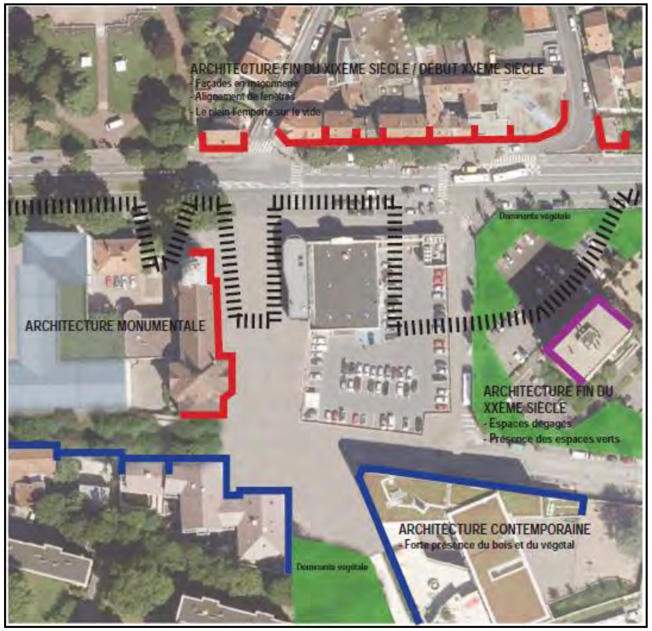
Lower ground floor

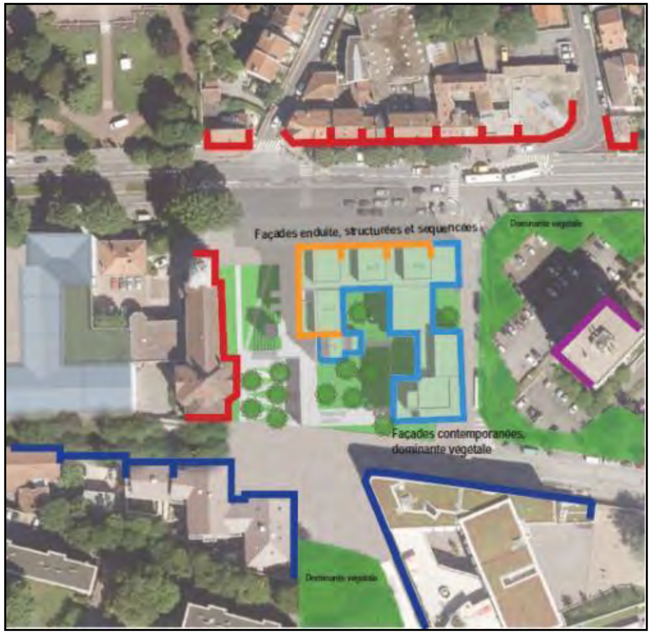
MONOPRIX - CHAVILLE
PROJET FOCUS

ARCHITECTURE

Store at the crossroads of 4 architectural styles

- Late 19th century architecture on Avenue Salengro:
  - *2 and 3-story buildings*
  - *Brickwork facades*
- Monumental architecture with Notre Dame de Lourdes church, built in 1911 and blessed in 1926.
- 1960s architecture:
  - *11-story collective residential buildings*
  - *Brickwork facades*
- Contemporary architecture:
  - *School and housing*
  - *Strong presence of plant-based and timber facades*





Our project must be the connection between these different architectures, i.e. between "new" and "old" Chaville.

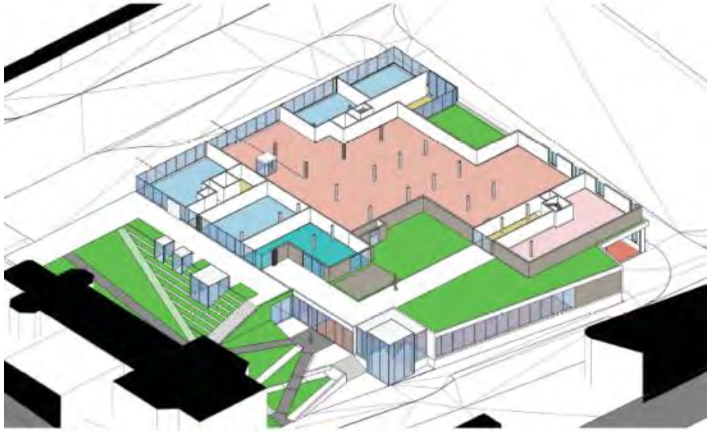
The proposal submitted by the agency A. BECHU is based on a different treatment of the facades with:

- On Avenue Salengro, structured, sequenced plaster facades
- In the development zone, contemporary facades, mainly plant-based

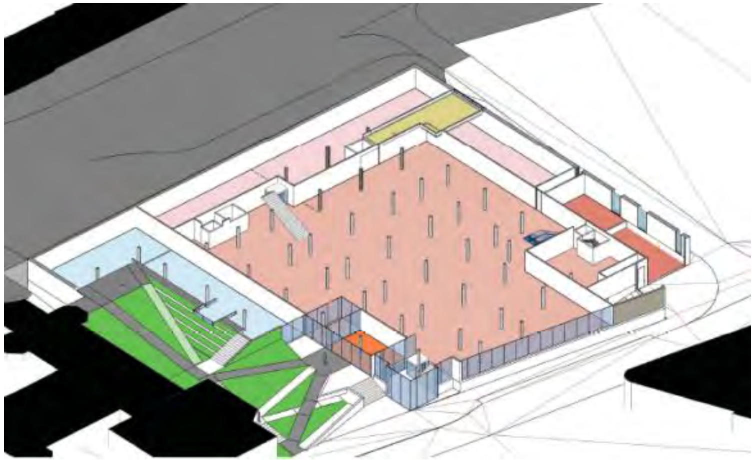
MONOPRIX - CHAVILLE
PROJECT FOCUS

ARCHITECTURE

In the new district, timber-clad facades, open spaces and gardens



Upper ground floor



Lower ground floor

MONOPRIX

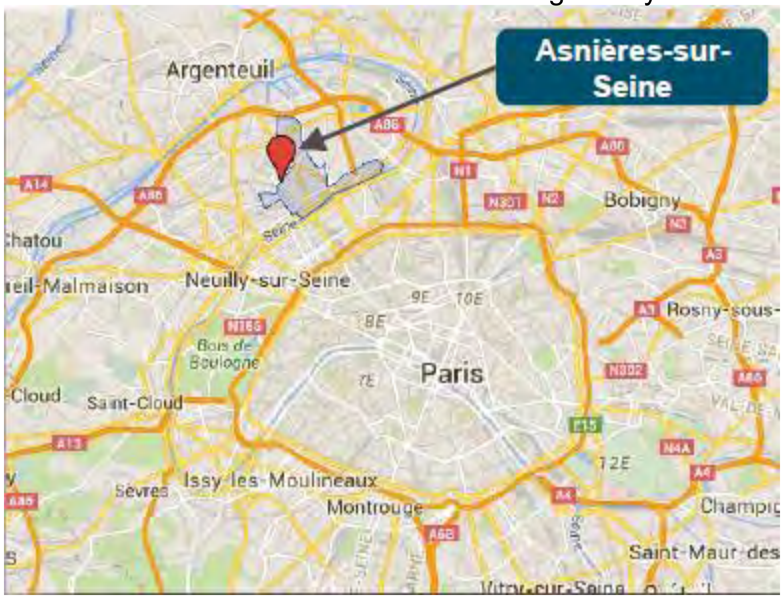
ASNIERES-SUR-SEINE PROJECT

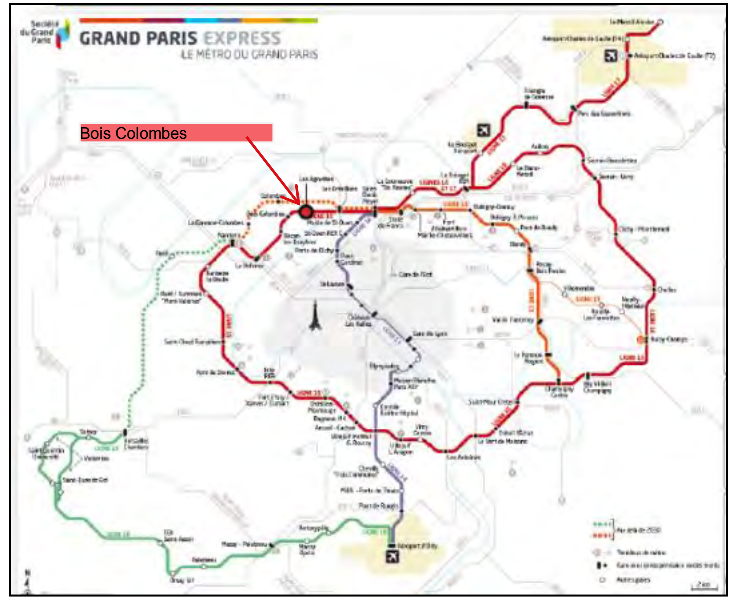
PROGRESS WITH THE ASNIERES SUR SEINE PROJECT

ASNIERES-SUR-SEINE

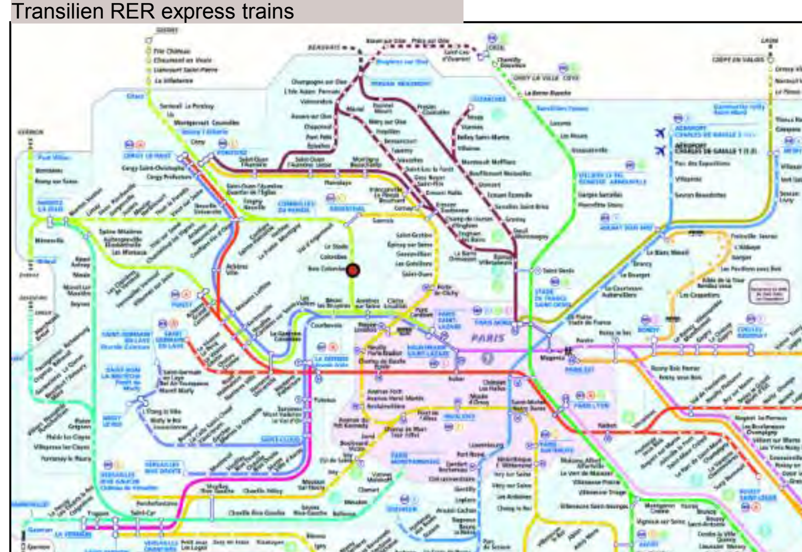
1. LOCATION - TRANSPORT

ASNIERES-SUR-SEINE - 3 km from the gateway to Paris





Transilien RER express trains



MONOPRIX - ASNIERES "BOURGUIGNONS"
ATTRACTIVE, ACCESSIBLE SHOPPING DISTRICT

140 SHOPS, VIBRANT NEIGHBORHOOD WITH VERY GOOD PUBLIC TRANSPORT CONNECTIONS

Bois-Colombes market

Grand Paris Express station
2027

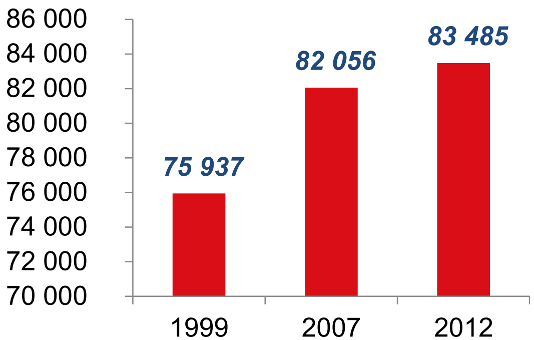
Bois-Colombes station
11 min from St Lazare

PROGRESS WITH THE ASNIERES SUR SEINE PROJECT

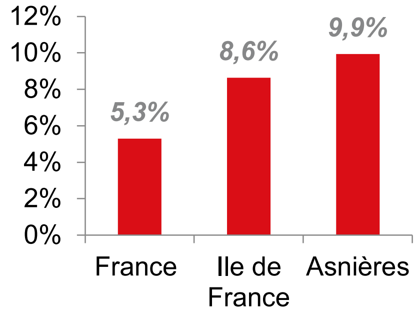
ASNIERES-SUR-SEINE

2. SOCIOECONOMIC DATA

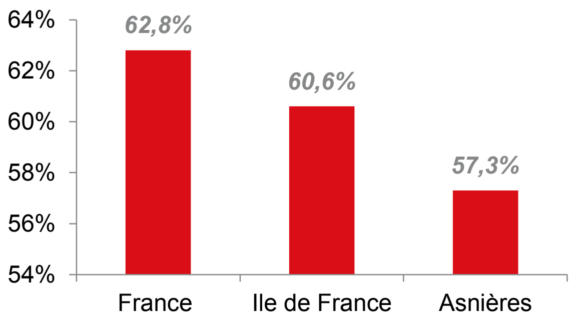
2013: 83,485 inhabitants



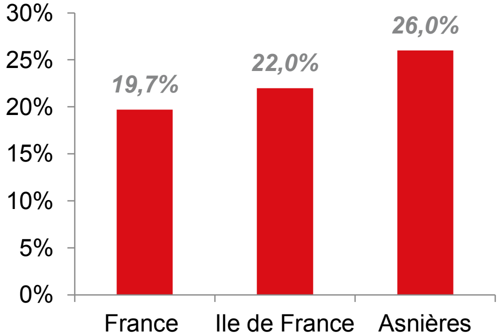
1999/2012 growth: +9,9%
French average: +5,3%



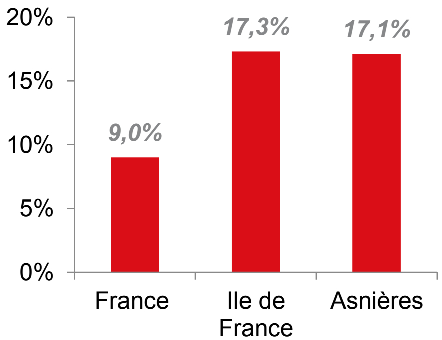
Percentage of families: 57%



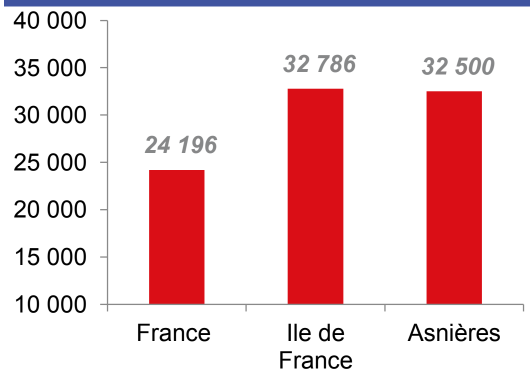
Representation of 30-44 year-olds: 26%



Executives and professionals: 17,1%
8,1% higher than the French average



Household income: €32,500
French average: €24,196

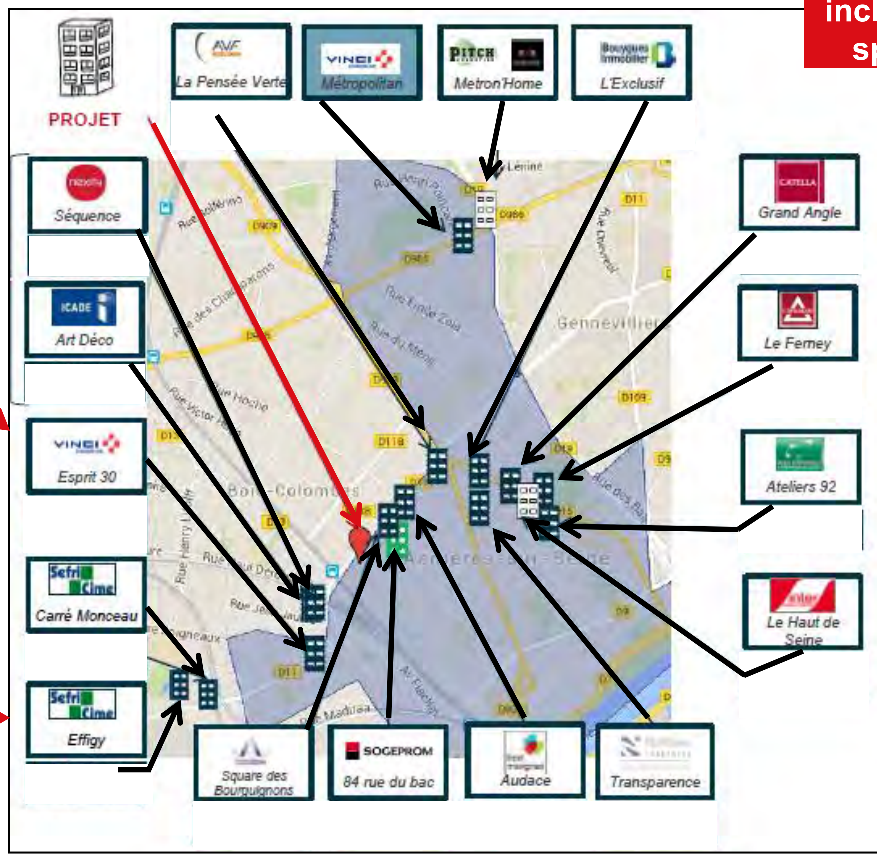


MONOPRIX - ASNIERES "BOURGUIGNONS"
DYNAMIC REAL ESTATE MARKET

Market research carried out by:

17 PROGRAMS LAUNCHED SINCE SEPT 2013 WITHIN A 1 KM RADIUS

AVERAGE PRICE: €6,600 incl. tax / sq.m of living space, with parking



MONOPRIX – ASNIERES SUR SEINE
PROJECT FOCUS

CURRENT STRUCTURE

PLANNED DESIGN

Project architect: STUDIOS D'ARCHITECTURE ORY & ASSOCIES

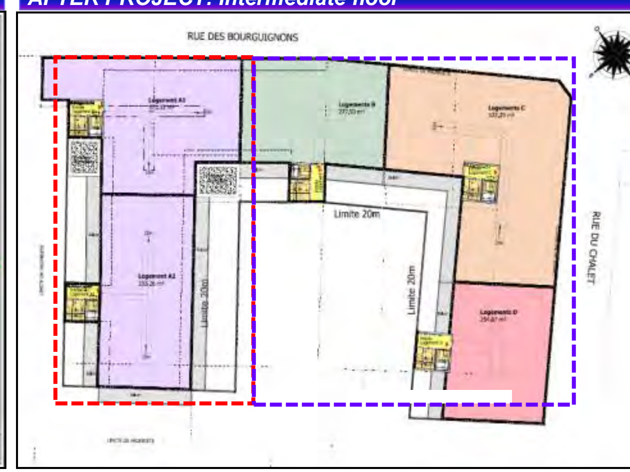
PLANNED PROGRAM

- ❑ Extension of the Monoprix
- ❑ Over 100 apartments
- ❑ Around 200 parking spaces

CURRENT STRUCTURE

AFTER PROJECT: Ground floor

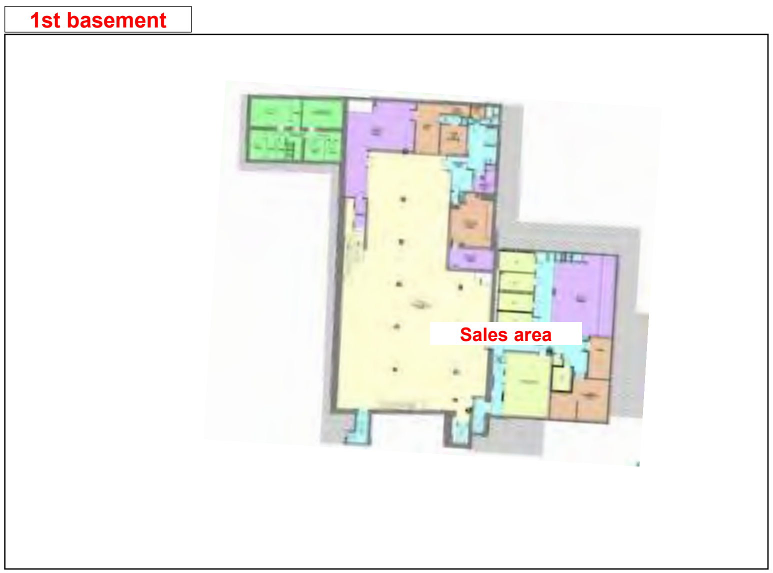
AFTER PROJECT: Intermediate floor



MONOPRIX – ASNIERES "BOURGUIGNONS"
MONOPRIX FOCUS

MONOPRIX PROGRAM - 1st basement floor

CURRENT STRUCTURE



FUTURE PROJECT

MONOPRIX – ASNIERES "BOURGUIGNONS"

MONOPRIX FOCUS

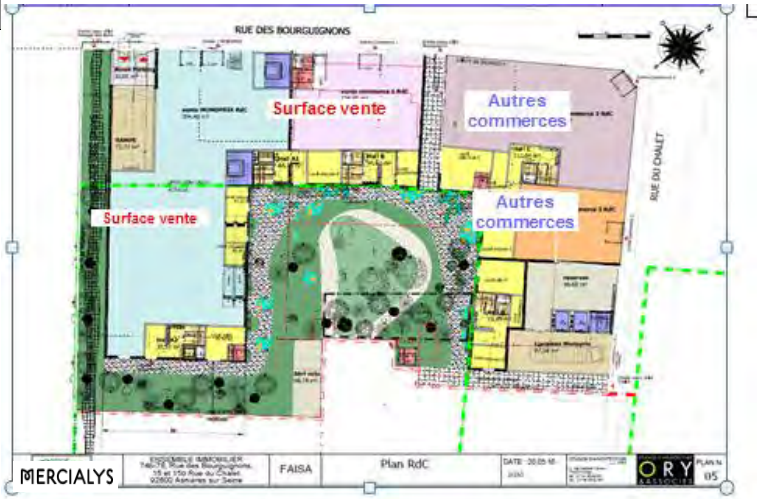
MONOPRIX PROGRAM - Ground floor

CURRENT STRUCTURE

Ground floor

FUTURE PROJECT (includes acquisition of corner shops)

Ground floor



MONOPRIX – ASNIERES "BOURGUIGNONS"

MONOPRIX FOCUS

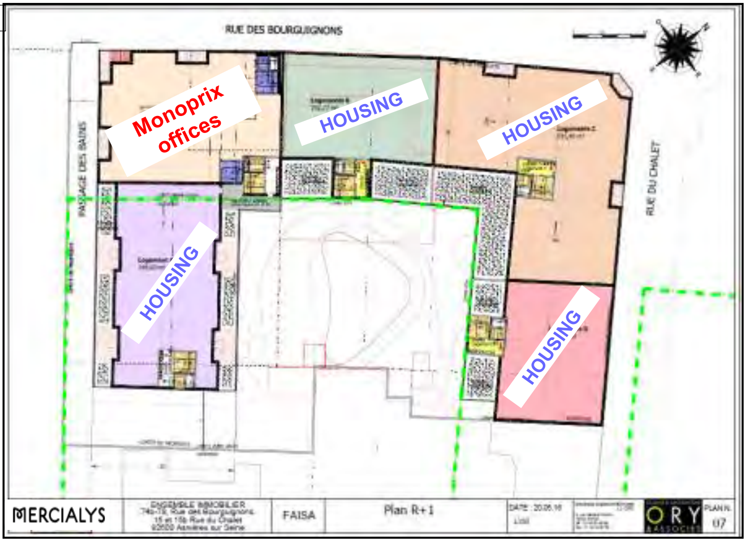
MONOPRIX PROGRAM - First floor

CURRENT STRUCTURE

1st floor

FUTURE PROJECT

1st floor



MONOPRIX – ASNIERES "BOURGUIGNONS"
MONOPRIX FOCUS

MONOPRIX PROGRAM - Second floor

CURRENT STRUCTURE

2nd floor
3rd floor
< 100 sq.m

FUTURE PROJECT

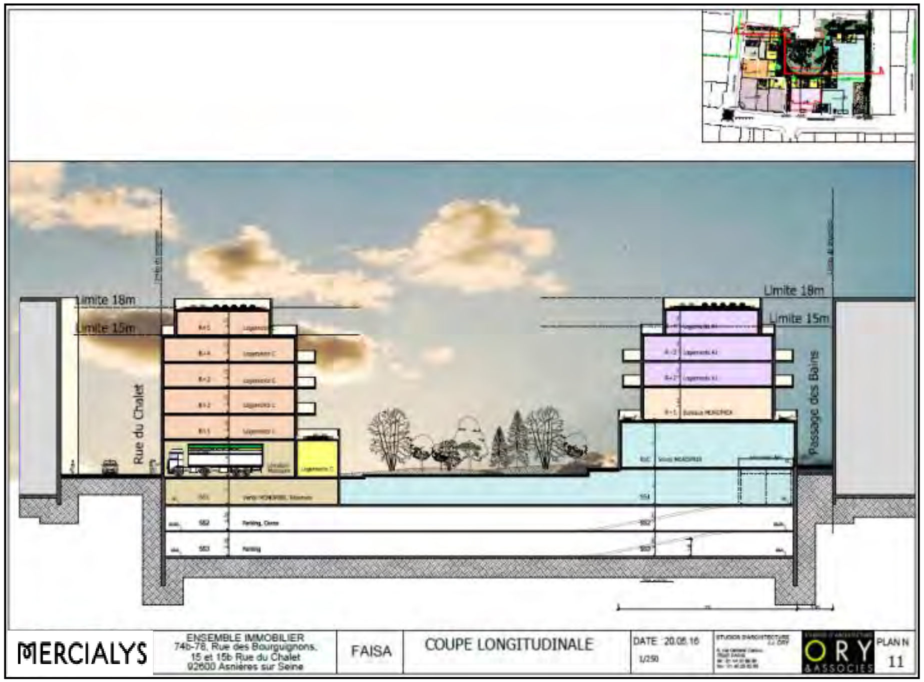
2nd floor
and
intermediate
floors

MONOPRIX – ASNIERES "BOURGUIGNONS"

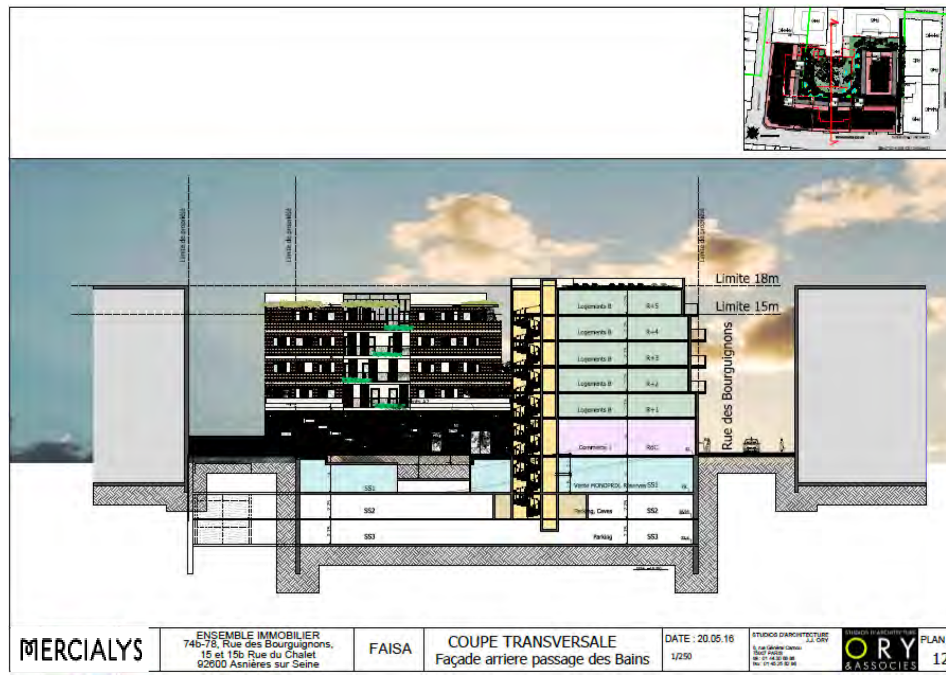
MONOPRIX FOCUS

PROJECT VIEWS

LONGITUDINAL SECTION



CROSS-SECTION



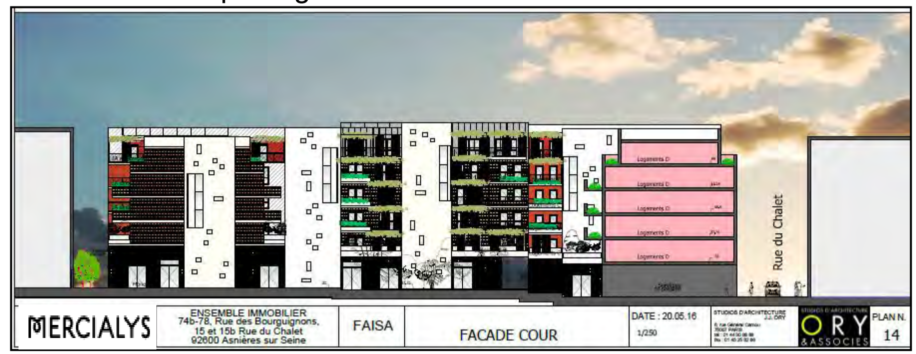
MONOPRIX – ASNIERES "BOURGUIGNONS"

MONOPRIX FOCUS

PROJECT FACADES

FACADES Rue des Bourguignons and Rue du Chalet

FACADE patio-gardens



MONOPRIX

PUTEAUX PROJECT

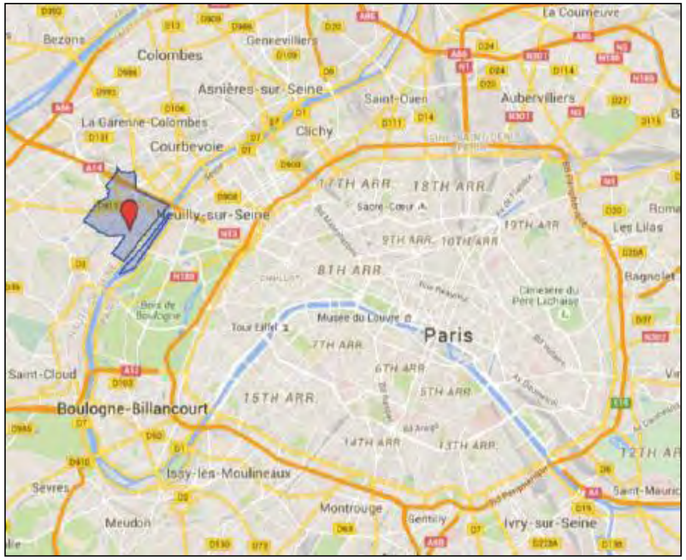
MONOPRIX – PUTEAUX
CITY CENTER 5 MINUTES FROM LA DEFENSE

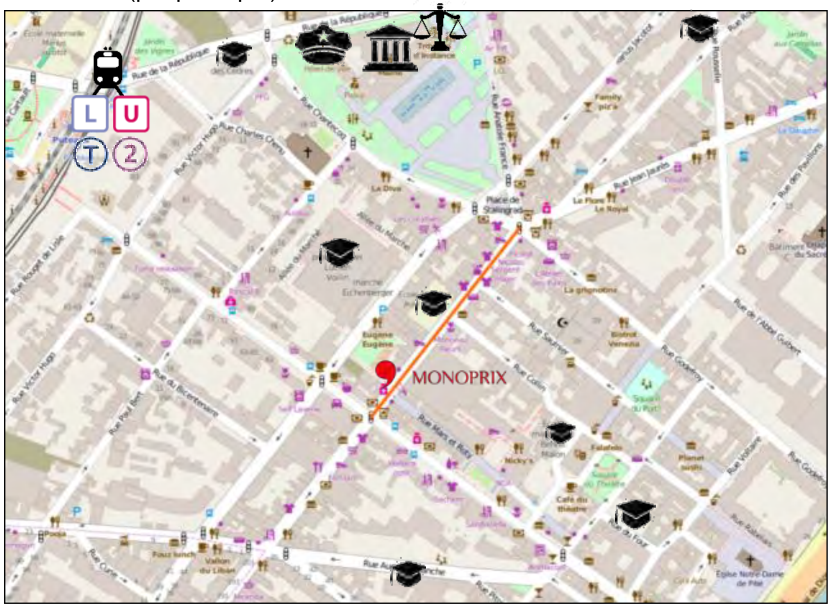
SITE CLOSE TO ALL CONVENIENCES

3 km from the gateway to Paris, the Puteaux district is located in the northwest of Hauts-de-Seine, France's richest *département*
Two-thirds of the La Défense district is located in Puteaux

The Monoprix store is located in a high-quality immediate environment:

- Between new collective buildings (Théâtre development zone) and good quality collective old properties (3 and 4 floors)
- On the city's main shopping street
- 500 m from facilities and local government services: town hall, police station, etc.
- Comprehensive range of schools within 700 m:
  - *250 m from nursery school,*
  - *2 day-care centers*
  - *100m from 2 elementary schools,*
  - *700 m from secondary school,*
  - *400 m from high school*
- Transport: 550 m from Transilien lines L and U, 500 m from Tramway line 2, 9 min from Paris ring road (périphérique)





MONOPRIX – PUTEAUX
PRESENTATION OF THE SITE

OVERVIEW

Asset make-up

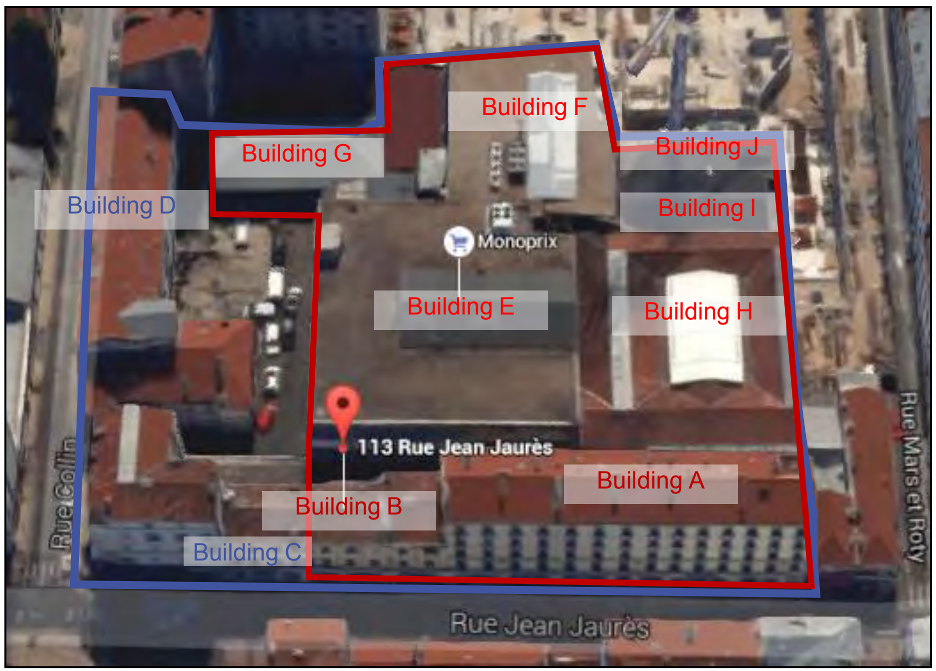
- 3-floor Monoprix store, with 2,216 sq.m of sales area and 4,112 sq.m of stockrooms

Opening date: 1999

Legal system: joint ownership

Environment

- The asset is located at the heart of the city center, in a predominantly residential sector made up of old collective buildings, with large numbers of ground-floor commercial units.
- Rue Jean Jaurès is the district's main shopping street, running from Puteaux city hall square to Suresnes city center



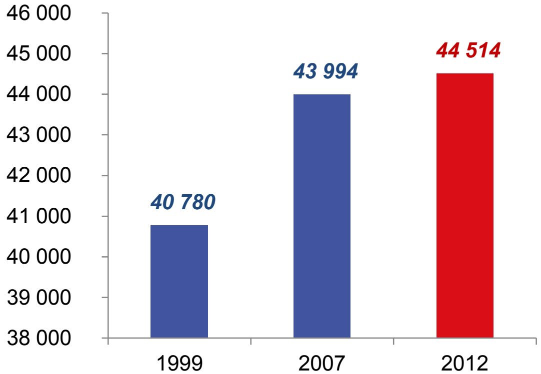
Monoprix scope

Joint ownership scope

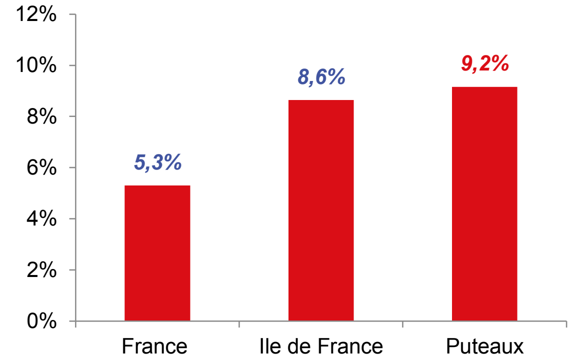
MONOPRIX - PUTEAUX
SOCIOECONOMIC DATA

STRONG REPRESENTATION OF YOUNG EXECUTIVES

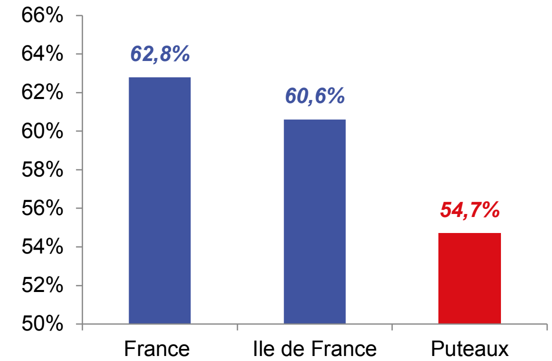
2012: 44,514 inhabitants



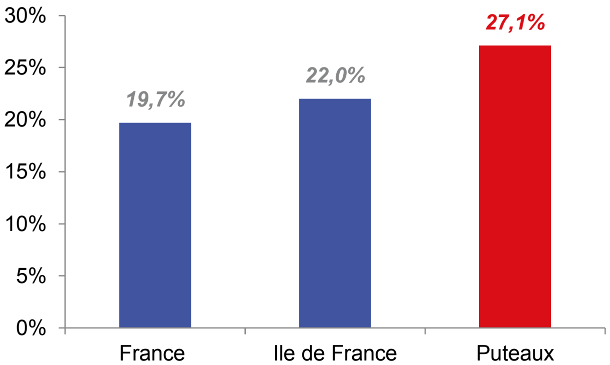
1999/2012 growth: +9.2%
French average: +5,3%



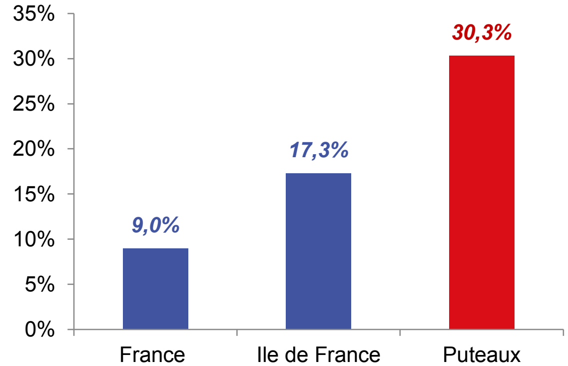
Low percentage of families: 54.7%



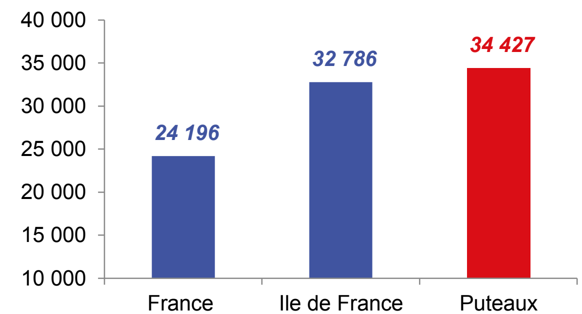
Representation of 30-44 year-olds: 27.1%



Executives and professionals: 30.3%
21.0% higher than the French average



Household income: €34,427
French average: €24,196



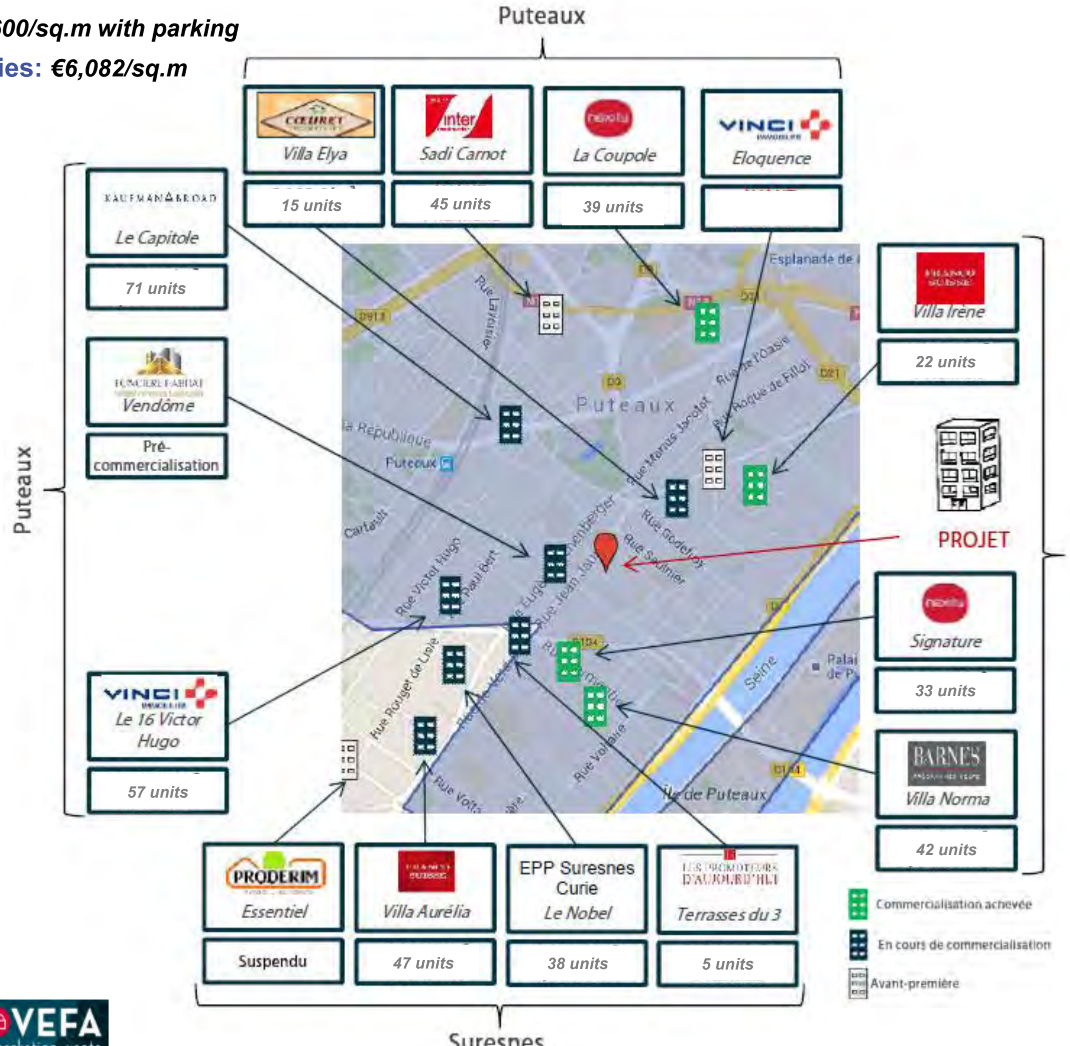
MONOPRIX - PUTEAUX
BUOYANT RESIDENTIAL REAL ESTATE MARKET

14 PROGRAMS LAUNCHED SINCE JUL. 2013

Average new-build price: ***€7,600/sq.m with parking***

Average price for old properties: ***€6,082/sq.m***

KAUFMAN & BROAD



Research carried out by INOVEFA étude · marketing · vente

MONOPRIX - PUTEAUX
PROJECT FOCUS

PROVISIONAL PROGRAM

General program:

⇒ Demolition of building D and, as an option, the real estate complex at the corner of Rue Mars & Roty and Rue Jean Jaurès

⇒ Major redevelopment of the Monoprix with:

1. *Creation of a multistory residence with around 7,700 sq.m of floor space*
2. *Splitting of 2 stores at the base of buildings with total sales area of around 250 sq.m*
3. *Extension of the Monoprix store's sales area and rationalization of its stockrooms*

⇒ Development of a two-floor underground car park with around 150 spaces

Project architect: ARTE CHARPENTIER ARCHITECTES

Pre-project

Pre-project

Post-project

Post-project

MONOPRIX - PUTEAUX
PROJECT FOCUS

RESIDENTIAL PROJECT

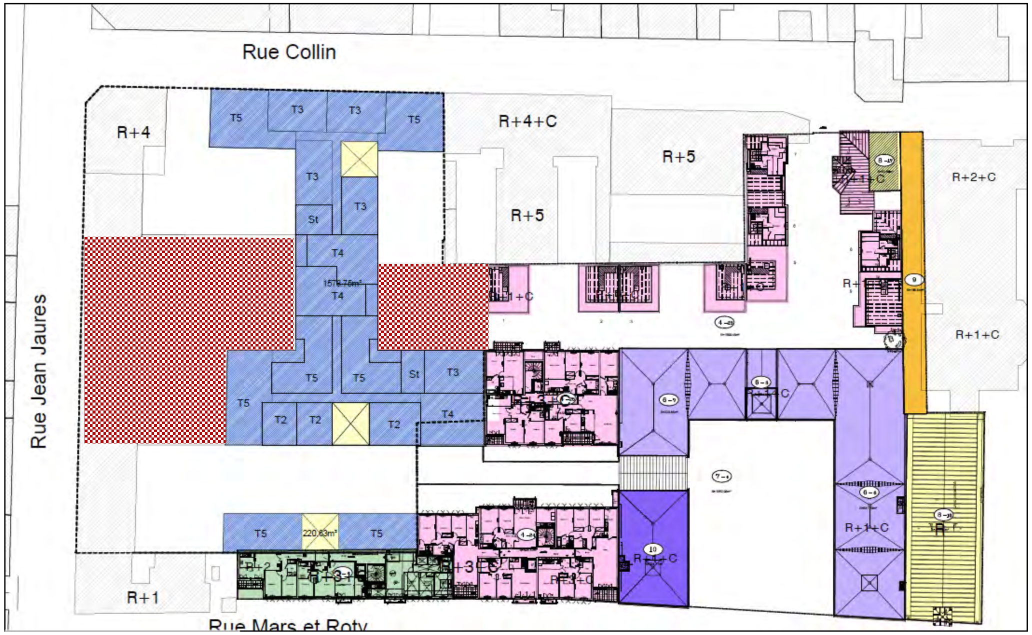
Housing section

⇒ Construction of a multistory residence with around 110 apartments

⇒ Landscaping of the heart of the block

⇒ Extension of Théâtre development zone parking, with 150 spaces created

Ground plan



5th floor plan

MONOPRIX - PUTEAUX
PROJECT FOCUS

RESIDENTIAL PROJECT

MERCIALYS

WE SHAPE THE CONVENIENCE PLACE TO BE

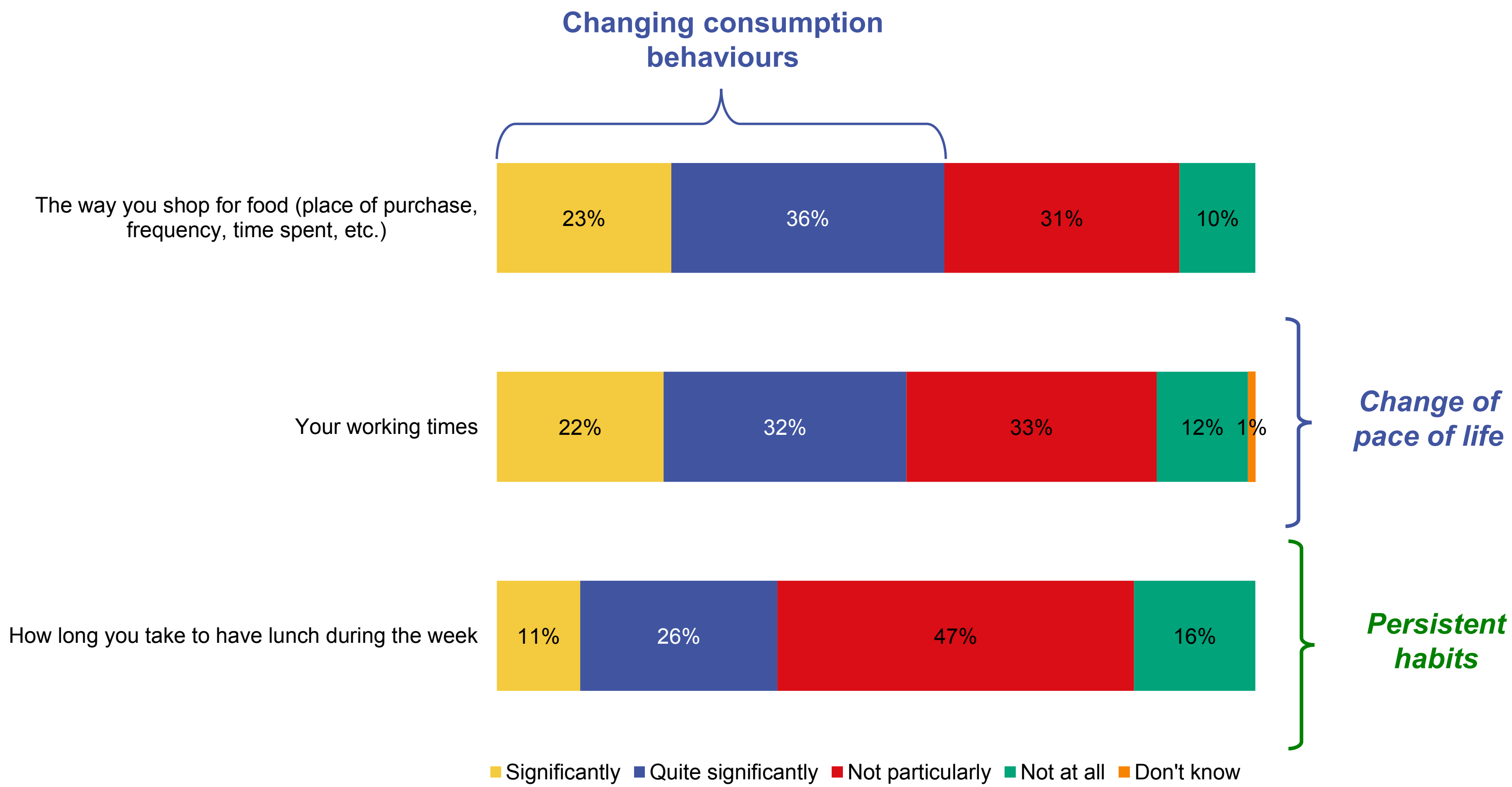
JUNE 2016

THE AGE OF EFFICIENT CONSUMPTION

DAILY HABITS TRANSFORMED IN 10 YEARS

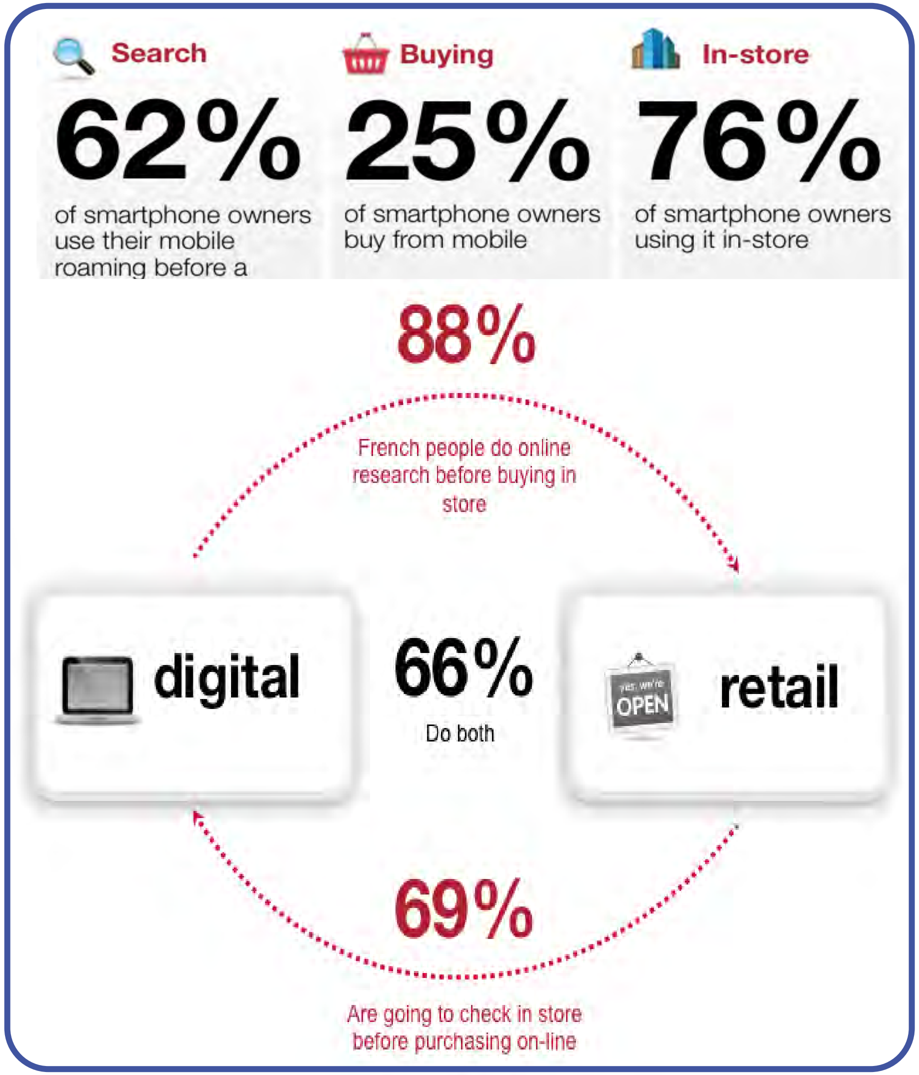
Evolving day-to-day habits

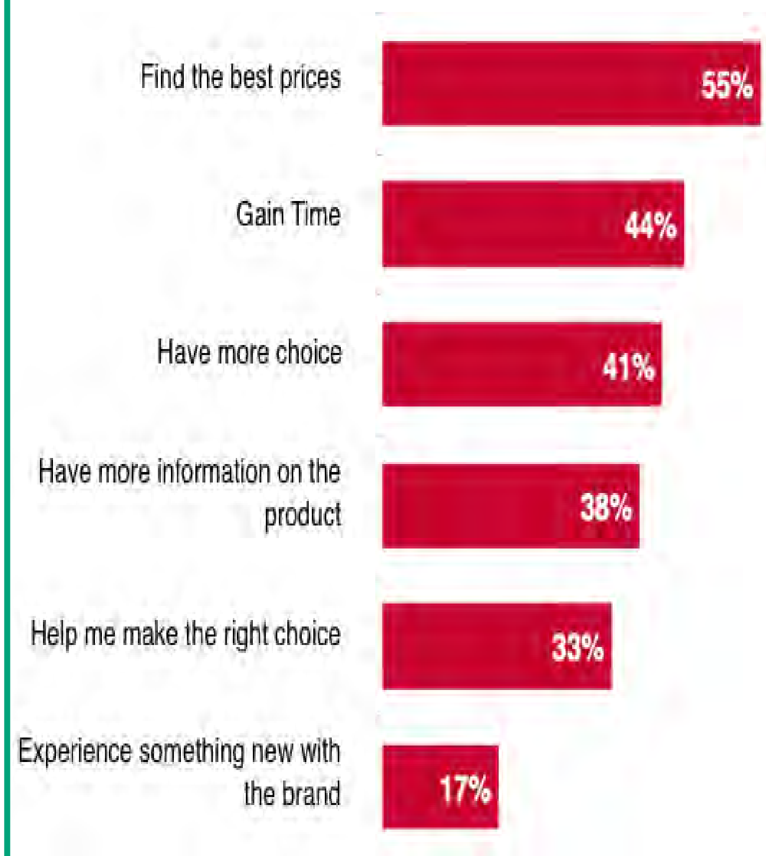
Q: Would you say that your day-to-day habits have changed over the past 10 years in the following areas?



Source: survey conducted with 1,403 people by OpinionWay in October 2015

BEHAVIOURS TRANSFORMED BY DIGITAL TECHNOLOGY



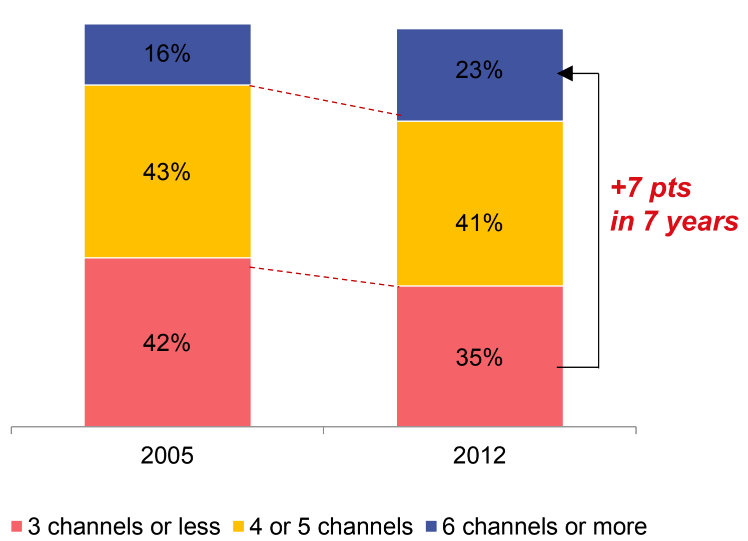


People want technology / digital to bring services not gadgets

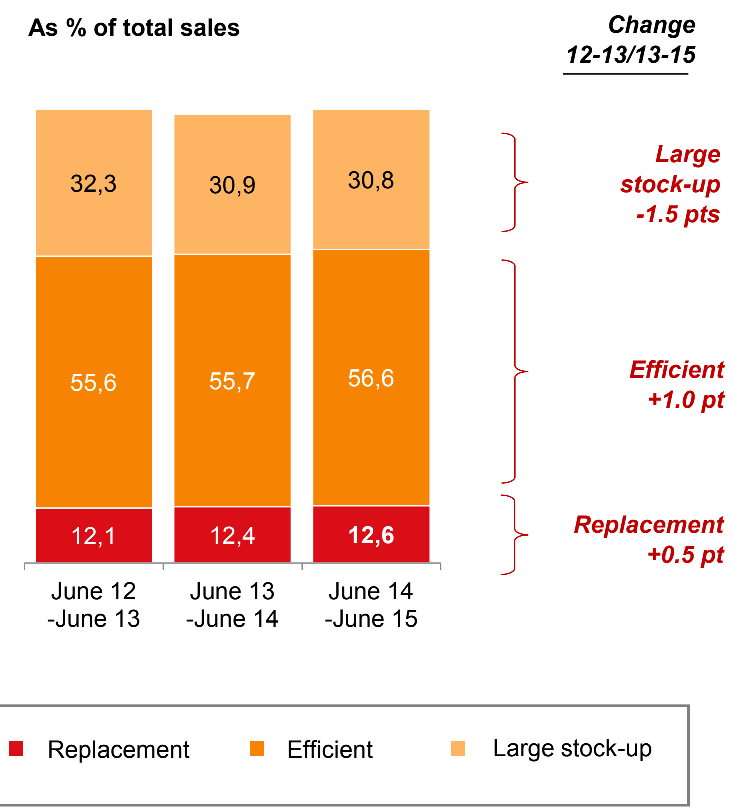
Sources: Digitas / Vivaki 2014 Connected Shopper

FRAGMENTATION OF SHOPPING JOURNEYS BENEFITING CONVENIENCE CHANNELS

Breakdown of the population based on the number of monthly shopping journeys [1] (as %)

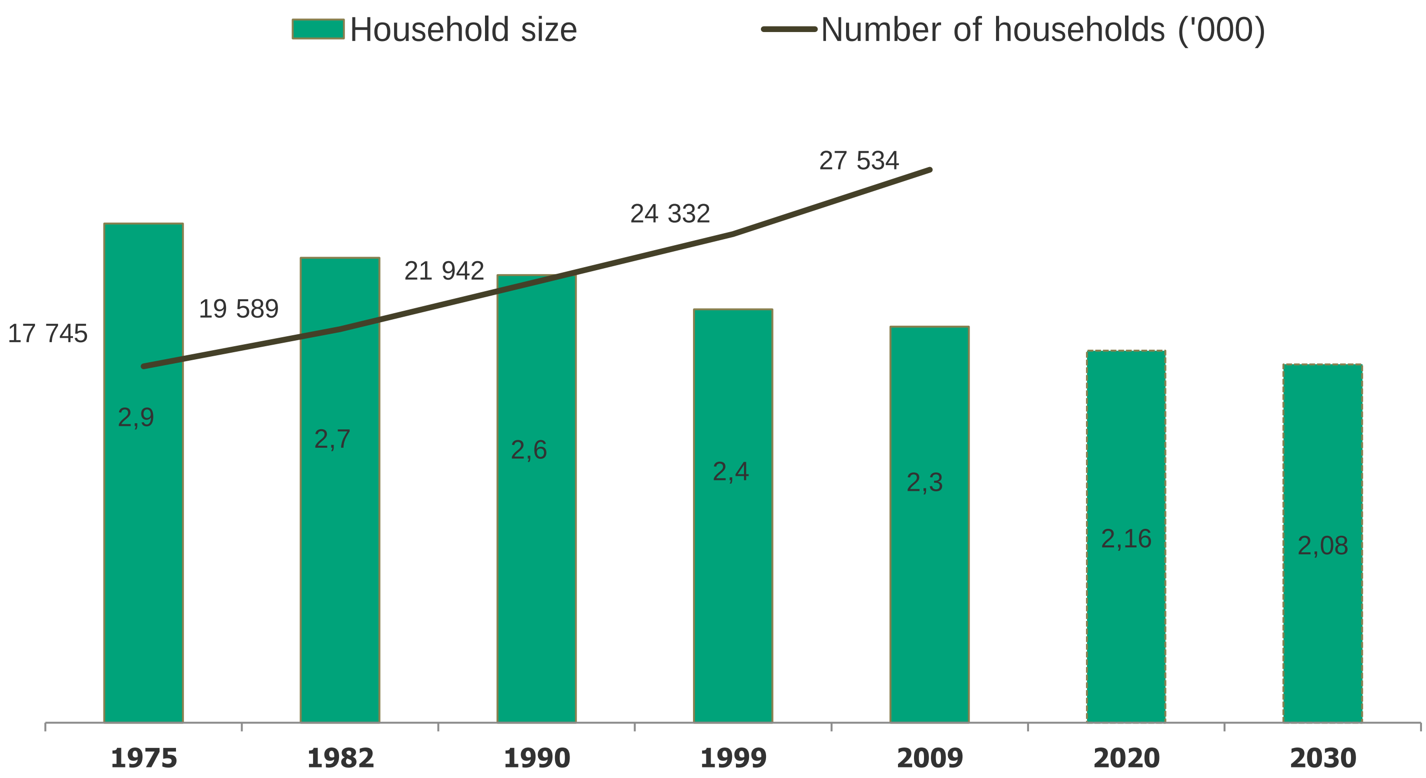


Breakdown of food shopping journeys by category – food retail in France (offline only) [1]



Source: (1) Kantar Worldpanel

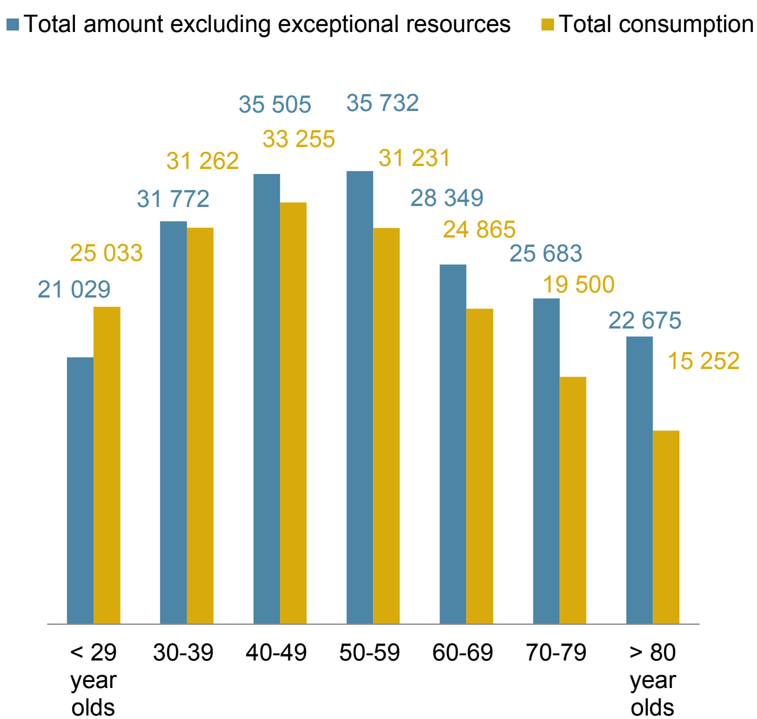
DEMOGRAPHIC CHANGES FURTHER STRENGTHENING TRENDS FOR RECURRENT PURCHASES



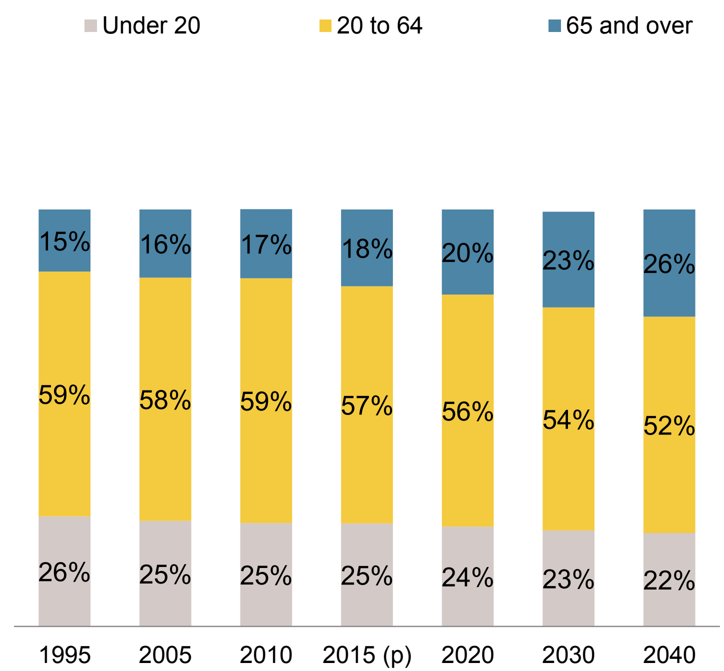
Source: INSEE, Kantar Worldpanel, 2007-2060 population forecasts (2030 scenario based on forecasts from 1990-1999 census)

GROWING IMPORTANCE OF POPULATION OVER 50S FAVOURABLE TO PROXIMITY SHOPPING

Disposable income depending on age of head of household (2)
in euros



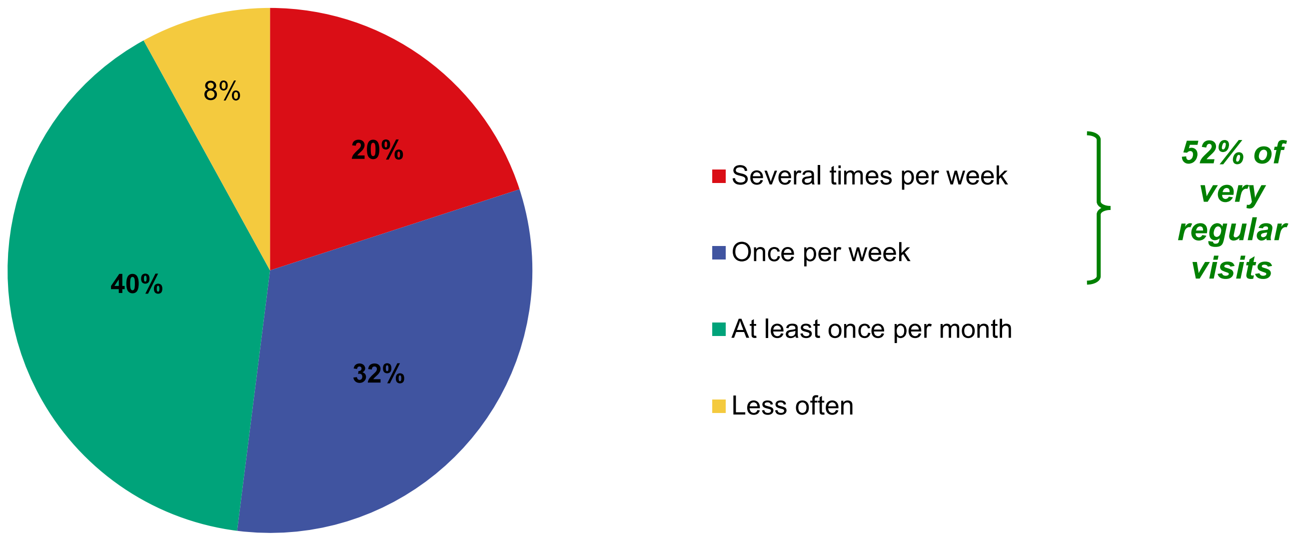
Total population in each age bracket(1) (as %)



Sources: (1) INSEE, INSEE (p) provisional results at end-2014. (2) Arcep/Crédoc, INSEE family budget

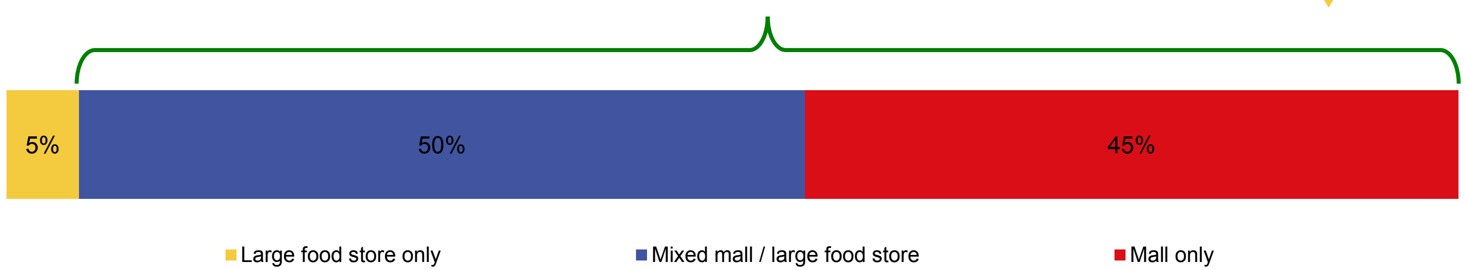
SHOPPING VISITS ARE MORE REGULAR

Frequency of visits



Shopping Centers visit habits

95% mixed visits



Source: 2015 ENOV surveys for Mercialys (17 centers / 420 people)

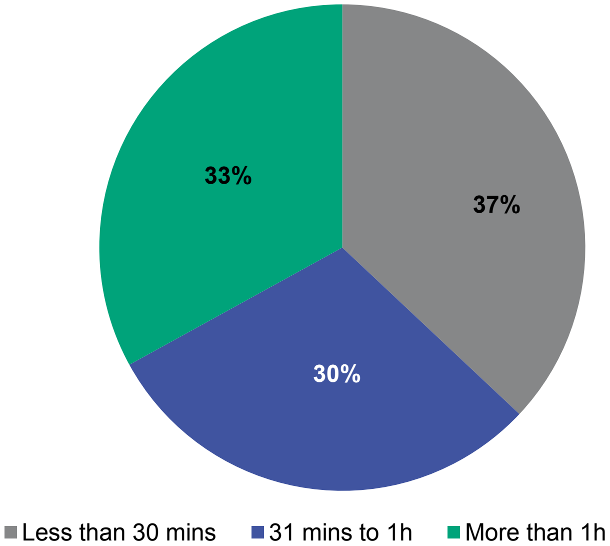
SHOPPING VISITS ARE MORE AND MORE EFFICIENT

Shopping Center dwell time

Average of 51.9 mins
(vs 50.6 mins historically)

46.6 mins for mixed mall / large food store customers

57.5 mins for mall-only customers

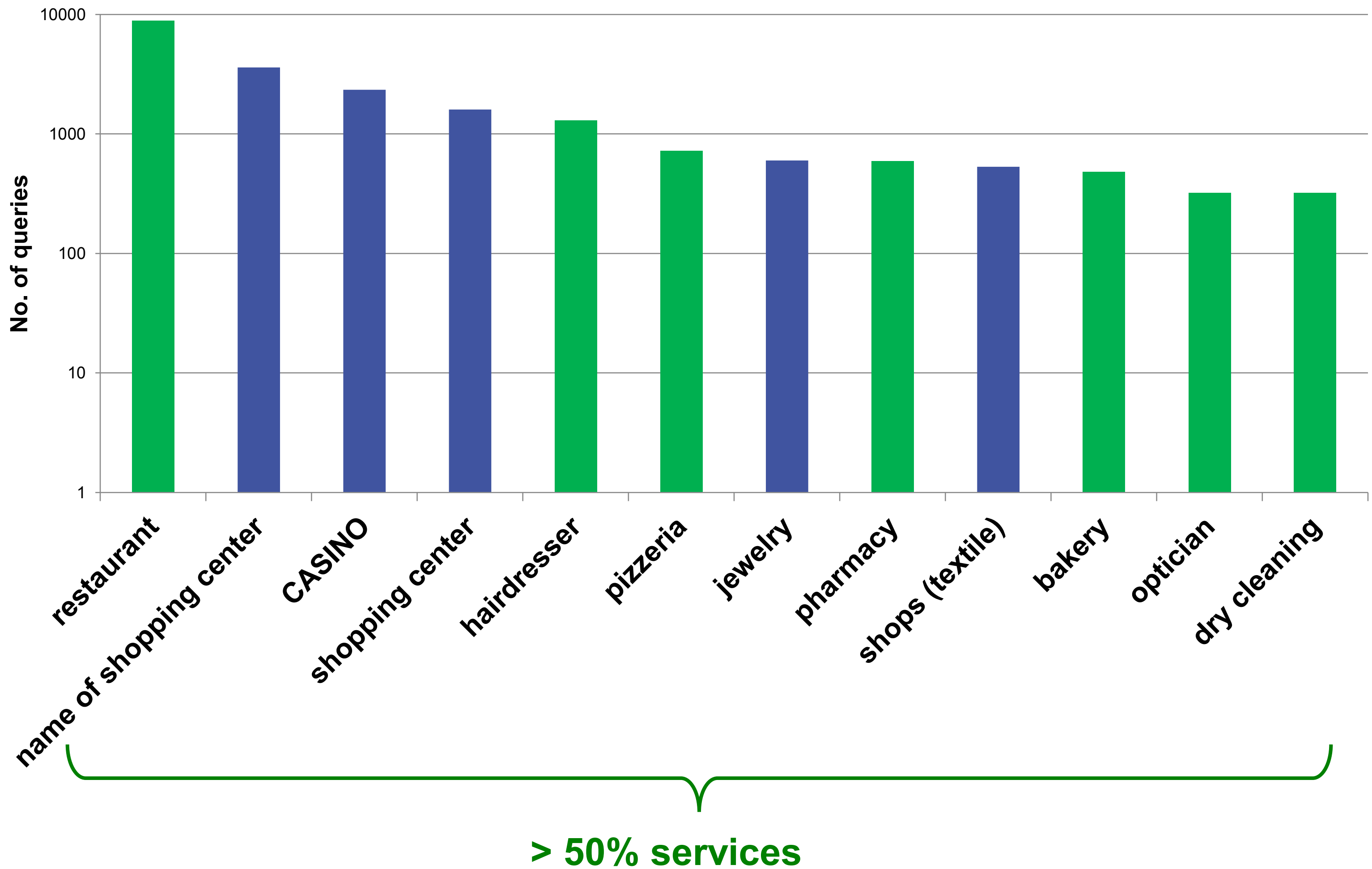


Visit reasons

Source: 2015 ENOV surveys for Mercialys (17 centers and 420 people)

SERVICES AT THE HEART OF CUSTOMER INTERESTS

Keywords linking to our shopping centers' digital portals



Source: FULLSIX study for Mercialys (March 2016)

LARGE FOOD STORES AND SHOPPING CENTERS: AN EVOLVING MODEL

FRANCE STILL DOMINATED BY LARGE FOOD STORES

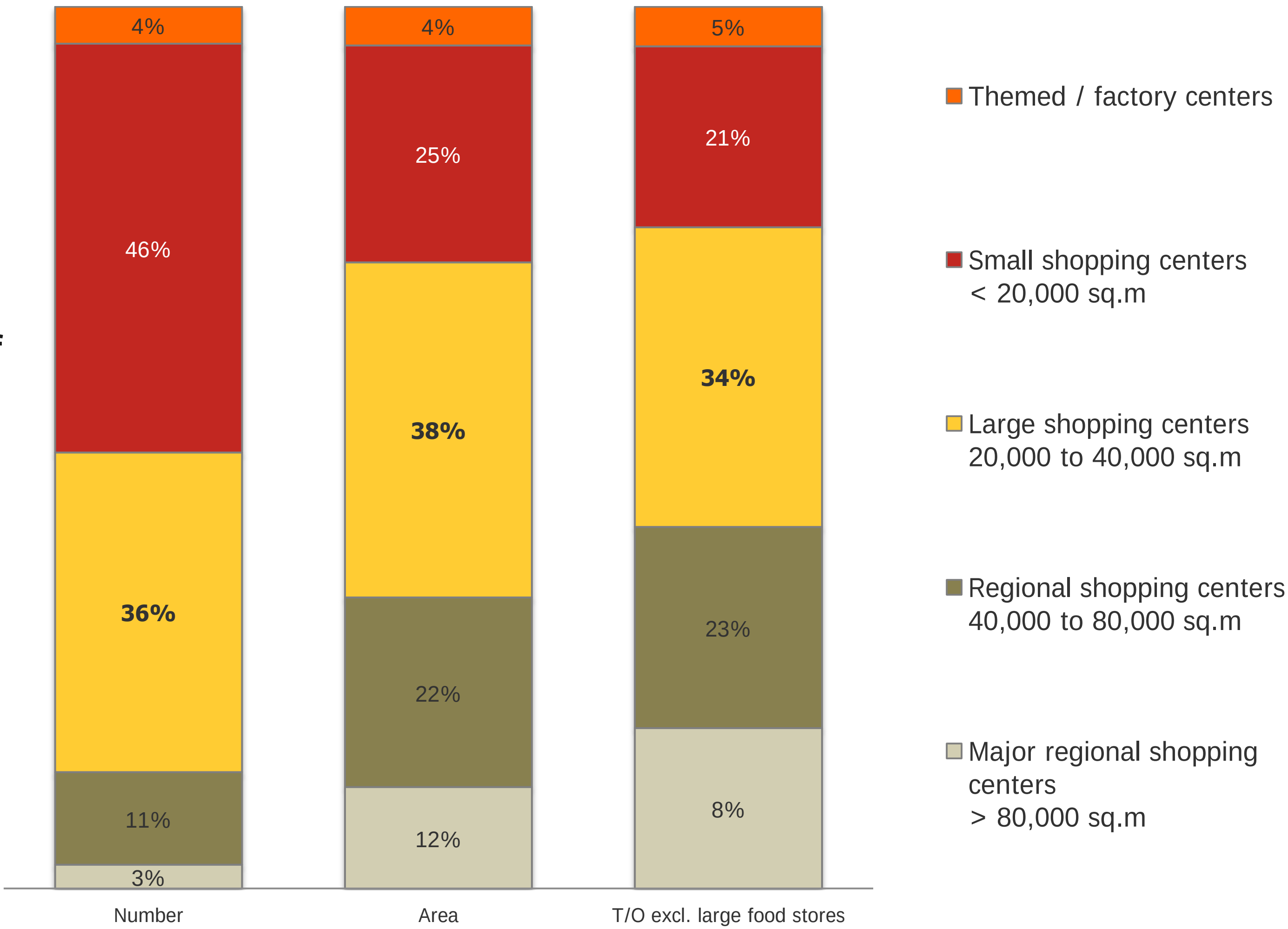
Food format market shares in 2014 and changes vs 2005 [(1)]

Country	Hyper	Super	Discount	Food e-commerce & Drive	Other, including neighborhood
France	31.3 (+2.2 pts)	**32.4** (+1.0 pt)	7.8 (+0.8 pts)	2.3 (+2.2 pts)	26.2
UK	**33.4** (-3.8 pts)	8.4 (-1.5 pts)	5.9 (+2.8 pts)	3 (+2.0 pts)	49.3
Germany	9.3 (-1.8 pts)	17 (-0.8 pts)	**24** (+1.0 pt)	0.1 (+0.1 pts)	49.6
Italy	10.7 (+1.6 pts)	**14.6** (+1.4 pts)	5.4 (+2.6 pts)	0.0 (-)	69.3
Spain	10.8 (-3.0 pts)	**35** (+9.3 pts)	6.9 (+0.9 pts)	0.4 (+0.3 pts)	46.9

Source: (1) Planet Retail. Sales of food and convenience products (including VAT), market shares calculated for year, estimates calculated based on latest exchange rate available
100% food – all circuits: hyper/super/discount/e-commerce, distance selling/neighborhood/wholesale/cash&carry/catering/other formats, food and non-food

CENTERS FROM 20,000 TO 40,000 SQ.M ARE THE NO. 1 SEGMENT FOR GLA AND REVENUES GENERATED IN FRANCE

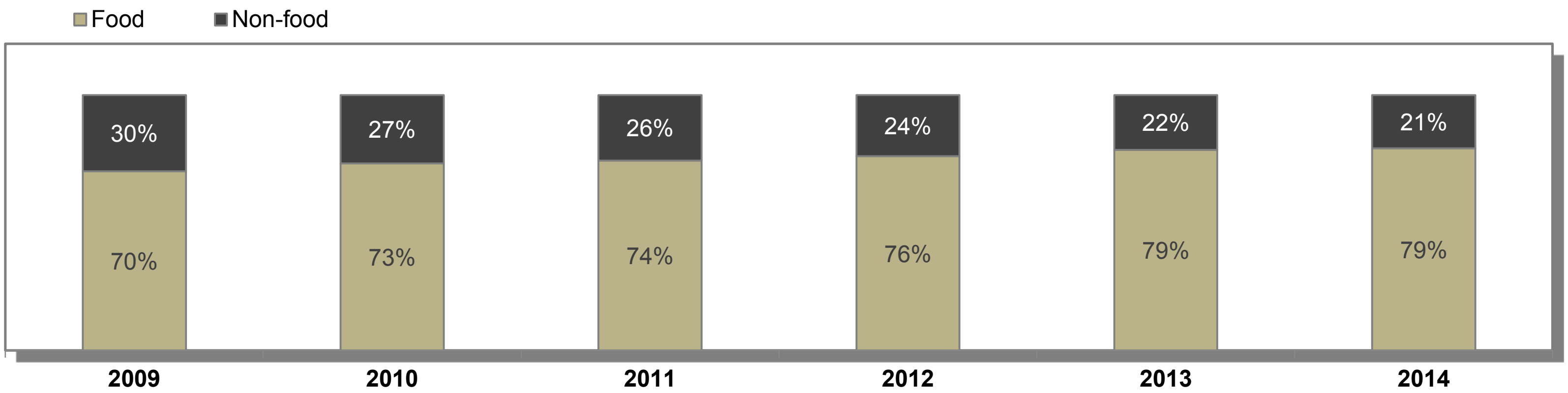
France Breakdown of shopping centers (in 2014)



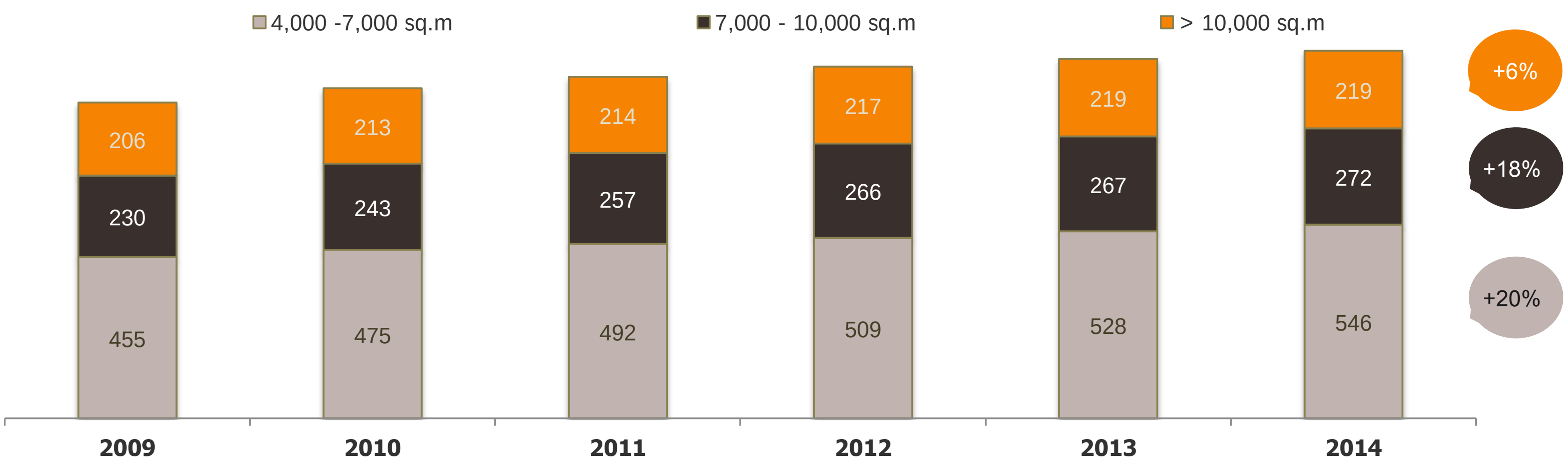
Source: CNCC

MID-SIZE FOOD STORES PERFORMING BEST WHILE NON-FOOD SALES ARE DECLINING

Large food stores, sales weight per category [2]



Breakdown of large food stores by size range: change 2009-2014, France [1]



Sources: (1) Linéaires; (2) Nielsen Trade Dimensions; Dia-Mart analysis

SIZE DOES NOT MEAN OUTPERFORMANCE

	French panel *(including MERCIALYS)*				MERCIALYS	
Large food store / shopping center size ratio	No. of large food stores (in 2014)	Average shopping center size (in sq.m)	Large food store T/O per sqm change 2014 vs 05	Shopping centers T/O per sqm change 2014 vs 05	No. shopping centers (in 2014)	Shopping centers T/O per sqm change 2014 vs 05
<=35%	181 (40%)	41,606	4%	NR	22 (40%)	NR
>35%-45%	95 (21%)	24,686	1%		14 (25%)	
>45%-55%	103 (23%)	19,367	-4%		7 (13%)	
>= 55%	77 (17%)	14,783	3%		12 (22%)	
Total	**456**	**28,528**	**1%**	**-5%**	**55***	**-1%**

No clearly outperforming segment

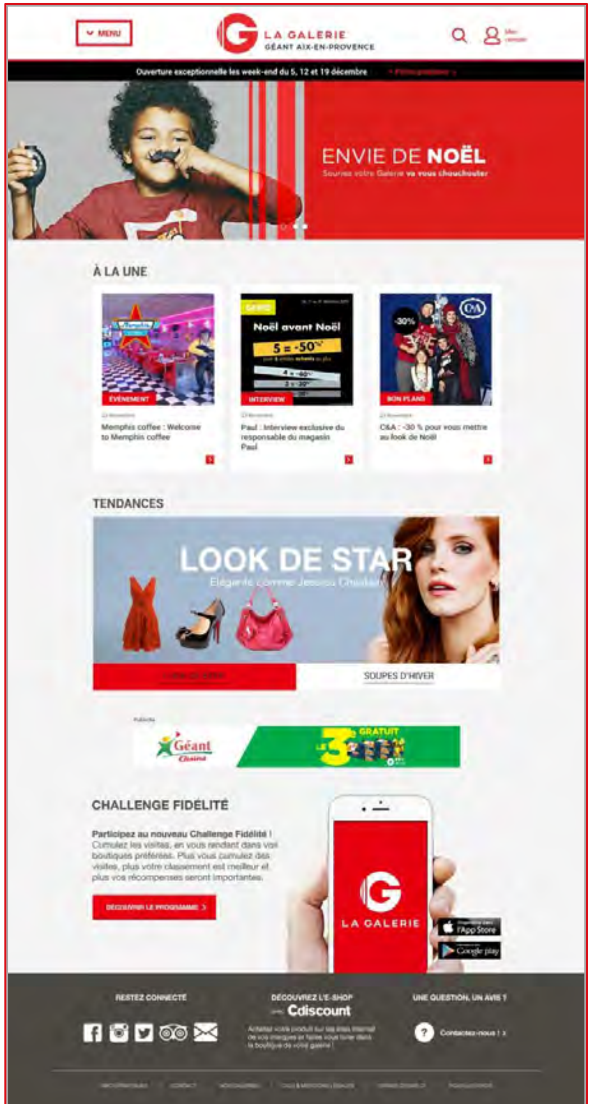
Intensive to extensive retail

Size is not a factor of outperformance

Sources: Nielsen, large food store > 2,500 sq.m; 2014 data for space ratios; CNCC (non-constant scope; sales restated for panel, extensions excluded from scope over 2 years before comparable reintegration); *Mercialys: excluding AMR, UIM sites, sites with no large food stores

MERCIALYS: REAL ESTATE INNOVATION PART OF OUR DNA MAKE-UP

STRENGTH AND SYNERGIES OF A UNIQUE TRANSVERSAL BRAND MODEL



DIGITAL STRATEGY TAILORED TO OUR MODEL: REINFORCE LOYALTY THROUGH OUR LOCAL FOOTPRINT

Customers expectations

Consumers expect a geo-localized personalized contextualized cross-channel ecosystem.

CMS
30%
completed

Local customized contextual interaction

Market differentiator

Consumers no longer "captive".

Their shopping journey no longer linear. Touch points have multiplied.

Customers expect instant gratification.

CRM
60%
completed

Reinforce consumer relationship through our brand & loyalty program integrating game mechanics

90%
Deployed by
Oct. 2016

Customers expect a seamless digital experience

DMP
50%
completed

Cross-channel local market place activated in real-time through retailers' promotions, thematic & local content, searchable mall, click-and-collect

Customers expect to access information anywhere anytime

40%
completed

Front office tools under One brand

(Website portal / Mobile App / Wifi portal / Digital displays)

Fit market needs

Consumers are consuming cross-channel and retailers are accelerating this movement through the proposal of their own digital ecosystem.

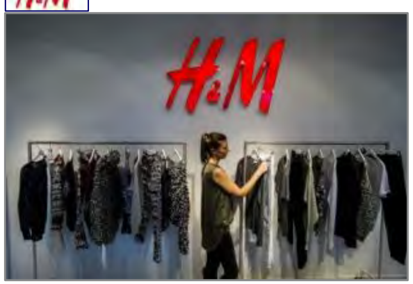
INNOVATIVE REAL ESTATE VALUE CREATION DRIVERS

Hyper transformation

terranova

Cultura

H&M



Extensions

MANGO

PittaRosso

picard

Specialization of supply

Pop-up retail

CANAL+

Save

Thomas Cook

Services.villages

Clermont-Ferrand

Mandelieu

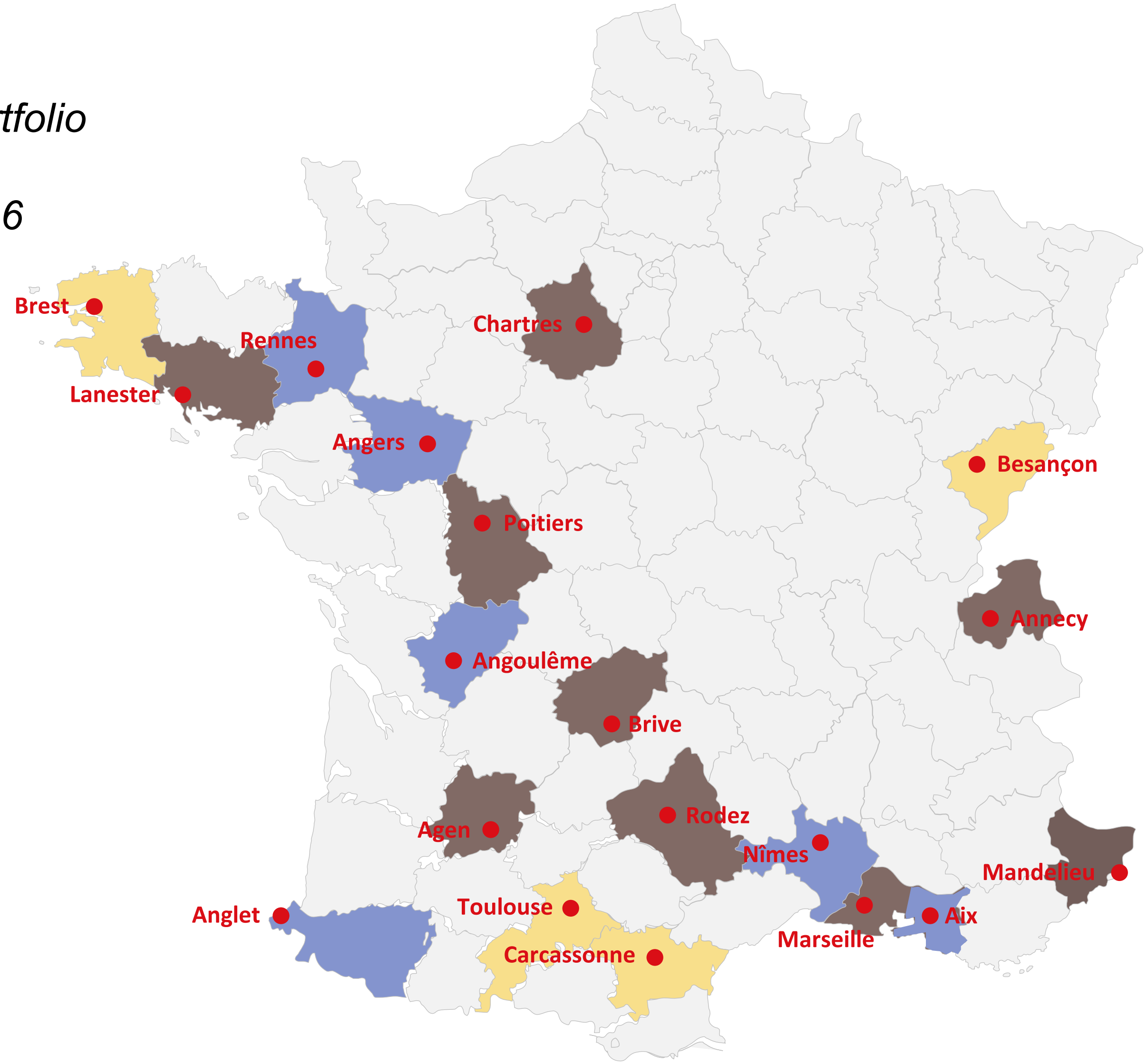
Brest

Development of retail services

PROJECTS PIPELINE ACROSS A RATIONALIZED PORTFOLIO

More than one third of the portfolio concerned by one or more transformation projects in 2016 and 2017

25 openings in 2016



Hypermarket transformation

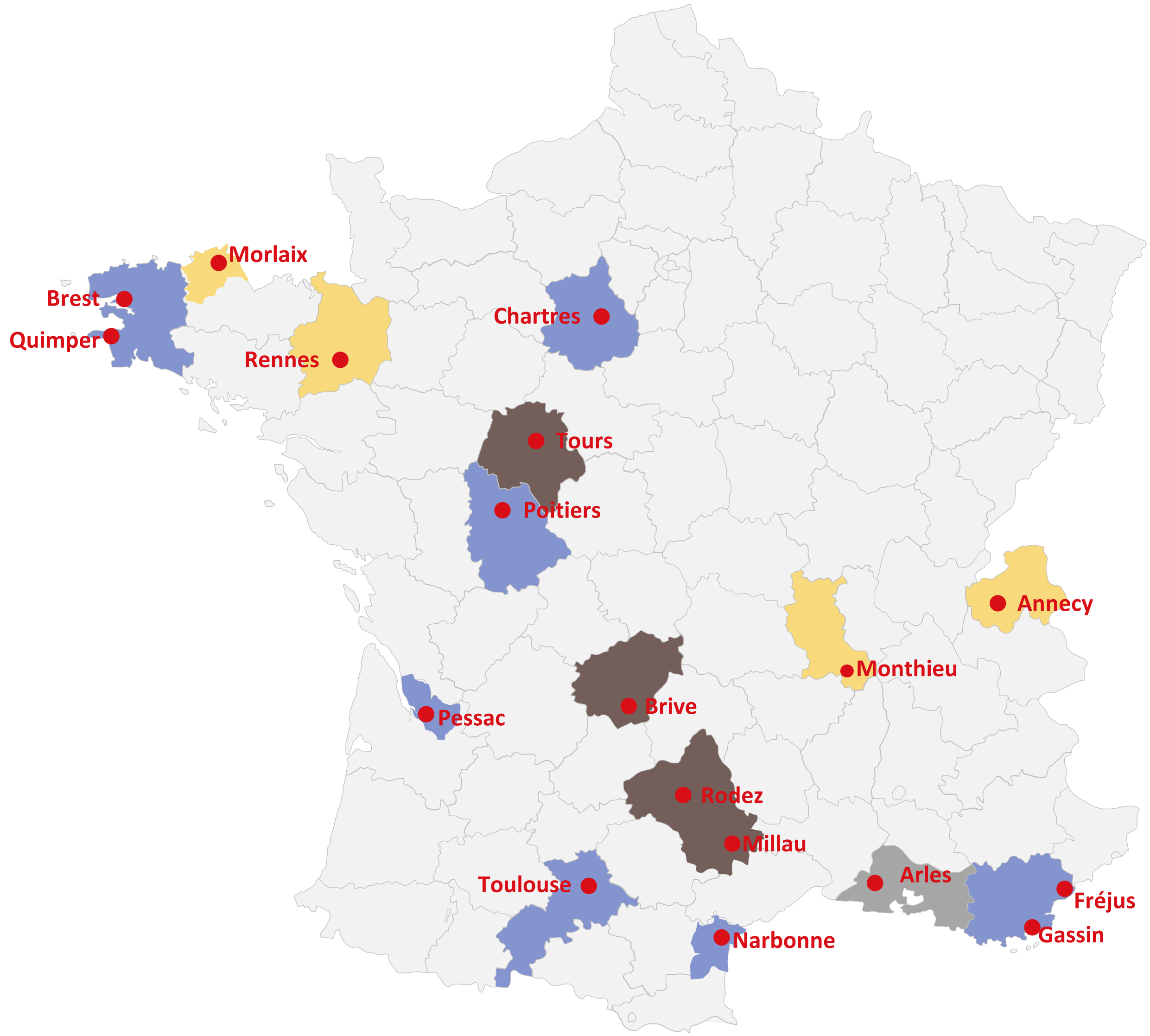
Cafeteria redevelopment

Other projects

**Not shown on map: Sainte-Marie Retail Park*

PROJECTS PIPELINE ACROSS A RATIONALIZED PORTFOLIO

22 **openings in 2017**



Hypermarket transformation

Cafeteria redevelopment

Other projects

**Not shown on map: Ajaccio, Bastia*

ATTRACTIVE PORTFOLIO FOR FLAGSHIP RETAILERS

ATTRACTIVE PORTFOLIO FOR CONVENIENCE RETAILERS

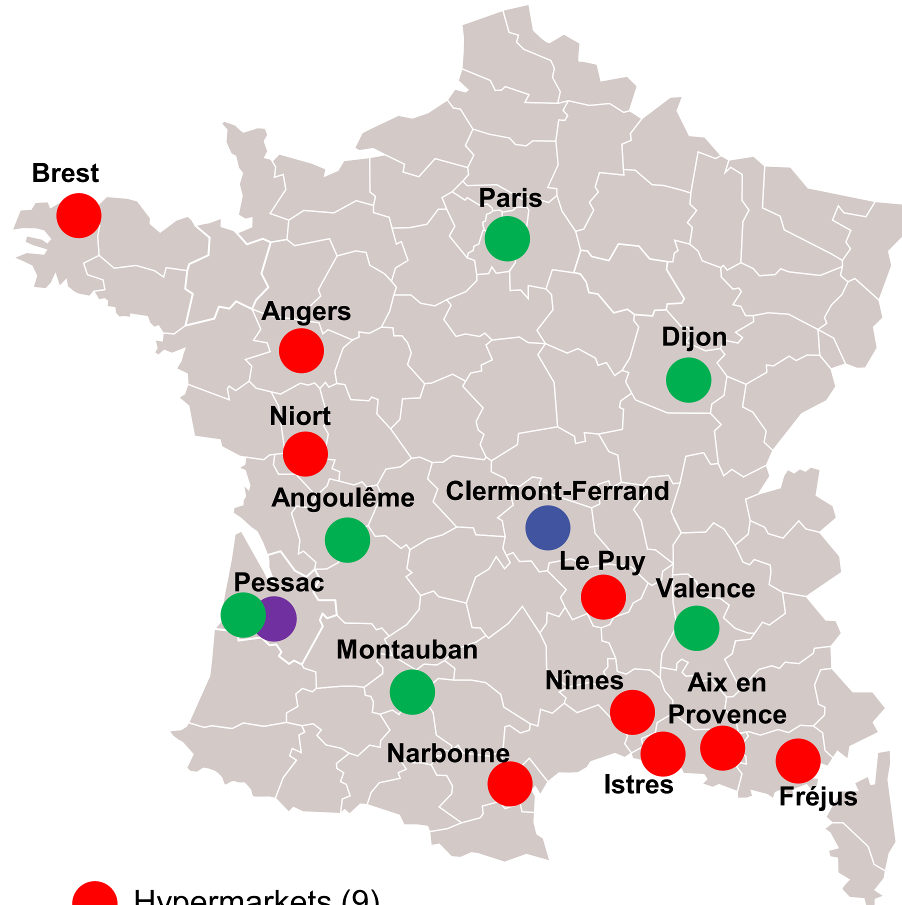
ATTRACTIVE PORTFOLIO FOR MAJOR REAL ESTATE OPERATORS

KEY FIGURES

- **4** existing partnerships

Amundi ASSET MANAGEMENT — Union Investment — BNP PARIBAS REAL ESTATE

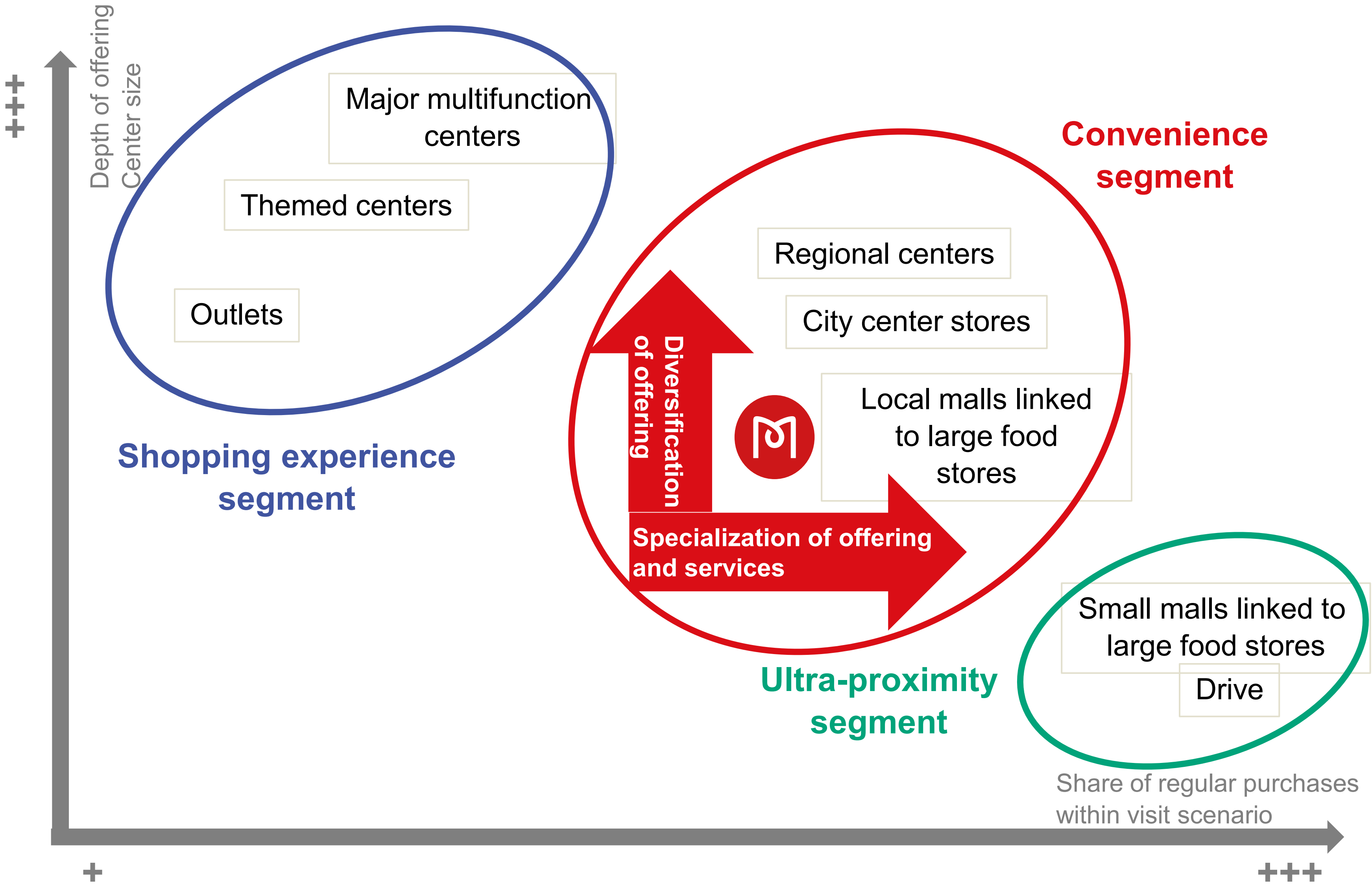
- **17 assets**
- **Diversified portfolios:** hypermarkets, shopping centers, malls, retail park
- **€34 m** rent
- **€700 m** valuation



- Hypermarkets (9)
- Shopping centers, including hypermarkets
- Malls
- Retail park

MERCIALYS: INNOVATIVE FOR CONVENIENCE RETAIL

MERCIALYS IS THE ONLY LISTED COMPANY ON THE CONVENIENCE MARKET SEGMENT



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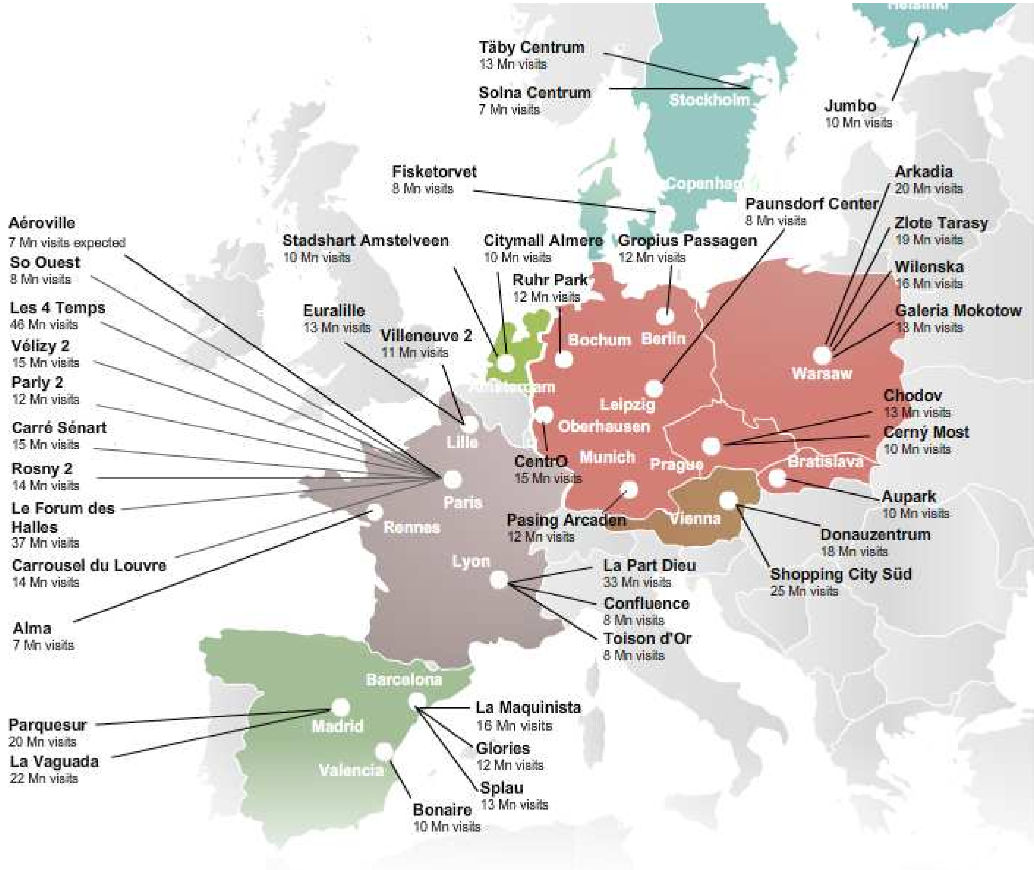
New paradigm for proximity

- Between myth and reality
- What impact for the retail property market?

Pascal Madry – Head of Institut pour la Ville et le Commerce
June 2016

Retail property faced with the crisis

Strategies falling back to “big is beautiful”

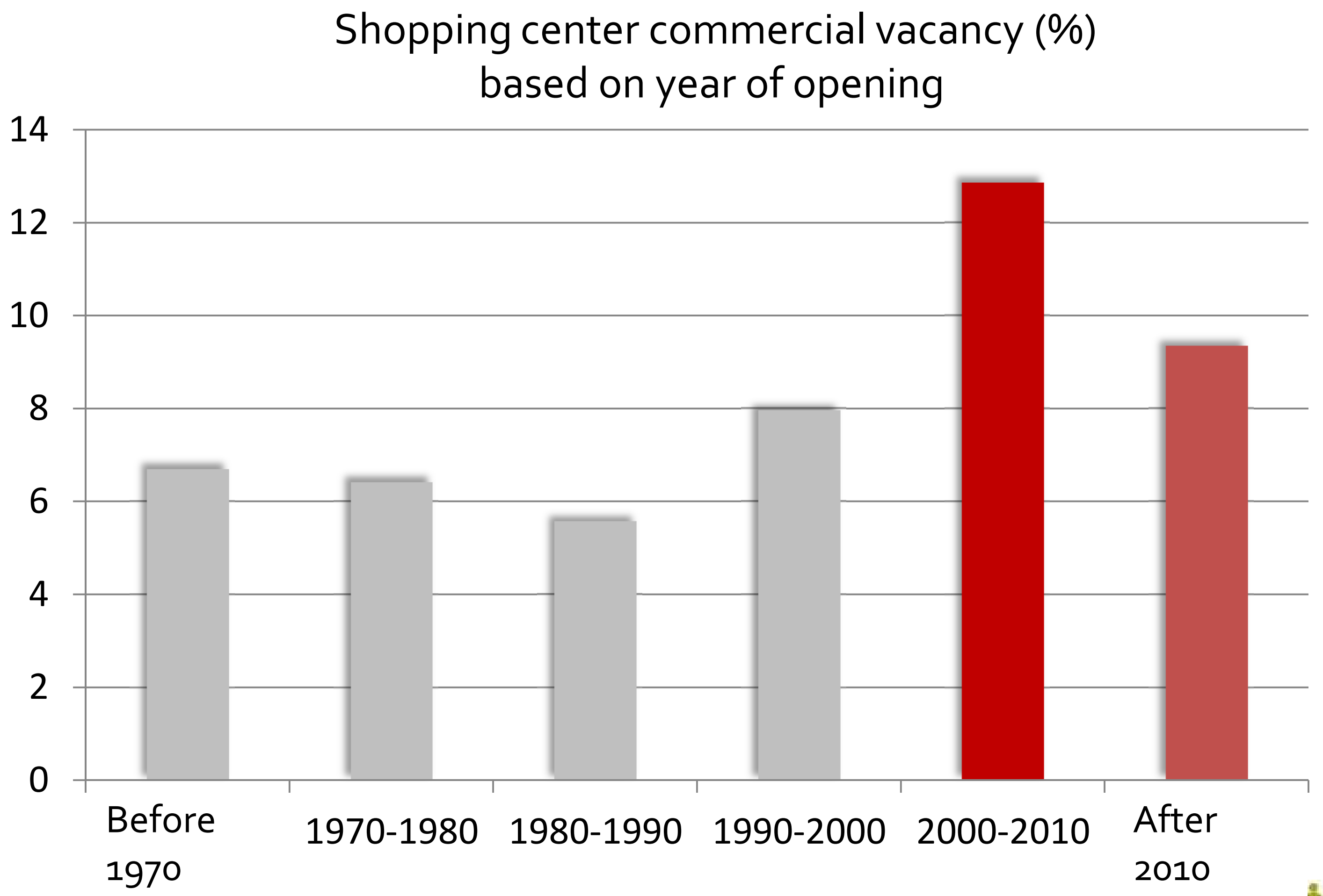


Number of visits in 2014

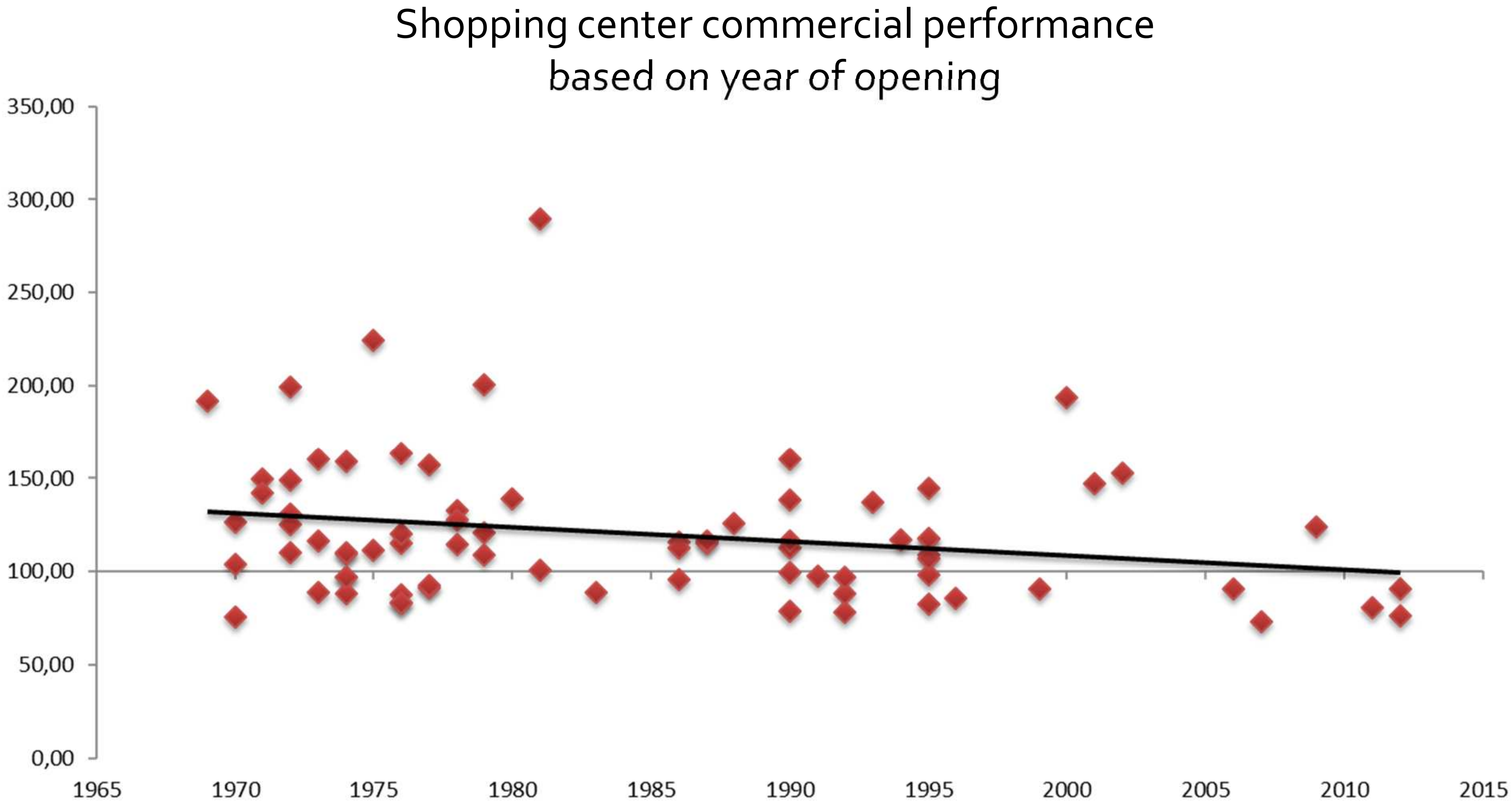
Unibail-Rodamco strategy

Strategies that are seeing their limitations today

New operations are struggling to find markets

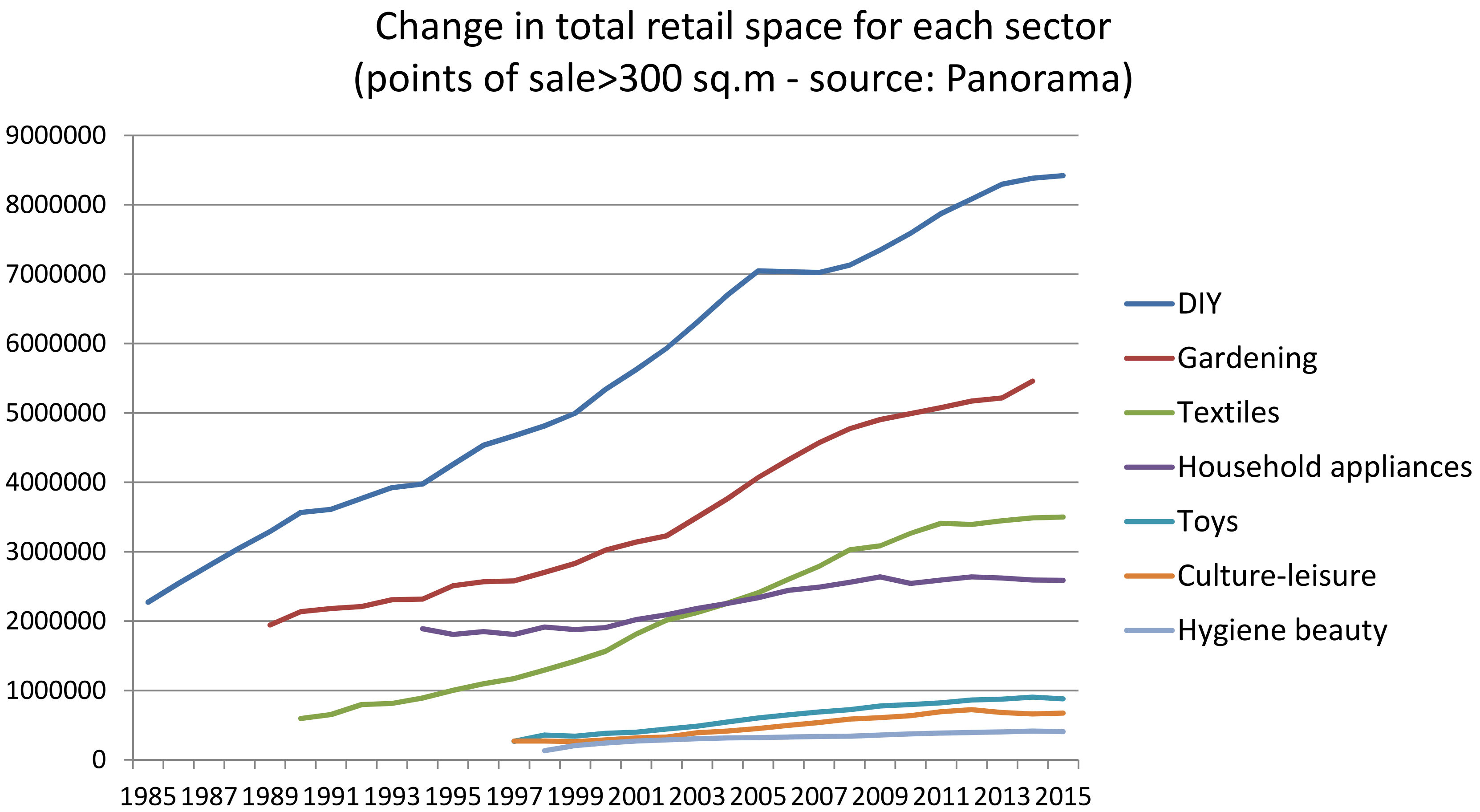


Performance guaranteed above all by the age of centers



New shift to discount, as an alternative to premium

Growth in real estate base driven by mid and large-size formats



New paradigm for proximity

First historical definition

➢ *Home neighborhood*

Related features:

- Small shops (versus large shops)
- Independent retailers (versus organized trade)
- Neighborhood shops (versus city center or suburban shops)

Decline in “historical” proximity

Change in local retail formats

Number of shops	1966	1998	Disappearance rate
General food grocery shops	87,600	13,800	85%
Dairy and cheese shops	4,600	1,100	76%
Butchers	50,500	14,700	70%
Fishmongers	4,700	2,100	55%
Delicatessens	12,700	6,400	49%
Bakeries	40,200	22,400	44%
Books / press shops	13,200	11,900	10%

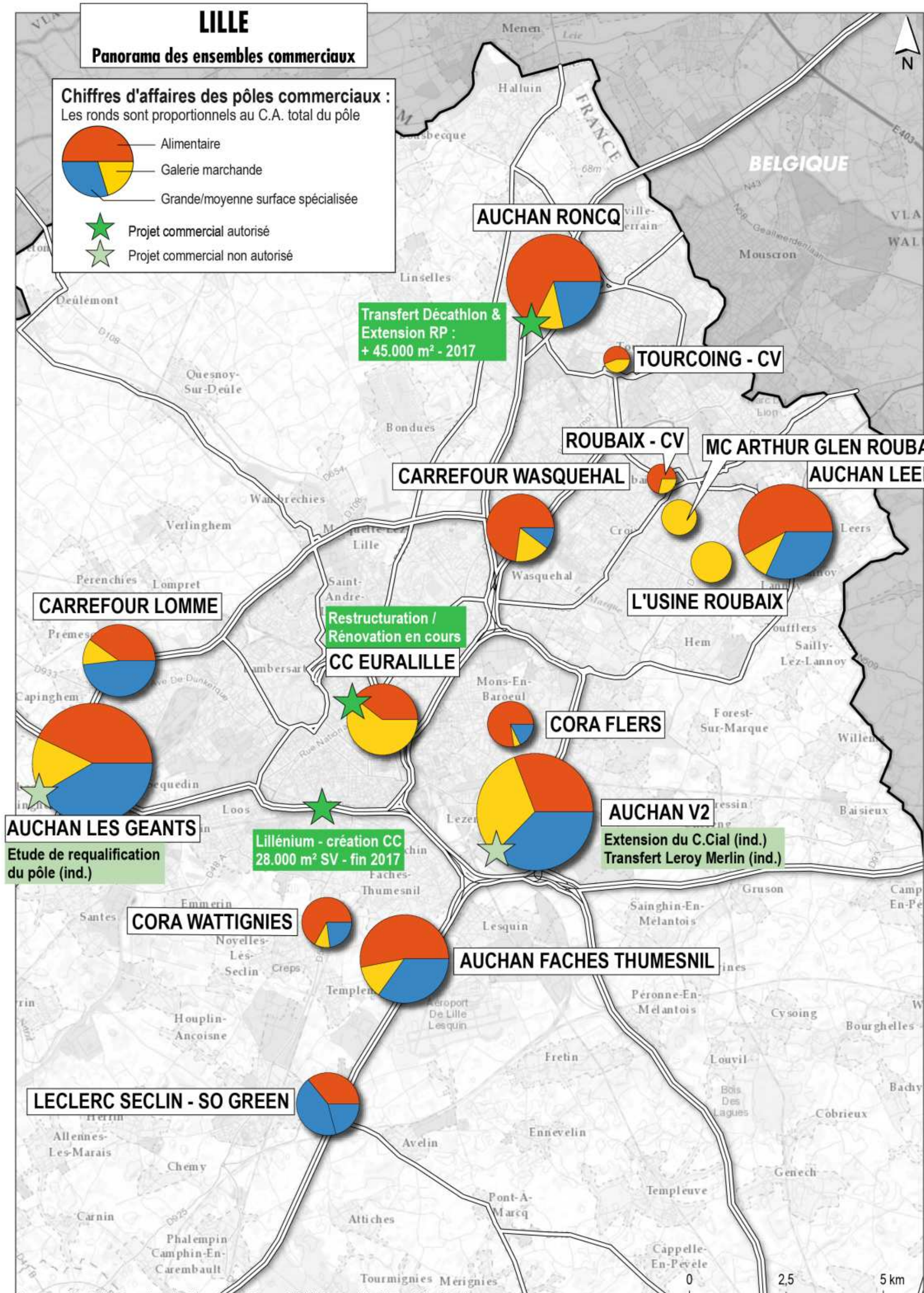
Sources: INSEE district-level inventory, 1966 and 1998

Retail's concentration and polarization
Example of food market

Food market polarization

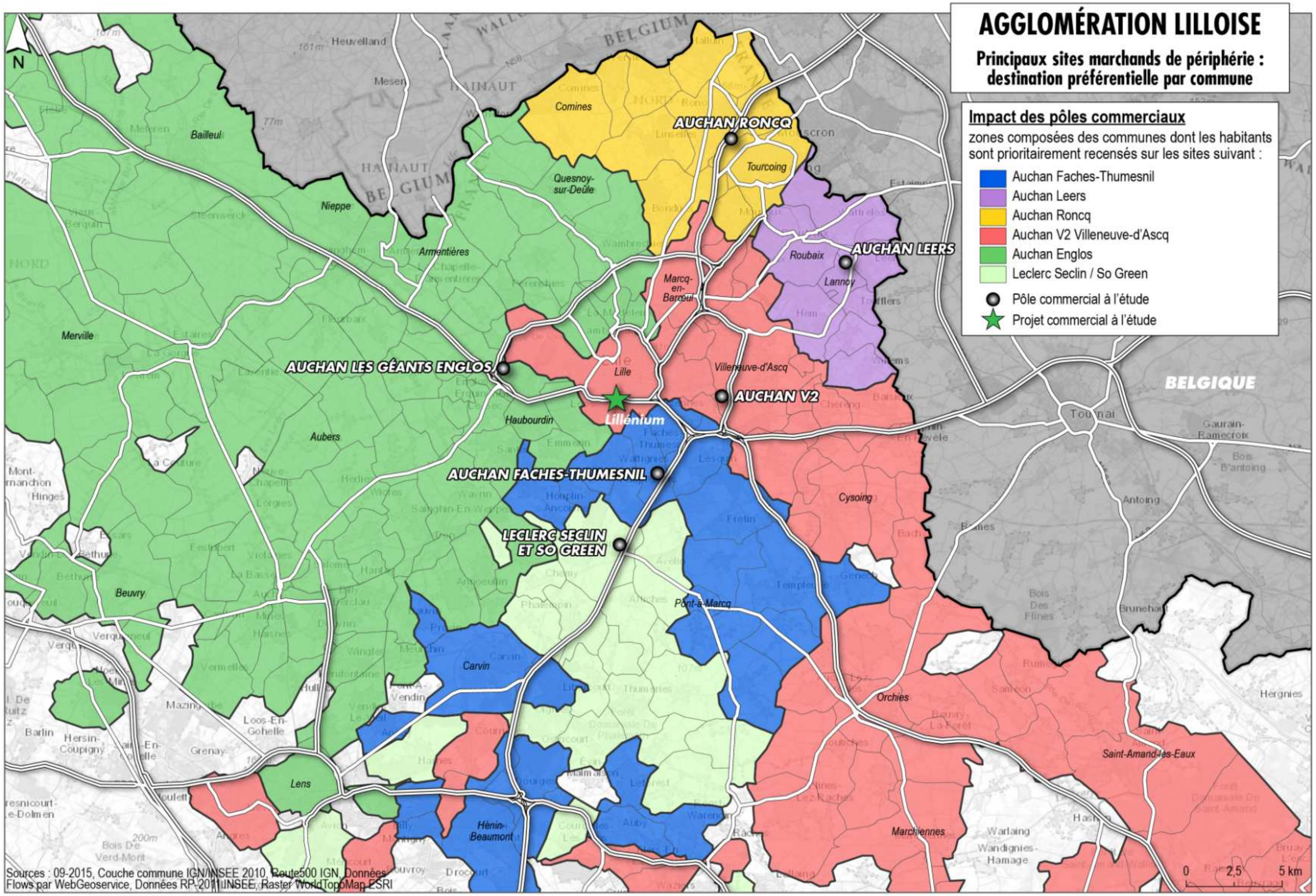
Format	Number	Surface area in Mn sq.m	Jobs
Hypermarkets	2,091	11.1	330,000
Supermarkets	5,746	7.5	165,000
Hard-discount	4,335	3.3	40,000
Drive	2,695	-	-

Sources: Panorama 2016



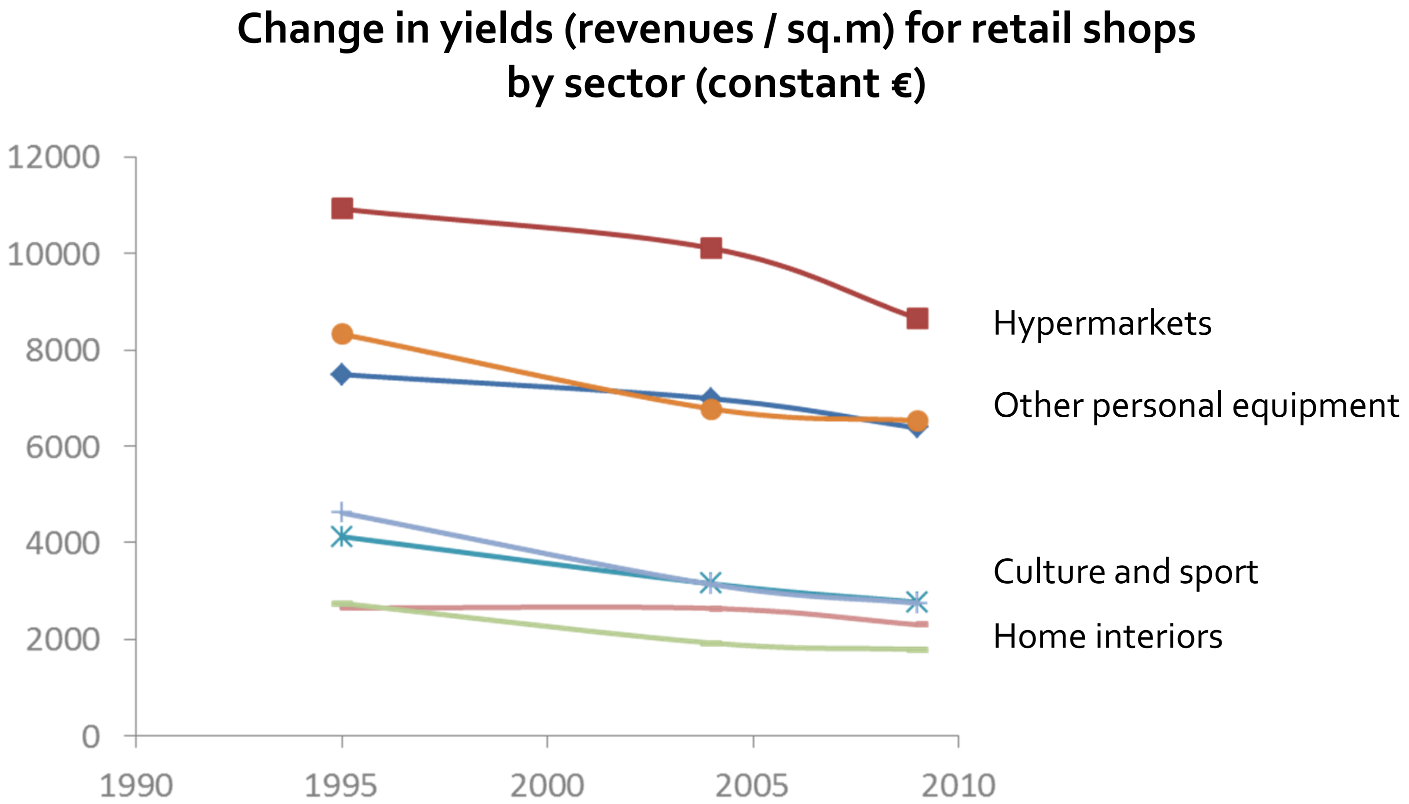
Sources : 09-2015, Données de CA estimés Procos 2014, Raster WorldTopoMap ESRI

PROCOS SEPTEMBRE 2015



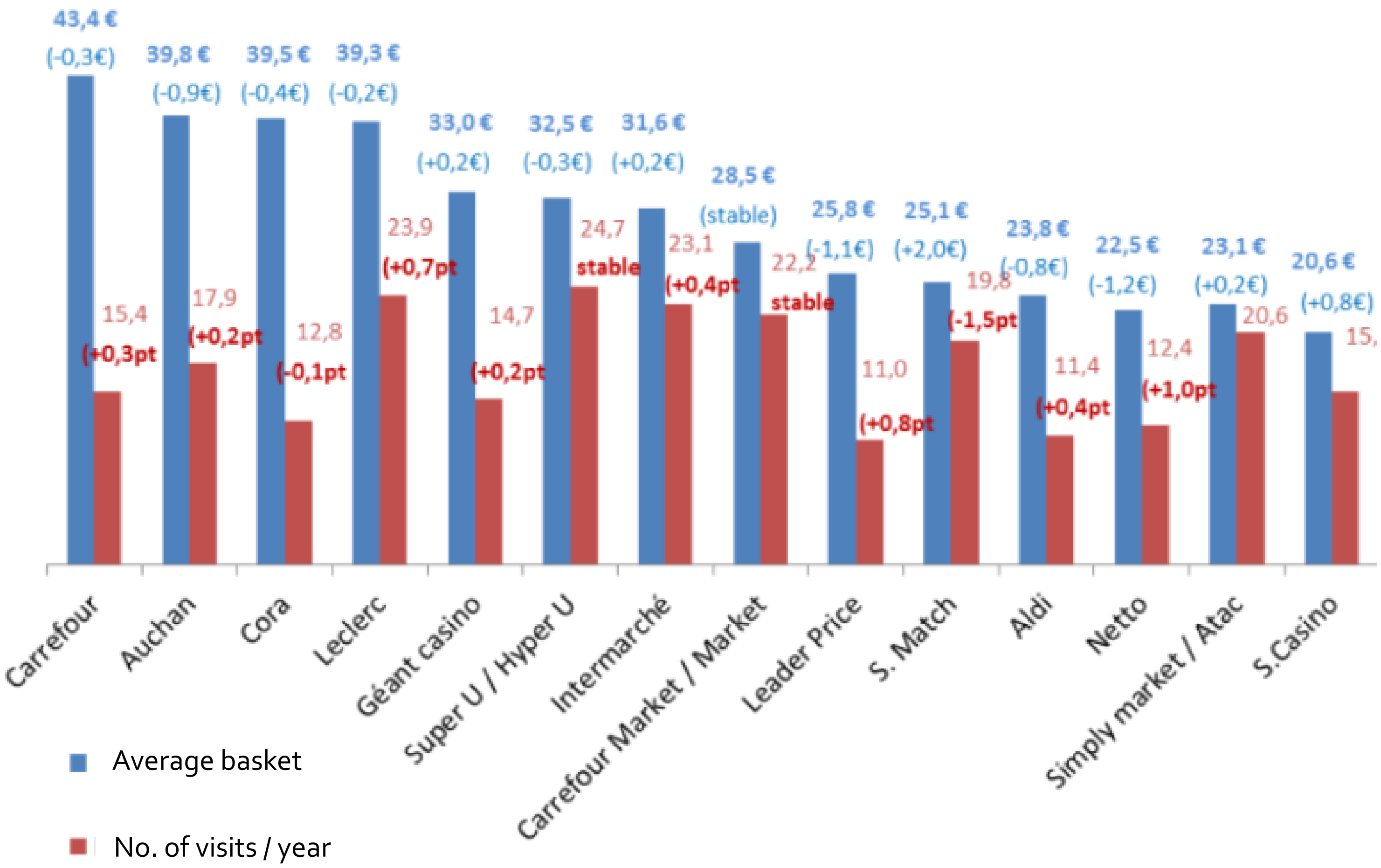
PROCOS SEPTEMBRE 2015

From concentration to saturation



Sources: INSEE, point of sale survey

Resilient formats



New definition of proximity

➢ *Retail for everyday needs and living hubs*

Resurgence of proximity

Type of district*	Local shops		All shops	
	Number in 2008	Average annual change for 2002-2008 (%)	Number in 2008	Average annual change for 2002-2008 (%)
Large districts	375,100	0.3	463,900	0.8
Other districts in urban units	162,900	1.5	236,500	2.8
Other districts outside of urban units	55,900	-0.5	127,100	1.2
France	593,900	0.6	827,500	1.4

* See definitions

Scope: France

Source: INSEE, directory of businesses and establishments (Sirene 2002 and 2008)


c' Bon
Bio c' Bon
Bio c'


le plus long, c'est de choisir
monop'daily


Centre Vie
Un nouvel esprit du commerce
N
O
E
S
un prolongement
de la ville
La table d'orientation, pour découvrir les richesses de la région
La borne infos pour valoriser l'actualité de la commune
Des circulations prévues pour chaque mode de transport
Favoriser le développement commercial et le rayonnement de la commune en créant un lieu accueillant, en continuité avec l'offre et les services qu'elle propose.
Onagan s'appuie sur l'histoire et l'architecture locale pour créer un espace commercial en harmonie avec son environnement.
Casino
RESTAURANT
FLEURS

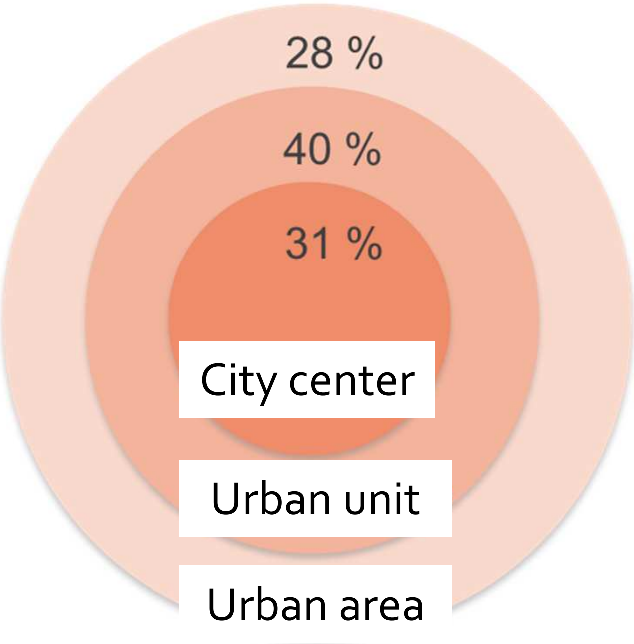
Outlook

Urban fragmentation = retail fragmentation?

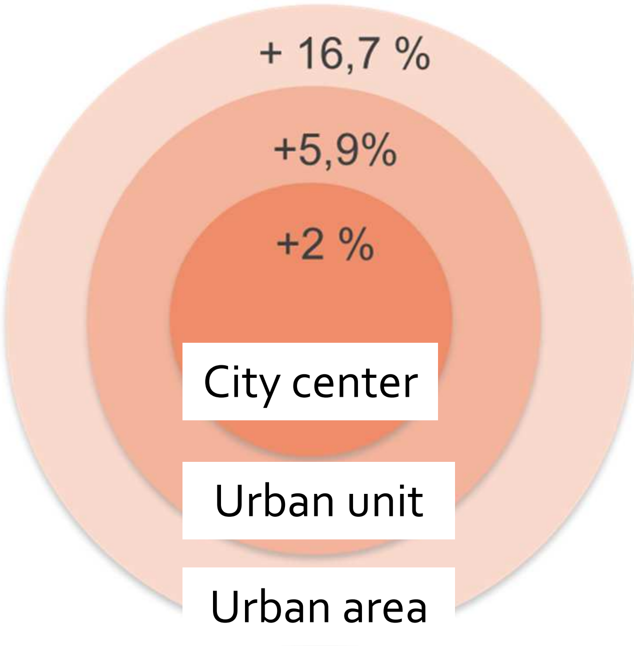



Growing urban population, but further from city centers

Breakdown of urban population (2012)

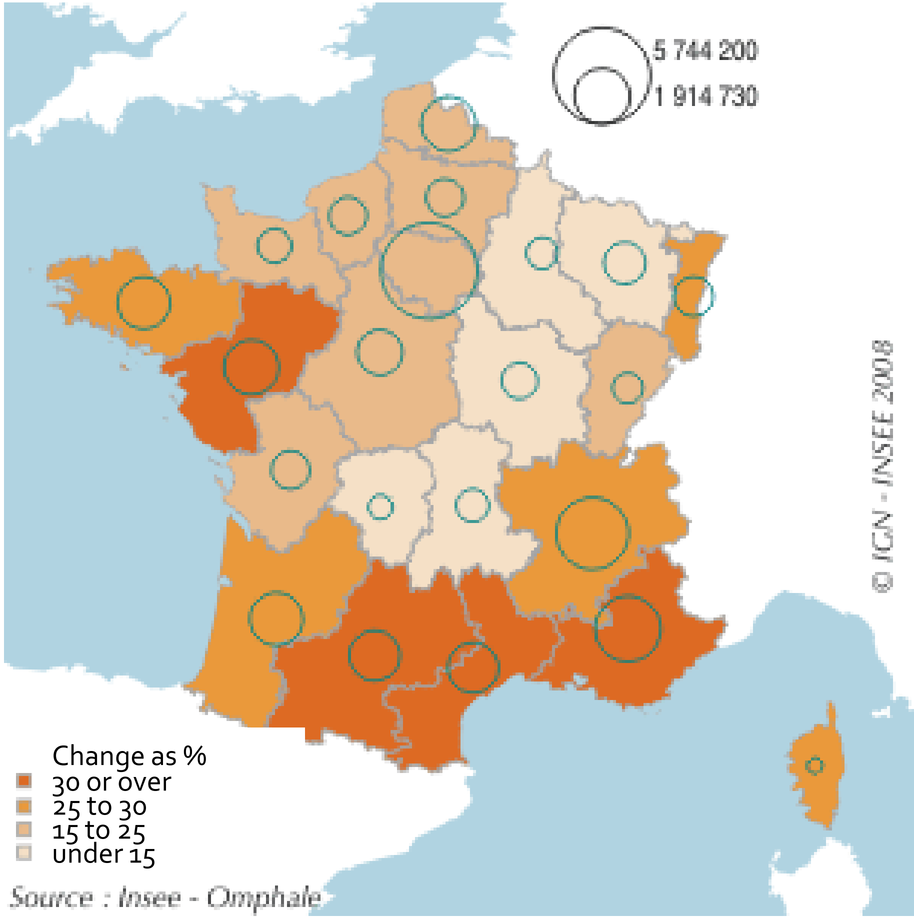


Change in urban population (1999-2012)

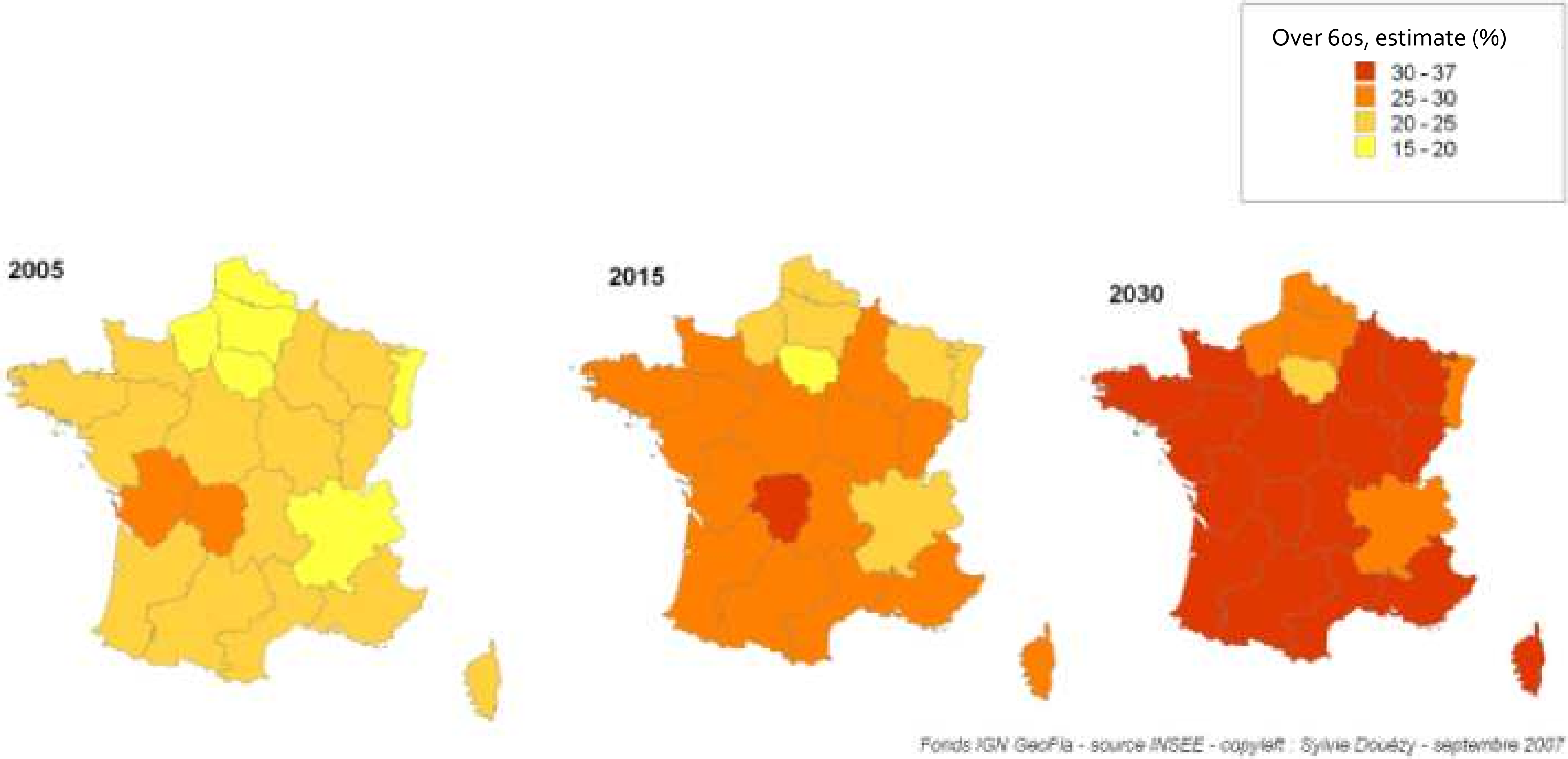


Urban sprawl expected to be maintained by migration trends

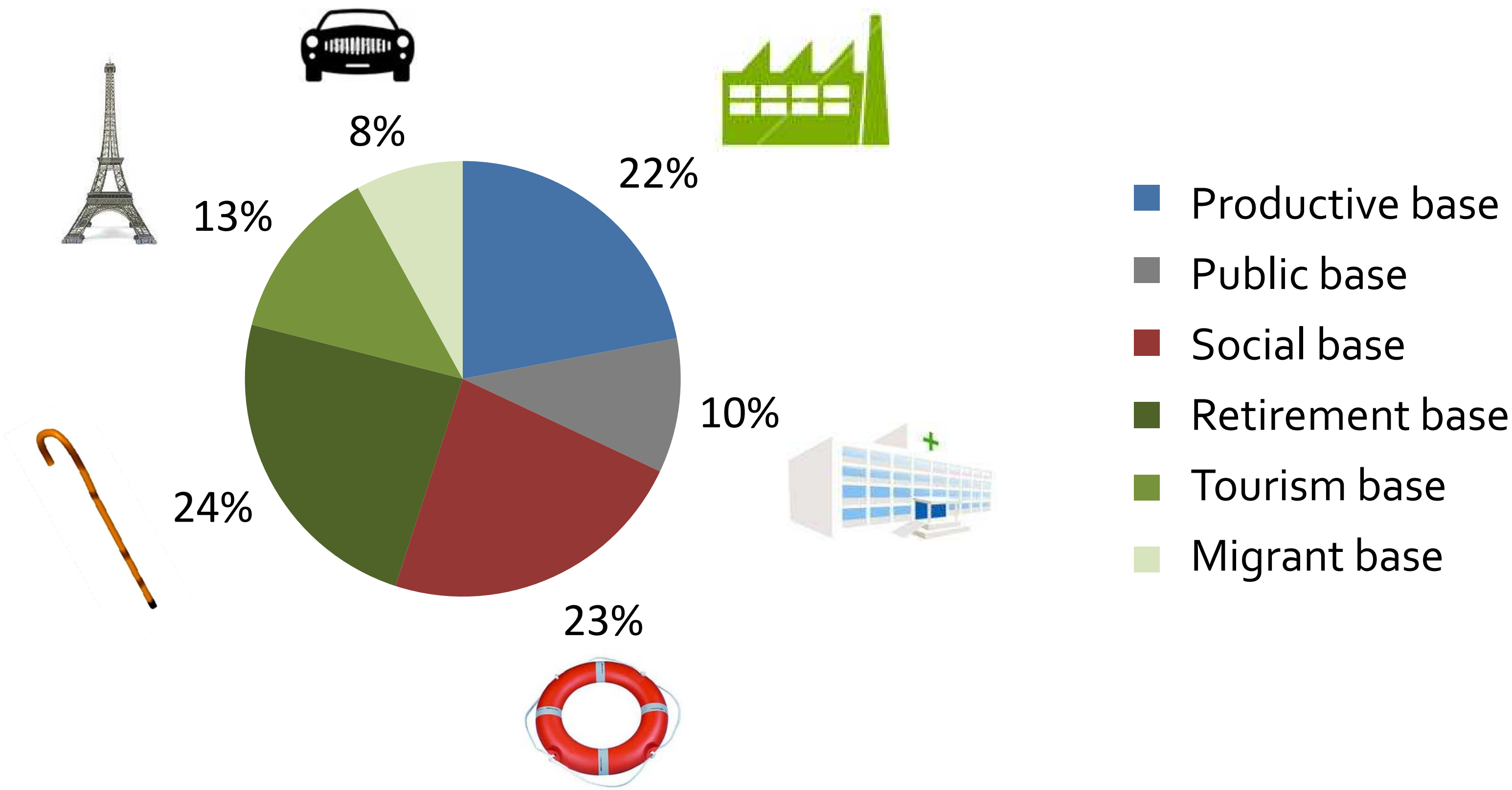
Change in number of households between 2005 and 2030



Tomorrow, an older, less mobile population



New residential economy in the regions



Positioning of large food stores within the residential economy

Breakdown of retailer store base by type of area (% of points of sale)					
	Total store base	Of which, productive %	Of which, ageing %	Of which, migrant %	Of which, tourism %
Auchan	103	45	32	20	3
Carrefour	237	30	54	10	6
Géant	108	32	44	10	13
Leclerc	402	28	47	18	8
Cora	51	31	22	43	4
Hyper U	45	29	31	13	27

Conclusion

- Larger number of smaller size consumer hubs in the future
- Challenge with offer accessibility

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