mercialys
L'Esprit Voisin.

First-half 2014 results

Preliminary comments

- The 2014 first-half consolidated financial statements were approved by the Board of Directors at its meeting on July 22, 2014.

- A limited review of these financial statements was performed by the Statutory Auditors.

Mercialys pre-empted the implementation of IFRS 10, 11 and 12 for the year ended December 31, 2013. Jointly controlled subsidiaries (SCI Geispolsheim and Corin Asset Management), which were previously proportionally consolidated, qualify as associated companies as defined by IFRS 11 and have therefore been consolidated under the equity method. Figures for the first half 2013 have been adjusted to provide a comparable information.

mercialys
L'Esprit Voisin.

Introduction

First half of 2014 was significant in terms of development…

- Launch of the development of a regional shopping center in Toulouse Fenouillet
- Three projects were completed: Lanester, Albertville Retail Park and Aix en Provence
- 7 other projects are under works and will be completed in the second half
- Acquisition of four new development projects in Rennes St Grégoire, St Etienne Monthieu, Niort, Brest and of a portfolio of new retail properties (Villages.Services ©/ Outside catering outlets)

mercialys
L'Esprit Voisin.

Projects in line with our “Global and unique retail venues” strategy

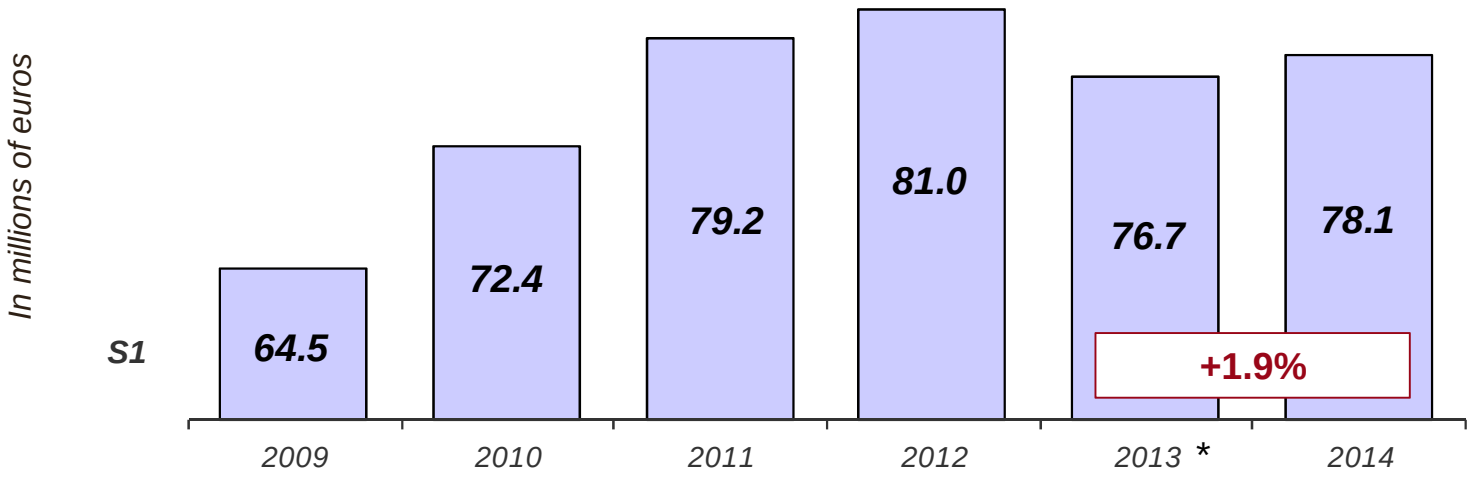
- Widening offer
- Weight of mid-size stores increased
- Development of additional areas for Casual Leasing: 12,000 m^2 available versus 4,000 m^2 at December 31, 2013
- Inclusion of Casual Leasing in projects aimed at developing new venues
- Launch of Villages.Services©: outside shopping venues dedicated to day-to-day services
- Development of outside catering outlets: new offerings in quality catering

Rental income on the rise boosted by robust organic growth

Organic growth +2.6% above indexation

Rental income up +1.9%

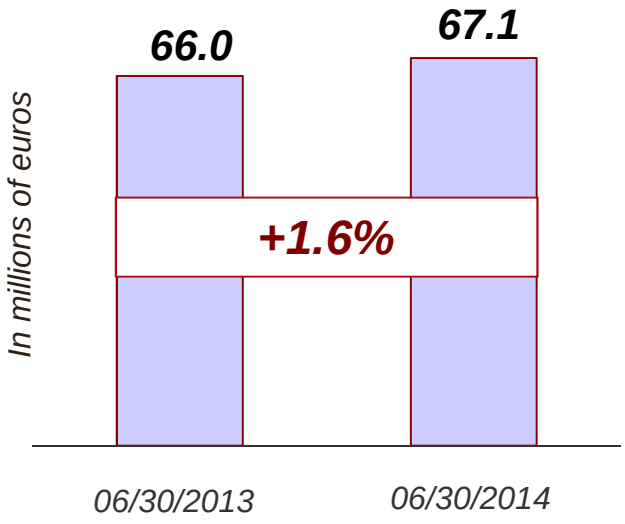
Rental income
(in the first half)



(*) Adjusted data

After two years of exceptional asset sales, the first half of 2014 recorded renewed growth

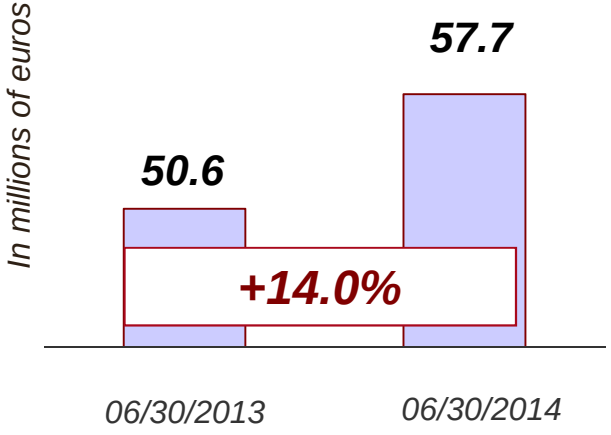
Adjusted EBITDA* up +1.6%



	06/30/2013	06/30/2014
Adjusted EBITDA /RI	86%	86%

Funds from operations (FFO)** up +14.0%

Including a non-recurring transaction*** that accounted for 8.6 percentage points



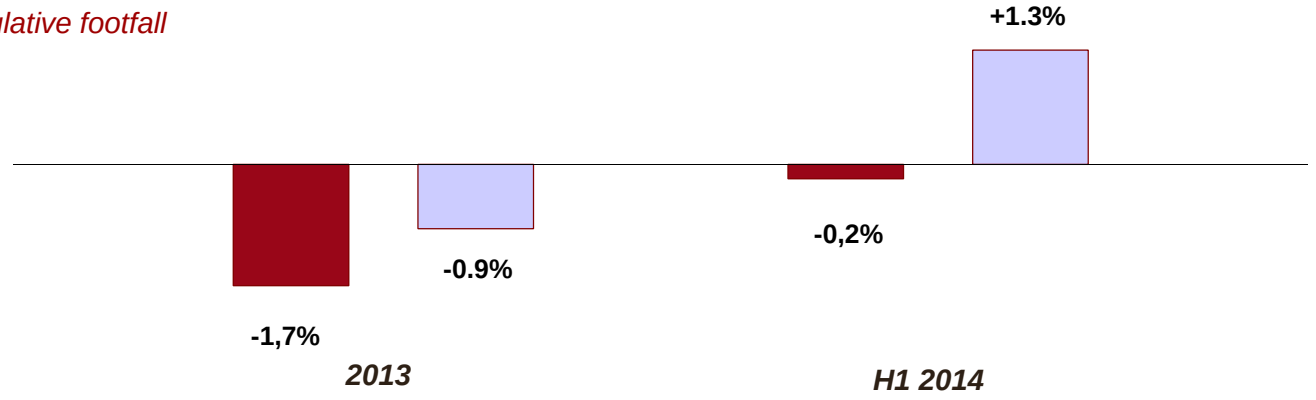
	06/30/2013	06/30/2014
FFO per share (in euros - diluted)	0.55	0.63
	+14.4%	

(*) Operating income before depreciation, amortization, provisions and other operating income and expenses adjusted for non-recurring items (property development margin relating to the Pessac extension, non-recurring fees)
(**) Income before amortization and depreciation, capital gains on asset sales and asset write-downs
(***) Sale of the stake in Greenyellow

Business outlook is positive for our retailers…

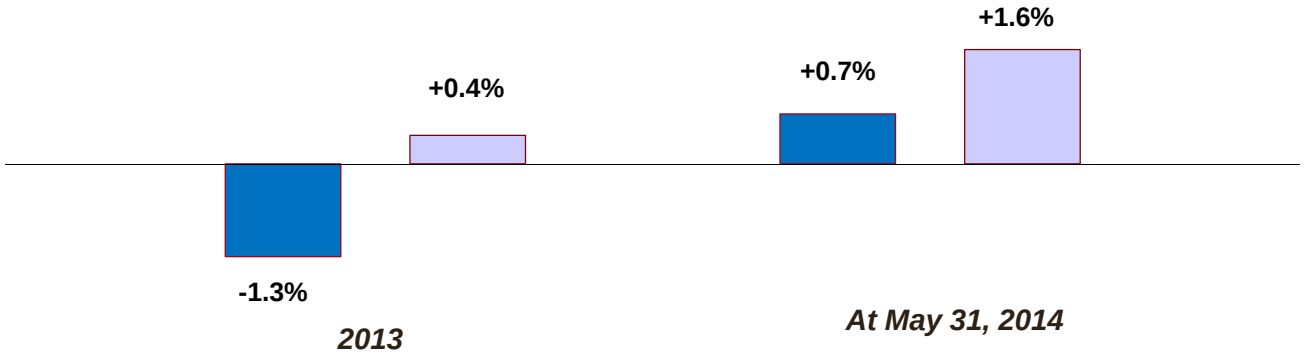
- Positive footfall in Mercialys shopping centers

Cumulative footfall



- Growth in sales posted by retailers in Mercialys shopping centers outpaced the market

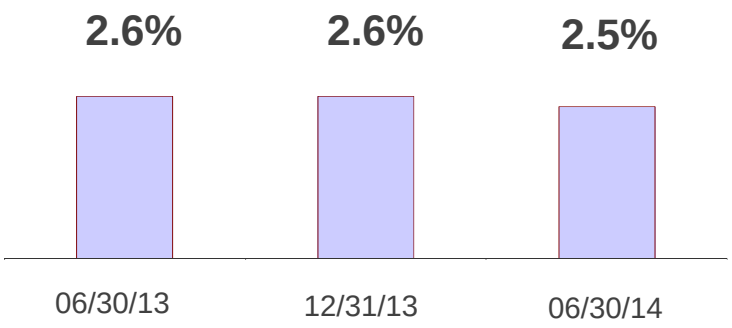
Cumulative sales of retailers



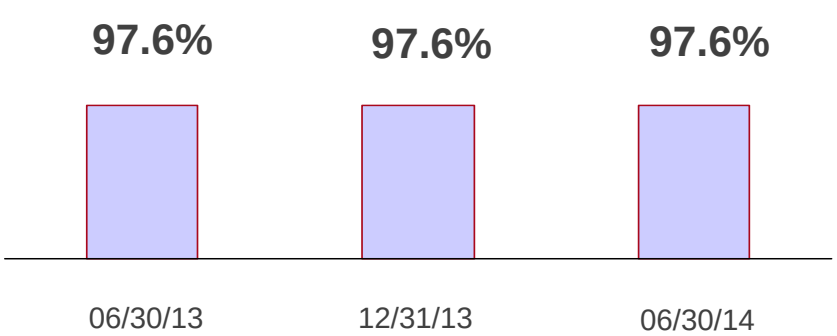
- *CNCC all shopping centers –comparable scope of consolidation*
- *CNCC neighborhood shopping centers*
- *Major Mercialys shopping centers and main Mercialys neighborhood shopping centers*

… and our operating indicators are good

- Low recurring vacancy rate



- Recovery rate still at a high level



Robust rental business confirms that our shopping centers are ever more attractive

- New brands are joining our shopping centers

NATURALIA

EUREKA KIDS

IZAC

LOLË

KIABI la mode à petits prix

Concept Kids

beauty monop

EQUIVALENZA Manufactory

PANDORA

KIWI SAINT-TROPEZ

violeta by MANGO

Activity in lease portfolio

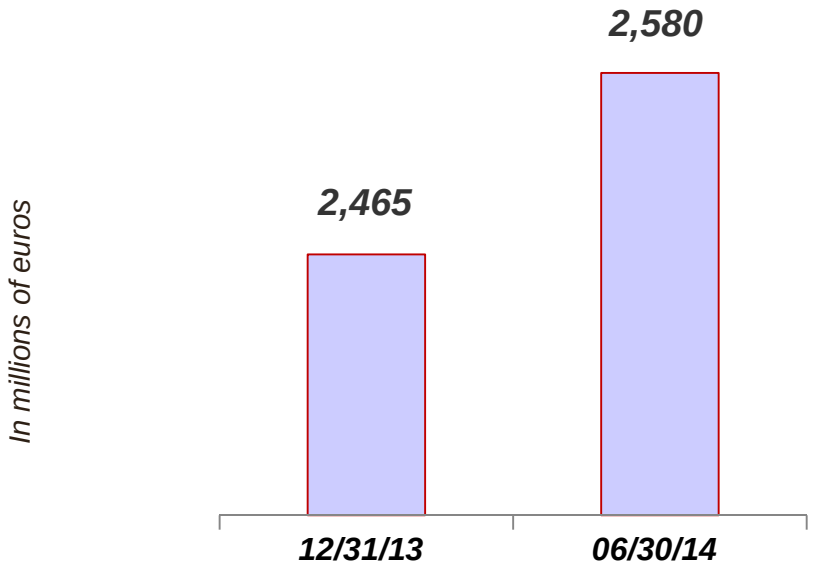
171 leases signed in H1 2014	**+15%***
Relets	**+29%****
Renewals	**+18%****

mercialys L'Esprit Voisin.

(*) vs. first-half of 2013
(**) Average increase in rental values compared with benchmark rental values

The value of assets increased by +4.7% thanks to organic growth and investments

*Portfolio appraisal value, including transfer taxes**



+4.7%

(+3.3% like-for-like)

	12/31/13	06/30/14
Average cap.rate of appraisals	**5.85%**	**5.7%**

Decline in cap. rates:

- 15bp

(*) Valuation based on appraisals by BNP Real Estate Valuation, Catella, and Galtier - Valuation of the acquisitions of the period at cost

Interim dividend payment of Euro 0.36 per share

At its meeting on July 22, 2014, the Board of Directors decided an interim dividend payment of Euro 0.36 per share

Dividend paid in 2014

In euros per share

2013 dividend balance *(May 9, 2014)*	0.82
2014 interim dividend *(October 14, 2014)*	0.36
Total paid in 2014	**1.18**
Yield on NAV	**6.6%***

(*) Yield in dividend calculated on liquidation NAV at 06/30/14

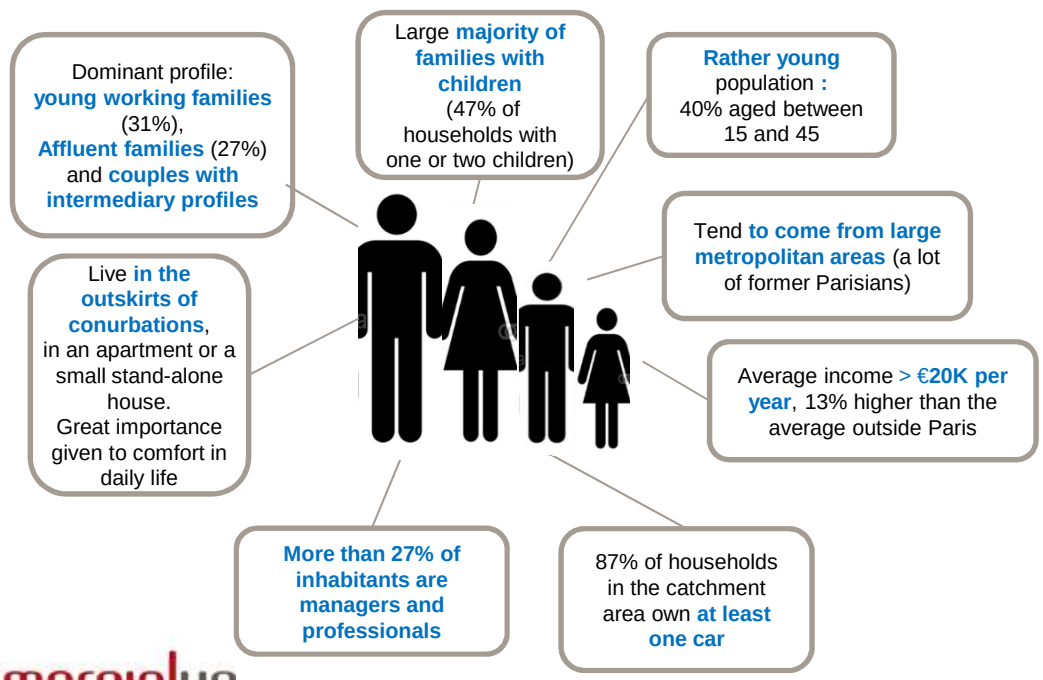
Projects and Development

Mercialys launches the development of a regional shopping center in Toulouse…

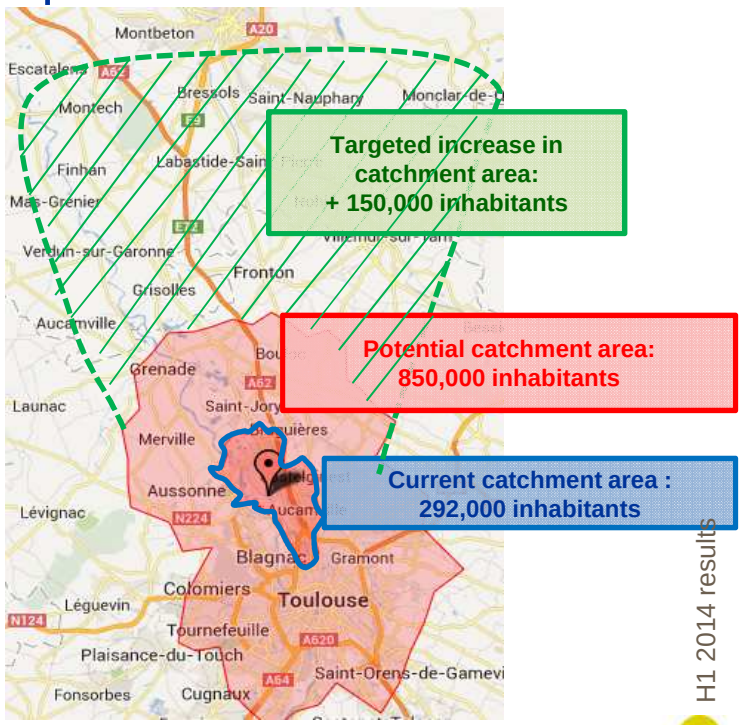
Toulouse Fenouillet, where the Group has **operated since 1978**, enjoys

- ✓ a **strategic location**, along a major and captive route,
- ✓ **weak competition**, as large shopping centers are concentrated in the southern half of the metropolitan area

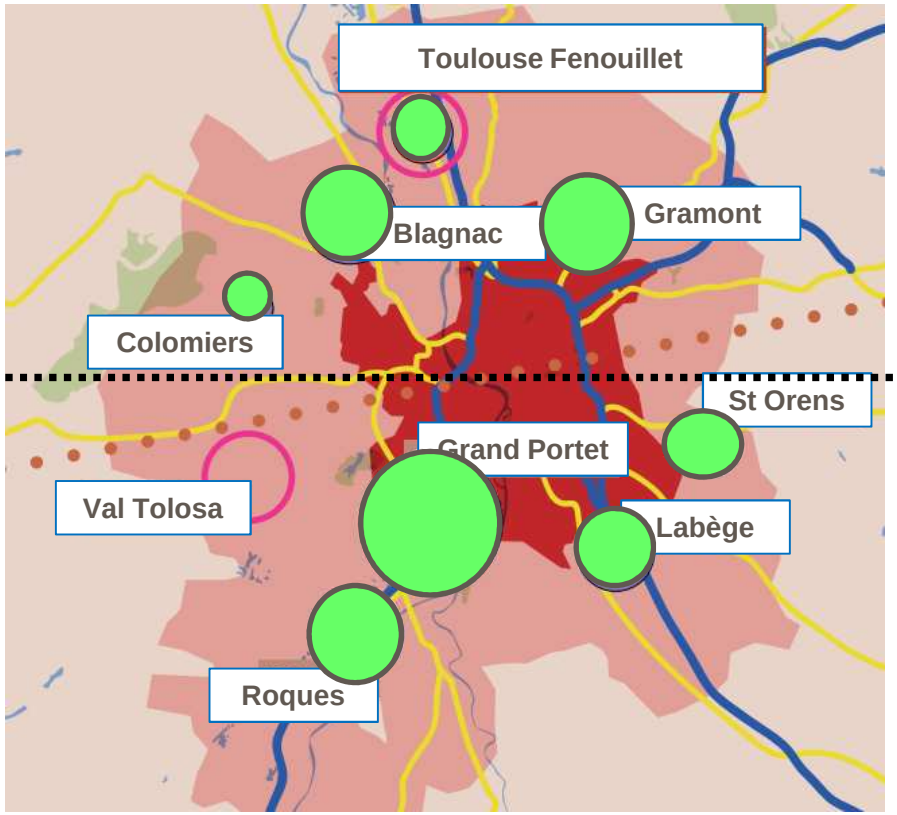
Customers of the catchment area



Impact



… in the northern zone that boasts significant upside potential



North

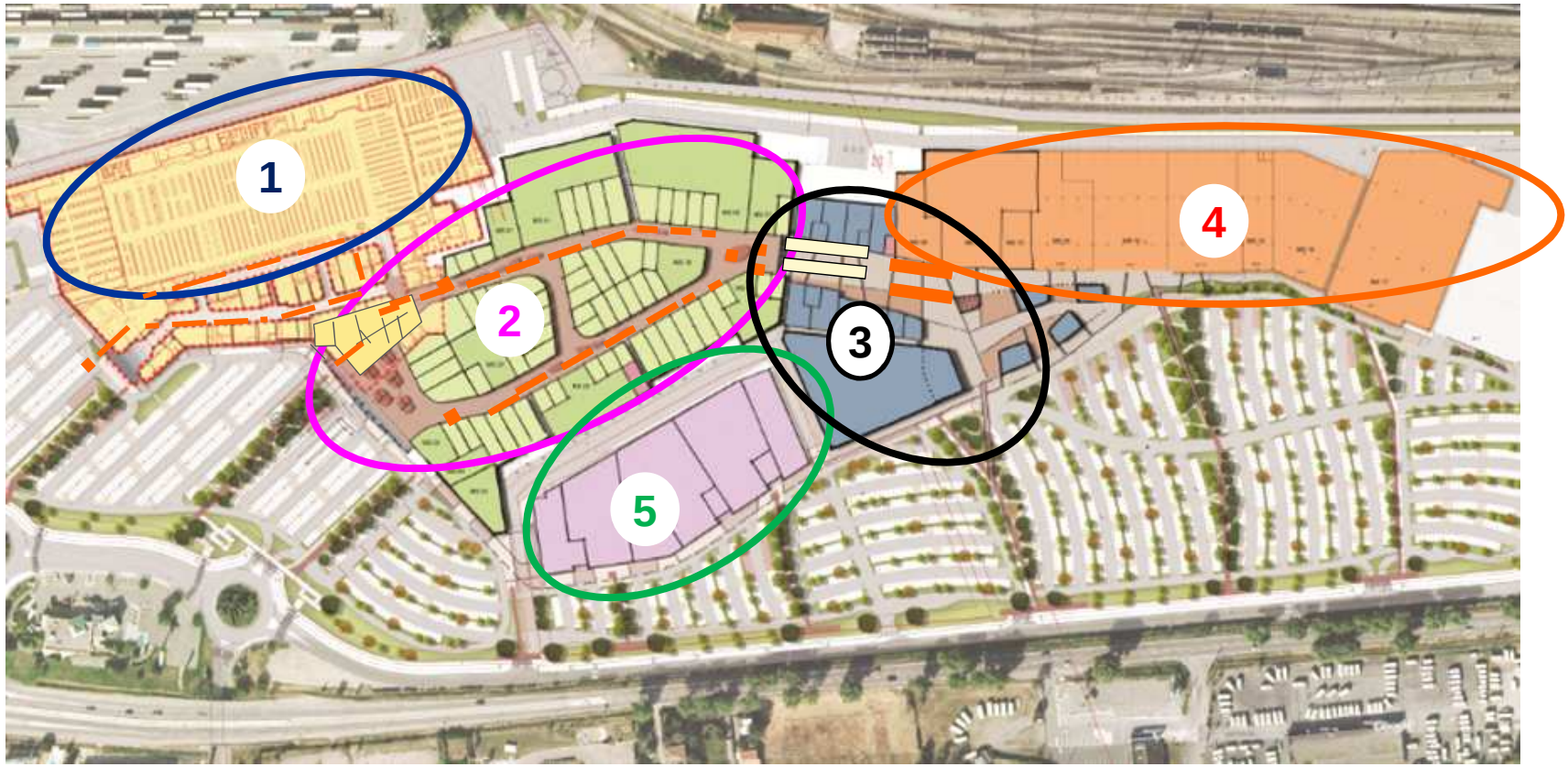
- 50% of population
- Population is growing twice as fast as in the southern zone
- 1/3rd of retail business (*)

South

- 50% of population
- 2/3rds of retail business (**)

(*) 33% of total sales and 35% of commercial m²
(**) 67% of total sales and 65% of commercial m²

A project aimed at developing our existing shopping center built around five major areas



1 Useful and essential goods

2 Shopping center / Mass Market

3 Entertainment area

4 Retail Park

5 Retail Park project currently studied with a partner

mercialys
L'Esprit Voisin.

A project to transform and extend the site that will unfold in two phases..

Phase 1

- ✓ Creation of a retail park of 9 medium-size stores with a GLA of 24,400 m^2 . The opening of this retail park is scheduled in the the spring of 2015.
- ✓ Works have started.

Phase 2

- ✓ Complete redevelopment of the existing shopping center and major extension covering 24,300 m^2 (13 medium-size stores, 47 new small stores and 13 restaurants). The opening is scheduled in the fall of 2016.
- ✓ Development of casual leasing activities in around 25% of the mall.
- ✓ Creation of a Villages.Services©

When deployment phases are completed, this project will become the main asset of the portfolio….

Portfolio's largest shopping center

Final area: 70,000 m²

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

Investment: Euro 180m

Estimated Market Value in the long term at Euro 240m

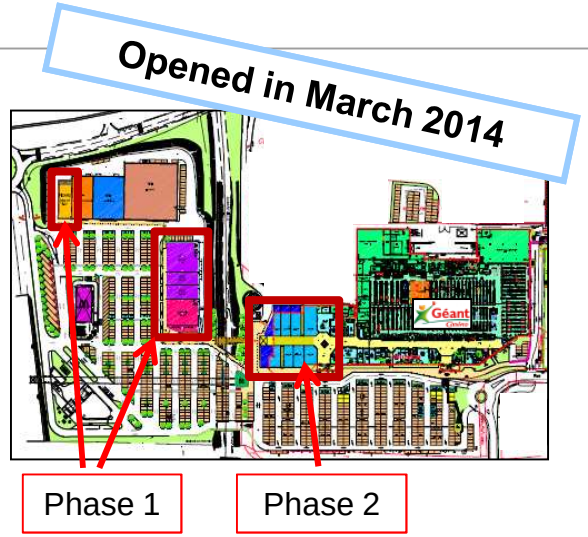
IRR > 10%

Phased investments

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

mercialys L'Esprit Voisin.

Albertville enhances its retail offering around its retail park



Post-development project (phase 1)

- 29 shops + 10 mid-sized stores
- Letting rate: 100%**
- Area: 10,000 m² (+ 2,300 m²)
- Annual rent: Euro 1.9m (+ 0.4m Euro)
- Market value*: Euro 38.8m

X 3 since IPO

New brands:

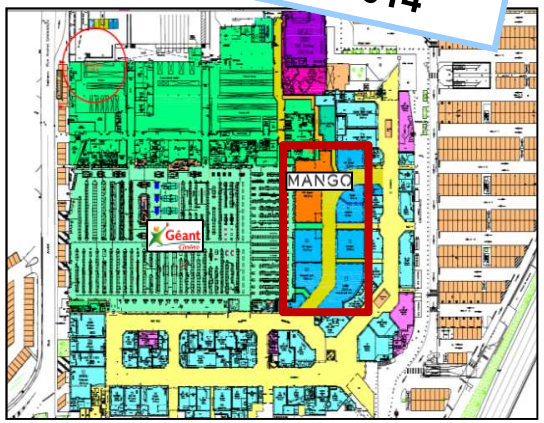
OPTICAL CENTER picard Chocolats Roland Réauté du chocolat pour tous et tous les jours ! Emily's American Diner

mercialys L'Esprit Voisin.

(*) Including transfer taxes
(**) In terms of rental value, compared with estimated potential rental income at the start of the development project

Lanester welcomes new brands in its extension of the shopping mall with 11 new stores

Opened in April 2014



Post-development project

- 74 shops and 1 mid-size store
- Letting rate: 100%**
- Area: 11,300 m² (+2,000 m²)
- Annual rent: Euro 4.3m (+0.8m Euro)
- Market value*: Euro 87m

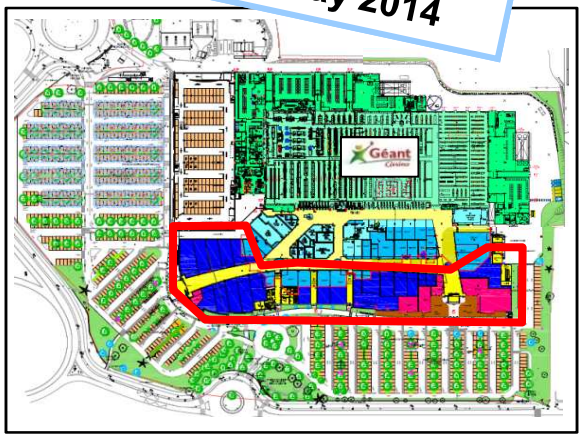
X 4 since IPO

New brands: MANGO, Le Bonhomme de Bois, pimkie, CALZEDONIA

(*) Including transfer taxes
(**) In terms of rental value, compared with estimated potential rental income at the start of the development project

Aix en Provence: completion of the first phase of the extension of the shopping mall

Opening in May 2014



Post-development project (phase 1)***

- 55 stores
- Letting rate: 75%**
- Area: 25,400 m² (+3,600 m²)
- Annual rent: Euro 1.2 million (+ 0.9m Euro)
- Market value*: Euro 19.7 million

Euro +3m in creation of value

New brands: claire's, NOCIBÉ, BLUE BOX, RESTAURANT À LA BONNE HEURE

(*) Including transfer taxes
(**) In terms of rental value, compared with estimated potential rental income at the start of the development project
(***) in partnership with Altarea Cogedim

mercialys L'Esprit Voisin.

Seven new projects to be completed in the second half of 2014

Nîmes: 90%*

September

Annemasse: 100%*

November

Angers: 125%*

November

nearly 16,700 m² created or restructured – Additional rents: Euro 5.6m

November

St Paul Savanna: 105%*

November

Besançon: 100%*

November

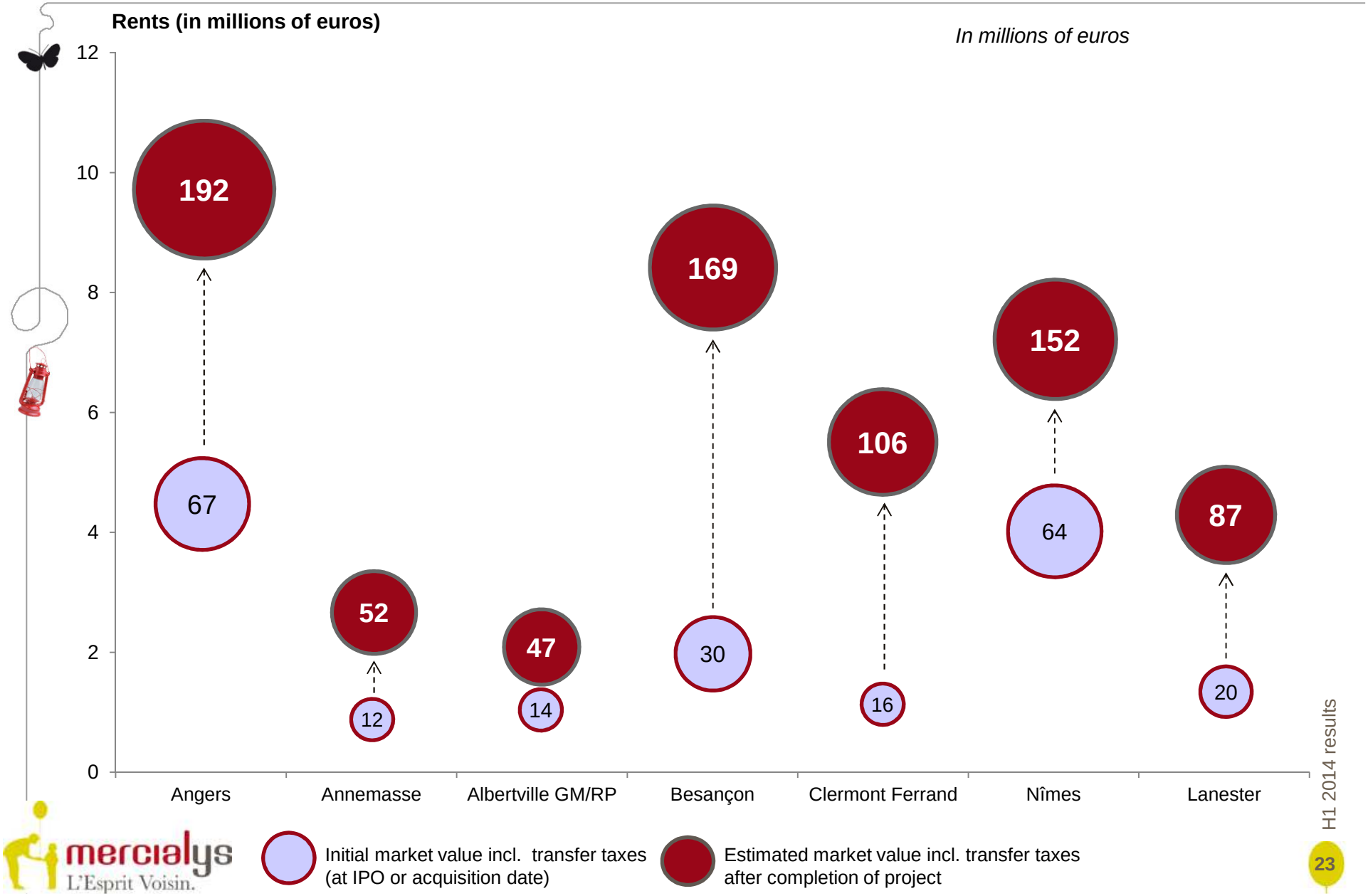
Clermont-Ferrand: 90%*

November

Albertville shopping mall: 95%*

(*) Letting rate, as % of rental value, compared with estimated potential rental income at the start of the development project

Projects at the very heart of the strategy aimed at enhancing offering and extracting full potential in terms of value creation



Launch of 4 new transformation projects in order to enhance the offering of our sites

Rennes

Develop a new DIY extension and an extension on the surfaces of the transferred mid-size store

St Etienne Monthieu

Strengthen the site with new flagship brands and develop an extension of the shopping mall

- Welcome new flagship brands in mid-size stores
- Shopping malls extended on surfaces of mid-size stores moved to parking areas
- Redevelopment of cafeterias

Brest

Bolster the shopping mall's leadership in the conurbation

Niort

Ensure the site maintains its leadership position in the long run

Acquisition of 4 large food stores for Euro 140m

Immediate rental income: Euro 7.4m on a full-year basis
Potential additional rental income*: Euro 4.2m

Target IRR > 10%

(*) post-redevelopment of the acquired areas

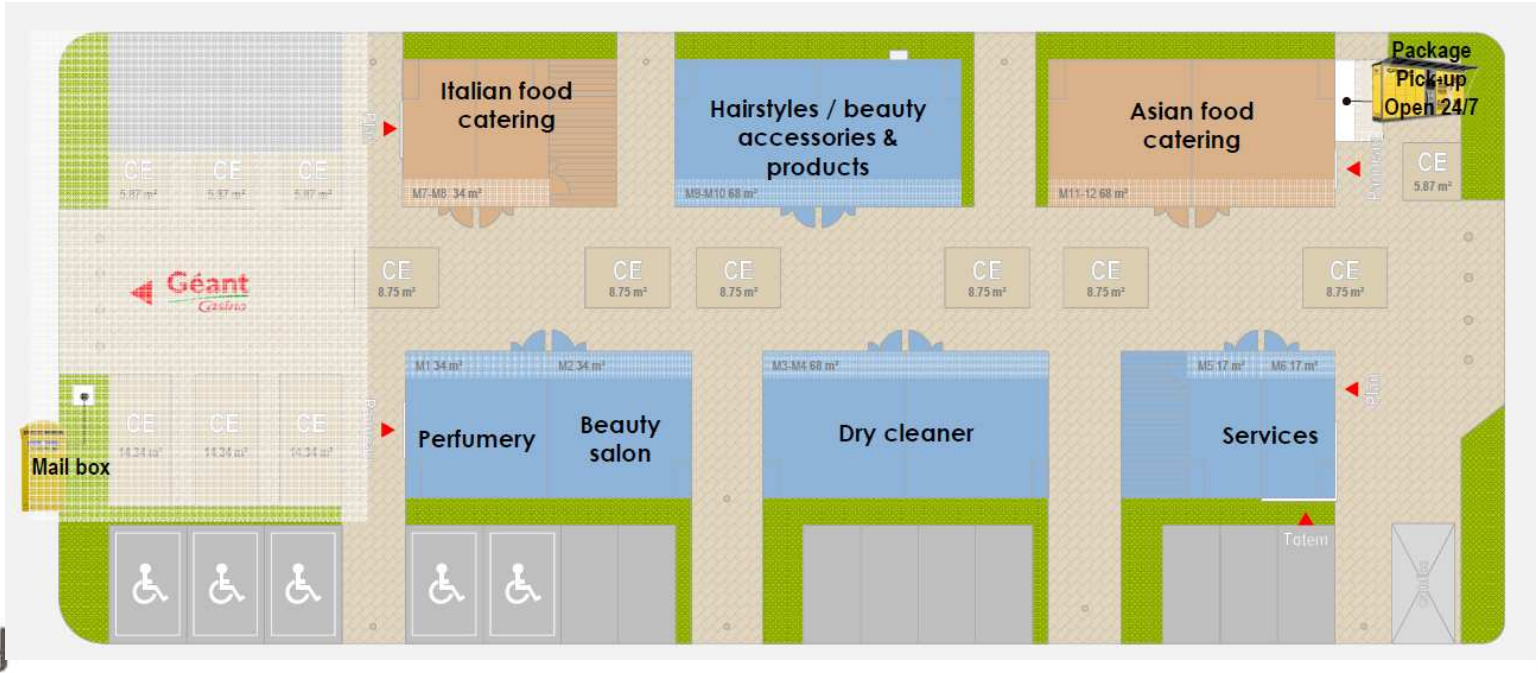
Development of Villages.Services© and of outside catering outlets

- We have launched our new Villages.Services© concept that aims to offer our customers a varied offering of services and outside catering, i.e. activities that have vanished from shopping centers for economic reasons
  - The concept consists in complementing a shopping center's merchandising with a diversified, new and complementary offering by optimizing the use of parking areas
  - Provide a differentiating catering offering on parking areas: the rationale is to surf on the wave of the revival enjoyed by traditional food retailers and quality fast food catering by forging partnerships with top-notch brands
  - Adapt development costs to the pricing grid to enable activities that have disappeared from our shopping centers to make a comeback

» Consistent with our DNA

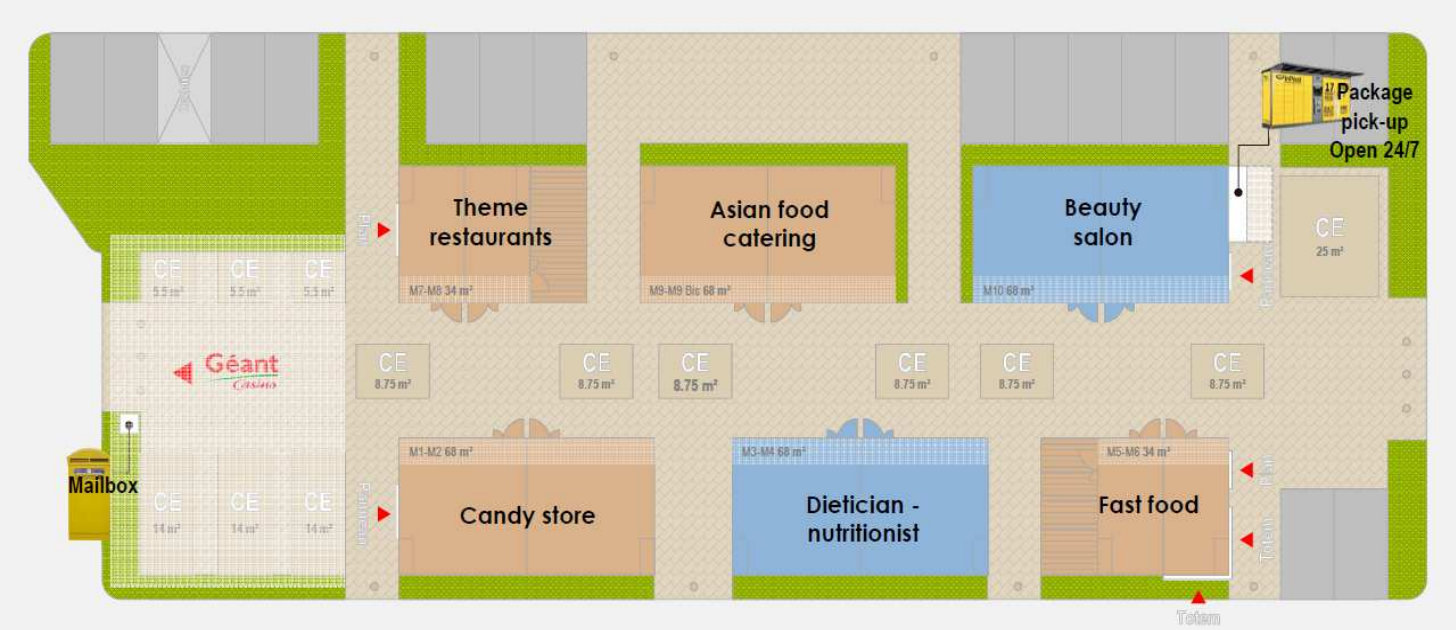
First two Villages.Services© to be opened in the fall

Clermont-Ferrand



First two Villages.Services© to be opened in the fall

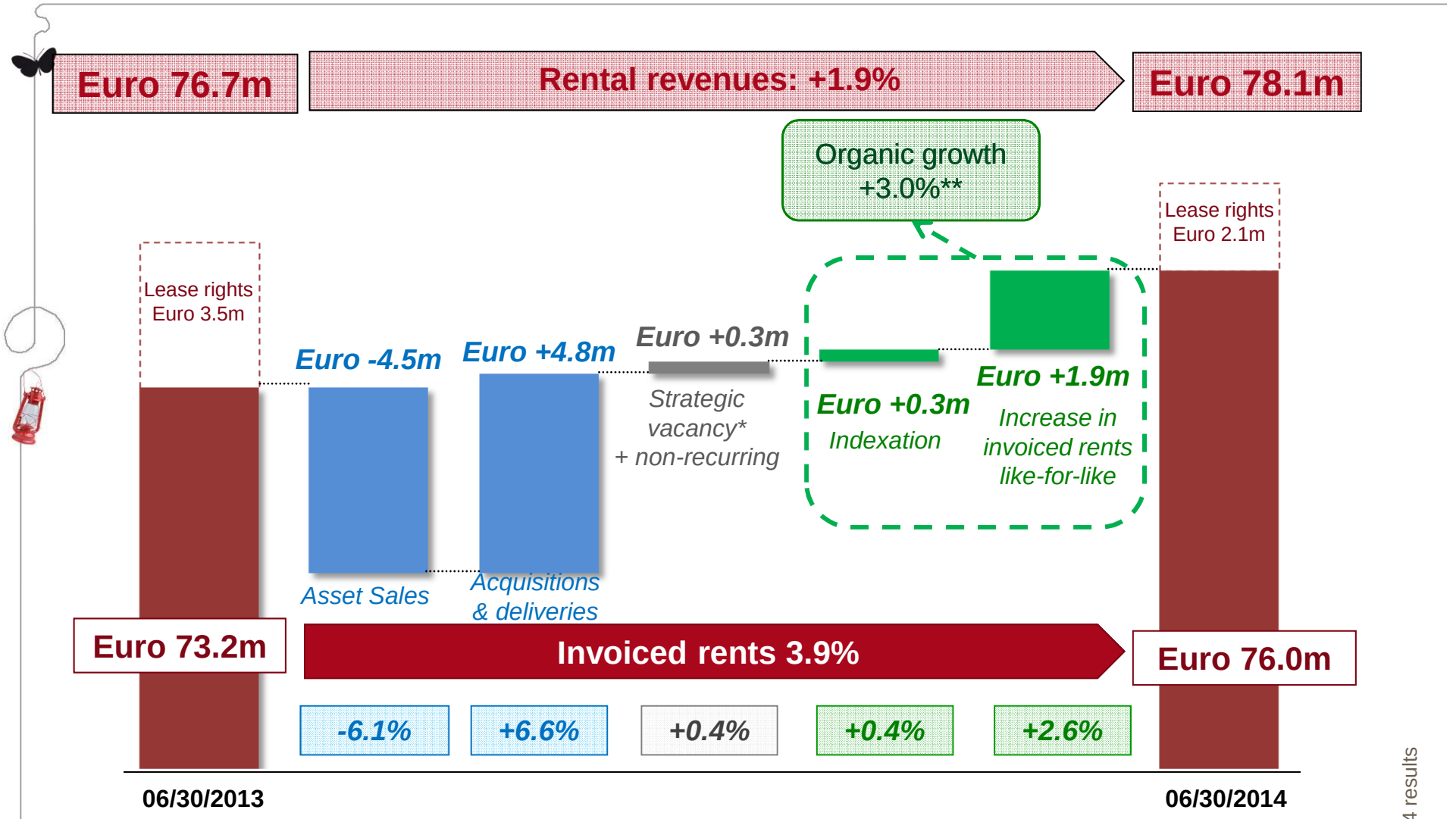
Niort



mercialys
L'Esprit Voisin.

Half year 2014 results

Rental revenues back to a rising momentum…



(*) Relating to the extension/redevelopment program – Lots left vacant to facilitate future redevelopment works

(**) Organic growth in invoiced rents including current vacancy, variable rents and Indexation, excluding the impact of recurring lease rights

… like EBITDA related to recurring business

In millions of euros

	06/13 pro-forma *	06/14	% chge.
Net rental income	**71.6**	**73.8**	**+3.0%**
Operating expenses net of fees received* (a)	(5.6)	(6.7)	
Non-recurring income** (b)	+2.2	-	
EBITDA (c)	**68.2**	**67.1**	**-1.7%**
Adjusted EBITDA (c)-(b)	**66.0**	**67.1**	**+1.6%**

Adjusted EBITDA / Rental Income 86% 86%

(*) Net operating expenses excluding amortization and depreciation, asset write-downs and capital gains on asset sales

(**) Income relating to the extension of the Bordeaux-Pessac site and fees received for paid-for services now in run-off mode

Mercialys financed its acquisitions in the first half by selling mature assets to Casino

- Sale of 5 large food stores

5 large food stores acquired in 2009

in Paris and Marseille

Euro 9.4m in annual rents

Euro 171m net sale price

Realized capital gains **Euro 57m**

IRR 10.6%

- Sale of the 5.25% stake held in Green Yellow

Euro 0.5m investment in 2009

Euro 2.9m in cumulative dividends received since 2009

Euro 4.8m sale price

Net asset sale proceeds **Euro 4.3m**

Significant growth in Funds from operations (FFO)

In millions of euros

	06/13 Pro-forma*	06/14	14/13 chg.
Recurring income before depreciation, amortization	**68.3**	**67.8**	**-0.7%**
Non-recurring income	(1.4)	(0.3)	
Net financial items	(16.5)	(10.4)	
Share of income from companies accounted for by the equity method	0.2	0.6	
Tax and minority interests	0.0	(0.0)	
Funds from operations (FFO)*	**50.6**	**57.7**	**+14.0%**
Depreciation	(11.6)	(12.0)	
Net Capital gains	48.3	57.9	
Net income, Group Share	**87.3**	**103.6**	**+18.6%**

Non-recurring income flattened out after dropping sharply between 2012 and 2013

Including the impact of the sale of the stake in Green Yellow for Euro 4.3 million and decline in financial expenses

(*) Funds From Operations: Net income attributable to the Group excluding amortization, depreciation, asset write-downs and capital gains on asset sales – Pro-forma for 2013

The financial structure remains conservative thanks to the funding of investments by the sale of mature assets

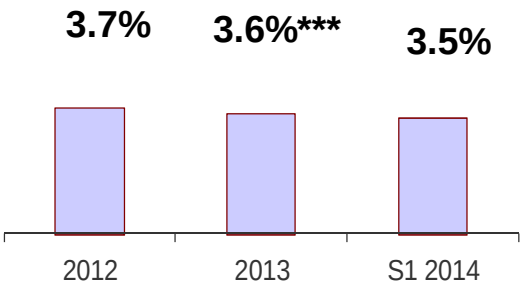
- Investments disbursed in H1 2014 — **Euro 219m**
- Sales of mature assets *(net proceeds)* — **Euro (179m)**
- Net investments in H1 2014 — **Euro 40m**

Debt drawn : Euro **816m**
Net debt: **Euro 819m**

❖ Debt ratios in line with objectives

LTV*	ICR**
33.7%	4.7
< 40%	*> 2.5x*

❖ Decline in average cost of debt

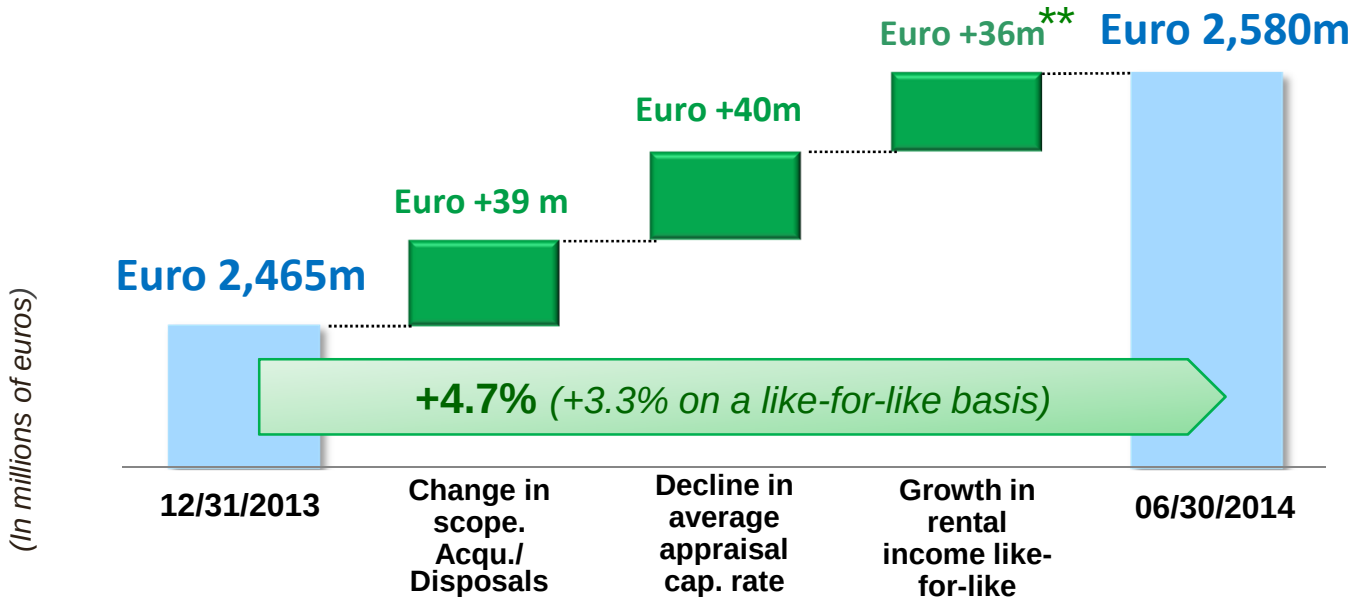


(*) Net debt / Market value of assets excluding transfer taxes
(**) EBITDA / Cost of net financial debt (including capitalized interest)
(***) Excluding exceptional amortization of expenses after the repayment of bank debt totaling Euro 250m

mercialys L'Esprit Voisin.

The value of the porfolio increased by + 4.7%

*Breakdown of change in portfolio appraisal value, including transfer taxes**



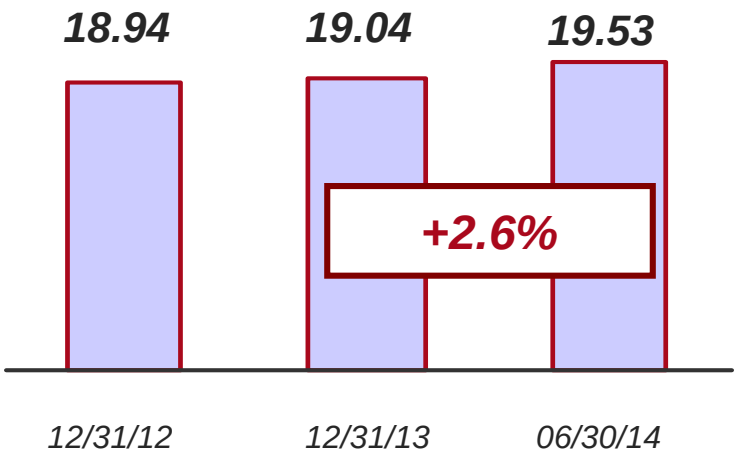
Average capitalization rate of appraisals down due to the impact of the refocusing of the portfolio

	12/2012	06/2013	12/2013	06/2014
Average capitalization rate	***5.85%***	***5.85%***	***5.85%***	***5.7%***

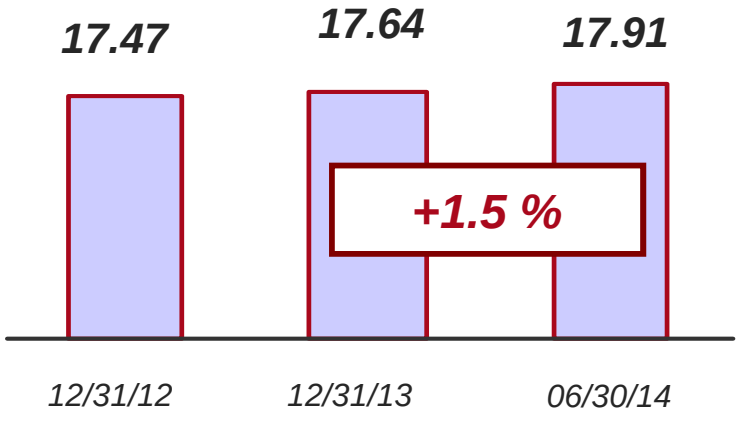
(*) Valuation based on appraisals by BNP Real Estate Valuation, Catella, and Galtier - Valuation of the acquisitions of the period at cost
(**) includes revaluation of redevelopment projects acquired at the end of December 2013

Net asset value up +2.6 % over 6 months

NAV per share
incl. transfer taxes (euros)



Liquidation NAV
excl. transfer taxes per share (euros)



mercialys
L'Esprit Voisin.

Outlook

First-half results demonstrate the pertinence of our “global and unique retail venues” strategy

- Our shopping centers continue to attract new brands
- Footfall is rising in our shopping centers and is higher than market benchmark
- Tenants’ sales are growing faster than for the market

- Mercialys is maintaining long-term growth in its cash flows
  - Strong organic growth
  - Our portfolio of partner brands is increasing
  - Redevelopment projects in all our sites

The transformation of our portfolio is under way

- Enhancement of offerings in our sites thanks to redevelopment and extension projects

- Widening of ways of doing business with a new business model and new forms of retail
  - Development of Casual Leasing
  - Creation of Villages.Services©
  - Development of outside catering outlets

- Our sites boast an ever renewed potential with respect to redevelopment projects

Our investments create value

- Sustained investment pace:
  - Nearly Euro 220m in investments to date, i.e. net of sales of mature assets, Euro 40 million
- Noteworthy flexibility
  - Low debt ratio
  - Substantial liquidity
- Development projects launched with target internal rates of return of more than 8%-10%
  - Projects under control upstream
  - Letting and merchandising choices under control
  - Development costs are kept in check in order to maintain value creation adapting price grids to the operations of tenants

Strategy fuels 2014 growth and will enable the Group to pass the Euro 100 million threshold in cash flows at 2014 year-end

2014 is the year of a return to growth in the portfolio and in cash flows, boosted by a proactive policy of investment and development of shopping centers

We are maintaining our organic growth objective

- **Annual organic growth target for 2014**

+2.0 percentage points growth above indexation in invoiced rents

Our initial objective of 2% growth in funds from operations (FFO)* will be exceeded

- **Growth in cash flows**

We are aiming for Funds From Operations (FFO) of more than Euro 100 million, growing by approximately +5%

(*) Funds From Operations: Net income attributable to the Group excluding amortization depreciation, asset write-downs and capital gains on asset sales

Appendices

Income statement

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

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

Number of shares

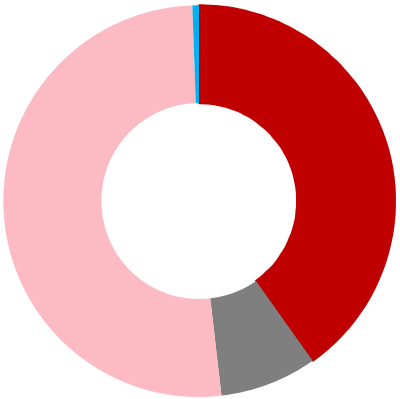
	2012	2013	06/30/14
Number of shares outstanding			
. As at January 1	92,022,826	92,022,826	92,049,169
. As at June 30	92,022,826	92,049,169	92,049,169
. As at December 31	92,022,826	92,049,169	
Average number of shares outstanding	92,022,826	92,038,313	92,049,169
Average number of shares (basic)	91,884 812	91,734,656	91,806,777
Average number of shares (diluted)	91,953 712	91,865,817	91,806,777*

(*) The company holds Treasury shares dedicated to covering bonus share plans to be allocated

Breakdown of capital

At December 31, 2013

Company savings plan & Treasury shares: 0.48%



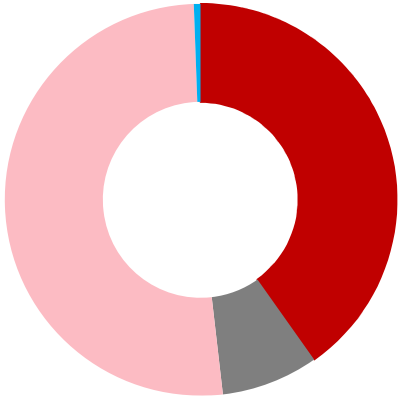
Free float: 51.35%

Casino (*) 40.16%

Generali 8.01%

At June 30, 2014

Company savings plan & Treasury shares: 0.41%



Free float: 51.41%

Casino (**) 40.16%

Generali 8.01%

(*) besides 3% of economic exposure (Fonciere Euris and Rallye)
(**) besides 4% of economic exposure (Fonciere Euris and Rallye)

Condensed balance sheet

In millions of euros

Assets	12/31/12*	12/31/13	06/30/14
Investment property	1,414.2	1,423.5	1,524.7
Financial assets	27.4	42.1	54.1
Other assets	1.4	2.1	3.2
Total non-current assets	***1,443.0***	***1,467.7***	***1,582.0***
Cash and Casino current accounts	205.9	15.8	6.6
Trade and other receivables	49.4	63.5	69.4
Investment property held for sale	143.0	27.6	18.8
Total assets	**1,841.2**	**1,574.6**	**1,676.8**
Equity and liabilities	12/31/12	12/31/13	06/30/14
Equity, attributable to Group	737.5	739.9	766.8
Minority interests	0.4	0.4	0.5
Total consolidated equity	***737.9***	***740.4***	***767.3***
Financial liabilities	1,027.2	774.2	846.2
Deposits and guarantees	23.6	21.9	22.3
Trade and other payables	52.4	38.2	40.9
Total equity and liabilities	**1,841.2**	**1,574.6**	**1,676.8**

(*) Pro forma

Portfolio valued at Euro 2,579.6 million, including transfer taxes

(As at 06/30/2014) Type of property	Number of assets	Appraisal value incl. TT*		Gross leasable area		Appraised net rental income	
		In millions of euros	%	m²	%	In millions of euros	%
Large regional shopping centers	25	**1,976.9**	*77%*	454,500	*69%*	104.8	*71%*
Neighborhood shopping centers	36	**548.2**	*21%*	166,600	*25%*	37.2	*25%*
Total shopping centers	***61***	***2,525.0***	***98%***	***621,100***	***94%***	***142.0***	***97%***
Other assets	28	**54.6**	*2%*	39,000	*6%*	4.6	*3%*
Total portfolio	**89**	**2,579.6**	***100%***	**660,100**	***100%***	**146.6**	***100%***

❖ **Average yield: 5.7% at 06/30/2014**

(*) Valuation based on appraisals by BNP Real Estate Valuation, Catella, and Galtier using conventional methods for the capitalization of revenues and discounting of cash flow from rents

Partnership Agreement: grid for the second half of 2014 has been revised in comparison with the first half of 2014

- Grid of capitalization rates applicable to reiterations in the second half of 2014 under the current Partnership Agreement with Casino

Type of property	Shopping malls		Retail Parks		City center
	Mainland France	Corsica and ODT*	Mainland France	Corsica and ODT*	
Large regional shopping centers > *20,000 m²*	***6.1%***	6.7%	6.7%	7.1%	5.9%
Neighborhood shopping centers *5,000 to 20,000 m²*	***6.6%***	7.1%	7.1%	7.5%	6.2%
Other *o/w under 5,000 m²*	***7.1%***	7.5%	7.5%	8.2%	6.7%

(*) ODT: French overseas departments and territories