

### 1.2.9.6 EPRA vacancy rate

See § 1.2.4, p. 17.

### 1.2.9.7 EPRA investments

The table below shows the investments made over the period

<i>(in millions of euros)</i>		Dec 31, 2018
Acquisitions		0.0
Developments		49.5
Like-for-like portfolio		21.1
Other		8.7
<b>TOTAL</b>		<b>79.3</b>

## 1.3 Real estate portfolio

### 1.3.1 A portfolio valued at Euro 3,780 million including transfer taxes on December 31, 2018

#### 1.3.1.1 Experts and methodology

The shopping centers owned by Mercialis are appraised by experts in accordance with RICS (Royal Institution of Chartered Surveyors) Code of Ethics, appraisal and valuation standards, using the open market value appraisal methods recommended by the 1998 Property Appraisal and Valuation Charter and the 2000 report published by the joint working group of the *Commission des Opérations de Bourse* (COB) and the *Conseil National de la Comptabilité* (CNC) on property asset valuations for listed companies.

Moreover, Mercialis complies with the Code of Ethics for French REITs (*Sociétés d'Investissement Immobilier Cotées - SIIC*) in terms of the rotation of appraisers.

All assets in Mercialis' portfolio have been valued and those undergoing full appraisal have been subjected to planning enquiries, market and competition surveys and site visits. In accordance with the 2000 COB/CNC report, two methods have been used to determine the fair value of each asset:

- first, the capitalization of income method, which consists in taking the rental revenue generated by the asset and dividing it by a yield rate for similar assets, taking into account the actual rent level compared to market levels;
- second, the discounted cash-flow (DCF) method, which takes account of expected annual changes in rental incomes, vacancies, and other factors such as expected letting periods and the investment expenses borne by the lessor.

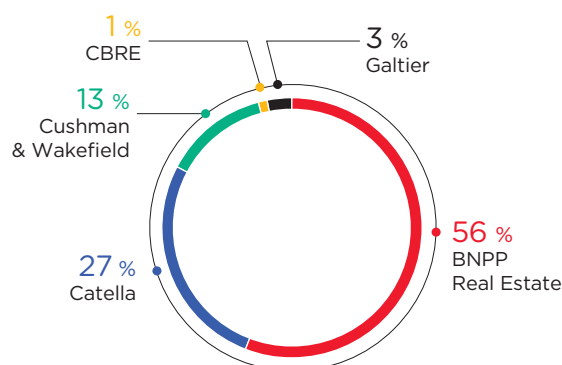
The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as any risk premiums for obsolescence and rental risk.

Small assets have been valued by comparison with market transactions in similar assets.

Five independent appraisers performed the appraisals of Mercialys' portfolio at June 30, 2018 and December 31, 2018: BNPP Real Estate Valuation, Catella Valuation, Cushman & Wakefield Valuation, CBRE Valuation and Galtier Valuation.

### BREAKDOWN OF VALUATIONS PER EXPERT

(in % of the number of assets valued)



The portfolio was valued at Euro 3,780.2 million including transfer taxes at December 31, 2018, compared with Euro 3,736.7 million at December 31, 2017. Excluding transfer taxes, this value was Euro 3,556.9 million at end-2018, vs. Euro 3,513.4 million at end-2017.

The value of the portfolio including transfer taxes therefore rose by +1.2% over 12 months (+0.4% on a like-for-like basis<sup>(1)</sup>) and fell by -0.4% over six months (-1.0% on a like-for-like basis).

The average appraisal yield rate was 5.10% at December 31, 2018, compared to 5.07% on June 30, 2018 and 5.13% on December 31, 2017.

## 1.3.1.2 Property appraisal report prepared by Mercialys independent property valuers

### Introduction

At 12/31/2018, Mercialys entrusted these appraisers:

- BNPP Real Estate Valuation;
- Catella Valuation;
- CB Richard Ellis Valuation;
- Cushman & Wakefield Valuation;
- Galtier valuation

With the valuation of its portfolio of real estate assets according to the following breakdown:

	Number of assets	Fair value excluding transfer taxes	Fair value including transfer taxes
BNPP Real Estate Valuation	39	Euro 2,735.3 million	Euro 2,901.4 million
of which, share of undivided assets held by third parties (40%)		Euro 72.8 million	Euro 77.8 million
BNPP Real Estate Valuation		Euro 2,662.5 million	Euro 2,823.6 million
Cushman & Wakefield	9	Euro 269.0 million	Euro 287.5 million
Catella Valuation	19	Euro 459.9 million	Euro 492.0 million
CB Richard Ellis Valuation	1	Euro 148.4 million	Euro 158.6 million
Galtier Valuation	2	Euro 10.5 million	Euro 11.2 million
Internal*	1	Euro 6.7 million	Euro 7.1 million
of which Gap purchase proposal		Euro 6.7 million	Euro 7.1 million
<b>TOTAL</b>		<b>Euro 3,556.9 million</b>	<b>Euro 3,780.2 million</b>

\* based on the purchase price of the Gap site, concluded in January 2019.

At the end of their respective missions, the experts co-signed the following joint report:

### Property appraisal report

Prepared by Mercialys independent valuers

### General background to the appraisal

#### Background and instructions

In accordance with the instructions given by Mercialys (the "Company"), set out in the valuation contracts signed between Mercialys and the Appraisers, we have estimated the value of the assets owned by the Company reflecting the manner in which they are owned (full ownership, construction lease, etc.). This condensed report, which summarizes the conditions of our work, has been written in order to be included in the Company's Registration Document. Valuations

were performed locally by our appraisal teams and were reviewed by pan-European teams of Appraisers. To determine the market value for each asset, we considered real estate transactions at the European level, as well as domestic transactions. We confirm that our opinion of market value has been revised in the light of other appraisals carried out in Europe, so as to ensure a consistent approach and to take into account all transactions and information available on the market. The valuations are based on the discounted cash flow method or the yield method, which are regularly used for assets of this kind. Our values were set at December 31, 2018.

### Standards and general principles

We confirm that our valuations have been conducted in accordance with the corresponding sections of the code of conduct of the 8<sup>th</sup> Edition of the RICS Valuation Standards (the "Red Book"). This provides an internationally accepted basis for valuations. Our valuations comply with IFRS accounting standards and the standards and recommendations published by IVSC. The appraisals have also been prepared in light of the AMF's recommendations concerning the presentation of valuations of listed companies' real estate assets, published on February 8, 2010. They also take account of the recommendations made in the Barthès de Ruyter report on the valuation of the real estate assets of companies raising public funds, published in February 2000. We certify that we have prepared our appraisals as independent external appraisers, as defined in the standards set out in the Red Book published by the RICS.

### Target value

Our valuations correspond to market values and were presented to the Company in terms of value excluding rights (after deducting transfer duties and costs) and including rights (market value before any deduction of transfer duties and costs).

### Conditions

#### Information

We asked the Company's management to confirm that the information provided to us relating to the assets and tenants is complete and accurate in all material respects. Consequently, we considered that all the information known to the Company's employees and which could affect the value, such as operating expenses, works undertaken, financial items including doubtful debts, variable rents, current and signed lettings, rent-free periods, as well as the list of leases and vacant units was made available to us and is up to date in all material respects.

### Surface area of assets

We did not measure the properties and have based our assessments on the surface areas provided to us.

### Environmental analyses and soil conditions

We were not asked to perform either a study of soil conditions or an environmental analysis and we did not investigate past events to determine whether the soil or structures of the assets are, or have been, contaminated. Unless indicated otherwise, we have assumed that assets are not, and should not be, affected by soil contamination and that the condition of the land does not affect their current or future use.

### Urban planning

We did not study the building permits and assume that the properties have been built and are occupied and used in accordance with all necessary authorizations and are free of any legal recourse. We have assumed that the assets comply with legal requirements and urban planning regulations, particularly as regards structural, fire, and health and safety regulations. We have also assumed that any extensions currently under construction comply with urban planning regulations and that all the necessary authorizations have been obtained.

### Land titles and rental status

We have based our assessments on the rental position, summaries of additional revenues, non-recoverable expenses, capital projects and the business plans provided to us. In addition to what is already mentioned in our reports for each asset, we have assumed that ownership of the assets is not

subject to any restrictions that would prevent or hinder their sale, and that they are free of any restrictions and encumbrances. We have not read the land titles for the assets and have accepted rental and occupancy statements or any other relevant information communicated to us by the Company.

### Condition of the assets

We noted the general condition of each asset during our visits. Our assignment does not include technical aspects concerning the structure of buildings. However, we have indicated in our report any signs of poor maintenance observed during our visit, if applicable. The assets have been appraised on the basis of information provided by the Company, according to which no hazardous materials have been used in their construction.

### Taxation

Our valuations do not take account of any costs or taxes that may be incurred in the event of an asset being sold. The stated rental and market values exclude VAT.

### Confidentiality and publication

Finally, and in keeping with our usual practice, we confirm that our appraisal reports are confidential and intended solely for the Company. No liability is accepted in relation to third parties; and neither the appraisal reports as a whole nor extracts from these reports may be published in a document, declaration, circular or communication with third parties without our written agreement, covering both the form and content in which they may appear. In signing this condensed report, each expert does so on his/her own behalf and only for his/her own expert appraisal work.

#### BNPP REAL ESTATE VALUATION

Jean-Claude DUBOIS  
Président



#### CATELLA VALUATION

Jean-François DROUETS  
Président



#### GALTIER VALUATION

Coralie Couvret  
Directrice



#### CUSHMAN & WAKEFIELD VALUATION FRANCE

Valérie Parmentier  
Partner



#### CBRE VALUATION



## 1.3.2 A diversified retail asset portfolio, located in high-potential geographic zones

### 1.3.2.1 61 assets at the end of 2018, representing 872,992 sq.m of gross leasable area

Mercialys classifies its assets into four major categories: Regional shopping centers (gross leasable area of over 40,000 sq.m), Large shopping centers (gross leasable area of over 20,000 sq.m), Leading neighborhood centers (gross leasable area of over 5,000 sq.m), and Other sites.

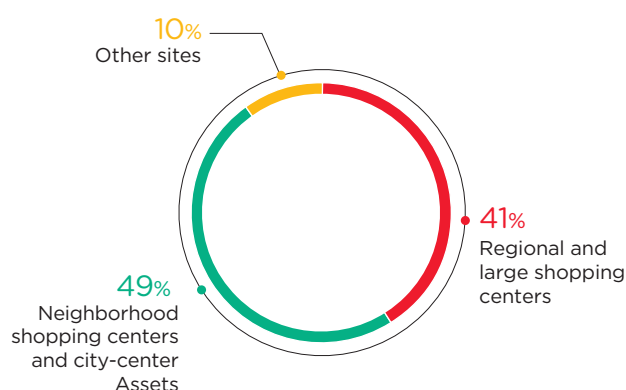
Large shopping centers and Leading neighborhood centers consist of shopping centers and the adjacent large specialty stores. Other sites in the portfolio include independent Casino

cafeterias, convenience store franchises (Leader Price), and some large specialty stores.

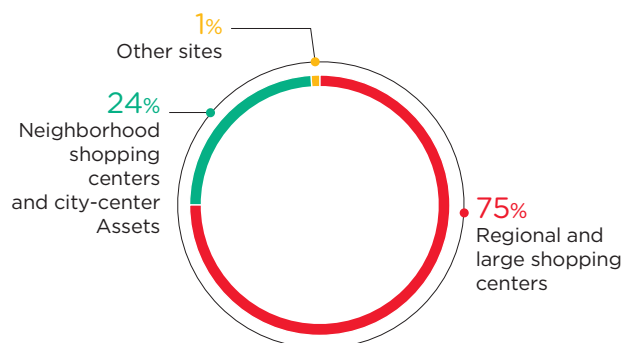
At December 31, 2018, Mercialys' portfolio consisted of 61 assets, comprising three Regional shopping centers, 22 Large shopping centers, 23 Neighborhood shopping centers, 7 City-center assets and 6 Other sites, representing a built gross leasable area of around 872,992 sq.m.

#### BREAKDOWN OF ASSETS BY TYPE (IN NUMBER, SURFACE AREA AND APPRAISAL VALUE)

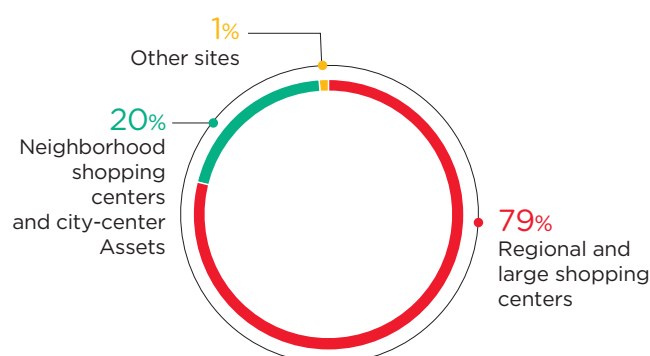
(in number)



(in sq.m)



(in appraisal value, including transfer taxes)



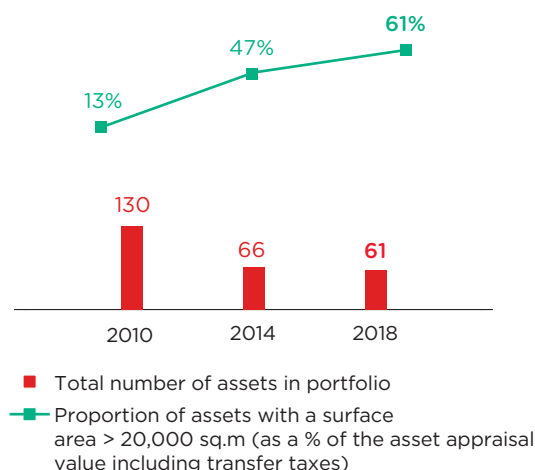
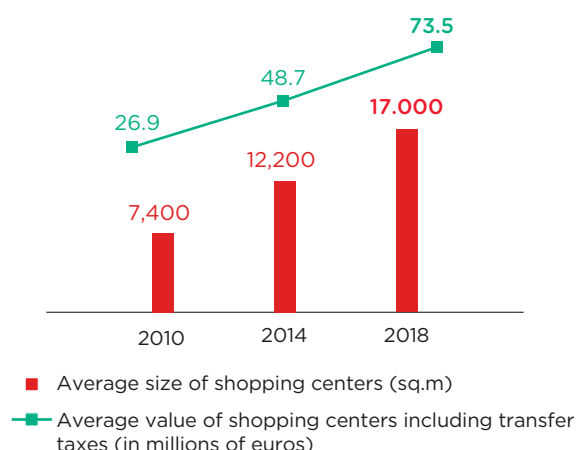
### 1.3.2.2 A portfolio refocused on leading commercial assets in the most dynamic geographical zones of the territory

The result of more than a decade of buying and selling assets, Mercialys portfolio is now broadly refocused on leading or co-leading commercial sites in their catchment areas.

The average size of the Company's shopping centers (excluding City-center assets and Other sites) totaled 17,000 sq.m at end 2018, compared to 7,400 sq.m in 2010.

Their average value was Euro 73.5 million including transfer taxes, compared with Euro 26.9 million in 2010.

On the entire portfolio, the assets of a gross leasable area exceeding 20,000 sq.m represent 61% of the portfolio's appraisal value including transfer taxes.



94% of the assets making up Mercialys' portfolio, still in terms of appraisal value, are in the French provinces or overseas departments, with the remaining 6% in Paris and the greater Paris area. Only a small percentage of the Company's real estate portfolio is in Paris and the greater Paris area.

Historically located in eastern-central France (Saint-Étienne), the Casino Group from which the Company originated gradually extended its establishment into neighboring regions (Loire, Haute-Loire, Rhône...) then, following merger and

network buyout transactions, to geographical zones with the high development potential that the coastal regions of the South East, West and Brittany represent.

Thanks to acquisitions made in 2007 on Reunion Island, Mercialys also has locations outside metropolitan France.

The following table gives a regional breakdown of Mercialys' real estate portfolio.

Region	Number of sites	Appraisal value (including transfer taxes) (€M)	%	Gross leasable area (sq.m)	%
Corse	5	116.7	3%	47,863	5%
Ile-de-France	8	217.9	6%	40,489	5%
North-East	2	303.4	8%	59,881	7%
West	10	943.4	25%	205,644	24%
Rhône-Alpes	8	644.2	17%	164,942	19%
Reunion Island	5	314.8	8%	40,939	5%
South-East	12	592.8	16%	146,674	17%
South-West	11	647.0	17%	166,560	19%
<b>TOTAL</b>	<b>61</b>	<b>3,780.2</b>	<b>100%</b>	<b>872,992</b>	<b>100%</b>

### 1.3.2.3 Details of portfolio on December 31, 2018

Site name and description	Type of asset held by Mercialis	Year of construction	Last project (year)	Built surface of the complex on 12/31/2018 (sq.m)	Gross leasing area held by Mercialis on 12/31/2018 (sq.m)	Of which food store surface on 12/31/2018 (sq.m) when owned by Mercialis	Property management
<b>Corse</b>							
Ajaccio Rocade Mezzavia (Géant + 46 stores + 3 MSUs)	Large shopping centers	1989	2018	28,773	17,264	10,015	CORIN
Bastia Port Toga (Géant + 13 stores)	Neighborhood shopping centers	1991	2017	7,034	4,220	3,201	CORIN
Bastia Rocade de Furiani (Géant + 48 stores + 2 MSUs)	Large shopping centers	1969	2017	24,498	14,699	8,314	CORIN
Corte (Casino HM + 14 stores)	Neighborhood shopping centers	2004	2004	5,831	3,499	2,466	CORIN
Porto Vecchio (Géant + 33 stores + 2 MSUs)	Neighborhood shopping centers	1972	2003	14,106	8,182	4,963	CORIN
<b>Ile de France</b>							
Amilly Montargis (Géant + 1 cafeteria + 15 stores + 2 MSUs + 1 carwash)	Neighborhood shopping centers	1976	2013	15,192	2,189	-	SUDECO
Asnières (Monoprix + apartments)	City-center assets	1999	-	3,497	3,497	3,317	SUDECO
Chaville (Monoprix)	City-center assets	1957	-	6,244	6,244	6,244	SUDECO
La Garenne-Colombes (Monoprix)	City-center assets	1964	-	6,602	6,602	6,602	SIAP
Massena (Géant + 29 stores + 2 MSUs)	Large shopping centers	1975	2016	31,677	6,020	-	SUDECO
Puteaux (Monoprix)	City-center assets	1999	-	5,625	5,625	5,625	OLT
Saint-Denis Porte de Paris (Leader Price + 1 MSU)	Other	1975	-	2,900	2,900	-	SUDECO
Saint-Germain-en-Laye (Monoprix)	City-center assets	1978	-	7,413	7,413	7,413	SUDECO
<b>La Réunion</b>							
Le Port Sacré-Cœur (Jumbo + 109 stores + 4 MSUs)	Large shopping centers	2002	2018	27,024	21,401	-	SUDECO
Saint-André (Land)	Other	-	-	-	-	-	-
Saint-Benoît Beaulieu (Jumbo + 22 stores)	Neighborhood Shopping Centers	2000	-	7,492	2,014	-	SUDECO
Saint-Pierre Front de Mer (Jumbo + 26 stores)	Neighborhood Shopping Centers	1987	1992	11,629	2,118	-	SUDECO
Sainte-Marie Duparc (Jumbo + 77 stores + 6 MSUs + 1 RP)	Large shopping centers	1966	2016	27,384	15,406	-	SUDECO
<b>North-East</b>							
Besançon - Chateaufarine (Géant + 85 stores + 11 MSUs)	Regional shopping centers	1971	2018	58,218	49,297	11,066	SUDECO
Marcq-en-Baroeul (Monoprix + 7 stores)	City-center assets	1963	-	10,584	10,584	9,875	SUDECO
<b>West</b>							
Angers - Espace Anjou (Géant + 104 stores + 8 MSUs)	Regional shopping centers	1994	2017	40,564	39,705	15,529	SUDECO

Site name and description	Type of asset held by Mercialis	Year of construction	Last project (year)	Built surface of the complex on 12/31/2018 (sq.m)	Gross leasing area held by Mercialis on 12/31/2018 (sq.m)	Of which surface of the GSA on 12/31/2018 (sq.m) when owned by Mercialis	Property management
Angoulême - Champniers (Géant + 1 cafeteria + 56 stores + 3 MSUs)	Other	1972	2016	35,855	540	-	SUDECO
Brest (Géant + 71 stores + 7 MSUs)	Large shopping centers	1968	2018	36,545	35,755	15,676	SUDECO
Chartres - Lucé (Géant + 43 stores + 3 MSUs)	Large shopping centers	1977	2016	27,362	9,714	-	SUDECO
Lanester (Géant + 2 MSUs + 65 stores)	Large shopping centers	1970	2016	31,267	30,357	19,057	SUDECO
Morlaix (Géant + 40 stores + 2 MSUs)	Neighborhood shopping centers	1980	2017	28,871	8,054	-	SUDECO
Niort Est (Géant + 1 cafeteria + 50 stores + 3 MSUs + 1 service village)	Large shopping centers	1972	2015	26,047	20,372	13,306	SUDECO
Quimper - Cornouaille (Géant + 1 cafeteria + 91 stores + 6 MSUs)	Large shopping centers	1969	2017	34,459	34,459	15,409	SUDECO
Rennes Saint-Grégoire (Géant + 86 stores + 2 MSUs)	Large shopping centers	1971	2017	52,858	16,999	-	GIE GRAND QUARTIER
Tours - La Riche Soleil (Géant + 1 cafeteria + 47 stores + 3 MSUs)	Large shopping centers	2002	2002	25,571	9,689	-	SUDECO
<b>Rhône-Alpes</b>							
Annecy Seynod (Géant + 58 stores + 6 MSUs)	Large shopping centers	1988	2018	28,469	28,469	15,663	SUDECO
Annemasse (Géant + 37 stores + 3 MSUs)	Large shopping centers	1977	2015	25,564	23,384	15,700	SUDECO
Clermont - Nacarat (Géant + 69 stores + 1 MSU + 1 service village)	Large shopping centers	1979	2014	34,779	34,779	17,847	SUDECO
Grenoble La Caserne de Bonne (Monoprix + 45 stores + 4 MSUs + offices)	Large shopping centers	2010	2010	19,124	19,124	-	SUDECO
La Ricamarie (Géant + 1 cafeteria + 30 stores + 2 MSUs)	Other	1976	2015	29,771	405	-	SUDECO
Saint-Etienne - Monthieu (Géant + 1 cafeteria + 64 stores + 5 MSUs + 1 gas station + 1 carwash)	Large shopping centers	1972	2017	36,928	36,928	14,462	SUDECO
Vals-près-Le-Puy (Géant + 1 cafeteria + 22 stores + 5 MSUs)	Neighborhood shopping centers	1979	2013	21,367	20,923	11,707	SUDECO
Villars (1 cafeteria in an Auchan SC)	Other	1985	-	30,931	931	-	G.A.C.ITROIN
<b>South-East</b>							
Aix-en-Provence (Géant + 1 cafeteria + 32 stores + 1 MSU)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Géant + 33 stores + 2 MSUs)	Neighborhood shopping centers	1979	2016	26,791	7,328	-	SUDECO
Fréjus (Géant + 45 stores + 3 MSUs)	Neighborhood shopping centers	1972	2017	19,911	18,809	13,182	SUDECO
Gap (Géant + 1 cafeteria + 22 stores + 1 MSU)	Neighborhood shopping centers	1980	2015	20,938	11,287	-	SUDECO
Istres (Géant + 43 stores + 1 MSU)	Neighborhood shopping centers	1989	2015	25,584	18,934	13,288	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project (year)	Built surface of the complex on 12/31/2018 (sq.m)	Gross leasing area held by Mercialys on 12/31/2018 (sq.m)	Of which surface of the GSA on 12/31/2018 (sq.m) when owned by Mercialys	Property management
La Foux (Géant + 30 stores + 1 MSu)	Neighborhood shopping centers	1980	2017	12,761	10,106	8,648	SUDECO
Mandelieu (Géant + 49 stores + 2 MSus)	Large shopping centers	1977	2016	31,954	8,553	-	SUDECO
Marseille Barnéoud Plan de Campagne (Géant + 1 cafeteria + 61 stores)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
Marseille Canebière (Monoprix)	City-center assets	1993	-	5,558	5,558	5,558	SUDECO
Marseille Delprat (Casino HM + 11 stores)	Neighborhood shopping centers	2001	2015	5,510	1,494	-	SUDECO
Marseille La Valentine (Géant + 62 stores + 4 MSus)	Large shopping centers	1970	2015	32,271	13,924	-	SUDECO
Marseille Michelet (Casino HM + 14 stores)	Neighborhood shopping centers	1971	2016	10,692	1,225	-	SUDECO
<b>South-West</b>							
Anglet (Géant + 1 cafeteria + 10 stores)	Other	1976	2016	16,524	4,326	-	SUDECO
Aurillac (Géant + 1 cafeteria + 24 stores)	Neighborhood shopping centers	1988	2015	16,890	3,580	-	SUDECO
Boé Agen (Géant + 1 cafeteria + 27 stores + 1 MSu)	Neighborhood shopping centers	1969	2014	18,855	5,499	-	SUDECO
Brive Malemort (Géant + 35 stores)	Neighborhood shopping centers	1972	2016	21,047	5,460	-	SUDECO
Carcassonne Salvaza (Géant + 1 cafeteria + 34 stores + 2 MSus)	Neighborhood shopping centers	1982	2016	19,917	2,502	-	SUDECO
Millau (Géant + 5 stores + 1 MSu)	Neighborhood shopping centers	1986	2017	12,610	1,103	-	SUDECO
Montpellier Argelliers Motorway (Géant + 23 stores + 1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	-	SUDECO
Narbonne (Géant + 1 cafeteria + 29 stores + 2 MSus)	Neighborhood shopping centers	1972	2017	20,680	20,680	10,494	SUDECO
Nîmes - Cap Costières (Géant + 1 cafeteria + 88 stores + 4 MSus)	Large shopping centers	2003	2017	35,209	35,209	14,209	SUDECO
Rodez (Géant + 1 cafeteria + 20 stores + 2 MSus)	Neighborhood shopping centers	1984	2017	17,618	1,986	-	SUDECO
Toulouse Fenouillet (Géant + 1 cafeteria + 134 stores + 14 MSus + 1 RP)	Regional shopping centers	1978	2017	105,769	83,889	-	SUDECO
				<b>1,433,911</b>	<b>872,992</b>	<b>338,889</b>	

Abbreviations (SC: Shopping center, RSC: Regional shopping center, LSC: Large shopping center, NSC: Neighborhood shopping center, RP: Retail park, LFS: Large food store, LSS: Large specialty store, MSu: Medium-sized unit, SM: Service mall, SUP: Convenience store, CAF: cafeteria, Other: including isolated lots).