PRESS RELEASE

Paris, February 10, 2016

2015 results: performance above objectives

+3.4% increase in rents invoiced on a like-for-like basis, of which +3.5% excluding indexation, a significantly better performance than the objective of +2%

+5.8% growth in FFO to Euro 108.5 million, significantly above the revised objective of +3%

+3.4% growth in NAV excluding taxes to Euro 19.48 per share

Mercialys is strengthening its position as a leading local real estate company by developing a **high street retail** segment, notably with the acquisition of 5 sites for transformation from Monoprix, generating an immediate yield of 5.9%

Proposed **dividend distribution of Euro 1.33 per share** for 2015, representing a yield of 6.8%[1]

2016 outlook: organic growth in invoiced rents excluding indexation is expected to exceed +2%, with FFO up +2%

Mercialys' operating performance in 2015 was significantly better than the objective. Organic growth in rents was up +3.5% excluding indexation (compared with an objective of +2%). The main impetus came from the continued growth of Casual Leasing, the positive impact of reversion and completion of development projects on land already owned, and the 40 bp improvement (to 2.0%) in the current vacancy rate.

Funds from operations (FFO) totaled Euro 108.5 million, up +5.8% on 2014 and a significant improvement on the revised objective of +3%. At the same time, EPRA NNNAV climbed +3.4% in 2015 to Euro 19.48 per share. In light of this excellent performance, a dividend of Euro 1.33 per share will be proposed at the General Meeting on April 20, 2016.

Mercialys' success continued throughout 2015, demonstrating its ability to enter into global transactions with international retailers and to attract new and innovative brands. These achievements are illustrated by relettings, the letting of redeveloped large food stores and cafeterias, and large-scale projects such as the Toulouse shopping center extension and retail park. The appeal of Mercialys' shopping centers lies in the perennial outperformance of the assets, benefiting retailers in terms of footfall and revenue growth. This trend stems from the relevance of the geographical footprint, and an ability to transform and improve the marketability of the sites.

The development pipeline also entered a new phase in 2015, when Mercialys acquired 10 large food stores for redevelopment, either fully owned or through subsidiaries held with a third-party investor in which Mercialys owns a 51% stake.

Mercialys is also continuing to develop its innovative proximity real estate model by establishing a high street retail segment. The focus will be on prime locations in urban areas with dynamic population growth and purchasing power above the national average, with assets offering retail or mixed-use development potential. In this context, Mercialys acquired 5 sites for redevelopment from Monoprix for Euro 110.6 million, generating an immediate net yield of 5.9%. The sites will be developed for retail or mixed use in the medium term and the capex for the development projects will amount to around Euro 45 million.
All these investments have been achieved, while preserving a solid financial structure, with a loan-to-value (LTV) ratio of 41.0% and interest coverage ratio (ICR) of 5.1x at year-end 2015.

Mercialys can therefore remain confident in its 2016 outlook, as a result of its organic growth drivers and the full-year impact of investments and projects completions achieved in 2015, as well as projects scheduled for delivery in 2016. The management has thus set an objective in 2016 of +2% for organic growth in rents excluding indexation, with a +2% increase in FFO on 2015.

[1] Yield calculated on Mercialys' EPRA NNNAV at year-end 2015 (Euro 19.48)

I. 2015 activity

Strong earnings growth reflects the model's effective management

Rents invoiced rose by +11.6% to **Euro 166.0 million** due to organic growth, as well as the effect of net acquisitions made in 2014 and 2015.

Organic growth in rents invoiced continued its upward trend at **+3.4%**, including **3.5 % over indexation**, better than the objective of +2%. This excellent performance in a sluggish economic environment underlines the model's effective management. Organic growth was boosted by a renewed surge in Casual Leasing activity (+28.2% to Euro 8.0 million), buoyed by the continual supply and renewal of the tenant base, and the reversion maintained through continuous improvement in the letting of assets, including developments on land already owned.

The **current financial vacancy rate** improved by 40 bp to 2.0% year on year, while the 12-month recovery rate remained high at 97.7%, up slightly from year-end 2014 (97.6%).

Rental revenues, at Euro 169.0 million, are up +10.6%, with growth in rents invoiced offsetting the fall in lease rights, rent levels now being given priority over the implementation of these rights.

EBITDA totaled **Euro 144.1 million**, an increase of +12.8% on 2014, reflecting the increase in rents, controlled general and administrative costs (Euro 17.3 million in 2015 stable vs. 2014), and a net earnout of Euro 1.1 million paid by Union Investment in return for Mercialys letting additional lots in the Pessac shopping center. EBITDA margin was 85.3%, a significant improvement over 2014 (83.6%). Adjusted for the earnout payment, the increase in EBITDA margin would still be significant at 84.6%.

Net financial expenses rose Euro 5.0 million year on year to finish 2015 at Euro 28.8 million, in line with the increase in net debt. Conversely, the average cost of debt drawn down has fallen significantly. This amounted to 2.4% in 2015, against 3.1% in 2014, Mercialys benefiting from the full-year effect of debt restructuring carried out in the fourth quarter of 2014.

Non-controlling interests totaled Euro 2.5 million in 2015, compared to an immaterial figure in 2014. The change is due to the sale in 2015 of a 49% interest in subsidiaries to real estate investment schemes (OPCIs) managed by BNP Paribas REIM France. The disposals do not affect rents, since Mercialys fully consolidates these subsidiaries.

Taxes included the 3% tax payment, related to the interim dividend, on capital gains not covered by the distribution obligation imposed by French REIT (SIIC) status for Euro 1.1 million, the remainder mainly comprising the business contribution on value added (CVAE).

Funds from operations (FFO[2]) grew by +5.8% to **Euro 108.5 million**, or Euro 1.18 per share[3], significantly higher than the revised objective of +3% published in July 2015. This outperformance is due to the buoyant trend witnessed in Casual Leasing in the fourth quarter, as well as the contribution from large food stores acquired for redevelopment in the fourth quarter of 2015.

[2] FFO: Funds from operations = Net income attributable to owners of the parent adjusted for depreciation and amortization, gains from disposals, and asset impairment

[3] Calculation on the basis of the weighted average number of fully diluted shares at December 31

In millions of euros	12.31.2014 Proforma *	12.31.2015	Change %
Invoiced rents	**148.8**	**166.0**	**+11.6%**
Lease rights	4.0	3.0	-25.6%
Rental revenues	**152.8**	**169.0**	**+10.6%**
Non-recovered service charges	(9.7)	(10.2)	+5.3%
Net rental income	143.1	158.8	+10.9%
EBITDA	**127.8**	**144.1**	**+12.8%**
EBITDA margin	*83.6%*	*85.3%*	*+160 bp*
Financial income (excluding non-recurring impact of hedging ineffectiveness and banking default risk)	(23.9)	(29.0)	+21.6%
Reversal of/(charge to) provisions	0.1	(0.9)	n/a
Other operating income and expenses (excluding gains on disposals and impairment losses)	(1.7)	(0.2)	-88.9%
Tax	(1.1)	(3.1)	n/a
Share in net income of associates	1.3	1.0	-23.8%
Non-controlling interests excluding gains and depreciation and amortization	0.0	(3.3)	n/a
FFO	**102.6**	**108.5**	**+5.8%**

(*) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21

II. Completions, investments and disposals

Mercialys benefited from the completion of 4 projects in 2015, generating Euro 3.2 million in annual rent

Phase 1 of the Toulouse Fenouillet development, a 24,000 sq.m retail park, opened to the public in May 2015. This site is fully let and generates annualized net rents of Euro 2.3 million, or a net yield of 6.9% against a total investment of Euro 33.5 million.

In November 2015, Mercialys acquired an extension from the Casino Group of more than 1,500 sq.m, or 10 additional stores, in its Aurillac shopping center, generating Euro 0.5 million in annualized rents. The extension enhances the attractiveness of the site and complements the merchandising of this leading shopping center within the local area.

Finally, Mercialys delivered the first phases of the redeveloped large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased a 1,330 sq.m extension, securing the future presence of this anchor tenant at the site. The second redevelopment phase of the large food store is currently under way. In Brest, leading brand Cultura has opened a 2,300 sq.m store, driving footfall and increasing the expected reversion on this gallery. In total, these operations generated Euro 0.4 million of annualized net rents and an average IRR of 9.0%.

Large food stores acquired for redevelopment immediately contributed Euro 17.3 million to annualized rents

In 2015, Mercialys acquired 10 large food stores for redevelopment. 6 are 100% owned by the Company, while it has a 51% stake in the remaining 4. The acquisitions represented a total amount of Euro 328.1 million, generating rents of Euro 17.3 million, or an immediate overall yield of 5.3%.

As of June 30, 2015, Mercialys had acquired 5 large food stores for redevelopment from Casino in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan de Campagne site). This amounted to a total of Euro 166.7 million, including transfer taxes and net annual rents before renovation of Euro 9.3 million, representing an immediate yield of 5.6%. In December 2015, Mercialys acquired a large food store for redevelopment in Annemasse from the Casino Group for Euro 53.2 million DIH, generating an immediate yield of 4.9%.

In November 2015, Hyperthetis Participations, a subsidiary 51% owned by Mercialys and 49% by the OPCI SPF2[4], acquired the buildings of three large food stores for redevelopment in Istres, Narbonne and Vals-près-Le-Puy from the Casino Group for a total of Euro 69.5 million DIH, immediately generating a net yield of 5.1%.

At the same time, Immosiris, a subsidiary 51% owned by Mercialys and 49% by the OPCI REAF[4], acquired a large food store for redevelopment in Clermont-Ferrand from the Casino Group. The total amount paid for the store, adjacent to the shopping center in Clermont-Ferrand, came to Euro 38.6 million DHI, equivalent to a net yield of 4.9%.

Acquisition of 5 sites from Monoprix for redevelopment, as part of the implementation of a high street retail segment, representing annual rents of Euro 6.5 million

Mercialys is augmenting its position as a leading proximity real estate company by launching a high street retail business line. Investments in this segment will focus on two fundamentals. First, the location of the assets, with Mercialys favoring prime locations in urban areas benefiting from dynamic population growth or purchasing power that is above the national average. Second, the assets acquired must have the potential for development as urban retail, but also offices, hotels or housing projects that can be led by Mercialys and specialized partners, thus contributing towards the overall appeal of the site. Ultimately, Mercialys will only keep the retail assets in its portfolio.

Mercialys will continue to invest opportunistically in high street retail, a segment that could potentially represent up to 10% of the Company’s portfolio and boost the growth in funds from operations.

In this context, in December 2015 Mercialys acquired 5 sites for redevelopment from Monoprix for Euro 110.6 million DIH, triggering an immediate net yield of 5.9%.

These assets are located in areas where the local population has significant purchasing power, for example in the western suburbs of Paris (Puteaux, Asnières and Chaville), on the Belgian border (Lille Marcq-en-Barœul) and in the center of Marseille (Marseille Canebière).

A significant development pipeline in 2016, with Mercialys benefiting from project completions representing Euro 10.4 million in annualized rents as soon as 2016

Mercialys is continuing its **controlled development pipeline**, representing an investment of Euro 224.3 million by 2018 – of which Euro 207.1 million remain to be spent – and generating Euro 16.6 million of additional annualized rents.

[4] These real estate investment schemes are managed by BNP Paribas REIM France

The Company will benefit from new project completions in 2016:

- following their redevelopment, 5 large food stores will be delivered in the fourth quarter of 2016 on the Aix, Angers, Anglet, Nîmes (phase 1) and Rennes (phase 1) sites, representing total annualized rents of Euro 2.4 million,
- Mercialys will deliver a 3,600 sq.m retail park in Sainte-Marie (Reunion Island) in the fourth quarter of 2016, generating Euro 0.7 million in annualized rents. At the same time, under the partnership agreement, Mercialys will decide whether to acquire the 1,200 sq.m extension of the Carcassonne Salvaza gallery in the second quarter of 2016, with annualized rents totaling Euro 0.3 million.
- Mercialys has a fair value purchase option with Foncière Euris on phase 2 of the extension of the Toulouse Fenouillet shopping center, to be exercised no later than the opening date. The annualized rents of this project total Euro 7.0 million. At December 31, 2015, the extension had been 68% let.

In addition, Mercialys has kept its controlled development pipeline going with the large food store acquisitions made in 2015. These projects will involve the extension of the adjoining shopping centers, mainly to accommodate powerful and distinctive non-food anchor tenants:

- Of the 5 large food stores acquired in the first half of 2015 in Besançon, Lanester, Dijon, Poitiers and Marseille Plan de Campagne, the work planned at this stage on the stores (excluding Plan de Campagne, which will be a special large-scale project) is expected to come to Euro 16.3 million, creating approximately Euro 1.2 million in additional annualized rents, or a projected yield of 7.5%. The stores are scheduled to open in 2017. The estimated IRR of the development projects earmarked for these sites is between 8% and 10%.
- Of the 5 large food store acquired in the second half of 2015 in Istres, Narbonne, Vals-près-Le-Puy, Clermont-Ferrand and Annemasse, the work is expected to come to Euro 16.3 million, (of which Mercialys' share is Euro 11.0 million as the Company has a 51% stake in these projects apart from Annemasse), which should generate a 7.6% yield on cost.

Mercialys has also identified a **potential development pipeline** worth Euro 367 million, which will generate Euro 21.0 million of additional annualized rents. This potential pipeline will be initiated by 2020. It consists of a large-scale development (Marseille Plan de Campagne), shopping centers extensions (Réunion Island, Marseille La Valentine, Brest and Clermont-Ferrand) and retail parks (Dijon, Saint-André de la Réunion and Pessac). Mercialys will also work on mixed-use high street retail projects with assets acquired from Monoprix. This will involve both the redevelopment of existing premises and the creation of additional space. The work will cost around Euro 45 million, with an IRR of approximately 9%.

In millions of euros	Total investment	Investment still to be initiated	Forecasted net rents	Target net yield	Delivery dates
Redevelopment of 4 large food stores acquired in H1 2014	34.5	34.5	3.3	9.4%	2015 to 2017
Redevelopment of 8 large food stores acquired in H2 2014	26.7	26.3	2.9	10.9%	2016 to 2017
Redevelopment of 4 large food stores acquired in H1 2015	16.3	16.3	1.2	7.5%	2017
Redevelopment of 5 large food stores acquired in H2 2015	16.3 (5)	16.3	1.2	7.6%	2017 to 2018
Toulouse Fenouillet Phase 2 (1)	118.0	101.2	7.0	5.9%	2016
Sainte Marie Retail Park (2)	8.1	8.1	0.7	8.6%	2016
Carcassonne Salvaza (2)	4.4	4.4	0.3	6.3%	2016
TOTAL controlled pipeline	**224.3**	**207.1**	**16.6**	**7.4%**	
Total potential pipeline (3)	**367.4**	**367.4**	**21.0**	**6.5%**	
TOTAL pipeline (4)	**591.7**	**574.5**	**37.6**	**6.9%**	

(1) Mercialys holds a fair value call option on this project. If Mercialys decides to exercise its purchase option, the investment would represent an amount of Euro 118 million based on a 5.9% yield.
(2) Projects presented by the Casino Group under the partnership agreement, subject to the approval of the Mercialys Investment Committee and the Board of Directors
(3) Yield excluding the impact of mixed-use city center projects, which could also generate property development margins
(4) The amounts and yields may change depending on the implementation of the projects
(5) Of which Mercialys' share is Euro 11 million, Mercialys owning a 51% stake in the Istres, Narbonne, Le Puy and Clermont-Ferrand projects

Disposals of non-controlling interests in the context of asset allocation and preservation of Mercialys' solid financial profile

The disposals made by Mercialys in 2015 consisted almost entirely of the sale of 49% stakes in subsidiaries. This policy allows the Company to retain control of the assets, particularly in the context of large food store redevelopment projects (see above), while optimizing its asset allocation and preserving its main financial balances.

In June 2015, Mercialys created the company Hyperthetis Participations, to which it then transferred the buildings of 6 large food stores. Mercialys subsequently sold 49% of Hyperthetis Participations to the OPCI SPF2 (managed by BNP Paribas REIM France) for Euro 106 million DIH, generating an equivalent net yield of 4.8% from the disposal and reflected by a capital gain of Euro 25 million in Mercialys' parent company financial statements.
These 6 large food stores were acquired in 2014 by Mercialys, which is redeveloping them to include non-food anchor stores, projects that were not part of the assets transferred. Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests with a guaranteed minimum price, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

Finally, in November 2015, Mercialys sold 49% of the subsidiary that owns the Clermont-Ferrand shopping center to the OPCI REAF (managed by BNP Paribas REIM France), on the basis of a 100% valuation of Euro 101.4 million DIH and generating a net yield of 5.0% from the disposal. The disposal of this equity interest generated a net capital gain of Euro 45.5 million in the Mercialys' parent company financial statements at year-end 2015.

III.Portfolio and debt

Triple net asset value (EPRA format) was up +3.4% year on year

Mercialys' assets were valued at **Euro 3,541.8 million**, including taxes, a year-on-year increase of +22.4%, primarily driven by changes in scope (+Euro 449 million), compression of the average capitalization rate (+Euro 125 million) and higher rents on a like-for-like basis (+Euro 74 million). On a like-for-like basis, the value of Mercialys' holdings rose **+6.9%** year on year and **+5.5%** compared with June 30, 2015.
At year-end 2015, Mercialys' portfolio was composed of 70 assets, including **64 shopping centers and high street retail assets**, 75% of which are large retail centers, 24% leading neighborhood sites and 0.5% other assets.
The average appraisal yield was **5.36%** at December 31, 2015 versus 5.55% at June 30, 2015 and 5.6% at December 31, 2014.

Triple net asset value (EPRA format) rose +3.4% year on year and +4.8% compared with June 30, 2015 to Euro 19.48 per share. This year-on-year increase of Euro 0.63 per share is due to the following:
- payment of dividends: Euro (1.64)
- net income: + Euro 0.87
- change in fair value of the portfolio: + Euro 1.39
- change in fair value of financial instruments and other items : + Euro 0.01

Favorable financing terms for Mercialys' development

In November 2015, Mercialys successfully placed a Euro 200 million bond, increasing the size of the existing bond maturing on March 31, 2023. Following the transaction, the new nominal amount of this bond was Euro 750 million. The financing cost of the new issue came to 2.203%. Following the transaction, average drawn debt maturity was 5.0 years at December 31, 2015.
At the same time, Mercialys has extended by one year the maturity of its various undrawn banking lines, representing Euro 300 million.

Mercialys thus enjoys favorable financing terms for its acquisitions and development projects, with a high differential compared with the average capitalization rate of the Company's real estate assets (5.36% at December 31, 2015)

The **average real cost of debt drawn** in 2015 was **2.4%**, significantly lower than the level recorded in 2014 (3.1%), mainly due to the full-year impact of the bond exchange in the fourth quarter of 2014. Mercialys also benefits from the optimization measures put in place for the interest rate hedging policy following the Euro 200 million bond issue in November.

Mercialys continues to have a very robust financial structure, with an **LTV** ratio of **41.0%**[5] at December 31, 2015 (versus 39.2% at June 30, 2015 and 37.4% at December 31, 2014) and an **ICR** of **5.1x**[6] at December 31, 2015 (versus 5.5x at June 30, 2015 and 4.7x at December 31, 2014).

IV. Dividend and outlook

Dividend

The Mercialys Board of Directors will propose a dividend payment of **Euro 1.33 per share** to the General Meeting of April 20, 2016 (including the interim dividend of Euro 0.76 per share already paid in December 2015). The proposed dividend has therefore increased by +7.3%, reflecting the Company's solid operating performance.

This recommendation corresponds to the distribution of 95% of **fiscal current income**, in accordance with the obligation arising from SIIC status, or Euro 0.87 per share, and 60% of **capital gains** made in 2015, whether distributable or otherwise in respect of SIIC status, or Euro 0.46 per share, with a view to a consistent distribution level compared to the past two years. The proposed dividend represents a 6.8% yield on EPRA triple net NAV of Euro 19.48 per share at year-end 2015.

The ex-dividend date is April 22, 2016, and the dividend will be paid on April 26, 2016.

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[5] Loan To Value (LTV): Net financial debt/Market value, excluding taxes, of the assets
[6] Interest Cost Ratio (ICR) EBITDA/Cost of net debt

Outlook

Mercialys will continue to capitalize on its successful, innovative proximity real estate model. In 2016 it will reap the benefits of the acquisitions and development projects completed in 2015, as well as projects scheduled for completion in 2016. It can also look forward to the continued growth of its Casual Leasing business.

As a result, Mercialys has set the following objectives for 2016:

- organic growth in rents of +2% over indexation compared with 2015;
- an increase in funds from operations (FFO) per share of +2% on 2015.

APPENDIX TO THE PRESS RELEASE

- ***Financial report:***

Financial statements
Main highlights
Review of activity in 2015 and lease portfolio structure
Outlook
Subsequent events
EPRA indicators

Financial report

Pursuant to regulation (EC) 1606/2002 of July 19, 2002, the Mercialys Group's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union as at December 31, 2015.
Information about these standards is available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).
The accounting methods set out in this note have been applied consistently to all periods presented in the Consolidated Financial Statements. The new standards and interpretations have been applied as noted.

2.1. Financial statements

Audit procedures have been conducted by the Statutory Auditors and the Statutory Auditors' report on the Consolidated Financial Statements is being finalized.

2.1.1. Consolidated income statement

(in thousands of euros)	12/2014(2)	12/2015
Rental revenues	**152,787**	**168,956**
Non-recovered property taxes	(1,367)	(1,081)
Non-recovered service charges	(3,244)	(3,048)
Property operating expenses	(5,072)	(6,069)
Net rental income	**143,104**	**158,758**
Management, administrative and other activities income	3,017	2,893
Property development margin	118	1,099
Other income	1,845	401
Other expenses	(9,888)	(6,891)
Staff costs	(10,424)	(12,179)
Depreciation and amortization	(23,968)	(24,844)
Reversals/(Allowance) for provisions for liabilities and charges	126	(928)
Other operating income	270,278	3,755
Other operating expenses	(198,132)	(9,020)
Net operating income	**176,076**	**113,044**
Income from cash and cash equivalents	348	225
Finance costs	(27,601)	(28,460)
Net finance costs	**(27,253)**	**(28,235)**
Other financial income	5,064	1,287
Other financial expenses	(1,666)	(1,884)
Net financial income/(expense)	**(23,855)**	**(28,832)**
Tax	(1,055)	(3,138)
Share of net income of associates	1,346	1,026
Consolidated net income	**152,512**	**82,100**
Attributable to non-controlling interests	48	2,486
Attributable to owners of the parent	152,464	79,614
Earnings per share (in euros)(1)		
Net earnings per share, attributable to owners of the parent (in euros)	1.66	0.87
Diluted earnings per share attributable to owners of the parent (in euros)	1.66	0.87

(1) Based on the weighted average number of outstanding shares over the period restated for treasury shares:
> Weighted average number of shares (non-diluted) in 2015 = 91,767,764 shares
> Weighted average number of shares (fully diluted) in 2015 = 91,767,764 shares

(2) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21

Consolidated balance sheet

Assets

(in thousands of euros)	12/2014[3]	12/2015
Intangible assets	811	974
Property, plant and equipment other than investment property	434	12
Investment property	1,751,782	2,224,080
Investments in associates	20,880	20,069
Other non-current assets	33,579	34,154
Deferred tax assets	990	338
Non-current assets	**1,808,476**	**2,279,627**
Inventories	-	4,358
Trade receivables	18,687	25,173
Other current assets	64,762	73,232
Cash and cash equivalents	121,015	13,030
Investment property held for sale	5,666	3,095
Current assets	**210,130**	**118,888**
TOTAL ASSETS	**2,018,606**	**2,398,515**

Equity and liabilities

(in thousands of euros)	12/2014[3]	12/2015
Share capital	92,049	92,049
Bonus, treasury shares and other reserves	691,262	617,975
Shareholders' equity attributable to owners of the parent	783,311	710,024
Non-controlling interests	436	206,159
Total equity	**783,748**	**916,183**
Non-current provisions	292	401
Non-current financial liabilities (1)	1,022,424	1,219,574
Deposits and guarantees	22,555	22,880
Non-current tax liabilities and deferred tax liabilities	1	-
Non-current liabilities	**1,045,272**	**1,242,855**
Trade payables	14,026	19,704
Current financial liabilities (2)	143,330	188,720
Current provisions	1,426	2,366
Other current liabilities	30,456	26,968
Current tax liabilities	348	1,719
Current liabilities	**189,586**	**239,477**
TOTAL EQUITY AND LIABILITIES	**2,018,606**	**2,398,515**

(1) The increase in non-current financial liabilities relates to the new Euro 200 million bond issue at the end of 2015.
(2) The increase in current financial liabilities as at December 31, 2015 relates primarily to the issue of commercial paper in 2015 (outstanding amount of Euro 166 million as at December 31, 2015).
(3) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21

2.1.2. Consolidated cash flow statement

In thousands of euros	12/2014*	12/2015
Net income attributable to owners of the parent	152,464	79,614
Non-controlling interests	48	2,486
Consolidated net income	**152,512**	**82,100**
Depreciation, amortization, impairment allowances and provisions net of reversals	24,363	28,139
Unrealized gains and losses relating to changes in fair value	(209)	(181)
Income and charges relating to stock options and similar	406	260
Other income and charges (1)	1,448	(2,170)
Share of income from associates	(1,346)	(1,026)
Dividends received from associates	1,956	1,838
Income from asset sales	(80,092)	2,718
Cash flow	**99,038**	**111,677**
Net finance cost/income (excluding changes in fair value and depreciation)	26,163	28,416
Tax charge (including deferred tax)	1,055	3,138
Cash flow before net finance cost and tax	**126,256**	**143,231**
Tax payments	1,576	(1,160)
Change in working capital requirement relating to operations excluding deposits and guarantees (2)	(12,316)	(9,024)
Change in deposits and guarantees	673	327
Net cash flow from operating activities	**116,189**	**133,374**
Cash payments on acquisition of investment property and other fixed assets	(298,239)	(498,102)
Cash payments on acquisition of non-current financial assets	(322)	-
Cash receipts on disposal of investment property and other fixed assets	37,486	656
Cash receipts on disposal of non-current financial assets	4,791	12
Impact of changes in the scope of consolidation with change of ownership (3)	(59)	(534)
Impact of changes in the scope of consolidation related to associates	(70)	-
Net cash flow from investing activities	**(256,412)**	**(497,966)**
Dividend payments to shareholders	(75,293)	(80,756)
Interim dividends	(32,996)	(69,764)
Dividend payments to non-controlling interests	(49)	(48)
Other transactions with shareholders (4)	0	200,399
Changes in treasury shares	38	(165)
Increase in borrowings and financial liabilities	1,147,223	946,839
Decrease in borrowings and financial liabilities	(761,500)	(716,300)
Net interest received	27,635	17,993
Net interest paid	(54,320)	(41,593)
Net cash flow from financing activities	**250,738**	**256,605**
Change in cash position	**110,515**	**(107,987)**
Net cash at beginning of year	10,479	120,994
Net cash at end of year	120,994	13,007
Of which cash and cash equivalents	*121,015*	*13,030*
Of which Bank facilities	*(21)*	*(23)*

(1) Other income and expenses primarily comprise:		
Lease rights received and spread out over the term of the lease	(727)	(1,918)
Discounting adjustments to construction leases	(569)	(629)
Financial expenses spread out	180	346
Costs associated with asset sales	2,526	-
(2) The change in working capital requirement breaks down as follows:		
Trade receivables	3,027	(6,176)
Trade payables	6,390	5,661
Other receivables and payables	(21,436)	(4,700)
Inventories on property developments	-	(3,809)
Property development liabilities	(297)	-
	(12,316)	**(9,024)**

(3) At the end of 2015, the Group proceeded with the acquisition of SARL Toutoune shares for Euro 534,000.
(4) On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2 for Euro 99,479,000, net of costs.
OPCI SPF2 took part in the capital increase of Hyperthetis Participations on November 10, 2015 for the amount of Euro 34,048,000.
On November 10, 2015, Mercialys sold 49% of the shares in Immosiris to OPCI REAF for Euro 66,872,000 net of costs.
(*) The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21

2.2. Main highlights of 2015

Successful issue of a Euro 200 million bond

In November 2015, Mercialys successfully placed a Euro 200 million bond issue maturing on March 31, 2023 to supplement the existing bonds. The issue has raised the bond's new nominal to Euro 750 million. The cost of financing for this new issue is 2.203%. This transaction is in line with the strategy to further strengthen Mercialys' financial structure. It raised the average maturity of the bond to 5.8 years compared with 5.5 years before the issue and create a favorable long-term cost of financing that will contribute to Mercialys' development.

Successful opening of the Toulouse Fenouillet retail park and delivery of extensions to the Brest, Niort and Aurillac galleries

Phase 1 of the Toulouse Fenouillet 24,000 sq.m retail park project opened its doors on May 20, 2015. This asset has been fully let.

In November 2015, Mercialys acquired an extension of over 1,500 sq.m from the Casino Group, representing a further 10 stores, in its Aurillac shopping center for Euro 8.2 million and generated a net yield of 6.5%. The extension enhances the attractiveness of the site and complements the merchandising of this leading gallery within the local area.

Lastly, in December 2015, Mercialys delivered the first redevelopment phases on the large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased an extension of 1,330 sq.m, which will entrench the presence of this strong anchor tenant. Following this stage, a second phase of redevelopment of this large food store is currently being defined. In Brest, Cultura has opened a 2,300 sq.m store. This anchor store that generates footfall should also increase the reversion expected for this gallery. Overall, these transactions generated Euro 0.4 million of annualized net rent and an average IRR of 9%.

Acquisitions of large food stores redevelopment projects that are immediately accretive to FFO and improve the development pipeline

At June 30, 2015, Mercialys acquired from Casino 5 large food stores in Besançon, Lanester, Dijon, Poitiers and Marseille (Plan de Campagne site) to develop extension projects, for a total of Euro 166.7 million including transfer taxes and net annual rents before renovation of Euro 9.3 million, offering an immediate yield of 5.6%.

Furthermore, in November 2015, the subsidiary Hyperthetis Participations, 51% owned by Mercialys and 49% owned by OPCI SPF2, acquired the freeholds of three large food stores for redevelopment in Istres, Narbonne and Vals-près-Le-Puy from the Casino Group for a total of Euro 69.5 million DIH, and an immediate net yield of 5.1%.

At the same time, in November 2015, the subsidiary Immosiris, 51% owned by Mercialys and 49% owned by OPCI REAF, acquired from the Casino Group a large food store for redevelopment in Clermont-Ferrand adjoining the shopping center. The total amount of this acquisition was Euro 38.6 million DIH, representing a net yield of 4.9%.

In December 2015, Mercialys acquired a large food store for redevelopment from Casino at Annemasse for Euro 53.2 million including transfer taxes and net annual rents before reconstruction of Euro 2.6 million.

There are projects to extend the shopping centers adjoining these large food stores in the medium term. The surface area of the large food store will be reduced, to enable the establishment of non-food mid-sized stores, which will enhance the commercial appeal of these sites.

Acquisition by OPCI SPF2 of a 49% stake in a subsidiary majority owned by Mercialys and owner of large food stores

In June 2015, Mercialys created Hyperthetis Participations, to which it then sold the freeholds of 6 large food stores. On June 26, 2015, Mercialys sold to OPCI SPF2, managed by BNP Paribas, 49% of the shares in Hyperthetis Participations for Euro 106 million DIH, reflecting a net equivalent yield of 4.8% from the disposal.

These 6 large food stores were acquired in 2014 by Mercialys, which carries out reconstruction projects that integrate the placement of non-food anchor stores that will help improve the commercial value of the sites. These reconstruction projects are not included in the assets contributed by Hyperthetis Participations, which owns only the reconfigured large food store, on the basis of comprehensive annualized net rents of Euro 10.6 million. Mercialys has exclusive control of this company. Mercialys has a call option to purchase the company’s securities or the real estate assets held by the minority interests with a guaranteed minimum price, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

Disposal of a 49% stake in a subsidiary owner of the Clermont-Ferrand shopping center to an OPCI managed by BNP Paribas REIM France

Mercialys sold to OPCI REAF, managed by BNP Paribas REIM France, 49% of the shares of a subsidiary owner of the Clermont-Ferrand shopping center, on the basis of a 100% valuation of Euro 101.4 million DIH, generating a net yield of 5.0% from the disposal. Mercialys has the exclusive control of this company.

Acquisition of five assets for redevelopment from Monoprix for Euro 110.6 million for an immediate net yield of 5.9%.

Mercialys is augmenting its positioning as a leading local real estate investment company by launching a city-center retail business line. In this context, in December 2015 Mercialys acquired five sites for redevelopment from Monoprix for Euro 110.6 million DIH, triggering an immediate net yield of 5.9%. These assets are located in high purchasing power areas in the inner rim suburbs west of Paris (Puteaux, Asnières and Chaville) and the Belgian border (Lille Marcq-en-Barœul) as well as a prime location in the heart of Marseille Canebière. These locations will be decisive for the success of the projects conducted by Mercialys, which will consist both in the redevelopment of existing premises (enabling it to optimize the format of Monoprix stores) and the creation of new premises.

2.3. Summary of the main key indicators for the period

	December 31, 2015
Organic growth in invoiced rents	**+3.4%**
EBITDA[7]	**Euro 144.1m**
EBITDA/Rental revenues	*85.3%*
Funds from operations (FFO)	**Euro 108.5m**
Funds from operations (FFO)[8] **per share**	**Euro 1.18**
Market value of portfolio (including transfer taxes)	**Euro 3,541.8m**
Change vs. 12/31/2014 (total scope)	*+22.4%*
Change vs. 12/31/2014 (like-for-like)	*+6.9%*
EPRA triple net asset value/share	**Euro 19.48**
Change vs. 12/31/2014	*+3.4%*
Loan to Value (LTV) - excluding transfer rights	**41.0%**

2.4. Review of activity and consolidated results

2.4.1. Main management indicators

➤ The general economic environment at the end of the year reflected the aftershock of the November terrorist attacks in Paris. However, this impact was limited for retailers in Mercialys shopping centers, and traffic picked up and became positive as from December.

Footfall in Mercialys[9] shopping centers rose 1.9% year-to-date at end December 2015, with a 4.7% drop in November, followed by a 0.7% increase in December. At the same time, there was an overall drop in market footfall (CNCC[10]) of 1.0% year to date at end December.

[7] Earnings before interest, taxes, depreciation and amortization
[8] Funds From Operations – Net income attributable to owners of the parent before depreciation, capital gains and asset impairments (per fully diluted share)
[9] Mercialys' large shopping centers and main market-leading neighborhood shopping centers on a constant surface area
[10] CNCC : all shopping centers, comparable scope

Year to date at end December 2015, sales of Mercialys shopping center retailers rose +4.5%, with a slight drop of 0.9% in November, followed by a 2.6% increase in December. At the same time, sales of the entire shopping center market (CNCC[11]) rose +0.2% year-to-date at end December.

➤ Renewals and relettings generated an average increase of +19.8% in the annualized rental base[12] over the period.

➤ The Casual Leasing business (short-term leases) continued to grow sharply over the period, rising 28.2% to Euro 8 million. This increase was created in particular by the boom in the business of national retail brands on this segment, which occurred at the same time as the upgrading of its product line by Mercialys and the qualitative improvement of merchandising implemented by the group.

➤ The table below details the lease expiry schedule:

Lease expiry schedule	**Number of leases**	**Guaranteed minimum rent (€m)**	**Share of leases expiring/Guaranteed minimum rent**
Expired at Dec-31-2015	452	16.6	9.5%
2016	203	8.6	4.9%
2017	143	6.7	3.8%
2018	150	8.6	4.9%
2019	114	7.1	4.1%
2020	234	17.3	9.8%
2021	212	12.5	7.1%
2022	222	19.3	11.0%
2023	148	9.8	5.6%
2024	197	12.7	7.2%
2025	108	7.3	4.2%
Beyond	68	49.3	28.0%
Total	**2,251**	**175.8**	**100%**

The stock of expired leases at end 2015 is due to ongoing negotiations, lease renewal refusals with payment of eviction compensation, overall negotiations by retailers, tactical delays etc.

➤The recovery rate over 12 months at end December 2015 remained high at 97.7%, slightly up compared with June 30, 2015 (97.4%) and with December 31, 2014 (97.6%).

➤The number of tenants in liquidation remained low: 24 tenants out of 2,251 leases in the portfolio at December 31, 2015 (compared with 21 at December 31, 2014).

➤The current vacancy rate – which excludes "strategic" vacancies designed to facilitate extension and reconstruction plans – remained at a very low level. It was 2.0% as at December 31, 2015, an improvement of 30 bp compared with June 30, 2015 and 40 bp compared with December 31, 2014.
The total vacancy rate[13] was 2.9% as at December 31, 2015, a sharp drop compared with June 30, 2015 (4.0%) primarily due to the delivery of cafeteria redevelopments. This rate is practically comparable to the total vacancy rate observed at the end of 2014 (2.8%).

➤The occupancy cost ratio[14] of our tenants was 10.3% for large shopping centers, which was stable compared with December 31, 2014. Sales of retailers in Mercialys shopping centers had risen 4.5% year to date at end December 2015, which made up for the impact of rent hikes.
This ratio is still relatively low compared with that of Mercialys' peers in France. This reflects both the reasonable level of real estate costs in retailers' operating accounts and the potential for increasing rent levels upon lease

[11] CNCC : all shopping centers, comparable scope
[12] Vacant at last known rent for relettings
[13] [Rental value of vacant units/(annualized guaranteed minimum rent on occupied units + rental value of vacant units)] in accordance with the EPRA calculation method
[14] Ratio between rent and service charges paid by a retailer and retail sales (rent + charges including tax)/tenant's retail sales including tax

renewal or reconstruction of the premises.

➤The rental income received by Mercialys comes from a wide range of retailers. Except for Casino Group and H&M (2.1%), no tenant represents more than 2% of total rental income.

Casino accounted for 32.7% of total rental income as at December 31, 2015, (compared with 24.6% at December 31, 2014). This increase was due to the acquisition of reconstruction projects on large food stores in 2014 and 2015 as well as the acquisition of 5 Monoprix assets for redevelopment in December 2015. The impact of these acquisitions was partially offset by the decreased contribution of Cafétérias Casino (0.9% of Mercialys rental revenue as at December 31, 2015, compared with 3.2% at the end of 2014). Monoprix accounted for 4.3% of Mercialys' rental revenue at end 2015.

It must, however, be noted that the increase in the economic exposure of Mercialys to the Casino Group was significantly limited at 29.9%, after the adjustment of the ownership by BNP Paribas REIM France of a 49% stake in Hyperthetis Participations, the owner of the freeholds of 9 large food stores and its 49% stake in Immosiris, owner of the freeholds of the large food store to be repositioned and the gallery in Clermont-Ferrand.

The table below shows the breakdown of rents between national and local retailers on an annualized basis:

	Number of leases	**GMR*+ annual variable 12/31/2015**	**12/31/2015**	**12/31/2015****	**12/31/2014**
		(in millions of euros)	**in %**	**in %**	**in %**
National and international retailers	1,496	96.5	54.9%	56.9%	61.0%
Local retailers	650	21.9	12.4%	13.1%	14.5%
Casino Cafeterias /Catering	19	2.1	1.2%	1.2%	3.4%
Monoprix	9	7.5	4.3%	4.5%	0.7%
Géant Casino	77	47.9	27.2%	24.2%	20.5%
Total	**2,251**	**175.8**	**100.0%**	**100.0%**	**100.0%**

** GMR = Guaranteed minimum rent*
*** Exposure of rents to the Casino Group adjusted for the 49% stake in Hyperthetis, owner of the freeholds of 9 large food stores repositioned or to be redeveloped and a 49% stake in Immosiris, owner of the food large store to be redeveloped and the shopping center in Clermont-Ferrand*

The breakdown of Mercialys' rental income by business sector also remained highly diversified.

Breakdown of rental income by business sector, excluding large food stores (% of rental income)	**12/31/2015**	**12/31/2014**
Personal items	43.5%	42.1%
Food and catering	9.5%	11.7%
Household equipment	10.8%	9.8%
Beauty and health	15.2%	14.8%
Culture, gifts and leisure	16.9%	17.4%
Services	4.0%	4.1%
Total	**100.0%**	**100.0%**

The structure of rental income as at December 31, 2015 confirmed the dominant share, in terms of rent, of leases without a variable component:

	Number of leases	In millions of Euros	12/31/2015 in %	12/31/2014 in %
Leases with variable component	1,212	86.5	49%	59%
- of which guaranteed minimum rent		*84.8*	*48%*	*58%*
- of which variable rent		*1.7*	*1%*	*1%*
Leases without a variable component	1,039	89.3	51%	41%
Total	**2,251**	**175.8**	**100%**	**100%**

Given the entry into the consolidation scope of large food stores and Monoprix assets with leases signed on the basis of a guaranteed minimum rent without a variable component, the share of leases with a variable component in total rents had dropped at December 31, 2015 compared with December 31, 2014.

Leases linked to the ILC index (Retail rent index) as at December 31, 2015 made up the predominant share of rents in 2015.

	Number of leases	In millions of euros	12/31/2015 in %	12/31/2014 in %
Leases linked to the ILC index (Retail rent index)	1,506	151.4	87%	84%
Leases linked to the CCI index (Construction cost index)	522	20.8	12%	16%
Leases linked to the ILAT index or non-revisable leases	223	2.0	1.1%	-
Total	**2,251**	**174.2**	**100%**	**100%**

2.5. Review of consolidated results

2.5.1. Invoiced rents, rental revenues and net rental income

Rental revenues mainly comprise **rents invoiced** by the Company plus a smaller element of lease rights and despecialization indemnities paid by tenants and spread out over the firm period of the lease (usually 36 months).

Rental revenues stood at **Euro 169 million** at December 31, 2015, up 10.6% compared with the end of 2014; the increase in rents invoiced offset the drop in lease rights; rent levels are now given priority over the implementation of such rights.

(in thousands of euros)	2015	2014
Invoiced rents	165,958	148,755
Lease rights	2,998	4,032
Rental revenues	**168,956**	**152,787**
Non-recovered service charges and property taxes	(4,129)	(4,611)
Property operating expenses	(6,069)	(5,072)
Net rental income	**158,758**	**143,104**

The **11.6 points** increase in invoiced rents is the result of the following:
- continued robust organic growth in invoiced rents: **+ 3.4 points** (vs. +3.1 points in 2014), equal to a Euro 5.1 million increase
- 2014 and 2015 acquisitions: **+16.6 points**, equal to a Euro 24.6 million increase
- the impact of asset sales carried out in 2014: **-7.6 points**, equal to a Euro 11.3 million drop

- other effects including primarily the strategic vacancy relating to current redevelopment programs: **-0.8 points**, equal to a Euro 1.2 million drop

Like for like, invoiced rents rose **3.4 points**, of which in particular:
-0.1 points as a result of indexation[15]
+2.0 points as a result of actions carried on the portfolio.
+1.5 points resulting from the development of the Casual Leasing business, which accounted for Euro 8 million of rent in 2015. This represented a 28.2% increase in one year (or 37.6% excluding the impact of asset sales)

Lease rights and despecialization indemnities received over the period [16] came to **Euro 1.1 million** compared with Euro 3.3 million at December 31, 2014, broken down as follows:

- **Euro 0.7 million** in lease rights relating to ordinary reletting business (compared with Euro 2.1 million in 2014),
- **Euro 0.4 million** in lease rights relating primarily to the letting of the extension/reconstruction of Clermont-Ferrand, Nîmes, Aurillac, Saint Paul and Sainte Marie in La Réunion (compared with Euro 1.2 million at December 31, 2014 relating primarily to the letting of the extension of the Albertville Retail Park and Lanester).

After the impact of deferrals required under IFRS, lease rights recognized in 2015 amounted to Euro 3 million compared with Euro 4.0 million in 2014.

Net rental income

Net rental income consists of rental revenues less costs directly allocated to real estate assets. These costs include property taxes and service charges that are not rebilled to tenants, together with property operating expenses, which mainly comprise fees paid to the property manager that are not rebilled and various charges relating directly to the operation of sites.

Costs included in the calculation of net rental income came to Euro 10.2 million in 2015 compared with Euro 9.7 million in 2014, an increase of +5.1%, compared with the +10.6% increase in rental revenues.

The ratio of non-recovered property operating expenses to invoiced rents was 6.1% as at December 31, 2015, compared with 6.5% at December 31, 2014.

Due to the increase in invoiced rents, net rental income rose +10.9% year-on-year to Euro 158.8 million as at December 31, 2015, compared with Euro 143.1 million in 2014.

2.5.2. Management revenues, operating costs and operating income

Management, administrative and other activities income

Management, administrative and other activities income primarily comprises fees charged in respect of services provided by certain Mercialys staff - whether within the framework of advisory services provided by the asset management team, which works on a cross-functional basis for Mercialys and the Casino Group, or within the framework of shopping center management services provided by teams - as well as letting, asset management and advisory fees relating to partnerships formed.

Fees charged in 2015 came to Euro 2.9 million compared with Euro 3.0 million in 2014.

Property development margin and earnout payments

In 2011, Mercialys and Union Investment - a fund manager highly active in the real estate market - created an OPCI fund designed to invest in mature retail properties. Ownership of this real estate investment fund (OPCI) is split between Union Investment (80%) and Mercialys (20%) and it is recorded in Mercialys' accounts under non-

[15] In 2015, for the majority of leases, rents were indexed either to the change in the construction cost index (CCI) or to the change in the retail rent index (ILC) between the second quarter of 2013 and the second quarter of 2014 (-1.0% and 0% respectively).
[16] Lease rights received as cash before the impact of deferrals required under IFRS (deferring of lease rights over the firm period of the lease)

consolidated securities in non-current assets. Mercialys operates the fund and is in charge of asset management and letting. In 2011, the fund acquired its first asset in Bordeaux-Pessac. Mercialys has developed an extension to the shopping center comprising 30 new stores, which was delivered to the fund in late November 2012.

No property development margin was recorded in 2015. However, Mercialys managed to let the three remaining vacant lots in the second half of 2015, and therefore benefited from the payment by Union Investment of a Euro 1.1 million net earnout payment. No further earnout payment will be made in the future.

Other recurring income

Other recurring income of Euro 0.4 million recognized in 2015 includes dividends received from the OPCI fund created in partnership with Union Investment (see above paragraph) amounting to Euro 0.4 million. At the end of 2014, Mercialys had received Euro 0.3 million of dividends from the OPCI. These dividends, similar to net rental revenues, are recognized as operating profit.

Other expenses

Other expenses mainly comprise structural costs. Structural costs include primarily investor relations costs, directors' fees, corporate communication costs, shopping centers communication costs, marketing surveys costs, fees paid to the Casino Group for services covered by the Services Agreement (accounting, financial management, human resources, management, IT), professional fees (Statutory Auditors, consulting, research) and real estate asset appraisal fees.

For 2015, these costs amounted to Euro 6.9 million compared with Euro 9.9 million in 2014.

Staff costs

Staff costs amounted to Euro 12.2 million in 2015, compared with Euro 10.4 million in 2014, a 16.8% increase mainly due to the full-year impact of the strengthening of teams carried out in 2014 as for the deployment of new Mercialys projects.

A portion of staff costs are charged back to the Casino Group as part of the advisory services provided by the asset management team, which works on a cross-functional basis for Mercialys and the Casino Group, or as part of the shopping center management services provided by Mercialys' teams (see paragraph above concerning management, administrative and other activities income).

Earnings before interest, taxes, depreciation and amortization

As a result of the above, EBITDA[17] came to Euro 144.1 million in 2015 compared with Euro 127.8 million in 2014, up 12.8%.

The EBITDA ratio was 85.3% at December 31, 2015 (compared with 83.6% at December 31, 2014). Without the impact of the Euro 1.1 million net earnout payment recorded for the Pessac transaction, EBITDA would be 84.6%.

Depreciation, amortization and provisions

Depreciation and amortization rose slightly to Euro 24.8 million in 2015 compared with Euro 24 million in 2014, parallel to the net investments made in 2014 and 2015.

Other operating income and expenses

Other operating income and expenses include primarily:

- as income, the amount of asset sales and other income relating to asset sales;
- as expenses, the net carrying amount of assets sold and costs associated with these asset sales.

Other operating income came to Euro 3.8 million at December 31, 2015 compared with Euro 270.3 million on December 31, 2014.

[17] EBITDA (Earnings before interest, taxes, depreciation and amortization)

This amount includes:
-non-strategic asset sales carried out in 2015, representing income recognized in Mercialys' consolidated financial statements of Euro 3.8 million compared with Euro 270.3 million in 2014;
- the costs relating to the sale of a 49% stake in Hypertethis Participations during the first half of 2015 and the sale of 49% of Immosiris in the second half of 2015. As these sales were carried out without any loss of control by Mercialys, their impacts are recognized in equity at December 31, 2015, while the capital gains generated are recorded in Mercialys' statutory financial statements, but eliminated in the consolidated financial statements.

Other operating expenses came to Euro 9 million at December 31, 2015 compared with Euro 198.1 million at December 31, 2014, corresponding primarily to:

- the accounting of an allowance for asset impairment of Euro -2.4 million
- the net carrying amount of assets sold in 2015 and costs related to these asset disposals: Euro -6 million
- the accounting of the expenses relating to previous disposals, amounting to Euro -0.7 million

On this basis, the net capital loss recognized in the consolidated financial statements as at December 31, 2015 was Euro 2.7 million, compared with a net capital gain of Euro 73.9 million recognized in 2014.

2.5.3. Net financial items and tax

Net financial income/(expense)

Net financial items include:
- as expenses: primarily financial expenses relating to the debt incurred by the company net of income from the arrangements of the related interest rate hedging policy (see section 2.5.5.1 Debt).
- as income: financial income from equity investments, as well as interest income on cash generated in the course of operations and deposits from tenants.

The table below shows a breakdown of net financial items as at December 31:

(in millions of Euros)	**2015**	**2014**
Income from cash and equivalents *(a)*	0.2	0.3
Financial expenses in relation to financing operations after hedging (b) Financial income in relation to financing operations after hedging (c) Cost of finance leases *(d)*	(58.8) 30.3 -	(74.1) 46.6 -
Gross finance costs excluding exceptional items	***(28.5)***	***(27.5)***
Exceptional depreciation of costs in relation to the early repayment of bank loans *(e)*	-	-0.1
Finance costs *(f) = (b)+(c)+(d)+(e)*	**(28.5)**	**(27.6)**
Net finance costs *(g) = (a)+(f)*	**(28.2)**	**(27.3)**
Cost of Revolving Credit Facility and bilateral loans (undrawn) *(h)* Other financial expenses *(i)*	(1.9) -	(1.2) (0.5)
Other financial expenses excluding exceptional items (j) = (h)+(i)	***(1.9)***	***(1.7)***
Exceptional depreciation in relation to refinancing of the RCF *(k)*	-	-
Other financial expenses *(l) = (j)+(k)*	**(1.9)**	**(1.7)**
TOTAL FINANCIAL EXPENSES *(m) = (f)+(l)*	**(30.3)**	**(29.3)**
Income from associates Other financial income	- 1.3	4.8 0.3
Other financial income (n)	**1.3**	**5.1**
TOTAL FINANCIAL INCOME (o) = (a)+(n)	**1.5**	**5.4**
NET FINANCIAL ITEMS = (m)+(o)	**(28.8)**	**(23.9)**

a) Financial expenses and average cost of debt

Financial expenses amounted to Euro 30.3 million at December 31, 2015 compared with Euro 29.3 million at December 31, 2014. The drop in interest rates due to the financing transactions of the fourth quarter of 2014 and the parallel evolution in hedging instruments was offset by a volume effect of the debt, as Mercialys had issued a Euro 550 million bond in November 2014 and a Euro 200 million bond in November 2015.

The Euro 240 million revolving credit facility (RCF) was thus extended from December 2019 to December 2020. The Euro 60 million credit facilities were also extended from December 2017 to December 2018.

The actual average cost of debt drawn for 2015 was 2.4%, compared with 3.1% as at December 31, 2014.

b) Financial income

Financial income amounted to Euro 1.5 million at December 31, 2015 compared with Euro 5.4 million at December 31, 2014. It was favorably impacted in 2014 by the gain on the disposal of Mercialys stake in GreenYellow (a company that develops solar power plants) for an amount of Euro 4.8 million.

As a result, net financial items represented a net financial expense of Euro 28.8 million as at December 31, 2015 compared with a net financial expense of Euro 23.9 million as at December 31, 2014.

Tax

The tax regime for French "SIIC" (REIT) companies exempts them from paying tax on their income from real estate activities provided that at least 95% of net income from rental activities and 60% of gains on the disposal of real estate assets are distributed to shareholders. The tax expense recognized by Mercialys consisted of corporate value-added tax (CVAE), income tax on businesses that do not come under the SIIC status, deferred taxes and, where applicable, the 3% contribution on profit allocation or capital gains not concerned by dividend obligations under the SIIC status.

In 2015, Mercialys recorded a tax expense of Euro 3.1 million, mainly consisting of the corporate value-added taxes (Euro 1.2 million), the additional contribution to income tax equal to 3% of income distributed in addition to the dividend obligation resulting from the SIIC tax status, amounting to Euro -1.1 million , income tax (Euro 0.4 million). and deferred income taxes in relation to deficits and time gap for Euro -0.5 million.

Share of net income of associates

Mercialys pre-empted the implementation of IFRS 10, 11 and 12 for the year ended December 31, 2013. Jointly controlled subsidiaries (namely SCI Geispolsheim and Corin Asset Management), previously proportionally consolidated, were qualified as joint ventures according to IFRS 11 and have therefore been consolidated under the equity method.

Similarly, SCI AMR, the company created in partnership with Amundi Immobilier in 2013, and Aix2, of which Mercialys acquired 50% in December 2013 and which is developing the extension of the Aix-en-Provence shopping center, are considered as joint ventures and consolidated under the equity method.

Lastly, Fenouillet Participations, a company created in partnership with Foncière Euris at the end of 2014, is consolidated under the equity method.

The share of net income from affiliates as at December 31, 2015 amounted to Euro 1 million, compared with Euro 1.3 million as at December 31, 2014.

Net income

Net income was thus Euro 82.1 million as at December 31, 2015 compared with Euro 152.5 million as at December 31, 2014. This drop was primarily due to the favorable impact of capital gains recognized in the 2014 net income, whereas capital gains were recognized in Mercialys' parent company's accounts but eliminated in the consolidated financial statements given the structure of disposals completed during the year.

Non-controlling interests stood at Euro 2.5 million as at December 31, 2015, consisting in the 49% stake of BNP

Paribas REIM France in Hyperthetis Participations and the 49% stake of BNP Paribas REIM France in Immosiris.

Given these non-controlling interests, net income attributable to owners of the parent was Euro 79.6 million in 2015, compared with Euro 152.5 million in 2014.

Funds from operations (FFO)

Funds from operations, which correspond to net income adjusted for depreciation, capital gains on asset sales and associated costs, and any asset impairments, totaled Euro 108.5 million compared with Euro 102.6 million in 2014. This is a +5.8% increase, mainly as a result of the increase in rental revenues, which offset the increase in net financial expenses and the impact of non-controlling interests.

In 2014, Mercialys had benefited from the recognition of the gain on the disposal of Green Yellow shares for a net amount of Euro 4.3 million.

On the basis of the weighted average number of shares (fully diluted) as at December 31, funds from operations amounted to Euro 1.18 per share as at December 31, 2015, compared with Euro 1.12 per share as at December 31, 2014, representing an increase in funds from operations on a fully diluted per-share basis of 5.9%.

FFO is broken down as follows:

In thousands of euros	**At 12/31/2015**	**Proforma 12/31/2014***	**At 12/31/2014**
Rental revenues	168,956	152,787	152,787
Property operating expenses	(10,198)	(9,683)	(9,683)
Management income	2,893	3,017	3,017
Provisions for liabilities and charges	(928)	126	126
Staff costs	(12,179)	(10,424)	(10,424)
Other expenses	(6,891)	(9,888)	(9,997)
Property development margin	1,099	118	118
Other current income and expenses	401	1,845	1,845
Other operating income (not related to asset disposals and excluding reversals of asset impairments)	1	94	94
Other operating expenses (not related to asset disposals and excluding asset impairments)	(193)	(1,824)	(1,824)
Net financial income/(expense) excluding non-recurring impact of hedging ineffectiveness and banking default risk (excluding income from the disposal of the Green Yellow equity interest)	(29,012)	(28,187)	(28,187)
Tax expense	(3,138)	(1,055)	(1,016)
Share of net income of equity affiliates	1,026	1,346	1,346
Minority interests excluding amortization and capital gains	(3,309)	(38)	(38)
FFO excluding income from the disposal of the Green Yellow stake	**108,529**	**98,234**	**98,165**
Income from the disposal of the Green Yellow stake	0	4,332	4,332
FFO	**108,529**	**102,566**	**102,497**
FFO/fully diluted share (euros)	***1.18***	***1.12***	***1.12***

**The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21*

2.5.4. Number of shares outstanding

	2013	2014	2015
Number of shares outstanding			
- As at January 1	92,022,826	92,049,169	92,049,169
- As at December 31	92,049,169	92,049,169	92,049,169
Average number of shares outstanding	92,038,313	92,049,169	92,049,169
Average number of shares (basic)	**91,734,656**	**91,826,157**	**91,767,764**
Average number of shares (diluted)	**91,865,817**	**91,826,157**	**91,767,764**

As at December 31, 2015, Mercialys' ownership structure was as follows: Casino (40.16%), Generali (8.01%), Foncière Euris[18] (1.99%), treasury shares and shares held by employees (0.33%), other shareholders (49.51%).

2.5.5. Financial structure

2.5.5.1 Debt

The Group had cash and cash equivalents of Euro +13 million as at December 31, 2015 compared with Euro +121 million as at December 31, 2014**.** The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- change in gross debt: Euro 237 million.This change includes the following main cash flows: a new bond issue: Euro 200 million and commercial paper issues net of repayments: Euro 37 million
- the issue premium: Euro (6 million)
- cash flows generated over the period: Euro 112 million
- cash receipts on asset sales carried out in 2015: Euro 1 million
- cash payments relating to assets acquired in 2015: Euro (498 million)
- transactions with minority shareholders: Euro 200 million
- dividend payments to shareholders: Euro (151 million)
- net interest paid: Euro (24 million)

As at December 31, 2015, the amount of Mercialys' **drawn debt** was Euro 1,395.7 million, comprising:

- a bond issue of a nominal amount of Euro 750 million, yielding a fixed rate of 1.787% and maturing in March 2023.
- a residual bond of Euro 479.7 million (a Euro 650 million tranche issued in March 2012, partially redeemed in December 2014), yielding a fixed rate of 4.125% and maturing in March 2019.
- Euro 166 million of outstanding commercial paper yielding an average rate of 0.07%.

The average maturity of drawn debt was 5 years as at December 31, 2015 (versus 5.7 years as at December 31, 2014).

c) **Net financial debt** was Euro (1,361.1) million as at December 31, 2015, compared with Euro (1,017.6) million as at December 31, 2014.

d) Mercialys also has **financial resources** that will be used to finance ordinary business activities and the cash requirements of Mercialys and its subsidiaries, and to ensure a comfortable level of liquidity:

[18] Not including an additional 4.5% of economic exposure for Rallye and Foncière Euris held by derivative instruments

- a bank revolving credit facility of Euro 240 million with an initial five-year maturity (December 2019) was extended to six to December 2020 in the second half of 2015. This facility bears interest at the 3-month Euribor + a margin of 115 basis points; if undrawn, this facility is subject to payment of a 0.46% non-use fee (for a BBB financial rating).
- confirmed bank facilities totaling Euro 60 million, set up in December 2014 with an initial maturity of three years (December 2017), extended to December 2018 in the second half of 2015. These facilities bear interest at a rate lower than 100 basis points above the 3-month Euribor (for a BBB financial rating).
- cash advances from Casino of up to Euro 50 million, subject to an interest rate of between 60 and 85 basis points above Euribor. This facility matures on December 31, 2017.
- a Euro 500 million commercial paper program was also set up in the second half of 2012. Euro 166 million had been used (outstanding as at December 31, 2015).

e) Mercialys also introduced an **interest rate hedging** policy in October 2012. It uses derivatives (swaps) to hedge its interest rate risk over time. The interest rate hedging system was adjusted in December 2015 after the Euro 200 million bond issue of November 2015.

Mercialys' debt structure as at December 31, 2015 was as follows: 60% fixed-rate debt and 40% floating-rate debt.

f) The **average real cost of debt drawn** for fiscal 2015 was 2.4%, compared with 3.1% as at December 31, 2014.

g) **Covenants:** As at December 31, 2015, the loan to value ratio (net financial debt/assets appraisal value excluding transfer taxes) was 41%, well below the contractual covenant (LTV < 50%):

	12/31/2015	**12/31/2014**
Net debt (in millions of euros)	1,361.1	1,017.6
Appraisal value excluding transfer taxes (in millions of euros)	3,321.6	2,723
Loan To Value (LTV)	**41.0%**	**37.4%**

Likewise, the interest cost ratio (ratio of EBITDA to cost of net debt) was 5.1x, well above the bank covenant requirement (ICR > 2):

	12/31/2015	**12/31/2014**
EBITDA (in millions of euros)	144.1	127.7
Net finance cost	(28.2)	(27.3)
Interest Cost Ratio (ICR)	**5.1**	**4.7**

The two other bank covenant requirements are also met:

- the market value of properties excluding transfer taxes as at December 31, 2015 was Euro 3.3 billion (above the contractual covenant that sets a market value excluding transfer taxes of over Euro 1 billion).
- a ratio of secured debt/market value excluding transfer taxes of less than 20%. Mercialys had no secured debt as at December 31, 2015.

2.5.5.2 Change in shareholders' equity

Consolidated shareholders' equity was Euro 916.2 million as at December 31, 2015 compared with Euro 783.7 million as at December 31, 2014. The main changes that affected this item during the period were as follows:

- transactions on treasury shares: Euro (0.1 million)
- disposal of 49% of the shares of Hyperthetis Participations to OPCI SPF2: Euro 133.5 million
- disposal of 49% of the shares of Immosiris to OPCI REAF: Euro 66.8 million
- net income for 2015: Euro 82.1 million
- payment of the final dividend for the 2014 financial year of Euro 0.88 per share: Euro (80.8 million)
- payment of an interim dividend for the 2015 financial year of Euro 0.76 per share: Euro (69.8 million)

2.5.5.3 Dividends

The balance of the 2014 dividend was paid on May 11, 2015 and amounted to Euro 0.88 per share. This represents a total dividend of Euro 80.8 million fully paid in cash.

At its meeting of December 17, 2015, the Board of Directors decided to pay an interim dividend on 2015 earnings of **Euro 0.76 per share**. This interim dividend was paid out on December 23, 2015, representing a total amount of Euro 69.8 million of interim dividends fully paid in cash.

In accordance with SIIC requirements, the minimum distribution requirement in Mercialys 2015 accounts is Euro 78.3 million.

On February 10, 2016, the Board of Directors proposed, subject to approval by the General Shareholders' Meeting of April 20, 2016, to pay a dividend for 2015 amounting **Euro 1.33 per share**, including the interim dividend of Euro 0.76 per share already paid in December 2015. This corresponds to 100% of distributable earnings under the SIIC regime and 60% of capital gains not subject to the dividend distribution requirements linked to the SIIC status.
This dividend represents a yield of 6.8% relative to the NAV per Mercialys share as at December 31, 2015 (Euro 19.48 per share).

2.6. Changes in the scope of consolidation and valuation of the asset portfolio

2.6.1. Asset acquisitions

Acquisitions made in 2015 amounted to Euro 447 million, including transfer taxes, mainly relating to:

- The extension by over 1,500 sq.m of the Aurillac shopping center for Euro 8.2 million
- 6 large food stores located in Besançon, Lanester, Poitiers, Dijon, Marseille (Plan de Campagne site) and Annemasse. These acquisitions represent an amount of Euro 220 million including transfer rights
- 3 large food stores for redevelopment via Hyperthetis Participations (51% owned), on the Istres, Narbonne and Vals-près-Le-Puy sites for Euro 70 million
- the Clermont-Ferrand large food store for redevelopment via Immosiris for Euro 39 million
- the freeholds of five Monoprix assets for redevelopment amounting to Euro 110.6 million DIH

These acquisitions, as well as the immediate yield and the redevelopment projects that will go with them, are described in section II.

2.6.2. Completions of extension or reconstruction projects

Phase 1 of the Toulouse Fenouillet project, the 24,000 sq.m retail park, opened its doors on May 20, 2015. The annualized net rents for this first phase represent Euro 2.3 million, which is a net yield of 6.9% on the total investment amount of Euro 33.5 million.

Mercialys has also delivered the first redevelopment phases on the large food stores acquired in the first half of 2014 in Niort and Brest. In Niort, H&M has leased an extension of 1,330 sq.m, which will entrench the presence of this strong anchor tenant. A second phase of the redevelopment of this large food stores is currently being defined. In Brest, Cultura has opened a 2,300 sq.m store. This anchor store that generates footfall should also increase the reversion expected for this shopping center. Overall, these transactions generated Euro 0.4 million of annualized net rent and an average IRR of 9%.

2.6.3. Asset and share disposals

In June 2015, Mercialys created Hyperthetis Participations, to which it then sold the freeholds of 6 large food stores. On June 26, 2015, Mercialys sold to OPCI SPF2, managed by BNP Paribas REIM France, 49% of the shares in Hyperthetis Participations for Euro 106 million DIH, reflecting a net equivalent yield of 4.8% from the disposal.
Mercialys recorded a net capital gain of Euro 25.3 million in its parent company accounts corresponding to the sale of the underlying assets. Mercialys has control of this company, which is therefore fully consolidated. Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests with a guaranteed minimum price, able to be exercised on its initiative in 2022. This option was valued at Euro 133.8 million at December 31, 2015.

In October 2015, Mercialys created Immosiris, and sold 49% of the shares of this company to OPCI REAF managed by BNP Paribas REIM France. Mercialys sold the Clermont-Ferrand shopping center to Immosiris, on the basis of a 100% valuation of Euro 101.4 million DIH, generating a net yield of 5% from the disposal. The sale of this equity interest generated a net capital gain of Euro 45.5 million, recognized in the Mercialys' parent company accounts. Mercialys has control of this company, which is therefore fully consolidated.

2.6.4. Appraisal valuations and changes in consolidation scope

As at December 31, 2015, BNP Real Estate Valuation, Catella, Cushman & Wakefield and Galtier updated their valuation of Mercialys' portfolio:

- BNP Real Estate Valuation conducted the appraisal of 44 sites as at December 31, 2015, on the basis of a visit to one of these sites during the second half of 2015, and on the basis of an update of the appraisals conducted at June 30, 2015, for the other sites. 6 site visits were conducted during the first half of 2015.
- Catella conducted the appraisal of 17 sites as at December 31, 2015, on the basis of an update of the appraisals conducted as at June 30, 2015.
- Cushman & Wakefield conducted the appraisal of 6 assets as at December 31, 2015, on the basis of a site visit.
- Galtier conducted the appraisal of Mercialys' other assets, i.e. three sites as at December 31, 2015, on the basis of an update of the appraisals conducted as at June 30, 2015, for the other sites.
- The Mercialys' stake in the extension of the Aix-en-Provence shopping center's extension was internally valued, for an amount of Euro 18 million.

Sites acquired during 2015 were valued as follows as at December 31, 2015:

- ✓ The Aurillac extension acquired in the second half 2015 was valued based on its acquisition price.
- ✓ The freeholds of the 5 large food stores acquired in the second half of 2015 (Annemasse, Clermont-Ferrand, Istres, Narbonne, Vals-près-Le-Puy) were valued based on their acquisition price.
- ✓ The freeholds of the 5 Monoprix stores acquired for redevelopment in the second half of 2015 were valued at their acquisition price.
- ✓ The Brest and Mandelieu Villages-Services were valued based on their acquisition price.
- ✓ The land bank acquired in St André de la Réunion was valued at its purchase price.
- ✓ The freeholds of the 5 large food stores (Besançon, Lanester, Poitiers, Dijon et Marseille) acquired in the first half of 2015 were valued by external appraisers.

On this basis, the portfolio was valued at Euro 3,541.8 million including transfer taxes as at December 31, 2015, compared with Euro 2,893.6 million as at December 31, 2014.
The value of the portfolio therefore rose 22.4% over 12 months (+6.9% like for like[19]) and 14.3% compared with June 30, 2015 (+5.5% like for like).
The average appraisal yield was 5.36% as at December 31, 2015 versus 5.55% as at June 30, 2015 and 5.60% as at December 31, 2014.

The Euro 648 million increase in the market value of properties over 12 months is therefore due to:

- ✓ the Euro 74 million increase in rents on a like-for-like basis
- ✓ a lower average capitalization rate which had an impact of Euro 125 million
- ✓ changes in consolidation scope for Euro 449 million.

[19] Sites on a like-for-like GLA basis.

Note that the contribution of the Casual Leasing business to value creation is significant since it represents Euro 144 million in the appraisal value as at December 31, 2015 (compared with Euro 107 million at end 2014) while involving no counterparty investments.

	Average capitalization rate 12/31/2015	**Average capitalization rate 06/30/2015**	**Average capitalization rate 12/31/2014**
Large regional shopping centers	5.12%	5.30%	5.21%
Neighborhood shopping centers	6.12%	6.43%	6.54%
Total portfolio*	5.36%	5.55%	5.60%

(*) Including other assets (large specialty stores, independent cafeterias and other standalone sites)

The following table gives the breakdown of market value and gross leasable area (GLA) by type of asset at December 31, 2015, as well as corresponding appraised rents:

	Number of assets at 12/31/2015	**Appraisal value As at 31/12/2015 incl. TT**		**Gross leasable area As at 12/31/2015**		**Appraised net rental income**	
Type of property		**(in millions of Euros)**	**(%)**	**(sq.m)**	**(%)**	**(in millions of Euros)**	**(%)**
Large regional/shopping centers	25	2,670.4	75%	648,400	71%	136.7	72%
Neighborhood shopping centers and city-center assets	39	851.7	24%	263,900	29%	52.1	27%
Sub-total shopping centers	**64**	**3,522.1**	**99%**	**912,300**	**99%**	**188.8**	**99%**
Other sites(1)	6	19.7	1%	7,200	1%	0.9	1%
Total	**70**	**3,541.8**	**100%**	**919,500**	**100%**	**189.7**	**100%**

(1) Large specialty stores, independent cafeterias, other (service malls, convenience stores)

NB: Large specialty stores: gross leasable area of over 750 m²

2.7. Outlook

The solid performance achieved in 2015 confirms the relevance of Mercialys' business model:

- A strong positioning based on a local presence both for customers and retail brands
- Growth and resilience thanks to a favorable mix in terms of tenants' business activities, potential for increasing rents and secured acquisitions through the rebuilding of a significant controlled development pipeline

Mercialys has set the following objectives for 2016:

- continuing robust organic growth with the objective of like-for-like growth in invoiced rents, at least 2% higher than in 2015 above indexation;
- growth in funds from operations (FFO) per share of over 2% compared with 2015.

2.8. Subsequent events

There have been no significant events after the balance sheet date.

2.9. EPRA performance measures

2.9.1. EPRA earnings and earnings per share

EPRA earnings rose 9.5% as at December 31, 2015, compared with December 31, 2014.

Calculation of EPRA earnings and earnings per share (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
FFO	**108.5**	**102.6**	**102.5**	
Adjustments to calculate EPRA earnings exclude:				
- exceptional costs related to early debt repayments	0.0	0.1	0.1	Euro 100 million of debt repaid before maturity in 2014
- property development margin	(1.1)	(0.1)	(0.1)	Cancelation of the property development margin
- income from the disposal of the Green Yellow equity interest	0.0	(4.3)	(4.3)	Cancelation of income from the net disposal of the Green Yellow equity interest (financial income)
- other items	0.0	0.0	0.0	Cancelation of a non-recurring item recognized under other operating income
EPRA EARNINGS	**107.4**	**98.2**	**98.1**	
EPRA EARNINGS PER SHARE (EPS) (in euros per share)	**1.17**	**1.07**	**1.07**	considering the average number of shares (diluted)

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2.9.2. EPRA Net Asset Value (NAV)

Calculation of EPRA net asset value (NAV) (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
Shareholders equity attributable to owners of the parent (IFRS Financial Statements)	**710.0**	**783.3**	**783.1**	
Effect of exercising of options, convertible bonds and other equity securities	0.0	0.0	0.0	
Add back of deferred income and charges	3.4	4.1	4.1	
Revaluation of investment properties (IAS 40)	1,084.3	957.0	957.0	Reversal of the asset net carrying amounts and integration of the asset fair values (incl. construction leases)
Fair value of financial instruments	(20.8)	(66.9)	(66.9)	Difference between the fair value of the debt and the carrying amount of the debt
EPRA NAV	**1,776.9**	**1,677.5**	**1,677.3**	
EPRA NAV per share (in Euros per share)	**19.36**	**18.27**	**18.27**	considering the average number of shares (diluted)

**The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21*

2.9.3. EPRA triple net asset value (NNNAV)

Calculation of EPRA triple net asset value/EPRA NNNAV (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
EPRA NAV	**1,776.9**	**1,677.5**	**1,677.3**	
Fair value of financial instruments	20.8	66.9	66.9	Difference between the fair value of the debt and the carrying amount of the debt
Fair value of the unhedged portion of the fixed-rate debt	(9.8)	(13.6)	(13.6)	Fair value of the unhedged portion of the bond debt
EPRA NNNAV	**1,787.9**	**1,730.8**	**1,730.6**	
EPRA NNNAV per share (in euros per share)	**19.48**	**18.85**	**18.85**	considering the average number of shares (diluted)

**The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21*

2.9.4. EPRA net initial yield (NIY) and "topped-up" NIY

Calculation of EPRA net initial yield (NIY) and "topped-up" NIY (in millions of euros)	2015	2014 Restated*	2014 (Reported)	Comments
Investment property - wholly owned	3,321.6	2,752.8	2,752.8	Market value excluding transfer taxes
Assets under development (-)	0.0	(29.8)	(29.8)	Market value excluding transfer taxes
Completed property portfolio (excl. transfer taxes)	**3,321.6**	**2,723.0**	**2,723.0**	
Transfer taxes	220.2	170.6	170.6	Transfer taxes disclosed in the appraisals
Gross completed property portfolio valuation (incl. transfer taxes)	**3,541.8**	**2,893.6**	**2,893.6**	**(B)**
Annualized rental income	175.8	151.6	151.6	Annualized current rents, turnover-based rents and revenues from casual leasing, excluding vacant spaces
Non-recoverable expenses (-)	(4.1)	(3.7)	(3.7)	Non-recoverable current charges on assets held
Annualized net rents	**171.7**	**147.8**	**147.8**	**(A)**
Add: notional rent expiration of step-up rents, rent-free periods or other lease incentives	2.4	1.9	1.9	Rents on rent-free periods, step-up rents and other incentives ongoing
Topped-up net annualized rent	**174.1**	**149.7**	**149.7**	**(C)**
EPRA NET INITIAL YIELD (NIY)	**4.85%**	**5.11%**	**5.11%**	**A/B**
EPRA "TOPPED-UP" NIY	**4.91%**	**5.17%**	**5.17%**	**C/B**

**The previously published financial statements were restated following the retrospective application of the* *interpretation of IFRIC 21*

2.9.5. EPRA cost ratios

Calculation of EPRA cost ratios (in millions of Euros)	2015	2014 Restated*	2014 (Reported)	Comments
Administrative/operating expense line per IFRS income statement	(19.1)	(20.3)	(20.4)	Staff costs and other costs
Net service charge costs/fees	(4.1)	(4.6)	(4.6)	Property taxes + Non-recovered service charges (including vacancy cost)
Rental management fees	(2.3)	(2.4)	(2.4)	Rental management fees
Other income and expenses	(3.7)	(2.7)	(2.7)	Other property operating income and expenses excluding management fees
Share of Joint Ventures expenses				None
Total	**(29.3)**	**(30.0)**	**(30.1)**	
Adjustments to calculate EPRA cost ratio exclude (if included above):				
-depreciation and amortization				Depreciation and provisions for fixed assets
- ground rent costs	0.7	0.7	0.7	Non-group rents paid
- service charges recovered through comprehensive invoicing (with the rent)				
EPRA Costs (including vacancy costs) (A)	**(28.6)**	**(29.3)**	**(29.4)**	**A**
Direct vacancy costs[(1)]	3.0	3.2	4.5	
EPRA Costs (excluding vacancy costs) (B)	**(25.6)**	**(26.0)**	**(24.8)**	**B**
Gross Rental Income less ground rent costs (2)	168.3	152.0	152.0	Less costs relating to construction leases/long-term leases
Less: service fee and service charge costs components of Gross Rental Income				
Plus: share of Joint Ventures (Gross Rental Income less ground rent costs)				
Rental Income (C)	**168.3**	**152.0**	**152.0**	**C**
EPRA COST RATIO (including direct vacancy costs)	**-17.0%**	**-19.2%**	**-19.3%**	**A/C**
EPRA COST RATIO (excluding direct vacancy costs)	**-15.2%**	**-17.1%**	**-16.3%**	**B/C**

**The previously published financial statements were restated following the retrospective application of the interpretation of IFRIC 21*

[(1)] The EPRA Cost Ratio deducts all vacancy costs related to standing assets or to investment properties undergoing development/refurbishment if they have been included in expense lines.
The costs that can be excluded are property taxes, service charges, contributions to marketing costs, insurance premiums, carbon tax, and any other costs directly billed to the unit.
[(2)] Gross rental income should be calculated after deducting any ground rent payable. All service charge fees/recharges/management fees and other income in respect of property expenses must be added and not deducted. If the rent covers service charge costs, they should be restated to exclude them. Tenant incentives should be deducted from rental income, whereas any other costs should be included in costs in line with IFRS requirements.

2.9.6. EPRA vacancy rate

See section 2.4.1. of this financial report.