

## 1.3 Real estate portfolio

### 1.3.1 Portfolio valued at Euro 3,091.2 million including transfer taxes at December 31, 2022

#### 1.3.1.1 Experts and methodology

The shopping centers owned by Mercialys are appraised by experts in accordance with the Royal Institution of Chartered Surveyors (RICS) Code of Ethics, appraisal and valuation standards, using the fair 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.

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

All of the assets in Mercialys' portfolio have been valued, with those undergoing full appraisals subject to town planning surveys, market and competition studies, 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 involves taking the rental income generated by the asset and dividing it by a yield rate for similar assets, taking into account the actual rent level *versus* 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 covered by the lessor.

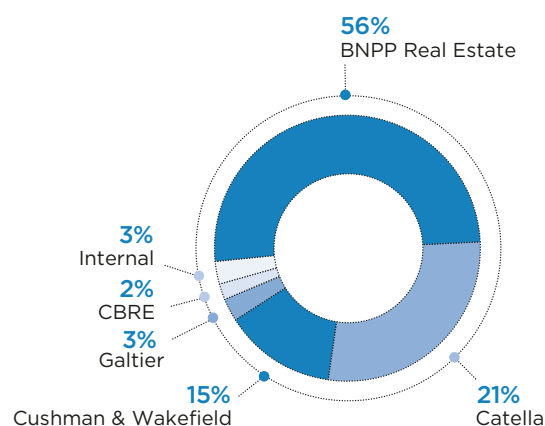
The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as potential risk premiums for obsolescence and rental risk.

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

Five independent appraisers performed the appraisals of Mercialys' portfolio at June 30, 2022 and December 31, 2022: BNPP Real Estate Valuation, Catella Valuation, Cushman & Wakefield Valuation, CBRE Valuation and Galtier Valuation.

#### BREAKDOWN OF VALUATIONS PER EXPERT

(as% of the number of assets valued)



Mercialys' portfolio value came to Euro 3,091.2 million including transfer taxes, down -1.0% over six months and -1.5% over 12 months. Like-for-like <sup>(1)</sup>, it is down -0.8% over six months, but up +0.9% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,896.9 million, down -1.1% over six months and -1.6% over 12 months. Like-for-like <sup>(1)</sup>, it is down -0.9% over six months, but up +0.8% over 12 months.

The average appraisal yield rate was 5.75% at December 31, 2022, compared with 5.71% at June 30, 2022 and 5.71% at December 31, 2021. This virtual stability reflects the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation, offsetting the increase in the discount rate resulting from the higher risk-free rate.

Note that the valuation of Mercialys' portfolio is determined based on a "sum of the parts" approach. In other words, the total valuation is equal to the sum of the individual valuations of each asset, whether this is determined using the capitalization of income method or the DCF approach.

The valuation of each asset presents its own underlying assumptions in terms of rental growth, investment, capitalization and discount rates.

(1) Sites on a constant scope and a constant surface area basis

This makes it difficult to reconstruct underlying average valuation assumptions at consolidated level. Matters are further complicated by the fact that appraisers do not always use strictly identical valuation methodologies, and the weighting criteria used when compiling the underlying assumptions for individual valuations may cause the results to vary significantly.

In the interests of transparency and accuracy, Mercialys approached its main real estate expert, BNP Paribas Real Estate, for guidance on this point. BNP Paribas Real Estate, which appraises 56% of Mercialys' assets by number, stated that it applied a compound annual growth rate (CAGR) of net rental income of + 3.2% including indexation between 2023 and 2032.

### 1.3.1.2 Real estate appraisal report prepared by Mercialys' independent valuers

#### Introduction

At December 31, 2022, Mercialys entrusted:

- 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, with the following breakdown:

	Number of assets	Fair value excluding transfer taxes	Fair value including transfer taxes
BNPP Real Estate Valuation	35	€2,379.3 M	€2,537.2 M
<i>of which, undivided share of assets held by third parties (40%)</i>	-	€76.9 M	€82.2 M
BNPP Real Estate Valuation	35	€2,302.4 M	€2,455.0 M
Cushman & Wakefield Valuation	9	€224.6 M	€240.1 M
Catella Valuation	13	€224.4 M	€240.5 M
CB Richard Ellis Valuation	1	€128.5 M	€137.4 M
Galtier Valuation	2	€9.4 M	€10.1 M
Internal	2	€7.6 M	€8.1 M
<b>TOTAL</b>	<b>62</b>	<b>€2,896.9 M</b>	<b>€3,091.2 M</b>

At the conclusion of their respective engagements, the firms co-signed the following joint report:

#### Real estate 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 for our work, has been written in order to be included in the Company's Registration Document. The appraisals were conducted locally by our expert teams and were reviewed by the pan-European teams of appraisers. To determine the market value for each asset, we considered real estate transactions at European level, as well as domestic transactions. We confirm that our opinion of market value has been revised in 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, 2022.

##### Standards and general principles

We confirm that our valuations were conducted in accordance with the corresponding sections of the Code of Conduct from the 8<sup>th</sup> Edition of the RICS Valuation Standards (the "Red Book"). This is an internationally accepted basis of appraisal. Our valuations comply with IFRS accounting standards and the standards and recommendations published by the IVSC. The appraisals were also prepared in light of the AMF's recommendations concerning the presentation of valuations of listed companies' real estate portfolios, published on February 8, 2010. They also take into account the recommendations made in the Barthès de Ruyter report on the valuation of the real estate portfolios of listed companies, published in February 2000. We certify that we prepared our appraisal as independent external appraisers, as defined in the standards from the Red Book published by 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 of the information known to the Company's employees and which could affect the value, such as operating expenses, work undertaken, financial items including doubtful receivables, 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 based our assessments on the surface areas provided to us.

### Environmental analyses and soil conditions

We were not asked to perform 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 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 compliance with all necessary authorizations and are free of any legal recourse. We assumed that the assets comply with legal requirements and urban planning regulations, particularly as regards structural, fire, health and safety regulations. We 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 based our assessments on the rental position, summaries of additional revenues, non-recoverable charges, capital projects and business plans provided to us. In addition to what is already mentioned in our reports for each asset, we 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 did not read the land titles for the assets and we accepted the 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 indicated in our report any signs of poor maintenance observed during our visit, if applicable. The assets were 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 rental and market values provided do not include value added tax.

## Confidentiality and publication

Lastly, in keeping with our usual practices, 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 their own behalf and exclusively for their own expert appraisal work.

### BNPP REAL ESTATE VALUATION

Jean-Claude DUBOIS  
Président



le 23/01/2023

### CATELLA VALUATION

Jean-François DROUETS  
Président



### GALTIER VALUATION

Coralie COUVRET  
Directrice du Pôle Immobilier  
Recognised European Valuer



### CUSHMAN & WAKEFIELD VALUATION FRANCE

Valérie PARMENTIER  
Partner

### CBRE VALUATION

Béatrice ROUSSEAU - MRICS - REV  
Directeur

### 1.3.2 Portfolio of diversified retail assets located in high-potential geographic areas

#### 1.3.2.1 51 assets at end-2022, representing 777,254 sq.m of gross leasable area

Mercialys' sites are grouped into four main categories: large regional centers (with gross leasable area of over 40,000 sq.m), large shopping centers (gross leasable area of over 20,000 sq.m), leading neighborhood shopping centers (gross leasable area of over 5,000 sq.m), and other sites.

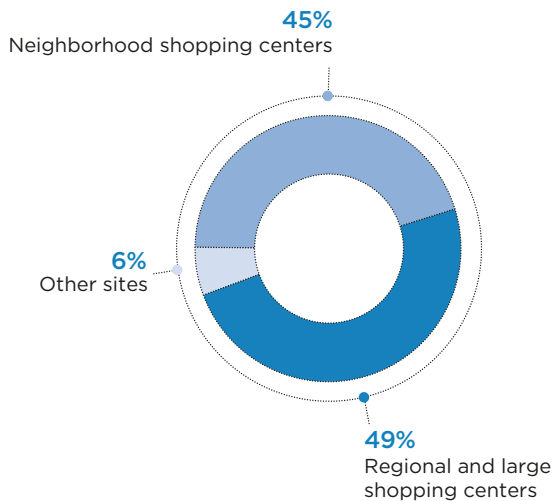
The major regional and large shopping centers and the leading neighborhood shopping centers are made up of shopping centers and adjacent large specialty stores. The other sites comprise individual units, including two cafeterias and a land reserve.

At December 31, 2022, Mercialis' portfolio was made up of 51 assets, including four large regional centers, 21 large shopping centers, 23 neighborhood shopping centers and three other sites, representing a total gross leasable area of 777,254 sq.m.

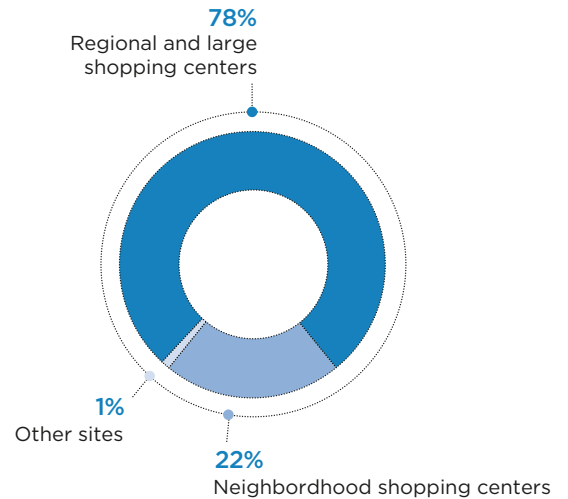
Within its 48 shopping centers, Mercialis owned - exclusively or in partnership with minority interests - the premises of the large food stores in 21 of them at end-December 2022.

**BREAKDOWN BY TYPE OF ASSETS HELD BY MERCIALYS**

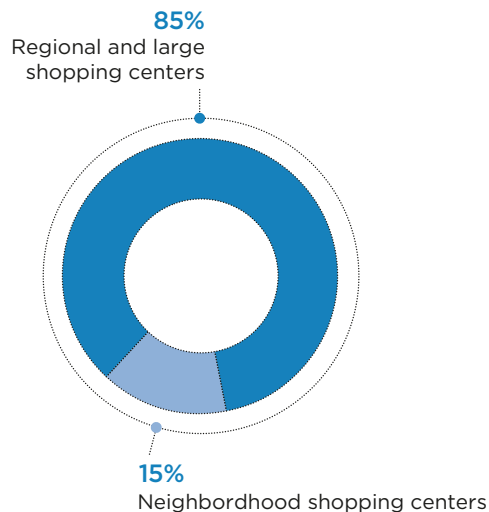
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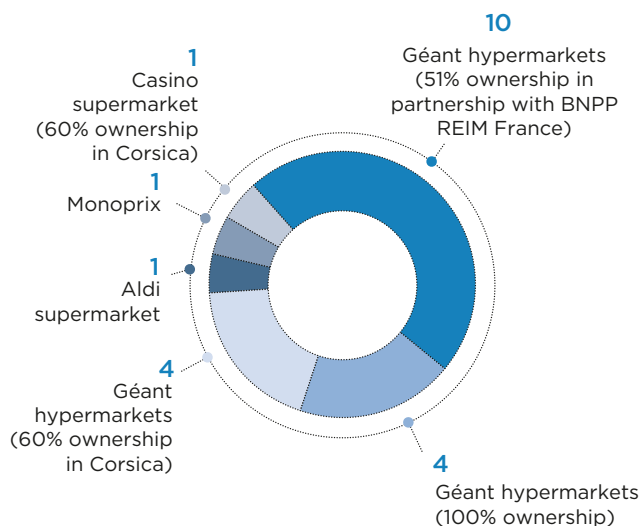
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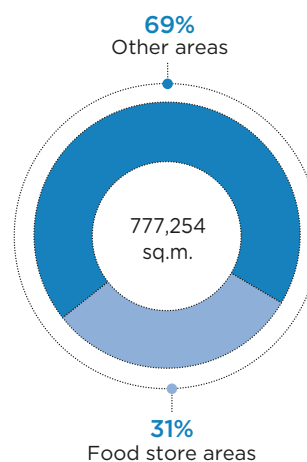
*(in appraisal value including transfer taxes)*



BREAKDOWN BY BRAND OF LARGE FOOD STORE PREMISES IN WHICH MERCIALYS HOLDS A MAJORITY INTEREST



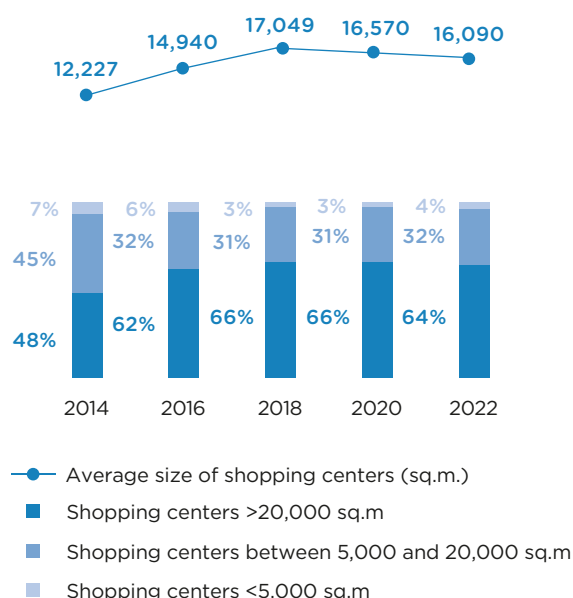
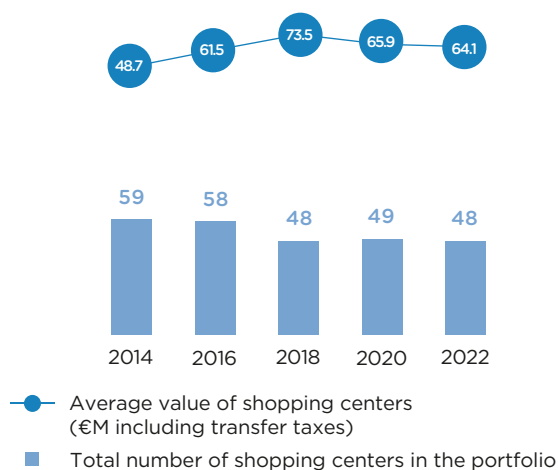
BREAKDOWN OF MERCIALYS' GROSS LEASABLE AREAS



### 1.3.2.2 Portfolio realigned around leading retail assets in the most dynamic geographic areas

The result of a decade of buying and selling assets, Mercialys' portfolio is now broadly realigned around leading or co-leading retail sites in their catchment areas.

The average size of the Company's shopping centers (excluding other sites) was 16,100 sq.m at end-2022, compared with 7,400 sq.m at end-2010 and 12,227 sq.m at end-2014. Their average value was Euro 64.1 million including transfer taxes at end-2022, compared with Euro 26.9 million at end-2010 and Euro 48.7 million at end-2014.



99% of the assets making up Mercialys' portfolio are located in French regions or overseas territories, with the remaining 1% in Paris and the greater Paris area. The Île-de-France region therefore represents a very small percentage of the Company's real estate portfolio.

Historically located in eastern-central France (Saint-Étienne), the Casino group, from which Mercialys originated, gradually

expanded its operations into neighboring regions (Loire, Haute-Loire, Rhône, etc.) and then, following merger and network takeover operations, into geographic areas with strong development potential, such as the coastal regions of the South-East, West and Brittany.

Thanks to the acquisitions made on Reunion Island in 2007, Mercialys also has operations outside mainland France.

The following table summarizes the main information concerning the regional geographic exposure of Mercialys' real estate portfolio.

Region	Number of sites	Appraisal value including transfer taxes		Gross leasable area	
		(€M)	%	(sq.m)	%
Corsica	5	123.3	4%	47,863	6%
Île-de-France	3	35.0	1%	9,293	1%
North-East	2	229.4	7%	52,875	7%
West	9	818.1	26%	203,053	26%
Rhône-Alpes	8	525.4	17%	139,271	18%
Reunion Island	5	344.1	11%	38,144	5%
South-East	7	459.7	15%	117,005	15%
South-West	12	556.2	18%	169,750	22%
<b>TOTAL</b>	<b>51</b>	<b>3,091.2</b>	<b>100%</b>	<b>777,254</b>	<b>100%</b>

### 1.3.2.3 Detailed breakdown of the portfolio at December 31, 2022

Site name and description	Type of asset held by Mercialys	Year of construction	Last project (year)	Complex's built area at 12/31/2022 (sq.m)	Gross leasable area held by Mercialys at 12/31/2022 (sq.m)	Of which food store area at 12/31/2022 (sq.m) when owned by Mercialys	Property management
<b>Corsica</b>							
Ajaccio Rocade Mezzavia (Géant HM + 45 stores + 3 MSu)	Large shopping centers	1989	2018	28,773	17,264	10,015	CORIN
Bastia Port Toga (Géant HM + 13 stores)	Neighborhood shopping centers	1991	2017	7,034	4,220	3,201	CORIN
Bastia Rocade de Furiani (Géant HM + 48 stores + 2 MSu + 1 healthcare center + 1 service station)	Large shopping centers	1969	2019	24,498	14,699	8,314	CORIN
Corte (Casino SM + 13 stores)	Neighborhood shopping centers	2004	2004	5,831	3,499	2,466	CORIN
Porto Vecchio (Géant HM + 32 stores + 2 MSu)	Neighborhood shopping centers	1972	2003	14,106	8,182	4,963	CORIN
<b>Île-de-France</b>							
Amilly Montargis (Géant HM + 1 cafeteria + 15 stores + 2 MSu + 1 car wash station)	Neighborhood shopping centers	1976	2013	15,192	2,189	0	SUDECO
Massena (Géant HM + 25 stores + 2 MSu)	Large shopping centers	1975	2016	31,677	4,204	0	SUDECO
Saint Denis Porte de Paris (Aldi + 1 MSu)	Other	1975		2,900	2,900	0	SUDECO
<b>Reunion Island</b>							
Le Port Sacré-Cœur (Carrefour HM + 90 stores + 7 MSu + 1 RP)	Large shopping centers	2002	2020	27,024	21,401	0	SUDECO
Saint Benoît Beaulieu (Carrefour HM + 22 stores)	Neighborhood shopping centers	2000	2022	7,492	2,014	0	SUDECO
Saint Pierre Front de Mer (Carrefour HM + 26 stores)	Neighborhood shopping centers	1987	1992	11,629	2,118	0	SUDECO
Sainte Marie du Parc (Run Market HM + 77 stores + 1 RP + 6 MSu + 1 services village)	Large shopping centers	1966	2016	27,384	12,611	0	SUDECO
Saint André (land bank)	Other	-	-		0	0	

Site name and description	Type of asset held by Mercialys	Year of construction	Last project (year)	Complex's built area at 12/31/2022 (sq.m)	Gross leasable area held by Mercialys at 12/31/2022 (sq.m)	Of which food store area at 12/31/2022 (sq.m) when owned by Mercialys	Property management
<b>North-East</b>							
Besançon – Chateaufarine (Géant HM + 85 stores + 11 MSu)	Regional centers	1971	2018	58,218	38,497		SUDECO
Dijon Chenôve (Géant HM + 41 stores + 6 MSu)	Neighborhood shopping centers	1974	1999	36,092	14,378		SUDECO
<b>West</b>							
Angers – Espace Anjou (Géant HM + 104 stores + 8 MSu + coworking)	Regional centers	1994	2019	40,564	39,705	15,529	SUDECO
Brest (Géant HM + 71 stores + 7 MSu)	Large shopping centers	1968	2018	36,545	35,755	15,676	SUDECO
Chartres – Lucé (Géant HM + 42 stores + 4 MSu)	Large shopping centers	1977	2016	27,362	9,714	0	SUDECO
Lanester (Géant HM + 4 MSu + 70 stores)	Large shopping centers	1970	2016	31,267	30,357	17,639	SUDECO
Morlaix (Géant HM + 40 stores + 2 MSu)	Neighborhood shopping centers	1980	2017	28,871	8,054	0	SUDECO
Niort Est (Géant HM + 1 cafeteria + 50 stores + 3 MSu + 1 services village)	Large shopping centers	1972	2015	26,047	18,322	13,306	SUDECO
Quimper – Cornouaille (Géant HM + 1 cafeteria + 88 stores + 9 MSu)	Large shopping centers	1969	2017	34,459	34,459	12,063	SUDECO
Rennes – Saint-Grégoire (Leclerc HM + 86 stores + 2 MSu)	Large shopping centers	1971	2017	52,858	16,999	0	GIE GRAND QUARTIER
Tours – La Riche Soleil (Géant HM + 1 cafeteria + 49 stores + 1 MSu)	Large shopping centers	2002		25,571	9,689	0	SUDECO
<b>Rhône-Alpes</b>							
Anncy Seynod (Casino Hyperfrais HM + 50 stores + 6 MSu + 1 cinema + 1 RP + 2 MSu)	Large shopping centers	1988	2018	28,469	12,717	0	SUDECO
Annemasse (Géant HM + 37 stores + 3 MSu)	Large shopping centers	1977	2016	25,564	23,384	15,700	SUDECO
Clermont – Nacarat (Géant HM + 69 stores + 1 MSu + 1 services village)	Large shopping centers	1979	2014	34,779	34,779	17,847	SUDECO
Grenoble La Caserne de Bonne (Monoprix + 45 stores + 4 MSu + coworking)	Large shopping centers	2010	2020	19,124	19,124	0	SUDECO
Saint-Étienne – Monthieu (Géant HM + 1 cafeteria + 50 stores + 5 MSu + 1 service station + 1 car wash station)	Large shopping centers	1972	2017	36,928	20,180	0	SUDECO
Vals près Le Puy (Géant HM + 22 stores + 4 MSu)	Neighborhood shopping centers	1979	2015	21,367	20,923	11,707	SUDECO
Villars (1 cafeteria in an Auchan SC)	Other	1985		30,931	931	0	GACI TROIN

Site name and description	Type of asset held by Mercialys	Year of construction	Last project (year)	Complex's built area at 12/31/2022 (sq.m)	Gross leasable area held by Mercialys at 12/31/2022 (sq.m)	Of which food store area at 12/31/2022 (sq.m) when owned by Mercialys	Property management
Valence 2 (Géant HM + 1 cafeteria + 55 stores + 1 MSu)	Neighborhood shopping centers	1972	2012	19,155	7,234	0	SUDECO
<b>South-East</b>							
Aix en Provence (Casino Hyperfrais HM + 1 cafeteria + 32 stores + 1 MSu + 1 Feu Vert)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Géant HM + 35 stores + 2 MSu)	Neighborhood shopping centers	1979	2017	26,791	7,328	0	SUDECO
Fréjus (Géant HM + 42 stores + 3 MSu)	Neighborhood shopping centers	1972	2017	19,911	18,809	13,182	SUDECO
Istres (Géant HM + 44 stores + 6 MSu)	Neighborhood shopping centers	1989	2015	25,584	18,934	13,288	SUDECO
Mandelieu (Géant HM + 45 stores + 2 MSu + 1 services village)	Large shopping centers	1977	2016	31,954	8,553	0	SUDECO
Marseille - La Valentine (Géant HM + 62 stores + 4 MSu)	Large shopping centers	1970	2015	32,271	13,924	0	SUDECO
Marseille Barneoud (Géant HM + 1 cinema + 59 stores + 6 MSu)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
<b>South-West</b>							
Anglet (Géant HM + 1 cafeteria + 10 stores + 1 MSu)	Other	1976	2016	16,524	3,987	0	SUDECO
Aurillac (Géant HM + 1 cafeteria + 24 stores)	Neighborhood shopping centers	1988	2015	16,890	3,580	0	SUDECO
Boe AGEN (Géant HM + 1 cafeteria + 27 stores + 1 MSu)	Neighborhood shopping centers	1969	2015	18,855	5,499	0	SUDECO
Brive - Malemort (Géant HM + 35 stores)	Neighborhood shopping centers	1972	2017	21,047	5,460	0	SUDECO
Carcassonne - Salvaza (Casino SM + 1 cafeteria + 41 stores + 1 MSu)	Neighborhood shopping centers	1982	2016	19,917	2,502	0	SUDECO
Millau (Géant HM + 20 stores + 1 MSu)	Neighborhood shopping centers	1986	2017	12,610	417	0	SUDECO
Montpellier Argelliers Autoroute (Géant HM + 23 stores + 1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	0	SUDECO
Narbonne (Géant HM + 29 stores + 2 MSu)	Neighborhood shopping centers	1972	2018	20,680	20,680	10,494	SUDECO
Nîmes - Cap Costières (Casino Hyperfrais HM + 1 cafeteria + 86 stores + 4 MSu + coworking)	Large shopping centers	2003	2017	35,209	35,209	14,209	SUDECO
Rodez (Super U + 1 cafeteria + 30 stores + 2 MSu)	Neighborhood shopping centers	1984	2020	17,618	1,436	0	SUDECO
Montauban (Super U + 42 stores + 1 MSu)	Neighborhood shopping centers	1994	2012	19,786	4,765	0	SUDECO



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Toulouse Fenouillet (Géant HM + 1 cafeteria + 134 stores + 14 MSu + 1 RP + coworking)	Regional centers	1978	2017	105,769	83,889	0	SUDECO
<b>TOTAL</b>				<b>1,347,894</b>	<b>777,254</b>	<b>239,652</b>	

Legend: 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, ServC: Service center, HM: Hypermarket, SM: Supermarket, MM: Mini-market, CAF: Cafeteria, Other: including standalone sites.