Press release

Boulogne-Billancourt, 30 July 2020

# 2020 half-year results

- **In the context of a health crisis, Carmila's business activity proved resilient during the first half of the year and results confirmed its specific advantages**
- **A LTV ratio of 35.8%[1] including transfer taxes under control**
- **A robust and sound financial position that allows to consider continued activity with serenity**
- **The target for 2020 is a change in recurring earnings between -14% and -18%**

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At the close of an atypical half-year marked by the effects of the Covid 19 health crisis and in view of its ability to nevertheless deliver encouraging results, Carmila **reiterates its confidence in the strength of its business model** and stands in **a sound financial position.**

*"In the context of an acute and widespread health crisis, Carmila's results for the first half of 2020 demonstrate the strength of its financial position and the effectiveness of its model of local centres anchored in territories, which is particularly well suited to the situation.*
*Carmila's teams have worked tirelessly to support retailers and to jointly and quickly prepare the framework for resuming business activities under optimal conditions.*
*Although the uncertainties regarding the length of the shutdown and the effectiveness of resuming activities have thus been lifted, Carmila continues to pay close attention to changes in the market context, which remains sensitive. It also intends to continue to deeply fulfil its role as proximity player, which is Carmila's purpose statement, "raison d'être"."* declared Alexandre de Palmas, Carmila's Chairman and Chief Executive Officer.

During the first half of 2020, Carmila's activities in the three countries where it operates were affected by the implementation of a state of emergency and strict lockdown measures which, as expected, impacted the following main business indicators:

- **Net rental income** experienced a limited decline of -11.7% at current scope and **-10.1%** at constant scope[2], including the cancellation of three months' rent for small businesses in France ("TPE"), fully accounted for, as well as specific provisions, and excluding the result of ongoing negotiations not yet finalised.
- **EBITDA** was down for the period at €121.5 million, i.e. **-13.7%.**
- **Recurring earnings per share[3] stood at €0.69** per share, retreated**-15.7%.**

At 30 June 2020, **the value of assets including transfer taxes,** had **declined to €6,219 million, down** -3.2% at constant scope. This like for like change is the sum of three impacts, a specific impact due to

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[1] *Before payment of the cash portion of the 2019 dividend.*
[2] *Change in net rental income between the first half of 2019 and the first half of 2020.*
[3] *EPRA results restated for non-recurrent items detailed in the notes appended to this press release. Calculated on an average number of shares for the period, fully diluted.*

the health crisis, an impact due to the increase in the capitalisation rate and an impact due to the change in rents. The **average capitalisation rate was 6.11%** (+21 bps over 6 months).

The company's **net asset value** (EPRA Net Tangible Asset) at 30 June 2020 was **€25.82 per share** compared to €27.79 per share at 31 December 2019 (-7.1%). 5.8 million shares were issued on 27 July 2020, following the payment in shares of part of the 2019 dividend. In light of this dilutive effect, the NAV after dividend payment is 25.22 euros, down 9.2% compared to December 2019.

The **ratio of consolidated net financial debt to the fair value of investment assets, including transfer taxes**, came in at 35.8% before payment on 27 July 2020 of a cash dividend of 72 million euros for the year 2019 and 37% after payment.

Based on its results for the first half of 2020 and the outlook for the second half of the year, Carmila **anticipates that the change in its recurring earnings** for 2020 would be within a range **between –14% and –18%. This target is considered on the assumption that no lockdown or closure of sites to the public will take place in the second half of 2020.**

## Activity during the first half

### Retailer revenues and footfall rates

Compared to the same period in 2019, retailer activity grew slightly over **the first two months of the reporting period at +1.7%,** particularly in the Food and Restaurants (+4.4%) and Services (+6.5%) segments, whereas Ready-to-Wear revenues posted a slight decline (-0.6%).

**In June**, the full reopening of the shopping centres in the three countries resulted in an encouraging recovery. Excluding the Food and Restaurants segment, **revenues for Carmila retailers showed** recovery momentum in June 2020 with **a limited decline of -6.0%** (-4.2% in France, -9.8% in Spain and -10.7% in Italy).

The Food and Restaurants segment, was particularly impacted by the staggered openings in France and the restrictive health measures in this segment in the three countries. The Ready-to-Wear recovery remains in retreat (-23.5% in France, -16.0% in Spain, -24.4% in Italy in June 2020 compared with the same month in 2019), in part due to the postponement of scheduled sales. The recovery momentum is however very strong in the Household Furnishings segment which experienced significant growth in revenues in the three countries (+28.6% in France, +12.5% in Spain and +18.9% in Italy).

In addition, Carmila's shopping centres saw **encouraging footfall rates** as soon as they partially or fully reopened in the three countries (France, Italy and Spain). Thanks to the strength of their local presence and buoyed by the efforts of Carmila's teams, these centres held up well and **outperformed the sector* by almost 10%** in France and Spain for June 2020. In addition**, since 15 July 2020**, when the sales started, footfall at Carmila centres in France **has equalled the footfall for the same period in 2019.**

### Letting activity

During the first half of 2020, Carmila's letting activity was marked by two very contrasting periods: very satisfactory activity for the first two months of the period (71 vacant premises leased compared with 54 premises the previous year), followed by a significant slowdown during the shutdown period due to the Covid 19 pandemic. The reopening of the three countries then led to an encouraging recovery in lease signatures, with 37 new leases signed since 11 May 2020.

Overall, letting activity for the entire first half was consistent, with **the signature of 233 leases for a minimum guaranteed rent of €11.3 million**, including the letting of 132 vacant premises and five premises on its extension projects as well as the renewal of 96 commercial leases.

**The reversion** recorded in renewals for the period was on average **6.3%** (6.6% in France, 6.0% in Spain and 5.6% in Italy).

**At 30 June 2020, the portfolio's financial occupancy rate**[4] showed resilience at **95.8%** compared to 96.3% at 31 December 2019 (95.6% in France, 95.8% in Spain and 97.9% in Italy). This decrease is the result of the health crisis having caused delays in the delivery of retail units during the lockdown and a reduction in the activities of pop-up stores.

**Net rental income** for the first half of 2020 was **€147.5 million compared to €167.0 million for the first half of 2019, i.e. -10.1% like for like**, including indexation of +1.5%. Specific measures were taken in the three countries to minimise the impacts of the health crisis (see the paragraph below regarding the management of the crisis). Excluding these specific measures, the change in net rental income at constant scope during the first half was +0.6%.

Growth generated by the extensions represents +0.3% of total growth. It should be noted that no acquisition was made during the period.

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[4] *Excluding 1.8% of strategic vacancies.*

**Panel Quantaflow/Procos for France, panel Footfall for Spain.*

## Management of the health crisis

In order to maintain close contact with its retailers throughout the pandemic and support the resumption of their operations, Carmila implemented some measures very early on to support its tenants and to proactively help mitigate the effects of the crisis.

Accordingly, Carmila implemented:

- the full opening of its centres to enable Carrefour hypermarkets and essential shops to welcome their customers,

- continuous communication between Carmila's teams and all its tenants and numerous digital marketing efforts to maintain retail appeal,

- a 100% suspension of rents and charges for the second quarter of 2020 (with deferred payment at 30 September 2020 in France and Italy and at 30 June and 31 July 2020 in Spain), in order to preserve/maintain the cash position of tenants in the three countries

- the cancellation of three months of rent for small businesses in France ("TPE") as recommended by the public authorities,

- case-by-case negotiation for other retailers in the three countries, with potential aid provided depending on the concessions negotiated with lessees,

In addition, Carmila also made decisions aimed at preserving the company's resources:

- adjustment of its ongoing extension and restructuring programme (see paragraph below).

- prudent cash and equity management (see paragraph below),

- significant adjustment of its dividend policy for 2019 in compliance with the distribution requirements for REITs (see paragraph below).

## Focus on undergoing negotiations with tenants

In order to support tenants in the face of this health crisis, discussions have been initiated by adapting the adjustments that could be granted on a case-by-case basis depending on the compensation given by the tenants. At 30 June 2020, 23% (in number of leases) of the negotiations had been finalized in the three countries. These negotiations have resulted, among others, in the extension of lease terms and the renewal or signature of new leases.

To date, the total impact of the franchises granted in relation to the annual rent is 9% for all the negotiations that have been finalised; in return, 210 leases in progress have had their maturity extended by at least 3 years and 80 new leases will be signed as a result of these negotiations.

## 2020 half-year results

**Overheads net of other operating income and expenses** for the first half of 2020 totalled €25.3 million, down by €2.3 million from the first half of 2019. This improvement is mainly due to the reduction in "Other external expenses" mostly associated with the reduction and deferral of costs during the health crisis.

**EBITDA** for the period was €121.5 million, compared to €140.8 million in the first half of 2019, i.e. **-13.7%**. This decrease is mainly due to the reduction in gross rental income, particularly following the waiver of gross rental income from small businesses, related to the second trimester, in application of the incentive measure recommended by the public authorities and to the increase in property expenses (impact of provisions for irrecoverable debts).

**Recurring net earnings (EPRA Recurring Earnings)** stood at **€93.9 million,** down **-15.9%** from the first half of 2019.

The half year recurring earnings per share were **€0.69 per share**, down **-15.7%** compared to the previous financial year.

## Asset valuation and NTA

**The valuation of the portfolio, including transfer taxes** was **€6,219 million** at 30 June 2020, down by 3.1% at current scope over six months.

At constant scope, the value of the portfolio declined by 3.2% (-€202.1 million)
This constant scope change is the sum of three impacts: a specific impact due to the health crisis (-1.4%), an impact due to the change in capitalisation rates (-1.9%) and an impact due to the change in rents (+0.1%).

**The average capitalisation rate of the portfolio is down 21 bps to 6.11%.**

**EPRA NTA[5] per share** at 30 June 2020 was **€25.82 per share** compared to €27.79 per share at 31 December 2019 (-7.1%). 5.8 million shares were issued on 27 July 2020 following the payment in shares of part of the 2019 dividend. Taking into account this dilutive effect, post-dividend NAV was 25.22 euros, down 9.2% compared to 31 December 2019.

## Dividend policy

In order to preserve its equity, and in accordance with the announcement of 15 June 2020, Carmila's Shareholders' Meeting of 29 June 2020 approved the dividend proposed for 2019 of €1.00 per share (versus the €1.50 proposed at the time of publication of the annual results on 13 February 2020); an option to pay the dividend in shares was proposed to the shareholders, which was subscribed at 46.7%. The dividend was paid on 27 July 2020 and 5.8 million shares were issued representing 4.23% of equity.

The company's equity was thus strengthened by 132 million euros.

## Debt and financial structure

At 30 June 2020, the amount of Carmila's **net debt** totalled €2,228.6 million and available cash stood at €477.1 million. Available facilities (RCF and net available cash) remained stable at €1.1 billion. The average debt maturity was 4.7 years.

Under its short-term negotiable securities (commercial paper) programme, Carmila had a drawdown outstanding balance of €248 million at 30 June 2020, including 185 million euros maturing in 2021.

[5] NTA is the new EPRA indicator corresponding to EPRA NAV : vision of Net Asset Value without transfer taxes, excluding air alue of financial instruments and impact of deferred taxes.

In addition, on 26 June 2020, Carmila issued a private placement bond in the amount of 100 million euros, with a maturity of 9 years and a coupon of 3.0%.

At 30 June 2020, the ratio **consolidated net financial debt/property portfolio fair value** *(including transfer taxes)* was equal to 35.8% prior to the payment of the dividend and to 37.0% after payment of the dividend; these ratios being largely below the 55% maximum threshold for bank covenants.

The ratio of **EBITDA to the Net cost of debt** was **4.9x** at 30 June 2020, well above the minimum 2.0x contractual threshold of bank covenants.

## Extension and restructuring pipeline and ongoing projects

The health crisis having had an impact on each of its markets, Carmila decided to streamline the implementation of its shopping centres extension programme in order to optimise its equity. Consequently, with the exception of the main ongoing projects, Carmila's secured pipeline, comprising 17 projects, has been put on hold yet remains flexible. Implementation can be reactivated as soon as the necessary conditions have been met.

Two extension-restructuring operations are in the completion stages (Nice Lingostière, and Cité Europe in Calais). The remaining investment is 70 million euros for the Nice-Lingostière centre and 10.5 million euros for the Cité Europe centre in Calais.

## CSR policy and first half activities

Since 2019, Carmila's CSR commitments have taken the form of a programme of responsible initiatives entitled, "Here we act". This programme, which addresses the expectations of company stakeholders, combines all positive actions, with the aim of stimulating the local economy, protecting the environment and getting employees on board.

In June 2020, the Board of Directors created a **CSR Committee** which validated the company's **new CSR strategy**. This ambitious strategy is based on the three pillars of the "Here we act" programme and (step up Carmila's involvement) involves Carmila in the fight against climate change (pillar 1 for the Planet), with an objective of reducing GHG emissions by 50% by 2030. Likewise, Carmila will continue its strategic action towards the economic attractiveness of the regions (pillar 2) through the development of a sustainable offering (local, solidarity-based, eco-friendly, etc.) and continue to act for the benefit of its employees, with priority placed on diversity and on workplace equality in particular (pillar 3).

During the first half of 2020, numerous results were achieved pertaining to each of these pillars, chiefly the acceleration of the certification campaign for the BREEAM sites with 64% of the sites being certified at end-June 2020 (pillar 1 for the Planet), the commitment to the fight against domestic violence with the establishment of hosting facilities during the health crisis (pillar 2) and the support of and continued contact with employees during the health crisis (pillar 3).

## Business development

Innovation and entrepreneurship form the very core of Carmila's projects and are reflected in employee initiatives as well as in its business development activities. **Carmila continues to develop Carmila Retail Development,** dedicated to invest in the development of promising new concepts. In this way, Camila gives financial support to talented, dynamic entrepreneurs who wish to set up stores in its centres. These include the barber **La Barbe de Papa**, the shoemaker **Indémodable**, the **Cigusto** e-cigarette retailer, and the aesthetic clinics **Centros Ideal** in Spain.
At 30 June 2020, these four retail brands represent 63 stores opened in Carmila shopping centres in France and in Spain, for an annual rental income of **€2.23 million**. These retail brands also opened 18 stores with third-party lessors. Hence, partnerships represent a total of 81 stores in France and in Spain. These four retailers plan to open 25 further stores by the end of 2020.

**Carmila Retail Development** also intends to enter into new partnerships with, for example, local food brands, home furnishings and sports outlets in order to expand its shopping centres' offerings and respond to its customers' need for new products. The challenge is also to be a partner working closely with these entrepreneurs to help them expand.

In addition, on the strength of its shopping centres' numerous advantages in terms of accessibility, proximity, and availability of free and unlimited parking, Carmila intends to begin **a strategic transition, transforming its "shopping centres" into "lifestyle centres"**. Accordingly, expanding its offering to include services, particularly in healthcare, will be a key milestone in this transformation. This ambition relates chiefly to the introduction of bigger dispensing pharmacies capable of expanding their offering on larger surfaces, first-aid, mono or multidisciplinary health centres and remote medical centres. The possibility of accommodating other professions, particularly in specialist fields, is also under review.

The company is thus partnering with experienced and well-known professionals to **develop health activities** in its shopping centres. Following the 2019 creation of **Pharmalley**, a joint venture enabling young talented pharmacists to access next generation pharmacies (6 operations undergoing expansion or transfer-expansion), Carmila created **Dentalley** , a joint venture company that develops and operates dental practices under the Vertuo brand, in which Carmila holds a 35.75% interest. The first opening will take place in November 2020 at the Athis-Mons centre in Essonne, with the objective of opening 50 sites in the next five years. The most qualified members of the profession are supporting Dentalley in developing this operation.

Finally, through its Lou 5G subsidiary, Carmila provides land for antenna. **Lou5G** owns land on which telecom companies can install antennas under a lease agreement. The activity, created in 2019, was formalised and structured with the signature of a framework agreement with each of the four national telecommunications operators. Almost 130 antenna have been leased (subject to conditions precedent), generating **annual rental income of €1.5 million.**
The first half of 2020 was marked by the lifting of conditions precedent on 40 leases, generating annual rent of €400 thousand, as well as by the creation of a dedicated team. In addition to its business leasing land to telephone operators, Lou5G is preparing to build pylons in order to provide a comprehensive service to operators. Therefore, Carmila is contributing to the nationwide ambition of reducing the digital fracture by pairing up with the governmental objectives of Blackspot coverage, 4G improvement, and preparation for the arrival of 5G.

## Outlook

On 2 April 2020, Carmila indicated that the health crisis made it difficult to estimate the 2020 results as indicated when the annual results were published on 13 February 2020.

On the basis of its first semester results and the outlook for the second half of 2020, **Carmila anticipates a change in its recurring earnings between -14% and -18% for 2020**. This outlook is based on the assumption that no re-containment measures or closure of sites to the public will occur in the second half of 2020.

## Main results and interim balances

| *In thousand euros* | 30 June 2020 | 30 June 2019 | % change 2020/2019 |
|---|---|---|---|
| **Gross Rental Incomes** | **163,578** | **178,930** | **-8.6%** |
| **Net Rental income** | **147,457** | **166,962** | **-11.7%** |
| **EBITDA** | **121,539** | **140,760** | **-13.7%** |
| **Consolidated net income Group share** | **-126,700** | **26,883** | **-571.3%** |
| **EPRA Earnings** | **91,222** | **111,643** | **-18.3%** |
| **EPRA Recurring Earnings** | **93,948** | **111,660** | **-15.9%** |
| *Results per share (in euros) fully diluted* | | | |
| **Net earnings per share** | **-0.93** | **0.20** | **-565.0%** |
| **Recurring earnings per share** | **0.69** | **0.82** | **-15.7%** |

| *In million euros* | 30 June 2020 | 31 December 2019 | %,change 2020/2019 (6,months) |
|---|---|---|---|
| **Gross Asset Value of portfolio** *(including transfer taxes)* | **6,219** | **6,422** | **-3.1%** |
| **EPRA NTA** *(in euros per share)* | **25.82** | **27.79** | **-7.1%** |

## Highlights

- **Succession plan for the Chairman and Chief Executive Officer**

At the meeting of the Board of Directors on 16 June 2020, Mr Alexandre de Palmas, Chairman and CEO of Carmila, notified its members of his decision to accept the position of Executive Director of Carrefour Spain from 1 July 2020. Consequently, the Board of Directors, instructed its Compensation and Nomination Committee, to launch the process for the selection of a successor for Mr Alexandre de Palmas. Until this process is completed, Mr de Palmas will continue to manage the company alongside Mr Géry Robert-Ambroix and Mr Sébastien Vanhoove, Deputy Chief Executive Officers.

- **Shareholders' Meeting**

On 29 June 2020, the Ordinary and Extraordinary Shareholders' Meeting specifically approved:
- the recording of its purpose statement in the Bylaws of the company.
- the dividend proposed for the 2019 financial year in the amount of one (1) euro. The Shareholders' Meeting decided to offer the shareholders the option of a dividend payment in shares.

The ordinary dividend for the 2019 financial year (set at €1.0 per share) was seconded on 2 July 2020 and paid on 27 July, the date upon which the dividend in shares was also delivered.

## Financial Calendar

**23 October 2020** *(post market close)***:** Third quarter 2020 activity

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**The presentation of Carmila's results for the first half of 2020 will be broadcast live today at 2:30 pm (CET) on Carmila's website (www.carmila.com).**
**The presentation slides will be made available as soon as the webcast begins.**
**A replay of thee webcast will then be available online later during the day.**

**Important notice**

Some of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions prevailing as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.Please refer to the most recent Universal Registration Document (Document d'enregistrement universel) filed in French by Camila with the Autorité des Marchés Financiers for additional information in relation to such factors, risks and uncertainties.Carmila has no intention and is under no obligation to update or review the forward-looking statements referred to above. Consequently Carmila accepts no liability for any consequences arising from the use of any of the above statements.

**About Carmila**

Carmila was created by Carrefour and large institutional investors for the purpose of transforming and promoting shopping centres adjoining Carrefour's stores in France, Spain and Italy. At 31 December 2019, its portfolio comprised 215 shopping centres in France, Spain and Italy, leaders in their catchment area, and valued at €6.4 billion. Motivated by a true commercial culture, Carmila's teams represent all the skill sets dedicated to commercial appeal: sales, digital marketing, specialty leasing, centre management and asset management.
Carmila is listed on Euronext-Paris Compartment A under the symbol CARM. It benefits from the tax regime for REITs (Real Estate Investment Trusts).
Carmila became part of the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices on 18 September 2017.
Carmila became part of the Euronext CAC Small, CAC Mid & Small and CAC All-tradable indices on 24 September 2018.

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# HALF-YEAR FINANCIAL REPORT

# 30 JUNE 2020

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# 1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

## 1.1. Person responsible for the Half-year Financial Report

Alexandre de Palmas, Chairman and CEO of Carmila.

## 1.2. Certification by the person responsible for the Half-year Financial Report

"I hereby declare that, to the best of my knowledge, the half-year financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation. I further declare that the information contained in this Half-year Financial Report is in accordance with the facts that have occurred during the first half-year, with their impact on the financial statements, and with the main transactions between related parties, and that it presents the main risks and uncertainties for the remaining half-year."

Alexandre de Palmas

Chairman and CEO of Carmila

# 2. GENERAL CONTEXT AND HEALTH CRISIS RELATED TO COVID-19

The three countries in which Carmila operates, France, Spain and Italy, have been subject for several weeks to opening restrictions of the shops to essential shops only.

Carmila's shopping centres, which are local sites throughout the country, have retained an essential function for the population during this period of crisis.

As they are all anchored to Carrefour hypermarkets, they have remained accessible to the public, and the shops in the shopping centres authorised to operate have also remained open. Non-essential stores remained closed in accordance with the regulations specific to each country (in France: from 17 March to 11 May, i.e. eight weeks; in Spain: from 9 March to 25 May 25/ 11 June, i.e. 11 weeks; in Italy: from 12 March to 18 May, i.e. nine weeks).

Since the centres have been fully reopened, the level of activity has been encouraging, with average traffic in France in June 2020 equal to 84% of the attendance in June 2019. Over the same period, the average change in turnover for retailers in the three countries is down by 6%. The activity figures are detailed in the "Business analysis" section.

In order to support tenants in the face of this health crisis, discussions have been initiated by adapting on a case-by-case basis the amenities that could be granted in view of the commitments given by the tenants. At 30 June 2020, 23% of negotiations (in terms of number of leases) resulted in an agreement for all 3 countries. The impact of the franchises of the agreements reached is 9% of the annual rent. Details of the discussions are provided in the "Ongoing lease negotiations" section.

The financial results for this half-year are atypical due to the direct and indirect impact of the health crisis and the rent deferral measures granted to retailers. In all three countries, second-quarter rents were invoiced in arrears on a monthly basis and the due date was postponed to 30 June and 30 July in Spain and to 30 September in France and Italy.

Impacts have been recorded in the accounts for the rent waivers granted specifically for Small Businesses ("TPEs") in France, the decrease in variable rents and expected specialty leasing revenues, depreciation allowances in trade receivables related to the health crisis and notably for receivables in the second quarter have been recorded in the accounts. All of these impacts are detailed in the section "Comments on first half results". The change in net rents at constant scope was -10.1% and the change in recurring income was -15.9% over the half year.

The experts paid particular attention to the impact of the crisis on the market value of assets. A specific impact of the health crisis is detailed in the "Asset valuation" section. The change in asset value on a like-for-like basis was -3.2%.

Carmila's liquidity was strengthened during the health crisis: cash position amounts to 477 million euros at 30 June 2020, enabling it to face the crisis with confidence and Carmila does not have any major debt maturities before 2023. Carmila's financial structure is detailed in the "Financial policy" section.

Carmila follows a prudent strategy in the management of its equity; the dividend initially proposed at €1.5 per share has been reduced to €1 per share for payment on 27 July 2020 with a 46.7% share subscription option. The savings in equity amounted to €131 million. At 30 June 2020, Carmila's Loan-to-value (including transfer taxes) ratio was 35.8%.

# 3. ASSETS AND VALUATION

## 3.1. Key figures concerning the portfolio

### 3.1.1. Description of the portfolio

At 30 June 2020, Carmila had 215 shopping centres and retail parks adjacent to Carrefour hypermarkets located in France, Spain and Italy, valued at €6.2 billion including transfer taxes, for a total leasable area of close to 1.57 million square meters.

In France, Carmila is the direct or indirect owner of a very large majority of its real estate assets (with the remaining properties held under long-term leases or ground leases), which are either divided into units or held under co-ownership arrangements. In Spain, Carmila holds, directly or indirectly, the full ownership of its assets organised through co-ownership arrangements. All of Carmila’s assets in Italy are fully owned, directly or indirectly.

The real estate of Carrefour’s hypermarkets and supermarkets, as well as the car parks adjacent to the shopping centres held by Carmila in France, Spain and Italy, are owned by Carrefour group entities.

### 3.1.2. Presentation of Carmila's most important assets

Out of 215 commercial real estate assets making up Carmila's portfolio, 15 assets represent 38% of the appraisal value (including transfer taxes) and 27% of the gross leasable area at 30 June 2020. The following table shows information on these 15 properties:

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area (sq.m.) | Carmila Group share per site (%) |
|---|---|---|---|---|---|
| ***France*** | | | | | |
| BAB 2 - Anglet | 1967 | 2014 | 126 | 27 175 | 52,4% |
| Bay 2 | 2003 | 2014 | 103 | 21 067 | 37,0% |
| Calais - Coquelles | 1995 | 2014 | 152 | 51 167 | 77,6% |
| Chambourcy | 1973 | 2014 | 70 | 21 343 | 44,0% |
| Evreux | 1974 | 2014 | 78 | 37 813 | 57,0% |
| Montesson | 1970 | 2014 | 61 | 13 342 | 32,8% |
| Orléans Place d'Arc | 1988 | 2014 | 68 | 13 606 | 53,6% |
| Ormesson | 1972 | 2015 | 121 | 26 474 | 14,5% |
| Perpignan Claira | 1983 | 2014 | 78 | 21 028 | 52,1% |
| Saran - Orléans | 1971 | 2014 | 89 | 38 864 | 64,2% |
| Thionville | 1971 | 2016 | 160 | 28 338 | 62,9% |
| Toulouse Labège | 1983 | 2014 | 128 | 22 220 | 44,9% |
| Vitrolles | 1971 | 2018 | 85 | 24 275 | 55,2% |
| **Total France (top 13)** | | | **1 319** | **346 710** | |
| ***Spain*** | | | | | |
| Fan Mallorca | 2016 | 2016 | 104 | 38 141 | 75,0% |
| Huelva | 2013 | 2014 | 93 | 34 036 | 82,4% |
| **Total Spain (top 2)** | | | **197** | **72 177** | |
| **Total (top 15)** | | | **1 516** | **418 888** | |

### 3.1.3. Classes of assets by type

At 30 June 2020, Carmila held 157 "leader" or "co-leader" shopping centres (as defined below) in their catchment areas representing 74% of the total number of Carmila's shopping centres and 88% of its portfolio in terms of appraisal value, including transfer taxes.

A shopping centre is defined as a "leader" if (i) it is the leader in its commercial area by the number of commercial units (Source: Codata database, 2019) or (ii) it includes, for shopping centres in France, more than 80 commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

A shopping centre is defined as a "co-leader" if (i) it is not a "leader" and (ii) (x) it includes the leading hypermarket in its commercial area (for France and Italy) in terms of revenues or for Spain in terms of leasable area (Source: Nielsen database) or (y) the annual revenues (incl. VAT) of the adjoining hypermarket is over €100 million for hypermarkets in France or €60 million for hypermarkets in Spain or Italy.

| Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio | GAV ITT (€M) at 30/06/20 | % Market value | Number of sites |
|---|---|---|---|
| Leader | 3 046,9 | 68% | 54 |
| Co-Leader | 886,3 | 20% | 31 |
| Other | 522,2 | 12% | 44 |
| **France** | **4 455,4** | **100%** | **129** |
| Leader | 807,9 | 57% | 31 |
| Co-Leader | 451,5 | 32% | 35 |
| Other | 146,6 | 10% | 12 |
| **Spain** | **1 406,0** | **100%** | **78** |
| Leader | 167,5 | 47% | 3 |
| Co-Leader | 99,1 | 28% | 3 |
| Other | 91,5 | 26% | 2 |
| **Italy** | **358,1** | **100%** | **8** |
| Leader | 4 022,3 | 65% | 88 |
| Co-Leader | 1 436,9 | 23% | 69 |
| Other | 760,2 | 12% | 58 |
| **Total** | **6 219,4** | **100%** | **215** |

## 3.2. Asset valuation

### 3.2.1. Appraisals and methodology

The investment properties that comprise Carmila's assets are initially recognised and valued individually at the cost of construction or acquisition, including expenses and taxes, then subsequently at their fair value excluding transfer taxes. Any variation is recognised through the income statement.

The fair values used are determined on the basis of the conclusions of independent experts. Carmila uses appraisers to value its entire portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The expert valuations comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information required for valuation of the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (revenues).

They independently establish their current and future cash flow estimates by applying risk factors either to the net rental income capitalisation rate or to future cash flows.

For buildings under construction, the valuation takes into account works in progress as well as the increase in fair value compared to the total cost price of the project (IPUC). Investment properties are subject to an appraisal while under construction to determine their fair value on the opening date.

Carmila considers that a development project may be valued reliably if the following three conditions are simultaneously fulfilled (i) all of the administrative authorisations necessary to complete the extension have been obtained, (ii) the construction contract has been signed and the works have begun and, (iii) uncertainty concerning the amount of future rent has been eliminated.

The appraisers appointed by Carmila are as follows:

- In France, Cushman & Wakefield and Catella.
- In Spain, Cushman & Wakefield and Catella.
- In Italy, BNP Paribas Real Estate.

Comments on the scope

- Carmila did not acquire any new shopping centre during the first half of 2020 and no extension was delivered during this period.
- for ongoing extensions (Nice Lingostière), works in progress were recognised in the financial statements as investment properties carried at cost; the excess value over the cost price (IPUC) was recognised.
- the annual rotation of a third of the assets between appraisers was postponed to the second half of the year due to the health crisis
- the exceptional measures induced by the health crisis are confronting property valuation experts with market circumstances that have never been encountered before. The reliability of the experts' work is not questionned but specifies the exceptional context in which it was carried out. These valuations are based on material market uncertainty due to the potential effects of the health crisis.

### 3.2.2. Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,219.4 million including transfer taxes at 30 June 2020, and it breaks down as follows:

| Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio | 30/06/2020 | | |
|---|---|---|---|
| Country | millions of euros | % | In number of assets |
| France | 4 455,4 | 71,6% | 129 |
| Spain | 1 406,0 | 22,6% | 78 |
| Italy | 358,1 | 5,8% | 8 |
| **Total** | **6 219,4** | **100%** | **215** |

In addition to the fair values determined by the experts for each shopping centre, this assessment takes into account assets under construction that amount to €72.3 million at 30 June 2020 and the share of the Nice Lingostière extension operation margin of €2.0 million. Also, this valuation includes Carmila's share in the investment properties valued at fair value held in the subsidiaries consolidated by the equity method (As Cancelas shopping centre, at Santiago de Compostela in Spain, taken into account at 50%) which represents €66.4 million.

### 3.2.3. Changes of asset valuation

| Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio | 30/06/20 | | | | | 31/12/19 | |
|---|---|---|---|---|---|---|---|
| | | | | *Change vs. 31/12/2019* | | | |
| *(in millions of euros)* | GAV ITT (€M) | % | in number of assets | at current scope | like for like | GAV ITT (€M) | % |
| France | 4 455,4 | 71,6% | 129 | -3,5% | -3,6% | 4 615,3 | 71,5% |
| Spain | 1 406,0 | 22,6% | 78 | -3,0% | -3,0% | 1 449,3 | 22,9% |
| Italy | 358,1 | 5,8% | 8 | 0,3% | 0,3% | 356,9 | 5,6% |
| **Total** | **6 219,4** | **100%** | **215** | **-3,1%** | **-3,2%** | **6 421,5** | **100%** |

During the first half of 2020, the total value of Carmila's portfolio on a like for like basis was impaired by -€202.1 million; this change is explained as follows:

- The change on a like for like basis is calculated on a comparable basis of shopping centres, excluding extensions and acquisitions over the period. This change was -3.2% over the period.

- Other changes are due to the extensions. Projects under construction (Nice), are valued by their works in progress as well as their share of the margin (IPUC). The valuation of works in progress, IPUC, and Lou5G is €80.1 million, a change of +€3.9 million mainly due to the increase of work in progress (+€3.5M) and the decrease in the share of the Nice Lingostière margin (-€9.7M). The impact on the overall valuation was 0.1%.

- No shopping centre was acquired during the first half of 2020.

**Like for like change and impact of the health crisis**

The like for like change is the sum of three impacts: the health crisis, the change in the capitalisation rate and the change in rents.

To take into account the impact from the health crisis, Carmila's appraisers have incorporated into their model between one and two months of rent-free periods, and have adjusted the amounts of variable rents. They also revised upwards the outlook for bad debts, as well as the vacancy periods for centres with several vacant units and average/high occupancy rates. Lastly the experts revised downwards the outlook for re-letting (now considered on a case-by-case basis), as well as the rent indexation assumptions (at rates equal to or close to 0% over one to two years).

| Impacts at constant perimeter | 30/06/2020 | | | |
|---|---|---|---|---|
| **Countries** | **Sanitary crisis** | **Yields** | **Rents** | **Total** |
| France | -1,7% | -2,6% | 0,6% | -3,6% |
| Spain | -0,9% | -0,6% | -1,5% | -3,0% |
| Italy | *(1)* | 0,3% | 0,0% | 0,3% |
| | **-1,4%** | **-1,9%** | **0,1%** | **-3,2%** |

The change over the first semester on a like for like basis breaks down by country as follows:

- in France, the change in value on a like for like basis was -3.6%: the impact of the health crisis (-1.7%) was significant because it includes immediate effects (rent discounts, variable rents) and also long-term effects (indexation). The impact of the decompression of capitalisation rates is also significant (-2.6%), and partially offset by the revaluation of rents (+0.6%).

- in Spain, the valuation on a like for like basis was -3.0%: the impact of the health crisis (-0.9%) includes immediate effects (rent discounts, variable rent adjustments, increase in expected vacancy periods) and also long-term effects (indexation). The impacts of the decompression of capitalisation rates (-0.6%) and of rents (-1.5%) is also significant.

- in Italy, the portfolio on a like for like basis appreciated 0.3%, which is entirely due to the impact of the decrease in capitalisation rates (+0.3%), while rents are stable (0.0%).

(1) There is no impact from the health crisis on flows after 30 June 2020. A tax credit of 60% of paid rent is granted to lessees.

### 3.2.4. Changes in capitalisation rates

| | NIY | | NPY | |
|---|---|---|---|---|
| | 30/06/2020 | 31/12/2019 | 30/06/2020 | 31/12/2019 |
| France | 5,54% | 5,36% | 5,90% | 5,68% |
| Spain | 6,60% | 6,41% | 6,74% | 6,54% |
| Italy | 6,02% | 6,18% | 6,16% | 6,18% |
| **Total** | **5,81%** | **5,64%** | **6,11%** | **5,90%** |

In the first half of 2020, the NPY increased by 21 bps on the overall portfolio; the decompression was comparable in France (+22 bps) and in Spain (+20 bps) while the NPY in Italy fell moderately (-2 bps).

In France and Spain, the change in NIY was comparable to that of the NPY, while the compression of the NIY in Italy was more marked (-16 bps).

The NIY corresponds to the EPRA Topped Up NIY of the EPRA section, the effect of the deferred rent reduction and step rents being deducted from the valuation of the experts.

### 3.2.5. Breakdown of the appraisal values by CNCC typology

In accordance with the CNCC typology, sites are grouped into three categories: regional shopping centres, large shopping centres and small shopping centres (called local shopping centres in this document).

At 30 June 2020, regional shopping centres and large shopping centres accounted for 82% of the market value of Carmila's portfolio.

| | Expertise 30/06/2020 | | | | |
|---|---|---|---|---|---|
| | GAV ITT (€M) | % of value | Average net rent €/m² | Average vacant ERV | NIY |
| Regional Shopping Centres | 1 594,5 | 36% | 310 | 245 | 5,2% |
| Large Shopping Centres | 2 056,9 | 46% | 266 | 251 | 5,5% |
| Local Shopping Centres | 798,2 | 18% | 196 | 128 | 6,3% |
| Other* | 5,8 | 0% | 343 | n.d. | 6,8% |
| **France** | **4 455,4** | | **261** | **189** | **5,5%** |
| Regional Shopping Centres | 355,7 | 25% | 204 | 202 | 5,6% |
| Large Shopping Centres | 724,6 | 52% | 199 | 205 | 6,8% |
| Local Shopping Centres | 325,7 | 23% | 287 | 263 | 7,2% |
| **Spain** | **1 406,0** | | **217** | **222** | **6,6%** |
| Regional Shopping Centres | 18,2 | 5% | 232 | n.d. | 5,5% |
| Large Shopping Centres | 318,1 | 89% | 243 | n.d. | 6,0% |
| Local Shopping Centres | 21,8 | 6% | 269 | n.d. | 6,5% |
| **Italy** | **358,1** | | **244** | **268** | **6,0%** |
| Regional Shopping Centres | 1 968,4 | 32% | 281 | 244 | 5,3% |
| Large Shopping Centres | 3 099,6 | 50% | 241 | 231 | 5,9% |
| Local Shopping Centres | 1 145,6 | 18% | 220 | 152 | 6,5% |
| Other* | 5,8 | 0% | 343 | n.d. | 6,8% |
| **Grand Total** | **6 219,4** | | **247** | **199** | **5,8%** |

**Lou5G*

### 3.2.6. Reconciliation of the valuation assessment with the value of investment properties on the balance sheet

| *(in millions of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Portfolio GAV ITT | 6 219,4 | 6 421,5 |
| Work in progress | -72,3 | -68,8 |
| Valuation of the share of equity-accounted investments | -66,4 | -68,2 |
| Transfer taxes and registrations (excluding equity-accounted investments) | -305,6 | -317,4 |
| **Market value excluding transfer taxes (including IPUC) (A)** | **5 775,1** | **5 967,1** |
| IPUC | -2,0 | -11,7 |
| **Market value excluding transfer taxes (excluding IPUC)** | **5 773,0** | **5 955,4** |
| Fair value of ground leases (IFRS 16) (B) | 33,9 | 34,5 |
| **Fair value of investment properties (balance sheet, including IPUC) (A+B)** | **5 808,9** | **6 001,6** |

## 3.3. Expansion projects at 30 June 2020

### 3.3.1. Pipeline

Due to impacts of the health crisis on each of its markets, Carmila rationalises the implementation of the shopping centre extension programme in order to conserve its equity. The company is concentrating on the highest-potential projects to increase the yield in the shopping centres concerned, and strengthen their leadership.

Carmila's pipeline still exists and is monitored. The pipeline, except for the main current projects, is on hold and remains flexible. It can be implemented when conditions are favourable again. All the projects can be developed, since the car parks used for extensions are owned by Carrefour and Carmila.

### 3.3.2. Developments

Pursuant to the Renovation and Development Agreement, extension projects are developed jointly by Carmila and Carrefour. Initially, expansion projects are researched and defined jointly by a partnership committee. Once the pre-rentals of the extension project are deemed satisfactory (approximately 60%), a final project package is submitted to the relevant decision-making bodies of Carmila and Carrefour for approval and the start of work. In order to ensure that the interests of both parties are met, the Renovation and Development Agreement provides that the financing costs and the development margin achieved for each development project will be divided equally (50% each) between Carmila and Carrefour.

Once opened to the public, put and call options enable Carmila to purchase the co-developed share owned by Carrefour.

### 3.3.3. Current projects

• Calais-Coquelles (62) – A major restructuring to improve the retail momentum in this historic centre and prime site

In the first quarter of 2021, Carmila plans to complete the restructuring of the shopping mall in the Carrefour Cité Europe shopping centre, located at Coquelles in the urban district of Calais. In particular, the restructuring will include a Primark store, with a sales area of more than 4,000 sq.m on two levels, a direct connection with the cinema and simplification of the customer circuit, thus completing the transformation and relaunch of the retail momentum of this leading site.

• Toulouse Purpan (31) – Creation of a retail park in the Toulouse Purpan shopping centre

Following a full renovation of the hypermarket, Carmila extended its offer within the Toulouse Purpan Carrefour shopping centre in the first half of 2020. Located in an urban environment, the retail complex accommodates 3 new restaurant brands: Bistrot Régent, Del Arte and Burger King in the form of a retail park.

• Nice Lingostière (06) – Extension project for a landmark leisure complex in France's fifth city. This shopping centre, adjacent to the third largest Carrefour hypermarket in France, benefits from an excellent location at the entrance to the Vallée du Var.

In the first half of 2021, Carmila plans to open the extension of the Carrefour shopping centre located at Nice Lingostière. The centre is located in a well-known leisure complex offering an appealing range of food outlets, clothing stores and numerous services. The extension will increase the centre's GLA from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

# 4. ACTIVITY DURING THE FIRST HALF OF THE YEAR

## 4.1. Selected financial information

**Financial information from the income statement**

| *(in millions of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| Gross Rental income | 163,6 | 178,9 |
| Net Rental Income | 147,5 | 167,0 |
| EBITDA (excluding fair value adjustments)[1] | 121,5 | 140,8 |
| Change in fair value adjustments on investment properties | - 214,8 | - 75,9 |
| Operating income | - 95,0 | 64,8 |
| Net financial income/(expense) | - 29,7 | - 25,6 |
| Consolidated net income – Group share | - 126,7 | 26,9 |
| Earnings per share[3] | - 0,93 | 0,20 |
| EPRA earnings[2] | 91,2 | 111,6 |
| EPRA earnings[3] | 0,67 | 0,82 |
| Recurring earnings[4] | 93,9 | 111,7 |
| Recurring earnings per share[3] | 0,69 | 0,82 |

[1] For a definition of EBITDA (excluding fair value) and the reconciliation with the closest IFRS indicator see Section "Comments on results for the year".

[2] For a definition of "EPRA earnings", see the Section "EPRA performance indicators".

[3] Average number of shares: 136,390,591 at 30 June 2020 and 136,368,528 at 30 June 2019.

[4] Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See the Section "EPRA Performance indicators".

**Selected financial information from the balance sheet**

| *(in millions of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| Investment properties (carried at fair-value excluding | 5 808,9 | 6 001,6 |
| Cash and cash equivalent investments | 477,1 | 174,1 |
| Financial debt (current and non-current) | 2 705,7 | 2 416,0 |
| Shareholders' equity – Group share | 3 268,8 | 3 540,4 |

**Financial information related to key indicators and ratios**

| *(in millions of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| Net financial debt | 2 228,6 | 2 241,8 |
| Loan-to-value ratio ITT (LTV)[1] | 35,8% | 34,9% |
| Interest Coverage Ratio (ICR)[2] | 4,9x | 5,0x |
| EPRA net asset value, excluding transfer taxes | 3 536,2 | 3 799,4 |
| EPRA net asset value, excluding transfer taxes, per share[3] | 25,85 | 27,79 |
| Gross asset value (including transfer taxes, including works in progress) | 6 219,4 | 6 421,5 |

[1] LTV including transfer taxes and work in progress: ratio between the value of the investment properties (including transfer taxes and work in progress) and net financial debt.

[2] Ratio of EBITDA (excluding fair value adjustments) to net financial costs.

[3] Period end, fully diluted, on the basis of 136,795,792 shares at 30 June 2020 and 136,670,637 shares at 30 June 2019.

## 4.2. Financial statements

### 4.2.1. Consolidated statement of comprehensive income

| *(in millions of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| **Gross Rental income** | **163 578** | **178 930** |
| Charges rebilled to tenants | 50 348 | 50 533 |
| **Total Income from rental activity** | **213 926** | **229 463** |
| Real estate expenses | - 22 736 | - 21 417 |
| Rental charges | - 36 690 | - 36 685 |
| Property expenses (landlord) | - 7 043 | - 4 399 |
| **Net Rental Income** | **147 457** | **166 962** |
| Operating expenses | - 25 282 | - 27 548 |
| *Income from management, administration and other activities* | *2 959* | *2 657* |
| *Other income* | *2 475* | *2 391* |
| *Payroll expenses* | *- 12 970* | *- 13 234* |
| *Other external expenses* | *- 17 746* | *- 19 362* |
| Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions | - 1 439 | - 833 |
| Other operating income and expenses | - 128 | - 23 |
| Gain (losses) on disposals of investment properties and equity investments | 4 | - 443 |
| Change in fair value adjustment | - 214 814 | - 75 878 |
| Share in net income of equity-accounted investments | - 800 | 2 557 |
| **Operating income** | **- 95 002** | **64 794** |
| Financial income | 334 | 240 |
| Financial expenses and allowances | - 27 516 | - 27 968 |
| **Cost of net indebtness** | **- 27 182** | **- 27 728** |
| Other financial income (expenses) | - 2 470 | 2 144 |
| **Net financial income/(expense)** | **- 29 652** | **- 25 584** |
| **Income before taxes** | **- 124 654** | **39 210** |
| Income tax | - 2 188 | - 12 181 |
| **Consolidated net income** | **- 126 842** | **27 029** |
| **Group share** | **- 126 700** | **26 883** |
| **Noncontrolling interests** | **- 143** | **146** |
| Average number of shares comprising Carmila's share capital | 136 390 591 | 136 368 528 |
| Earnings per share, in euros (Group share) | - 0,93 | 0,20 |
| Diluted average number of shares comprising Carmila's share capital | 136 795 792 | 136 670 637 |
| **Diluted earnings per share, in euros (Group share)** | **- 0,93** | **0,20** |

| **Consolidated statement of comprehensive income** *(in thousands of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| **Consolidated net income** | **- 126 842** | **27 029** |
| **Items to be subsequently recycled in net income** | - 8 288 | - 17 243 |
| Cash-flow Hedges (effective part) | - 8 216 | - 17 243 |
| Fair value of other financial assets | - 72 | - |
| Related income tax | - | - |
| **Items not to be subsequently recycled in net income** | - | - |
| Re-valuation of the net liabilities under defined-benefit schemes | - | - |
| Related income tax | - | - |
| **Consolidated net comprehensive income** | **- 135 130** | **9 786** |

### 4.2.2. Consolidated statement of financial position

**ASSETS**

| *(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Intangible assets | 4 349 | 4 262 |
| Property, plant and equipment | 3 683 | 4 244 |
| Investment properties carried at fair value | 5 808 927 | 6 001 608 |
| Investment properties carried at cost | 72 283 | 68 785 |
| Investments in equity-accounted companies | 50 450 | 52 459 |
| Other non current assets | 12 620 | 12 427 |
| Deffered tax assets | 11 309 | 11 548 |
| **Non current assets** | **5 963 619** | **6 155 332** |
| Investment properties held for sale | - | - |
| Trade receivables | 195 658 | 117 105 |
| Other current assets | 76 730 | 69 127 |
| Cash and Cash equivalent | 482 664 | 178 172 |
| **Current assets** | **755 052** | **364 404** |
| **Total Assets** | **6 718 671** | **6 519 736** |

**LIABILITIES & SHAREHOLDERS' EQUITY**

| *(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Share capital | 820 927 | 820 091 |
| Additional paid-in capital | 2 010 802 | 2 129 169 |
| Treasury shares | - 2 398 | - 2 676 |
| Other comprehensive income | - 51 194 | - 42 906 |
| Consolidated retained earnings | 617 390 | 528 543 |
| Consolidated net income – Group share | - 126 700 | 108 213 |
| **Shareholders' equity - Group share** | **3 268 827** | **3 540 434** |
| Non-controlling interests | 5 289 | 5 612 |
| **Shareholder's equity** | **3 274 116** | **3 546 046** |
| Non-current provisions | 7 487 | 6 865 |
| Non-current financial debt | 2 488 677 | 2 295 954 |
| Lease deposits and guarantees | 76 939 | 77 722 |
| Non-current tax liabilities and deferred tax liabilities | 177 762 | 175 685 |
| Other non-current liabilities | 5 | 7 489 |
| **Non-current liabilities** | **2 750 870** | **2 563 715** |
| Current financial debt | 278 638 | 160 313 |
| Bank facilities | 5 526 | 4 141 |
| Current provisions | 658 | 658 |
| Trade payables | 27 108 | 28 855 |
| Fixed assets payables | 88 731 | 81 674 |
| Current tax and payroll related liabilities | 77 824 | 49 356 |
| Other current liabilities | 215 200 | 84 978 |
| **Current liabilities** | **693 685** | **409 975** |
| **Total liabilities and shareholders' equity** | **6 718 671** | **6 519 736** |

### 4.2.3. Consolidated Cash Flow statement

| *in thousands of euros* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| **Consolidated net income** | **-126 842** | **27 029** |
| *Adjustments* | | |
| Elimination of income from equity-accounted investments | 800 | -2 557 |
| Elimination of depreciation, amortisation and provisions | 1 455 | -392 |
| Elimination of change in fair value adjustments | 213 483 | 76 868 |
| Elimination of capital gain/loss on disposals | -7 | 443 |
| Other non-cash income and expenses | 3 620 | 3 698 |
| **Cash-flow from operations after cost of net debt and tax** | **92 509** | **105 089** |
| Elimination of tax expense (income) | 2 188 | 12 181 |
| Elimination of cost of net debt | 27 182 | 26 032 |
| **Cash-flow from operations before cost of net financial debt and tax** | **121 879** | **143 302** |
| Change in operating working capital | -71 860 | 28 251 |
| Change in lease deposits and guarantees | -869 | 492 |
| Income tax paid | -663 | 1 430 |
| **Cash-flow from operating activities** | **48 487** | **173 475** |
| Change in scope of consolidation | - | - |
| Change in fixed assets payables | 8 632 | 8 630 |
| Acquisitions of investment properties | -28 587 | -57 381 |
| Acquisitions of other fixed assets | -426 | -185 |
| Change in loans and advances | -179 | 1 449 |
| Disposal of investment properties and other fixed assets | 94 | 743 |
| Dividends received | 1 210 | 1 684 |
| **Cash-flow from investment activities** | **-19 257** | **-45 061** |
| Share capital increase | - | - |
| Transactions in share capital of equity accounted companies | - | - |
| Net sale (purchase) of treasury shares | 278 | 675 |
| Issuance of bonds | 100 000 | - |
| Issuance of new bank loans | 302 000 | 84 235 |
| Loan repayments | -113 535 | -1 185 |
| Display of short term investments in other current receivables | 0 | 62 356 |
| Interest paid | -15 021 | -17 375 |
| Interest received | 334 | 240 |
| Dividends and share premiums distributed to shareholders | -180 | -204 877 |
| **Cash-flow from financing activities** | **273 877** | **-75 931** |
| **Change in net cash position** | **303 107** | **52 484** |

## 4.2.4. Statement of changes in consolidated Shareholders' equity

| *in thousands of euros* | Share capital | Additional paid-in capital | Treasury shares | Other comprehensive income | Consolidated retained earnings | Consolidated net income – Group share | Shareholders' equity – Group share | Noncontrolling interests | Shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2019** | 820 046 | 2 129 312 | -3 186 | -49 226 | 528 299 | 26 883 | **3 452 128** | 5 766 | **3 457 894** |
| Share capital transactions | 45 | -45 | | | | | **0** | | **0** |
| Share-based payments | | | | | -131 | | **-131** | | **-131** |
| Treasury share transactions | | | 510 | | | | **510** | | **510** |
| Dividend paid | | -98 | | | 271 | | **173** | -199 | **-26** |
| Allocation of income | | | | | | | **0** | | **0** |
| **Net income of the year** | | | | | | 81 330 | **81 330** | 45 | **81 375** |
| Gains and losses recorded directly in equity | | | | | | | | | |
| Cross charging of OCI to income | | | | 980 | | | **980** | | **980** |
| Change in fair value of other financial assets | | | | | | | **0** | | **0** |
| Change in fair value of hedging instruments | | | | 5 340 | | | **5 340** | | **5 340** |
| Actuarial gains and losses on retirement benefits | | | | | | | **0** | | **0** |
| **Other comprehensive income** | | | | 6 320 | | | **6 320** | | **6 320** |
| Other changes | | | | | 104 | | **104** | | **104** |
| **Balance at 31 December 2019** | 820 091 | 2 129 169 | -2 676 | -42 906 | 528 543 | 108 213 | **3 540 434** | 5 612 | **3 546 046** |
| Share capital transactions | 836 | -836 | | | 0 | | **0** | | **0** |
| Share-based payments | | | | | | | **0** | | **0** |
| Treasury share transactions | | | 278 | | -84 | | **194** | | **194** |
| Dividend paid | | -117 531 | | | -19 032 | | **-136 563** | -180 | **-136 743** |
| Allocation of 2019 net income | | | | | 108 213 | -108 213 | **0** | | **0** |
| **Net income of the year** | | | | | | **-126 700** | **-126 700** | **-143** | **-126 843** |
| *Gains and losses recorded directly in equity* | | | | | | | | | |
| Cross charging of OCI to income | | | | 2 216 | | | **2 216** | | **2 216** |
| Change in fair value of other financial assets | | | | -72 | | | **-72** | | **-72** |
| Change in fair value of hedging instruments | | | | -10 432 | | | **-10 432** | | **-10 432** |
| Actuarial gains and losses on retirement benefits | | | | 0 | | | **0** | | **0** |
| **Other comprehensive income** | | | | **-8 288** | | | **-8 288** | | **-8 288** |
| Other changes | | | | | -250 | | **-250** | | **-250** |
| **Balance at 30 June 2020** | 820 927 | 2 010 802 | -2 398 | -51 194 | 617 390 | -126 700 | **3 268 827** | 5 289 | **3 274 116** |

## 4.3. Activity analysis

### 4.3.1. Economic environment

| | GDP growth | | | Unemployment rate | | | Inflation | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020E | 2021E | 2019 | 2020E | 2021E | 2019 | 2020E | 2021E |
| France | 1,5% | -11,4% | 7,7% | 8,4% | 11,0% | 9,8% | 0,6% | 0,5% | 0,5% |
| Italy | 0,3% | -11,3% | 7,7% | 9,9% | 10,1% | 11,7% | 0,5% | 0,2% | 0,1% |
| Spain | 2,0% | -11,1% | 7,5% | 14,1% | 19,2% | 18,7% | 1,1% | 0,4% | 0,3% |
| Euro Zone | 1,3% | -9,1% | 6,5% | 7,6% | 9,8% | 9,5% | 1,0% | 0,6% | 0,5% |

** Source: OECD Economic Outlook N°107 - June 2020 - single epidemic wave scenario*

The health crisis will have strong repercussions on eurozone economic performance. Faced with the uncertainties caused by the health crisis, the OECD has developed two scenarios: a case with a single epidemic wave, and a case with a second wave occurring at the end of 2020.

Consumption and investment have been mechanically restricted by the shutdown of "non-essential" activities in the majority of European economies. The three countries where Carmila operates will be impacted by this decline with a GDP contraction of -11.4% in France, -11.1% in Spain, and -11.3% in Italy (single epidemic wave).

Unemployment rates will also be impacted by the health crisis, because of the uncertainty surrounding recovery scenarios. The unemployment rate should thus increase to 11.0% in France, 19.2% in Spain and 10.1% in Italy.

Household consumption would be limited, impacted by both the increase in unemployment rates and by the uncertainty around an occurrence of a second epidemic wave. The OECD therefore forecasts practically flat inflation rates in 2020, at 0.5% in France, 0.4% in Spain and 0.2% in Italy.

### 4.3.2. Shopping centre openings in the first half of 2020

Shopping centres in the 3 countries remained partially open during the respective lockdown periods. All Carrefour hypermarkets remained open as well as 6% of the Carmila shops (pharmacies, takeaway food).

The centre directors helped Carrefour teams to continue to welcome customers while complying with health regulations. They also stayed in permanent contact with all of the retailers, whether open or closed; more than 1,000 retailers also participated in information and retailer business continuity meetings organised online by the centre's management. Payment of rents and tenant charges have been deferred until stores reopen in order to ease their cash positions.

Contact has also been maintained with consumers, particularly through digital campaigns: 130 e-mail campaigns and over 7,000 published posts, reaching 10 million customers and 910,000 customer interactions. This contact has been strengthened by solidarity initiatives in the regions: Carmila rolled out 17 support centres for victims of domestic abuse during the period.

In France, the lockdown began on 17 March and ended on 11 May. Shopping centres larger than 40,000 sq.m could reopen from that date, thanks to the successful negotiations between Carmila and the regional administrative authorities where the centres are located. Restaurants with outdoor facilities opened since 2 June and both indoors and outdoors on 15 June.

In Spain the lockdown began on 9 March and ended in three phases, depending on the region, on 25 May, 1 June and 8 June.

In Italy, the lockdown began on 12 March and ended on 18 May.

### 4.3.3. Shopping centre footfall

| Change in footfall | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Country | January + February 2020 | National benchmark index performance January + February 2020 | Beginning / end of lockdown period | 1st reopening week | 2nd reopening week | 3rd reopening week | 4th reopening week | 5th reopening week | 6th reopening week |
| France | 3,3% | 1,8% (1) | 17 March - 11 May | -22,7% | -19,7% | -18,6% | -9,0% | -16,5% | -7,9% |
| Spain | 3,8% | -0,6% (2) | 9 Mars - 25 May or 1 or 8 June | -31,2% | -29,1% | -24,9% | -21,2% | n.d. | n.d. |
| Italy | -0,6% | -2,8% (3) | 12 March - 18 May | -35,3% | -29,2% | -23,2% | -22,2% | -23,3% | -24,7% |
| **Total** | **3,2%** | **N/A** | | **-26,8%** | **-24,0%** | **-21,3%** | **-14,5%** | **n.d.** | **n.d.** |

(1) Quantaflow panel - February 2020 YTD
(2) Footfall panel - February 2020
(3) Internal panel

**Shopping centre footfall at end-February 2020 (before the beginning of lockdown in the 3 countries)**

In France, footfall at end-February was up 3.3% compared to 2019, an increase favoured by the lack of snow compared to the same period in 2019, and despite the shortened sales period from 6 to 4 weeks over this period between 2019 and 2020. The Vitrolles (+9%), Vaulx en Velin (+9%), Vénissieux (+8%) and Hérouville St Clair (+8%) sites in particular outperformed in terms of footfall over the first two months of the year.

In Spain, footfall at end-February was up 3.8% compared to 2019, despite unfavourable weather conditions. The Carbera (+12%), Gran Via de Hortaleza (+9%) and Tarragona (+8%) sites in particular outperformed during the first 2 months of the year.

In Italy, footfall at end-February was down 0.6% compared to 2019, in particular due to the early occurrence in Italy of the health crisis on 21 February, which led to a sharp drop in footfall (-9%) over the last 10 days of February. The Lobardy centres (Monteccuco and Paderno) had already closed during the weekend of 29 February. The change in footfall remained nevertheless positive at the end of February for the Monteccuco (+4%), Burolo (+3%), Vercelli (+2% after the opening of MS Unieuro, an electronics store) and Massa (+1%) sites.

**Shopping centre footfall after reopening**

In France, footfall over the first six weeks after the reopening gradually improved (-23% in the 1st week vs -8% in the 6th week) to be down on average 16% compared to the same period in 2019. Shopping centre footfall in June in France outperformed the Quantaflow panel by 8 points (-13% for Carmila vs -21% for the Quantaflow panel).

In Spain, post-lockdown footfall gradually improved during the first 4 weeks of reopening per region (from -31% in the first week of reopening to -21% in the fourth week) and was on average -27% in the first month of reopening. Shopping centre footfall in June in Spain outperformed the Footfall comparison panel by 12 points (-25% for Carmila vs -37% for the panel).

In Italy, footfall over the first 6 weeks after the reopening gradually improved (-35% in the 1st week vs -25% in the 6th week) to be down on average 26% compared to the same period in 2019. Shopping centre footfall in June in Italy outperformed the internal comparison panel by 3 points (-25% for Carmila vs -28% for the panel).

### 4.3.4. Retailer activity

| Country | Change in retailers' revenue January + February 2020 | National benchmark index performance January + February 2020 | Change in retailers' revenue June 2020 | Change in retailers' revenue excl. Food and Restaurants June 2020 |
|---|---|---|---|---|
| France | 1,0% | -0,6% (1) | -7,1% | -4,2% |
| Spain | 3,8% | n.d. | -12,8% | -9,8% |
| Italy | 1,3% | n.d. | -11,8% | -10,7% |
| **Total** | **1,7%** | N/A | **-8,7%** | **-6,0%** |

(1) CNCC performance index February 2020 YTD

The change in retail tenant revenues was calculated over the period from 1 January to 29 February 2020, then from 1 to 30 June 2020, in comparison with the same period in 2019 and on a like-for-like basis, in order to exclude the non-comparable lockdown period (March through May 2020 knowing that retail tenant revenues are reported on a monthly basis).

**Change in revenues to end-February 2020**

Retailer revenues grew overall in the first two months of 2020 (+1.7% year to date in the three countries, with France at +1.0%, Spain at +3.8% and Italy at +1.3%).

This overall growth is due to the net growth in revenues of the three different sectors: Food and Restaurants grew significantly (France +4.8% in YTD, Spain +3.6%, Italy +3.1% thanks to the good progress of fast food brands such as McDonald's and Burger King in the three countries, Flunch and La Brioche Dorée in France, Belros in Spain and La Piadineria in Italy), followed by Services (France +6.9%, Spain +6.0%, Italy +2.9% sustained by good performance from travel agencies like Euro Moselle Loisirs and Fram in France or Bluvancanze in Italy, telephony with Movistar and Orange in Spain)) and Health and Beauty (France +2.1%, Spain +8.2%).

Card, gift and gadget stores (driven by Stick It (+29%) and Fête Ci Fête Ca (+25%)) as well as repair store brands (driven by Montre Service (+92%) and Wefix (+40%)) were high performers in the first half of 2020.

The trend towards changes in Ready-to-Wear revenues is slightly negative (-0.6%). The performance of retail brands varied, with some brands outperforming (including H&M, Zara, New Yorker and Mango) and others underperforming (including Camaieu, Okaïdi, Sergent Major, Celio, Pimkie).

In France the Francheville (+9.6%) and Auchy les Mines (+9.3%) sites in particular outperformed, as well as the Reims Tinqueux (+8.3%) and Ormesson (+5.9%) large shopping centres. In Spain, the Montequinto (+12.7%), Cabrera (+10.6%) and Alfafar (+6.6%) large shopping centres also experienced a significant increase in their retailers' revenues, as did Nichelino (+6.5%), Monteccuco (+6.4%) and Paderno (+4.6%) in Italy.

**Change in revenues in June 2020 (post reopening)**

The recovery has been encouraging since the reopening: following the reopening of shopping centres in all three countries, retailers' revenues in June fell by 8.7% compared with the same month in 2019 (with France at -7.1%, Spain at -12.8% and Italy at -11.8%), despite the late reopening of restaurants in France. Excluding the Food and Restaurants sector, this decline is only -6.0% (with France at -4.2%, Spain at -9.8% and Italy at -10.7%).

The sharp change in Food and Restaurant revenues in June (France -24.5%, Spain -38.5%, Italy -26.2%) was due in particular to delayed openings in France and to social distancing health restrictions to reduce the number of customers in restaurants.

Clothing and Accessories saw a slower recovery (France -23.5%, Spain -16.0%, Italy -24.4%) due in part to the postponed date of French nation-wide sales, which began in mid-July in 2020 versus the end-June in 2019.

Household furnishings saw the strongest recovery (France +28.6%, Spain +12.5%, Italy +18.9%). This

was due in particular to the performance of computer hardware stores (driven in particular by Darty (+39.2%) in France, Bricodépôt (+17.5%) in Spain and Unieuro (+10.9%) in Italy, as well as by furniture retailers (driven by But (+74.0%) and La Compagnie du Lit (+53.0%) in France, Zara Home (+9.3%) in Spain and Happy Casa Store (+48.4%) in Italy) and by repair stores (driven by La-Clinique.net (+62.2%) and Montre Service (+13.6%) in France in particular).

### 4.3.5. Letting activity

**Summary**

In the first half of 2020, Carmila signed 233 leases for a minimum guaranteed rent totalling €11.3 million.

Carmila let 132 vacant premises for a minimum guaranteed rent of €6.7 million, broken down as follows:

- 83 units for €5.1 million in France
- 41 units for €1.2 million in Spain
- 8 units for €396 thousand in Italy

The company also signed leases for five premises on its extension projects for a minimum guaranteed rent of €0.6 million, all of which in France.

During the first half of 2020, Carmila renewed 96 commercial leases for a minimum guaranteed rent of €3.9 million, thus generating a reversion of 6.3%, with the following breakdown:

- 50 leases were renewed in France, for a minimum guaranteed rent of €2.3 million and with a reversion of 6.6%
- 42 leases were renewed in Spain, for a minimum guaranteed rent of €1.4 million and with a reversion of 6.0%
- 4 leases were renewed in Italy, for a minimum guaranteed rent of €232 thousand and with a reversion of 5.6%

| | Letting of vacant premises | | Letting of extensions | | Renewals | | |
|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | **Number of leases** | **Annual minimum guaranteed rent** | **Number of leases** | **Annual minimum guaranteed rent** | **Number of leases** | **Annual minimum guaranteed rent** | **Reversion** |
| France | 83 | 5 056 | 5 | 565 | 50 | 2 321 | 6,6% |
| Spain | 41 | 1 229 | - | - | 42 | 1 388 | 6,0% |
| Italy | 8 | 396 | - | - | 4 | 232 | 5,6% |
| **Total** | **132** | **6 681** | **5** | **565** | **96** | **3 941** | **6,3%** |

**Impact of the health crisis**

During the first two months of the year, Carmila outperformed compared to 2019. In fact, over this period, Carmila let 71 vacant units for €3.6 million in annual rent, versus 54 units for €3.1 million in annual rent the previous year.

Business then sharply slowed during the two months of the lockdown period. Commercial activity was slow during the two months of closing, letting 24 vacant units for €1.3 million of annual rent, compared with 73 units for €3.5 million of rent in 2019.

The end of lockdown in each of the three countries marked an encouraging recovery, with 37 signed leases for €1.7 million of rent.

**France**

Carmila diversified its rental base by letting its vacant premises to retail brands representative of a variety of activity sectors:

- 33% of leases signed during the first half of 2020 (in rent) were in Health and Beauty. Carmila is endeavouring to expand this strategic development

focus to strengthen the leading position of its centres and to diversify its merchandising mix.

A pharmacy is opening in four shopping centres, in Gennevilliers, Ormesson, Saint Brieuc and Tarnos. Carmila continues to expand the number of opticians by signing leases with Optic 2000 in Hérouville Saint Clair and Mondeville, with La Générale d'Optique in Annecy and Orléans Place d'Arc, as well as with Krys in Rethel and Atol in Bourg en Bresse.

Hair salons and barbers continue to base themselves with Carmila, like Pascal Coste in Nice Lingostière, Le Barbier in Laon, or independent hairdressers in Nîmes and Port de Bouc.

Finally, Carmila continues to expand medical practices in its centres with the arrival of a general practitioner in Sens Maillot, a dental practice in Gennevilliers, and a veterinary practice in Ormesson.

- The Culture-Gifts-Leisure sector accounts for 27% of the leases signed, primarily with national players in mobile telephony. It should be noted, amongst others, that SFR plans to open in Toulouse Labège, Free in Puget sur Argens and Bouygues Télécom in Gruchet le Valasse and Hazebrouck

Players in the sports sector are also represented with the lettings to medium-sized retailers Gigafit in Etampes, Basic Fit in Calais Mivoix and the signature of a lease with Adidas in Toulouse Labège.

Lastly Carmila is about welcome medium-sized retailer Cultura in Anglet BAB2 and a Normal store in Torcy Collégien.

- 24% of the letting activities in the first half are related to the Clothing and Accessories sector.

Lettings to major players in ready-to-wear such as Cache-Cache in Orléans Cap Saran, Maison 1.2.3 in Torcy Collégien as well as Jennyfer in Orléans Place d'Arc and in Calais Coquelles should be noted.

Carmila also signed leases with the multi-brand ready-to-wear retailer Blue Box in Toulouse Labège, with lingerie and swimwear brand Valège in Toulouse Purpan, and with children's ready-to-wear brand Okaïdi in Salaise sur Sanne. Carmila also signed for a new opening of its partner Indémodable, a shoe specialist.

- Food and Restaurants represents 10% of the leases signed during the first half of 2020, with Au Bureau brasseries in Rennes Cesson and Nanteuil les Meaux.

International and themed restaurants are expanding, such as Asian cuisine with Pitaya in Calais Coquelles, or American restaurants with DWD Burger in Goussainville and Mexican restaurants with Nachos in Labège.

Finally, So Bio, an organic deli will open in Reims Tinqueux, La Romainville, a pastry shop will locate in Goussainville and a L'Envie Gourmande bread bakery will be based in Athis-Mons.

- The remaining lettings are in Household furnishings as well as Services with the opening of the kitchen specialist Cuisine Privée in Torcy Collégien and Athis-Mons, and the electronics repairer Mobilax Store in Grenoble Echirolles and Saint Egrève.

**Spain**

The diversification of the merchandising mix is progressing in Carmila's Spanish centres:

- Clothing and accessories represent 37% of leases singed during the first half of 2020, with for example, Mango in La Sierra and Bretland in Atalayas. The arrival of Prénatal, an infant and children's specialist, in three centres at Huelva, El Alisal and As Cancelas should be noted.

- 17% of the leases signed were with Culture, gifts and leisure players, such as the trampoline park, Flipa Jump at Gran Sur or the costume jeweller Chiguagua in Huelva.

- The Services sector accounted for 16% of lettings during the half year, with, for example, telephony specialists Vodafone in the Granada and La Veronica shopping centres, Mas Movil in Badajoz, and Yoigo in Peñacastillo, and a Remax estate agency in El Pinar.

- 13% of the leases signed are in the Health and Beauty sector, including lettings with the Rituals brand in Huelva and the Camarine de Beleza hair salon in Lugo, and the optician Solptical opening in Gran via de Hortaleza. Lastly, the partner Centros Ideal, an aesthetic medicine specialist, expanded its network with an opening in Rivas.

- Food and Restaurants represent 10% of leases signed, with for example, the arrival of a new Taco Bell restaurant in Peñacastillo and a new Belros confectioner in Alconbedas.

- The remaining lettings are in Household equipment, with the arrival of Bedland, a mattress specialist, in La Sierra.

**Italy**

In Italy, lettings were mainly to ready-to-wear retail brands, such as the Tezenis lingerie chain in Massa and the children's specialist Ido. 20% of the leases signed were in Services, with the photographer Areafoto in Thiene, or the dry cleaner Lavenderia also in Thiene. 16% of leases singed were in Household furnishings, with the pet store, Arcaplanet in Paderno. Lastly the remaining leases were let to Food and Restaurant retail brands, with for example, Lino's Coffee in Vercelli.

**Temporary retail activity**

The temporary store activity focuses on providing space in Carmila centres for short to medium periods (maximum one year). As part of a complementary approach to traditional stores, it provides visitors with the opportunity to discover a more innovative offer. It focuses upon two areas:

- Specialty Leasing
- Pop-up Stores.

Due to the closure of shopping centres caused by the health crisis, revenues from Specialty Leasing and Pop-up Stores in the three countries declined by -14.3% compared to the first half of 2019.

| **Gross Rental income** | **30/06/2020** | | | **30/06/2019** | | | **Change** |
|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | **Specialty Leasing** | **Pop-up stores** | **Total SL+TS** | **Specialty Leasing** | **Pop-up stores** | **Total SL+TS** | **%** |
| France | 1 666 | 927 | 2 593 | 2 448 | 690 | 3 138 | -17,4% |
| Spain | 2 353 | 101 | 2 454 | 2 551 | 132 | 2 683 | -8,5% |
| Italy | 436 | - | 436 | 573 | - | 573 | -23,9% |
| **Total** | **4 455** | **1 028** | **5 483** | **5 572** | **822** | **6 394** | **-14,3%** |

**Specialty Leasing**

Specialty Leasing is dedicated to the development of event organisation as well as new and innovative services and products intended for customers in shopping centres. Constantly mirroring trends in consumption, the various players in Specialty Leasing make it possible to diversify the shopping offer and enrich the customer experience. This diversification thus enables value to be added to the public areas of the centres. It is divided into two sub-activities:

- The letting of floor areas in the malls and in the car parks
- A partnership, on an exclusive basis with the advertiser ClearChannel, for communication via a digital medium in the malls.

The success of Specialty Leasing at Carmila stems from the intention to renew the concepts presented in the malls, with particular attention paid to the quality and relevance of the concepts with the centre's offer with regard to duration, type and theme.

The first two months of 2020 were marked by an increase in event activities following the launch of Carmila Event last year, with Panini, Milka, GRDF and Verisure events among others. Carmila centres also continued to host trade shows on various themes (cars in Venette and Mont Saint Aignan, housing in Venette) and roadshows of national and international brands such as Engie, K par K, Ford and BMW.

Following the measures to combat the health crisis starting in March, events, short-term leases and Clear Channel France activities fell sharply. Nevertheless, long-term leases were able to last throughout the first half. The end of lockdown marked the return of lessees in each country.

**Pop-up stores**

Carmila also leverages the attractiveness of its shopping centres to open pop-up stores in premises

of between 50 and 3,000 sq.m., for leases ranging from 4 and 34 months. Carmila provides tenants with turnkey solutions, by dealing with the administrative tasks related to store openings and enabling them to focus entirely on their sales activities. Lessees are satisfied with the high service standards provided by Carmila for openings, particularly in Spain as evidenced by the numerous lease renewals following the Christmas period, thereby demonstrating these retailers' desire to move in for a longer-term after a successful initial experience. This specific form of letting, which complements traditional letting, enables Carmila to renew its merchandising mix and pursue opportunistic marketing of vacant spaces by taking advantage of seasonality with limited tenor leases.

During the first half of the year, Carmila continued to roll out the Repaire des Sorciers (Harry Potter-derived products) brand, with the opening in May of the 7th store in Orléans Cap Saran, and the planned arrival this summer of the 8th store in Torcy Collégien. The forthcoming opening at Anglet BAB 2 of the first physical point of sale for Patatam, an online second-hand clothing retailer, should be noted.

The health crisis forced the postponement of pop-up store openings in shopping centres. Nevertheless, letting activity continued during the lockdown.

During the lockdown, the Pop-up Stores department developed new services which were launched in June. These new services include modular and CSR furniture leasing in collaboration with Emmaüs, as well as videos to help prospect for future lessees.

### 4.3.6. Structure of leases

With 6,291 leases under management at 30 June 2020, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1% of net rental income in 2020. Annualised rents totalled €358.6 million at 30 June 2020.

**Breakdown of number of leases and contractual rents on an annualised basis by country**

| | At 30/06/2020 | | | At 31/12/2019 | | |
|---|---|---|---|---|---|---|
| *Country* | Number of leases | Annualised contractual rent (in millions of euros) | %/Total | Number of leases | Annualised contractual rent (in millions of euros) | %/Total |
| France | 3 495 | 237,4 | 66,2% | 3 537 | 238,9 | 66,1% |
| Spain | 2 442 | 99,1 | 27,6% | 2 446 | 99,4 | 27,5% |
| Italy | 354 | 22,1 | 6,2% | 365 | 23,4 | 6,5% |
| **Total** | **6 291** | **358,6** | **100%** | **6 348** | **361,7** | **100%** |

**Distribution of contractual rent by business sector on an annualised basis**

The following table shows Carmila's annualised rents by business sector at 30 June 2020:

| | At 30/06/2020 | | | At 31/12/2019 | | |
|---|---|---|---|---|---|---|
| *Business sector* | Number of leases | Annualised contractual rent (in millions of euros) | %/Total | Number of leases | Annualised contractual rent (in millions of euros) | %/Total |
| Clothing and accessories | 1 439 | 119,0 | 33,2% | 1 484 | 124,3 | 34,4% |
| Culture, gifts and leisure | 1 040 | 67,9 | 18,9% | 1 023 | 66,7 | 18,4% |
| Health and Beauty | 1 191 | 65,4 | 18,2% | 1 195 | 64,7 | 17,9% |
| Food and Restaurants | 858 | 46,8 | 13,0% | 866 | 46,3 | 12,8% |
| Household equipment | 284 | 30,0 | 8,4% | 289 | 29,6 | 8,2% |
| Services | 1 380 | 28,6 | 8,0% | 1 386 | 29,5 | 8,1% |
| Other | 99 | 0,8 | 0,2% | 105 | 0,7 | 0,2% |
| **Total** | **6 291** | **358,6** | **100%** | **6 348** | **361,7** | **100%** |

The reduction of Clothing and Accessories (-120 base points in 6 months) as a proportion of the total number of leases signed has benefited the Culture, Gifts and Leisure sectors (+50 base points) and Health and Beauty (+30 base points), whereas the proportions of other sectors remained relatively unchanged.

**Distribution of contractual rent by business sector on an annualised basis**

Carmila rents space to large, well-known national and international brands in order to promote the visibility of its shopping centres, as well as to local brands to reinforce its local roots.

The following table shows the breakdown of annualised rents by international brands, national brands and local brands at 30 June 2020 compared with 31 December 2019:

| | At 30/06/2020 | | | At 31/12/2019 | | |
|---|---|---|---|---|---|---|
| *Categories* | Number of leases | Annualised rent (in millions of euros) | %/Total | Number of leases | Annualised rent (in millions of euros) | %/Total |
| International brands | 2 683 | 193,2 | 53,9% | 2 558 | 194,6 | 53,8% |
| National brands | 2 147 | 114,2 | 31,9% | 2 279 | 114,6 | 31,7% |
| Local brands | 1 461 | 51,2 | 14,3% | 1 511 | 52,5 | 14,5% |
| **Total** | **6 291** | **358,6** | **100%** | **6 348** | **361,7** | **100%** |

| | At 30/06/2020 | | |
|---|---|---|---|
| *Categories* | France | Spain | Italy |
| International brands | 54,9% | 54,7% | 39,0% |
| National brands | 31,9% | 28,2% | 47,1% |
| Local brands | 13,2% | 17,1% | 13,9% |

The breakdown by brand category is relatively unchanged compared with 31 December 2019.

**Variable rent**

In France, Spain and Italy, leases include either a fixed rent, a "full variable" rent or a rent with a double fixed and variable component. These dual-component rents consist of a fixed portion, the minimum guaranteed rent (or basic annual rent), and an additional variable rent, calculated as a percentage of the tenant's annual revenue excluding taxes. Total variable rental income in the financial statements at 31 December 2019 amounted to 7.6 million euros.

Due to the closure of a large majority of shops for several weeks, Carmila has projected a 20% decline in 2020 sales for its retail tenants. The effect of this decrease on the variable rent to be received is estimated at 4.0 million euros for the 2020 financial year. 50% of this impact was accounted for at 30 June 2020.

### 4.3.7. Financial Occupancy Rate

| | Financial occupancy rate (excluding strategic vacancies) | |
|---|---|---|
| *Country* | **30/06/2020** | **31/12/2019** |
| France | 95,6% | 95,9% |
| Spain | 95,8% | 96,4% |
| Italy | 97,9% | 98,8% |
| **Total** | **95,8%** | **96,3%** |

At 30 June 2020, the consolidated financial occupancy rate of Carmila's assets is 95.8%, including 95.6% in France, 95.8% in Spain and 97.9% in Italy. The reduction in the financial occupancy rate in the first half is due to the delay in delivering shells during the period of lockdown and reduced sales at pop-up stores.

The financial occupancy rate is defined as the ratio between the amount of rent invoiced and the amount of rent that Carmila would collect if its entire portfolio were leased, with the estimated rent for vacant lots being determined on the basis of rental values used by the appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies necessary in order to implement renovation, expansion, or restructuring projects within the shopping centres.

Strategic vacancies accounted for 1.5% of total vacancies in France, 2.4% of total vacancies in Spain and 1.4% of total vacancies in Italy, which represents a consolidated impact for Carmila of 1.8% at 30 June 2020, unchanged from 31 December 2019, when the consolidated impact was 1.8%.

### 4.3.8. Ongoing rent negotiations

In light of the health crisis, numerous state authorities have called lessors for rent waivers or postponements in order to support tenants facing cash constraints.

In France, the government called commercial lenders to waive three months of rent for Small Businesses (“TPEs”) that were forced to cease their activities during lockdown. Regarding other companies weakened by the health crisis, discussions have been initiated by adapting on a case-by-case basis the arrangements that could be granted in accordance with the mediation carried out under the sponsorship of the Ministry of the Economy between lessors and lessees, with the aim of maintaining the total impact of rent waivers below 1.5 month of the annual rent.

In Spain, tenants (self-employed workers and Small Businesses) of commercial leases have the possibility of asking their lenders to defer 4 months' rent for a duration of up to 24 months (under certain conditions).

In Italy, the measures put in place in favour of lessees have consisted in granting a tax credit equal to 60% of the rent due for the months of March, April and May (under certain conditions).

Carmila has thus entered into negotiations with its tenants to consider rent reductions or cancellations.

At June 30, 2020, 23% of the negotiations (in terms of number of leases) have been finalized for all 3 countries. Out of these finalised negotiations, 48% have been the subject of rent cancellations for a total amount of 6,007 thousand euros. As these negotiations have not yet been signed, this impact will be recorded in the accounts for the second half of the year.

In France, 17% of the negotiations (in number of leases) have been finalised. 93% were the subject of a lease waiver for an amount of 5,456 thousand euros. On the other hand, 13.5 million euros in rent (36% of the total negotiated) were subject to a maturity extension and 17 new commitments were concluded for an annual rent of 931 thousand euros.

| (in thousands of euros) | | Rental base (excl. variable rents) | Finalised negociations (% portfolio) | | New lease engagements (% finalised negociations) | Maturity extension | | Granted discounts (% finalised negociations) | |
|---|---|---|---|---|---|---|---|---|---|
| **France** | *number of leases* | 3 584 | 604 | 17% | 17 | 150 | *number of leases* | 559 | 93% |
| | *MGR* | 234 443 | 34 921 | 15% | 931 | 13 530 | *Franchise amount* | 5 456 | 16% |
| **Spain** | *number of leases* | 1 956 | 657 | 34% | 0 | 40 | *number of leases* | 9 | 1% |
| | *MGR* | 94 831 | 28 033 | 30% | 0 | n.d | *Franchise amount* | 55 | 0% |
| **Italy** | *number of leases* | 205 | 87 | 42% | 10 | n.d | *number of leases* | 74 | 85% |
| | *MGR* | 22 180 | 7 104 | 32% | 1 028 | n.d | *Franchise amount* | 496 | 7% |
| **Total** | ***number of leases*** | **5 745** | **1 348** | **23%** | **27** | **190** | ***number of leases*** | **642** | **48%** |
| | ***MGR*** | **351 454** | **70 058** | **20%** | **1 959** | **13 530** | ***Franchise amount*** | **6 007** | **9%** |

[1] in % du LMG o.w. 22% for Very Small Companies and 12% excluding Very Small Companies

### 4.3.9. Occupancy cost ratio of retailers

Owing to the effects of the health crisis resulting in trading being interrupted for two months or more for the majority of retailers in Carmila's centres in the first half of 2020, the occupancy cost is not representative of the semester.

## 4.4. Corporate Social Responsibility

Since 2019 Carmila's CSR commitments have been expressed through a programme of responsible initiatives entitled, "Here we act". This programme, which addresses the expectations of company stakeholders, combines all positive actions, with the aim of stimulating the local economy, protecting the environment and getting employees on board.

In June 2020, the Board of Directors has established a CSR Committee comprised of five Carmila Directors. The first Committee launched the process formally and approved the new CSR strategy carried out under the three “Here, we act” pillars. Reducing the environmental impact (reduction of assets’ carbon footprint, of energy use, of waste …) and the fight against climate change remain Carmila’s primary goals.

### 4.4.1. Pillar 1: “Here, we act” for the planet

By establishing its centres in the towns and cities of the future, Carmila is committed to continually improving its environmental performance.

The CSR committee has validated an ambitious strategy thanks to which Carmila has enrolled in the fight against climate change, with the purpose of a 50% reduction of its greenhouse gases emissions by 2030. These new environmental strategy includes objectives regarding energy performance, resource protection and asset resilience, among others.

In order to define its new strategy Carmila carried out environmental audits. Eight shopping centres (Angers-Saint-Serge, Montesson, Stains, Evreux, Vannes, Brest and Angoulins) were reviewed before undergoing a site audit. The audit reports will identify the actions to be put in place on issues around energy consumption, eco-construction, waste, portfolio vulnerability and resilience, biodiversity, water, GHG emissions and finally mobility.

Meanwhile, Carmila proceeds with the BREEAM certification campaign of its centres. Over the first semester, 27 new centres in France and 21 in Spain have initiated a certification process, in order to reach the objective of 75% of certified assets by end 2021. Carmila aims to exceed this objective by end 2020. At 30 June 2020 achieved a 64.2% BREEAM certification rate for its portfolio value.

### 4.4.2. Pillar 2: “Here, we act” for local regions

This pillar marks Carmila's commitment towards stimulating and developing the attractiveness of the local infrastructure alongside retail brands and retailers.

Carmila proceeds with its strategic activity regarding territorial economic attractiveness, and aims at developing sustainable offer, which stands at the heart of its Raison d'être. This offer will be set in the upcoming months and will enable Carmila to meet new expectations from customers about transparency, logistics, supplies, circular economy and CSR.

During lockdown, Carmila joined forces with voluntary organisations tackling domestic violence. As such, working in partnership with local police stations, chemists and the hypermarket, 17 centres were able to loan their meeting rooms and management offices to the organisations, enabling them to welcome victims and provide them basic toiletries.

In these pop-up centres, voluntary organisations were able to provide services to victims in appropriate conditions. The existence of these spaces was publicised through a strong local communications campaign involving prefectures, newspapers, radio and strategically placed, easy-to-spot posters. In addition, a TV feature on France 3 raised public awareness of the existence of this solution. Finally, Carmila's social media accounts made a significant contribution to publicising the initiative.

During lockdown, Carmila España has gifted masks and gels as well as meals in order to support the population and caregivers. Moreover parking spots and specific timeslots were dedicated to caregivers at Carrefour stores in Spain.

In Italy, every one of the eight centres has distributed gift cards amounting to €2.000 for disadvantaged families during lockdown.

For the third year running, the Easter treasure hunt, organised in partnership with the local federations of the Secours Populaire Français. In order to safeguard the operation despite restrictions due to the health crisis, the hunt was transformed into a digital "happy photo" campaign to help the most disadvantaged in coping with the health crisis. Social media communications reached 309,000 people on Facebook and €10,000 was donated to the Secours Populaire charity.

Lastly, Carmila will launch governance work in order to establish new policies regarding stakeholders (responsible procurement, responsible lobbying…). Policies should include CSR criteria to make decisions regarding investment projects or partner selection.

### 4.4.3. Pillar 3: "Here, we act" for employees

Acting daily for the employees means being the driver of fulfilment, satisfaction, exceeding one's limits and team spirit. This pillar is broken down into various actions focussed on employees.

Carmila wishes to focus on diversity, making it a number one priority for its social policy, especially professional equality. The goal is to reach a 90/100 score on the professional equality index by 2022.

Lockdown has disrupted ways of working and put distance between employees. An online community over the three countries was launched to strengthen employee connection. Yoga classes online and distance learning courses were offered in all three countries.

A survey of Carmila employees was conducted during lockdown in order to monitor how people were feeling and offer solutions.

The survey showed that, in the case of 95.5% of employees continuing to work and maintaining links with their colleagues helped them to cope better with the lockdown. Moreover, 96.2% of them were satisfied with official communications (protective measures, remote working) by Carmila.

In terms of post-lockdown, 71% wanted to continue remote working after lockdown and 58% wanted flexible working times to continue.

Lastly, an internal competition on the Mydea platform was launched in June in all three countries to enable employees to suggest CSR projects. More than 30 projects were submitted, among which three will be implemented during the second semester after voting within the company.

## 4.5. Digital marketing

Since its creation in 2014, Carmila has implemented a distributed marketing strategy by giving each shopping centre management the best marketing and digital tools on the market, to support its retailers on the ground.

During the health crisis in the first half of 2020, which resulted in the closure of most stores (excluding Carrefour hypermarkets and shops selling basic necessities), this distributed marketing was particularly effective. Indeed it enabled Carmila to be responsive and adaptive in informing customers about the exceptional conditions on the ground, maintaining a reassuring and caring link and sharing new local initiatives to support both retail brands that were open and those that were closed.

Distributed marketing, which makes it possible to make each centre a targeted local advertising medium, is possible thanks to close collaboration:

- centrally, with marketing and digital experts who build the tools and define best practices;
- locally, with experts in their catchment area, daily users of these tools for their centre.

The latter can, in particular, draw on digital levers that can be activated both locally and nationally:

• a geo-located customer database of 3.18 million "opt- in" contact points that can be activated (+14% compared to 31 December 2019) within the centres' catchment areas. This database is powered by a game terminal facility in France and Italy, used by over 325,000 players over the period, except during the health crisis when the facility was suspended.

• A mobile-first internet site that is locally managed. Created as an additional showcase for retailers, it provides an accurate picture of what is going on at the centre for customers in the catchment area.

• Informative and up to date My Business Google pages. In the first half of 2020, these pages were searched over 36.4 million times by customers (+22% compared to H1 2019). These performances highlight the standard of the information provided by Carmila, particularly in terms of communicating the exceptional opening hours of centres in real time during the health crisis.

• Differentiating and non-promotional content to develop local community commitment:

Communications to reassure, inform and encourage solidarity during the health crisis; tutorials, recipes and sport and health advice to keep in touch with customers; retailer videos; partnerships with 25 local ambassadors who share news from the centres and their retailers with their communities.

• Access to the latest Google and Facebook Artificial Intelligence-powered Automated Bidding innovations and Store Visit reports that make it possible to optimise marketing campaigns and use digital technology to monitor the in-person visits to sales outlets generated.

Carmila has also provided its retailers and shopping centre managers with new services, to promote ever greater agility.

Thus, in the first half, new resources were added to NESTOR, the digital platform for local teams and retailers, to meet both day-to-day requirements and more unusual ones:

• A few weeks before lockdown, the integration of the "Print" platform for ordering environmentally friendly physical communication resources (POS, prospectuses, banners etc.) enabled retailers to source protective equipment in a few clicks.

• The addition of a "supporting your reopening" section enabled centre managers to quickly communicate all government measures and other useful information to lessees when the Shopping Centres reopened.

Moreover, the agility of the digital ecosystem and Carmila's teams allowed for effective communication with customers and retailers to offer them reassurance and information, to encourage solidarity and develop links between all centre stakeholders.

As such, in the first half of 2020:

- centres sent over 16.6 million emails (+117% compared with H1 2019) to their local customer databases;
- they also published more than 27,000 posts (+60% vs. H1 2019) on their Facebook pages, reaching over 68 million web-users.

Indeed, the fact that centres continued to communicate over the period had a very positive effect on customers, as shown by the survey conducted by Shopping Lab, Carmila's research arm. According to 95% of the surveyed customers, these communications show that centres have adapted to the situation, whilst 89% of them consider that it demonstrates the centre's ability to understand their needs.

Finally, all of the tenant retailers hosted by Carmila benefit from the expertise of staff at headquarters and centres through the Kiosk, a support service aimed at offering assistance with marketing campaigns, communicating deals, highlighting important moments, etc. There were over 4,700 operations of this type in H1 2020.

As such, during lockdown almost 100% of open stores received digital support. In the case of France, for example, some 1,000 kiosk operations were conducted to support retailers (compared with 860 in the same period of 2019) of which 58 for chocolate makers, in order to publicise their Easter deals and news (booking module, store opening days and times, tutorials, donations of chocolate to caregivers, showcasing products and promotions, deliveries, click & collect, etc.). Since reopening, support measures have also been put in place, aimed at food outlets in particular.

In Spain, since April, marketing staff and centre management have implemented “Reserva & Compra”, a programme of direct calls to mall retailers to encourage them to introduce new omnichannel services and offer support with implementation:

- Sales or making appointments online, via WhatsApp or telephone
- Home delivery
- Contactless payment
- Store collection points in the car park

150 retailers are already using these services in Carmila malls.

## 4.6. Business development

### 4.6.1. Carmila Retail Development

Innovation is at the heart of Carmila's projects. It is also reflected in the promotion of employee initiatives and Business Development. Accordingly, Carmila launched Carmila Retail Development dedicated to supporting the development of promising new concepts. In this way, Camila gives financial support to talented, dynamic entrepreneurs who wish to set up stores into its centres. These include the barber La Barbe de Papa, the shoemaker Indémodable, the Cigusto e-cigarette retailer, and the aesthetic clinics Centros Ideal in Spain.

At 30 June 2020, these four retail brands represent 63 stores opened in Carmila shopping centres in France and in Spain, for an annual rental income of €2.23 million. These retail brands also opened 18 stores with third-party lessors. Hence, partnerships represent a total of 81 stores in France and in Spain.

The health crisis has highlighted the professionalism of Carmila's partner entrepreneurs who have done what it takes to protect their businesses. The reopening of shopping centres enables them to trade again and strengthen their position, with no fewer than 25 openings scheduled by the end of 2020.

Finally, Carmila Retail Development intends to enter into new partnerships with, for example, local food brands, home furnishings and sports outlets in order to expand the offering of its stores and meet its customers' new requirements. The challenge is also to be a partner working closely with these entrepreneurs to enable them to expand.

### 4.6.2. Health Hub

Thanks to the many assets of Carmila's shopping centres in terms of accessibility, access, and extensive free and unlimited parking, Carmila intends to begin a strategic transition, transforming its "shopping centres" into "lifestyle centres". Going forward, expanding its offering to include services,

particularly in the field of health, will be a key milestone in its transformation. This ambition relates both to the introduction of bigger dispensing pharmacies capable of expanding their offering and particularly activities requiring a large footprint, first-aid, mono or multidisciplinary health centres and remote medical examination and treatment centres. The possibility of accommodating other professions, particularly in specialist fields, is also under review.

Thus, the company is supporting the services of highly experienced, renowned professionals to develop health services within its portfolio. Having created, in 2019, Pharmalley, a partnership enabling young talented pharmacists to access next generation pharmacies (6 operations undergoing expansion or transfer-expansion), in the first half of 2020 Carmila created Dentalley to support the roll-out and running of top-class health centres (installation, equipment, recruitment, training, third party payment etc.). The first opening will take place in November at the Athis-Mons centre in Essonne with the objective of opening 50 sites in the next five years. The leading representatives of the profession are supporting Dentalley in developing this operation.

### 4.6.3. LouWifi

Carmila also increases the appeal of its centres through the roll out of fibre optics, via its subsidiary LouWifi. As an expert in network integration, LouWifi installs and maintains low-voltage networks (including Wifi) in Carmila's centres for the benefit of retail tenants, thus providing them with high-quality connectivity, and offering visitors and retailers ultra-fast broadband.

LouWifi now handles 100% of shopping centres in the Carmila portfolio in France and 25 large shopping centres in Spain.

This service contributed to the growth in the opt-in database with 820,000 contacts in France and 65,000 contacts in Spain, where the service was launched in October 2019.

LouWifi brought its new expertise in video surveillance in-house, deployed in Nice Lingostière and Rennes Cesson.

### 4.6.4. Lou5G

Finally, through its Lou5G subsidiary, Carmila provides land for antenna. Lou5G owns land on which telecom companies can install antennas under a lease agreement.

The activity, created in 2019, was formalised and structured with the signature of a framework agreement with each of the four national telecommunications operators. Almost 130 antenna have been leased (subject to conditions precedent), generating annual rental income of €1.5 million.

The first half of 2020 was marked by the lifting of conditions precedent on 40 leases, generating annual rent of €400 thousand, as well as by the creation of a dedicated team.

In addition to its business leasing land to telephone operators, Lou5G is preparing to build pylons in order to provide operators with a comprehensive service.

Therefore, Carmila is contributing to the nationwide ambition of reducing the digital fracture by pairing up with the governmental objectives of Blackspot coverage, 4G improvement, and preparation for the arrival of 5G.

## 4.7. Comments on the half year income

### 4.7.1. Gross rental income (GRI) and Net Rental Income (NRI)

**Gross rental income**

| Gross Rental income | 30/06/2020 | | 30/06/2019 |
|---|---|---|---|
| | | Change vs. 30/06/2019 | |
| *(in thousands of euros)* | Gross Rental income | Current scope | Gross Rental income |
| France | 105 678 | -12,0% | 120 042 |
| Spain | 46 499 | -0,8% | 46 854 |
| Italy | 11 401 | -5,3% | 12 034 |
| **Total** | **163 578** | **-8,6%** | **178 930** |

Variation in Gross Rental Income reached -8.6% over the half year. Rents in the first quarter were billed according to the leases (quarterly billing payable in advance in France and Italy and monthly billing payable in advance in Spain). In order to maintain the cash position of tenant retailers, rents in the second quarter were billed on a monthly basis in arrears in all three countries. In France and Italy, the payment deadline was extended to 30 September 2020 and in Spain rent for April and May is due on 30 June and rent for June and July due on 31 July.

Carmila has committed to writing off the rent of Small Businesses in France at the request of the government. The full impact was recorded in the first half of 2020 in the amount of -13.2 million euros on rental revenues.

For the other tenants, the memorandums of understanding currently under negotiation will be signed in the second half of 2020; as such, these agreements have no impact on the accounts for the first half year.

Accruals for variable rent have also been adjusted to factor in the months when centres were closed (loss of 1.9 million euros in first half of 2020).

### Net Rental Income

| Net Rental Income | 30/06/2020 | | | | | 30/06/2019 |
|---|---|---|---|---|---|---|
| | | Change vs. 30/06/2019 | | | | |
| *(in thousands of euros)* | Net Rental Income | Constant scope | Constant scope (Covid-specific impact) | Constant scope (excluding Covid-specific impact) | Current scope | Net Rental Income |
| France | 95 898 | -12,7% | -14,5% | 1,3% | -14,7% | 112 428 |
| Spain | 41 765 | -2,8% | -3,1% | 0,3% | -3,6% | 43 304 |
| Italy | 9 794 | -11,7% | -7,1% | -4,7% | -12,8% | 11 230 |
| **Total** | **147 457** | **-10,1%** | **-10,7%** | **0,6%** | **-11,7%** | **166 962** |

Variation in Net Rental Income reached -€19.5 million, or -11.7% in the first half of 2020. The variation is broken down as follows:

Total like-for-like variation represents -€16.8 million, -10.1% over the first half. Growth generated by the extensions delivered in 2019 and by the other effects (effect of strategic vacancy in particular) is not included in like-for-like growth. The contribution of rent indexation included in like-for-like growth stands at +1.5%. Like-for-like perimeter represents 99% of the overall scope for the first half of 2020. Specific impacts have been accounted for in order to factor in the health crisis in the three countries: in addition to cancelling the rent of very small businesses in France and adjusting variable rent in the three countries (impacts described in the Gross Rental Income paragraph), provisions have been made to factor in the expected losses on receivables invoiced but not payable in the second quarter for tenants undergoing insolvency proceedings (impact -4.0 million euros on the first semester). These specific impacts of the health crisis account for -10.7% of like-for-like variation; like-for-

like variation excluding these specific impacts is 0.6%.

Growth generated by the extensions was €0.6 million, or +0.3%. The Rennes Cesson extension delivered in the second half of 2019 is recognised in this line.

Zero growth was generated by acquisitions in the first half of 2020 since there were no acquisitions in 2019 nor in 2020.

The contribution of other effects is €-3.2 million, i.e. -1.9%. These other effects notably include the impact of strategic vacancies, that allow for restructuring and extension operations and one-off impacts accounted for in the first half of 2019.

### 4.7.2. Operating expenses

| **Operating expenses**<br>*(in thousands of euros)* | **30/06/2020** | **30/06/2019** |
|---|---|---|
| Income from management, administration and other activities | 2 959 | 2 657 |
| Other income | 2 475 | 2 391 |
| Payroll expenses | -12 970 | -13 234 |
| Operating expenses | -17 746 | -19 362 |
| **Payroll expenses** | **-25 282** | **-27 548** |

Operating expenses are down by 8.2% in the first half of 2020 compared with the first half of 2019.

This reduction of €2.3 million is mainly due to the reduction in expenses in the category Other overhead expenses. Owing to reduced activity during lockdown, costs have been postponed from the first half to the second half and variable fees are down as a result of extending rent payment terms in the second quarter and the potential impacts of the health crisis. The main components of Operating expenses are marketing expenses, chiefly relating to digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.), as well as appraisal fees for the asset portfolio, legal and tax fees, including auditors' fees, financial communication and advertising fees, travel expenses and directors' fees.

Carmila wanted to maintain remote working for 100% of its staff without recourse to furlough measures over the lockdown period in order to stay in touch with tenants and consumers and make preparations for the reopening of centres at the end of lockdown. As such, the Payroll Expenses category has remained unchanged over the period.

Income from management and other income are up 7.6% over the period. This income includes new lease commission, marketing fund services dedicated to the development and attractiveness of the centres (retailers' associations), the re-billing to the Carrefour group of the share of payroll expenses for shopping centre management and LouWifi fees.

### 4.7.3. EBITDA

| **EBITDA**<br>*(in thousands of euros)* | **30/06/2020** | **30/06/2019** |
|---|---|---|
| **Operating income** | **- 95 002** | **64 794** |
| Elimination of change in fair value | 214 814 | 75 878 |
| Elimination of change in fair value in the Group share of companies consolidated under the equity | 1 732 | - 1 272 |
| Elimination of capital (gains)/losses | - 5 | 443 |
| Depreciation of tangible and intangible assets | - | 917 |
| **EBITDA** | **121 539** | **140 760** |
| | -13,7% | |

EBITDA stands at 121.5 million in the first half of 2020, down 13.7% compared to the first half of 2019.

### 4.7.4. Net financial income/(expense)

| *Financial expenses (in thousands of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| Financial income | 334 | 240 |
| Financial expenses and allowances | - 27 516 | - 27 968 |
| **Cost of net indebtness** | **-27 182** | **-27 728** |
| Other financial income and expenses | - 2 470 | 2 144 |
| **Net financial income/(expense)** | **-29 652** | **-25 584** |

Net financial income (expense) amounted to -29.7 million euros in the first half of 2020.

The cost of net debt is -27.2 million euros at 30 June 2020, a 0.5 million euros improvement compared with 30 June 2019; this improvement is due to the optimisation of the financial structure (€100 million of term loan repaid in December 2019) and Carmila's hedging position (unwinding of five swaps and extending the maturity of two swaps).

Other financial income (expenses) shows a negative variation. This other income includes adjustments related to the application of IFRS 9. In the first half of 2020 and 2019 this category included an expense of €2.5 million to take into account the adjustment of the effective rate in relation to its original rate. In the first half of 2019, this included income of €4.7 million generated by exercising the option to extend the bank loan maturity date from June 2023 to June 2024.

## 4.8. EPRA performance indicators

### 4.8.1. EPRA earnings and recurring earnings

| EPRA EARNINGS<br>*(in thousands of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| **Consolidated net income (Group share)** | **- 126 700** | **26 883** |
| **Adjustments to EPRA earnings** | **217 921** | **84 760** |
| (i) Changes in value of investment properties, development properties held for investment and other interests | 214 814 | 75 878 |
| (ii) Profits or losses on disposals of investment properties | - 4 | 443 |
| (iii) Profits or losses on disposals of properties held for sale | - | - |
| (iv) Tax on profits or losses on disposals | - | - |
| (v) Negative goodwill / goodwill impairment | - | - |
| (vi) Changes in fair value of financial instruments and associated close-out | - 369 | - 169 |
| (vii) Acquisition costs for share deal acquisitions | - | - |
| (viii) Deferred tax in respect of EPRA adjustments | 1 748 | 9 880 |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation) | 1 732 | - 1 272 |
| (x) Non-controlling interests in respect of the above | - | - |
| (y) Other adjustments | | |
| **EPRA earnings** | **91 222** | **111 643** |
| Average number of shares | 136 390 591 | |
| **EPRA earnings per share** | **0,67** | **0,82** |
| Average number of shares (diluted) | 136 795 792 | 136 670 637 |
| **EPRA earnings per share (diluted)** | **0,67** | **0,82** |
| **Other adjustments** | **2 726** | **17** |
| IFRS 9 adjustments(1) | 2 728 | - 2 395 |
| Debt issuance costs paid offset by the reversal of amortised debt issuance | - 2 | 1 495 |
| Other non-recurring expenses or (income) | | 917 |
| **Recurring Earnings** | **93 948** | **111 660** |
| *Change vs N-1* | *-15,9%* | |
| **Recurring earnings per share** | **0,69** | **0,82** |
| *Change vs N-1* | *-15,7%* | |

Recurring earnings stand at 93.9 million euros over the first half of 2019, down by 15.9% over the period. Earnings per share are €0.69 down 15.7% compared to the financial year.

Comments on the other adjustments

(1) In the context of the application of IFRS 9, an expense is recognised in the first half of 2019 and 2020 to adjust the effective interest rate of debt to the original loan rate and income is recognised in the first half of 2020 over the outstanding term of this debt to account for the term extension negotiated.

(2) Debt issuance costs amortised on a straight-line basis over the duration of the loan are restated; debt issuance costs paid during the year are reintegrated in recurring income.

### 4.8.2. EPRA Cost Ratio

| EPRA cost ratio<br>*(in millions of euros)* | | 30/06/2020 | 30/06/2019 |
|---|---|---|---|
| (i) | Administrative/operating expense line per IFRS income statement | 36,6 | 40,4 |
| | *Payroll expenses* | *34,9* | 36,0 |
| | *Property expenses* | *1,7* | 4,4 |
| (ii) | Net service charge costs/fees | 5,0 | 4,1 |
| (iii) | Management fees less actual/estimated profit element | -3,0 | -5,0 |
| (iv) | Other operating income/recharges intended to cover overhead expenses less any related profits | -2,5 | 0,0 |
| (v) | Share of costs of equity-accounted companies | 1,2 | 0,5 |
| (vi) | Impairment of investment properties and provisions included in property expenses | 0,0 | -1,3 |
| (vii) | Service charge costs recovered through rents but not separately invoiced | -0,9 | -1,0 |
| | **EPRA Costs (including direct vacancy costs)** | **36,5** | **37,7** |
| (viii) | Direct vacancy costs | 4,4 | 3,8 |
| | **EPRA Costs (excluding direct vacancy costs)** | **32,1** | **34,0** |
| (ix) | Gross Rental Income less ground rents – per IFRS | 163,6 | 178,9 |
| (x) | Less: service fee and service charge costs components of Gross Rental Income | -0,9 | -1,0 |
| (xi) | Add: share of Joint Ventures (Gross Rental Income less ground rents) | 2,2 | 2,3 |
| | Gross rental income | 164,9 | 180,3 |
| | **EPRA cost ratio (including direct vacancy costs)** | **22,1%** | **20,9%** |
| | **EPRA cost ratio (excluding direct vacancy costs)** | **19,5%** | **18,8%** |

The EPRA Cost Ratio improved by -70 bps during the first half of 2020 due to the decrease in rental income related to the health crisis impact.

Structure expenses include Operating expenses, Payroll expenses, Other operating income and expenses as well as the non-billable land administration expenses.

Charges on real estate include bad debt write-offs as well as non-billable maintenance and repair expenses.

### 4.8.3. Going concern NAV, EPRA NAV and EPRA NNNAV

**Going concern NAV**

| Going concern NAV (including transfer taxes)<br>*(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Consolidated shareholders' equity - Group share** | **3 268 827** | **3 540 434** |
| Elimination of the fair value adjustments of hedging instruments | 33 145 | 25 556 |
| Reversal of the deferred income tax on potential capital gains | 177 762 | 175 685 |
| Transfer taxes | 305 646 | 317 358 |
| **Going concern NAV (including transfer taxes)** | **3 785 380** | **4 059 034** |
| *Change vs N-1* | *-6,7%* | |
| Diluted number of shares comprising the share capital at period end | 136 795 792 | 136 705 504 |
| **Going concern NAV per diluted share at end of period (in euros)** | **27,67** | **29,69** |
| *Change vs N-1* | *-6,8%* | |

## EPRA NAV

| EPRA NAV<br>*(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Consolidated shareholders' equity - Group share** | **3 268 827** | **3 540 434** |
| Elimination of the fair value of hedging instruments | 33 145 | 25 556 |
| Reversal of the deferred income tax on potential capital gains | 177 762 | 175 685 |
| Optimisation of transfer taxes | 56 482 | 57 723 |
| **EPRA NAV (excluding transfer taxes)** | **3 536 216** | **3 799 399** |
| *Change vs N-1* | *-6,9%* | |
| Diluted number of shares comprising the share capital at period end | 136 795 792 | 136 705 504 |
| **EPRA NAV (excl. transfer taxes) per diluted outstanding share (in euros)** | **25,85** | **27,79** |
| *Change vs N-1* | *-7,0%* | |

## NNNAV EPRA

| Triple net asset value (NNNAV EPRA)<br>*(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **EPRA NAV** | **3 536 216** | **3 799 399** |
| Fair value adjustments of hedging instruments | - 33 145 | - 25 556 |
| Fair value adjustments of fixed rate debt | - 83 435 | - 66 320 |
| Actual taxes on unrealised capital gains/losses | - 92 510 | - 91 323 |
| **Triple net asset value (NNNAV EPRA)** | **3 327 126** | **3 616 200** |
| *Change vs N-1* | *-8,0%* | |
| Diluted number of shares comprising the share capital at period end | 136 795 792 | 136 705 504 |
| **Triple Net NAV (NNNAV EPRA) per diluted outstanding share at end of period (in euros)** | **24,32** | **26,45** |
| *Change vs N-1* | *-8,1%* | |

New EPRA NAV indicators at 30 June 2020

| *(in thousands of euros)* | | EPRA NRV | EPRA NTA | EPRA NDV |
|---|---|---|---|---|
| | **IFRS Equity attributable to shareholders** | **3 268 827** | **3 268 827** | **3 268 827** |
| *Include / Exclude*:* | | | | |
| (i) | Hybrid instruments | - | - | - |
| | **Diluted NAV** | **3 268 827** | **3 268 827** | **3 268 827** |
| *Include*:* | | - | - | - |
| (ii.a) | Revaluation of IP (if IAS 40 cost option is used) | - | - | - |
| (ii.b) | Revaluation of IPUC (1) (if IAS 40 cost option is used) | - | - | - |
| (ii.c) | Revaluation of other non-current investments (2) | - | - | - |
| (iii) | Revaluation of tenant leases held as finance leases (3) | - | - | - |
| (iv) | Revaluation of trading properties (4) | - | - | - |
| | **Diluted NAV at Fair Value** | **3 268 827** | **3 268 827** | **3 268 827** |
| *Exclude*:* | | | | |
| (v) | Deferred tax in relation to fair value gains of IP (5) | -177 762 | -177 762 | |
| (vi) | Fair value of financial instruments | -33 145 | -33 145 | |
| (vii) | Goodwill as a result of deferred tax | - | - | - |
| (viii.a) | Goodwill as per the IFRS balance sheet | | - | - |
| (viii.b) | Intangibles as per the IFRS balance sheet | | 4 349 | |
| *Include*:* | | | | |
| (ix) | Fair value of fixed interest rate debt | | | -83 435 |
| (x) | Revaluation of intangibles to fair value | - | | |
| (xi) | Real estate transfer tax (6) | 305 646 | 56 482 | |
| | **NAV** | **3 785 380** | **3 531 867** | **3 185 392** |
| | Fully diluted number of shares | 136 795 792 | 136 795 792 | 136 795 792 |
| | **NAV per share** | **27,67** | **25,82** | **23,29** |
| | **Bridge with previous NAV** | | | |
| | **Going Concern NAV** | **3 785 380** | | |
| | Reinstatement of Intangibles as per the IFRS balance sheet | | 4 349 | |
| | **EPRA NAV** | | **3 536 216** | |
| | Reinstatement of Deferred taxes in Italy and for single asset company in Spain | | | 85 252 |
| | Reinstatement of optimized transfer taxes | | | 56 482 |
| | **EPRA NNNAV** | | | **3 327 126** |

(1) Difference between development property held on the balance sheet at cost and fair value of that development property
(2) Revaluation of intangibles to be presented under adjustment (x) Revaluation of Intangibles to fair value and not under this line item.
(3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
(4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(5) Deferred tax adjustment for NTA should be calculated in line with the guidelines outlined under page 15.
(6) RETT should be adjusted in accordance with the guidelines outlined under page 17

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.
* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

### 4.8.4. EPRA vacancy rate

| | France | Spain | Italy | Total |
|---|---|---|---|---|
| Rental value of vacant premises (in millions of euros) | 15,9 | 7,2 | 0,8 | 23,9 |
| Total property portfolio rental value (in millions of euros) | 267,5 | 108,3 | 24,3 | 400,1 |
| **EPRA vacancy rate** | **5,9%** | **6,6%** | **3,5%** | **6,0%** |
| Impact of strategic vacancy | 1,5% | 2,4% | 1,4% | 1,8% |
| **Financial vacancy rate** | **4,4%** | **4,2%** | **2,1%** | **4,2%** |

The EPRA vacancy rate at 30 June 2020 was 6.0%.

The EPRA vacancy rate is the ratio between the market rent of vacant areas and the total market rent (of vacant and rented areas). The rental value used to calculate the EPRA vacancy rate is the gross rental value defined by expert appraisal.

Strategic vacancies correspond to the vacant premises required to implement renovation, extension, or restructuring projects in shopping centres.

### 4.8.5. EPRA yield: EPRA NIY and EPRA "Topped-Up" NIY

| **EPRA NIY and EPRA "Topped-Up" NIY**<br>*(in millions of euros)* | **30/06/2020** | **31/12/2019** |
|---|---|---|
| **Total property portfolio value (excluding transfer taxes)** | **5 913,8** | **6 104,1** |
| (-) Assets under development and other | 72,3 | 68,8 |
| **Value of operating portfolio (excluding transfer taxes)** | **5 841,5** | **6 035,3** |
| Transfer taxes | 305,6 | 317,4 |
| **Value of operating portfolio (including transfer taxes) (A)** | **6 147,1** | **6 352,7** |
| **Net annualised rental income (B)** | **350,5** | **353,0** |
| Impact of rent adjustments | 6,2 | 5,0 |
| **Net rental income excluding rent adjustments (C)** | **356,7** | **358,0** |
| **EPRA Net Initial Yield (B) / (A)** | **5,7%** | **5,6%** |
| **EPRA Net Initial Yield excluding rent adjustments (C) / (A)** | **5,8%** | **5,6%** |

### 4.8.6. EPRA investments

Investments in properties by country are disclosed separately for acquisitions, developments and extensions, or capital expenditure in the portfolio on a like-for-like basis.

| | **France** | | **Spain** | | **Italy** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | **30/06/2020** | **30/06/2019** | **30/06/2020** | **30/06/2019** | **30/06/2020** | **30/06/2019** | **30/06/2020** | **30/06/2019** |
| Acquisitions | 397 | 2 154 | 0 | 2 969 | 0 | 0 | 397 | 5 123 |
| Developments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Like-for-like investments | 26 257 | 49 888 | 1 854 | 1 798 | 79 | 572 | 28 190 | 52 258 |
| *Extensions* | 17 330 | 33 800 | 0 | 0 | 10 | 397 | 17 340 | 34 197 |
| *Restructurings* | 5 294 | 11 476 | 0 | 0 | 0 | 0 | 5 294 | 11 476 |
| *Renovations* | 535 | 1 058 | 1 854 | 1 723 | 63 | 6 | 2 452 | 2 787 |
| *Maintenance capex* | 3 098 | 3 554 | 0 | 75 | 6 | 169 | 3 104 | 3 798 |
| **Total investments** | **26 654** | **52 042** | **1 854** | **4 767** | **79** | **572** | **28 587** | **57 381** |

"Acquisitions" mainly include the acquisition of land as part of Lou5G's business. Lou5G is a TowerCo mainly focused on antenna development on Carmila and Carrefour's portfolio.

The development and extension investments relate primarily to assets located in France. These development and extension projects include:

- The extension of the shopping mall in Nice Lingostière, for €12.6M over the period. The extension is scheduled to open during the first trimester of 2021.

- The creation of a catering mall in Toulouse Purpan for €3.2M, which has already opened.

- Project studies related to the extension of the shopping mall in Laval for €1.2M.

Lastly, other investments at constant scope chiefly relate to assets being redeveloped where renovation and modernisation works are being carried out. They will upgrade pre-existing parts of the malls in order to optimise value creation. This balance includes several operations, among which the most significant are Calais-Coquelles (€0.8M), Thionville (€0.4M), and Bourg-en-Bresse (€0.4M) in France as well as Valladolid (€0.6M) in Spain.

## 5. FINANCIAL POLICY

### 5.1. Financial resources

**Bonds**

As part of its EMTN programme (Euro Medium Term Note Programme), approved by the AMF in July 2019, Carmila issued a new €100 million bond with a 9-year tenor and a 3.00% coupon on 26 June 2020.

Carmila also made a partial repayment of its bond maturing in March 2024, of €12.3 million.

Carmila's outstanding bond debt of €1,600 million at 31 December 2019 thus rose to €1,688 million on 30 June 2020.

**Loans from banks – non-current**

Carmila has a syndicated loan agreement with a pool of banks; the maturity date of this loan agreement is in June 2024 and the outstanding balance is €670 million.

**Compliance with the prudential ratios at 30 June 2020**

The loan agreement, along with the revolving credit facilities are subject to compliance with financial covenants measured at the closing date of each half-year and financial year. At 30 June 2020, Carmila complied with the financial covenants.

**ICR**

The ratio of EBITDA to the net cost of debt must be greater than 2.0 at the test dates.

**LTV**

The ratio of consolidated net financial debt to the fair value of the investment assets (including transfer taxes) must not exceed 0.55 on the same dates with the possibility of exceeding this ratio for one half-year period.

**Debt Maturity**

Debt maturity stands at 4.7 years at 30 June 2020.

**Interest Cover Ratio**

| *(in thousands of euros)* | | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| | | 12 months | 12 months |
| **EBITDA** | **(A)** | **263 348** | **282 569** |
| **Cost of net indebtness** | **(B)** | **53 627** | **56 718** |
| **Interest Cover Ratio** | **(A)/(B)** | **4,9** | **5,0** |

**Loan-to-Value Ratio (before dividend payment)**

| *(in thousands of euros)* | | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| **Net financial debt** | **(A)** | **2 228 601** | **2 241 766** |
| Current and non-current financial liabilities | | 2 705 739 | 2 416 000 |
| Net cash | | - 477 138 | - 174 088 |
| Short term investment | | - | - 146 |
| **Property portfolio including transfer taxes** | **(B)** | **6 219 440** | **6 421 482** |
| **Loan-to-Value Ratio including transfer taxes** | **(A)/(B)** | **35,8%** | **34,9%** |
| Property portfolio excluding transfer taxes | (C) | 5 913 794 | 6 104 124 |
| Loan -to-value ratio excluding transfer taxes | (A)/(C) | 37,7% | 36,7% |

Carmila's Shareholders' Meeting held on 29 June 2020 approved the 2019 dividend payment of one euro per share and voted to offer shareholders an option to receive the dividend payment in shares.

The share subscription was opted for at 46.7%. On 27 July Carmila will pay the dividend's cash component for €72.5M. Following this payment, Carmila's LTV ITT will stand at 37.0%.

**Loan-to-Value Ratio (after dividend payment)**

| *(in thousands of euros)* | | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| **Net financial debt** | **(A)** | **2 301 048** | **2 241 766** |
| Current and non-current financial liabilities | | 2 705 739 | 2 416 000 |
| Net cash | | - 404 691 | - 174 088 |
| Short term investment | | - | - 146 |
| **Property portfolio including transfer taxes** | **(B)** | **6 219 440** | **6 421 482** |
| **Loan-to-Value Ratio including transfer taxes** | **(A)/(B)** | **37,0%** | **34,9%** |
| Property portfolio excluding transfer taxes | (C) | 5 913 794 | 6 104 124 |
| Loan -to-value ratio excluding transfer taxes | (A)/(C) | 38,9% | 36,7% |

**Net debt / EBITDA**

| *(in thousands of euros)* | | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| **Net debt** | **(A)** | **2 228 601** | **2 241 766** |
| **EBITDA** | **(B)** | **263 348** | **282 569** |
| **Net debt / EBITDA** | **(A)/(B)** | **8,5** | **7,9** |

Gross financial liabilities do not include issuance fees for borrowings from banks and bonds and liabilities for derivative hedging instruments (current and non-current) and bank facility.

**Other loans**

Carmila strives to diversify its sources of financing and their maturities, and has set up a short term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and updated every year. The outstanding balance at 30 June 2020 is €248 million of which €185 million maturing in 2021.

**Revolving Credit Facility**

Carmila has a revolving credit facility of €759 million with leading banks maturing on 16 June 2024. As of 30 June 2020, €100 million was drawn on this RCF line. It was fully reimbursed on 9 July 2020.

**Breakdown of financial debt by maturity date and average rate**

| ***in thousands of euros*** | **Gross amount** | **Starting date** | **Lease maturity** |
|---|---|---|---|
| Bond issue I- Notional amount €600 million, coupon 2.375% | 600 000 | 18/09/2015 | 18/09/2023 |
| Bond issue II- Notional amount €588 million, coupon 2.375% | 587 739 | 24/03/2016 | 16/09/2024 |
| Bond issue III- Notional amount €350 million, coupon 2.125% | 350 000 | 07/03/2018 | 07/03/2028 |
| Private Placement I - Notional €50 million, coupon 1.89% | 50 000 | 06/11/2019 | 06/11/2031 |
| Private Placement II - Notional €100 million, coupon 3.000% | 100 000 | 26/06/2020 | 26/06/2029 |
| Credit agreement | 670 000 | 16/06/2017 | 16/06/2024 |
| Drawn amount on the RCF | 100 000 | 16/06/2017 | 16/06/2024 |
| Commercial papers | 248 000 | 31/12/2016 | 16/06/2024 |
| **Total** | **2 705 739** | | |

At 30 June 2020, the maturity of the debt was 4.7 years at an average interest rate of 1.8% including hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and the non-utilisation fee for undrawn credit lines). The average interest rate excluding hedging instruments was 1.7%.

## 5.2. Hedging instruments

As the parent company, Carmila provides for almost all of the group's financing and manages interest-rate risk centrally.

Carmila has implemented a policy of hedging its variable rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up derivatives instruments as interest rate swaps and options which are eligible for hedge accounting.

In order to optimise its hedging, Carmila extended the maturity of 2 fixed-rate payer swaps to 2029. The notional amount of these extended swaps is €135 million.

At 30 June 2020, the Carmila portfolio of derivative instruments set up with leading banking partners comprised:

- 6 fixed-rate payer swaps against 3 month Euribor for a notional amount of €410 million covering a period up to, for the longest of them, December 2030; 25 million euros will effectively start in December 2020

- one cap for a nominal amount of €100 million maturing in 2023

These hedging instruments, still effective, were recognised as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing balance sheet at their market value, with the change in fair value on the effective part of the hedge recorded in shareholders' equity (OCI) and the ineffective part in profit/loss.

The fixed rate position represents 77% of the gross debt at 30 June 2020 (position hedged with Swaps) and 80% including the Caps.

## 5.3. Cash

| *(in thousands of euros)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Cash | 482 664 | 178 172 |
| Cash equivalents | 0 | - |
| **Cash and cash equivalents** | **482 664** | **178 172** |
| Bank facilities | -5 526 | -4 141 |
| **Net cash and cash equivalents** | **477 138** | **174 031** |

Carmila has a strong cash position as of 30 June 2020; this position enables Carmila to pay the cash component of the dividend on 27 July and repay the outstanding balance of €100 million drawn on the RCF line to achieve a cash position of around €300 million at the end of July 2020.

## 5.4. Rating

On 27 March 2020, as part of a sectoral review, S&P confirmed Carmila's "BBB" rating whilst revising the company's outlook from "stable" to "negative".

### 5.5. Carmila's dividend policy

In addition to legal constraints, Carmila's dividend policy takes into account various factors, notably the net income, financial position and implementation of objectives.

Where relevant, Carmila's payments will be based on distributable income, and premiums will be paid in addition to this distributable income.

It is recalled that, in order to benefit from the SIIC regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of the SIIC income and distributable income):

- 95% of profits from gross rental income at Carmila level;
- 70% of capital gains; and
- 100% of dividends from subsidiaries subject to the SIIC regime.

Carmila's Shareholders' Meeting held on 29 June 2020, acting on a proposal from the Board of Directors, approved the 2019 dividend payment of one euro per share (as opposed to 1.50€ per share initially planned), and offered shareholders an option to receive the dividend payment in shares, which was subscribed at 46.7%. Carrefour and institutional shareholders on the Board of Carmila, representing 78% of the share capital, have already committed to receiving 50% of the dividend in shares.

## 6. EQUITY AND SHAREHOLDING

| *in thousands of €* | Number of shares | Share capital | Issuance premium | Merger premium |
|---|---|---|---|---|
| On 1st January 2020 | **136 681 843** | 820 091 | 520 611 | 1 608 558 |
| Dividends - 29 June 2020 Shareholders' Meeting | **-** | - | - | - 117 531 |
| New shares issued | **139 306** | 836 | - 836 | - |
| **On 30 June 2020** | **136 821 149** | **820 927** | **519 775** | **1 491 027** |

At June 2020 the share capital was made up of 136,821,149 shares split into three share classes, each with a nominal value of six euros (€6) fully subscribed and paid up. These actions were allocated as follows: 136,561,695 class A shares, 120,148 class B shares, and 139,306 class C shares.

The class C shares were issued on 16 May as part of Carmila's preference share based bonus plan for its key employees and corporate officers. This capital increase was charged against issuance premiums for 836 thousand euros.

At 30 June 2020, Carrefour is Carmila's largest shareholder with an equity investment of 35.3% in Carmila's share capital. Predica holds 9.2% of the share capital, Colony holds 8.8% and Cardiff 8.8%.

Dividend will be paid on 27 July; 5.8M shares will be issued at this date. As such, a liability of €136.6M was accounted for in equity, including €117.5M charged against issuance premiums, and €19.0M charged against distributable reserves.

# 7. ADDITIONAL INFORMATION

## 7.1. Changes in governance

At the meeting of the Board of Directors on 15 June 2020, Mr Alexandre de Palmas, Chairman and CEO of Carmila, notified its members of his decision to accept the position of Executive Director of Carrefour Spain from 1 July 2020.

In the long-term, these duties do not appear to be compatible with those of CEO of Carmila. Consequently, the Board of Directors has tasked its Compensation and Nominating Committee with making recommendations on the governance of the Company and, with these in mind, beginning a selection process for the succession of Mr Alexandre de Palmas.

Mr Alexandre de Palmas will retain his position as Chairman, CEO and director of Carmila until the end of this process, and will continue to manage the company alongside Deputy CEOs Mr Géry Robert-Ambroix and Mr Sébastien Vanhoove.

## 7.2. Risk Factors

The risk factors in the Universal Registration Document filed on 24/04/2020 are up to date as of 30/06/2020.

The half-yearly results set out the various impacts of the health crisis in qualitative and quantitative terms and do not include changes to these risk factors.

## 7.3. Outlook

On 2 April 2020, Carmila indicated that the health crisis made it difficult to estimate the 2020 results as indicated when the annual results were published on 13 February 2020.

On the basis of its first semester results and the outlook for the second half of 2020, Carmila anticipates an evolution of its recurring earnings between -14% and -18% for 2020. This outlook is based on the assumption that no re-containment measures or closure of sites to the public will occur in the second half of 2020.