ANNUAL FINANCIAL REPORT

31 DECEMBER 2020

CONTENTS

1. GENERAL CONTEXT AND HEALTH CRISIS RELATED TO COVID-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of the three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1/ A pre-crisis period (from January to mid-March) with healthy performance indicators.

2/ A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open (around 6% of Carmila's tenants).

3/ A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Indicators performed well and pointed to a recovery, notably in France, with a limited impact on footfall (down 9.5% over the June-October period, outperforming the national panels by 6 percentage points) and an upturn in retailer trading which beat 2019 levels (retailer sales up 1.4% over this period). The recovery was slower in Italy and Spain, which were subject to more extensive restrictions.

4/ A period of administrative restrictions in November, which varied in scope in each of the three countries. In France, a new lockdown was introduced in November, with only essential businesses allowed to stay open (34%). In Spain and Italy, restrictions during the period varied depending on the region.

5/ In France in December, the liftng of opening restrictions (except for gyms, restaurants and cinemas) and the subsequent end of the lockdown period allowed retailers to generate strong sales figures in December (retailer sales for the month up 8.4% year on year).

Retailer sales and footfall are discussed in the "Business review" section.

Leasing activity was dynamic during the year, with 684 leases signed representing 11% of Carmila's total portfolio, for rents in line with the portfolio's rental values. In 2020, more businesses entered into administration than in previous years, mainly involving major Ready-to-Wear brands. At 31 December 2020, 1.4% of Carmila's rental base was subject to ongoing administration proceedings, with 83% during the year resulting in a takeover or re-letting.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease, new openings) agreed by the tenants and on government measures. In total, the impact of rent waivers for Carmila amounted to €69.6 million, including €52.2 million in respect of the first wave of the virus and €17.3 million relating to the second wave. The cost of the rent relief granted represents 1.9 months' rent. Further details of the impacts of the health crisis are included in the "Specific negotiations related to the health crisis" and "Net rental income" sections.

Net rental income for 2020 was €270.8 million, a year-on-year decrease of 18.7%. The bulk of this decrease was directly or indirectly attributable to the health restrictions put in place in 2020. The rental base remained broadly stable over the period (down 0.5%).

At 31 December 2020, the net collection rate was 94.3% (rents collected as a proportion of rents invoiced, less any relief granted). Out of the total rents invoiced in 2020, 77.3% have been collected, 18.0% have been waived (and written off in the financial statements) and 4.7% are pending collection at 31 December 2020, of which 3.0% have been recovered at 15 February 2021, therefore the gross collection rate stands at 80.3%.

The value of the asset portfolio (including transfer taxes) stood at €6.15 billion at 31 December 2020. Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was lifted in France in the second half of the year, but remains in effect in Spain and Italy. To take account of the health crisis, appraisers' models adopted rental values that were in line with those applicable to new leases signed in 2020, zero rent indexation over the first two years

and rent-free periods of between one and three months for 2021, depending on the sector. There was a 30-basis-point decompression in exit rates during the year, which stood at 6.20% at 31 December 2020, while the rental base remained stable. Asset value decreased by 4.7% on a like-for-like basis.

Carmila increased its liquidity in 2020, and at 31 December 2020 has €311 million in net cash and no major borrowings falling due before 2023.

Carmila proved its ability to secure attractive rates on bond markets, issuing a €300 million bond in December 2020 with maturity in May 2027 and a 1.625% coupon. This issue was 5.5 times oversubscribed, underlining the attractiveness of Carmila's fixed-interest debt for investors. As discussed in the "Financial policy" section, Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 37.0% and a net debt to EBITDA ratio of 10.3x.

Carmila adopts a prudent approach to managing its equity. The dividend initially proposed at €1.5 per share has been reduced to €1 per share, with 46.7% of shareholders choosing the stock dividend option.

Carmila pays close attention to reviewing the risk factors relevant to its business and ensuring that they are correctly classified. Each of the four categories and 19 sub-categories of risks is reviewed when new risks emerge and/or when the probability of occurrence or impact of each risk evolves. The main changes concerned the assessment of risks relating to changes in the social and economic environment, social consumption trends, healthcare, security, safety – including health crisis risks (e.g., Covid-19 style pandemic), property development and IT security. This change concerned the description of the risk, the protections in place, the classification based on the probability of occurrence, and the net impact. The risk factors are described in the section on "Updated risk factors".

2. ASSETS AND VALUATION

2.1. Competitive advantages

2.1.1. A major player in the Continental European shopping centre real estate sector

With more than €6.1 billion in assets and 215 shopping centres and retail parks located in France, Spain and Italy, Carmila is continental Europe's number one listed owner of shopping centres adjacent to large food retail brands, and the third largest listed commercial property company by market value of its assets at 31 December 2020.

Carmila has a broad portfolio of assets, which enjoy strong local leadership in their respective catchment areas. Thanks to the quality and positioning of its shopping centres, reinforced by a renovation plan for its centres based on the "Air de Famille" concept, Carmila offers retailers space located in modern shopping centres designed to meet the needs and expectations of consumers. The type of shopping centres owned by Carmila is extremely diverse, enabling major national and international brands to work in several formats, while providing local retailers with an attractive showcase.

2.1.2. Centres rooted in local regions and engaged in the local community

The nature of Carmila's assets means that it is a property company with deep roots in each local community. Its shopping malls serve as effective centres of community life that help to drive local economic growth and foster closer social ties. Carmila offers its consumers access to reassuring spaces, with a reasoned offering of useful everyday products and services.

The desire of both retailers and customers in all regions to improve their daily lives acts as a driving force for Carmila's business initiatives, and is embodied in particular by the partnership with Carrefour. Carrefour was considered the most useful brand in France during the lockdown, and Carrefour hypermarkets proved their resilience by meeting the demands for purchasing power, ensuring products remained available under one roof and offering a safe customer experience. Carmila's shopping centres, adjoining Carrefour hypermarkets, have therefore been able to serve as a link between local players and to offer customers a high-quality experience.

The location of Carmila's shopping centres in the heart of local communities has helped them welcome back customers in the safest possible conditions.

2.1.3. Asset leadership at the heart of the Carmila strategy

Local asset leadership lies at the heart of Carmila's strategy: the vast majority of Carmila's shopping centres are leaders or joint leaders in their respective catchment areas. At 31 December 2020, Carmila had 160 leader or joint leader shopping centres, representing 89% of its portfolio. Leader or joint leader status in a catchment area provides a competitive advantage in facilitating the marketing of retail space to brands seeking significant and sustainable footfall in a dynamic, high-quality commercial environment.

Renovation programme

Over the 2014-2019 period Carmila completed its renovation programme for a total investment of €350 million, of which €90 million was provided by Carmila and €260 million financed by the Carrefour group, generally the main co-owner of Carmila's sites. In 2020, almost all of the sites were renovated.

Dynamic leasing strategy

Carmila also enhanced the commercial strength of its centres, with more than 5,500 leases signed over the 2014-2020 period (of which 684 in 2020) and a consolidated financial occupancy rate of 95.7% at 31 December 2020 against 86.1% at 16 April 2014. Carmila has endeavoured to attract renowned retail brands and concepts to make its shopping centres more attractive. The opening of temporary pop-up stores and the development of Specialty Leasing is also helping to reinforce the leadership of its shopping centres by diversifying offerings to satisfy consumers seeking new products and innovative concepts.

Expansion pipeline for shopping centres

Since its creation in April 2014, Carmila has delivered 20 extensions for a surface area of 163,506 sq.m. and an investment of €438 million. Rent creation generated by these extensions was €31.6 million and the average Carmila yield on cost was 7.2% (including the purchase of the share owned by Carrefour).

Targeted acquisitions

Between 2014 and 2018, Carmila acquired 37 shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy and also acquired several co-ownership units in shopping centres that it already owned, for a total of €2.2 billion, almost all of which were carried out through off-market transactions. These acquisitions had an average net initial yield of 5.9%. No acquisitions were made by Carmila in 2020, except of standalone retail units.

2.2. Key figures concerning the portfolio

2.2.1. Description of the portfolio

At 31 December 2020, Carmila had 215 shopping centres and retail parks adjoining Carrefour hypermarkets located in France, Spain and Italy, valued at more than €6.1 billion including transfer taxes and work in progress, for a total leasable area of close to 1.6 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 adjoining the shopping centres held by Carmila in France, Spain and Italy, are owned by Carrefour group entities.

2.2.2. 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 26% of the gross leasable area at 31 December 2020. The following table provides information about 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	130	27,230	52.4%
Bay 2	2003	2014	105	21,110	37.0%
Calais - Coquelles	1995	2014	152	51,113	77.6%
Chambourcy	1973	2014	73	21,362	44.0%
Évreux	1974	2014	78	37,813	57.0%
Montesson	1970	2014	62	13,198	32.8%
Orléans Place d'Arc	1988	2014	68	13,569	53.6%
Ormesson	1972	2015	120	26,554	14.5%
Perpignan Claira	1983	2014	78	21,033	52.1%
Saran - Orléans	1971	2014	91	38,864	64.2%
Thionville	1971	2016	160	30,562	62.9%
Toulouse Labège	1983	2014	127	22,220	44.9%
Vitrolles	1971	2018	85	24,281	55.2%
Total France (top 13)			**1,329**	**348,907**	
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)			**1,526**	**421,085**	

For a detailed presentation of Carmila's portfolio of commercial assets, see section 2.6 "Detailed presentation of Carmila's operating asset base at 31 December 2020".

2.2.3. Classes of assets by type

At 31 December 2020, Carmila held 160 shopping centres that were leaders or joint leaders (as defined below) in their catchment areas. This represents 74% of the total number of Carmila's shopping centres and 89% 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: 2019 Codata database) 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 joint 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 sales or for Spain in terms of leasable area (source: Nielsen database), or (y) the annual sales (incl. VAT) of the adjoining hypermarket are over €100 million for hypermarkets in France or €60 million for hypermarkets in Spain or Italy.

Gross asset value (GAV) of portfolio, incl. transfer taxes (ITT)	GAV ITT (€m) 31/12/2020	% Market value	Number of sites
Leader	2,991.2	67%	53
Joint-leader	999.8	23%	35
Other*	442.8	10%	41
France	**4,433.8**	**100%**	**129**
Leader	770.2	57%	30
Joint-leader	450.6	33%	36
Other*	141.2	10%	12
Spain	**1,362.0**	**100%**	**78**
Leader	166.8	47%	3
Joint-leader	97.0	28%	3
Other*	88.2	25%	2
Italy	**352.0**	**100%**	**8**
Leader	3,928.3	64%	86
Joint-leader	1,547.4	25%	74
Other*	672.2	11%	55
Total	**6,147.9**	**100%**	**215**

** Local centres, standalone retail units.*

2.3. Asset valuation

2.3.1. Appraisals and methodology

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

The fair values used are determined based on the findings of independent appraisers. Carmila uses appraisers to value its entire portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The appraisals 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 needed to value the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (retailer sales).

They independently determine 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 work in progress as well as the increase in fair value compared to the total cost of investment property under construction (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 can be valued reliably if the following three conditions are simultaneously met: (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 material valuation uncertainty clause included in first-half 2020 has been maintained by appraisers in Spain and Italy, but was removed in France in the second half of the year.

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

- 30% of the sites in France (in terms of number of sites) were rotated between the appraisers Cushman & Wakefield and Catella in 2020.

- No extensions were delivered by Carmila in the second half of 2020.
- Carmila did not acquire any new shopping centres in 2020.
- For ongoing extensions (Nice Lingostière), assets under construction were recognised in the financial statements as investment properties carried at cost, with the excess value above the cost of investment property under construction (IPUC) also being recognised.

2.3.2. Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,147.9 million including transfer taxes at 31 December 2020, and breaks down as follows:

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	31/12/2020		
Country	(in millions of euros)	%	In number of assets
France	4,433.8	72.1%	129
Spain	1,362.0	22.2%	78
Italy	352.0	5.7%	8
Total	**6,147.9**	**100%**	**215**

Apart from the fair values determined by the appraisers for each shopping centre, this assessment takes into account assets under construction that amounted to €100.0 million at 31 December 2020.

This valuation also includes Carmila's share in the investment properties measured at fair value held in the equity-accounted subsidiaries (As Cancelas shopping centre in Santiago de Compostela in Spain, based on 50%), representing €63.3 million.

2.3.3. Change in asset valuations

Gross asset value (GAV) of portfolio, incl. transfer taxes (ITT)	31/12/2020					30/06/2020		31/12/2019	
				Year-on-year change					
(in millions of euros)	GAV ITT (€m)	%	In number of assets	reported	like for like	GAV ITT (€m)	%	GAV ITT (€m)	%
France	4,433.8	72.1%	129	-3.9%	-4.5%	4,455.4	71.6%	4,615.3	71.5%
Spain	1,362.0	22.2%	78	-6.0%	-6.0%	1,406.0	22.6%	1,449.3	22.9%
Italy	352.0	5.7%	8	-1.4%	-1.4%	358.1	5.8%	356.9	5.6%
Total	**6,147.9**	**100%**	**215**	**-4.3%**	**-4.7%**	**6,219.4**	**100%**	**6,421.5**	**100%**

During 2020, the total value of Carmila's assets decreased by €273.6 million, and can be analysed as described below:

- The value of the assets on a like-for-like basis decreased by 4.7% (€298.1 million). The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period. The decrease reflects the negative 4.6% impact on asset valuations due to the rise in exit rates and the negative 0.1% impact due to the decrease in rents over the period.
- Other changes are due to the extensions. Projects under construction (Nice) are valued based on the works in progress and their share of the margin (IPUC). The valuation of works in progress, IPUC, and Lou5G is €110.5 million, an increase of €34.3 million owing mainly to the €35.5 million increase in works in progress, the positive €10.5 million impact resulting

from the inclusion of Lou5G in this scope, and the €11.7 million decrease in the share of the Nice Lingostière margin. The impact on the overall valuation was 0.6%.

- No shopping centres were acquired in 2020.

The annual 2020 like-for-like change can be analysed by country as follows:

- In France, the like-for-like decrease in value was 4.5% (€206.0 million), with the negative 5.0% impact of the exit rate decompression partly offset by the positive 0.5% impact of rent revaluations.
- In Spain, the like-for-like decrease in value was 6.0% (€87.2 million), reflecting the negative 5.2% impact resulting from the decompression of exit rates and the negative 0.9% impact of lower rents.
- In Italy, the like-for-like decrease in the value of assets was 1.4% (€4.9 million). The impact of lower rents was mainly attributable to changes in exit rates.

2.3.4. Change in exit rates

	NIY			NPY		
	31/12/2020	30/06/2020	31/12/2019	31/12/2020	30/06/2020	31/12/2019
France	5.59%	5.54%	5.36%	5.99%	5.90%	5.68%
Spain	6.64%	6.60%	6.41%	6.89%	6.74%	6.54%
Italy	6.03%	6.02%	6.18%	6.10%	6.16%	6.18%
Total	**5.85%**	**5.81%**	**5.64%**	**6.20%**	**6.11%**	**5.90%**

In 2020, the NPY was up 30 basis points over the total portfolio: the decompression is more significant in France (up 31 basis points) and in Spain (up 35 basis points), while Italy retreated (down 8 basis points). The rise in exit rates was greater in France in the first half of the year, with rates in the second half edging up slightly. In Spain, the annual rise in the NPY was more evenly distributed between each six-month period.

In France, changes in the NIY were in line with changes in the NPY, while the NPY decompression in Spain was 15% more than the decompression in its NIY. The NPY compression in Italy was 15 basis points lower than the compression in its NIY.

2.3.5. Breakdown of the appraisal values by CNCC typology

In accordance with the typology drawn up by the French shopping centre trade body (*Conseil National des Centres Commercial* – CNCC), sites are grouped into three categories: regional shopping centres, large shopping centres and small shopping centres (called local shopping centres in this document).

At 31 December 2020, regional shopping centres and large shopping centres accounted for 78% of the market value of Carmila's portfolio.

	Appraisals 31/12/2020				
	GAV ITT (€m)	% of value	Average NRI (€/sq.m.)	Average ERV of vacancies	NIY
Regional shopping centres	1,587.3	36%	304	275	5.2%
Large shopping centres	1,868.8	42%	287	274	5.6%
Local shopping centres	967.2	22%	173	144	6.2%
Other*	10.5	0%	404	n.d.	6.8%
France	**4,441.7**		**253**	**208**	**5.6%**
Regional shopping centres	344.5	25%	203	293	5.6%
Large shopping centres	644.2	47%	193	267	6.8%
Local shopping centres	373.3	27%	258	233	7.2%
Spain	**1,362.0**		**211**	**250**	**6.6%**
Regional shopping centres	18.0	5%	233	n.d.	5.6%
Large shopping centres	312.9	89%	237	178	6.0%
Local shopping centres	21.1	6%	267	n.d.	6.6%
Italy	**352.0**		**239**	**188**	**6.0%**
Regional shopping centres	1,949.9	32%	277	276	5.3%
Large shopping centres	2,826.0	46%	249	269	5.9%
Local shopping centres	1,361.5	22%	194	171	6.5%
Other*	10.5	0%	404	n.d.	6.8%
Grand Total	**6,147.9**		**240**	**221**	**5.8%**

** Lou5G*

2.3.6. Reconciliation of the valuation assessment with the value of investment properties on the statement of financial position

(in millions of euros)	31/12/2020	31/12/2019
GAV ITT of portfolio	6,147.9	6,421.5
Works in progress	(100.0)	(68.8)
Valuation of the share of equity-accounted companies	(61.3)	(68.2)
Transfer taxes and registrations (excluding equity-accounted companies)	(303.0)	(317.4)
Market value excluding transfer taxes (including IPUC) (A)	**5,683.6**	**5,967.1**
IPUC	0.0	(11.7)
Market value excluding transfer taxes (excluding IPUC)	**5,683.6**	**5,955.4**
Fair value (IFRS 16) (B)	33.4	34.5
Investment property carried at appraised value (balance sheet, including IPUC) (A+B)	**5,717.0**	**6,001.6**

2.4. Valuation report prepared by Carmila's independent appraisers

2.4.1. General context of the valuation

Context and terms of the engagement

In accordance with Carmila's instructions ("the Company") as detailed in the signed valuation contracts between Carmila and the Appraisers, we have valued the assets held by the Company, taking account of their ownership (freehold, ground lease, etc.). This Summary Report, which summarises the terms of our engagement, has been prepared for inclusion in the Company's universal registration document.

The valuations were undertaken locally by our valuation teams present in each market. In order to estimate the market value for each asset, we have not only taken into consideration domestic retail investment transactions but have also considered transactions on a European level. We confirm that our valuations have been prepared in a similar way to other valuations undertaken in Europe, in order to maintain a consistent approach and to take into consideration all the market transactions and information available.

The valuations are based on the discounted cash flow method and the capitalisation method, that are regularly used for these types of assets.

Our valuations were undertaken at 31 December 2020.

Reference documents and general principles

We confirm that our valuations were performed in accordance with the appropriate sections of the November 2019 Edition of the RICS Valuation – Global Standards 2020 (the "Red Book"), effective 31 January 2020. This is a valuation basis accepted on an international level. Our valuations are compliant with IFRS and IVSC guidance. The valuations have also been prepared on the basis of the AMF recommendations on the presentation of valuations of real estate assets owned by listed companies, published on 8 February 2010. Furthermore, they take into account the recommendations of the Barthès de Ruyter report on valuations of real estate owned by listed companies, published in February 2000.

We confirm that we have prepared our valuations as external and independent valuers as defined by the Red Book standards published by RICS.

Basis of valuation

Our valuations correspond to market value and are reported to the Company on both a net basis (after deduction of transfer duties and costs) and gross basis (before deduction of transfer duties and costs).

2.4.2. Valuation considerations and assumptions

Information

The Company's management was asked to confirm that the information provided relating to the assets and tenants is complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by our contacts within the Company that could impact value has been made available to us and that this information is up to date in all significant aspects. This includes running costs, works undertaken, financial elements, including variable rents, lettings signed or in the process of being signed and rental incentives, in addition to the list of let and vacant units.

Leasable areas

We have not measured the assets and have therefore based our valuations on the leasable areas that were provided to us.

Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions or an environmental analysis, and therefore have not investigated past events in order to determine if the ground or buildings are or have been contaminated. Unless provided with information to the contrary we have worked on the assumption that the assets are not and should not be affected by ground pollution and that the state of the land will not affect their current or future usage.

Town planning

We have not studied planning consents or other permits and have assumed that the assets have been built and are occupied and used in conformity with all necessary authorisations and that any outstanding legal issues have been resolved. We have assumed that the layout of assets conforms to legal requirements and town planning regulations, notably concerning the structural materials, fire safety and health and safety. We have also assumed that any extensions in progress are being undertaken in line with town planning rules and that all necessary permissions have been obtained.

Title deeds and tenancy schedules

Our work was based on the tenancy schedules, summaries of additional revenues, non-recoverable charges, capital projects and the business plans provided to us. We have assumed, notwithstanding what is set out in our individual asset reports, that the assets are not subject to any restriction that could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have considered as correct the rental, occupational and all other relevant information that has been provided to us by the Company.

Condition of the assets

We have taken note of the general condition of each asset during our inspection. Our instruction does not include a building or structural survey but we have indicated in our report, where applicable, any maintenance problems that were immediately apparent during our inspection. The assets have been valued based on the information provided by the Company according to which no deleterious material was used in their construction.

Taxation

Our valuations were undertaken without taking into account potential sales or legal fees or taxes which would come into effect in the case of a transfer. The rental and market values produced are net of VAT.

Explanatory note on market conditions: Covid-19 coronavirus

The Covid-19 epidemic – declared a "global pandemic" by the WHO on 11 March 2020 – has had and continues to have an impact on many aspects of daily life and the global economy. Certain property markets have experienced a decline in transaction numbers and market liquidity. Travel restrictions were imposed in many countries along with varying degrees of lockdown. Although restrictions were lifted in certain cases, local lockdowns may continue to be applied where necessary and the resurgence of infections remains possible.

The pandemic and the measures taken to stave off Covid-19 continue to have an adverse effect on economies and property markets all over the world. However, at the appraisal date, certain property markets had resumed and transaction volumes and other relevant factors are returning to levels that provide sufficient market factors on which to form an adequate opinion on values. Accordingly, in order to avoid all doubt, our appraisal does not include a “material valuation uncertainty clause" as defined by standards VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

2.4.3. Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company Carmila. Accordingly, we accept no liability to third parties. This report, or an extract thereof, may not be published or reproduced in any document, declaration, memorandum or communication with any third party without our prior written consent as regards the form and context in which this information may appear. In signing this Summary Report, the valuation firms accept no liability for the valuations carried out by the other firms.

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2.5. Extension pipeline at 31 December 2020

2.5.1. Pipeline

Due to the impacts of the health crisis on each of its markets, Carmila decided to streamline the implementation of its shopping centre extension programme.

The pipeline, except for the major projects currently in progress, 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 the extensions are owned by Carrefour and Carmila.

Carmila will focus on the projects with the highest potential in order to increase the yield in the shopping centres concerned and strengthen their leadership.

2.5.2. 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.

2.5.3. Development pipeline

The 2021-2024 expansion pipeline at 31 December 2020 includes five flagship projects representing an estimated investment of €636 million and an average yield on cost of 6.0%[1].

Barcelona – Tarrasa: one of the key hypermarkets in the Barcelona area has strong potential for becoming a regional centre.

Montesson: this shopping arcade adjoins the second largest Carrefour hypermarket in France and is located in a very dense catchment area with low competition.

Antibes: this centre adjoins the largest Carrefour hypermarket in France and intends to maintain its top position by leveraging its exceptional location along the A8 motorway and the extension of the tram line. Carmila hopes to develop a mixed-use project here in step with new trends in consumption.

Toulouse Labège: this site will benefit from the completion of the Toulouse metro in 2025 and the presence of a leading hypermarket to the south of the Toulouse area.

Vénissieux: the fifth largest Carrefour hypermarket in France is a solid leader south of Lyon. The urban front site is an opportunity to develop a mixed office project.

Ten food park projects are also under review to round out the food services offering in Carmila shopping centres. The restaurants would be built in unused spaces in shopping centre car parks and would be home to high-profile brands such as McDonald's, KFC and Burger King.

The following table presents the key information on Carmila's extension projects:

[1] Investment and yield on cost includes Carmila's share of investment for the 50% of the project for which it is the developer and the purchase price of the 50% owned by Carrefour group.

Development projects	Country	Planned area (sq.m.)	Planned opening date	Estimated cost[1] (€m)	Full year additional rental value (€m) [2]	Yield[3]	Yield (Carmila share)[4]
2021 projects							
Nice Lingostière	France	14,800	2021				
Coquelles (restructuring)	France	6,000	2021				
Laval (restoration)	France	472	2021				
Total Projects 2021		**21,272**		**121**			
Flagship projects							
Tarrassa	Spain	35,105	2025				
Montesson	France	31,128	2025				
Antibes	France	22,000	2026				
Toulouse Labège	France	14,700	2025				
Vénissieux	France	nc	nc				
Total flagship projects		**102,933**		**636**			
Total projects controlled[5]		**124,205**		**757**	**44.4**	**6.6%**	**6.0%**

(1) Total investment represents the market value of Carmila's projected share (50% of the investment) plus Carrefour's share (50% of the investment and 50% of the margin) to be acquired when the project is delivered.
(2) Includes projects for the promotion of extensions excluding restructuring.
(3) Expected net annualised rents divided by the total estimated investment amount (excluding restructuring).
(4) Expected net annualised rents divided by the total amount of the investment including transfer taxes, plus Carrefour's share to be acquired when the project is delivered (excluding restructuring).
(5) Controlled projects: post-2020 projects for which studies are at a very advanced stage and in respect of which Carmila controls the land or the building rights, but for which not all administrative permits have necessarily been obtained.

2.5.4. Mixed use projects

In order to revitalise certain assets, Carrefour has joined forces with industry expert Altarea, to transform the sites at Flins, Sartouville and Nantes into new mixed-use areas, to breathe new life into these regions and boost their appeal. These three sites are jointly-owned with Carmila, who will play an important role in the development projects. Around twenty other sites in the Carmila asset base have been identified, and are currently being assessed as part of the partnership with Carrefour.

2.5.5. 2020 projects

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

Following a full renovation of the hypermarket, Carmila has rounded out its offering within the Toulouse Purpan Carrefour shopping centre. Located in an urban environment, since March 2020 the retail park has been home to three new restaurants with a gross leasable area of 1,200 sq.m.

Note that two extension projects – concerning the Laval and Vitrolles shopping arcades – were shelved in 2020.

2.5.6. 2021 projects

• Nice Lingostière (06) - Extension project for a landmark leisure complex in France's fifth city.

In the spring 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 gross leasable area from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

• Calais-Coquelles (62) – Major restructuring to give new commercial drive to this well-known centre and prime site.

The project involves the restructuring of the shopping arcade in the Carrefour Cité Europe shopping centre, located at Coquelles in the Calais area. In particular, the restructured centre is home

to a Primark store, with a sales area of more than 4,000 sq.m. on two levels (opened on 29 January 2021), offers a direct connection with the cinema and a simplified customer experience, thereby completing the transformation and relaunch of this leading site.

2.6. Detailed presentation of Carmila's operating asset base at 31 December 2020

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					
Aix en Provence	1971	2014	40	8,416	31.3%
Amiens	1973	2014	18	4,442	25.2%
Angers - Saint Serge	1969	2014	28	7,175	24.5%
Angoulins	1973	2014	34	4,802	22.6%
Annecy Brogny	1968	2014	23	4,453	24.6%
Antibes	1973	2014	33	4,845	22.6%
Athis Mons	1971	2014	51	10,149	44.9%
Auch	1976	2014	13	928	16.3%
Auchy les Mines	1993	2014	27	2,761	26.1%
Auterive	2011	2014	19	6,674	36.8%
Bab 2 – Anglet	1967	2014	130	27,230	52.4%
Barentin	1973	2016	14	7,403	14.5%
Bassens (Chambéry)	1969	2014	19	2,721	17.1%
Bay 1	2004	2014	26	8,767	32.9%
Bay 2	2003	2014	105	21,110	37.0%
Bayeux Besneville	1974	2014	9	585	11.0%
Beaucaire	1989	2014	31	6,839	21.4%
Beaurains 2	2011	2014	10	4,366	39.8%
Beauvais	1969	2014	15	3,275	21.1%
Berck sur Mer	1995	2014	30	11,219	60.3%
Besançon - Chalezeule	1976	2014	30	16,836	52.0%
Bourg-en-Bresse	1977	2014	22	6,064	19.2%
Bourges	1969	2014	53	8,980	31.7%
Brest Hyper	1969	2014	48	18,221	41.0%
Calais – Beau Marais	1973	2014	21	5,128	28.3%
Calais - Coquelles	1995	2014	152	51,113	77.6%
Chambourcy	1973	2014	73	21,362	44.0%
Champs Sur Marne	1967	2014	17	1,770	15.5%
Charleville-Mézières	1985	2014	24	2,464	17.5%
Château Thierry	1972	2014	9	656	8.8%
Châteauneuf-les-Martigues	1973	2014	20	12,537	12.5%
Châteauroux	1969	2014	24	6,976	22.4%
Cholet	1970	2014	32	5,360	16.9%
Condé Sur L'Escaut	1987	2014	6	529	9.6%
Conde Sur Sarthe	1972	2014	33	9,073	71.8%
Crèches sur Saone	1981	2014	57	19,044	48.7%
Denain	1979	2014	8	683	6.0%
Dinan Quevert	1970	2016	18	3,147	-
Douai Flers	1983	2014	48	7,327	20.7%
Draguignan	1992	2014	26	4,735	39.1%
Échirolles (Grenoble)	1969	2014	32	4,765	20.6%
Epernay	1970	2014	10	1,064	9.0%
Epinal	1983	2014	23	20,165	100.0%
Epinay-sur-Orge	1992	2015	1	54	-
Etampes	1983	2014	3	878	7.7%
Évreux	1974	2014	78	37,813	57.0%
Feurs	1981	2014	6	1,025	12.1%
Flers Saint-Georges-des-Groseillers	1998	2016	14	1,890	30.8%
Flins Sur Seine	1973	2014	18	4,579	21.3%
Fourmies	1985	2014	14	1,901	16.1%
Francheville	1989	2014	21	2,858	33.0%

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 (%)
Gennevilliers	1976	2014	18	2,335	14.1%
Goussainville	1989	2014	25	3,137	38.1%
Gruchet	1974	2014	29	11,837	38.7%
Gueret	1987	2014	14	3,408	17.0%
Hazebrouck	1983	2014	13	1,303	17.3%
Herouville St Clair	1976	2014	50	14,405	47.0%
La Chapelle St Luc	2012	2014	45	21,822	58.0%
La Ciotat	1998	2014	13	598	5.3%
La Roche Sur Yon	1973	2014	14	1,377	16.4%
Laon	1990	2014	38	8,043	91.1%
Laval	1986	2014	40	7,677	42.0%
Le Mans	1968	2014	21	1,917	11.9%
L'Hay Les Roses	1981	2014	14	565	2.6%
Libourne	1973	2014	22	4,246	18.0%
Liévin	1973	2014	21	3,102	7.0%
Limay	1998	2014	9	327	4.8%
Lorient	1981	2014	32	12,342	31.5%
Mably	1972	2014	30	31,040	34.8%
Meylan (Grenoble)	1972	2014	12	1,683	9.2%
Mondeville	1970	2014	5	2,401	2.6%
Mondeville HE	2013	2014	30	29,834	50.0%
Mont Saint Aignan	1987	2015	33	3,050	13.8%
Montélimar	1985	2014	6	7,689	34.0%
Montereau	1970	2014	11	867	10.4%
Montesson	1970	2014	62	13,198	32.8%
Montluçon	1988	2015	35	3,521	23.0%
Nantes Beaujoire	1972	2014	36	4,648	22.0%
Nantes St Herblain	1968	2014	13	1,467	12.1%
Nanteuil-Les-Meaux (GM)	2014	2015	8	811	100.0%
Nanteuil-Les-Meaux (PAC)	2014	2014	5	4,927	100.0%
Nevers-Marzy	1969	2014	56	20,076	49.7%
Nice Lingostière	1978	2014	48	8,130	25.4%
Nîmes Sud	1969	2014	19	2,597	14.4%
Orange	1988	2014	35	5,232	29.3%
Orléans Place d'Arc	1988	2014	68	13,569	53.6%
Ormesson	1972	2015	120	26,554	14.5%
Paimpol	1964	2014	14	2,656	20.8%
Pau Lescar	1973	2014	76	11,984	31.0%
Perpignan Claira	1983	2014	78	21,033	52.1%
Port De Bouc	1973	2014	25	6,015	30.6%
Pré-Saint-Gervais	1979	2016	19	1,619	-
Puget-sur-Argens	1991	2015	52	4,637	28.4%
Quetigny	2014	2014	5	7,365	100.0%
Quimper - Le Kerdrezec	1978	2014	40	8,520	26.1%
Rambouillet	2017	2017	4	4,848	-
Reims - Cernay	1981	2014	21	3,399	26.8%
Rennes Cesson	1981	2014	76	12,690	31.0%
Rethel	1994	2016	18	3,381	35.7%
Saint-Jean-de-Luz	1982	2014	11	1,085	33.9%
Saint-Lô	1973	2016	17	2,598	18.5%
Saint-Martin-au-Laërt	1991	2014	9	858	15.6%
Salaise sur Sanne	1991	2014	44	7,199	40.6%
Sallanches	1973	2014	12	1,915	17.0%
Sannois	1992	2015	40	3,860	27.4%
Saran - Orléans	1971	2014	91	38,864	64.2%
Sartrouville	1977	2014	39	6,719	26.6%
Segny	1980	2014	17	3,258	30.0%

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 (%)
Sens Maillot	1970	2014	9	1,848	20.4%
Sens Voulx	1972	2014	9	595	5.8%
St André Les Vergers	1975	2014	9	1,096	5.2%
St Brieuc - Langueux	1969	2014	52	14,348	37.1%
St Egrève	1986	2014	35	9,391	13.3%
St Jean de Védas	1986	2014	31	3,128	18.6%
Stains	1972	2014	24	2,890	16.7%
Tarnos	1989	2014	27	4,108	29.0%
Thionville	1971	2016	160	30,562	62.9%
Tinqueux	1969	2014	28	5,930	22.6%
Toulouse Labège	1983	2014	127	22,220	44.9%
Toulouse Purpan	1970	2014	50	17,275	36.4%
Tournefeuille	1995	2014	19	4,994	39.5%
Trans-en-Provence	1976	2014	28	3,923	31.6%
Uzès	1989	2014	17	1,293	15.3%
Vannes - Le Fourchêne	1969	2014	68	8,925	41.2%
Vaulx en Velin	1988	2014	45	6,606	34.3%
Venette	1974	2014	40	6,787	24.8%
Venissieux	1966	2014	25	4,542	12.0%
Villejuif	1988	2014	33	4,119	4.2%
Vitrolles	1971	2018	85	24,281	55.2%
Spain					
Albacete – Los Llanos	1989	2014	24	7,154	23.3%
Alcala de Henares	2007	2014	20	1,667	17.3%
Alcobendas	1981	2014	43	3,515	23.7%
Alfafar	1976	2014	32	7,175	29.7%
Aljarafe	1998	2018	42	11,961	35.8%
Almería	1987	2014	21	1,024	10.0%
Alzira	1991	2014	18	7,712	18.3%
Antequera	2004	2018	56	13,436	65.3%
Azabache	1977	2014	31	5,839	22.4%
Cabrera de Mar	1979	2014	26	14,240	17.9%
Caceres	1998	2014	13	1,559	11.7%
Cartagena	1998	2014	15	1,119	14.5%
Castellón	1985	2014	21	2,681	8.6%
Ciudad de la Imagen	1995	2014	22	2,008	14.2%
Córdoba - Zahira	1977	2014	15	957	7.4%
Dos Hermanas (Sevilla)	1993	2014	17	1,411	13.4%
El Alisal	2004	2014	35	15,161	43.9%
El Mirador	1997	2016	42	9,845	50.4%
El Paseo	1977	2018	53	10,454	18.5%
El Pinar	1981	2014	22	4,360	14.0%
Elche	1983	2014	18	10,108	-
Fan Mallorca	2016	2016	104	38,141	75.0%
Finestrat - Benidorm	1989	2014	23	2,223	16.3%
Gandía	1994	2014	19	2,040	13.3%
Gran Via de Hortaleza	1992	2018	66	6,267	27.2%
Granada	1999	2014	26	2,673	15.7%
Huelva	2013	2014	93	34,036	82.4%
Jerez de la Frontera – Norte	1997	2014	42	6,899	37.5%
Jerez de la Frontera, Cádiz – Sur	1989	2014	37	6,981	18.9%
La Granadilla	1990	2014	14	1,030	7.0%
La Línea de la Concepción, Cádiz – Gran Sur	1997	2014	40	9,074	36.5%
La Sierra	1994	2018	70	17,611	18.9%
Leon	1990	2014	17	2,473	18.6%
Lérida	1986	2014	11	512	8.8%
Los Angeles	1992	2014	39	6,772	34.4%

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 (%)
Los Barrios Algeciras	1980	2014	25	2,353	16.4%
Lucena	2002	2014	13	1,394	11.4%
Lugo	1993	2014	18	2,090	11.1%
Málaga – Alameda II	1987	2014	31	8,839	37.6%
Málaga – Los Patios	1975	2014	39	6,667	21.4%
Manresa	1991	2018	28	2,309	13.1%
Merida	1992	2014	18	2,601	10.4%
Montigala	1991	2016	55	10,664	43.7%
Mostoles	1992	2014	22	3,291	20.1%
Murcia - Atalayas	1993	2016	44	11,225	45.2%
Murcia - Zaraiche	1985	2014	23	2,566	14.1%
Oiartzun	1979	2014	12	729	5.5%
Orense	1995	2014	17	4,131	82.9%
Palma	1977	2014	20	579	5.9%
Paterna	1979	2014	18	1,679	9.2%
Peñacastillo	1992	2014	50	10,279	42.0%
Petrer	1991	2014	27	4,329	23.4%
Plasencia	1998	2014	12	1,299	11.9%
Pontevedra	1995	2014	16	1,681	13.0%
Reus	1991	2014	23	2,933	21.2%
Rivas	1997	2014	22	2,159	21.5%
Sagunto	1989	2014	10	968	11.9%
Salamanca	1989	2014	13	795	7.6%
San Juan	1977	2018	31	7,266	24.5%
San Juan de Aznalfarache, Sevilla	1985	2014	34	5,023	21.5%
San Sebastián de los Reyes	2004	2014	19	2,336	12.7%
Sestao	1994	2014	17	1,317	48.8%
Sevilla - Macarena	1993	2014	23	1,882	14.6%
Sevilla - Montequinto	1999	2014	14	9,995	7.7%
Sevilla – San Pablo	1979	2014	29	3,258	15.8%
Talavera – Los Alfares	2005	2014	56	20,552	76.7%
Tarragona	1975	2014	16	3,420	11.4%
Tarrasa	1978	2018	34	7,502	31.6%
Torrelavega	1996	2014	14	2,147	9.7%
Torrevieja	1994	2014	17	1,700	11.5%
Valencia - Campanar	1988	2014	29	3,088	16.7%
Valladolid	1981	2014	22	3,255	17.5%
Valladolid II	1995	2014	17	3,551	21.5%
Valverde Badajoz	1996	2014	25	2,688	-
Villanueva	1995	2014	9	687	10.2%
Villareal de los Infantes	1995	2014	13	0	10.3%
Zaragoza	1989	2014	19	4,301	23.4%
As Cancelas wholly-owned (50% of assets held, based on the equity method)	2012	2014	119	50,340	-
Italy					
Assago	1988	2015	1	2,380	5.0%
Burolo	1996	2014	10	946	10.9%
Gran Giussano	1997	2014	48	9,338	47.4%
Limbiate	2006	2015	1	1,923	4.4%
Massa	1995	2014	1	1,923	45.9%
Nichelino	1995	2014	66	41,694	27.0%
Paderno Dugnano	1974	2014	73	15,508	47.6%
Thiene	1992	2014	40	6,016	44.7%
Turin	1989	2014	12	1,193	12.7%
Vercelli	1987	2014	20	3,098	24.1%

3. FULL-YEAR 2020 BUSINESS REVIEW

3.1. Selected financial information

Financial information from the income statement

(in millions of euros)	31/12/2020	31/12/2019
Gross Rental Income	349.7	359.5
Net rental income	270.8	333.2
EBITDA (excluding fair value adjustments)[1]	220.2	282.6
Fair value adjustments on investment properties	(334.3)	(90.2)
Operating income	(122.9)	191.8
Net financial expense	(75.6)	(58.1)
Net income attributable to owners	(198.8)	108.2
Earnings per share[3]	(1.4)	0.8
EPRA earnings[2]	161.0	218.5
EPRA earnings per share[3]	1.15	1.60
Recurring earnings[4]	167.6	222.5
Recurring earnings per share[3]	1.20	1.63

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

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

[3] Average number of shares: 140,198,573 at 31 December 2020 and 136,408,412 at 31 December 2019.

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

Selected financial information from the statement of financial position

(in millions of euros)	31/12/2020	31/12/2019
Investment properties (appraisal value excluding transfer taxes)	5,717.0	6,001.6
Cash and cash equivalents and marketable securities	311.5	174.2
Financial liabilities (current and non-current)	2,646.7	2,416.0
Equity attributable to owners	3,262.7	3,540.4

Financial information related to key indicators and ratios

(in millions of euros)	31/12/2020	31/12/2019
Net debt	2,274.6	2,241.8
Loan-to-value (LTV) ratio ITT[1]	37.0%	34.9%
Interest coverage ratio (ICR)[2]	3.9x	5.0x
EPRA net asset value, excluding transfer taxes	3,525.2	3,799.4
EPRA net asset value, excluding transfer taxes, per share[3]	24.72	27.79
Appraisal value (including transfer taxes and work in progress)	6,147.9	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 debt.

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

[3] Year end, fully diluted, on the basis of 140,603,774 shares at 31 December 2020 and 136,705,504 shares at 31 December 2019.

3.2. Financial statements

3.2.1. Consolidated statement of comprehensive income

(in thousands of euros)	31/12/2020	31/12/2019
Gross rental income	**349,744**	**359,457**
Charges rebilled to tenants	79,621	79,359
Total Income from rental activity	**429,365**	**438,816**
Real estate expenses	(23,510)	(21,214)
Rental charges	(71,177)	(71,307)
Property expenses (landlord)	(63,841)	(13,111)
Net rental income	**270,837**	**333,184**
Overhead expenses	(50,949)	(52,840)
Income from property management, administration and other activities	*10,267*	*10,477*
Other income	*255*	*1,407*
Payroll expenses	*(25,939)*	*(25,145)*
Other external expenses	*(35,532)*	*(39,579)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(2,849)	(3,493)
Other operating income and expenses	(2,379)	1,343
Gains (losses) on disposals of investment properties and equity investments	(65)	(610)
Change in fair value adjustments	(334,267)	(90,172)
Share in net income of equity-accounted companies	(3,189)	4,376
Operating income	**(122,861)**	**191,788**
Financial income	917	559
Financial expenses	(57,634)	(57,277)
Cost of net debt	**(56,717)**	**(56,718)**
Other financial expense	(18,903)	(1,389)
Net financial expense	**(75,620)**	**(58,107)**
Income before taxes	**(198,481)**	**133,681**
Income tax	196	(25,277)
Consolidated net income (loss)	**(198,286)**	**108,404**
Attributable to owners of the parent	**(198,755)**	**108,213**
Non-controlling interests	**469**	**191**
Average number of shares comprising Carmila's share capital	140,198,573	136,408,412
Earnings per share, in euros (attributable to owners)	- 1.42	0.79
Diluted average number of shares comprising Carmila's share capital	140,603,774	136,705,504
Diluted earnings per share, in euros (attributable to owners)	**- 1.41**	**0.79**

Consolidated statement of comprehensive income *(in thousands of euros)*	31/12/2020	31/12/2019
Consolidated net income (loss)	**(198,286)**	**108,404**
Items that will be reclassified subsequently to net income	(6,016)	(10,923)
Effective portion of cash flow hedges	(5,944)	(10,923)
Fair value of other financial assets	(72)	-
Related income tax	-	-
Items that will not be reclassified subsequently to net income	30	-
Actuarial gains and losses on defined benefit plans	30	-
Related income tax	-	-
Total comprehensive income	**(204,272)**	**97,481**

3.2.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	31/12/2020	31/12/2019
Goodwill	111	(1)
Intangible assets	4,470	4,262
Property, plant and equipment	3,205	4,244
Investment properties carried at fair value	5,717,046	6,001,608
Investment properties carried at cost	100,010	68,785
Investments in equity-accounted companies	48,061	52,459
Other non-current assets	24,123	12,427
Deferred tax assets	11,113	11,548
Non-current assets	**5,908,138**	**6,155,332**
Investment properties held for sale	-	-
Trade receivables	148,532	117,105
Other current assets	74,915	69,127
Cash and cash equivalents	320,263	178,172
Current assets	**543,710**	**364,404**
Total assets	**6,451,848**	**6,519,736**

EQUITY AND LIABILITIES

(in thousands of euros)	31/12/2020	31/12/2019
Share capital	855,701	820,091
Additional paid-in capital	2,039,818	2,129,169
Treasury shares	(2,541)	(2,676)
Other comprehensive income: pension obligations (IAS 19)	106	76
Other comprehensive income: hybrid instruments	(1,246)	(1,174)
Other comprehensive income: effective portion of cash flow hedges (IAS 39)	(47,752)	(41,808)
Other comprehensive income	(48,892)	(42,906)
Consolidated retained earnings	617,412	528,543
Consolidated net income (loss) – attributable to owners	(198,755)	108,213
Equity attributable to owners	**3,262,744**	**3,540,434**
Non-controlling interests	5,727	5,612
Total equity	**3,268,471**	**3,546,046**
Non-current provisions	6,732	6,865
Non-current financial liabilities	2,401,478	2,295,954
Lease deposits and guarantees	76,267	77,722
Non-current tax and deferred tax liabilities	177,316	175,685
Other non-current liabilities	14	7,489
Non-current liabilities	**2,661,807**	**2,563,715**
Current financial liabilities	245,250	160,313
Bank facilities	8,934	4,141
Current provisions	1,758	658
Trade payables	27,773	28,855
Payables to suppliers of non-current assets	86,231	81,674
Accrued tax and payroll liabilities	56,004	49,356
Other current liabilities	95,620	84,978
Current liabilities	**521,570**	**409,975**
Total equity and liabilities	**6,451,848**	**6,519,736**

3.2.3. Consolidated statement of cash flows

In thousands of euros	31/12/2020	31/12/2019
Consolidated net income (loss)	**(198,286)**	**108,404**
Adjustments	-	
Elimination of income from equity-accounted companies	3,189	(4,376)
Elimination of depreciation, amortisation and provisions	2,946	659
Elimination of fair value adjustments	337,468	85,563
Elimination of capital gains and losses on disposals	66	879
Other non-cash income and expenses	6,921	3,567
Cash flow from operations after cost of net debt and tax	**152,305**	**194,696**
Elimination of tax expense (income)	(196)	25,277
Elimination of cost of net debt	56,792	55,462
Cash flow from operations before cost of net debt and tax	**208,901**	**275,435**
Change in operating working capital	(34,582)	7,718
Change in lease deposits and guarantees	(1,530)	1,259
Income tax paid	(4,722)	(2,795)
Net cash from operating activities	**168,067**	**281,617**
Change in scope of consolidation	-	-
Change in payables on non-current assets	4,977	29,533
Acquisitions of investment properties	(79,959)	(120,845)
Acquisitions of other non-current assets	(950)	(185)
Change in loans and advances	(183)	782
Disposal of investment properties and other fixed assets	307	5,467
Dividends received	1,212	1,684
Net cash used in investing activities	**(74,597)**	**(83,565)**
Share capital increase	-	-
Corporate actions of equity-accounted companies	-	-
Net sale (purchase) of treasury shares	135	1,185
Issuance of bonds	400,000	50,000
Increase in bank loans	568,000	75,235
Loan repayments	(798,005)	(100,000)
Display of short-term investments in other current receivables	(103)	145,020
Interest paid	(53,991)	(56,019)
Interest received	917	559
Dividends and share premiums distributed to shareholders	(73,126)	(204,903)
Net cash from (used in) financing activities	**43,828**	**(88,923)**
Net change in cash and cash equivalents	**137,298**	**109,130**

3.2.4. 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 (loss) – attributable to owners	Equity attributable to owners	Non-controlling interests	Total equity
Balance at 31 December 2018	**819,370**	**2,268,204**	**(3,861)**	**(31,983)**	**431,612**	**163,557**	**3,646,899**	**5,781**	**3,652,680**
Corporate actions	721	(721)					-		-
Share-based payments					(17)		**(17)**		**(17)**
Treasury share transactions			1,185				**1,185**		**1,185**
Dividend paid		(138,314)			(66,229)		**(204,543)**	(360)	**(204,903)**
Appropriation of net income					163,557	(163,557)	-		-
Net income for the year						**108,213**	**108,213**	**191**	**108,404**
Gains and losses recorded directly in equity									
Other comprehensive income reclassified to income				1,944			**1,944**		**1,944**
Change in fair value of other financial assets				-			-		-
Change in fair value of hedging instruments				(12,867)			**(12,867)**		**(12,867)**
Actuarial gains and losses on retirement benefits				-			-		-
Other comprehensive income				**(10,923)**			**(10,923)**	**-**	**(10,923)**
Other changes					(380)		**(380)**		**(380)**
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**
Corporate actions	836	(836)					-		-
Share-based payments	34,774	29,016			23		**63,813**		**63,813**
Treasury share transactions			135		394		**529**		**529**
Dividend paid		(117,531)			(19,032)		**(136,563)**	(354)	**(136,917)**
Appropriation of 2019 net income					108,213	(108,213)	-		-
Net income for the year						**(198,756)**	**(198,756)**	**469**	**(198,287)**
Gains and losses recorded directly in equity									
Other comprehensive income reclassified to income				3,958			**3,958**		**3,958**
Change in fair value of other financial assets				(72)			**(72)**		**(72)**
Change in fair value of hedging instruments				(9,902)			**(9,902)**		**(9,902)**
Actuarial gains and losses on retirement benefits				30			**30**		**30**
Other comprehensive income				**(5,986)**			**(5,986)**	**-**	**(5,986)**
Other changes					(729)		**(729)**		**(729)**
Balance at 31 December 2020	**855,701**	**2,039,818**	**(2,541)**	**(48,892)**	**617,412**	**(198,756)**	**3,262,742**	**5,728**	**3,268,470**

3.3. Business analysis

3.3.1. Economic environment

	GDP growth			Unemployment rate			Inflation		
	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E
France	-9.1%	6.0%	3.3%	8.4%	10.5%	10.2%	0.7%	0.5%	0.8%
Italy	-9.1%	4.3%	3.2%	9.4%	11.0%	10.9%	0.6%	0.6%	0.8%
Spain	-11.6%	5.0%	4.0%	15.8%	17.4%	16.9%	0.5%	0.1%	0.6%
Eurozone	-7.5%	3.6%	3.3%	8.1%	9.5%	9.1%	0.7%	0.7%	0.9%

** Source: OECD Economic Outlook no. 108 - December 2020.*

The OECD expects the economy to gradually recover in the two years following the health crisis. In the eurozone, 2021 and 2022 should see GDP growth (3.6% and 3.3%, respectively), as well as a rise in inflation (0.7% and 0.9%, respectively). The unemployment rate is also expected to rise in 2021 (up 140 basis points) and then to fall in 2022 (down 40 basis points).

Private consumption and investment should automatically enjoy a strong rebound as "non-essential" activities resume in most European countries. The three countries where Carmila operates will benefit from this upturn, with GDP in 2021 forecast to grow by 6.0% in France, 5.0% in Spain and 4.3% in Italy.

The health crisis will drive a rise in unemployment rates in these three countries owing to uncertainties as to the recovery outlook. The OECD expects unemployment to rise to 10.5% in France, 17.4% in Spain and 11.0% in Italy in 2021, and then to fall in 2022 in all three countries.

Household consumption is expected to be limited, impacted by both rising unemployment and uncertainty as to when the health crisis will end. The OECD therefore forecasts practically flat inflation rates in 2021, at 0.5% in France, 0.1% in Spain and 0.6% in Italy.

3.3.2. Shopping centre openings, footfall and retailer sales by country

France

Change in footfall and retailer sales						
Year-on-year change in %	**First 2 months** Jan-Feb	**First lockdown** March-May	**First reopening** June-October	**Second lockdown** November	**Second reopening** December	**Total** 2020
Footfall Carmila	**3.4%**	**-46.5%**	**-9.5%**	**-37.8%**	**-7.7%**	**-18.5%**
Quantaflow panel footfall	1.8%	-57.0%	-15.5%	-53.8%	-15.9%	-26.0%
Carmila sales (excl. seated food service)	**1.0%**	**nm**	**1.4%**	**nm**	**8.4%**	**-16.0%**
CNCC panel retailer sales	-0.1%	nm	-7.5%	nm	-2.2%	-25.1%
Shopping centre opening rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Store opening rate	100.0%	6.0%	100.0%	34.0%	95.0%	78.4%

Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising 1%.

This performance reflects a sharp rise in sales in four different sectors, in particular Food & Restaurants (up 5%) and Services (up 7%), Health & Beauty (up 2%) and Household Furnishings (up 2%).

In January and February, Carmila outperformed the representative panel of comparative companies (referred to throughout this document as "panels") by 160 basis points in terms of footfall and by 110 basis points in terms of retailer sales.

First lockdown (March-May)

A first national lockdown was in place between 17 March and 11 May. All "non-essential" businesses were closed ("essential" businesses permitted to stay open included food retailers, pharmacies and newsagents).

During the first lockdown, the government granted a three-month rent waiver for small businesses. For

its other tenants, Carmila granted individual relief covering between one and two months' rent, based on the concessions agreed by the tenants in question.

All of its shopping centres and 6% of its retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

During this period, Carmila outperformed its panels by 1,050 basis points in terms of footfall.

Post-lockdown reopening (June-October)

Businesses started to reopen from 11 May onwards, with the exception of bars and restaurants, which could only serve customers outdoors until 15 June, when all restrictions were lifted. Gyms and other sports facilities reopened as from 2 June.

Sales (excluding restaurant sales) were up by 1% in this period, led by good performances in Household Furnishings (up 17%), Culture, Gifts & Leisure (up 4%) and Health & Beauty (up 1%). Clothing & Accessories sales were down 6% over the period.

During this time, Carmila outperformed its panels, reporting a 600-basis-point rise in footfall and a 890-basis-point rise in retailer sales.

Second lockdown (November)

The second wave of the pandemic prompted a second lockdown effective as from 30 October. A curfew had been in place from 17 to 29 October, affecting 54 *départements*, including the Paris, Lyon and Marseilles areas.

Under these new lockdown measures, non-essential businesses had to close, with the exception of fast food establishments, pharmacies and newsagents. All businesses except bars, restaurants and gyms were allowed to reopen on 28 November.

The measures introduced by the French government included potential rent waivers and an associated compensatory tax credit for 50% of the amount waived for companies with less than 250 employees. For companies with between 250 and 5,000 employees, a reduction of two-thirds' rent gave rise to a tax credit equal to 50% of the amount waived, up to maximum rent relief of €800 thousand.

During this second lockdown, all shopping centres and 34% of retailers holding a lease contract with Carmila remained open.

Carmila outperformed its panels by 1,600 basis points in terms of footfall during this period.

Post-second lockdown reopening (December)

In December when businesses reopened, Carmila outperformed its panels by 820 basis points in terms of footfall and by 1,060 basis points in terms of retailer sales.

Sales (excluding restaurant sales) were up by 8% in this period, driven by good performances in Household Furnishings (up 27%), in Culture, Gifts & Leisure (up 7%) and in Health & Beauty (up 5%). Clothing & Accessories sales rose by 6%.

Annual shopping centre footfall and retailer sales

Footfall and retailer sales increased for shopping centres and retailers, respectively, as soon as businesses reopened after each lockdown period.

Over the year as a whole (including lockdown periods), Carmila shopping centres outperformed their panels by 750 basis points in terms of footfall and by 910 basis points in terms of retailer sales.

Retailer sales were down overall in 2020, retreating by 16% owing to the health measures imposed on retailers. This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 33%), followed by Health & Beauty (down 15%) and Culture, Gifts & Leisure (down 14%).

Household Furnishings proved the most resilient in 2020, with sales down 3%. Sales trends in Ready-to-Wear were downbeat, with sales declining 24%.

Spain

Change in footfall and retailer sales in 2020					
Year-on-year change in %	First 2 months Jan-Feb	First lockdown March-May	First reopening June-October	Second state of Nov-Dec	Total 2020
Footfall Carmila	**3.8%**	**-60.6%**	**-21.6%**	**-24.9%**	**-27.4%**
Footfall Shoppertrak panel	-0.8%	-71.2%	-25.0%	-36.4%	-33.8%
Carmila sales (excl. seated food service)	**3.8%**	**nm**	**-11.4%**	**-25.5%**	**-29.1%**
ICM panel sales	2.5%	nm	-20.1%	-24.2%	-27.4%
Shopping centre opening rate	100.0%	100.0%	100.0%	100.0%	100.0%
Store opening rate	100.0%	5.0%	97.0%	89.0%	81.1%

Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising 3.8%.

This performance reflects a sharp rise in sales in three different segments: Health & Beauty (up 8%), Services (up 6%, buoyed by good results in telephony with Movistar and Orange), and Food & Restaurants (up 4%, thanks to good growth in fast-food outlets such as Belros).

During this period, Carmila outperformed its panels by 460 basis points in terms footfall and by 130 basis points in terms of retailer sales.

First lockdown (March-May)

A first national lockdown ran from 14 March to 24 May, prompting the closure of non-essential businesses (i.e., except for example food retailers, pharmacies, newsagents). The restrictions were eased gradually between 25 May, when 40 shopping centres reopened, and 8 June, which saw all 78 centres open for business.

During the first lockdown, the Spanish government adopted Royal Decree no. 15/2020 of 21 April 2020, under which tenants were entitled to request a rent moratorium during the state of emergency for up to four months' rent, with a payment plan to be drawn up covering no more than two years. This measure cost Carmila €3.5 million.

During the first lockdown, all of Carmila's shopping centres and 5% of its retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

Carmila outperformed its panels by 1,060 basis points in terms of footfall during this period.

Post-lockdown reopening (June-October)

Sales were down 11% in the first post-lockdown period, owing to health measures. The decline was led by Clothing & Accessories (down 24%), Health & Beauty (down 12%) and Culture, Gifts & Leisure (down 12%). Services (down 4%) proved the most resilient.

During this period, Carmila outperformed its panels by 340 basis points in terms of footfall and by 290 basis points in terms of retailer sales.

Second period of restrictions (November-December)

A second period of restrictions began on 25 October with the introduction of a new state of emergency and the closure of shopping centres in Catalonia as from 29 October.

A curfew was introduced on 9 November, running from between 10.00 p.m. and midnight to between 5.00 a.m. and 7.00 a.m., depending on the region, with restrictions on mobility between municipalities and/or regions. Businesses were ordered to close at 6.00 p.m. in Andalusia and in several other regions restaurants had to shut their doors.

The restrictions were eased gradually: from 13 December in Asturias when restaurants reopened, from 14 December in Catalonia with the reopening of shopping centres, and from 18 December in Burgos, which saw all non-essential businesses reopen for trading.

Royal Decree no. 35/2020 introduced by the Council of Ministers on 22 December gave tenants the right to request (i) a reduction of up to 50% in rent from the tenant during the state of emergency period, or (ii) a rent moratorium throughout the state of emergency period, with the deferred rent paid proportionally through to the end of the state of

emergency, i.e., May 2021. The lessor can decide between the rent moratorium or reduction, depending on the lessee's request. Carmila mainly decided to grant a moratorium on rent to its tenants applying for this measure. However, relatively few tenants applied.

During the second state of emergency, all shopping centres and 89% of businesses remained open (measures decided at regional rather than national level).

Carmila outperformed its panels by 1,150 basis points in terms of footfall during this period, and underperformed its panels in terms of sales by 130 basis points.

Annual shopping centre footfall and retailer sales

On a full-year basis, Carmila outperformed its panels in terms of footfall by 640 basis points in Spain, and in terms of retailer sales underperformed by 170 basis points.

Retailer sales were down overall in 2020, retreating 29% owing to the health measures imposed on retailers by the Spanish government.

This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 37%), Culture, Gifts & Leisure (down 28%) and Health & Beauty (down 28%).

Household Furnishings proved the most resilient in 2020, with sales down 18%. Sales trends in Ready-to-Wear were downbeat, with sales declining 36%.

Italy

Change in footfall and retailer sales in 2020					
Year-on-year change in %	**First 2 months** Jan-Feb	**First lockdown** March-May	**First reopening** June-October	**Second restriction** Nov-Dec	**Total** 2020
Footfall Carmila	**-0.5%**	**-60.0%**	**-18.6%**	**-38.4%**	**-30.6%**
Carmila/CNCC panel footfall	-2.8%	-65.7%	-20.8%	-46.6%	-33.8%
Carmila sales (excl. seated food service)	**1.3%**	**NS**	**-2.8%**	**-40.4%**	**-25.6%**
CNCC panel retailer sales	nm	nm	-3.8%	-43.8%	-29.9%
Shopping centre opening rate	100.0%	100.0%	100.0%	100.0%	100%*
Store opening rate	100.0%	6.0%	100.0%	76.5%	80.4%

* Closed on weekends and bank holidays (including the day before).

Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising 1.3%.

This performance reflects a sharp rise in sales in three different sectors, especially Food & Restaurants (up 3%) and Services (up 3%).

Carmila outperformed its panels by 230 basis points in terms of footfall during this period.

First lockdown (March-May)

The first restrictions were introduced as from the weekend of 21 February, with the first national lockdown in place between 12 March and 18 May, during which all non-essential businesses were closed (essential businesses permitted to stay open included food retailers, pharmacies and newsagents). Virtually all businesses were allowed to reopen from 18 May onwards, with the exception of gyms and other sports facilities, which could only reopen from 3 June. In north-west Italy, restaurants were only allowed to reopen as from 25 May.

In the second quarter of the year, the Italian government granted a 30% tax credit on any management leases held (62% of Carmila's total portfolio), and a 60% tax reduction on other leases (38% of Carmila's portfolio) provided that sales for the business in April 2020 were at least 40% down on the April 2019 figure.

Businesses were not eligible for the aforesaid measures if their 2019 sales exceeded €5 million. The Italian government also introduced subsidised low-interest bank loans.

During the first lockdown, 6% of retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

Carmila outperformed its panels by 570 basis points in terms of footfall during this period.

Post-lockdown reopening (June-October)

Sales trends (excluding restaurant sales) were encouraging over the period (down 3%), driven by a good performance in Household Furnishings in particular (up 14%) and despite being affected by health restrictions. Culture, Gifts & Leisure sales fell 4%, Health & Beauty 10%, and Clothing & Accessories 11%.

Carmila outperformed its panels by 220 basis points in terms of footfall and by 50 basis points in terms of retailer sales during this period.

Second period of restrictions (November-December)

The second wave of the pandemic prompted the introduction of a curfew in the Piedmont and Lombardy regions as from 22 October, followed by a second lockdown as from 3 November and the introduction of a three-tier colour coding system (red, orange and yellow). In red zones, non-essential businesses were ordered to close (excluding take-away establishments, pharmacies and newsagents), while in orange zones, travel restrictions were imposed, allowing for the opening of non-essential businesses (excluding seated food service). In yellow zones, people are permitted to travel within the region and stores can remain open until 6 p.m. on Monday to Friday. Shopping centres in the orange and yellow zones are required to close on weekends.

Piedmont and Lombardy were coded “red” as from 3 November, followed by Tuscany on 18 November, placing 80% of Carmila’s network in a “red” zone. Piedmont and Lombardy were classified as “orange” zones as from 27 November.

In December, shopping centres were ordered to close at weekends and on bank holidays (including the day before), i.e., for 12 days out of 27. All stores except those in department stores reopened as from 14 December in Piedmont and Lombardy, and as from 21 December in Tuscany.

In the fourth quarter, the Italian government granted the same tax credits under the same leases and subject to the same condition (e.g., a decrease in sales versus April 2019 and sales under €5 million). However, the government introduced stricter rules for the categories of businesses eligible for financial assistance, and limited the sums available.

At the peak of the restrictions (during which non-essential businesses were closed), 53% of retailers remained open (decided at regional rather than national level).

In terms of footfall, Carmila outperformed its panels by 820 basis points during this second phase of restrictions.

Sales trends were downbeat, contracting 32% on account of the health measures. Sales declined in Household Furnishings (down 18%), Culture, Gifts & Leisure (down 29%) and Health & Beauty (down 36%). Clothing & Accessories sales also fell, retreating 39%.

Annual shopping centre footfall and retailer sales

Over the year as a whole (including lockdown periods), Carmila shopping centres in Italy outperformed their panels month-by-month by 320 basis points in terms of footfall, and by 430 basis points in terms of retailer sales.

Retailer sales were down overall in 2020, retreating by 26% owing to the health measures imposed on retailers.

This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 36%), Culture, Gifts & Leisure (down 29%) and Health & Beauty (down 31%). Trends in Ready-to-Wear sales were also impacted, contracting 35%. Household Furnishings proved the most resilient in 2020, with sales down 9%.

3.3.3. Leasing activity

Summary

Carmila's leasing activity was dynamic in 2020, with the Company signing 684 leases (11% of the rental base) for total minimum guaranteed rent of €36.1 million.

	31/12/2020							
	Leased vacant premises			Letting of extensions		Renewals		
(in thousands of euros)	Number of leases	Annual MGR	MGR versus appraisal rental values	Number of leases	Annual MGR	Number of leases	Annual MGR	Reversion
France	230	14,655	3.7%	14	1,016	153	9,401	1.6%
Spain	116	3,681	3.1%	7	342	127	5,062	2.8%
Italy	24	1,219	5.6%	-	-	13	772	5.4%
Total	**370**	**19,555**	**3.6%**	**21**	**1,358**	**293**	**15,235**	**2.2%**

	31/12/2019*						
	Leased vacant premises		Letting of extensions		Renewals		
(in thousands of euros)	Number of leases	Annual MGR	Number of leases	Annual MGR	Number of leases	Annual MGR	Reversion
France	254	15,679	48	3,805	162	10,146	9.0%
Spain	160	5,340	-	-	212	6,540	4.2%
Italy	22	1,481	-	-	16	845	1.5%
Total	**436**	**22,500**	**48**	**3,805**	**390**	**17,531**	**6.9%**

* In the 2019 Financial Report, MGR was presented net of re-leasing

The year was shaped by the slowdown in the first half prompted by the first wave of the pandemic, and by dynamic leasing activity in the second half of the year.

Business was robust in Carmila's three countries compared to 2019, with rent levels exceeding appraisal values and positive reversions on renewals, helping Carmila to maintain a stable rental base.

France

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

- 24% of leases signed in 2020 (rentals) were in Health & Beauty. Carmila intends to expand this strategic focus for development in order to strengthen the leading position of its centres and to diversify its merchandising mix.

A pharmacy is to open in six shopping centres, in Gennevilliers, Ormesson, Saint Brieuc, Anglet, Goussainville and Tarnos. Carmila continued to expand the number of opticians, by signing leases with Optic 2000 in Hérouville Saint Clair and Mondeville, Alain Afflelou in Segny, La Générale d'Optique in Annecy and Orléans Place d'Arc, Krys in Rethel, Lunettes pour Tous in Anglet, Vision Plus in Roanne, and Atol in Bourg en Bresse. The lease signed with We Audition in Torcy Collégien also enables Carmila to reinforce its presence in the paramedical segment.

Hair salons and barbers continue to base themselves with Carmila, like Pascal Coste in Nice Lingostière, Le Barbier in Laon, La Barbe de Papa in Saint Brieuc, La Boutique du Coiffeur in Laval, and

independent hairdressers in Nîmes and Port de Bouc.

Carmila also continues to attract a growing number of perfumeries and cosmetics retailers, with Nocibé signing two leases, one for the Bourg-en-Bresse shopping centre and the other for Charleville Mézières.

Carmila continues to expand the number of medical practices in its centres, thanks to the arrival of a medical practice in Sens Maillot, an independent dental practice in Gennevilliers, five Vertuo dental practices in Athis-Mons, Sartrouville, Torcy-Collégien, Reims Tinqueux and Champs-sur-Marne, and a veterinary practice in Ormesson.

- The Culture, Gifts & Leisure sector accounted for 28% of the leases signed, primarily with national players in mobile telephony. These include SFR in Toulouse Labège, Free in Puget sur Argens, Cholet, Evreux, Toulouse Labège, Pau Lescar, Liévin, Montluçon, Nevers Marzy, Ormesson, Thionville Geric, Torcy-Collégien and Vannes, Orange in Thionville Geric and Saint-Brieuc, Coriolos in Sartrouville, and Bouygues Télécom in Gruchet le Valasse, Aix-en-Provence, Grenoble Meylan and Hazebrouck.

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

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

- 31% of leasing activities during the year were in the Clothing & Accessories segment.

Lettings to major players in Ready-to-Wear include Cache-Cache in Orléans Cap Saran, Maison 1.2.3 in Torcy Collégien and Perpignan Claira, Promod in Laon, Jules in Rennes Cesson, Esprit in Labège and Jennyfer in Orléans Place d'Arc and Calais Coquelles.

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, Torcy Collégien and Ormesson, with RougeGorge in Laon, and with children's Ready-to-Wear brand Okaïdi in Salaise sur Sanne. Carmila also signed leases for 15 new stores with its partner Indémodable, a footwear retailer.

- The Food & Restaurants segment accounted for 12% of the leases signed in 2020, including with Au Bureau brasseries in Rennes Cesson and Nanteuil les Meaux.

Business also grew with international and specialty theme restaurants, including Pitaya in Calais Coquelles and Thai Break in Angers St Serge (Thai cuisine), Trattoria di papa (Italian cuisine) and Nachos (Mexican cuisine) in Labège, and DWD Burger, an American restaurant, in Goussainville. Four new leases were also signed with Holly's Diner, in Athis-Mons, Barentin, Hérouville and La Chapelle St Luc.

Finally, So Bio, an organic grocery storeà, is to open in Reims Tinqueux, La Romainville pâtisserie is to set up shop in Goussainville, and the L'Envie Gourmande, Boulangerie Louise and Boulangerie Baland bakeries will open in Athis-Mons, Denain and Auch, respectively.

- The remaining lettings are in Household Furnishings as well as Services, including pet retailer Maxi Zoo in Segny, the kitchen specialist Cuisine Privée in Torcy Collégien, Athis-Mons, Ormesson, Sartrouville and Flins-sur-Seine, and the electronics repairer Mobilax Store in Grenoble Echirolles and Saint Egrève.

Spain

The diversification of the merchandising mix is also proving successful in Carmila's Spanish centres:

- The Health & Beauty segment continues to grow, accounting for 22% of the leases signed in 2020. Our retail partner Centros Ideal signed three new leases to establish its aesthetics medical centres in Talavera as a joint venture, and in Rivas and Peñacastillo as a franchisee. Other establishments offering laser hair removal in Spain continued to increase their presence in Carmila shopping centres: a lease was signed with Lassersession/360º Clinics in Pontevedra, which adds to their existing five premises in other centres, while two Bedda branches are to open in San Sebastian and El Mirador, adding to the two branches currently located in Carmila centres.

- Clothing & Accessories represented 26% of leasing activity in 2020, an impressive figure considering the situation of the industry. The main retail brands to have signed leases with Carmila are

Mango in La Sierra, Prenatal in Holea, As Cancelas and El Alisal, and Stradivarius in As Cancelas.

- The Food & Restaurants segment accounted for a lower 15% of leases in 2020, with local restaurants on the rise. Several major chains signed leases with Carmila, including Taco Bell in Peñacastillo and Manolo Bakes in El Pinar and Alcobendas.

- Services accounted for 9% of leases signed in 2020, mainly with local brands with the exception of Inspiral, which is to open in Alcobendas and Tarrasa, adding two new outlets to their 12 existing sites.

- Culture, Gifts & Leisure accounted for 10% of the leases signed in 2020, including with pet retailer Crazypet for the Los Alfares and Peñacastillo centres. These two new store openings add to Crazypet's existing two stores. Crazypet represents strong growth potential for Carmila, and talks are currently in progress to form a joint venture. Elsewhere, leisure operator Flipa Jump, which specialises in trampolines, signed a lease for 1,540 sq.m. in Gran Sur.

- Household Furnishings accounted for 7% of leases signed in the year. Mattress retailers led the way, with two new leases signed with Bedland in Mostoles and La Sierra adding to their 11 existing outlets, and a fourth lease signed with Max Colchon. Home decoration and household specialist Sakito signed a lease to open a 3,640 sq.m. store in El Alisal.

Italy

In Italy, 37% of leases signed in 2020 concerned Clothing & Accessories, mainly with Ready-to-Wear brands including lingerie retailers Tezenis and Calzedonia Intimissi Uomo at Massa, or kidswear specialist Ido.

21% of the leases signed were in Services, with the photography studio Areafoto in Thiene, or the dry cleaning firm Lavenderia, also in Thiene. Food & Restaurants represented 21% of new leases in 2020, signed with Lino's Coffee in Vercelli and in Giussano and La Piadineria in Giussano among others.

The remaining leases were signed with Household Furnishings and Culture, Gifts & Leisure brands, including pet specialist Arcaplanet in Paderno and white goods retailer Unieuro in Paderno.

Temporary retail activity

The temporary retail activity focuses on providing space in Carmila centres for short to medium periods of up to one year. As part of a complementary approach to traditional stores, it provides visitors with the opportunity to discover a more innovative offer. Temporary retail activity is focused on two areas:

- Specialty Leasing;
- Pop-up Stores.

Due to the closure of shopping centres owing to the health crisis, revenues from Specialty Leasing and Pop-up Stores in Carmila's three countries declined by 10.5% compared to 2019.

	31/12/2020			31/12/2019			Change
(in thousands of euros)	Specialty Leasing	Pop-up Stores	Total SL+PS	Specialty Leasing	Pop-up Stores	Total SL+PS	%
France	4,582	1,510	6,092	5,555	1,604	7,159	-14.9%
Spain	5,222	200	5,422	5,689	260	5,949	-8.9%
Italy	1,225	-	1,225	1,213	-	1,213	1.0%
Total	**11,029**	**1,710**	**12,739**	**12,457**	**1,864**	**14,231**	**-10.5%**

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 adds value to the public areas of the centres. Specialty Leasing comprises two activities:

- the leasing of floor areas in shopping centres and car parks;

- an exclusive partnership with advertiser ClearChannel for digital communications in the Group's shopping centres.

The success of Specialty Leasing at Carmila stems from an intention to revisit the concepts presented in the arcades, focusing particularly on the quality and relevance of the concepts in light of the centre's offer in terms of duration, type and theme.

The first two months of 2020 saw an increase in event organisation 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 for national and international brands such as Engie, K par K, Ford and BMW.

Following the measures taken to combat the health crisis starting in March, events, short-term leases and Clear Channel France activities fell sharply. Nevertheless, long-term leases proved resilient. The end of the lockdown period saw the return of tenants in each country.

The second lockdown introduced in October prompted another decline. However, thanks to the unrelenting commitment of Carmila's teams, over 75% of retailers were able to open their Christmas "chalets" (stalls) as from 28 November in preparation for the 2020 Christmas campaign, in line with 2019. A total of 145 chalets were set up in 30 centres for the festive campaign, some of which were built using cardboard, thereby meeting recycled and recyclable sustainability criteria. Customers were delighted to see these chalets operating again in Carmila centres this Christmas.

Pop-up stores

Carmila also leverages the attractiveness of its shopping centres to open pop-up stores in premises of between 50 sq.m. to 3,000 sq.m., for leases ranging from 4 to 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. Tenants 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 the retailers' desire to move in for a longer term after a successful initial experience. This avenue for development, which complements Carmila's traditional leasing activity, enables the Company to revisit its merchandising mix and continue to opportunistically market vacant spaces, taking advantage of seasonality to offer limited-term leases to its customers.

During the year, Carmila continued to roll out the Repaire des Sorciers (Harry Potter-derived products) brand, with the opening in May of the seventh store in Orléans Cap Saran, and the planned arrival this summer of the eighth 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 many of the pop-up stores that had signed leases in Carmila centres to postpone their opening, and rent relief was granted to those that were forced to close during the lockdowns. Nevertheless, leases for pop-up stores continued to be signed during both lockdown periods.

During the first lockdown, the Pop-up Stores department developed new services which began to be rolled out in June. These new services include modular and eco furniture leasing in collaboration with Emmaüs, as well as videos to help prospect for future tenants.

Annual lettings were up by 20% year on year.

3.3.4. Structure of leases

With 6,282 leases under management at 31 December 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 €359.0 million at 31 December 2020.

The rental bases presented below have been adjusted to reflect the sale of Grugliasco.

Business was robust in the three countries compared to 2019, with rent levels exceeding appraisal values and positive reversions on renewals, helping Carmila to maintain a stable rental base.

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

	At 31/12/2020				At 31/12/19		
Country	Number of leases	Annualised contractual rent (€m)	% of total	Year-on-year change	Number of leases	Annualised contractual rent (€m)	% of total
France	3,489	239.5	66.7%	0.2%	3,537	238.9	66.2%
Spain	2,434	97.8	27.3%	-1.6%	2,446	99.4	27.5%
Italy	359	21.7	6.0%	-3.5%	364	22.5	6.2%
Total	**6,282**	**359.0**	**100%**	**-0.5%**	**6,347**	**360.7**	**100%**

Principal tenant retailers

At 31 December 2020, the 15 leading tenants accounted for 18.7 % of annualised rents, with no individual retailer accounting for 2.0% or more of gross rental income.

The table below shows the annualised rents and business segment of the 15 largest tenants at 31 December 2020.

	At 31/12/2020		
Tenant	Business segment	Annualised contractual rent (€m)	% of total
Inditex	Clothing & Accessories	6.3	1.8%
Alain Afflelou	Health & Beauty	6.2	1.7%
H&M	Clothing & Accessories	5.9	1.6%
Feu Vert	Services	5.7	1.6%
Orange	Culture, Gifts & Leisure	5.6	1.6%
Mcdonald`S	Food & Restaurants	4.8	1.3%
Jules Brice Bizzbee	Clothing & Accessories	4.4	1.2%
Flunch	Food & Restaurants	4.2	1.2%
Micromania	Culture, Gifts & Leisure	3.8	1.1%
Nocibe	Health & Beauty	3.8	1.1%
Camaieu	Clothing & Accessories	3.7	1.0%
Yves Rocher	Health & Beauty	3.5	1.0%
Celio	Clothing & Accessories	3.4	1.0%
Histoire D'Or	Culture, Gifts & Leisure	3.0	0.8%
Kiabi	Clothing & Accessories	2.9	0.8%
		67.2	**18.7%**

Breakdown of contractual rent by business segment on an annualised basis

The table below shows Carmila's annualised rents by business segment at 31 December 2020:

	At 31/12/2020			At 31/12/19		
Business segment	Number of leases	Annualised contractual rent (€m)	% of total	Number of leases	Annualised contractual rent (€m)	% of total
Clothing & Accessories	1,404	117.9	32.8%	1,483	123.3	34.2%
Culture, Gifts & Leisure	1,021	67.7	18.9%	1,023	66.7	18.5%
Health & Beauty	1,199	66.9	18.6%	1,195	64.7	17.9%
Food & Restaurants	866	46.9	13.1%	866	46.3	12.8%
Household Furnishings	289	30.2	8.4%	289	29.6	8.2%
Services	1,393	28.9	8.0%	1,386	29.5	8.2%
Other	110	0.5	0.1%	105	0.7	0.2%
Total	**6,282**	**359.0**	**100%**	**6,347**	**360.7**	**100%**

Carmila is seeking to diversify its rental base. The 134 basis points decrease in Clothing & Accessories rents as a proportion of total rents mainly benefited the Health & Beauty (up 69 basis points) and Culture, Gifts & Leisure (up 37 basis points) segments. The proportions of the rental base represented by the other sectors remained stable in terms of rent.

Breakdown of contractual rent by business segment 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 table below shows the breakdown of annualised rents between international, national, and local brands in 2019 and 2020:

	At 31/12/2020			At 31/12/19		
Categories	Number of leases	Annualised rent (€m)	% of total	Number of leases	Annualised rent (€m)	% of total
International brands	2,438	189.8	52.9%	2,557	193.7	53.7%
National brands	2,235	117.7	32.8%	2,279	114.6	31.8%
Local brands	1,609	51.5	14.4%	1,511	52.5	14.5%
Total	**6,282**	**359.0**	**100%**	**6,347**	**360.7**	**100%**

	At 31/12/2020		
Categories	France	Spain	Italy
International brands	53.0%	56.3%	35.7%
National brands	33.7%	26.9%	49.0%
Local brands	13.2%	16.8%	15.4%

Structure of leases

In France, commercial leases are entered into for terms that may not be shorter than nine years. The tenant has the right to terminate the lease at the end of each three-year period, subject to providing six months' notice prior to the end of the current period. However, leases with terms longer than nine years, such as those entered into by Carmila, which generally have terms of 10 or 12 years, may provide otherwise. The lessor's right to terminate the lease at the end of each three-year period is primarily limited to such purposes as construction, reconstruction, or raising the height of the existing building. In addition, the lessor is only legally entitled to terminate the lease if the lessee fails to meet its obligations.

In Spain, the term of the leases may be freely agreed on by the parties, as may methods of terminating,

extending, or cancelling the lease. Leases have an average term of between five and eight years. They provide for a minimum term of three to five years and additional terms of varying lengths, with tenants entitled to terminate the lease prior to the end of the current period, provided that they give between two and six months' notice. The lessor is generally bound to the lease until the end of the term agreed upon by the parties.

In Italy, leases that are subject to the real estate lease regime are entered into for a term of six years, renewable automatically for six years (and subject to a maximum term of 24 years), and their termination by the lessee may give rise to the payment of indemnities. The terms of leases subject to the rules of management leases or business leases vary, but are generally between five and seven years. Neither termination by the tenant nor termination by the lessor results in the payment of indemnities to the lessor.

Right to renegotiate

At 31 December 2020, the average lease term was 4.3 years, breaking down as 4.6 years in France, 4.2 years in Spain and 2.7 years in Italy.

The table below shows the expiry dates for commercial leases relating to the property portfolio for the 2020-2030 period (data at 31 December 2020):

		At 31/12/2020		
Lease expiry dates		**Number of leases**	**Maturity***	**Annualised contractual rent (€m)**
Expires 31/12/2020		743	0.0	39.3
	2021	779	0.5	30.9
	2022	605	1.6	29.8
	2023	555	2.5	24.0
	2024	578	3.6	32.7
	2025	482	4.6	24.2
	2026	536	5.7	31.3
	2027	492	6.6	40.0
	2028	481	7.6	33.9
	2029	381	8.6	25.2
	2030	289	9.5	20.9
Beyond 2030		361	11.9	26.8
Total		**6,282**	**4.3**	**359.0**

* Average remaining lease maturity in years.

In France, in addition to rent indexation in line with changes in various indices, the rent fixed when the lease is entered into can be revised at the request of one of the parties, subject to certain restrictive conditions. If the lease in question has a rent-indexation clause, which is the case for the majority of leases entered into in France, a rent revision can be requested whenever, due to the application of said clause, the rent is increased or reduced by over 25% as compared with the rent agreed upon at the inception of the lease. The resulting change in rent may not lead to increases that are greater, for a given year, than 10% of the rent paid in the previous year.

In compliance with the rules governing commercial leases, Carmila revalues rents when leases are renewed. In France, there is a cap removal provision for lease terms exceeding nine years. Since the introduction of the Pinel Law in France, changes in rent resulting from the removal of the cap may not lead to increases in rent greater than 10% in a given year versus the rent paid in the previous year. However, as this cap removal provision is not mandatory, leases may not include it.

Rents may also be renegotiated when the tenant is contemplating selling its leasehold right to an acquirer of its business. Although the rules governing commercial leases prohibit the lessor from opposing the tenant's sale of the leasehold right to the acquirer of its business, Carmila benefits

from pre-emption clauses in its commercial leases. Therefore, Carmila may exercise its pre-emptive right to acquire the business in the event that the premises could be re-let on better financial terms.

In Spain, the bases for renegotiating rent may be freely determined by the parties to the lease. Under certain leases, rent is revised automatically at the beginning of each tacit renewal of the lease, resulting in an increase in the minimum guaranteed rent.

In Italy, the terms of commercial leases can be renegotiated upon each expiry date, in order to replace real estate lease contracts with lease management contracts.

Basis for setting rents

Leases in France comprise either a fixed rent or a double-component rent, which is called a "variable rent". Variable rents are composed of a fixed portion, the minimum guaranteed rent (or annual base rent), and an additional variable rent calculated as a percentage of the tenant's annual sales, excluding taxes. In Spain, Carmila's leases include either a fixed rent or a double-component rent, similar to those under French leases. In Italy, the majority of leases include double-component rents similar to those under French and Spanish leases, with certain leases including only fixed rent. At 31 December 2020 in its three countries, Carmila had 4,794 leases with double-component rents and 1,488 leases with fixed rent only, representing 84.1% and 15.9% of annualised rents, respectively.

The table below shows the structure of Carmila's rents at 31 December 2020:

	At 31/12/2020		
	Number of leases	**Annualised rent (€m)**	**% of total**
Leases with variable rent clauses	4,794	302.0	84.1%
Of which leases with	*4,774*	*297.8*	*83.0%*
Of which leases with	*20*	*4.2*	*1.2%*
Fixed-rent only leases	1,488	57.0	15.9%
Total	**6,282**	**359.0**	**100.0%**

The minimum guaranteed rent under double-component leases is set by the lease contract. The additional variable rent represents the amount by which a specified percentage of the tenant's annual sales excluding taxes exceeds the minimum guaranteed rent. Different parameters are used to set rents, including (i) rents applied by rival shopping centres, (ii) the average rent for the shopping centre concerned (overall as well as per sector), (iii) the quality of the site, and (iv) an assessment of the prospective tenant's sales, performance and financial position.

3.3.5. Financial occupancy rate

	Financial occupancy (excl. strategic vacancies)	
Country	**31/12/2020**	**31/12/2019**
France	95.8%	95.9%
Spain	95.0%	96.4%
Italy	96.9%	98.8%
Total	**95.7%**	**96.3%**

At 31 December 2020, the consolidated financial occupancy rate of Carmila's assets was 95.7%, of which 95.8% in France, 95.0% in Spain and 96.9% in Italy.

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 appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies made necessary in order to carry out renovation, expansion, or restructuring projects within the shopping centres.

The impact of strategic vacancies is 2.4% in France, 3.5% in Spain and nil in Italy, which represents a consolidated impact for Carmila of 2.5% at 31 December 2020, higher than at 31 December 2019, where the consolidated impact was 1.8%. This increase is primarily due to the preparation of new extension projects currently being considered by Carmila.

3.3.6. Retailer occupancy cost ratio

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, the occupancy cost ratios for 2020 are not representative.

3.4. Corporate Social Responsibility

In 2020, Carmila strengthened and accelerated its CSR commitments, founded on three pillars.

3.4.1. Pillar 1: Here, we act for the planet

Carmila is strengthening its low-carbon strategy to align its operations with the national objectives set out in the 2015 Paris Agreement. This approach has been structured in two stages:

- Completing a greenhouse gases audit with the support of Ernst & Young, to identify pathways to improvement, impacts and how well they are being managed by Carmila.

- Preparing a strategic plan with the support of Carbone 4, to reduce Carmila's carbon footprint by focusing on (i) reducing energy use; (ii) deploying green mobility solutions to attenuate the impact of visitor transport; and (iii) conducting life cycle assessments for new construction.

Carmila has also initiated its strategic plan to assess the resilience of existing assets in addition to assets under construction, whose conclusions and deployment will be completed in 2021. By comparing projected natural hazards in 2050 with the potential vulnerability of Carmila's sites, the plan will identify the climate risks attendant to each asset, so that actions can be deployed to safeguard the quality of each one.

With regard to resource conservation, Carmila has decided to focus particular attention on biodiversity. Initial guidelines to protect biodiversity on shopping centre sites have been drafted and will annexed, in 2021, to landscaping maintenance contracts. Following on from the first BiodiverCity label earned by the Evreux site, the Nice Lingostière centre applied for the same certification in 2020 as part of its extension project.

In the area of waste reduction, after the initial target of recovering and reusing 50% of all waste produced was met in 2020, ambitious new objectives were set, so that by 2025 all of the waste produced will be recovered and reused, either to make new materials or as fuel.

Conserving water resources is also one of Carmila's objectives. By 2022, all the sites will report data on precisely defined consumption indicators, with the goal of limiting water use in the common areas to one litre per visitor per year by 2025.

Lastly, as of 31 December 2020, BREEAM certification had been earned on 88% of the portfolio by value, exceeding the target for the year of 75%. As a result, in line with the CSR strategy's new environmental objectives, Carmila has decided to have all its centres certified by 2025.

3.4.2. Pillar 2: Here, we act for the local regions

The nature of Carmila's assets means that it is a property company with deep roots in each local community. Its shopping malls serve as effective centres of community life that help to drive local economic growth and foster closer social ties.

To sustainably anchor its operations in each community, Carmila is prioritising its relationships with both tenants and shoppers. As a result, the "Here, we act for the local regions" component of the CSR strategy is built around two commitments:

- a B2B commitment, in particular by supporting retailers in developing their business.
- a B2C commitment, by deepening each centre's local roots and deploying an array of initiatives to delight shoppers/visitors and raise their awareness.

In 2020, Carmila decided to step up its employment support schemes by expanding the range of solutions available, including a partnership with the start-up Student Pop. In 2021, Carmila is committed to conducting at least one jobs programme in each of its centres.

In an unprecedented socio-economic environment, Carmila and Carrefour joined forces to support local employment. Carrefour was authorised by France's Employment and Vocational Training agency to allocate part of its revitalisation budget (funds it was required to pay to the host region to help revitalise local employment after laying people off) to support retailers in opening new stores in the malls. During the year, synergies between the two companies enabled 51 jobs to be created in Carmila malls.

The Reasoned Offering, which is an integral part of Carmila's Purpose Statement, is aligned with emerging customer expectations for more responsible shopping, while corresponding to the unique selling propositions offered by local retailers. Its expansion is being led by previously owned goods, which have proven to be a powerful source of new growth for ready-to-wear fashion.

In 2020, Carmila's centres' Reasoned Offering was enhanced with new stores, such as Patatam, an online used clothing retailer, in the BAB2 mall, and Avril, an organic cosmetics boutique, in Vannes. Carmila centres also regularly hold week-long "farmers market" events during which local farmers can market their produce and other products directly to visitors.

Maintaining close ties with retailers is a major issue for Carmila, and this past year in particular, supporting them in improving their attractiveness and visibility was a priority for the centre executive, leasing and marketing teams. In 2020, for example, the kiosk system was expanded with new support tools, such as targeted events and partnerships.

Listening to customers is a fundamental aspect of being able to meet their expectations more effectively, pro-actively respond to their needs and identify pathways to improvement.

As planned, customer satisfaction surveys were conducted in 2020 in the three host countries, resulting in an average satisfaction rate of 87.3%[2].

During the year, as the health crisis unfolded, dialogue was intensified and the customer experience was adjusted. Health protocols and stricter safety measures were deployed in every centre. These actions were reassuring for consumers, with 93% of visitors considering that following the measures taken by their shopping centres, they felt safe there.

For Carmila, social responsibility is also expressed through initiatives that benefit people and the environment. CSR events are a way to raise awareness of these issues among employees, retailers and shoppers. In 2020, 80% of shopping centre managers organised at least one CSR event, focusing on such issues as community outreach, public health, waste reduction and second-hand goods.

Pop-up venues were organised with victim support associations, so that their teams could efficiently respond to and care for victims. Since 20 August 2020, for example, the Pau Lescar centre has partnered with the Du Côté des Femmes association to offer a weekly drop-in service discreetly accessible by women who are victims of domestic violence.

[2] The surveys were carried out in France and Spain. As the contribution of Italy is not material to the Group average, its exclusion does not show in the 2020 data.

3.4.3. Pillar 3: Here, we act for employees

Employee engagement is a key factor in Carmila's successful growth. This collective engagement has been nurtured and consolidated through a wide variety of initiatives for all employees, both upon induction and throughout their career.

To address the many challenges and expectations of its employees, particularly young talent, human resources policies are structured around three main objectives:

- Encouraging a diversity of profiles from the hiring phase, with particular attention to upholding workplace equality.

- Developing the potential of employees from induction through every phase of their careers, including promotions and transfers.

- Enhancing employee engagement in co-building Carmila's future through competitive compensation policies, sincere social dialogue and practical solutions to make work-life easier.

In 2020, Carmila undertook a number of commitments to support diversity, inclusion and workplace equality:

- A disability agreement was signed in June 2020 to devise policies to hire and retain people with disabilities and to raise awareness of disability issues among the entire workforce.

- During the year Carmila began working with Welcome To The Jungle, a recruitment website that enables companies to reach out to job applicants through videos and interviews.

- The workplace equality index stood at 84/100 in 2020, well on the way to the targeted 90/100 in 2022.

- In 2020, 100% of departments were trained in the new CSR strategy.

- A new working from home agreement was signed with the trade unions on 20 December 2019, based on one day of home working per week, or exceptionally up to two days a week in agreement with the manager. In addition, the health crisis prompted Carmila to facilitate work-from-home arrangements across the organisation, first in March and then in November during the second lockdown.

3.5. Digital marketing

Since its creation in 2014, Carmila has implemented a distributed marketing strategy that equips every shopping centre with the finest marketing and digital tools on the market. This strategy was further ratcheted up as the health crisis unfolded, with each centre receiving state-of-the art solutions to support local retailer tenants. This is steadily improving their ability to advertise their offers and news across their catchment areas, so as to increase tenant revenue in normal times and support their initiatives during the health crisis.

Distributed marketing proved to be particularly effective during the lockdowns, which forced stores other than Carrefour hypermarkets and shops selling essential goods to close. It enabled Carmila to demonstrate responsiveness and flexibility in keeping customers informed about the exceptional shopping conditions, while maintaining a reassuring, caring relationship and sharing new local initiatives to support the banners, whether closed or open for business.

Distributed marketing, which transforms each centre into a hyper-local precision marketing channel, is possible thanks to close collaboration:

- Centrally, with marketing and digital technology experts who build the applications and define best practices;
- Locally, with the shopping centre teams, who know their catchment areas best and use the applications every day.

These local teams can also leverage digital resources that are actionable both locally and nationally:

- A database of geo-located customers, with 3.5 million contacts in each centre's catchment area (24.6% more than in 2019). This resource is being expanded, in particular, by data collected from a network of in-centre gaming terminals in France and Italy, which were used by more than 651,184 players over the year (except during the lockdowns when the system was suspended). In France alone,

for example, the big Christmas game enabled Carmila to add nearly 58,000 new opt-ins to its customer databases.

• A locally managed mobile-first website. 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, up-to-date Google My Business pages. In 2020, these pages were searched more than 79 million times by customers of Carmila's centres in France, Spain and Italy.

• A fast-growing social media presence. With more than 7.5 million interactions on its Facebook posts (up 47% on 2019) and a +85.1% increase in the cumulative number of Instagram followers over the year, centre managers have powerful tools to reach their tenants' customers.

Carmila also provide its retailers and centre managers with a wide array of services to support more agile response.

For example, new resources were added to NESTOR, the digital platform for local teams and retailers, to enable them to meet both day-to-day needs and some much more unusual ones:

• The early 2020 integration of the "Print" platform, which makes it very easy to order eco-responsible marketing collateral (POS displays, flyers, banners, etc.), enabled retailers to source "protective measures" posters in a few clicks.

• The integration of an innovative local student hiring solution reduced the cost of event greeters by nearly 30%.

• Product reservation, which allows customers to reserve retailer merchandise via the click & collect page on the centre websites.

Moreover, the agility of both the digital ecosystem and Carmila's teams supported effective communication with customers and retailers to offer them reassurance and information, encourage mutual support and strengthen ties among all the centre stakeholders.

In 2020, for example:

• the centres sent out 40 million emails to their local customer mailing list (8% less than in 2019, in view of the increased use of social media), with 49% broader coverage than in 2019;

• they also posted 55,000 comments on their Facebook pages (23.3% more than in 2019), reaching more than 249 million users.

The fact that centres continued to communicate during the lockdowns had a very positive impact on customers, as shown by the survey conducted by Shopping Lab, Carmila's consumer panel. According to 95% of the surveyed customers, such communication shows that the centres have responded to the situation, whilst 89% of them consider that it demonstrates their centre's ability to understand their needs.

What's more, all of Carmila's retailer tenants can access the expertise of the head office and centre-based teams via the Kiosk, a support service that assists them in their marketing campaigns, relays their promotional offers, adds impact to their events and sales, etc.

During the lockdowns, almost all of the open stores received some form of digital support. During the first lockdown in France, for example, 1,002 Kiosk operations were conducted to support retailers (versus 860 in the same period of 2019).

In Spain:

• In mid-April, corporate marketing teams and centre management introduced the "Reserva & Compra" programme, which contacts mall retailers directly to encourage them to introduce new omni-channel services with the following implementation support:

- Online sales or appointment-making, via WhatsApp or phone
- Home delivery
- Contactless payment
- Store pick-up in the car park

3.6. Growth drivers

3.6.1. Carmila Retail Development

Innovation is at the heart of Carmila's projects. It is also reflected in the promotion of employee initiatives through a business development unit, Carmila Retail Development, which is dedicated to supporting the start-up and growth of promising new concepts. In this way, Carmila gives financial support to talented, dynamic entrepreneurs who wish to set up stores in its centres, following in the footsteps of men's hair salon La Barbe de Papa, shoe store Indémodable, e-cigarette retailer Cigusto, and the Centros Ideal aesthetic clinics in Spain.

By the end of 2020, these four partner banners had opened 76 stores in Carmila shopping centres in France and in Spain, representing annual rental income of €2.8 million. These same brands have also opened 35 stores with third-party lessors. In all, the partnerships are operating 111 stores in France and in Spain.

The health crisis has underscored the professionalism of Carmila's partner entrepreneurs, who have successfully protected their businesses while maintaining their ambitious expansion drive, with no less than 40 openings in 2020. For Carmila, the challenge is to act as an increasingly engaged partner with these talented entrepreneurs to support them as they grow.

Lastly, in 2020, Carmila Retail Development took the opportunity to reach out to such premium partners as digital native vertical brands (DNVB) concept store Marquette and food services group Toc Toque, which will open its next outlet in the extension to the Nice Lingostière centre. In the pipeline for 2021 are new partnerships with, for example, local food service, home furnishings and sporting goods banners that will enhance the appeal of Carmila centres and meet the needs of its customers for new products and experiences.

3.6.2. Healthcare strategy

To speed the transformation of its shopping centres, Carmila is continuing to roll out healthcare-related offering aligned on two actions:

1. The PharmAlley joint venture is supporting dispensing pharmacists who want to deploy new pharmacy shop models based on larger footprints, optimised layouts, a broad assortment of over-the-counter merchandise, pricing, trade, etc. In 2020, the new model was deployed at the pharmacy in the Laon centre. In 2021, the Annecy Brogny shopping centre will welcome an expanded pharmacy with more than 500 sq.m. of retail space. Another project is in the works at a shopping mall in the 18th arrondissement of Paris. Three further expansions are under consideration.

2. Carmila has joined with dental care specialists to deploy their Vertuo concept as part of the Dentalley joint venture, created in July 2020 to offer dental practice solutions in centres accounting for a third of the portfolio. Ten openings are already scheduled for 2021 in Athis-Mons, Perpignan, Sartrouville, Nantes (two openings), Brest, Toulouse, Champs sur Marne, Torcy Collégien and Reims.

The objective is to open 60 dental care centres over the next five years.

3.6.3. LouWifi

Carmila is also enhancing the appeal of its centres by installing fibre optical networks in them, via its subsidiary LouWifi. Leveraging its network integration expertise, LouWifi installs and maintains WiFi and other low-voltage networks in Carmila centres, providing retailer tenants, shoppers and visitors with very high-quality, ultra-fast broadband connections.

LouWifi had a very good year in 2020, led by the excellent performance of its WiFi service, which was highly appreciated by centre visitors, while also helping to expand the opt-in database in France and Spain.

LouWifi plays a role in driving the digital transformation of Carmila's shopping centres, in particular by supporting the very fast installation of

gaming terminals, sound systems and footfall counting systems.

Lastly, LouWifi is enabling Carmila to centralise mall energy management systems, feeding through to a 2,000 MWh reduction in power use in 2020.

3.6.4. Lou5G

Through its Lou5G subsidiary, which owns the land, Carmila leases plots to telecom operators for their mobile mast installations.

Created in 2019, the business was gradually structured in 2020, with 67 leases signed and active during the year. An additional pipeline for this activity is currently being identified. In addition, Lou5G, which has acquired expertise and capabilities widely recognised by its operator customers, is now positioned as a tower company that builds the towers and retains ownership, thereby increasing per-site rental income.

In this way, Carmila is contributing to the French government's goal of reducing the digital divide and supporting the nationwide drive to eliminate dead zones, improve 4G coverage and prepare for the 5G roll-out.

3.7. Comments on the year's activity

3.7.1. Specific negotiations related to the health crisis

	Waiver impact (months of rent)	Rent waivers (€m)	% negotiations signed	% negotiations in exchange for extension	Average reversion of MGR in event of extension of non-cancellable term
France	1.9	45.7	65%	42%	-2.7%
Spain	1.9	17.8	80%	94%	-0.2%
Italy	2.8	6.1	93%	6%	0.0%
Total	**1.9**	**69.6**	**70%**	**55.0%**	**-1.7%**

Owing to the health crisis, Carmila held negotiations with its tenants with a view to supporting them during this period and helping to safeguard their cash resources through rent relief.

In some cases, negotiations resulted in relief being granted with no concessions agreed by the tenant in return, directly in accordance with the government measures described in the "Shopping centre openings, footfall and retailer sales by country" section. Other negotiations resulted in relief being granted with or without concessions by the tenant on a case-by-case basis, so as to find a situation beneficial to all parties concerned. Concessions granted by tenants in exchange for rent relief consisted mainly of extensions of the non-cancellable term of the lease or commitments to sign new leases. Rent relief granted in exchange for concessions in the form of an extended lease term represented 55.0% of all rent relief granted (excluding very small businesses).

In all, the impact of the various relief granted by Carmila was €69.6 million, representing 1.9 months' rent. A total of €52.2 million in rent relief was granted during the first wave of the pandemic, including €9.6 million to support very small businesses. The impact of the second wave was €17.3 million, including €4 million in tax income in the form of a tax credit.

70% of the negotiations have been concluded and signed, and relief arrangements that remain unsigned were written down to take account of the health crisis. Carmila recognised the full impact of the relief granted during the first two waves of the health crisis in its 2020 financial statements.

3.7.2. Accounting for the impacts of the health crisis

The specific impacts of the health crisis are set out in the table below:

(in thousands of euros)	France	Spain	Italy	Group
Income statement impact of the health crisis	**(36,573)**	**(13,742)**	**(6,432)**	**(56,747)**
- of which impact of rent waivers	(23,197)	(819)	(4,743)	(28,759)
- of which allowances on receivables	(11,338)	(9,678)	(1,274)	(22,290)
- of which variable rent adjustments (VR)	(1,160)	(2,843)		(4,003)
- of which specialty leasing (SL)	(878)	(402)	(415)	(1,695)
Income statement impact beyond 2020 **(IFRS 16 impact: rent-free periods to be deferred)**	**(11,127)**	**(7,282)**	**(131)**	**(18,540)**
Total health crisis impact (first and second waves)	**(47,700)**	**(21,024)**	**(6,563)**	**(75,287)**
Total health crisis impact (excl. VR and SL)	**(45,662)**	**(17,779)**	**(6,148)**	**(69,589)**
Impact (in months of rents)	1.9	1.9	2.8	1.9

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(3,011)**	**(3,403)**	**(569)**	**(6,983)**
Rent waivers with concessions (IFRS 16)	(973)	(158)	(154)	(1,285)
Variable rent adjustments	(1,160)	(2,843)		(4,003)
Specialty Leasing impact	(878)	(402)	(415)	(1,695)
Impact on net rental income	**(33,562)**	**(10,339)**	**(5,863)**	**(49,764)**
Rent waivers without concessions	(26,230)	(661)	(4,589)	(31,480)
Allowances on receivables	(11,338)	(9,678)	(1,274)	(22,290)
Tax credit	4,006			4,006
Total impact in 2020	**(36,573)**	**(13,742)**	**(6,432)**	**(56,747)**

For relief granted in exchange for an extension of the non-cancellable term of the lease, the impact of the relief is recognised over the firm term of the lease in question, in accordance with IRFS 16. The impact is recognised as a deduction from gross rental income, representing €1.3 million in 2020. A total of €18.5 million will be recognised over the next few periods, of which €6 million in 2021.

The impact of other relief not resulting in an extension of the non-cancellable term of the lease is written off in full against net rental income in the 2020 financial statements, for an amount of €31.5 million.

The provision for variable rents was adjusted in an amount of €4.0 million, while the impact on Specialty Leasing revenues was €1.7 million.

Disputed receivables were written down in full in 2020.

3.7.3. Gross rental income and net rental income

Gross rental income

Gross rental income	31/12/2020		31/12/2019
		Year-on-year change	
(in thousands of euros)	**Gross rental income**	reported	**Gross rental income**
France	239,011	-1.4%	242,408
Spain	88,724	-4.9%	93,259
Italy	22,009	-7.5%	23,790
Total	**349,744**	**-2.7%**	**359,457**

Gross rental income fell by 2.7% in 2020. The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (negative €1.3 million impact in 2020), (ii) the decline in Specialty Leasing revenues (negative €1.7 million impact), and (iii) adjustments made to provisions for variable rents for the months during which stores were closed (negative €4.0 million impact). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Adjusted for these impacts, gross rental income fell by just 0.8%, reflecting the resilience of the rental basis in a challenging health environment.

Net rental income

Net rental income	31/12/2020					31/12/2019
		Year-on-year change				
(in thousands of euros)	**Net rental income**	**like for like (total)**	like for like (specific Covid-19 impact)	like for like (excl. specific Covid-19 impact)	**reported**	**Net rental income**
France	185,340	-16.9%	-16.3%	-0.6%	-17.3%	224,131
Spain	71,000	-18.4%	-15.8%	-2.6%	-18.6%	87,216
Italy	14,497	-33.2%	-29.5%	-3.7%	-33.6%	21,837
Total	**270,837**	**-18.4%**	**-17.0%**	**-1.4%**	**-18.7%**	**333,184**

Net rental income fell by €62.3 million in 2020. This decline is attributable to the factors described below.

The total like-for-like change was a decrease of €61.3 million, or 18.4% over the year. Covid-specific impacts had a negative €56.7 million (17.0%) impact, as detailed in the "Accounting for the impacts of the health crisis" section. Organic growth as adjusted for these specific impacts was a negative 1.4%.

The positive contribution of rent indexation included in like-for-like growth is 1.5%.

Growth generated by lease extensions represents €1.0 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 2020, since no acquisitions were carried out in either 2019 or 2020.

Other impacts reduced net rental income by €2.1 million, or 0.6%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

3.7.4. Rent collection

	31/12/20				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**Full-year 2020**
Gross collection rate (total amount invoiced)	94.9%	53.3%	84.9%	74.3%	**77.3%**
Rent waiver/Covid-19 provision rate	2.4%	38.9%	8.1%	24.5%	**18.0%**
Bad debt rate	2.7%	7.8%	7.0%	1.3%	**4.7%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Gross collection rate (France)	97.0%	47.0%	92.0%	73.0%	**78.0%**
Net collection rate (adjusted for rent waivers/Covid-19 provision)	97.3%	87.0%	92.4%	98.3%	**94.3%**

At 31 December 2020, out of the total charges and rents invoiced in 2020, 77.3% had been collected, 18.0% had been waived (and written off in the consolidated financial statements) and 4.7% are pending collection (of which 3.0% have been recovered at 15 February 2021).

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94.3%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

3.7.5. Overhead costs

Overhead expenses *(in thousands of euros)*	**31/12/2020**	**31/12/2019**
Income from property management, administration and other activities	10,277	10,477
Other income	254	1,407
Payroll expenses	(25,939)	(25,145)
Other external expenses	(35,532)	(39,579)
Overhead expenses	**(50,940)**	**(52,840)**

Overhead costs fell 3.6% in 2020 compared to the previous year. This €1.9 million decrease is attributable to the cost savings made in the wake of the health crisis.

Revenues from property management, administration and other activities, and other income from services

These revenues include fees on new leases, marketing fund services to develop and increase the attractiveness of the centres (retailers' associations), amounts rebilled to the Carrefour group relating to the share of payroll expenses for shopping centre managers, and LouWifi fees.

These revenues totalled €10.5 million in 2020, a decrease of €1.4 million (11.4%) compared to 2019. The fall in revenues is primarily due to the absence in 2020 of the LouWifi fees that had been earned in 2019.

Payroll expenses

Payroll expenses amounted to €25.9 million in 2020: the 3.2% increase takes into account the year-on-year rise in the average number of employees. Carmila has also set up preferred share allotment plans for senior executives and some employees. The benefits granted under these plans are recognised as payroll expenses.

Carmila has been determined to keep all of its staff working from home and avoid furlough during the lockdowns to enable it to stay in touch with its tenants and consumers, and make preparations for the reopening of the shopping centres at the end of each lockdown period.

Other external expenses

Other external expenses totalled €35.5 million in 2020, a decrease of 10.2%, or €2.9 million, in overhead expenses. This decrease can be explained by the health environment, which led to a fall in lease management fees resulting from the rent relief granted to tenants, and by a reduction in

certain communication and marketing expenses (trade shows, conventions, events, etc.).

The main components of other external expenses are marketing expenses, chiefly relating to the ramp-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.). They also include appraisal fees for the property portfolio, legal and tax fees, statutory auditors' fees, financial reporting and advertising fees, travel expenses and compensation allocated to directors.

3.7.6. EBITDA

EBITDA

(in thousands of euros)	31/12/2020	31/12/2019
Operating income	**(122,862)**	**191,788**
Elimination of change in fair value	334,267	90,172
Elimination of attributable change in fair value of equity-accounted companies	5,419	- 1,813
Elimination of capital (gains)/losses	2,382	610
Depreciation of tangible and intangible assets	999	1,812
EBITDA	**220,205**	**282,569**

EBITDA came in at €220.2 million in 2020, a year-on-year decline of 22.1% (€62.4 million), in line with the fall in net rental income.

3.7.7. Net financial expense

Financial expense (in thousands of euros)	31/12/2020	31/12/2019
Financial income	917	559
Financial expenses	(57,634)	(57,277)
Cost of net debt	**(56,717)**	**(56,718)**
Other financial expense	(18,903)	(1,389)
Net financial expense	**(75,620)**	**(58,107)**

Carmila reported a net financial expense of €75.6 million for 2020.

The cost of net debt amounted to €56.7 million in 2020, stable compared to the previous year. The rise in interest payable on bonds (a new €100 million bond issued in June 2020 and a €300 million bond issued in December 2020) and the amortisation of debt issuance premiums and costs was offset by lower interest expenses on bank borrowings (repayment of €100 million in December 2019 and of €200 million in December 2020), and by optimised hedging positions.

"Other financial expense" fell sharply, owing to the €5.4 million premium paid following the bond redemption in November 2020 and the adjustment made pursuant to IFRS 9: the proceeds resulting from the one-year extension of the maturity of the bank loan and the expense related to adjusting the effective interest rate on the debt to its original rate, had a net negative impact of €10.5 million in the year.

3.8. EPRA performance indicators

3.8.1. EPRA earnings and recurring earnings

EPRA Earnings *(in thousands of euros)*	31/12/2020	31/12/2019
Net income attributable to owners	**(198,756)**	**108,213**
Adjustments to calculate EPRA earnings	**359,742**	**110,329**
(i) Changes in value of investment properties, development properties held for investment and other interests	334,267	90,172
(ii) Gains and losses on disposals of investment properties	65	610
(iii) Gains and losses on disposals of trading properties	-	-
Tax on disposal gains and losses	-	-
(v) Negative goodwill/goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out costs	19,164	596
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	785	20,764
(ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation)	5,419	(1,813)
(x) Non-controlling interests in respect of the above	41	-
EPRA earnings	**160,986**	**218,543**
Average number of shares	140,198,573	136,408,412
EPRA earnings per share	**1.15**	**1.60**
Fully diluted number of shares	140,603,774	136,705,504
Diluted EPRA earnings per share	**1.14**	**1.60**
Other adjustments	**6,623**	**1,989**
Debt issuance costs paid net of amortised costs(1)	3,302	3,835
Other non-recurring expenses or (income)(2)	3,321	167
Recurring earnings	**167,609**	**222,545**
Year-on-year change	***-24.7%***	
Recurring earnings per share	**1.20**	**1.63**
Year-on-year change	***-26.7%***	

Recurring earnings totalled €167.6 million for 2019, down 24.7% year on year. Earnings per share are down by 26.7% on 2019, at €1.20.

Comments on the other adjustments

(1) Debt issuance costs amortised on a straight-line basis over the term of the debt are restated; debt issuance costs paid during the year are added back to recurring earnings.

(2) Other non-recurring expenses comprise the cost of shelving projects to expand the Laval and Vitrolles sites, as well as depreciation and amortisation expenses.

3.8.2. EPRA Cost Ratio

EPRA cost ratio

(in millions of euros)		31/12/2020	31/12/2019
(i)	Operating costs	73.9	77.7
	Overhead expenses	*63.9*	68.0
	Property expenses	*10.1*	9.7
(ii)	Net service charge costs/fees	10.1	10.2
(iii)	Management fees less profit element	(10.3)	(10.5)
(iv)	Other operating recharges intended to cover overhead expenses	(0.3)	(1.4)
(v)	Share of costs of equity-accounted companies	1.4	1.0
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	0.0
(vii)	Service charge costs recovered through rents	(1.8)	(1.8)
	EPRA costs (including direct vacancy costs)	**73.1**	**75.3**
(viii)	Direct vacancy costs	9.6	7.8
	EPRA costs (excluding direct vacancy costs)	**63.5**	**67.4**
(ix)	Gross rental income less ground rents	293.0	359.5
(x)	Less: service fee and service charge costs components of gross rental income	(1.8)	(1.8)
(xi)	Plus: share of Joint Ventures (gross rental income less ground rents)	3.8	4.9
	Gross rental income	295.1	362.6
	EPRA cost ratio (including direct vacancy costs)	**24.8%**	**20.8%**
	EPRA cost ratio (excluding direct vacancy costs)	**21.5%**	**18.6%**

The EPRA Cost Ratio deteriorated by 290 basis points in 2020 compared to 2019 (excluding vacancy costs). However, as restated for the impacts of Covid-19, the ratio comes out at 18.1%, down 50 basis points on the previous year.

Overhead expenses include other external expenses, payroll expenses, and other operating income and expenses.

Property expenses include losses on irrecoverable receivables along with maintenance and repair costs that are not rebilled to tenants. Property expenses do not include the impacts of the health crisis (rent-free periods and impairment recognised against trade receivables).

The impacts of the health crisis were deducted from gross rental income.

3.8.3. Going concern NAV, EPRA NAV and EPRA NNNAV

Going concern NAV

EPRA NAV including transfer taxes (Going concern NAV)

(in thousands of euros)	31/12/2020	31/12/2019
Equity attributable to owners	**3,262,743**	**3,540,434**
Elimination of fair value of hedging instruments	34,158	25,556
Elimination of deferred tax on unrealised capital gains	177,316	175,685
Transfer taxes	302,987	317,358
EPRA NAV including transfer taxes (Going concern NAV)	**3,777,204**	**4,059,034**
Year-on-year change	*-6.9%*	
Diluted number of shares comprising the share capital at period end	142,616,879	136,705,504
Diluted Going concern NAV per share (in euros)	**26.48**	**29.69**
Year-on-year change	*-10.8%*	

Net asset value (NAV) including transfer taxes adds back property transfer taxes in order to obtain a NAV valuation based on a going concern assumption.

At 31 December 2020, going concern NAV per share was €26.48, down 10.8% compared to 31 December 2019. and factors in the €1.00 per-share dividend paid in July 2020.

EPRA NAV

EPRA NAV *(in thousands of euros)*	**31/12/2020**	**31/12/2019**
Equity attributable to owners	**3,262,743**	**3,540,434**
Elimination of fair value of hedging instruments	34,158	25,556
Elimination of deferred tax on unrealised capital gains	177,316	175,685
Transfer tax optimisation	55,477	57,723
EPRA NAV (excluding transfer taxes)	**3,529,694**	**3,799,399**
Year-on-year change	*-7.1%*	
Diluted number of shares comprising the share capital at period end	142,616,879	136,705,504
EPRA NAV (excl. transfer taxes) per diluted outstanding share (in euros)	**24.75**	**27.79**
Year-on-year change	*-10.9%*	

EPRA NAV is an indicator of the fair value of a property company's assets. EPRA NAV is calculated by taking equity attributable to owners (which corresponds to consolidated net assets) which, stated at fair value, includes unrealised capital gains or losses on assets. EPRA NAV as calculated based on a going concern assumption does not deduct the deferred tax associated with unrealised capital gains on assets or financial instrument fair value adjustments.

Transfer taxes are optimised because the duty is calculated as though it related to asset sales. However, certain assets are owned by individual companies and would be sold in a share deal in the event of a disposal. The duty would then be calculated and paid on a lower base amount (net assets).

At 31 December 2020, EPRA NAV per share was €24.75, down 11.1% compared to 31 December 2019.

EPRA NNNAV

Triple Net Asset Value (EPRA NNNAV) *(in thousands of euros)*	**31/12/2020**	**31/12/2019**
EPRA NAV	**3,529,694**	**3,799,399**
Fair value of hedging instruments	- 34,158	- 25,556
Fair value of fixed-rate debt	- 79,432	- 66,320
Actual taxes on unrealised capital gains/losses	- 91,323	- 91,323
Triple Net Asset Value (EPRA NNNAV)	**3,324,781**	**3,616,200**
Year-on-year change	*-8.1%*	
Diluted number of shares comprising the share capital at period end	142,616,879	136,705,504
Diluted Triple Net Asset Value (EPRA NNNAV) per share (in euros)	**23.31**	**26.45**
Year-on-year change	*-11.9%*	

Triple net asset value (EPRA NNNAV) is calculated by deducting from EPRA NAV the fair value of fixed-rate debt and the tax that would be owed in the event of liquidation (deferred taxes in Italy and deferred taxes for single-asset companies in Spain are restated; a share deal would be favoured in the event of a disposal). Financial instruments are also included at market value.

At 31 December 2020, EPRA NNNAV per share was €23.31, down 11.9% year on year. A dividend of €1.00 per share was paid in July 2020.

New EPRA NAV indicators at 31 December 2020

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,262,743**	**3,262,743**	**3,262,743**
Include/Exclude:*				
(i)	Hybrid instruments	-	-	-
	Diluted NAV	**3,262,743**	**3,262,743**	**3,262,743**
Include:*		-	-	-
(ii.a)	Revaluation of investment property [1](if IAS 40 cost option is used)	-	-	-
(ii.b)	Revaluation of IPUC (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	**3,262,743**	**3,262,743**	**3,262,743**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	(177,316)	(177,316)	
(vi)	Fair value of financial instruments	(34,158)	(34,158)	
(vii)	Goodwill as a result of deferred tax	-	-	-
(viii.a)	Goodwill as per the IFRS balance sheet		-	-
(viii.b)	Intangible assets as per the IFRS balance sheet		4,470	
Include:*				
(ix)	Fair value of fixed-rate debt			(79,432)
(x)	Revaluation of intangible assets at fair value	-		
(xi)	Transfer taxes	302,987	55,304	
	NAV	**3,777,204**	**3,525,224**	**3,183,311**
	Fully diluted number of shares	142,616,879	142,616,879	142,616,879
	NAV per share	**26.48**	**24.72**	**22.32**
	Bridge with previous definition of NAV			
	Going concern NAV	**3,777,204**		
	Reinstatement of intangible assets as per the IFRS balance		4,470	
	EPRA NAV		**3,529,694**	
	Reinstatement of deferred taxes in Italy and for single asset companies in Spain			85,993
	Reinstatement of optimised transfer taxes			55,477
	EPRA NNNAV			**3,324,781**

[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 recei

[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.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability shou

* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

New EPRA NAV indicators at 31 December 2019

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,540,434**	**3,540,434**	**3,540,434**
Include/Exclude:*				
(i)	Hybrid instruments	-	-	-
	Diluted NAV	**3,540,434**	**3,540,434**	**3,540,434**
Include:*		-	-	-
(ii.a)	Revaluation of investment property [1](if IAS 40 cost option is used)	-	-	-
(ii.b)	Revaluation of IPUC (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	**3,540,434**	**3,540,434**	**3,540,434**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	(175,685)	(175,685)	
(vi)	Fair value of financial instruments	(25,556)	(25,556)	
(vii)	Goodwill as a result of deferred tax	-	-	-
(viii.a)	Goodwill as per the IFRS balance sheet		-	-
(viii.b)	Intangible assets as per the IFRS balance sheet		4,262	
Include:*				
(ix)	Fair value of fixed-rate debt			(66,320)
(x)	Revaluation of intangible assets at fair value	-		
(xi)	Transfer taxes	317,358	57,723	
	NAV	**4,059,034**	**3,795,136**	**3,474,114**
	Fully diluted number of shares	136,705,504	136,705,504	136,705,504
	NAV per share	**29.69**	**27.76**	**25.41**
	Bridge with previous definition of NAV			
	Going concern NAV	**4,059,034**		
	Reinstatement of intangible assets as per the IFRS balance		4,262	
	EPRA NAV		**3,799,398**	
	Reinstatement of deferred taxes in Italy and for single asset companies in Spain			84,362
	Reinstatement of optimised transfer taxes			57,723
	EPRA NNNAV			**3,616,199**

3.8.4. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant space (€m)	17.7	9.2	0.2	27.1
Rental value of property portfolio (€m)	266.6	108.2	23.8	398.5
EPRA vacancy rate	**6.6%**	**8.5%**	**1.0%**	**6.8%**
Impact of strategic vacancies	2.4%	3.5%	0.0%	2.5%
Financial vacancy rate	**4.2%**	**5.0%**	**3.2%**	**4.3%**

The EPRA vacancy rate at 31 December 2020 was 6.8%, an increase of 120 basis points compared to end-2019.

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

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

3.8.5. EPRA net initial yields: EPRA NIY and EPRA "topped-up" NIY

EPRA NIY and EPRA Topped-up NIY *(in millions of euros)*	**31/12/2020**	**31/12/2019**
Total property portfolio valuation (excluding transfer taxes)	**5,844.9**	**6,104.1**
(-) Assets under development and other	100.0	68.8
Completed property portfolio valuation (excluding transfer taxes)	**5,744.9**	**6,035.3**
Transfer taxes	303.0	317.4
Completed property portfolio valuation (including transfer taxes) (A)	**6,047.9**	**6,352.7**
Annualised net rents (B)	**345.2**	**353.0**
Impact of rent-free periods	8.2	5.0
Topped-up net annualised rents (C)	**353.4**	**358.0**
EPRA Net Initial Yield (B)/(A)	**5.7%**	**5.6%**
EPRA Topped-up Net Initial Yield (C)/(A)	**5.8%**	**5.6%**

The weighted average residual duration of these rental arrangements is 1.5 years.

3.8.6. EPRA investments

Capital expenditure on investment properties broken down by country is disclosed separately for acquisitions, developments and extensions, or capital expenditure on the portfolio on a like-for-like basis.

	France		**Spain**		**Italy**		**Total**	
In thousands of euros	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Acquisitions	6,696	5,390	0	2,969	0	0	6,696	8,359
Developments	-	-	-	-	-	-	-	-
Like-for-like portfolio	63,127	106,934	9,444	4,206	692	1,179	73,263	112,319
Extensions	*34,708*	*68,296*	*0*	*0*	*10*	*442*	*34,718*	*68,738*
Restructuring	*11,388*	*19,552*	*0*	*0*	*0*	*0*	*11,388*	*19,552*
Lease incentives	*7,250*	*9,899*	*2,642*	*1,914*	*44*	*45*	*9,936*	*11,858*
Renovations	*3,200*	*3,926*	*6,772*	*2,223*	*228*	*30*	*10,200*	*6,179*
Maintenance capex	*6,581*	*5,261*	*30*	*69*	*410*	*662*	*7,021*	*5,992*
Total capital expenditure	**69,823**	**112,324**	**9,444**	**7,175**	**692**	**1,179**	**79,959**	**120,678**

The "Acquisitions" item chiefly relates to the acquisition of business premises at Sartrouville as well as land in connection with Lou5G, a company developing and installing 5G technology (relay antennae).

"Extensions" essentially relate to assets situated in France. These developments concern:

- the extension of the Nice Lingostière shopping centre for €27.4 million in 2020, with an opening planned for the first quarter of 2021;
- the creation of a food court in Toulouse/Purpan for €3.2 million, which opened in March 2020.

"Restructurings" mainly concern restructuring at Cité Europe in Coquelles (€6.8 million), Draguignan (€1.6 million) and Thionville (€1.0 million).

"Renovations" concern assets that are being extended or restructured in France, mainly Nice Lingostière. Renovation work has begun on the sites acquired in Spain in 2018.

4. FINANCIAL POLICY

4.1. Financial resources

Bonds

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

In addition, on 30 November 2020, Carmila issued a new €300 million, 6.5-year bond paying a coupon of 1.625%. The issue was 5.5 times oversubscribed, enabling Carmila to obtain an attractive price compared to its bonds listed on the secondary market, and to place the new bonds with high-quality investors.

Carmila also redeemed €52.1 million worth of bonds maturing in September 2023 and €56.9 million worth of bonds maturing in September 2024.

Carmila's outstanding bond debt of €1,600 million at 31 December 2019 thus fell to €1,891 million at 31 December 2020.

Bank borrowings

Carmila has a syndicated loan agreement with a pool of banks, maturing in June 2024. On 16 December 2020, Carmila repaid €200 million of this loan, bringing the amount outstanding to €470 million at 31 December 2020 from €670 million at end-2019.

Compliance with covenants at 31 December 2020

The loan agreement, along with the syndicated credit facilities, are subject to compliance with covenants as assessed at the end of each interim and annual reporting period. At 31 December 2020, Carmila complied with its covenants.

Interest coverage ratio (ICR)

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

Loan-to-value ratio (LTV)

The ratio of consolidated net debt to the fair value of investment assets including transfer taxes must not exceed 0.55 on the same dates; the ratio may be exceeded for one half-year period.

Debt maturity

The average maturity of Carmila's debt was 4.5 years at 31 December 2020.

Interest coverage ratio

(in thousands of euros)		31/12/2020	31/12/2019
		12 months	12 months
EBITDA	**(A)**	**220,205**	**282,569**
Cost of net debt	**(B)**	**56,717**	**56,718**
Interest coverage ratio	**(A)/(B)**	**3.9**	**5.0**

Loan-to-Value Ratio

(in thousands of euros)		31/12/2020	31/12/2019
Net financial liabilities	**(A)**	**2,274,560**	**2,241,766**
Gross financial liabilities		2,586,039	2,416,000
Net cash		(311,329)	(174,088)
Short-term investments		(150)	(146)
Property portfolio including transfer taxes	**(B)**	**6,147,872**	**6,421,482**
Loan-to-Value Ratio including transfer taxes	**(A)/(B)**	**37.0%**	**34.9%**
Property portfolio excluding transfer taxes	(C)	5,844,892	6,104,124
Loan-to-value ratio excluding transfer taxes	(A)/(C)	38.9%	36.7%

Net debt / EBITDA

(in thousands of euros)		31/12/2020	31/12/2019
Net debt	**(A)**	**2,274,560**	**2,241,766**
EBITDA	**(B)**	**220,205**	**282,569**
Net debt/EBITDA	**(A)/(B)**	**10.3**	**7.9**

Gross financial liabilities do not include issuance costs for bonds and other debt, current and non-current derivative instruments with a negative fair value, bank facilities and IFRS 16 financial liabilities.

Other financing

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 Banque de France on 29 June 2017 and updated every year. At 31 December 2020, the outstanding amount under this programme was €225 million, with maturities mainly ranging from 1 to 12 months.

Revolving credit facility

Carmila has a €759 million revolving credit facility with leading banks, maturing on 16 June 2024.

On 20 March 2020 amidst the health crisis, Carmila drew down €200 million under this facility. The amounts drawn were repaid in two phases: €100 million was repaid on 26 May 2020 and the remainder on 9 July 2020.

No amounts were outstanding under Carmila's revolving credit facility at 31 December 2020.

Breakdown of financial liabilities by maturity and average interest rate

In thousands of euros	Gross amount	Starting date	Lease maturity
Bond issue I- Notional amount €600m, coupon 2.375%	547,900	18/09/2015	18/09/2023
Bond issue II- Notional amount €588m, coupon 2.375%	543,139	24/03/2016	16/09/2024
Bond issue III- Notional amount €350m, coupon 2.125%	350,000	07/03/2018	07/03/2028
Bond issue IV- Notional amount €300m, coupon 1.625%	300,000	30/11/2020	30/05/2027
Private placement I- Notional amount €50m, coupon 1.89%	50,000	06/11/2019	06/11/2031
Private placement II- Notional amount €100m, coupon 3.000%	100,000	26/06/2020	26/06/2029
Loan agreement	470,000	16/06/2017	16/06/2024
Commercial paper	225,000	31/12/2016	16/06/2024
Total	**2,586,039**		

At 31 December 2020, Carmila's debt had an average maturity of 4.5 years and an average interest rate of 1.9%, taking account of hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and non-utilisation fees for undrawn credit lines). The average interest rate excluding hedging instruments was 1.8%.

4.2. Hedging instruments

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

Carmila's policy is to hedge its variable-rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up plain vanilla instruments, interest rate swaps or options, which are eligible for hedge accounting.

To optimise its hedging, on 12 November 2020 Carmila cancelled one fixed-rate borrower swap maturing in 2030 with a notional amount of €25 million, and received a balancing cash payment of €0.3 million. To maintain optimal hedging, on 12 November 2020 Carmila set up a floor maturing in 2022 for a nominal amount of €25 million by paying a premium of €0.2 million. Carmila also extended the maturity of two swaps: a swap for a notional

amount of €60 million now matures in December 2029 (versus June 2024 previously), and a swap for a notional amount of €75 million also now matures in December 2029 (versus September 2025 previously).

At 31 December 2020, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- five fixed-rate borrower swaps at three-month Euribor for a notional amount of €385 million, with the swap covering the longest term expiring in December 2030;

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

These hedging instruments are still in place and are accounted for as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing statement of financial position at their market value, with any changes in fair value attributable to the effective portion of the hedge recorded in shareholders' equity (OCI) and the ineffective portion taken to income.

The fixed-rate position represents 88% of gross debt at 31 December 2020 (including swaps and a swaption collar) and 92% including caps.

4.3. Cash

(in thousands of euros)	31/12/2020	31/12/2019
Cash	180,228	178,172
Cash equivalents	140,035	-
Cash and cash equivalents	**320,263**	**178,172**
Bank facilities	(8,934)	(4,141)
Net cash	**311,329**	**174,031**

4.4. Rating

On 27 March 2020, as part of an industry-wide review, S&P affirmed "BBB" rating while revising the Company's outlook from stable to negative.

4.5. Dividend policy

In addition to legal requirements, Carmila's dividend policy takes into account various factors including its earnings, financial position and the implementation of its objectives.

Where appropriate, dividends will be paid by Carmila out of distributable income and also out of issuance premiums.

Note that in order to benefit from the SIIC (real estate investment trust) regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of its income as a SIIC and its distributable income):

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

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), and offered shareholders an option to receive the dividend payment in shares. In all, 46.7% of shareholders took up this offer. Carrefour and institutional shareholders on the Board of Carmila, representing 78% of the share capital, chose to receive 50% of their dividend in shares.

A proposal will be made to the General Meeting of Shareholders on 18 May 2021 to approve a dividend of €1 per share for the financàial year 2020, with the option of payment in shares.

4.6. Shareholders' equity and share ownership

In thousands of euros	Number of shares	Share capital	Issuance premium	Merger premium
As of 1 January 2020	**136,681,843**	820,091	520,611	1,608,558
Dividend – GM of 29/06/2020	**-**	-	-	(117,531)
New shares issued	**139,306**	836	(836)	-
Stock dividend	**5,795,730**	34,774	28,862	154
At 31 December 2020	**142,616,879**	**855,701**	**548,637**	**1,491,181**

At 31 December 2020, the share capital was made up of 142,616,879 shares, each with a par value of six euros (€6), fully subscribed and paid up. The share capital is composed of 142,357,425 class A shares, 120,148 class B shares, and 139,306 class C shares.

The class C shares were issued on 16 May 2020 as part of Carmila's preferred share allotment plan for its key employees and corporate officers. This capital increase was charged against issuance premiums in an amount of €836 thousand.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), representing a total payout of €136,563 thousand. A total of €117,531 thousand was charged against the merger premium and €19,032 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €72,926 thousand was paid in cash and €63,637 thousand was paid in shares, resulting in the issuance of 5,795,730 class A shares with a value of €10.98 per share.

Carmila's share capital is held by several of its long-term partners. At 31 December 2020, its largest shareholder is the Carrefour group, which holds 35.4% of Carmila's share capital and includes Carmila in its financial statements using the equity method. Carrefour is developing a strategic partnership with Carmila, aimed at revitalising and transforming the shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Predica group, which holds 9.6% of Carmila's share capital.

Carmila SA's shares have been listed for trading on compartment A of Euronext Paris since 1 January 2018.

5. ADDITIONAL DISCLOSURES

5.1. Updated risk factors

Investors should consider all of the information set forth in this document, including the following risk factors. These risks are, as of the date of this document, those which the Group considers would be likely to have a material adverse effect on the Group, its business, financial position, result of operations or outlook, should they occur.

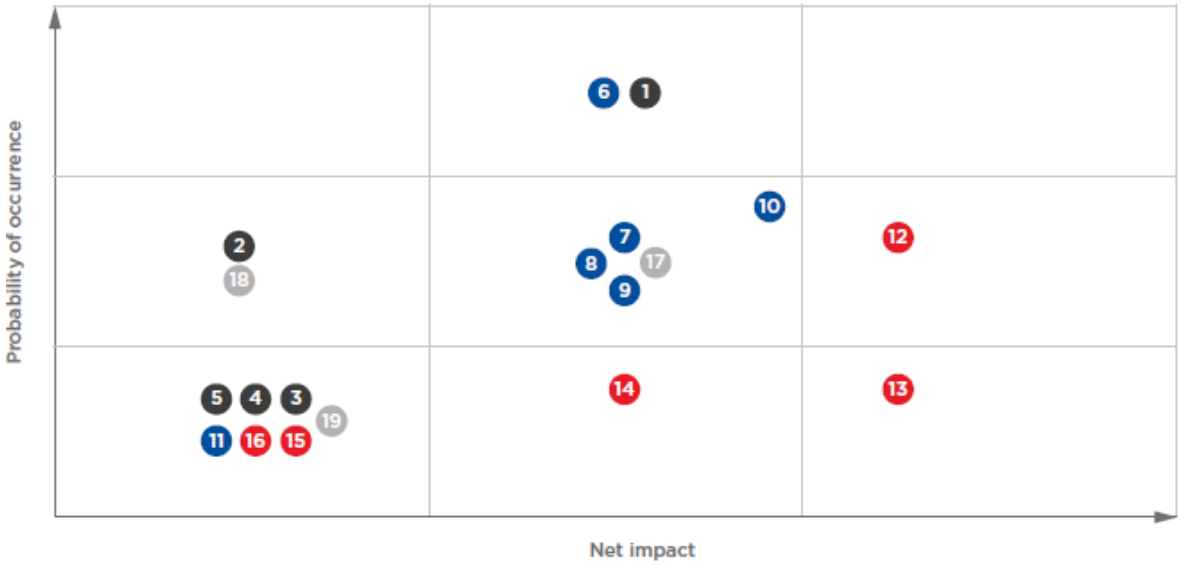
The Group is exposed to different risks that may have a material effect on its business, financial position or result of operations. The risk mapping is presented to and approved by the Audit Committee every year, which verifies the comprehensiveness of risk monitoring and oversees risk management. The risk mapping may be amended based on action plans that are implemented or new risks identified.

In accordance with Prospectus Regulation III[3] that was adopted in June 2017 by the European Parliament and entered into force on 21 July 2019, Carmila updated the Group risk matrix in 2019, which incorporates the specific major risks to which it is exposed. These risks, selected according to their "gross" impact and likelihood before taking into account risk management controls and policies, are nevertheless presented in the matrix below based on their estimated "net" impact in terms of both severity and occurrence, i.e., after considering all of the measures taken by the Group to manage them along with any internal and external factors that mitigate the risks.

Carmila has identified 19 specific and major risks which are grouped into four categories, ranked, and presented in decreasing level of importance within each category, based on their probability of occurrence and potential impact.

	Probability of occurrence	Net impact
CATEGORY 1: RISKS RELATING TO CARMILA'S BUSINESS SECTOR		
1. Changes in the commercial real estate market	●●●	●●
2. Changes in consumer trends	●●	●
3. Competitive environment	●	●
4. Geographic exposure of the portfolio	●	●
5. Changes in the socio-economic environment	●	●
CATEGORY 2: RISKS RELATING TO CARMILA'S BUSINESS		
6. Relationship with and exposure to retail brands	●●●	●●
7. Counterparty risk	●●	●●
8. Strategic partnership with the Carrefour group	●●	●●
9. Property development	●●	●●
10. Health, safety and security including the risk of health crisis (Covid-19 type)	●●	●●
11. Information system security	●	●
CATEGORY 3: REGULATORY, LEGAL AND TAX RISKS		
12. Town planning and environmental regulations	●●	●●●
13. Regulations applicable to SIICs	●	●●●
14. Regulations on commercial leases	●	●●
15. Applicable regulations on the security and use of personal data	●	●
16. Ethical risks	●	●
CATEGORY 4: FINANCIAL RISKS		
17. Access to financing	●●	●●
18. Rise in financing cost	●●	●
19. Access to equity market	●	●

[3] Regulation (EU) no. 2017/1129 of the European Parliament and of the Council of 14 June 2017.



CATEGORY 1:
RISKS RELATING TO CARMILA'S BUSINESS SECTOR

1. Changes in the commercial real estate market
2. Changes in consumer trends
3. Competitive environment
4. Geographic exposure of the portfolio
5. Changes in the socio-economic environment

CATEGORY 2:
RISKS RELATING TO CARMILA'S BUSINESS

6. Relationship with and exposure to retail brands
7. Counterparty risk
8. Strategic partnership with the Carrefour group
9. Property development
10. Health, safety, security including the risk of health crisis (Covid-19 type)
11. Information system security

CATEGORY 3:
REGULATORY, LEGAL AND TAX RISKS

12. Town planning and environmental regulations
13. Regulations applicable to SIICs
14. Regulations on commercial leases
15. Applicable regulations on the security and use of personal data
16. Ethical risks

CATEGORY 4: FINANCIAL RISKS

17. Access to financing
18. Rise in financing cost
19. Access to equity market

1. Changes in the commercial real estate market

●●● ●●

Risk identification and description

Market conditions impacted over the long term by negative expectations about the future of shopping centres could lead to a decline in the value of the Group's assets, and particularly in their appraisal values, if appraisers take into account increases in exit rates and/or in discount rates for projected future cash flows, or if future cash flows are revised downwards. At 31 December 2020, the value of the Group's assets including transfer taxes was €6.15 billion. Appraisal values are reassessed by independent appraisers every six months.

A drop in liquidity on the real estate transaction market resulting from a decline in investor interest in the shopping centre asset class could also affect the value of the assets.

As a result, the Company could see a decline in its ability to finance its growth through the disposal of assets, use of new financing or placement of new shares on the market.

Risk management and mitigation

The Group has put together multi-disciplinary teams specialised in managing shopping centres adjoining hypermarkets that are located in the heart of local communities in France, Spain and Italy.

These teams work on bolstering the attractiveness and value of Carmila's shopping centres by actively managing the retail offering, engaging in marketing, and implementing targeted asset management initiatives.

These initiatives aim to increase the attractiveness of Carmila's shopping centres, draw more visitors and boost retailer sales.

They help to:

- safeguard the yield on its assets by sustaining occupancy rates and the market level of rent;
- be selective in terms of which assets the Group purchases and keeps, in order to maintain a high-quality, attractive portfolio;
- implement asset management initiatives (renovations, restructurings, extensions) that help increase the assets' value.

The Group's rental values are resilient due to the terms of the commercial leases signed in the three countries (between 5 and 12 years), which guarantee rental income and provide the Group with good visibility as to future cash flows; this is further supported by legislation that protects the lessor in the event of unpaid rents, particularly in France.

The geographic distribution of Carmila's portfolio exposes it to different investment markets that may behave differently.

2. Changes in the socio-economic environment

●●● ●●

Risk identification and description

Since the business of retailers in shopping centres and that of Carmila (indirectly) relates to consumption, shopping centres could see a drop in sales in the event of a long-term downward trend in consumption due to:

- potential demographic factors (decline in birth rates);
- a drop in the economy's growth rate;
- greater unemployment;
- an actual or perceived reduction in households' purchasing power;
- a decline in household consumption for any other reason;
- a continuation of the Covid-19 pandemic and the measures taken to mitigate the associated health risks (social distancing, restrictions on visitor numbers, curfews, closure of stores selling "non-essential" goods, etc.);
- a new pandemic associated with high fatality rates or triggering a major health crisis.

Shopping centre activity may also be disrupted by major local or national socio-political events (social movements or strikes) affecting footfall and consumption.

Risk management and mitigation

In this context, Carmila's positioning affords it a certain degree of protection:

- its physical proximity to a hypermarket powerhouse ensures regular footfall and familiarity with the shopping centre among visitors;
- the portfolio's diversity in terms of geography and type of shopping centre mitigates the exposure;
- operating in eurozone countries ensures greater economic stability;
- the prices of and uses for the products and services on offer focus on daily needs and many essential services;
- the availability to retailers of online reservation or click & collect services when operating under sub-optimal conditions;
- free online and offline retailer marketing support aimed at promoting the products and services on offer, keeping consumers up-to-date with all the latest news, encouraging visits from the catchment area and boosting sales.

Carmila's shopping centres are everyday shopping centres visited several times a month by customers who tend to repeat their

For Carmila, if such a situation were to continue for an extended period, this could lead to:

- an increase in the number of retailers in difficulty and an increase in cases of receivership or liquidation;
- a decline in the occupancy rates of its shopping centres (at 31 December 2020, the Group's consolidated financial occupancy rate excluding strategic vacancies was 95.7%);
- a decrease in gross rent collected and in market rents.

behaviour and find the essential services and products they need on a recurring basis.

In addition, as a lessor, Carmila is not directly affected by a drop in consumption and footfall.

The structure and term of commercial leases offer Carmila stability and good visibility as to the collection of its rent.

The vast majority of lease contracts in the portfolio feature minimum guaranteed rent. At 31 December 2020, leases based on variable rents alone, with no minimum guaranteed rent component, represented just 1.2% of total Group rents.

3. Changes in social consumption trends

Risk identification and description

Consumption in general and retail activities as a whole are facing new societal trends such as:

- the growth of e-commerce;
- changes in consumer habits (driving, convenience, shifting use of transport, etc.) and purchasing habits (second-hand, recycling, etc.);
- new emerging consumer trends ("deconsumerism", rejection of mass markets, the importance of sustainability when selecting brands and uses, etc.).

Carmila has to address these new trends and adapt its shopping centres and products/services accordingly. A failure to adapt could lead to:

- a loss of attractiveness of Carmila's shopping centres and a decline in footfall and retailer sales;
- a decline in occupancy rates;
- a decline in brand awareness;
- a decrease in rental values, rent and the value of the Group's assets.

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Risk management and mitigation

- Carmila's assets have always been rooted in their regions and an integral part of the local economic fabric, in areas that are now embedded in cities. These are local assets, both in the geographic sense and in terms of use. As the centres adjoin a food powerhouse (hypermarkets), they are guaranteed regular footfall, and the sites' local roots and teams make them an actor in everyday life and a partner for customers and visitors as well as for local authorities and organisations.
- The retail and service offering of Carmila's shopping centres is continually being adapted to meet the real or perceived needs of customers and residents in the catchment area. The shopping centres offer a convenient, practical solution that satisfies daily needs (food, supplies, services).
- Studies of customers and residents in the catchment area are conducted several times a year to understand their needs and views, and to adapt the offering of each centre accordingly.
- The leasing and asset management teams adapt the merchandising mix of each shopping centre to changing national and local consumer trends, identifying new retail brands and new purchasing habits.
- The expansion of Specialty Leasing and Pop-up stores allows Carmila to swiftly adapt to new trends and customer demands.
- Digital marketing with a web-to-store approach was developed from the outset by Carmila's teams, which have built up well-regarded expertise in this area along with effective tools. In addition to attracting customers and visitors to the shopping centres, this approach aims to penetrate the markets overlooked by the internet, such as meeting immediate purchasing needs, grouping several types of purchases for click & collect, developing complementary and horizontal sales, creating familiarity with the site, and in particular offering easy access and free parking.

4. Competitive environment

Risk identification and description

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Risk management and mitigation

Carmila operates in a competitive environment that needs to be analysed at local level and varies in intensity, depending on the catchment area.

Carmila needs to increase its appeal in every city in which one of its shopping centres is located, draw new customers and retain existing ones, and also monitor and anticipate its competitors' initiatives.

Some cities may also have an excess of commercial space on offer.

In these circumstances, Carmila could:

- fail to adequately anticipate its competitors' initiatives;
- adopt unsuccessful marketing or leasing strategies;
- see the local leadership of some of its centres deteriorate.

Potential consequences could be:

- a decline in retailer sales;
- a decline in rent and occupancy rates;
- a decrease in the values of assets whose commercial attractiveness has diminished.

- Thanks to the history of the Carrefour group, Carmila's sites have historically occupied the position of leader or joint leader in their catchment area in the vast majority of cases.
- Carmila regularly tracks the satisfaction of its shopping centre customers and retailers through customer surveys and mystery shoppers, and endeavours to reach out to residents of the catchment area who are not yet customers, developing digital marketing tools to draw them in and encourage them to visit the centres.
- Carmila is diligent about maintaining the quality of its shopping centres from an architectural (i.e., through renovations), technical and health perspective, strengthening their competitive position through extensions and refurbishments, and adapting the retail offering to the specific needs of each catchment area. Carmila’s leasing teams are therefore based within each region so that they are able to develop the appropriate local retail solutions for each shopping centre.
- Carmila's leasing and asset management teams anticipate local competitive developments and adjust the retail offering and trade channels accordingly, along with the digital and physical advertising plans for each shopping centre. They constantly look to identify the retail brands and activities best suited to the needs of each area, the size of the shopping centre and the competitive environment.
- Each year, Carmila rolls out local digital marketing initiatives targeting retailers (B2B) and customers (B2C). These initiatives aim to boost the appeal of each shopping centre and increase retailer sales.

5. Geographic and industry exposure of the portfolio

Risk identification and description

Carmila conducts its business and has shopping centres in Europe, and could therefore be exposed to risks relating to:

- loss of value or revenue due to concentration in a given country or region;
- country-specific socio-economic risks.

Risk management and mitigation

- Carmila's portfolio is made up of diverse types of shopping centres that vary based on the size of the surrounding catchment areas.
- The portfolio consists of 215 shopping centres distributed uniformly across France, Spain and Italy (mostly in Northern Italy, one of the country's most prosperous areas).
- Carmila’s shopping centres include major regional shopping centres (80 to 150 stores), large shopping centres (40 to 79 stores) and local shopping centres (20 to 39 stores). It does not have significant unit exposure to supra-regional sites (more than 150 stores).
- The concentration risk associated with Carmila's unit exposure is low, since the broad geographic distribution of its centres greatly reduces this risk. At 31 December 2020, Carmila's largest asset represented 4.7% of the portfolio's value including transfer taxes and 4.0% of annualised net rental income from leases.

6. Health, safety and security, including risks associated with a Covid-19-type health crisis

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Risk identification and description

The Group is subject to various obligations in connection with the operation of its shopping centres, particularly those related to buildings open to the public ("ERP").

In addition, the ramp-up of terrorist acts in Europe increases the risks in all buildings open to the public and requires those buildings to implement procedures that adjust to these changing circumstances.

Carmila is also exposed to natural disaster risks in its shopping centres that could cause harm to its customers, its retailers and its employees.

Risk management and mitigation

In order to mitigate these risks and their consequences, a compliance and internal control manager reporting to the General Secretary is responsible for coordinating the actions of the different departments in implementing preventive measures (defining operating and emergency procedures, training, etc.) and protective measures such as:

- regular and ad-hoc audits of sites and preventive systems;
- initial and ongoing training for all stakeholders, especially staff in charge of implementing and monitoring safety and security procedures;
- formalised emergency procedures for the main security, safety and health risks;
- ongoing review and improvement of procedures.

In addition, since buildings open to the public are subject to specific regulations regarding safety, accessibility and fire procedures, the following measures are in place:

- the legal and real estate operations teams keep a constant watch on any changes in laws and regulations resulting from government, local authorities (Prefectures, Departmental Fire and Rescue Services) and professional bodies (French shopping centre trade body [CNCC], etc.);
- the legal and real estate operations teams participate in official working groups in charge of drawing up or updating directives or regulatory requirements;
- the latest regulatory requirements (Construction and Housing Code, accessibility regulations, etc.) are incorporated into the building design;
- multi-year investment budgets are drawn up, anticipating statutory periodic inspections or routine maintenance work for buildings and equipment in particular;
- only ERP-accredited service providers are used;
- safety committees are prepared upstream with all stakeholders concerned.

These procedures are implemented by specialised teams, assisted by the local on-site teams (managers of shopping centres and real estate operations, safety and security staff, etc.).

The geographic diversity of Carmila's portfolio (215 sites, three countries) allows these risks to be mitigated for the Group as a whole. No single site represents a material exposure for the Group within the portfolio.

Risk of a Covid-19-style health crisis

A major health crisis, such as the Covid-19 crisis, is likely to have a lasting and profound impact on the business of one or more geographical areas, to an extent which is difficult to predict. Such a crisis could disrupt the operation of shopping centres owned by the Group.

Regulatory or legislative measures resulting from such a crisis could modify the usual access of visitors, employees, service providers or suppliers to the shopping centres.

These same measures could also change how the management or support functions carry out their duties at the Group's headquarters.

Such a situation would have the following effects:

- modifying, restricting or temporarily interrupting shopping centre operations;
- modifying, restricting or temporarily interrupting the activity of support services or of suppliers and providers of essential services that allow shopping centres to operate;
- modifying, restricting or temporarily interrupting the activity of retail operators in the centres and potentially endangering their survival;
- as a result, deferring, restricting or interrupting the lessor's collection of rents and charges;
- generating non-recurring expenses linked to managing the crisis.

In order to respond to an exceptional health crisis risk such as that caused by Covid-19, a Business Continuity Plan (BCP) has been designed. The BCP includes:

- a reminder of the purpose and challenges related to the Business Continuity Plan;
- a list and analysis of the activities and functions deemed essential for the Company to continue operating during a crisis;
- a list of identified measures implemented to ensure that these essential activities and functions can continue to operate, including:
    - identifying in real time the persons responsible for implementing and managing these measures, specifying their contact details, functions and roles, as well as the persons capable of replacing them where necessary,
    - defining alternative *modus operandi* enabling the business to continue operating, including the competencies of the teams able to remain on-site (Shopping Centre Management and Real Estate Operations departments) and remote working, with almost all employees equipped with a computer, a mobile phone and remote access to servers and business software,
    - a shared crisis unit, responsible for coordinating crisis initiatives and comprising all functions deemed essential for the Company to continue operating;
- the conditions and procedures for resuming normal activity after the crisis.

In parallel with this plan, measures have been put in place to offset the economic impact of the reduction or interruption of activity for the Group and its tenants:

- support for tenants (temporary deferrals of rents and charges in particular) in order to allow business continuity, regardless of whether or not tenants can continue operating during the crisis period;
- measures allowing stores that remain open to continue their activity and welcome their customers in the appropriate conditions (hygiene, comfort, safety, compliance with legal measures, etc.);
- optimisation of operating costs (interruption of non-essential services during periods of reduced activity, switched-off or reduced heating and lighting in non-operational areas of the shopping centres, etc.);
- deferral of non-essential investments (except investments to comply with applicable regulations or safety protocols).

The 2020 health crisis allowed Carmila to adapt and improve the procedures provided for in its current Business Continuity Plan.

Carmila has a strong financial profile with significant undrawn credit facilities and access to the banking, bond and

commercial paper markets. This enables it to meet any short-term liquidity needs it may have as a result of any such crisis.

7. Relationship with and exposure to retail brands

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Risk identification and description

The business and success of Carmila's shopping centres largely reside in the teams' ability to choose the best retail brands and activities for the catchment area and the competitive environment, and the retailers that can best help enhance and safeguard the attractiveness of each centre.

Carmila may also be faced with, or may have to anticipate, a loss in its retail brands' commercial appeal. At a time when customers are increasingly seeking variety, change and innovation, some retail brands might not be able to adapt their concept quickly enough and would therefore lose attractiveness and sales.

An optimum selection of brands and retailers, and their good fit with the local area, are key to helping Carmila's business thrive, as they impact:

- the default rate of the retail brands and the bad debt rate;
- footfall, attractiveness and retailer sales in the shopping centres;
- the leadership of the shopping centre;
- the value of Carmila's assets over time.

Risk management and mitigation

Since its inception, Carmila has sought out diverse activities and retail brands for its shopping centres, and has adapted its merchandising mix to the size of each centre, to local needs and to the competitive environment. For this purpose, the Group relies on its regional teams, who tailor the leasing activities to each site, locally select retailers and master franchisees established in the region, and add them to the portfolio of national and international brands.

This approach is backed up by a B2B and B2C local digital marketing strategy that is implemented across the shopping centres and aims to help local retailers grow their business thanks to tools that provide local information about the catchment area (local databases, local surveys of customers and prospective customers, and so on).

Finally, Carmila's Survey department conducts detailed local research to support the tools used to increase the appeal of its brands and shopping centres, and provides in-depth information about the customers and residents of the catchment area by profile category.

Carmila's lease portfolio of more than 6,000 leases includes a broad diversity of retail brands, thereby reducing the risk of dependency on any given brand.

No retail brand represents more than 2% of the annual rent of Carmila's lease portfolio, and the 15 main retail brands in the portfolio represented only 18.7% of the annualised rents at 31 December 2020.

8. Counterparty risk

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Risk identification and description

Carmila manages a portfolio of more than 6,000 leases with over 3,500 retail brands and retailers. The Group is exposed to the risk that the financial position of some of these retail brands deteriorates, which would in turn lead to:

- an increase in the bad debt rate;
- a risk for some tenants of insolvency, receivership or liquidation;
- a decline in the occupancy rate (95.7% at 31 December 2020).

Risk management and mitigation

Carmila has put in place a series of controls to reduce counterparty risk, including:

- collective decision-making processes before signing new leases;
- analysis of the solvency of new tenants;
- regular, active monitoring of unpaid rent and tenants considered to present a high risk (monthly review of activity, payments and key indicators), leading to rent collection procedures;
- diversification of the retail brand portfolio (the top 15 tenants represent less than 19% of annual rents);
- ongoing monitoring of tenants' creditworthiness by the local leasing, asset management and local administrative teams;

- upstream support for struggling tenants to help them transfer their lease to a new retailer before they cease their operations.

The relevant indicators on the health of the retail brands are tracked on a monthly basis by the Group Executive Committee, and corrective action or support measures rolled out accordingly.

9. Strategic partnership with the Carrefour group

Risk identification and description

The Carrefour group is a key partner for Carmila:

- it is the co-owner and co-operator of all of Carmila's sites (hypermarkets);
- it is a partner and joint investor in all the extension and mixed use projects developed on the shared sites;
- it is a Reference Shareholder in Carmila with 35.4% of the share capital;
- it operates as a service provider for Carmila for certain support functions and for development projects.
- These close ties are strategic and key for Carmila's business model. However, they expose Carmila to certain business risks:
- the dependency on Carrefour hypermarkets to provide visitor traffic in Carmila's shopping centres, particularly smaller centres;
- Carmila's investment and development strategies are tied to those of the Carrefour group;
- Carrefour's support functions may not be effective for or adaptable to Carmila's priorities;
- investment decisions require suitable governance.

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Risk management and mitigation

The following main procedures have been put in place since 2014:

- contractual relationships with Carrefour are systematically formalised (Renovation and Development Agreement, service agreements, management mandates, etc.); detailed information on contractual dealings with Carrefour is published every year by Carmila and overseen by the Board of Directors;
- Carrefour's and Carmila's interests are aligned (shared margin on development projects, joint investments, etc.);
- the majority of the members of Carmila's Board of Directors are independent;
- decision-making for investments (Strategy and Investment Committee) is independent and the directors representing Carrefour do not vote on decisions that involve Carrefour (joint investments, contract renewals, etc.);
- the share of Carrefour rents in Carmila's portfolio is low, i.e., less than 1% of Carmila's total net rental income;
- support function activities are regularly benchmarked to ensure that the cost of the services provided is competitive.

Furthermore, Carmila reduces its exposure to Carrefour and increases the retail attractiveness of its sites by installing in its shopping centres other well-known and successful complementary brands wherever possible.

10. Property development

Risk identification and description

Carmila develops a large portfolio of shopping centre extensions in partnership with Carrefour. Since 2016, 20 extension and restructuring projects have been delivered, representing an investment of €438 million for Carmila.

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Risk management and mitigation

The main systems and procedures to mitigate these risks are implemented throughout the development of the project:

1/ Upstream:

- feasibility studies and analyses are completed upstream by Carmila and Carrefour teams. Decisions are taken

This development activity exposes Carmila to the usual risks associated with property development:

- operational risks related to the management of construction, renovation, restructuring and extension projects on shopping centres, to the procurement of permits (e.g., departmental commissions on retail development, national commissions on retail development, building permits, departmental fire and rescue services, etc.) and to project management liability;
- financial risks related to the financial profitability of the projects, and to acquisitions and investments;
- legal and social risks related to development projects.

jointly by all three partners (Carmila, Carrefour and Carrefour Property);

- each developer's decision is independent (Carmila's Strategy and Investment Committee; Carrefour group's Investment Committee). Every phase in the project (analysis, permit application, start of work) involves a decision by each of these committees;
- the different stakeholders are included upstream in both groups.

2/ During the successive phases of design, procurement of permits, pre-leasing and construction:

- investments are monitored by the Strategy and Investment Committee, and subject to financial controls on a regular basis (systematic due diligence);
- the operational side of the projects is controlled jointly with Carrefour;
- interests are aligned with Carrefour;
- procedures are standardised, with a systematic tendering process for construction contractors and service providers, selection of reputed, first-rate contractors, and the use of outside consultants;
- a pre-leasing rate of 60% must be met before construction work begins;
- the development projects are reviewed to ensure they comply with Carmila's CSR policy;
- the appropriate insurance coverage is taken out.

The teams' experience, long-standing relationships with local communities, and existing internal control procedures also help manage these risks.

11. IT system security

Risk identification and description

Information and telecommunications systems are pivotal to the Group's daily business, transaction execution, continued development of new tools, data storage, and communication between its teams and its stakeholders. In this regard, Carmila is exposed to:

- risk of information system failure;
- risk of an attack on its systems that could impact Carmila's business continuity or image;
- risk of fraud related to the information systems.

Stricter data protection regulations have led to an increased risk (e.g., of non-compliance, data hacking), and require best-in-class procedures to be put in place to protect information systems and particularly databases developed by Carmila containing information on customers, service providers and employees.

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Risk management and mitigation

Carmila uses Carrefour's information systems organisation model so as to benefit from its effectiveness, structure and expertise in this field. This also allows it benefit from the stringent IT security standards of a large conglomerate and to pool resources and expertise.

Carmila can therefore draw on the expertise of:

- the Information System department responsible for system security;
- a dedicated information systems security officer.

The department implements the Carrefour group's procedures regarding:

- data security, applications, systems and hardware. These are regularly updated in order to remain in step with the fast-changing environment;
- regular system updates and audits;
- awareness-raising and training for users;
- multi-annual reviews of access rights;
- annual tests on work stations, applications and systems;
- contractual obligations applicable to suppliers.

Across Carmila, the department also adapts and develops:

- formalised business continuity plans that are tested annually;
- obligations with regard to reporting, data protection and oversight in relation to applicable regulations in this area;
- initial and ongoing in-class and online training sessions for teams in information system security.
- All new employees receive an IT charter, and are briefed on best information system security practices each year.

Regulatory, legal and tax risks

12. Urban planning and environmental regulations

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Risk identification and description

Carmila's management activities (relative to buildings open to the public and the real estate sector) and development activities (construction, commercial authorisations) are significantly exposed to urban planning and environmental regulations. A significant change in legislation in this area could have an unfavourable impact on the Company's capacity to manage or develop an asset, or could have financial consequences which could affect the Group's performance.

Various changes to legislation and regulations, or an inappropriate application of these rules, could have significant consequences for Carmila, both in financial terms and in terms of its capacity to develop projects.

Risk management and mitigation

Carmila takes certain measures which enable it to reduce the probability that these risks will occur:

- It is able to anticipate changes in local and regional regulations thanks to the local presence of its teams in all three countries where it operates but especially in the heart of regions and towns, along with the ties established with local stakeholders.
- Legal specialists working for Carmila, Carrefour Property and Carrefour, along with outside experts and consultants, constantly monitor changes in regulations.
- A Strategy and Territorial Development unit has been set up to identify and anticipate changes in laws, regulations and tax rules that affect urban planning and the environment.
- Carmila anticipates and participates in developing urban planning documents (e.g., local development plans) in conjunction with the competent authorities.
- Experts within the project development and real estate operations teams perform a detailed analysis of urban planning documents and regulations prior to the launch of any project.
- A management tool including reports by the safety committee is integrated within the BTER property management platform so that all such reports are available in electronic format.
- Carmila's proactive CSR policy, which aims to certify over 75% of its portfolio by the end of 2021, allows it to anticipate legislative changes relating to the environment, ethics, health and safety, working conditions, and climate.
- Teams receive initial and ongoing training to ensure that they keep abreast of changes in laws and regulations relating to their particular business line, along with changes in the regulatory environment and the impact of those changes, especially for the development of commercial assets and buildings open to the public.
- Carmila is also a member of leading industry organisations (French shopping centre trade body [CNCC], French federation of real estate and property companies [FSIF]), whose role includes monitoring and anticipating changes in laws and regulations and representing the views of its members.

13. Regulation applicable to REITs

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Risk identification and description

As a listed property company benefiting from special REIT tax regimes in France (known as "SIIC") and Spain (known as "SOCIMI"), Carmila is very sensitive to any changes in regulations that may concern these regimes.

Risk management and mitigation

- Carmila is also a member of leading industry organisations (French federation of real estate and property companies [FSIF], ERPA), whose role includes monitoring and anticipating changes in laws and regulations and representing the views of its members These organisations coordinate clear and transparent industry statements regarding the contribution of SIICs to the economy in both France and Europe (creation of direct and indirect employment, value creation, contribution to stock markets, etc.).
- EPRA, the European Public Real Estate Association, aims to develop the SIIC regime in all European countries in order to create a dynamic sector on the stock market on a European scale.
- Carmila also regularly monitors tax rules and any changes in those rules, and ensures that the Group complies with its obligations as an SIIC.

14. Commercial lease regulations

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Risk identification and description

The lessor/lessee relationship is largely based on current legislation governing commercial leases. Changes in this legislation could impact commercial relationships with retailers, and have implications for the Group's business and Carmila's operating and financial performance.

Risk management and mitigation

Carmila actively participates in bilateral and industry analyses and discussions (CNCC, FSIF, equivalent Spanish and Italian organisations) with retailers on the legal framework for their collaboration. Maintaining good relations with its retail brands will help to gradually adapt the legal framework to new business realities, particularly in terms of e-commerce as part of retailers' activities and the changes which retailers need to face in light of evolving corporate, social and environmental issues.

A dedicated legal team is in charge of monitoring and implementing potential changes in legislation or regulations relating to lease contracts.

In parallel, initial and ongoing training is provided to the teams concerned in order to keep them informed of any such changes.

15. Applicable regulations on the security and use of personal data

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Risk identification and description

Carmila maintains databases in line with its business needs. These databases store:

- information on customers and visitors within the framework of its digital marketing activities;
- information on employees within the framework of HR management;
- information on other stakeholders enabling it to communicate with those stakeholders and carry out day-to-day transactions (suppliers, investors, tenants, etc.).

Improper application of the regulations in force could have operational and financial consequences for the Group, and could also harm its reputation.

Risk management and mitigation

Carmila has put in place appropriate governance in compliance with applicable legislation:

- Carmila has appointed a person who is responsible for implementing and monitoring data protection obligations. This person works in conjunction with the monitoring group set up at the level of the Carrefour group;
- sensitive data are periodically identified and a record kept up-to-date;
- the data collection procedure has been made GDPR-compliant (General Data Protection Regulation);
- awareness-raising and training sessions are periodically organised for data users;
- external service providers are subject to GDPR obligations, either via a specific clause in their contract, or an amendment

to their contract if this was signed before the GDPR came into force.

16. Ethical risks

Risk identification and description

Failings in the organisation of its control mechanisms could:

- compromise Carmila's ability to meet its legal obligations with regards to fighting corruption and money laundering;
- expose Carmila to the risk of fraud.

Risk management and mitigation

Carmila's strategy is based on the due and proper application of the procedures in place, which include:

- a collective strategic decision-making process (France finance committees, Group finance committees, etc.);
- the delegation of responsibilities through correspondents, who are responsible for the consistent implementation of Group policies (each manager is responsible for carrying out the checks falling within his or her remit);
- the segregation of functions, with operational roles kept entirely separate from validation roles;
- the existence of three levels of control: level 1 - assessment by employees and their managers; level 2 - assessment by permanent control functions that are independent of level 1 control processes and operational teams; level 3 - assessment by the Finance department.

Further, in order to protect itself against these risks, Carmila has appointed a head of internal control and compliance (reporting to the Group's General Secretary), whose role is to:

- implement procedures and ensure that they are applied correctly;
- train and raise awareness amongst employees and stakeholders on these issues every year.

All business line procedures and associated rules regarding corruption, fraud and money laundering are set out in "Business line procedures" manuals, which describe the different operating functions, as well as the rules of conduct and main procedures applicable to each business line.

Every year, all of Carmila's employees are required to sign a Statement of Independence and, where necessary, a Review of Interests.

Training on best practices in terms of fighting fraud, corruption and influence peddling is provided each year to the Executive Committee, and as a minimum, to all exposed employees and new arrivals. A digital version is permanently available online for all employees. Lastly, the anti-corruption best practice guide is also permanently available online on the Group's intranet home page.

Financial risks

17. Access to financing

Risk identification and description

In certain cases, Carmila might have difficulty re-financing its debt or may face an increase in the price of its existing debt:

Risk management and mitigation

Since its inception, Carmila has diversified its sources of financing in order to protect itself from any temporary shutdown in certain markets. The Group is in regular contact with the financial markets

- bank debt, bond or private borrowing and commercial paper markets may shut down;
- Carmila's debt level (LTV) may be considered excessive;
- financing agreements may include restrictive covenants;
- Carmila's ability to access the financial and derivatives markets may be restricted;
- risks may arise on hedges and on counterparties to financial instruments;
- Carmila's debt may be downgraded.

and the major banks with which it does business. In addition, it monitors its liquidity on a regular and ongoing basis.

It ensures that its financial reporting to financial markets and rating agencies is transparent and reliable.

It constantly monitors financing markets in order to seize financing opportunities should markets deteriorate. The €1,500 million EMTN programme set up in 2019 enables it to rapidly access the market.

Carmila also has the capacity to call on alternative sources of funding (shares, asset disposals, free cash flow).

It has undrawn credit lines that could fund its capital expenditure for the next four years, were funding to become harder to access.

Finally, Carmila strictly manages its liquidity, enabling a fine-tuned anticipation of its medium-term requirements.

At the date this Universal Registration Document was filed, Carmila had a cash surplus of more than €311 million, a commercial paper programme of up to €600 million – 37% of which had been drawn, and €759 million in undrawn credit facilities.

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18. Increase in financing costs

Risk identification and description

Carmila could face an increase in its financing costs as a result of:

- a rise in bond and bank interest rates, or in the cost of hedging;
- a downgrade in its debt rating.
- The derivatives market could also deteriorate and Carmail's counterparty risk on derivative instruments increase.

Risk management and mitigation

Carmila's assets produce revenues which are linked to an index tracking inflation among other variables, thereby creating a natural hedge against a sharp rise in interest rates that may result from a rise in inflation.

Carmila also has long-term financing lines, mainly bearing fixed rates, or swapped to fixed rates (88% of debt), which protect against a sharp and/or sudden rise in interest rates.

The Group constantly monitors funding opportunities in markets where interest rates may tighten. The €1,500 million EMTN programme set up in 2019 enables Carmila to rapidly access the market. Since its creation, Carmila's ability to rapidly access debt markets has been facilitated by its transparent and high-quality reporting to the financial markets and rating agencies.

Carmila can also tap into alternative sources of financing to fund its growth, where conditions are more attractive (shares, disposal of assets, free cash flow).

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19. Access to equity markets

Risk identification and description

Carmila could have difficulty issuing or placing new shares on the equity market if:

- investors lose their appetite for the retail property sector;
- there is a crisis in equity markets;
- there is a significant discrepancy between the Company's NAV (EPRA NTA at €24.72 per share at 31 December 2020) and its share price.

These difficulties could reduce the Company's capacity to finance its growth.

Risk management and mitigation

Carmila mitigates this risk by:

- diversifying its sources of financing and developing good relations with leading banks;
- maintaining regular contact with financial equity markets, notably through transparent and high-quality reporting;
- monitoring equity markets on an ongoing basis in order to identify any upcoming opportunities.

Carmila also has access to alternative sources of financing;

- the bond market, to which Carmila has had access from the outset;

- an investment grade rating (BBB);
- a €600 million commercial paper programme;
- by arranging loans with top-tier banks and by disposing of mature assets on a standalone basis or as part of a portfolio.

Carmila could also pay part of its dividend in shares in order to increase its available cash.

Carmila can also postpone its investments without modifying its cash flows.

5.2. Changes in governance

Resignation of the Chairman and Chief Executive Officer and appointment of a new Chairman and Chief Executive Officer

At the Board of Directors' meeting of 15 June 2020, Alexandre de Palmas, Chairman and Chief Executive Officer 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 did not appear to be compatible with his position as Chief Executive Officer of Carmila. Consequently, the Board of Directors asked its Nomination and Compensation Committee to make recommendations regarding the governance of the Company and, with these recommendations in mind, to begin a process to select a replacement for Mr de Palmas.

At the extraordinary Board of Directors' meeting of 2 November 2020, the Board decided to appoint Marie Cheval to succeed Alexandre de Palmas as Chairman and Chief Executive Officer of Carmila with effect from 3 November 2020.

At its meeting of 26 November 2020, the Board of Directors placed on record the departure of Géry Robert-Ambroix as Deputy CEO of Carmila. Mr Robert-Ambroix will seek new professional challenges.

On the same day, acting on a recommendation from Marie Cheval, Chairman and Chief Executive Officer of the Company, the Board reappointed Sébastien Vanhoove as Deputy CEO of Carmila. The Board also decided to expand the role of Olivier Lecomte as Lead Independent Director. Mr Lecomte will now assist Marie Cheval as Chairman of the Board in ensuring that the governing bodies operate effectively.

5.3. Subsequent events

In accordance with measures imposed by the French government pursuant to its decree of 30 January 2021, shopping centres covering more than 20,000 sq.m. are closed to the public in France. This measure concerns 35 out of the 129 centres operated by Carmila in France. Pursuant to the decree, only Carrefour hypermarkets, pharmacies and other food retailers remained open in these 35 centres. To date, stores closed in the 35 centres represent 58% of gross rental income in France and 37% of total gross rental income (France, Spain and Italy). 94 of Carmila's shopping centres in France remain open, with the exception of seated food service and leisure facilities.

5.4. Outlook

At this stage, given the lack of visibility on the date of reopening of the centres and the lifting of administrative restrictions on its activity in France, Spain and Italy, Carmila is unable to indicate a 2021 earnings target.

Nevertheless, Carmila remains particularly confident in the indispensable nature of its centres, the effectiveness of its business model and the solidity of its balance sheet structure.

Carmila can count on its partnership with Carrefour, its dynamic marketing, its strengthened growth drivers and the operational excellence of its teams to ensure a favourable outcome to the crisis.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Contents

1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1.1. Consolidated statement of comprehensive income

(In thousands of euros)	Note	31/12/2020	31/12/2019
Gross rental income		**349 744**	**359 457**
Charges rebilled to tenants		79 621	79 359
Total Income from rental activity		**429 365**	**438 816**
Real estate expenses		(23 510)	(21 214)
Rental charges		(71 177)	(71 307)
Property expenses (landlord)		(63 841)	(13 111)
Net rental income	***9.1***	**270 837**	**333 184**
Overhead expenses	9.2	(50 949)	(52 840)
Income from property management, administration and other activities		*10 267*	*10 477*
Other income		*255*	*1 407*
Payroll expenses		*(25 939)*	*(25 145)*
Other external expenses		*(35 532)*	*(39 579)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	9.3	(2 849)	(3 493)
Other operating income and expenses		(2 379)	1 343
Gains and losses on disposals of investment properties and equity investments	9.4	(65)	(610)
Change in fair value adjustments	6.2	(334 267)	(90 172)
Share in net income (loss) of equity-accounted companies	*8.3*	(3 189)	4 376
Operating income (loss)		**(122 861)**	**191 788**
Financial income		917	559
Financial expenses		(57 634)	(57 277)
Cost of net debt		**(56 717)**	**(56 718)**
Other financial income and expenses		(18 903)	(1 389)
Net financial expense	***7.1***	**(75 620)**	**(58 107)**
Income before taxes		**(198 481)**	**133 681**
Income tax	*10.1*	196	(25 277)
Consolidated net income (loss)		**(198 286)**	**108 404**
Attributable to owners of the parent		**(198 755)**	**108 213**
Non-controlling interests		**469**	**191**
Average number of shares comprising Carmila's share capital	*8.8.4*	140 198 573	136 408 412
Earnings per share, in euros (attributable to owners)		(1,42)	0,79
Diluted average number of shares comprising Carmila's share capital	*8.8.4*	140 603 774	136 705 504
Diluted earnings per share, in euros (attributable to owners)		(1,41)	0,79

Consolidated statement of comprehensive income *(In thousands of euros)*	**Note**	**31/12/2020**	**31/12/2019**
Consolidated net income (loss)		**(198,286)**	**108,404**
Items that will be reclassified subsequently to net income		(6,016)	(10,923)
Effective portion of cash flow hedges	*7.4*	(5,944)	(10,923)
Fair value of other financial assets		(72)	-
Related income tax		-	-
Items that will not be reclassified subsequently to net income		30	-
Actuarial gains and losses on defined benefit plans	*13.3.1*	30	-
Related income tax		-	-
Total comprehensive income		**(204,272)**	**97,481**

1.2. Consolidated statement of financial position

(In thousands of euros)	Note	31/12/2020	31/12/2019
Intangible assets	*8.1*	4,581	4,262
Property, plant and equipment	*8.2*	3,205	4,244
Investment properties carried at fair value	*6.1*	5,717,046	6,001,608
Investment properties carried at cost	*6.1*	100,010	68,785
Investment in equity-accounted companies	*8.3*	48,061	52,459
Other non-current assets	*8.4*	12,623	12,427
Deferred tax assets	*10.4*	11,113	11,548
Non-current assets		**5,896,638**	**6,155,332**
Trade receivables	*8.5*	148,532	117,105
Other current assets	*8.6*	86,415	69,127
Cash and cash equivalents	*8.7*	320,263	178,172
Current assets		**555,210**	**364,404**
Total assets		**6,451,848**	**6,519,736**

EQUITY AND LIABILITIES

(In thousands of euros)	Note	31/12/2020	31/12/2019
Share capital		855,701	820,091
Additional paid-in capital		2,039,819	2,129,169
Treasury shares		(2,541)	(2,676)
Other comprehensive income		(48,892)	(42,906)
Consolidated retained earnings		617,412	528,543
Consolidated net income (loss)		(198,755)	108,213
Equity attributable to owners		**3,262,744**	**3,540,434**
Non-controlling interests		5,727	5,612
Total equity	**8.8**	**3,268,471**	**3,546,046**
Non-current provisions	*8.9*	6,732	6,865
Non-current financial liabilities	*7.2*	2,401,478	2,295,954
Lease deposits and guarantees		76,267	77,722
Non-current tax and deferred tax liabilities	*10.3 & 10.4*	177,316	175,685
Other non-current liabilities	*8.10*	14	7,489
Non-current liabilities		**2,661,807**	**2,563,715**
Current financial liabilities	*7.2*	245,250	160,313
Bank facilities	*7.2 & 8.7*	8,934	4,141
Current provisions		1,758	658
Trade payables	*8.11*	27,773	28,855
Payables to suppliers of non-current assets	*8.11*	86,231	81,674
Accrued tax and payroll liabilities	*8.12*	56,004	49,356
Other current liabilities	*8.12*	95,620	84,978
Current liabilities		**521,570**	**409,975**
Total equity and liabilities		**6,451,848**	**6,519,736**

1.3. Consolidated statement of cash flows

(In thousands of euros)	*Note*	31/12/2020	31/12/2019
Consolidated net income (loss)		**(198,286)**	**108,404**
Elimination of income from equity-accounted companies	*8.3*	3,189	(4,376)
Elimination of depreciation, amortisation and provisions		2,946	659
Elimination of fair value adjustments	*6.1 & 7.2.1*	337,468	85,563
Elimination of capital gains and losses on disposals		66	879
Other non-cash income and expenses		6,921	3,567
Cash flow from operations after cost of net debt and tax		**152,305**	**194,696**
Elimination of tax expense (income)	*10.1*	(196)	25,277
Elimination of cost of net debt		56,792	55,462
Cash flow from operations before cost of net debt and tax		**208,901**	**275,435**
Change in operating working capital		(34,582)	7,718
Change in lease deposits and guarantees		(1,530)	1,259
Income tax paid		(4,722)	(2,795)
Net cash from operating activities		**168,067**	**281,617**
Change in payables on non-current assets		4,977	29,533
Acquisitions of investment properties	*6.1*	(79,959)	(120,845)
Acquisitions of other non-current assets		(950)	(185)
Change in loans and advances		(183)	782
Disposal of investment properties and other fixed assets		307	5,467
Dividends received		1,212	1,684
Net cash used in investing activities		**(74,597)**	**(83,565)**
Net sale (purchase) of treasury shares		135	1,185
Issuance of bonds		400,000	50,000
Increase in bank loans	*7.2*	568,000	75,235
Loan repayments	*7.2*	(798,005)	(100,000)
Change in marketable securities included in other current receivables		(103)	145,020
Interest paid		(53,991)	(56,019)
Interest received		917	559
Dividends and share premiums distributed to shareholders		(73,126)	(204,903)
Net cash from (used in) financing activities		**43,828**	**(88,923)**
Net change in cash and cash equivalents		**137,298**	**109,130**
Cash and cash equivalents at start of period		*174,031*	*64,901*
Cash and cash equivalents at end of period	*8.7*	*311,329*	*174,031*

1.4. Consolidated statement of changes in shareholders' equity

(In thousands of euros)	Note	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income	Equity attributable to owners	Non-controlling interests	Total equity
Balance at 31 December 2018		**819,370**	**2,268,204**	**(3,861)**	**(31,983)**	**431,612**	**163,557**	**3,646,899**	**5,781**	**3,652,680**
Corporate actions		721	(721)					**-**		**-**
Share-based payments						(17)		**(17)**		**(17)**
Treasury share transactions				1,185				**1,185**		**1,185**
Dividend paid			(138,314)			(66,229)		**(204,543)**	(360)	**(204,903)**
Appropriation of 2018 net income						163,557	(163,557)	**-**		**-**
Net income for the year							**108,213**	**108,213**	**191**	**108,404**
Gains and losses recorded directly in equity										
Other comprehensive income reclassified to income					1,944			**1,944**		**1,944**
Change in fair value of other financial assets					-			**-**		**-**
Change in fair value of hedging instruments					(12,867)			**(12,867)**		**(12,867)**
Actuarial gains and losses on retirement benefits					-			**-**		**-**
Other comprehensive income					**(10,923)**			**(10,923)**	**-**	**(10,923)**
Other changes						(380)		**(380)**		**(380)**
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**
Corporate actions	*8.8*	836	(836)					**-**		**-**
Share-based payments	*13.3.2*	34,774	28,862					**63,637**		**63,637**
Treasury share transactions	*8.8.3*			135		394		**529**		**529**
Dividend paid	*2.3*		(117,377)			(19,032)		**(136,409)**	(354)	**(136,763)**
Appropriation of 2019 net income						108,213	(108,213)	**-**		**-**
Net income for the year							**(198,755)**	**(198,755)**	**469**	**(198,286)**
Other comprehensive income					**(5,986)**			**(5,986)**	**-**	**(5,986)**
Other changes						(706)		**(706)**		**(706)**
Balance at 31 December 2020		**855,701**	**2,039,818**	**(2,541)**	**(48,892)**	**617,412**	**(198,755)**	**3,262,744**	**5,727**	**3,268,471**

Corporate actions reflect the creation of 139,606 C preference shares under the preference share plans for key Group employees and corporate officers.

Share-based payments reflect the creation of 5,795,730 A shares in connection with the payment of the 2019 stock dividend (See Note 2.3).

2. SIGNIFICANT EVENTS OF 2020

General context and health crisis related to Covid-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of these three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1/ A pre-crisis period (from January to mid-March) with healthy performance indicators.

2/ A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open (around 6% of Carmila's tenants).

3/ A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Indicators performed well and pointed to a recovery, notably in France, with a limited impact on footfall (down 9.5% over the June-October period, outperforming its peers in the national panels by 6 percentage points) and an upturn in retailer trading which beat 2019 levels (retailer sales up 1.4% over this period). The recovery was slower in Italy and Spain, which were subject to more extensive restrictions.

4/ A period of government-imposed restrictions, which varied in scope in each of the three countries. In France, a new lockdown was introduced in November, with only essential businesses allowed to stay open (34%). The easing of opening restrictions (except for gyms, restaurants and cinemas) and the subsequent end of the lockdown period allowed retailers to post strong sales figures in December (retailer sales for the month up 8.4%). In Spain and Italy, restrictions during the period varied depending on the region.

5/ In France in December, the easing of opening restrictions (except for gyms, restaurants and cinemas) and the subsequent end of the lockdown period allowed retailers to post strong sales figures in December (retailer sales for the month up 8.4%).

Leasing activity was robust during the year, with 684 leases signed (11% of Carmila's total portfolio) for rents in line with the portfolio's rental values. In 2020, more businesses entered into administration than in previous years, mainly involving major Ready-to-Wear brands. At 31 December 2020, 1.4% of Carmila's rental base was subject to ongoing administration proceedings, with 83% of insolvencies during the year resulting in a takeover or re-letting.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease, new openings) agreed by the tenants and on government measures. In total, the impact of rent waivers for Carmila amounted to €69.5 million, including €52.2 million in respect of the first wave of the virus and €17.3 million relating to the second wave (including €4.0 million in tax credits). The cost of the rent relief granted represents 1.9 months' rent. These impacts are explained in detail in section 9.1 "Net rental income".

Net rental income for 2020 was €270.8 million, a year-on-year decrease of 18.7%. The bulk of this decrease was directly or indirectly attributable to the health restrictions put in place in 2020; the rental base remained stable during the period (down 0.5%).

At 31 December 2020, the net collection rate was 94.3% (rents collected as a proportion of rents invoiced, less any relief granted). Out of the total rents invoiced in 2020, 77.3% have been collected, 18.0% have been waived (and written off in the financial statements) and 4.7% are pending collection at 31 December 2020. 3.0% of which have been recovered at 15 February 2021, therefore the gross collection rate stands at 80.3%.

The value of the asset portfolio (including transfer taxes) stood at €6.15 billion at 31 December 2020. Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was lifted in France in the second half of the year, but remains in effect in Spain and Italy. To take account of the health crisis, appraisers' models adopted rental values that were in line with those applicable to new leases signed in 2020, zero rent indexation over the first two years and rent-free periods of between one and three months for 2021, depending on the sector. There was a 30-basis-point decompression in exit rates during the year, which stood at 6.20% at 31 December 2020, while the rental base remained stable. The value of the portfolio decreased by 4.7% on a like-for-like basis.

Carmila increased its liquidity in 2020, and at 31 December 2020 had €311 million in net cash and no major borrowings falling due before 2023.

Beyond the Covid-19 context, Carmila proved its ability to secure attractive rates on bond markets, issuing a €300 million bond in December 2020 with maturity in May 2027 and a 1.625% coupon. This issue was 5.5 times oversubscribed, underlining the attractiveness of Carmila's fixed-interest debt for investors. As discussed in the "Financial policy" section, Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 37.0% and a net debt to EBITDA ratio of 10.3x.

Carmila adopts a prudent approach to managing its equity. The 2019 dividend initially proposed at €1.5 per share was reduced to €1 per share, with 46.7% of shareholders choosing the stock dividend option.

SOCIMI tax regime in Spain

Effective 1 January 2020, the Group's Spanish companies are eligible for the SOCIMI tax regime applicable to real estate investment trusts (REITs). Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met. Capital gains recognised prior to entry into the SOCIMI regime are fixed and will be taxed when the corresponding asset is sold. Capital gains realised after election for the SOCIMI regime are exempt from capital gains tax provided that the distribution criteria are met.

Companies opting for the SOCIMI tax regime are required to make the following minimum distributions:

- 80% of the profits resulting from the leasing of real estate and ancillary activities; and
- 50% of the profits resulting from the transfer of properties and shares linked to the Company's business, provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer. Failing this, 100% of the profits must be distributed as dividends once this period has elapsed.

Spanish SOCIMIs may be subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%.

Changes in governance

At the meeting of the Board of Directors on 15 June 2020, Alexandre de Palmas, Chairman and Chief Executive Officer 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 did not appear to be compatible with his position as Chief Executive Officer of Carmila. Consequently, the Board of Directors asked its Nomination and Compensation Committee to make recommendations regarding the governance of the Company and, with these recommendations in mind, to begin a process to select a replacement for Mr de Palmas.

At the extraordinary Board of Directors' meeting of 2 November 2020, the Board decided to appoint Marie Cheval to succeed Alexandre de Palmas as Chairman and Chief Executive Officer of Carmila with effect from 3 November 2020.

At its meeting of 26 November 2020, the Board of Directors placed on record the departure of Géry Robert-Ambroix as Deputy CEO of Carmila. Mr Robert-Ambroix will seek new professional challenges.

On the same day, acting on a recommendation from Marie Cheval, Chairman and Chief Executive Officer of the Company, the Board reappointed Sébastien Vanhoove as Deputy CEO of Carmila. The Board also decided to expand the role of Olivier Lecomte as Lead Independent Director. Mr Lecomte will now assist Marie Cheval as Chairman of the Board in ensuring that the governing bodies operate effectively.

2.1. Investments

Investments during the year mainly concerned extensions and restructuring of existing French assets.

2.1.1 Acquisitions

The Group acquired land from the Carrefour group for the development of its Lou5G mobile phone mast project (22 acquisitions in the year).

2.1.2 Developments and extensions

During the year the Group also continued to redevelop its existing assets through value-creating renovations, restructuring and extension projects.

Accordingly, the Group continued the extension work started in prior years on the sites of Nice Lingostière (€27.4 million; total investment to date: €78.3 million) and Toulouse Purpan (€3.2 million invested in 2020), and the restructuring work on its Calais Coquelles site (€6.8 million; total investment to date: €24.6 million).

2.2. Disposals

During the year, Carmila did not carry out any material asset disposals.

2.3. Dividend

Carmila's Annual General Meeting held on 29 June 2020 decided to offer shareholders the possibility of receiving their 2019 dividend in shares.

The issue price for the related new ordinary shares was set at €10.98. Shareholders electing to receive the 2019 dividend in shares represented approximately 46.6% of Carmila shares.

For purposes of paying this stock dividend, Carmila issued 5,795,730 new shares, representing 4.23% of the capital, based on the share capital and voting rights at 30 June 2020.

The shares were delivered and were admitted to trading on Euronext Paris as from 27 July 2020.

The total cash dividend paid to shareholders who did not opt for a stock dividend represented around €72 million and was paid on 27 July 2020.

2.4. Debt and financing

As part of its EMTN programme, Carmila issued a new €100 million 9-year bond (private placement) on 26 June 2020 paying a coupon of 3.00%.

On 30 June 2020, Carmila redeemed ahead of term €12,261 thousand (net of expenses) of its bonds maturing in 2024.

On 5 August 2020, Carmila rolled over its EMTN programme, enabling it to issue bonds for up to €1.5 billion.

In November 2020, Carmila redeemed ahead of term €96,761 thousand (net of expenses) of its bonds maturing in September 2023 and September 2024.

Following this operation, on 30 November 2020 Carmila issued a new €300 million 6.5-year bond paying a coupon of 1.625%.

On 16 December 2020, Carmila repaid €200 million under its loan agreement, bringing the amount outstanding to €470 million at 31 December 2020 from €670 million at end-2019.

As part of its refinancing in 2017, the Group also arranged a revolving credit facility (RCF) for €759 million, which falls due on 16 June 2024. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

A second €250 million credit line which fell due in the first half of 2020 was not renewed.

These refinancing transactions were conducted, independently of the Covid-19 context, in order to extend the average maturity of the Group's debt.

Following these operations, the average maturity of Carmila's debt was 4.5 years at 31 December 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

On 16 February 2021 the Board of Directors approved and authorised the publication of Carmila's consolidated financial statements for the period from 1 January to 31 December 2020. These financial statements will be submitted for approval to the Annual General Meeting on 18 May 2021.

3.1. Presentation of the Group

The Carmila Group ("the Group" or "the Carmila Group") has as its corporate purpose the value enhancement of shopping centres adjoining Carrefour hypermarkets located in France, Spain and Italy.

At 31 December 2020, the Group employed 194 people, of whom 130 in France, 49 in Spain and 15 in Italy (not including apprentices). The Group owns a portfolio of 215 shopping centres and retail parks, mainly as a result of transactions carried out in 2014. In April 2014, Carmila acquired 126 sites in France, Spain and Italy from the Klépierre group and later in the year six shopping arcades in France from Unibail-Rodamco. The same year, the Group received a contribution from the Carrefour group comprising 47 sites in France, along with various premises and an equity investment in Spain.

Carmila SA ("the Company"), which is the Group's parent company, is a real estate investment trust (SIIC) under French law. Its registered office is located at 58, Avenue Émile Zola, 92100 Boulogne-Billancourt in France.

Initially, the company Carmila SAS was incorporated by Carrefour SA on 4 December 2013 for the sole purpose of the operations described above, which took place in 2014. On 12 June 2017, the Company merged with Cardety SA, a listed company in Paris, and was renamed Carmila SA following the merger. Since that date, the Group's consolidated financial statements reflect this reverse acquisition.

3.2. Shareholding, stock market listing and strategic partnership

Carmila's share capital is held by several of its long-term partners. At 31 December 2020, its largest shareholder is the Carrefour group, which holds 35.4% of Carmila's share capital and includes Carmila in its financial statements using the equity method. Carrefour develops a strategic partnership with Carmila, aimed at revitalising and transforming shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Prédica (9.6% of Carmila's share capital), Cardif Assurance Vie (8.8%), the Colony group (8.8%) and Sogecap SA (5.9%).

Carmila SA's shares have been admitted to trading on compartment A of Euronext Paris since 1 January 2018.

On 10 December 2020, Carmila was admitted to the SBF 120 index, one of the main indices of the Paris market comprising the 120 most important stocks listed on Euronext Paris in terms of liquidity and market capitalisation. Carmila was also admitted for trading on the CAC Mid 60 index.

3.3. Accounting standards

IFRS standards applied

The Carmila Group's consolidated financial statements at 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union at 31 December 2020, comprising the IFRS, the International Accounting Standards (IAS), as well as their interpretations (SIC and IFRS-IC). All the texts adopted by the European Union are available on the European Commission's website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en#individual-rps-acts-adopting-international-accounting-standards-ifrsias-and-related-interpretations-ifric.

The European Union has adopted the following standards, interpretations and amendments, which are effective from 1 January 2020:

- Amendments to IAS 1 and IAS 8, Definition of Material;
- Amendments to IFRS 3, Definition of a Business;
- Amendments and clarifications to the Conceptual Framework for Financial Reporting, and therefore to the references made to the framework in IFRS standards;
- Amendments to IFRS 9, IFRS 7 and IAS 39 within the scope of the Interest Rate Benchmark Reform.

These amendments had no impact on the consolidated financial statements at 31 December 2020.

No standards were adopted by the Group ahead of their effective date.

3.4. Principal estimates and judgements by management

Preparation of the consolidated financial statements involves the use of judgement, estimates and assumptions by Group management. These may affect the carrying amount of certain assets and liabilities, income and expenses, as well as information provided in the notes to the financial statements. Group management reviews its estimates and assumptions regularly in order to ensure their relevance in light of past experience and the current economic situation. Depending on changes in these assumptions, items appearing in future financial statements may be different from current estimates.

The main judgements and estimates used by management to prepare the financial statements relate to:

- measurement of the fair value of investment property (see Note 6 "Investment property"). The Group has its property assets appraised every six months by independent appraisers according to the methods described in Note 6. The appraisers use assumptions as to future cash flows and rates which have a direct impact on property values;
- measurement of financial instruments. The Group measures the fair value of the financial instruments that it uses in accordance with standard models and practices on the market and with IFRS 13, as described in Note 7.2.8;
- provisions for contingencies and charges and other provisions related to operations (see Note 8.9 "Non-current provisions");
- the assumptions used to calculate and recognise deferred taxes (see Note 10 "Income tax").
- The impacts of the health crisis are discussed in Note 2 "Significant events of 2020", Note 8.5 "Trade receivables", and Note 9.1 "Net rental income".

3.5. Other principles applied in presenting the consolidated financial statements

Translation of foreign companies' financial statements

The Group's financial statements are presented in thousands of euros, unless otherwise specified. Rounding differences may lead to minor differences between statements.

An entity's functional currency is the main currency in which it conducts its business. All entities within the Group's scope of consolidation are in the eurozone and use the euro as their functional currency.

Translation of foreign currency transactions

When a Group entity carries out transactions in a currency other than its functional currency, they are initially translated at the rate prevailing on the date of the transaction. At the end of the reporting period, monetary financial assets and liabilities denominated in foreign currencies are translated into euros at the closing rate of the currency concerned, with any foreign exchange gains or losses taken to income.

Transactions eliminated from the consolidated financial statements

Items recorded on the statement of financial position or the income statement resulting from intra-Group transactions are eliminated when preparing the consolidated financial statements.

Classification in the statement of financial position

Assets expected to be realised, consumed or sold over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current assets", as are assets held for sale and cash and cash equivalents. All other assets are classified as "non-current assets".

Liabilities which the Group expects to settle over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current liabilities".

The Group's normal operating cycle is 12 months.

Deferred taxes are always shown as non-current assets or liabilities.

Classification in the income statement

The Group has opted to present its proportionate share in the earnings of its equity-accounted companies within operating income, as the business of these companies is similar to that of the Group.

4. CONSOLIDATION SCOPE AND METHODS

4.1. Consolidation scope and methods

Consolidation methods

- **Determination of control**

  The consolidation method is determined in accordance with the control exercised, as defined by IFRS 10, Consolidated Financial Statements.

- **Exclusive control: fully consolidated**

  Subsidiaries are companies controlled by the Group. An investor controls an entity when it exercises power over the entity's relevant activities, is exposed or entitled to variable returns from its involvement with the entity, and has the ability to use its power to affect the amount of its returns. The Group has power over an entity when its existing rights give it the current ability to direct the relevant activities, i.e., activities that significantly affect the entity's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date of effective transfer of control up until such time as that control ceases to exist.

- **Joint control and significant influence: equity method**

  Joint control means the contractually-agreed sharing of control over an entity, which exists only where decisions about the relevant activities require the unanimous consent of the parties sharing control. In accordance with IFRS 11, Joint Arrangements, interests in partnerships can be classified as either joint operations or joint ventures.

  A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations entail the recognition by each joint operator of the assets over which it has rights, liabilities for which it has obligations, and income and expenses related to its interest in the joint operation. Carmila has no joint operations.
  Joint ventures are arrangements whereby the parties (i.e., joint venturers) only have rights over the joint venture's net assets. Joint ventures are accounted for by the equity method.

  Significant influence is presumed to exist when the percentage of voting rights held is 20% or more. All

equity interests, regardless of the percentage held, are analysed to determine whether the Company exerts a significant influence.

The Group's investments in associates and joint ventures are initially recognised at cost, plus or minus any changes in the percentage of the net assets of the associate after the acquisition. Goodwill related to an associate is included as part of the carrying amount of the investment.

For jointly controlled companies or companies over which the Group has significant influence, the share of income for the period is shown within "Share in net income of associates". On the statement of financial position, these equity investments are presented within "Investments in associates".

The financial statements of associates cover the same period as that of the Group, and are adjusted, where appropriate, to ensure compliance with the Group's accounting policies.

Information on investments in associates is presented pursuant to IFRS 12, Disclosure of Interests in Other Entities.

Business combinations/acquisitions of assets

To determine whether a transaction is a business combination, the Group considers, in particular, whether a portfolio of activities is acquired in addition to the real estate assets. If securities are purchased in a company whose sole purpose is the holding of investment property, and in the absence of any other ancillary services (asset-related contracts, personnel, know-how), the acquisition is recognised as an acquisition of assets in accordance with paragraph 2(b) of IFRS 3, Business Combinations.

4.2. Main events in 2020

On 11 March 2020, Carmila Santiago SLU was merged into its parent company, Camila Espana SL. This transaction had no impact on the consolidated financial statements.

4.3. Description of the main partnerships

AS Cancelas – Spain

The shares and voting rights in the Spanish company As Cancelas are held equally by Carmila and its partner, Grupo Realia. All resolutions are adopted by a 50.01% majority.

Property management, marketing and management of the centre are handled by the Group, with administration provided by Grupo Realia. Carmila considers this to be joint control, and the company is therefore consolidated under the equity method.

5. SEGMENT REPORTING

5.1. Definition of operating segments and indicators used

The Group's Executive Committee has been identified as the "chief operating decision-maker" pursuant IFRS 8, Operating Segments. The operating segments that have been identified by the Executive Committee are the three countries in which the Group operates:

- France;
- Spain;
- Italy.

The Group uses the following indicators to measure its performance and activity:

- gross rental income;
- net rental income by operating segment;
- recurring and non-recurring operating income.

The Group defines recurring operating income as operating income before changes in the fair value of investment properties and adjusted for non-recurring income and expenses such as:

- gains and losses on disposals of investment properties;
- any other non-recurring income or expense.

Overhead expenses for each segment represent the expenses directly incurred by that segment. Shared overhead expenses that are borne by the France segment are rebilled to the other segments on a pro rata basis depending on the services rendered.

The Executive Committee also reviews changes in the fair value of investment properties by segment when this information is available (twice per year).

Over the two financial years presented, no individual tenant represented more than 5% of the Group's gross rental income.

5.2. Operating income by operating segment

	France		Spain		Italy		TOTAL	
(in thousands of euros)	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Gross Rental income	**239 011**	**242 408**	**88 724**	**93 259**	**22 009**	**23 790**	**349 744**	**359 457**
Real estate expenses	(3 137)	(3 012)	(955)	(775)	(891)	(858)	(4 983)	(4 645)
Non-recovered rental charges	(5 958)	(4 424)	(3 732)	(3 780)	(393)	(313)	(10 083)	(8 517)
Property expenses	(44 576)	(10 841)	(13 037)	(1 488)	(6 228)	(782)	(63 841)	(13 111)
Net Rental Income	**185 340**	**224 131**	**71 000**	**87 216**	**14 497**	**21 837**	**270 837**	**333 184**
Overhead expenses	(37 466)	(37 752)	(10 553)	(11 637)	(2 930)	(3 451)	(50 949)	(52 840)
Income from management, administration and other activities	*9 167*	*9 343*	*435*	*409*	*665*	*725*	*10 267*	*10 477*
Other income	*57*	*1 282*	*17*	*17*	*181*	*108*	*255*	*1 407*
Payroll expenses	*(20 824)*	*(20 248)*	*(3 884)*	*(3 660)*	*(1 231)*	*(1 237)*	*(25 939)*	*(25 145)*
Other overhead expenses	*(25 866)*	*(28 129)*	*(7 121)*	*(8 403)*	*(2 545)*	*(3 047)*	*(35 532)*	*(39 579)*
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	(2 259)	(2 459)	(198)	(871)	(392)	(163)	(2 849)	(3 493)
Other recurring operating income and expense	(1 915)	1 405	(45)	(62)	(419)	-	(2 379)	1 343
Share of net income in equity accounted investments - current	-	-	-	877	-	(19)	-	858
Operating income - current	**143 700**	**185 325**	**60 204**	**75 523**	**10 756**	**18 204**	**214 660**	**279 052**
Gain (losses) on disposals of investment properties and equity investmei	(65)	(610)	-	-	-	-	(65)	(610)
Change in fair value adjustments	(238 679)	(84 425)	(90 084)	(7 192)	(5 504)	1 445	(334 267)	(90 172)
Increase of fair value adjustment properties	*33 835*	*45 609*	*1 184*	*16 329*	*1 377*	*3 180*	*36 396*	*65 118*
Decrease of fair value adjustment properties	*(272 514)*	*(130 034)*	*(91 268)*	*(23 521)*	*(6 881)*	*(1 735)*	*(370 663)*	*(155 290)*
Share of net income in equity accounted investments - non-current	-	-	*(2 834)*	*3 527*	*(356)*	*(9)*	*(3 189)*	*3 518*
Operating income	**(95 044)**	**100 290**	**(32 714)**	**71 858**	**4 896**	**19 640**	**(122 861)**	**191 788**

5.3. Breakdown of investment property by operating segment

The value of investment properties by country is presented separately, depending on whether it relates to assets at fair value or assets at cost.

(In thousands of euros)	31/12/2020	31/12/2019
Investment properties carried at fair value	**5,717,046**	**6,001,608**
France	4,105,879	4,305,544
Spain	1,262,785	1,342,870
Italy	348,382	353,194
Investment properties carried at cost	**100,010**	**68,785**
France	100,010	68,735
Spain	-	50
Italy	-	-
TOTAL	**5,817,056**	**6,070,393**

At 31 December 2020, in terms of asset value, 71.8% of the Group's investment properties were located in France (compared to 72.1% at 31 December 2019), 22.1% in Spain (unchanged from end-2019) and 6.1% in Italy (5.8% at 31 December 2019).

5.4. Breakdown of capital expenditure by operating segment

Spending on investment properties broken down by country is disclosed separately for acquisitions, developments and extensions, or for investments in the portfolio on a like-for-like basis.

(In thousands of euros)	France		Spain		Italy		TOTAL	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Acquisitions	6,696	5,390	0	2,969	0	0	6,696	8,359
Developments	-	-	-	-	-	-	-	-
Like-for-like capital expenditure	63,127	106,934	9,444	4,206	692	1,179	73,263	112,319
Extensions	34,708	68,296	0	0	10	442	34,718	68,738
Restructuring	11,388	19,552	0	0	0	0	11,388	19,552
Lease incentives	7,250	9,899	2,642	1,914	44	45	9,936	11,858
Renovations	3,200	3,926	6,772	2,223	228	30	10,200	6,179
Maintenance capex	6,581	5,261	30	69	410	662	7,021	5,992
Total capital expenditure	**69,823**	**112,324**	**9,444**	**7,175**	**692**	**1,179**	**79,959**	**120,678**

The "Acquisitions" caption chiefly relates to the acquisition of land in connection with Lou5G, a company developing and installing fibre optic infrastructure and 5G technology.

"Extensions" essentially relate to assets situated in France. These extension projects include:

- the extension of the Nice Lingostière shopping centre for €27.4 million in 2020, with an opening planned for the first quarter of 2021;
- the creation of a food park in Toulouse/Purpan for €3.2 million, which opened in March 2020.

Like-for-like capital expenditure chiefly relates to assets being redeveloped where renovation and modernisation works are being carried out and existing parts of centres are upgraded in order to optimise value creation. The most important projects included in this item are Cité Europe in Calais Coquelles (€6.8 million), Draguignan (€1.6 million) and Thionville (€1.0 million).

6. INVESTMENT PROPERTIES

Accounting policies

Method adopted: fair value

An investment property is a property that is held for the purpose of earning rental income or for capital appreciation, or both. The Group views shopping centres as investment properties. In accordance with the method proposed by IAS 40 and the recommendations of the European Public Real Estate Association (EPRA), investment properties are recognised and valued individually at cost and then subsequently at fair value.

The difference between the fair value of an investment property at the end of the reporting period and its carrying amount before its fair value adjustment at that date is recorded in the income statement as a gain or loss.

Fair value excludes transfer taxes and costs (taxes are assessed on the basis of a direct disposal of the asset, even though these costs may sometimes be reduced if the disposal is performed through a share deal involving the company holding the related asset).

Under IFRS 13, fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an arm's-length transaction between market operators on the valuation date.

There are no restrictions on the Group's ability to realise its investment property, or to recover income from leasing or selling them.

Cost of investment property – general remarks

The acquisition costs of an investment property are capitalised as part of the value of the investment property.

During the life of the property, expenses such as building works, leasing costs and other internal project development costs are also capitalised.

In addition, lease right ownership or commercial rights for common areas for the Specialty Leasing business (leasing of high-footfall shopping centre spaces for short periods of time) are taken into account in the appraisers' valuations, and are therefore included as part of the value of the asset shown in the consolidated financial statements.

Eviction compensation paid to the tenant upon termination of a lease still in force is recognised as follows:

- restructuring of a site: if compensation is paid in connection with a property renovation programme, the compensation is included in the cost price of the work performed;

- replacement of a tenant: if compensation is paid to increase the rent compared to that paid by the previous tenant and thereby increase the asset's value, this expense is included in the cost of the asset. Otherwise, it is booked as an expense.

Cost of investment property under construction

Capitalised expenditure relating to investment properties under construction (including extensions) includes the cost of works, the cost of loans directly attributable to the acquisition, construction or production of the asset, when necessary in order to use the asset, as well as costs related to leasing the retail space for the first time.

Capitalised borrowing costs are determined by applying the Group's weighted average cost of borrowing for the related country to the average outstanding amount of construction work done, or, where applicable, based on the financial costs paid for specific borrowings. Capitalisation of interest ceases when the asset under construction enters into service.

Investment properties under construction may be appraised at fair value. If the fair value cannot be reliably determined, these projects will continue to be valued at cost, until their fair value can be reliably determined. As with the other assets carried at fair value, they are also measured at market value by an independent appraiser.

The Group believes that a development project's fair value can be reliably determined if the following three conditions are simultaneously met:

- all necessary administrative permits required for the development have been obtained;
- the construction contract has been signed and the works have begun; and
- there is no longer uncertainty regarding the amount of future rents.

The project margin is then recognised (IPUC) on the "Investment properties at fair value" line.

Appraisal method

Fair value is calculated using the measurement rules set out in IFRS 13; given the complexity of property asset valuation and the nature of certain inputs that cannot be observed on the market (including rate of growth in rents, exit rate, etc.), the fair values have been categorised as Level 3 of the fair value hierarchy defined by the standard based on the type of inputs used for valuation.

The entire portfolio is reviewed by independent appraisers who are rotated every three years. The fair values used are determined by reference to the opinions of these independent appraisers, who value the Group's assets at the end of every half-year. The assets are inspected during these appraisals. The appraisals 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 (retailer sales).

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

On the basis of the data provided, two methods are used to value assets:

- Income capitalisation method

This method consists in applying a yield to the total triple-net revenue for occupied premises and capitalising the net market rent for vacant premises.

For rented units, the total triple-net revenue is determined on the basis of the rents indicated in the rental base, less any non-recoverable charges. For vacant premises, a market rent is used that takes into account an appropriate vacancy period.

The yield used is that found in the property market for a comparable property, and, in particular, reflects the retail space as well as specific factors such as location, access, visibility, retail competition, form of ownership of the centre (full ownership, joint ownership, etc.), rental and extension potential, and recent transactions involving the same type of asset.

From this value, the total net present value of the rentals plus any benefits granted to tenants, all vacancy costs on empty premises and any other non-recurring costs or works are then deducted.

- Discounted cash flow method

Under this method, a property's discounted value is equal to the total future net revenue available over a given timeframe (generally 10 years). The net revenue available for each year is calculated in the same way as the net revenue defined in the capitalisation method, to which are added non-recurring expenses (works, rent changes, and other) indexed over time. A resale value is calculated for the property, based on the last indexed rent as of the resale date, less any related expenses, to which a yield is applied.

The discount rate used is a risk-free rate (the 10-year yield on French government bonds), increased by property market risk and liquidity premium as well as asset-specific premiums (based on the nature of the property, rental risk, obsolescence premium, etc.).

The appraisers appointed by Carmila are as follows:

- Cushman & Wakefield and Catella in France;
- Cushman & Wakefield and Catella in Spain;
- BNP Paribas Real Estate in Italy.

They use one or more of the above methods. Cushman & Wakefield primarily uses the discounted cash flow method, while Catella systematically uses an average of the two methods.

The fees paid to appraisers, agreed prior to their valuation of the properties concerned, are determined on a flat rate basis depending on the number of retail units and complexity of the appraised assets. The fees are entirely independent from the valuation of the assets. During the 2020 appraisal campaign, fees paid to appraisers were as follows:

(In thousands of euros)	2020 appraisal fees
Cushman & Wakefield	209
Catella	197
BNP Paribas Real Estate	27
TOTAL	**433**

The valuations completed by the independent appraisers are reviewed internally by the relevant department as well as by competent individuals within each operational division. This process includes discussions regarding the assumptions used by the independent appraisers, as well as a review of the results of the valuations. These reviews of the valuation process occur every six months and involve the investment department and the independent appraisers.

The difference between the fair value determined at the end and beginning of the reporting period plus any works and expenses capitalised in the year is recorded in income.

Property under construction valued at cost is tested for impairment as determined by comparison with the project's estimated fair value. The project's fair value is measured internally by the Development teams, on the basis of an exit rate and the expected net rents at the end of the project. Impairment is recognised if the fair value is less than the carrying amount.

Investment properties valued at cost are tested for impairment at 30 June and 31 December of each year, and whenever there is an indication of a loss in value. When such an indication exists, the revised recoverable amount is compared to the carrying amount and impairment recognised where appropriate.

Investment properties acquired more six months prior to the reporting date is assessed by independent appraisers at 30 June and 31 December each year. Acquisitions in the current half-year period are therefore recognised at acquisition cost.

Leases (lessee accounting)

When signing long-term lease agreements for property assets in particular, the Group analyses contractual provisions to determine whether the agreement is an operating lease or a finance lease, i.e., an agreement which effectively transfers to the lessee virtually all of the inherent risks and rewards inherent to the property's ownership. When a property complex is leased, the land and building are analysed separately.

The first-time application of IFRS 16 at 1 January 2019 resulted in the elimination of the distinction that was previously made between finance leases and operating leases. This led to the recognition on Carmila's statement of financial position of a right-of-use asset and a corresponding lease liability relating to ground leases (see section 3.3 "Accounting standards"). Guaranteed future incoming lease payments are discounted. Assets are depreciated over the same period as property, plant and equipment that the Group owns or over the term of the lease where this is shorter than the useful life of the properties. Lease payments are allocated between financial expenses and amortisation of the debt.

The application of lessee accounting in accordance with IFRS 16 did not have a material impact on the consolidated financial statements.

Investment properties held for sale

Assets for which there is sale commitment or sale mandate whose divestment has been approved by the Investment Committee are presented on a separate line of the statement of financial position at their last appraisal value, in accordance with the provisions of IFRS 5, Non-current assets held for sale. The capital gain or loss on the disposal of the investment property, which is the difference between the net sale proceeds and the carrying amount of the asset, is recorded in the income statement.

Leases (lessor accounting)

See Note 9.1 "Net rental income".

Gains and losses on disposal

Disposal gains are determined as the difference between the proceeds from the sale and the carrying amount of the property asset at the start of the period, adjusted for investment expenditure over the period and any deferred taxes recognised on the historic unrealised gain recorded for this asset.

6.1. Details of investment properties carried at fair value and at cost

(In thousands of euros)	
Investment properties carried at fair value – 31/12/2018	**5,953,655**
Acquisitions	5,523
Investments	70,413
Capitalised interest	253
Disposals and removals from the scope of consolidation	(6,361)
Other movements and reclassifications	33,162
Change in accounting method	35,135
Change in fair value	(90,172)
Investment properties carried at fair value – 31/12/2019	**6,001,608**
Acquisitions	6,696
Investments	42,598
Disposals and removals from the scope of consolidation	(367)
Other movements and reclassifications	250
Application of IFRS 16	528
Change in fair value	(334,267)
Investment properties carried at fair value – 31/12/2020	**5,717,046**

(In thousands of euros)	
Investment properties carried at cost – 31/12/2018	**62,605**
Acquisitions	2,836
Investments	41,042
Capitalised interest	611
Other movements and reclassifications	(38,309)
Investment properties carried at cost – 31/12/2019	**68,785**
Investments	29,538
Capitalised interest	1,127
Disposals and removals from the scope of consolidation	(309)
Other movements and reclassifications	869
Investment properties carried at cost – 31/12/2020	**100,010**

Investment properties carried at cost chiefly correspond to investment properties under construction.

6.1.1 Investment properties carried at fair value

"Investments" primarily comprise investments made on a like-for-like basis and restructuring work valued by the appraisers.

The "Other movements and reclassifications" caption shows the net balance of assets brought into service during the period, and the reconciliation of assets measured at cost at 31 December 2020 with their measurement at fair value.

"Change in fair value" records gains and losses on the value of assets based on the valuations made by independent appraisers. Changes in fair value are analysed by country in Note 6.2 "Valuation assumptions and sensitivity analysis".

6.1.2 Investment properties at cost

The "Investments" and "Capitalised interest" lines include the Nice Lingostière project (€28.6 million).

At 31 December 2020, no indication of a loss in value was identified for investment properties valued at cost.

The reconciliation of investments broken down by country (Note 5.4 "Investments broken down by operating segment") with the above data is as follows:

(In thousands of euros)		31/12/2020
Investment properties carried at fair value – Acquisitions	*6.1*	6,696
Investment properties carried at fair value – Change in scope	*6.1*	0
Investment properties carried at cost – Acquisitions	*6.1*	0
Investment properties carried at cost – Change in scope	*6.1*	0
Total acquisitions and changes in scope of consolidation		**6,696**
Total acquisitions – Investments by country	*5.4*	**6,696**

(In thousands of euros)		31/12/2020
Investment properties carried at fair value – Investments	*6.1*	42,598
Investment properties carried at fair value – Capitalised interest	*6.1*	0
Investment properties carried at cost – Investments	*6.1*	29,538
Investment properties carried at cost – Capitalised interest	*6.1*	1,127
Total investments and capitalised interest		**73,263**
Developments	*5.4*	34,718
Like for like portfolio (extensions, renovations, restructurings)	*5.4*	38,545
Total acquisitions – developments and extensions and like-for-like portfolio	*5.4*	**73,263**

6.2. Valuation assumptions and sensitivity analysis

At 31 December 2020, appraisers reviewed the value of all of the Group's assets carried at fair value. These valuations were based on material valuation uncertainty due to the potential impacts of the health crisis in Spain and Italy. No material valuation uncertainty was identified in France.

The table below presents the data used to determine the fair value of investment properties:

31/12/2020 – Weighted average	Yield	Rent in € per sq.m[1]	Discount rate[2]	Exit rate[3]	CAGR of NRI[4]
France	5.6%	261	6.2%	6.0%	1.3%
Spain	6.6%	222	9.0%	6.5%	1.7%
Italy	6.0%	292	7.4%	6.4%	1.5%

"Yield" corresponds to the Net Initial Yield.
[1] The rent is an annual average rent equal to minimum guaranteed rent plus variable rents per asset and per occupied sq.m.
[2] Rate used by appraisers to calculate the present value of future cash flows using the DCF method (discount rate).
[3] Rate used by appraisers to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).
[4] Average annual 10-year NRI growth rate used by the appraisers.

These data represent a slight increase when compared to 31 December 2019.

31/12/2019 – Weighted average	Yield	Rent in € per sq.m[1]	Discount rate[2]	Exit rate[3]	CAGR of NRI[4]
France	5.4%	264	5.9%	5.8%	1.6%
Spain	6.4%	227	8.5%	6.4%	1.7%
Italy	6.2%	293	7.2%	6.3%	1.8%

The table below summarises the impact by country of the change in the fair value of investment properties in the income statement:

	France		Spain		Italy		TOTAL	
(In thousands of euros)	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Change in fair value adjustments	(238,679)	(84,425)	(90,084)	(7,192)	(5,504)	1,445	(334,267)	(90,172)
Increase in fair value of property	33,835	45,609	1,184	16,329	1,377	3,180	36,396	65,118
Decrease in fair value of property	(272,514)	(130,034)	(91,268)	(23,521)	(6,881)	(1,735)	(370,663)	(155,290)

"Yield" corresponds to the Net Initial Yield.

(1) The rent is an annual average rent equal to minimum guaranteed rent plus variable rents per asset and per occupied sq.m.

(2) Rate used by appraisers to calculate the present value of future cash flows using the DCF method (discount rate).

(3) Rate used by appraisers to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).

(4) Average annual 10-year NRI growth rate used by the appraisers.

Based on the value of the assets including estimated transfer taxes and duties, the average yield on the assets increased to 6.20% at 31 December 2020 (compared to 5.90% at 31 December 2019).

All else being equal, a 15 basis-point increase in yields would result in a decrease in the value of the total portfolio, including transfer taxes and duties (excluding assets under development or equity-accounted and excluding the effect of changes in rents resulting from the decrease in yield) of €132.4 million (or 2.2%). A 25 basis-point increase in yields would reduce the value of the portfolio by €224 million (or 3.7%). A 50 basis-point increase in yields would reduce the value of the portfolio by €442 million (or 7.3%).

6.3. Investment properties held for sale

At 31 December 2020, there were no investment properties held for sale.

7. FINANCING AND FINANCIAL INSTRUMENTS

Accounting policies

Loans and other financial liabilities are carried at amortised cost calculated in accordance with the effective interest rate method.

Redemption premiums on bonds and issuance costs are recorded as a deduction from the nominal amount of the borrowings concerned and are accounted for at amortised cost, thereby increasing the nominal interest rate.

The Carmila Group's hedging policy aims to secure the cash flows it needs based on its financing requirements in euros. IFRS 9, Financial Instruments, defines three types of hedging relationships:

- fair value hedging: a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such an asset, liability or firm commitment), which is attributable to a specific risk and could affect earnings;
- cash flow hedging: a hedge against exposure to changes in cash flow that: (i) are attributable to a specific risk associated with a recognised asset or liability (such as all or part of future interest payments on floating-rate debt), or a highly probable forecast transaction, and ii) could affect earnings;
- hedging of a net investment in a foreign operation, as defined in IAS 21, Effects of Changes in Foreign Exchange Rates.

In Carmila's case, all interest rate derivatives in the portfolio are documented as cash flow hedges except for one residual cost recognised at fair value with changes in fair value taken to the income statement.

The use of cash flow hedge accounting has the following consequences: at the end of the reporting period, interest rate derivatives (swaps) are recognised at fair value on the statement of financial position, with any changes in fair value attributable to the effective portion of the hedge recognised directly in other comprehensive income (OCI), and the ineffective portion though the Income statement. The amount recognised in "Other comprehensive income" is subsequently recognised in income in a symmetrical manner to the interest hedged.

Carmila uses the dollar offset method for measuring hedge effectiveness.

Method for determining the fair value of financial instruments

The market values of interest rate instruments are determined based on market-recognised valuation models or by reference to prices from third-party financial institutions.

The values estimated by valuation models are based on the discounted cash flow method for futures contracts and on the Black-Scholes models for options. These models use inputs based on market data (yield curves and exchange rates) obtained from recognised financial-data providers.

The assessment of fair value for derivative financial instruments includes a "counterparty risk" component for derivatives with a positive fair value, and an "intrinsic credit risk" component for derivatives with a negative fair value. Counterparty risk is calculated using the "Expected-loss" method, which takes default risk exposure into account as well as the likelihood of default and the loss rate in the event of default. The probability of default is determined based on available market data for each counterparty (so-called "implied CDS default probability").

The fair value of long-term debt is estimated according to the market value of bonds or the present value of all future cash flows discounted in accordance with market conditions for a similar instrument (in terms of currency, maturity, interest rate type and other factors).

Application of IFRS 9 for renegotiated debt terms

Carmila's financing also includes a bank loan for a nominal amount of €770 million. The loan was taken out in 2013 and has been renegotiated several times since. Successive renegotiations did not make any substantial modifications to the initial contract as defined under IFRS 9. As a result, the carrying amount of the debt with its original effective interest rate (EIR) was recognised within equity, leading to a €19,754 thousand decrease in the value of the debt and an increase in equity for the same amount. This reduction of the debt's original EIR is spread over the remaining term of the underlying liability.

In June 2018, the debt was renegotiated and its maturity extended by one year, to 2023. No other terms of the loan were changed.

In May 2019, the debt was renegotiated and its maturity extended by one year, to 2024. No other terms of the loan were changed. This resetting of the debt in 2019 at its original effective interest rate led to the recognition of a gain of €4,707 thousand in other financial income, deferred over the residual life of the underlying liability.

In December 2020, Carmila repaid €200 million of this loan. The proportion of the loan corresponding to extending its maturity and the application of IFRS 9 was reversed in an amount of €5,095 thousand. This amount is in addition to the total expense relating to spreading the reduction of the original effective interest rate and the maturity of the debt over several reporting periods (€5,395 thousand), and is recognised in other financial expenses.

7.1. Net financial expense

Note 7.1.1 Cost of net debt

(In thousands of euros)	31/12/2020	31/12/2019
Financial income	**917**	**559**
Interest on Group current account	293	284
Financial income on cash equivalents	624	275
Financial expenses	**(57,634)**	**(57,277)**
Interest expense on bonds	(38,195)	(36,160)
Interest expense on bank borrowings	(5,016)	(6,244)
Capitalised interest expense	1,127	864
Deferral of costs, bond redemption premiums and swap balancing p	(9,602)	(6,905)
Interest expense on swaps	(5,037)	(7,731)
Interest on Group current account	(984)	(1,018)
Other financial expenses	73	(83)
Cost of net debt	**(56,717)**	**(56,718)**

The cost of net debt for 2020 breaks down as follows:

- Interest on bonds totalled €38,195 thousand, compared to €36,160 thousand in 2019. During the period, Carmila:
  - issued two new bonds, on 26 June 2020 for €100 million, paying a coupon of 3.0% and maturing in June 2029, and on 30 November 2020 for €300 million, paying a coupon of 1.625% and maturing in May 2027;
  - redeemed €12.2 million worth of bonds on 29 June 2020 out of a total €600 million 2.375% issue, and €96.7 million worth of bonds on 30 November 2020 out of a total €1,188 million 2.375% issue;
  - representing a positive net impact of €2,035 thousand.
- Interest on bank borrowings was €5,016 thousand, down €1,288 thousand, notably following the repayments of €100 million in December 2019 and €200 million in December 2020.
- Amortisation of debt issuance premiums and costs on loans and bonds represents an expense of €9,602 thousand, including the amortisation of swap balancing payments for €3,958 thousand.
- Net expenses on derivatives eligible for hedge accounting totalled €5,037 thousand, compared to €7,731 thousand in 2019. The decrease results from the cancellation of five swaps in December 2019 and from the extended maturity of two swaps.

7.1.2 Other financial income and expenses

(In thousands of euros)	31/12/2020	31/12/2019
Other financial income	**953**	**8,813**
Financial income from investments	199	-
Change in value of financial instruments	737	543
Reversal of provision for marketable securities	-	3,046
Change in fair value of equity investments	-	496
Other financial income	17	4,728
Other financial expenses	**(19,856)**	**(10,202)**
Change in fair value of financial instruments	-	-
Commitment fees on undrawn credit lines	(2,454)	(2,956)
Loss on short-term investments	-	(1,033)
Deferral of resetting EIR at initial rate (IFRS 9)	(10,490)	(4,895)
Balancing payments on swap (cash-flow hedge)	-	(555)
Other financial expenses	(6,912)	(763)
Other financial income and expenses	**(18,903)**	**(1,389)**

Other financial income fell by €7,860 thousand. At 31 December 2019, the Group wrote back €3,046 thousand of its provision for impairment of the market value of other current financial assets and €4,728 thousand in income relating to the application of IFRS 9 to the one-year extension of the €770 million bank loan. At 31 December 2020, this item was mainly affected by changes in credit risk on derivatives representing €737 thousand.

Other financial expenses chiefly relate to:

- non-utilisation fees for undrawn credit lines amounting to €2,454 thousand;
- the deferred recognition of the IFRS 9 impact relating to resetting the effective interest rate on debt at its initial rate, representing €10,490 thousand, including an expense of €5,095 thousand corresponding to the reversal of the proportion of the €200 million repayment on the term loan on 16 December 2020;
- €5,603 thousand in redemption premiums following the €96.7 million bond redemption in November 2020.

7.2. Current and non-current financial liabilities

In March 2020, Carmila was rated "BBB" by S&P, with a negative outlook. This rating has remained unchanged since that date.

At 31 December 2020, the interest coverage ratio was 3.9x, the loan-to-value ratio stood at 37.0% and the average debt maturity at 4.5 years.

7.2.1 Change in debt

(In thousands of euros)	31/12/2019	Change	Issuance	Repayment	Reclassifications	Other movements	Fair value adjustment	31/12/2020
Non-current financial liabilities	**2,261,398**	**3,938**	**396,580**	**(303,378)**	**2,560**	**-**	**5,944**	**2,367,042**
Bonds	1,600,000	-	400,000	(109,022)	-	-	-	1,890,978
Bond issuance premiums	(8,459)	-	(2,728)	2,343	-	-	-	(8,844)
Bank borrowings	670,000	-	-	(200,000)	-	-	-	470,000
Impact of resetting effective interest rate	(15,684)				7,952			(7,732)
Loan and bond issuance fees	(10,014)	-	(692)	3,301	-	-	-	(7,405)
Derivative instruments with a negative fair value	25,556	3,938	-	-	(5,392)	-	5,944	30,046
Current financial liabilities	**161,954**	**5,902**	**378,490**	**(289,686)**	**(3,103)**	**-**	**(737)**	**252,820**
Bank borrowings	687	-	1,042	(686)	-	-	-	1,043
Impact of resetting effective interest rate	(4,328)		9,448		(7,952)	-	-	(2,832)
Accrued interest on loans	15,454	1,109	-	-	-	-	-	16,563
Other borrowings and debt	146,000	-	368,000	(289,000)	-	-	-	225,000
Derivative instruments with a negative fair value	-	-	-	-	4,849	-	(737)	4,112
Bank facilities	4,141	4,793	-	-	-	-	-	8,934
Other IFRS 16 financial liabilities	**37,056**	**-**	**-**	**(1,640)**	**-**	**384**	**-**	**35,800**
Other IFRS 16 financial liabilities – non-current	34,556	-	-	-	(504)	384	-	34,436
Other IFRS 16 financial liabilities – current	2,500			(1,640)	504			1,364
Gross debt	**2,460,408**	**9,840**	**775,070**	**(594,704)**	**(543)**	**384**	**5,207**	**2,655,662**

7.2.2 Principal Group financing

(In thousands of euros)	Borrower	Currency of Issue	Interest rate	Final maturity date	Repayment profile	Maximum amount	Amount drawn as at 12/31/2020
Bonds						2,000,000	**1,890,978**
	Carmila SA	EUR	2.375%	Sep-23	at maturity	600,000	**547,900**
	Carmila SA	EUR	2.375%	Sep-24	at maturity	600,000	**543,078**
	Carmila SA	EUR	2.125%	Mar-28	at maturity	350,000	**350,000**
	Carmila SA	EUR	1.890%	Nov-31	at maturity	50,000	**50,000**
	Carmila SA	EUR	3.000%	Jun-29	at maturity	100,000	**100,000**
	Carmila SA	EUR	1.625%	May-27	at maturity	300,000	**300,000**
Bank loans						770,000	**470,000**
	Carmila SA	EUR	3-month Euribor	Jun-24	at maturity	770,000	**470,000**
Commercial paper						600,000	**225,000**
	Carmila SA	EUR				600,000	**225,000**
Revolving credit facility						759,000	**0**
	Carmila SA	EUR				759,000	**0**
TOTAL						**4,129,000**	**2,585,978**

7.2.3 Bonds

Carmila has six bonds, issued in 2015, 2016, 2018, 2019 and 2020, for a total amount of €1,891 million. These bonds are repayable at maturity, falling between 2023 and 2031.

On 10 September 2015, Carmila issued a bond for a nominal amount of €600 million, for a net consideration received on 18 September 2015 of €593,034 thousand, after deducting the issuance premium and bank fees. This bond was issued for an eight-year term maturing on 18 September 2023 with a coupon of 2.375% per annum.

Carmila issued a second bond for a nominal amount €600 million, dated 24 March 2016. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €592,998 thousand. This bond matures on 16 September 2024 and pays a coupon of 2.375% per annum.

As part of the merger with Cardety, Carmila secured approval from a qualified majority of bondholders for both bonds, and convened a first meeting on 24 May 2017, to transfer these financial liabilities to Cardety.

In February 2018, Carmila issued a third bond with a par value of €350 million, dated 7 March 2018. The net consideration for Carmila after deducting the issuance premium and bank fees totalled

€347,767 thousand. This 10-year bond matures on 7 March 2028.

In November 2019, Carmila launched a private bond placement for a nominal value of €50 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €49,787 thousand. This 12-year bond has the longest maturity of the Group's bond portfolio, falling due on 6 November 2031.

On 26 June 2020, Carmila launched a 9-year private bond placement for a nominal amount of €100 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €99,162 thousand.

On 30 November 2020, Carmila issued a 6.5-year bond with a nominal amount of €300 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €297,660 thousand.

Carmila redeemed ahead of term €108,960 thousand (net of expenses) of its bonds maturing in September 2023 and September 2024.

At 31 December 2020, Carmila's outstanding bonds therefore totalled €1,891 million, of which €13,286 thousand in issuance premiums and costs remained to be amortised over the residual period of the underlying debt.

7.2.4 Bank borrowings

In June 2017, Carmila renegotiated all its bank loans and signed a new five-year loan agreement for €770 million.

On 16 May 2018, the maturity of the syndicated loan drawn in full in 2017 was extended by one year to June 2023. In May 2019, the maturity of this fully-drawn credit facility of €770 million was extended by one year to June 2024.

This facility was repaid ahead of maturity in an amount of €100 million in 2019 and €200 million in 2020, with €470 million still outstanding at 31 December 2020.

At 31 December 2020, €4,030 thousand of issuance costs for these loans remain to be amortised over the period of the underlying debt.

7.2.5 Compliance with banking covenants at 31 December 2020

The loan agreement and the revolving credit facilities are subject to compliance with banking covenants measured at the end of each interim and annual reporting period:

- interest coverage ratio: the ratio of EBITDA to the net cost of debt must be greater than 2.00 at the test dates. This ratio stands at 3.9x at 31 December 2020 (compared with 5.0x at 31 December 2019);

- loan-to-value ratio: the ratio of consolidated net debt to the fair value of the investment assets (including transfer taxes) must not exceed 55% on the same date; the ratio may be exceeded for one half-year period. This ratio stands at 37.0% at 31 December 2020 (compared with 34.9% at 31 December 2019).

Failure to comply with these ratios entitles the lenders to demand immediate repayment of their facilities.

Under the loan agreements, Carmila may provide collateral for up to 20% of the total amount of the fair value of investment properties. Said value must be greater than €2,500 million at all times.

At 31 December 2020, the Group complied with the applicable baking covenants, and does not anticipate any factor that would lead it to breach said covenants in the coming months.

7.2.6 Other financing

In 2015, Carmila acquired Financière Géric. This company had taken out loans repayable at maturity, i.e., in December 2020.

The Group 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 renewed annually.

The outstanding balance at the end of December 2020 was €225 million, maturing in 2021. The maximum outstanding balance drawn over the period was €248 million.

As part of its refinancing in 2017, the Group also arranged a revolving credit facility (RCF) for €759 million, which falls due on 16 June 2024. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

A second €250 million credit line which fell due in the first half of 2020 was not renewed.

7.2.7 Breakdown of financial liabilities by maturity

At 31 December 2020, financial liabilities as broken down by maturity were as follows:

(In thousands of euros)	31/12/2020	2021 Less than 1 year	2022 2 years	2023 3 years	2024 4 years	2025 5 years and beyond
Bonds	**1,918,985**	**37,430**	**(2,854)**	**545,343**	**541,682**	**797,383**
Bonds – non-current	1,890,978	-	-	547,900	543,078	800,000
Bond redemption premiums – non-current	(8,844)	(2,109)	(2,156)	(1,925)	(1,005)	(1,649)
Accrued interest	40,224	40,224				
Issuance costs	(3,373)	(685)	(698)	(633)	(391)	(968)
Bank loans	**657,786**	**197,272**	**(5,124)**	**(3,412)**	**469,050**	**-**
Bank borrowings – non-current	470,000	-	-	-	470,000	-
Impact of effective interest rate	(10,564)	(3,961)	(3,961)	(2,235)	(407)	
Issuance costs	(4,032)	(1,149)	(1,163)	(1,177)	(543)	
Accrued interest	(23,661)	(23,661)	-	-	-	-
Bank borrowings – current	1,043	1,043				
Other borrowings and debt – current	225,000	225,000	-	-	-	-
Other IFRS 16 financial liabilities	**35,800**	**1,364**	**1,385**	**2,439**	**2,007**	**28,605**
Other IFRS 16 financial liabilities – non-current	34,436		1,385	2,439	2,007	28,605
Other IFRS 16 financial liabilities – current	1,364	1,364				
Bank and bond borrowings	**2,612,571**	**236,066**	**(6,593)**	**544,370**	**1,012,740**	**825,988**
Derivative instruments with a negative fair value	34,158	4,112	5,237	5,146	5,020	14,643
Bank facilities	8,934	8,934	-	-	-	-
Gross debt by maturity date	**2,655,662**	**249,112**	**(1,356)**	**549,516**	**1,017,760**	**840,631**

Contractual flows including principal and interest can be analysed by maturity as follows:

2020

Year of repayment *(In thousands in euros)*	2021	2022	2023	2024	2025	2026+	TOTAL
Principal	225,000	-	547,900	1,013,139	-	800,000	2,586,039
Interest	45,121	45,062	41,809	28,072	16,258	16,258	192,579
Group total (principal + interest)	**270,121**	**45,062**	**589,709**	**1,041,211**	**16,258**	**816,258**	**2,778,618**

2019

Year of repayment (In thousands in euros)	2020	2021	2022	2023	2024	2025+	TOTAL
Principal	146,686			600,000	1,270,000	400,000	2,416,686
Interest	47,047	47,375	47,660	40,215	26,535	32,037	240,869
Group total (principal + interest)	**193,733**	**47,375**	**47,660**	**640,215**	**1,296,535**	**432,037**	**2,657,555**

7.3. Management of financial risks and hedging strategy

7.3.1 Credit risk

Credit risk is the risk of financial loss for the Group in the event that a client or debtor fails to meet its contractual obligations. This risk mainly derives from trade receivables, financial investments made in order to invest surplus funds, hedging agreements with financial institutions, and current accounts with partners invested in the Group's minority interests.

In France as in Spain and Italy, trade receivables relate to tenants; none of which represent a significant percentage of the related revenue. On signing a lease, lessees pay security deposits or provide bank guarantees that, on average, represent three months' rent. The Group strives to implement procedures for verifying the creditworthiness of its customers, monitoring credit collection and systematically following up on unpaid receivables.

Cash is only invested in high-quality instruments. No speculative or high-risk investments are made.

Hedging agreements are intended to hedge interest rate risk and are solely for non-speculative hedging transactions. The counterparties for these transactions are large, blue-chip banks.

The impact of Covid-19 on the Group's receivables is described in Note 8.5.

7.3.2 Liquidity risk

Liquidity risk is the risk incurred by the Group in the event that it encounters difficulties in repaying its debt as it falls due.

Carmila's policy is to ensure that it has sufficient liquid funds to meet its obligations. Liquidity risk is managed in the short term, since cash and financial investments (as well as the committed revolving credit facilities) more than cover current liabilities.

At 31 December 2020, Carmila has a confirmed revolving credit facility for €759 million. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

The remaining balance of cash and cash equivalents at 31 December 2020 was €311 million.

As regards the Group's cash position, the rent relief and waivers granted further to the French government's Covid-19-related measures did not give rise to any specific liquidity risk. The Group does not anticipate any material risks in this respect in the coming months.

7.3.3 Other financial risks

Counterparties, changes in exchange rates, interest rates and the stock market each pose different risks.

As Carmila entrusts its cash investments to blue-chip banks, the Group is not exposed to any specific counterparty risk.

Since Carmila operates entirely within the eurozone, the Group is not exposed to exchange risk.

With regard to interest rate risk, Carmila has implemented a hedging policy with the use of derivatives (interest rate swaps and plain vanilla options), as described in Note 7.4 "Classification and measurement of financial instruments and hedging transactions".

As the Group does not hold any shares in listed companies apart from its own shares, it is not exposed to equity risk.

7.4. Classification and measurement of financial instruments and hedging transactions

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

The Group distinguishes three categories of financial instruments using the various valuation methods and uses this classification, in compliance with international accounting standards, to present the characteristics of the financial instruments recognised in the statement of financial position at fair value at the end of the reporting period:

- level 1: financial instruments quoted on an active market;
- level 2: financial instruments whose fair value measurement is based on valuation techniques drawing on observable market inputs;
- level 3: financial instruments whose fair value measurement is based on valuation techniques drawing on non-observable inputs (inputs resulting from assumptions that are not based on observable prices for market transactions for the same instrument or on observable market data available at the reporting date), or only partially based on observable inputs.

(In thousands of euros)	Fair value level	Fair value in profit and loss	Fair value through OCI – *period impact*	Loans and receivables	Liabilities at amortised cost	Liabilities at fair value	Value in balance sheet at 31/12/2020
Assets							**498,491**
Security deposits				12,920			**12,920**
Trade receivables				148,532			**148,532**
Other current financial receivables				16,626			**16,626**
Marketable securities – excl. money-market	Level 1	150					**150**
Cash and cash equivalents	Level 1	320,263					**320,263**
Liabilities							**2,604,930**
Bonds					1,878,761		**1,878,761**
Bank loans					467,011		**467,011**
Commercial paper					225,000		**225,000**
Derivative instruments with a negative fair value	Level 2		(9,902)			34,158	**34,158**

The carrying amounts of assets other than financial assets represent reasonable estimates of their market value.

The fair value of derivative financial instruments is determined using standard valuation methods which factor in market conditions at the reporting date.

The fair value of marketable securities and other current financial assets is based on the last quoted price.

Carmila's policy is to hedge its floating-rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up plain vanilla derivatives, interest rate swaps or options and swaptions which are eligible for hedge accounting.

The fixed interest rate position (fixed-rate debt + swapped floating-rate debt) stands at 88% of gross debt at 31 December 2020 (compared with 82% at end-2019), and hedging instruments represent 70% of floating-rate debt on the same date.

In first-half 2020, the Group renegotiated the maturity of its swaps and at the reporting date has a swap with a deferred start date and five fixed-rate borrower swaps against three-month Euribor for a notional amount of €385 million. The swap covering the longest term expires in December 2030. This strategy is consistent with the Group's future borrowing plan.

Carmila also has a €100 million cap which it set up in 2019 and which matures in June 2023.

These instruments were contracted with blue-chip banks and hedge the future floating-rate interest payments of the Group's financing (the "highly probable" nature of this financing is confirmed by the €470 million bank loan).

These hedging instruments are accounted for as cash flow hedges.

As a consequence of this cash flow hedge accounting, the derivative instruments are recognised on the closing statement of financial position at their market (fair) value, with any changes in fair value attributable to the effective portion of the hedge recognised in shareholders' equity (OCI) and the ineffective portion taken to income under "Other financial income and expenses".

The fair value of the swaps at 31 December 2020 is considered to be 100% effective and was therefore recognised in shareholders' equity for €8,893 thousand.

Changes in items recorded in other comprehensive income in 2020 (negative amount of €6,016 thousand) therefore result from changes in the fair value of swaps (negative amount of €9,902 thousand), with a positive amount of €3,958 thousand reclassified to income (balancing payments on swaps previously cancelled).

(In thousands of euros)	31/12/2020	31/12/2019
Financial instruments liabilities		
Interest rate derivatives with negative FV – through income	0	0
Interest rate derivatives with negative FV – cash flow hedges	35,502	26,615

These amounts do not take into account the assessment of the credit risk representing €1,344 thousand in 2020 (€604 thousand in 2019).

The sensitivity of derivative instruments to a 0.50% increase or decrease in interest rates is as follows:

(In thousands of euros)	0.50% decrease in interest rates		0.50% increase in interest rates	
Fair value of hedging instruments	**Impact on equity**	**Impact on income**	**Impact on equity**	**Impact on income**
Swap designated as cash flow hedges	(15,396)		14,731	
Options designated as trading instruments		0		0

8. BREAKDOWN OF OTHER STATEMENT OF FINANCIAL POSITION ITEMS

8.1. Intangible assets

Accounting policies

IAS 38, Intangible Assets states that intangible assets with a finite useful life are to be amortised on a straight-line basis over the period of their expected useful life. Intangible assets which do not have a finite useful life are not amortised. The indeterminate nature of the useful life is reviewed every year. An impairment test is performed on these non-current assets annually (IAS 36) or whenever there is an indication of a loss in value.

After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and impairment.

(In thousands of euros)	31/12/2019	Acquisitions	Additions/ reversals	Reclassifications/ retirements	31/12/2020
Software	1,676	64	(201)	85	1,624
Other intangible assets	16,484	757	-	2	17,243
Intangible assets in progress	19	54	-	84	157
Intangible assets – gross value	18,180	875	(201)	171	19,024
Amortisation/impairment of software	(1,093)	-	108	(1)	(986)
Amortisation/impairment of other intangible fixed assets	(12,826)	-	(632)	-	(13,458)
Intangible assets – cumulative amortisation	(13,919)	-	(524)	(1)	(14,444)
Total intangible assets – net value	**4,261**	**875**	**(725)**	**170**	**4,581**

8.2. Property, plant and equipment

Accounting policies

In accordance with IAS 16, Property, Plant and Equipment, when these assets (including land, buildings, installations and equipment) are not classified as investment properties, they are measured at historical cost less accumulated depreciation and impairment.

Property, plant and equipment under construction are accounted for at cost less any identified impairment

(In thousands of euros)	31/12/2019	Acquisitions	Additions/ reversals	Application of IFRS 16	Reclassifications/ retirements	31/12/2020
Technical plant, machinery and equipment	4,232	108	-	-	126	4,466
Office and computer equipment	490	79	-	-	4	573
Transportation equipment	599	-	-	44	-	643
Company's office buildings	2,755	-	-	(188)	-	2,567
Other property, plant and equipment	102	-	-	-	-	102
Property, plant and equipment – gross value	8,178	187	-	(144)	130	8,351
Depreciation/impairment of technical plant, machinery and equipr	(2,490)	-	(322)	-	-	(2,812)
Depreciation/impairment of office and computer equipment	(416)	-	(41)	-	-	(457)
Depreciation/impairment of transportation equipment	(342)	-	(256)	-	-	(598)
Depreciation/impairment of company's office buildings	(639)	-	(586)	-	-	(1,225)
Depreciation/impairment of other property, plant and equipment	(47)	-	(7)	-	-	(54)
Property, plant and equipment – cumulative depreciation	(3,934)	-	(1,212)	-	-	(5,146)
Total property, plant and equipment – net value	**4,244**	**187**	**(1,212)**	**(144)**	**130**	**3,205**

At 31 December 2020, property, plant and equipment mainly includes fixtures and office equipment for the Group's service centres in France and Spain. No acquisitions or write-offs were recognised during the period.

8.3. Investments in equity-accounted companies

Accounting policies

The accounting policies applied to equity-accounted companies are described in Note 4.1. The list of equity-accounted companies is available in Note 15 "List of consolidated companies".

The method used to account for investment properties at fair value was also applied to investments in associates, in proportion to the Group's interest in these entities.

(In thousands of euros)	31/12/2019	Net income	Distribution	31/12/2020
Investment in equity-accounted companies	52,459	(3,189)	(1,210)	48,061

At 31 December 2020, this item consisted exclusively of As Cancelas (Spain), acquired in 2014 and currently in operation, and Carmila Thiene (Italy), the purpose of which is to harbour a project.

Financial information on equity-accounted companies

The table below shows the main statement of financial position items relating to equity-accounted companies, presented as if the companies were fully owned by Carmila and including consolidation adjustments:

Equity-accounted companies (In thousands of euros)	31/12/2020	31/12/2019
Investment property	126,702	136,774
Other non-current assets	1,776	1,379
Deferred tax assets	2,436	214
Non-current assets	**130,914**	**138,367**
Trade receivables	377	396
Other current assets	1,157	816
Cash and cash equivalents	2,406	3,905
Current assets	**3,940**	**5,117**
Total assets	**134,854**	**143,484**

Equity-accounted companies (In thousands of euros)	31/12/2020	31/12/2019
Equity attributable to owners	101,071	93,684
Total equity	**101,071**	**93,684**
Borrowings and financing from associates	28,247	28,126
Other non-current liabilities	2,143	18,160
Non-current liabilities	**30,390**	**46,286**
Current liabilities	**3,393**	**3,514**
Total liabilities and equity	**134,854**	**143,484**

Equity-accounted companies (In thousands of euros)	31/12/2020	31/12/2019
Gross rental income	7,542	9,348
Net income (loss)	**(6,378)**	**4,376**
Dividends distributed	2,419	3,365

8.4. Other non-current assets

Accounting policies

In accordance with IFRS 9, Financial Instruments, the main financial assets are classified in one of the following three categories:

- loans and receivables;
- assets held to maturity;
- assets available for sale.

The application of IFRS 9 leads to a redefinition of the methodology for classifying and measuring financial assets, which is now based on:

- the contractual characteristics of cash flows; and
- the business model for managing the assets.

The definition of financial assets used has been extended and now includes loans, advances, current accounts, non-consolidated securities, trade receivables and derivatives with a positive fair value. IFRS 9 also makes a distinction between two categories of financial assets: debt instruments and equity instruments. Depending on the characteristics of the contractual cash flows and business model, the resulting valuation method is different.

The classification is determined by the Group on initial recognition, depending on the type of asset and the purpose for which it was acquired. Sales and purchases of financial assets are recognised at the transaction date, i.e., the date on which the Group purchased or sold the asset. Other long-term investments include minority stakes in young

companies developing innovative and promising retail concepts for goods and services.

Loans and receivables are initially carried at fair value and subsequently at amortised cost using the effective interest rate method. For short-term receivables with no specified interest rate, fair value is taken as the amount on the original invoice. These items are tested for impairment when there is an indication of a loss in value. Impairment is recognised if the carrying amount is higher than the estimated recoverable amount.

This category includes receivables related to equity investments, other loans and receivables, and trade receivables. They appear in the statement of financial position under "Other financial assets" or "Trade receivables".

For assets available-for-sale, see Note 6 "Investment properties".

(In thousands of euros)	31/12/2019	Increases	Decreases	Other movements	31/12/2020
Non-consolidated equity interests	744	186	(1)	-	929
Advances to associates or non-consolidated companies	-	-	-	-	-
Security deposits	12,835	92	(6)	-	12,921
Other financial assets	71	-	(3)	-	68
Other non-current assets – gross value	13,650	278	(10)	-	13,918
Impairment on other non-current assets	(1,223)	-	-	(72)	(1,295)
Other non-current assets – net	**12,427**	**278**	**(10)**	**(72)**	**12,623**

The security deposits recognised as non-current assets relate to deposits made with the Spanish administrative authorities, which require a percentage of the security deposits received from tenants to be deposited with the authorities in a special escrow account. The increase in equity interests in the period reflects the fair value adjustment of a minority, non-consolidated investment through income.

8.5. Trade receivables

Accounting policies

Trade receivables mainly comprise rent receivable from tenants, front-end fees and any advisory services. They also include the effect of deferred the recognition of benefits granted to tenants (rent-free periods and step rents). In the event of a loss in value, an impairment loss is recognised against the receivables, which takes into account the debtor's capacity to honour its debt and the period for which the receivable is past due. The Group books a provision for 50% of the corresponding receivables when they are over six months and less than one year past due, or for the full amount if the receivables are more than one year past due. A provision is made for the full amount of any past due receivables from tenants for which there is a risk of insolvency. These include tenants undergoing safeguard procedure, or which are in receivership or liquidation, or any tenant for which a significant credit risk has been identified.

Additional allowances were also recognised to reflect negotiations held in connection with the ongoing health crisis. See notes 2 "Significant events of 2020" and 9.1.1 "Accounting treatment applied to the impacts of the health crisis".

Trade receivables have a maturity of less than one year, with the exception of rent-free periods and step rents, which are recognised over the lease term.

In accordance with IFRIC 21, provisions were recorded for all property taxes owed for 2020 as of 1 January of that year. Simultaneously, an accrual for the share of property taxes rebilled to tenants was recorded as accrued revenue. This has no impact on the annual financial statements.

(In thousands of euros)	31/12/2020	31/12/2019
Trade receivables – gross value	**203,047**	**140,875**
of which related to leasing activity	*179,325*	*128,588*
of which accrued receivables and receivables unrelated to leasing activity	*23,722*	*12,287*
Allowances for trade receivables	**(54,515)**	**(23,770)**
of which related to leasing activity	(54,341)	(23,770)
of which unrelated to leasing activity	(174)	-
Trade receivables – net	**148,532**	**117,105**

There was a moderate €31 million year-on-year rise in net trade receivables at 31 December 2020, essentially reflecting the rise in gross unpaid rents relating mainly to rent negotiations not yet finalised to date.

The gross default rate was 5% at 31 December 2020.

Additional allowances recognised in respect of the health crisis amounted to €22.2 million.

	31/12/2020				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**Full-year 2020**
Gross collection rate (total amount invoiced)	94,9%	53,3%	84,9%	74,3%	**77,3%**
Rent waiver/Covid-19 provision rate	2,4%	38,9%	8,1%	24,5%	**18,0%**
Bad debt rate	2,7%	7,8%	7,0%	1,3%	**4,7%**
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Gross collection rate (France)	97,0%	47,0%	92,0%	73,0%	**78,0%**
Net collection rate (adjusted for rent waivers/Covid-19 provision)	97,3%	87,0%	92,4%	98,3%	**94,3%**

Out of the total charges and rents invoiced in 2020, 77.3% had been collected at 31 December 2020, 18.0% had been waived (and written off in the consolidated financial statements) and 4.7% are pending collection (of which 3.0% have been recovered at 15 February 2021), therefore the gross collection rate stands at 80.3%.

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94.3%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

(In thousands of euros)	Accounting balance	not yet due	past due	<15 days	>=15 days <30 days	>=30 days <60 days	>=60 days <90 days	>=90 days <180 days	>=180 days <360 days	>=360 days		Total allowance
Spain	29,108	-	29,108	(549)	995	813	(1,034)	6,782	16,866	5,237	-	(14,649)
Italy	13,719	5,856	7,863	-	1,207	966	295	1,192	1,841	2,362	-	(4,237)
France	136,497	80,141	56,357	949	(938)	2,051	19,913	16,051	3,134	15,197	-	(35,455)
Group total	**179,325**	**85,997**	**93,328**	**400**	**1,264**	**3,829**	**19,174**	**24,025**	**21,841**	**22,796**	**-**	**(54,341)**

	Allowances for trade receivables (excluding VAT)
Group total	**(54,341)**

The aged balance does not include accrued receivables or receivables unrelated to the leasing activity.

8.6. Other current assets

(In thousands of euros)	31/12/2020	31/12/2019
Tax receivables	37,431	28,787
Corporate tax receivables	7,133	3,083
Other tax receivables	30,298	25,704
Financial receivables	31,389	22,231
Receivables related to investment properties	30,962	21,485
Derivative instruments – assets	121	543
Marketable securities – excl. money-market	306	203
Other receivables	17,595	18,109
Receivables from charges rebilled to tenants	11,049	9,792
Other miscellaneous receivables	6,426	8,007
Prepaid expenses	120	310
Total other receivables – gross value	**86,415**	**69,127**
Impairment of other receivables	0	0
Other current receivables – net	**86,415**	**69,127**

At 31 December 2020, tax receivables included €4 million in tax reductions granted by the French government in return for rent relief afforded to tenants due to the November 2020 lockdown.

Financial receivables relating to equity investments mainly consist of the Group's loans to equity-accounted companies (As Cancelas for €11,621 thousand and Carmila Thiene for €5,126 thousand), and to advances by Carmila Retail Development to non-controlling interests in which the company has an equity stake for €9,901 thousand.

8.7. Net cash

Accounting policies

Cash equivalents are short-term (i.e., less than three months), highly liquid investments that are easily convertible into a known amount of cash and subject to a negligible risk of change in value. Cash includes shares in money-market funds and cash deposits, and is carried at fair value through the income statement.

(In thousands of euros)	31/12/2020	31/12/2019
Cash	180,228	178,172
Cash equivalents	140,035	-
Cash and cash equivalents	320,263	178,172
Bank facilities	(8,934)	(4,141)
Net cash	**311,329**	**174,031**

Cash equivalents include a €140 million term deposit maturing in September 2021 (€40 million) and November 2021 (€100 million). These amounts can be released at any time subject to 30 days' notice.

The change in the Group's net cash position is detailed in Note 1.3 "Consolidated statement of cash flows".

8.8. Equity

8.8.1 Share capital and premiums on Carmila's capital

(In thousands of euros)	Number of shares	Share capital	Issuance premium	Merger premium
As of 1 January 2020	**136,681,843**	820,091	520,611	1,608,558
Payment of dividend – GM of 29/06/2020	**-**	-	-	(117,377)
New shares issued	**139,306**	836	(836)	-
Stock dividend	**5,795,730**	34,774	28,862	-
At 31 December 2020	**142,616,879**	**855,701**	**548,637**	**1,491,181**

At 31 December 2020, the share capital was made up of 142,616,879 shares split into three share classes, each with a par value of six euros (€6), fully subscribed and paid up. These shares were allocated as follows: 142,357,425 class A shares, 120,148 class B shares, and 139,306 class C shares.

The class C shares were issued on 16 May 2020 as part of Carmila's preferred share allotment plan for its key employees and corporate officers. This capital increase was charged against issuance premiums for €836 thousand.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), representing a total payout of €136,563 thousand. A total of €117,531 thousand was charged against the merger premium and €19,032 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €72,926 thousand was paid in cash and €63,637 thousand was paid in shares, resulting in the issuance of 5,795,730 class A shares with a value of €10.98 per share.

8.8.2 Distribution of issuance premiums and capital increases

For more details on the distribution of issuance premiums, see Note 2.3 "Dividend".

For more details on corporate actions, see Note 8.8.1 "Equity" above.

8.8.3 Treasury stock

Treasury stock is deducted from consolidated shareholders' equity at its acquisition cost. Any income from the sale of treasury stock (together with the related tax effects) are taken directly to shareholders' equity and not to net income for the year.

The Company entered into a liquidity agreement following its listing on Euronext Paris. At 31 December 2020, the company held a total of 191,676 Carmila shares including the shares held as part of the liquidity agreement and the shares held in view of being used in free share plans.

8.8.4 Earnings per share

Earnings per share are calculated by dividing earnings attributable to holders of the Company's ordinary shares by the weighted average number of ordinary shares outstanding during the period. Treasury stock is not considered as shares in issue and is therefore deducted from the number of shares used to calculate earnings per share.

Fully diluted earnings per share are determined by adjusting earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares in issue to include the effects of all potentially dilutive financial instruments as well as potential shares, in particular those linked to free share plans.

(In thousands of euros)	31/12/2020	31/12/2019
Net income (loss)	(198,286)	108,404
Consolidated net income (loss) attributable to non-controlling interests	469	191
Numerator		
Consolidated net income (loss) attributable to owners of the parent	**(198,755)**	**108,213**
Average number of shares outstanding	140,198,573	136,408,412
Number of free and preference shares outstanding as of 31 December 2020	405,201	297,092
Denominator		
Average number of shares (fully diluted)	**140,603,774**	**136,705,504**
Earnings per share (in euros)	**(1.42)**	**0.79**
Diluted earnings per share (in euros)	**(1.41)**	**0.79**

8.9. Provisions

Accounting policies

In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, provisions are recognised when, at the reporting date, the Group has a present legal or constructive obligation arising from a past event, the amount of which can be reliably estimated and the settlement of which is likely to require the outflow of resources representing economic benefits. This obligation may be of a legal, regulatory or contractual nature, or it may be implicit. These provisions are estimated for each category based on the most likely assumptions. Amounts are discounted when the impact of discounting is material.

(In thousands of euros)	31/12/2019	Additions	Reversals	Reclassifications	Actuarial adjustments (OCI)	31/12/2020
Other provisions for contingencies and char	6,158	464	(649)	(12)	-	5,961
Provisions for contingencies and charges	6,158	464	(649)	(12)	-	5,961
Provision for pensions and retirement benefi	707	137	(43)	-	(30)	771
Provisions for charges	707	137	(43)	-	(30)	771
Total non-current provisions	**6,865**	**601**	**(692)**	**(12)**	**(30)**	**6,732**

Provisions for contingencies and charges include all disputes and litigation with tenants and any other operating risks. The provisions were reviewed to better understand the facts and circumstances surrounding these disputes (talks in progress with possible renewal, etc.) and possible appeal proceedings (right of withdrawal).

8.10. Other non-current liabilities

At 31 December 2019, this item included an earn-out payment related to the 2016 acquisition of an asset for €7.5 million (estimates of the amount involved and the outcome were sufficiently reliable to serve as a basis for the provision). This earn-out is expected to be paid in 2021. At end-December 2020, the residual amount of the provision was therefore reclassified within "Other current liabilities" (see Note 8.12).

8.11. Trade and payables to suppliers of non-current assets

(In thousands of euros)	31/12/2020	31/12/2019
Payables to suppliers of non-current assets	86,231	81,674
Miscellaneous payables	1,094	4,508
Trade payables and invoices yet to be received	26,679	24,347
Trade and payables to suppliers of non-current assets	**114,004**	**110,529**

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects.

8.12. Other current liabilities

(In thousands of euros)	31/12/2020	31/12/2019
Accrued tax and payroll liabilities	56,004	49,356
Tax liabilities (excluding corporate income tax)	43,315	29,974
Tax liabilities – corporate income tax	1,610	8,508
Social-security liabilities	11,079	10,874
Other liabilities	95,620	84,978
Other miscellaneous liabilities	29,071	16,462
Prepaid income	66,549	68,516
Other current liabilities	**151,624**	**134,334**

The rise in accrued tax and payroll liabilities is primarily due to the rise in EUR VAT payable on cash inflows due to payments that were deferred due to the health crisis.

Other liabilities include the reclassification of an earn-out on a 2016 acquisition, expected to be paid in 2021 in an amount of €7.5 million.

9. BREAKDOWN OF INCOME STATEMENT ITEMS

9.1. Net rental income

Accounting policies

Gross rental income

Gross rental income from operating leases is recognised on a straight-line basis over the entire term of the lease agreement.

Any benefits or incentives granted by a lessor when negotiating or renewing an operating lease should be recognised as an integral part of the consideration agreed for the use of the leased asset, regardless of the nature, form or payment date of those benefits:

- any step rents or rent-free periods granted are recorded by means of a reduction or increase in gross rental income spread over time. The reference period used is the initial non-cancellable lease term;
- any work undertaken on the tenant's behalf is depreciated on a straight-line basis over the term of the lease;
- when a lessor terminates a lease prior to the expiration date, eviction compensation is payable to the tenant. When the conditions are met, the compensation is recorded as a non-current asset (see Note 6 "Investment properties");
- transfer compensation, i.e., compensation paid to a tenant in the event of relocation to other premises in the same building, may be spread over the term of the lease, or, if the building is being renovated, be included in the cost price of the asset;
- entry fees received by the lessor are recognised as additional rent. The front-end fee forms part of the net sum exchanged between the lessor and the tenant under the lease. Therefore, the accounting periods during which this net amount is recognised should not be affected by the form of the agreement and payment schedules. These fees are amortised over the initial non-cancellable term of the lease;
- tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. Such penalties relate to the terminated lease and are recognised as income in the year in which they are received.

Charges rebilled to tenants

Service charge income is recognised as income in the period in which it is earned and corresponds to charges rebilled to tenants.

Real estate expenses

These correspond to fees paid (or the amortisation of initial payments) when the land is made available under a ground lease or concession agreement, as well as the expense related to land tax and rebilled land tax.

Non-recoverable service charges

These charges primarily represent charges arising from vacant premises and rebillable expenses not yet rebilled.

Property expenses

These consist of service charges borne by the landlord, expenses related to works, legal costs, costs associated with bad debts (see Note 8.5 for a description of the impact of Covid-19), property management costs, temporary rent relief granted exceptionally to tenants in order to support its business as well as one-off commercial and marketing promotional campaigns undertaken on behalf of a tenant.

Net rental income is calculated based on the difference between gross rental income and these various expenses net of those rebilled.

(In thousands of euros)	31/12/2020	31/12/2019
Rent	349,805	359,565
Entry fees and other indemnities	(61)	(108)
Gross rental income	349,744	359,457
Property tax	(23,510)	(21,214)
Charges rebilled to tenants	18,527	16,569
Real estate expenses	(4,983)	(4,645)
Rental charges	(71,177)	(71,307)
Charges rebilled to tenants	61,094	62,790
Non-recoverable service charges	(10,083)	(8,517)
Management fees	(691)	(139)
Charges rebilled to tenants	-	-
Losses and allowances against receivables	(34,065)	(10,010)
Other expenses	(29,085)	(2,962)
Property expenses	(63,841)	(13,111)
Net rental income	**270,837**	**333,184**

The year-on-year change in "losses and allowances against receivables" and "other expenses" is linked to the impact of Covid-19, as described in Notes 9.1.1 and 9.1.2.

9.1.1 Specific negotiations related to the health crisis

	Waiver impact (months of rent)	Rent waivers (€m)	% negotiations signed	% negotiations in exchange for extension	Average reversion of MGR in event of extension of non-cancellable term
France	1.9	45.7	65%	42%	-2.7%
Spain	1.9	17.8	80%	94%	-0.2%
Italy	2.8	6.1	93%	6%	0.0%
Total	**1.9**	**69.6**	**70%**	**55.0%**	**-1.7%**

Owing to the health crisis, Carmila held negotiations with its tenants with a view to supporting them during this period and helping to safeguard their cash resources through rent relief.

In some cases, relief was granted with no concessions agreed by the tenant in return, directly in accordance with the government measures. Other relief was granted with or without concessions by the tenant on a case-by-case basis, so as to find a situation beneficial to all parties concerned. Concessions granted by tenants in exchange for rent relief consisted mainly of extensions of the non-cancellable term of the lease or commitments to sign new leases.

Rent relief granted in exchange for concessions in the form of an extended lease term represented 55.0% of all rent relief granted (excluding very small businesses).

In all, the impact of the various relief granted by Carmila was €69.6 million, representing 1.9 months' rent. A total of €52.2 million in rent relief was granted during the first wave of the pandemic, including €9.6 million to support very small businesses. The impact of the second wave was €17.3 million, including €4 million in tax income in the form of a tax reduction.

70% of the negotiations have been concluded and signed, and relief arrangements that remain unsigned were written down to take account of

the health crisis. Carmila recognised the full impact of the relief granted during the first two waves of the health crisis in its 2020 financial statements.

9.1.2 Accounting treatment applied to the impacts of the health crisis

The specific impacts of the health crisis are set out in the table below:

(in thousands of euros)	France	Spain	Italy	Group
Income statement impact of the health crisis	**(36,573)**	**(13,742)**	**(6,432)**	**(56,747)**
- of which impact of rent waivers	(23,197)	(819)	(4,743)	(28,759)
- of which allowances on receivables	(11,338)	(9,678)	(1,274)	(22,290)
- of which variable rent adjustments (VR)	(1,160)	(2,843)		(4,003)
- of which specialty leasing (SL)	(878)	(402)	(415)	(1,695)
Income statement impact beyond 2020 **(IFRS 16 impact: rent-free periods to be deferred)**	**(11,127)**	**(7,282)**	**(131)**	**(18,540)**
Total health crisis impact (first and second waves)	**(47,700)**	**(21,024)**	**(6,563)**	**(75,287)**
Total health crisis impact (excl. VR and SL)	**(45,662)**	**(17,779)**	**(6,148)**	**(69,589)**
Impact (in months of rents)	1.9	1.9	2.8	1.9

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(3,011)**	**(3,403)**	**(569)**	**(6,983)**
Rent waivers with concessions (IFRS 16)	(973)	(158)	(154)	(1,285)
Variable rent adjustments	(1,160)	(2,843)		(4,003)
Specialty Leasing impact	(878)	(402)	(415)	(1,695)
Impact on net rental income	**(33,562)**	**(10,339)**	**(5,863)**	**(49,764)**
Rent waivers without concessions	(26,230)	(661)	(4,589)	(31,480)
Allowances on receivables	(11,338)	(9,678)	(1,274)	(22,290)
Tax credit	4,006			4,006
Total impact in 2020	**(36,573)**	**(13,742)**	**(6,432)**	**(56,747)**

For rent relief granted in exchange for an extension in the non-cancellable term of the lease, the impact of the relief is recognised over the non-cancellable term of the lease in question, in accordance with IFRS 16. The impact is recognised as a deduction from gross rental income, representing €1.3 million in 2020. A total of €18.5 million will be recognised over the next few periods, of which €6 million in 2021. The amount of €18.5 million was determined based on the amounts signed to date and the discussions ongoing with tenants.

The impact of other relief not resulting in an extension of the non-cancellable term of the lease is written off in full against net rental income in the 2020 financial statements, for an amount of €31.5 million.

The provision for variable rents was adjusted in an amount of €4.0 million, while the impact on Specialty Leasing revenues was €1.7 million.

Disputed receivables were written down in full in 2020.

9.1.3 Gross rental income and net rental income

Gross rental income

Gross rental income	31/12/2020		31/12/2019
		Year-on-year change	
(in thousands of euros)	Gross rental income	reported	Gross rental income
France	239,011	-1.4%	242,408
Spain	88,724	-4.9%	93,259
Italy	22,009	-7.5%	23,790
Total	**349,744**	**-2.7%**	**359,457**

Gross rental income fell by 2.7% in 2020. The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (negative €1.3 million impact in 2020), (ii) the decline in Specialty Leasing revenues (negative €1.7 million impact), and (iii) adjustments made to provisions for variable rents for the months during which stores were closed (negative €4.0 million impact). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Adjusted for these impacts, gross rental income fell by just 0.8%, reflecting the resilience of the rental base in a challenging health environment.

Net rental income

Net rental income	31/12/2020					31/12/2019
		Year-on-year change				
(in thousands of euros)	Net rental income	like for like (total)	like for like (specific Covid-19 impact)	like for like (excl. specific Covid-19 impact)	reported	Net rental income
France	185,340	-16.9%	-16.3%	-0.6%	-17.3%	224,131
Spain	71,000	-18.4%	-15.8%	-2.6%	-18.6%	87,216
Italy	14,497	-33.2%	-29.5%	-3.7%	-33.6%	21,837
Total	**270,837**	**-18.4%**	**-17.0%**	**-1.4%**	**-18.7%**	**333,184**

Net rental income fell by €62.3 million in 2020. This decline is attributable to the factors described below.

The total like-for-like change was a decrease of €61.3 million, or 18.4% over the year. Covid-specific impacts had a negative €56.7 million (17.0%) impact, as detailed in the "Accounting for the impacts of the health crisis" section. Organic growth as adjusted for these specific impacts was a negative 1.4%.

The positive contribution of rent indexation included in like-for-like growth stands at 1.5%.

Growth generated by lease extensions represents €1.0 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 2020, with no acquisitions carried out in either 2019 or 2020.

Other impacts reduced net rental income by €2.1 million, or 0.6%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

9.1.4 Rent collection

	31/12/2020				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**Full-year 2020**
Gross collection rate (total amount invoiced)	94,9%	53,3%	84,9%	74,3%	**77,3%**
Rent waiver/Covid-19 provision rate	2,4%	38,9%	8,1%	24,5%	**18,0%**
Bad debt rate	2,7%	7,8%	7,0%	1,3%	**4,7%**
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Gross collection rate (France)	97,0%	47,0%	92,0%	73,0%	**78,0%**
Net collection rate (adjusted for rent waivers/Covid-19 provision)	97,3%	87,0%	92,4%	98,3%	**94,3%**

Out of the total charges and rents invoiced in 2020, 77.3% had been collected at 31 December 2020, 18.0% had been waived (and written off in the consolidated financial statements) and 4.7% are pending collection (of which 3.0% have been recovered at 15 February 2021), therefore the gross collection rate stands at 80.3%.

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94.3%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

9.2. Overhead expenses

(In thousands of euros)	31/12/2020	31/12/2019
Income from property management, administration and other activities	10,267	10,477
Other income	255	1,407
Payroll expenses	(25,939)	(25,145)
Other external expenses	(35,532)	(39,579)
Overhead expenses	**(50,949)**	**(52,840)**

Overhead costs fell 3.6% in 2020 compared to the previous year. This €1.9 million decrease is attributable to the cost savings made in the wake of the health crisis (lower lease management fees, events not held, etc.).

9.2.1 Revenues from property management, administration and other activities, and other income from services

These revenues include fees on new leases, marketing fund services to develop and increase the attractiveness of the centres (retailers' associations), amounts rebilled to the Carrefour group relating to the share of payroll expenses for shopping centre managers, and LouWifi fees. These revenues totalled €10.5 million in 2020, a decrease of €1.4 million (11.4%) compared to 2019. The fall in revenues is primarily due to the absence in 2020 of the LouWifi fees that had been earned in 2019.

9.2.2 Payroll expenses

Payroll expenses amounted to €25.9 million in 2020: the 3.2% increase takes into account the year-on-year rise in the average number of employees. Carmila has also set up preferred share allotment plans for senior executives and some employees. The benefits granted under these plans are recognised as payroll expenses.

Carmila has been determined to keep all of its staff working from home and avoid furlough during the lockdowns to enable it to stay in touch with its tenants and consumers, and make preparations for the reopening of the shopping centres at the end of each lockdown period.

9.2.3 Other external expenses

Other external expenses totalled €35.5 million in 2020, a decrease of 10.2%, or €2.9 million, in overhead expenses. This decrease can be explained by the health environment, which led to a fall in lease management fees resulting from the rent relief granted to tenants, and by a reduction in certain communication and marketing expenses (trade shows, conventions, events, etc.).

The main components of other external expenses are marketing expenses, chiefly relating to the ramp-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.). They also include appraisal fees for the property portfolio, legal and tax fees, statutory auditors' fees, financial reporting and advertising fees, travel expenses and compensation allocated to directors.

Other external expenses also include taxes and duties unrelated to property (€2.6 million), such as the CFE and CVAE taxes in France.

9.3. Depreciation, amortisation, provisions and impairment

(In thousands of euros)	31/12/2020	31/12/2019
Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,937)	(1,807)
Reversals from/additions to provisions for provisions for contingencies and charges and current assets	(912)	(1,686)
Additions to depreciation/amortisation of property, plant and equipment and intangible assets, and provisions	**(2,849)**	**(3,493)**

Depreciation, amortisation and impairment mainly relate to software and fixtures and fittings in the Group's office buildings.

Net additions to provisions for contingencies and charges mainly concern property disputes with tenants, impairment of current assets, and potential tax disputes in France.

There were no material changes during the year.

9.4. Gains and losses on disposals of investment properties and equity investments sold

There were no significant disposals during the year.

10. INCOME TAXES

Accounting policies

The Group companies are subject to the tax laws that apply in the countries in which they operate. Income tax is calculated according to local rules and rates.

In France, the Group benefits from the specific SIIC tax regime for French real estate investment trusts.

The Group's subsidiaries in Italy are subject to ordinary taxation in their respective jurisdictions.

Effective 1 January 2020, the Group's Spanish companies are eligible for the SOCIMI tax regime applicable to real estate investment trusts.

SOCIMI regime

Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met. Unrealised capital gains recognised prior to entry into the SOCIMI regime are fixed and will be taxed when the corresponding asset is sold. Capital gains realised after election for the SOCIMI regime are exempt from capital gains tax provided that the distribution criteria are met.

Companies opting for the SOCIMI tax regime are required to make the following minimum distributions:

- 80% of the profits resulting from the leasing of real estate and ancillary activities; and
- 50% of the profits resulting from the transfer of properties and shares linked to the Company's business, provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer. Failing this, 100% of the profits must be distributed as dividends once this period has elapsed.

Spanish SOCIMIs may be subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%.

French tax regime for listed real estate investment firms

On 1 June 2014, Carmila and its French subsidiaries subject to corporate income tax opted for the SIIC regime (French REIT) as of that date.

Characteristics of the regime

The specific corporate tax exemption regime for SIICs is an option for companies listed on a French stock market with share capital of at least €15 million, whose main corporate purpose is the acquisition or construction of properties for leasing purposes or the direct or indirect holding of equity investments in legal entities with the same corporate objective. This option cannot be revoked. Subsidiaries subject to income tax may also opt for the regime if at least 95% of their share capital is held by a company having opted for the SIIC regime.

In exchange for this benefit, these listed property investment firms are required to distribute 95% of their rental income, 70% of their capital gains on disposals and 100% of the dividends received from their SIIC subsidiaries. The distribution requirement related to capital gains has been set at 70% since 1 January 2019.

The option of the SIIC regime entails immediate liability for an exit tax at a rate of 19% on unrealised capital gains relating to properties and shares in partnerships not subject to income tax. The exit tax is payable over a four-year period starting when the entity concerned opts for SIIC status.

Discounting of the exit tax liability

The exit tax liability is discounted according to its payment schedule. The liability initially recognised in the statement of financial position is discounted, and an interest expense is recorded at the end of each reporting period in other financial expenses, enabling the liability to be reduced to its net present value at the reporting date.

Income tax for companies not subject to the SIIC tax regime

Since its adoption of the SIIC regime on 1 June 2014, Carmila distinguishes between a SIIC segment that is exempt from tax on property-leasing transactions and capital gains on disposals and a segment subject to income tax for other activities.

Income tax for companies not subject to the SIIC regime in France and for foreign companies is calculated under the conditions of ordinary tax law. Financière Géric, which was previously liable for income tax, opted for the SIIC regime on 1 January 2017.

Ordinary-law arrangements and deferred tax

Current income tax expense is determined on the basis of tax rules and tax rates enacted or substantively enacted at the reporting date in each country during the period to which the profits relate.

The income tax payable as well as the tax on future income are offset when they originate within the same tax group, fall within the responsibility of the same tax authority, and there is a legal right to offset.

Deferred taxes are recognised when there are temporary differences between the carrying amounts of assets and liabilities and their tax base that give rise to taxable income in future periods.

After being offset against existing tax liabilities, the residual deferred tax assets are recognised if it is probable that the company concerned will have future taxable profits against which these deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured using the liability method at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax rules and tax rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities should reflect the tax impact of the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities at the reporting date.

Deferred tax is calculated at the local tax rates approved at the reporting date. The rates applied at 31 December 2020 are 28% in Italy and 25% in Spain.

In France, the 2020 Finance Act maintained the social contribution at 3.3%, applicable to the proportion of tax exceeding €763 thousand, but introduced a progressive reduction in the income tax rate, from 33.33% to 25% by 2022. The theoretical tax rate of 28% used in the tax reconciliation tables reflects the tax rate applicable in 2020 to companies with revenues of less than €250 million, excluding the 3.3% social contribution, which was not used by the Group owing to the absence of income tax expense for French companies.

10.1. Income tax expense

(In thousands of euros)	31/12/2020	31/12/2019
Deferred tax	(8)	(20,764)
Withholding tax	(85)	(372)
Current tax	289	(4,141)
Income tax (expense) benefit	**196**	**(25,277)**

Deferred tax expense represents €8 thousand and chiefly relates to the tax effect resulting from the difference between the actual value of Italian properties and their value for tax purposes, for €1,886 thousand, offset by the tax effect of the utilisation of tax losses for €321 thousand and temporary differences for €1,557 thousand.

Unlike in 2019, the Group's Spanish entities are exempt from income tax owing to their election for the SOCIMI tax regime as of 1 January 2020. No deferred tax was therefore recognised on changes in the fair value of Spanish and French assets, which respectively fall within the scope of the SOCIMI and SIIC tax regimes for real estate investment firms.

The Group's current tax liability is €289 million.

10.2. Tax reconciliation

The reconciliation of the effective tax rate with the theoretical tax rate is as follows:

(In thousands of euros)	31/12/2020	31/12/2019
Consolidated net income (loss)	(198,286)	108,401
Income tax benefit (expense)	196	(25,277)
Share of net income (loss) of equity-accounted companies	(3,189)	4,376
Net income before taxes and equity-accounted companies	(195,292)	129,302
Standard tax rate applicable to the parent company	28.00%	34.43%
Theoretical income tax (expense) benefit	**54,682**	**(44,519)**
Tax exempt income resulting from the SIIC regime	(41,524)	12,070
Tax exempt income resulting from the SOCIMI regime	(10,662)	-
Permanent differences	314	374
Taxes other than on income	487	-
Impact of difference in tax rates	-	6,637
Unrecognised tax losses	(3,100)	159
Effective tax (expense) benefit	**196**	**(25,279)**
Effective tax rate	**0.10%**	**19.55%**

10.3. Current tax assets and liabilities

(In thousands of euros)	31/12/2020	31/12/2019
Tax credits	7,133	3,083
Total tax assets	**7,133**	**3,083**
Tax liabilities – non-current	0	0
Tax liabilities – current	1,568	8,475
Liabilities related to tax consolidation	42	33
Total tax liabilities	**1,610**	**8,508**

At 31 December 2020, tax receivables related to France for €4,642 thousand (including €4 million in tax reductions granted by the government in exchange for rent relief afforded to tenants owing to the November 2020 lockdown) and to Italy for €2,491 thousand (tax prepayments).

French companies subject to income tax opted for the SIIC regime on 1 June 2014. Financière Géric opted for the SIIC regime at 1 January 2017. A provision was recorded in the 2016 financial statements for the total amount of exit tax to be paid by the company. Following the payments made in the three previous financial years and in the current year, Financière Géric's residual exit tax liability was settled in 2020. The tax liability mainly relates to VAT payable in Italy for €1,610 thousand.

10.4. Deferred tax assets and liabilities

(In thousands of euros)	31/12/2019	Profit and loss impact	Change in scope of consolidation	Other	31/12/2020
Deferred tax assets	11,548	1,878	-	(2,313)	11,113
Deferred tax liabilities	(175,685)	(1,886)	-	255	(177,316)
Net balance of deferred tax	**(164,137)**	**(8)**	**-**	**(2,058)**	**(166,203)**
Breakdown of deferred tax by category					
Properties	(175,685)	(1,886)		255	(177,316)
Tax losses	11,548	321	-	(2,934)	8,935
Other items	-	1,557	-	621	2,178
Net balance of deferred tax	**(164,137)**	**(8)**	**-**	**(2,058)**	**(166,203)**

11. OFF-BALANCE SHEET COMMITMENTS AND ASSOCIATED RISKS

Off-balance sheet commitments

An off-balance sheet commitment can be any transaction or agreement between a company and one or several entities which is not recorded on the statement of financial position. Off-balance sheet commitments may be given or received, or may be reciprocal commitments, and represent risks and rewards which can be useful for assessing the Group's financial position.

Contingent liabilities

A contingent liability is a potential obligation for the entity to a third party resulting from an event whose existence will only be confirmed by the occurrence or non-occurrence of one or several future uncertain events that are outside the entity's control.

11.1. Contingent liabilities

At 31 December 2020, there were no material disputes other than those already recognised in the consolidated financial statements.

11.2. Commitments received

(In thousands of euros)	31/12/2020	31/12/2019
Undrawn committed credit facilities	759,000	1,009,000
Commitments related to Group financing	**759,000**	**1,009,000**
Bank guarantees received from tenants	29,185	25,703
Commitments related to Group operating activities	**29,185**	**25,703**
Total commitments received	**788,185**	**1,034,703**

11.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 31 December 2020, the Group had a €759 million credit facility set up as part of its refinancing programme in June 2017. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

11.2.2 Bank guarantees received from tenants

Within the scope of its business of managing shopping centres, certain leases provide for the lessor to receive a first-demand bank guarantee securing the sums owed by the tenants.

11.2.3 Other guarantees received – vendor warranties

In the context of its acquisition of Italian assets, Carmila Italia received a reassessment notice from the tax authorities. This tax risk is covered by a vendor warranty. The amount of the reassessment was paid by the seller to the tax authorities as a precautionary measure.

11.3. Commitments given

(In thousands of euros)	31/12/2020	31/12/2019
Financial guarantees issued		686
Commitments related to Group financing	**-**	**686**
Commitments under conditions precedent	-	-
Commitments to complete works	12,241	20,235
Rental guarantees and deposits	11,376	10,331
Commitments related to Group operating activities	**23,617**	**30,566**
Total commitments given	**23,617**	**31,252**

11.3.1 Financial guarantees given

Prior to its acquisition by the Group, Financière Géric granted prime mortgages for an initial amount of €13 million to guarantee its bank financing. At 31 December 2019, the outstanding amount guaranteed was €686 thousand and matured in 2020.

11.3.2 Commitments subject to conditions precedent

Commitments subject to conditions precedent are undertakings to purchase land, assets or securities and earn-out payments for previous acquisitions, some of which are not sufficiently certain to be recognised in the financial statements.

At 31 December 2020, the Group had not signed any purchase commitments.

11.3.3 Works-related commitments

Works-related commitments correspond to works approved by the Investment Committee and/or already under contract, and not recognised on the statement of financial position. At 31 December 2020, they chiefly related to the restructuring of Cité Europe in Coquelles and to the extension of Nice Lingostière (off-plan acquisition). The decrease in these commitments reflects billings on the Coquelles project and the progress of the works at Nice Lingostière.

11.3.4 Rental guarantees and collateral

This item mainly includes guarantees covering the operating premises of the Group and its subsidiaries. Since 2018, it also includes a guarantee given to the tax authorities by the Italian subsidiaries regarding the application of its consolidated VAT regime.

11.3.5 Commitments given on swaps

At 31 December 2020, the Group had not entered into any swaps or other derivatives pending execution/application which were not recognised in its financial statements at that date.

11.4. Reciprocal commitments

Directly linked to development and redevelopment projects, reciprocal commitments relate to off-plan acquisition contracts and other contracts for real estate development. At 31 December 2020, secured off-plan acquisition contracts represented €6,285 thousand and mainly concerned the Nice Lingostière project.

To the best of our knowledge, we have reported all off-balance sheet commitments that are material or that may become material in the future as determined by applicable accounting standards.

12. RELATED PARTY TRANSACTIONS

On 16 April 2014, the Carrefour group and Carmila signed agreements regarding functions or services to be performed by Carrefour on Carmila's behalf. The term of these agreements was set at five years, i.e., until 15 April 2019, and has since been extended until 28 December 2021.

Carrefour and Carmila have also signed an agreement for the renovation and development of Carmila's assets.

There were no substantial changes in related party transactions during the reporting period.

(in thousands of euros)	31/12/2020	31/12/2019
Personnel secondment agreement	**671**	1 290
Exclusive mandate - Carrefour Property Gestion Lease and asset management	**7 555**	8 189
Service agreement between Carmila France and Almia Management and Carrefour Administratif France Services in the field of insurance management, legal (both corporate and litigations), tax, accounting, payroll, treasury back-office	**802**	802
Service agreement between Carmila and Carrefour Administratif France Insurance, tax, accounting and cash management	**-**	88
Service agreement between Carmila and Carrefour Accounting, tax, legal assistance, insurance management	**-**	74
Service Agreement between CPF Asset Management and Carmila France Legal real estate services, human ressources, management accounting, janitor services	**556**	607
Total charged to Carmila and subsidiaries in France	**9 584**	**11 050**
Shopping mall Director mandate with Carrefour Property Gestion Agreement billed by Almia Management	**(4 944)**	(4 624)
Rebilling of personnel secondment	**(373)**	**-**
New extension or other development leases negotiation fees Billed by Almia Management	**-**	(310)
Total billed by Carmila in France	**(5 317)**	**(4 934)**
Total net amount invoiced to Carmila - France (expense)	**4 267**	**6 116**

(In thousands of euros)	31/12/2020	31/12/2019
Exclusive mandate – Carrefour Property España *Lease management*	**2,158**	2,663
Service agreement – Centros Comerciales Carrefour *Insurance, legal assistance, tax, accounting, cash management, IT, payroll, janitor services*	**668**	668
Service agreement – Carrefour Property España *Legal real estate services, management, human resources*	**302**	320
Marketing of Specialty Leasing *Assistance with lease negotiations and Specialty Leasing provided by managers of the 11 shopping centres managed by Carrefour Property*	**33**	37
Total charged to Carmila in Spain	**3,161**	**3,688**
Exclusive mandate – Carrefour Property España, Carrefour Norte, Carrefour Navarra and third parties *Asset management*	**(173)**	(172)
Exclusive mandates – Carrefour Property España, Carrefour Navarra, Carrefour Norte and third parties	**(262)**	(238)
Marketing of premises in shopping malls	(147)	(12)
Marketing of leasable areas comprised within common areas	(115)	(226)
Total invoiced by Carmila in Spain	**(435)**	**(410)**
Total net amount invoiced to Carmila – Spain (expense)	**2,726**	**3,278**

(In thousands of euros)	31/12/2020	31/12/2019
Service agreement with GS S.p.A. *Legal assistance, tax, accounting, technical maintenance*	**498**	534
Service agreement with Carrefour Property Italia S.r.l. *Management accounting, project investment, janitor services*	**214**	230
Cash Management Service contract with Carrefour Italia Finance S.r.l.	**50**	55
Exclusive mandate with Carrefour Property Italia S.r.l.	**200**	566
Fees paid to "consorzi" for leasing services and management of temporary rents	**175**	-
Rebilling of operating costs (power, energy, security, etc.) rebilled to tenants	**3,547**	-
Total amount invoiced to Carmila – Italy (expense)	**4,684**	**1,385**

13. COMPENSATION AND EMPLOYEE BENEFITS

13.1. Payroll expenses

See *Note 9.2.3*.

13.2. Headcount

At 31 December 2020, the Carmila Group had 194 employees, including 130 in France employed by its Almia Management subsidiary, 49 in Spain and 15 in Italy (excluding apprentices).

13.3. Employee benefits

Employees receive benefits during their employment (paid leave, sick leave, profit-sharing, long-service awards, etc.) and defined-benefit or defined-contribution post-employment benefits (end-of-service indemnities, pension benefits, etc.).

13.3.1 Pension plans

Accounting policies

Defined-contribution schemes

Defined-contribution schemes are schemes whereby the company makes periodic fixed contributions to external organisations that provide administrative and financial management. Under these schemes, the employer has no further obligations; the organisation is responsible for paying employees the amounts owed them under statutory social security pension schemes in France, supplementary pension schemes and defined-contribution pension funds.

These contributions are recognised as expenses when they fall due.

Defined-benefit schemes and long-term benefits

Carmila recognises provisions for various defined-benefit schemes that depend upon individuals' accumulated years of service within the Group.

The actuarial method used for to measure the obligation is a prospective method based on projected end-of-career salaries and calculates vested entitlement based on years of service. This method complies with the requirements of IAS 19. The calculations are made by a qualified actuary.

For each active participant, the benefit likely to be paid is estimated based on the rules defined in the collective bargaining agreement or schedule in force and on personal data projected to the standard age for payment of the benefit. The company's total obligation with regard to each participant (actuarial value of future benefits) is then calculated by multiplying the estimated benefit by an actuarial factor, which takes into account the following:

- assumptions concerning the probability that the employee will leave the company or will decease before the age at which the benefit is due;
- the discounted value of the benefit at the valuation date.

The total cost of the obligation is then allocated over each of the past and future financial years for which the participant accrued rights under the pension scheme:

- the share of this total cost allocated to financial years prior to the valuation date (actuarial liability or amount of the obligation) corresponds to the entity's obligations for services rendered (past service cost). The actuarial liability reflects the amount due for the total obligation indicated on the statement of financial position;

- the share of the total cost allocated to the financial year after the valuation date (service cost) represents the likely increase in obligations as a result of the additional year of service that the participant will have completed at the end of that year. Expenses related to service cost are recorded as appropriate either under operating income or under other financial income and expenses for the portion relating to the interest cost.

In accordance with IAS 19, actuarial gains and losses resulting from a change in assumptions are included within "Other comprehensive income".

Under this method, the value of the benefit obligation or actuarial liability at the valuation date is obtained by allocating the total cost of the plan, or present value of future benefits, on a straight-line basis over

the period between the date the participant joined the Group and his or her retirement date.

The discount rate reflects the expected yield at the reporting date on investment-grade (AA) eurozone bonds with a maturity equal to the maturity of the benefit obligation (based on the yield on iBoxx Euro AA corporate bonds maturing in 10 years or more).

At 31 December 2020, the Group applied the following main actuarial assumptions:

- Discount rate: 0.75% (unchanged from 2019).
- Salary increase rate: 2% (unchanged from 2019).

13.3.2 Share-based payments

Accounting policies

The Group applies the provisions of IFRS 2, Share-based Payment. The fair value of share-based payment rights granted to employees is determined at the grant date, and is recorded within payroll expenses over the vesting period against an increase in shareholders' equity. The amount recognised as an expense is adjusted to reflect the number of rights for which it is estimated that the non-market performance and service conditions will be met. The expense ultimately expensed is based on the actual number of rights that fulfil the non-market performance and service conditions at the vesting date. For share-based payment rights subject to other conditions, fair value as determined at the grant date reflects these conditions. The difference between the initial estimate and the actual cost does not give rise to any subsequent adjustments.

Under IFRS 2.11, equity instruments granted must be measured at their fair value at the grant date using an option pricing model. The Black & Scholes and Monte-Carlo models were used to simulate the fair value of each of the instrument.

The Group has seven free share plans for corporate officers and key employees in France, Spain and Italy. The cost of these plans is recognised over the vesting period (period of employment to be completed by the beneficiaries before they are able to exercise the options allocated).

The shares awarded under two 2016 plans (plan 1 and plan 2) were delivered in 2018.

The plan granted in 2017 (plan 3) expired on 19 June 2020 and resulted in the award of 31,814 free shares to key employees and corporate officers. These shares were deducted from treasury stock.

The plans in effect at 31 December 2020, granted in 2018, 2019 and 2020, were as follows:

- In 2018 (plans 4 and 5), the preference share plan incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-third relates to the fulfilment of conditions linked to the change in the total shareholder return (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies;
  - one-third relates to the fulfilment of conditions linked to growth in recurring earnings per share between the years ended 31 December 2017 and 31 December 2020;
  - one-third relates to the fulfilment of conditions linked to the comparison of the 2020 stock market price to the NAV at 31 December 2019.
- In 2019 (plan 6), the preference share plan incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to total shareholder return over a three-year period up to end-2021 versus a panel of comparable companies;
  - one-quarter relates to growth in recurring earnings per share over a three-year period;
  - one-quarter relates to the percentage of environmental certifications in the portfolio at end-2021;
  - one-quarter relates to the total stock market yield over a three-year period up to end-2021 versus a panel of comparable companies.
- A new preference share plan (plan 7) was approved in June 2020 and incorporates a service condition as well as criteria relating to the Group's financial performance:

- one-quarter relates to total shareholder return over a three-year period up to end-2022 versus a panel of comparable companies;
- one-quarter relates to growth in recurring earnings per share over a three-year period;
- one-quarter relates to the achievement of CSR criteria by end-2022;
- one-quarter relates to the total stock market yield over a three-year period up to end-2022 versus a panel of comparable companies.

The benefits granted are recognised over the vesting period, as payroll expenses for €1,159 thousand against a corresponding increase in shareholders' equity of €955 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% and 30% payroll taxes) for €204 thousand.

On 16 May 2020, the Company issued 139,306 C shares under a preferred share allotment plan (plan 6) for key employees and corporate officers of Carmila. This capital increase was charged to the merger premium.

Summary of the plans	**Plan 3**		**Plan 4**	
	Key employees	**Corporate officers (1)**	**France**	**Outside France**
Date of General Meeting of Shareholders	12/06/2017		16/05/2018	
Date of grant	12/06/2017		16/05/2018	
End of vesting period	Tranche 1: 12/06/2019 Tranche 2: 12/06/2020		Tranche 1 – 20%: 16/05/2019 Tranche 2 – 20%: 16/05/2020 Tranche 3 – 60%: 16/05/2021	
End of holding period			16/05/2021	
Service condition	Beneficiary's continued employment during the vesting period		Service condition influences the conversion ratio of B Shares into A Shares, by tranches as described over the vesting period	
Performance condition	Total Shareholder Return (TSR) based on NNNAV (30,392 and 10,102 shares) *and* Recurring EPS based on recurring consolidated net income in accordance with IFRS (30,392 and 10,103 shares)		Change in NAV versus a panel Recurring EPS: annual growth rate Change in share price	
Shares initially allotted	**79,990**	**16,998**	**108,888**	**16,858**
Shares cancelled/forfeited	(33,405)		(13,135)	
Shares cancelled/achievement rate	(10,618)			
Shares vested	(35,967)	(16,998)		
Outstanding shares at December 31, 2020	**0**	**0**	**95,753**	**16,858**

(1) For key employees and corporate officers, respectively.

Summary of the plans	Plan 5		Plan 6	
	France	Outside France	France	Outside France
Date of General Meeting of Shareholders	16/05/2018		16/05/2019	
Date of grant	24/10/2018		16/05/2019	
End of vesting period	Tranche 1 – 20%: 24/10/2019 Tranche 2 – 20%: 24/10/2020 Tranche 3 – 60%: 24/10/2021		Tranche 1 – 20%: 14/05/2020 Tranche 2 – 20%: 14/05/2021 Tranche 3 – 60%: 14/05/2022	
End of holding period	24/10/2021		16/05/2022	
Service condition	Service condition influences the conversion ratio of B Shares into A Shares, by tranches as described over the vesting period		Service condition influences the conversion ratio of C Shares into A Shares, by tranches as described over the vesting period	
Performance condition	Change in NAV versus a panel Recurring EPS: annual growth rate Change in share price		Change in NAV versus a panel Recurring EPS: annual growth rate Change in share price	
Shares initially allotted	**7,537**	**0**	**121,806**	**23,100**
Shares cancelled/forfeited			(5,600)	
Shares cancelled/achievement rate				
Shares vested				
Outstanding shares at December 31, 2020	**7,537**	**0**	**116,206**	**23,100**

Summary of the plans	Plan 7	
	France	Outside France
Date of General Meeting of Shareholders	29/06/2020	
Date of grant	29/06/2020	
End of vesting period	Tranche 1 – 20%: 29/06/2021 Tranche 2 – 20%: 29/06/2022 Tranche 3 – 60%: 29/06/2023	
End of holding period	29/06/2023	
Service condition	Service condition influences the conversion ratio of D Shares into A Shares, by tranches as described over the vesting period	
Performance condition	Change in NAV versus a panel Recurring EPS: annual growth rate Change in share price Achievement of CSR criteria	
Shares initially allotted	**117,247**	**27,400**
Shares cancelled/forfeited		
Shares cancelled/achievement rate		
Shares vested		
Outstanding shares at December 31, 2020	**117,247**	**27,400**

	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7
Average share price on the allotment date	€28.50	€24.90	€20.42	€16.16	€5.48
Dividend per share	€1.50	€1.50	€1.50	€1.50	€1.50
Share value	€24.68-€23.84	€17.90	€17.90	€13.10	€17.90
Expense for the period[1]	**€171k**	**€420k**	**€31k**	**€378k**	**€158k**

[1] Including payroll taxes.

14. ADDITIONAL INFORMATION

14.1. Subsequent events

In accordance with measures imposed by the government pursuant to its decree of 30 January 2021, shopping centres with a gross leasable area of more than 20,000 sq.m. are closed to the public in France. This measure concerns 35 out of the 129 centres operated by Carmila in France. Pursuant to the decree, only Carrefour hypermarkets, pharmacies and other food retailers remained open in these 35 centres. To date, stores closed in the 35 centres represent 58% of gross rental income in France and 37% of total gross rental income (France, Spain and Italy). 94 of Carmila's shopping centres in France remain open, with the exception of seated food service and leisure facilities.

14.2. Statutory Auditors' fees

(In thousands of euros)	KPMG				Deloitte				Other				TOTAL	
	Statutory Auditors		Network		Statutory Auditors		Network		Statutory Auditors		Network		Statutory Auditors	Network
	31/12/2020	%	31/12/2020	%	31/12/2020	%	31/12/2020	%	31/12/2020	%	31/12/2020	%	31/12/2020	31/12/2020
Audit of statutory and consolidated financial statements and half-year review	**380**	***88%***	**-**	***0%***	**177**	***90%***	**218**	***100%***	**43**	***100%***	**-**	***0%***	**600**	**218**
Carmila SA	99	23%	-	0%	99	50%	-	0%	-	0%	-	0%	**197**	**-**
Consolidated subsidiaries	281	65%	-	0%	79	40%	218	100%	43	100%	-	0%	**403**	**218**
Services other than audit of the financial statements	**51**	***12%***	**-**	***0%***	**20**	***10%***	**-**	***0%***	**-**	***0%***	**-**	***0%***	**71**	**-**
Carmila SA [1]	51	12%	-	0%	20	10%	-	0%		0%	-	0%	**71**	**-**
Consolidated subsidiaries	-	0%	-	0%	-	0%	-	0%		0%	-	0%	**-**	**-**
Total fees	**431**	***100%***	**-**	***0%***	**197**	***100%***	**218**	***100%***	**43**	***100%***	**-**	***0%***	**671**	**218**

[1] In 2020, these fees are mainly related to services rendered in connection with the issuance of bonds (comfort letter) and the review of the CSR information.

15. LIST OF CONSOLIDATED COMPANIES

List of consolidated companies Consolidated companies	Country	% interest 31 December 2020	31 December 2019	Change	% control 31 December 2020	31 December 2019	Change
France							
Carmila SA	**France**	**100,00%**	**100,00%**	**-**	**100,00%**	**100,00%**	**-**
Carmila France SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Almia Management SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI du Centre Commercial de Lescar	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI de l'Arche	France	50,00%	50,00%	-	50,00%	50,00%	-
SCI des Pontots	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Carmila Anglet	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Carmila Coquelles	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Carmila Labège	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Carmila Orléans	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Carmila Bourges	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Sothima	France	100,00%	100,00%	-	100,00%	100,00%	-
Hyparmo Sarl	France	100,00%	100,00%	-	100,00%	100,00%	-
Bay1Bay2 SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Financière Géric SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Louwifi SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Crèche sur Saone SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Evreux SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Retail Development	France	100,00%	100,00%	-	100,00%	100,00%	-
KC11 SNC	France	100,00%	100,00%	-	100,00%	100,00%	-
Best of the Web SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Saran SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Nice SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Lou5G SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
Spain							
Carmila España SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Santiago SLU*(*)*	Spain	0,00%	100,00%	-100,00%	0,00%	100,00%	-100,00%
Carmila Talavera SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Huelva SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Mallorca SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Puerto SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Cordoba SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-

(*) Merged into Carmila España SL on 11 March 2020.

Italy							
Carmila Holding Italia SRL	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Italia SRL	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Carmila Milano Nord SRL	Italy	100,00%	100,00%	-	100,00%	100,00%	-

List of consolidated companies Equity-accounted companies	Country	% interest 31 December 2020	31 December 2019	Change	% control 31 December 2020	31 December 2019	Change
As Cancelas	Spain	50,00%	50,00%	-	50,00%	50,00%	-
Carmila Thiene SRL	Italy	50,10%	50,10%	-	50,10%	50,10%	-

Companies deconsolidated in 2020	Country	% interest 31 December 2020	31 December 2019	% control 31 December 2020	31 December 2019	Comments
Carmila Santiago SLU	Spain	0,00%	100,00%	0,00%	100,00%	Merged