CONSOLIDATED FINANCIAL STATEMENTS AND COMMENTARY ON 2021 BUSINESS ACTIVITY

CONTENTS

1. 2021 BUSINESS REVIEW

1.1. Shopping centre openings, footfall and sales

1.1.1. Health environment

Two distinct periods shaped 2021 for Carmila: the first half of the year saw the health crisis continue, due mainly to restrictions imposed on stores in shopping centres across France and in certain regions of Spain and Italy, while in the second half of the year, the situation gradually returned to normal.

The impact of the health crisis on Carmila's business was less marked in 2021 than in 2020, with shopping centre stores closed for less time than in the previous year (2.2 months on average in 2021, compared with 3.0 months in 2020).

From June onwards, all stores in Carmila centres were able to welcome back their customers, subject to compliance with less stringent rules than at the beginning of the year. In the three countries where Carmila operates, a "health pass" or similar measure was introduced for some businesses, such as seated food service and cinemas. In France, several Carmila centres were subject to the health pass requirement for entry into shopping centres of more than 20,000 sq.m. in some French *départements* in August and September. Lastly, in some regions in Spain, and notably Catalonia, capacity limits were introduced for restaurants and shopping centres.

1.1.2. Footfall and retailer sales

Footfall and retailer sales in Carmila centres were hard hit by the government-imposed closures in the first five months of the year. Once lockdowns were lifted, customers came back to Carmila centres.

Due to these first-half closures, footfall in Carmila centres in 2021 averaged 82% of the level observed in 2019 (86% of footfall in France, 79% in Spain and 79% in Italy). As a comparison, footfall in 2021 averaged 106% of the footfall recorded in 2020 (105% of 2020 footfall in France, 108% in Spain and 114% in Italy).

Retailer sales in 2021 stood at 81% of 2019 sales in France, 86% in Spain, 90% in Italy and 82% in all three countries. Retailer sales in 2021 averaged 106% of the 2020 figure (103% of 2020 retailer sales in France, 114% in Spain and 125% in Italy).

However in H2 2021, following the reopening of 100% of stores, retailers sales were 98% of the 2019 level in France, 92% in Spain, 99% in Italy and 97% for Carmila as a whole. The upturn in retailer sales during this period was greater than the increase in footfall, suggesting a change in consumer behaviour in Carmila centres, shifting towards a larger basket per visit.

1.1.3. 2021 footfall and retailer sales by quarter

Stores open as a percentage of contractual rent, footfall and sales as a percentage of 2019 figures.

	Change in footfall and retailer sales in 2021				
France	Q1	Q2	Q3	Q4	Full-year 2021
Proportion of stores open	63%	50%	100%	100%	78%
Footfall as a % of 2019	79%	79%	90%	93%	86%
Retailer sales as a % of 2019	56%	66%	99%	98%	81%
Spain	Q1	Q2	Q3	Q4	Full-year 2021
Proportion of stores open	78%	95%	100%	100%	93%
Footfall as a % of 2019	72%	80%	79%	82%	79%
Retailer sales as a % of 2019	69%	86%	91%	93%	86%
Italy	Q1	Q2	Q3	Q4	Full-year 2021
Proportion of stores open	54%	76%	100%	100%	83%
Footfall as a % of 2019	70%	78%	82%	84%	79%
Retailer sales as a % of 2019	71%	88%	99%	99%	90%
Total	Q1	Q2	Q3	Q4	Full-year 2021
Proportion of stores open	65%	74%	100%	100%	85%
Footfall as a % of 2019	76%	79%	85%	88%	82%
Retailer sales as a % of 2019	60%	71%	97%	97%	82%

1.2. Leasing activity

1.2.1. Summary

Carmila's leasing activity was very dynamic in 2021, with a record number of leases signed over the year: 1,144 leases signed, up 31% on 2019 and up 67% compared to 2020, for total minimum guaranteed rent (MGR) of €55.8 million, i.e., 15.6% of the rental base. Reversion was positive on new leases, coming out 6.3% above rental appraisal values on average, and reversion on renewals was a positive 1.9% on average. This record level of new leases signed – concerning only long-term leases – was achieved without any change in the usual contractual terms or in the policy regarding lease incentives (lessor's contribution to works carried out by the lessee, rent-free periods, etc.).

	31 Dec. 2021							
	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	269	17,981	7.9%	11	996	366	17,287	1.3%
Spain	167	5,533	3.9%	8	465	266	9,614	2.2%
Italy	31	1,707	0.7%			26	2212	4.8%
Total	**467**	**25,221**	**6.3%**	**19**	**1,461**	**658**	**29,113**	**1.9%**

	31 Dec. 2021		31 Dec. 2020		31 Dec. 2019	
	Total		Total		Total	
(in thousands of euros)	Number of leases	Annual MGR	Number of leases	Annual MGR	Number of leases	Annual MGR
France	646	36,264	397	25,072	464	29,630
Spain	441	15,612	250	9,085	372	11,880
Italy	57	3,919	37	1,991	38	2,326
Total	**1,144**	**55,795**	**684**	**36,148**	**874**	**43,836**

Carmila's current strategy includes refreshing the merchandise mix of its centres, focusing particularly on healthcare, and diversifying its rental base by letting its premises to retail brands from a variety of sectors, thereby gradually reducing its exposure to Clothing & Accessories.

2021 saw a large number of new projects launched by retailers in Carmila centres. The following lease transactions were signed in the year, some of which with new tenants for Carmila – including new concepts and digital native vertical brands (DNVBs) – and some with sector leaders.

In France:

- New tenants for Carmila: Miniso, Studio Comme J'aime, Crazy Kids, Kraft, Cuisinella, Five Guys and We audition.
- New concepts: Le Repaire des Sorciers, Even, Bambino, Hem Concept, Mon Petit Herbier, Maxi Zoo, Crazy Pets, Les Canons and Marquette
- Market leaders and fast-growing retailers: H&M, Kiabi, Cultura, Mango, Action, Normal, Intersport, Hubside, Normal, New Yorker and King Jouet.

In Spain:

- National brands: Tiendanimal, CrazyPet, Soloptical, Tramas+
- International leaders: Ben & Jerry's, McDonald's, Taco Bell
- International brands seeking to secure a foothold in Spain: Broaster, Pepco, Mr. DIY

1.2.2. Temporary retail activity

The service platform includes Carmila's temporary retail activity offering, focused on providing space in Carmila centres for short to medium-term periods. Designed to be complementary with traditional stores, temporary retail gives visitors the opportunity to discover an increasingly innovative offering. Temporary retail is focused on two areas:

- Specialty Leasing;
- Pop-up Stores.

	31 Dec. 2021			31 Dec. 2020			Change
(in thousands of euros)	Specialty Leasing	Pop-up Stores	Total SL+PS	Specialty Leasing	Pop-up Stores	Total SL+PS	%
France	5,105	2,082	7,187	4,582	1,510	6,092	18.0%
Spain	4,863	288	5,151	5,222	200	5,422	-5.0%
Italy	1,173	86	1,259	1,225	-	1,225	2.8%
Total	**11,141**	**2,456**	**13,597**	**11,029**	**1,710**	**12,739**	**6.7%**

Specialty Leasing

Specialty Leasing helps re-energise shopping centres by enriching the customer experience. This activity covers both the leasing of space in the shopping centres and car parks, and the signature of digital advertising partnership agreements.

The business was hard hit in the first half of 2021 by the health crisis and by retail closures in Carmila centres. However, in the periods when all stores were open, Specialty Leasing enjoyed strong momentum, especially over the Christmas period. Specialty Leasing revenue was up 1% on 2020 and down only 11% on 2019, despite an average closure period of 2.2 months.

Pop-up Stores

Carmila offers retailer tenants the opportunity to open pop-up stores for periods ranging from 4 to 34 months. The pop-up store concept is burgeoning, and helps re-energise Carmila centres, particularly suited to new and innovative concepts, such as the first physical DNVB stores. Carmila can also accommodate for flash pop-up formats such as one-day to one-week sales events.

Leasing activity for Pop-up Stores was particularly buoyant in 2021, generating more revenue than in both 2020 (44% higher) and 2019 (32% higher), despite a period of store closures and lower footfall in the first half of the year.

1.2.3. Structure of leases

With 6,346 leases under management at 31 December 2021, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1.0% of net rental income in 2021. Annualised rents totalled €358.4 million. At 31 December 2021, the rental base grew by 0.2% like-for-like versus year-end 2020, and was stable on a reported basis (down 0.2%).

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

	At 31 December 2021			At 31 December 2020		
Country	Number of leases	Annualised contractual rent (€m)	% of total	Number of leases	Annualised contractual rent (€m)	% of total
France	3,580	243.0	67.8%	3,489	239.5	66.7%
Spain	2,410	94.0	26.2%	2,434	97.8	27.3%
Italy	356	21.3	5.9%	359	21.7	6.0%
Total	**6,346**	**358.4**	**100%**	**6,282**	**359.0**	**100%**

Principal tenant retailers

At 31 December 2021, the 15 leading tenants accounted for 18.4% 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 2021.

	At 31 December 2021		
Tenant	Business segment	Annualised contractual rent (€m)	% of total
Inditex	Clothing & Accessories	6.4	1.8%
Alain Afflelou	Health & Beauty	6.2	1.7%
Feu Vert	Services	5.8	1.6%
Orange	Culture, Gifts & Leisure	5.5	1.5%
Jules Brice Bizzbee	Clothing & Accessories	4.7	1.3%
H&M	Clothing & Accessories	4.6	1.3%
McDonald's	Food & Restaurants	4.6	1.3%
Flunch	Food & Restaurants	4.1	1.1%
Nocibe	Health & Beauty	3.9	1.1%
Micromania	Culture, Gifts & Leisure	3.8	1.1%
Yves Rocher	Health & Beauty	3.5	1.0%
Camaieu	Clothing & Accessories	3.4	0.9%
Kiabi	Clothing & Accessories	3.4	0.9%
Mango	Clothing & Accessories	3.0	0.8%
Celio	Clothing & Accessories	2.9	0.8%
		65.9	**18.4%**

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 2021:

	At 31 December 2021			At 31 December 2020		
Business segment	Number of leases	Annualised contractual rent (€m)	% of total	Number of leases	Annualised contractual rent (€m)	% of total
Clothing & Accessories	1,394	113.9	31.8%	1,404	117.9	32.8%
Culture, Gifts & Leisure	1,045	69.4	19.4%	1,021	67.7	18.9%
Health & Beauty	1,224	67.9	18.9%	1,199	66.9	18.6%
Food & Restaurants	895	46.7	13.0%	866	46.9	13.1%
Household Furnishings	301	31.1	8.7%	289	30.2	8.4%
Services	1,374	28.5	8.0%	1,393	28.9	8.0%
Other	113	1.0	0.3%	110	0.5	0.1%
Total	**6,346**	**358.4**	**100%**	**6,282**	**359.0**	**100%**

The 107-basis-point decrease in Clothing & Accessories rents as a proportion of total rents mainly benefited the Culture, Gifts & Leisure (up 50 basis points), Health & Beauty (up 30 basis points) and Household Furnishings (up 25 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 retail 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 2020 and 2021:

	At 31 December 2021			At 31 December 2020		
Categories	Number of leases	Annualised rent (€m)	% of total	Number of leases	Annualised rent (€m)	% of total
International brands	2,456	192.0	53.6%	2,438	189.8	52.9%
National brands	2,253	115.2	32.2%	2,235	117.7	32.8%
Local brands	1,637	51.2	14.3%	1,609	51.5	14.4%
Total	**6,346**	**358.4**	**100%**	**6,282**	**359.0**	**100%**

	At 31 December 2021		
Categories	France	Spain	Italy
International brands	54.3%	55.9%	34.8%
National brands	32.8%	26.6%	49.5%
Local brands	12.9%	17.5%	15.7%

Lease expiry dates

At 31 December 2021, the average lease term was 4.5 years, breaking down as 4.9 years in France, 4.1 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 2021-2031 period (data at 31 December 2021):

	At 31 December 2021		
Lease expiry dates	Number of leases	Maturity*	Annualised contractual rent (€m)
Expired 31 December 2021	736	0,0	35,3
2022	754	0,5	29,1
2023	562	1,5	23,6
2024	549	2,6	30,3
2025	494	3,6	23,5
2026	631	4,6	32,9
2027	526	5,6	39,8
2028	471	6,6	32,9
2029	391	7,6	26,3
2030	483	8,7	34,0
2031	422	9,5	27,2
Beyond 2031	327	11,8	23,4
Total	**6 346**	**4,5**	**358,4**

* Average remaining lease maturity in years.

Basis for setting rents

Most of Carmila's leases have a dual-component structure consisting of a fixed portion, the minimum guaranteed rent (MGR), and an additional variable rent, calculated as a percentage of the tenant's annual sales excluding taxes.

At 31 December 2021 in its three countries, Carmila had 4,808 leases with double-component rents and 1,538 leases with fixed rent only, representing 83.2% and 16.8% of annualised rents, respectively.

The table below shows the structure of Carmila's rents at 31 December 2021:

	At 31 December 2021		
	Number of leases	Annualised rent (€m)	% of total
Leases with variable rent clauses	4,808	298.1	83.2%
Of which leases with minimum guaranteed rent and additional	*4,795*	*295.4*	*82.4%*
Of which leases with variable rent only	*13*	*2.7*	*0.8%*
Fixed-rent only leases	1,538	60.3	16.8%
Total	**6,346**	**358.4**	**100.0%**

The table below shows the breakdown of rents between minimum guaranteed rent and variable rent at 31 December 2021:

	At 31 December 2021			
	Number of leases	MGR	Variable rents	Total
Leases with variable rent clauses	4,808	293.9	4.2	298.1
Of which leases with minimum guaranteed rent and additional	*4,795*	*293.9*	*1.5*	*295.4*
Of which leases with variable rent only	*13*	*0.0*	*2.7*	*2.7*
Fixed-rent only leases	1,538	60.3	0.0	60.3
Total	**6,346**	**354.1**	**4.2**	**358.4**

1.2.4. Financial occupancy rate

	Financial occupancy (excl. strategic vacancies)		
Country	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019
France	96.4%	95.8%	95.9%
Spain	95.5%	95.0%	96.4%
Italy	98.7%	96.9%	98.8%
Total	**96.3%**	**95.7%**	**96.3%**

At 31 December 2021, the consolidated financial occupancy rate of Carmila's assets was 96.3%, on a par with the pre-Covid rate, with 96.4% in France, 95.5% in Spain and 98.7% 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 1.5% in France, 2.7% in Spain and 1.9% in Italy, which represents a consolidated impact for Carmila of 1.8% at 31 December 2021.

1.2.5. Retailer occupancy cost ratio

Owing to the effects of the health crisis resulting in trading being interrupted for 2.2 months on average for retailers in Carmila centres, the occupancy cost ratios for 2021 are not representative.

1.3. New strategic plan: Building Sustainable Growth

1.3.1. A new strategic plan focused on growth and sustainability

In 2021, Carmila launched its new strategic and financial plan for 2022-2026. This plan describes Carmila's new ambition to build sustainable growth and invest in new business lines. It is Carmila's response to structural changes in retail, which have gathered pace with the Covid crisis. The plan is based on three pillars:

- A new role for Carmila as an incubator and omnichannel platform
- Leadership in sustainability, notably through a new generation of development projects based on mixed-use and a commitment to reach "net zero" by 2030
- Investment in new business lines: digital infrastructure and new retail concepts

1.3.2. An incubator and omnichannel platform for retailers

Carmila is accelerating the adaptation of its core business through a new approach to working with retailers. To meet changing customer expectations, Carmila centres are acting as incubators for new brands, concepts and temporary retail, with an offering based on modestly priced rents (€257 per sq.m. at end-2021). Carmila is also stepping up the development of its service platform for retailers with a particular focus on omnichannel, by combining them in the Carmila Services Hub, which was launched in 2021. Through partnerships with an ecosystem of start-ups, Carmila is also enhancing its

service offering to retailers at every stage of the customer experience. These initiatives will support the omnichannel development of centres and retailers.

As part of this strategy, Carmila carried out several initiatives in 2021, including:

- bolstering its online presence by developing a geo-located customer database of 4.1 million opt-in contacts in France, Spain and Italy;
- continuing to develop interactions with its customer community by partnering with a network of 263 local influencers, publishing over 16,000 posts;
- maintaining a high level of visibility for Carmila shopping centres on socials, including TikTok.

Carmila is also changing the face of retail with quick commerce and live shopping pilot projects, by:

- in partnership with the start-up MADEINLIVE (the only French production company to offer a comprehensive in-house "live services" package featuring a live shopping platform), organising its first live shopping events for customers on social media;
- teaming up with Glovo in Spain to develop a premium 30-minute delivery service for stores at five shopping centres;
- piloting a purchasing tool in Spain that connects customers via WhatsApp with a personal shopper.

Lastly, in June 2021, Carmila launched the "DNVB Ready" competition aiming to identify innovative concepts with a mostly online presence, and develop them in its centres. Carmila is committed to helping the four winners of its DNVB Ready competition roll out their brand in its shopping centres. Flotte, Le Beau Thé, Bandit and Baya will be supported in setting up their own store, a sales corner in the Marquette concept store or a pop-up store. The competition's success attests that brands first developed online see the value of having a physical presence in shopping centres.

1.3.3. Creation of the Next Tower business line

Carmila is developing a new business line by investing in digital infrastructure through its subsidiary Next Tower.

Next Tower is aiming to develop a total of 470 sites by 2026 in France and Spain. In 2026, Next Tower will deliver an annual contribution of €10 million to Carmila's recurring earnings, with assets worth an estimated €180 million and €50 million in value created. At 31 December 2021, Next Tower operated 71 sites with a shared rental rate (average number of antennae per site) of 1.2, annualised rent of €905 thousand, and an estimated value of €13 million.

1.3.4. Scaling up the expansion of Carmila Retail Development

Carmila Retail Development (CRD) makes early-stage venture capital investments to test new concepts and scale them up rapidly once they have demonstrated that they can be successful in shopping centres.

By 2026, CRD is targeting a portfolio of 20 brands, representing more than 700 stores in both Carmila and third-party centres.

CRD will become a new business line consisting of a €40-million portfolio of minority venture capital investments in new retail concepts. It is targeting an annual contribution to Carmila recurring earnings of €10 million by 2026.

At end-2021, CRD had 12 partnerships, 5 of which were signed in the year. These partner retail brands represent a total of 235 stores (112 in Carmila centres), including 81 stores opened over the year (35 in Carmila centres).

1.3.5. A new climate commitment: "net zero" by 2030

Carmila is targeting "net zero" Scopes 1 and 2 carbon emissions by 2030, by which time it will have cut emissions by 90% versus 2019 through reducing energy consumption and transitioning to renewable energy for its centres. The remaining 10% of emissions will be offset, in keeping with the recommendations of the Science Based Targets initiative (SBTi), through the financing of the environmental transition of local farms in partnership with TerraTerre. Carmila will also continue to reduce its Scope 3 emissions, with the aim of becoming fully carbon neutral by 2040.

At the end of 2021, Carmila's Scopes 1 and 2 greenhouse gas emissions were 10% lower than in 2019, due notably to a 15% reduction in energy consumption compared to 2019.

1.3.6. Adding growth to a resilient core business

Carmila is confident that it can maintain the current low vacancy rate and a stable rental base in the coming years, supported by its incubator model and moderate rents. Core business performance is expected to normalise with a progressive improvement in rent collection and a stable rental base in the coming quarters.

In addition to the resilient performance of its core business, Carmila expects the three major new initiatives, the incubator model and services to retailers, Next Tower and Carmila Retail Development, to deliver €30 million of incremental recurring earnings by 2026.

Growth in the contribution of these initiatives is expected to be linear over the 2022-2026 period, with the total additional contribution representing an increase of 18% versus 2020 recurring earnings.

1.3.7. Targeting 10% annual recurring EPS growth for 2022 and 2023

Carmila is targeting 10% annual growth in recurring earnings per share (EPS) in 2022 and 2023, supported by the normalisation of financial performance and the initial impact of the new business initiatives. From 2024 onwards, additional growth will be mainly driven by new business initiatives.

This financial trajectory assumes that there will be no further Covid-related centre closures from 2022.

It is also drawn up on a constant scope basis as regards Carmila centres, but includes the contributions of Carmila Retail Development and Next Tower. It also includes the additional cost of the emissions reduction roadmap, which will be well underway by 2026. Carmila also targets an absolute reduction in its cost base in 2026 versus 2021.

1.3.8. A new asset rotation programme

After several years of expansion and acquiring new sites, Carmila has launched a strategy to dispose of sites that have reached maturity. In 2022 and 2023, Carmila is targeting aggregate disposals of €200 million and intends to continue disposing of assets beyond 2023.

Part of the proceeds from these disposals will be reinvested in new assets and in extension and restructuring projects. The remainder will ensure the strength of Carmila's finances or be paid out to shareholders.

During the first half of the year, Carmila initiated this asset rotation programme with the sale of a retail park in Nanteuil-lès-Meaux at its end-December 2020 appraisal value. The proceeds from this disposal were used to fund a share buyback programme for €8 million.

1.3.9. Proceeds from disposals to finance share buybacks

Carmila intends to use part of the proceeds from asset disposals to support distributions to

shareholders. If Carmila shares remain at a significant discount to its net tangible asset value, this will take the form of share buybacks.

1.4. Development pipeline

1.4.1. A leader in the sustainable transformation of local regions

As part of its new strategy, Carmila's development pipeline has been completely revamped with a new focus on mixed-use projects and environmental excellence. The five major extension projects, representing €550 million of investments for a yield of 6.6%, consist mostly of brownfield retail developments that also include housing, public parks, office space and renewable energy infrastructure.

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

Montesson: this shopping centre is adjacent to the second largest Carrefour hypermarket in France and is located in a very dense catchment area with low competition. The regional commercial development authority (CNAC) issued its approval in May 2021.

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 greater Toulouse.

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

Orléans Place d'Arc: the only shopping centre in the city centre located at the intersection of an intermodal transport hub (road network, bus, tramway, railway station), this project is designed to make the city centre more attractive through urban development, the extension of the shopping centre and the creation of housing.

Work on these five projects will start with Montesson in 2023. This €150 million project will be financed by asset rotation.

In addition to these five major extension projects, Carmila has a pipeline of around 60 restructuring and rehabilitation projects per year, costing around €25 million and generating a return of over 10%.

Development projects	Country	Planned area (sq.m.)	Planned opening date	Estimated cost[1] (€m)	Full year additional rental value (€m)	Yield[2]
Projects delivered in 2021						
Nice-Lingostière	France	14,800	2021			
Coquelles (restructuring)	France	6,000	2021			
Total Projects 2021		**20,800**		**115.4**	**6.8**	**5.8%**
Flagship projects						
Tarrassa	Spain	35,105	2025			
Montesson	France	29,167	2025			
Toulouse Labège	France	15,981	2026			
Antibes	France	10,000	2026			
Orléans Place d'Arc	France	7,247	2027			
Total flagship projects		**97,500**		**550.0**	**33.0**	**6.6%**

(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 at market value (excluding restructuring costs) when the project is delivered.

(2) Expected net annualised rents divided by the total estimated investment amount.

1.4.2. Mixed-use projects

In partnership with Carrefour, Carmila has identified around 20 sites suitable for large-scale mixed use transformation projects that will completely change shopping centres' presence in the city. These currently 100% retail sites will become new neighbourhoods, with homes, offices, local services and green spaces.

For two sites in particular (Sartrouville and Nantes), Carrefour has joined forces with industry expert Altarea to transform these locations into new mixed-use areas, thereby giving these regions a new lease of life and boosting their appeal. Work will start on the first projects from 2025, with delivery from 2030.

1.4.3. 2021 projects

- Nice-Lingostière – Extension project for a landmark retail complex in France's fifth largest city.

In May 2021, Carmila opened 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 is a commercial success, with the entire retail space fully leased, including to some high-profile names like Cultura and H&M. The extension increased the centre's gross leasable area from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

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

The project involved the restructuring of the shopping arcade in the Carrefour Cité Europe shopping centre, located at Coquelles in the Calais area. More than 30 retailers opened or extended their stores in the centre in 2020 and first-half 2021. In January 2021, Primark opened a store with a sales area of more than 4,000 sq.m. on two levels. The customer experience has been optimised, thereby completing the transformation of this leading site and giving it fresh retail momentum.

- 2021 restructuring projects: in 2021, Carmila carried out major restructuring at around 20 sites, generating net additional rent of €3.0 million and a return of over 10%.

2. ASSETS AND VALUATION

2.1. Key figures concerning the portfolio

2.1.1. Description of the portfolio

At 31 December 2021, Carmila had 214 shopping centres and retail parks adjoining Carrefour hypermarkets located in France, Spain and Italy, valued at more than €6.2 billion, including transfer taxes and work in progress, for a total leasable area of close to 1.6 million sq.m.

In France, Carmila is the owner of its assets which are either divided into units or held under co-ownership arrangements. In Spain, Carmila holds its assets through co-ownership arrangements. All of Carmila's assets in Italy are fully owned.

The real estate of Carrefour's hypermarkets and supermarkets, as well as the car parks adjoining the shopping centres held by Carmila, are owned by Carrefour group entities.

2.1.2. Presentation of Carmila's most important assets

Out of 214 commercial real estate assets making up Carmila's portfolio, 15 assets represent 39% of the appraisal value (including transfer taxes) and 26% of the gross leasable area at 31 December 2021. 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	129	27 057	58,9%
Toulouse Labège	1983	2014	129	24 117	56,5%
Calais-Coquelles	1995	2014	155	52 538	77,1%
Thionville	1971	2016	157	30 248	46,7%
Bay 2	2003	2014	105	20 870	53,7%
Nice-Lingostière	1978	2014	101	21 128	43,1%
Vitrolles	1971	2018	85	24 405	42,9%
Montesson	1970	2014	64	13 263	34,1%
Saran-Orléans	1971	2014	91	38 731	64,2%
Chambourcy	1973	2014	73	21 333	43,5%
Évreux	1974	2014	78	37 811	70,4%
Orléans Place D'Arc	1988	2015	67	13 575	57,4%
Perpignan Claira	1983	2014	78	21 040	60,5%
Total France (top 13)			**1 312**	**346 115**	
Spain					
Fan Mallorca	2016	2016	106	38 141	75,0%
Huelva	2013	2014	94	34 151	78,3%
Total Spain (top 2)			**200**	**72 292**	
Total (top 15)			**1 512**	**418 407**	

2.2. Asset valuation

2.2.1. 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.

Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clauses introduced by appraisers at the start of the health crisis in 2020 were lifted for all assets during 2021.

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

- No sites in France were rotated between the appraisers Cushman & Wakefield and Catella in 2021, as there had been a change of appraiser at all sites in 2019-2020.
- 23% of the assets in Spain (in terms of gross asset value including transfer taxes) were rotated between the appraisers Cushman & Wakefield and Catella in first-half 2021. The next rotation will take place in the first half of 2022 for the last third of the portfolio.
- In the first half of 2021, Carmila delivered the Nice-Lingostière extension.
- Carmila did not acquire any new shopping centres in 2021.
- In June 2021, Carmila sold the Nanteuil les Meaux retail park.

Geographical segmentation of the portfolio

The valuation of the portfolio (attributable to the Group) was €6,214.4 million including transfer taxes at 31 December 2021, and breaks down as follows:

Gross asset value (GAV) Including transfer taxes (ITT)	31 Dec. 2021		
Country	(in €)	%	In number of assets
France	4,487.7	72.2%	128
Spain	1,374.5	22.1%	78
Italy	352.1	5.7%	8
Total	**6,214.4**	**100%**	**214**

Apart from the fair values determined by the appraisers for each shopping centre, this

assessment takes into account assets under construction that amounted to €33.2 million at 31 December 2021.

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 €64.7 million.

2.2.2. Change in asset valuations

Gross asset value (GAV) of portfolio, incl. transfer taxes (ITT)	31 Dec. 2021					31 Dec. 2020	
				Year-on-year change			
(in millions of euros)	GAV ITT (€m)	%	In number of assets	reported	like-for-like*	Gross asset value ITT (€m)	%
France	4,487.7	72.2%	128	1.2%	0.7%	4,433.8	72.1%
Spain	1,374.5	22.1%	78	0.9%	0.9%	1,362.0	22.2%
Italy	352.1	5.7%	8	0.0%	-0.1%	352.0	5.7%
Total	**6,214.4**	**100%**	**214**	**1.1%**	**0.7%**	**6,147.9**	**100%**

*** Excl. Nice-Lingostière.**

During 2021, the total value of Carmila's assets increased by €66.5 million, and can be analysed as described below:

- The value of the assets on a like-for-like basis increased by 0.7% (€42.3 million). The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period.
- Other changes are due to
  - the sale of the Nanteuil-lès-Meaux retail park, which accounted for a decrease of €8.6 million in asset value (i.e., negative impact of 0.1%);
  - the delivery of the Nice-Lingostière extension (positive impact of €97.1 million), partly offset by the decrease in works in progress (negative impact of €66.8 million), representing a net positive impact of €30.3 million, or 0.5%;
  - the increase in value of Lou5G (positive impact of €2.5 million).

2.2.3. Change in capitalisation rates

	NIY		NPY	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
France	5.64%	5.59%	5.95%	5.99%
Spain	6.67%	6.64%	6.93%	6.89%
Italy	6.04%	6.03%	6.18%	6.10%
Total	**5.89%**	**5.85%**	**6.18%**	**6.20%**

At 31 December 2021, the NPY was down by 2 basis points for the overall portfolio; the decompression in Spain (up 4 basis points) and Italy (up 8 basis points) was offset by a 4-basis-point NPY compression in France.

In France, contrary to the NPY, the NIY increased (up 5 basis points), thanks to the improved financial occupancy rate. The NIY also rose in Spain (up 3 basis points) and Italy (up 1 basis point), but to a lesser extent than the NPY.

2.2.4. 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 2021, regional shopping centres and large shopping centres accounted for 79% of the market value of Carmila's portfolio.

	Appraisals at 31 December 2021				
	Gross asset value ITT (€m)	% of value	Average NRI (€/sq.m.)	Average ERV of vacancies	NIY
Regional shopping centres	1,599.8	36%	302	195	5.3%
Large shopping centres	1,948.6	43%	290	242	5.6%
Local shopping centres	926.2	21%	178	116	6.3%
Other*	13.0	0%	n.d.	n.d.	6.9%
France	**4,487.7**	**100%**	**257**	**163**	**5.6%**
Regional shopping centres	348.0	25%	206	372	5.7%
Large shopping centres	645.0	47%	202	198	6.8%
Local shopping centres	381.6	28%	259	234	7.3%
Spain	**1,374.5**	**100%**	**218**	**218**	**6.7%**
Regional shopping centres	17.8	5%	204	360	3.9%
Large shopping centres	312.9	89%	240	174	6.1%
Local shopping centres	21.4	6%	273	n.d.	6.7%
Italy	**352.1**	**100%**	**241**	**251**	**6.0%**
Regional shopping centres	1,965.6	32%	277	218	5.3%
Large shopping centres	2,906.5	47%	256	217	5.9%
Local shopping centres	1,329.2	21%	200	148	6.6%
Other*	13.0	0%	n.d.	n.d.	6.9%
Grand Total	**6,214.4**	**100%**	**245**	**183**	**5.9%**

** Next Tower.*

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

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Gross asset value ITT of portfolio	6,214.4	6,147.9
Work in progress	(33.2)	-100.0
Valuation of the share of equity-accounted companies	(64.7)	(61.3)
Transfer taxes and registrations (excluding equity-accounted companies)	(302.7)	(303.0)
Other reclassifications	0.0	0.0
Gross asset value ETT (A)	**5,813.7**	**5,683.6**
Fair value of building leases (IFRS 16) (B)	32.6	33.4
Investment property carried at appraisal value (statement of financial position)	**5,846.3**	**5,717.0**

2.3. Valuation report prepared by Carmila's independent appraisers

2.3.1. 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 valuers, 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 2021.

Reference documents and general principles

We confirm that our valuations were performed in accordance with the appropriate sections of the Code of Conduct 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 the Market Value and are reported to the Company as both gross values (market value before deduction of transfer costs) and net values (market value after deduction of transfer costs).

2.3.2. Valuation considerations and assumptions

Information

The Company's management were 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 turnover 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.

Urban planning

We have not studied building 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 urban planning rules and that all necessary permissions have been obtained.

Title deeds and tenancy schedules

We have relied upon the tenancy schedules, summaries of complimentary revenues, non recoverable charges, capital projects and the business plans which were provided to us. We have assumed, with the exception of what may be mentioned in our individual asset reports, that the assets are not inhibited by any restriction which could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have taken as correct the rental, occupational and all other pertinent 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

The outbreak of Novel Coronavirus (COVID-19), which was declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

2.3.3. 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.

Jean-Philippe Carmarans
Head of Valuation & Advisory France
Cushman & Wakefield Valuation France

Tony Loughran
Partner
C&W Valuation & Advisory, Spain

Simone Scardocchia
Head of Corporate Valuation
BNP Paribas Real Estate, Italy

Jean-François Drouets
Chairman
Catella Valuation

Ana Flores
Head of Valuation
Catella Property Spain SA

3. FINANCIAL PERFORMANCE

3.1. Selected financial information

(in millions of euros)	2021	2020
Gross Rental Income	351,8	349,7
Net rental income	289,9	270,8
EBITDA (excluding fair value adjustments)[1]	238,8	220,2
Fair value adjustments on investment properties	(4,7)	(334,3)
Operating income	234,2	(122,9)
Net financial expense	(73,7)	(75,6)
Net income attributable to owners	192,1	(198,8)
Earnings per share[3]	1,33	(1,42)
EPRA earnings[2]	172,0	161,0
EPRA earnings per share[3]	1,19	1,15
Recurring earnings[4]	178,2	167,6
Recurring earnings per share[3]	1,24	1,20

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

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

[3] Average number of shares: 144,250,286 at 31 December 2021 and 140,198,573 at 31 December 2020.

[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)	2021	2020
Investment properties (appraisal value excluding transfer taxes)	5,846.3	5,717.0
Cash and cash equivalents and marketable securities	238.3	311.5
Financial liabilities (current and non-current)	2,613.0	2,646.7
Equity attributable to owners	3,374.9	3,262.7

Financial information related to key indicators and ratios

(in millions of euros)	2021	2020
Net debt	2,322.9	2,274.7
Loan-to-value (LTV) ratio ITT[1]	37.4%	37.0%
Interest coverage ratio (ICR)[2]	3.9x	3.9x
EPRA Net Tangible Assets	3,575.8	3,525.2
EPRA Net Tangible Assets (EPRA NTA) per share[3]	24.54	24.72
Appraisal value (including transfer taxes and work in progress)	6,214.4	6,147.9

[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 cost of net debt.

[3] Year end, fully diluted, on the basis of 145,736,217 shares at 31 December 2021 and 142,616,879 shares at 31 December 2020.

3.2. Financial statements

3.2.1. Consolidated statement of comprehensive income

(in thousands of euros)	2021	2020
Gross rental income	**351,790**	**349,744**
Charges rebilled to tenants	77,691	79,621
Total Income from rental activity	**429,481**	**429,365**
Real estate expenses	(23,916)	(23,510)
Rental charges	(71,069)	(71,177)
Property expenses (landlord)	(44,582)	(63,841)
Net rental income	**289,914**	**270,837**
Overhead expenses	(51,767)	(50,949)
Income from property management, administration and other activities	*11,505*	*10,267*
Other income	*3,322*	*255*
Payroll expenses	*(28,629)*	*(25,939)*
Other external expenses	*(37,965)*	*(35,532)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(1,245)	(2,849)
Other operating income and expenses	(1,125)	(2,379)
Gains and losses on disposals of investment properties and equity investments	38	(65)
Change in fair value adjustments	(4,674)	(334,267)
Share in net income (loss) of equity-accounted companies	3,068	(3,189)
Operating income (loss)	**234,209**	**(122,861)**
Financial income	1,039	917
Financial expenses	(62,985)	(57,634)
Cost of net debt	**(61,946)**	**(56,717)**
Other financial income and expense	(11,761)	(18,903)
Net financial expense	**(73,707)**	**(75,620)**
Income (loss) before taxes	**160,502**	**(198,481)**
Income tax	31,834	196
Consolidated net income (loss)	**192,336**	**(198,286)**
Attributable to owners of the parent	**192,121**	**(198,755)**
Non-controlling interests	**215**	**469**
Average number of shares comprising Carmila's share capital	144,250,286	140,198,573
Earnings per share (attributable to owners) (in euros)	1.33	(1.42)
Diluted average number of shares comprising Carmila's share capital	144,518,878	140,603,774
Diluted earnings per share (attributable to owners) (in euros)	**1.33**	**(1.41)**

Consolidated statement of comprehensive income (in thousands of euros)	2021	2020
Consolidated net income (loss)	**192,336**	**(198,286)**
Items that will be reclassified subsequently to net income	20,346	(6,016)
Effective portion of cash flow hedges	20,346	(5,944)
Fair value of other financial assets	-	(72)
Related income tax	-	-
Items that will not be reclassified subsequently to net income	77	30
Actuarial gains and losses on defined benefit plans	77	30
Related income tax	-	-
Total comprehensive income (loss)	**212,759**	**(204,272)**

3.2.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	**31 Dec. 2021**	**31 Dec. 2020**
Intangible assets	4,664	4,581
Property, plant and equipment	3,369	3,205
Investment properties carried at fair value	5,846,327	5,717,046
Investment properties carried at cost	33,213	100,010
Investments in equity-accounted companies	50,309	48,061
Other non-current assets	19,539	12,623
Deferred tax assets	9,855	11,113
Non-current assets	**5,967,275**	**5,896,638**
Trade receivables	75,489	148,532
Other current assets	90,439	86,415
Cash and cash equivalents	238,268	320,263
Current assets	**404,196**	**555,210**
Total assets	**6,371,471**	**6,451,848**

EQUITY AND LIABILITIES

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Share capital	875,389	855,701
Additional paid-in capital	1,985,987	2,039,818
Treasury shares	(2,351)	(2,541)
Other comprehensive income	(28,469)	(48,892)
Consolidated retained earnings	352,177	617,412
Consolidated net income (loss)	192,121	(198,755)
Equity attributable to owners	**3,374,853**	**3,262,744**
Non-controlling interests	5,776	5,727
Total equity	**3,380,629**	**3,268,471**
Non-current provisions	6,867	6,732
Non-current financial liabilities	2,384,895	2,401,478
Lease deposits and guarantees	79,812	76,267
Non-current tax and deferred tax liabilities	139,445	177,316
Other non-current liabilities	2	14
Non-current liabilities	**2,611,021**	**2,661,807**
Current financial liabilities	228,071	245,250
Bank facilities	82	8,934
Current provisions	1,039	1,758
Trade payables	20,984	27,773
Payables to suppliers of non-current assets	22,067	86,231
Accrued tax and payroll liabilities	54,179	56,004
Other current liabilities	53,399	95,620
Current liabilities	**379,821**	**521,570**
Total equity and liabilities	**6,371,471**	**6,451,848**

3.2.3. Consolidated statement of cash flows

(in thousands of euros)	2021	2020
Consolidated net income (loss)	**192,336**	**(198,286)**
Elimination of income from equity-accounted companies	(3,068)	3,189
Elimination of depreciation, amortisation and provisions	493	2,946
Elimination of fair value adjustments	9,722	337,468
Elimination of capital gains and losses on disposals	(33)	66
Other non-cash income and expenses	8,599	6,921
Cash flow from operations after cost of net debt and tax	**208,049**	**152,305**
Elimination of tax expense (income)	(31,834)	(196)
Elimination of cost of net debt	61,946	56,792
Cash flow from operations before cost of net debt and tax	**238,161**	**208,901**
Change in operating working capital	18,293	(34,582)
Change in lease deposits and guarantees	3,572	(1,530)
Income tax paid	-2,168	(4,722)
Net cash from operating activities	**257,858**	**168,067**
Change in payables on non-current assets	(85,321)	4,977
Acquisitions of investment properties	(64,584)	(79,959)
Acquisitions of other non-current assets	(454)	(950)
Change in loans and advances	(4,129)	(183)
Disposal of investment properties and other fixed assets	8,216	307
Dividends received	818	1,212
Net cash from (used in) investing activities	**(145,454)**	**(74,597)**
Share capital increase	(8,000)	-
Net sale (purchase) of treasury shares	190	135
Issuance of bonds	300,000	400,000
Increase in bank loans	0	568,000
Loan repayments	(324,833)	(798,005)
Display of short-term investments in other current receivables	106	(103)
Interest paid	(59,596)	(53,991)
Interest received	1,039	917
Dividends and share premiums distributed to shareholders	(94,453)	(73,126)
Net cash from (used in) financing activities	**(185,547)**	**43,828**
Net change in cash and cash equivalents	**(73,143)**	**137,298**

3.2.4. Consolidated statement of changes in 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 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	28 862					**63 636**		**63 636**
Treasury share transactions			135		394		**529**		**529**
Dividend paid		(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 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					(706)		**(706)**		**(706)**
Balance at 31 December 2020	**855 701**	**2 039 818**	**(2 541)**	**(48 892)**	**617 412**	**(198 755)**	**3 262 744**	**5 728**	**3 268 471**
Corporate actions	(3 272)	(4 728)					**(8 000)**		**(8 000)**
Share-based payments	22 960	25 065					**48 025**		**48 025**
Treasury share transactions			190		1 254		**1 444**		**1 444**
Dividend paid		(74 169)			(68 077)		**(142 246)**	(232)	**(142 478)**
Appropriation of 2020 net income					(198 755)	198 755	-		-
Net income for the year						**192 121**	**192 121**	**215**	**192 336**
Other comprehensive income reclassified to income				3 996			**3 996**		**3 996**
Change in fair value of other financial assets							-		-
Change in fair value of hedging instruments				16 350			**16 350**		**16 350**
Actuarial gains and losses on retirement benefits				77			**77**		**77**
Other comprehensive income				**20 423**			**20 423**	-	**20 423**
Other changes					343		**343**	65	**408**
Balance at 31 December 2021	**875 389**	**1 985 986**	**(2 351)**	**(28 469)**	**352 177**	**192 121**	**3 374 854**	**5 776**	**3 380 630**

3.3. Comments on the year's activity

3.3.1. Specific negotiations related to the health crisis

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 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.

3.3.2. 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
2021 impact of the health crisis on income	**(30 127)**	**(10 571)**	**(1 287)**	**(41 985)**
- of which rent waivers without concessions	(14 321)	(2 950)	(2 152)	(19 423)
- of which allowances on receivables	(14 414)	(3 821)	865	(17 370)
- of which variable rent adjustments	766	0	0	766
- of which IFRS 16 impact	(1 695)	(3 800)	0	(5 495)
- of which reversals of tax credits (Covid 2)	(463)	0	0	(463)
Income statement impact beyond 2021 (IFRS 16 impact: rent waivers to be deferred)	**(5 092)**	**(5 320)**	**0**	**(10 412)**
2021 impact of the health crisis on income	**(30 127)**	**(10 571)**	**(1 287)**	**(41 985)**
Impact (in months of rents)	1,2	1,2	0,6	1,2

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(929)**	**(3,800)**	**0**	**(4,729)**
Variable rent adjustments	766	0	0	766
IFRS 16 impact (deferral of rent-free periods granted)	(1,695)	(3,800)	0	(5,495)
Impact on net rental income	**(29,198)**	**(6,771)**	**(1,287)**	**(37,256)**
Rent waivers without concessions	(14,321)	(2,950)	(2,152)	(19,423)
Allowances on receivables	(14,414)	(3,821)	865	(17,370)
Tax credit	(463)	0	0	(463)
Total impact in 2021	**(30,127)**	**(10,571)**	**(1,287)**	**(41,985)**

For rent relief granted in exchange for an extension of the non-cancellable term of the lease (rent relief related to the first wave of the pandemic in first-half 2020), 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 presented as a deduction from gross rental income, representing €5.5 million in 2021. A total of €10.4 million will be recognised over the next few periods.

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 2021 financial statements, for an amount of €19.4 million.

The tax credit in connection with rent waivers granted in France during the second wave of Covid-

19 was revised downwards by €0.5 million following the outcome of Covid-related rent negotiations.

Disputed receivables were written down in full in respect of 2021.

3.3.3. Gross rental income (GRI) and net rental income (NRI)

Gross rental income

Revenus locatifs	31/12/2021		31/12/2020
	Revenus locatifs	Variation vs. 31/12/2020	Revenus locatifs
(en milliers d'euros)		périmètre courant	
France	241 992	1,2%	239 011
Espagne	86 931	-2,0%	88 724
Italie	22 867	3,9%	22 009
Total	**351 790**	**0,6%**	**349 744**

Gross rental income increased by 0.6% in 2021. The increase reflects the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (€5.5 million positive impact in 2021). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Net rental income	2021				2020
		Year-on-year change			
(in thousands of euros)	Net rental income	like for like (specific Covid-19 impact)	like for like (excl. specific Covid-19 impact)	reported	Net rental income
France	196 302	3,5%	0,9%	5,9%	185 340
Spain	73 771	4,5%	0,9%	3,9%	71 000
Italy	19 841	35,5%	1,6%	36,9%	14 497
Total	**289 914**	**5,5%**	**1,0%**	**7,0%**	**270 837**

The projected collection rate for 2021, taking into account the impact of rent-free periods and provisions recognised in the year is 90%. This figure factors in all estimated Covid impacts for 2021.

Net rental income totalled €290 million, up €19.1 million, or 7.0%, in 2021. This increase is attributable to the factors described below.

Changes linked to specific Covid-related impacts represented a €14.8 million (or 5.5%) increase in net rental income. Covid-19 impacts recognised in 2021 had a negative €42.0 million effect (negative €56.7 million effect in 2020), as detailed in the "Accounting treatment applied to the impacts of the health crisis" section.

Organic growth as adjusted for these specific impacts came out at 1.0%.

The share of indexation included in growth at constant scope is +0.2%.

Growth generated by lease extensions represented €4.1 million, or 1.5%. The Nice-Lingostière extension delivered in May 2021 is included in this line.

Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2020 or 2021.

The sale of Nanteuil-les-Meaux, completed on 23 June 2021, had a negative €0.2 million (negative 0.1%) impact.

Other impacts reduced net rental income by €2.2 million, or 0.8%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

3.3.4. Rent collection

	31 Dec. 2021				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	**Full-year 2021**
Gross collection rate (total amount invoiced)	78.0%	78.0%	92.4%	92.9%	**85.4%**
Rent waiver/Covid-19 provision rate	16.7%	18.8%	5.5%	5.5%	**11.6%**
Outstanding to be collected	5.2%	3.2%	2.1%	1.6%	**3.0%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Out of the total charges and rents invoiced in 2021, 85.4% had been collected at 31 December 2020, 11.6% had been waived or charged to credit loss allowances (and written off in the consolidated financial statements) and 3.0% are pending collection.

For the third and fourth quarters of 2021, Carmila's gross collection rate in France was 93.5%.

Its overall net collection rate for 2021 was 97.0%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

The 2020 collection rates at 31 December 2021 were as follows:

	31 Dec. 2020 as of end-2021				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**Full-year 2020**
Gross collection rate (total amount invoiced)	97.2%	71.4%	93.1%	75.9%	**84.7%**
Rent waiver/Covid-19 provision rate	2.8%	27.2%	6.8%	23.9%	**14.8%**
Outstanding to be collected	0.0%	1.4%	0.2%	0.2%	**0.4%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

3.3.5. Overhead expenses

Overhead expenses *(in thousands of euros)*	**2021**	**2020**
Income from property management, administration and other activities	11,505	10,267
Other income	3,322	255
Payroll expenses	(28,629)	(25,939)
Other external expenses	(37,965)	(35,532)
Overhead expenses	**(51,767)**	**(50,949)**

Overhead expenses edged up 1.6%, (€0.8 million) in 2021 compared to the previous financial year.

In 2021, the allocation of income and expenses within each of the overhead expense accounts was changed; in 2020, "Other income" had been primarily included within "Other external expenses".

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

This item totalled €14.8 million in 2021, an increase of €4.3 million (40.1%) compared to 2020.

It can be broken down as follows:

- €5.9 million in rebilled shopping centre management costs (versus €5.3 million in 2020) due to higher levels of re-invoicing by Spanish centre managers further to their inclusion in Carmila's workforce.
- fees, including technical and marketing fees for €5.6 million, up €0.6 million on 2020.

"Other income" mainly consists of:

- marketing services aimed at developing and increasing the attractiveness of the centres (retailers' associations) for €2.9 million. In 2020, this item was presented as a deduction from other external expenses for €1.7 million.

Payroll expenses

Payroll expenses amounted to €28.6 million in 2021. The €2.7 million increase in this item is mainly due to a €1.0 million scope effect following the induction of shopping centre directors into the Spanish workforce (offset by amounts rebilled), €1.0 million in non-recurring income in 2020 related to services provided, and a €0.7 million increase in payroll expenses.

Other external expenses

Other external expenses totalled €38 million in 2021, up 6.8% (€2.4 million). This increase is mainly due to a presentation effect (see opposite): in 2020, this item also included other income for €1.7 million.

The main components of other external expenses are marketing expenses, as well as appraisal fees for the asset portfolio, legal and tax fees, auditors' fees, financial communication and advertising fees, travel expenses and other mission-related expenses.

3.3.6. EBITDA

(in thousands of euros)	**2021**	**2020**
Operating income	**234,209**	**(122,862)**
Elimination of change in fair value	4,674	334,267
Elimination of attributable change in fair value of equity-accounted companies	(1,354)	5,419
Elimination of capital (gains)/losses	829	2,382
Depreciation and amortisation of property and equipment and intangible assets	400	999
Adjustments for non-recurring items		
EBITDA	**238,758**	**220,205**

EBITDA came in at €238.8 million in 2021, a year-on-year increase of 8.4% (€18.6 million), primarily attributable to the impacts of the health crisis, which were however less significant than in 2020.

3.3.7. Net financial expense

Financial expense (in thousands of euros)	2021	2020
Financial income	1,039	917
Financial expenses	(62,985)	(57,634)
Cost of net debt	**(61,946)**	**(56,717)**
Other financial expense	(11,761)	(18,903)
Net financial expense	**(73,707)**	**(75,620)**

Carmila reported net financial expense of €73.7 million for 2021.

Cost of net debt

The cost of net debt in 2021 rose by €5.2 million year on year to €61.9 million. The cost of net debt mainly reflects the €3.4 million increase in interest expense and €1.9 million in non-recurring and non-cash expenses.

The change in interest expense can be analysed as follows:

- a rise in interest expense on bonds (new €300 million bond issue in November 2020 and a further €300 million issue in March 2021) represented €6.9 million;
- partly offset by a €3.5 million fall in interest expenses on bank borrowings (repayment of €200 million in November 2020 and of €300 million in April 2021).

The change in non-recurring and non-cash expenses can be analysed as follows:

- a €1.3 million increase in amortisation of issuance premiums and costs, mainly due to the reversal of the portion of issuance costs still to be amortised following the cancellation of the 2017 RCF. The costs of the new RCF have been capitalised and are being amortised over the life of each tranche of the facility;
- interest income from capitalised financial expenses decreased by €0.6 million due to the delivery of the Nice-Lingostière extension.

Other financial income and expenses

"Other financial expenses" fell €7.1 million during the year, attributable to the factors described below:

- a decrease in financial expenses due to the €5.4 million premium paid following the bond redemption in November 2020;
- a decrease in the adjustment related to the application of IFRS 9: in 2020, following the repayment of the term loan in November of that year, the adjustment had a net negative impact of €10.5 million for the year. In 2021, the €300 million repayment led to the reversal of the proportion of the repayment on the bank loan, representing a net negative impact of €7.9 million for the year;
- these factors were partially offset by an increase in the credit risk on financial instruments, increasing financial expenses by €1.1 million.

3.4. EPRA performance indicators

3.4.1. EPRA summary table

	31 Dec. 2021	31 Dec. 2020
EPRA earnings (in millions of euros)	172,0	161,0
EPRA earnings per share (in euros)	1,19	1,15
EPRA NRV (in thousands of euros)	3 829 620	3 777 204
EPRA NRV per share (in euros)	26,28	26,48
EPRA NTA (in thousands of euros)	3 575 785	3 525 224
EPRA NTA per share (in euros)	24,54	24,72
EPRA NDV (in thousands of euros)	3 350 159	3 183 311
EPRA NDV per share (in euros)	22,99	22,32
EPRA NIY (shopping centres)	5,8%	5,7%
EPRA Topped-up NIY (shopping centres)	5,9%	5,8%
EPRA Vacancy Rate	5,5%	6,8%
EPRA Cost Ratios (including direct vacancy costs)	23,9%	24,8%
EPRA Cost Ratios (excluding direct vacancy costs)	20,7%	21,5%

3.4.2. EPRA earnings and recurring earnings

EPRA Earnings *(in thousands of euros)*	**2021**	**2020**
Net income attributable to owners	**192 121**	**(198 756)**
Adjustments to calculate EPRA earnings	**(20 287)**	**359 742**
(i) Changes in value of investment properties, development properties held for investment and other interests	4 688	334 267
(ii) Gains and losses on disposals of investment properties	- 38	65
(iii) Gains and losses on disposals of trading properties	-	-
(iv) Tax on disposal gains and losses	-	-
(v) Negative goodwill/goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out costs	13 030	19 164
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	(36 613)	785
(ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation)	(1 140)	5 419
(x) Non-controlling interests in respect of the above	-	41
(y) Other adjustments	-	-
EPRA earnings	**172 049**	**160 986**
Year-on-year change	**6,9%**	
Average number of shares	144 250 286	140 198 573
EPRA earnings per share	**1,19**	**1,15**
Year-on-year change	**3,9%**	
Fully diluted number of shares	144 518 878	140 603 774
Diluted EPRA earnings per share	**1,19**	**1,14**
Other adjustments	**6 121**	**6 623**
Issuance costs[(1)]	1 731	3 302
Other non-recurring expenses or (income)[(2)]	4 390	3 321
Recurring earnings	**178 170**	**167 609**
Year-on-year change	***6,3%***	
Recurring earnings per share	**1,24**	**1,20**
Year-on-year change	***3,3%***	
Impact of IFRS 16[(3)]	5 495	(18 547)
Recurring earnings excluding IFRS 16 Covid-19 impact	**183 665**	**149 062**
Year-on-year change	***23,2%***	
Recurring earnings per share excluding IFRS 16 Covid-19 impact	**1,27**	**1,06**
Year-on-year change	***19,8%***	

Recurring earnings totalled €178.2 million in 2021, up 6.3% year on year. Earnings per share came are up by 3.3% on 2020, at €1.24. Adjusted for the impact of IFRS 16 on Covid-19 related rent concessions, recurring earnings came out at €183.7 million, or €1.27 per share.

Comments on the other adjustments:

(1) Debt issuance costs relate to the reversal of the proportion of deferred issuance costs still to be amortised following the cancellation of the RCF.

(2) "Other non-recurring expenses" consist of depreciation and amortisation expenses, movements in provisions for contingencies and charges, the cost of shelving projects and the substitute tax paid in Italy to join the revaluation tax regime.

(3) Under IFRS 16, lessors can defer the recognition of any rent concessions granted during the first wave of the virus (e.g., extensions of the lease term).

3.4.3. EPRA Cost Ratio

EPRA Cost Ratios *(in millions of euros)*		31 Dec. 2021	31 Dec. 2020
(i)	Operating costs	80.7	73.9
	Overhead expenses	*73.4*	*63.9*
	Property expenses	*7.3*	*10.1*
(ii)	Net service charge costs/fees	9.6	10.1
(iii)	Management fees less profit element	(11.5)	(10.3)
(iv)	Other operating recharges intended to cover overhead expenses	(3.3)	(0.3)
(v)	Share of costs of equity-accounted companies	0.9	1.4
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	0.0
(vii)	Ground rent costs	0.0	0.0
(vii)	Service charge costs recovered through rents	(1.8)	(1.8)
	EPRA costs (including direct vacancy costs)	**74.6**	**73.1**
(viii)	Direct vacancy costs	10.1	9.6
	EPRA costs (excluding direct vacancy costs) (A)	**64.5**	**63.5**
(ix)	Gross rental income less ground rents	309.8	293.0
(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)	3.9	3.8
	Gross rental income (B)	312.0	295.1
	EPRA Cost Ratios (including direct vacancy costs)	**23.9%**	**24.8%**
	EPRA Cost Ratios (excluding direct vacancy costs)	**20.7%**	**21.5%**
	Covid-19 impacts (C)	42.0	56.7
	EPRA Cost Ratios excluding Covid19 impact and direct vacancy costs (A/(B	**18.2%**	**18.1%**

The EPRA Cost Ratio was 80 basis points higher in 2021 compared to 2020 (excluding vacancy costs). However, as restated for the impacts of Covid-19, the ratio comes out at 18.2%, stable versus 2020.

Overhead expenses include other external expenses and payroll 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.

3.4.4. EPRA NRV, EPRA NTA and EPRA NDV

EPRA NAV indicators at 31 December 2021

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,374,853**	**3,374,853**	**3,374,853**
Include/Exclude:*				
(i)	Hybrid instruments			
	Diluted NAV	**3,374,853**	**3,374,853**	**3,374,853**
Include:*				
(ii.a)	Revaluation of investment property (if IAS 40 cost option is used)			
(ii.b)	Revaluation of IPUC[1] (if IAS 40 cost option is used)			
(ii.c)	Revaluation of other non-current investments[2]			
(iii)	Revaluation of tenant leases held as finance leases[3]			
(iv)	Revaluation of trading properties[4]			
	Diluted NAV at fair value	**3,374,853**	**3,374,853**	**3,374,853**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	139,445	139,445	
(vi)	Fair value of financial instruments	12,624	12,624	
(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	-	4,492	
Include:*				
(ix)	Fair value of fixed-rate debt			-24,695
(x)	Revaluation of intangible assets at fair value			
(xi)	Transfer taxes	302,698	53,355	
	NAV	**3,829,620**	**3,575,785**	**3,350,159**
	Fully diluted number of shares	145,736,217	145,736,217	145,736,217
	NAV per share	**26.28**	**24.54**	**22.99**

[1] Difference between development property held on the balance sheet at cost and fair value of that development property.
[2] Revaluation of intangibles to be presented under adjustment (x) Revaluation of Intangibles to fair value and not under this line item.
[3] Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
[4] Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
[5] Deferred tax adjustment for NTA.

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

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 (if IAS 40 cost option is used)	-	-	-
(ii.b)	Revaluation of IPUC[1] (if IAS 40 cost option is used)	-	-	-
(ii.c)	Revaluation of other non-current investments[2]	-	-	-
(iii)	Revaluation of tenant leases held as finance leases[3]	-	-	-
(iv)	Revaluation of trading properties[4]	-	-	-
	Diluted NAV at fair value	**3,262,743**	**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**

3.4.5. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant space (€m)	13.8	7.8	0.5	22.2
Rental value of property portfolio (€m)	272.2	109.4	24.0	405.6
EPRA vacancy rate	**5.1%**	**7.2%**	**3.2%**	**5.5%**
Impact of strategic vacancies	1.5%	2.7%	1.9%	1.8%
Financial vacancy rate	**3.6%**	**4.5%**	**1.3%**	**3.7%**

The EPRA vacancy rate at 31 December 2021 was 5.5%, a decrease of 130 basis points compared to end-2020.

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.

3.4.6. EPRA net initial yields: EPRA NIY and EPRA topped-up NIY

EPRA NIY and EPRA Topped-up NIY *(in millions of euros)*	31 Dec. 2021	31 Dec. 2020
Total property portfolio valuation (excluding transfer taxes)	**5,911.7**	**5,844.9**
(-) Assets under development and other	33.2	100.0
Completed property portfolio valuation (excluding transfer taxes)	**5,878.4**	**5,744.9**
Transfer taxes	302.7	303.0
Completed property portfolio valuation (including transfer taxes) (A)	**6,181.1**	**6,047.9**
Annualised net rents (B)	**355.8**	**345.2**
Impact of rent-free periods	7.7	8.2
Topped-up net annualised rents (C)	**363.5**	**353.4**
EPRA Net Initial Yield (B)/(A)	**5.8%**	**5.7%**
EPRA Topped-up Net Initial Yield (C)/(A)	**5.9%**	**5.8%**

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

3.4.7. 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.

(in thousands of euros)	France		Spain		Italy		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
Acquisitions	26,277	6,696	0	0	673	0	26,950	6,696
Developments and extensions	-	-	-	-	-	-	-	-
Like-for-like capital expenditure	29,772	63,127	6,661	9,444	1,201	692	37,634	73,263
Extensions	4,320	34,708	0	0	399	10	4,719	34,718
Restructuring	10,300	11,388	0	0	0	0	10,300	11,388
Lease incentives	8,065	7,250	2,708	2,642	0	44	10,773	9,936
Renovations	3,781	3,200	3,074	6,772	291	228	7,146	10,200
Maintenance Capex	3,306	6,581	879	30	511	410	4,696	7,021
Total capital expenditure	**56,049**	**69,823**	**6,661**	**9,444**	**1,874**	**692**	**64,584**	**79,959**

The "Acquisitions" caption chiefly relates to the acquisition of units in Labège (€8.6 million), Bourges (€2.5 million), Calais (€3.3 million), Angers Saint Serge (€2.0 million), Rennes Cesson (€1.5 million), and Port de Bouc (€1.1 million).

"Extensions" essentially relates to the payment of contingent consideration in respect of the extension to the Athis-Mons arcade (€1.1 million) and to Nice-Lingostière (€0.4 million). Capital expenditure relating to the Nice-Lingostière extension had already been recognised in the 2020 consolidated financial statements within "Work in progress", depending on the effective progress of the works. Accordingly, the €74.7 million disbursement (including taxes) in May 2021 had no impact on the total capital expenditure amount.

"Restructuring" mainly concerns the Cité Europe shopping centre in Calais-Coquelles (€5.1 million).

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 Collégien (€0.7 million), Bourg-en-Bresse (€0.4 million) and Puget (€0.2 million). Like-for-like capital expenditure also includes rent relief granted to tenants.

4. FINANCING POLICY

4.1. Financial resources

Bonds

As part of its EMTN programme (Euro Medium Term Note Programme) approved by the AMF in July 2019, Carmila issued a new €300 million bond with an eight-year tenor and a 1.625% coupon on 25 March 2021.

Carmila's outstanding bond debt of €1,891 million at 31 December 2020 thus rose to €2,191 million at 31 December 2021.

Bank borrowings

Carmila has a syndicated loan agreement with a pool of banks, maturing in June 2024. On 9 April 2021, Carmila repaid €300 million of this loan, bringing the amount outstanding to €170 million at 30 June 2021 from €470 million at end-2020.

Loan-to-value ratio (LTV)

The LTV ratio including transfer taxes was 37.4% at 31 December 2021, up 40 basis points, mainly due to the acquisition of the Nice-Lingostière extension. Carmila is committed to maintaining a strong statement of financial position and aims to maintain a level of debt compatible with its BBB (stable outlook) financial rating from S&P.

Carmila targets an LTV ratio of 40% (including transfer taxes) over the 2022-2026 period.

Compliance with covenants at 31 December 2021

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 2021, Carmila complied with its covenants.

Bonds are not subject to compliance with these 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.

The average maturity of Carmila's debt was 4.3 years at 31 December 2021.

Debt maturity

(in thousands of euros)		31 Dec. 2021	31 Dec. 2020
		12 months	12 months
EBITDA	**(A)**	**238,758**	**220,205**
Cost of net debt	**(B)**	**61,946**	**56,717**
Interest coverage ratio	**(A)/(B)**	**3.9**	**3.9**

(in thousands of euros)		2021	2020
Net financial liabilities	**(A)**	**2,322,914**	**2,274,560**
Gross financial liabilities		2,561,100	2,586,039
Net cash		(238,186)	(311,329)
Short-term investments		-	(150)
Property portfolio including transfer taxes	**(B)**	**6,214,371**	**6,147,872**
Loan-to-value ratio including transfer taxes	**(A)/(B)**	**37.4%**	**37.0%**
Property portfolio excluding transfer taxes	(C)	5,910,743	5,844,892
Loan-to-value ratio excluding transfer taxes	(A)/(C)	39.3%	38.9%

(in thousands of euros)		31 Dec. 2021	31 Dec. 2020
Net debt	**(A)**	**2,322,914**	**2,274,560**
EBITDA	**(B)**	**238,758**	220,205
Net debt/EBITDA	**(A)/(B)**	**9.7**	**10.3**

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 2021, the outstanding amount under this programme was €200 million, with maturities mainly ranging from 1 to 5 months.

Revolving credit facility

Carmila strengthened its financial structure by signing two new revolving credit facilities on 21 October for €270 million and €540 million, in two (three- and five-year) tranches, including two one-year extension options. The facility replaces an existing €759 million revolving credit facility due in 2024. These new facilities include two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025.

No drawdowns were made by Carmila on the revolving credit facility in 2021.

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%	543 200	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
Bond issue IV- Notional amount €300m, coupon 1.625%	300 000	01/04/2021	01/04/2029
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	170 000	16/06/2017	16/06/2024
Commercial paper	200 000	31/12/2016	21/10/2028
Total	**2 561 100**		

At 31 December 2021, Carmila's debt had an average maturity of 4.3 years and an average interest rate of 2.0%, 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 floating-rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up derivatives instruments as interest rate swaps and options which are eligible for hedge accounting.

To optimise its hedging, on 18 October 2021, Carmila cancelled one fixed-rate borrower swap maturing in 2027 with a notional amount of €75 million, and paid a balancing cash payment of €3.7 million. At the same date, Carmila also cancelled €50 million of a fixed-rate borrower swap maturing in 2027 via a balancing payment of €2.5 million.

At 31 December 2021, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- four fixed-rate borrower swaps at three-month Euribor for a notional amount of €260 million, with the swap covering the longest term expiring in December 2030;

- one fixed-rate floor at three-month Euribor for a notional amount of €25 million, covering a period up to 2022;

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

These hedging instruments, still effective, were recognised as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing 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 96% of gross debt at 31 December 2021 (including swaps and a swaption collar) and 100% including caps.

4.3. Cash

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Cash	238,268	180,228
Cash equivalents	-	140,035
Cash and cash equivalents	**238,268**	**320,263**
Bank facilities	-82	-8,934
Net cash	**238,186**	**311,329**

4.4. Rating

On 14 September 2021, S&P confirmed Carmila's BBB rating and revised its outlook from negative to stable.

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 the 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 18 May 2021 approved the dividend of €1.00 per share for 2020. Shareholders were offered the option to receive the dividend payment in shares. In all, 33.8% of shareholders took up this offer.

Carmila will recommend an annual payout of at least €1 per share, payable in cash, for dividends paid between 2022 and 2026, with a target payout ratio of 75% of recurring earnings.

The Annual General Meeting to be held on 12 May 2022 will be asked to vote on a dividend of €1 per share in respect of 2021.

4.6. Equity and share ownership

(in thousands of euros)	Number of shares	Share capital	Issuance premium	Merger premium
As of 1 January 2021	**142 616 879**	855 701	548 637	1 491 181
Dividend – GM of 18/05/2021	**3 826 562**	22 959	25 064	(74 168)
Share option	**(85 623)**	(514)	514	
New shares issued	**144 647**	868	(868)	
Cancellation of treasury shares	**(604 297)**	(3 626)	(4 374)	
At 31 December 2021	**145 898 168**	**875 389**	**568 973**	**1 417 013**

At 31 December 2021, the share capital was made up of 145,898,168 shares, each with a par value of six euros (€6), fully subscribed and paid up. The share capital is composed of 145,614,215 class A shares, 139,306 class C shares, and 144,647 class D shares.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020, representing a total payout of €142,389 thousand. A total of €74,245 thousand was charged against the merger premium and €68,144 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, in June 2021, €94,238 thousand was paid in cash and €48,023 thousand was paid in shares, resulting in the issuance of 3,826,562 class A shares with a value of €12.55 per share.

In accordance with the terms and conditions of the plan dated 16 May 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 16 May 2021, leading to the conversion of 112,611 class B shares into 31,850 class A shares issued on 9 June 2021. This capital decrease was charged against issuance premiums for €485 thousand.

The class D shares were issued on 29 June 2021 as part of Carmila's preferred share allotment plan for key employees and corporate officers. This capital increase was charged against issuance premiums for €868 thousand.

In accordance with the terms and conditions of the plan dated 24 October 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 24 October 2021, leading to the conversion of 7,537 class B shares into 2,675 class A shares issued on 16 November 2021. This capital decrease was charged against issuance premiums for €29 thousand.

Carmila bought back 604,297 shares under the share buyback programme launched on 6 September 2021. These shares were cancelled on 1 December 2021, further to the decision of the Board of Directors on 28 July 2021 to reduce the Company's capital.

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

5. APPENDIX

5.1. Detailed presentation of Carmila's operating asset base at 31 December 2021

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
France						
Aix en Provence	1971	2014	2015	40	8 422	24,1%
Amiens	1973	2014	2014	19	4 442	22,9%
Angers - Saint Serge	1969	2014	2015	28	7 172	34,4%
Angoulins	1973	2014	2015	34	4 833	23,0%
Annecy Brogny	1968	2014	2015	22	4 900	22,9%
Antibes	1973	2014	2014	33	4 829	22,1%
Athis Mons	1971	2014	2014	53	10 241	35,6%
Auch	1976	2014	2014	13	928	16,3%
Auchy-les-Mines	1993	2014	2015	27	2 750	26,2%
Auterive	2011	2014	-	19	6 674	36,8%
Bab 2 – Anglet	1967	2014	2017	129	27 057	58,9%
Barentin	1973	2016	-	17	7 424	19,0%
Bassens (Chambéry)	1969	2014	2014	20	2 757	18,2%
Bay 1	2004	2014	-	27	8 881	38,5%
Bay 2	2003	2014	-	105	20 870	53,7%
Bayeux Besneville	1974	2014	2014	9	597	11,0%
Beaucaire	1989	2014	2015	30	6 841	21,4%
Beaurains 2	2011	2014	-	10	4 372	52,7%
Beauvais	1969	2014	2016	16	3 986	59,8%
Berck-sur-Mer	1995	2014	2014	30	11 225	58,1%
Besançon - Chalezeule	1976	2014	2018	30	16 959	41,3%
Bourg-en-Bresse	1977	2014	2019	24	6 215	22,2%
Bourges	1969	2014	2016	51	8 984	36,7%
Brest Hyper	1969	2014	2014	48	17 683	67,7%
Calais – Beau Marais	1973	2014	2015	21	5 128	36,5%
Calais-Coquelles	1995	2014	2019	155	52 538	77,1%
Chambourcy	1973	2014	2015	73	21 333	43,5%
Champs-sur-Marne	1967	2014	2014	17	1 791	16,5%
Charleville-Mézières	1985	2014	2014	24	2 465	17,7%
Château Thierry	1972	2014	2015	9	660	8,8%
Châteauneuf-les-Martigues	1973	2014	2016	21	10 752	35,8%
Châteauroux	1969	2014	2014	24	6 976	20,3%
Cholet	1970	2014	2014	32	5 372	26,0%
Condé-sur-L'Escaut	1987	2014	2015	6	529	9,6%
Conde-sur-Sarthe	1972	2014	2014	32	9 425	34,3%
Crèches sur Saone	1981	2014	2015	59	19 096	48,9%
Denain	1979	2014	2016	7	617	6,0%
Dinan Quevert	1970	2016	-	19	3 269	36,4%
Douai Flers	1983	2014	2015	48	7 388	19,8%
Draguignan	1992	2014	2017	24	4 794	39,1%
Échirolles (Grenoble)	1969	2014	2014	32	4 768	20,1%
Épernay	1970	2014	2016	10	1 064	45,8%
Épinal	1983	2014	2016	23	20 227	37,5%
Epinay-sur-Orge	1992	2015	-	1	54	-
Étampes	1983	2014	2015	3	875	7,7%
Évreux	1974	2014	2017	78	37 811	70,4%
Feurs	1981	2014	2019	6	1 027	12,1%
Flers Saint-Georges-des-Groseillers	1998	2016	-	14	1 890	31,1%
Flins-sur-Seine	1973	2014	2014	21	6 593	12,6%
Fourmies	1985	2014	2016	14	1 905	16,1%
Francheville	1989	2014	2015	21	2 865	16,5%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Gennevilliers	1976	2014	2015	18	2 431	14,1%
Goussainville	1989	2014	2015	24	3 349	38,1%
Gruchet	1974	2014	2015	29	11 837	38,2%
Gueret	1987	2014	2019	14	3 418	18,4%
Hazebrouck	1983	2014	2014	13	1 304	8,4%
Herouville St Clair	1976	2014	2016	50	14 273	66,4%
La Chapelle St Luc	2012	2014	2015	45	21 799	56,5%
La Ciotat	1998	2014	2015	12	588	5,1%
La Roche Sur Yon	1973	2014	2015	14	1 377	17,6%
Laon	1990	2014	2015	39	8 045	62,3%
Laval	1986	2014	-	43	7 707	27,7%
Le Mans	1968	2014	2014	21	1 923	11,9%
L'Haÿ-les-Roses	1981	2014	2016	14	577	2,8%
Libourne	1973	2014	2014	25	4 304	16,6%
Liévin	1973	2014	2014	22	3 111	7,4%
Limay	1998	2014	-	9	327	4,8%
Lorient	1981	2014	2014	33	12 424	66,4%
Mably	1972	2014	2017	29	31 085	33,6%
Meylan (Grenoble)	1972	2014	2014	12	1 682	9,8%
Mondeville	1995	2014	-	5	2 401	6,5%
Mondeville HE	2013	2014	-	30	29 835	50,2%
Mont-Saint-Aignan	1987	2015	-	33	3 061	13,8%
Montélimar	1985	2014	2016	6	7 689	34,0%
Montereau	1970	2014	2015	11	876	10,7%
Montesson	1970	2014	-	64	13 263	34,1%
Montluçon	1988	2015	2016	36	3 600	71,3%
Nantes Beaujoire	1972	2014	2015	35	4 669	19,8%
Nantes St Herblain	1968	2014	2015	13	1 479	12,7%
Nanteuil-lès-Meaux (GM)	2014	2015	-	8	811	12,4%
Nevers-Marzy	1969	2014	2016	58	20 124	40,9%
Nice-Lingostière	1978	2014	2014	101	21 128	43,1%
Nîmes Sud	1969	2014	2015	18	2 962	14,4%
Orange	1988	2014	2014	36	5 262	28,4%
Orléans Place d'Arc	1988	2014	2018	67	13 575	57,4%
Ormesson	1972	2015	2018	118	29 418	30,2%
Paimpol	1964	2014	2016	14	2 656	18,6%
Pau Lescar	1973	2014	2017	76	11 984	38,2%
Perpignan Claira	1983	2014	2015	78	21 040	60,5%
Port de Bouc	1973	2014	2015	25	7 093	34,1%
Pré-Saint-Gervais	1979	2016	-	19	1 620	26,5%
Puget-sur-Argens	1991	2015	2017	51	4 639	31,9%
Quetigny	2014	2014	-	5	7 365	100,0%
Quimper-Le Kerdrezec	1978	2014	2016	40	8 586	27,6%
Rambouillet	2017	2017	-	4	4 848	100,0%
Reims-Cernay	1981	2014	2016	21	3 532	24,6%
Rennes Cesson	1981	2014	2014	78	13 500	48,1%
Rethel	1994	2016	2017	18	3 397	35,7%
Saint-Jean-de-Luz	1982	2014	2017	17	2 598	31,9%
Saint-Lô	1973	2016	2016	11	1 089	18,9%
Saint-Martin-au-Laërt	1991	2014	2016	9	858	15,0%
Salaise sur Sanne	1991	2014	2014	44	7 210	42,1%
Sallanches	1973	2014	2016	12	1 917	16,0%
Sannois	1992	2015	2015	33	4 099	27,4%
Saran-Orléans	1971	2014	2017	91	38 731	64,2%
Sartrouville	1977	2014	2014	39	6 738	29,0%
Segny	1980	2014	2017	16	2 196	30,0%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Sens Maillot	1970	2014	2016	9	1,848	20.4%
Sens Voulx	1972	2014	2016	9	599	5.7%
St André Les Vergers	1975	2014	2016	9	1,097	4.8%
St Brieuc - Langueux	1969	2014	2017	52	14,328	41.9%
St Egrève	1986	2014	2014	35	9,391	18.8%
St Jean de Védas	1986	2014	2014	30	3,122	18.9%
Stains	1972	2014	-	24	2,894	17.4%
Tarnos	1989	2014	2014	27	4,108	29.2%
Thionville	1971	2016	-	157	30,248	46.7%
Tinqueux	1969	2014	2015	27	5,946	22.4%
Toulouse Labège	1983	2014	-	129	24,117	56.5%
Toulouse Purpan	1970	2014	2015	49	16,286	31.0%
Tournefeuille	1995	2014	-	20	5,702	39.4%
Trans-en-Provence	1976	2014	2016	28	3,923	32.1%
Uzès	1989	2014	2015	17	1,292	15.3%
Vannes - Le Fourchêne	1969	2014	2014	69	9,001	37.7%
Vaulx-en-Velin	1988	2014	2016	44	6,606	36.7%
Venette	1974	2014	2015	40	6,787	25.0%
Venissieux	1966	2014	2016	25	4,477	12.3%
Villejuif	1988	2014	2015	33	4,118	9.8%
Vitrolles	1971	2018	-	85	24,405	42.9%
Spain						
Albacete – Los Llanos	1989	2014	-	24	7,178	25.5%
Alcala de Henares	2007	2014	2016	20	1,667	17.3%
Alcobendas	1981	2014	2016	43	3,515	23.7%
Alfafar	1976	2014	2015	32	7,175	29.7%
Aljarafe	1998	2018	-	42	12,011	35.8%
Almería	1987	2014	2014	21	1,024	10.5%
Alzira	1991	2014	2017	18	7,712	18.3%
Antequera	2004	2018	2017	56	13,436	65.7%
Azabache	1977	2014	2016	31	5,839	24.4%
Cabrera de Mar	1979	2014	2014	26	14,240	17.9%
Caceres	1998	2014	2015	13	1,559	11.7%
Cartagena	1998	2014	2016	15	1,119	14.5%
Castellón	1985	2014	2015	21	2,681	10.3%
Ciudad de la Imagen	1995	2014	2016	22	2,008	14.2%
Córdoba - Zahira	1977	2014	2019	15	957	7.4%
Dos Hermanas (Seville)	1993	2014	2017	17	1,411	13.4%
El Alisal	2004	2014	2016	35	15,120	52.5%
El Mirador	1997	2016	-	42	9,845	50.4%
El Paseo	1977	2018	-	53	10,454	53.5%
El Pinar	1981	2014	2014	22	4,341	14.0%
Elche	1983	2014	2015	18	10,134	18.9%
Fan Mallorca	2016	2016	2016	104	38,141	75.0%
Finestrat - Benidorm	1989	2014	2016	23	2,223	17.0%
Gandía	1994	2014	2015	19	2,040	13.3%
Gran Via de Hortaleza	1992	2018	-	66	6,150	27.2%
Granada	1999	2014	2015	26	2,714	16.5%
Huelva	2013	2014	2013	93	34,048	78.3%
Jerez de la Frontera – Norte	1997	2014	2017	42	6,899	37.5%
Jerez de la Frontera, Cádiz – Sur	1989	2014	2016	37	6,813	22.1%
La Granadilla	1990	2014	2014	14	1,029	7.0%
La Línea de la Concepción, Cádiz – Gran Sur	1997	2014	2016	40	9,079	38.0%
La Sierra	1994	2018	-	70	17,611	26.0%
Leon	1990	2014	2016	17	2,473	20.3%
Lérida	1986	2014	2014	11	512	8.8%
Los Angeles	1992	2014	2016	39	6,733	30.6%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Los Barrios Algeciras	1980	2014	2015	25	2,353	17.2%
Lucena	2002	2014	2016	13	1,394	13.8%
Lugo	1993	2014	2017	18	2,022	11.1%
Málaga – Alameda II	1987	2014	2016	31	8,839	37.6%
Málaga – Los Patios	1975	2014	2018	39	6,624	27.5%
Manresa	1991	2018	-	28	2,301	13.1%
Merida	1992	2014	2017	18	2,601	12.9%
Montigala	1991	2016	2018	55	10,664	43.7%
Mostoles	1992	2014	2016	22	3,291	20.1%
Murcia - Atalayas	1993	2016	-	44	11,296	45.1%
Murcia - Zaraiche	1985	2014	2014	23	2,566	14.1%
Oiartzun	1979	2014	2014	12	721	5.5%
Orense	1995	2014	2016	17	4,131	17.1%
Palma	1977	2014	2014	20	579	5.9%
Paterna	1979	2014	2016	18	1,679	9.2%
Peñacastillo	1992	2014	2014	50	10,196	42.0%
Petrer	1991	2014	2016	27	4,329	23.4%
Plasencia	1998	2014	-	12	1,299	13.1%
Pontevedra	1995	2014	2014	16	1,681	13.0%
Reus	1991	2014	2014	23	2,933	21.2%
Rivas	1997	2014	2016	22	2,158	21.5%
Sagunto	1989	2014	-	10	968	11.9%
Salamanca	1989	2014	2016	13	795	7.6%
San Juan	1977	2018	-	31	7,266	24.5%
San Juan de Aznalfarache, Seville	1985	2014	2015	34	4,982	25.0%
San Sebastián de los Reyes	2004	2014	2016	19	2,336	12.7%
Sestao	1994	2014	2016	17	1,317	48.8%
Sevilla - Macarena	1993	2014	2016	23	1,882	14.6%
Sevilla - Montequinto	1999	2014	2016	14	9,995	21.6%
Sevilla – San Pablo	1979	2014	2014	29	3,273	20.4%
Talavera – Los Alfares	2005	2014	2016	56	20,482	75.0%
Tarragona	1975	2014	2017	16	3,420	11.4%
Tarrasa	1978	2018	-	34	7,502	31.6%
Torrelavega	1996	2014	2016	14	2,147	18.2%
Torrevieja	1994	2014	2014	17	1,700	11.5%
Valencia - Campanar	1988	2014	2016	29	3,088	16.7%
Valladolid	1981	2014	2017	22	3,615	17.5%
Valladolid II	1995	2014	2017	17	3,551	21.5%
Valverde Badajoz	1996	2014	2015	25	3,287	23.6%
Villanueva	1995	2014	2016	9	687	10.2%
Villareal de los Infantes	1995	2014	2016	13	939	10.3%
Zaragoza	1989	2014	2015	19	4,301	23.4%
As Cancelas wholly-owned (50% of assets held, based on the equity method)	2012	2014	2012	119	25,131	-
Italy						
Assago	1988	2015	2019	2	2,380	5.0%
Burolo	1996	2014	2016	10	946	10.9%
Gran Giussano	1997	2014	2016	49	9,338	47.4%
Limbiate	2006	2015	-	1	1,923	4.4%
Massa	1995	2014	2016	44	8,231	45.9%
Nichelino	2017	2017	2017	65	29,194	62.2%
Paderno Dugnano	1975	2014	2022	73	15,322	47.6%
Thiene	1992	2014	2015	39	5,973	44.7%
Turin	1989	2014	2014	12	1,186	12.7%
Vercelli	1987	2014	2016	20	3,125	24.1%

1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.1. Consolidated statement of comprehensive income

(in thousands of euros)	Note	2021	2020
Gross rental income		**351,790**	**349,744**
Charges rebilled to tenants		77,691	79,621
Total Income from rental activity		**429,481**	**429,365**
Real estate expenses		(23,916)	(23,510)
Rental charges		(71,069)	(71,177)
Property expenses (landlord)		(44,582)	(63,841)
Net rental income	*9.1*	**289,914**	**270,837**
Overhead expenses	9.2	(51,767)	(50,949)
Income from property management, administration and other activities		*11,505*	*10,267*
Other income		*3,322*	*255*
Payroll expenses		*(28,629)*	*(25,939)*
Other external expenses		*(37,965)*	*(35,532)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	9.3	(1,245)	(2,849)
Other operating income and expenses		(1,125)	(2,379)
Gains and losses on disposals of investment properties and equity investme	9.4	38	(65)
Change in fair value adjustments	6.2	(4,674)	(334,267)
Share in net income (loss) of equity-accounted companies	*8.3*	3,068	(3,189)
Operating income (loss)		**234,209**	**(122,861)**
Financial income		1,039	917
Financial expenses		(62,985)	(57,634)
Cost of net debt		**(61,946)**	**(56,717)**
Other financial income and expenses		(11,761)	(18,903)
Net financial expense	*7.1*	**(73,707)**	**(75,620)**
Income (loss) before taxes		**160,502**	**(198,481)**
Income tax	*10.1*	31,834	196
Consolidated net income (loss)		**192,336**	**(198,286)**
Attributable to owners of the parent		**192,121**	**(198,755)**
Non-controlling interests		**215**	**469**
Average number of shares comprising Carmila's share capital	*8.8.4*	144,250,286	140,198,573
Earnings per share (attributable to owners) (in euros)		1.33	(1.42)
Diluted average number of shares comprising Carmila's share capital	*8.8.4*	144,518,878	140,603,774
Diluted earnings per share (attributable to owners) (in euros)		1.33	(1.41)

Consolidated statement of income *(in thousands of euros)*	Note	2021	2020
Consolidated net income (loss)		**192,336**	**(198,286)**
Items that will be reclassified subsequently to net income		20,346	(6,016)
Effective portion of cash flow hedges		20,346	(5,944)
Fair value of other financial assets		-	(72)
Related income tax		-	-
Items that will not be reclassified subsequently to net income		77	30
Actuarial gains and losses on defined benefit plans		77	30
Related income tax		-	-
Total comprehensive income (loss)		**212,759**	**(204,272)**

1.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	Note	31 Dec. 2021	31 Dec. 2020
Intangible assets	*8.1*	4,664	4,581
Property, plant and equipment	*8.2*	3,369	3,205
Investment properties carried at fair value	*6.1*	5,846,327	5,717,046
Investment properties carried at cost	*6.1*	33,213	100,010
Investments in equity-accounted companies	*8.3*	50,309	48,061
Other non-current assets	*8.4*	19,539	12,623
Deferred tax assets	*10.4*	9,855	11,113
Non-current assets		**5,967,275**	**5,896,638**
Trade receivables	*8.5*	75,489	148,532
Other current assets	*8.6*	90,439	86,415
Cash and cash equivalents	*8.7*	238,268	320,263
Current assets		**404,196**	**555,210**
Total assets		**6,371,471**	**6,451,848**

EQUITY AND LIABILITIES

(in thousands of euros)	Note	31 Dec. 2021	31 Dec. 2020
Share capital		875,389	855,701
Additional paid-in capital		1,985,987	2,039,818
Treasury shares		(2,351)	(2,541)
Other comprehensive income		(28,469)	(48,892)
Consolidated retained earnings		352,177	617,412
Consolidated net income (loss)		192,121	(198,755)
Equity attributable to owners		**3,374,853**	**3,262,744**
Non-controlling interests		5,776	5,727
Total equity	**8.8**	**3,380,629**	**3,268,471**
Non-current provisions	*8.9*	6,867	6,732
Non-current financial liabilities	*7.2*	2,384,895	2,401,478
Lease deposits and guarantees		79,812	76,267
Non-current tax and deferred tax liabilities	*10.3 & 10.4*	139,445	177,316
Other non-current liabilities		2	14
Non-current liabilities		**2,611,021**	**2,661,807**
Current financial liabilities	*7.2*	228,071	245,250
Bank facilities	*7.2 & 8.7*	82	8,934
Current provisions		1,039	1,758
Trade payables	*8.10*	20,984	27,773
Payables to suppliers of non-current assets	*8.10*	22,067	86,231
Accrued tax and payroll liabilities	*8.11*	54,179	56,004
Other current liabilities	*8.11*	53,399	95,620
Current liabilities		**379,821**	**521,570**
Total equity and liabilities		**6,371,471**	**6,451,848**

1.3. Consolidated statement of cash flows

(in thousands of euros)	*Note*	2021	2020
Consolidated net income (loss)		**192,336**	**(198,286)**
Elimination of income from equity-accounted companies	*8.3*	(3,068)	3,189
Elimination of depreciation, amortisation and provisions		493	2,946
Elimination of fair value adjustments	*6.1 & 7.2.1*	9,722	337,468
Elimination of capital gains and losses on disposals		(33)	66
Other non-cash income and expenses		8,599	6,921
Cash flow from operations after cost of net debt and tax		**208,049**	**152,305**
Elimination of tax expense (income)	*10.1*	(31,834)	(196)
Elimination of cost of net debt		61,946	56,792
Cash flow from operations before cost of net debt and tax		**238,161**	**208,901**
Change in operating working capital		18,293	(34,582)
Change in lease deposits and guarantees		3,572	(1,530)
Income tax paid		(2,168)	(4,722)
Net cash from operating activities		**257,858**	**168,067**
Change in payables on non-current assets		(85,321)	4,977
Acquisitions of investment properties	*6.1*	(64,584)	(79,959)
Acquisitions of other non-current assets		(454)	(950)
Change in loans and advances		(4,129)	(183)
Disposal of investment properties and other non-current assets		8,216	307
Dividends received		818	1,212
Net cash used in investing activities		**(145,454)**	**(74,597)**
Corporate actions	*8.8*	(8,000)	-
Net sale (purchase) of treasury shares		190	135
Issuance of bonds		300,000	400,000
Increase in bank loans	*7.2*	-	568,000
Loan repayments	*7.2*	(324,833)	(798,005)
Change in marketable securities included in other current receivables		106	(103)
Interest paid		(59,596)	(53,991)
Interest received		1,039	917
Dividends and share premiums distributed to shareholders		(94,453)	(73,126)
Net cash from (used in) financing activities		**(185,547)**	**43,828**
Net change in cash and cash equivalents		**(73,143)**	**137,298**
Cash and cash equivalents at start of period		*311,329*	*174,031*
Cash and cash equivalents at end of period	*8.7*	*238,186*	*311,329*

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 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	28,862					**63,636**		**63,636**
Treasury share transactions				135		394		**529**		**529**
Dividend paid			(117,377)			(19,032)		**(136,409)**	(354)	**(136,763)**
Appropriation of 2019 net income						108,213	(108,213)	**-**		**-**
Net income (loss) for the year							**(198,755)**	**(198,755)**	**469**	**(198,286)**
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						(706)		**(706)**		**(706)**
Balance at 31 December 2020		**855,701**	**2,039,818**	**(2,541)**	**(48,892)**	**617,412**	**(198,755)**	**3,262,744**	**5,728**	**3,268,471**
Corporate actions	*8.8*	(3,272)	(4,728)					**(8,000)**		**(8,000)**
Share-based payments	*13.3.2*	22,960	25,065					**48,025**		**48,025**
Treasury share transactions	*8.8.3*			190		1,254		**1,444**		**1,444**
Dividend paid	*2.3*		(74,169)			(68,077)		**(142,246)**	(232)	**(142,478)**
Appropriation of 2020 net income						(198,755)	198,755			
Net income (loss) for the year							**192,121**	**192,121**	**215**	**192,336**
Other comprehensive income reclassified to income	*7.4*				3,996			**3,996**		**3,996**
Change in fair value of other financial assets								**-**		**-**
Change in fair value of hedging instruments	*7.4*				16,350			**16,350**		**16,350**
Actuarial gains and losses on retirement benefits	*13.3.1*				77			**77**		**77**
Other comprehensive income					**20,423**			**20,423**		**20,423**
Other changes						343		**343**	65	**408**
Balance at 31 December 2021		**875,389**	**1,985,986**	**(2,351)**	**(28,469)**	**352,177**	**192,121**	**3,374,854**	**5,776**	**3,380,630**

The "Corporate actions" line for 2021 reflects (i) the cancellation of 604,297 treasury shares under the share buyback programme launched on 6 September 2021, and (ii) the conversion of 112,611 class B shares into 31,850 class A shares as well as the creation of 144,647 class D shares, in connection with the free preference share plan for key employees and corporate officers of the Group.

Share-based payments reflect the creation of 3,826,562 class A Shares in connection with the payment of the 2020 stock dividend (see Note 2.3).

2. SIGNIFICANT EVENTS OF 2021

General context and the Covid-19 health crisis

Two distinct periods shaped 2021 for Carmila: the first half of the year saw the health crisis continue, due mainly to restrictions imposed on stores in shopping centres across France and in certain regions of Spain and Italy, while in the second half of the year, the situation gradually returned to normal.

The impact of the health crisis on Carmila's business was less marked in 2021 than in 2020, with shopping centre stores closed for less time than in the previous year (2.2 months on average in 2021, compared with 3.0 months in 2020).

From June onwards, all stores in Carmila centres were able to welcome back their customers, subject to compliance with less stringent rules than at the beginning of the year. In the three countries where Carmila operates, a "health pass" or similar measure was introduced for some businesses, such as seated food service and cinemas. In France, several Carmila centres were subject to the health pass requirement for entry into shopping centres of more than 20,000 sq.m. in some French *départements* in August and September. Lastly, in some regions in Spain, and notably Catalonia, capacity limits were introduced for restaurants and shopping centres.

Leasing activity was robust during the year, with 1,144 leases signed (15.6% of Carmila's total portfolio) for rents in line with the portfolio's rental values.

In order to support its tenants amid the health crisis, negotiations were held on a case-by-case basis to determine the rent relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease and new openings) agreed by the tenants and on government measures. These impacts are explained in detail in Note 9.1 "Net rental income".

Net rental income was up 7.0% in 2021 to €289.9 million, mainly reflecting the reduced impact of Covid in 2021 compared to 2020, along with the impact of extensions (Nice-Lingostière). The rental base remained stable over the period (up 0.2%).

Out of the total rents invoiced in 2021, 85.4% have been collected, 11.6% have been waived or provisioned (and written off in the consolidated financial statements) and 3.0% were pending collection at 31 December 2021.

The value of the asset portfolio (including transfer taxes) stood at €6.21 billion at 31 December 2021. Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clauses introduced by appraisers at the start of the health crisis in 2020 were lifted for all assets during 2021. As there were no further retail closures in the second half of 2021, appraisers did not factor in any temporary Covid-related losses in their modelling. The rental base remained stable and capitalisation rates stabilised over the year, with the overall capitalisation rate standing at 6.18% at 31 December 2021. On a like-for-like basis, the value of the portfolio rose 0.7% on 31 December 2020.

At 31 December 2021, Carmila had €238 million in net cash and no major borrowing fell due before September 2023.

Irrespective of the Covid-19 pandemic, Carmila proved its ability to secure attractive rates on bond markets, issuing a €300 million bond in April 2021 with maturity in May 2027 and a 1.625% coupon. Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 37.4%.

2.1. Investments

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

2.1.1 Developments and extensions

In 2021, Carmila delivered two major extension and restructuring projects:

Cité Europe (Calais-Coquelles) restructuring: since 29 January 2021, the centre has hosted a new Primark store as well as a fully refitted Cité Gourmande leisure and restaurant complex.

On 19 May 2021, Carmila opened the fully-let Nice Lingostière extension. As part of the project devised together with local stakeholders, the centre is welcoming 50 new stores across 12,000 sq.m. of additional gross leasable area, including leading retail brands such as H&M, Kiabi, Cultura, Mango and new concepts like Le Repaire des Sorciers, La Barbe de Papa, Even and Bambino. Investments in the project amounted to €82 million.

2.2. Disposals

The sale of the Nanteuil-lès-Meaux retail park was completed on 23 June 2021 for the appraised value of €8.2 million.

2.3. Dividend

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020. Shareholders were offered the option to receive the dividend payment in shares. In all, 33.8% of shareholders took up this offer.

The issue price for the related new ordinary shares was set at €12.55.

For the purpose of paying the stock dividend, Carmila created 3,826,562 new shares.

The shares were delivered and were admitted to trading on Euronext Paris as from 15 June 2021.

The total cash dividend paid to shareholders who did not opt for a stock dividend represented around €94 million and was paid on 15 July 2021.

2.4. Debt and financing

As part of its EMTN programme, Carmila issued a new €300 million eight-year bond on 25 March 2021 paying a coupon of 1.625%.

On 9 April 2021, Carmila repaid €300 million of its credit facility ahead of term, bringing the amount outstanding to €170 million at end-2021 from €470 million at end-2020.

In October 2021, Carmila refinanced its €759 million revolving credit facility that was to fall due in 2024. This credit line was replaced by two new lines of €270 million and €540 million in the form of a revolving credit facility falling due in October 2024 and October 2026 (including two one-year extension options) and incorporating a sustainability-linked loan mechanism. No drawdowns were made by Carmila on the revolving credit facility in 2021.

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 4.3 years at 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

On 16 February 2022 the Board of Directors approved and authorised the publication of Carmila's consolidated financial statements for the period from 1 January to 31 December 2021. These financial statements will be submitted for approval to the Annual General Meeting on 12 May 2022.

3.1. Presentation of the Group

The corporate purpose of the Carmila Group ("the Group" or "the Carmila Group") is to enhance the value of shopping centres adjoining Carrefour hypermarkets located in France, Spain and Italy.

At 31 December 2021, the Group employed 229 people, with 149 in France, 65 in Spain and 15 in Italy (not including apprentices). The Group owns a portfolio of 214 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 centres 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 2021, its largest shareholder is the Carrefour group, which holds 35.5% 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 shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 64.5% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Predica (9.6% of Carmila's share capital), Cardif Assurance Vie (8.9%) and Sogecap (5.6%).

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

3.3. Accounting standards

IFRS standards applied

The Carmila Group's consolidated financial statements at 31 December 2021 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 2021, comprising the IFRS, the International Accounting Standards (IAS), as well as their interpretations (SIC and IFRS-IC).

The European Union has adopted the following standards, interpretations and amendments, which are effective from 1 January 2021:

- Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to Interest Rate Benchmark Reform;
- Amendments and clarifications to the Conceptual Framework for Financial Reporting, and therefore to the references made to the framework in IFRS standards; Amendments to IAS 37 – *Onerous Contracts*.
- IFRIC decision of April 2021 on attributing benefit to periods of service (IAS 19)
- IFRIC decision of March 2021 on configuration or customisation costs in a cloud computing arrangement (IAS 38)

These amendments did not have a material impact on the consolidated financial statements at 31 December 2021.

- 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 for 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 market practices and with IFRS 13, as described in Note 7.4;
- **provisions for contingencies and charges and other provisions related to operations** (see Note 8.9 "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 2021", Note 8.5 "Trade receivables", and Note 9.1 "Net rental income".
- **The costs of Carmila CSR commitments** are included in maintenance CAPEX which is reflected in the fair value of investment property.

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 give rise 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 and income or expenses 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 statement of income

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 equity 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. 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 50.0% 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 to 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 operating segment. Shared overhead expenses that are borne by the France segment are rebilled to the other operating 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

(in thousands of euros)	France 2021	France 2020	Spain 2021	Spain 2020	Italy 2021	Italy 2020	TOTAL 2021	TOTAL 2020
Gross rental income	**241 992**	**239 011**	**86 931**	**88 724**	**22 867**	**22 009**	**351 790**	**349 744**
Real estate expenses	(5 470)	(3 137)	(1 326)	(955)	(873)	(891)	(7 669)	(4 983)
Non-recoverable service charges	(5 444)	(5 958)	(3 702)	(3 732)	(479)	(393)	(9 625)	(10 083)
Property expenses (landlord)	(34 776)	(44 576)	(8 132)	(13 037)	(1 674)	(6 228)	(44 582)	(63 841)
Net rental income	**196 302**	**185 340**	**73 771**	**71 000**	**19 841**	**14 497**	**289 914**	**270 837**
Overhead expenses	(37 050)	(37 466)	(11 740)	(10 553)	(2 977)	(2 930)	(51 767)	(50 949)
Income from property management, administration and other activities	*9 608*	*9 167*	*1 241*	*435*	*656*	*665*	*11 505*	*10 267*
Other income	*3 199*	*57*	*7*	*17*	*116*	*181*	*3 322*	*255*
Payroll expenses	*(22 217)*	*(20 824)*	*(5 016)*	*(3 884)*	*(1 396)*	*(1 231)*	*(28 629)*	*(25 939)*
Other external expenses	*(27 640)*	*(25 866)*	*(7 972)*	*(7 121)*	*(2 353)*	*(2 545)*	*(37 965)*	*(35 532)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(1 354)	(2 259)	(255)	(198)	364	(392)	(1 245)	(2 849)
Other recurring operating income and expense	(1 079)	(1 915)	(46)	(45)	-	(419)	(1 125)	(2 379)
Operating income – current	**156 819**	**143 700**	**61 730**	**60 204**	**17 228**	**10 756**	**235 777**	**214 660**
Gains and losses on disposals of investment properties and equity investments sold	38	(65)	-	-	-	-	38	(65)
Change in fair value adjustments	(4 714)	(238 679)	1 797	(90 084)	(1 757)	(5 504)	(4 674)	(334 267)
Increase in fair value of property	*52 753*	*33 835*	*15 950*	*1 184*	*387*	*1 377*	*69 090*	*9 841*
Decrease in fair value of property	*(57 467)*	*(272 514)*	*(14 153)*	*(91 268)*	*(2 144)*	*(6 881)*	*(73 764)*	*(224 655)*
Share of net income (loss) in equity-accounted companies – non-recurring	-	-	*3 097*	*(2 834)*	*(29)*	*(356)*	*3 068*	*(3 189)*
Operating income (loss)	**152 143**	**(95 044)**	**66 624**	**(32 714)**	**15 442**	**4 896**	**234 209**	**(122 861)**

5.3. Breakdown of investment properties by operating segment

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

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Investment properties carried at fair value	**5,846,327**	**5,717,046**
France	4,224,326	4,105,879
Spain	1,274,065	1,262,785
Italy	347,936	348,382
Investment properties carried at cost	**33,213**	**100,010**
France	32,645	100,010
Spain	-	-
Italy	568	-
TOTAL	**5,879,540**	**5,817,056**

At 31 December 2021, in terms of asset value, 72.3% of the Group's investment properties were located in France (compared to 71.8% at 31 December 2020), 21.8% in Spain (compared to 22.1% at 31 December 2020) and 6.0% in Italy (unchanged from 31 December 2020).

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Acquisitions	26,277	6,696	0	0	673	0	26,950	6,696
Development and extensions	-	-	-	-	-	-	-	-
Like-for-like capital expenditure	29,772	63,127	6,661	9,444	1,201	692	37,634	73,263
Extensions	4,320	34,708	0	0	399	10	4,719	34,718
Restructuring	10,300	11,388	0	0	0	0	10,300	11,388
Lease incentives	8,065	7,250	2,708	2,642	0	44	10,773	9,936
Renovations	3,781	3,200	3,074	6,772	291	228	7,146	10,200
Maintenance Capex	3,306	6,581	879	30	511	410	4,696	7,021
Total capital expenditure	**56,049**	**69,823**	**6,661**	**9,444**	**1,874**	**692**	**64,584**	**79,959**

The "Acquisitions" caption chiefly relates to the acquisition of units in Labège (€8.6 million), Bourges (€2.5 million), Calais (€3.3 million), Angers Saint Serge (€2.0 million), Rennes Cesson (€1.5 million), and Port de Bouc (€1.1 million).

"Extensions" essentially relates to the payment of contingent consideration in respect of the extension to the Athis-Mons arcade (€1.1 million) and to Nice Lingostière (€0.4 million). Capital expenditure relating to the Nice Lingostière extension had already been recognised in the 2020 consolidated financial statements within "Work in progress", depending on the effective progress of the works. Accordingly, the €74.7 million disbursement (including taxes) in May 2021 had no impact on the total capital expenditure amount.

"Restructurings" mainly concern the Cité Europe shopping centre in Calais Coquelles (€5.1 million).

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 Collégien (€0.7 million), Bourg-en-Bresse (€0.4 million) and Puget (€0.2 million). Like-for-like capital expenditure also includes rent relief granted to tenants.

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 statement of income as a gain or loss.

Fair value excludes transfer taxes and costs (taxes are measured 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 project, 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 measured 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 extension 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, capitalisation 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 income capitalisation 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 adopted 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, step rents, 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 and obsolescence premium).

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 2021 appraisal campaign, fees paid to appraisers were as follows:

(in thousands of euros)	2021 appraisal fees
Cushman & Wakefield	189
Catella	202
BNP Paribas Real Estate	27
TOTAL	**418**

The valuations carried out 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. 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 a capitalisation 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 are 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 Note 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.

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 statement income.

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 Dec. 2019	**6,001,608**
Acquisitions	6,696
Investments	42,598
Disposals and removals from the scope of consolidation	(367)
Other movements and reclassifications	250
Change in accounting method	528
Change in fair value	(334,267)
Investment properties carried at fair value – 31 Dec. 2020	**5,717,046**
Acquisitions	26,950
Investments	37,143
Capitalised interest	491
Disposals and removals from the scope of consolidation	(8,208)
Other movements and reclassifications	77,064
Application of IFRS 16	515
Change in fair value	(4,674)
Investment properties carried at fair value – 31 Dec. 2021	**5,846,327**

(in thousands of euros)	
Investment properties carried at cost – 31 Dec. 2019	**68,785**
Acquisitions	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 Dec. 2020	**100,010**
Other movements and reclassifications	(66,797)
Investment properties carried at cost – 31 Dec. 2021	**33,213**

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 2021 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 carried at cost

The "Other movements and reclassifications" line includes the reclassification of the Nice-Lingostière project at fair value.

At 31 December 2021, 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 "Breakdown of capital expenditure by operating segment") with the above data is as follows:

(in thousands of euros)		**31 Dec. 2021**
Investment properties carried at fair value – Acquisitions	*6.1*	26,950
Investment properties carried at cost – Acquisitions	*6.1*	0
Total acquisitions and changes in scope of consolidation		**26,950**
Total acquisitions – Investments by country	*5.4*	**26,950**

(in thousands of euros)		**31 Dec. 2021**
Investment properties carried at fair value – Investments	*6.1*	37,143
Investment properties carried at fair value – Capitalised interest	*6.1*	491
Investment properties carried at cost – Investments	*6.1*	0
Investment properties carried at cost – Capitalised interest	*6.1*	0
Total investments and capitalised interest		**37,634**
Developments	*5.4*	4,719
Like for like investments	*5.4*	31,330
Total acquisitions – developments and extensions and like-for-like portfolio	*5.4*	**37,634**

6.2. Valuation assumptions and sensitivity analysis

At 31 December 2021, appraisers reviewed the value of all of the Group's assets carried at fair value.

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

31 Dec. 2021 – Weighted average	**Yield**	**Rent in € per sq.m.[1]**	**Discount rate[2]**	**Exit rate[3]**	**CAGR of NRI[4]**
France	5.6%	257	6.2%	6.0%	1.6%
Spain	6.7%	222	9.4%	6.6%	1.8%
Italy	6.0%	291	7.4%	6.4%	1.7%

"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 2020.

31 Dec. 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%

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

	France		Spain		Italy		Total	
in thousands of euros	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Net balance of fair value adjustments	(4,714)	(238,679)	1,797	(90,084)	(1,757)	(5,504)	(4,674)	(334,267)
Increase in fair value of property	52,753	33,835	15,950	1,184	387	1,377	69,090	36,396
Decrease in fair value of property	(57,467)	(272,514)	(14,153)	(91,268)	(2,144)	(6,881)	(73,764)	(370,663)

Based on the value of the assets including estimated transfer taxes and duties, the average yield on the assets fell slightly to 6.18% at 31 December 2021 (compared to 6.20% at 31 December 2020).

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 €146.2 million (2.4%). A 25 basis-point increase in yields would reduce the value of the portfolio by €239.9 million (3.9%). A 50 basis-point increase in yields would reduce the value of the portfolio by €461.9 million (or 7.5%).

6.3. Investment properties held for sale

At 31 December 2021, 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.

Bond redemption premiums 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) is 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 statement of income.

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 statement of comprehensive income. 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 ("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 residual term of the underlying liability.

During successive negotiations, the maturity of the debt was extended 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 term 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.

In April 2021, Carmila repaid €300 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 €6,379 thousand.

This amount is in addition to the total expense relating to spreading the impact of resetting the original effective interest rate on debt over several reporting periods (€1,544 thousand), and is recognised in other financial expenses.

7.1. Net financial expense

7.1.1 Cost of net debt

(in thousands of euros)	2021	2020
Financial income	**1,039**	**917**
Interest on Group current account	421	293
Financial income on cash equivalents	575	624
Other financial income	43	-
Financial expenses	**(62,985)**	**(57,634)**
Interest expense on bonds	(45,081)	(38,195)
Interest expense on borrowings from lending institutions	(1,536)	(5,016)
Capitalised interest expense	491	1,127
Deferral of costs, bond redemption premiums and swap balancing payme	(10,699)	(9,602)
Interest expense on swaps	(5,184)	(5,037)
Interest on Group current-account	(976)	(984)
Other financial expenses	-	73
Cost of net debt	**(61,946)**	**(56,717)**

The cost of net debt in 2021 rose by €5.2 million year on year to €61.9 million. The cost of net debt mainly reflects the €3.4 million increase in interest expense and €1.9 million in non-recurring and non-cash expenses.

The change in interest expense can be analysed as follows:

- A rise in interest expense on bonds (new €300 million bond issue in November 2020 and a further €300 million issue in March 2021) represented €6.9 million.
- This increase was partly offset by a €3.5 million fall in interest expenses on bank borrowings (repayment of €200 million in November 2020 and of €300 million in April 2021).

The change in non-recurring and non-cash expenses can be analysed as follows:

- A €1.3 million increase in amortisation of issuance premiums and costs, mainly due to the reversal of the portion of issuance costs still to be amortised following the cancellation of the 2017 RCF. The costs of the new RCF have been capitalised and are being amortised over the life of each tranche of the facility.
- Interest income from capitalised financial expenses decreased by €0.6 million due to the delivery of the Nice-Lingostière extension.

7.1.2 Other financial income and expenses

(in thousands of euros)	2021	2020
Other financial income	**874**	**953**
Financial income from investments	58	199
Change in value of financial instruments	-	737
Other financial income	816	17
Other financial expenses	**(12,635)**	**(19,856)**
Commitment fees on undrawn credit lines	(2,451)	(2,454)
Deferral of resetting EIR at initial rate (IFRS 9)	(7,923)	(10,490)
Change in value of financial instruments	(1,120)	-
Other financial expenses	(1,141)	(6,912)
Other financial income and expenses	**(11,761)**	**(18,903)**

Other financial income fell by €79 thousand. At 31 December 2020, this item was mainly affected by changes in credit risk on derivatives representing €737 thousand. Other financial income for 2021 mainly consists of the reversal of a provision for the impairment of a receivable related to an investment following the waiver of receivables (€795 thousand).

Other financial expenses chiefly relate to:

- commitment fees for undrawn credit lines amounting to €2,451 thousand;
- the deferred recognition of the IFRS 9 impact relating to resetting the effective interest rate on debt at its initial rate, representing €7,923 thousand, including an expense of €6,379 thousand corresponding to the reversal of the proportion of the €300 million repayment on the term loan on 9 April 2021;
- changes in credit risk on derivatives representing €1,120 thousand;
- waivers of receivables related to investments for €795 thousand.

7.2. Current and non-current financial liabilities

Carmila is rated BBB by S&P. On 14 September 2021, S&P confirmed Carmila's BBB rating and revised its outlook from negative to stable.

At 31 December 2021, the interest coverage ratio was 3.9x, the Loan-to-Value ratio stood at 37.4% and the average debt maturity at 4.3 years.

7.2.1 Change in debt

(in thousands of euros)	31 Dec. 2020	Change	Issuance	Repayment	Reclassifications	Other movements	Fair value adjustment	31 Dec. 2021
Non-current financial liabilities	**2 367 042**	**3 937**	**292 950**	**(293 297)**	**7 110**	**-**	**(26 582)**	**2 351 160**
Bonds	1 890 978	-	300 000	-	(1)	-	-	2 190 977
Bond issuance premiums	(8 844)	-	(576)	2 119	-	-	-	(7 301)
Bank borrowings	470 000	-	-	(300 000)	-	-	-	170 000
Impact of resetting effective interest rate	(7 732)				7 111			(621)
Loan and bond issuance fees	(7 405)	-	(6 474)	4 584	-	-	-	(9 295)
Derivative instruments with a negative fair value	30 046	3 937	-	-	-	-	(26 582)	7 401
Current financial liabilities	**252 820**	**(3 573)**	**507 923**	**(525 000)**	**(7 111)**	**-**	**1 111**	**226 170**
Bank borrowings	1 043	-	-	-	(1 043)	-	-	-
Impact of resetting effective interest rate	(2 832)		7 923		(6 068)	-	-	(977)
Accrued interest on loans	16 563	5 279	-	-	-	-	-	21 842
Other borrowings and debt	225 000	-	500 000	(525 000)	-	-	-	200 000
Derivative instruments with a negative fair value	4 112	-	-	-	-	-	1 111	5 223
Bank facilities	8 934	(8 852)	-	-	-	-	-	82
Other IFRS 16 financial liabilities	**35 800**	**-**	**-**	**(1 952)**	**-**	**1 870**	**-**	**35 718**
Other IFRS 16 financial liabilities – non-current	34 436	-	-	(1 952)	(619)	1 870	-	33 735
Other IFRS 16 financial liabilities – current	1 364			-	619			1 983
Gross debt	**2 655 662**	**364**	**800 873**	**(820 249)**	**(1)**	**1 870**	**(25 471)**	**2 613 048**

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 at 31 Dec. 2021
Bonds						2 300 000	**2 190 977**
	Carmila SA	EUR	2,375%	sept-23	at maturity	600 000	**547 900**
	Carmila SA	EUR	2,375%	sept-24	at maturity	600 000	**543 077**
	Carmila SA	EUR	2,125%	mars-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%	juin-29	at maturity	100 000	**100 000**
	Carmila SA	EUR	1,625%	mai-27	at maturity	300 000	**300 000**
	Carmila SA	EUR	1,625%	mars-29	at maturity	300 000	**300 000**
Bank loans						770 000	**170 000**
	Carmila SA	EUR	3-month Euribor	juin-24	at maturity	770 000	**170 000**
Commercial paper						600 000	**200 000**
	Carmila SA	EUR				600 000	**200 000**
Revolving credit facility						810 000	**0**
	Carmila SA	EUR		oct-24		270 000	**0**
	Carmila SA	EUR		oct-26		540 000	
TOTAL						**4 480 000**	**2 560 977**

7.2.3 Bonds

Carmila has seven bonds, issued in 2015, 2016, 2018, 2019, 2020 and 2021, for a total amount of €2,191 thousand. These bonds are repayable at maturity, falling between 2023 and 2031.

On 25 March 2021, Carmila issued an eight-year bond with a nominal amount of €300 million.

At 31 December 2021, the amount of Carmila's bond debt therefore totalled €2,191 million. Issuance premiums and costs represented €12,247 thousand and will be amortised over the residual term of the underlying debt.

7.2.4 Bank borrowings

Carmila strengthened its financial structure by signing two new revolving credit facilities on 21 October for €270 million and €540 million, in two (three- and five-year) tranches, including two one-year extension options. The facility replaces an existing €759 million revolving credit facility due in 2024. These new facilities include two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025.

No drawdowns were made by Carmila on the revolving credit facility in 2021.

The facility was repaid ahead of maturity in an amount of €100 million in 2019, €200 million in 2020, and €300 million in 2021, with €170 million still outstanding at end-December 2021.

At 31 December 2021, €4,328 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 2021

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 2021 (stable versus 31 December 2020);

- 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 37.4% at 31 December 2021 (compared with 37.0% at 31 December 2020).

Failure to comply with these covenants 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 2021, 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

The Group also 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 2021 was €200 million, maturing in 2020. The maximum outstanding balance drawn over the period was €250 million.

Carmila strengthened its financial structure by signing two new revolving credit facilities on 21 October for €270 million and €540 million falling due in October 2024 and October 2026 (including two one-year extension options). The facilities replace an existing €759 million revolving credit facility due in 2024. These new facilities include two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025. No drawdowns were made by Carmila on the revolving credit facility in 2021.

7.2.7 Breakdown of financial liabilities by maturity

At 31 December 2021, financial liabilities as broken down by maturity were as follows:

(in thousands of euros)	31 Dec. 2021	Less than 1 year	2 years	3 years	4 years	5 years and beyond
Bonds	**2,200,545**	**18,540**	**544,915**	**541,190**	**(1,166)**	**1,097,065**
Bonds – non-current	2,190,977	-	547,900	543,077	-	1,100,000
Bond redemption premiums – non-current	(7,301)	(2,213)	(2,002)	(1,146)	(569)	(1,372)
Accrued interest	21,801	21,801				
Issuance costs	(4,932)	(1,048)	(983)	(741)	(597)	(1,563)
Bank loans	**364,080**	**197,902**	**(1,708)**	**168,922**	**(575)**	**(462)**
Bank borrowings – non-current	170,000	-	-	170,000	-	-
Impact of resetting effective interest rate	(1,598)	(977)	(543)	(79)	-	-
Issuance costs	(4,363)	(1,162)	(1,165)	(999)	(575)	(462)
Accrued interest	41	41	-	-	-	-
Bank borrowings – current	-	-				
Other borrowings and debt – current	200,000	200,000	-	-	-	-
Other IFRS 16 financial liabilities	**35,718**	**1,983**	**1,127**	**800**	**821**	**30,987**
Other IFRS 16 financial liabilities – non-current	33,735		1,127	800	821	30,987
Other IFRS 16 financial liabilities – current	1,983	1,983				
Bank and bond borrowings	**2,600,343**	**218,425**	**544,335**	**710,912**	**(919)**	**1,127,590**
Derivative instruments with a negative fair value	12,624	4,866	4,842	4,398	3,840	(5,322)
Bank facilities	82	82	-	-	-	-
Gross debt by maturity date	**2,613,048**	**223,373**	**549,177**	**715,310**	**2,921**	**1,122,268**

Contractual flows including principal and interest can be analysed by maturity as follows:

2021

Year of repayment *(in thousands in euros)*	2022	2023	2024	2025	2026	2027+	TOTAL
Principal	200,000	547,900	713,077	-	-	1,100,000	2,560,977
Interest	48,098	44,836	31,580	21,133	21,133	21,133	187,912
Group total (principal + interest)	**248,098**	**592,736**	**744,657**	**21,133**	**21,133**	**1,121,133**	**2,748,889**

2020

Year of repayment (in thousands of 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**

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 customer 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 end-December 2021, Carmila had two revolving credit facilities for €270 million and €540 million. This facility was not drawn down during the year.

The remaining balance of cash and cash equivalents at 31 December 2021 was €238 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 makes a distinction between 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 the statement of financial position at 31 Dec. 2021
Assets							**341 476**
Security deposits				12 893			**12 893**
Trade receivables				75 489			**75 489**
Other current financial receivables				14 826			**14 826**
Marketable securities – excl. money-market	Level 1	-					**-**
Cash and cash equivalents	Level 1	238 268					**238 268**
Liabilities							**2 557 005**
Bonds					2 178 744		**2 178 744**
Bank loans					165 637		**165 637**
Commercial paper					200 000		**200 000**
Derivative instruments with a negative fair value	Level 2		21 475			12 624	**12 624**

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 96% of gross debt at 31 December 2021 (compared with 88% at end-2020), and hedging instruments represent 70% of floating-rate debt on the same date.

In 2021, the Group unwound two swaps for a notional amount of €125 million by means of a balancing payment of €6.2 million. This payment is recognised in other comprehensive income and reclassified to the statement of income over the life of the hedged item.

At 31 December 2021, the Group had four fixed-rate borrower swaps against three-month Euribor for a notional amount of €260 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 demonstrated by the €170 million bank loan and commercial paper).

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 2021 is considered to be 100% effective and was therefore recognised in shareholders' equity for a negative amount of €12,916 thousand, down on the 31 December 2020 figure owing to the unwinding of two swaps mentioned above.

The positive €20,346 thousand impact on items recorded in other comprehensive income in 2021 therefore includes a positive impact of €22,586 thousand relating to changes in the fair value of swaps, a positive impact of €3,996 thousand relating to the reclassification of other comprehensive income to income (balancing payments on swaps cancelled previously), and a negative impact of €6,236 thousand relating to the balancing payment on swaps cancelled during the period, which will be reclassified to income over the life of the hedged item.

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Financial instruments with a negative fair value		
Derivatives with a negative FV – through income	0	0
Derivatives with a negative FV – cash flow hedges	12,916	35,502

These amounts do not take into account the assessment of the credit risk representing €233 thousand in 2021 (€1,344 thousand in 2020).

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 as CFH	(8,919)		8,767	
Options designated as trading instruments		0		0

8. BREAKDOWN OF OTHER STATEMENT OF FINANCIAL POSITION ITEMS

8.1. Intangible assets

Accounting policies

In accordance with IAS 38 – *Intangible Assets* and the IFRIC decision of March 2021 on configuration or customisation costs in a cloud computing arrangement, intangible assets with a finite useful life are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. Indefinite lived intangible assets 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 Dec. 2020	Acquisitions	Additions/reversals	Reclassifications / retirements	31 Dec. 2021
Software	1,624	74	-	-	1,698
Other intangible assets	17,243	173	-	9	17,425
Intangible assets in progress	157	-	-	(113)	44
Intangible assets – gross value	19,025	247	-	(104)	19,167
Amortisation/impairment of software	(986)	-	(160)	(295)	(1,441)
Amortisation/impairment of other intangible fixed assets	(13,458)	-	101	294	(13,063)
Intangible assets – cumulative amortisation	(14,444)	-	(59)	(1)	(14,504)
Total intangible assets – net	**4,581**	**247**	**(59)**	**(105)**	**4,664**

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 Dec. 2020	Acquisitions	Additions/reversals	Application of IFRS 16	Reclassifications/ retirements	31 Dec. 2021
Technical plant, machinery and equipment	4,466	148	-	-	25	4,639
Office and computer equipment	573	59	-	-	-	632
Transportation equipment	643	-	-	-	-	643
Company's office buildings	2,567	-	-	1,355	-	3,922
Other property, plant and equipment	102	-	-	-	(12)	90
Property, plant and equipment – gross value	8,351	207	-	1,355	13	9,926
Depreciation/impairment of technical plant, machinery and equipment	(2,812)	-	(293)	-	8	(3,097)
Depreciation/impairment of office and computer equipment	(457)	-	(54)	-	-	(511)
Depreciation/impairment of transportation equipment	(598)	-	-	-	-	(598)
Depreciation/impairment of company's office buildings	(1,225)	-	(1,068)	-	-	(2,293)
Depreciation/impairment of other property, plant and equipment fixed c	(54)	-	(4)	-	-	(58)
Property, plant and equipment – cumulative depreciation	(5,146)	-	(1,419)	-	8	(6,557)
Total property, plant and equipment – net	**3,205**	**207**	**(1,419)**	**1,355**	**21**	**3,369**

At 31 December 2021, 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 Dec. 2020	Net income	Distribution	31 Dec. 2021
Investments in equity-accounted companies	48,061	3,068	(820)	50,309

At 31 December 2021, 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 deploy 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 wholly owned by Carmila and including consolidation adjustments:

Equity-accounted companies (in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Investment properties	129,402	126,702
Other non-current assets	1,582	1,776
Deferred tax assets	(1,238)	2,436
Non-current assets	**129,746**	**130,914**
Trade receivables	-	377
Other current assets	1,257	1,157
Cash and Cash equivalent	2,284	2,406
Current assets	**3,541**	**3,940**
Total assets	**133,287**	**134,854**

Equity-accounted companies (in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Equity attributable to owners	103,169	101,071
Net income	6,136	
Total equity	**103,169**	**101,071**
Borrowings and financing from associates	24,525	28,247
Other non-current liabilities	2,132	2,143
Non-current liabilities	**26,657**	**30,390**
Current liabilities	**3,461**	**3,393**
Total equity and liabilities	**133,287**	**134,854**

Equity-accounted companies (in thousands of euros)	2021	2020
Gross rental income	7,855	7,542
Net income (loss)	**6,136**	**(6,378)**
Dividends distributed	1,640	2,419

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, the 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 property".

(in thousands of euros)	31 Dec. 2020	Increases	Decreases	Reclassification	31 Dec. 2021
Non-consolidated equity interests	929	5,929	-	226	7,084
Security deposits	12,921	30	(57)	-	12,894
Other financial assets	68	-	-	-	68
Other non-current assets – gross value	13,918	5,959	(57)	226	20,046
Impairment on other non-current assets	(1,295)	-	788	-	(507)
Other non-current assets – net	**12,623**	**5,959**	**731**	**226**	**19,539**

The increase in non-consolidated equity interests in 2021 mainly relates to the acquisition of HDDB Holding shares for €4.2 million and the subscription to Pharmalley convertible bonds for €1.3 million.

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.

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 the deferred 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 proceedings, 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 the ongoing health crisis. See notes 2 "Significant events of first-half 2021" and 9.1.1 "Accounting treatment applied to the impacts of the health crisis".

In accordance with IFRIC 21, provisions were recorded for all property taxes owed for 2021 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 Dec. 2021**	**31 Dec. 2020**
Trade receivables – gross value	**161,338**	**203,047**
of which related to leasing activity	*154,320*	*179,325*
of which accrued receivables and receivables unrelated to leasing activity	*7,018*	*23,722*
Allowances for trade receivables	**(85,849)**	**(54,515)**
of which related to leasing activity	(85,164)	(54,341)
of which unrelated to leasing activity	(685)	(174)
Trade receivables – net	**75,489**	**148,532**

There was a €73 million year-on-year decrease in net trade receivables at 31 December 2021, This decrease is mainly due to the fall in gross unpaid rents as a result of improved collection in the second half of 2021. Various leases were renegotiated during the year, leading to revised agreements and helping to expedite collection.

The decrease is also attributable to a rise in monthly rent billed at 31 December 2021 in respect of January 2022 compared to rent billed at 31 December 2020 (-€30 million).

The increase in allowances represents €31.3 million and reflects the increase in at-risk customers.

	2021				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	**Full-year 2021**
Gross collection rate (total amount invoiced)	78.0%	78.0%	92.4%	92.9%	**85.4%**
Rent waiver/Covid-19 provision rate	16.7%	18.8%	5.5%	5.5%	**11.6%**
Outstanding to be collected	5.2%	3.2%	2.1%	1.6%	**3.0%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Out of the total charges and rents invoiced in 2021, 85.4% had been collected at 31 December 2021, 11.6% had been waived or provisioned (and written off in the consolidated financial statements) and 3.0% are pending collection.

For the third and fourth quarters of 2021, Carmila's gross collection rate in France was 92.6%.

(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	21,890	1,587	20,303	(1,593)	864	679	626	577	7,235	11,914	(18,588)
Italy	10,037	5,904	4,133	8	207	110	82	310	514	2,901	(3,416)
France	122,394	36,353	86,041	431	3,270	2,453	(1,223)	6,384	37,634	37,092	(63,160)
Group total	**154,320**	**43,843**	**110,477**	**(1,153)**	**4,341**	**3,241**	**(514)**	**7,271**	**45,383**	**51,907**	**(85,164)**

	Allowances for trade receivables (excluding VAT)
Group total	**(85,164)**

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 Dec. 2021	31 Dec. 2020
Tax receivables	19 659	37 431
Corporate tax receivables	6 800	7 133
Other tax receivables	12 859	30 298
Financial receivables	37 000	31 389
Receivables related to investment properties	36 729	30 962
Derivative instruments – assets	71	121
Marketable securities – excl. money-market	200	306
Other receivables	33 780	17 595
Receivables from charges rebilled to tenants	11 433	11 049
Other miscellaneous receivables	22 692	6 426
Prepaid expenses	(345)	120
Total other receivables – gross value	**90 439**	**86 415**
Impairment of other receivables	0	0
Other current receivables – net	**90 439**	**86 415**

At 31 December 2021, tax receivables included €3.5 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 €9,700 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 €21,224 thousand.

Other miscellaneous receivables mainly include the credit note receivable relating to the Nice off-plan acquisition in the amount of €21 million.

8.7. Net cash

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Cash	238,268	180,228
Cash equivalents	-	140,035
Cash and cash equivalents	238,268	320,263
Bank facilities	(82)	(8,934)
Net cash	**238,186**	**311,329**

In 2020, cash equivalents included a €140 million term deposit maturing in September 2021 (€40 million) and November 2021 (€100 million).

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 2021	**142,616,879**	855,701	548,637	1,491,181
Dividend – GM of 18/05/2021	**3,826,562**	22,959	25,064	(74,168)
Share option	**(85,623)**	(514)	514	
New shares issued	**144,647**	868	(868)	
Cancellation of treasury shares	**(604,297)**	(3,626)	(4,374)	
At 31 December 2021	**145,898,168**	**875,389**	**568,973**	**1,417,013**

At 31 December 2021, the share capital was made up of 145,898,168 shares, each with a par value of six euros (€6), fully subscribed and paid up. The share capital is composed of 145,614,215 class A shares, 139,306 class C shares, and 144,647 class D shares.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020, representing a total payout of €142,389 thousand. A total of €74,245 thousand was charged against the merger premium and €68,144 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, in June 2021, €94,238 thousand was paid in cash and €48,023 thousand was paid in shares, resulting in the issuance of 3,826,562 class A shares with a value of €12.55 per share.

In accordance with the terms and conditions of the plan dated 16 May 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 16 May 2021, leading to the conversion of 112,611 class B shares into 31,850 class A shares issued on 9 June 2021. This capital decrease was charged against issuance premiums for €485 thousand.

The class D shares were issued on 29 June 2021 as part of Carmila's preferred share allotment plan for key employees and corporate officers. This capital increase was charged against issuance premiums for €868 thousand.

In accordance with the terms and conditions of the plan dated 24 October 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 24 October 2021, leading to the conversion of 7,537 class B shares into 2,675 class A shares issued on 16 November 2021. This capital decrease was charged against issuance premiums for €29 thousand.

Carmila bought back 604,297 shares under the share buyback programme launched on 6 September 2021. These shares were cancelled on 1 December 2021, further to the decision of the Board of Directors on 28 July 2021 to reduce the Company's capital.

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

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 gains or losses on the sale of treasury stock (together with the related tax effects) are taken directly to shareholders' equity and not to net income for the period. The Company entered into a liquidity agreement following its listing on Euronext Paris. At 31 December 2021, the Company held a total of 161,951 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)	2021	2020
Net income (loss)	192,336	(198,286)
Consolidated net income (loss) attributable to non-controlling interests	215	469
Numerator		
Consolidated net income (loss) attributable to owners of the parent	**192,121**	**(198,755)**
Average number of shares outstanding	144,250,286	140,198,573
Number of free and preference shares outstanding as of 31 December 2021	268,592	405,201
Denominator		
Average number of shares (fully diluted)	**144,518,878**	**140,603,774**
Earnings per share (in euros)	**1.33**	**(1.42)**
Diluted earnings per share (in euros)	**1.33**	**(1.41)**

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)	30 June 2020	Additions	Reversal	Reclassification	Actuarial adjustments (OCI)	Other movements	31 Dec. 2021
Other provisions for contingencies and charges	5,961	1,267	(1,937)	1,102	-	-	6,393
Provisions for contingencies and charges	5,961	1,267	(1,937)	1,102	-	-	6,393
Provision for pensions and retirement benefits	771	108	(41)	-	(77)	(287)	474
Provisions for charges	771	108	(41)	-	(77)	(287)	474
Total non-current provisions	**6,732**	**1,375**	**(1,978)**	**1,102**	**(77)**	**(287)**	**6,867**

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. Trade and payables to suppliers of non-current assets

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Fixed assets payables	22,067	86,231
Miscellaneous trade payables	2,385	1,094
Trade payables and accrued invoices	18,599	26,679
Trade and fixed assets payables	**43,051**	**114,004**

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects.

The decrease in payables to suppliers of non-current assets is mainly due to the delivery of Nice-Lingostière for €57.2 million.
The decrease in invoices yet to be received mainly reflects fewer outstanding invoices for overheads in Spain and France.

8.11. Other current liabilities

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Accrued tax and payroll liabilities	54,179	56,004
Tax liabilities (excluding corporate income tax)	41,370	43,315
Tax liabilities – corporate income tax	770	1,610
Social-security liabilities	12,039	11,079
Other liabilities	53,399	95,620
Other miscellaneous liabilities	17,229	29,071
Prepaid income	36,170	66,549
Other current liabilities	**107,578**	**151,624**

The decrease in accrued tax and payroll liabilities is primarily due to the fall in euro-denominated VAT payable on cash inflows due to payments that were deferred at end-2020 owing to the health crisis. This decrease is offset by the 3% tax in Italy (€3.1 million) further to the asset revaluation and the increase in VAT to be paid on outstanding credit notes.

Other liabilities include the earn-out on a 2016 acquisition, expected to be paid in 2022 in an amount of €7.5 million. At 31 December 2020, other current liabilities also include:

- prepaid income in Italy for €7.6 million. At 31 December 2021, prepaid income in Italy is included on the "Prepaid income" line;
- current accounts for €5.7 million, notably with SCI de l'Arche and SCI des Pontots. At 31 December 2021, current account liabilities amount to €0.5 million.

Prepaid income breaks down as €31.5 million in France relating to billing in January 2022 or the first quarter of 2022, and €4.6 million in Italy relating to billing in the first quarter of 2022. The decrease in this item is due to the switch from quarterly to monthly billing.

9. BREAKDOWN OF STATEMENT OF INCOME 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 (landlord)

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)	2021	2020
Rent	351,797	349,805
Front-end fees and other indemnities	(7)	(61)
Gross rental income	351,790	349,744
Property tax	(23,916)	(23,510)
Charges rebilled to tenants	16,247	18,527
Real estate expenses	(7,669)	(4,983)
Rental charges	(71,069)	(71,177)
Charges rebilled to tenants	61,444	61,094
Non-recoverable service charges	(9,625)	(10,083)
Management fees	(43)	(691)
Charges rebilled to tenants	29	-
Losses and depreciation of receivables	(35,079)	(34,065)
Other expenses	(9,489)	(29,085)
Property expenses (landlord)	(44,582)	(63,841)
Net rental income	**289,914**	**270,837**

The change in "Other expenses" reflects the recognition of less significant Covid impacts than in 2020, as described in Notes 9.1.1 and 9.1.2.

9.1.1 Specific negotiations related to the health crisis

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 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.

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
2021 impact of the health crisis on income	**(30,127)**	**(10,571)**	**(1,287)**	**(41,985)**
- of which rent waivers without concessions	(14,321)	(2,950)	(2,152)	(19,423)
- of which variable rent adjustments	766	0	0	766
- of which impairment of trade receivables	(14,414)	(3,821)	865	(17,370)
- of which IFRS 16 impact	(1,695)	(3,800)	0	(5,495)
- of which reversals of tax credits (Covid 2)	(463)	0	0	(463)
Income statement impact beyond 2021 (IFRS 16 impact: rent waivers to be deferred)	**(5,092)**	**(5,320)**	**0**	**(10,412)**
2021 impact of the health crisis on income	**(30,127)**	**(10,571)**	**(1,287)**	**(41,985)**
Impact (in months of rents)	1.2	1.2	0.6	1.2

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(929)**	**(3,800)**	**0**	**(4,729)**
Variable rent adjustments	766	0	0	766
IFRS 16 impact (deferral of rent-free periods granted)	(1,695)	(3,800)	0	(5,495)
			0	
Impact on net rental income	**(29,198)**	**(6,771)**	**(1,287)**	**(37,256)**
Rent waivers without concessions	(14,321)	(2,950)	(2,152)	(19,423)
Allowances on receivables	(14,414)	(3,821)	865	(17,370)
Tax credit	(463)	0	0	-463
Total impact in 2021	**(30,127)**	**(10,571)**	**(1,287)**	**(41,985)**

For rent relief granted in exchange for an extension of the non-cancellable term of the lease (rent relief related to the first wave of the pandemic in first-half 2020), 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 €5.5 million in 2021. A total of €10.4 million will be recognised over the next few periods.

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 2021 financial statements, for an amount of €19.4 million.

The tax credit in France in connection with rent waivers granted during the second wave of Covid-19 was revised downwards by €0.5 million following the outcome of Covid-related rent negotiations.

Disputed receivables were written down in full in 2021.

9.1.3 Gross rental income and net rental income

Gross rental income	**2021**		**2020**
		Year-on-year change	
(in thousands of euros)	**Gross rental income**	reported	**Gross rental income**
France	241,992	1.2%	239,011
Spain	86,931	-2.0%	88,724
Italy	22,867	3.9%	22,009
Total	**351,790**	**0.6%**	**349,744**

Gross rental income increased by 0.6% in 2021. The increase reflects the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (€5.5 million positive impact in 2021). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Net rental income	2021					2020
		Year-on-year change				
(in thousands of euros)	**Net rental income**	**périmètre constant (total)**	like for like (specific Covid-19 impact)	like for like (excl. specific Covid-19 impact)	**reported**	**Net rental income**
France	196,302	4.4%	3.5%	0.9%	5.9%	185,340
Spain	73,771	5.4%	4.5%	0.9%	3.9%	71,000
Italy	19,841	37.1%	35.5%	1.6%	36.9%	14,497
Total	**289,914**	**6.4%**	**5.5%**	**1.0%**	**7.0%**	**270,837**

The projected collection rate for 2021, taking into account the impact of rent-free periods and provisions recognised in the year is 90%. This figure factors in all estimated Covid impacts for 2021.

Net rental income totalled €290 million, up €19.1 million, or 7.0%, in 2021. This increase is attributable to the factors described below.

Changes linked to specific Covid-related impacts represented a €14.8 million (or 5.5%) increase in net rental income. Covid-19 impacts recognised in 2021 had a negative €42.0 million effect (negative €56.7 million effect in 2020), as detailed in the "Accounting treatment applied to the impacts of the health crisis" section.

Organic growth as adjusted for these specific impacts came out at 1.0%.

The share of indexation included in growth at constant scope is +0.2%.

Growth generated by lease extensions represented €4.1 million, or 1.5%. The Nice Lingostière extension delivered in May 2021 is included in this line.

Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2020 or 2021.

The sale of Nanteuil-les-Meaux, completed on 23 June 2021, had a negative €0.2 million (negative 0.1%) impact.

Other impacts reduced net rental income by €2.2 million, or 0.8%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

9.1.4 Rent collection

	2021				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	**Full-year 2021**
Gross collection rate (total amount invoiced)	78.0%	78.0%	92.4%	92.9%	**85.4%**
Rent waiver/Covid-19 provision rate	16.7%	18.8%	5.5%	5.5%	**11.6%**
Outstanding to be collected	5.2%	3.2%	2.1%	1.6%	**3.0%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Out of the total charges and rents invoiced in 2021, 85.4% had been collected at 31 December 2021, 11.6% had been waived or provisioned (and written off in the consolidated financial statements) and 3.0% are pending collection.

For the third and fourth quarters of 2021, Carmila's gross collection rate in France was 93.5%.

Its overall net collection rate for 2021 was 97.0%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

9.2. Overhead expenses

(in thousands of euros)	2021	2020
Income from property management, administration and other a	11,505	10,267
Other income	3,322	255
Payroll expenses	(28,629)	(25,939)
Other external expenses	(37,965)	(35,532)
Overhead expenses	**(51,767)**	**(50,949)**

Overhead expenses edged up 1.6% (€0.8 million) in 2021 compared to the previous financial year.

In 2021, the allocation of income and expenses within each of the overhead expense accounts was changed. In 2020, "Other income" had been primarily included within "Other external expenses".

9.2.1 Income from property management, administration and other activities, and other income from services

This item totalled €14.8 million in 2021, an increase of €4.3 million (40.1%) compared to 2020.

It can be broken down as follows:

- €5.9 million in rebilled shopping centre management costs (versus €5.3 million in 2020) due to higher levels of re-invoicing by Spanish centre managers further to their inclusion in Carmila's workforce.
- fees, including technical and marketing fees for €5.6 million, up €0.6 million on 2020.

"Other income" mainly consists of:

- marketing services aimed at developing and increasing the attractiveness of the centres (retailers' associations) for €2.9 million. In 2020, this item was presented as a deduction from other external expenses for €1.7 million.

9.2.2 Payroll expenses

Payroll expenses amounted to €28.6 million in 2021. The €2.7 million increase in this item is mainly due to a €1.0 million scope effect following the induction of shopping centre directors into the Spanish workforce (offset by amounts rebilled), €1.0 million in non-recurring income in 2020 related to services provided, and a €0.7 million increase in payroll expenses.

9.2.3 Other external expenses

Other external expenses totalled €38.0 million in 2021, up 6.8% (€2.4 million). This increase is mainly due to a presentation effect (see Note 9.2.1): in 2020, this item also included other income for €1.7 million.

The main components of other external expenses are marketing expenses, as well as appraisal fees for the asset portfolio, legal and tax fees, auditors' fees, financial communication and advertising fees, travel expenses and other mission-related expenses.

9.3. Depreciation, amortisation, provisions and impairment

(in thousands of euros)	2021	2020
Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,503)	(1,937)
Reversals from/additions to provisions for provisions for contingencies and charges and current assets	258	(912)
Additions to depreciation/amortisation of property, plant and equipment and intangible assets, and provisions	**(1,245)**	**(2,849)**

Depreciation, amortisation and impairment mainly concern 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

The €38 thousand gain on the disposal of investment properties relates to the sale of the Nanteuil les Meaux retail park.

There were no other significant disposals during the period.

10. INCOME TAX

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 (REITs).

Effective 31 December 2021, Carmila Puerto and Carmila Cordoba opted out of, and therefore are no longer eligible for, the SOCIMI regime.

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 corporate 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 the exemption, these listed real estate 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.

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 are 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%.

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 2021 are 28% in Italy and 25% in Spain.

In France, the 2021 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 26.5% used in the tax reconciliation tables reflects the tax rate applicable in 2021 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 benefit

(in thousands of euros)	**2021**	**2020**
Deferred tax	36 613	(8)
Withholding tax	-	(85)
Current tax	(4 779)	289
Income tax charge	**31 834**	**196**

Deferred tax benefit amounts to €36.6 million and corresponds mainly to the reversal of tax in Italy for €39.3 thousand after Carmila opted to revalue its assets in the local accounts, thereby eliminating the difference between the value for tax purposes and the actual value of the assets. This reversal is partially offset by a €1,460 thousand deferred tax liability arising on changes in the fair value of the assets of Carmila Puerto and Carmila Cordoba following their exit from the SOCIMI regime and temporary differences amounting to €1,258 thousand.

With the exception of Carmila Puerto and Carmila Cordoba, the Group's Spanish entities are exempt from income tax owing to their election for the SOCIMI tax regime as of 1 January 2020. Except for the aforementioned two entities, 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 expense is €4.8 million. This includes the 3% tax on the asset revaluation in Italy for €4.7 million, payable in three instalments (2021, 2022 and 2023).

10.2. Tax reconciliation

The reconciliation of the effective tax expense with the theoretical tax expense is as follows:

(in thousands of euros)	2021	2020
Consolidated net income (loss)	192,336	(198,286)
Income tax benefit (expense)	31,834	196
Share of net income of equity-accounted companies	3,068	(3,189)
Net income before taxes and excluding equity-accounted companies	157,434	(195,292)
Standard tax rate applicable to the parent company	26.50%	28.00%
Theoretical income tax (expense) benefit	**(41,720)**	**54,682**
Tax exempt income resulting from the SIIC regime	28,986	(41,524)
Tax exempt income resulting from the SOCIMI regime	13,987	(10,662)
Temporary differences	38,831	-
Share of expenses on dividends	(66)	-
Permanent differences	2,882	314
Taxes other than on income	(6,313)	487
Impact of difference in tax rates	(139)	-
Difference in earnings	(0)	-
Tax loss without deferred tax recognition	(4,614)	(3,100)
Effective tax (expense) benefit	**31,834**	**196**
Effective tax rate	**-20.22%**	**0.10%**

10.3. Current tax assets and liabilities

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Tax credits	6,800	7,133
Total tax assets	**6,800**	**7,133**
Tax liabilities – non-current	0	0
Tax liabilities – current	728	1,568
Liabilities related to tax consolidation	42	42
Total tax liabilities	**770**	**1,610**

At 31 December 2021, tax receivables related to France for €4.3 million (including €3.5 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 €2,424 thousand (tax prepayments).

The tax liability relates to €728 thousand in income tax payable in France. In 2020, this item consisted mainly of VAT payable in Italy.

10.4. Deferred tax assets and liabilities

(in thousands of euros)	31 Dec. 2020	Profit and loss impact	31 Dec. 2021
Deferred tax assets	11,113	(1,258)	9,855
Deferred tax liabilities	(177,316)	37,871	(139,445)
Net balance of deferred tax	**(166,203)**	**36,613**	**(129,590)**
Breakdown of differed tax by category			
Properties	(177,316)	37,871	(139,445)
Tax losses	8,935	-	8,935
Other items	2,178	(1,258)	920
Net balance of deferred tax	**(166,203)**	**36,613**	**(129,590)**

11. OFF-BALANCE SHEET COMMITMENTS AND ASSOCIATED RISKS

Off-balance sheet commitment

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 2021, there were no material disputes other than those already recognised in the consolidated financial statements.

11.2. Commitments received

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Unused credit facilities	810,000	759,000
Commitments related to Group financing	**810,000**	**759,000**
Bank guarantees received from tenants	21,825	29,185
Commitments related to Group operating activities	**22,053**	**29,185**
Total commitments received	**832,053**	**788,185**

11.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 31 December 2021, the Group had two credit facilities for €270 million and €540 million, set up as part of its refinancing programme in October 2021. This facility was not drawn down during the year.

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 Dec. 2021	31 Dec. 2020
Commitments to complete works	1,687	12,241
Rental guarantees and deposits	4,937	11,376
Commitments related to Group operating activities	**6,624**	**23,617**
Total commitments given	**6,624**	**23,617**

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 2021, 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 2021, they chiefly related to the outstanding portion of the Nice Lingostière extension (off-plan acquisition).

11.3.4 Rental guarantees and deposits

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 2021, 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

None.

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 1 January 2021, 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 31 December 2025.

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)	2021	2020
Personnel secondment agreement	**412**	671
Exclusive mandate – Carrefour Property Gestion Lease and asset management	**6,494**	7,555
Service agreement – Carrefour Administratif France Services in the field of insurance management, legal (both corporate and litigations), tax, accounting, treasury back-office, payroll	**802**	802
Service agreement – Carrefour SA Accounting, tax, legal assistance, insurance management	**122**	-
Service agreement – CPF Asset Management Legal real estate services, human ressources, management accounting, janitor services	**1,845**	556
Total billed to Carmila and subsidiaries in France	**9,675**	**9,584**
Shopping mall management mandates with Carrefour Property Gestion Agreement billed by Almia Management	**(5,075)**	(4,944)
Rebilling of personnel secondment	**(80)**	(373)
New extension or other development lease negotiation fees Fees billed by Almia Management	**(1,130)**	
Total billed by Carmila in France	**(6,285)**	**(5,317)**
Total net amount invoiced to Carmila – France (expense)	**3,389**	**4,267**

(in thousands of euros)	2021	2020
Exclusive mandate – Carrefour Property España *Lease management*	**1,376**	2,158
Service agreement – Centros Comerciales Carrefour *Insurance, legal assistance, tax, accounting, cash management, IT, payroll, janitor services*	**700**	668
Service agreement – Carrefour Property España *Legal real estate services, management, human resources*	**1,038**	302
Marketing of Specialty Leasing *Assistance with lease negotiations and Specialty Leasing provided by managers of the 11 shopping centres managed by Carrefour Property*		33
Total charged to Carmila in Spain	**3,114**	**3,161**
Exclusive mandate – Carrefour Property España, Carrefour Norte, Carrefour Navarra and third parties *Asset management*	**(779)**	(173)
Exclusive mandates – Carrefour Property España, Carrefour Navarra, Carrefour Norte and third parties	**(300)**	(262)
Marketing of premises in shopping malls	(100)	(147)
Marketing of leasable areas comprised within common areas	(200)	(115)
Total invoiced by Carmila in Spain	**(1,079)**	**(435)**
Total net amount invoiced to Carmila – Spain (expense)	**2,035**	**2,726**

(in thousands of euros)	2021	2020
Service contract with GS S.p.A. *Legal assistance, tax, accounting, technical maintenance*	**481**	498
Service contract with Carrefour Property Italia S.r.l. *Management accounting, project investment, janitor services*	**212**	214
Cash Management Service contract with Carrefour Italia Finance S.r.l.	**50**	50
Exclusive mandate with Carrefour Property Italia S.r.l.	**200**	200
Fees paid to *consorzi* (consortia) for leasing services and management of temporary rents	**241**	175
Rebilling of operating costs (power, energy, security, etc.) rebilled to tenants	**3,738**	3,547
Total amount invoiced to Carmila – Italy (expense)	**4,922**	**4,684**

13. COMPENSATION AND EMPLOYEE BENEFITS

13.1. Payroll expenses

See Note 9.2.3.

13.2. Headcount

At 31 December 2021, the Carmila Group had 229 employees, including 149 in France employed by its Almia Management subsidiary, 65 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 to 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 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 pass away 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 2021, the Group applied the following main actuarial assumptions:

- Discount rate: 1.10% (versus 0.75% at 31 December 2020).
- Salary increase rate: 2% (unchanged from 2020).

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 allocated to employees is determined at the allocation 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 recognised 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 allocation 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 allocated must be measured at their fair value at the allocation date using an option pricing model. The Black & Scholes and Monte-Carlo models were used to simulate the fair value of each of the instruments.

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 plan granted in 2018 (plan 4) matured on 16 May 2021 and resulted in the allocation of 31,850 free shares to key employees and corporate officers following the conversion of class B shares into class A shares. The second instalment of the 2018 plan (Plan 4) matured on 24 October 2021 and resulted in the allocation of 2,675 free shares.

The plans in effect at 31 December 2021, allocated in 2019, 2020 and 2021, were as follows:

- In 2019, the preference share plan incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield 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 shareholder return (TSR) over a three-year period up to end-2021 versus a panel of comparable companies.
- In 2020, a new preference share plan 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 the overall yield 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 shareholder return (TSR) over a three-year period up to end-2022 versus a panel of comparable companies.
- A new free share plan was approved in May 2021 and also incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield over a three-year period up to end-2023

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-2023;
- one-quarter relates to the total shareholder return (TSR) over a three-year period up to end-2023 versus a panel of comparable companies.

The benefits allocated are recognised over the vesting period, as payroll expenses for €1,505 thousand against a corresponding increase in shareholders' equity of €1,254 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% and 30% payroll taxes) for €251 thousand.

Summary of the plans	**Plan No. 4**		**Plan No. 5**	
	FRANCE	**OUTSIDE FRANCE**	**FRANCE**	**OUTSIDE FRANCE**
Date of the General Meeting	16/05/2018		16/05/2018	
Date of allocation	16/05/2018		24/10/2018	
End of vesting period	Tranche 1 – 20%: 16/05/2019 Tranche 2 – 20%: 16/05/2020 Tranche 3 – 60%: 16/05/2021		Tranche 1 – 20%: 24/10/2019 Tranche 2 – 20%: 24/10/2020 Tranche 3 – 60%: 24/10/2021	
End of holding period	16/05/2021		24/10/2021	
Service condition	Service condition influences the conversion ratio of class B shares into class A shares, by tranches as described over the vesting period		Service condition influences the conversion ratio of class B shares into class 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 allocated	**108 888**	**16 858**	**7 537**	**0**
Shares cancelled/forfeited	(13 135)			
Shares cancelled/achievement rate – Conversion into A shares	(69 888)	(10 873)	(4 862)	
Shares vested	(25 865)	(5 985)	(2 675)	
Outstanding shares at 31 December 2021	**0**	**0**	**0**	**0**

Summary of the plans	Plan No. 6		Plan No. 7	
	FRANCE	OUTSIDE FRANCE	FRANCE	OUTSIDE FRANCE
Date of the General Meeting	16/05/2019		29/06/2020	
Date of allocation	16/05/2019		29/06/2020	
End of vesting period	Tranche 1 – 20%: 14/05/2020 Tranche 2 – 20%: 14/05/2021 Tranche 3 – 60%: 14/05/2022		Tranche 1 – 20%: 29/06/2021 Tranche 2 – 20%: 29/06/2022 Tranche 3 – 60%: 29/06/2023	
End of holding period	16/05/2022		29/06/2023	
Service condition	Service condition influences the conversion ratio of class C shares into class A shares, by tranches as described over the vesting period		Service condition influences the conversion ratio of class D shares into class 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 Achievement of CSR criteria	
Shares initially allocated	**121,806**	**23,100**	**117,247**	**27,400**
Shares cancelled/forfeited	(15,580)		(2,720)	
Shares cancelled/achievement rate – Conversion into A shares				
Shares vested				
Outstanding shares at 31 December 2021	**106,226**	**23,100**	**114,527**	**27,400**

Summary of the plans	Plan No. 8	
	FRANCE	OUTSIDE FRANCE
Date of the General Meeting	18/05/2021	
Date of allocation	18/05/2021	
End of vesting period	18/05/2024	
End of holding period	18/05/2024	
Service condition	Service condition influences vesting	
Performance condition	Change in NAV versus a panel Recurring EPS: annual growth rate Change in share price Achievement of CSR criteria	
Share allocation right	**188 938**	**50 000**
Rights to shares cancelled/forfeited	(8 300)	
Outstanding rights to shares at 31 December 2021	**180 638**	**50 000**

14. ADDITIONAL INFORMATION

14.1. Subsequent events

None.

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
	2021	%	2021	%	2021	%	2021	%	2021	%	2021	%	2021	2021
Audit of statutory and consolidated financial statements and half-year review	**364**	***84%***	**-**	***0%***	**182**	***88%***	**249**	***0%***	**44**	***0%***	**-**	***0%***	**589**	**249**
Carmila SA	99	23%	-	0%	99	48%	-	0%	-	0%	-	0%	**197**	**-**
Consolidated subsidiaries	265	62%	-	0%	83	40%	249	0%	44	0%	-	0%	**392**	**249**
Non-audit services	**67**	***16%***	**-**	***0%***	**25**	***12%***	**-**	***0%***	**-**	***0%***	**-**	***0%***	**92**	**-**
Carmila SA [1]	60	14%	-	0%	25	12%	-	0%		0%	-	0%	**85**	**-**
Consolidated subsidiaries	7	2%	-	0%	-	0%	-	0%		0%	-	0%	**7**	**-**
Total fees	**431**	***100%***	**-**	***0%***	**207**	***100%***	**249**	***0%***	**44**	***0%***	**-**	***0%***	**681**	**249**

(1) In 2021, 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 Dec. 2021	31 Dec. 2020	Change	% control 31 Dec. 2021	31 Dec. 2020	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%	-
Next Tower	France	100.00%	100.00%	-	100.00%	100.00%	-
Spain							
Carmila España SL	Spain	100.00%	100.00%	-	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%	-
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 Dec. 2021	31 Dec. 2020	Change	% control 31 Dec. 2021	31 Dec. 2020	Change
As Cancelas	Spain	50.00%	50.00%	-	50.00%	50.00%	-
Carmila Thiene SRL	Italy	50.10%	50.10%	-	50.10%	50.10%	-

16. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG S.A.

Tour Eqho - 2, avenue Gambetta – CS 60055

92066 Paris La Défense Cedex

France

DELOITTE & ASSOCIES

6, place de la Pyramide

92908 Paris La Défense Cedex

France

Carmila S.A.

Share capital of €875,389,008

58, avenue Emile Zola

92100 Boulogne-Billancourt

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2021

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Carmila S.A. Shareholders' annual general meeting

Opinion

In compliance with the engagement entrusted to us by the Shareholders' meeting, we have audited the accompanying financial statements of Carmila S.A. for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results

of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key Audit Matters	Responses as part of our audit
Valuation of investment properties at fair value *(Note 6 to the consolidated financial statements)* As of December 31, 2021, investment properties measured at fair value are recorded on the balance sheet for a net carrying amount of €5,846 million compared to an amount of total assets of €6,371 million. As indicated in Note 6 to the consolidated financial statements, in application of the method proposed by IAS 40, Investment properties are recorded at fair value. Fair value is determined on the basis of findings by independent experts. All the property assets are appraised twice a year by experts. They independently establish their current and future cash flow estimates by applying risk factors (such as location, retail competition, etc.) either to the net income capitalization rate or to the discounted cash flows. In order to conduct their work, the experts visited the property assets and have access to all the information needed to value the assets, and specifically the list of leases, the vacancy rate, rental arrangements and the main aggregates on lessees (such as sales). The valuation of investment properties, which are the main portion of the total assets, is considered to be a key audit matter due to: - the use of assumptions and significant estimates by Management and independent experts, such as the market rental values, the discount and capitalization rates;	We have assessed the compliance of the accounting treatment applied by the Group to IFRS accounting principles and the pertinence of the disclosures presented in Note 6 to the consolidated financial statements. The procedures that we have performed mainly consisted in: - Reviewing the investment property valuation process and controls implemented by the Management, notably regarding approval and transmission of information to experts and the review of their work and conclusions; - Conducting interviews with independent appraisers and Management to assess the pertinence of the valuation methodology and assumptions used, notably those used in this complex and evolving context of global crisis related to the Covid-19 pandemic; - Assessing the competence, independence and objectivity of the external appraisers of the Group, in particular about their reputation and by verifying their certificates of independence included as a statement in their reports; - Analyzing the changes in fair value of each investment property and assessing the basis with respect to market changes and the rental situation of the building; - Verifying that the fair value methods used are in line with market practices, and assess, on a sample basis, the consistency of the valuation assumptions used by the independent experts with the market data available in the current context, particularly

- the sensitivity of these values to assumptions adopted by the experts.	the market rental values, the discount and capitalization rates ; - Corroborating, on a sample basis, the main information provided by the company to independent experts with rental statements and investments; - Comparing investment property amounts in the consolidated financial statements with independent experts' valuation; - Assessing the appropriateness of the disclosures presented in the notes of the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the President and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Carmila S.A. by the Shareholders' Meeting of June 25, 2010 for KPMG and June 25, 2009 for Deloitte & Associés.

As at December 31, 2021, KPMG was in its 12th year of uninterrupted engagement and Deloitte & Associés in its 13th year of uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, February 21st, 2022

KPMG S.A.		DELOITTE & ASSOCIÉS
French original signed		French original signed
Eric Ropert	Adrien Johner	Stephane Rimbeuf
Partner	*Partner*	*Partner*