PRESS RELEASE

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Carmila announces a new strategic plan: 'Building sustainable growth'

- **Carmila will present its 2022-2026 Strategic and Financial Plan at a Capital Markets Day in Paris on 7 December 2021**
- **The plan describes a new ambition to build sustainable growth and invest in new business lines. It is Carmila's response to structural changes in retail, which have been accelerated by the COVID crisis.**
- **It is based on three pillars:**
  - **A new vision for the role of Carmila as an incubator and an omnichannel platform for retailers**
  - **Leadership in sustainability, notably through a new generation of development projects based on mixed-use and a new commitment to reach net zero emissions by 2030**
  - **Investment in new business lines: digital infrastructure and new retail concepts**
- **New growth initiatives are expected to contribute an incremental €30M to recurring earnings by 2026**
- **Carmila targets annual growth in Recurring earnings per share of +10% on average in 2022 and 2023[1]**
- **Carmila announces a €200M disposals programme in 2022-2023, with part of the proceeds to be used for share buybacks**
- **Carmila is committed to maintaining a solid balance sheet and targets a Loan to Value (LTV) ratio[2] of 40% in 2022-2026**
- **Carmila's dividend policy, for dividends paid from 2022 to 2026, will be an annual dividend of at least €1 per share, paid in cash, with a target payout of 75% of recurring earnings[3]**

Marie Cheval, Chair and Chief Executive Officer of Carmila commented: *"The health crisis has pushed Carmila to accelerate its transformation and has also strengthened our ambition. This new strategic plan is focused on growth and investment in promising new businesses and initiatives. Carmila has created Next Tower, a new business line to invest in digital infrastructure, and is scaling-up Carmila Retail Development. Carmila aims to strengthen its omnichannel services to retailers and to offer a differentiating shopping experience for customers. It is the beginning of a new phase for Carmila, focused on sustainable development, with a pipeline of projects that have been redesigned around mixed-use and a new commitment on net zero emissions by 2030."*

[1] The financial plan assumes no major COVID effect, for example administrative closures, from 2022.
[2] Including transfer taxes
[3] Dividend subject to shareholder approval

An incubator and an omnichannel platform for retailers

Carmila will accelerate the transformation of its core business through a new approach to working with retailers.

To respond to changing customer expectations, Carmila centres will act as an incubator for new brands and concepts, including digital native vertical brands. This will help to refresh the mix-merchandising of its centres, with a particular focus on healthcare, which will account for 15% of Carmila rental income by 2026. By proposing a wide range of formats adapted to each business model (events, pop-up stores, specialty leasing…) this strategy will generate substantial additional revenues and boost core business performance.

Carmila is accelerating the development of its platform of services for retailers, with a specific focus on omnichannel services, grouped together in the Carmila Services Hub.

Through partnerships with an ecosystem of startups Carmila will enhance its service offer to retailers at every stage of the customer journey. These initiatives will support the omnichannel development of centres and retailers, generating additional traffic and sales.

To implement this strategy, Carmila can count on its partnerships with Carrefour, a strategic shareholder which owns 35% of Carmila shares. Carrefour brings significant technical expertise to Carmila as well as access to its partnerships with tech leaders.

This new approach is expected to generate an incremental contribution to recurring earnings of €10M by 2026.

A leader in the sustainable transformation of local regions

Carmila's development pipeline has been completely redesigned with a new orientation towards mixed-use and environmental excellence. The five major extensions, representing €550M of investment for a yield of 6.6%, consist mostly of retail, but also include housing, renewable energy, public parks, and office space, with no net use of greenfield land. Works on these five projects will begin with Montesson in 2023, the €150M Montesson project being entirely financed through asset rotation.

In addition to these five major extension plans, Carmila will continue to carry out approximately 60 restructuring projects a year, for an annual cost of €25M and with a 10% yield on cost.

Carmila has also designed a new generation of big-bang mixed-use transformation projects that will completely change the shopping centre's presence in the city. These currently 100% retail sites will become new neighbourhoods, with homes, offices, local services and green spaces. Works will start on the first projects from 2025, with delivery from 2030.

A new commitment on climate: net zero emissions by 2030

Carmila targets net zero Scope 1 and Scope 2 emissions by 2030. By 2030, Carmila will reduce by 90% its emissions vs. 2019 through a reduction in energy consumption and the transition to 100% renewable energy for its centres. The remaining 10% of emissions will be offset, in keeping with the Science Based Targets initiative guidelines, through the financing of the environmental transition of local farms in partnership with TerraTerre. Camila will also continue to reduce its Scope 3 emissions, with an ambition to reach full carbon neutrality in 2040.

Creation of Next Tower business line to invest in digital infrastructure

With Next Tower, Carmila announces the creation of a mobile tower company that will have EUR 180m of assets by 2026. Next Tower is a property developer that builds new multi-tenant

5G mobile towers on sites across the Carmila and Carrefour regional network. Through Next Tower, Carmila will invest in digital infrastructure such as mobile towers, data centres and fibre optic.

After a successful test phase that began in 2019, Next Tower will follow an ambitious expansion plan of 80 new sites a year, for a total of 400 sites by 2026. By 2026 the business will deliver an annual contribution of EUR 10m to recurring earnings, with further growth expected after this first phase.

By contributing to the effort to reduce the digital divide, Next Tower is also completely aligned with Carmila's objective to contribute to the sustainable transformation of local regions.

The business line will require approximately € 13M a year of investment over the course of the plan.

Scaling-up Carmila Retail Development

Carmila Retail Development (CRD) will become a new business line consisting of a portfolio of €40M of minority venture capital investments in new retail concepts.

CRD makes small early-stage venture capital investments to test new concepts and to scale them rapidly once they have established that they can be successful in shopping centres.

CRD aims to acquire a 30 to 40% stake in promising retailers and to provide expertise and omnichannel services to help them get started and be successful in shopping centres.

By 2026, CRD targets a portfolio of 20 brands, operating more than 700 Stores in both Carmila and non-Carmila centres. With a 4 to 5 year investment cycle, Carmila intends to sell its stake once businesses have reached a certain level of maturity, in order to free up capacity for new early stage venture capital investments.

CRD targets an annual contribution to Carmila recurring earnings of €10M by 2026. In 2024, retailers in the portfolio will also represent around €15M of rents for Carmila as a landlord, as well as contributing to the refreshed mix-merchandising of Carmila centres.

This new phase for Carmila Retail Development begins with investments of €15M in 2021 and €10m in 2022 and €10m in 2023, with zero net investment thereafter.

Adding growth to a resilient core business

Carmila is confident that it can maintain the current low level of vacancy and a stable rental base in the coming years, supported by its incubator model and the sustainable level of current rents (€255 / sq. m.). Carmila is also confident in appraisal values and expects to see a small increase in the like-for-like valuation of its assets at end 2021. Core business performance is expected to normalise with a progressive improvement in rent collection and a stable rental base in the coming quarters. This improvement began in Q3 2021, with a collection rate of 92% as of today.

In addition to the resilient performance of Carmila's core business, three major new business initiatives, the incubator model and services to retailers, Next Tower and Carmila Retail Development, will deliver €30M 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% vs. 2020 recurring earnings.

Targeting 10% annual Recurring EPS growth on average for 2022 and 2023

During the health crisis, Carmila demonstrated the resilience of its Carrefour hypermarket-anchored model. Carmila now targets 10% annual growth in Recurring EPS on average in 2022 and 2023 supported by the normalization of financial performance and the first impact of new business initiatives. As a reminder, Carmila expects recurring earnings per share to be stable in 2021 versus 2020.

From 2024, additional growth will be driven by new business initiatives.

The financial trajectory assumes that there is no major COVID effect resulting in the closure of Carmila centres from 2022. It is at constant perimeter as regards Carmila sites, though it includes the contribution of Carmila Retail Development and Next Tower. It also includes the additional cost of the emission reduction roadmap, which will be well underway by 2026. Carmila also targets an absolute reduction in its cost base in 2026 vs. 2021.

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 an aggregate amount of disposals of €200M and intends to continue disposing of assets beyond 2023.

Part of the proceeds of disposals will be reinvested in new assets and restructuring projects. The remainder will ensure the strength of Carmila's balance sheet or be returned to shareholders.

Carmila targets a Loan to Value (LTV) ratio of 40%

Carmila is committed to maintaining a solid balance sheet with the right level of debt, compatible with its current BBB S&P rating (outlook stable).

For the 2022-2026 period, Carmila targets a Loan to Value ratio of 40%, including transfer taxes.

Dividend policy of at least EUR 1 per share and a 75% payout

Subject to shareholder approval, Carmila intends to propose an annual dividend of at least EUR 1 per share, in cash, for dividends paid from 2022 to 2026. As well as a minimum of EUR 1 per share, Carmila dividend policy will be to target a payout of 75% of recurring earnings for the period.

Proceeds from disposals to finance share buybacks

Carmila intends to use part of the proceeds of the sale of assets to support distributions to shareholders. If Carmila shares remain at a significant discount to Net Tangible Asset value, this will take the form of share buybacks.

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INVESTOR AGENDA

7 December 2021: Carmila Capital Markets Day
16 February 2022 (after market close): 2021 Annual Results
17 February 2022: Investor and Analyst Meeting
21 April 2022 (after market close): Q1 2022 Financial Information
12 May 2022: Annual General Meeting

ABOUT CARMILA

As the third largest listed owner of commercial property in continental Europe, Carmila was founded by Carrefour and large institutional investors in order to transform and enhance the value of shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy. At 30 June 2021, its portfolio was valued at €6.13 billion, comprising 214 shopping centres, all leaders in their catchment areas. Driven by an ambition to simplify and enhance the daily lives of retailers and customers across the regions, the local touch is at the heart of everything Carmila does. Carmila's teams have a deeply-anchored retail culture, comprising experts in all aspects of retail attractiveness: operations, shopping centre management, leasing, local digital marketing, business set-ups and CSR.

Carmila is listed on Euronext-Paris Compartment A under the symbol CARM. It benefits from the tax regime for French real estate investment trusts ("SIIC").
Carmila became part of the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices on 18 September 2017.
Carmila became part of the Euronext CAC Small, CAC Mid & Small and CAC All-tradable indices on 24 September 2018.

IMPORTANT NOTICE

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

This press release is available in the "Financial Press Release" of Carmila's Finance webpage:
https://www.carmila.com/en/finance/financial-press-releases/