



Boulogne-Billancourt, 13 February 2020

2019 Annual Results

Carmila exceeded its growth objective for recurring earnings per share which stood at €1.63/share, up +6.6%

Carmila's model of leading local shopping centres demonstrates its commercial and financial efficiency and its attractiveness to customers: retailer revenues increased by +2.0% and organic growth of net rental income stood at +3.1%

The 2019 results are proof of the strong business momentum and demonstrate the power and efficiency of Carmila's positioning around proximity.

2019 was a profitable operating year for Carmila and its retailers.

- **Retailer revenues** grew +2.0% on a like-for-like basis.
- **Net rental income** increased by +6.2% to **€333.2 million**, including organic growth of +3.1%.
- **Recurring earnings** amounted to **€222.5 million**, an increase of +7.2% compared with 2018. Recurring earnings per share grew +6.6% to **€1.63 per share**. Carmila thus **exceeded its growth objective for the year** of between +5.0% and +6.5%.
- **The portfolio valuation**, including transfer taxes, stood at **€6,421.5 million** at 31 December 2019, a +0.3% increase. Appraisers consolidated their portfolio valuations for the second half of 2019: over 6 months, the appraised value of Carmila's portfolio was **stable on a like-for-like basis** (+0.3%), as was the portfolio's average capitalisation rate (5.90%). Over 12 months, on a like-for-like basis, the portfolio valuation dropped slightly by -0.9% (-€56.8 million).
- **The EPRA NAV per share** stood at **€27.79**, a drop of €0.6/share over 12 months (-2.1%) after the distribution of a €1.50 per share dividend.
- The LTV¹ remains low at **34.9%** at end December 2019 (+90 bp in 12 months).

Confident in its outlook and the sustainability of its cash flows and growth drivers, Carmila has an objective **for 2020 recurring earnings per share growth of between +2% and +4%** based on 2019 recurring earnings per share of €1.61, adjusted for the €2.0 million of financial income from securities recorded in the 2019 financial statements.

Alexandre de Palmas commented: "2019 was a very successful year for Carmila and its retailers, who faced numerous operational challenges with enormous flexibility and efficiency, relying on the strength of centres with deep ties to their community and long-appreciated by their customers.

2019 was also a year of new business development. In 2019, Carmila made structural achievements and explored promising avenues both in terms of partnerships with dynamic, high-performing retailers and the development of new expertise. Thanks to its expert and entrepreneurial teams, business development proved to be a significant future growth driver for the group."

¹ The consolidated net financial debt/fair value of property portfolio ratio (including transfer taxes).

2019 Income

Gross rental income for 2019 totalled **€359.5 million**, an increase of **+5.6%** as a result of organic growth combined with acquisitions and extension projects completed in 2018 and 2019.

Net rental income for 2019 stood at **€333.2 million**, an increase of **+6.2%**.

Like-for-like growth in 2019 was €9.7 million, i.e. **+3.1%** including 1.6% for indexation and 0.5% from the application of IFRS 16 in 2019.

Acquisitions completed in 2018 represented 2.2% of the 2019 growth in net rental income (+€6.9 million) and the extension projects delivered in 2018 and 2019 were responsible for 1.5% of this growth (+€4.6 million).

Other effects represent -0.6% growth in net rental income and include the impact of strategic vacancies of premises to allow for restructuring and extension operations.

Operating costs net of other operating income and expenses for 2019 totalled **€52.8 million**, versus €50.6 million in 2018, an increase of **+4.5%**. This growth was mainly linked to variable expenses indexed to income or activity.

EBITDA for 2019 stood at **€282.6 million**, up **+6.9%** compared with 2018 EBITDA. EBITDA growth, higher than gross rental income growth, bears witness to the sound management of operating costs and unrecoverable expenses.

The net financial expense for 2019 was **-€58.1 million**, versus -€58.6 million in 2018. The cost of net debt was up due to the interest paid on the bond issued in March 2018. However, other financial income and expenses benefited from a positive adjustment in the market value of the short-term investments portfolio (a €2.0 million reversal in 2019), and the positive impact of the application of IFRS 9. The average cost of debt for the financial year stood at 2.1%.

EPRA Recurring Earnings, after restatement for adjustments related to the application of IFRS 9, the amortisation of fees from the bond issue and adjustments to the market value of short-term investments, stood at **€222.5 million**, up **+7.2%** compared to 2018.

Recurring earnings per share were **up 6.6% to €1.63 per share**. Carmila exceeded its announced 2019 objective for recurring earnings per share between +5% and +6.5%.

Letting activity

2019 proved to be a busy year, with 874 leases signed for a minimum guaranteed rent of €38.3 million. These lettings comprised signed leases on (i) 436 vacant premises for a minimum guaranteed rent of €16.9 million, (ii) 48 premises on extension projects for €3.8 million, and (iii) 390 renewals for €17.5 million, generating a reversion of 6.9%.

The portfolio's financial occupancy rate² at 31 December 2019 was **96.3%**, up 0.1% compared to 31 December 2018 (a rate of 96.2%).

Lettings of vacant premises enabled Carmila to diversify its retail offering: across the three countries 69% of leases in 2019 (in gross rental income) were signed with tenants active in the Services and Restaurant sectors, particularly in Beauty and Health 24%, Culture, Gifts and Leisure also 24% while Food and Restaurants represented 14%. Clothing and accessories represented 26%.

Temporary retail activity was also part of Carmila's letting momentum. This includes Specialty Leasing and Pop-up Stores, with lease terms for retail premises ranging up to 36 months. Temporary retail activity grew by a remarkable 33.9% in 2019, with total revenues standing at €14.3 million. The most significant share of this growth was generated in Spain where Carmila has a stronger rental market share than in 2018.

Retailer performance

On a like-for-like basis, **retailer revenues** grew **+2.0%** cumulative for all three countries in 2019, with France at +2.1%, Spain at +2.0% and Italy at +1.7%.

This overall growth is due to the sharp increase in revenue in three different sectors: Food and Restaurants significantly increased (France +3.3%, Spain +2.7%, Italy +0.9%) thanks to the solid performance of fast food chains, followed by Services (France +5.1%, Spain +1.8%, Italy +6.9%) supported by the good performance of telephony. The Health and Beauty sector (France +3.1%, Spain +5.6%) benefited from solid performance from opticians and hairdressers-barbers, who showed momentum in 2019.

The revenue growth trend for Ready-to-Wear was overall positive (+1.0% in France, +3.2% in Spain and +0.8% in Italy). Retail brand performance varied, with some retail brands growing strongly (including H&M, Zara, Kiabi and Mango) and others under-performing (such as children's fashion).

Digital marketing strategy

In 2019, Carmila continued its distributed marketing strategy, allowing each of its centres to have the best marketing and digital tools available in the market and local data bases.

Our B-to-B digital tools offering is increasingly used by retailers. More than 800 transactions per month were carried out in France, Spain and Italy as part of Kiosque, i.e. in total more than 10,000 B-to-B marketing transactions during 2019, two times more than in 2018. The stores supported for at least six months in 2019 (+67% in number terms over 2018) out-performed their network by 4.4 points due to the use of locally-activated digital levers. This outperformance rose to 8.1 points for campaigns greater than €2,000.

For this reason, initiatives to accelerate the development of local customer databases are expanding. At end-2019, the number of "opt-in" contacts able to be activated in these databases was **2.8 million** across our three countries (+25% compared to end-2018).

² Excluding 1.8% strategic vacancy rate at end-2019, 1.9% at end-2018.

CSR activity

In 2019, Carmila strengthened its CSR commitments, by developing a programme of responsible initiatives entitled "Here, we act" built around three pillars.

Pillar no. 1: "Here, we act" for the local regions

Carmila is undertaking actions to develop the local economic network, initially aimed at retailers, with the development of the "tenants' extranet" intended to enable retailers to obtain information and perform administrative tasks. Actions also apply to the centre's customers, with the organisation in 2019 of 1,000 campaigns on the theme of the food transition and responsible consumption trends.

Lastly, these actions apply more broadly to stakeholders in local life, through partnerships with associations like the French "Secours Populaire", or start-ups from the social and solidarity economy like Too Good To Go.

Pillar no. 2: "Here, we act" for the planet

Carmila is committed to a process of continuous improvement of its environmental performance. To that end, the company launched a wide-ranging campaign to certify its assets, and thus 45 sites have been certified during 2019 (30 in France, 10 in Spain, 5 in Italy).

At 31 December 2019, Carmila's BREEAM certification rate stood at 61% of its portfolio by value (an increase of 25 points compared with 2018), with 76% of the sites receiving a Very Good or Excellent score.

Pillar no. 3: "Here, we act" for the employees

During 2019, a well-being at work programme was developed in Spain under the name "A tu Salud". This programme is intended to be rolled out in France and Italy. Carmila also encourages its employees to participate in the CSR programme through, for example, the creation of a joint council on gender equality, or by financing the participation of two teams in the Oxfam 100 km solidarity walk.

Thanks to these actions, the employee satisfaction rate is high: 87% of employees expressed satisfaction with their job³.

Debt and balance sheet structure

In November 2019, Carmila privately placed a fourth bond with a face value of €50 million, a 12-year maturity and a coupon of 1.89%.

At 31 December 2019, Carmila's gross debt stood at €2,416 million and its cash position amounted to €174 million. Available facilities (RCF and net available cash) stood at €1.2bn. The average debt term was 5.0 years (5.5 years at 31 December 2018).

At the end of December 2019, **the consolidated net financial debt/fair value of property assets (including transfer taxes)** was low at **34.9%**. The consolidated net financial debt/fair value of property assets (excluding transfer taxes) was 36.7%.

The **EBITDA/Net cost of financial debt** ratio at 31 December 2019 was **5.0x**, compared with 4.9x one year earlier, well above the minimum contractually agreed bank covenant threshold of 2.0x.

The **Net debt/EBITDA** ratio was **7.9x** in 2019, a -30 bp improvement over 2018.

³ Annual survey of all employees in the three countries

Portfolio valuation and NAV

The portfolio valuation, including transfer taxes, stood at €6,421.5 million at 31 December 2019, +€16.9 million higher (+0.3%) than at 31 December 2018 (€6,404.6 million).

Over 12 months, on a like-for-like basis, the portfolio valuation declined by -0.9% (-€56.8 million). Appraisal values showed this slight drop in the first half of 2019. In the second half, appraisers stabilised their valuations (+0.3%).

The average capitalisation rate for the portfolio was 5.90% compared with 5.77% at 31 December 2018. This increase in the average capitalisation rate was the result (i) of a slight increase in the market capitalisation rates in France (+24 bp) mitigated by the work of asset management (-9 bp) and (ii) a slight decompression in the market capitalisation rates in Spain (+14 bp).

The fully diluted EPRA NAV per share at 31 December 2019 stood at €27.79, versus €28.39 per share at 31 December 2018, i.e. a drop of -€0.60 per share (-2.1%) after the distribution of a €1.50 per share dividend.

The fully diluted EPRA triple net asset value (EPRA NNAV) was €26.45 per share, i.e. a change of -2.5%.

Extension pipeline and acquisitions

In 2019, Carmila opened the fully let extension of the Rennes-Cesson shopping centre. A leading shopping centre in the east of Rennes, the shopping centre is home to 30 new stores and counts 70 retail brands across 11,500 sqm centred around H&M, Mango, Maisons du Monde and a 9,800 sqm Carrefour hypermarket. The revamped merchandising plan hosts a balance of branches, master franchisees operating major brands as well as successful, high-performing local independent players (Holly's Dinner, Bessec, Made in Dé), which strengthens this shopping centre as a destination for upscale (CSP+) customers.

The extension will generate €2.4 million of additional rental income on an annual basis.

After the delivery of Rennes-Cesson, a restructuring at Bourg-en-Bresse in 2019, and placing five projects on standby, the 2020-2024 extension pipeline at 31 December 2019 includes 19 projects for a forecast investment of €1.3 billion and an average developer yield of 7.2%. The pipeline includes 9 flagship projects in Nice – Lingostière, Montesson (western Paris), Barcelona – Tarassa, Marseille – Vitrolles, Aix-en-Provence, Thionville, Antibes, Toulouse – Labège and Lyon – Vénissieux. These projects represent 90% of the value of the pipeline.

Carmila plans to deliver three projects in 2020, in particular the extension of the Nice Lingostière shopping centre and the restructuring of Calais - Coquelles, for annualised net rental income of €8.0 million and a total investment of €118.4 million.

Business development

Carmila Retail Development

In 2019 Carmila continued to develop its joint venture activity through its Carmila Retail Development subsidiary. This company partners with high-performing retailers in the growth phase of their development, to support them and enable them to have priority access to premises in Carmila shopping centres. At the end of 2019, four main partners operated 56 stores in Carmila's French and Spanish shopping centres for an annual rental income of €2.1 million, and 15 stores in third-party centres. Commitments to date from these partnerships represent a total of €7.5 million for an unrealised capital gain of €6.5 million.

In the upcoming two or three years, the development plan of these four partnerships envisions more than 160 stores open for an annual rental income of €6 million, a net commitment of €15 million and a potential capital gain of €12 million.

Carmila believes that this activity is a powerful future growth driver and aims, when fully up and running, to be continuously partnered with 15 to 20 retail brands for a net commitment of approximately €20 million and an unrealised capital gain on the order of €50 million (*Carmila share*). The investments in two to four brands would be reconsidered each year.

Health Hub

Carmila also intends to implement an ambitious Health offer in its shopping centres to strengthen its "convenient " and "practical" offer and meet a substantial need for the population with regard to large pharmacies, dental and ophthalmology practices, primary care, etc. The Carmila sites, accessible, at the heart of urban areas and with free parking facilities, are particularly appropriate to this offer.

The company is thus partnering with experienced and well-known professionals to develop health activities in its shopping centres. In 2019, a partnership was formed as a joint venture called Pharmalley. To date, the joint venture has partnered with pharmacists to transfer or expand four pharmacies in its shopping malls, with the goal to acquire five to ten pharmacies per year (investment of €0.5 million to €1.5 million each and a similar expected capital gain in four years).

At the end of 2019, a new joint venture was being created: Dentalley, which is set to launch its dental practice offering with the first openings in 2020. The objective is to develop 50 dental centres in five years for an EBITDA after six years of €15 million/year and a maximum commitment of €7 million. Carmila partners with the best references in the business to develop this activity.

Lou5G

Lastly, the Lou5G subsidiary is actively developing its land rental business for telephone antennas. By renting land to each of the four national telephone operators for the installation of antennas, Lou5G is helping the national effort to bridge the digital divide. 130 antennas have been let in 2019 for €1.5 million of signed leases. Carmila's objective is to continue developing this activity to reach a valuation of €100 million in five years.

Dividends and Outlook

Confident in the robustness and effectiveness of Carmila's business model, the Company's management will ask the General Meeting scheduled for 14 May 2020 to approve the payment of a 2019 dividend matching that of 2018, i.e. **€1.50 per share**.

This dividend level represents a pay-out ratio (dividend/recurring earnings) of **92.0%** for 2019 versus 98% for the financial year 2018, with a target pay-out ratio standing at 90%.

Carmila has excellent visibility for its income (long leases, indexation, highly stable occupancy rate), productivity gains that enable it to reduce its cost ratio, and a solid financial structure with stable and predictable cost of debt (S&P rating of BBB, long maturity debt, 82% of which is fixed rate, good financial liquidity). Furthermore, Carmila has powerful growth drivers at its disposal, including sustained organic growth, a carefully managed pipeline comprising large-scale structural and value-creating projects, and a local digital marketing strategy intended to help retailers develop their revenues.

In addition, Carmila's teams are agile, dynamic experts in the leading shopping centres in their local regions and focused on innovation. They are researching and developing promising growth drivers, such as land development in partnership with Carrefour Property, and continuing development of joint venture activities with double-digit 5-year IRR objectives.

Consequently, Carmila's management is confident in the sustainability and strength of the company's business model.

2020 will be a year of large project launches to develop the company's growth with the following objectives:

- Three deliveries of development projects, in particular the extension of Nice Lingostière and the restructuring of Calais Coquelles with the establishment of Primark on 6,000 sqm;

- Significant advances on flagship projects after the municipal elections;
- Continued selectivity on acquisitions to concentrate on financially very favourable opportunities;
- Acceleration of growth from Business Development.

In this context, Carmila's objective for **recurring earnings per share growth is between +2% and +4%** based on recurring earnings per share in 2019 of €1.61 per share, adjusted for the €2.0 million of financial income from securities recorded in the 2019 financial statements.

Main results and financial indicators

<i>(in thousands of euros)</i>	at 31/12/2019	at 31/12/2018	% change
Gross Rental income	359,457	340,250	5.6%
Charges rebilled to tenants	79,359	74,799	
Total Income from rental activity	438,816	415,049	
Real estate expenses	-21,214	-18,659	
Rental charges	-71,307	-71,076	
Property expenses (landlord)	-13,111	-11,656	
Net Rental Income	333,184	313,658	6.2%
Payroll expenses	-52,840	-50,574	
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	-3,493	-3,508	
Other operating income and expenses	1,343	-277	
Gain (losses) on disposals of investment properties and equity investments	-610	-1,796	
Change in fair value adjustment	-90,172	13,586	
Share in net income of equity-accounted investments	4,376	3,882	
Operating income	191,788	274,971	-30.3%
Financial income	559	384	
Financial expenses and allowances	-57,277	-54,011	
Cost of net indebtedness	-56,718	-53,627	
Other financial income (expenses)	-1,389	-4,931	
Net financial income/(expense)	-58,107	-58,558	-0.8%
Income before taxes	133,681	216,413	-38.2%
Income tax	-17,804	-52,804	
Consolidated net income	115,877	163,609	-29.2%
Consolidated net income (Group share)	115,686	163,557	-29.3%
EBITDA	282,563	264,347	6.9%
EPRA earnings	219,407	202,447	8.4%
Recurring Earnings	222,545	207,521	7.2%
Portfolio valuation	6,421,482	6,404,613	0.3%
EPRA NAV	3,799,450	3,876,129	-2.0%
<i>Per-share data (euros)</i>			
Recurring Earnings per share (average)	1.63	1.53	6.6%
Diluted EPRA NAV per share	27.79	28.39	-2.1%

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Next events and publications:

14 February 2020 (9:00 am Paris time): Investors and Analysts Meeting
14 May 2020 (9:30 am Paris time): Shareholders' Annual General Meeting
29 July 2020 (After market close): 2020 Half Year Results
30 July 2020 (14:30 Paris time): Investors and Analysts Meeting

About Carmila

Carmila was founded by Carrefour and large institutional investors in order to develop the value of shopping centres anchored by Carrefour stores in France, Spain and Italy. At 31 December 2019, its portfolio comprised 215 shopping centres in France, Spain and Italy, leaders in their catchment areas, and with a total value of €6.4 billion. Inspired by a genuine retail culture, Carmila's teams include all of the expertise dedicated to retail attractiveness: leasing, digital marketing, specialty leasing, shopping centre management and portfolio management.

Carmila is listed in compartment A of Euronext Paris under ticker CARM. It benefits from SIIC ("sociétés d'investissements immobiliers cotées") tax status (French REIT regime).

On 18 September 2017, Carmila joined the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices.

On 24 September 2018, Carmila joined the Euronext CAC Small, CAC Mid & Small and CAC All-tradable indices.

On 26 November 2019, Carmila joined the MSCI Global Small Caps Index.

**ANNUAL FINANCIAL
REPORT**

31 DECEMBER 2019



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1. ASSETS AND VALUATION

1.1. Competitive advantages

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

With more than €6.4 billion in assets and 215 shopping centres and retail parks located in France, Spain and Italy, Carmila is the number one listed company in shopping centres adjacent to large food retail brands in continental Europe and the third largest listed company in commercial property by market value of its assets at 31 December 2019.

Carmila has a broad portfolio of assets, with strong local leadership in their respective catchment areas. With the

quality and positioning of its shopping centres, reinforced by a renovation plan for its centres based on the "Air de Famille" concept, Carmila offers tenant retailers space located in modern shopping centres, designed to fulfil the requirements and expectations of consumers. The type of shopping centres held by Carmila is very diversified, thus enabling the main national and international brands to work in several formats, while providing local retailers with an attractive showcase environment.

1.1.2. Asset leadership at the heart of the Carmila strategy

Local asset leadership lies at the heart of Carmila's strategy: the vast majority of Carmila's shopping centres are leaders or co-leaders in their respective catchment areas. At 31 December 2019, Carmila had 157 leader or co-leader shopping centres, representing 88% of its portfolio.

Leader or co-leader status in a catchment area provides a competitive advantage in facilitating the marketing of retail space to brands seeking significant and sustainable footfall in a dynamic, high-quality commercial environment.

Renovation programme

Over the 2014-2018 period Carmila completed its renovation programme for a total investment of €350 million, of which €90 million was provided by Carmila and €260 million financed by the Carrefour group, generally the main co-owner of Carmila's sites. By 2019, almost all of the sites were renovated; those centres not renovated at this date, or recently acquired will be renovated shortly.

reinforce the leadership of its shopping centres by diversifying offerings to satisfy consumers seeking new products and innovative concepts.

Carmila undertook €6.2 million of renovation work on its asset base in 2019, in particular for the Rennes-Cesson, Bourg-en-Bresse and Guéret sites. All sites were delivered at the end of 2019.

Expansion pipeline for shopping centres

Since its creation in April 2014, Carmila has delivered 19 extensions for a surface area of 162,306 sq.m and an investment of €435 million. Rent creation generated by these extensions was €31.4 million and the average Carmila yield on cost was 7.2% (incorporating the purchase of the share owned by Carrefour).

Dynamic letting strategy

Carmila also improved the commercial power of its centres, with more than 4,800 leases signed over the 2014-2019 period (of which 874 in 2019) and a consolidated financial occupancy rate of 96.3% at 31 December 2019 against 86.1% at 16 April 2014. Carmila has endeavoured to attract strong retail brands and concepts to make its shopping centres more attractive. The opening of temporary "pop-up" stores and the development of speciality leasing is also helping to

For the 2020-2024 period, Carmila's expansion pipeline includes 19 projects representing a total forecasted investment of €1.3 billion at 31 December 2019.

Developed jointly with Carrefour Property, these expansion projects enable Carmila to make its shopping centres more attractive, by adapting to retailers' needs and to those of their customers. In particular, these extensions will facilitate the opening of medium-sized retailers in shopping centres, real traffic drivers complementing Carrefour hypermarkets, increasing footfall and enhancing the appeal of these centres.

Targeted acquisitions

Between 2014 and 2019, Carmila acquired 37 shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy and also acquired several units in shopping centres that it already owned, for a total of €2.2 billion,

almost all of which was carried out through off-market transactions. These acquisitions had an average net initial yield of 5.9%.

1.2. Key figures concerning the portfolio

1.2.1. Description of the portfolio

At 31 December 2019, Carmila had 215 shopping centres and retail parks adjacent to Carrefour hypermarkets located in France, Spain and Italy, valued at more than €6.4 billion including transfer taxes and work in progress, for a total leasable area of close to 1.57 million square meters.

In France, Carmila is the direct or indirect owner of a very large majority of its real estate assets (with the remaining properties held under long-term leases or ground leases),

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

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

1.2.2. Presentation of Carmila's most important assets

Out of 215 commercial real estate assets making up Carmila's portfolio, 15 assets represent 38% of the appraisal value (including transfer taxes) and 27% of the

gross leasable area at 31 December 2019. The following table shows information on these 15 properties:

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						
BAB 2 - Anglet	1967	2014	2017	124	27 016	52,4%
Bay 2	2003	2014	-	103	21 041	37,0%
Calais - Coquelles	1995	2014	2019	152	51 167	77,6%
Chambourcy	1973	2014	2015	70	21 343	44,0%
Evreux	1974	2014	2017	76	37 781	57,0%
Montesson	1970	2014	-	61	13 175	32,8%
Orléans Place d'Arc	1988	2014	2018	69	13 590	53,6%
Ormesson	1972	2015	2018	123	26 696	14,5%
Perpignan Clairia	1983	2014	2015	78	21 038	52,1%
Saran - Orléans	1971	2014	2017	90	38 846	64,2%
Thionville	1971	2016	-	162	28 348	62,9%
Toulouse Labège	1983	2014	-	129	22 219	44,9%
Vitrolles	1971	2018	-	85	24 275	55,2%
Total France				1 322	346 533	
Spain						
Fan Mallorca	2016	2016	2016	104	38 141	75,0%
Huelva	2013	2014	2013	93	34 036	82,4%
Total Spain				197	72 177	
Total				1 519	418 710	

For a detailed presentation of Carmila's portfolio of commercial assets, see "Detailed Presentation of the

Operating Asset Base of Carmila at 31 December 2019".

1.2.3. Classes of assets by type

At 31 December 2019, Carmila held 157 "leader" or "co-leader" shopping centres (as defined below) in their catchment areas (representing 74% of the total number of Carmila's shopping centres and 88% of its portfolio in terms of appraisal value, including transfer taxes).

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

commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

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

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	GAV ITT (€M) at 31/12/2019	% Market value	Number of sites
Leader	3 154,2	68%	54
Co-Leader	916,9	20%	31
Other*	544,2	12%	44
France	4 615,3	100%	129
Leader	828,8	57%	31
Co-Leader	470,4	32%	35
Other*	150,1	10%	12
Spain	1 449,3	100%	78
Leader	167,6	47%	3
Co-Leader	99,1	28%	3
Other*	90,2	25%	2
Italy	356,9	100%	8
Leader	4 150,6	65%	88
Co-Leader	1 486,4	23%	69
Other*	784,5	12%	58
Total	6 421,5	100%	215

* Local centres, isolated units

1.3. Asset valuation

1.3.1. Trends in the commercial real estate market and the competitive environment

Commercial real estate is defined as all properties owned by professionals who do not occupy them and who draw income from them on a regular basis. Such properties fall into several categories:

- business properties, which make up the majority of commercial real estate assets. Business properties can be divided into four large classes each covering different segments: (i) offices, (ii) retail (high street shops, shopping centres and retail parks), (iii) industrial and logistic premises for designing, producing and storing goods (warehouses, production premises etc.), and (iv) service properties, i.e. hotels, health and leisure establishments;
- other non-residential properties, such as car parks; and
- residential properties (other than publicly-owned housing entities), including multi-family residential properties.

The shopping centre segment has a dynamic and resilient profile with highly visible cash flows supported by a solid, indexed revenue base, low vacancy levels notably due to the lease right ownership in France (which encourages tenants wishing to terminate an on-going lease to look for their successors themselves) or the restrictive legislation on new developments (e.g. in France the authorisations required from the Departmental Commission on Commercial Development) and the risk sharing across a large number of sites and leases. It also offers the ability to create value by focusing on merchandising and shopping centre management, renewal and letting negotiations, and by engaging in programs to renovate, restructure, and extend sites to improve their competitiveness.

Retail property is sensitive to the macroeconomic climate (notably growth, inflation, level of employment and household expenditure, which impacts prices, the number of transactions, the vacancy and default rates and rent changes, etc.) and to arbitrations with other classes of financial assets.

The shopping centre market in France

2019 ended with investment in the retail sector amounting to €4.7 billion, up by 2.2% compared to 2018. 2019 was marked by the stability of the rental values and the maintaining of investment at a low level according to

CBRE, which notes that, similarly to 2018, a reduced number of large-scale transactions took up a substantial proportion of the year's investments.

The shopping centre market in Spain

Capital invested in Spain in the commercial real estate sector amounted to nearly €2.1 billion in 2019, significantly below 2018, due in particular to a lack of opportunities to purchase *prime* assets on the Spanish market. It should be noted that the month of December alone accounts for nearly a quarter of the invested amount (€ 475 million), due to the sale of the Puerto Venecia centre by Intu to Generali – Union. The slowdown in the pace of transactions is also attributable to changes in purchasing habits leading to uncertainty with regard to future gross rental income according to Cushman & Wakefield. However, investors in shopping centres

Carmila's competitive environment and positioning

Carmila assesses its competition on a shopping centre by shopping centre basis, in a given catchment area, depending on the site's attractiveness to consumers and retailers and if necessary, taking other retail formats, such as town centre shopping areas in the same catchment area into account. A site's attractiveness may also be measured compared to national or international networks, for large retail brands.

These competing properties are held by a number of different companies, including:

- institutional investors (insurance companies, pension funds, other asset managers, such as Allianz, APG, NBIM);
- real estate companies, most of which are REITs (Real Estate Investment Trusts, for example listed real estate companies specialising in retail, such as Unibail-Rodamco-Westfield, Klépierre, Alteaarea Cogedim, Mercialis and Eurocommercial Properties, or unlisted companies, such as Ceetrus, as well as real

1.3.2. Appraisals and methodology

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

The fair values used are determined on the basis of the conclusions of independent experts. Carmila uses appraisers to value the whole of its asset portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The expert valuations comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information

remain attracted to quality assets, that still exist on the market, which may lead to increased footfall and rental income.

The shopping centre market in Italy

According to CBRE, the retail sector represented almost 16% (vs. 25% in 2018) of total investment in the property sector in Italy in 2019 for a value of €2.0 billion. The amounts invested in shopping centres declined compared with 2018 due to a lack of *prime* assets available on the market.

estate companies with more diversified portfolios, such as Merlin Properties);

- funds dedicated to professional investors or retail funds focusing on individual investors (for example Amundi, AXA Real Estate, CBRE Global Investors, etc.);
- private equity funds (such as Blackstone and KKR); and
- family funds (funds managed by family offices or family real estate companies).

Competition among the participants in the shopping centre market impacts acquisitions of existing shopping centres and the development and creation of new shopping centres. Carmila benefits from access to a wide range of development and acquisition opportunities because of its special relationship with the Carrefour group.

required for valuation of the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (revenues).

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

For buildings under construction, the valuation takes into account work in progress as well as the increase in fair value compared to the total cost price of the project (IPUC). Investment properties are subject to an appraisal while under construction to determine their fair value on the opening date. Carmila considers that a development project may be valued reliably if the following three conditions

are simultaneously fulfilled (i) all of the administrative authorisations necessary to complete the extension have been obtained, (ii) the construction contract has been signed and the works have begun and, (iii) uncertainty concerning the amount of future rent has been eliminated.

The appraisers appointed by Carmila are as follows:

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

Comments on the scope

- 28% of the sites in France and 21% of the sites in Spain (in numbers) were rotated

between the appraisers Cushman & Wakefield and Catella in 2019

- assets acquired in 2018 and extensions delivered in 2018 were included in the portfolio at their appraised values
- in the second half of 2019, Carmila delivered the Rennes Cesson extension; this extension is recognised at 31 December 2019 at its appraised value
- Carmila did not acquire any new shopping centre during 2019
- for ongoing extensions (Nice Lingostière) works in progress were recognised in the financial statements as investment properties carried at cost; the value creation above the cost price (IPUC) was recognised.

1.3.3. Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,421.5 million, including transfer taxes, at 31 December 2019 and breaks down as follows :

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	31/12/19		
	Country	millions of euros	%
France	4 615,3	71,9%	129
Spain	1 449,3	22,6%	78
Italy	356,9	5,6%	8
Total	6 421,5	100%	215

Apart from the fair values determined by the experts for each shopping centre, this assessment takes into account assets under construction which amounted to €68.8 million at 31 December 2019 and the share of the Nice Lingostière extension operation margin of €11.7 million.

Also, this valuation includes Carmila's share in the investment properties valued at fair value held in the subsidiaries consolidated by the equity method (As Cancelas shopping centre, at Santiago de Compostela in Spain, taken into account at 50%) which represents €68.2 million.

1.3.4. Evolution of asset valuation

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	31/12/19								30/06/19		31/12/18	
	GAV ITT (€M)	%	in number of assets	Change vs. 30/06/19		Change vs. 31/12/2018		GAV ITT (€M)	%	GAV ITT (€M)	%	
				at current scope	like for like	at current scope	like for like					
<i>(in millions of euros)</i>												
France	4 615,3	71,9%	129	1,2%	0,6%	0,3%	-1,3%	4 561,1	71,5%	4 600,3	71,8%	
Spain	1 449,3	22,6%	78	-0,9%	-0,9%	0,0%	0,0%	1 462,0	22,9%	1 449,8	22,6%	
Italy	356,9	5,6%	8	0,7%	0,7%	0,7%	0,7%	354,3	5,6%	354,5	5,5%	
Total	6 421,5	100%	215	0,7%	0,3%	0,3%	-0,9%	6 377,4	100%	6 404,6	100,0%	

During 2019, the total value of Carmila's assets increased by €16.9 million; this variation breaks down as follows:

- the value of the assets, on a like-for-like basis, decreased by 0,9%, i.e. -€56,8 million. The variation on a like-for-like basis includes shopping centres on a comparable basis, excluding extensions over the period; the impact of the increase in capitalisation rates on valuation (-2.2%) is partially offset by the increase in rents over the period (+1.3%).
- Other changes are due to the extensions. Projects under construction (Nice), are valued by their works in progress as well as their share of the margin (IPUC). Projects delivered (Rennes) are recognised in the gross asset value at their appraisal value at 31 December 2019. The valuation of the works in progress and IPUC as well as the project delivered in 2019 (Rennes) is €99.2 million, i.e. a change of +€73.7 million due to extensions in 2019.
- No shopping centre was acquired during 2019.

The annual 2019 variation on a like-for-like basis is broken down by country as follows:

- In France, the variation in value on a like-for-like basis is -1.3% which corresponds to -€59.0 million: the impact of the decompression of the capitalisation rates of -2.3% is partially offset by the +1.0% revaluation of rents.
- In Spain, the valuation on a like-for-like basis is stable, the impact of the

decompression of the capitalisation rates (-2.2%) is entirely offset by the increase in rents (+2.2%)

- In Italy, the value of the assets, on a like-for-like basis, increased by +0.7%, i.e. +€2.4 million. The impact of the change in capitalisation rates is low (-0.3%) and the increase in rents is +1.0%.

1.3.5. Changes in capitalisation rates

	NIY			NPY		
	31/12/2019	30/06/2019	31/12/2018	31/12/2019	30/06/2019	31/12/2018
France	5,36%	5,36%	5,22%	5,68%	5,70%	5,54%
Spain	6,41%	6,28%	6,23%	6,54%	6,47%	6,40%
Italy	6,18%	6,16%	6,16%	6,18%	6,16%	6,16%
Total	5,64%	5,62%	5,50%	5,90%	5,91%	5,77%

In 2019, the NPY (Net Potential Yield) is up slightly over the total portfolio: +13 bps; this decompression is more significant in France (+14 bps) and in Spain (+14 bps) while Italy remains stable (+2 bps). The increase was greater in France in the first half of the year while the second half remained stable. In Spain, the annual rise in NPY was spread over the two half years.

In France, the change in the NPY is 14 bps between 31 December 2019 and 31 December 2018. This increase is the result of two main factors: the impact of market decompression on capitalisation rates (+24 bps) is offset by the asset management actions (restructuring and delivery of extensions -9 bps). The impact of the market decompression of

capitalisation rates on Carmila's portfolio remains contained, appraisers having emphasised its considerable resilience compared to the market, owing to the full and recent renovation of the portfolio, tenants' occupancy cost ratios, and realistic letting values for vacant premises.

In Spain, the change in the NPY is 14 bps between 31 December 2019 and 31 December 2018. This change is due to a slight market decompression of capitalisation rates.

In Italy, the rates were stable over 2019.

The change in the NIY in the three countries is comparable to the change in the NPY.

1.3.6. Breakdown of the appraisal values by CNCC typology

In accordance with the CNCC typology, the 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 2019, regional shopping centres and large shopping centres accounted for 81% of the market value of Carmila's portfolio.

Expertise 31/12/2019					
	GAV ITT (€M)	% of value	Average net rent €/m ²	Average vacant ERV	NIY
Regional Shopping Centres	1 659,4	36,0%	310	233	5,1%
Large Shopping Centres	2 123,0	46,0%	267	267	5,2%
Local Shopping Centres	833,0	18,0%	196	123	5,7%
France	4 615,3		261	184	5,4%
Regional Shopping Centres	360,3	24,9%	206	123	5,6%
Large Shopping Centres	750,6	51,8%	198	177	6,6%
Local Shopping Centres	338,3	23,3%	289	250	7,0%
Spain	1 449,3		217	196	6,4%
Regional Shopping Centres	16,8	4,7%	238		6,1%
Large Shopping Centres	318,5	89,2%	247	n.d.	6,2%
Local Shopping Centres	21,6	6,1%	269		6,5%
Italy	356,9		248	n.d.	6,2%
Regional Shopping Centres	2 036,5	31,7%	282	230	5,2%
Large Shopping Centres	3 192,1	49,7%	242	217	5,7%
Local Shopping Centres	1 192,9	18,6%	220	145	6,1%
Grand Total	6 421,5		247	186	5,6%

1.3.7. Reconciliation of the valuation of the assets with the value of the investment properties on the balance sheet

<i>(in millions of euros)</i>	31/12/2019	31/12/2018
GAV ITT of portfolio	6 421,5	6 404,6
Works in progress	-68,8	-62,6
Valuation of the share of equity-accounted investments	-68,2	-69,2
Transfer taxes and registrations (excluding equity-accounted investments)	-317,4	-319,2
Market value excluding transfer taxes (including IPUC) (A)	5 967,1	5 953,7
IPUC	-11,7	0,0
Market value excluding transfer taxes (excluding IPUC)	5 955,4	5 953,7
Fair value of BAC (IFRS 16) (B)	34,5	0,0
Investment property carried at appraised value (balance sheet, including IPUC) (A+B)	6 001,6	5 953,7

1.4. Overview of valuation reports prepared by the independent external appraisers of Carmila

1.4.1. General context of the valuation

Context and instructions

In accordance with Carmila's instructions ("the Company") as detailed in the signed valuation contracts between Carmila and the Appraisers, we have valued the assets held by the Company, taking account of their ownership (freehold, ground lease, etc). This Summary

Report has been prepared for inclusion in the Company's annual report.

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.

Reference Documents and General Principles

We confirm that our valuations were undertaken in accordance with the appropriate sections of the June 2017 Edition (effective from 1st July 2017) of the RICS Valuation – Global Standards 2017 (the “Red Book”). This is a valuation basis accepted on an international level. Our valuations are compliant with the IFRS accounting standards and the IVSC standards. The valuations have also been prepared on the basis of the AMF recommendations on the presentation of valuations of

Basis of Valuation

Our valuations correspond to the Market Value and are reported to the Company as both gross values (market

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

Our valuations were undertaken at 31 December 2019.

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 valuation of real estate owned by listed companies, published in February 2000.

We confirm that we have prepared our valuations as independent external appraisers, as defined by the Red Book standards published by RICS

value before deduction of transfer costs) and net values (market value after deduction of transfer costs).

1.4.2. Valuation considerations and assumptions

Information

The Company’s management was asked to confirm that the information provided relating to the assets and tenants is complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by our contacts within the Company that could impact value has been made available to us and that this information is up to date in all significant aspects. This includes running costs, works undertaken, financial elements, including 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 nor an environmental analysis. We have not investigated past events in order to determine if the ground or buildings have been contaminated. Unless provided with information to the contrary we have worked on the assumption that the assets are not and should not be affected by ground pollution and that the state of the land will not affect their current or future usage.

Town planning

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

Titles 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 which 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.

1.4.3. Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company Carmila. We accept no liability to third parties. Neither the whole reports, nor any extracts may be published in a document,

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.

declaration, memorandum or statement without our 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 S.A.

1.5. Extension pipeline at 31 December 2019

1.5.1. Developments

In each of its markets, Carmila continues to implement its extension programme for high-potential shopping centres, and is also performing restructuring operations to optimise its centres, increase their yield and enhance their leadership.

Pursuant to the Renovation and Development Agreement, extension projects are developed jointly by Carmila and Carrefour. Initially, extension projects are researched and defined jointly by a partnership committee. Once the pre-rentals of the extension project are deemed satisfactory (approximately 60%), a final project package is

submitted to the relevant decision-making bodies of Carmila and Carrefour for approval and the start of work. In order to ensure that the interests of both parties are met, the Renovation and Development Agreement provides that the financing costs and the development margin achieved for each development project will be divided equally (50% each) between Carmila and Carrefour.

Once opened to the public, put and call options enable Carmila to purchase the entire extension jointly developed with Carrefour.

1.5.2. Development pipeline

The 2020-2024 expansion pipeline at 31 December 2019 encompassed 19 projects representing an estimated investment of €1.3 billion and an average yield on cost of 7.2%.¹

Nine flagship projects represent 90% of the pipeline by value and are based on solid fundamentals:

Nice Lingostière: this shopping centre is adjacent to the third largest Carrefour hypermarket in France, and benefits from an excellent location at the entrance to the Vallée du Var.

Montesson: this shopping arcade is adjacent to the second largest Carrefour hypermarket in France and is located in a very dense catchment area with low competition. The project, for which there is a review clause, will be presented in CNAC during the first half of 2020.

Barcelona – Tarrassa: one of the structuring hypermarkets in the greater Barcelona urban area has strong potential for becoming a regional centre.

Marseille Vitrolles: this centre, acquired by Carmila in 2018, is adjacent to a structuring hypermarket of the greater Marseille area and is a strong competitor for the Plan de Campagne shopping centre, which is in the saturation phase.

Aix-en-Provence: Aix-la-Pioline shopping centre is adjacent to a powerful hypermarket and has loyal customers in its catchment area.

Thionville: the arcade adjacent to the sole Carrefour hypermarket in Lorraine is located in a highly competitive area close to Luxembourg. The project, comprising a restructuring phase and a promotional

phase, will enable the shopping centre to reinforce its regional leadership.

In particular, three out of the nine flagship projects lie within an urban context and have a strong potential for mixed use:

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

Toulouse Labège: this site will benefit from the completion of the Toulouse metro in 2025 and the presence of a co-leader hypermarket to the south of greater Toulouse.

Vénissieux: the fifth largest Carrefour hypermarket in France is a solid leader south of Lyon. The urban front site is an opportunity to develop a mixed office project. The project, with which Jean-Paul Viguié is associated, will also benefit from the openings of Ikea and Leroy-Merlin, which will contribute to an increase of 5 million visits in annual footfall to the area.

During 2019, one project was put on hold: Tourville-la-Rivière in France; and five projects were under review: Chambéry Bassens, Châteauneuf-les-Martigues, Draguignan, and Laon in France, León in Spain.

The following table presents the key information on Carmila's expansion projects for the 2020-2024 period.

¹ Investment and yield on cost includes Carmila's share of investment for the 50% of the project for which it is the

developer and the purchase price of the 50% owned by Carrefour group.

Expansion project	Country	Planned area (sq.m)	Planned opening date (sq.m.)	Estimated cost ⁽¹⁾ (M€)	Full year additional rental value (€M) ⁽²⁾	Yield ⁽³⁾	Yield (Carmila share) ⁽⁴⁾
2020 Projects							
Nice Lingostière	France	12 791	2020				
Toulouse Purpan	France	1 200	2020				
Coquelles (restructuring)	France	6 000	2020				
Laval	France	5 600	2021				
Total Projects 2020		25 591		118,4	8,0	8,1%	6,8%
Flagship projects							
Vitrolles	France	16 352	2022				
Tarrassa	Spain	40 000	2022				
Montesson	France	31 217	2023				
Aix-en-Provence	France	5 978	2023				
Thionville	France	4 161	2023				
Antibes	France	35 968	2024				
Toulouse Labège	France	25 231	2024				
Venissieux	France	42 965	2024				
Total flagship projects		201 872		1 086,8	64,6	7,1%	5,9%
Other current projects							
Puget-sur-Argens (restructuring)	France	1 513	2021				
Roanne Mably	France	2 788	2021				
Burgos	Spain	5 000	2021				
Francheville (stripmall)	France	3 430	2022				
Thiene	Italy	9 600	2022				
Nantes Beaujoire	France	6 200	2023				
Orléans Place d'Arc	France	10 528	2023				
Total other current projects		39 059		104,4	7,4	7,6%	7,1%
Total projects controlled ⁽⁵⁾		266 522		1 309,7	80,0	7,2%	6,1%
Projects being studied (12 projects)							
Total projects being studied		22 601					

- (1) Total investment represents Carmila's projected share (50% of the investment) plus Carrefour's share (50% of the investment and 50% of the margin) to be acquired upon delivery
- (2) Includes projects for the promotion of extensions excluding restructuring
- (3) Expected net annualised rents divided by the total estimated investment amount (excluding restructuring)
- (4) Expected net annualised rents, divided by the total amount of the investment, including transfer taxes and Carrefour's share that is acquired upon delivery (excluding restructuring)
- (5) Controlled projects: post-2019 projects for which studies are at a very advanced stage and Carmila controls the land or the building rights, but for which administrative authorisations have not necessarily all been obtained

1.5.3. 2019 Projects

- Bourg-en-Bresse (01) – Restructuring project of a shopping centre close to the city centre

At the end of 2019, Carmila delivered the Bourg-en-Bresse restructured centre. The new arcade particularly includes a Go Sport store, and Joué Club, thereby revitalising this centre which has a loyal and recurring customer base.

- Rennes Cesson (35) – Extension project for a shopping centre benefiting from a strategic location at the entrance to the city

In November 2019, Carmila inaugurated the extension to the Rennes Cesson shopping centre. The centre is located in the main technology park in the Rennes urban area. The extension enabled the size of the arcade to be doubled, now 12,823 sq.m., housing 70 stores. The extension was delivered entirely let with a differentiating and enriched customer experience in the catchment area. The customer experience was built around several themes including differentiation from local competitors (thanks to retail brands such as Holly's Dinner, Avril, Nicole or Made in Dé), the

(re)discovery of regional or local concepts (Bessec, Iona Bis or Macadam Basket), around dynamic

1.5.4. 2020 Projects

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

Following a full renovation of the hypermarket, Carmila will extend its offer within the Toulouse Purpan Carrefour shopping centre in the first half of 2020. Located in an urban environment, the shopping complex will accommodate five new brands (catering, leisure and sport) in the form of a retail park covering 3,100 sq.m.

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

In the summer of 2020, Carmila plans to complete the restructuring of the shopping mall in the Carrefour Cité Europe shopping centre, located at Coquelles in the urban district of Calais. In particular, the restructuring will include a Primark store, with a sales area of more than 4,000 sq.m on two levels, a direct connection with the cinema and simplification of the customer circuit, thus completing the transformation and relaunch of the retail momentum of this leading site.

1.5.5. Administrative authorisations

Building permits

A building permit is required in order to construct new buildings or to renovate existing buildings where the renovations change the intended use of the buildings and modify the supporting structure or the facade, or create additional floor area or footprint of more than twenty square meters.

Four building permits were granted for projects in the pipeline:

- Nice Lingostière
- Toulouse Purpan
- Calais Coquelles
- Marseille Vitrolles

Authorisations to operate retail facilities

An authorisation to operate a retail facility is required for the creation of a store or retail complex with retail space of more than 1,000 sq.m. or for an

customer-focused retail brands (H&M, Mango and Maisons du Monde).

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

In the second half of 2020, Carmila plans to open the extension of the Carrefour shopping centre located at Nice Lingostière. The centre is located in a well-known leisure complex offering an appealing range of food outlets, clothing stores and numerous services. The extension will increase the centre's GLA from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

Laval (53) – Extension project for the shopping centre located at the entrance to the city centre

In the 2nd half of 2020, Carmila will start work on the extension project for the Laval shopping centre located very close to the city centre. The extension will increase the centre's GLA by 5,602 m² and will include 26 new stores, with a renewed and varied offering: leisure goods, clothing and restaurants, in particular a Burger King.

extension of a store or of a retail complex that contains or will contain more than 1,000 sq.m. of retail space. This regulation primarily applies to food stores, retailers, and artisanal services.

Projects requiring construction permits are eligible for a “one-stop shopping” procedure in which the project leader files a single application for both the construction permit and for the authorisation to operate a retail facility.

To date six CDAC/CNAC have been obtained for projects in the pipeline:

- Nice Lingostière – CNAC
- Toulouse Purpan – CDAC
- Calais Coquelles – CDAC
- Laval – CDAC
- Marseille Vitrolles – CDAC
- Montesson – CDAC

1.6. Detailed presentation of the operating asset base of Carmila at 31 December 2019

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	8 327	31,3%
Amiens	1973	2014	2014	18	4 432	25,2%
Angers - Saint Serge	1969	2014	2015	27	5 206	24,5%
Angoulins	1973	2014	2015	34	4 804	22,6%
Annecy Brogny	1968	2014	2015	23	4 444	24,6%
Antibes	1973	2014	2014	35	4 830	22,6%
Athis Mons	1971	2014	2014	46	10 117	44,9%
Auch	1976	2014	2014	13	928	16,3%
Auchy les Mines	1993	2014	2015	27	2 761	26,1%
Auterive	2011	2014	-	19	6 674	36,8%
Bab 2 - Anglet	1967	2014	2017	124	27 016	52,4%
Barentin	1973	2016	-	14	7 403	14,5%
Bassens (Chambéry)	1969	2014	2014	19	2 719	17,1%
Bay 1	2004	2014	-	26	8 767	32,9%
Bay 2	2003	2014	-	103	21 041	37,0%
Bayeux Besneville	1974	2014	2014	9	585	11,0%
Beaucaire	1989	2014	2015	33	6 839	21,4%
Beaurains 2	2011	2014	-	10	4 364	39,8%
Beauvais	1969	2014	2016	15	3 299	21,1%
Berck sur Mer	1995	2014	2014	34	11 220	60,3%
Besançon - Chalezeule	1976	2014	2018	30	16 836	52,0%
Bourg-en-Bresse	1977	2014	2019	19	5 845	19,2%
Bourges	1969	2014	2016	49	7 218	31,7%
Brest Hyper	1969	2014	2014	45	18 268	41,0%
Calais - Beau Marais	1973	2014	2015	21	5 123	28,3%
Calais - Coquelles	1995	2014	2019	152	51 167	77,6%
Chambourcy	1973	2014	2015	70	21 343	44,0%
Champs Sur Marne	1967	2014	2014	19	1 770	15,5%
Charleville-Mézières	1985	2014	2014	26	2 481	17,5%
Château Thierry	1972	2014	2015	9	652	8,8%
Châteauneuf-les-Martigues	1973	2014	2016	21	12 745	12,5%
Châteauroux	1969	2014	2014	24	6 977	22,4%
Cholet	1970	2014	2014	32	5 362	16,9%
Condé Sur L'Escaut	1987	2014	2015	6	529	9,6%
Conde Sur Sarthe	1972	2014	2014	33	9 282	71,8%
Crèches sur Saone	1981	2014	2015	57	19 008	48,7%
Denain	1979	2014	2016	8	636	6,0%
Dinan Quevert	1970	2016	-	19	3 199	-
Douai Flers	1983	2014	2015	47	7 263	20,7%
Draguignan	1992	2014	2017	26	5 761	39,1%
Échirolles (Grenoble)	1969	2014	2014	32	4 765	20,6%
Epernay	1970	2014	2016	10	1 057	9,0%
Epinal	1983	2014	2016	23	19 122	100,0%
Epinay-sur-Orge	1992	2015	-	1	54	-
Etampes	1983	2014	2015	3	878	7,7%
Evreux	1974	2014	2017	76	37 781	57,0%
Feurs	1981	2014	2019	6	1 025	12,1%
Flers Saint-Georges-des-Groseillers	1998	2016	-	14	1 892	30,8%
Flins Sur Seine	1973	2014	2014	17	4 663	21,3%
Fourmies	1985	2014	2016	14	1 869	16,1%
Francheville	1989	2014	2015	23	2 433	33,0%

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 (%)
Gennevilliers	1976	2014	2015	17	2 422	14,1%
Goussainville	1989	2014	2015	28	3 175	38,1%
Gruchet	1974	2014	2015	29	11 844	38,7%
Gueret	1987	2014	2019	14	3 410	17,0%
Hazebrouck	1983	2014	2014	15	1 307	17,3%
Herouville St Clair	1976	2014	2016	48	14 405	47,0%
La Chapelle St Luc	2012	2014	2015	45	21 824	58,0%
La Ciotat	1998	2014	2015	16	619	5,3%
La Roche Sur Yon	1973	2014	2015	13	1 298	16,4%
Laon	1990	2014	2015	37	8 043	91,1%
Laval	1986	2014	-	37	7 205	42,0%
Le Mans	1968	2014	2014	21	1 919	11,9%
L'Hay Les Roses	1981	2014	2016	14	568	2,6%
Libourne	1973	2014	2014	19	4 150	18,0%
Liévin	1973	2014	2014	23	3 027	7,0%
Limay	1998	2014	-	9	329	4,8%
Lorient	1981	2014	2014	31	12 424	31,5%
Mably	1972	2014	2017	29	13 293	34,8%
Meylan (Grenoble)	1972	2014	2014	14	1 685	9,2%
Mondeville	1970	2014	-	3	2 401	2,6%
Mondeville HE	2013	2014	-	28	29 834	50,0%
Mont Saint Aignan	1987	2015	-	33	3 049	13,8%
Montélimar	1985	2014	2016	8	7 689	34,0%
Montereau	1970	2014	2015	11	867	10,4%
Montesson	1970	2014	-	61	13 175	32,8%
Montluçon	1988	2015	2016	32	3 478	23,0%
Nantes Beaujoire	1972	2014	2015	34	4 648	22,0%
Nantes St Herblain	1968	2014	2015	13	1 467	12,1%
Nanteuil-Les-Meaux (GM)	2014	2015	-	8	811	100,0%
Nanteuil-Les-Meaux (PAC)	2014	2014	-	5	4 927	100,0%
Nevers-Marzy	1969	2014	2016	56	20 078	49,7%
Nice Lingostière	1978	2014	2014	48	6 493	25,4%
Nîmes Sud	1969	2014	2015	21	2 969	14,4%
Orange	1988	2014	2014	36	5 215	29,3%
Orléans Place d'Arc	1988	2014	2018	69	13 590	53,6%
Ormesson	1972	2015	2018	123	26 696	14,5%
Paimpol	1964	2014	2016	14	2 656	20,8%
Pau Lescar	1973	2014	2017	76	11 977	31,0%
Perpignan Claira	1983	2014	2015	78	21 038	52,1%
Port De Bouc	1973	2014	2015	26	6 037	30,6%
Pré-Saint-Gervais	1979	2016	-	19	1 619	-
Puget-sur-Argens	1991	2015	2017	51	4 638	28,4%
Quetigny	2014	2014	-	5	7 365	100,0%
Quimper - Le Kerdrezec	1978	2014	2016	40	8 520	26,1%
Rambouillet	2017	2017	-	4	4 848	-
Reims - Cernay	1981	2014	2016	21	3 393	26,8%
Rennes Cesson	1981	2014	2014	70	12 912	31,0%
Rethel	1994	2016	2017	16	3 381	35,7%
Saint-Jean-de-Luz	1982	2014	2017	15	2 598	33,9%
Saint-Lô	1973	2016	2016	11	1 085	18,5%
Saint-Martin-au-Laërt	1991	2014	2016	9	858	15,6%
Salaise sur Sanne	1991	2014	2014	45	7 197	40,6%
Sallanches	1973	2014	2016	12	1 915	17,0%
Sannois	1992	2015	2015	36	3 810	27,4%
Saran - Orléans	1971	2014	2017	90	38 846	64,2%
Sartrouville	1977	2014	2014	37	5 597	26,6%
Segny	1980	2014	2017	17	3 258	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	7	595	5,8%
St André Les Vergers	1975	2014	2016	7	1 096	5,2%
St Brieuc - Langueux	1969	2014	2017	46	13 924	37,1%
St Egrève	1986	2014	2014	35	9 389	13,3%
St Jean de Védas	1986	2014	2014	32	3 105	18,6%
Stains	1972	2014	-	26	2 970	16,7%
Tarnos	1989	2014	2014	27	4 108	29,0%
Thionville	1971	2016	-	162	28 348	62,9%
Tinqueux	1969	2014	2015	31	5 917	22,6%
Toulouse Labège	1983	2014	-	129	22 219	44,9%
Toulouse Purpan	1970	2014	2015	45	16 074	36,4%
Tournefeuille	1995	2014	-	20	5 685	39,5%
Trans-en-Provence	1976	2014	2016	28	3 923	31,6%
Uzès	1989	2014	2015	19	1 287	15,3%
Vannes - Le Fourchêne	1969	2014	2014	68	8 924	41,2%
Vaulx en Velin	1988	2014	2016	45	6 603	34,3%
Venette	1974	2014	2015	40	6 830	24,8%
Venissieux	1966	2014	2016	25	4 441	12,0%
Villejuif	1988	2014	2015	34	4 149	4,2%
Vitrolles	1971	2018	-	85	24 275	55,2%
Spain						
Albacete - Los Llanos	1989	2014	-	36	7 479	23,3%
Alcala de Henares	2007	2014	2016	21	1 667	17,3%
Alcobendas	1981	2014	2016	46	3 515	23,7%
Alfafar	1976	2014	2015	32	7 175	29,7%
Aljarafe	1998	2018	-	41	11 961	35,8%
Almería	1987	2014	2014	21	1 024	10,0%
Alzira	1991	2014	2017	18	7 712	18,3%
Antequera	2004	2018	2017	58	11 804	65,3%
Azabache	1977	2014	2016	32	5 839	22,4%
Cabrera de Mar	1979	2014	2014	28	14 240	17,9%
Caceres	1998	2014	2015	15	1 514	11,7%
Cartagena	1998	2014	2016	14	1 097	14,5%
Castellón	1985	2014	2015	22	2 664	8,6%
Ciudad de la Imagen	1995	2014	2016	23	2 039	14,2%
Córdoba - Zahira	1977	2014	-	16	996	7,4%
Dos Hermanas (Sevilla)	1993	2014	2017	17	1 411	13,4%
El Alisal	2004	2014	2016	40	15 161	43,9%
El Mirador	1997	2016	-	43	9 845	50,4%
El Paseo	1977	2018	-	57	10 454	18,5%
El Pinar	1981	2014	2014	35	4 360	14,0%
Elche	1983	2014	2015	17	10 086	-
Fan Mallorca	2016	2016	2016	104	38 141	75,0%
Finestrat - Benidorm	1989	2014	2016	23	2 227	16,3%
Gandía	1994	2014	2015	19	2 040	13,3%
Gran Vía de Hortaleza	1992	2018	-	69	6 267	27,2%
Granada	1999	2014	2015	26	2 673	15,7%
Huelva	2013	2014	2013	93	34 036	82,4%
Jerez de la Frontera - Norte	1997	2014	2017	46	6 899	37,5%
Jerez de la Frontera, Cádiz - Sur	1989	2014	2016	39	3 994	18,9%
La Granadilla	1990	2014	2014	16	1 029	7,0%
La Línea de la Concepción, Cádiz - Gran Sur	1997	2014	2016	47	8 892	36,5%
La Sierra	1994	2018	-	78	17 611	18,9%
Leon	1990	2014	2016	17	2 486	18,6%
Lérida	1986	2014	2014	12	512	8,8%
Los Angeles	1992	2014	2016	42	6 772	34,4%

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	28	2 353	16,4%
Lucena	2002	2014	2016	13	1 394	11,4%
Lugo	1993	2014	2017	17	2 201	11,1%
Málaga - Alameda II	1987	2014	2016	31	8 839	37,6%
Málaga - Los Patios	1975	2014	2018	39	6 770	21,4%
Manresa	1991	2018	-	30	2 331	13,1%
Merida	1992	2014	2017	20	2 601	10,4%
Montigala	1991	2016	2018	58	10 668	43,7%
Mostoles	1992	2014	2016	24	3 291	20,1%
Murcia - Atalayas	1993	2016	-	43	11 275	45,2%
Murcia - Zairaiche	1985	2014	2014	23	2 566	14,1%
Oiartzun	1979	2014	2014	14	729	5,5%
Orense	1995	2014	2016	18	4 131	82,9%
Palma	1977	2014	2014	22	579	5,9%
Paterna	1979	2014	2016	18	1 679	9,2%
Peñacastillo	1992	2014	2014	53	10 259	42,0%
Petrer	1991	2014	2016	28	4 056	23,4%
Plasencia	1998	2014	-	13	1 299	11,9%
Pontevedra	1995	2014	2014	16	1 681	13,0%
Reus	1991	2014	2014	27	2 933	21,2%
Rivas	1997	2014	2016	25	2 159	21,5%
Sagunto	1989	2014	-	10	968	11,9%
Salamanca	1989	2014	2016	14	795	7,6%
San Juan	1977	2018	-	29	7 084	24,5%
San Juan de Aznalfarache, Sevilla	1985	2014	2015	34	4 999	21,5%
San Sebastián de los Reyes	2004	2014	2016	21	2 336	12,7%
Sestao	1994	2014	2016	19	1 317	48,8%
Sevilla - Macarena	1993	2014	2016	23	1 882	14,6%
Sevilla - Montequinto	1999	2014	2016	14	9 995	7,7%
Sevilla - San Pablo	1979	2014	2014	29	3 258	15,8%
Talavera - Los Alfares	2005	2014	2016	53	20 506	76,7%
Tarragona	1975	2014	2017	18	3 420	11,4%
Tarrasa	1978	2018	-	37	7 502	31,6%
Torrelavega	1996	2014	2016	17	2 144	9,7%
Torre vieja	1994	2014	2014	16	1 700	11,5%
Valencia - Campanar	1988	2014	2016	29	3 099	16,7%
Valladolid	1981	2014	2017	33	3 272	17,5%
Valladolid II	1995	2014	2017	19	3 551	21,5%
Valverde Badajoz	1996	2014	2015	28	2 688	-
Villanueva	1995	2014	2016	10	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	115	50 264	-
Italy						
Massa	1995	2014	2016	44	8 231	45,9%
Burolo	1996	2014	2016	10	946	10,9%
Vercelli	1987	2014	2016	20	3 098	24,1%
Paderno Dugnano	1974	2014	2019	73	15 508	47,6%
Gran Giussano	1997	2014	2017	48	9 338	47,4%
Thiene	1992	2014	2015	40	6 016	44,7%
Turin	1989	2014	2014	12	1 193	12,7%
Limbiate	2006	2015	-	1	1 923	4,4%
Assago	1988	2015	-	1	2 380	5,0%
Nichelino	1995	2014	2017	66	41 694	27,0%

2. ACTIVITY DURING THE YEAR

2.1. Selected financial information

Financial information from the income statement

<i>(in millions of euros)</i>	31/12/2019	31/12/2018
Gross Rental income	359,5	340,3
Net Rental Income	333,2	313,7
EBITDA (excluding fair value adjustments) ¹	282,6	264,3
Change in fair value adjustments on investment properties	- 90,2	13,6
Operating income	191,8	275,0
Net financial income/(expense)	- 58,1	- 58,6
Consolidated net income – Group share	108,2	163,6
Earnings per share ³	0,79	1,20
EPRA earnings ²	218,5	202,5
EPRA earnings ³	1,60	1,49
Recurring earnings ⁴	222,5	207,5
Recurring earnings per share ³	1,63	1,53

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

2 For a definition of “EPRA earnings”, see the Section “EPRA performance indicators”.

3 Number of average shares: 136,408,412 at 31 December 2019 and 135,860,096 at 31 December 2018.

4 Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See the Section “EPRA Performance indicators”.

Selected financial information from the balance sheet

<i>(in millions of euros)</i>	31/12/2019	31/12/2018
Investment properties (carried at fair-value excluding cash and cash equivalent investments)	6 001,6	5 953,7
Cash and cash equivalent investments	174,2	207,1
Financial debt (current and non-current)	2 416,0	2 389,9
Shareholders' equity – Group share	3 540,4	3 646,9

Financial information related to key indicators and ratios

<i>(in millions of euros)</i>	31/12/2019	31/12/2018
Net financial debt	2 241,8	2 177,2
Loan-to-value ratio ITT (LTV) ¹	34,9%	34,0%
Interest Coverage Ratio (ICR) ²	5,0x	4,9x
EPRA net asset value, excluding transfer taxes	3 799,4	3 876,1
EPRA net asset value, excluding transfer taxes, per share ³	27,79	28,39
Gross asset value (including transfer taxes, including works in progress)	6 421,5	6 404,6

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

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

³ Year end, fully diluted, on the basis of 136,705,504 shares at 31 December 2019 and 135,538,931 shares at 31 December 2018.

2.2. Financial statements

2.2.1. Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	31/12/2019	31/12/2018
Gross Rental income	359 457	340 250
Charges rebilled to tenants	79 359	74 799
Total Income from rental activity	438 816	415 049
Real estate expenses	- 21 214	- 18 659
Rental charges	- 71 307	- 71 076
Property expenses (landlord)	- 13 111	- 11 656
Net Rental Income	333 184	313 658
Operating expenses	- 52 840	- 50 574
<i>Income from management, administration and other activities</i>	10 477	4 595
<i>Other income</i>	1 407	6 631
<i>Payroll expenses</i>	- 25 145	- 24 839
<i>Other external expenses</i>	- 39 579	- 36 961
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	- 3 493	- 3 508
Other operating income and expenses	1 343	- 277
Gain (losses) on disposals of investment properties and equity investments	- 610	- 1 796
Change in fair value adjustment	- 90 172	13 586
Share in net income of equity-accounted investments	4 376	3 882
Operating income	191 788	274 971
Financial income	559	384
Financial expenses and allowances	- 57 277	- 54 011
Cost of net indebtedness	- 56 718	- 53 627
Other financial income (expenses)	- 1 389	- 4 931
Net financial income/(expense)	- 58 107	- 58 558
Income before taxes	133 681	216 413
Income tax	- 25 277	- 52 804
Consolidated net income	108 404	163 609
Group share	108 213	163 557
Noncontrolling interests	191	53
Average number of shares comprising Carmila's share capital	136 408 412	135 653 512
Earnings per share, in euros (Group share)	0,79	1,21
Diluted average number of shares comprising Carmila's share capital	136 705 504	135 860 096
Diluted earnings per share, in euros (Group share)	0,79	1,20

<i>Consolidated statement of comprehensive income (in thousands of euros)</i>	31/12/2019	31/12/2018
Consolidated net income	108 404	163 609
Items to be subsequently recycled in net income	- 10 923	- 4 152
Cash-flow Hedges (effective part)	- 10 923	- 2 978
Fair value of other financial assets	-	- 1 174
Related income tax	-	-
Items not to be subsequently recycled in net income	-	106
Re-valuation of the net liabilities under defined-benefit schemes	-	106
Related income tax	-	-
Consolidated net comprehensive income	97 481	159 563

2.2.2. Consolidated statement of financial position

ASSETS		
<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Goodwill	-	-
Intangible assets	4 262	4 556
Property, plant and equipment	4 244	2 062
Investment properties carried at fair value	6 001 608	5 953 655
Investment properties carried at cost	68 785	62 605
Investments in equity-accounted companies	52 459	49 766
Other non current assets	12 427	11 948
Deffered tax assets	11 548	7 776
Non current assets	6 155 332	6 092 368
Investment properties held for sale	-	-
Trade receivables	117 105	123 616
Other current assets	69 127	217 244
Cash and Cash equivalent	178 172	70 518
Current assets	364 404	411 378
Total Assets	6 519 736	6 503 746

LIABILITIES & SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Share capital	820 091	819 370
Additional paid-in capital	2 129 169	2 268 204
Treasury shares	- 2 676	- 3 861
Other comprehensive income	- 42 906	- 31 983
Consolidated retained earnings	528 543	431 612
Consolidated net income – Group share	108 213	163 557
Shareholders' equity - Group share	3 540 434	3 646 899
Noncontrolling interests	5 612	5 781
Shareholder's equity	3 546 046	3 652 680
Non-current provisions	6 865	5 685
Non-current financial debt	2 295 954	2 301 426
Lease deposits and guarantees	77 722	76 454
Non-current tax liabilities and deferred tax liabilities	175 685	159 261
Other non current liabilities	7 489	7 473
Non current liabilities	2 563 715	2 550 299
Current financial debt	160 313	82 885
Bank facilities	4 141	5 617
Current provisions	658	-
Trade payables	28 855	28 370
Fixed assets payables	81 674	52 141
Current tax and payroll related liabilities	49 356	44 237
Other current liabilities	84 978	87 517
Current liabilities	409 975	300 767
Total liabilities and shareholders' equity	6 519 736	6 503 746

2.2.3. Consolidated Cash Flow statement

<i>in thousands of euros</i>	31/12/2019	31/12/2018
Consolidated net income	108 404	163 609
<i>Adjustments</i>		
Elimination of income from equity-accounted investments	-4 376	-3 882
Elimination of depreciation, amortisation and provisions	659	6 350
Elimination of change in fair value adjustments	85 563	-11 388
Elimination of capital gain/loss on disposals	879	1 371
Other non-cash income and expenses	3 567	-1 501
Cash-flow from operations after cost of net debt and tax	194 696	154 559
Elimination of tax expense (income)	25 277	52 804
Elimination of cost of net debt	55 462	53 628
Cash-flow from operations before cost of net financial debt and tax	275 435	260 991
Change in operating working capital	7 718	-17 247
Change in lease deposits and guarantees	1 259	4 387
Income tax paid	-2 795	-6 012
Cash-flow from operating activities	281 617	242 119
Change in scope of consolidation	-	-
Change in fixed assets payables	29 533	-19 610
Acquisitions of investment properties	-120 845	-571 903
Acquisitions of other fixed assets	-185	-502
Change in loans and advances	782	3 019
Disposal of investment properties and other fixed assets	5 467	19 163
Dividends received	1 684	1 480
Cash-flow from investment activities	-83 565	-568 353
Share capital increase	-	36 350
Transactions in share capital of equity accounted companies	-	-
Net sale (purchase) of treasury shares	1 185	-1 893
Issuance of bonds	50 000	350 000
Issuance of new bank loans	75 235	10 000
Loan repayments	-100 000	-2 322
Display of short term investments in other current receivables	145 020	-145 053
Interest paid	-56 019	-44 138
Interest received	559	384
Dividends and share premiums distributed to shareholders	-204 903	-101 461
Cash-flow from financing activities	-88 923	101 867
Change in net cash position	109 130	- 224 367

2.2.4. Statement of changes in consolidated equity

<i>in thousands of euros</i>	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income – Group share	Shareholders' equity – Group share	Noncontrolling interests	Shareholders' equity
Balance at 31 December 2017	810 360	2 321 671	-2 653	-27 937	121 234	313 787	3 536 462	5 999	3 542 461
					19 754		19 754		19 754
Balance at 1 January 2018	810 360	2 321 671	-2 653	-27 937	140 988	313 787	3 556 216	5 999	3 562 215
Share capital transactions	9 010	27 340					36 350		36 350
Share-based payments					-1 501		-1 501		-1 501
Treasury share transactions			-1 208				-1 208		-1 208
Dividend paid		-80 807			-20 384		-101 191	-271	-101 462
Allocation of income					313 787	-313 787	0		0
Net income of the year						163 557	163 557	53	163 610
Gains and losses recorded directly in equity									
Cross charging of OCI to income				2 608			2 608		2 608
Change in fair value of other financial assets				-1 174			-1 174		-1 174
Change in fair value of hedging instruments				-5 586			-5 586		-5 586
Actuarial gains and losses on retirement benefits				106			106		106
Other comprehensive income				-4 046			-4 046	0	-4 046
Other changes					-1 278		-1 278		-1 278
Balance at 31 December 2018	819 370	2 268 204	-3 861	-31 983	431 612	163 557	3 646 899	5 781	3 652 680
Share capital transactions	721	-721			0		0		0
Share-based payments					-17		-17		-17
Treasury share transactions			1 185				1 185		1 185
Dividend paid		-138 314			-66 229		-204 543	-360	-204 903
Allocation of 2018 net income					163 557	-163 557	0		0
Net income of the year						108 213	108 213	190	108 404
<i>Gains and losses recorded directly in equity</i>									
Cross charging of OCI to income				1 944			1 944		1 944
Change in fair value of other financial assets				0			0		0
Change in fair value of hedging instruments				-12 867			-12 867		-12 867
Actuarial gains and losses on retirement benefits				0			0		0
Other comprehensive income				-10 923			-10 923	0	-10 923
Other changes					-380		-380		-380
Balance at 31 December 2019	820 091	2 129 169	-2 676	-42 906	528 543	108 213	3 540 434	5 612	3 546 046

2.3. Analysis of the activity

2.3.1. Economic environment

	GDP growth			Unemployment rate			Inflation		
	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E
France	1,7%	1,3%	1,2%	9,1%	8,5%	8,2%	0,9%	0,6%	0,8%
Italy	0,7%	0,2%	0,4%	10,6%	10,0%	10,0%	0,6%	0,5%	0,8%
Spain	2,4%	2,0%	1,6%	15,3%	14,2%	14,1%	1,0%	1,1%	1,3%
Euro Zone	1,9%	1,2%	1,1%	8,2%	7,6%	7,5%	1,0%	1,0%	1,1%

* Source: OECD Economic Outlook N°106 - November 2019.

Forecasts for GDP growth in 2020 in the Euro Zone are weak (+1.1%) as a result of global trade tensions (international trade agreements between the USA and China, uncertainty surrounding the content of Brexit trade agreements), resulting in a decline in external demand and exports.

Public investment will be stable for countries such as France, Spain and Italy, sustained by ECB efforts to keep its key rates low (it lowered its deposit facility rate by 10 bps in September 2019, and resumed its asset purchase programme in November 2019).

The projected GDP growth rates in 2020 in France (+1.2%) and Spain (+1.6%) are higher than in Italy (+0.4%), the French and Spanish economies are less dependent on exports than Italy, which relies to a greater extent on the manufacturing industry and external demand.

Private consumption will be indirectly sustained by the robustness of the labour market. The unemployment rate is expected to decline in the Euro Zone by 10 bps in 2020, in particular in France (-30 bps) and Spain (-10 bps), while it should remain stable in Italy.

The consequence of the resilience of the overall European labour market is that nominal salaries are increasing, which contributes to growth owing to the rise in real purchasing power for employees, given the anticipated weak inflation in the Euro zone, which was stable and low in 2019 (+1.0%) and slightly up in 2020 (+1.1%).

Inflation growth in 2020 is fairly even in the three countries: in Italy (+30 bps in 2020), France and Spain (+20 bps in both countries).

2.3.2. Retailer activity

Country	Change in retail tenants' revenues in FY 2019	National benchmark index performance
France	2,1%	+0,8% ⁽¹⁾
Spain	2,0%	+3,1% ⁽²⁾
Italy	1,7%	-0,4% ⁽³⁾
Total	2,0%	N/A

⁽¹⁾ CNCC performance index November 2019 YTD

⁽²⁾ Instituto nacional de estadística performance index November 2019 YTD

⁽³⁾ Consiglio Nazionale dei Centri Commerciali performance index September 2019 YTD

The change in retail tenants' revenues was calculated over the period from 1 January to 31 December 2019, compared with the same period in 2018 and on a like-for-like basis.

Retailer sales revenue experienced overall growth in 2019 (+2.0% cumulative for all three countries, with France at +2.1% and Spain at +2.0%, and Italy at +1.7%).

This overall growth is explained by the net increase in revenue in three different sectors: Food and Restaurants grew significantly (France +3.3% in YTD, Spain +2.7%, Italy +0.9% thanks to the good progress of fast food retail brands such as McDonald's, Burger King, Columbus), followed by Services (France +5.1%, Spain +1.8%, Italy +6.9% sustained by good performances in telephony with Orange and Movistar) and Health and Beauty

(France +3.1%, Spain +5.6%). Opticians and hairdressers-barbers were the most dynamic in 2019, driven by the strong performances of Kryss and Alain Afflelou, and the retail brand Barbe de Papa (+10.2% for this brand co-developed with Carmila) in France.

The trend towards changes in Ready-to-Wear revenues is positive overall (+1.0% in France, +3.2% in Spain and +0.8% in Italy). Performances of retail brands varied, with some retail brands out-performing (including H&M, Zara, Kiabi and Mango)

2.3.3. Letting activity

Summary

In 2019, Carmila signed 874 leases for a total minimum guaranteed rent of €38.3 million.

Carmila let 436 vacant premises for a minimum guaranteed rent of €16.9 million, broken down as follows:

- 254 units for €10.1 million in France
- 160 units for €5.3 million in Spain
- 22 units for €1.5 million in Italy

The company also signed leases for 48 premises on its extension projects for a minimum guaranteed rent of €3.8 million, all of which in France.

and others under-performing (such as children's fashion).

In France, the Thionville Géric (+3.9%) and Calais Coquelles (+3.0%) sites saw particularly strong out-performance, as did Sartrouville (+2.3%) and Toulouse Purpan (+4.0%) thanks to restructuring carried out by Carmila. In Spain the large centres of Talavera (+6.3%), Fan Mallorca (+4.7%) and El Paseo (+4.0%) also experienced a significant increase in their retailers' revenues, as did Nichelino (+2.9%), Paderno (+2.4%) and Massa (+2.3%) in Italy.

During 2019, Carmila renewed 390 commercial leases for a minimum guaranteed rent of €17.5 million, thus generating a reversion of 6.9%, with the following breakdown:

- 162 leases were renewed in France, for a minimum guaranteed rent of €10.1 million and with a reversion of 9.0%
- 212 leases were renewed in Spain, for a minimum guaranteed rent of €6.5 million and with a reversion of 4.2%
- 16 leases were renewed in Italy, for a minimum guaranteed rent of €0.8 million and with a reversion of 1.5%

<i>(in thousands of euros)</i>	Letting of vacant premises		Letting of extensions		Renewals		
	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Reversion
France	254	10 098	48	3 805	162	10 146	9,0%
Spain	160	5 340	-	-	212	6 540	4,2%
Italy	22	1 481	-	-	16	845	1,5%
Total	436	16 919	48	3 805	390	17 531	6,9%

France

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

- The Culture-Gifts-Leisure sector accounts for 29% of the leases signed in 2019 (by rent), primarily with national players in mobile telephony. It should be noted, amongst others, that Orange is

planning to open units in Aix-en-Provence, Toulouse Labège and Montesson, Bouygues Telecom in Chambourcy, and Free in five centres: Antibes, Bourges, Montesson, Nice Lingostière and Venette.

Players in the sports sector are also represented with letting of medium-sized surfaces to Intersport in Epinal and Roanne Mably, Fitness Park in Gennevilliers and Basic Fit in Gruchet le Valasse. Lastly, the retail brand Courir is broadening its

presence with Carmila, with new stores in Angoulins and Charleville Mézières.

- 25% of the letting activities during the year concern the Clothing and Accessories sector. Carmila is introducing Bel Chous shoes to Ormesson and Chambourcy, and Tamaris in Torcy Collégien. This will be the first Tamaris store in a Carmila shopping centre. In the south of France, the company is also developing the presence of its partner Indémorable, which plans to open points of sale in Aix en Provence, Anglet, Orange, Pau Lescar, Toulouse Labège and Toulouse Purpan.

Lettings to major ready-to-wear players include Cache-Cache in Orleans Place d'Arc and Torcy Collégien, Tally Weijl in Orléans Cap Saran, Levis in Orléans Place d'Arc, Darjeeling in Calais Coquelles, as well as Eden Park in Thionville.

- 24% of the leases signed concern Health and Beauty. Carmila is endeavouring to expand this strategic development focus to strengthen the leading position of its centres and to diversify its merchandising mix.

Pharmacies have already opened or are planning to open in 10 shopping centres: Annecy Brogny, Brest Iroise, Dinan Quevert, Draguignan, Goussainville, Marseille Vitrolles, Montluçon, Rennes Cesson, Roanne Mably and Saint Briec. Carmila continues to expand the presence of opticians with leases signed with Optique Minute in Orange and Alain Afflelou on four sites: Denain, Laon, Le Mans and Salaise sur Sanne.

Beauty treatment centres continue to open at Carmila, similarly to Body Minute – Nail Minute in Evreux Guichainville and Stains, or beauty salons and bars in Evreux, Hérouville Saint Clair, Port De Bouc and Puget sur Argens.

Perfume shops are also represented with premises let to Sephora in Thionville and Villejuif, and Nocibé in Liévin.

Lastly, Carmila and its partner, the barber Barbe de Papa, continue to expand the retail brand in 12 centres spread over the whole of France: in the Ile de France: Chambourcy, Montesson, Ormesson and Torcy Collégien; in the North: Hérouville Saint Clair and Reims Tinquieux; in the West: Châteauroux, Condé sur Sarthe and Toulouse Purpan; in the South-East: Beaucaire, Saint-Egrève and Uzès.

- The Food and Restaurants sectors accounts for 15% of leases signed in 2019, with major players in catering such as Hippopotamus in Torcy Bay 1, Burger King in Laval, and Columbus Café in Calais Coquelles and Thionville Geric.

International and theme restaurants are expanding, such as Asian cooking, including Pitaya and Côté Sushi in Toulouse Labège, and Thaï Break in Orléans Cap Saran. American catering has come to Calais Coquelles with Old Wild West, and Italian cooking at Port De Bouc with La Cantina.

Regional "brasseries" and food stalls are setting up at Carmila with Capodimonte and the Brasserie du XV in Toulouse Labège, or the Délices de Bretagne in Evreux Guichainville and the Ambassade Bretonne in Brest.

Lastly, new chocolate shops are setting up in Carmila shopping centres, such as Jeff de Bruges in Anglet BAB2, the Comptoir de Mathilde in Cholet, Pau Lescar and Perpignan Clair, and Leonidas in L'Haÿ-les-Roses, Orange, Quimper le Kerdrezec and Sartrouville.

- The remaining letting activities concern Household furnishings as well as Services with the opening of retail brands specialised in decoration, with Maison du Monde in Lorient, and in furnishing, with Poltronesofa in Orleans Cap Saran and Nouvelle Literie in Torcy Collégien.

Carmila is welcoming new retail brands and activities with the arrival of Normal in Calais Coquelles, Action in Draguignan or the real estate agencies Stéphane Plaza in Brest and Champs sur Marne.

Spain

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

- The Health and Beauty sector accounts for 26% of the leases signed in 2019, for instance with the hairdresser Carlos Conde in Parquesol. In particular, Carmila is increasing the number of beauty clinics in its Spanish centres, by signing up, with its partner Centros Ideal, an eleventh medical centre in Fan Mallorca, the opening of Lassersion in Paterna, Torrevieja and Orense, and 360° Clinics in Cartagena and La Veronica.

- 20% of the letting activities in the year concern the Clothing and Accessories sector, such

as the international shoe brand Crocs in Fan Mallorca, and Mango in Atalayas. Retail sports fashion brands also found their place at Carmila, such as Oteros in Gran Via de Hortaleza and Peñacastillo.

- 17% of the leases signed concern Household furnishings, such as the mattress distributor Max Colchon in El Mirador and Granada.

- Culture-Gifts-Leisure accounts for 14% of the leases signed in 2019, with, for example, the toy specialist Toy Planet in La Veronica, and the pet shops CrazyPet in Sestao, Móstoles and Lugo, Kiwoko in Atalayas, and Madagascar in San Juan de Alicante.

- 14% of letting activities in 2019 concern Food and Restaurants, including the opening of the sixth KFC restaurant at Carmila in As Cancelas and two new Burger King restaurants in San Juan de Aznalfarache and Badajoz La Granadilla.

- The remaining letting activities involve Services, with, for example, Fotoprix, a strong brand with 1,000 stores in Spain, which is opening its first store at Carmila in Alcobendas.

Italy

In Italy letting activities mainly involved medium-sized clothing retailers and ready-to-wear retail brands, such as Terranova in Massa, or Sem Denim in Nichelino. Culture-Gifts-Leisure accounts for 15% of the leases, with the electronic retail brand Unieuro in Vercelli and the bookshop Giunti Al Punto in Nichelino. 13% of leases signed are in Health and Beauty, with, for example, the Little Italy Barber Shop in Massa. Lastly, the remaining leases were signed with Services, Household furnishings, and Food and Restaurants brands, with La Padieneria in Thiene and Massa.

Temporary retail activity

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

- Specialty leasing
- Pop-up stores

As a result of a renegotiation with Carrefour Property Spain, Carmila is entitled to 100% of the Specialty Leasing income in Spain since December 2018.

Revenues arising from Specialty Leasing and Pop-up Stores in the three countries have grown strongly by 33.9% compared with 2018.

Gross Rental income (in thousands of euros)	31/12/2019			31/12/2018			Change
	Specialty Leasing	Pop-up stores	Total SL+TS	Specialty Leasing	Pop-up stores	Total SL+TS	%
France	5 555	1 604	7 159	5 588	1 340	6 928	3,3%
Spain	5 689	260	5 949	2 437	142	2 579	130,7%
Italy	1 213	-	1 213	1 191	-	1 191	1,8%
Total	12 457	1 864	14 321	9 216	1 482	10 698	33,9%

Specialty Leasing

Specialty Leasing is dedicated to the development of event organisation as well as new and innovative services and products intended for customers in shopping centres. Constantly mirroring trends in consumption, the various players in Specialty Leasing make it possible to diversify the shopping

offer and enrich the customer experience. This diversification thus enables value to be added to the public areas of the centres. It is divided into two sub-activities:

- The letting of floor areas in the malls and in the car parks

- A partnership, on an exclusive basis with the advertiser ClearChannel, for communication via a digital medium in the malls

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

2019 was marked by an increase in the number and diversity of themes for exhibitions (e.g. home, cars, camping-cars) and roadshows (Yamaha in La Sierra in Spain; in France, Nocibé in 5 centres, Prince in 11 centres). Specialty Leasing has made it possible to attract national and international brands (L'Oréal in Bay 2, Tassimo in four French centres), with theme weeks (vegan butter with Fruit d'Or in two centres, the rediscovery of olfactory senses for Ducros and its four days to discover spices at Montesson), and new signings with qualitative concepts, for example, engraving jewellery on the spot or the sale of e-cigarettes. At the end of the year, the Christmas markets were very successful once again, with chalets being set up in 24 shopping centres in France.

The launch of the Carmila Event entity during the last quarter within the Specialty Leasing department will enable the event organisation activity to expand in 2020.

2.3.4. Structure of leases

With 6,348 leases under management at 31 December 2019, Carmila has a solid and diversified base of tenants, with rents from the Carrefour

Pop-up stores

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

Carmila is also attracting national retail brands (e.g. Volkswagen in Perpignan Clair, Lego in Rennes Cesson and Swarovski in Puget sur Argens) as well as e-retailers and promising young retail brands (e.g. CashKorner, which is having considerable success with customers in the Bay 2 centre and which will soon open in Toulouse Purpan), enabling them to test their concept before committing themselves to signing a commercial lease. Carmila has thereby confirmed its leadership in pop-up stores in shopping centres by offering dedicated premises with a high level of services to innovative and differentiating brands. Some stores even attract the interest of the regional press. For example, the opening of Repaire des Sorciers (Harry Potter branded goods) in Labège had a knock-on effect for the entire shopping centre and resulted in a significant increase in footfall.

group representing less than 1% of net rental income in 2019. Annualised rents totalled €361.7 million at 31 December 2019.

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

<i>Country</i>	At 31/12/2019			At 31/12/2018		
	Number of leases	Annualised contractual rent (in millions of euros)	%/Total	Number of leases	Annualised contractual rent (in millions of euros)	%/Total
France	3 537	238,9	66,1%	3 542	236,5	66,0%
Spain	2 446	99,4	27,5%	2 381	99,1	27,6%
Italy	365	23,4	6,5%	356	22,8	6,4%
Total	6 348	361,7	100%	6 279	358,4	100%

Principal tenant retailers

At 31 December 2019, the 15 leading tenants accounted for 18.8% of annualised rents, with one retailer alone accounting for 2.0% of gross rental income.

The table below shows the annualised rents and business sector of the 15 largest tenants at 31 December 2019.

<i>Tenant</i>	At 31/12/2019		
	Business sector	Annualised contractual rent (in millions of euros)	%/Total
Inditex	Clothing and accessories	7,1	2,0%
H&M	Clothing and accessories	6,0	1,6%
Alain Afflelou	Health and Beauty	6,2	1,7%
Feu Vert	Services	5,5	1,5%
Camaïeu	Clothing and accessories	5,4	1,5%
Orange	Culture, Gifts & Leisure	5,3	1,5%
Mc Donald's	Food & Restaurants	4,8	1,3%
Flunch	Food & Restaurants	4,2	1,1%
Micromania	Culture, Gifts & Leisure	3,8	1,1%
Celio	Clothing and accessories	3,8	1,1%
Nocibé	Health and Beauty	3,7	1,0%
Yves Rocher	Health and Beauty	3,4	0,9%
C&A	Clothing and accessories	3,0	0,8%
Histoire d'Or	Culture, Gifts & Leisure	3,0	0,8%
Kiabi	Clothing and accessories	2,9	0,8%
		68,0	18,8%

Distribution of contractual rent by business sector on an annualised basis

The table below shows Carmila's annualised rents by business sector at 31 December 2019:

	At 31/12/2019			At 31/12/2018		
	Number of leases	Annualised contractual rent (in millions of euros)	%/Total	Number of leases	Annualised contractual rent (in millions of euros)	%/Total
<i>Business sector</i>						
Clothing and accessories	1 484	124,3	34,4%	1 519	125,8	35,1%
Culture, gifts and leisure	1 023	66,7	18,4%	965	63,0	17,6%
Health and Beauty	1 195	64,7	17,9%	1 178	64,1	17,9%
Food and Restaurants	866	46,3	12,8%	855	46,0	12,8%
Household equipment	289	29,6	8,2%	282	29,1	8,1%
Services	1 386	29,5	8,1%	1 402	29,8	8,3%
Other	105	0,7	0,2%	78	0,5	0,2%
Total	6 348	361,7	100%	6 279	358,4	100%

The reduced influence of Clothing and accessories in total rents (-70 bps) was mainly to the benefit of the Culture, Gifts and Leisure sector (+80 bps), while the proportions of the rental base of the other sectors remained stable by rent.

Furthermore, four of the main activity sectors saw their respective rents increase compared with 2018: in particular, the Culture, Gifts and Leisure sector generated an additional 5.8% of rent, followed by Household furnishings with an increase of +1.5%, Health and Beauty with +1% and Food and Restaurants with +0.5%.

Distribution of contractual rent by business sector on an annualised basis

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

The table below shows the breakdown of annualised rents between international, national, and local brands in 2018 and 2019:

	At 31/12/2019			At 31/12/2018		
	Number of leases	Annualised rent (in millions of euros)	%/Total	Number of leases	Annualised rent (in millions of euros)	%/Total
<i>Categories</i>						
International brands	2 558	194,6	53,8%	2 671	197,5	55,1%
National brands	2 279	114,6	31,7%	2 144	110,0	30,7%
Local brands	1 511	52,5	14,5%	1 464	50,9	14,2%
Total	6 348	361,7	100%	6 279	358,4	100%

	At 31/12/2019		
	France	Spain	Italy
<i>Categories</i>			
International brands	54,5%	55,6%	39,4%
National brands	32,3%	26,6%	46,8%
Local brands	13,2%	17,8%	13,9%

Carmila is continuing its aim of community-based targeting, with the proportion of total rents from local brands increasing by 30 bps in one year. The share of national brands also increased (+100 bps).

The increasing share of local brands by country (+40 bps in Spain and Italy, +20 bps in France) reflects Carmila's desire to strengthen regional proximity with its customers.

Structure of leases

In France, commercial leases are entered into for terms that may not be shorter than nine years. The lessee has the right to terminate the lease at the close of each three-year period, subject to providing

a six month notice prior to the end of the said period. However, leases with terms longer than nine years, such as those entered into by Carmila, which generally have terms of 10 or 12 years, may

provide otherwise. The lessor's right to terminate at the end of each three-year period is primarily limited to such purposes as construction, reconstruction, or raising the height of the existing building. In addition, the lessor only has the right to judicially terminate the lease if the tenant has breached its obligations.

In Spain, the tenor of the leases may be freely agreed on by the parties, as may methods of terminating, extending, or cancelling the lease. Leases have an average term of between five and eight years. They provide for a minimum term of three to five years and additional terms of varying lengths, with the lessee having the right to give notice prior to the end of the same period subject

Right to renegotiate

At 31 December 2019, the average lease term was 4.4 years, with average lease terms by country of 4.7 years in France, 4.2 years in Spain and 3.1 years in Italy.

to providing notice of between two and six months. The lessor is generally bound until the end of the term agreed upon by the parties.

In Italy, leases that are subject to the real estate lease regime are entered into for a term of six years, renewable automatically for six years (with a maximum duration of 24 years), and their termination by the lessee may give rise to payment of allowances. Leases subject to the rules of management leases or business leases have terms of various tenors (generally between five and seven years). Neither termination by the lessee nor termination by the lessor results in the payment of allowance to the lessor.

The table below shows the maturity dates of the commercial leases for the property portfolio for the 2019-2029 period (data at 31 December 2019):

At 31/12/2019			
	Number of leases	Maturity *	Annualised contractual rent (in millions of euros)
<i>Expiration of leases</i>			
Expired on 31/12/2019	694	0,0	34,7
2020	747	0,5	27,5
2021	633	1,6	32,8
2022	631	2,7	30,3
2023	538	3,7	26,9
2024	598	4,6	35,0
2025	405	5,6	22,1
2026	538	6,7	32,3
2027	507	7,6	40,6
2028	485	8,6	32,7
2029	304	9,5	20,8
Beyond 2029	268	12,4	26,0
Total	6 348	4,4	361,7

* Average lease maturity remaining in years

In France, in addition to rent indexation in line with changes in various indices, the rent fixed when the lease is concluded can be revised at the request of one of the parties, subject to certain restrictive conditions. If the lease in question has a rent-indexation clause, which is the case for the majority of leases entered into in France, revision may be requested whenever, due to application of that clause, rent is increased or decreased by over 25%

as compared with the rent agreed on at the inception of the lease. The resulting change in rent may not lead to increases that are greater, for a given year, than 10% of the rent paid in the previous year.

In compliance with the rules governing commercial leases, Carmila re-evaluates rents when leases are renewed. In France, there is a cap removal provision

for lease terms exceeding nine years. The change in rent resulting from the removal of the cap may not, since enforcement of the Pinel Law, lead to increases greater than 10% per year. However, as this cap removal provision is not a public prerequisite, it is not compulsory for leases.

Rent renegotiation may also occur when the tenant is contemplating selling its leasehold right to an acquirer of its business. Although the rules governing commercial leases prohibit the lessor from opposing the lessee's sale of the leasehold right to the acquirer of its business, Carmila benefits from pre-emption clauses in its commercial leases. Therefore, Carmila may exercise its pre-emptive

right to acquire the business in the event that the premises could be re-let on better financial terms.

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

In Italy, the terms of commercial leases can be renegotiated each time the lease is renewed, in order to substitute real estate lease contracts with lease management contracts.

Method of setting rents

Leases in France comprise either a fixed rent or a dual component rent, which is called a "variable rent". Variable rents are composed of a fixed portion, the minimum guaranteed rent (or annual base rent), and an additional, variable rent, calculated as a percentage of the tenant's annual revenue, excluding taxes. In Spain, Carmila's leases include either fixed rent or dual component rent, similar to those under French leases. In Italy, the majority of the leases include double-component

rents similar to those under the French and Spanish leases, with certain leases including only fixed rent. At 31 December 2019, for the three countries, Carmila had 4,891 leases with double-component rents and 1,457 leases with fixed rent only, representing, respectively, 84.4% and 15.6% of annualised rents.

The table below shows the structure of Carmila's rents at 31 December 2019 and 2018:

	At 31/12/2019			At 31/12/2018		
	Number of leases	Annualised rent (in millions of euros)	%/Total	Number of leases	Annualised rent (in millions of euros)	%/Total
Leases with variable rent clauses	4 891	305,3	84,4%	4 898	305,8	85,3%
Of which leases with minimum guaranteed rent and additional variable rent	4 862	299,9	82,9%	4 871	301,2	84,0%
Of which leases with variable rent only	29	5,5	1,5%	27	4,6	1,3%
Leases without variable clauses, with only fixed rent	1 457	56,4	15,6%	1 381	52,6	14,7%
Total	6 348	361,7	100,0%	6 279	358,4	100,0%

With respect to double-component leases, the minimum guaranteed rent is set by contract. The additional variable rent is the positive difference between a percentage of the tenant's annual sales, excluding taxes, and the minimum guaranteed rent. Different parameters are used to determine rents:

(i) the rents of competing shopping centres, (ii) the average rental for the shopping centre concerned (overall as well as per business sector), (iii) the quality of the site or (iv) the assessment of revenue, performance and the financial position of the potential tenant.

2.3.5. Financial occupancy rate

Financial occupancy rate (excluding strategic vacancies)		
Country	31/12/2019	31/12/2018
France	95,9%	96,0%
Spain	96,4%	96,0%
Italy	98,8%	99,7%
Total	96,3%	96,2%

At 31 December 2019, the consolidated financial occupancy rate of Carmila's assets was 96.3%, of which 95.9% in France, 96.4% in Spain and 98.8% 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 the appraisers. The financial occupancy rate is stated excluding strategic

vacancies, which are the vacancies made necessary in order to implement renovation, expansion, or restructuring projects within the shopping centres.

The impact of strategic vacancies is 1.6% in France, 2.5% in Spain and 0.5% in Italy, which represents a consolidated impact for Carmila of 1.8% at 31 December 2019, slightly lower than at 31 December 2018, where the consolidated impact was 1.9%. This decrease is primarily due to the delivery of restructuring projects completed by Carmila.

2.3.6. Occupancy cost ratio of retailers

The occupancy cost ratio of Carmila's tenants broken down by country at 31 December 2019 is as follows: France 10.6%, Spain 10.4% and Italy 12.3%.

Carmila takes tenants' occupancy cost ratios into account in determining rent levels. Occupancy cost ratio is an important indicator for Carmila in determining the proper level of rent for each tenant as a function of its business and in evaluating the financial health of a tenant over the term of its lease.

The occupancy cost ratio is defined as the ratio between (i) the total amount charged to tenants and (ii) the tenants' sales.

The tenants included in the calculation are (i) the tenants present over the last 12 months with certified sales, and (ii) tenants present over the last 12 months and having reported their sales over 12 months on a rolling basis. If the tenant reports its certified sales and its sales over a rolling 12 month period, only the certified sales are used.

The rental charges used to calculate occupancy cost ratios are made-up of fixed rent, variable rent and rental charges that are passed on to tenants. Rental charges do not include (i) incentives (rent-free periods, step rents or relief), (ii) property taxes charged to tenants, or (iii) marketing fund costs passed on to tenants.

2.4. Corporate Social Responsibility

2019 marked a turning point for Carmila, which increased and accelerated its CSR commitments. This ambition is expressed in a programme of responsible initiatives entitled "Here, we act". This programme, which addresses the expectations of

2.4.1. Pillar 1: "Here, we act" for the local regions

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

-A satisfaction survey with a panel of retailers: 85% of respondents said they had complete confidence in Carmila as a shopping centre manager and appreciate the digital tools made available to them, particularly the "Kiosque" and their centres' Facebook and Instagram pages.

-Carmila is the first retail real estate company to provide a digital platform for lease management: the "tenants' extranet". With just a few clicks, this platform enables retailers to obtain information such as the welcome guide or documentary proof of expenses. The platform can also be used for administrative tasks, such as downloading invoices, printing account statements or changing payment methods.

-A number of partnerships were set up to support start-ups coming from the social and solidarity economy, such as Bilum, which gives a second life to covers used on construction sites, Too Good To Go with 147 retailers and 72 shopping centre partners and the ability to reserve a "short date" basket of goods directly on the shopping centre's website, and Miimosa, the crowd-funding platform dedicated to agriculture and the food of tomorrow. Ten projects were supported with an effective

2.4.2. Pillar 2: "Here, we act" for the planet

By establishing its centres in the towns and cities of the future, Carmila is committed to continually improving its environmental performance. This commitment starts at every new project's design step, where Carmila obtained BREEAM new construction certificates for the Orléans - Cap Saran and Evreux retail parks in 2019, and Very Good for the design phase of the Rennes Cesson extension.

company stakeholders, combines all positive actions, with the aim of stimulating the local economy, protecting the environment and getting employees on board.

communication campaign within Carmila's shopping centres. Lastly, the Hucklink job terminals in seven centres enabled our retailers to advertise 72 job vacancies in their stores, and to receive 1,000 CVs, thus facilitating recruitment.

This pillar also marks Carmila's commitment to making its centres local focal points and an expression of local life. Centre directors committed to the "Here, we act" strategy organised more than 1,000 CSR actions in partnership with local associations, an increase of 17% compared with 2018. Twenty-eight events, most of which in partnership with Carrefour Hypermarkets, were organised on the theme of dietary transition. Emphasis was also set on new ways of consuming responsibly: recycling, recovery and reuse. Eight clothing donation initiatives were organised in partnership with local associations (Emmaüs, Le Relais); in certain centres, local influencers also took part in the operation.

Carmila's national partnership with the French *Secours populaire* was boosted at three key events: the charity "Easter egg hunt", the "Holiday-less" campaign in the summer and "Father Christmas goes green" at Christmas. This partnership results in actual and digital events in the shopping centres: each time a customer participates in the events a donation is made to the French *Secours populaire* for the campaigns conducted.

With regard to its operating facilities, Carmila launched a project of unprecedented scale, with 45 sites having been certified BREEAM in Use in 2019 (5 in Italy, 10 in Spain and 30 in France), thereby achieving a 61% certification rate for its portfolio by value, i.e. an increase of 25 points compared to 2018. Among the certified sites, 76% obtained a Very Good or Excellent score. In order to ensure optimum effectiveness for the management of this

large-scale project, Carmila, in partnership with AD environnement, rolled out a digital platform dedicated to the management of data generated by BREEAM audits, which enables a detailed analysis of the results with the aim of establishing targeted action plans. This platform obtained the Digital

2.4.3. Pillar 3: "Here, we act" for employees

Acting daily for the employees means being the driver of fulfilment, satisfaction, exceeding one's limits and team spirit. This pillar is divided into various actions intended for employees, such as setting up a programme of well-being in the workplace, "A tu Salud", for the Spanish teams.

With the aim of bolstering diversity, inclusion and equality within the teams, in accordance with our commitment when signing the diversity charter, Carmila set up a joint working group to issue proposals on the theme of Gender Equality in the

2.5. Digital marketing

Since its creation in 2014, Carmila has implemented a distributed marketing strategy by giving each shopping centre management the best marketing and digital tools on the market. Carmila rolled out this strategy to all its lessees in 2019, with the aim of improving communication of their offers and news in the centres' catchment areas, in order to increase retailers' revenues.

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

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

All Carmila's retailers benefit from this expertise through the "Kiosque": supporting an operation, communicating a commercial offer, highlighting an important moment, etc. These actions are performed by the Carmila teams on a daily basis for tenant-retailers. In 2019 Carmila conducted more than 760 "Kiosque" operations per month in France, Spain and Italy. As proof of the effectiveness of this strategy, the stores regularly supported in 2019,

Transformation Prize awarded by the periodical Business Immo.

Consistent with its commitment started in 2017, Carmila planted 7,000 trees in partnership with Reforest'ation when the extension to the Rennes Cesson shopping centre was built.

company. The first meeting will be held in February 2020.

Lastly, Carmila hopes its employees can share life moments aimed at increasing solidarity and flourishing as part of a team. As part of this initiative, two teams took part in the Oxfam charity walk in May, a walk of 100 km with €1,500 donated by each team to the association.

As a result of these actions, in the annual survey 87% of employees said that they were satisfied with their jobs.

with a "Kiosque" budget ranging from €2.000 to €2.500 out-performed their network at Carmila by 8.4 points.

Carmila also entered into a large number of partnerships with national brands (Adopt, Histoire d'Or, De Neuville, la Barbe de Papa, etc.) by developing a set of multi-local marketing operations together, such as the "egg or the chicken" at Easter and the "digital advent calendar" at Christmas.

The performances reflect the use of agile digital drivers, which centre directors can activate locally to ensure optimum visibility for our retailers:

- a geo-located customer database of 2.8 million "opt-in" contact points (+25% compared to 2018) within the centres' catchment areas. This database is powered by a game terminal facility in France and Italy, allowing for more than 1.1 million players' visits in 2019.
- A mobile-first website that is locally managed. Created as an additional showcase for retailers, it provides an accurate picture of what is going on at the centre for customers in the catchment area.

- informative and up-to-date "My business" Google pages, that have been searched for more than 101 million times by customers (+188% compared to 2018).
- A differentiating content to bring out the centres' voices on the social networks with non-promotional content: on-line competitions, gallery interviews, web series, portraits of retailers. This content contributes to developing local community commitment. In 2019, 58,000 Facebook publications were displayed more than 238 million times, and 25 local ambassadors (x5 compared with December 2018) shared the latest news about the centres and their retailers with their communities.
- Carmila's drive-to-store digital marketing expertise is acknowledged by Google and Facebook. Both companies offered Carmila the opportunity to beta-test their new features. Since early 2019, Carmila has thus been first in France to be able to beta-test the latest Google Automated Bidding Artificial Intelligence innovations that make it possible to optimise

marketing campaigns to generate in-person visits to sales outlets. Furthermore, Google has written a case study reporting on Carmila's use of the device

Constantly in search of new innovations to help its retailers or to offer new services to their customers, Carmila carried out a large number of tests with start-ups, in a variety of fields such as employment, management of lost property, emotion recognition, etc. Aware of the importance of supporting innovation at local level, the company is also the partner of several regional incubators, such as IoT Valley in Toulouse, a community of firms specialised in the Internet of Things, the French Tech Rennes-Saint Malo, an ecosystem of innovative young start-ups in the technology sector.

To share this dynamism with its retailers, at the beginning of 2018, Carmila set up "Smart Shopping Meetings" : opportunities to share best practices and innovations in digital drive-to-store marketing between retailers and digital experts. In 2019, the company met almost 400 retailers during 22 "Meetings" organised in France, Spain and Italy.

2.6. Business development

2.6.1. Carmila Retail Development

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

At the end of 2019, these four retail brands represent 56 stores opened in Carmila shopping centres in France and in Spain, for an annual rental

income of €2.1 million. These retail brands also opened 15 stores with third-party lessors. Hence, partnerships represent a total of 71 stores in France and in Spain.

Following its initial successes, Carmila Retail Development's ambition is to sign new partnerships in 2020, for example with premium second-hand retail brands or local catering brands, to increase the offering in its centres and to meet customers' desire for something new. The challenge is also to be a partner working closely with these talented entrepreneurs to enable them to expand.

2.6.2. Health Hub

Carmila also intends to implement an ambitious Health offer in its shopping centres to strengthen its "convenient " and "practical" offer and meet a substantial need for the population with regard to

large pharmacies, dental and ophthalmology practices, primary care, etc. The Carmila sites, accessible, at the heart of urban areas and with free

parking facilities, are particularly appropriate to this offer.

The company is thus partnering with experienced and well-known professionals to develop health activities in its shopping centres. In 2019, a partnership was formed as a joint venture called Pharmalley. To date, the joint venture has partnered with pharmacists to transfer or expand four pharmacies in its shopping malls, with the goal to acquire five to ten pharmacies per year

2.6.3. LouWifi

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

LouWifi performed well in 2019, thanks to the excellent performance of its Wifi service, widely used by customers in Carmila shopping centres, with more than 8,000 connections per day.

2.6.4. Lou 5G

Finally, through its Lou 5G subsidiary, Carmila provides land for antenna. Lou 5G owns land on which telecom companies can install antennas under a lease agreement.

The activity, created in 2019, was formalised and structured with the signature of a framework agreement with each of the four national telecommunications operators. Almost 130 antenna have been leased (subject to conditions

(investment of €0.5 million to €1.5 million each and a similar expected capital gain in four years).

At the end of 2019, a new joint venture was being created: Dentalley, which is set to launch its dental practice offering with the first openings in 2020. The objective is to develop 50 dental centres in five years for an EBITDA after six years of €15 million/year and a maximum commitment of €7 million. Carmila partners with the best references in the business to develop their activity.

This service contributed to the growth in the opt-in database with 800,000 contacts in France and 40,000 contacts in Spain, where the service was launched in October.

The activity has also gone international, with Wifi installed in 24 Spanish shopping centres in October 2019. This installation contributed 40,000 contact points to the customer database.

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

precedent), generating annual rental income of €1.5 million.

2020 should see the activity rolled out at a faster pace.

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

2.7. Comments on the year's activity

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

Gross Rental income

Gross Rental income	31/12/2019		31/12/2018
	Gross Rental income	Variation vs. 31/12/18	Gross Rental income
(in thousands of euros)		Current scope	
France	242 408	3,5%	234 177
Spain	93 259	13,7%	82 018
Italy	23 790	-1,1%	24 055
Total	359 457	5,6%	340 250

Growth in Gross rental income stands at 5.6% during financial year 2019.

Net Rental Income

Net Rental Income	31/12/2019			31/12/2018
	Net Rental Income	Variation vs. 31/12/18	Variation vs. 31/12/18	Net Rental Income
(in thousands of euros)		Comparable scope	Current scope	
France	224 131	2,2%	3,2%	217 268
Spain	87 216	5,5%	16,5%	74 891
Italy	21 837	3,3%	1,6%	21 499
Total	333 184	3,1%	6,2%	313 658

Growth in Net rental income totalled €19.5 million, i.e. +6.2% during financial year 2019. Growth in Net rental income was higher than that of Gross rental income due to the dynamic management of unrecoverable expenses.

This increase splits as follows:

Like-for-like growth represents €9.7 million or +3.1% during the year. It is calculated on Net rental income over 2019.² Growth generated by the extensions delivered in 2018 and 2019, by acquisitions of new shopping centres in 2018 (no shopping centres were acquired in 2019), and by other effects (effect of strategic vacancies in particular) is excluded from like-for-like growth. The share of indexation in like-for-like growth is 1.6% and the impact of the first application of IFRS 16 in 2019 is +0.5% (also included in like-for-like growth). The scope of calculation for the like-for-like growth represents 89% of the overall scope in financial year 2019.

Growth generated by the extensions amounts to €4.6 million, or +1.5%. The extensions delivered in 2018 that generated this growth are: Athis-Mons, Besançon Chalezeule, Evreux Phase 2 and Saran. The Rennes Cesson extension was delivered in the second half of 2019 and is taken into account in this line.

Growth generated by acquisitions amounts to €6.9 million, or +2.2%. Acquisitions completed in 2018 are Marseille Vitrolles, Gran Via de Hortaleza, Antequera and the Pradera portfolio. The disposal of Grugliasco was also taken into account under this item.

The contribution of other effects is €-1,7 million, i.e. -0,6%. These other effects notably include the impact of strategic vacancies, that allow for restructuring and extension operations.

Like-for-like growth by country

In France, growth in Net rental income on a like-for-like basis stands at +2.2%. It includes the effect of rent indexation of 1.8%. Reversion on renewals and income growth from Pop-up Stores and Specialty Leasing offset the slight decrease in financial occupancy rate for the period.

In Spain, growth in Net rental income on a like-for-like basis is +5.5%. It includes the effect of rent indexation of 1.1%. The financial occupancy rate in Spain continued to improve in 2019 and is a significant growth driver on a like-for-like basis. The reversion on renewals, the increase in revenue from Pop up Stores and Speciality Leasing also contributed to this growth.

² In accordance with EPRA Best Practices

In Italy, growth in Net rental income on a like-for-like basis is +3.3%; it includes a rent indexation impact of 0.6%. The performance of trade

receivables turned out to be the main growth driver on a like-for-like basis during this financial year, the financial occupancy rate in Italy being near 100%.

2.7.2. Operating expenses

Operating expenses <i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Income from management, administration and other activities	10 477	4 595
Other income	1 407	6 631
Payroll expenses	-25 145	-24 839
Operating expenses	-39 579	-36 961
Payroll expenses	-52 840	-50 574

Operating expenses were up 4.5% at 31 December 2019 compared to the previous financial year. This €2.3 million increase is partially due to non-linear expenses recognised during the first half year and the increase in costs associated with scope and indexation effects.

Income from management, administration, other activities and other services

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

The total amount of this revenue was €11.9 million in 2019, an increase of €0.7 million, i.e. + 5.9% compared to 2018. The increase is primarily due to the LouWifi fees in 2019.

Payroll expenses

Payroll expenses amounted to -€25.1 million at 31 December 2019; the increase of 1.2% takes into account the growth in the average number of employees compared to last year. Carmila has established bonus share-based payment plans for executives and some employees. Related benefits are recognised as payroll expenses.

Operating expenses

The main components of Operating expenses are marketing expenses, chiefly relating to the build-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.), as well as appraisal fees for the asset portfolio, legal and tax fees, including auditors' fees, financial communication and advertising fees, travel expenses and directors' fees.

The amount of the other external expenses was -€39.6 million in 2019, up 7.1%. This increase is explained by the higher variable expenses rising from the increased rental income (similarly to lease management) and by the expenses generated by the ramp-up of business development activities.

2.7.3. EBITDA

EBITDA		
<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Operating income	191 788	274 971
Elimination of change in fair value	90 172	- 13 589
Elimination of change in fair value in the Group share of companies consolidated under the equity	- 1 813	- 1 225
Elimination of capital (gains)/losses	610	1 796
Depreciation of tangible and intangible assets	1 812	2 394
EBITDA	282 569	264 347

EBITDA stood at €282.6 million at 31 December 2019 up by 6.9% compared to the previous financial year. EBITDA growth is higher than gross rental

income growth, bearing witness to the sound management of operating expenses and unrecoverable expenses by the Carmila teams.

2.7.4. Net financial income (expense)

<i>Financial expenses</i> <i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Financial income	559	384
Financial expenses and allowances	- 57 277	- 54 011
Cost of net indebtedness	-56 718	-53 627
Other financial income and expenses	- 1 389	- 4 931
Net financial income/(expense)	-58 107	-58 558

Net financial income (expense) amounted to -€58.1 million at 31 December 2019.

The cost of net debt stands at €56.7 million at 31 December 2019, up €3.1 million year-on-year; the bulk of the increase stemmed from interest paid on the bond issued in March 2018.

Other financial income and expenses show a strong favourable variation. This is due to the adjustment

in the market value of the short-term investments which resulted in a provision of €2.1 million in 2018 and a net reversal for €2.0 million in 2019. This amount also includes the non-cash effect in connection with the application of IFRS 9; the proceeds from the 1-year extension of the maturity of the bank debt and the expense related to the adjustment of the effective rate of the debt to its original rate, resulting in a net effect of -€0.2 million for the financial year.

2.8. EPRA performance indicators

2.8.1. EPRA earnings and recurring earnings

EPRA EARNINGS <i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Consolidated net income (Group share)	108 213	163 557
Adjustments to EPRA earnings	110 329	38 890
(i) Changes in value of investment properties, development properties held for investment and other interests	90 172	- 13 589
(ii) Profits or losses on disposals of investment properties	610	1 796
(iii) Profits or losses on disposals of properties held for sale	-	-
(iv) Tax on profits or losses on disposals	-	647
(v) Negative goodwill / goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out	596	1 851
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	20 764	49 410
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	- 1 813	- 1 225
(x) Non-controlling interests in respect of the above	-	-
(y) Other adjustments	-	-
EPRA earnings	218 543	202 447
<i>Change vs N-1</i>	<i>8,0%</i>	
Average number of shares	136 408 412	135 653 512
EPRA earnings per share	1,60	1,49
<i>Change vs N-1</i>	<i>7,4%</i>	
Average number of shares (diluted)	136 705 504	135 860 096
EPRA earnings per share (diluted)	1,60	1,49
Other adjustments	1 989	5 074
IFRS 9 adjustments(1)	167	- 446
Debt issuance costs paid offset by the reversal of amortised debt issuance	3 835	3 126
Other non-recurring expenses or (income)	-	2 394
Recurring Earnings	222 545	207 521
<i>Change vs N-1</i>	<i>7,2%</i>	
Recurring earnings per share	1,63	1,53

Recurring earnings stand at €225.5 million for financial year 2019, up 7.2% over the financial year. Earnings per share are €1,63 up 6.6% compared to the previous financial year.

Comments on the other adjustments

- (1) As part of the application of IFRS 9, an expense is recognised to adjust the effective interest rate of the debt to the original interest rate at inception, conversely income is recognised over the residual duration of this debt to reflect the renegotiation of the debt maturity. The net

impact of these two effects is an expense of €0.2 million for financial year 2019.

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

Recurring earnings include reversal for valuation provisions from 2018 (income of €2 million) regarding cash positions. The provision impact was accounted for in recurring earnings in 2018.

2.8.2. EPRA Cost Ratio

EPRA cost ratio			
<i>(in millions of euros)</i>		31/12/2019	31/12/2018
(i)	Administrative/operating expense line per IFRS income statement	77,7	73,7
	<i>Payroll expenses</i>	68,0	62,1
	<i>Property expenses</i>	9,7	11,7
(ii)	Net service charge costs/fees	10,2	11,1
(iii)	Management fees less actual/estimated profit element	-10,5	-4,6
(iv)	Other operating income/recharges intended to cover overhead expenses less any related profits	-1,4	-6,6
(v)	Share of costs of equity-accounted companies	1,0	1,1
(vi)	Impairment of investment properties and provisions included in property expenses	0,0	-1,5
(vii)	Service charge costs recovered through rents but not separately invoiced	-1,8	-2,1
	EPRA Costs (including direct vacancy costs)	75,3	71,0
(viii)	Direct vacancy costs	7,8	7,4
	EPRA Costs (excluding direct vacancy costs)	67,4	63,6
(ix)	Gross Rental Income less ground rents – per IFRS	359,5	336,4
(x)	Less: service fee and service charge costs components of Gross Rental Income	-1,8	-2,1
(xi)	Add: share of Joint Ventures (Gross Rental Income less ground rents)	4,9	4,6
	Gross rental income	362,6	338,9
	EPRA cost ratio (including direct vacancy costs)	20,8%	21,0%
	EPRA cost ratio (excluding direct vacancy costs)	18,6%	18,8%

The EPRA Cost Ratio improved by -20 bps during financial year 2019 in comparison to 2018 (both excluding and including the cost of vacancies).

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

Charges on real estate include losses on bad debts and non-billable maintenance and repair expenses.

2.8.3. Going concern NAV, EPRA NAV and EPRA NNNAV

Going concern NAV

Going concern NAV (including transfer taxes)			
<i>(in thousands of euros)</i>		31/12/2019	31/12/2018
Consolidated shareholders' equity - Group share		3 540 434	3 646 899
	Elimination of the fair value adjustments of hedging instruments	25 556	18 746
	Reversal of the deferred income tax on potential capital gains	175 685	154 419
	Transfer taxes	317 358	320 994
	Going concern NAV (including transfer taxes)	4 059 034	4 141 058
	<i>Change vs N-1</i>	<i>-2,0%</i>	
	Diluted number of shares comprising the share capital at period end	136 705 504	136 538 931
	Going concern NAV per diluted share at end of period (in euros)	29,69	30,33
	<i>Change vs N-1</i>	<i>-2,1%</i>	

The net asset value (NAV) includes property transfer taxes to provide a NAV in light of the going concern.

At 31 December 2019, the going concern NAV per share was €29.69, down by -2.1% compared to 31 December 2018. It accounts for the dividend of €1.50 per share that was paid in May 2019.

EPRA NAV

EPRA NAV (in thousands of euros)	31/12/2019	31/12/2018
Consolidated shareholders' equity - Group share	3 540 434	3 646 899
Elimination of the fair value of hedging instruments	25 556	18 746
Reversal of the deferred income tax on potential capital gains	175 685	154 419
Optimisation of transfer taxes	57 723	56 065
EPRA NAV (excluding transfer taxes)	3 799 399	3 876 129
<i>Change vs N-1</i>	-2,0%	
Diluted number of shares comprising the share capital at period end	136 705 504	136 538 931
EPRA NAV (excl. transfer taxes) per diluted outstanding share (in euros)	27,79	28,39
<i>Change vs N-1</i>	-2,1%	

The EPRA NAV (Net Asset Value) is an indicator of the fair value of a property company's assets. EPRA NAV is calculated by taking consolidated shareholders' equity Group share, which, stated at fair value, includes unrealised capital gains or losses on the assets. With a view to continuing operations, this indicator does not deduce the deferred tax on unrealised capital gains as well as the adjustment of fair value of financial instruments.

The transfer tax is optimised because the duty is calculated as if it involved sales of assets. However,

certain assets are owned by individual companies and would be sold in a share deal in the event of a disposal. The duty would then be calculated and paid on a reduced basis.

At 31 December 2019, the EPRA NAV per share was €27.79, down by -2.1% compared to 31 December 2018. Restated to take into account the €1.50 per share dividend paid in May 2019, the NAV per share increased by €0.90, i.e. 3.2%.

NNNAV EPRA

Triple net asset value (NNNAV EPRA) (in thousands of euros)	31/12/2019	31/12/2018
EPRA NAV	3 799 399	3 876 129
Fair value adjustments of hedging instruments	- 25 556	- 18 746
Fair value adjustments of fixed rate debt	- 66 320	- 38 473
Actual taxes on unrealised capital gains/losses	- 91 323	- 113 771
Triple net asset value (NNNAV EPRA)	3 616 200	3 705 139
<i>Change vs N-1</i>	-2,4%	
Diluted number of shares comprising the share capital at	136 705 504	136 538 931
Triple Net NAV (NNNAV EPRA) per diluted outstanding share at end of period (in euros)	26,45	27,14
<i>Change vs N-1</i>	-2,5%	

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

At 31 December 2019, EPRA NNNAV per share was €26.45, down by -2.5% compared to 31 December 2018. A dividend of €1.50 per share was paid in May 2019.

2.8.4. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant premises (in millions of euros)	15,1	6,5	0,4	22,0
Total property portfolio rental value (in millions of euros)	264,5	107,8	24,3	396,6
EPRA vacancy rate	5,7%	6,1%	1,6%	5,6%
Impact of strategic vacancy	1,6%	2,5%	0,5%	1,8%
Financial vacancy rate	4,1%	3,6%	1,1%	3,8%

The EPRA vacancy rate at 31 December 2019 was 5.6%, slightly down compared to 2018 (-10 bps).

The EPRA vacancy rate is the ratio between the market rent of vacant areas and the total market rent (of vacant and rented areas). The rental value

used to calculate the EPRA vacancy rate is the gross rental value defined by expert appraisal.

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

2.8.5. EPRA yield: EPRA NIY and EPRA "Topped-Up" NIY

EPRA NIY and EPRA "Topped-Up" NIY (in millions of euros)		31/12/2019	31/12/2018
Total property portfolio value (excluding transfer taxes)		6 104,1	6 085,4
(-) Assets under development and other		68,8	62,6
Value of operating portfolio (excluding transfer taxes)		6 035,3	6 022,8
Transfer taxes		317,4	321,0
Value of operating portfolio (including transfer taxes) (A)		6 352,7	6 343,8
Net annualised rental income (B)		353,0	349,6
Impact of rent adjustments		5,0	6,3
Net rental income excluding rent adjustments (C)		358,0	355,9
EPRA Net Initial Yield (B) / (A)		5,6%	5,5%
EPRA Net Initial Yield excluding rent adjustments (C) / (A)		5,6%	5,6%

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

2.8.6. EPRA investments

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

(in thousands of euros)	France		Spain		Italy		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Acquisitions	5 390	172 205	2 969	285 013	0	4	8 359	457 222
Developments	0	11 600	0		0		0	11 600
Like-for-like investments	106 934	101 949	4 206	9 908	1 179	3 069	112 319	114 926
Extensions	68 296	75 847	0	0	442	2 277	68 738	78 124
Restructurings	19 552	3 529	0	0	0	0	19 552	3 529
Step-rents	9 899	8 417	1 914	1 566	45	0	11 858	9 983
Renovations	3 926	2 096	2 223	8 298	30	468	6 179	10 862
Maintenance capex	5 261	12 060	69	44	662	324	5 992	12 428
Total investments	112 324	285 754	7 175	294 921	1 179	3 073	120 678	583 748

Acquisitions include a retail space in Barentin (Normandie), exploitation rights regarding Specialty Leasing in 8 galleries owned by the group in Spain

and around 20 lands in France to set up relay antennas.

The development investments amounts to € 0 in 2019, because the group has not led any greenfield project. In 2018, Orléans – Cap Saran’s retail park was accounted for in this item line.

Lastly, investments on a like-for-like basis include extensions, restructuring works, tenant incentives, refurbishments, as well as maintenance CAPEX. In 2019 most investments were related to operations in France :

- Extensions are mainly focused on the projects in Nice (€41.6 million) and Rennes-Cesson (€23.9 million);
- Restructuring works and tenant incentives include this year’s two major restructuring works in

Bourg-en-Bresse (€2.6 million) and Cité Europe in Coquelles (€ 17.9 million);

- Refurbishments are mainly related to assets that are being extended or renovated in France, mainly Bourg-en-Bresse, Rennes – Cesson and Thionville. Furthermore, refurbishment works regarding the sites bought in 2018 in Spain have been initiated;

- Maintenance CAPEX : these investments amount to 5% of total investments, and are mainly focused on assets being redeveloped where renovation and modernisation works have been carried out on existing parts in order to optimise value creation.

3. FINANCIAL POLICY

3.1. Financial resources

Bonds

On 17 July 2019, Carmila has obtained an AMF (“Autorité des Marchés Financiers”) Visa for the EMTN (Euro Medium Term Note Program) program, giving the Company easier access to the bond market.

As part of its EMTN programme, Carmila issued a new bond (private placement) on 6 November 2019 with a maturity of 12 years and a coupon of 1.89%. Carmila’s outstanding bond debt of €1,550 million at end-2018 rose to €1,600 million at end-2019.

Loans from banks – non-current

Carmila entered into a loan agreement with a banking pool in 2017. This agreement was re-negotiated several times since then. During 2019, its expected maturity of June 2023 was extended to June 2024. On 16 December 2019, Carmila repaid €100 million of this loan agreement, bringing the outstanding down from €770 million at 31 December 2018 to €670 million at 31 December 2019.

Compliance with the prudential ratios at 31 December 2019

The loan agreement, along with the revolving credit facilities are subject to compliance with financial covenants measured at the closing date of each half-year and financial year. At 31 December 2019, Carmila complied with the financial covenants.

Interest Cover Ratio

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

Loan-to-value

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

Debt Maturity

Debt maturity stands at 5.0 years at 31 December 2019.

Interest Cover Ratio

(in thousands of euros)

		31/12/2019	31/12/2018
EBITDA	(A)	282 569	264 347
Cost of net indebtedness	(B)	56 718	53 627
Interest Cover Ratio	(A)/(B)	5,0	4,9

Loan-to-Value Ratio

(in thousands of euros)

		31/12/2019	31/12/2018
Net financial debt	(A)	2 241 766	2 177 233
Current and non-current financial liabilities		2 416 000	2 389 928
Net cash		- 174 088	- 70 518
Short term investment		- 146	- 142 177
Property portfolio including transfer taxes	(B)	6 421 482	6 404 613
Loan-to-Value Ratio including transfer taxes	(A)/(B)	34,9%	34,0%
Property portfolio excluding transfer taxes	(C)	6 104 124	6 083 619
Loan -to-value ratio excluding transfer taxes	(A)/(C)	36,7%	35,8%

Net debt / EBITDA		31/12/2019	31/12/2018
<i>(in thousands of euros)</i>			
Net debt	(A)	2 241 766	2 177 233
EBITDA	(B)	282 569	264 347
Net debt / EBITDA	(A)/(B)	7,9	8,2

Gross financial liabilities do not include issuance fees for borrowings and bonds, derivative hedging instrument liabilities (current and non-current), bank facilities and IFRS 16 financial liabilities.

Other loans

Carmila strives to diversify its sources of financing and their maturities, and has set up a short term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and updated every year. The outstanding balance of this programme at 31 December 2019 was €146 million

with maturities mainly ranging from one to three months.

As part of its refinancing in 2017, Carmila negotiated new credit lines with leading banks, including:

- A revolving credit facility of €759 million, currently undrawn and for which the maturity has been extended to 16 June 2024;
- A revolving credit facility of €250 million under a club deal agreement with a limited number of leading banking partners close to Carmila maturing on 16 June 2020.

Breakdown of financial debt by maturity date and average rate

<i>in thousands of euros</i>	Gross amount	Starting date	Lease maturity
Bond issue I- Notional amount €600 million, coupon 2.375%	600 000	18/09/2015	18/09/2023
Bond issue II- Notional amount €600 million, coupon 2.375%	600 000	24/03/2016	16/09/2024
Bond issue III- Notional amount €350 million, coupon 2.125%	350 000	07/03/2018	07/03/2028
Private Placement - Notional €50 million, coupon 1.89%	50 000	06/11/2019	06/11/2031
Credit agreement	670 000	16/06/2017	16/06/2023
Commercial papers	146 000	31/12/2016	16/06/2023
Total	2 416 000		

At 31 December 2019, the maturity of the debt was 5.0 years at an average interest rate of 2.1% including hedging instruments (excluding amortisation of issuance premiums, cancellation

expenses for capitalised financial instruments and the non-utilisation fee for undrawn credit lines). The average rate excluding hedging instruments was 1.8%.

3.2. Hedging instruments

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

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

To optimise its hedging, on 16 and 17 December 2019, Carmila cancelled five fixed-rate payer swaps with maturities between 2020 and 2022 by paying a balance of €6.1 million. The notional amount of the five swaps cancelled was €275 million. To maintain optimal hedging, on 17 December 2019, Carmila set up a cap for a nominal amount of €100 million maturing in 2024, with a 0% strike by paying a premium of €0.2 million.

In December 2019, two caps with a total nominal amount of €100 million matured.

At 31 December 2019, the Carmila portfolio of derivative instruments set up with leading banking partners comprised:

- five fixed-rate payer swaps at 3-month Euribor for a notional amount of €385 million covering a period up to December 2027, for the longest of them;
- one cap for a nominal amount of €100 million maturing in 2023.

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

The fixed rate position represents 82% of the gross debt at 31 December 2019 (with Swap and swaption collar) and 86% including the Caps.

3.3. Cash

<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Cash	178 172	70 518
Cash equivalents	0	-
Cash and cash equivalents	178 172	70 518
Bank facilities	-4 141	-5 617
Net cash	174 031	64 901
Marketable securities	146	142 177
Net cash and cash equivalents investments	174 177	207 078

3.4. Rating

At 16 July 2019, S&P confirmed Carmila's BBB rating with a "positive" outlook. On 24 September 2019, as

part of a sectoral review, S&P revised Carmila's outlook from "positive" to "stable".

3.5. Dividend distribution Policy

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

Carmila's objective is to distribute to its shareholders an annual amount representing approximately 90% of recurring earnings per share. Where relevant, Carmila's payments will be based on distributable income, and premiums will be paid in addition to this distributable income.

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

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

Confident in the strength and effectiveness of Carmila's business model, the Company's management will ask the General Meeting scheduled for 14 May 2020 to approve the payment of a 2019 dividend matching that of 2018, i.e. €1.50 per share.

This dividend amount represents a payout ratio (dividend/recurring earnings) of 92.5% for 2019, versus 98% for 2018.

4. EQUITY AND SHAREHOLDING

<i>in €</i>	Number of shares	Share capital	Issuance premium	Merger premium
On 1st January 2019	136 561 695	819 370 170	519 655 151	1 748 548 849
Cash payment dividend GM 16/05/2019	-	-	-	- 138 314 000
New shares issued	120 148	720 888	- 720 888	-
Adjustment on 2017 IPO-Capital increase costs	-	-	1 677 000	- 1 677 000
On 31 December 2019	136 681 843	820 091 058	520 610 381	1 608 558 263

At 31 December 2019, the share capital was made up of 136,561,695 Class A shares, each with a nominal value of six euros (€6) fully subscribed and paid up. The share capital also includes 120,148 Class B shares, each with a nominal value of six euros (€6).

At 16 May 2019 the General Meeting confirmed, upon proposal from the board of directors, the payment of a 2018 dividend of €1.50 per share. Shares were traded ex-dividend on 21 May and paid in one instalment on 23 May. It has been offset against distributable income for €66,5 million, and the remaining amount against share premium for €138.2 million.

Furthermore, the company has issued 112,611 Class B shares, as part of the preferred share allocation plan for key employees and corporate officers of Carmila, approved by the General Assembly at 16

May 2018. The capital increase has been offset against share premium.

Carmila's share capital is divided among long-term associates. At 31 December 2019, the largest shareholder is the Carrefour group, which has an equity investment of 35.4% in Carmila's share capital, which it consolidates 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 other 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Colony Group, which holds 9.3% of Carmila's share capital.

The shares of Carmila S.A. are admitted to trading in Segment A of Euronext Paris since 1st January 2018.

5. ADDITIONAL INFORMATION

5.1. Changes in governance

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

During the meeting of the Board of Directors of 15 May 2019, Mr Jacques Ehrmann resigned his functions as Chairman and Chief Executive Officer of Carmila. This resignation became effective on 30 June 2019.

Following the recommendation of the Compensation and Nominating Committee, the Board of Directors selected Mr Alexandre de Palmas to succeed Mr Jacques Ehrmann as Chairman and Chief Executive Officer of Carmila effective 1 July 2019.

Following an initial experience in commercial real estate with the Casino Group, Alexandre de Palmas, 45, exercised management functions at Clear Channel, Elior (commercial catering) and Carrefour Proximité. These experiences enabled Mr De Palmas to develop and leverage strong expertise in retail and marketing issues, valuable knowledge for the development of Carmila, a key player in shopping centres in France, Spain and Italy.

Appointment of Mr Jérôme Nanty as Director

Mr Jérôme Nanty was co-opted as Director during the Board of Directors meeting of 3 April 2019, as replacement for Mr Francis Mauger.

6. OUTLOOK

Carmila's long-term growth prospects are sustainable. Carmila has excellent visibility for its income (long leases, indexation, highly stable occupancy rate), productivity gains that enable it to reduce its cost ratio, and a solid financial structure with stable and predictable cost of debt (S&P rating of BBB, long maturity debt, 82% of which is fixed rate, good financial liquidity). Furthermore, Carmila has powerful growth drivers at its disposal, including sustained organic growth, a carefully managed pipeline comprising large-scale structural and value-creating projects, and a local digital marketing strategy intended to help retailers develop their revenues.

In addition, Carmila's teams are agile, dynamic experts in the leading shopping centres in their local regions and focused on innovation. They are researching and developing promising growth drivers, such as land development in partnership with Carrefour Property, and continuing development of joint venture activities with double-digit 5-year IRR objectives.

Consequently, Carmila's management is confident in the sustainability and strength of the company's business model.

2020 will be a year of large project launches to develop the company's growth with the following objectives:

- Three deliveries of development projects, in particular the extension of Nice Lingostière and the restructuring of Calais Coquelles with the establishment of Primark on 6,000m²;
- Significant advances on flagship projects after the municipal elections;
- Continued selectivity on acquisitions to concentrate on financially very favourable opportunities;
- Acceleration of growth from Business Development.

In this context, Carmila's objective for recurring earnings per share growth is between +2% and +4% based on recurring earnings per share in 2019 of €1.61 per share, adjusted for the €2.0 million of financial income from securities recorded in the 2019 financial statements.