Press release

Boulogne-Billancourt, 30 July 2020

2020 half-year results

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

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

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

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

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

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

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

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

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

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

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

Activity during the first half

Retailer revenues and footfall rates

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

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

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

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

Letting activity

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

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

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

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

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

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

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

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

Management of the health crisis

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

Accordingly, Carmila implemented:

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

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

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

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

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

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

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

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

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

Focus on undergoing negotiations with tenants

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

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

2020 half-year results

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

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

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

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

Asset valuation and NTA

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

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

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

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

Dividend policy

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

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

Debt and financial structure

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

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

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

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

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

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

Extension and restructuring pipeline and ongoing projects

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

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

CSR policy and first half activities

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

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

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

Business development

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

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

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

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

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

Outlook

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

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

Main results and interim balances

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

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

Highlights

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

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

- **Shareholders' Meeting**

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

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

Financial Calendar

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

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

Important notice

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

About Carmila

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

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