



Boulogne-Billancourt, 15 February 2023

## 2022 Annual Results

### Key figures

- Recurring earnings per share up 26% to €1.56 versus 2021
- Like-for-like increase of 1.0% in the portfolio value compared to end-2021
- EPRA Net Tangible Assets (NTA) per share of €25.26 at end-2022, up 2.9% versus end-2021
- Asset disposal target exceeded<sup>1</sup> (€240 million by mid-February 2023; disposals in line with appraisal values)
- €20 million share buyback programme to be launched
- Proposed cash dividend of €1.17 per share (a 17% increase on 2021)
- New asset rotation target: €100 million by end-2024
- Recurring earnings per share expected in 2023: €1.57

### 2022 trading

- Retailer sales up 2% versus 2019
- Good leasing momentum: 854 leases signed in 2022, positive reversion of 1.5%
- Financial occupancy at 96.5%, up 0.2 percentage points versus end-2021
- Net rental income up 15.6% versus 2021, of which 4.2% in organic growth
- On track to meet the objectives of the three growth initiatives: incubator and omnichannel platform, Next Tower, Carmila Retail Development

### Strengthened financial position

- €550 million sustainability-linked bank loan (3-month Euribor plus 180 basis points, maturing in 2027) signed in July 2022
- Loan-to-value<sup>2</sup> ratio of 35.8% at end-2022, down 160 basis points versus end-2021
- Net-debt-to-EBITDA ratio of 7.7x versus 9.7x at end-2021

### Marie Cheval, Chair and Chief Executive Officer of Carmila commented:

"Carmila's new strategic plan, "Building Sustainable Growth", got off to a successful start, meeting its initial objectives ahead of schedule. The year also saw a strong rebound in trading after the health crisis, with retailer sales higher than in 2019.

Carmila has launched an asset rotation strategy, with the sale of 11 assets in France and Spain, in line with appraisal values, confirming the liquidity and value of its assets.

Carmila's shopping centres are anchored in their local communities and benefit from the powerful draw of Carrefour hypermarkets. Their ongoing transformation is driven by a fully omnichannel strategy, which is helping to shift the merchandise mix towards innovative new concepts."

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<sup>1</sup> Disposals completed or signed

<sup>2</sup> EPRA LTV Ratio including RETTS



## 1. Key financial highlights

	2022	2021	Change	Like-for-like change
Gross rental income (€m)	357.0	351.8	+1.5%	
Net rental income (€m)	335.2	289.9	+15.6%	+4.2% <sup>3</sup>
EBITDA (€m)	287.2	238.8	+20.3%	
Recurring earnings (€m)	224.9	178.2	+26.2%	
Recurring earnings per share (€)	1.56	1.24	+25.8%	

  

	2022	2021	Change	Like-for-like change
Property portfolio valuation (€m) including transfer taxes	6,166	6,214	-0.8%	+1.0%
Net Potential Yield	6.37%	6.18%	+19 bps	
EPRA LTV Ratio, including RETTS	35.8%	37.4%	-160 bps	
EPRA LTV Ratio	37.6%	39.2%	-160 bps	
EPRA NDV <sup>4</sup> per share (€)	25.76	22.99	+12.0%	
EPRA NTA <sup>5</sup> per share (€)	25.26	24.54	+2.9%	

## 2. 2022 trading

### Retailer sales up 2% compared with 2019 levels

Retailer sales for 2022 were up 2% on 2019. Retailer sales are analysed on a like-for-like basis and therefore only concern retailers operating in Carmila centres since 2019. The analysis does not take into account the impact of the shift in the merchandise mix towards new concepts that began a few years ago.

Underpinned by the powerful draw of Carrefour hypermarkets in particular, Carmila centres continued to outperform industry peers in terms of footfall (4 percentage points higher in France and 1 percentage point higher in Spain<sup>6</sup>).

The average occupancy cost ratio of Carmila's tenants was 10.5% in 2022, down 50 basis points on 2019, reflecting the change in the centres' merchandise mix since 2019.

3 Excluding direct effects of the health crisis

4 Net Disposal Value

5 Net Tangible Assets

6 Based on the change in retailer sales compared to 2019 (Quantaflow in France, Shopper Trak in Spain)



### **Leasing momentum maintained, with 854 leases signed in 2022**

Following a record letting performance in 2021, 854 new leases were signed in 2022, on a par with 2019 (24.1% fewer than in 2021) for a total minimum guaranteed rent of €42.3 million, or 11.7% of the rental base.

Reversion was a positive 1.5% on average over the year, including new leases on vacant premises and renewals.

Leasing momentum was sustained during the year, with new concepts and digital native vertical brands (DNVBs), along with some sector leaders.

In France, leases were signed with tenants from a wide range of retail segments:

- Healthcare: We Audition, Vertuo, Kryss, Alain Afflelou, Optic 2000, and new and enlarged pharmacies
- Food service: KFC, Crêpe Touch, Subway, Buffalo Grill, Factory & Co
- Clothing: JD Sports, Sports Direct, JOTT, Project X Paris, Jennyfer
- Value retailers: Action, Normal
- Services, beauty and leisure: Fitness Park, Body Minute, Qipao Beauty, Beauty Success, Esthetic Centre
- Household furnishings and gifts: Le Repaire des Sorciers, Le Comptoir de Mathilde, Palais des Thés

In Spain:

- National brands: Druni, Dormitorium and Área Fitness.
- International leaders: Yelmo, McDonalds, Burger King and Kiabi Kids (first opening in Spain)
- International brands seeking to secure a foothold in Spain: Fitness Park, Carl's Junior, JD Sports

Financial occupancy stood at 96.5% at end-December 2022, up 20 basis points compared to 31 December 2021.

## **3. Financial results**

### **Net rental income up 15.6% versus 2021, of which 4.2% in organic growth**

In 2022, net rental income increased by 15.6% versus the same prior-year period, with the significantly improved performance mainly attributable to:

- the rebound in rent collection in 2022, as well as a positive impact of €8 million due to the better-than-expected collection of prior year rents;
- organic rental income growth of 4.2%, including a 3.2% positive indexation effect.

Rent collection continued to climb in 2022, pushing up the collection rate for the period to 96.6%<sup>7</sup>, in line with 2019 rent collection. The collection rate for 2021 was 86% at that date,

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<sup>7</sup> As of 7 February 2023



reflecting the health restrictions during the first half and the delay in rolling out the government support package in France.

#### **Recurring earnings per share up 26% to €1.56 versus 2021**

Recurring earnings per share for 2022 came out at €1.56, up 26% versus 2021, slightly higher than guided in October 2022 (20% increase)

#### **Cash dividend of €1.17 per share to be proposed to shareholders at the Annual General Meeting**

The Annual General Meeting to be held on 11 May 2023 will be asked to approve a per-share dividend of €1.17 in respect of 2022, to be paid in cash. This corresponds to a payout of 75% of recurring earnings. As a reminder, Carmila's dividend policy for the period 2022 to 2026, as announced to the market in December 2021, is to pay out at least €1.00 per share in cash, with a target payout ratio of 75% of recurring earnings.

#### **Like-for-like increase of 1.0% in the portfolio valuation versus end-2021**

As of 31 December 2022, the gross asset value the portfolio, including transfer taxes, stood at €6.2 billion, up 1.0% versus end-2021 on a like-for-like basis. The portfolio valuation was down 0.8% on a reported basis, reflecting the impact of the sale of a portfolio of six assets in France, partially offset by a like-for-like increase in appraised values and the acquisition of a shopping centre in Malaga, Spain.

This like-for-like change is solely attributable to growth in the rental base, which offset the rise in discount rates. The portfolio capitalisation rate (Net Potential Yield) was up 19 basis points year on year, to 6.37%.

#### **EPRA Net Tangible Assets (NTA) per share of €25.26 at end-2022, up 2.9% versus end-2021**

Carmila's EPRA Net Tangible Assets (NTA) per share was €25.26, up 2.9% on the end-2021 figure. The improvement can be explained by higher like-for-like appraisal values (positive €0.05 per-share impact), recurring earnings for the period (positive €1.56 impact), payment of the 2021 dividend (negative €1.00 impact), share buybacks (positive €0.16 impact) and other effects (negative €0.04 impact).

EPRA Net Disposal Value (NDV) was €25.76, up 12.0% on the end-2021 figure. The larger increase in this indicator was mainly attributable to the change in fair value of fixed-rate debt and financial instruments on the back of higher interest rates since the end of 2021.

### **4. Implementation of the 2022-2026 strategic plan, "Building Sustainable Growth"**

#### **A new strategic plan focused on growth and sustainability**

In December 2021, Carmila launched its new strategic and financial plan for 2022-2026. This plan describes Carmila's new ambition to build sustainable growth and invest in new business lines, and is based on three pillars:



- a new role for Carmila as an incubator and omnichannel platform;
- leadership in sustainability, notably through a new generation of development projects based on mixed-use and a commitment to reach "net zero"<sup>8</sup> by 2030;
- investment in new business lines: digital infrastructure and new retail concepts.

When unveiling the strategic plan, Carmila set itself several medium-term financial objectives.

One of the main objectives focused on recurring earnings per share, which was expected to increase by 10% in both 2022 and 2023.

In 2022, Carmila achieved this objective ahead of schedule and even exceeded its recurring earnings growth target for 2023, with recurring earnings per share of €1.56, up by 26% compared to 2021.

This sharp rise reflects the sooner-than-anticipated resumption of normal operating performance, coupled with organic growth in the rental base, including a significant indexation effect.

### **Successful first phase of the asset rotation strategy**

The strategic plan also included an asset rotation programme, targeting €200 million in disposals by the end of 2023.

As a reminder:

- On 30 June 2022, Carmila completed the sale of a portfolio of six assets located in France to a joint venture set up with Batipart and Atland Voisin. The agreed sale price of the portfolio is €150 million (including transfer taxes), in line with appraisal values at end-2021. Carmila retained a 20% minority stake in the joint venture, which was accounted for using the equity method in the consolidated financial statements at 31 December 2022.
- On 7 February 2023, Carmila announced the signing of an agreement for the sale of a portfolio of four assets located in Andalusia, in southern Spain. The sale price of the portfolio is €75 million, including transfer taxes, in line with end-June and end-December 2022 appraisal values.
- On 7 February 2023, Carmila also announced the signature of an agreement for the sale of an asset in Montélimar, France. The agreed sale price of the asset is €15 million, including transfer taxes, also in line with the appraisal value at the end-June and end-December 2022.

Once the asset disposals in Spain and Montélimar have been finalised, Carmila will have completed the disposal of 11 assets for a total of €240 million, thereby exceeding by €40 million its €200 million disposal target for the first two years of its new "Building Sustainable Growth" strategic plan.

The sale of a portfolio of six assets in France in the first half of the year helped finance a share buyback of €30 million and the acquisition of a shopping centre in Malaga, Spain for €24.3 million.

### **On track to meet the objectives of Carmila's three growth initiatives**

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<sup>8</sup> Scopes 1 & 2



The three growth initiatives of the “Building Sustainable Growth” strategic plan – the omnichannel incubator, Next Tower and Carmila Retail Development – are expected to contribute an additional €30 million per year to recurring earnings by 2026.

- In 2022, the incubator and omnichannel services platform for retailers contributed €1.4 million to recurring earnings. Carmila is stepping up the development of its service platform for retailers, which spans development of the franchise, management of the online presence, pop-up and flash pop-up sales, DNVB incubators, targeted marketing and in-centre connectivity.
- Locked-in rental income from leases signed by Next Tower amount to around €1.5 million in 2022. Next Tower currently operates 110 antennas in France and Spain.
- Carmila's share of the EBITDA of Carmila Retail Development's equity-accounted partner companies in 2022 is €1.1 million, lifted by good growth momentum for the Cigusto chain. At the end of 2022, Carmila Retail Development has 15 partners and 123 stores in Carmila centres.

### **Commitment on the climate (“net zero” Scopes 1 & 2 emissions by 2030)**

Carmila is targeting “net zero” Scopes 1 & 2 carbon emissions by 2030, by which time it will have cut emissions by 90% versus 2019 through reducing energy consumption and transitioning to renewable energy for its centres. The remaining 10% of emissions will be offset, in keeping with the recommendations of the Science Based Targets initiative (SBTi), through the financing of the environmental transition of local farms within the scope of a partnership with TerraTerre launched in 2022. Carmila will also continue to reduce its Scope 3 emissions, with the aim of becoming fully carbon neutral by 2040.

At the end of 2022, Carmila's Scopes 1 & 2 greenhouse gas emissions were 14% lower than in 2019, due notably to a 16% reduction in energy consumption compared to 2019<sup>9</sup>.

Furthermore, as announced in September and in line with the goals published by the French government, in 2022 Carmila rolled out a number of additional energy efficiency measures to reduce its energy consumption by 20% in winter 2022-23 compared to winter 2019-2020.

### **A sustainability reporting leader**

Carmila aims to have 100% of its assets BREEAM-certified by 2025. In 2022, Carmila's BREEAM In-Use certification rate stood at 97% of the portfolio in terms of value, with 33% of sites rated Very Good BREEAM In-Use Version 6.

On 18 October 2022, Carmila also published its Green Bond Framework, which sets out the rules governing Green Bond issuance. It forms part of Carmila's sustainable development ambition as part of its “Building Sustainable Growth” strategic plan, and more specifically makes reference to Carmila's commitments regarding the environmental certification of assets and energy transition (<https://www.carmila.com/finance/green-bond/>).

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<sup>9</sup> As assessed from September to September, and therefore excluding the exceptional measures taken in winter 2022-23



In 2022, Carmila was recognised for its leadership in transparency and climate change performance by the international environmental NGO, CDP, which gave it the highest rating in its annual A-list.

Carmila was ranked number one among listed commercial real estate peers in the Development category of the GRESB 2022 benchmark, with a score of 95/100, and picked up its third EPRA sBPR Gold award, highlighting the Company's alignment with the highest standards in non-financial reporting. Carmila also received an EPRA BPR Gold award for the quality of its financial disclosures.

## 5. Strengthened financial position

### **New term loan to refinance the September 2023 bond maturity**

On 21 July 2022, Carmila signed a new €550 million term loan. The loan matures in 2027, with two extension options of one year each, and pays interest at 3-month Euribor plus 180 basis points.

Part of this new loan financed the redemption offer for Carmila bonds maturing on 18 September 2023. The total nominal amount tendered and approved for redemption was €200 million.

Carmila's cash position at end-December amounted to €357 million, which is sufficient to cover the redemption at maturity of all of the bonds outstanding under this issue, representing €322 million.

At end-2022, the average maturity of Carmila's debt was 4.4 years<sup>10</sup> (versus 4.3 years at end-2021). Since end-December 2021, Carmila has reinforced its interest rate hedging position with derivatives for a total nominal amount of €450 million, resulting in a total nominal interest rate hedging position of €585 million. Accordingly Carmila is fully hedged with respect to interest rate risk in 2023.

### **Loan-to-Value ratio<sup>11</sup> of 35.8% at end-December 2022, down 160 basis points versus end-2021; net-debt-to-EBITDA ratio of 7.7x**

Carmila's financial position is solid, with a loan-to-value ratio (LTV) of 35.8%. The 160-basis-point decrease in the LTV ratio versus end-2021 was driven by the €119 million reduction in net debt over the period, thanks in particular to the resumption of normal rent collection as well as to the proceeds from the sale of a portfolio of six assets in France.

At 31 December 2022, the net-debt-to-EBITDA ratio stood at 7.7x, versus 9.7x one year earlier. At that same date, the interest coverage ratio stood at 4.5x, versus 3.9x at end-2021.

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<sup>10</sup> Excluding the September 2023 bond maturity, to be financed by the term loan signed in July 2022

<sup>11</sup> EPRA LTV ratio, including RETTS



## 6. Outlook

### **Recurring earnings per share expected in 2023: €1.57**

Recurring earnings per share for Carmila in 2023 are expected to be €1.57, corresponding to 8% organic growth (at constant scope, and versus 2022 recurring earnings per share adjusted for non-recurring income resulting from better-than-expected collection of prior-year rents).

### **New €20 million share buyback programme to be launched immediately**

A €20 million share buyback programme will be launched presently, in order to take advantage of the current discount to net asset value.

### **Reduction of the capital expenditure budget for major projects**

None of the five major extension projects (Montesson, Orléans Place d'Arc, Antibes, Toulouse Labège and Tarrassa) is currently under construction. These projects have been reviewed, resulting in a significant reduction in the estimated capital outlay, which now represents €200 million versus the €550 million announced in December 2021.

Due to real estate trends over the past few years, future plans are likely to include less retail space and more space devoted to new uses – including housing. In their new configurations, these projects will have to generate sufficient profitability in line with Carmila's investment criteria. The first major capital outlay will not be until 2025.

Regarding urban mixed-use projects, Carmila is pushing ahead with Carrefour and Altea Cogedim on the Nantes Beaujoire and Sartrouville projects, while other projects are being examined in conjunction with Carrefour.

### **Ongoing asset transformation strategy through small-scale restructuring projects**

In addition to these five major projects, Carmila has a pipeline of smaller-scale restructuring and projects to create new restaurants and food courts. In 2022, 36 projects of this type were delivered, representing a total investment of €44 million for Carmila. The target for 2023 is to deliver 33 small-scale restructuring projects. Carmila's strategy of transforming and continually upgrading its assets will continue throughout the strategic plan to 2026.

Out of an overall annual budget of €50 million for both maintenance and restructuring projects, the target annual budget for these transformation projects is €40 million, up from the €25 million announced in December 2021.

### **New asset rotation target: €100 million by end-2024**

In 2023 Carmila is launching the second phase of its asset rotation strategy, following the early success of the first phase, and is targeting a total of €100 million in disposals by the end of 2024. Part of the proceeds from these disposals will be reinvested in new assets and in restructuring projects. The remainder will be paid out to shareholders.

### **€10 million per year set aside for energy transition investments**





Carmila plans to invest approximately €10 million per year in respect of its greenhouse gas emissions reduction commitments. These investments will focus on three measures:

- Upgrading heating, ventilation and air conditioning systems by replacing old equipment
- Fitting out all of Carmila's shopping centres with LED lighting by the end of 2023
- Rolling out a new building management system

Regarding the capital expenditure for the three growth initiatives:

- The incubator and the omnichannel service platform will not require any new specific investments, as the running costs for these initiatives are already factored into Carmila's operating cost base.
- Next Tower will require an investment of approximately €13 million each year until 2026.
- Carmila Retail Development will not require any further investment in 2023.

### **Additional information**

The presentation of Carmila's 2022 annual results will be broadcast live on 16 February 2023 at 11:30 a.m. (CET) on Carmila's website ([www.carmila.com](http://www.carmila.com)).

The presentation in English will be made available on Carmila's website on the following page:

<https://www.carmila.com/en/finance/financial-presentation/>

A replay of the webcast will then be available online during the day on 16 February 2023.

A document entitled "Consolidated financial statements and 2022 business review" will be made available on Carmila's website at the following page:

<https://www.carmila.com/en/finance/financial-press-releases/>

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#### **INVESTOR AGENDA**

**16 February 2023:** Annual results presentation

**20 April 2023 (after market close):** First-quarter 2023 financial information

**11 May 2023: Annual General Meeting**

**26 July 2023 (after market close):** First-half 2023 results

**27 July 2023:** First-half 2023 results presentation

**19 October 2023 (after market close):** Third-quarter 2023 financial information



## **ABOUT CARMILA**

As the third-largest listed owner of commercial property in continental Europe, Carmila was founded by Carrefour and large institutional investors in order to transform and enhance the value of shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy. At 31 December 2022, its portfolio was valued at €6.2 billion, comprising 208 shopping centres, all leaders in their catchment areas.

Carmila is listed on Euronext-Paris Compartment A under the symbol CARM. It benefits from the tax regime for French real estate investment trusts ("SIIIC").

Carmila has been a member of the SBF 120 since 20 June 2022.

## **Important notice**

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

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