CONSOLIDATED FINANCIAL STATEMENTS AND COMMENTARY ON 2023 BUSINESS ACTIVITY

CARMILA

Contents

1. Business review and assets

1.1 2023 BUSINESS REVIEW

1.1.1 Leasing activity

1.1.1.1 Summary

Carmila saw strong momentum in its leasing activity in 2023, with the Company signing 826 leases for total minimum guaranteed rent (MGR) of €44.1 million (up 4.4% year on year), or 12.2% of the rental base. Reversion was a positive 2.4% for the year as a whole.

(in thousands of euros)	31 Dec. 2023				
	Leased vacant premises		Renewals		Total
	Number of leases	Annual MGR	Number of leases	Annual MGR	Reversion
France	217	12,455	142	11,602	3.2%
Spain	152	5,248	255	10,232	2.0%
Italy	23	1,417	37	3,194	0.0%
TOTAL	**392**	**19,120**	**434**	**25,028**	**2.4%**

(in thousands of euros)	31 Dec. 2023		31 Dec. 2022	
	Total		Total	
	Number of leases	Annual MGR	Number of leases	Annual MGR
France	359	24,057	386	23,258
Spain	407	15,480	418	15,900
Italy	60	4,611	50	3,134
TOTAL	**826**	**44,148**	**854**	**42,292**

Leasing activity reflects Carmila's proactive strategy in terms of its merchandise mix, in particular:

- more than 80 new retailers opening stores at Carmila centres for the first time;
- consolidation of the healthcare offering, with opticians (Alain Afflelou, Soloptical, Krys and Grand Optical), new pharmacies and pharmacy extensions;
- development of discount chains (Action, Normal, Tedi);
- renewal of the food and restaurant offering, with new concepts such as Crêp'touch in France, Popeyes in Spain, and a mix of international names (McDonald's, KFC, Starbucks) alongside independent and regional brands;
- expansion of the sports segment, with Intersport, Basic Fit, JD Sports and Courir in France, along with Area Fit and Décimas in Spain.

At 31 December 2023, Carmila's tenants affected by administration proceedings in France represented 2.9% of the rental base in France (0.4% in court-ordered liquidation).

1.1.1.2 Temporary retail activity

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

- Specialty Leasing;
- Pop-up Stores.

(in thousands of euros)	2023			2022			Change
	Specialty Leasing	Pop-up Stores	Total SL+PS	Specialty Leasing	Pop-up Stores	Total SL+PS	%
France	6,557	2,040	8,597	5,860	2,069	7,929	8.4%
Spain	5,306	327	5,633	4,953	346	5,299	6.3%
Italy	1,324	151	1,475	1,267	164	1,431	3.1%
TOTAL	**13,187**	**2,518**	**15,705**	**12,080**	**2,579**	**14,659**	**7.1%**

Specialty Leasing

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

In 2023, Specialty Leasing was buoyant, both in terms of advertising business and the signing of a large number of long-term leases for kiosks, in particular for mobile phone accessories and new food and snacking concepts.

Specialty Leasing revenue jumped 9.2% year on year, with a particularly busy fourth quarter and Christmas period.

Pop-up Stores

Carmila offers retailers the opportunity to open pop-up stores for periods ranging from 4 to 34 months. The pop-up store concept is burgeoning, helping to re-energise Carmila centres. Pop-up stores are particularly suited to new and innovative concepts, such as the first physical Digital Native Vertical Brand (DNVB) stores in "Test and Learn" mode, or regional players who want to test a new centre. Carmila can also accommodate flash pop-up formats such as one-day to one-week sales events.

Leasing activity with pop-up stores hit a record high in terms of the number of new leases signed in 2023, and the year saw a large number of flash pop-up events showcasing for example sneakers, plants or second-hand clothing.

1.1.1.3 Structure of leases

With 5,560 leases under management at 31 December 2023, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 0.7% of net rental income in 2023. Annualised rents totalled €374.0 million.

BREAKDOWN OF NUMBER OF LEASES AND CONTRACTUAL RENTS ON AN ANNUALISED BASIS BY COUNTRY

	At 31 December 2023			At 31 December 2022*		
Country	Number of leases	Annualised contractual rent *(in millions of euros)*	% of total	Number of leases	Annualised contractual rent *(in millions of euros)*	% of total
France	3,469	248.6	66.5%	3,519	244.7	66.6%
Spain	1,796	101.5	27.1%	1,928	99.7	27.1%
Italy	295	23.9	6.4%	367	23.1	6.3%
TOTAL	**5,560**	**374.0**	**100%**	**5,814**	**367.5**	**100%**

* *At 31 December 2022, 368 co-ownership arrangements were included in the 5,814 leases and were restated at 31 December 2023.*

The data shown above for 31 December 2023 take into account the disposal of four assets in Spain and three assets in France, resulting in 176 fewer leases and €9.3 million in lost rental income.

Principal tenant retailers

At 31 December 2023, the 15 leading tenants accounted for 17.9% of annualised rents, with no individual retailer accounting for 2.0% or more of gross rental income.

The table below shows the annualised rents and business segment of the 15 largest tenants at 31 December 2023.

		At 31 December 2023	
Tenant	Business segment	Annualised contractual rent *(in millions of euros)*	% of total
Alain Afflelou	Health & Beauty	6.4	1.7%
Inditex	Clothing & Accessories	6.3	1.7%
Orange	Culture, Gifts & Leisure	5.8	1.6%
Feu Vert	Services	5.7	1.5%
McDonald's	Food & Restaurants	5.2	1.4%
Jules Brice Bizzbee	Clothing & Accessories	4.9	1.3%
H&M	Clothing & Accessories	4.5	1.2%
Nocibe	Health & Beauty	4.1	1.1%
Burger King	Food & Restaurants	3.8	1.0%
Micromania	Culture, Gifts & Leisure	3.7	1.0%
Yves Rocher	Health & Beauty	3.5	0.9%
Flunch	Food & Restaurants	3.4	0.9%
Mango	Clothing & Accessories	3.4	0.9%
Kiabi	Clothing & Accessories	3.1	0.8%
Histoire d'Or	Culture, Gifts & Leisure	3.0	0.8%
		66.8	**17.9%**

Breakdown of contractual rent by business segment on an annualised basis

The table below shows Carmila's annualised rents by business segment at 31 December 2023:

Business segment	At 31 December 2023 Number of leases	Annualised contractual rent (in millions of euros)	% of total	At 31 December 2022* Number of leases	Annualised contractual rent (in millions of euros)	% of total
Clothing & Accessories	1,230	111.1	29.7%	1,301	112.4	30.6%
Health & Beauty	1,236	74.5	19.9%	1,250	71.8	19.5%
Culture, Gifts & Leisure	846	54.2	14.5%	943	56.3	15.3%
Food & Restaurants	847	50.8	13.6%	869	48.6	13.2%
Household Furnishings	311	33.2	8.9%	266	29.0	7.9%
Services	897	27.4	7.3%	923	28.0	7.6%
Sports	176	22.6	6.0%	183	21.0	5.7%
Other	17	0.3	0.1%	79	0.5	0.1%
TOTAL	**5,560**	**374.0**	**100%**	**5,814**	**367.5**	**100%**

* *At 31 December 2022, 368 co-ownership arrangements were included in the 5,814 leases and were restated at 31 December 2023.*

The decrease in Clothing & Accessories and Culture, Gifts & Leisure rents as a proportion of total rents (decreases of 87 and 83 basis points, respectively) mainly benefited Household Furnishings (up 98 basis points), Health & Beauty (up 38 basis points) and Food & Restaurants (up 35 basis points). The proportion of the rental base represented by the other segments remained stable in terms of rent.

Lease expiry dates

At 31 December 2023, the average lease term was 4.5 years, breaking down as 4.8 years in France, 4.2 years in Spain and 3.3 years in Italy.

The table below shows the expiry dates for commercial leases relating to the property portfolio for the 2024-2033 period (data at 31 December 2023):

Lease expiry dates	At 31 December 2023 Number of leases	Lease maturity*	Annualised contractual rent (in millions of euros)
Expired 31 December 2023	489		32.3
2024	610	0.5	32.3
2025	427	1.6	22.2
2026	547	2.6	32.8
2027	609	3.6	42.7
2028	529	4.6	35.6
2029	410	5.6	28.4
2030	561	6.7	40.6
2031	491	7.5	33.4
2032	388	8.6	27.0
2033	275	9.5	19.7
Beyond 2033	224	11.0	27.0
TOTAL	**5,560**	**4.5**	**374.0**

* *Average remaining lease maturity in years.*

Basis for setting rents

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

At 31 December 2023 in its three countries, Carmila had 4,585 leases with double-component rents and 975 leases with fixed rent only, representing 84.6% and 15.4% of annualised rents, respectively.

The table below shows the breakdown of rents between minimum guaranteed rent and variable rent at 31 December 2023:

	At 31 December 2023			
	Number of leases	MGR	Variable rents	Total
Leases with variable rent clauses	4,585	311.6	5.0	316.6
Of which leases with minimum guaranteed rent and additional variable rent	4,569	311.6	2.4	314.0
Of which leases with variable rent only	16	0.0	2.5	2.5
Fixed-rent only leases	975	57.5	0.0	57.5
TOTAL	**5,560**	**369.1**	**5.0**	**374.0**

1.1.1.4 Financial occupancy rate

	Financial occupancy rate (excl. strategic vacancies)	
Country	31 Dec. 2023	**31 Dec. 2022**
France	96.7%	96.6%
Spain	95.7%	95.7%
Italy	99.0%	98.6%
TOTAL	**96.6%**	**96.5%**

At 31 December 2023, the consolidated financial occupancy rate of Carmila's assets was 96.6%, higher than in 2022 (96.5%).

The financial occupancy rate is defined as the ratio between the amount of rent invoiced and the amount of rent that Carmila would collect if its entire portfolio were leased, with the estimated rent for vacant lots being determined on the basis of rental values used by appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies made necessary in order to carry out renovation, expansion, or restructuring projects within the shopping centres.

The impact of strategic vacancies is 1.0% in France, 3.2% in Spain and 1.2% in Italy, which represents a consolidated impact for Carmila of 1.7% at 31 December 2023.

1.1.1.5 Retailer occupancy cost ratio

The occupancy cost ratio of Carmila's tenants broken down by country at 31 December 2023 and 31 December 2022 is as follows:

	Occupancy cost ratio	
Country	31 Dec. 2023	**31 Dec. 2022**
France	10.3%	10.3%
Spain	11.0%	10.8%
Italy	11.9%	11.6%
TOTAL	**10.6%**	**10.5%**

The occupancy cost ratio of Carmila's tenants broken down by country at 31 December 2023 is as follows: France 10.3%, Spain 11.0% and Italy 11.9%.

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) rent and rental charges (excluding VAT) and (ii) retailer sales.

The rent and rental charges used to calculate occupancy cost ratios are made up of fixed rent, variable rent and rental charges and property taxes that are passed on to tenants. They do not include (i) incentives or (ii) marketing fund costs passed on to tenants.

1.1.2 Footfall and retailer sales

	Change in footfall and retailer sales in 2023 versus 2022				
FRANCE	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Footfall as a % of 2022	104%	101%	101%	99%	101%
Retailer sales as a % of 2022	109%	103%	105%	100%	104%
SPAIN	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Footfall as a % of 2022	107%	104%	103%	100%	103%
Retailer sales as a % of 2022	114%	106%	107%	104%	108%
ITALY	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Footfall as a % of 2022	111%	105%	103%	101%	105%
Retailer sales as a % of 2022	111%	102%	99%	99%	102%
TOTAL	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**2023**
Footfall as a % of 2022	105%	102%	102%	99%	102%
Retailer sales as a % of 2022	110%	104%	105%	101%	105%

Retailer sales in Carmila centres for 2023 were up 5% on 2022. Footfall in Carmila centres was 2% higher than in 2022, driven by the attractiveness of Carrefour hypermarkets.

The trend was the same in France, Spain and Italy. Spain delivered particularly good performances, due mainly to the strong rebound in tourism.

1.1.3 Acquisition of Galimmo

1.1.3.1 Agreement signed in July 2023 to acquire Galimmo SCA

On 12 July 2023, Carmila signed an agreement (put option) with the controlling shareholders of Galimmo SCA to acquire 93% of the company's capital. The acquisition of Galimmo will be completed simultaneously with the acquisition of Cora France by Carrefour.

The geographic complementarity of Carmila and Galimmo's portfolios provides an opportunity to roll out Carmila's strategy across a broader scope.

Galimmo's 52 assets, mostly located in North-East France, were valued at €688 million at end-December 2022. The aim is to roll out the powerful Carrefour-Carmila ecosystem across this new geographic area.

The total consideration for the acquisition of 100% of the shares of Galimmo represents €294 million, to be paid in cash by Carmila.

The transaction offers a compelling value proposition to Carmila's shareholders, with an implied acquisition yield of 9.8% on Galimmo's portfolio and accretion of both net asset value per share (up 5% pro forma) and recurring EPRA earnings per share (up 3% to 5% pro forma).

The transaction is expected to close in the summer of 2024 once all related anti-trust and regulatory approvals have been obtained.

Galimmo SCA currently holds a 15% stake in a Belgian entity which owns seven shopping centres in Belgium. Prior to completion of the transaction, Galimmo will sell this stake to the entity's controlling shareholders, together with a current account granted to the Belgian entity, for a total cash consideration of €76 million, thereby reducing its pro forma net debt to around €65 million, with an LTV ratio of 9%. The transaction is estimated to increase Carmila's pro forma Loan-to-Value ratio (including transfer taxes) by around 160 basis points.

1.1.4 A clear roadmap for sustainable growth

1.1.4.1 Commitment to reduce carbon emissions ("net zero" Scopes 1 & 2 emissions by 2030)

Carmila is targeting "net zero" Scopes 1 & 2 carbon emissions by end-2030, by which time it will have cut emissions by 90% versus 2019, notably by reducing energy consumption and transitioning to renewable energy at its centres. The remaining 10% of emissions will be offset, in keeping with the recommendations of the Science Based Targets initiative (SBTi), through carbon credit financing in France (low-carbon label) acquired on the voluntary carbon market. This has led to partnerships with Agoterra (around 4,000 tCO_2eq. via farming projects) and Carbonapp (around 1,000 tCO_2eq. via a reforestation project). Carmila will also continue to reduce its Scope 3 emissions, with the aim of becoming fully carbon-neutral on all of its sources of emissions by 2040.

At the end of 2023, Carmila's Scopes 1 & 2 greenhouse gas emissions were 46% lower than in 2019, due notably to a 50% reduction in energy consumption compared to 2019.

1.1.4.2 An ambitious energy conservation plan

Carmila's energy conservation plan is based on a combination of technological innovation (artificial intelligence, building management systems, etc.), investment (replacing HVAC equipment, lighting) and careful management of our facilities. In recognition of these efforts, Carmila has been awarded the Cube Flex Shield, a prize organised by the French electricity grid operator RTE, Action for Market Transformation and French building performance institute IIFPEB, and presented by the French Minister for Energy Transition on 15 June 2023. In October, Carmila committed to continuing along this path, renewing its signature of the governmental Energy Conservation in Commercial Buildings Charter.

1.1.4.3 Annual €10 million "green capex" investment plan

In addition to efforts to reduce energy consumption, an ambitious annual €10 million "green capex" investment plan has been drawn up to retrofit the most energy-intensive assets. At the end of 2023:

- 100 sites were equipped with LED lighting and centralised technical building management systems;
- 40 HVAC systems were renovated, giving one third of the centres in the portfolio innovative, energy-efficient equipment;
- 30 centres were fitted with innovative smart sensors by our partner The WatchDog, allowing us to closely monitor sites using artificial intelligence technology.

To encourage eco-mobility, recharging points for electric vehicles have been installed at 93% of Carmila sites in France.

1.1.4.4 Transparency on portfolio sustainability

In 2023, Carmila's BREEAM In-Use certification rate stood at 95.8% of the portfolio in terms of value, with 31% of sites rated Very Good BREEAM. More than 50 centres were recertified or certified in 2023.

1.1.4.5 Carmila recognised for the quality of its financial and sustainability reporting

Carmila received an EPRA sBPR Gold award for the fourth time in recognition of its alignment with the highest sustainability reporting standards. Carmila also received an EPRA BPR Gold award for the quality of its financial disclosures.

Carmila was also recognised for its leadership in terms of transparency and performance with respect to climate change by the international not-for-profit environmental organisation CDP, which included the Company in its 2023 A-list (346 companies) of respondents to its Climate Change questionnaire. Carmila was able to maintain its position in the Top 5% of the 23,000 companies that responded to the questionnaire.

1.1.4.6 Carmila enters the 2023 ranking of women in executive management at SBF 120 companies in 11th place

This annual ranking, drawn up under the aegis of the French Ministry for Gender Equality and the Fight against Discrimination, assesses the commitment of SBF 120 companies to increasing the number of women in executive management positions and to gender equality in the workplace more generally. Carmila also scored 95/100 on the Gender Equality Index. These results reward Carmila's proactive policy in favour of diversity.

1.1.5 Other significant events and other information

1.1.5.1 Issue of a €500 million bond to finance the Galimmo acquisition

On 9 October, Carmila issued a €500 million bond maturing in October 2028, with a total order book of more than €1.1 billion (2.2 times oversubscribed). The proceeds of this bond issue will principally be used to finance the acquisition of Galimmo. The impact of this issue's 5.5% coupon (five-year swap rate plus 218 basis points) on Carmila's medium-term financial expenses was partly offset by pre-hedging the risk-free component at a lower rate and by an issue swap for €160 million.

On 17 April 2023, Carmila also signed a new secured loan for an amount of €276 million, maturing in 2030 and at a rate of 3-month Euribor plus 175 basis points. This new credit facility includes sustainability criteria and took the form of a loan contracted by four subsidiaries of Carmila France (Carmila Nice, Carmila Évreux, Carmila Saran and Carmila Coquelles), and is secured by their assets.

In addition to financing the Galimmo acquisition, Carmila's current cash position covers the redemption of Carmila's outstanding bond maturing in September 2024. Carmila's next bond maturity is not until May 2027.

1.1.5.2 Completion of a €20 million share buyback programme in first-half 2023

During the first half of 2023, Carmila carried out a €20 million share buyback programme, which was launched on 1 March and completed on 14 June 2023. The 1,394,980 shares acquired under the buyback programme, representing around 1.0% of the share capital, were subsequently cancelled.

1.1.6 Outlook

1.1.6.1 Completion of the Galimmo acquisition

The Galimmo acquisition, expected to close in the summer of 2024, will be accretive to recurring earnings per share from the closing date. Due to the significant implied purchase price discount versus the appraisal value of the Galimmo portfolio expected at the time the transaction is completed, the transaction will also be immediately accretive to Carmila's net asset value due to the gain resulting from a bargain purchase (negative goodwill), as defined by the relevant IFRS standards.

Once the transaction has been completed, Carmila will also be able to deploy its medium-term value creation strategy on the Galimmo portfolio.

1.1.6.2 Recurring earnings per share expected to be at least €1.63 in 2024

Carmila's recurring earnings per share are expected to be at least €1.63 in 2024 (2% growth vs. 2023).

This expected recurring earnings growth assumes organic growth in rents, supported by indexation in line with that of 2023, as well as the consolidation of a portion of Galimmo's recurring earnings. These two factors will help offset a moderate rise in financial expenses following the financing operations carried out in 2023, in particular to finance the Galimmo acquisition on very attractive terms for Carmila.

The full annual accretion to recurring earnings per share (between 3% and 5% pro forma) from the Galimmo acquisition is expected in 2025. In 2024, Galimmo's contribution will cover part of the year only.

1.2 IMPLEMENTATION OF THE 2022-2026 STRATEGIC PLAN, "BUILDING SUSTAINABLE GROWTH"

1.2.1 Second successful year of the strategic plan

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

- a new role for Carmila as an incubator and omnichannel platform;
- leadership in sustainability, notably through a new generation of development projects based on mixed use and a commitment to reach "net zero" (Scopes 1 & 2) by 2030;
- investment in new business lines: digital infrastructure and new retail concepts.

Since the plan was announced, Carmila has achieved all of its financial targets in terms of recurring earnings growth, dividend payouts and an ongoing robust financial structure, as well as continuing its strategy of adapting the merchandise mix, acting as an incubator for new retailers and driving omnichannel innovation. The Company completed numerous agile asset transformation projects, demonstrating Carmila's ability to embrace the highest environmental standards. Lastly, the development of new business lines continues apace, with the launch of Next Tower's 5G tower development business in Spain.

1.2.2 Execution of the second phase of the asset rotation strategy

Since the launch of its new strategic plan, Carmila has sold 13 assets for close to €300 million including transfer taxes, representing around 5% of the portfolio's value. All disposals were made at prices in line with appraisal values.

After having exceeded its initial €200 million disposal target ahead of schedule at the beginning of 2023, following the sale of a portfolio of four assets in Spain, Carmila announced a new target of €100 million in disposals by the end of 2024. Of this amount, around €45 million in disposals were completed in 2023, including Torcy Bay 1 to Etixia, which was finalised in the fourth quarter.

Carmila took advantage of the financial flexibility resulting from its successful asset rotation strategy by acquiring Galimmo.

1.2.3 A clear vision of long-term value creation through mixed-use projects

Carmila announced its intention to launch mixed-use projects to redevelop sites encroached upon by the city since their initial development. The aim is to reposition the shopping centre and help sustainably transform local regions. These currently 100% retail sites will become mixed-use, with homes, offices, local services and green spaces.

At the end of 2023, against a backdrop of regulations that favour the redevelopment of already-developed land, 13 Carmila sites are concerned by the Carrefour-Nexity development project. Carmila also continued to work with Carrefour and Altarea Cogedim on its mixed-use projects in Nantes Beaujoire and Sartrouville.

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

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

- Secured annual rental income from leases signed by Next Tower amounted to around €2.0 million as of end-2023. Next Tower currently operates 143 antennas in France and Spain.
- In 2023, the incubator and omnichannel services platform for retailers contributed €4.3 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.
- Carmila's share of the EBITDA of Carmila Retail Development's equity-accounted partner companies in 2023 is €2.0 million, thanks to the strong growth momentum of the Cigusto chain. At the end of 2023, Carmila Retail Development has 13 partners for a total of 305 stores, of which 134 are located in Carmila centres.

1.2.5 Ongoing asset transformation strategy

Carmila is pressing ahead with its asset transformation strategy through restructurings and projects designed to create new restaurants and food courts. In 2023, 34 projects of this type were delivered, representing a total investment of €44 million.

A similar number of agile projects and a capital expenditure budget of around €40 million are planned for 2024.

1.2.6 Review of major projects and reduction of the capital expenditure budget

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.

1.3 ASSETS AND VALUATION

1.3.1 Key figures concerning the portfolio

1.3.1.1 Description of the portfolio

At 31 December 2023, Carmila had 201 shopping centres and retail parks adjoining Carrefour hypermarkets located in France, Spain and Italy, valued at €5.9 billion, including transfer taxes and work in progress, for a total leasable area of close to 1.5 million sq.m.

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

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

1.3.1.2 Presentation of Carmila's most significant assets

Out of 201 commercial real estate assets making up Carmila's portfolio, 15 assets represent 41% of the appraisal value (including transfer taxes) and 27% of the gross leasable area at 31 December 2023. The following table provides information about 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 *(in sq.m.)*
FRANCE					
BAB 2 – Anglet	1967	2014	2017	131	27,443
Toulouse Labège	1983	2014	-	130	24,374
Calais-Coquelles	1995	2014	2019	161	54,658
Thionville	1971	2016	-	168	32,233
Bay 2	2003	2014	-	106	21,013
Vitrolles	1971	2018	2024	83	24,876
Nice Lingostière	1978	2014	2021	101	21,093
Montesson	1970	2014	-	67	13,265
Saran - Orléans	1971	2014	2017	91	38,988
Chambourcy	1973	2014	2015	75	21,305
Évreux	1974	2014	2017	79	37,811
Perpignan Claira	1983	2014	2013	80	21,159
Orléans Place d'Arc	1988	2014	2018	64	13,601
Total France (top 13)				**1,336**	**351,818**
SPAIN					
Fan Mallorca	2016	2016	2016	105	38,120
Huelva	2013	2014	2013	91	33,378
Total Spain (top 2)				**196**	**71,498**
TOTAL (TOP 15)				**1,532**	**423,316**
GROUP TOTAL				**6,629**	**1,548,247**

1.3.2 Asset valuation

1.3.2.1 Appraisals and methodology

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

The fair values used are determined based on the findings of independent appraisers. Carmila uses appraisers to value its entire portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The appraisals comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information needed to value the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (retailer sales).

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

The appraisers appointed by Carmila are as follows:

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

Comments on the scope

- No sites in France were rotated between the appraisers Cushman & Wakefield and Catella in 2023, as there had been a change of appraiser at all sites in 2019-2020.
- The last third of the portfolio in Spain was rotated between the appraisers Cushman & Wakefield and Catella in first-half 2022.

- In 2023, Carmila sold seven shopping centres located in France (Tarnos, Montélimar and Torcy Bay 1) and Spain (Los Patios and Alameda II in Malaga and Los Barrios and Gran Sur in Algeciras).
- Next Tower acquired 22 new antennas in France and 21 new antennas in Spain in 2023.
- Properties held by equity-accounted companies are recognised at the fair value of the shares in these companies and also take into account advances and credit lines granted by the Group.

Geographical segmentation of the portfolio

The valuation of the portfolio (attributable to the Group) was €5,884.5 million including transfer taxes at 31 December 2023, and breaks down as follows:

Gross asset value (GAV) Including transfer taxes (ITT) of portfolio	31 Dec. 2023		
Country	(€m)	%	In number of assets
France	4,185.5	71.1%	118
Spain	1,356.3	23.0%	75
Italy	342.7	5.8%	8
TOTAL	**5,884.5**	**100%**	**201**

Apart from the fair values determined by the appraisers for each shopping centre, this assessment takes into account assets under construction that amounted to €19.9 million at 31 December 2023. Investments in equity-accounted assets (As Cancelas in Spain and the Magnirayas portfolio in France) are included on the basis of the fair value of the shares held by the Group in the companies holding the assets, and also take into account the advances and credit lines granted by the Group for a total amount of €76.9 million.

1.3.2.2 Change in asset valuations

GROSS ASSET VALUE OF PORTFOLIO, INCL. TRANSFER TAXES (ITT)

	31 Dec. 2023					31 Dec. 2022	
	Gross asset value ITT			Year-on-year change		Gross asset value ITT	
(in millions of euros)	(€m)	%	In number of assets	Reported	Like-for-like*	(€m)	%
France	4,185.5	71.1%	118	-4.7%	-3.2%	4,390.6	71.2%
Spain	1,356.3	23.0%	75	-5.1%	0.1%	1,429.9	23.2%
Italy	342.7	5.8%	8	-0.7%	-0.8%	345.1	5.6%
TOTAL	**5,884.5**	**100%**	**201**	**-4.6%**	**-2.3%**	**6,165.7**	**100%**

* *Excluding the disposals of Tarnos, Montélimar, Bay 1 and the Spanish portfolio.*

During the first half of 2023, the total value of Carmila's assets decreased by €281.2 million, or 4.6%, and can be analysed as follows:

- decrease of 2.3% (€140.1 million) in the value of the assets on a like-for-like basis, of €0.2 million in the value of Magnirayas shares, and of €0.9 million in the value of As Cancelas shares and current receivables. The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period;
- other changes are due to:
  - changes in the scope of consolidation (disposal of a portfolio of four assets in Spain and three assets in France), representing a €131.4 million negative impact, or a 2.2% reduction in asset value,
  - the €8.6 million decrease in work in progress, reducing asset value by 0.1%.

1.3.2.3 Change in capitalisation rates

	NIY		NPY	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
France	6.11%	5.82%	6.38%	6.06%
Spain	7.32%	7.06%	7.56%	7.30%
Italy	6.75%	6.53%	6.90%	6.64%
TOTAL	**6.42%**	**6.14%**	**6.68%**	**6.37%**

1.3.2.4 Breakdown of appraisal values by CNCC typology

In accordance with the typology drawn up by the French shopping centre trade body (*Conseil National des Centres Commercial* - FACT), 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 2023, regional shopping centres and large shopping centres accounted for 79% of the market value of Carmila's portfolio.

	Appraisals at 31 December 2023			
	Gross asset value ITT (€m)	% of value	Average NRI (€/sq.m.)	NIY
Regional shopping centres	1,507.5	36%	332	5.7%
Large shopping centres	1,831.7	44%	294	6.1%
Local shopping centres	828.3	20%	186	6.9%
France	**4,167.4**	**100%**	**270**	**6.1%**
Regional shopping centres	354.7	26%	260	6.3%
Large shopping centres	623.1	46%	215	7.4%
Local shopping centres	374.5	28%	268	7.9%
Spain	**1,352.3**	**100%**	**238**	**7.3%**
Regional shopping centres	15.8	5%	240	7.4%
Large shopping centres	306.5	89%	260	6.7%
Local shopping centres	20.4	6%	289	7.4%
Italy	**342.7**	**100%**	**260**	**6.8%**
Other	22.1	100%	389	7.1%
Next Tower	**22.1**	**100%**	**389**	**7.1%**
Regional shopping centres	1,878.0	32%	315	5.8%
Large shopping centres	2,761.3	47%	265	6.5%
Local shopping centres	1,223.1	21%	209	7.2%
Other	22.1	0%	389	7.1%
GRAND TOTAL	**5,884.5**	**100%**	**261**	**6.4%**

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

(in millions of euros)	31 Dec. 2023	31 Dec. 2022
Gross asset value ITT of portfolio	5,884.5	6,165.7
Work in progress	(19.9)	(28.5)
Valuation of the share of equity-accounted companies	(76.9)	(78.0)
Transfer taxes and registrations (excluding equity-accounted companies)	(302.1)	(306.0)
Gross asset value ETT (A)	**5,485.7**	**5,753.2**
Fair value of building leases (IFRS 16) (B)	33.4	31.7
INVESTMENT PROPERTY CARRIED AT APPRAISAL VALUE (STATEMENT OF FINANCIAL POSITION) (A+B)	**5,519.0**	**5,784.9**

1.3.3 Valuation report prepared by Carmila's independent appraisers

1.3.3.1 General context of the valuation

Context and terms of the engagement

In accordance with Carmila's instructions (the "Company") as detailed in the signed valuation contracts between Carmila and the valuers, we have valued the assets held by the Company, taking account of their ownership (freehold, ground lease, etc.). This Summary Report, which summarises the terms of our engagement, has been prepared for inclusion in the Company's Universal Registration Document.

The valuations were undertaken locally by our valuation teams present in each market. In order to estimate the market value for each asset, we have not only taken into consideration domestic retail investment transactions but have also considered transactions on a European level. We confirm that our valuations have been prepared in a similar way to other valuations undertaken in Europe, in order to maintain a consistent approach and to take into consideration all the market transactions and information available.

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

Our valuations were undertaken as at 31 December 2023.

Reference documents and general principles

We confirm that our valuations were undertaken in accordance with the appropriate sections of the November 2021 Edition (effective from 31st January 2022) of the RICS Valuation – Global Standards (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 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 external and independent valuers as defined by the Red Book standards published by RICS.

Basis of valuation

Our valuations correspond to the Market Value and are reported to the Company as both gross values (market value before deduction of transfer costs) and net values (market value after deduction of transfer costs).

1.3.3.2 Valuation considerations and assumptions

Information

The Company's management were asked to confirm that the information provided relating to the assets and tenants is complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by our contacts within the Company that could impact value has been made available to us and that this information is up to date in all significant aspects. This includes running costs, works undertaken, financial elements, including turnover rents, lettings signed or in the process of being signed and rental incentives, in addition to the list of let and vacant units.

Floor areas

We have not measured the assets and have therefore based our valuations on the floor 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 2 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.

Title deeds and tenancy schedules

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

Condition of the assets

We have taken note of the general condition of each asset during our inspection. Our instruction does not include a building or structural survey but we have indicated in our report, where applicable, any maintenance problems 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.

Sustainability and ESG

Sustainability is an increasingly important factor in real estate market. Many countries have committed to net zero carbon by 2050, with legislation already in place to reduce CO_2 emissions from buildings. We consider it likely that further legislation and regulations will be introduced in coming years. Alongside this, occupiers and investors in some sectors are becoming more particular in the sustainability aspects of the buildings they choose to occupy or purchase.

The existence of a green premium for the more sustainable buildings is a matter of ongoing market monitoring, investigation and debate. Appropriate levels of market evidence have yet to be established to demonstrate fully whether additional value can be ascribed to such buildings.

However, it should be noted that the market is evolving due to the focus from both occupiers and investors on a property's sustainability credentials. We expect that awareness of sustainability matters will increase throughout all sectors of the property market.

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.

Market conditions explanatory note

Significant inflationary pressures have impacted the EU economy over the last two years and led the ECB to raise interest rates since July 2022, although rates have been stable since September 2023. Indications are that inflation has peaked but is slow to go down to the ECB expected normalized level. The market is suggesting that interest rates have probably reach their peak but still needs confirmation in the coming months. The war in Ukraine shows no sign of ending and remains a risk to supply chains, energy supplies and prices throughout Europe and the UK. The ongoing conflict in Israel / Gaza has the potential to create additional uncertainty, especially in oil prices. In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, we highlight the importance of the Valuation Date as it is important to understand the market context under which the valuation opinion was prepared. At this point we anticipate longer marketing periods being required to elicit bids.

1.3.3.3 Confidentiality and disclosure

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

Tansy Bristow

Valuation & Advisory

Catella Property Spain SA

1.4 FINANCIAL PERFORMANCE

1.4.1 Selected financial information

(in millions of euros)	2023	2022
Gross rental income	368.6	357.0
Net rental income	342.4	335.2
EBITDA (excluding fair value adjustments)(1)	292.4	287.2
Fair value adjustments on investment properties	(206.9)	6.9
Operating income	85.1	297.8
Net financial expense	(75.6)	(75.7)
Net income attributable to owners	2.8	219.3
Earnings per share(3)	0.02	1.52
EPRA earnings(2)	226.5	222.9
EPRA earnings per share(3)	1.59	1.55
Recurring earnings(4)	228.2	224.9
Recurring earnings per share(3)	1.60	1.56

(1) For a definition of EBITDA (excluding fair value adjustments) and the reconciliation with the closest IFRS indicator, see the "Comments on the year's activity" section.
(2) For a definition of "EPRA earnings", see the "EPRA performance indicators" section.
(3) Average number of shares: 142,825,882 at 31 December 2023 and 144,211,816 at 31 December 2022.
(4) Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See the "EPRA performance indicators" section.

SELECTED FINANCIAL INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION

(in millions of euros)	31 Dec. 2023	31 Dec. 2022
Investment properties (appraisal value excluding transfer taxes)	5,519.0	5,784.9
Cash and cash equivalents	860.2	356.7
Financial liabilities (current and non-current)	3,055.1	2,610.2
Equity attributable to owners	3,287.8	3,501.7

FINANCIAL INFORMATION RELATED TO KEY INDICATORS AND RATIOS

(in millions of euros)	31 Dec. 2023	31 Dec. 2022
Net debt	2,129.9	2,203.9
EPRA LTV	38.6%	37.6%
EPRA LTV (incl. RETTs)	36.6%	35.8%
Interest coverage ratio (ICR)(1)	4.7x	4.5x
EPRA Net Tangible Assets (EPRA NTA)	3,437.9	3,628.7
EPRA Net Tangible Assets (EPRA NTA) per share(2)	24.17	25.26
Appraisal value (including transfer taxes and work in progress and equity-accounted companies)	5,884.5	6,165.7

(1) Ratio of EBITDA (excluding fair value adjustments) to cost of net debt.
(2) Year end, fully diluted, on the basis of 142,233,741 shares at 31 December 2023 and 143,670,123 shares at 31 December 2022.

1.4.2 Comments on the year's activity

1.4.2.1 Gross rental income and net rental income

Gross rental income

	2023		2022
		Year-on-year change	
(in thousands of euros)	Gross rental income	Reported	Gross rental income
France	250,401	2.8%	243,505
Spain	93,654	3.5%	90,486
Italy	24,549	6.9%	22,975
Total	**368,604**	**3.3%**	**356,966**

Net rental income

	2023			2022
		Year-on-year change		
(in thousands of euros)	Net rental income	Like for like	Reported	Net rental income
France	235,422	4.4%	1.6%	231,622
Spain	84,363	4.8%	2.2%	82,544
Italy	22,617	7.6%	7.6%	21,029
Total	**342,402**	**4.7%**	**2.2%**	**335,195**

Net rental income totalled €342.4 million, up €7.2 million, or 2.2%, in 2023. This increase is attributable to the factors described below:

- the impact of acquisitions and disposals was a negative €8.6 million or 2.6% (sale of the Magnirayas, Tarnos, Montélimar and Torcy Bay 1 assets in France and four assets in Andalusia in Spain, and the acquisition of the Rosaleda shopping centre in Malaga, Spain);
- organic like-for-like growth as adjusted for these impacts came out at €15.8 million, or 4.7%. The share of indexation included in growth at constant scope is a positive 4.1%.

1.4.2.2 Rent collection

	31 Dec. 2023				
	First-quarter	Second-quarter	Third-quarter	Fourth-quarter	Full-year 2023
Gross collection rate (total amount invoiced)	96.5%	96.0%	97.3%	96.4%	96.5%

1.4.2.3 Overhead expenses

(in thousands of euros)	2023	2022
Income from property management, administration and other activities	12,541	11,704
Other income from services	11,476	7,683
Payroll expenses	(32,814)	(30,051)
Other external expenses	(44,128)	(41,098)
Overhead expenses	**(52,925)**	**(51,762)**

Overhead expenses were slightly higher than in 2022 (up 2.3%), but remained largely in check in an inflationary environment.

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

This item totalled €12.5 million in 2023, an increase of €0.8 million or 7.2% compared to 2022. The year-on-year rise was mainly attributable to management fees for services provided to Magnirayas and for the portfolio of Andalusian assets that Carmila sold but still manages, amounting to €0.8 million.

The "Income from property management, administration and other activities" line consists of (i) rebilled shopping centre management costs and (ii) technical and marketing fees.

Other income from services

Other income from services was up €3.8 million due to the increase in marketing services rebilled to retailers' associations.

Payroll expenses

Payroll expenses amounted to €32.8 million in 2023, a €2.8 million (9.2%) rise on 2022. mainly reflecting annual wage increases and contractual severance pay of €0.8 million. Adjusted for this severance pay, payroll expenses were up by €1.9 million or 6.4%, mainly due to annual wage increases.

Other external expenses

Other external expenses represented €44.1 million in 2023, an increase of €3.0 million, or 7.4%. Higher external expenses mainly reflect the centralisation of marketing costs (previously borne by the retailers' associations) and were offset by a rise in rebillings of these costs to the retailers' associations (see above).

Excluding payroll expenses, overhead expenses were down by €1.6 million despite higher inflation-related costs, thanks to the overhead cost savings.

1.4.2.4 EBITDA

(in thousands of euros)	2023	2022
Operating income	**85,101**	**297,835**
Elimination of change in fair value	206,873	(6,878)
Elimination of attributable change in fair value of equity-accounted companies	(844)	(1,148)
Elimination of capital (gains)/losses	649	3,036
Depreciation and amortisation of property and equipment and intangible assets	1,890	991
Adjustments for non-recurring items[1]	(1,300)	(6,597)
EBITDA	**292,369**	**287,239**

(1) Adjustments for non-recurring items are principally charges to and reversals from provisions for contingencies and charges.

EBITDA came in at €292.4 million in 2023, a year-on-year increase of 1.8%. EBITDA growth is in line with net rental income growth, testifying to Carmila's sound management of overheads.

1.4.2.5 Net financial expense

Financial expense *(in thousands of euros)*	2023	2022
Financial income	28,041	2,162
Financial expenses	(95,340)	(66,514)
Cost of net debt	**(67,299)**	**(64,352)**
Other financial income and expenses	(8,346)	(11,351)
NET FINANCIAL EXPENSE	**(75,645)**	**(75,703)**

Cost of net debt

The €2.9 million increase in the cost of net debt mainly results from the €28.8 million rise in financial expenses, partly offset by a €25.9 million rise in financial income.

Higher financial expenses mainly reflect the €32.7 million increase in interest on bank loans as a result of the rise in interest rates, the full-year effect of the €550 million bank credit facility taken out in July 2022 and the new secured loans contracted in April 2023.

The rise in financial expenses was partly offset by the increase in financial income, attributable to the following:

- a €16.0 million increase in income from cash investments owing to a large cash balance invested on favourable terms;
- an increase of €0.8 million in interest on loans and current accounts granted to investees as a result of higher interest rates;
- an increase of €8.9 million in interest income on hedging instruments.

Other financial income and expenses

Net other financial expenses represented €8.3 million, down €3.0 million over the year, attributable to the factors described below:

- other financial income totalled €2.7 million, down €0.6 million. At 31 December 2023, this item related mainly to income arising on changes in credit risks on derivatives representing €2.3 million. In 2022, this item mainly comprised €2.6 million in income related to the unwinding of a swap;
- other financial expenses were €3.6 million lower at €11.0 million and consisted mainly of:
  - financial provisions for impairment of receivables related to equity investments totalling €9.0 million, up €1.3 million,
  - commitment fees for undrawn credit lines amounting to €2.0 million, down €0.7 million,
  - at 31 December 2022, this item consisted of the recognised portion of the IFRS 9 impact of resetting the debt at its original effective interest rate (spread over several reporting periods) for €1.6 million, and the expense related to changes in credit risks on derivatives for €2.7 million.

1.4.3 EPRA performance indicators

1.4.3.1 EPRA summary table

	31 Dec. 2023	31 Dec. 2022
EPRA earnings *(in millions of euros)*	226.5	222.9
EPRA earnings per share *(in euros)*	1.59	1.55
EPRA NRV *(in thousands of euros)*	3,690,261	3,886,395
EPRA NRV per share *(in euros)*	25.95	27.05
EPRA NTA *(in thousands of euros)*	3,437,928	3,628,704
EPRA NTA per share *(in euros)*	24.17	25.26
EPRA NDV *(in thousands of euros)*	3,384,613	3,700,490
EPRA NDV per share *(in euros)*	23.80	25.76
EPRA NIY (shopping centres)	6.3%	6.0%
EPRA Topped-up NIY (shopping centres)	6.5%	6.2%
EPRA vacancy rate	5.1%	5.0%
EPRA Cost Ratios (including direct vacancy costs)	21.3%	20.9%
EPRA Cost Ratios (excluding direct vacancy costs)	18.0%	18.0%
EPRA LTV	38.6%	37.6%
EPRA LTV (incl. RETTs)	36.6%	35.8%

1.4.3.2 EPRA earnings and recurring earnings

(in thousands of euros)	2023	2022
Net income attributable to owners	**2,778**	**219,329**
Adjustments to calculate EPRA earnings	**223,694**	**3,558**
(i) Changes in value of investment properties, development properties held for investment and other interests	215,631	(6,878)
(ii) Gains and losses on disposals of investment properties	649	3,036
(iii) Gains and losses on disposals of trading properties	-	-
(iv) Tax on disposal gains and losses	6,361	-
(v) Negative goodwill/goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out costs	576	6,623
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	(237)	1,582
(ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation)	767	(1,148)
(x) Non-controlling interests in respect of the above	(53)	344
EPRA EARNINGS	**226,472**	**222,887**
Year-on-year change	1.6%	29.5%
Average number of shares	142,825,882	144,211,816
EPRA EARNINGS PER SHARE	**1.59**	**1.55**
Year-on-year change	3.1%	29.6%
Number of fully diluted shares	142,825,882	144,417,529
DILUTED EPRA EARNINGS PER SHARE	**1.59**	**1.54**
Other adjustments	1,729	**2,033**
Issuance costs(1)	-	973
Other non-recurring expenses or (income)(2)	1,729	1,060
RECURRING EARNINGS	**228,201**	**224,920**
Year-on-year change	1.5%	26.2%
RECURRING EARNINGS PER SHARE	**1.60**	**1.56**
Year-on-year change	2.3%	26.3%

Comments on the other adjustments:

(1) Debt issuance costs in 2022 relate to the reversal of unamortised deferred issuance costs following the cancellation of the A tranche of the revolving credit facility.

(2) Other non-recurring expenses comprise depreciation and amortisation expenses and movements in provisions for contingencies and charges.

1.4.3.3 EPRA Cost Ratio

(in millions of euros)		2023	2022
(i)	Operating costs	83.4	77.0
	Overhead expenses	76.1	72.0
	Property expenses	7.3	5.0
(ii)	Net service charge costs/fees	18.9	16.8
(iii)	Management fees less profit element	(12.5)	(11.7)
(iv)	Other operating recharges intended to cover overhead expenses	(11.5)	(7.7)
(v)	Share of costs of equity-accounted companies	1.5	1.2
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	0.0
(vii)	Ground rent costs	0.0	0.0
(viii)	Service charge costs recovered through rents	0.0	0.0
	EPRA costs (including direct vacancy costs)	**79.8**	**75.6**
(ix)	Direct vacancy costs	12.2	10.2
	EPRA costs (excluding direct vacancy costs) (A)	**67.6**	**65.4**
(x)	Gross rental income less ground rents	368.6	357.0
(xi)	Less: service fee and service charge costs components of gross rental income	0.0	0.0
(xii)	Plus: share of Joint Ventures (gross rental income less ground rents)	6.7	5.4
	Gross rental income (B)	375.3	362.4
	EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS)	**21.3%**	**20.9%**
	EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS)	**18.0%**	**18.0%**

Overhead expenses include other external expenses, payroll expenses and the cost of discontinuing projects.

1.4.3.4 EPRA NRV, EPRA NTA and EPRA NDV

EPRA NAV INDICATORS AT 31 DECEMBER 2023

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to owners		3,287,816	3,287,816	3,287,816
Include/Exclude:*				
(i)	Hybrid instruments			
Diluted NAV		**3,287,816**	**3,287,816**	**3,287,816**
Include:*				
(ii.a)	Revaluation of investment property (if IAS 40 cost option is used)			
(ii.b)	Revaluation of IPUC(1) (if IAS 40 cost option is used)			
(ii.c)	Revaluation of other non-current investments(2)			
(iii)	Revaluation of tenant leases held as finance leases(3)			
(iv)	Revaluation of trading properties(4)			
Diluted NAV at fair value		**3,287,816**	**3,287,816**	**3,287,816**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property(5)	137,202	137,202	
(vi)	Fair value of financial instruments	(36,902)	(36,902)	
(vii)	Goodwill as a result of deferred tax			
(viii.a)	Goodwill as per the IFRS balance sheet			
(viii.b)	Intangible assets as per the IFRS balance sheet		(1,942)	
Include:*				
(ix)	Fair value of fixed-rate debt			96,797
(x)	Revaluation of intangible assets at fair value			
(xi)	Transfer taxes	302,145	51,754	
NAV		**3,690,261**	**3,437,928**	**3,384,613**
Number of fully diluted shares		142,233,741	142,233,741	142,233,741
NAV PER SHARE		**25.95**	**24.17**	**23.80**

(1) Difference between development property held on the statement of financial position at cost and fair value of that development property.
(2) Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line item.
(3) Difference between finance lease receivables held on the statement of financial position at amortised cost and the fair value of those finance lease receivables.
(4) Difference between trading properties held on the statement of financial position at cost (IAS 2) and the fair value of those trading properties.
(5) Deferred tax adjustment for NTA.
** "Include" indicates that an asset (whether on- or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted. "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.*

EPRA NAV INDICATORS AT 31 DECEMBER 2022

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to owners		3,501,668	3,501,668	3,501,668
Include/Exclude:*				
(i)	Hybrid instruments			
Diluted NAV		**3,501,668**	**3,501,668**	**3,501,668**
Include:*				
(ii.a)	Revaluation of investment property (if IAS 40 cost option is used)			
(ii.b)	Revaluation of IPUC[1] (if IAS 40 cost option is used)			
(ii.c)	Revaluation of other non-current investments[2]			
(iii)	Revaluation of tenant leases held as finance leases[3]			
(iv)	Revaluation of trading properties[4]			
Diluted NAV at fair value		**3,501,668**	**3,501,668**	**3,501,668**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	141,179	141,179	
(vi)	Fair value of financial instruments	(62,449)	(62,449)	
(vii)	Goodwill as a result of deferred tax	-	-	
(viii.a)	Goodwill as per the IFRS balance sheet		-	
(viii.b)	Intangible assets as per the IFRS balance sheet		(3,636)	
Include:*				
(ix)	Fair value of fixed-rate debt	-		198,822
(x)	Revaluation of intangible assets at fair value			
(xi)	Transfer taxes	305,996	51,941	
NAV		**3,886,395**	**3,628,704**	**3,700,490**
Number of fully diluted shares		143,670,123	143,670,123	143,670,123
NAV PER SHARE		**27.05**	**25.26**	**25.76**

(1) Difference between development property held on the statement of financial position at cost and fair value of that development property.
(2) Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line item.
(3) Difference between finance lease receivables held on the statement of financial position at amortised cost and the fair value of those finance lease receivables.
(4) Difference between trading properties held on the statement of financial position at cost (IAS 2) and the fair value of those trading properties.
(5) Deferred tax adjustment for NTA.
** 'Include" indicates that an asset (whether on- or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted. "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.*

1.4.3.5 EPRA LTV

EPRA LTV INDICATORS AT 31 DECEMBER 2023

(in thousands of euros)	Group EPRA LTV	Proportionate consolidation: Share of JVs[1]	Proportionate consolidation: Share of significant investments[2]	Proportionate consolidation: Share of non-controlled entities	Combined EPRA LTV 31 Dec. 2023
INCLUDED:					
Bank loans	826,000		14,813		840,813
Commercial paper	0				0
Hybrid instruments (including convertible bonds, preference shares, debt, options)	0				0
Bonds	2,164,100				2,164,100
Foreign exchange derivatives (swaps/options)	0				0
Net debt	21,393	924			22,979
Owner-occupied assets (debt)	0				0
Current accounts with partners	0				0
EXCLUDED:					
Cash and cash equivalents	860,194	594	871		862,320
Net debt (a)	**2,151,299**	**331**	**13,942**	**0**	**2,165,572**
INCLUDED:					
Owner-occupied assets	0				0
Investment properties carried at fair value (excluding transfer taxes)	5,519,034	63,750	29,574		5,612,358
Assets held for sale	0				0
Assets under construction	0				0
Intangible assets	0				0
Net receivables	0		218		218
Financial assets	0				0
Total value of assets excluding transfer taxes (b)	**5,519,034**	**63,750**	**29,792**	**0**	**5,612,576**
EPRA LTV (a/b)					**38.6%**
Total value of assets including transfer taxes (c)	**5,821,226**	**65,918**	**31,634**		**5,918,778**
EPRA LTV (INCLUDING RETTS) (A/C)					**36.6%**

(1) As Cancelas.
(2) Magnirayas.

EPRA LTV INDICATORS AT 31 DECEMBER 2022

	Proportionate consolidation				
	Group EPRA LTV	Share of JVs[1]	Share of significant investments[2]	Share of non-controlled entities	Combined EPRA LTV 31 Dec. 2022
INCLUDED:					
Bank loans	550,000		14,963		564,963
Commercial paper	50,000				50,000
Hybrid instruments (including convertible bonds, preference shares, debt, options)	0				0
Bonds	1,961,200				1,961,200
Foreign exchange derivatives (swaps/options)	0				0
Net debt	0	823	60		883
Owner-occupied assets (debt)	0				0
Current accounts with partners	0				0
EXCLUDED:					
Cash and cash equivalents	356,687	1,153	969		358,809
Net debt (a)	**2,204,513**	**(330)**	**14,054**	**0**	**2,218,236**
INCLUDED:					
Owner-occupied assets	0				0
Investment properties carried at fair value (excluding transfer taxes)	5,784,937	63,750	30,186		5,878,873
Assets held for sale	0				0
Assets under construction	0				0
Intangible assets	3,637				3,637
Net receivables	15,676				15,676
Financial assets					0
Total value of assets excluding transfer taxes (b)	**5,804,250**	**63,750**	**30,186**	**0**	**5,898,186**
EPRA LTV (a/b)	**38.0%**				**37.6%**
Total value of assets including transfer taxes (c)	**6,090,933**	**65,918**	**32,150**		**6,189,001**
EPRA LTV (INCL. RETTS) (A/C)	**36.2%**				**35.8%**

(1) As Cancelas.
(2) Magnirayas.

1.4.3.6 EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant space *(in millions of euros)*	11.8	9.1	0.6	21.5
Rental value of property portfolio *(in millions of euros)*	272.1	121.9	26.2	420.1
EPRA VACANCY RATE	**4.3%**	**7.5%**	**2.2%**	**5.1%**
Impact of structural vacancies	1.0%	3.2%	1.2%	1.7%
FINANCIAL VACANCY RATE	**3.3%**	**4.3%**	**1.0%**	**3.4%**

The EPRA vacancy rate at 31 December 2023 was 5.1%, a decrease of 10 basis points compared to end-2022.

The EPRA vacancy rate is the ratio between the market rent for vacant areas and the total market rent (for vacant and rented areas). The rental value used to calculate the EPRA vacancy rate is the gross rental value as defined by expert appraisal.

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

1.4.3.7 EPRA net initial yields: EPRA NIY and EPRA topped-up NIY

(in millions of euros)	2023	2022
Total property portfolio valuation (excluding transfer taxes)	**5,505.2**	**5,859.7**
(-) Assets under development and other	19.6	28.5
Completed property portfolio valuation (excluding transfer taxes)	**5,485.6**	**5,831.2**
Transfer taxes	302.1	306.0
Completed property portfolio valuation (including transfer taxes) (A)*	**5,787.8**	**6,137.2**
Annualised net rents (B)	**364.6**	**369.4**
Impact of rent-free periods	13.9	9.6
Topped-up net annualised rents (C)	**378.6**	**379.0**
EPRA NET INITIAL YIELD (B)/(A)	**6.30%**	**6.02%**
EPRA TOPPED-UP NET INITIAL YIELD (C)/(A)	**6.54%**	**6.18%**

* *At 31 December 2022, the value of the portfolio including transfer taxes included the estimated value of the Group's share of equity-accounted investment properties.*

1.4.3.8 EPRA investments

Capital expenditure on investment properties broken down by country is disclosed separately for acquisitions, developments and extensions, or capital expenditure on the portfolio on a like-for-like basis.

(in thousands of euros)	France		Spain		Italy		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Acquisitions	**3,293**	**2,641**	**1,762**	**26,759**	**0**	**0**	**5,055**	**29,400**
Like-for-like capital expenditure	**41,334**	**45,715**	**11,959**	**9,271**	**2,100**	**4,376**	**55,393**	**59,362**
Extensions	11,360	14,919	0	0	400	3,433	11,760	18,352
Restructuring	9,196	15,459	0	0	0	0	9,196	15,459
Lease incentives	3,887	8,896	4,946	3,806	0	0	8,833	12,702
Renovations	5,158	(436)	3,925	4,093	0	559	9,083	4,216
Maintenance capex	11,733	6,877	3,088	1,372	1,700	384	16,521	8,633
TOTAL CAPITAL EXPENDITURE	**44,627**	**48,356**	**13,721**	**36,030**	**2,100**	**4,376**	**60,448**	**88,762**

The "Acquisitions" caption mainly relates to easement rights for the operation of antennas in Spain (€1.7 million) and to the acquisition of units in France (Montluçon for €1.3 million, Bourg-en-Bresse for €0.9 million and Flins for €0.4 million).

The "Extensions" line concerns downpayments on off-plan sales, mainly Puget (€5.8 million), Châteauroux (€1.6 million), Vitrolles (€1.4 million), Toulouse Purpan (€1.0 million) and Cholet (€0.9 million).

"Restructuring" concerns a number of projects, including for the shopping centres at Collégien (€0.7 million), Brest (€0.6 million) as part of the Flunch restructuring project, Paimpol (€0.5 million) as part of the cafeteria restructuring project, Nevers Marzy (€0.5 million) as part of the Flunch and Jennyfer restructuring project, and Calais Coquelles (€0.4 million) as part of the division of vacant premises and the restructuring of Primark.

"Renovations" mainly concern assets in the process of being redeveloped where renovation and modernisation works are being carried out and existing parts of centres are upgraded in order to optimise value creation. The line includes several operations in France and Spain, among which the most significant are Albacete (€1.7 million), Gran Via (€1.5 million), Vitrolles (€1.4 million), Montluçon (€0.7 million), Aljarafe (€0.7 million) and Cholet (€0.6 million).

Lastly, maintenance capex concerns several projects, the most significant of which are those at Calais-Coquelles (€2.0 million), Vitrolles (€1.8 million), Herouville (€0.9 million), Anglet (€0.9 million), Labège (€0.8 million) and Orléans (€0.8 million). In addition, this item comprises investments designed to meet Carmila's commitments to reduce greenhouse gas emissions. Like-for-like capital expenditure also includes rent relief granted to tenants.

1.5 FINANCING POLICY

1.5.1 Financial resources

Bonds

In June 2023, Carmila carried out a €25 million private placement.

In September 2023, Carmila redeemed the bonds at maturity for €322 million, enabling the Company's very first bond issue dated 2015 to be settled in full.

Carmila issued a new €500 million bond on 9 October 2023. This bond matures in October 2028 and pays a 5.5% coupon.

Accordingly, its outstanding bond debt of €1,961 million at 31 December 2022 rose to €2,164 million at 31 December 2023.

Bank borrowings

On 21 July 2022, Carmila signed a €550 million term loan. The loan matures in 2027, with two extension options of one year each. On 26 May 2023, Carmila exercised its option to extend this loan by one year and obtained the agreement of all the lending banks to extend its maturity to 21 July 2028. The loan pays interest at 3-month Euribor plus 180 basis points.

This credit facility also includes two sustainability criteria designed to support Carmila's strategy to reduce by 90% its greenhouse gas emissions by 2030 and to achieve BREEAM certification for its entire asset portfolio by 2025.

No specific guarantee has been granted in the context of this loan agreement, which is conditional on compliance with the same financial ratios as Carmila's other bank loans, i.e., a ratio of consolidated net debt to fair value of assets of 0.55, a ratio of EBITDA to net cost of debt of 2.0 and value of investment property equal to or greater than €2.5 billion.

On 17 April 2023, Carmila signed a €276 million secured loan maturing in 2030. This new credit facility took the form of a loan contracted by four subsidiaries of Carmila France (Carmila Nice, Carmila Évreux, Carmila Saran and Carmila Coquelles), and is secured by their assets.

Loan-to-value ratio (LTV)

The EPRA LTV ratio including RETTS was 36.6% at 31 December 2023, up 80 basis points on end-December 2022. Carmila is committed to maintaining a strong statement of financial position and aims to maintain a level of debt compatible with its BBB (stable outlook) financial rating from S&P.

Carmila is targeting an LTV ratio of less than 40% (including transfer taxes) over 2023-2026.

Compliance with covenants at 31 December 2023

The loan agreement, along with the syndicated credit facilities, are subject to compliance with covenants as assessed at the end of each interim and annual reporting period. At 31 December 2023, Carmila complied with its covenants.

Bonds are not subject to compliance with these covenants.

Interest coverage ratio (ICR)

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

Loan-to-value ratio (LTV)

The ratio of consolidated net debt to the fair value of investment assets including transfer taxes must not exceed 0.55 on the same dates; the ratio may be exceeded for one half-year period.

Debt maturity

The average maturity of Carmila's debt was 4.8 years at 31 December 2023[(1)].

INTEREST COVERAGE RATIO

(in thousands of euros)		31 Dec. 2023	31 Dec. 2022*
EBITDA	(A)	292,369	287,239
Cost of net debt	(B)	62,172	64,353
INTEREST COVERAGE RATIO	**(A)/(B)**	**4.7**	**4.5**

* *At 31 December 2022, cost of net debt includes the recognised portion of loan issuance premiums and expenses (spread over several reporting periods). At 31 December 2023, cost of net debt does not include these premiums and expenses in accordance with market practices.*

NET DEBT/EBITDA

(in thousands of euros)		31 Dec. 2023	31 Dec. 2022
Net debt	**(A)**	**2,129,906**	**2,203,853**
EBITDA	**(B)**	**292,369**	**287,239**
NET DEBT/EBITDA	**(A)/(B)**	**7.3**	**7.7**

Net debt does not include issuance costs for bonds and other debt, current and non-current derivative instruments with a negative fair value, or IFRS 16 financial liabilities.

(1) Excluding the bond maturing in September 2024, covered by Carmila's cash position at the end of 2023.

Other financing

Carmila strives to diversify its sources of financing and their maturities, and has set up a short term commercial paper programme (NEU CP) for a maximum amount of €540 million, registered with Banque de France on 29 June 2017 and updated every year. The amount outstanding at end-December 2023 was zero.

Revolving credit facility

Carmila also arranged a revolving credit facility for €540 million, maturing in October 2027. This facility includes two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025.

No drawdowns were made by Carmila on the revolving credit facility in 2023.

Breakdown of financial liabilities by maturity and average interest rate

(in thousands of euros)	Gross amount	Starting date	Lease maturity
Bond issue II – Notional amount €588m, coupon 2.375%	539,100	24/03/2016	16/09/2024
Bond issue III – Notional amount €350m, coupon 2.125%	350,000	07/03/2018	07/03/2028
Bond issue IV – Notional amount €300m, coupon 1.625%	300,000	30/11/2020	30/05/2027
Bond issue V – Notional amount €300m, coupon 1.625%	325,000	01/04/2021	01/04/2029
Bond issue VI – Notional amount €500m, coupon 5.5%	500,000	09/10/2023	09/10/2028
Private placement I – Notional amount €50m, coupon 1.89%	50,000	06/11/2019	06/11/2031
Private placement II – Notional amount €100m, coupon 3.0%	100,000	26/06/2020	26/06/2029
Loan agreement	550,000	21/07/2022	21/07/2028
Secured loan	276,000	17/04/2023	17/04/2030
Commercial paper	-	21/10/2021	21/10/2028
TOTAL	**2,990,100**		

At 31 December 2023, Carmila's debt had an average maturity of 4.8 years and an average interest rate of 2.7%, taking account of hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and commitment fees for undrawn credit lines).

1.5.2 Hedging instruments

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

Carmila's policy is to hedge its floating-rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up derivative instruments, such as interest rate swaps and options which are eligible for hedge accounting.

In order to optimise its hedging, on 13 March 2023, Carmila restructured a swap with a notional amount of €100 million, bringing forward its start date to 2024, maturing in 2029. On 14 March 2023, Carmila entered into a swaption collar (starting in 2024, maturing in 2032), with a nominal amount of €50 million. On 20 March 2023, Carmila entered into a swaption collar (starting in 2024, maturing in 2032), with a notional amount of €50 million. Lastly, on 23 June 2023, Carmila entered into two extendable swaps (starting in 2025, with a final maturity in 2035) with a notional amount of €50 million each. On 26 and 28 July 2023, Carmila entered into two swaption collars (starting in 2024, maturing in 2030), with a notional amount of €100 million each. These swaption collars were unwound on 3 October 2023. Carmila also entered into a forward swap on 9 October 2023 (starting in 2024, maturing in 2028), with a notional amount of €160 million. On 21 November 2023, Carmila entered into a swaption collar (starting in 2025, maturing in 2033), with a notional amount of €50 million. On 11 December 2023, Carmila entered into a swaption collar (starting in 2025, maturing in 2033), with a notional amount of €50 million.

At 31 December 2023, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- eight fixed-rate borrower swaps at 3-month Euribor for a notional amount of €585 million, with the swap covering the longest term expiring in December 2032;
- one cap for a notional amount of €100 million maturing in 2026;
- four swaption collars for a notional amount of €200 million, with the longest term covered expiring in January 2033;
- one collar for a notional amount of €75 million maturing in 2031;
- one floating-rate payer swap at 3-month Euribor for a notional amount of €160 million maturing in 2028.

The floating-rate payer swap is accounted for as a fair value hedge, with changes in fair value recognised in income. The other hedging instruments, still effective, were recognised as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing statement of financial position at their market value, with any changes in fair value attributable to the effective portion of the hedge recorded in shareholders' equity (OCI) and the ineffective portion taken to income.

The fixed-rate position represents 79% of gross debt (100% of average net debt) at 31 December 2023, including the four swaps and the cap in place at end-2023.

1.5.3 Cash

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Cash	155,914	81,707
Cash equivalents	704,280	275,000
Cash and cash equivalents	**860,194**	**356,707**
Bank facilities	(13)	(20)
NET CASH	**860,181**	**356,687**

1.5.4 Rating

On 16 November 2023, S&P confirmed Carmila's BBB rating with a "stable" outlook.

1.5.5 Dividend policy

In addition to legal requirements, Carmila's dividend policy takes into account various factors including its earnings, financial position and the implementation of its objectives.

Where appropriate, dividends will be paid by Carmila out of distributable income and also out of issuance premiums.

Note that in order to benefit from the SIIC (real estate investment trust) regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of its income as a SIIC and its distributable income):

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

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 11 May 2023 approved the dividend of €1.17 per share for 2022, representing a total payout of €166,698 thousand, deducted in full from the merger premium. This amount was paid in full in cash.

For 2023, the Annual General Meeting of 24 April 2024 will be asked to approve a dividend of €1.20 per share, a rise of 3% on the 2022 dividend, in accordance with Carmila's dividend policy as announced at the Capital Market Day in December 2021 (annual dividend of at least €1 per share, paid in cash, for dividends paid between 2022 and 2026, with a target payout ratio of 75% of recurring earnings). The proposed dividend distribution, which will be presented to the Annual meeting on 24 April 2024 fulfills the distribution requirements of the SIIC regime.

1.5.6 Equity and share ownership

(in thousands of euros)	Number of shares	Share capital	Issuance premium	Merger premium
At 1 January 2023	143,849,042	863,094	551,768	1,273,457
Dividend – GM of 11 May 2023	-			(166,698)
Cancellation of treasury shares	(1,394,980)	8,370	(11,630)	
Share option	(12,989)	(78)	78	
AT 31 DECEMBER 2023	**142,441,073**	**854,646**	**540,215**	**1,106,759**

At 31 December 2023, the share capital was made up of 143,441,073 A shares, each with a par value of six euros (€6), fully subscribed and paid up.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 11 May 2023 approved the dividend of €1.17 per share for 2022, representing a total payout of €166,698 thousand, deducted in full from the merger premium. This amount was paid in full in cash.

Under the share buyback programmes initiated by the Company on 28 February 2023, 1,394,980 shares were bought back and subsequently cancelled on 23 June 2023, further to a decision by the Chair and Chief Executive Officer, acting on the authority of the Board of Directors, and resulting in a reduction in the share capital in an amount of €8,369,880.

In accordance with the terms and conditions of the plan dated 29 June 2020, vested D Shares entitle their holders to convert them into A Shares following a two-year mandatory holding period. This period came to an end on 29 June 2023, leading to the conversion of 144,647 D shares into 131,658 A shares. At the end of the 20-day creditors' objection period, on 21 July 2023 the Chair and Chief Executive Officer placed on record that the share conversion had been completed on 29 June 2023, along with the corresponding decrease in share capital. This capital decrease was charged against issuance premiums for €78 thousand.

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

Carmila's share capital is held by several of its long-term shareholders. At 31 December 2023, its largest shareholder is the Carrefour group, which holds 36.4% of Carmila's share capital and includes Carmila in its financial statements using the equity method. The remaining 63.6% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Predica (9.9% of Carmila's share capital), Cardif Assurance Vie (9.1%) and Sogecap (6.1%).

1.6 APPENDIX

Detailed presentation of Carmila's operating asset base at 31 December 2023

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*
France					
Aix-en-Provence	1971	2014	2015	39	5,691
Amiens	1973	2014	2014	20	4,973
Angers – Saint Serge	1969	2014	2015	28	7,193
Angoulins	1973	2014	2015	37	6,377
Annecy Brogny	1968	2014	2015	22	4,933
Antibes	1973	2014	2014	33	5,192
Athis-Mons	1971	2014	2014	52	10,243
Auch	1976	2014	2014	13	928
Auchy-les-Mines	1993	2014	2015	27	2,750
Auterive	2011	2014	-	19	6,674
Bab 2 – Anglet	1967	2014	2017	131	27,443
Barentin	1973	2016	-	17	7,761
Bassens (Chambéry)	1969	2014	2014	20	2,758
Bay 2	2003	2014	-	106	21,013
Bayeux Besneville	1974	2014	2014	9	597
Beaucaire	1989	2014	2015	30	6,848
Beaurains 2	2011	2014	-	10	4,373
Beauvais	1969	2014	2016	18	4,049
Berck-sur-Mer	1995	2014	2014	30	11,228
Besançon – Chalezeule	1976	2014	2018	32	16,989
Bourg-en-Bresse	1977	2014	2019	23	6,176
Bourges	1969	2014	2016	51	8,983
Brest Hyper	1969	2014	2014	49	17,881
Calais – Beau-Marais	1973	2014	2015	21	5,130
Calais – Coquelles	1995	2014	2019	161	54,658
Chambourcy	1973	2014	2015	75	21,305
Champs-sur-Marne	1967	2014	2014	17	1,725
Charleville-Mézières	1985	2014	2014	24	2,882
Château-Thierry	1972	2014	2015	9	666
Châteauneuf-les-Martigues	1973	2014	2016	21	11,513
Châteauroux	1969	2014	2014	24	4,647
Cholet	1970	2014	2014	34	6,231
Condé-sur-L'Escaut	1987	2014	2015	6	534
Condé-sur-Sarthe	1972	2014	2014	32	8,650
Crêches-sur-Saône	1981	2014	2015	61	19,319
Denain	1979	2014	2016	7	617
Dinan Quevert	1970	2016	-	19	3,368
Douai Flers	1983	2014	2015	49	7,450
Draguignan	1992	2014	2017	24	4,876
Échirolles (Grenoble)	1969	2014	2014	30	4,829
Épernay	1970	2014	2016	10	1,064
Épinal	1983	2014	2016	23	17,378
Étampes	1983	2014	2015	3	878
Évreux	1974	2014	2017	79	37,811
Feurs	1981	2014	2019	6	1,027
Flers Saint-Georges-des-Groseillers	1998	2016	-	14	1,888
Flins-sur-Seine	1973	2014	2014	22	6,602

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*
Fourmies	1985	2014	2016	14	1,905
Francheville	1989	2014	2015	22	3,478
Gennevilliers	1976	2014	2015	18	2,431
Goussainville	1989	2014	2015	24	3,485
Gruchet	1974	2014	2015	29	11,839
Guéret	1987	2014	2019	14	3,418
Hazebrouck	1983	2014	2014	13	1,307
Hérouville-Saint-Clair	1976	2014	2016	50	14,241
La Chapelle Saint-Luc	2012	2014	2015	44	21,802
La Ciotat	1998	2014	2015	12	622
La Roche-sur-Yon	1973	2014	2015	14	1,377
Laon	1990	2014	2015	39	8,044
Laval	1986	2014	-	46	7,726
Le Mans	1968	2014	2014	22	1,938
L'Haÿ-les-Roses	1981	2014	2016	12	623
Libourne	1973	2014	2014	25	4,359
Liévin	1973	2014	2014	22	3,293
Limay	1998	2014	-	9	327
Lorient	1981	2014	2014	34	12,446
Mably	1972	2014	2017	30	31,756
Mondeville	1995	2014	-	5	2,401
Montereau	1970	2014	2015	7	911
Montesson	1970	2014	-	67	13,265
Montluçon	1988	2015	2016	36	3,601
Nantes Beaujoire	1972	2014	2015	35	4,671
Nanteuil-lès-Meaux (GM)	2014	2015	-	8	827
Nevers-Marzy	1969	2014	2016	62	21,349
Nice Lingostière	1978	2014	2014	101	21,093
Nîmes Sud	1969	2014	2015	18	2,962
Orange	1988	2014	2014	38	5,510
Orléans Place d'Arc	1988	2014	2018	64	13,601
Ormesson	1972	2015	2018	117	29,698
Paimpol	1964	2014	2016	14	1,612
Pau Lescar	1973	2014	2017	78	12,037
Perpignan Claira	1983	2014	2015	80	21,159
Port-de-Bouc	1973	2014	2015	23	7,096
Pré-Saint-Gervais	1979	2016	-	19	1,633
Puget-sur-Argens	1991	2015	2017	52	5,599
Quetigny	2014	2014	-	5	7,365
Quimper – Le Kerdrezec	1978	2014	2016	40	8,548
Reims – Cernay	1981	2014	2016	21	3,520
Rennes Cesson	1981	2014	2014	78	13,501
Rethel	1994	2016	2017	16	3,416
Saint-Jean-de-Luz	1982	2014	2017	18	2,715
Saint-Lô	1973	2016	2016	10	1,079
Saint-Martin-au-Laërt	1991	2014	2016	9	858
Salaise-sur-Sanne	1991	2014	2014	44	7,212
Sallanches	1973	2014	2016	11	2,075
Sannois	1992	2015	2015	29	4,170
Saran – Orléans	1971	2014	2017	91	38,988
Sartrouville	1977	2014	2014	39	6,750
Segny	1980	2014	2017	16	2,205
Sens Maillot	1970	2014	2016	9	1,848

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)
Sens Voulx	1972	2014	2016	9	599
St-André-les-Vergers	1975	2014	2016	9	1,097
St Brieuc – Langueux	1969	2014	2017	53	14,887
St-Égrève	1986	2014	2014	36	9,274
Stains	1972	2014	-	23	2,888
Thionville	1971	2016	-	168	32,233
Tinqueux	1969	2014	2015	27	6,019
Toulouse Labège	1983	2014	-	130	24,374
Toulouse Purpan	1970	2014	2015	49	16,979
Tournefeuille	1995	2014	-	20	5,702
Trans-en-Provence	1976	2014	2016	28	4,038
Uzès	1989	2014	2015	15	1,266
Vannes – Le Fourchêne	1969	2014	2014	71	9,639
Vaulx-en-Velin	1988	2014	2016	41	6,732
Venette	1974	2014	2015	40	6,795
Vénissieux	1966	2014	2016	23	4,427
Villejuif	1988	2014	2015	32	4,188
Vitrolles	1971	2018	2024	83	24,876
Spain					
Albacete – Los Llanos	1989	2014	-	18	7,638
Alcala de Henares	2007	2014	2016	20	1,667
Alcobendas	1981	2014	2016	43	3,515
Alfafar	1976	2014	2015	31	7,175
Aljarafe	1998	2018	-	47	12,135
Almería	1987	2014	2014	14	1,011
Alzira	1991	2014	2017	15	7,712
Antequera	2004	2018	2017	54	13,441
Azabache	1977	2014	2016	31	5,817
Cabrera de Mar	1979	2014	2014	26	14,240
Caceres	1998	2014	2015	13	1,559
Cartagena	1998	2014	2016	14	1,097
Castellón	1985	2014	2015	20	2,531
Ciudad de la Imagen	1995	2014	2016	22	2,008
Córdoba – Zahira	1977	2014	2019	14	957
Dos Hermanas (Seville)	1993	2014	2017	17	1,411
El Alisal	2004	2014	2016	33	15,161
El Mirador	1997	2016	-	39	9,870
El Paseo	1977	2018	-	53	10,454
El Pinar	1981	2014	2014	30	4,360
Elche	1983	2014	2015	19	10,164
Fan Mallorca	2016	2016	2016	105	38,120
Finestrat – Benidorm	1989	2014	2016	22	2,228
Gandía	1994	2014	2015	20	2,074
Gran Via de Hortaleza	1992	2018	-	68	6,273
Granada	1999	2014	2015	26	2,692
Huelva	2013	2014	2013	91	33,378
Jerez de la Frontera – Norte	1997	2014	2017	42	6,899
Jerez de la Frontera, Cádiz – Sur	1989	2014	2016	32	7,013
La Granadilla	1990	2014	2014	13	1,029
La Sierra	1994	2018	-	67	17,611
Leon	1990	2014	2016	16	2,473
Lérida	1986	2014	2014	11	512
Los Angeles	1992	2014	2016	35	6,746

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*
Lucena	2002	2014	2016	13	1,394
Lugo	1993	2014	2017	16	2,020
Málaga – Rosaleda	1993	2022	-	71	15,536
Manresa	1991	2018	-	30	3,238
Merida	1992	2014	2017	18	2,601
Montigala	1991	2016	2018	55	10,668
Mostoles	1992	2014	2016	21	3,291
Murcia – Atalayas	1993	2016	-	35	11,296
Murcia – Zaraiche	1985	2014	2014	23	2,566
Oiartzun	1979	2014	2014	11	729
Orense	1995	2014	2016	17	4,131
Palma	1977	2014	2014	20	579
Paterna	1979	2014	2016	18	1,679
Peñacastillo	1992	2014	2014	49	8,790
Petrer	1991	2014	2016	27	4,067
Plasencia	1998	2014	-	12	1,299
Pontevedra	1995	2014	2014	15	1,681
Reus	1991	2014	2014	22	2,932
Rivas	1997	2014	2016	21	2,158
Sagunto	1989	2014	-	11	970
Salamanca	1989	2014	2016	7	801
San Juan	1977	2018	-	30	7,264
San Juan de Aznalfarache, Seville	1985	2014	2015	34	4,999
San Sebastián de los Reyes	2004	2014	2016	19	2,336
Sestao	1994	2014	2016	16	1,317
Sevilla – Macarena	1993	2014	2016	23	1,882
Sevilla – Montequinto	1999	2014	2016	13	9,995
Sevilla – San Pablo	1979	2014	2014	28	3,273
Talavera – Los Alfares	2005	2014	2016	54	20,617
Tarragona	1975	2014	2017	18	3,445
Tarrasa	1978	2018	-	36	7,502
Torrelavega	1996	2014	2016	15	2,155
Torrevieja	1994	2014	2014	17	1,804
Valencia – Campanar	1988	2014	2016	29	3,099
Valladolid	1981	2014	2017	21	4,144
Valladolid II	1995	2014	2017	12	3,551
Valverde Badajoz	1996	2014	2015	19	3,081
Villanueva	1995	2014	2016	9	692
Villareal de los Infantes	1995	2014	2016	13	939
Zaragoza	1989	2014	2015	17	4,253
As Cancelas (50% interest, equity accounted)	2012	2014	2012	56	25,188
Italy					
Assago	1988	2015	2019	2	2,380
Burolo	1996	2014	2016	10	946
Gran Giussano	1997	2014	2016	49	9,338
Limbiate	2006	2015	-	1	1,923
Massa	1995	2014	2016	42	8,195
Nichelino	2017	2017	2017	68	41,694
Paderno Dugnano	1975	2014	2022	77	16,751
Thiene	1992	2014	2015	39	5,972
Turin	1989	2014	2014	12	1,186
Vercelli	1987	2014	2016	20	3,125

2. Consolidated financial statements for the year ended 31 December 2023

The audit procedures on the consolidated financial statements have been carried out. The audit report will be issued following the final verification of the presentation of information in the format stipulated by the ESEF regulation relating to financial statements included in the annual financial report.

2.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Note	2023	2022
Gross rental income		**368,604**	**356,966**
Charges rebilled to tenants		93,443	88,798
Total income from rental activity		**462,047**	**445,764**
Real estate expenses		(26,786)	(25,035)
Rental charges		(85,528)	(80,522)
Property expenses (landlord)		(7,331)	(5,012)
Net rental income	**8.1**	**342,402**	**335,195**
Overhead expenses	8.2	(52,925)	(51,762)
Income from property management, administration and other activities		12,541	11,704
Other income		11,476	7,683
Payroll expenses		(32,814)	(30,051)
Other external expenses		(44,128)	(41,098)
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	8.3	2,381	(2,191)
Other operating income and expenses		(3,456)	7,467
Gains and losses on disposals of investment properties and equity investments	8.4	(164)	(2,706)
Change in fair value adjustments	5.2	(206,873)	6,878
Share in net income of equity-accounted companies	7.3	3,736	4,954
Operating income		**85,101**	**297,835**
Financial income		28,041	2,162
Financial expenses		(95,340)	(66,514)
Cost of net debt		**(67,299)**	**(64,352)**
Other financial income and expenses		(8,346)	(11,351)
Net financial expense	**6.1**	**(75,645)**	**(75,703)**
Income before taxes		**9,456**	**222,132**
Income tax	9.1	(6,731)	(2,460)
CONSOLIDATED NET INCOME		**2,725**	**219,673**
Attributable to owners of the parent		**2,778**	**219,329**
Non-controlling interests		**(53)**	**344**
Average number of shares comprising Carmila's share capital	7.8.4	142,825,882	144,211,816
Earnings per share (attributable to owners) (in euros)		0.02	1.52
Diluted average number of shares comprising Carmila's share capital	7.8.4	142,825,882	144,417,529
Diluted earnings per share (attributable to owners) (in euros)		0.02	1.52

Consolidated statement of comprehensive income *(in thousands of euros)*	Note	2023	2022
Consolidated net income		**2,725**	**219,673**
Items that will be reclassified subsequently to net income		**(30,630)**	**79,323**
Effective portion of cash flow hedges		(30,630)	79,323
Items that will not be reclassified subsequently to net income		**(148)**	**108**
Actuarial gains and losses on defined benefit plans		(148)	108
Related income tax		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**(28,053)**	**299,104**

2.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousands of euros)	Note	31 Dec. 2023	31 Dec. 2022
Intangible assets	7.1	1,942	3,637
Property, plant and equipment	7.2	12,817	2,976
Investment properties carried at fair value	5.1	5,519,034	5,784,937
Investment properties carried at cost	5.1	19,905	28,509
Investments in equity-accounted companies	7.3	77,232	75,548
Other non-current assets	7.4	48,462	70,330
Deferred tax assets	9.4	6,111	9,851
Non-current assets		**5,685,504**	**5,975,789**
Trade receivables	7.5	106,598	101,689
Other current assets	7.6	78,248	79,140
Cash and cash equivalents	7.7	860,194	356,707
Current assets		**1,045,040**	**537,536**
TOTAL ASSETS		**6,730,544**	**6,513,325**

Equity and liabilities

(in thousands of euros)	Note	31 Dec. 2023	31 Dec. 2022
Share capital		854,646	863,094
Additional paid-in capital		1,646,975	1,825,225
Treasury shares		(3,162)	(2,696)
Other comprehensive income		20,184	50,962
Consolidated retained earnings		766,396	545,755
Consolidated net income		2,778	219,329
Equity attributable to owners		**3,287,816**	**3,501,668**
Non-controlling interests		5,443	5,784
EQUITY	**7.8**	**3,293,259**	**3,507,453**
Non-current provisions	7.9	4,278	8,523
Non-current financial liabilities	6.2	2,480,639	2,534,492
Lease deposits and guarantees		81,118	80,782
Non-current tax and deferred tax liabilities	9.3 & 9.4	137,202	141,179
Other non-current liabilities		-	2
Non-current liabilities		**2,703,237**	**2,764,978**
Current financial liabilities	6.2	574,462	75,721
Bank facilities	6.2 & 7.7	13	20
Current provisions		93	87
Trade payables	7.10	19,403	19,721
Payables to suppliers of non-current assets	7.10	3,062	12,868
Accrued tax and payroll liabilities	7.11	49,736	47,044
Other current liabilities	7.11	87,279	85,433
Current liabilities		**734,048**	**240,894**
TOTAL EQUITY AND LIABILITIES		**6,730,544**	**6,513,325**

2.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	2023	2022
Consolidated net income		**2,725**	**219,673**
Elimination of income from equity-accounted companies	7.3	(3,736)	(4,954)
Elimination of depreciation, amortisation and provisions		5,871	7,402
Elimination of fair value adjustments	5.1 & 6.2.1	207,449	790
Elimination of capital gains and losses on disposals		(859)	3,598
Other non-cash income and expenses		1,803	3,055
Cash flow from operations after cost of net debt and tax		**213,253**	**229,563**
Elimination of tax income	9.1	6,731	2,460
Elimination of cost of net debt		67,299	64,353
Cash flow from operations before cost of net debt and tax		**287,283**	**296,376**
Change in operating working capital		(5,863)	22,224
Change in lease deposits and guarantees		21	542
Income tax paid		(5,388)	3,205
Net cash from operating activities		**276,053**	**322,347**
Change in payables on non-current assets		(8,798)	(9,174)
Acquisitions of investment properties	5.1	(60,448)	(88,762)
Acquisitions of other non-current assets		(5,705)	(15,860)
Change in loans and advances		1,750	(1,777)
Disposal of investment properties and other non-current assets		128,307	146,030
Dividends received		1,562	1,218
Net cash from (used) in investing activities		**56,668**	**31,675**
Corporate actions	7.8	(20,000)	(29,500)
Net purchase of treasury shares		(466)	(345)
Issuance of bonds		518,290	122
Increase in bank loans	6.2	276,000	380,000
Loan repayments	6.2	(372,447)	(379,748)
Interest paid		(82,940)	(64,321)
Interest received		19,323	2,162
Dividends and share premiums distributed to shareholders		(166,987)	(143,891)
Net cash used in financing activities		**170,773**	**(235,521)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		503,494	118,501
Cash and cash equivalents at start of period		356,687	238,186
Cash and cash equivalents at end of period	7.7	860,181	356,687

2.4 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Note	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income (loss)	Equity attributable to owners	Non-controlling interests	Total equity
BALANCE AT 31 DECEMBER 2021		**875,389**	**1,985,986**	**(2,351)**	**(28,469)**	**352,177**	**192,121**	**3,374,853**	**5,776**	**3,380,629**
Corporate actions	7.8	(12,295)	(17,204)					(29,499)		(29,499)
Treasury share transactions	7.8.3			(345)		1,455		1,110		1,110
Dividend paid	1.3		(143,556)					(143,556)	(336)	(143,891)
Appropriation of 2021 net income						192,121	(192,121)			
Net income for the year							**219,329**	**219,329**	**344**	**219,673**
Other comprehensive income reclassified to income	6.4				4,992			4,992		4,992
Change in fair value of hedging instruments	6.4				74,331			74,331		74,331
Actuarial gains and losses on retirement benefits	12.3.1				108			108		108
Other comprehensive income					**79,431**			**79,431**		**79,431**
Other changes			(1)			2		1		1
BALANCE AT 31 DECEMBER 2022		**863,094**	**1,825,225**	**(2,696)**	**50,962**	**545,755**	**219,328**	**3,501,668**	**5,784**	**3,507,453**
Corporate actions	7.8	(8,448)	(11,552)					(20,000)		(20,000)
Treasury share transactions	7.8.3			(466)		1,803		1,337		1,337
Dividend paid	1.3		(166,698)					(166,698)	(289)	(166,987)
Appropriation of 2022 net income						219,329	(219,329)			
Net income for the period							**2,778**	**2,778**	**(53)**	**2,725**
Other comprehensive income reclassified to income					2,854			2,854		2,854
Change in fair value of other financial assets								-		-
Change in fair value of hedging instruments					(33,484)			(33,484)		(33,484)
Actuarial gains and losses on retirement benefits	12.3.1				(148)			(148)		(148)
Other comprehensive income					**(30,778)**			**(30,778)**		**(30,778)**
Other changes						(491)		(491)	2	(489)
BALANCE AT 31 DECEMBER 2023		**854,646**	**1,646,975**	**(3,162)**	**20,184**	**766,396**	**2,778**	**3,287,816**	**5,443**	**3,293,259**

The "Corporate actions" line for 2022 reflects (i) the cancellation of 2,039,146 treasury shares under the share buyback programmes launched by the Company on 16 February 2022 and 24 March 2022, and (ii) the conversion of 139,306 C shares into 129,326 A shares in connection with free preference share plans for key employees and corporate officers of the Group.

The "Corporate actions" line for 2023 reflects (i) the cancellation of 1,394,980 treasury shares under the share buyback programmes launched by the Company on 28 February 2023, and (ii) the conversion of 144,647 D shares into 131,658 A shares in connection with free preference share plans for key employees and corporate officers of the Group.

2.5 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT EVENTS OF 2023

Carmila continued to see good leasing momentum, with 826 leases signed in 2023 in line with the portfolio's rental values.

Net rental income for 2023 was up 2.2% to €342.4 million, mainly due to organic rental income growth of 4.7%, including a positive indexation effect and a negative 2.6% scope effect following disposals of assets in France and Spain.

Of the total rent invoiced in 2023, 96.5% has been collected.

The value of the asset portfolio (including transfer taxes) stood at €5.9 billion at 31 December 2023. Exit capitalisation rates increased over the year, with an overall rate (net potential yield – NPY) of 6.68% at 31 December 2023. On a like-for-like basis, the value of the portfolio fell by 2.3% versus 31 December 2022.

Carmila also optimised its debt in the first half of 2023, as described below in section 1.4.

Note 1.1 Investments undertaken and pending

Investments during the year mainly concerned restructuring and renovation and modernisation works on existing French and Spanish assets.

On 12 July 2023, Carmila entered into an agreement, by way of a put option, with the controlling shareholders of Galimmo SCA to acquire 93% of the company's capital. The acquisition of Galimmo will be completed simultaneously with the acquisition of Cora France by Carrefour.

The total consideration for the acquisition of 100% of the shares of Galimmo would represent €294 million, to be paid in cash by Carmila.

The transaction offers a compelling value proposition to Carmila's shareholders, with an implied net initial yield of over 9% on Galimmo's portfolio and accretion of both Net Asset Value per share and recurring EPRA earnings per share.

The transaction is expected to close in the summer of 2024 once all related anti-trust and regulatory approvals have been obtained.

Created in 2016, Galimmo owns and operates 52 shopping centres in France, all adjoining Cora hypermarkets. Galimmo's portfolio was valued at €688 million as of end-December 2022, with 13 "shopping" assets (out of a total of 52) representing 79% of the total value.

Note 1.2 Disposals

Carmila completed four asset disposals during the year.

- On 12 April 2023, it sold a portfolio of four assets located in Spain, comprising four shopping centres: Los Patios and Alameda in Malaga and Los Barios and Gran Sur in Algerciras. The agreed sale price of the portfolio was €75 million (including transfer taxes), in line with appraisal values at end-2022.
- On 14 April 2023, Carmila sold an asset in Montélimar, France. The agreed sale price was €15 million (including transfer taxes), in line with the appraisal value at end-2022.
- On 19 April 2023, Carmila sold an asset in Tarnos, France. The agreed sale price was €8 million (including transfer taxes), in line with the appraisal value at end-2022.
- On 7 November 2023, Carmila sold an asset in Torcy Collégien, France. The agreed sale price was €32 million (including transfer taxes), in line with the appraisal value at end-2022.

These transactions form part of the target €200-million asset rotation programme for 2022 and 2023, announced at Carmila's Capital Markets Day in December 2021. After having exceeded its initial €200 million disposal target ahead of schedule at the beginning of 2023, notably further to the sale of a portfolio of four assets in Spain, Carmila announced a new target of €100 million in disposals by the end of 2024. Of this amount, around €50 million in disposals were completed in 2023, including Bay 1, finalised in the fourth quarter.

Note 1.3 Dividend

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 11 May 2023 approved the dividend of €1.17 per share for 2022. This dividend was paid in cash.

The total cash dividend distributed to shareholders represented €167 million and was paid on 17 May 2023. The dividend distribution covered the SIIC regime distribution obligation for 2022.

Note 1.4 Debt and financing

On 17 April 2023, Carmila signed a €276 million secured loan maturing in 2030. This new credit facility took the form of a loan contracted by four subsidiaries of Carmila France (Carmila Nice SAS, Carmila Évreux, Carmila Saran and Carmila Coquelles) and is secured by their assets.

In June 2023, Carmila carried out a €25 million private placement. Accordingly, its outstanding bond debt of €1,961 million at 31 December 2022 rose to €1,986 million at 30 June 2023.

In September 2023, Carmila redeemed the bonds at maturity for €322 million, enabling the Company's very first bond issue dated 2015 to be settled in full.

Carmila issued a new €500 million bond on 9 October 2023. This bond matures in October 2028 and pays a 5.5% coupon.

Further to these operations, the average maturity of Carmila's debt was 4.4 years at 31 December 2023 (4.8 years at 31 December 2022), not taking into account the bonds maturing in September 2024, the redemption of which is fully covered by the Group's cash position.

At 31 December 2023, the Group had eight fixed-rate borrower swaps against 3-month Euribor for a notional amount of €585 million. The swap covering the longest term expires in January 2032. This strategy is consistent with the Group's future borrowing plan.

Carmila also has a €100 million cap maturing in January 2026, which it set up in 2022, and four swaption collars for a notional amount of €200 million maturing in 2032 and 2033. Lastly, Carmila has a collar for a notional amount of €75 million maturing in 2031.

These instruments were contracted with blue-chip banks and hedge the future floating-rate interest payments of the Group's financing (the "highly probable" nature of this financing is demonstrated by the €550 million bank loan and €276 million secured loan).

These hedging instruments are accounted for as cash flow hedges.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

On 13 February 2024, the Board of Directors approved and authorised for issue Carmila's consolidated financial statements for the period from 1 January to 31 December 2023. These financial statements will be submitted for approval to the Annual General Meeting on 24 April 2024.

Note 2.1 Presentation of the Group

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

At 31 December 2023, the Group employed 241 people, with 156 in France, 67 in Spain and 18 in Italy (not including apprentices). The Group owns a portfolio of 201 shopping centres and retail parks, mainly as a result of transactions carried out in 2014. In April 2014, Carmila acquired 126 sites in France, Spain and Italy from the Klépierre group and later in the year six shopping centres in France from Unibail-Rodamco. The same year, the Group received a contribution from the Carrefour group comprising 47 sites in France, along with various premises and an equity investment in Spain.

Carmila SA ("the Company"), which is the Group's parent company, is a real estate investment trust (SIIC) under French law. Its registered office is located at 25, rue d'Astorg, 75008 Paris in France.

Initially, the company Carmila SAS was incorporated by Carrefour SA on 4 December 2013 for the sole purpose of the operations described above, which took place in 2014. On 12 June 2017, the Company merged with Cardety SA, a listed company in Paris, and was renamed Carmila SA following the merger. Since that date, the Group's consolidated financial statements reflect this reverse acquisition.

Note 2.2 Shareholding, stock market listing and strategic partnership

Carmila's share capital is held by several of its long-term shareholders. At 31 December 2023, its largest shareholder is the Carrefour group, which holds 36.4% of Carmila's share capital and includes Carmila in its financial statements using the equity method. Carrefour is developing a strategic partnership with Carmila, aimed at revitalising and transforming shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 63.6% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Predica (9.9% of Carmila's share capital), Cardif Assurance Vie (9.1%) and Sogecap (6.1%).

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

Note 2.3 Accounting standards

IFRS standards applied

The Carmila Group's consolidated financial statements at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union at 31 December 2023, comprising the IFRS, the International Accounting Standards (IAS), as well as their interpretations (SIC and IFRS IC).

The European Union has adopted the following standards, interpretations and amendments, which are effective from 1 January 2023:

- Amendments to IFRS 17 – Comparative Information;
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

These amendments did not have a material impact on the consolidated financial statements at 31 December 2023.

No standards were adopted by the Group ahead of their effective date.

Note 2.4 Principal estimates and judgements by management

Preparation of the consolidated financial statements involves the use of judgement, estimates and assumptions by Group management. These may affect the carrying amount of certain assets and liabilities, income and expenses, as well as information provided in the notes to the financial statements. Group management reviews its estimates and assumptions regularly in order to ensure their relevance in light of past experience and the current economic situation. Depending on changes in these assumptions, items appearing in future financial statements may be different from current estimates.

The main judgements and estimates used by management to prepare the financial statements relate to:

- **measurement of the fair value of investment property** (see Note 5 "Investment properties"). The Group has its property assets appraised every six months by independent appraisers according to the methods described in Note 5. The appraisers use assumptions for future cash flows and rates which have a direct impact on property values;
- **measurement of financial instruments**. The Group measures the fair value of the financial instruments that it uses in accordance with standard models and market practices and with IFRS 13;
- **provisions for contingencies and charges and other provisions related to operations** (see Note 7.9 "Provisions");
- **the assumptions used to calculate and recognise deferred taxes** (see Note 9 "Income tax");
- **the costs of Carmila's CSR commitments** are mainly included in maintenance Capex which is reflected in the fair value of investment property;
- **allowances for trade receivables (see Note 7.5).**

Note 2.5 Other principles applied in presenting the consolidated financial statements

Note 2.5.1 Translation of foreign companies' financial statements

The Group's financial statements are presented in thousands of euros, unless otherwise specified. Rounding differences may give rise to minor differences between statements.

An entity's functional currency is the main currency in which it conducts its business. All entities within the Group's scope of consolidation are in the eurozone and use the euro as their functional currency.

Note 2.5.2 Translation of foreign currency transactions

When a Group entity carries out transactions in a currency other than its functional currency, they are initially translated at the rate prevailing on the date of the transaction. At the end of the reporting period, monetary financial assets and liabilities denominated in foreign currencies are translated into euros at the closing rate of the currency concerned, with any foreign exchange gains or losses taken to income.

Note 2.5.3 Transactions eliminated from the consolidated financial statements

Items recorded on the statement of financial position and income or expenses resulting from intra-Group transactions are eliminated when preparing the consolidated financial statements.

Note 2.5.4 Classification in the statement of financial position

Assets expected to be realised, consumed or sold over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current assets", as are assets held for sale and cash and cash equivalents. All other assets are classified as "non-current assets".

Liabilities which the Group expects to settle over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current liabilities".

The Group's normal operating cycle is 12 months.

Deferred taxes are always shown as non-current assets or liabilities.

Note 2.5.5 Classification in the statement of income

The Group has opted to present its proportionate share in the earnings of its equity-accounted companies within operating income, as the business of these companies is similar to that of the Group.

NOTE 3 CONSOLIDATION SCOPE AND METHODS

Note 3.1 Consolidation scope and methods

CONSOLIDATION METHODS

Determination of control

The consolidation method is determined in accordance with the control exercised, as defined by IFRS 10 – Consolidated Financial Statements.

Exclusive control: fully consolidated

Subsidiaries are companies controlled by the Group. An investor controls an entity when it exercises power over the entity's relevant activities, is exposed or entitled to variable returns from its involvement with the entity, and has the ability to use its power to affect the amount of its returns. The Group has power over an entity when its existing rights give it the current ability to direct the relevant activities, i.e., activities that significantly affect the entity's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date of effective transfer of control up until such time as that control ceases to exist.

Joint control and significant influence: equity method

Joint control means the contractually agreed sharing of control over an entity, which exists only where decisions about the relevant activities require the unanimous consent of the parties sharing control. In accordance with IFRS 11 – Joint Arrangements, interests in partnerships can be classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations entail the recognition by each joint operator of the assets over which it has rights, liabilities for which it has obligations, and income and expenses related to its interest in the joint operation. Carmila has no joint operations.

Joint ventures are arrangements whereby the parties (i.e., joint venturers) only have rights over the joint venture's net assets. Joint ventures are accounted for by the equity method.

Significant influence is presumed to exist when the percentage of voting rights held is 20% or more. All equity interests, regardless of the percentage held, are analysed to determine whether the Company exerts a significant influence.

The Group's investments in associates and joint ventures are initially recognised at cost, plus or minus any changes in the percentage of the net assets of the associate after the acquisition. Goodwill related to an associate is included as part of the carrying amount of the investment.

For jointly controlled companies or companies over which the Group has significant influence, the share of income for the period is shown within "Share in net income of associates". On the statement of financial position, these equity investments are presented within "Investments in associates".

The financial statements of associates cover the same period as that of the Group, and are adjusted, where appropriate, to ensure compliance with the Group's accounting policies.

Information on equity investments in associates is presented pursuant to IFRS 12 – Disclosure of Interests in Other Entities.

Business combinations/acquisitions of assets

To determine whether a transaction is a business combination, the Group considers, in particular, whether a portfolio of activities is acquired in addition to the real estate assets. If securities are purchased in a company whose sole purpose is the holding of investment property, and in the absence of any other ancillary services (asset-related contracts, personnel, know-how), the acquisition is recognised as an acquisition of assets in accordance with paragraph 2(b) of IFRS 3 – Business Combinations.

Note 3.2 Main changes in the scope of consolidation in 2023

The Group did not carry out any company acquisitions, disposals or mergers during the year.

Note 3.3 Description of the main partnerships

Note 3.3.1 As Cancelas – Spain

The shares and voting rights in the Spanish company As Cancelas are held equally by Carmila and its partner, Grupo Realia. All resolutions are adopted by a 50.0% majority.

Property management, marketing and management of the centre are handled by the Group, with administration provided by Grupo Realia. Carmila considers this to be joint control, and the company is therefore consolidated under the equity method.

Note 3.3.2 Magnirayas – France

Carmila holds 20% of the shares and voting rights of French company Magnirayas. The other partners are Batipart and Atland Voisin. Most decisions are adopted by a 50.0% majority.

Some decisions require unanimity of the members of the Strategy Committee. Unanimous decisions grant protective rights to Carmila without giving it the power to direct or co-direct the relevant activities. This provision does not in any way confer sole control over any decision regarding the relevant activities. Unanimous decisions concern fundamental changes to Magnirayas.

Carmila provides property management and leasing services, while Batipart is responsible for portfolio management. As Carmila considers that this gives it significant influence, the company is therefore accounted for using the equity method.

Note 3.3.3 HDDB Holding – France

Carmila Retail Development (CRD) holds a 30% stake in HDDB Holding. The remainder is held by DMVB Holding. HDDB Holding develops and operates businesses selling electronic cigarettes, e-liquid and all e-cigarette accessories.

Based on majority rules (including for key decisions), CRD does not have sole control of the company. However, given its shareholding and involvement in the Management Committee, notably in key decisions regarding relevant activities, it participates in HDDB Holding's financial and operating policy decisions. Accordingly, it exercises significant influence over the company. The company is therefore included in the consolidated financial statements using the equity method.

NOTE 4 SEGMENT REPORTING

Note 4.1 Definition of operating segments and indicators used

The Group's Executive Committee has been identified as the "chief operating decision-maker" pursuant to IFRS 8 – Operating Segments. The operating segments that have been identified by the Executive Committee are the three countries in which the Group operates:

- France;
- Spain;
- Italy.

The Group uses the following indicators to measure its performance and activity:

- gross rental income;
- net rental income by operating segment;
- EBITDA.

In order to align the Group's financial communications with segment data used for management reporting purposes, the Group has decided to use EBITDA instead of recurring operating income as a performance indicator from 2023 onwards.

The Group defines EBITDA as operating income before changes in the fair value of investment properties and adjusted for non-recurring income and expenses such as:

- gains and losses on disposals of investment properties;
- any other non-recurring income or expense.

Group EBITDA includes Carmila's share of the EBITDA of its equity-accounted partners.

Overhead expenses for each segment represent the expenses directly incurred by that operating segment. Shared overhead expenses that are borne by the France segment are rebilled to the other operating segments on a pro rata basis depending on the services rendered.

The Executive Committee also reviews changes in the fair value of investment properties by segment when this information is available (twice per year).

Over the two periods presented, no individual tenant represented more than 5% of the Group's gross rental income.

Note 4.2 Operating income by operating segment

	France		Spain		Italy		Total	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
Gross rental income	**250,401**	**243,505**	**93,654**	**90,486**	**24,549**	**22,975**	**368,604**	**356,966**
Real estate expenses	(3,628)	(2,791)	(1,203)	(1,037)	(925)	(915)	(5,756)	(4,743)
Non-recoverable service charges	(6,232)	(5,838)	(5,956)	(5,624)	(927)	(554)	(13,115)	(12,016)
Property expenses (landlord)	(5,119)	(3,254)	(2,132)	(1,281)	(80)	(477)	(7,331)	(5,012)
Net rental income	**235,422**	**231,622**	**84,363**	**82,544**	**22,617**	**21,029**	**342,402**	**335,195**
Overhead expenses	(36,814)	(37,374)	(13,127)	(11,733)	(2,984)	(2,655)	(52,925)	(51,762)
Income from property management, administration and other activities	10,335	9,733	1,514	1,309	692	662	12,541	11,704
Other income	11,279	7,528	38	16	159	139	11,476	7,683
Payroll expenses	(24,589)	(23,137)	(6,585)	(5,413)	(1,640)	(1,501)	(32,814)	(30,051)
Other external expenses	(33,839)	(31,498)	(8,094)	(7,645)	(2,195)	(1,955)	(44,128)	(41,098)
Share in EBITDA of equity-accounted companies	-	1,054	2,892	2,753			2,892	3,807
EBITDA	**198,608**	**195,302**	**74,128**	**73,564**	**19,633**	**18,374**	**292,369**	**287,240**
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	2,720	(2,503)	(290)	646	(49)	(334)	2,381	(2,191)
Other recurring operating income and expense	(2,796)	7,796	(175)	1	-	-	(2,971)	7,797
Gains and losses on disposals of investment properties and equity investments sold	(1,465)	(2,706)	1,301	-	-	-	(164)	(2,706)
Gains and losses on disposals of property, plant and equipment and intangible assets	(485)	(330)	-	-	-	-	(485)	(330)
Change in fair value adjustments	(191,157)	(12,791)	(11,183)	31,593	(4,533)	(11,924)	(206,873)	6,878
Increase in fair value of property	3,503	46,112	12,654	34,729	66	1,176	16,223	82,017
Decrease in fair value of property	(194,660)	(20,980)	(23,837)	(7,308)	(4,599)	(1,054)	(223,096)	(29,342)
Share in net income (loss) (excluding EBITDA) of equity-accounted companies	1,346	181	(462)	657	(40)	309	844	1,147
OPERATING INCOME	**6,771**	**184,949**	**63,319**	**106,462**	**15,011**	**6,425**	**85,101**	**297,835**

Note 4.3 Breakdown of investment properties by operating segment

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

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Investment properties carried at fair value	**5,519,034**	**5,784,937**
France	3,917,993	4,110,820
Spain	1,262,193	1,332,596
Italy	338,848	341,521
Investment properties carried at cost	**19,905**	**28,509**
France	19,308	27,831
Spain	313	634
Italy	284	44
TOTAL	**5,538,939**	**5,813,446**

At 31 December 2023, in terms of asset value, 71.0% of the Group's investment properties were located in France (compared to 71.1% at 31 December 2022), 22.8% in Spain (compared to 23.0% at 31 December 2022) and 6.1% in Italy (compared to 5.9% at 31 December 2022).

Note 4.4 Breakdown of capital expenditure by operating segment

Spending on investment properties broken down by country is disclosed separately for acquisitions, developments and extensions, or for investments in the portfolio on a like-for-like basis.

	France		Spain		Italy		Total	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
Acquisitions	**3,293**	**2,641**	**1,762**	**26,759**	**0**	**0**	**5,055**	**29,400**
Like-for-like capital expenditure	**41,334**	**45,715**	**11,959**	**9,271**	**2,100**	**4,376**	**55,393**	**59,362**
Extensions	11,360	14,919	0	0	400	3,433	11,760	18,352
Restructuring	9,196	15,459	0	0	0	0	9,196	15,459
Lease incentives	3,887	8,896	4,946	3,806	0	0	8,833	12,702
Renovations	5,158	(436)	3,925	4,093	0	559	9,083	4,216
Maintenance Capex	11,733	6,877	3,088	1,372	1,700	384	16,521	8,633
TOTAL CAPITAL EXPENDITURE	**44,627**	**48,356**	**13,721**	**36,030**	**2,100**	**4,376**	**60,448**	**88,762**

The "Acquisitions" caption mainly relates to easement rights for the operation of antennas in Spain (€1.7 million) and to the acquisition of units in France (Montluçon for €1.3 million, Bourg-en-Bresse for €0.9 million and Flins for €0.4 million).

The "Extensions" line concerns downpayments on off-plan sales, mainly Puget (€5.8 million), Châteauroux (€1.6 million), Vitrolles (€1.4 million), Toulouse Purpan (€1.0 million) and Cholet (€0.9 million).

"Restructuring" concerns a number of projects, including for the shopping centres at Collégien (€0.7 million), Brest (€0.6 million) as part of the Flunch restructuring project, Paimpol (€0.5 million) as part of the cafeteria restructuring project, Nevers Marzy (€0.5 million) as part of the Flunch and Jennyfer restructuring project, and Calais Coquelles (€0.4 million) as part of the division of vacant premises and the restructuring of Primark.

"Renovations" mainly concern assets in the process of being redeveloped where renovation and modernisation works are being carried out and existing parts of centres are upgraded in order to optimise value creation. The line includes several operations in France and Spain, among which the most significant are Albacete (€1.7 million), Gran Via (€1.5 million), Vitrolles (€1.4 million), Montluçon (€0.7 million), Aljarafe (€0.7 million) and Cholet (€0.6 million).

Lastly, maintenance capex concerns several projects, the most significant of which are those at Calais-Coquelles (€2.0 million), Vitrolles (€1.8 million), Herouville (€0.9 million), Anglet (€0.9 million), Labège (€0.8 million) and Orléans (€0.8 million). In addition, this item comprises investments designed to meet Carmila's commitments to reduce greenhouse gas emissions. Like-for-like capital expenditure also includes rent relief granted to tenants.

NOTE 5 INVESTMENT PROPERTIES

ACCOUNTING POLICIES

Method adopted: fair value

An investment property is a property that is held for the purpose of earning rental income or for capital appreciation, or both. The Group views shopping centres as investment properties. In accordance with one of the methods proposed by IAS 40 and the recommendations of the European Public Real Estate Association (EPRA), investment properties are initially recognised and valued individually at cost and then subsequently at fair value.

Fair value excludes transfer taxes and costs (taxes are measured on the basis of a direct disposal of the asset, even though these costs may sometimes be reduced if the disposal is performed through a share deal involving the company holding the related asset).

Under IFRS 13, fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an arm's-length transaction between market operators on the valuation date.

There are no restrictions on the Group's ability to realise its investment property, or to recover income from leasing or selling it.

Cost of investment property – general remarks

The acquisition costs of an investment property are capitalised as part of the value of the investment property.

During the life of the property, expenses such as building works, leasing costs and other internal project development costs are also capitalised.

In addition, lease right ownership or commercial rights to common areas for the Specialty Leasing business (leasing of high-footfall shopping centre spaces for short periods of time) are taken into account in the appraisers' valuations, and are therefore included as part of the value of the asset shown in the consolidated financial statements.

Eviction compensation paid to the tenant upon termination of a lease still in force is recognised as follows:

- restructuring of a site: if compensation is paid in connection with a property renovation project, the compensation is included in the cost price of the work performed;
- replacement of a tenant: if compensation is paid to increase the rent compared to that paid by the previous tenant and thereby increase the asset's value, this expense is included in the cost of the asset. Otherwise, it is booked as an expense.

Cost of investment property under construction

Capitalised expenditure relating to investment properties under construction (including extensions) includes the cost of works, the cost of loans directly attributable to the acquisition, construction or production of the asset, when necessary in order to use the asset, as well as costs related to leasing the retail space for the first time.

Capitalised borrowing costs are determined by applying the Group's weighted average cost of borrowing for the related country to the average outstanding amount of construction work done, or, where applicable, based on the financial costs paid for specific borrowings. Capitalisation of interest ceases when the asset under construction enters into service.

Investment properties under construction may be measured at fair value. If the fair value cannot be reliably determined, these projects will continue to be valued at cost until their fair value can be reliably determined. As with the other assets carried at fair value, they are also measured at market value by an independent appraiser.

The Group believes that a development project's fair value can be reliably determined if the following three conditions are simultaneously met:

- all necessary administrative permits required for the extension have been obtained;
- the construction contract has been signed and the works have begun; and
- there is no longer uncertainty regarding the amount of future rents.

The project margin is then recognised (IPUC) on the "Investment properties at fair value" line.

Appraisal method

Fair value is calculated using the measurement rules set out in IFRS 13; given the complexity of property asset valuation and the nature of certain inputs that cannot be observed on the market (including rate of growth in rents, exit capitalisation rate, etc.), the fair values have been categorised as Level 3 of the fair value hierarchy defined by the standard based on the type of inputs used for valuation.

The entire portfolio is reviewed by independent appraisers who are rotated every three years. The fair values used are determined by reference to the opinions of these independent appraisers, who value the Group's assets at the end of every half-year. The assets are inspected during these appraisals. The appraisals comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information required for valuation of the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (retailer sales).

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

On the basis of the data provided, two methods are used to value assets:

Income capitalisation method

This method applies a yield to the total triple-net revenue.

For rented units, the total triple-net revenue is determined on the basis of the rents indicated in the rental base, less any non-recoverable charges. For vacant premises, a market rent is used that takes into account an appropriate vacancy period.

The yield used is that adopted in the property market for a comparable property, and, in particular, reflects the retail space as well as specific factors such as location, access, visibility, retail competition, form of ownership of the centre (full ownership, joint ownership, etc.), rental and extension potential, and recent transactions involving the same type of asset.

From this value, the total net present value of the rentals plus any benefits and incentives granted to tenants, all vacancy costs on empty premises and any other non-recurring costs or works are then deducted.

Discounted cash flow method

Under this method, a property's discounted value is equal to the total future net revenue available over a given timeframe (generally 10 years). The net revenue available for each year is calculated in the same way as the net revenue defined in the capitalisation method, to which are added non-recurring expenses (works, step rents, and other) indexed over time. A resale value is calculated for the property, based on the last indexed rent as of the resale date, less any related expenses, to which a yield is applied.

The discount rate used is a risk-free rate (the 10-year yield on French government bonds), increased by property market risk and liquidity premium as well as asset-specific premiums (based on the nature of the property, rental risk and obsolescence premium).

The appraisers appointed by Carmila are as follows:

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

They use one or more of the above methods. Cushman & Wakefield primarily uses the discounted cash flow method, while Catella systematically uses an average of the two methods.

The fees paid to appraisers, agreed prior to their valuation of the properties concerned, are determined on a flat-rate basis depending on the number of retail units and complexity of the appraised assets. The fees are entirely independent from the valuation of the assets. During the 2023 appraisal campaign, fees paid to appraisers were as follows:

(in thousands of euros)	**2023 appraisal fees**
Cushman & Wakefield	189
Catella	203
BNP Paribas Real Estate	26
TOTAL	**417**

The valuations carried out by the independent appraisers are reviewed internally by the relevant department as well as by competent individuals within each operational division. This process includes discussions regarding the assumptions used by the independent appraisers, as well as a review of the results of the valuations. Reviews of the valuation process occur every six months and involve the Investment Department and the independent appraisers.

The difference between the fair value determined at the end and beginning of the reporting period plus any works and expenses capitalised in the year is recorded in income.

Property under construction valued at cost is tested for impairment as determined by comparison with the project's recoverable amount. The project's recoverable amount is measured internally by the Development teams, on the basis of an exit capitalisation rate, the expected net rents at the end of the project, and the budgeted development costs. Impairment is recognised if the recoverable amount is less than the carrying amount.

Investment properties valued at cost are tested for impairment at 30 June and 31 December of each year, and whenever there is an indication of a loss in value. When such an indication exists, the revised recoverable amount is compared to the carrying amount and impairment recognised where appropriate.

Leases (lessee accounting)

The Group's leases are accounted for in accordance with IFRS 16 – Leases, taking into account the terms and conditions of the lease contracts and all relevant facts and circumstances.

When a contract is entered into, the Group determines whether it is (or contains) a lease, i.e., whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a property complex is leased, the land and building are analysed separately.

In Carmila's statement of financial position, leases are recognised as a right of use asset with a corresponding lease liability relating to ground leases.

Guaranteed future incoming lease payments are discounted. Assets are depreciated over the same period as property, plant and equipment that the Group owns or over the term of the lease where this is shorter than the useful life of the properties. Lease payments are allocated between financial expenses and repayment of the lease liability.

Investment properties held for sale

Assets for which there is a sale commitment or sale mandate whose divestment has been approved by the Investment Committee are presented on a separate line of the statement of financial position at their latest appraisal value, in accordance with the provisions of IFRS 5 – Non-current Assets Held for Sale.

Leases (lessor accounting)

See Note 8.1 "Net rental income".

Gains and losses on disposal

Disposal gains are determined as the difference between the proceeds from the sale and the carrying amount of the property asset at the start of the period, adjusted for investment expenditure over the period.

Note 5.1 Details of investment properties carried at fair value and at cost

(in thousands of euros)	
Investment properties carried at fair value – 31 Dec. 2021	**5,846,327**
Acquisitions	29,400
Investments	59,362
Disposals and removals from the scope of consolidation	(148,946)
Other movements and reclassifications	(1,661)
Application of IFRS 16	366
Change in fair value	89
Investment properties carried at fair value – 31 Dec. 2022	**5,784,937**
Acquisitions	5,055
Investments	55,393
Disposals and removals from the scope of consolidation	(131,080)
Other movements and reclassifications	8,506
Application of IFRS 16	3,096
Change in fair value	(206,873)
Investment properties carried at fair value – 31 Dec. 2023	**5,519,034**

(in thousands of euros)	
Investment properties carried at cost – 31 Dec. 2021	**33,213**
Other movements and reclassifications	(4,704)
Investment properties carried at cost – 31 Dec. 2022	**28,509**
Other movements and reclassifications	(8,604)
Investment properties carried at cost – 31 Dec. 2023	**19,905**

Note 5.1.1 Investment properties carried at fair value

"Investments" primarily comprise investments made on a like-for-like basis and restructuring work valued by the appraisers.

"Other movements and reclassifications" shows the net balance of assets brought into service during the period, and the reconciliation of assets carried at cost at 31 December 2023 and now measured at fair value.

"Change in fair value" records gains and losses on the value of assets during the reporting period and recognised in the income statement, based on the valuations made by independent appraisers. Changes in fair value are analysed by country in Note 5.2 "Valuation assumptions and sensitivity analysis".

Note 5.1.2 Investment properties carried at cost

The "Other movements and reclassifications" caption shows the change resulting from properties previously carried at cost and now measured at fair value.

At 31 December 2023, no indication of a loss in value was identified for investment properties valued at cost.

The reconciliation of investments broken down by country (Note 4.4 "Breakdown of capital expenditure by operating segment") with the above data is as follows:

(in thousands of euros)		2023
Investment properties carried at fair value – Acquisitions	5.1	5,055
Investment properties carried at cost – Acquisitions	5.1	0
TOTAL ACQUISITIONS AND CHANGES IN SCOPE OF CONSOLIDATION		**5,055**
TOTAL ACQUISITIONS – INVESTMENTS BY COUNTRY	**4.4**	**5,055**

(in thousands of euros)		2023
Investment properties carried at fair value – Investments	5.1	55,393
Investment properties carried at fair value – Capitalised interest	5.1	0
Investment properties carried at cost – Investments	5.1	0
Investment properties carried at cost – Capitalised interest	5.1	0
TOTAL INVESTMENTS AND CAPITALISED INTEREST		**55,393**
Developments and extensions	4.4	11,760
Like for like investments	4.4	43,633
TOTAL ACQUISITIONS – DEVELOPMENTS AND EXTENSIONS AND LIKE-FOR-LIKE PORTFOLIO	**4.4**	**55,393**

Note 5.2 Valuation assumptions and sensitivity analysis

At 31 December 2023, appraisers reviewed the value of all of the Group's assets carried at fair value.

The table below presents the data used to determine the fair value of investment properties, excluding Next Tower's mobile towers business (0.4% of assets):

31 Dec. 2023 – Weighted average	Yield	Rent in € per sq.m.[1]	Discount rate[2]	Exit capitalisation rate[3]	CAGR of NRI[4]
France	6.1%	278	7.5%	6.8%	2.1%
Spain	7.3%	236	10.0%	7.3%	2.0%
Italy	6.8%	288	8.2%	7.0%	2.0%

"Yield" corresponds to the Net Initial Yield.
(1) The rent is an average annual rent per occupied sq.m.
(2) Rate used by appraisers to calculate the present value of future cash flows using the DCF method (discount rate).
(3) Rate used by appraisers to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).
(4) Average annual 10-year NRI growth rate used by the appraisers.

These average figures are slightly higher than at 31 December 2022, with the exception of the compound annual growth rate in net rental income over 10 years, which is lower in Spain and unchanged in Italy.

31 Dec. 2022 – Weighted average	Yield	Rent in € per sq.m.[1]	Discount rate[2]	Exit capitalisation rate[3]	CAGR of NRI[4]
France	5.8%	268	6.8%	6.1%	2.0%
Spain	7.0%	232	10.1%	6.7%	2.4%
Italy	6.5%	285	8.0%	6.6%	2.0%

"Yield" corresponds to the Net Initial Yield.
(1) The rent is an average annual rent per occupied sq.m.
(2) Rate used by appraisers to calculate the present value of future cash flows using the DCF method (discount rate).
(3) Rate used by appraisers to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).
(4) Average annual 10-year NRI growth rate used by the appraisers.

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

	France		Spain		Italy		Total	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
Change in fair value adjustments	(191,157)	(12,791)	(11,183)	31,593	(4,533)	(11,924)	(206,873)	6,878
Increase in fair value of property	3,503	48,948	12,654	48,863	66	-	16,223	97,811
Decrease in fair value of property	(194,660)	(61,739)	(23,837)	(17,270)	(4,599)	(11,924)	(223,096)	(90,933)

The table below shows changes in the valuation of the shopping centre portfolio as a whole using different discount rate, exit capitalisation rate and indexation rate assumptions from those used by the independent appraisers, as well as the portfolio's overall sensitivity based on an average exit capitalisation rate.

For shopping centres valued by Catella France, which systematically uses the average of the capitalisation and the discounted cash flow method, sensitivity to the discount, exit capitalisation and indexation rates only concerns the discounted cash flow method.

	Change in rates compared with those used by independent appraisers					
31 Dec. 2023 – Sensitivity analysis	-100 bps	-50 bps	-25 bps	+25 bps	+50 bps	+100 bps
Discount rate	6.7%	3.3%	1.5%	-1.6%	-3.2%	-6.2%
Exit capitalisation rate	9.5%	5.1%	2.2%	-1.9%	-3.7%	-6.4%
Capitalisation rate	17.6%	8.1%	3.9%	-3.6%	-7.0%	-13.0%
Indexation	-7.1%	-3.7%	-2.0%	1.4%	3.2%	6.9%

Note 5.3 Investment properties held for sale

At 31 December 2023, there were no investment properties held for sale.

NOTE 6 FINANCING AND FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

Loans and other financial liabilities are carried at amortised cost calculated in accordance with the effective interest rate method.

Bond redemption premiums and issuance costs are recorded as a deduction from the nominal amount of the borrowings concerned and are accounted for at amortised cost, thereby increasing the nominal interest rate.

The Carmila Group's hedging policy aims to secure the cash flows it needs based on its financing requirements in euros. IFRS 9 – Financial Instruments, defines three types of hedging relationships:

- fair value hedging: a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such an asset, liability or firm commitment), which is attributable to a specific risk and could affect earnings;
- cash flow hedging: a hedge against exposure to changes in cash flow that: (i) is attributable to a specific risk associated with a recognised asset or liability (such as all or part of future interest payments on floating-rate debt), or a highly probable forecast transaction, and (ii) could affect earnings;
- hedging of a net investment in a foreign operation, as defined in IAS 21 – Effects of Changes in Foreign Exchange Rates.

In Carmila's case, all interest rate derivatives in the portfolio are documented as cash flow hedges except for the floating-rate payer swap recognised at fair value with changes in fair value taken to the statement of income.

The use of cash flow hedge accounting has the following consequences: at the end of the reporting period, interest rate derivatives (swaps) are recognised at fair value on the statement of financial position, with any changes in fair value attributable to the effective portion of the hedge recognised directly in "Other comprehensive income" (OCI), and the ineffective portion through the statement of comprehensive income. The amount recognised in "Other comprehensive income" is subsequently recognised in income in a symmetrical manner to the interest hedged.

Carmila uses the dollar offset method for measuring hedge effectiveness.

Method for determining the fair value of financial instruments

The market values of interest rate instruments are determined based on market-recognised valuation models or by reference to prices from third-party financial institutions.

The values estimated by valuation models are based on the discounted cash flow method for future contracts and on the Black-Scholes models for options. These models use inputs based on market data (yield curves and exchange rates) obtained from recognised financial-data providers.

The assessment of fair value for derivative financial instruments includes a "counterparty risk" component for derivatives with a positive fair value, and an "intrinsic credit risk" component for derivatives with a negative fair value. Counterparty risk is calculated using the "Expected-loss" method, which takes default risk exposure into account as well as the likelihood of default and the loss rate in the event of default. The probability of default is determined based on available market data for each counterparty ("implied CDS default probability").

The fair value of long-term debt is estimated according to the market value of bonds or the present value of all future cash flows discounted in accordance with market conditions for a similar instrument (in terms of currency, maturity, interest rate type and other factors).

Note 6.1 Net financial expense

Note 6.1.1 Cost of net debt

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Financial income	**28,041**	**2,162**
Interest on Group current account	1,602	778
Financial income on cash equivalents	17,054	1,053
Interest income on swaps	8,872	-
Other financial income	513	331
Financial expenses	**(95,340)**	**(66,514)**
Interest expense on bonds	(46,041)	(46,488)
Interest expense on bank borrowings	(38,266)	(5,555)
Deferral of costs, bond redemption premiums and swap balancing payments	(7,981)	(11,030)
Interest expense on swaps	(478)	(2,208)
Other interest expense	(1,200)	(977)
Other financial expenses	(1,374)	(256)
COST OF NET DEBT	**(67,299)**	**(64,352)**

The €2.9 million increase in the cost of net debt mainly results from the €28.8 million rise in financial expenses, partly offset by a €25.9 million rise in financial income.

Higher financial expenses mainly reflect the €32.7 million increase in interest on bank loans as a result of the rise in interest rates, the full-year effect of the €550 million bank credit facility taken out in July 2022 and the new secured loans contracted in April 2023.

The rise in financial expenses was partly offset by the increase in financial income, attributable to the following:

- a €16.0 million increase in income from cash investments owing to a large cash balance invested on favourable terms;
- an increase of €0.8 million in interest on loans and current accounts granted to investees as a result of higher interest rates;
- an increase of €8.9 million in interest income on hedging instruments.

Note 6.1.2 Other financial income and expenses

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Other financial income	**2,698**	**3,320**
Financial income from investments	2	222
Change in value of financial instruments	2,278	2,645
Other financial income	418	453
Other financial expenses	**(11,044)**	**(14,671)**
Commitment fees on undrawn credit lines	(2,036)	(2,779)
Deferral of resetting EIR at initial rate (IFRS 9)	-	(1,600)
Change in value of financial instruments	(44)	(2,676)
Other financial expenses	(8,964)	(7,616)
OTHER FINANCIAL INCOME AND EXPENSES	**(8,346)**	**(11,351)**

Other financial income and expenses represented €8.3 million, down €3.0 million over the year, attributable to the factors described below:

- other financial income totalled €2.7 million, down €0.6 million. At 31 December 2023, this item related mainly to income arising on changes in credit risks on derivatives representing €2.3 million. In 2022, this item mainly comprised €2.6 million in income related to the unwinding of a swap;
- other financial expenses were €3.6 million lower at €11.0 million and consisted mainly of:
  - financial provisions for impairment of receivables related to equity investments totalling €9.0 million, up €1.3 million,
  - commitment fees for undrawn credit lines amounting to €2.0 million, down €0.7 million,
  - at 31 December 2022, this item consisted of the recognised portion of the IFRS 9 impact of resetting the debt at its original effective interest rate (spread over several reporting periods) for €1.6 million, and the expense related to changes in credit risks on derivatives for €2.7 million.

Note 6.2 Current and non-current financial liabilities

On 16 November 2023, S&P confirmed Carmila's BBB rating with a "stable" outlook.

At 31 December 2023, the interest coverage ratio was 4.7x, the Loan-to-Value ratio stood at 36.6% and the average debt maturity at 4.8 years. At 31 December 2022, the interest coverage ratio was 4.5x, the Loan-to-Value ratio stood at 35.8% and the average debt maturity at 4.4 years.

Note 6.2.1 Change in debt

(in thousands of euros)	31 Dec. 2022	Change	Issuance	Redemptions	Reclassifications	Other movements	Fair value adjustment	31 Dec. 2023
Non-current financial liabilities	**2,500,451**	**2,853**	**791,223**	**(316,973)**	**(538,174)**	**-**	**(2,854)**	**2,436,526**
Bonds	1,961,200	-	530,964	(322,100)	(539,100)		-	1,630,964
Of which nominal value of bonds	1,961,200		525,000	(322,100)	(539,100)			1,625,000
Of which bond-hedging swaps	-		5,964					5,964
Bond issuance premiums	(4,837)	-	(6,710)	2,214	-	-	-	(9,333)
Bank borrowings	550,000	-	276,000	-	-	-	-	826,000
Loan and bond issuance fees	(9,042)	-	(9,031)	2,913	-	-	-	(15,160)
Derivative instruments with a negative fair value	3,131	2,853	-	-	926	-	(2,854)	4,056
Current financial liabilities	**74,221**	**10,756**	**165,000**	**(215,000)**	**538,174**	**-**	**-**	**573,151**
Bonds	-	-	-	-	539,100	-	-	539,100
Accrued interest on loans	23,783	9,646	-	-	-	-	-	33,429
Other borrowings and debt	50,000	-	165,000	(215,000)	-	-	-	-
Derivative instruments with a negative fair value	418	1,117	-	-	(926)	-	-	609
Bank facilities	20	(7)	-	-	-	-	-	13
Other IFRS 16 financial liabilities	**35,561**	**-**	**-**	**(2,561)**	**-**	**12,437**	**-**	**45,437**
Other IFRS 16 financial liabilities – non-current	34,041	-	-	(2,561)	196	12,437	-	44,113
Other IFRS 16 financial liabilities – current	1,520			-	(196)			1,324
GROSS DEBT	**2,610,233**	**13,609**	**956,223**	**(534,534)**	**-**	**12,437**	**(2,854)**	**3,055,114**

Note 6.2.2 Principal Group financing

(in thousands of euros)	Borrower	Currency of issue	Interest rate	Final maturity date	Repayment profile	Original amount/ Maximum amount	Amount drawn at 31 Dec. 2023
Bonds						**2,225,000**	**2,164,100**
	Carmila SA	EUR	2.375%	Sept. 2024	at maturity	600,000	539,100
	Carmila SA	EUR	2.125%	March 2028	at maturity	350,000	350,000
	Carmila SA	EUR	1.890%	Nov. 2031	at maturity	50,000	50,000
	Carmila SA	EUR	3.000%	June 2029	at maturity	100,000	100,000
	Carmila SA	EUR	1.625%	May 2027	at maturity	300,000	300,000
	Carmila SA	EUR	1.625%	Apr. 2029	at maturity	325,000	325,000
	Carmila SA	EUR	5.500%	Oct. 2028	at maturity	500,000	500,000
Bank loans						**550,000**	**550,000**
	Carmila SA	EUR	3-month Euribor +1.8%	July 2028	at maturity	550,000	550,000
Secured loan						**276,000**	**276,000**
	Carmila Saran	EUR	3-month Euribor +1.75%	Apr. 2030	at maturity	33,750	33,750
	Carmila Évreux	EUR	3-month Euribor +1.75%	Apr. 2030	at maturity	53,056	53,056
	Carmila Nice	EUR	3-month Euribor +1.75%	Apr. 2030	at maturity	78,443	78,443
	Carmila Coquelles	EUR	3-month Euribor +1.75%	Apr. 2030	at maturity	110,751	110,751
Commercial paper						**0**	**0**
	Carmila SA	EUR					
Revolving credit facility						**540,000**	**0**
	Carmila SA	EUR		Sept. 2027		540,000	0
TOTAL						**3,591,000**	**2,990,100**

Note 6.2.3 Bonds

Carmila has seven bonds, issued in 2016, 2018, 2019, 2020, 2021 and 2023, for a total amount outstanding of €2,164 million. These bonds are redeemable at maturity, falling between 2024 and 2031.

In June 2023, Carmila carried out a €25 million private placement.

In September 2023, Carmila redeemed the bonds at maturity for €322 million, enabling the Company's very first bond issue dated 2015 to be settled in full.

Carmila issued a new €500 million bond on 9 October 2023. This bond matures in October 2028 and pays a 5.5% coupon.

At 31 December 2023, the amount of Carmila's bond debt therefore totalled €2,164 million. Issuance premiums and costs represented €9,334 thousand and will be amortised over the residual term of the underlying debt.

Note 6.2.4 Bank borrowings

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. On 26 May 2023, Carmila exercised its option to extend this loan by one year and obtained the agreement of all the lending banks to extend its maturity to 21 July 2028.

On 17 April 2023, Carmila signed a €276 million secured loan maturing in 2030. This new credit facility took the form of a loan contracted by four subsidiaries of Carmila France (Carmila Nice SAS, Carmila Évreux, Carmila Saran and Carmila Coquelles) and is secured by their assets.

At 31 December 2023, €9,658 thousand of issuance costs for these loans remain to be amortised over the period of the underlying debt.

Note 6.2.5 Compliance with banking covenants at 31 December 2023

The loan agreement and the revolving credit facilities are subject to compliance with banking covenants measured at the end of each interim and annual reporting period:

- interest coverage ratio: the ratio of EBITDA to the net cost of debt must be greater than 2.00 at the test dates. This ratio was 4.7x at 31 December 2023 (versus 4.5x at 31 December 2022);
- loan-to-value ratio: the ratio of consolidated net debt to the fair value of the investment assets (including transfer taxes) must not exceed 55% on the same date; the ratio may be exceeded for one half-year period. This ratio stands at 36.6% at 31 December 2023 (compared with 35.8% at 31 December 2022).

Failure to comply with these covenants entitles the lenders to demand immediate repayment of their facilities.

Under the loan agreements, Carmila may provide collateral to the extent that the maximum amount of the associated debt does not exceed 20% of the total amount of the fair value of investment properties, whose value must be greater than €2,500 million at all times.

At 31 December 2023, the Group complied with the applicable banking covenants, and does not anticipate any factor that would lead it to breach said covenants in the coming months.

Note 6.2.6 Other financing

The Group also strives to diversify its sources of financing and their maturities, and has set up a short-term commercial paper programme (NEU CP) for a maximum amount of €540 million, registered with the Banque de France on 29 June 2017 and renewed annually.

The amount outstanding at end-December 2023 was zero. The maximum outstanding balance drawn over the period was €110 million.

Carmila also arranged a revolving credit facility for €540 million, maturing in October 2027. This facility includes two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025. No drawdowns were made by Carmila on the revolving credit facility during the period.

Note 6.2.7 Breakdown of financial liabilities by maturity

At 31 December 2023, financial liabilities broken down by maturity were as follows:

(in thousands of euros)	31 Dec. 2023	Less than 1 year	2 years	3 years	4 years	5 years and beyond
Bonds	**1,640,927**	**21,128**	**(2,942)**	**(2,948)**	**297,255**	**1,328,434**
Bonds – non-current	1,630,964	-	-	-	300,000	1,330,964
Of which nominal value of bonds	1,625,000	-	-	-	300,000	1,325,000
Of which bond-hedging swaps	5,964					5,964
Bond redemption premiums – non-current	(9,334)	(2,392)	(1,805)	(1,808)	(1,695)	(1,635)
Accrued interest	24,799	24,799				
Issuance costs	(5,502)	(1,280)	(1,137)	(1,140)	(1,050)	(895)
Bank loans	**1,364,072**	**545,570**	**(2,160)**	**(2,048)**	**(1,318)**	**824,027**
Bonds – current	539,100	539,100	-	-	-	-
Bank borrowings – non-current	826,000	-	-	-	-	826,000
Issuance costs	(9,658)	(2,160)	(2,160)	(2,048)	(1,318)	(1,973)
Accrued interest	8,630	8,630	-	-	-	-
Other IFRS 16 financial liabilities	**45,437**	**1,324**	**1,183**	**1,207**	**1,232**	**40,491**
Other IFRS 16 financial liabilities – non-current	44,113		1,183	1,207	1,232	40,491
Other IFRS 16 financial liabilities – current	1,324	1,324				
BANK AND BOND BORROWINGS	**3,050,436**	**568,022**	**(3,919)**	**(3,789)**	**297,170**	**2,192,952**
Derivative instruments with a negative fair value	4,665	612	612	612	612	2,217
Bank facilities	13	13	-	-	-	-
GROSS DEBT BY MATURITY DATE	**3,055,114**	**568,647**	**(3,307)**	**(3,177)**	**297,782**	**2,195,169**

Maturities of less than one year are covered by available cash and the revolving credit facility.

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

2023

Year of repayment *(in thousands of euros)*	2024	2025	2026	2027	2028	2029+	Total
Principal	539,100	-	-	300,000	1,400,000	751,000	2,990,100
Interest	104,148	105,503	95,900	93,057	67,847	19,827	486,282
GROUP TOTAL (PRINCIPAL + INTEREST)	**643,248**	**105,503**	**95,900**	**393,057**	**1,467,847**	**770,827**	**3,476,382**

2022

Year of repayment *(in thousands of euros)*	2023	2024	2025	2026	2027	2028+	Total
Principal	372,100	539,100	0	-	850,000	800,000	2,561,200
Interest	59,644	51,877	39,074	39,074	34,588	16,258	240,514
GROUP TOTAL (PRINCIPAL + INTEREST)	**431,744**	**590,977**	**39,074**	**39,074**	**884,588**	**816,258**	**2,801,714**

Interest was calculated based on Euribor at 31 December (excluding the impact of hedging).

Note 6.3 Management of financial risks and hedging strategy

Note 6.3.1 Credit risk

Credit risk is the risk of financial loss for the Group in the event that a customer or debtor fails to meet its contractual obligations. This risk mainly derives from trade receivables, financial investments made in order to invest surplus funds, hedging agreements with financial institutions, and current accounts with partners invested in the Group's minority interests.

In France as in Spain and Italy, trade receivables relate to tenants, none of which represent a significant percentage of the related revenue. On signing a lease, lessees pay security deposits or provide bank guarantees that, on average, represent three months' rent. The Group strives to implement procedures for verifying the creditworthiness of its customers, monitoring credit collection and systematically following up on unpaid receivables.

Cash is only invested in high-quality instruments. No speculative or high-risk investments are made.

Hedging agreements are intended to hedge interest rate risk and are solely for non-speculative hedging transactions. The counterparties for these transactions are large, blue-chip banks.

Note 6.3.2 Liquidity risk

Liquidity risk is the risk incurred by the Group in the event that it encounters difficulties in repaying its debt as it falls due.

Carmila's policy is to ensure that it has sufficient liquid funds to meet its obligations. Liquidity risk is managed in the short term, since cash and financial investments (as well as the committed revolving credit facilities) more than cover current liabilities.

At end-December 2023, Carmila had one revolving credit facility for €540 million. This facility was not drawn down during the year.

The remaining balance of cash and cash equivalents at 31 December 2023 was €860 million.

Note 6.3.3 Other financial risks

Counterparties, changes in exchange rates, interest rates and the stock market each pose different risks.

As Carmila entrusts its cash investments to blue-chip banks, the Group is not exposed to any specific counterparty risk.

Since Carmila operates entirely within the eurozone, the Group is not exposed to exchange risk.

With regard to interest-rate risk, Carmila has implemented a hedging policy with the use of derivatives (interest rate swaps and plain vanilla options).

In order to optimise its hedging, on 13 March 2023, Carmila restructured a swap with a notional amount of €100 million, bringing forward its start date to 2024, maturing in 2029. On 14 March 2023, Carmila entered into a swaption collar (starting in 2024, maturing in 2032), with a nominal amount of €50 million. On 20 March 2023, Carmila entered into a swaption collar (starting in 2024, maturing in 2032), with a nominal amount of €50 million. Lastly, on 23 June 2023, Carmila entered into two extendable swaps (starting in 2025, with a final maturity in 2035) with a nominal amount of €50 million each.

On 26 and 28 July 2023, Carmila entered into two swaption collars (starting in 2024, maturing in 2030), with a nominal amount of €100 million for each. These swaption collars were unwound on 3 October 2023.

Carmila also entered into a forward swap on 9 October 2023 (starting in 2024, maturing in 2028), with a nominal amount of €160 million. On 21 November 2023, Carmila entered into a swaption collar (starting in 2025, maturing in 2033), with a nominal amount of €50 million.

On 11 December 2023, Carmila entered into a swaption collar (starting in 2025, maturing in 2033), with a nominal amount of €50 million.

At 31 December 2023, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- eight fixed-rate borrower swaps at 3-month Euribor for a notional amount of €585 million, with the swap covering the longest term expiring in December 2032;
- a floating-rate payer swap for a notional amount of €160 million maturing in October 2028;
- one cap for a nominal amount of €100 million maturing in 2026;
- four swaption collars for a nominal amount of €200 million, with the longest term covered expiring in January 2033;
- one collar for a nominal amount of €75 million maturing in 2031.

Hedging instruments are accounted for as cash flow hedges, with the exception of the floating-rate payer swap, which is not eligible for hedge accounting and is treated as a fair value hedge. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing statement of financial position at their market value, with any changes in fair value attributable to the effective portion of the hedge recorded in shareholders' equity (OCI) and the ineffective portion taken to income.

The fixed-rate position represents 79% of gross debt at 31 December 2023, including the four swaps and the cap in place at end-2023.

As the Group does not hold any shares in listed companies apart from its own shares, it is not exposed to equity risk.

The Group is exposed to the risk of changes in the value of its investments in unlisted and non-consolidated companies.

Note 6.4 Classification and measurement of financial instruments and hedging transactions

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

The Group makes a distinction between three categories of financial instruments using the various valuation methods and uses this classification, in compliance with international accounting standards, to present the characteristics of the financial instruments recognised in the statement of financial position at fair value at the end of the reporting period:

- level 1: financial instruments quoted on an active market;
- level 2: financial instruments whose fair value measurement is based on valuation techniques drawing on observable market inputs;
- level 3: financial instruments whose fair value measurement is based on valuation techniques drawing on non-observable inputs (inputs resulting from assumptions that are not based on observable prices for market transactions for the same instrument or on observable market data available at the reporting date), or only partially based on observable inputs.

(in thousands of euros)	Fair value level	Fair value through income	Fair value through OCI – period impact	Assets at amortised cost	Liabilities at amortised cost	Assets at fair value	Liabilities at fair value	Value in the statement of financial position at 31 Dec. 2023
Assets								**1,040,627**
Security deposits				13,636				13,636
Non-consolidated equity interests				5,908				5,908
Trade receivables				106,598				106,598
Other current financial receivables				12,062				12,062
Derivative instruments – assets	Level 2	2,278	(37,027)			41,567		41,567
Cash and cash equivalents	Level 1	860,856						860,856
Liabilities								**2,970,271**
Bonds					2,149,264		5,964	2,149,264
Bank borrowings					816,342			816,342
Derivative instruments with a negative fair value	Level 2						4,665	4,665

The carrying amounts of assets other than financial assets represent reasonable estimates of their market value.

The fair value of derivative financial instruments is determined using standard valuation methods which factor in market conditions at the reporting date.

The fair value of marketable securities and other current financial assets is based on the last quoted price.

Carmila's policy is to hedge its floating-rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up plain vanilla derivatives, interest rate swaps or options and swaptions which are eligible for hedge accounting.

The fixed-rate position represents 79% of gross debt (110% of net debt) at 31 December 2023, including the four swaps and the cap in place at end-2023.

As a consequence of this cash flow hedge accounting, the derivative instruments are recognised on the closing statement of financial position at their market (fair) value, with any changes in fair value attributable to the effective portion of the hedge recognised in shareholders' equity (OCI) and the ineffective portion taken to income under other financial income and expenses.

The fair value of the swaps (with the exception of the floating-rate payer swap) at 31 December 2023 is considered to be effective and was therefore recognised in shareholders' equity for a negative €37,027 thousand.

The negative €30,630 thousand impact on items recorded in other comprehensive income in 2023 includes a negative impact of €37,027 thousand relating to changes in the fair value of swaps and a positive impact of €6,397 thousand relating to the reclassification of other comprehensive income (balancing payments on swaps previously cancelled).

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
DERIVATIVES WITH A POSITIVE FAIR VALUE		
Derivatives with a positive fair value – fair value hedges	5,920	0
Derivatives with a positive fair value – cash flow hedges	30,684	64,893
DERIVATIVES WITH A NEGATIVE FAIR VALUE		
Derivatives with a negative fair value – through income	0	0
Derivatives with a negative fair value – cash flow hedges	0	0

These amounts do not take into account the assessment of the credit risk representing €2,278 thousand in 2023 (€2,676 thousand in 2022).

The sensitivity of derivative instruments to a 1.0% increase or decrease in interest rates is as follows:

Fair value of hedging instruments *(in thousands of euros)*	1% decrease in interest rates		1% increase in interest rates	
	Impact on equity	Impact on income	Impact on equity	Impact on income
Swap designated as cash flow hedges	(43,915)		38,397	
Options designated as trading instruments		0		0

NOTE 7 BREAKDOWN OF OTHER STATEMENT OF FINANCIAL POSITION ITEMS

Note 7.1 Intangible assets

Accounting policies

In accordance with IAS 38 – Intangible Assets and the IFRIC decision of March 2021 on configuration or customisation costs in a cloud computing arrangement, intangible assets with a finite useful life are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. Indefinite lived intangible assets are not amortised. The indeterminate nature of the useful life is reviewed every year. An impairment test is performed on these non-current assets annually (IAS 36) or whenever there is an indication of a loss in value.

After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and impairment.

(in thousands of euros)	31 Dec. 2022	Acquisitions	Additions /reversals	Reclassifications /retirements	31 Dec. 2023
Software	1,722	489	(472)	-	1,739
Other intangible assets	16,500	154	(453)	(1,981)	14,220
Intangible assets in progress	44	(4)	-	-	40
Intangible assets – gross value	**18,266**	**639**	**(925)**	**(1,981)**	**15,999**
Amortisation/impairment of software	(1,491)	-	348	-	(1,143)
Amortisation/impairment of other intangible assets	(13,140)	-	226	(1)	(12,915)
Intangible assets – cumulative amortisation	(14,631)	-	574	(1)	(14,058)
TOTAL INTANGIBLE ASSETS – NET	**3,636**	**639**	**(351)**	**(1,982)**	**1,942**

Note 7.2 Property, plant and equipment

Accounting policies

In accordance with IAS 16 – Property, Plant and Equipment, when these assets (including land, buildings, installations and equipment) are not classified as investment properties, they are measured at historical cost less accumulated depreciation and impairment.

Property, plant and equipment under construction are accounted for at cost less any identified impairment.

(in thousands of euros)	31 Dec. 2022	Acquisitions	Additions /reversals	Application of IFRS 16	Reclassifications /retirements	31 Dec. 2023
Technical plant, machinery and equipment	267	-	-	-	(239)	28
Office and computer equipment	612	460	-	-	(440)	632
Transportation equipment	2,368	-	-	-	-	2,368
Owner-occupied property	3,985	-	-	9,341	-	13,326
Other property, plant and equipment	146	1,595	-	-	(47)	1,694
Property, plant and equipment - gross value	**7,378**	**2,055**	**-**	**9,341**	**(726)**	**18,048**
Depreciation/impairment of technical plant, machinery and equipment	(209)	-	-	-	184	(25)
Depreciation/impairment of office and computer equipment	(522)	-	(78)	-	445	(155)
Depreciation/impairment of transportation equipment	(952)	-	(658)	-	-	(1,610)
Depreciation/impairment of owner-occupied property	(2,656)	-	(736)	-	-	(3,392)
Depreciation/impairment of other property, plant and equipment	(63)	-	(49)	-	63	(49)
Property, plant and equipment - cumulative depreciation	**(4,402)**	**-**	**(1,521)**	**-**	**692**	**(5,231)**
TOTAL PROPERTY, PLANT AND EQUIPMENT - NET	**2,976**	**2,055**	**(1,521)**	**9,341**	**(34)**	**12,817**

At 31 December 2023, property, plant and equipment mainly use rights for offices for the Group's service centres in France and Spain. Acquisitions during the year related to service centres in France and Spain.

Note 7.3 Investments in equity-accounted companies

(in thousands of euros)	31 Dec. 2022	Net income	Distribution	Capital increase	Other movements	31 Dec. 2023
Investments in equity-accounted companies	75,548	3,736	(1,562)	-	(490)	77,232

At 31 December 2023, this item comprised As Cancelas (Spain), acquired in 2014 and currently in operation; Carmila Thiene (Italy), set up for the purposes of a development project; Magnirayas (France), set up in June 2022; and HDDB Holding since 1 January 2022.

Magnirayas was created in the context of the sale of a portfolio of six assets belonging to Carmila via a joint venture with Batipart and Atland Voisin.

Carmila Retail Development (CRD) holds a 30% stake in HDDB Holding. The rest is held by DMVB Holding. HDDB Holding (Cigusto) develops and operates businesses selling electronic cigarettes, e-liquid and e-cigarette accessories.

Financial information on equity-accounted companies

The table below shows the main statement of financial position items relating to equity-accounted companies, presented as if the companies were wholly owned by Carmila and including consolidation adjustments:

Equity-accounted companies *(in thousands of euros)*	31 Dec. 2023	31 Dec. 2022
Investment properties	289,625	292,684
Other non-current assets	11,375	9,919
Deferred tax assets	(14,973)	(14,372)
Non-current assets	**286,027**	**288,231**
Trade receivables	5,055	3,336
Other current assets	7,740	5,882
Cash and cash equivalents	12,170	10,653
Current assets	**24,965**	**19,871**
TOTAL ASSETS	**310,992**	**308,102**

Equity-accounted companies *(in thousands of euros)*	31 Dec. 2023	31 Dec. 2022
Equity attributable to owners	189,716	173,047
Net income	9,687	12,523
Equity	**189,716**	**185,570**
Borrowings and financing from associates	102,853	109,608
Other non-current liabilities	4,253	4,060
Non-current liabilities	**107,106**	**113,668**
Current liabilities	**14,126**	**8,865**
TOTAL EQUITY AND LIABILITIES	**310,948**	**308,103**

Equity-accounted companies *(in thousands of euros)*	31 Dec. 2023	31 Dec. 2022
Gross rental income	18,664	18,252
NET INCOME	**9,687**	**12,523**
Dividends distributed	1,562	1,217

Note 7.4 Other non-current assets

ACCOUNTING POLICIES

In accordance with IFRS 9 – Financial Instruments, the main financial assets are classified in one of the following categories:

- assets at amortised cost;
- assets at fair value through income;
- assets at fair value through other comprehensive income (subsequently reclassified to income);
- assets at fair value through other comprehensive income (not subsequently reclassified to income).

Assets at amortised cost

Financial assets are measured at amortised cost when they will be recovered through the collection of contractual cash flows (repayments of principal and interest on the principal amount outstanding).

These assets correspond to receivables related to equity investments and other loans and receivables. They are initially carried at fair value, recognised and measured using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts expected future cash flows to the instrument's carrying amount.

In accordance with IFRS 9, these assets are written down by the amount of any expected credit losses.

Assets at fair value through income

This category includes:

- financial assets which are not held to collect contractual cash flows or for the purposes of sale, where the related cash flows do not correspond solely to repayments of principal and interest; and
- assets designated as at fair value and managed on a fair value basis, along with non-consolidated equity interests.

Changes in fair value are recognised in other financial income and expenses.

Assets at fair value through other comprehensive income (subsequently reclassified to income)

This category includes financial assets that will be recovered through the collection of contractual cash flows (repayment of principal and interest on the principal amount outstanding) or through a possible sale.

Changes in the fair value of these assets are recognised directly in other comprehensive income, with the exception of interest income, which is recognised in other financial income and expenses. Changes in fair value are reclassified to the income statement when the assets are sold.

Assets at fair value through other comprehensive income (not subsequently reclassified to income)

This category includes equity instruments not held for trading purposes, and mainly consists of non-consolidated equity investments.

Changes in the fair value of these assets are recognised directly in other comprehensive income, with the exception of those relating to dividends, which are recognised in other financial income and expenses. Changes in the fair value of these assets are not reclassified to income when the assets are sold.

For assets available-for-sale, see Note 5 "Investment property".

(in thousands of euros)	31 Dec. 2022	Increase	Decrease	Reclassification	31 Dec. 2023
Non-consolidated equity interests	4,386	2,010	(466)	-	5,930
Security deposits	13,322	355	(40)	-	13,637
Derivative instruments – assets	57,406	-	(27,739)	-	29,667
Other financial assets	1,268	1	-	-	1,269
Other non-current assets – gross value	**76,382**	**2,366**	**(28,245)**	**-**	**50,503**
Impairment on other non-current assets	**(6,052)**	**(1,427)**	**477**	**4,961**	**(2,041)**
OTHER NON-CURRENT ASSETS – NET	**70,330**	**939**	**(27,768)**	**4,961**	**48,462**

The increase in non-consolidated equity interests at 31 December 2023 mainly relates to the acquisition of shares and the subscription to Carmila Retail Development convertible bonds (non material business focused on taking minority positions in retail companies).

"Other financial assets" relates to a €1.2 million loan to Magnirayas, recognised using the equity method in Carmila's consolidated financial statements.

The security deposits recognised as non-current assets relate to deposits made with the Spanish administrative authorities, which require a percentage of the security deposits received from tenants to be deposited with the authorities in a special escrow account.

Derivative instruments with a positive fair value correspond mainly to the mark-to-market of swaps, which decreased by €27.7 million over the year due to rising interest rates, from a positive fair value of €64.9 million to a positive fair value of €36.6 million, of which €29.7 million long term and €6.9 million short term (see section 7.6).

The decrease in impairment of shares at 31 December 2023 reflects the reclassification of impairment charged against a current account with a non-consolidated company in which Carmila holds a minority stake. This decrease was partly offset by impairment charged against non-consolidated equity interests for €1.4 million.

Note 7.5 Trade receivables

ACCOUNTING POLICIES

Trade receivables mainly comprise rent receivable from tenants, front-end fees and any advisory services. In the event of a loss in value, an impairment loss is recognised against the receivables, which takes into account the debtor's capacity to honour its debt and the period for which the receivable is past due. The Group books a provision for 50% of the corresponding receivables when they are over six months and less than one year past due, or for the full amount if the receivables are more than one year past due. A provision is made for the full amount of any past due receivables from tenants for which there is a risk of insolvency. These include tenants undergoing safeguard proceedings, or which are in receivership or liquidation, or any tenant for which a significant credit risk has been identified.

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Trade receivables – gross value	**167,845**	**165,607**
of which related to leasing activity	155,357	161,467
of which accrued receivables and receivables unrelated to leasing activity	12,488	4,140
Allowances for trade receivables	**(61,247)**	**(63,918)**
of which related to leasing activity	(60,530)	(63,403)
of which unrelated to leasing activity	(717)	(515)
TRADE RECEIVABLES – NET	**106,598**	**101,689**

There was a €4.9 million year-on-year increase in net trade receivables at 31 December 2023, mainly reflecting the increase in receivables unrelated to the leasing activity, corresponding to marketing costs rebilled to retailers' associations.

(in thousands of euros)	Accounting balance	Not yet due	Past due	<15 days	≥15 days <30 days	≥30 days <60 days	≥60 days <90 days	≥90 days <180 days	≥180 days <360 days	≥360 days	Total allowance
Spain	16,722	-	16,722	138	163	888	283	339	1,147	13,763	(15,263)
Italy	8,256	6,199	2,809	(36)	204	5	9	51	116	2,460	(3,112)
France	130,380	84,601	45,778	(248)	(120)	(641)	(1,043)	4,337	13,172	30,321	(42,155)
GROUP TOTAL	**155,358**	**90,800**	**65,309**	**(146)**	**247**	**252**	**(751)**	**4,728**	**14,436**	**46,544**	**(60,530)**

(in thousands of euros)	Total allowance	<15 days	≥15 days <30 days	≥30 days <60 days	≥60 days <90 days	≥90 days <180 days	≥180 days <360 days	≥360 days
Spain	(15,263)	6	(502)	(318)	(317)	(995)	(398)	(12,739)
Italy	(3,112)	(244)	(204)	(22)	(2)	(63)	(118)	(2,459)
France	(42,155)	(231)	(55)	80	(307)	(3,872)	(9,612)	(28,158)
GROUP TOTAL	**(60,530)**	**(225)**	**(619)**	**(260)**	**(626)**	**(4,189)**	**(10,128)**	**(43,356)**

The aged balance does not include accrued receivables or receivables unrelated to the leasing activity.

Note 7.6 Other current assets

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Tax receivables	**11,474**	**13,355**
Corporate tax receivables	1,376	3,150
Other tax receivables	10,098	10,205
Financial receivables	**60,424**	**54,259**
Receivables related to investment properties	48,524	45,027
Derivative instruments – assets	11,900	8,592
Marketable securities – excl. money-market	0	640
Other receivables	**19,031**	**11,969**
Receivables from charges rebilled to tenants	9,184	9,488
Other miscellaneous receivables	7,245	1,625
Prepaid expenses	2,602	856
TOTAL OTHER RECEIVABLES – GROSS VALUE	**90,929**	**79,583**
Impairment of other receivables	(12,681)	(443)
OTHER CURRENT RECEIVABLES – NET	**78,248**	**79,140**

At 31 December 2023, tax receivables decreased due to the use of the tax credit in Italy in an amount of €2.0 million.

Financial receivables relating to equity investments mainly comprised the Group's loans to equity-accounted companies (As Cancelas for €6.5 million and Carmila Thiene for €5.1 million), and to advances by Carmila Retail Development to non-controlling interests in which the company has an equity stake for €36.1 million.

Derivative instruments with a positive fair value correspond to the short-term portion. See section 7.4 for more details.

Other receivables increased mainly as a result of the rise in interest receivable on term deposits (€1.7 million), the receivable relating to the sale of plots at Labège (€2.6 million) and prepaid expenses relating to marketing costs rebilled to retailers' associations for the first quarter of 2024 (€1.8 million).

The increase in impairment was due to (i) the reclassification of an impairment loss from non-current to current (see Note 7.4), for €5.0 million, and (ii) the recognition during the year of an impairment loss against a current account with a non-consolidated company in which Carmila holds a minority stake, for €7.1 million (see Note 6.1).

Note 7.7 Net cash

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Cash	155,914	81,707
Cash equivalents	704,280	275,000
Cash and cash equivalents	**860,194**	**356,707**
Bank facilities	(13)	(20)
NET CASH	**860,181**	**356,687**

Cash equivalents of €704 million correspond to term deposits.

The change in the Group's net cash position is detailed in section 2.1.3 "Consolidated statement of cash flows".

Note 7.8 Equity

Note 7.8.1 Share capital and premiums on Carmila's capital

(in thousands of euros)	Number of shares	Share capital	Issuance premium	Merger premium
At 1 January 2023	143,849,042	863,094	551,768	1,273,457
Dividend – GM of 11 May 2023	-			(166,698)
Cancellation of treasury shares	(1,394,980)	(8,370)	(11,630)	
Share option	(12,989)	(78)	78	
AT 31 DECEMBER 2023	**142,441,073**	**854,646**	**540,215**	**1,106,759**

At 31 December 2023, the share capital was made up of 143,441,073 class A shares, each with a par value of six euros (€6), fully subscribed and paid up.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 11 May 2023 approved the dividend of €1.17 per share for 2022, representing a total payout of €166,698 thousand, deducted in full from the merger premium. This amount was paid in full in cash.

Under the share buyback programme initiated by the Company on 28 February 2023, 1,394,980 shares were bought back and subsequently cancelled on 23 June 2023, further to a decision by the Chair and Chief Executive Officer, acting on the authority of the Board of Directors, resulting in a reduction in the share capital in an amount of €8,369,880.

In accordance with the terms and conditions of the plan dated 29 June 2020, vested D Shares entitle their holders to convert them into A Shares following a two-year mandatory holding period. This period came to an end on 29 June 2023, leading to the conversion of 144,647 D shares into 131,658 A shares. At the end of the 20-day creditors' objection period, on 21 July 2023 the Chair and Chief Executive Officer placed on record that the share conversion had been completed on 29 June 2023, along with the corresponding decrease in share capital. This capital decrease was charged against issuance premiums for €78 thousand.

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

Note 7.8.2 Distribution of issuance premiums and capital increases

For more details on the distribution of issuance premiums, see Note 1.3 "Dividend".

For more details on corporate actions, see Note 7.8.1 "Equity" above.

Note 7.8.3 Treasury stock

Treasury stock is deducted from consolidated shareholders' equity at its acquisition cost. Any gains or losses on the sale of treasury stock (together with the related tax effects) are taken directly to shareholders' equity and not to net income for the period. The Company entered into a liquidity agreement following its listing on Euronext Paris. At 31 December 2023, the Company held a total of 207,332 Carmila shares including the shares held as part of the liquidity agreement and the shares held in view of being used in free share plans.

Note 7.8.4 Earnings per share

Earnings per share are calculated by dividing earnings attributable to holders of the Company's ordinary shares (A shares) by the weighted average number of ordinary shares outstanding during the period. Treasury stock is not considered as shares in issue and is therefore deducted from the number of shares used to calculate earnings per share.

Fully diluted earnings per share are determined by adjusting earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares in issue to include the effects of all potentially dilutive financial instruments as well as potential shares, in particular those linked to free share plans.

(in thousands of euros)	2023	2022
Net income	2,725	219,673
Consolidated net income (loss) attributable to non-controlling interests	(53)	344
NUMERATOR		
Consolidated net income attributable to owners of the parent	2,778	219,329
Average number of shares outstanding	142,825,882	144,211,816
Average number of preference shares outstanding		205,713
DENOMINATOR		
Average number of shares (fully diluted)	142,825,882	144,417,529
EARNINGS PER SHARE (IN EUROS)	**0.02**	**1.52**
DILUTED EARNINGS PER SHARE (IN EUROS)	**0.02**	**1.52**

Note 7.9 Provisions

ACCOUNTING POLICIES

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, provisions are recognised when, at the reporting date, the Group has a present legal or constructive obligation arising from a past event, the amount of which can be reliably estimated and the settlement of which is likely to require the outflow of resources representing economic benefits. This obligation may be of a legal, regulatory or contractual nature, or it may be implicit. These provisions are estimated for each category based on the most likely assumptions. Amounts are discounted when the impact of discounting is material.

(in thousands of euros)	31 Dec. 2022	Additions	Reversal	Actuarial adjustments (OCI)	31 Dec. 2023
Other provisions for contingencies and charges	8,145	275	(4,901)	-	3,519
Provisions for contingencies and charges	**8,145**	**275**	**(4,901)**	**-**	**3,519**
Provision for pensions and retirement benefits	378	317	(84)	148	759
Provisions for charges	**378**	**317**	**(84)**	**148**	**759**
TOTAL NON-CURRENT PROVISIONS	**8,523**	**592**	**(4,985)**	**148**	**4,278**

Provisions for contingencies and charges include all disputes and litigation with tenants and any other operating risks. The provisions were reviewed to better understand the facts and circumstances surrounding these disputes (talks in progress with possible renewal, etc.) and possible appeal proceedings (right of withdrawal).

Note 7.10 Trade and payables to suppliers of non-current assets

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Fixed asset payables	3,062	11,868
Miscellaneous trade payables	4,902	3,121
Trade payables and accrued invoices	14,499	17,600
TRADE AND FIXED ASSET PAYABLES	**22,463**	**32,589**

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects.
The decrease in this item is due to a decline in ongoing projects.

Note 7.11 Other current liabilities

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Accrued tax and payroll liabilities	**49,736**	**47,044**
Tax liabilities (excluding corporate income tax)	34,969	33,968
Tax liabilities – corporate income tax	855	1,049
Social security liabilities	13,912	12,027
Other liabilities	**87,279**	**85,433**
Other miscellaneous liabilities	7,470	9,078
Prepaid income	79,809	76,355
OTHER CURRENT LIABILITIES	**137,015**	**132,477**

Accrued tax and payroll liabilities are slightly higher than in 2022 (up €2.7 million), mainly due to a slight increase in output VAT, the balance of which amounted to €33.4 million.

Prepaid income breaks down as €74.0 million in France relating to billing in the first quarter of 2024, and €5.8 million in Italy relating to billing in the first quarter of 2024. The increase in this item is due to the resumption of quarterly billing between 2023 and 2024.

NOTE 8 BREAKDOWN OF STATEMENT OF INCOME ITEMS

Note 8.1 Net rental income

ACCOUNTING POLICIES

Gross rental income

Gross rental income from operating leases is recognised on a straight-line basis over the entire term of the lease agreement.

Any benefits or incentives granted by a lessor when negotiating or renewing an operating lease should be recognised as an integral part of the consideration agreed for the use of the leased asset, regardless of the nature, form or payment date of those benefits:

- any step rents or rent-free periods granted are recorded by means of a reduction or increase in gross rental income spread over the non-cancellable term of the lease;
- any work undertaken on the tenant's behalf is depreciated on a straight-line basis over the non-cancellable term of the lease;
- transfer compensation, i.e., compensation paid to a tenant in the event of relocation to other premises in the same building, may be spread over the term of the lease, or, if the building is being renovated, be included in the cost price of the asset;
- entry fees received by the lessor are recognised as additional rent. The front-end fee forms part of the net sum exchanged between the lessor and the tenant under the lease. Therefore, the accounting periods during which this net amount is recognised should not be affected by the form of the agreement and payment schedules. These fees are amortised over the initial non-cancellable term of the lease;

Charges rebilled to tenants

Service charge income is recognised as income for the period and corresponds to charges rebilled to tenants.

Real estate expenses

These correspond to property tax expense and the rebilling of this expense.

Non-recoverable service charges

These charges primarily represent charges arising from vacant premises and non-rebillable expenses.

Property expenses (landlord)

These consist of service charges borne by the landlord, expenses related to works, legal costs, costs associated with bad debts, property management costs, temporary rent relief granted exceptionally to tenants in order to support its business as well as one-off commercial and marketing promotional campaigns undertaken on behalf of a tenant.

Net rental income is calculated based on the difference between gross rental income and these various expenses net of those rebilled.

(in thousands of euros)	2023	2022
Rent	368,655	357,012
Front-end fees and other indemnities	(51)	(46)
Gross rental income	**368,604**	**356,966**
Property tax	(26,786)	(25,035)
Charges rebilled to tenants	21,030	20,292
Real estate expenses	**(5,756)**	**(4,743)**
Rental charges	(85,528)	(80,522)
Charges rebilled to tenants	72,413	68,506
Non-recoverable service charges	**(13,115)**	**(12,016)**
Management fees	(453)	(31)
Charges rebilled to tenants	4	21
Losses and depreciation of receivables	(5,288)	15,240
Other expenses	(1,594)	(20,242)
Property expenses (landlord)	**(7,331)**	**(5,012)**
NET RENTAL INCOME	**342,402**	**335,195**

Note 8.1.1 Gross rental income and net rental income

Gross rental income

	2023		2022
		Year-on-year change	
(in thousands of euros)	Gross rental income	Reported	Gross rental income
France	250,401	2.8%	243,505
Spain	93,654	3.5%	90,486
Italy	24,549	6.9%	22,975
TOTAL	**368,604**	**3.3%**	**356,966**

Net rental income

	2023			2022
		Year-on-year change		
(in thousands of euros)	Net rental income	Like for like	Reported	Net rental income
France	235,422	4.4%	1.6%	231,622
Spain	84,363	4.8%	2.2%	82,544
Italy	22,617	7.6%	7.6%	21,029
TOTAL	**342,402**	**4.7%**	**2.2%**	**335,195**

Net rental income totalled €342.4 million, up €7.2 million, or 2.2%, in 2023. This increase is attributable to the factors described below:

- the impact of acquisitions and disposals was a negative €8.6 million or 2.6% (sale of the Magnirayas, Tarnos, Montélimar and Torcy Bay 1 assets in France and four assets in Andalusia, Spain, and acquisition of the Rosaleda shopping centre in Malaga, Spain);
- organic like-for-like growth as adjusted for these impacts came out at €15.8 million, or 4.7%. The share of indexation included in growth at constant scope is a positive 4.1%.

Note 8.1.2 Lease expiry dates

At 31 December 2023, the average lease term was 4.5 years, breaking down as 4.8 years in France, 4.2 years in Spain and 3.3 years in Italy.

The table below shows the expiry dates for commercial leases relating to the property portfolio for the 2024-2033 period (data at 31 December 2023):

	2023		
Lease expiry dates	**Number of leases**	**Maturity***	**Annualised contractual rent** *(in millions of euros)*
Expired at 31 December 2023	489		32.3
2024	610	0.5	32.3
2025	427	1.6	22.2
2026	547	2.6	32.8
2027	609	3.6	42.7
2028	529	4.6	35.6
2029	410	5.6	28.4
2030	561	6.7	40.6
2031	491	7.5	33.4
2032	388	8.6	27.0
2033	275	9.5	19.7
Beyond 2033	224	11.0	27.0
TOTAL	**5,560**	**4.5**	**374.0**

* *Average remaining lease maturity in years.*

Note 8.2 Overhead expenses

(in thousands of euros)	**2023**	**2022**
Income from property management, administration and other activities	12,541	11,704
Other income from services	11,476	7,683
Payroll expenses	(32,814)	(30,051)
Other external expenses	(44,128)	(41,098)
OVERHEAD EXPENSES	**(52,925)**	**(51,762)**

Overhead expenses were slightly higher than in 2022 (up 2.3%), but remained largely in check in an inflationary environment.

Note 8.2.1 Income from property management, administration and other activities

This item totalled €12.5 million in 2023, an increase of €0.8 million or 7.2% compared to 2022. The year-on-year rise was mainly attributable to management fees for services provided to Magnirayas and for the portfolio of Andalusian assets that Carmila sold but still manages, amounting to €0.8 million for the period.

The item Income from property management, administration and other activities is made up of centre management services and commercial fees.

Note 8.2.2 Other income from services

Other income from services was up €3.8 million due to the increase in marketing services rebilled to retailers' associations.

Note 8.2.3 Payroll expenses

Payroll expenses amounted to €32.8 million in 2023, a €2.8 million (9.2%) rise on 2022, mainly reflecting annual wage increases and contractual severance pay of €0.8 million. Adjusted for this severance pay, payroll expenses were up by €1.9 million or 6.4%, mainly due to annual wage increases.

Note 8.2.4 Other external expenses

Other external expenses represented €44.1 million in 2023, an increase of €3.0 million, or 7.4%. Higher external expenses mainly reflect the centralisation of marketing costs (previously borne by the retailers' associations) and were offset by a rise in rebillings of these costs to the retailers' associations.

Excluding payroll expenses, overhead expenses were down by €1.6 million despite higher inflation-related costs, thanks to the overhead cost savings and an increase in marketing costs rebilled to retailers' associations.

Note 8.3 Depreciation, amortisation, provisions and impairment

(in thousands of euros)	2023	2022
Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,890)	(991)
Reversals from/additions to provisions for contingencies and charges and current assets	4,271	(1,200)
ADDITIONS TO DEPRECIATION/AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AND PROVISIONS	**2,381**	**(2,191)**

Depreciation, amortisation and impairment mainly concern software and fixtures and fittings in the Group's office buildings.

Net reversals of provisions for contingencies and charges mainly concern property disputes with tenants and impairment charged against current assets.

Note 8.4 Gains and losses on disposals of investment properties and equity investments sold

Gains and losses on disposals of investment properties relate to the disposal of three assets in France and a portfolio of four assets in Spain (see Note 1.2).

NOTE 9 INCOME TAX

ACCOUNTING POLICIES

The Group companies are subject to the tax laws that apply in the countries in which they operate. Income tax is calculated according to local rules and rates.

In France, the Group benefits from the specific SIIC tax regime for French real estate investment trusts.

The Group's subsidiaries in Italy are subject to ordinary taxation in their respective jurisdictions.

Effective 1 January 2020, the Group's Spanish companies are eligible for the SOCIMI tax regime applicable to real estate investment trusts (REITs).

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

French tax regime for listed real estate investment firms

On 1 June 2014, Carmila and its French subsidiaries subject to corporate income tax opted for the SIIC regime (French REIT) as of that date.

Characteristics of the regime

The specific corporate tax exemption regime for SIICs is an option for companies listed on a French stock market with share capital of at least €15 million, whose main corporate purpose is the acquisition or construction of properties for leasing purposes or the direct or indirect holding of equity investments in legal entities with the same corporate objective. This option cannot be revoked. Subsidiaries subject to corporate income tax may also opt for the regime if at least 95% of their share capital is held by a company having opted for the SIIC regime.

In exchange for the exemption, these listed real estate investment firms are required to distribute 95% of their rental income, 70% of their capital gains on disposals and 100% of the dividends received from their SIIC subsidiaries.

The option of the SIIC regime entails immediate liability for an exit tax at a rate of 19% on unrealised capital gains relating to properties and shares in partnerships not subject to income tax. The exit tax is payable over a four-year period starting when the entity concerned opts for SIIC status.

Discounting of the exit tax liability

The exit tax liability is discounted according to its payment schedule. The liability initially recognised in the statement of financial position is discounted, and an interest expense is recorded at the end of each reporting period in other financial expenses, enabling the liability to be reduced to its net present value at the reporting date.

Income tax for companies not subject to the SIIC tax regime

Since its adoption of the SIIC regime on 1 June 2014, Carmila has distinguished between a SIIC segment that is exempt from tax on property-leasing transactions and capital gains on disposals and a segment subject to income tax for other activities.

Income tax for companies not subject to the SIIC regime in France, not subject to the SOCIMI regime in Spain and for companies in Italy is calculated under the conditions of ordinary tax law.

SOCIMI regime

Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met. Unrealised capital gains recognised prior to entry into the SOCIMI regime are fixed and are taxed when the corresponding asset is sold. Capital gains realised after election for the SOCIMI regime are exempt from capital gains tax provided that the distribution criteria are met.

Companies opting for the SOCIMI tax regime are required to make the following minimum distributions:

- 100% of the profits from dividends received;
- 80% of the profits resulting from the leasing of real estate and ancillary activities; and
- 50% of the profits resulting from the transfer of properties and shares linked to the Company's business, provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer.

Spanish SOCIMIs are subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%.

Ordinary-law arrangements and deferred tax

Current income tax expense is determined on the basis of tax rules and tax rates enacted or substantively enacted at the reporting date in each country during the period to which the profits relate.

The income tax payable as well as the tax on future income are offset when they originate within the same tax group, fall within the responsibility of the same tax authority, and there is a legal right to offset.

Deferred taxes are recognised when there are temporary differences between the carrying amounts of assets and liabilities and their tax base that give rise to taxable income in future periods.

After being offset against existing tax liabilities, the residual deferred tax assets are recognised if it is probable that the company concerned will have future taxable profits against which these deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured using the liability method at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax rules and tax rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities should reflect the tax impact of the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities at the reporting date.

Deferred tax is calculated at the local tax rates approved at the reporting date. The rates applied at 31 December 2023 are 28% in Italy and 25% in Spain.

In France, the tax rate was 25%.

Note 9.1 Income tax expense

(in thousands of euros)	2023	2022
Deferred tax	237	(1,582)
Current tax	(6,968)	(878)
INCOME TAX CHARGE	**(6,731)**	**(2,460)**

The Group's current tax expense was €7.0 million in 2023, mainly comprising tax on the gains on disposal of Spanish assets. This current tax expense was offset by the reversal of deferred tax liabilities and assets that were recognised when the Group opted into the SOCIMI regime.

In addition, deferred tax liabilities were recognised in respect of the change in the tax value of assets in Italy and Spain (as two companies are no longer covered by the SOCIMI regime).

Note 9.2 Tax reconciliation

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

(in thousands of euros)	2023	2022
Consolidated net income	2,725	219,673
Income tax expense	(6,731)	(2,460)
Share of net income of equity-accounted companies	3,736	4,954
Net income before taxes and excluding equity-accounted companies' net income	**5,720**	**217,178**
Standard tax rate applicable to the parent company	25.00%	25.00%
THEORETICAL INCOME TAX EXPENSE	**(1,430)**	**(54,295)**
Tax-exempt income (expense) resulting from the SIIC regime	(6,717)	30,734
Tax-exempt income resulting from the SOCIMI regime	11,825	24,182
Temporary differences	-	(427)
Share of expenses on dividends	(27)	(29)
Permanent differences	(6,942)	1,021
Taxes other than on income	-	110
Impact of difference in tax rates	(385)	(109)
Tax loss without deferred tax recognition	(3,054)	(3,648)
EFFECTIVE TAX EXPENSE	**(6,731)**	**(2,459)**
EFFECTIVE TAX RATE	**117.67%**	**1.13%**

Note 9.3 Current tax assets and liabilities

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Tax receivables	1,376	3,150
TOTAL TAX ASSETS	**1,376**	**3,150**
Tax liabilities – current	854	1,007
Liabilities related to tax consolidation	10	42
TOTAL TAX LIABILITIES	**864**	**1,049**

At 31 December 2023, tax receivables related to tax prepayments made in France and Italy for €1.0 million and €0.4 million, respectively. The tax liability relates to €854 thousand in income tax payable in France.

Note 9.4 Deferred tax assets and liabilities

(in thousands of euros)	31 Dec. 2022	Profit and loss impact	Other	31 Dec. 2023
Deferred tax assets	9,851	(3,740)	-	6,111
Deferred tax liabilities	(141,179)	3,977	-	(137,202)
NET BALANCE OF DEFERRED TAX	**(131,328)**	**237**	**-**	**(131,091)**
BREAKDOWN OF DEFERRED TAX BY CATEGORY				
Properties	(141,179)	3,977		(137,202)
Tax losses	8,935	(3,594)	353	5,694
Financial instruments	-	-	-	-
Other items	917	(146)	(353)	418
NET BALANCE OF DEFERRED TAX	**(131,327)**	**237**	**-**	**(131,090)**

NOTE 10 OFF-BALANCE SHEET COMMITMENTS AND ASSOCIATED RISKS

ACCOUNTING POLICIES

Off-balance sheet commitment

An off-balance sheet commitment can be any transaction or agreement between a company and one or several entities which is not recorded on the statement of financial position. Off-balance sheet commitments may be given or received, or may be reciprocal commitments, and represent risks and rewards which can be useful for assessing the Group's financial position.

Contingent liabilities

A contingent liability is a potential obligation for the entity to a third party resulting from an event whose existence will only be confirmed by the occurrence or non-occurrence of one or several future uncertain events that are outside the entity's control.

Note 10.1 Contingent liabilities

At 31 December 2023, there were no material disputes other than those already recognised in the consolidated financial statements.

Note 10.2 Commitments received

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Undrawn committed credit facilities	540,000	540,000
Commitments related to Group financing	**540,000**	**540,000**
Bank guarantees received from tenants	22,499	22,213
Commitments related to Group operating activities	**22,499**	**22,213**
TOTAL COMMITMENTS RECEIVED	**562,499**	**562,213**

Note 10.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted almost entirely by the parent company. At 31 December 2023, the Group had one credit facility for €540 million, set up as part of its refinancing programme in October 2021. This facility was not drawn down during the year.

Note 10.2.2 Bank guarantees received from tenants

Within the scope of its business of managing shopping centres, certain leases provide for the lessor to receive a first-demand bank guarantee securing the sums owed by the tenants.

Note 10.3 Commitments given

(in thousands of euros)	31 Dec. 2023	31 Dec. 2022
Compensation payments	1,102	1,102
Asset purchase commitments	-	3,981
Rental guarantees and deposits	420	3,572
Commitments related to Group operating activities	1,522	8,655
TOTAL COMMITMENTS GIVEN	**1,522**	**8,655**

Note 10.3.1 Commitments subject to conditions precedent

Commitments subject to conditions precedent are undertakings to purchase land, assets or securities and earn-out payments for previous acquisitions, some of which are not sufficiently certain to be recognised in the financial statements.

At 31 December 2023, the Group had not signed any purchase commitments.

Note 10.3.2 Works-related commitments

Works-related commitments correspond to works approved by the Investment Committee and/or already under contract, and not recognised on the statement of financial position. At 31 December 2023, there were no works-related commitments.

Note 10.3.3 Rental guarantees and deposits

This item mainly includes guarantees covering the operating premises of the Group and its subsidiaries. Since 2018, it also includes a guarantee given to the tax authorities by the Italian subsidiaries regarding the application of its consolidated VAT regime.

Note 10.3.4 Compensation payments

In the case of unilateral sale commitments, the promisor must pay the seller compensation if it decides not to purchase the property.

Note 10.3.5 Asset purchase commitments

In the course of its business, the Group undertakes to acquire assets off-plan. At 31 December 2023, the Group had not made any undertakings to purchase assets off-plan.

Note 10.3.6 Secured loan

Collateral pledged as part of the secured loan is €276 million.

Note 10.4 Reciprocal commitments

None.

To the best of our knowledge, we have reported all off-balance sheet commitments that are material or that may become material in the future as determined by applicable accounting standards.

NOTE 11 RELATED-PARTY TRANSACTIONS

On 1 January 2021, the Carrefour group and Carmila signed agreements regarding functions or services to be performed by Carrefour on Carmila's behalf. The term of these agreements was set at five years, i.e., until 31 December 2025.

Carrefour and Carmila have also signed an agreement for the renovation and development of Carmila's assets.

On 30 June 2022, Carmila finalised the sale of a portfolio of six assets with Batipart and Atland Voisin via a joint venture, Magnirayas, in which Carmila holds a 20% minority stake.

(in thousands of euros)	**2023**	**2022**
Personnel secondment agreement	541	584
Exclusive mandate – Carrefour Property Gestion	6,665	6,866
Leasing and asset management services		
Service agreement – Carrefour Administratif France	954	909
Services in the field of insurance management, legal (both corporate and litigation), tax, accounting, treasury back office, payroll		
Services in the field of insurance management, tax, accounting, treasury back office		
Service agreement – Carrefour SA	122	122
Accounting, tax, legal assistance, insurance management services		
Service agreement – CPF Asset Management	1,845	1,845
Legal real estate, human resources, management accounting, janitor services		
Service agreement – Magnirayas-Carrefour Property Gestion	537	177
Legal assistance and lease management services		
TOTAL BILLED TO CARMILA AND SUBSIDIARIES IN FRANCE	**10,665**	**10,503**
Shopping mall management mandates with Carrefour Property Gestion	(5,384)	(5,183)
Agreement billed by Almia Management		
Service agreement – Magnirayas	(597)	(294)
Legal real estate, asset management, leasing and Specialty Leasing services		
Leasing fees	(535)	(149)
Fees billed by Almia Management		
TOTAL BILLED BY CARMILA IN FRANCE	**(6,516)**	**(5,625)**
TOTAL NET AMOUNT INVOICED TO CARMILA – FRANCE (EXPENSE)	**4,149**	**4,878**

(in thousands of euros)	2023	2022
Exclusive mandate – Carrefour Property España	1,493	1,383
Lease management services		
Service agreement – Centros Comerciales Carrefour	700	700
Insurance, legal assistance, tax, accounting, cash management, IT, payroll, janitor services		
Service agreement – Carrefour Property España	937	1,032
Legal real estate services, management, human resources		
Marketing of Specialty Leasing		
Assistance with lease negotiations and Specialty Leasing provided by managers of the 11 shopping centres managed by Carrefour Property		
Total charged to Carmila in Spain	**3,130**	**3,115**
Exclusive mandate – Carrefour Property España, Carrefour Norte, Carrefour Navarra and third parties	(989)	(935)
Asset management		
Exclusive mandates – Carrefour Property España, Carrefour Navarra, Carrefour Norte and third parties	(624)	(300)
Marketing of premises in shopping malls	(410)	(100)
Marketing of leasable areas comprised within common areas	(214)	(200)
Total invoiced by Carmila in Spain	**(1,613)**	**(1,235)**
Total net amount invoiced to Carmila – Spain (expense)	**1,517**	**1,880**

(in thousands of euros)	2023	2022
Service contract with GS S.p.A.	473	481
Legal assistance, tax, accounting, technical maintenance		
Service contract with Carrefour Property Italia S.r.l.	145	129
Management accounting, project investment, janitor services		
Cash Management Service contract with Carrefour Italia Finance S.r.l.	50	50
Exclusive mandate with Carrefour Property Italia S.r.l.		181
Lease and asset management, leasing		
Speciality Leasing		
Fees paid to consorzi (consortia) for leasing services and management of temporary rents	170	204
Rebilling of operating costs (power, energy, security, etc.) rebilled to tenants	4,286	4,296
TOTAL AMOUNT INVOICED TO CARMILA – ITALY (EXPENSE)	**5,124**	**5,341**

Costs relating to compensation paid to members of the Executive Committee are as follows:

(in thousands of euros)	2023	2022
Short-term benefits, excluding payroll costs	2,647	2,505
Short-term benefits – payroll costs	1,043	978
Post-employment benefits	91	17
Share-based payment(1)	115	108
TOTAL	**3,780**	**3500**

(1) Corresponding to the expense recorded in the income statement for free share plans.

NOTE 12 COMPENSATION AND EMPLOYEE BENEFITS

Note 12.1 Payroll expenses

See Note 8.2.3.

Note 12.2 Headcount

At 31 December 2023, the Carmila Group had 241 employees, including 156 in France employed by its Almia Management subsidiary, 67 in Spain and 18 in Italy (excluding apprentices).

Note 12.3 Employee benefits

Employees receive benefits during their employment (paid leave, sick leave, profit sharing, long-service awards, etc.) and defined benefit or defined contribution post-employment benefits (end-of-service indemnities, pension benefits, etc.).

Note 12.3.1 Pension plans

ACCOUNTING POLICIES

Defined-contribution schemes

Defined-contribution schemes are schemes whereby the company makes periodic fixed contributions to external organisations that provide administrative and financial management. Under these schemes, the employer has no further obligations. The organisation is responsible for paying employees the amounts owed to them under statutory social security pension schemes in France, supplementary pension schemes and defined-contribution pension funds.

These contributions are recognised as expenses when they fall due.

Defined-benefit schemes and long-term benefits

Carmila recognises provisions for various defined-benefit schemes that depend upon individuals' accumulated years of service within the Group.

The actuarial method used to measure the obligation is a prospective method based on projected end-of-career salaries and calculates vested entitlement based on years of service. This method complies with the requirements of IAS 19. The calculations are made by a qualified actuary.

For each active participant, the benefit likely to be paid is estimated based on the rules defined in the collective bargaining agreement or schedule in force and on personal data projected to the standard age for payment of the benefit. The Company's total obligation with regard to each participant (actuarial value of future benefits) is then calculated by multiplying the estimated benefit by an actuarial factor, which takes into account the following:

- assumptions concerning the probability that the employee will leave the company or will pass away before the age at which the benefit is due;
- the discounted value of the benefit at the valuation date.

The total cost of the obligation is then allocated over each of the past and future financial years for which the participant accrued rights under the pension scheme:

- the share of this total cost allocated to financial years prior to the valuation date (actuarial liability or amount of the obligation) corresponds to the entity's obligations for services rendered (past service cost). The actuarial liability reflects the amount due for the total obligation indicated on the statement of financial position;
- the share of the total cost allocated to the financial year after the valuation date (service cost) represents the likely increase in obligations as a result of the additional year of service that the participant will have completed at the end of that year. Expenses related to service cost are recorded as appropriate either under operating income or under other financial income and expenses for the portion relating to the interest cost.

In accordance with IAS 19, actuarial gains and losses resulting from a change in assumptions are included within "Other comprehensive income".

Under this method, the value of the benefit obligation or actuarial liability at the valuation date is obtained by allocating the total cost of the plan, or present value of future benefits, on a straight-line basis over the benefit entitlement period.

The discount rate reflects the expected yield at the reporting date on investment-grade (AA) eurozone bonds with a maturity equal to the maturity of the benefit obligation (based on the yield on iBoxx Euro AA corporate bonds maturing in 10 years or more).

At 31 December 2023, the Group applied the following main actuarial assumptions:

- discount rate: 4.25% (versus 3.60% at 31 December 2021);
- salary increase rate: 3.25% (versus 2.0% at 31 December 2022).

Note 12.3.2 Share-based payments

ACCOUNTING POLICIES

The Group applies the provisions of IFRS 2 – Share-based Payment. The fair value of share-based payment rights allocated to employees is determined at the allocation date, and is recorded within payroll expenses over the vesting period against an increase in shareholders' equity. The amount recognised as an expense is adjusted to reflect the number of rights for which it is estimated that the non-market performance and service conditions will be met. The expense ultimately recognised is based on the actual number of rights that fulfil the non-market performance and service conditions at the vesting date. For share-based payment rights subject to other conditions, fair value as determined at the allocation date reflects these conditions. The difference between the initial estimate and the actual cost does not give rise to any subsequent adjustments.

Under IFRS 2.11, equity instruments allocated must be measured at their fair value at the allocation date using an option pricing model. The Black-Scholes and Monte-Carlo models were used to simulate the fair value of each of the instruments.

The Group has ten free share plans for corporate officers and key employees in France, Spain and Italy. The cost of these plans is recognised over the vesting period (period of employment to be completed by the beneficiaries before they are able to exercise the options allocated).

The plan allocated in 2020 (plan 7) expired on 29 June 2023 and resulted in the allocation of 131,658 free shares to key employees and corporate officers following the conversion of D shares into A shares.

The plans in effect at 31 December 2023, allocated in 2021, 2022 and 2023, were as follows:

- in 2021, a new free share plan was approved in May 2021 and incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield over a three-year period up to end-2023 versus a panel of comparable companies,
  - one-quarter relates to growth in recurring earnings per share over a three-year period,
  - one-quarter relates to the achievement of CSR criteria by end-2023,
  - one-quarter relates to the total shareholder return (TSR) over a three-year period up to end-2023 versus a panel of comparable companies;
- in 2022, a new preference share plan was approved in May 2022 and incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield over a three-year period up to end-2024 versus a panel of comparable companies,
  - one-quarter relates to growth in recurring earnings per share over a three-year period,
  - one-quarter relates to the achievement of CSR criteria by end-2024,
  - one-quarter relates to the total shareholder return (TSR) over a three-year period up to end-2024 versus a panel of comparable companies;
- a new free share plan was approved in May 2023, again incorporating a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield over a three-year period up to end-2025 versus a panel of comparable companies,
  - one-quarter relates to growth in recurring earnings per share over a three-year period,
  - one-quarter relates to the achievement of CSR criteria by end-2025,
  - one-quarter relates to the total shareholder return (TSR) over a three-year period up to end-2025 versus a panel of comparable companies.

The benefits allocated are recognised over the vesting period, as payroll expenses for €2,164 thousand against a corresponding increase in shareholders' equity of €1,803 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% payroll taxes) for €261 thousand.

Summary of the plans	Plan 7 France	Plan 7 Outside France	Plan 8 France	Plan 8 Outside France	Plan 9 France	Plan 9 Outside France	Plan 10 France	Plan 10 Outside France
Date of General Meeting	26/06/2020		18/05/2021		12/05/2022		11/05/2023	
Date of allocation	26/06/2020		18/05/2021		12/05/2022		11/05/2023	
End of vesting period	Tranche 1 – 20%: 29/06/2021 Tranche 2 – 20%: 29/06/2022 Tranche 3 – 60%: 29/06/2023		18/05/2024		12/05/2025		11/05/2026	
End of holding period	29/06/2023		18/05/2024		12/05/2025		11/05/2026	
Service condition	Service condition influences the conversion ratio of D Shares into A Shares, by tranches as described over the vesting period		Service condition influences vesting		Service condition influences vesting		Service condition influences vesting	
Performance condition	Change in NAV versus a panel of comparable companies *Recurring EPS*: annual growth rate Change in share price Achievement of CSR criteria		Change in NAV versus a panel of comparable companies Recurring EPS: annual growth rate Change in share price Achievement of CSR criteria		Change in NAV versus a panel of comparable companies Recurring EPS: annual growth rate Change in share price Achievement of CSR criteria		Change in NAV versus a panel of comparable companies Recurring EPS: annual growth rate Change in share price Achievement of CSR criteria	
Shares initially allocated	**117,247**	**27,400**	**188,938**	**50,000**	**183,438**	**52,500**	**188,848**	**50,000**
Shares cancelled/forfeited	(8,584)	(2,400)	(23,400)	(4,500)				
Shares cancelled/achievement rate – Conversion into A Shares	(1,630)	(375)						
Shares vested	(107,033)	(24,625)						
OUTSTANDING SHARES AT 31 DECEMBER 2023	**0**	**0**	**165,538**	**45,500**	**183,438**	**52,500**	**188,848**	**50,000**

NOTE 13 ADDITIONAL INFORMATION

Note 13.1 Subsequent events

None.

Note 13.2 Statutory Auditors' fees

	KPMG				Deloitte				Total	
	Statutory Auditors		Network		Statutory Auditors		Network		Statutory Auditors	Network
(in thousands of euros)	2023	%	2023	%	2023	%	2023	%	2023	2023
Audit of statutory and consolidated financial statements and half-year review	443	71%	-	0%	235	89%	238	95%	678	238
Carmila SA	108	17%	-	0%	143	55%	-	0%	252	-
Consolidated subsidiaries	335	54%	-	0%	91	35%	238	95%	426	238
Non-audit services	179	29%	-	0%	28	11%	13	5%	206	13
Carmila SA[1]	176	28%	-	0%	25	10%	-	0%	201	-
Consolidated subsidiaries	3	0%	-	0%	3	1%	13	5%	5	13
TOTAL FEES	**622**	**100%**	**-**	**0%**	**262**	**100%**	**251**	**100%**	**884**	**251**

(1) In 2023, these fees are mainly related to a due diligence engagement, procedures carried out in connection with the EMTN issue, and the review of CSR information.

NOTE 14 LIST OF CONSOLIDATED COMPANIES

List of consolidated companies		% interest			% control		
Consolidated companies	Country	31 Dec. 2023	31 Dec. 2022	Change	31 Dec. 2023	31 Dec. 2022	Change
FRANCE							
Carmila SA	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila France SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Almia Management SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI du Centre Commercial de Lescar	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI de l'Arche	France	50.00%	50.00%	-	50.00%	50.00%	-
SCI des Pontots	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Anglet	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Coquelles	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Labège	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Orléans	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Bourges	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Sothima	France	100.00%	100.00%	-	100.00%	100.00%	-
Bay1 Bay2 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Financière Géric SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Louwifi SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Crêches-sur-Saone SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Évreux SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Retail Development	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Vitrolles	France	100.00%	100.00%	-	100.00%	100.00%	-
Best of the Web SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Saran SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Nice SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Next Tower	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Nantes	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Sartrouville	France	100.00%	100.00%	-	100.00%	100.00%	-
SPAIN							
Carmila España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Talavera SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Huelva SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Mallorca SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Puerto SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Cordoba SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
ITALY							
Carmila Holding Italia SRL	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Italia SRL	Italy	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies		% interest			% control		
Equity-accounted companies	Country	31 Dec. 2023	31 Dec. 2022	Change	31 Dec. 2023	31 Dec. 2022	Change
As Cancelas	Spain	50.00%	50.00%	-	50.00%	50.00%	-
Carmila Thiene SRL	Italy	50.10%	50.10%	-	50.10%	50.10%	-
HDDB Holding	France	30.50%	30.50%	-	30.50%	30.50%	-
Magnirayas	France	20.00%	20.00%	-	20.00%	20.00%	-

Design and production

Contact: fr_content_and_design@pwc.com

Photo credits: Carmila, Greg Gonzales, Guillaume Eymard, Shoootin, Thomas Raffoux.

58, avenue Émile-Zola
92100 Boulogne-Billancourt – France
Tél. : +33 (0)1 58 33 63 00
www.carmila.com