

**Building
sustainable
growth**

Carmila
2022-2026
**strategic and
financial plan**





1

Building sustainable growth

MARIE CHEVAL

Chairman and Chief Executive Officer

2

An incubator and an omnichannel platform for retailers

SEBASTIEN VANHOOVE

Deputy Chief Executive Officer

SANDRINE MERCIER

Head of Network, Marketing, Customer and Digital

3

A leader in the sustainable transformation of local regions

SEBASTIEN VANHOOVE

Deputy Chief Executive Officer

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Breaking new ground

FREDERIC DESPRES

Head of Operations and Carmila Retail Development

5

Adding growth to a resilient core business

PIERRE-YVES THIRION

Chief Financial Officer



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Change is accelerating: the key findings that inform our strategy

1

Major demographic trends



Locally-Anchored leaders, with 214 sites in France, Spain and Italy

2

Changes in customer expectations



Two million visitors a day

3

A new equilibrium for retail



A culture of partnership with over 6,000 retailers



CARMILA



COVID is a 'game changer' for medium-sized cities

People want to live differently post-COVID

- Eco-conscious
- Authentic local lifestyle
- Work-life balance
- Accustomed to digital services
- Proximity and convenience
- Remote work is an enabler



87%

Of the French population believe that it is better to live in a medium-sized city

Source : Le Baromètre des territoires 2020



+6pts

Change in share of house moves to small cities (2020 vs. 2015-19)

Source : INE

Carmila will benefit from the positive momentum in medium-sized cities



With Gen Z consumer trends are even more pronounced



Personalization &
recognition



Sustainability



Exclusive
products



Convenience



Human
interaction



Omnichannel



Experience

Generation Z will accelerate these trends



More omnichannel



More responsible



Unique and personalized
experiences & products

Gen Z is pushing Carmila to rethink customer experience



Sustainability and environmental concerns are influencing the behavior of consumers



Carbon footprint



Product composition



Local products



Labor conditions



82%

Feel concerned by sustainable development

Source :
Accenture



60%

Base their purchases on the sustainability characteristics of products

Source :
Observatorio de Consumo y sostenibilidad

Carmila has a major role to play in the sustainability transition



Hypermarkets will remain relevant because they deliver on price and choice

Key pre-election issues for French people



2017 Election:
Purchasing
Power not in
the top 10

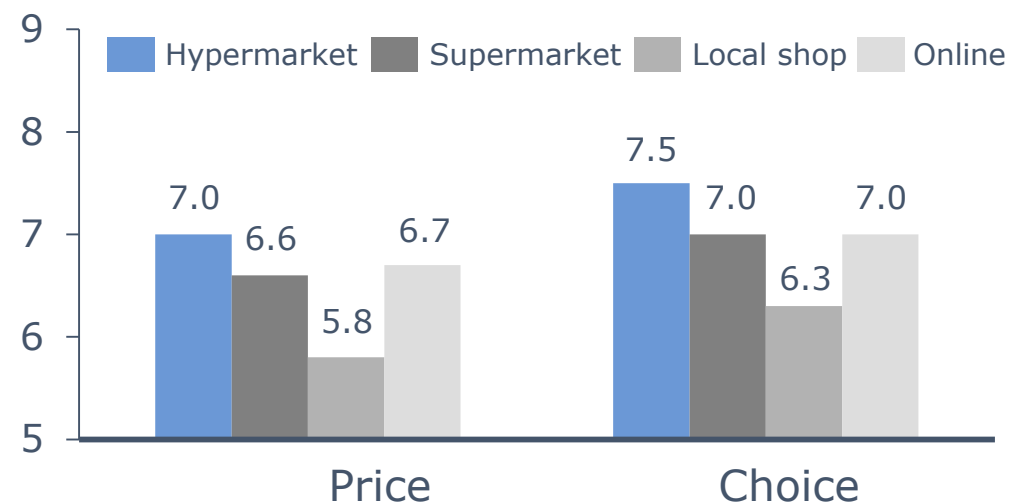
Source : Le Parisien



2022 Election:
Purchasing
Power is N°1
concern

Source : Elabe

Satisfaction rating by format



Source : OpinionWay, France only

Hypermarket-anchored malls will continue to benefit from higher traffic because it is the preferred food format of consumers

Healthcare is one of many services finding a place in shopping centres



75%

of French people think that
their access to healthcare
will deteriorate

Source : Analyse prospective de la santé 2030

**A lot of innovative
service concepts
are setting up in
shopping centres**



Sport & Leisure



Personal care



Restaurants



Wellbeing



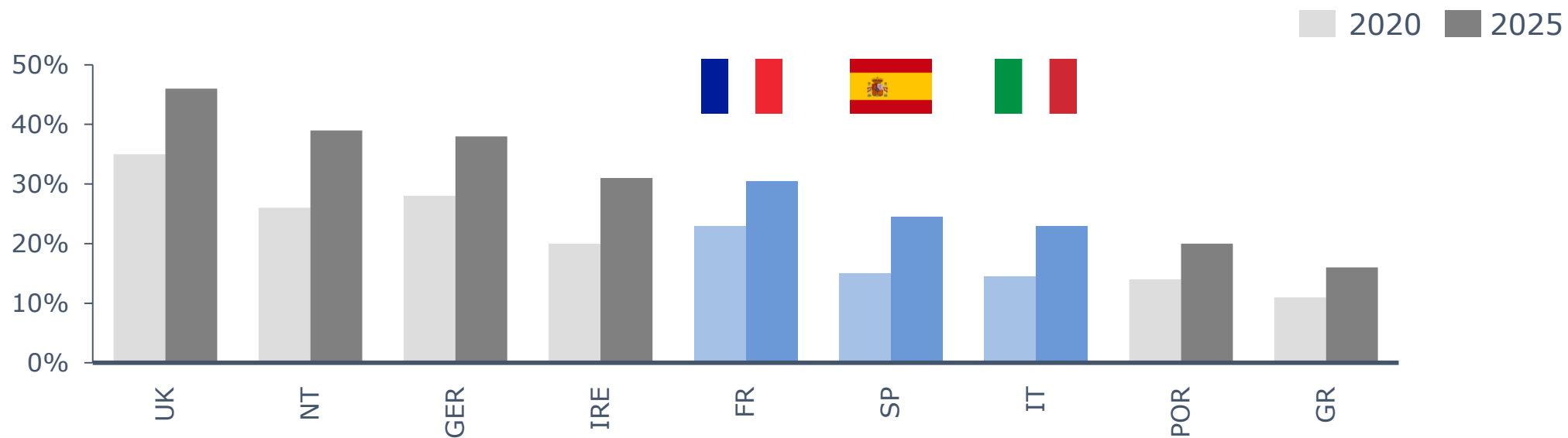
Convenience

Carmila needs to offer healthcare and a comprehensive range of services



Moving towards a new equilibrium for omnichannel

E-commerce penetration and projections per country for Non-Food (2021)



Source : Forrester

Carmila centres must be fully omnichannel

Outside of large urban areas, in-store is the fastest shopping experience

New actors proposing 15-minute delivery in large urban areas

Flink

GORILLAS

KOL

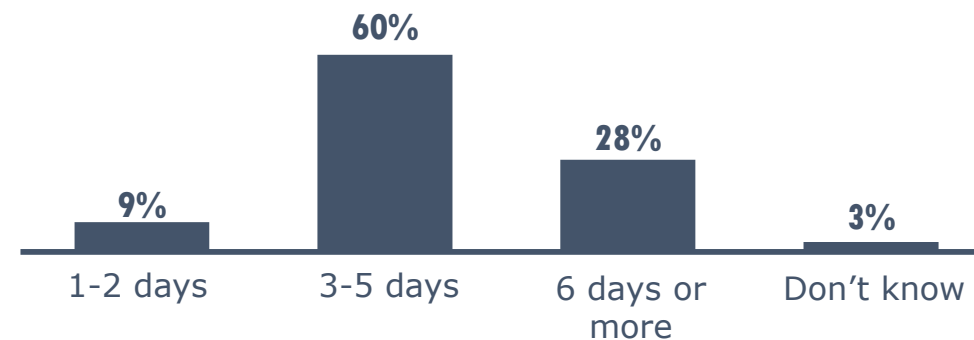
Glovo

FRICHTI

cajoo

Outside of large urban areas, shopping centres are the fastest solution

% respondents, "What maximum delivery time do you expect for online purchases?" In France, 2020



Source : PostNord

Carmila centres deliver an instant shopping experience



Customers have come back to shopping centres

**Footfall
is recovering and is
higher vs. peers**

92%

September 2021 Carmila footfall as a % of
September 2019

**Retailer sales have
returned to the level
seen in 2019**

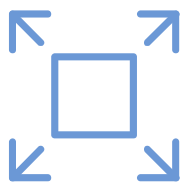
100%

June to October 2021 Carmila retailer sales as
a % of same period 2019

As soon as they could, customers returned to Carmila centres



Carmila 2022-2026 Roadmap: Building sustainable growth



**An incubator
and an
omnichannel
platform for
retailers**



**A leader in the
sustainable
transformation
of local regions**



**Breaking new
ground**

*Digital infrastructure investment
with Next Tower*

*Minority venture investments
with Carmila Retail Development*

The value-creating partnership with Carrefour makes all this possible



19.7%

September 2021
Carrefour grocery
market share

Source : Kantar Worldpanel 2021



Carrefour

Source : Opinion Way

Preferred grocery brand for
cities with 100K+ inhabitants



9.3%

September 2021
Carrefour grocery
market share

Ability to maximize value of assets:

Shared initiatives on and around centres thanks to 100% control of sites through Carrefour x Carmila partnership

Operational excellence:

Key property services in close collaboration with Carrefour

Traffic generation:

Synergies with carrefour hypermarkets





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An incubator and omnichannel services platform

**Finding
successful
concepts...**



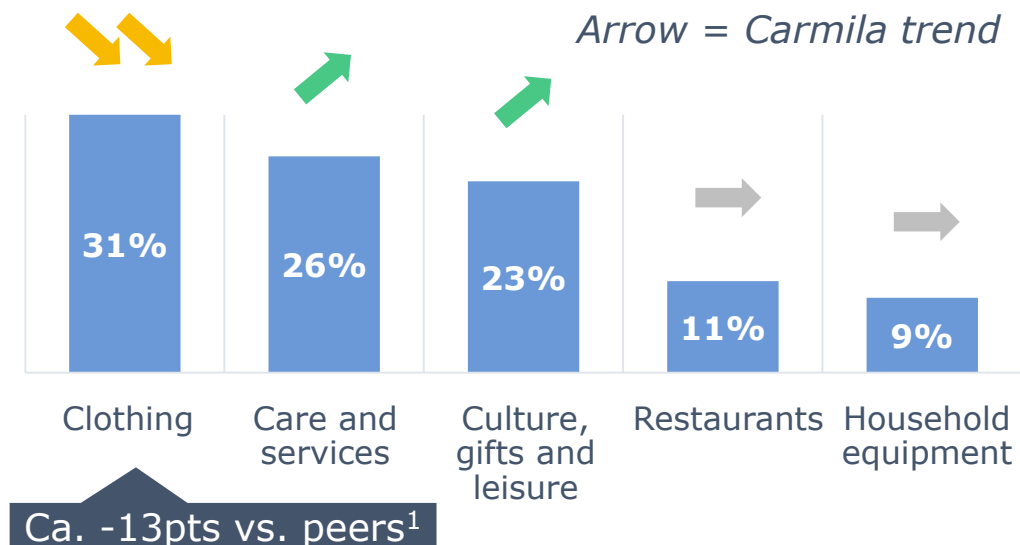
**...and
helping
them grow**



Incubating retailers with the right concepts for each shopping centre

A way to further change the mix of stores vs. peers

% of stores



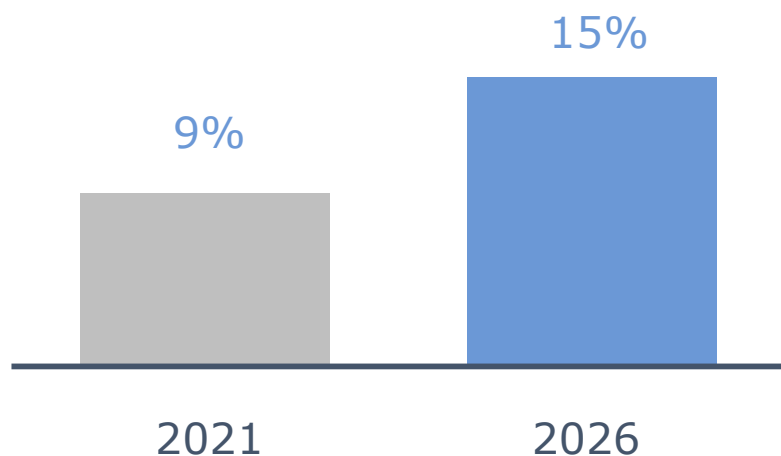
A strong pipeline of new concepts adapted to local needs

- Real estate agents
- Employment agencies
- New food concepts
- DNVB
- CBD
- Funeral parlors
- Leisure
- Second hand
- New healthcare solutions

An ambition to make healthcare a major part of our centres

Healthcare: 15% of gross rental income by 2026 (+300 stores)

% of GRI



Pharmacy

Carmila has created a platform to facilitate transactions between independent pharmacists

Dental

Development plan in France and Spain

Exploring new concepts

Hearing devices (100 stores by 2026)

New areas under study:

- GP Medical centres
- Medical laboratories/testing centres
- Medical imagery
- Remote medical visits
- Ophthalmologists
- Veterinary clinics



Bringing more new concepts and digital native brands to our centres



INCUBATE DNVB AND NEW CONCEPTS

Helping them open new stores and
compete with major brands

Advice on in-store and omnichannel best
practice



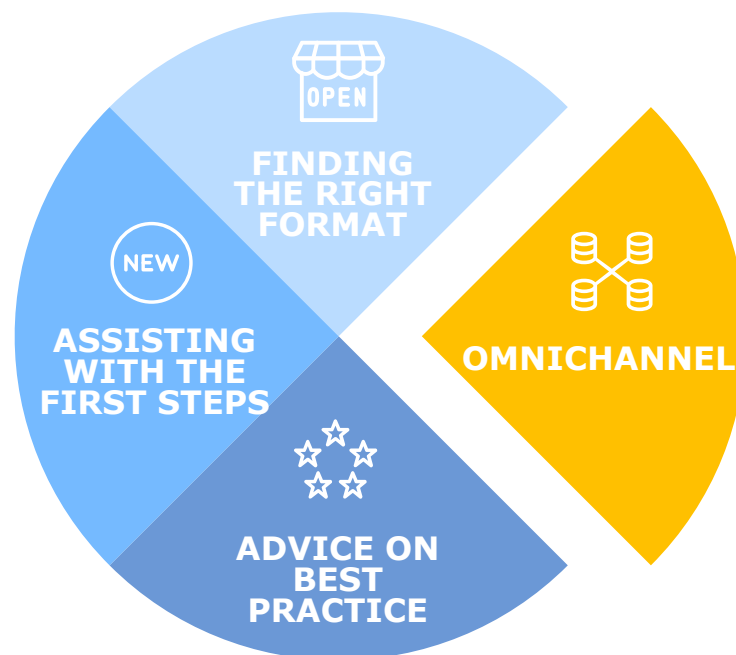
Launch of Carmila Services Hub: Bringing together a complete range of services to help retailers get off the ground

FINDING THE RIGHT FORMAT

- Pop up stores
- Franchise development
- Specialty leasing
- Events

ASSISTING WITH THE FIRST STEPS

- Legal
- Building work
- Recruitment



ADVICE ON BEST PRACTICE

- Product display
- Franchise development
- Network strategy
- In-store concepts
- Partnerships

OMNICHANNEL

- Services for retailers
- Ecosystem of partnerships

**Greater focus on tenant satisfaction:
Roll out of BtoB Net Promoter Score in all our centres**



Rolling out a complete omnichannel ecosystem for all of our retailers

Existing omnichannel services, with scope to accelerate

Home delivery

Click & Collect

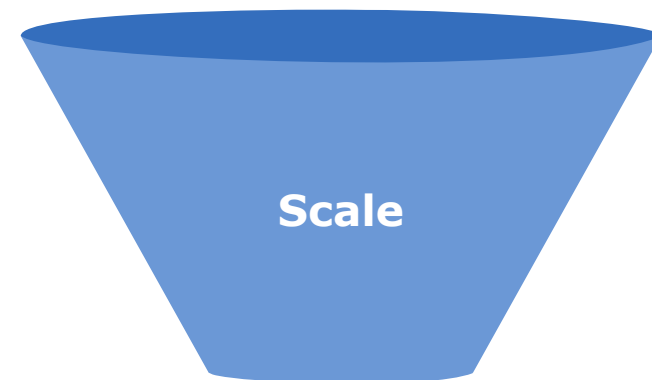
Drive and delivery spaces

Access to Carrefour marketplace

Social Network strategy



shopify



Innovative projects to be rolled out in centres

WhatsApp personal shopping

Live shopping

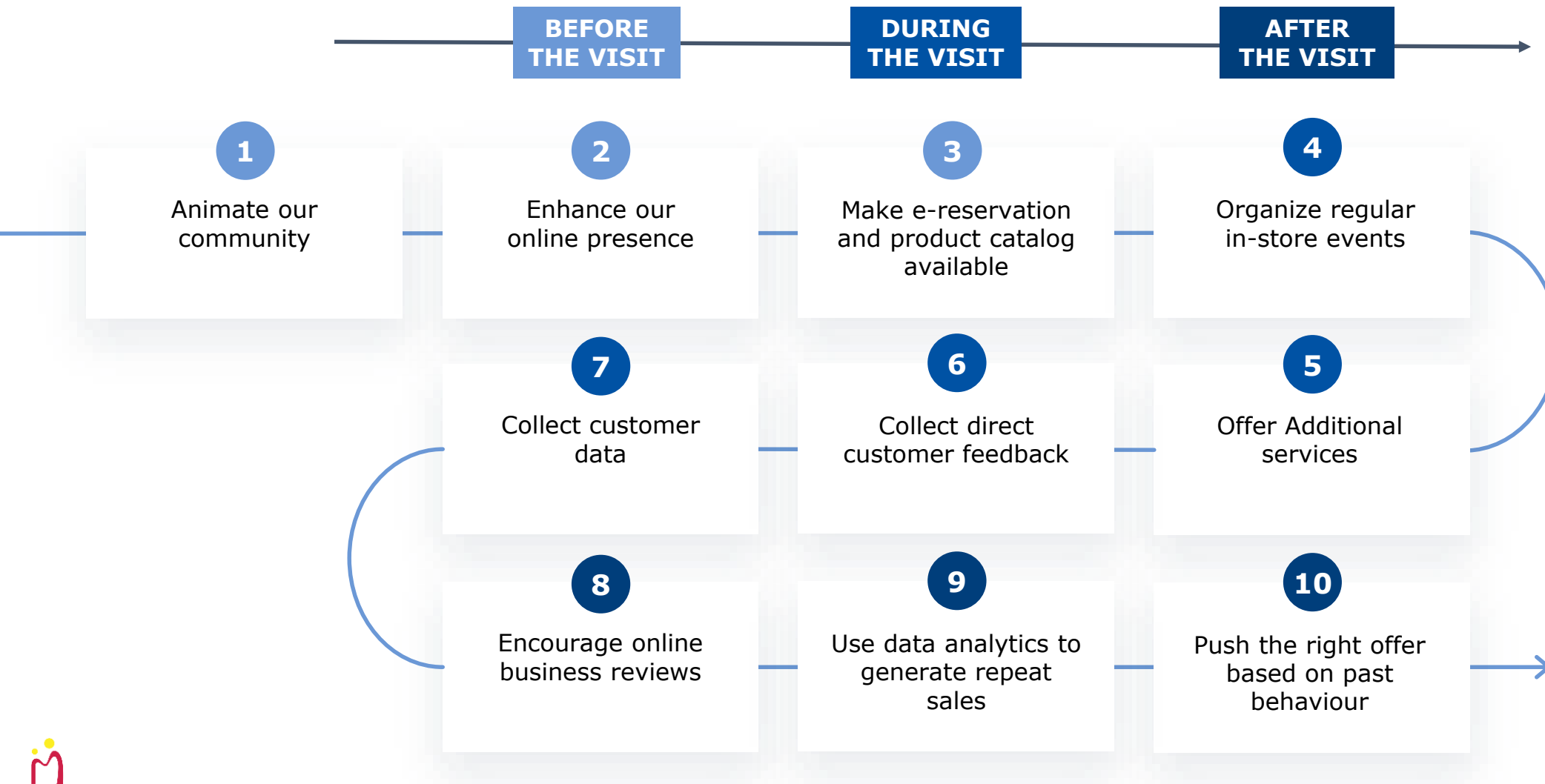
Fibre To the Mall



made in Live



An ecosystem of partnerships to be omnichannel at all stages of the customer journey



Before the visit: achieve maximum visibility for our retailers



Our partners



tiendeo

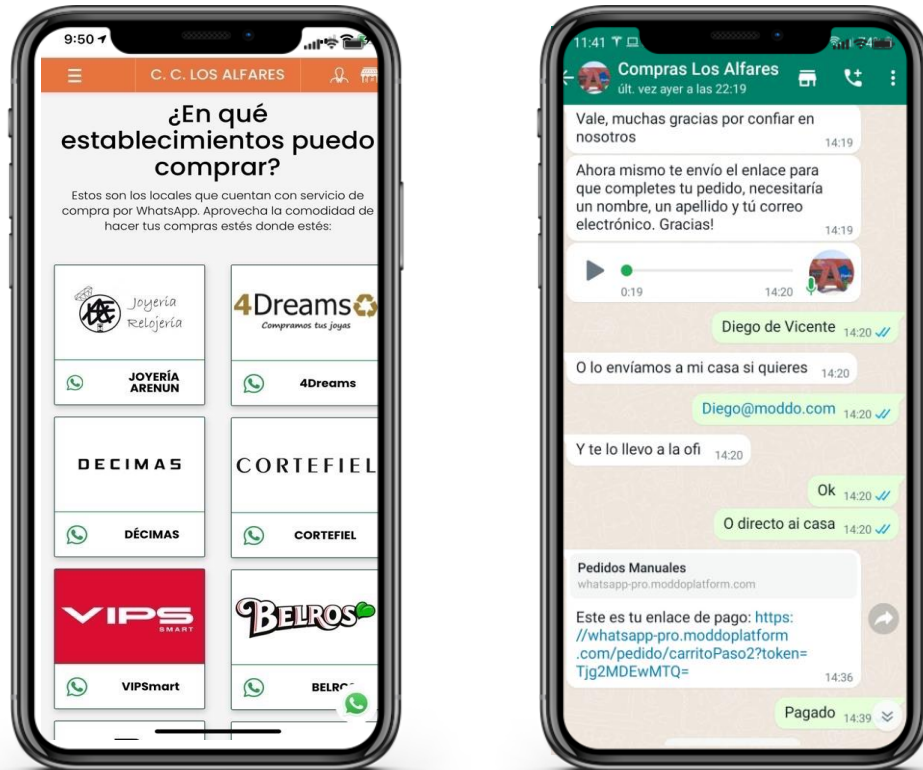


Target 2026

**100% of independent retailer
information on major platforms
(1200 stores)**

Complete catalogue referencing

A Whatsapp personal shopper for Carmila customers in Spain



A simple process



Select a retailer on centre website



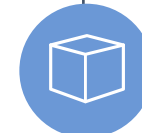
Consult retailer's online catalogue



Chat with the personal shopper to browse and order the product



Delivery details and payment via WhatsApp



Pick up or delivery !

During the visit: live events and additional services



Our partners

 Hivency



 CLOUD4WI

 Clear Channel



Target 2026

Doubling the number of local influencers (from 350 today)

Dealt services available in all Carmila centres

Weekly in-store and online events (20x increase in TikTok events)

Targeted marketing messages

After the visit: feedback, data and customer satisfaction



Our partners

Critizr.



CHEETAHDIGITAL



Target 2026

Significant improvement in customer satisfaction (NPS +5pts)

Systematically collect customer feedback

Use data analysis at every step of the customer journey (data on 7+ million clients)

Carmila digital transformation projects benefit from the expertise of Carrefour



Access to data analysis and monetization expertise



Shared best practice on omnichannel initiatives



Internal development capabilities in synergy with Carrefour



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A pipeline of retail projects that respect the highest environmental standards and urban redevelopment priorities



5 MAJOR EXTENSION PLANS

€550M CAPEX

6.6% Yield



CA. 60 TRANSFORMATION PROJECTS/YEAR

€25M per year CAPEX

10% Yield



N°1 in Development category in Europe

MONTESSON

Ca. 30 000m² of Gross Leasable Area

More than 60 stores

Cost : €150M

Yield on cost : 6%



Preservation of 4 hectares of agricultural land



Housing projects



Underground parking



Redevelopment of the road, new urban park



MONTESSON

Preserving the environment and local agriculture ('BREEAM' and 'Biodiversity' Labels)

An urban park to re-establish the link between nature and the city



2000m²
of solar panels



160 homes
(60% social housing)



350+
jobs



9000m²
of Green Space with several
hundred trees



The relaunched Vitrolles and Laval extension and renovation projects

VITROLLES



LAVAL



A complete redesign of Carmila's presence in the city with mixed-use development projects



ENVIRONMENT

Re-green urban spaces, low carbon construction and energy use, water and waste



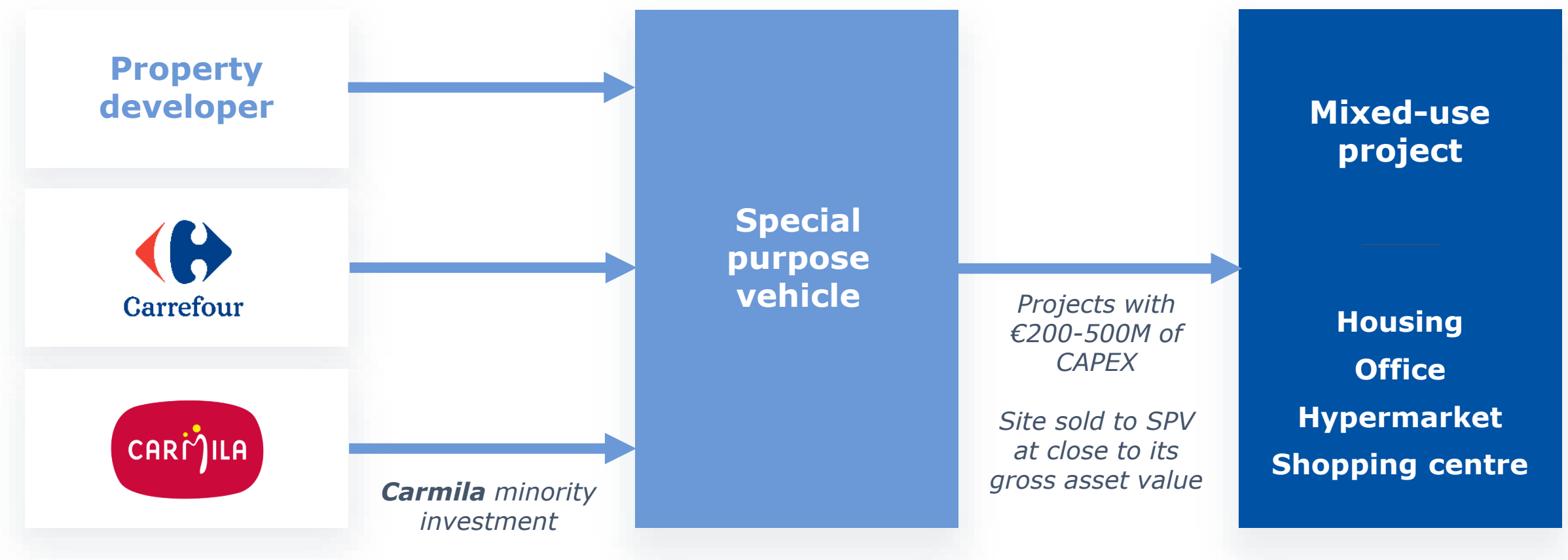
SOCIAL

In partnership with local communities and new retail format anchored in the city



"Big-Bang" Projects

Mixed-use development: a capital light structure to maximize the value of assets



Nantes Beaujoire: a flagship mixed use project



4,000m²

GLA of commercial
real estate

10,000m²

of Hypermarket

2,000 homes
(ca. 120,000 m²)

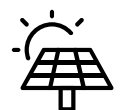
15,000m²
office



Matching development ambition with a new commitment on climate: net zero scope 1 and 2 emissions by 2030



Net zero scope 1 and 2 emissions



100% renewable energy



- Electric charging stations in every car park
- Solar panels on shelters
- 100% of sites to be BREEAM certified by 2026, 100% BREEAM "Very Good" in 2030, largest sites earlier

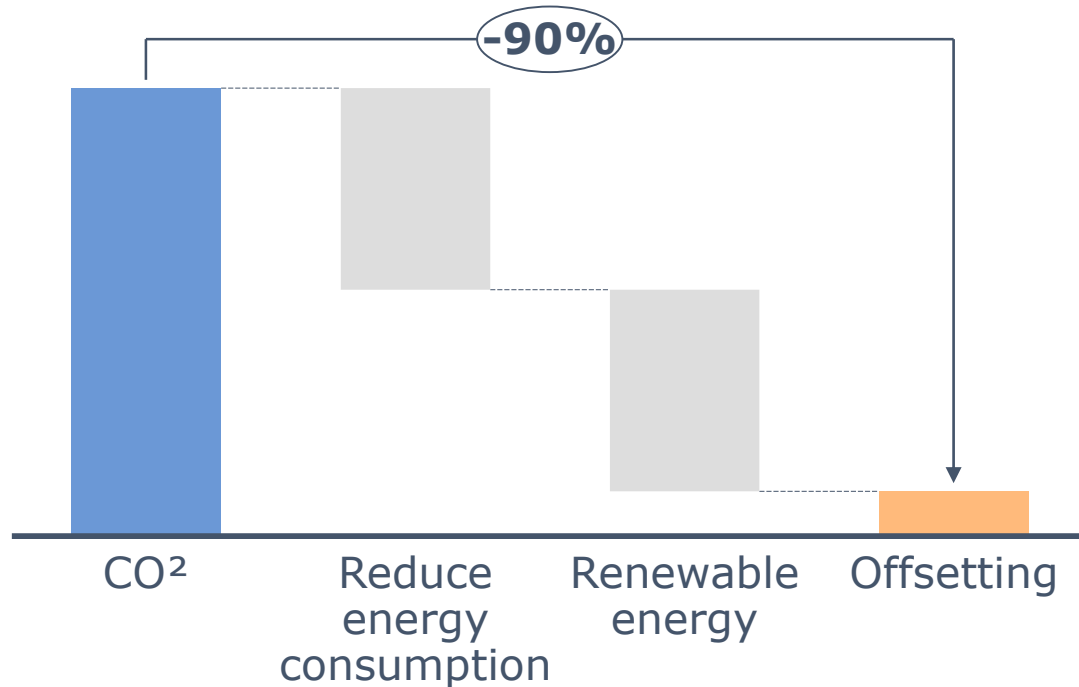


Rated "A-"



EPRA Gold Awards
non-financial reporting

The roadmap to net zero scope 1 and 2 emissions by 2030, with full neutrality including scope 3 in 2040



Carbon neutrality : Scope 1,2 and 3
Science-based target initiative limits offsetting to 10% of emission in reference year.
Emissions relating to travel to Carmila centres excluded from scope 3

Aligned with science-based targets initiative guidelines

A total of €25M CAPEX

Residual emissions will be offset to net zero

Contribution to neutrality with low carbon agriculture



Working to reduce scope 3 emissions with an ambition to reach full carbon neutrality in 2040

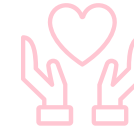
A complete CSR strategy: Here we act for our regions and our employees



OUR REGIONS

Local jobs, local economy,
community outreach

- Second hand stores
- Local employment schemes
- Charity events and projects



OUR EMPLOYEES
Diversity, change,
commitment

- Equality and diversity
- Chemins d'avenirs

Strong governance



Core business wrap-up

An incubator and omnichannel platform

- New retail concepts
- Ecosystem of services
- 100% omnichannel

A leader in the sustainable transformation of local regions

- A redesigned development pipeline
- “Big-bang” mixed-use projects
- Net zero Scope 1 and Scope 2 emissions by 2030



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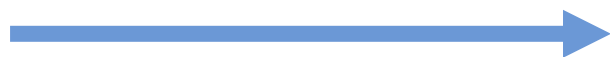
Adding growth to a resilient core business

PIERRE-YVES THIRION

Chief Financial Officer



Direct investment in digital infrastructure to meet the social need for high-speed mobile internet



Infrastructure and 5G are two powerful investment trends



Carmila's capacity to develop a regional network of sites

Building a mobile tower company with €180M of assets by 2026

What is a mobile tower?



One tower for 1 to 4 telco operator tenants



10-year leases
Fixed rents
(indexed +2% per year)

Carmila has developed a strong real estate and digital infrastructure expertise

- Design and feasibility
- Dialogue with local authorities
- Construction / Maintenance
- Leasing

Carmila launches Next Tower: Investing in digital infrastructure at scale

SUCCESSFUL TEST PHASE



79 towers since 2019

Tower construction
experience



CREATION OF A NEW DIGITAL INFRASTRUCTURE BUSINESS LINE



Starting with 470 sites (80 per year)

- In France and Spain  
- In Carmila and Non Carmila sites

New opportunities as part of Next Tower (Data centres, Fibre optic)

€10M annual contribution to recurring earnings by 2026

Investing in fast growing retail concepts

The Carmila team knows which new brands and concepts will be successful



Carmila can provide what they need to grow



Building a €40M portfolio of opportunistic and temporary high-return investments in innovative new retail concepts by 2026



A clear investment methodology



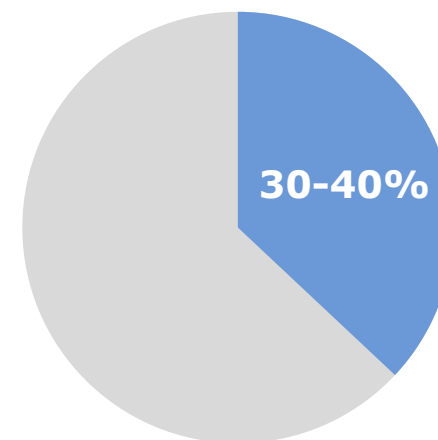
Identify the best entrepreneurs with a strong cultural match with Carmila



Identify the fastest growing ideas that match customer needs



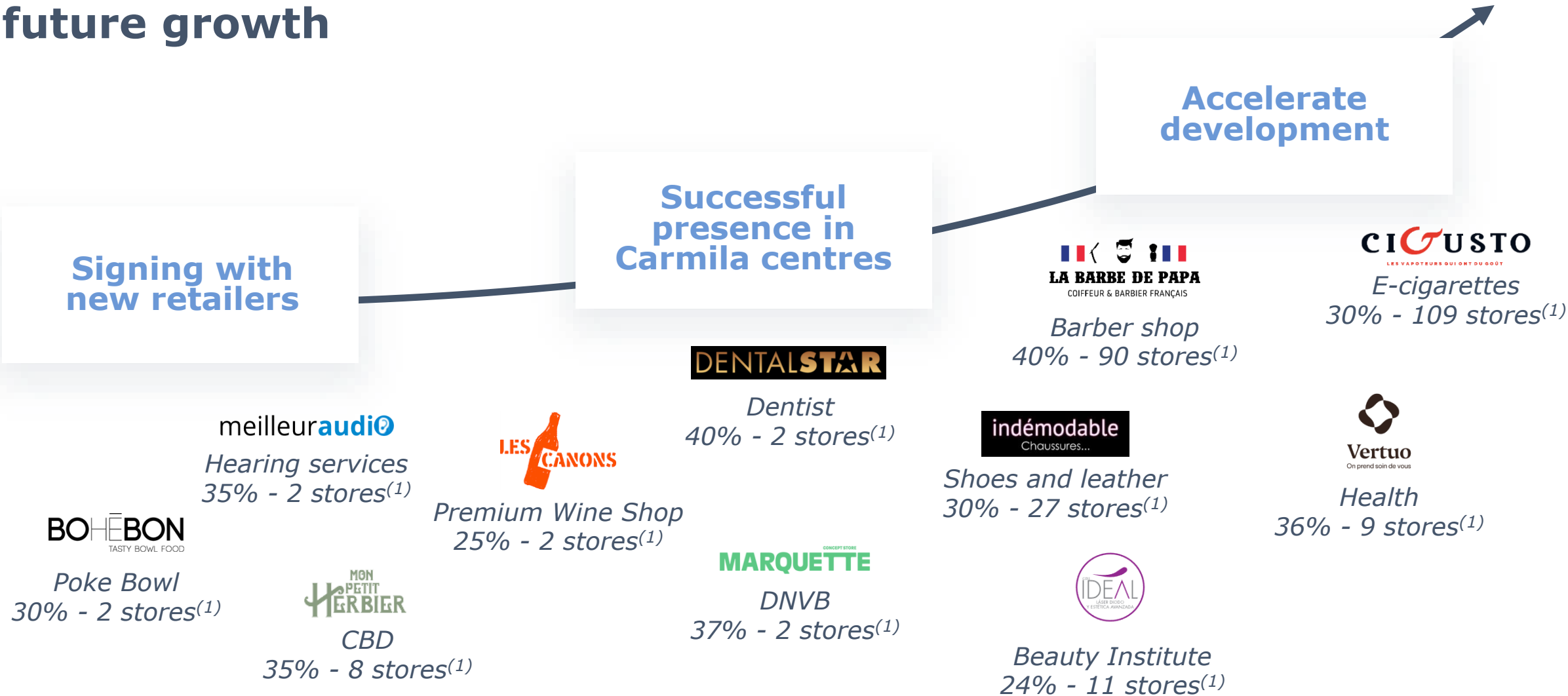
A minority stake



Carmila services

- Support network development
- Omnichannel

Next generation of partnerships already in place to generate future growth



Cigusto: Electronic cigarettes to help people quit smoking



Minority investment in Cigusto
(30% stake)

50 stores opened in 2 years (28
in Carmila centres), **250 planned**
by 2025

Launch of a new website in 2021
with Carmila support

**Enterprise Resource Planning
(ERP)** and a logistics warehouse
in partnership with Carmila

Make a meaningful contribution to Carmila financial performance by 2026 with a dynamic portfolio of leading retailers

Adding new
concepts to the
portfolio



*including non-Carmila centres

Sale of stakes
to long-term
investors



5-year investment
horizon

€10M annual contribution to recurring earnings by 2026

Working on new ideas and investment opportunities





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Historical performance

Carmila delivered a
successful first
phase of growth
(2014-2019)

Resilient operational
performance during
the health crisis
(2020-2021)

Outlook 2022-2026

Normalisation of financial performance
post-COVID

Capacity to maintain dynamic leasing
activity thanks to the incubator model

Growth generated by incubator
and new business lines

Optimised capital allocation

A resilient core business

Stable rental base

-0.4%

End-Sep. 2021 on a like-for-like basis vs End-Sep. 2020

Record number of leases signed in 2021 YTD

+34%

First 9 months 2021 vs. first 9 months 2019

Equivalent to 12% of the total rental base

Positive reversion

+3.1%

Above rental appraisal value¹

+3.7%

Reversion of renewals¹

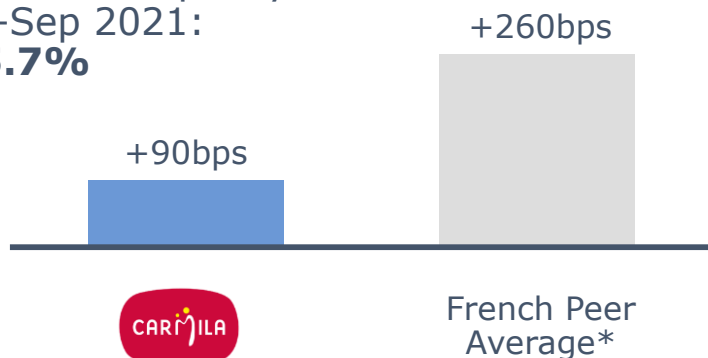


1. In first 9 months of 2021

Rents in Carmila centres will benefit from a strong commercial platform and the incubator model

Change in EPRA vacancy rate H1 2021 vs. end-2019

Carmila Financial Occupancy
rate end-Sep 2021:
95.7%



Average rent per square meter

255 €/sq.m.
average rent in Carmila centres as of H1 2021

2022-2026 Outlook

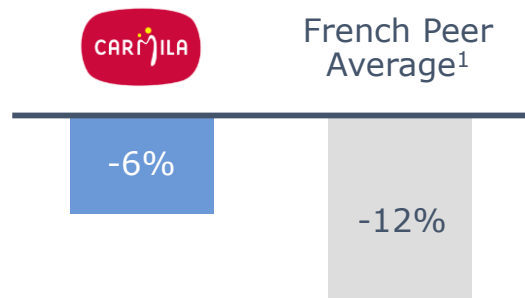
Capacity to maintain current level of rents and low vacancy thanks to incubator model and strong commercial platform

*Simple average of URW (Continental Europe), Klépierre and Mercurys change in EPRA vacancy rate end-2019 to H1 2021, source: company data

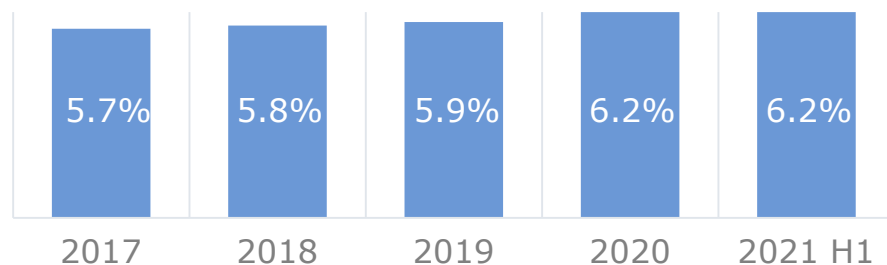


Confident in valuation assumptions and positive view from appraisers on Carmila assets

Like-for-Like change in appraisal values: peak to Jun-21



Stabilisation of capitalization rates² in H1 2021



Appraisal assumptions

- Net Rental Income CAGR : 1.4%
- Exit cap rate : 6.1%
- Discount rate : 7.0%

Appraiser feedback

- Average OCR³ under control (11%)
- Reasonable average rents : €255 per sq.m.
- Completely renovated portfolio
- Successful asset management track record (leasing, restructuring)

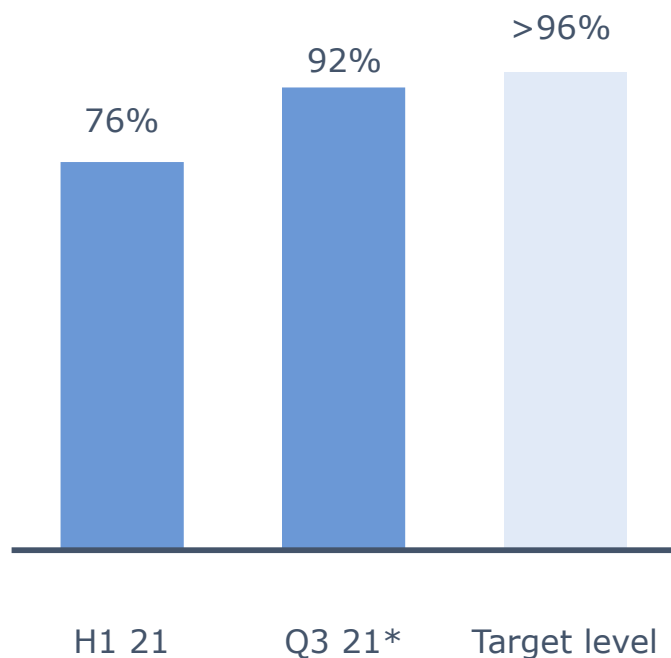
Small increase in the like-for-like valuation of assets expected at end-2021

1. Simple average of URW, Klépierre and Mercialis valuation decline peak to Jun-21. Source: Company data
 2. Net potential yield
 3. Based on full year 2019 sales. June-October 2021 retailer sales at 100% of 2019 level



Progressive normalization of rent collection that began in Q3 2021

**H1 2021 and Q3 2021 Rent Collection
(in % of total billed)**



Rent collection of H1 2021 rents affected by closure periods and anticipation of French government financial support

Gradual return to normal in rent collection with Q3 2021 rents

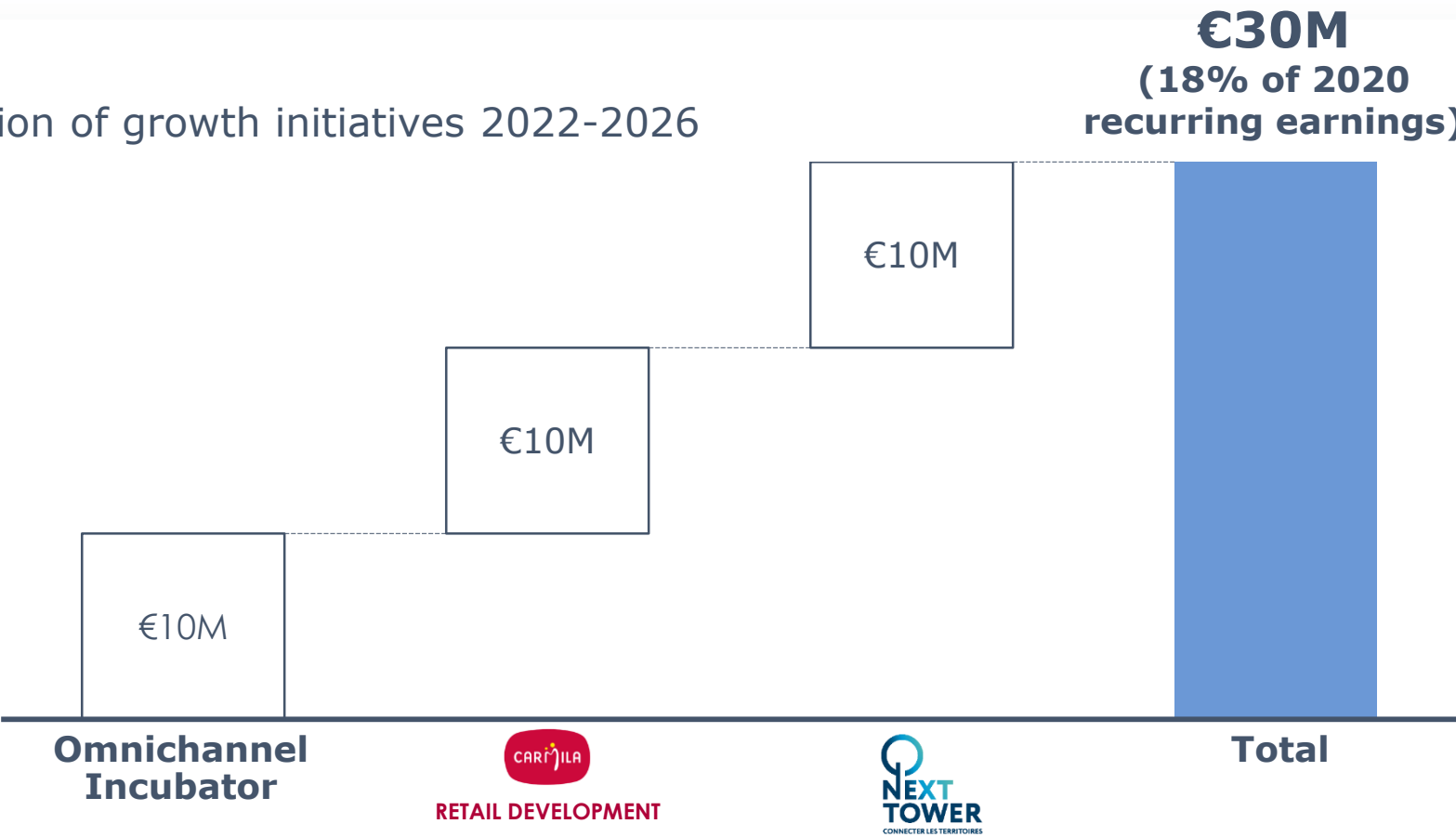
Normalisation to continue in coming quarters

*As of 6 December 2021

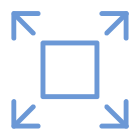


A €30M incremental annual contribution to recurring earnings from new growth initiatives by 2026

- Linear growth in contribution of growth initiatives 2022-2026



Omnichannel incubator: Accelerate on omnichannel services and new concepts



€10M

ANNUAL CONTRIBUTION
TO RECURRING EARNINGS BY 2026

INCUBATOR

- Support core business rents
- Accelerate on new concepts (Healthcare, DNVB, more services in centres)

OMNICHANNEL PLATFORM

- New services for retailers
- Partner ecosystem
- Data analysis and monetization

Carmila Retail Development: a €10M annual contribution to recurring earnings by 2026, with conservative assumptions



RETAIL DEVELOPMENT

€10M

ANNUAL CONTRIBUTION
TO RECURRING EARNINGS
BY 2026

Business Plan

Ca. 20 partnerships in 2026

> 700 points of sale

C.€40m net financial commitment

IRR >20%



Next Tower: a €10M annual contribution to recurring earnings by 2026 from investment in digital infrastructure



€10M

ANNUAL CONTRIBUTION
TO RECURRING EARNINGS
BY 2026

Business Plan

**Asset value
€180M in 2026**

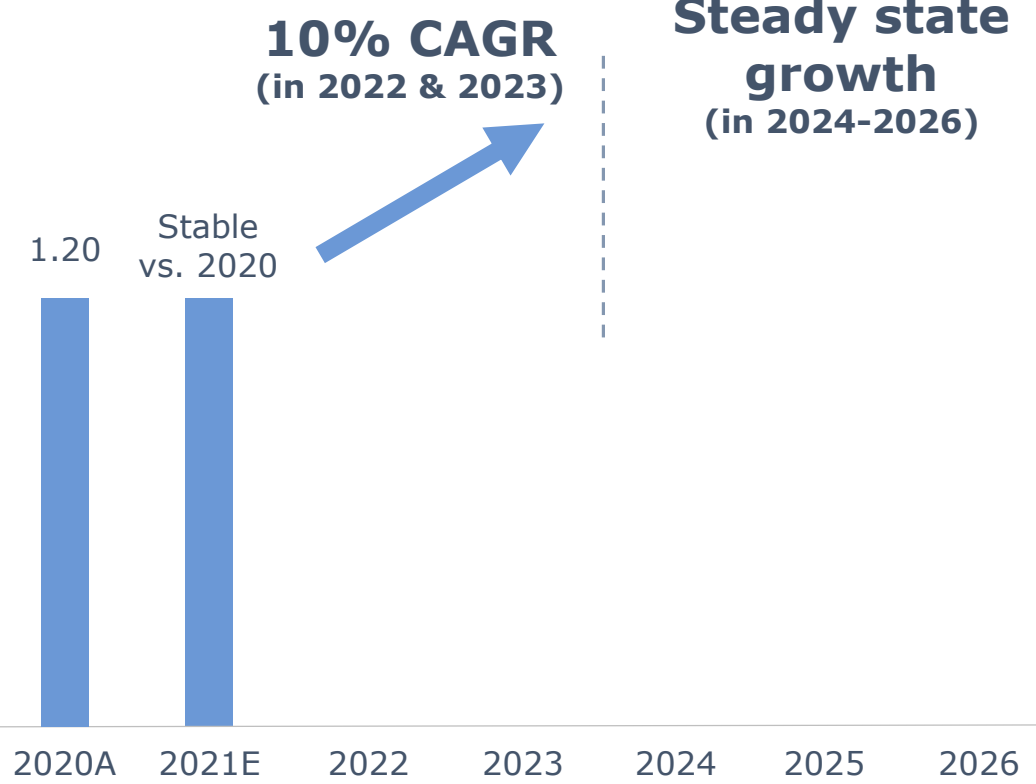
**Value creation
€50M for Carmila**

**IRR
>20%**

Activity returning to normal and incremental recurring earnings growth from new business initiatives

Recurring Earnings Per Share

Including IFRS 16



2022-2023: First growth phase supported by normalization of financial performance and first impact of new business initiatives

2024-2026: Steady state growth driven by new business initiatives

Absolute reduction in cost base in 2026 vs. 2021

Aligned with Carmila’s commitment on sustainability



Note: EPS growth guidance is at constant perimeter regarding Carmila shopping centres but includes Carmila Retail Development and Next Tower. Assumes no major COVID effect, for example administrative closures, from 2022

Asset rotation and development: More active management of the portfolio for greater flexibility

USE OF PROCEEDS OF DISPOSALS

Development
+
Shareholder return
+
Strengthen balance sheet

ASSET ROTATION

**Targeting 200M€
of disposals in 2022-2023**

**Disposals to continue
beyond 2023**

**Proceeds of disposals
greater than CAPEX
in 2022-2023 and beyond**

**Disposal program to finance development,
support capital return and strengthen the balance sheet**



Capex and investment to support new growth initiatives

**SUSTAINABLE MAINTENANCE
AND RESTRUCTURING**
€40M/year

NEXT TOWER
On average ca. €13M a year

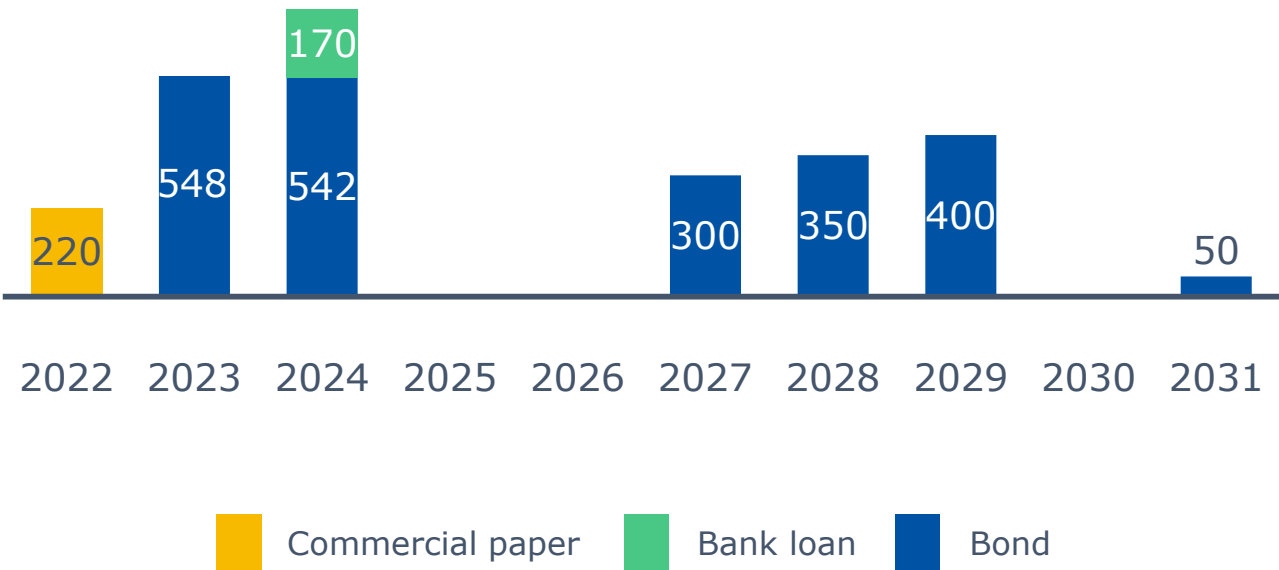
SUSTAINABLE PIPELINE
€150M total investment, starting
2023, financed through asset
rotation

**CARMILA RETAIL
DEVELOPMENT**
€15m in 2021, €10M in 2022,
€10M in 2023, zero net
investment from 2024



Strong liquidity position and funding structure

Carmila debt maturity profile (€M)



No major borrowings falling due before 2023 following successful refinancing in 2021

Significant liquidity¹: €1,024M (including €214M in net cash)

ICR² 3.4x (Bank covenants 2.3x)

Average cost of debt³: 2.0%

Average remaining maturity³: 4.3 years

New €810m sustainability linked RCF

1. At end-Nov 2021
 2. At end-Jun 2021
 3. At end-Oct 2021

Targeting a 40% Loan to Value in 2022-2026

40%
LTV Target¹

Solid balance sheet

Committed to BBB S&P rating

**High level of confidence on
portfolio valuation
assumptions**

**Significant headroom vs. bank
covenants**

Additional flexibility from asset rotation program



1. Including transfer taxes

Distribution policy

Dividend Policy¹

Annual dividend of at least €1.00 per share, paid in cash

Target payout of 75% of Recurring Earnings Per Share

Share Buybacks

Part of proceeds of disposals to be used for share buybacks



1. Subject to shareholder approval
Note: Assumes no major COVID effect, for example administrative closures, from 2022

Financial wrap-up

10%

**Average annual
recurring EPS growth in
2022 and 2023**

€30M

**incremental recurring
earnings growth**

€200M

of disposals

40%

LTV target

€1 per share

minimum dividend

75%

target payout



Note: See earlier slides for full description of targets and assumptions

Final wrap-up

MARIE CHEVAL

Chairman and Chief Executive Officer



Q&A session

