# 2020 Universal Registration Document

including the Annual Financial Report and the Integrated Report

CARMILA

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including the Annual Financial Report
and the Integrated Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 6 April 2021, with the AMF as the competent authority under Regulation (EU) 2017-1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document can be used for the purpose of offering financial securities to the public or admitting financial securities for trading on a regulated market, if it is supplemented by an offering circular relating to the securities and, where applicable, a summary and all amendments made to the Universal Registration Document. The document thus supplemented is approved by the AMF in accordance with Regulation (EU) No. 2017-1129.

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**About this Report**

Carmila has produced this Integrated Report for all its stakeholders: investors, employees, customers, tenants and retailers, as well as institutional and local partners. It falls within the framework of a progress initiative and a desire for transparent communication. It also sets out to provide - as part of a close relationship based on trust with each of its stakeholders - a complete overview of the Group, focusing on its governance, challenges, sustainable growth strategy, prospects and forward-looking vision. Jointly produced by Executive Management and all the divisions making up the Group, it provides the tools needed to understand how Carmila performed in 2020.


# Carmila

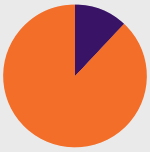
was founded in 2014 by Carrefour and several large institutional investors to create value from the shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy. In 2020, the unprecedented health crisis served to highlight the strengths of Carmila's shopping centres – local roots, proximity and a lively food and services offering. It also confirmed the agility and commitment of Carmila's teams as they continued to serve retailers, customers and local regions.

# A leader in local shopping centres

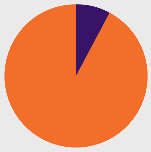
**215**
SHOPPING CENTRES IN FRANCE, SPAIN AND ITALY

**€6.15**
BILLION PORTFOLIO VALUE (1)

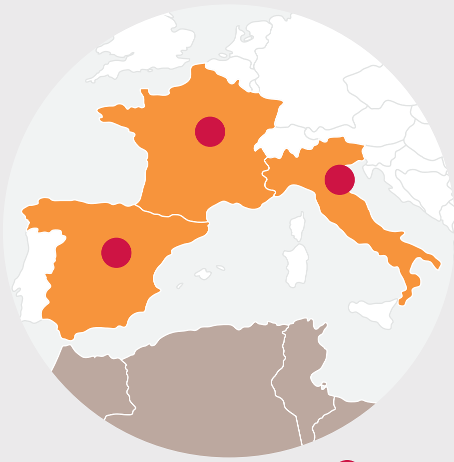
**6,282**
LEASES IN FRANCE, SPAIN AND ITALY



**89%** (1)
of shopping centres leaders or joint leaders in their catchment areas (2)



**95.7%** (3)
financial occupancy rate (1)



## Carmila, the third-largest listed shopping centre company in mainland Europe

### FRANCE

129 sites

**€4.4 billion** (1)
portfolio value

**72.1%** (1)
of total assets

Complete coverage of the country. Centres located in the leading hubs of urban areas.

### SPAIN

78 sites

**€1.4 billion** (1)
portfolio value

**22.2%** (1)
of total assets

Complete coverage of the country and major urban areas (Madrid, Barcelona, Valencia, etc.).

### ITALY

8 sites

**€0.35 billion** (1)
portfolio value

**5.7%** (1)
of total assets

Presence concentrated in northern Italy.

(1) Appraisal values, including transfer taxes.

(2) Leader: shopping centre that is a leader in its area in terms of number of retail units (Codata) or shopping centre with more than 80 retail units in France and 60 in Spain and Italy.
Joint leader: shopping centre that is not a leader, but which adjoins a hypermarket that is a leader in its commercial area in terms of sales in France and Italy or in terms of surface area in Spain (Nielsen), or which generates sales in excess of €100 million in France and €60 million in Spain and Italy.

(3) Excluding 2.5% of strategic vacancy at the end of 2020.

# Proximity at the heart of everything we do

**“At Carmila, proximity is at the heart of everything we do.**

We provide everybody with access to a **responsible** offering of everyday, **useful** products and services.

We connect retailers and customers as closely as possible to where people live. We develop and manage centres on a human scale that are **practical** and **friendly**, and which create **ties**, revitalising local regions and fostering a sense of **community**.

**Partnering** with retailers and our tenants, we innovate alongside them to develop **services** that improve our customers' shopping experience and offer them a pleasant and simple time.

**Through our proximity to the communities we serve, we fulfil our mission:**

**simplify and enhance everyday life for retailers and customers in all our regions.”**

**Carmila's purpose statement, integrated into its By-laws in June 2020**

## From then to now

**2014**
Creation of Carmila on 16 April 2014 at the initiative of Carrefour and its partners. At end-2014, the Group owned 180 shopping centres in France, Spain and Italy, worth a total of nearly €4 billion*.

**2017**
Merger with Cardety and successful initial public offering with a capital increase. At end-2017, Carmila owned 206 sites worth a total of €5.8 billion*.

**2020**
Appointment in November of Marie Cheval as Chair and Chief Executive Officer of Carmila. At end-2020, Carmila owned 215 sites worth a total of €6.15 billion*.

# “Carmila has demonstrated the solidity of its model based on shopping centres with strong local roots.”


In light of the unprecedented health crisis, 2020 proved a very demanding year for Carmila, as it was for the entire industry. After a positive start to the year, we had to deal with closure periods in all three of our operating countries and implement the necessary health-related protective measures. In record time, we managed to invent new ways of conducting our business. Maintaining ties with customers, employees, retailers and local stakeholders and continuing to support our tenants' retail businesses were our key priorities. Our teams reacted with agility, creativity and professionalism. Guided by our purpose statement, we strengthened ties with our local stakeholders and demonstrated our operational excellence through the quality of the health measures rolled out at our shopping centres.

The challenges brought about by the crisis have served to highlight the particular strengths of Carmila's shopping centres, which are leaders in their regions thanks to their human scale. Always adjacent to a Carrefour hypermarket, the most popular retailer in France during lockdown, our centres offer a wide range of shops and services for everyday convenience. In a time of economic fragility and health risks, our customers were able to find everything they needed under one roof, close to home and in a safe environment, allowing them to shop easily and with peace of mind.

### Staying close

With closures lasting three months on average in France, Spain and Italy, the complex situation in 2020 obviously had a significant impact on our results and those of retailers in our centres. However, our unique positioning and the commitment of our teams enabled us to stand firm. In France, during each of the periods in which the centres were open, retailer sales were higher than in 2019. And footfall, which was already very dynamic in January/February, outperformed industry averages throughout the year. We've been highly supportive of retailers in our centres, whether open or closed, especially the independent retailers and franchisees who account for a significant portion of our portfolio. In particular, we helped them to implement their omnichannel strategies by deploying local Click & Collect solutions, with collection points in arcades and drive-through pick-up points in our shopping centre car parks. Thanks to these initiatives and to excellent on-site operational execution, Carmila achieved a visitor satisfaction rate of 87% and a Net Promoter Score® of +7, up two points on 2019.

### Solid fundamentals

Carmila had a dynamic year in terms of leasing activity, with 684 leases signed in 2020, or 11% of the rental base. Leases were signed with existing retailers, demonstrating their continued confidence in our model, as well as with newcomers to our network such as Normal and innovative retailers like Marquette, a concept store dedicated to "digital native vertical brands". We also continued our development projects during the year. The largest extension and renovation project under way – Nice Lingostière – will soon open, with the entire retail space fully pre-leased. At end-2020, our rental base was stable and diversified and our financial position healthy and solid, with debt under tight control.

### Strong growth drivers

The crisis endorsed our strategy of deploying new activities – through joint ventures – that will shape Carmila's future alongside our traditional business lines.
Retailers supported by Carmila Retail Development, like La Barbe de Papa and Cigusto, grew strongly in 2020, opening close to 40 stores. We're also ramping up our healthcare strategy, which aims to drive fast-paced development of pharmacies and dental centres in our shopping centres under the Vertuo brand. In addition, we're looking into urban diversity projects at around 20 sites, where we might adapt our assets to changing local needs, in partnership with Carrefour. We're also pursuing the digital transformation of our shopping centres, with a view to strengthening their omnichannel approach, and continuing the development of our tower company, Lou5G.

### A more muscular CSR strategy

All of these projects and achievements go hand in hand with Carmila's commitment to corporate social responsibility. In 2020, we stepped up the deployment of our "Here we act" programme of CSR initiatives, which is built around three focus areas: the planet, local regions and our employees. Improving our environmental performance and contributing to the social and economic vitality of local regions, particularly in terms of local employment and inclusion, are among our key priorities. And the results this year have been significant.

### Ready for tomorrow

The crisis has accelerated the shift towards a resolutely omnichannel retail industry and a closer, more local approach to consumption. It has also heightened concerns about purchasing power and highlighted peoples' need to share experiences with others.
We remain confident about the future. Our everyday shopping centres are essential to our customers and visitors. Our business model is effective and our financial structure solid. And we can count on our partnership with Carrefour, the vitality of our leasing activity, our strong growth drivers and the operational excellence of our teams. We have what we need to emerge successfully from the crisis, and we're doing everything we can to make that happen.

### Biography

**2002**
Project manager with the Financial Services Department, La Poste

**2004**
Director of the Financial Services Strategy, La Poste

**2006**
Marketing and Sales Director, then Operations Director, La Banque Postale

**2011**
Director of Global Transactions and Payment Services, Société Générale

**2013**
Chief Executive Officer, Boursorama

**2017**
Executive Director, Customers, Services and Digital Transformation, then Executive Director, Financial Services and Hypermarkets France, Carrefour

**2020**
Chair and Chief Executive Officer of Carmila

> "2020 demonstrated the strength of the close ties that bind Carmila shopping centres to their retailers and customers."

# Our strategy for value creation

## Our resources

### Our assets

- **3** countries (129 centres in France, 78 in Spain, 8 in Italy)
- Portfolio valued at **€6.15 billion**[1]

### Our strong financial profile

- Attributable equity of **€3,262.7 million**
- Gross debt of **€2,586.0 million** with an average term of 4.5 years
- Loan-to-value ratio of **37%**

### Retailers and tenants

- A stable and diversified rental base
- **6,282** leases
- **45%** franchisees or independent retailers in France

### Our customers

- **Some 2 million** visits per day to our 215 sites

### Our local partners

- Operating in **204** towns and municipalities
- A network of local organisations supported by each centre

### Our shareholders

- A stable shareholder structure

### Our teams

- **244** employees
- **54%** women and **46%** men
- **61%** of the workforce in local, front-line positions

### Natural resources

- Energy use at our centres: **185 kWh/sq.m.**
- Water use at our centres: **1.08 litres per visitor**
- **52%** of waste recovered

## Our activities

### Transforming and creating local community hubs

Customer experience
Renovations/extensions
Environmental protection
Services for local regions

### Enhancing the retail and services offering

Retail merchandise mix
Pop-up stores
Event-oriented services
Local partnerships

### Connecting retailers and consumers

Customer knowledge
Local digital marketing
Vibrant shopping centres
Teamwork with retailers

### Innovating and investing for tomorrow

New businesses and innovation
Retail holdings
Social and solidarity economy
Diversification of activities

## In line with market trends

E-commerce
Digitalisation
Social awareness
Environment

(1) Appraisal value including transfer taxes at 31 December 2020 - (2) Minimum guaranteed rent
(3) October 2020 customer survey - (4) May/June 2020 Carmila Shopping Lab survey

## OUR MISSION

"Simplify and enhance everyday life for retailers and customers in all our regions."

## Our competitive edge

### Our strengths

**A unique partnership with Carrefour**

**Centres that are leaders in their catchment area**

**Convenient and accessible sites, rooted in the local regions**

**Strong growth drivers**

**Dynamic, expert and agile teams**

### Our CSR strategy

**Here we act**

**For the planet**
**For local regions**
**For our employees**

## The value we create

### For our assets

- Renovation plan **100% complete**
- **20** extension projects delivered since 2014, representing €31.6 million in annualised rental revenue
- Annualised MGR(3) of **€359 million**

### For the environment

- **87.7%** of assets by value BREEAM-certified as of 31 December 2020
- **36%** reduction in energy intensity per sq.m. (versus 2019)
- Biodiversity Charter drawn up
- **28%** reduction in Scopes 1 & 2 greenhouse gas emissions (versus 2019)

### For our stakeholders

#### Retailers and tenants

- **> 700** marketing initiatives every month to support retailers
- **73%** of retailers consider Carmila as a true partner
- **111** stores opened by partners of Carmila Retail Development

#### Our customers

- **87%** of customers satisfied with their centre(4)
- **93%** of customers satisfied with the health measures implemented(5)
- **92%** of customers state that access to their centre is simple and practical(5)

#### Our shareholders

- Regular dividend payments since the Company's creation

#### Our local partners

- **797** CSR initiatives in 2020, of which **53%** community outreach
- Support for local employment ("Shop ton Job" vacancy postings, Student Pop partnership, interactive terminals, etc.)
- **71.8%** of work-related outlays allocated to local construction companies

#### Our employees

- **17%** of employees on work-study programmes
- **84%** of employees satisfied with the company
- **2,734** hours of training

# 2020: A year of consolidation for Carmila's CSR strategy

**Carmila's CSR strategy was consolidated in 2020 through the creation of a specific governance structure and the deployment of the "Here we act" programme of CSR initiatives. Carmila is now accelerating the rollout of its CSR strategy on the ground.**

Carmila's CSR approach is part of its strategy of delivering sustainable growth – a source of value creation for both the company and its stakeholders.
It is built around the global challenges of reducing inequality, improving access to resources, jobs and healthcare and protecting the planet.
In 2019, Carmila developed a CSR strategy based on the UN Sustainable Development Goals and laid the foundations for a programme of real-world initiatives known as "Here we act". The programme is organised into three focus areas: climate action, support for local regions and employee engagement. It aims to enhance Carmila's sustainable performance and accentuate its positive impact, while also meeting the expectations of customers, retailers and local regions.

here we act

**With practical CSR initiatives in three areas, Carmila's "Here we act" programme guides all employees in every area of the company's CSR strategy.**


**Through its programme of CSR initiatives, Carmila contributes to 12 of the UN Sustainable Development Goals.**

## For the *planet*

### Step up action to combat climate change

- Cutting greenhouse gas emissions: **28% reduction in Scopes 1 & 2 in 2020 versus 2019**
- Reducing energy use: **36% reduction in energy intensity per sq.m. in 2020 versus 2019**
- Eco-mobility: **installation of electric vehicle charging points**

### Adopt a more frugal approach to the use of resources

- Circular economy: **awareness raising on waste sorting with best practices appended to commercial leases**
- Biodiversity protection: **Biodiversity Charter drawn up**
- Water use: **1.08 litres per visitor**
- Waste recovery: **52% of waste recovered**

### Improve the resilience of our assets and enhance their green value

- Climate resilience action plan: **strategic plan in place for the resilience of standing assets**
- BREEAM certification: **87.7% of centres by value BREEAM-certified as of 31 December 2020**

**OBJECTIVE**
100% of our sites BREEAM-certified by 2025

## For our *employees*

### Foster diversity

- Recruitment charter: **signing of a recruitment charter setting out Carmila's commitment to fighting all forms of discrimination**
- Equal job opportunities: **84/100 workplace equality index**

**OBJECTIVE**
Group workplace equality index of 90/100 in 2022

### Develop employees' potential

- Training plan: **2,734 hours of training dispensed in 2020**
- Career development and internal promotion: **12% of employees benefited from a promotion or an internal mobility opportunity**

### Strengthen employee engagement

- Competitive compensation: **establishment of an attractive and competitive compensation policy on the commercial property market**
- High-quality dialogue: **87% of employees are happy with their jobs and 84% are satisfied with the Company** (1)
- Home working arrangements **considered good by 94% of employees**(2)

### Training on ethics and corruption risks

## For *local regions*

### Support and consolidate the local economy

- A Responsible Offering: **rollout of a more community-minded commercial offering, featuring charity stores and thrift shops selling second-hand goods or locally-produced items.**
- High-quality dialogue with retailers and customers: **73% of retailers see Carmila as a genuine partner and 87% of customers are satisfied with their centre**(3)
- Local purchasing: **71.8% of work-related outlays allocated to local construction companies**
- Job search resources: **Support for local employment (vacancy postings, Student Pop partnership, interactive terminals, etc.)**

**OBJECTIVE**
Resources to support local employment in each centre by 2021

### Fulfil our role as a corporate citizen

- CSR events: **797 CSR events in 2020**
- Community partnerships **with Le Secours Populaire Français, Too Good To Go and a host of local charities**

(1) Annual satisfaction survey conducted in September 2020, covering all employees in France, Spain and Italy.
(2) April 2020 survey of employees in France.
(3) October 2020 customer survey.

# A year of five distinct periods

After a particularly promising start to the year, operations were severely disrupted by the health crisis. On average, the crisis gave rise to three months of closure in total in France, Spain and Italy during 2020. Carmila's teams worked hard throughout the year to support both retailers and their customers.

"2020 was shaped by five different periods, with health restrictions varying between regions and business segments.

**Our immediate priority was the health and well-being of retailers, our customers and teams, as well as putting in place stringent health measures in liaison with the local health authorities. Our teams focused on providing real-time updates and reassuring visitors to our centres, while keeping communication channels with retailers open at all times. To boost the visibility of shops and restaurants in our centres, we leveraged our omnichannel ecosystem by organising Click & Collect solutions and ramping up our social media presence. We also strongly encouraged local community outreach campaigns. Our efforts throughout the year paid off, with footfall outperforming our markets during the reopening periods and at close to normal levels in France."**

**Sébastien Vanhoove**
Deputy CEO

**JANUARY-FEBRUARY**

OPEN FOR BUSINESS

**100% of shops open**
in France, Spain and Italy

**Footfall**
**up 3%**
**in France, Spain and Italy**
**(+2 pts versus panel)**

**MARCH-MAY**

FIRST LOCKDOWN

**6% of shops open**
(based on rents) in France, Spain and Italy

## Bespoke solutions implemented to...

### Welcome customers and visitors in the best possible conditions

- Provision of hand sanitiser, enforcement of physical distancing, reorganisation of entrances/exits to better gauge the number of visitors
- Provision of protective equipment to essential stores to enable them to remain open during the second lockdown
- Cooperation with local authorities and regional health organisations to monitor and adapt the centres' health protocols
- Communicating health measures to customers

(1) Changes in average retailer sales versus the same period in 2019

**JUNE-OCTOBER**

OPEN FOR BUSINESS AGAIN

**Stores reopened for business**

in France on 11 May
in Spain on 25 May
in Italy on 18 May

**Solid performances in certain segments in France:**

Household Furnishings **up 17%**[1]
Culture, Gifts & Leisure **up 4%**[1]
Health & Beauty **up 1%**[1]

**NOVEMBER**

SECOND LOCKDOWN

ONGOING RESTRICTIONS

**34% of shops open**

in France

**Restaurants closed since** 30 October

**Decisions taken at regional level in Spain and Italy**
89% of stores open in Spain and 77% in Italy

**DECEMBER**

OPEN FOR BUSINESS AGAIN

ONGOING RESTRICTIONS

**Footfall in France close to normal levels at 92%**

**Retailer sales up 8%**[1] **(excluding food service)**

Household Furnishings **up 27%**[1]
Culture, Gifts & Leisure **up 7%**[1]
Clothing & Accessories **up 6%**[1]
Health & Beauty **up 5%**[1]

**Stores closed for three months on average in 2020, or 25% of the year**

## Inform and reassure

- Updated information about which stores were open and closed on shopping centre websites and digital media
- Real-time circulation of information via Google My Business, email and posts on the centres' Facebook pages
- Recreational social media content (explainers, games, quizzes, etc.) to maintain a positive connection with our customers

## Support retailers

- Ongoing dialogue with retailers via special WhatsApp groups and marketing webinars
- Rollout of Click & Collect solutions and support for retailers' digital transformation
- Partnership with Shopify in Spain to develop online sales
- Support for business continuity with drive-through pick-up services, e-commerce platforms and sales via WhatsApp

## Encourage local solidarity

- Connecting customers to encourage self-help groups on the Facebook pages of our shopping centres
- 17 drop-in centres set up in our shopping centres for victims of domestic violence
- Donations of face masks and hand sanitiser to hospital staff in Spain and donations of funds to non-profit organisations in France and Italy

# An agile response

**Business acumen and agility are embedded in Carmila's DNA, as the Covid-19 crisis has once again demonstrated. Teams worked hard throughout the year to sustain business momentum and ensure continued customer satisfaction – a commitment shared by everyone at every level of the organisation.**

"Simplify and enhance everyday life for retailers and customers in all our regions" – is Carmila's purpose statement. These words were also the focus of workshops held in early 2020, when teams brainstormed its real-world implementation. The year's events gave them ample opportunity to put their ideas into practice. Carmila employees demonstrated their extraordinary agility and resilience in the face of numerous constraints.

**87%[1]**
**OF EMPLOYEES ARE CONFIDENT ABOUT CARMILA'S FUTURE**

### The virtues of direct communication

Thanks to Carmila's regional organisation, remote working resources were already available to facilitate home working by employees, with two key objectives: supporting retailer activity and strengthening ties with customers. Teams adopted creative work methods and rallied together to prepare for each time businesses reopened. Direct communication was necessary to facilitate the flow of information. Shopping centre managers – who play a key role in maintaining ties with retailers and customers – were informed about Group decisions in near real-time and transmitted them to their teams on the ground for rapid execution.

### A collective commitment

The Group's management team rallied round alongside our stakeholders throughout the crisis. In addition to meeting regularly to decide on operational adjustments, they also liaised with consular agencies and public authorities to advocate for a balanced approach to physical trade, with the management teams of retailers to maintain constructive dialogue, and with internal teams to make getting through this difficult period easier. Accompanied by a solid support network and equipped and trained with the digital tools necessary to enable effective teamwork, Carmila employees were able to adapt and overcome these unprecedented circumstances. In an in-house survey, 94%[1] of respondents said that their working conditions during lockdown periods were good. Thanks to the various measures taken, Carmila was able to maintain its momentum in all areas, from leasing to operations, and employees enhanced both their responsiveness and efficiency.

**84%[1]**
**ARE SATISFIED WITH THE COMPANY**

**87%[1]**
**ARE SATISFIED WITH THEIR JOB**


## Maintaining a dynamic recruitment process

**Commitment, drive and diversity are the keys to Carmila's attractiveness as an employer, and the company recruited 48 new team members in 2020, including 18 work-study programme participants. At end-2020, new employees accounted for 12% of Carmila's workforce. To facilitate the remote onboarding of new arrivals, the Group organised an online induction week and set up an in-house mentoring system. Despite the crisis, teams continued to acquire new skills during the year. In 2020, every employee was offered at least one training session, webinars were organised on a regular basis and an online community provided opportunities for discussion, despite the necessary physical distancing.**

(1) Annual satisfaction survey conducted in September 2020, covering all employees in France, Spain and Italy.

# 2020 AS SEEN BY THE EXECUTIVE COMMITTEE

**In response to the Covid-19 crisis, Carmila adapted its operating methods and increased its agility by streamlining its management team. While the health crisis dominated their agenda, the Executive Committee members also focused during the year on Carmila's transformation and development.**

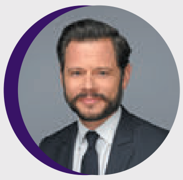
**MARIE CHEVAL**
**Chair and Chief Executive Officer**

**SÉBASTIEN VANHOOVE**
Deputy CEO

**FLORENCE LONIS**
General Secretary

**PIERRE-YVES THIRION**
Chief Financial Officer

**SEBASTIAN PALACIOS**
Director of Carmila Spain and Italy



**FRÉDÉRIC DESPRÈS**
France Operations Director and Director of Carmila Retail Development

**MORGAN LAVIELLE**
Communications Director

"During a uniquely challenging year, Carmila successfully leveraged the complementary skills and expertise offered by the Board of Directors. The Board supported the Company in making strategic decisions that enabled it to stand firm in the face of the crisis and retain its ability to innovate. The diversity of the Board's work and the creation of a specialised CSR Committee allowed Carmila to adapt to industry trends and anticipate the demands of shareholders and the financial markets."

**FLORENCE LONIS**

"We pursued our value creation activities during the year, both by finalising our two major extension and renovation projects, Nice Lingostière and Cité Europe (Calais-Coquelles), and by developing our growth drivers. The success enjoyed by our retailers with the support of Carmila Retail Development and the rapid implementation of our healthcare strategy reflect our ability to undertake virtuous projects that benefit our partners, our shareholders and our end customers."

**FRÉDÉRIC DESPRÈS**

"The year was particularly complicated in Spain, where the government imposed numerous restrictions that differed between operating regions and types of activity. We were able to adapt to each situation by capitalising on our unique coverage of the country, the quality of our business relations and the vitality of our customer operations. Our highly committed teams managed to sustain leasing activity and ensure that footfall outperformed the Spanish market."

**SEBASTIAN PALACIOS**

"2020 saw the adoption and implementation of our purpose statement, which serves as a day-to-day guide for our teams' commitment to our stakeholders. The year also witnessed the materialisation of many positive local initiatives, notably through the "Here we act" programme, in areas such as community outreach, employment and useful innovation. It's this constant focus on proximity and community that unites and motivates our teams."

**MORGAN LAVIELLE**

# An experienced Board of Directors

**Diversity and complementary skills are the qualities that characterise Carmila's Board of Directors. Its members were particularly active in 2020 in the face of the health crisis and its consequences.**

At end-2020, Carmila's Board of Directors had 16 members. Independent Directors, including the Lead Independent Director, compose the majority with nine of the seats. It also comprises four Directors representing the Reference Shareholder, Carrefour, and two Non-Voting Directors. Six of the 14 Directors are women, or 43% of members. Women chair three of the four specialised committees. The Board of Directors brings together people with varied profiles and complementary skills, who have proven expertise in property, asset management, finance, legal affairs, human resources, digital marketing, distribution, economics and CSR. 2020 was shaped, in particular, by the Board's efforts to address the challenges associated with the health crisis, by a new governance organisation, and by the creation of a six-member CSR Committee.

**14**
**DIRECTORS INCLUDING 1 LEAD INDEPENDENT DIRECTOR**

**2**
**NON-VOTING DIRECTORS**

Audit Committee

Nomination and Compensation Committee

Strategy and Investment Committee

CSR Committee

**MARIE CHEVAL**
Chair and Chief Executive Officer of Carmila

**OLIVIER LECOMTE**
Lead Independent Director

**SOGECAP**
Represented by **YANN BRIAN**
Independent Director

**PREDICA**
Represented by **EMMANUEL CHABAS**
Independent Director

**AXA REIM FRANCE**
Represented by **AMAL DEL MONACO**
Independent Director

**SÉVERINE FARJON**
Independent Director

**MARIA GARRIDO**
Independent Director

**LAURENT LUCCIONI**
Independent Director

**JÉRÔME NANTY**

**ALEXANDRE DE PALMAS**

**CLAIRE NOËL DU PAYRAT**

**NADRA MOUSSALEM**
Independent Director

**CARDIF ASSURANCE VIE**
Represented by **NATHALIE ROBIN**
Independent Director

**LAURENT VALLÉE**

**LAURENT FLÉCHET**
Non-Voting Director

**PEDRO ANTONIO ARIAS**
Non-Voting Director

| 43% | 9/14 | 96.7%(1) | 75% |
|---|---|---|---|
| WOMEN | INDEPENDENT DIRECTORS | ATTENDANCE RATE | OF COMMITTEES CHAIRED BY WOMEN |

(1) Average attendance not including Non-Voting Directors.

# A Board whose work is guided by four specialised Committees

## AUDIT COMMITTEE

The Audit Committee's role is to supervise matters relating to the preparation and control of accounting and financial information and to monitor the effectiveness of the operational risk management and internal control system.

**6 meetings in 2020**
**4 members**

Chaired by
**OLIVIER LECOMTE**

## NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee assists the Board of Directors with the determination and regular assessment of all compensation and benefits allocated to Carmila's corporate officers and senior executives, and with the membership of its executive bodies.

**6 meetings in 2020**
**5 members**

Chaired by
**SÉVERINE FARJON**

## CSR COMMITTEE

Created in April 2020, the CSR Committee is responsible for discussing, defining and assessing Carmila's general policies in the area of corporate social responsibility.

**2 meetings in 2020**
**6 members**

Chaired by
**SÉVERINE FARJON**

## STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee is tasked with reviewing Carmila's investment strategy and that of its subsidiaries, as well as any decisions relating to investment or divestment projects.

**2 meetings in 2020**
**6 members**

Chaired by
**NATHALIE ROBIN**

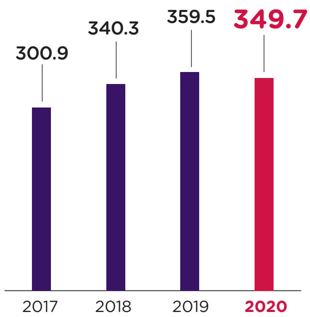
## Varied and complementary skills

**The Board of Directors has a broad array of skills at its disposal, thanks to experienced members with proven expertise.**

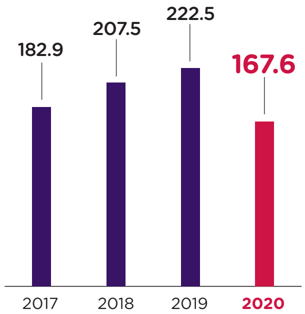
- Property
- Asset management
- Finance
- Legal affairs
- Human resources
- Digital marketing
- Distribution
- Economics
- CSR

# Solid financials reflecting a resilient core business

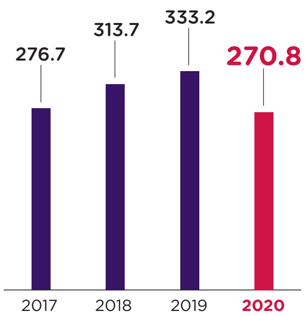
### GROSS RENTAL INCOME
IN MILLIONS OF EUROS



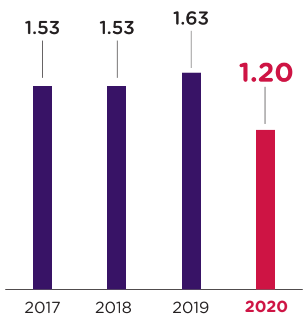

### RECURRING EARNINGS[1]
IN MILLIONS OF EUROS




### NET RENTAL INCOME
IN MILLIONS OF EUROS




### RECURRING EARNINGS PER SHARE
IN EUROS




(1) EPRA earnings excluding non-recurring items
(2) Appraisal values, including transfer taxes
(3) Net asset value
(4) Loan to value ratio: net debt/gross asset value (including transfer taxes) as of 31 December 2020

## "In the face of the health crisis, Carmila demonstrated the solidity of its financial structure.

To support our tenants over an average three-month closure period in 2020 – a quarter of the year – Carmila negotiated rent relief representing a total value of 1.9 months, or 18% of annual rents billed. Net rental income was down 18.4% year on year, including the 17% impact of rent relief measures. Factoring out rent relief, like-for-like net rental income edged back by 1.4%, showing how resilient the Group's rental base is.

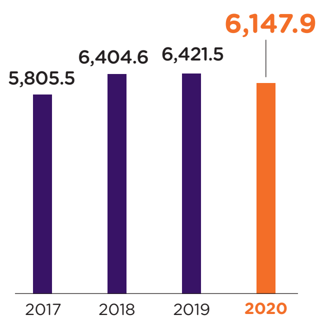
The decrease in the portfolio valuation was limited to 4.3%, reflecting a 30-basis-point increase in exit rates and a stable rental base and underscores the strength of Carmila's assets.

Including transfer taxes, the loan-to-value ratio stood at a prudent 37.0% at the year end, ensuring continued access to financing at attractive conditions – as demonstrated by Carmila's successful November bond issue, which was 5.5 times oversubscribed. Debt levels remained stable, underscoring the balance struck between the Group's dividend and investment policies, in line with the financial performance in 2020."

**Pierre-Yves Thirion**
**Chief Financial Officer**

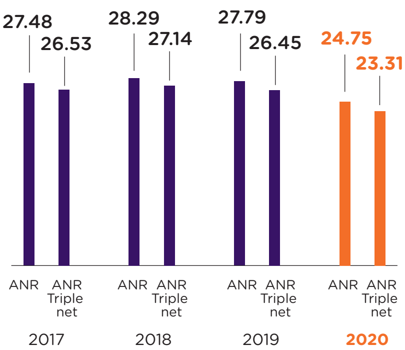
### PORTFOLIO GROSS ASSET VALUE(2)

**IN MILLIONS OF EUROS**



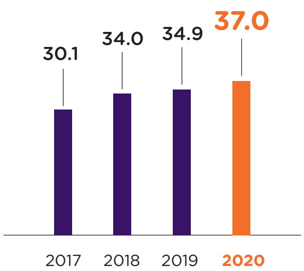

### NAV(3) & EPRA NNNAV PER SHARE

**IN EUROS**




### LTV(4)

**(INCLUDING TRANSFER TAXES) AS A PERCENTAGE**




# Share price and ownership structure

**€11.78**

**SHARE PRICE AT 31 DECEMBER 2020**

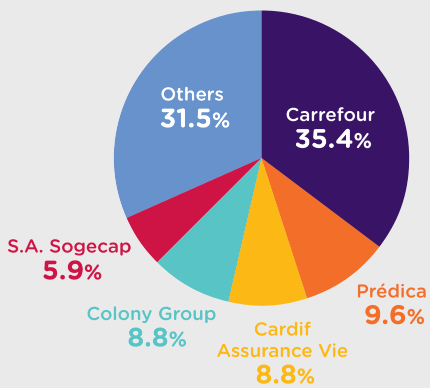
**142,616,879**

**NUMBER OF SHARES AT 31 DECEMBER 2020**

**€1,680m**

**MARKET CAPITALISATION AT 31 DECEMBER 2020**

**OWNERSHIP STRUCTURE**



# Purpose and organisation of risk management

**Carmila's risk management system is primarily designed to cover the financial, operational, liquidity and environmental risks described in section 5.2 "Risk factors" and Chapter 4 "Non-financial statement" of the Universal Registration Document.**

Carmila's risk management system strives to identify, analyse and address the major risks liable to harm people, the environment or the company's assets, objectives or reputation. In particular, risk management seeks to:

- preserve Carmila's value, assets and reputation,
- safeguard Carmila's decision-making and procedures to help it achieve its objectives,
- encourage initiatives that are consistent with Carmila's values,
- rally employees around a common vision of the main risks.

Carmila's approach is to embed risk management within its day-to-day business operations.

In 2020, the Group carefully reviewed the risk factors inherent to its business and ensured that they were correctly classified.
Carmila identified 19 specific and major risks, which it classified into four categories. They were then ranked and presented in decreasing level of importance within each category, based on their probability of occurrence and potential impact. The main changes concerned the assessment of risks relating to: changes in the socio-economic environment; shifts in consumption trends; health, security and safety, including health crisis risks; property development; and IT system security.

## 19 specific risks divided into four categories

### CATEGORY 1 RISKS RELATING TO CARMILA'S BUSINESS SECTOR

1. Trends in the commercial real estate market
2. Changes in the socio-economic environment
3. Shifts in consumption trends
4. Competitive environment
5. Geographic exposure of assets

### CATEGORY 2 RISKS RELATING TO CARMILA'S OPERATIONS

6. Health, safety and security, including risks associated with a health crisis such as Covid-19
7. Relationships with and exposure to retailers
8. Counterparty risk
9. Strategic partnership with the Carrefour group
10. Property development
11. IT system security

### CATEGORY 3 REGULATORY, LEGAL AND TAX RISKS

12. Urban planning and environmental regulations
13. Regulations applicable to REITs
14. Commercial lease regulations
15. Applicable regulations on the security and use of personal data
16. Ethical risks

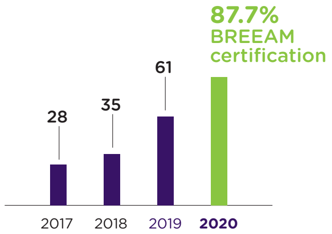
### CATEGORY 4 FINANCIAL RISKS

17. Access to financing
18. Increase in financing costs
19. Access to equity markets

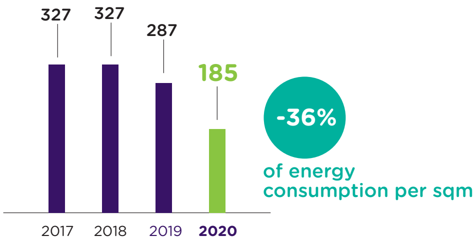
# Non-financial indicators

## planet

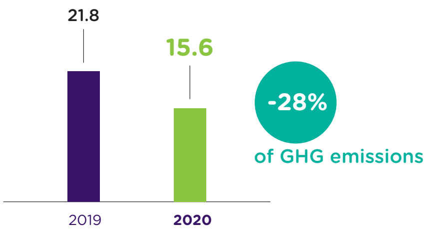
### SHARE OF SHOPPING CENTRES WITH ENVIRONMENTAL CERTIFICATION
AS A PERCENTAGE OF PORTFOLIO VALUE




### ENERGY CONSUMPTION PER SQ.M. AS REPORTED
IN KWHEF/SQ.M.




### CARBON FOOTPRINT AUDIT ON SCOPES 1 & 2 IN KTCO$_2$E ON A REPORTED SCOPE




### CARMILA, A SUSTAINABLE STOCK

**Ranked "A-"** by the Carbon Disclosure Project

**EPRA Gold Award** for the quality of financial and non-financial reporting

**2nd in the Shopping Centres Europe category,** a 13% improvement

## local regions

### EMPLOYMENT

**930**

**students** hired locally to provide temporary support to shopping centres and retailers as part of the partnership with Student Pop

### LOCAL ECONOMY

**72%**

of work-related outlays during the year – **€50 million** – allocated to local businesses (France)

### COMMUNITY OUTREACH

**17**

**drop-in centres** for victims of domestic violence in France

**16**

**Covid-19 testing facilities** in Carmila shopping centres in France

## employees

**54%**

WOMEN

**84/100**

WORKPLACE EQUALITY INDEX

TARGET OF 90/100 FOR 2022

**17%**

OF EMPLOYEES ON WORK-STUDY PROGRAMMES

**12%**

of employees benefited from **a promotion or an internal mobility opportunity**

# Transforming and creating local community hubs

Attentive to the needs of local regions and their residents, Carmila designs and operates shopping centres on a human scale that are people-friendly and foster a sense of community. They play a key role in daily life and strengthen social cohesion. Convenient and accessible, these centres share an essential component – an extensive grocery offering with a Carrefour hypermarket and a wide range of shops and everyday services.

## Indicators

**2 million**
visits per day on average across all centres

**87%**
of customers satisfied with their centre[1]

**92%**
of customers rate access to their centre as simple and practical[2]

**100%**
Renovation plan complete

**87.7%**
of assets by value BREEAM-certified as of 31 December 2020

(1) October 2020 customer survey, France & Spain
(2) May/June 2020 Shopping Lab survey, France

# Utility.

**While the health crisis certainly had an adverse impact on shopping centres during 2020, it also highlighted their utility. Operating in synergy with Carrefour hypermarkets to provide "everything under one roof", Carmila shopping centres represented the simplest and safest solution for many shoppers during the restricted opening periods. Their size and accessibility and the everyday convenience services offered proved to be key strengths in the unprecedented circumstances.**

**Their proximity and strong footing in the community also made them a logical place for relaying local initiatives, whether pandemic-related or not. From drop-in centres for victims of domestic violence to Covid-19 testing facilities and job search resources, our centres in France, Spain and Italy partnered numerous community-minded initiatives during the year.**

**Throughout 2020, our teams worked tirelessly to support our retailers and their customers. This attentiveness, together with the strict health measures taken at our sites, attracted customers and visitors back to our centres as soon as they reopened. The long-haul work carried out over the past few years also continued in 2020 despite the crisis. To prepare our sites for the future and meet the expectations of customers and local regions, we pursued our efforts during the year to upgrade our centres and improve their environmental performance.**

# Encouraging solidarity in local communities

**In 2020, Carmila shopping centres joined forces with their retailers to provide support to those affected by the crisis.** Their proximity to local communities enabled them to encourage and facilitate local solidarity. Space was made available to non-profit organisations for fund-raising purposes in France and Italy; in Spain, teams donated food to nearby hospitals. In the Spanish city of Albacete, the Los Llanos shopping centre provided disability non-profit Asprona with three spaces, enabling it to organise events to raise awareness about the risks of Covid-19, as well as leisure activities and vocational training sessions. In France, 16 sites hosted Covid-19 testing facilities.

Several Carmila shopping centres, including K2 in Lorient and Pau Lescar, also worked with local charities and public authorities to set up 17 drop-in centres for victims of domestic violence, in spaces provided free of charge to non-profit organisations.

**"During lockdown periods, reports of domestic violence increased significantly. Thanks to our drop-in facility in the Pau Lescar shopping centre, victims of domestic violence can use the pretext of buying groceries to get personalised advice and support discreetly."**

EMMANUELLE DESCOUBES
Director of non-profit
Du Côté des Femmes

du côté des femmes

### Supporting youth employment with Student Pop

**To meet the occasional need for extra workers, Carmila has partnered with start-up student employment agency Student Pop. A dedicated app enables retailers to submit their recruitment needs in just a few clicks. Student Pop then takes care of everything, from selecting and briefing applicants to sorting out logistics and administrative formalities. For retailers, this means a simpler recruitment process and significant time savings. In 2020, 930 students were hired locally to bolster retail teams and help the shopping centres welcome customers and visitors appropriately, by distributing hand sanitiser, for example, and facilitating circulation.**

**“Versatility is one of our key strengths. Our students are able to work in a variety of areas, from sales and events to maintenance, shelf stacking and customer checkout.”**

STEVE LEFEVRE
Business Developer at Student Pop

# Contributing to the vitality of local employment

**By supporting job seekers, Carmila is making its shopping centres go-to destinations for its customers and retailers.**
In response to the economic crisis, Carmila shopping centres have come to the aid of job seekers, particularly the younger ones. Social-distancing measures made it impossible to organise the job fairs traditionally held in the arcades in partnership with local employment agencies. Carmila’s teams therefore came up with innovative solutions to help retailers recruit new staff. Certain centres, including Hérouville Saint-Clair, Thionville Géric and Puget-sur-Argens, posted job offers on their websites and in display windows installed in their arcades. Several dozen people have been hired thanks to this new service, known as Shop Ton Job.

# Driving the green transition at our sites

**Carmila has stepped up its climate-related initiatives, with the implementation of the “Here we act” CSR programme.**
Our sites’ energy intensity declined by 36% in 2020, primarily thanks to the use of building management systems. Another 22 shopping centres – 20 in France and 2 in Spain – obtained BREEAM certification during the year, in recognition of their environmental performance. As a result, 87.7% of Carmila’s shopping centres are now certified and a target of 100% has been set for 2025. Assessed by the Carbon Disclosure Project (CDP) on its carbon strategy, Carmila achieved a score of A-, putting it among the most active companies in the world in terms of fighting climate change.

### Four-star rating and “Green Star” status

Additional proof of the effectiveness of the “Here we act” programme and the CSR commitment of its teams, Carmila has reached a new milestone in the Global Real Estate Sustainability Benchmark (GRESB), an international rating system specifically for the real estate industry. In its second year of participation, Carmila obtained a four-star rating and the prestigious “Green Star” status. It also achieved a score of 88/100 for the Development component of the GRESB assessment, thereby climbing to second place in the 'Shopping Centres Europe' category.

**“With 87.7% of its assets BREEAM-certified, Carmila has already met the target set for 2021 – tangible evidence of the Group’s determination to limit our environmental footprint.”**

JAMES FISHER
Strategic Relationship Lead at BRE Group (BREEAM)


Following the extension inaugurated in 2019, the Rennes Cesson shopping centre obtained BREEAM New Construction certification in October 2020.

### An environmental audit to drive further progress

**As part of a continuous improvement process, Carmila carried out an environmental performance audit in 2020 on a dozen sites in France deemed representative of its portfolio. The audit identified three areas for improvement: combating climate change, conserving natural resources and cutting down waste, and ensuring asset resilience and green values. The plan drawn up in the wake of the audit provides for a 50% reduction in $CO_2$ emissions by 2030 and sets a target of 100% waste recovered for 2025.**

The food court at the Jerez Sur centre in Andalusia is scheduled to open in 2021.


# An ongoing asset modernisation programme

**Carmila takes a holistic approach to all its shopping centre extension and modernisation projects. For Carmila, the aim is to meet changing customer expectations – particularly in terms of product and service diversity and the integration of new retailers with suitable formats – but also to improve the sites' environmental performance and to address the urban planning challenges faced by local regions.**

The health crisis prompted Carmila to streamline the implementation of its extension programme, which can be reactivated as soon as conditions permit. Two major projects are nonetheless being pursued in partnership with Carrefour Property. Nice Lingostière and Cité Europe (Calais-Coquelles) are both extension/restructuring projects aimed at transforming long-standing centres into go-to shopping destinations. With work continuing at a sustained pace, both projects reached key milestones during the year. As a result, the Nice Lingostière project was almost completed by the year-end. At Cité Europe, the interior renovation work on the Cité Gourmande food court was completed during the year. The restaurant façades have been refreshed, a large glass roof has been installed to let in natural light and new retailers, like Pitaya, have broadened the choice offered to customers and visitors. Preparatory work was also finalised during the year for the arrival in late January 2021 of Primark, in a 4,000 sq.m. space spread over two floors. Around 150 people were hired for the opening of this flagship, ready-to-wear store, which will help to attract locals to the centre and to its other retailers.

### Renovating and revamping

Carmila is also pursuing modernisation projects aimed at integrating new facilities and improving environmental performance. In Spain, work was carried out in 2020 at the La Granadilla (Badajoz), Parquesol (Valladolid) and Gran Sur (Cadiz) shopping centres. At Jerez Sur, renovation work on the cinemas was completed in summer and initiated during the year on the food court, which will open in 2021. At La Sierra (Cordoba), restructuring began in 2020 in preparation for the arrival of clothing retailer Mango and work was completed in January 2021. In Italy, the process initiated in 2015 to replace existing fixtures with LED lighting in all Carmila shopping centres and their car parks was finalised during the year, resulting in a 19% reduction in energy use.

### Innovative property projects

To meet the challenges associated with urban planning and regional transformation, Carmila is looking into urban diversity projects at around 20 of its sites. In particular, the Group will play an important role in the three urban development projects launched by Carrefour in partnership with Altarea on the sites of Flins/Aubergenville, Nantes Beaujoire and Sartrouville. Carmila also plans to create several "food parks" at its sites, like the one outside the Toulouse Purpan shopping centre completed in early 2020 and hosting Burger King, Ristorante del Arte and Bistrot Régent.

Primark arrives at Cité Europe in Calais, signalling the completion of the centre's transformation.


## 2-point increase in NPS

**To monitor customer loyalty, Carmila tracks its centres' Net Promoter Score® (NPS), which measures how likely each visitor is to recommend the shopping centre to others.**
**In France, the NPS continued to improve during the year, rising from +5 to +7, with a sharper increase for centres with fewer than 30 stores. These results, together with the customer surveys carried out during the health crisis, highlight the utility of local shopping centres in times of crisis.**

# Close-up.

## CARREFOUR, A PARTNER IN EVERYDAY LIFE


In a year when the grocery offering came to the fore, Carrefour hypermarkets performed particularly well during the health crisis. Open throughout the year, they were more than ever a driving force for Carmila shopping centres. Thanks to Carrefour's practical, "everything under one roof" offering, its rapid implementation of measures aimed at safeguarding consumers' purchasing power and its firm commitment to the food transition, the grocer was able to reassure customers and strengthen their confidence in its brand. Regarded as the most useful brand in daily life during France's two lockdown periods*, Carrefour posted its best performance in over 20 years in 2020. Many and varied, the synergies between Carmila and Carrefour relate to both the local level in terms of centre operations and marketing communications campaigns, as well as to the development of key partnerships. For example, Carmila is looking into various urban diversity projects with Carrefour, in order to meet the challenges associated with urban transformation.

* Source: CSA's Brands&You survey

## TRANSFORMATION COMPLETE AT NICE LINGOSTIÈRE


A key feature of Nice's hinterland, the Nice Lingostière extension and renovation project aims to transform this venerable shopping centre, which hosts one of the first Carrefour hypermarkets in France, into a go-to shopping destination. Better connected to its surroundings and sporting a new architectural design by Wilmotte & Associés, the site will host 50 new retailers over an additional surface area of 8,000 sq.m., bringing the total offering to 100 stores and restaurants covering a gross leasable area (GLA) of 20,000 sq.m. Internal teams worked with local businesses and service providers throughout the year to keep the project on schedule. Thanks to the sustained efforts of everyone involved, the new food court opened in July and the entrance to the new arcade in November. The car park, equipped with a guidance system, Tesla electric vehicle charging points and soon universal charging points, was completed in October. Retailer interest in the project was not dampened by the crisis; at end-2020, the entire retail space was fully pre-leased. To offer customers a diverse and attractive merchandise mix, the new centre will host big names like H&M, Kiabi, Cultura and Mango, as well as fast-growing retailers such as Le Repaire des Sorciers, La Barbe de Papa and Normal, which specialises in everyday products at low prices.

# Enhancing the retail and services offering

Carmila's consumers seek simplicity and convenience, so the Group constantly adapts its product and service offering to meet expectations in each catchment area. The challenge is to capitalise on the knowledge of local teams to offer an appropriate selection in each region – an offering that is useful, comprehensive and human in scale, tailored to each centre; attractive but not excessive, in order to promote more responsible consumption.

## Indicators

**684**
leases signed in 2020 or 11% of the rental base

**95.7%**
financial occupancy rate at 31 December 2020

**+2.2%**
average reversion on renewals in 2020

**6,282**
leases in three countries

**45%**
franchisees and independent retailers in France

**52**
leasing managers in 10 regions in France, Spain and Italy

# Agility.

To help them get through a challenging year complicated by government restrictions, our teams rallied around our retail partners in 2020. By maintaining constructive dialogue, crafting marketing initiatives and launching new services, they endevoured to provide customised solutions tailored to each retailer's needs. We also supported tenants by offering rent relief. In direct application of government measures, three months' rent was waived for very small businesses in France. Other arrangements were negotiated on a case-by-case basis, as Carmila sought a fair and realistic solution aimed at preserving the financial health of both retailers and the group's business.

Leasing activity got off to a strong start at the beginning of the year and continued at a good pace despite the crisis. Thanks to the nature of our network, the efforts made to maintain dialogue with our tenants and prospects, as well as the wide range of solutions on offer, retailers continued to join our centres during the year. A total of 684 leases were signed in 2020, with retailers such as Colombus and Basic Fit in France, Xiaomi and Flipa Jump in Spain and Pandora in Italy.

Our ability to offer customised leases meant that we were once again able to support new retail ideas and test the viability of new concepts like second-hand retail. This ability to adapt our merchandise mix, by sourcing potential franchisees locally or rolling out pop-up stores, will serve as a competitive advantage as we continue to transform our sites and address new business challenges.

# Conditions conducive to a dynamic leasing performance

**Carmila maintained a good level of leasing activity during the year thanks to the nature of its shopping centres and their strong footing in local communities, as well as the regional organisation of its teams which ensures proximity with retailers, and the trust-based relationships it has forged with leading retail brands. Including renewals, a total of 684 leases were signed in 2020.**

Centre by centre, Carmila's teams have worked hard to address new consumer trends, diversify the offering and develop unique selling points.

**Successful store openings**

Attracted by high-quality locations, customised leases and the support provided by retail experts, several retailers joined Carmila's shopping centre network for the first time in 2020, including Tiendanimal, Crazypet, Normal, Taco Bell and Nachos.

In addition, many online pure players also chose Carmila for their first physical store in a shopping centre, with the dual objective of enhancing their concept's visibility and reaching a new audience. One example is Les Jouets Français, a retailer specialised in the distribution of toys and games that are 100% made in France, which joined the Orange Le Coudoulet centre during the year. Similarly, Patatam, an online thrift fashion specialist, opened


**"Normal set up shop in the Cité Europe and Bay 2 centres in 2020. We were delighted to work with Carmila on these openings. The local teams were very enthusiastic about our arrival, were hugely cooperative and showed initiative that was much appreciated. We had their full support and benefited from fantastic marketing plans for the stores' openings."**

MORTEN LYNGSØ
Country Manager France, Normal

its first physical store at the BAB2 (Biarritz) shopping centre during the year and Marquette, the first concept store dedicated to digital native vertical brands, developed in partnership with Digital Native Group, set up shop in Labège 2 (Toulouse).

**The appeal of proximity**

Thanks to the size and proximity of its centres, Carmila has created an environment that is reassuring for customers and visitors and attractive to retailers – a factor that contributed significantly to the vitality of its leasing activity in 2020. At Bay 2 (Paris region), for example, scheduled store openings continued apace despite the crisis. A total of 10 new stores opened at the centre during the year, including regional retailer La Nouvelle Literie in January, Danish retailer Normal in October and footwear specialist Chausséa in December. The momentum has even spread to legacy retailers, such as Jeff de Bruges and Courir, which plan to transform their stores in line with the brands' latest concepts.

## Supporting retailers with multi-site development plans

**Thanks to its extensive geographic coverage, Carmila can offer retailers a wide range of development opportunities, with plans covering the whole of France, region by region, at a pace tailored to their ambitions. Carmila's leasing teams provide specific support to retailers that wish to commit to several locations at the same time, as part of a package deal. This strategy enables retailers to speed up their development while strengthening the impact of their network. In 2020, this approach resulted in the opening of 10 Free stores and the signature of eight Hubside sales outlets. Also during the year, two Le Comptoir de Mathilde stores were opened with the same franchisee and six Indémodable shops were inaugurated in October alone in the western France region and five in November in the Paris region.**

Toy retailer Les Jouets Français has set up its first physical store at the Orange Le Coudoulet centre.

Regional retailer La Nouvelle Literie opened at Bay 2 in January 2020.


**As an investor, I generally like to set up in shopping centres with at least three retail brands in order to pool costs. Carmila's teams analysed my areas of development and proposed several suitable sites, while also putting me in touch with various brands. Very quickly, we signed 11 proposals relating to several different centres."**

JORGE FERNANDES
Multi-brand franchisee

# Franchise & Development, an innovative service

**In France, 45% of tenants in Carmila shopping centres are independent retailers or franchisees, like Mango and Avril at the Rennes Cesson centre or Grain de Malice at the Crêches-sur-Saône centre.** To help retailers connect with entrepreneurs wanting to join a franchise or affiliate network and support their development, Carmila launched a turnkey service known as Carmila Franchise & Development in October 2020. This unique and innovative structure aims to generate synergies between the two parties, so that their development is driven by a win-win model based on a key principle: the right retailer, in the right place, for the best possible results. To meet this challenge, Carmila Franchise & Development is leveraging the Group's regional organisation and in-depth knowledge of the local economies, its experience dealing with retailers and franchisees, and its capacity to offer customised spaces in shopping centres that are often leaders in their catchment areas. Several agreements have already been signed, notably with retailers Adopt, Milome and Project X.

La Banque Postale Financement, a subsidiary of La Banque Postale, conducted a communication campaign in eight Carmila shopping centres.

# Formats adapted to each retailer's needs

**For several years or several days. Store, stand or medium-sized retail units.** To consolidate a business, celebrate an event, present a seasonal selection, increase visibility or test a new concept. Thanks to flexible leasing formats and customised, local support, Carmila helped retailers achieve their objectives despite the year's Covid-related complications.

### Pop-up stores, an effective alternative

A simple, practical solution that enables retailers to set up a store quickly without committing to a long-term lease, pop-up stores are also popular with customers and visitors, who enjoy the fast-changing retail environment. Attracted to this format, numerous retailers have forged trust-based partnerships with Carmila to capitalise on its geographic coverage and its deployment support. One example is Le Repaire des Sorciers, a retailer dedicated to Harry Potter and the Wizarding World, which opened four new stores in 2020 – the latest, at BAB2 (Biarritz), being its ninth in Carmila's portfolio.

Offering greater flexibility during the crisis, the pop-up store format was tested in 2020 by many different tenants, from conventional retailers to non-profit organisations and digital brands. In Angoulins, five artists were able to display and sell their creations during the festive season by leasing a pop-up store transformed into an art gallery. With cultural venues closed throughout the country, the Par Az'Art pop-up was a great opportunity for them and ultimately a resounding success.

### More temporary formats

Despite the restrictions placed on event organisation activities, Carmila was able to leverage the expertise of its Specialty Leasing department, which leases spaces for short periods, in order to adapt to changing operating conditions in real time. As a result, Carmila's teams were able to organise Christmas markets in 31 of its shopping centres, representing a total of nearly 300 stands, while also ensuring compliance with Covid-related health measures. Brands also demonstrated their confidence in Carmila Event by postponing roadshows to hold them outside lockdown periods. This was the case, for example, for non-profit organisation Médecins Sans Frontières, which held fundraising campaigns in 13 centres in July, and for La Banque Postale Financement, a subsidiary of La Banque Postale, which organised a consumer credit communication campaign – "Sur la route de vos projets" – at eight centres in the autumn, in partnership with RMC Découverte, MyCuisine and 01net.

## Deployment made easier by a dedicated structure

**Carmila helps retailers set up new stores via its partnership with Carrefour Property, which created a unit dedicated to store openings in June 2020. The Deployment team accompanies retailers from the pre-leasing phase to store inauguration, notably helping with aspects like joint venture development, package deals, commercial leases and pop-up stores, resulting in time savings and increased responsiveness. The team was involved in more than 100 projects in 2020, for an average gain on the opening schedule of one to two months.**

# Close-up.

## A MORE RESPONSIBLE SHOPPING EXPERIENCE

**Carmila is adapting its retail offering to meet growing demand for more responsible products and services.**

The Covid-19 pandemic has heightened consumers' desire for a more sustainable offering that promotes local products and local distribution networks. Welcoming its first So Bio store into the Reims Tinqueux centre is just one example of how Carmila is responding to this trend. 2020 also saw the increased interest in a more socially responsible consumption model, primarily based on the purchase and resale of second-hand goods. In a challenging economic environment, including second-hand products in the retail offering is a way of improving consumers' purchasing power and tap into a fast-growing market popular among 18-24 year olds.

### A movement already under way

The movement has already begun, as illustrated by the opening in 2020 of a new Cash Korner second-hand store at Bay 2 (Paris region), the signing of leases for several stores with refurbished phone retailer Hubside, and the organisation in Laval of a second-hand goods sale for the benefit of the Secours Populaire charity. At the Cap Saran centre near Orléans, a thrift store jointly run by Emmaüs and local non-profit La Ressource AAA sold donated products and original creations from September 2020 to January 2021. And in Spain, the Móstoles shopping centre provided space free of charge for four months to non-profit organisation Altrapo Lab for its El Intercambiador project, which promotes sustainable fashion through clothes swapping.

"Opening a charity store in a shopping centre is a first for us. This project, carried out in partnership with Carmila and the Cap Saran (Orléans) centre, gives consumers the opportunity to take concrete action in favour of solidarity and workplace integration by making a useful, responsible purchase."

**CATHERINE DEPAZ**
Head of the Emmaüs Loiret Community

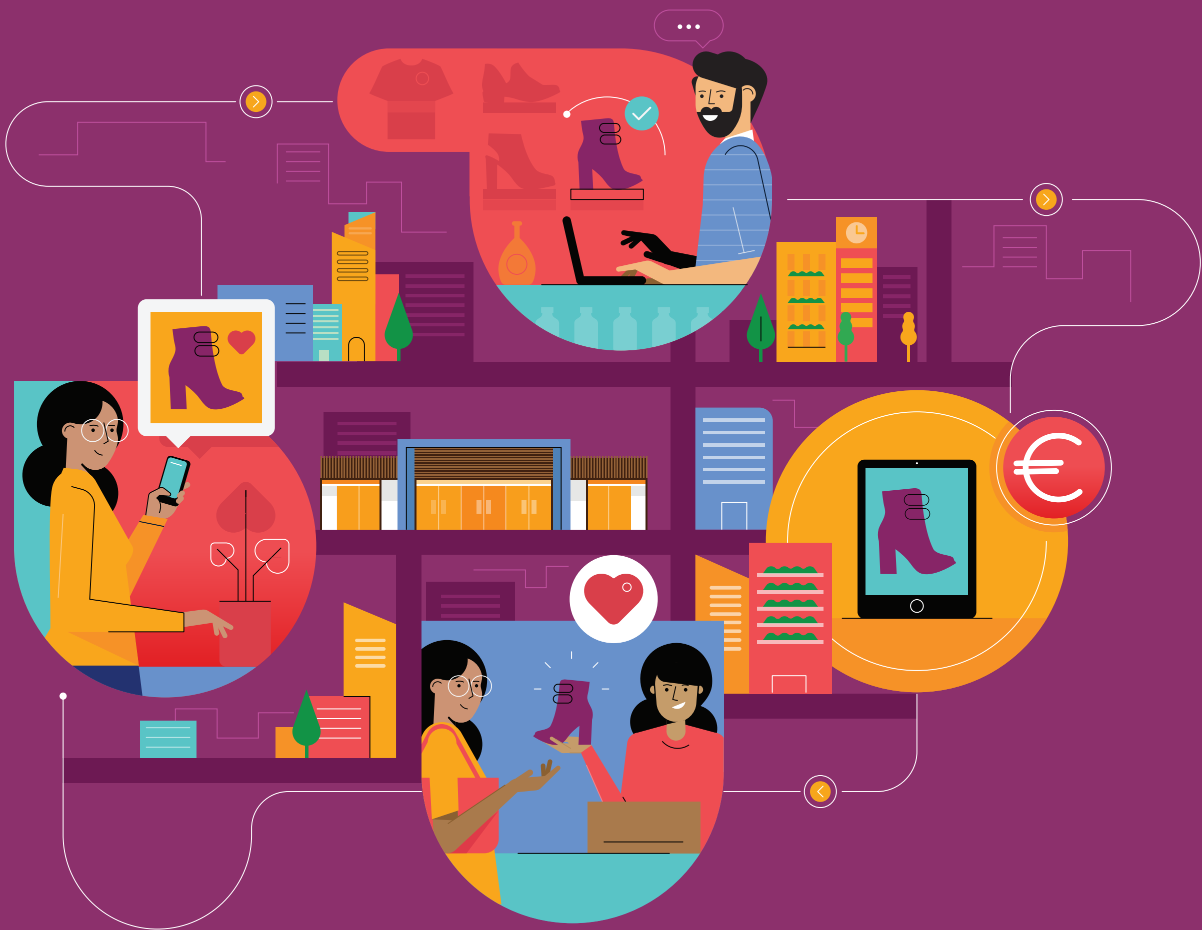
## PLAN INICIA, A PROGRAMME TO SUPPORT THE OPENING OF STORES IN SPAIN

Plan Inicia was created to provide better support to retailers wanting to open their first store in a Carmila shopping centre in Spain. The programme includes a detailed analysis of the project, customised advice, technical assistance for space preparation work and a promotional campaign to mark the outlet's opening. The aim is to secure the success of the retailer's first store in the network, while also facilitating the leasing process for Carmila. To date, discussions have been held with close to 200 candidate retailers.

"We're very grateful to Carmila for helping us enhance the visibility of our restaurant. Their initiatives enabled us to gain regular customers who were attracted to our fast food offering."

**CARLOS FINOL MÉNDEZ**
Charlie Fast Food -
Centro comercial Carrefour
San Juan de Aznalfarache

# Connecting retailers and consumers



A shopping centre that is both community-based and useful is one where people can feel relaxed and comfortable, and where they can communicate with tenants easily and sincerely. Carmila brings retailers as close as possible to the customers' neighbourhoods. Its staff are trained to encourage dialogue and nurture these close relationships on a daily basis – especially in challenging times – by remaining in contact and offering partner retailers tailored support. Through both physical and digital channels, this communication galvanises communities and has helped build stronger bonds during the crisis.

## Indicators

**3.5 million**
opt-in contacts

**100**
local ambassador influencers

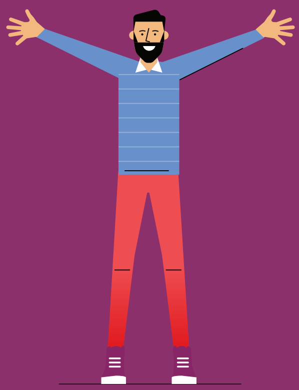
**+7**
2020 Net Promoter Score®
(up 2 points versus 2019)

**8,783**
local marketing and digital campaigns under the Kiosk programme in 2020

**3 million**
visits to shopping centres generated by digital campaigns (up +14.8% versus 2019)

# Real time.

**Maintaining ties between retailers and customers was our credo in 2020. Throughout the year, we worked unremittingly to ensure they remained in contact.**



**Since its creation, Carmila has developed an omnichannel strategy based on customer knowledge and drive-to-store solutions. The health crisis has demonstrated the soundness of this strategy. Our distributed marketing model allowed us to act fast during this unprecedented crisis. Our responsive digital ecosystem enabled us to reassure retailers and customers about the safety and preventive health measures we implemented and provide real-time information about shopping centres, opening times and access. We fostered community support by making donations to hospitals, and encouraging people to help one another by organising outreach initiatives between neighbours. But also, through positive communication, we helped inspire local communities, led tutorials, and contributed to improving everyday life in enjoyable and simple ways. We implemented several digitalisation and Click & Collect initiatives, for example launching online orders and drive-through pick-up services in car parks for pharmacies and food retailers, and supporting hairdressers with online appointment scheduling.**

**Working on the front line, shopping centre managers did everything possible to ensure the success of these operations. They understand the reality on the ground, and therefore took steps and initiatives at the local level to encourage dialogue, support tenants and make life easier for both customers and retailers.**

# Local marketing campaigns to enhance the appeal of stores

**Several years ago, Carmila launched the Kiosk, a range of omnichannel marketing solutions for retailers**. These solutions are both target and turnkey and they aim to boost the attractiveness of stores and help retailers drive sales. 2020 demonstrated the effective and responsive aspects of these solutions, which can be taken up either locally at a single store or centrally, then adapted into multi-local actions. For Carmila's teams, the objective was clear: to assist retailers in offsetting closures as much as possible, by maximising the potential during the reopening periods. For example, the campaign to promote KIKO's "Holiday Gems" Christmas collection, organised at eight centres in December, and Okaïdi-Obaïbi's ID Troc initiatives around second-hand goods in March and October, were resounding successes. Kiosk solutions also contributed to making the most of store launches, such as Normal at Bay 2 (Paris area) and Marquette at Labège 2 (Toulouse), and Cultura at BAB2 (Biarritz), where the "Dévalisez Cultura" promotion featured on the centre's gaming terminals.

### Facilitating stock clearance

Carmila's marketing teams also developed solutions to help retailers reduce inventories. In Spain, a "Detox" plan was implemented in record time as soon as the health context permitted. As such, 250 stores in 34 centres took part in the operation during the second half of June.

In France, closet sale clearances enabled 160 retailers to shrink their stocks and thousands of customers to enjoy low prices. Some tenants saw sales jump as much as 200% during these events.


**"Carmila's teams led the way in supporting our digital activation, helping meet our drive-to-store and footfall development objectives. Thanks to their work, we were able to showcase the KIKO Milano Christmas and St Valentine's Day collections."**

ALYSSA BEN ZEKRI
Communication & Marketing Assistant
KIKO Milano


# Supporting retailers' digital transformation

**The health context has accelerated the growth of online trade and highlighted our tenants' need to implement a more effective omnichannel strategy. Carmila has been there to guide retailers through their digital transformation.**

Although omnichannel retailers stepped up to the challenge of temporary closures due to the health crisis by leveraging their e-commerce sites, many other tenants have had to adapt quickly. Carmila's staff has helped each individual retailer find the solution that is best suited to their digital capacity.

### Integrating digital platforms

As a first initiative, shopping centres integrated the online sales and reservation services of retailers that already had these types of solutions into their own websites and social media. This gave these retailers (who often operate nationwide) greater visibility while promoting them more effectively at the local level. As such, they were able to capture a customer base in the area around each shopping centre where they operate.

### Developing omnichannel strategies

The second solution consisted in helping some retailers to digitalise their offering, such as the butcher's shop at the Hérouville Saint-Clair shopping centre. In 48 hours, more than 700 shoppers had visited its online store, Quai des Viandes. In Spain, Carmila set up "Reserva & Compra", a programme aimed at supporting retailers in rolling out omnichannel services such as sales and reservations via Internet, WhatsApp or mobile, as well as home delivery. Carmila also partnered with Shopify to provide independent retailers with a quick and easy turnkey solution for creating their own online sales sites.

### Standing together

Some centres decided to implement shared solutions for the whole centre, such as Pau Lescar and Bay 2 (Paris area), where Click & Collect services ensured business continuity. The Orange Le Coudoulet centre opted for a unique initiative and teamed up with toy retailer Les Jouets Français to create a marketplace hosted on the shopping centre's website, where all its retailers could sell online. As 65% of the retailers are independent, this platform was a genuine boost. These solutions offer retailers an additional showcase and sales channel.

**"Working together as partners is fundamental to generating growth for stores. We are happy to support Carmila's retailers in strengthening their omnichannel approach."**

KINTXO CORTÉS
Country Manager España
Shopify

## *Live Stream Shopping* at Orange Le Coudoulet

As an alternative to major websites, the Orange Le Coudoulet marketplace launched a Live Stream Shopping service for the Christmas season. Customers could watch the live-streamed shows organised and produced by retailers, then buy the products online. The initiative was a great success, with the videos reaching nearly 12,000 people and enticing customers to visit the physical stores.


# Improving the quality of customer relationships

**Information on store closures, opening times, e-reservations, etc.** To reassure customers, keep them informed about the situation at each centre, and showcase stores, Carmila's employees increased their multi-channel communication initiatives in 2020. More than 40 million emails were sent during over 4,500 targeted campaigns across catchment areas to address needs and concerns at a local level. Customer feedback was the key focus to provide customers with the best possible experience despite the circumstances. Every day, shopping centre managers answered social media posts, Google reviews and comments on the Critizr platform. Some centres launched the innovative "Café des Partages" get-togethers to create opportunities for shopping centre managers to engage directly with customers and visitors, either in person or online. Launched in August in Perpignan Claira Salanca, this initiative was rolled out at several other centres, including Pau Lescar and Rennes Cesson.

**Maintaining ties in all circumstances**

During the lockdowns, the priority was on staying in contact. The nationwide programme #restonsàlamaison (staying home) was deployed on 16 March in France, with a weekly email campaign and daily tips and suggestions posted on social media and websites. Ideas included tutorials, recipes and advice on how to keep busy. Shopping centres have taken dozens of initiatives locally: a dance contest at Bay 2, the best April Fool's prank competition at Bourges, the "Which store do you miss the most?" survey at Cité Europe, video messages from retailers, and a digital human chain are just a few examples. On 11 May, the #backtoshopping campaign took over, with practical information on the reopening of shopping centres. To maintain ties with and between retailers, they were sent a digital newsletter, #restonsconnectés (staying connected), every week to communicate best practices and outreach within the network. Each shopping centre manager also stayed in contact with their retailers via videoconference and WhatsApp groups to share information, reassure and prepare for reopenings.

**To know the views and preferences of its customers and visitors better, one of the tools Carmila uses is the Shopping Lab, a panel of 4,000 customers who volunteer to share their opinions and participate in surveys sent by Carmila's Research Department. One panel study found that customers really appreciated the communication efforts deployed by shopping centres to stay in close contact with their customers during the lockdowns:**

- **95% of customers felt that the shopping centres adapted well during the lockdown[1]**
- **90% of customers said that the communication initiatives conveyed centres as being customer-centric[2]**
- **89% of customers felt that the centres understand their customers' needs[1]**

(1) May/June 2020 Carmila Shopping Lab survey
(2) June/July 2020 Carmila Shopping Lab survey

# Close-up.

## THE POWER OF DISTRIBUTED MARKETING

All year long, Carmila's central marketing teams devise solutions for social media strategies, applications, and email and SMS campaigns, which they pass on to shopping centres. This simple and effective distributed marketing model gives local centre management teams access to actionable digital tools, and empowers them to be responsive and flexible. For example, they were able to communicate store openings/closures quickly and easily, share health measures in real time and promote omnichannel initiatives by retailers. The digital ecosystem designed by Carmila when it was created in 2014 truly came into its own during the crisis.


Carmila's Marketing Department designs all the BtoC marketing tools that shopping centre staff need: email campaigns, Facebook posts, and more.

## "MAKING LIFE EASIER FOR RETAILERS AND CUSTOMERS"

**By forging close contacts between customers, retailers and regional stakeholders during the health crisis, shopping centre managers embodied Carmila's purpose statement on a daily basis. Take, for example, Marine Guinet, Manager of Carmila Shopping Centres in Lorient, Vannes and Quimper:**

**MARINE GUINET**
**Manager of Carmila Shopping Centres in Lorient, Vannes and Quimper.**

### What role did you play during the crisis?

My priority was to preserve the caring relationship between retailers and customers. I looked for ways to make life easier for customers, informing them about retailers who remained open and the health measures in place, and giving retailers real-time updates about government regulations and helping them enhance their appeal through digital marketing initiatives. I tried to be a reassuring presence, a shoulder they could lean on.

### What steps did you take?

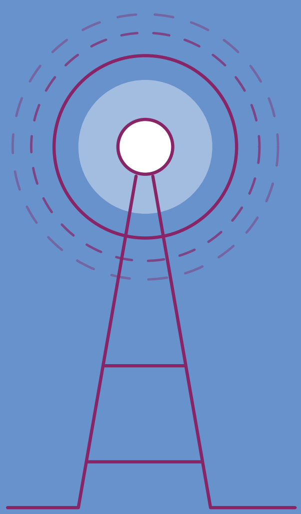
During the lockdowns, we encouraged retailers whose stores had to close to maintain ties with their customers by recording messages on our website and social media. We promoted their Click & Collect and drive-through pick-up services via our digital ecosystem, for example with pharmacies. We also supported open retailers by organising digital games to increase footfall in stores. Between lockdowns, we were able to go ahead with some campaigns, like Mother's Day, by adapting them to the health restrictions. Lastly, we engaged a lively social media presence, gaining 49% more Facebook fans, we answered every customer message and updated the digital pages of our 135 stores every time opening hours changed.

### Did you participate in local community initiatives?

We worked with the retailers to launch wonderful community outreach initiatives, such as with Jeff de Bruges, which distributed chocolates to healthcare workers and first responders during the first lockdown. We joined forces with Carrefour to collect food bank donations in late November. We also make special efforts to support victims of the health crisis. For example, the Lorient centre worked with a local charity to set up drop-in centres for women who are victims of domestic violence. I'm also proud of our "Café des Partages" get-togethers, which provide us with an opportunity to chat with our customers and visitors in person.

# Innovating and investing for tomorrow

A commitment to useful innovation, Carmila is so much more than a property company. With a unique entrepreneurial approach, the Group develops new growth drivers. Carmila also invents adjacent activities that create value, for example by setting up joint ventures with high-potential retailers and developing services to improve the customer experience, always aligned with the needs of local regions and their residents.



## Indicators

**4**
main partner retailers of Carmila Retail Development

€2.8m in annual rents and a total of 111 stores

**10**
Vertuo dental practices scheduled to open in 2021

**67**
5G telephone towers installed by Lou5G

# Entrepreneurship.

**Carmila continuously seeks to create new growth drivers by deploying adjacent activities that are coherent with its core business. But creating value does not mean straying from our commitment to be useful to our customers and retailers. In recent years, we have taken direct interests in high-potential retailers to bring a new, unique offering to the regions in which we operate.**

**Our subsidiary Carmila Retail Development supported the opening of 40 new stores in 2020 in joint venture arrangements. We invested in healthcare to bring our customers convenient access to medical care right in our centres with the Vertuo brand launched in 2020. Lastly, we developed our tower company, Lou5G.**

**By inspiring new consumer habits, accentuating the importance of the digital transformation, and highlighting the need for quality healthcare in all regions, the health crisis rubber-stamped our choices and the validity of our strategic direction.**
**The crisis has also honed our staff's skills in collaborating and co-building projects using digital project management tools that can be used remotely and in real time. Our teams are now better prepared than ever to tackle these challenges with agility.**

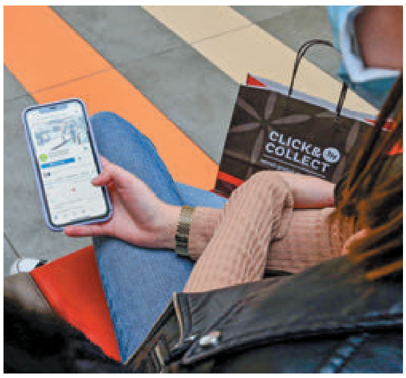
# Providing regions with 5G access

**Carmila's subsidiary LouWifi has been developing premium Wi-Fi services at Carmila shopping centres since 2017.** In 2019, Carmila pursued its strategy of raising the value of sites and bridging the digital divide by setting up Lou 5G. The strategy is simple: create value on the land surrounding its shopping centres by installing 4G/5G towers leased to mobile telephone operators. These towers provide the general public with access to the latest generation of mobile networks, which are faster and more efficient. The project offers vast potential. In France, more than 50,000 towers are scheduled to be installed in dead zones by 2025, in addition to equipment to provide faster broadband connections in areas that already have coverage. Its diversified portfolio of sites owned in partnership with Carrefour gives Carmila a considerable advantage to achieve its goal of becoming a leading tower company by 2022.

### Increased activity in 2020

With more people working from home and staying in contact via videoconferencing, the crisis demonstrated the need to move faster in the transformation to digital technology. It also validated Carmila's astute decision a year earlier to make this area one of its strategic focuses. Following partnerships agreements signed with the four telecommunications operators in 2019 – Free, SFR, Bouygues and Orange – 67 towers have been installed to date and a further 35 are planned for 2021.

LOU 5G
CONNECTER LES TERRITOIRES




Carmila's long-standing partner, La Barbe de Papa opened six premises in 2020.


E-cigarette retailer Cigusto opened 11 stores in 2020.

# Investing alongside high-potential retailers

**Through its subsidiary Carmila Retail Development, Carmila forms joint ventures with talented entrepreneurs to help them to open new stores in its shopping centres. It's a winning formula, even in times of crisis.**

Three years ago, Carmila took a chance by investing directly in four retailers that had been carefully selected for their high growth potential. Carmila forms relationships with talented young entrepreneurs who are truly motivated to grow, with a proven business model and a concept that is consistent with Carmila's category of centres. Through its subsidiary Carmila Retail Development, Carmila then invests in the retailer, always taking a minority interest. In the next phase, Carmila helps the young company to grow faster and more efficiently, by offering locations in centres suited for the retailer, financing installation works, and providing services such as store design and layout, marketing, business development, etc. And everyone comes out a winner: customers enjoy access to an innovative offering aligned with their expectations, retailers benefit from a real helping hand to expand and flourish, and of course Carmila drives its financial performance by boosting rental income and accruing capital gains through the growth of its partners.

### Choosing sectors of the future

Under the extremely complicated conditions of the health crisis, this new business model contributed to the strong performance of leasing activities at Carmila shopping centres in 2020. Over the year, 12% of the leases signed in France were with retailers co-founded by Carmila Retail Development. Given the support and guidance of our committed and energetic local teams, these retailers continued to grow. For example, men's hair salons chain, La Barbe de Papa – a long-standing partner of Carmila – has opened 32 premises in our centres, six of them in 2020. The e-cigarette retailer Cigusto, operating in a high-growth sector, opened 11 stores in 2020 for a total of 23 in Carmila's centres and 67 nationwide. The footwear and accessories retailer Indémodable opened four new stores in 2020. Lastly, in Spain, the Centros Ideal beauty clinics now have 12 institutes with Carmila. These four main partners operate 76 stores in Carmila's French and Spanish shopping centres, and are growing outside of Carmila's scope, with 35 locations under third-party lessors. Fifty additional openings are scheduled by the end of 2021.

**"Carmila shopping centres and our business are a clear fit, as their offering meets everyday needs, with useful services that attract customers and visitors. We enjoy a close relationship with Carmila Retail Development and benefit from both the strength of a network and the support of decentralised staff who thoroughly understand the local market. That means fast progress with store design and installations."**

HERVÉ DELILLE
Founder of Cigusto

# Deploying a convenient healthcare offering

**To meet customers' growing needs for first-rate medical services in their region,** Carmila is accelerating the rollout of its healthcare strategy. Carmila's objective is to deploy a comprehensive healthcare offering in its centres, in the form of hubs run by top-notch medical professionals. By facilitating access to healthcare for residents in their own neighbourhoods, Carmila is acting in the collective interest in local regions and taking up the fight against medical deserts. To achieve these goals, Carmila is forging partnerships with practitioners looking for accessible, practical and well-situated locations to set up services in its centres. Its strategy, initiated in 2019 with the joint venture Pharmalley created to help young and talented pharmacists to open premises in centres, was extended to dental care services with the launch of Dentalley in July 2020. This Dental Support Organisation, or DSO, enables practitioners to open locations at Carmila centres under the Vertuo brand. Healthcare professionals are provided with everything they need to practise in the optimal conditions: premises, concept, equipment, instruments, training, and local and centralised administrative staff. Dentalley is founded on strong ethical values, putting people first and enabling dentists and oral surgeons to administer the best possible care affordably, as contracted service providers at rates set by France's national health service, with the option of full coverage under a third-party payment system.

**Initial achievements**

The first Vertuo Santé dental care centre opened in Athis-Mons near Paris in early January 2021, the culmination of months of dedicated work. The centre offers numerous advantages. Its shapely architecture creates a warm and peaceful environment, where experienced, highly trained practitioners have access to state-of-the-art medical equipment to provide comprehensive services (from basic dental care to X-rays, scans, surgery, and even cosmetic dentistry and prosthetics), all under one roof. These centres are more than just dental practices, as everything is available to offer quality dental care and support patients throughout their healthcare journey. About a dozen Vertuo centres will open in 2021. Meanwhile, Carmila continues to add pharmacies, and has recently signed an agreement to create a 500 sq.m. space at Annecy Brogny. Scheduled to open in 2021, the pharmacy will be the largest in the city. Carmila plans to develop a total of 60 healthcare projects at its centres by 2025.

## In Spain, a promising healthcare partnership

**Tailoring its strategy to the Spanish market, Carmila has partnered with DentalStar to develop its dental care offering at its sites. DentalStar's centres provide all dental care specialities (orthodontics, paediatric dentistry, cosmetic dentistry, implants, oral surgery, etc.) in one place. Two initial locations are planned in the Montigalá and Cabrera de Mar centres, in the province of Barcelona.**

**"Health and access to care are now crucial issues due to the strong demographic growth in the town of Athis-Mons. And with these issues come the added challenges of finding specialists. We are proud to welcome the very first Vertuo Santé centre, which will facilitate our residents' access to dental care."**

JEAN-JACQUES GROUSSEAU
Mayor of Athis-Mons


## Strong values of Vertuo Santé

- a convenient offering in suburban areas that is available to all
- a more human approach to the patient-doctor relationship
- ethics and quality as core principles
- continuous quest for excellence among practitioners
- non-invasive treatment philosophy based on science
- clear information and shared decisions

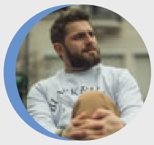
# Close-up.

## MARQUETTE, THE CONCEPT STORE DEDICATED TO ON-TREND ONLINE RETAILERS

2020 highlighted the determination of online pure players to implement an omnichannel strategy by opening more physical stores and showrooms. To integrate Digital Native Vertical Brands (DNVB) at the regional level, in October 2020 Carmila teamed up with Digital Native Group to create Marquette, which opened its first store at the Labège 2 shopping centre in Toulouse. In a 300 sq.m. space, this collaborative store houses around 15 French brands – including My Jolie Candle, Bachca, Faguo, Stella & Suzie and Les Miraculeux – which all started out online. These retail brands already enjoy an impressive following on social media. Marquette gives them the opportunity to reach a broader audience and test the option of moving into physical retail with their own shop. A bridge between physical and digital retail, in three months this store has attracted an average of 900 visitors per day and surpassed its business targets.

**"The strength of DNVBs partly lies in the experiences they offer. However, the physical store remains the most effective way to give people all-round experiences that are a cut above the rest. The Marquette concept store lets retailers enhance their reputation, polish their image and generate sales, with limited risk. For the shopping centre it provides an opportunity to attract a young, connected target audience."**

**VINCENT REDRADO**
CEO of Digital Native Group, Carmila's partner on the Marquette project



**"I was hired by Carmila in 2015 and have discovered thrilling fields of work! First I worked with centres from the Caen area before moving on to BAB2 in Biarritz, then Cap Saran near Orléans. I then joined the marketing team at the head office to coordinate innovation projects. And here I am now, a business developer for pop-up stores. All this experience has taught me a lot in a fascinating industry!"**

**MARJORIE GARNIER**
Marketing & Business Developer, Pop-up Stores

**"After six years of working as a broker, I joined Carmila's Sales Department in 2020 to lease assets in France's Northern region. I've seen how motivated people are at Carmila when supporting national brands as well as local entrepreneurs. Their feel for retail, combined with a culture of service and innovation, drives them every day."**

## ENCOURAGING A PROACTIVE APPROACH

At Carmila, innovation is part of the corporate culture. From operations to shopping centre management, innovation drives all its employees, both on the ground and at the head office, across the three countries where it operates – France, Spain and Italy. This corporate culture inspires the people at Carmila to be creative and proactive, daring them to set their sights high.
Carmila uses its agility to transform employees' bright ideas into concrete projects. Some of these initiatives were gleaned from the Mydea platform, a digital and collaborative "suggestion box", which has compiled 135 projects through two campaigns. This independence and strong emphasis on initiative, combined with Carmila's wide range of business lines, opens up opportunities for employees to enjoy a rich and rewarding career path. Attesting to this, 12% of employees were promoted or took advantage of internal mobility positions in 2020.

**MAXIME SAPPEN**
Leasing Manager, Northern Region

To our **650** million
visitors in France,
Spain and Italy,

To our **6,282** tenants,
retailers, franchisees and
independent players,

To the more than **60,000** retail
employees who work every
day at our centres,

To our local partners
in more than **200** towns,

To our institutional partners,
investors, shareholders,

To our own **244** employees,

# Thank you

**to all our stakeholders for their energy and support in joining us to serve retailers, customers and visitors in the heart of each community.**


# 2. Assets and valuation

# General context and health crisis related to Covid-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of the three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1. A pre-crisis period (from January to mid-March) with healthy performance indicators.
2. A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open (around 6% of Carmila's tenants).
3. A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Indicators performed well and pointed to a recovery, notably in France, with a limited impact on footfall (down 9.5% over the June-October period, outperforming its peers in the national panels by 6 percentage points) and an upturn in retailer trading which beat 2019 levels (retailer sales up 1.4% over this period). The recovery was slower in Italy and Spain, which were subject to more extensive restrictions.
4. A period of administrative restrictions in November, which varied in scope in each of the three countries. In France, a new lockdown was introduced in November, with only essential businesses allowed to stay open (34%). In Spain and Italy, restrictions during the period varied depending on the region.
5. In France, the easing of opening restrictions (except for gyms, restaurants and cinemas) in December and the subsequent end of the lockdown period allowed retailers to generate strong sales figures in December (retailer sales for the month up 8.4% year on year).

Retailer sales and footfall are discussed in section 3.3 "Business review".

Leasing activity was dynamic during the year, with 684 leases signed representing 11% of Carmila's total portfolio, for rents in line with the portfolio's rental values. In 2020, more businesses entered into administration than in previous years, mainly involving major Ready-to-Wear brands. At 31 December 2020, 1.4% of Carmila's rental base was subject to ongoing administration proceedings, with 83% during the year resulting in a takeover or re-letting.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease and new openings) agreed by the tenants and on government measures. In total, the impact of rent waivers for Carmila amounted to €69.6 million, including €52.2 million in respect of the first wave of the virus and €17.3 million relating to the second wave. The cost of the rent relief granted represents 1.9 months' rent. Further details of the impacts of the health crisis are included in the "Specific negotiations related to the health crisis" and "Net rental income" Notes.

Net rental income for 2020 was €270.8 million, a year-on-year decrease of 18.7%. The bulk of this decrease was directly or indirectly attributable to the health restrictions put in place in 2020. The rental base remained broadly stable over the period (down 0.5%).

At 31 December 2020, the net collection rate was 94.3% (rents collected as a proportion of rents invoiced, less any relief granted). Out of the total rents invoiced in 2020, 77.3% have been collected, 18.0% have been waived (and written off in the consolidated financial statements) and 4.7% are pending collection, of which 3.0% had been recovered as of 15 February 2021, bringing the gross collection rate to 80.3%.

The value of the asset portfolio (including transfer taxes) stood at €6.15 billion at 31 December 2020. Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was lifted in France in the second half of the year, but remains in effect in Spain and Italy. To take account of the health crisis, appraisers' models adopted rental values that were in line with those applicable to new leases signed in 2020, zero rent indexation over the first two years and rent-free periods of between one and three months for 2021, depending on the sector. There was a 30-basis-point decompression in exit rates during the year, which stood at 6.20% at 31 December 2020, while the rental base remained stable. Asset value decreased by 4.7% on a like-for-like basis.

Carmila increased its liquidity in 2020, and at 31 December 2020 has €311 million in net cash and no major borrowings falling due before 2023.

Carmila proved its ability to secure attractive rates on bond markets, issuing a €300 million bond in December 2020 with maturity in May 2027 and a 1.625% coupon. This issue was 5.5 times oversubscribed, underlining the attractiveness of Carmila's fixed-interest debt for investors. As discussed in section 3.9 "Financial policy", Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 37.0% and a net debt to EBITDA ratio of 10.3x.

Carmila adopts a prudent approach to managing its equity. The 2019 dividend initially proposed at €1.5 per share has been reduced to €1 per share, with 46.7% of shareholders choosing the stock dividend option.

Carmila pays close attention to reviewing the risk factors relevant to its business and ensuring that they are correctly classified. Each of the four categories and 19 sub-categories of risks is reviewed when new risks emerge and/or when the probability of occurrence or impact of each risk evolves. The main changes concerned the assessment of risks relating to changes in the social and economic environment, social consumption trends, healthcare, security, safety (including risks associated with a health crisis such as Covid-19), property development, and IT security. This change concerned the description of the risk, the protections in place, the classification based on the probability of occurrence, and the net impact. The risk factors are described in section 5.2 "Risk factors".

# 2.1 Competitive advantages

## 2.1.1 A major player in the Continental European shopping centre real estate sector

With more than €6.1 billion in assets and 215 shopping centres and retail parks located in France, Spain and Italy, Carmila is continental Europe's number one listed owner of shopping centres adjacent to large food retail brands, and the third largest listed commercial property company by market value of its assets at 31 December 2020.

Carmila has a broad portfolio of assets, with strong local leadership in their respective catchment areas. Thanks to the quality and positioning of its shopping centres, reinforced by a renovation plan for its centres based on the "Air de Famille" concept, Carmila offers retailers space located in modern shopping centres designed to meet the needs and expectations of consumers. The type of shopping centres owned by Carmila is extremely diverse, enabling major national and international brands to work in several formats, while providing local retailers with an attractive showcase.

## 2.1.2 Centres rooted in local regions and engaged in the local community

The nature of Carmila's assets means that it is a property company with deep roots in each local community. Its shopping malls serve as effective centres of community life that help to drive local economic growth and foster closer social ties. Carmila offers its consumers access to reassuring spaces, with a responsible offering of useful everyday products and services.

The desire of both retailers and customers in all regions to improve their daily lives acts as a driving force for Carmila's business initiatives, and is embodied in particular by the partnership with Carrefour. Carrefour was considered the most useful brand in France during the lockdown, and Carrefour hypermarkets proved their resilience by meeting the demands for purchasing power, ensuring products remained available under one roof and offering a safe customer experience. Carmila's shopping centres, adjoining Carrefour hypermarkets, have therefore been able to serve as a link between local players and to offer customers a high-quality experience.

The location of Carmila's shopping centres in the heart of local communities has helped them welcome back customers in the safest possible conditions.

## 2.1.3 Asset leadership at the heart of the Carmila strategy

Local asset leadership lies at the heart of Carmila's strategy: the vast majority of Carmila's shopping centres are leaders or joint leaders in their respective catchment areas. At 31 December 2020, Carmila had 160 leader or joint leader shopping centres, representing 89% of its portfolio. Leader or joint leader status in a catchment area provides a competitive advantage in facilitating the marketing of retail space to brands seeking significant and sustainable footfall in a dynamic, high-quality commercial environment.

### Renovation programme

Over the 2014-2019 period, Carmila completed its renovation programme for a total investment of €350 million, of which €90 million was provided by Carmila and €260 million was financed by the Carrefour group, generally the main co-owner of Carmila's sites. In 2020, almost all of the sites were renovated.

### Dynamic leasing strategy

Carmila also enhanced the commercial strength of its centres, with more than 5,500 leases signed over the 2014-2020 period (of which 684 in 2020) and a consolidated financial occupancy rate of 95.7% at 31 December 2020 against 86.1% at 16 April 2014. Carmila has endeavoured to attract renowned retail brands and concepts to make its shopping centres more attractive. The opening of temporary pop-up stores and the development of Specialty Leasing is also helping to reinforce the leadership of its shopping centres by diversifying offerings to satisfy consumers seeking new products and innovative concepts.

### Expansion pipeline for shopping centres

Since its creation in April 2014, Carmila has delivered 20 extensions for a surface area of 163,506 sq.m. and an investment of €438 million. Rent creation generated by these extensions was €31.6 million and the average Carmila yield on cost was 7.2% (including the purchase of the share owned by Carrefour).

### Targeted acquisitions

Between 2014 and 2018, Carmila acquired 37 shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy and also acquired several co-ownership units in shopping centres that it already owned, for a total of €2.2 billion, almost all of which were carried out through off-market transactions. These acquisitions had an average net initial yield of 5.9%. No acquisitions were made by Carmila in 2020, except of standalone retail units.

# 2.2 Key figures concerning the portfolio

## 2.2.1 Description of the portfolio

At 31 December 2020, Carmila had 215 shopping centres and retail parks adjoining Carrefour hypermarkets located in France, Spain and Italy, valued at more than €6.1 billion, including transfer taxes and work in progress, for a total leasable area of close to 1.6 million sq.m.

In France, Carmila is the direct or indirect owner of a very large majority of its real estate assets (with the remaining properties held under long-term leases or ground leases), which are either divided into units or held under co-ownership arrangements. In Spain, Carmila holds, directly or indirectly, the full ownership of its assets organised through co-ownership arrangements. All of Carmila's assets in Italy are fully owned, directly or indirectly.

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

## 2.2.2 Presentation of Carmila's most important assets

Out of 215 commercial real estate assets making up Carmila's portfolio, 15 assets represent 38% of the appraisal value (including transfer taxes) and 26% of the gross leasable area at 31 December 2020. The following table provides information about these 15 properties:

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area *(sq.m.)* | Carmila Group share per site *(%)* |
|---|---|---|---|---|---|
| **FRANCE** | | | | | |
| BAB 2 – Anglet | 1967 | 2014 | 130 | 27,230 | 52.4% |
| Bay 2 | 2003 | 2014 | 105 | 21,110 | 37.0% |
| Calais – Coquelles | 1995 | 2014 | 152 | 51,113 | 77.6% |
| Chambourcy | 1973 | 2014 | 73 | 21,362 | 44.0% |
| Évreux | 1974 | 2014 | 78 | 37,813 | 57.0% |
| Montesson | 1970 | 2014 | 62 | 13,198 | 32.8% |
| Orléans Place d'Arc | 1988 | 2014 | 68 | 13,569 | 53.6% |
| Ormesson | 1972 | 2015 | 120 | 26,554 | 14.5% |
| Perpignan Claira | 1983 | 2014 | 78 | 21,033 | 52.1% |
| Saran – Orléans | 1971 | 2014 | 91 | 38,864 | 64.2% |
| Thionville | 1971 | 2016 | 160 | 30,562 | 62.9% |
| Toulouse Labège | 1983 | 2014 | 127 | 22,220 | 44.9% |
| Vitrolles | 1971 | 2018 | 85 | 24,281 | 55.2% |
| **Total France (top 13)** | | | **1,329** | **348,907** | |
| **SPAIN** | | | | | |
| Fan Mallorca | 2016 | 2016 | 104 | 38,141 | 75.0% |
| Huelva | 2013 | 2014 | 93 | 34,036 | 82.4% |
| **Total Spain (top 2)** | | | **197** | **72,177** | |
| **TOTAL (TOP 15)** | | | **1,526** | **421,085** | |

For a detailed presentation of Carmila's portfolio of commercial assets, see section 2.6 "Detailed presentation of Carmila's operating asset base at 31 December 2020".

### 2.2.3 Classes of assets by type

At 31 December 2020, Carmila owned 160 "leader" or "joint leader" shopping centres (as defined below) in their catchment areas (representing 74% of the total number of Carmila's shopping centres and 89% of its portfolio in terms of appraisal value, including transfer taxes).

A shopping centre is defined as a "leader" if (i) it is the leader in its commercial area by the number of commercial units (source: 2019 Codata database) or (ii) it includes, for shopping centres in France, more than 80 commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

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

| Gross asset value (GAV) of portfolio, incl. transfer taxes (ITT) | GAV ITT 31/12/2020 *(in millions of euros)* | % Market value | Number of sites |
|---|---|---|---|
| Leader | 2,991.2 | 67% | 53 |
| Joint-leader | 999.8 | 23% | 35 |
| Other* | 442.8 | 10% | 41 |
| **France** | **4,433.8** | **100%** | **129** |
| Leader | 770.2 | 57% | 30 |
| Joint-leader | 450.6 | 33% | 36 |
| Other* | 141.2 | 10% | 12 |
| **Spain** | **1,362.0** | **100%** | **78** |
| Leader | 166.8 | 47% | 3 |
| Joint-leader | 97.0 | 28% | 3 |
| Other* | 88.2 | 25% | 2 |
| **Italy** | **352.0** | **100%** | **8** |
| Leader | 3,928.3 | 64% | 86 |
| Joint-leader | 1,547.4 | 25% | 74 |
| Other* | 672.2 | 11% | 55 |
| **TOTAL** | **6,147.9** | **100%** | **215** |

* *Local centres, standalone retail units.*

## 2.3 Asset valuation

### 2.3.1 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.

For buildings under construction, the valuation takes into account work in progress as well as the increase in fair value compared to the total cost of investment property under construction (IPUC). Investment properties are subject to an appraisal while under construction to determine their fair value on the opening date. Carmila considers that a development project can be valued reliably if the following three conditions are met simultaneously: (i) all of the administrative authorisations necessary to complete the extension have been obtained, (ii) the construction contract has been signed and the works have begun and, (iii) uncertainty concerning the amount of future rent has been eliminated.

The material valuation uncertainty clause included in first-half 2020 has been maintained by appraisers in Spain and Italy, but was removed in France in the second half of the year.

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

- 30% of the sites in France (in terms of number of sites) were rotated between the appraisers Cushman & Wakefield and Catella in 2020.
- No extensions were delivered by Carmila in the second half of 2020.
- Carmila did not acquire any new shopping centres in 2020.
- For ongoing extensions (Nice Lingostière), assets under construction were recognised in the financial statements as investment properties carried at cost, with the excess value above the cost of investment property under construction (IPUC) also being recognised.

## 2.3.2 Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,147.9 million including transfer taxes at 31 December 2020, and breaks down as follows:

| Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio | 31 Dec. 2020 | | |
|---|---|---|---|
| **Country** | *(€ millions)* | *%* | *Number of assets* |
| France | 4,433.8 | 72.1% | 129 |
| Spain | 1,362.0 | 22.2% | 78 |
| Italy | 352.0 | 5.7% | 8 |
| **TOTAL** | **6,147.9** | **100%** | **215** |

Apart from the fair values determined by the appraisers for each shopping centre, this assessment takes into account assets under construction that amounted to €100.0 million at 31 December 2020.

This valuation also includes Carmila's share in the investment properties measured at fair value held in the equity-accounted subsidiaries (As Cancelas shopping centre in Santiago de Compostela in Spain, based on 50%), representing €63.3 million.

## 2.3.3 Change in asset valuations

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

| | 31 Dec. 2020 | | | | | 30 June 2020 | | 31 Dec. 2019 | |
|---|---|---|---|---|---|---|---|---|---|
| | GAV ITT | | | Year-on-year change 31/12/2019 | | GAV ITT | | GAV ITT | |
| | *(in millions of euros)* | *%* | *Number of assets* | *reported* | *like for like* | *(in millions of euros)* | *%* | *(in millions of euros)* | *%* |
| France | 4,433.8 | 72.1% | 129 | -3.9% | -4.5% | 4,455.4 | 71.6% | 4,615.3 | 71.5% |
| Spain | 1,362.0 | 22.2% | 78 | -6.0% | -6.0% | 1,406.0 | 22.6% | 1,449.3 | 22.9% |
| Italy | 352.0 | 5.7% | 8 | -1.4% | -1.4% | 358.1 | 5.8% | 356.9 | 5.6% |
| **TOTAL** | **6,147.9** | **100%** | **215** | **-4.3%** | **-4.7%** | **6,219.4** | **100%** | **6,421.5** | **100%** |

During 2020, the total value of Carmila's assets decreased by €273.6 million, and can be analysed as described below.

- the value of the assets on a like-for-like basis decreased by 4.7% (€298.1 million). The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period. The decrease reflects the negative 4.6% impact on asset valuations due to the rise in exit rates and the negative 0.1% impact due to the decrease in rents over the period;
- other changes are due to the extensions. Projects under construction (Nice) are valued based on the works in progress and their share of the margin (IPUC). The valuation of works in progress, IPUC, and Lou5G is €110.5 million, an increase of €34.3 million, owing mainly to the €35.5 million increase in works in progress, the positive €10.5 million impact resulting from the inclusion of Lou5G in this scope, and the €11.7 million decrease in the share of the Nice Lingostière margin. The impact on the overall valuation was 0.6%;
- no shopping centres were acquired in 2020.

The annual 2020 like-for-like change can be analysed by country as follows:

- in France, the like-for-like decrease in value was 4.5% (€206.0 million), with the negative 5.0% impact of the exit rate decompression partly offset by the positive 0.5% impact of rent revaluations;
- in Spain, the like-for-like decrease in value was 6.0% (€87.2 million), reflecting the negative 5.2% impact resulting from the decompression of exit rates and the negative 0.9% impact of lower rents;
- in Italy, the like-for-like decrease in the value of assets was 1.4% (€4.9 million). The decrease was mainly attributable to changes in exit rates.

## 2.3.4 Change in exit rates

| | NIY | | | NPY | | |
|---|---|---|---|---|---|---|
| | 31 Dec. 2020 | 30 June 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 30 June 2020 | 31 Dec. 2019 |
| France | 5.59% | 5.54% | 5.36% | 5.99% | 5.90% | 5.68% |
| Spain | 6.64% | 6.60% | 6.41% | 6.89% | 6.74% | 6.54% |
| Italy | 6.03% | 6.02% | 6.18% | 6.10% | 6.16% | 6.18% |
| **TOTAL** | **5.85%** | **5.81%** | **5.64%** | **6.20%** | **6.11%** | **5.90%** |

In 2020, the Net Potential Yield (NPY) was up 30 basis points over the total portfolio: the decompression is more significant in France (up 31 basis points) and in Spain (up 35 basis points), while Italy retreated (down 8 basis points). The rise in exit rates was greater in France in the first half of the year, with rates in the second half edging up slightly. In Spain, the annual rise in the NPY was more evenly distributed between each six-month period.

In France, changes in the NIY were in line with changes in the NPY, while the NPY decompression in Spain was 15% more than the decompression in its NIY. The NPY compression in Italy was 15 basis points lower than the compression in its NIY.

## 2.3.5 Breakdown of the appraisal values by CNCC typology

In accordance with the typology drawn up by the French shopping centre trade body (Conseil National des Centres Commercial – CNCC), 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 2020, regional shopping centres and large shopping centres accounted for 78% of the market value of Carmila's portfolio.

| | Appraisals at 31 December 2020 | | | | |
|---|---|---|---|---|---|
| | GAV ITT *(in millions of euros)* | % of value | Average net rent *(€/sq.m.)* | Average ERV of vacancies | NIY |
| Regional shopping centres | 1,587.3 | 36% | 304 | 275 | 5.2% |
| Large shopping centres | 1,868.8 | 42% | 287 | 274 | 5.6% |
| Local shopping centres | 967.2 | 22% | 173 | 144 | 6.2% |
| Other* | 10.5 | 0% | 404 | n.d. | 6.8% |
| **France** | **4,441.7** | | **253** | **208** | **5.6%** |
| Regional shopping centres | 344.5 | 25% | 203 | 293 | 5.6% |
| Large shopping centres | 644.2 | 47% | 193 | 267 | 6.8% |
| Local shopping centres | 373.3 | 27% | 258 | 233 | 7.2% |
| **Spain** | **1,362.0** | | **211** | **250** | **6.6%** |
| Regional shopping centres | 18.0 | 5% | 233 | n.d. | 5.6% |
| Large shopping centres | 312.9 | 89% | 237 | 178 | 6.0% |
| Local shopping centres | 21.1 | 6% | 267 | n.d. | 6.6% |
| **Italy** | **352.0** | | **239** | **188** | **6.0%** |
| Regional shopping centres | 1,949.9 | 32% | 277 | 276 | 5.3% |
| Large shopping centres | 2,826.0 | 46% | 249 | 269 | 5.9% |
| Local shopping centres | 1,361.5 | 22% | 194 | 171 | 6.5% |
| Other* | 10.5 | 0% | 404 | n.d. | 6.8% |
| **GRAND TOTAL** | **6,147.9** | | **240** | **221** | **5.8%** |

* *Lou5G.*

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

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Gross asset value including transfer taxes | 6,147.9 | 6,421.5 |
| Works in progress | (100.0) | (68.8) |
| Valuation of the share of equity-accounted companies | (61.3) | (68.2) |
| Transfer taxes and registrations (excluding equity-accounted companies) | (303.0) | (317.4) |
| **Market value excluding transfer taxes (including IPUC) (A)** | **5,683.6** | **5,967.1** |
| IPUC | 0.0 | -11.7 |
| **Market value excluding transfer taxes (excluding IPUC)** | **5,683.6** | **5,955.4** |
| Fair value of BAC (IFRS 16) (B) | 33.4 | 34.5 |
| **INVESTMENT PROPERTY CARRIED AT APPRAISAL VALUE (BALANCE SHEET, INCLUDING IPUC) (A+B)** | **5,717.0** | **6,001.6** |

# 2.4 Valuation report prepared by Carmila's independent appraisers

## 2.4.1 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 Appraisers, 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 that are regularly used for these types of assets.

Our valuations were undertaken at 31 December 2020.

### Reference documents and general principles

We confirm that our valuations were performed in accordance with the appropriate sections of the Code of Conduct of the November 2019 Edition of the RICS Valuation – Global Standards 2020 (the "Red Book"), effective 31 January 2020. This is a valuation basis accepted on an international level. Our valuations are compliant with IFRS and IVSC guidance. 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 valuations 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 market value and are reported to the Company on both a net basis (after deduction of transfer duties and costs) and gross basis (before deduction of transfer duties and costs).

## 2.4.2 Valuation considerations and assumptions

### Information

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

### Leasable areas

We have not measured the assets and have therefore based our valuations on the leasable areas that were provided to us.

### Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions or an environmental analysis, and therefore have not investigated past events in order to determine if the ground or buildings are or have been contaminated. Unless provided with information to the contrary, we have worked on the assumption that the assets are not and should not be affected by ground pollution and that the state of the land will not affect their current or future usage.

### Town planning

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

### Title deeds and tenancy schedules

Our work was based on the tenancy schedules, summaries of additional revenues, non-recoverable charges, capital projects and the business plans provided to us. We have assumed, notwithstanding what is set out in our individual asset reports, that the assets are not subject to any restriction that could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have considered as correct the rental, occupational and all other relevant 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 that 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.

#### 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.

#### Explanatory note on market conditions: Covid–19 coronavirus

The Covid-19 epidemic – declared a "global pandemic" by the WHO on 11 March 2020 – has had and continues to have an impact on many aspects of daily life and the global economy. Certain property markets have experienced a decline in transaction numbers and market liquidity. Travel restrictions were imposed in many countries along with varying degrees of lockdown. Although restrictions were lifted in certain cases, local lockdowns may continue to be applied where necessary and the resurgence of infections remains possible.

The pandemic and the measures taken to stave off Covid19 continue to have an adverse effect on economies and property markets all over the world. However, at the appraisal date, certain property markets had resumed and transaction volumes and other relevant factors are returning to levels that provide sufficient market factors on which to form an adequate opinion on values. Accordingly, in order to avoid all doubt, our appraisal does not include a "material valuation uncertainty clause" as defined by standards VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

### 2.4.3 Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company Carmila. Accordingly, we accept no liability to third parties. This report, or an extract thereof, may not be published or reproduced in any document, declaration, memorandum or communication with any third party without our prior 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.

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## 2.5 Extension pipeline at 31 December 2020

### 2.5.1 Pipeline

Due to the impacts of the health crisis on each of its markets, Carmila decided to streamline the implementation of its shopping centre extension programme.

The pipeline, except for the major projects currently in progress, is on hold and remains flexible. It can be implemented when conditions are favourable again. All the projects can be developed, since the car parks used for the extensions are owned by Carrefour and Carmila.

Carmila will focus on the projects with the highest potential in order to increase the yield in the shopping centres concerned and strengthen their leadership.

### 2.5.2 Developments

Pursuant to the Renovation and Development Agreement, extension projects are developed jointly by Carmila and Carrefour. Initially, expansion projects are researched and defined jointly by a partnership committee. Once the pre-rentals of the extension project are deemed satisfactory (approximately 60%), a final project package is submitted to the relevant decision-making bodies of Carmila and Carrefour for approval and the start of work. In order to ensure that the interests of both parties are met, the Renovation and Development Agreement provides that the financing costs and the development margin achieved for each development project will be divided equally (50% each) between Carmila and Carrefour.

### 2.5.3 Development pipeline

The 2021-2024 expansion pipeline at 31 December 2020 included five flagship projects representing an estimated investment of €636 million and an average yield on cost of 6.0%[(1)].

Barcelona – Tarrasa: one of the key hypermarkets in the Barcelona area has strong potential for becoming a regional centre.

Montesson: this shopping arcade is adjacent to the second largest Carrefour hypermarket in France and is located in a very dense catchment area with low competition.

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

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

Vénissieux: the fifth largest Carrefour hypermarket in France is a solid leader in the south of Lyon. The urban front site is an opportunity to develop a mixed office project.

Ten food park projects are also under review to round out the food services offering in Carmila shopping centres. The restaurants would be built in unused spaces in shopping centre car parks and would be home to high-profile brands such as McDonald's, KFC and Burger King.

*(1) Investment and yield on cost includes Carmila's share of investment for the 50% of the project for which it is the developer and the purchase price of the 50% owned by Carrefour Group.*

The following table presents the key information on Carmila's extension projects:

| Development projects | Country | Planned area *(sq.m.)* | Planned opening date | Cost to date[1] *(in millions of euros)* | Full year additional rental value[2] *(in millions of euros)* | Yield[3] | Yield (Carmila share)[4] |
|---|---|---|---|---|---|---|---|
| **2021 PROJECTS** | | | | | | | |
| Nice Lingostière | France | 14,800 | 2021 | | | | |
| Coquelles (restructuring) | France | 6,000 | 2021 | | | | |
| Laval (restoration) | France | 472 | 2021 | | | | |
| **Total Projects 2021** | | **21,272** | | **121** | | | |
| **FLAGSHIP PROJECTS** | | | | | | | |
| Tarrassa | Spain | 35,105 | 2025 | | | | |
| Montesson | France | 31,128 | 2025 | | | | |
| Antibes | France | 22,000 | 2026 | | | | |
| Toulouse Labège | France | 14,700 | 2025 | | | | |
| Vénissieux | France | N/A | N/A | | | | |
| **Total flagship projects** | | **102,933** | | **636** | | | |
| **TOTAL PROJECTS CONTROLLED[5]** | | **124,205** | | **757** | **44.4** | **6.6%** | **6.0%** |

(1) *Total investment represents the market value of Carmila's projected share (50% of the investment) plus Carrefour's share (50% of the investment and 50% of the margin) to be acquired when the project is delivered.*
(2) *Includes projects for the promotion of extensions excluding restructuring.*
(3) *Expected net annualised rents divided by the total estimated investment amount (excluding restructuring).*
(4) *Expected net annualised rents divided by the total amount of the investment including transfer taxes, plus Carrefour's share to be acquired when the project is delivered (excluding restructuring).*
(5) *Controlled projects: post-2020 projects for which studies are at a very advanced stage and in respect of which Carmila controls the land or the building rights, but for which not all administrative permits have necessarily been obtained.*

## 2.5.4 Mixed use projects

In order to revitalise certain assets, Carrefour has joined forces with industry expert Altarea, to transform the sites at Flins, Sartouville and Nantes into new mixed-use areas, to breathe new life into these regions and boost their appeal. These three sites are jointly-owned with Carmila, who will play an important role in the development projects. Around 20 other sites in the Carmila asset base have been identified, and are currently being assessed as part of the partnership with Carrefour.

## 2.5.5 2020 projects

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

Following a full renovation of the hypermarket, Carmila has rounded out its offering within the Toulouse Purpan Carrefour shopping centre. Located in an urban environment, the retail park has been home to three new restaurants with a gross leasable area of 1,200 sq.m. since March 2020.

Note that two extension projects – concerning the Laval and Vitrolles shopping arcades – were shelved in 2020.

## 2.5.6 2021 projects

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

In the spring of 2021, Carmila plans to open the extension of the Carrefour shopping centre located at Nice Lingostière. The centre is located in a well-known leisure complex offering an appealing range of food outlets, clothing stores and numerous services. The extension will increase the centre's GLA from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

- **Calais-Coquelles (62) – Major restructuring to give new commercial drive to this well-known centre and prime site.**

The project involves the restructuring of the shopping arcade in the Carrefour Cité Europe shopping centre, located at Coquelles in the Calais area. In particular, the restructured centre is home to a Primark store, with a sales area of more than 4,000 sq.m. on two levels (opened on 29 January 2021), and offers a direct connection with the cinema and a simplified customer experience, thereby completing the transformation and relaunch of this leading site.

## 2.6 Detailed presentation of Carmila's operating asset base at 31 December 2020

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area *(sq.m.)* | Carmila Group share per site *(%)* |
|---|---|---|---|---|---|
| **FRANCE** | | | | | |
| Aix en Provence | 1971 | 2014 | 40 | 8,416 | 31.3% |
| Amiens | 1973 | 2014 | 18 | 4,442 | 25.2% |
| Angers – Saint-Serge | 1969 | 2014 | 28 | 7,175 | 24.5% |
| Angoulins | 1973 | 2014 | 34 | 4,802 | 22.6% |
| Annecy Brogny | 1968 | 2014 | 23 | 4,453 | 24.6% |
| Antibes | 1973 | 2014 | 33 | 4,845 | 22.6% |
| Athis Mons | 1971 | 2014 | 51 | 10,149 | 44.9% |
| Auch | 1976 | 2014 | 13 | 928 | 16.3% |
| Auchy-les-Mines | 1993 | 2014 | 27 | 2,761 | 26.1% |
| Auterive | 2011 | 2014 | 19 | 6,674 | 36.8% |
| Bab 2 – Anglet | 1967 | 2014 | 130 | 27,230 | 52.4% |
| Barentin | 1973 | 2016 | 14 | 7,403 | 14.5% |
| Bassens (Chambéry) | 1969 | 2014 | 19 | 2,721 | 17.1% |
| Bay 1 | 2004 | 2014 | 26 | 8,767 | 32.9% |
| Bay 2 | 2003 | 2014 | 105 | 21,110 | 37.0% |
| Bayeux Besneville | 1974 | 2014 | 9 | 585 | 11.0% |
| Beaucaire | 1989 | 2014 | 31 | 6,839 | 21.4% |
| Beaurains 2 | 2011 | 2014 | 10 | 4,366 | 39.8% |
| Beauvais | 1969 | 2014 | 15 | 3,275 | 21.1% |
| Berck-sur-Mer | 1995 | 2014 | 30 | 11,219 | 60.3% |
| Besançon – Chalezeule | 1976 | 2014 | 30 | 16,836 | 52.0% |
| Bourg-en-Bresse | 1977 | 2014 | 22 | 6,064 | 19.2% |
| Bourges | 1969 | 2014 | 53 | 8,980 | 31.7% |
| Brest Hyper | 1969 | 2014 | 48 | 18,221 | 41.0% |
| Calais – Beau Marais | 1973 | 2014 | 21 | 5,128 | 28.3% |
| Calais – Coquelles | 1995 | 2014 | 152 | 51,113 | 77.6% |
| Chambourcy | 1973 | 2014 | 73 | 21,362 | 44.0% |
| Champs Sur Marne | 1967 | 2014 | 17 | 1,770 | 15.5% |
| Charleville-Mézières | 1985 | 2014 | 24 | 2,464 | 17.5% |
| Château Thierry | 1972 | 2014 | 9 | 656 | 8.8% |
| Châteauneuf-les-Martigues | 1973 | 2014 | 20 | 12,537 | 12.5% |
| Châteauroux | 1969 | 2014 | 24 | 6,976 | 22.4% |
| Cholet | 1970 | 2014 | 32 | 5,360 | 16.9% |
| Condé-sur-L'Escaut | 1987 | 2014 | 6 | 529 | 9.6% |
| Conde-sur-Sarthe | 1972 | 2014 | 33 | 9,073 | 71.8% |
| Crèches-sur-Saône | 1981 | 2014 | 57 | 19,044 | 48.7% |
| Denain | 1979 | 2014 | 8 | 683 | 6.0% |
| Dinan Quevert | 1970 | 2016 | 18 | 3,147 | - |
| Douai Flers | 1983 | 2014 | 48 | 7,327 | 20.7% |
| Draguignan | 1992 | 2014 | 26 | 4,735 | 39.1% |
| Échirolles (Grenoble) | 1969 | 2014 | 32 | 4,765 | 20.6% |
| Epernay | 1970 | 2014 | 10 | 1,064 | 9.0% |
| Epinal | 1983 | 2014 | 23 | 20,165 | 100.0% |
| Epinay-sur-Orge | 1992 | 2015 | 1 | 54 | - |
| Etampes | 1983 | 2014 | 3 | 878 | 7.7% |
| Évreux | 1974 | 2014 | 78 | 37,813 | 57.0% |
| Feurs | 1981 | 2014 | 6 | 1,025 | 12.1% |
| Flers Saint-Georges-des-Groseillers | 1998 | 2016 | 14 | 1,890 | 30.8% |
| Flins-sur-Seine | 1973 | 2014 | 18 | 4,579 | 21.3% |
| Fourmies | 1985 | 2014 | 14 | 1,901 | 16.1% |
| Francheville | 1989 | 2014 | 21 | 2,858 | 33.0% |
| Gennevilliers | 1976 | 2014 | 18 | 2,335 | 14.1% |

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area *(sq.m.)* | Carmila Group share per site *(%)* |
|---|---|---|---|---|---|
| Goussainville | 1989 | 2014 | 25 | 3,137 | 38.1% |
| Gruchet | 1974 | 2014 | 29 | 11,837 | 38.7% |
| Gueret | 1987 | 2014 | 14 | 3,408 | 17.0% |
| Hazebrouck | 1983 | 2014 | 13 | 1,303 | 17.3% |
| Herouville-St-Clair | 1976 | 2014 | 50 | 14,405 | 47.0% |
| La Chapelle St Luc | 2012 | 2014 | 45 | 21,822 | 58.0% |
| La Ciotat | 1998 | 2014 | 13 | 598 | 5.3% |
| La Roche-sur-Yon | 1973 | 2014 | 14 | 1,377 | 16.4% |
| Laon | 1990 | 2014 | 38 | 8,043 | 91.1% |
| Laval | 1986 | 2014 | 40 | 7,677 | 42.0% |
| Le Mans | 1968 | 2014 | 21 | 1,917 | 11.9% |
| L'Haÿ-Les-Roses | 1981 | 2014 | 14 | 565 | 2.6% |
| Libourne | 1973 | 2014 | 22 | 4,246 | 18.0% |
| Liévin | 1973 | 2014 | 21 | 3,102 | 7.0% |
| Limay | 1998 | 2014 | 9 | 327 | 4.8% |
| Lorient | 1981 | 2014 | 32 | 12,342 | 31.5% |
| Mably | 1972 | 2014 | 30 | 31,040 | 34.8% |
| Meylan (Grenoble) | 1972 | 2014 | 12 | 1,683 | 9.2% |
| Mondeville | 1970 | 2014 | 5 | 2,401 | 2.6% |
| Mondeville HE | 2013 | 2014 | 30 | 29,834 | 50.0% |
| Mont-Saint-Aignan | 1987 | 2015 | 33 | 3,050 | 13.8% |
| Montélimar | 1985 | 2014 | 6 | 7,689 | 34.0% |
| Montereau | 1970 | 2014 | 11 | 867 | 10.4% |
| Montesson | 1970 | 2014 | 62 | 13,198 | 32.8% |
| Montluçon | 1988 | 2015 | 35 | 3,521 | 23.0% |
| Nantes Beaujoire | 1972 | 2014 | 36 | 4,648 | 22.0% |
| Nantes St-Herblain | 1968 | 2014 | 13 | 1,467 | 12.1% |
| Nanteuil-Les-Meaux (GM) | 2014 | 2015 | 8 | 811 | 100.0% |
| Nanteuil-Les-Meaux (PAC) | 2014 | 2014 | 5 | 4,927 | 100.0% |
| Nevers-Marzy | 1969 | 2014 | 56 | 20,076 | 49.7% |
| Nice Lingostière | 1978 | 2014 | 48 | 8,130 | 25.4% |
| Nîmes Sud | 1969 | 2014 | 19 | 2,597 | 14.4% |
| Orange | 1988 | 2014 | 35 | 5,232 | 29.3% |
| Orléans Place d'Arc | 1988 | 2014 | 68 | 13,569 | 53.6% |
| Ormesson | 1972 | 2015 | 120 | 26,554 | 14.5% |
| Paimpol | 1964 | 2014 | 14 | 2,656 | 20.8% |
| Pau Lescar | 1973 | 2014 | 76 | 11,984 | 31.0% |
| Perpignan Claira | 1983 | 2014 | 78 | 21,033 | 52.1% |
| Port De Bouc | 1973 | 2014 | 25 | 6,015 | 30.6% |
| Pré-Saint-Gervais | 1979 | 2016 | 19 | 1,619 | - |
| Puget-sur-Argens | 1991 | 2015 | 52 | 4,637 | 28.4% |
| Quetigny | 2014 | 2014 | 5 | 7,365 | 100.0% |
| Quimper – Le Kerdrezec | 1978 | 2014 | 40 | 8,520 | 26.1% |
| Rambouillet | 2017 | 2017 | 4 | 4,848 | - |
| Reims – Cernay | 1981 | 2014 | 21 | 3,399 | 26.8% |
| Rennes Cesson | 1981 | 2014 | 76 | 12,690 | 31.0% |
| Rethel | 1994 | 2016 | 18 | 3,381 | 35.7% |
| Saint-Jean-de-Luz | 1982 | 2014 | 11 | 1,085 | 33.9% |
| Saint-Lô | 1973 | 2016 | 17 | 2,598 | 18.5% |
| Saint-Martin-au-Laërt | 1991 | 2014 | 9 | 858 | 15.6% |
| Salaise sur Sanne | 1991 | 2014 | 44 | 7,199 | 40.6% |
| Sallanches | 1973 | 2014 | 12 | 1,915 | 17.0% |
| Sannois | 1992 | 2015 | 40 | 3,860 | 27.4% |
| Saran – Orléans | 1971 | 2014 | 91 | 38,864 | 64.2% |
| Sartrouville | 1977 | 2014 | 39 | 6,719 | 26.6% |
| Segny | 1980 | 2014 | 17 | 3,258 | 30.0% |

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area *(sq.m.)* | Carmila Group share per site *(%)* |
|---|---|---|---|---|---|
| Sens Maillot | 1970 | 2014 | 9 | 1,848 | 20.4% |
| Sens Voulx | 1972 | 2014 | 9 | 595 | 5.8% |
| St-André Les Vergers | 1975 | 2014 | 9 | 1,096 | 5.2% |
| St-Brieuc – Langueux | 1969 | 2014 | 52 | 14,348 | 37.1% |
| St-Egrève | 1986 | 2014 | 35 | 9,391 | 13.3% |
| St-Jean-de-Védas | 1986 | 2014 | 31 | 3,128 | 18.6% |
| Stains | 1972 | 2014 | 24 | 2,890 | 16.7% |
| Tarnos | 1989 | 2014 | 27 | 4,108 | 29.0% |
| Thionville | 1971 | 2016 | 160 | 30,562 | 62.9% |
| Tinqueux | 1969 | 2014 | 28 | 5,930 | 22.6% |
| Toulouse Labège | 1983 | 2014 | 127 | 22,220 | 44.9% |
| Toulouse Purpan | 1970 | 2014 | 50 | 17,275 | 36.4% |
| Tournefeuille | 1995 | 2014 | 19 | 4,994 | 39.5% |
| Trans-en-Provence | 1976 | 2014 | 28 | 3,923 | 31.6% |
| Uzès | 1989 | 2014 | 17 | 1,293 | 15.3% |
| Vannes – Le Fourchêne | 1969 | 2014 | 68 | 8,925 | 41.2% |
| Vaulx-en-Velin | 1988 | 2014 | 45 | 6,606 | 34.3% |
| Venette | 1974 | 2014 | 40 | 6,787 | 24.8% |
| Vénissieux | 1966 | 2014 | 25 | 4,542 | 12.0% |
| Villejuif | 1988 | 2014 | 33 | 4,119 | 4.2% |
| Vitrolles | 1971 | 2018 | 85 | 24,281 | 55.2% |
| **SPAIN** | | | | | |
| Albacete – Los Llanos | 1989 | 2014 | 24 | 7,154 | 23.3% |
| Alcala de Henares | 2007 | 2014 | 20 | 1,667 | 17.3% |
| Alcobendas | 1981 | 2014 | 43 | 3,515 | 23.7% |
| Alfafar | 1976 | 2014 | 32 | 7,175 | 29.7% |
| Aljarafe | 1998 | 2018 | 42 | 11,961 | 35.8% |
| Almería | 1987 | 2014 | 21 | 1,024 | 10.0% |
| Alzira | 1991 | 2014 | 18 | 7,712 | 18.3% |
| Antequera | 2004 | 2018 | 56 | 13,436 | 65.3% |
| Azabache | 1977 | 2014 | 31 | 5,839 | 22.4% |
| Cabrera de Mar | 1979 | 2014 | 26 | 14,240 | 17.9% |
| Caceres | 1998 | 2014 | 13 | 1,559 | 11.7% |
| Cartagena | 1998 | 2014 | 15 | 1,119 | 14.5% |
| Castellón | 1985 | 2014 | 21 | 2,681 | 8.6% |
| Ciudad de la Imagen | 1995 | 2014 | 22 | 2,008 | 14.2% |
| Córdoba – Zahira | 1977 | 2014 | 15 | 957 | 7.4% |
| Dos Hermanas (Seville) | 1993 | 2014 | 17 | 1,411 | 13.4% |
| El Alisal | 2004 | 2014 | 35 | 15,161 | 43.9% |
| El Mirador | 1997 | 2016 | 42 | 9,845 | 50.4% |
| El Paseo | 1977 | 2018 | 53 | 10,454 | 18.5% |
| El Pinar | 1981 | 2014 | 22 | 4,360 | 14.0% |
| Elche | 1983 | 2014 | 18 | 10,108 | - |
| Fan Mallorca | 2016 | 2016 | 104 | 38,141 | 75.0% |
| Finestrat – Benidorm | 1989 | 2014 | 23 | 2,223 | 16.3% |
| Gandía | 1994 | 2014 | 19 | 2,040 | 13.3% |
| Gran Via de Hortaleza | 1992 | 2018 | 66 | 6,267 | 27.2% |
| Granada | 1999 | 2014 | 26 | 2,673 | 15.7% |
| Huelva | 2013 | 2014 | 93 | 34,036 | 82.4% |
| Jerez de la Frontera – Norte | 1997 | 2014 | 42 | 6,899 | 37.5% |
| Jerez de la Frontera, Cádiz – Sur | 1989 | 2014 | 37 | 6,981 | 18.9% |
| La Granadilla | 1990 | 2014 | 14 | 1,030 | 7.0% |
| La Línea de la Concepción, Cádiz – Gran Sur | 1997 | 2014 | 40 | 9,074 | 36.5% |
| La Sierra | 1994 | 2018 | 70 | 17,611 | 18.9% |
| Leon | 1990 | 2014 | 17 | 2,473 | 18.6% |
| Lérida | 1986 | 2014 | 11 | 512 | 8.8% |

| Name of centre, city | Year of construction | Year of acquisition | Total number of units | Carmila Group gross leasable area *(sq.m.)* | Carmila Group share per site *(%)* |
|---|---|---|---|---|---|
| Los Angeles | 1992 | 2014 | 39 | 6,772 | 34.4% |
| Los Barrios Algeciras | 1980 | 2014 | 25 | 2,353 | 16.4% |
| Lucena | 2002 | 2014 | 13 | 1,394 | 11.4% |
| Lugo | 1993 | 2014 | 18 | 2,090 | 11.1% |
| Málaga – Alameda II | 1987 | 2014 | 31 | 8,839 | 37.6% |
| Málaga – Los Patios | 1975 | 2014 | 39 | 6,667 | 21.4% |
| Manresa | 1991 | 2018 | 28 | 2,309 | 13.1% |
| Merida | 1992 | 2014 | 18 | 2,601 | 10.4% |
| Montigala | 1991 | 2016 | 55 | 10,664 | 43.7% |
| Mostoles | 1992 | 2014 | 22 | 3,291 | 20.1% |
| Murcia – Atalayas | 1993 | 2016 | 44 | 11,225 | 45.2% |
| Murcia – Zaraiche | 1985 | 2014 | 23 | 2,566 | 14.1% |
| Oiartzun | 1979 | 2014 | 12 | 729 | 5.5% |
| Orense | 1995 | 2014 | 17 | 4,131 | 82.9% |
| Palma | 1977 | 2014 | 20 | 579 | 5.9% |
| Paterna | 1979 | 2014 | 18 | 1,679 | 9.2% |
| Peñacastillo | 1992 | 2014 | 50 | 10,279 | 42.0% |
| Petrer | 1991 | 2014 | 27 | 4,329 | 23.4% |
| Plasencia | 1998 | 2014 | 12 | 1,299 | 11.9% |
| Pontevedra | 1995 | 2014 | 16 | 1,681 | 13.0% |
| Reus | 1991 | 2014 | 23 | 2,933 | 21.2% |
| Rivas | 1997 | 2014 | 22 | 2,159 | 21.5% |
| Sagunto | 1989 | 2014 | 10 | 968 | 11.9% |
| Salamanca | 1989 | 2014 | 13 | 795 | 7.6% |
| San Juan | 1977 | 2018 | 31 | 7,266 | 24.5% |
| San Juan de Aznalfarache, Seville | 1985 | 2014 | 34 | 5,023 | 21.5% |
| San Sebastián de los Reyes | 2004 | 2014 | 19 | 2,336 | 12.7% |
| Sestao | 1994 | 2014 | 17 | 1,317 | 48.8% |
| Seville – Macarena | 1993 | 2014 | 23 | 1,882 | 14.6% |
| Seville – Montequinto | 1999 | 2014 | 14 | 9,995 | 7.7% |
| Seville – San Pablo | 1979 | 2014 | 29 | 3,258 | 15.8% |
| Talavera – Los Alfares | 2005 | 2014 | 56 | 20,552 | 76.7% |
| Tarragona | 1975 | 2014 | 16 | 3,420 | 11.4% |
| Tarrasa | 1978 | 2018 | 34 | 7,502 | 31.6% |
| Torrelavega | 1996 | 2014 | 14 | 2,147 | 9.7% |
| Torrevieja | 1994 | 2014 | 17 | 1,700 | 11.5% |
| Valencia – Campanar | 1988 | 2014 | 29 | 3,088 | 16.7% |
| Valladolid | 1981 | 2014 | 22 | 3,255 | 17.5% |
| Valladolid II | 1995 | 2014 | 17 | 3,551 | 21.5% |
| Valverde Badajoz | 1996 | 2014 | 25 | 2,688 | - |
| Villanueva | 1995 | 2014 | 9 | 687 | 10.2% |
| Villareal de los Infantes | 1995 | 2014 | 13 | 0 | 10.3% |
| Zaragoza | 1989 | 2014 | 19 | 4,301 | 23.4% |
| As Cancelas wholly-owned (50% of assets held, based on the equity method) | 2012 | 2014 | 119 | 50,340 | - |
| **ITALY** | | | | | |
| Assago | 1988 | 2015 | 1 | 2,380 | 5.0% |
| Burolo | 1996 | 2014 | 10 | 946 | 10.9% |
| Gran Giussano | 1997 | 2014 | 48 | 9,338 | 47.4% |
| Limbiate | 2006 | 2015 | 1 | 1,923 | 4.4% |
| Massa | 1995 | 2014 | 1 | 1,923 | 45.9% |
| Nichelino | 1995 | 2014 | 66 | 41,694 | 27.0% |
| Paderno Dugnano | 1974 | 2014 | 73 | 15,508 | 47.6% |
| Thiene | 1992 | 2014 | 40 | 6,016 | 44.7% |
| Turin | 1989 | 2014 | 12 | 1,193 | 12.7% |
| Vercelli | 1987 | 2014 | 20 | 3,098 | 24.1% |


# 3. 2020 business review

# 3.1 Selected financial information

### FINANCIAL INFORMATION FROM THE INCOME STATEMENT

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Gross rental income | 349.7 | 359.5 |
| Net rental income | 270.8 | 333.2 |
| EBITDA (excluding fair value adjustments)(1) | 220.2 | 282.6 |
| Fair value adjustments on investment properties | (334.3) | (90.2) |
| Operating income | (122.9) | 191.8 |
| Net financial expense | (75.6) | (58.1) |
| Net income attributable to owners | (198.8) | 108.2 |
| Earnings per share(3) | (1.42) | 0.79 |
| EPRA earnings(2) | 161.0 | 218.5 |
| EPRA earnings per share(3) | 1.15 | 1.60 |
| Recurring earnings(4) | 167.6 | 222.5 |
| Recurring earnings per share(3) | 1.20 | 1.63 |

*(1) For a definition of EBITDA (excluding fair value adjustments) and the reconciliation with the closest IFRS indicator, see section 3.7 "Comments on the year's activity".*
*(2) For a definition of "EPRA earnings", see section 3.8 "EPRA performance indicators".*
*(3) Average number of shares: 140,198,573 at 31 December 2020 and 136,408,412 at 31 December 2019.*
*(4) Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See section 3.8 "EPRA performance indicators".*

### SELECTED FINANCIAL INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Investment properties (appraisal value excluding transfer taxes) | 5,717.0 | 6,001.6 |
| Net cash | 311.3 | 174.0 |
| Financial liabilities (current and non-current) | 2,646.7 | 2,456.3 |
| Equity attributable to owners | 3,262.7 | 3,540.4 |

### FINANCIAL INFORMATION RELATED TO KEY INDICATORS AND RATIOS

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Net debt | 2,274.6 | 2,241.8 |
| Loan-to-value (LTV) ratio ITT(1) | 37.0% | 34.9% |
| Interest coverage ratio (ICR)(2) | 3.9x | 5.0x |
| EPRA net asset value, excluding transfer taxes | 3,525.2 | 3,795.1 |
| EPRA net asset value, excluding transfer taxes, per share(3) | 24.72 | 27.76 |
| Appraisal value (including transfer taxes and work in progress) | 6,147.9 | 6,421.5 |

*(1) LTV including transfer taxes and work in progress: ratio between the value of the investment properties (including transfer taxes and work in progress) and net debt.*
*(2) Ratio of EBITDA (excluding fair value adjustments) to net financial costs.*
*(3) Year end, fully diluted, on the basis of 140,603,774 shares at 31 December 2020 and 136,705,504 shares at 31 December 2019.*

# 3.2 Financial statements

## 3.2.1 Consolidated statement of comprehensive income

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Gross rental income** | **349,744** | **359,457** |
| Charges rebilled to tenants | 79,621 | 79,359 |
| **Total income from rental activity** | **429,365** | **438,816** |
| Real estate expenses | (23,510) | (21,214) |
| Rental charges | (71,177) | (71,307) |
| Property expenses (landlord) | (63,841) | (13,111) |
| **Net rental income** | **270,837** | **333,184** |
| Overhead expenses | (50,949) | (52,840) |
| *Income from property management, administration and other activities* | *10,267* | *10,477* |
| *Other income* | *255* | *1,407* |
| *Payroll expenses* | *(25,939)* | *(25,145)* |
| *Other external expenses* | *(35,532)* | *(39,579)* |
| Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions | (2,849) | (3,493) |
| Other operating income and expenses | (2,379) | 1,343 |
| Gains (losses) on disposals of investment properties and equity investments | (65) | (610) |
| Change in fair value adjustments | (334,267) | (90,172) |
| Share in net income of equity-accounted companies | (3,189) | 4,376 |
| **Operating income** | **(122,861)** | **191,788** |
| Financial income | 917 | 559 |
| Financial expenses | (57,634) | (57,277) |
| **Cost of net debt** | **(56,717)** | **(56,718)** |
| Other financial expense | (18,903) | (1,389) |
| **Net financial expense** | **(75,620)** | **(58,107)** |
| **Income before taxes** | **(198,481)** | **133,681** |
| Income tax | 196 | (25,277) |
| **CONSOLIDATED NET INCOME (LOSS)** | **(198,286)** | **108,404** |
| **Attributable to owners of the parent** | **(198,755)** | **108,213** |
| **Non-controlling interests** | **469** | **191** |
| Average number of shares comprising Carmila's share capital | 140,198,573 | 136,408,412 |
| Earnings per share (attributable to owners) *(in euros)* | (1.42) | 0.79 |
| Diluted average number of shares comprising Carmila's share capital | 140,603,774 | 136,705,504 |
| **Diluted earnings per share (attributable to owners) *(in euros)*** | **(1.41)** | **0.79** |

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Consolidated net income (loss)** | **(198,286)** | **108,404** |
| **Items that will be reclassified subsequently to net income** | **(6,016)** | **(10,923)** |
| Effective portion of cash flow hedges | (5,944) | (10,923) |
| Fair value of other financial assets | (72) | - |
| Related income tax | - | - |
| **Items that will not be reclassified subsequently to net income** | **30** | **-** |
| Actuarial gains and losses on defined benefit plans | 30 | - |
| Related income tax | - | - |
| **TOTAL COMPREHENSIVE INCOME** | **(204,272)** | **97,481** |

## 3.2.2 Consolidated statement of financial position

### ASSETS

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Intangible assets | 4,581 | 4,262 |
| Property, plant and equipment | 3,205 | 4,244 |
| Investment properties carried at fair value | 5,717,046 | 6,001,608 |
| Investment properties carried at cost | 100,010 | 68,785 |
| Investments in equity-accounted companies | 48,061 | 52,459 |
| Other non-current assets | 12,623 | 12,427 |
| Deferred tax assets | 11,113 | 11,548 |
| **Non-current assets** | **5,896,638** | **6,155,332** |
| Trade receivables | 148,532 | 117,105 |
| Other current assets | 86,415 | 69,127 |
| Cash and cash equivalents | 320,263 | 178,172 |
| **Current assets** | **555,210** | **364,404** |
| **TOTAL ASSETS** | **6,451,848** | **6,519,736** |

### Equity and liabilities

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Share capital | 855,701 | 820,091 |
| Additional paid-in capital | 2,039,818 | 2,129,169 |
| Treasury shares | (2,541) | (2,676) |
| Other comprehensive income | (48,892) | (42,906) |
| Consolidated retained earnings | 617,412 | 528,543 |
| Consolidated net income (loss) – attributable to owners | (198,755) | 108,213 |
| **Equity attributable to owners** | **3,262,744** | **3,540,434** |
| Non-controlling interests | 5,727 | 5,612 |
| **TOTAL EQUITY** | **3,268,471** | **3,546,046** |
| Non-current provisions | 6,732 | 6,865 |
| Non-current financial liabilities | 2,401,478 | 2,295,954 |
| Lease deposits and guarantees | 76,267 | 77,722 |
| Non-current tax and deferred tax liabilities | 177,316 | 175,685 |
| Other non-current liabilities | 14 | 7,489 |
| **Non-current liabilities** | **2,661,807** | **2,563,715** |
| Current financial liabilities | 245,250 | 160,313 |
| Bank facilities | 8,934 | 4,141 |
| Current provisions | 1,758 | 658 |
| Trade payables | 27,773 | 28,855 |
| Payables to suppliers of non-current assets | 86,231 | 81,674 |
| Accrued tax and payroll liabilities | 56,004 | 49,356 |
| Other current liabilities | 95,620 | 84,978 |
| **Current liabilities** | **521,570** | **409,975** |
| **TOTAL EQUITY AND LIABILITIES** | **6,451,848** | **6,519,736** |

## 3.2.3 Consolidated statement of cash flows

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Consolidated net income (loss)** | **(198,286)** | **108,404** |
| Elimination of income from equity-accounted companies | 3,189 | (4,376) |
| Elimination of depreciation, amortisation and provisions | 2,946 | 659 |
| Elimination of fair value adjustments | 337,468 | 85,563 |
| Elimination of capital gains and losses on disposals | 66 | 879 |
| Other non-cash income and expenses | 6,921 | 3,567 |
| **Cash flow from operations after cost of net debt and tax** | **152,305** | **194,696** |
| Elimination of tax expense (income) | (196) | 25,277 |
| Elimination of cost of net debt | 56,792 | 55,462 |
| **Cash flow from operations before cost of net debt and tax** | **208,901** | **275,435** |
| Change in operating working capital | (34,582) | 7,718 |
| Change in lease deposits and guarantees | (1,530) | 1,259 |
| Income tax paid | (4,722) | (2,795) |
| **Net cash from operating activities** | **168,067** | **281,617** |
| Change in payables on non-current assets | 4,977 | 29,533 |
| Acquisitions of investment properties | (79,959) | (120,845) |
| Acquisitions of other non-current assets | (950) | (185) |
| Change in loans and advances | (183) | 782 |
| Disposal of investment properties and other fixed assets | 307 | 5,467 |
| Dividends received | 1,212 | 1,684 |
| **Net cash used in investing activities** | **(74,597)** | **(83,565)** |
| Net sale (purchase) of treasury shares | 135 | 1,185 |
| Issuance of bonds | 400,000 | 50,000 |
| Increase in bank loans | 568,000 | 75,235 |
| Loan repayments | (798,005) | (100,000) |
| Display of short-term investments in other current receivables | (103) | 145,020 |
| Interest paid | (53,991) | (56,019) |
| Interest received | 917 | 559 |
| Dividends and share premiums distributed to shareholders | (73,126) | (204,903) |
| **Net cash from (used in) financing activities** | **43,828** | **(88,923)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **137,298** | **109,130** |

### 3.2.4 Consolidated statement of changes in consolidated shareholders' equity

| *(in thousands of euros)* | Share capital | Additional paid-in capital | Treasury shares | Other compre-hensive income | Consoli-dated retained earnings | Consoli-dated net income (loss) – attributable to owners | Equity attributable to owners | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AT 31 DECEMBER 2018** | **819,370** | **2,268,204** | **(3,861)** | **(31,983)** | **431,612** | **163,557** | **3,646,899** | **5,781** | **3,652,680** |
| Corporate actions | 721 | (721) | | | | | - | | - |
| Share-based payments | | | | | (17) | | (17) | | (17) |
| Treasury share transactions | | | 1,185 | | | | 1,185 | | 1,185 |
| Dividend paid | | (138,314) | | | (66,229) | | (204,543) | (360) | (204,903) |
| Appropriation of net income | | | | | 163,557 | (163,557) | - | | - |
| **Net income for the year** | | | | | | **108,213** | **108,213** | **191** | **108,404** |
| *Gains and losses recorded directly in equity* | | | | | | | | | |
| Other comprehensive income reclassified to income | | | | 1,944 | | | 1,944 | | 1,944 |
| Change in fair value of other financial assets | | | | - | | | - | | - |
| Change in fair value of hedging instruments | | | | (12,867) | | | (12,867) | | (12,867) |
| Actuarial gains and losses on retirement benefits | | | | - | | | - | | - |
| **Other comprehensive income** | | | | **(10,923)** | | | **(10,923)** | **-** | **(10,923)** |
| Other changes | | | | | (380) | | (380) | | (380) |
| **BALANCE AT 31 DECEMBER 2019** | **820,091** | **2,129,169** | **(2,676)** | **(42,906)** | **528,543** | **108,213** | **3,540,434** | **5,612** | **3,546,046** |
| Corporate actions | 836 | (836) | | | | | - | | - |
| Share-based payments | 34,774 | 29,016 | | | 23 | | 63,813 | | 63,813 |
| Treasury share transactions | | | 135 | | 394 | | 529 | | 529 |
| Dividend paid | | (117,531) | | | (19,032) | | (136,563) | (354) | (136,917) |
| Appropriation of 2019 net income | | | | | 108,213 | (108,213) | - | | - |
| **Net income (loss) for the year** | | | | | | **(198,755)** | **(198,755)** | **469** | **(198,286)** |
| *Gains and losses recorded directly in equity* | | | | | | | | | |
| Other comprehensive income reclassified to income | | | | 3,958 | | | 3,958 | | 3,958 |
| Change in fair value of other financial assets | | | | (72) | | | (72) | | (72) |
| Change in fair value of hedging instruments | | | | (9,902) | | | (9,902) | | (9,902) |
| Actuarial gains and losses on retirement benefits | | | | 30 | | | 30 | | 30 |
| **Other comprehensive income** | | | | **(5,986)** | | | **(5,986)** | **-** | **(5,986)** |
| Other changes | | | | | (706) | | (706) | | (706) |
| **BALANCE AT 31 DECEMBER 2020** | **855,701** | **2,039,818** | **(2,541)** | **(48,892)** | **617,412** | **(198,755)** | **3,262,744** | **5,728** | **3,268,471** |

# 3.3 Business analysis

## 3.3.1 Economic environment

| | GDP growth | | | Unemployment rate | | | Inflation | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021E | 2022E | 2020 | 2021E | 2022E | 2020 | 2021E | 2022E |
| France | -9.1% | 6.0% | 3.3% | 8.4% | 10.5% | 10.2% | 0.7% | 0.5% | 0.8% |
| Italy | -9.1% | 4.3% | 3.2% | 9.4% | 11.0% | 10.9% | 0.6% | 0.6% | 0.8% |
| Spain | -11.6% | 5.0% | 4.0% | 15.8% | 17.4% | 16.9% | 0.5% | 0.1% | 0.6% |
| Eurozone | -7.5% | 3.6% | 3.3% | 8.1% | 9.5% | 9.1% | 0.7% | 0.7% | 0.9% |

*Source: OECD Economic Outlook No. 108 – December 2020.*

The OECD expects the economy to gradually recover in the two years following the health crisis. In the eurozone, 2021 and 2022 should see GDP growth (3.6% and 3.3%, respectively), as well as a rise in inflation (0.7% and 0.9%, respectively). The unemployment rate is also expected to rise in 2021 (up 140 basis points) and then to fall in 2022 (down 40 basis points).

Private consumption and investment should automatically enjoy a strong rebound as “non-essential” activities resume in most European countries. The three countries where Carmila operates will benefit from this upturn, with GDP in 2021 forecast to grow by 6.0% in France, 5.0% in Spain and 4.3% in Italy.

The health crisis will drive a rise in unemployment rates in these three countries owing to uncertainties as to the recovery outlook. The OECD expects unemployment to rise to 10.5% in France, 17.4% in Spain and 11.0% in Italy in 2021, and then to fall in 2022 in all three countries.

Household consumption is expected to be limited, impacted by both rising unemployment and uncertainty as to when the health crisis will end. The OECD therefore forecasts practically flat inflation rates in 2021, at 0.5% in France, 0.1% in Spain and 0.6% in Italy.

## 3.3.2 Shopping centre openings, footfall and retailer sales by country

### France

| | Change in footfall and retailer sales | | | | | |
|---|---|---|---|---|---|---|
| *Year-on-year change in %* | First two months (January-February) | First lockdown (March-May) | First lockdown lifted (June-October) | Second lockdown imposed (November) | Second lockdown lifted (December) | Total 2020 |
| **Footfall Carmila** | **3.4%** | **-46.5%** | **-9.5%** | **-37.8%** | **-7.7%** | **-18.5%** |
| Quantaflow panel footfall | 1.8% | -57.0% | -15.5% | -53.8% | -15.9% | -26.0% |
| **Carmila sales (excl. seated food service)** | **1.0%** | **nm** | **1.4%** | **nm** | **8.4%** | **-16.0%** |
| CNCC* panel retailer sales | -0.1% | nm | -7.5% | nm | -2.2% | -25.1% |
| Shopping centre opening rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Store opening rate | 100.0% | 6.0% | 100.0% | 34.0% | 95.0% | 78.4% |

* *CNCC: French Shopping Centre Advisory Board (Conseil National des Centres Commerciaux).*

#### Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising +1%.

This performance reflects a sharp rise in sales in four different sectors, in particular Food & Restaurants (up 5%) and Services (up 7%), Health & Beauty (up 2%) and Household Furnishings (up 2%).

In January and February, Carmila outperformed the representative panel of comparative companies (referred to throughout this document as “panels”) by 160 basis points in terms of footfall and by 110 basis points in terms of retailer sales.

#### First lockdown (March-May)

A first national lockdown was in place between 17 March and 11 May. All “non-essential” businesses were closed (“essential” businesses permitted to stay open included food retailers, pharmacies and newsagents).

During the first lockdown, the government granted a three-month rent waiver for small businesses. For its other tenants, Carmila granted individual relief covering between one and two months’ rent, based on the concessions agreed by the tenants in question.

All of its shopping centres and 6% of its retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

During this period, Carmila outperformed its panels by 1,050 basis points in terms of footfall.

#### Post-lockdown reopening (June-October)

Businesses started to reopen from 11 May onwards, with the exception of bars and restaurants, which could only serve customers outdoors until 15 June, when all restrictions were lifted. Gyms and other sports facilities reopened as from 2 June.

Sales (excluding restaurant sales) were up by 1% in this period, led by good performances in Household Furnishings (up 17%), Culture, Gifts & Leisure (up 4%) and Health & Beauty (up 1%). Clothing & Accessories sales were down 6% over the period.

During this time, Carmila outperformed its panels, reporting a 600-basis-point rise in footfall and a 890-basis-point rise in retailer sales.

### Second lockdown (November)

The second wave of the pandemic prompted a second lockdown effective as from 30 October. A curfew had been in place from 17 to 29 October, affecting 54 departments, including the Paris, Lyon and Marseilles areas.

Under these new lockdown measures, non-essential businesses had to close, with the exception of fast food establishments, pharmacies and newsagents. All businesses except bars, restaurants and gyms were allowed to reopen on 28 November.

The measures introduced by the French government included potential rent waivers and an associated compensatory tax credit for 50% of the amount waived for companies with less than 250 employees. For companies with between 250 and 5,000 employees, a reduction of two-thirds' rent gave rise to a tax credit equal to 50% of the amount waived, up to maximum rent relief of €800 thousand.

During this second lockdown, 100% of shopping centres and 34% of retailers holding a lease contract with Carmila remained open.

Carmila outperformed its panels by 1,600 basis points in terms of footfall during this period.

### Post-second lockdown reopening (December)

In December when businesses reopened, Carmila outperformed its panels by 820 basis points in terms of footfall and by 1,060 basis points in terms of retailer sales.

Sales (excluding restaurant sales) were up by 8% in this period, driven by good performances in Household Furnishings (up 27%), in Culture, Gifts & Leisure (up 7%) and in Health & Beauty (up 5%). Clothing & Accessories sales rose by 6%.

### Annual shopping centre footfall and retailer sales

Footfall and retailer sales increased for shopping centres and retailers, respectively, as soon as businesses reopened after each lockdown period.

Over the year as a whole (including lockdown periods), Carmila shopping centres outperformed their panels by 750 basis points in terms of footfall and by 910 basis points in terms of retailer sales.

Retailer sales were down overall in 2020, retreating by 16% owing to the health measures imposed on retailers. This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 33%), followed by Health & Beauty (down 15%) and Culture, Gifts & Leisure (down 14%).

Household Furnishings proved the most resilient in 2020, with sales down 3%. Sales trends in Ready-to-Wear were downbeat, with sales declining 24%.

## Spain

| | Change in footfall and retailer sales in 2020 | | | | |
|---|---|---|---|---|---|
| *Year-on-year change in %* | First two months (January-February) | First lockdown (March-May) | First lockdown lifted (June-October) | Second lockdown period (November-December) | Total 2020 |
| **Footfall Carmila** | **3.8%** | **-60.6%** | **-21.6%** | **-24.9%** | **-27.4%** |
| Footfall Shoppertrak panel | -0.8% | -71.2% | -25.0% | -36.4% | -33.8% |
| **Carmila sales (excl. seated food service)** | **3.8%** | **nm** | **-11.4%** | **-25.5%** | **-29.1%** |
| ICM* panel sales | 2.5% | nm | -20.1% | -24.2% | -27.4% |
| Shopping centre opening rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Store opening rate | 100.0% | 5.0% | 97.0% | 89.0% | 81.1% |

* *ICM: Spanish retail trade index (Índice de Comercio al por Menor).*

### Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising 3.8%.

This performance reflects a sharp rise in sales in three different segments: Health & Beauty (up 8%), Services (up 6%, buoyed by good results in telephony with Movistar and Orange), and Food & Restaurants (up 4%, thanks to good growth in fast-food outlets such as Belros).

During this period, Carmila outperformed its panels by 460 basis points in terms footfall and by 130 basis points in terms of retailer sales.

### First lockdown (March-May)

A first national lockdown ran from 14 March to 24 May, prompting the closure of non-essential businesses (i.e., except for example food retailers, pharmacies, newsagents). The restrictions were eased gradually between 25 May, when 40 shopping centres reopened, and 8 June, which saw all 78 centres open for business.

During the first lockdown, the Spanish government adopted Royal Decree No. 15/2020 of 21 April 2020, under which tenants were entitled to request a rent moratorium during the state of emergency for up to four months' rent, with a payment plan to be drawn up covering no more than two years. This measure cost Carmila €3.5 million.

During the first lockdown, all of Carmila's shopping centres and 5% of its retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

Carmila outperformed its panels by 1,060 basis points in terms of footfall during this period.

### Post-lockdown reopening (June-October)

Sales were down 11% in the first post-lockdown period, owing to health measures. The decline was led by Clothing & Accessories (down 24%), Health & Beauty (down 12%) and Culture, Gifts & Leisure (down 12%). Services (down 4%) proved the most resilient.

During this period, Carmila outperformed its panels by 340 basis points in terms of footfall and by 290 basis points in terms of retailer sales.

### Second period of restrictions (November-December)

A second period of restrictions began on 25 October with the introduction of a new state of emergency and the closure of shopping centres in Catalonia as from 29 October.

A curfew was introduced on 9 November, running from between 10:00 p.m. and midnight to between 5:00 a.m. and 7:00 a.m., depending on the region, with restrictions on mobility between municipalities and/or regions. Businesses were ordered to close at 6:00 p.m. in Andalusia and in several other regions restaurants had to shut their doors.

The restrictions were eased gradually: from 13 December in Asturias when restaurants reopened, from 14 December in Catalonia with the reopening of shopping centres, and from 18 December in Burgos, which saw all non-essential businesses reopen for trading.

Royal Decree No. 35/2020 introduced by the Council of Ministers on 22 December gave tenants the right to request (i) a reduction of up to 50% in rent from the tenant during the state of emergency period, or (ii) a rent moratorium throughout the state of emergency period, with the deferred rent paid proportionally through to the end of the state of emergency, i.e., May 2021. The lessor can decide between the rent moratorium or reduction, depending on the lessee's request. Carmila mainly decided to grant a moratorium on rent to its tenants applying for this measure. However, relatively few tenants applied.

During the second state of emergency, all shopping centres and 89% of businesses remained open (measures decided at regional rather than national level).

Carmila outperformed its panels by 1,150 basis points in terms of footfall during this period, and underperformed its panels in terms of sales by 130 basis points.

#### Annual shopping centre footfall and retailer sales

On a full-year basis, Carmila outperformed its panels in terms of footfall by 640 basis points in Spain, and in terms of retailer sales underperformed by 170 basis points.

Retailer sales were down overall in 2020, retreating 29% owing to the health measures imposed on retailers by the Spanish government.

This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 37%), Culture, Gifts & Leisure (down 28%) and Health & Beauty (down 28%).

Household Furnishings proved the most resilient in 2020, with sales down 18%. Sales trends in Ready-to-Wear were downbeat, with sales declining 36%.

### Italy

| | Change in footfall and retailer sales in 2020 | | | | |
|---|---|---|---|---|---|
| *Year-on-year change in %* | First two months (January-February) | First lockdown (March-May) | First lockdown lifted (June-October) | Second lockdown period (November-December) | Total 2020 |
| **Footfall Carmila** | **-0.5%** | **-60.0%** | **-18.6%** | **-38.4%** | **-30.6%** |
| Carmila/CNCC* panel footfall | -2.8% | -65.7% | -20.8% | -46.6% | -33.8% |
| **Carmila sales (excl. seated food service)** | **1.3%** | **nm** | **-2.8%** | **-40.4%** | **-25.6%** |
| CNCC* panel retailer sales | nm | nm | -3.8% | -43.8% | -29.9% |
| Shopping centre opening rate | 100.0% | 100.0% | 100.0% | 100.0% | 100%** |
| Store opening rate | 100.0% | 6.0% | 100.0% | 76.5% | 80.4% |

* *CNCC: Italian Shopping Centre Advisory Board (Consiglio Nazionale dei Centri Commerciali).*
** *Closed on weekends and bank holidays (including the day before).*

#### Retailer activity in the first two months of 2020

Retailer sales were up overall in the first two months of 2020, rising 1.3%.

This performance reflects a sharp rise in sales in three different sectors, especially Food & Restaurants (up 3%) and Services (up 3%).

Carmila outperformed its panels by 230 basis points in terms of footfall during this period.

#### First lockdown (March-May)

The first restrictions were introduced as from the weekend of 21 February, with the first national lockdown in place between 12 March and 18 May, during which all non-essential businesses were closed (essential businesses permitted to stay open included food retailers, pharmacies and newsagents). Virtually all businesses were allowed to reopen from 18 May onwards, with the exception of gyms and other sports facilities, which could only reopen from 3 June. In north-west Italy, restaurants were only allowed to reopen as from 25 May.

In the second quarter of the year, the Italian government granted a 30% tax credit on any management leases held (62% of Carmila's total portfolio), and a 60% tax reduction on other leases (38% of Carmila's portfolio) provided that sales for the business in April 2020 were at least 40% down on the April 2019 figure.

Businesses were not eligible for the aforesaid measures if their 2019 sales exceeded €5 million. The Italian government also introduced subsidised low-interest bank loans.

During the first lockdown, 6% of retailers holding a lease contract with Carmila remained open (food retailers, pharmacies, newsagents).

Carmila outperformed its panels by 570 basis points in terms of footfall during this period.

#### Post-lockdown reopening (June-October)

Sales trends (excluding restaurant sales) were encouraging over the period (down 3%), driven by a good performance in Household Furnishings in particular (up 14%) and despite being affected by health restrictions. Culture, Gifts & Leisure sales fell 4%, Health & Beauty 10%, and Clothing & Accessories 11%.

Carmila outperformed its panels by 220 basis points in terms of footfall and by 50 basis points in terms of retailer sales during this period.

### Second period of restrictions (November-December)

The second wave of the pandemic prompted the introduction of a curfew in the Piedmont and Lombardy regions as from 22 October, followed by a second lockdown as from 3 November and the introduction of a three-tier colour coding system (red, orange and yellow). In red zones, non-essential businesses were ordered to close (excluding takeaway establishments, pharmacies and newsagents), while in orange zones, travel restrictions were imposed, allowing for the opening of non-essential businesses (excluding seated food service). In yellow zones, people are permitted to travel within the region and stores can remain open until 6:00 p.m. on Monday to Friday. Shopping centres in the orange and yellow zones are required to close on weekends.

Piedmont and Lombardy were coded “red” as from 3 November, followed by Tuscany on 18 November, placing 80% of Carmila’s network in a “red” zone. Piedmont and Lombardy were classified as “orange” zones as from 27 November.

In December, shopping centres were ordered to close at weekends and on bank holidays (including the day before), i.e., for 12 days out of 27. All stores except those in department stores reopened as from 14 December in Piedmont and Lombardy, and as from 21 December in Tuscany.

In the fourth quarter, the Italian government granted the same tax credits under the same leases and subject to the same condition (e.g., a decrease in sales versus April 2019 and sales under €5 million). However, the government introduced stricter rules for the categories of businesses eligible for financial assistance, and limited the sums available.

At the peak of the restrictions (during which non-essential businesses were closed), 53% of retailers remained open (decided at regional rather than national level).

In terms of footfall, Carmila outperformed its panels by 820 basis points during this second phase of restrictions.

Sales trends were downbeat, contracting 32% on account of the health measures. Sales declined in Household Furnishings (down 18%), Culture, Gifts & Leisure (down 29%) and Health & Beauty (down 36%). Clothing & Accessories sales also fell, retreating 39%.

### Annual shopping centre footfall and retailer sales

Over the year as a whole (including lockdown periods), Carmila shopping centres in Italy outperformed their panels month-by-month by 320 basis points in terms of footfall, and by 430 basis points in terms of retailer sales.

Retailer sales were down overall in 2020, retreating by 26% owing to the health measures imposed on retailers.

This overall decline reflects a sharp downturn in sales in various segments owing to health measures, particularly in Food & Restaurants (down 36%), Culture, Gifts & Leisure (down 29%) and Health & Beauty (down 31%). Trends in Ready-to-Wear sales were also impacted, contracting 35%. Household Furnishings proved the most resilient in 2020, with sales down 9%.

## 3.3.3 Leasing activity

### 3.3.3.1 Summary

Carmila’s leasing activity was dynamic in 2020, with the Company signing 684 leases (11% of the rental base) for total minimum guaranteed rent (MGR) of €36.1 million.

| | 31 Dec. 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Leased vacant premises | | | Letting of extensions | | Renewals | | |
| *(in thousands of euros)* | Number of leases | Annual MGR | MGR versus appraisal rental values | Number of leases | Annual MGR | Number of leases | Annual MGR | Reversion |
| France | 230 | 14,655 | 3.7% | 14 | 1,016 | 153 | 9,401 | 1.6% |
| Spain | 116 | 3,681 | 3.1% | 7 | 342 | 127 | 5,062 | 2.8% |
| Italy | 24 | 1,219 | 5.6% | - | - | 13 | 772 | 5.4% |
| **TOTAL** | **370** | **19,555** | **3.6%** | **21** | **1,358** | **293** | **15,235** | **2.2%** |

| | 31 Dec. 2019* | | | | | | |
|---|---|---|---|---|---|---|---|
| | Leased vacant premises | | Letting of extensions | | Renewals | | |
| *(in thousands of euros)* | Number of leases | Annual MGR | Number of leases | Annual MGR | Number of leases | Annual MGR | Reversion |
| France | 254 | 15,679 | 48 | 3,805 | 162 | 10,146 | 9.0% |
| Spain | 160 | 5,340 | - | - | 212 | 6,540 | 4.2% |
| Italy | 22 | 1,481 | - | - | 16 | 845 | 1.5% |
| **TOTAL** | **436** | **22,500** | **48** | **3,805** | **390** | **17,531** | **6.9%** |

* *In the 2019 Financial Report, MGR was presented net of re-leasing.*

The year was shaped by the slowdown in the first half prompted by the first wave of the pandemic, and by dynamic leasing activity in the second half of the year.

Business was robust in Carmila's three countries compared to 2019, with rent levels exceeding appraisal values and positive reversions on renewals, helping Carmila to maintain a stable rental base.

### France

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

- 24% of leases signed in 2020 (rentals) were in Health & Beauty. Carmila is endeavouring to expand this strategic development focus to strengthen the leading position of its centres and to diversify its merchandising mix.

  A pharmacy is to open in six shopping centres, in Gennevilliers, Ormesson, Saint-Brieuc, Anglet, Goussainville and Tarnos. Carmila continued to expand the number of opticians, by signing leases with Optic 2000 in Hérouville Saint Clair and Mondeville, Alain Afflelou in Segny, La Générale d'Optique in Annecy and Orléans Place d'Arc, Krys in Rethel, Lunettes pour Tous in Anglet, Vision Plus in Roanne, and Atol in Bourg-en-Bresse. The lease signed with We Audition in Torcy Collégien also enables Carmila to reinforce its presence in the paramedical segment.

  Hair salons and barbers continue to base themselves with Carmila, like Pascal Coste in Nice Lingostière, Le Barbier in Laon, La Barbe de Papa in Saint-Brieuc, La Boutique du Coiffeur in Laval, and independent hairdressers in Nîmes and Port de Bouc.

  Carmila also continues to attract a growing number of perfumeries and cosmetics retailers, with Nocibé signing two leases, one for the Bourg-en-Bresse shopping centre and the other for Charleville-Mézières.

  Carmila continues to expand the number of medical practices in its centres, thanks to the arrival of a medical practice in Sens Maillot, an independent dental practice in Gennevilliers, five Vertuo dental practices in Athis-Mons, Sartrouville, Torcy-Collégien, Reims Tinqueux and Champs-sur-Marne, and a veterinary practice in Ormesson.

- The Culture, Gifts & Leisure sector accounted for 28% of the leases signed, primarily with national players in mobile telephony. These include SFR in Toulouse Labège, Free in Puget-sur-Argens, Cholet, Évreux, Toulouse Labège, Pau Lescar, Liévin, Montluçon, Nevers Marzy, Ormesson, Thionville Geric, Torcy-Collégien and Vannes, Orange in Thionville Geric and Saint-Brieuc, Coriolos in Sartrouville, and Bouygues Télécom in Gruchet le Valasse, Aix-en-Provence, Grenoble Meylan and Hazebrouck.

  Players in the sports sector are also represented, with lettings to medium-sized retailers Gigafit in Étampes and Ormesson, Basic Fit in Calais Mivoix, Choet and Annecy, and the signature of a lease with Adidas in Toulouse Labège.

  Lastly Carmila is about to welcome mid-sized retailer Cultura in Anglet BAB2 and a Normal store in Torcy Collégien.

- 31% of leasing activities during the year were in the Clothing & Accessories segment.

  Lettings to major players in Ready-to-Wear include Cache-Cache in Orléans Cap Saran, Maison 1.2.3 in Torcy Collégien and Perpignan Claira, Promod in Laon, Jules in Rennes Cesson, Esprit in Labège and Jennyfer in Orléans Place d'Arc and Calais Coquelles.

  Carmila also signed leases with the multi-brand Ready-to-Wear retailer Blue Box in Toulouse Labège, with lingerie and swimwear brand Valège in Toulouse Purpan, Torcy Collégien and Ormesson, with RougeGorge in Laon, and with children's Ready-to-Wear brand Okaïdi in Salaise sur Sanne. Carmila also signed leases for 15 new stores with its partner Indémodable, a footwear retailer.

- The Food & Restaurants segment accounted for 12% of the leases signed in 2020, including with Au Bureau brasseries in Rennes Cesson and Nanteuil-les-Meaux.

  Business also grew with international and specialty theme restaurants, including Pitaya in Calais Coquelles and Thai Break in Angers St Serge (Thai cuisine), Trattoria di papa (Italian cuisine) and Nachos (Mexican cuisine) in Labège, and DWD Burger, an American restaurant, in Goussainville. Four new leases were also signed with Holly's Diner, in Athis-Mons, Barentin, Hérouville and La Chapelle-St-Luc.

  Finally, So Bio, an organic deli, is to open in Reims Tinqueux, La Romainville pâtisserie is to set up shop in Goussainville, and the L'Envie Gourmande, Boulangerie Louise and Boulangerie Baland bakeries will open in Athis-Mons, Denain and Auch, respectively.

- The remaining lettings are in Household Furnishings as well as Services, including pet retailer Maxi Zoo in Segny, the kitchen specialist Cuisine Privée in Torcy Collégien, Athis-Mons, Ormesson, Sartrouville and Flins-sur-Seine, and the electronics repairer Mobilax Store in Grenoble Échirolles and Saint-Égrève.

### Spain

The diversification of the merchandise mix is also proving successful in Carmila's Spanish centres:

- The Health & Beauty segment continues to grow, accounting for 22% of the leases signed in 2020. Our retail partner Centros Ideal signed three new leases to establish its aesthetics medical centres in Talavera as a joint venture, and in Rivas and Peñacastillo as a franchisee. Other establishments offering laser hair removal in Spain continued to increase their presence in Carmila shopping centres: a lease was signed with Lassersession/360º Clinics in Pontevedra, which adds to their existing five premises in other centres, while two Bedda branches are to open in San Sebastian and El Mirador, adding to the two branches currently located in Carmila centres.
- Clothing & Accessories represented 26% of leasing activity in 2020, an impressive figure considering the situation of the industry. The main retail brands to have signed leases with Carmila are Mango in La Sierra, Prenatal in Holea, As Cancelas and El Alisal, and Stradivarius in As Cancelas.
- The Food & Restaurants segment accounted for a lower 15% of leases in 2020, with local restaurants on the rise. Several major chains signed leases with Carmila, including Taco Bell in Peñacastillo and Manolo Bakes in El Pinar and Alcobendas.
- Services accounted for 9% of leases signed in 2020, mainly with local brands with the exception of Inspiral, which is to open in Alcobendas and Tarrasa, adding two new outlets to their 12 existing sites.
- Culture, Gifts & Leisure accounted for 10% of the leases signed in 2020, including with pet retailer Crazypet for the Los Alfares and Peñacastillo centres. These two new store openings add to Crazypet's existing two stores. Crazypet represents strong growth potential for Carmila, and talks are currently in progress to form a joint venture. Elsewhere, leisure operator Flipa Jump, which specialises in trampolines, signed a lease for 1,540 sq.m. at Gran Sur.
- Household Furnishings accounted for 7% of leases signed in the year. Mattress retailers led the way, with two new leases signed with Bedland in Mostoles and La Sierra adding to their 11 existing outlets, and a fourth lease signed with Max Colchon. Home decoration and household specialist Sakito signed a lease to open a 3,640 sq.m. store in El Alisal.

### Italy

In Italy, 37% of leases signed in 2020 concerned Clothing & Accessories, mainly with Ready-to-Wear brands including lingerie retailers Tezenis and Calzedonia Intimissi Uomo at Massa, or kidswear specialist Ido.

21% of the leases signed were in Services, with the photography studio Areafoto in Thiene, or the dry cleaning firm Lavenderia, also in Thiene. Food & Restaurants represented 21% of new leases in 2020, signed with Lino's Coffee in Vercelli and in Giussano and La Piadineria in Giussano among others.

The remaining leases were signed with Household Furnishings and Culture, Gifts & Leisure brands, including pet specialist Arcaplanet in Paderno and white goods retailer Unieuro in Paderno.

## 3.3.3.2 Temporary retail activity

The temporary retail activity focuses on providing space in Carmila centres for short to medium periods of up to one year. As part of a complementary approach to traditional stores, it provides visitors with the opportunity to discover a more innovative offer. Temporary retail activity is focused on two areas:

- Specialty Leasing;
- Pop-up Stores.

Due to the closure of shopping centres owing to the health crisis, revenues from Specialty Leasing and Pop-up Stores in Carmila's three countries declined by 10.5% compared to 2019.

| | 31 Dec. 2020 | | | 31 Dec. 2019 | | | Change |
|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | Specialty Leasing | Pop-up Stores | Total SL+PS | Specialty Leasing | Pop-up Stores | Total SL+PS | % |
| France | 4,582 | 1,510 | 6,092 | 5,555 | 1,604 | 7,159 | -14.9% |
| Spain | 5,222 | 200 | 5,422 | 5,689 | 260 | 5,949 | -8.9% |
| Italy | 1,225 | - | 1,225 | 1,213 | - | 1,213 | 1.0% |
| **TOTAL** | **11,029** | **1,710** | **12,739** | **12,457** | **1,864** | **14,231** | **-10.5%** |

### Specialty Leasing

Specialty Leasing is dedicated to the development of event organisation as well as new and innovative services and products intended for customers in shopping centres. Constantly mirroring trends in consumption, the various players in Specialty Leasing make it possible to diversify the shopping offer and enrich the customer experience. This diversification adds value to the public areas of the centres. Specialty Leasing comprises two activities:

- the leasing of floor areas in shopping centres and car parks;
- an exclusive partnership with advertiser ClearChannel for digital communications in the Group's shopping centres.

The success of Specialty Leasing at Carmila stems from an intention to revisit the concepts presented in the arcades, focusing particularly on the quality and relevance of the concepts in light of the centre's offer in terms of duration, type and theme.

The first two months of 2020 saw an increase in event organisation activities following the launch of Carmila Event last year, with Panini, Milka, GRDF and Verisure events among others. Carmila centres also continued to host trade shows on various themes (cars in Venette and Mont Saint Aignan, housing in Venette) and roadshows for national and international brands such as Engie, K par K, Ford and BMW.

Following the measures taken to combat the health crisis starting in March, events, short-term leases and Clear Channel France activities fell sharply. Nevertheless, long-term leases proved resilient. The end of the lockdown period saw the return of tenants in each country.

The second lockdown introduced in October prompted another decline. However, thanks to the unrelenting commitment of Carmila's teams, over 75% of retailers were able to open their Christmas chalets stalls as from 28 November in preparation for the 2020 Christmas campaign, in line with 2019. A total of 145 chalets were set up in 30 centres for the festive campaign, some of which were built using cardboard, thereby meeting recycled and recyclable sustainability criteria. Customers were delighted to see these chalets operating again in Carmila centres this Christmas.

### Pop-up Stores

Carmila also leverages the attractiveness of its shopping centres to open Pop-up Stores in premises of between 50 and 3,000 sq.m., for leases ranging from 4 to 34 months. Carmila provides tenants with turnkey solutions, by dealing with the administrative tasks related to store openings and enabling them to focus entirely on their sales activities. Tenants are satisfied with the high service standards provided by Carmila for openings, particularly in Spain as evidenced by the numerous lease renewals following the Christmas period, thereby demonstrating the retailers' desire to move in for a longer term after a successful initial experience. This avenue for development, which complements Carmila's traditional leasing activity, enables the Company to revisit its merchandise mix and continue to opportunistically market vacant spaces, taking advantage of seasonality to offer limited-term leases to its customers.

During the year, Carmila continued to roll out the Repaire des Sorciers (Harry Potter-derived products) brand, with the opening in May of the seventh store in Orléans Cap Saran, and the planned arrival this summer of the eighth store in Torcy Collégien. The forthcoming opening at Anglet BAB 2 of the first physical point of sale for Patatam, an online second-hand clothing retailer, should be noted.

The health crisis forced many of the Pop-up Stores that had signed leases in Carmila centres to postpone their opening, and rent relief was granted to those that were forced to close during the lockdowns. Nevertheless, leases for Pop-up Stores continued to be signed during both lockdown periods.

During the first lockdown, the Pop-up Stores department developed new services which began to be rolled out in June. These new services include modular and eco furniture leasing in collaboration with Emmaüs, as well as videos to help prospect for future tenants.

Annual lettings were up by 20% year on year.

### 3.3.4 Structure of leases

With 6,282 leases under management at 31 December 2020, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1% of net rental income in 2020. Annualised rents totalled €359.0 million at 31 December 2020.

The rental bases presented below have been adjusted to reflect the sale of Grugliasco.

Business was robust in the three countries compared to 2019, with rent levels exceeding appraisal values and positive reversions on renewals, helping Carmila to maintain a stable rental base.

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

| | At 31 December 2020 | | | | At 31 December 2019 | | |
|---|---|---|---|---|---|---|---|
| Country | Number of leases | Annualised contractual rent *(in millions of euros)* | % of total | Year-on-year change | Number of leases | Annualised contractual rent *(in millions of euros)* | % of total |
| France | 3,489 | 239.5 | 66.7% | 0.2% | 3,537 | 238.9 | 66.2% |
| Spain | 2,434 | 97.8 | 27.3% | -1.6% | 2,446 | 99.4 | 27.5% |
| Italy | 359 | 21.7 | 6.0% | -3.5% | 364 | 22.5 | 6.2% |
| **TOTAL** | **6,282** | **359.0** | **100%** | **-0.5%** | **6,347** | **360.7** | **100%** |

## Principal tenant retailers

At 31 December 2020, the 15 leading tenants accounted for 18.7% 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 2020.

| | | At 31 December 2020 | |
|---|---|---|---|
| Tenant | Business segment | Annualised contractual rent *(in millions of euros)* | % of total |
| Inditex | Clothing & Accessories | 6.3 | 1.8% |
| Alain Afflelou | Health & Beauty | 6.2 | 1.7% |
| H&M | Clothing & Accessories | 5.9 | 1.6% |
| Feu Vert | Services | 5.7 | 1.6% |
| Orange | Culture, Gifts & Leisure | 5.6 | 1.6% |
| McDonald's | Food & Restaurants | 4.8 | 1.3% |
| Jules Brice Bizzbee | Clothing & Accessories | 4.4 | 1.2% |
| Flunch | Food & Restaurants | 4.2 | 1.2% |
| Micromania | Culture, Gifts & Leisure | 3.8 | 1.1% |
| Nocibe | Health & Beauty | 3.8 | 1.1% |
| Camaieu | Clothing & Accessories | 3.7 | 1.0% |
| Yves Rocher | Health & Beauty | 3.5 | 1.0% |
| Celio | Clothing & Accessories | 3.4 | 1.0% |
| Histoire d'Or | Culture, Gifts & Leisure | 3.0 | 0.8% |
| Kiabi | Clothing & Accessories | 2.9 | 0.8% |
| | | **67.2** | **18.7%** |

## 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 2020:

| | At 31 December 2020 | | | At 31 December 2019 | | |
|---|---|---|---|---|---|---|
| Business segment | Number of leases | Annualised contractual rent *(in millions of euros)* | % of total | Number of leases | Annualised contractual rent *(in millions of euros)* | % of total |
| Clothing & Accessories | 1,404 | 117.9 | 32.8% | 1,483 | 123.3 | 34.2% |
| Culture, Gifts & Leisure | 1,021 | 67.7 | 18.9% | 1,023 | 66.7 | 18.5% |
| Health & Beauty | 1,199 | 66.9 | 18.6% | 1,195 | 64.7 | 17.9% |
| Food & Restaurants | 866 | 46.9 | 13.1% | 866 | 46.3 | 12.8% |
| Household Furnishings | 289 | 30.2 | 8.4% | 289 | 29.6 | 8.2% |
| Services | 1,393 | 28.9 | 8.0% | 1,386 | 29.5 | 8.2% |
| Other | 110 | 0.5 | 0.1% | 105 | 0.7 | 0.2% |
| **TOTAL** | **6,282** | **359.0** | **100%** | **6,347** | **360.7** | **100%** |

Carmila is seeking to diversify its rental base. The 134 basis points decrease in Clothing & Accessories rents as a proportion of total rents mainly benefited the Health & Beauty (up 69 basis points) and Culture, Gifts & Leisure (up 37 basis points) segments. The proportions of the rental base represented by the other sectors remained stable in terms of rent.

## Breakdown of contractual rent by business segment on an annualised basis

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

The table below shows the breakdown of annualised rents between international, national, and local brands in 2019 and 2020:

| | At 31 December 2020 | | | At 31 December 2019 | | |
|---|---|---|---|---|---|---|
| **Categories** | **Number of leases** | **Annualised rent** *(in millions of euros)* | **% of total** | **Number of leases** | **Annualised rent** *(in millions of euros)* | **% of total** |
| International brands | 2,438 | 189.8 | 52.9% | 2,557 | 193.7 | 53.7% |
| National brands | 2,235 | 117.7 | 32.8% | 2,279 | 114.6 | 31.8% |
| Local brands | 1,609 | 51.5 | 14.4% | 1,511 | 52.5 | 14.5% |
| **TOTAL** | **6,282** | **359.0** | **100%** | **6,347** | **360.7** | **100%** |

| | At 31 December 2020 | | |
|---|---|---|---|
| **Categories** | **France** | **Spain** | **Italy** |
| International brands | 53.0% | 56.3% | 35.7% |
| National brands | 33.7% | 26.9% | 49.0% |
| Local brands | 13.2% | 16.8% | 15.4% |

## Structure of leases

In France, commercial leases are entered into for terms that may not be shorter than nine years. The tenant has the right to terminate the lease at the end of each three-year period, subject to providing six months' notice prior to the end of the current period. However, leases with terms longer than nine years, such as those entered into by Carmila, which generally have terms of 10 or 12 years, may provide otherwise. The lessor's right to terminate the lease at the end of each three-year period is primarily limited to such purposes as construction, reconstruction, or raising the height of the existing building. In addition, the lessor is only legally entitled to terminate the lease if the lessee fails to meet its obligations.

In Spain, the term of the leases may be freely agreed on by the parties, as may methods of terminating, extending, or cancelling the lease. Leases have an average term of between five and eight years. They provide for a minimum term of three to five years and additional terms of varying lengths, with tenants entitled to terminate the lease prior to the end of the current period, provided that they give between two and six months' notice. The lessor is generally bound to the lease until the end of the term agreed upon by the parties.

In Italy, leases that are subject to the real estate lease regime are entered into for a term of six years, renewable automatically for six years (and subject to a maximum term of 24 years), and their termination by the lessee may give rise to the payment of indemnities. The terms of leases subject to the rules of management leases or business leases vary, but are generally between five and seven years. Neither termination by the tenant nor termination by the lessor results in the payment of indemnities to the lessor.

## Right to renegotiate

At 31 December 2020, the average lease term was 4.3 years, breaking down as 4.6 years in France, 4.2 years in Spain and 2.7 years in Italy.

The table below shows the expiry dates for commercial leases relating to the property portfolio for the 2020-2030 period (data at 31 December 2020):

| | At 31 December 2020 | | |
|---|---|---|---|
| **Lease expiry dates** | **Number of leases** | **Maturity*** | **Annualised contractual rent** *(in millions of euros)* |
| Expires 31 December 2020 | 743 | 0.0 | 39.3 |
| 2021 | 779 | 0.5 | 30.9 |
| 2022 | 605 | 1.6 | 29.8 |
| 2023 | 555 | 2.5 | 24.0 |
| 2024 | 578 | 3.6 | 32.7 |
| 2025 | 482 | 4.6 | 24.2 |
| 2026 | 536 | 5.7 | 31.3 |
| 2027 | 492 | 6.6 | 40.0 |
| 2028 | 481 | 7.6 | 33.9 |
| 2029 | 381 | 8.6 | 25.2 |
| 2030 | 289 | 9.5 | 20.9 |
| Beyond 2030 | 361 | 11.9 | 26.8 |
| **TOTAL** | **6,282** | **4.3** | **359.0** |

* *Average remaining lease maturity in years.*

In France, in addition to rent indexation in line with changes in various indices, the rent fixed when the lease is entered into can be revised at the request of one of the parties, subject to certain restrictive conditions. If the lease in question has a rent-indexation clause, which is the case for the majority of leases entered into in France, a rent revision can be requested whenever, due to the application of said clause, the rent is increased or reduced by over 25% as compared with the rent agreed upon at the inception of the lease. The resulting change in rent may not lead to increases that are greater, for a given year, than 10% of the rent paid in the previous year.

In compliance with the rules governing commercial leases, Carmila revalues rents when leases are renewed. In France, there is a cap removal provision for lease terms exceeding nine years. Since the introduction of the Pinel Law in France, changes in rent resulting from the removal of the cap may not lead to increases in rent greater than 10% in a given year versus the rent paid in the previous year. However, as this cap removal provision is not mandatory, leases may not include it.

Rents may also be renegotiated when the tenant is contemplating selling its leasehold right to an acquirer of its business. Although the rules governing commercial leases prohibit the lessor from opposing the tenant's sale of the leasehold right to the acquirer of its business, Carmila benefits from pre-emption clauses in its commercial leases. Therefore, Carmila may exercise its pre-emptive right to acquire the business in the event that the premises could be re-let on better financial terms.

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

In Italy, the terms of commercial leases can be renegotiated upon each expiry date, in order to replace real estate lease contracts with lease management contracts.

## Basis for setting rents

Leases in France comprise either a fixed rent or a double-component rent, which is called a "variable rent". Variable rents are composed of a fixed portion, the minimum guaranteed rent (or annual base rent), and an additional variable rent calculated as a percentage of the tenant's annual sales, excluding taxes. In Spain, Carmila's leases include either a fixed rent or a double-component rent, similar to those under French leases. In Italy, the majority of leases include double-component rents similar to those under French and Spanish leases, with certain leases including only fixed rent. At 31 December 2020 in its three countries, Carmila had 4,794 leases with double-component rents and 1,488 leases with fixed rent only, representing 84.1% and 15.9% of annualised rents, respectively.

The table below shows the structure of Carmila's rents at 31 December 2020:

| | At 31 December 2020 | | |
|---|---|---|---|
| | Number of leases | Annualised rent *(in millions of euros)* | % of total |
| Leases with variable rent clauses | 4,794 | 302.0 | 84.1% |
| of which leases with minimum guaranteed rent and additional variable rent | 4,774 | 297.8 | 83.0% |
| of which leases with variable rent only | 20 | 4.2 | 1.2% |
| Leases without variable clauses with only fixed rent | 1,488 | 57.0 | 15.9% |
| **TOTAL** | **6,282** | **359.0** | **100.0%** |

The minimum guaranteed rent under double-component leases is set by the lease contract. The additional variable rent represents the amount by which a specified percentage of the tenant's annual sales excluding taxes exceeds the minimum guaranteed rent. Different parameters are used to set rents, including (i) rents applied by rival shopping centres, (ii) the average rent for the shopping centre concerned (overall as well as per sector), (iii) the quality of the site, and (iv) an assessment of the prospective tenant's sales, performance and financial position.

### 3.3.5 Financial occupancy rate

| Country | Financial occupancy (excl. strategic vacancies) 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| France | 95.8% | 95.9% |
| Spain | 95.0% | 96.4% |
| Italy | 96.9% | 98.8% |
| **TOTAL** | **95.7%** | **96.3%** |

At 31 December 2020, the consolidated financial occupancy rate of Carmila's assets was 95.7%, of which 95.8% in France, 95.0% in Spain and 96.9% in Italy.

The financial occupancy rate is defined as the ratio between the amount of rent invoiced and the amount of rent that Carmila would collect if its entire portfolio were leased, with the estimated rent for vacant lots being determined on the basis of rental values used by 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 2.4% in France, 3.5% in Spain and nil in Italy, which represents a consolidated impact for Carmila of 2.5% at 31 December 2020, higher than at 31 December 2019, where the consolidated impact was 1.8%. This increase is primarily due to the preparation of new extension projects currently being considered by Carmila.

### 3.3.6 Retailer occupancy cost ratio

Owing to the effects of the health crisis resulting in trading being interrupted for two months or more for the majority of retailers in Carmila's centres, the occupancy cost ratios for 2020 are not representative.

## 3.4 Corporate Social Responsibility

In 2020, Carmila strengthened and accelerated its CSR commitments, founded on three pillars.

### 3.4.1 Pillar 1: *Here, we act* for the planet

Carmila is strengthening its low-carbon strategy to align its operations with the national objectives set out in the 2015 Paris Agreement. This approach has been structured in two stages:

- completing a greenhouse gases audit with the support of Ernst & Young, to identify pathways to improvement, impacts and how well they are being managed by Carmila;
- preparing a strategic plan with the support of Carbone 4, to reduce Carmila's carbon footprint by focusing on (i) reducing energy use; (ii) deploying green mobility solutions to attenuate the impact of visitor transport; and (iii) conducting life cycle assessments for new construction.

Carmila has also initiated its strategic plan to assess the resilience of existing assets in addition to assets under construction, whose conclusions and deployment will be completed in 2021. By comparing projected natural hazards in 2050 with the potential vulnerability of Carmila's sites, the plan will identify the climate risks attendant to each asset, so that actions can be deployed to safeguard the quality of each one.

With regard to resource conservation, Carmila has decided to focus particular attention on biodiversity. Initial guidelines to protect biodiversity on shopping centre sites have been drafted and will annexed, in 2021, to landscaping maintenance contracts. Following on from the first BiodiverCity label earned by the Evreux site, the Nice Lingostière centre applied for the same certification in 2020 as part of its extension project.

In the area of waste reduction, after the initial target of recovering and reusing 50% of all waste produced was met in 2020, ambitious new objectives were set, so that by 2025 all of the waste produced will be recovered and reused, either to make new materials or as fuel.

Conserving water resources is also one of Carmila's objectives. By 2022, all the sites will report data on precisely defined consumption indicators, with the goal of limiting water use in the common areas to one litre per visitor per year by 2025.

Lastly, as of 31 December 2020, BREEAM certification had been earned on 88% of the portfolio by value, exceeding the target for the year of 75%. As a result, in line with the CSR strategy's new environmental objectives, Carmila has decided to have all its centres certified by 2025.

### 3.4.2 Pillar 2: *Here, we act* for the local regions

The nature of Carmila's assets means that it is a property company with deep roots in each local community. Its shopping malls serve as effective centres of community life that help to drive local economic growth and foster closer social ties.

To sustainably anchor its operations in each community, Carmila is prioritising its relationships with both tenants and shoppers. As a result, the "*Here we act* for local regions" component of the CSR strategy is built around two commitments:

- a B2B commitment, in particular by supporting retailers in developing their business;
- a B2C commitment, by deepening each centre's local roots and deploying an array of initiatives to delight shoppers/visitors and raise their awareness.

In 2020, Carmila decided to step up its employment support schemes by expanding the range of solutions available, including a partnership with the start-up Student Pop. In 2021, Carmila is committed to conducting at least one jobs programme in each of its centres.

In an unprecedented socio-economic environment, Carmila and Carrefour joined forces to support local employment. Carrefour was authorised by France's Employment and Vocational Training agency to allocate part of its revitalisation budget (funds it was required to pay to the host region to help revitalise local employment after laying people off) to support retailers in opening new stores in the malls. During the year, synergies between the two companies enabled 51 jobs to be created in Carmila malls.

The Responsible Offering, which is an integral part of Carmila's purpose statement, is aligned with emerging customer expectations for more responsible shopping, while corresponding to the unique selling propositions offered by local retailers. Its expansion is being led by previously owned goods, which have proven to be a powerful source of new growth for ready-to-wear fashion.

In 2020, Carmila's centres' Responsible Offering was enhanced with new stores, such as Patatam, an online used clothing retailer, in the BAB2 mall, and Avril, an organic cosmetics boutique, in Vannes. Carmila centres also regularly hold week-long "farmers' market" events during which local farmers can market their produce and other products directly to visitors.

Maintaining close ties with retailers is a major issue for Carmila, and this past year in particular, supporting them in improving their attractiveness and visibility was a priority for the centre executive, leasing and marketing teams. In 2020, for example, the kiosk system was expanded with new support tools, such as targeted events and partnerships.

Listening to customers is a fundamental aspect of being able to meet their expectations more effectively, pro-actively respond to their needs and identify pathways to improvement.

As planned, customer satisfaction surveys were conducted in 2020 in the three host countries, resulting in an average satisfaction rate of 87.3%[1].

During the year, as the health crisis unfolded, dialogue was intensified and the customer experience was adjusted. Health protocols and stricter safety measures were deployed in every centre. These actions were reassuring for consumers, with 93% of visitors considering that following the measures taken by their shopping centres, they felt safe there.

For Carmila, social responsibility is also expressed through initiatives that benefit people and the environment. CSR events are a way to raise awareness of these issues among employees, retailers and shoppers. In 2020, 80% of shopping centre directors organised at least one CSR event, focusing on such issues as community outreach, public health, waste reduction and second-hand goods.

Pop-up venues were organised with victim support associations, so that their teams could efficiently respond to and care for victims. Since 20 August 2020, for example, the Pau Lescar centre has partnered with the Du Côté des Femmes association to offer a weekly drop-in service discreetly accessible by women who are victims of domestic violence.

### 3.4.3 Pillar 3: *Here, we act* for our employees

Employee engagement is a key factor in Carmila's successful growth. This collective engagement has been nurtured and consolidated through a wide variety of initiatives for all employees, both upon induction and throughout their career.

To address the many challenges and expectations of its employees, particularly young talent, human resources policies are structured around three main objectives:

- encouraging a diversity of profiles from the hiring phase, with particular attention to upholding workplace equality;
- developing the potential of employees from induction through every phase of their careers, including promotions and transfers;
- enhancing employee engagement in co-building Carmila's future through competitive compensation policies, sincere social dialogue and practical solutions to make work-life easier.

In 2020, Carmila undertook a number of commitments to support diversity, inclusion and workplace equality:

- a disability agreement was signed in June 2020 to devise policies to hire and retain people with disabilities and to raise awareness of disability issues among the entire workforce;
- during the year Carmila began working with Welcome To The Jungle, a recruitment website that enables companies to reach out to job applicants through videos and interviews;
- the workplace equality index stood at 84/100 in 2020, well on the way to the targeted 90/100 in 2022;
- in 2020, 100% of departments were trained in the new CSR strategy;
- a new home working agreement was signed with the trade unions on 20 December 2019, based on one day of home working per week, or exceptionally up to two days a week in agreement with the manager. In addition, the health crisis prompted Carmila to facilitate home working arrangements across the organisation, first in March and then in November during the second lockdown.

(1) *The surveys were carried out in France and Spain. As the contribution of Italy is not material to the Group average, its exclusion does not show in the 2020 data.*

## 3.5 Digital marketing

Since its creation in 2014, Carmila has implemented a distributed marketing strategy that equips every shopping centre with the finest marketing and digital tools on the market. This strategy was further ratcheted up as the health crisis unfolded, with each centre receiving state-of-the art solutions to support local retailer tenants. This is steadily improving their ability to advertise their offers and news across their catchment areas, so as to increase tenant revenue in normal times and support their initiatives during the health crisis.

Distributed marketing proved to be particularly effective during the lockdowns, which forced stores other than Carrefour hypermarkets and shops selling essential goods to close. It enabled Carmila to demonstrate responsiveness and flexibility in keeping customers informed about the exceptional shopping conditions, while maintaining a reassuring, caring relationship and sharing new local initiatives to support the banners, whether closed or open for business.

Distributed marketing, which transforms each centre into a hyper-local precision marketing channel, is possible thanks to close collaboration:

- centrally, with marketing and digital technology experts who build the applications and define best practices;
- locally, with the shopping centre teams, who know their catchment areas best and use the applications every day.

These local teams can also leverage digital resources that are actionable both locally and nationally:

- a database of geo-located customers, with 3.5 million contacts in each centre's catchment area (24.6% more than in 2019). This resource is being expanded, in particular, by data collected from a network of in-centre gaming terminals in France and Italy, which were used by more than 651,184 players over the year (except during the lockdowns when the system was suspended).
- a mobile-first website that is locally managed. Created as an additional showcase for retailers, it provides an accurate picture of what is going on at the centre for customers in the catchment area;
- informative, up-to-date Google My Business pages. In 2020, these pages were searched more than 79 million times by customers of Carmila's centres in France, Spain and Italy;
- a fast-growing social media presence. With more than 7.5 million interactions on its Facebook posts (up 47% on 2019) and a 85.1% increase in the cumulative number of Instagram followers over the year, centre managers have powerful tools to reach their tenants' customers.

Carmila also provide its retailers and centre managers with a wide array of services to support more agile response.

For example, new resources were added to NESTOR, the digital platform for local teams and retailers, to enable them to meet both day-to-day needs and some much more unusual ones:

- the early 2020 integration of the “Print” platform, which makes it very easy to order eco-responsible marketing collateral (POS displays, flyers, banners, etc.), enabled retailers to source “protective measures” posters in a few clicks;
- the integration of an innovative local student hiring solution;
- product reservation, which allows customers to reserve retailer merchandise via the Click & Collect page on the shopping centre websites.

Moreover, the agility of both the digital ecosystem and Carmila's teams supported effective communication with customers and retailers to offer them reassurance and information, encourage mutual support and strengthen ties among all the centre stakeholders.

In 2020, for example:

- the centres sent out 40 million emails with 49% broader coverage than in 2019;
- they also posted 55,000 comments on their Facebook pages (23.3% more than in 2019), reaching more than 249 million users.

The fact that centres continued to communicate during the lockdowns had a very positive impact on customers, as shown by the survey conducted by Shopping Lab, Carmila's consumer panel. According to 95% of the surveyed customers, such communication shows that the centres have responded to the situation, whilst 89% of them consider that it demonstrates their centre's ability to understand their needs.

What's more, all of Carmila's retailer tenants can access the expertise of the head office and centre-based teams via the Kiosk, a support service that assists them in their marketing campaigns, relays their promotional offers, adds impact to their events and sales, etc.

During the lockdowns, almost all of the open stores received some form of digital support. During the first lockdown in France, for example, 1,002 Kiosk operations were conducted to support retailers (versus 860 in the same period of 2019).

in Spain, in mid-April, corporate marketing teams and centre management introduced the “Reserva & Compra” programme, which contacts mall retailers directly to encourage them to introduce new omnichannel services with the following implementation support:

- online sales or appointment-making, via WhatsApp or phone,
- home delivery,
- contactless payment,
- store pick-up in the car park.

## 3.6 Growth drivers

### 3.6.1 Carmila Retail Development

Innovation is at the heart of Carmila's projects. It is also reflected in the promotion of employee initiatives through a business development unit. Accordingly, Carmila launched Carmila Retail Development dedicated to supporting the development of promising new concepts. In this way, Carmila gives financial support to talented, dynamic entrepreneurs who wish to set up stores in its centres, following in the footsteps of men's hair salon La Barbe de Papa, shoe store Indémodable, e-cigarette retailer Cigusto, and the Centros Ideal beauty clinics in Spain.

By the end of 2020, these four partner retailers had opened 76 stores in Carmila shopping centres in France and in Spain, representing annual rental income of €2.8 million. These same brands have also opened 35 stores with third-party lessors. In all, the partnerships are operating 111 stores in France and in Spain.

The health crisis has underscored the professionalism of Carmila's partner entrepreneurs, who have successfully protected their businesses while maintaining their ambitious expansion drive, with no less than 40 openings in 2020. For Carmila, the challenge is to act as an increasingly engaged partner with these talented entrepreneurs to support them as they grow.

Lastly, in 2020, Carmila Retail Development took the opportunity to reach out to such premium partners as digital native vertical brand concept store Marquette and food services group Toc Toque, which will open its next outlet in the extension to the Nice Lingostière centre. In the pipeline for 2021 are new partnerships with, for example, local food service, home furnishings and sporting goods retailers that will enhance the appeal of Carmila centres and meet the needs of its customers for new products and experiences.

### 3.6.2 Healthcare strategy

To speed the transformation of its shopping centres, Carmila is continuing to roll out healthcare-related offering aligned on two actions:

1. The PharmAlley joint venture is supporting dispensing pharmacists who want to deploy new business models based on larger footprints, optimised layouts, a broad assortment of over-the-counter merchandise, pricing, trade, etc. In 2020, the new model was deployed at the pharmacy in the Laon centre. In 2021, the Annecy Brogny shopping centre will welcome an expanded pharmacy with more than 500 sq.m. of retail space. Three further expansions are under consideration.
2. Carmila has joined with dental care specialists to deploy their Vertuo concept as part of the Dentalley joint venture, created in July 2020 to offer dental practice solutions in centres accounting for a third of the portfolio. Ten openings are already scheduled for 2021 in Athis-Mons, Perpignan, Sartrouville, Nantes (two openings), Brest, Toulouse, Champs-sur-Marne, Torcy Collégien and Reims.

The objective is to open 60 dental care centres over the next five years.

### 3.6.3 LouWifi

Carmila is also enhancing the appeal of its centres by installing fibre optical networks in them, via its subsidiary LouWifi. Leveraging its network integration expertise, LouWifi installs and maintains WiFi and other low-voltage networks in Carmila centres, providing retailer tenants, shoppers and visitors with very high-quality, ultra-fast broadband connections.

LouWifi performed well in 2020, thanks to the excellent performance of its Wifi service, widely used by visitors to Carmila shopping centres.

LouWifi plays a role in driving the digital transformation of Carmila's shopping centres, in particular by supporting the very fast installation of gaming terminals, sound systems and footfall counting systems.

Lastly, LouWifi is enabling Carmila to centralise mall energy management systems, feeding through to a 2,000MWh reduction in power use in 2020.

### 3.6.4 Lou5G

Through its Lou5G subsidiary, which owns the land, Carmila leases plots to telecom operators for their telephone towers.

Created in 2019, the business was gradually structured in 2020, with 67 leases signed and active during the year. An additional pipeline for this activity is currently being identified. In addition, Lou5G, which has acquired expertise and capabilities widely recognised by its operator customers, is now positioned as a tower company that builds the towers and retains ownership, thereby increasing per-site rental income.

In this way, Carmila is contributing to the French government's goal of reducing the digital divide and supporting the nationwide drive to eliminate dead zones, improve 4G coverage and prepare for the 5G roll-out.

# 3.7 Comments on the year's activity

## 3.7.1 Specific negotiations related to the health crisis

| | Waiver impact (months of rent) | Rent waivers *(in millions of euros)* | % negotiations signed | % negotiations in exchange for extension | Average reversion of MGR in event of extension of non-cancellable term |
|---|---|---|---|---|---|
| France | 1.9 | 45.7 | 65% | 42% | -2.7% |
| Spain | 1.9 | 17.8 | 80% | 94% | -0.2% |
| Italy | 2.8 | 6.1 | 93% | 6% | 0.0% |
| **TOTAL** | **1.9** | **69.6** | **70%** | **55.0%** | **-1.7%** |

Owing to the health crisis, Carmila held negotiations with its tenants with a view to supporting them during this period and helping to safeguard their cash resources through rent relief.

In some cases, negotiations resulted in relief being granted with no concessions agreed by the tenant in return, directly in accordance with the government measures described in the "Shopping centre openings, footfall and retailer sales by country" section. Other negotiations resulted in relief being granted with or without concessions by the tenant on a case-by-case basis, so as to find a situation beneficial to all parties concerned. Concessions granted by tenants in exchange for rent relief consisted mainly of extensions of the non-cancellable term of the lease or commitments to sign new leases. Rent relief granted in exchange for concessions in the form of an extended lease term represented 55.0% of all rent relief granted (excluding very small businesses).

In all, the impact of the various relief granted by Carmila was €69.6 million, representing 1.9 months' rent. A total of €52.2 million in rent relief was granted during the first wave of the pandemic, including €9.6 million to support very small businesses. The impact of the second wave was €17.3 million, including €4 million in tax income in the form of a tax credit.

70% of the negotiations have been concluded and signed, and relief arrangements that remain unsigned were written down to take account of the health crisis. Carmila recognised the full impact of the relief granted during the first two waves of the health crisis in its 2020 consolidated financial statements.

## 3.7.2 Accounting for the impacts of the health crisis

The specific impacts of the health crisis are set out in the table below:

| *(in thousands of euros)* | France | Spain | Italy | Group |
|---|---|---|---|---|
| **Income statement impact of the health crisis** | **(36,573)** | **(13,742)** | **(6,432)** | **(56,747)** |
| • of which impact of rent waivers | (23,197) | (819) | (4,743) | (28,759) |
| • of which allowances on receivables | (11,338) | (9,678) | (1,274) | (22,290) |
| • of which variable rent adjustments (VR) | (1,160) | (2,843) | | (4,003) |
| • of which Specialty Leasing | (878) | (402) | (415) | (1,695) |
| **Income statement impact beyond 2020 (IFRS 16 impact: rent-free periods to be deferred)** | **(11,127)** | **(7,282)** | **(131)** | **(18,540)** |
| **Total health crisis impact (first and second waves)** | **(47,700)** | **(21,024)** | **(6,563)** | **(75,287)** |
| **Total health crisis impact (excl. variable rents and Speciality Leasing)** | **(45,662)** | **(17,779)** | **(6,148)** | **(69,589)** |
| Impact *(in months of rent)* | 1.9 | 1.9 | 2.8 | 1.9 |

| *(in thousands of euros)* | France | Spain | Italy | Group |
|---|---|---|---|---|
| **Impact on gross rental income** | **(3,011)** | **(3,403)** | **(569)** | **(6,983)** |
| Rent waivers with concessions (IFRS 16) | (973) | (158) | (154) | (1,285) |
| Variable rent adjustments | (1,160) | (2,843) | | (4,003) |
| Specialty Leasing impact | (878) | (402) | (415) | (1,695) |
| **Impact on net rental income** | **(33,562)** | **(10,339)** | **(5,863)** | **(49,764)** |
| Rent waivers without concessions | (26,230) | (661) | (4,589) | (31,480) |
| Allowances on receivables | (11,338) | (9,678) | (1,274) | (22,290) |
| Tax credit | 4,006 | | | 4,006 |
| **Total impact in 2020** | **(36,573)** | **(13,742)** | **(6,432)** | **(56,747)** |

For relief granted in exchange for an extension of the non-cancellable term of the lease, the impact of the relief is recognised over the non-cancellable term of the lease in question, in accordance with IRFS 16. The impact is recognised as a deduction from gross rental income, representing €1.3 million in 2020. A total of €18.5 million will be recognised over the next few periods, of which €6 million in 2021. The amount of €18.5 million was determined based on the amounts signed to date and the discussions ongoing with tenants.

The impact of other relief not resulting in an extension of the non-cancellable term of the lease is written off in full against net rental income in the 2020 financial statements, for an amount of €31.5 million.

The provision for variable rents was adjusted in an amount of €4.0 million, while the impact on Specialty Leasing revenues was €1.7 million.

Disputed receivables were written down in full in 2020.

### 3.7.3 Gross rental income and net rental income

#### Gross rental income

| *(in thousands of euros)* | 31 Dec. 2020 Gross rental income | 31 Dec. 2020 Year-on-year change reported | 31 Dec. 2019 Gross rental income |
|---|---|---|---|
| France | 239,011 | -1.4% | 242,408 |
| Spain | 88,724 | -4.9% | 93,259 |
| Italy | 22,009 | -7.5% | 23,790 |
| **TOTAL** | **349,744** | **-2.7%** | **359,457** |

Gross rental income fell by 2.7% in 2020. The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (negative €1.3 million impact in 2020), (ii) the decline in Specialty Leasing revenues (negative €1.7 million impact), and (iii) adjustments made to provisions for variable rents for the months during which stores were closed (negative €4.0 million impact). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Adjusted for these impacts, gross rental income fell by just 0.8%, reflecting the resilience of the rental base in a challenging health environment.

#### Net rental income

| | 31 Dec. 2020 | | | | | 31 Dec. 2019 |
|---|---|---|---|---|---|---|
| | | Year-on-year change | | | | |
| *(in thousands of euros)* | Net rental income | Like-for-like (total) | Like-for-like (Covid-19 impact) | Like-for-like (excl. Covid-19 impact) | reported | Net rental income |
| France | 185,340 | -16.9% | -16.3% | -0.6% | -17.3% | 224,131 |
| Spain | 71,000 | -18.4% | -15.8% | -2.6% | -18.6% | 87,216 |
| Italy | 14,497 | -33.2% | -29.5% | -3.7% | -33.6% | 21,837 |
| **TOTAL** | **270,837** | **-18.4%** | **-17.0%** | **-1.4%** | **-18.7%** | **333,184** |

Net rental income fell by €62.3 million in 2020. This decline is attributable to the factors described below.

- The total like-for-like change was a decrease of €61.3 million, or 18.4% over the year. Covid-19 impacts had a negative €56.7 million (17.0%) effect, as detailed in the "Accounting for the impacts of the health crisis" note. Organic growth as adjusted for these specific impacts was a negative 1.4%.
- The positive contribution of rent indexation included in like-for-like growth is 1.5%.
- Growth generated by lease extensions represents €1.0 million, or 0.3%. The Rennes Cesson extension delivered in the second half of 2019 is recognised in this line.
- Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2019 or 2020.

Other impacts reduced net rental income by €2.1 million, or 0.6%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

### 3.7.4 Rent collection

| | 31 Dec. 2020 | | | | |
|---|---|---|---|---|---|
| | First-quarter 2020 | Second-quarter 2020 | Third-quarter 2020 | Fourth-quarter 2020 | Full-year 2020 |
| Gross collection rate (total amount invoiced) | 94.9% | 53.3% | 84.9% | 74.3% | 77.3% |
| Rent waiver/Covid-19 provision rate | 2.4% | 38.9% | 8.1% | 24.5% | 18.0% |
| Bad debt rate | 2.7% | 7.8% | 7.0% | 1.3% | 4.7% |
| **TOTAL** | **100%** | **100%** | **100%** | **100%** | **100%** |
| Gross collection rate (France) | 97.0% | 47.0% | 92.0% | 73.0% | 78.0% |
| Net collection rate (adjusted for rent waivers/Covid-19 provision) | 97.3% | 87.0% | 92.4% | 98.3% | 94.3% |

Out of the total charges and rents invoiced in 2020, 77.3% had been collected at 31 December 2020, 18.0% had been waived (and written off in the consolidated financial statements) and 4.7% are pending collection (of which 3.0% had been recovered at 15 February 2021).

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94.3%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

## 3.7.5 Overhead costs

### OVERHEAD EXPENSES

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Income from property management, administration and other activities | 10,267 | 10,477 |
| Other income | 254 | 1,407 |
| Payroll expenses | (25,939) | (25,145) |
| Other external expenses | (35,532) | (39,579) |
| **OVERHEAD EXPENSES** | **(50,949)** | **(52,840)** |

Overhead costs fell 3.6% in 2020 compared to the previous year. This €1.9 million decrease is attributable to the cost savings made in the wake of the health crisis.

### Revenues from property management, administration and other activities, and other income from services

These revenues include fees on new leases, marketing fund services to develop and increase the attractiveness of the centres (retailers' associations), amounts rebilled to the Carrefour group relating to the share of payroll expenses for shopping centre directors, and LouWifi fees.

These revenues totalled €10.5 million in 2020, a decrease of €1.4 million (11.4%) compared to 2019. The fall in revenues is primarily due to the absence in 2020 of the LouWifi fees that had been earned in 2019.

### Payroll expenses

Payroll expenses amounted to €25.9 million in 2020: the 3.2% increase takes into account the year-on-year rise in the average number of employees. Carmila has also set up preferred share allotment plans for senior executives and some employees. The benefits granted under these plans are recognised as payroll expenses.

Carmila has been determined to keep all of its staff working from home and avoid furlough during the lockdowns to enable it to stay in touch with its tenants and consumers, and make preparations for the reopening of the shopping centres at the end of each lockdown period.

### Other external expenses

Other external expenses totalled €35.5 million in 2020, a decrease of 10.2%, or €2.9 million, in overhead expenses. This decrease can be explained by the health environment, which led to a fall in lease management fees resulting from the rent relief granted to tenants, and by a reduction in certain communication and marketing expenses (trade shows, conventions, events, etc.).

The main components of other external expenses are marketing expenses, chiefly relating to the ramp-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.). They also include appraisal fees for the property portfolio, legal and tax fees, statutory auditors' fees, financial reporting and advertising fees, travel expenses and compensation allocated to directors.

## 3.7.6 EBITDA

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| **Operating income** | **(122,862)** | **191,788** |
| Elimination of change in fair value | 334,267 | 90,172 |
| Elimination of attributable change in fair value of equity-accounted companies | 5,419 | (1,813) |
| Elimination of capital (gains)/losses | 2,382 | 610 |
| Depreciation and amortisation of property and equipment and intangible assets | 999 | 1,812 |
| **EBITDA** | **220,205** | **282,569** |

EBITDA came in at €220.2 million in 2020, a year-on-year decline of 22.1% (€62.4 million), in line with the fall in net rental income.

### 3.7.7 Net financial expense

**FINANCIAL EXPENSE**

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Financial income | 917 | 559 |
| Financial expenses | (57,634) | (57,277) |
| **Cost of net debt** | **(56,717)** | **(56,718)** |
| Other financial expense | (18,903) | (1,389) |
| **NET FINANCIAL EXPENSE** | **(75,620)** | **(58,107)** |

Carmila reported net financial expense of €75.6 million for 2020.

The cost of net debt amounted to €56.7 million in 2020, stable compared to the previous year. The rise in interest payable on bonds (a new €100 million bond issued in June 2020 and a €300 million bond issued in December 2020) and the amortisation of debt issuance premiums and costs was offset by lower interest expenses on bank borrowings (repayment of €100 million in December 2019 and of €200 million in December 2020), and by optimised hedging positions.

"Other financial expense" fell sharply, owing to the €5.4 million premium paid following the bond redemption in November 2020 and the adjustment made pursuant to IFRS 9: the proceeds resulting from the one-year extension of the maturity of the bank loan and the expense related to adjusting the effective interest rate on the debt to its original rate, had a net negative impact of €10.5 million in the year.

## 3.8 EPRA performance indicators

### 3.8.1 EPRA earnings and recurring earnings

**EPRA EARNINGS**

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Net income attributable to owners** | **(198,756)** | **108,213** |
| **Adjustments to calculate EPRA earnings** | **359,742** | **110,329** |
| (i) Changes in value of investment properties, development properties held for investment and other interests | 334,267 | 90,172 |
| (ii) Gains and losses on disposals of investment properties | 65 | 610 |
| (iii) Gains and losses on disposals of trading properties | - | - |
| (iv) Tax on disposal gains and losses | - | - |
| (v) Negative goodwill/goodwill impairment | - | - |
| (vi) Changes in fair value of financial instruments and associated close-out costs | 19,164 | 596 |
| (vii) Acquisition costs for share deal acquisitions | - | - |
| (viii) Deferred tax in respect of EPRA adjustments | 785 | 20,764 |
| (ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation) | 5,419 | (1,813) |
| (x) Non-controlling interests in respect of the above | 41 | - |
| **EPRA EARNINGS** | **160,986** | **218,543** |
| Average number of shares | 140,198,573 | 136,408,412 |
| **EPRA EARNINGS PER SHARE** | **1.15** | **1.60** |
| Fully diluted number of shares | 140,603,774 | 136,705,504 |
| **DILUTED EPRA EARNINGS PER SHARE** | **1.14** | **1.60** |
| **Other adjustments** | **6,623** | **1,989** |
| Debt issuance costs paid net of amortised costs(1) | 3,302 | 3,835 |
| Other non-recurring expenses or (income)(2) | 3,321 | 167 |
| **RECURRING EARNINGS** | **167,609** | **222,545** |
| *Year-on-year change* | *-24.7%* | |
| **RECURRING EARNINGS PER SHARE** | **1.20** | **1.63** |
| *Year-on-year change* | *-26.7%* | |

*Recurring earnings totalled €167.6 million for 2019, down 24.7% year on year. Earnings per share are down by 26.7% on 2019, at €1.20.*

*Comments on the other adjustments:*

*(1) Debt issuance costs amortised on a straight-line basis over the term of the debt are restated; debt issuance costs paid during the year are added back to recurring earnings.*

*(2) Other non-recurring expenses comprise the cost of shelving projects to expand the Laval and Vitrolles sites, as well as depreciation and amortisation expenses.*

## 3.8.2 EPRA Cost Ratio

**EPRA COST RATIO**

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| (i) Operating costs | 73.9 | 77.7 |
| Overhead expenses | 63.9 | 68.0 |
| Property expenses | 10.1 | 9.7 |
| (ii) Net service charge costs/fees | 10.1 | 10.2 |
| (iii) Management fees less profit element | (10.3) | (10.5) |
| (iv) Other operating recharges intended to cover overhead expenses | (0.3) | (1.4) |
| (v) Share of costs of equity-accounted companies | 1.4 | 1.0 |
| (vi) Impairment of investment properties and provisions included in property expenses | 0.0 | 0.0 |
| (vii) Service charge costs recovered through rents | (1.8) | (1.8) |
| **EPRA costs (including direct vacancy costs)** | **73.1** | **75.3** |
| (viii) Direct vacancy costs | 9.6 | 7.8 |
| **EPRA costs (excluding direct vacancy costs)** | **63.5** | **67.4** |
| (ix) Gross rental income less ground rents | 293.0 | 359.5 |
| (x) Less: service fee and service charge costs components of gross rental income | (1.8) | (1.8) |
| (xi) Plus: share of Joint Ventures (gross rental income less ground rents) | 3.8 | 4.9 |
| Gross rental income | 295.1 | 362.6 |
| **EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS)** | **24.8%** | **20.8%** |
| **EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS)** | **21.5%** | **18.6%** |

The EPRA Cost Ratio was 290 basis points lower in 2020 compared to 2019 (excluding vacancy costs). However, as restated for the impacts of Covid-19, the ratio comes out at 18.1%, down 50 basis points on the previous year.

Overhead expenses include other external expenses, payroll expenses, and other operating income and expenses.

Property expenses include losses on irrecoverable receivables along with maintenance and repair costs that are not rebilled to tenants. Property expenses do not include the impacts of the health crisis (rent-free periods and impairment recognised against trade receivables).

The impacts of the health crisis were deducted from gross rental income.

## 3.8.3 Going concern NAV, EPRA NAV and EPRA NNNAV

### Going concern NAV

**EPRA NAV INCLUDING TRANSFER TAXES (GOING CONCERN NAV)**

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Equity attributable to owners** | **3,262,743** | **3,540,434** |
| Elimination of fair value of hedging instruments | 34,158 | 25,556 |
| Elimination of deferred tax on unrealised capital gains | 177,316 | 175,685 |
| Transfer taxes | 302,987 | 317,358 |
| **EPRA NAV including transfer taxes (Going concern NAV)** | **3,777,204** | **4,059,034** |
| *Year-on-year change* | *-6.9%* | |
| Diluted number of shares comprising the share capital at period end | 142,616,879 | 136,705,504 |
| **DILUTED GOING CONCERN NAV PER SHARE** *(in euros)* | **26.48** | **29.69** |
| *Year-on-year change* | *-10.8%* | |

Net asset value (NAV) including transfer taxes adds back property transfer taxes in order to obtain a NAV valuation based on a going concern assumption.

At 31 December 2020, going concern NAV per share was €26.48, down 10.8% compared to 31 December 2019, and factors in the €1.00 per-share dividend paid in July 2020.

## EPRA NAV

### EPRA NAV

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Equity attributable to owners** | **3,262,743** | **3,540,434** |
| Elimination of fair value of hedging instruments | 34,158 | 25,556 |
| Elimination of deferred tax on unrealised capital gains | 177,316 | 175,685 |
| Transfer tax optimisation | 55,477 | 57,723 |
| **EPRA NAV (excluding transfer taxes)** | **3,529,694** | **3,799,399** |
| *Year-on-year change* | *-7.1%* | |
| Diluted number of shares comprising the share capital at period end | 142,616,879 | 136,705,504 |
| **EPRA NAV (EXCL. TRANSFER TAXES) PER DILUTED OUTSTANDING SHARE** *(in euros)* | **24.75** | **27.79** |
| *Year-on-year change* | *-10.9%* | |

The EPRA NAV (Net Asset Value) is an indicator of the fair value of a property company's assets. EPRA NAV is calculated by taking equity attributable to owners (which corresponds to consolidated net assets) which, stated at fair value, includes unrealised capital gains or losses on assets. EPRA NAV as calculated based on a going concern assumption does not deduct the deferred tax associated with unrealised capital gains on assets or financial instrument fair value adjustments.

Transfer taxes are optimised because the duty is calculated as if it involved asset sales. However, certain assets are owned by individual companies and would be sold in a share deal in the event of a disposal. The duty would then be calculated and paid on a lower base amount (net assets).

At 31 December 2020, EPRA NAV per share was €24.75, down 10.9% compared to 31 December 2019.

## EPRA NNNAV

### TRIPLE NET ASSET VALUE (EPRA NNNAV)

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **EPRA NAV** | **3,529,694** | **3,799,399** |
| Fair value of financial instruments | (34,158) | (25,556) |
| Fair value of fixed-rate debt | (79,432) | (66,320) |
| Actual taxes on unrealised capital gains/losses | (91,323) | (91,323) |
| **Triple Net Asset Value (EPRA NNNAV)** | **3,324,781** | **3,616,200** |
| *Year-on-year change* | *-8.1%* | |
| Diluted number of shares comprising the share capital at period end | 142,616,879 | 136,705,504 |
| **DILUTED TRIPLE NET ASSET VALUE (EPRA NNNAV) PER SHARE** *(in euros)* | **23.31** | **26.45** |
| *Year-on-year change* | *-11.9%* | |

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

At 31 December 2020, EPRA NNNAV per share was €23.31, down 11.9% year on year. A dividend of €1.00 per share was paid in July 2020.

## New EPRA NAV indicators at 31 December 2020

| *(in thousands of euros)* | EPRA NRV | EPRA NTA | EPRA NDV |
|---|---|---|---|
| **IFRS equity attributable to owners** | **3,262,743** | **3,262,743** | **3,262,743** |
| *Include/Exclude*:* | | | |
| (i) Hybrid instruments | - | - | - |
| **Diluted NAV** | **3,262,743** | **3,262,743** | **3,262,743** |
| *Include*:* | - | - | - |
| (ii) a) Revaluation of investment property(1) (if IAS 40 cost option is used) | - | - | - |
| b) Revaluation of IPUC (if IAS 40 cost option is used) | - | - | - |
| 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** | **3,262,743** | **3,262,743** | **3,262,743** |
| *Exclude*:* | | | - |
| (v) Deferred tax in relation to fair value gains of investment property(5) | (177,316) | (177,316) | |
| (vi) Fair value of financial instruments | (34,158) | (34,158) | |
| (vii) Goodwill as a result of deferred tax | - | - | - |
| (viii) a) Goodwill as per the IFRS balance sheet | | - | - |
| b) Intangible assets as per the IFRS balance sheet | | 4,470 | |
| *Include*:* | | | |
| (ix) Fair value of fixed-rate debt | | | (79,432) |
| (x) Revaluation of intangible assets at fair value | - | | |
| (xi) Transfer taxes | 302,987 | 55,304 | |
| **NAV** | **3,777,204** | **3,525,224** | **3,183,311** |
| Fully diluted number of shares | 142,616,879 | 142,616,879 | 142,616,879 |
| **NAV per share** | **26.48** | **24.72** | **22.32** |
| Bridge with previous definition of NAV | | | |
| **Going concern NAV** | **3,777,204** | | |
| Reinstatement of intangible assets as per the IFRS balance sheet | | 4,470 | |
| **EPRA NAV** | | **3,529,694** | |
| Reinstatement of deferred taxes in Italy and for single asset companies in Spain | | | 85,993 |
| Reinstatement of optimised transfer taxes | | | 55,477 |
| **EPRA NNNAV** | | | **3,324,781** |

*(1) Difference between development property held on the balance sheet 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 balance sheet at amortised cost and the fair value of those finance lease receivables.*
*(4) Difference between trading properties held on the balance sheet 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 the 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.*

### New EPRA NAV indicators at 31 December 2019

| *(in thousands of euros)* | EPRA NRV | EPRA NTA | EPRA NDV |
|---|---|---|---|
| **IFRS equity attributable to owners** | **3,540,434** | **3,540,434** | **3,540,434** |
| *Include/Exclude*:* | | | |
| (i) Hybrid instruments | - | - | - |
| **Diluted NAV** | **3,540,434** | **3,540,434** | **3,540,434** |
| *Include*:* | - | - | - |
| (ii) a) Revaluation of investment property[1] (if IAS 40 cost option is used) | - | - | - |
| b) Revaluation of IPUC (if IAS 40 cost option is used) | - | - | - |
| 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** | **3,540,434** | **3,540,434** | **3,540,434** |
| *Exclude*:* | | | - |
| (v) Deferred tax in relation to fair value gains of investment property[5] | (175,685) | (175,685) | |
| (vi) Fair value of financial instruments | (25,556) | (25,556) | |
| (vii) Goodwill as a result of deferred tax | - | - | - |
| (viii) a) Goodwill as per the IFRS balance sheet | | - | - |
| b) Intangible assets as per the IFRS balance sheet | | 4,262 | |
| *Include*:* | | | |
| (ix) Fair value of fixed-rate debt | | | (66,320) |
| (x) Revaluation of intangible assets at fair value | - | | |
| (xi) Transfer taxes | 317,358 | 57,723 | |
| **NAV** | **4,059,034** | **3,795,136** | **3,474,114** |
| Fully diluted number of shares | 136,705,504 | 136,705,504 | 136,705,504 |
| **NAV per share** | **29.69** | **27.76** | **25.41** |
| Bridge with previous definition of NAV | | | |
| **Going concern NAV** | **4,059,034** | | |
| Reinstatement of intangible assets as per the IFRS balance sheet | | 4,262 | |
| **EPRA NAV** | | **3,799,398** | |
| Reinstatement of deferred taxes in Italy and for single asset companies in Spain | | | 84,362 |
| Reinstatement of optimised transfer taxes | | | 57,723 |
| **EPRA NNNAV** | | | **3,616,199** |

*(1) Difference between development property held on the balance sheet 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 balance sheet at amortised cost and the fair value of those finance lease receivables.*
*(4) Difference between trading properties held on the balance sheet 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 the 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.*

## 3.8.4 EPRA vacancy rate

| | France | Spain | Italy | Total |
|---|---|---|---|---|
| Rental value of vacant space *(in millions of euros)* | 17.7 | 9.2 | 0.2 | 27.1 |
| Rental value of property portfolio *(in millions of euros)* | 266.6 | 108.2 | 23.8 | 398.5 |
| **EPRA VACANCY RATE** | **6.6%** | **8.5%** | **3.2%** | **6.8%** |
| Impact of strategic vacancies | 2.4% | 3.5% | 0.0% | 2.5% |
| **FINANCIAL VACANCY RATE** | **4.2%** | **5.0%** | **3.2%** | **4.3%** |

The EPRA vacancy rate at 31 December 2020 was 6.8%, an increase of 120 basis points compared to end-2019.

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.

### 3.8.5 EPRA net initial yields: EPRA NIY and EPRA "topped-up" NIY

**EPRA NIY AND EPRA TOPPED-UP NIY**

| *(in millions of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Total property portfolio valuation (excluding transfer taxes)** | **5,844.9** | **6,104.1** |
| (-) Assets under development and other | 100.0 | 68.8 |
| **Completed property portfolio valuation (excluding transfer taxes)** | **5,744.9** | **6,035.3** |
| Transfer taxes | 303.0 | 317.4 |
| **Completed property portfolio valuation (including transfer taxes) (A)** | **6,047.9** | **6,352.7** |
| **Annualised net rents (B)** | **345.2** | **353.0** |
| Impact of rent-free periods | 8.2 | 5.0 |
| **Topped-up net annualised rents (C)** | **353.4** | **358.0** |
| **EPRA NET INITIAL YIELD (B)/(A)** | **5.7%** | **5.6%** |
| **EPRA TOPPED-UP NET INITIAL YIELD (C)/(A)** | **5.8%** | **5.6%** |

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

### 3.8.6 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.

| | France | | Spain | | Italy | | Total | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 |
| Acquisitions | 6,696 | 5,390 | 0 | 2,969 | 0 | 0 | 6,696 | 8,359 |
| Developments | - | - | - | - | - | - | - | - |
| Like-for-like portfolio | 63,127 | 106,934 | 9,444 | 4,206 | 692 | 1,179 | 73,263 | 112,319 |
| Extensions | 34,708 | 68,296 | 0 | 0 | 10 | 442 | 34,718 | 68,738 |
| Restructuring | 11,388 | 19,552 | 0 | 0 | 0 | 0 | 11,388 | 19,552 |
| Lease incentives | 7,250 | 9,899 | 2,642 | 1,914 | 44 | 45 | 9,936 | 11,858 |
| Renovations | 3,200 | 3,926 | 6,772 | 2,223 | 228 | 30 | 10,200 | 6,179 |
| Maintenance capex | 6,581 | 5,261 | 30 | 69 | 410 | 662 | 7,021 | 5,992 |
| **TOTAL CAPITAL EXPENDITURE** | **69,823** | **112,324** | **9,444** | **7,175** | **692** | **1,179** | **79,959** | **120,678** |

The "Acquisitions" item chiefly relates to the acquisition of business premises at Sartrouville as well as land in connection with Lou5G, a company developing and installing 5G technology (telephone towers).

"Extensions" essentially relate to assets situated in France. These developments concern:

- the extension of the Nice Lingostière shopping centre for €27.4 million in 2020, with an opening planned for the first quarter of 2021;
- the creation of a food court in Toulouse/Purpan for €3.2 million, which opened in March 2020.

"Restructurings" mainly concern restructuring at Cité Europe in Coquelles (€6.8 million), Draguignan (€1.6 million) and Thionville (€1.0 million).

"Renovations" concern assets that are being extended or restructured in France, mainly Nice Lingostière. Renovation work has begun on the sites acquired in Spain in 2018.

# 3.9 Financial policy

## 3.9.1 Financial resources

### Bonds

As part of its EMTN programme (Euro Medium Term Note Programme), approved by the AMF in July 2019, Carmila issued a new €100 million bond with a nine-year tenor and a 3.00% coupon on 26 June 2020.

In addition, on 30 November 2020, Carmila issued a new €300 million, 6.5-year bond paying a coupon of 1.625%. The issue was 5.5 times oversubscribed, enabling Carmila to obtain an attractive price compared to its bonds listed on the secondary market, and to place the new bonds with high-quality investors.

Carmila also redeemed €52.1 million worth of bonds maturing in September 2023 and €56.9 million worth of bonds maturing in September 2024.

Carmila's outstanding bond debt of €1,600 million at 31 December 2019 thus fell to €1,891 million at 31 December 2020.

### Bank borrowings

Carmila has a syndicated loan agreement with a pool of banks, maturing in June 2024. On 16 December 2020, Carmila repaid €200 million of this loan, bringing the amount outstanding to €470 million at 31 December 2020 from €670 million at end-2019.

### Compliance with covenants at 31 December 2020

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 2020, Carmila complied with its 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 4.5 years at 31 December 2020.

**INTEREST COVERAGE RATIO**

| *(in thousands of euros)* | | 31 Dec. 2020<br>12 months | 31 Dec. 2019<br>12 months |
|---|---|---|---|
| **EBITDA** | **(A)** | **220,205** | **282,569** |
| **Cost of net debt** | **(B)** | **56,717** | **56,718** |
| **INTEREST COVERAGE RATIO** | **(A)/(B)** | **3.9** | **5.0** |

**LOAN-TO-VALUE RATIO**

| *(in thousands of euros)* | | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| **Net financial liabilities** | **(A)** | **2,274,560** | **2,241,766** |
| Gross financial liabilities | | 2,586,039 | 2,416,000 |
| Net cash | | (311,329) | (174,088) |
| Short-term investments | | (150) | (146) |
| **Property portfolio including transfer taxes** | **(B)** | **6,147,872** | **6,421,482** |
| **LOAN-TO-VALUE RATIO INCLUDING TRANSFER TAXES** | **(A)/(B)** | **37.0%** | **34.9%** |
| Property portfolio excluding transfer taxes | (C) | 5,844,892 | 6,104,124 |
| **LOAN-TO-VALUE RATIO EXCLUDING TRANSFER TAXES** | **(A)/(C)** | **38.9%** | **36.7%** |

**NET DEBT/EBITDA**

| *(in thousands of euros)* | | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| **Net debt** | **(A)** | **2,274,560** | **2,241,766** |
| **EBITDA** | **(B)** | **220,205** | **282,569** |
| **NET DEBT/EBITDA** | **(A)/(B)** | **10.3** | **7.9** |

Gross financial liabilities do not include issuance costs for bonds and other debt, current and non-current derivative instruments with a negative fair value, bank facilities and IFRS 16 financial liabilities.

### 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 €600 million, registered with Banque de France on 29 June 2017 and updated every year. At 31 December 2020, the outstanding amount under this programme was €225 million, with maturities mainly ranging from 1 to 12 months.

### Revolving credit facility

Carmila has a €759 million revolving credit facility with leading banks, maturing on 16 June 2024.

On 20 March 2020 amidst the health crisis, Carmila drew down €200 million under this facility. The amounts drawn were repaid in two stages: €100 million was repaid on 26 May 2020 and the remainder on 9 July 2020.

No amounts were outstanding under Carmila's revolving credit facility at 31 December 2020.

### Breakdown of financial liabilities by maturity and average interest rate

| *(in thousands of euros)* | Gross amount | Starting date | Lease maturity |
|---|---|---|---|
| Bond issue I- Notional amount €600m, coupon 2.375% | 547,900 | 18/09/2015 | 18/09/2023 |
| Bond issue II- Notional amount €588m, coupon 2.375% | 543,139 | 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 |
| Private placement I- Notional amount €50m, coupon 1.89% | 50,000 | 06/11/2019 | 06/11/2031 |
| Private placement II- Notional amount €100m, coupon 3.000% | 100,000 | 26/06/2020 | 26/06/2029 |
| Loan agreement | 470,000 | 16/06/2017 | 16/06/2024 |
| Commercial paper | 225,000 | 31/12/2016 | 16/06/2024 |
| **TOTAL** | **2,586,039** | | |

At 31 December 2020, Carmila's debt had an average maturity of 4.5 years and an average interest rate of 1.9%, taking account of hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and non-utilisation fees for undrawn credit lines). The average interest rate excluding hedging instruments was 1.8%.

## 3.9.2 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 plain vanilla instruments, interest rate swaps or options, which are eligible for hedge accounting.

To optimise its hedging, on 12 November 2020, Carmila cancelled one fixed-rate borrower swap maturing in 2030 with a notional amount of €25 million, and received a balancing cash payment of €0.3 million. To maintain optimal hedging, on 12 November 2020, Carmila set up a floor maturing in 2022 for a nominal amount of €25 million by paying a premium of €0.2 million. Carmila also extended the maturity of two swaps: a swap for a notional amount of €60 million now matures in December 2029 (versus June 2024 previously), and a swap for a notional amount of €75 million also now matures in December 2029 (versus September 2025 previously).

At 31 December 2020, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- five fixed-rate borrower swaps at three-month Euribor for a notional amount of €385 million, with the swap covering the longest term expiring in December 2030;
- one cap for a nominal amount of €100 million, maturing in 2023.

These hedging instruments, still effective, were recognised as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing 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 88% of gross debt at 31 December 2020 (including swaps and a swaption collar) and 92% including caps.

## 3.9.3 Cash

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Cash | 180,228 | 178,172 |
| Cash equivalents | 140,035 | - |
| **Cash and cash equivalents** | **320,263** | **178,172** |
| Bank facilities | (8,934) | (4,141) |
| **NET CASH** | **311,329** | **174,031** |

### 3.9.4 Rating

On 27 March 2020, as part of an industry-wide review, S&P affirmed "BBB" rating while revising the Company's outlook from stable to negative.

### 3.9.5 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 proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), and offered shareholders an option to receive the dividend payment in shares. In all, 46.7% of shareholders took up this offer. Carrefour and institutional shareholders on the Board of Carmila, representing 78% of the share capital, chose to receive 50% of their dividend in shares.

The Annual General Meeting to be held on 18 May 2021 will be asked by the Board of Directors to vote on a dividend of €1.00 per share in respect of 2020, with a stock dividend option.

## 3.10 Shareholders' equity and share ownership

| *(in thousands of euros)* | Number of shares | Share capital | Issuance premium | Merger premium |
|---|---|---|---|---|
| On 1 January 2020 | 136,681,843 | 820,091 | 520,611 | 1,608,558 |
| Dividend – GM of 29/06/2020 | - | - | - | (117,531) |
| New shares issued | 139,306 | 836 | (836) | - |
| Stock dividend | 5,795,730 | 34,774 | 28,862 | 154 |
| **AT 31 DECEMBER 2020** | **142,616,879** | **855,701** | **548,637** | **1,491,181** |

At 31 December 2020, the share capital was made up of 142,616,879 shares, each with a par value of €6, fully subscribed and paid up. The share capital is composed of 142,357,425 class A shares, 120,148 class B shares, and 139,306 class C shares.

The class C shares were issued on 16 May 2020 as part of Carmila's preferred share allotment plan for its key employees and corporate officers. This capital increase was charged against issuance premiums in an amount of €836 thousand.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), representing a total payout of €136,563 thousand. A total of €117,531 thousand was charged against the merger premium and €19,032 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €72,926 thousand was paid in cash and €63,637 thousand was paid in shares, resulting in the issuance of 5,795,730 class A shares with a value of €10.98 per share.

Carmila's share capital is held by several of its long-term partners. At 31 December 2020, its largest shareholder is the Carrefour group, which holds 35.4% 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 the shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Predica group, which holds 9.6% of Carmila's share capital.

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

# 3.11 Additional disclosures

## 3.11.1 Changes in governance

### Resignation of the Chairman and Chief Executive Officer and appointment of a new Chair and Chief Executive Officer

At the meeting of the Board of Directors on 15 June 2020, Alexandre de Palmas, Chairman and Chief Executive Officer of Carmila, notified its members of his decision to accept the position of Executive Director of Carrefour Spain from 1 July 2020.

In the long term, these duties did not appear to be compatible with his position as Chief Executive Officer of Carmila. Consequently, the Board of Directors asked its Nomination and Compensation Committee to make recommendations regarding the governance of the Company and, with these recommendations in mind, to begin a process to select a replacement for Alexandre de Palmas.

At the extraordinary Board of Directors' meeting of 2 November 2020, the Board decided to appoint Marie Cheval to succeed Alexandre de Palmas as Chair and Chief Executive Officer of Carmila with effect from 3 November 2020.

At its meeting of 26 November 2020, the Board of Directors placed on record the departure of Géry Robert-Ambroix as Deputy Chief Executive Officer of Carmila. Mr Robert-Ambroix will seek new professional challenges.

On the same day, acting on a recommendation from Marie Cheval, Chair and Chief Executive Officer of the Company, the Board reappointed Sébastien Vanhoove as Deputy Chief Executive Officer of Carmila. The Board also decided to expand the role of Olivier Lecomte as Lead Independent Director. Mr Lecomte will now assist Marie Cheval as Chairman of the Board in ensuring that the governing bodies operate effectively.

## 3.11.2 Subsequent events

At 22 March 2021, government decisions taken in the fight against Covid-19 led to shop closures and trading restrictions in the three countries in which Carmila operates, namely France, Spain and Italy.

The following Covid-19 opening restrictions are applicable to Carmila's 215 sites as follows:

- In France, on 19 March 2021, the government ordered additional local restrictions in 16 departments, with only shops deemed "essential" (as listed by the decree) authorised to open. These fresh measures come on top of the nationwide closure of shopping centres in excess of 20,000 sq.m., and in some departments, those larger than 10,000 sq.m. On 22 March 2021, 40 shopping centres larger than 20,000 sq.m. had been closed since 1 February 2021; 25 shopping centres larger than 10,000 sq.m. had been closed since 6 March 2021. Since 20 March 2021, 14 shopping centres have been restricted to opening for essential businesses only; 50 shopping centres remain open, with the exception of seated food service and leisure facilities.
- In Spain, all shopping centres are open.
- In Italy, 7 out of 8 shopping centres have been open for essential businesses only since 15 March 2021 and all shopping centres have been closed at the weekend since 24 October 2020.

In the Group's three countries, a total of 86 shopping centres are closed or restricted to essential businesses only. To date, closed shops in these centres represent 51.6% of Carmila's total gross rents.

Support for businesses continues to be introduced in each of the three countries.

## 3.11.3 Outlook

Given the current lack of visibility over the reopening dates of the shopping centres and on the lifting of government-imposed restrictions adversely impacting trading in France, Spain and Italy, at this stage Carmila is unable to provide guidance for its 2021 results.

However, Carmila remains firmly confident in the vital role played by its shopping centres, in the effectiveness of its business model, and in the solidity of its balance sheet.

In addition, the partnership with Carrefour, dynamic leasing activity, strengthened growth drivers and the operational excellence of its teams will enable Carmila to emerge from the crisis on a solid footing.


# 4. Corporate social responsibility

Under a sustainable growth strategy, Carmila's business model, outlined in Chapter 1, takes four angles on creating value for stakeholders: transforming and creating local community hubs, enhancing retailer and service offerings, innovating and investing for the future, and connecting retail brands with consumers.

Our business model is built around our main inputs and resources: talent, sound finances, brands, retailers, customers, local partners, shareholders and the natural resources we use. Caring for the resources that underpin our business model is an expression of Carmila's social responsibility. This is a concern that takes on increasing importance in today's changing social, environmental and economic context.

Carmila signed the UN Global Compact in 2019, taking up its Sustainable Development Goals to ensure that its CSR strategy would address global challenges as closely as possible. Respect for human rights, labour standards, the environment and the combat against corruption are the prime objectives of the Carmila CSR approach, expressed through its CSR initiatives programme *Here we act*.

This programme addresses stakeholder expectations with initiatives that go together to improve the impact of the company in three broad fields:

- environmental protection;
- local development;
- employee engagement.

## Business model and stakeholder dialogue

In accordance with French Decree no. 2017-1265 of 9 August 2017, Carmila drew up a business model for inclusion in its 2018 integrated report. To put together its business model, the CSR Committee proposed that a working group should be formed from members of Carmila's various departments.

Three workshops were held to complete this task, upon which the working group submitted a draft business model approved by the Executive Management. This is now updated each year by the same working group and signed off by Carmila's Executive Management. The 2019 business model principle was confirmed for 2020, with the addition of further information. Allowance was made for external factors liable to have a medium- or long-term impact on the business model and stakeholders, and the CSR initiatives programme *Here we act* was given centrepiece status, connecting with Carmila strategy and stakeholder impacts.

As well as stakeholder value creation, stakeholder dialogue is organised and structured at all levels of the company:

| Stakeholders | Interlocutors | Dialogue |
|---|---|---|
| Retail brands and retailers | Shopping Centre Management<br>Retailers' association | • Trade events and gatherings organised by Carmila: trade fairs (SIEC, MAPIC), meetings with chairs of charities and charitable associations<br>• Negotiations on commercial leases |
| Shareholders and investors | General Secretary | • Universal registration document<br>• Roadshows and conferences<br>• Shopping centre visits |
| Visitors & customers | Shopping Centre Management | • Social and environmental initiatives<br>• Omnichannel and digital communication, events in partnership with retail brands<br>• Media (press releases and packs, organised visits) |
| Local partners | Shopping Centre Management | • Proactive, ongoing relations, with involvement in projects within the catchment area<br>• Local and national partnerships relayed locally |
| Employees | All Carmila departments, managers and Human Resources Department | • Employee surveys<br>• Conventions, seminars<br>• Internal communication<br>• Schools and universities<br>• Integration of new recruits<br>• Relations with employee representative bodies |
| Carrefour group | All Carmila employees | • Property management mandate with Carrefour Property and other service agreements, joint Carmila/Carrefour Property management committee meetings |
| Service providers and suppliers | All Carmila employees in charge of purchasing | • Supplier social and ethical charter<br>• Calls to tender |

## Standards

The issues and risks analysed were pre-selected in light of Articles L. 225-102 and R. 225-105 of the French Commercial Code, the relevant major international standards (ISO 26000, Global Compact), sector studies (benchmark of CSR risks, collective CSR risk analysis with the real estate companies members of the National Council of Shopping Centres (CNCC)), the GRI, EPRA, and GRESB frameworks, and Carmila's in-house expertise.

The INFS is also oriented by the CSR guidelines on sectoral reporting drafted and updated by the CNCC in 2018, and by the 17 United Nations Sustainable Development Goals, some of which were identified as priorities with regard to Carmila's activity.

# 4.1 CSR strategy

## 4.1.1 Governance: structure of the CSR strategy

### 4.1.1.1 CSR Department

The CSR Department, comprising the CSR director, two CSR managers, and task leaders, is responsible for seeing that Carmila's CSR objectives are met This involves drawing up CSR strategy and objectives, and monitoring progress on action plans. The Department ensures that the CSR strategy, duly defined then approved by Executive Management and the Board's CSR Committee, effectively permeates all company operations. It contributes to Carmila's non-financial performance and reports to Executive Management and the Board's CSR Committee.

### 4.1.1.2 CSR Committee of the Carmila Board of Directors

Carmila's Board of Directors set up a CSR Committee in 2020, giving a central place in corporate governance to environmental, social and societal issues.

**CSR Committee of the Carmila Board of Directors**

| | |
|---|---|
| **Members** | • Séverine Farjon, Independent Director (Committee Chair)<br>• Nathalie Robin, Independent Director (Committee Chair)<br>• Maria Garrido, Independent Director<br>• Alexandre de Palmas, Director<br>• Laurent Vallée, Director<br>• Marie Cheval, Chair and Chief Executive Officer of Carmila |
| **Duties** | The CSR Committee's tasks include:<br>• examining Carmila's CSR commitments and positions, their alignment with stakeholder expectations, and their effective roll-out, and ensuring full consideration is given to CSR matters;<br>• assessing risks, identifying new opportunities, and analysing the impact of CSR policy on economic performance;<br>• reviewing the annual statement of non-financial performance;<br>• reviewing the summary of Company scores given by rating agencies and through non-financial analysis; and<br>• identifying and discussing emerging CSR trends, and verifying the Company's capacity to respond to the challenges specific to its business and objectives. |
| **Frequency of meetings** | Half-yearly (June 25 and December 4 in 2020) |

### 4.1.1.3 Country CSR Committees

In 2020, Carmila set up CSR Committees in each country to ensure action plans are effectively aligned with local conditions. These committees communicate CSR strategy to operating departments and report on fulfilment of the targets set by the Board's CSR Committee. CSR Committee members come from Carmila's various departments, including the CSR Department. They meet twice a year on average.

### 4.1.1.4 CSR officer network and employees

A network of CSR officers promotes and coordinates CSR actions throughout all business lines, reaching employees of both Carmila and its partner Carrefour Property. The CSR Department provides training in sustainable development either directly or through accredited partners.

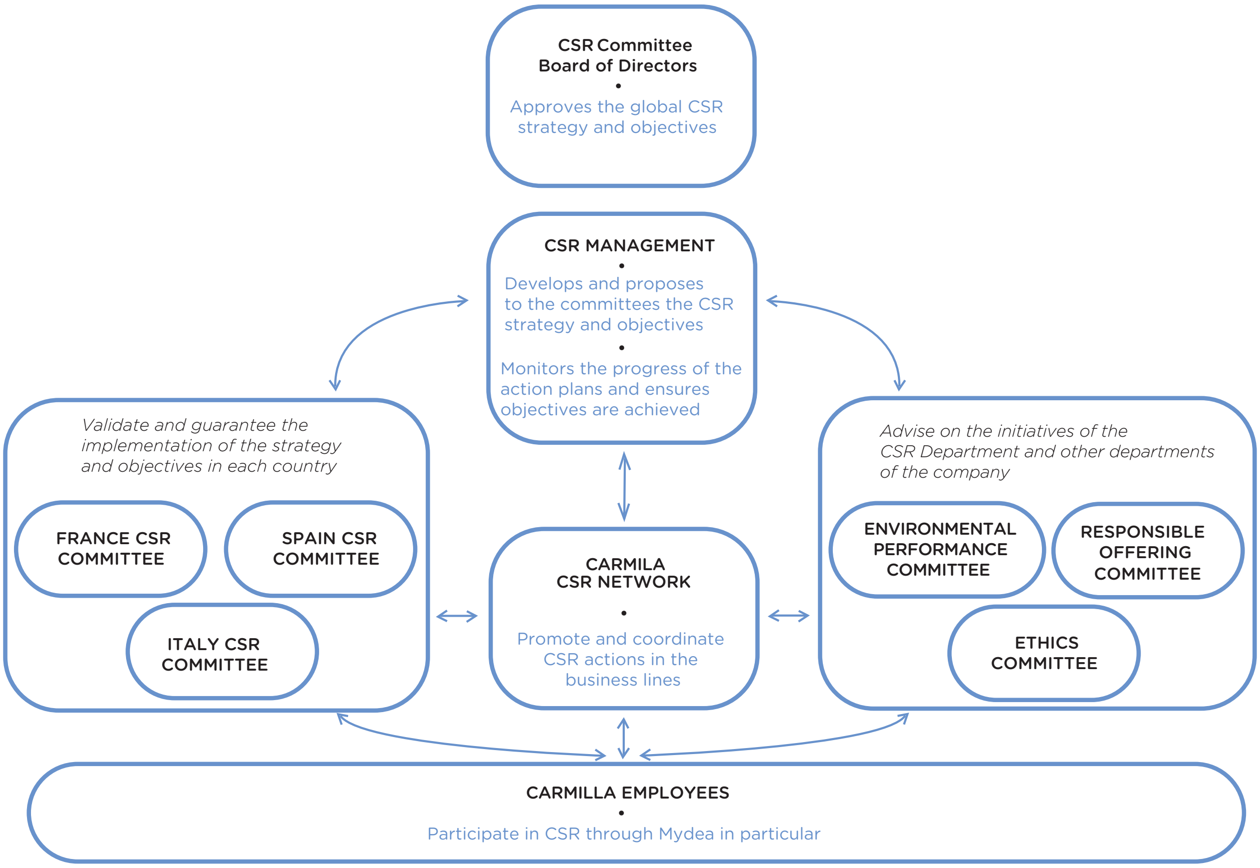
CSR events are also run directly by Carmila employees, and by shopping centre directors in particular, who have a great deal of independence in the choice and running of operations at their sites. This autonomy is a means of establishing a strong local presence and helps develop a closer relationship with local stakeholders.

### 4.1.1.5 Specific committees

The following committees were formed in 2020 to tackle priority issues:

- an Ethics Committee, to oversee compliance with ethical principles, run ethics initiatives and training programmes, and interact with the partners involved;
- an Environmental Performance Committee, to ensure that the technical investments proposed are aligned with CSR strategy;
- a Responsible Offering Committee, to manage the new offering developed in 2020.

#### MANAGEMENT OF THE CSR STRATEGY




## 4.1.2 Risk identification and mapping

Social, environmental, ethical and non-financial risks liable to impact Carmila's business model and core activities are reviewed on an annual basis by the Audit Committee, which assesses the efficacy of the risk management system, examining the nature and extent of risks, and the prevention and remediation procedures in place.

Details on risk management appear in Chapter 5, section 5.2 "Risk factors", with an outline of the main risk factors, impacts and attenuation measures.

In response to the requirements of French Ordinance no. 2017-1180 of 19 July 2017 on non-financial reporting, transposition of European Directive 2014/95/EU on the publication of labour and environmental information, in 2018 Carmila produced a map of gross non-financial risks, working from input across all business lines.

This risk map is reviewed and approved annually by the CSR Committee.

In 2020, the CSR Department and the General Secretary, in charge of risk management, updated this map of non-financial risks using the following approach:

- update to the CSR risks and opportunities matrix, working from Group strategy, the previous materiality analysis and the 2019 update, industry-specific guidelines (CNCC CSR reporting guidelines and OID (Sustainable Real-estate Observatory) standard), and an analysis of emerging challenges facing commercial property. This yielded a list of 12 CSR challenges. Some of the non-financial topics appearing in article L. 225-102 of the French Commercial Code were omitted from the list of main risks as being non-applicable in view of the nature of Carmila's activities: combating food waste and insecurity; respect for animal welfare; fair, healthy and sustainable food; and tax evasion[1];
- CSR risk grading methodology approved by the Risk Department. CSR risks and opportunities are rated using the following criteria:
  - seriousness — evaluated in terms of impact on reputation, operations and customers,
  - frequency or probability of occurrence,
  - extent of control — determined by governance criteria (definition of roles and responsibilities), processes (management and action plans) and oversight (internal control and external audits);
- formation of an internal stakeholders panel on risk grading: Finance Department, General Secretary, Customer Care Department, Digital & Innovation Department, Country Departments, Portfolio Department, Marketing Department, Human Resources Department, Shopping Centre Network Department, Communications Department and CSR Department;
- consolidation of results and grading of inherent and residual risks.

(1) *Carmila has not identified tax evasion as a major risk, as its activity and its subsidiaries are located exclusively in France, Spain and Italy. In addition, the company conducts its business in accordance with all applicable legislation and regulations. It has never been subject to tax adjustment and its accounts are verified annually by auditors.*

| CSR issues | Risks | Opportunities | Stakeholders concerned | Risk/ opportunity type (gross) | Risk/ opportunity type (net) | Where to find out more |
|---|---|---|---|---|---|---|
| Energy and greenhouse gas emissions | Greenhouse gas emissions aggravate climate risks, entailing tensions in fossil fuels, with repercussions on operating costs, sourcing capacities and financial difficulties. | Reduction in greenhouse gas emissions is a two-stage process: optimise consumption, then seek "green" alternative energy sources to lessen the carbon impact. Efficient energy management and energy saving measures are therefore called for. | Customers, visitors, shareholders and investors | High | Medium/ high | *Here we act* for the planet – 4.2.1 |
| Waste management and the circular economy | Waste management risks are regulatory and financial in nature, as with the cost excess arising from poor waste sorting, for example. | Efficient waste management, and the ensuing operating cost reduction, comes through optimisation and recovery practices under a circular economy approach. This issue can also be a choice factor for certain demanding retail brands. | Customers, visitors, shareholders and investors | High | Medium | *Here we act* for the planet – 4.2.2 |
| Biodiversity | Reproached link between new projects for damage to biodiversity and land degradation raises risks of unacceptability to local communities and refusals for project development. | Biodiversity protection must be factored in, to ensure sites are attractive and eco-friendly, and thereby improve the acceptability of development projects. | Customers, visitors and elected officials | Medium/ high | Medium | *Here we act* for the planet – 4.2.2 |
| Water management | Water management raises financial risks, as regards both direct costs and possible restrictions on water use. | Optimised water management implies cost reductions and improved attractiveness for demanding tenants. | Customers, suppliers and visitors | Medium | Low/ medium | *Here we act* for the planet – 4.2.2 |
| Resilience and green value | Asset resilience risks are physical (increasingly frequent extreme weather incidents, changes in global physical variables) or transitional (regulations, market conditions, reputation). They can have a direct financial impact, on operating or insurance costs, and an indirect impact arising from loss of attractiveness to visitors, retail brands and investors. | Resilience is an important factor in an asset's green credentials, and can facilitate access to certain types of financing and improve long-term asset value. | Customers, visitors, shareholders and investors | Medium/ high | Medium | *Here we act* for the planet – 4.2.3<br>Regulatory, legal and tax risks – 5.2.3 |
| Dialogue with customers (tenants and visitors) | A poor understanding of how customers (tenants and visitors) perceive Carmila services entails a high risk of loss of appeal. | Permanent dialogue, on the other hand, strengthens relationships, for a closer fit to customer expectations. | Customers, suppliers and communities | High | Medium/ high | *Here we act* for local regions – 4.3.1<br>"Risks relating to Carmila's business" – 5.2.2 |
| Local integration and development | Local economic dynamics and local roots are essential prosperity factors for retailers, visitors, and Carmila's business. Poor integration in the local fabric will diminish a centre's attractiveness and hinder development projects. | Contribution to local economic development is conducive to prosperity of the catchment area and growth capacity. | Customers, employees, tenants, visitors | High | Medium | *Here we act* for local regions – 4.3.1 and 4.3.2<br>"Risks relating to Carmila's business" – 5.2.1 |

| CSR issues | Risks | Opportunities | Stakeholders concerned | Risk/ opportunity type (gross) | Risk/ opportunity type (net) | Where to find out more |
|---|---|---|---|---|---|---|
| Health, safety and security | As well as bringing cost penalties and loss of attractiveness, health, safety and security risks can also jeopardise the centre's reputation and the Group's image. | Health and well-being are key concerns of our retailer and visitor customers. Initiatives on these subjects are a source of appeal and positive impact. | Suppliers, tenants, customers and visitors | High | Medium | CSR strategy 4.1.3 and *Here we act* for local regions 4.3.2<br>"Risks relating to Carmila's business" – 5.2.2 |
| Diversity | Non-compliance with anti-discrimination legislation carries legal risk, which on top of disciplinary and penal sanctions can jeopardise the Group's reputation with all stakeholders. | Diverse profiles are a source of dynamism that contribute to improving capacities for innovation and understanding of market societal challenges. | Employees | Medium/ high | Medium | *Here we act* for our employees – 4.4.1 |
| Talent management and engagement | Poor talent management in employees' career paths or in employee engagement can hinder team advancement and recruitment of new personnel. This can stand in the way of fulfilling Carmila's objectives. | Employee well-being and engagement are conducive to productivity, competitiveness and innovation. | Employees | Medium | Low/ medium | *Here we act* for our employees – 4.4.2 and 4.4.3 |
| Responsible purchasing | Non-compliance with ethics and responsibility rules carries legal and disciplinary risk, which on top of penalties and sanctions can cause jeopardy to reputation and controversy with stakeholders. | A clear, responsible purchasing policy provides an opportunity to develop supplier responsibility, for a more resilient value chain. It also ensures consistency between the Group's CSR strategy and those of its supplier partners. | Suppliers, tenants, customers, visitors and employees | High | Medium | CSR strategy – 4.1.3<br>Regulatory, legal and tax risks – 5.2.3 |
| Ethics | Involvement in a case of corruption or money laundering could carry heavy reputational, financial and legal risks, and could even lead to business failure. | Across-the-board employee training and awareness-raising develops transparent, trust-based relations. | All stakeholders | Medium | Low | CSR strategy – 4.1.3<br>Regulatory, legal and tax risks – 5.2.3 |

### CROSSWALK BETWEEN GROUP NON-FINANCIAL RISKS AND CSR ISSUES

| Non-financial risk in Group matrix | CSR risk/opportunity/CSR map |
|---|---|
| Shifts in social consumption trends | Local integration and development |
| Health, safety and security, including risks associated with a health crisis such as Covid-19 | Health, safety and security |
| Relationship with and exposure to retail brands | Dialogue with customers (tenants and visitors) |
| Urban planning and environmental regulations (climate risk, more generally) | Resilience and green value |
| Property development | Responsible purchasing |
| Ethical risks | Ethics |

Three risk categories are managed with Carrefour teams: safety and security, responsible purchasing, and ethics.

## 4.1.3 Risks managed jointly with Carrefour: safety and security, ethics, and responsible purchasing

The strategic partnership with the Carrefour group is detailed in Chapter 5, section 5.1.5 "Strategic partnership with the Carrefour group".

### 4.1.3.1 Shopping centre safety and security

Safety and security risks appear on the risk matrix in Chapter 5 and in the CSR risk map.

Operation of Carmila's shopping centres is bound by many requirements, especially those applying to buildings open to the public.

In addition, the surge in terrorist acts in Europe increases risks in all buildings open to the public and requires them to implement procedures that adjust to these changing circumstances.

Carmila is also exposed to natural disaster risks in its shopping centres that could cause harm to its customers, its retailers and its employees.

Risk control and mitigation measures are detailed in Chapter 5, section 5.2.2 "Risks relating to Carmila's business". They extend to all Carmila and Carrefour teams responsible for operational management of site safety and security. Depending on the site, the person in charge of safety and security may be the Carrefour shop manager or the Carmila centre manager. For both entities, the prevention of safety and security risks is an absolute priority.

### 4.1.3.2 Ethics

Ethical risks appear on the risk matrix in Chapter 5 and in the CSR risk map. As explained in the risk control and mitigation actions as well as in the internal control system described in sections 5.2.3. "Regulatory, legal and tax risks" and 5.4.2. "Internal control system" of this Universal Registration Document, Carmila has an Ethics Committee, a Code of Professional Conduct and a whistleblowing system for all three countries.

#### Ethics Committee

The main missions of the Ethics Committee are:

- ensure the ethical principles are published and that the conditions are in place to ensure employees are familiar with them, understand them, share them and comply with them;
- ensure that the Group's Code of Ethics and "Policy for fighting corruption and influence peddling" are duly disseminated and posted on the intranet;
- ensure that the associated training sessions are rolled out;
- organise and ensure that the whistleblowing procedure functions effectively, and ensure that alerts are processed independently in full compliance with the law;
- discuss and implement the action plan on the main ethical issues affecting the business in order to remain one step ahead in the process and obtain a broader view of the issues;
- advise directors on any issue relating to the application of or compliance with our ethical principles;
- oversee and regularly assess the effectiveness of the system, especially as regards the reach of employee training on anti-corruption, business ethics and the whistleblowing procedure.

#### Code of Professional Conduct

All business-line procedures and associated rules regarding corruption, fraud and money laundering are set out in the business line procedures, which describe the different operating functions, along with the rules of conduct and main procedures applicable to each business line.

All of Carmila's employees sign a statement of independence every year.

Training on best practices aimed at fighting fraud, corruption and influence peddling is provided to the Executive Committee, all employees and new arrivals every year. A digital version is permanently available online for all employees.

Carmila and the Carrefour group released a joint Code of Professional Conduct in 2017. An Ethics Committee that meets twice a year has been set up to oversee observance of the fundamental principles set out in the Carrefour group's code of professional conduct.

#### Whistleblowing procedures for combating corruption, money laundering and conflicts of interest

Carmila is included in the whistleblowing procedure implemented by the Carrefour group that allows stakeholders to flag breaches of ethical principles, particularly concerning corruption and conflicts of interest. This procedure includes an exclusive hotline and website for notifying any alerts. It is open to all employees or third parties having dealings with the Group. Confidentiality is guaranteed at all stages of the whistleblowing process.

Carmila's anti-corruption and anti-money-laundering system is based on the directives of the Carrefour group, which take into account the French Sapin 2 law of 9 December 2016 on transparency, the fight against corruption and modernization of the economy, and the ordinance of 1 December 2016, strengthening French legislation against money laundering and the financing of terrorism.

A policy for fighting corruption and influence peddling was defined and presented to the employee representative bodies in France. This document was incorporated into the Rules of Procedure of Carmila and Carrefour Property Economic and Social Union. The risks of influence peddling and corruption have been mapped. On this basis, a training programme supported by physical documentation was developed for the employees most exposed to these risks. The training programme uses printed documents. In-class training sessions are rounded out by e-learning available at all times for all employees.

Each Group employee must also sign an annual certificate of independence aimed at limiting and managing conflicts of interest.

In 2020, a training course updated by Carrefour on ethics and France's Sapin 2 law was put up for online viewing via the "Cap Formation" platform. All new employees are invited to take this module.

All employees in France have received the brochures entitled Our Code of Ethics and Policy for fighting corruption and influence peddling. Some 75% of employees on permanent contracts have signed the statement of independence in France.

To ensure the most effective combat against ethical risks, the Ethics Committee drew up a list of the most exposed functions, based on the Carrefour group risk map. Employees in these functions will receive training accordingly. The training courses are country-specific, for the best possible relevance.

**PROPORTION OF EMPLOYEES WHO RECEIVED TRAINING ON ETHICAL RISKS**

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Number of employees exposed to risks | 158 | 101 | 140 |
| Number of employees trained | 120 | 95 | 130 |
| Proportion of risk-exposed employees who received training | 75.95% | 94.06% | 92.86% |

Because of the health crisis, it was not possible to run the training programmes in Spain or Italy in 2020. However, all employees who are considered to be exposed to ethical risks had received training in 2019, and are therefore included in the figure, as specified for this indicator (see methodology note). In France, ten employees of the 116 exposed were not able to take the training in 2020, so the target of 100% was not reached.

### Respect for human rights

Carmila puts a strong emphasis on respect for human rights, above and beyond its commitment to the United Nations Global Compact on respect for human rights and international labour standards, as reported in its first Communication on Progress (COP) in 2020.

Respect for human rights is an integral part of the policies of several departments, including the Human Resources Department and Purchases.

Carmila promotes compliance with the provisions of the International Labour Organization's fundamental conventions regarding:

- freedom of association and the right to collective bargaining;
- elimination of discrimination in respect of employment and occupation;
- fair remuneration;
- well-being at work (of particular relevance during the Covid-19 crisis period);
- elimination of forced and compulsory labour;
- effective abolition of child labour.

## 4.1.3.3 Responsible purchasing

Carmila's purchases mainly involve services, and the company regularly hires social enterprise start-ups for catering at its events. Purchases for site development and renovation projects are made through Carrefour Property delegated project management, and operational management purchases are made through the real-estate operation teams of Carrefour Property Gestion.

For all Carmila brand purchases, investment purchases and operating purchases, Carmila requires its suppliers to comply with the Carrefour Ethics Charter. Requirements include adherence to the eight main conventions of the International Labour Organisation (ILO) and the principles of the UN Global Compact.

By signing the charter, they are bound to adhere to the following five principles throughout all stages of the commercial relationship:

- comply strictly with legislation, on human rights in particular;
- avoid any infringement of competition law;
- avoid conflicts of interest;
- reject any corruption;
- guarantee confidentiality.

The signing of this charter is verified by Carrefour's internal audit and by a spot external audit conducted by independent audit firms selected by Carrefour. These external independent ad hoc verifications are carried out confidentially unless the committee, considering its recommendations have not been applied satisfactorily, and within four months of issue, decides to make the findings public.

Responsible purchasing has been identified as a material issue in CSR strategy. To this effect, Carmila has conducted an assessment of company purchasing practices and formed a working group with all the departments concerned to determine a clear vision on responsible purchasing:

> *"Buyer and principal responsibilities start with an in-depth probe of needs at the earliest possible stage, with particular regard to ways of meeting these needs:*
>
> - *usual habits and processes;*
> - *environmental impacts of offerings;*
> - *local impact and proximity to suppliers;*
> - *openings for those who have difficulty finding work;*
> - *analysis of real global costs.*
>
> *This is followed by a choice of optimum solutions capable of improving everyday life for all stakeholders."*

A roadmap has been developed to define a purchasing strategy that factors in CSR criteria. Several types of purchasing already feature CSR criteria.

In France, new practices have been brought in for investment purchases on project development, made through delegated project management:

- a CSR questionnaire to assess suppliers' CSR performance (initial test at the Laval centre during call-to-tender phase);
- specific files including CSR criteria for forthcoming calls to tender in major works and access ways.

In addition, existing good practices are going ahead:

- A local-reach index has been in operation for the last two years. Insofar as possible, Carmila and its partner Carrefour Property are keen to promote local businesses when carrying out extension, renovation and construction works. Regional construction federations are regularly contacted to obtain a list of companies in the region that are liable to respond to calls to tender. Local contractors accounted for 72% (€50 million) of the 103 lots awarded on current projects in 2020.
- Clause on employment openings for people who have difficulty accessing the job market: Carmila includes a specific administrative clause on social integration through employment. Contractors for the main lots (in value and number of hours worked) must allocate 5% of the total number of hours worked on the project to target groups in support of their professional integration. The number of contracts that included this clause represented 40.5% (€28 million) of all orders on current projects in 2020.
- Safety and legal compliance of construction sites is covered by a prevention and control system. At each site, a health and safety officer (CSPS) oversees safety across all the contractors involved. To ensure the highest customer safety, the contract drafted by Carmila expands the CSPS's remit beyond the site itself. In accordance with French Duty of Care law, Carmila requires all contractors working on its sites to provide documents attesting to the legality of its activities, legal coverage of its employees, and validity of insurance. To facilitate the processing of these documents and ensure that they are authentic and compliant, Carmila calls on a specialist company to collect and check them. On its extension projects, Carmila calls in additional services to monitor staff working in the zone and check their identity. The aim of these regular, unannounced checks is to prevent undeclared subcontracting and avoid calling upon personnel who cannot be checked through the building industry ID card.
- Carrefour's Supplier Ethics and Social Charter is systematically attached to all contracts under delegated project management.
- The Green Construction Site Charter drafted in France covers 100% of Carmila's construction sites. This charter is signed by all contractors. It forms the framework for practices at the construction site regarding: soil and air pollution; areas designated as requiring special protection on ecological grounds; minimum impact of noise and vibrations on the local community; and minimum on-site water and energy consumption.

Carmila appends the CNCC Purchasing Charter to all service agreements: cleaning, caretaking, maintenance, waste management, etc. The Charter includes requirements on ethical and social practices. In particular it establishes the principle of fair selection of partners based on objective criteria for comparison. It stipulates that the partners are opposed to and committed against any form of active or passive corruption, and have undertaken to observe the Conventions of the International Labour Organisation (ILO), social regulations and any regulations specific to its business, particularly:

- to not discriminate in the hiring and management of staff, and to promote equal treatment;
- to not engage in undeclared work;
- to comply with applicable legislation in terms of the management of working hours, compensation, training, trade union rights, health and safety;
- to comply with local legislation on employing people with disabilities.

In 2020, a CSR appendix was added to shopping centre cleaning contracts, and in 2021, CSR appendices will be added to landscaping maintenance contracts as they come up for tender.

A guide to good practices outlining the main requirements in responsible purchasing will be issued to shopping centre directors in 2021.

## 4.1.4 Summary of our CSR strategy

Carmila's CSR strategy is expressed through the three focuses of the *Here we act* program.

| CSR issues | Risk in CSR map | Carmila strategy | Objectives | Indicators | 2020 results | SDG |
|---|---|---|---|---|---|---|
| | | | ***HERE WE ACT* FOR THE PLANET** | | | |
| **Step up action to combat climate change** | ENERGY AND GREENHOUSE GAS EMISSIONS | Roll out a low carbon strategy | • Define carbon trajectory and operational schedule by 2021<br>• Have carbon strategy certified by SBTi by 2021<br>• 50% reduction in absolute Scope 1 & 2 GHG emissions by 2030 (vs. 2019) | GHG emissions | -28.4% reduction in Scope 1 & 2 GHG emissions<br>-30.1% reduction in overall GHG emissions | 13 |
| | | Stabilise and continue progress in reducing energy consumption | 40% reduction in energy consumption by 2030 (vs. 2019) | Energy consumptions and energy intensity in common areas | -36% reduction in energy intensity<br>-54% reduction in energy consumption | 7 |
| | | Promote eco-mobility | Increase eco-mobility availability at shopping centres – Offer eco-mobility solutions within 500 metres of all centres by 2025 | Percentage of centres with at least one eco-mobility solution within a radius of less than 500 meters | 58% of shopping centres located within 500 metres of a public transport link | 11 |
| **Adopt a more frugal approach to the use of resources** | WASTE MANAGEMENT AND THE CIRCULAR ECONOMY | Increase waste recovery to integrate circular economy principles | 100% waste recovered by 2025 | Waste recovery rate | 52% of waste recovered | 7 |
| | BIODIVERSITY | Protect biodiversity | • Draw up a biodiversity charter for shopping centres by 2021<br>• Introduce biodiversity initiatives (such as a responsible landscaping maintenance) at all our shopping centres by 2023 | Percentage of centres running biodiversity initiatives, such as a responsible practices charter for Green Space contracts | Draw up a charter and appendices on sustainable landscaping maintenance | 14 |
| | WATER MANAGEMENT | Optimise water consumption | Reduce water consumption to below 1 litre per visitor by 2025 | Water intensity | 1.08 litres per visitor – reported scope | 12 |
| **Improve the resilience of our assets and their green value** | RESILIENCE AND GREEN VALUE | Set up a climate resilience action plan | • Conduct analysis of climate risks across all assets by 2022<br>• Adaptation plan and resilience solutions for 100% of assets exposed to climate change risk by 2025 | Percentage of risk-exposed centres having adaptation plan and resilience solutions | Climate resilience risk study under way | 13 |
| | | Extend scope of certifications | 100% of centres BREEAM-certified by 2025 | Environmental certification rate | 87.7% of centres by portfolio value BREEAM-certified at 31 December 2020 | 11 |

| CSR issues | Risk in CSR map | Carmila strategy | Objectives | Indicators | 2020 results | SDG |
|---|---|---|---|---|---|---|
| | | | ***HERE WE ACT* FOR LOCAL REGIONS** | | | |
| **Support a lasting local economy** | DIALOGUE WITH CUSTOMERS AND RETAIL BRANDS | Promote employment initiatives<br>Run surveys to assess the impact for visitor customers | Employment initiative at 100% of shopping centres with centre management by 2021 | Percentage of shopping centres that have an employment initiative | 77% of centre managers run employment initiatives | 8 DECENT WORK AND ECONOMIC GROWTH |
| | DIALOGUE WITH CUSTOMERS AND RETAIL BRANDS / LOCAL INTEGRATION AND DEVELOPMENT | Encourage responsible offerings | At least 30% of centres should propose a second-hand responsible offering by 2021 | Percentage of shopping centres that have a second-hand responsible offering | 15 centres or 19% of centre managers in France have a responsible second-hand offering | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| | | Maintain quality dialogue with retailers | • Run surveys to invite regular input from retailers<br>• Ensure all retailers know of the support services: at least 70% by 2021 | Percentage of retailers informed about support services (primarily the Kiosks) | 54% of retailers questioned know about Carmila's marketing Kiosks | 8 DECENT WORK AND ECONOMIC GROWTH |
| | | Maintain quality dialogue with customers | • Maintain a broad scope of dialogue systems: surveys, answers to online opinions, on-site dialogue<br>• Enhance the customer experience on service quality, connectivity and customer-friendliness | Customer and visitor satisfaction rate | 87.3% of customers and visitors say that they are satisfied overall | 8 DECENT WORK AND ECONOMIC GROWTH |
| **Fulfil our social responsibility** | LOCAL INTEGRATION AND DEVELOPMENT / HEALTH, SAFETY AND SECURITY | Promote CSR operations | • Run at least one CSR operation per centre by 2022<br>• Put out a *Here we act* book by 2021 to spotlight shopping centre CSR operations | Percentage of centres running one of more CSR operations during the year | 80% of centres staged a CSR event | 8 DECENT WORK AND ECONOMIC GROWTH |
| | | Take part in community outreach operations | Getting involved with the local community for a good cause | Percentage of centre managers engaged on a community outreach cause | 78% of centre managers promoted Secours Populaire initiatives | 10 REDUCED INEQUALITIES |
| | | | ***HERE WE ACT* FOR OUR EMPLOYEES** | | | |
| **Foster diversity** | DIVERSITY | Diversity: at the time of recruitment and throughout the career path | • Broaden recruitment methods<br>• Have 10% of the workforce formed by people on work-study programmes<br>• Train senior executives and managers on issues of cultural bias by 2022<br>• Awareness raising campaign on the issue of disability<br>• Draw up a Responsible Recruitment Charter | Percentage of workforce formed by people on work-study programmes | • 17% of workforce formed by people on work-study programmes<br>• A training on issues of cultural bias is scheduled to start in 2021 | 10 REDUCED INEQUALITIES |
| | | Diversity: special attention to gender equality in the workplace | • Equality index 90/100 group-wide by 2022<br>• Formalise and sign an agreement on diversity which includes measures in favour of gender equality in the workplace | Equality index group-wide | Equality index at 84/100 in France, 69/100 in Spain and 99/100 in Italy, representing an unweighted average of 84/100 at Group level | 5 GENDER EQUALITY |

| CSR issues | Risk in CSR map | Carmila strategy | Objectives | Indicators | 2020 results | SDG |
|---|---|---|---|---|---|---|
| **Developing employee potential** | TALENT MANAGEMENT AND ENGAGEMENT | Develop employee potential starting from induction | Enhance the induction process (mentoring) | | Mentoring program under way | 3 GOOD HEALTH AND WELL-BEING |
| | | | Offer at least one training course to 100% of employees | Percentage of employees receiving training | 100% of employees were offered training, and 77% took up this offer | 3 GOOD HEALTH AND WELL-BEING |
| | | Develop employee potential: special attention to career development and internal mobility | Hold at least one review per employee annually, to address career outlook | • Percentage of employees having had an annual review during the year<br>• Number of employees promoted or benefiting from internal mobility | • Annual reviews held with 70% of employees on permanent contracts<br>• 29 employees benefited from promotion or internal mobility within the Carmila/Carrefour groups, i.e., 12% of the total workforce | 3 GOOD HEALTH AND WELL-BEING |
| **Fostering employee engagement and co-building Carmila's future** | TALENT MANAGEMENT AND ENGAGEMENT / HEALTH, SAFETY AND SECURITY | Build employee engagement through quality dialogue to build the future of Carmila together | Run employee satisfaction surveys and track NPS | Satisfaction survey score and NPS | • 87% of employees express satisfaction with their jobs and 84% with the company<br>• Global NPS +22 | 3 GOOD HEALTH AND WELL-BEING |
| | TALENT MANAGEMENT AND ENGAGEMENT | Build employee engagement through awareness-raising on CSR issues | • Train all managers on CSR strategy in 2020<br>• Engage in a CSR-related awareness-raising initiative twice a year as from 2021 | • Percentage of managers trained in CSR strategy<br>• Frequency of CSR awareness-raising initiatives | 100% of managers aware of the 2020 roadmap | 3 GOOD HEALTH AND WELL-BEING |
| **Responsible purchasing** | RESPONSIBLE PURCHASING | | • All delegated management contracts in France incorporate an ethics charter<br>• Set up and roll out a responsible purchasing policy by 2021<br>• Achieve a local purchasing index score of above 60% for construction purchasing | • Number of works contracts that incorporate an Ethics Charter<br>• Local purchasing index operational on current project contracts | • All delegated management contracts in France incorporate an ethics charter<br>• Local purchasing index operational in 72% of current project contracts | 8 DECENT WORK AND ECONOMIC GROWTH |
| **Ethics** | ETHICS | | Provide specific training for 100% of employees exposed to corruption risks | Percentage of employees exposed to risks of corruption or influence-peddling having received specific training | Training received by 92.86% of employees exposed to ethical risks (100% in Spain and Italy and 91.38% in France) | 8 DECENT WORK AND ECONOMIC GROWTH |

# 4.2 *Here we act* for the planet

**Background**

Natural, societal and regulatory imperatives require the real-estate sector to adapt to climate change and the increasing scarcity of natural resources.

Aware of the impact of its property business on the environment, Carmila commissioned an audit of its assets' environmental performance in 2020. The audit was conducted by Ernst & Young across a dozen representative centres in France. Its purpose was to:

- prepare a performance review;
- benchmark best industry practices;
- draw up an ambitious, pragmatic road map on reducing all environmental impacts, especially on the carbon front.

The audit reviewed all the main environmental indicators: carbon footprint, energy efficiency, biodiversity, waste management, water consumption, mobility. The new CSR road map expresses a firm environmental commitment, on three key points, with targets set for 2025 and 2030:

- countering climate change;
- conserving natural resources and reducing waste;
- ensuring asset resilience and green values.

## 4.2.1 Step up action to combat climate change

**Objectives**

Across construction and site operation phases, buildings account for close to 20% of global greenhouse gas emissions having a direct impact on climate change. This sets a major challenge for Carmila, which has committed to a low carbon strategy in line with the Paris Agreement.

### 4.2.1.1 Roll out a low carbon strategy

In 2020, Carmila drew up a low carbon strategy consistent with national ambitions. This takes a two-stage approach:

- To start with, Carmila continued to adjust its greenhouse gas emissions analysis (Scopes 1, 2 & 3), with assistance from Ernst & Young. This enabled it to specify calculations, methodology and improvement openings, and to identify impacts and how they are managed.
- Following the environmental audit campaign, Carmila then put together an initial strategic plan on reducing its carbon footprint. Improvement levers were determined and the plan was reviewed and challenged by the Carbone 4 firm. The resulting findings were then factored into the strategy. This strategy sets the initial target of a 50% reduction in Scopes-1 & 2 greenhouse gas emissions (market-based) by 2030 with respect to 2019.

### BREAKDOWN OF GHG EMISSIONS BY SCOPE AND ITEM FOR THE THREE COUNTRIES – REPORTED SCOPE

| | Unit | 2019 | 2020 | % carbon footprint |
|---|---|---|---|---|
| **Total Scope 1 GHG emissions** | **$ktCO_2eq.$** | **3.4** | **3.5** | **1%** |
| Refrigerant leaks | $ktCO_2eq.$ | < 1 | < 1 | 0% |
| Company vehicles[1] | $ktCO_2eq.$ | N/A | < 1 | 0% |
| Location-based – Energy consumptions of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | 3.4 | 3.5 | 1% |
| **Total Scope 2 GHG emissions** | **$ktCO_2eq.$** | **18.4** | **12.1** | **3%** |
| Location-based – Energy consumptions of common and private areas drawing from common equipment under **direct Carmila management** | $ktCO_2eq.$ | 11.7 | 8.4 | 3% |
| Market-based[2] – Energy consumption of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | 18.4 | 12.1 | 3% |
| **Total Scope 3 GHG emissions with significant control** | **$ktCO_2eq.$** | **46** | **17.4** | **3%** |
| Waste | $ktCO_2eq.$ | 2 | 5.3 | 1% |
| Purchases[1] | $ktCO_2eq.$ | 7 | 6.7 | 1% |
| Employee transport[1] | $ktCO_2eq.$ | < 1 | < 1 | 0% |
| Construction | $ktCO_2eq.$ | 37 | 5.4 | 1% |
| **Total Scope 3 GHG emissions with low control** | **$ktCO_2eq.$** | **608.2** | **448.5** | **93%** |
| Location-based – Upstream portion of energy consumptions of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | 1.5 | 2.0 | 1% |
| Market-based[2] – Upstream portion of energy consumption of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | 4.7 | 4.1 | 1% |
| Location-based – Upstream portion of energy consumption of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | N/A | 10.3 | 4% |
| Market-based[2] – Upstream portion of energy consumptions of common and private areas drawing from common equipment **under direct Carmila management** | $ktCO_2eq.$ | N/A | 21.0 | 4% |
| Consumptions of private areas[1] | $ktCO_2eq.$ | 28 | 4.7 | 1% |
| Visitor transport[1] | $ktCO_2eq.$ | 574 | 418.7 | 87% |
| **OVERALL GHG EMISSIONS, ALL SCOPES – MARKET-BASED[2]** | **$ktCO_2eq.$** | **687.7** | **480.6** | **100%** |
| **OVERALL GHG EMISSIONS, ALL SCOPES – LOCATION-BASED** | **$ktCO_2eq.$** | **664.6** | **465** | **100%** |

*(1) These figures are for France only.*
*(2) Market-based figures indicate AIB residual emission factors. Supplier factors were not available for this year. Supplier data input will begin for 2021.*

### CHANGE IN SCOPE 1 & 2 CARBON FOOTPRINT[1]

| | | 2019 | 2020 | Change |
|---|---|---|---|---|
| Carbon footprint, Scopes 1 & 2 – Market-based | $ktCO_2eq.$ | 21.8 | 15.6 | -28.4% |
| Carbon footprint, Scopes 1 & 2 – Location-based | $ktCO_2eq.$ | 15.1 | 11.9 | -21.2% |

*(1) Scope 1 & 2 data include the carbon emissions from energies consumed by common and private areas drawing from common equipment in Scopes 1 & 2 across the three countries, refrigerant leaks across the three countries, and company vehicles in France only.*

### CHANGE IN CARBON INTENSITY OF COMMON AREAS UNDER DIRECT MANAGEMENT

| | 2018 | 2019 | 2020 | Change |
|---|---|---|---|---|
| Greenhouse gas emissions per sq.m. – Market-based – reported scope | N/A | 74 | 47 | -36% |
| Greenhouse gas emissions per sq.m. – Location-based – reported scope | 53 | 46 | 27 | -41% |
| Greenhouse gas emissions per sq.m. – Market-based – like-for-like scope | 67 | 64 | 43 | -33% |
| Greenhouse gas emissions per sq.m. – Location-based – like-for-like scope | 41 | 39 | 27 | -31% |

**ANALYSIS OF FINDINGS**

As with energy intensity, outlined below, the change in Scope 1 & 2 carbon footprint (and the carbon intensity of common areas) owes to the work undertaken on the energy performance of the common areas at our centres. As well as being the outcome of endeavours on energy performance, the figures also reflect a review to the calculation methodology, for more accurate reporting. The main points of the methodology update are:

- recalculation of all surface areas;
- identification and inclusion of retail units drawing from common equipment managed by Carmila;
- estimation of energy consumption at sites not under direct management by Carmila and Carrefour Property Gestion.

**CHANGE IN CARBON FOOTPRINT, ALL SCOPES**

| | | 2019 | 2020 | Change |
|---|---|---|---|---|
| Carbon footprint, all scopes – Market-based | kt$CO_2$eq. | 687.7 | 480.6 | -30.1% |
| Carbon footprint, all scopes – Market-based | kt$CO_2$eq. | 664.6 | 465 | -30% |

**ANALYSIS OF FINDINGS**

Carbon footprint calculation was further improved this year, with a more accurate methodology for the following emission items:

- consumption in private areas;
- employee transport and company vehicles;
- visitor transport.

Improvements to come include full reporting on items currently only calculated for France, such as visitor transport. Emission reductions, especially in Scopes 1 & 2, were possible thanks to these endeavours and improvement initiatives.

However, despite the fact that we only have a partial view of emissions from visitor transport, this remains, as last year, the preponderant factor in both Scope 3 emissions and overall emissions, at around 90%.

### Examples of initiatives

Improvement efforts covered the main items in all scopes. Examples include:

- Energy:
  - Measures on energy efficiency on assets in all three countries (Scopes 1 & 2),
  - Energy efficiency improvements in private areas (Scope 3).
- Waste:
  - Improved waste separation and recovery rates (Scope 3).
- Mobility:
  - Provision of electric vehicle charging stations and visitor eco-mobility solutions (Scope 3).
- Purchases and services:
  - Systematic life-cycle analysis on new construction, extension and major renovation projects.

## 4.2.1.2 Stabilise and continue progress in reducing energy consumption

### Objectives

Following the environmental audit findings, Carmila confirmed a new consumption reduction objective aligned with service-sector eco-energy legislation: 40% (Scopes 1 & 2) by 2030 with respect to 2019.

An operational rollout of this objective under Carmila's low-carbon strategy would require action plans on, for example, improved understanding and management of consumption data, and examination of regulation possibilities. Another success factor came with the engagement of stakeholders in building management systems.

During the site operation phase, action plans spanned various levels:

- technical improvements: phase-in of high-energy-efficiency building management systems (BMS), and discussions on building improvements, with an emphasis on ventilation, natural lighting and LED-type low-energy lighting;
- optimised monitoring and management: phase-in of remote kW reading for the main electricity meter and sub-meters, for an accurate analysis of consumption in different uses (lighting, heating, air-conditioning). These analytical readings are accessible via a dedicated web portal. By keeping an eye on them, head office and local staff can take corrective measures on overconsumption situations;
- alert mechanisms: automated alerts on runaway energy consumptions;
- better practices: in 2018, all managers of operational real estate sites in France were reached by awareness-raising operations on policies, instructions and best practices in consumption management. In France, these operations take the form of seminars. With the Covid-19 crisis, this programme had to be put on hold in 2020;
- awareness-raising: teams in the field are also raising awareness among partner retailers, by offering advice and sharing best practices.

On new constructions, all extension projects coming into service since 2016 feature high energy performance, with systematic integration of building management systems (BMS) and insulation at least 20% higher than RT2012 requirements.

To sum up, the determined and far-reaching efforts of the technical teams achieved significant reductions in energy consumptions across all centres.

### ENERGY INTENSITY OF COMMON AREAS (AND PRIVATE AREAS DRAWING FROM COMMON EQUIPMENT) – REPORTED SCOPE

| | | Total | | |
|---|---|---|---|---|
| | **Unit** | **2018** | **2019** | **2020** |
| Fossil fuels | kWhEF | 24,025,482 | 19,416,071 | 24,663,527 |
| *Natural gas* | kWhEF PCS | 24,025,482 | 19,337,292 | 24,527,480 |
| *Heating oil* | kWhEF PCS | N/A | 78,779 | 136,047 |
| Electricity | kWhEF | 83,268,858 | 81,530,795 | 136,637,317 |
| District network | kWhEF | N/A | 2,090,000 | 199,155 |
| *District heating* | kWhEF | N/A | 2,090,000 | 199,155 |
| *District cooling* | kWhEF | N/A | 0 | 0 |
| Other energies | kWhEF | N/A | 61,700 | 53,600 |
| **Overall energy consumption** | **kWhEF** | **107,294,340** | **103,098,566** | **161,553,599** |
| **PER SQ.M.** | **kWhEF/sq.m.** | **327** | **287** | **185** |

### ENERGY INTENSITY OF COMMON AREAS (AND PRIVATE AREAS DRAWING FROM COMMON EQUIPMENT) – LIKE-FOR-LIKE SCOPE

| | | Total | | |
|---|---|---|---|---|
| | **Unit** | **2018** | **2019** | **2020** |
| Fossil fuels | kWhEF | 16,539,907 | 14,607,453 | 20,340,449 |
| *Natural gas* | kWhEF PCS | 16,471,265 | 14,563,985 | 20,246,426 |
| *Heating oil* | kWhEF PCS | 68,641 | 43,468 | 94,023 |
| Electricity | kWhEF | 61,734,068 | 59,299,256 | 93,052,608 |
| District network | kWhEF | N/A | 0 | 199,155 |
| *District heating* | kWhEF | N/A | 0 | 199,155 |
| *District cooling* | kWhEF | N/A | 0 | 0 |
| Other energies | kWhEF | N/A | 0 | 53,600 |
| **Overall energy consumption** | **kWhEF** | **78,273,974** | **73,906,709** | **113,645,811** |
| **PER SQ.M.** | **kWhEF/sq.m.** | **301** | **284** | **184** |

### CHANGE IN ENERGY INTENSITY OF COMMON AREAS (AND PRIVATE AREAS DRAWING FROM COMMON EQUIPMENT)

| | | **2018** | **2019** | **2020** | **Change** |
|---|---|---|---|---|---|
| Energy intensity – like-for-like scope | kWhEF/sq.m. | 327 | 287 | 185 | -36% |
| Energy intensity – like-for-like scope | kWhEF/sq.m. | 301 | 284 | 184 | -35% |

**ANALYSIS OF FINDINGS**

As well as being the outcome of endeavours on energy intensity, the figures also reflect a review of the calculation methodology, for more accurate reporting. The main points of this methodology update are:

- recalculation of all surface areas;
- identification and inclusion of retail units drawing from common equipment managed by Carmila;
- estimation of energy consumption at sites not under direct management by Carmila and Carrefour Property Gestion.

Based on a like-for-like scope with respect to 2019 (with no estimations), there has been a reduction in energy intensity with respect to 2020.

**IMPACT OF THE COVID-19 CRISIS ON THE CHANGE IN ENERGY INTENSITY**

In France, one of our service providers, an expert in electricity markets, conducted a study[1] on 99 delivery points in the Carmila and Carrefour Property Gestion portfolio to gauge the impact of the Covid-19 pandemic on energy consumption across our sites.

During the first lockdown, from mid-March to mid-May, activity at Carmila shopping centres slowed down but did not stop altogether. The centres stayed open (wholly or partially) to allow access to hypermarkets for example, as sources of essential provisions.

The study covered the environmental reporting period from 1 October 2019 to 30 September 2020.

Findings included the following:

- actual consumption was up by 0.4% on the previous year under the impact of weather conditions;
- actual electricity consumption was down by 37.3% on baseline level under the impact of the first lockdown, from 17 March to 11 May 2020;
- **over the whole period from 1 October 2019 to 30 September 2020, the health crisis led to a 5.2% drop in energy consumption across Carrefour Property assets**

In late 2020, Carmila, with support from Carrefour Property Gestion teams, drew up specifications for selecting a data collection and consolidation system, starting in early 2021. Another aim will be to devise and run a pluri-annual energy programme with in-the-field action plans on energy optimisation.

2021 will be a year of consolidation as regards the energy profile of Carmila centres and the deployment of energy performance initiatives.

### Examples of initiatives

Three initiatives highlight the energy downsizing policy:

- The Montesson site is a good example of collective engagement on energy performance. With the support from Carrefour Property Gestion, in 2020 Carmila took part in the fifth edition of the Cube 2020 competition run by the "Institut Français pour la Performance du Bâtiment" (the French Institute for Building Efficiency). The aim of this competition is to spotlight buildings delivering the best energy savings over a year. Carmila chose its Montesson centre, rolling out many technical measures and stakeholder awareness-raising operations at the site. By the end of 2020, with the competition still running, Montesson was posting very good results, with energy consumption down 30% on the years 2017 to 2019.
- Optimizers on gas boilers, deployed across more than 20 centres, reduce consumption by 15% to 20%.
- In 2020, Carmila, with the support from Carrefour Property Gestion, practiced demand-side management, thereby contributing to the transition toward more renewable energies in the French electricity network. The French energy agency, Ademe, and the latest provisional results from RTE, the electricity transmission system operator in France, confirm that the service sector has a role to play in demand-side management. Carmila signed up 19 centres with an electricity flexibility aggregator, and 800 demand-side response orders have been received across the centres. In all, 15 demand-side response days were generated during the winter of 2020. Over this period, teams at these 15 centres confirmed that if flexibility is correctly operated it does not jeopardise user comfort or energy performance. On the contrary, in this case it reduced electricity consumption by about 7% without requiring any stand-in fossil energy.

## 4.2.1.3 Facilitate eco-mobility

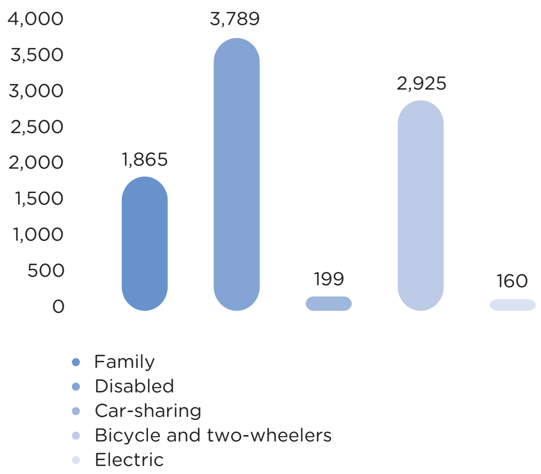
### Objectives

With the aim of reducing Scope 3 greenhouse gas emissions, Carmila encourages the development of eco-mobility (bicycles, electric cars, and public transport). Measures are taken to encourage the use of green transport and to raise awareness on this issue among visitors and employees:

- effective communication about getting to our shopping centres;
- where possible, additional stops agreed with bus companies;
- car-sharing areas;
- charging stations for electric vehicles;
- charging stations for electric bicycles;
- bicycle lanes and shelters.

(1) *Eleneo study, 11 December 2020.*

**EXAMPLES OF ENVIRONMENTAL PRACTICES AT CARMILA SITES (2020 STUDY)**




**126 sites**
are located within 500 metres of a public transport link

## 4.2.2 Working toward a more frugal approach to the use of resources

### 4.2.2.1 Waste and circular economy

**Objectives**

In 2019, Carmila brought in an efficient waste management and accounting system, enabling it to accurately calculate the waste recovery rate.

> The initial waste recovery target of 50% was reached in 2020. The new target is 100% waste recovery, in energy or materials, by 2025.

To reach this target, Carmila plans a 2021 review of its waste management policy, addressing the following subjects:

- distribution of roles and responsibilities between tenants and landlord;
- improvement to the five-flow waste separation in situ;
- systematic biowaste separation;
- awareness-raising for all concerned;
- monitoring of tonnages and choice of discharge system.

**RECOVERY WASTE RATE – REPORTED SCOPE**

| | 2018 | 2019 | 2020 | Year-on-year change |
|---|---|---|---|---|
| **Total** | **14,268** | **13,617** | **22,646** | **+66.3%** |
| Recovered | 2,918 | 8,132 | 11,772 | +44.5% |
| **% RECOVERED** | **20%** | **60%** | **52%** | **-8%** |

**WASTE RECOVERY RATE – LIKE-FOR-LIKE SCOPE**

| | 2019 | 2020 | Year-on-year change |
|---|---|---|---|
| **Total** | **12,778** | **13,646** | **+6.8%** |
| Recovered | 7,168 | 7,409 | +3.4% |
| **% RECOVERED** | **56%** | **54%** | **-2%** |

**ANALYSIS OF FINDINGS**

There are two explanations for the annual results:

- Changes in reporting methodology, especially as regards the estimated data for sites not reporting directly on this (see methodology note – waste recovery indicator);
- Initiatives taken.

Work continued in 2020 on extending the reporting scope. In 2018, reporting covered only 58 sites in France and 14 in Spain. In 2019, head offices were added to the list, along with further assets in France and, above all, Italy. By 2020, reporting covered all Carmila sites in all three countries, filled out by estimations of waste and recovery tonnages where necessary.

The drop in recovery rate arises primarily from problems experienced in Spain and Italy, where more sites saw their waste managed by local authorities, making it difficult to obtain tonnage data and information on recovery rates.

### Examples of initiatives

Waste management is one of the starting points of a circular and solidarity economy.

The Nice Lingostière centre is a prime example of good practices here, with its clearly identified virtuous bins, for textile waste in particular. Discarded clothing is recovered by ABI06, a non-profit organisation working on social integration. Depending on their condition, recoverable items are sold in second-hand shops or recycled to produce insulating material. Some 59 tonnes of clothing have been collected since 2019.

Tenants' awareness on waste separation is raised by a best-practice clause appended to commercial leases. The subject is also raised in the welcome guide issued to retail brands on arrival. Carmila has rolled out targeted initiatives in its shopping centres to improve the sorting system, improve communication on best practices and, where necessary, improve the monitoring of services. Specifications have been reviewed and, as of 2019, the waste collection management contracts include remote readings from the waste compactor, the carbon impact of transport, the introduction of a collection circuit and the recovery of biowaste.

## 4.2.2.2 Biodiversity

Preservation and protection of biodiversity is a key focus of the Carmila CSR strategy. Carmila endeavours to mainstream actions intended to strengthen biodiversity at its sites, both on an everyday basis and on new project developments.

In 2020 it began work on a biodiversity charter based on the following main points:

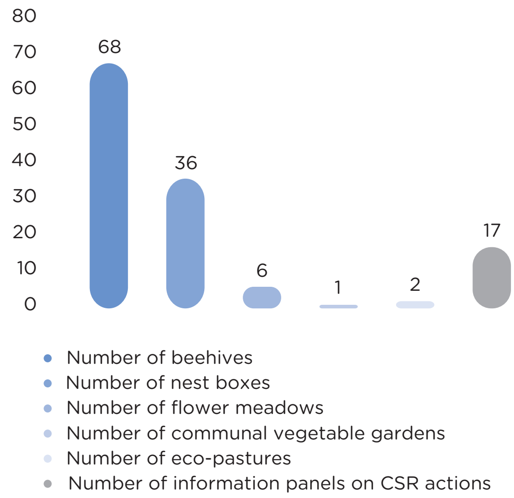
- develop an understanding of the local biodiversity and knowledge of how to manage landscaped and park areas;
- expand the existing biodiversity;
- manage park and garden areas in an environmentally friendly manner, and limit the impact of business operations on biodiversity;
- communicate with and educate people on biodiversity, and showcase initiatives in this field.

In 2021, this charter will be signed by companies commissioned with gardening and grounds maintenance tasks.

On development projects, Carmila is bringing in BiodiverCity certification requirements in 2021.

In 2020, a census was carried out of biodiversity initiatives across all sites.

**KEY RESULTS FROM BIODIVERSITY INITIATIVES**




## 4.2.2.3 Water

### Objectives

The drive to develop a sense of team responsibility on management of resources includes consideration of the environmental aspects of water use.

Following an environmental audit, Carmila adapted its water consumption monitoring system in 2020, with two aims:

- extend coverage of the water consumption indicator to 100% of sites by 2022;
- bring water consumption per visitor down below one litre per year for all water usages by 2025.

**WATER INTENSITY *(CU.M./SQ.M. AND LITRES/VISITOR)* – REPORTED SCOPE**

| | | Total | | | Year-on-year |
|---|---|---|---|---|---|
| | Unit | 2018 | 2019 | 2020 | change |
| Consumption | cu.m. | 490,981 | 442,929 | 441,961.28 | -0.2% |
| PER SQ.M. | CU.M. | 1.44 | 1.15 | 0.57 | -50.4% |
| PER VISITOR | L | N/A | N/A | 1.08 | N/A |

**WATER INTENSITY *(CU.M./SQ.M. AND LITRES/VISITOR)* – LIKE-FOR-LIKE SCOPE**

| | | Total | | | Year-on-year |
|---|---|---|---|---|---|
| | Unit | 2018 | 2019 | 2020 | change |
| Consumption | cu.m. | 258,417 | 237,994 | 387,213.2 | +62.7% |
| PER SQ.M. | CU.M. | 1.17 | 1.08 | 0.64 | -40.7% |
| PER VISITOR | L | N/A | N/A | 1.07 | N/A |

**ANALYSIS OF FINDINGS**

The significant fall in water consumption from 2019 to 2020 has two explanations:

- changes in the reporting methodology, especially as regards review and verification of shopping centre surface areas (see methodology note – water intensity indicator);
- Initiatives taken.

### Examples of initiatives

In conjunction with group-wide take-up of BREEAM New Construction and BREEAM In-Use certification, water consumption monitoring encourages good practices in the design and operation of water management systems with devices such as water-saving taps, leak detectors, shut-down valves on sanitary equipment and drop-by-drop garden watering.

## 4.2.3 Improve the resilience of our assets and their green value

### 4.2.3.1 Improve the resilience of our assets

#### Objectives

Carmila's strategy on resilience to climate change covers construction and site operation.

On new project developments and major renovations, long-term resilience is factored in at the design phase:

- the bioclimatic architecture of our shopping centres seeks to reduce energy consumption: access to natural light, materials with high thermal inertia, optimised façade orientation, and roofs that are greened or have high solar reflectivity to reduce heating and air conditioning needs;
- renewable energy sources (such as solar water heaters, heat pumps and geothermal energy) are incorporated whenever possible;
- each project is designed to blend as unobtrusively as possible into the natural or urban environment and to minimise its impact on the environment.

#### Our actions

With support from Carbone 4, Carmila launched its strategic plan for the resilience of existing assets in 2020.

This involves a cross-analysis of potential natural hazards through to 2050, exacerbated by climate change, with potential vulnerability of Carmila sites. The resulting site risk ratings are then examined to determine specific actions for safeguarding assets in each particular instance.

Conclusions and initial initiatives will be finalised in 2021.

### Examples of initiatives

On the renovation project for the "Cité Gourmande" food court at its Coquelles centre, Carmila commissioned major works to bring natural lighting to areas previously reliant on electric lighting. This brought combined benefits in customer well-being, energy savings and tenant cost savings.

### 4.2.3.2 Green value

#### Objectives

To safeguard the value of its assets, through the integration of sustainable development considerations at site construction and operation phases, Carmila has embarked upon an ambitious environmental certification policy.

In 2020, Carmila committed to certifying 100% of its assets by 2025, to at least one of the two BREEAM standards:

- BREEAM New Construction certification for all extension projects of more than 1,000 sq.m.;
- BREEAM In-Use certification for sites in operation.

This new objective illustrates Carmila's commitment on minimising its environmental impact at each stage in the building's life-cycle. The internationally recognised BREEAM standards specify efficient and environmentally sound design and management principles. Assessment covers some 70 criteria in 10 categories, including sustainable project management practices, biodiversity, energy efficiency, choice of materials, waste and water management, comfort, transport and the various forms of pollution.

To ensure optimum efficacy in this wide-reaching project, a dedicated data management platform has been set up in France. The platform was awarded the Business Immo digital transformation prize in 2019, and will be updated in 2021 to integrate the new BREEAM standards.

The asset certification rate by value reached 87.7% in 2020.

**ENVIRONMENTAL CERTIFICATION RATE**

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| % TOTAL ASSETS CERTIFIED | 35% | 61% | 87.7% |

From 2021, with the release of the new BREEAM In-Use V6 standard, Carmila has undertaken to certify or recertify forthcoming assets directly to this new version that is more ambitious and more virtuous than the V5. From the end of 2021 Carmila will begin a programme of V6 compliance across its portfolio, with recertification of at least 10% of its assets each year.

# 4.3 *Here we act* for local regions

### Issues related to the development of local regions

Social impact is a key strand of Carmila's *Here we act* programme. Changes in consumer patterns and customer demand for greater transparency, traceability and collaboration require retail brands and businesses to lead by example. In the ongoing shift in consumer practices, 2020 was a pivotal year in two respects: the change in purchasing methods in the wake of the Covid-19 crisis and the rising expectations of customers and visitors concerned with shopping more responsibly. During the year, Carmila began to analyse emerging and future spending patterns by creating a Responsible Offering Committee.

Consumer expectations in terms of shopping have also largely evolved in recent years. In addition to traditional retail, our visitors want a larger number of services, such as food outlets, and sporting and leisure activities, which form a range of useful services that can save them time. Carmila is keen to respond to these new requirements by listening to its customers and shrewdly adapting its merchandising through a multi-format strategy. With its mix of traditional stores, pop-up stores and speciality leasing stands, Carmila has the capacity to guarantee rapid rotation of product lines, types of retailers and brands available in shopping arcades.

Deeply rooted in its local region, the shopping centre is designed as a living space that promotes the local economy, social ties and interaction. Some retail formats such as speciality leasing stands provide the opportunity for local producers to connect with new customers and visitors.

Broadly speaking, Carmila is prioritising relations with its tenants and consumers as a means of establishing a lasting local presence. These objectives are identified as key risks in the non-financial risk mapping.

As a result, the "*Here we act* for the local regions" component of the CSR strategy is adapted through two prisms:

- a B2B prism, in particular by supporting our retailers in developing their business;
- a B2C prism, by deepening each of our centre's local roots and deploying an array of initiatives to delight our customers and visitors, and raise their awareness.

### Ties with Carrefour

As described in Chapter 5.1.5, the strategic partnership with the Carrefour group is a major competitive advantage for Carmila, which is primarily expressed through the shopping centre experience and development of local regions.

Shopping centres as a whole, customers, visitors and retailers benefit from the many synergies between actions launched by Carmila and Carrefour as part of their CSR strategy, for example programmes to combat waste and deepen local roots.

This special relationship offers significant added value for Carmila centres, both in guaranteeing the quality of its services in shopping malls and in supporting CSR projects that make a bold impact.

## 4.3.1 Supporting and sustaining the local economy

### 4.3.1.1 Employment

#### Objectives

Employment was already a key issue for Carmila, not only to support the local economy but also to help retailers through the hiring process. To step up its job support programmes, in 2020 Carmila expanded the toolbox of solutions available to shopping centre directors,

> Nearly doubling the offering by the end of the year. It currently includes five programmes:
> - the job vacancies page on the centre's website;
> - the HucLink interactive kiosks;
> - job forums;
> - a partnership with Student Pop, a student employment agency start-up (2020);
> - the *Shop Ton Job* vacancy bulletin board (2020).

The 2021 target is for management at all centres to organise at least one initiative to promote employment. The impact of this service on our customers and visitors can be measured through customer and visitor surveys.

#### Examples of initiatives

**Student Pop**

To focus on young people, especially students, Carmila established a partnership with Student Pop. This fast-growing start-up has developed a mobile app where students can find short-term job assignments that match their profile to earn some extra money. These programmes meet the needs of shopping centre directors and retailers in periods when they temporarily need extra workers, while offering students an attractive wage and immediate payment.

In 2020, 931 students took part in 651 assignments at Carmila shopping centres.

**Job search programmes**

To round out the digital solutions available, some shopping centres choose more old-fashioned channels with the *Shop Ton Job* programme. This physical vacancy bulletin board is a temporary structure where employers can post job offers available at the centre or in the vicinity. *Shop Ton Job* was rolled out at the Cité Europe, Géric, Reims Tinqueux and Hérouville sites.

At Hérouville, *Shop Ton Job* posts were relayed on the centre's Facebook page, reaching more than 18,000 people and generating over 700 interactions. In light of its success, the programme will be carried forward in 2021.

#### Synergies with Carrefour

Against a challenging social and economic environment, Carmila and Carrefour joined forces, with the authorisation of France's Employment and Vocational Training agency, to allocate part of its revitalisation budget (funds it was required to pay to the host region to help revitalise local employment after laying people off) to support employment in the centres. In 2020, 51 jobs were created with Carmila retailers.

### 4.3.1.2 Responsible offering

#### Objectives

The responsible offering, which is an integral part of Carmila's purpose statement, is aligned with emerging customer expectations for more responsible shopping and fits with the unique selling points offered by some retailers. Responsible offerings mainly owe their recent popularity to consumer habits, which have been changing and will continue to evolve. Our customers and visitors have expressed their desire to move towards more responsible, more environmentally friendly and more local consumption. Consumers are becoming more conscious and informed about these issues, and the social and solidarity economy is developing fast.

Under the pressure of the current economic context, developing a responsible offering at shopping centres of a more approachable size is also a way of improving our customers' purchasing power.

At the end of 2020, progress in this regard ensured that:

- the responsible offering was officially defined: "The responsible offering, in line with the new expectations of consumers and retailers, is a more natural, more local, more inclusive offering that produces less waste, that can be more transparent and can be identified as such by customers and visitors";
- several criteria were selected to determine the responsible offering;
- areas to further develop the responsible offering will be examined in 2021, through a market study conducted by the Research staff on second hand programmes.

In 2021, Carmila hopes to facilitate and support the development of second-hand retail brands, a strategic focus of the responsible offering. The market for second-hand goods is rapidly expanding with strong growth forecasts. Especially popular among 18 to 24 year olds, the segment is currently driving growth in ready-to-wear fashion.

Carmila has also set shopping centre directors a target to provide at least one second-hand offering at 30% of centres by the end of 2021.

#### Examples of initiatives

##### Second hand in stores

By the end of 2020, 15 Carmila shopping centres had a second-hand offering, including:

- Patatam at BAB2. Originally a website featuring second-hand clothing, this retail brand opened its first store in a Carmila centre.
- The Emmaüs France Loiret and La Ressource AAA stores at Cap Saran. The charity's first store in the Centre region offers second-hand clothing, books, furnishings, toys, tableware and decorative items collected from drives. Its mission fully embraces the objectives of the social and solidarity economy.
- Cash Korner at Bay 2, Toulouse Purpan and Orléans Place d'Arc. This retail brand offers a space for both buyers and sellers of second-hand items.

##### Clothing donation initiatives

Centres also organise one-off events such as clothing donation initiatives and campaigns with participating centre retailers.

In the second half of 2020, Carmila centres took part in Okaïdi's annual IDTROC second-hand children's clothing campaign. Its communication strategy enabled Carmila to interact with 355,000 people via Facebook Ads and 7,064 through store visits. With a total of 321 Okaïdi stores participating in the event, six of the top 20 are part of the Carmila network and registered a 24% increase in revenues from the 2019 IDTROC campaign.

### 4.3.1.3 Dialogue with customers

#### Objectives

Maintaining close ties with retailers is a key priority for Carmila. This past year in particular, Shopping Centre Management, Leasing and Marketing teams focused on helping them to boost their appeal and visibility.

Since 2016, all Carmila's retailers have had access to local marketing expertise through the Kiosk. On a daily basis, Carmila's staff at the registered office provide guidance for tenant-retailers to support campaigns, communicate on retail offers, drive promotions, and more.

The KioCsk offers a suite of local, omnichannel marketing solutions geared to meet stores' sales objectives (visibility, footfall and customer loyalty). Its strategy is based on understanding each catchment area and harnessing targeted digital tools to provide retailers with tailored local marketing solutions that complement nationwide marketing action plans implemented by retail brands.

Carmila has organised more than 10,000 local or multi-local campaigns on behalf of its retailers using this range of digital and event management services, which brought sales outlets extra visibility.

Since 2019, Carmila Retail Development has also been supporting the development of new retail brands through investment and knowledge sharing.

Our retailers' perception of the utility of our support services is a critical factor that guides our actions. Conducting its annual retailer survey for the second time in 2020, Carmila took steps to include more retailers. In France, 47 centres took part in the survey, up from 19 in 2019, representing a stronger response rate of 85% versus 80% in 2019.

In 2020, Carmila expanded its array of retailer support solutions with the creation of:

- Communication with Carmila Events;
- Development with Carmila Franchise & Development.

During the year, retailers using the Kiosks rated them 8.1/10, a 5% improvement on 2019.

In 2019, 85% of retailers put their trust in Carmila. Carmila surveyed French retailers in 2020 to measure the quality of its partnership, with 73% confirming that they see Carmila as a true partner that makes their business easier.

The retailer survey highlighted Carmila's fast response during the lockdown, showing that 77% of the retailers surveyed were satisfied with the measures taken at centres to comply with health protocols, and 70% were satisfied with their relationship with shopping centre management during this period.

Worldwide, the Covid-19 health crisis has had an impact on the number and implementation of Kiosk campaigns and on the surveys in Italy and Spain. Despite the context, shopping centre directors continued to offer retail brands support throughout the lockdown.

In 2021, Carmila plans to continue conducting surveys while finalising the survey to calculate this indicator.

The action plans implemented based on survey findings will focus on better informing retailers about support programmes available.

#### RETAILER SATISFACTION RATE

| France | 2018 | 2019 | 2020 |
|---|---|---|---|
| Overall satisfaction rate | N/A | 69% | 62% |
| Engagement rate | N/A | N/A | 73% |
| Percentage of centres included in the survey | N/A | 28% | 44% |

| Group | 2018 | 2019 | 2020 |
|---|---|---|---|
| Satisfaction rate | N/A | 69% | N/A |
| Engagement rate | N/A | N/A | N/A |
| Percentage of centres included in the survey | N/A | 29% | N/A |

Group data for 2020 is not available due to the health crisis, as the survey could not be conducted properly in Spain and Italy. Despite the challenges of engaging with retailers due to the social and economic context, in France, Carmila continued to support and listen to its retailers, as shown in the 73% engagement rate.

#### NUMBER OF KIOSK CAMPAIGNS

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Number of Kiosk campaigns** | 5,745 | 11,305 | 8,415 |
| **Change as a percentage** | - | +96.78% | -25.5% |

Overall for the three countries, the periods of centre shutdowns made it complicated to run Kiosk campaigns.

In France, some programmes were maintained during the lockdowns to:

- boost the revenues of essential stores;
- maintain ties with customers;
- promote Click & Collect campaigns and take-out services for restaurants.

### Examples of initiatives

In 2020, 111 retailers outperformed their business sector thanks to Carmila's Boost campaigns, i.e., 170% more retailers than in 2019. These campaigns include regular support for retailers throughout the year. On average in 2020, retailers that participated in these campaigns outperformed their business sector by nearly 11%.

Carmila has set up a partnership with Too Good to Go, an innovative start-up that takes action in line with sustainability values in fighting food waste. In all, 134 retailers were supported and 166,928 kilos of food saved, generating €618,133.38 in profits. The environmental impact is estimated at 417,320 kilos of greenhouse gases avoided.

In Giussano, Italy, Carmila offered to display the summer collections of the women's ready-to-wear store Via Condotti directly in the arcade to boost visibility. This initiative increased revenues for the month by 7.6%, to close out the period with an 11% gain. The average basket was also 69% larger, rising from €42 to €71. All Carmila centres have now adopted this concept of a secondary display.

#### Support for retailers

2020 was a year like no other for Carmila and its retailers. The Covid-19 pandemic forced shopping centre directors and Carmila's staff to adapt quickly to cope with these unprecedented circumstances. In line with its mission statement, Carmila worked hard at the local level to help its retailers throughout the crisis by providing digital tech support and swiftly designing Click & Collect services.

Shopping Centre Management and Innovation Marketing Support teams demonstrated their tremendous agility to innovate within short time frames and digitise the retailer relationship by creating a WhatsApp group per centre, holding virtual General Meetings, organising webinars attended by about 2,600 participants, and more.

## 4.3.1.4 Dialogue with customers and visitors

### Objectives

Dialogue with customers is essential to meeting their expectations more effectively, pro-actively responding to their needs and identifying pathways to improvement. Carmila uses the following tools to engage in active dialogue with its customers and visitors:

- Facebook Live;
- "Coffee shop get-togethers", for open, informal discussions organised in arcades by shopping centre directors, who remain available to answer questions and listen to visitors' opinions;
- regular surveys:

| **Customer and visitor satisfaction survey** | Measuring customer and visitor satisfaction across the entire experience | Twice a year – launched in 2015 | France since 2015<br>Spain and Italy since 2019 |
|---|---|---|---|
| **Ongoing dialogue with customers and visitors** | Gathering spontaneous and requested feedback from our customers and visitors on Google and from detailed questionnaires via various channels (emails, kiosks, website, etc.)<br>Answering their reviews | Continuous | France |
| **Mystery shoppers** | Audit of the entire customer and visitor experience by a trained professional investigator: condition, cleanliness, signage, staff. | Monthly or quarterly depending on the centre | France<br>109 centres of which 74 monthly and 35 quarterly visits |

For our customers and visitors, the experience involves a journey of virtual and physical steps, each a touchpoint, from the first digital contact to the visit at the centre, which is designed as a place for living and interaction. As part of its approach to continuously improve this customer and visitor experience, Camila takes visitor requests and comments into account in planning its renovations.

Despite the health crisis in 2020, the customer and visitor satisfaction surveys were carried out in France and Spain[1].

The overall customer and visitor satisfaction rate remained stable in 2020 at 87.3%.

**CUSTOMER AND VISITOR SATISFACTION RATE**

| Group | 2019 | 2020 |
|---|---|---|
| Satisfaction rate | 87.8% | 87.3% |

**NET PROMOTER SCORE**

| France | 2018 | 2019 | 2020 |
|---|---|---|---|
| NPS | N/A | 5 | 7 |
| Change | N/A | N/A | +2 |

In 2021, Carmila plans to finalise its survey to calculate its Net Promoter Score (NPS) on a Group scale.

### Examples of initiatives on the customer and visitor experience

#### Standard of service

By maintaining ongoing dialogue between shopping centre directors and customers and visitors through direct touchpoints and surveys, Carmila provides a high standard of service.

Surveys led through mystery shoppers showed that centres delivered an overall standard of service of 96% in 2020.

#### Connectivity

Centres further improved their connectivity in 2020. All sites with shopping centre management improved their WiFi service. Participatory libraries were also highly popular due to their many advantages: giving books a second life, avoiding waste, fostering dialogue and curiosity, and most importantly opening minds. In 2020, 26 centres set up a participatory library.

#### Friendliness

The customer experience must be pleasant and friendly for all visitors: play areas for children, comfortable relaxation areas, places where people can work, picnic, etc. The 2020 survey of customers and visitors found that 80% of them enjoyed being at their centre, and 53% felt that the centre helped them to maintain social interaction during the health crisis.

"Coffee shop get-togethers" offer a unique opportunity for shopping centre directors and customers and visitors to meet. this initiative to maintain dialogue addresses the need for close social contact, which is felt more acutely among the older generations and visitors less familiar with social media.

#### Application of health protocols at shopping centres

Sixteen Carmila centres set up Covid-19 testing centres, of which nine in the Rhône-Alpes region.

After centres took steps to prevent the spread of Covid-19, targeted questions were added to surveys to measure the effectiveness of these solutions. In all, 93% of visitors considered that, following the measures taken by their shopping centres, they felt safe there.

## 4.3.2 Taking our social responsibility in every region

### 4.3.2.1 CSR events

**Objectives**

For Carmila, social responsibility is also expressed through initiatives that benefit people and the environment. CSR events are a way to raise awareness among employees, retailers and shoppers. The shopping centre is a place for living, interaction, and opportunities to bring people together to learn new things. Management in each centre establishes partnerships with selected local charitable associations to enable them to raise customer awareness and keep people informed about their actions. Through these free events, Carmila provides them with a platform for expression and builds strong relationships with them.

Most CSR events organised in 2020 focused on the theme "charity and solidarity". Public health was another key topic, along with reducing waste and promoting second-hand goods.
Despite the closure of centres during the crisis, 797 events were held in France, Spain and Italy.

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| **NUMBER OF CSR EVENTS** | **1,340** | **1,616** | **797** |
| Change | | +20.60% | -50.68% |

(1) *As the contribution of Italy is not material to the Group average, its exclusion does not show in the 2020 data. The reliability of 2019 data was also confirmed.*

NUMBER OF CSR EVENTS PER TOPIC

| Theme | Public health | Environment | Charity and community outreach | Social and economic impact | Culture and sport |
|---|---|---|---|---|---|
| NUMBER OF CSR EVENTS PER TOPIC | 45 | 13 | 679 | 41 | 19 |

**Examples of CSR events**

- Seventy-seven food drives were organised, most in partnership with the charity "Restos du Cœur", which also raised €34,000 in food aid.
- The centre in Alcobendas, Spain, delivered meals to healthcare staff at a nearby hospital over a period of two weeks. This action was part of the nationwide initiative "Food for heroes".
- In April, the Turin Montecucco centre hosted the charity organisation Maria Madre della Provvidenza for a drive to collect basic necessities. The event drew more than 4,770 participants, with over 12 tonnes of goods collected.

#### 4.3.2.2 Community outreach

In 2018, Carmila forged a partnership with "Secours Populaire" focused on three key campaign periods: Easter, summer and Christmas. Since then, more than €80,000 has been donated to the charity.

Community outreach also takes shape in our action to support local regions. That is why Carmila plans to work more closely with local charities, which transform its centres into hubs for sharing and building strong ties with the community. One example of this is the collaboration with "Petits Coeurs de Beurre" at the Toulouse Purpan centre. Several times throughout the year since 2018, the organisation has coordinated charity and community outreach events to inform a broad audience about its actions. These regular campaigns have truly united the charity, the shopping centre and visitors.

In 2021, Carmila wants each shopping centre management team to identify a partner organisation that it can work with to promote grassroots outreach initiatives and develop the region.

**Community outreach initiatives: support for women who are victims of domestic violence**

During lockdown, Carmila joined forces with charity organisations tackling domestic violence. Working in partnership with local police stations, chemists and the hypermarket, 17 centres offered the use of their meeting rooms, management offices and supplied essential personal care kits. In these pop-up centres, the organisations were able to care for services to victims in appropriate conditions. Extensive local and national communication campaigns were developed to inform the public about the existence of these centres, in police stations, newspapers, radio stations, posters at shopping centres and on Carmila's social media pages. The television channel France 3 also covered the initiative in a report.

Since 20 August 2020, the Pau Lescar centre has partnered with the "Du Côté des Femmes" association to offer a weekly drop-in service discreetly accessible by women who are victims of domestic violence.

## 4.4 *Here we act* for our employees

**Background**

Employee engagement is a key factor in Carmila's successful growth. This engagement begins when the employee joins the company and is built and strengthened throughout their career path. The Human Resources Department, management and staff take action daily to foster an inclusive corporate culture based on the values of respect, equal opportunity and non-discrimination. Carmila's Human Resources policy is a valuable instrument used to promote active listening and well-being as a response to the many challenges and needs employees face, particularly young talent.

In practical terms for Carmila, taking action every day for employees means promoting fulfilment, satisfaction, the pushing of boundaries and team spirit to develop and grow together.

### 4.4.1 Fostering diversity

#### 4.4.1.1 From recruitment and throughout the career path

**Objectives**

Respecting diversity and rejecting all forms of harassment and all discrimination are two of the principles in Carmila's Code of Ethics, which all employees receive when they join the company. These commitments are inspired by compliance with the conventions of the ILO on equal compensation (no. 100) and discrimination (no. 111).

The company has made a pledge to fight all forms of discrimination and plans to implement a policy that promotes equal opportunity and diversity. This diversity and non-discrimination policy applies to all Human Resources procedures and decisions related to working conditions, in particular: recruitment, annual performance appraisals, variable compensation plans, training and career development.

Carmila's action begins as of the recruitment stage and continues throughout its employees' career path. Greater diversity without discrimination requires true awareness about cultural bias that can influence recruitment choices and development potential. This commitment is supported by the Human Resources Department, which in 2021 will organise training on cultural bias primarily aimed at managers who recruit employees.

In 2021, all recruitment firms that work with Carmila will sign a Responsible Recruitment Charter. to implement Carmila's commitment to combating all forms of discrimination. Acting on the belief that the Company should reflect society, Carmila pledges to incorporate diversity in all its forms, particularly in terms of age, gender, state of health, disability, sexual orientation, social and geographical background, religious beliefs, political opinions, trade union activities, etc.

It will set up partnerships with organisations in 2021 to promote the employment of young people and bridge the employability gap. Carmila also pledges to maintain more than 10% of employees on work-study programmes out of its total staff.

A disability agreement applicable at Carmila was signed on 2 June 2020. The disability policy outlined in this agreement will be deployed over the next three years, covering commitments to promote recruitment of disabled people, keep them in employment and staff awareness about disabilities.

Carmila promotes the employment of young people: out of 48 new hires in 2020, 18 were on work-study programmes from a range of educational backgrounds, representing 17% of total staff.

In 2020, Carmila began working with Welcome To The Jungle, a recruitment website that enables innovative companies to reach out to job applicants seeking business and entrepreneurial experience.

### 4.4.1.2 Special focus on gender equality

#### Objectives

In line with French Law no. 2018-771 of 5 September 2018 and its implementing decree no. 2019-15 of 8 January 2019, the gender equality index is determined based on several criteria. For companies with up to 250 employees, these criteria are:

- gender pay gap;
- gender pay gap in terms of individual pay rises;
- pay rises for women returning from maternity leave;
- representation of women in the top 10 highest paid employees.

Carmila publishes its gender equality index every year on its website, in line with legal obligations. More than a legal requirement, this index is a useful tool for monitoring progress on the actions taken to promote gender equality within the organisation.

To further improve its performance in this area, in 2020 Carmila decided to calculate its gender equality index at group level, including France, Spain and Italy, despite it only being an obligation under French law. Carmila has set a target to raise this indicator to 90/100 in 2022.

Gender equality is one of the CSR indicators included in the company's collective targets.

As regards gender balance and diversity in its workforce, Carmila has launched an action plan to achieve the best standards in this area.

In 2020, Carmila's workplace equality index stood at 84/100 in France, 69/100 in Spain and 99/100 in Italy, representing an unweighted average of 84/100 at Group level.

In 2020, Carmila's workforce was fairly equally divided: 132 women and 112 men.

Between 2019 and 2020, the gender pay gap in management remained stable at 12.54%[1].

#### CONSOLIDATED PAY GAP

| Consolidated management pay gap | 2018 | 2019 | 2020 |
|---|---|---|---|
| Female executives | €43,981.00 | €49,737.00 | €49,580.64 |
| Male executives | €51,412.00 | €56,531.00 | €56,690.89 |
| Consolidated pay gap | -14.45% | -12.02% | -12.54% |

#### Examples of initiatives

The Boost'her programme, which comes under mandatory annual negotiations, provided the opportunity to reassess the pay of around ten women at Carmila in France when an unjustified gap was identified with a man's pay for the same position and on the same team.

#### Ties with Carrefour

Created in 2020, "Carrefour Elles" is a professional network that aims to promote the role of women in the company and in management by helping them improve their visibility. For its first edition, nearly 500 men and women in management positions at Carrefour group were invited, including three women identified as high-potential managers from Carmila.

*(1) In 2020, the scope for this indicator only covered France and Spain, i.e., 92.27% of the workforce.*

## 4.4.2 Developing employee potential

### 4.4.2.1 Onboarding

#### Objectives

Onboarding is an important step to ensure that employees integrate Carmila's staff smoothly.

That is why Carmila works continuously to improve its onboarding process.

All employees are invited to take part in an induction programme to enable them to learn the culture, values and organisational structure of the Company:

- an immersive and participatory induction day;
- a personalised, job-specific programme is organised including, in particular, meetings with members of the Executive Committee and immersion in our shopping centres;
- a one-to-one meeting with the Human Resources Department.

In 2020, a mentoring system was introduced in France to support new employees in the induction and onboarding process.

This programme will developed in 2021, featuring a toolbox provided for mentors.

#### Examples of initiatives

In France, the onboarding seminar was held entirely online in 2020 due to the health context. New hires participated in daily videoconferences where the various departments presented their strategy and teams.

### 4.4.2.2 And throughout the career path

#### Objectives

Carmila supports its employees throughout their career in developing and acquiring new skills and expertise, which prepares them for the jobs of the future.

Carmila firmly believes in the importance of training, not only to improve employees' job skills, but also to enhance their personal development. A skills development plan is tailored to each employee's profile and at a pace that they can handle.

Training needs are reported to the Human Resources staff, which endeavours to find training courses best suited to meet these needs on a case-by-case basis.

This large-scale programme is aimed at responding to employees' individual needs, whatever their job or grade. Due to the Covid-19 health crisis in 2020, most training was delivered online.

Investing in training our staff is seen both as a core responsibility for the Company and a lever to make it more competitive and sustainable. And these efforts are accelerating the transformation of our culture.

Carmila met its target in 2020 of providing all employees with access to training. At least one training programme was offered to 100% of staff, and 76.4% were able to take advantage of it.

**HOURS OF TRAINING AND PERCENTAGE OF EMPLOYEES TRAINED**

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Average number of training hours per employee | 21.4 | 15.58 | 15.89 |
| Total number of training hours | 4,480 | 2,960 | 2,733.7 |
| Proportion of trained employees | 65% | 83.68% | 76.74% |

#### Examples of initiatives

Carmila offered training to employees returning from parental leave. This training is available for both men and women with the main objective of helping the individual to:

- regain a healthy lifestyle and work practices;
- optimise their re-entry into the company;
- honestly express any difficulties they may have encountered in the process.

#### Ties with Carrefour

- Cap Formation: employees have access to the Cap Formation e-learning platform developed and managed by the Carrefour group. The platform is available on both a website and a smartphone app, where employees can access e-courses with very short modules. This format is exactly what employees currently want.
- Executive Committee members can also access leadership training programmes offered by Carrefour University that are designed for the leaders of tomorrow.

#### 4.4.2.3 With a focus on career development and internal mobility

**Objectives**

To retain talent and allay the risk of becoming less competitive on the job market, Carmila encourages and supports career development and internal mobility.

Tracking employees' career path within the company is a key priority for which an entire programme has been developed:

- the Skills and Career Planning appraisal provides managers and employees with an opportunity to take stock of objectives as well as expectations in terms of career development, to adapt the skills development plan and to assess the workload and work-life balance;
- Skills and Career Planning introductory workshops are organised by the HR staff for all managers;
- Careers Committees also meet following annual appraisals to identify high-potential employees, plan specific development initiatives and facilitate internal mobility;
- some staff members benefit from personalised coaching or an assessment as part of their career development.

In 2020, ten women and five men were promoted, and 14 employees changed positions within the company.

The Human Resources staff also implemented webinars during the year to support managers in conducting the annual appraisals.

Despite the challenge of organising appraisals due to Covid-19, 70% of employees benefited from an annual appraisal.

The internal "Inside Jobs" platform was deployed in 2020 to offer employees the first choice of job offers across the Carmila organisation and Carrefour Property. Initially available in France, the platform will be rolled out in Spain and Italy in 2021.

A cross-department experience sharing programme called "live my life" ("Vis ma vie") will be implemented in 2021 to give employees who request it the chance to learn about other jobs at Carmila and Carrefour Property.

### 4.4.3 Fostering employee engagement and co-building Carmila's future

#### 4.4.3.1 Developing a competitive compensation policy

In order to attract the best talent on the market, Carmila has adopted an attractive and competitive compensation policy in the commercial property market and encourages the best performance through variable pay.

In all three countries, the compensation package comprises a fixed salary, annual variable compensation and, in the case of France, profit-sharing agreements and incentive plans. Since 2019, a CSR criterion has been included in the performance objectives for determining the variable compensation of all employees.

The average annual pay rise at Carmila was 3.20% in 2020 (see the Average annual compensation table in the appendix to Chapter 4).

#### 4.4.3.2 Employee relations

Driven by the fundamental belief that employee engagement is built on their ability to be heard, Carmila encourages transparent, direct communication between staff members and levels of management. Carmila builds strong, regular social dialogue by developing the number of contact points and discussion channels. These discussions take several forms:

- meetings with Social and Economic Committee and union representatives;
- seminars and conventions;
- idea competitions;
- employee surveys.

On 28 January 2020, the first Carmila France employee convention was held, bringing together 150 staff members in Paris.

The convention provided the opportunity to assess company performance in 2019, present the targets for 2020, and unveil Carmila's mission statement.

**Relations with Social and Economic Committee and union representatives**

The Human Resources Department endeavours to maintain positive relations with its trade unions and holds regular discussions with representatives. In 2020, more than 30 meetings were held, of which three on gender equality. Furthermore, five collective bargaining agreements were signed with union representatives on:

- annual mandatory negotiations;
- the incentive plan (24 June 2020);
- the profit-sharing scheme (24 June 2020);
- trade union rights (30 June 2020);
- employment and employment of people with disabilities (2 June 2020).

#### Satisfaction survey

The annual satisfaction survey was conducted in September 2020, covering all employees of Carmila France, Spain and Italy.

The participation rate for the three host countries came to 80% (up 7% compared to 2019), for an overall NPS of 22.

The survey found that 87% of employees expressed satisfaction with their job, and 84% were satisfied with the Company. In addition, 87% of employees are confident about Carmila's future.

An infographic showing the questions asked and results was distributed to staff members. Action plans were deployed to move forward on the identified pathways to improvement:

- internal mobility;
- communication between departments;
- management of home working;
- and workstation ergonomics.

#### Mydea

Carmila fosters innovation by allowing for free expression among staff members via a collaborative idea platform called Mydea, where any employee can post an idea or project.

#### Spain's *A tu Salud* programme

The Management team at Carmila Spain introduced this programme in 2018 to promote the well-being and personal development of employees in Spain. Under the programme, until March 2020, fruit baskets were available for employees every Friday, and yoga workshops and physiotherapy sessions were also occasionally held on Fridays. Additional workshops were organised on a variety of well-being and personal development topics, such as nutrition. *A tu Salud* (For Your Health) was adapted to the context of the health crisis by offering webinars on personal development.

#### Employee relations during the Covid-19 crisis

During the first lockdown, a WhatsApp community was created for all Carmila employees to attenuate the sense of isolation and facilitate discussions between departments.

When employees returned to work in the office in person, 84% said they were satisfied with the health measures taken and felt safe.

### 4.4.3.3 Making our employees' everyday lives easier

#### Objectives

Holding true to its mission statement, Carmila takes steps to make employees' lives easier and more practical as a way of contributing to their everyday well-being at the Company. These efforts sync with our objectives to stay competitive and retain our talent.

A new home working agreement was signed with the trade unions on 20 December 2019, based on one day of home working per week, or exceptionally up to two days a week in agreement with the manager.

Employees in the following special situations may be allowed an additional day of home working, for a total of up to two days a week:

- employees who are recommended by the occupational health services to work at home;
- employees who are family caregivers;
- employees recognised as workers with disabilities;
- pregnant employees as of the fourth month of pregnancy.

To take action to improve employee well-being in partnership with the consulting firm Stimulus, individual meetings were held on a regular basis to guide employees through times of personal struggle, and support services were available on coherent breathing and stress management.

Making our employees' everyday lives easier also involves providing access to practical information. In 2020, webinars proved exceedingly useful and effective as a means to achieve that objective. A vast range of topics was available, especially on managing property portfolios, retirement planning and using Google Workspace. Webinars were also introduced, giving employees opportunities to discuss and debate diverse issues.

A highly popular concept, webinars will continue to be provided in 2021.

In 2020, in the context of the health crisis and in compliance with French government directives, all Carmila employees were allowed to work at home. Nevertheless, to meet the needs of the business and prevent certain employees from experiencing psychological stress due to prolonged isolation, a rotation system was introduced, on an exceptional and limited basis, with no more than an authorised number of employees present every day. This measure remains in effect as of early 2021.

### 4.4.3.4 Raising awareness about CSR issues

#### Objectives

Corporate social responsibility is a shared concern for senior executives, managers and employees. That is why the CSR Department works every day to raise awareness at all levels of the organisation: presentations on strategy, cross-disciplinary working groups, in-house events, challenge competitions, news updates, and more.

Through the employee survey, employees at Carmila stated that they fully grasped the CSR strategy and that they supported this commitment in their professional duties.

> The CSR strategy was presented to all Carmila departments in 2020.
>
> Ninety percent of employees believe that CSR is integrated into Company strategy, and 93% feel that they can do their part to apply this strategy in their job.

Regular webinars will be organised in 2021 on issues such as responsible purchasing, climate change and gender equality.

#### Examples of initiatives

A training module on sustainable development, specially created by Carmila with the support of the consulting firm Des enjeux et des hommes, is included in the training catalogue. This course aims to raise employee awareness about global environmental issues and how they might affect our business. Despite the lockdown, about ten employees were able to take this training.

Daily actions to mark European Sustainable Development Week were taken up by all employees to raise awareness, including webinars, infographics, quizzes, etc.

# 4.5 Cross-reference table, methodological notes and report by the statutory auditor

## Methodological note

### 4.5.1 Cross-reference table and figures

#### 4.5.1.1 Environmental indicators: *Here we act* for the planet

| EPRA code | Indicator | NFS indicator | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| H&S-Asset | Percentage of shopping centres located within 500 metres of a public transport link | | % | N/A | 58 | 58 |
| | Percentage of customers travelling to shopping centres by car or motorcycle | | % | 86 | 85 | 90 |
| | Percentage of customers travelling to the shopping centres by foot | | % | 8 | 8 | 5.3 |
| | Percentage of customers travelling to the shopping centres by bicycle | | % | 1 | 1 | 1 |
| | Percentage of customers travelling to shopping centres by public transport | | % | 5 | 6 | 4.3 |
| | Number of charging stations for electric vehicles | | Number | N/A | 280 | 407 |
| | Percentage of shopping centres equipped with charging stations for electric vehicles | | % | N/A | 17 | 20.2 |

| EPRA code | Indicator | NFS indicator | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| | **Total final energy consumption of common areas based – reported scope** | ✓ | **kWh** | **107,294,340** | **103,098,566** | **161,499,999** |
| | Fossil fuels | ✓ | kWh | 24,025,482 | 19,416,071 | 24,663,527 |
| | • Natural gas | ✓ | kWh | 24,025,482 | 19,337,292 | 24,527,480 |
| Fuels – Abs | • Heating oil | ✓ | kWh | N/A | 78,779 | 136,047 |
| Elec – Abs | Electricity | ✓ | kWh | 83,268,858 | 81,530,795 | 136,637,317 |
| DH&C – Abs | District network | ✓ | kWh | N/A | 2,090,000 | 199,155 |
| DH&C – Abs | • District heating | ✓ | kWh | N/A | 2,090,000 | 199,155 |
| DH&C – Abs | • District cooling | ✓ | kWh | N/A | 0 | 0 |
| | Other energies | ✓ | kWh | N/A | 61,700 | 53,600 |
| Energy – Int | Energy intensity of common areas | ✓ | kWh/sq.m. | 328 | 287 | 185 |
| | **Total final energy consumption of common areas – like-for-like scope** | ✓ | **kWh** | **28,262,477** | **73,906,709** | **113,592,211** |
| | Fossil fuels | ✓ | kWh | N/A | 14,607,453 | 20,340,449 |
| | • Natural gas | ✓ | kWh | N/A | 14,563,985 | 20,246,426 |
| Fuels – Lfl | • Heating oil | ✓ | kWh | N/A | 43,468 | 94,023 |
| Elec – Lfl | Electricity | ✓ | kWh | N/A | 59,299,256 | 93,052,608 |
| DH&C – Lfl | District network | ✓ | kWh | N/A | 0 | 199,155 |
| DH&C - Lfl | District heating | ✓ | kWh | N/A | 0 | 199,155 |
| DH&C – Lfl | District cooling | ✓ | kWh | N/A | 0 | 0 |
| | Other energies | ✓ | kWh | N/A | 0 | 53,600 |
| Energy – Int | Energy intensity of common areas | ✓ | kWh/sq.m. | 327 | 284 | 184 |
| | Renewable energy consumption | | kWh | N/A | 61,700 | 53,600 |
| | Percentage of centres powered by renewable energy | | % | N/A | 1 | 1 |

| EPRA code | Indicator | NFS indicator | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| **GHG – Dir – Abs** | **Total GHG emissions – Market-based, of directly managed common areas based on a reported scope** | ✓ | **$ktCO_2e$** | **N/A** | **26.5** | **19.7** |
| GHG – Dir – Abs | Including direct emissions (Scope 1) | ✓ | $ktCO_2e$ | N/A | 3.4 | 3.5 |
| GHG – Dir – Abs | Including indirect emissions – Market-based (Scope 2) | ✓ | $ktCO_2$eq. | N/A | 18.4 | 12.1 |
| GHG – Dir – Abs | Including upstream emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | 4.7 | 4.1 |
| GHG – Dir – Int | Carbon intensity of common areas – Market-based | ✓ | $kgCO_2e$/sq.m. | N/A | 74 | 32 |
| **GHG – Ind – Abs** | **Total GHG emissions – Market-based, of indirectly managed common areas – reported scope** | ✓ | **$ktCO_2e$** | **N/A** | **N/A** | **21** |
| GHG – Ind – Abs | Including direct emissions (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 0.8 |
| GHG – Ind – Abs | Including indirect emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 16.9 |
| GHG – Ind – Abs | Including upstream emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 3.3 |
| GHG – Ind – Int | Carbon intensity of common areas – Market-based | ✓ | $kgCO_2e$/sq.m. | N/A | N/A | 81 |
| **GHG – Dir – Abs** | **Total GHG emissions – Location-based, of directly managed common areas – reported scope** | ✓ | **$ktCO_2e$** | **17.3** | **16.6** | **13.9** |
| GHG – Dir – Abs | Including direct emissions (Scope 1) | ✓ | $ktCO_2$eq. | N/A | 3.4 | 3.5 |
| GHG – Dir – Abs | Including indirect emissions – Location-based (Scope 2) | ✓ | $ktCO_2$eq. | N/A | 11.7 | 8.4 |
| GHG – Dir – Abs | Including upstream emissions – Location-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | 1.5 | 2 |
| GHG – Dir – Int | Carbon intensity of common areas – Location-based | ✓ | $kgCO_2e$/sq.m. | 53 | 46 | 23 |
| **GHG – Ind – Abs** | **Total GHG emissions – Location-based, of indirectly managed common areas – reported scope** | ✓ | **$ktCO_2e$** | **N/A** | **N/A** | **10.3** |
| GHG – Ind – Abs | Including direct emissions (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 0.8 |
| GHG – Ind – Abs | Including indirect emissions – Location-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 9.1 |
| GHG – Ind – Abs | Including upstream emissions – Location-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 0.4 |
| GHG – Ind – Int | Carbon intensity of common areas – Location-based | ✓ | $kgCO_2e$/sq.m. | N/A | N/A | 40 |
| **GHG – Dir – Lfl** | **Total GHG emissions – Market-based, of directly managed common areas – like-for-like scope** | ✓ | **$ktCO_2e$** | **17.3** | **16.7** | **16.6** |
| GHG – Dir – Lfl | Including direct emissions (Scope 1) | ✓ | $ktCO_2$eq. | 2.8 | 2.5 | 3.4 |
| GHG – Dir – Lfl | Including indirect emissions – Market-based (Scope 2) | ✓ | $ktCO_2$eq. | 11.2 | 11 | 9.6 |
| GHG – Dir – Lfl | Including upstream emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | 3.2 | 3.1 | 3.5 |
| GHG – Dir – Int | Carbon intensity of common areas - Market based - like-for-like scope | ✓ | $kgCO_2e$/sq.m. | 67 | 64 | 31 |
| **GHG – Ind – Lfl** | **Total GHG emissions – Market-based, of indirectly managed common areas – like-for-like scope** | ✓ | **$ktCO_2e$** | **N/A** | **N/A** | **10.2** |
| GHG – Ind – Lfl | Including direct emissions (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 0.1 |
| GHG – Ind – Lfl | Including indirect emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 8.6 |
| GHG – Ind – Lfl | Including upstream emissions – Market-based (Scope 3) | ✓ | $ktCO_2$eq. | N/A | N/A | 1.5 |
| GHG – Ind – Int | Carbon intensity of common areas - Market based - like-for-like scope | ✓ | $kgCO_2e$/sq.m. | N/A | N/A | 130 |

| EPRA code | Indicator | NFS indicator | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| **GHG – Dir – Lfl** | **Total GHG emissions – Location-based, of directly managed common areas – like-for-like scope** | ✓ | **$ktCO_2e$** | **10.7** | **10.2** | **12.1** |
| GHG – Dir – Lfl | Including direct emissions (Scope 1) | ✓ | $ktCO_2eq.$ | 2.8 | 2.5 | 3.4 |
| GHG – Dir – Lfl | Including indirect emissions – Location-based (Scope 2) | ✓ | $ktCO_2eq.$ | 6.6 | 6.5 | 6.9 |
| GHG – Dir – Lfl | Including upstream emissions – Location-based (Scope 3) | ✓ | $ktCO_2eq.$ | 1.3 | 1.2 | 1.8 |
| GHG – Dir – Int | Carbon intensity of common areas – Location-based – like-for-like scope | ✓ | $kgCO_2e/$ sq.m. | 41 | 39 | 23 |
| **GHG – Ind – Lfl** | **Total GHG emissions – Location-based, of indirectly managed common areas – like-for-like scope** | ✓ | **$ktCO_2e$** | **N/A** | **N/A** | **4.7** |
| GHG – Ind – Lfl | Including direct emissions (Scope 3) | ✓ | $ktCO_2eq.$ | N/A | N/A | 0.1 |
| GHG – Ind – Lfl | Including indirect emissions – Location-based (Scope 3) | ✓ | $ktCO_2eq.$ | N/A | N/A | 4.5 |
| GHG – Ind – Lfl | Including upstream emissions – Location-based (Scope 3) | ✓ | $ktCO_2eq.$ | N/A | N/A | 0.02 |
| GHG – Ind – Int | Carbon intensity of common areas – Location-based – like-for-like scope | ✓ | $kgCO_2e/$ sq.m. | N/A | N/A | 60 |
| **GHG – Dir – Abs** | **GHG Emissions from refrigerant leaks** | ✓ | **$ktCO_2e$** | **N/A** | **< 1** | **< 1** |
| **GHG – Ind – Abs** | **Scope 3 emissions** | ✓ | **$ktCO_2e$** | **N/A** | **650** | **476.8** |
| GHG – Ind – Abs | GHG emissions from consumption by private areas | ✓ | $ktCO_2eq.$ | N/A | 28 | 4.7 |
| GHG – Ind – Abs | GHG emissions from visitor transport | ✓ | $ktCO_2eq.$ | N/A | 574 | 418.7 |
| GHG – Ind – Abs | GHG emissions from waste | ✓ | $ktCO_2eq.$ | N/A | 2 | 5.3 |
| GHG – Ind – Abs | Purchasing-related GHG emissions | ✓ | $ktCO_2eq.$ | N/A | 7 | 6.7 |
| GHG – Ind – Abs | GHG emissions related to employee transport | ✓ | $ktCO_2eq.$ | N/A | < 1 | < 1 |
| GHG – Ind – Abs | Construction-related GHG emissions | ✓ | $ktCO_2eq.$ | N/A | 37 | 5.4 |
| Water – Abs | Total water consumption – reported scope | | cu.m. | 490,981 | 442,929 | 441,961.3 |
| Water – Lfl | Total water consumption – like-for-like scope | | cu.m. | 112,184 | 237,994 | 387,213.2 |
| Water – Int | Water intensity – reported scope | | cu.m./ sq.m. | 1.44 | 1.15 | 0.57 |
| Water – Int | Water intensity – like-for-like scope | | cu.m./ sq.m. | 1.17 | 1.08 | 0.41 |
| Water – Int | Water intensity – reported scope | | Litres/ visitor | N/A | N/A | 1.08 |
| Water – Int | Water intensity – like-for-like scope | | Litres/ visitor | N/A | N/A | 1.07 |
| Cert – Tot | Environmental certification rate – by value | ✓ | % | 35 | 61 | 87.7 |
| Cert – Tot | Percentage of centres certified BREEAM In-Use – by value | | % | N/A | 59 | 86 |
| Cert – Tot | Percentage of certified centres BREEAM New Construction by value | | % | N/A | 24 | 25 |
| Cert – Tot | Number of BREEAM In-Use certified centres | | Number | 7 | 48 | 104 |
| Cert – Tot | Number of BREEAM New Construction certified centres | | Number | N/A | 18 | 19 |
| Rate - Green leases | Percentage of green leases signed across all assets in France | | % | N/A | N/A | 59% |
| Waste – Abs | Total amount of waste based – reported scope | ✓ | tonnes | 14,268 | 13,617 | 22,642 |
| Waste – Abs | Amount of waste recovered based – reported scope | ✓ | tonnes | 2,918 | 8,132 | 11,772 |
| Waste – Abs | Waste recovery rate based – reported scope | ✓ | % | 20 | 60 | 52 |
| Waste – Abs | Total amount of organic waste based – reported scope | | tonnes | N/A | N/A | 250.7 |
| Waste – Abs | Total amount of plastic waste based – reported scope | | tonnes | N/A | N/A | 128.9 |
| Waste – Abs | Total amount of glass based – reported scope | | tonnes | N/A | N/A | 45.5 |
| Waste – Abs | Total amount of wood based – reported scope | | tonnes | N/A | N/A | 27.5 |

| EPRA code | Indicator | NFS indicator | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Waste – Abs | Total amount of cardboard/paper waste – reported scope | | tonnes | N/A | N/A | 4,015.6 |
| Waste – Abs | Total amount of non-hazardous industrial waste – reported scope | | tonnes | N/A | N/A | 10,968.2 |
| Waste – Abs | Total amount of bulky waste – reported scope | | tonnes | N/A | N/A | 21.1 |
| Waste – Abs | Total amount of scrap metal – reported scope | | tonnes | N/A | N/A | 1.4 |
| Waste – Lfl | Total amount of waste – like-for-like scope | ✓ | tonnes | 13,700 | 12,778 | 13,646 |
| Waste – Lfl | Amount of waste recovered– like-for-like scope | ✓ | tonnes | 1,738 | 7,168 | 7,409 |
| Waste – Lfl | Waste recovery rate– like-for-like scope | ✓ | % | 13 | 56 | 54 |

### 4.5.1.2 *Here we act* for local regions

| EPRA code | Indicator | NFS indicator | Unit of measurement | GRI cross-reference | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| Comty-Eng | Percentage of centres (out of portfolio value) with shopping centre director having an employment initiative | | % | | N/A | 31% | 77% |
| | Number of job offers at Carmila centres | | | | N/A | N/A | 430 |
| | Percentage of shopping centres (in value) having a second-hand responsible offering | | % | | N/A | N/A | 19% |
| | Percentage of centres with shopping centre director out of the portfolio value | | % | | N/A | | 94% |
| Comty-Eng | Number of CSR events at centres with shopping centre director | | Number | 413-2 | 1,340 | 1,616 | 797 |
| | Number of Kiosk campaigns at centres with shopping centre director | | Number | | 5,745 | 11,305 | 8,415 |
| | Percentage of shopping centres (out of portfolio value) that have organised a CSR or community outreach event | | % | | N/A | N/A | 80% |
| H&S-Asset | Percentage of shopping centres having undergone a safety assessment | ✓ | % | 416-1 | N/A | 39 | 23 |
| | Our average score from the safety assessment | ✓ | % | | N/A | N/A | 95% |
| | Percentage of shopping centres (in value) having distributed a customer and visitor satisfaction survey | ✓ | % | | 46% | 94% | 89% |
| | Customer and visitor satisfaction rate | ✓ | % | | N/A | 87.8% | 87.3% |
| | Percentage of shopping centres (by value) having distributed a retailer satisfaction survey | ✓ | % | | N/A | 28% | 44% |
| | Rate of retailer engagement with Carmila | | % | | N/A | N/A | 73% |
| | Retailer satisfaction rate | ✓ | % | | N/A | 69% | 62% |

### 4.5.1.3 *Here we act* for our employees

| Topic | EPRA code | Indicator | NFS indicator | Unit of measurement | GRI indicators | GAIA | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gov-Board | Membership of the highest governance body | | Nb and ID | 102-22 | | | See Chapter 6 | See Chapter 6 | See Chapter 6 |
| | Gov-Selec | Procedure for nomination and/or selection to the highest governance body | | Explanation | 102-24 | | | See Chapter 6 | See Chapter 6 | See Chapter 6 |
| | Gov-Col | Procedure in place to deal with conflicts of interest | | Explanation | 102-25 | | | See Chapter 6 | See Chapter 6 | See Chapter 6 |
| **Workforce at 31 December 2020** | | Total workforce | | | GRI 401-1 | | | 209 | 231 | 244 |
| | | Permanent workforce | | | | | | N/A | N/A | 172 |
| | | Average workforce | | | | Q27 | | N/A | N/A | 111 |
| | | Staff on permanent contracts (part- and full-time) | | | GRI 401-1 | | | 180 | 190 | 196 |
| | | Staff on non-permanent contracts (part- and full-time) | | | GRI 401-1 | | | 3 | 5 | 6 |
| | | Number of apprentices | | | GRI 401-1 | | | 26 | 36 | 42 |
| | | Number of interns | | | GRI 401-1 | | | 5 | 3 | 9 |
| | | Interim staff | | | GRI 401-1 | | | N/A | 3 | 3 |
| | | Non-permanent workforce | | | GRI 401-1 | | | 5 | 6 | 12 |
| | | Full-time workforce | | | GRI 401-1 | | | N/A | 229 | 242 |
| | | Part-time workforce | | | GRI 401-1 | | | N/A | 2 | 2 |
| **Diversity at 31 December 2020** | | Number of employees with a disability | | | GRI 405-1 | | | 2 | 1 | 1 |
| | | Percentage of employees with a disability | | | GRI 405-1 | | | 0.96% | 0.43% | 0.41% |
| | **Diversity-Emp** | Total number of women | ✓ | | GRI 405-1 | | | 108 | 119 | 132 |
| | **Diversity-Emp** | Total number of men | ✓ | | GRI 405-1 | | | 101 | 112 | 112 |
| | **Diversity-Emp** | Total number of women in the management category including executives | | | GRI 405-1 | | | 75 | 88 | 99 |
| | **Diversity-Emp** | Total number of women in the non-management category | | | GRI 405-1 | | | 27 | 31 | 33 |
| | **Diversity-Emp** | Total number of men in the management category including executives | | | GRI 405-1 | | | 75 | 98 | 99 |
| | **Diversity-Emp** | Total number of men in the non-management category | | | GRI 405-1 | | | 11 | 14 | 13 |
| | **Diversity-Emp** | Number of women on the Executive Committee | | | GRI 405-1 | | | 4 | 6 | 4 |
| | **Diversity-Emp** | Number of men on the Executive Committee | | | GRI 405-1 | | | 9 | 8 | 8 |
| | **Diversity-Emp** | Number of women on the Board of Directors | | | GRI 405-1 | | | 6 | 6 | 6 |
| | **Diversity-Emp** | Number of men on the Board of Directors | | | GRI 405-1 | | | 11 | 10 | 10 |
| | | Number of employees under age 30 | | | GRI 405-1 | | | 54 | 65 | 72 |
| | | Number of employees aged between 30 and 50 | | | GRI 405-1 | | | 135 | 140 | 139 |
| | | Number of employees over age 50 | | | GRI 405-1 | | | 20 | 26 | 33 |
| | | Average age | | | | Q33 | | N/A | 38.3 | 36.63 |
| **Employee turnover at 31 December 2020** | | Number of hires on non-permanent contracts | | | | | | 2 | 7 | 5 |
| | Emp-Turnover | Number of hires on permanent contracts | | | GRI 401-1 | | | 27 | 35 | 31 |
| | | • of which internal transfers within Carrefour group | | | | | | N/A | 8 | 9 |
| | | • of which non-permanent contracts converted into permanent contracts | | | | | | N/A | 1 | 3 |
| | | • of which external hires | | | | | | N/A | 26 | 19 |

| Topic | EPRA code | Indicator | NFS indicator | Unit of measurement | GRI indicators | GAIA | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of dismissals of employees on permanent contracts | | | GRI 401-1 | | | 2 | 0 | 1 |
| | | Number of resignations of employees on permanent contracts | | | GRI 401-1 | | | 4 | 17 | 6 |
| | | Number of employees on permanent contracts at the end of trial period (employee or employer initiative) | | | | | | 0 | 2 | 4 |
| | | Number of mutually agreed terminations of employees on permanent contracts | | | GRI 401-1 | | | 11 | 3 | 9 |
| | | Number of employees transferred within Carrefour group | | | GRI 401-1 | | | 1 | 4 | 5 |
| | | Other departures of employees on permanent contracts (retirement, death) | | | GRI 401-1 | | | 0 | 1 | 1 |
| | Emp-Turnover | Total number of departures of employees on permanent contracts | | | GRI 401-1 | | | 18 | 27 | 26 |
| | Emp-Turnover | Turnover | | | GRI 401-1 | | % | 13.16% | 17.22% | 15.16% |
| Training | Emp-Training | Total number of training hours at 31 December 2020 (outsourced and online via Cap Formation) | | | GRI 404-1 | | | 4,480 | 2,960 | 2,734 |
| | Emp-Training | Average number of training hours per employee | | | GRI 404-1 | | | 24.89 | 15.58 | 16 |
| | Emp-Training | Number of employees trained | | | GRI 404-3 | | | N/A | 159 | 132 |
| | Emp-Training | Percentage of employees trained | | | GRI 404-3 | | % | N/A | 83.68% | 76.74% |
| | Emp-Training | Training budget | | | | | € | 531,390 | 386,782 | 277,520 |
| | | Budget used for training | | | | | | N/A | 16,000 | 64,297 |
| | | Estimated total payroll | | | | Q610 | € | N/A | 11,182,992 | 11,056,026 |
| | | Actual payroll (base pay including all bonuses) | | | | | | 881 | 14,852,770 | 15,269,760 |
| | | Hourly training rate | | | GRI 404-3 | | % | 92.91% | 61.39% | 56.69% |
| | | Training contribution rate (training budget/payroll) | | | | Q41 | % | N/A | 3.46% | 2.51% |
| | | Number of employees exposed to ethics risks | ✓ | | | | | 158 | 101 | 140 |
| | | Number of risk-exposed employees reached by ethics training | ✓ | | | | | 120 | 95 | 130 |
| | | Proportion of employees who received training on ethical risks | ✓ | | | | | 76% | 94% | 92.86% |
| | | Number of employees who have signed the statement of independence | | | | | | N/A | N/A | 172 |
| | | Percentage of people who have signed the statement of independence | | | | | | N/A | N/A | 70.49% |
| | | Number of training hours on CSR or environmental protection | | | GRI 404-1 | | | 0 | 36 | 0 |
| | | Number of employees trained on CSR or environmental protection | | | GRI 404-1 | | | 0 | 16 | 0 |
| | | Number of employees trained on road risks (or safe driving) | | | | | | 0 | 1 | 33 |

| Topic | EPRA code | Indicator | NFS indicator | Unit of measurement | GRI indicators | GAIA | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Career development and pay | | Average annual pay rise | ✓ | | | | | N/A | N/A | 3.20% |
| | Diversity-Emp | Number of women on permanent contracts promoted during the year | | | | | | 0 | 8 | 10 |
| | Diversity-Emp | Number of men on permanent contracts promoted during the year | ✓ | | | | | 0 | 12 | 5 |
| | Diversity-Emp | Number of women hired during the year | ✓ | | GRI 401-1 | | | 0 | 42 | 33 |
| | Diversity-Emp | Number of men hired during the year | | | GRI 401-1 | | | 0 | 27 | 19 |
| | Diversity-Emp | Number of women trained during the year | | | | | | 0 | 74 | 45 |
| | Diversity-Emp | Number of men trained during the year | | | | | | 0 | 88 | 61 |
| | | Average pay of female executives excluding Senior Director | ✓ | | GRI 405-2 | | | N/A | 82,721 | 100,887 |
| | | Average pay of male executives excluding Senior Director | ✓ | | GRI 405-2 | | | N/A | 105,080 | 136,788 |
| | Diversity-Emp | Average salary for women in management positions | ✓ | | GRI 405-2 | | | 43,981 | 49,737 | 49,581 |
| | Diversity-Emp | Average salary for men in management positions | ✓ | | GRI 405-2 | | | 51,412 | 56,531 | 56,691 |
| | Diversity-Emp | Average salary for women in non-management positions | ✓ | | GRI 405-2 | | | 36,558 | 24,900 | N/A |
| | Diversity-Emp | Average salary for men in non-management positions | ✓ | | GRI 405-2 | | | 22,458 | N/A | N/A |
| | | Executive pay gap | ✓ | | GRI 405-2 | | | N/A | -21.28% | -26.25% |
| | | Management pay gap | ✓ | | GRI 405-2 | | | -14.45% | -12.02% | -12.54% |
| | | Non-management pay gap | ✓ | | GRI 405-2 | | | 62.78% | N/A | N/A |
| Health, safety, quality of life in the workplace | Emp-Dev | Number of employees reached by annual review system (Cap Carrière) | ✓ | | | | | N/A | 62 | 121 |
| | H&S-Emp | Number of fatal workplace accidents | | | GRI 403-9 | | | 0 | 0 | 0 |
| | H&S-Emp | Number of occupational road accidents | | | GRI 403-9 | | | 0 | 4 | 3 |
| | H&S-Emp | Number of occupational illness (newly reported) | | | GRI 403-9 | | | 0 | 0 | 0 |
| | | Total number of occupational illnesses | | | | | | 0 | 0 | 0 |
| | H&S-Emp | Number of workplace accidents | | | GRI 403-9 | | | 1 | 1 | 1 |
| | H&S-Emp | Number of lost-time workplace accidents and occupational illnesses | | | GRI 403-9 | | | 0 | 0 | 2 |
| | H&S-Emp | Number of days off (occupational illness, workplace accident, other illness or unjustified absence) | | | | | | N/A | 1,165 | 1,291 |
| | | Number of people with paternity leave | | | | | | 0 | 1 | 5 |
| | | Number of people with maternity leave | | | | | | 0 | 4 | 8 |
| | | Days off work due to maternity leave | | | | | | 0 | 529 | 901 |
| | | Days off work due to paternity leave | | | | | | 0 | 11 | 122 |
| | H&S-Emp | Days off work due to a workplace accident | | | | | | 0 | 4 | 44 |
| | H&S-Emp | Days off work due to an occupational illness | | | | | | 0 | 0 | 0 |
| | H&S-Emp | Days off work due to an occupational illnessor workplace accident | | | | | | N/A | 4 | 44 |
| | H&S-Emp | Number of days theoretically worked | | | | | | 503 | 503 | 503 |
| | H&S-Emp | Number of hours theoretically worked | | | | | | 4,822 | 4,822 | 4,822 |

| Topic | EPRA code | Indicator | NFS indicator | Unit of measurement | GRI indicators | GAIA | Unit | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| | H&S-Emp | Workplace accident frequency rate | | | GRI 403-9 | | | 0.2 | 0.2 | 415 |
| | H&S-Emp | Workplace accident severity rate | | | GRI 403-9 | | | 0 | 2.6 | 9.12 |
| | H&S-Emp | Absenteeism rate | | | | | | 6.35% | 5.4% | 2.57% |
| | | Number of employees authorised to home work | ✓ | | | | | 6 | 10 | 78 |
| | | Participation rate inthe engagement survey | | | | | | 66% | 73% | 80% |
| | | Collective bargaining agreements | ✓ | | | | | 0 | 6 | 5 |
| | | Number of meetings held with employee representatives | ✓ | | | | | 0 | 19 | 31 |
| | | Number of reports of ethics violations | | | | | | 0 | 1 | 0 |

## 4.5.2 Reporting method

CSR reporting is based on the financial scope. As of 31 December 2020, 218 sites belonged to Carmila. Scope restrictions are given according to the CSR indicators. For all of its reporting, Carmila includes within its scope the three countries: France, Spain and Italy, unless otherwise stated.

### 4.5.2.1 Environmental indicators

The reporting period for environmental information is 1/10/N-1 to 30/09/N, except for environmental certification and water data.

#### Environmental certification rate

The indicator is used to confirm the environmental quality of the assets which guarantee sustainable and environmentally friendly design and management, as well as attractiveness to visitors, retail brands and investors. For the purposes of this document, any environmental action relating to an asset validated by a recognised third party is considered certified. The indicator relates to all assets in developing and operating the Carmila portfolio in the three countries where the Company is present at 31 December of the year in question. All assets are covered in their entirety.

#### Energy intensity

The indicator is used to calculate energy savings and costs attributable to the energy management policy of shopping centres.

##### Scope

Any missing or inconsistent consumption information is estimated by extrapolating the surface area data to the rest of the site for a given data item. The scope also includes Carmila's registered office.

##### Common areas

Common areas include the malls and any areas that are heated, ventilated, air-conditioned (excluding car parks) with shared heating, air conditioning and hot water systems provided by the property complex manager. Energy includes the consumption of gas, electricity, heating oil, district heating and cooling networks and renewable energy from 1 October of the prior year to 30 September of the year under review. As such, the energy consumption of private areas (occupied by tenants) that are not connected to common areas are excluded from the scope of consumption. It should be noted that the consumption of heating oil represents deliveries of heating oil billed over the year, and not the actual consumption of generators.

Tenants operating directly out of the common areas (stands) and any pop-up stores (leases of less than three years) without their own meter may be included in the consumption for the common areas insofar as Carmila remains the purchaser of energy consumption.

##### Private areas

The calculation scope applies to the energy consumption of any retail brands that have submitted their actual consumption to Carmila. Total data is then extrapolated for total private areas.

##### Calculation methods

Energy intensity is expressed as final energy. Final energy is the energy delivered to the consumer for their end consumption. It corresponds to the remote reading, bill or, failing that, an estimate of consumption based on total energy spending. Where data is missing, an estimate is made based on other data in the reporting period.

##### Reported and estimated rate (as a percentage of the portfolio value)

- Reported asset value: 99.7%.
- Estimated asset value: 13%.

#### Water intensity

##### Scope

The CSR scope excludes:

- sites under construction between 1 October of the prior year and 30 September of the year under review;
- sites with a fixed annual estimate (BUD).

In France, the scope is also restricted to the consumption of sanitary facilities. The data for other sources of consumption is currently unavailable for France.

Only sites with a known number of visitors are reported under this indicator.

##### Calculation methods

Water intensity is expressed in cubic metres per square metre (cu.m./sq.m.) for the surface areas of common areas and in litres per visitor. Where data is missing, an estimate is made based on other data in the reporting period and on the number of visitors. Sites that do not have data on the number of visitors are therefore excluded from the scope. The surface area of common areas is used to report water intensity per square metre, using the same method as for energy intensity.

#### Reported and estimated rate (as a percentage of the portfolio value) for water intensity in litres/visitor

- Reported asset value: 90.7%.
- Estimated asset value: 17%.

#### Reported and estimated rate (as a percentage of the portfolio value) for water intensity in cu.m./sq.m.

- Reported asset value: 89.5%.
- Estimated asset value: 17%.

### Waste recovery rate

#### Scope

The CSR scope excludes:

- sites under construction between 1 October of the prior year and 30 September of the year under review;
- waste managed by local authorities that do not report data.

In 2018, reporting only included 58 sites in France and 14 in Spain. In 2019, head offices were added to the list, along with further assets in France and, above all, Italy. By 2020, reporting covered almost all Carmila sites in all three countries, filled out by estimations of waste and recovery tonnages where necessary.

#### Calculation methods

Recovery is expressed as a percentage of tonnage of recovered waste relative to the site's total waste production. Where data is missing, an estimate is made based on other data in the reporting period and on the surface area of the centre's common areas.

#### Reported and estimated rate (as a percentage of the portfolio value) for waste production

- Reported asset value: 99.7%.
- Estimated asset value: 21%.

### Greenhouse gas emissions from energy consumption for the three countries ($tCO_2$) – Scopes 1, 2 & 3

This indicator is used to consolidate all greenhouse gas emissions from the energy consumption of common areas and private areas serviced by shared equipment. The reporting period is the same as that for other environmental indicators, from 1 October of the prior year and 30 September of the year under review, with the start date used as the reference date. The scope, exclusions and estimates are the same as those applied for the energy intensity indicator. The market-based methodology applies emission factors by type of energy and by country, taken from the carbon database of the French energy agency, ADEME, to calculate emissions for each form of consumption. Market-based figures indicate AIB residual emission factors. Emission factors from energy suppliers were unavailable in 2020, but data will be collected for 2021.

### Carbon intensity of common areas ($tCO_2$/sq.m.)

This indicator is used to consolidate all greenhouse gas emissions from the energy consumption of common areas and private areas serviced by shared equipment compared with the surface area of common areas and private areas serviced by shared equipment in sq.m. The scope, reporting period, exclusions and estimates are identical to those for the indicators "Greenhouse gas emissions from energy consumption for the three countries" and "Energy intensity". Market-based and Location-based methodologies are identical to the methodology for the indicator "Greenhouse gas emissions from energy consumption for the three countries".

### Greenhouse gas emissions from business travel of employees in France ($tCO_2$) – Scope 3

This indicator is used to consolidate all greenhouse gas emissions from the business travel of employees in France. The reporting period is the same as that for other environmental indicators, from 1 October of the prior year and 30 September of the year under review, with the start date used as the reference date. For this second year of reporting, only employees in France are included. The scope includes train, plane and car travel by group employees (excluding commutes).

### Greenhouse gas emissions from visitor travel ($tCO_2e$) in France – Scope 3

The indicator is used to consolidate all greenhouse gas emissions from visitor travel to Carmila's shopping centres. For this second year of reporting, only data for France is included. The indicator is calculated annually on the basis of visitor surveys carried out by each shopping centre. An average is taken from responses for all shopping centres, extrapolated from the total number of visitors who have visited the centres using a counting system. For this reporting year, only France is included in the scope, i.e., 74% of total staff.

### Greenhouse gas emissions from waste management ($tCO_2e$) – Scope 3

This indicator is used to consolidate all greenhouse gas emissions from waste treatment at Carmila's shopping centres. For this second year of reporting, it covers France, Spain and Italy. The indicator is calculated annually based on reported tonnage data and does not include estimates made for the waste recovery indicator.

### Emissions from construction or the restructuring of assets ($tCO_2e$) – Scope 3

This indicator is used to consolidate all greenhouse gas emissions from the construction and renovation of assets. It relates to areas built or restructured during the year. Only assets covering an area of over 1,000 sq.m. are taken into account. The emission factor used is that which corresponds to the construction of commercial buildings – concrete structures (ADEME): 550 $kgCO_2$/sq.m.

### Greenhouse gas emissions associated with Carmila's purchases ($tCO_2e$) – Scope 3

This indicator is used to consolidate all greenhouse gas emissions associated with purchases. The reporting period is the same as that for other environmental indicators.

The emission factors in $kgCO_2$ per euro associated with each type of purchase are from the ADEME carbon database.

## 4.5.2.2 Labour indicators

### Percentage of centres with shopping centre director having an employment initiative

This indicator reflects the role of Carmila shopping centres in contributing to local attractiveness by creating jobs, for both retailers and residents.

Each centre with a shopping centre director must have among its initiatives at least a web page where it posts job offers in France.

The indicator is therefore calculated in two ways:

- percentage of centres by value with a shopping centre director having an employment initiative;
- percentage of centres by number of sites with a shopping centre director having an employment initiative.

Spain and Italy did not report employment data in 2020 due to the Covid-19 crisis, which blocked employment initiatives in these countries.

### Percentage of shopping centres featuring a second–hand responsible offering

This indicator is used to measure Carmila's ability to adapt to new market trends and consumer needs.

As the Responsible Offering Committee was created in 2020, it is a new indicator.

In 2020, centres with at least one second-hand offering in France were included in the scope, as a percentage of the portfolio value. Carmila will extend this indicator in 2021 to include Spain and Italy.

### Number of CSR events

This indicator is used to calculate the ability to establish the activities of the shopping centre in its region and to promote relations with local residents and stakeholders (charities, etc.). The indicator is used to show any changes in the number of events held on sites each year. Five themes are included:

- access to culture and sport;
- charity and community outreach;
- regional, economic and social impact;
- public health;
- sustainable development.

This indicator relates to centres with a shopping centre director in France and all sites in Spain and Italy, representing 94% of the Group's assets in terms of value.

### Number of Kiosk marketing campaigns

This indicator offers an overview of the shopping centre's regional presence and makes it possible to promote the commercial development of retail brands and retailers operating at our centres. It is used to monitor changes in the number of support campaigns run each year.

A Kiosk event refers to any marketing action (digital, media, point-of-sale advertising, events, etc.) implemented by Carmila on behalf of a retailer.

This indicator relates to centres with a shopping centre director in France and all sites in Spain and Italy, representing 94% of the Group's assets in terms of value. The scope could eventually be enlarged to cover more centres over several years.

### Customer and visitor satisfaction rate

This indicator is used to measure visitor satisfaction, in particular relating to the comfort of the various visitor paths. It is used to check any changes in customer satisfaction.

Its scope includes 97 sites owned and managed by Carmila in France and the 78 sites in Spain, amounting to 89% of Group scope in terms of value.

In Italy, the customer and visitor satisfaction survey planned for 2020 was postponed to 2021 due to the pandemic, but this does not significantly impact the Group's calculation. The Group's average in 2020 was therefore determined based on data for Spain and France.

The Net Promoter Score is being developed and will be deployed in the three countries in 2021.

### Retailer satisfaction rate

In France, a survey was conducted by a service provider at 47 centres in 2020, covering 44% of the Group's assets in terms of value. Over 1,500 stores were asked to complete the survey and nearly as many responded either online, by responding to questions face-to-face or by filling in a self-administered hard copy.

In Italy, the satisfaction survey planned for 2020 was postponed to 2021 due to the pandemic. A target was announced to enlarge the scope to regularly cover all centres. The frequency is currently being updated.

## 4.5.2.3 Labour indicators

### Staff turnover

This indicator assesses the ability to retain key skills and maintain employee engagement. Poor working conditions can lead to excessive turnover and detract from employer brand image. Temporary secondments of employees to another company within the Group are not included in the number of departures.

The indicator covers employees on full-time permanent contracts.

It is calculated as follows: (Number of departures of employees on permanent contracts in N + Number of new hires on permanent contracts during the year)/2/Staff on full-time permanent contracts at 1 January of the same year.

### Employee satisfaction rate

This indicator is used to measure quality of life at work. The scope covers the three countries. This data is from the annual satisfaction surveys conducted with responses to the question: are you satisfied with your job? Scores of over 7/10 are taken into account when calculating the satisfaction rate.

Three countries: surveys are conducted by the Data Insight Department. An email is sent to all employees (except the Executive Committee) at the Group at the time of the survey. In 2020, 246 employees were contacted and 198 responded, coming out to a participation rate of 80%.

### Average annual manager compensation by gender

This indicator is used to assess the gender pay gap in the management category, which is the most representative within the Company. The scope includes employees present at 31 December of the year under review, on a full-time permanent contract in effect.

Senior managers, executives, employees, supervisors and managers without bonuses are excluded.

The compensation of part-time employees is also excluded from the calculation.

Average annual gross compensation as of the employee's pay for December is used for the indicator. Bonuses are not taken into account.

In 2020, the scope of this indicator covered France and Spain, representing 92.27% of employees, as data for Italy could not be collected.

The pay gap between managers is calculated as follows:

*(Average annual compensation of female managers – Average annual compensation of male managers) / Average annual compensation of male managers*

### Percentage of employees trained

Every year, Carmila measures the percentage of employees trained. The indicator is determined as follows:

*Number of employees trained/Permanent staff in year N.*

In France, this indicator only includes training on ethics and programmes provided by an external firm. In 2021, the target is to monitor in-house training as well.

### Percentage of employees trained who are most exposed to the risk of bribery and corruption

Each year, the Audit Committee designates jobs that are exposed to corruption risks (principals, negotiators, positions involving approval and authorisation from elected and public officials), based on the Carrefour group's risk map. This list of jobs exposed to risks was approved by the Ethics Committee. The indicator assesses the company's ability to provide an ethical environment. Employees are counted as trained in the year under review if they were trained in the prior year or in the year under review. This indicator covers Group staff (three countries) in service from 1 January to 31 December of the year in question.

## 4.5.3 Statutory Auditors' report

### Report by the Statutory Auditor, appointed as independent third party, on the consolidated non-financial statement

*This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

Year ended 31 December 2020

To the Annual General Meeting,

In our capacity as Statutory Auditor of Carmila SA (hereinafter the "entity"), appointed as an independent third party and certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated non-financial performance statement for the year ended December 31, 2020 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

#### The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and are available on request from the entity's head office.

#### Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

#### Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A.225-1 *et seq.* of the French Commercial Code and with the professional standards applicable in France to such engagements, as well as with ISAE 3000[2].

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of labour and environmental information set out in article L.225-102-1 III as well as information set out in paragraph 2 of Article L.22-10-36 regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement discloses the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators relating to the main risks;
- We referred to documentary sources and conducted interviews to:
  - we assessed the process for selecting and validating the main risks, as well as the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
  - we corroborated qualitative information (actions and outcomes) that we considered to be the most important, as specified in the Appendix. For certain risks[3], our work was carried out at the level of the consolidating entity, and for others, our work was conducted at the level of the consolidating entity as well as a sample of entities[4].
- We verified that the Statement covers the scope of consolidation, i.e., all the entities included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;

*(1) Cofrac Inspection accreditation, no. 3-1049 whose scope is available at www.cofrac.fr.*
*(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.*
*(3) Responsible purchasing; Health, safety and security; Biodiversity; Resilience and green value.*
*(4) Carmila SA (head office); Carmila France.*

- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative results that we considered to be the most important as presented in the Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[1] and covers between 25% and 100% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

### Means and resources

Our work was carried out by a team of five persons between October 2020 and March 2021 and lasted around four weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some fifteen interviews with the people responsible for preparing the Statement.

### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Paris La Défense, 26 March 2021

**KPMG S.A.**

| | |
|---|---|
| Fanny Houlliot | Adrien Johner |
| *Partner* | *Partner* |
| *Sustainability Services* | |

*(1) Carmila SA (head office); Carmila France.*

## APPENDIX

| Qualitative information (actions and results) considered most important |
|---|
| **LABOUR INFORMATION** |
| Actions to support employees in their career path |
| Actions to raise awareness about CSR issues |
| Measures taken for gender equality and results |
| Well-being in the workplace programme |
| **ENVIRONMENTAL INFORMATION** |
| Actions to support the circular economy |
| Biodiversity Charter |
| Management of environmentally friendly assets |
| **SOCIAL INFORMATION** |
| Initiatives to develop employment in regions |
| Development of offerings that promote sustainability |
| Actions implemented to support retailers and visitors |
| Ethics commitments and principles |
| Actions implemented to develop responsible purchasing |

| Key performance indicators and other quantitative results considered most important |
|---|
| **SOCIAL KEY PERFORMANCE INDICATORS AND OUTCOMES** |
| Staff on permanent contracts (part-time and full-time) at 31 December |
| Percentage of employees trained |
| Management pay gap |
| **ENVIRONMENTAL KEY PERFORMANCE INDICATORS AND OUTCOMES** |
| Energy intensity of common areas |
| Carbon intensity of common areas |
| Total GHG emissions of Scope 1, Scope 2, and Scope 3 (related to waste, purchases, transportation of employees, upstream portion of energy consumptions of common and private areas, consumption of private areas, and visitor transport) |
| Environmental certification rate |
| Waste recovery rate |
| Water intensity (water consumption per visitor) |
| **SOCIETAL KEY PERFORMANCE INDICATORS AND OUTCOMES** |
| Retailer satisfaction rate |
| Customer and visitor satisfaction rate |
| Number of Kiosk campaigns |
| Number of CSR events for the entire network |
| Percentage of employees exposed to risks of corruption or influence-peddling who received specific training during the year |


# 5. Organisation and risk management

# 5.1 Organisation of the Group and relationship with the Carrefour group

## 5.1.1 Description of the organisation

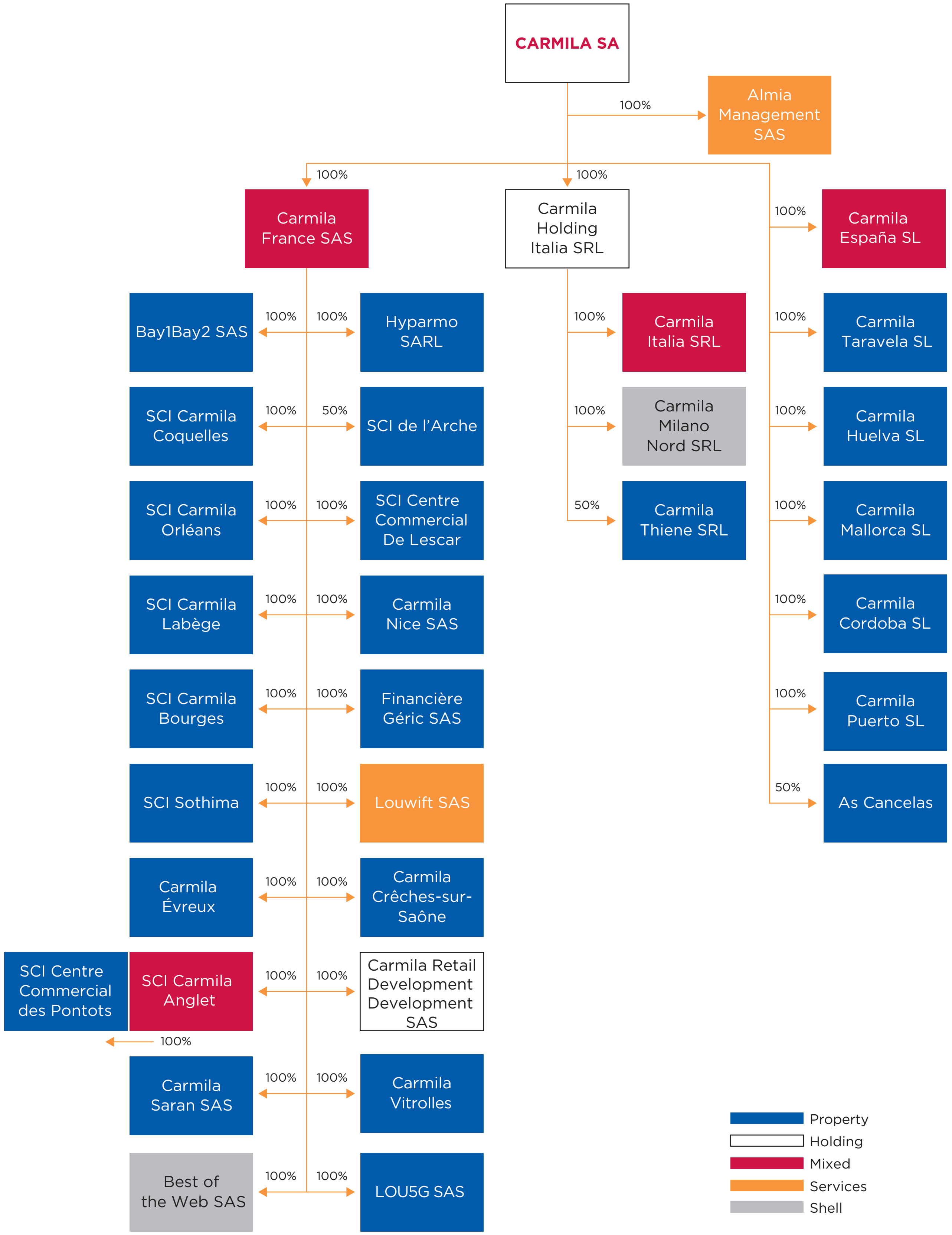
Carmila is a real estate company which benefits from the SIIC tax regime for French real estate investment trusts and is dedicated to managing and enhancing the value of shopping centres and retail parks adjoining Carrefour group stores. Its portfolio comprises 215 shopping centres and retail parks in France, Spain and Italy valued at €6.1 billion, including 160 shopping centres that are leader or joint leader in their catchment areas, accounting for 74% of Carmila's total shopping centres and 89% of its portfolio in terms of appraisal value including transfer taxes. The Group is Europe's number one listed operator of shopping centres adjoining a large food retail brand, and the third largest listed commercial property company based on its gross asset value (including transfer taxes) at 31 December 2020.

Carmila boasts all of the key areas of expertise needed to develop and enhance the value of its portfolio and its activities going forward: asset management, leasing and Specialty Leasing, omnichannel marketing and communications, shopping centre management, business development and investment (renovations, restructurings, extensions and acquisitions). The Group's operational organisation is designed to be simple and efficient, and it therefore uses the services of Carrefour group entities under the terms of several agreements (see section 5.1.4 "Operational organisation" of this document).

Carmila also draws on its strategic partnership with the Carrefour group and the numerous resulting synergies in order to implement its strategy to enhance value and develop its property portfolio (see section 5.1.5.2 "A partnership generating valuable synergies for Carmila" of this document). Since its creation, the Carmila Group has carried out a major shopping centre renovation and extension program in coordination with Carrefour Property, a subsidiary of the Carrefour group that owns the hypermarket and supermarket buildings in France, Spain and Italy, as well as, in most cases, their car parks. In April 2014, Carmila SAS entered into a Renovation and Development Agreement with the Carrefour group for an initial term of ten years (the "Renovation and Development Agreement"). This was extended for a further three years in June 2017, extending its residual term until 31 December 2027. The purpose of this agreement is to create a partnership between the two groups in order to pursue a strategy aimed at increasing the attractiveness and optimising the value of the retail sites which are co-owned by the Carrefour group (hypermarkets and car parks) and the Carmila Group (shopping centres) in France, Spain and Italy. Under the Renovation and Development Agreement, the Carmila Group and the Carrefour group are partners on all developments on jointly-owned land lots (see section 5.1.5.3 "Principal agreements with Carrefour group entities" of this document for more details on the Renovation and Development Agreement).

## 5.1.2 Carmila Group organisation chart

The organisation chart below shows the legal organisation of the consolidated entities of the Carmila Group at the date of this document[1].




(1) *The percentages held as shown this chart correspond to the percentage of share capital and voting rights held.*

## 5.1.3 Subsidiaries and equity interests

### Principal subsidiaries

The Company's principal direct or indirect subsidiaries are as follows:

- **Carmila France SAS** is a simplified joint-stock company with a sole shareholder (*société par actions simplifiée à associé unique*), incorporated under French law with total registered share capital of €707,907,052. Its head office is located at 58, avenue Émile-Zola in Boulogne-Billancourt (92100), France, and it is registered with the Nanterre Trade and Companies Register under number 799 828 173.
- **Carmila España SLU** is a company incorporated under Spanish law, with total registered share capital of €186,315,000, with its head offices at Avenida Matapiñonera s/n, 4a planta, Edificio Ábside, 28703 San Sebastián de los Reyes, Madrid, Spain and registered with the *Registro Mercantil de Madrid*, page M-563.021, book 31279, page 11, under number B-86.772.837.
- **Carmila Italia S.r.l** is a private limited company incorporated under Italian law with total registered share capital of €11,200,000, with its head offices at Via Caldera, 21, 20153, Milan, Italy and registered with the *Registro delle Imprese di Milano Monza Brianza Lodi* under number 08603710966 and with the R.E.A. under number MI-2036489.

### Equity interests

As of the date of this document, the Group directly or indirectly holds the following equity interests (corresponding to an interest in share capital and voting rights):

- a 20% interest in Squaremaker France;
- a 15% interest in Aug'Car;
- a 40% interest in La Barbe de Papa Holding;
- a 20% interest in Cigusto Holding;
- a 30% interest in Loicar;
- a 24% interest in Team Beauty (together with Centros Ideal);
- a 49% interest in Pharmalley;
- a 39.25% interest in Dentalley;
- a 50% interest in Healthcare Experts Institute.
- a 40% interest in Sunshine Dental Star.

At 31 December 2020, amounts invested in these equity interests and in the related current accounts amounted to €11.3 million.

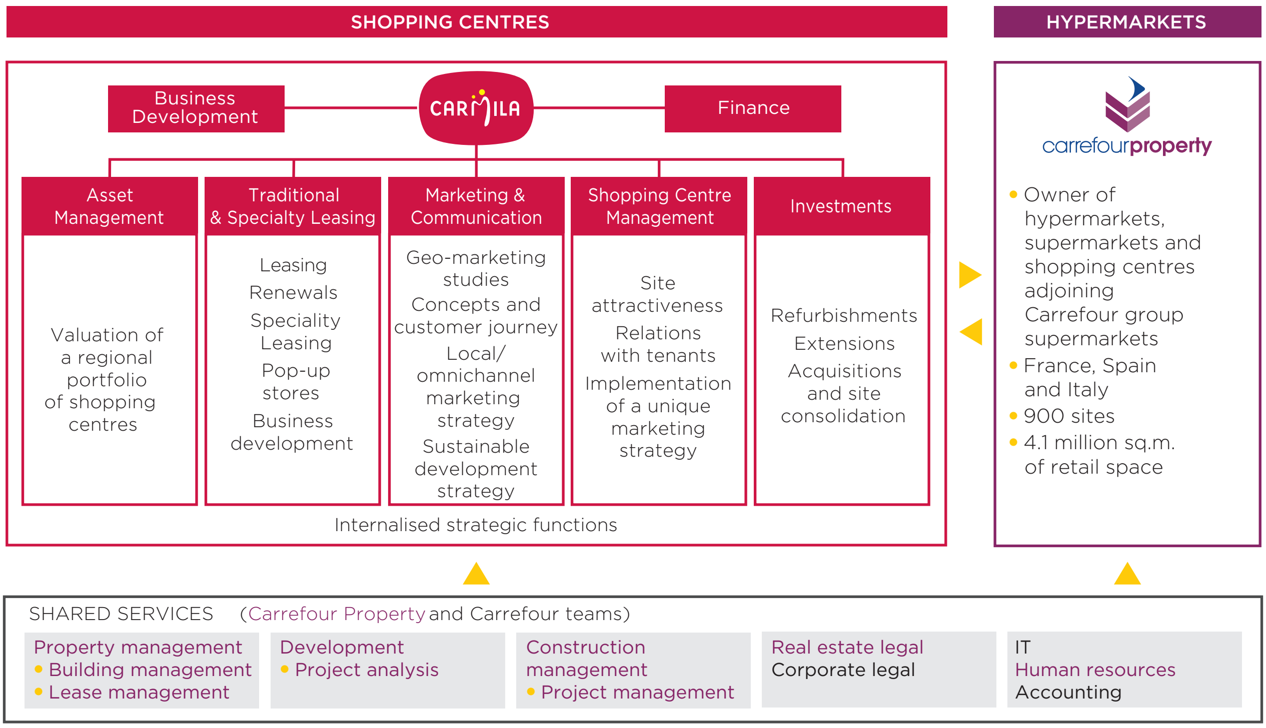
### Information on equity interests

Information on the companies in which Carmila holds an interest which is likely to have a significant impact on the assessment of its portfolio, its financial position or its results, is provided in section 7.1 "Consolidated financial statements at 31 December 2020" of this document.

## 5.1.4 Operational organisation

Carmila boasts all of the key areas of expertise needed to develop and enhance the value of its portfolio and its activities going forward: asset management, leasing and Specialty Leasing, cross-channel marketing and communications, shopping centre management, and investment (renovations, restructurings, extensions and acquisitions). In addition to the Renovation and Development Agreement, the Group uses the services of Carrefour group entities under the terms of several agreements to make its operational organisation simpler and more efficient. The Group works with Carrefour Property entities, the subsidiaries of the Carrefour group that own the hypermarket and supermarket buildings in France, Spain and Italy. These entities acts as co-developers and carry out delegated project management and property management roles. Several Carrefour group entities also perform certain administrative and financial services for Carmila.

The chart below summarises the Carmila Group's operational organisation along with the principal existing relationships with Carrefour group entities:



## 5.1.5 A strategic partnership with the Carrefour group

The strategic partnership with the Carrefour group is a major competitive advantage for Carmila. It enables Carmila to develop its strategy based on a privileged relationship with Carrefour, one of the world's leading retailers with historical local roots as well as unique expertise and tools for targeting local customers.

### 5.1.5.1 Carrefour group hypermarkets in France, Spain and Italy

The Carmila Group is the owner of shopping centres adjoining Carrefour group hypermarkets in France, Spain and Italy. The Carrefour group is one of the world's leading food retailers, with a multi-format network of 13,000 stores in more than 30 countries. Carrefour generated sales (including VAT) of €78.6 billion in 2020. It has more than 320,000 employees helping make Carrefour the world leader of the food transition for all, by offering consumers – every day and everywhere – quality, healthy food at a reasonable price.

The Carrefour group has a diverse network of stores, ranging from hypermarkets (1,212 stores at the end of 2020) to local grocery stores and e-commerce solutions, enabling it to meet the needs of all consumers. In this way, Carrefour combines the benefits of a brick-and-mortar multi-format store base and the agility of digital technology, while developing efficient supply chain and real estate systems to support retail and lifestyle environments that appeal to everyone

Carrefour hypermarkets are designed for big shopping trips by all types of customers. Customers can find an assortment of products, both food (fresh produce, consumer goods, local specialities, etc.) and non-food (clothing, consumer electronics, home furnishings, cultural goods, etc.). Carrefour's hypermarkets offer quality products worldwide at low prices throughout the year. Customer satisfaction is also bolstered by promotions and commercial events introducing new products, price offers, or the diverse range of services on hand. Carrefour is committed to providing its customers with high-quality products by leveraging its unique expertise in fresh produce, developing its sourcing channels and expanding its offering of organic products and powerful exclusive brands.

Innovation has been an integral part of the Carrefour group's strategy for over 50 years. Carrefour opened the first hypermarket in France in 1963, introduced the first loyalty program by a large food retailer in 1981, and launched the Carrefour own brand in 1988. To enable customers to choose where, when and how they want to shop, Carrefour offers a range of solutions to make their lives easier by deploying a local strategy, aligned country by country, and taking an omnichannel approach based on seamless interaction between stores and online solutions, which increases opportunities to develop contact with customers. For example, the Carrefour group is deploying its Drive service (a Click & Collect solution whereby consumers order products online and collect them quickly from its stores), rolling out in-store mobile applications and digital services, and continuing to grow its food and non-food e-commerce offering.

As of 31 December 2020, the Carrefour group had 501 hypermarkets operating under the Carrefour brand in the three countries where the Carmila Group operates: 248 in France, 205 in Spain and 48 in Italy. Carmila owns around 45% of the shopping centres adjoining Carrefour hypermarkets in the three countries.

### 5.1.5.2 A partnership generating valuable synergies for Carmila

The Carmila Group was created in April 2014 to revitalise the retail ecosystem formed by the hypermarkets and their adjoining shopping centres. Its goal was to revitalise the sites through the coordinated renovation, optimisation and extension of the hypermarkets and the shopping centres, along the lines of the hypermarket renovation program launched by the Carrefour group in 2012. The merger between Cardety and Carmila SAS, effective 12 June 2017, marked a further step in the strategy in place since 2014 to create a single player dedicated to enhancing the value of the real estate assets adjoining Carrefour hypermarkets in France, Spain and Italy. Following this transaction, the merged entity was renamed Carmila and listed on compartment A of Euronext Paris.

In implementing its strategy, the Group benefits from its strategic partnership with the Carrefour group. The shared vision of the two groups embodied by their partnership is a major competitive advantage for Carmila, which enables it to benefit from significant synergies that also benefit its retailer tenants and end customers:

- the aim of both groups to form a coherent commercial ecosystem at each site makes it possible to accelerate the revitalisation and expansion of the shopping centres to cement their local leadership;
- thanks to a joint "opt in" between the Carrefour group's hypermarkets and the Carmila Group's shopping centres (where customers agree to let both groups use their data), Carmila is building and developing high-quality and continually updated customer databases, allowing it to offer its retailer tenants fine-tuned targeting techniques to attract customers and foster customer loyalty;
- the implementation of coordinated marketing activities between the Carrefour group and the Carmila Group will promote the development of cross-channel marketing solutions at optimised cost in order to increase footfall at the Group's shopping centres;
- coordinated shopping centre renovation and hypermarket modernisation optimises the site's increased attractiveness while limiting the temporary impact of building work;
- Carmila is able to deliver extension projects relatively quickly thanks to coordinated action with the Carrefour group and effective oversight of land reserves, since the Carrefour group generally owns the car parks or land adjoining the Carmila Group's shopping centres;
- Carmila benefits from the Carrefour group's network and knowledge of its catchment areas in order to identify off-market acquisition opportunities that will create value.

Carmila also benefits from an efficient operational organisation relying on services provided by the Carrefour group under the terms of several agreements. This operating model helps it optimise costs and pool the expertise required to manage and enhance the value of the shopping centres. It aims to align the interests of both groups in projects jointly developed on their sites.

### 5.1.5.3 Principal agreements with Carrefour group entities

The Carmila Group has entered into several agreements with the Carrefour group which mainly concern (i) the renovation and development of shopping centres, (ii) asset management, and (iii) administrative and financial services.

Carmila Group entities provide leasing services to Carrefour group companies in France, Spain and Italy for shopping arcades that are still owned by the Carrefour group in those three countries.

At the time of the 12 June 2017 Merger, the parties maintained all of the existing contractual relationships between the Carmila Group and the Carrefour group.

The appropriate procedure with respect to related-party agreements was respected wherever applicable. The procedure was therefore applied in connection with the following agreements:

- the Renovation and Development Agreement (see paragraph 1 "Renovation and Development Agreement" of this section); and
- the Service Agreement covering support functions (see paragraph 3 "Service Agreements" of this section).

The Renovation and Development Agreement (as defined below), entered into on 16 April 2014 for a term of ten years, was extended in 2017, prolonging its residual post-merger term until 31 December 2027.

The other agreements described below, which were entered into on 16 April 2014 for a term of five years, were extended, extending their residual post-merger term until 31 December 2020.

At the beginning of 2021, the services covered by these agreements led to the conclusion of new agreements for an additional period of five years. The main changes under these new agreements are as follows:

- a decrease in lease management fees in France (from 3.5% to 2.725%), and in Spain (from 3.6% to 1.31%);
- the inclusion of a guaranteed minimum fee for lease management in France and Spain;
- a 5% adjustment to the fixed fee for administrative agreements corresponding to the actual costs for Carrefour Property France.

These agreements and any changes thereto are subject to specific governance rules set out in the Rules of Procedure of the Company's Board of Directors.

In connection with the Merger, the contracts between the Company and the Carrefour group were reviewed and redrafted on a case-by-case basis: in particular, the lease management agreements between the Company and the Carrefour group were terminated, with the Company joining the lease management agreement between Carrefour Property Gestion and Carmila France and its subsidiaries. The financial terms of these agreements were not modified by the Merger, except in the case of the service agreements, which covered a broader scope following the merger between the Company and Carmila SAS.

For a summary of fees pertaining to these agreements, see Note 11 to the Company's 2020 consolidated financial statements in section 7.1 of this document.

#### (1) Renovation and Development Agreement

On 16 April 2014, Carmila SAS and Carrefour entered into the Renovation and Development Agreement, a partnership agreement which aimed to implement a joint strategy in France, Spain and Italy to strengthen the attractiveness and optimise the value of sites co-owned by the Carmila Group (shopping centres) and the Carrefour group (hypermarkets and car parks) and, where applicable, with third parties.

Initially entered into for a term of 10 years, the Agreement was extended for a further three years, prolonging its residual post-merger term until 31 December 2027.

The purpose of the Renovation and Development Agreement is to set out the basis for the implementation and financing of renovation and extension projects at the identified sites. The scope of the Renovation and Development Agreement covers an initial list of the Carmila Group's shopping centres in France, Spain and Italy at the date of the Agreement and, unless the parties agree otherwise, any site newly owned or developed jointly with the Carrefour group.

#### a) Renovation projects

In connection with the Renovation and Development Agreement, the Company and Carrefour undertook to complete, within five years from the signature of said Agreement, an initial renovation programme covering 167 shopping centres, for a provisional overall amount of €238.5 million (excluding taxes), of which €74.5 million would be borne by the Company, i.e., around 30% of the provisional overall amount.

Under the Renovation and Development Agreement, the first renovations carried out on the shopping centres adjoining Carrefour hypermarkets (i.e., the 167 centres and any other shopping centre adjoining a Carrefour hypermarket acquired by the Carmila Group exceeding this provisional overall amount) were to be financed by the Carmila Group and the Carrefour group in proportion to their respective share of expenses for sites divided into volumes or in proportion to their ownership percentages for jointly owned sites.

This renovation programme, covering 167 shopping centres, has now been completed (renovation at six sites was deferred so that it could be carried out at the same time as the associated extensions).

Subsequent renovations of the Carmila Group's shopping centres were to be paid for equally (50/50) by the Carmila Group and the Carrefour group. However, where the share (excluding taxes) to be borne by the Carmila Group is greater than 5% of the appraisal value of the asset to be renovated, Carmila and Carrefour have undertaken to negotiate in good faith to modify the equal split of costs accordingly.

#### b) Development projects

Pursuant to the Renovation and Development Agreement, and in addition to an initial list of 37 identified shopping centre development projects in France, Carmila and Carrefour may put forward projects that they wish to undertake to extend shopping centres.

The proposed project is reviewed and decided on by both parties, and then presented separately to the decision-making bodies of Carmila (the Board of Directors following a recommendation of the Strategy and Investment Committee) and Carrefour. The financing costs and margin achieved on each development project are split equally (50/50) between the Carmila Group and the Carrefour group.

To carry out a development project, Carmila and Carrefour may form a special-purpose vehicle held as a 50/50 joint venture. Upon completion of the development project, Carmila has the right to acquire the 50% share held by Carrefour, and Carrefour also has an option to sell its stake to the Company. The two partners can also use other alternative methods, such as a sale by Carrefour to the Company of the land lots held by the Carrefour group with additional price consideration corresponding to 50% of Carrefour's development margin on the development project in question, off-plan sales, or other means.

CPF Asset Management, a subsidiary of Carrefour Property France, acts as project manager under delegated project management agreements.

### c) Other provisions

**Reciprocal rights of first refusal**

In the event that the Carrefour group intends to sell to a third party not affiliated with the Carrefour group: (i) one or more shopping centres adjoining a hypermarket, (ii) the building of the hypermarket adjoining a shopping centre covered by the Renovation and Development Agreement, (iii) one or more properties for use as retail parks, and/or (iv) a real estate complex including a shopping centre and the building of a hypermarket located in France, Spain or Italy, the Company has a right of first refusal to acquire the asset(s) in question pursuant to the terms of the Renovation and Development Agreement. This right of first refusal does not apply in the event of a sale in connection with the sale of a hypermarket's business.

In accordance with this right of first refusal, Carrefour is required to send the Company an offer to sell the assets to Carmila before seeking a third-party buyer. If the Company declines the offer, Carrefour may sell the assets in question to a third-party buyer on terms at least equal to those of the offer initially made to the Company.

Carrefour also holds a right of first refusal if the Company wishes to sell any subsidiary or one or more properties located in a shopping centre covered by the Renovation and Development Agreement, under terms that are identical to those applicable to the Company's right of first refusal.

**Reciprocal priority right**

Each of the parties to the Renovation and Development Agreement has undertaken to present to the other party any development project for a new site or any development project for one or more existing sites located in France, Spain or Italy held by that party or by one of its affiliates but falling outside the scope of the agreement, to the extent that:

(i) the development project includes the development of a retail park;

(ii) in the case of a priority right granted by Carrefour to the Company, the development project includes the development or extension of a shopping centre adjoining a hypermarket; and

(iii) in the case of a priority right granted by the Company to Carrefour, the development project provides for the development or extension of a shopping centre adjoining a store that primarily sells food.

Proposals concerning joint development projects are reviewed and implemented pursuant to operational, legal and financial terms to be agreed between the Company and Carrefour. In this regard, the Renovation and Development Agreement provides that (i) the ownership of volumes or co-ownership units for use as hypermarkets, supermarkets and/or medium-sized food stores and as service stations belongs to Carrefour, (ii) the ownership of car parks belongs to Carrefour (in the case of volume division) or the property manager (in the case of co-ownership), and (iii) the ownership of volumes or co-ownership units for use as shopping centres and/or retail parks and/or medium-sized units other than those predominantly selling food belongs to Carmila.

In addition, with respect to projects to develop new sites, (i) the development margin on shopping centres, retail parks and medium-sized units (other than those that predominantly sell food) is split equally between Carmila and Carrefour, as the financing is split equally between the two companies, and (ii) the development margin on hypermarkets, supermarkets and medium-sized units predominantly selling food is attributed to Carrefour, as the financing is borne by Carrefour.

**Other commitments**

The Renovation and Development Agreement also includes several rights and obligations which are binding to Carrefour and Carmila, such as rights of submission to Carrefour in the case of leases, or in connection with Carmila's leasing or re-leasing, of premises to be used for a hypermarket, supermarket, hard discount grocery store, click-and-drive grocery store or any other business predominantly selling food on the sites where Carrefour is not present. The Company is also prohibited from leasing certain premises inside shopping centres falling within the scope of the Renovation and Development Agreement (i.e., any premises with a gross leasable area of more than 300 sq.m.) for use as a hypermarket, supermarket, hard discount grocery store or click-and-drive grocery store (non-compete clause).

## (2) Lease management and asset management agreements

### a) Management of leasing activities in France

Pursuant to exclusive agreements with Carmila France and a number of its subsidiaries, Carrefour Property Gestion performs lease management and asset management services for all of the real estate assets that Carmila France and its subsidiaries own or occupy under construction leases, long-term leases or financial leases with third parties. These exclusive agreements were entered into for a term of five years beginning on 16 April 2014. They were extended by a further period in 2017, prolonging their residual post-merger term until 31 December 2020.

At the beginning of 2021, the services covered by these exclusive agreements led to the conclusion of new agreements for a period of five years.

In connection with each agreement, Carmila France or one of its subsidiaries entrusts Carrefour Property Gestion to perform the following lease management services:

- keeping an updated list of tenants and their rental status;
- monitoring the insurance policies to be taken out by tenants;
- invoicing and collecting rents and related charges; and
- compiling and recording retailer sales.

With respect to asset management, each of the management agreements organises the performance of the following main services:

- assistance with the commercial optimisation of the real estate assets;
- assistance with managing relationships with service providers and partners, and with preparing, negotiating, and carrying out disposals of all or part of the real estate assets;
- inspections of premises and approvals for sales of businesses, lease rights, and subleases; and
- assistance with development projects (in accordance with the terms of the Renovation and Development Agreement).

As consideration for these services, Carmila France and each of its subsidiaries concerned paid Carrefour Property Gestion annual fixed fees equal to 3.5% of the annual net rental income collected. Net rental income is defined as rents excluding taxes, charges and insurance, and excluding revenues relating to Specialty Leasing. For indicative purposes, this amounted to €8,189 thousand in 2019 and €7,555 thousand in 2020.

Carrefour Property Gestion has delegated to Almia Management, a Carmila Group subsidiary, the management of its shopping centres in France for which Carrefour Property Gestion is the designated property management entity or chairman of the relevant urban property association, and shopping centre director. Under this mandate, Almia Management manages the day-to-day relations with the shopping centre's retailers, and in particular, ensures that they comply with applicable regulations, the terms of the lease and the Rules of Procedure. It is also in charge of representing landlords, marketing for the shopping centres and temporary exhibitions in the shopping arcades. Almia Management was paid €4,624 thousand in fees for these services in 2019 and €5,317 thousand in 2020.

#### b) Management of leasing activities in Spain

Carmila España has entered into an exclusive lease management and asset management agreement with Carrefour Property España with a term of five years beginning in April 2014, covering the same services as those provided under the lease management agreements in France, except for certain specific services (such as commercial optimisation of the properties). In conjunction with the merger, this agreement was extended until 31 December 2020.

At the beginning of 2021, the services covered by this exclusive agreement led to the conclusion of a new agreement for a period of five years.

As consideration for the performance of these services, Carmila España paid Carrefour Property España fixed annual fees equal to 3.6% of annual net rental income collected, with net rental income defined in the same manner as for the agreements in France. Carrefour Property España was paid €2,663 thousand in fees for these services in 2019 and €2,158 thousand in 2020.

Certain services, in particular the commercial optimisation of properties, that are not covered by the agreement are performed by Carmila España on its own behalf, as well as on behalf of Carrefour Property España and other Carrefour group entities in Spain, pursuant to exclusive agreements with Carmila España. Carmila España was paid €172 thousand in 2019 and €168 thousand in 2020 for this service.

#### c) Management of leasing activities in Italy

Carmila Italia has entered into an exclusive lease management agreement with Carrefour Property Italia covering the same services as those provided for in connection with lease management activities in France, as described above, in addition to lease contract management and business lease management.

This management agreement with an initial term of five years was extended until 31 December 2020, in conjunction with the merger in order to incorporate a design and urban planning assignment in 2017. Since 1 January 2017, asset management and leasing services initially provided by Carrefour Property Italia pursuant to this agreement are now performed by Carmila Italia, and consist of (i) optimisation of the properties' merchandise mix and (ii) renewals of leases and the leasing of vacant premises or premises that become vacant.

From 1 January 2017, as consideration for all these services, Carmila Italia pays Carrefour Property Italia (i) fixed annual fees equal to 1.3% of annual net rental income collected, with net rental income defined in the same manner as for the agreements in France, and (ii) €79 thousand for design and urban planning services (only in 2017). Carmila Italia paid Carrefour Property Italia €566 thousand in fees for these services in 2019 and €200 thousand in 2020.

Carrefour Property Italia and Carmila Italia have also entered into: (i) an exclusive delegation agreement pursuant to which Carmila Italia markets Carrefour Property Italia's assets, and (ii) a sub-delegation agreement for the management of the Carmila Group's shopping centres located in Italy.

At the beginning of 2021, the services covered by these exclusive agreements led to the conclusion of new agreements for a period of five years under the same conditions.

#### (3) Service agreements

The Carmila Group has entered into several service agreements with the Carrefour group pursuant to which Carrefour or its affiliates undertake to provide assistance, advice, and services to Carmila and its subsidiaries relating to accounting, tax, legal, administrative, and insurance matters. As consideration for these services, the Carmila Group paid the Carrefour group €3,222 thousand in total fees in 2019 and €3,192 thousand in 2020.

#### (4) Leasing and Specialty Leasing agreements in Spain

Carmila España provides leasing services to Carrefour Property España and other Carrefour group entities in Spain under exclusive agreements with terms of five years, as consideration for which Carmila España collects fees equal to 10% of the rent agreed with the tenants in the case of leasing or re-leasing contracts, or 5% of the rent agreed with the tenants in the case of lease renewals.

Carmila España also provides Specialty Leasing services to Carrefour Property España and other Carrefour group entities in Spain under separate agreements entered into with each of the Carrefour group entities. Carmila España's fees under these agreements are set by reference to a two-tranche sliding scale corresponding to revenues received from tenants (the thresholds vary from one shopping centre to the next), pursuant to which it receives 15% of revenues corresponding to the first tranche and, where applicable, 40% of revenues corresponding to the second tranche.

Carmila España collected €238 thousand in fees for these leasing services in 2019 and €277 thousand in 2020.

## 5.1.6 Information systems

The Carrefour group provides IT services to the Carmila Group. Carrefour Property's IT department assists the Carmila Group in planning its IT strategy, coordinates and supervises the implementation of its IT projects and manages IT resources and budgets. The IT department is involved in the conceptual design and architecture of the Carmila Group's projects and is involved in the preparatory phases of the projects in order to (i) identify a project's inherent risks, in particular risks relating to data protection and (ii) define the security requirements and actions to be integrated into the project.

### 5.1.6.1 Operating systems

The Carrefour group's Real Estate department has developed specific IT systems for analytical and reporting purposes, based on the lease and property management application "Altaïx" and the data display application "Qlikview".

These reporting tools are used to coordinate:

- lease management activities (tenant relations), via different business-specific indicators such as vacancies, unpaid rent, rental status, tracking of movements, lease expiration, mapping of certain indicators with targeted scaled plans, etc.;
- property management activities (management of service charges for common areas), via indicators such as budget tracking, benchmarking of charges and monitoring of supplier invoices.

### 5.1.6.2 Other applications and information systems

The Carmila Group uses applications and operating systems for financial and accounting management. These systems are based on a reporting and consolidation tool used in preparing consolidated financial statements and assessing the Carmila Group's performance. The applications used by the Carmila Group in this respect include “PeopleSoft”, “GED Factures” and “Exabanque”.

The other main applications and systems used by the Carmila Group are “Eurecia” and “Hypervision” for human resources management, “Altaïx” and “Global AG” for assistance with various property management tasks, and “My J'Aide” and “AD Environnement” for archiving and communications.

### 5.1.6.3 IT system service continuity

Significant security measures are in place to protect back-ups and ensure the security of systems, applications and data relating to the Carmila Group and its customers. Utmost attention is paid to system security and personal data protection against risks of destruction, tampering, theft and fraudulent or malicious use.

## 5.2 Risk factors

*Investors should consider all of the information set forth in this document, including the following risk factors. These risks are, as of the date of this document, those which the Group considers would be likely to have a material adverse effect on the Group, its business, financial position, result of operations or outlook, should they occur.*

The Group is exposed to different risks that may have a material effect on its business, financial position or result of operations. The risk mapping is presented to and approved by the Audit Committee every year, which verifies the comprehensiveness of risk monitoring and oversees risk management. The risk mapping may be amended based on action plans that are implemented or new risks that are identified.

In accordance with Prospectus Regulation (PD3)[1] that was adopted in June 2017 by the European Parliament and entered into force on 21 July 2019, Carmila updated the Group risk matrix in 2019, which incorporates the specific major risks to which it is exposed. These risks, selected according to their “gross” impact and likelihood before taking into account risk management controls and policies, are nevertheless presented in the matrix below based on their estimated “net” impact in terms of both severity and occurrence, i.e., after considering all of the measures taken by the Group to manage them along with any internal and external factors that mitigate the risks.

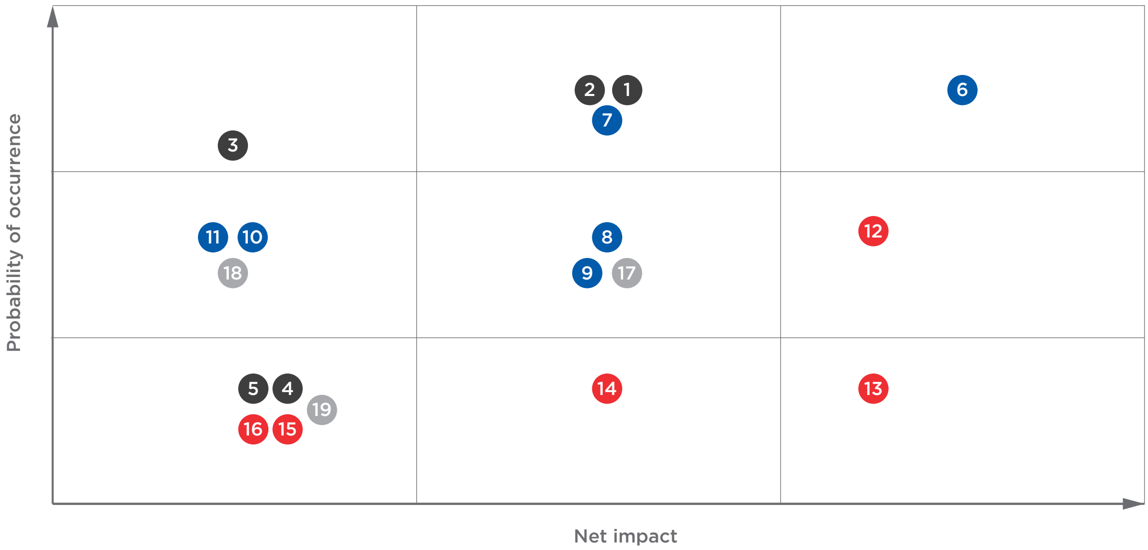
Carmila has identified 19 specific and major risks which are grouped into four categories, ranked, and presented in decreasing level of importance within each category, based on their probability of occurrence and potential impact.

| | Probability of occurrence | Net impact |
|---|---|---|
| **CATEGORY 1: RISKS RELATING TO CARMILA'S BUSINESS SECTOR** | | |
| **1.** Trends in the commercial real estate market | ●●● | ●● |
| **2.** Changes in the socio-economic environment | ●●● | ●● |
| **3.** Shifts in social consumption trends | ●●● | ● |
| **4.** Competitive environment | ● | ● |
| **5.** Geographic and industry exposure of assets | ● | ● |
| **CATEGORY 2: RISKS RELATING TO CARMILA'S BUSINESS** | | |
| **6.** Health, safety and security, including risks associated with a health crisis such as Covid-19 | ●●● | ●●● |
| **7.** Relationship with and exposure to retail brands | ●●● | ●● |
| **8.** Counterparty risk | ●● | ●● |
| **9.** Strategic partnership with the Carrefour group | ●● | ●● |
| **10.** Property development | ●● | ● |
| **11.** IT system security | ●● | ● |
| **CATEGORY 3: REGULATORY, LEGAL AND TAX RISKS** | | |
| **12.** Urban planning and environmental regulations | ●● | ●●● |
| **13.** Regulation applicable to REITs | ● | ●●● |
| **14.** Commercial lease regulations | ● | ●● |
| **15.** Applicable regulations on the security and use of personal data | ● | ● |
| **16.** Ethical risks | ● | ● |
| CATEGORY 4: FINANCIAL RISKS | | |
| 17. Access to financing | ●● | ●● |
| 18. Increase in financing costs | ●● | ● |
| 19. Access to equity markets | ● | ● |

(1) *Regulation (EU) no. 2017/1129 of the European Parliament and of the Council of 14 June 2017.*

## Risk matrix

### MAPPING OF RISKS BASED ON THEIR PROBABILITY OF OCCURRENCE AND NET IMPACT




**CATEGORY 1: RISKS RELATING TO CARMILA'S BUSINESS SECTOR**

1. Trends in the commercial real estate market
2. Changes in the socio-economic environment
3. Shifts in social consumption trends
4. Competitive environment
5. Geographic and industry exposure of assets

**CATEGORY 2: RISKS RELATING TO CARMILA'S BUSINESS**

6. Health, safety and security, including risks associated with a health crisis such as Covid-19
7. Relationship with and exposure to retail brands
8. Counterparty risk
9. Strategic partnership with the Carrefour group
10. Property development
11. IT system security

**CATEGORY 3: REGULATORY, LEGAL AND TAX RISKS**

12. Urban planning and environmental regulations
13. Regulations applicable to REITs
14. Commercial lease regulations
15. Applicable regulations on the security and use of personal data
16. Ethical risks

**CATEGORY 4: FINANCIAL RISKS**

17. Access to financing
18. Increase in financing costs
19. Access to equity markets

## 5.2.1 Risks relating to Carmila's business sector

### 1. Trends in the commercial real estate market ●●● ●●

**Risk identification and description**

Market conditions impacted over the long term by negative expectations about the future of shopping centres could lead to a decline in the value of the Group's assets, and particularly in their appraisal values, if appraisers take into account increases in capitalisation rates and/or in discount rates for projected future cash flows, or if future cash flows are revised downwards. At 31 December 2020, the value of the Group's assets including transfer taxes was €6.1 billion. Appraisal values are reassessed by independent appraisers every six months.

A drop in liquidity on the real estate transaction market resulting from a decline in investor interest in the shopping centre asset class could also affect the value of the assets.

As a result, the Company could see a decline in its ability to finance its growth through the disposal of assets, use of new financing or placement of new shares on the market.

**Risk control and mitigation**

The Group has put together multi-disciplinary teams specialised in managing shopping centres adjoining hypermarkets located in the heart of local communities in France, Spain and Italy.

These teams work on bolstering the attractiveness and value of Carmila's shopping centres by actively managing the retail offering, engaging in marketing, and implementing targeted asset management initiatives.

These initiatives aim to increase the attractiveness of Carmila's shopping centres, draw more visitors and boost retailer sales.

They help to:

- safeguard the yield on its assets by sustaining occupancy rates and the market level of rent;
- be selective in terms of which assets the Group purchases and keeps, in order to maintain a high-quality, attractive portfolio;
- implement asset management initiatives (refurbishments, restructurings, extensions) that help increase the assets' value.

The Group's rental values are resilient due to the terms of the commercial leases signed in the three countries (between 5 and 12 years), which guarantee rental income and provide the Group with good visibility as to future cash flows; this is further supported by legislation that protects the lessor in the event of unpaid rents, particularly in France.

The geographic distribution of Carmila's portfolio exposes it to different investment markets that may behave differently.

### 2. Changes in the socio-economic environment ●●● ●●

**Risk identification and description**

Since the business of retailers in shopping centres and that of Carmila (indirectly) relates to consumption, shopping centres could see a drop in sales in the event of a long-term downward trend in consumption due to:

- potential demographic factors (decline in birth rates);
- a drop in the economy's growth rate;
- greater unemployment;
- an actual or perceived reduction in households' purchasing power;
- a decline in household consumption for any other reason;
- a continuation of the Covid-19 pandemic and the measures taken to mitigate the associated health risks (social distancing, restrictions on visitor numbers, curfews, closure of stores selling "non-essential" goods, etc.);
- a new pandemic associated with high fatality rates or triggering a major health crisis.

Shopping centre activity may also be disrupted by major local or national socio-political events (social movements or strikes) affecting footfall and consumption.

For Carmila, if such a situation were to continue for an extended period, this could lead to:

- an increase in the number of retailers in difficulty and an increase in cases of receivership or liquidation;
- a decline in the occupancy rates of its shopping centres (at 31 December 2020, the Group's consolidated financial occupancy rate excluding strategic vacancies was 95.7%);
- a decrease in gross rent collected and in market rents.

**Risk control and mitigation**

In this context, Carmila's positioning affords it a certain degree of protection:

- its physical proximity to a hypermarket powerhouse ensures regular footfall and familiarity with the shopping centre among visitors;
- the portfolio's diversity in terms of geography and type of shopping centre mitigates the exposure;
- operating in eurozone countries ensures greater economic stability;
- the prices of and uses for the products and services on offer focus on daily needs and many essential services;

The availability to retailers of online reservation or click & collect services when operating under sub-optimal conditions.

Free online and offline retailer marketing support aimed at promoting the products and services on offer, keeping consumers up to date with all the latest news, encouraging visits from the catchment area and boosting sales.

Carmila's shopping centres are everyday hubs habitually visited several times a month by customers who find the essential services and products they need on a recurring basis.

In addition, as a lessor, Carmila is not directly affected by a drop in consumption and footfall.

The structure and term of commercial leases offer Carmila stability and good visibility as to the collection of its rent.

The vast majority of lease contracts in the portfolio feature minimum guaranteed rent. At 31 December 2020, leases based on variable rents alone, with no minimum guaranteed rent component, represented just 1.2% of total Group rents.

### 3. Shifts in social consumption trends

**Risk identification and description**

Consumption in general and retail activities as a whole are facing new societal trends such as:

- the growth of e-commerce;
- changes in consumer habits (driving, convenience, shifting use of transport, etc.) and purchasing habits (second-hand, recycling, etc.);
- new emerging consumer trends ("deconsumerism", rejection of mass markets, the importance of sustainability when selecting brands and uses, etc.).

Carmila has to address these new trends and adapt its shopping centres and products/services accordingly. A failure to adapt could lead to:

- a loss of attractiveness of Carmila's shopping centres and a decline in footfall and retailer sales;
- a decline in occupancy rates;
- a decline in brand awareness;
- a decrease in rental values, rent and the value of the Group's assets.

**Risk control and mitigation**

- Carmila's assets have always been rooted in their regions and an integral part of the local economic fabric, in areas that are now embedded in cities. These are local assets, both in the geographic sense and in terms of use. As the centres adjoin a food powerhouse (hypermarkets), they are guaranteed regular footfall, and the sites' local roots and teams make them an actor in everyday life and a partner for customers and visitors as well as for local authorities and organisations.
- The retail and service offering of Carmila's shopping centres is continually being adapted to meet the real or perceived needs of customers and residents in the catchment area. The shopping centres offer a convenient, practical solution that satisfies daily needs (food, supplies, services).
- Studies of customers and residents in the catchment area are conducted several times a year to understand their needs and views, and to adapt the offering of each centre accordingly.
- The leasing and asset management teams adapt the merchandise mix of each shopping centre to changing national and local consumer trends, identifying new retail brands and new purchasing habits.
- The expansion of Specialty Leasing and Pop-up stores allows Carmila to swiftly adapt to new trends and customer demands.
- Digital marketing with a web-to-store approach was developed from the outset by Carmila's teams, which have built up well-regarded expertise in this area along with effective tools. In addition to attracting customers and visitors to the shopping centres, this approach aims to penetrate the markets overlooked by the internet, such as meeting immediate purchasing needs, grouping several types of purchases for click & collect, developing complementary and horizontal sales, creating familiarity with the site, and in particular offering easy access and free parking.

### 4. Competitive environment

**Risk identification and description**

Carmila operates in a competitive environment that needs to be analysed at local level and varies in intensity, depending on the catchment area.

Carmila needs to increase its appeal in every city in which one of its shopping centres is located, draw new customers and retain existing ones, and also monitor and anticipate its competitors' initiatives.

Some cities may also have an excess of commercial space on offer.

In these circumstances, Carmila could:

- fail to adequately anticipate its competitors' initiatives;
- adopt unsuccessful marketing or leasing strategies;
- see the local leadership of some of its centres deteriorate.

Potential consequences could be:

- a decline in retailer sales;
- a decline in rent and occupancy rates;
- a decrease in the values of assets whose commercial attractiveness has diminished.

**Risk control and mitigation**

- Thanks to the history of the Carrefour group, Carmila's sites have historically occupied the position of leader or joint leader in their catchment area in the vast majority of cases.
- Carmila regularly tracks the satisfaction of its shopping centre customers and retailers through customer surveys and mystery shoppers, and endeavours to reach out to residents of the catchment area who are not yet customers, developing digital marketing tools to draw them in and encourage them to visit the centres.
- Carmila is diligent about maintaining the quality of its shopping centres from an architectural (i.e., through renovations), technical and health perspective, strengthening their competitive position through extensions and refurbishments, and adapting the retail offering to the specific needs of each catchment area. Carmila's leasing teams are therefore based within each region so that they are able to develop the appropriate local retail solutions for each shopping centre.
- Carmila's leasing and asset management teams anticipate local competitive developments and adjust the retail offering and trade channels accordingly, along with the digital and physical advertising plans for each shopping centre. They constantly look to identify the retail brands and activities best suited to the needs of each area, the size of the shopping centre and the competitive environment.
- Each year, Carmila rolls out local digital marketing initiatives targeting retailers (B2B) and customers (B2C). These initiatives aim to boost the appeal of each shopping centre and increase retailer sales.

| 5. Geographic and industry exposure of assets | ●● |
|---|---|
| **Risk identification and description**<br>Carmila conducts its business and has shopping centres in Europe, and could therefore be exposed to risks relating to:<br>• loss of value or revenue due to concentration in a given country or region;<br>• country-specific socio-economic risks. | **Risk control and mitigation**<br>• Carmila's portfolio is made up of diverse types of shopping centres that vary based on the size of the surrounding catchment areas.<br>• The portfolio consists of 215 shopping centres distributed uniformly across France, Spain and Italy (mostly in Northern Italy, one of the country's most prosperous areas).<br>• Carmila's shopping centres include major regional shopping centres (80 to 150 stores), large shopping centres (40 to 79 stores) and local shopping centres (20 to 39 stores). It does not have significant unit exposure to supra-regional sites (more than 150 stores).<br>• Carmila's unit exposure is not very concentrated: Group-wide, the geographic distribution of the portfolio greatly reduces this risk. At 31 December 2020, Carmila's largest asset represented 4.7% of the portfolio's value including transfer taxes and 4.0% of annualised net rental income from leases. |

## 5.2.2 Risks relating to Carmila's business

| 6. Health, safety and security, including risks associated with a health crisis such as Covid-19 | ●●● ●●● |
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| **Risk identification and description**<br>The Group is subject to various obligations in connection with the operation of its shopping centres, particularly those related to buildings open to the public ("ERP").<br>In addition, the ramp-up of terrorist acts in Europe increases the risks in all buildings open to the public and requires those buildings to implement procedures that adjust to these changing circumstances.<br>Carmila is also exposed to natural disaster risks in its shopping centres that could cause harm to its customers, its retailers and its employees. | **Risk control and mitigation**<br>In order to mitigate these risks and their consequences, a compliance and internal control manager reporting to the General Secretary is responsible for coordinating the actions of the different departments in implementing preventive measures (defining operating and emergency procedures, training, etc.) and protective measures such as:<br>• regular and ad-hoc audits of sites and preventive systems;<br>• initial and ongoing training for all stakeholders, especially staff in charge of implementing and monitoring safety and security procedures;<br>• formalised emergency procedures for the main security, safety and health risks;<br>• ongoing review and improvement of procedures.<br>In addition, since buildings open to the public are subject to specific regulations regarding safety, accessibility and fire procedures, the following measures are in place:<br>• The legal and real estate operations teams keep a constant watch on any changes in laws and regulations resulting from government, local authorities (Prefectures, Departmental Fire and Rescue Services) and professional bodies (French shopping centre trade body [CNCC], etc.).<br>• The legal and real estate operations teams participate in official working groups in charge of drawing up or updating directives or regulatory requirements.<br>• The latest regulatory requirements (Construction and Housing Code, accessibility regulations, etc.) are incorporated into the building design.<br>• Multi-year investment budgets are drawn up, anticipating statutory periodic inspections or routine maintenance work for buildings and equipment in particular.<br>• Only ERP-accredited service providers are used.<br>• Safety committees are prepared upstream with all stakeholders concerned.<br>These procedures are implemented by specialised teams, assisted by the local on-site teams (managers of shopping centres and real estate operations, safety and security staff, etc.).<br>The geographic diversity of Carmila's portfolio (215 sites, three countries) allows these risks to be mitigated for the Group as a whole. No single site represents a material exposure for the Group within the portfolio. |

**Risk of a health crisis such as Covid-19**

A major health crisis, such as the Covid-19 crisis, is likely to have a lasting and profound impact on the business of one or more geographical areas, to an extent which is difficult to predict. Such a crisis could disrupt the operation of shopping centres owned by the Group.

Regulatory or legislative measures resulting from such a crisis could impact the usual access of visitors, employees, service providers or suppliers to the shopping centres.

These same measures could also change how the management or support functions carry out their duties at the Group's headquarters.

Such a situation would have the following effects:

- modifying, restricting or temporarily interrupting shopping centre operations;
- modifying, restricting or temporarily interrupting the activity of support services or of suppliers and providers of essential services that allow shopping centres to operate;
- modifying, restricting or temporarily interrupting the activity of retail operators in the centres and potentially endangering their survival;
- as a result, deferring, restricting or interrupting the lessor's collection of rents and charges;
- generating non-recurring expenses linked to managing the crisis.

At 22 March 2021, the latest government decisions taken in the fight against Covid-19 led to closures and trading restrictions in the three countries in which Carmila operates, namely France, Spain and Italy.

- In France: On 19 March 2021, the government ordered additional local restrictions in 16 departments, with only shops deemed "essential" (as listed by the decree) authorised to open. These fresh measures come on top of the nationwide closure of shopping centres in excess of 20,000 sq.m., and in some departments, those larger than 10,000 sq.m. At 22 March 2021, a total of 79 centres were closed or subject to restrictions in France.
- In Spain, all shopping centres are open.
- In Italy: 7 out of 8 shopping centres have been open for essential shops only since 15 March 2021; all shopping centres have been closed at the weekend since 24 October 2020.

In the Group's three countries, a total of 86 shopping centres are closed or restricted to essential businesses only.

Support for businesses continues to be introduced in each of three countries.

In order to respond to an exceptional health crisis risk such as the Covid-19 pandemic, a Business Continuity Plan (BCP) has been designed. The BCP includes:

- a reminder of the purpose and challenges related to the Business Continuity Plan;
- a list and analysis of the activities and functions deemed essential for the Company to continue operating during a crisis;
- a list of identified measures implemented to ensure that these essential activities and functions can continue to operate, including:
  - identifying the persons responsible for implementing and managing these measures in real time, specifying their contact details, functions and roles, as well as the persons capable of replacing them where necessary,
  - defining alternative modus operandi enabling the business to continue operating, including the competencies of the teams able to remain on-site (Shopping Centre Management and Real Estate Operations departments) and remote working, with almost all employees equipped with a computer, a mobile phone and remote access to servers and business software,
  - a pooled crisis unit, responsible for coordinating crisis initiatives and comprising all functions deemed essential for the Company to continue operating;
- the conditions and procedures for resuming normal activity after the crisis.

In parallel with this plan, measures have been put in place to offset the economic impact of the reduction or interruption of activity for the Group and its lessees:

- support for tenants (temporary deferrals of rents and charges in particular) in order to ensure business continuity, regardless of whether or not tenants can continue operating during the crisis period;
- measures allowing stores that remain open to continue their activity and welcome their customers in the appropriate conditions (hygiene, comfort, safety, compliance with legal measures, etc.);
- optimisation of operating costs (interruption of non-essential services during periods of reduced activity, switched-off or reduced heating and lighting in non-operational areas of the shopping centres, etc.);
- deferral of non-essential investments (except investments to comply with applicable regulations or safety protocols).

The 2020 health crisis allowed Carmila to adapt and improve the procedures provided for in its current Business Continuity Plan.

Carmila has a strong financial profile with significant undrawn credit facilities and access to the banking, bond and commercial paper markets. This enables it to meet any short-term liquidity needs it may have as a result of any such crisis.

### 7. Relationship with and exposure to retail brands

#### Risk identification and description

The business and success of Carmila's shopping centres largely reside in the teams' ability to choose the best retail brands and activities for the catchment area and the competitive environment, and the retailers that can best help enhance and safeguard the attractiveness of each centre.

Carmila may also be faced with, or may have to anticipate, a loss in its retail brands' commercial appeal. At a time when customers are increasingly seeking variety, change and innovation, some retail brands might not be able to adapt their concept quickly enough and would therefore lose attractiveness and sales.

An optimum selection of brands and retailers, and their good fit with the local area, are key to helping Carmila's business thrive, as they impact:

- the default rate of the retail brands and the bad debt rate;
- footfall, attractiveness and retailer sales in the shopping centres;
- the leadership of the shopping centre;
- the value of Carmila's assets over time.

#### Risk control and mitigation

Since its inception, Carmila has sought out diverse activities and retail brands for its shopping centres, and has adapted its merchandising mix to the size of each centre, to local needs and to the competitive environment. For this purpose, the Group relies on its regional teams, who tailor the leasing activities to each site, locally select retailers and master franchisees established in the region, and add them to the portfolio of national and international brands.

This approach is backed up by a B2B and B2C local digital marketing strategy that is implemented across the shopping centres and aims to help local retailers grow their business thanks to tools that provide local information about the catchment area (local databases, local surveys of customers and prospective customers, and so on).

Finally, Carmila's Survey Department conducts detailed local analyses that bolster the attractiveness development mechanisms of the retail brands and the shopping centre, and provide in-depth information about the customers and residents of the catchment area by profile category.

Carmila's lease portfolio of more than 6,000 leases includes a broad diversity of retail brands, thereby reducing the risk of dependency on any given brand.

No retail brand represents more than 2% of the annual rent of Carmila's lease portfolio, and the 15 main retail brands in the portfolio represented only 18.7% of the annualised rents at 31 December 2020.

### 8. Counterparty risk

#### Risk identification and description

Carmila manages a portfolio of more than 6,000 leases with more than 3,500 retail brands and retailers. The Group is exposed to the risk that the financial position of some of these retail brands deteriorates, which would in turn lead to:

- an increase in the bad debt rate;
- a risk for some lessees of insolvency, receivership or liquidation;
- a decline in the occupancy rate (95.7% at 31 December 2020).

#### Risk control and mitigation

Carmila has put in place a series of controls to reduce counterparty risk, including:

- collective decision-making processes before signing new leases;
- analysis of the solvency of new lessees;
- regular, active monitoring of unpaid rent and lessees considered to present a high risk (monthly review of activity, payments and key indicators), leading to rent collection procedures;
- diversification of the retail brand portfolio (the top 15 lessees represent less than 19% of annual rents);
- ongoing monitoring of lessees' creditworthiness by the local leasing, asset management and local administrative teams;
- upstream support for struggling lessees to help them transfer their lease to a new retailer before they cease their operations.

The relevant indicators on the health of the retail brands are tracked on a monthly basis by the Group Executive Committee, with corrective action or support measures rolled out accordingly.

### 9. Strategic partnership with the Carrefour group

#### Risk identification and description

The Carrefour group is a key partner for Carmila:

- it is the co-owner and co-operator of all of Carmila's sites (hypermarkets);
- it is a partner and joint investor in all the extension and multi-purpose projects developed on the shared sites;
- it is Carmila's reference shareholder, with a 35.4% stake in the Company;
- it operates as a service provider for Carmila for certain support functions and for development projects (project management – see Risk 10 – Property development).

These close ties are strategic and key for Carmila's business model. However, they expose Carmila to certain business risks:

- the dependency on Carrefour hypermarkets to provide visitor traffic in Carmila's shopping centres, particularly smaller centres;
- Carmila's investment and development strategies are tied to those of the Carrefour group;
- Carrefour's support functions may not be effective for or adaptable to Carmila's priorities;
- investment decisions require suitable governance.

#### Risk control and mitigation

The following main procedures have been put in place since 2014:

- contractual relationships with Carrefour are systematically formalised (Renovation and Development Agreement, service agreements, management mandates, etc.); detailed information on contractual dealings with Carrefour is published every year by Carmila and overseen by the Board of Directors;
- Carrefour's and Carmila's interests are aligned (shared margin on development projects, joint investments, etc.);
- the majority of the members of Carmila's Board of Directors are independent;
- decision-making for investments (Strategy and Investment Committee) is independent and the directors representing Carrefour do not vote on decisions that involve Carrefour (joint investments, contract renewals, etc.);
- the share of Carrefour rents in Carmila's portfolio is low, i.e., less than 1% of Carmila's total net rental income;
- support function activities are regularly benchmarked to ensure that the cost of the services provided is competitive.

Furthermore, Carmila reduces its exposure to Carrefour and increases the retail attractiveness of its sites by installing in its shopping centres other well-known and successful complementary brands wherever possible.

### 10. Property development

#### Risk identification and description

Carmila develops a large portfolio of shopping centre extensions in partnership with Carrefour. Since 2016, 20 extension and restructuring projects have been delivered, representing an investment of €509 million for Carmila.

This development activity exposes Carmila to the usual risks associated with property development:

- operational risks related to the management of construction, renovation, restructuring and extension projects on shopping centres, to the procurement of permits (e.g., departmental commissions on retail development, national commissions on retail development, building permits, departmental fire and rescue services, etc.), and to project management liability (see "Relationship with Carrefour");
- financial risks related to the financial profitability of the projects, and to acquisitions and investments;
- legal and social risks related to development projects.

#### Risk control and mitigation

The main systems and procedures to mitigate these risks are implemented throughout the development of the project:

1/ Upstream:

- feasibility studies and analyses are completed upstream by Carmila and Carrefour teams. Decisions are taken jointly by all three partners (Carmila, Carrefour and Carrefour Property);
- each developer's decision is independent (Carmila's Strategy and Investment Committee; Carrefour group's Investment Committee). Every phase in the project (analysis, permit application, start of work) involves a decision by each of these committees;
- the different stakeholders are included upstream in both groups.

2/ During the successive phases of design, procurement of permits, pre-leasing and construction:

- investments are monitored by the Strategy and Investment Committee, and subject to financial controls on a regular basis (systematic due diligence);
- the operational side of the projects is controlled jointly with Carrefour;
- interests are aligned with Carrefour;
- procedures are standardised, with a systematic tendering process for construction contractors and service providers, selection of reputed, first-rate contractors, and the use of outside consultants;
- a pre-leasing rate of 60% must be met before construction work begins;
- the development projects are reviewed to ensure they comply with Carmila's CSR policy;
- the appropriate insurance coverage is taken out.

The teams' experience, long-standing relationships with local communities, and existing internal control procedures also help manage these risks.

### 11. IT system security

#### Risk identification and description

Information and telecommunications systems are pivotal to the Group's daily business, transaction execution, continued development of new tools, data storage, and communication between its teams and its stakeholders. In this regard, Carmila is exposed to:

- risk of information system failure;
- risk of an attack on its systems that could impact Carmila's business continuity or image;
- risk of fraud related to the information systems.

Stricter data protection regulations have led to an increased risk (e.g., of non-compliance, data hacking), and require best-in-class procedures to be put in place to protect information systems and particularly databases developed by Carmila containing information on customers, service providers and employees.

#### Risk control and mitigation

Carmila uses Carrefour's information systems organisation model so as to benefit from its effectiveness, structure and expertise in this field. This also allows it benefit from the stringent IT security standards of a large conglomerate and to pool resources and expertise.

Carmila can therefore draw on the expertise of:

- the Information System department responsible for system security;
- a dedicated information systems security officer.

The department implements the Carrefour group's procedures regarding:

- data security, applications, systems and hardware. These are regularly updated in order to remain in step with the fast–changing environment;
- regular system updates and audits;
- awareness-raising and training for users;
- multi-annual reviews of access rights;
- annual tests on work stations, applications and systems;
- contractual obligations applicable to suppliers.

Across Carmila, the department also adapts and develops:

- formalised business continuity plans that are tested annually;
- obligations with regard to reporting, data protection and oversight in relation to applicable regulations in this area;
- initial and ongoing in-class and online training sessions for teams in information system security.

All new employees receive an IT charter, and are briefed on best information system security practices each year.

### 5.2.3 Regulatory, legal and tax risks

#### 12. Urban planning and environmental regulations

**Risk identification and description**

Carmila's management activities (relative to buildings open to the public and the real estate sector) and development activities (construction, commercial authorisations) are significantly exposed to urban planning and environmental regulations. A significant change in legislation in this area could have an unfavourable impact on the Company's capacity to manage or develop an asset, or could have financial consequences which could affect the Group's performance.

- Various changes to legislation and regulations, or an inappropriate application of these rules, could have significant consequences for Carmila, both in financial terms and in terms of its capacity to develop projects.

**Risk control and mitigation**

Carmila takes certain measures which enable it to reduce the probability that these risks will occur:

- It is able to anticipate changes in local and regional regulations, thanks to the local presence of its teams in all three countries where it operates and especially in the heart of regions and towns, along with the ties established with local stakeholders.
- Legal specialists working for Carmila, Carrefour Property and Carrefour, along with outside experts and consultants, constantly monitor changes in regulations.
- A Strategy and Territorial Development unit has been set up to identify and anticipate changes in laws, regulations and tax rules that affect urban planning and the environment.
- Carmila anticipates and participates in developing urban planning documents (e.g., local development plans) in conjunction with the competent authorities.
- Experts within the project development and real estate operations teams perform a detailed analysis of urban planning documents and regulations prior to the launch of any project.
- A management tool including reports by the safety committee is integrated within the BTER property management platform so that all such reports are available in electronic format.
- Carmila's proactive CSR policy, which aims to certify over 75% of its portfolio by the end of 2021, allows it to anticipate legislative changes relating to the environment, ethics, health and safety, working conditions, and climate.
- Teams receive initial and ongoing training to ensure that they keep abreast of changes in laws and regulations relating to their particular business line, along with changes in the regulatory environment and the impact of those changes, especially for the development of commercial assets and buildings open to the public.
- Carmila is also a member of leading industry organisations (CNCC, French federation of real estate and property companies [FSIF]), whose role includes monitoring and anticipating changes in laws and regulations and representing the views of its members.

#### 13. Regulations applicable to REITs

**Risk identification and description**

As a listed property company benefiting from special REIT tax regimes in France (known as “SIIC”) and Spain (known as “SOCIMI”), Carmila is very sensitive to any changes in regulations that may concern these regimes.

**Risk control and mitigation**

- Carmila is also a member of leading industry organisations (FSIF, ERPA), whose role includes monitoring and anticipating changes in laws and regulations and representing the views of its members. These organisations coordinate clear and transparent industry statements regarding the contribution of SIICs to the economy in both France and Europe (creation of direct and indirect jobs, value creation, contribution to stock markets, etc.).
- EPRA, the European Public Real Estate Association, aims to develop the SIIC regime in all European countries in order to create a dynamic sector on the stock market on a European scale.
- Carmila also regularly monitors tax rules and any changes in those rules, and ensures that the Group complies with its obligations as an SIIC.

| 14. Commercial lease regulations | ● ●● |
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| **Risk identification and description**<br>The lessor/lessee relationship is largely based on current legislation governing commercial leases. Changes in this legislation could impact commercial relationships with retailers, and have implications for the Group's business and Carmila's operating and financial performance. | **Risk control and mitigation**<br>Carmila actively participates in bilateral and industry analyses and discussions (CNCC, FSIF, equivalent Spanish and Italian organisations) with retailers on the legal framework for their collaboration. Maintaining good relations with its retail brands will help to gradually adapt the legal framework to new business realities, particularly in terms of e-commerce as part of retailers' activities and the changes which retailers need to face in light of evolving corporate, social and environmental issues.<br>A dedicated legal team is in charge of monitoring and implementing potential changes in legislation or regulations relating to lease contracts.<br>In parallel, initial and ongoing training is provided to the teams concerned in order to keep them informed of any such changes. |

| 15. Applicable regulations on the security and use of personal data | ● ● |
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| **Risk identification and description**<br>Carmila maintains databases in line with its business needs. These databases store:<br>• information on customers and visitors within the framework of its digital marketing activities;<br>• information on employees within the framework of HR management;<br>• information on other stakeholders enabling it to communicate with those stakeholders and carry out day-to-day transactions (suppliers, investors, tenants, etc.).<br>Improper application of the regulations in force could have operational and financial consequences for the Group, and could also harm its reputation. | **Risk control and mitigation**<br>Carmila has put in place appropriate governance in compliance with applicable legislation:<br>• Carmila has appointed a person who is responsible for implementing and monitoring data protection obligations. This person works in conjunction with the monitoring group set up at the level of the Carrefour group;<br>• sensitive data is identified regularly and a record is kept up to date.<br>• the data collection procedure has been made GDPR-compliant (General Data Protection Regulation);<br>• awareness-raising and training sessions are periodically organised for data users.<br>External service providers are subject to GDPR obligations, either via a specific clause in their contract, or an amendment to their contract if this was signed before the GDPR came into force. |

| 16. Ethical risks | |
|---|---|
| **Risk identification and description** | **Risk control and mitigation** |
| Failings in the organisation of its control mechanisms could:<br>• compromise Carmila's ability to meet its legal obligations with regards to fighting corruption and money laundering;<br>• expose Carmila to the risk of fraud. | Carmila's strategy is based on the due and proper application of the procedures in place, which include:<br>• a collective strategic decision-making process (France finance committees, Group finance committees, etc.);<br>• the delegation of responsibilities through correspondents, who are responsible for the consistent implementation of Group policies (each manager is responsible for carrying out the checks falling within his or her remit);<br>• the segregation of functions, with operational roles kept entirely separate from validation roles;<br>• the existence of three levels of control: level 1 – assessment by employees and their managers; level 2 – assessment by permanent control functions that are independent of level 1 control processes and operational teams; level 3 – assessment by the Finance Department.<br>Furthermore, in order to protect itself against these risks, Carmila has appointed a head of internal control and compliance (reporting to the Group's General Secretary), whose role is to:<br>• implement procedures and ensure that they are applied correctly;<br>• train and raise awareness amongst employees and stakeholders on these issues every year.<br>All business line procedures and associated rules regarding corruption, fraud and money laundering are set out in "Business line procedures" manuals, which describe the different operating functions, as well as the rules of conduct and main procedures applicable to each business line.<br>Every year, all of Carmila's employees are required to sign a Statement of Independence and, where necessary, a Review of Interests.<br>Training on best practices in terms of fighting fraud, corruption and influence peddling is provided each year to the Executive Committee, and as a minimum, to all exposed employees and new arrivals. A digital version is permanently available online for all employees. Lastly, the anti-corruption best practice guide is also permanently available online on the Group's intranet home page. |

## 5.2.4 Financial risks

| 17. Access to financing | ●● ●● |
|---|---|
| **Risk identification and description**<br>In certain cases, Carmila might have difficulty re-financing its debt or may face an increase in the price of its existing debt:<br>• bank debt, bond or private borrowing and commercial paper markets may shut down;<br>• Carmila's debt level (loan-to-value) may be considered excessive;<br>• financing agreements may include restrictive covenants;<br>• Carmila's ability to access the financial and derivatives markets may be restricted;<br>• risks may arise on hedges and on counterparties to financial instruments;<br>• Carmila's debt may be downgraded.<br>The Group financial policy, the various ratios relating to the Group's debt and its covenants are presented in section 3.9 "Financial policy" of this document. | **Risk control and mitigation**<br>Since its inception, Carmila has diversified its sources of financing in order to protect itself from any temporary shutdown in certain markets. The Group is in regular contact with the financial markets and the major banks with which it does business. In addition, it monitors its liquidity on a regular and ongoing basis.<br>It ensures that its financial reporting to financial markets and rating agencies is transparent and reliable.<br>It constantly monitors financing markets in order to seize financing opportunities should markets deteriorate. The €1,500 million EMTN programme set up in 2019 enables it to rapidly access the market.<br>Carmila also has the capacity to call on alternative sources of funding (shares, asset disposals, free cash flow).<br>It has undrawn credit lines that could fund its capital expenditure for the next four years, were funding to become harder to access.<br>Finally, Carmila strictly manages its liquidity, enabling a fine-tuned anticipation of its medium-term requirements.<br>At the date this Universal Registration Document was filed, Carmila had a cash surplus of more than €614 million, a commercial paper programme of up to €600 million – 37% of which had been drawn, and €759 million in undrawn credit facilities. |
| **18. Increase in financing costs** | **●● ●** |
| **Risk identification and description**<br>Carmila could face an increase in its financing costs as a result of:<br>• a rise in bond and bank interest rates, or in the cost of hedging;<br>• a downgrade in its debt rating (see section 3.9.4 "Rating" of this Universal Registration Document).<br>The derivatives market could also deteriorate and Carmila's counterparty risk on derivative instruments increase. | **Risk control and mitigation**<br>Carmila's assets produce revenues which are linked to an index tracking inflation among other variables, thereby creating a natural hedge against a sharp rise in interest rates that may result from a rise in inflation.<br>Carmila also has long-term financing lines, mainly bearing fixed rates, or swapped to fixed rates (88% of debt), which protect against a sharp and/or sudden rise in interest rates.<br>The Group constantly monitors funding opportunities in markets where interest rates may tighten. The €1,500 million EMTN programme set up in 2019 enables Carmila to rapidly access the market. Since its creation, Carmila's ability to rapidly access debt markets has been facilitated by its transparent and high-quality reporting to the financial markets and rating agencies.<br>Carmila can also tap into alternative sources of financing to fund its growth, where conditions are more attractive (shares, disposal of assets, free cash flow). |

| 19. Access to equity markets | ● ● |
|---|---|
| **Risk identification and description** | **Risk control and mitigation** |
| Carmila could have difficulty issuing or placing new shares on the equity market if:<br>● investors lose their appetite for the retail property sector;<br>● there is a crisis in equity markets;<br>● there is a significant discrepancy between the Company's NAV (EPRA NAV at €24.75 per share at 31 December 2020) and its share price.<br>These difficulties could reduce the Company's capacity to finance its growth. | Carmila mitigates this risk by:<br>● diversifying its sources of financing and developing good relations with leading banks;<br>● maintaining regular contact with financial equity markets, notably through transparent and high-quality reporting;<br>● monitoring equity markets on an ongoing basis in order to identify any upcoming opportunities.<br>Carmila also has access to alternative sources of financing;<br>● the bond market, to which Carmila has had access from the outset;<br>● an investment grade rating (BBB);<br>● a €600 million commercial paper programme;<br>● by arranging loans with top-tier banks and by disposing of mature assets on a standalone basis or as part of a portfolio.<br>Carmila could also pay part of its dividend in shares in order to increase its available cash.<br>Carmila can also postpone its investments without modifying its cash flows. |

## 5.3 Insurance

The Group's insurance strategy is based on services provided by the Carrefour group and involves identifying insurable risks through a regular review of existing and emerging risks. The Carmila Group's entities are covered by insurance policies put in place by the Carrefour group, with the customary levels of coverage for this type of business. The Group benefits from this insurance as entities that are specifically covered by these policies.

These insurance programs are negotiated centrally and are renewed on 1 January of each year.

The insurance policies are as follows:

- "Property Damage and Operating Losses", which insures assets, in particular against fire, explosion, lightning, natural events and theft, and covers any resulting operating losses;
- "Third Party Liability", which covers the financial consequences of physical, property and/or financial damage caused to third parties, in the event that the Carmila Group is held liable for such damage;
- "Construction", such as "Construction All Risks" and/or "Building Defects", which insures the Group's construction, extension and/or renovation sites, both during work and after delivery.

Other policies cover the Carmila Group's other insurable risks in line with the nature of the activities, the risks and the scale of the Group.

Upon completing an acquisition, the Carmila Group requests coverage for the acquisition under these insurance policies and benefits from equivalent protection or, if applicable, coverage in addition to the guarantees provided by the policy in question (DIC/DIL: Difference in Conditions/Difference in Limits), ensuring good control of existing coverage and guarantees.

# 5.4 Risk management and internal control

Carmila applies the general principles of internal control and risk management defined in the AMF's Reference Framework which was published in January 2007 and updated on 22 July 2010.

It should be recalled that Carmila has entered into several service agreements with the Carrefour group in connection with the support functions required for running its business. These agreements mainly concern accounting, tax, legal, real estate, administrative and insurance services. The Carrefour group's risk management and internal control systems have also been developed to comply with the AMF's Reference Framework.

The risk management and internal control systems have been designed to manage risks, help the Company achieve its objectives and make operations more efficient.

Like any system of control, internal controls provide reasonable, but not absolute, assurance that the entity's objectives will be achieved. The limits inherent in internal controls mean that they cannot prevent poor judgement, bad decisions or external events which result in technical or human failure or may prevent the achievement of operational objectives.

## 5.4.1 Risk management system

### 5.4.1.1 Purpose and organisation of risk management

Risk management is intended to cover the financial, operational, liquidity and environmental risks described in section 5.2 "Risk Factors" and in Chapter 4 "Corporate social responsibility" of this document.

The risk management system within the Carmila Group aims to identify, analyse and address the major risks likely to harm people, the environment, assets and the Company's objectives or its reputation. In particular, risk management seeks to:

- create and protect Carmila's value, assets and reputation;
- safeguard Carmila's decisions and processes to help it achieve its objectives;
- encourage initiatives which are consistent with Carmila's values; and
- rally employees around a common vision of the main risks.

Carmila's approach is to embed risk management within its day-to-day business activities. Risk management is therefore a common project for all employees. Addressing risk and implementing the risk management principles are the direct responsibility of the General Secretary, who is a member of the Executive Committee and is in charge of monitoring and supervising risk management.

### 5.4.1.2 Risk identification and monitoring

The Audit Committee monitors risk management on a regular basis and examines the risk mapping and the associated action plans.

As part of the service agreements with the Carrefour group, all functions sub-contracted by Carmila are subject to the internal control and risk management system set up within the Carrefour group, notably through its Ethics, Compliance and Data Protection Officer department. Carmila also performs quality control of the functions sub-contracted and regularly updates its analysis of the risks inherent to these functions.

The safety of people and property is one of the critical objectives of the risk management system, which seeks to:

- protect customers, employees, service providers and the Group's sites, as appropriate;
- ensure that sites comply with applicable regulations; and
- protect and improve the Company's brand image and reputation.

Carrefour's Insurance department contracts and manages insurance policies on a centralised basis on Carmila's behalf, and also manages any claims.

## 5.4.2 Internal control system

The Carmila Group's internal control system includes a set of resources, policies, procedures and actions adapted to the Group's characteristics and closely related to risk management (see section 5.2 "Risk factors"). The system is designed to:

- contribute to control over its activities, the efficiency of its operations and the efficient use of its resources;
- take appropriate action with regard to the major financial, operational or compliance risks facing the Carmila Group and which could prevent it from achieving its objectives.

In particular, the internal control system aims to ensure that[1]:

- the Group can achieve its economic and financial objectives in compliance with applicable laws and regulations;
- the instructions and directions given by the Group's Executive Management are implemented;
- internal processes, especially those relating to the protection of its assets, people and resources, function properly; and
- financial information is reliable.

### 5.4.2.1 Organisation and scope of intervention

Carmila has implemented an internal control system which has been documented in different written procedures, a Code of Professional Conduct, and a definition of powers, responsibilities and objectives at each level of the organisation, in order to maintain an effective segregation of tasks between operating and supervisory roles. The implementation of the internal control system is based on an appropriate organisational structure in which responsibilities are clearly defined, adequate resources and competencies are provided, and appropriate information systems, tools and practices are implemented.

Internal control procedures are monitored on an ongoing basis at the level of the Carmila Group so as to prevent or detect problems in a timely manner. In designing its internal control system, the Group refers to the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The internal control function reports to the General Secretary and relies on the internal controls of Carrefour Property, a Carrefour subsidiary, for sub-contracted activities.

Carmila's internal control procedures as described in this document are applied within all of the Group's businesses and companies, without exception.

(1) *Aims specified in the reference framework for the AMF's internal control risk mechanisms (Section II-3 A).*

### 5.4.2.2 Internal control stakeholders: definition of responsibilities and powers

#### Management bodies

Executive Management is responsible for internal control and risk management. It is therefore responsible for designing and implementing internal control and risk management systems that are appropriate for the Group, its business and its organisational structure.

Executive Management monitors the internal control and risk management systems on an ongoing basis in order to ensure their integrity and improve them by adapting them to changes in the organisation and environment[1].

It initiates any remedial measures that become necessary to correct problems that are identified and therefore maintain an acceptable level of risk. It ensures that these measures are duly implemented in a timely manner.

The Board of Directors is informed of the key characteristics of the internal control and risk management systems and thereby acquires an overall understanding of the procedures used to prepare and process financial and accounting information through the work performed by the Audit Committee. The Board of Directors ensures that the major identified risks for the Group are dealt with in its strategies and objectives, and are taken into account when managing the Company[2].

#### Audit Committee

The Carmila Group's Board of Directors has set up an Audit Committee comprising four members, as described in section 6.1 "Corporate governance".

As part of its role in terms of internal control and risk management, the Audit Committee is responsible for:

- monitoring the effectiveness of the internal control and risk management systems;
- conducting regular supervision and making any recommendations to improve these systems;
- analysing risks, risk levels and the procedures put in place to mitigate those risks, along with any off-balance sheet commitments;
- assessing any problems or weaknesses brought to its attention; and
- presenting a summary of its work on internal control to the Board of Directors.

#### Operational monitoring and oversight committees

The Group's General Secretary is responsible for ensuring that Carmila's internal control system is operating effectively, including internal controls over services sub-contracted to Carrefour. To this end, the General Secretary draws on reports from the following operational committees:

- the Real Estate Investment Committee;
- the Acquisitions Committee;
- the Monthly Activities Review;
- the Monthly Credit Collection Committee and Litigation Committee;
- the Ethics Committee;
- the Data Security Committee (France).

Carrefour Property's Internal Control department in each country is also responsible for managing internal control and implementing action plans for sub-contracted services.

On a day-to-day basis, Management provides ongoing oversight of the effectiveness of the internal control system.

### 5.4.2.3 Services sub-contracted to the Carrefour group

The Carmila Group has entered into a Service Agreement with the Carrefour group covering accounting, administrative, IT, legal and tax services.

#### IT system

The Carmila Group's IT systems are designed to meet its needs and satisfy its requirements with respect to:

- security and confidentiality;
- reliability and integrity;
- availability; and
- traceability of information, so as to enable systematic audits of access or tasks.

The Carrefour group provides IT services to the Carmila Group. Carrefour Property's IT department assists the Carmila Group in planning its IT strategy, coordinates and supervises the implementation of its IT projects and manages IT resources and budgets. The IT department is involved in the conceptual design and IT architecture of the Carmila Group's projects and is involved in the preparatory phase so it can:

- identify the risks inherent to projects, in particular those relating to data protection; and
- define the security requirements and the security actions to be included in the project.

It is also responsible for IT system security and maintenance.

Carrefour Property France has appointed an IT System Security Officer whose main task is to adapt and deploy the security policy defined by the Carrefour group and make the teams aware of best practices.

Action plans are monitored and adjusted where appropriate at the Data Security Committee's quarterly meetings. Action plan progress is monitored at monthly meetings.

#### Corporate Legal team

As part of the Service Agreements with Carrefour Administratif France and Carrefour SA, Carrefour's Corporate Legal department monitors any legal and regulatory requirements relating to company law, prepares and formalises corporate events (board meetings, shareholder meetings, etc.), and carries out any legal and administrative formalities pertaining to company law.

#### Real Estate Legal team

As part of its Service Agreement with Carrefour Property (CPF AM), Carrefour Property's Legal team monitors any legal and regulatory constraints relating to real estate which apply to the Carmila Group's portfolio.

Carrefour Property's Legal team is responsible for all of Carmila's legal activities in relation to its properties in light of laws applicable to commercial leases, joint ownership, sales and acquisitions, real estate development, administrative real estate permits and all asset management legal services, and for monitoring disputes and litigation.

More generally, Carrefour Property's Legal team also ensures that all of the Carmila Group's activities and entities apply and comply with the applicable laws.

*(1) AMF Reference Framework for risk management and internal control systems (Section II-5 a).*
*(2) AMF Reference Framework for risk management and internal control systems (Section II-5 b).*

It also provides day-to-day assistance to operational teams with regard to negotiating leases and putting in place specific agreements, and provides overall support in regard to all related legal documentation.

During the Covid-19 health crisis, Carrefour Property's Legal team prepared and verified all agreements provisionally modifying leases to help ensure tenants could continue in business and to therefore protect Carmila's gross rental income (see Chapter 5.2.2 – "Risk 6 – Health, safety and security, including risks relating to Covid-19-type health crises").

#### Human resources

Within the scope of the Service Agreement, Carmila's HR management teams draw on Carrefour's shared service centres, which manage personnel on a day-to-day basis and ensure compliance with Carmila's objectives and policies.

Carmila's HR policy promotes the development of its employees through training and individual career management. Carmila also promotes an inclusive working environment that respects diversity and gender equality, as detailed in section 4.4 "*Here we act* for our employees".

Annual assessments are performed to check that all employees comply with the Group's policy in terms of managerial and ethical standards. In part, this assessment allows performance, and therefore employees' variable compensation, to be measured.

### 5.4.2.4 Documentation and dissemination of the internal control system

Carmila's own internal control system and processes are laid down in business line procedures which include all job descriptions and processes, and are available as collaborative tools (intranet, email, etc.) to ensure that the information can be accessed and shared rapidly. These business line procedures play a crucial role in the internal control process. They aim to streamline and standardise the information disseminated so processes are secure and consistent across all of Carmila's business lines and teams.

During induction days, which aim to make new arrivals aware of the Group's internal procedures, new employees receive a copy of the Group's ethical principles, a booklet on data security, and a booklet on the Group's anti-corruption and conflict of interests policy.

This information is also disseminated to the Carrefour group's employees in the functions sub-contracted under the Service Agreement.

### 5.4.2.5 Dissemination of and compliance with Carmila's ethical values

Carmila has drawn up a Code of Professional Conduct consistent with the values and guidelines of the Carrefour group. An Ethics Committee has been set up to guarantee the fundamental principles defined in the Carrefour group's Code of Professional Conduct, based on:

- individual and collective ethical conduct;
- confidentiality of information;
- whistleblowing;
- respect for diversity;
- the Group's social and environmental responsibility;
- conduct at work;
- transparency in business relationships.

The Ethics Committee comprises eight members of the Executive Committee and the head of Internal Control, Risk Management and Data Security. The Committee covers France, Italy and Spain and meets at least twice a year in order to:

- ensure the ethical principles are published and that the conditions are in place to ensure employees are familiar with them, understand them, share them and comply with them;
- ensure that the Group's Code of Ethics and "Policy for fighting corruption and influence peddling" are duly disseminated and posted on the intranet;
- ensure that the associated training sessions are rolled out;
- organise and ensure that the whistleblowing procedure functions effectively, and ensure that alerts are processed independently in full compliance with the law;
- discuss and implement the action plan on the main ethical issues affecting the business in order to remain one step ahead in the process and obtain a broader view of the issues;
- advise directors on any issue relating to the application of or compliance with our ethical principles;
- monitor and regularly assess the effectiveness of the system.

A practical guide to the ethical principles is also given to all Group employees. Each employee is expected to be familiar with this guide, and to comply with it and ensure it is complied with, in all circumstances. This guide is also disseminated to all employees of the Carrefour group, including the teams who work for Carmila in the context of the Service Agreements between the two groups. The practical guide to ethical principles is given to each new employee on arrival.

### 5.4.2.6 Fight against corruption and money laundering

Carmila is included in the whistleblowing procedure implemented by the Carrefour group that allows stakeholders to flag breaches of ethical principles, particularly concerning corruption and conflicts of interest. This procedure includes an exclusive hotline and website for notifying any alerts. It is open to all employees or third parties having dealings with the Group. Confidentiality is guaranteed at all stages of the whistleblowing process.

Carmila's anti-corruption and anti-money laundering system is based on the Carrefour group's charter, taking into account the French law of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy ("Sapin II") and the Order of 1 December 2016 which toughens French anti-money laundering and terrorist financing legislation.

A policy for fighting corruption and influence peddling was defined and presented to the employee representative bodies in France. This document was incorporated into the Rules of Procedure of Carmila and Carrefour Property's economic and social unit (ESU).

The risks of influence peddling and corruption have been mapped. On this basis, a training programme supported by physical documentation was developed for the employees most exposed to these risks. The training programme uses printed documents. In-class training sessions are rounded out by e-learning available at all times for all employees.

Each Group employee must also sign an annual certificate of independence aimed at limiting and managing conflicts of interest.

#### 5.4.2.7 Protection of personal data

Carmila acted ahead of the General Data Protection Regulation, or GDPR (2016/679/EU), which came into force on 25 May 2018. The law firm Bensoussan performed a diagnostic review in 2017 to assess the Group's level of compliance with the GDPR, recommend an appropriate organisation for data protection and freedom of information, identify corrective measures and draw up a compliance plan. The system was reviewed once again in 2020 by the Feral-Schul/Sainte-Marie law firm. The plan was implemented in conjunction with the Carrefour group. A Data Protection and Freedom of Information Officer was appointed and a Steering Committee was set up.

The Carmila Officer reports to the Data Protection Officer appointed at Carrefour group level, whose duties are to (i) inform and advise the Group on GDPR, (ii) monitor compliance, and (iii) liaise with the relevant government body (CNIL).

#### 5.4.2.8 Stock market ethics and insider trading

A Stock Market Ethics Code was adopted by the Carmila Group and disseminated to all holders of sensitive and/or inside information (Board of Directors, Executive Management, and key employees) in order to combat and prevent the risk of insider trading. This Ethics Code sets out the closed periods preceding the publication of quarterly and annual revenues and half-yearly and annual results, during which employees are advised to abstain from trading or attempting to trade in Carmila shares. Carmila's Board of Directors adopts the closed period schedule each year.

The purpose of the Group's financial reporting policy is to ensure the publication of relevant, accurate and fair information, enabling all users to access the same information at the same time.

### 5.4.3 Critical activities for operational internal control

Control activities are designed to ensure the proper implementation of, and compliance with, internal control procedures so that the risks associated with major transactions carried out by the Group are managed.

#### 5.4.3.1 Investment authorisations

The purpose of the Renovation and Development Agreement between the Carmila Group and the Carrefour group is to create a partnership between the two groups with a view to implementing a strategy in France, Spain and Italy to increase the attractiveness and optimise the value of the assets. For a description of the Renovation and Development Agreement, see section 5.1.5.3 "Principal agreements with Carrefour group entities" of this document.

Within this framework, investment projects are subject to an approval procedure which aims (i) to ensure that they comply with the Group's strategic priorities and profitability criteria, and (ii) to coordinate the development processes between the two groups and align both partners' interests. This approval procedure is based on technical, tax, legal, financial and environmental studies.

In light of the limitations imposed by the Board of Directors on the powers of Executive Management, investment proposals must receive a favourable opinion from the Strategy and Investment Committee and the Board of Directors' agreement for any projects representing an outlay of more than €15 million.

In addition, the Carrefour group's investment committee validates any real estate investment in which Carrefour's share represents more than €3 million.

#### 5.4.3.2 Management of renovation and development projects

Under the terms of the Renovation and Development Agreement with the Carrefour group, both parties undertake to equally split (50/50) the cost of renovation and development work.

CPF Asset Management, a subsidiary of Carrefour Property France, acts as project manager under project management delegation agreements signed for each project.

The approval procedure for these projects is described above (see section 5.4.3.1 "Investment authorisations").

#### 5.4.3.3 Lease management

Carrefour group subsidiaries provide lease management and asset management services on behalf of Carmila in France, Spain and Italy. Day-to-day management is thereby delegated to a team complying with the management rules and procedures set by the Carrefour group, in particular as regards invoicing and collecting rent from tenants. This process is also based on dedicated lease and property management IT tools and applications developed for or by the Carrefour group.

#### 5.4.3.4 Leasing

Dedicated internal teams are responsible for leasing activities. A compliance guide detailing the procedures to be respected is available for new and existing employees.

Sales teams and operating departments regularly monitor sales and marketing initiatives, enabling the Group's performance to be assessed by reference to indicators based on revenues, footfall, monthly signings and vacancy rates. A leasing plan drawn up annually for each site and approved by the Operations Director is regularly updated in accordance with changes on the site and in the market (new players, new opportunities, etc.). This action plan enables the rental grid to be reviewed to identify priority shopping units, listing vacant lots, renewals and terminations in order of priority. It is incorporated into the annual budget approved by the Company's Board of Directors, which then uses it to monitor the Company's business during the year.

#### 5.4.3.5 Asset maintenance and safety

Carrefour Property's teams regularly monitor the upkeep, maintenance and safety of assets under lease management and property management contracts. They do this by implementing a system setting out the safety compliance procedures to be respected at each of the Group's sites.

When acquisitions are made, Carmila and Carrefour Property teams will include the new assets in Carrefour group's insurance policy.

#### 5.4.3.6 Crisis management

Carmila and the Carrefour group have set up a joint crisis management procedure to ensure that actions and communications during a major crisis affecting one of their shopping centres are consistent. A joint hotline is available to both groups' employees, which enables coordinated action and the consistent dissemination of information to all players concerned.

## 5.4.4 Preparation and processing of financial and accounting information

### 5.4.4.1 Organisation of the finance function

Internal accounting and financial control is primarily designed to ensure that:

- published accounting information complies with accounting policies;
- instructions and guidelines set by Executive Management are applied;
- fraud and accounting and/or financial irregularities are prevented and detected;
- the financial information published is reliable.

The risks involved with producing accounting and financial information can result from the accounting treatment of two categories of transactions:

- current transactions, for which controls must be carried out as closely as possible to the decentralised transactions;
- sensitive transactions, which may have a significant impact on the financial statements.

Carmila's Finance Department is responsible for identifying the risks which affect the preparation of financial and accounting information and for taking the necessary measures to adapt the internal control system.

Carmila is supported by the Carrefour group under the Service Agreement covering accounting, tax and legal matters. The Company therefore relies on central teams and a specialist shared service centre model using standardised documents and procedures allowing proper segregation of duties between operating and supervisory roles.

The Carmila Group's financial statements are consolidated by an internal team.

The property portfolio is valued when preparing the accounting and financial information using real estate appraisals performed by renowned independent appraisers drawing on recognised methods.

### 5.4.4.2 Operating process

The Finance Department is responsible for compiling the operational, financial and accounting information needed in order to prepare the activity reports along with annual, half-yearly, quarterly and monthly regulatory information, where applicable. It therefore coordinates and supervises the work of service providers in order to prepare these reports.

The financial statements are prepared within the stipulated deadlines, in accordance with applicable laws and accounting standards.

The Group's accounting policies are defined in a document which is regularly updated and disseminated to all those involved in the process[1].

Consolidated financial statements are prepared in accordance with a detailed schedule and instructions that seek to ensure compliance with accounting deadlines and standards.

The Group's Finance Department performs the following main controls when consolidating the financial statements:

- analysis and justification of changes in the scope of consolidation to ensure that the appropriate accounting method was applied;
- analysis and justification of consolidation adjustments.

The annual financial statements are audited by the Statutory Auditors. Half-yearly IFRS financial information is subject to a limited review. The Finance Department coordinates the work with the Statutory Auditors. Financial and accounting information is reviewed and tested by the Statutory Auditors and presented to the Group's Audit Committee and then to the Board of Directors.

The Finance Department verifies the completeness and consistency of the Company's financial and accounting information, in particular by:

- controlling each stage of its production;
- monitoring internal reporting and analysing the differences with the budget approved by the Board of Directors.

Furthermore, regarding internal control, the General Secretary is notably responsible for:

- participating in communication activities with regard to investors and the financial markets (press releases, website management, etc.);
- supervising delegated functions;
- conducting internal audit assignments within the Company;
- ensuring that the Company complies with its regulatory obligations in terms of tax matters and stock market regulations;
- informing the Audit Committee of the results of the internal audit assignments.

### 5.4.4.3 Financial reporting

The information collected and then published follows a process which guarantees data reliability and fairness. The aim of financial reporting is to provide ongoing information. Its purpose is to convey a clear, coherent message to enable investors to acquire an exact and precise understanding of the Company's value and its strategy. In this regard, the information compiled is reviewed for consistency and cross-checked jointly with the Statutory Auditors before it is circulated internally.

Different channels are then used to publish the financial information, including:

- the Universal Registration Document;
- half-yearly press releases;
- half-yearly financial reports;
- Shareholder Meetings;
- quarterly press releases on the Group's business and revenues; and
- regulatory information.

(1) *AMF Reference Framework for risk management and internal control systems (section IV 3.1.3 and 3.1.4).*

### 5.4.5 Monitoring financial risks associated with the effects of climate change

Article L. 225-100-1-I-4 of the French Commercial Code, as amended by the Order no. 2017-1162 of 12 July 2017, introducing various measures to simplify and clarify corporate disclosure obligations, stipulates that the Group must report on the "financial risks associated with the effects of climate change and the measures which the Company is taking to reduce them by implementing a low-carbon strategy in all parts of its business".

Sections 5.2 and 4 of this document, detailing risk factors and corporate social responsibility, respectively, include all information required by law and can be summarised as follows:

- climate change may have a financial impact on the Carmila Group's business, for example though increased insurance premiums, changes in construction methods or even the age of the sites;
- the Carmila Group is implementing initiatives to reduce energy consumption and minimise the carbon footprint of its sites through energy-efficient equipment, optimised insulation and the construction of bio-climatic buildings;
- the Group ensures compliance with construction and renovation standards during its development projects, in particular by analysing its flood risks prevention plan before any construction project;
- a computer database, set up by an external service provider, performs diagnostic reviews and monitors classified installations across all sites.

## 5.5 Legal and arbitration proceedings

In the ordinary course of its business, the Carmila Group is involved in legal and administrative proceedings and may be subject to tax and social security audits. The Carmila Group recognises provisions in its financial statements when, at the reporting date, it has a present legal or constructive obligation as a result of a past event which can be reliably estimated and whose settlement is likely to result in an outflow of economic resources. A description of provisions for litigation at 31 December 2020 is provided in Note 7.9 of section 7.1 "Consolidated financial statements" of this document.

At the date of this document, to the Company's knowledge, there are no governmental, legal or arbitration proceedings (including any proceedings of which Carmila is aware that are pending or with which it is threatened) that could have or have recently had a material impact on the financial position or profitability of Carmila and/or the Carmila Group.

## 5.6 Material contracts

As of the date of this document, no agreements (other than agreements entered into in the ordinary course of business) containing provisions entailing an obligation or significant commitment on the part of any Carmila Group entity for the Group as a whole had been entered into by Carmila or by any Carmila Group entity, with the exception of the agreements described in section 5.1.5.3 "Principal agreements with Carrefour group entities", section 3.9 "Financial policy", and in Note 11 "Transactions with related parties" of section 7.1 of this document.

## 5.7 Research and development, patents and licences

### 5.7.1 Research and development

The Carmila Group does not conduct research and development activities. However, it is constantly seeking innovative solutions as part of its digitalisation strategy. The Carmila Group has created an internal incubator programme for innovation and digital start-ups. Thanks to digital tools (such as social networks, the digital customer experience and databases) developed in collaboration with Carrefour group teams, multi-channel pilot projects have been run in numerous areas, including customer relationship management (CRM) and data; relational, local and cross-channel marketing; new concepts and new businesses.

The Group does not hold any patents and therefore considers that it is not dependent on any trademarks, patents or licences for the conduct of its business or for its profitability.

### 5.7.2 Intellectual property

The Group's intellectual property rights consist mainly of rights to distinctive signs such as trademarks or domain names, in particular the semi-figurative "Carmila" EU brand, the figurative "M logo" brands, the semi-figurative "Cité Europe" brands, and domain names featuring "Carmila" for example. These intellectual property rights are registered, or are being registered, in the countries where they are used by the Group, in order to protect them in a manner appropriate to the activities concerned.

These rights are mainly held by Carmila and, for certain distinctive brands, used only in connection with the activity of a shopping centre by the entity of the Group managing that shopping centre.


# 6. Corporate governance

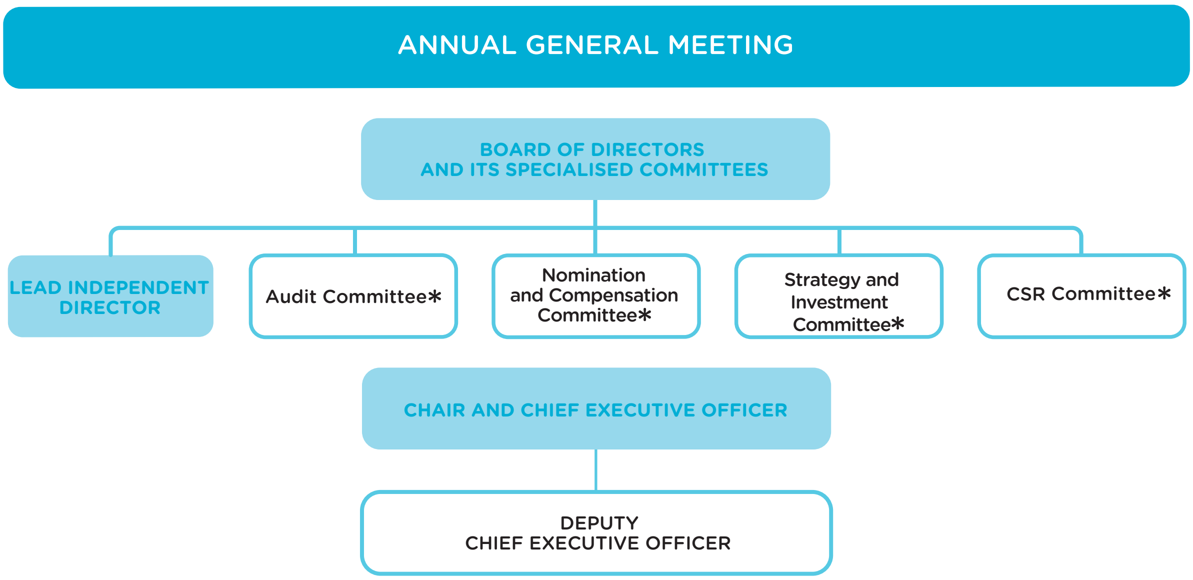
Cardety and Carmila SAS each held an Extraordinary General Meeting on 12 June 2017, at which their shareholders approved the proposed merger of the two companies, resulting in Carmila being merged into Cardety (hereinafter the "**Merger**"). The new entity was renamed "Carmila". The Company's governance has thus evolved to factor in the size of the new entity and the regulations applicable to listed companies.

The operating rules of the corporate governance bodies are governed by the relevant legal provisions, the Company's By-laws and the Rules of Procedure established by the Board of Directors.

In particular, the Rules of Procedure specify the procedures for meetings of the Board of Directors, the powers of the Board of Directors supplemental to the legal and statutory provisions applicable to the Company and, additionally, they cover the creation of the roles and assignments of the various Committees of the Board of Directors. The Board of Directors ensures that the Rules of Procedure are submitted for regular review so that they may be adapted to incorporate changes in corporate governance rules and best practice.

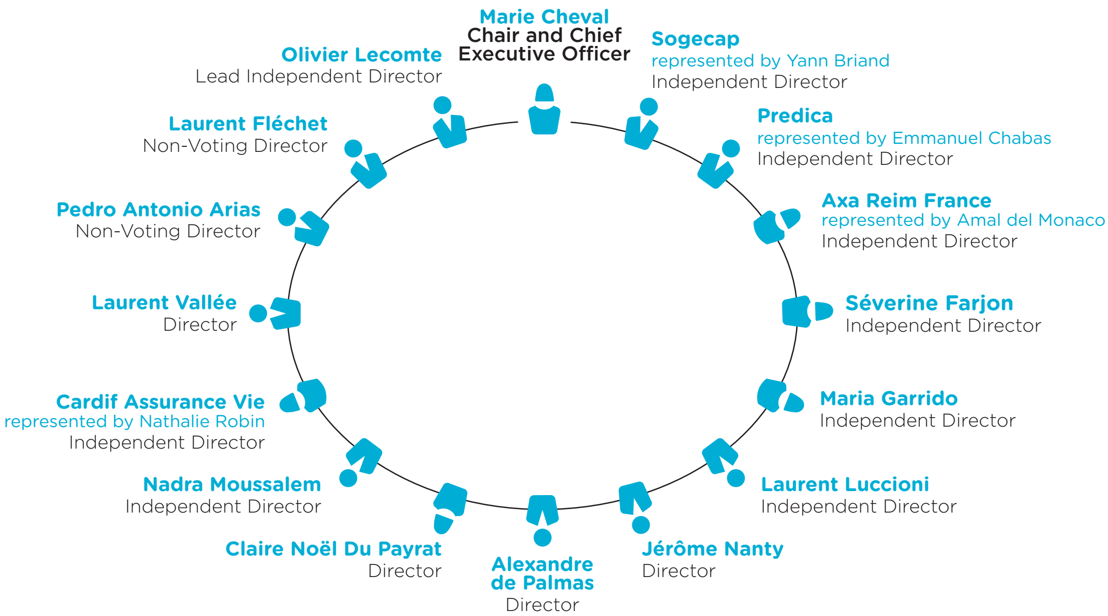
The Company refers to the AFEP-MEDEF Code of Corporate Governance (AFEP-MEDEF Code), as revised in January 2020. The AFEP-MEDEF Code may be consulted at the Company's registered office and on the MEDEF and AFEP websites at www.medef.com and www.afep.com, respectively.

### CORPORATE GOVERNANCE STRUCTURE




* The Committee is chaired by an independent Director.

### MEMBERSHIP OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2020



# 6.1 Carmila's corporate governance

## 6.1.1 Executive Management team

### 6.1.1.1 Executive Management structure

#### Changes in Carmila's Executive Management in 2020

In accordance with Article 14 of the Company's By-laws, the Company's Executive Management methods are determined by the Board of Directors.

At its meeting of 12 June 2017, the Board of Directors decided not to maintain the separation of the duties of the Chairman of the Board of Directors from those of the Chief Executive Officer, as had been the case up until that time, in order to give priority to the efficiency of the decision making-process within the Company and to strengthen corporate cohesion.

At the Board of Directors' meeting on 15 June 2020, Alexandre de Palmas, Chairman and Chief Executive Officer of Carmila, notified the Board of Directors of his decision to accept the position of Executive Director of Carrefour Spain from 1 July 2020. On the recommendation of the Nomination and Compensation Committee, the Board of Directors carried out a selection process to replace Alexandre de Palmas and, at its meeting of 2 November 2020, appointed Marie Cheval as Chair and Chief Executive Officer of Carmila with effect from 3 November 2020.

Marie Cheval resigned from her previous position as Executive Director in charge of Hypermarkets and Financial Services with the Carrefour group in order to devote her entire time to her new position with Carmila. Unlike her predecessors therefore, who were seconded by Carrefour as Chairman and Chief Executive Officer of Carmila for 50% of their time, Marie Cheval is now a full-time corporate officer and her compensation is borne in full by the Company.

At Marie Cheval's proposal, at its meeting of 26 November 2020 the Board of Directors also appointed Sébastien Vanhoove as Deputy Chief Executive Officer for the remainder of Marie Cheval's term of office, i.e., until the Annual General Meeting held to approve the financial statements for the year ending 31 December 2023. At the meeting, the Board of Directors duly acknowledged the departure of Géry Robert-Ambroix, who was also Deputy Chief Executive Officer under Alexandre de Palmas. The Board also decided to reinforce the powers of the Lead Independent Director, whose role and powers are described in section 6.1.3.2 "Rules of Procedure and main work of the Board of Directors", of this Universal Registration Document.

#### Executive Management team

**MARIE CHEVAL – CHAIR AND CHIEF EXECUTIVE OFFICER**

Marie Cheval is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). In 1999, she joined the French General Inspectorate of Finance. From 2002 to 2011, she held a number of positions with the La Poste group: Director of Financial Services Strategy for La Poste and later for La Banque Postale. Also at La Banque Postale, she was Marketing and Sales Director (2006-2009) and Director of Operations (2009-2011). In 2011, Marie Cheval joined the Société Générale group as Director of Global Transactions and Payment Services. She was appointed Chief Executive Officer of Boursorama in 2013. On 2 October 2017, Marie Cheval joined the Carrefour group as Executive Director, Customers, Services and Digital Transformation, before becoming Executive Director, Hypermarkets France and Group Financial Services in September 2018.

Marie Cheval, a Director of Carmila since 2017, was appointed Chair and Chief Executive Officer by the Board of Directors on 2 November 2020 to replace Alexandre de Palmas.

**SÉBASTIEN VANHOOVE – DEPUTY CHIEF EXECUTIVE OFFICER**

Sébastien Vanhoove has a Master of Advanced Studies in Corporate Law from the University of Lille and a Masters in Advanced Business Administration from IAE Caen. He began his career as in-house counsel then head of legal at Immochan and Gesceco, then Immobilière Carrefour. He went on to join A2C, part of the SNCF group, where, between 2003 and 2013, he held the positions of a Legal and Rental Management Director, Chief Operations Officer then Deputy Chief Executive Officer, responsible for introducing and implementing the policy to enhance commercial areas tailored to each type of station. In 2014, he joined Carrefour Property France where he held the position of Chief Operational Officer, then Deputy Chief Executive Officer. He has been Chief Executive Officer of Carrefour Property France since November 2017 and is responsible for managing employees, the operational management of all projects and the management of sites, defining and implementing development, expansion and restructuring projects and, since October 2019, the operational management of Carrefour Property Spain and Italy. In August 2018, Sébastien Vanhoove was appointed Deputy Chief Executive Officer of Carmila.

His appointment was confirmed on 26 June 2019 when Alexandre de Palmas was appointed Chairman and Chief Executive Officer, and then by Marie Cheval upon her appointment on 2 November 2020.

### 6.1.1.2 Executive Management powers

#### Decisions requiring the prior authorisation of the Board of Directors

Pursuant to the Board's Rules of Procedure and without prejudice to the applicable laws and regulations, none of the following decisions (or the principal elements of such decisions) may be validly taken without prior approval by the Board through a simple majority of the votes of the Directors present or represented at the relevant meeting:

**(i)** any transaction or agreement likely to affect the business strategy of the Company and its Subsidiaries, the scope of their activity or their tax treatment;

**(ii)** any transaction that affects the share capital of the Company or of one of its Subsidiaries, immediately or in the future, (such as a merger, spin-off, partial contribution of assets, capital increase, capital reduction, issue of securities giving access to the share capital of the Company or one of its Subsidiaries, etc.), unless it concerns an intra-Group transaction;

**(iii)** the approval of the annual budget of the Company and its Subsidiaries (including the income statement, balance sheet, annual financing plan and annual investment plan (capex);

**(iv)** any transaction or commitment with a value greater than €15 million, in particular:

- any proposed transfer (in the form of a contribution, exchange, acquisition or sale) of real estate or tangible assets or rights, debt claims, leasehold rights or intangible assets by the Company or one of its Subsidiaries (the €15 million threshold calculated on the basis of asset value excluding transfer taxes and duties),
- any proposed total or partial transfer (in the form of a subscription, contribution, exchange, acquisition or sale) of securities or intangible assets of any group or company, in law or in fact, by the Company or one of its Subsidiaries,
- any proposed investment (capex) on the part of the Company and/or the Subsidiaries relating to its or their real estate assets (including expansion and renovation plans), and
- any proposed transaction and any settlement with respect to the Company or one of its Subsidiaries in connection with a dispute or other litigation.

The prior authorisation mentioned in this paragraph (iv) does not apply to intra-Group transactions;

**(v)** any proposal involving the granting by the Company or one of its Subsidiaries of a loan, cash advance or advance on a current account to a person or entity that is not a Subsidiary exceeding a total combined annual threshold for the Company and its Subsidiaries of €5 million for all loans and advances granted;

**(vi)** the subscription of any debt by the Company and its Subsidiaries, including by issuing debt securities (except for intra-group advances granted by the Company to the Subsidiaries), any refinancing or any extension, renewal or modification of existing financial indebtedness, in each case, for an amount greater than or equal to €200 million per transaction, with the Chief Executive Officer reporting transactions below this threshold to the Board;

**(vii)** the granting of guarantees, pledges, undertakings, security interests or liens by the Company or its Subsidiaries (i) to third parties for an annual amount greater than or equal to €500,000 per undertaking and in excess of a total combined annual amount of €5 million for the Company and its Subsidiaries, and (ii) to Subsidiaries for an annual amount greater than or equal to €10 million per undertaking and in excess of a total combined annual amount of €100 million for the Company and its Subsidiaries;

**(viii)** the creation or substantial modification of the general framework and financing conditions for services relating to lease management, asset management, shopping centre management, marketing or Specialty Leasing of real estate assets held by the Company and its Subsidiaries in cases where such activities are part of an agreement with a Reference Shareholder (defined as any entity having a significant direct or indirect influence on the Company) and/or any Affiliate of such Reference Shareholder and the early termination or the renewal of such agreements (the conclusion or amendment of these agreements need not be submitted to the Board, provided that they comply with the general framework and financial conditions approved by the Board, such that they constitute contracts entered into under the general framework previously approved by the Board). The directors of the Reference Shareholder (other than the Chairman) will not vote on these decisions; and

**(ix)** the conclusion, significant amendment, early termination or renewal of any agreement mentioned below between the Company and/or one of its Subsidiaries and a Reference Shareholder and/or any Affiliate of such Reference Shareholder:

a. the Renovation and Development Agreement,
b. any agreement relating to the provision of administrative or accounting services for an amount, per contract, exceeding the sum of €200,000, excluding tax, per year,
c. any agreement relating to the granting of loans, advances, guarantees, pledges, undertakings, security interests or liens in favour of a Reference Shareholder and/or any Affiliate of such Reference Shareholder,
d. any agreement relating to the transfer (in the form of a contribution, exchange, acquisition or sale) of real property or tangible assets, securities or transferable securities or intangible assets in an amount individually exceeding €2 million (excluding transfer taxes and duties), or
e. any other agreement in respect of which the total amount to be paid exceeds €2 million, excluding tax, per year, other than (a) agreements concluded or transactions carried out pursuant to the Renovation and Development Agreement and/or the above-mentioned agreements and (b) agreements entered into in the normal course of business (the normal course of business being deemed to include maintenance, renovation and development work related to real estate assets held by the Company and its Subsidiaries).

The directors representing the Reference Shareholder do not vote on these decisions, and

For the purposes of the foregoing:

**(i)** "Affiliate" means, with regard to a person, any entity that directly or indirectly, through one or several entities, controls such person, is controlled by such person, or is under the same control as such person;

**(ii)** "Control" means, with regard to a person, directly or indirectly holding at least fifty per cent (50%) of the capital and voting rights of such person; and

**(iii)** "Subsidiary" means, at any time, any entity directly or indirectly controlled by the Company.

#### 6.1.1.3 Implementation of a gender diversity policy within the governance bodies

Carmila's Executive Management has always paid close attention to the diversity of profiles recruited and to an appropriate gender balance within its supervisory bodies.

The diversity policy informs all human resources decisions, from the recruitment process to succession planning, and seeks to ensure appropriate diversity not only in terms of gender but also of age, nationality and professional background.

Since signing a Diversity Charter on 28 September 2018, Carmila has developed partnerships with recruitment firms focusing on diversity in particular. A Responsible Recruitment Charter will be signed in 2021 to ensure strict compliance with anti-discrimination rules when recruiting new staff.

In compliance with the recommendations of the AFEP-MEDEF Code, Carmila's Executive Management proposed diversity targets as well as an action plan to the Board of Directors at its meetings of 2 April 2020 and then 26 March 2021.

The workplace equality index is taken into account in the performance criteria for Carmila's 2020 preference share plan and 2021 free share plan.

Following an audit in France and Spain, a joint working group comprising Management members and staff representatives was set up in 2019 to draw up an action plan to encourage gender equality within the Company. In 2020, the Social and Economic Committee set up a Gender Equality Committee, which has made proposals for improving gender equality at Carmila across all job grades.

In parallel, the Human Resources Department, in collaboration with Carmila's CSR Department, defined objectives with performance indicators, enabling them to implement concrete actions to achieve gender balance within the governing bodies.

Under the action plan presented to the Board of Directors in 2019, the Group organised 2020 Career Committee meetings to identify Carmila's top and promising talents. At these meetings, special attention was paid to women identified as highly promising and their career development plans, so that they can aspire to senior management positions where possible. A gender pay gap analysis is performed each year across the Group and the Executive Committee informed of the outcome.

Carmila encourages its female staff to take part in the "Carrefour Elles" programme run by the Human Resources Department, which has committed to increasing the number of participants in the next session.

Group Management is also committed to setting up a training program specifically oriented towards leadership, mindfulness, public speaking and stress management, for women identified as highly promising.

Lastly, members of the Executive Committee and managers will be given awareness sessions on unconscious biases.

A new gender equality agreement will be negotiated with the employee representative bodies by 2022.

## 6.1.2 The Board of Directors and its Committees

#### 6.1.2.1 Membership of the Board of Directors and its Committees at 31 December 2020

The Board of Directors must have at least three and at most eighteen members, in accordance with the By-laws in force. At 31 December 2020, the Board of Directors was made up of 14 Directors, including one Lead Independent Director and two Non-Voting Directors.

The duration of a Director's term of office is four years, however, it should be noted that the Annual General Meeting may designate one or several Directors for a different duration not exceeding four years so that the Board of Directors may be renewed each year on a staggered basis, in accordance with the recommendations of the AFEP-MEDEF Code.

The table below shows the membership of the Company's Board of Directors as of 31 December 2020:

| Member of the Board of Directors | Gender | Nationality | Age | Indepen-dence | First appointed | Start of current term | End of term[1] | Length of service on the Board | Number of shares held | Member-ship of Committees |
|---|---|---|---|---|---|---|---|---|---|---|
| **Marie Cheval**<br>Chair and Chief Executive Officer | F | France | 46 | No | 03/10/2017 | 03/10/2017 | 31/12/2023 | 39 months | 5,500 | SICCSRC[2] |
| **Olivier Lecomte**<br>Lead Independent Director | M | France | 55 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2023 | 42 months | 1,063 | AC (Chairman) NCC |
| **Sogecap**<br>(represented by Yann Briand) Director | M | France | 46 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | 8,466,304 | AC |
| **Predica**<br>(represented by Emmanuel Chabas) Director | M | France | 44 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | 13,708,493 | SIC |
| **Axa Reim France**<br>(represented by Amal del Monaco) Director | F | Spain | 47 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | 6,101,679 | NCC |
| **Séverine Farjon**<br>Director | F | France | 46 | Yes | 12/06/2017 | 16/05/2019 | 31/12/2022 | 42 months | 1,000 | NCC (Chair) CSRC (Chair)[3] |
| **Maria Garrido**<br>Director | F | Spain | 47 | Yes | 16/05/2018 | 16/05/2018 | 31/12/2021 | 31 months | 1,000 | ACCSRC[3] |
| **Laurent Luccioni**<br>Director | M | France | 49 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2023 | 42 months | 1,522 | – |
| **Jérôme Nanty**<br>Director | M | France | 59 | No | 03/04/2019 | 16/05/2019 | 31/12/2022 | 24 months | 1,000 | NCCSIC[2] |
| **Alexandre de Palmas**<br>Director | M | France | 46 | No | 26/06/2019 | 01/07/2019 | 31/12/2020 | 18 months | 11,132 | CSRC |
| **Claire Noël du Payrat**<br>Director | F | France | 52 | No | 24/10/2018 | 16/05/2019 | 31/12/2022 | 26 months | 1,000 | AC |
| **Nadra Moussalem**<br>Director | M | France | 44 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2023 | 42 months | 1,000 | SIC |
| **Cardif Assurance Vie**<br>(represented by Nathalie Robin) Director | F | France | 58 | Yes | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | 12,605,243 | SIC (Chair) CSRC[3] |
| **Laurent Vallée**<br>Director | M | France | 50 | No | 04/09/2017 | 04/09/2017 | 31/12/2023 | 40 months | 1,000 | SIC NCC CSRC[3] |
| **Pedro Antonio Arias**<br>Non-Voting Director | M | France | 50 | - | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | - | - |
| **Laurent Fléchet**<br>Non-Voting Director | M | France | 55 | - | 12/06/2017 | 12/06/2017 | 31/12/2020 | 42 months | - | - |

*AC: Audit Committee.*
*NCC: Nomination and Compensation Committee.*
*SIC: Strategy and Investment Committee.*
*CSRC: CSR Committee.*
*(1) Annual General Meeting called to approve the financial statements for the financial year then ended.*
*(2) Member since the Board meeting held on 26 November 2020.*
*(3) Member since the creation of the CSR Committee at the Board meeting held on 2 April 2020.*

### 6.1.2.2 Changes in the membership of the Board of Directors and its Committees during 2020

Changes in the membership of the Board of Directors and its Committees during 2020 are set out below.

| | Departures | Appointments/co-optations | Renewals |
|---|---|---|---|
| **Board of Directors** | - | - | Olivier Lecomte<br>Marie Cheval<br>Laurent Luccioni<br>Nadra Moussalem<br>Laurent Vallée |
| **Audit Committee** | - | - | - |
| **Strategy and Investment Committee** | Alexandre de Palmas | Jérôme Nanty | - |
| **Nomination and Compensation Committee** | - | - | - |
| **CSR Committee** | - | Séverine Farjon<br>Nathalie Robin<br>Laurent Vallée<br>Maria Garrido<br>Alexandre de Palmas<br>Marie Cheval | - |

#### Changes in the membership of the Board of Directors during 2020

At its meeting on 26 June 2019, on the recommendation of the Nomination and Compensation Committee, the Board of Directors appointed Alexandre de Palmas as Chief Executive Officer of the Company following his co-optation as Director to replace Jacques Ehrmann. Alexandre de Palmas' term of office began on 1 July 2019, to cover the remaining term of Jacques Ehrmann, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020. The Annual General Meeting of 29 June 2020 approved the co-optation of Alexandre de Palmas as a Director to replace Jacques Ehrmann for the remainder of his term of office, i.e., until the Annual General Meeting called to approve the financial statements for the year ended 31 December 2020. At that meeting, Marie Cheval, Olivier Lecomte, Laurent Luccioni, Nadra Moussalem and Laurent Vallée were also re-appointed as Directors for a four-year term, i.e., until the Annual General Meeting held to approve the financial statements for the year ending 31 December 2023.

On 15 June 2020, following his appointment as Carrefour group's Executive Director Spain, Alexandre de Palmas announced his departure to Spain. Other Directors were invited to attend meetings of the Nomination and Compensation Committee at which his succession was discussed. On a recommendation of the Nomination and Compensation Committee, the Board of Directors appointed Marie Cheval, a Director, as Chair and Chief Executive Officer on 2 November 2020.

On 26 November 2020, the Board of Directors appointed Sébastien Vanhoove as Deputy Chief Executive Officer and duly acknowledged the termination of Géry Robert-Ambroix's term of office as Deputy Chief Executive Officer.

At its meeting of 26 March 2021, the Board of Directors decided to propose to the Annual General Meeting:

- the appointment as Director of Elodie Perthuisot;
- the renewal of the terms of office of three Directors that are due to expire at the end of the Annual General Meeting called to approve the 2020 financial statements, namely Sogecap (represented by Yann Briand), Predica Prévoyance Dialogue du Crédit Agricole (represented by Emmanuel Chabas) and Cardif Assurance Vie (represented by Nathalie Robin);
- the expiry of the terms of office of Alexandre de Palmas and of Axa Reim France (represented by Amal del Monaco);
- the expiry of the terms of office as Non-Voting Directors of Laurent Fléchet and Pédro Arias and the decision not to replace them.

Subject to the Annual General Meeting's approval of the above resolutions, the Company's Board of Directors will have 13 members.

#### Changes in the membership of the Board of Directors' specialised Committees during 2020

At its meeting of 2 April 2020, the Board of Directors decided to create a CSR Committee comprising five members: Séverine Farjon (Chair), Maria Garrido, Nathalie Robin, Laurent Vallée and Alexandre de Palmas. The CSR Committee's duties are described in section 6.1.3.3 "Board of Director's specialised Committees" of this Universal Registration Document.

At its meeting on 26 November 2020, the Board of Directors appointed Jérôme Nanty as a member of the Strategy and Investment Committee to replace Alexandre de Palmas. It also amended the CSR Committee's Rules of Procedure to expand its membership to a maximum of six and appointed Marie Cheval as a member of the Committee.

At its meeting of 26 March 2021, on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to appoint Laurent Luccioni, a member of the Nomination and Compensation Committee, to replace Amal del Monaco, the permanent representative of Axa Reim France, whose term of office is due to expire at the end of the Annual General Meeting called to approve the 2020 financial statements.

### 6.1.2.3 Board diversity, gender balance and complementary skill sets

#### A Board membership reflecting the shareholder structure

At 31 December 2020, the Board of Directors had 16 members, including 14 Directors and two Non-Voting Directors:

- Chair and Chief Executive Officer: Marie Cheval;
- nine Independent Directors, four of whom are permanent representatives of institutional shareholders: Yann Briand, permanent representative of Sogecap; Emmanuel Chabas, permanent representative of Predica; Nathalie Robin, permanent representative of Cardif Assurance Vie; Amal del Monaco, permanent representative of Axa Reim; Séverine Farjon; Maria Garrido; Laurent Luccioni; Nadra Moussalem; Olivier Lecomte, Lead Independent Director;
- four Directors representing the Reference Shareholder, Carrefour: Claire Noël Du Payrat, Laurent Vallée, Jérôme Nanty and Alexandre de Palmas;
- two Non-Voting Directors: Laurent Fléchet and Pedro Arias.

A breakdown of Carmila's ownership structure at 31 December 2020 can be found in Chapter 8 of this document.

#### A Board comprising a majority of Independent Directors

Under the Rules of Procedure of the Board of Directors, it is the Board's responsibility to carry out an annual review of the independence of each of its Directors, based on the recommendations of the Nomination and Compensation Committee.

According to the AFEP-MEDEF Code, Directors are independent if they have no relationship of any kind with the Company, its Group or its Management that could compromise their freedom of judgement. Thus, an Independent Director must not only be a non-executive Director, i.e., one not performing any management duties within the Company or its Group, but must also be free of any particular vested interest (as a significant shareholder, employee, or otherwise) in the Company or its Group.

The Board of Directors referred to the following criteria in the AFEP-MEDEF Code in determining a Director's independence:

- an Independent Director must not be, or must not have been, over the past five years:
  - an employee or executive corporate officer of Carmila,
  - an employee, executive corporate officer or director of a company that is consolidated by Carmila,
  - an employee, executive corporate officer or director of Carmila's parent company or a company that is consolidated by the latter,
  - an executive corporate officer of a company in which Carmila directly or indirectly holds a directorship or in which an employee appointed as such or an executive corporate officer of Carmila (currently in office or having held such office over the past five years) is a director;
- must not be a customer, supplier, investment banker, commercial banker or advisor:
  - that is material for Carmila or its group, or for which Carmila or its group represents a significant proportion of business;
- must not be related by close family ties to a corporate officer;
- must not have been a Statutory Auditor of Carmila over the past five years;
- must not have been a Director of Carmila for more than 12 years;
- must not have received, as a non-executive corporate officer, variable compensation in cash or securities or any compensation linked to the performance of Carmila;
- must not represent major shareholders of Carmila or its parent company. Directors representing main shareholders of Carmila or its parent company may be regarded as independent if the relevant shareholder does not exercise control over Carmila. However, beyond a threshold of 10% of the share capital or voting rights, the Board of Directors will, on the recommendation of the Nomination and Compensation Committee, systematically review the Director's independence taking into account the Company's ownership structure and the existence of any potential conflicts of interest.

Several criteria were used to determine the materiality of business relationships: the precedence and history of the contractual relationship between the Carmila Group and the group within which a Company Director holds a corporate office or has executive duties; the existence of arm's length conditions in the contractual relationship; the absence of economic dependence or exclusivity; and the non-material nature of the proportion of sales resulting from business relationships between the group concerned and the Carmila Group.

In accordance with the Board of Directors' Rules of Procedure, Directors express their opinions freely and commit to preserving in all circumstances their independence of analysis, judgement, decision-making and actions. They also undertake to reject any pressure, whether direct or indirect, that could be exerted upon them from other Directors, specific groups of shareholders, creditors, suppliers or any other third party. Each Director shall refrain from seeking or accepting from the Company or its affiliates, directly or indirectly, any advantages that could be considered likely to compromise his or her independence.

On the recommendation of the Nomination and Compensation Committee, on 26 March 2021 the Board of Directors carried out an annual review of the independence of its directors.

With respect to the criteria defined under the AFEP-MEDEF Code, it considered that Nathalie Robin (permanent representative of Cardif Assurance Vie), Yann Briand (permanent representative of Sogecap), Emmanuel Chabas (permanent representative of Predica), Amal Del Monaco (permanent representative of AXA REIM France) and any legal entities of which they are permanent representatives, as well as Séverine Farjon, Maria Garrido, Olivier Lecomte, Nadra Moussalem and Laurent Luccion, are independent directors.

Having heard the opinion of Carmila's Nomination and Compensation Committee, the Board of Directors considered that the fact that Directors represent certain shareholders (i.e., Axa Reim France, Cardif Assurance Vie, Predica and Sogecap, directly or through other entities of their group) does not affect their independence. In particular, in this respect the Board noted the lack of control of the Company by them, the status of these shareholders as institutional investors, the absence of a significant business relationship and the absence of a potential conflict of interest.

The Company's Board of Directors thus has nine members out of a total of 14 who qualify as independent under the criteria adopted by the Company, i.e., 64.28%, in line with the recommendations of the AFEP-MEDEF Code.

Details concerning the situation of each of the Company's Directors in terms of the independence criteria of the AFEP-MEDEF Code, are set forth below.

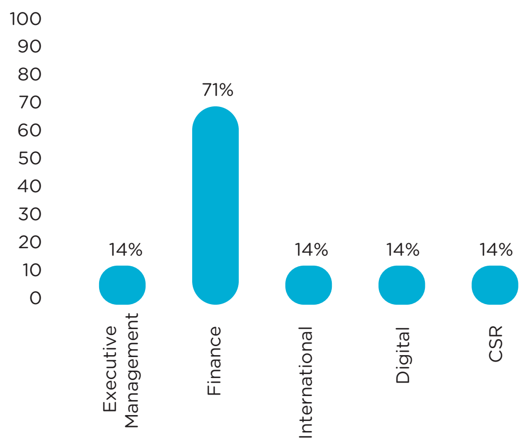
| | Marie Cheval | Olivier Lecomte | Sogecap (rep. by Yann Briand) | Predica (rep. by Emmanuel Chabas) | AXA REIM France (rep. by Amal del Monaco) | Séverine Farjon | Maria Garrido | Laurent Luccioni | Nadra Moussalem | Jérôme Nanty | Claire Noël du Payrat | Alexandre de Palmas | Cardif Assurance Vie (rep. by Nathalie Robin) | Laurent Vallée |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Criterion 1:** Employee and/or corporate officer in the past five years | X | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 2:** Cross-directorships | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 3:** Significant business relationships | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 4:** Family ties | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 5:** Statutory Auditors | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 6:** In office for more than 12 years | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 7:** Non-executive corporate officer | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| **Criterion 8:** Main shareholder | X | √ | √ | √ | √ | √ | √ | √ | √ | X | X | X | √ | X |
| **Independence** | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No | No | Yes | No |

### Gender balance within the Board

Carmila's Board of Directors comprises fourteen members, six of whom are women (43%), which is above the applicable legal requirements. As of 31 December 2020, each Committee has two women among its members and three of the four Committees are chaired by women. On the recommendation of the Nomination and Compensation Committee, the Board of Directors created a CSR Committee at its meeting of 2 April 2020. The Committee has had six members since the Board meeting of 26 November 2020, four of whom are women.

### Broad, cross-cutting and complementary skills

The Board of Directors boasts a broad array of skills through its highly experienced members who have proven expertise in property, asset management, finance, legal, human resources, digital marketing, distribution, economic research and CSR:




### Implementation of a diversity policy

On the recommendations of the Nomination and Compensation Committee, at its meeting of 26 March 2021, the Board of Directors analysed its membership and procedures so as to ensure a balance in terms of the diversity of skills, professional experience, representation of each sex and age of Directors as required by law. In accordance with the AFEP-MEDEF Code, the Board expressed its position on the diversity policy applied to the members of the Board.

The diversity policy applied by the Board of Directors aims to ensure a membership that reflects the Company's stakeholders (partner networks, shareholders) but also to ensure a good balance and fair distribution of experience, qualifications, cultures, ages, nationalities and seniority, in line with the Company's needs.

## 6.1.2.4 Biographies of Directors

Under the Company's Rules of Procedure, acceptance of a position as Director requires an undertaking to comply with the ethics rules set out in the AFEP-MEDEF Code and, in particular, not to take on more than four other directorships in listed companies, including foreign ones, outside the Group.

Each Director must (i) prior to their appointment, provide the Chairman of the Board with a complete and detailed list of directorships or other posts held with any other companies and (ii) immediately inform the Chairman of the Board of any modification to the aforesaid list that may take place during their term of office.

The Board of Directors has not been asked by an executive corporate officer to approve a new corporate office in a listed company in the course of the financial year.

The main directorships and positions held by the aforesaid Directors of Carmila, during the last five years, are as follows:

**Date of birth:**
15 September 1974

**Nationality:** French

**Number of Company shares owned:** 5,500

**Date of appointment to the Board of Directors:**
3 October 2017

**Term of office expires:**
Annual General Meeting called to approve the financial statements for the year ending 31 December 2023

## Marie Cheval

### MAIN POSITIONS IN THE COMPANY

Chair and Chief Executive Officer
Member of the Strategy and Investment Committee and the CSR Committee

**Years in office:** 3 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Marie Cheval is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). In 1999, she joined the Inspectorate General of Finances. From 2002 to 2011, she held a number of positions with the La Poste group: Director of Financial Services Strategy for La Poste and later for La Banque Postale. Also at La Banque Postale, she was Marketing and Sales Director (2006-2009) and Director of Operations (2009-2011). In 2011, Marie Cheval joined the Société Générale group as Director of Global Transactions and Payment Services. She was appointed Chief Executive Officer of Boursorama in 2013. On 2 October 2017, Marie Cheval joined the Carrefour group as Executive Director, Customers, Services and Digital Transformation, before becoming Executive Director, Hypermarkets for France and Financial Services for the Group in September 2018.

Marie Cheval, a Director of Carmila since 2017, was appointed Chair and Chief Executive Officer by the Board of Directors on 2 November 2020 to replace Alexandre de Palmas.

### MAIN POSITIONS OUTSIDE THE COMPANY

None.

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Member of the Advisory Board, member of the Audit Committee and member of the Strategy Committee of Laurent Perrier (France)
- Vice-Chair of the Supervisory Board and Chair of the Appointments Committee of M6 group (France)

**Non-listed companies**

- Director of Carrefour Banque

**Offices and positions held and expired over the past five years:**

- Director of FNAC Darty (France)
- Director of SRP Groupe (France)
- Director of Boursorama
- Director of Sogecap
- Chair of the Supervisory Board of OnVista Bank GmbH
- Member of the Supervisory Board of OnVista (Holding) AG
- Chair of the Board of Directors of SelfBank
- Chair of the Board of Directors of Talos Holding
- Chair of Carrefour Omnical
- Chair of Digital Media Shopper
- Director of Market Pay

**Date of birth:** 7 August 1965
**Nationality:** French
**Number of Company shares owned:** 1,063
**Date of appointment to the Board of Directors:**
12 June 2017
**Term of office expires:**
Annual General Meeting called to approve the financial statements for the year ending 31 December 2023

## Olivier Lecomte

### MAIN POSITIONS IN THE COMPANY

Lead Independent Director
Chairman of the Audit Committee and member of the Nomination and Compensation Committee

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Olivier Lecomte graduated from the École centrale Paris. He began his career as an investment banker in London and Paris, first with Société Générale and then Demachy, Worms & Cie. He went on to join the Unibail group where, from 1994 to 2002, he successively held the positions of Director of Development, Chair of Espace Expansion then Deputy Chief Executive Officer of the group with responsibility for the Shopping Centres and Conventions and Exhibitions divisions. From 2010 to 2014, he presided over the Laboratoire Paris-Région Innovation (Paris Lab). He is also a director of the Paris & Co association. He is joint founder of a biotech start-up, Theravectys (a spin-off of the Pasteur Institute), Director of S.A. Ingénieurs de l'École Centrale des Arts et Manufactures, member of the Supervisory Committee and the Unit overseeing serious adverse reactions at the Robert-Debré Hospital, member of the Steering Committee of the integrated cancer research site (SIRIC) at the Institut Gustave Roussy, and a member of the Steering Committee of "Bloc OPératoire Augmenté" AP-HP/Institut Mines-Telecom, and, since 2003, a professor at l'École centrale Paris.

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

Orpea (ORP – FR0000184798 / Paris).

**Non-listed companies**

- Director of SA Ingénieurs de l'École centrale des Arts et Manufactures
- Professor at l'École centrale de Paris (CentraleSupélec)
- Member of the Supervisory Committee and of the Unit overseeing serious adverse reactions at the Robert-Debré Hospital
- Member of the Steering Committee of SIRIC, SOCRATE/Institut Gustave Roussy
- Member of the Steering Committee of the "Bloc OPératoire Augmenté" (BOPA) innovation chair, AP-HP/Institut Mines-Telecom
- Director of the charity "Au chœur de la ville, la clé des champs"

**Offices and positions held and expired over the past five years:**

- Director of the charity Paris & Co.
- Director of Carmila SAS
- Chairman of Le Laboratoire Paris Region Innovation (Paris Lab)

## Yann Briand, representative of Sogecap

**MAIN POSITIONS IN THE COMPANY**

Director
Member of the Audit Committee

**Years in office:** 3.5 years

**Date of birth:** 31 May 1974
**Nationality:** French
**Number of Company shares owned:** 8,466,304
**Date of appointment to the Board of Directors:** 12 June 2017
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ended 31 December 2020

**MAIN AREAS OF EXPERTISE AND EXPERIENCE**

Yann Briand holds a Master's degree in Urban Planning and Management (Paris IV) and a post-graduate degree in Corporate Real Estate (Paris I). Since 1999, he has worked at Arthur Andersen, General Electric, Catella and Société Générale in investments, expert advice and consulting. Since 2014, he has been Real Estate Director of Sogecap in charge of investment activities and asset management.

**MAIN POSITIONS OUTSIDE THE COMPANY**

Real Estate Director of Sogecap

**MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS**

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Permanent representative of Sogecap, Director of Covivio Hôtels (France)
- Permanent representative of Sogecap, director and Chairman of the Nominations and Remuneration Committee and member of the Investment Committee of Frey (France)

**Non-listed companies**

- Permanent representative of Sogecap, Director of BG 1 SA (Luxembourg)
- Chief Executive Officer of Sogecap Real Estate
- Legal manager of SCI SGI Resiparis
- Director of Oradea Vie (France)
- Director of Sogelife (Luxembourg)
- Director of Marocaine Vie (Morocco)
- Director of SPPICAV Oteli (France)
- Director of the Strategic Investment Fund (France)
- Director of SAS Orientex Holdings (France)
- Director of UIB Assurance
- Chairman of SGI Holdings SIS (France)
- Legal manager of real estate investment companies Sogevimmo, Pierre Patrimoine, Sogepierre, SGI Immo 1, SGI Healthcare, SGI Immo 3, SGA Immo 5, SGA 45-56 Desmoulins, SGI 1-5 Astorg, SGI 10-16 Ville l'Evèque, SGI Caen, SGI Villette, SGI Visitation, SGI Kosmo, 89 Grande Armée, Massy 30 avenue Carnot et 83-85 Grande Armée

**Offices and positions held and expired over the past five years:**

- Director of Carmila SAS
- Director of Sogecap Liban (Lebanon)
- Legal manager of SCI Château Mazeyres Pomerol

Date of birth:
8 December 1976

Nationality: French

Number of Company shares owned: 13,708,493

Date of appointment to the Board of Directors:
12 June 2017

Term of office expires:
Annual General Meeting called to approve the financial statements for the year ended 31 December 2020

## Emmanuel Chabas, representative of Predica

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Strategy and Investment Committee

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Emmanuel Chabas holds a degree from the ESSEC. He began his career in internal controls management and internal audit at BNP Paribas in 2001. He then joined BNP Paribas Cardif in 2006 as manager of real estate acquisitions. Since September 2015, he has been Manager of Real Estate Investments at Crédit Agricole Assurances.

### MAIN POSITIONS OUTSIDE THE COMPANY

Head of Real Estate Investment at Crédit Agricole Assurances

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Member of the Supervisory Board of Covivio Hôtels (France)
- Non-voting director on the Supervisory Board of Argan (France)
- Member of the Board of Directors and the Appointments and Remunerations Committee of Icade (France)
- Member of the Supervisory Board and of the Audit Committee of Patrimoine et Commerce (France)
- Member of the Board of Directors and of the Audit Committee of AccordInvest Group (Luxembourg)

**Non-listed companies**

- Head of Real Estate Investment at Crédit Agricole Assurances
- Member of the Supervisory Board and Shareholders' Meeting of Covivio Immobilien
- Member of the Board of Directors of Central
- Member of the Board of Directors of Camp Invest OPPCI
- Member of the Board of Directors of Iris Invest OPPCI
- Chairman & Chief Executive Officer, Director and representative of Predica on the Board of Directors of Foncière Hypersud
- Director of OPPCI B2 Hotel Invest
- Member of the Supervisory Board and permanent representative of Predica on the Board of SCPI Unipierre Assurance
- Director of Météore Italy SRL
- Director of Météore Alcala
- Legal manager of SCI IMEFA 1, SCI IMEFA 2, SCI IMEFA 3, SCI IMEFA 4, SCI IMEFA 5, SCI IMEFA 6, SCI IMEFA 8, SCI IMEFA 9, SCI IMEFA 10, SCI IMEFA 11, SCI IMEFA 12, SCI IMEFA 13, SCI IMEFA 16, SCI IMEFA 17, SCI IMEFA 18, SCI IMEFA 20, SCI IMEFA 22, SCI IMEFA 25, SCI IMEFA 32, SCI IMEFA 33, SCI IMEFA 34, SCI IMEFA 35, SCI IMEFA 36, SCI IMEFA 37, SCI IMEFA 38, SCI IMEFA 39, SCI IMEFA 42, SCI IMEFA 43, SCI IMEFA 44, SCI IMEFA 45, SCI IMEFA 47, SCI IMEFA 48, SCI IMEFA 49, SCI IMEFA 50, SCI IMEFA 51, SCI IMEFA 52, SCI IMEFA 53, SCI IMEFA 54, SCI IMEFA 57, SCI IMEFA 58, SCI IMEFA 60, SCI IMEFA 61, SCI IMEFA 62, SCI IMEFA 63, SCI IMEFA 64, SCI IMEFA 66, SCI IMEFA 67, SCI IMEFA 68, SCI IMEFA 69, SCI IMEFA 72, SCI IMEFA 73, SCI IMEFA 74, SCI IMEFA 76, SCI IMEFA 77, SCI IMEFA 78, SCI IMEFA 79, SCI IMEFA 80, SCI IMEFA 81, SCI IMEFA 82, SCI IMEFA 83, SCI IMEFA 84, SCI IMEFA 85, SCI IMEFA 89, SCI IMEFA 91, SCI IMEFA 92, SCI MEFA 96, SCI IMEFA 100, SCI IMEFA 101, SCI IMEFA 102, SCI IMEFA 103, SCI IMEFA 104, SCI IMEFA 105, SCI IMEFA 107, SCI IMEFA 108, SCI IMEFA 109, SCI IMEFA 110, SCI IMEFA 112, SCI IMEFA 113, SCI IMEFA 115, SCI IMEFA 116, SCI IMEFA 117, SCI IMEFA 118, SCI IMEFA 120, SCI IMEFA 121, SCI IMEFA 122, SCI IMEFA 123, SCI IMEFA 126, SCI IMEFA 128, SCI IMEFA 129, SCI IMEFA 131, SCI IMEFA 132, SCI IMEFA 140, SCI IMEFA 148, SCI IMEFA 149, SCI IMEFA 150, SCI IMEFA 155, SCI Lyon Tony Garnier, SCI Villeurbanne La Soie Ilot H, SCI IMEFA 158, SCI IMEFA 159, SCI IMEFA 161, SCI IMEFA 162, SCI IMEFA 163, SCI IMEFA 164, SCI IMEFA 165, SCI HDP Bureaux, SCI HDP Hotel, SCI HDP La Halle, SCI IMEFA 169, SCI IMEFA 170, SCI IMEFA 171, SCI IMEFA 172, SCI IMEFA 173, SCI IMEFA 174, SCI IMEFA 175, SCI IMEFA 176, SCI IMEFA 177, SCI IMEFA 178, SCI IMEFA 179, SCI IMEFA 180, SCI IMEFA 181, SCI IMEFA 182, SCI IMEFA 183, SCI IMEFA 184, SCI IMEFA 185, SCI IMEFA 186, SCI IMEFA 187, SCI IMEFA 188, SCI IMEFA 189, SCI IMEFA 190, SCI IMEFA 192, SCI IMEFA 193, SCI IMEFA 194, SCI IMEFA 195, SCI IMEFA 196, SCI SPIRICA BOISSEAU, SCI IMEFA 198, SCI IMEFA 199, SCI IMEFA 201, SCI IMEFA 202, SCI IMEFA 203, SCI IMEFA 204, SCI IMEFA 205, SCI IMEFA 206, SCI IMEFA 207, SCI IMEFA 208, SCI IMEFA 209, SCI IMEFA 210, SCI IMEFA 211, SCI IMEFA 212, SCI Dahlia, SCI Fédérale Pereire Victoire, SCI Federlog, SCI Feder Londres, SCI Fédérale Villiers, SCI Grenier Vellefaux, SCI Medibureaux, SCI Medic Habitation, SCI Vicq d'Azir Vellefaux, SCI Vicq Neuilly, SCI Federpierre, SCI Longchamp Montevideo, SCI Federpierre Michal, SCI Ferderpierre Caulaincourt, SCI Ferderpierre Université, SCI Ferderpierre Capucines, SCI 1-3 Place Valhubert, SCI Village Victor Hugo, and SCI Porte des Lilas Frères Flaviens
- Chairman of Resico
- Chairman of CA Residence Seniors
- Chairman of the Partnership Committee of Iris Holding France
- Chairman of the Partnership Committee and member of the Board of Directors of SCI Holding Dahlia
- Chairman of SAS Holding Euromarseille
- Legal manager of SCI DS Campus
- Legal manager of SCI New Vélizy
- Member of the Board of Directors of Alta Blue
- Permanent representative of Predica of OPCI CAA Commerces 2
- Permanent representative of Predica on the Board of Directors of OPCI Predica Bureaux
- Chairman of SAS 59-61 Rue Lafayette
- Director and Chairman of the Board of Directors of OPCI Predica Commerces
- Director and Chairman of the Board of Directors of OPCI ECO CAMPUS
- Chairman of SAS 81-91 Rue Falguière
- Director and Chairman of the Board of Directors of OPCI Messidor
- Member of the Strategy Committee of Heart of La Défense
- Legal manager of SCI AEV CA
- Representative of Predica and Spirica within SCI Académie Montrouge
- Representative of Predica on the Advisory Committee of the Ardian Fund

- Permanent representative on the Supervisory Board of SAS Preim Healthcare
- Representative of Predica de SCI Frey Retail Villebon
- Member of the Oversight Committee of Icade Santé
- Director of OPCI Lapillus 1
- Member of the Real Estate Committee of FFA
- Director of OPCI Icade Healthcare Europe
- Non-voting director on the Supervisory Board of Argan
- Legal manager of Lux Leudelange SARL
- Legal manager of L2A SA and L2B SA

**Offices and positions held and expired over the past five years:**

- Director of Foncière Développement Logements
- Chairman of SAS Francimmo Hotel
- Manager of SCI Montparnasse Cotentin
- Director of Météore Greece SA
- Director of Siltel SA
- Member of the Strategy Committee of Foncière des Murs Management
- Director of Carmila SAS

## Séverine Farjon

MAIN POSITIONS IN THE COMPANY

Director
Chair of the Nomination and Compensation Committee and Chair of the CSR Committee

**Years in office:** 3.5 years

**Date of birth:** 9 February 1975
**Nationality:** French
**Number of Company shares owned:** 1,000
**Date of appointment to the Board of Directors:** 12 June 2017
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2022

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Séverine Farjon, a graduate of the Institut d'Études Politiques in Paris and SFAF (Société Française d'Analyse Financière), began her career in the financial analysis sector at Fortis Securities before joining the Natixis Group, where she participated in several capital transactions for listed property companies. From 2007 to 2009, she took on the responsibility of Orco's Investor Relations. In 2011, she joined Cofitem-Cofimur, which became, in 2013, Foncière de Paris, where she handled financial transactions and shareholder relations. Since January 2017, she has been involved in the creation of Raise Reim a management company specialising in the management of real estate collective investment undertakings. She has also served as Chair of Carré d'As since 2016.

MAIN POSITIONS OUTSIDE THE COMPANY

Chief Executive Officer of Raise Reim

MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

None.

**Non-listed companies**

- Chief Executive Officer of Raise Reim
- Chair of Carré d'AS

**Offices and positions held and expired over the past five years:**

None.

**Date of birth:** 24 May 1973
**Nationality:** Spanish
**Number of Company shares owned:** 1,000
**Date of appointment to the Board of Directors:** 16 May 2018
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2021

## Maria Garrido

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Audit Committee and the CSR Committee

**Years in office:** 2 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Maria is Senior Vice President, Brand Marketing for Vivendi, where she fosters synergies between the group's business units and is expanding the group's presence in the content marketing industry. Internally, she supports all Group companies in their marketing and brand partnership needs and provides external customers with advice and content strategies to stimulate their growth.

Maria Garrido is also the Chief Insights Officer of the Havas group leading a team of over 300 people in some forty countries across content and innovation. She manages consumer, brand and marketing studies, including Havas' proprietary Meaningful Brands study.

Maria joined Havas in 2014 after 18 years of experience in North America, Latin America and Europe. She has held both operational and strategic marketing roles at various FMCG blue chips, such as Colgate Palmolive Co & Mondelez.

Maria speaks at many media and client events, most recently at Cartagena Inspira, Mumbrella Australia, Cannes Lions, South Summit, CubeX Mumbai and IBC 2018. She has also been a Media Jury member for Cristal Media Festival, Dubai Lynx and Cannes Lions Festival, as well as President of the Entertainment Jury for Eurobest.

### MAIN POSITIONS OUTSIDE THE COMPANY

Senior Vice President Vivendi Marketing at the Vivendi group

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

None.

**Non-listed companies**

- Senior Vice President, Brand Marketing at the Vivendi group
- Chief Insights Officer at Havas Group

**Offices and positions held and expired over the past five years:**

- Director of International Players from 2012 to 2015

**Date of birth:** 31 July 1971
**Nationality:** French
**Number of Company shares owned:** 1,522
**Date of appointment to the Board of Directors:** 12 June 2017
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2023

## Laurent Luccioni

### MAIN POSITIONS IN THE COMPANY

Director

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Laurent Luccioni holds an MBA from the Kellogg School of Management, Northwestern University and a PhD in civil and environmental engineering from the University of California Berkeley. He has 19 years of experience in investing and financial services, and is a consultant for Pimco Europe. Before 2020, he was managing director and portfolio manager at the Pimco office in London where he led the European commercial real estate team. Before joining Pimco in 2013, he was the European Chairman and Chief Executive Officer of MGPA, the real estate and private equity consulting arm of Macquarie. In addition, he has worked with Cherokee Investment Partners.

### MAIN POSITIONS OUTSIDE THE COMPANY

Senior Consultant for Pimco Europe Ltd

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Director of Lar Espana Real Estate Socimi SA (listed company, Spain)

**Non-listed companies**

- Senior Consultant for Pimco Europe Ltd

**Offices and positions held and expired over the past five years:**

- Director of Carmila SAS
- Managing Director of Pimco Europe Ltd

**Date of birth:** 5 June 1973
**Nationality:** Spanish
**Number of Company shares owned:** 6,101,679
**Date of appointment to the Board of Directors:** 12 June 2017
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ended 31 December 2020

## Amal del Monaco, representative of Axa Reim France

### MAIN POSITIONS IN THE COMPANY

Director

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Amal del Monaco graduated from the University of Granada in 1996 and obtained an MBA from the Institut Supérieur de Gestion in 1998. She is also a member of the Royal Institution of Chartered Surveyors. Amal del Monaco has over 20 years' experience in the real estate industry.

She is currently Global Head of Living for Axa IM — Real Assets. She is a member of Axa IM - Real Assets Global Leadership Group and Deputy Chief Executive Officer of Axa Reim France.

Amal joined Axa IM - Real Assets in 1997 and was a member of the fund management team from 2001. In 2007, she managed funds for Axa France before becoming Co-Head of Axa European Mandates, where she was responsible for managed mandates on behalf of Axa insurance companies until December 2017. In January 2018, in her role as Head of Sector Specialists, Amal set up a centralised team of real estate sector specialists within the Asset Management & Development team, which she headed until October 2020.

### MAIN POSITIONS OUTSIDE THE COMPANY

Global Head of Living – Axa Reim, Real Assets

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

None.

**Non-listed companies**

- Deputy Chief Executive Officer of Axa Reim France (SA)
- Permanent representative of Axa France Vie in 1001 Vies Habitat (formerly Logement Français) (SA with Supervisory and Management Boards)
- Director of Harvitour Limited
- Director of Pan European Value Added Venture General Partner II SA

**Offices and positions held and expired over the past five years:**

- Member of the Nomination and Compensation Committee of Carmila SA
- Director of Carmila SAS
- Director of Asgard Real Estate Private Equity Sarl (SARL Lux) Chair of the Board of Directors of Vendôme Logistique (SPPICAV - SA)
- Chair of the Board of Directors of Vendôme Immobilier Commercial (SPPICAV - SA)
- Chair of the Board of Directors of Agipopci (SPPICAV - SA)
- Member of the Supervisory Board of Axa Selectiv'Immoservice (SPPICAV - SAS)
- Director of Axa Real Estate Investment Managers Belgium
- Director of Marsheg 1 BV (Netherlands)
- Director of Etten Leur Logistics Investments BV Sàrl (Netherlands)
- Director of Coindupres BV (Netherlands)
- Director of Laflou BV (Netherlands)
- Director of Battlebelotte BV (Netherlands)
- Director of Cordelière 1 BV (Netherlands)
- Director of Cordelière 2 BV (Netherlands)
- Director of Cordelière 3 BV (Netherlands)
- Director of Tour du Sommeil BV (Netherlands)
- Director of SIR OP BV (Netherlands)
- Director of Lao BV (Netherlands)
- Director of 22 Bishopsgate BV (Netherlands)
- Director of Top 22 Bishopsgate BV (Netherlands)
- Director of 22 Bishopsgate General Partner Limited (UK)
- Director of Baylog Holding Limited (UK)
- Director of Dagenham BV (Netherlands)
- Director of Dagenham 2 BV (Netherlands)
- Director of Élysées Neuf BV (Netherlands)
- Director of Paktkohlestahlden BV (Netherlands)
- Director of Hamba BV (Netherlands)
- Director of Lama RE 1 BV (Netherlands)
- Director of Lama RE 2 BV (Netherlands)
- Director of Lama RE 3 BV (Netherlands)
- Director of Lama RE 4 BV (Netherlands)
- Director of Lama RE 5 BV (Netherlands)
- Director of Frasia Property (GP) Limited (UK)
- Director of Frasia Holdings SA (Luxembourg)
- Director of Onlyou SL (Spain)
- Director of Lindisfarne SL (Spain)
- Director of Olaen SL (Spain)
- Director of Riglos SL (Spain)
- Director of Zumaran SL (Spain)
- Director of Ouestia Holding SA (Luxembourg)
- Director of Ouestia Property GP Limited (UK)
- Chair of the Board of Directors of Oteli France (SPPICAV - SA)
- Director of Grace Hotel Investment Sàrl (Luxembourg)

**Date of birth:** 4 July 1976
**Nationality:** French
**Number of Company shares owned:** 1,000
**Date of appointment to the Board of Directors:** 12 June 2017
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2023

## Nadra Moussalem

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Strategy and Investment Committee

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Nadra Moussalem is a graduate of the École Centrale de Lyon with a Master's degree in Information and Information Technology. Nadra Moussalem, Europe Chief Executive Officer of Colony NorthStar, is responsible for the identification, valuation, execution and monitoring of the Fund's European investments. Prior to joining Colony NorthStar in 2000, he worked in the Financial Engineering Department of Axa Conseil in Paris.

### MAIN POSITIONS OUTSIDE THE COMPANY

Chief Executive Officer Europe at Colony Capital

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

None.

**Non-listed companies**

- Chairman of Colony Capital SAS
- Chairman of the Board of Directors of AccorInvest Group SA
- Representative of Colony Capital SAS, itself Chairman of EarlyBird SAS
- Chief Executive Officer of ColSpa SAS and Representative of Colony Capital SAS, itself Chairman of ColSpa SAS
- Legal manager at Colnîmes SARL
- Legal manager at ColNozay EURL
- Legal manager at Colnozay SCI
- Representative of Colony Capital on the Executive Management Board of ColAubergenville SCI
- Representative of Colony Capital SAS, itself Chairman of CFI NNN France Portfolio SAS
- Permanent representative of Colony Capital SAS as Chairman of Colquattro French Portfolio SAS
- Representative of Colony Capital SAS on the Executive Management Board of ColEden SCI
- Representative of Colony Capital SAS as Chairman of Colbravo SAS
- Representative of Colony Capital SAS, itself Chairman of ColMdB SAS
- Representative of Colony Capital SAS, itself Legal manager of ColPower SCI
- Representative of Colony Capital SAS, itself Chairman of ColPowerSister SAS
- Representative of Colony Capital SAS, itself Chairman of ColPowerSister Holding SAS
- Permanent representative of Colony Capital SAS, Chairman of ColPowerMother SAS
- Executive of Colyzeo Investment Management (UK)
- Executive of Colyzeo Investment Advisors Limited (UK)
- Permanent representative of Colony Capital SAS, itself Chairman of Colcontinental SAS
- Chairman of Continental Property Investments SAS
- Legal manager of Financière et Foncière Alma Messine
- Legal manager of Reoc Issy
- Legal manager of Adductor France SARL
- Legal manager of Adductor International SARL
- Legal manager of Add Holding
- Legal manager of Rivesaltes Roissy SNC
- Legal manager of IDF Industries SARL
- Legal manager of Adductor CPI Arenas
- Chairman of Property Holding
- Legal manager of Villeneuve Sénart SNC
- Legal manager of Marbeau CPI
- Legal manager of Villa 5 CPI
- Legal manager of Pythagore Invest
- Legal manager of Colin SNC
- Legal manager of Latoison Duval SNC
- Legal manager of Hayet SNC
- Legal manager of IDF Industries SNC
- Legal manager of W9/Saint Quentin
- Legal manager of Sesame Investissements
- Legal manager of Binet SNC
- Legal manager of Lint SNC
- Legal manager of Lafayette 06
- Legal manager of IDF Industries Marne SNC
- Legal manager of Herblay CPI
- Sole Director of Global Confector SLU (Spain)
- Sole Director of Colprincesa Management SL (Spain)
- Sole Director of CPI Developments Spain 2009 SLU (Spain)
- Chairman of Continental Property Investments SAS, itself legal manager of:
  - SCI 18 rue Marbeau
  - AIX SPI
  - Société Civile Immobilière Colombus CPI
  - Godard CPI
  - ILLKIRCH CPI
  - Investimmo CPI
  - Malakoff Investissements
  - Osiris Invest
  - Pantin CPI
  - Plaine Tersud
  - Provence CPI
  - Space CPI
  - Société Civile Immobilière Spok CPI
  - Terra Veda CPI
  - Victoria CPI
  - Victoria CPI 2
  - Villepinte CPI
  - Chairman of Col Invest Italy (Italy)
  - Permanent representative of Colony Capital SAS, Italian subsidiary

- Deal Maranatha 2020:
  - Colsun Histo France SAS, Chairman
  - Colsun Gestion SAS, Chairman
  - Colsun HDR 1 France SAS, Chairman
  - Colsun HDR 2 France SAS, Chairman
  - OpCo Bourg Lès Valence
  - OpCo Chamonix
  - OpCo Claude Bernard Saint Germain
  - OpCo Le Boucher Aubagnais
  - OpCo Le Grand Aigle
  - OpCo Marmotel
  - OpCo Mas des Herbes Blanche (MHB)
  - OpCo Montchalet Tignes
  - OpCo Jules César (formerly OpCo Montmartre Mon Amour)
  - OpCo Moulin de Vernègues
  - OpCo Orange
  - OpCo Pic Blanc
  - OpCo Royal Ours Blanc
  - OpCo Saint Charles
  - OpCo Savoies
  - OpCo Le Boucher Gapençais
  - OpCo Mougins, formerly OpCo Alpenrose

**Offices and positions held and expired over the past five years:**

- Director of Accor (SA) (France)
- Director of Carrefour (SA) (France)
- Director of Edenred (France)
- Chairman of Colkart SAS
- Permanent representative of Colony Capital SAS as Chairman of Colkart Investment Europe
- Chairman of Data IV Services - Held within Data 4 Group companies as corporate representative
- Chairman of Data IV France - held within Data 4 Group companies as corporate representative
- Chairman of DC 115 SAS
- Chairman of Holding Sports & Évènements
- Chairman of Collilkirch France
- Representative of Colony Capital SAS, itself Chairman of ColFields SAS
- Representative of Colony Capital on the Executive Management Board of CFI NNN PIAZZA SCI
- Sole Director of Global Graeca SLU
- Manager of Foncière Phoenix Mac Donald
- Director of Carmila SAS
- Legal manager of Champs CPI
- Chairman of Colfilm SAS
- Legal manager at ColEvreux SCI
- 123 Colaigle (formerly OpCo Aigle des Neiges)
- OpCo Astor Saint-Honoré
- OpCo Aubagne Gemenos
- OpCo Petite Isle
- OpCo Hôtel Gap
- OpCo Le Mas de l'Étoile
- OpCo Hôtel Champigny sur Marne
- Hôtel Le Paradou

**Date of birth:** 20 April 1961
**Nationality:** French
**Number of Company shares owned:** 1,000
**Date of appointment to the Board of Directors:** 3 April 2019
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2022

## Jérôme Nanty

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Nomination and Compensation Committee and member of the CSR Committee

**Years in office:** 2 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Jérôme Nanty is a graduate of Institut d'Études Politiques de Paris and has a Master's degree in public law. He began his career in 1986 at Société Générale before joining the Capital Markets Department of Crédit Lyonnais bank in 1989, first as a bond market operator and subsequently as a manager of a portfolio of bond issuers. In 1998, he joined the bank's Human Resources Department as manager of employment policy and later labour relations. From 2001 to 2004, he served as Director of Labour and Social Relations for the Crédit Lyonnais group. From 2003 onwards, he held the same position at the Crédit Agricole group. As such, he was in charge of the labour aspects of the merger of Crédit Lyonnais and Crédit Agricole. He was appointed as Director of Human Resources at LCL in 2005 and at the Caisse des dépôts group in 2008. From 2013 to 2016, he was General Secretary of the Transdev group. Since July 2016, he has served as General Secretary and Director of Human Resources of the Air France-KLM group. Jérôme Nanty joined the Carrefour group on 2 October 2017 as Executive Director Human Resources for the Group and France. In 2019, he also became head of the Assets Department for the Group and France. Jérôme Nanty brings to Carmila's Board of Directors his expertise in Human Resources, and his knowledge of the Carrefour Group's social policy.

### MAIN POSITIONS OUTSIDE THE COMPANY

Executive Director, Human Resources and Assets for Carrefour group and Carrefour France

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Director and member of the Human Resources Committee and Strategy Committee of Atacadão (Brazil)

**Non-listed companies**

- Member of the Supervisory Board of RATP DeV (France)
- Chairman of the Board of Directors of APGIS (France)
- Chairman of the Board of Directors of Carrefour Property Italia (Italy)
- Director of Carrefour Property España (Spain)
- Chairman of CRFP 8 (France)

**Offices and positions held and expired over the past five years:**

None.

**Date of birth:** 12 July 1974
**Nationality:** French
**Number of Company shares owned:** 11,132
**Date of appointment to the Board of Directors:** 26 June 2019
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ended 31 December 2020

## Alexandre de Palmas

### MAIN POSITIONS IN THE COMPANY

Director
Member of the CSR Committee

**Years in office:** 1.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Alexandre de Palmas is 46 years old and a graduate of Science Po and ENA. He began his career as a statutory auditor in 2001 before becoming an advisor to the Minister for Youth and Sport. In 2006 he became Chief Executive Officer of Casino Développement, a structure within the Casino group responsible for research and expansion in France. He went on to become Chief Executive Officer of Clear Channel until 2013, restructuring it and making it the French leader in digital displays. In 2013, he became the Chief Executive Officer of Madrigall, the parent company of the Gallimard-Flammarion group to take on the challenge of digital books. In 2015, he became Chief Executive Officer of Concession Catering in France and Northern Europe at Elior. His remit included developing the profitable growth of this business by conquering new markets in existing countries and new regions in Northern Europe. He was appointed Executive Director Carrefour Convenience and Cash & Carry in August 2018 and Chairman and Chief Executive Officer of Carmila in July 2019. In July 2020, he took up his new position as Executive Director Spain, Carrefour group.

### MAIN POSITIONS OUTSIDE THE COMPANY

Executive Director Spain, Carrefour group

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Executive Director Spain, Carrefour (France)

**Non-listed companies**

- Joint and several director of Carrefouronline SLU (Spain)
- Joint and several director of Correduria De Seguros Carrefour SA (Spain)
- Joint and several director of Inversiones Pryca (Spain)
- Joint and several director of Simdasa Continente Hipermercados (Spain)
- Joint and several director of Sociedad de Compras Modernas SA (Spain)
- Joint and several director of Supermarcados Champions SA (Spain)
- Director and Chief Executive Officer of Centros Commerciales SA (Spain)
- Vice-Chairman of Centros Commerciales SA (Spain)
- Director of Norfin Holder SL (Spain)
- Legal manager of Carrefour Navarra SL (Spain)
- Legal manager of Carrefour Norte SL (Spain)
- Legal manager of Grup Supeco Maxor SL (Spain)
- Legal manager of Carrefour Navarra SL (Spain)
- Legal manager of Viajes Carrefour SL (Spain)
- Legal representative of Solidaridad Carrefour Fundacion (Spain)
- Director of France Télévisions (France)

**Offices and positions held and expired over the past five years:**

- Chairman of Convenience and Cash & Carry, Carrefour (France)
- Director, Chairman and Chief Executive Officer of SOFIDIM (France)
- Chairman of Genedis (France)
- Legal manager of Soval (France)
- Representative of Carrefour France on the Strategy Committee of Lulu dans ma rue (France)

## Claire Noël du Payrat

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Audit Committee

**Years in office:** 2 years

**Date of birth:** 31 October 1968
**Nationality:** French
**Number of Company shares owned:** 1,000
**Date of appointment to the Board of Directors:** 24 October 2018
**Term of office expires:** Annual General Meeting called to approve the financial statements for the year ending 31 December 2022

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Claire Noël du Payrat is a graduate of HEC. She began her career in 1993 as an Internal Auditor for the Savencia Group, before joining the Nestlé group in 1996 as Product Management Controller then Administrative and Financial Manager. From 2006 to 2008, she held the position of Management and Financial Control Director at Sagem Mobiles. She went on to join Veolia Environmental Services then Veolia Environnement where she became Finance Director of Environmental Services then Director of Group Management Control. Her term as a Director of Veolia Australia ended in April 2018. Since 2018, she has headed Carrefour group's Financial Control department.

### MAIN POSITIONS OUTSIDE THE COMPANY

Head of Financial Control, Carrefour group

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Head of Financial Control, Carrefour group (France)
- Director and member of the Audit Committee of Atacadão (Brazil)

**Non-listed companies**

None.

**Offices and positions held and expired over the past five years:**

- Director of Veolia Australia
- Chair of the charity "Vivons solidaire"

## Nathalie Robin, representative of Cardif Assurance Vie

**Date of birth:**
19 November 1962

**Nationality:** French

**Number of Company shares owned:** 12,599,743

**Date of appointment to the Board of Directors:**
12 June 2017

**Term of office expires:**
Annual General Meeting called to approve the financial statements for the year ended 31 December 2020

### MAIN POSITIONS IN THE COMPANY

Director
Chair of the Strategy and Investment Committee and member of the CSR Committee

**Years in office:** 3.5 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Nathalie Robin holds a DESS in real estate law (Paris II). From 1989 to 2001, she was the Real Estate Director at Natio Vie (Groupe BNP). Since 2001, she has been a Real Estate Director of BNP Paribas Cardif.

### MAIN POSITIONS OUTSIDE THE COMPANY

Real Estate Director of BNP Paribas Cardif

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- Member of the Supervisory Board and member of the Audit Committee of Covivio Hôtels (France)
- Director, member of the Investment Board and member of the Audit Committee of Frey, and member of the FoREY Steering Committee (France)

**Non-listed companies**

- Real Estate Director of BNP Paribas Cardif
- Member of the Supervisory Board of Covivio Immobilien
- Member of the Supervisory Board of Primonial Capimmo
- Member of the Supervisory Board of BNP Paribas REIM France
- Member of the Supervisory Board of Opéra Rendement
- Member of the Supervisory Board of Dauchez
- Director of AEW Immocommercial
- Member of the Supervisory Board of CFH
- Member of the Supervisory Board of Placement Ciloger 3
- Member of the Supervisory Board of FLI
- Member of the Oversight Committee of Icade Santé
- Director of BNP Paribas Diversipierre
- Member of the Supervisory Committee of Preim Healthcare
- Member of the Supervisory Board of Accès Valeur Pierre
- Member of the Supervisory Committee of Hémisphère
- Member of the Supervisory Committee of Plein Air Property Fund
- Member of the Supervisory Board of PWH
- Director of Powerhouse Habitat
- Member of the Supervisory Board of Certivia 2
- Director of Icade Healthcare Europe
- Member of the Supervisory Board of SCI Korian & Partenaires Immobilier 1
- Member of the Supervisory Board of SAS Korian & Partenaires Immobilier 2

**Offices and positions held and expired over the past five years:**

- Member of the Investment Committee of Covivio Hotels (formerly Foncière des Murs) (France)
- Director of Carmila SAS
- Director, member of the Investment Committee and of the Compensation Committee of Foncière Développement Logements (France)
- Member of the Strategy Committee of Foncière des Murs Management
- Non-voting director at BNP Paribas REPM France
- Member of the Supervisory Board of France Investipierre

**Date of birth:**
28 February 1971

**Nationality:** French

**Number of Company shares owned:** 1,000

**Date of appointment to the Board of Directors:**
4 September 2017

**Term of office expires:**
Annual General Meeting called to approve the financial statements for the year ending 31 December 2023

## Laurent Vallée

### MAIN POSITIONS IN THE COMPANY

Director
Member of the Strategy and Investment Committee, Nomination and Compensation Committee and CSR Committee

**Years in office:** 3 years

### MAIN AREAS OF EXPERTISE AND EXPERIENCE

Laurent Vallée is a graduate of ESSEC Business School, Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). He began his career at the Conseil d'État, France's administrative Supreme Court, where he served in particular as Government Commissioner and Constitutional Advisor to the Government's Secretary General. From 2008 to 2010, Laurent Vallée was a lawyer with the Clifford Chance law firm, before being appointed Director of Civil Affairs at the Ministry of Justice in April 2010. He was then General Corporate Secretary of the Canal+ group from 2013 to 2015. Since March 2015, he has served as Secretary General of the Conseil Constitutionnel, France's constitutional council. On 30 August 2017, Laurent Vallée joined the Carrefour group as General Secretary. He is in charge of the Legal Department, the Sustainable Development Department, the Public Affairs Department, the Audit Department and the Carrefour Foundation.

### MAIN POSITIONS OUTSIDE THE COMPANY

General Secretary of Carrefour

### MAIN OFFICES AND POSITIONS HELD OUTSIDE THE COMPANY OVER THE LAST FIVE YEARS

**Offices and positions held at 31 December 2020:**

**Listed companies**

- General Secretary of Carrefour (France)

**Non-listed companies**

- Permanent representative of Société d'Exploitation Amidis & Cie
- Director of SA Mestdagh (Belgium)
- Director of Carrefour SA Carrefour Sabanci ticaret merkezi a.ş (Turkey)
- Delegate General of the Carrefour Foundation
- Director of Carrefour China Foundation for food safety (HK)
- Permanent representative of Carrefour on the Board of Directors of the Foundation "Un Avenir Ensemble" (France).

**Offices and positions held and expired over the past five years:**

None.

## 6.1.3 Operating procedures of the Board of Directors and its Committees

### 6.1.3.1 Ethical rules for Directors

#### Stock market ethics and insider trading

At its meeting on 2 April 2020, the Board of Directors adopted a Stock Market Ethics Code to ensure compliance with European Regulation 596/2014 on market abuse which entered into force on 3 July 2016 and introduced measures applicable to listed companies and their executive corporate officers in respect of holding inside information.

As members of the Company's Board of Directors or any of its Committees, or owing to their position within any of the Company's corporate shareholders, Directors must keep strictly confidential any sensitive and confidential information as well as any information qualified as inside information under the Regulation. They are also required to refrain from performing or attempting to perform any transactions relating to Company shares during "closed periods", particularly those defined each year in relation to the dates on which annual, half-yearly and quarterly financial reports are published.

#### Conflicts of interest and statements made by corporate officers

In accordance with the Company's Rules of Procedure, a conflict of interests exists where a Director or member of his or her family could derive personal benefit from the Company's dealings, or could have a relationship or connection of any kind with the Company, its subsidiaries or its management which might compromise his or her ability to exercise their judgement freely as a Director. The assessment of whether or not a conflict of interest exists also takes into account the personal and financial interests of the permanent representative of a legal entity that is a Director or a physical person who is a Director representing a legal entity in relation to those of the Company.

To the Company's knowledge, and except for those relationships described in section 5.1.5.3 "Principal agreements with Carrefour group entities" of this document, as of the date of this Universal Registration Document, there is no potential conflict of interest between the duties of the Company, the members of the Board of Directors, the Company's Executive Management and their private interests. Under the Rules of Procedure, Directors are obliged to inform the Board of Directors, and in particular the Lead Independent Director, of any conflict of interest with the Company or its subsidiaries, and must abstain from voting on any corresponding deliberations.

To the Company's knowledge, there have been no shareholders' agreements by which any member of the Board of Directors or of the Company's Executive Management has been appointed as a member of the Board of Directors or of Executive Management.

As of the date of this document, there are no restrictions accepted by the Company's Board of Directors or by its Executive Management concerning the sale of their interest in the Company's share capital, with the exception of the rules relating to the prevention of insider trading and the Company's Rules of Procedure which impose an obligation on executive corporate officers to hold shares until the end of their term of office.

To the Company's knowledge, as of the date of this Universal Registration Document, there are no family ties between members of the Board of Directors and the Company's Executive Management.

To the Company's knowledge, during the last five years: (i) none of the aforementioned persons have been convicted of or been found liable of fraud, (ii) none of the aforementioned persons have been associated with bankruptcy, receivership or judicial liquidation, (iii) none of the aforementioned persons have been found guilty of a criminal offence or been subject to an official public sanction by statutory or regulatory authorities or by a professional association and (iv) none of the aforementioned persons has been barred by a court from acting as a member of an administrative, management or supervisory body of a company issuing securities or from participating in the management or conduct of the affairs of a company issuing securities.

### 6.1.3.2 Rules of Procedure and main work of the Board of Directors

#### Conditions for the preparation and organisation of the Board's work

The operating rules of the corporate governance bodies are governed by the relevant legal provisions, the Company's By-laws and the Rules of Procedure established by the Board of Directors. In particular, the Rules of Procedure specify the procedures for meetings of the Board of Directors, the powers of the Board of Directors in addition to those provided for by law or the By-laws and, additionally, they cover the creation of the roles and assignments of the various Committees of the Board of Directors.

The description below reflects the main provisions of the Rules of Procedure, as amended by the Board of Directors at its meeting of 2 April 2020.

**(1) Meetings of the Board of Directors by video-conference or other means of telecommunication, and written consultations**

With the exception of meetings called to take certain decisions where such methods are prohibited under the French Commercial Code, Board meetings may be held by video-conference and/or by conference call. However, the selected method must enable the identification of the participating Directors and must ensure their effective participation in the meeting. In particular, the method selected must, at a minimum, permit the transmission of the voices of the participants and satisfy technical standards allowing for the continuous, real-time transmission of deliberations among participants. Each participant must be able to take part and hear what is said.

Directors participating in Board meetings by video-conference or by conference call shall be deemed present for the purposes of calculating the quorum and any required majority.

In accordance with French law 2019-486 of 22 May 2019 on business growth and transformation (Pacte Law), the Board of Directors asked the Annual General Meeting of 29 June 2020 to approve an amendment to the Company By-laws, enabling the decisions referred to under Article L. 225-37 of the French Commercial Code to be taken by a written consultation of Directors. The Board's Rules of Procedure were amended accordingly on 2 April 2020.

**(2) Duties of the Board of Directors**

The Board exercises the powers invested in it by law. The Board of Directors approves the Company's business strategy and oversees its implementation. It examines and decides on major transactions. The members of the Board of Directors are kept informed of changes in the markets, the competitive environment and the key issues facing the Company, including with regard to social and environmental responsibility. Subject to the powers expressly attributed to Shareholders' Meetings and within the scope of the corporate purpose, the Board of Directors deals with all matters relating to the proper management of the Company and, through its proceedings, handles other matters concerning it. The Board carries out the controls and audits that it deems appropriate.

The Board sets any limitations on the powers of the Chairman and Chief Executive Officer and those of the Deputy Chief Executive Officers.

### Communication with shareholders and the markets

Managing shareholder relations with the Company's Board of Directors, particularly with regard to corporate governance, is the task of the Chairman of the Board.

### Reinforcement of the Lead Independent Director's role and powers

At its meeting of 12 June 2017, the Board of Directors decided to appoint Olivier Lecomte as Lead Independent Director.

On the recommendation of the Nomination and Compensation Committee, at its meeting of 26 November 2020 the Board reinforced the role and powers of the Lead Independent Director to support Marie Cheval, Chair of the Board of Directors, in her responsibilities for the smooth operation of the governance bodies.

The Board's Rules of Procedure have therefore been amended as follows:

The Lead Independent Director is responsible for the smooth operation of the Board and its Committees. His role in this respect is to:

- notify the Board of any conflicts of interest either identified by him or reported to him involving the executive corporate officers and other members of the Board. He has particular responsibility for examining situations where there is a conflict of interests, which could affect Directors or the Chair of the Board of Directors in respect of the interests of the business, whether this relates to operational projects, strategic management or specific agreements;
- liaise between the Independent Directors, the other Directors and Executive Management;
- ensure that the Directors are given comprehensive background information before Board meetings;
- ensure that the Board's Rules of Procedure are observed and that the Company complies with best practices and industry standards in governance matters;
- ensure that the Board of Directors' decisions are implemented;
- take part in the Board of Directors' self-assessment process;
- take part in dialogue with the shareholders;
- deputise for the Chair of the Board whenever necessary.

In performing these duties, the Lead Independent Director has the power to:

- consult with the Chair of the Board on the schedule and agenda for Board meetings and add additional items to the agenda drawn up by the Chair;
- organise meetings of the non-executive Directors and Independent Directors (executive sessions) and chair the debate during these sessions;
- attend all Committee meetings and have access to the Committees' work;
- organise regular meetings with the Company's operating or functional executives, at the request of, and after notifying, the Chair and Chief Executive Officer.

In 2020, the Lead Independent Director:

- was the key contact point for Independent Directors due to his attendance at meetings of the Board, Audit Committee and Nomination and Compensation Committee;
- also took steps to assist the Chair in ensuring the proper functioning of the Company's supervisory bodies, particularly in setting the 2021 schedule for Board and Committee meetings, sharing in advance with Board and Committee members the information necessary for their discussions, and in digitalising Board and Committee documents;
- did not have to deal with any conflicts of interest.

### Main activities of the Board of Directors in 2020

The Board of Directors met eight times during 2020. The attendance rate based on Directors present was **96.72%**.


| 8 | 96.7% |
|---|---|
| Meetings | Attendance rate |

Having considered the summaries prepared by the Audit, Nomination and Compensation, CSR and Strategy and Investment committees with respect to their work, the Board of Directors mainly focused its work on the following areas:

#### Management of the Covid-19 crisis

2020 was dominated by the Covid-19 crisis, which affected all the regions where the Group operates. The Board of Directors was kept informed of developments in the health crisis by the Audit Committee, which regularly reviewed the situation and the impact of lockdown measures in France, Spain and Italy.

### Financial management

The Board of Directors was kept informed of the Audit Committee's work throughout the year. Having considered the reports of the Chairman of the Audit Committee and the Statutory Auditors:

- the Board of Directors approved the annual and half-yearly statutory and consolidated financial statements and the related reports and draft press releases;
- set up the Company's new share buyback programme;
- renewed the annual authorisations granted to the Chair and Chief Executive Officer with regard to bond issues and guarantees;
- performed the annual review of related-party agreements;
- reviewed the Group's funding policy and commitments;
- decided to carry out a liability management operation;
- reviewed the Group's risk map;
- approved the Company's 2021 budget.

### Governance and compensation of corporate officers

On the recommendation of the Nomination and Compensation Committee, the Board reviewed the following matters during 2020:

- governance of the Company:
  - approval of the Corporate Governance Report;
  - adoption of a purpose statement in the introduction to the Group's By-laws;
  - creation of a CSR Committee and its membership;
  - determination of the desired balanced membership of the Board of Directors and its Committees, particularly in terms of diversity (representation of women and men, nationalities, age, qualifications and professional experience, etc.);
  - annual review of Directors' independence;
  - self-assessment of the Board of Directors and its Committees;
  - renewal of five Directors, i.e., Marie Cheval, Olivier Lecomte, Laurent Luccioni, Nadra Moussalem and Laurent Vallée;
  - postponement of the Annual General Meeting scheduled for 14 May 2020, and convening of the meeting on 29 May 2020;
  - succession plan for Alexandre de Palmas;
  - appointment of Marie Cheval as Chair and Chief Executive Officer;
  - appointment of Sébastien Vanhoove as Deputy Chief Executive Officer and acknowledgement of the departure of Géry Robert-Ambroix, Deputy Chief Executive Officer;
  - review of the membership of the Board Committees, with the appointment of Jérôme Nanty to the Strategy and Investment Committee to replace Alexandre de Palmas, and of Marie Cheval to the CSR Committee;
  - reinforcement of the Lead Independent Director's role and powers;
- compensation:
  - 2019 compensation to be paid to Alexandre de Palmas, Chairman and Chief Executive Officer, Géry Robert-Ambroix, Deputy Chief Executive Officer and Sébastien Vanhoove, Deputy Chief Executive Officer, and their 2020 compensation policies;
  - creation of a new long-term incentive plan comprising preference share awards to the corporate officers and key employees of the Company;
  - 2019 compensation to be paid to the Directors and 2020 compensation policy;
  - review of the 2020 compensation policy for the Chair and Chief Executive Officer following Marie Cheval's appointment, and confirmation of Sébastien Vanhoove's compensation following his appointment as Deputy Chief Executive Officer;
  - financial terms of the departure of Alexandre de Palmas, Chairman and Chief Executive Officer, and Géry Robert-Ambroix, Deputy Chief Executive Officer.

### Annual General Meeting of 29 June 2020

The Board of Directors approved the Notice of Meeting, the agenda, the draft resolutions and the Board of Directors' report to the Annual General Meeting. It set the dividend policy and delegated all powers to the Chair and Chief Executive Officer to increase the share capital in order to pay out the dividend in new Company shares. It approved the related-party agreements and commitments concluded during the financial year and conducted an annual review of the related-party agreements and commitments that continued during the financial year. In accordance with the French Sapin II Law and the recommendations of the AFEP-MEDEF Code, it asked the shareholders at the Annual General Meeting to approve the information relating to the compensation of corporate officers of listed companies referred to in Article L. 225-37-3 of the French Commercial Code, the components of compensation due or awarded in respect of 2019 to Jacques Ehrmann, Chairman and Chief Executive Officer until 30 June 2019, and Alexandre de Palmas, Chairman and Chief Executive Officer from 1 July 2019, as well as Géry Robert-Ambroix and Sébastien Vanhoove, Deputy Chief Executive Officers, the 2020 compensation policies for the Chairman and Chief Executive Officer, Deputy Chief Executive Officers and 2020 compensation policy for members of the Board of Directors.

### Strategy and growth

- reflections on the Company's acquisition, expansion and disposal projects;
- discussions on potential strategy changes after the health crisis.

### CSR

- definition of the Company's 2020 CSR strategy and presentation of the key CSR issues in the shopping centre universe.

### Frequency of Board of Directors' meetings and attendance in 2020

The individual attendance rate for each Director at meetings and Board meetings and of the Committees reporting thereto, is set out in the table below.

| Director | Attendance at Board of Directors' meetings | Attendance at Audit Committee meetings | Attendance at Nomination and Compensation Committee meetings | Attendance at Strategy and Investment Committee meetings | Attendance at CSR Committee meetings |
|---|---|---|---|---|---|
| **Marie Cheval**<br>As Chair and Chief Executive Officer since 2 November 2020 | 100% | - | - | - | 100% |
| As Director up to 2 November 2020 | 83.3% | - | - | 0 | - |
| **Olivier Lecomte**<br>Lead Independent Director | 100% | 100% | 100% | - | - |
| **Sogecap**<br>(represented by Yann Briand) | 100% | 83.3% | - | - | - |
| **Predica**<br>(represented by Emmanuel Chabas) | 100% | - | - | 100% | - |
| **SIC Axa Reim France**<br>(represented by Amal Del Monaco) | 87.5% | - | 100% | - | - |
| **Séverine Farjon** | 100% | - | 100% | - | 100% |
| **Maria Garrido** | 100% | 83.3% | - | - | 100% |
| **Laurent Luccioni** | 87.5% | - | - | - | - |
| **Nadra Moussalem** | 100% | - | - | 100% | - |
| **Jérôme Nanty** | 100% | - | 83.3% | - | - |
| **Alexandre de Palmas** | 100% | - | - | 100% | 100% |
| **Claire Noël Du Payrat** | 100% | 100% | - | - | - |
| **Cardif Assurance Vie**<br>(represented by Nathalie Robin) | 100% | - | - | 100% | 100% |
| **Laurent Vallée** | 87.5% | - | 83.3% | 100% | 100% |
| **Average** | **96.7%[1]** | **91.7%** | **93.3%** | **83.3%** | **100%** |

(1) *Average attendance not including Non-Voting Directors.*

### Assessment of the Board of Directors

In accordance with its Rules of Procedure, the Board of Directors regularly reviews its membership, organisation and operating procedures. In particular, it evaluates the balance of its membership and that of the Committees, reflects on the diversity of these bodies, and periodically considers whether its structure and activities adequately respond to the tasks for which it is responsible.

To that end, once a year, the Board of Directors devotes time on its agenda to a discussion on its functioning.

In 2020, the assessment of the Board of Directors was carried out by an independent firm. Its report was presented to the Nomination and Compensation Committee, and subsequently to the Board of Directors at its meeting on 26 March 2021. Based on Directors' expectations, the assessment highlighted avenues for improvement. Various action plans were adopted as a result.

## 6.1.3.3 Board of Directors' specialised Committees

At its meeting on 12 June 2017, the Board of Directors decided to establish three Committees responsible for considering matters referred to it by itself or by its Chairman: the Audit Committee, the Nomination and Compensation Committee, and the Strategy and Investment Committee. At its meeting of 2 April 2020, the Board of Directors decided to create a fourth specialised Committee, the CSR Committee, and amended its Rules of Procedure to reflect this.

These specialised Committees exclusively comprise Directors appointed by the Board of Directors for their whole term of office. Each Committee is chaired by one of its Independent Directors.

These Committees regularly report on their work to the Board of Directors and share with it their observations, opinions, proposals and recommendations.

### Audit Committee

#### Membership

As of 31 December 2020, the Audit Committee comprised four members chosen from among the Directors, at least three of whom are Independent Directors, and appointed, on the recommendation of the Nomination and Compensation Committee, by the Board for the duration of their directorship. The Audit Committee does not include any executive corporate officers.

The Chairman of the Audit Committee is appointed by the Board, on the recommendation of the Nomination and Compensation Committee, taking his specific expertise into consideration. The Board must carry out a specific review of this appointment.

The Company's Audit Committee comprises the following members:

- Olivier Lecomte, Lead Independent Director (Committee Chairman);
- Yann Briand, Independent Director, permanent representative of Sogecap;
- Maria Garrido, Independent Director; and
- Claire Noël du Payrat, Director.

### Duties

As part of its role in supervising matters relating to the preparation and control of financial and accounting information and monitoring the effectiveness of risk monitoring and operational internal controls, the Audit Committee is in charge of:

- reviewing the accounting methods and the asset valuation procedures of the Company and its Subsidiaries, and monitoring the preparation of financial information by ensuring the relevance and consistency of the accounting methods;
- reviewing the Company's draft statutory and consolidated financial statements before their presentation to the Board;
- leading the selection process for the Company's Statutory Auditors in accordance with applicable legal and regulatory provisions, and submitting its proposal or opinion, as the case may be, to the Board;
- implementing a pre-approval and monitoring process for audit assignments other than the audit of the financial statements carried out by the Statutory Auditors, as well as the rules with respect to the delegation of authority to the Company's Management, and ensuring that the provision of such services (other than the audit of the financial statements), does not compromise their independence;
- reviewing the related-party agreements referred to in the provisions of Article L. 225-38 of the French Commercial Code, with the exception of those previously reviewed by the Strategy and Investment Committee in accordance with the Board's Rules of Procedure;
- issuing an opinion on:
  - the creation or substantial modification of the general framework and financial conditions for activities relating to lease management, asset management, shopping centre management, marketing or Specialty Leasing of real estate assets held by the Company and its Subsidiaries in cases where such activities are part of an agreement with a Reference Shareholder and/or any Affiliate of such Reference Shareholder and the early termination or the renewal of such agreements. It should be noted that the conclusion or amendment of these agreements need not be submitted to the Board, provided that they comply with the general framework and financial conditions approved by the Board. The Directors representing the Reference Shareholder will not vote on these decisions, and
  - the conclusion, significant amendment, early termination or renewal of agreements between (a) the Company and/or one of its Subsidiaries and (b) a Reference Shareholder and/or any Affiliate of such Reference Shareholder, specifically: (i) any agreement relating to the provision of administrative or accounting services for an amount exceeding a given amount specified in the Board's Rules of Procedure, (ii) any agreement relating to the grant of loans, advances, guarantees, pledges, undertakings, security interests or liens in favour of a Reference Shareholder and/or any Affiliate of this Reference Shareholder and (iii) any other agreement for a total amount exceeding a given amount specified in the Board's Rules of Procedure, other than agreements concluded or transactions carried out pursuant to the Renovation and Development Agreement dated 16 April 2014 with Carrefour, and agreements entered into in the normal course of business. The Directors representing the Reference Shareholder (other than the Chairman, except when the agreement in question relates to the exercise of his duties or his compensation) will not vote on these decisions;
- monitoring and managing the verification and clarity of the information to be provided to shareholders and the markets;
- monitoring the effectiveness of internal control systems, internal audits and risk management with respect to the preparation and processing of financial and accounting information;
- examining risks, levels of risks, and procedures to prevent risks, as well as material off-balance sheet commitments and assessing the significance of deficiencies or failings indicated to the Committee, as the case may be, and informing the Board; and
- regularly reviewing the status of significant litigation.

When reviewing the financial statements, the Audit Committee also examines significant transactions which could present a potential conflict of interest. The examination of the financial statements by the Audit Committee takes place alongside the presentation by the Company's Statutory Auditors of the main audit findings (in particular, audit adjustments and significant deficiencies in the internal control system identified during their review in connection with the preparation and processing of financial and accounting information) and on the accounting methods used. The examination of the financial statements is also accompanied by a presentation given by Management describing the Company's risk exposure, including social and environmental risks, and setting out the Company's off-balance sheet commitments and accounting options used.

The Statutory Auditors bring to the attention of the Audit Committee any information required by law, in particular that required pursuant to Article L. 823-16 of the French Commercial Code.

The Chair and Chief Executive Officer has always abstained from attending meetings of the Audit Committee but, when necessary, is invited to attend part of these meetings at the request of the Committee's Chair.

### Work of the Audit Committee in 2020

The Audit Committee met six times during the financial year 2020, and the attendance rate was **91.67%**.


**6** Meetings

**91.7%** Attendance rate

The Committee meetings mainly concerned:

- review of the draft statutory and consolidated financial statements for the year ended 31 December 2019, and the half-yearly results at 30 June 2020, as well as the corresponding financial reports and press releases;
- presentation of the Company's risk exposure and its off-balance sheet commitments;
- review of related-party agreements entered into or ongoing during 2019;
- examination of the Board of Directors' Management Report on the financial statements for the year ended 31 December 2019 concerning procedures for internal control and risk management;
- review of the business plan;
- review of the 2021 budget;
- review of the risk mapping and the internal control audit; and
- more specifically, the impact of the health crisis on the Company's activity.

In addition, the Chairman of the Committee reported to the Board of Directors on the work of the Audit Committee.

## Nomination and Compensation Committee

### Membership

As of 31 December 2020, the Nomination and Compensation Committee comprised five members chosen from among the Directors, at least three of whom are independent Directors, including its Chairman, appointed by the Board for their term of office.

No executive corporate officers sit on the Nomination and Compensation Committee.

The Company's Nomination and Compensation Committee comprises the following members:

- Séverine Farjon, Independent Director (Committee Chair);
- Olivier Lecomte, Independent Director and Lead Independent Director;
- Amal Del Monaco, Independent Director;
- Jérôme Nanty, Director; and
- Laurent Vallée, Director.

### Duties

The Nomination and Compensation Committee, whose main task is to assist the Board of Directors with the determination and regular assessment of all compensation and benefits of executive corporate officers or of senior executives of the Company, and with the membership of the Company's supervisory bodies, is in charge of:

- proposing Independent Director candidates, organising the selection of future independent directors and carrying out its own review of potential candidates before taking any action, as well as issuing an opinion on the candidates proposed by other Directors;
- proposing candidates to be members of the Committees of the Board of Directors and executive corporate officers;
- issuing proposals for the compensation and incentive policies applicable to employees and corporate officers of the Company and its Subsidiaries and on stock option plans and the granting of free shares or preference shares;
- submitting proposals to the Board as to the terms of protection of executive corporate officers (civil liability insurance of corporate officers); and
- periodically assessing the activities of the Board.

Concerning the selection of new Directors, the Nomination and Compensation Committee is in charge of submitting proposals to the Board after having examined all elements in detail, in particular in light of the membership and changes in the shareholding structure of the Company, to ensure the balanced composition of the Board: representation of the significant shareholders of the Company (it should be noted that representatives of the Reference Shareholder cannot be described as Independent Directors), gender balance, nationality, age, qualifications, professional experience, etc. Each year, it also reviews the individual situation of each Director in light of the independence criteria set out in the AFEP-MEDEF Code to which it refers.

The Nomination and Compensation Committee may consider that even though a Director may meet the criteria stated above, he or she may not be deemed independent given his or her specific situation or that of the Company, with regard to its shareholding structure or for any other reason. Conversely, the Nomination and Compensation Committee may consider that a Director that fails to meet the required criteria can nevertheless be deemed independent.

It also issues a recommendation on the overall amount and methods for breaking down Directors' compensation.

The Nomination and Compensation Committee is informed of the compensation policy with regard to senior executives reporting directly to the Chief Executive Officer. To this end, the Nomination and Compensation Committee receives the assistance of the executive corporate officers.

The Nomination and Compensation Committee draws up a succession plan for the Company's main executive corporate officers, which is then presented to the Board of Directors.

### Work of the Nomination and Compensation Committee in 2020

The Nomination and Compensation Committee met six (6) times in 2020. The attendance rate was **93.33%.** However, note that 10 extraordinary sessions were held involving other members of the Board as from June 2020, as part of the succession planning process regarding the Company's Chair and Chief Executive Officer.

5 DIRECTORS

6
Meetings

93.3%
Attendance rate

The main topics discussed in 2020 were as follows:

- adopting a corporate purpose;
- creation of a CSR Committee;
- review of the Corporate Governance Report;
- annual review of the status of Independent Director(s);
- review of the executive corporate officers' 2019 compensation and 2020 compensation policies;
- review of the Directors' 2019 compensation and 2020 compensation policies;
- implementation of a preference share plan (PSP 2020);
- statement on the final conditions for vesting of shares under the 2017 Performance Plan;
- review of the membership, organisation and functioning of the Board of Directors and its Committees;
- Board of Directors' self-assessment;
- renewal of the terms of office of five Directors for a four-year term;
- review of the succession plan for Alexandre de Palmas;
- appointment of Marie Cheval as Chair and Chief Executive Officer and of Sébastien Vanhoove as Deputy Chief Executive Officer;
- acknowledgement of the departure of Géry Robert-Ambroix, Deputy Chief Executive Officer;
- reinforcement of the Lead Independent Director's role and powers and corresponding amendment to the Board of Directors' Rules of Procedure.

The Chair of the Committee reported to the Board of Directors on the work discussed at each meeting of the Nomination and Compensation Committee.

## Strategy and Investment Committee

### Membership

As of 31 December 2020, the Strategy and Investment Committee comprised six members chosen from among the Directors and appointed by the Board for the duration of their term of office. The Board appoints the Chairman of the Strategy and Investment Committee.

During 2020, Alexandre de Palmas was replaced by Jérôme Nanty as member of the Strategy and Investment Committee.

The Company's Strategy and Investment Committee comprises the following members:

- Nathalie Robin, Independent Director (Committee Chair);
- Marie Cheval, Chair and Chief Executive Officer of Carmila;
- Emmanuel Chabas, Independent Director;
- Nadra Moussalem, Independent Director;
- Jérôme Nanty, Director; and
- Laurent Vallée, Director.

### Duties

The Strategy and Investment Committee, prior to any decision of the Chairman and Chief Executive Officer (or the Deputy Chief Executive Officer, as the case may be) and/or of the Board of Directors, as applicable, is tasked with:

- reviewing the Company's investment strategy and that of its Subsidiaries and monitoring investment opportunities;
- reviewing, and issuing an opinion on, the annual investment budget;
- issuing an opinion on any investment or divestment transaction for an amount exceeding €15 million;
- examining and issuing an opinion on decisions relating to any proposed investment or divestment requiring the prior authorisation of the Board; and
- examining and issuing an opinion regarding the conclusion, substantial modification, early termination or renewal of the Renovation and Development Agreement concluded with Carrefour, and regarding any asset transfer agreement exceeding a given amount specified in the Rules of Procedure, concluded between (a) the Company and/or one of its Subsidiaries, on the one hand, and (b) a Reference Shareholder (understood to mean any entity that directly or indirectly holds significant influence over the Company and/or any Affiliate of that Reference Shareholder, on the other hand).

The Directors representing the Reference Shareholder only take part in the deliberations of the Strategy and Investment Committee in an advisory capacity.

### Work of the Strategy and Investment Committee in 2020

The Strategy and Investment Committee met twice in 2020, and the attendance rate was **83.33%**.

6 DIRECTORS

| 2 | 83.3% |
|---|---|
| Meetings | Attendance rate |

The Committee met to discuss the following main topics:

- the Company's acquisition, disposal and asset expansion projects and opportunities;
- possible changes to be made to the Company's strategy following the health crisis.

The Chairman of the Committee reported to the Board of Directors on the work discussed at each meeting of the Strategy and Investment Committee.

## CSR Committee

At its meeting of 2 April 2020, the Board of Directors decided to create a CSR Committee in order to involve the Board in defining the CSR strategy and policy implemented by the Company. At its meeting of 26 November 2020, the Board of Directors increased the number of Committee members to six. The CSR Committee meets as frequently as is required.

### Membership

The Company's CSR Committee comprises the following members:

- Séverine Farjon, Independent Director (Committee Chair);
- Marie Cheval, Chair and Chief Executive Officer of Carmila;
- Nathalie Robin, Independent Director (Committee Chair);
- Laurent Vallée, Director;
- Maria Garrido, Independent Director; and
- Alexandre de Palmas, Director.

### Duties

In particular, the CSR Committee is responsible for:

- discussing the Company's CSR commitments and policy priorities, their alignment with the expectations of stakeholders, monitoring their roll-out and more generally ensuring CSR-related matters are incorporated in the Company's strategy and its implementation;
- assessing risks, identifying new opportunities, taking account of the impact of the CSR policy in terms of business performance;
- reviewing the annual report on non-financial performance;
- reviewing the summary of ratings awarded to the Company by ratings agencies and in non-financial analysis; and
- identifying and discussing emerging CSR trends, and verifying that the Company is well prepared for the challenges specific to its business and objectives.

### Work of the CSR Committee in 2020

The CSR Committee met twice during 2020, with an attendance rate of **100%**.

6 DIRECTORS

| 2 | 100% |
|---|---|
| Meetings | Attendance rate |

The Committee met to discuss and define the 2020 CSR strategy and, at a second meeting, reviewed the current CSR situation in the shopping centre universe (key issues, progress in current projects, strategic directions to be taken).

The Chair of the Committee reported to the Board of Directors on the work discussed at each meeting of the CSR Committee.

## 6.2 Executive corporate officer compensation

The presentation of the compensation of executive corporate officers described below includes information arising from Order No. 2019-1234 of 27 November 2019 pursuant to Law no. 2019-486 of 22 May 2019 on business growth and transformation (Pacte Law). Under the new legislation, the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020 is required to vote on the following resolutions:

- approval of the information relating to the compensation of corporate officers referred to in paragraph I of Article L. 22-10-9 of the French Commercial Code;
- approval of the revised compensation policy applicable to Marie Cheval, Chair and Chief Executive Officer, in respect of 2020, as referred to in Article L. 22-10-8 of the French Commercial Code;
- approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted in respect of 2020 to Marie Cheval, Chair and Chief Executive Officer for the period since her appointment;
- approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted in respect of 2020 to Alexandre de Palmas, Chairman and Chief Executive Officer, for the period up to 2 November 2020;
- approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted in respect of 2020 to Géry Robert-Ambroix, Deputy Chief Executive Officer;
- approval of the fixed, variable and exceptional components making up the total compensation and benefits in kind paid or granted in respect of 2020 to Sébastien Vanhoove, Deputy Chief Executive Officer;
- approval of the compensation policy applicable to Marie Cheval, Chair and Chief Executive Officer, in respect of 2021, as referred to in Article L. 22-10-8 of the French Commercial Code;
- approval of the compensation policy applicable to Sébastien Vanhoove, Deputy Chief Executive Officer, in respect of 2021, as referred to in Article L. 22-10-8 of the French Commercial Code;
- approval of the compensation policy applicable to the members of the Board of Directors in respect of 2021, as referred to in Article L. 22-10-8 of the French Commercial Code.

The following section of the Corporate Governance Report includes (i) a summary of the compensation policies for the executive corporate officers (section 6.2.1), (ii) revision of the 2020 compensation policy for Marie Cheval, Chair and Chief Executive Officer, subject to its approval by the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020 (section 6.2.2), (iii) all components of compensation and benefits in kind paid or awarded to the corporate officers in respect of 2020 (section 6.2.3) and (iv) the 2021 compensation policies for corporate officers (section 6.2.4).

### 6.2.1 Summary of the compensation policies for the executive corporate officers

#### 6.2.1.1 General principles for setting, implementing and applying the compensation policy applicable to corporate officers

**Setting the compensation policies**

The compensation policies applicable to Carmila's executive corporate officers are set by the Board of Directors based on the recommendations of the Nomination and Compensation Committee, and put to the vote at the Annual General Meeting. In accordance with the provisions of Carmila's Rules of Procedure, the Nomination and Compensation Committee has powers to make any proposals relating to the compensation policies applicable to executive corporate officers.

In terms of the compensation of the Deputy Chief Executive Officer, the Chair and Chief Executive Officer proposes the compensation policy to the Nomination and Compensation Committee, which reviews it before making a recommendation to the Board of Directors.

Finally, upon the recommendation of the Nomination and Compensation Committee, each year the Board of Directors agrees the allocation of compensation to members of the Board of Directors, within the budget approved by the Annual General Meeting and taking into account any waivers and attendance at meetings of the Board and any Committees on which they sit.

The principles governing compensation awarded to executive corporate officers are set in accordance with the requirements of the AFEP-MEDEF Code to which the Company refers. As such, the Board of Directors ensures that the compensation awarded to executive corporate officers reflects the Group's strategy in order to promote the Company's medium- and long-term performance and competitiveness by acting responsibly in the interest of the Company and all stakeholders.

The compensation policies for the Chair and Chief Executive Officer and the Deputy Chief Executive Officer were discussed and approved by the Board of Directors at its meeting of 16 February 2021, based on the recommendations of the Nomination and Compensation Committee, in accordance with the provisions of Articles L. 22-10-8, L. 22-10-9 and L. 22-10-34 of the French Commercial Code.

**Review of the compensation policies**

The compensation policies are reviewed each year by the Board of Directors upon the recommendation of the Nomination and Compensation Committee, after the year-end accounts closing. The Nomination and Compensation Committee ensures that compensation awarded to executive corporate officers is competitive and as such, may refer to studies of comparable companies or the opinions of external firms.

In undertaking this review, the Nomination and Compensation Committee takes into account the compensation and employment terms of the Company's employees in order to make recommendations and proposals to the Board of Directors.

Moreover, the Nomination and Compensation Committee ensures that the performance criteria set reflect the Company's strategy and, in the case of qualitative criteria, specific duties related thereto.

#### Implementation of the compensation policies

The compensation policies for corporate offices are implemented by the Board of Directors in accordance with the resolutions passed by the Annual General Meeting. Each year, after the Company's financial statements have been approved, the Board of Directors draws on the recommendations of the Nomination and Compensation Committee to set objectives linked to each of the performance criteria on which the annual variable compensation of the Chairman and Chief Executive Officer and Deputy Chief Executive Officer is based. It also sets targets as well as maximum and minimum objectives so that the amount of variable compensation can be adjusted upwards or downwards according to the performance criteria set.

Drawing on the recommendations of the Nomination and Compensation Committee and following the authorisation of the Annual General Meeting, the Board of Directors sets the terms of long-term compensation awarded to corporate officers in the form of free shares or preference shares based on the Company's performance and ambitions.

In accordance with the provisions of Article L. 22-10-8 III of the French Commercial Code, after the Nomination and Compensation Committee has advised on the matter, the Board of Directors may decide not to apply the compensation policy concerning annual fixed compensation, annual variable remuneration and long-term compensation, and in particular the performance criteria and conditions, in the event of exceptional circumstances if this derogation remains temporary, in accordance with the Company's interests and where necessary to guarantee the Company's continuity or viability.

#### Managing conflicts of interest

The Company adheres to the conditions set out in the AFEP-MEDEF Code on managing conflicts of interest. As such, in accordance with the provisions of Article 1.6.6 of the Company's Rules of Procedure, any situation liable to result in a conflict of interest must be brought to the attention of the Board of Directors and may be investigated by the Lead Independent Director in particular.

In the event that a conflict of interest is unavoidable, the corporate officer abstains from taking part in discussions and any decision-making relating to the matters in question.

### Application of the compensation policies

#### Appointment of new corporate officers

If a new Chairman and Chief Executive Officer is appointed, the compensation policy applicable to the current Chair and Chief Executive Officer will be applied, taking into account any additional duties assigned by the Board of Directors.

If a new Deputy Chief Executive Officer is appointed, the compensation policy applicable to the Deputy Chief Executive Officer will be applied.

However, the specific circumstances of each of the corporate officers and their responsibilities may be taken into account by the Board of Directors, on the recommendation of the Nomination and Compensation Committee. The Board may adjust the compensation policy accordingly and the revised policy will be subject to approval at the Annual General Meeting.

If a new Director or Non-Voting Director is appointed, the compensation policy applicable to current members of the Board of Directors will be applied.

#### Performance criteria evaluation method

The performance criteria applied to the variable compensation awarded to corporate officers and long-term compensation are measurable. Performance criteria are based on financial and non-financial criteria, the achievement of which is audited by the Statutory Auditors during the audit of the financial statements, but also on the Company's non-financial statement for the year in question.

#### Application of the compensation policies based on the status of each executive corporate officer

Carmila's executive corporate officers do not all have the same status. In 2020:

- two executive corporate officers were employees of the Carrefour group. The Company is responsible for paying the fixed and variable compensation they receive in respect of their corporate office at Carmila, and this amount is charged back to the Company by Carrefour under a secondment agreement. They are Alexandre de Palmas, Chairman and Chief Executive Officer until 2 November 2020 and Sébastien Vanhoove, Deputy Chief Executive Officer since 24 October 2018;
- Géry Robert-Ambroix, Deputy Chief Executive Officer of Carmila since 12 June 2017, had an employment contract with Almia Management, a subsidiary of the Company, where he was Asset Valuation and Investment Director. Fixed and variable compensation is paid by the Carmila Group in respect of his services as Deputy Chief Executive Officer;
- Marie Cheval has been Chair and Chief Executive Officer of the Company since her appointment by the Board of Directors on 2 November 2020. The 2020 compensation policy for the Chairman and Chief Executive Officer, as approved by the Annual General Meeting of 29 June 2020, was amended to reflect Marie Cheval's specific status. Alexandre de Palmas is the Executive Director of the Carrefour group in charge of Convenience, under an employment contract with Carrefour. A secondment agreement was entered into between Carrefour and the Company, under which Alexandre de Palmas was made available to the Company for half of his time, with his fixed and variable compensation being rebilled.

Marie Cheval resigned from her position as Executive Director in charge of Hypermarkets and Financial Services with the Carrefour group when she was appointed Chair and Chief Executive Officer of Carmila. Her compensation as Chair and Chief Executive Officer is therefore borne in full by the Company. This change required the Board of Directors to revise the 2020 compensation policy for the Chair and Chief Executive Officer, which will be submitted for approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020, as presented in section 6.2.1.2 above.

### 6.2.1.2 Amendment of the 2020 compensation policy for the Chair and Chief Executive Officer following the appointment of Marie Cheval on 2 November 2020

Following Marie Cheval's appointment as Chair and Chief Executive Officer on 2 November 2020, at its meeting of 26 November 2020, the Board of Directors amended the compensation policy for the Chair and Chief Executive Officer to reflect her status as full-time executive corporate officer of Carmila. Thus, on the recommendation of the Nomination and Compensation Committee, the Board of Directors will propose the following amendments to the 2020 compensation policy for the Chair and Chief Executive Officer at the Annual General Meeting:

#### Annual fixed and variable compensation

Annual compensation comprises a fixed portion and a variable portion. This compensation reflects the responsibilities, experience and skills of the Chair and Chief Executive Officer, as well as market practices.

##### Annual fixed compensation

Annual fixed compensation is reviewed at relatively long intervals although it may be re-examined by the Board of Directors in certain cases, particularly when the Chair and Chief Executive Officer's term is up for renewal. Pursuant to these principles, Marie Cheval's fixed compensation payable by the Company was set at €500,000, payable on a pro rata basis as of her appointment in November 2020.

##### Annual variable compensation

Annual variable compensation may not exceed a maximum amount expressed as a percentage of reference annual fixed compensation (referred to above).

Annual variable compensation may not exceed 200% of the Chair and Chief Executive Officer's annual fixed compensation.

Annual variable compensation is subject to the fulfilment of performance conditions based on achieving general quantifiable financial and non-financial objectives, as well as individual quantitative and qualitative objectives.

The expected attainment rate of the objectives used to determine the annual variable compensation of executive corporate officers is established precisely by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

These criteria can be used to assess both the individual performance of the Chair and Chief Executive Officer and the Company's performance. The variable compensation is thus linked to the Company's overall results to ensure its alignment with the Group's best interests and the development of its strategy. In accordance with Article L. 22-10-34 III, paragraph 2 of the French Commercial Code, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting.

**Calculation methods**

At its meeting of 26 November 2020, the Board of Directors decided that the variable portion of compensation for Marie Cheval would be equal to 100% of her gross fixed compensation if the performance criteria are achieved at 100%, and up to 120% of her gross fixed compensation borne by the Company if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the extent to which the performance criteria are met.

In respect of 2020, the performance criteria used to determine the variable compensation payable by the Company and set by the Board of Directors, on the recommendation of the Nomination and Compensation Committee, are as follows:

(i) general quantifiable criteria for 50% of the variable compensation (growth on a like-for-like basis in 2020 Net Rental Income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share excluding the impact of a possible dividend paid in shares, and percentage of centres having obtained BREEAM certification or equivalent at the end of 2020, as a percentage of market value);

(ii) individual quantifiable criteria for 20% of the variable compensation (change in vacancy rate, revenues generated by certain businesses, financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Nice-Lingostiere extension and obtaining authorisation on the pipeline of projects); and

(iii) qualitative criteria for 30% of the variable compensation (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, quality of customer and partner relations and financial policy).

**Payment terms**

The payment of variable compensation is conditional upon the approval of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2020. In respect of 2020, Marie Cheval will receive variable compensation in an amount to be determined based on the extent to which the performance criteria are met, paid pro rata to her effective service in the Company during that year, i.e., 2/12ths of the target annual variable compensation.

#### Long-term incentive plan

The long-term incentive plan may include free shares or preference shares on the following terms and conditions:

- the long-term incentive plan may not exceed 12 months' gross fixed compensation for the Chair and Chief Executive Officer;
- in order to benefit from the plan, the person concerned must fulfil predominantly quantitative performance conditions, as set by the Board of Directors on the recommendation of the Nomination and Compensation Committee, over a multi-year period;
- in order to benefit from the plan, the person concerned must still be in office at the end of the financial years considered.

In the event that shares are allotted without consideration, the Board of Directors will set the number of shares that the Chair and Chief Executive Officer is required to hold until the termination of her term of office, in accordance with the provisions of the French Commercial Code.

The Chair and Chief Executive Officer is not permitted to hedge any stock options or performance shares held or any shares obtained upon the exercise of stock options held throughout the entire term of the holding period set by the Board of Directors. Marie Cheval is required to hold 50% of the total number of free shares allotted to her, capped at the equivalent of 1.5 times her gross annual fixed compensation, as described in the section below entitled "Policy for holding shares applicable to the executive corporate officers".

Awarding variable compensation gives the Chair and Chief Executive Officer a stake in the Company's earnings and share price performance.

#### Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Nomination and Compensation Committee, the Chair and Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held.

Marie Cheval has use of a company car. She is also covered by the private executive unemployment insurance plan taken out with GSC. As the contributions are entirely paid by the Company, this represents a benefit in kind.

Other benefits in kind may be provided for in specific situations.

#### Exceptional compensation

The Chair and Chief Executive Officer may not receive exceptional compensation, except under specific circumstances related to transactions that have a major impact on the Company.

In the event of a cash payment, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting, in accordance with Article L. 22-10-34 III, paragraph 2 of the French Commercial Code.

#### Compensation awarded in respect of her directorship

The Chair and Chief Executive Officer receives compensation in her capacity as Director, Chair of the Board of Directors and specialised Committee member.

The compensation allocated in respect of her directorship is paid in accordance with the compensation policy for Directors as described in section 6.2.2.6 "Components of compensation and benefits in kind paid or awarded in respect of 2020 to members of the Board of Directors", of this Universal Registration Document. It comprises a fixed portion and a variable portion based on her attendance at meetings of the Board of Directors and of its specialised Committees.

#### Supplementary pension plan

The Chair and Chief Executive Officer does not benefit from any supplementary pension plan in respect of her role as Chair and Chief Executive Officer of the Company.

#### Severance payment

The Chair and Chief Executive Officer is not eligible for any severance payment in respect of the termination of her duties as Chair and Chief Executive Officer of the Company.

#### Non-compete benefit

The Board of Directors may also decide to enter into a non-compete commitment in respect of the Chair and Chief Executive Officer.

At its meeting of 26 November 2020, the Board of Directors decided that in consideration for a one-year non-compete commitment designed to safeguard the Company's interests, Marie Cheval would be entitled to a fixed monthly payment for a period of one year equal to 50% of the gross monthly fixed compensation (excluding variable compensation) paid to her for the month preceding the end of her term of office. The Company may waive the application of the non-compete commitment in the 15 days following the end of the Chair and Chief Executive Officer's term of office.

#### Other components of compensation

At its meeting of 26 November 2020, the Board of Directors decided that Marie Cheval would not be entitled to a severance payment but that she would be covered by the GSC executive unemployment insurance plan. Given the time required to put this procedure in place, she may, if removed from office (other than for gross negligence or wilful misconduct) within 12 months of her effective enrolment in the plan, receive a severance payment equal to 6 months' gross annual fixed compensation.

#### Shareholding policy for the Chair and Chief Executive Officer

Executive corporate officers are subject to an obligation to hold their free shares. At its meeting of 12 June 2017, the Board of Directors renewed the terms and conditions set in 2016 and set the holding obligation for the Chairman and Chief Executive Officer at 50% of the total number of free shares awarded, capped at the equivalent of 1.5 times gross annual fixed compensation.

Article 1.6.3 of the Carmila Board of Directors' Rules of Procedure require the Chairman and Chief Executive Officer to hold 10,000 Company shares for the duration of his corporate office.

### 6.2.1.3 Confirmation of the 2020 compensation policy for the Deputy Chief Executive Officer

Sébastien Vanhoove was appointed Deputy Chief Executive Officer of the Company at the Board of Directors' meeting held on 27 July 2018. Sébastien Vanhoove's position was confirmed by Alexandre de Palmas when he was appointed Chairman and Chief Executive Officer on 26 June 2019. Following Marie Cheval's appointment as Chair and Chief Executive Officer on 2 November 2020, she also appointed Sébastien Vanhoove as Deputy Chief Executive Officer. At its meeting of 26 November 2020, the Board of Directors confirmed the 2020 compensation policy for Sébastien Vanhoove.

## 6.2.2 Application of the compensation policies for the executive corporate officers for the year ended 31 December 2020 (Articles L. 22-10-9 I and L. 22-10-34 II of the French Commercial Code)

The information on the components of compensation paid or awarded to corporate officers for 2020 as presented in this section, is the information required under Article L. 22-10-9 I of the French Commercial Code and put to a shareholder vote pursuant to Article L. 22-10-34 II of the French Commercial Code.

The compensation and benefits in kind paid or granted in respect of 2020 are in line with the compensation policies approved at the Annual General Meeting of 29 June 2020 for Alexandre de Palmas, Géry Robert-Ambroix and Sébastien Vanhoove. The components of compensation paid to Marie Cheval are in line with the revised 2020 compensation policy presented in section 6.2.1.2 above, which will be submitted for approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020.

**SUMMARY TABLE OF THE COMPONENTS OF COMPENSATION PAID IN RESPECT OF 2020**

The table below shows a summary of the components of compensation to which each of the corporate officers is entitled under the applicable 2020 compensation policy.

| Component of compensation | Marie Cheval(1) | Alexandre de Palmas(2) | Sébastien Vanhoove | Géry Robert-Ambroix(3) |
|---|---|---|---|---|
| Fixed compensation | √ | √ | √ | √ |
| Variable compensation | √ | √ | √ | √ |
| Exceptional compensation | - | - | - | - |
| Long-term incentive plan | - | √ | √ | √ |
| Benefits in kind | √ | - | - | √ |
| Compensation awarded in respect of their directorship | √ | √ | - | - |
| Supplementary pension plan | √ | - | - | - |
| Termination of service indemnity - Severance payment | - | - | - | √(4) |
| Non-compete benefit | √ | - | - | -(5) |

*(1) Revised 2020 compensation policy following the appointment of Marie Cheval as Chair and Chief Executive Officer of Carmila on 2 November 2020, subject to retroactive approval at the Annual General Meeting held to approve the 2020 financial statements.*
*(2) Applicable until the departure of Alexandre de Palmas on 2 November 2020.*
*(3) Applicable until the departure of Géry Robert-Ambroix on 15 March 2021.*
*(4) Géry Robert-Ambroix was not entitled to a termination of service indemnity in his capacity as corporate officer. However, under his employment contract as Asset Valuation and Investment Director with Almia Management, a subsidiary of the Company, he was entitled to statutory and contractual severance pay upon the termination of his employment contract.*
*(5) Géry Robert-Ambroix's employment contract contained a non-compete clause, which was waived when he left the Company. Therefore, he did not receive a non-compete benefit.*

### 6.2.2.1 Components of compensation and benefits in kind paid or awarded in respect of 2020 to the Chairman and Chief Executive Officer

#### (a) Compensation and other benefits paid or awarded to Alexandre de Palmas, Chairman and Chief Executive Officer until 2 November 2020

Following the appointment of Alexandre de Palmas as Executive Director Spain effective 1 July 2020, under the succession plan drawn up by the Board of Directors, Marie Cheval was appointed as Chair and Chief Executive Officer at the Board meeting held on 2 November 2020.

Alexandre de Palmas does not have an employment contract with the Company. However, under the secondment agreement between the Company and the Carrefour group, the fixed and variable compensation payable by the Company to Alexandre de Palmas for his services to Carmila are charged by Carrefour to the Company.

**BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019 TO ALEXANDRE DE PALMAS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, CALCULATED PRO RATA ACCORDING TO HIS EFFECTIVE TERM OF OFFICE (TABLE 2 OF THE AFEP-MEDEF CODE)**

| | 2020* | | 2019* | |
|---|---|---|---|---|
| Alexandre de Palmas<br>Chairman and Chief Executive Officer until 2 November 2020 | Amounts awarded for the year<br>Annual basis | Amounts paid during the year<br>Annual basis | Amounts awarded for the year<br>Annual basis | Amounts paid during the year<br>Annual basis |
| Fixed compensation *(gross before tax)* | €208,333(1) | €208,333(1) | €125,000(2) | €125,000(2) |
| Annual variable compensation | €165,833(3) | €133,209(4) | €133,209(4) | N/A |
| Exceptional compensation | N/A | N/A | N/A | N/A |
| Compensation awarded in respect of his directorship | €35,625 | €10,625 | €10,625 | N/A |
| Benefits in kind | N/A | N/A | N/A | N/A |
| **TOTAL** | **€409,791** | **€352,167** | **€268,834** | **N/A** |

** Fixed and variable compensation paid by Carmila.*
*(1) Proportionate amount based on his effective presence in the Carmila Group until 2 November 2020.*
*(2) Proportionate amount based on his effective presence within the Carmila Group as of 1 July 2019.*
*(3) Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020, the amount of which will be calculated pro rata to his effective service, i.e., until 2 November 2020, making a total of 10/12ths of his gross fixed compensation.*
*(4) Payment approved by the Annual General Meeting of 29 June 2020.*

The compensation components paid to Alexandre de Palmas in respect of 2020, determined by the Board of Directors, on the recommendation of the Nomination and Compensation Committee, pursuant to the principles and criteria approved by the Annual General Meeting of 29 June 2020 are as follows:

## Fixed compensation

In respect of 2020, the share of Alexandre de Palmas' fixed compensation paid by the Company is €250,000 per annum, i.e., 50% of his total fixed compensation. For the period from 1 January 2020 to 1 November 2020, Alexandre de Palmas received a gross amount of €208,333.

## Annual variable compensation

### Calculation methods

Variable compensation received by Alexandre de Palmas in respect of his service to the Company is determined by the Board of Directors of the Company, after consulting with the Nomination and Compensation Committee and based on performance criteria in respect of the Carmila Group. The variable portion of compensation for Alexandre de Palmas' compensation will be 80% of his gross fixed compensation if the performance criteria are achieved at 100%, and up to 120% of his gross fixed compensation borne by the Company if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the extent to which the performance criteria are met.

In respect of 2020, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Nomination and Compensation Committee, are as follows:

(i) general quantifiable criteria for 50% of the variable compensation (growth on a like-for-like basis in 2020 Net Rental Income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share excluding the impact of a possible dividend paid in shares, and percentage of centres having obtained BREEAM certification or equivalent at the end of 2020, as a percentage of market value);

(ii) individual quantifiable criteria for 20% of the variable compensation (change in vacancy rate, revenues generated by certain businesses, financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Nice-Lingostiere extension and obtaining authorisation on the pipeline of projects); and

(iii) qualitative criteria for 30% of the variable compensation (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, quality of customer and partner relations and financial policy).

### Payment terms

Following the resignation of Alexandre de Palmas as Chairman and Chief Executive Officer, at its meeting of 26 November 2020 the Board of Directors decided to pay him on a pro rata basis, i.e., 10/12ths of his gross annual compensation.

At its meeting of 16 February 2021, after consulting with the Nomination and Compensation Committee, the Board of Directors noted that the attainment rates for the performance criteria underlying his variable compensation were as follows:

- 77% for the general quantifiable criteria;
- 80% for the individual quantifiable criteria; and
- 150% for the individual criteria;
- i.e., an overall attainment rate of 100%.

The amount of annual variable compensation due to Alexandre de Palmas for 2020 was €165,833, calculated on a pro rata basis following the end of his term as Chairman and Chief Executive Officer in November 2020.

## Long-term incentive plan

No stock options were awarded to Alexandre de Palmas in respect of the year ended 31 December 2020.

At the Board of Directors' meeting of 29 June 2020, acting under the authorisation given by the Annual General Meeting the same day and upon the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to award, subject to service and performance conditions, 13,587 preference shares (equivalent of 12 months of salary borne by Carmila) to Alexandre de Palmas. The terms and conditions of the 2020 PSP plan regulations provide that "other than in exceptional cases, beneficiaries will retain their entitlement to the free D Shares on the Award Date if transferred to a Carrefour group company". Alexandre de Palmas will therefore retain his entitlement to the D Preference Shares as he is an Executive Director of Carrefour in Spain. Details of the performance criteria and terms of the share awards made to Alexandre de Palmas are provided in section 6.2.2.4 "Free shares allotted to corporate officers in 2020", of this Universal Registration Document.

The following table presents the value of performance shares awarded to Alexandre de Palmas:

| | 2020 |
|---|---|
| Value of options granted during the year | N/A |
| Value of Carmila shares allotted without consideration during the year (2020 PSP plan of 29 June 2020) | €74,456.76 |
| **TOTAL** | **€74,456.76** |

### Benefits in kind

Alexandre de Palmas was not entitled to any benefits in kind during the year.

### Exceptional compensation

He did not receive any exceptional compensation during the year.

### Compensation awarded in respect of his directorship

On the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded Alexandre de Palmas compensation (formerly attendance fees) of €35,625 for the period from 1 January 2020 to 1 November 2020 in respect of his duties as Director, Chairman and member of the Strategy and Investment Committee.

Following his resignation as Chairman and Chief Executive Officer, Alexandre de Palmas remained a Director of the Company and waived his compensation as Director representing the Carrefour group.

### Other components of compensation

Alexandre de Palmas is not eligible for any severance payments (resignation, dismissal, forced resignation or retirement) upon the termination of his corporate office within the Company, or any indemnities in respect of a non-compete clause or a supplementary pension plan.

## (b) Compensation and other benefits paid or awarded to Marie Cheval, Chair and Chief Executive Officer, as of her appointment

Marie Cheval was appointed Chair and Chief Executive Officer of the Company at the Board meeting held on 2 November 2020 to replace Alexandre de Palmas. On 26 November 2020, the Board of Directors also decided revise the 2020 compensation policy to adapt it to Marie Cheval's specific circumstances, as her compensation as Chair and Chief Executive Officer is borne in full by the Company. The revised policy, details of which are provided in section 6.2.1.2 "Amendment of the 2020 compensation policy for the Chair and Chief Executive Officer following the appointment of Marie Cheval on 2 November 2020", of this Universal Registration Document, will be submitted for approval at the Annual General Meeting called to approve the 2020 financial statements.

Marie Cheval does not hold any executive positions other than Chair and Chief Executive Officer of Carmila.

She does not have an employment contract with the Company.

**BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019 TO MARIE CHEVAL, CHAIR AND CHIEF EXECUTIVE OFFICER, CALCULATED PROPORTIONATELY BASED ON HER EFFECTIVE TERM OF OFFICE (TABLE 2 OF THE AFEP-MEDEF CODE)**

| Marie Cheval<br>Chair and Chief Executive Officer<br>since 2 November 2020 | 2020* | | 2019* | |
|---|---|---|---|---|
| | Amounts awarded for the year | Amounts paid during the year | Amounts awarded for the year | Amounts paid during the year |
| | Annual basis | Annual basis | Annual basis | Annual basis |
| Fixed compensation *(gross before tax)* | €79,544(1) | €79,544(1) | N/A | N/A |
| Annual variable compensation | €82,833(2) | N/A | N/A | N/A |
| Exceptional compensation | N/A | N/A | N/A | N/A |
| Compensation awarded in respect of her directorship | €9,375 | €0(3) | €0(3) | €0(3) |
| Benefits in kind *(use of a company car and GSC executive unemployment insurance contributions)* | €2,230 | N/A | N/A | N/A |
| **TOTAL** | **€173,982** | **N/A** | **N/A** | **N/A** |

* *Fixed and variable compensation paid by Carmila.*

(1) *Proportionate amount based on her effective presence in the Carmilla Group as Chair and Chief Executive Officer since 3 November 2020.*

(2) *Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020, the amount of which will be calculated on a pro rata basis as of the start of her term of office as Chair and Chief Executive Officer on 3 November 2020, making a total of 2/12ths of her gross fixed compensation.*

(3) *Marie Cheval, Director representing Carrefour, waived her compensation due for 2019 and 2020 until her appointment as Chair and Chief Executive Officer.*

### Fixed compensation

Marie Cheval's fixed compensation in her capacity as Chair and Chief Executive Officer is borne in full by the Company. Pursuant to these principles, Marie Cheval's fixed compensation paid by the Company was set at €500,000, payable as of November 2020, i.e., a gross amount of €79,544.

### Annual variable compensation

**Calculation methods**

Variable compensation received by the Chair and Chief Executive Officer in respect of her services to the Company is determined by the Board of Directors, after consulting with the Nomination and Compensation Committee and is based on performance criteria. The variable portion for the Chair and Chief Executive Officer will be equal to 100% of her gross fixed compensation if the performance criteria are achieved at 100%, and up to 120% of her gross fixed compensation borne by the Company if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the extent to which the performance criteria are met.

In respect of 2020, the performance criteria used to determine the variable compensation payable borne by Carmila, set by the Company's Board of Directors on the recommendation of the Nomination and Compensation Committee, are the same as for Alexandre de Palmas, as follows:

(i) general quantifiable criteria for 50% of the variable compensation (growth on a like-for-like basis in 2020 Net Rental Income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share excluding the impact of a possible dividend paid in shares, and percentage of centres having obtained BREEAM certification or equivalent at the end of 2020, as a percentage of market value);
(ii) individual quantifiable criteria for 20% of the variable compensation (change in vacancy rate, revenues generated by certain businesses, financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Nice-Lingostiere extension and obtaining authorisation on the pipeline of projects); and
(iii) qualitative criteria for 30% of the variable compensation (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, quality of customer and partner relations and financial policy).

**Payment terms**

The payment of variable compensation is conditional upon the approval of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2020. In respect of 2020, Marie Cheval will receive variable compensation in an amount to be determined based on the extent to which the performance criteria are met, paid pro rata to her effective service in the Company during that year, i.e., 2/12ths of the target annual variable compensation.

At its meeting of 16 February 2021, after consulting with the Nomination and Compensation Committee, the Board of Directors noted that the attainment rates for the performance criteria underlying Marie Cheval's variable compensation were as follows:

- 77% for the general quantifiable criteria;
- 80% for the individual quantifiable criteria; and
- 150% for the individual criteria;
- i.e., an overall attainment rate of **100%.**

The annual variable compensation received by Marie Cheval in respect of 2020 was €82,833, taking into account the date on which she joined the Company.

### Long-term incentive plan

No stock options were awarded to Marie Cheval in respect of 2020.

### Benefits in kind

Marie Cheval may receive benefits in kind. She is also covered by the private executive unemployment insurance plan taken out with GSC. Contributions into this plan are entirely paid by the Company. The amount of the contribution was not known at the date of this Universal Registration Document. However, as its application is retroactive for 2020, the estimated benefit in kind payable to Marie Cheval represents €930 per month, or €1,860 for 2020 as a whole.

She also has use of a company car, the benefit of which was valued at €370 in 2020.

### Exceptional compensation

Marie Cheval did not receive any exceptional compensation.

### Compensation awarded in respect of her directorship

As a Director and Committee member, the Chair and Chief Executive Officer is entitled to compensation based on the same rules set by the compensation policy applicable to Board members.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded Marie Cheval compensation (formerly attendance fees) of €9,375 for the period from 2 November 2020 to 31 December 2020 in respect of her duties as a Director, Chair and member of the Strategy and Investment Committee and CSR Committee.

### Other components of compensation

Marie Cheval is not eligible for any severance payments (resignation, dismissal, forced resignation or retirement) upon the termination of her corporate office within the Company, or any indemnities in respect of a non-compete clause or a supplementary pension plan.

### Shareholding obligation

Article 1.6.3 of the Carmila Board of Directors' Rules of Procedure require the Chairman and Chief Executive Officer to hold 10,000 Company shares for the duration of his or her corporate office.

Marie Cheval held 5,500 Company shares as of the date of this Universal Registration Document.

## 6.2.2.2 Components of compensation and benefits in kind paid or awarded in respect of 2020 to the Deputy Chief Executive Officers

### (a) Compensation and other benefits paid or awarded to Sébastien Vanhoove, Deputy Chief Executive Officer

Following Marie Cheval's appointment as Chair and Chief Executive Officer on 2 November 2020, she also appointed Sébastien Vanhoove as Deputy Chief Executive Officer. At its meeting of 26 November 2020, the Board of Directors confirmed the 2020 compensation policy for Sébastien Vanhoove.

Sébastien Vanhoove is Chairman of Carrefour Property France. In this capacity he is responsible for Carrefour Property France and its subsidiaries. He holds an employment contract with Carrefour Management which covers these roles. The Company has entered into a secondment agreement with the Carrefour group under which half of Sébastien Vanhoove's working hours are seconded to the Company and his fixed and variable compensation is charged back to the Company as from 1 August 2018. This secondment agreement was approved by the Annual General Meeting of 16 May 2019 under the related-party agreements procedure.

**BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019, TO SÉBASTIEN VANHOOVE, DEPUTY CHIEF EXECUTIVE OFFICER (TABLE 2 OF THE AFEP-MEDEF CODE)**

| | 2020* | | 2019* | |
|---|---|---|---|---|
| **Sébastien Vanhoove Deputy Chief Executive Officer** | Amounts awarded for the year | Amounts paid during the year | Amounts awarded for the year | Amounts paid during the year |
| | Annual basis | Annual basis | Annual basis | Annual basis |
| Fixed compensation *(gross before tax)* | €165,000 | €135,000 | €135,000 | €135,000 |
| Annual variable compensation | €64,000(1) | €107,318(2) | €107,318(2) | €40,948 |
| Exceptional compensation | N/A | N/A | N/A | N/A |
| Compensation awarded in respect of his directorship | N/A | N/A | N/A | N/A |
| Compensation awarded in respect of his term of office as Deputy Chief Executive Officer of Almia Management | N/A | €30,000 | €30,000 | €30,000 |
| Benefits in kind | N/A | N/A | N/A | N/A |
| **TOTAL** | **€229,000** | **€272,318** | **€272,318** | **€205,948** |

* *Fixed and variable compensation paid by Carmila.*
*(1) Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020.*
*(2) Payment approved by the Annual General Meeting of 29 June 2020.*

The fixed and variable compensation amounts payable by the Company to Sébastien Vanhoove in respect of his role with the Company are billed by the Carrefour group to the Company, as described below.

### Fixed compensation

One half of the fixed compensation of Sébastien Vanhoove under his employment contract with Carrefour Management is paid by the Company in respect of his operational role within the Company, and the other half is paid by the Carrefour group in respect of his services for Carrefour Property France. At its meeting of 13 February 2020, the Board of Directors increased Sébastien Vanhoove's fixed compensation to include the compensation received in his capacity as Deputy Chief Executive Officer of Almia Management.

In respect of 2020, the portion of Sébastien Vanhoove's fixed compensation paid by the Company amounts to €165,000 (50%).

### Annual variable compensation

Variable compensation received by Sébastien Vanhoove for his role with the Company is determined on the basis of performance criteria relating only to the Carmila Group.

In respect of 2020, the variable portion of Sébastien Vanhoove's compensation amounts to 40% of his gross fixed compensation paid by the Company if the performance criteria are achieved at 100%, and up to 80% of his gross fixed compensation paid by the Company if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

In respect of 2020, the following performance criteria, on which his variable compensation paid by the Company are based, were set:

(i) general quantifiable criteria for 40% of the variable compensation (growth on a like-for-like basis in 2020 Net Rental Income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share excluding the impact of a possible dividend paid in shares, and percentage of centres having obtained BREEAM certification or equivalent at the end of 2020, as a percentage of market value);

(ii) individual quantifiable criteria for 30% of the variable compensation (change in vacancy rate, revenues generated by certain businesses, financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Nice-Lingostière extension and obtaining authorisation on the pipeline of projects); and

(iii) qualitative criteria for 30% of the variable compensation (letting activities and relations with retail brands, delivery of the project pipeline and obtaining administrative authorisations, quality of the relationship with Carrefour, and Relations with local and regional stakeholders, customer satisfaction).

The variable compensation received by Sébastien Vanhoove in respect of his operational role with Carrefour, which is paid to him by Carrefour Management, will be set according to performance criteria established by the Carrefour group.

At its meeting of 16 February 2021, after consulting with the Nomination and Compensation Committee, the Board of Directors noted that the attainment rates for the performance criteria underlying Sébastien Vanhoove's variable compensation were as follows:

- 77% for the general quantifiable criteria;
- 80% for the individual quantifiable criteria; and
- 142% for the individual criteria;
- i.e., an overall attainment rate of **97%.**

The annual variable compensation of Sébastien Vanhoove for the financial year 2020 amounted to €64,000.

### Long-term incentive plan

At the Board of Directors' meeting of 29 June 2020, under the authorisation given by the Annual General Meeting the same day and upon the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to award, subject to service and performance conditions, 6,114 preference shares (equivalent of nine months of salary) to Sébastien Vanhoove. Details of the performance criteria and terms of the share awards made to Sébastien Vanhoove are provided in section 6.2.2.4 "Free shares allotted to corporate officers in 2020", of this Universal Registration Document.

The value of the free shares awarded to Sébastien Vanhoove is set out in the table below:

| | 2020 |
|---|---|
| Value of options granted during the year | N/A |
| Value of Carmila shares allotted without consideration during the year (2020 PSP plan of 29 June 2020) | €33,504.72 |
| **TOTAL** | **€33,504.72** |

### Benefits in kind

Sébastien Vanhoove did not receive any benefits in kind.

### Exceptional compensation

He did not receive any exceptional compensation during the year.

### Other components of compensation

Sébastien Vanhoove is not eligible for any severance payments (resignation, dismissal, forced resignation or retirement) upon the termination of his corporate office within the Company, or any indemnities in respect of a non-compete clause or a supplementary pension plan.

### Shareholding obligation

Under Article 1.6.3 of the Rules of Procedure of Carmila's Board of Directors, Deputy Chief Executive Officers are required to hold 5,000 shares for the duration of their term of office.

At its meeting of 13 February 2019, the Board of Directors agreed to authorise him to acquire a minimum of 1,000 Carmila shares and, in accordance with Article 22 of the AFEP-MEDEF Code, to allocate 100% of any shares allotted to him without consideration to constituting the threshold of 5,000 shares. As of the date of this Universal Registration Document, Sébastien Vanhoove held 1,063 Carmila shares.

### (b) Compensation and other benefits paid or awarded to Géry Robert-Ambroix, Deputy Chief Executive Officer until 15 March 2021

Géry Robert-Ambroix was appointed Deputy Chief Executive Officer of the Company by the Board of Directors on 12 June 2017.

Géry Robert-Ambroix held an employment contract with Almia Management, a subsidiary of the Company, for which he was Director of Asset Valuation and Investments. The fixed and variable compensation was borne in full by the Carmila Group, in respect of his duties as Deputy Chief Executive Officer.

All compensation described below takes account of the components of compensation awarded for 2020, as well as the indemnities and compensation arising on the termination of Géry Robert-Ambroix's employment contract, payable up to 15 March 2021.

**BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019, TO GÉRY ROBERT-AMBROIX, DEPUTY CHIEF EXECUTIVE OFFICER (TABLE 2 OF THE AFEP-MEDEF CODE)**

| | 2020* | | 2019* | |
|---|---|---|---|---|
| **Géry Robert-Ambroix Deputy Chief Executive Officer** | **Amounts awarded for the year** | **Amounts paid during the year** | **Amounts awarded for the year** | **Amounts paid during the year** |
| Fixed compensation *(gross before tax)* | €350,000 | €350,000 | €350,000 | €350,000 |
| Annual variable compensation | €140,000(1) | €227,644(2) | €227,644(3) | €208,460 |
| Exceptional compensation | N/A | N/A | N/A | N/A |
| Compensation awarded in respect of his directorship | N/A | N/A | N/A | N/A |
| Benefits in kind *(use of a company car)* | €2,112 | €2,112 | €2,112 | €2,112 |
| Non-compete benefit | N/A | | | |
| Other compensation | N/A | €28,417 | €28,417 | €28,417 |
| **TOTAL** | **€492,112** | **€608,173** | **€608,173** | **€588,989** |

* *Fixed and variable compensation paid by Carmila.*
(1) *Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020.*
(2) *Payment approved by the Annual General Meeting of 29 June 2020.*
(3) *Payment submitted for approval to the Annual General Meeting of 29 June 2020.*

### Fixed compensation

Géry Robert-Ambroix's fixed compensation for 2020 payable by Carmila amounted to €350,000 and will no longer be paid as of 15 March 2021, when his notice period ends.

### Annual variable compensation

The variable portion of Géry Robert-Ambroix's compensation amounts to 40% of his gross fixed compensation if the performance criteria are achieved at 100% and up to 80% of his gross fixed compensation if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

In respect of 2020, the performance criteria used to determine variable compensation paid were set as follows:

(i) general quantifiable criteria of 40% of the variable compensation (growth on a like-for-like basis in 2020 Net Rental Income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share excluding the impact of a possible dividend paid in shares, and percentage of centres having obtained BREEAM certification or equivalent at the end of 2020, as a percentage of market value);

(ii) individual quantifiable criteria for 30% of the variable compensation (change in vacancy rate, revenues generated by certain businesses, financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Nice-Lingostière extension and obtaining authorisation on the pipeline of projects); and

(iii) qualitative criteria for 30% of the variable compensation (governance and compliance, financial communication, investor relations, business development, acquisitions and financial policy).

At its meeting of 16 February 2021, after consulting with the Nomination and Compensation Committee, the Board of Directors noted that the attainment rates for the performance criteria underlying Géry Robert-Ambroix's variable compensation were as follows:

- 77% for the general quantifiable criteria;
- 80% for the individual quantifiable criteria; and
- 142% for the individual criteria;
- i.e., an overall attainment rate of **97%.**

The annual variable compensation of Géry Robert-Ambroix in respect of 2020, calculated pro rata to his effective service, amounts to €140,000.

### Long-term incentive plan

At the Board of Directors' meeting on 29 June 2020, under the authorisation given by the Annual General Meeting the same day and upon the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to award, subject to service and performance conditions, 14,266 preference shares (equivalent of 9 months of salary) to Géry Robert-Ambroix. At its meeting of 26 November 2020, the Board of Directors decided to maintain his entitlement to the preference shares awarded under the 2020 preference share plan. Details of the performance criteria and terms of the share awards made to Géry Robert-Ambroix are provided in section 6.2.2.4 "Free shares allotted to corporate officers in 2020", of this Universal Registration Document.

The following table sets out the value of the shares allotted without consideration during the year to Géry Robert-Ambroix:

| | 2020 |
|---|---|
| Value of options granted during the year | N/A |
| Value of Carmila shares allotted without consideration during the year (2020 PSP plan of 29 June 2020) | €78,177.68 |
| **TOTAL** | **€78,177.68** |

### Benefits in kind

Géry Robert-Ambroix had the use of a company car. This benefit in kind was valued at €2,112 for the 2020 financial year.

### Exceptional compensation

Géry Robert-Ambroix has not received any exceptional compensation.

### Severance payments following the termination of his employment contract with Almia Management

In connection with the termination of Géry Robert-Ambroix's employment contract with Almia Management, where his duties as Asset Valuation and Investment Director ended on 15 March 2021, Géry Robert-Ambroix was paid a total gross amount of €969,436.48, including severance and similar benefits, as well as all components of remuneration due in respect of his final salary (paid leave, pro rata 13th month, seniority bonus, etc.). These amounts will be submitted for approval at the Annual General Meeting to be called to approve the 2021 financial statements, in accordance with the provisions of Article L. 22-10-34 of the French Commercial Code.

He was also subject to a non-compete clause in his capacity as Asset Valuation and Investment Director for the Company. However, the non-compete commitment was waived upon his departure.

### 6.2.2.3 Summary of compensation awarded to each corporate officer in 2020

**BREAKDOWN OF COMPENSATION AND STOCK OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE CORPORATE OFFICER (TABLE 1 OF THE AFEP-MEDEF CODE)**

The following table presents a summary of all components of compensation awarded to executive corporate officers for the year ended 31 December 2020:

| Alexandre de Palmas | 2020 |
|---|---|
| Fixed compensation *(gross before tax)* | €208,333[1] |
| Annual variable compensation | €165,833[2] |
| Exceptional compensation | N/A |
| Compensation awarded in respect of his directorship | €35,625 |
| Benefits in kind | N/A |
| **TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR** | **€409,791[1]** |
| Value of options granted during the year | N/A |
| Value of Carmila preference shares allocated without consideration during the year (2020 PSP of 29 June 2020) | €74,456.76 |
| **TOTAL** | **€484,247.76** |
| **Relative weighting of fixed compensation** | **43.02%** |
| **Relative weighting of variable compensation** | **56.98%** |

*(1) Proportionate amount based on effective presence in the Carmila Group until 2 November 2020.*
*(2) Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020.*

| Marie Cheval | 2020 |
|---|---|
| Fixed compensation *(gross before tax)* | €79,544[1] |
| Annual variable compensation | €82,833[2] |
| Exceptional compensation | N/A |
| Compensation awarded in respect of her directorship | €9,375 |
| Benefits in kind | €2,230 |
| **TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR** | **€173,982** |
| Value of options granted during the year | N/A |
| Value of Carmila share awards made during the financial year | N/A |
| **TOTAL** | **€173,982** |
| **Relative weighting of fixed compensation** | **45.72%** |
| **Relative weighting of variable compensation** | **54.28%** |

*(1) Proportionate amount based on effective presence in the Carmila Group from 2 November 2020.*
*(2) Payment subject to approval at the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020.*

| Sébastien Vanhoove | 2020 |
|---|---|
| Fixed compensation *(gross before tax)* | €165,000 |
| Annual variable compensation | €64,000 |
| Exceptional compensation | N/A |
| Compensation awarded in respect of his directorship | N/A |
| Benefits in kind | N/A |
| **TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR** | **€229,000** |
| Value of options granted during the year | N/A |
| Value of Carmila shares allotted without consideration during the year (2020 PSP plan of 29 June 2020) | €33,504.72 |
| **TOTAL** | **€262,504.72** |
| **Relative weighting of fixed compensation** | **62.85%** |
| **Relative weighting of variable compensation** | **37.15%** |

| Géry Robert-Ambroix | 2020 |
|---|---|
| Fixed compensation *(gross before tax)* | €350,000 |
| Annual variable compensation | €140,000 |
| Exceptional compensation | N/A |
| Compensation awarded in respect of his directorship | N/A |
| Benefits in kind | €2,112 |
| **TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR** | **€492,112** |
| Value of options granted during the year | N/A |
| Value of Carmila shares allotted without consideration during the year (2020 PSP plan of 29 June 2020) | €78,177.68 |
| **TOTAL** | **€570,289.68** |

#### SUMMARY OF EXECUTIVE CORPORATE OFFICERS' INDEMNITIES AND/OR BENEFITS FOR 2020 (TABLE 11 OF THE AFEP-MEDEF CODE)

| | Employment contract with the Company | | Supplementary pension plan | | Compensation or benefits due or likely to be due in the event of termination or change of position | | Compensation under a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| **Executive corporate officers** | Yes | No | Yes | No | Yes | No | Yes | No |
| **Alexandre de Palmas**<br>Chairman and Chief Executive Officer as of 1 July 2019<br>First appointed: 1 July 2019 | | √ (1) | | √ | | √ | | √ |
| **Marie Cheval**<br>Chair and Chief Executive Officer since 2 November 2020<br>First appointed: 2 November 2020<br>Term ends: Annual General Meeting called to approve the 2023 financial statements | | √ | | √ | | √ | √ | |
| **Sébastien Vanhoove**<br>Deputy Chief Executive Officer<br>First appointed: 27 July 2018<br>Term ends: Annual General Meeting called to approve the 2020 financial statements | | √ (1) | | √ | | √ | | √ |
| **Géry Robert-Ambroix**<br>Deputy Chief Executive Officer<br>First appointed: 12 June 2017 | | √ (2) | | √ | √ (3) | | | √ (4) |

*(1) Alexandre de Palmas and Sébastien Vanhoove each hold an employment contract with the Carrefour group.*
*(2) Géry Robert-Ambroix was party to an employment contract with Almia Management, a subsidiary of the Company.*
*(3) Géry Robert-Ambroix was not entitled to a termination of service indemnity in his capacity as corporate officer. However, under his employment contract as Asset Valuation and Investment Director with Almia Management, a subsidiary of the Company, he was entitled to statutory and contractual severance pay upon the termination of his employment contract.*
*(4) Géry Robert-Ambroix's employment contract contained a non-compete clause, which was waived when he left the Company. Therefore, he did not receive a non-compete benefit.*

### 6.2.2.4 Free shares allotted to corporate officers in 2020

During 2020, following a decision taken by the Board of Directors on 29 June 2020, the Company established a new plan for its corporate officers and employees ("the **2020 PSP**") in the form of free preference shares convertible into ordinary shares contingent on the achievement of performance criteria (described below). The plan comprises a total of 150,000 preference shares, of which 13,587 were awarded to Alexandre de Palmas, 6,114 to Sébastien Vanhoove and 14,266 to Géry Robert-Ambroix.

This plan provides for (i) continued service to the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2019 to 31 December 2022 after adding back distributions during the period) compared to a panel of comparable real estate companies;
- the annual growth in recurring earnings per share for 2020, 2021 and 2022 compared with the growth commitments made to the financial markets by the Company at the start of each year upon on the publication of the Company's prior-year results;
- the percentage of appraisal value, including transfer taxes, of assets in the Company's portfolio for which environmental certification was obtained as of 31 December 2022;
- change in the total shareholder return (TSR) corresponding to the change in the Company's share price over the vesting period compared with that of a panel of comparable listed property companies. Carmila's TSR will be calculated based on the average closing price over the last 40 trading days in 2022 to which will be added any distributions between 1 January 2020 and 31 December 2022, in relation to the closing price at 31 December 2019, i.e., €18.40.

The maximum total number of ordinary shares that may be created as a result of the conversion of preference shares granted under these two plans may not represent more than 0.11% of the share capital of the Company at the date of the Annual General Meeting of 29 June 2020 or more than 0.02% for the share allocated to executive corporate officers.

#### SUMMARY OF FREE PREFERENCE SHARES AWARDED UNDER THE 2020 PSP

| Date of General Meeting | 29 June 2020 |
|---|---|
| **Date of allocation by Carmila** | 29 June 2020 |
| **Number of beneficiaries** | 47 |
| **Number of Carmila shares originally granted under the plan** | 145,747 |
| • o/w Alexandre de Palmas | 13,587 |
| • o/w Géry Robert-Ambroix | 14,266 |
| • o/w Sébastien Vanhoove | 6,114 |
| • o/w other employees | 111,780 |
| **Residual number of shares to be allocated as of 31 December 2020** | 144,647 |
| **Issue and vesting dates of class D Shares** | 29 June 2021 |
| **Date of conversion of preference shares into ordinary shares (A Shares)** | 29 June 2023 |
| **Vesting date** | 29 June 2021 |
| **Availability date** | 29 June 2023 |

### 6.2.2.5 Pay ratios (Article L. 22-10-9 of the French Commercial Code)

In accordance with the provisions of Article L. 22-10-9 of the French Commercial Code, this report presents information on the ratios between the level of compensation of the Chair and Chief Executive Officer as well as each Deputy Chief Executive Officer and average compensation of employees on a full-time equivalent basis.

Since Carmila SA has no employees, it could not be used for the purposes of calculating pay ratios. Consequently, the relevant scope included Almia Management, which groups together the entire French workforce, in line with the provisions of recommendation 26.2 of the AFEP-MEDEF Code.

The Company having been formed from the merger of Carmila SAS and Cardety, on 12 June 2017 it was recommended that the pay ratios cover a three-year period: 2018, 2019 and 2020.

The selected scope only includes full-time employees with French permanent employment contracts present for the full 12 months of each year analysed.

The various ratios were calculated on the basis of gross compensation paid in respect of the year in question and include fixed compensation and variable compensation paid during the year, profit-sharing and incentives paid during the year, free shares and preference shares allotted during the year, at nominal value, plus the associated social charges.

With regards to senior executives, and insofar as there was a change of Deputy Chief Executive Officer in 2018 and 2020, and a change of Chair and Chief Executive Officer in 2019 and 2020, pay ratios are presented by position, i.e., one Chair and Chief Executive Officer and two Deputy Chief Executive Officers, rather than in nominative form.

The calculation of the pay ratio is subject to any adjustments recommended in the AFEP-MEDEF Code and takes into account any applicable legislative or regulatory changes.

| | 2020(1) | 2019(2) | 2018(2) |
|---|---|---|---|
| **Chair and Chief Executive Officer(3)** | | | |
| Ratio – Average compensation | 5.31 | 4.21 | 12.61 |
| Ratio – Median compensation | 6.17 | 5.16 | 15.79 |
| **Deputy Chief Executive Officer 1(4)** | | | |
| Compensation due for financial years | | | |
| Ratio – Average compensation | 6.88 | 7.91 | 8.61 |
| Ratio – Median compensation | 8 | 9.70 | 10.78 |
| **Deputy Chief Executive Officer 2(5)** | | | |
| Compensation due for financial years | | | |
| Ratio – Average compensation | 3.31 | 3.50 | 3.76 |
| Ratio – Median compensation | 3.85 | 4.30 | 4.71 |

*(1) The ratios are calculated based on compensation paid in respect of 2020.*
*(2) The ratios are calculated based on compensation awarded in respect of 2018 and 2019.*
*(3) The position of Chairman and Chief Executive Officer was held by Jacques Ehrmann in 2018, and until 30 June 2019, then by Alexandre de Palmas from 1 July 2019 to 2 November 2020, and lastly by Marie Cheval from 2 November 2020.*
*(4) The position of first Deputy Chief Executive Officer was held by Géry Robert-Ambroix until 26 November 2020.*
*(5) The position of second Deputy Chief Executive Officer has been held by Sébastien Vanhoove since 27 July 2018.*

The significant drop in the ratio for the Chairman and Chief Executive Officer in 2019 is mainly linked to the change of corporate officer during the year which had a dual effect: the non-receipt by Jacques Ehrmann, outgoing Chairman and Chief Executive Officer, of variable compensation for the year due to his departure and the receipt by Alexandre de Palmas of pro rated variable compensation and fixed compensation lower than that of his predecessor.

Lastly, the 2019 ratio does not incorporate any preference shares for the Chairman and Chief Executive Officer, Jacques Ehrmann having forfeited his rights to the 2019 plan and Alexandre de Palmas not having been eligible as he was not working for the Company on the date the plan was set up.

The ratios for 2019 and 2020 are fairly similar, since the compensation taken into account in order to calculate the ratio for 2020 is that paid "in" rather than "in respect of" 2020. Accordingly, the variable compensation included in the calculation of the ratio for 2020 is the same as that included in the calculation of the ratio for 2019.

### 6.2.2.6 Components of compensation and benefits in kind paid or awarded in respect of 2020 to members of the Board of Directors

The 2020 compensation policy for members of the Board of Directors was approved at the Annual General Meeting of 29 June 2020. The maximum total annual compensation that can be awarded to members of the Board of Directors has been set at €420,000.

Directors' compensation includes a fixed amount, calculated on a pro rata basis for terms of office having ended or begun in the financial year and a variable amount allocated by the Board of Directors based on actual attendance at Board and Committee meetings. In accordance with the AFEP-MEDEF Code, the variable component of Board members' compensation is preponderant.

The terms for allocating compensation among members of the Board of Directors are as follows:

- for the Board of Directors:
  - fixed compensation of €5,000 is paid per Director,
  - variable compensation of €10,000 according to effective attendance at Board meetings and time spent on Board work,
  - compensation of €10,000 is paid to the Lead Independent Director;
- for the Committees:
  - fixed compensation of €5,000 is paid per Director,
  - variable compensation of €10,000 according to effective attendance at Committee meetings and time spent on Committee work,
  - annual sum of €10,000 for the Chairman of the Audit Committee and €10,000 for the Chairman of the Nomination and Compensation Committee;
- for the Non-Voting Directors:
  - an annual fixed amount of €5,000;
  - an annual variable amount of €10,000 based on effective attendance at meetings of the Board of Directors.

The table below summarises all compensation awarded and paid to Board members in respect of 2019 and 2020, including members whose term of office ended during the year:

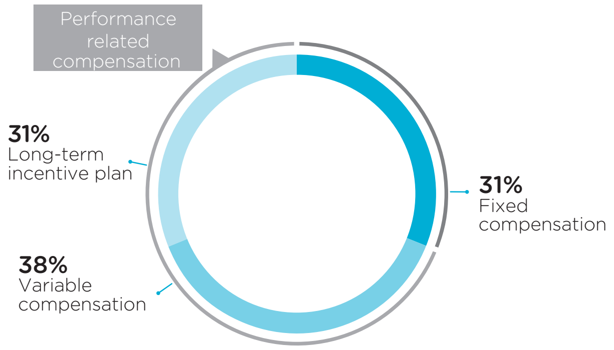
| | 2020 | | 2019 | |
|---|---|---|---|---|
| *(gross amounts in euros)* | Amount allocated(1) | Amount paid(2) | Amount allocated(1) | Amount paid(2) |
| **Marie Cheval** | 9,375.00(3) | Waived(3) | Waived | Waived |
| **Alexandre de Palmas** | 35,625.00(5) | 10,625.00(5) | 10,625.00(5) | N/A |
| **Jacques Ehrmann** | N/A | 19,375.00(6) | 19,375.00(6) | 30,000.00 |
| **Sogecap represented by Yann Briand** | 28,333.33 | 28,333.33 | 28,333.33 | 28,750.00 |
| **Predica represented by Emmanuel Chabas** | 30,000.00 | Waived | Waived | 30,000.00 |
| **Axa Reim France represented by Amal Del Monaco** | 28,750.00 | Waived | Waived | Waived |
| **Séverine Farjon** | 55,000.00 | 40,000.00 | 40,000.00 | 40,000.00 |
| **Maria Garrido** | 43,333.33 | 28,750.00 | 28,750.00 | 22,500.00 |
| **Olivier Lecomte** | 65,000.00 | 65,000.00 | 65,000.00 | 65,000.00 |
| **Laurent Luccioni** | 13,750.00 | Waived | Waived | Waived |
| **Nadra Moussalem** | 30,000.00 | 28,750.00 | 28,750.00 | 27,500.00 |
| **Jérôme Nanty** | Waived | Waived | Waived | Waived |
| **Claire Noël du Payrat** | Waived | Waived | Waived | Waived |
| **Cardif Assurance Vie represented by Nathalie Robin** | 45,000.00 | 30,000.00 | 30,000.00 | 30,000.00 |
| **Laurent Vallée** | Waived | Waived | Waived | Waived |
| **Laurent Fléchet** | 10,000.00 | 13,750.00 | 13,750.00 | 10,000.00 |
| **Pedro Antonio Arias** | 11,250.00 | 11,250.00 | 11,250.00 | 7,500.00 |

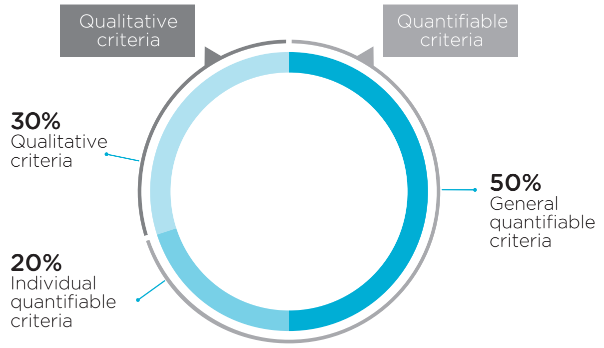
*(1) Amounts due based on effective attendance during the year.*
*(2) Amounts paid during the year.*
*(3) Amounts calculated since the appointment of Marie Cheval, paid in her capacity as Chair of the Board of Directors (excludes compensation paid in her capacity as Chief Executive Officer described in section 6.2.1.1.b.).*
*(4) Marie Cheval, Director representing Carrefour, waived her compensation due for the year ended 31 December 2019, payable in 2020.*
*(5) Amounts calculated since the appointment of Alexandre de Palmas, i.e., from 1 July 2019 to 31 December 2019. Amounts paid in respect of his term of office as Chairman of the Board of Directors (excludes compensation paid in respect of his executive functions as Chief Executive Officer, which are described in paragraph 6.2.1.1.b.).*
*(6) Amounts calculated for the period preceding the departure of Jacques Ehrmann, i.e., the period from 1 January 2019 to 30 June 2019.*

## 6.2.3 2021 compensation policies for corporate officers

### 6.2.3.1 2021 compensation policy for Marie Cheval, Chair and Chief Executive Officer

**STRUCTURE OF MARIE CHEVAL'S 2021 COMPENSATION**




### Annual fixed and variable compensation

Annual compensation comprises a fixed portion and a variable portion. This compensation reflects the responsibilities, experience and skills of the Chair and Chief Executive Officer, as well as market practices.

#### Annual fixed compensation

Annual fixed compensation is reviewed at relatively long intervals although it may be re-examined by the Board of Directors in certain cases, particularly when the Chair and Chief Executive Officer's term is up for renewal. Pursuant to the aforesaid guidelines, in respect of 2021, the fixed compensation of Marie Cheval borne by Carmila amounts to €500,000.

#### Annual variable compensation

Annual variable compensation may not exceed a maximum amount expressed as a percentage of reference annual fixed compensation (referred to above).

Annual variable compensation may not exceed 200% of the Chair and Chief Executive Officer's annual fixed compensation.

Annual variable compensation is subject to the fulfilment of performance conditions based on achieving general, financial and non-financial quantifiable objectives, as well as individual quantifiable and qualitative objectives.

The expected attainment rate of the objectives used to determine the annual variable compensation of executive corporate officers is established precisely by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

These criteria can be used to assess both the individual performance of the Chair and Chief Executive Officer and that of the Company. The variable compensation is thus linked to the Company's overall results to ensure its alignment with the Group's best interests and the development of its strategy. In accordance with Article L. 22-10-34 III, paragraph 2 of the French Commercial Code, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting.

**Calculation methods**

At its meeting of 26 November 2020, the Board of Directors decided that the variable portion of compensation for Marie Cheval would be equal to 100% of her gross fixed compensation if the performance criteria are achieved at 100%, and up to 120% of her gross fixed compensation borne by the Company if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the extent to which the performance criteria are met.

In respect of 2021, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Nomination and Compensation Committee, are as follows:

(i) general quantifiable criteria for 50% of the variable compensation (gross asset value of portfolio [including transfer taxes], 2021 EPRA Cost Ratio (excluding vacancy costs and Covid-19 impact), growth in 2021 recurring earnings per share, excluding the impact of a potential stock dividend, and percentage of centres with BREEAM certification or equivalent at the end of 2021, as a percentage of GAV);

(ii) individual quantifiable criteria for 20% of the variable compensation (change in vacancy rate, revenues generated by certain Specialty Leasing and Pop-up store businesses, financial occupancy rate excluding strategic vacancies, gross collection rate (2021 year-on-year)) and customer Net Promoter Score; and

(iii) qualitative criteria for 30% of the variable compensation (governance and compliance, financial communication, Carmila Retail Development business and new activities/ innovations, quality of customer and partner relations and financial policy).

**Payment terms**

The payment of variable compensation is conditional upon the approval of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2021.

### Long-term incentive plan

The Chair and Chief Executive Officer may be awarded performance or preference shares, as decided by the Board of Directors further to the opinion of the Nomination and Compensation Committee, up to the limit of the authorisations granted by the Annual General Meeting and subject to the following terms and conditions:

- the long-term incentive plan may not exceed 12 months' gross fixed compensation for the Chair and Chief Executive Officer;
- in order to benefit from the plan, the person concerned must fulfil predominantly quantifiable performance conditions, as set by the Board of Directors on the recommendation of the Nomination and Compensation Committee, over a multi-year period;
- in order to benefit from the plan, the person concerned must still be in office at the end of the financial years considered.

In the event that shares are allotted without consideration, the Board of Directors will set the number of shares that the Chair and Chief Executive Officer is required to hold until the termination of her term of office, in accordance with the provisions of the French Commercial Code.

The Chair and Chief Executive Officer is not permitted to hedge any free shares or preference shares held throughout the entire term of the holding period set by the Board of Directors.

Marie Cheval is required to hold 50% of the total number of free shares allotted to her, capped at the equivalent of 1.5 times her gross annual fixed compensation, as described in the section below "Shareholding policy for the Chair and Chief Executive Officer".

Awarding variable compensation gives the Chair and Chief Executive Officer an interest in the Company's earnings and share price performance.

At its meeting of 26 March 2021, the Board of Directors decided to seek an authorisation from the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020 to allot free existing or new shares to all or some of the employees and corporate officers of the Group.

### Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Nomination and Compensation Committee, the Chair and Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held.

Marie Cheval has use of a company car. She is also covered by the private executive unemployment insurance plan taken out with GSC. As the contributions are entirely paid by the Company, this represents a benefit in kind.

Other benefits in kind may be provided for in specific situations.

### Exceptional compensation

The Chair and Chief Executive Officer may not receive exceptional compensation, except under specific circumstances related to transactions that have a major impact on the Company.

In the event of a cash payment, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting, in accordance with Article L. 22-10-34 III, paragraph 2 of the French Commercial Code.

### Compensation awarded in respect of her directorship

The Chair and Chief Executive Officer receives compensation in her capacity as Director, Chair of the Board of Directors and specialised Committee member.

The compensation allocated in respect of her directorship is paid in accordance with the compensation policy for Directors as described in section 6.2.3.3 "Compensation policy applicable to members of the Board of Directors for 2021" of this Universal Registration Document. It comprises a fixed portion and a variable portion based on her attendance at meetings of the Board of Directors and of its specialised Committees.

### "Top-up" supplementary pension plan

With effect from 1 January 2021, the Chair and Chief Executive Officer benefits from a new "top-up" defined benefit plan that meets the new requirements of Article L. 137-11-2 of the French Social Security Code (*Code de la sécurité sociale*). The main characteristics of the new plan are as follows:

- beneficiaries will retain the annual rights accrued in the event that they leave the Company;
- the rights accrued in a given year will be calculated based on the compensation for that year (reference compensation), without exceeding 60 times the annual social security ceiling. To determine the reference compensation, only the annual fixed compensation of the beneficiary and the annual variable compensation paid are considered, to the exclusion of any other direct or indirect form of compensation;
- rights will accrue subject to annual performance conditions. Rights will accrue based on the four criteria used to determine the Chair and Chief Executive Officer's variable compensation: three quantitative financial criteria (GAV, recurring earnings per share, EPRA Cost Ratio) and one non-financial CSR criterion (percentage of centres with BREEAM certification). The weighted average of the achievement rates for the four criteria will be used to determine the amount of rights that accrue for a given year.

The annual accrual rate under the plan will vary depending on the achievement rates for the performance criteria.

The aggregate annual percentages, all employers combined, will be capped at 30%. The supplementary pension rights obtained under the plan as described above accrue to the beneficiary, it being specified that the Company may terminate its commitment at any time.

### Termination of service indemnity – Severance payment

The Chair and Chief Executive Officer is not eligible for any severance payment or termination of service indemnity in respect of the termination of her term of office.

### Non-compete benefit

On the recommendation of the Nomination and Compensation Committee, the Board of Directors may also decide to obtain a non-compete commitment from the Chair and Chief Executive Officer.

The Board of Directors decided that in consideration for a one-year non-compete commitment designed to safeguard the Company's interests, Marie Cheval would be entitled to a fixed monthly payment for a period of one year equal to 50% of the monthly gross fixed compensation (excluding variable compensation) paid to her for the month preceding the end of her term of office. The Company may waive the application of the non-compete commitment in the 15 days following the end of the Chair and Chief Executive Officer's term of office.

### Other components of compensation

At its meeting of 26 November 2020, the Board of Directors decided that Marie Cheval would not be entitled to a severance payment but that she would be covered by the GSC executive unemployment insurance plan. Given the time lag under this procedure, she may, if removed from office (other than for gross negligence or wilful misconduct) within 12 months of her enrolment in the plan, receive a severance payment equal to 6 months of her gross annual fixed compensation.

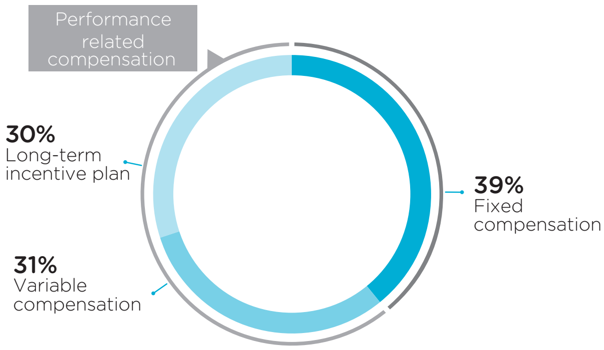
### Shareholding policy for the Chair and Chief Executive Officer

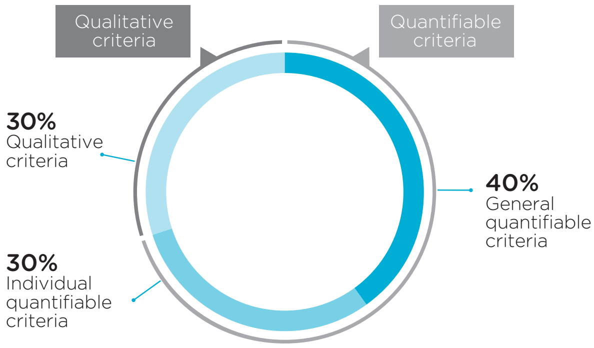
Executive corporate officers are subject to an obligation to hold their free shares. At its meeting of 12 June 2017, the Board of Directors renewed the terms and conditions set in 2016 and decided to set the holding obligation for the Chair and Chief Executive Officer at 50% of the total number of free share awarded, capped at the equivalent of 1.5 times her gross annual fixed compensation.

Article 1.6.3 of the Carmila Board of Directors' Rules of Procedure requires the Chair and Chief Executive Officer to hold 10,000 Company shares for the duration of her term of office.

## 6.2.3.2 2021 compensation policy for Sébastien Vanhoove, Deputy Chief Executive Officer

**STRUCTURE OF SÉBASTIEN VANHOOVE'S 2021 COMPENSATION**




### Annual fixed and variable compensation

Annual compensation comprises a fixed portion and a variable portion. This compensation reflects the responsibilities, experience and skills of the Deputy Chief Executive Officer, as well as market practices.

#### Annual fixed compensation

Sébastien Vanhoove was appointed Deputy Chief Executive Officer of the Company at the Board of Directors' meeting held on 27 July 2018. The term of office of Sébastien Vanhoove as Deputy Chief Executive Officer was confirmed at the Board meeting of 26 November 2020, which appointed Marie Cheval as Chair and Chief Executive Officer.

Sébastien Vanhoove is Chairman of Carrefour Property France. In this capacity he is responsible for Carrefour Property France and its subsidiaries. He holds an employment contract with Carrefour Management which covers these roles. The Company has entered into a secondment agreement with the Carrefour group under which half of Sébastien Vanhoove's working hours are seconded to the Company and his fixed and variable compensation is charged back to the Company as from 1 August 2018. This secondment agreement was approved by the Annual General Meeting of 16 May 2019 under the related-party agreements procedure.

The amounts of fixed and variable compensation paid by the Company in respect of his services within the Company are billed by the Carrefour Group to the Company, according to the guidelines set out above.

Pursuant to the aforesaid guidelines, in respect of 2021, the portion of Sébastien Vanhoove' fixed compensation borne by the Company amounts to €165,000.

#### Annual variable compensation

Annual variable compensation may not exceed a maximum amount expressed as a percentage of reference annual fixed compensation (referred to above).

Annual variable compensation may not exceed 200% of the Deputy Chief Executive Officer's annual fixed compensation.

Annual variable compensation is subject to the fulfilment of performance conditions based on achieving general, financial and non-financial quantifiable objectives, as well as individual quantifiable and qualitative objectives.

The expected attainment rate of the objectives used to determine the Deputy Chief Executive Officer's annual variable compensation is established in detail by the Board of Directors upon the recommendation of the Nomination and Compensation Committee.

These criteria can be used to assess both the individual performance of the Deputy Chief Executive Officer and that of the Company. The variable compensation is thus linked to the Company's overall results to ensure its alignment with the Group's best interests and the development of its strategy. In accordance with Article L. 22 III, paragraph 2 of the French Commercial Code, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting.

**Calculation methods**

At its meeting of 26 November 2020, the Board of Directors decided that the variable portion of the compensation of the Deputy Chief Executive Officer, Sébastien Vanhoove, would be equal to 40% of his gross fixed compensation if the performance criteria are achieved at 100%, and up to 80% of his gross fixed compensation if the performance criteria are achieved at 200%, with the variable portion adjusted on a linear basis depending on the extent to which the performance criteria are met.

In respect of the 2021 financial year, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Nomination and Compensation Committee, are as follows:

(i) general quantifiable criteria for 40% of the variable compensation (gross asset value of portfolio [including transfer taxes] and 2021 EPRA Cost Ratio (excluding vacancy costs and Covid-19 impact), growth in 2021 recurring earnings per share excluding the impact of a potential stock dividend, and percentage of centres with BREEAM certification or equivalent at the end of 2021, as a percentage of GAV);

(ii) individual quantifiable criteria for 30% of the variable compensation (change in vacancy rate, revenues generated by certain Specialty Leasing and Pop-up store businesses, financial occupancy rate excluding strategic vacancies, gross collection rate (2021 year-on-year)) and customer NPS; and

(iii) qualitative criteria for 30% of the variable compensation (leasing and retailer brand relations, "warning" site action plan, quality of relations with Carrefour, obtaining administrative permits and management of Carmila's teams).

**Payment terms**

The payment of variable compensation is conditional upon the approval of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2021.

The variable compensation received by Sébastien Vanhoove in respect of his operational role with Carrefour, which is paid to him by Carrefour Management will be set according to performance criteria established by the Carrefour group.

### Long-term incentive plan

The Deputy Chief Executive Officer may be awarded performance or preference shares, as decided by the Board of Directors further to the opinion of the Nomination and Compensation Committee, up to the limit of the authorisations granted by the Annual General Meeting and subject to the following terms and conditions:

- the long-term incentive plan may not exceed nine months' maximum gross compensation;
- in order to benefit from the plan, the person concerned must fulfil predominantly quantifiable performance conditions, as set by the Board of Directors on the recommendation of the Nomination and Compensation Committee, over a multi-year period;
- in order to benefit from the plan, the person concerned must still be in office at the end of the financial years considered.

The Deputy Chief Executive Officer is not permitted to hedge any free shares or preference shares held throughout the entire term of the holding period set by the Board of Directors.

Sébastien Vanhoove is required to hold 50% of the total number of free shares allotted to him, capped at the equivalent of one year's gross annual fixed compensation, as described in the section opposite "Shareholding policy for the Deputy Chief Executive Officer". Awarding variable compensation gives the Deputy Chief Executive Officer a stake in the Company's earnings and share price performance.

At its meeting of 26 March 2021, the Board of Directors decided to seek an authorisation from the Annual General Meeting held to approve the financial statements for the year ended 31 December 2020 to award free existing or new shares to all or some of the employees and corporate officers of the Group.

### Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Nomination and Compensation Committee, Sébastien Vanhoove, Deputy Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held.

### Exceptional compensation

The Deputy Chief Executive Officer does not receive extraordinary compensation, except under specific circumstances related to transactions that have a major impact on the Company.

In accordance with Article L. 225-100 III, paragraph 2 of the French Commercial Code, the annual variable compensation may not be paid unless first approved by the Ordinary Shareholders' Meeting.

### Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Nomination and Compensation Committee, Sébastien Vanhoove, Deputy Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held.

### Compensation awarded in respect of directorships or other offices

The Deputy Chief Executive Officer may receive compensation in respect of directorships or other offices held in Group companies.

Sébastien Vanhoove does not receive any compensation in respect of directorships or other offices held within the Group.

### Supplementary pension plan

Sébastien Vanhoove does not benefit from a supplementary pension plan in respect of his corporate office within the Company.

### Termination of service indemnity – Severance payment

The Deputy Chief Executive Officer is not eligible for any severance payment in the event of the termination of his term of office.

### Non-compete benefit

On the recommendation of the Nomination and Compensation Committee, the Board of Directors may also decide to obtain a non-compete commitment from the Deputy Chief Executive Officer.

Sébastien Vanhoove is not eligible for any non-compete benefit in respect of the termination of his role within the Company.

### Shareholding policy for the Deputy Chief Executive Officer

Executive corporate officers are subject to an obligation to keep their free shares. At its meeting of 12 June 2017, the Board of Directors renewed the terms and conditions set in 2016 and set the holding obligation for the Deputy Chief Executive Officer at 50% of the total number of free share granted, capped at the equivalent of one year's gross fixed compensation. Furthermore, under Article 1.6.3 of the Board's Rules of Procedure, the Deputy Chief Executive Officer is required to hold 5,000 shares throughout his term of office.

### 6.2.3.3 Compensation policy applicable to members of the Board of Directors for 2021

In accordance with the Board of Directors’ Rules of Procedure, the compensation paid to each Director and Non-Voting Director or to each Committee member, up to a limit approved by the Company’s Annual General Meeting, is established by the Board of Directors, upon a recommendation by the Nomination and Compensation Committee, and includes (i) a fixed amount, calculated on a pro rata basis for terms of office having ended or begun in the financial year and (ii) a variable amount, allocated by the Board of Directors based on actual attendance at Board and Committee meetings.

In accordance with the recommendations of the AFEP-MEDEF Code, the variable component of Directors’ compensation is preponderant.

This compensation reflects the level of responsibility of the Directors and the time their work requires. This amount was set in reference to comparable companies.

The terms for allocating compensation among members of the Board of Directors are as follows:

- for the Board of Directors:
  - fixed compensation of €5,000 is paid per Director,
  - variable compensation of €10,000 according to effective attendance at Board meetings and time spent on Board work,
  - compensation of €30,000 is paid to the Lead Independent Director;
- for the Committees:
  - fixed compensation of €5,000 is paid per Director,
  - variable compensation of €10,000 according to effective attendance at Committee meetings and time spent on Committee work;
- for the Non-Voting Directors:
  - an annual fixed amount of €5,000,
  - an annual variable amount of €10,000 based on effective attendance at meetings of the Board of Directors.

Committee Chairs also receive additional compensation of €10,000.

The maximum total annual compensation that can be awarded to members of the Board of Directors was set at €420,000 by the Annual General Meeting of 29 June 2020. It was increased to take into account the creation of a new CSR Committee and therefore an increase in the number of meetings attended by the Directors. The Annual General Meeting called to approve the 2020 financial statements will be asked to approve a maximum sum of €445,000 to take into account the changes in policies regarding the waiving of Directors’ compensation, the compensation awarded to the chairs of the CSR Committee and the Strategy and Investment Committee, and the compensation awarded to the Lead Independent Director following the reinforcement of his powers and role.

Each year, at the Board of Directors' meeting at which decisions relating to allotment methods are made, each Director may waive any compensation payable in respect of Board membership.

## 6.3 AFEP-MEDEF Code “Comply or Explain” rule

In accordance with the “Comply or Explain” rule of the AFEP-MEDEF Code, the Company indicates in this section the provisions of the Code that it did not apply in 2020.

| Recommendations of the AFEP-MEDEF Code | Group practice and explanation |
|---|---|
| The Nomination and Compensation Committee prepares a succession plan for executive corporate officers (Article 17.2.2 of the AFEP-MEDEF Code) | On the recommendation of the Nomination and Compensation Committee, at its meeting of 26 March 2021 the Board of Directors reviewed an emergency succession plan and a mid- to long-term succession plan for the Company’s corporate officers as well as all members of its Management. The Company has therefore applied the AFEP-MEDEF Code recommendation since that date. |

## 6.4 Related-party agreements and commitments governed by Articles L. 225-38 *et seq.* and L. 225-42-1 of the French Commercial Code

We hereby notify you that an agreement under Articles L. 225-38 *et seq.* and L. 225-42-1 of the French Commercial Code has been authorised by the Board of Directors as stated in the Statutory Auditors' special report in accordance with Article L. 225-40 of the aforementioned Code, which must report on all agreements and commitments authorised and entered into during the financial year as well as any previous such agreements and commitments that remained in force in the financial year.

At its meeting of 26 November 2020, the Board of Directors authorised the signature of an amendment extending the term of a Service Agreement between Carmila SA and Carrefour SA, under which Carrefour provides Carmila SAS with skills and resources to assist it in legal, tax and accounting consolidation matters. The Service Agreement with Carrefour is due to expire on 31 December 2020 and an amendment was entered into on 24 December 2020 extending its term until 28 February 2021, with no change to its terms and conditions. The amendment will be submitted for approval at the Annual General Meeting of Carmila SA held to approve the financial statements for the year ended 31 December 2020.

Moreover, at its meeting on 16 February 2021, the Board of Directors discussed the agreements and commitments entered into and authorised during previous financial years which remained in force in 2020.

### Authorisation procedure for routine arm's length and related-party agreements

At its meeting of 2 April 2020, the Board of Directors adopted an internal procedure for identifying and obtaining authorisation for related-party agreements, and for distinguishing them from routine agreements entered into on an arm's length basis.

In addition to the regulatory framework governing the various potential types of agreements, the procedure also requires the Company to regularly review the terms of all routine agreements entered into within the Group. The parties directly or indirectly involved in such an agreement may not take part in the review.

## 6.5 Statutory Auditors' report on the Corporate Governance Report

See the report in section 7.5 of this Universal Registration Document.


# 7. Financial statements

# 7.1 Year ended 31 December 2020

## 7.1.1 Consolidated statement of income

| *(in thousands of euros)* | Note | 2020 | 2019 |
|---|---|---|---|
| **Gross rental income** | | **349,744** | **359,457** |
| Charges rebilled to tenants | | 79,621 | 79,359 |
| **Total Income from rental activity** | | **429,365** | **438,816** |
| Real estate expenses | | (23,510) | (21,214) |
| Rental charges | | (71,177) | (71,307) |
| Property expenses (landlord) | | (63,841) | (13,111) |
| **Net rental income** | **8.1** | **270,837** | **333,184** |
| Overhead expenses | 8.2 | (50,949) | (52,840) |
| *Income from property management, administration and other activities* | | *10,267* | *10,477* |
| *Other income* | | *255* | *1,407* |
| *Payroll expenses* | | *(25,939)* | *(25,145)* |
| *Other external expenses* | | *(35,532)* | *(39,579)* |
| Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions | 8.3 | (2,849) | (3,493) |
| Other operating income and expenses | | (2,379) | 1,343 |
| Gains and losses on disposals of investment properties and equity investments | 8.4 | (65) | (610) |
| Change in fair value adjustments | 5.2 | (334,267) | (90,172) |
| Share in net income (loss) of equity-accounted companies | 7.3 | (3,189) | 4,376 |
| **Operating income (loss)** | | **(122,861)** | **191,788** |
| Financial income | | 917 | 559 |
| Financial expenses | | (57,634) | (57,277) |
| **Cost of net debt** | | **(56,717)** | **(56,718)** |
| Other financial income and expenses | | (18,903) | (1,389) |
| **Net financial expense** | **6.1** | **(75,620)** | **(58,107)** |
| **Income before taxes** | | **(198,481)** | **133,681** |
| Income tax | 9.1 | 196 | (25,277) |
| **CONSOLIDATED NET INCOME (LOSS)** | | **(198,286)** | **108,404** |
| **Attributable to owners of the parent** | | **(198,755)** | **108,213** |
| **Non-controlling interests** | | **469** | **191** |
| Average number of shares comprising Carmila's share capital | 7.8.4 | 140,198,573 | 136,408,412 |
| Earnings per share (attributable to owners) (in euros) | | (1.42) | 0.79 |
| Diluted average number of shares comprising Carmila's share capital | 7.8.4 | 140,603,774 | 136,705,504 |
| Diluted earnings per share (attributable to owners) (in euros) | | (1.41) | 0.79 |

| **Consolidated statement of comprehensive income**<br>*(in thousands of euros)* | Note | 2020 | 2019 |
|---|---|---|---|
| **Consolidated net income (loss)** | | **(198,286)** | **108,404** |
| **Items that will be reclassified subsequently to net income** | | **(6,016)** | **(10,923)** |
| Effective portion of cash flow hedges | 6.4 | (5,944) | (10,923) |
| Fair value of other financial assets | | (72) | - |
| Related income tax | | - | - |
| **Items that will not be reclassified subsequently to net income** | | **30** | **-** |
| Actuarial gains and losses on defined benefit plans | 12.3.1 | 30 | - |
| Related income tax | | - | - |
| **TOTAL COMPREHENSIVE INCOME** | | **(204,272)** | **97,481** |

## 7.1.2 Consolidated statement of financial position

### Assets

| *(in thousands of euros)* | Note | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| Intangible assets | 7.1 | 4,581 | 4,262 |
| Property, plant and equipment | 7.2 | 3,205 | 4,244 |
| Investment properties carried at fair value | 5.1 | 5,717,046 | 6,001,608 |
| Investment properties carried at cost | 5.1 | 100,010 | 68,785 |
| Investment in equity-accounted companies | 7.3 | 48,061 | 52,459 |
| Other non-current assets | 7.4 | 12,623 | 12,427 |
| Deferred tax assets | 9.4 | 11,113 | 11,548 |
| **Non-current assets** | | **5,896,638** | **6,155,332** |
| Trade receivables | 7.5 | 148,532 | 117,105 |
| Other current assets | 7.6 | 86,415 | 69,127 |
| Cash and cash equivalents | 7.7 | 320,263 | 178,172 |
| **Current assets** | | **555,210** | **364,404** |
| **TOTAL ASSETS** | | **6,451,848** | **6,519,736** |

### Equity and liabilities

| *(in thousands of euros)* | Note | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| Share capital | | 855,701 | 820,091 |
| Additional paid-in capital | | 2,039,819 | 2,129,169 |
| Treasury shares | | (2,541) | (2,676) |
| Other comprehensive income | | (48,892) | (42,906) |
| Consolidated retained earnings | | 617,412 | 528,543 |
| Consolidated net income (loss) | | (198,755) | 108,213 |
| **Equity attributable to owners** | | **3,262,744** | **3,540,434** |
| Non-controlling interests | | 5,727 | 5,612 |
| **TOTAL EQUITY** | **7.8** | **3,268,471** | **3,546,046** |
| Non-current provisions | 7.9 | 6,732 | 6,865 |
| Non-current financial liabilities | 6.2 | 2,401,478 | 2,295,954 |
| Lease deposits and guarantees | | 76,267 | 77,722 |
| Non-current tax and deferred tax liabilities | 9.3 & 9.4 | 177,316 | 175,685 |
| Other non-current liabilities | 7.10 | 14 | 7,489 |
| **Non-current liabilities** | | **2,661,807** | **2,563,715** |
| Current financial liabilities | 6.2 | 245,250 | 160,313 |
| Bank facilities | 6.2,& 7.7 | 8,934 | 4,141 |
| Current provisions | | 1,758 | 658 |
| Trade payables | 7.11 | 27,773 | 28,855 |
| Payables to suppliers of non-current assets | 7.11 | 86,231 | 81,674 |
| Accrued tax and payroll liabilities | 7.12 | 56,004 | 49,356 |
| Other current liabilities | 7.12 | 95,620 | 84,978 |
| **Current liabilities** | | **521,570** | **409,975** |
| **TOTAL EQUITY AND LIABILITIES** | | **6,451,848** | **6,519,736** |

### 7.1.3 Consolidated statement of cash flows

| *(in thousands of euros)* | Note | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| **Consolidated net income (loss)** | | **(198,286)** | **108,404** |
| Elimination of income from equity-accounted companies | 7.3 | 3,189 | (4,376) |
| Elimination of depreciation, amortisation and provisions | | 2,946 | 659 |
| Elimination of fair value adjustments | 5.1,& 6.2.1 | 337,468 | 85,563 |
| Elimination of capital gains and losses on disposals | | 66 | 879 |
| Other non-cash income and expenses | | 6,921 | 3,567 |
| **Cash flow from operations after cost of net debt and tax** | | **152,305** | **194,696** |
| Elimination of tax expense (income) | 9.1 | (196) | 25,277 |
| Elimination of cost of net debt | | 56,792 | 55,462 |
| **Cash flow from operations before cost of net debt and tax** | | **208,901** | **275,435** |
| Change in operating working capital | | (34,582) | 7,718 |
| Change in lease deposits and guarantees | | (1,530) | 1,259 |
| Income tax paid | | (4,722) | (2,795) |
| **Net cash from operating activities** | | **168,067** | **281,617** |
| Change in payables on non-current assets | | 4,977 | 29,533 |
| Acquisitions of investment properties | 5.1 | (79,959) | (120,845) |
| Acquisitions of other non-current assets | | (950) | (185) |
| Change in loans and advances | | (183) | 782 |
| Disposal of investment properties and other fixed assets | | 307 | 5,467 |
| Dividends received | | 1,212 | 1,684 |
| **Net cash used in investing activities** | | **(74,597)** | **(83,565)** |
| Net sale (purchase) of treasury shares | | 135 | 1,185 |
| Issuance of bonds | | 400,000 | 50,000 |
| Increase in bank loans | 6.2 | 568,000 | 75,235 |
| Loan repayments | 6.2 | (798,005) | (100,000) |
| Change in marketable securities included in other current receivables | | (103) | 145,020 |
| Interest paid | | (53,991) | (56,019) |
| Interest received | | 917 | 559 |
| Dividends and share premiums distributed to shareholders | | (73,126) | (204,903) |
| **Net cash from (used in) financing activities** | | **43,828** | **(88,923)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **137,298** | **109,130** |
| Cash and cash equivalents at start of period | | 174,031 | 64,901 |
| Cash and cash equivalents at end of period | 7.7 | 311,329 | 174,031 |

## 7.1.4 Consolidated statement of changes in shareholders' equity

| *(in thousands of euros)* | Note | Share capital | Additional paid-in capital | Treasury shares | Other compre-hensive income | Consolidated retained earnings | Consolidated net income (loss) | Equity attributable to owners | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AT 31 DECEMBER 2018** | | **819,370** | **2,268,204** | **(3,861)** | **(31,983)** | **431,612** | **163,557** | **3,646,899** | **5,781** | **3,652,680** |
| Corporate actions | | 721 | (721) | | | - | | - | | - |
| Share-based payments | | | | | | (17) | | (17) | | (17) |
| Treasury share transactions | | | | 1,185 | | | | 1,185 | | 1,185 |
| Dividend paid | | | (138,314) | | | (66,229) | | (204,543) | (360) | (204,903) |
| Appropriation of 2018 net income | | | | | | 163,557 | (163,557) | - | | - |
| **Net income for the year** | | | | | | | **108,213** | **108,213** | **191** | **108,404** |
| *Gains and losses recorded directly in equity* | | | | | | | | | | |
| Other comprehensive income reclassified to income | | | | | 1,944 | | | 1,944 | | 1,944 |
| Change in fair value of other financial assets | | | | | - | | | - | | - |
| Change in fair value of hedging instruments | | | | | (12,867) | | | (12,867) | | (12,867) |
| Actuarial gains and losses on retirement benefits | | | | | - | | | - | | - |
| **Other comprehensive income** | | | | | **(10,923)** | | | **(10,923)** | **-** | **(10,923)** |
| Other changes | | | | | | (380) | | (380) | | (380) |
| **BALANCE AT 31 DECEMBER 2019** | | **820,091** | **2,129,169** | **(2,676)** | **(42,906)** | **528,543** | **108,213** | **3,540,434** | **5,612** | **3,546,046** |
| Corporate actions | 7.8 | 836 | (836) | | | | | - | | - |
| Share-based payments | 12.3.2 | 34,774 | 28,862 | | | | | 63,636 | | 63,636 |
| Treasury share transactions | 7.8.3 | | | 135 | | 394 | | 529 | | 529 |
| Dividend paid | 1.3 | | (117,377) | | | (19,032) | | (136,409) | (354) | (136,763) |
| Appropriation of 2019 net income | | | | | | 108,213 | (108,213) | - | | - |
| **Net income for the year** | | | | | | | **(198,755)** | **(198,755)** | **469** | **(198,286)** |
| **Other comprehensive income** | | | | | **(5,986)** | | | **(5,986)** | **-** | **(5,986)** |
| Other changes | | | | | | (706) | | (706) | | (706) |
| **BALANCE AT 31 DECEMBER 2020** | | **855,701** | **2,039,818** | **(2,541)** | **(48,892)** | **617,412** | **(198,755)** | **3,262,744** | **5,728** | **3,268,471** |

Corporate actions reflect the creation of 139,606 class C preference shares under the preference share plans for key Group employees and corporate officers.

Share-based payments reflect the creation of 5,795,730 class A Shares in connection with the payment of the 2019 stock dividend (see Note 1.3).

## 7.1.5 Notes to consolidated financial statements

## Note 1 Significant events of 2020

### GENERAL CONTEXT AND HEALTH CRISIS RELATED TO COVID-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of the three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1. A pre-crisis period (from January to mid-March) with healthy performance indicators.
2. A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open (around 6% of Carmila's tenants).
3. A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Indicators performed well and pointed to a recovery, notably in France, with a limited impact on footfall (down 9.5% over the June-October period, outperforming its peers in the national panels by 6 percentage points) and an upturn in retailer trading which beat 2019 levels (retailer sales up 1.4% over this period). The recovery was slower in Italy and Spain, which were subject to more extensive restrictions.
4. A period of government-imposed restrictions, which varied in scope in each of the three countries. In France, a new lockdown was introduced in November, with only essential businesses allowed to stay open (34%). The easing of opening restrictions (except for gyms, restaurants and cinemas) and the subsequent end of the lockdown period allowed retailers to post strong sales figures in December (retailer sales for the month up 8.4%). In Spain and Italy, restrictions during the period varied depending on the region.
5. In France in December, the easing of opening restrictions (except for gyms, restaurants and cinemas) and the subsequent end of the lockdown period allowed retailers to post strong sales figures in December (retailer sales for the month up 8.4%).

Leasing activity was robust during the year, with 684 leases signed (11% of Carmila's total portfolio) for rents in line with the portfolio's rental values. In 2020, more businesses entered into administration than in previous years, mainly involving major Ready-to-Wear brands. At 31 December 2020, 1.4% of Carmila's rental base was subject to ongoing administration proceedings, with 83% during the year resulting in a takeover or re-letting.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease and new openings) agreed by the tenants and on government measures. In total, the impact of rent waivers for Carmila amounted to €69.5 million, including €52.2 million in respect of the first wave of the virus and €17.3 million relating to the second wave (including €4.0 million in tax credits). The cost of the rent relief granted represents 1.9 months' rent. These impacts are explained in detail in Note "Net rental income".

Net rental income for 2020 was €270.8 million, a year-on-year decrease of 18.7%. The bulk of this decrease was directly or indirectly attributable to the health restrictions put in place in 2020. The rental base remained broadly stable over the period (down 0.5%).

The net collection rate was 94% (rents collected as a proportion of rents invoiced, less any relief granted). Out of the total rents invoiced in 2020, 74% have been collected, 21% have been waived (and written off in the consolidated financial statements) and 5% are pending collection.

Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was lifted in France in the second half of the year, but remains in effect in Spain and Italy. To take account of the health crisis, appraisers' models adopted rental values that were in line with those applicable to new leases signed in 2020, zero rent indexation over the first two years and rent-free periods of between one and three months for 2021, depending on the sector. There was a 30-basis-point decompression in exit rates during the year, which stood at 6.20% at 31 December 2020, while the rental base remained stable. The value of the portfolio decreased by 4.7% on a like-for-like basis.

Carmila increased its liquidity in 2020, and at 31 December 2020 had €311 million in net cash and no major borrowings falling due before 2023.

Beyond the Covid-19 context, Carmila proved its ability to secure attractive rates on bond markets, issuing a €300 million bond in December 2020 with maturity in May 2027 and a 1.625% coupon. This issue was 5.5 times oversubscribed, underlining the attractiveness of Carmila's fixed-interest debt for investors. As discussed in the "Financial policy" section, Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 37.0% and a net debt to EBITDA ratio of 10.3x.

Carmila adopts a prudent approach to managing its equity. The 2019 dividend initially proposed at €1.5 per share was reduced to €1 per share, with 46.7% of shareholders choosing the stock dividend option.

### SOCIMI TAX REGIME IN SPAIN

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

- 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. Failing this, 100% of the profits must be distributed as dividends once this period has elapsed.

Spanish SOCIMIs may be 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%.

**CHANGES IN GOVERNANCE**

At the meeting of the Board of Directors on 15 June 2020, Alexandre de Palmas, Chairman and Chief Executive Officer of Carmila, notified its members of his decision to accept the position of Executive Director of Carrefour Spain from 1 July 2020.

In the long term, these duties did not appear to be compatible with his position as Chief Executive Officer of Carmila. Consequently, the Board of Directors asked its Nomination and Compensation Committee to make recommendations regarding the governance of the Company and, with these recommendations in mind, to begin a process to select a replacement for Mr de Palmas.

At the extraordinary Board of Directors' meeting of 2 November 2020, the Board decided to appoint Marie Cheval to succeed Alexandre de Palmas as Chair and Chief Executive Officer of Carmila with effect from 3 November 2020.

At its meeting of 26 November 2020, the Board of Directors placed on record the departure of Géry Robert-Ambroix as Deputy Chief Executive Officer of Carmila. Mr Robert-Ambroix will seek new professional challenges.

On the same day, acting on a recommendation from Marie Cheval, Chair and Chief Executive Officer of the Company, the Board reappointed Sébastien Vanhoove as Deputy Chief Executive Officer of Carmila. The Board also decided to expand the role of Olivier Lecomte as Lead Independent Director. Mr Lecomte will now assist Marie Cheval as Chairman of the Board in ensuring that the governing bodies operate effectively.

## Note 1.1 Investments

**Investments during the year mainly concerned extensions and restructuring of existing French assets.**

### Note 1.1.1 Acquisitions

The Group acquired land from the Carrefour group for the development of its Lou5G mobile phone mast project (22 acquisitions in the year).

### Note 1.1.2 Developments and extensions

During the year the Group also continued to redevelop its existing assets through value-creating renovations, restructuring and extension projects.

Accordingly, the Group continued the extension work started in prior years on the sites of Nice Lingostière (€27.4 million; total investment to date: €78.3 million) and Toulouse Purpan (€3.2 million invested in 2020), and the restructuring work on its Calais Coquelles site (€6.8 million; total investment to date: €24.6 million).

## Note 1.2 Disposals

During the year, Carmila did not carry out any material asset disposals.

## Note 1.3 Dividend

Carmila's Annual General Meeting held on 29 June 2020 decided to offer shareholders the possibility of receiving their 2019 dividend in shares.

The issue price for the related new ordinary shares was set at €10.98. Shareholders electing to receive the 2019 dividend in shares represented approximately 46.6% of Carmila shares.

For the purpose of paying this stock dividend, Carmila created 5,795,730 new shares, representing 4.23% of the capital, based on the share capital and voting rights at 30 June 2020.

The shares were delivered and were admitted to trading on Euronext Paris as from 27 July 2020.

The total cash dividend paid to shareholders who did not opt for a stock dividend represented around €72 million and was paid on 27 July 2020.

## Note 1.4 Debt and financing

As part of its EMTN programme, Carmila issued a new €100 million 9-year bond (private placement) on 26 June 2020 paying a coupon of 3.00%.

On 30 June 2020, Carmila redeemed ahead of term €12,261 thousand (net of expenses) of its bonds maturing in 2024.

On 5 August 2020, Carmila rolled over its EMTN programme, enabling it to issue bonds for up to €1.5 billion.

In November 2020, Carmila redeemed ahead of term €96,761 thousand (net of expenses) of its bonds maturing in September 2023 and September 2024.

Following this operation, on 30 November 2020 Carmila issued a new €300 million 6.5-year bond paying a coupon of 1.625%.

On 16 December 2020, Carmila repaid €200 million under its loan agreement, bringing the amount outstanding to €470 million at 31 December 2020 from €670 million at end-2019.

As part of its refinancing in 2017, the Group also arranged a revolving credit facility (RCF) for €759 million, which falls due on 16 June 2024. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

A second €250 million credit line which fell due in the first half of 2020 was not renewed.

These refinancing transactions were conducted, independently of the Covid-19 context, in order to extend the average maturity of the Group's debt.

Following these operations, the average maturity of Carmila's debt was 4.5 years at 31 December 2020.

## Note 2 Significant accounting policies

On 16 February 2021 the Board of Directors approved and authorised the publication of Carmila's consolidated financial statements for the period from 1 January to 31 December 2020. These financial statements will be submitted for approval to the Annual General Meeting on 18 May 2021.

### Note 2.1 Presentation of the Group

The Carmila Group ("the Group" or "the Carmila Group") has as its corporate purpose the value enhancement of shopping centres adjoining Carrefour hypermarkets located in France, Spain and Italy.

At 31 December 2020, the Group employed 194 people, of whom 130 in France, 49 in Spain and 15 in Italy (not including apprentices). The Group owns a portfolio of 215 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 arcades 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 58, Avenue Émile Zola, 92100 Boulogne-Billancourt 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 partners. At 31 December 2020, its largest shareholder is the Carrefour group, which holds 35.4% 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 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Prédica (9.6% of Carmila's share capital), Cardif Assurance Vie (8.8%), the Colony group (8.8%) and Sogecap SA (5.9%).

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

On 10 December 2020, Carmila was admitted to the SBF 120 index, one of the main indices of the Paris market comprising the 120 most important stocks listed on Euronext Paris in terms of liquidity and market capitalisation. It was also admitted for trading on the CAC Mid 60 index.

### Note 2.3 Accounting standards

#### IFRS standards applied

The Carmila Group's consolidated financial statements at 31 December 2020 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 2020, comprising the IFRS, the International Accounting Standards (IAS), as well as their interpretations (SIC and IFRS-IC). All the texts adopted by the European Union are available on the European Commission's website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en#individual-rps-acts-adopting-international-accounting-standards-ifrsias-and-related-interpretations-ifric

The European Union has adopted the following standards, interpretations and amendments, which are effective from 1 January 2020:

- Amendments to IAS 1 and IAS 8 – *Definition of Material*;
- Amendments to IFRS 3 – *Definition of a Business*;
- Amendments and clarifications to the Conceptual Framework for Financial Reporting, and therefore to the references made to the framework in IFRS standards;
- Amendments to IFRS 9, IFRS 7 and IAS 39 within the scope of the Interest Rate Benchmark Reform.

These amendments had no impact on the consolidated financial statements at 31 December 2020.

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 "Investment property"). The Group has its property assets appraised every six months by independent appraisers according to the methods described in Note "Investment property". The appraisers use assumptions as to future cash flows and rates which have a direct impact on property values;
- measurement of financial instruments. The Group assesses the fair value of the financial instruments it uses in accordance with standard market models and IFRS 13, as described in Note "Financing and financial instruments";
- provisions for contingencies and charges and other provisions related to operations (see Note "Non-current provisions");
- the assumptions used to calculate and recognise deferred taxes (see Note "Income tax");
- the impacts of the health crisis are discussed in Note "Significant events of 2020", Note "Trade receivables", and Note "Net rental income".

## 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 or the income statement 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 income statement

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

## 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 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 events in 2020

On 11 March 2020, Carmila Santiago SLU was merged into its parent company, Camila España SL. This transaction had no impact on the consolidated financial statements.

## 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 50.01% 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 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;
- recurring and non-recurring operating income.

The Group defines recurring operating income 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.

Overhead expenses for each segment represent the expenses directly incurred by that segment. Shared overhead expenses that are borne by the France segment are rebilled to the other 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 financial years 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)* | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 |
| **Gross rental income** | **239,011** | **242,408** | **88,724** | **93,259** | **22,009** | **23,790** | **349,744** | **359,457** |
| Real estate expenses | (3,137) | (3,012) | (955) | (775) | (891) | (858) | (4,983) | (4,645) |
| Non-recoverable service charges | (5,958) | (4,424) | (3,732) | (3,780) | (393) | (313) | (10,083) | (8,517) |
| Property expenses (landlord) | (44,576) | (10,841) | (13,037) | (1,488) | (6,228) | (782) | (63,841) | (13,111) |
| **Net rental income** | **185,340** | **224,131** | **71,000** | **87,216** | **14,497** | **21,837** | **270,837** | **333,184** |
| Overhead expenses | (37,466) | (37,752) | (10,553) | (11,637) | (2,930) | (3,451) | (50,949) | (52,840) |
| *Income from property management, administration and other activities* | *9,167* | *9,343* | *435* | *409* | *665* | *725* | *10,267* | *10,477* |
| *Other income* | *57* | *1,282* | *17* | *17* | *181* | *108* | *255* | *1,407* |
| *Payroll expenses* | *(20,824)* | *(20,248)* | *(3,884)* | *(3,660)* | *(1,231)* | *(1,237)* | *(25,939)* | *(25,145)* |
| *Other external expenses* | *(25,866)* | *(28,129)* | *(7,121)* | *(8,403)* | *(2,545)* | *(3,047)* | *(35,532)* | *(39,579)* |
| Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions | (2,259) | (2,459) | (198) | (871) | (392) | (163) | (2,849) | (3,493) |
| Other recurring operating income and expense | (1,915) | 1,405 | (45) | (62) | (419) | - | (2,379) | 1,343 |
| Share of net income (loss) in equity-accounted companies – recurring | | | | | | | - | - |
| **RECURRING OPERATING INCOME** | **143,700** | **185,325** | **60,204** | **74,646** | **10,756** | **18,223** | **214,660** | **278,194** |
| Gains and losses on disposals of investment properties and equity investments sold | (65) | (610) | - | - | - | - | (65) | (610) |
| Change in fair value adjustments | (238,679) | (84,425) | (90,084) | (7,192) | (5,504) | 1,445 | (334,267) | (90,172) |
| *Increase in fair value of property* | *33,835* | *45,609* | *1,184* | *16,329* | *1,377* | *3,180* | *36,396* | *65,118* |
| *Decrease in fair value of property* | *(272,514)* | *(130,034)* | *(91,268)* | *(23,521)* | *(6,881)* | *(1,735)* | *(370,663)* | *(155,290)* |
| Share of net income (loss) in equity-accounted companies – non-recurring | - | - | (2,834) | 4,404 | (356) | (28) | (3,189) | 4,376 |
| **OPERATING INCOME (LOSS)** | **(95,044)** | **100,290** | **(32,714)** | **71,858** | **4,896** | **19,640** | **(122,861)** | **191,788** |

## Note 4.3 Breakdown of investment property by operating segment

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

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Investment properties carried at fair value** | **5,717,046** | **6,001,608** |
| France | 4,105,879 | 4,305,544 |
| Spain | 1,262,785 | 1,342,870 |
| Italy | 348,382 | 353,194 |
| **Investment properties carried at cost** | **100,010** | **68,785** |
| France | 100,010 | 68,735 |
| Spain | - | 50 |
| Italy | - | - |
| **TOTAL** | **5,817,056** | **6,070,393** |

At 31 December 2020, in terms of asset value, 71.8% of the Group's investment properties were located in France (compared to 72.1% at 31 December 2019), 22.1% in Spain (unchanged from end-2019) and 6.1% in Italy (5.8% at 31 December 2019).

## 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)* | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 |
| Acquisitions | 6,696 | 5,390 | 0 | 2,969 | 0 | 0 | 6,696 | 8,359 |
| Developments | - | - | - | - | - | - | - | - |
| Like-for-like capital expenditure | 63,127 | 106,934 | 9,444 | 4,206 | 692 | 1,179 | 73,263 | 112,319 |
| Extensions | 34,708 | 68,296 | 0 | 0 | 10 | 442 | 34,718 | 68,738 |
| Restructuring | 11,388 | 19,552 | 0 | 0 | 0 | 0 | 11,388 | 19,552 |
| Lease incentives | 7,250 | 9,899 | 2,642 | 1,914 | 44 | 45 | 9,936 | 11,858 |
| Renovations | 3,200 | 3,926 | 6,772 | 2,223 | 228 | 30 | 10,200 | 6,179 |
| Maintenance capex | 6,581 | 5,261 | 30 | 69 | 410 | 662 | 7,021 | 5,992 |
| **TOTAL CAPITAL EXPENDITURE** | **69,823** | **112,324** | **9,444** | **7,175** | **692** | **1,179** | **79,959** | **120,678** |

The "Acquisitions" caption chiefly relates to the acquisition of land in connection with Lou5G, a company developing and installing fibre optic infrastructure and 5G technology.

"Extensions" essentially relates to assets situated in France. These extension projects include:

- the extension of the Nice Lingostière shopping centre for €27.4 million in 2020, with an opening planned for the first quarter of 2021;
- the creation of a food court in Toulouse/Purpan for €3.2 million, which opened in March 2020.

Like-for-like capital expenditure chiefly relates to assets 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 most important projects included in this item are Cité Europe in Calais Coquelles (€6.8 million), Draguignan (€1.6 million) and Thionville (€1.0 million).

## 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 the method proposed by IAS 40 and the recommendations of the European Public Real Estate Association (EPRA), investment properties are recognised and valued individually at cost and then subsequently at fair value.

The difference between the fair value of an investment property at the end of the reporting period and its carrying amount before its fair value adjustment at that date is recorded in the income statement as a gain or loss.

Fair value excludes transfer taxes and costs (taxes are assessed 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 them.

**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 for 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 programme, 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 appraised 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 development 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 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 net revenue exit 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 consists in applying a yield to the total triple-net revenue for occupied premises and capitalising the net market rent for vacant premises.

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 found 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 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, rent changes, 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, obsolescence premium, etc.).

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 2020 appraisal campaign, fees paid to appraisers were as follows:

| *(in thousands of euros)* | **2020 appraisal fees** |
|---|---|
| Cushman & Wakefield | 209 |
| Catella | 197 |
| BNP Paribas Real Estate | 27 |
| **TOTAL** | **433** |

The valuations completed 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. These 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 estimated fair value. The project's fair value is measured internally by the Development teams, on the basis of an exit rate and the expected net rents at the end of the project. Impairment is recognised if the fair value 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.

Investment properties acquired more six months prior to the reporting date is assessed by independent appraisers at 30 June and 31 December each year. Acquisitions in the current half-year period are therefore recognised at acquisition cost.

**Leases (lessee accounting)**

When signing long-term lease agreements for property assets in particular, the Group analyses contractual provisions to determine whether the agreement is an operating lease or a finance lease, i.e., an agreement which effectively transfers to the lessee virtually all of the inherent risks and rewards inherent to the property's ownership. When a property complex is leased, the land and building are analysed separately.

The first-time application of IFRS 16 at 1 January 2019 resulted in the elimination of the distinction that was previously made between finance leases and operating leases. This led to the recognition on Carmila's statement of financial position of a right-of-use asset and a corresponding lease liability relating to ground leases (see section 3.3 "Accounting standards"). 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 amortisation of the debt.

**Investment properties held for sale**

Assets for which there is 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 last appraisal value, in accordance with the provisions of IFRS 5 – *Non-current assets held for sale*. The capital gain or loss on the disposal of the investment property, which is the difference between the net sale proceeds and the carrying amount of the asset, is recorded in the income statement. The application of lessee accounting in accordance with IFRS 16 did not have a material impact on the consolidated financial statements.

**Leases (lessor accounting)**

See Note "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 and any deferred taxes recognised on the historic unrealised gain recorded for this asset.

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

| *(in thousands of euros)* | |
|---|---|
| **Investment properties carried at fair value – 31/12/2018** | **5,953,655** |
| Acquisitions | 5,523 |
| Investments | 70,413 |
| Capitalised interest | 253 |
| Disposals and removals from the scope of consolidation | (6,361) |
| Other movements and reclassifications | 33,162 |
| Change in accounting method | 35,135 |
| Change in fair value | (90,172) |
| **Investment properties carried at fair value – 31/12/2019** | **6,001,608** |
| Acquisitions | 6,696 |
| Investments | 42,598 |
| Disposals and removals from the scope of consolidation | (367) |
| Other movements and reclassifications | 250 |
| Application of IFRS 16 | 528 |
| Change in fair value | (334,267) |
| **Investment properties carried at fair value – 31/12/2020** | **5,717,046** |

| *(in thousands of euros)* | |
|---|---|
| **Investment properties carried at cost – 31/12/2018** | **62,605** |
| Acquisitions | 2,836 |
| Investments | 41,042 |
| Capitalised interest | 611 |
| Other movements and reclassifications | (38,309) |
| **Investment properties carried at cost – 31/12/2019** | **68,785** |
| Investments | 29,538 |
| Capitalised interest | 1,127 |
| Disposals and removals from the scope of consolidation | (309) |
| Other movements and reclassifications | 869 |
| **Investment properties carried at cost – 31/12/2020** | **100,010** |

Investment properties carried at cost chiefly correspond to investment properties under construction.

### 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.

The "Other movements and reclassifications" caption shows the net balance of assets brought into service during the period, and the reconciliation of assets measured at cost at 31 December 2020 with their measurement at fair value.

"Change in fair value" records gains and losses on the value of assets based on the valuations made by independent appraisers. Changes in fair value are analysed by country in Note 6.2 "Valuation assumptions and sensitivity analysis".

### Note 5.1.2 Investment properties carried at cost

The "Investments" and "Capitalised interest" lines include the Nice Lingostière project (€28.6 million).

At 31 December 2020, no indication of a loss in value was identified for investment properties valued at cost.

The reconciliation of investments broken down by country (Note 5.4 "Investments broken down by operating segment") with the above data is as follows:

| *(in thousands of euros)* | | 31 Dec. 2020 |
|---|---|---|
| Investment properties carried at fair value – Acquisitions | 5.1 | 6,696 |
| Investment properties carried at fair value – Change in scope | 5.1 | 0 |
| Investment properties carried at cost – Acquisitions | 5.1 | 0 |
| Investment properties carried at cost – Change in scope | 5.1 | 0 |
| **TOTAL ACQUISITIONS AND CHANGES IN SCOPE OF CONSOLIDATION** | | **6,696** |
| **TOTAL ACQUISITIONS – INVESTMENTS BY COUNTRY** | **4.4** | **6,696** |

| *(in thousands of euros)* | | 31 Dec. 2020 |
|---|---|---|
| Investment properties carried at fair value – Investments | 5.1 | 42,598 |
| Investment properties carried at fair value – Capitalised interest | 5.1 | 0 |
| Investment properties carried at cost – Investments | 5.1 | 29,538 |
| Investment properties carried at cost – Capitalised interest | 5.1 | 1,127 |
| **TOTAL INVESTMENTS AND CAPITALISED INTEREST** | | **73,263** |
| Developments | 4.4 | 34,718 |
| Like for like portfolio (extensions, renovations, restructurings) | 4.4 | 38,545 |
| **TOTAL ACQUISITIONS – DEVELOPMENTS AND EXTENSIONS AND LIKE-FOR-LIKE PORTFOLIO** | **4.4** | **73,263** |

## Note 5.2 Valuation assumptions and sensitivity analysis

At 31 December 2020, appraisers reviewed the value of all of the Group's assets carried at fair value. These valuations were based on material valuation uncertainty due to the potential impacts of the health crisis in Spain and Italy. No material valuation uncertainty was identified in France.

The table below presents the data used to determine the fair value of investment properties:

| 31 December 2020 – Weighted average | Yield | Rent in euros per sq.m.(1) | Discount rate(2) | Exit rate(3) | CAGR of NRI(4) |
|---|---|---|---|---|---|
| France | 5.6% | 261 | 6.2% | 6.0% | 1.3% |
| Spain | 6.6% | 222 | 9.0% | 6.5% | 1.7% |
| Italy | 6.0% | 292 | 7.4% | 6.4% | 1.5% |

*"Yield" corresponds to the Net Initial Yield.*
*(1) The rent is an annual average rent equal to minimum guaranteed rent plus variable rents per asset and 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 data represent a slight increase when compared to 31 December 2019.

| 31 December 2019 – Weighted average | Yield | Rent in euros per sq.m.(1) | Discount rate(2) | Exit rate(3) | CAGR of NRI(4) |
|---|---|---|---|---|---|
| France | 5.4% | 264 | 5.9% | 5.8% | 1.6% |
| Spain | 6.4% | 227 | 8.5% | 6.4% | 1.7% |
| Italy | 6.2% | 293 | 7.2% | 6.3% | 1.8% |

*"Yield" corresponds to the Net Initial Yield.*
*(1) The rent is an annual average rent equal to minimum guaranteed rent plus variable rents per asset and 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 income statement:

| | France | | Spain | | Italy | | Total | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2020 | 31 Dec. 2019 |
| Change in fair value adjustments | (238,679) | (84,425) | (90,084) | (7,192) | (5,504) | 1,445 | (334,267) | (90,172) |
| Increase in fair value of property | 33,835 | 45,609 | 1,184 | 16,329 | 1,377 | 3,180 | 36,396 | 65,118 |
| Decrease in fair value of property | (272,514) | (130,034) | (91,268) | (23,521) | (6,881) | (1,735) | (370,663) | (155,290) |

Based on the value of the assets including estimated transfer taxes and duties, the average yield on the assets increased to 6.20% at 31 December 2020 (compared to 5.90% at 31 December 2019).

All else being equal, a 15 basis-point increase in yields would result in a decrease in the value of the total portfolio, including transfer taxes and duties (excluding assets under development or equity-accounted and excluding the effect of changes in rents resulting from the decrease in yield) of €132.4 million (or 2.2%). A 25 basis-point increase in yields would reduce the value of the portfolio by €224 million (or 3.7%). A 50 basis-point increase in yields would reduce the value of the portfolio by €442 million (or 7.3%).

## Note 5.3 Investment properties held for sale

At 31 December 2020, 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.

Redemption premiums on bonds 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) are 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 one residual cost recognised at fair value with changes in fair value taken to the income statement.

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 though the Income statement. 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 futures 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).

#### Application of IFRS 9 for renegotiated debt terms

Carmila's financing also includes a bank loan for a nominal amount of €770 million. The loan was taken out in 2013 and has been renegotiated several times since. Successive renegotiations did not make any substantial modifications to the initial contract as defined under IFRS 9. As a result, the carrying amount of the debt with its original effective interest rate (EIR) was recognised within equity, leading to a €19,754 thousand decrease in the value of the debt and an increase in equity for the same amount. This reduction of the debt's original EIR is spread over the remaining term of the underlying liability.

In December 2020, Carmila repaid €200 million of this loan. The proportion of the loan corresponding to extending its maturity and the application of IFRS 9 was reversed in an amount of €5,095 thousand. This amount is in addition to the total expense relating to spreading the reduction of the original effective interest rate and the maturity of the debt over several reporting periods (€5,395 thousand), and is recognised in other financial expenses.

## Note 6.1 Net financial expense

### Note 6.1.1 Cost of net debt

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| **Financial income** | **917** | **559** |
| Interest on Group current account | 293 | 284 |
| Financial income on cash equivalents | 624 | 275 |
| **Financial expenses** | **(57,634)** | **(57,277)** |
| Interest expense on bonds | (38,195) | (36,160) |
| Interest expense on bank borrowings | (5,016) | (6,244) |
| Capitalised interest expense | 1,127 | 864 |
| Deferral of costs, bond redemption premiums and swap balancing payments | (9,602) | (6,905) |
| Interest expense on swaps | (5,037) | (7,731) |
| Interest on Group current account | (984) | (1,018) |
| Other financial expenses | 73 | (83) |
| **COST OF NET DEBT** | **(56,717)** | **(56,718)** |

The cost of net debt for 2020 breaks down as follows:

- interest on bonds totalled €38,195 thousand, compared to €36,160 thousand in 2019. During the period, Carmila:
  - issued two new bonds, on 26 June 2020 for €100 million, paying a coupon of 3.0% and maturing in June 2029, and on 30 November 2020 for €300 million, paying a coupon of 1.625% and maturing in May 2027;
  - redeemed €12.2 million worth of bonds on 29 June 2020 out of a total €600 million 2.375% issue, and €96.7 million worth of bonds on 30 November 2020 out of a total €1,188 million 2.375% issue;

  representing a positive net impact of €2,035 thousand.
- interest on bank borrowings was €5,016 thousand, down €1,228 thousand, notably following the repayments of €100 million in December 2019 and €200 million in December 2020;
- amortisation of debt issuance premiums and costs on loans and bonds represents an expense of €9,602 thousand, including the amortisation of swap balancing payments for €3,958 thousand;
- net expenses on derivatives eligible for hedge accounting totalled €5,037 thousand, compared to €7,731 thousand in 2019. The decrease results from the cancellation of five swaps in December 2019 and from the extended maturity of two swaps.

### Note 6.1.2 Other financial income and expenses

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| **Other financial income** | **953** | **8,813** |
| Financial income from investments | 199 | - |
| Change in value of financial instruments | 737 | 543 |
| Reversal of provision for marketable securities | - | 3,046 |
| Change in fair value of equity investments | - | 496 |
| Other financial income | 17 | 4,728 |
| **Other financial expenses** | **(19,856)** | **(10,202)** |
| Change in fair value of financial instruments | - | - |
| Commitment fees on undrawn credit lines | (2,454) | (2,956) |
| Loss on short-term investments | - | (1,033) |
| Deferral of resetting EIR at initial rate (IFRS 9) | (10,490) | (4,895) |
| Balancing payments on swap (cash-flow hedge) | - | (555) |
| Other financial expenses | (6,912) | (763) |
| **OTHER FINANCIAL INCOME AND EXPENSES** | **(18,903)** | **(1,389)** |

Other financial income fell by €7,860 thousand. At 31 December 2019, the Group wrote back €3,046 thousand of its provision for impairment of the market value of other current financial assets and €4,728 thousand in income relating to the application of IFRS 9 to the one-year extension of the €770 million bank loan. At 31 December 2020, this item was mainly affected by changes in credit risk on derivatives representing €737 thousand.

Other financial expenses chiefly relate to:

- non-utilisation fees for undrawn credit lines amounting to €2,454 thousand;
- the deferred recognition of the IFRS 9 impact relating to resetting the effective interest rate on debt at its initial rate, representing €10,490 thousand, including an expense of €5,095 thousand corresponding to the reversal of the proportion of the €200 million repayment on the term loan on 16 December 2020;
- €5,603 thousand in redemption premiums following the €96.7 million bond redemption in November 2020.

## Note 6.2 Current and non-current financial liabilities

In March 2020, Carmila was rated “BBB” by S&P, with a negative outlook. Its rating has remained unchanged since that date.

At 31 December 2020, the interest coverage ratio was 3.9x, the loan-to-value ratio stood at 37.0% and the average debt maturity at 4.5 years.

### Note 6.2.1 Change in debt

| *(in thousands of euros)* | 31 Dec. 2019 | Change | Issuance | Repayment | Reclassifications | Other movements | Fair value adjustment | 31 Dec. 2020 |
|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities** | **2,261,398** | **3,938** | **396,580** | **(303,378)** | **2,560** | **-** | **5,944** | **2,367,042** |
| Bonds | 1,600,000 | - | 400,000 | (109,022) | - | - | - | 1,890,978 |
| Bond issuance premiums | (8,459) | - | (2,728) | 2,343 | - | - | - | (8,844) |
| Bank borrowings | 670,000 | - | - | (200,000) | - | - | - | 470,000 |
| Impact of resetting effective interest rate | (15,684) | | | | 7,952 | | | (7,732) |
| Loan and bond issuance fees | (10,014) | - | (692) | 3,301 | - | - | - | (7,405) |
| Derivative instruments with a negative fair value | 25,556 | 3,938 | - | - | (5,392) | - | 5,944 | 30,046 |
| **Current financial liabilities** | **161,954** | **5,902** | **378,490** | **(289,686)** | **(3,103)** | **-** | **(737)** | **252,820** |
| Bank borrowings | 687 | - | 1,042 | (686) | - | - | - | 1,043 |
| Impact of resetting effective interest rate | (4,328) | | 9,448 | | (7,952) | - | - | (2,832) |
| Accrued interest on loans | 15,454 | 1,109 | - | - | - | - | - | 16,563 |
| Other borrowings and debt | 146,000 | - | 368,000 | (289,000) | - | - | - | 225,000 |
| Derivative instruments with a negative fair value | - | - | - | - | 4,849 | - | (737) | 4,112 |
| Bank facilities | 4,141 | 4,793 | - | - | - | - | - | 8,934 |
| **Other IFRS 16 financial liabilities** | **37,056** | **-** | **-** | **(1,640)** | **-** | **384** | **-** | **35,800** |
| Other IFRS 16 financial liabilities – non-current | 34,556 | - | - | - | (504) | 384 | - | 34,436 |
| Other IFRS 16 financial liabilities – current | 2,500 | | | (1,640) | 504 | | | 1,364 |
| **GROSS DEBT** | **2,460,408** | **9,840** | **775,070** | **(594,704)** | **(543)** | **384** | **5,207** | **2,655,662** |

### Note 6.2.2 Principal Group financing

| *(in thousands of euros)* | Borrower | Currency of Issue | Interest rate | Final maturity date | Repayment profile | Maximum amount | Amount drawn as at 31 Dec. 2020 |
|---|---|---|---|---|---|---|---|
| **Bonds** | | | | | | **2,000,000** | **1,890,978** |
| | Carmila SA | EUR | 2.375% | Sep 2023 | at maturity | 600,000 | 547,900 |
| | Carmila SA | EUR | 2.375% | Sep 2024 | at maturity | 600,000 | 543,078 |
| | 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 |
| **Bank loans** | | | | | | **770,000** | **470,000** |
| | Carmila SA | EUR | 3-month Euribor | June 2024 | at maturity | 770,000 | 470,000 |
| **Commercial paper** | | | | | | **600,000** | **225,000** |
| | Carmila SA | EUR | | | | 600,000 | 225,000 |
| **Revolving credit facility** | | | | | | **759,000** | **0** |
| | Carmila SA | EUR | | | | 759,000 | 0 |
| **TOTAL** | | | | | | **4,129,000** | **2,585,978** |

### Note 6.2.3 Bonds

Carmila has six bonds, issued in 2015, 2016, 2018, 2019 and 2020, for a total amount of €1,891 million. These bonds are repayable at maturity, falling between 2023 and 2031.

On 10 September 2015, Carmila issued a bond for a nominal amount of €600 million, for a net consideration received on 18 September 2015 of €593,034 thousand, after deducting the issuance premium and bank fees. This bond was issued for an eight-year term maturing on 18 September 2023 with a coupon of 2.375% per annum.

Carmila issued a second bond for a nominal amount €600 million, dated 24 March 2016. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €592,998 thousand. This bond matures on 16 September 2024 and pays a coupon of 2.375% per annum.

As part of the merger with Cardety, Carmila secured approval from a qualified majority of bondholders for both bonds, convened to a first meeting on 24 May 2017, to transfer these financial liabilities to Cardety.

In February 2018, Carmila issued a third bond with a par value of €350 million, dated 7 March 2018. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €347,767 thousand. This 10-year bond matures on 7 March 2028.

In November 2019, Carmila launched a private bond placement for a nominal value of €50 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €49,787 thousand. This 12-year bond has the longest maturity of the Group's bond portfolio, falling due on 6 November 2031.

On 26 June 2020, Carmila launched a 9-year private bond placement for a nominal amount of €100 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €99,162 thousand.

On 30 November 2020, Carmila issued a 6.5-year bond with a nominal amount of €300 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €297,660 thousand.

Carmila redeemed ahead of term €108,960 thousand (net of expenses) of its bonds maturing in September 2023 and September 2024.

At 31 December 2020, Carmila's outstanding bonds therefore totalled €1,891 million, of which €13,286 thousand in issuance premiums and costs remained to be amortised over the residual period of the underlying debt.

### Note 6.2.4 Bank borrowings

In June 2017, Carmila renegotiated all its bank loans and signed a new five-year loan agreement for €770 million.

On 16 May 2018, the maturity of the syndicated loan drawn in full in 2017 was extended by one year to June 2023. In May 2019, the maturity of this fully-drawn credit facility of €770 million was extended by one year to June 2024.

This facility was repaid ahead of maturity in an amount of €100 million in 2019 and €200 million in 2020, with €470 million still outstanding at 31 December 2020.

At 31 December 2020, €4,030 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 2020

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 stands at 3.9x at 31 December 2020 (compared with 5.0x at 31 December 2019);
- 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 37.0% at 31 December 2020 (compared with 34.9% at 31 December 2019).

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

Under the loan agreements, Carmila may provide collateral for up to 20% of the total amount of the fair value of investment properties. Said value must be greater than €2,500 million at all times.

At 31 December 2020, the Group complied with the applicable baking 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

In 2015, Carmila acquired Financière Géric. This company had taken out loans repayable at maturity, i.e., in December 2020.

The Group strives to diversify its sources of financing and their maturities, and has set up a short-term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and renewed annually.

The outstanding balance at the end of December 2020 was €225 million, maturing in 2021. The maximum outstanding balance drawn over the period was €248 million.

As part of its refinancing in 2017, the Group also arranged a revolving credit facility (RCF) for €759 million, which falls due on 16 June 2024. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

A second €250 million credit line which fell due in the first half of 2020 was not renewed.

### Note 6.2.7 Breakdown of financial liabilities by maturity

At 31 December 2020, financial liabilities as broken down by maturity were as follows:

| *(in thousands of euros)* | 31 Dec. 2020 | Less than 1 year | 2 years | 3 years | 4 years | 5 years and beyond |
|---|---|---|---|---|---|---|
| **Bonds** | **1,918,921** | **37,066** | **(2,854)** | **545,343** | **541,682** | **797,383** |
| Bonds – non-current | 1,890,978 | - | - | 547,900 | 543,078 | 800,000 |
| Bond redemption premiums – non-current | (8,844) | (2,271) | (2,318) | (2,086) | (1,167) | (1,649) |
| Accrued interest | 40,224 | 40,224 | | | | |
| Issuance costs | (3,437) | (685) | (698) | (633) | (391) | (968) |
| **Bank loans** | **657,786** | **197,272** | **(5,124)** | **(3,412)** | **469,050** | **-** |
| Bank borrowings – non-current | 470,000 | - | - | - | 470,000 | - |
| Impact of effective interest rate | (10,564) | (3,961) | (3,961) | (2,235) | (407) | |
| Issuance costs | (4,032) | (1,149) | (1,163) | (1,177) | (543) | |
| Accrued interest | (23,661) | (23,661) | - | - | - | - |
| Bank borrowings – current | 1,043 | 1,043 | | | | |
| Other borrowings and debt – current | 225,000 | 225,000 | - | - | - | - |
| **Other IFRS 16 financial liabilities** | **35,800** | **1,364** | **1,385** | **2,439** | **2,007** | **28,605** |
| Other IFRS 16 financial liabilities – non-current | 34,436 | | 1,385 | 2,439 | 2,007 | 28,605 |
| Other IFRS 16 financial liabilities – current | 1,364 | 1,364 | | | | |
| **BANK AND BOND BORROWINGS** | **2,612,571** | **236,066** | **(6,593)** | **544,370** | **1,012,740** | **825,988** |
| Derivative instruments with a negative fair value | 34,158 | 4,112 | 5,237 | 5,146 | 5,020 | 14,643 |
| Bank facilities | 8,934 | 8,934 | - | - | - | - |
| **GROSS DEBT BY MATURITY DATE** | **2,655,662** | **249,112** | **(1,356)** | **549,516** | **1,017,760** | **840,631** |

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

**2020**

| **Year of repayment** *(in thousands of euros)* | 2021 | 2022 | 2023 | 2024 | 2025 | 2026+ | Total |
|---|---|---|---|---|---|---|---|
| Principal | 225,000 | - | 547,900 | 1,013,078 | - | 800,000 | 2,585,978 |
| Interest | 45,120 | 45,061 | 41,808 | 28,071 | 16,258 | 16,258 | 192,574 |
| **GROUP TOTAL (PRINCIPAL + INTEREST)** | **270,120** | **45,061** | **589,708** | **1,041,149** | **16,258** | **816,258** | **2,778,552** |

**2019**

| **Year of repayment** *(in thousands of euros)* | 2020 | 2021 | 2022 | 2023 | 2024 | 2025+ | Total |
|---|---|---|---|---|---|---|---|
| Principal | 146,686 | | | 600,000 | 1,270,000 | 400,000 | 2,416,686 |
| Interest | 47,047 | 47,375 | 47,660 | 40,215 | 26,535 | 32,037 | 240,869 |
| **GROUP TOTAL (PRINCIPAL + INTEREST)** | **193,733** | **47,375** | **47,660** | **640,215** | **1,296,535** | **432,037** | **2,657,555** |

## 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 client 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.

The impact of Covid-19 on the Group's receivables is described in Note 8.5.

### 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 31 December 2020, Carmila has a confirmed revolving credit facility for €759 million. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

The remaining balance of cash and cash equivalents at 31 December 2020 was €311 million.

As regards the Group's cash position, the rent relief and waivers granted further to the French government's Covid-19-related measures did not give rise to any specific liquidity risk. The Group does not anticipate any material risks in this respect in the coming months.

### 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), as described in Note 7.4 "Classification and measurement of financial instruments and hedging transactions".

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

## 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 distinguishes 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 in profit and loss | Fair value through OCI – period impact | Loans and receivables | Liabilities at amortised cost | Liabilities at fair value | Value in balance sheet at 31/12/2020 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | **498,491** |
| **Security deposits** | | | | **12,920** | | | **12,920** |
| Trade receivables | | | | 148,532 | | | 148,532 |
| Other current financial receivables | | | | 16,626 | | | 16,626 |
| Marketable securities – excl. money-market | Level 1 | 150 | | | | | 150 |
| Cash and cash equivalents | Level 1 | 320,263 | | | | | 320,263 |
| **Liabilities** | | | | | | | **2,604,930** |
| Bonds | | | | | 1,878,761 | | 1,878,761 |
| Bank loans | | | | | 467,011 | | 467,011 |
| Commercial paper | | | | | 225,000 | | 225,000 |
| Derivative instruments with a negative fair value | Level 2 | | (9,902) | | | 34,158 | 34,158 |

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 interest rate position (fixed-rate debt + swapped floating-rate debt) stands at 88% of gross debt at 31 December 2020 (compared with 82% at end-2019), and hedging instruments represent 70% of floating-rate debt on the same date.

In first-half 2020, the Group renegotiated the maturity of its swaps and at the reporting date has a swap with a deferred start date and five fixed-rate borrower swaps against three-month Euribor for a notional amount of €385 million. The swap covering the longest term expires in December 2030. This strategy is consistent with the Group's future borrowing plan.

Carmila also has a €100 million cap which it set up in 2019 and which matures in June 2023.

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 confirmed by the €470 million bank loan).

These hedging instruments are accounted for as cash flow hedges.

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 at 31 December 2020 is considered to be 100% effective and was therefore recognised in shareholders' equity for €8,893 thousand.

Changes in items recorded in other comprehensive income in 2020 (negative amount of €6,016 thousand) therefore result from changes in the fair value of swaps (negative amount of €9,902 thousand), with a positive amount of €3,958 thousand reclassified to income (balancing payments on swaps previously cancelled).

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **FINANCIAL INSTRUMENTS LIABILITIES** | | |
| Interest rate derivatives with negative FV – through income | 0 | 0 |
| Interest rate derivatives with negative FV – cash flow hedges | 35,502 | 26,615 |

These amounts do not take into account the assessment of the credit risk representing €1,344 thousand in 2020 (€604 thousand in 2019).

The sensitivity of derivative instruments to a 0.50% increase or decrease in interest rates is as follows:

| **Fair value of hedging instruments** *(in thousands of euros)* | 0.50% decrease in interest rates | | 0.50% increase in interest rates | |
|---|---|---|---|---|
| | Impact on equity | Impact on income | Impact on equity | Impact on income |
| Swap designated as cash flow hedges | (15,396) | | 14,731 | |
| Options designated as trading instruments | | 0 | | 0 |

# Note 7 Breakdown of other statement of financial position items

## Note 7.1 Intangible assets

### ACCOUNTING POLICIES

IAS 38 – *Intangible Assets* states that intangible assets with a finite useful life are to be amortised on a straight-line basis over the period of their expected useful life. Intangible assets which do not have a finite useful life 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. 2019 | Acquisitions | Additions/ reversals | Reclassifications/ retirements | 31 Dec. 2020 |
|---|---|---|---|---|---|
| Software | 1,676 | 64 | (201) | 85 | 1,624 |
| Other intangible assets | 16,484 | 757 | - | 2 | 17,243 |
| Intangible assets in progress | 19 | 54 | - | 84 | 157 |
| **Intangible assets – gross value** | **18,180** | **875** | **(201)** | **171** | **19,024** |
| Amortisation/impairment of software | (1,093 | - | 108 | (1) | (986) |
| Amortisation/impairment of other intangible fixed assets | (12,826) | - | (632) | - | (13,458) |
| **Intangible assets – cumulative amortisation** | **(13,919)** | **-** | **(524)** | **(1)** | **(14,444)** |
| **TOTAL INTANGIBLE ASSETS – NET VALUE** | **4,261** | **875** | **(725)** | **170** | **4,581** |

## 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. 2019 | Acquisitions | Additions/ reversals | Application of IFRS 16 | Reclassifications/ retirements | 31 Dec. 2020 |
|---|---|---|---|---|---|---|
| Technical plant, machinery and equipment | 4,232 | 108 | - | - | 126 | 4,466 |
| Office and computer equipment | 490 | 79 | - | - | 4 | 573 |
| Transportation equipment | 599 | - | - | 44 | - | 643 |
| Company's office buildings | 2,755 | - | - | (188) | - | 2,567 |
| Other property, plant and equipment | 102 | - | - | - | - | 102 |
| **Property, plant and equipment – gross value** | **8,178** | **187** | **-** | **(144)** | **130** | **8,351** |
| Depreciation/impairment of technical plant, machinery and equipment | (2,490) | - | (322) | - | - | (2,812) |
| Depreciation/impairment of office and computer equipment | (416) | - | (41) | - | - | (457) |
| Depreciation/impairment of transportation equipment | (342) | - | (256) | - | - | (598) |
| Depreciation/impairment of company's office buildings | (639) | - | (586) | - | - | (1,225) |
| Depreciation/impairment of other property, plant and equipment | (47) | - | (7) | - | - | (54) |
| **Property, plant and equipment – cumulative depreciation** | **(3,934)** | **-** | **(1,212)** | **-** | **-** | **(5,146)** |
| **TOTAL PROPERTY, PLANT AND EQUIPMENT – NET VALUE** | **4,244** | **187** | **(1,212)** | **(144)** | **130** | **3,205** |

At 31 December 2020, property, plant and equipment mainly includes fixtures and office equipment for the Group's service centres in France and Spain. No acquisitions or write-offs were recognised during the period.

## Note 7.3 Investments in equity-accounted companies

### ACCOUNTING POLICIES

The accounting policies applied to equity-accounted companies are described in Note 4.1. The list of equity-accounted companies is available in Note 15 "List of consolidated companies".

The method used to account for investment properties at fair value was also applied to investments in associates, in proportion to the Group's interest in these entities.

| *(in thousands of euros)* | 31 Dec. 2019 | Net income | Distribution | 31 Dec. 2020 |
|---|---|---|---|---|
| Investment in equity-accounted companies | 52,459 | (3,189) | (1,210) | 48,061 |

At 31 December 2020, this item consisted exclusively of As Cancelas (Spain), acquired in 2014 and currently in operation, and Carmila Thiene (Italy), the purpose of which is to harbour a project.

#### 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. 2020 | 31 Dec. 2019 |
|---|---|---|
| Investment property | 126,702 | 136,774 |
| Other non-current assets | 1,776 | 1,379 |
| Deferred tax assets | 2,436 | 214 |
| **Non-current assets** | **130,914** | **138,367** |
| Trade receivables | 377 | 396 |
| Other current assets | 1,157 | 816 |
| Cash and cash equivalents | 2,406 | 3,905 |
| **Current assets** | **3,940** | **5,117** |
| **TOTAL ASSETS** | **134,854** | **143,484** |

| **Equity-accounted companies** *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Equity attributable to owners | 101,071 | 93,684 |
| **Total equity** | **101,071** | **93,684** |
| Borrowings and financing from associates | 28,247 | 28,126 |
| Other non-current liabilities | 2,143 | 18,160 |
| **Non-current liabilities** | **30,390** | **46,286** |
| **Current liabilities** | **3,393** | **3,514** |
| **TOTAL LIABILITIES AND EQUITY** | **134,854** | **143,484** |

| **Equity-accounted companies** *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Gross rental income | 7,542 | 9,348 |
| **NET INCOME (LOSS)** | **(6,378)** | **4,376** |
| Dividends distributed | 2,419 | 3,365 |

## 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 three categories:

- loans and receivables;
- assets held to maturity;
- assets available for sale.

The application of IFRS 9 leads to a redefinition of the methodology for classifying and measuring financial assets, which is now based on:

- the contractual characteristics of cash flows; and
- the business model for managing the assets.

The definition of financial assets used has been extended and now includes loans, advances, current accounts, non-consolidated securities, trade receivables and derivatives with a positive fair value. IFRS 9 also makes a distinction between two categories of financial assets: debt instruments and equity instruments. Depending on the characteristics of the contractual cash flows and business model, the resulting valuation method is different.

The classification is determined by the Group on initial recognition, depending on the type of asset and the purpose for which it was acquired. Sales and purchases of financial assets are recognised at the transaction date, i.e., the date on which the Group purchased or sold the asset. Other long-term investments include minority stakes in young companies developing innovative and promising retail concepts for goods and services.

Loans and receivables are initially carried at fair value and subsequently at amortised cost using the effective interest rate method. For short-term receivables with no specified interest rate, fair value is taken as the amount on the original invoice. These items are tested for impairment when there is an indication of a loss in value. Impairment is recognised if the carrying amount is higher than the estimated recoverable amount.

This category includes receivables related to equity investments, other loans and receivables, and trade receivables. They appear in the statement of financial position under “Other financial assets” or “Trade receivables”.

For assets available-for-sale, see Note 6 “Investment properties”.

| *(in thousands of euros)* | 31 Dec. 2019 | Increases | Decreases | Other movements | 31 Dec. 2020 |
|---|---|---|---|---|---|
| Non-consolidated equity interests | 744 | 186 | (1) | - | 929 |
| Advances to associates or non-consolidated companies | - | - | - | - | - |
| Security deposits | 12,835 | 92 | (6) | - | 12,921 |
| Other financial assets | 71 | - | (3) | - | 68 |
| **Other non-current assets – gross value** | **13,650** | **278** | **(10)** | **-** | **13,918** |
| **Impairment on other non-current assets** | **(1,223)** | **-** | **-** | **(72)** | **(1,295)** |
| **Other non-current assets – net** | **12,427** | **278** | **(10)** | **(72)** | **12,623** |

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. The increase in equity interests in the period reflects the fair value adjustment of a minority, non-consolidated investment through income.

## Note 7.5 Trade receivables

### ACCOUNTING POLICIES

Trade receivables mainly comprise rent receivable from tenants, front-end fees and any advisory services. They also include the effect of the deferred recognition of benefits granted to tenants (rent-free periods and step rents). 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 procedure, or which are in receivership or liquidation, or any tenant for which a significant credit risk has been identified.

Additional allowances were also recognised to reflect negotiations held in connection with the ongoing health crisis. See Note “Significant events of 2020” and Note “Accounting treatment applied to the impacts of the health crisis”.

Trade receivables have a maturity of less than one year, with the exception of rent-free periods and step rents, which are recognised over the lease term.

In accordance with IFRIC 21, provisions were recorded for all property taxes owed for 2020 as of 1 January of that year. Simultaneously, an accrual for the share of property taxes rebilled to tenants was recorded as accrued revenue. This has no impact on the annual financial statements.

| (in thousands of euros) | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Trade receivables – gross value** | **203,047** | **140,875** |
| of which related to leasing activity | 179,325 | 128,588 |
| of which accrued receivables and receivables unrelated to leasing activity | 23,722 | 12,287 |
| **Allowances for trade receivables** | **(54,515)** | **(23,770)** |
| of which related to leasing activity | (54,341) | (23,770) |
| of which unrelated to leasing activity | (174) | - |
| **TRADE RECEIVABLES – NET** | **148,532** | **117,105** |

There was a moderate €31 million year-on-year rise in net trade receivables at 31 December 2020, essentially reflecting the rise in gross unpaid rents relating mainly to rent negotiations not yet finalised to date.

The gross default rate was 5% at 31 December 2020.

Additional allowances recognised in respect of the health crisis amounted to €22.2 million.

| | 31 Dec. 2020 | | | | |
|---|---|---|---|---|---|
| | First-quarter 2020 | Second-quarter 2020 | Third-quarter 2020 | Fourth-quarter 2020 | Full-year 2020 |
| Gross collection rate (total amount invoiced) | 94.9% | 53.3% | 84.9% | 74.3% | 77.3% |
| Rent waiver/Covid-19 provision rate | 2.4% | 38.9% | 8.1% | 24.5% | 18.0% |
| Bad debt rate | 2.7% | 7.8% | 7.0% | 1.3% | 4.7% |
| **TOTAL** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Gross collection rate (France) | 97.0% | 47.0% | 92.0% | 73.0% | 78.0% |
| Net collection rate (adjusted for rent waivers/Covid- 19 provision) | 97.3% | 87.0% | 92.4% | 98.3% | 94.3% |

Out of the total charges and rents invoiced in 2020, 77% had been collected at 31 December 2020, 18% had been waived (and written off in the consolidated financial statements) and 5% are pending collection.

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

| (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 | 29,108 | - | 29,108 | (549) | 995 | 813 | (1,034) | 6,782 | 16,866 | 5,237 | (14,649) |
| Italy | 13,719 | 5,856 | 7,863 | - | 1,207 | 966 | 295 | 1,192 | 1,841 | 2,362 | (4,237) |
| France | 136,497 | 80,141 | 56,357 | 949 | (938) | 2,051 | 19,913 | 16,051 | 3,134 | 15,197 | (35,455) |
| **GROUP TOTAL** | **179,325** | **85,997** | **93,328** | **400** | **1,264** | **3,829** | **19,174** | **24,025** | **21,841** | **22,796** | **(54,341)** |

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. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Tax receivables** | **37,431** | **28,787** |
| Corporate tax receivables | 7,133 | 3,083 |
| Other tax receivables | 30,298 | 25,704 |
| **Financial receivables** | **31,389** | **22,231** |
| Receivables related to investment properties | 30,962 | 21,485 |
| Derivative instruments – assets | 121 | 543 |
| Marketable securities – excl. money-market | 306 | 203 |
| **Other receivables** | **17,595** | **18,109** |
| Receivables from charges rebilled to tenants | 11,049 | 9,792 |
| Other miscellaneous receivables | 6,426 | 8,007 |
| Prepaid expenses | 120 | 310 |
| **TOTAL OTHER RECEIVABLES – GROSS VALUE** | **86,415** | **69,127** |
| Impairment of other receivables | 0 | 0 |
| **OTHER CURRENT RECEIVABLES – NET** | **86,415** | **69,127** |

At 31 December 2020, tax receivables included €4 million in tax reductions granted by the French government in return for rent relief afforded to tenants due to the November 2020 lockdown.

Financial receivables relating to equity investments mainly consist of the Group's loans to equity-accounted companies (As Cancelas for €11,621 thousand and Carmila Thiene for €5,126 thousand), and to advances by Carmila Retail Development to non-controlling interests in which the company has an equity stake for €9,901 thousand.

## Note 7.7 Net cash

### ACCOUNTING POLICIES

Cash equivalents are short-term (i.e., less than three months), highly liquid investments that are easily convertible into a known amount of cash and subject to a negligible risk of change in value. Cash includes shares in money-market funds and cash deposits, and is carried at fair value through the income statement.

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Cash | 180,228 | 178,172 |
| Cash equivalents | 140,035 | - |
| **Cash and cash equivalents** | **320,263** | **178,172** |
| Bank facilities | (8,934) | (4,141) |
| **NET CASH** | **311,329** | **174,031** |

Cash equivalents include a €140 million term deposit maturing in September 2021 (€40 million) and November 2021 (€100 million). These sums can be released at any time subject to 30 days' notice.

The change in the Group's net cash position is detailed in Note 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 |
|---|---|---|---|---|
| As of 1 January 2020 | 136,681,843 | 820,091 | 520,611 | 1,608,558 |
| Payment of dividend – GM of 29 June 2020 | - | - | - | (117,377) |
| New shares issued | 139,306 | 836 | (836) | - |
| Stock dividend | 5,795,730 | 34,774 | 28,862 | - |
| **AT 31 DECEMBER 2020** | **142,616,879** | **855,701** | **548,637** | **1,491,181** |

At 31 December 2020, the share capital was made up of 142,616,879 shares split into three share classes, each with a par value of six euros (€6), fully subscribed and paid up. These shares were allocated as follows: 142,357,425 class A shares, 120,148 class B shares, and 139,306 class C shares.

The class C shares were issued on 16 May 2020 as part of Carmila's preferred share allotment plan for its key employees and corporate officers. This capital increase was charged against issuance premiums for €836 thousand.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), representing a total payout of €136,563 thousand. A total of €117,531 thousand was charged against the merger premium and €19,032 thousand against consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €72,926 thousand was paid in cash and €63,637 thousand was paid in shares, resulting in the issuance of 5,795,730 class A shares with a value of €10.98 per share.

### Note 7.8.2 Distribution of issuance premiums and capital increases

For the distribution of premiums, refer to Note "Distribution of dividends".

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

### Note 7.8.3 Treasury stock

Treasury stock is deducted from consolidated shareholders' equity at its acquisition cost. Any income from the sale of treasury stock (together with the related tax effects) are taken directly to shareholders' equity and not to net income for the year. The Company entered into a liquidity agreement following its listing on Euronext Paris. At 31 December 2020, the Company held a total of 191,676 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 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)* | 2020 | 2019 |
|---|---|---|
| **Net income (loss)** | **(198,286)** | **108,404** |
| Consolidated net income (loss) attributable to non-controlling interests | 469 | 191 |
| **NUMERATOR** | | |
| Consolidated net income (loss) attributable to owners of the parent | (198,755) | 108,213 |
| Average number of shares outstanding | 140,198,573 | 136,408,412 |
| Number of free and preference shares outstanding as of 31 December 2020 | 405,201 | 297,092 |
| **DENOMINATOR** | | |
| Average number of shares (fully diluted) | 140,603,774 | 136,705,504 |
| **EARNINGS PER SHARE (IN EUROS)** | **(1.42)** | **0.79** |
| **DILUTED EARNINGS PER SHARE (IN EUROS)** | **(1.41)** | **0.79** |

## 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. 2019 | Additions | Reversals | Reclassifications | Actuarial adjustments (OCI) | 31 Dec. 2020 |
|---|---|---|---|---|---|---|
| Other provisions for contingencies and charges | 6,158 | 464 | (649) | (12) | - | 5,961 |
| **Provisions for contingencies and charges** | **6,158** | **464** | **(649)** | **(12)** | **-** | **5,961** |
| Provision for pensions and retirement benefits | 707 | 137 | (43) | - | (30) | 771 |
| **Provisions for charges** | **707** | **137** | **(43)** | **-** | **(30)** | **771** |
| **TOTAL NON-CURRENT PROVISIONS** | **6,865** | **601** | **(692)** | **(12)** | **(30)** | **6,732** |

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 Other non-current liabilities

At 31 December 2019, this item included an earn-out payment related to the 2016 acquisition of an asset for €7.5 million (estimates of the amount involved and the outcome were sufficiently reliable to serve as a basis for the provision). This earn-out is expected to be paid in 2021. At end-December 2020, the residual amount of the provision was therefore reclassified within "Other current liabilities" (see Note 8.12).

## Note 7.11 Trade and payables to suppliers of non-current assets

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Payables to suppliers of non-current assets | 86,231 | 81,674 |
| Miscellaneous payables | 1,094 | 4,508 |
| Trade payables and invoices yet to be received | 26,679 | 24,347 |
| **TRADE AND PAYABLES TO SUPPLIERS OF NON-CURRENT ASSETS** | **114,004** | **110,529** |

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects.

### Note 7.12 Other current liabilities

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| **Accrued tax and payroll liabilities** | **56,004** | **49,356** |
| Tax liabilities (excluding corporate income tax) | 43,315 | 29,974 |
| Tax liabilities – corporate income tax | 1,610 | 8,508 |
| Social-security liabilities | 11,079 | 10,874 |
| **Other liabilities** | **95,620** | **84,978** |
| Other miscellaneous liabilities | 29,071 | 16,462 |
| Prepaid income | 66,549 | 68,516 |
| **OTHER CURRENT LIABILITIES** | **151,624** | **134,334** |

The rise in accrued tax and payroll liabilities is primarily due to the rise in EUR VAT payable on cash inflows due to payments that were deferred owing to the health crisis.

Other liabilities include the reclassification of an earn-out on a 2016 acquisition, expected to be paid in 2021 in an amount of €7.5 million.

## Note 8 Breakdown of income statement 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 time. The reference period used is the initial non-cancellable lease term;
- any work undertaken on the tenant's behalf is depreciated on a straight-line basis over the term of the lease;
- when a lessor terminates a lease prior to the expiration date, eviction compensation is payable to the tenant. When the conditions are met, the compensation is recorded as a non-current asset (see Note 6 "Investment properties");
- 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;
- tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. Such penalties relate to the terminated lease and are recognised as income in the year in which they are received.

**Charges rebilled to tenants**

Service charge income is recognised as income in the period in which it is earned and corresponds to charges rebilled to tenants.

**Real estate expenses**

These correspond to fees paid (or the amortisation of initial payments) when the land is made available under a ground lease or concession agreement, as well as the expense related to land tax and rebilled land tax.

**Non-recoverable service charges**

These charges primarily represent charges arising from vacant premises and rebillable expenses not yet rebilled.

**Property expenses (landlord)**

These consist of service charges borne by the landlord, expenses related to works, legal costs, costs associated with bad debts (see Note 8.5 for a description of the impact of Covid-19), 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)* | 2020 | 2019 |
|---|---|---|
| Rent | 349,805 | 359,565 |
| Entry fees and other indemnities | (61) | (108) |
| **Gross rental income** | **349,744** | **359,457** |
| Property tax | (23,510) | (21,214) |
| Charges rebilled to tenants | 18,527 | 16,569 |
| **Real estate expenses** | **(4,983)** | **(4,645)** |
| Rental charges | (71,177) | (71,307) |
| Charges rebilled to tenants | 61,094 | 62,790 |
| **Non-recoverable service charges** | **(10,083)** | **(8,517)** |
| Management fees | (691) | (139) |
| Charges rebilled to tenants | - | - |
| Losses and allowances against receivables | (34,065) | (10,010) |
| Other expenses | (29,085) | (2,962) |
| **Property expenses (landlord)** | **(63,841)** | **(13,111)** |
| **NET RENTAL INCOME** | **270,837** | **333,184** |

The year-on-year change in "losses and allowances against receivables" and "other expenses" is linked to the impact of Covid-19, as described in Notes 8.1.1 and 8.1.2.

## Note 8.1.1 Specific negotiations related to the health crisis

| | Waiver impact *(months of rent)* | Rent waivers *(in millions of euros)* | % negotiations signed | % negotiations in exchange for extension | Average reversion of MGR in event of extension of non-cancellable term |
|---|---|---|---|---|---|
| France | 1.9 | 45.7 | 65% | 42% | -2.7% |
| Spain | 1.9 | 17.8 | 80% | 94% | -0.2% |
| Italy | 2.8 | 6.1 | 93% | 6% | 0.0% |
| **TOTAL** | **1.9** | **69.6** | **70%** | **55.0%** | **-1.7%** |

Owing to the health crisis, Carmila held negotiations with its tenants with a view to supporting them during this period and helping to safeguard their cash resources through rent relief.

In some cases, relief was granted with no concessions agreed by the tenant in return, directly in accordance with the government measures described in the section 3.3.2 "Shopping centre openings, footfall and retailer sales by country". Other relief was granted with or without concessions by the tenant on a case-by-case basis, so as to find a situation beneficial to all parties concerned. Concessions granted by tenants in exchange for rent relief consisted mainly of extensions of the non-cancellable term of the lease or commitments to sign new leases. Rent relief granted in exchange for concessions in the form of an extended lease term represented 55.0% of all rent relief granted (excluding very small businesses).

In all, the impact of the various relief granted by Carmila was €69.6 million, representing 1.9 months' rent. A total of €52.2 million in rent relief was granted during the first wave of the pandemic, including €9.6 million to support very small businesses. The impact of the second wave was €17.3 million, including €4 million in tax income in the form of a tax reduction.

70% of the negotiations have been concluded and signed, and relief arrangements that remain unsigned were written down to take account of the health crisis. Carmila recognised the full impact of the relief granted during the first two waves of the health crisis in its 2020 financial statements.

## Note 8.1.2 Accounting treatment applied to the impacts of the health crisis

The specific impacts of the health crisis are set out in the table below:

| *(in thousands of euros)* | France | Spain | Italy | Group |
|---|---|---|---|---|
| **Income statement impact of the health crisis** | **(36,573)** | **(13,742)** | **(6,432)** | **(56,747)** |
| • of which impact of rent waivers | (23,197) | (819) | (4,743) | (28,759) |
| • of which allowances on receivables | (11,338) | (9,678) | (1,274) | (22,290) |
| • of which variable rent adjustments (VR) | (1,160) | (2,843) | | (4,003) |
| • of which Specialty Leasing | (878) | (402) | (415) | (1,695) |
| **Income statement impact beyond 2020 (IFRS 16 impact: rent-free periods to be deferred)** | **(11,127)** | **(7,282)** | **(131)** | **(18,540)** |
| **TOTAL HEALTH CRISIS IMPACT (FIRST AND SECOND WAVES)** | **(47,700)** | **(21,024)** | **(6,563)** | **(75,287)** |
| **TOTAL HEALTH CRISIS IMPACT (EXCL. VR AND SL)** | **(45,662)** | **(17,779)** | **(6,148)** | **(69,589)** |
| Impact *(in months of rent)* | 1.9 | 1.9 | 2.8 | 1.9 |

| *(in thousands of euros)* | France | Spain | Italy | Group |
|---|---|---|---|---|
| **Impact on gross rental income** | **(3,011)** | **(3,403)** | **(569)** | **(6,983)** |
| Rent waivers with concessions (IFRS 16) | (973) | (158) | (154) | (1,285) |
| Variable rent adjustments | (1,160) | (2,843) | | (4,003) |
| Specialty Leasing impact | (878) | (402) | (415) | (1,695) |
| **Impact on net rental income** | **(33,562)** | **(10,339)** | **(5,863)** | **(49,764)** |
| Rent waivers without concessions | (26,230) | (661) | (4,589) | (31,480) |
| Allowances on receivables | (11,338) | (9,678) | (1,274) | (22,290) |
| Tax credit | 4,006 | | | 4,006 |
| **TOTAL IMPACT IN 2020** | **(36,573)** | **(13,742)** | **(6,432)** | **(56,747)** |

For rent relief granted in exchange for an extension of the non-cancellable term of the lease, the impact of the relief is recognised over the non-cancellable term of the lease in question, in accordance with IFRS 16. The impact is recognised as a deduction from gross rental income, representing €1.3 million in 2020. A total of €18.5 million will be recognised over the next few periods, of which €6.0 million in 2021. The amount of €18.5 million was determined based on the amounts signed to date and the discussions ongoing with tenants.

The impact of other relief not resulting in an extension of the non-cancellable term of the lease is written off in full against net rental income in the 2020 financial statements, for an amount of €31.5 million.

The provision for variable rents was adjusted in an amount of €4.0 million, while the impact on Specialty Leasing revenues was €1.7 million.

Disputed receivables were written down in full in 2020.

## Note 8.1.3 Gross rental income and net rental income

### GROSS RENTAL INCOME

| | 31 Dec. 2020 | | 31 Dec. 2019 |
|---|---|---|---|
| | Change vs. 31 Dec. 2019 | | |
| *(in thousands of euros)* | Gross rental income | reported | Gross rental income |
| France | 239,011 | -1.4% | 242,408 |
| Spain | 88,724 | -4.9% | 93,259 |
| Italy | 22,009 | -7.5% | 23,790 |
| **TOTAL** | **349,744** | **-2.7%** | **359,457** |

Gross rental income fell by 2.7% in 2020. The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis in exchange for an extension in lease terms (negative €1.3 million impact in 2020), (ii) the decline in Specialty Leasing revenues (negative €1.7 million impact), and (iii) adjustments made to provisions for variable rents for the months during which stores were closed (negative €4.0 million impact). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Adjusted for these impacts, gross rental income fell by just 0.8%, reflecting the resilience of the rental base in a challenging health environment.

### NET RENTAL INCOME

| | 31 Dec. 2020 | | | | | 31 Dec. 2019 |
|---|---|---|---|---|---|---|
| | | Change vs. 31 Dec. 2019 | | | | |
| *(in thousands of euros)* | Net rental income | Like for like (total) | Like for like (specific Covid-19 impact) | Like for like (excl. specific Covid-19 impact) | reported | Net rental income |
| France | 185,340 | -16.9% | -16.3% | -0.6% | -17.3% | 224,131 |
| Spain | 71,000 | -18.4% | -15.8% | -2.6% | -18.6% | 87,216 |
| Italy | 14,497 | -33.2% | -29.5% | -3.7% | -33.6% | 21,837 |
| **TOTAL** | **270,837** | **-18.4%** | **-17.0%** | **-1.4%** | **-18.7%** | **333,184** |

Net rental income fell by €62.3 million in 2020. This decline is attributable to the factors described below.

- The total like-for-like change was a decrease of €61.3 million, or 18.4% over the year. Growth generated by the extensions delivered in 2020 and by other impacts (impact of strategic vacancies in particular) is not included in like-for-like growth. The positive contribution of rent indexation included in like-for-like growth stands at 1.5%. Specific impacts were taken into account to reflect the health crisis in the three countries.
- Growth generated by lease extensions represents €1.0 million, or 0.3%. The Rennes Cesson extension delivered in the second half of 2019 is recognised in this line.
- Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2019 or 2020.
- Other impacts reduced net rental income by €2.1 million, or 0.6%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

### Note 8.1.4 Rent collection

| | 31 Dec. 2020 | | | | |
|---|---|---|---|---|---|
| | First-quarter 2020 | Second-quarter 2020 | Third-quarter 2020 | Fourth-quarter 2020 | Full-year 2020 |
| Gross collection rate (total amount invoiced) | 94.9% | 53.3% | 84.9% | 74.3% | 77.3% |
| Rent waiver/Covid-19 provision rate | 2.4% | 38.9% | 8.1% | 24.5% | 18.0% |
| Bad debt rate | 2.7% | 7.8% | 7.0% | 1.3% | 4.7% |
| **TOTAL** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Gross collection rate (France) | 97.0% | 47.0% | 92.0% | 73.0% | 78.0% |
| Net collection rate (adjusted for rent waivers/Covid-19 provision) | 97.3% | 87.0% | 92.4% | 98.3% | 94.3% |

Out of the total charges and rents invoiced in 2020, 77% had been collected at 31 December 2020, 18% had been waived (and written off in the consolidated financial statements) and 5% are pending collection.

For third-quarter 2020, Carmila's gross collection rate in France was 92%.

Its overall net collection rate for 2020 was 94%. The net collection rate is calculated by deducting any rents waived from the rents invoiced.

## Note 8.2 Overhead expenses

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Income from property management, administration and other activities | 10,267 | 10,477 |
| Other income | 255 | 1,407 |
| Payroll expenses | (25,939) | (25,145) |
| Other external expenses | (35,532) | (39,579) |
| **OVERHEAD EXPENSES** | **(50,949)** | **(52,840)** |

Overhead costs fell 3.6% in 2020 compared to the previous year. This €1.9 million decrease is attributable to the cost savings made in the wake of the health crisis (lower lease management fees, events not held, etc.).

### Note 8.2.1 Revenues from property management, administration and other activities, and other income from services

These revenues include fees on new leases, marketing fund services to develop and increase the attractiveness of the centres (retailers' associations), amounts rebilled to the Carrefour group relating to the share of payroll expenses for shopping centre directors, and LouWifi fees. These revenues totalled €10.5 million in 2020, a decrease of €1.4 million (11.4%) compared to 2019. The fall in revenues is primarily due to the absence in 2020 of the LouWifi fees that had been earned in 2019.

### Note 8.2.2 Payroll expenses

Payroll expenses amounted to €25.9 million in 2020: the 3.2% increase takes into account the year-on-year rise in the average number of employees. Carmila has also set up preferred share allotment plans for senior executives and some employees. The benefits granted under these plans are recognised as payroll expenses.

Carmila has been determined to keep all of its staff working from home and avoid furlough during the lockdowns to enable it to stay in touch with its tenants and consumers, and make preparations for the reopening of the shopping centres at the end of each lockdown period.

### Note 8.2.3 Other external expenses

Other external expenses totalled €35.5 million in 2020, a decrease of 10.2%, or €2.9 million, in overhead expenses. This decrease can be explained by the health environment, which led to a fall in lease management fees resulting from the rent relief granted to tenants, and by a reduction in certain communication and marketing expenses (trade shows, conventions, events, etc.).

The main components of other external expenses are marketing expenses, chiefly relating to the ramp-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.). They also include appraisal fees for the property portfolio, legal and tax fees, statutory auditors' fees, financial reporting and advertising fees, travel expenses and compensation allocated to directors.

Other external expenses also include taxes and duties unrelated to property (€2.6 million), such as the CFE and CVAE taxes in France.

## Note 8.3 Depreciation, amortisation, provisions and impairment

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets | (1,937) | (1,807) |
| Reversals from/additions to provisions for contingencies and charges and current assets | (912) | (1,686) |
| **ADDITIONS TO DEPRECIATION/AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AND PROVISIONS** | **(2,849)** | **(3,493)** |

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

Net additions to provisions for contingencies and charges mainly concern property disputes with tenants, impairment of current assets, and potential tax disputes in France.

There were no material changes during the year.

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

There were no significant disposals during the year.

## Note 9 Income taxes

### 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.

**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 will be 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:

- 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. Failing this, 100% of the profits must be distributed as dividends once this period has elapsed.

Spanish SOCIMIs may be 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%.

**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 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 this benefit, these listed property 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 distribution requirement related to capital gains has been set at 70% since 1 January 2019.

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 distinguishes 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 and for foreign companies is calculated under the conditions of ordinary tax law. Financière Géric, which was previously liable for income tax, opted for the SIIC regime on 1 January 2017.

**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 2020 are 28% in Italy and 25% in Spain.

In France, the 2020 Finance Act maintained the social contribution at 3.3%, applicable to the proportion of tax exceeding €763 thousand, but introduced a progressive reduction in the income tax rate, from 33.33% to 25% by 2022. The theoretical tax rate of 28% used in the tax reconciliation tables reflects the tax rate applicable in 2020 to companies with revenues of less than €250 million, excluding the 3.3% social contribution, which was not used by the Group owing to the absence of income tax expense for French companies.

## Note 9.1 Income tax expense

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Deferred tax | (8) | (20,764) |
| Withholding tax | (85) | (372) |
| Current tax | 289 | (4,141) |
| **INCOME TAX (EXPENSE) BENEFIT** | **196** | **(25,277)** |

Deferred tax expense represents €8 thousand and chiefly relates to the tax effect resulting from the difference between the actual value of Italian properties and their value for tax purposes, for €1,886 thousand, offset by the tax effect of the utilisation of tax losses for €321 thousand and temporary differences for €1,557 thousand.

Unlike in 2019, the Group's Spanish entities are exempt from income tax owing to their election for the SOCIMI tax regime as of 1 January 2020. No deferred tax was therefore recognised on changes in the fair value of Spanish and French assets, which respectively fall within the scope of the SOCIMI and SIIC tax regimes for real estate investment firms.

The Group's current tax liability is €289 thousand.

## Note 9.2 Tax reconciliation

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

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Consolidated net income (loss) | (198,286) | 108,401 |
| Income tax benefit (expense) | 196 | (25,277) |
| **Share of net income (loss) of equity-accounted companies** | **(3,189)** | **4,376** |
| Net income before taxes and equity-accounted companies | (195,292) | 129,302 |
| Standard tax rate applicable to the parent company | 28.00% | 34.43% |
| **THEORETICAL INCOME TAX (EXPENSE) BENEFIT** | **54,682** | **(44,519)** |
| Tax exempt income resulting from the SIIC regime | (41,524) | 12,070 |
| Tax exempt income resulting from the SOCIMI regime | (10,662) | - |
| Permanent differences | 314 | 374 |
| Taxes other than on income | 487 | - |
| Impact of difference in tax rates | - | 6,637 |
| Unrecognised tax losses | (3,100) | 159 |
| **EFFECTIVE TAX (EXPENSE) BENEFIT** | **196** | **(25,279)** |
| **EFFECTIVE TAX RATE** | **0.10%** | **19.55%** |

### Note 9.3 Current tax assets and liabilities

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Tax credits | 7,133 | 3,083 |
| **TOTAL TAX ASSETS** | **7,133** | **3,083** |
| Tax liabilities – non-current | 0 | 0 |
| Tax liabilities – current | 1,568 | 8,475 |
| Liabilities related to tax consolidation | 42 | 33 |
| **TOTAL TAX LIABILITIES** | **1,610** | **8,508** |

At 31 December 2020, tax receivables related to France for €4,642 thousand (including €4 million in tax reductions granted by the government in exchange for rent relief afforded to tenants owing to the November 2020 lockdown) and to Italy for €2,491 thousand (tax prepayments).

French companies subject to income tax opted for the SIIC regime on 1 June 2014. Financière Géric opted for the SIIC regime at 1 January 2017. A provision was recorded in the 2016 financial statements for the total amount of exit tax to be paid by the company. Following the payments made in the three previous financial years and in the current year, Financière Géric's residual exit tax liability was settled in 2020. The tax liability mainly relates to VAT payable in Italy for €1,610 thousand.

### Note 9.4 Deferred tax assets and liabilities

| *(in thousands of euros)* | 2019 | Profit and loss impact | Change in scope of consolidation | Other | 2020 |
|---|---|---|---|---|---|
| Deferred tax assets | 11,548 | 1,878 | - | (2,313) | 11,113 |
| Deferred tax liabilities | (175,685) | (1,886) | - | 255 | (177,316) |
| **NET BALANCE OF DEFERRED TAX** | **(164,137)** | **(8)** | **-** | **(2,058)** | **(166,203)** |
| **BREAKDOWN OF DEFERRED TAX BY CATEGORY** | | | | | |
| Properties | (175,685) | (1,886) | | 255 | (177,316) |
| Tax losses | 11,548 | 321 | - | (2,934) | 8,935 |
| Other items | - | 1,557 | - | 621 | 2,178 |
| **NET BALANCE OF DEFERRED TAX** | **(164,137)** | **(8)** | **-** | **(2,058)** | **(166,203)** |

## Note 10 Off-balance sheet commitments and associated risks

### ACCOUNTING POLICIES

**Off-balance sheet commitments**

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 2020, 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. 2020 | 31 Dec. 2019 |
|---|---|---|
| Undrawn committed credit facilities | 759,000 | 1,009,000 |
| **Commitments related to Group financing** | **759,000** | **1,009,000** |
| Bank guarantees received from tenants | 29,185 | 25,703 |
| **Commitments related to Group operating activities** | **29,185** | **25,703** |
| **TOTAL COMMITMENTS RECEIVED** | **788,185** | **1,034,703** |

#### Note 10.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 31 December 2020, the Group had a €759 million credit facility set up as part of its refinancing programme in June 2017. An amount of €200 million was drawn on this facility on 20 March 2020, and subsequently repaid on 26 May 2020 (€100 million) and 9 July 2020 (€100 million).

#### 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 10.2.3 Other guarantees received – vendor warranties

In the context of its acquisition of Italian assets, Carmila Italia received a reassessment notice from the tax authorities. This tax risk is covered by a vendor warranty. The amount of the reassessment was paid by the seller to the tax authorities as a precautionary measure.

### Note 10.3 Commitments given

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Financial guarantees given | | 686 |
| **Commitments related to Group financing** | **-** | **686** |
| Commitments to complete works | 12,241 | 20,235 |
| Rental guarantees and deposits | 11,376 | 10,331 |
| **Commitments related to Group operating activities** | **23,617** | **30,566** |
| **TOTAL COMMITMENTS GIVEN** | **23,617** | **31,252** |

#### Note 10.3.1 Financial guarantees given

Prior to its acquisition by the Group, Financière Géric granted prime mortgages for an initial amount of €13 million to guarantee its bank financing. At 31 December 2019, the outstanding amount guaranteed was €686 thousand and matured in 2020.

#### Note 10.3.2 Commitments under 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 2020, the Group had not signed any purchase commitments.

#### Note 10.3.3 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 2020, they chiefly related to the restructuring of Cité Europe in Coquelles and to the extension of Nice Lingostière (off-plan acquisition). The decrease in these commitments reflects billings on the Coquelles project and the progress of the works at Nice Lingostière.

#### Note 10.3.4 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 10.3.5 Commitments given on swaps

At 31 December 2020, the Group had not entered into any swaps or other derivatives pending execution/application which were not recognised in its financial statements at that date.

### Note 10.4 Reciprocal commitments

Directly linked to development and redevelopment projects, reciprocal commitments relate to off-plan acquisition contracts and other contracts for real estate development. At 31 December 2020, secured off-plan acquisition contracts represented €6,285 thousand and mainly concerned the Nice Lingostière project.

**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 16 April 2014, 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 15 April 2019, and has since been extended until 28 February 2021.

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

There were no substantial changes in related party transactions during the reporting period.

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Personnel secondment agreement | 671 | 1,290 |
| Exclusive mandate – Carrefour Property Gestion | 7,555 | 8,189 |
| Lease and asset management | | |
| Service agreement between Carmila France and Almia Management and Carrefour Administratif France | 802 | 802 |
| Services in the field of insurance management, legal (both corporate and litigations), tax, accounting, treasury back-office, payroll | | |
| Service agreement between Carmila and Carrefour Administratif France | - | 88 |
| Services in the field of insurance management, tax, accounting, treasury back-office | | |
| Service agreement between Carmila and Carrefour | - | 74 |
| Accounting, tax, legal assistance, insurance management | | |
| Service Agreement between CPF Asset Management and Carmila France | 556 | 607 |
| Legal real estate services, human resources, management accounting, janitor services | | |
| **TOTAL CHARGED TO CARMILA AND SUBSIDIARIES IN FRANCE** | **9,584** | **11,050** |
| Shopping mall manager mandate with Carrefour Property Gestion | (4,944) | (4,624) |
| Agreement billed by Almia Management | | |
| Rebilling of personnel secondment | (373) | - |
| New extension or other development lease negotiation fees | - | (310) |
| Fees billed by Almia Management | | |
| **TOTAL BILLED BY CARMILA IN FRANCE** | **(5,317)** | **(4,934)** |
| **TOTAL NET AMOUNT INVOICED TO CARMILA – FRANCE (EXPENSE)** | **4,267** | **6,116** |

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Exclusive mandate – Carrefour Property España | 2,158 | 2,663 |
| Lease management | | |
| Service agreement – Centros Comerciales Carrefour | 668 | 668 |
| Insurance, legal assistance, tax, accounting, cash management, IT, payroll, janitor services | | |
| Service agreement – Carrefour Property España | 302 | 320 |
| Legal real estate services, management, human resources | | |
| Marketing of Specialty Leasing | 33 | 37 |
| 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** | **3,161** | **3,688** |
| Exclusive mandate – Carrefour Property España, Carrefour Norte, Carrefour Navarra and third parties | (173) | (172) |
| Asset management | | |
| Exclusive mandates – Carrefour Property España, Carrefour Navarra, Carrefour Norte and third parties | (262) | (238) |
| Marketing of premises in shopping malls | (147) | (12) |
| Marketing of leasable areas comprised within common areas | (115) | (226) |
| **TOTAL INVOICED BY CARMILA IN SPAIN** | **(435)** | **(410)** |
| **TOTAL NET AMOUNT INVOICED TO CARMILA – SPAIN (EXPENSE)** | **2,726** | **3,278** |

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Service agreement with GS S.p.A. | 498 | 534 |
| Legal assistance, tax, accounting, technical maintenance | | |
| Service agreement with Carrefour Property Italia S.r.l. | 214 | 230 |
| Management accounting, project investment, janitor services | | |
| Cash Management Service contract with Carrefour Italia Finance S.r.l. | 50 | 55 |
| Exclusive mandate with Carrefour Property Italia S.r.l. | 200 | 566 |
| Fees paid to "consorzi" for leasing services and management of temporary rents | 175 | - |
| Rebilling of operating costs (power, energy, security, etc.) rebilled to tenants | 3,547 | - |
| **TOTAL AMOUNT INVOICED TO CARMILA – ITALY (EXPENSE)** | **4,684** | **1,385** |

# Note 12 Compensation and employee benefits

## Note 12.1 Payroll expenses

See Note 8.2.2.

## Note 12.2 Headcount

At 31 December 2020, the Carmila Group had 194 employees, including 130 in France employed by its Almia Management subsidiary, 49 in Spain and 15 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 for 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 die 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 period between the date the participant joined the Group and his or her retirement date.

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 2020, the Group applied the following main actuarial assumptions:

- discount rate: 0.75% (unchanged from 2019);
- salary increase rate: 2% (unchanged from 2019).

## 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 granted to employees is determined at the grant 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 expensed 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 grant 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 granted must be measured at their fair value at the grant date using an option pricing model. The Black & Scholes and Monte-Carlo models were used to simulate the fair value of each of the instrument.

The Group has seven 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 shares awarded under two 2016 plans (plan 1 and plan 2) were delivered in 2018.

The plan granted in 2017 (plan 3) expired on 19 June 2020 and resulted in the award of 31,814 free shares to key employees and corporate officers. These shares were deducted from treasury stock.

The plans in effect at 31 December 2020, granted in 2018, 2019 and 2020, were as follows:

- In 2018 (plans 4 and 5), the preference share plan incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-third relates to the fulfilment of conditions linked to the change in the total shareholder return (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies;
  - one-third relates to the fulfilment of conditions linked to growth in recurring earnings per share between the years ended 31 December 2017 and 31 December 2020;
  - one-third relates to the fulfilment of conditions linked to the comparison of the 2020 stock market price to the NAV at 31 December 2019.
- In 2019 (plan 6), the preference share plan incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to total shareholder return over a three-year period up to end-2021 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 percentage of environmental certifications in the portfolio at end-2021;
  - one-quarter relates to the total stock market yield over a three-year period up to end-2021 versus a panel of comparable companies.
- A new preference share plan (plan 7) was approved in June 2020 and incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to total shareholder return over a three-year period up to end-2022 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-2022;
  - one-quarter relates to the total stock market yield over a three-year period up to end-2022 versus a panel of comparable companies.

The benefits granted are recognised over the vesting period, as payroll expenses for €1,159 thousand against a corresponding increase in shareholders' equity of €955 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% and 30% payroll taxes) for €204 thousand.

On 16 May 2020, the Company issued 139,306 class C shares under a preferred share allotment plan (plan 6) for key employees and corporate officers of Carmila. This capital increase was charged to the merger premium.

| | Plan 3 | | Plan 4 | |
|---|---|---|---|---|
| Summary of the plans | Key employees | Corporate officers[1] | France | Outside France |
| Date of General Meeting of Shareholders | 12/06/2017 | | 16/05/2018 | |
| Date of grant | 12/06/2017 | | 16/05/2018 | |
| End of vesting period | Tranche 1: 12/06/2019<br>Tranche 2: 12/06/2020 | | Tranche 1 – 20%: 16/05/2019<br>Tranche 2 – 20%: 16/05/2020<br>Tranche 3 – 60%: 16/05/2021 | |
| End of holding period | | | 16/05/2021 | |
| Service condition | Beneficiary's continued employment during the vesting period | | Service condition influences the conversion ratio of class B shares into class A shares, by tranches as described over the vesting period | |
| Performance condition | Total Shareholder Return (TSR) based on NNNAV<br>(30,392 and 10,102 shares)<br>and Recurring EPS based on recurring consolidated net income in accordance with IFRS<br>(30,392 and 10,103 shares) | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | |
| **Shares initially allotted** | **79,990** | **16,998** | **108,888** | **16,858** |
| Shares cancelled/forfeited | (33,405) | | (13,135) | |
| Shares cancelled/achievement rate | (10,618) | | | |
| Shares vested | (35,967) | (16,998) | | |
| **Outstanding shares at 31 December 2020** | **0** | **0** | **95,753** | **16,858** |

*(1) For key employees and corporate officers, respectively.*

| | Plan 5 | | Plan 6 | | Plan 7 | |
|---|---|---|---|---|---|---|
| Summary of the plans | France | Outside France | France | Outside France | France | Outside France |
| Date of General Meeting of Shareholders | 16/05/2018 | | 16/05/2019 | | 29/06/2020 | |
| Date of grant | 24/10/2018 | | 16/05/2019 | | 29/06/2020 | |
| End of vesting period | Tranche 1 – 20%: 24/10/2019<br>Tranche 2 – 20%: 24/10/2020<br>Tranche 3 – 60%: 24/10/2021 | | Tranche 1 – 20%: 14/05/2020<br>Tranche 2 – 20%: 14/05/2021<br>Tranche 3 – 60%: 14/05/2022 | | Tranche 1 – 20%: 29/06/2021<br>Tranche 2 – 20%: 29/06/2022<br>Tranche 3 – 60%: 29/06/2023 | |
| End of holding period | 24/10/2021 | | 16/05/2022 | | 29/06/2023 | |
| Service condition | Service condition influences the conversion ratio of class B shares into class A shares, by tranches as described over the vesting period | | Service condition influences the conversion ratio of class C shares into class A shares, by tranches as described over the vesting period | | Service condition influences the conversion ratio of class D shares into class A shares, by tranches as described over the vesting period | |
| Performance condition | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price<br>Achievement of CSR criteria | |
| **Shares initially allotted** | **7,537** | **0** | **121,806** | **23,100** | **117,247** | **27,400** |
| Shares cancelled/ forfeited | | | (5,600) | | | |
| Shares cancelled/ achievement rate | | | | | | |
| Shares vested | | | | | | |
| **Outstanding shares at 31 December 2020** | **7,537** | **0** | **116,206** | **23,100** | **117,247** | **27,400** |

| | PLAN 3 | PLAN 4 | PLAN 5 | PLAN 6 | PLAN 7 |
|---|---|---|---|---|---|
| Average share price on the allotment date | €28.50 | €24.90 | €20.42 | €16.16 | €5.48 |
| Dividend per share | € 1.50 | € 1.50 | € 1.50 | €1.50 | €1.50 |
| Share value | €24.68-€23.84 | €17.90 | €17.90 | €13.10 | €17.90 |
| **Expense for the period[1]** | **€171k** | **€420k** | **€31k** | **€378k** | **€158k** |

*(1) Including payroll taxes.*

# Note 13 Additional information

## Note 13.1 Subsequent events

At 22 March 2021, government decisions taken in the fight against Covid-19 led to shop closures and trading restrictions in the three countries in which Carmila operates, namely France, Spain and Italy.

The following Covid-19 opening restrictions are applicable to Carmila's 215 sites as follows:

In France, on 19 March 2021, the government ordered additional local restrictions in 16 departments, with only shops deemed "essential" (as listed by the decree) authorised to open. These fresh measures come on top of the nationwide closure of shopping centres in excess of 20,000 sq.m., and in some departments, those larger than 10,000 sq.m. On 22 March 2021, 40 shopping centres larger than 20,000 sq.m. had been closed since 1 February 2021; 25 shopping centres larger than 10,000 sq.m. had been closed since 6 March 2021.

Since 20 March 2021, 14 shopping centres have been restricted to opening for essential businesses only; 50 shopping centres remain open, with the exception of seated food service and leisure facilities.

In Spain, all shopping centres are open.

In Italy, seven out of eight shopping centres have been open for essential businesses only since 15 March 2021 and all shopping centres have been closed at the weekend since 24 October 2020.

In the Group's three countries, a total of 86 shopping centres are closed or restricted to essential businesses only. To date, closed shops in these centres represent 51.6% of Carmila's total gross rents.

Support for businesses continues to be introduced in each of three countries.

## Note 13.2 Statutory Auditors' fees

| | KPMG | | | | Deloitte | | | | Other | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Statutory Auditors | | Network | | Statutory Auditors | | Network | | Statutory Auditors | | Network | | Statutory Auditors | Network |
| *(in thousands of euros)* | 31 Dec. 2020 | % | 31 Dec. 2020 | % | 31 Dec. 2020 | % | 31 Dec. 2020 | % | 31 Dec. 2020 | % | 31 Dec. 2020 | % | 31 Dec. 2020 | 31 Dec. 2020 |
| **Audit of statutory and consolidated financial statements and half-year review** | **380** | **90%** | **-** | **0%** | **177** | **95%** | **218** | **0%** | **43** | **0%** | **-** | **0%** | **600** | **218** |
| Carmila SA | 99 | 23% | - | 0% | 99 | 53% | - | 0% | - | 0% | - | 0% | 197 | - |
| Consolidated subsidiaries | 281 | 67% | - | 0% | 79 | 42% | 218 | 0% | 43 | 0% | - | 0% | 403 | 218 |
| **Services other than audit of the financial statements** | **51** | **10%** | **-** | **0%** | **20** | **5%** | **-** | **0%** | **-** | **0%** | **-** | **0%** | **51** | **-** |
| Carmila SA[1] | 51 | 10% | - | 0% | 20 | 5% | - | 0% | | 0% | - | 0% | 51 | - |
| Consolidated subsidiaries | - | 0% | - | 0% | - | 0% | - | 0% | | 0% | - | 0% | - | - |
| **TOTAL FEES** | **431** | **100%** | **-** | **0%** | **197** | **100%** | **218** | **0%** | **43** | **0%** | **-** | **0%** | **671** | **218** |

*(1) In 2020, these fees are mainly related to services rendered in connection with the issuance of bonds (comfort letter) and the review of the CSR information.*

## Note 14 List of consolidated companies

| List of consolidated companies | | % interest | | | % control | | |
|---|---|---|---|---|---|---|---|
| **Consolidated companies** | **Country** | **31 Dec. 2020** | **31 Dec. 2019** | **Change** | **31 Dec. 2020** | **31 Dec. 2019** | **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% | - |
| Hyparmo Sarl | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Bay1Bay2 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 Crèche sur Saone SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Carmila Evreux SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Carmila Retail Development | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KC11 SNC | 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% | - |
| Lou5G SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| **SPAIN** | | | | | | | |
| Carmila España SL | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Carmila Santiago SLU* | Spain | 0.00% | 100.00% | -100.00% | 0.00% | 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% | - |
| Carmila Milano Nord SRL | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |

* *Merged into Carmila España SL on 11 March 2020.*

| List of consolidated companies | | % interest | | | % control | | |
|---|---|---|---|---|---|---|---|
| **Equity-accounted companies** | **Country** | **31 Dec. 2020** | **31 Dec. 2019** | **Change** | **31 Dec. 2020** | **31 Dec. 2019** | **Change** |
| As Cancelas | Spain | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Carmila Thiene SRL | Italy | 50.10% | 50.10% | - | 50.10% | 50.10% | - |

| | | % interest | | % control | | |
|---|---|---|---|---|---|---|
| **Companies deconsolidated in 2020** | **Country** | **31 Dec. 2020** | **31 Dec. 2019** | **31 Dec. 2020** | **31 Dec. 2019** | **Comments** |
| Carmila Santiago SLU | Spain | 0.00% | 100.00% | 0.00% | 100.00% | Merged |

## 7.2 Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2020

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Carmila SA Shareholders' Annual General Meeting,

### Opinion

In compliance with the engagement entrusted to us by the Shareholders' meeting, we have audited the accompanying financial statements of Carmila SA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for Opinion

#### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

### Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

| Key audit matters | Responses as part of our audit |
|---|---|
| ***Valuation of investment properties at fair value***<br>*(Note 6 to the consolidated financial statements)*<br>As of 31 December 2020, investment properties measured at fair value are recorded on the balance sheet for a net carrying amount of €5,717 million compared to an amount of total assets of €6,452 million.<br>As indicated in Note 6 to the consolidated financial statements, in application of the method proposed by IAS 40, Investment properties are recorded at fair value. Fair value is determined on the basis of findings by independent experts.<br>All the property assets are appraised twice a year by experts. They independently establish their current and future cash flow estimates by applying risk factors (such as location, retail competition, etc.) either to the net income capitalization rate or to the discounted cash flows.<br>In order to conduct their works, the experts visited the property assets and have access to all the information needed to value the assets, and specifically the list of leases, the vacancy rate, rental arrangements and the main aggregates on lessees (such as sales).<br>The valuation of investment properties, which are the main portion of the total assets, is considered to be a key audit matter due to:<br>● the use of assumptions and significant estimates by Management and independent experts, such as the market rental values, the discount and capitalization rates;<br>● the sensitivity of these values to assumptions adopted by the experts. | We have assessed the compliance of the accounting treatment applied by the Group to IFRS accounting principles and the pertinence of the disclosures presented in Note 6 to the consolidated financial statements.<br>Our work and work performed by Components' auditors under our instructions and control mainly consisted in:<br>● Reviewing the investment property valuation process and controls implemented by the Management, notably regarding approval and transmission of information to experts and the review of their works and conclusions;<br>● Conducting interviews with independent appraisers and Management to assess the pertinence of the valuation methodology and assumptions used, notably those used in this complex and evolving context of global crisis related to the Covid-19 pandemic;<br>● Assessing the competence, independence and objectivity of the external appraisers of the Group, in particular about their reputation and by verifying their certificates of independence included as a statement in their reports;<br>● Analysing the changes in fair value of each investment property and assessing the basis with respect to market changes and the rental situation of the building;<br>● Verifying that the fair value methods used are in line with market practices, and assess, on a sample basis, the consistency of the valuation assumptions used by the independent experts with the market data available in the current context, particularly the market rental values, the discount and capitalization rates;<br>● Corroborating, on a sample basis, the main information provided by the company to independent experts with rental statements and investments;<br>● Comparing investment property amounts in the consolidated financial statements with independent experts' valuation;<br>● Assessing the appropriateness of the disclosures presented in the notes of the consolidated financial statements. |

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

### Format of presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

### Appointment of the Statutory Auditors

We were appointed statutory auditors of Carmila S.A. by the Shareholders' Meeting of 25 June 2010 for KPMG and 25 June 2009 for Deloitte & Associés.

As at 31 December 2020, KPMG was in its 11th year of uninterrupted engagement and Deloitte & Associés in its 12th year of uninterrupted engagement, and respectively 11 and 12 years since the securities were admitted to trading on a regulated market.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 23 February 2021

The Statutory Auditors

**KPMG S.A.**

*French original signed*

Éric Ropert
*Partner*

Adrien Johner
*Partner*

**DELOITTE & ASSOCIÉS**

*French original signed*

Stéphane Rimbeuf
*Partner*

# 7.3 Statutory financial statements at 31 December 2020

## 7.3.1 Statutory financial statements at 31 December 2020

### 7.3.1.1 Income statement for the year ended 31 December 2020

| *(in thousands of euros)* | Notes | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| Net revenue | | 0 | (5) |
| Reversal of depreciation, amortisation and provisions, and expense transfers | | 46 | 34 |
| Other income | | 539 | 965 |
| **Operating income** | **6.1** | **585** | **994** |
| Other purchases and external charges | 6.1.1 | 5,679 | 4,300 |
| Taxes | 6.1.2 | 1 | (9) |
| Additions to depreciation, amortisation and provisions | 6.1.3 | 4 | 59 |
| Other expenses | | 358 | 669 |
| **Operating expenses** | | **6,042** | **5,019** |
| **Operating income** | | **(5,457)** | **(4,025)** |
| Share in profit or loss of investments | | 0 | 0 |
| Financial income | | 136,652 | 86,301 |
| Financial expense | | 57,185 | 61,701 |
| Additions to impairment and provisions for financial assets | | 1,728 | 1,377 |
| **Net financial income** | **6.2** | **77,739** | **23,223** |
| **Recurring income before tax** | | **72,282** | **19,198** |
| Non-recurring income | | 324 | 1,740 |
| Non-recurring expenses | | 830 | 636 |
| **Net non-recurring income (expense)** | **6.3** | **(506)** | **1,104** |
| Income tax | 6.4 | 85 | 372 |
| **NET INCOME FOR THE PERIOD** | | **71,691** | **19,930** |

## 7.3.1.2 Balance sheet at 31 December 2020

### Assets

| *(in thousands of euros)* | Notes | Gross amount 31 Dec. 2020 | Cumulative depreciation and amortisation | Net amount 31 Dec. 2020 | Net amount 31 Dec. 2019 |
|---|---|---|---|---|---|
| Share capital subscribed but not paid-up | | | | | |
| Intangible assets | 4.1 | 0 | | 0 | 18 |
| Property, plant and equipment | | 1 | | 1 | 1 |
| Financial assets | 4.2 | 5,321,922 | | 5,321,922 | 5,379,865 |
| **Non-current assets** | | **5,321,923** | **0** | **5,321,923** | **5,379,884** |
| Trade receivables | 4.3 | 2,014 | | 2,014 | 1,419 |
| Other receivables | 4.3 | 15,972 | | 15,972 | 2,291 |
| Marketable securities | 4.4 | | | | |
| Cash at bank and in hand | 4.5 | 264,777 | | 264,777 | 61,421 |
| Prepaid expenses | | 137 | | 137 | 25 |
| **Current assets** | | **282,900** | **0** | **282,900** | **65,156** |
| Bond redemption premiums | 4.6 | 5,406 | | 5,406 | 5,457 |
| **TOTAL ASSETS** | | **5,610,229** | **0** | **5,610,229** | **5,450,497** |

### Equity and liabilities

| *(in thousands of euros)* | Notes | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|---|
| Share capital | | 855,701 | 820,091 |
| Issuance premium | | 548,637 | 520,611 |
| Merger premium | | 1,491,181 | 1,608,558 |
| Reserves | | 16,338 | 15,342 |
| Retained earnings | | 23 | 98 |
| **Net income for the period** | | **71,691** | **19,930** |
| **Shareholders' equity** | **5.1** | **2,983,571** | **2,984,630** |
| Provisions for contingencies and charges | 5.2 | 1,835 | 2,527 |
| **Provisions** | | **1,835** | **2,527** |
| Bonds and other financial liabilities | 5.3 | 2,616,876 | 2,455,026 |
| Trade payables | 5.4 | 5,094 | 3,856 |
| Other liabilities | 5.5 & 5.6 | 2,793 | 4,362 |
| Prepaid income | | 60 | 96 |
| **Liabilities** | | **2,624,823** | **2,463,340** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **5,610,229** | **5,450,497** |

### 7.3.2 Notes to the statutory financial statements

## Note 1 Company description

Carmila SA (hereinafter "the Company") was formed in March 1991. Its corporate purpose is to acquire or build properties for commercial use or for leasing in France and abroad, as well as to directly or indirectly hold interests in companies with the same corporate purpose. Carmila is a real estate company involved in managing and enhancing the value of shopping centres and retail parks anchored by Carrefour hypermarkets, operated directly or indirectly by Carrefour.

The Company opted for the "SIIC", or listed real estate investment company regime in France at 1 January 2015. As such, it must distribute 95% of its rental income and 70% of the capital gains on the disposals of properties and 100% of the dividends received from SIIC subsidiaries. This regime is considered to be a specific tax exemption status and not one that offers a lower rate of tax on distributed earnings. In return, the beneficiary is taxed on the distributed profits at the tax rate applicable to the beneficiary, without the possibility of applying the parent subsidiary allowance.

The Company's registered office is at 58, avenue Émile-Zola, 92100 Boulogne-Billancourt, France.

The statutory financial statements were approved by the Board of Directors on 16 February 2021 and will be submitted for the approval of the Annual General Meeting to be held on 18 May 2021.

## Note 2 Highlights

### Note 2.1 General context and health crisis related to Covid-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of the three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1. A pre-crisis period (from January to mid-March) with healthy performance indicators.
2. A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open.
3. A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Signs of a recovery were encouraging during this period.
4. A period of administrative restrictions in November, which varied in scope in each of the three countries.
5. The removal of restrictions on opening hours in December in France.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease and new openings) agreed by the tenants and on government measures.

### Note 2.2 Debt: bond issue

As part of its EMTN programme, Carmila issued two new bonds (private placements): a €100 million 9-year 3.00% bond on 26 June 2020 and a €300 million 6.5-year 1.625% bond on 30 November 2020.

In 2020, Carmila redeemed ahead of term €96,761 thousand (net of expenses) of its bonds maturing in 2023 and 2024.

The bonds represent the Company's senior debt. They do not provide for guarantees or security. They are listed on the Euronext Paris bond market.

### Note 2.3 Internal restructuring

Since 1 January 2020, Carmila España along with other Spanish subsidiaries wholly owned by Carmila SA opted for the SOCIMI tax regime applicable in Spain to real estate investment trusts. Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met.

On 13 November 2020, Carmila España repaid €60 million of its shareholder loan to Carmila SA, bringing the face value of the loan to €275 million compared to an initial face value of €335 million.

### Note 2.4 Distribution

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), Shareholders were offered the option to receive the dividend payment in shares. Carrefour and the majority of institutional shareholders on Carmila's Board of Directors, representing 78% of the share capital, chose to receive their dividend in shares. This resulted in the payment of €72.7 million in cash and the subscription of 5,795,730 new shares, each with a par value of €10.98.

# Note 3 Accounting principles and valuation methods

## Note 3.1 Accounting principles applied

The Company's statutory financial statements have been prepared and presented in accordance with the principles and methods defined by French Accounting Standards Board Regulation ANC 2014-03 as amended by all subsequent regulations.

Generally accepted accounting principles in France have been applied, in compliance with the cautiousness principle, according to the general rules applied in the preparation and presentation of annual financial statements and with the following basic assumptions:

- going concern;
- accrual basis of accounting;
- consistency of accounting policies applied.

The measurement basis used to prepare the financial statements is the historical cost method.

The measurement basis and accounting policies have not changed relative to the prior year. The statutory financial statements are shown in thousands of euros, rounded to the nearest thousand.

## Note 3.2 Measurement methods

### Note 3.2.1 Intangible assets

Software licences are amortised over 48 months.

### Note 3.2.2 Property, plant and equipment

Property, plant and equipment are stated on the balance sheet at their acquisition cost, plus the ancillary costs and expenses incurred to acquire the asset, particularly transfer taxes.

When fixed assets include significant components with different useful lives, they are recognised separately. The costs to replace or renew fixed assets are recognised as a separate asset, and the replaced asset is eliminated. Other costs incurred subsequently for fixed assets are only recognised as fixed assets if they improve the condition of the asset and expand its capacity relative to its original performance.

The measurement method used is the historical cost method. A provision for impairment is set aside when the future economic benefits associated with an item of property, plant and equipment is less than its net book value. Impairment is calculated by comparing the net book value of the asset with the higher of value in use and market value, determined where appropriate by an independent expert. If the market value determined is lower, an impairment loss is recognised for the difference.

Assets in progress include the costs incurred on the project. They are not amortised until the project has been commissioned and reclassified to fixed assets.

### Note 3.2.3 Financial assets

Financial assets comprise equity interests and receivables related to equity investments and property security deposits. They are carried at their acquisition cost plus any expenses incurred to acquire the asset, on the date of initial recognition.

Equity interests are impaired when their fair value is less than their acquisition cost. The fair value of equity interests corresponds to value in use, determined based on net asset value. Revalued equity of real estate companies is estimated twice per year based on valuations of investment property carried out by independent experts who take into account specific information about the assets as well as market returns.

Loans and other financial assets are recorded at their face value. A provision for impairment is recognised when fair value is lower than the book value.

Impairment is recognised in net financial income (expense), together with reversals of impairments on the disposal of equity interests. The gain or loss on the disposal of equity interests is recognised in non-recurring items.

Despite the impacts of the health crisis, the impairment tests carried out at the reporting date did not lead the Company to recognise impairment against its equity interests.

## Note 3.3 Operating receivables and payables

Receivables are recognised at face value. They mainly comprise the debtor balance of subsidiaries' current accounts. These receivables are estimated on an individual basis at each reporting date, and a provision is accrued whenever there is a risk that they may not be collected.

Trade accounts payable and other payables are recorded at cost.

## Note 3.4 Marketable securities

The Company's treasury shares, acquired under a liquidity agreement, are shown at cost. An impairment loss is recognised if the carrying amount is higher than the market price on 31 December of each year.

## Note 3.5 Deferred charges: debt issuance costs

Debt issuance costs are not deferred in the statutory financial statements and are directly expensed.

## Note 3.6 Provisions – Employee benefits

In general, provisions are established to cover clearly identifiable risks and expenses, for which the timing or the amount is uncertain, made probable by events that have occurred, and it is likely that these events will result in an outflow of resources to a third party by virtue of a legal or constructive obligation, without receiving at least equivalent consideration, and where the amount of risk or expense can be estimated with sufficient reliability, but when the fulfilment and due date are uncertain.

A provision is recognised for free share or stock option plans, once it is probable or certain that the obligation to grant existing shares to employees will generate an outflow of resources without receiving at least equivalent consideration. When the allotment of shares or stock options is conditional upon the presence of the beneficiary in the Company's employment for a given future period, a consideration is yet to be given to the Company, such as in the case of corporate officers, the liability is recognised as a provision determined based on services already rendered by the beneficiary.

### Note 3.7 Financial liabilities

Borrowings and debt are recognised at face value. However, during the merger of Carmila SAS with Cardety SA in 2017, the financial liabilities were recorded in the acquirer's liabilities, adjusted to their market value including:

- the unrealised loss on hedging instruments in the amount of €22,113 thousand;
- the unrealised loss on fixed-rate bonds expressed at their market value at 31 December 2016, as a result of persistent low interest rates in the period, in the amount of €23,834 thousand.

These adjustments for a total of €45,947 thousand are recognised as income on a straight-line basis for the remaining term of the debt or the underlying instrument. A gain of €9,236 thousand was recognised in the 2020 income statement, reflecting (i) the deferred recognition of these adjustments over several periods and (ii) the portion of the amount deferred relating to repayments of the principal of the Term Loan, Bond I and Bond II for €200 million, €52 million and €57 million, respectively.

Debt issuance costs are expensed in the year in which the debt is issued. As the head of the Group, the Company is responsible for almost all the financing requirements needed by the Group and manages its interest rate risk.

Interest rate hedges are intended to limit the impact of interest rate fluctuations on variable rate debt. The Company uses over-the-counter financial instruments with top-tier bank as counterparties for these hedges. The derivative instruments used are mainly swaps, caps and swaptions. Gains and losses on these hedging instruments are recognised symmetrically with the gains and losses on the underlying debt.

### Note 3.8 Tax regime

The Company opted for the "SIIC", or listed real estate investment company regime in France at 1 January 2015.

This regime is considered to be a specific tax exemption status and not one that offers a lower rate of tax on distributed earnings. In exchange for this benefit, these listed property investment companies 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 as recorded in 2020. In return, the beneficiary is taxed on the distributed profits at the tax rate applicable to the beneficiary, without the possibility of applying the parent subsidiary allowance.

## Note 4 Notes to the balance sheet - Assets

Unless indicated otherwise, the values indicated below are in thousands of euros.

### Note 4.1 Intangible assets

Other intangible assets comprise software applications which are not material taken individually.

### Note 4.2 Financial assets

| *(in thousands of euros)* | Gross value at 31 Dec. 2019 | Increase | Decrease | Gross value at 31 Dec. 2020 |
|---|---|---|---|---|
| Equity interests | 3,449,070 | 45 | | 3,449,115 |
| **Equity interests** | **3,449,070** | **45** | **0** | **3,449,115** |
| Loans to subsidiaries | 1,928,118 | 17,821 | 75,675 | 1,870,264 |
| Treasury shares | 2,676 | 7,327 | 7,461 | 2,541 |
| Lease deposits and guarantees | 2 | | | 2 |
| **Other financial assets** | **1,930,796** | **25,148** | **83,137** | **1,872,807** |
| Impairment of equity interests | 0 | | | 0 |
| Impairment of other financial assets | 0 | | | 0 |
| **FINANCIAL -ASSETS** | **5,379,866** | **25,193** | **83,137** | **5,321,922** |

At 31 December 2020, further to the impairment tests carried out, no impairment was recognised in respect of equity interests.

Carmila España along with other Spanish subsidiaries wholly owned by Carmila SA opted for the SOCIMI tax regime applicable in Spain to real estate investment trusts. Carmila España repaid €60 million of its shareholder loan during the year.

At 31 December 2020, Carmila SA held 191,676 treasury shares, comprising shares held in the context of the liquidity agreement and shares held with a view to using them in free share plans.

In 2020, the liquidity agreement saw:

- the purchase of 612,971 shares at an average price of €11.71 per share;
- the sale of 542,764 shares at an average price of €11.89 per share.

### SUBSIDIARIES AND OTHER EQUITY INTERESTS

| *(in thousands of euros)* | % held | Share capital | Shareholders' equity excluding 2020 net income | 2020 net income after tax | 2020 sales (excl. VAT) | Gross carrying amount value of shares | Net carrying amount of shares | Loans and advances outstanding | Guarantees and collateral granted | Dividends received in 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **1. SUBSIDIARIES (%>50)** | | | | | | | | | | |
| **France** | | | | | | | | | | |
| Carmila France | 100% | 707,907 | 2,269,806 | (36,537) | 129,966 | 2,557,463 | 2,557,463 | 1,340,000 | | 50,555 |
| Almia Management | 100% | 500 | 2,455 | 1,252 | 25,232 | 2,467 | 2,467 | 0 | | 0 |
| **Total France** | | **708,407** | **2,272,261** | **(35,285)** | **155,198** | **2,559,930** | **2,559,930** | **1,340,000** | **0** | **50,555** |
| **Outside France** | | | | | | | | | | |
| Carmila España SL | 100% | 186,315 | 286,434 | 11,018 | 75,436 | 415,252 | 415,252 | 275,000 | | 40,000 |
| Carmila Talavera SL | 100% | 4,003 | 7,389 | 741 | 3,506 | 29,455 | 29,455 | 6,500 | | 0 |
| Carmila Huelva SL | 100% | 20,003 | 22,021 | 2,359 | 8,467 | 69,031 | 69,031 | 22,900 | | 0 |
| Carmila Mallorca SL | 100% | 37,403 | 69,909 | 317 | 11,990 | 91,447 | 91,447 | 69,300 | | 0 |
| Carmila Puerto SL | 100% | 15,788 | 18,056 | (998) | 2,993 | 21,349 | 21,349 | 14,400 | | 0 |
| Carmila Cordoba SL | 100% | 26,161 | 29,972 | (2,064) | 4,207 | 32,921 | 32,921 | 22,600 | | 0 |
| Carmila Holding Italia SRL | 100% | 15,730 | 155,513 | (1,979) | 135 | 183,654 | 183,654 | 105,000 | 10,700 | 0 |
| **Total outside France** | | **305,403** | **589,294** | **9,394** | **106,734** | **843,109** | **843,109** | **515,700** | **10,700** | **40,000** |
| **Total subsidiaries** | | **1,013,810** | **2,861,555** | **(25,891)** | **261,932** | **3,403,039** | **3,403,039** | **1,855,700** | **10,700** | **90,555** |
| **2. EQUITY INVESTMENTS (10<%<50)** | | | | | | | | | | |
| France | | | | | | | | | | |
| Outside France | | | | | | | | | | |
| As Cancelas | 50% | 900 | 46,818 | 1,640 | 7,542 | 46,031 | 46,031 | 11,500 | | 1,210 |
| **Total equity investments** | | **900** | **46,818** | **1,640** | **7,542** | **46,031** | **46,031** | **11,500** | **0** | **1,210** |
| **TOTAL** | | **1,014,710** | **2,908,373** | **(24,251)** | **269,474** | **3,449,070** | **3,449,070** | **1,867,200** | **10,700** | **91,765** |

## Note 4.3 Trade receivables

| *(in thousands of euros)* | Gross amount at 31 Dec. 2020 | Maturing in less than 1 year | Maturing in more than 1 year | Gross amount at 31 Dec. 2019 | Maturing in less than 1 year | Maturing in more than 1 year |
|---|---|---|---|---|---|---|
| Trade receivables | 2,014 | 2,014 | | 1,419 | 1,419 | |
| Allowances for trade receivables | 0 | | | 0 | | |
| **Total trade receivables** | **2,014** | **2,014** | | **1,419** | **1,419** | |
| Other taxes receivables | 401 | 401 | | 704 | 704 | |
| Other receivables | 15,571 | 15,571 | | 1,587 | 1,587 | |
| Prepaid expenses | 136 | 136 | | 25 | 25 | |
| Allowances for other receivables | 0 | | | | | |
| **Total trade receivables** | **16,108** | **16,108** | | **2,315** | **2,315** | |
| **TOTAL TRADE RECEIVABLES** | **18,122** | **18,122** | | **3,735** | **3,735** | |

Other receivables in an amount of €15,253 thousand correspond to amounts owed by Carmila France under current accounts related to cash pooling arrangements.

## Note 4.4 Marketable securities

Carmila SA did not have any marketable securities at 31 December 2020.

## Note 4.5 Cash at bank and in hand

Cash at bank and in hand comprises the Company's bank account balances and term deposits at 31 December 2020.

### Note 4.6 Bond redemption premiums

Carmila has six bonds, issued in 2015, 2016, 2018, 2019 and 2020, for a total amount of €1,891 million. These bonds are repayable at maturity, falling between 2023 and 2031. The premium paid for each issue is recognised over the term of the underlying debt, such that the carrying amount of the bond equals the nominal amount subscribed at maturity. At 31 December 2020, the outstanding amount to be deferred was €5,406 thousand. An amount of €1,727 thousand was recognized in the 2020 income statement, reflecting (i) the deferred recognition over several periods and (ii) the portion of the amount deferred relating to repayments of the principal of Bond I and Bond II for €52 million and €57 million, respectively. The premiums paid on the bonds are recognised over the term of the underlying debt, such that the carrying amount of the bond equals the nominal amount subscribed at maturity.

## Note 5 Notes to the balance sheet - Liabilities

### Note 5.1 Shareholders' equity

| *(in thousands of euros)* | 31 Dec. 2019 | Increases | Dividend distribution | Appropriation of 2019 net income | Reclassifications | Balance at 31 Dec. 2020 |
|---|---|---|---|---|---|---|
| Share capital | 820,091 | 836 | 34,774 | | | 855,701 |
| Issuance premium | 520,611 | (836) | 28,863 | | | 548,638 |
| Merger premium | 1,608,558 | | (117,377) | | | 1,491,181 |
| Revaluation adjustment | 9,448 | | | | | 9,448 |
| Legal reserve | 5,524 | | | 996 | | 6,520 |
| Regulatory provisions | 370 | | | | | 370 |
| Other reserves | - | | | | | 0 |
| Retained earnings | 98 | | 23 | (98) | | 23 |
| Net income for the period | 19,930 | 71,691 | (19,031) | (899) | | 71,692 |
| **TOTAL** | **2,984,630** | **71,691** | **(72,749)** | **0** | **0** | **2,983,572** |

At 31 December 2020, the share capital was made up of 142,357,425 class A shares, each with a nominal value of six euros (€6) fully subscribed and paid up. The share capital also includes 120,148 class B shares and 139,306 class C shares, each with a nominal value of six euros (€6).

During 2020:

- Carmila SA's Annual General Meeting of 29 June 2020 approved the payment of a dividend of €1 per share; this payment was made (i) by allocating new shares with a nominal value of €10.98 per share, representing a total issue of €63,637 thousand (€34,774 thousand in share capital and €28,863 thousand in issuance premiums) and (ii) via a cash payment totalling €72,750 thousand;
- the Company issued 139,306 class C shares under a preferred share allotment plan for key employees and corporate officers of Carmila. This capital increase was charged to the issue premium.

### Note 5.2 Provisions for contingencies and charges and impairment of assets

| *(in thousands of euros)* | 31 Dec. 2019 | Additions | Reversals | 31 Dec. 2020 |
|---|---|---|---|---|
| **Provisions for contingencies and charges** | **2,527** | **159** | **(851)** | **1,835** |
| Provisions for other contingencies | 2,481 | 159 | (805) | 1,835 |
| Provisions for other charges | 46 | 0 | (46) | 0 |
| **Impairment provisions** | **0** | **0** | **0** | **0** |
| On property, plant and equipment | 0 | 0 | 0 | 0 |
| On financial assets | 0 | 0 | 0 | 0 |
| On trade receivables | 0 | 0 | 0 | 0 |
| On marketable securities | 0 | 0 | 0 | 0 |
| **TOTAL** | **2,527** | **159** | **(851)** | **1,835** |

Provisions for other contingencies include the assessment of the total cost of the free share plans for €624 thousand.

#### Note 5.2.1 Free share plans

The Group operates free share plans for corporate officers and key employees in France, Spain and Italy, four of which remain in effect at 31 December 2020. The cost is spread over the vesting period (period of employment to be completed by the beneficiary prior to being able to exercise the options allocated to him or her).

The shares awarded under two 2016 plans (plan 1 and plan 2) were delivered in 2018.

The plan granted in 2017 (plan 3) expired on 19 June 2020 and resulted in the award of 31,814 free shares to key employees and corporate officers. These shares were deducted from treasury stock.

The plans in effect at 31 December 2020, granted in 2018, 2019 and 2020, were as follows:

- In 2018, the preference share performance plan incorporated, in addition to a service criterion, the fulfilment of conditions relating to the Group's financial performance:
  - one-third relates to the fulfilment of conditions linked to the change in the total shareholder return (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies;
  - one-third relates to the fulfilment of conditions linked to growth in recurring earnings per share between the years ended 31 December 2017 and 31 December 2020;
  - one-third relates to the fulfilment of conditions linked to the comparison of the 2020 stock market price to the NAV at 31 December 2019.
- In 2019, the preference share performance plan incorporated, in addition to a service criterion, the fulfilment of conditions relating to the Group's financial performance:
  - one-quarter relates to total shareholder return over a three-year period up to end-2021 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 percentage of environmental certifications in the portfolio at end-2021;
  - one-quarter relates to the total stock market yield over a three-year period up to end-2021 versus a panel of comparable companies.
- A new preference share plan was approved in June 2020 and incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to total shareholder return over a three-year period up to end-2022 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-2022;
  - one-quarter relates to the total stock market yield over a three-year period up to end-2022 versus a panel of comparable companies.
- On 16 May 2020, the Company issued 139,306 class C shares under a preferred share allotment plan (plan 6) for key employees and corporate officers of Carmila. This capital increase was charged to the merger premium.

| | Plan 3 | | Plan 4 | | Plan 5 | | Plan 6 | | Plan 7 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Summary of the plans** | **Key employees** | **Corporate officers[1]** | **France** | **Outside France** | **France** | **Outside France** | **France** | **Outside France** | **France** | **Outside France** |
| Date of General Meeting of Shareholders | 12 June 2017 | | 16 May 2018 | | 16 May 2018 | | 16 May 2019 | | 29 June 2020 | |
| Date of grant | 12 June 2017 | | 16 May 2018 | | 24 Oct. 2018 | | 16 May 2019 | | 29 June 2020 | |
| End of vesting period | Tranche 1:<br>12 June 2019<br>Tranche 2:<br>12 June 2020 | | Tranche 1 – 20%:<br>16 May 2019<br>Tranche 2 – 20%:<br>16 May 2020<br>Tranche 3 – 60%:<br>16 May 2021 | | Tranche 1 – 20%:<br>24 Oct. 2019<br>Tranche 2 – 20%:<br>24 Oct. 2020<br>Tranche 3 – 60%:<br>24 Oct. 2021 | | Tranche 1 – 20%:<br>14 May 2020<br>Tranche 2 – 20%:<br>14 May 2021<br>Tranche 3 – 60%:<br>14 May 2022 | | Tranche 1 – 20%:<br>29 June 2021<br>Tranche 2 – 20%:<br>29 June 2022<br>Tranche 3 – 60%:<br>29 June 2023 | |
| End of holding period | | | 16 May 2021 | | 24 Oct. 2021 | | 16 May 2022 | | 29 June 2023 | |
| Service condition | Beneficiary's continued employment during the vesting period | | Service condition influences the conversion ratio of class B Shares into A Shares, by tranches as described over the vesting period | | Service condition influences the conversion ratio of class B Shares into A Shares, by tranches as described over the vesting period | | Service condition influences the conversion ratio of class C Shares into A Shares, by tranches as described over the vesting period | | Service condition influences the conversion ratio of class D Shares into A Shares, by tranches as described over the vesting period | |
| Performance condition | Total Shareholder Return (TSR) based on NNNAV<br>(30,392 and 10,102 shares)<br>and<br>Recurring EPS based on recurring consolidated net income in accordance with IFRS<br>(30,392 and 10,103 shares) | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price | | Change in NAV versus a panel<br>Recurring EPS: annual growth rate<br>Change in share price<br>Achievement of CSR criteria | |
| **Shares initially allotted** | **79,990** | **16,998** | **108,888** | **16,858** | **7,537** | **0** | **121,806** | **23,100** | **117,247** | **27,400** |
| Shares cancelled/forfeited | (33,405) | | (13,135) | | | | (5,600) | | | |
| Shares cancelled/achievement rate | (10,618) | | | | | | | | | |
| Shares vested | (35,967) | (16,998) | | | | | | | | |
| **OUTSTANDING SHARES AT 31 DECEMBER 2020** | **0** | **0** | **95,753** | **16,858** | **7,537** | **0** | **116,206** | **23,100** | **117,247** | **27,400** |

*(1) Chair and Deputy Chief Executive Officers.*

## Note 5.3 Bonds and other financial liabilities

| *(in thousands of euros)* | 31 Dec. 2019 | 31 Dec. 2020 | Maturing in less than 1 year | Maturing in 1 to 5 years | Maturing in over 5 years |
|---|---|---|---|---|---|
| Bonds | 1,600,000 | 1,890,978 | | 1,090,978 | 800,000 |
| Bank borrowings | 694,378 | 485,141 | 475,426 | 9,715 | |
| Accrued interest on loans | 14,644 | 15,754 | 15,754 | | |
| Commercial paper | 146,000 | 225,000 | 225,000 | | |
| Security deposits | 3 | 3 | | 3 | |
| **TOTAL** | **2,455,025** | **2,616,876** | **716,180** | **1,100,696** | **800,000** |

At 31 December 2020, gross debt stood at €2,361 million. It is made up of two main components:

- €1,891 million in bonds; and
- €470 million in a syndicated bank loan.

At 31 December 2020, the Company had also drawn down €225 million under its €600 million commercial paper programme.

### Note 5.3.1 Bonds

Carmila has issued six bonds, in 2015, 2016, 2018, 2019 and 2020, for a total amount of €1,891 million.

On 10 September 2015, Carmila issued a bond for a nominal amount of €600 million, for a net consideration received on 18 September 2015 of €593,034 thousand, after deduction of the issue premium and bank commissions. This bond was issued for an eight-year term maturing on 18 September 2023 with a coupon of 2.375% per annum.

Carmila issued a second bond for a notional value of €600 million, dated 24 March 2016. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €592,998 thousand. This bond matures on 16 September 2024 and pays a coupon of 2.375% per annum.

On 28 February 2018, the Company issued a 10-year bond with a nominal value of €350 million, paying a 2.125% annual coupon. The net consideration, received on 7 March 2018, amounted to €347,767 thousand after deduction of the issue premium and the issuance costs.

Lastly, in 2019, the Company issued a private placement under its Euro Medium Term Note (EMTN) programme for an amount of €50 million, paying a coupon of 1.89% and with a term of 12 years. It received €49,787 thousand on 6 November 2019 after deduction of bank charges and fees.

On 26 June 2020, the Company issued a 9-year bond with a nominal value of €100 million, paying a coupon of 3%. The consideration received amounted to €99,162 thousand after deduction of the issuance premium and bank fees. On 30 November, the Company also issued a 6.5-year bond with a nominal value of €300 million, paying a coupon of 1.625%. The consideration received amounted to €297,660 thousand after deduction of the issuance premium and bank fees.

Carmila also redeemed €52.1 million worth of bonds maturing in September 2023 and €56.9 million worth of bonds maturing in September 2024.

### Note 5.3.2 Bank loans

On 15 December 2013, Carmila and a pool of banks signed a five-year loan agreement for a total amount of €1,400 million, comprising a €1,050 million Tranche A, used to partially fund the acquisition of investment properties from the Klépierre group, and a five-year revolving credit facility (RCF) of €350 million. Tranche A was fully drawn down in 2014. An amendment to this agreement was signed on 30 July 2015, extending the maturity to 30 July 2020, with the option of two further one-year extensions. The first request in 2016 extended the maturity date to 30 July 2021.

Another amendment was signed to this syndicated loan agreement on 16 June 2017. The amount drawn down was adjusted to €770 million and the revolving credit facility was cancelled. The maturity date of this loan agreement was extended by five years to 16 June 2022.

Following an initial one-year extension in 2018, the maturity of the syndicated loan was once again extended by one year in May 2019, to 16 June 2024. After having repaid €100 million of its syndicated loan in December 2019, a further amount of €200 million was repaid in December 2020, bringing the corresponding debt to €470 million.

In June 2017, at the same time as the merger with Cardety, Carmila set up two confirmed revolving credit facilities with two bank syndicates. The first facility amounts to €759 million and was extended to June 2024. The second facility amounts to €250 million and matured in June 2020. It was not renewed.

Moreover, bank borrowings include an adjustment resulting from the contribution at market value of financial liabilities at 31 December 2016 upon the merger with Cardety, both in terms of bonds and derivative instruments. This €45,947 thousand adjustment will be recognised as income over the period covered by the related underlying debt or derivative instruments. Further to the amortisation of €9,236 thousand in 2020, the outstanding balance to be amortised amounts to €15,141 thousand.

### Note 5.3.3 Interest rate risk management

The Company is exposed to interest rate risk on its variable-rate borrowings. The aim of the interest-rate risk management policy in place is to limit the impact of changes in interest rates in the income statements and on the current and future cash flows using interest rate derivative instruments such as caps, swaps or swaptions.

The fixed-rate position stood at 88% of gross debt at 31 December 2020, versus 82% at 31 December 2019. The position includes fixed-rate payer swaps and a cap for respective notional amounts of €385 million and €100 million.

During the year, Carmila cancelled one swap maturing in 2030 with a notional amount of €25 million, and received a balancing cash payment of €295 thousand. For the remaining hedging instruments in the portfolio at 31 December 2020, their fair value stood at a negative €35,502 thousand at that date. As an example, a 0.50% increase in rates would result in a fair value of the hedging instruments of a negative €20,634 thousand. Conversely, a 0.50% decrease in rates would lead to a fair value of a negative €50,715 thousand.

### Note 5.4 Trade payables

| *(in thousands of euros)* | 31 Dec. 2019 | 31 Dec. 2020 | Maturing in less than 1 year | Maturing in 1 to 5 years | Maturing in over 5 years |
|---|---|---|---|---|---|
| Trade payables | 50 | 125 | 125 | | |
| Trade payable accruals | 3,807 | 4,970 | 4,970 | | |
| **TOTAL TRADE PAYABLES** | **3,856** | **5,094** | **5,094** | | |

This item is mostly comprised of invoices for overheads yet to be received (€4,552 thousand).

### Note 5.5 Accrued tax and payroll liabilities

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Payroll expenses | - | 402 |
| Tax liabilities | 150 | 409 |
| **TOTAL** | **150** | **812** |

### Note 5.6 Other payables

| *(in thousands of euros)* | 31 Dec. 2020 | 31 Dec. 2019 |
|---|---|---|
| Payables to suppliers of non-current assets | 1,260 | 2,039 |
| Other payables | 1,383 | 1,511 |
| **TOTAL** | **2,643** | **3,550** |

Fixed asset supplier payables mainly comprise accruals for invoices yet to be received from ongoing development projects transferred to Carmila France and Carmila Saran in the course of 2018. They amount to €1,251 thousand and were incorporated in the value of the assets contributed.

## Note 6 Notes to the income statement

### Note 6.1 Operating income

Other income comprises the re-invoicing of a large portion of the management costs borne by the holding company in the interests of all the subsidiaries.

#### Note 6.1.1 Other purchases and external charges

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Purchases and subcontracting | 811 | 1,399 |
| Wages | 0 | 0 |
| Payroll social charges and taxes | 0 | 0 |
| Fees | 2,686 | 2,493 |
| Bank services | 1,739 | 220 |
| Other | 442 | 187 |
| **TOTAL** | **5,679** | **4,300** |

Fees mainly comprise legal and auditing fees, along with financial reporting fees in the Company's capacity as a listed company.

#### Note 6.1.2 Other taxes receivables

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| Waste removal tax | 0 | 1 |
| Property tax | 0 | (13) |
| Value-added contribution | 0 | 0 |
| Miscellaneous taxes | 1 | 3 |
| **TOTAL** | **1** | **9** |

#### Note 6.1.3 Additions to depreciation, amortisation and provisions

For additions to provisions for contingencies and charges, see Note 5.2 "Provisions for contingencies and charges and impairment of assets".

## Note 6.2 Net financial income

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| **Financial income** | **136,652** | **86,301** |
| Dividends received | 92,008 | 30,339 |
| Interest on loans to subsidiaries | 34,297 | 40,704 |
| Other interest income | 9,700 | 7,278 |
| Reversal of impairment and provisions for financial assets | 647 | 7,980 |
| **Financial expenses** | **(58,914)** | **(63,078)** |
| Additions to impairment and provisions for financial assets | (1,728) | (1,377) |
| Interest expense | (56,553) | (60,194) |
| Share of loss in partnerships | (72) | (5) |
| Expenses on disposals of treasury shares | (561) | (471) |
| Loss on sale of marketable securities | 0 | (1,033) |
| Interest on commercial paper | | |
| **NET FINANCIAL INCOME** | **77,739** | **23,223** |

Financial income consists primarily of dividends received from subsidiaries in the amount of €91,764 thousand and interest income received on loans to subsidiaries of €34,297 thousand.

Other interest income mainly relates to the reversal as a profit of the debt adjustment of the Company merged in 2017 as described above in Note 5.3.

Additions in respect of financial assets relate solely to amortisation of issuance premiums.

Interest expense includes €38,195 thousand in interest on bonds, €5,603 thousand in redemption premiums, €5,016 thousand in interest on bank borrowings, and €5,037 thousand in interest on swaps. This item also includes non-utilisation fees on revolving credit facilities amounting to €2,287 thousand and miscellaneous interest expense amounting to €415 thousand.

## Note 6.3 Net non-recurring income (expense)

| *(in thousands of euros)* | 2020 | 2019 |
|---|---|---|
| **Non-recurring income** | **324** | **1,740** |
| Income from asset disposals | 15 | 0 |
| Other non-recurring income | 309 | 1,740 |
| **Non-recurring expenses** | **830** | **636** |
| Book value of asset disposals | 15 | 0 |
| Other non-recurring expenses | 815 | 636 |
| **NET NON-RECURRING INCOME (EXPENSE)** | **(506)** | **1,104** |

In 2019, certain provisions concerning works or passed liabilities which were not transferred since they were included in the fair value of the asset contributed were analysed in depth and were judged to be groundless for an amount of €1,740 thousand.

Net losses on the sale of treasury shares in connection with the liquidity agreement amounted to €807 thousand.

## Note 6.4 Corporate income tax

The €85 thousand income tax expense relates to the withholding tax on the interest paid by Carmila Holding Italia SRL to Carmila SA.

# Note 7 Notes on off-balance sheet commitments

## Note 7.1 Commitments given

At 31 December 2020, the loan agreement for a total initial principal amount of €770 million and a balance of €470 million at that date, and the revolving credit facilities for €759 million agreed between the Company and a syndicate of lending banks, are subject to compliance with the following covenants based on the Company's consolidated financial statements:

- interest coverage ratio: the ratio of EBITDA to the net cost of debt must be greater than 2.00 at the test dates;
- loan-to-value: the ratio of consolidated net debt to the fair value of investment properties (including transfer taxes) may not exceed 55% on the same date (although for one semi-annual measurement, the ratio may reach a maximum of 60%);
- security interests granted may not exceed 20% of the total fair value of the investment properties; and
- and the total value of invested properties may not be less than €2,500,000 thousand.

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

At 31 December 2020, the Group complied with the applicable covenants.

## Note 7.2 Commitments received

At end-December 2020, the Company had €759 million in revolving credit facilities falling due on 16 June 2024. In 2020, an amount of €200 million was drawn down and an amount of €200 million repaid under these facilities.

## Note 7.3 Reciprocal commitments

The Group's interest rate hedging policy uses swaps to hedge over time against higher interest rates on its floating-rate debt. On an outstanding amount of €695 million in floating-rate debt at 31 December 2020, the company has €385 million in swaps. It also has caps representing €100 million, classified at fair value through profit or loss.

**NOTIONAL OUTSTANDING AMOUNTS ON DERIVATIVE INSTRUMENTS ON THE CLOSING DATE BY MATURITY**

| *(in millions of euros)* | 31 Dec. 2019 | less than 1 year | 1 to 5 years | over 5 years |
|---|---|---|---|---|
| Swap | 385 | | | 385 |
| Caps | 100 | | 100 | |

**FAIR VALUE OF DERIVATIVE INSTRUMENTS ON THE CLOSING DATE**

| *(in millions of euros)* | 31 Dec. 2020 |
|---|---|
| **Carmila pays a fixed rate (interest rate swap)** | **(35.5)** |
| Against 3-month Euribor/set quarterly/360 | (35.7) |
| **Purchased interest rate options (caps)** | **0** |

# Note 8 Notes to the statutory financial statements – related-party transactions

**Carmila SA with its subsidiary Carmila France and Almia Management** *(in thousands of euros)*

| Assets | | Liabilities | |
|---|---|---|---|
| Financial assets | 3,899,974 | Financial liabilities | 72 |
| Receivables | 17,408 | Operating payables | |
| | | Other liabilities | |

| Expenses | | Income | |
|---|---|---|---|
| **Operating expenses** | **0** | **Operating income** | **492** |
| Commercialisation fees | | Re-invoicing payroll | 492 |
| **Financial expenses** | **91** | **Financial income** | **72,071** |
| | | Dividends | 50,556 |
| | | Loan interest | 21,515 |

**CARMILA SA WITH ITS SUBSIDIARIES CARMILA ESPAÑA AND OTHER WHOLLY-OWNED SUBSIDIARIES**
*(in thousands of euros)*

| Assets | | Liabilities | |
|---|---|---|---|
| Financial assets | 1,072,277 | Financial liabilities | |
| Receivables | 1 | Operating payables | |
| | | Other liabilities | |

| Expenses | | Income | |
|---|---|---|---|
| **Operating expenses** | | **Operating income** | |
| **Financial expense** | | **Financial income** | **49,355** |
| | | Dividends | 40,000 |
| | | Loan interest | 9,355 |

**CARMILA SA WITH AS CANCELAS** *(in thousands of euros)*

| Assets | | Liabilities | |
|---|---|---|---|
| Financial assets | 57,652 | Financial liabilities | |
| Receivables | | Operating payables | |
| | | Other liabilities | |

| Expenses | | Income | |
|---|---|---|---|
| **Operating expenses** | | **Operating income** | |
| **Financial expense** | | **Financial income** | **1,331** |
| | | Dividends | 1,210 |
| | | Loan interest | 121 |

**CARMILA SA WITH ITS SUBSIDIARY CARMILA ITALIA** *(in thousands of euros)*

| Assets | | Liabilities | |
|---|---|---|---|
| Financial assets | 288,654 | Financial liabilities | |
| Receivables | 825 | Operating payables | |
| | | Other liabilities | |

| Expenses | | Income | |
|---|---|---|---|
| **Operating expenses** | | **Operating income** | |
| **Financial expense** | | **Financial income** | **3,387** |
| | | Dividends | |
| | | Loan interest | 3,387 |

## Note 9 Other information

### Note 9.1 Cash pooling

The Carmila Group's cash in France is pooled, with Carmila SA managing the cash pool.

### Note 9.2 Headcount

Carmila SA has no staff.

### Note 9.3 Compensation of corporate officers

Directors receive Directors' fees. The expense with respect to 2020 was €321 thousand. Moreover, two corporate officers were seconded by Carrefour Management and Carrefour SA with the cost of the seconded staff being billed.

### Note 9.4 Subsequent events

In accordance with measures imposed by the government pursuant to its decree of 30 January 2021, shopping centres with a gross leasable area of more than 20,000 sq.m. are closed to the public in France. This measure concerns 35 out of the 129 centres operated by Carmila in France. Pursuant to the decree, only Carrefour hypermarkets, pharmacies and other food retailers remained open in these 35 centres. To date, stores closed in the 35 centres represent 58% of gross rental income in France and 37% of total gross rental income (France, Spain and Italy). Ninety-four of Carmila's shopping centres in France remain open, with the exception of seated food service and leisure facilities.

To date, the uncertainties as to the duration of this health crisis and the extent of the measures that will be taken by the government make it difficult to forecast and estimate 2021 earnings. Carmila SA has committed to providing financial support to all of its subsidiaries so that they can meet their liquidity requirements.

## Note 10 Information on consolidation

Carmila SA is the ultimate parent entity of the Carmila Group and prepares the Group's consolidated financial statements.

# 7.4 Management report

## 7.4.1 Significant events of the year

### 7.4.1.1 General context and health crisis related to Covid-19

In 2020, the three countries in which Carmila operates (France, Spain and Italy) were subject to various opening restrictions due to the health crisis.

Carmila's shopping centres have continued to play a vital role for the public during this crisis. Carrefour hypermarkets have once again shown their fundamental and strategic importance in each of the three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

2020 can be divided into five distinct periods:

1. A pre-crisis period (from January to mid-March) with healthy performance indicators.
2. A lockdown period (from mid-March to mid-May), during which all of our centres could be visited but only "essential" businesses were allowed to open.
3. A period during which restrictions were lifted and businesses could reopen (from mid-May to end-October). Signs of a recovery were encouraging during this period.
4. A period of administrative restrictions in November, which varied in scope in each of the three countries.
5. The removal of restrictions on opening hours in December in France.

In order to support its tenants in the face of this health crisis, negotiations were held on a case-by-case basis to determine the relief that could be granted depending on the related concessions (i.e., extension of the non-cancellable term of the lease and new openings) agreed by the tenants and on government measures.

### 7.4.1.2 Debt: bond issue

As part of its EMTN programme, Carmila issued two new bonds (private placements): a €100 million nine-year 3.00% bond on 26 June 2020 and a €300 million 6.5-year 1.625% bond on 30 November 2020.

In 2020, Carmila redeemed ahead of term €96,761 thousand (net of expenses) of its bonds maturing in 2023 and 2024.

The bonds represent the Company's senior debt. They do not provide for guarantees or security. They are listed on the Euronext Paris bond market.

### 7.4.1.3 Internal restructuring

Since 1 January 2020, Carmila España along with other Spanish subsidiaries wholly owned by Carmila SA opted for the SOCIMI tax regime applicable in Spain to real estate investment trusts. Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met.

On 13 November 2020, Carmila España repaid €60 million of its shareholder loan to Carmila SA, bringing the face value of the loan to €275 million compared to an initial face value of €335 million.

### 7.4.1.4 Distribution

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 29 June 2020 approved the dividend of €1.00 per share for 2019 (as opposed to the €1.50 per share initially planned), Shareholders were offered the option to receive the dividend payment in shares. Carrefour and the majority of institutional shareholders on Carmila's Board of Directors, representing 78% of the share capital, chose to receive their dividend in shares. This resulted in the payment of €72.7 million in cash and the subscription of 5,795,730 new shares, each with a par value of €10.98.

## 7.4.2 Business and financial review

In 2018, Carmila SA terminated its direct operational real estate management activities through the contribution of its assets to wholly owned subsidiaries. Since that date, Carmila has acted as a holding and management company for the equity interests it holds within and outside France.

### 7.4.2.1 Operating income

Operating income comprises the re-invoicing of a large portion of the management costs borne by the holding company in the interests of all its subsidiaries.

### 7.4.2.2 Operating expenses

In 2020, operating expenses include the holding company's overhead costs such as relating to the listing on Euronext Paris Compartment A, including costs of organising financial communication events, fees paid to institutional bodies and fees for legal counsel, rating agencies, statutory auditors and banking services.

### 7.4.2.3 Net financial income

Financial income includes:

- dividends received from subsidiaries in an amount of €92,008 thousand, of which €50,555 thousand from Carmila France and €40,000 thousand from Carmila España;
- interest charged on shareholder loans and current accounts granted to subsidiaries in the amount of €34,297 thousand;
- an accounting liability recognised through the income statement corresponding to the revaluation at market value of the debt and derivatives contributed in connection with the merger in June 2017, resulting in an increase in the contributed liability. This increase will not result in any outflow of funds and is recognised through the income statement for the remaining term of the underlying debt. Thus, income of €9,700 thousand was recognised in this respect for 2020;
- reversals of provisions for €647 thousand.

Financial expense includes:

- additions for financial items relating to the amortisation of issuance premiums and bond redemptions in an amount of €1,728 thousand;
- interest on bonds and debt with lending institutions and hedging instruments in an amount of €56,553 thousand.

In view of the dividends received from Carmila France, net financial income stands at €77,739 thousand.

### 7.4.2.4 Net non-recurring income (expense)

In 2019, certain provisions concerning works or passed liabilities which were not transferred since they were included in the fair value of the asset contributed were analysed in depth and were judged to be groundless for an amount of €1,740 thousand.

Net losses on the sale of treasury shares in connection with the liquidity agreement amounted to €807 thousand.

Net income for the year amounted to €71,691 thousand.

### 7.4.3 Information on payables and receivables

As a result of the contribution of operating assets to its subsidiaries in 2018, there are no longer any revenues. Only re-invoicings of expenses generate income. At 31 December 2020, just one invoice was pending settlement for €779 thousand, and was less than 30 days past due.

Other receivables at 31 December 2020 in an amount of €15,253 thousand correspond to amounts owed by Carmila France under current accounts related to cash pooling arrangements.

With regard to suppliers, the payable balances of the balance sheet almost exclusively include accruals for invoices not yet received. There were six supplier invoices included in the financial statements at 31 December 2020. These invoices are more than 90 days past due and represent €126 thousand, or 0.0022% of purchases including VAT for the year.

### 7.4.4 Equity interests

Carmila owns equity interests in companies in France, Spain and Italy.

At 31 December 2020, impairment tests enabled to conclude that there was no impairment requirements for equity interests.

### 7.4.5 Appropriation of 2019 net income

Shareholders will be asked at the Shareholders' Meeting to be held on 18 May 2021 to approve the allocation of net income as follows:

| | |
|---|---:|
| Net income for the financial year | 71,690,537.05 |
| Retained earnings | 22,854.52 |
| Distributable profit | 71,713,391.57 |
| Addition to legal reserve | (3,584,526.85) |
| Distribution paid out of distributable income | 68,128,864.72 |
| | ----------------- |
| Retained earnings after appropriation | €0.00 |
| | ----------------- |

The total amount of the proposed dividend distribution for 2020 will be €1.00 per share and breaks down as follows:

| | |
|---|---:|
| Distribution paid out of distributable income | 68,128,864.72 |
| Distribution paid out of the merger premium | 74,228,560.28 |
| | ----------------- |
| Total dividend distribution from which the dividends on treasury shares will be deducted | 142,357,425.00 |

Pursuant to legal disclosure requirements, dividends distributed in respect of the last three financial years were *(in euros/share)*:

| Year | Euros/share |
|---|---:|
| 2017 | 1.50 |
| 2018 | 1.50 |
| 2019 | 1.00 |

### 7.4.6 Five-year financial summary

The five-year financial summary is as follows:

| | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2017 | 31 Dec. 2016 |
|---|---|---|---|---|---|
| **SHARE CAPITAL AT YEAR-END** | | | | | |
| Share capital[1] | €855,701,274.00 | €820,091,058.00 | €819,370,170.00 | €810,360,174.00 | €25,900,068.00 |
| Number of existing ordinary shares | €142,616,879.00 | €136,561,695.00 | €136,561,695.00 | €135,060,029.00 | €4,316,678.00 |
| **OPERATIONS AND EARNINGS** | | | | | |
| Revenues (excl. VAT) | €0.00 | €4,000.00 | €5,237,070.00 | €7,095,000.00 | €5,964,433.00 |
| Earnings before income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions | €71,779,627.82 | €20,361,824.00 | €72,324,927.00 | €36,129,000.00 | €3,971,538.00 |
| Income tax | €85,119.13 | €371,753.00 | €394,234.00 | €257,000.00 | €(148,753.00) |
| Employee profit-sharing | - | - | - | - | - |
| Earnings after income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions | €71,690,537.05 | €19,929,793.00 | €69,817,496.00 | €21,443,000.00 | €648,016.00 |
| **AMOUNT DISTRIBUTED[1]** | | | | | |
| • of which net income for the period: | €68,128,864.72 | €19,031,255.16 | €66,336,621.27 | €20,371,290.90 | €615,604.66 |
| • of which retained earnings: | | | | €12,774.60 | €7,161,187.57 |
| • of which issuance premium: | | | | | €338,562.41 |
| • of which merger premium: | €74,228,560.28 | €185,811,287.34 | €138,515,921.23 | €182,205,978.00 | |
| **EARNINGS PER SHARE** | | | | | |
| Earnings after tax, employee participation, but before depreciation, amortisation and provisions | €0.50 | €0.15 | €0.53 | €0.20 | €0.89 |
| Earnings after income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions | €0.50 | €0.15 | €0.51 | €0.16 | €0.15 |
| **AMOUNT DISTRIBUTED PER SHARE[2]** | | | | | |
| • of which net income for the period: | €0.48 | €0.14 | €0.49 | €0.15 | €0.14 |
| • of which retained earnings: | | | | €0.00 | €1.66 |
| • of which issuance premiums: | | | | | €0.08 |
| • of which merger premiums: | €0.52 | €1.36 | €1.01 | €1.35 | |
| **STAFF** | | | | | |
| Average headcount during the year | | | | | €1.17 |
| Amount of payroll for the year | €627,379.05 | €1,290,338.00 | €1,000,232.00 | €826,000.00 | €263,654.00 |
| Amount paid in respect of employee benefits | | | | | €6,876.00 |

*(1) Share capital increased owing to the creation of 5,795,730 class A shares issued in respect of the stock dividend, and to the 120,146 class B Shares and 139,306 class C Shares issued in connection with preferred share allotment plans for key employees and corporate officers.*
*(2) For 2020, to be submitted for approval to the Ordinary Shareholders' Meeting.*

## 7.5 Statutory Auditors' report on the statutory financial statements

For the year ended 31 December 2020

*This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Carmila SA Shareholders' Meeting,

### Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Carmila S.A. for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for opinion

#### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as how we addressed those risks.

These assessments were addressed in the context of the financial statements taken as a whole, and, in forming our opinion thereon, and we do not provide a separate opinion on specific items of the statutory financial statements.

| Key Audit Matters | Responses as part of our audit |
|---|---|
| ***Valuation of investments***<br>*(Notes 3.2.3. and 4.2 to the financial statements)*<br>As of 31 December 2020, investments are recorded in the balance sheet at a net carrying amount of €3,449 million and represent 61.5% of total assets.<br>As indicated in Note 3.2.3 to the financial statements, they are recorded as of their entry date at acquisition cost and impaired when their actual value is less than their acquisition cost.<br>The actual value corresponds to the value in use, determined by taking into consideration revalued equity. Revalued equity of real estate companies is estimated based on valuations of investment property carried out by independent experts twice a year. These valuations take into account specific information about the assets as well as market assumptions.<br>The valuation of investments is considered to be a key audit matter due to the importance of:<br>• this account heading compared to total assets,<br>• the use of assumptions and significant estimates by Management and independent experts, such as the market rental values, the discount and capitalization rates, for the purpose of the valuation of investments;<br>• the sensitivity of these values to assumptions adopted by the experts. | To assess the reasonableness of the value in use estimates of investments, based on the information communicated to us, our work mainly consisted in:<br>• Verifying that the estimate of these values in use made by Management is based on an appropriate valuation method;<br>• Checking the calculation of the share of revalued equity which takes into account in particular unrealized gains on investment properties;<br>• Comparing the acquisition values of the securities with their value in use;<br>• Assessing the pertinence of the disclosures presented in Note 3.2.3 and 4.2 to the annual financial statements.<br>The procedures that we have performed on investment property valuations, and that was also carried out by auditors of the subsidiaries, under our management and supervision, has mainly consisted in:<br>• Reviewing the investment property valuation process and controls implemented by the Management, notably regarding approval and transmission of information to experts and the review of their works and conclusions;<br>• Conducting interviews with independent appraisers and Management to assess the pertinence of the valuation methodology and assumptions used, notably those used in this complex and evolving context of global crisis related to the Covid-19 pandemic;<br>• Assessing the competence, independence and objectivity of the external appraisers of the Group, in particular about their reputation and by verifying their certificates of independence included as a statement in their reports;<br>• Analysing the change in fair value of each investment property and assessing the basis with respect to market changes and the rental situation of the building;<br>• Verifying that the fair value methods used are in line with market practices, and assessing, on a sample basis, the consistency of the valuation assumptions used by the independent experts with the market data available in the current context, particularly the market rental values, the discount and capitalization rates;<br>• Corroborating, on a sample basis, the main information provided by the company to independent experts with rental statements and investments. |

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

### Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and consistency with the financial statements of disclosures relating to the payment period required by Article D. 441-6 of the French Commercial Code.

### Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

### Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on Other Legal and Regulatory Requirements

### Format of presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Carmila S.A. by the Shareholders' Meeting of June 25, 2010 for KPMG and June 25, 2009 for Deloitte & Associés.

As at 31 December 2020, KPMG was in its 11th year of uninterrupted engagement and Deloitte & Associés in its 12th year of uninterrupted engagement.

## Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

## Statutory Auditors' responsibilities for the audit of the financial statements

### Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L.823-10-1 of the French Commercial Code (*Code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris La Défense, 29 March 2021

The Statutory Auditors

| KPMG S.A. | | Deloitte & Associés |
|---|---|---|
| Éric Ropert | Adrien Johner | Stéphane Rimbeuf |
| *Partner* | *Partner* | *Partner* |

# 7.6 Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2020

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Carmila S.A. Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

## Agreements submitted to the approval of the Shareholders' Meeting

### Agreements authorised and entered into during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreement, entered into during the year and previously authorized by the Board of Directors, has been brought to our attention.

#### Amendment to the service agreement with Carrefour SA

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose**

The Board of Directors' meeting of November 26, 2020 authorized the conclusion of an amendment to the service agreement initially entered into on April 16, 2014 and amended on May 17, 2017, under which Carrefour SA provides Carmila SAS with the expertise and resources necessary to assist it with monitoring the legal affairs of the company, tax issues and consolidation standards.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to a services agreement entered into with Carrefour SA.

**Reasons justifying the agreement is in the Company's interest**

As the service agreement with Carrefour expired on 31 December 2020, and given the delay in renegotiations due to the Covid-19 crisis, an amendment was signed on 24 December 2020 extending its term to February 28, 2021 without modifying the terms and conditions.

#### Agreements authorized and entered into after the year end

The following agreement, entered into after the year end and previously authorized by the Board of Directors, has been brought to our attention.

#### Service agreement with Carrefour SA

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose**

The Board of Directors' meeting of February 16, 2021 authorized the conclusion of a service agreement under which Carrefour SA provides the Company with the expertise and resources necessary to assist it with monitoring the legal affairs of the company and tax and accounting issues. This agreement was signed on March 8, 2021.

**Reasons justifying the agreement is in the Company's interest**

The initial service agreement with Carrefour and the amendment extending its term expired on February 28, 2021. As the Company does not have the necessary resources to perform certain functions this new agreement was entered into to renew the duties delegated under the previous agreement for a term of five years expiring on 31 December 2025. The agreement provides for compensation of €102,000, excluding taxes.

## Agreements and commitments previously approved by Shareholders' Meetings

### Agreements approved in previous years

*a) with continuing effect during the year*

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by shareholders' meetings of prior years, had continuing effect during the year.

**Renovation and Development Agreement**

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose**

The Carmila SAS Board of Directors' meeting of March 31, 2017 authorized the conclusion of an amendment to the Renovation and Development Agreement entered into between Carmila SAS and Carrefour SA on April 16, 2014. The Carmila SAS Shareholders' Meeting of June 12, 2017 approved this amendment.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the Renovation and Development Agreement entered into.

**Terms and conditions**

Wishing to implement a strategy designed to boost the appeal of shopping centers and optimize their value, Carmila SAS and Carrefour SA (acting in their own name and in the name and on behalf of their subsidiaries) entered into a renovation and development agreement on April 16, 2014 (the "Renovation and Development Agreement").

On May 3, 2017, Carmila SAS and Carrefour SA amended the Renovation and Development Agreement in order to:

incorporate the new assets acquired by the Carmila group in France, Italy and Spain since April 16, 2014 within the scope of assets covered by the Renovation and Development Agreement; and

incorporate the assets held by the Company and the principles applicable to the development and renovation transactions relating to these assets into the Renovation and Development Agreement and extend the initial term of the Renovation and Development Agreement until 31 December 2027.

No new project acquisition contracts were signed under this agreement in fiscal year 2020. The contracts signed in previous years remained in effect.

**Service agreement with Carrefour SA**

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose and terms and conditions**

On April 16, 2014, Carmila SAS and Carrefour SA entered into a five-year service agreement under which Carrefour SA provides Carmila SAS with the expertise and resources necessary to assist it with accounting, consolidation, taxation and legal monitoring, for a fee of €62,000 per calendar year excluding taxes.

On 17 May 2017, Carmila SAS and Carrefour SA amended this agreement, in order to (i) increase the annual overall fees to €102,000 per calendar year excluding taxes, and (ii) extend the initial term of the agreement to 31 December 2020.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to a services agreement entered into with Carrefour SA.

An amount of €102,000, excluding taxes, will be invoiced by the Company in 2021 in respect of this agreement for fiscal year 2020.

**Agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove**

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA, as is Carrefour Management), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose**

The Board of Directors' meeting of July 27, 2018 authorized the conclusion of an agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove.

#### Terms and conditions

On August 1, 2018, Carmila SA and Carrefour Management entered into a four-year partial secondment agreement, under which Sébastien Vanhoove, an employee of Carrefour Management, carries out operational tasks for the Company for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour Management half the remuneration paid to Sébastien Vanhoove, the related social security contributions, vacation pay and the business expenses reimbursed with respect to the secondment. Considering that Sébastien Vanhoove's objectives will include, throughout the secondment period, components related to his various duties and performance with the Company, the reimbursed wages will include the variable annual compensation attributed to Sébastien Vanhoove in this respect.

Under this agreement, the Company repaid €390,867 in respect of fiscal year 2020.

### Secondment agreement covering Jacques Ehrmann

#### Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

#### Nature and purpose

At its meeting of March 31, 2017, the Board of Directors of Carmila SAS authorized a new agreement covering the secondment of Jacques Ehrmann. This agreement was approved by the Carmila SAS Shareholders' Meeting of June 12, 2017.

As part of the merger-absorption of Carmila SAS by Cardety SA on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the partial secondment agreement concluded with Carrefour and covering Jacques Ehrmann. The remuneration of Jacques Ehrmann, as Chairman and Chief Executive Officer, was approved by the Company's Shareholders' Meeting on June 12, 2017.

#### Terms and conditions

On April 12, 2017, Carmila SAS and Carrefour entered into a four-year partial secondment agreement, under which Jacques Ehrmann, an employee of Carrefour, is seconded to Carmila SAS by Carrefour SA for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour half the remuneration paid to Jacques Ehrmann, the related social security contributions and the business expenses reimbursed with respect to the secondment. Considering that Jacques Ehrmann's objectives will include, throughout the secondment period, components relating to his duties and performance with Carmila SAS, the reimbursed wages will include the variable annual remuneration attributed to Jacques Ehrmann in this respect. This agreement is no longer applicable following the departure of Jacques Ehrmann in 2019.

Income of €109,591.23 mainly corresponding to an adjustment credit note was recognized in fiscal year 2020.

### Agreement with Carrefour France relating to the secondment of Alexandre de Palmas

#### Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA, as is Carrefour France SAS), a shareholder holding more than 10% of the voting rights of the Company.

#### Nature and purpose

The Board of Directors' meeting of June 26, 2019 authorized the conclusion of an agreement with Carrefour France relating to the secondment of Alexandre de Palmas.

#### Terms and conditions

On July 1, 2019, Carmila SA and Carrefour France SAS entered into a three-year partial secondment agreement, under which Alexandre de Palmas, an employee of Carrefour France SAS, carries out operational tasks for the Company, for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour France SAS half the remuneration paid to Alexandre de Palmas, the related social security contributions, vacation pay and the business expenses reimbursed with respect to the secondment. Considering that Alexandre de Palmas' objectives will include, throughout the secondment period, components related to his various duties and performance with the Company, the reimbursed wages will include the variable annual compensation attributed to Alexandre de Palmas in this respect.

Under this agreement, the Company repaid €346,103 in respect of fiscal year 2020.

This agreement terminated on the effective date of Alexandre de Palmas' departure from the Company, i.e., November 2, 2020.

### *b) With no continuing effect during the year*

Furthermore, we have been informed that the following agreement, previously approved by shareholders' meetings of prior years, had no continuing effect during the year.

#### Lease and asset management agreement with Carrefour Property Gestion

**Person concerned**

CRFP 13 (company indirectly controlled by Carrefour SA, as is Carrefour Property Gestion), a shareholder holding more than 10% of the voting rights of the Company.

**Nature and purpose**

The Board of Directors' meeting of March 31, 2017 authorized the signature of a lease and asset management agreement covering all the Company's real estate properties which it owns or which it occupies pursuant to a construction or emphyteutic lease.

**Terms and conditions**

The exclusive lease and asset management agreement, dated May 17, 2017, sets out the terms and conditions of the lease and asset management of real estate properties entrusted to Carrefour Property Gestion. It was entered into for the period from 12 June 2017 to 31 December 2020 for a fixed remuneration equal to 3.5% of net annual rent invoiced or collected, excluding charges and insurance.

As the Company no longer owns any real estate properties, no lease or asset management services were invoiced to the Company in respect of fiscal year 2020.

Paris La Défense, 30 March 2021
The Statutory Auditors

| KPMG S.A. | | DELOITTE & Associés |
|---|---|---|
| Éric Ropert | Adrien Johner | Stéphane Rimbeuf |
| *Partner* | *Partner* | *Partner* |


# 8. Share capital and ownership structure

# 8.1 Share capital

## 8.1.1 Change in share capital

**June 2017:** The Ordinary and Extraordinary Shareholders' Meeting of 12 June 2017 approved the merger by absorption of Carmila SAS by the Company. A corresponding "E Document" describing the transaction, was created and filed with the AMF on 5 May 2017 under no. E.17-040. The exchange ratio of one share of the Company for three shares of Carmila SAS was applied. As consideration for this exchange ratio, 104,551,551 new shares of the Company were issued by the Company by way of a capital increase in the nominal amount of €627,309,306, on the terms established in the draft Merger Agreement. On conclusion of the Merger, the Company's share capital, which had previously amounted to €25,900,068, had increased to €653,209,374. The Company's shares are now listed under the new mnemonic code "CARM".

**June-July 2017:** The Ordinary and Extraordinary Shareholders' Meeting of 12 June 2017, in its thirty-seventh resolution, also delegated authority to the Board of Directors, for a period of twenty-six months from the date of the aforesaid meeting, to increase the Company's share capital, in particular, through the issue of transferable securities giving immediate or future access to the Company's capital, with pre-emptive subscription rights upheld.

Acting upon sub-delegation granted by the Board of Directors at its meeting of 23 June 2017, the Chairman and Chief Executive Officer decided, on 6 July 2017, to carry out a capital increase through the allocation of free share subscription warrants for a maximum amount of €556,263,888 (including share issue premium, excluding exercise of the greenshoe option), corresponding to a maximum nominal capital increase of €139,065,972 plus a maximum aggregate issue premium of €417,197,916. It should be noted that Carrefour (CRFP 13) would subscribe to 2,083,334 new shares for a total amount of €50,000,016 (including issue premium). The free share subscription warrants granted the right to subscribe to new shares at a par value of six (6) euros, ranking *pari passu* with the Company's existing shares, on the basis of nine free warrants to two new shares (see the Offering Circular approved by the AMF on 23 June 2017, under authorisation number 17-298, issued at the time of the transaction).

On 25 July 2017, the Chairman and Chief Executive Officer of the Company noted that a total number of 104,057,181 free share subscription warrants had been exercised during the financial year, at an exercise price of €24 per new share and reported that a total number of 23,123,818 new shares had been fully subscribed (corresponding to a nominal capital increase of €138,742,908 plus an aggregate issue premium of €416,228,724), raising the Company's share capital from €653,209,374 to €791,952,282.

In addition, on 6 July 2017, acting pursuant to the sub-delegation of authority granted to him by the Board of Directors on 23 June 2017 under the forty-seventh resolution of the Annual General Meeting of 12 June 2017, the Chairman and Chief Executive Officer decided to issue, without pre-emptive subscription rights, 3,143,750 share subscription warrants, reserved for Morgan Stanley & Co. International plc, acting in the name of and on behalf of the underwriters connected with the placement, as part of the greenshoe option. Each warrant was issued for a unit subscription price of €0.0001 and gave the right to subscribe to one new share at a par value of six (6) euros, ranking *pari passu* with existing shares, with a request filed for their admission to trading on the Euronext Paris regulated market on the same listing line as the existing shares of the Company, corresponding to a maximum nominal capital increase of €75,450,000 (including share issue premium) in the event that all warrants were exercised.

On 28 July 2017, the Chairman and Chief Executive Officer noted that 3,067,982 share subscription warrants had been exercised at an exercise price of €24 per new share, and further noted the subsequent issue, on 31 July 2017, of 3,067,982 new shares (corresponding to a nominal capital increase of €18,407,892 plus an aggregate issue premium of €55,223,676), raising the Company's share capital from €791,952,282 to €810,360,174.

**May 2018:** The Annual General Meeting held on 16 May 2018 decided to offer shareholders an option to receive the balance of the 2017 dividend payment in shares (i.e., €0.75 per share). Acting upon sub-delegation granted by the Board of Directors at its meeting of 16 May 2018, the Company's Chairman and Chief Executive Officer decided, on 12 June 2018, to carry out a capital increase via the allocation of 1,501,666 new shares, corresponding to a capital increase for a maximum nominal amount of €9,009,996, raising the Company's share capital from €810,360,174 to €819,370,170.

**May 2019:** On 16 May 2019, the Board of Directors of Carmila noted the entry into force of the amendments to the By-laws in respect of the eleventh resolution adopted by the Annual General Meeting on 16 May 2018 and noted the definitive allocation of 112,611 B Shares, increasing the share capital from €819,370,170 to €820,045,836.

B Shares are preference shares that entitle the holder to a maximum of one (1) ordinary share (A Shares), provided that the performance conditions of the free share allocation plan are met. B Shares do not entitle the holder to voting rights or dividends.

**October 2019:** On 24 October 2019, the Chairman and Chief Executive Officer noted the definitive allocation of 7,537 B Shares, increasing the share capital from €820,045,836 to €820,091,058.

**May 2020:** On 16 May 2020, the Chairman and Chief Executive Officer noted the definitive allotment of 139,306 C Shares, increasing the share capital from €820,091,058 to €820,926,894.

**July 2020:** The Annual General Meeting of 29 June 2020 decided to offer shareholders an option to receive the 2019 dividend in shares (i.e., €1.00 per share). Acting upon sub-delegation granted by the Board of Directors at its meeting of 29 June 2020, the Company's Chairman and Chief Executive Officer decided, on 27 July 2020, to carry out a capital increase via the allocation of 5,795,730 new shares, corresponding to a capital increase for a maximum nominal amount of €34,774,380, raising the Company's share capital from €820,926,894 to €855,701,274.

The table below shows the change in the Company's share capital over the last three financial years:

| | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2018 |
|---|---|---|---|
| Share capital | €855,701,274 | €820,091,058 | €819,370,170 |
| Number of A Shares(1) | 142,357,425 | 136,561,695 | 136,561,695 |
| Number of B Shares(2) | 120,148 | 120,148 | N/A |
| Number of C Shares(3) | 139,306 | N/A | N/A |
| Theoretical number of voting rights(4) | 142,357,425 | 136,561,695 | 136,561,695 |
| Effective number of voting rights(5) | 142,165,749 | 136,408,412 | 136,332,347 |

*(1) A Shares are ordinary shares.*
*(2) B Shares are preference shares and do not entitle the holder to voting rights or dividends.*
*(3) C Shares are preference shares and do not entitle the holder to voting rights or dividends.*
*(4) The theoretical number of voting rights is calculated based on shares at 31 December, less preference shares stripped of voting rights (i.e., B and C Shares at 31 December 2020, and B Shares at 31 December 2019).*
*(5) The effective number of voting rights is calculated based on shares at 31 December, less preference shares stripped of voting rights (i.e., B and C Shares at 31 December 2020, and B Shares at 31 December 2019) and 191,676 shares held in treasury at 31 December 2020 that do not entitle the holder to voting rights and 153,283 shares held in treasury at 31 December 2019 that do not entitle the holder to voting rights.*

The table below shows the change in share capital during the financial year 2020:

| Period | Number of shares | Share capital *(in euros)* |
|---|---|---|
| 1 January 2020 | 136,561,695 A Shares<br>120,148 B Shares | €820,091,058 |
| 16 May 2020 | 136,561,695 A Shares<br>120,148 B Shares<br>139,306 C Shares | €820,926,894 |
| 27 July 2020 | 142,357,425 A Shares<br>120,148 B Shares<br>139,306 C Shares | €855,701,274 |

### 8.1.2 Subscribed share capital at 31 December 2020

At 31 December 2020, the Company's share capital amounted to €855,701,274, distributed among 142,357,425 A Shares with a par value of six (6) euros each, fully subscribed and paid up, and all of the same share class and 120,148 B Shares, each with par value of six (6) euros, and 139,306 C Shares with a par value of six (6) euros each.

### 8.1.3 Share capital authorised but not issued

The table below sets out the current, valid delegations granted to the Board of Directors by the Annual General Meeting held on 16 May 2019:

| Resolution | Subject of the resolution | Maximum nominal amount | Term of the authorisation | Utilisations during the financial year |
|---|---|---|---|---|
| 14 | Authorisation to be granted to the Board of Directors to carry out transactions in the Company's shares | 10% of the Company's share capital | 18 months | |
| 15 | Delegation of authority granted to the Board of Directors to allot free preference shares to be issued | 0.13% of the Company's share capital (after conversion of preference shares into ordinary shares) | 38 months | See section 8.2.6 |
| 17 | Delegation of authority granted to the Board of Directors to decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the Company's share capital, with pre-emptive subscription rights | €500 million for capital increases(1)<br>€2 billion for the issuance of debt securities | 26 months | None |
| 18 | Delegation of authority granted to the Board of Directors to decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the Company's share capital, to be issued by public offering, without pre-emptive subscription rights | €165 million for capital increases(1)<br>€1 billion for the issuance of debt securities | 26 months | None |
| 19 | Delegation of authority to be granted to the Board of Directors to decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the share capital, without pre-emptive subscription rights by means of placement referred to in Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) | €165 million for capital increases(1)(2)<br>€1 billion for the issuance of debt securities | 26 months | None |
| 20 | Authorisation to be granted to the Board of Directors to issue shares and/or transferable securities giving immediate or future access to shares to be issued by the Company as consideration for contributions in kind consisting of securities or transferable securities giving access to the share capital | €85 million for capital increases(1)<br>€1 billion for the issuance of debt securities | 26 months | None |
| 21 | Authorisation to be granted to the Board of Directors to set the issue price, which is not to exceed 10% of the share capital per year, as part of a capital increase through the issue of equity securities without pre-emptive subscription rights | Limited to 10% of the share capital per year | | N/A |
| 22 | Delegation of authority to be granted to the Board of Directors to decide a capital increase by way of incorporation of premiums, reserves, earnings or other sums | €500 million | 26 months | None |
| 23 | Delegation of authority granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive subscription rights | Limit stipulated by the applicable regulations (currently 15% of the initial issue)(1) | 26 months | None |
| 24 | Delegation of authority granted to the Board of Directors to approve a capital increase of the Company through the issue of shares and/or transferable securities giving immediate or future access to the share capital, without pre-emptive subscription rights, reserved for members of company savings plans | €85 million(1) | 26 months | None |
| 25 | Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares | Limited to 10% of the shares making up the Company's share capital | 26 months | None |

*(1) The maximum total nominal amount of capital increases that may be carried out by virtue of this delegation will count towards the total maximum limit set at €500 million.*

*(2) The maximum total nominal amount of the capital increases that may be carried out by virtue of this delegation will count towards the maximum limit for the nominal amount of capital increases by issuance of shares and/or securities giving immediate or future access to the share capital, to be issued by public offering without pre-emptive subscription rights, which is set at €165 million by the 18th resolution.*

### 8.1.4 Securities not representing share capital

On 26 June 2019, the Company's Board of Directors authorised the implementation of a Euro Medium Term Note Programme (EMTN) with a €1.5 billion limit. On 5 August 2020, the Company obtained authorisation from the French Financial Market Authority (AMF) for its EMTN programme under approval number 20-0381.

On 26 June 2020, Carmila launched a 9-year private bond placement for a nominal amount of €100 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €99,162 thousand.

On 30 November 2020, Carmila issued a 6.5-year bond maturing on 31 May 2027 with a nominal amount of €300 million and paying a coupon of 1.625%. Carmila used to proceeds to redeem ahead of term €108,960 thousand (net of expenses) of its bonds maturing in September 2023 and September 2024.

At 31 December 2020, Carmila's outstanding bonds therefore totalled €1,891 million, of which €13,286 thousand in issuance premiums and costs remained to be amortised over the residual period of the underlying debt.

### 8.1.5 Shares controlled by the Company, treasury stock and purchase by Carmila of its own shares

#### Background and current situation

The Ordinary and Extraordinary Shareholders' Meeting of 29 June 2020 authorised the Board of Directors, for a period of 18 months, to implement a share buyback programme to buyback the Company's own shares, pursuant to the provisions of Article L. 225-209 of the French Commercial Code (*Code de commerce*) and in accordance with the AMF's General Regulations, under the conditions specified below. This authorisation replaced the authorisation previously granted by the Company's Annual General Meeting of 16 May 2019 to trade in its own shares.

| Transaction | Term of the authorisation | Maximum unit price | Maximum amount | Maximum number of shares |
|---|---|---|---|---|
| Share repurchase programme | 18 months | €50 | €50 million | 10% of the Company's share capital |

These shares may be acquired at any time up to the limits authorised by applicable legal or regulatory provisions, including during a takeover bid and/or exchange offer initiated by the Company or by another party in relation to the Company's securities, for the following purposes:

- the implementation of any stock option plan for the Company pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan;
- the allotment or sale of shares to employees as part of their participation in a Company profit-sharing plan and/or the implementation of any employee savings plan pursuant to applicable law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*);
- the allocation of free shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- generally satisfying obligations under stock option plans or other allocations of shares to employees or corporate officers of the issuer or an affiliated company;
- delivery of shares upon exercising voting rights attached to securities granting access to the issuer's share capital via redemption, conversion, exchange, presentation of a bond or any other manner;
- management of the secondary market or the liquidity of the Company's shares by an investment services provider, under a liquidity agreement in accordance with the Code of Ethics of the French Financial Markets Association recognised by the AMF, in accordance with the market practice permitted by the AMF.

The Company may also:

- proceed with the cancellation of all or part of the shares thus bought back, provided that the Board of Directors has a valid authorisation from the Annual General Meeting, acting in an extraordinary capacity, enabling it to reduce the share capital by cancelling shares purchased as part of a share-buyback programme; or
- retain them with a view to issuing them at a later date as payment or in exchange as part of or following any acquisitions.

This programme is also intended to allow the Company to engage in any other activity that is currently authorised or that may in the future be authorised by law or by the regulations in force, including any market practice that may be permitted by the AMF subsequent to the Annual General Meeting of 16 May 2019 and, more generally, the performance of any other operation in compliance with the regulations currently in force. In such an event, the Company will inform its shareholders by way of a press release.

The maximum purchase price of the shares as part of this repurchase programme is set at €50 (or the equivalent amount in any other currency on the same date).

#### Summary of share repurchase program

For each of the purposes pursued, the number of securities purchased was as follows:

**(1) Liquidity agreement**

On the settlement date of 31 December 2020, under the liquidity agreement with Exane BNP Paribas, the following assets were allocated to the liquidity account:

- 116,783 Carmila shares;
- €870,817.

At the last half-year review (30 June 2020), the following assets were allocated to the liquidity account:

- 96,211 Carmila shares;
- €1,037,729.

Over 2020, 305,075 shares were purchased at an average price of €9.77 per share and 284,503 shares were sold at an average price of €9.89 per share.

**(2) Acquisition for the purposes of free share plans for employees and corporate officers (L. 225-197-1 *et seq.* of the French Commercial Code)**

In 2020, the Company did not award any contracts to investment service providers (ISPs) to hedge free share plans for employees and executive corporate officers.

**(3) Cancellation**

In 2020, no shares were cancelled by the Company.

### (4) Sale of treasury shares

In 2020, the Company did not sell any treasury shares.

As at 31 December 2020, the Company held 191,676 treasury shares directly, of which 116,783 shares held in treasury under the liquidity agreement, representing a value €1,150,056 on the basis of a €6 per-share par value.

As of 28 February 2021, the Company held 184,372 treasury shares representing approximately 0.13% of the share capital. Consequently, the maximum number of additional shares that can theoretically be purchased under this authorisation is 14,077,316 shares (i.e., approximately 9.87% of the share capital).

The Company's position as at 31 December 2020 and 28 February 2021 was as follows:

| | 31 Dec. 2020 | 28 Feb. 2021 |
|---|---|---|
| Number of shares held in the portfolio | 191,676 | 184,372 |
| Percentage of capital owned directly and indirectly | 0.13% | 0.13% |
| Number of shares cancelled in the last 24 months | None | None |
| Book value of portfolio *(in euros)* | 2,545,775 | 2,558,206 |
| Market value of portfolio *(in euros)* | 2,257,943 | 2,312,025 |

The authorisation granted on 29 June 2020, in force on the filing date of this document, will end after a period of eighteen months i.e., on 29 December 2021, unless a new share buyback programme is authorised by the next Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2020.

## Share repurchase programme submitted to the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2020

The shareholders at the Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2020 will be asked to renew the authorisation given to the Board of Directors by the Ordinary Shareholders' Meeting on 29 June 2020 to carry out transactions in the Company's shares in the following conditions:

**22nd resolution** *(Authorisation to be granted to the Board of Directors to carry out transactions in the Company's shares).* – The Shareholders' Meeting, deliberating under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having considered the report of the Board of Directors, authorises the Board of Directors, with the option to sub-delegate such authorisation in accordance with the provisions of Articles L. 22-10-62 (formerly L. 225-209) *et seq.* of the French Commercial Code and pursuant to the conditions set out in Articles 241-1 *et seq.* of the General Regulation of the French financial markets authority (*Autorité des marchés financiers* – AMF), European Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014, the European Commission Delegated Regulation (EU) no. 2016/1052 of 8 March 2016 and market practices accepted by the AMF, to purchase or arrange for the purchase of shares in the Company, particularly with a view to:

- implementing any Company stock option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan; or;
- allotting or selling shares to employees so that they can benefit from the Company's expansion and/or the implementation of any employee savings plan under the conditions provided for in law, particularly Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*); or;
- allotting free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- generally, honouring obligations relating to stock option plans or other allotments of shares to employees or corporate officers of the issuer or associated companies;
- delivering shares upon exercising voting rights attached to securities granting access to the issuer's share capital via the redemption, conversion, exchange, presentation of a bond or any other manner; or
- managing the secondary market or the liquidity of the Company's shares through an investment services provider, under a liquidity agreement in accordance with market practices approved by the AMF;

and authorises the Company to:

- cancel all or portion of the shares thus bought back, provided that the Board of Directors has a valid authorisation from the Shareholders' Meeting, acting in an extraordinary capacity, to reduce the share capital by cancelling shares purchased as part of a share buyback programme; or
- hold them for subsequent delivery as consideration or for exchange in connection with or following any external growth transactions.

This programme is also intended to allow the Company to engage in any other activity that is currently authorised or that may in the future be authorised by law or by the regulations in force, including any market practice that may be permitted by the AMF subsequent to this Shareholders' Meeting and, more generally, the performance of any other transaction in compliance with the regulations currently in force. In such an event, the Company will inform its shareholders by way of a press release.

The purchase of Company shares may relate to a specific number of shares such that, as of the repurchase date, the total number of shares bought by the Company since the beginning of the buyback programme (including those subject to the said repurchase) may not exceed 10% of the shares comprising the Company's capital, with this percentage applying, where relevant, to any capital adjusted for operations that may affect the share capital after this Shareholders' Meeting, given that

(i) where shares of the Company are bought to promote liquidity in the conditions set by the AMF's General Regulation, the number of shares taken into account when calculating the aforementioned 10% cap will correspond to the shares purchased, less the number of shares resold during the period in question;

(ii) the number of shares acquired to be retained and reissued at a later date as part of a merger, demerger or contribution, may not exceed 5% of the share capital, and

(iii) the number of shares held by the Company at any time may not exceed 10% of the shares comprising the Company's share capital on the date in question.

Shares may be purchased, sold, exchanged or transferred, in one or more instalments, within the limits authorised by the legal and regulatory provisions in force, and through any means, on regulated markets, multilateral trading systems, using systematic internalisers or over-the-counter, including through block acquisitions or sales (with no limit on the share of the buyback programme that can be carried out in this way), through public purchase, sale or exchange offers, or through the use of options or other financial futures instruments traded on regulated markets, multilateral trading systems, using systematic internalisers or over-the-counter, or through the allocation of shares following the issuance of securities giving access to the Company's share capital through the conversion, exchange, repayment or exercise of warrants, or in any other way, either directly or indirectly through an investment service provider. Subject to the legal and regulatory provisions in force, these transactions may be performed at any time.

The maximum share price covered by this authorisation is fifty euros (€50) per share (or the equivalent amount in any other currency on the same date). The total amount allocated to the share buyback programme authorised above may not exceed fifty million euros (€50,000,000).

In event of a change in the share price, the increase in capital through the incorporation of reserves, the allotment of free shares, stock split or reverse stock stick, capital depreciation or any other transaction on the share capital or equity, the Shareholders' Meeting delegates to the Board of Directors the power to adjust the aforementioned purchase price so as to take into account the effect of these transactions on the share price.

The Shareholders' Meeting grants the Board of Directors, with the option to sub-delegate under the conditions provided in law, decision-making powers and the power to implement this authorisation, to specify, where necessary, the wording and set the procedure for implementing the buyback programme, and particularly to issue any stock exchange instruction, enter into any agreements, particularly to keep the share register, to allocate and reallocate the shares acquired for the objectives set out in the relevant legal and regulatory conditions, to set the procedures for maintaining the rights of owners of securities giving access to capital or other shares giving access to capital in accordance with the legal and regulatory provisions and, where relevant, contractual provisions relating to other cases of adjustment, to make any declarations to the AMF and any other authority, to perform any formalities and, in general terms, to do anything required.

The Shareholders' Meeting resolves that the Board of Directors may not use this authorisation and continue its buyback programme in the event of a public offering of the shares or securities issued by the Company.

With effect from this Shareholders' Meeting, this authorisation supersedes any unused portion of any previous delegation granted to the Board of Directors to trade in Company shares. This authorisation is granted for a period of eighteen months with effect from this Shareholders' Meeting.

## 8.1.6 Securities giving access to the share capital

As of the date of this document, there are no securities in circulation that are exchangeable, convertible or that include subscription warrants with respect to shares of the Company or its subsidiaries.

## 8.1.7 Conditions governing vesting rights and/or obligations attached to capital subscribed, but not paid-up

None.

## 8.1.8 Share capital of any Group companies subject to options or option agreements

None.

# 8.2 Ownership structure

## 8.2.1 Description of the Company's ownership structure

At 31 December 2020, the Company's share capital was held as follows:

| Shareholders | Number of shares | Percentage of share capital(6) | Percentage of voting rights(7) |
|---|---|---|---|
| CRFP 13(1) | 50,487,683 | 35.40% | 35.51% |
| Predica(2) | 13,708,493 | 9.61% | 9.64% |
| Cardif Assurance Vie(3) | 12,605,243 | 8.84% | 8.87% |
| Colkart(4) | 12,528,507 | 8.78% | 8.81% |
| SA Sogecap(5) | 8,466,304 | 5.94% | 5.95% |
| Shares owned | 191,676 | 0.13% | N/A |
| Management and employees | 168,795 | 0.12% | 0.12% |
| B Shares | 120,148 | 0.08% | None |
| C Shares | 139,306 | 0.10% | None |
| Public | 44,200,724 | 31.00% | 31.10% |
| **TOTAL** | **142,616,879** | **100.00%** | **100.00%** |

*(1) CRFP 13 is controlled by Carrefour.*
*(2) Predica is controlled by Crédit Agricole Assurances, which is itself controlled by Crédit Agricole SA.*
*(3) Cardif Assurance Vie is controlled by BNP Paribas.*
*(4) Colkart: is made of the companies Colkart Sarl, and Tiera capital SCA – Colkart Subfund, owning respectively 10,478,201 shares representing 7.35% of the share capital, and 2,050,306 shares representing 1.44% of the share capital.*
*(5) SA Sogecap is controlled by Société Générale.*
*(6) Calculated on the basis of the 142,616,879 shares that make up the share capital.*
*(7) Calculated on the basis of the 142,165,749 shares, 120,148 B Shares, 139,306 C Shares, and 191,676 treasury shares in the Company that do not entitle the holder to voting rights.*

## 8.2.2 Transactions involving the share capital of the Company during the last financial year and the present financial year

Acting on the authorisation given by Carmila's Annual General Meeting on 16 May 2018, at its meeting on the same day, the Board of Directors voted to approve an initial class B (the "**B Shares**"), subject to a one-year vesting period, the terms of which are set out in paragraph 8.2.6 of this document.

The aforementioned Annual General Meeting had decided to amend the By-laws to reflect this at the end of that vesting period. Consequently, at its meeting on 16 May 2019, the Board of Directors voted to increase the share capital by €675,666 by creating 112,611 B Shares, and amending the By-laws to reflect this. Acting on the authorisation given by Carmila's Annual General Meeting on 16 May 2018, at its meeting on 24 October 2018, the Board of Directors voted to approve a second class-B preference share plan, subject to a one-year vesting period. Following this vesting period, on 24 October 2019, at its meeting on the same day the Board of Directors voted to increase the share capital by €45,222 by creating 7,537 B Shares and to amend the By-laws to reflect this.

Acting on the authorisation given by Carmila's Annual General Meeting on 16 May 2019, at its meeting on the same day, the Board of Directors voted to approve a Class-C (the "**C Shares**") preference share plan, subject to a one-year vesting period, the terms of which are set out in paragraph 8.2.6 of this document.

On 12 June 2019, acting in accordance with the delegation of authority granted by the Board of Directors at its meeting on 16 May 2019, the Chairman and Chief Executive Officer noted the vesting of 21,151 free shares under the 2017 plan for key employees (corresponding to Tranche 1 of the 2017 plan). The Chairman and Chief Executive Officer authorised the deduction of these free shares from the shares held in treasury by the Company.

The aforementioned Annual General Meeting had decided to amend the By-laws to reflect this at the end of that vesting period. Consequently, at its meeting on 16 May 2020, the Board of Directors voted to increase the share capital by €835,836 by creating 139,306 C Shares, and amending the By-laws to reflect this.

On 12 June 2020, acting in accordance with the delegation of authority granted by the Board of Directors at its meeting on 2 April 2020, the Chairman and Chief Executive Officer noted the vesting of 31,814 free shares under the 2017 Plan, of which 9,059 shares to Géry Robert-Ambroix, Deputy Chief Executive Officer, and 22,755 shares to key employees (corresponding to Tranche 2 of the 2017 Plan). The Chairman and Chief Executive Officer authorised the deduction of these free shares from the shares held in treasury by the Company.

Carmila's Annual General Meeting held on 29 June 2020 decided to offer shareholders the possibility of receiving their 2019 dividend in shares. Acting upon sub-delegation granted by the Board of Directors at its meeting of 29 June 2020, the Company's Chairman and Chief Executive Officer decided, on 27 July 2020, to carry out a capital increase via the allocation of 5,795,730 new shares, corresponding to a capital increase for a nominal amount of €34,774,380, raising the Company's share capital from €820,926,894 to €855,701,274, divided into 142,616,879 shares each with a par value of six (6) euros.

## 8.2.3 Threshold crossing declarations

Pursuant to Article L. 233-7 of the French Commercial Code, any natural person or legal entity, acting alone or in concert, that comes to hold a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights, must report their holding to the Company and to the AMF, indicating the total number of shares and the total number of voting rights held, within a period of four trading days from the date the applicable threshold is crossed. The AMF will ensure the public disclosure of any threshold crossings reported to it. This information must also be conveyed, in the same time period and under the same conditions, when the percentage of share capital or voting rights falls below the thresholds referred to above. If threshold crossings are not properly disclosed, the shares exceeding the percentage that should have been disclosed in accordance with the legal provisions specified here above, shall be stripped of their voting right at any Annual General Meeting held up to two years following the date on which the threshold crossing is finally reported.

In addition to the legal thresholds, Article 8 of Carmila's By-laws provides that any natural person or legal entity, acting alone or in concert, who holds a number of shares representing 1% or more of the share capital or of voting rights, up to a total of 30% of the share capital or voting rights, must inform the Company of the total number of shares and voting rights held, as well as the number of securities giving access to the share capital in the future, and any voting rights potentially attached to those shares, and any shares that such person may acquire by virtue of an agreement or financial instrument. In each case, the information must be conveyed by registered letter with acknowledgement of receipt within five trading days after crossing the applicable threshold. The obligation to inform the Company also applies in cases where the interest of the relevant holder of share capital or voting rights falls below the thresholds mentioned above.

In the event of failure to comply with the obligation to declare the crossing of a legal threshold, the penalties provided for in Article L. 233-14 of the French Commercial Code shall also apply in the event of failure to declare the crossing of thresholds specified in Carmila's own By-laws, at the request of one or more shareholders holding at least 5% of the share capital or voting rights of the Company, such request being duly recorded in the minutes of the Annual General Meeting.

A standard form to declare the crossing of a legal threshold is available on the AMF website.

To the best of the Company's knowledge, and since 31 December 2019:

- Suravenir notified the Company that it had crossed the legal shareholding threshold when its interest in the Company's share capital was increased by 2% on 1 July 2020, bringing the number of shares it holds in the Company to 4,021,458;
- Colkart Retail Europe III S.à.r.l notified the Company that it had crossed the legal shareholding threshold when its interest in the Company's share capital was reduced as part of two off-market sales of 2,050,306 shares held by Colkart II S.à.r.l, to its sole shareholder Colkart Investment II SCS, which itself immediately sold the 2,050,306 shares to its sole shareholder Colkart Sub-fund. Following these sales, Colkart II S.à.r.l no longer holds any shares in the Company;
- Tiera Capital S.C.A – Colkart Sub-fund notified the Company that it had crossed the legal shareholding threshold when its interest in the Company's share capital was increased by 1.44% on 6 November 2020, with the acquisition of 2,050,306 off-market shares previously held by Colkart II S.à.r.l.

## 8.2.4 Shareholders' agreements

None.

## 8.2.5 Transactions in the Company's securities by corporate officers, including senior executives and related persons

Pursuant to the provisions of Article 223-26 of the AMF's General Regulation, we hereby inform you of transactions carried out in 2020 by the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code:

| Transaction date | First name/ Last name or company name | Corporate officer at the Company on the day of the transaction | Nature of the transaction | Nature of the financial instrument | Number of shares | Unit price *(in euros)* | Transaction amount *(in euros)* |
|---|---|---|---|---|---|---|---|
| 2 March 2020 | Alexandre de Palmas | Chairman and Chief Executive Officer | Acquisition | Share | 1,000 | 16.1000 | 16,100.00 |
| 18 March 2020 | Alexandre de Palmas | Chairman and Chief Executive Officer | Acquisition | Share | 1,100 | 9.0000 | 9,900.00 |
| 20 July 2020 | Sébastien Vanhoove | Deputy Chief Executive Officer | Acquisition | Share | 63 | 10.9800 | 691.74 |
| 27 July 2020 | Predica SA | Director | Acquisition | Share | 1,144,281 | 10.9800 | 12,564,205.38 |
| 31 July 2020 | Cardif Assurance Vie | Director | Acquisition | Share | 548,770 | 10.9800 | 6,025,494.60 |
| 23 Nov. 2020 | Marie Cheval | Chair and Chief Executive Officer | Acquisition | Share | 4,300 | 11.4000 | 49,020.00 |
| 29 Dec. 2020 | Marie Cheval | Chair and Chief Executive Officer | Acquisition | Share | 1,200 | 12.0000 | 14,400.00 |

## 8.2.6 Employee and corporate officer share ownership

### 8.2.6.1 Performance share plans

#### 2017 Performance share plan – Assumption by the Company

On 12 June 2017, prior to the Merger, Carmila SAS had introduced a free share allocation plan under the delegation granted by the Company's Annual General Meeting on 14 April 2016, for senior executives and employees of the Carmila Group, involving a total of 290,993 shares, including 62,294 shares allocated to Jacques Ehrmann, 15,441 shares to Yves Cadélano and 30,882 shares to Géry Robert-Ambroix, corresponding to respective allocations of 20,764, 5,147 and 10,294 shares in the Company, once the Merger exchange ratio (one Cardety share for three Carmila SAS shares) had been taken into account (the "**2017 Plan**").

The 2017 Plan was conditional upon (i) continued employment at the end of each vesting period, and (ii) the following performance conditions, for 50% of the shares:

- for 2018, (i) improvement in the Group's total yield in 2018 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated recurring earnings per share of the Carmila Group in 2018 relative to the subscription price of the July 2017 capital increase, i.e., €24; and
- for 2019, (i) improvement in the Group's total yield in 2019 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated recurring earnings per share of the Carmila Group in 2019 relative to the subscription price of the July 2017 capital increase, i.e., €24.

Pursuant to the law and the associates' decision of 12 June 2017, as of the date of the Merger, the Company automatically substitutes Carmila SAS, the absorbed entity, with respect to its obligations to the beneficiaries of free shares.

It should also be noted that, subject to compliance with the vesting conditions described in the 2017 Plan rules, the shares allocated are effectively vested and delivered to the beneficiaries at the end of a vesting period starting on the date the shares are allocated by the Board of Directors and expiring, except in specific cases or exceptions provided for in the 2017 Plan, on 12 June 2019 for (i) 50% of the shares allocated to employees (**Tranche 1**), and on 12 June 2020 for 50% of the shares allocated to employees (**Tranche 2**) and 100% of the shares allocated to the corporate officers.

In accordance with the Plan Rules, the Board of Directors, upon recommendation of the Nomination and Compensation Committee examined at its meeting of 3 April 2019 the achievement of performance conditions for the year 2018 for key employees not holding corporate office and delegated to the Chairman and Chief Executive Officer all its powers to recognise, on the basis of those present on 12 June 2019, the vesting of shares under Tranche 1.

On 12 June 2019, acting in accordance with the delegation of authority granted by the Board of Directors at its meeting, the Chairman and Chief Executive Officer noted the vesting of 21,151 free shares under the 2017 plan for the benefit of key employees (corresponding to Tranche 1 of the 2017 plan). The Chairman and Chief Executive Officer authorised the deduction of these free shares from the shares held in treasury by the Company.

At its meeting on 2 April 2020, the Board of Directors, upon recommendation of the Nomination and Compensation Committee, examined the attainment rate of performance conditions for the year 2019 and duly noted (i) the vesting of 9,059 free shares to Géry Robert-Ambroix and (ii) the vesting of 22,755 free shares to key employees under Tranche 2, subject to their presence in Carmila Group on 12 June 2020.

On 12 June 2020, acting in accordance with the delegation of authority granted by the Board of Directors at its meeting on 2 April 2020, the Chairman and Chief Executive Officer duly noted the vesting of 31,814 free shares under the 2017 Plan, of which 9,059 shares to Géry Robert-Ambroix, Deputy Chief Executive Officer, and 22,755 shares to key employees (corresponding to Tranche 2 of the 2017 Plan). The Chairman and Chief Executive Officer authorised the deduction of these free shares from the shares held in treasury by the Company.

#### 2018 free preference share plans 1 and 2

During 2018, following a decision taken by the Board of Directors on 16 May 2018, the Company established a new share plan in the form of free preference shares ("**B Shares**") convertible into ordinary shares ("**A Shares**"), awarded to the Company's senior executives and employees according to the achievement of given performance criteria (described below).

The total allowance was 125,746 preference shares, of which 22,804 preference shares allocated to Jacques Ehrmann, 7,537 preference shares to Yves Cadelano and 15,073 preference shares to Géry Robert-Ambroix ("**2018 PSP 1**"). This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2017 to 31 December 2020 after reintegration of distributions during the period) compared to a panel of comparable real estate companies;
- average annual growth in recurring earnings per share (corresponding to the average annual growth, expressed as a percentage, of recurring earnings per share of Carmila for the year ended 31 December 2020 compared with the recurring earnings per share of Carmila for the year ended 31 December 2017, calculated on the number of shares outstanding at 31 December 2017); and
- the difference between the 2020 share price (corresponding to the average of the closing prices of the Carmila shares during the last 40 trading days of the 2020 financial year, restated for the possible distribution of a deposit during the period) and the triple net EPRA NAV at 31 December, 2019.

As Yves Cadélano forfeited his share allocation rights following his departure from the Company on 31 July 2018, a new allocation was made based on the total number of shares approved by the Annual General Meeting of 16 May 2018, in favour of a single beneficiary. An additional plan with specific vesting/holding periods was approved on 24 October 2018 by the Board of Directors which decided to allocate 7,537 preference shares to Sébastien Vanhoove, subject to the same conditions of continued presence and performance as those governing the free preference share plan approved on 16 May 2018 and referred to above ("**2018 PSP 2**").

The maximum total number of ordinary shares that may be created as a result of the conversion of preference shares allocated under these two plans may not represent more than 0.09% of the share capital of the Company at the date of the Annual General Meeting of 16 May 2019 and more than 0.04% for the share allocated to executive corporate officers[1].

Jacques Ehrmann retained his rights to the 22,804 class B Shares received on 16 May 2019, under the provisions of the 2018 Preference Share Plan, allocated by the Board meeting on 16 May 2018. However, he forfeited his rights to any other free or preference share plans in respect of his office that had not been vested or converted into ordinary shares.

### 2019 free preference share plan

During 2019, following a decision taken by the Board of Directors on 16 May 2019, the Company established a new share plan in the form of free preference shares ("**C Shares**") convertible into ordinary shares, allocated to the Company's senior executives and employees according to the achievement of given performance criteria (described below), involving a total of 144,906 preference shares, of which 6,962 were allocated to Sébastien Vanhoove and 16,244 to Géry Robert-Ambroix ("**2019 PSP**"). As it was noted at the meeting that Jacques Ehrmann would be leaving the Board of Directors, no preference shares were allocated to him under this plan.

This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2018 to 31 December 2021, after the reintegration of the distributions during the period) compared to a panel of comparable real estate companies;
- annual growth in recurring earnings per share for years 2019, 2020 and 2021 compared with the growth commitment made to the financial markets by the Company at the start of each year upon on the publication of company results for the prior year;
- the percentage of appraisal value, including transfer taxes, of assets in the Company's portfolio for which environmental certification was obtained as of 31 December 2021;
- change in the total shareholder return (TSR) corresponding to the change in the Company's stock-exchange price over the vesting period compared with that of a panel of comparable listed property companies. Carmila's TSR will be calculated based on the average prices at closing in the last 40 trading days in the 2021 financial year to which will be added any distributions between 1 January 2019 and 31 December 2021, to the closing price on 31 December 2018, i.e., €16.16.

The maximum total number of ordinary shares that may be created as a result of the conversion of Class-C preference shares allocated under this plan may not represent more than 0.11% of the share capital of the Company at the date of the Annual General Meeting of 16 May 2019 and more than 0.02% for the share allocated to executive corporate officers.

### 2020 free preference share plan

During 2020, following a decision taken by the Board of Directors on 29 June 2020, the Company established a new plan for its corporate officers and employees in the form of free preference shares convertible into ordinary shares contingent on the achievement of performance criteria (described below). The plan comprises a total of 150,000 preference shares, of which 13,587 were allocated to Alexandre de Palmas, 6,114 to Sébastien Vanhoove and 14,266 to Géry Robert-Ambroix.

This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2019 to 31 December 2022 after adding back distributions for the period) compared to a panel of comparable real estate companies;
- annual growth in recurring earnings per share for years 2020, 2021 and 2022 compared with the growth commitments made to the financial markets by the Company at the start of each year upon on the publication of company results for the prior year;
- the percentage of appraisal value, including transfer taxes, of assets in the Company's portfolio for which environmental certification was obtained as of 31 December 2022;
- change in the total shareholder return (TSR) corresponding to the change in the Company's stock-exchange price over the vesting period compared with that of a panel of comparable listed property companies. Carmila's TSR will be calculated based on the average prices at closing in the last 40 trading days in the 2022 financial year to which will be added any distributions between 1 January 2020 and 31 December 2022, to the closing price on 31 December 2019, i.e., €18.40.

The maximum total number of ordinary shares that may be created as a result of the conversion of preference shares allocated under these two plans may not represent more than 0.11% of the share capital of the Company at the date of the Annual General Meeting of 29 June 2020 and more than 0.02% for the share allocated to executive corporate officers.

*(1) Of which Jacques Ehrmann 0.02%, Géry Robert-Ambroix 0.01% and Sébastien Vanhoove 0.01% of the share capital.*

#### SUMMARY TABLE OF SHARE PLANS

| Plan | 2017 plan | 2018 PSP 1 | 2018 PSP 2 | 2019 PSP | 2020 PSP |
|---|---|---|---|---|---|
| Date of Carmila Annual General Meeting | 14/04/2016(4) | 16/05/2018 | 16/05/2018 | 16/05/2019 | 29/06/2020 |
| Date of allocation by Carmila | 12/06/2017 | 16/05/2018 | 24/10/2018 | 16/05/2019 | 29/06/2020 |
| Number of beneficiaries | 32 | 47 | 1 | 46 | 47 |
| Number of Carmila shares originally allocated under the plan | 96,988 | 125,746 | 7,537 | 144,906 | 145,747 |
| • o/w Jacques Ehrmann | 20,764 | 22,804 | N/A | N/A | N/A |
| • o/w Alexandre de Palmas | N/A | N/A | N/A | N/A | 13,587 |
| • o/w Géry Robert-Ambroix | 10,294 | 15,073 | N/A | 16,244 | 14,266 |
| • o/w Yves Cadelano | 5,147 | 7,537 | N/A | N/A | N/A |
| • o/w Sébastien Vanhoove | N/A | N/A | 7,537 | 6,962 | 6,114 |
| • o/w other employees | 60,783 | 80,332 | N/A | 121,700 | 111,780 |
| Residual number of shares to be allocated as of 31 December 2020 | 0 | 112,611 | 7,537 | 139,306 | 144,647 |
| Issue and vesting dates of B Shares(1) | N/A | 16/05/2019 | 24/10/2019 | N/A | N/A |
| Issue and vesting dates of C Shares(2) | N/A | N/A | N/A | 16/05/2020 | 29/06/2021 |
| Issue and vesting dates of D Shares(3) | N/A | N/A | N/A | N/A | |
| Date of conversion of preference shares into ordinary shares (A Shares) | N/A | 16/05/2021 | 24/10/2021 | 16/05/2022 | 29/06/2023 |
| Vesting date(s) | 12 June 2019: Employees 50%<br>12 June 2020: Employees 50%/Corporate officers 100% | 16/05/2019 | 24/10/2019 | 16/05/2020 | 29/06/2021 |
| Availability date | 12 June 2019: Employees 50%<br>12 June 2020: Employees 50%/Corporate officers 100% | 16/05/2021 | 24/10/2021 | 16/05/2022 | 29/06/2023 |
| Number of shares that vest at the end of the holding period | 12 June 2019: 21,151 shares for key employees<br>12 June 2020: 31,814 shares, of which 9,059 awarded to Géry Robert-Ambroix, and 22,755 to key employees | N/A | N/A | N/A | N/A |

(1) *The preference share plan stipulates that one year after the allocation date, B Shares will be created and definitively allotted to the beneficiaries and, in accordance with the plan, will be converted into Carmila ordinary shares, subject to attendance and performance conditions.*
(2) *The preference share plan stipulates that one year after the allocation date, C Shares will be created and definitively allotted to the beneficiaries and, in accordance with the plan, will be converted into Carmila ordinary shares, subject to attendance and performance conditions.*
(3) *The preference share plan stipulates that one year after the allocation date, D Shares will be created and definitively allotted to the beneficiaries and, in accordance with the plan, will be converted into Carmila ordinary shares, subject to attendance and performance conditions.*
(4) *Plan introduced by Carmila SAS and renewed by Carmila following a decision by the Annual General Meeting which voted on the merger on 12 June 2017.*

### 8.2.6.2 Employee share ownership

Shares held by Group employees and its corporate officers within the meaning of Article L. 225-102 of the French Commercial Code, represented 0.12% of the share capital at 31 December 2020.

## 8.2.7 Agreements which may lead to a change of control

To Carmila's knowledge, there is no agreement at the date of this document that could result in a change of control over Carmila at a date subsequent to the Merger.

## 8.2.8 Effects of a tender offer or public exchange offer (Article L. 22-10-11 of the French Commercial Code)

The Company has not issued securities carrying special control rights and no control mechanism is anticipated in the event of an employee shareholding scheme, where the control rights are not exercised directly by the employees.

To the best of Carmila's knowledge, as of the date of this document, no agreement exists which would be changed or terminated in the event of a change of control of the Company.

In addition, there are no agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without just cause, or if their employment is terminated as a result of a public offering.


# 9. Additional information

# 9.1 Information on the Company

## 9.1.1 Company name and corporate purpose

The Company is registered under the corporate name "Carmila".

## 9.1.2 Registration place and number

The Company is registered with the Nanterre Trade and Companies Registry under number 381 844 471.

The Company's Legal Entity Identifier is 222100P6D3QKU33LZQ72.

## 9.1.3 Date of incorporation and term

The Company was incorporated on 6 March 1991 for a term to expire on 1 May 2090, except in the event of an early dissolution or an extension provided for in the By-laws.

## 9.1.4 Registered office, legal structure and applicable jurisdiction

The Company's registered office is at 58, avenue Émile-Zola, 92100 Boulogne-Billancourt, France (Tel: +33 1 58 33 64 99).

The Company's website is: carmila.com (information provided on the Company's website will not be included in the prospectus, unless such information is included by reference in the prospectus).

The Company is a joint-stock company (*société anonyme*) incorporated under French law with a Board of Directors, and is governed by the laws and regulatory provisions of the French Commercial Code.

# 9.2 Articles of incorporation and By-laws

The Company's By-laws were modified on 12 June 2017, following the merger of the same date. These amendments were mainly related to (i) the extension of Directors' terms from three to four years and the inclusion of an option to shorten terms in order to allow for the staggered renewal of the Board of Directors, in accordance with the recommendations of the AFEP/MEDEF Code, (ii) the option to appoint Non-Voting Directors to assist the Board of Directors and (iii) a number of drafting changes and amendments in response to new provisions of the French Civil Code (Code civile) or certain conditions concerning the Company's distributions.

The By-laws were also modified to take into account increases of capital as well as compliance with legislative and regulatory developments. The main modifications are presented below:

- On 6 July 2017, Carmila finalised a placement, launched on 25 June 2017, of 23,041,668 new shares for a total amount of €578 million, including a €75 million greenshoe option. This operation included an additional period to allow Carmila shareholders who had not sold or exercised their warrants to exercise them before 17 July 2017. As a consequence, the total number of shares issued (excluding the exercise of the greenshoe option) was 23,123,818 ordinary shares for a total amount of €555.0 million including i) 20,958,334 shares issued as part of the share placement representing €503.0 million, and ii) 2,165,484 shares issued following the exercise of the remaining warrants (including the subscription of Carrefour through the partial exercise of its warrants for an amount of €50 million) representing around €52.0 million. The settlement and delivery of the 82,150 new shares issued through the exercise of the warrants since 10 July 2017 took place on 25 July 2017. Following the exercise of the remaining warrants, and upon issuance of the corresponding additional new shares, Carmila's outstanding share capital was composed of 131,992,047 shares. The By-laws were modified accordingly on 25 July 2017.
- In connection with the capital increase of 6 July 2017, a stabilisation agent, acting in the name and on behalf of the underwriters, exercised the greenshoe option granted in the offering with respect to the purchase of 3,067,982 additional new shares. The proceeds from the exercise of the greenshoe option amounted to €73.6 million, increasing the total capital increase amount to €628.6 million. Following the completion of the capital increase and the exercise of the greenshoe option, Carmila's share capital comprised 135,060,029 shares. As a consequence, the By-laws were modified on 31 July 2017.
- The Annual General Meeting held on 16 May 2018 decided to offer shareholders an option to receive the balance of the 2017 dividend payment in shares (i.e., €0.75 per share). The option period was opened from 23 May 2018 to 6 June 2018. At the end of the option period, shareholders having elected to receive the balance of the 2017 dividend in shares represented 34.27% of Carmila shares. For the purposes of the dividend payment in shares, 1,501,666 new shares were issued. The settlement and delivery of the shares as well as their admission to trading on Euronext Paris occurred on 14 June 2018. After this capital increase, the number of outstanding Carmila shares was 136,561,695. The By-laws were modified accordingly.
- The Company's By-laws were amended on 16 May 2019 and 24 October 2019, so as to implement the creation of a new B share class ("B Shares"), which are preference shares issued in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code (*Code de commerce*), in connection with the allotment of preference shares to Group employees.
- The Company's By-laws were also amended on 16 May 2020, so as to implement the creation of a new C share class ("C Shares"), which are preference shares issued in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code, in connection with the allotment of preference shares to Group employees.

The Annual General Meeting held on 29 June 2020 decided on the following modifications to Carmila's By-laws:

- The addition of Carmila's purpose statement in the preamble of the By-laws, defined as follows: "*At Carmila, proximity is at the heart of everything we do. We provide everybody with access to a responsible offering of everyday, useful products and services. We connect retailers and customers as closely as possible to where people live. We develop and manage centres on a human scale that are practical and friendly, and which create ties, revitalising regions and fostering a sense of community. Partnering with our retailers and tenants, we innovate alongside them to develop services which improve our customers' experiences and provide them with enjoyment and simplicity. Creating this proximity allows us to fulfil our mission: to simplify and enhance everyday life for retailers and customers in all our regions.*"

- Bringing the By-laws into line with certain provisions of the Pacte Law of 22 May 2019 and the Soilihi Law of 19 July 2019 and, in particular, amending article 12.3 of the By-laws in order to allow the Board of Directors to take certain decisions by written consultation, and to dematerialise the attendance register and the register of decisions of the Board of Directors, and article 16.1 in order to adjust the semantics of the remuneration of the directors, previously referred to as directors' fees.
- The amendment of article 18 of the By-laws to specify that the Company is not required to appoint alternate statutory auditors, in accordance with the Sapin II Law of 9 December 2016.
- The amendment of article 25 of the By-laws in order to take into account the provisions of the tax regime for listed real estate investment companies in Spain ("SOCIMI"), which provides for the application of a withholding tax on dividend distributions made to shareholders who hold, directly or indirectly, a certain percentage in the distributing company and who do not justify that they are subject to a minimum tax rate on such dividends.
- On 27 July 2020, the Chairman and Chief Executive Officer recorded the completion of the Company's capital increase following the exercise by shareholders of the option to receive payment of the dividend in shares proposed at the General Meeting of 29 June 2020, and thus the issue of 5,795,730 new shares, i.e., a nominal capital increase of €34,774,380. Following this transaction, Carmila's share capital amounted to €855,701,274, divided into 142,616,879 shares with a par value of €6 each.

The description below covers the main provisions of the By-laws.

## 9.2.1 Corporate purpose (article 3 of the By-laws)

Pursuant to article 3 of the By-laws, the Company's main purpose is to acquire or construct commercial or industrial buildings or groups of buildings for leasing or rental purposes, to directly or indirectly hold equity interests in legal entities whose purpose is to acquire or construct buildings or groups of commercial buildings for leasing or rental purposes, and, more generally, to hold and operate sites, commercial or industrial buildings or groups of buildings, and in particular, shopping centres, located in France and abroad, for leasing or rental purposes, to:

- acquire by any means (including through exchange or contribution or any other type of transfer) and/or construct any sites, buildings, assets and property rights for leasing or rental purposes; to manage, administrate, rent, lease and develop any sites, assets and property rights; to furnish and equip all building complexes for rent; and any other activities associated with or related to the abovementioned business, directly or indirectly, acting alone or through an association, joint venture, group or company with any other persons or companies;
- participate, by any means, in transactions relating to its purpose by way of acquisition of equity interests or investments, by any means and in any form, in any French or foreign real estate, industrial, financial or commercial company, in particular by way of acquisition, creation of new companies, subscription or purchase of securities or corporate rights, contributions, mergers, alliances, joint ventures, economic interest groups or otherwise, as well as to administer, manage and control these equity interests or investments;
- on an exceptional basis: exchange or dispose of securities held, property rights or assets or real estate acquired or built for leasing or rental purposes in accordance with the Company's main purpose by way of sale, contribution or otherwise; and
- generally, all commercial, financial and industrial transactions and all transactions in movable or real property relating directly or indirectly to the purpose of the Company and any similar or connected purpose likely to facilitate the completion thereof or promoting its extension or development (including, in particular, concerning buildings or groups of buildings for leasing or rental purposes, other than for commercial purposes).

## 9.2.2 Rights, privileges and restrictions with respect to shares

### Class of shares (article 7 of the By-laws)

The shares are divided into three categories: 136,561,695 class A Shares, which are ordinary shares; 120,148 class B Shares, and 139,306 class C Shares which are preference shares issued in accordance with Articles L. 228-11 *et seq.* of the French Commercial Code.

### Class A Shares

#### Voting rights (article 10 of the By-laws)

Each class A Share entitles the holder to one (1) vote.

#### Dividends rights and liquidation dividends rights (article 10 of the By-laws)

Each class A Share entitles the holder to a share in the profits in proportion to the number of A Shares in existence. Each share entitles the holder to liquidation dividends in proportion to the number of shares in existence.

### Class B and class C Shares

#### Voting rights (article 10 of the By-laws)

B and C Shares do not carry voting rights.

#### Dividends rights and liquidation dividends rights (article 10 of the By-laws)

B and C Shares do not carry dividend rights. Each share entitles the holder to liquidation dividends in proportion to the number of shares in existence.

#### Conversion into A Shares (article 10 of the By-laws)

After the class B and C Share lock-up period given in the B and C Share plans under which they are allocated, B and C Shares will automatically be converted into A Shares, it being stated that, with respect to the Company's corporate officers, the Board of Directors would have the option of delaying the conversion date to the date of termination of their duties as corporate officers within the Company.

Each B and C Share would carry the right of a maximum of one (1) A Share, subject to meeting the performance conditions as provided under article 10 of the By-laws. The number of A Shares that may result from the conversion of the B and C Shares will be calculated by the Board of Directors on the lock-up period expiry date according to the extent to which the performance conditions have been met, it being stated that if the average attainment rate of the applicable performance conditions exceeds 100%, the conversion ratio will be, as the case may be, one (1) A Share for one (1) B Share or one (1) A Share for one (1) C Share.

The maximum total number of A Shares likely to result from the conversion of class B Shares may not be more than 127,000. This number does not take into account any adjustments made to preserve the rights of the beneficiaries of B Shares, in accordance with the relevant legal and regulatory provisions and, where necessary, contractual provisions.

The maximum total number of A Shares likely to result from the conversion of C Shares may not be more than 180,000. This number does not take into account any adjustments made to preserve the rights of the beneficiaries of C Shares, in accordance with the relevant legal and regulatory provisions and, where necessary, contractual provisions.

**Buyback of B and class C Shares (article 10 of the By-laws)**

In the event that, after the lock-up period expiry date, the number of A Shares to which the B and C Shares held by some or all of the holders would give rights through conversion is equal to zero, the Company will, at its sole initiative, buy back the said B and C Shares for the purpose of cancelling them.

All B and class C Shares bought back in this way will be permanently cancelled on their buyback date and the Company's share capital reduced by that amount, with creditors benefiting from a right to oppose.

B and C Shares will be bought back at their face value.

The Company will notify B and C Shareholders of the buyback by any means prior to the actual buyback date.

The Board of Directors must note the number of any B and C Shares bought back and cancelled by the Company and make the necessary changes to the articles of these By-laws.

### Preferential Subscription Rights

Shares of the Company will carry preferential subscription rights to capital increases under the conditions set out in the French Commercial Code.

### Participation in Shareholders' Meetings (article 19 of the By-laws)

Shareholders may attend meetings in person or by proxy. Any shareholder may be represented or vote by mail, in accordance with the terms and conditions provided for by applicable law.

The ability to participate in Shareholders' Meetings is subject to the registration of the shares in the name of the shareholder or intermediary registered on the shareholder's behalf, two business days before the applicable meeting at 12:00 midnight, Paris time, either in the registered share accounts held by the Company or in the bearer share accounts held by the authorised intermediary. For holders of bearer shares, the certificate of participation justifying the ownership of their shares will be issued by the authorised intermediary holding their account and will allow them to participate in the Shareholders' Meeting.

Upon the decision of the Board of Directors in its convening notice, any shareholder may also participate and vote in Shareholders' Meetings by video-conference or any other means of telecommunication, including by Internet, provided that the means of communication permits the identification of the shareholder in question in accordance with the terms and conditions set out by applicable law and regulations.

**Procedures for convening and conducting Ordinary and Extraordinary Shareholders' Meetings (articles 20 and 22 of the By-laws)**

Ordinary and Extraordinary Shareholders' Meetings held under the quorum and majority conditions prescribed by law exercise the powers granted to them under law. They will be convened by the Board of Directors under the conditions and within the time limits set out by law.

### Special Shareholders' Meeting (article 23 of the By-laws)

B and C Shareholders are consulted on issues that fall specifically within their competence under the law.

B and C Shareholders entered in the Company accounts may attend these Special Shareholder's Meeting and take part in the vote. The Special B and C Shareholders' Meetings exercise their powers in accordance with the conditions set out in the applicable regulations.

Company's decisions taken by a General Shareholder's Meeting only become final (i) following the approval by the Special B Shareholders' Meeting where these modify rights relating to class B Shares and (ii) following the approval by the Special C Shareholders' Meeting where these modify rights relating to C Shares.

### Identifiable Bearer Shares (article 8 of the By-laws)

The Company may use means authorised by applicable law and regulations for the identification of holders of shares conferring an immediate or future right to vote in its Shareholders' Meetings, and may apply any sanctions related to such shares.

Holders who fail to comply with requests for information within the time period provided for by applicable laws and regulations or who transmit incomplete or inaccurate information as to their capacity or as to the owners of the shares or the quantity of shares held by each of them, securities giving current or future access to the share capital and on behalf of whom such holders are registered by book-entry, will be stripped of voting rights for any Shareholder's Meeting held before such identification is corrected, and the payment of any corresponding dividend will be deferred until such date.

## 9.2.3 Board of Directors and Executive Management

### Board of Directors (article 12 of the By-laws)

The Company is managed by a Board of Directors consisting of three to eighteen members, subject to derogations provided for by law in the event of a merger.

The Board of Directors shall be renewed each year on a staggered basis, such that renewals cover a portion of the members of the Board of Directors. The term of directorships is four years. Exceptionally, so that the Board of Directors is renewed each year on a rotating basis, the Shareholders' Meeting may appoint one or more directors for a different duration, which may not exceed four years.

The number of members of the Board of Directors having exceeded the age of 70 may not be more than one-third of the members in function.

### Chairman of the Board of Directors (article 13 of the By-laws)

The Board of Directors shall elect a Chairman from among its members, who must be a natural person. The Chairman organises and directs the work of the Board of Directors, on which it reports to the Shareholders' Meeting. It ensures the proper functioning of the Company's governing bodies and ensures, in particular, that the Directors are able to perform their duties.

### Chief Executive Officer (article 14 of the By-laws)

The Executive Management of the Company is assumed under the responsibility of either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors, with the title of Chief Executive Officer. The Chief Executive Officer is vested with the following powers to act in all circumstances on behalf of the Company. These powers are exercised within the limits of the Company's corporate purpose and under reserve of those expressly attributed by law and by the By-laws to the Shareholders' Meetings and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties.

### Non-Voting Directors (article 17 of the By-laws)

The Shareholders' Meeting may appoint Non-Voting Directors (natural persons or legal entities) to assist the Board of Directors. Non-Voting Directors may be, but are not required to be, shareholders, and no more than three may be appointed. Non-Voting Directors are invited to all meetings of the Board of Directors, under the same conditions and in the same way as members of the Board of Directors; they may take part in the deliberations, but only in an advisory capacity. Non-Voting Directors may share their observations during meetings of the Board of Directors. They may not take the place of members of the Board of Directors, and may only give opinions.

# 9.3 Person responsible for the Universal Registration Document and certification

## 9.3.1 Name

Marie Cheval

Chair and Chief Executive Officer of Carmila

## 9.3.2 Certification by the person responsible for the Universal Registration Document and the Annual Financial Report

"I hereby declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation, and that the Management Report to Shareholders faithfully reflects the changes in the business, results and financial position of the Company and of all companies included in the scope of consolidation, while presenting the main risks and uncertainties faced by them (the cross-reference table with the sections of the Management Report in the Universal Registration Document is presented on page 308)."

Marie Cheval, Chair and Chief Executive Officer of Carmila

# 9.4 Statutory Auditors

## 9.4.1 Principle Statutory Auditors

Deloitte & Associés, 6 place de la Pyramide,
92908 Paris-La Défense Cedex

KPMG S.A., 2, avenue Gambetta (Tour Eqho),
92066 Paris-La Défense Cedex

## 9.4.2 Alternate Statutory Auditors

BEAS, 6 place de la Pyramide,
92908 Paris-La Défense Cedex

Salustro Reydel, 2, avenue Gambetta (Tour Eqho),
92066 Paris-La Défense Cedex

# 9.5 Person responsible for the information

Pierre-Yves Thirion

Chief Financial Officer of Carmila

# 9.6 Documents on display

Copies of this document and other documents related to the Company, in particular its By-laws, financial statements, reports submitted to its Shareholders' Meetings by the Board of Directors and the Statutory Auditors, are available free of charge at the Company's registered office (58, avenue Émile-Zola - 92100 Boulogne-Billancourt). These documents may also be found on the Company's website (www.carmila.com/en).

This document can also be consulted on the Company's website (www.carmila.com/en/finance/registration-documents) and the website of the French financial markets authority (*Autorité des marchés financiers* – AMF) (www.amf-france.org).

# 9.7 Cross-reference tables

## 9.7.1 Cross-reference table of the Universal Registration Document

| Annex I Commission Delegated Regulation (EC) no. 2019/980 | Chapter/section no. |
|---|---|
| **1/ Persons responsible, information originating from third parties, expert statements and approval by the competent authority** | **9.3.1/9.3.2** |
| **2/ Statutory Auditors** | |
| 2.1. Identity | 9.4.1 |
| 2.2. Any changes | N/A |
| **3/ Risk factors** | 5.2 |
| **4/ Information about the issuer** | |
| 4.1. Corporate name | 9.1.1 |
| 4.2. Registration place and number, legal entity identifier (LEI) | 9.1.2 |
| 4.3. Date of incorporation and term | 9.1.3 |
| 4.4. Registered office, legal structure and applicable jurisdiction, address and phone number, website | 9.1.4 |
| **5/ Business overview** | |
| 5.1. Principal activities | 3.3/3.5/3.6/5.1.1 |
| 5.2. Principal markets | 2.1 |
| 5.3. Exceptional events | N/A |
| 5.4. Strategy and objectives | 1/3.4/4.1 |
| 5.5. Dependence of the issuer | N/A |
| 5.6. Competitive position | 2.1 |
| 5.7. Investments | 3.8.6 |
| **6/ Organisational structure** | |
| 6.1. Brief description of the Group | 5.1 |
| 6.2. List of significant subsidiaries | 5.1.3 |
| **7/ Operating and financial review** | |
| 7.1. Financial condition | 3.9/3.10 |
| 7.2. Operating income | 3.7 |
| **8/ Cash and share capital** | |
| 8.1. Information on share capital | 3.1/3.2.4/7.1.4 |
| 8.2. Cash flows | 3.2.3/7.1.3 |
| 8.3. Borrowing requirements and funding structure | 3.7 |
| 8.4. Restrictions on the use of capital resources | 3.7 |
| 8.5. Anticipated sources of funds | 3.7 |
| **9/ Regulatory environment** | |
| **10/ Trend information** | 3.11.3 |
| 10.1. Most significant recent trends since the end of the last financial year | 3.11.3 |
| 10.2. Event likely to have a material effect on the issuer's prospects | 3.11.3 |
| **11/ Profit forecasts or estimates** | N/A |
| **12/ Administrative, management and supervisory bodies and Executive Management** | |
| 12.1. Board of Directors and Executive Management | 6.1.1/6.1.2 |
| 12.2. Conflicts of interest in resepct of the administrative, management and supervisory bodies and Executive Management | 6.1.3.1 |

| Annex I Commission Delegated Regulation (EC) no. 2019/980 | Chapter/section no. |
|---|---|
| **13/ Compensation and benefits** | |
| 13.1. Compensation and benefits in kind | 6.2 |
| 13.2. Amounts provisioned for or otherwise recognised for the purpose of paying pensions, retirement or other benefits | 6.2.1 |
| **14/ Functioning of the administrative and management bodies** | |
| 14.1. Date of expiry of terms of office | 6.1.2.1 |
| 14.2. Service agreements | 6.2.1 |
| 14.3. Information about the Audit Committee, and the Compensation Committee | 6.1.3.3 |
| 14.4. Compliance with the applicable corporate governance regime | 6 |
| 14.5. Potential significant impacts on corporate governance | N/A |
| **15/ Employees** | |
| 15.1. Number of employees and staff distribution | 4.5.1.3/7.1 Note 12.2 |
| 15.2. Shareholdings and stock options of members of the Board of Directors and Management bodies | 6.2.2.4/8.2.6 |
| 15.3. Arrangements for involving the employees in the share capital of the issuer | 8.2.6 |
| **16/ Main shareholders** | |
| 16.1. Threshold crossing | 8.2.3 |
| 16.2. Existence of different voting rights | 9.2.2 |
| 16.3. Direct or indirect control | 8.2.1 |
| 16.4. Agreement implementation of which could result in a change in control | 8.2.7 |
| **17/ Related-party transactions** | 7.1 Note 11 |
| **18/ Financial information concerning the issuer's assets and liabilities, financial position and profits and losses** | |
| 18.1. Historical financial information | 3.1/7.1/7.3/7.4.6 |
| 18.2. Interim and other financial information | N/A |
| 18.3. Auditing of historical financial information | 7.2/7.5 |
| 18.4. Pro forma financial information | N/A |
| 18.5. Dividend distribution policy | 3.9.5 |
| 18.6. Legal and arbitration proceedings | 5.5 |
| 18.7. Significant changes in financial position | 3 |
| **19/ Additional information** | |
| 19.1. Share capital | 3.10/8.1 |
| 19.1.1. Subscribed capital | 8.1.1 |
| 19.1.2. Other shares | 8.1.4 |
| 19.1.3. Treasury shares | 8.1.5 |
| 19.1.4. Securities | 8.1.6 |
| 19.1.5. Vesting conditions | 8.1.7 |
| 19.1.6. Options or agreements | 8.1.8 |
| 19.1.7. History of the share capital | 8.1.1 |
| 19.2. Articles of incorporation and By-laws | 9.2 |
| **20/ Material contracts** | 5.6 |
| **21/ Documents on display** | 9.6 |

### 9.7.2 Cross-reference table of the Annual Financial Report

| Headings in Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) | | Chapter/section No. |
|---|---|---|
| **1/** | **Management report to Shareholders** | 2/3/5/7.4 |
| **2/** | **Consolidated financial statements** | 7.1 |
| **3/** | **Statutory financial statements** | 7.3 |
| **4/** | **Report of the Statutory Auditors on the statutory financial statements and consolidated financial statements** | 7.2 |
| **5/** | **Corporate Governance Report** | 6 |
| **6/** | **Statutory Auditors' Report on the Corporate Governance Report** | 6.5 |
| **7/** | **Declaration by the physical persons responsible for the Annual Financial Report** | 9.5 |

### 9.7.3 Cross-reference table of the Management report to Shareholders

| Reference texts | | | Chapter/section No. |
|---|---|---|---|
| **COMMENTS ON THE FINANCIAL YEAR** | | | |
| French Commercial Code | L. 225-100-1, L. 232-1, L. 233-6 and L. 233-26 | Situation of the Company during the financial year ended and objective and comprehensive analysis of changes in the business, results and of the Company and Group | 3 |
| French Commercial Code | L. 225-100-1 | Key non-financial performance indicators relating to the Company's specific business | 3.4/3.5/3.6 |
| French Commercial Code | L. 225-102-1 | Non-financial statement | 4 |
| French Commercial Code | L. 233-6 | Significant holdings taken during the financial year in companies with their registered office in France | 5.1.3 |
| French Commercial Code | L. 232-1 and L. 233-26 | Significant events between the financial year closing date and the date of this report | 3.11.2/7.1 Note 13.1/7.3 Note 9.4 |
| French Commercial Code | L. 232-1 and L. 233-26 | Foreseeable change in the Company or Group situation | 3.10 |
| French General Tax Code | 243 *bis* | Dividends distributed in respect of the last three financial years and amount of income distributed in respect of these same financial years eligible for the 40% tax credit | 3.9.5 |
| French Commercial Code | L. 441-6, L. 441-6-1 and D. 441-4 | Information on the Company's supplier and customer payment terms | |
| **ELEMENTS OF THE GROUP'S PRESENTATION** | | | |
| French Commercial Code | L. 225-100-1 | Description of the main risks and uncertainties faced by the Company | 5.2 |
| French Commercial Code | L. 225-100-1 | Financial risks related to the effects of climate change and presentation of measures taken by the Company to mitigate them by implementing a low-carbon strategy in all areas of its activity | 5.4.5 |
| French Commercial Code | L. 225-100-1 | Principal characteristics of internal control and risk management procedures put in place by the Company relating to the preparation and processing of accounting and financial information | 5.4 |
| French Commercial Code | L. 225-100-1 | Indications about the objectives and policy for hedging each main category of transactions for which hedge accounting is used | 7.1 Note 6.3 |
| French Commercial Code | L. 225-100-1 | The Company's exposure to price, credit, liquidity and cash risks | 7.1 Note 6.3.1 |
| French Commercial Code | L. 225-102-1, R. 225-105 and R. 225-105-1 | Social and environmental consequences of the activity and related Statutory Auditors' report | 4/4.5.3 |
| French Commercial Code | L. 225-102-1 | Collective agreements concluded in the Company and impacts on the Company's financial performance as well as on employees' working conditions | 4.4/5.2 |

| Reference texts | | | Chapter/section No. |
|---|---|---|---|
| French Commercial Code | L. 225-102-2 | In the event of operation of an installation referred to in Article L. 515-36 of the French Environmental Code (*Code de l'environnement*):<br>• description of the technological accident risk prevention policy;<br>• report on the ability to cover public liability in respect of people and property; and<br>• detail of the resources put in place by the Company to ensure management of compensation for victims in the event of a technological accident for which the Company is liable (including Seveso installations). | N/A |
| French Commercial Code | L. 225-102-4 | Duty of care plan enabling identification of risks and prevention of serious abuses of human rights and fundamental freedoms, or serious impacts on health, safety and the environment resulting from the Company's activity and that of sub-contractors and suppliers | N/A |
| French Commercial Code | L. 232-1 | Research and development activities | 5.7 |
| **INFORMATION ABOUT CORPORATE GOVERNANCE** | | | |
| French Commercial Code | L. 225-185 | Conditions for exercise and holding of options by senior executives | N/A |
| French Commercial Code | L. 225-197-1 | Conditions for holding free shares allocated to executive corporate officers | 6.2.2.4 |
| French Monetary and Financial Code | L. 621-18-2 | Transactions on the Company's securities by senior executives and related persons | 8.2.5 |
| French Commercial Code | L. 225-184 | Options granted, subscribed or acquired during the financial year by senior executives and any of the top ten employees who are not corporate officers of the Company and options granted to all employees by category | N/A |
| **INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL** | | | |
| French Commercial Code | L. 225-211 | Detail of purchases and sales of treasury shares during the financial year<br>Information about acquisitions by the Company of treasury shares in order to allocate them to employees or senior executives | 8.1.5 |
| French Commercial Code | R. 228-90 | Any adjustments for securities giving access to the share capital in the event of share repurchases or financial transactions | 8.1.6 |
| French Commercial Code | L. 225-102 | Status of employee shareholding in the share capital on the last day of the financial year and proportion of the share capital represented by shares held by employees through company savings plans and by employees and former employees as part of company mutual funds | 8.2.6 |
| French Commercial Code | L. 464-2 | Injunctions or monetary penalties for anti-competitive practices | N/A |
| French Commercial Code | L. 233-13 | Identity of natural or legal persons holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at General Meetings of Shareholders | 8.2.1 |
| French Monetary and Financial Code | L. 511-6 | Amount of loans with terms of less than two years granted by the Company, as an ancillary activity to its main business, to micro-enterprises, SMEs or intermediate-size companies with which it has business links justifying such loans | N/A |
| **ELEMENTS RELATING TO THE FINANCIAL STATEMENTS** | | | |
| French Commercial Code | L. 232-6 | Any changes to the presentation of the financial statements or valuation methods used | 7.1.5 Note 2 |
| French Commercial Code | R. 225-102 | Company's results over the last five financial years | 7.4.6 |

## 9.7.4 Cross-reference table of the Corporate Governance Report

| Reference texts | | | Chapter/section No. |
|---|---|---|---|
| **COMPENSATION** | | | |
| French Commercial Code | L. 225-37-2 | Compensation policy of corporate officers | 6.2.2 |
| French Commercial Code | L. 225-37-3<br>L. 225-100, II<br>R. 225-29-1 | Information relating to the compensation of corporate officers | 6.1 |
| **INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL** | | | |
| French Commercial Code | L. 225-37-4 | List of all offices and positions held in any company by each of these officers during the financial year | 6.1.2.1 |
| French Commercial Code | L. 225-37-4 | Agreements concluded between a corporate officer or a shareholder holding more than 10% of the voting rights and a subsidiary | 5.1.5.3 |
| French Commercial Code | L. 225-37-4 | Choice of methods of exercising Executive Management | 6.1.1 |
| French Commercial Code | L. 225-37-4 | Summary of outstanding delegations granted by the Annual General Meeting to the Board of Directors with regard to capital increases | 8.1.3 |
| French Commercial Code | L. 225-37-4 | Membership, conditions of preparation and organisation of the Board | 6.1.2/6.1.3 |
| French Commercial Code | L. 225-37-4 | Description of the diversity policy applied to Board members as to criteria such as age, gender, qualification and professional expertise, together with a description of this policy, its aims, ways of application and results obtained during the financial year.<br>Information on how the Company seeks to ensure gender balance, thanks to the ad hoc committee put in place by the Executive Management of the Company to assist in its general duties on a regular basis and on the achievement of gender balance in the top 10% of senior management positions. | 6.1.2.3 |
| French Commercial Code | L. 225-37-4 | Limitations to the powers of the Chief Executive Officer | 6.1.1.1 |
| French Commercial Code | L. 225-37-4 | Compliance with the Corporate Governance Code | 6 |
| French Commercial Code | L. 225-37-4 | Specific arrangements for the participation of shareholders in Shareholders' Meetings | 9.2.2 |
| French Commercial Code | L. 225-37-5 | Rules applicable to the appointment and replacement of members of the Board of Directors or the Executive Board as well as to changes to the Company's By-laws | 9.2.3 |
| French Commercial Code | L. 225-37-5 | Powers of the Board of Directors or Executive Board, in particular relating to the issuance or repurchase of shares | 6.1.3.2 |
| **INFORMATION ON SHARE CAPITAL** | | | |
| French Commercial Code | L. 225-37-5 | Structure and changes in the Company's share capital | 8.1 |
| French Commercial Code | L. 225-37-5 | Statutory restrictions on the exercise of voting rights and the transfer of shares or agreement clauses brought to the Company's notice | 9.2.2 |
| French Commercial Code | L. 225-37-5 | Direct or indirect holdings in the Company's share capital of which it is aware | 8.2.1 |
| French Commercial Code | L. 225-37-5 | List of holders of any securities bearing special control rights and description of such rights | 8.2.8 |
| French Commercial Code | L. 225-37-5 | Control mechanisms provided for in any shareholding system for employees, when the control rights are not exercised by the latter | 8.2.7 |
| French Commercial Code | L. 225-37-5 | Shareholder agreements of which the Company is aware and which may give rise to restrictions on the transfer of shares and the exercise of voting rights | 8.2.7 |
| French Commercial Code | L. 225-37-5 | Agreements concluded by the Company that are modified or end in the event of a change of control of the Company, unless such disclosure, other than when there is a legal obligation to disclose, would be seriously prejudicial to the Company's interests | 8.2.7 |
| French Commercial Code | L. 225-37-5 | Agreements providing for payments to members of the Board of Directors or Executive Board or employees, in the event that they resign or are dismissed without actual and serious basis or if their employment ends on account of a tender offer | 8.2.7 |

## 9.8 Glossary

*Average cost of debt*: the average cost of debt represents the average effective rate that a company pays on its borrowings from financial institutions or other sources. This debt may be in the form of bonds, loans or any other liabilities.

*BREEAM (Building Research Establishment Environmental Assessment Method)*: developed by the Building Research Establishment (BRE) in the United Kingdom in 1990, BREEAM is recognised as the leading appraisal and certification system for the environmental performance of buildings.

*CDAC (Commission départementale d'aménagement commercial or Departmental commission on retail development)*: opening a retail area greater than 1,000 sq.m. in France requires prior administrative authorisation from CDAC.

*CNCC (Conseil National des Centres Commerciaux, or National Shopping Centre Advisory Board)*: for 30 years, the CNCC has been the French professional organisation for all professionals operating in the shopping centre sector.

*Developer yield on cost*: expected net annualised rents divided by the estimated amount of the developer investment.

*EBITDA (excluding fair value adjustments)*: earnings before interest, taxes, depreciation, and amortisation measures the wealth creation from operating the assets. Its French equivalent is EBE (gross operating surplus).

*EPRA (European Public Real Estate Association)*: created in 1999, the EPRA is a European association representing real estate companies, whose role is to promote, develop and represent listed companies in the real estate sector at the European level.

*EPRA Earnings*: operational performance measure excluding fair value adjustments, the impact of asset disposals and other non-cash items in the Company's result.

*EPRA NAV* (Net Asset Value): indicator of the fair value of a real estate company. EPRA NAV is calculated by adding unrealised capital gains or losses on assets to attributable equity (i.e., consolidated net assets). This indicator excludes the deferred tax on unrealised capital gains as well as the fair value of hedging instruments.

*EPRA NNNAV*: triple net asset value is calculated by deducting the fair value of fixed rate debt and deferred taxes on unrealised capital gains, which would be owed if the assets were sold, from the EPRA NAV. Financial instruments are recognised at fair value.

EPRA NDV (Net Disposal Value): EPRA NDV corresponds to the net asset value of the Company.

EPRA NTA (Net Tangible Assets): EPRA NTA corresponds to the value of the Company’s net tangible assets.

EPRA NRV (Net Reinstatement Value): EPRA NRV corresponds to the net reconstitution value of the company over the long term.

*EPRA NIY (Net Initial Yield)*: EPRA Net Initial Yield is the ratio between net annualised rental income based on the rental status and market value, including transfer taxes, of the assets.

*EPRA topped-up Net Initial Yield*: the EPRA Topped Up Net Initial Yield adds back reductions and step rents into rental income.

*EPRA vacancy rate*: ratio of the market rent of vacant surface areas to total market rent (of vacant and let surface areas).

*Financial occupancy*: corresponds to the ratio between the minimum guaranteed rent of the portfolio on a given date and the amount of rent that Carmila would collect if its entire operating property portfolio were leased (with the assumed rent for vacant lots determined on the basis of rental values set by the appraiser). Financial occupancy is stated excluding strategic vacancies, which are the vacant premises necessary in order to implement renovation, extension, or restructuring projects in shopping centres.

*French construction cost index (indice du coût de construction - ICC)*: the construction cost index measures the quarterly change in the price of new, primarily residential buildings in France. VAT is included, paid by the project managers to the construction companies. It applies exclusively to construction works. It excludes the prices and costs of land (viability studies, special foundations, etc.) as well as fees, promotion and financial costs. Moreover, it does not cover maintenance and improvement works.

*GLA*: gross leasable area. The real estate expertise charter sets out the following definition: “The GLA corresponds to the net floor area of a commercial space plus awnings, exterior landings and service ducts. It does not include the service roads or common roads to different lots (in shopping arcades or shopping centres for example).”

*Gross rental income*: minimum guaranteed rent billed by Carmila to its tenants, to which additional variable rents and front-end fees and commercial usage indemnities are added, where appropriate.

*ICR (interest coverage ratio)*: EBITDA (excluding fair value adjustments)/Cost of net debt. This ratio measures the company's ability to cover the cost of its debt from its cash flows from operations.

*ILC (Indice des Loyers Commerciaux, or French Commercial Rent Index)*: the quarterly ILC was created by Law no. 2008-776 of 4 August 2008 on the modernisation of the economy and comprises indices representing the changes in consumer prices, new building construction prices and revenues from retail activities. In France, base rent, whether solely fixed or with a minimum guarantee, is contractually indexed to the INSEE French commercial rent index.

*Joint leader:* a shopping centre is defined as a joint leader if (i) it is not a leader and (ii) (x) it includes the leading hypermarket in its commercial area (for France and Italy) in terms of sales or for Spain in terms of leasable area (source: Nielsen database), or (y) the annual sales of the adjoining hypermarket are over €100 million for hypermarkets in France or €60 million for hypermarkets in Spain or Italy.

*Leader:* a shopping centre is defined as a “leader” if (i) it is the leader in its commercial area by the number of retail units (source: Codata database, 2016) or (ii) it includes, for shopping centres in France, more than 80 commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

*Like-for-like/reported scope:* Carmila reviews the change in certain indicators, whether on a reported basis (including the entire property portfolio on a given date) or like for like. Like-for-like growth is calculated based on a comparable basis of shopping centres. The elements adjusted in order to analyse like for like data are (i) the contribution of acquisitions in the years in question as well as negative reversion linked to acquisitions in previous years, (ii) the impact of restructurings in progress and (iii) and the impacts of extensions delivered during the periods in question.

*Loan-to-value ratio including transfer taxes*: the ratio of consolidated net debt/Fair value of investment properties including transfer taxes (and including the share of the fair value of assets of equity-accounted companies).

*Loan-to-value ratio excluding transfer taxes*: the ratio of consolidated net debt/fair value of investment properties excluding transfer taxes (and including the share of the fair value of assets of equity-accounted companies).

*Minimum guaranteed rent (MGR)*: the minimum guaranteed rent (or annual base rent) in the lease contract.

*Net Reinstatement Value (NRV)*: net reinstatement value NAV (NAV including transfer taxes) includes the property transfer taxes in attributable equity (corresponding to the consolidated net assets) and does not take into account the deferred taxes on unrealised capital gains, as well as the fair value recognition of hedging instruments.

*Net rental income*: gross rental income less land tax expenses, property expenses and unrecovered rental expenses (expenses payable by tenants but not rebilled by the lessor because of vacant premises or specific contractual provisions).

*NPY (Net Potential Yield)*: the Net Potential Yield is the ratio between net annualised rental income (with reintegration of step increases and rent-free periods) plus the market rental value of the vacant lots defined by the experts and the market value, including transfer taxes, of the assets.

*Occupancy cost ratio*: Carmila takes each tenant's occupancy cost ratio into account in determining its rent levels. The occupancy cost ratio is defined as the ratio between (i) the total amount charged to tenants (fixed rent, variable rent and rental expenses passed on to the tenant) and (ii) retailer sales.

*Recurring earnings*: equal to EPRA earnings excluding certain non-recurring items (restatement of loan issuance costs amortised on a straight-line basis over the term of the loan, reintegration of loan issuance costs paid during the year, restatement of margins on real estate development, and income from disposals and other non-recurring expenses).

*Reversion*: the positive or negative change in the minimum guaranteed rent (MGR) obtained on renewal of a lease.

*SIIC (French real estate investment trust, or REIT)*: company benefiting from ad hoc tax treatment subject to certain distribution constraints:

- requirement to distribute at least 95% of its recurring income and 60% of its capital gains (and 100% of the dividends received from its REIT subsidiaries); in exchange, its profits are exempt from tax at the REIT level;
- regarding shareholders: a shareholder may not hold more than 60% of the share capital and 15% of the share capital must be held by shareholders holding less than 2% each.

*Specialty Leasing*: Specialty Leasing refers to various services provided to commercial and advertising initiatives that generate additional revenue and energise shopping centres. The Specialty Leasing department operates in two segments: leasing of space in the shopping centres and car parks, and managing the advertising partnership agreement with Clear Channel, which aims to digitalise shopping centres and assist in jointly designing solutions that closely match new consumer behaviour.

*Temporary store activity:* Carmila leverages the attractiveness of its shopping centres to offer tenant retailers the opportunity to open temporary stores in premises of between 50 and 3,000 sq.m., for durations of between 4 and 34 months.

*Variable rents*: variable rents comprise a fixed portion, the minimum guaranteed rent (or base rent), and an additional variable rent, calculated as a percentage of the tenant's annual retailer sales, excluding taxes.

*Yield (Carmila share)*: expected net annualised rents, divided by the total amount of Carmila's investment (including transfer taxes), including Carrefour's share (50%) to be acquired upon delivery at a market value agreed by the parties and based on an independent appraisal.

## 9.9 Information incorporated by reference

In compliance with Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 applicable from 21 July 2019, the following information is incorporated by reference into this Universal Registration Document:

- for the year ended 31 December 2019: consolidated financial statements, annual statutory financial statements and related Statutory Auditor's reports, along with all documents related to this financial year are disclosed in sections 3 and 7 of the 2019 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on 24 April 2020 under reference D. 20-0353;
- for the year ended 31 December 2018: consolidated financial statements, annual statutory financial statements and related Statutory Auditor's reports, along with all documents related to this financial year are disclosed in sections 3 and 7 of the 2018 Registration Document filed with the AMF on 23 April 2019 under reference D. 19-0372;
- for the year ended 31 December 2017: consolidated financial statements, annual statutory financial statements and related Statutory Auditor's reports, along with all documents related to this financial year are disclosed in sections 3 and 7 of the 2017 Registration Document filed with the AMF on 20 April 2018 under reference D. 18-0358.

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