2021 HALF-YEAR FINANCIAL REPORT

CARMILA

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1. GENERAL CONTEXT AND HEALTH CRISIS RELATED TO COVID-19

1.1. Operating performance

The first half of 2021 was shaped by continued health restrictions, imposed at a national level in France and at a regional level in Spain and Italy, which evolved over time depending on the geography and size of shopping centres. Over the first half of the year 2021, stores in Carmila shopping centres were closed for an average of 2.2 months compared to two months of closure in first-half 2020.

Dynamic reopening periods

In the Group's three countries, cumulative footfall was down by an average of 22% on first-half 2019 (down 20.4% in France, 23.8% in Spain and 25.7% in Italy).

Reopening periods were characterised by solid rebounds, with footfall in June 2021 close to June 2019 levels (90% in France, 80% in Spain and 85% in Italy).

During the periods when stores reopened in France, retailer sales outperformed 2020 and 2019 levels, with sales up 5% in June 2021 versus June 2019.

Very dynamic leasing activity

541 leases were signed in the first half of the year (9.0% of the rental base) for a total minimum guaranteed rent of €27.6 million and rents 3.9% above appraisal values.

In terms of number of leases, this represented a 40% increase on first-half 2019 and 140% on first-half 2020.

The 541 signed leases comprise 266 vacant lots and 275 renewals.

Carmila recorded a positive 3.0% average reversion on renewals over the first half of the year.

Carmila is continuing to develop the merchandise mix in its centres by signing up leading and up-and-coming retail brands in a range of segments. In France, for example, Carmila is preparing to welcome a number of stores including two New Yorker, two Action, eight Hubside Store, and two Normal points of sale, while three Popeye's restaurants are scheduled to open in Spain.

Leveraging the strength of its regional presence and its retail know-how, Carmila is constantly searching for new concepts, such as Miniso, Happy Cash Eco (specialised in purchasing, selling and repairing products) and wine specialist Les Canons, as well as local retailers.

In the first half of 2021, revenues derived from Specialty Leasing and Pop-up Stores were up 3% compared with the same period last year in the three countries. Specialty Leasing recovered well in June 2021 with revenues up 38% compared to June 2020.

The good leasing performance is continuing into the second half of 2021, as illustrated by the high number of pre-contracts signed with retailers.

Solid rental base

The rental base was stable at 30 June 2021, down slightly by 0.6% on a like for like basis versus 2020.

The number of insolvency proceedings and lease terminations was flat. In first-half 2021, insolvency proceedings represented a negative 0.5% impact on Carmila's rental base and lease terminations a negative 1.3%.

Successful omnichannel initiatives

Carmila is developing an omnichannel strategy, the priority of which is to support retailers through the digital transition, in particular the 40% of independent retailers and local partner franchisees.

Carmila is helping retailers make the most of the store reopening period through a range of initiatives, including strengthening their omnichannel presence via the Carrefour marketplace in Spain, offering online payment solutions with ShoppingPay, and broadening drive-to-store solutions with live shopping events.

Carmila is continuing to develop interactions with its customer community by partnering with a network of local influencers whose subscribers surged by 300% year on year in the first half of 2021.

Focused on drive-to-store initiatives, Carmila also bolstered its online presence through a geo-localised customer database of 3.6 million opt-in contacts in France, Spain and Italy, and by pushing its presence on Google and Facebook. In the first half of 2021, Carmila centres were searched nearly 41 million times on Google (up 12% year on year) and generated 130 million views on their Facebook posts (up 29% year on year).

Successful opening of the restructured Cité Europe and the Nice Lingostière extension

In the first half of 2021, Carmila delivered two major extension and restructuring projects:

- Cité Europe (Calais-Coquelles) restructuring: since 29 January 2021, the centre has hosted a new Primark store, as well as a fully refitted Cité Gourmande leisure and restaurant complex. The centre has recorded 31 new store openings since 2018, including seven in the first half of 2021. From 19 May to 30 June 2021, the centre recorded a 65% surge in footfall versus the same year-ago period.

- On 19 May 2021, Carmila opened the fully-let Nice Lingostière extension. As part of the project devised together with local stakeholders, the centre is welcoming 50 new stores across 12,000 sq.m. of additional gross leasable area, including leading retail brands such as H&M, Kiabi, Cultura, Mango and new concepts like Le Repaire des Sorciers, La Barbe de Papa, Even and Bambino. Investments in the project amounted to €90 million. The opening was a success and generated a 30% increase in footfall from 19 May to 30 June 2021 versus the same period in 2020.

Carmila also reached a new milestone on the Montesson shopping centre extension project after receiving the requisite authorisation from the regional commercial development authority (CNAC) in May 2021. This extension, which is adjacent to Carrefour's leading French hypermarket, aims to host 60 new stores and restaurants by 2025 as part of an urban development project designed to boost the local economy.

Stepping up expansion of Carmila Retail Development

Carmila Retail Development, the Company's subsidiary that aims to invest alongside innovative retailers, saw a sharp rise in performance in first-half 2021. Carmila's four main partners – barbers La Barbe de Papa, footwear and accessory specialist Indémodable, and e-cigarette retailer Cigusto in France, as well as Centros Ideal beauty clinics in Spain – opened a total of 37 points of sale in the first half of the year, with a further 44 scheduled to open in the second half.

Carmila Retail Development has entered into new partnerships such as with wine specialist Les Canons and restaurant chain Dicapo. Several partnerships are currently under development.

Carmila Retail Development's dynamic partnerships are also exemplified by the development of Digital Native Vertical Brands (DNVB). Carmila is continuing to grow the Marquette retail brand, devised together with Digital Native Group, which distributes online brands through its concept store. In June 2021, Carmila launched the "Prix DNVB Ready" aiming to identify innovative concepts with a mostly-online presence, and develop them in its centres.

Successful first Healthcare openings

In the first half of 2021, Carmila opened its first dental practices under the Vertuo brand in Athis-Mons, Sartrouville, Perpignan Claira and Nantes Beaujoire. Five more centres are scheduled to open by the end of the year. Over the same period in Spain, Carmila opened two DentalStar centres in Montigala (Barcelona) and Cabrera del Mar.

At the end of 2021, Carmila Retail Development partnerships will account for around 248 stores and dental practices in France and Spain, including 118 in Carmila centres representing €5 million in rent.

Stepping up new real estate activities

Carmila is accelerating its urban diversity projects launched in partnership with Carrefour and Altarea. Three projects are under way at Flins-Aubergenville, Nantes Beaujoire and Sartrouville, and 20 more are currently under consideration.

Carmila is also continuing to invest in Lou5G, its TowerCo business, for the construction and installation of new towers. Lou5G is set to raise recurring rental income to €1.1 million by the end of the year, representing 101 leases.

Optimising capital allocation

During the first half of the year, Carmila initiated an asset rotation programme that began with the sale of a retail park in Nanteuil-lès-Meaux at its end-December 2020 appraisal value.

The proceeds from the disposal will be used to launch a share buyback programme for around €8 million.

Continuing an ambitious CSR strategy

Carmila is accelerating its CSR strategy, rooted in the *Here we act* initiatives programme. A number of projects have been deployed focusing on the programme's three pillars of the Planet, Local Regions and Employees.

During the first half of 2021, Carmila initiated BREEAM In-Use certification at 40 new sites, including 21 sites in France, 16 in Spain and 3 in Italy. The goal is to have all of the Carmila sites certified by 2025.

Carmila was also recognised by the Science Based Targets initiative (SBTi) for its commitment to fighting climate change in line with the 1.5°C objective, pursuant to the Paris Agreement.

1.2. Financial results

Net rental income

Net rental income amounted to €127.9 million in the first half of the year, down 13.2%. The decrease was mainly attributable to the temporary effects of the health crisis, with a 12.2% negative impact on net rental income. The organic decrease was linked to the 1.0% contraction in the rental base, including positive 0.2% indexation, which underscores the solidity of Carmila's assets. The Nice Lingostière extension had a positive 1.2% impact while other impacts reduced net rental income by 1.2%, including the sale of the Nanteuil-lès-Meaux retail park and strategic vacancies in view of restructuring operations.

Impact of the health crisis in first-half 2021

Stores were closed for an average of 2.2 months in first-half 2021 (2.8 months in France). The negative impact of the health crisis in the first half of 2021 amounted to €33.5 million, representing 0.9 months of invoicing. Carmila prudently allocated a €17.2 million provision for rent waivers for the period during which businesses were closed in France in the first half of the year, as well as €6.5 million for Spain and Italy. This will enable Carmila to provide targeted rent waivers for the closure period, speed up collection of 2021 rents and re-establish systematic due-date rental payments.

All the estimated impacts of closures in the first half of 2021 have been recognised in the financial statements.

Collection rate

The collection rate for first-half rents stood at 69.3% as of 19 July 2021 (5.5 percentage points higher than at end-June 2021), the delay being due to the impact of tenants anticipating a financial support package in France. This support package represents excellent news that is expected to accelerate collection.

Operating expenses

Overhead costs for the period totalled €24.4 million, down €0.9 million.

Net financial expense

Net financial expense amounted to €29.5 million, up €2.3 million. The increase in interest expense on bonds (€3.8 million) was partially offset by the decrease in interest expense on bank borrowings (€1.6 million).

Recurring earnings

Recurring earnings (excluding the impact of IFRS 16 Covid-related rent-free periods) stood at €76.2 million, down €17.8 million or 18.9% compared with the first half of 2020.

Recurring earnings per share for first-half 2021 amounted to €0.53 (excluding the IFRS 16 Covid impact), a decrease of €0.16 per share or 22.4%.

1.3. Portfolio valuation

At 30 June 2021, the gross asset value of the portfolio, including transfer taxes, stood at €6,135.2 million, down €12.7 million or 0.2% compared with the figure reported at 31 December 2020.

On a like-for-like basis, the decrease was €9.7 million (down 0.2%). First-half 2021 was the first period during which capitalisation rates were stable since 2017: the average capitalisation rate for the portfolio was 6.20% at 30 June 2021, flat compared with the 31 December 2020 figure.

The solid rental base, dynamic leasing activity and the limited, flat vacancy rate all demonstrate the stability of Carmila’s assets in the first half of the year.

1.4. Debt and financial structure

The financial position was strengthened in first-half 2021. Carmila issued a €300 million bond on 25 March 2021, maturing in April 2029 and paying a coupon of 1.625%. With the proceeds, Carmila partially reimbursed a bank loan falling due in June 2024 in the amount of €300 million, extending the average maturity of debt (4.6 years at 30 June 2021 versus 4.5 years at end-December 2020) while maintaining a stable average interest rate (2.0% at 30 June 2021 versus 1.9% at 31 December 2020).

Net debt was temporarily impacted by the collection situation in the first half of the year, and stood at €2,379 million as of 20 July 2021, a marked improvement compared to the €2,419 million recorded at 30 June 2021.

The loan-to-value ratio including transfer taxes stood at 39.4% at 30 June 2021, up 240 basis points, due to the temporary change in net debt. At 20 July 2021, the loan-to-value ratio stood at 38.9%, down by 40 basis points compared to 30 June 2021.

2. ASSETS AND VALUATION

2.1. Key figures concerning the portfolio

2.1.1. Description of the portfolio

At 30 June 2021, Carmila had 214 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 owner of its assets which are either divided into units or held under co-ownership arrangements. In Spain, Carmila holds its assets through co-ownership arrangements. All of Carmila's assets in Italy are fully owned.

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

2.1.2. Presentation of Carmila's most important assets

Out of 214 commercial real estate assets making up Carmila's portfolio, 15 assets represent 39% of the appraisal value (including transfer taxes) and 26% of the gross leasable area at 30 June 2021. 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	129	28,229	52.4%
Bay 2	2003	2014	105	21,018	37.0%
Calais - Coquelles	1995	2014	153	51,206	77.6%
Chambourcy	1973	2014	73	21,389	44.0%
Évreux	1974	2014	78	37,813	57.0%
Montesson	1970	2014	62	13,220	32.8%
Nice Lingostière	1978	2014	103	21,536	53.6%
Orleans Place d'Arc	1972	2015	68	13,568	14.5%
Perpignan Claira	1983	2014	79	21,045	52.1%
Saran	1971	2014	91	38,864	64.2%
Thionville	1971	2016	159	30,337	62.9%
Toulouse Labège	1983	2014	128	24,082	44.9%
Vitrolles	1971	2018	85	24,281	55.2%
Total France (top 13)			**1,313**	**346,586**	
Spain					
Fan Mallorca	2016	2016	106	38,141	75.0%
Huelva	2013	2014	94	34,151	82.4%
Total Spain (top 2)			**200**	**72,292**	
Total (top 15)			**1,513**	**418,878**	

2.1.3. Classes of assets by type

At 30 June 2021, Carmila owned 150 "leader" or "joint leader" shopping centres (as defined below) in their catchment areas (representing 70% of the total number of Carmila's shopping centres and 90% 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: 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 (€m) 30 June 2021**	**% Market value**	**Number of sites**
Leader	3,039.1	69%	40
Joint leader	962.8	22%	39
Other*	412.6	9%	49
France	**4,414.5**	**100%**	**128**
Leader	776.0	57%	23
Joint leader	450.8	33%	40
Other*	141.3	10%	15
Spain	**1,368.2**	**100%**	**78**
Leader	167.0	47%	5
Joint leader	97.3	28%	3
Other*	88.1	25%	0
Italy	**352.4**	**100%**	**8**
Leader	3,982.1	65%	68
Joint leader	1,511.0	25%	82
Other*	642.0	10%	64
Total	**6,135.2**	**100%**	**214**

** Local centres, standalone retail units.*

2.2. Asset valuation

2.2.1. Appraisals and methodology

The investment properties that comprise Carmila's assets are initially recognised and valued individually at their construction or acquisition cost including transfer taxes and expenses, and subsequently measured at 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 expert valuations 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.

Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was maintained by Catella for Spain, but was lifted everywhere else.

The appraisers appointed by Carmila are as follows:

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

Comments on the scope

- No sites in France were rotated between the appraisers Cushman & Wakefield and Catella in first-half 2021, as there had been a change of appraiser at all sites in 2019-2020.
- 23% of the assets in Spain (in terms of gross asset value including transfer taxes) were rotated between the appraisers Cushman & Wakefield and Catella in first-half 2021.
- In the first half of 2021, Carmila delivered the Nice Lingostière extension.
- Carmila did not acquire any new shopping centres during the first half of 2021.
- In June 2021, Carmila sold the Nanteuil les Meaux retail park

Geographical segmentation of the portfolio

The valuation of the portfolio (attributable to the Group) was €6,135.2 million including transfer taxes at 30 June 2021, and breaks down as follows:

Gross Asset Value (GAV) Including transfer taxes (ITT)	30 June 2021		
Country	in millions of euros	%	In number of assets
France	4,414.5	72.0%	128
Spain	1,368.2	22.3%	78
Italy	352.4	5.7%	8
Total	**6,135.2**	**100%**	**214**

Apart from the fair values determined by the appraisers for each shopping centre, this assessment takes into account assets under construction that amounted to €20.0 million at 30 June 2021.

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 €64.4 million.

2.2.2. Changes in asset valuations

Gross asset value (GAV) of portfolio, *(in millions of euros)*	30 June 2021					31 Dec. 2020		30 June 2020	
				Change vs. 31 Dec. 2020					
	GAV ITT (€m)	%	In number of assets	reported	like for like	GAV ITT (€m)	%	GAV ITT (€m)	%
France	4,414.5	72.0%	128	-0.4%	-0.4%	4,433.8	72.1%	4,455.4	71.6%
Spain	1,368.2	22.3%	78	0.5%	0.5%	1,362.0	22.2%	1,406.0	22.6%
Italy	352.4	5.7%	8	0.1%	0.1%	352.0	5.7%	358.1	5.8%
Total	**6,135.2**	**100%**	**214**	**-0.2%**	**-0.2%**	**6,147.9**	**100%**	**6,219.4**	**100%**

During the first half of 2021, the total value of Carmila's assets decreased by €12.7 million, and can be analysed as described below.

- The value of the assets on a like-for-like basis decreased by 0.2% (€9.7 million). The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period.
- Other changes reflect:
    - the sale of the Nanteuil-lès-Meaux retail park, which accounted for a decrease of €8.6 million in asset value (i.e., negative impact of 0.1%);
    - the delivery of the Nice Lingostière extension (positive impact of €85.0 million), partly offset by the decrease in works in progress (negative impact of €80.0 million), representing a net positive impact of €5.0 million, or 0.1%;
    - the increase in value of Lou5G, which represented a positive impact of €0.6 million, or 0.0%.

2.2.3. Changes in capitalisation rates

	NIY			NPY		
	30 June 2021	31 Dec. 2020	30 June 2020	30 June 2021	31 Dec. 2020	30 June 2020
France	5.63%	5.59%	5.54%	6.00%	5.99%	5.90%
Spain	6.64%	6.64%	6.60%	6.84%	6.89%	6.74%
Italy	6.04%	6.03%	6.02%	6.11%	6.10%	6.16%
Total	**5.88%**	**5.85%**	**5.81%**	**6.20%**	**6.20%**	**6.11%**

In the first half of 2021, the NPY remained stable for the overall portfolio; the decompression in France and Italy (up 1 basis point) was low, while the NPY in Spain was down by 5 basis points.

In France, the NIY increased more than the NPY (up 4 basis points), while in Italy changes in the NIY were in line with changes in the NPY (up 1 basis point). In Spain, the NIY remained stable.

2.2.4. Breakdown of the appraisal values by CNCC typology

In accordance with the CNCC typology, sites are grouped into three categories: regional shopping centres, large shopping centres and small shopping centres (called local shopping centres in this document).

At 30 June 2021, regional shopping centres and large shopping centres accounted for 79% of the market value of Carmila's portfolio.

	Appraisals at 30 June 2021				
	GAV ITT (€m)	% of value	Average NRI (€/sq.m.)	Average ERV of vacancies	NIY
Regional shopping centres	1,581.2	36%	303	266	5.3%
Large shopping centres	1,916.9	43%	290	237	5.6%
Local shopping centres	905.1	21%	174	130	6.3%
Other*	11.2	0%	N/A	N/A	6.8%
France	**4,414.5**	**100%**	**255**	**192**	**5.6%**
Regional shopping centres	347.1	25%	204	355	5.6%
Large shopping centres	645.0	47%	195	226	6.8%
Local shopping centres	376.0	27%	255	238	7.3%
Spain	**1,368.2**	**100%**	**212**	**236**	**6.6%**
Regional shopping centres	17.9	5%	214	N/A	5.1%
Large shopping centres	313.3	89%	238	404	6.0%
Local shopping centres	21.2	6%	275	N/A	6.8%
Italy	**352.4**	**100%**	**239**	**404**	**6.0%**
Regional shopping centres	1,946.3	32%	277	273	5.3%
Large shopping centres	2,875.3	47%	252	237	5.9%
Local shopping centres	1,302.4	21%	195	161	6.6%
Other*	11.2	0%	N/A	N/A	6.8%
Grand Total	**6,135.2**	**100%**	**242**	**207**	**5.9%**

** Lou5G*

2.2.5. Reconciliation of the valuation assessment with the value of investment properties on the balance sheet

(in millions of euros)	**30 June 2021**	**31 Dec. 2020**
GAV ITT of portfolio	6,135.2	6,147.9
Works in progress	(20.0)	(100.0)
Valuation of the share of equity-accounted companies	(64.4)	(61.3)
Transfer taxes and registrations (excluding equity-accounted companies)	(297.5)	(303.0)
Other reclassifications		0.0
Market value excluding transfer taxes (including IPUC) (A)	**5,753.3**	**5,683.6**
IPUC	0.0	0.0
Market value excluding transfer taxes (excluding IPUC)	**5,753.3**	**5,683.6**
Fair value of BAC (IFRS 16) (B)	33.1	33.4
Investment property carried at appraised value (balance sheet, including IPUC)	**5,786.4**	**5,717.0**

2.3. Valuation report prepared by Carmila's independent appraisers

2.3.1. General context of the valuation

Context and terms of the engagement

In accordance with Carmila's instructions ("the Company") as detailed in the signed valuation contracts between Carmila and the 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 30 June 2021.

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).

2.3.2. 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

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 Covid-19 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.

2.3.3. Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company Carmila. 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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Ana Flores
Head of Valuation
Catella Property Spain SA

2.4. Extension pipeline at 30 June 2021

2.4.1. 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.

2.4.2. 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.

2.4.3. Development pipeline

The 2021-2024 expansion pipeline at 30 June 2021 included five flagship projects representing an estimated investment of €636 million and an average yield on cost of 5.9%[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. The regional commercial development authority (CNAC) issued its approval in May 2021.

Antibes: this centre adjoins the largest Carrefour hypermarket in France and intends to consolidate 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 urban front site is an opportunity to develop a mixed office project. The fifth largest Carrefour hypermarket in France is a solid leader in the south of Lyon.

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 car parks and would be home to high-profile brands such as McDonald’s, KFC and Burger King.

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

[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.

Development projects	Country	Planned area (sq.m.)	Planned opening date	Estimated cost[1] (€m)	Full year additional rental value (€m)[2]	Yield[3]	Yield (Carmila share)[4]
Projects delivered in 2021							
Nice Lingostière	France	14,800	2021				
Coquelles (restructuring)	France	6,000	2021				
Laval (restoration)	France	472	2021				
Total projects in 2021		**21,272**		**121.0**	**6.9**	**5.7%**	**5.7%**
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**		**636.0**	**37.5**	**6.7%**	**5.9%**
Total projects controlled[5]		**124,205**		**757.0**	**44.4**	**6.6%**	**5.9%**

(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 at market value (excluding restructuring costs) 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.

2.4.4. Mixed-use projects

In order to revitalise certain assets, Carrefour has joined forces with industry expert Altarea, to transform the sites at Flins, Sartrouville 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.

2.4.5. 2021 projects

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

In May 2021, Carmila opened 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 is a commercial success, with the entire retail space fully leased, including to some high-profile names like Cultura and H&M. The extension increased the centre's gross leasable area 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 involved the restructuring of the shopping arcade in the Carrefour Cité Europe shopping centre, located at Coquelles in the Calais area. More than 30 retailers opened or extended their stores in the centre in 2020 and first-half 2021. In January 2021, Primark opened a store with a sales area of more than 4,000 sq.m. on two levels. The customer experience has been optimised, thereby completing the transformation of this leading site and giving it fresh retail momentum.

3. ACTIVITY DURING THE FIRST HALF OF THE YEAR

3.1. Selected financial information

Financial information from the income statement

(in millions of euros)	30 June 2021	30 June 2020
Gross Rental Income	172.9	163.6
Net rental income	127.9	147.5
EBITDA (excluding fair value adjustments)(1)	104.7	121.5
Fair value adjustments on investment properties	(42.7)	(214.8)
Operating income (loss)	61.5	(95.0)
Net financial expense	(39.8)	(29.7)
Net income attributable to owners	18.8	(126.7)
Earnings per share(3)	0.13	(0.93)
EPRA earnings(2)	72.6	91.2
EPRA earnings per share(3)	0.51	0.67
Recurring earnings(4)	74.1	93.9
Recurring earnings per share(3)	0.52	0.69

(1) See section "Comments on results for the year" for the definition of EBITDA (excluding fair value) and the reconciliation with the comparable IFRS indicator.

(2) See the "EPRA performance indicators" section for the definition of "EPRA earnings".

(3) Average number of shares: 142,490,436 at 30 June 2021 and 136,390,591 at 30 June 2020.

(4) Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See the "EPRA performance indicators" section.

Selected financial information from the statement of financial position

(in millions of euros)	30 June 2021	31 Dec. 2020
Investment properties (appraisal value excluding transfer taxes)	5,786.4	5,717.0
Cash and cash equivalents and marketable securities	191.7	311.5
Financial liabilities (current and non-current)	2,679.8	2,646.7
Equity attributable to owners	3,205.0	3,262.7

Financial information related to key indicators and ratios

(in millions of euros)	30 June 2021	31 Dec. 2020
Net debt	2,419.3	2,274.6
Loan-to-value (LTV) ratio ITT(1)	39.4%	37.0%
Interest coverage ratio (ICR)(2)	3.4x	3.9x
EPRA NTA	3,470.4	3,525.2
EPRA NTA per share(3)	23.69	24.72
Appraisal value (including transfer taxes and work in progress)	6,135.2	6,147.9

(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) Period end, fully diluted, on the basis of 146,319,524 shares at 30 June 2021 and 142,616,879 shares at 31 December 2020.

3.2. Financial statements

3.2.1. Consolidated statement of comprehensive income

(in thousands of euros)	First-half 2021	First-half 2020
Gross rental income	**172,866**	**163,578**
Charges rebilled to tenants	49,260	50,348
Total Income from rental activity	**222,126**	**213,926**
Real estate expenses	(23,276)	(22,736)
Rental charges	(37,199)	(36,690)
Property expenses (landlord)	(33,706)	(7,043)
Net rental income	**127,945**	**147,457**
Overhead expenses	(24,428)	(25,282)
Income from property management, administration and other activities	*5,592*	*2,959*
Other income	*765*	*2,475*
Payroll expenses	*(13,665)*	*(12,970)*
Other external expenses	*(17,120)*	*(17,746)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(884)	(1,439)
Other operating income and expenses	83	(128)
Gains and losses on disposals of investment properties and equity investments	78	4
Change in fair value adjustments	(42,712)	(214,814)
Share in net income (loss) of equity-accounted companies	1,467	(800)
Operating income (loss)	**61,549**	**(95,002)**
Financial income	423	334
Financial expenses	(31,074)	(27,516)
Cost of net debt	**(30,651)**	**(27,182)**
Other financial income and expenses	(9,171)	(2,470)
Net financial expense	**(39,822)**	**(29,652)**
Income (loss) before taxes	**21,727**	**(124,654)**
Income tax	(2,882)	(2,188)
Consolidated net income (loss)	**18,845**	**(126,842)**
Attributable to owners of the parent	**18,759**	**(126,700)**
Non-controlling interests	**85**	**(143)**
Average number of shares comprising Carmila's share capital	142,490,436	136,390,591
Earnings per share, in euros (attributable to owners)	0.13	(0.93)
Diluted average number of shares comprising Carmila's share capital	142,737,623	136,795,792
Diluted earnings per share, in euros (attributable to owners)	**0.13**	**(0.93)**

Consolidated statement of comprehensive income *(in thousands of euros)*	First-half 2021	First-half 2020
Consolidated net income (loss)	**18,845**	**(126,842)**
Items that will be reclassified subsequently to net income	11,552	(8,288)
Effective portion of cash flow hedges	11,552	(8,216)
Fair value of other financial assets		(72)
Related income tax		-
Items that will not be reclassified subsequently to net income	-	-
Actuarial gains and losses on defined benefit plans		-
Related income tax		-
Total comprehensive income (loss)	**30,397**	**(135,130)**

3.2.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	**30 June 2021**	**31 Dec. 2020**
Intangible assets	4,796	4,581
Property, plant and equipment	2,833	3,205
Investment properties carried at fair value	5,786,374	5,717,046
Investment properties carried at cost	24,615	100,010
Investments in equity-accounted companies	48,707	48,061
Other non-current assets	17,383	12,623
Deferred tax assets	11,114	11,113
Non-current assets	**5,895,822**	**5,896,638**
Trade receivables	127,547	148,532
Other current assets	104,669	86,415
Cash and cash equivalents	191,654	320,263
Current assets	**423,870**	**555,210**
Total assets	**6,319,692**	**6,451,848**

EQUITY AND LIABILITIES

(in thousands of euros)	30 June 2021	31 Dec. 2020
Share capital	879,044	855,701
Additional paid-in capital	1,990,332	2,039,818
Treasury shares	(2,781)	(2,541)
Other comprehensive income	(37,340)	(48,892)
Consolidated retained earnings	351,197	617,412
Consolidated net income (loss) – attributable to owners	18,759	(198,755)
Equity attributable to owners	**3,199,209**	**3,262,744**
Non-controlling interests	5,760	5,727
Total equity	**3,204,970**	**3,268,471**
Non-current provisions	9,022	6,732
Non-current financial liabilities	2,398,796	2,401,478
Lease deposits and guarantees	77,787	76,267
Non-current tax and deferred tax liabilities	179,219	177,316
Other non-current liabilities	3	14
Non-current liabilities	**2,664,827**	**2,661,807**
Current financial liabilities	281,026	245,250
Bank facilities	109	8,934
Current provisions	-	1,758
Trade payables	20,917	27,773
Payables to suppliers of non-current assets	25,664	86,231
Accrued tax and payroll liabilities	67,761	56,004
Other current liabilities	54,418	95,620
Current liabilities	**449,895**	**521,570**
Total equity and liabilities	**6,319,692**	**6,451,848**

3.2.3. Consolidated statement of cash flows

(in thousands of euros)	First-half 2021	First-half 2020
Consolidated net income (loss)	**18,845**	**(126,842)**
Elimination of income from equity-accounted companies	(1,467)	800
Elimination of depreciation, amortisation and provisions	2,444	1,455
Elimination of fair value adjustments	45,688	213,483
Elimination of capital gains and losses on disposals	(1,723)	(7)
Other non-cash income and expenses	7,422	3,620
Cash flow from operations after cost of net debt and tax	**71,209**	**92,509**
Elimination of tax expense (income)	2,882	2,188
Elimination of cost of net debt	30,650	27,182
Cash flow from operations before cost of net debt and tax	**104,741**	**121,879**
Change in operating working capital	(21,961)	(71,860)
Change in lease deposits and guarantees	1,510	(869)
Income tax paid	(775)	(663)
Net cash from operating activities	**83,515**	**48,487**
Change in payables on non-current assets	(77,667)	8,632
Acquisitions of investment properties	(38,220)	(28,587)
Acquisitions of other non-current assets	(675)	(426)
Change in loans and advances	(4,755)	(179)
Disposal of investment properties and other fixed assets	8,034	94
Dividends received	820	1,210
Net cash used in investing activities	**(112,463)**	**(19,257)**
Net sale (purchase) of treasury shares	(240)	278
Issuance of bonds	300,000	100,000
Increase in bank loans	250,000	302,000
Loan repayments	(524,671)	(113,535)
Display of short-term investments in other current receivables	118	-
Interest paid	(22,128)	(15,021)
Interest received	423	334
Dividends and share premiums distributed to shareholders	(94,338)	(180)
Net cash from (used in) financing activities	**(90,836)**	**273,877**
Net change in cash and cash equivalents	**(119,784)**	**303,107**

3.2.4. Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income (loss) – attributable to owners	Equity attributable to owners	Non-controlling interests	Total equity
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							**-**		**-**
Treasury share transactions			278		(84)		**194**		**194**
Dividend paid		(117,531)			(19,032)		**(136,563)**	(180)	**(136,743)**
Appropriation of 2019 net income					108,213	(108,213)			
Net income (loss) for the period						**(126,700)**	**(126,700)**	**(143)**	**(126,843)**
Other comprehensive income reclassified to income				2,216			**2,216**		**2,216**
Change in fair value of other financial assets				(72)			**(72)**		**(72)**
Change in fair value of hedging instruments				(10,432)			**(10,432)**		**(10,432)**
Actuarial gains and losses on retirement benefits				-			**-**		**-**
Other comprehensive income				**(8,288)**			**(8,288)**		**(8,288)**
Other changes					(250)		**(250)**		**(250)**
Balance at 30 June 2020	**820,927**	**2,010,802**	**(2,398)**	**(51,194)**	**617,390**	**(126,700)**	**3,268,827**	**5,289**	**3,274,116**
Corporate actions									
Share-based payments	34,774	29,016			23		**63,813**		**63,813**
Treasury share transactions			(143)		478		**335**		**335**
Dividend paid								(174)	**(174)**
Appropriation of 2019 net income									
Net income (loss) for the period						**(72,055)**	**(72,055)**	**612**	**(71,443)**
Other comprehensive income reclassified to income				1,742			**1,742**		**1,742**
Change in fair value of other financial assets									
Change in fair value of hedging instruments				530			**530**		**530**
Actuarial gains and losses on retirement benefits				**30**			**30**		**30**
Other comprehensive income				**2,302**			**2,302**		**2,302**
Other changes					(479)		**(479)**		**(479)**
Balance at 31 December 2020	**855,701**	**2,039,818**	**(2,541)**	**(48,892)**	**617,412**	**(198,755)**	**3,262,743**	**5,728**	**3,268,471**
Corporate actions	382	(382)							
Share-based payments	22,961	25,064					**48,025**		**48,025**
Treasury share transactions			(240)		559		**319**		**319**
Dividend paid		(74,169)			(68,077)		**(142,246)**	(118)	**(142,364)**
Appropriation of 2020 net income					(198,755)	198,755			
Net income (loss) for the period						**18,759**	**18,759**	**85**	**18,844**
Other comprehensive income reclassified to income				1,968			**1,968**		**1,968**
Change in fair value of other financial assets									
Change in fair value of hedging instruments				9,584			**9,584**		**9,584**
Actuarial gains and losses on retirement benefits									
Other comprehensive income				**11,552**			**11,552**		**11,552**
Other changes					57		**57**	65	**122**
Balance at 30 June 2021	**879,044**	**1,990,331**	**(2,781)**	**(37,340)**	**351,196**	**18,759**	**3,199,210**	**5,760**	**3,204,970**

3.3. Activity analysis

3.3.1. Economic environment

	GDP growth			Unemployment rate			Inflation		
	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E
France	-8.2%	5.8%	4.0%	8.0%	8.8%	8.7%	0.6%	1.1%	0.8%
Italy	-8.9%	4.5%	4.4%	9.1%	9.8%	9.7%	0.5%	1.2%	0.8%
Spain	-10.8%	5.9%	6.3%	15.5%	15.4%	14.7%	0.5%	0.4%	0.9%
Eurozone	-6.7%	4.3%	4.4%	7.9%	8.2%	7.9%	0.7%	1.2%	1.1%

** Source: OECD Economic Outlook no. 109 – May 2021.*

The OECD forecasts that in the eurozone, 2021 and 2022 should see GDP growth (4.3% and 4.4%, respectively), as well as a rise in inflation (1.2% and 1.1%, respectively). The unemployment rate is also expected to rise in 2021 (up 30 basis points) and then to fall in 2022 (down 30 basis points).

The three countries where Carmila operates are expected to benefit from this post-vaccination upturn, with GDP in 2021 forecast to grow by 5.8% in France, 5.9% in Spain and 4.5% in Italy.

The OECD expects unemployment in 2021 to rise to 8.8% in France and to 9.8% in Italy, and to remain stable at 15.4% in Spain, and then to fall in 2022 in all three countries.

The OECD forecasts inflation rates in 2021 of 1.1% in France, 0.4% in Spain and 1.2% in Italy.

3.3.2. Shopping centre openings, footfall and sales

Stores open as a percentage of contractual rent, footfall and sales as a percentage of first-half 2019 figures

	Change in footfall and retailer sales in 2021						
France	January	February	March	April	May	June	Total first-half
Ratio of open stores	100%	62%	31%	10%	41%	98%	57%
Footfall as a percentage of 2019	84%	76%	74%	69%	80%	89%	80%
Retailer sales as a percentage of 2019	82%	45%	39%	18%	69%	105%	60%
Spain	January	February	March	April	May	June	Total first-half
Ratio of open stores	69%	80%	84%	90%	95%	100%	86%
Footfall as a percentage of 2019	60%	59%	77%	77%	81%	80%	76%
Retailer sales as a percentage of 2019	60%	65%	85%	83%	80%	93%	82%
Italy	January	February	March	April	May	June	Total first-half
Ratio of open stores	65%	76%	44%	56%	83%	100%	71%
Footfall as a percentage of 2019	69%	78%	65%	68%	82%	85%	74%
Retailer sales as a percentage of 2019	70%	86%	58%	67%	92%	101%	79%
Total (all countries)	January	February	March	April	May	June	Total first-half
Ratio of open stores	89%	67%	46%	34%	58%	98%	66%
Footfall as a percentage of 2019	78%	72%	75%	71%	80%	86%	78%
Retailer sales as a percentage of 2019	76%	52%	51%	37%	73%	102%	66%

Periods subject to restrictions

During the first half of 2021, Carmila's shopping centres were subject to restrictions put in place by the national and regional authorities in France, Spain and Italy.

In France, a curfew was decreed from 6:00 p.m in early January and shopping centres larger than 20,000 sq.m. had to close as from 31 January, affecting 39 of Carmila's shopping centres. These measures were tightened on 6 March, with all centres larger than 10,000 sq.m. required to close in 23 *départements*. A third lockdown was introduced on 3 April, from which date only "essential" businesses were allowed to open. Restrictions lasted until 19 May, when all of the centres could open provided they complied with the health protocols. In the first half the year, June was the only month with normal trading hours.

In Spain, local measures were introduced by authorities in several provinces as from January, with curfews put in place – notably in Andalusia, Castille and Léon and Catalonia – along with restrictions on movement and the closure of non-essential businesses. These measures were gradually eased as from March and throughout the second quarter of 2021. Almost all restrictions were lifted on 9 May when the state of emergency ended.

In Italy, shopping centres had to close at weekends and bank holidays as from January. As from 15 March, all non-essential shops were also required to close. Non-essential businesses were allowed to reopen from 12 April, and shopping centres could welcome back customers as from 1 June.

Retailer sales and footfall

During each new phase of Covid-19 restrictions, the retailers in Carmila's shopping centres complied with the closure requirements in each country, prompting a decline in footfall and retailer sales related to the health crisis. However, footfall and sales were back at normal levels – and in some cases even exceeded them – on reopening.

In France, trading was strong as soon as stores reopened. For the first two weeks at the end of May when businesses could reopen, footfall was at 97% of its May 2019 level. In June 2021, retailer sales were at 105% of June 2019 levels, while footfall was close to 90% of its level in June 2019.

In Spain, restrictions in the period from January to May affected tenants' sales and footfall. The recovery picked up pace in June, when sales for our tenants were at 93% of sales for the same period in 2019.

In Italy, trends were also upbeat in June, with retailer sales at 102% of sales for June 2019.

3.3.3. Leasing activity

Summary

Carmila's leasing activity was dynamic in the first half of 2021, with the Company signing 541 leases (9% of the rental base) for total minimum guaranteed rent (MGR) of €27.6 million, up 140% on first-half 2020 and up 40% on first-half 2019.

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

	30 June 2021							
	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	143	9,255	4.0%	3	329	145	8,812	3.6%
Spain	93	2,913	6.0%	6	279	120	4,314	2.1%
Italy	21	1,546	0.4%			10	107	1.5%
Total	**257**	**13,714**	**3.9%**	**9**	**608**	**275**	**13,233**	**3.0%**

(in thousands of euros)	30 June 2021 Total Number of leases	30 June 2021 Total Annual MGR	30 June 2020 Total Number of leases	30 June 2020 Total Annual MGR	30 June 2019 Total Number of leases	30 June 2019 Total Annual MGR
France	291	18,396	138	7,942	200	13,260
Spain	219	7,506	86	2,870	180	5,803
Italy	31	1,653	12	628	13	736
Total	**541**	**27,555**	**236**	**11,440**	**393**	**19,799**

France

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

- 23% of leases signed during the first half of 2020 (in rent) were in Health & Beauty.

In particular, Carmila is developing medical and paramedical activities in its centres, signing contracts with three pharmacies, four Vertuo dental practices, five opticians and three hearing centres in the first half of the year.

- Culture, Gifts & Leisure represented 27% of leases signed, mainly with national mobile telephony operators such as Free, Orange and Générale de Téléphonie, but also with firms specialising in the supply and repair of electronic equipment such as Hubside and Mobilax.

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

Carmila centres continue to attract big names in the sector, including ready-to-wear brands for men and women such as New-Yorker, womenswear specialists like Calzedonia, Bershka and Morgan, menswear stores like Jules, and kid's ready-to-wear brands such as IKKS Junior.

- The Food & Restaurants segment accounted for 10% of the leases signed in first-half 2021.

Carmila attracts both international café and restaurant brands like Starbucks Pitaya and Big Fernand, and smaller niche stores such as an Italian deli and artisan cheese store, with which it signed leases in the first half of the year.

- The remaining leases signed were in Household Furnishings as well as Services, with the opening of two Action stores, a Maxi Zoo pet centre, specialist cooking store Cuisinella and household appliance store Ubaldi.

Spain

Carmila is also diversifying its merchandise mix in Spain:

- The most widely represented segment was Clothing & Accessories, which accounted for 25% of leases signed in the period, with numerous local brands but also international names such as Mango and Sprinter.

- The Health & Beauty sector continues to expand, accounting for 23% of the leases signed in the period, including with hairdressers and barbers, the optician Soloptical, and perfumery Druni. Lastly, Centros Ideal signed a new lease with an aesthetics medical centre.

- The Food & Restaurants segment accounted for 22% if new first-half lettings. Half of the new leases signed further develop Carmila's Restaurant activity with local players, while the other half were with brands such as Popeyes, Pizza Hot N Ready and Ben & Jerry's.

- 12% of the leases signed are related to Household Furnishings.

- 10% of leases were with Services brands, including mobile telephony service providers Finetwork and Vodafone.

- The remaining new leases were signed in the Culture, Gifts & Leisure sector, with pet specialists Tiendanimal and toy and game stores like Toy Planet.

Italy

In Italy, 58% of leases signed in first-half 2021 concerned Clothing & Accessories, mainly with Ready-to-Wear brands such as Pico's or Original Marines and multi-brand stores like Martin's.

The Food & Restaurants segment represents 16% of leases signed, including with international food chains such as Domino's Pizza as well as local restaurant brands.

15% of leases signed in the period were in the Culture, Gifts & Leisure sector, including with toy and game specialists Il Mattoncino Colorato and bookstores such as Giunti Al Punto.

Lastly, the remaining leases were signed in the Household Furnishings sector, such as with Re Sole, and in the Health & Beauty segment, such as with beauty salons.

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. It focuses upon two areas:

- Specialty Leasing
- Pop-up Stores

After a downbeat year in 2020, revenues from Specialty Leasing and Pop-up Stores were up again, gaining 3.0% on the same year-ago period.

	30 June 2021			30 June 2020			Change
(in thousands of euros)	Specialty Leasing	Pop-up Stores	Total SL+PS	Specialty Leasing	Pop-up Stores	Total SL+PS	%
France	1,679	913	2,592	1,666	927	2,593	0.0%
Spain	2,412	125	2,537	2,353	101	2,454	+3.4%
Italy	484	28	512	436	-	436	+17.4%
Total	**4,575**	**1,066**	**5,641**	**4,455**	**1,028**	**5,483**	**+2.9%**

Specialty Leasing

Specialty Leasing is dedicated to the development of event organisation as well as commercial and advertising initiatives. Specialty Leasing helps re-energise shopping centres, enriching the customer experience and generating additional revenue. This activity covers both the leasing of space in the shopping arcades and car parks, and the signature of digital advertising partnership agreements.

Specialty Leasing provides customers with a more diversified offering through a quality-focused policy of constantly fresh concepts and a sales and marketing strategy tailored to each centre in terms of length, type and theme.

Events enjoyed good growth in first-half 2021, with special- events and roadshows, the return of the car shows and home interior fairs and the installation of innovative concepts including food trucks.

Pop-up Stores

Carmila offers retailer tenants a turnkey solution with the opportunity to open Pop-up Stores in premises of between 50 sq.m. and 3,000 sq.m. for periods ranging from 4 to 34 months. Retailers can focus solely on their business, as Carmila oversees all administrative aspects of the opening, offering the highest quality of service.

This development axis, 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.

3.3.4. Structure of leases

With 6,233 leases under management at 30 June 2021, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1% of net rental income in first-half 2021. Annualised rents totalled €358.8 million.

New lettings at rent levels exceeding appraisal values and positive reversions on renewals, helped Carmila to maintain a stable rental base.

Breakdown of number of leases and contractual rents on an annualised basis by country

Country	At 30 June 2021 Number of leases	At 30 June 2021 Annualised contractual rent (€m)	At 30 June 2021 % of total	At 31 Dec. 2020 Number of leases	At 31 Dec. 2020 Annualised contractual rent (€m)	At 31 Dec. 2020 % of total
France	3,504	239.6	67.4%	3,489	239.5	66.7%
Spain	2,385	97.8	26.6%	2,434	97.8	27.3%
Italy	344	21.4	6.0%	359	21.7	6.0%
Total	**6,233**	**358.8**	**100%**	**6,282**	**359.0**	**100%**

At 30 June 2021, the rental base was down slightly by 0.6% like for like versus year-end 2020, and was stable on a reported basis.

Breakdown of contractual rent by business segment on an annualised basis

The table below shows Carmila's annualised rents by business segment at 30 June 2021:

Business segment	At 30 June 2021 Number of leases	At 30 June 2021 Annualised contractual rent (€m)	At 30 June 2021 % of total	At 31 Dec. 2020 Number of leases	At 31 Dec. 2020 Annualised contractual rent (€m)	At 31 Dec. 2020 % of total
Clothing & Accessories	1,383	116.2	32.4%	1,404	117.9	32.8%
Culture, Gifts & Leisure	1,013	68.0	18.9%	1,021	67.7	18.9%
Health & Beauty	1,212	67.9	18.9%	1,199	66.9	18.6%
Food & Restaurants	866	46.5	13.0%	866	46.9	13.1%
Household Furnishings	301	30.7	8.6%	289	30.2	8.4%
Services	1,367	28.6	8.0%	1,393	28.9	8.0%
Other	91	0.9	0.2%	110	0.5	0.1%
Total	**6,233**	**358.8**	**100%**	**6,282**	**359.0**	**100%**

The 45-basis-point decrease in Clothing & Accessories rents as a proportion of total rents mainly benefited the Health & Beauty (up 29 basis points) and Household Furnishings (up 14 basis points) segments. The proportions of the rental base represented by the other sectors remained stable in terms of rent.

3.3.5. Financial Occupancy Rate

Country	Financial occupancy (excl. strategic vacancies) 30 June 2021	31 Dec. 2020	30 June 2020
France	95.6%	95.8%	95.6%
Spain	95.2%	95.0%	95.8%
Italy	99.2%	96.9%	97.9%
Total	**95.7%**	**95.7%**	**95.8%**

At 30 June 2021, the consolidated financial occupancy rate of Carmila's assets was 95.7%, including 95.6% in France, 95.2% in Spain and 99.2% 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 1.8% in France, 3.4% in Spain and 2.4% in Italy, which represents a consolidated impact for Carmila of 2.2% at 30 June 2021, lower than at 31 December 2020, where the consolidated impact was 2.5%.

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 first-half 2021 are not representative.

3.4. Corporate Social Responsibility

During the first half of 2021, Carmila continued to implement its CSR strategy. In this respect, new projects were launched in the three pillars of its *Here we act* programme: the Planet, Local Regions and Employees.

3.4.1. Pillar 1: Here, we act for the planet

In line with the audits performed on Carmila's French sites in 2020, environmental performance audits were launched in Spain and Italy to assess best practices and identify the action plans to be put in place to meet the Group's energy consumption, greenhouse gas emissions, eco-mobility, water consumption and waste management goals.

In line with its goal of having all of its sites certified by 2025, during the first half of 2021 Carmila launched the BREEAM In-Use certification process for 42 new sites, including 23 sites in France, 16 in Spain and three in Italy (to be launched by the end of the year). At 30 June 2021, 87.9% of its portfolio had been certified.

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

In France, Carmila joined forces with the Carrefour Foundation to launch a call for projects to support initiatives spearheaded by charities designed to speed up the food transition. Sixty applications were received from charitable associations and the jury selected 10 winners who will present their project in one of Carmila's shopping centres in their region. This new partnership with Carrefour focused on community outreach, leveraging the synergies between the nationwide recognition of the Carrefour Foundation and the closely-knit network of Carmila shopping centres rooted in their regions.

In the context of the health crisis, the shopping centre managers continued to roll out various Covid-19 visitor testing and vaccination schemes. 24 testing centres were set up, while four centres offered assistance with vaccinations in pharmacies and three centres offered vaccination appointments and the distribution of self-testing kits.

3.4.3. Pillar 3: Here, we act for employees

Committed to diversity, Carmila has signed a partnership agreement with Welcome to the Jungle, the leading platform for job opportunities, which aims to support all individuals with their professional development.

A major apprentice recruitment campaign was also launched in the first half of the year, with 36 apprentices set to join Carmila in 2021.

3.5. Digital Marketing

Carmila has implemented an omnichannel marketing strategy by giving each shopping centre management the best digital marketing and omnichannel tools on the market, in order to galvanise customer communities and to support retailers in their omnichannel transformation.

These tools include:

- a database of geo-located customers, with 3.6 million contacts in each centre's catchment area (14.3% more than in first-half 2020);
- a digital presence for each centre, including websites and informative and up-to-date My Business Google pages. In the first half of 2021, these pages were searched more than 40.8 million times (up 12% compared to first-half 2020).

A dynamic social media presence: Carmila shopping centre pages have more than 1.2 million fans on Facebook. Impressions (i.e., the number of times a post is displayed on a user's screen) grew by 29.4% year on year, from 100 million to 130 million.

Instagram followers of Carmila's centres also grew from 177,000 at 30 June 2020 to 258,000 at 30 June 2021.

The omnichannel approach for Carmila also means:

- hosting in its centres DNVBs and pure players seeking a physical retail presence for several months (Cabaia, My jolie candle, Faguo, etc.) or for several days in connection with special events (*Le goût des plantes*);
- supporting its retailers in their digital transformation by partnering with the best start-ups on the market.

3.6. Growth drivers

3.6.1. Carmila Retail Development

Carmila is stepping up the expansion of Carmila Retail Development, which is dedicated to investing in the growth 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 barber shop La Barbe de Papa, shoe store Indémodable, e-cigarette retailer Cigusto, and the Centros Ideal beauty clinics in Spain.

At 30 June 2021, these four partner retailers had opened 82 stores in Carmila shopping centres in France and in Spain, representing annual rental income of €3.3 million. These same brands have also opened 98 stores outside Carmila's centres. In all, the partnerships are operating 180 stores in France and in Spain.

In the first half of 2021, Carmila Retail Development signed new partnership agreements with wine specialist Les Canons, and with restaurant brand Dicapo, already present at Carmila's Labège site.

The start of 2021 also enabled Carmila Retail Development to strengthen its partnerships with Cigusto in a bid to accelerate the brand's development and carve out a leading position in the French market, and with Marquette, the DNVB concept store which is set to open its second point of sale in the second half of 2021.

3.6.2. Healthcare strategy

To speed the transformation of its shopping centres, Carmila is continuing to roll out Healthcare-related offering.

In particular, Carmila has joined forces with two dental industry specialists, Vertuo in France and Dental Star in Spain. During the first half, Vertuo opened four dental practices at Athis Mons, Sartrouville, Nantes Beaujoire and Perpignan Claire, with five more scheduled for the second half of the year. Over the same period in Spain, DentalStar opened two centres in Montigala (Barcelona) and Cabrera del Mar.

3.6.3. Lou5G

Through its subsidiary Lou5G, Carmila is responding to a major goal of telecoms operators seeking to improve the network coverage of their telecoms infrastructure.

At 30 June 2021, Lou5G had 75 signed leases representing total rental income of €769 thousand. An additional pipeline is also in progress, bringing recurring rental income to €1.1 million by the end of the year, representing 101 leases signed.

3.7. Comments on the year's results

3.7.1. 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
First-half 2021 income statement impact of the health crisis	**(22,725)**	**(8,814)**	**(1,976)**	**(33,515)**
- of which impact of rent waivers and costs (Covid 3)	(17,251)	(4,476)	(2,058)	(23,785)
- of which allowances on receivables (Covid 3)	(3,047)	(2,839)	82	(5,804)
- of which variable rent adjustments (Covid 3)	(1,244)	0	0	(1,244)
- of which impact of IFRS 16 (Covid 1)	(537)	(1,499)	0	(2,036)
- of which reversals of tax credits (Covid 2)	(646)	0	0	(646)
Income statement impact beyond June 2021 (IFRS 16 impact: Covid 1 rent-free periods to be deferred)	**(7,111)**	**(5,323)**	**0**	**(12,434)**
Impact of the health crisis in first-half 2021 income statement	**(22,725)**	**(8,814)**	**(1,976)**	**(33,515)**
Impact of Covid-19 third wave	**(21,542)**	**(7,315)**	**(1,976)**	**(30,833)**
Impact (in months of rents)	0.9	0.8	0.9	0.9

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(1,781)**	**(1,499)**	**0**	**(3,280)**
Variable rent adjustments	(1,244)	0	0	(1,244)
IFRS 16 impact (deferral of rent-free periods granted)	(537)	(1,499)	0	(2,036)
Impact on net rental income	**(20,944)**	**(7,315)**	**(1,976)**	**(30,235)**
Rent waivers without concessions	(17,251)	(4,476)	(2,058)	(23,785)
Allowances on receivables	(3,047)	(2,839)	82	(5,804)
Tax credit	(646)	0	0	(646)
Total impact in 2021	**(22,725)**	**(8,814)**	**(1,976)**	**(33,515)**

Carmila has allocated a €17.3 million provision corresponding to 30% of tenants' rents and charges for the first-half period during which businesses were closed in France. This provision will enable Carmila to issue credit notes specifically for the closed-down period in order to speed up collection of 2021 rents and re-establish the systematic payment of rents on time.

In the first half of 2021, Carmila granted rent relief totalling €4.5 million in Spain and €2.1 million in Italy to help tenants through the third wave of the health crisis.

At 30 June 2021, additional writedowns totalling €5.8 million had been taken against trade receivables. Disputed receivables were written down in full.

The provision for variable rents was adjusted in an amount of €1.2 million.

For rent relief granted during the first Covid-19 wave 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 €2.0 million in first-half 2021. At 30 June 2021, the stock of rent-free periods still to be recognised represented €12.4 million, of which approximately €3.0 million is expected to be recognised in second-half 2021.

The tax credit in connection with rent waivers granted during the second wave of Covid-19 was revised downwards by €0.6 million following the outcome of Covid-related rent negotiations.

3.7.2. Gross rental income (GRI) and net rental income (NRI)

Gross rental income

Gross rental income	30 June 2021		30 June 2020
		Change vs. 30 June 2020	
(in thousands of euros)	Gross rental income	reported	Gross rental income
France	117,948	11.6%	105,678
Spain	43,978	-5.4%	46,499
Italy	10,940	-4.0%	11,401
Total	**172,866**	**5.7%**	**163,578**

Gross rental income fell by 5.7% in first-half 2021. In first-half 2020, rent waivers granted to very small businesses were recognised as a deduction from gross rental income in an amount of €13.2 million. Rent waivers granted in first-half 2021 were accounted for as a deduction from net rental income.

Adjusted for these impacts, gross rental income fell by 1.8%, reflecting the resilience of the rental base in a challenging health situation.

The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis (Covid 1) in exchange for an extension in lease terms (negative impact of €2.0 million in first-half 2021), and (ii) adjustments made to provisions for variable rents for the months during which stores were closed (negative impact of €1.2 million). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Net rental income

Net rental income	30 June 2021					30 June 2020
		Change vs. 30 June 2020				
(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	87,987	-9.1%	-8.5%	-0.6%	-8.2%	95,898
Spain	31,115	-22.9%	-21.1%	-1.8%	-25.5%	41,765
Italy	8,843	-11.8%	-10.0%	-1.8%	-9.7%	9,794
Total	**127,945**	**-13.2%**	**-12.2%**	**-1.0%**	**-13.2%**	**147,457**

Net rental income fell by €19.5 million in first-half 2021. This decline is attributable to the factors described below.

The total like-for-like decrease was €19.4 million or 13.2% over the first half. Covid-19 impacts had a negative impact of €33.5 million, as detailed in the "Accounting for the impacts of the health crisis" section. Changes linked to specific Covid-related impacts represented a €17.9 million (or 12.2%) reduction in net rental income. Organic growth as adjusted for these specific impacts was a negative 1.0%.

Growth generated by lease extensions represents €1.7 million, or 1.2%. The Nice Lingostière extension delivered in May 2021 is included in this line.

Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2020 or the first half of 2021.

The sale of Nanteuil-lès-Meaux had no impact in the period as it was completed on 23 June 2021.

Other impacts reduced net rental income by €1.8 million, or 1.2%. These notably include the impact of strategic vacancies which allow for restructuring and extension projects.

3.7.3. Rent collection

	30 June 2021							
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**FY 2020**	Q1 2020	Q2 2020	**H1 2021**
Gross collection rate (total amount invoiced)	96,1%	61,4%	88,8%	81,4%	**82,3%**	68,2%	58,5%	**63,6%**
Rent waiver/Covid-19 provision rate	3,7%	36,5%	10,0%	18,4%	**16,8%**	11,7%	18,0%	**14,6%**
To be collected	0,2%	2,1%	1,2%	0,2%	**0,9%**	20,1%	23,5%	**21,8%**
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Gross collection rate (France)	96,2%	55,9%	92,7%	83,2%	**82,4%**	65,8%	51,8%	**59,0%**
Net collection rate (adjusted for rent waivers/Covid-19 provision)	99,8%	97,9%	98,8%	99,8%	**99,1%**	79,9%	76,5%	**78,2%**

	19 July 2021		
	Q1 2021	Q2 2021	**H1 2021**
Gross collection rate (total amount invoiced)	71,3%	67,3%	69,3%
Rent waiver/Covid-19 provision rate	11,2%	17,0%	14,1%
To be collected	17,5%	15,7%	16,6%
Total	**100,0%**	**100,0%**	**100,0%**

As at 30 June 2021, out of the total charges and rents invoiced in 2020, 82.3% had been collected, 16.8% had been waived or charged to credit loss allowances (and written down in the consolidated financial statements) and 0.9% are pending collection.

Out of the total rents invoiced in first-half 2021, 63.6% had been collected at end-June, 14.6% had been waived or charged to credit loss allowances and 21.8% are pending collection.

As of 19 July 2021, 69.3% have been collected and 16.6% are pending collection.

3.7.4. Overhead costs

Overhead costs *(in thousands of euros)*	**30 June 2021**	**30 June 2020**
Income from property management, administration and other activities	5,592	2,959
Other income	765	2,475
Payroll expenses	(13,665)	(12,970)
Other external expenses	(17,120)	(17,746)
Overhead expenses	**(24,428)**	**(25,282)**

Overhead costs were down by 3.4% in the first half of 2021 compared with the first half of 2020. The €0.9 million decrease is mainly 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

This income includes new lease commission, marketing fund services dedicated to the development and attractiveness of the centres (retailers' associations), the re-billing to the Carrefour group of the share of payroll expenses for shopping centre management and LouWifi fees.

The total amount of this revenue was €6.4 million in first-half 2021, an increase of €0.9 million, or 17.0% compared to first-half 2020. This increase is mainly attributable to amounts rebilled by shopping centre managers in Spain.

Payroll expenses

Payroll expenses amounted to €13.7 million in first-half 2021: the 5,4% increase takes into account the year-on-year rise in the average number of employees, particularly following the inclusion of shopping centre managers within the headcount for Spain.

Carmila did not introduce short time working or furlough schemes during the lockdowns.

Other external expenses

Other external expenses totalled €17.1 million in first-half 2021, a decrease of 3.5%, or €0.6 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, as well as appraisal fees for the asset portfolio, legal and tax fees, auditors' fees, financial communication and advertising fees, travel expenses and other mission-related expenses.

3.7.5. EBITDA

(in thousands of euros)	30 June 2021	31 Dec. 2020
Operating income (loss)	**61,549**	**(95,002)**
Elimination of change in fair value	42,712	214,814
Elimination of attributable change in fair value of equity-accounted companies	(317)	1,732
Elimination of capital (gains)/losses	(161)	(5)
Depreciation of tangible and intangible assets	884	-
Adjustments for non-recurring items		
EBITDA	**104,667**	**121,539**

EBITDA came in at €104.7 million in first-half 2021, a year-on-year decline of 16.1% (€16.8 million), primarily attributable to the impacts of the health crisis.

3.7.6. Net financial expense

Financial expense (in thousands of euros)	30 June 2021	30 June 2020
Financial income	423	334
Financial expenses	(31,074)	(27,516)
Cost of net debt	**(30,651)**	**(27,182)**
Other financial income and expenses	(9,171)	(2,470)
Net financial expense	**(39,822)**	**(29,652)**

Carmila reported a net financial expense of €39.8 million for first-half 2021.

The cost of net debt at 30 June 2021 was down €3.5 million year on year at €30.7 million. This decline is attributable to the factors described below.

A rise in interest expense on bonds (new €300 million bond issue in November 2020 and a further €300 million issue in March 2021) represented €3.8 million.

This increase was partly offset by a €1.6 million fall in interest expenses on bank borrowings (repayment of €200 million in December 2020 and of €300 million in April 2021).

The rise in amortisation of issuance premiums and costs related to the new bond issues increased interest expense by €1.1 million.

Interest expenses on swaps rose by €0.2 million.

'Other financial expenses' increased sharply owing to the adjustment related to the application of IFRS 9. 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 effective interest rate is spread over the remaining term of the underlying liability. The first-half 2021 expense relating to the adjustment of the effective interest rate on the debt corresponding to the reversal of the proportion of the repayment on bank loan, increased this caption by €6.4 million over the period.

3.8. EPRA performance indicators

3.8.1. EPRA summary table

The closure requirements introduced within the context of the health crisis led to significant changes in EPRA indicators, in some cases making year-on-year comparisons meaningless.

(in millions of euros)	30 June 2021	31 Dec. 2020	30 June 2020
EPRA earnings (in millions of euros)	72.6	161.0	91.2
EPRA earnings per share (in euros)	0.51	1.15	0.67
EPRA NRV (in millions of euros)	3,701,591	3,777,204	3,785,380
EPRA NRV per share (in euros)	25.27	26.48	27.67
EPRA NTA (in millions of euros)	3,470,445	3,525,224	3,531,867
EPRA NTA per share (in euros)	23.69	24.72	25.82
EPRA NDV (in millions of euros)	3,148,946	3,183,311	3,185,392
EPRA NDV per share (in euros)	21.49	22.32	23.29
EPRA Net Initial Yield of shopping centres	5.7%	5.7%	5.7%
EPRA Net Initial Yield excl. rent waivers (shopping centres)	5.9%	5.8%	5.8%
EPRA vacancy rate	6.5%	6.8%	6.0%
EPRA cost ratio (incl. direct vacancy costs)	28.1%	24.8%	22.1%
EPRA cost ratio (excl. direct vacancy costs)	24.7%	21.5%	19.5%

3.8.2. EPRA earnings and recurring earnings

EPRA Earnings *(in thousands of euros)*	First-half 2021	First-half 2020
Net income attributable to owners	**18,759**	**(126,700)**
Adjustments to calculate EPRA earnings	**53,886**	**217,921**
(i) Changes in value of investment properties, development properties held for investment and other interests	42,712	214,814
(ii) Gains and losses on disposals of investment properties	(78)	(4)
(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	9,666	(369)
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	1,903	1,748
(ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation)	(317)	1,732
(x) Non-controlling interests in respect of the above	-	-
(y) Other adjustments		
EPRA earnings	**72,645**	**91,222**
Year-on-year change	**-20.4%**	
Average number of shares	142,530,036	136,390,591
EPRA earnings per share	**0.51**	**0.67**
Year-on-year change	**-23.7%**	
Fully diluted number of shares	142,777,223	136,795,792
Diluted EPRA earnings per share	**0.51**	**0.67**
Other adjustments	**1,502**	**2,726**
IFRS 9 adjustments		2,728
Debt issuance costs paid net of amortised costs(1)	700	(2)
Other non-recurring expenses or (income)(2)	802	
Recurring earnings	**74,147**	**93,948**
Year-on-year change	***-21.1%***	***-15.9%***
Recurring earnings per share	**0.52**	**0.69**
Year-on-year change	***-24.5%***	***-15.7%***
IFRS 16 impact(3)	2,036	
Recurring earnings excl. IFRS 16 Covid-19 amendment	**76,183**	**93,948**
Year-on-year change	***-18.9%***	
Recurring earnings per share excl. IFRS 16 Covid-19 amendment	**0.53**	**0.69**
Year-on-year change	***-22.4%***	

Recurring earnings totalled €74.1 million for first-half 2021, down 21.1% year on year. Earnings per share were down by 24.5% on the prior period, at €0.52. Adjusted for the impact of IFRS 16 on Covid-19 related rent concessions, recurring earnings came out at €76.2 million, or €0.53 per share.

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 depreciation and amortisation expenses and movements in provisions for contingencies and charges.

(3) Under IFRS 16, lessors can defer the recognition of any rent concessions granted during the first wave of the virus (e.g., extensions of the lease term).

3.8.3. EPRA Cost Ratio

EPRA cost ratio *(in millions of euros)*		**30 June 2021**	**30 June 2020**
(i)	Operating costs	40.8	36.6
	Overhead expenses	*37.3*	*34.9*
	Property expenses	*3.5*	*1.7*
(ii)	Net service charge costs/fees	5.2	5.0
(iii)	Management fees less profit element	(5.6)	(3.0)
(iv)	Other operating recharges intended to cover overhead expenses	(0.8)	(2.5)
(v)	Share of costs of equity-accounted companies	0.7	1.2
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	0.0
(vii)	Property rentals	0.0	0.0
(vii)	Service charge costs recovered through rents	(0.9)	(0.9)
	EPRA costs (including direct vacancy costs)	**39.5**	**36.5**
(viii)	Direct vacancy costs	4.8	4.4
	EPRA costs (excluding direct vacancy costs)	**34.7**	**32.1**
(ix)	Gross rental income less ground rents	139.4	163.6
(x)	Less: service fee and service charge costs components of gross rental income	(0.9)	(0.9)
(xi)	Plus: share of Joint Ventures (gross rental income less ground rents)	1.9	2.2
	Gross rental income	140.4	164.9
	EPRA cost ratio (including direct vacancy costs)	**28.1%**	**22.1%**
	EPRA cost ratio (excluding direct vacancy costs)	**24.7%**	**19.5%**

The EPRA Cost Ratio was 520 basis points lower in first-half 2021 compared to first-half 2020 (excluding vacancy costs).

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.

3.8.4. EPRA NRV, EPRA NTA and EPRA NDV

New EPRA NAV indicators at 30 June 2021

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,199,209**	**3,199,209**	**3,199,209**
Include/Exclude:*				
(i)	Hybrid instruments			
	Diluted NAV	**3,199,209**	**3,199,209**	**3,199,209**
Include:*				
(ii.a)	Revaluation of investment property (if IAS 40 cost option is used)			
(ii.b)	Revaluation of IPUC(1) (if IAS 40 cost option is used)			
(ii.c)	Revaluation of other non-current investments(2)			
(iii)	Revaluation of tenant leases held as finance leases(3)			
(iv)	Revaluation of trading properties(4)			
	Diluted NAV at fair value	**3,199,209**	**3,199,209**	**3,199,209**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property(5)	(179,219)	(179,219)	
(vi)	Fair value of financial instruments	(25,582)	(25,582)	
(vii)	Goodwill as a result of deferred tax	-	-	
(viii.a)	Goodwill as per the IFRS balance sheet		-	
(viii.b)	Intangible assets as per the IFRS balance sheet		(4,624)	
Include:*				
(ix)	Fair value of fixed-rate debt			(50,264)
(x)	Revaluation of intangible assets at fair value	-		
(xi)	Transfer taxes	297,581	61,811	
	NAV	**3,701,591**	**3,470,445**	**3,148,946**
	Fully diluted number of shares	146,319,524	146,319,524	146,319,524
	NAV per share	**25.27**	**23.69**	**21.49**

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 EPRA 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 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 (if IAS 40 cost option is used)	-	-	-
(ii.b)	Revaluation of IPUC(1) (if IAS 40 cost option is used)	-	-	-
(ii.c)	Revaluation of other non-current investments(2)	-	-	-
(iii)	Revaluation of tenant leases held as finance leases(3)	-	-	-
(iv)	Revaluation of trading properties(4)	-	-	-
	Diluted NAV at fair value	**3,262,743**	**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		-	-
(viii.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**

3.8.5. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant space (€m)	16.7	8.8	0.5	26.1
Rental value of property portfolio (€m)	271.5	107.8	23.9	403.3
EPRA vacancy rate	**6.2%**	**8.2%**	**3.2%**	**6.5%**
Impact of strategic vacancies	1.8%	3.4%	2.4%	2.2%
Financial vacancy rate	**4.4%**	**4.8%**	**0.8%**	**4.3%**

The EPRA vacancy rate at 30 June 2021 was 6.5%, 30 basis points lower than at end-2020.

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.

3.8.6. EPRA net initial yields: EPRA NIY and EPRA "topped-up" NIY

EPRA NIY and EPRA Topped-up NIY *(in millions of euros)*	30 June 2021	31 Dec. 2020
Total property portfolio valuation (excluding transfer taxes)	**5,837.6**	**5,844.9**
(-) Assets under development and other	20.0	100.0
Completed property portfolio valuation (excluding transfer taxes)	**5,817.6**	**5,744.9**
Transfer taxes	297.6	303.0
Completed property portfolio valuation (including transfer taxes) (A)	**6,115.1**	**6,047.9**
Annualised net rents (B)	**347.8**	**345.2**
Impact of rent-free periods	11.8	8.2
Topped-up net annualised rents (C)	**359.6**	**353.4**
EPRA Net Initial Yield (B)/(A)	**5.7%**	**5.7%**
EPRA Topped-up Net Initial Yield (C)/(A)	**5.9%**	**5.8%**

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

3.8.7. 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	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Acquisitions	18 189	397	0	0	0	0	16 689	397
Developments	0	0	0	0	0	0	0	0
Like-for-like portfolio	16 861	26 257	2 844	1 854	326	79	21 531	28 190
Extensions	*2 644*	*17 330*	*0*	*0*	*156*	*10*	*4 300*	*17 340*
Restructuring	*7 666*	*4 929*	*0*	*0*	*0*	*0*	*9 451*	*4 929*
Lease incentives	*1 786*	*365*	*2 173*	*1 854*	*0*	*0*	*1 786*	*2 219*
Renovations	*361*	*535*	*12*	*0*	*159*	*63*	*2 705*	*598*
Maintenance capex	*4 405*	*3 098*	*659*	*0*	*11*	*6*	*5 075*	*3 104*
Other								
Total capital expenditure	**35 050**	**26 654**	**2 844**	**1 854**	**326**	**79**	**38 220**	**28 587**

“Acquisitions” mainly relate to the acquisition of units in Labège (€8.6 million), Bourges (€2.5 million), Angers Saint Serge (€2.0 million), Rennes Cesson (€1.5 million), Laval (€1.4 million) and Port de Bouc (€1.1 million).

“Extensions” essentially relates to the payment of contingent consideration in respect of the extension to the Athis-Mons arcade (€1.1 million) and to Nice Lingostière (€0.4 million). Capital expenditure relating to the Nice Lingostière extension had already been recognised in the 2020 consolidated financial statements within “Work in progress”, based on the effective progress of the works. Accordingly, the €74.7 million disbursement (including taxes) in May 2021 had no impact on the total capital expenditure amount.

“Restructurings” mainly concern restructuring at Cité Europe in Coquelles (€3.0 million).

4. FINANCIAL POLICY

4.1. 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 €300 million bond with an eight-year maturity and a 1.625% coupon on 1 April 2021.

As a result, Carmila's outstanding bond debt of €1,891 million at 31 December 2020 rose to €2,191 million at 30 June 2021.

Bank borrowings

Carmila has a syndicated loan agreement with a pool of banks, maturing in June 2024. On 9 April 2021, Carmila repaid €300 million of this loan, bringing the amount outstanding to €170 million at 30 June 2021 from €470 million at end-2020.

Compliance with covenants at 30 June 2021

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 30 June 2021, 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 4.6 years at 30 June 2021.

Interest coverage ratio

(in thousands of euros)		30 June 2021	31 Dec. 2020
		6 months	12 months
EBITDA	**(A)**	**104,667**	**220,205**
Cost of net debt	**(B)**	**30,651**	**56,717**
Interest coverage ratio	**(A)/(B)**	**3.4**	**3.9**

Loan-to-Value Ratio

(in thousands of euros)		30 June 2021	31 Dec. 2020
Net financial liabilities	**(A)**	**2,419,494**	**2,274,560**
Gross financial liabilities		2,611,039	2,586,039
Net cash		(191,545)	(311,329)
Short-term investments		-	(150)
Property portfolio including transfer taxes	**(B)**	**6,135,154**	**6,147,872**
Loan-to-Value Ratio including transfer taxes	**(A)/(B)**	**39.4%**	**37.0%**
Property portfolio excluding transfer taxes	(C)	5,835,457	5,844,892
Loan-to-value ratio excluding transfer taxes	(A)/(C)	41.5%	38.9%

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 the Banque de France on 29 June 2017 and updated every year. At 30 June 2021, the outstanding amount under this programme was €250 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.

No drawdowns were made by Carmila on the revolving credit facility in first-half 2021.

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%	543,200	24/03/2016	16/09/2024
Bond issue III- Notional amount €350m, coupon 2.125%	350,000	07/03/2018	07/03/2028
Bond issue IV- Notional amount €300m, coupon 1.625%	300,000	30/11/2020	30/05/2027
Bond issue V- Notional amount €300m, coupon 1.625%	300,000	01/04/2021	01/04/2029
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	170,000	16/06/2017	16/06/2024
Commercial paper	250,000	31/12/2016	16/06/2024
Total	**2,611,100**		

At 30 June 2021, the maturity of the debt was 4.6 years at an average interest rate of 2.0% including hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and the non-utilisation fee for undrawn credit lines). The average interest rate excluding hedging instruments was 1.9%.

4.2. 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 derivatives instruments as interest rate swaps and options which are eligible for hedge accounting.

At 30 June 2021, the Carmila 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 fixed-rate floor at three-month Euribor for a notional amount of €25 million, covering a period up to 2022;
- 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 99% of gross debt at 31 December 2020 (including swaps and a swaption collar) and 103% including caps.

4.3. Cash

(in thousands of euros)	30 June 2021	31 Dec. 2020
Cash	141,654	180,228
Cash equivalents	50,000	140,035
Cash and cash equivalents	**191,654**	**320,263**
Bank facilities	(109)	(8,934)
Net cash	**191,545**	**311,329**

4.4. Rating

On 22 March 2021, S&P confirmed Carmila's BBB rating with a "negative" outlook.

4.5. Carmila's 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.

In order to benefit from the SIIC regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of the SIIC income and distributable income):

- 95% of profits from gross rental income at Carmila level;
- 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 18 May 2021 approved the dividend of €1.00 per share for 2020. Shareholders were offered the option to receive the dividend payment in shares. In all, 33.8% of shareholders took up this offer.

4.6. Equity and shareholding

In thousands of euros	Number of shares	Share capital	Issuance premium	Merger premium
As of 1 January 2021	**142,616,879**	855,701	548,637	1,491,181
Dividend – GM of 18/05/2021	**3,826,562**	22,959	25,064	(74,168)
Share option	**(80,761)**	(485)	485	
New shares issued	**144,647**	868	(868)	
At 30 June 2021	**146,507,327**	**879,044**	**573,318**	**1,417,013**

At 30 June 2021, the share capital was made up of 146,507,327 shares, each with a par value of €6, fully subscribed and paid up. The share capital is comprised of 146,215,837 class A shares, 7,537 class B shares, 139,306 class C shares and 144,647 class D shares.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020, representing a total payout of €142,389 thousand. A total of €74,245 thousand was deducted from the merger premium and €68,144 thousand from consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €94,238 thousand was paid in cash and €48,023 thousand was paid in shares, resulting in the issuance of 3,826,562 class A shares with a value of €12.55 per share.

In accordance with the terms and conditions of the plan dated 16 May 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 16 May 2021, leading to the conversion of 112,611 class B shares into 31,850 class A shares issued on 9 June 2021. This capital decrease was charged against issuance premiums for €485 thousand.

The class D shares were issued on 29 June 2021 as part of Carmila's preferred share allotment plan for key employees and corporate officers. This capital increase was charged against issuance premiums for €868 thousand.

Carmila's share capital is held by several of its long-term partners. At 30 June 2021, 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 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.

5. ADDITIONAL INFORMATION

5.1. Changes in governance

Appointment of Elodie Perthuisot as Director of Carmila

The Annual General Meeting held on 18 May 2021 approved the appointment of Elodie Perthuisot as Director for a term of four years, i.e., until the Annual General Meeting called to approve the financial statements for the year ending 31 December 2024.

The Shareholders' Meeting also resolved to reappoint Sogecap, Predica and Cardif Assurance Vie as Directors for terms of four years, and acknowledged the expiry of the terms of office of Alexandre de Palmas and of Axa Reim France as Directors, as well as the terms of office of Laurent Fléchet and Pédro Arias as Non-Voting Directors.

Following these changes, Carmila's Board of Directors now comprises 13 Directors, of whom 62% are independent and 46% are women.

5.2. Subsequent events and outlook

In view of the lingering uncertainty linked to the health situation, the impact of a fourth wave of the pandemic, particularly in Spain, the prolonged state of emergency in France and arrangements for the health pass, Carmila is proceeding cautiously with its full-year financial projections, and accordingly, will not be providing guidance for its full-year 2021 earnings.

Carmila is highly resilient and the Group has solid growth prospects. While the current context remains concerning, in view of Carmila's capacity to rebound and the sustainability of its development, management is confident in the Group's model.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2021

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1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

1.1. Consolidated statement of comprehensive income

(in thousands of euros)	Note	First-half 2021	First-half 2020
Gross rental income		**172,866**	**163,578**
Charges rebilled to tenants		49,260	50,348
Total Income from rental activity		**222,126**	**213,926**
Real estate expenses		(23,276)	(22,736)
Rental charges		(37,199)	(36,690)
Property expenses (landlord)		(33,706)	(7,043)
Net rental income	***9.1***	**127,945**	**147,457**
Overhead expenses	9.2	(24,428)	(25,282)
Income from property management, administration and other activities		*5,592*	*2,959*
Other income		*765*	*2,475*
Payroll expenses		*(13,665)*	*(12,970)*
Other external expenses		*(17,120)*	*(17,746)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	9.3	(884)	(1,439)
Other operating income and expenses		83	(128)
Gains and losses on disposals of investment properties and equity investments	9.4	78	4
Change in fair value adjustments	6.2	(42,712)	(214,814)
Share in net income (loss) of equity-accounted companies	8.3	1,467	(800)
Operating income (loss)		**61,549**	**(95,002)**
Financial income		423	334
Financial expenses		(31,074)	(27,516)
Cost of net debt		**(30,651)**	**(27,182)**
Other financial income and expenses		(9,171)	(2,470)
Net financial expense	***7.1***	**(39,822)**	**(29,652)**
Income (loss) before taxes		**21,727**	**(124,654)**
Income tax	*10.1*	(2,882)	(2,188)
Consolidated net income (loss)		**18,845**	**(126,842)**
Attributable to owners of the parent		**18,759**	**(126,700)**
Non-controlling interests		**85**	**(143)**
Average number of shares comprising Carmila's share capital	*8.8.4*	142,490,436	136,390,591
Earnings per share, in euros (attributable to owners)		0.13	(0.93)
Diluted average number of shares comprising Carmila's share capital	*8.8.4*	142,737,623	136,795,792
Diluted earnings per share, in euros (attributable to owners)		0.13	(0.93)

Consolidated statement of comprehensive income *(In thousands of euros)*	**Note**	**First-half 2021**	**First-half 2020**
Consolidated net income (loss)		**18,845**	**(126,842)**
Items that will be reclassified subsequently to net income		11,552	(8,288)
Effective portion of cash flow hedges		11,552	(8,216)
Fair value of other financial assets		-	(72)
Related income tax		-	-
Items that will not be reclassified subsequently to net income		-	-
Actuarial gains and losses on defined benefit plans		-	-
Related income tax		-	-
Total comprehensive income		**30,397**	**(135,130)**

1.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	Note	30 June 2021	31 Dec. 2020
Intangible assets	*8.1*	4,796	4,581
Property, plant and equipment	*8.2*	2,833	3,205
Investment properties carried at fair value	*6.1*	5,786,374	5,717,046
Investment properties carried at cost	*6.1*	24,615	100,010
Investments in equity-accounted companies	*8.3*	48,707	48,061
Other non-current assets	*8.4*	17,383	12,623
Deferred tax assets	*10.4*	11,114	11,113
Non-current assets		**5,895,822**	**5,896,638**
Trade receivables	*8.5*	127,547	148,532
Other current assets	*8.6*	104,669	86,415
Cash and cash equivalents	*8.7*	191,654	320,263
Other current assets		**423,870**	**555,210**
Total assets		**6,319,692**	**6,451,848**

EQUITY AND LIABILITIES

(In thousands of euros)	Note	30 June 2021	31 Dec. 2020
Share capital		879,044	855,701
Additional paid-in capital		1,990,332	2,039,818
Treasury shares		(2,781)	(2,541)
Other comprehensive income		(37,340)	(48,892)
Consolidated retained earnings		351,197	617,412
Consolidated net income (loss)		18,759	(198,755)
Equity attributable to owners		**3,199,209**	**3,262,744**
Non-controlling interests		5,760	5,727
Total equity	**8.8**	**3,204,970**	**3,268,471**
Non-current provisions	*8.9*	9,022	6,732
Non-current financial liabilities	*7.2*	2,398,796	2,401,478
Lease deposits and guarantees		77,787	76,267
Non-current tax and deferred tax liabilities	*10.3 & 10.4*	179,219	177,316
Other non-current liabilities	*8.10*	3	14
Non-current liabilities		**2,664,827**	**2,661,807**
Current financial liabilities	*7.2*	281,026	245,250
Bank facilities	*7.2 & 8.7*	109	8,934
Current provisions		-	1,758
Trade payables	*8.11*	20,917	27,773
Payables to suppliers of non-current assets	*8.11*	25,664	86,231
Accrued tax and payroll liabilities	*8.12*	67,761	56,004
Other current liabilities	*8.12*	54,418	95,620
Current liabilities		**449,895**	**521,570**
Total equity and liabilities		**6,319,692**	**6,451,848**

1.3. Consolidated statement of cash flows

(in thousands of euros)	Note	First-half 2021	First-half 2020
Consolidated net income		**18 845**	**(126 842)**
Elimination of income from equity-accounted investments	8.3	(1 467)	800
Elimination of depreciation, amortisation and provisions		2 444	1 455
Elimination of change in fair value adjustments	6.1 & 7.2.1	45 688	213 483
Elimination of capital (gain) loss on disposals		(1 723)	(7)
Other non-cash income and expenses		7 422	3 620
Cash-flow from operations after cost of net debt and tax		**71 209**	**92 509**
Elimination of tax expense (income)	10.1	2 882	2 188
Elimination of cost of net debt		30 650	27 182
Cash-flow from operations before cost of net debt and tax		**104 741**	**121 879**
Change in operating working capital		(21 961)	(71 860)
Change in lease deposits and guarantees		1 510	(869)
Income tax paid		(775)	(663)
Cash-flow from operating activities		**83 515**	**48 487**
Change in fixed assets payables		(77 667)	8 632
Acquisitions of investment properties	6.1	(38 220)	(28 587)
Acquisitions of other fixed assets		(675)	(426)
Change in loans and advances		(4 755)	(179)
Disposal of investment properties and other fixed assets		8 034	94
Dividends received		820	1 210
Cash-flow from investment activities		**(112 463)**	**(19 257)**
Net sale (purchase) of treasury shares		(240)	278
Issuance of bonds		300 000	100 000
Issuance of new bank loans	7.2	250 000	302 000
Loan repayments	7.2	(524 671)	(113 535)
Change in short-term investment disclosed in other current receivables		118	-
Interest paid		(22 128)	(15 021)
Interest received		423	334
Dividend and share premium distributed to shareholders		(94 338)	(180)
Cash-flow from financing activities		**(90 836)**	**273 877**
Change in net cash position		**(119 784)**	**303 107**
Opening cash position		*311 329*	*174 031*
Closing cash position	*8.7*	*191 545*	*477 138*

1.4. Statement of changes in consolidated Shareholders' equity

(In thousands of euros)	Note	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income (loss)	Equity attributable to owners	Non-controlling interests	Total equity
Balance at 31 December 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								**-**		**-**
Treasury share transactions				278		(84)		**194**		**194**
Dividend paid			(117,531)			(19,032)		**(136,563)**	(180)	**(136,743)**
Appropriation of 2018 net income						108,213	(108,213)	**-**		**-**
Net income (loss) for the period							**(126,700)**	**(126,700)**	**(143)**	**(126,843)**
Other comprehensive income reclassified to income					2,216			**2,216**		**2,216**
Change in fair value of other financial assets					(72)			**(72)**		**(72)**
Change in fair value of hedging instruments					(10,432)			**(10,432)**		**(10,432)**
Actuarial gains and losses on retirement benefits					-			**-**		**-**
Other comprehensive income					**(8,288)**			**(8,288)**	**-**	**(8,288)**
Other changes						(250)		**(250)**		**(250)**
Balance at 30 June 2020		**820,927**	**2,010,802**	**(2,398)**	**(51,194)**	**617,390**	**(126,700)**	**3,268,827**	**5,289**	**3,274,116**
Corporate actions								**-**		**-**
Share-based payments		34,774	29,016			23		**63,813**		**63,813**
Treasury share transactions				(143)		478		**335**		**335**
Dividend paid								**-**	(174)	**(174)**
Appropriation of 2019 net income										
Net income (loss) for the period							**(72,055)**	**(72,055)**	**612**	**(71,443)**
Other comprehensive income reclassified to income					1,742			**1,742**		**1,742**
Change in fair value of other financial assets					-			**-**		**-**
Change in fair value of hedging instruments					530			**530**		**530**
Actuarial gains and losses on retirement benefits					30			**30**		**30**
Other comprehensive income					**2,302**			**2,302**		**2,302**
Other changes						(479)		**(479)**		**(479)**
Balance at 31 December 2020		**855,701**	**2,039,818**	**(2,541)**	**(48,892)**	**617,412**	**(198,755)**	**3,262,743**	**5,728**	**3,268,471**
Corporate actions	*8.8*	382	(382)					**-**		**-**
Share-based payments	*13.3.2*	22,961	25,064					**48,025**		**48,025**
Treasury share transactions	*8.8.3*			(240)		559		**319**		**319**
Dividend paid	*2.3*		(74,169)			(68,077)		**(142,246)**	(118)	**(142,364)**
Appropriation of 2020 net income						(198,755)	198,755			
Net income (loss) for the period							**18,759**	**18,759**	**85**	**18,844**
Other comprehensive income reclassified to income	7.2.8				1,968			**1,968**		**1,968**
Change in fair value of other financial assets								**-**		**-**
Change in fair value of hedging instruments	7.2.8				9,584			**9,584**		**9,584**
Actuarial gains and losses on retirement benefits	13.3.1				-			**-**		**-**
Other comprehensive income					**11,552**			**11,552**		**11,552**
Other changes						57		**57**	65	**122**
Balance at 30 June 2021		**879,044**	**1,990,331**	**(2,781)**	**(37,340)**	**351,196**	**18,759**	**3,199,210**	**5,760**	**3,204,970**

Corporate actions in first-half 2021 reflect (i) the conversion of 112,611 class B shares into 31,850 class A shares and (ii) the creation of 144,647 class D shares under the preference share plans for key Group employees and corporate officers.

Share-based payments reflect the creation of 3,826,562 A shares in connection with the payment of the 2020 stock dividend (See Note 2.3).

2. SIGNIFICANT EVENTS OF FIRST-HALF 2021

General context and health crisis related to Covid-19

In the first half of 2021, 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 these three countries, while the local roots of Carmila's shopping centres have proved a significant advantage.

The first half of 2021 can be divided into three distinct periods:

1. A period during which stores were open (from January to mid-February or early March, depending on the shopping centre), with healthy performance indicators.

2. A lockdown period (from early February/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-June). Indicators performed well and pointed to a recovery, particularly in France, with a limited impact on footfall (down 10.8% over the May-June period as stores reopened, outperforming peers in the national panels by 6 percentage points) compared to first-half 2019.

Leasing activity was robust during the first half of the year, with 545 leases signed (9% of Carmila's total portfolio) for rents above the portfolio's rental values.

In total, the impact of rent relief granted by Carmila in respect of the third wave of the virus amounted to €23.8 million. The cost of the rent relief granted represented 0.9 months' of invoicing for first-half 2021. These impacts are explained in detail in section 9.1 "Net rental income".

Net rental income for first-half 2021 was €127.9 million, a year-on-year decrease of 13.2% compared to first-half 2020. The bulk of this decrease was directly or indirectly attributable to the health restrictions put in place in the first half of the year, as the rental base remained stable during the period (down 0.6% from 31 December 2020).

At 30 June 2021, the net collection rate was 78.2% (rents collected as a proportion of rents invoiced, less any relief granted). Out of the total rents invoiced in first-half 2021, 63.6% have been collected, 14.6% have been waived (and written down in the consolidated financial statements) and 21.8% are pending collection at the reporting date, of which 5.7% had been recovered as of 19 July 2021, bringing the gross collection rate to 69.3%.

The value of the asset portfolio (including transfer taxes) stood at €6.1 billion at 30 June 2021. Appraisers paid particular attention to the impact of the crisis on the market value of assets. The material valuation uncertainty clause was maintained by Catella for Spain, but was lifted by C&W for Spain and by BNP in 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 2021, zero rent indexation over the first two years and rent-free periods of between one and three months for 2021, depending on the sector. Exit rates held firm at 6.20% during first-half 2021, while the rental base remained stable. The value of the portfolio decreased by 0.2% on a like-for-like basis.

At 30 June 2021, Carmila had €192 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 April 2021 with maturity in May 2027 and a 1.625% coupon. Carmila's financial structure is robust, with a loan-to-value ratio including transfer taxes of 39.4%.

Carmila adopts a prudent approach to managing its equity. The 2020 dividend was €1 per share, with 33.8% of shareholders choosing the stock dividend option.

2.1. Investments

Investments during the year mainly concerned extensions and restructuring of existing French assets.

2.1.1 Acquisitions

The Group acquired land from the Carrefour group for the development of its Lou5G mobile phone mast business (three acquisitions in the period).

2.1.2 Developments and extensions

During the year the Group also continued to redevelop its existing assets through value-creating renovations, restructuring and extension projects. Acquisitions in the period represented €38 million.

The Group continued the restructuring work on its Calais Coquelles site, representing an investment of €3.0 million in the period and a total investment of €27.6 million to date.

In the first half of 2021, the Group also delivered the Nice Lingostière extension.

2.2. Disposals

The sale of the Nanteuil-lès-Meaux retail park was completed on 23 June 2021.

2.3. Dividend

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020. Shareholders were offered the option to receive the dividend payment in shares. In all, 33.8% of shareholders took up this offer.

The issue price for the related new ordinary shares was set at €12.55.

For the purpose of paying the stock dividend, Carmila created 3,826,562 new shares, representing 2.61% of the capital, based on the share capital and voting rights at 30 June 2021.

The shares were delivered and were admitted to trading on Euronext Paris as from 15 June 2021.

The total cash dividend paid to shareholders who did not opt for a stock dividend represented around €94 million and was paid on 15 July 2021.

2.4. Debt and financing

As part of its EMTN programme, Carmila issued a new €300 million eight-year bond on 25 March 2021 paying a coupon of 1.625%.

On 9 April 2021, Carmila repaid €300 million of its credit facility ahead of term, bringing the amount outstanding to €170 million at 30 June 2021 from €470 million at end-2020.

As part of its refinancing in 2017, the Group arranged a revolving credit facility (RCF) for €759 million, which falls due on 16 June 2024. No drawdowns were made by Carmila on this revolving facility during the period.

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 4.6 years at 30 June 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, as contained in the Universal Registration Document filed by the Group with the French financial markets authority (*Autorité des marchés financiers* – AMF) on 6 April 2021. The interim consolidated financial statements do, however, include a series of explanatory notes detailing significant transactions and events that allow readers to identify the changes in the Group's financial position and performance since the most recent annual consolidated financial statements.

Unless otherwise stated in the standards and amendments applicable for the first time in the period, the significant accounting policies used to prepare these condensed interim consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2020. Only accounting principles and methods applied to the most significant indicators are described in this document.

These interim financial statements for the six months ended 30 June 2021 were prepared under the responsibility of the Board of Directors, which approved and authorised them for issue on 28 July 2021.

3.1. 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 30 June 2021, the Group employed 212 people, of whom 137 in France, 60 in Spain and 15 in Italy (not including apprentices). The Group owns a portfolio of 214 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.

3.2. Shareholding, stock market listing and strategic partnership

Carmila's share capital is held by several of its long-term partners. At 30 June 2021, 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 Predica (9.6% of Carmila's share capital), Cardif Assurance Vie (8.8%) and the Colony group (8.8%).

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

3.3. Accounting standards

IFRS standards applied

The Carmila Group's consolidated financial statements at 30 June 2021 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 30 June 2021, comprising the IFRS, the International Accounting Standards (IAS), as well as their interpretations (SIC and IFRS-IC).

The European Union has adopted the following standards, interpretations and amendments, which are effective from 1 January 2021:

- Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to Interest Rate Benchmark Reform;
- Amendments and clarifications to the Conceptual Framework for Financial Reporting, and therefore to the references made to the framework in IFRS standards;
- Amendments to IAS 37 – Onerous Contracts.

These amendments had no impact on the consolidated financial statements at 30 June 2021.

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

3.4. 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 properties** (see Note 6 "Investment properties"). The Group has its property assets appraised every six months by independent appraisers according to the methods described in Note 6. 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 measures the fair value of the financial instruments that it uses in accordance with standard models and practices on the market and with IFRS 13, as described in Note 7.2.8;
- **provisions for contingencies and charges and other provisions related to operations** (see Note 8.9 "Provisions");
- **the assumptions used to calculate and recognise deferred taxes** (see Note 10 "Income taxes").
- **The impacts of the health crisis** are discussed in Note 2 "Significant events of first-half 2021", Note 8.5 "Trade receivables", and Note 9.1 "Net rental income".

3.5. Other principles applied in presenting the consolidated financial statements

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.

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.

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.

4. CONSOLIDATION SCOPE AND METHODS

4.1. 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.

4.2. Main events in first-half 2021

During the period the Group did not carry out any acquisitions, disposals, or mergers.

4.3. Description of the main partnerships

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.

5. SEGMENT REPORTING

5.1. Definition of operating segments and indicators used

The Group's Executive Committee has been identified as the "chief operating decision-maker" pursuant 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 periods presented, no individual tenant represented more than 5% of the Group's gross rental income.

5.2. Operating income by operating segment

	France		Spain		Italy		TOTAL	
(in thousands of euros)	First-half 2021	First-half 2020	First-half 2021	First-half 2020	First-half 2021	First-half 2020	First-half 2021	First-half 2020
Gross Rental income	**117,948**	**105,678**	**43,978**	**46,499**	**10,940**	**11,401**	**172,866**	**163,578**
Real estate expenses	(3,926)	(2,362)	(1,612)	(1,266)	(446)	(441)	(5,984)	(4,069)
Non-recoverable service charges	(3,427)	(2,894)	(1,545)	(1,976)	(259)	(139)	(5,231)	(5,009)
Property expenses (landlord)	(22,608)	(4,524)	(9,706)	(1,492)	(1,392)	(1,027)	(33,706)	(7,043)
Net Rental Income	**87,987**	**95,898**	**31,115**	**41,765**	**8,843**	**9,794**	**127,945**	**147,457**
Overhead expenses	(18,010)	(18,989)	(5,049)	(5,053)	(1,369)	(1,240)	(24,428)	(25,282)
Income from property management, administration and other activities	*4,739*	*2,377*	*490*	*222*	*363*	*360*	*5,592*	*2,959*
Other income	*702*	*2,398*	*5*	*18*	*58*	*59*	*765*	*2,475*
Payroll expenses	*(10,838)*	*(10,696)*	*(2,180)*	*(1,725)*	*(647)*	*(549)*	*(13,665)*	*(12,970)*
Other external expenses	*(12,613)*	*(13,068)*	*(3,364)*	*(3,568)*	*(1,143)*	*(1,110)*	*(17,120)*	*(17,746)*
Other income from operations	-	-	-	-	-	-	-	-
Additions to depreciation, amortisation and provisions for investment properties	*(24)*	*(55)*	*-*	*-*	*(1)*	*-*	*(25)*	*(55)*
Additions to depreciation, amortisation and provisions for property, plant and equipment and intangible assets	*(430)*	*(628)*	*(86)*	*(96)*	*278*	*(44)*	*(238)*	*(768)*
Reversals from/additions to provisions for contingencies and charges and current assets	*(575)*	*(631)*	*(78)*	*-*	*32*	*15*	*(621)*	*(616)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(1,029)	(1,314)	(164)	(96)	309	(29)	(884)	(1,439)
Other operating income	*280*	*(78)*	*7*	*5*	-	-	*287*	*(73)*
Other operating expenses	*(179)*	*(8)*	*(25)*	*(48)*	-	-	*(204)*	*(56)*
Other recurring operating income and expense	101	(86)	(18)	(43)	-	-	83	(129)
Share of net income (loss) in equity-accounted companies – recurring	-	-	-	1,034	-	(15)	-	1,019
Recurring operating income	**69,049**	**75,509**	**25,884**	**37,607**	**7,783**	**8,510**	**102,716**	**121,626**
Gains and losses on disposals of investment properties and equity investments sold	78	4	-	-	-	-	78	4
Gains and losses on disposals of property, plant and equipment and intangible assets	-	1	-	-	-	-	-	
Change in fair value adjustments	(43,760)	(174,368)	964	(41,564)	84	1,118	(42,712)	(214,814)
Increase in fair value of property	*22,969*	*5,818*	*10,019*	*2,516*	*384*	*1,507*	*33,372*	*9,841*
Decrease in fair value of property	*(66,729)*	*(180,186)*	*(9,055)*	*(44,080)*	*(300)*	*(389)*	*(76,084)*	*(224,655)*
Share of net income (loss) in equity-accounted companies – non-recurring	-	-	*1,464*	*(1,822)*	*3*	*2*	*1,467*	*(1,819)*
Operating income (loss)	**25,367**	**(98,854)**	**28,312**	**(5,779)**	**7,870**	**9,630**	**61,549**	**(95,002)**

5.3. Breakdown of investment properties 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)	30 June 2021	31 Dec. 2020
Investment properties carried at fair value	**5,786,374**	**5,717,046**
France	4,169,381	4,105,879
Spain	1,268,215	1,262,785
Italy	348,778	348,382
Investment properties carried at cost	**24,615**	**100,010**
France	24,601	100,010
Spain	-	-
Italy	14	-
TOTAL	**5,810,989**	**5,817,056**

At 30 June 2021, in terms of asset value, 72.1% of the Group's investment properties were located in France (compared to 71.8% at 31 December 2020), 21.9% in Spain (unchanged from end-2019) and 6.0% in Italy (6.1% at 31 December 2020).

5.4. 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.

(In thousands of euros)	France		Spain		Italy		TOTAL	
	First-half 2021	First-half 2020	First-half 2021	First-half 2020	First-half 2021	First-half 2020	First-half 2021	First-half 2020
Acquisitions	18,189	397	0	0	0	0	18,189	397
Like-for-like capital expenditure	16,861	26,257	2,844	1,854	326	79	20,031	28,190
Extensions	2,644	17,330	0	0	156	10	2,800	17,340
Restructuring	7,665	4,929	0	0	0	0	7,665	4,929
Lease incentives	1,786	365	2,173	1,854	0	0	3,959	2,219
Renovations	361	535	12	0	159	63	532	598
Maintenance capex	4,405	3,098	659	0	11	6	5,075	3,104
Total capital expenditure	**35,050**	**26,654**	**2,844**	**1,854**	**326**	**79**	**38,220**	**28,587**

The "Acquisitions" caption chiefly relates to the acquisition of units in Labège (€8.6 million), Bourges (€2.5 million), Angers Saint Serge (€2.0 million), Rennes Cesson (€1.5 million), and Port de Bouc (€1.1 million).

"Extensions" essentially relates to the payment of contingent consideration in respect of the extension to the Athis-Mons arcade (€1.1 million) and to Nice Lingostière (€0.4 million). Capital expenditure relating to the Nice Lingostière extension had already been recognized in the 2020 consolidated financial statements within "Works in progress", depending on the effective progress of the works. Accordingly, the €74.7 million disbursement (including taxes) in May 2021 had no impact on the total capital expenditure amount.

"Restructurings" mainly concern the Cité Europe shopping centre in Calais Coquelles (€3.0 million).

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. This caption includes numerous operations in France, the most significant of which are Collégien (€0.7 million), Bourg-en-Bresse (€0.4 million) and Puget (€0.2 million). Like-for-like capital expenditure also includes rent relief granted to tenants, particularly in Spain (€2.2 million).

6. 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 properties - 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 properties 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.

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.

The application of lessee accounting in accordance with IFRS 16 did not have a material impact on the consolidated financial statements.

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.

Leases (lessor accounting)

See Note 9.1 "Net rental income".

Gains and losses on disposal

Disposal gains are determined as the difference between the proceeds from the sale and the carrying amount of the property asset at the start of the period, adjusted for investment expenditure over the period and any deferred taxes recognised on the historic unrealised gain recorded for this asset.

6.1. Details of investment properties carried at fair value and at cost

(In thousands of euros)	
Investment properties carried at fair value – 31 Dec. 2019	**6,001,608**
Acquisitions	6,696
Change in scope of consolidation	-
Investments	42,598
Capitalised interest	(367)
Disposals and removals from the scope of consolidation	
Other movements and reclassifications	250
Change in accounting method	528
Change in fair value	(334,267)
Investment properties carried at fair value – 31 Dec. 2020	**5,717,046**
Acquisitions	18,189
Change in scope of consolidation	-
Investments	18,058
Capitalised interest	-
Disposals and removals from the scope of consolidation	(7,982)
Other movements and reclassifications	83,260
Application of IFRS 16	515
Change in fair value	(42,712)
Investment properties carried at fair value – 30 June 2021	**5,786,374**

(in thousands of euros)	
Investment properties carried at cost – 31 Dec. 2019	**68,785**
Acquisitions	29,538
Change in scope of consolidation	-
Investments	
Capitalised interest	1,127
Disposals and removals from the scope of consolidation	(309)
Other movements and reclassifications	869
Change in accounting method	-
Change in fair value	-
Investment properties carried at cost – 31 Dec. 2020	**100,010**
Acquisitions	-
Change in scope of consolidation	-
Investments	1,482
Capitalised interest	491
Disposals and removals from the scope of consolidation	
Other movements and reclassifications	(77,368)
Right-of-use assets (IFRS 16)	
Change in fair value	-
Investment properties carried at cost – 30 June 2021	**24,615**

6.1.1 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. These mainly relate to the Nice Lingostière extension.

"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".

6.1.2 Investment properties at cost

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. At 31 December 2020, this caption chiefly included works in progress relating to the Nice Lingostière extension.

At 30 June 2021, 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 "Breakdwon of capital expenditure by operating segment") with the above data is as follows:

(in thousands of euros)		**30 June 2021**
Investment properties carried at fair value – Acquisitions	*6.1*	18,189
Investment properties carried at fair value – Change in scope	*6.1*	0
Investment properties carried at cost – Acquisitions	*6.1*	0
Investment properties carried at cost – Change in scope	*6.1*	0
Total acquisitions and changes in scope of consolidation		**18,189**
Total acquisitions – Investments by country	*5.4*	**18,189**

(In thousands of euros)		**30 June 2021**
Investment properties carried at fair value – Investments	*6.1*	18,058
Investment properties carried at fair value – Capitalised interest	*6.1*	0
Investment properties carried at cost – Investments	*6.1*	1,482
Investment properties carried at cost – Capitalised interest	*6.1*	491
Total investments and capitalised interest		**20,031**
Developments	*5.4*	2,800
Like for like portfolio (extensions, renovations, restructurings)	*5.4*	17,231
Total acquisitions – developments and extensions and like-for-like portfolio	*5.4*	**20,031**

6.2. Valuation assumptions and sensitivity analysis

At 30 June 2021, appraisers reviewed the value of all of the Group's assets carried at fair value. The valuations of Catella in Spain are based on material market uncertainty due to the potential effects of the health crisis in the country. This clause was withdrawn by C&W in Spain and by BNP in Italy during the first half of 2021. No material valuation uncertainty was identified in France.

The table below presents the data used to determine the fair value of investment properties:

30 June 2021 – Weighted average	Yield	Rent in € per sq.m.(1)	Discount rate(2)	Exit rate(3)	CAGR of NRI(4)
France	5.6%	257	6.2%	6.0%	1.4%
Spain	6.6%	217	9.3%	6.5%	1.6%
Italy	6.0%	289	7.4%	6.4%	0.0%

"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 are stable when compared to 31 December 2020:

31 Dec. 2020 – Weighted average	Yield	Rent in € 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%

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)	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Change in fair value adjustments	(43,760)	(238,679)	964	(90,084)	84	(5,504)	(42,712)	(334,267)
Increase in fair value of property	22,969	33,835	10,019	1,184	384	1,377	33,372	36,396
Decrease in fair value of property	(66,729)	(272,514)	(9,055)	(91,268)	(300)	(6,881)	(76,084)	(370,663)

"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.

Based on the asset fair value, including transfer taxes and related costs, the average yield on assets is stable and stands at 6.20% at 30 June 2021 (unchanged from 31 December 2020).

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 €139.4 million (or 2.3%). A 25 basis-point increase in yields would reduce the value of the portfolio by €228.7 million (or 3.8%). A 50 basis-point increase in yields would reduce the value of the portfolio by €440.7 million (or 7.3%).

6.3. Investment properties held for sale

At 30 June 2021, there were no investment properties held for sale.

7. 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.

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 (so-called "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 June 2018, the debt was renegotiated and its maturity extended by one year, to 2023. No other terms of the loan were changed.

In May 2019, the debt was renegotiated and its maturity extended by one year, to 2024. No other terms of the loan were changed. This resetting of the debt in 2019 at its original effective interest rate led to the recognition of a gain of €4,707 thousand in other financial income, deferred over the residual life 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.

In April 2021, Carmila repaid €300 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 €6,379 thousand. This amount is in addition to the total expense relating to spreading the impact of resetting the original effective interest rate on debt over several reporting periods (€1,055 thousand), and is recognised in other financial expenses.

7.1. Net financial expense

Note 7.1.1 Cost of net debt

	First-half 2021	First-half 2020
Financial income	**423**	**334**
Interest on Group current account	167	192
Financial income on cash equivalents	213	142
Other financial income	43	-
Financial expenses	**(31,074)**	**(27,516)**
Interest expense on bonds	(22,151)	(18,343)
Interest expense on bank borrowings	(1,017)	(2,626)
Capitalised interest expense	491	492
Deferral of costs, bond redemption premiums and swap balancing payments	(5,285)	(4,225)
Interest expense on swaps	(2,630)	(2,394)
Other interest expenses on loans and equivalent	(481)	(493)
Other financial expenses	(1)	73
Cost of net debt	**(30,651)**	**(27,182)**

The cost of net debt in first-half 2021 breaks down as follows:

- Interest on bonds totalled €22,151 thousand, compared to €18,343 thousand in first-half 2020. Since 30 June 2020, Carmila has:
  - issued two new bonds, on 30 November 2020 for €300 million, paying a coupon of 1.625% and maturing in May 2027, and on 25 March 2021 for €300 million, paying a coupon of 1.625% and maturing in April 2029;
  - redeemed €96.7 million worth of 2.375% bonds on 30 November 2020, out of a total issue of €1,188 million;
  - the net impact of these two operations was a negative €3,808 thousand.
- Interest on bank borrowings was €1,017 thousand, down €1,609 thousand, notably following the repayments of €200 million in December 2020 and €300 million in April 2021.
- Amortisation of debt issuance premiums and costs on loans and bonds represents an expense of €5,285 thousand, up €1,060 thousand in line with the new bond issues.
- Net expenses on derivatives eligible for hedge accounting totalled €2,680 thousand, compared to €2,394 thousand in the first half of 2020.

7.1.2 Other financial income and expenses

(In thousands of euros)	First-half 2021	First-half 2020
Other financial income	**290**	**2,333**
Financial income from investments	290	240
Change in value of financial instruments	-	2,093
Reversal of provision for marketable securities	-	-
Change in fair value of equity investments	-	-
Other financial income	-	-
Other financial expenses	**(9,459)**	**(4,803)**
Change in fair value of financial instruments		-
Commitment fees on undrawn credit lines	(1,160)	(1,258)
Loss on short-term investments	-	-
Deferral of resetting EIR at initial rate (IFRS 9)	(7,435)	(2,728)
Change in value of financial instruments	(754)	-
Other financial expenses	(110)	(817)
Other financial income and expenses	**(9,171)**	**(2,470)**

Other financial income fell by €2,043 thousand. In first-half 2020, changes in the credit risk on derivatives represented a positive impact of €2,093 thousand on financial income. In first-half 2021, changes in the credit risk on derivatives resulted in a €754 thousand expense.

Other financial expenses chiefly relate to:

- non-utilisation fees for undrawn credit lines amounting to €1,160 thousand;
- the deferred recognition of the IFRS 9 impact relating to resetting the effective interest rate on debt at its initial rate, representing €7,435 thousand, including an expense of €6,379 thousand corresponding to the reversal of the proportion of the €300 million repayment on the term loan on 9 April 2021.

7.2. 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 and was confirmed on 22 March 2021.

At 30 June 2021, the interest coverage ratio was 3.4x, the loan-to-value ratio stood at 39.4% and the average debt maturity at 4.6 years.

7.2.1 Change in debt

(In thousands of euros)	31 Dec. 2020	Change	Issuance	Repayment	Reclassifications	Other movements	Fair value adjustment	30 June 2021
Non-current financial liabilities	**2,367,042**	**2,222**	**296,864**	**(296,683)**	**6,622**	**-**	**(11,552)**	**2,364,515**
Bonds	1,890,978	-	300,000	-	(1)	-	-	2,190,977
Bond issuance premiums	(8,844)	-	(576)	1,021	-	-	-	(8,399)
Bank borrowings	470,000	-	-	(300,000)	-	-	-	170,000
Impact of resetting effective interest rate	(7,732)				6,623			(1,109)
Loan and bond issuance fees	(7,405)	-	(2,560)	2,296	-	-	-	(7,669)
Derivative instruments with a negative fair value	30,046	2,222	-	-	-	-	(11,552)	20,716
Current financial liabilities	**252,820**	**385**	**257,435**	**(225,000)**	**(6,623)**	**-**	**754**	**279,771**
Bank borrowings	1,043	-	-	-	(1,043)	-	-	-
Impact of resetting effective interest rate	(2,832)		7,435		(5,580)	-	-	(977)
Accrued interest on loans	16,563	9,210	-	-	-	-	-	25,773
Other borrowings and debt	225,000	-	250,000	(225,000)	-	-	-	250,000
Derivative instruments with a negative fair value	4,112	-	-	-	-	-	754	4,866
Bank facilities	8,934	(8,825)	-	-	-	-	-	109
Other IFRS 16 financial liabilities	**35,800**	**-**	**-**	**(692)**	**-**	**537**	**-**	**35,645**
Other IFRS 16 financial liabilities – non-current	34,436	-	-	(692)	-	537	-	34,281
Other IFRS 16 financial liabilities – current	1,364			-	-			1,364
Gross debt	**2,655,662**	**2,607**	**554,299**	**(522,375)**	**(1)**	**537**	**(10,798)**	**2,679,931**

7.2.2 Principal Group financing

(In thousands of euros)	Borrower	Currency of Issue	Interest rate	Final maturity date	Repayment profile	Maximum amount	Amount drawn as at 30 June 2021
Bonds						2,300,000	**2,190,977**
	Carmila SA	EUR	2.375%	Sep-23	at maturity	600,000	**547,900**
	Carmila SA	EUR	2.375%	Sep-24	at maturity	600,000	**543,077**
	Carmila SA	EUR	2.125%	Mar-28	at maturity	350,000	**350,000**
	Carmila SA	EUR	1.890%	Nov-31	at maturity	50,000	**50,000**
	Carmila SA	EUR	3.000%	Jun-29	at maturity	100,000	**100,000**
	Carmila SA	EUR	1.625%	May-27	at maturity	300,000	**300,000**
	Carmila SA	EUR	1.625%	Mar-29	at maturity	300,000	**300,000**
Bank loans						770,000	**170,000**
	Carmila SA	EUR	3-month Euribor	Jun-24	at maturity	770,000	**170,000**
Commercial paper						600,000	**250,000**
	Carmila SA	EUR				600,000	**250,000**
Revolving credit facility						759,000	**0**
	Carmila SA	EUR				759,000	**0**
TOTAL						**4,429,000**	**2,610,977**

7.2.3 Bonds

Carmila has six bonds, issued in 2015, 2016, 2018, 2019, 2020 and 2021, for a total amount of €2,191 million. These bonds are repayable at maturity, falling between 2023 and 2031.

On 25 March 2021, Carmila issued a eight-year bond with a nominal amount of €300 million. The net consideration for Carmila after deducting the issuance premium and bank fees totalled €299,010 thousand.

At 30 June 2021, the amount of Carmila's bond debt therefore totalled €2,191 million. Issuance premiums and costs represented €13,853 thousand and will be amortised over the residual term of the underlying debt.

7.2.4 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.

The facility was repaid ahead of maturity in an amount of €100 million in 2019, €200 million in 2020, and €300 million in first-half 2021, with €170 million still outstanding at 30 June 2021.

At 30 June 2021, €715 thousand of issuance costs for these loans remain to be amortised over the period of the underlying debt.

7.2.5 Compliance with banking covenants at 30 June 2021

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 3.4x at 30 June 2021 (compared with 3.9x at 31 December 2020);

- 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 39.4% at

30 June 2021 (compared with 37.0% at 31 December 2020).

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 30 June 2021, 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.

7.2.6 Other financing

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 June 2021 was €250 million, maturing in 2021. The maximum outstanding balance drawn over the period was €250 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. No drawdowns were made by Carmila on this revolving facility during the period.

7.2.7 Breakdown of financial liabilities by maturity

At 30 June 2021, financial liabilities as broken down by maturity were as follows:

(In thousands of euros)	30 June 2021	Less than 1 year	2 years	3 years	4 years	5 years and beyond
Bonds	**2,202,854**	**22,497**	**(3,290)**	**545,473**	**541,693**	**1,096,480**
Bonds – non-current	2,190,977	-	-	547,900	543,077	1,100,000
Bond redemption premiums – non-current	(8,399)	(2,191)	(2,235)	(1,572)	(744)	(1,657)
Issuance costs	(5,454)	(1,042)	(1,055)	(854)	(640)	(1,863)
Bank loans	**415,742**	**248,331**	**(1,687)**	**(902)**	**170,000**	**-**
Bank borrowings – non-current	170,000	-	-	-	170,000	-
Impact of resetting effective interest rate	(2,086)	(977)	(944)	(165)	-	-
Issuance costs	(2,215)	(735)	(743)	(737)	-	-
Accrued interest	43	43	-	-	-	-
Bank borrowings – current	-	-				
Other borrowings and debt – current	250,000	250,000	-	-	-	-
Other IFRS 16 financial liabilities	**35,645**	**1,364**	**1,345**	**1,031**	**444**	**31,461**
Other IFRS 16 financial liabilities – non-current	34,281		1,345	1,031	444	31,461
Other IFRS 16 financial liabilities – current	1,364	1,364				
Bank and bond borrowings	**2,654,241**	**272,193**	**(3,632)**	**545,602**	**712,137**	**1,127,941**
Derivative instruments with a negative fair value	25,582	4,866	4,842	4,398	3,840	7,636
Bank facilities	109	109	-	-	-	-
Gross debt by maturity date	**2,679,931**	**277,168**	**1,210**	**550,000**	**715,977**	**1,135,577**

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

Year of repayment *(In thousands in euros)*	2021	2022	2023	2024	2025	2026+	TOTAL
Principal	250,000	-	547,900	713,077	-	1,100,000	2,610,977
Interest	48,267	48,089	44,836	31,580	21,133	21,133	215,038
Group total (principal + interest)	**298,267**	**48,089**	**592,736**	**744,657**	**21,133**	**1,121,133**	**2,826,015**

7.3. Management of financial risks and hedging strategy

7.3.1 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.

7.3.2 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 30 June 2021, Carmila has a confirmed revolving credit facility for €759 million. No drawdowns were made by Carmila on this revolving facility during the period.

The remaining balance of cash and cash equivalents at 30 June 2021 was €192 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.

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

8. BREAKDOWN OF OTHER STATEMENT OF FINANCIAL POSITION ITEMS

8.1. Intangible assets

(In thousands of euros)	31 Dec. 2020	Acquisitions	Additions/ reversals	Reclassifications/ retirements	30 June 2021
Software	1,624	9	-	-	1,633
Other intangible assets	17,243	173	-	(112)	17,304
Intangible assets in progress	157	-	-	-	157
Intangible assets – gross value	19,025	182	-	(112)	19,094
Amortisation/impairment of software	(986)	-	(80)	(297)	(1,363)
Amortisation/impairment of other intangible fixed assets	(13,458)	-	226	296	(12,936)
Intangible assets – cumulative amortisation	(14,444)	-	146	(1)	(14,299)
Total intangible assets – net value	**4,581**	**182**	**146**	**(113)**	**4,796**

8.2. Property, plant and equipment

(In thousands of euros)	31 Dec. 2020	Acquisitions	Additions/ reversals	Application of IFRS 16	Reclassifications/ retirements	30 June 2021
Technical plant, machinery and equipment	4,466	-	-	-	13	4,479
Office and computer equipment	573	2	-	-	-	575
Transportation equipment	643	-	-	-	-	643
Company's office buildings	2,567	-	-	22	-	2,589
Other property, plant and equipment	102	-	-	-	-	102
Property, plant and equipment – gross value	8,351	2	-	22	13	8,388
Depreciation/impairment of technical plant, machinery and equipment	(2,812)	-	(152)	-	8	(2,956)
Depreciation/impairment of office and computer equipment	(457)	-	(19)	-	-	(476)
Depreciation/impairment of transportation equipment	(598)	-	-	-	-	(598)
Depreciation/impairment of company's office buildings	(1,225)	-	(243)	-	-	(1,468)
Depreciation/impairment of other property, plant and equipment	(54)	-	(3)	-	-	(57)
Property, plant and equipment – cumulative depreciation	(5,146)	-	(417)	-	8	(5,555)
Total property, plant and equipment – net value	**3,205**	**2**	**(417)**	**22**	**21**	**2,833**

At 30 June 2021, 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.

8.3. Investments in equity-accounted companies

(In thousands of euros)	31 Dec. 2020	Net income	Distribution	Share capital increase	Change in scope of consolidation	Other movements	30 June 2021
Investments in equity-accounted companies	48,061	1,467	(820)	-	-		48,707

At 30 June 2021, 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 fully owned by Carmila and including consolidation adjustments:

Equity-accounted companies (In thousands of euros)	30 June 2021	31 Dec. 2020
Investment properties	128,732	126,702
Other non-current assets	1,740	1,776
Deferred tax assets	(736)	2,436
Non-current assets	**129,736**	**130,914**
Trade receivables	-	377
Other current assets	2,290	1,157
Cash and cash equivalents	2,211	2,406
Current assets	**4,501**	**3,940**
Total assets	**134,237**	**134,854**

Equity-accounted companies (In thousands of euros)	30 June 2021	31 Dec. 2020
Equity attributable to owners	99,943	101,071
Total equity	**99,943**	**101,071**
Borrowings and financing from associates	28,217	28,247
Other non-current liabilities	2,136	2,143
Non-current liabilities	**30,353**	**30,390**
Current liabilities	**3,945**	**3,393**
Total equity and liabilities	**134,241**	**134,854**

Equity-accounted companies (In thousands of euros)	First-half 2021	First-half 2020
Gross rental income	3,768	7,542
Net income (loss)	**2,934**	**(6,378)**
Dividends distributed	1,640	2,419

8.4. Other non-current assets

(In thousands of euros)	31 Dec. 2020	Increases	Decreases	Other movements	30 June 2021
Non-consolidated equity interests	929	4,695	-	-	5,624
Advances to associates or non-consolidated companies	-	-	-	-	-
Security deposits	12,921	40	(35)	-	12,926
Other financial assets	68	60	-	-	128
Other non-current assets – gross value	13,918	4,795	(35)	-	18,678
Impairment on other non-current assets	(1,295)	-	-	-	(1,295)
Other non-current assets – net	**12,623**	**4,795**	**(35)**	**-**	**17,383**

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 acquisition of a stake in HDDB Holding for €4.5 million.

8.5. 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 notes 2 "Significant events of first-half 2021" and 9.1.1 "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 2021 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)	**30 June 2021**	**31 Dec. 2020**
Trade receivables – gross value	**200,300**	**203,047**
of which related to leasing activity	*174,476*	*179,325*
of which accrued receivables and receivables unrelated to leasing activity	*25,824*	*23,722*
Allowances for trade receivables	**(72,753)**	**(54,515)**
of which related to leasing activity	(72,753)	(54,341)
of which unrelated to leasing activity	-	(174)
Trade receivables – net	**127,547**	**148,532**

There was a €21 million year-on-year decrease in net trade receivables at 30 June 2021, essentially reflecting the rise in impairment recognised against trade receivables owing to the age of the receivables, as well as the rise in impairment recognised against trade receivables owing to customers undergoing insolvency proceedings.

The gross default rate was 21.8% at 30 June 2021.

Additional allowances recognised in respect of the health crisis amounted to €29.6 million.

	30 June 2021							
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**FY 2020**	Q1 2020	Q2 2020	**H1 2021**
Gross collection rate (total amount invoiced)	96,1%	61,4%	88,8%	81,4%	**82,3%**	68,2%	58,5%	**63,6%**
Rent waiver/Covid-19 provision rate	3,7%	36,5%	10,0%	18,4%	**16,8%**	11,7%	18,0%	**14,6%**
To be collected	0,2%	2,1%	1,2%	0,2%	**0,9%**	20,1%	23,5%	**21,8%**
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Gross collection rate (France)	96,2%	55,9%	92,7%	83,2%	**82,4%**	65,8%	51,8%	**59,0%**
Net collection rate (adjusted for rent waivers/Covid-19 provision)	99,8%	97,9%	98,8%	99,8%	**99,1%**	79,9%	76,5%	**78,2%**

As at 30 June 2021, out of the total charges and rents invoiced in 2020, 82.3% had been collected, 16.8% had been waived or charged to allowances (and written down in the consolidated financial statements) and 0.9% are pending collection.

Out of the total rents invoiced in first-half 2021, 63.6% had been collected at end-June, 14.6% had been waived or charged to allowances and 21.8% are pending collection.

Aged balance at 30 June 2021:

(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	29,594	-	29,594	(1,099)	1,522	1,206	927	2,470	9,533	15,035	(21,306)
Italy	13,587	5,578	8,008	1	519	299	1,812	1,566	1,098	2,714	(3,925)
France	131,295	35,616	95,679	(73)	4,336	6,370	7,880	17,719	44,441	15,006	(47,522)
Group total	**174,476**	**41,194**	**133,281**	**(1,171)**	**6,377**	**7,876**	**10,619**	**21,755**	**55,072**	**32,754**	**(72,753)**

	trade receivables
Group total	**(72,753)**

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

The aged balance at 31 December 2020 was as follows:

(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 Provision
Spain	29 108	0	29 108	-549	995	813	-1 034	6 782	16 866	5 237	(14 649)
Italy	13 719	5 856	7 863	0	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)**

8.6. Other current assets

(In thousands of euros)	**30 June 2021**	**31 Dec. 2020**
Tax receivables	28,413	37,431
Corporate tax receivables	6,309	7,133
Other tax receivables	22,104	30,298
Financial receivables	34,490	31,389
Receivables related to investment properties	34,206	30,962
Derivative instruments – assets	96	121
Marketable securities – excl. money-market	188	306
Other receivables	41,766	17,595
Receivables from charges rebilled to tenants	17,429	11,049
Other miscellaneous receivables	24,200	6,426
Prepaid expenses	137	120
Total other receivables – gross value	**104,669**	**86,415**
Impairment of other receivables	0	0
Other current receivables – net	**104,669**	**86,415**

At 30 June 2021, corporate tax receivables included €3.4 million in tax reductions granted by the French government in return for rent relief afforded to tenants due to the November 2020 lockdown. An amount of €0.6 million was written back in the period following the most recent negotiations.

Other tax receivables mainly comprise a VAT credit for €12 million arising on the payment for the Nice off-plan development (versus €3 million at 31 December 2020) and a €9 million VAT receivable on unbilled payables (versus €24 million at 31 December 2020). At end-2020, this caption also included €2 million in deductible VAT on cash inflows.

Financial receivables relating to equity investments mainly consist of the Group's loans to equity-accounted companies (As Cancelas for €11,500 thousand and Carmila Thiene for €5,126 thousand), and to advances by Carmila France and Carmila Retail Development to non-controlling interests in which these companies have an equity stake for €15,729 thousand. The increase in this caption is mainly attributable to the rise in advances granted by Carmila Retail Development to non-controlling interests.

Other miscellaneous receivables mainly include a receivable relating to contingent consideration regarding the Nice off-plan development for €17 million.

8.7. Net cash

(In thousands of euros)	30 June 2021	31 Dec. 2020
Cash	141,654	180,228
Cash equivalents	50,000	140,035
Cash and cash equivalents	191,654	320,263
Bank facilities	(109)	(8,934)
Net cash	**191,545**	**311,329**

Cash equivalents includes a €50 million term deposit maturing in November 2021. However, this term deposit was closed in July 2021.

The change in the Group's net cash position is detailed in Note 1.3 "Consolidated statement of cash flows".

8.8. Equity

8.8.1 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 2021	**142,616,879**	855,701	548,637	1,491,181
Dividend – GM of 18/05/2021	**3,826,562**	22,959	25,064	(74,168)
Share option	**(80,761)**	(485)	485	
New shares issued	**144,647**	868	(868)	
At 30 June 2021	**146,507,327**	**879,044**	**573,318**	**1,417,013**

At 30 June 2021, the share capital was made up of 146,507,327 shares split into four share classes, each with a par value of six euros (€6), fully subscribed and paid up. The share capital comprises 146,215,837 class A shares, 7,537 class B shares, 139,306 class C shares and 144,647 class D shares.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 18 May 2021 approved the dividend of €1.00 per share for 2020, representing a total payout of €142,389 thousand. A total of €74,245 thousand was deducted from the merger premium and €68,144 thousand from consolidated retained earnings available for distribution. Shareholders were offered the option to receive the dividend payment in shares. In all, €94,238 thousand was paid in cash and €48,023 thousand was paid in shares, resulting in the issuance of 3,826,562 class A shares with a value of €12.55 per share.

In accordance with the terms and conditions of the plan dated 16 May 2018, vested class B shares entitle their holders to convert them into class A shares following a two-year mandatory holding period. This period expired on 16 May 2021, leading to the conversion of 112,611 class B shares into 31,850 class A shares issued on 9 June 2021. This capital decrease was charged against issuance premiums for €485 thousand.

The class D shares were issued on 29 June 2021 as part of Carmila's preferred share allotment plan for key employees and corporate officers. This capital increase was charged against issuance premiums for €868 thousand.

8.8.2 Distribution of issuance premiums and capital increases

For more details on the distribution of issuance premiums, see Note 2.3 "Dividend".

For more details on corporate actions, see Note 8.8.1 "Equity" above.

8.8.3 Treasury stock

Treasury stock is deducted from consolidated shareholders' equity at its acquisition cost. Any gains or losses on the sale of treasury stock (together with the related tax effects) are taken directly to shareholders' equity and not to net income for the period. The Company entered into a liquidity agreement following its listing on Euronext Paris. At 30 June 2021, the Company held a total of 187,803 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.

8.8.4 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)	30 June 2021
Net income (loss)	18,845
Consolidated net income (loss) attributable to non-controlling interests	85
Numerator	
Consolidated net income (loss) attributable to owners of the parent	**18,760**
Average number of shares outstanding	142,490,436
Number of free and preference shares outstanding as of 30 June 2021	247,188
Denominator	
Average number of shares (fully diluted)	**142,737,623**
Earnings per share (in euros)	**0.13**
Diluted earnings per share (in euros)	**0.13**

8.9. Provisions

(In thousands of euros)	30 June 2020	Additions	Reversals	Reclassifications	Actuarial adjustments (OCI)	30 June 2021
Other provisions for contingencies and charges	5,963	1,267	(747)	1,758	-	8,241
Provisions for contingencies and charges	5,963	1,267	(747)	1,758	-	8,241
Provision for pensions and retirement benefits	769	34	(22)	-	-	781
Provisions for charges	769	34	(22)	-	-	781
Total non-current provisions	**6,732**	**1,301**	**(769)**	**1,758**	**-**	**9,022**

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).

8.10. Trade and payables to suppliers of non-current assets

(In thousands of euros)	First-half 2021	First-half 2020
Payables to suppliers of non-current assets	25,664	86,231
Miscellaneous payables	1,414	1,094
Trade payables and invoices yet to be received	19,503	26,679
Trade and payables to suppliers of non-current assets	**46,581**	**114,004**

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects.

The decrease in payables to suppliers of non-current assets reflects the delivery of the Nice Lingostière extension and the settlement of the related trade payables, including payment of the outstanding off-plan development contract.
The decrease in payables to suppliers is related to the decrease in invoices yet to be received at end-June 2021.

8.11. Other current liabilities

(In thousands of euros)	First-half 2021	First-half 2020
Accrued tax and payroll liabilities	67,761	56,004
Tax liabilities (excluding corporate income tax)	58,447	43,315
Tax liabilities – corporate income tax	1,624	1,610
Social-security liabilities	7,690	11,079
Other liabilities	54,418	95,620
Other miscellaneous liabilities	17,667	29,071
Prepaid income	36,751	66,549
Other current liabilities	**122,179**	**151,624**

The rise in accrued tax and payroll liabilities is primarily due to the rise in property tax which is paid to the tax authorities at the end of the year.

Other liabilities include an earn-out on a 2016 acquisition, expected to be paid in 2021 in an amount of €7.5 million. The decrease in other current liabilities is mainly due to the decrease in credit notes to be issued to tenants for €5.9 million and the reclassification of current accounts within assets for €4.0 million.

The decrease in accrued income is mainly due to the change in invoicing frequency. In the context of the health crisis, Carmila has invoiced most of its tenants on a monthly basis since April 2021 (versus quarterly previously).

9. BREAKDOWN OF INCOME STATEMENT ITEMS

9.1. 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, 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)	First-half 2021	First-half 2020
Rent	172,872	163,608
Entry fees and other indemnities	(6)	(30)
Gross rental income	172,866	163,578
Property tax	(23,276)	(22,736)
Charges rebilled to tenants	17,292	18,667
Real estate expenses	(5,984)	(4,069)
Rental charges	(37,199)	(36,690)
Charges rebilled to tenants	31,968	31,681
Non-recoverable service charges	(5,231)	(5,009)
Management fees	(151)	(303)
Charges rebilled to tenants	195	8
Losses and allowances against receivables	(20,442)	(6,171)
Other expenses	(13,308)	(577)
Property expenses (landlord)	(33,706)	(7,043)
Net rental income	**127,945**	**147,457**

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 Note 9.1.1.

9.1.1 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
First-half 2021 income statement impact of the health crisis	**(22 725)**	**(8 814)**	**(1 976)**	**(33 515)**
- of which impact of rent waivers and costs (Covid 3)	(17 251)	(4 476)	(2 058)	(23 785)
- of which allowances on receivables (Covid 3)	(3 047)	(2 839)	82	(5 804)
- of which variable rent adjustments (Covid 3)	(1 244)	0	0	(1 244)
- of which impact of IFRS 16 (Covid 1)	(537)	(1 499)	0	(2 036)
- of which reversals of tax credits (Covid 2)	(646)	0	0	(646)
Income statement impact beyond June 2021 (IFRS 16 impact: Covid 1 rent-free periods to be deferred)	**(7 111)**	**(5 323)**	**0**	**(12 434)**
Impact of the health crisis in first-half 2021 income statement	**(22 725)**	**(8 814)**	**(1 976)**	**(33 515)**
Impact of Covid-19 third wave	**(21 542)**	**(7 315)**	**(1 976)**	**(30 833)**
Impact (in months of rents)	0,9	0,8	0,9	0,9

(in thousands of euros)	France	Spain	Italy	Group
Impact on gross rental income	**(1 781)**	**(1 499)**	**0**	**(3 280)**
Variable rent adjustments	(1 244)	0	0	(1 244)
IFRS 16 impact (deferral of rent-free periods granted)	(537)	(1 499)	0	(2 036)
Impact on net rental income	**(20 944)**	**(7 315)**	**(1 976)**	**(30 235)**
Rent waivers without concessions	(17 251)	(4 476)	(2 058)	(23 785)
Allowances on receivables	(3 047)	(2 839)	82	(5 804)
Tax credit	(646)	0	0	(646)
Total impact in 2021	**(22 725)**	**(8 814)**	**(1 976)**	**(33 515)**

The impact of relief not resulting in an extension in the non-cancellable term of the lease is written off in full against net rental income in accordance with IFRS 9.

Carmila has allocated a €17.3 million provision for the impact of rent waivers corresponding to 30% of tenants' rents and charges for the first-half period during which businesses were closed in France. This provision will enable Carmila to issue credit notes specifically for the closed-down period in order to speed up its collection of 2021 rents and re-establish the systematic payment of rents on time.

In the first half of 2021, Carmila granted rent relief totalling €4.5 million in Spain and €2.1 million in Italy to help tenants through the third wave of the health crisis.

At 30 June 2021, additional writedowns totalling €5.8 million had been taken against trade receivables. Disputed receivables were written down in full.

The provision for variable rents was adjusted in an amount of €1.2 million.

For rent relief granted during the first Covid-19 wave 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 €2.0 million in first-half 2021. At 30 June 2021, the stock of rent-free periods still to be recognised represented €12.4 million, of which approximately €3.0 million is expected to be recognised in second-half 2021.

The tax credit in connection with rent waivers granted during the second wave of Covid-19 was revised downwards by €0.6 million following the outcome of Covid-related rent negotiations.

9.1.2 Gross rental income and net rental income

Gross Rental income	**First-half 2021**		**First-half 2020**
		Change vs. 30 June 2020	
(in thousands of euros)	**Gross Rental income**	reported	**Gross Rental income**
France	117 948	11,6%	105 678
Spain	43 978	-5,4%	46 499
Italy	10 940	-4,0%	11 401
Total	**172 866**	**5,7%**	**163 578**

Gross rental income fell by 5.7% in first-half 2021. In first-half 2020, rent waivers granted to very small businesses were recognised as a deduction from gross rental income in an amount of €13.2 million.

Rent waivers granted in first-half 2021 were accounted for as a deduction from net rental income.

Adjusted for these impacts, gross rental income fell by 1.8%, reflecting the resilience of the rental base in a challenging health situation.

The decline reflects (i) the IFRS 16 impact of rent-free periods granted in connection with the health crisis (Covid-19) in exchange for an extension in lease terms (negative €2.0 million impact in first-half 2021), and (ii) adjustments made to provisions for variable rents for the months during which stores were closed (negative €1.2 million impact). Rent-free periods granted with no concession by the tenant are recognised against net rental income.

Net rental income

Net Rental Income	First-half 2021					First-half 2020
		Change vs. 30 June 2020				
(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	87 987	-9,1%	-8,5%	-0,6%	-8,2%	95 898
Spain	31 115	-22,9%	-21,1%	-1,8%	-25,5%	41 765
Italy	8 843	-11,8%	-10,0%	-1,8%	-9,7%	9 794
Total	**127 945**	**-13,2%**	**-12,2%**	**-1,0%**	**-13,2%**	**147 457**

Net rental income fell by €19.5 million in first-half 2021. This decline is attributable to the factors described below.

The total like-for-like decrease was €19.4 million or 13.2% over the first half. Covid-19 impacts had a negative €33.5 million effect, as detailed in the "Accounting treatment applied to the impacts of the health crisis" section. Changes linked to specific Covid-related impacts represented a €17.9 million (or 12.2%) reduction in net rental income. Organic growth as adjusted for these specific impacts was a negative 1.0%.

Growth generated by lease extensions represents €1.7 million, or 1.2%. The Nice Lingostière extension delivered in May 2021 is included in this line.

Zero growth was generated by acquisitions in 2020, since no acquisitions were carried out in either 2020 or the first half of 2021.

The sale of Nanteuil-lès-Meaux had no impact in the period as it was completed on 23 June 2021.

Other impacts reduced net rental income by €1.8 million, or 1.2%. These notably include the impact of strategic vacancies for restructuring and extension projects.

9.2. Overhead expenses

(in thousands of euros)	First-half 2021	First-half 2020
Income from property management, administration and other activities	5,592	2,959
Other income	765	2,475
Payroll expenses	(13,665)	(12,970)
Other external expenses	(17,120)	(17,746)
Overhead expenses	**(24,428)**	**(25,282)**

Operating expenses are down by 3.4% in the first half of 2021 compared with the first half of 2020. This €0.9 million decrease is mainly attributable to the cost savings made in the wake of the health crisis.

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

This income includes new lease commission, marketing fund services dedicated to the development and attractiveness of the centres (retailers' associations), the re-billing to the Carrefour group of the share of payroll expenses for shopping centre management and LouWifi fees.

The total amount of this revenue was €6.4 million in first-half 2021, an increase of €0.9 million, or 17.0% compared to first-half 2020. This increase is mainly attributable to amounts rebilled to Carrefour by shopping centre managers in Spain.

9.2.2 Payroll expenses

Payroll expenses amounted to €13.7 million in first-half 2021: the 5.4% increase takes into account the year-on-year rise in the average number of employees, particularly following the inclusion of shopping centre managers within the headcount for Spain.

Carmila did not introduce furlough schemes during the lockdowns to enable it to stay in touch with its tenants and customers, and prepare for the reopening of the shopping centres at the end of the lockdown.

9.2.3 Other external expenses

Other external expenses totalled €17.1 million in first-half 2021, a decrease of 3.5%, or €0.6 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, as well as appraisal fees for the asset portfolio, legal and tax fees, auditors' fees, financial communication and advertising fees, travel expenses and other mission-related expenses.

9.3. Depreciation, amortisation, provisions and impairment

(In thousands of euros)	First-half 2021	First-half 2020
Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(263)	(823)
Reversals from/additions to provisions for provisions for contingencies and charges and current assets	(621)	(616)
Additions to depreciation/amortisation of property, plant and equipment and intangible assets, and provisions	**(884)**	**(1,439)**

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.

9.4. Gains and losses on disposals of investment properties and equity investments sold

The €78 thousand gain on the disposal of investment properties relates to the sale of the Nanteuil les Meaux retail park.

There were no other significant disposals during the period.

10. INCOME TAXES

10.1. Income tax expense

The income tax expense recognised for first-half 2021 is based on known factors.

In France, the Group benefits from the specific SIIC tax regime for French real estate investment trusts. The SIIC tax regime exempts earnings from real estate activities from corporate income tax, provided that at least 95% of earnings are derived from rental income and 70% of capital gains on real estate disposals are paid out as dividends, among other requirements.

The Group's Spanish companies are eligible for the SOCIMI tax regime applicable 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. 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%.

Deferred tax expense represents €1.9 thousand and relates to the tax effect resulting from the difference in Italy between the actual value of properties and their value for tax purposes.

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 €979 thousand.

(In thousands of euros)	**First-half 2021**	**First-half 2020**
Deferred tax	(1,903)	(1,748)
Withholding tax	-	(85)
Current tax	(979)	(355)
Income tax (expense) benefit	**(2,882)**	**(2,188)**

10.2. Tax reconciliation

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

(In thousands of euros)	First-half 2021	First-half 2020
Consolidated net income (loss)	18,845	(126,842)
Income tax benefit (expense)	2,882	(2,187)
Share of net income (loss) of equity-accounted companies	(1,467)	(800)
Net income before taxes and equity-accounted companies	20,260	(123,855)
Standard tax rate applicable to the parent company	28.00%	28.00%
Theoretical income tax (expense) benefit	**(5,673)**	**34,679**
Tax exempt income resulting from the SIIC regime	(1,450)	(33,093)
Tax exempt income resulting from the SOCIMI regime	6,433	(2,740)
Temporary differences		
Share of expenses on dividends	(70)	(25)
Permanent differences	861	1,109
Taxes other than on income	(1,017)	4
Impact of difference in tax rates	-	-
Difference in earnings	-	-
Unrecognised tax losses	(1,964)	(2,121)
Effective tax (expense) benefit	**(2,881)**	**(2,187)**
Effective tax rate	**14.22%**	**-1.77%**

10.3. Current tax assets and liabilities

(in thousands of euros)	30/06/2021	31/12/2020
Tax credits	6 309	7 133
Total tax assets	**6 309**	**7 133**
Tax liabilities non-current	0	0
Tax liabilities current	1 582	1 568
Liabilities related to tax consolidation	42	42
Total tax liabilities	**1 624**	**1 610**

At 30 June 2021, tax receivables related to France for €3,782 thousand (including €3.4 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).

10.4. Deferred tax assets and liabilities

(In thousands of euros)	31 Dec. 2020	Profit and loss impact	Change in scope of consolidation	Other	30 June 2021
Deferred tax assets	11,113	1	-	-	11,114
Deferred tax liabilities	(177,316)	(1,903)	-	-	(179,219)
Net balance of deferred tax	**(166,203)**	**(1,902)**	**-**	**-**	**(168,105)**
Breakdown of deferred tax by category					
Properties	(177,316)	(1,903)		-	(179,219)
Tax losses	8,935	-	-	-	8,935
Other items	2,178	1	-	-	2,179
Net balance of deferred tax	**(166,203)**	**(1,902)**	**-**	**-**	**(168,105)**

11. OFF-BALANCE SHEET COMMITMENTS AND ASSOCIATED RISKS

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.

11.1. Contingent liabilities

At 30 June 2021, there were no material disputes other than those already recognised in the consolidated financial statements.

11.2. Commitments received

in thousands of euros	30/06/2021	31/12/2020
Undrawn comitted credit facilities	759 000	759 000
Commitments related to Group financing	**759 000**	**759 000**
Bank guarantees received from tenants	21 845	29 185
Commitments related to the Group operating activities	22 073	29 185
TOTAL commitments received	**781 073**	**788 185**

11.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 30 June 2021, the Group had a €759 million credit facility set up as part of its refinancing programme in June 2017. No drawdowns were made by Carmila on credit facilities during the period.

11.2.2 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.

11.3. Commitments given

COMMITMENTS GIVEN *(In thousands of euros)*	30 June 2021	31 Dec. 2020
Commitments to complete works	670	12,241
Rental guarantees and deposits	8,563	11,376
Commitments related to Group operating activities	**9,233**	**23,617**
Total commitments given	**9,233**	**23,617**

11.3.1 Commitments subject to conditions precedent

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

At 30 June 2021, the Group had not signed any purchase commitments.

11.3.2 Works-related commitments

Works-related commitments correspond to works approved by the Investment Committee and/or already under contract, and not recognised on the statement of financial position. The decrease in these commitments reflects the delivery of the Coquelles and Nice Lingostière projects.

11.3.3 Rental guarantees and collateral

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.

11.3.4 Commitments given on swaps

At 30 June 2021, 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.

12. 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 and vice-versa. The term of these agreements was set at five years, i.e., until 15 April 2019, and was extended until 31 December 2020.

On 18 February 2021, the Carrefour group and Carmila signed new agreements regarding functions or services to be performed by Carrefour on Carmila's behalf, and vice versa. The term of these agreements was set at four years, i.e., until 31 December 2025.

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.

13. COMPENSATION AND EMPLOYEE BENEFITS

13.1. Payroll expenses

See Note 9.2.2.

13.2. Headcount

At 30 June 2021, the Carmila Group had 212 employees, including 137 in France employed by its Almia Management subsidiary, 60 in Spain and 15 in Italy (excluding apprentices).

13.3. 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.).

13.3.1 Pension plans

At 31 December 2020, the Group applied the following main actuarial assumptions:

- Discount rate: 0.75
- Salary increase rate: 2%

These assumptions remained unchanged at 30 June 2021.

13.3.2 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 eight 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).

Part 1 of the plan granted in 2018 (plan 4) expired on 16 May 2021, leading to the conversion of 112,611 class B shares into 31,850 class A shares.

The plans in effect at 30 June 2021, granted in 2018, 2019 and 2020, were as follows:

- In 2018 (plan no. 5, second wave), 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.
- In 2020, the preference share performance plan (plan no. 7) 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-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.
- A new free share plan (plan no. 8) was approved in May 2021 and also 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-2023 versus a panel of comparable companies;

- one-quarter relates to growth in recurring earnings per share over a three-year period;

- one-quarter relates to the achievement of CSR criteria by end-2023;

- one-quarter relates to the total stock market yield over a three-year period up to end-2023 versus a panel of comparable companies.

The benefits granted are recognised over the vesting period, as payroll expenses for €671 thousand against a corresponding increase in shareholders' equity of €559 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% payroll taxes) for €112 thousand.

On 29 June 2021, the Company issued 144,647 class C shares under a preferred share allotment plan (plan no. 7) for key employees and corporate officers of Carmila. This capital increase was charged against the issue premium.

14. ADDITIONAL INFORMATION

14.1. Subsequent events

Uncertainties linked to the health crisis are still prevalent, particularly in Spain, due to a resurgence of the pandemic. In France, the state of emergency has been prolonged and the provisions relating to the health pass should be adopted definitively in the next few days. The amendment relating to shopping centres provides that regional administrative authorities may require a health pass to enter "large shopping centres, if conditions so require, guaranteeing access to essential services".

15. LIST OF CONSOLIDATED COMPANIES

List of consolidated companies Consolidated companies	Country	% interest 30 June 2021	31 Dec. 2020	Change	% control 30 June 2021	31 Dec. 2020	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 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%	-

List of consolidated companies Equity-accounted companies	Country	% interest 30 June 2021	31 Dec. 2020	Change	% control 30 June 2021	31 Dec. 2020	Change
As Cancelas	Spain	50.00%	50.00%	-	50.00%	50.00%	-
Carmila Thiene SRL	Italy	50.10%	50.10%	-	50.10%	50.10%	-

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France

Carmila

Société Anonyme
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92100 Boulogne-Billancourt

Share capital of € 879,043,962

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2021

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Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2021

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Carmila, for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the half-yearly consolidated financial statements have been prepared and reviewed 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 our review procedures.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

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I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 28th July, 2021

The Statutory Auditors

KPMG S.A.

French original signed by

Eric Ropert
Partner

Adrien Johner
Partner

DELOITTE & ASSOCIÉS

French original signed by

Stephane Rimbeuf
Partner