Press release

Boulogne-Billancourt, 25 July 2019

2019 Half-year results

Carmila confirms its recurring earnings target growth for 2019, and reaffirms confidence in cash flow sustainability

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Based on the first semester 2019 results, Carmila **confirms its target growth of recurring earnings per share,** expected **between +5% and +6.5%** for 2019.

Carmila **maintains confidence** in the sustainability and visibility of its medium-term cash flows. *"Our ability to grow our cash flows thanks to a strong letting momentum, a local digital marketing strategy aiming at boosting retailer revenues, our value-creating asset management and project development, will support the sustainability of our dividends at a level at least equal to that of 2018"*, Alexandre de Palmas, the new Chairman and CEO of Carmila declared.

Activity over the first half of 2019 was dynamic and Carmila's key business indicators performed better than last year:

- Net rental income **rose by +7.7%,** and +3.1% on a comparable basis[1];
- **Recurring earnings per share[2] reached €0.82** per share, up +**6.2%.**

Gross asset value, including transfer taxes at 30 June 2019 marginally fell to **€6,377.4 million** (-0.4% and -1.1% at comparable scope). Experts have taken into account an average cap rates expansion of +22 bps in France. This effect was partially offset by the fact that they took into account asset management actions carried out on the portfolio in France and Spain in their valuations.

With an average 5.91% cap rate (+14 bps over 6 months), the Carmila portfolio is prudently valued given its profile (risk diversification, fully renovated portfolio, value creation potential) and its fundamentals (sustainable rental values, realistic values of vacant premises, reasonable and sustainable occupancy cost ratios).

The EPRA net asset value at 30 June 2019 was **€27.14 per share**, compared with €28.39 per share at 31 December 2018. Adjusted for the impact of the €1.50 per-share-dividend paid in May 2019, NAV-per-share increased by +**€0.25 per share (+0.9%)** over the half-year.

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[1] Growth in net rental income between H1 2018 and H1 2019 excluding the impact of extensions delivered in 2018, acquisitions completed in 2018 and strategic vacancy.

[2] EPRA earnings adjusted for non-recurring items detailed in the attached appendix. Calculated on an average number of shares over the period, fully diluted.

Rental activity - 1st half 2019

Letting activity was robust during the first semester, with an objective to reinforce commercial attractiveness, in particular by identifying and welcoming dynamic and talented local retailers within the centres, thereby adapting to new trends and reinforcing our shopping centres local leadership. 392 leases were signed over the semester.

Reversion on renewals over the period averaged **+6.3%**: +7.3% in France and +5.2% in Spain.

The financial occupancy rate of the portfolio[3] was **95.8%**, versus 96.2% at 31 December 2018. The rate in France is 95.3% (-70 bps), while Spain performed at 96.5% (+50 bps). The rate in Italy fell by 2 points, due to the departure of a major tenant, yet remains the highest of the three countries at 97.7%.

Net rental income rose **from €155.0 million** in the first half of 2018 to **€167.0 million** in the first half of 2019, up **+7.7%.** On a like-for-like basis, net rental income grew +3.1% including indexation impact of +1.5 point. Figures for the first half of 2019 also include the +0.5 point impact of accounting for leases under IFRS 16.

Growth in net rental income as a result of the 2018 acquisitions represented +3.7 points of total growth, and extensions delivered in 2018 weighed for +1.5 point.

Results for the first half of 2019

Overhead costs, net from other operating income and expenses for the first half of 2019, amounted to €27.5 million. The increase against H1 2018 (+€2.2 million) is largely due to the recognition of non-straight-line expenses over the period. For 2019, Carmila aims to stabilise overhead costs compared with 2018, at a level between €50.0 million and €52.0 million.

EBITDA for the first half of 2019 rose to **€140.8 million** versus **€130.3 million** for the first semester of 2018, representing an increase of +8.0% in line with growth in net rental income.

EPRA recurring earnings amounted to **€111.7 million**, an increase of **+7.3%** compared with the first half of 2018. This amount is excluding non-cash expenses recognised over the two half-years (amortisation of debt issuance costs and residual costs related to repaid debts and unwound hedges, fair value adjustments of hedging instruments).

Taking into account the 2018 issue of 1.5 million shares for payment of the option to perceive the dividend in shares exercised by certain shareholders, recurring earnings per share rose **+6.2%** during the first semester 2019 compared with the same period in 2018, to **€0.82 per share**.

Portfolio valuation and NAV

Gross asset value, including transfer taxes, amounted to **€6,377.4 million** at 30 June 2019, a -0.4% decrease over 6 months (-€27.2 million).

On a comparable scope, the value of the portfolio fell by -1.1%. **The portfolio's average capitalisation rate** increased by +14 bps to **5.91%.**

[3] *Excluding 1.37% strategic vacancy rate.*

Appraisers increased the cap rates in France by an average +22 bps on the Carmila portfolio, in order to take into account the lack of significant and representative transactions on the French market.
The impact of this average rate-increase, linked to market conditions, was partially offset by inclusion in their expertise of the asset management actions carried out on a certain number of centres in France (-5 bps on the average cap rate of the French portfolio).

Fully diluted **EPRA NAV per share** at 30 June 2019 stood at **€27.14 per share**, compared with €28.39 per share at 31 December 2018, bearing in mind that a €1.50 per-share dividend was paid to the shareholders in May 2019. Adjusted for the impact of this dividend, the company's NAV-per-share rose by €0.25 over the 6 months (+0.9%), owing to the increase in cash flows over the period, which more than offset the value decrease of the assets linked with the change in asset valuation method.

Fully diluted **EPRA NNNAV per share** stood at €25.57 per share, compared with €27.14 per share at 31 December 2018, almost stable including the adjustment for the impact of the dividend paid in May 2019.

Debt and financial structure

At 30 June 2019, Carmila's **gross debt** stood at €2,477 million[4] and available cash amounted to €200 million. Available facilities (RCF and net available cash) remained stable at €1.2 billion. The average debt term was also stable at 5.4 years.

With regard to its short-term marketable securities program (commercial paper), Carmila's outstanding balance drawn at 30 June 2019 was €155 million.

At 30 June 2019, the ratio of **consolidated net financial debt to fair value of property assets** *(including transfer taxes)* was **36.0%**, below the maximum bank covenant threshold of 55%.

At 30 June 2019, the ratio of **EBITDA/net cost of financial debt** was **4.9x**, above the contractually-agreed bank covenant threshold of 2.0x.

Extension pipeline and restructuring

At 30 June 2019, Carmila's 2019-2024 pipeline encompassed 25 projects for a total investment of €1.41 billion, with an average development yield on cost of 7.1%[5].

Four projects will be delivered in the course of the second half of 2019:

- The extension of the Carrefour Rennes-Cesson shopping centre, doubling the size of the centre, which will cover 13,000 m² and offer 67 stores;
- The restructuring of the Cité Europe shopping centre in Calais-Coquelles to accommodate Primark, create a Cité Gourmande food court alongside cinemas and boost the retail dynamic of this historically leading centre;
- The restructuring of Bourg-en-Bresse to make way for new medium-sized retailers and widen the commercial offering;
- The creation of a food court on the parking lots of the Toulouse Purpan shopping centre.

[4] *Including the gross amount of bonds, drawn bank debt and outstanding commercial paper issued as at 30 June 2019.*
[5] *6.1% after consideration of payment to the Carrefour group of its 50% share of the margin for jointly developed projects.*

These four projects will generate an additional €1.9 million annual rental income and will be fully let on opening.

First-half activity and CSR policy

As part of its environmental strategy, Carmila pays particular attention to its sites' environmental certification. During the first half of 2019, 13 shopping centres received a BREEAM certification, with 3 receiving BREEAM New Construction and 10 BREEAM In-Use. During this period, an active BREEAM In-Use certification campaign was launched in partnership with Longevity to meet the objective of achieving certification for 75% of our assets by value by 2021.

Including the certifications of the first half-year, the certification rate of the portfolio[6] increased to 50%, from 35% at the end of 2018.

Carmila is accelerating its societal commitment through the organisation of charitable operations focused on five core principles:

- sustainable development;
- economic and social impact;
- charity and solidarity actions;
- public health;
- access to culture and sport.

In total, 673 CSR operations were organised, i.e. a +49% increase compared to the first half of 2018, thus exceeding the objective of a +10% increase in the number of CSR events. To highlight the Carrefour Group's Act for Food strategy, 20 initiatives dedicated to food transition were also carried out in our centres, in partnership with the Carrefour hypermarkets.

Business development

Innovation and entrepreneurship lie at the very core of Carmila's projects and are reflected in employees' initiatives as well as in business development activities. Carmila has launched Carmila Ventures, with the objective of supporting the development of promising new retailers. Carmila acquires minority stakes in businesses developed by talented and dynamic entrepreneurs who wish to expand in Carmila centres. These include the barber La Barbe de Papa, the shoemaker Indémodable, the Cigusto e-cigarette brand, and the aesthetic clinics Centros Ideal in Spain.
At 30 June 2019, they had opened 30 stores in Carmila shopping centres, for a **€0.9 million** annual income.
Between 15 and 20 of these partnerships could be developed once up and running. After an average co-investment period of 5 years, the termination of these partnerships would be executed through the exercise of put and call options on the basis of a pre-agreed EBITDA multiple (between 5x and 7x).

Carmila also increases the attractiveness of its centres through the installation of optical fibre by its subsidiary Louwifi. As an expert in network integration, Louwifi installs and maintains low-voltage networks (including Wi-Fi) in Carmila's centres for the benefit of retail tenants, thus providing them with high-quality connectivity, and offering visitors and retailers ultra-fast broadband.
The provisional contribution of Louwifi to the 2019 EBITDA should be in a range of **€1.2 to €1.4 million**.

[6] *Market value, including transfer taxes, of certified assets over total market value, including transfer taxes, of the shopping centre portfolio.*

Going forward, Louwifi will offer its expertise outside of the Group, responding to external calls for tender on the installation of low-voltage networks (Wi-Fi, CCTV, etc.).

Lastly, through its Lou5G subsidiary, Carmila is developing a new activity of antennas: Lou5G owns land on which telecom companies install towers under a land leasing contract.
By the end of 2019, end of this first stage, Lou5G will have signed leases with 3 of the 4 French telecom operators for an annual **rental income of €1.2 million**[7].
This business has strong potential for growth in France as a result of goals set out by the Government and operators in terms of 5G deployment and coverage of "uncovered areas" or densely populated areas (additional antennas).

Carmila intends to continue developing any business for which holding a portfolio of 215 sites across 3 countries is a strength for negotiation or development.

Outlook

Carmila will continue to follow the strategy it started to implement 5 years ago, capitalising on its strengths:

- key and easily accessible locations in urban areas;
- long-standing position as a local leader, firmly rooted in its catchment area;
- teams of experts with a strong retail DNA;
- a powerful ecosystem developed in partnership with Carrefour.

Carmila retail activity is one of the future as it is fully equipped to meet the desires and needs of customers:

- convenience;
- choice;
- innovation;
- omni-channel approach;
- regional roots and a human scale;
- environmentally and socially responsible approach.

As a result, Carmila is confident in its perspectives:

- the target for cash flow growth in 2019 is confirmed with an expected increase in recurring earnings per share for the year between +5.0% and +6.5%;
- the sustainability of Carmila's shopping centre model offers strong visibility over future cash flows. Our cash flows should enable us to offer our shareholders dividends at least equal to those paid in 2018, with a target dividend payout ratio of 90% over recurring earnings.

[7] *Leases signed under conditions precedent, notably various authorisations to obtain.*

Main results and financial indicators

In thousands of euros	30 June 2019	30 June 2018	% change 2019/2018
Gross rental income	**178,930**	**166,875**	**+7.2%**
Net rental income	**166,962**	**155,018**	**+7.7%**
Overhead costs and other operating income and expense	(27,571)	(24,912)	
Provisions	84	(1,084)	
Other operating income			
Share of equity affiliates *(recurring earnings share)*	1,285	1,255	
EBITDA	**140,760**	**130,277**	**+8.0%**
Other adjustments	(1,063)		
Cost of net debt (cash portion)	(27,110)	(21,598)	
Other cash financial items[8]		(2,365)	
Other cash financial income and expenses	1,357	(1,737)	
Corporate income tax and other taxes[9]	(2,301)	(1,204)	
Minority interests	(146)		
EPRA Earnings	**111,643**	**103,373**	**+8.0%**
EPRA Recurring Earnings[10]	**111,660**	**104,073**	**+7.3%**
Depreciation and amortisation	(917)	(412)	
Other non-cash income and expenses	1,069	(5,727)	
Change in fair value of assets and liabilities, net of deferred tax	(85,758)	42,356	
Change in fair value of assets owned by equity affiliates	1,272	0	
Gains (losses) on sales of investment properties	(443)	28	
Consolidated net income – Group share	**26,883**	**140,218**	**-80.8%**
Per share data (in €), fully diluted			
EPS	**0.20**	**1.04**	**-81.0%**
EPRA Recurring Earnings	**0.82**	**0.77**	**+6.2%**

Euro million	30 June 2019	31 December 2018	% change 2019/2018 (6 months)
Gross asset value *(including transfer taxes)*	**6,377**	**6,405**	**-0.4%**
EPRA NAV *(in € per share)*	**27.14**	**28.39**	**-3.1%**
EPRA NNNAV *(in € per share)*	25.57	27.14	-5.8%

[8] *Debt issuance costs paid during 2018.*

[9] *Excluding deferred taxes on change in fair value of properties.*

[10] *Adjusted for miscellaneous non-recurring costs (€700 thousand) in 2018, notably including tax audit provisions.*

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Next events and publications:

26 July 2019 *(9: 00 Paris time):* Investors and Analysts Meeting
23 October 2019 *(After market close):* Q3 2019 activity

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About Carmila

Carmila was founded by Carrefour and large institutional investors in order to develop the value of shopping centres anchored by Carrefour stores in France, Spain and Italy. At 30 June 2019, its portfolio was comprised of 215 shopping centres in France, Spain and Italy, leaders in their catchment areas, with a total asset value of €6.4 billion. Inspired by a genuine retail culture, Carmila's teams include all the required expertise to spur retail attractiveness: leasing, digital marketing, specialty leasing, shopping centre management and portfolio management.
Carmila is listed in compartment A of Euronext Paris under ticker CARM. It benefits from SIIC ("*sociétés d'investissements immobiliers cotées*") tax status (French REIT regime).
On 18 September 2017, Carmila joined the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices.
On 24 September 2018, Carmila joined the Euronext CAC Small, CAC Mid & Small and CAC All-tradable indices.