



Boulogne-Billancourt, 14 February, 2018

2017 Annual Results

Gross rental income up +9.2% to €300.9 million.

Recurring earnings for 2017 of €182.9 million, exceeding the €175-€180 million target set for the year.

Carmila has exceeded its 2017 targets, set at the time of completion of its IPO and capital increase in July 2017. This is further confirmation of the relevance of the Group's strategy and its ability to create value.

- Gross rental income increased by **+9.2%** to **€300.9 million**, including organic growth of **+2.5%**.
- Recurring earnings amounted to **€182.9 million**, an increase of **+6.2% compared to 2016**, and in excess of the upper target set in July of €175-180 million.
- The value (inclusive of transfer taxes) of Carmila's shopping centres totalled **€5.8 billion**, an increase of **+9.1%** compared to the proforma market value of assets at 31 December 2016¹. Dynamic asset management by Carmila teams, focused on improving the quality of its assets and value creation, resulted in an increase in the valuation of the portfolio on a like-for-like basis of **+3.9%** over 12 months and an average capitalisation rate of 5.7%, stable over the second half of the year and a compression by 20 basis points for the full year.
- EPRA NAV per share up +6.3% in 2017 to €27.48, offsetting the short-term dilutive effect of the July 2017 capital increase and the interim dividend of € 0.75 per share paid in November 2017..
- The 2018-2023 extension pipeline at 31 December 2017 encompasses 31 projects representing an estimated investment of €1.5 billion

Through the completion of the IPO and capital increase in July 2017, Carmila raised €614 million net. As a result, its LTV² ratio currently stands at **30.1%**, at a level which enables Carmila to finance its 2018-2020 Business Plan, with an average LTV of approximately 40% over the period.

"Carmila's results and NAV per share growth, in the context of a capital increase and having paid an interim dividend of €0.75 per share to shareholders, are testament to our teams' ability to continue to create value, using their professionalism and aptitude for innovation and adaptation and capitalising on our partnership with Carrefour and its historic position at our sites", said Jacques Ehrmann, Chairman and Chief Executive Officer of Carmila.

¹ Cumulative value of Carmila and Cardety assets at 31/12/16, proforma for the merger of the two companies.

² Loan-to-Value = Consolidated net financial debt / Appraisal value of the investment property (including transfer taxes).

2017 Rental activity

Gross rental income rose **+9.2%** in 2017 to **€300.9 million** as a result of i) organic growth, ii) acquisitions and the delivery of extension projects in 2016 and 2017, and iii) a limited indexation, mainly in Spain.

Letting activity was brisk: 830 leases were signed over the course of the year as renewals or relets, in addition to the signing of 194 leases for extension projects.

The organic growth accounted for during 2017 was **+2.5%** including +0.4 points from indexation, mainly in Spain.

Reversion recognised in relation to lease renewals over the period averaged at **+8.8%**: France (+10.0%) and Spain (+8.5%) where Carmila continued to benefit from the economic upturn. A 3% reversion on renewals was also recorded in Italy in 2017.

The financial occupancy rate of the portfolio³ continued to improve. It grew by **+0.4 point** over the 12 months to **96.4%** at 31 December 2017. The rate in Spain (96.2%) rose +1.4 point over the year and in Italy, an increase of +0.7% was recorded to achieve an outstanding 99.9%. Lastly, in France, occupancy rate was stable (96.1%).

Net rental income (NRI) for 2017 stood at **€276.7 million**, an increase of **+9.6%**.

In addition to the increase in gross rental income, growth in NRI benefited from an improvement in the Net to Gross rental income conversion rate (91.9% versus 91.6% in 2016) associated with active reletting, resulting in lower vacancy rates over the year (reduction in unrecovered expenses).

2017 Income

Overhead costs net of other operating income and expenses⁴ in 2017 totalled €54.4 million and included expenses relating to the merger of Carmila with Cardety, representing a non-recurring cost of €4.7 million. Adjusted for this effect, overhead costs were up +19.4% compared with 2016 (**€49.7 million** versus €41.6 million in 2016).

This increase reflects the ramp-up of Carmila's organisational structure, and in particular, costs associated with the company's digital strategy. Carmila is now well-positioned to manage its future growth.

EBITDA for 2017 was **€224.7 million**. Adjusted for merger-related expenses, it stood at **€229.4 million**, compared with €214.2 million in 2016, an increase of **+€15.2 million** or **+7.1%**.

Net financial income (expense) for 2017 was -€45.3 million. This includes income relating to negative goodwill recognised at the time of the merger with Cardety in the amount of €6.5 million. Restated for this non-recurring component and the FV adjustments on financial instruments and hedges, net financial income (expense) was stable at -€52.1 million.

In 2017, Foncière Géric, subsidiary owner of the shopping centre in Thionville, opted for SIIC status. As a result, **tax expense** decreased by €1.0 million between the two years.

Recurring EPRA Earnings, restated notably for items relating to the merger (negative goodwill and costs) and expenses recognised in relation to refinancing arranged at the time of the merger, as described below (amortisation of loan issue fees and of residual costs relating to repaid debts and unwound hedges), amounted to **€182.9 million**, an increase of **+€10.6 million** or **+6.2%** on 2016, and exceeding Carmila's target of €175-180 million set at the time of the IPO and capital increase in July 2017.

³ Excluding 1.7% strategic vacancy rate.

⁴ Excluding development margin recognised in H1 2016 and depreciation and amortisation and provisions.

Portfolio valuation and NAV⁵

The valuation of the portfolio, including transfer taxes, was €5,806 million at 31 December 2017, an increase of +€485 million (+9.1%) compared with €5,321 million at 31 December 2016.

On a like-for-like basis, the value of the portfolio increased by +3.9% (+€207 million), broken down as follows:

- impact of growth in potential net rental income according to expert appraisals: +€46 million;
- valuation of the improved intrinsic quality of several large assets in France and Spain, and existing sections of extended shopping centres: +€100 million;
- compression in average capitalisation rates observed in the market in 2017: +€61 million.

The average capitalisation rate for the portfolio was **5.7%** compared with 5.9% as at 31 December 2016. This rate compression is predominantly due to appraisers taking into account improvements in the intrinsic quality of certain assets (several large assets in Spain and France and existing sections of extended sites), resulting from the active management exercised by Carmila teams: renovation works, improvement in the merchandising mix, structural reduction in vacancy rates, reversion recognised and perspective of site extensions.

Other changes include the taking into account of the delivery of nine extensions in 2017, representing an additional 70,800 m², annualised rental income of €15.5 million, including €5.3 million for 2017, and value of margins (IPUC) and works recognised in relation to current extensions.

EPRA NAV at 31 December 2017 stood at **€3,714 million**, an increase of +31.8%⁶ in the year over proforma NAV, after deduction of the balance of the 2016 dividend paid in 2017. This growth of +€896 million is broken down as follows:

- increase associated with recurring earnings for the year: +€183 million;
- change in fair value of assets net of effects of deferred taxes: +€173 million;
- 2017 interim dividend: -€101 million;
- net capital increase (placement of July 2017): +€614 million;
- other changes: +€27 million.

EPRA NAV per share (*fully diluted*) at 31 December 2017 was **€27.48 per share**, compared with €25.85 per share at 31 December 2016, an increase of **+6.3%**, after payment of an interim dividend of €0.75 per share in November 2017.

EPRA NNAV per share (*fully diluted*) was €26.53, an increase of +6.5%.

NAV including transfer taxes per share (continuation NAV) (*fully diluted*) stood at €29.18, an increase of +4.8%.

⁵ The values as at 31 December 2016 presented in this section are proforma valuations for the Carmila/Cardety merger.

⁶ Growth between EPRA NAV as at 31 December 2017 and proforma EPRA NAV for the Carmila/Cardety merger as at 31 December 2016, less balance of 2016 dividends still to be paid (€70 million).

Debt and balance sheet structure

Prior to the merger between Carmila and Cardety on 12 June 2017, the company made repayments of existing debts and renegotiated all of its borrowings with its banking partners, resulting in particular in the signing of an amendment to the syndicated loan agreement to extend its maturity. The company has also taken out two new undrawn confirmed revolving credit facilities (RCF) of €250 million and €759 million, maturing in 2020 and 2022 respectively. *For more details about these transactions, refer to the appendices to this press release.*

In addition, in order to diversify its sources of financing and maturity dates, Carmila put in place a programme of short-term commercial paper for a maximum of €600 million, of which €60 million had been issued at 31 December 2017.

On 31 December 2017, Carmila's gross debt stood at €2,075 million⁷ and cash position amounted to €329 million. Available facilities (RCF and net available cash) stood at €1.3 billion. The average debt term was 5.6 years (stable).

The **consolidated net financial debt / fair value of property assets (including transfer taxes) ratio** (LTV) at 31 December was **30.1%**, including of the capital increase completed in July, net of related costs.

The **EBITDA / net cost of financial debt ratio** at 31 December 2017 was **4.7x**, well above the minimum contractually-agreed bank covenant threshold of 2.0x.

Renovations, extension pipeline and acquisitions

The company's asset renovation programme continued in 2017, finishing at the end of the year. Eleven renovation projects were delivered in France and eight in Spain over the period. At the end of 2017, Carmila had completed 100% of its renovation programme (the renovation of six sites having been postponed to coincide with associated extensions).

Nine extensions were completed during 2017, eight of which during the second half of the year, and seven of which had a financial letting rate of 100%. Four units remain to be let for the extensions at St Egrève and Evreux (*tranche 1*). These nine extensions represent an additional 70,800 m², annualised rental income of €15.5 million, investment of €219million and an average yield on cost of 7.1%⁸.

The main completed extensions are located at the shopping centres in Biarritz (BAB2), Pau-Lescar, Crêches-sur-Saône (near Macon) and Turin (I Viali in Nichelino).

Four new CDAC approvals and five new building permits were obtained in 2017 for pipeline extension projects. The 2018-2023 extension pipeline at 31 December 2017 encompassed 31 projects representing an estimated investment of €1.5 billion and an average yield on cost of 6.5%. Details of changes in this pipeline are presented in the appendix of this press release.

Carmila expects to complete seven extension projects in 2018, representing an additional 69,000 m², €11 million in additional annual net rental income, a total investment by Carmila of €145 million and an average yield on cost of 7.5%.

Furthermore, on 2 February this year, Carmila announced the signing of an agreement with Klépierre for the acquisition of two shopping centres; **Grand Vitrolles** (in the commune of Vitrolles, Greater Marseille) and **Gran Via de Hortaleza** in Madrid. These acquisitions, totalling **€212.2 million**, will enable Carmila to further strengthen its portfolio with two leading shopping centres, both of which boast powerful Carrefour hypermarkets.

⁷ Of which €40 million in bank facilities, representing a net cash position of €289 million.

⁸ Investment and yield on cost including the share of the margin paid to Carrefour for the 50% that it is co-developing.

B2B2C Digital Strategy

In 2017, Carmila strongly ramped up its digital strategy, which aims to use digital's levers to supply retail brands with digital tools and cutting edge local marketing expertise.

- 6.5 million customers visited Carmila centres' websites in 2017 to find information, to discover special offers, or to reserve products at retailers present in shopping centres, an increase of 22% on the prior year.
- 7.5 million people have looked at one of centres' Google My Business page and 750,000 of those have requested directions to a centre.
- Carmila customer database is growing rapidly. At the end of 2017, it contained 1.1 million certified contacts.

Carmila digital offering for retailers is also enriching and is being used increasingly regularly. We currently offer over 200 initiatives per month to our retailers, as part of the "Kiosk", aiming to help them boost their business.

Placement of new shares finalised in July 2017 (IPO)

On 6 July 2017, Carmila successfully finalised the placement of new shares initiated on 26 June 2017. This resulted in the creation of 26.2 million new shares, representing a capital increase of €614 million net of all costs. This has allowed Carmila to strengthen its position as a major listed company in the shopping centre sector in Europe and to finance the equity share of its extension pipeline, its internal and external growth and its innovative and unique B-to-B-to-C digital strategy.

Outlook

Over the course of this year, Carmila has demonstrated its ability to create value and generate solid, sustainable, steadily growing cash flows, by taking advantage of new solutions offered by the digital transformation.

Growth and performance drivers for the coming years are in place: expert teams, fully equipped to deliver the 2018-2020 business plan; a pipeline of extensions covering 2018-2023, which represents 25% of the current value of the portfolio; an innovative B2B2C digital strategy that aims to offer very targeted, local, marketing expertise to help our tenants grow their revenue.

In addition, outside levers are also visible: a dynamic acquisitions market and improving macro-economic indicators in all countries in which Carmila operates.

In this context, as of now, we have a good level of confidence in our ability to deliver our business plan in 2018.

We have set the target of achieving double-digit growth in recurring earnings for 2018.

Moreover, a dividend of €1.50 per share for the 2017 financial year will be submitted for approval at the Shareholders' Meeting of 16 May 2018. The balance of €0.75 will be paid after the Shareholders' Meeting.

Main results and financial indicators

<i>In thousands of euros</i>	31 Dec. 2017	31 Dec. 2016	% change 2017/2016
Gross Rental Income	300,911	275,683	+9.2%
Net rental income	276,655	252,503	+9.6%
Overhead costs and other operating ⁹ income and expense	(47,433)	(41,579)	
Provisions	174	229	
Other operating income and expenses	(7,160)	1,681 ¹⁰	
Share of equity affiliates (<i>recurring earnings</i>)	2,439	1,396	
EBITDA	224,675	214,230	+4.9%
Adjusted¹¹ EBITDA	229,390	214,230	+7.1%
Net financial income/(expense) (<i>excl. change in FV of financial derivatives</i>)	(45,543)	(52,693)	
Corporate ¹² income tax	(1,910)	(2,911)	
Funds from operations (FFO)	177,222	158,626	+11.7%
Restated FFO¹¹	181,937	158,626	+14.7%
Depreciation and amortisation	(983)	(752)	
Change in fair value of assets and liabilities, net of tax	132,240	132,635	
Change in fair value of assets owned by equity affiliates	8,628	4,698	
Gains (losses) on sales of investment properties	(2,803)	441	
Consolidated income	314,304	295,648	+6.3%
Consolidated income, Group share	313,787	294,531	+6.5%
EPRA earnings	179,809	162,177	+10.9%
Recurring EPRA earnings	182,896	172,299	+6.2%
<i>Fully diluted earnings per share (in euros)</i>			
EPS	2.63	2.85	-7.7%
Adjusted FFO	1.52	1.53	-0.6%
Recurring EPRA earnings	1.53	1.67	-8.1%
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<i>Euro million</i>	31 Dec. 2017	31 December 2016 pro forma ¹³	% change 2017/2016
Portfolio valuation (including transfer taxes)	5,806	5,321	+9.1%
EPRA NAV (Euro per share)(fully diluted)	27.48	25.85	+6.3%
EPRA NNAV (Euro per share)(fully diluted)	26.53	24.90	+6.5%

⁹ In 2017, this included costs of €4,715 thousand relating to the Carmila/Cardety merger.

¹⁰ Development margin.

¹¹ Restated for costs of €4,715 thousand relating to the Carmila/Cardety merger.

¹² Excluding deferred taxes on change in fair value of properties.

¹³ Proforma for the Carmila/Cardety merger, excluding the balance of 2016 dividends to be paid.

Next events and publications:

February 15, 2018 (8:30 Paris time): 2017 Annual Results - Investors and Analysts meeting

April 19, 2018 (After market close): Q1 2018 activity

May 16, 2018 (8:30 Paris time): Shareholders' Annual General Meeting

July 27, 2018 (After market close): 2018 Half Year Results

July 30, 2018 (9:00 Paris time): 2018 Half Year Results - Investors and Analysts meeting

October 24, 2018 (After market close): Q3 2018 activity

About Carmila

Carmila was founded by Carrefour and large institutional investors in order to develop the value of shopping centers anchored by Carrefour stores in France, Spain and Italy. Its portfolio after the merger with Cardety effective as of June 12, 2017, consists of 206 shopping centers in France, Spain and Italy, mostly leaders in their catchment areas, and was valued at Euro 5.8 bn as at December 31, 2017. Inspired by a genuine retail culture, Carmila's teams include all of the expertise dedicated to retail attractiveness: leasing, digital marketing, specialty leasing, shopping centre management and portfolio management.

Carmila is listed on compartment A of Euronext-Paris market under the ticker CARM and benefits from the "SIIC" real estate investment trust (REIT) tax status.

On September 1, 2017, FTSE Russell announced that Carmila is to join the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices as of 18 September 2017.

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