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2018 half-year results

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During the first half of 2018, Carmila accelerated its transformation, in particular by rapidly up-scaling its local digital marketing strategy which supports its actions. This dynamic had a significant impact on performance for Carmila, which registered a strong growth in its activity:

- gross rental income increased by **+13.7%** to **€166.9 million**, including organic growth of **+2.9%**¹;
- recurring earnings were up **+12.2%** at **€104.1 million**;
- EPRA NAV came in at **€27.96 per share**, an increase of **+1.8%** for the six months following the distribution of the balance of the 2017 dividend of €0.75 per share. Total return² for the half-year was **4.5%**.

More than 300 digital marketing operations are rolled out each month in the three countries where we are established - compared with 200 a month in 2017 - to reinforce sales teams' actions, our retailers' activity and our centres' leadership.

Jacques Ehrmann said: *"The acceleration of the dynamic of Carmila's transformation this past half-year has been driven by the committed, proactive teams and underpinned by our innovative local digital marketing strategy which is disseminated through all Carmila's branches of activity and reinforces our actions and their results. By relying on the foundations put in place over the past four years, we have accelerated the active transformation of the merchandising mix to anticipate new trends, support our retailers' activity and strengthen the leadership of our shopping centres".*

¹ Growth in gross rental income on a like-for-like basis excluding the impact of the extensions delivered in 2017 and 2018, the 2018 acquisitions and the incorporation of Cardety into the portfolio following the merger of 12 June 2017. Includes indexation for 1.1 point.

² Total return: (dividend distributed in the period + change in NAV)/NAV at 31 Dec. 2017.

Letting activity in the first half of the year

Gross rental income in the first half of 2018 came to **€166.9 million**, up by **+13.7%** under the combined effect of three main factors: i) organic growth of +2.9 pp, ii) extensions deliveries in 2017 and 2018 (+4.6 pp) and iii) acquisition of eight assets for a total of €394 million during the first half of 2018 (+3.9 pp), the remainder corresponding to the integration of Cardety's assets following the merger of 12 June 2017.

Commercial activity was dynamic, with the objective of strengthening the commercial offering, adapting to new trends and thus reinforcing our centres' local leadership. 433 leases were signed in the half-year, and the specialty leasing and pop-up store activity generated revenues of €4.7 million, up by +24.5% compared to the first half of 2017.

The average reversion rate on renewals in the period was **+9.2%**: +11.5% in France, +6.9% in Spain and +1.2% in Italy.

The financial occupancy rate of the portfolio³ remained practically unchanged at **96.2%** (-20 bps). Italy saw its rate fall by -1.2 pp due mainly to a vacancy on a large unit, but still maintained a very high rate (98.7%).

Net rental income for the first half of 2018 amounted to **€155.0 million**, up by **+15.7%**.

The growth in net rental income benefited not just from the increase in GRI but also from the improvement in the NRI/GRI transformation rate (92.9% against 91.3% in the first half of 2017), a combination of the improvement in the quality of the tenant portfolio and the recovery rate of receivables, an increase in the average occupancy rate between the two periods and lessor charges that grew at a slower rate than rents.

First Half of 2018 results

Operating expenses net of other operating income and expenses for the first half of 2018 came to €25.3 million, in line with our objective of stabilising them at a level close to €50 million per year.

EBITDA for the first half of 2018 came to **€130.3 million** compared with **€108.6 million** in the first half of 2017. Restated for the merger costs recognised in 2017, growth in EBITDA was **+13.4%** in the first half of 2018.

The cost of borrowing, restated for non-cash items, was stable at €21.6 million compared with €21.3 million in the first half of 2017. The average cost of borrowing for the half of the year was also stable at 1.94%.

EPRA recurring earnings after restatement in particular of the items linked to the 2017 merger between Cardety and Carmila SAS recognised in the first half of 2017 (badwill on merger of €6.5 million and associated costs of €6.4 million), non-cash charges recognised in both half-years (amortisation of debt issuance costs and of the residual costs of debts repaid and hedges unwound, change in fair value of financial instruments), came to **€104.1 million**, up by **+€11.4 million** or **+12.2%** compared to the first half of 2017.

³ Excluding 1.8% of strategic vacancy.

Portfolio valuation and NAV

The portfolio valuation (including transfer taxes) at 30 June 2018 stood at **€6,345 million**, up by +9.3% over six months (+€539 million).

On a like-for-like basis, the portfolio value increased by +1.3% or €75 million. The average capitalisation rate of the portfolio remained stable at 5.7%.

EPRA NAV per share *fully diluted* at 30 June 2018 came to **€27.96 per share** compared with €27.48 per share at 31 December 2017, an increase of **+1.8%**. Taking into account of the dividend balance for 2017 of €0.75 per share paid in the first half of 2018, **total return for the six months was 4.5%**. EPRA NNAV per share (*fully diluted*) was €26.86 per share, an increase of +1.3%.

Debt and balance sheet structure

In February 2018, the company put in place a new bond financing line of €350 million with a 10-year maturity and a fixed coupon of 2.125%.

Carmila had outstandings of €100 million under its short-term negotiable securities (commercial paper) programme at 30 June 2018.

At 30 June 2018 Carmila's gross debt stood at €2,421 million⁴ and the amount of available cash at €274 million. Available facilities (RCF and net available cash) stood at €1.3 billion. The average maturity of the debt was 6.1 years.

The ratio of **Net consolidated financial debt / fair value of real estate assets (including transfer taxes)** stood at **33.8%** at 30 June 2018, below the 55% maximum contractual threshold in the banking covenants.

The ratio of **EBITDA/net cost of financial debt** at 30 June 2018 was **5.1x**, above the 2.0x minimum contractual threshold in the banking covenants.

Renovations, extension pipeline and acquisitions

During the first half of 2018, Carmila acquired eight shopping centres in Marseille and in Spain for €394 million including transfer taxes (*for further details on these acquisitions, please refer to the press releases issued by the Company on 2 February and 4 May 2018*).

Carmila also opened the extension of its Orléans - Cap Saran shopping centre, inaugurating a *retail park* of 34 medium-size outlets on 29,000 sq.m. adjacent to its existing shopping centre. Carmila's total investment in this project amounted to €43.5 million, and the return on investment is 7.6%. Numerous successful retail brands have opened their doors on this site, notably Zodio, Cultura, Maisons du Monde, Kiabi, Basic Fit and Hapik.

Two other, smaller extensions/restructurings opened during the half-year at the Douai and Caen-Hérouville sites.

At 30 June 2018, Carmila had 28 projects in the 2018-2023 pipeline representing a total investment of €1.49 billion and an average yield on cost of 6.4%.

⁴ Including bank overdrafts for €2.8 million

Four projects will be delivered in the second half of 2018. The seven projects delivered in 2018 are almost fully let and represent potential additional gross rental income of €10.4 million.

CSR strategy and Activity in the first half of 2018

Carmila stepped up its Corporate Social Responsibility strategy during the first six months of the year and deployed several responsible actions throughout its different business sectors.

Over the period, the Company organised almost 450 CSR operations across its sites, the same amount as over 12 months in 2017. Designed to create a common link in all of our territories, these operations cover a wide range of fields, including the protection of biodiversity, waste treatment, the development of local employment and support for local associations in favour of employment, disability and other societal issues. These CSR operations were organised around five central themes: a/ sustainable development, b/ the economic and social impacts of our business activities, c/ charitable and d/ public health actions and e/ culture and sport.

Particular focus was placed on the development of biodiversity. During the first half, we opened two pilot shared vegetable gardens in Turin (I Viali) and L'Hay-les-Roses in order to establish local partnerships with gardening associations, schools and town halls. Subsequently, the objective is to roll out this concept on a large scale across the three countries where we operate.

Within the context of our extension-project programme, we pursued our partnership with Reforest'Action to support local reforestation. As part of our "1 tree planted for every 1 sq.m. created" operation, we committed to planting, by the autumn, 11,450 trees in the vicinity of the extensions scheduled to open in 2018 (Evreux, Orléans and Athis-Mons).

In the first half of 2018, six Carmila shopping centres received BREEAM certifications, increasing the portfolio certification rate⁵ in France to 39%. In addition, an active Breeam-in-Use certification campaign was launched during the semester and the first results should be published by the end of the year.

Last September, Carmila teamed up with the Toulouse-based IoT Valley (an ecosystem of start-ups developing the Internet of Things), to jointly deploy new IoT services and solutions designed to enhance the customers' shopping centre experience.

For Carmila, the aim is two-fold: to create new innovative client tools and to support local innovative start-ups.

To date, nine IoT solutions developed by IoT Valley start-ups have been implemented in Carmila's shopping centres. To develop the general public's understanding of the Internet of Things, Carmila and IoT Valley also opened a space reserved for start-ups in the Labège 2 shopping centre. This dedicated area enables start-ups to showcase their know-how and expertise, and display their innovations, offers and products.

Appointment of Sébastien Vanhooe as Deputy CEO of Carmila

Yves Cadelano having decided to take a new path in his career, the Board of Directors of Carmila took due note of his resignation and appointed Sébastien Vanhooe as Deputy CEO. He joins the management team of Carmila alongside Jacques Ehrmann and Géry Robert-Ambroix.

Sébastien Vanhooe started his career at Immochan and then Immobilière Carrefour before joining A2C in 2003 (now Retail & Connexion). He has there hold several positions notably COO and deputy CEO from 2009 until 2013.

In 2014 he became COO of Carrefour Property France and then deputy CEO in 2016.

⁵ Appraisal value, including transfer taxes, of certified assets / Appraisal value, including transfer taxes, of the shopping-centre portfolio - French portfolio rates.

Since November 2017 he has held the posts of CEO of Carrefour Property France with responsibilities for managing all the activities of the company.

Jacques Ehrmann commented: *“Yves Cadelano and I have shared 23 years of complicity, and I respect his wish to develop his career along new paths. I’m sorry to see him go, and I wish to thank him for all the projects he has headed for Carmila since 2013, and in particular for having prepared his successor so well in advance in the person of Sébastien Vanhoove.*

Sébastien Vanhoove is a first-rate professional who has also accompanied Carmila’s development from the outset. I’m particularly delighted to welcome him to Carmila, where he will contribute his great expertise, professionalism and energy”.

Outlook

This past half-year saw an acceleration in the transformation and the business model coming into its own and producing increased activity growth.

The local digital marketing strategy put in place is being rolled out in support of the various activities of the Group. More than 300 operations are now carried out each month in the three countries where we are established, compared with 200 in 2017, and these support the arrival of new retailers, the opening of extensions and the activity of all our retailers, and reinforce the actions carried out by all our teams.

2018 should be for Carmila a year of exception.

Our objective for the full-year is a solid double-digit growth in recurring earnings.

Main results and financial indicators

<i>In thousands of euros</i>	30 June 2018	30 June 2017	% change 2018/2017
Gross Rental Income	166,875	146,797	+13.7%
Net Rental Income	155,018	133,992	+15.7%
Overhead costs and other operating income and expenses ⁶	-24,912	-25,911	
Provisions	-1,084	-227	
Other income from operations			
Share of equity affiliates (<i>recurring earnings</i>)	1,255	706	
EBITDA	130,277	108,560	+20.0%
Adjusted EBITDA⁷	130,277	114,884	+13.4%
Cost of debt (cash portion)	-21,598	-21,283	
Other cash financial items ⁸	-2,365	6,383	
Other cash financial income and expenses	-1,737	-536	
Corporate income tax and other deferred taxes ⁹	-1,204	-171	
EPRA Earnings	103,373	92,953	+11.2%
EPRA Recurring Earnings¹⁰	104,073	92,749	+12.2%
Depreciation and amortisation	-412	-413	
Other non cash income and expenses	-5,067	-3,362	
Change in fair value of assets and liabilities, net of tax	42,356	136,044	
Change in fair value of assets owned by equity affiliates	0	10,644	
Gain (losses) on sales of investment properties	28	-191	
Consolidated net income	140,278	235,675	-40.5%
Attributable to non-controlling interests	-60	-227	
Consolidated net income, Group share	140,218	235,448	-40.4%
<i>Fully diluted earnings per share (in euros)</i>			
EPS	1.04	2.24	-53.7%
EPRA Recurring Earnings	0.77	0.88	-12.8%
<i>In thousands of euros</i>	30 June 2018	31 December 2017	% change 2018/2017 (6 months)
Portfolio valuation (including transfer taxes)	6,345	5,806	+9.3%
EPRA NAV (Euro per share) (fully diluted)	27.96	27.48	+1.8%
NNN EPRA NAV (Euro per share) (fully diluted)	26.86	26.53	+1.3%

⁶ Including, in 2017, €6,324 thousand relating to the Carmila/Cardety merger

⁷ Restated for costs of €6,324 thousand relating to the Carmila/cardety merger (2017)

⁸ Negative goodwill recognise at the time of the merger and sundry restatements in 2017 ; Costs of refinancing paid in 2018

⁹ Excluding deferred taxes on change in fair value of properties

¹⁰ Restated for merger expenses (€6,324 thousand) and the negative goodwill (€6,528 thousand) in 2017. Restated for non recurring costs (700 Keuros) in 2018, mainly including a provision for tax inspection

Next events and publications:

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

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

Investors and analysts contact

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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. As of 30 June 2018, Its portfolio consists of 214 shopping centers in France, Spain and Italy, mostly leaders in their catchment areas, and was valued at Euro 6.3 bn.

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 18, 2017, Carmila joined the FTSE EPRA/NAREIT Global Real Estate (EMEA Region) indices.