2022 HALF-YEAR FINANCIAL REPORT INCLUDING THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CARMILA

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HALF-YEAR 2022 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1. Person responsible for the half-year financial report

Marie Cheval, Chair and CEO of Carmila.

1.2. Certification by the person responsible for the Half-year Financial Report

“I hereby declare that, to the best of my knowledge, the half-year financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation. I further declare that the information contained in this Half-year Financial Report is in accordance with the facts that have occurred during the first half-year, with their impact on the financial statements, and with the main transactions between related parties, and that it presents the main risks and uncertainties for the remaining half-year.”

Marie Cheval, Chair and CEO of Carmila.

2. H1 2022 BUSINESS REVIEW

2.1. Footfall and retailer sales

In the first half of 2022, retailer sales bounced fully back to 2019 levels, despite a first quarter that continued to be hampered by health restrictions. In the second quarter of 2022, retailer sales came out 5% higher than in the same period in 2019.

This performance was achieved despite footfall over the period averaging just 91% of its 2019 level, confirming a shift among customers towards larger average baskets. In Spain, footfall gradually improved between January and June 2022, lifted by the recovery in tourism.

Compared to the first half of 2021, footfall increased sharply (up 17%), reflecting the government-imposed closures in the prior-year period. Retailer sales were also up sharply compared to the first half of 2021 (up 51%).

Underpinned by the draw of Carrefour hypermarkets in particular, Carmila centres continued to outperform the sector in terms of footfall (footfall versus first-half 2019 compared to market peers: 7 percentage points higher in France and 1 percentage point higher in Spain).

Change in footfall and retailer sales in 2022			
France	First quarter	Second quarter	First-half 2022
Footfall as a % of 2021	120%	118%	119%
Footfall as a % of 2019	92%	93%	93%
Retailer sales as a percentage of 2021	167%	157%	162%
Retailer sales as a percentage of 2019	94%	104%	99%
Spain	First quarter	Second quarter	First-half 2022
Footfall as a % of 2021	114%	108%	112%
Footfall as a % of 2019	82%	88%	86%
Retailer sales as a percentage of 2021	143%	118%	122%
Retailer sales as a percentage of 2019	93%	107%	103%
Italy	First quarter	Second quarter	First-half 2022
Footfall as a % of 2021	117%	112%	115%
Footfall as a % of 2019	83%	87%	85%
Retailer sales as a percentage of 2021	136%	118%	126%
Retailer sales as a percentage of 2019	96%	104%	101%
Total	First quarter	Second quarter	First-half 2022
Footfall as a % of 2021	118%	115%	117%
Footfall as a % of 2019	89%	92%	91%
Retailer sales as a percentage of 2021	160%	146%	151%
Retailer sales as a percentage of 2019	94%	105%	100%

2.2. Leasing activity

2.2.1. Summary

Carmila's leasing activity was dynamic in the first half of 2022, with the Company signing 517 leases for total minimum guaranteed rent (MGR) of €23.2 million, down 15.9% on first-half 2021 but up 102.6% and 17.1% on first-half 2020 and first-half 2019, respectively. Rent levels in the leases signed were 2.8% higher than that of the previous leases.

	30 June 2022				
	Leased vacant premises		**Renewals**		**Total**
(in thousands of euros)	**Number of leases**	**Annual MGR**	**Number of leases**	**Annual MGR**	**Reversion**
France	134	6,440	99	6,082	3.6%
Spain	72	2,206	194	7,437	1.7%
Italy	8	388	10	624	3.3%
Total	**214**	**9,034**	**303**	**14,143**	**2.8%**

(in thousands of euros)	30 June 2022 Total		30 June 2021 Total		30 June 2020 Total	
	Number of leases	Annual MGR	Number of leases	Annual MGR	Number of leases	Annual MGR
France	233	12,522	291	18,396	138	7,942
Spain	266	9,643	219	7,506	86	2,870
Italy	18	1,012	31	1,653	12	628
Total	**517**	**23,177**	**541**	**27,555**	**236**	**11,440**

Carmila's current strategy includes refreshing the merchandise mix of its centres, focusing particularly on healthcare, and diversifying its rental base by letting its premises to retail brands from a variety of segments, thereby gradually reducing its exposure to Clothing & Accessories.

New deals signed during the first half of 2022 included the following retailers from a broad variety of retail segments:

- Healthcare: We Audition, Vertuo, Krys, Alain Afflelou, Optic 2000, and new and enlarged pharmacies
- Food service: Sushi Shop, KFC, Crêpe Touch, Subway, Buffalo Grill, Factory & Co, La Tapa de Sabores
- Clothing: JD Sports, Sports Direct, JOTT, Project X Paris, Even, Jennyfer, Pepco
- Value retailers: Action, Normal
- Services, beauty and leisure: Fitness Park, Yelmo Cinemas, Body Minute, Qipao Beauty, Beauty Success, Esthetic Centre
- Household furnishings and gifts: Jysk, Dormitorium, Le Repaire des Sorciers, Nature et Découvertes, Le Comptoir de Mathilde, Palais des Thés

2.2.2. Temporary retail activity

The service platform includes Carmila's temporary retail activity offering, focused on providing space in Carmila centres for short to medium-term periods. Designed to be complementary with traditional stores, temporary retail gives visitors the opportunity to discover an increasingly innovative offering. Temporary retail is focused on two areas:

- Specialty Leasing;
- Pop-up Stores.

	30 June 2022			30 June 2021			Change
(in thousands of euros)	Specialty Leasing	Pop-up Stores	Total SL+PS	Specialty Leasing	Pop-up Stores	Total SL+PS	%
France	2,460	1,126	3,586	1,679	913	2,592	38.3%
Spain	2,334	142	2,476	2,412	125	2,537	-2.4%
Italy	597	63	660	484	28	512	28.9%
Total	**5,391**	**1,331**	**6,722**	**4,575**	**1,066**	**5,641**	**19.2%**

Specialty Leasing

Specialty Leasing helps re-energise shopping centres by enriching the customer experience. This activity covers both the leasing of space in the shopping centres and car parks, and the signature of digital advertising partnership agreements.

The first half of 2022 saw strong momentum in Specialty Leasing, thanks to the large number of events based on housing and energy efficiency.

Pop-up Stores

Carmila offers retailer tenants the opportunity to open Pop-up Stores for periods ranging from 4 to 34 months. The Pop-up Store concept is burgeoning, and helps re-energise Carmila centres, particularly suited to new and innovative concepts, such as the first physical DNVB stores. Carmila can also accommodate for flash pop-up formats such as one-day to one-week sales events.

Trading at Pop-up Stores was brisk in the first half of 2022, due to the high number of flash pop-ups over the period (53), including Le Hangar (sports shoes), Plantes Addict, Le Goût des Plantes and Oh My Fripe (second-hand).

Income from temporary retail activity

Income from temporary retail activity was up sharply by 19.2% year on year due to the government-ordered store closures for part of first-half 2021, but was also 5.1% ahead of first-half 2019.

2.2.3. Structure of leases

With 6,125 leases under management at 30 June 2022, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1% of net rental income in 2022. Annualised rents totalled €357.6 million. At 31 December 2021, the rental base grew by 4.1% like-for-like versus year-end 2021, and was also up on a reported basis (up 2.3%).

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

	At 30 June 2022			At 31 December 2021		
Country	Number of leases	Annualised contractual rent (€m)	% of total	Number of leases*	Annualised contractual rent (€m)*	% of total
France	3,478	242.0	26.1%	3,580	243.0	69.5%
Spain	2,288	93.4	67.7%	2,286	85.3	24.4%
Italy	359	22.1	6.2%	356	21.3	6.1%
Total	**6,125**	**357.6**	**100%**	**6,222**	**349.6**	**100%**

*Excluding As Cancelas, which is accounted for under the equity method (124 leases and €8.8m in gross rental income)

The data shown above for 30 June 2022 takes into account (i) the disposal of six assets in France, resulting in 109 fewer leases and €8.9 million in lost rent, and (ii) the acquisition of the Rosaleda shopping centre in Spain, resulting in 55 additional leases and €2.8 million in additional rent.

Principal tenant retailers

At 30 June 2022, the 15 leading tenants accounted for 18.5% of annualised rents, with no individual retailer accounting for 2% or more of gross rental income.

The table below shows the annualised rents and business segment of the 15 largest tenants at 30 June 2022.

	At 30 June 2022		
Tenant	Business segment	Annualised contractual rent (€m)	% of total
Alain Afflelou	Health & Beauty	6.3	1.8%
Feu Vert	Health & Beauty	6.1	1.7%
Orange	Culture, Gifts & Leisure	5.6	1.6%
Inditex	Clothing & Accessories	5.4	1.5%
McDonald’s	Food & Restaurants	4.9	1.4%
H&M	Clothing & Accessories	4.9	1.4%
Jules Brice Bizzbee	Clothing & Accessories	4.7	1.3%
Nocibe	Health & Beauty	4.1	1.1%
Micromania	Culture, Gifts & Leisure	4.0	1.1%
Yves Rocher	Health & Beauty	3.6	1.0%
Camaieu	Clothing & Accessories	3.4	1.0%
Flunch	Food & Restaurants	3.4	1.0%
Kiabi	Clothing & Accessories	3.3	0.9%
Burger King	Food & Restaurants	3.3	0.9%
Histoire d’Or	Culture, Gifts & Leisure	3.0	0.8%
		66.1	**18.5%**

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 2022:

	At 30 June 2022			At 31 December 2021		
Business segment	Number of leases	Annualised contractual rent (€m)	% of total	Number of leases*	Annualised contractual rent (€m)*	% of total
Clothing & Accessories	1,296	110.4	31%	1,349	109.7	31%
Culture, Gifts & Leisure	1,045	71.8	20%	1,032	68.2	20%
Health & Beauty	1,213	69.9	20%	1,212	67.2	19%
Food & Restaurants	850	45.9	13%	876	45.0	13%
Household Furnishings	278	30.0	8%	298	31.0	9%
Services	1,333	28.8	8%	1,346	27.6	8%
Other	110	0.9	0%	109	0.9	0%
Total	**6,125**	**357.6**	**100%**	**6,222**	**349.6**	**100%**

*Excluding As Cancelas, which is accounted for under the equity method (124 leases and €8.8m in gross rental income)

The decrease in Clothing & Accessories and Household Furnishings as a proportion of total rents (down 49 basis points and 48 basis points, respectively) benefited the Culture, Gifts and Leisure (up 58 basis points) and Health & Beauty (up 31 basis points) segments. The proportions of the rental base represented by the other sectors remained stable in terms of rent.

2.2.4. Financial occupancy rate

	Financial occupancy (excl. strategic vacancies)		
Country	30 June 2022	31 Dec. 2021	30 June 2021
France	96.3%	96.4%	95.6%
Spain	95.4%	95.5%	95.2%
Italy	98.9%	98.7%	99.2%
Total	**96.2%**	**96.3%**	**95.7%**

At 30 June 2022, the consolidated financial occupancy rate of Carmila's assets was 96.2%, i.e., above the pre-Covid rate, with 96.3% in France, 95.4% in Spain and 98.9% in Italy.

The financial occupancy rate is defined as the ratio between the amount of rent invoiced and the amount of rent that Carmila would collect if its entire portfolio were leased, with the estimated rent for vacant lots being determined on the basis of rental values used by appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies made necessary in order to carry out renovation, expansion, or restructuring projects within the shopping centres.

The impact of strategic vacancies is 0.6% in France, 3.1% in Spain and 2.1% in Italy, which represents a consolidated impact for Carmila of 1.3% at 30 June 2022.

2.2.5. Retailer occupancy cost ratio

The occupancy cost ratio of Carmila's tenants broken down by country at 30 June 2022 (12 months year on year) and 31 December 2019 (pre-health crisis) is as follows:

	Occupancy cost ratio	
Country	30 June 2022	31 Dec. 2019
	12-month year on year	
France	10.5%	10.9%
Spain	11.3%	11.1%
Italy	11.9%	12.0%
Total	**10.8%**	**11.0%**

Occupancy cost ratio is an important indicator for Carmila in determining the proper level of rent for each tenant as a function of its business and in evaluating the financial health of a tenant over the term of its lease.

The occupancy cost ratio is defined as the ratio between (i) rent and rental charges (excluding VAT) and (ii) retailer sales (excluding VAT).

The rental charges used to calculate occupancy cost ratios are made-up of fixed rent, variable rent and rental charges and property taxes that are passed on to tenants. Rental charges do not include (i) incentives or (ii) marketing fund costs passed on to tenants.

2.3. Significant events of first-half 2022 and other information

2.3.1. Sale of a portfolio of six assets in France for €150 million

On 30 June 2022, Carmila completed the sale of a portfolio of six assets located in France to a joint venture set up with Batipart and Atland Voisin.

The portfolio consists of six assets, all of which are located in France: Mondevillage, Meylan, Mont St Aignan, Nantes St Herblain, Rambouillet and St Jean de Vedas. The sale price of the portfolio is €150 million, including transfer taxes, in line with end-2021 appraisal values.

Carmila has retained a 20% minority stake in the joint venture and will continue to provide leasing and property services for the portfolio of assets.

The transaction forms part of the target €200-million asset rotation programme for 2022 and 2023, announced at Carmila's Capital Markets Day in December 2021.

2.3.2. Acquisition of the Rosaleda shopping centre in Malaga, Spain for €24.3 million

On 24 May 2022, Carmila announced the acquisition of Rosaleda, a shopping centre located in Malaga, Southern Spain, for €24.3 million including transfer taxes.

The centre, which is made up of 73 stores adjoining a Carrefour hypermarket, has a gross leasable area of 15,500 sq.m. and includes two larger stores (Decathlon and Lefties, an Inditex group fashion banner). With 5.8 million visitors each year, it benefits from a clear leading position in its catchment area, a leisure complex with a cinema and strong footfall. The purchase price offers Carmila significant scope for value creation.

2.3.3. Share buybacks for €30 million

During the first half of 2022, Carmila carried out two share buybacks. The first, for €20 million, was announced on 18 February, launched on 21 February and completed on 24 March 2022.

The second, for €10 million, was announced on 24 March, launched on 25 March and completed on 28 April 2022.

2.3.4. "Building Sustainable Growth": Growth initiatives on track

The three growth initiatives of the "Building Sustainable Growth" strategic plan – the omnichannel incubator, Next Tower and Carmila Retail Development – will contribute an additional €30 million per year to recurring earnings by 2026.

In 2022, the incubator and omnichannel services platform for retailers are expected to contribute €2 million to recurring earnings.

Locked-in rental income from leases signed by Next Tower will amount to around €2 million in 2022.

Lastly, Carmila's share in the EBITDA of Carmila Retail Development's main partner companies in 2022 is also expected to total around €2 million.

2.3.5. Carmila joins the SBF 120 index

On 20 June 2022, Carmila joined the SBF 120 – the flagship Paris stock exchange index listing the top 120 Euronext Paris stocks in terms of liquidity and market capitalisation.

2.3.6. Carmila awarded a financial reporting transparency prize in the non-SBF 120 category

At the 2022 Transparency Awards, Carmila was recognised for the transparency of its financial communication in 2021 with the award of the financial reporting transparency prize (*Grand Prix de la Transparence*) in the non-SBF 120 category.

2.4. Development pipeline

2.4.1. Five major extension projects

The five major extension projects are:

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.

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

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.

Antibes: this centre adjoins the largest Carrefour hypermarket in France and intends to consolidate its leading 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.

Orléans Place d'Arc: the only shopping centre in the city centre located at the intersection of an intermodal transport hub (road network, bus, tramway, railway station), this project is designed to make the city centre more attractive through urban development, the extension of the shopping centre and the creation of housing.

No projects are currently under construction, with work on the first project starting in Montesson in 2023. This €150 million project will be financed by asset rotation.

In addition to these five major extension projects, Carmila has a pipeline of around 60 restructuring and food court projects per year, costing around €25 million and generating a return of over 10%.

Given the uncertain macroeconomic climate and rising energy and raw material prices, these projects may be adjusted.

Development projects	Country	Planned area (sq.m.)	Planned opening date	Estimated cost(1) (€m)	Full year additional rental value (€m)	Yield(2)
Flagship projects						
Tarrassa	Spain	35,105	2025			
Montesson	France	29,167	2025			
Toulouse Labège	France	15,981	2027			
Antibes	France	10,000	2027			
Orléans Place d'Arc	France	7,247	2027			
Total flagship projects		**97,500**		**550.0**	**33.0**	**6.6%**

(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) Expected net annualised rents divided by the total estimated investment amount.

2.4.2. Mixed-use projects

In partnership with Carrefour, Carmila has identified several sites suitable for big-bang mixed use transformation projects that will completely change shopping centres' presence in the city. These currently 100% retail sites will become new neighbourhoods, with homes, offices, local services and green spaces.

For two sites in particular (Sartrouville and Nantes), Carmila and Carrefour have joined forces with industry expert Altarea to transform these locations into new mixed-use areas, thereby giving these regions a new lease of life and boosting their appeal. Work will start on the first projects from 2025, with delivery from 2030.

3. ASSETS AND VALUATION

3.1. Key figures concerning the portfolio

3.1.1. Description of the portfolio

At 30 June 2022, Carmila had 208 shopping centres and retail parks adjoining Carrefour hypermarkets located in France, Spain and Italy, valued at €6.2 billion, including transfer taxes, 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.

3.1.2. Presentation of Carmila's most important assets

Out of 208 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 2022. 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	26,938	58.9%
Toulouse Labège	1983	2014	129	24,117	56.5%
Calais-Coquelles	1995	2014	154	54,583	77.1%
Thionville	1971	2016	150	31,681	46.7%
Bay 2	2003	2014	105	20,819	53.7%
Nice-Lingostière	1978	2014	98	21,515	43.1%
Vitrolles	1971	2018	85	24,405	42.9%
Montesson	1970	2014	65	13,282	34.1%
Saran-Orléans	1971	2014	91	38,731	64.2%
Chambourcy	1973	2014	73	21,336	43.5%
Évreux	1974	2014	78	37,811	70.4%
Orléans Place D'Arc	1988	2015	64	13,524	57.4%
Perpignan Claira	1983	2014	79	21,153	60.5%
Total France (top 13)			**1,300**	**349,894**	
Spain					
Fan Mallorca	2016	2016	105	38,141	75.0%
Huelva	2013	2014	93	33,478	78.3%
Total Spain (top 2)			**198**	**71,619**	
Total (top 15)			**1,498**	**421,512**	

3.2. Asset valuation

3.2.1. 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 their fair value. Any changes in fair value are recognised through the income statement.

The fair values used are determined based on the findings of independent appraisers. Carmila uses appraisers to value its entire portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The appraisals comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information needed to value the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (retailer sales).

They independently determine their current and future cash flow estimates by applying risk factors either to the net rental income capitalisation rate or to future cash flows.

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 2022, as there had been a change of appraiser at all sites in 2019-2020.
- The last third of the portfolio in Spain was rotated between the appraisers Cushman & Wakefield and Catella in first-half 2022.
- Carmila sold six shopping centres in France during the period: Mondevillage, Meylan, Mont St Aignan, Nantes St Herblain, Rambouillet and St Jean de Vedas.
- A new shopping centre was acquired by Carmila in Malaga, Spain, which was measured at fair value in the financial statements.
- Properties held by equity-accounted companies were recognised at the fair value of the investment in these companies.

Geographical segmentation of the portfolio

The valuation of the portfolio (attributable to the Group) was €6,164.8 million including transfer taxes at 30 June 2022, and breaks down as follows:

Gross asset value (GAV) Including transfer taxes (ITT) of portfolio	30 June 2022		
Country	(in €m)	%	In number of assets
France	4,393.3	71.3%	121
Spain	1,417.9	23.0%	79
Italy	353.6	5.7%	8
Total	**6,164.8**	**100%**	**208**

Apart from the fair values determined by the appraisers for each shopping centre, this assessment takes into account assets under construction that amounted to €27.7 million at 30 June 2022.

It includes the share of the following investments in equity-accounted companies:

- the As Cancelas shopping centre in Santiago de Compostela, Spain (50%-owned) for €51.7 million;
- a portfolio of six French assets: Mondevillage, Mont St Aignan, St Jean de Vedas, Meylan, Rambouillet and Nantes St Herblain (20%-owned) for €12.7 million.

3.2.2. Change in asset valuations

Gross asset value (GAV) of portfolio, incl. transfer taxes (ITT)	30 June 2022					31 Dec. 2021		30 June 2021	
				Period-on-period change					
(in millions of euros)	Gross asset value (GAV) ITT (€m)	%	In number of assets	reported	like-for-like*	Gross asset value ITT (€m)	%	GAV ITT (€m)	%
France	4,393.3	71.3%	121	-2.1%	1.3%	4,487.7	72.2%	4,414.5	72.0%
Spain	1,417.9	23.0%	79	3.2%	0.9%	1,374.5	22.1%	1,368.2	22.3%
Italy	353.6	5.7%	8	0.4%	0.1%	352.1	5.7%	352.4	5.7%
Total	**6,164.8**	**100%**	**208**	**-0.8%**	**1.1%**	**6,214.4**	**100%**	**6,135.2**	**100%**

*** Excluding disposal of Rayas portfolio + Epinay sur Orge + acquisition of Rosaleda**

During the first half of 2022, the total value of Carmila's assets decreased by €49.6 million or 0.8%, and can be analysed as described below:

- The value of the assets on a like-for-like basis increased by 1.1%, or €69.0 million. The like-for-like change is calculated on a comparable shopping centre basis, excluding extensions over the period.

- Other changes are due to:
  - the sale of a portfolio of six French assets at 30 June 2022 (€155.9 million negative impact), with the residual 20% interest recognised at the fair value of the shares (€12.8 million positive impact), reducing asset value by a net 2.3%;
  - the acquisition of the Malaga – Rosaleda shopping centre in Spain (€29.7 million positive impact), increasing asset value by 0.5%;
  - the decrease in work in progress (€5.5 million negative impact), reducing asset value by 0.1%;
  - the increase in value of Next Tower (€0.3 million positive impact), which had no impact on asset value.

3.2.3. Change in capitalisation rates

	NIY			NPY		
	30 June 2022	31 Dec. 2021	30 June 2021	30 June 2022	31 Dec. 2021	30 June 2021
France	5.73%	5.64%	5.63%	6.00%	5.95%	6.00%
Spain	6.87%	6.67%	6.64%	7.09%	6.93%	6.84%
Italy	6.18%	6.04%	6.04%	6.26%	6.18%	6.11%
Total	**6.02%**	**5.89%**	**5.88%**	**6.26%**	**6.18%**	**6.20%**

The portfolio capitalisation rate (Net Potential Yield) was up 8 basis points versus end-2021 to 6.26%, corresponding to a spread vs the ten-year euro swap of around 450 basis points at 26 July 2022.

3.2.4. Breakdown of the appraisal values by CNCC typology

In accordance with the typology drawn up by the French shopping centre trade body (*Conseil National des Centres Commercial* – CNCC), sites are grouped into three categories: regional shopping centres, large shopping centres and small shopping centres (called local shopping centres in this document).

At 30 June 2022, regional shopping centres and large shopping centres accounted for 78% of the market value of Carmila's portfolio.

	Appraisals at 30 June 2022				
	GAV ITT (€m)	% of value	Average NRI (€/sq.m.)	Average ERV of vacancies	NIY
Regional shopping centres	1,552.6	35%	327	200	5.4%
Large shopping centres	1,921.2	44%	290	243	5.7%
Local shopping centres	906.2	21%	181	107	6.5%
Other*	13.3	0%	424	N/A	7.0%
France	**4,393.3**	**100%**	**264**	**158**	**5.7%**
Regional shopping centres	345.2	24%	241	N/A	5.9%
Large shopping centres	684.1	48%	203	257	7.0%
Local shopping centres	388.6	27%	265	277	7.4%
Spain	**1,417.9**	**100%**	**226**	**266**	**6.9%**
Regional shopping centres	19.0	5%	244	N/A	5.6%
Large shopping centres	312.8	88%	247	204	6.2%
Local shopping centres	21.8	6%	269	750	6.5%
Italy	**353.6**	**100%**	**248**	**225**	**6.2%**
Regional shopping centres	1,916.8	31%	307	200	5.5%
Large shopping centres	2,918.0	47%	256	249	6.1%
Local shopping centres	1,316.6	21%	203	156	6.7%
Other*	13.3	0%	424	N/A	7.0%
Grand Total	**6,164.8**	**100%**	**252**	**195**	**6.0%**

** Next Tower.*

3.2.5. Reconciliation of the valuation assessment with the value of investment properties on the statement of financial position

(in millions of euros)	30 June 2022	31 Dec. 2021
Gross asset value ITT of portfolio	6,164.8	6,214.4
Work in progress	(27.7)	(33.2)
Valuation of the share of equity-accounted companies	(64.5)	(64.7)
Transfer taxes and registrations (excluding equity-accounted companies)	(303.0)	(302.7)
Gross asset value ETT (A)	**5,769.6**	**5,813.7**
Fair value of building leases (IFRS 16) (B)	32.3	32.6
Investment property carried at appraisal value (statement of financial position)	**5,801.9**	**5,846.3**

3.3. Valuation report prepared by Carmila's independent appraisers

3.3.1. 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 valuers, 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 2022.

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 2021 Edition of the RICS Valuation – Global Standards (the "Red Book"), effective 31 January 2022. 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 gross (market value before deduction of transfer costs) and net basis (market value after deduction of transfer costs).

3.3.2. 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 turnover 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.

Urban planning

We have not studied building 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 urban planning rules and that all necessary permissions have been obtained.

Title deeds and tenancy schedules

We have relied upon the tenancy schedules, summaries of complimentary revenues, non-recoverable charges, capital projects and the business plans which were provided to us. We have assumed, with the exception of what may be mentioned in our individual asset reports, that the assets are not inhibited by any restriction which could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have taken as correct the rental, occupational and all other pertinent 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.

Sustainability and ESG

Sustainability is an increasingly important factor in real estate markets. Many countries have pledged to become carbon neutral by 2050, while laws and regulations already exist to reduce CO_2 emissions from buildings. We believe it is likely that further laws and regulations will be introduced in the coming years. In parallel, occupants and investors in some sectors are increasingly concerned about the sustainability of the building they choose to occupy or buy. The introduction of a "green bonus" for the most sustainable buildings is constantly being monitored, researched and discussed in the market. Appropriate levels of market comparables have yet to be established to sufficiently demonstrate whether additional value can indeed be attributed to such buildings. However, it should be noted that the concerns of occupants and investors about a property's sustainability credentials are driving change in the market. We expect all segments of the real estate market to become increasing sustainability-conscious going forward.

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: conflict in Ukraine

Despite the post-Covid economic rally, France, Spain and Italy are currently experiencing mounting uncertainty due to major global impacts from the war in Ukraine and strong inflationary pressures, as inflation rises significantly above its historical level. Employees in some industries are also threatening strike action in response to the rising cost of living. We are seeing European countries raise their benchmark interest rates in response to rising inflation, which in turn is driving up borrowing costs.

These factors affect growth and consumer confidence. Given the potential for market conditions to evolve rapidly in response to a volatile economic and political climate, we stress the importance of the date on which properties are valued and the market climate in which the appraisal opinion was prepared.

3.3.3. 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.

Jean-Philippe Carmarans
Head of Valuation & Advisory France
Cushman & Wakefield Valuation France

Tony Loughran
Partner
C&W Valuation & Advisory, Spain

Simone Scardocchia
Head of Corporate Valuation
BNP Paribas Real Estate, Italy

Jean-François Drouets
Chairman
Catella Valuation

Ana Flores
Head of Valuation
Catella Property Spain SA

4. FINANCIAL PERFORMANCE

4.1. Financial information from the statement of income

(in millions of euros)	30 June 2022	30 June 2021
Gross rental Income	182.8	172.9
Net rental income	172.2	127.9
EBITDA (excluding fair value adjustments)(1)	149.5	104.7
Fair value adjustments on investment properties	52.7	(42.7)
Operating income	196.7	61.5
Net financial expense	(37.2)	(39.8)
Net income attributable to owners	156.6	18.8
Earnings per share(3)	1.08	0.13
EPRA earnings(2)	114.5	72.6
EPRA earnings per share(3)	0.79	0.51
Recurring earnings(4)	120.1	74.1
Recurring earnings per share(3)	0.83	0.52

[1] For a definition of EBITDA (excluding fair value adjustments) and the reconciliation with the closest IFRS indicator, see the "Comments on the year's activity" section.

[2] For a definition of "EPRA earnings", see the "EPRA performance indicators" section.

[3] Average number of shares: 144,936,550 at 30 June 2022 and 142,490,436 at 30 June 2021.

[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 2022	31 Dec. 2021
Investment properties (appraisal value excluding transfer taxes)	5,801.9	5,846.3
Cash and cash equivalents and marketable securities	234.1	238.3
Financial liabilities (current and non-current)	2,555.9	2,613.0
Equity attributable to owners	3,410.2	3,374.9

Financial information related to key indicators and ratios

(in millions of euros)	30 June 2022	31 Dec. 2021
Net debt	2,272.0	2,322.9
Loan-to-value (LTV) ratio ITT(1)	36.9%	37.4%
Interest coverage ratio (ICR)(2)	4.6x	3.9x
EPRA Net Tangible Assets (EPRA NTA)	3,566.6	3,575.8
EPRA NTA per share(3)	24.82	24.54
Appraisal value (including transfer taxes and work in progress)	6,164.8	6,214.4

[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 cost of net debt.

[3] Year end, fully diluted, on the basis of 145,204,340 shares at 30 June 2022 and 145,736,217 shares at 31 December 2021.

4.2. Financial statements

4.2.1. Consolidated statement of comprehensive income

(in thousands of euros)	First-half 2022	First-half 2021
Gross rental income	**182,806**	**172,866**
Charges rebilled to tenants	54,671	49,260
Total income from rental activity	**237,477**	**222,126**
Real estate expenses	(24,894)	(23,276)
Rental charges	(39,116)	(37,199)
Property expenses (landlord)	(1,248)	(33,706)
Net rental income	**172,219**	**127,945**
Overhead expenses	(23,909)	(24,428)
Income from property management, administration and other activities	*5,247*	*5,592*
Other income	*2,360*	*765*
Payroll expenses	*(13,385)*	*(13,665)*
Other external expenses	*(18,131)*	*(17,120)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(124)	(884)
Other operating income and expenses	(238)	83
Gains and losses on disposals of investment properties and equity investments	(2,888)	78
Change in fair value adjustments	52,675	(42,712)
Share in net income (loss) of equity-accounted companies	(1,011)	1,467
Operating income	**196,724**	**61,549**
Financial income	653	423
Financial expenses	(30,854)	(31,074)
Cost of net debt	**(30,201)**	**(30,651)**
Other financial income and expense	(7,017)	(9,171)
Net financial expense	**(37,218)**	**(39,822)**
Income before taxes	**159,506**	**21,727**
Income tax	(2,611)	(2,882)
Consolidated net income	**156,895**	**18,845**
Attributable to owners of the parent	**156,626**	**18,759**
Non-controlling interests	**269**	**85**
Average number of shares comprising Carmila's share capital	144,936,550	142,490,436
Earnings per share (attributable to owners) (in euros)	1.08	0.13
Diluted average number of shares comprising Carmila's share capital	145,204,340	142,737,623
Diluted earnings per share (attributable to owners) (in euros)	**1.08**	**0.13**

Consolidated statement of comprehensive income (in thousands of euros)	First-half 2022	First-half 2021
Consolidated net income	**156,895**	**18,845**
Items that will be reclassified subsequently to net income	51,081	11,552
Effective portion of cash flow hedges	51,081	11,552
Fair value of other financial assets	-	
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	**207,976**	**30,397**

4.2.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	**30 June 2022**	**31 Dec. 2021**
Intangible assets	3,705	4,664
Property, plant and equipment	3,275	3,369
Investment properties carried at fair value	5,801,886	5,846,327
Investment properties carried at cost	27,674	33,213
Investments in equity-accounted companies	64,041	50,309
Other non-current assets	17,432	19,539
Deferred tax assets	9,856	9,855
Non-current assets	**5,927,869**	**5,967,275**
Trade receivables	116,442	75,489
Other current assets	127,687	90,439
Cash and cash equivalents	234,142	238,268
Current assets	**478,271**	**404,196**
Total assets	**6,406,140**	**6,371,471**

EQUITY AND LIABILITIES

(in thousands of euros)	30 June 2022	31 Dec. 2021
Share capital	863,094	875,389
Additional paid-in capital	1,825,226	1,985,987
Treasury shares	(2,352)	(2,351)
Other comprehensive income	22,612	(28,469)
Consolidated retained earnings	544,958	352,177
Consolidated net income	156,626	192,121
Equity attributable to owners	**3,410,163**	**3,374,853**
Non-controlling interests	5,905	5,776
Total equity	**3,416,068**	**3,380,629**
Non-current provisions	7,474	6,867
Non-current financial liabilities	2,384,540	2,384,895
Lease deposits and guarantees	80,315	79,812
Non-current tax and deferred tax liabilities	141,796	139,445
Other non-current liabilities	-	2
Non-current liabilities	**2,614,125**	**2,611,021**
Current financial liabilities	171,360	228,071
Bank facilities	35	82
Current provisions	84	1,039
Trade payables	20,847	20,984
Payables to suppliers of non-current assets	10,405	22,067
Accrued tax and payroll liabilities	81,108	54,179
Other current liabilities	92,108	53,399
Current liabilities	**375,947**	**379,821**
Total equity and liabilities	**6,406,140**	**6,371,471**

4.2.3. Consolidated statement of cash flows

(in thousands of euros)	First-half 2022	First-half 2021
Consolidated net income	**156,895**	**18,845**
Elimination of income from equity-accounted companies	1,011	(1,467)
Elimination of depreciation, amortisation and provisions	4,428	2,444
Elimination of fair value adjustments	(47,909)	45,688
Elimination of capital gains and losses on disposals	2,888	(1,723)
Other non-cash income and expenses	1,145	7,422
Cash flow from operations after cost of net debt and tax	**118,458**	**71,209**
Elimination of tax expense	2,611	2,882
Elimination of cost of net debt	30,201	30,650
Cash flow from operations before cost of net debt and tax	**151,270**	**104,741**
Change in operating working capital	26,268	(21,961)
Change in lease deposits and guarantees	27	1,510
Income tax paid	3,432	(775)
Net cash from operating activities	**180,997**	**83,515**
Change in payables on non-current assets	(13,120)	(77,667)
Acquisitions of investment properties	(44,973)	(38,220)
Acquisitions of other non-current assets	(15,295)	(675)
Change in loans and advances	(2,215)	(4,755)
Disposal of investment properties and other fixed assets	143,662	8,034
Dividends received	1,217	820
Net cash from (used in) investing activities	**69,276**	**(112,463)**
Share capital increase	(29,500)	-
Net sale (purchase) of treasury shares	(1)	(240)
Issuance of bonds	-	300,000
Increase in bank loans	-	250,000
Loan repayments	(55,063)	(524,671)
Display of short-term investments in other current receivables	(155)	118
Interest paid	(26,590)	(22,128)
Interest received	653	423
Dividends and share premiums distributed to shareholders	(143,696)	(94,338)
Net cash from (used in) financing activities	**(254,352)**	**(90,836)**
Net change in cash and cash equivalents	**(4,079)**	**(119,784)**

4.2.4. Consolidated statement of changes in shareholders' equity

(in thousands of euros)	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 2021	**875 389**	**1 985 986**	**(2 351)**	**(28 469)**	**352 177**	**192 121**	**3 374 854**	**5 776**	**3 380 630**
Corporate actions	(12 295)	(17 204)					**(29 499)**		**(29 499)**
Share-based payments							**-**		**-**
Treasury share transactions			(1)		659		**658**		**658**
Dividend paid		(143 556)					**(143 556)**	(140)	**(143 696)**
Appropriation of 2021 net income					192 121	(192 121)	**-**		**-**
Net income for the period						**156 626**	**156 626**	**269**	**156 895**
Other comprehensive income reclassified to income				2 488			**2 488**		**2 488**
Change in fair value of other financial assets							**-**		**-**
Change in fair value of hedging instruments				48 593			**48 593**		**48 593**
Actuarial gains and losses on retirement benefits							**-**		**-**
Other comprehensive income				**51 081**			**51 081**		**51 081**
Other changes							**-**		**-**
Balance at 30 June 2022	**863 094**	**1 825 226**	**(2 352)**	**22 612**	**544 957**	**156 626**	**3 410 163**	**5 905**	**3 416 068**

4.3. Comments on the year's activity

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

Gross rental income

Gross rental income *(in thousands of euros)*	**First-half 2022**		**First-half 2021**
	Gross rental income	Year-on-year change reported	**Gross rental income**
France	125,533	6.4%	117,948
Spain	45,767	4.1%	43,978
Italy	11,506	5.2%	10,940
Total	**182,806**	**5.8%**	**172,866**

Net rental income *(in thousands of euros)*	**First-half 2022**					**First-half 2021**
		Year-on-year change				
	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	117,830	34.0%	29.4%	4.7%	33.9%	87,987
Spain	43,834	40.4%	35.3%	5.1%	40.9%	31,115
Italy	10,555	20.5%	16.1%	4.4%	19.4%	8,843
Total	**172,219**	**34.6%**	**29.9%**	**4.8%**	**34.6%**	**127,945**

Net rental income totalled €172 million, up €44.3 million, or 34.6%, in the first half of 2022. This increase is attributable to the factors described below.

Changes linked to specific Covid-related impacts represented a €38.2 million (or 29.9%) increase in net rental income. Specific Covid-related impacts recognised in first-half 2021 reduced net rental income by €33.5 million, whereas they increased net rental income by €4.7 million in first-half 2022.

Organic growth as adjusted for these specific impacts came out at 4.8%. The share of indexation included in growth at constant scope is a positive 3.0%.

Acquisitions and disposals represented a net negative impact of €0.1 million, or 0.1%, attributable to the acquisition of the Rosaleda shopping centre (positive impact of €0.3 million, or 0.2%) on 24 May 2022 and the disposal of Nanteuil-les-Meaux (negative impact of €0.4 million, or 0.3%) on 23 June 2021.

The sale of a portfolio of six French assets had no impact in the period as it was completed on 30 June 2022.

Other impacts increased net rental income by €0.1 million, or 0.1%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

4.3.2. Rent collection

	30/06/2022							
	First-quarter 2021	Second-quarter 2021	Third-quarter 2021	Fourth-quarter 2021	**Full-year 2021**	First-quarter 2022	Second-quarter 2022	**First-half 2022**
Gross collection rate (total amount invoiced)	84.5%	85.3%	93.8%	94.8%	**89.7%**	95.9%	94.9%	**95.4%**
Rent waiver/Covid-19 provision rate	15.5%	14.7%	5.7%	5.2%	**10.3%**	3.0%	2.8%	**2.9%**
Outstanding to be collected	0.0%	0.0%	0.5%	0.1%	**0.0%**	1.2%	2.3%	**1.7%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Out of the total charges and rents invoiced in 2021, 89.7% had been collected at 30 June 2022, 10.3% had been waived or charged to credit loss allowances (and written off in the consolidated financial statements) and 0.0% are pending collection.

Out of the total rents invoiced in first-half 2022, 95.4% had been collected at end-June.

As of 22 July 2022, 95.8% have been collected and 1.3% are pending collection.

4.3.3. Overhead expenses

Overhead expenses *(in thousands of euros)*	**First-half 2022**	**First-half 2021**
Income from property management, administration and other activities	5,247	5,592
Other income	2,360	765
Payroll expenses	(13,385)	(13,665)
Other external expenses	(18,131)	(17,120)
Overhead expenses	**(23,909)**	**(24,428)**

Overhead costs were down by 2.1%% in first-half 2022 compared with the first half of 2021.

Income from property management, administration and other activities and other income

This item totalled €5.2 million in first-half 2022, a decrease of €0.3 million, or 6.2% compared to first-half 2021.

It can be broken down as follows:

- €3.1 million in rebilled shopping centre management costs, stable versus first-half 2021;
- fees, including technical and marketing fees for €1.7 million, stable versus first-half 2021.

"**Other income**" mainly consists of marketing services aimed at increasing the attractiveness of the centres (retailers' associations) for €2.4 million. The increase in this item is due to the implementation of Carmila's omnichannel incubator strategy, with digital services rebilled to retailers.

Payroll expenses

Total payroll expenses came to €13.4 million in first-half 2022, a slight decrease on first-half 2021.

Other external expenses

Other external expenses totalled €18.1 million in first-half 2022, up 5.9% (€1.0 million). This increase is mainly attributable to the health situation in first-half 2021, 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.

4.3.4. EBITDA

(in thousands of euros)	First-half 2022	Full-year 2021	First-half 2021
Operating income	**196,724**	**234,209**	**61,549**
Elimination of change in fair value	(52,675)	4,674	42,712
Elimination of attributable change in fair value of equity-accounted companies	2,194	(1,354)	(317)
Elimination of capital (gains)/losses	2,750	829	(161)
Depreciation and amortisation of property and equipment and intangible assets	500	400	884
Adjustments for non-recurring items			
EBITDA	**149,493**	**238,758**	**104,667**

4.3.5. Net financial expense

Financial expense (in thousands of euros)	First-half 2022	First-half 2021
Financial income	653	423
Financial expenses	(30,854)	(31,074)
Cost of net debt	**(30,201)**	**(30,651)**
Other financial expenses	(7,017)	(9,171)
Net financial expense	**(37,218)**	**(39,822)**

Carmila reported net financial expense of €37.2 million for first-half 2022.

Cost of net debt

The cost of net debt in 2021 fell by €0.5 million year on year to €30.2 million.

The change in the cost of net debt can be analysed as follows:

- a rise of €1.2 million in interest expense on bonds (new €300 million bond issue in March 2021);
- a decrease of €0.5 million in interest expense on bank borrowings (repayment of €300 million in April 2021);
- a decrease of €0.8 million in interest expense on hedging instruments;
- a decrease of €0.7 million in amortisation of issuance premiums and costs (repayment of the bank loan in April 2021);
- a decrease of €0.4 million in interest income from capitalised financial expenses due to the delivery of the Nice Lingostière extension in June 2021;
- an increase of €0.1 million in interest income on loans granted.

Other financial income and expenses

Net other financial expenses fell €2.2 million during the first half, attributable to the factors described below:

- €2.6 million in proceeds from the unwinding of a swap contracted in March 2022 as part of the Rayas transaction (disposal of six assets in France);
- a decrease in the charge related to the application of IFRS 9: In 2021, the €300 million repayment led to the reversal of the proportion of the repayment on the bank loan, representing a net negative impact of €6.9 million for the period;
- an increase in credit risk on financial instruments, leading to an expense of

€1.6 million and impairment of €4.8 million recognised against a current account with a non-consolidated equity interest;

- a €0.5 million expense related to provisions for impairment of receivables in connection with the disposal of six assets in France;
- an increase of €0.2 million in interest expenses on bank deposits.

4.4. EPRA performance indicators

4.4.1. EPRA summary table

	First-half 2022	Full-year 2021	First-half 2021
EPRA earnings (in millions of euros)	114.5	172.0	72.6
EPRA earnings per share (in euros)	0.79	1.19	0.51
EPRA NRV (in thousands of euros)	3,819,246	3,829,620	3,701,591
EPRA NRV per share (in euros)	26.58	26.28	25.27
EPRA NTA (in thousands of euros)	3,566,580	3,575,785	3,470,445
EPRA NTA per share (in euros)	24.82	24.54	23.69
EPRA NDV (in thousands of euros)	3,533,663	3,350,159	3,148,946
EPRA NDV per share (in euros)	24.59	22.99	21.49
EPRA NIY (shopping centres)	6.0%	5.8%	5.7%
EPRA Topped-up NIY (shopping centres)	6.1%	5.9%	5.9%
EPRA Vacancy Rate	5.1%	5.5%	6.5%
EPRA Cost Ratios (including direct vacancy costs)	18.7%	23.9%	28.1%
EPRA Cost Ratios (excluding direct vacancy costs)	16.6%	20.7%	24.7%

4.4.2. EPRA earnings and recurring earnings

EPRA Earnings *(in thousands of euros)*	**First-half 2022**	**First-half 2021**
Net income attributable to owners	**156,626**	**18,759**
Adjustments to calculate EPRA earnings	**(42,125)**	**53,886**
(i) Changes in value of investment properties, development properties held for investment and other interests	(52,675)	42,712
(ii) Gains and losses on disposals of investment properties	3,094	-78
(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	2,643	9,666
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	2,350	1,903
(ix) Adjustments (i) to (iv) in respect of joint ventures (unless already included under proportional consolidation)	2,194	(317)
(x) Non-controlling interests in respect of the above	269	-
EPRA earnings	**114,501**	**72,645**
Year-on-year change	**57.6%**	
Average number of shares	144,936,550	142,530,036
EPRA earnings per share	**0.79**	**0.51**
Year-on-year change	**55.0%**	
Fully diluted number of shares	145,204,340	142,777,223
Diluted EPRA earnings per share	**0.79**	**0.51**
Other adjustments	**6,013**	**1,502**
Issuance costs	-	700
Other non-recurring expenses or (income)(1)	5,567	802
Recurring earnings	**120,068**	**74,147**
Year-on-year change	***61.9%***	
Recurring earnings per share	**0.83**	**0.52**
Year-on-year change	***59.2%***	***-24.5%***
Impact of IFRS 16(2)	1,996	2,036
Recurring earnings excluding IFRS 16 Covid-19 impact	**122,064**	**76,183**
Year-on-year change	***60.2%***	***-18.9%***
Recurring earnings per share excluding IFRS 16 Covid-19 impact	**0.84**	**0.53**
Year-on-year change	***57.6%***	

Comments on the other adjustments:

(1) "Other non-recurring expenses" consist of depreciation and amortisation expenses, movements in provisions for contingencies and charges, and impairment recognised against equity interests and the current account with the Loicar investee.

(2) 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).

4.4.3. EPRA Cost Ratio

EPRA Cost Ratios *(in millions of euros)*		**First-half 2022**	**First-half 2021**
(i)	Operating costs	32.4	34.8
	Overhead expenses	*31.1*	*31.3*
	Property expenses	*1.2*	*3.5*
(ii)	Net service charge costs/fees	9.3	11.2
(iii)	Management fees less profit element	(5.2)	(5.6)
(iv)	Other operating recharges intended to cover overhead expenses	(2.4)	(0.8)
(v)	Share of costs of equity-accounted companies	0.4	0.7
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	0.0
(vii)	Ground rent costs	0.0	0.0
(vii)	Service charge costs recovered through rents	0.0	(0.9)
	EPRA costs (including direct vacancy costs)	**34.6**	**39.5**
(viii)	Direct vacancy costs	3.8	4.8
	EPRA costs (excluding direct vacancy costs) (A)	**30.8**	**34.7**
(ix)	Gross rental income less ground rents	182.8	139.4
(x)	Less: service fee and service charge costs components of gross rental income	0.0	(0.9)
(xi)	Plus: share of Joint Ventures (gross rental income less ground rents)	2.3	1.9
	Gross rental income (B)	185.1	140.4
	EPRA Cost Ratios (including direct vacancy costs)	**18.7%**	**28.1%**
	EPRA Cost Ratios (excluding direct vacancy costs)	**16.6%**	**24.7%**
	Covid-19 impacts (C)		33.5
	EPRA Cost Ratios excluding Covid-19 impact and direct vacancy costs (A/(B+C))	**16.6%**	**20.0%**

Overhead expenses include other external expenses and payroll expenses.

Property expenses include losses on irrecoverable receivables along with maintenance and repair costs that are not rebilled to tenants, and impairment recognised against trade receivables.

The impacts of the health crisis were deducted from gross rental income and property expenses in first-half 2021.

4.4.4. EPRA NRV, EPRA NTA and EPRA NDV

EPRA NAV indicators at 30 June 2022

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,410,163**	**3,410,163**	**3,410,163**
Include/Exclude:*				
(i)	Hybrid instruments	-	-	-
	Diluted NAV	**3,410,163**	**3,410,163**	**3,410,163**
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	**3,410,163**	**3,410,163**	**3,410,163**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	141,796	141,796	
(vi)	Fair value of financial instruments	-35,699	-35,699	
(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	-	4,447	
Include:*				
(ix)	Fair value of fixed-rate debt			123,500
(x)	Revaluation of intangible assets at fair value			
(xi)	Transfer taxes	302,986	54,767	
	NAV	**3,819,246**	**3,566,580**	**3,533,663**
	Fully diluted number of shares	143,697,140	143,697,140	143,697,140
	NAV per share	**26.58**	**24.82**	**24.59**

(1) Difference between development property held on the balance sheet at cost and fair value of that development property.
(2) Revaluation of intangibles to be presented under adjustment (x) Revaluation of Intangibles to fair value and not under this line item.
(3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
(4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(5) Deferred tax adjustment for NTA.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.
* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

EPRA NAV indicators at 31 December 2021

(in thousands of euros)		EPRA NRV	EPRA NTA	EPRA NDV
	IFRS equity attributable to owners	**3,374,853**	**3,374,853**	**3,374,853**
Include/Exclude:*				
(i)	Hybrid instruments			
	Diluted NAV	**3,374,853**	**3,374,853**	**3,374,853**
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	**3,374,853**	**3,374,853**	**3,374,853**
Exclude:*				
(v)	Deferred tax in relation to fair value gains of investment property[5]	139,445	139,445	
(vi)	Fair value of financial instruments	12,624	12,624	
(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	-	4,492	
Include:*				
(ix)	Fair value of fixed-rate debt			-24,695
(x)	Revaluation of intangible assets at fair value			
(xi)	Transfer taxes	302,698	53,355	
	NAV	**3,829,620**	**3,575,785**	**3,350,159**
	Fully diluted number of shares	145,736,217	145,736,217	145,736,217
	NAV per share	**26.28**	**24.54**	**22.99**

4.4.5. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant space (€m)	11.7	9.0	0.3	21.1
Rental value of property portfolio (€m)	270.2	117.1	24.4	411.7
EPRA vacancy rate	**4.3%**	**7.7%**	**3.2%**	**5.1%**
Impact of strategic vacancies	0.6%	3.1%	2.1%	1.3%
Financial vacancy rate	**3.7%**	**4.6%**	**1.1%**	**3.8%**

The EPRA vacancy rate at 30 June 2022 was 5.1%, a decrease of 40 basis points compared to end-2021.

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.

4.4.6. EPRA net initial yields: EPRA NIY and EPRA topped-up NIY

EPRA NIY and EPRA Topped-up NIY *(in millions of euros)*	First-half 2022	31 Dec. 2021
Total property portfolio valuation (excluding transfer taxes)	**5,894.3**	**5,911.7**
(-) Assets under development and other	27.7	33.2
Completed property portfolio valuation (excluding transfer taxes)	**5,866.6**	**5,878.4**
Transfer taxes	303.0	302.7
Completed property portfolio valuation (including transfer taxes) (A)	**6,169.6**	**6,181.1**
Annualised net rents (B)	**368.9**	**355.8**
Impact of rent-free periods	8.5	7.7
Topped-up net annualised rents (C)	**377.4**	**363.5**
EPRA Net Initial Yield (B)/(A)	**6.0%**	**5.8%**
EPRA Topped-up Net Initial Yield (C)/(A)	**6.1%**	**5.9%**

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

4.4.7. 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.

(in thousands of euros)	France		Spain		Italy		TOTAL	
	First-half 2022	First-half 2021	First-half 2022	First-half 2021	First-half 2022	First-half 2021	First-half 2022	First-half 2021
Acquisitions	2,289	18,189	24,287	0	0	0	26,576	18,189
Like-for-like capital expenditure	13,800	16,861	3,479	2,844	1,118	326	18,397	20,031
Extensions	1,727	2,644	0	0	1,097	156	2,824	2,800
Restructuring	5,315	7,665	0	0	0	0	5,315	7,665
Lease incentives	3,297	1,786	2,077	2,173	0	0	5,374	3,959
Renovations	1,889	361	580	12	3	159	2,472	532
Maintenance capex	1,572	4,405	822	659	18	11	2,412	5,075
Total capital expenditure	**16,089**	**35,050**	**27,766**	**2,844**	**1,118**	**326**	**44,973**	**38,220**

In France, the "Acquisitions" caption chiefly relates to the acquisition of units in Labège (€1.2 million) and Vannes (€0.4 million).

"Extensions" essentially relates to a project to establish operations in Toulouse Purpan for €1.2 million.

“Restructuring” mainly concerns the Cité Europe shopping centre in Calais-Coquelles (€1.1 million) and the shopping centre in Flins (€1.3 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 Laval (€1.1 million), Ormesson (€0.3 million) and Grenoble Echirolles (€0.3 million). Like-for-like capital expenditure also includes rent relief granted to tenants.

In Spain, acquisitions include the Rosaleda shopping centre in Malaga.

In Italy, investments correspond mainly to the extension of the Paderno arcade.

5. FINANCING POLICY

5.1. Financial resources

Bonds

No new bonds were issued in the first half of 2022.

Carmila’s outstanding bond debt at 30 June 2022 amounts to €2,191 million, unchanged from end-December 2021.

Bank borrowings

Carmila has a syndicated loan agreement with a pool of banks, maturing in June 2024. An amount of €170 million was outstanding under this facility at 30 June 2022.

On 21 July 2022, after the end of the reporting period, Carmila signed a new €550 million term loan. The loan matures in 2027, with two extension options of one year each. The cost of the new loan is set at three-month Euribor plus a margin of 180 basis points.

No specific guarantee has been granted in the context of this loan agreement, which is conditional on compliance with the same financial ratios as Carmila's other bank loans, i.e., a ratio of consolidated net debt to fair value of assets of 0.55, a ratio of EBITDA to net cost of debt of 2.0 and value of investment property equal to or greater than €2.5 billion.

This new credit line refinances an existing bank loan of €170 million maturing in 2024, the cost of which was set at three-month Euribor plus a margin of 115 basis points. It also replaces the first, undrawn tranche of a revolving credit facility of €270 million maturing in 2024, the cost of which, if drawn, was set at three-month Euribor plus a margin of 95 basis points.

Further to this operation, Carmila’s cash position is sufficient to cover in full the repayment of the outstanding bond maturing in September 2023. Following this, the next bond will mature in September 2024.

This new credit facility includes two sustainability criteria designed to support Carmila’s strategy to reduce by 90% its greenhouse gas emissions by 2030 and to achieve BREEAM certification for its entire asset portfolio by 2025. Carmila will benefit from a reduction of three basis points in the credit spread on the loan if these targets are met.

Loan-to-value ratio (LTV)

The LTV ratio including transfer taxes was 36.9% at 30 June 2022, down 50 basis points on end-December 2021, mainly due to the sale of six French property assets. Carmila is committed to maintaining a strong balance sheet and aims to maintain a level of debt compatible with its BBB (stable outlook) financial rating from S&P.

Carmila is targeting an LTV ratio of below 40% (including transfer taxes) over 2022-2026.

Compliance with covenants at 30 June 2022

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 2022, Carmila complied with its covenants.

Bonds are not subject to compliance with these 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. The ratio was 4.6 at 30 June 2022.

Loan-to-value ratio (LTV)

The ratio of consolidated net debt to the fair value of investment assets including transfer taxes must not exceed 55% on the same dates; the ratio may be exceeded for one half-year period. The ratio was 36.9% at 30 June 2022.

Debt maturity

The average maturity of Carmila's debt was 3.9 years at 30 June 2022.

However, since 21 July 2022 and the refinancing of the term loan (repayment of the €170 million term loan and subscription of a new €550 million term loan maturing in 2027, including two one-year extension options), the average maturity of Carmila's debt is 4.2 years.

(in thousands of euros)		30 June 2022	31 Dec. 2021
		12 months	12 months
EBITDA	**(A)**	**283,584**	**238,758**
Cost of net debt	**(B)**	**61,496**	**61,946**
Interest coverage ratio	**(A)/(B)**	**4.6**	**3.9**

(in thousands of euros)		30 June 2022	31 Dec. 2021
Net financial liabilities	**(A)**	**2,271,993**	**2,322,914**
Gross financial liabilities		2,506,100	2,561,100
Net cash		(234,107)	(238,186)
Short-term investments		-	-
Property portfolio including transfer taxes	**(B)**	**6,164,756**	**6,214,371**
Loan-to-value ratio including transfer taxes	**(A)/(B)**	**36.9%**	**37.4%**
Property portfolio excluding transfer taxes	(C)	5,860,985	5,910,743
Loan-to-value ratio excluding transfer taxes	(A)/(C)	38.8%	39.3%

(in thousands of euros)		30 June 2022	31 Dec. 2021
Net debt	**(A)**	**2,271,993**	**2,322,914**
EBITDA	**(B)**	**283,584**	238,758
Net debt/EBITDA	**(A)/(B)**	**8.0**	**9.7**

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 €540 million, registered with Banque de France on 29 June 2017 and updated every year. At 30 June 2022, the outstanding amount under this programme was €145 million, with maturities mainly ranging from 1 to 5 months.

Revolving credit facility

During first-half 2022, Carmila had two revolving credit facilities for €270 million and €540 million, maturing in three and five years respectively, and including two one-year extension options. These credit facilities include two sustainability criteria designed to support Carmila's strategy to reduce by 50% its greenhouse gas emissions by 2030 and to achieve BREEAM certification for its entire asset portfolio by 2025.

No drawdowns were made by Carmila on the revolving credit facility in the first half of 2022.

On 21 July 2022, after the end of the reporting period, Carmila cancelled the first tranche of its €270 million revolving credit facility (RCF) in order to convert it into a new term loan (see above). The outstanding revolving credit facility amounts to €540 million.

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	145,000	31/12/2016	21/10/2028
Total	**2,506,100**		

At 30 June 2022, Carmila's debt had an average maturity of 3.9 years and an average interest rate of 2.0%, taking account of hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and non-utilisation fees for undrawn credit lines). The average interest rate excluding hedging instruments was 1.8%.

However, since 21 July 2022 and the refinancing of the term loan (repayment of the €170 million term loan and subscription of a new €550 million term loan maturing in 2027, including two one-year extension options), the average maturity of Carmila's debt is 4.2 years and an average interest rate of 2.3%.

5.2. 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.

In order to optimise its hedging, on 18 March 2022 Carmila extended the maturity of two swaps with a notional amount of €25 and €100 million by four and three years, respectively, i.e., to 2031 and 2030. Carmila also entered into a forward swap (starting in June 2024, maturing in June 2031) and a swaption (starting in June 2031, maturing in June 2034) on 31 March 2022, with a nominal amount of €125 million. Lastly, on 13 April 2022, Carmila entered into a further forward swap (starting in June 2025, maturing in June 2031) and a swaption (starting in June 2031, maturing in June 2035), with a nominal amount of €100 million.

At 30 June 2022, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- four fixed-rate swaps at three-month Euribor for a notional amount of €260 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 98% of gross debt at 30 June 2022 (including swaps and swaption collars) and 102% including caps.

5.3. Cash

(in thousands of euros)	**30 June 2022**	**31 Dec. 2021**
Cash	234,142	238,268
Cash equivalents	-	-
Cash and cash equivalents	**234,142**	**238,268**
Bank facilities	(35)	(82)
Net cash	**234,107**	**238,186**

5.4. Rating

On 13 July 2022, S&P confirmed Carmila's BBB rating with a "stable" outlook.

5.5. Dividend policy

In addition to legal requirements, Carmila's dividend policy takes into account various factors including its earnings, financial position and the implementation of its objectives.

Where appropriate, dividends will be paid by Carmila out of distributable income and also out of issuance premiums.

Note that in order to benefit from the SIIC (real estate investment trust) regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of its income as a SIIC and its distributable income):

- 95% of profits from gross rental income earned by Carmila;
- 70% of capital gains; and
- 100% of dividends from subsidiaries subject to the SIIC regime.

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 12 May 2022 approved the dividend of €1.00 per share for 2021. This dividend was paid in cash.

Carmila will recommend an annual payout of at least €1 per share, payable in cash, for dividends paid between 2023 and 2026, with a target payout ratio of 75% of recurring earnings.

5.6. Equity and share ownership

(in thousands of euros)	**Number of shares**	**Share capital**	**Issuance premium**	**Merger premium**
At 1 January 2022	**145,898,168**	875,389	568,973	1,417,013
Dividend – GM of 12 May 2022	-			(143,556)
Cancellation of treasury shares	**(2,039,146)**	(12,235)	(17,265)	
Share option	**(9,980)**	(60)	60	
At 30 June 2022	**143,849,042**	**863,094**	**551,768**	**1,273,457**

At 30 June 2022, the share capital was made up of 143,849,042 shares, each with a par value of six euros (€6), fully subscribed and paid up. The share capital comprises 143,704,395 class A shares and 144,647 class D shares.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 12 May 2022 approved the dividend of €1.00 per share for 2021, representing a total payout of €143,556 thousand deducted in full from the merger premium. This amount was paid in full in cash.

Under the share buyback programmes initiated by the Company on 16 February 2022 and 24 March 2022, 2,039,146 shares were bought back and subsequently cancelled on 13 May 2022, further to a decision by the Chair and Chief Executive Officer, acting on the authority of the Board of Directors, and resulting in a reduction in the share capital in an amount of €12,234,876.

In accordance with the terms and conditions of the plan dated 16 May 2019, vested C Shares entitle their holders to convert them into A Shares following a two-year mandatory holding period. This period came to an end on 16 May 2022, leading to the conversion of 139,306 class C shares into 129,326 class A shares. At the end of the 20-day creditors' objection period, on 9 June 2022 the Chair and Chief Executive Officer placed on record that the share conversion had been completed on 16 May 2022, along with the corresponding decrease in share capital. This capital decrease was charged against issuance premiums for €60 thousand.

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

6. Detailed presentation of Carmila's operating asset base at 30 June 2022

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
France						
Aix en Provence	1971	2014	2015	40	8,422	24.1%
Amiens	1973	2014	2014	19	4,442	22.9%
Angers - Saint Serge	1969	2014	2015	28	7,172	34.4%
Angoulins	1973	2014	2015	34	4,833	23.0%
Annecy Brogny	1968	2014	2015	22	4,900	22.9%
Antibes	1973	2014	2014	33	4,829	22.1%
Athis Mons	1971	2014	2014	53	10,241	35.6%
Auch	1976	2014	2014	13	928	16.3%
Auchy-les-Mines	1993	2014	2015	27	2,750	26.2%
Auterive	2011	2014	-	19	6,674	36.8%
Bab 2 – Anglet	1967	2014	2017	129	27,057	58.9%
Barentin	1973	2016	-	17	7,424	19.0%
Bassens (Chambéry)	1969	2014	2014	20	2,757	18.2%
Bay 1	2004	2014	-	27	8,881	38.5%
Bay 2	2003	2014	-	105	20,870	53.7%
Bayeux Besneville	1974	2014	2014	9	597	11.0%
Beaucaire	1989	2014	2015	30	6,841	21.4%
Beaurains 2	2011	2014	-	10	4,372	52.7%
Beauvais	1969	2014	2016	16	3,986	59.8%
Berck-sur-Mer	1995	2014	2014	30	11,225	58.1%
Besançon - Chalezeule	1976	2014	2018	30	16,959	41.3%
Bourg-en-Bresse	1977	2014	2019	24	6,215	22.2%
Bourges	1969	2014	2016	51	8,984	36.7%
Brest Hyper	1969	2014	2014	48	17,683	67.7%
Calais – Beau Marais	1973	2014	2015	21	5,128	36.5%
Calais-Coquelles	1995	2014	2019	155	52,538	77.1%
Chambourcy	1973	2014	2015	73	21,333	43.5%
Champs-sur-Marne	1967	2014	2014	17	1,791	16.5%
Charleville-Mézières	1985	2014	2014	24	2,465	17.7%
Château Thierry	1972	2014	2015	9	660	8.8%
Châteauneuf-les-Martigues	1973	2014	2016	21	10,752	35.8%
Châteauroux	1969	2014	2014	24	6,976	20.3%
Cholet	1970	2014	2014	32	5,372	26.0%
Condé-sur-L'Escaut	1987	2014	2015	6	529	9.6%
Conde-sur-Sarthe	1972	2014	2014	32	9,425	34.3%
Crèches sur Saone	1981	2014	2015	59	19,096	48.9%
Denain	1979	2014	2016	7	617	6.0%
Dinan Quevert	1970	2016	-	19	3,269	36.4%
Douai Flers	1983	2014	2015	48	7,388	19.8%
Draguignan	1992	2014	2017	24	4,794	39.1%
Échirolles (Grenoble)	1969	2014	2014	32	4,768	20.1%
Épernay	1970	2014	2016	10	1,064	45.8%
Épinal	1983	2014	2016	23	20,227	37.5%
Étampes	1983	2014	2015	3	875	7.7%
Évreux	1974	2014	2017	78	37,811	70.4%
Feurs	1981	2014	2019	6	1,027	12.1%
Flers Saint-Georges-des-Groseillers	1998	2016	-	14	1,890	31.1%
Flins-sur-Seine	1973	2014	2014	21	6,593	12.6%
Fourmies	1985	2014	2016	14	1,905	16.1%
Francheville	1989	2014	2015	21	2,865	16.5%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Gennevilliers	1976	2014	2015	18	2,431	14.1%
Goussainville	1989	2014	2015	24	3,349	38.1%
Gruchet	1974	2014	2015	29	11,837	38.2%
Gueret	1987	2014	2019	14	3,418	18.4%
Hazebrouck	1983	2014	2014	13	1,304	8.4%
Herouville-St-Clair	1976	2014	2016	50	14,273	66.4%
La Chapelle St Luc	2012	2014	2015	45	21,799	56.5%
La Ciotat	1998	2014	2015	12	588	5.1%
La Roche-sur-Yon	1973	2014	2015	14	1,377	17.6%
Laon	1990	2014	2015	39	8,045	62.3%
Laval	1986	2014	-	43	7,707	27.7%
Le Mans	1968	2014	2014	21	1,923	11.9%
L’Haÿ-les-Roses	1981	2014	2016	14	577	2.8%
Libourne	1973	2014	2014	25	4,304	16.6%
Liévin	1973	2014	2014	22	3,111	7.4%
Limay	1998	2014	-	9	327	4.8%
Lorient	1981	2014	2014	33	12,424	66.4%
Mably	1972	2014	2017	29	31,085	33.6%
Mondeville	1995	2014	-	5	2,401	6.5%
Montélimar	1985	2014	2016	6	7,689	34.0%
Montereau	1970	2014	2015	11	876	10.7%
Montesson	1970	2014	-	64	13,263	34.1%
Montluçon	1988	2015	2016	36	3,600	71.3%
Nantes Beaujoire	1972	2014	2015	35	4,669	19.8%
Nanteuil-lès-Meaux (GM)	2014	2015	-	8	811	12.4%
Nevers-Marzy	1969	2014	2016	58	20,124	40.9%
Nice-Lingostière	1978	2014	2014	101	21,128	43.1%
Nîmes Sud	1969	2014	2015	18	2,962	14.4%
Orange	1988	2014	2014	36	5,262	28.4%
Orléans Place d’Arc	1988	2014	2018	67	13,575	57.4%
Ormesson	1972	2015	2018	118	29,418	30.2%
Paimpol	1964	2014	2016	14	2,656	18.6%
Pau Lescar	1973	2014	2017	76	11,984	38.2%
Perpignan Claira	1983	2014	2015	78	21,040	60.5%
Port de Bouc	1973	2014	2015	25	7,093	34.1%
Pré-Saint-Gervais	1979	2016	-	19	1,620	26.5%
Puget-sur-Argens	1991	2015	2017	51	4,639	31.9%
Quetigny	2014	2014	-	5	7,365	100.0%
Quimper-Le Kerdrezec	1978	2014	2016	40	8,586	27.6%
Reims-Cernay	1981	2014	2016	21	3,532	24.6%
Rennes Cesson	1981	2014	2014	78	13,500	48.1%
Rethel	1994	2016	2017	18	3,397	35.7%
Saint-Jean-de-Luz	1982	2014	2017	17	2,598	31.9%
Saint-Lô	1973	2016	2016	11	1,089	18.9%
Saint-Martin-au-Laërt	1991	2014	2016	9	858	15.0%
Salaise sur Sanne	1991	2014	2014	44	7,210	42.1%
Sallanches	1973	2014	2016	12	1,917	16.0%
Sannois	1992	2015	2015	33	4,099	27.4%
Saran-Orléans	1971	2014	2017	91	38,731	64.2%
Sartrouville	1977	2014	2014	39	6,738	29.0%
Segny	1980	2014	2017	16	2,196	30.0%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Sens Maillot	1970	2014	2016	9	1,848	20.4%
Sens Voulx	1972	2014	2016	9	599	5.7%
St André Les Vergers	1975	2014	2016	9	1,097	4.8%
St Brieuc - Langueux	1969	2014	2017	52	14,328	41.9%
St Egrève	1986	2014	2014	35	9,391	18.8%
Stains	1972	2014	-	24	2,894	17.4%
Tarnos	1989	2014	2014	27	4,108	29.2%
Thionville	1971	2016	-	157	30,248	46.7%
Tinqueux	1969	2014	2015	27	5,946	22.4%
Toulouse Labège	1983	2014	-	129	24,117	56.5%
Toulouse Purpan	1970	2014	2015	49	16,286	31.0%
Tournefeuille	1995	2014	-	20	5,702	39.4%
Trans-en-Provence	1976	2014	2016	28	3,923	32.1%
Uzès	1989	2014	2015	17	1,292	15.3%
Vannes - Le Fourchêne	1969	2014	2014	69	9,001	37.7%
Vaulx-en-Velin	1988	2014	2016	44	6,606	36.7%
Venette	1974	2014	2015	40	6,787	25.0%
Vénissieux	1966	2014	2016	25	4,477	12.3%
Villejuif	1988	2014	2015	33	4,118	9.8%
Vitrolles	1971	2018	-	85	24,405	42.9%
Spain						
Albacete – Los Llanos	1989	2014	-	24	7,178	25.5%
Alcala de Henares	2007	2014	2016	20	1,667	17.3%
Alcobendas	1981	2014	2016	43	3,515	23.7%
Alfafar	1976	2014	2015	32	7,175	29.7%
Aljarafe	1998	2018	-	42	12,011	35.8%
Almería	1987	2014	2014	21	1,024	10.5%
Alzira	1991	2014	2017	18	7,712	18.3%
Antequera	2004	2018	2017	56	13,436	65.7%
Azabache	1977	2014	2016	31	5,839	24.4%
Cabrera de Mar	1979	2014	2014	26	14,240	17.9%
Caceres	1998	2014	2015	13	1,559	11.7%
Cartagena	1998	2014	2016	15	1,119	14.5%
Castellón	1985	2014	2015	21	2,681	10.3%
Ciudad de la Imagen	1995	2014	2016	22	2,008	14.2%
Córdoba - Zahira	1977	2014	2019	15	957	7.4%
Dos Hermanas (Seville)	1993	2014	2017	17	1,411	13.4%
El Alisal	2004	2014	2016	35	15,120	52.5%
El Mirador	1997	2016	-	42	9,845	50.4%
El Paseo	1977	2018	-	53	10,454	53.5%
El Pinar	1981	2014	2014	22	4,341	14.0%
Elche	1983	2014	2015	18	10,134	18.9%
Fan Mallorca	2016	2016	2016	104	38,141	75.0%
Finestrat - Benidorm	1989	2014	2016	23	2,223	17.0%
Gandía	1994	2014	2015	19	2,040	13.3%
Gran Via de Hortaleza	1992	2018	-	66	6,150	27.2%
Granada	1999	2014	2015	26	2,714	16.5%
Huelva	2013	2014	2013	93	34,048	78.3%
Jerez de la Frontera – Norte	1997	2014	2017	42	6,899	37.5%
Jerez de la Frontera, Cádiz – Sur	1989	2014	2016	37	6,813	22.1%
La Granadilla	1990	2014	2014	14	1,029	7.0%
La Línea de la Concepción, Cádiz – Gran Sur	1997	2014	2016	40	9,079	38.0%
La Sierra	1994	2018	-	70	17,611	26.0%
Leon	1990	2014	2016	17	2,473	20.3%
Lérida	1986	2014	2014	11	512	8.8%
Los Angeles	1992	2014	2016	39	6,733	30.6%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area (sq.m.)	Carmila Group share per site (%)
Los Barrios Algeciras	1980	2014	2015	25	2,353	17.2%
Lucena	2002	2014	2016	13	1,394	13.8%
Lugo	1993	2014	2017	18	2,022	11.1%
Málaga – Alameda II	1987	2014	2016	31	8,839	37.6%
Málaga – Los Patios	1975	2014	2018	39	6,624	27.5%
Málaga – Rosaleda	1993	2022	-	73	15,528	28.0%
Manresa	1991	2018	-	28	2,301	13.1%
Merida	1992	2014	2017	18	2,601	12.9%
Montigala	1991	2016	2018	55	10,664	43.7%
Mostoles	1992	2014	2016	22	3,291	20.1%
Murcia - Atalayas	1993	2016	-	44	11,296	45.1%
Murcia - Zaraiche	1985	2014	2014	23	2,566	14.1%
Oiartzun	1979	2014	2014	12	721	5.5%
Orense	1995	2014	2016	17	4,131	17.1%
Palma	1977	2014	2014	20	579	5.9%
Paterna	1979	2014	2016	18	1,679	9.2%
Peñacastillo	1992	2014	2014	50	10,196	42.0%
Petrer	1991	2014	2016	27	4,329	23.4%
Plasencia	1998	2014	-	12	1,299	13.1%
Pontevedra	1995	2014	2014	16	1,681	13.0%
Reus	1991	2014	2014	23	2,933	21.2%
Rivas	1997	2014	2016	22	2,158	21.5%
Sagunto	1989	2014	-	10	968	11.9%
Salamanca	1989	2014	2016	13	795	7.6%
San Juan	1977	2018	-	31	7,266	24.5%
San Juan de Aznalfarache, Seville	1985	2014	2015	34	4,982	25.0%
San Sebastián de los Reyes	2004	2014	2016	19	2,336	12.7%
Sestao	1994	2014	2016	17	1,317	48.8%
Sevilla - Macarena	1993	2014	2016	23	1,882	14.6%
Sevilla - Montequinto	1999	2014	2016	14	9,995	21.6%
Sevilla – San Pablo	1979	2014	2014	29	3,273	20.4%
Talavera – Los Alfares	2005	2014	2016	56	20,482	75.0%
Tarragona	1975	2014	2017	16	3,420	11.4%
Tarrasa	1978	2018	-	34	7,502	31.6%
Torrelavega	1996	2014	2016	14	2,147	18.2%
Torrevieja	1994	2014	2014	17	1,700	11.5%
Valencia - Campanar	1988	2014	2016	29	3,088	16.7%
Valladolid	1981	2014	2017	22	3,615	17.5%
Valladolid II	1995	2014	2017	17	3,551	21.5%
Valverde Badajoz	1996	2014	2015	25	3,287	23.6%
Villanueva	1995	2014	2016	9	687	10.2%
Villareal de los Infantes	1995	2014	2016	13	939	10.3%
Zaragoza	1989	2014	2015	19	4,301	23.4%
As Cancelas wholly-owned (50% of assets held, based on the equity method)	2012	2014	2012	119	25,131	-
Italy						
Assago	1988	2015	2019	2	2,380	5.0%
Burolo	1996	2014	2016	10	946	10.9%
Gran Giussano	1997	2014	2016	49	9,338	47.4%
Limbiate	2006	2015	-	1	1,923	4.4%
Massa	1995	2014	2016	44	8,231	45.9%
Nichelino	2017	2017	2017	65	29,194	62.2%
Paderno Dugnano	1975	2014	2022	73	15,322	47.6%
Thiene	1992	2014	2015	39	5,973	44.7%
Turin	1989	2014	2014	12	1,186	12.7%
Vercelli	1987	2014	2016	20	3,125	24.1%

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2022

Contents

1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

1.1. Consolidated statement of comprehensive income

(in thousands of euros)	Note	First-half 2022	First-half 2021
Gross rental income		**182,806**	**172,866**
Charges rebilled to tenants		54,671	49,260
Total income from rental activity		**237,477**	**222,126**
Real estate expenses		(24,894)	(23,276)
Rental charges		(39,116)	(37,199)
Property expenses (landlord)		(1,248)	(33,706)
Net rental income	**9.1**	**172,219**	**127,945**
Overhead expenses	9.2	(23,909)	(24,428)
Income from property management, administration and other activities		*5,247*	*5,592*
Other income		*2,360*	*765*
Payroll expenses		*(13,385)*	*(13,665)*
Other external expenses		*(18,131)*	*(17,120)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	9.3	(124)	(884)
Other operating income and expenses		(238)	83
Gains and losses on disposals of investment properties and equity investme	9.4	(2,888)	78
Change in fair value adjustments	6.2	52,675	(42,712)
Share in net income (loss) of equity-accounted companies	8.3	(1,011)	1,467
Operating income		**196,724**	**61,549**
Financial income		653	423
Financial expenses		(30,854)	(31,074)
Cost of net debt		**(30,201)**	**(30,651)**
Other financial income and expenses		(7,017)	(9,171)
Net financial expense	**7.1**	**(37,218)**	**(39,822)**
Income before taxes		**159,506**	**21,727**
Income tax	10.1	(2,611)	(2,882)
Consolidated net income		**156,895**	**18,845**
Attributable to owners of the parent		**156,626**	**18,759**
Non-controlling interests		**269**	**85**
Average number of shares comprising Carmila's share capital	8.8.4	144,936,550	142,490,436
Earnings per share (attributable to owners) (in euros)		1.08	0.13
Diluted average number of shares comprising Carmila's share capital	8.8.4	145,204,340	142,737,623
Diluted earnings per share (attributable to owners) (in euros)		1.08	0.13

Consolidated statement of comprehensive income *(in thousands of euros)*	Note	First-half 2022	First-half 2021
Consolidated net income		**156,895**	**18,845**
Items that will be reclassified subsequently to net income		51,081	11,552
Effective portion of cash flow hedges		51,081	11,552
Fair value of other financial assets		-	
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		**207,976**	**30,397**

1.2. Consolidated statement of financial position

ASSETS

(in thousands of euros)	Note	30 June 2022	31 Dec. 2021
Intangible assets	*8.1*	3,705	4,664
Property, plant and equipment	*8.2*	3,275	3,369
Investment properties carried at fair value	*6.1*	5,801,886	5,846,327
Investment properties carried at cost	*6.1*	27,674	33,213
Investments in equity-accounted companies	*8.3*	64,041	50,309
Other non-current assets	*8.4*	17,432	19,539
Deferred tax assets	*10.4*	9,856	9,855
Non-current assets		**5,927,869**	**5,967,275**
Trade receivables	*8.5*	116,442	75,489
Other current assets	*8.6*	127,687	90,439
Cash and cash equivalents	*8.7*	234,142	238,268
Current assets		**478,271**	**404,196**
Total assets		**6,406,140**	**6,371,471**

EQUITY AND LIABILITIES

(in thousands of euros)	Note	30 June 2022	31 Dec. 2021
Share capital		863,094	875,389
Additional paid-in capital		1,825,226	1,985,986
Treasury shares		(2,352)	(2,351)
Other comprehensive income		22,612	(28,469)
Consolidated retained earnings		544,958	352,177
Consolidated net income		156,626	192,121
Equity attributable to owners		**3,410,163**	**3,374,853**
Non-controlling interests		5,905	5,776
Total equity	**8.8**	**3,416,068**	**3,380,629**
Non-current provisions	*8.9*	7,474	6,867
Non-current financial liabilities	*7.2*	2,384,540	2,384,895
Lease deposits and guarantees		80,315	79,812
Non-current tax and deferred tax liabilities	*10.3 & 10.4*	141,796	139,445
Other non-current liabilities		-	2
Non-current liabilities		**2,614,125**	**2,611,021**
Current financial liabilities	*7.2*	171,360	228,071
Bank facilities	*7.2 & 8.7*	35	82
Current provisions		84	1,039
Trade payables	*8.10*	20,847	20,984
Payables to suppliers of non-current assets	*8.10*	10,405	22,067
Accrued tax and payroll liabilities	*8.11*	81,108	54,179
Other current liabilities	*8.11*	92,108	53,399
Current liabilities		**375,947**	**379,821**
Total equity and liabilities		**6,406,140**	**6,371,471**

1.3. Consolidated statement of cash flows

(in thousands of euros)	Note	First-half 2022	First-half 2021
Consolidated net income		**156,895**	**18,845**
Elimination of income from equity-accounted companies	*8.3*	1,011	(1,467)
Elimination of depreciation, amortisation and provisions		4,428	2,444
Elimination of fair value adjustments	*6.1 & 7.2.1*	(47,909)	45,688
Elimination of capital gains and losses on disposals		2,888	(1,723)
Other non-cash income and expenses		1,145	7,422
Cash flow from operations after cost of net debt and tax		**118,458**	**71,209**
Elimination of tax expense (income)	*10.1*	2,611	2,882
Elimination of cost of net debt		30,201	30,650
Cash flow from operations before cost of net debt and tax		**151,270**	**104,741**
Change in operating working capital		26,268	(21,961)
Change in lease deposits and guarantees		27	1,510
Income tax paid		3,432	(775)
Net cash from operating activities		**180,997**	**83,515**
Change in payables on non-current assets		(13,120)	(77,667)
Acquisitions of investment properties	*6.1*	(44,973)	(38,220)
Acquisitions of other non-current assets		(15,295)	(675)
Change in loans and advances		(2,215)	(4,755)
Disposal of investment properties and other non-current assets		143,662	8,034
Dividends received		1,217	820
Net cash used in investing activities		**69,276**	**(112,463)**
Corporate actions	*8.8*	(29,500)	-
Net sale (purchase) of treasury shares		(1)	(240)
Issuance of bonds		-	300,000
Increase in bank loans	*7.2*	-	250,000
Loan repayments	*7.2*	(55,063)	(524,671)
Change in marketable securities included in other current receivables		(155)	118
Interest paid		(26,590)	(22,128)
Interest received		653	423
Dividends and share premiums distributed to shareholders		(143,696)	(94,338)
Net cash from (used in) financing activities		**(254,352)**	**(90,836)**
Net change in cash and cash equivalents		**(4,079)**	**(119,784)**
Cash and cash equivalents at start of period		*238,186*	*311,329*
Cash and cash equivalents at end of period	*8.7*	*234,107*	*191,545*

1.4. Consolidated statement of changes in shareholders' equity

(in thousands of euros)	Note	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income	Equity attributable to owners	Non-controlling interests	Total equity
Balance at 31 December 2021		**875,389**	**1,985,986**	**(2,351)**	**(28,469)**	**352,177**	**192,121**	**3,374,854**	**5,776**	**3,380,630**
Corporate actions	*8.8*	(12,295)	(17,204)					**(29,499)**		**(29,499)**
Share-based payments	*13.3.2*	-	-					**-**		**-**
Treasury share transactions	*8.8.3*			(1)		659		**658**		**658**
Dividend paid	*2.3*		(143,556)					**(143,556)**	(140)	**(143,696)**
Appropriation of 2021 net income						192,121	(192,121)			
Net income for the period							**156,626**	**156,626**	**269**	**156,895**
Other comprehensive income reclassified to income	*7.4*				2,488			**2,488**		**2,488**
Change in fair value of other financial assets								**-**		**-**
Change in fair value of hedging instruments	*7.4*				48,593			**48,593**		**48,593**
Actuarial gains and losses on retirement benefits	*13.3.1*				-			**-**		**-**
Other comprehensive income					**51,081**			**51,081**		**51,081**
Other changes										
Balance at 30 June 2022		**863,094**	**1,825,226**	**(2,352)**	**22,612**	**544,957**	**156,626**	**3,410,163**	**5,905**	**3,416,068**

The "Corporate actions" line for first-half 2022 reflects (i) the cancellation of 2,039,146 treasury shares under the share buyback programmes launched by the Company on 16 February 2022 and 24 March 2022, and (ii) the conversion of 139,306 class C shares into 129,326 class A shares in connection with free preference share plans for key employees and corporate officers of the Group.

2. SIGNIFICANT EVENTS OF FIRST-HALF 2022

After a year defined by the health crisis in 2021, the first six months of 2022 saw a gradual return to normal rental activity and financial performance. Carmila's shopping centres remained open throughout the entire period, in contrast to first-half 2021, when they were closed for an average of 2.2 months due to government-ordered closures and lockdowns.

Carmila continued to see good leasing momentum, with 517 leases signed in first-half 2022 in line with the portfolio's rental values.

Net rental income for first-half 2022 was up 34.6% to €172.2 million, mainly due to the absence of major health measures in the period and to organic rental income growth of 4.8%, including a 3.0% positive indexation effect.

Of the total rent invoiced in the first half of 2022, 95.4% has been collected.

The value of the asset portfolio (including transfer taxes) stood at €6.2 billion at 30 June 2022. Exit capitalisation rates increased over the period, with an overall rate (net potential yield – NPY) of 6.26% at 30 June 2022. On a like-for-like basis, the value of the portfolio rose 1.1% versus 31 December 2021.

2.1. Investments

On 24 May 2022, Carmila announced the acquisition of Rosaleda, a shopping centre located in Malaga, Southern Spain, for €24.3 million including transfer taxes.

The centre, which is made up of 73 stores adjoining a Carrefour hypermarket, has a gross leasable area of 15,500 sq.m. and includes two larger stores (Decathlon and Lefties, an Inditex group fashion banner). With 5.8 million visitors each year, it benefits from a clear leading position in its catchment area, a leisure complex with a cinema and strong footfall. The purchase price offers Carmila significant scope for value creation.

2.2. Disposals

On 30 June 2022, Carmila completed the sale of a portfolio of six assets located in France to a joint venture set up with Batipart and ATLAND Voisin.

The portfolio consists of six assets, all of which are located in France: Mondevillage, Meylan, Mont St Aignan, Nantes St Herblain, Rambouillet and St Jean de Vedas. The sale price of the portfolio is €150 million, including transfer taxes, in line with end-2021 appraisal values.

Carmila has retained a 20% minority stake in the joint venture and will continue to provide leasing and property services for the portfolio of assets. This minority stake has been accounted for using the equity method in the consolidated financial statements at 30 June 2022.

The transaction forms part of the target €200-million asset rotation programme for 2022 and 2023, announced at Carmila's Capital Markets Day in December 2021.

2.3. Dividend

Acting on a proposal from the Board of Directors, Carmila's Annual General Meeting of 12 May 2022 approved the dividend of €1.00 per share for 2021. This dividend was paid in cash.

The total cash dividend paid to shareholders represented around €144 million and was paid on 25 May 2022.

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 2021, 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 2022. 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 2021. 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 2022 were prepared under the responsibility of the Board of Directors, which approved and authorised them for issue on 27 July 2022.

3.1. Presentation of the Group

The corporate purpose of the Carmila Group ("the Group" or "the Carmila Group") is to enhance the value of shopping centres adjoining Carrefour hypermarkets located in France, Spain and Italy.

At 30 June 2022, the Group employed 228 people, with 148 in France, 64 in Spain and 16 in Italy (not including apprentices). The Group owns a portfolio of 208 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 centres 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 2022, its largest shareholder is the Carrefour group, which holds 36.0% 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 64.0% of the share capital is mainly owned by long-term investors from major insurance companies or blue-chip financial players, including Predica (9.8% of Carmila's share capital), Cardif Assurance Vie (9.0%) and Sogecap (5.7%).

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 2022 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 2022, 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 2022:

- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 37 – Onerous Contracts;
- Amendments to IAS 16 – Proceeds before Intended Use;
- IFRIC March 2021 agenda decision – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38);
- IFRIC November 2021 agenda decision – Economic Benefits from Use of a Windfarm;
- IFRIC February 2022 agenda decision – TLTRO III Transactions;
- IFRIC March 2022 agenda decision – Demand Deposits with Restrictions on Use;
- IFRIC April 2022 agenda decision – Principal versus Agent: Software Reseller.

These amendments did not have a material impact on the consolidated financial statements at 30 June 2022.

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 property** (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 for 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 market practices and with IFRS 13;
- **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 tax");
- **The costs of Carmila CSR commitments** are included in maintenance CAPEX which is reflected in the fair value of investment property.

3.5. Other principles applied in presenting the consolidated financial statements

Translation of foreign companies' financial statements

The Group's financial statements are presented in thousands of euros, unless otherwise specified. Rounding differences may give rise to minor differences between statements.

An entity's functional currency is the main currency in which it conducts its business. All entities within the Group's scope of consolidation are in the eurozone and use the euro as their functional currency.

Translation of foreign currency transactions

When a Group entity carries out transactions in a currency other than its functional currency, they are initially translated at the rate prevailing on the date of the transaction. At the end of the reporting period, monetary financial assets and liabilities denominated in foreign currencies are translated into euros at the closing rate of the currency concerned, with any foreign exchange gains or losses taken to income.

Transactions eliminated from the consolidated financial statements

Items recorded on the statement of financial position and income or expenses 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 statement of income

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 equity 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 2022

On 30 June 2022, Carmila completed the sale of a portfolio of six assets located in France to a joint venture set up with Batipart and ATLAND Voisin. Carmila has retained a 20% minority stake in the joint venture and will continue to provide leasing and property services for the portfolio of assets. This minority stake has been accounted for using the equity method in the consolidated financial statements at 30 June 2022 for an amount of €12.7 million.

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 50.0% 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 accounted for using the equity method.

Magnirayas – France

Carmila holds 20% of the shares and voting rights of the French company Magnirayas. The other partners are Batipart and Atlan Voisin. Most resolutions are adopted by a 50.0% majority. Some decisions require unanimity of the members of the Strategy Committee Unanimous decisions grant protective rights to Carmila without giving it the power to direct or co-direct the relevant activities. This provision does not in any way confer sole control over any decision regarding the relevant activities. Most decisions concern fundamental changes to Magnirayas.

Carmila will continue to provide property management and leasing services, while Batipart will be responsible for portfolio management. As Carmila considers that this gives it significant influence, the company is therefore accounted for using 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 to IFRS 8 – *Operating Segments*. The operating segments that have been identified by the Executive Committee are the three countries in which the Group operates:

- France;
- Spain;
- Italy.

The Group uses the following indicators to measure its performance and activity:

- gross rental income;
- net rental income by operating segment;
- recurring and non-recurring operating income.

The Group defines recurring operating income as operating income before changes in the fair value of investment properties and adjusted for non-recurring income and expenses such as:

- gains and losses on disposals of investment properties;
- any other non-recurring income or expense.

Overhead expenses for each segment represent the expenses directly incurred by that operating segment. Shared overhead expenses that are borne by the France segment are rebilled to the other operating 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 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 2022	First-half 2021	First-half 2022	First-half 2021	First-half 2022	First-half 2021	First-half 2022	First-half 2021
Gross rental income	**125,533**	**117,948**	**45,767**	**43,978**	**11,506**	**10,940**	**182,806**	**172,866**
Real estate expenses	(2,623)	(3,926)	(1,601)	(1,612)	(453)	(446)	(4,677)	(5,984)
Non-recoverable service charges	(2,651)	(3,427)	(1,798)	(1,545)	(213)	(259)	(4,662)	(5,231)
Property expenses (landlord)	(2,429)	(22,608)	1,466	(9,706)	(285)	(1,392)	(1,248)	(33,706)
Net rental income	**117,830**	**87,987**	**43,834**	**31,115**	**10,555**	**8,843**	**172,219**	**127,945**
Overhead expenses	(17,032)	(18,010)	(5,669)	(5,049)	(1,208)	(1,369)	(23,909)	(24,428)
Income from property management, administration and other activities	*4,266*	*4,739*	*649*	*490*	*332*	*363*	*5,247*	*5,592*
Other income	*2,231*	*702*	*9*	*5*	*120*	*58*	*2,360*	*765*
Payroll expenses	*(10,216)*	*(10,838)*	*(2,489)*	*(2,180)*	*(680)*	*(647)*	*(13,385)*	*(13,665)*
Other external expenses	*(13,313)*	*(12,613)*	*(3,838)*	*(3,364)*	*(980)*	*(1,143)*	*(18,131)*	*(17,120)*
Other income from operations	-	-	-	-	-	-	-	-
Additions to depreciation, amortisation and provisions for investment properties	*(10)*	*(24)*	-	-	-	*(1)*	*(10)*	*(25)*
Additions to depreciation, amortisation and provisions for property, plant and equipment and intangible assets	*(469)*	*(430)*	*22*	*(86)*	*(43)*	*278*	*(490)*	*(238)*
Reversals from/additions to provisions for contingencies and charges and current assets	*(232)*	*(575)*	*655*	*(78)*	*(47)*	*32*	*376*	*(621)*
Additions to depreciation and amortisation of property, plant and equipment and intangible assets, and provisions	(711)	(1,029)	677	(164)	(90)	309	(124)	(884)
Other recurring operating income and expense	130	101	(162)	(18)	-	-	(32)	83
Operating income – current	**100,217**	**69,049**	**38,680**	**25,884**	**9,257**	**7,783**	**148,154**	**102,716**
Gains and losses on disposals of investment properties and equity investments sold	(2,888)	78	-	-	-	-	(2,888)	78
Gains and losses on disposals of property, plant and equipment and intangible assets	(206)	-	-	-	-	-	(206)	
Change in fair value adjustments	25,132	(43,760)	27,421	964	122	84	52,675	(42,712)
Share of net income (loss) in equity-accounted companies – non-recurring	*(3,211)*	-	*2,217*	*1,464*	*(17)*	*3*	*(1,011)*	*1,467*
Operating income	**119,044**	**25,367**	**68,318**	**28,312**	**9,362**	**7,870**	**196,724**	**61,549**

5.3. Breakdown of investment properties by operating segment

The value of investment properties by country is presented separately whether it relates to assets at fair value or assets at cost.

(in thousands of euros)	30 June 2022	31 Dec. 2021
Investment properties carried at fair value	**5,801,886**	**5,846,327**
France	4,123,040	4,224,326
Spain	1,330,504	1,274,065
Italy	348,342	347,936
Investment properties carried at cost	**27,674**	**33,213**
France	25,894	32,645
Spain	119	-
Italy	1,661	568
TOTAL	**5,829,560**	**5,879,540**

At 30 June 2022, in terms of asset value, 71.1% of the Group's investment properties were located in France (compared to 72.3% at 31 December 2021), 22.9% in Spain (compared to 21.8% at 31 December 2021) and 6.0% in Italy (unchanged from 31 December 2021).

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.

	France		Spain		Italy		TOTAL	
(in thousands of euros)	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Acquisitions	2,289	18,189	24,287	0	0	0	26,576	18,189
Like-for-like capital expenditure	13,800	16,861	3,479	2,844	1,118	326	18,397	20,031
Extensions	1,727	2,644	0	0	1,097	156	2,824	2,800
Restructuring	5,315	7,665	0	0	0	0	5,315	7,665
Lease incentives	3,297	1,786	2,077	2,173	0	0	5,374	3,959
Renovations	1,889	361	580	12	3	159	2,472	532
Maintenance Capex	1,572	4,405	822	659	18	11	2,412	5,075
Total capital expenditure	**16,089**	**35,050**	**27,766**	**2,844**	**1,118**	**326**	**44,973**	**38,220**

"Acquisitions" mainly includes the acquisition of the Rosaleda shopping centre in Spain (€24.3 million).

"Extensions" primarily concerns a project to establish operations in Toulouse Purpan for €1.2 million.

"Restructuring" mainly concerns the Cité Europe shopping centre in Calais-Coquelles (€1.1 million) and the shopping centre in Flins (€1.3 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 Laval (€1.1 million), Ormesson (€0.3 million) and Grenoble Echirolles (€0.3 million). Like-for-like capital expenditure also includes rent relief granted to tenants.

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.

Fair value excludes transfer taxes and costs (taxes are measured on the basis of a direct disposal of the asset, even though these costs may sometimes be reduced if the disposal is performed through a share deal involving the company holding the related asset).

Under IFRS 13, fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an arm's-length transaction between market operators on the valuation date.

There are no restrictions on the Group's ability to realise its investment property, or to recover income from leasing or selling them.

Cost of investment property – general remarks

The acquisition costs of an investment property are capitalised as part of the value of the investment property.

During the life of the property, expenses such as building works, leasing costs and other internal project development costs are also capitalised.

In addition, lease right ownership or commercial rights for common areas for the Specialty Leasing business (leasing of high-footfall shopping centre spaces for short periods of time) are taken into account in the appraisers' valuations, and are therefore included as part of the value of the asset shown in the consolidated financial statements.

Eviction compensation paid to the tenant upon termination of a lease still in force is recognised as follows:

- restructuring of a site: if compensation is paid in connection with a property renovation project, the compensation is included in the cost price of the work performed;
- replacement of a tenant: if compensation is paid to increase the rent compared to that paid by the previous tenant and thereby increase the asset's value, this expense is included in the cost of the asset. Otherwise, it is booked as an expense.

Cost of investment property under construction

Capitalised expenditure relating to investment properties under construction (including extensions) includes the cost of works, the cost of loans directly attributable to the acquisition, construction or production of the asset, when necessary in order to use the asset, as well as costs related to leasing the retail space for the first time.

Capitalised borrowing costs are determined by applying the Group's weighted average cost of borrowing for the related country to the average outstanding amount of construction work done, or, where applicable, based on the financial costs paid for specific borrowings. Capitalisation of interest ceases when the asset under construction enters into service.

Investment properties under construction may be measured 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 extension 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, capitalisation 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 income capitalisation 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 adopted 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, step rents, 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 and obsolescence premium).

  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 carried out 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. 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 during the period 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 a capitalisation 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 are 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 Note 3.3 "Accounting standards"). Guaranteed future incoming lease payments are discounted. Assets are depreciated over the same period as property, plant and equipment that the Group owns or over the term of the lease where this is shorter than the useful life of the properties. Lease payments are allocated between financial expenses and amortisation of the debt.

Investment properties held for sale

Assets for which there is sale commitment or sale mandate whose divestment has been approved by the Investment Committee are presented on a separate line of the statement of financial position at their last appraisal value, in accordance with the provisions of IFRS 5 – *Non-current Assets Held for Sale*. The capital gain or loss on the disposal of the investment property, which is the difference between the net sale proceeds and the carrying amount of the asset, is recorded in the statement income.

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. 2020	**5,717,046**
Acquisitions	26,950
Investments	37,143
Capitalised interest	491
Disposals and removals from the scope of consolidation	(8,208)
Other movements and reclassifications	77,064
Change in accounting method	515
Change in fair value	(4,674)
Investment properties carried at fair value – 31 Dec. 2021	**5,846,327**
Acquisitions	26,576
Investments	18,347
Disposals and removals from the scope of consolidation	(146,573)
Other movements and reclassifications	4,168
Application of IFRS 16	366
Change in fair value	52,675
Investment properties carried at fair value – 30 June 2022	**5,801,886**

(in thousands of euros)	
Investment properties carried at cost – 31 Dec. 2020	**100,010**
Other movements and reclassifications	(66,797)
Investment properties carried at cost – 31 Dec. 2021	**33,213**
Investments	50
Other movements and reclassifications	(5,589)
Investment properties carried at cost – 30 June 2022	**27,674**

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 2021 with their measurement at fair value.

"Change in fair value" records gains and losses on the value of assets based on the valuations made by independent appraisers. Changes in fair value are analysed by country in Note 6.2 "Valuation assumptions and sensitivity analysis".

6.1.2 Investment properties carried at cost

At 30 June 2022, 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 "Breakdown of capital expenditure by operating segment") with the above data is as follows:

(in thousands of euros)		30 June 2022
Investment properties carried at fair value – Acquisitions	*6.1*	26,576
Investment properties carried at cost – Acquisitions	*6.1*	0
Total acquisitions and changes in scope of consolidation		**26,576**
Total acquisitions – Investments by country	*5.4*	**26,576**

(in thousands of euros)		30 June 2022
Investment properties carried at fair value – Investments	*6.1*	18,347
Investment properties carried at fair value – Capitalised interest	*6.1*	0
Investment properties carried at cost – Investments	*6.1*	50
Investment properties carried at cost – Capitalised interest	*6.1*	0
Total investments and capitalised interest		**18,397**
Developments	*5.4*	2,824
Like for like investments	*5.4*	15,573
Total acquisitions – developments and extensions and like-for-like portfolio	*5.4*	**18,397**

6.2. Valuation assumptions and sensitivity analysis

At 30 June 2022, appraisers reviewed the value of all of the Group's assets carried at fair value.

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

30 June 2022 – Weighted average	Net Initial Yield	Rent in € per sq.m.(1)	Discount rate(2)	Exit capitalisation rate(3)	CAGR of net rental income(4)
France	5.7%	264	6.3%	5.9%	1.7%
Spain	6.8%	227	9.7%	6.6%	1.9%
Italy	6.2%	298	7.6%	6.3%	1.7%

"Net Initial Yield" corresponds to the 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.

Note that figures are as of 31 December 2021.

31 Dec. 2021 – Weighted average	Net Initial Yield	Rent in € per sq.m.(1)	Discount rate(2)	Exit capitalisation rate(3)	CAGR of net rental income(4)
France	5.6%	257	6.2%	6.0%	1.6%
Spain	6.7%	222	9.4%	6.6%	1.8%
Italy	6.0%	291	7.4%	6.4%	1.7%

The table below summarises the impact by country of the change in the fair value of investment properties in the statement of income:

	France		Spain		Italy		TOTAL	
(in thousands of euros)	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
Change in fair value adjustments	25,132	(4,714)	27,421	1,797	122	(1,757)	52,675	(4,674)
Increase in fair value of property	46,112	52,753	34,729	15,950	1,176	387	82,017	69,090
Decrease in fair value of property	(20,980)	(57,467)	(7,308)	(14,153)	(1,054)	(2,144)	(29,342)	(73,764)

Based on the value of the assets including estimated transfer taxes and duties, the average yield on the assets rose slightly to 6.25% at 30 June 2022 (compared to 6.18% at 31 December 2021).

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 €153.0 million (2.4%). A 25 basis (point increase in yields would reduce the value of the portfolio by €250.9 million (4.0%). A 50 basis-point increase in yields would reduce the value of the portfolio by €482.5 million (or 7.7%).

6.3. Investment properties held for sale

At 30 June 2022, 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.

Bond redemption premiums 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) is attributable to a specific risk associated with a recognised asset or liability (such as all or part of future interest payments on floating-rate debt), or a highly probable forecast transaction, and (ii) could affect earnings;
- hedging of a net investment in a foreign operation, as defined in IAS 21 – *Effects of Changes in Foreign Exchange Rates*.

In Carmila's case, all interest rate derivatives in the portfolio are documented as cash flow hedges except for one residual cost recognised at fair value with changes in fair value taken to the statement of income.

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 statement of comprehensive income. The amount recognised in "Other comprehensive income" is subsequently recognised in income in a symmetrical manner to the interest hedged.

Carmila uses the dollar offset method for measuring hedge effectiveness.

Method for determining the fair value of financial instruments

The market values of interest rate instruments are determined based on market-recognised valuation models or by reference to prices from third-party financial institutions.

The values estimated by valuation models are based on the discounted cash flow method for futures contracts and on the Black-Scholes models for options. These models use inputs based on market data (yield curves and exchange rates) obtained from recognised financial-data providers.

The assessment of fair value for derivative financial instruments includes a "counterparty risk" component for derivatives with a positive fair value, and an "intrinsic credit risk" component for derivatives with a negative fair value. Counterparty risk is calculated using the "Expected-loss" method, which takes default risk exposure into account as well as the likelihood of default and the loss rate in the event of default. The probability of default is determined based on available market data for each counterparty ("implied CDS default probability").

The fair value of long-term debt is estimated according to the market value of bonds or the present value of all future cash flows discounted in accordance with market conditions for a similar instrument (in terms of currency, maturity, interest rate type and other factors).

Application of IFRS 9 for renegotiated debt terms

Carmila's financing also includes a bank loan for a nominal amount of €770 million. The loan was taken out in 2013 and has been renegotiated several times since. Successive renegotiations did not make any substantial modifications to the initial contract as defined under IFRS 9. As a result, the carrying amount of the debt with its original effective interest rate (EIR) was recognised within equity, leading to a €19,754 thousand decrease in the value of the debt and an increase in equity for the same amount. This reduction of the debt's original EIR is spread over the residual term of the underlying liability.

During successive negotiations, the maturity of the debt was extended 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 term of the underlying liability.

In December 2020, Carmila repaid €200 million of this loan. The proportion of the loan corresponding to extending its maturity and the application of IFRS 9 was reversed in an amount of €5,095 thousand.

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.

In the first half of 2022, this amount is in addition to the expense relating to spreading the impact of resetting the original effective interest rate on debt over several reporting periods (€488 thousand), recognised in other financial expenses.

7.1. Net financial expense

7.1.1 Cost of net debt

(In thousands of euros)	First-half 2022	First-half 2021
Financial income	**653**	**423**
Interest on Group current account	274	167
Financial income on cash equivalents	379	213
Other financial income	-	43
Financial expenses	**(30,854)**	**(31,074)**
Interest expense on bonds	(23,330)	(22,151)
Interest expense on borrowings from lending institutions	(537)	(1,017)
Capitalised interest expense	-	491
Deferral of costs, bond redemption premiums and swap balancing payments	(4,680)	(5,285)
Interest expense on swaps	(1,811)	(2,630)
Interest on Group current account	(487)	(481)
Other financial expenses	(9)	(1)
Cost of net debt	**(30,201)**	**(30,651)**

The cost of net debt in first-half 2022 fell by €0.5 million year on year to €30.2 million.

The change in the cost of net debt can be analysed as follows:

- a rise of €1.2 million in interest expense on bonds (new €300 million bond issue in March 2021);
- a decrease in interest expense on hedging instruments due to the rise in interest rates;
- a decrease of €0.5 million in interest expense on bank borrowings (repayment of €300 million in April 2021);
- a decrease of €0.7 million in amortisation of issuance premiums and costs, related mainly to the repayment of the bank loan in April 2021;
- interest income from capitalised financial expenses decreased by €0.4 million, reflecting the delivery of the Nice Lingostière extension in June 2021.

7.1.2 Other financial income and expenses

(in thousands of euros)	First-half 2022	First-half 2021
Other financial income	**3,037**	**290**
Financial income from investments	392	290
Change in value of financial instruments	2,645	-
Other financial expenses	**(10,054)**	**(9,459)**
Commitment fees on undrawn credit lines	(1,266)	(1,160)
Deferral of resetting EIR at initial rate (IFRS 9)	(488)	(7,435)
Change in value of financial instruments	(7,110)	(754)
Other financial expenses	(1,190)	(110)
Other financial income and expenses	**(7,017)**	**(9,171)**

Net other financial expenses fell €2.2 million during the first half, attributable to the factors described below:

- €2.6 million in proceeds from the unwinding of a swap contracted in March 2022 as part of the Rayas transaction;
- a decrease in the charge related to the application of IFRS 9: In 2021, the €300 million repayment led to the reversal of the proportion of the repayment on the bank loan, representing a net negative impact of €6.9 million for the period;
- These decreases were partially offset by an increase in credit risk on financial instruments, leading to an expense of €1.6 million and impairment of €4.8 million recognised against a current account with a non-consolidated equity interest;

7.2. Current and non-current financial liabilities

On 13 July 2022, S&P confirmed Carmila's BBB rating with a "stable" outlook.

At 30 June 2022, the interest coverage ratio was 4.6x, the Loan-to-Value ratio stood at 36.9% and the average debt maturity at 3.9 years.

7.2.1 Change in debt

(in thousands of euros)	31 Dec. 2021	Change	Issuance	Repayment	Reclassifications	Other movements	Fair value adjustment	30 June 2022
Non-current financial liabilities	**2,351,160**	**2,453**	**-**	**2,192**	**9,505**	**-**	**(15,310)**	**2,350,000**
Bonds	2,190,977	-	-	-	-	-	-	2,190,977
Bond issuance premiums	(7,301)	-	-	1,093	-	-	-	(6,208)
Bank borrowings	170,000	-	-	-	-	-	-	170,000
Impact of resetting effective interest rate	(621)				271			(350)
Loan and bond issuance fees	(9,295)	-	-	1,099	-	-	-	(8,196)
Derivative instruments with a negative fair value	7,401	2,453	-	-	9,234	-	(15,310)	3,778
Current financial liabilities	**226,170**	**6,896**	**175,488**	**(230,000)**	**(9,505)**	**-**	**233**	**169,282**
Bank borrowings	-	-	-	-		-	-	-
Impact of resetting effective interest rate	(977)		488		(271)	-	-	(760)
Accrued interest on loans	21,842	3,165	-	-	-	-	-	25,007
Other borrowings and debt	200,000	-	175,000	(230,000)	-	-	-	145,000
Derivative instruments with a negative fair value	5,223	3,778	-	-	(9,234)	-	233	-
Bank facilities	82	(47)	-	-	-	-	-	35
Other IFRS 16 financial liabilities	**35,718**	**-**	**-**	**(1,156)**	**-**	**2,091**	**-**	**36,653**
Other IFRS 16 financial liabilities – non-current	33,735	-	-	(1,156)	(130)	2,091	-	34,540
Other IFRS 16 financial liabilities – current	1,983			-	130			2,113
Gross debt	**2,613,048**	**9,349**	**175,488**	**(228,964)**	**-**	**2,091**	**(15,077)**	**2,555,935**

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 at 30 June 2022
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	**145,000**
	Carmila SA	EUR				600,000	**145,000**
Revolving credit facility						810,000	**0**
	Carmila SA	EUR		Oct-24		270,000	**0**
	Carmila SA	EUR		Oct-26		540,000	
TOTAL						**4,480,000**	**2,505,977**

7.2.3 Bonds

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

At 30 June 2022, the amount of Carmila's bond debt therefore totalled €2,191 million. Issuance premiums and costs represented €10,620 thousand and will be amortised over the residual term of the underlying debt.

7.2.4 Bank borrowings

Carmila contracted two revolving credit facilities for €270 million and €540 million, maturing in October 2024 and October 2026, respectively, and each including two one-year extension options. These facilities include two sustainability criteria designed to support Carmila’s strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025. No drawdowns were made by Carmila on the revolving credit facility during the period.

The bank loan was repaid ahead of maturity in an amount of €100 million in 2019, €200 million in 2020, and €300 million in 2021, with €170 million still outstanding at end-June 2022.

At 30 June 2022, €3,784 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 2022

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 4.6x at 30 June 2022 (versus 3.9x at 31 December 2021);

- 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 36.9% at 30 June 2022 (compared with 37.4% at 31 December 2021).

Failure to comply with these covenants 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 2022, 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 also 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 €540 million, registered with the Banque de France on 29 June 2017 and renewed annually.

The outstanding balance at the end of June 2022 was €145 million, maturing in 2022. The maximum outstanding balance drawn over the period was €200 million.

Carmila also contracted two revolving credit facilities for €270 million and €540 million, maturing in October 2024 and October 2026, respectively, and each including two one-year extension options. These facilities include two sustainability criteria designed to support Carmila's strategy to halve its greenhouse gas emissions by 2030 and achieve BREEAM certification for its entire asset portfolio by 2025. No drawdowns were made by Carmila on the revolving credit facility during the period.

7.2.7 Breakdown of financial liabilities by maturity

At 30 June 2022, financial liabilities are broken down by maturity were as follows:

(in thousands of euros)	30 June 2022	Less than 1 year	2 years	3 years	4 years	5 years and beyond
Bonds	**2,205,300**	**21,653**	**545,459**	**541,707**	**298,831**	**797,649**
Bonds – non-current	2,190,977	-	547,900	543,077	300,000	800,000
Bond redemption premiums – non-current	(6,208)	(2,235)	(1,586)	(730)	(570)	(1,087)
Accrued interest	24,943	24,943				
Issuance costs	(4,412)	(1,055)	(854)	(640)	(599)	(1,264)
Bank loans	**310,170**	**143,141**	**(1,507)**	**169,285**	**(575)**	**(175)**
Bank borrowings – non-current	170,000	-	-	170,000	-	-
Impact of resetting effective interest rate	(1,110)	(760)	(350)		-	-
Issuance costs	(3,784)	(1,163)	(1,157)	(715)	(575)	(175)
Accrued interest	64	64	-	-	-	-
Bank borrowings – current	-	-				
Other borrowings and debt – current	145,000	145,000	-	-	-	-
Other IFRS 16 financial liabilities	**36,653**	**2,113**	**2,121**	**1,608**	**1,627**	**29,184**
Other IFRS 16 financial liabilities – non-current	34,540		2,121	1,608	1,627	29,184
Other IFRS 16 financial liabilities – current	2,113	2,113				
Bank and bond borrowings	**2,552,123**	**166,907**	**546,074**	**712,600**	**299,884**	**826,658**
Derivative instruments with a negative fair value	3,778	331	418	418	418	2,194
Bank facilities	35	35	-	-	-	-
Gross debt by maturity date	**2,555,935**	**167,273**	**546,491**	**713,017**	**300,301**	**828,853**

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

Year of repayment *(in thousands in euros)*	2022	2023	2024	2025	2026	2027+	TOTAL
Principal	145,000	547,900	713,077	-	-	1,100,000	2,505,977
Interest	48,041	44,836	31,580	21,133	21,133	21,133	187,854
Group total (principal + interest)	**193,041**	**592,736**	**744,657**	**21,133**	**21,133**	**1,121,133**	**2,693,831**

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 customer 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.

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 end-June 2022, Carmila had two revolving credit facilities for €270 million and €540 million. This facility was not drawn down during the period.

The remaining balance of cash and cash equivalents at 30 June 2022 was €234 million.

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).

In order to optimise its hedging, on 18 March 2022 Carmila extended the maturity of two swaps with a notional amount of €25 and €100 million by four and three years, respectively, i.e., to 2031 and 2030. Carmila also entered into a forward swap (starting in 2024, maturing in 2031) and a swaption (starting in 2031, maturing in 2034) on 31 March 2022, with a nominal amount of €125 million. Lastly, on 13 April 2022, Carmila entered into a further forward swap (starting in 2025, maturing in 2031) and a swaption (starting in 2031, maturing in 2035), with a nominal amount of €100 million.

At 30 June 2022, Carmila's portfolio of derivative instruments set up with leading banking partners comprised:

- four fixed-rate borrower swaps at three-month Euribor for a notional amount of €260 million, with the swap covering the longest term expiring in December 2031;
- 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 98% of gross debt at 30 June 2022 (including swaps and swaption collars) and 102% including caps.

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

Accounting policies

In accordance with IAS 38 – *Intangible Assets* and the IFRIC decision of March 2021 on configuration or customisation costs in a cloud computing arrangement, intangible assets with a finite useful life are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. Indefinite lived intangible assets are not amortised. The indeterminate nature of the useful life is reviewed every year. An impairment test is performed on these non-current assets annually (IAS 36) or whenever there is an indication of a loss in value.

After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and impairment.

(in thousands of euros)	31 Dec. 2021	Acquisitions	Additions/ reversals	Reclassifications/ retirements	30 June 2022
Software	1,698	37	-	79	1,814
Other intangible assets	17,425	6	(206)	(761)	16,464
Intangible assets in progress	44	-	-	-	44
Intangible assets – gross value	19,167	43	(206)	(682)	18,322
Amortisation/impairment of software	(1,441)	-	(75)	(1)	(1,517)
Amortisation/impairment of other intangible fixed assets	(13,063)	-	(38)	-	(13,101)
Intangible assets – cumulative amortisation	(14,504)	-	(113)	(1)	(14,618)
Total intangible assets – net	**4,664**	**43**	**(319)**	**(683)**	**3,705**

8.2. Property, plant and equipment

Accounting policies

In accordance with IAS 16 – *Property, Plant and Equipment*, when these assets (including land, buildings, installations and equipment) are not classified as investment properties, they are measured at historical cost less accumulated depreciation and impairment.

Property, plant and equipment under construction are accounted for at cost less any identified impairment.

In thousands of euros	31 Dec. 2021	Acquisitions	Additions/ reversals	Application of IFRS 16	Reclassifications/ retirements	30 June 2022
Technical plant, machinery and equipment	4,639	-	-	-	(4,372)	267
Office and computer equipment	632	7	-	-	-	639
Transportation equipment	643	-	-	1,725	-	2,368
Company's office buildings	3,922	-	-	-	-	3,922
Other property, plant and equipment	90	-	-	-	-	90
Property, plant and equipment – gross value	9,926	7	-	1,725	(4,372)	7,286
Depreciation/impairment of technical plant, machinery and equipment	(3,097)	-	(11)	-	2,912	(196)
Depreciation/impairment of office and computer equipment	(511)	-	(17)	-	-	(528)
Depreciation/impairment of transportation equipment	(598)	-	(177)	-	-	(775)
Depreciation/impairment of company's office buildings	(2,293)	-	(159)	-	-	(2,452)
Depreciation/impairment of other property, plant and equipment fixed assets	(58)	-	(2)	-	-	(60)
Property, plant and equipment – cumulative depreciation	(6,557)	-	(366)	-	2,912	(4,011)
Total property, plant and equipment – net	**3,369**	**7**	**(366)**	**1,725**	**(1,460)**	**3,275**

At 30 June 2022, property, plant and equipment mainly includes fixtures and office equipment for the Group's service centres in France and Spain. No significant acquisitions were made during the period. The reclassification for the period relates to investment properties that were previously incorrectly included in property, plant and equipment and have since been reclassified.

8.3. Investments in equity-accounted companies

(in thousands of euros)	31 Dec. 2021	Net income	Distribution	Share capital increase	Change in scope of consolidation	Other movements	30 June 2022
Investments in equity-accounted companies	50,309	(1,011)	(1,217)		15,960		64,041

At 30 June 2022, this item consists of As Cancelas (Spain), acquired in 2014 and currently in operation; Carmila Thiene (Italy), the purpose of which is to deploy a project; and Magnirayas (France), set up in June 2022.

Magnirayas was created in the context of the sale of a portfolio of six assets belonging to Carmila via a joint venture with Batipart and Atland Voisin.

8.4. Other non-current assets

Accounting policies

In accordance with IFRS 9 – *Financial Instruments*, the main financial assets are classified in one of the following three categories:

- loans and receivables;
- assets held to maturity;
- assets available for sale.

The application of IFRS 9 leads to a redefinition of the methodology for classifying and measuring financial assets, which is now based on:

- the contractual characteristics of cash flows; and
- the business model for managing the assets.

The definition of financial assets used has been extended and now includes loans, advances, current accounts, non-consolidated securities, trade receivables and derivatives with a positive fair value. IFRS 9 also makes a distinction between two categories of financial assets: debt instruments and equity instruments. Depending on the characteristics of the contractual cash flows and business model, the resulting valuation method is different.

The classification is determined by the Group on initial recognition, depending on the type of asset and the purpose for which it was acquired. Sales and purchases of financial assets are recognised at the transaction date, i.e., the date on which the Group purchased or sold the asset. Other long-term investments include minority stakes in young companies developing innovative and promising retail concepts for goods and services.

Loans and receivables are initially carried at fair value and subsequently at amortised cost using the effective interest rate method. For short-term receivables with no specified interest rate, the fair value is taken as the amount on the original invoice. These items are tested for impairment when there is an indication of a loss in value. Impairment is recognised if the carrying amount is higher than the estimated recoverable amount.

This category includes receivables related to equity investments, other loans and receivables, and trade receivables. They appear in the statement of financial position under "Other financial assets" or "Trade receivables".

For assets available for sale, see Note 6 "Investment properties".

(in thousands of euros)	31 Dec. 2021	Increases	Decreases	Reclassification	30 June 2022
Non-consolidated equity interests	7,084	1,015	-	-	8,099
Advances to associates or non-consolidated companies	-	1,200	-	-	1,200
Security deposits	12,894	481	(5)	-	13,370
Other financial assets	68	-	-	-	68
Other non-current assets – gross value	20,046	2,696	(5)	-	22,737
Impairment on other non-current assets	(507)	(4,798)	788	(788)	(5,305)
Other non-current assets – net	**19,539**	**(2,102)**	**783**	**(788)**	**17,432**

The increase in non-consolidated equity interests in first-half 2022 mainly results from the acquisition of MPH Siège shares for €0.3 million and the subscription to convertible bond issues by Kairos for €0.3 million and Meilleur Audio Holding for €0.3 million.

"Advances to associates" relates to a €1.2 million loan to Magnirayas, accounted for under the equity method in Carmila's financial statements.

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 impairment corresponds to the current account with a non-consolidated company in which Carmila has a minority stake for €4.8 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 proceedings, or which are in receivership or liquidation, or any tenant for which a significant credit risk has been identified.

In accordance with IFRIC 21, provisions were recorded for all property taxes owed for 2022 as of 1 January of that year. Simultaneously, an accrual for the share of property taxes rebilled to tenants was recorded as accrued revenue due to the high probability of these lots being rented to tenants throughout the financial year. This has no impact on the annual financial statements.

(in thousands of euros)	30 June 2022	31 Dec. 2021
Trade receivables – gross value	**189,965**	**161,338**
of which related to leasing activity	*171,446*	*154,320*
of which accrued receivables and receivables unrelated to leasing activity	*18,519*	*7,018*
Allowances for trade receivables	**(73,523)**	**(85,849)**
of which related to leasing activity	(72,929)	(85,164)
of which unrelated to leasing activity	(594)	(685)
Trade receivables – net	**116,442**	**75,489**

There was a €41 million period-on-period increase in net trade receivables at 30 June 2022. This increase is mainly due to the resumption of quarterly billing as from 1 April 2022. Receivables relating to leasing activity therefore include those for the third quarter of 2022.

The decrease in impairment represents €12.3 million and reflects the improvement in the collection rate.

	30 June 2022							
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	**FY 2021**	Q1 2022	Q2 2022	**H1 2022**
Gross collection rate (total amount invoiced)	84.5%	85.3%	93.8%	94.8%	**89.7%**	95.9%	94.9%	**95.4%**
Rent waiver/Covid-19 provision rate	15.5%	14.7%	5.7%	5.2%	**10.3%**	3.0%	2.8%	**2.9%**
Outstanding to be collected	0.0%	0.0%	0.5%	0.1%	**0.0%**	1.2%	2.3%	**1.7%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Out of the total charges and rents invoiced in 2021, 89.7% had been collected at 30 June 2022, 10.3% had been waived or charged to credit loss allowances (and written off in the consolidated financial statements) and 0.0% are pending collection.

Out of the total rents invoiced in first-half 2022, 95.4% had been collected at end-June.

(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	18,739		18,739	(735)	202	770	459	792	1,775	15,476	(15,780)
Italy	9,313	5,061	4,252	(13)	317	9	352	259	243	3,087	(3,652)
France	143,393	81,381	62,012	(181)	(600)	(133)	5,604	3,578	8,924	44,820	(53,497)
Group total	**171,446**	**86,442**	**85,004**	**(929)**	**(81)**	**646**	**6,415**	**4,629**	**10,942**	**63,384**	**(72,929)**

	Allowances for trade receivables (excluding VAT)
Group total	**(72,929)**

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

8.6. Other current assets

(in thousands of euros)	**30 June 2022**	**31 Dec. 2021**
Tax receivables	11,733	19,659
Corporate tax receivables	2,622	6,800
Other tax receivables	9,111	12,859
Financial receivables	79,205	37,000
Receivables related to investment properties	41,251	36,729
Derivative instruments – assets	37,599	71
Marketable securities – excl. money-market	355	200
Other receivables	37,192	33,780
Receivables from charges rebilled to tenants	13,361	11,433
Other miscellaneous receivables	22,650	22,692
Prepaid expenses	1,181	-345
Total other receivables – gross value	**128,130**	**90,439**
Impairment of other receivables	-443	0
Other current receivables – net	**127,687**	**90,439**

At 30 June 2022, the decline in tax receivables results from the collection of the tax credit granted by the French government in return for rent relief afforded to tenants due to the November 2020 lockdown for an amount of €3.5 million, and to the decrease in VAT on property, plant and equipment for €4.8 million.

Financial receivables relating to equity investments mainly consist of the Group's loans to equity-accounted companies (As Cancelas for €9.7 million and Carmila Thiene for €5.1 million), and to advances by Carmila Retail Development to non-controlling interests in which the company has an equity stake for €25.9 million.

Derivative instruments with a positive fair value correspond to the mark-to-market of swaps, which increased by €48.6 million over the period due to rising interest rates.

Other miscellaneous receivables mainly include the credit note receivable relating to the Nice off-plan acquisition in the amount of €21 million.

8.7. Net cash

(in thousands of euros)	30 June 2022	31 Dec. 2021
Cash	234,142	238,268
Cash and cash equivalents	234,142	238,268
Bank facilities	(35)	(82)
Net cash	**234,107**	**238,186**

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
At 1 January 2022	**145,898,168**	875,389	568,973	1,417,013
Dividend – GM of 12 May 2022	**-**			(143,556)
Cancellation of treasury shares	**(2,039,146)**	(12,235)	(17,265)	
Share option	**- 9,980**	- 60	60	
At 30 June 2022	**143,849,042**	**863,094**	**551,768**	**1,273,458**

At 30 June 2022, the share capital was made up of 143,849,042 shares, each with a par value of six euros (€6), fully subscribed and paid up. The share capital comprises 143,704,395 class A shares and 144,647 class D shares.

Acting on a recommendation from the Board of Directors, Carmila's Annual General Meeting of 12 May 2022 approved the dividend of €1.00 per share for 2021, representing a total payout of €143,556 thousand deducted in full from the merger premium. This amount was paid in full in cash.

Under the share buyback programmes initiated by the Company on 16 February 2022 and 24 March 2022, 2,039,146 shares were bought back and subsequently cancelled on 13 May 2022, further to a decision by the Chair and Chief Executive Officer, acting on the authority of the Board of Directors, and resulting in a reduction in the share capital in an amount of €12,234,876.

In accordance with the terms and conditions of the plan dated 16 May 2019, vested C Shares entitle their holders to convert them into A Shares following a two-year mandatory holding period. This period came to an end on 16 May 2022, leading to the conversion of 139,306 class C shares into 129,326 class A shares. At the end of the 20-day creditors' objection period, on 9 June 2022 the Chair and Chief Executive Officer placed on record that the share conversion had been completed on 16 May 2022, along with the corresponding decrease in share capital. This capital decrease was charged against issuance premiums for €60 thousand.

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

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 2022, the Company held a total of 151,902 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 2022**
Net income	156,895
Consolidated net income attributable to non-controlling interests	269
Numerator	
Consolidated net income attributable to owners of the parent	**156,626**
Average number of shares outstanding	144,936,550
Number of preference shares outstanding at 30 June 2022	144,647
Denominator	
Average number of shares (fully diluted)	**145,081,197**
Earnings per share (in euros)	**1.08**
Diluted earnings per share (in euros)	**1.08**

8.9. Provisions

(in thousands of euros)	31 Dec. 2021	Additions	Reversal	Reclassification	Actuarial adjustments (OCI)	30 June 2022
Other provisions for contingencies and charges	6,393	1,918	(1,330)	-	-	6,981
Provisions for contingencies and charges	6,393	1,918	(1,330)	-	-	6,981
Provision for pensions and retirement benefits	474	29	(22)	12	-	493
Provisions for charges	474	29	(22)	12	-	493
Total non-current provisions	**6,867**	**1,947**	**(1,352)**	**12**	**-**	**7,474**

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)	30 June 2022	31 Dec. 2021
Fixed assets payables	10,405	22,067
Miscellaneous trade payables	828	2,385
Trade payables and accrued invoices	20,019	18,599
Trade and fixed assets payables	**31,252**	**43,051**

Payables to suppliers of non-current assets relate to ongoing or completed restructuring or extension projects. The decrease is due to a decline in ongoing projects.

8.11. Other current liabilities

(in thousands of euros)	30 June 2022	31 Dec. 2021
Accrued tax and payroll liabilities	81,108	54,179
Tax liabilities (excluding corporate income tax)	73,411	41,370
Tax liabilities – corporate income tax	285	770
Social security liabilities	7,412	12,039
Other liabilities	92,108	53,399
Other miscellaneous liabilities	15,008	17,229
Prepaid income	77,100	36,170
Other current liabilities	**173,216**	**107,578**

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. The increase also reflects the rise in output VAT payable on amounts collected following the resumption of quarterly billing.

Other liabilities include the earn-out on a 2016 acquisition, expected to be paid in 2022 in an amount of €7.5 million.

Prepaid income breaks down as €72.2 million in France and €4.9 million in Italy relating to billing for third-quarter 2022. The increase in this item is due to the resumption of quarterly billing as of 1 April 2022 in France.

9. BREAKDOWN OF STATEMENT OF INCOME 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 for the period 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 2022	First-half 2021
Rent	182,812	172,872
Front-end fees and other indemnities	(6)	(6)
Gross rental income	182,806	172,866
Property tax	(24,894)	(23,276)
Charges rebilled to tenants	20,217	17,292
Real estate expenses	(4,677)	(5,984)
Rental charges	(39,116)	(37,199)
Charges rebilled to tenants	34,454	31,968
Non-recoverable service charges	(4,662)	(5,231)
Management fees	(7)	(151)
Charges rebilled to tenants	6	195
Losses and depreciation of receivables	9,977	(20,442)
Other expenses	(11,224)	(13,308)
Property expenses (landlord)	(1,248)	(33,706)
Net rental income	**172,219**	**127,945**

9.1.1 Gross rental income and net rental income

Gross rental income	**First-half 2022**		**First-half 2021**
		Year-on-year change	
(in thousands of euros)	**Gross rental income**	Reported	**Gross rental income**
France	125,533	6.4%	117,948
Spain	45,767	4.1%	43,978
Italy	11,506	5.2%	10,940
Total	**182,806**	**5.8%**	**172,866**

Net rental income	First-half 2022					First-half 2021
		Year-on-year change				
(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	117,830	34.0%	29.4%	4.7%	33.9%	87,987
Spain	43,834	40.4%	35.3%	5.1%	40.9%	31,115
Italy	10,555	20.5%	16.1%	4.4%	19.4%	8,843
Total	**172,219**	**34.6%**	**29.9%**	**4.8%**	**34.6%**	**127,945**

Net rental income totalled €172 million, up €44.3 million, or 34.6%, in the first half of 2022. This increase is attributable to the factors described below.

Changes linked to specific Covid-related impacts represented a €38.2 million (or 29.9%) increase in net rental income. Specific Covid-related impacts recognised in first-half 2021 reduced net rental income by €33.5 million, whereas they increased net rental income by €4.7 million in first-half 2022.

Organic growth as adjusted for these specific impacts came out at 4.8%. The share of indexation included in growth at constant scope is a positive 3.0%.

Acquisitions and disposals represented a net negative impact of €0.1 million, or 0.1%, attributable to the acquisition of the Rosaleda shopping centre (positive impact of €0.3 million, or 0.2%) on 24 May 2022 and the disposal of Nanteuil-les-Meaux (negative impact of €0.4 million, or 0.3%) on 23 June 2021.

The sale of a portfolio of six French assets had no impact in the period as it was completed on 30 June 2022.

Other impacts increased net rental income by €0.1 million, or 0.1%. These other impacts notably include the impact of strategic vacancies which allow for restructuring and extension projects.

9.2. Overhead expenses

(in thousands of euros)	First-half 2022	First-half 2021
Income from property management, administration and other activities	5,247	5,592
Other income	2,360	765
Payroll expenses	(13,385)	(13,665)
Other external expenses	(18,131)	(17,120)
Overhead expenses	**(23,909)**	**(24,428)**

Overhead costs were down slightly by 2.1% in first-half 2022 compared with the first half of 2021.

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

The total amount of this revenue was €5.2 million in first-half 2022, a decrease of €0.3 million, or 6.2% compared to first-half 2021.

It can be broken down as follows:

- €3.1 million in rebilled shopping centre management costs, stable versus first-half 2021;
- fees, including technical and marketing fees for €1.7 million, stable versus first-half 2021.

"Other income" mainly consists of marketing services aimed at increasing the attractiveness of the centres (retailers' associations) for €2.4 million.

9.2.2 Payroll expenses

Total payroll expenses came to €13.4 million in first-half 2022, a slight decrease on first-half 2021.

9.2.3 Other external expenses

Other external expenses totalled €18.1 million in first-half 2022, up 5.9% (€1.0 million). This increase is mainly attributable to the health situation in first-half 2021, 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 2022	First-half 2021
Additions to depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(500)	(263)
Reversals from/additions to provisions for provisions for contingencies and charges and current assets	376	(621)
Additions to depreciation/amortisation of property, plant and equipment and intangible assets, and provisions	**(124)**	**(884)**

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 period.

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

Gains and losses on disposals of investment properties relate to the disposal of a portfolio of six French assets at 30 June 2022.

The sale price of the portfolio was €150 million, including transfer taxes, resulting in a disposal loss of €2.9 million.

There were no other significant disposals during the period.

10. INCOME TAX

Accounting policies

The Group companies are subject to the tax laws that apply in the countries in which they operate. Income tax is calculated according to local rules and rates.

In France, the Group benefits from the specific SIIC tax regime for French real estate investment trusts.

The Group's subsidiaries in Italy are subject to ordinary taxation in their respective jurisdictions.

Effective 1 January 2020, the Group's Spanish companies are eligible for the SOCIMI tax regime applicable to real estate investment trusts (REITs).

Effective 31 December 2021, Carmila Puerto and Carmila Cordoba opted out of, and therefore are no longer eligible for, the SOCIMI regime.

French tax regime for listed real estate investment firms

On 1 June 2014, Carmila and its French subsidiaries subject to corporate income tax opted for the SIIC regime (French REIT) as of that date.

Characteristics of the regime

The specific corporate tax exemption regime for SIICs is an option for companies listed on a French stock market with share capital of at least €15 million, whose main corporate purpose is the acquisition or construction of properties for leasing purposes or the direct or indirect holding of equity investments in legal entities with the same corporate objective. This option cannot be revoked. Subsidiaries subject to corporate income tax may also opt for the regime if at least 95% of their share capital is held by a company having opted for the SIIC regime.

In exchange for the exemption, these listed real estate investment firms are required to distribute 95% of their rental income, 70% of their capital gains on disposals and 100% of the dividends received from their SIIC subsidiaries. The distribution requirement related to capital gains has been set at 70% since 1 January 2019.

The option of the SIIC regime entails immediate liability for an exit tax at a rate of 19% on unrealised capital gains relating to properties and shares in partnerships not subject to income tax. The exit tax is payable over a four-year period starting when the entity concerned opts for SIIC status.

Discounting of the exit tax liability

The exit tax liability is discounted according to its payment schedule. The liability initially recognised in the statement of financial position is discounted, and an interest expense is recorded at the end of each reporting period in other financial expenses, enabling the liability to be reduced to its net present value at the reporting date.

Income tax for companies not subject to the SIIC tax regime

Since its adoption of the SIIC regime on 1 June 2014, Carmila distinguishes between a SIIC segment that is exempt from tax on property-leasing transactions and capital gains on disposals and a segment subject to income tax for other activities.

Income tax for companies not subject to the SIIC regime in France and for foreign companies is calculated under the conditions of ordinary tax law. Financière Géric, which was previously liable for income tax, opted for the SIIC regime on 1 January 2017.

SOCIMI regime

Real estate income for SOCIMIs is subject to 0% corporate income tax (CIT), provided that the requirements of the SOCIMI regime are met. Unrealised capital gains recognised prior to entry into the SOCIMI regime are fixed and will be taxed when the corresponding asset is sold. Capital gains realised after election for the SOCIMI regime are exempt from capital gains tax provided that the distribution criteria are met.

Companies opting for the SOCIMI tax regime are required to make the following minimum distributions:

- 100% of the profits from dividends received;
- 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.

Spanish SOCIMIs are 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%.

Ordinary-law arrangements and deferred tax

Current income tax expense is determined on the basis of tax rules and tax rates enacted or substantively enacted at the reporting date in each country during the period to which the profits relate.

The income tax payable as well as the tax on future income are offset when they originate within the same tax group, fall within the responsibility of the same tax authority, and there is a legal right to offset.

Deferred taxes are recognised when there are temporary differences between the carrying amounts of assets and liabilities and their tax base that give rise to taxable income in future periods.

After being offset against existing tax liabilities, the residual deferred tax assets are recognised if it is probable that the company concerned will have future taxable profits against which these deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured using the liability method at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax rules and tax rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities should reflect the tax impact of the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities at the reporting date.

Deferred tax is calculated at the local tax rates approved at the reporting date. The rates applied at 30 June 2022 are 28% in Italy and 25% in Spain.

In France, the 2021 Finance Act maintained the social contribution at 3.3%, applicable to the proportion of tax exceeding €763 thousand, but introduced a progressive reduction in the income tax rate, from 33.33% to 25% by 2022. The theoretical tax rate of 25.83% used in the tax reconciliation tables reflects the tax rate applicable in 2022 to companies with revenues of less than €250 million, excluding the 3.3% social contribution, which was not used by the Group owing to the absence of income tax expense for French companies.

10.1. Income tax benefit

(in thousands of euros)	First-half 2022	First-half 2021
Deferred tax	(2,350)	(1,903)
Withholding tax	-	-
Current tax	(261)	(979)
Income tax charge	**(2,611)**	**(2,882)**

10.2. Tax reconciliation

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

(in thousands of euros)	First-half 2022	First-half 2021
Consolidated net income	156,895	18,845
Income tax benefit (expense)	(2,611)	(2,882)
Share of net income (loss) of equity-accounted companies	(1,011)	(1,467)
Net income before taxes and excluding equity-accounted companies' net income	160,517	20,260
Standard tax rate applicable to the parent company	25.00%	28.00%
Theoretical income tax (expense) benefit	**(40,129)**	**(5,673)**
Tax exempt income resulting from the SIIC regime	23,095	(1,450)
Tax exempt income resulting from the SOCIMI regime	15,857	6,433
Temporary differences	-	
Share of expenses on dividends	(29)	(70)
Permanent differences	(50)	861
Taxes other than on income	(135)	(1,017)
Impact of difference in tax rates	(237)	-
Difference in earnings	-	-
Tax loss without deferred tax recognition	(982)	(1,964)
Effective tax (expense) benefit	**(2,611)**	**(2,882)**
Effective tax rate	**1.63%**	**14.22%**

10.3. Current tax assets and liabilities

(in thousands of euros)	30 June 2022	31 Dec. 2021
Tax credits	2,622	6,800
Total tax assets	**2,622**	**6,800**
Tax liabilities – non-current	0	0
Tax liabilities – current	243	728
Liabilities related to tax consolidation	42	42
Total tax liabilities	**285**	**770**

At 30 June 2022, tax receivables correspond mainly to tax prepayments in Italy for €2.4 million. The decrease in this item is due to the collection of the tax credit granted by the French government in return for rent relief afforded to tenants due to the November 2020 lockdown for €3.5 million.

The tax liability relates to €243 thousand in income tax payable in France.

10.4. Deferred tax assets and liabilities

(in thousands of euros)	31 Dec. 2021	Profit and loss impact	30 June 2022
Deferred tax assets	9,855	1	9,856
Deferred tax liabilities	(139,445)	(2,351)	(141,796)
Net balance of deferred tax	**(129,590)**	**(2,350)**	**(131,940)**
Breakdown of deferred tax by category			
Properties	(139,445)	(2,351)	(141,796)
Tax losses	8,935	-	7,677
Other items	920	1	2,179
Net balance of deferred tax	**(129,590)**	**(2,350)**	**(131,940)**

11. OFF-BALANCE SHEET COMMITMENTS AND ASSOCIATED RISKS

Off-balance sheet commitment

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 2022, there were no material disputes other than those already recognised in the consolidated financial statements.

11.2. Commitments received

COMMITMENTS RECEIVED

(in thousands of euros)	30 June 2022	31 Dec. 2021
Unused credit facilities	810,000	810,000
Commitments related to Group financing	**810,000**	**810,000**
Bank guarantees received from tenants	22,958	21,825
Other commitments received	224	228
Commitments related to Group operating activities	**23,182**	**22,053**
Total commitments received	**833,182**	**832,053**

11.2.1 Undrawn committed credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 30 June 2022, the Group had two credit facilities for €270 million and €540 million, set up as part of its refinancing programme in October 2021. This facility was not drawn down 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.

11.2.3 Other guarantees received – vendor warranties

In the context of its acquisition of Italian assets, Carmila Italia received a reassessment notice from the tax authorities. This tax risk is covered by a vendor warranty. The amount of the reassessment was paid by the seller to the tax authorities as a precautionary measure.

11.3. Commitments given

COMMITMENTS GIVEN

(in thousands of euros)	30 June 2022	31 Dec. 2021
Commitments to complete works	3,392	1,687
Rental guarantees and deposits	4,937	4,937
Commitments related to Group operating activities	**8,329**	**6,624**
Total commitments given	**8,329**	**6,624**

11.3.2 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 2022, the Group had not signed any purchase commitments.

11.3.3 Works-related commitments

Works-related commitments correspond to works approved by the Investment Committee and/or already under contract, and not recognised on the statement of financial position. At 30 June 2022, they chiefly related to the outstanding portion of the Nice Lingostière extension (off-plan acquisition) and to the off-plan acquisition of Nevers and Langueux.

11.3.4 Rental guarantees and deposits

This item mainly includes guarantees covering the operating premises of the Group and its subsidiaries. Since 2018, it also includes a guarantee given to the tax authorities by the Italian subsidiaries regarding the application of its consolidated VAT regime.

11.3.5 Commitments given on swaps

At 30 June 2022, 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.

11.4. Reciprocal commitments

None.

To the best of our knowledge, we have reported all off-balance sheet commitments that are material or that may become material in the future as determined by applicable accounting standards.

12. RELATED-PARTY TRANSACTIONS

On 1 January 2021, the Carrefour group and Carmila signed agreements regarding functions or services to be performed by Carrefour on Carmila's behalf. The term of these agreements was set at five years, i.e., until 31 December 2025.

Carrefour and Carmila have also signed an agreement for the renovation and development of Carmila's assets.

On 30 June 2022, Carmila finalised the sale of a portfolio of six assets with Batipart and Atland Voisin via a joint venture, Magnirayas, in which Carmila holds a 20% minority stake. This transaction is described in Note 2.2.

There were no other 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 2022, the Carmila Group had 228 employees, including 148 in France employed by its Almia Management subsidiary, 64 in Spain and 16 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 2021, the Group applied the following main actuarial assumptions:

- Discount rate: 1.10%
- Salary increase rate: 2%

These assumptions remained unchanged at 30 June 2022.

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 allocated to employees is determined at the allocation 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 recognised 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 allocation 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 allocated must be measured at their fair value at the allocation date using an option pricing model. The Black & Scholes and Monte-Carlo models were used to simulate the fair value of each of the instruments.

The Group has nine free share plans for corporate officers and key employees in France, Spain and Italy. The cost of these plans is recognised over the vesting period (period of employment to be completed by the beneficiaries before they are able to exercise the options allocated).

The plan allocated in 2019 (plan 5) expired on 16 May 2022 and resulted in the allocation of 129,326 free shares to key employees and corporate officers following the conversion of class C shares into class A shares.

The plans in effect at 30 June 2022, allocated in 2020, 2021 and 2022, were as follows:

- In 2020, a new preference share plan was approved in June 2020 and incorporates a service condition as well as criteria relating to the Group's financial performance:
    - one-quarter relates to the overall yield 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 shareholder return (TSR) over a three-year period up to end-2022 versus a panel of comparable companies.

▪ A new preference share plan was approved in May 2021 that incorporates a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield 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 shareholder return (TSR) over a three-year period up to end-2023 versus a panel of comparable companies.

▪ a new free share plan was approved in May 2022, again incorporating a service condition as well as criteria relating to the Group's financial performance:
  - one-quarter relates to the overall yield over a three-year period up to end-2024 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-2024;
  - one-quarter relates to the total shareholder return (TSR) over a three-year period up to end-2024 versus a panel of comparable companies.

The benefits allocated are recognised over the vesting period, as payroll expenses for €804 thousand against a corresponding increase in shareholders' equity of €657 thousand (offset in equity by the shares delivered during the period) and as accrued social security liabilities (20% payroll taxes) for €147 thousand.

14. ADDITIONAL INFORMATION

14.1. Subsequent events

On 21 July 2022, Carmila repaid its credit facility in an amount of €170 million and contracted a new floating-rate €550 million credit line with a five-year maturity. The new facility includes two one-year extension options and two sustainability criteria. Carmila also cancelled the first tranche of its €270 million revolving credit facility. The outstanding revolving credit facility amounts to €540 million.

15. LIST OF CONSOLIDATED COMPANIES

List of consolidated companies Consolidated companies	Country	% interest 30 June 2022	31 Dec. 2021	Change	% control 30 June 2022	31 Dec. 2021	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%	-
Next Tower	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 2022	31 Dec. 2021	Change	% control 30 June 2022	31 Dec. 2021	Change
Magnirayas	France	20.00%	0.00%	20.00%	20.00%	0.00%	20.00%
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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Tour Eqho - 2, avenue Gambetta – CS 60055
92066 Paris La Défense Cedex
France

S.A. au capital de 5 497 100 €
775 726 417 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

DELOITTE & ASSOCIES
6, place de la Pyramide
92908 Paris La Défense Cedex
France

S.A.S. au capital de 2 188 160 €
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Carmila

Société Anonyme
58, Avenue Emile Zola
92100 Boulogne-Billancourt

Share capital of € 863,094,252

Statutory Auditors' Review Report on the Half-yearly Financial Information 2022

For the period from January 1st to June 30th, 2022

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Carmila

Société Anonyme

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Share capital of € 863,094,252

Statutory Auditors' Review Report on the Half-yearly Financial Information 2022

For the period from January 1st to June 30th, 2022

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 1st to June 30th, 2022,
- the verification of the information presented in the half-yearly management report.

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.

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.

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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 July 27th, 2022

The Statutory Auditors

KPMG S.A.

French original signed by

Caroline Bruno-Diaz
Partner

Adrien Johner
Partner

DELOITTE & ASSOCIÉS

French original signed by

Emmanuel Proudhon
Partner