Press release

Boulogne-Billancourt, 25 July 2019

2019 Half-year results

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

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

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

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

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

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

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

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

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

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

Rental activity - 1st half 2019

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

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

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

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

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

Results for the first half of 2019

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

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

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

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

Portfolio valuation and NAV

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

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

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

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

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

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

Debt and financial structure

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

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

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

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

Extension pipeline and restructuring

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

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

- The extension of the Carrefour Rennes-Cesson shopping centre, doubling the size of the centre, which will cover 13,000 m^2 and offer 67 stores;
- The restructuring of the Cité Europe shopping centre in Calais-Coquelles to accommodate Primark, create a Cité Gourmande food court alongside cinemas and boost the retail dynamic of this historically leading centre;
- The restructuring of Bourg-en-Bresse to make way for new medium-sized retailers and widen the commercial offering;
- The creation of a food court on the parking lots of the Toulouse Purpan shopping centre.

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

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

First-half activity and CSR policy

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

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

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

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

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

Business development

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

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

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

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

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

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

Outlook

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

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

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

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

As a result, Carmila is confident in its perspectives:

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

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

Main results and financial indicators

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

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

8 *Debt issuance costs paid during 2018.*

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

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

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Next events and publications:

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

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About Carmila

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

HALF-YEAR FINANCIAL REPORT

30 JUNE 2019

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1. PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1. Person responsible for the Half-year Financial Report

Alexandre de Palmas, Chairman 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.”

Alexandre de Palmas

Chairman and CEO of Carmila

2. ASSETS AND VALUATION

2.1. Asset valuation

2.1.1. Appraisals and methodology

The investment properties that comprise Carmila's assets are initially recognised and valued individually at the cost of construction or acquisition, including expenses and taxes, then subsequently at their fair value. Any variation is recognised through the income statement.

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

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

For buildings under construction, the valuation takes into account works in progress as well as the increase in fair value compared to the total cost price of the project (IPUC). Investment properties are subject to an appraisal while under construction to determine their fair value on the opening date. Carmila considers that a development project may be valued reliably if the following three conditions are simultaneously fulfilled (i) all of the administrative authorisations necessary to complete the extension have been obtained, (ii) the construction contract has been signed and the works have begun and, (iii) uncertainty concerning the amount of future rent has been eliminated.

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

- 28% of the sites in France and 20% of the sites in Spain (in numbers) were rotated between the appraisers Cushman & Wakefield and Catella during the first half of 2019
- assets acquired in 2018 and extensions delivered in 2018 were included in the portfolio at their appraised values
- during the first half of 2019, Carmila did not deliver any extensions or acquire any new shopping centres
- for ongoing extensions (Nice Lingostière and Rennes Cesson) works in progress were recognised in the financial statements as investment properties carried at cost; the value creation above the cost price (IPUC) was recognised.

2.1.2. Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,377.4 million, including transfer taxes at 30 June 2019, it breaks down as follows:

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	**30/06/19**		
Country	**millions of euros**	**%**	**Number of assets**
France	4 561,1	71,5%	129
Spain	1 462,0	22,9%	78
Italy	354,3	5,6%	8
Total	**6 377,4**	**100%**	**215**

In addition to the fair values determined by the experts for each shopping centre, this valuation includes works in progress, which were valued at €64.4 million at 30 June 2019.

This valuation also includes Carmila's share of investment properties measured at fair value held in the subsidiaries consolidated by the equity method (the As Cancelas shopping centre in Santiago de Compostela in Spain is taken into account at 50%), which represents €67.0 million.

2.1.3. Evolution of asset valuation

GAV ITT of portfolio	**30/06/19**					**31/12/18**	
				Change vs. 31/12/2018			
(in millions of euros)	**GAV ITT (€M)**	**%**	**Number of assets**	**At current scope**	**At constant scope**	**GAV ITT (€M)**	**%**
France	4 561,1	71,5%	129	-0,9%	-1,9%	4 600,3	71,8%
Spain	1 462,0	22,9%	78	0,8%	0,8%	1 449,8	22,6%
Italy	354,3	5,6%	8	-0,1%	-0,1%	354,5	5,5%
Total	**6 377,4**	**100%**	**215**	**-0,4%**	**-1,1%**	**6 404,6**	**100%**

The €27.2 million decrease in the market value, including transfer taxes, of the portfolio during the first half of 2019 breaks down as follows:

- the value of the assets, on a like-for-like basis, decreased by 1.1%, i.e. -€73.3 million. The like for like variation includes shopping centres on a comparable basis, excluding extensions over the period. The impact of the increase in capitalisation rates on valuation (-2.3%) is partially offset by the increase in rents during the half-year (+1.3%);
- other changes are due to extensions: none was delivered in 2019; however, fixed assets and IPUC for projects under construction are recognised within the portfolio. Changes during the first half of 2019 generate an impact of +€46.1 million on the value of company assets;
- no shopping centres were acquired during the first half of 2019.

2.1.4. Changes in capitalisation rates

	NIY		NPY	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
France	5,36%	5,22%	5,70%	5,54%
Spain	6,28%	6,23%	6,47%	6,40%
Italy	6,16%	6,16%	6,16%	6,16%
Total	**5,62%**	**5,50%**	**5,91%**	**5,77%**

NPY has increased (+14 bps) for the overall portfolio; yield decompression is more noticeable in France and remains limited in Spain, Italy remains stable.

In France, the change in NPY is +16 bps between 31 December 2018 and 30 June 2019. This increase is the result of two main factors: the impact of market decompression on capitalisation rates (+22 bps) is offset by the asset management actions (restructuring and delivery of extensions -5 bps). The impact of the market decompression of capitalisation rates on Carmila's portfolio remains contained, appraisers having emphasised its considerable resilience compared to the market, owing to the full and recent renovation of the portfolio, tenants' occupancy cost ratios, and realistic letting values for vacant premises.

In Spain, the change in the NPY is +7 bps between 31 December 2018 and 30 June 2019. This change is due to two main factors: revaluation by the experts of the letting value of vacant premises, thanks to a good performance by the marketing teams since 2014 (+2 bps) and a limited market decompression of capitalisation rates (+5 bps).

Rates remain stable in Italy during the first half of 2019.

The change in the NIY in the three countries is comparable to the change in the NPY.

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

(in millions of euros)	30/06/2019	31/12/2018
GAV ITT	6 377,4	6 404,6
Works in progress	-64,4	-62,6
Valuation of the share of equity-accounted investments	-67,0	-69,2
Transfer taxes and registrations (excluding equity-accounted investments)	-317,3	-319,2
Market value excluding transfer taxes (including IPUC)	**5 928,8**	**5 953,7**
IPUC	-7,3	0,0
Market value excluding transfer taxes (excluding IPUC)	**5 921,5**	**5 953,7**
Fair value of BAC (IFRS 16)	29,4	0,0
Investment properties carried at appraised value (balance sheet)	**5 958,2**	**5 953,7**

2.2. Extension pipeline at 30 June 2019

2.2.1. Developments

In each of its markets, Carmila continues to implement its extension programme for high-potential shopping centres, and is also performing restructuring operations to optimise its centres, increase their yield and enhance their leadership.

Pursuant to the Renovation and Development Agreement, extension projects are developed jointly by Carmila and Carrefour. Initially, expansion projects are researched and defined jointly by a partnership committee. Once the pre-rentals of the extension project are deemed satisfactory (approximately 65%), a final project package is submitted to the relevant decision-making bodies of Carmila and Carrefour for approval and the start of work. In order to ensure that the interests of both parties are met, the Renovation and Development Agreement provides that the financing costs and the development margin achieved for each development project will be divided equally (50% each) between Carmila and Carrefour. Once opened to the public, put and call options enable Carmila to purchase the co-developed share owned by Carrefour. The target average yield on investment (expected net rents divided by the total estimated investment amount) for the extension projects is approximately 7% to 8%, or between 6% and 7% for Carmila after sharing the development margin (50% each) with Carrefour.

2.2.2. Development pipeline

The 2019-2024 expansion pipeline at 30 June 2019 encompassed 25 projects representing a total expected investment of €1.4 billion and an average yield on cost of 6.1%[1].

Seven flagship projects represent 79% of the pipeline by value and are based on solid fundamentals:

Nice Lingostière: this shopping centre is adjacent to the third largest Carrefour hypermarket in France, and benefits from an excellent location at the entry to the Vallée du Var.

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.

Antibes: this centre adjoins the largest Carrefour hypermarket in France and intends to maintain its top position by leveraging its exceptional location along the A8 motorway.

Barcelona – Tarrassa: the structuring hypermarket in the greater Barcelona urban area has strong potential for becoming a regional centre.

Marseille Vitrolles: this centre, acquired by Carmila in 2018, is adjacent to a structuring hypermarket of the greater Marseille area and is a strong competitor for the Plan de Campagne shopping centre, which is in the saturation phase.

Toulouse Labège: this site will benefit from the arrival of the Toulouse metro in 2024 and the presence of a co-leader hypermarket to the south of greater Toulouse.

Vénissieux: the fifth largest Carrefour hypermarket in France is a solid leader south of Lyon. The project will also benefit from the openings of Ikea and Leroy-Merlin, which will contribute to an increase of 5 million visits in annual footfall to the area.

During the first half of 2019, three projects were put on hold: Chambéry, Laon and Tourville in France; while a new project was integrated into the scope: Angoulins in France.

The following table presents the key information on Carmila's expansion projects for the 2019-2024 period:

[1] Investment and yield on cost includes Carmila's share of investment for the 50% of the project for which it is the developer and the purchase price of the 50% owned by Carrefour group.

Expansion project	Country	Planned area (sq.m)	Planned opening date (sq.m.)	Estimated cost (1) (€M)	Full year additional rental value (€ million) (2)	Yield(3)	Yield (Carmila share)(4)
2019 Projects							
Bourg-en-Bresse (restructuring)	France	845	H2 2019				
Rennes Cesson	France	6 090	H2 2019				
Coquelles (restructuring)	France	6 000	H2 2019				
Toulouse Purpan	France	1 200	H2 2019				
Total Projects 2019		**14 135**		**64,5**	**1,9**	**6,6%**	**6,6%**
Post-2019 projects							
Nice Lingostière	France	12 791	2020				
Puget-sur-Argens (restructuring)	France	1 513	2020				
León	Spain	5 651	2020				
Burgos	Spain	5 000	2020				
Francheville	France	2 374	2021				
Laval	France	7 565	2021				
Châteauneuf-les-Martigues	France	3 260	2021				
Draguignan	France	1 519	2021				
Vitrolles	France	2 947	2022				
Montesson	France	28 431	2022				
Thionville	France	4 161	2022				
Aix-en-Provence	France	5 978	2022				
Nantes Beaujoire	France	6 200	2022				
Roanne Mably	France	2 788	2022				
Thiene	Italy	9 600	2022				
Tarrassa	Spain	40 000	2022				
Angoulins	France	8 923	2022				
Orléans Place d'Arc	France	10 528	2023				
Antibes	France	35 968	2024				
Toulouse Labège	France	25 231	2024				
Vénissieux	France	42 965	2024				
Total projects post-2019		**263 393**		**1 344,2**	**81,6**	**7,1%**	**6,1%**
Total projects controlled (5)		**277 528**		**1 408,7**	**83,5**	**7,1%**	**6,1%**

(1) Total investment represents Carmila's projected share (50% of the investment) plus Carrefour's share (50% of the investment and 50% of the margin) to be acquired upon delivery
(2) Includes projects for the promotion of extensions excluding restructuring
(3) Expected net annualised rents divided by the total estimated investment amount (excluding restructuring)
(4) Expected net annualised rents, divided by the total amount of the investment, including transfer taxes and Carrefour's share that is acquired upon delivery (excluding restructuring)
(5) Controlled projects: post-2019 projects for which studies are at a very advanced stage and Carmila controls the land or the building rights, but for which administrative authorisations have not necessarily all been obtained

2.2.3. 2019 Projects

• Bourg-en-Bresse (Eastern France) – Restructuring project of a shopping centre close to the city centre

Carmila moved forward the opening of the restructured centre in Bourg-en-Bresse from 2020 to the second half of 2019. The restructuring notably includes the opening of a Go Sport store, and Joué Club, thereby revitalising this centre which has a solid and recurring customer base.

• Rennes Cesson (Britanny) – Extension project for a shopping centre benefiting from a strategic location at the entrance to the city

The opening of the extension of the Rennes Cesson shopping centre is planned for the second half of 2019. The centre is located in the main technology park in the Rennes urban area. The extension will double the size to 12,823 sq.m., housing 67 stores.

• Calais Coquelles (Northern France) – Major restructuring to improve the retail momentum in this historic centre and prime site

In the second half of 2019, Carmila plans to deliver the restructuring of the shopping centre Carrefour Cité Europe, located at Coquelles in the urban district of Calais. In particular, the restructuring will include a Primark store, with a sales area of more than 4,000 sq.m on two levels, a direct connection with the cinema and simplification of the customer circuit, thus completing the transformation and relaunch of the retail momentum of this leading site.

- Toulouse Purpan (South Western France) – Creation of a retail park in the Toulouse Purpan shopping centre

Following a full renovation of the hypermarket, Carmila will extend its offer of the Toulouse Purpan Carrefour shopping centre in the second half of 2019. Located in an urban environment, the shopping complex will accommodate five new brands (catering, leisure and sport) in the form of a retail park covering 3,100 sq.m.

2.2.4. Major building project in progress

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

In the second half of 2020, Carmila plans to open the extension of the Carrefour shopping centre located at Nice Lingostière. The centre is located in a well-known leisure complex offering an appealing range of food outlets, clothing stores and numerous services. The extension will increase the centre's GLA from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

2.2.5. Administrative authorisations

Building permits

A building permit is required in order to construct new buildings or to renovate existing buildings where the renovation changes the intended use of the buildings and modifies the supporting structure or the facade, or creates additional floor space of more than twenty square meters.

Seven building permits have been obtained for pipeline projects, two of which during the first half of 2019:

- Bourg-en-Bresse – 4 March 2019 (building permit with all issues solved);

- Purpan – 6 March 2019 (building permit with all issues solved).

Authorisations to operate retail facilities

An authorisation to operate a retail facility is required for the creation of a store or retail complex with retail space of more than 1,000 sq.m. or for an extension of a store or of a retail complex that contains or will contain more than 1,000 sq.m. of retail space. This regulation primarily applies to food stores, retailers, and artisanal services.

Projects requiring construction permits are eligible for a “one-stop shopping” procedure in which the project leader files a single application for both the construction permit and for the authorisation to operate a retail facility.

To date, ten CDAC/CNAC have been obtained for pipeline projects, including two CDAC/CNAC during the first half of 2019:

- Bourg-en Bresse – 24 January 2019;

- Montesson – 13 June 2019:

Carmila plans to open the extension to the Carrefour Montesson shopping centre in 2022. This project will add 90 stores over an additional 28,431 sq.m in this north-western historical centre of the Ile-de-France region.

3. ACTIVITY DURING THE FIRST HALF OF THE YEAR

3.1. Financial statements

3.1.1. Consolidated statement of comprehensive income

(in thousands of euros)	30/06/2019	30/06/2018
Gross rental income	**178 930**	**166 875**
Charges rebilled to tenants	50 533	45 350
Total revenue	**229 463**	**212 225**
Real estate expenses	- 21 417	- 18 746
Rental charges	- 36 685	- 33 461
Property expenses (landlord)	- 4 399	- 5 000
Net rental income	**166 962**	**155 018**
Operating expenses	- 27 548	- 25 300
Income from management, administration and other activities	*2 657*	*1 362*
Other income	*2 391*	*3 553*
Payroll expenses	*- 13 234*	*- 12 629*
Other external expenses	*- 19 362*	*- 17 586*
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	- 833	- 1 496
Other operating income and expenses	- 23	340
Gain (losses) on disposals of investment properties and equity investments	- 443	76
Change in fair value adjustments	- 75 878	61 129
Share in net income of equity-accounted investments	2 557	1 255
Operating income	**64 794**	**191 022**
Financial income	240	201
Financial expense	- 27 968	- 25 503
Cost of net indebtedness	**- 27 728**	**- 25 302**
Other financial income and expenses	2 144	- 5 465
Net financial income/expense	**- 25 584**	**- 30 767**
Income before taxes	**39 210**	**160 255**
Income tax	- 12 181	- 19 977
Consolidated net income	**27 029**	**140 278**
Group share	**26 883**	**140 218**
Noncontrolling interests	**146**	**60**
Average number of shares comprising Carmila's share capital	136 368 528	135 097 155
Earnings per share, in euros (Group share)	0,20	1,04
Diluted average number of shares comprising Carmila's share capital	136 670 637	135 319 043
Diluted earnings per share, in euros (Group share)	**0,20**	**1,04**

Consolidated statement of comprehensive income *(in thousands of euros)*	30/06/2019	30/06/2018
Consolidated net income	**27 029**	**140 278**
Items to be subsequently recycled in net income	- 17 243	- 3 429
Cash-flow Hedges (effective part)	- 17 243	- 2 255
Fair value of other financial assets	-	- 1 174
Related income tax	-	-
Items not to be subsequently recycled in net income	-	-
Re-valuation of the net liabilities under defined-benefit schemes	-	-
Related income tax	-	-
Consolidated net comprehensive income	**9 786**	**136 849**

3.1.2. Consolidated balance sheet

ASSETS

(in thousands of euros)	30/06/2019	31/12/2018
Intangible fixed assets	4 365	4 556
Property, plant and equipment	4 834	2 062
Investment properties carried at fair value	5 958 224	5 953 655
Investment properties carried at cost	64 404	62 605
Investments in equity-accounted companies	50 640	49 766
Other non-current assets	11 807	11 948
Deferred tax assets	6 982	7 776
Non-current assets	**6 101 256**	**6 092 368**
Investment properties held for sale	-	-
Trade receivables	132 400	123 616
Other current assets	152 798	217 244
Cash and cash equivalents	119 408	70 518
Other current assets	**404 606**	**411 378**
Total assets	**6 505 862**	**6 503 746**

LIABILITIES & SHAREHOLDERS' EQUITY

(in thousands of euros)	30/06/2019	31/12/2018
Share capital	820 046	819 370
Additional paid-in capital	2 129 312	2 268 204
Treasury shares	- 3 186	- 3 861
Other comprehensive income	- 49 226	- 31 983
Consolidated retained earnings	528 299	431 612
Consolidated net income	26 883	163 557
Shareholder's equity – Group share	**3 452 128**	**3 646 899**
Noncontrolling interests	5 766	5 781
Equity	**3 457 894**	**3 652 680**
Non-current provisions	5 550	5 685
Non-current financial liabilities	2 350 233	2 301 426
Security deposits	76 754	76 454
Non-current tax liabilities and deferred tax liabilities	169 133	159 261
Other non-current liabilities	7 472	7 473
Non-current liabilities	**2 609 142**	**2 550 299**
Current financial liabilities	178 123	82 885
Bank facility	2 023	5 617
Trade and other accounts payable	40 642	28 370
Fixed assets payables	53 701	52 141
Tax and employee-related payables	66 142	44 237
Other current liabilities	98 195	87 517
Current liabilities	**438 826**	**300 767**
Total liabilities and shareholders' equity	**6 505 862**	**6 503 746**

3.1.3. Consolidated Cash Flow statement

in thousands of euros	30/06/2019	31/12/2018
Consolidated net income	**27 029**	**163 609**
Adjustments		
Elimination of income from equity-accounted investments	-2 557	-3 882
Elimination of depreciation, amortisation and provisions	-392	6 350
Elimination of change in fair value adjustment	76 868	-11 388
Elimination of capital gain/loss on disposals	443	1 371
Other non-cash income and expenses	3 698	-1 501
Cash-flow from operations after cost of net debt and tax	**105 089**	**154 559**
Elimination of tax expense (income)	12 181	52 804
Elimination of cost of net debt	26 032	53 628
Cash-flow from operation before cost of net financial debt and	**143 302**	**260 991**
Change in operating working capital	28 251	-17 247
Change in lease deposits and guarantees	492	4 387
Income tax paid	1 430	-6 012
Cash-flow from operating activities	**173 475**	**242 119**
Changes in scope of consolidation	-	-
Change in fixed assets payables	8 630	- 19 610
Acquisitions of investment properties	-57 381	-571 903
Acquisitions of other fixed assets	-185	-502
Change in loans and advances	1 449	3 019
Disposal of investment properties and other fixed assets	743	19 163
Dividends received	1 684	1 480
Cash-flow from investment activities	**-45 061**	**-568 353**
Capital increase	-	36 350
Transactions in share capital of equity accounted companies	-	-
Net sale (purchase) of treasury shares	675	- 1 893
Issuance of bonds	-	350 000
Issuance of new bank loans	84 235	10 000
Loan repayments	-1 185	-2 322
Display of short term investments in other current receivables	62 356	-145 053
Interest paid	-17 375	-44 138
Interest received	240	384
Dividends and share premiums distributed to shareholders	-204 877	-101 461
Cash-flow from financing activities	**-75 931**	**101 867**
Change in net cash position	**52 484**	**- 224 367**

3.1.4. Statement of changes in consolidated equity

in thousands of euros	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income	Shareholders' equity Group share	Non controlling interests	Shareholders' equity
Balance at 30 June 2018	819 370	2 268 204	-2 447	-31 366	432 215	140 218	3 626 194	5 892	3 632 086
Share capital transactions	-	-	-	-	-	-	0	-	0
Share-based payments	-	-	-	-	842	-	842	-	842
Treasury shares transactions	-	-	-1 414	-	-	-	-1 414	-	-1 414
Dividend paid	-	-	-	-	-	-	0	-104	-104
Allocation of 2016 income Net income for the year	-	-	-	-	-	-	0	-	0
Gains and losses recorded directly in equity	-	-	-	-	-	23 339	23 339	-7	23 332
Gains and losses recorded directly in equity	-	-	-	-	-	-	-	-	-
Recycling of OCI to income	-	-	-	1 144	-	-	3 004	-	3 004
Change in fair value of other financial assets	-	-	-	0	-	-	-	-	-
Actuarial gains and losses on retirement benefits	-	-	-	-1 867	-	-	7 919	-	7 919
Other comprehensive income	-	-	-	106	-	-	-31	-	-31
Other changes	-	-	-	-617	-	-	10 892	0	10 892
Balance at 31 December 2018	819 370	2 268 204	-3 861	-31 983	431 612	163 557	3 646 899	5 781	3 652 680
Share capital transactions	676	0	-	-	0	-	**676**	-	**676**
Share-based payments	-	-	-	-	114	-	**114**	-	**114**
Treasury shares transactions	-	-	675	-	-	-	**675**	-	**675**
Dividend paid	-	-138 892	-	-	-66 500	-	**-205 392**	-161	**-205 553**
Allocation of 2017 income	-	-	-	-	163 557	-163 557	**0**	-	**0**
Gains and losses recorded directly in equity	-	**-**	**-**	**-**	**-**	**26 883**	**26 883**	**146**	**27 029**
Gains and losses recorded directly in equity	-	-	-	-	-	-	-	-	-
Recycling of OCI to income	-	-	-	964	-	-	**964**	-	**964**
Change in fair value of other financial assets	-	-	-	0	-	-	**0**	-	**0**
Change in fair value of other financial assets	-	-	-	-18 207	-	-	**-18 207**	-	**-18 207**
Actuarial gains and losses on retirement benefits	-	-	-	0	-	-	**0**	-	**0**
Other comprehensive income	-	**-**	**-**	**-17 243**	**-**	**-**	**-17 243**	**0**	**-17 243**
Other changes	-	-	-	-	-484	-	**-484**	-	**-484**
Balance at 30 June 2019	820 046	2 129 312	-3 186	-49 226	528 299	26 883	3 452 128	5 766	**3 457 895**

3.2. Activity analysis

3.2.1. Economic environment

	GDP growth			Unemployment rate			Inflation		
	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E
France	1,6%	1,3%	1,3%	9,0%	8,7%	8,6%	0,9%	0,7%	1,1%
Italy	0,7%	0,0%	0,6%	10,6%	11,7%	12,3%	0,6%	0,4%	1,0%
Spain	2,6%	2,2%	1,9%	15,3%	13,8%	12,7%	1,0%	1,0%	1,5%
Euro Zone	1,8%	1,2%	1,4%	8,2%	7,9%	7,7%	1,0%	1,0%	1,4%

Gross Domestic Product growth slows down in France in 2019 and is expected to stabilise in 2020. Concurrently, labour market conditions are improving with a decreasing unemployment rate, a trend that should continue in 2020; inflation has slowed until 2019.

In Italy, there is no GDP growth in 2019. It is expected to rebound upwards in 2020. The unemployment rate is on an upward trend in 2019.

GDP growth in Spain has decreased since 2018 but remains higher than in France and Italy. The unemployment rate fell sharply and inflation remains constant into 2019.

3.2.2. Retailer activity

Country	Change in tenants' revenues in 2019 YTD	National benchmark index performance
France	+1.0%	-0.3%*
Spain	+1.4%	+2.0%**
Italy	+0.7%	-2.4%***
Total	**+1.0%**	**N/A**

*CNCC performance index April 2019 YTD

**Instituto nacional de estadística performance index May 2019 YTD

***Consiglio Nazionale dei Centri Commerciali performance index March 2019 YTD

The change in retail tenant sales was calculated over the period from 1 January to 30 June 2019, in comparison with the same period in 2018 and on a like-for-like basis (i.e. for tenants having disclosed sales for each month of the January-June 2018 and January-June 2019 periods).

Retailer sales experienced overall growth in 2019 (+1.0% year to date for all three countries, led by France at +1.0% and Spain at +1.4% and Italy at +0.7%).

This overall growth is due to the net increase in sales in three different sectors: Services saw a significant increase (France +9.0% in YTD, Spain +5.0%, Italy +3.0%), followed by Food and Restaurants (France +0.9%, Italy +2.3%) and Health and Beauty (France +1.0%, Italy +1.4%).

Retailers performances within the closing sector remain stable (-1.2% in France, +2.6% in Spain and stable in Italy). Brands performance are diverse with brands over performing and other underperforming.

3.2.3. Letting activity

Summary

The first half of 2019 was dynamic for Carmila with the signature of 392 commercial leases (letting of vacant premises, letting of extensions and renewals).

211 vacant premises were let in France, Spain and Italy with an annual minimum guaranteed rent of €7,8 million and Carmila signed 28 leases in newly developed projects with an annual minimum guaranteed rent of €2.2 million.

During the first half of 2019, 153 leases were renewed for a minimum guaranteed rent of €6.5

million. The rental reversion uplift on these renewals reaches +6.3%.

(in thousands of euros)	Letting of vacant premises		Letting of extensions		Renewals		
	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Reversion
France	116	4 513	28	2 214	56	3 499	7,3%
Spain	79	2 524	-	-	97	3 020	5,2%
Italy	16	763	-	-	-	-	-
Total	**211**	**7 800**	**28**	**2 214**	**153**	**6 519**	**6,3%**

France

Carmila is intensifying its collaborations with key Health and Beauty players such as Optic 2000 (with the future opening in Orange) and Alain Afflelou in five centres. The Body Minute - Nail Minute brand signed to open sites in Stains and Evreux. Moreover, to meet new demand from consumers in terms of size and accessibility of pharmacies, three leases were signed in Rennes Cesson, Brest Iroise and Dinan Quevert (Britany), in addition to the two pharmacies already opened last February in Athis Mons and Nantes Beaujoire.

The major telecom operators are continuing to deploy their latest formats in our centres: Free contracted to open in Antibes and Nice Lingostière, Orange will be present in Labège, and Bouygues in Stains.

For Clothing and accessories, the deployment of dynamic textile brands is continuing in our centres with the Levis lease in Orléans Place d'Arc, Father & Sons in Anglet, and Promod in Nice. Tamaris signed to open in Torcy Collégien, Eden Park in Thionville and Courir and Naf Naf in Rennes Cesson.

The deployment of Sports & Leisure infrastructures has also increased in our centres with the opening of Basic Fit in Echirolles and Vaulx en Velin. In addition, Fitness Park signed to open in Gennevilliers, and Altermove (urban transportation and electric bicycle store) opened in Saran.

Lastly, there was strong leasing momentum in fast food during the half-year: the Italian group La Piadineria opened in Ormesson, as did the restaurant Brut Butcher in Saint Egreve, and the Burger King chain in Toulouse Purpan as part of the project to promote the site. The Wok King restaurant signed a lease in Labège, and Cantine Japonaise in Calais Coquelles. The extension operation in Nice Lingostière facilitated many restaurant leases such as Bagelstein, Toc Toque, Mia Galeteria and le Bistrot Niçois. Columbus Café signed leases in three additional centres in 2019.

Spain

Several Spanish brands specialising in perfumery and cosmetics moved into our centres, such as Aromas in El Paseo, Arenal in As Cancelas and Druni in Huelva, noting that this last site will also host the Koupas Peluqueros hair salon. In addition, the aesthetic medicine clinics Centros Ideal signed leases in three sites.

For Clothing and Accessories, Carmila recorded the signature of clothing distributor Inside in Atalayas and Jerez Norte and Oteros in Penacastillo. Moreover, the renowned women's fashion brand El Vestidor signed at La Veronica to convert from a pop-up store to a long-term lease. Home furnishings also benefited from two important signatures: the Andalusian company for the distribution of home textile products Tramas in Gran Via de Hortaleza and Max Colchon in El Mirador and Granada.

The restaurant offering increased during this first half of the year with the first signatures within Carmila for Manolo Bakes (Spanish franchise specialising in pastries), Delysium in Gran Via

Hortaleza, and La Grosera in Huelva. Lastly, Burger King signed a lease in Badajoz La Granadilla following the site's restructuring project.

Italy

Carmila is strengthening its merchandising mix with the development of dynamic brands that follow the latest trends: the sports brands Aw Lab signed a lease for premises in Thiene; on the Nichelino site, Barber Shop, the bookseller Giunti Al Punto, the telecom provider Antaiphones and the restaurant brand Pizza Go-Go signed on to open in the coming months.

Specialty Leasing and Pop up stores

Gross rental income	30/06/19			30/06/18			Change
(in thousands of euros)	Specialty leasing	Pop up stores	Total SL+PUS	Specialty leasing	Pop up stores	Total SL+PUS	%
France	2 448	690	3 138	2 364	660	3 024	3,8%
Spain	2 551	132	2 683	1 030	48	1 078	148,8%
Italy	573	-	573	582	-	582	-1,4%
Total	**5 572**	**822**	**6 394**	**3 975**	**708**	**4 684**	**36,5%**

Specialty Leasing

Specialty leasing is dedicated to sales promotion and advertising that generate additional revenue and empower the shopping centres. It focuses on two segments: leasing floor space in shopping arcades and car parks, and the signature of digital advertising partnership contracts.

Specialty Leasing activity enables Carmila to diversify its offering and develop sales events for clients. Its success is due to a qualitative renewal policy of concepts and a marketing strategy that is adapted to each centre in terms of duration, typology or theme. Each national market has its own specific characteristics in terms of the most profitable concepts: e.g. Spain where the specialty Leasing leaders are Energy and Telecom services, and to a slightly lesser extent Health and Beauty.

As a result of a renegotiation with Carrefour Property Spain, Carmila is entitled to 100% of the Specialty Leasing income since December 2018. Income from Specialty Leasing and Pop up stores increases by 36.5% on the first half year.

The first half of 2019 was marked by an increase in the number and variety of trade shows (e.g. housing, automotive, camping-cars) and roadshows (Pepsi in Alcobendas in Spain; in France, Orange in 14 centres, Prince in 11 centres, Daunat in 5 centres). Specialty Leasing has made it possible to host national and international brands (Tesla in Saran and Bourges, Lindt in Montesson), with theme-based weeks (mountains for Milka in 4 centres, the rediscovery of olfactory senses for Ducros and its 4 days on a journey to discover spices in Montesson), and new leases with qualitative concepts (e.g. on-site jewellery engraving and e-cigarette sales).

Carmila has also successfully extended Specialty Leasing to its centres' access points, thereby welcoming customers by offering them a tasting or a sample (exclusive sampling partnership at the entry points of each centre in France signed between Strada Marketing and Carmila).

Pop up stores

Carmila also leverages the attractiveness of its shopping centres to open temporary stores in premises of between 50 and 3,000 sq.m., for leases ranging from 4 and 34 months. Carmila provides tenants with turnkey solutions, by dealing with the administrative tasks related to store openings and enabling them to focus entirely on their sales activities. Lessees are satisfied with the high service standards provided by Carmila for openings, particularly in Spain as evidenced by the numerous lease renewals following the Christmas period, thereby demonstrating these retailers' desire to move in for a longer-term after a successful initial experience. This specific form of letting, which complements traditional letting, enables Carmila to renew its merchandising mix and pursue opportunistic marketing of vacant spaces by taking advantage of seasonality with limited tenor leases.

Carmila thus attracts national brands (e.g. Honda in Castellon in Spain, Totto, an internationally recognised Colombian brand specialising in suitcases and backpacks in Alcobendas; in France, Oxbow in Bab2) as well as e-retailers and promising new retailers (e.g. CashKorner which is considerably successful with customers of the Bay 2 centre), by enabling them to test their concepts prior to committing to a commercial lease. Carmila has thereby confirmed its leadership in pop-up stores in shopping centres by offering dedicated premises with a high level of services to innovative and differentiating brands. Some stores even attract the interest of the regional press. For example, the opening of Repaire des Sorciers (Harry Potter branded goods) in Labège had a knock-on effect for the entire shopping centre and resulted in a significant increase in footfall.

3.2.4. Structure of leases

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

	At 30/06/2019			At 31/12/2018		
Country	Number of leases	Annualised contractual rent (in millions of euros)	%/Total	Number of leases	Annualised contractual rent (in millions of euros)	%/Total
France	3 531	239,2	66,1%	3 542	236,5	66,0%
Spain	2 402	99,6	27,5%	2 381	99,1	27,6%
Italy	355	22,9	6,3%	356	22,8	6,4%
Total	**6 288**	**361,6**	**100%**	**6 279**	**358,4**	**100%**

Carmila has successfully expanded and diversified its tenant base, with a noticeable increase in Spain (+0.9% of leases under management in 6 months) while France and Italy have maintained stable levels. The amount of annualised rents has also increased (+0.9% in total including +1.1% in France) due to an indexing effect as well as Carmila's ability to generate positive uplifts.

Distribution of contractual rent by business sector on an annualised basis

	At 30/06/2019			At 31/12/2018		
Business sector	Number of leases	Annualised contractual rent (in millions of euros)	%/Total	Number of leases	Annualised contractual rent (in millions of euros)	%/Total
Clothing and accessories	1 497	125,0	34,6%	1 519	125,9	35,1%
Health and Beauty	1 197	64,4	17,8%	1 178	64,1	17,9%
Culture, gifts and leisure	995	65,3	18,1%	965	63,0	17,6%
Food and Restaurants	867	46,9	13,0%	855	46,0	12,8%
Services	1 382	29,2	8,1%	1 402	29,8	8,3%
Household furnishings	291	29,7	8,2%	282	29,1	8,1%
Other	59	1,1	0,3%	78	0,5	0,2%
Total	**6 288**	**361,6**	**100%**	**6 279**	**358,4**	**100%**

The decrease in the proportion of Clothing and Accessories (-0.5%) and Services (-0.2%) among the total number of signed leases has benefited the Culture-Gifts-Leisure (+0.5%) and Food-Restaurants (+0.2%) sectors. These two latter have also experienced significant increases in rents (respectively +3.7% and +2.0%), as well as Household furnishings (+2.1%) and to a lesser extent, Health-Beauty (+0.4%).

Distribution of contractual rent by business sector on an annualised basis

	At 30/06/2019			At 31/12/2018		
Categories	Number of leases	Annualised rent (in millions of euros)	%/Total	Number of leases	Annualised rent (in millions of euros)	%/Total
International brands	2 664	200,7	55,5%	2 671	197,5	55,1%
National brands	2 149	109,1	30,2%	2 144	110,0	30,7%
Local brands	1 475	51,9	14,4%	1 464	50,9	14,2%
Total	**6 288**	**361,6**	**100%**	**6 279**	**358,4**	**100%**

	At 30/06/2019		
Categories	France	Spain	Italy
International brands	56,9%	56,4%	37,2%
National brands	30,0%	26,1%	49,4%
Local brands	13,1%	17,5%	13,5%

The proportion of local brands among leases under management has increased by 0.2 point in six months, whereas the weighting of national brands has dropped by 0.5 point. This is due to Carmila's objective to create closer ties with local customers through better targeted brands as well as the growing importance of pop up stores, for which the selection process prioritises local brands. This trend is particularly noticeable in Spain where around 18% of signed brands are local, compared to roughly 14% in France and in Italy. It should be noted that Italy has a greater appetite for leases with national brands in its centres than the other two countries (49% of the total versus 31% in France and 26% in Spain). This will for a local targeting of shopping centres' customers does not preclude the signature of leases with international flagship brands, whose proportion in total signed leases has also increased by 0.4 point during the half-year.

3.2.5. Financial Occupancy Rate

	Financial Occupancy Rate (excluding strategic vacancies)	
Country	30/06/2019	31/12/2018
France	95,3%	96,0%
Spain	96,5%	96,0%
Italy	97,7%	99,7%
Total	**95,8%**	**96,2%**

At 30 June 2019, the consolidated financial occupancy rate of Carmila's assets is 95.8%, including 95.3% in France, 96.5% in Spain and 97.7% 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 the appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies necessary in order to implement renovation, expansion, or restructuring projects within the shopping centres.

The impact of the restatement of strategic vacancies is 127 bps in France, 177 bps in Spain and 48 bps in Italy, which represents a consolidated impact for Carmila of 137 bps at 30 June 2019, slightly lower compared to 31 December 2018, where the consolidated impact was 190 bps. This decrease is primarily due to the delivery of restructuring projects completed by Carmila.

3.3. Corporate Social Responsibility

Carmila is continuing to implement its CSR (Corporate Social Responsibility) policy and its initiatives are based on three priorities: societal commitment, the environmental integration of the centres and employee support.

Carmila is gaining momentum in its societal commitment through the establishment of charitable activities focused on five core principles:

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

To highlight the Carrefour Group's Act for Food strategy, twenty initiatives involving food transition were carried out in our centres in partnership with the Carrefour hypermarkets. In total, 673 CSR operations were organised, i.e. a 49% increase compared to the first half of 2018, thus exceeding the objective of a 10% increase in the number of CSR events. Carmila France notably supported the 34th collection campaign for the Restaurants du Cœur by providing space and communication regarding the centres, thus making it possible to collect 100 tons of food.

Carmila is attentive to its tenant relations. Accordingly, it completed its first tenant satisfaction survey with the goal of improving communication and offering additional services. The survey had an 80% return rate and retailers rated their satisfaction with Carmila at 7.1/10.

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

Carmila continued its social strategy in collaboration with the Human Resources department and initiated an analysis of gender parity in anticipation of the equality index. An action plan will be established in the second half of the year. Finally, according to the results of the annual survey, 94% of employees are proud to work for Carmila.

3.4. Digital marketing

For the last five years, Carmila has implemented a distributed marketing strategy that provides digital best-in-class marketing tools to the management team of each shopping centre.

Distributed marketing transforms each centre into a precision local media outlet thanks to the collaboration of the marketing and digital experts who create the tools and define best practices, and the experts from the catchment areas who make daily use of tools for their centres.

All retailers hosted by Carmila benefit from this knowledge within the framework of the "*Kiosque*": support for an operation, passing on a commercial offer, highlighting an important moment, etc. These actions are performed by the Carmila teams on a daily basis and are made available to retailers.

Since the beginning of 2019, over 780 "Kiosque" operations have been conducted each month. Retailers at Carmila who were the beneficiaries of an operation every month outperformed their network revenue increase by 7.8 points.

Carmila's marketing teams and those of national brands such as Jeff de Bruges, Histoire d'Or, Kiko, la Barbe de Papa, etc. have also developed multi-local partnerships for their important sales periods.

Accordingly, for the crucial Easter period, Jeff de Bruges and Carmila rolled out an action plan combining in-mall events, videos on social media and digital drive-to-store media coverage. The retailers who were supported by Carmila's marketing achieved sales increase that outperformed the chocolate maker's national network by 8 points.

These performances are due to the skilful use of digital levers that can be locally activated by the directors of the centres for the benefit of the retailers:

- a customer database is geo-located within the centres' catchment area. It is updated daily through the in-mall systems that make it possible to characterise the customers who are present in our centres. Game terminals are used to collect the data and provide a differentiating experience to our customers. Since the beginning of the year, nearly 600,000 players have registered on these terminals. In total, 2.64 million contact points (+35% compared to H2 2018) can be activated to address local content;
- a mobile-first internet site that is locally managed. Created as an additional showcase for retailers, it provides an accurate picture of what is going on at the centre for customers of the catchment area. Traffic has increased significantly since its creation in 2014 (+20% compared to H1 2018);
- an informative and up to date "My business" Google page. Such pages have appeared on Google over 35 million times (x4 versus H1 2018);
- differentiating brand content to allow the centres' voices to emerge on social media with non-promotional content: Snack Content, online game competitions, vox pops, web series, retailer profiles, etc. This content helps to foster engagement with the local community, as well as the preference and drive-to-store of consumers. During the first half of 2019, 40 million people were exposed to local and multi-local Facebook posts (+60% compared to H1 2018) and 20 local micro-influencers (+300% compared to December 2018) post on current events involving the centre and its retailers within their communities.

Carmila's digital drive-to-store marketing expertise is acknowledged by Google and Facebook, which offer Carmila the opportunity to pre-test their new features. Since early 2019, Carmila is thus first in France to be able to beta-test the latest Google Automated Bidding Artificial Intelligence innovations that make it possible to optimise marketing campaigns to generate in-person visits to sales outlets.

Beginning early 2018, Carmila established the "Smart Shopping Conference" in order to share this dynamic with its retailers. These shows provide opportunities for sharing best practices and innovations in digital drive-to-store marketing between retailers and digital experts.

The establishment of nimble distributed marketing based on local digital marketing solutions benefiting retailers strengthens Carmila's BtoBtoC strategy on a daily basis.

3.5. Business development

Innovation lies at the very core of Carmila's projects and is reflected in the highlight of employee initiatives as well as in business development activities. Accordingly, Carmila launched Carmila Ventures dedicated to supporting the development of promising new concepts. Carmila enables a quicker development of talented and dynamic entrepreneurs who wish to move into its centres. These include the hairstylist-barber La Barbe de Papa, the shoemaker Indémodable, the Cigusto e-cigarette retailer, and the aesthetic clinics Centros Ideal in Spain.

Carmila also increases the appeal of its centres through the use of optical fibre, via its subsidiary Louwifi. As an expert in network integration, Louwifi installs and maintains low-voltage networks (including Wifi) in Carmila's centres for the benefit of retail tenants, thus providing them with high-quality connectivity, and offering visitors and retailers ultra-fast broadband.

Finally, through its Lou 5G subsidiary, Carmila provides land for antenna. Lou 5G owns land on which telecom companies can install antennas under a lease agreement.

Lou 5G plans to have 34 leases signed by the end of 2019 with three of the four national telecom operators. Carmila is therefore playing a role within the national goal of reducing the digital fracture by pairing up with the governmental objectives of blackspot coverage, 4G improvement, and preparing for the arrival of 5G.

3.6. Comments on the half year income

3.6.1. Gross rental income (GRI) and Net Rental Income (NRI)

Gross rental income

Gross rental income	30/06/2019		30/06/2018
		Change vs. 30/06/2018	
(in thousands of euros)	**Gross rental income**	Current scope	**Gross rental income**
France	120 042	3,3%	116 196
Spain	46 854	21,0%	38 728
Italy	12 034	0,7%	11 951
Total	**178 930**	**7,2%**	**166 875**

Growth in gross rental income reached 7.2% during the first half of 2019.

Net rental income

Net rental income	30/06/2019			30/06/2018
		Change vs. 30/06/2018		
(in thousands of euros)	**Net rental income**	Comparable scope	Current scope	**Net rental income**
France	112 428	2,3%	3,2%	108 992
Spain	43 304	5,4%	23,1%	35 172
Italy	11 230	3,3%	3,5%	10 854
Total	**166 962**	**3,1%**	**7,7%**	**155 018**

Growth in net rental income totalled €11.9 million, i.e. +7.7% during the first half of 2019. Growth in net rental income is higher than that in gross rental income due to the dynamic management of unrecoverable expenses.

This increase splits as follows:

Like-for-like growth represents €4.8 million or +3.1% during the first half year. It is calculated on net rental income during the first half of 2019[2]. Growth generated by the extension delivered in 2018 (no extensions were delivered during the first half of 2019), by acquisitions of new shopping centres in 2018 (no shopping centres were acquired in 2019), and by other effects (effect of strategic vacancies in particular) is excluded from like-for-like growth. The share of indexation in like-for-like growth is 1.5% and the impact of the first application of IFRS 16 in 2019 is +0.5% (also included in like-for-like growth). The like-for-like basis represents 87% of the overall scope for the first half of 2019.

Growth generated by the extensions was €2.4 million, or +1.5%. The extensions delivered in 2018 that generated this growth are: Athis-Mons, Besançon Chalezeule, Evreux Phase 2 and Saran.

Growth generated by the acquisitions amounts to €5.7 million, or +3.7%. Acquisitions completed in 2018 are Marseille Vitrolles, Gran Via de Hortaleza, Antequera and the Pradera portfolio. The disposal of Grugliasco was also taken into account under this item.

Growth generated by the other effects was -€0.9 million, or -0.6%. These other effects notably include the impact of strategic vacancies, that allow for restructuring and extension operations.

Like-for-like change per country

[2] According to EPRA Best Practices

In France, growth in rental income on a like-for-like basis stands at +2.3%. It includes the effect of rent indexation of 1.7%. Reversion on renewals and income growth from temporary stores and Specialty Leasing offset the slight decrease in financial occupancy rate for the period.

In Spain, growth in rental income on a like-for-like basis is +5.4%. It includes the effect of rent indexation of 1.1%. The financial occupancy rate in Spain continued to improve in 2019 and is a significant growth driver on a like-for-like basis. The reversion on renewals, the increase in revenue from pop up stores and speciality leasing also contributed to this growth.

In Italy, growth in rental income on a like-for-like basis is +3.3%; rent indexation included in like-for-like growth is 0.6%. The good performance of trade receivables turned out to be the main growth driver on a like-for-like basis during this half-year, the financial occupancy rate in Italy being near 100%.

3.6.2. Operating expenses

Operating expenses *(in thousands of euros)*	**30/06/2019**	**30/06/2018**
Income from management, administration and other activities	2 657	1 362
Other income	2 391	3 553
Payroll expenses	-13 234	-12 629
Other external expenses	- 19 362	- 17 586
Operating expenses	**-27 548**	**-25 300**

Operating expenses are up by 8.8% at 30 June 2019 compared to the preceding half-year. This €2.2 million increase is partially due to non linear expenses during the first half and the increase in costs associated with scope effects and indexation. On an yearly basis, operating expenses should remain stable compared to 2018 ranging from 50 to 52 million euros.

Income from management, administration, other activities and other services

This income includes new lease commission, marketing fund services dedicated to the development of the attractiveness of the centres (retailers' associations), the re-billing to the Carrefour Group of the share of payroll expenses for shopping centre management and various re-billings by real estate companies to co-owners association.

Payroll expenses

Payroll expenses amounted to €13.2 million at 30 June 2019; the increase takes into account the growth in the average number of employees compared to last year. Carmila has established bonus share-based payment plans for executives and some employees. Related benefits are recognised as payroll expenses.

Other external expenses

The main components of operating expenses are marketing expenses, chiefly relating to the build-up of digital tools, and fees, including those paid to Carrefour for the activities defined in the service agreements (accounting, human resources, general services, etc.), as well as appraisal fees for the asset portfolio, legal and tax fees, including Auditors’ fees, financial communication and advertising fees, travel expenses and directors’ fees.

3.6.3. EBITDA

EBITDA *(in thousands of euros)*	30/06/2019	31/12/2018
Operating income	**64 794**	**274 971**
Elimination of change in fair value	75 878	- 13 589
Elimination of change in fair value in the Group share of companies consolidated under the equity method	- 1 272	- 1 225
Elimination of capital (gains)/losses	443	1 796
Depreciation of tangible and intangible assets	917	2 394
Adjustments for non-recurring items		-
EBITDA	**140 760**	**264 347**

EBITDA stands at €140.8 million at 30 June 2019, up by 8.0% compared to the preceding half-year. EBITDA growth is higher than gross rental income growth, bearing witness to the sound management of operating expenses and unrecoverable expenses by the Carmila teams.

3.6.4. Net financial income/expense

Financial expenses *(in thousands of euros)*	30/06/2019	30/06/2018
Financial income	240	203
Financial expense	- 27 968	- 25 505
Cost of net indebtedness	**-27 728**	**-25 302**
Other financial income and expenses	2 144	- 5 465
Net financial income/expense	**-25 584**	**-30 767**

Net financial income (expense) is an expense of €25.6 million at 30 June 2019.

Cost of net indebtedness was €27.7 million at 30 June 2019, up by €2.4 million compared to 30 June 2018; the greater part of this increase is due to the interest paid on the bond issued in March 2018.

Other financial income and expenses for the first half of 2019 show a strong favourable variation. This is due to depreciation charges on short term investments which was recorded for 2.1 million euros in 2018 and reversed for 1.2 million in the first half of 2019. This amount also includes the non-cash effect in connection with the application of IFRS 9; in particular the extension of the maturity of the bank debt for one year which resulted in a favourable effect of 2.4 million euros on the first half year.

3.7. EPRA performance indicators

3.7.1. EPRA earnings and recurring earnings

EPRA EARNINGS *(in thousands of euros)*	30/06/2019	30/06/2018
Consolidated net income (Group share)	**26 883**	**140 278**
Adjustments to EPRA earnings	**84 760**	**- 36 904**
(i) Changes in value of investment properties, development properties held for investment and other interests	75 878	- 61 129
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	443	- 28
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-	-
(iv) Tax on profits or losses on disposals	-	-
(v) Negative goodwill / goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out costs	- 169	3 217
(vii) Acquisition costs for share deal acquisitions	-	-
(viii) Deferred tax in respect of EPRA adjustments	9 880	18 773
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	- 1 272	-
(x) Non-controlling interests in respect of the above	-	-
(y) Other adjustments		2 263
EPRA earnings	**111 643**	**103 374**
Average number of shares	136 670 637	135 319 043
EPRA earnings per share	**0,82**	**0,75**
Other adjustments	**17**	**700**
IFRS 9 adjustments(1)	- 2 395	1 975
Debt issuance costs paid offset by the reversal of amortised debt issuance costs (2)	1 495	- 125
Other non-recurring expenses(3)	917	- 1 150
Recurring Earnings	**111 660**	**104 074**
Recurring earnings per share	**0,82**	**0,77**

Recurring earnings stand at 111.7 million euros up by 7.3% over the half-year and up by 6.2% in earnings per share growth.

Comments on the other adjustments

(1) As part of the application of IFRS 9, an expense is recognised to adjust the effective interest rate of the debt to the original interest rate at inception, conversely income is recognised over the residual duration of this debt to reflect the renegotiation of the debt maturity. The net impact of these two effects is an income of €2.4 million at 30 June 2019.

(2) Debt issuance costs amortised on a straight-line basis over the duration of the loan are restated; debt issuance costs paid during the year are reintegrated in recurring income.

(3) Other non-recurring expenses at 30 June 2019 comprise depreciation and amortisation and provisions on intangible assets and on property, plant and equipment.

(4) Other adjustments (y) are reclassifications below the Net ERPA Earnings in 2019 to comply with the EPRA Best Practice Recommendations

3.7.2. EPRA Cost Ratio

EPRA cost ratio *(in millions of euros)*		**30/06/2019**	**31/12/2018**
(i)	Administrative/operating expense line per IFRS income statement	40,4	73,7
	Payroll expenses	36,0	62,1
	Property expenses	4,4	11,7
(ii)	Net rental expenses	4,1	11,1
(iii)	Management costs net of profit	-5,0	-4,6
(iv)	Other income covering administrative costs	0,0	-6,6
(v)	Share of costs of equity-accounted companies	0,5	1,1
(vi)	Impairment of investment properties and provisions included in property expenses	-1,3	-1,5
(vii)	Rental costs included in the gross rent	-1,0	-2,1
	EPRA costs (vacancy costs included)	**37,7**	**71,0**
(viii)	Costs of direct vacancies	3,8	7,4
	EPRA costs (vacancy costs excluded)	**34,0**	**63,6**
(ix)	Gross rent less ground rents	178,9	336,4
(x)	Less: expenses and costs included in the gross rent	-1,0	-2,1
(xi)	Add: share of joint ventures (Gross Rental Income less ground rents)	2,3	4,6
	Gross rental income	180,3	338,9
	EPRA cost ratio (vacancies included)	**20,9%**	**21,0%**
	EPRA cost ratio (vacancies excluded)	**18,8%**	**18,8%**

The EPRA Cost Ratio decreased during the first half of 2019 in comparison to December 2018 (-10 bps over the period).

3.7.3. Going concern NAV, EPRA NAV and EPRA NNNAV

Going concern NAV

Going concern NAV (including transfer taxes) *(in thousands of euros)*	**30/06/2019**	**31/12/2018**
Consolidated shareholders' equity - Group share	**3 452 128**	**3 646 899**
Elimination of the fair value of hedging instruments	36 979	18 746
Reversal of the deferred income tax on potential capital gains	164 564	154 419
Transfer taxes	317 288	320 994
Going concern NAV (including transfer taxes)	**3 970 960**	**4 141 058**
Fully diluted number of shares comprising the share capital at period end	136 670 637	136 538 931
Going concern NAV per diluted share at end of period (in euros)	**29,05**	**30,33**

The net asset value (NAV) including transfer taxes comprises property transfer taxes to provide a NAV in light of going concern.

At 30 June 2019, the going concern NAV per share was €29.05, down by -4.3% in comparison to 31 December 2018 (The dividend amounting to €1.5 per share was paid in May 2019).

EPRA NAV

EPRA NAV *(in thousands of euros)*	30/06/2019	31/12/2018
Consolidated shareholders' equity - Group share	**3 452 128**	**3 646 899**
Elimination of the fair value of hedging instruments	36 979	18 746
Reversal of the deferred income tax on potential capital gains	164 564	154 419
Optimisation of transfer taxes	55 266	56 065
EPRA NAV (excluding transfer taxes)	**3 708 937**	**3 876 129**
Fully diluted number of shares comprising the share capital at period end	136 670 637	136 538 931
EPRA NAV (excl. transfer taxes) per fully diluted outstanding share (in euros)	**27,14**	**28,39**

The EPRA NAV (Net Asset Value) is an indicator of the fair value of a property company's assets. EPRA NAV is calculated by taking consolidated shareholders' equity Group share (corresponding to net consolidated assets) which, stated at fair value, includes unrealised capital gains or losses on the assets. With a view to continuing operations, this indicator does not deduce the deferred tax on unrealised capital gains as well as the adjustment of fair value of financial instruments.

The transfer tax is optimised because the duty is calculated as if it involved sales of assets. However, certain assets are owned by individual companies and would be subject to a share deal in the event of a disposal. The duty would then be calculated and paid on a reduced basis.

At 30 June 2019, the EPRA NAV per share was €27.14, down by -3.1% in comparison to 31 December 2018. Restated to take into account the €1,5 per share dividend paid in May 2019, the EPRA NAV per share increases by €0.25 i.e. 0.9% over the semester.

NNNAV EPRA

Triple net asset value (NNNAV EPRA) *(in thousands of euros)*	30/06/2019	31/12/2018
EPRA NAV	**3 708 937**	**3 876 129**
Fair value adjustments of hedging instruments	- 36 979	- 18 746
Fair value adjustments of fixed rate debt	- 85 149	- 38 473
Actual taxes on unrealised capital gains/losses	- 92 273	- 113 771
Triple net asset value (NNNAV EPRA)	**3 494 536**	**3 705 139**
Fully diluted number of shares comprising the share capital at period end	136 670 637	136 538 931
Triple Net NAV (NNNAV EPRA) per fully diluted outstanding share (in euros)	**25,57**	**27,14**

Triple net asset value (NNNAV EPRA) is calculated by deducting from EPRA NAV the fair value adjustments of fixed-rate debt and the tax that would be owed on disposals in the event of liquidation. Financial instruments are also recognised at market value.

At 30 June 2019, the NNNAV EPRA per share was €25.57, down by -5.8% in comparison to 31 December 2018 (The dividend amounting to €1.5 per share was paid in May 2019).

3.7.4. EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant premises (in millions of euros)	15,8	5,7	0,6	22,1
Total property portfolio rental value (in millions of euros)	264,3	106,8	24,0	395,2
EPRA vacancy rate	**6,0%**	**5,3%**	**2,7%**	**5,6%**
Impact of strategic vacancy	1,3%	1,8%	0,4%	1,4%
Financial vacancy rate	**4,7%**	**3,5%**	**2,3%**	**4,2%**

The EPRA vacancy rate is the ratio between the market rent of vacant areas and the total market rent (of vacant and rented areas). The rental value used to calculate the EPRA vacancy rate is the gross rental value defined by expert appraisal.

Strategic vacancies correspond to the vacant premises required to implement renovation, extension, or restructuring projects in shopping centres.

3.7.5. EPRA yield: EPRA NIY and EPRA "Topped-Up" NIY

EPRA NIY and EPRA "Topped-Up" NIY *(in millions of euros)*	**30/06/2019**	**31/12/2018**
Total property portfolio value (excluding transfer taxes)	**6 060,1**	**6 085,4**
(-) Assets under development and other	64,4	62,6
Value of operating portfolio (excluding transfer taxes)	**5 995,7**	**6 022,8**
Transfer taxes	317,3	321,0
Value of operating portfolio (including transfer taxes) (A)	**6 313,0**	**6 343,8**
Net annualised rental income (B)	**354,3**	**349,6**
Impact of rent adjustments	6,9	6,3
Net rental income excluding rent adjustments (C)	**361,2**	**355,9**
EPRA Net Initial Yield (B) / (A)	**5,6%**	**5,5%**
EPRA Net Initial Yield excluding rent adjustments (C) / (A)	**5,7%**	**5,6%**

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

3.7.6. EPRA investments

Investments in properties by country are disclosed separately for acquisitions, developments and extensions, or capital expenditure in the portfolio on a like-for-like basis.

	France		**Spain**		**Italy**		**TOTAL**	
in thousands of euros	**30/06/2019**	**30/06/2018**	**30/06/2019**	**30/06/2018**	**30/06/2019**	**30/06/2018**	**30/06/2019**	**30/06/2018**
Acquisitions	2 154	165 463	2 969	236 600	0	4	5 123	402 067
Development and extensions	45 276	57 971	0	0	397	1 971	45 673	59 942
Like-for-like investments	4 612	7 568	1 798	6 529	175	263	6 585	14 360
Total capital expenditures	**52 042**	**231 002**	**4 767**	**243 129**	**572**	**2 238**	**57 381**	**476 369**

Acquisitions mainly include retail space in Barentin's existing site and the acquisition of diverse units in Spain.

The development and extensions investment mainly concerns assets in France. These developments and extensions notably relate to:

- the extension of the Nice-Lingostière shopping mall for €23.6 million over the period (50 new stores over an additional 12,000 sq.m, planned opening in 2020);

- the extension of the Rennes-Cesson shopping mall for €8.4 million (30 new stores over an additional 6,000 sq.m, opening end-2019);

- preliminary study costs or land acquisitions for approved developments, mainly in France, in Thionville (€0.4 million) and Vitrolles (€0.3 million);

- and restructurings of retail space to adapt commercial space to customer needs and to optimise their use and profitability, particularly in Coquelles (Calais region, €5.2 million over the period), Bourg-en-Bresse (Lyon region, €2.5 million) and in Hérouville Saint-Clair (Normandy, €0.4 million).

Lastly, capital expenditure, on a like-for-like basis, is mainly focused on assets being redeveloped where renovation and modernisation works have been carried out on existing parts in order to optimise value creation. The sites involved are Rennes-Cesson and Bourg-en-Bresse in France, and Malaga in Spain. The renovation of the Spanish sites acquired in 2018 was also initiated.

4. FINANCIAL POLICY

4.1. Financial resources

Bonds

At 30 June 2019, Carmila's outstanding bond debt totalled €1,550 million.

Loans from banks – non-current

Carmila entered into a loan agreement with a banking pool in 2013. This agreement was re-negotiated several time since then. At 30 June 2019, it is fully drawn for €770 million and its maturity has been extended to June 2024.

Compliance with the prudential ratios at 30 June 2019

The loan agreement, along with the revolving credit facilities are subject to compliance with financial covenants measured at the closing date of each half-year and financial year. At 30 June 2019, Carmila complied with the financial covenants.

ICR

The ratio of EBITDA to the net cost of debt must be greater than 2.0 at the test dates.

LTV

The ratio of consolidated net financial debt to the fair value of the investment assets (including transfer taxes) must not exceed 0.55 on the same dates with the possibility of exceeding this ratio for one half-year period.

Debt Maturity

Debt maturity stands at 5,4 years.

Interest Cover Ratio

(in thousands of euros)		30/06/2019	31/12/2018
		12 months	12 months
EBITDA	**(A)**	**274 831**	**264 347**
Cost of net indebtness	**(B)**	**56 427**	**53 627**
Interest Cover Ratio	**(A)/(B)**	**4,9**	**4,9**

Loan-to-Value Ratio

(in thousands of euros)		30/06/2019	31/12/2018
Net financial debt	**(A)**	**2 294 228**	**2 177 233**
Current and non-current financial liabilities		2 498 104	2 389 928
Cash and cash equivalents		- 119 408	- 70 518
Short term investment		- 84 468	- 142 177
Property portfolio including transfer taxes	**(B)**	**6 370 787**	**6 404 613**
Loan-to-Value Ratio including transfer taxes	**(A)/(B)**	**36,0%**	**34,0%**
Property portfolio excluding transfer taxes	**(C)**	**6 053 498**	**6 083 619**
Loan -to-value ratio excluding transfer taxes	**(A)/(C)**	**37,9%**	**35,8%**

Gross financial liabilities do not include issuance fees for borrowings from banks and bonds and liabilities for derivative hedging instruments (current and non-current) and bank facility.

Other loans

Carmila strives to diversify its sources of financing and their maturities, and has set up a short term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and updated every year. The outstanding balance of this programme at 30 June 2019 was €155 million with maturities ranging from one to three months.

As part of its refinancing in 2017, Carmila negotiated new credit lines with leading banks, including:

- A revolving credit facility of €759 million, currently undrawn and for which the maturity has been extended to June 2024;

- A revolving credit facility of €250 million under a club deal agreement with a limited number of leading banking partners close to Carmila maturing on 16 June 2020.

Breakdown of financial debt by maturity date

in thousands of euros	30/06/19	Less than 1 year	2 years	3 years	4 years	5 years or more
Bonds	**1 561 799**	**22 218**	**- 2 431**	**- 2 491**	**- 2 552**	**1 547 055**
Bonds – non-current	1 550 000	-	-	-	-	1 550 000
Bond redemption premiums – non-current	-9 361	- 1 804	- 1 845	- 1 891	- 1 938	- 1 883
Accrued interest on bond loans	24 597	24 597				
Bond issuance costs	-3 437	- 575	- 586	- 600	- 614	- 1 062
Bank loans	**897 304**	**149 145**	**- 5 616**	**- 5 517**	**- 5 534**	**764 826**
Borrowings from bank - non-current	754 433	-	- 4 067	- 3 950	- 3 950	766 400
Loan issuance costs	-8 028	- 1 754	- 1 549	- 1 567	- 1 584	- 1 574
Accrued interest on bank loans	1 042	1 042	-	-	-	-
Borrowings from lending institution – current	-5 143	- 5 143				
Other loans and similar debt – current	155 000	155 000	-	-	-	-
Other financial liabilities related to IFRS 16	**32 275**	**2 627**	**2 644**	**2 276**	**2 276**	**22 452**
Other IFRS 16 financial liabilities - non-current	29 648		2 644	2 276	2 276	22 452
Other IFRS 16 financial liabilities - current	2 627	2 627				
Bank and bond borrowings	**2 491 378**	**173 990**	**- 5 403**	**- 5 731**	**- 5 811**	**2 334 333**
Derivatives held as liabilities – non-current	36 979	8 575	7 584	7 557	5 705	7 558
Bank facility	2 023	2 023	-	-	-	-
Gross debt by maturity date	**2 530 379**	**184 588**	**2 181**	**1 826**	**- 106**	**2 341 890**

4.2. Hedging instruments

As the parent company, Carmila provides for almost all of the group's financing and manages interest-rate risk centrally.

Carmila has implemented a policy of hedging its variable 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.

The fixed-rate position stood at 85% of gross debt at 30 June 2019.

At 30 June 2019, Carmila had set up with leading banking partners:

- 9 fixed-rate payer swaps against 3 month Euribor for a notional amount of €560 million covering a period up to, for the longest of them, December 2027;
- 1 swaption collar against 3 month Euribor for a notional amount of €100 million starting in June 2019 and maturing in June 2027.

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 balance sheet at their market value, with the change in fair value on the effective part of the hedge recorded in shareholders' equity (OCI) and the ineffective part in profit/loss.

4.3. Cash

(in thousands of euros)	30/06/2019	31/12/2018
Cash	119 408	70 518
Cash equivalents	0	-
Gross cash	**119 408**	**70 518**
Bank facility	-2 023	-5 617
Net cash	**117 385**	**64 901**
Marketable securities	82 647	142 177
Net cash and cash equivalent investments	**200 032**	**207 078**

4.4. Rating

At 16 July 2019, S&P confirmed Carmila's BBB rating with a "positive" outlook. The confirmed outlook reflects the strength of the portfolio and Carmila's ability to expand through organic growth, extensions and acquisitions, while maintaining financial discipline.

4.5. Carmila's dividend policy

In addition to legal constraints, Carmila's dividend policy takes into account various factors, notably the net income, financial position and implementation of objectives.

Carmila's objective is to distribute to its shareholders an annual amount representing approximately 90% of recurring earnings per share. Where relevant, Carmila's payments will be based on distributable income, and premiums will be paid in addition to this distributable income.

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

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

The General Meeting of 16 May 2019 confirmed that the 2018 dividend would be kept at the same level as the 2017 dividend, i.e. €1.50 per share. This dividend represents a payout ratio (dividend/recurring earnings) of 98% for 2018, versus 110% for 2017 (The dividend amount was set as part of the July 2017 capital increase).

4.6. Post closure events

On 18 July 2019, Carmila has obtained an AMF ("Autorité des Marchés Financiers") Visa for its EMTN (Euro Medium Term Note Program) program, giving the Company easier access to the bond market.

5. EQUITY AND SHAREHOLDING

in €	Number of shares	Share capital	Issuance premiums	Merger premium
As of 1 January 2019	**136 561 695**	819 370 170	519 655 151	1 748 548 849
Distribution of dividends GM of 16/05/2019	**-**	-	-	- 138 216 000
Creation of new shares	**112 611**	675 666	-	- 675 666
As of 30 june 2019	**136 674 306**	**820 045 836**	**519 655 151**	**1 609 657 183**

At 30 June 2019, the share capital consists of 136,674,306 shares of two classes, each with a nominal value of six euros (€6). This shares are split into 135,561,695 class A shares and 112,611 class B shares.

Carmila's share capital is divided among long-term associates. At 30 June 2019, the largest shareholder is the Carrefour group, which has an equity investment of 35.4% in Carmila's share capital, which it consolidates 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 other 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Colony Group, which holds 9.3% of Carmila's share capital. The other shareholders who detain more than 5% of the capital are Predica at 9.3%, Cardif at 8.9% and Sogecap at 5.3%.

6. ADDITIONAL INFORMATION

6.1. Main risks and uncertainties for the period

No new risk factors were identified during the first half of 2019.

The main risk factors are detailed in the 2018 Registration Document.

6.2. Transactions with related parties

There were no changes in transactions with related parties during the first half of 2019.

A description of the contracts and agreements governing relations between the related parties is detailed in the 2018 Registration Document.

6.3. Changes in governance

Resignation of the Chairman and Chief Executive Officer and appointment of a new Chairman and Chief Executive Officer.

During the meeting of the Board of Directors of 15 May 2019, Mr Jacques Ehrmann resigned his functions as Chairman and Chief Executive Officer of Carmila. This resignation became effective on 30 June 2019.

Following the recommendation of the Compensation and Nominating Committee, the Board of Directors selected Mr Alexandre de Palmas to succeed Mr Jacques Ehrmann as Chairman and Chief Executive Officer of Carmila effective 1 July 2019.

Following an initial experience in commercial real estate with the Casino Group, Alexandre de Palmas, 44, exercised management functions at Clear Channel, Elior (commercial catering) and Carrefour Proximité. These experiences enabled to develop and leverage strong expertise in retail and marketing issues, valuable knowledge for the development of Carmila, a key player in shopping centres in France, Spain and Italy.

Appointment of Mr Jérôme Nanty as Director

Mr Jérôme Nanty was co-opted as Director during the Board of Directors meeting of 3 April 2019, as replacement for Mr Francis Mauger.

Appointment of Mr Francis Mauger as a non-voting member of the Board.

Mr Francis Mauger was co-opted as a non-voting member of the Board during the Board of Directors meeting of 3 April 2019, as replacement for Mr Frédéric Bôl.