# Annual Financial Report

## 31 December 2019

# Contents

# Presentation of Ceetrus

## A FEW WORDS FROM THE CEETRUS LEADER

**With a desire to support lifestyle changes, both in terms of consumption and urban living, Ceetrus works to reinvent its commercial sites and co-construct new community areas with local regions. Pursuing the objectives set in its corporate vision, Ceetrus is opening new generation shopping centres, transforming the existing and creating community spaces that foster human connections.**

In response to local needs, 2019 saw us open the Cloche d'Or commercial sites in Luxembourg and Aquarelle Pushkino in Russia. Continuing our dynamic policy of renovation and extension, we invested more than 500 million euros in 2019. This strategy has also seen us begin a vast analysis and future forecasting operation for our 295 sites.

Furthermore, because we are committed to the need to bring diversity to our sites, we are also developing leisure facilities in the immediate neighbourhood of our commercial sites. In Spain, two new centres combining leisure, food and drink and a retail park opened in 2019. There is already evidence that new activities are boosting the attractiveness of neighbouring retail sites by 5% to 10%.

Alongside this, we have pursued a number of urban projects, bringing meaning and solutions. In the north of France, for example, a new 10 ha district is being co-constructed on an old brownfield site. Similarly, in Romania, a shopping centre that opened in Brasov in 2015 is today the focal point for a developing district with the construction of housing, offices and leisure facilities.

**In 2020, as a stakeholder in Europe's cities of the future, we will continue the major projects we are supporting with citizens, for citizens. With positive impacts for their regions, they are both eagerly awaited and generators of value.**

**Benoît Lheureux**

Ceetrus Leader, in charge of General Management

## CEETRUS, A HUMAN ADVENTURE

*Founded in 1976, Ceetrus is a global real estate operator known until June 2018 under the name of Immochan. Having previously focused on commercial property, in 2016 Ceetrus began its transformation into a mixed property developer.*

*While managing 295 commercial sites in Europe, Ceetrus builds, in a strong logic of partnership with the citizens and the territories, living places integrating shops, housing, offices and urban infrastructures. By creating sustainable, intelligent and lively spaces, Ceetrus' mission is to build or develop the social ties that will animate the city of tomorrow. Its expertise extends to the professions of property developer, asset manager, investor and innovator.*

# CORPORATE GOVERNANCE

## The members
## of the Ceetrus Committee of Directors

**Benoît LHEUREUX**

General Manager of Ceetrus and

General Manager of Ceetrus Hungary

**Hervé CROQ**

General Manager of Ceetrus France

**Matteo PERINO**

General Manager of Ceetrus Luxembourg

**Marco BALDUCCI**

General Manager of Ceetrus Italy and Ukraine

**Thierry LECONTE**

General Manager of Ceetrus Russia

**Manuel TEBA**

General Manager of Ceetrus Spain

**Sévérine BODARD**

General Manager of Ceetrus Portugal

**Ada WALENTEK**

General Manager of Ceetrus Poland

**Tatian DIACONU**

General Manager of Ceetrus Romania

**Benoît CHANG**

CFO, Directeur of Finances, Performance & Transformation

## The members
## of the Ceetrus Board of Directors

**Vianney MULLIEZ**
Chairman of the Ceetrus Board of Directors

**Jean DUFOREST**
Founder and Chairman of ID Group

**Jean-Charles LEFEVRE**
Independent member of the board

**Perrine VIDALENCHE**
Independent member of the board

**Sébastien CLERC**
General Manager of Voltalia

## SIMPLIFIED ORGANIZATIONAL CHART OF MAIN COMPANIES


**Ceetrus SA, the holding company in the scope of consolidation, is a company incorporated under French law, whose registered office is located at 18, rue Denis Papin, 59656 Villeneuve d'Ascq in France. Ceetrus is a subsidiary of Auchan Holding SA.**

# CHAIRMAN'S STATEMENT

In Villeneuve d'Ascq, le 5 March 2020

*"I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial situation and results of the company and of all the companies included in the scope of consolidation. The management report gives a true and fair view of the business, results and financial situation of the company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties they face."*

**Vianney Mulliez**

Chairman of the Board of Directors

# Management Report on 31 December 2019

# KEY FIGURES

**10 countries**

**1 billion**
*Visitors a year*

**295**
*Commercial sites managed*

**2,3 Mn sqm GLA**

**954 employees**

%

**33,8 %**
*Loan To Value*

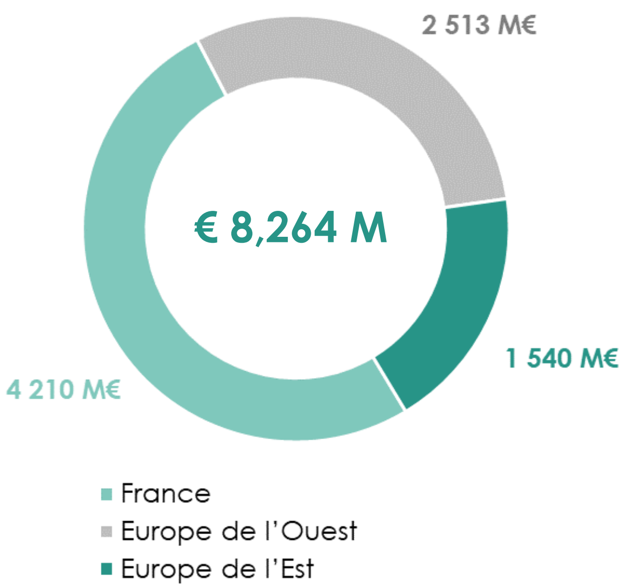
**13,5 x**
*Interest Coverage Ratio*

**€569 M**
Gross rental income
(+8,8%)

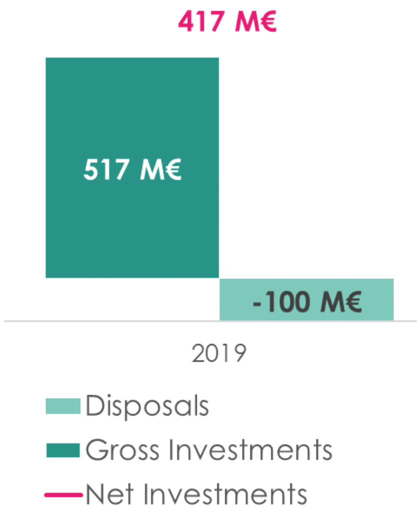
**€399 M**
EBITDA

**€3,0 Bn**
Net financial debt

Fair Value of
Investment Properties




Net Investments



### Pro forma financial statements restated of operations in Italy

On 20 December 2018, Ceetrus sold Auchan Retail its 42% stake in Auchan SPA and on the same day acquired the share of Ceetrus Italy, shares held previously by Auchan Retail. This acquisition increased the holding rate from 42% to 100% and gave control of Ceetrus Italy.

Details of the transaction are described in the notes to the consolidated financial statements of 31 December 2018 (note 2.2.4).

In order to ensure the comparability of the data, the income statement, indicators based on the financial statements and extra-financial data for the year 2018 are presented in the management report proforma of the operations in Italy.

### Consolidated Income Statement

| *in millions of euros* | 31/12/2019 With IFRS 16 Restatements [2] | 31/12/2019 Without IFRS 16 Restatements [2] | 31/12/2018[1] |
|---|---|---|---|
| Gross rental income | 569.2 | 569.2 | 523.2 |
| *Service charge income* | *129.2* | *129.2* | *126.1* |
| *Service charge expenses* | *-148.5* | *-148.5* | *-135.6* |
| Non-recovered rental expenses | -19.2 | -19.2 | -9.4 |
| Property expenses | -13.2 | -39.3 | -41.8 |
| **Net rental income** | **536.7** | **510.6** | **472.0** |
| Revenues from administrative management and other activities | 46.3 | 46.3 | 44.0 |
| Other operating income | 1.0 | 1.0 | -0.0 |
| Payroll expenses | -68.0 | -68.0 | -63.3 |
| Other general expenses | -84.5 | -86.0 | -88.3 |
| **Gross operating income** | **431.6** | **404.0** | **364.4** |
| Amortization and impairment of intangible assets and PPE | -24.1 | -20.4 | -15.9 |
| Provisions and reversals | 4.6 | 4.6 | -3.0 |
| Change in value of investment properties | -72.0 | -54.5 | -167.5 |
| *Proceeds from disposal of fixed assets* | *113.1* | *113.1* | *81.0* |
| *Carrying value of fixed assets* | *-110.6* | *-110.6* | *- 86.8* |
| Income from disposal of fixed assets | 2.6 | 2.6 | -5.9 |
| Goodwill impairment | 0.0 | 0.0 | -10.9 |
| **Operating result** | **342.7** | **336.3** | **161.2** |
| *Financial income* | *4.4* | *4.4* | *1.8* |
| *Financial expenses* | *-34.1* | *-34.1* | *-23.5* |
| Net cost of financial debt | -29.6 | -29.6 | -21.7 |
| Other financial income | *13.1* | *13.1* | 3.9 |
| Other financial expense | -33.4 | -22.9 | -8.3 |
| Other financial income and expense | -20.3 | -9.8 | -4.4 |
| Change in value of financial instruments | **-49.9** | **-39.4** | **-26.1** |
| **Financial result** | 5.0 | 5.1 | 17.5 |
| Share of the profit or loss of companies accounted for using the equity method | -103.7 | -104.4 | -46.7 |
| NET RESULT OF THE CONSOLIDATED ENTITY | 194.2 | 197.7 | 105.9 |
| *Of which* | | | |
| Attributable to owners of the parent | 184.1 | 187.6 | 101.7 |
| Non-controlling interests | 10.1 | 10.1 | 4.2 |
| EBITDA | 426.2 | 398.6 | 364.4 |

[1] Proforma information about operations in Italy

[2] *Additional information in the notes to the Consolidated Financial Statements note 2.1.2*

## Consolidated Balance Sheet

| **ASSETS** ***(in millions of euros)*** | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Goodwill | 206.1 | 206.1 |
| Other intangible assets | 19.4 | 19.8 |
| Property, plant and equipment (PPE) | 57.4 | 57.9 |
| Investment properties | 7,749.3 | 8,012.3 |
| Shares and investments in companies accounted for using the equity method | 319.5 | 293.9 |
| Non-current derivatives | 6.8 | 9.1 |
| Other non-current financial assets | 268.9 | 174.4 |
| Deferred tax assets | 34.6 | 24.0 |
| **NON-CURRENT ASSETS** | **8,661.9** | **8,797.4** |
| Investments held for sale | 646.2 | - |
| Client receivables | 179.0 | 138.6 |
| Current tax receivables | 11.8 | 0.3 |
| Current derivatives | 0.2 | 4.9 |
| Other current financial assets | 130.3 | 107.0 |
| Other current assets | 338.9 | 318.2 |
| Cash and cash equivalents | 146.3 | 159.2 |
| **CURRENT ASSETS** | **1,452.8** | **728.2** |
| **TOTAL ASSETS** | **10,114.7** | **9,525.6** |

| **SHAREHOLDERS' EQUITY AND LIABILITIES (in millions of euros)** | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Share capital | 635.8 | 635.8 |
| Additional paid-in capital | 840.8 | 840.8 |
| Consolidated reserves | 2,960.3 | 3,139.5 |
| Consolidated result | 184.1 | 101.7 |
| **Shareholders' equity - Owners of the parent** | **4,621.0** | **4,717.8** |
| Non-controlling interests | 156.6 | 167.1 |
| **TOTAL SHAREHOLDERS' EQUITY** | **4,777.6** | **4,884.9** |
| Non-current provisions | 5.6 | 4.4 |
| Non-current loans and borrowings | 2,349.4 | 1,586.0 |
| Non-current lease liabilities | 135.5 | - |
| Non-current derivatives | 15.4 | 10.8 |
| Other non-current liabilities | 192.5 | 145.6 |
| Deferred tax liabilities | 1,120.7 | 1,102.2 |
| **NON-CURRENT LIABILITIES** | **3,819.2** | **2,848.9** |
| Current provisions | 33.7 | 25.4 |
| Current loans and borrowings | 928.4 | 1,268.8 |
| Current lease liabilities | 19.2 | - |
| Current derivatives | 9.2 | 2.2 |
| Trade payables | 144.9 | 153.0 |
| Tax liabilities | 32.5 | 10.6 |
| Other current liabilities | 349.9 | 331.8 |
| **CURRENT LIABILITIES** | **1,517.8** | **1,791.8** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **10,114.7** | **9,525.6** |

# ASSET PORTFOLIO ON 31 DECEMBER 2019

Ceetrus is an international property company owned by Auchan Holding since 1976.

Present in 10 countries in Western and Eastern Europe, the company manages nearly 300 sites listed below.

Auchan Retail, which remains the owner of all its hypermarket shells, is present in almost all the shopping centres.

Valued at more than €8.3 billion on 31 December 2019, Ceetrus' portfolio stands out with the diversity of its assets in terms of both size and business (shopping centres, retail parks, offices and hotels).

With the strength of this unique characteristic, Ceetrus has regional networks far superior to those of its peers.

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **France** | **Property / Leased asset - 76 locations** | | | **3 601** | **1 754 443** | |
| Angoulême | La Couronne | Shopping mall | 1990 | 50 | 6 571 | 100% |
| | La Couronne | Retail park | 1990 | 12 | 31 277 | 100% |
| Annecy | Grand Epagny | Shopping mall | 1983 | 70 | 12 506 | 100% |
| | Annecy | Retail park | 1983 | 4 | 10 601 | 100% |
| Arras | Arras | Shopping mall | 1969 | 27 | 4 389 | 100% |
| | Arras | Retail park | 1969 | 18 | 15 270 | 100% |
| Aubagne | Aubagne | Shopping mall | 1980 | 4 | 231 | 100% |
| | Aubagne | Retail park | 1980 | 26 | 51 185 | 100% |
| Avignon / Montfavet | Avignon Mistral 7 | Shopping mall | 1974 | 52 | 11 930 | 100% |
| Barentin | Barentin | Retail park | 2009 | 2 | 6 113 | 100% |
| Bethune | Bethune | Retail park | 1985 | 2 | 5 159 | 100% |
| Beziers | Beziers | Shopping mall | 1974 | 6 | 948 | 35% |
| Bias | Bias | Retail park | 1984 | 1 | 452 | 100% |
| Biganos | Biganos | Shopping mall | 1984 | 15 | 1 867 | 100% |
| Blois | Blois-Vineuil | Shopping mall | 1982 | 51 | 8 838 | 100% |
| Bordeaux Lac | Bordeaux Lac | Shopping mall | 1980 | 112 | 27 963 | 100% |
| | Bordeaux Lac | Retail park | 1991 | 25 | 91 308 | 100% |
| Bouliac | Bouliac | Shopping mall | 1981 | 37 | 5 051 | 100% |
| | Bouliac | Retail park | 1981 | 7 | 10 834 | 100% |
| Boulogne Sur Mer | Côte d'Opale | Shopping mall | 1971 | 48 | 7 498 | 100% |
| | Côte d'Opale | Retail park | 1971 | 11 | 13 377 | 100% |
| Bretigny | Brétigny sur Orge | Shopping mall | 1968 | 90 | 17 040 | 100% |
| | Promenades de Bretigny | Retail park | 2019 | 1 | 11 880 | 50% |
| Caluire | Lyon Caluire | Shopping mall | 1994 | 45 | 7 058 | 100% |
| Cambrai | Cambrai | Retail park | 1969 | 1 | 5 000 | 100% |
| Castres | Castres | Shopping mall | 1986 | 27 | 2 544 | 100% |
| | Castres | Retail park | 1998 | 11 | 14 228 | 100% |
| Cavaillon | Cavaillon | Shopping mall | 1982 | 19 | 2 319 | 100% |
| Chambray | Chambray | Shopping mall | 1982 | 1 | 1 290 | 100% |
| Chasseneuil | Chasseneuil | Shopping mall | 1980 | 35 | 8 453 | 100% |
| | Chasseneuil | Retail park | 2015 | 1 | 1 636 | 100% |
| Chateauroux | Chateauroux | Shopping mall | 1980 | 23 | 2 996 | 100% |
| | Chateauroux | Retail park | 2013 | 1 | 400 | 100% |
| Cherbourg | Cherbourg | Shopping mall | 1989 | 2 | 31 | 100% |
| Clermont Ferrand | Clermont Ferrand Ceetrus | Shopping mall | 1997 | 8 | 1 892 | 100% |
| | Clermont Ferrand Neyrat | Shopping mall | 2012 | 22 | 2 190 | 50% |
| Cognac | Cognac | Shopping mall | 1990 | 35 | 4 626 | 100% |
| | Cognac | Retail park | 1990 | 3 | 2 805 | 100% |
| Croix | Croix | Retail park | 2006 | 1 | 7 534 | 100% |
| Dardilly / Lyon | Porte de Lyon | Shopping mall | 1986 | 33 | 3 690 | 100% |
| | Porte de Lyon | Retail park | 2003 | 2 | 1 401 | 100% |
| Dury | Dury Les Amiens / Amiens Sud | Shopping mall | 1970 | 50 | 9 183 | 100% |
| | Dury Les Amiens / Amiens Sud | Retail park | 2000 | 2 | 5 898 | 100% |
| Englos | Englos Les Géants | Shopping mall | 1969 | 87 | 17 218 | 100% |
| | Englos Les Géants | Retail park | 1976 | 20 | 91 109 | 100% |
| Epinay | L'Ilo - Epinay | Shopping mall | 2013 | 45 | 11 026 | 100% |
| Faches Thumesnil | Fâches Thumesnil | Shopping mall | 1994 | 59 | 8 734 | 100% |
| | Fâches Thumesnil | Retail park | 2016 | 7 | 21 831 | 100% |
| Fontenay | Val de Fontenay | Shopping mall | 1973 | 86 | 21 348 | 62% |
| | Val de Fontenay | Retail park | 1973 | 4 | 422 | 62% |
| Gien | Gien | Shopping mall | 1987 | 9 | 1 677 | 100% |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| Grande Synthe | Grande Synthe | Shopping mall | 1974 | 33 | 5 296 | 100% |
| | Grande Synthe | Retail park | 1974 | 13 | 53 667 | 100% |
| Grasse | Grasse | Shopping mall | 1999 | 14 | 1 343 | 100% |
| Illkirch | Strasbourg Illkirch | Shopping mall | 1970 | 67 | 15 909 | 100% |
| | Strasbourg Illkirch | Retail park | 1970 | 2 | 3 180 | 100% |
| La Seyne Sur Mer | Côté Seyne | Shopping mall | 1973 | 52 | 7 224 | 100% |
| | Côté Seyne | Retail park | 2003 | 2 | 1 848 | 100% |
| Le Canet | Le Canet | Shopping mall | 1972 | 17 | 3 298 | 100% |
| Le Mans | Le Mans | Shopping mall | 1982 | 73 | 13 617 | 100% |
| | Le Mans | Retail park | 1990 | 20 | 41 326 | 100% |
| Le Pontet | Av ignon Nord | Shopping mall | 1974 | 114 | 23 442 | 100% |
| | Av ignon Nord | Retail park | 1986 | 29 | 85 144 | 100% |
| Leers | Leers | Shopping mall | 1970 | 52 | 7 530 | 100% |
| | Leers | Retail park | 1992 | 12 | 19 920 | 100% |
| Lesquin | Lesquin | Retail park | 1992 | 2 | 5 399 | 100% |
| Louv roil | Val de Sambre | Shopping mall | 1970 | 81 | 13 186 | 100% |
| | Val de Sambre | Retail park | 2016 | 21 | 30 929 | 100% |
| Luxeuil | Luxeuil | Shopping mall | 1977 | 1 | 103 | 100% |
| Lyon / Saint Priest | Porte des Alpes | Shopping mall | 1981 | 63 | 12 331 | 100% |
| | Porte des Alpes | Retail park | 1981 | 6 | 19 199 | 100% |
| Mantes La Jolie | Mantes | Shopping mall | 1975 | 37 | 6 322 | 100% |
| | Mantes | Retail park | 1975 | 8 | 5 484 | 100% |
| Marseille | Marseille St Loup | Shopping mall | 1981 | 33 | 4 688 | 100% |
| Maurepas | Maurepas - Pariwest | Shopping mall | 1980 | 34 | 3 687 | 100% |
| | Maurepas - Pariwest | Retail park | 1980 | 3 | 1 133 | 100% |
| Mazamet | Mazamet | Shopping mall | 1981 | 10 | 353 | 100% |
| Meaux | Les Saisons De Meaux | Shopping mall | 2015 | 103 | 29 378 | 100% |
| Mont Saint Martin | Pôle Europe Mont St Martin | Shopping mall | 2003 | 85 | 20 790 | 100% |
| | Pôle Europe Mont St Martin | Retail park | 2014 | 3 | 4 504 | 100% |
| Montgeron | Montgeron | Shopping mall | 1984 | 4 | 10 146 | 100% |
| | Montgeron | Retail park | 1999 | 3 | 102 | 100% |
| Montiv illiers | La Lézatrde | Shopping mall | 1978 | 43 | 19 937 | 100% |
| Mulhouse | Mulhouse | Shopping mall | 1996 | 37 | 5 647 | 100% |
| Neuilly Sur Marne | Neuilly/Marne | Shopping mall | 1972 | 2 | 570 | 100% |
| Noyelles Godault | Noyelles | Shopping mall | 1972 | 118 | 28 308 | 100% |
| | Noyelles | Retail park | 1973 | 30 | 57 896 | 100% |
| Orleans | Orléans Saint Jean de La Ruelle | Retail park | 2015 | 11 | 25 503 | 100% |
| | Orléans | Shopping mall | 1971 | 41 | 18 473 | 100% |
| Pau | Pau | Shopping mall | 1976 | 31 | 3 812 | 100% |
| Perigueux | Perigeux - Marsac | Retail park | 2003 | 5 | 6 157 | 100% |
| | Périgueux | Shopping mall | 1985 | 43 | 5 044 | 100% |
| Perpignan | Porte d'Espagne | Shopping mall | 1969 | 59 | 11 535 | 100% |
| | Porte d'Espagne | Retail park | 2011 | 12 | 61 943 | 100% |
| Petite Foret | Petit Forêt | Retail park | 1986 | 15 | 40 858 | 100% |
| | Petite Forêt | Shopping mall | 1972 | 46 | 8 046 | 100% |
| Plaisir | Grand Plaisir | Shopping mall | 1975 | 73 | 13 337 | 100% |
| | Grand Plaisir | Retail park | 1975 | 11 | 33 216 | 100% |
| Poitiers | Poitiers Sud | Shopping mall | 2007 | 63 | 10 467 | 100% |
| Roncq | Roncq | Shopping mall | 1970 | 48 | 11 307 | 100% |
| | Promenade de Flandres | Retail park | 2017 | 57 | 99 684 | 100% |
| Saint Omer | Riv es de l'Aa | Shopping mall | 1972 | 57 | 8 464 | 58% |
| | Riv es de l'Aa | Retail park | 2009 | 3 | 15 740 | 100% |
| Saint Quentin | Saint Quentin | Shopping mall | 1972 | 47 | 7 313 | 100% |
| | Saint Quentin | Retail park | 2013 | 9 | 25 963 | 100% |
| Schweighouse | Schweighouse | Shopping mall | 1981 | 22 | 2 794 | 100% |
| | Schweighouse | Retail park | 1981 | 1 | 770 | 100% |
| Semecourt | Metz Sémécourt | Shopping mall | 1992 | 79 | 13 774 | 100% |
| | Metz Sémécourt | Retail park | 1992 | 19 | 73 286 | 100% |
| Sète | Les Métairies / Sète | Shopping mall | 1998 | 18 | 2 072 | Leasing |
| Strasbourg | Strasbourg | Shopping mall | 1977 | 46 | 14 154 | 100% |
| Trignac | Trignac | Shopping mall | 1982 | 55 | 6 816 | 100% |
| | Trignac | Retail park | 1996 | 1 | 11 284 | 100% |
| Valence | Porte d'Ardèche | Shopping mall | 1973 | 49 | 7 294 | 100% |
| | Guilherand Grange | Retail park | 1973 | 1 | 605 | 100% |
| Valenciennes | Valenciennes | Shopping mall | 1973 | 10 | 931 | 100% |
| | Valenciennes | Retail park | 1998 | 1 | 100 | 100% |
| Villars | Villars | Shopping mall | 1985 | 55 | 6 902 | 100% |
| | Villars | Retail park | 1991 | 8 | 22 267 | 100% |
| Villebon Sur Yv ette | Villebon 2 | Shopping mall | 1988 | 50 | 7 802 | 100% |
| Vitry | Vitry | Shopping mall | 2004 | 18 | 3 067 | 100% |
| **France** | **Management contract - 6 locations** | | | | **77 944** | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Luxembourg** | **Property / Leased asset - 4 locations** | | | **199** | **59 278** | |
| Luxembourg | La Cloche d'Or | Shopping mall | 2019 | 130 | 75 000 | 85% |
| Luxembourg | JBBK | Office | 2018 | - | 37 600 | 100% |
| Luxembourg | Kubik | Office | 2018 | - | 9 087 | 100% |
| Luxembourg | Kirchberg *(managed by Ceetrus)* | Shopping mall | 1996 | 69 | 12 591 | 20% |
| **Luxembourg** | **Management contract - 0 locations** | | | | | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Italy** | **Property / Leased asset - 31 locations** | | | **1 167** | **246 354** | |
| Bergamo | Bergamo | Shopping mall | 1976 | 19 | 1 864 | Leasing |
| Brescia | Brescia S. Anna / Mazzano | Shopping mall | 1995 | 18 | 4 516 | 100% |
| Cagliari | Cagliari Marconi | Shopping mall | 1994 | 46 | 10 295 | 50% |
| | Cagliari Santa Gilla | Shopping mall | 1992 | 45 | 10 384 | 50% |
| Casamassima | Casamassima | Shopping mall | 1995 | 101 | 33 653 | 100% |
| Catane | Catania La Rena | Shopping mall | 1998 | 16 | 3 124 | 100% |
| Catane | Misterbianco | Shopping mall | 1989 | 17 | 1 485 | Leasing |
| Cesano | Cesano Boscone | Shopping mall | 2005 | 65 | 13 938 | Leasing |
| Codogno | Codogno | Shopping mall | 1989 | 20 | 4 320 | Leasing |
| Concesio | Concesio | Shopping mall | 1972 | 15 | 2 525 | Leasing |
| Falconara | Falconara | Shopping mall | 1992 | 24 | 2 204 | Leasing |
| Fano | Fanocenter | Shopping mall | 1994 | 46 | 11 474 | 100% |
| Loreto | Loreto | Shopping mall | 2005 | 21 | 3 685 | Leasing |
| Merate | Merate | Shopping mall | 1976 | 32 | 8 202 | Leasing |
| Mira | Mira | Shopping mall | 2000 | 8 | 1 041 | 100% |
| Modugno | Modugno | Shopping mall | 2004 | 23 | 4 370 | 100% |
| Monza | Monza | Shopping mall | 2008 | 77 | 14 064 | Leasing |
| Mugnano | Mugnano | Shopping mall | 1992 | 40 | 9 445 | Leasing |
| Napoli | Neapolis | Shopping mall | 2010 | 71 | 14 022 | 100% |
| Nerv iano | Nerv iano | Shopping mall | 1991 | 23 | 2 498 | Leasing |
| Olbia | Olbia | Shopping mall | 1993 | 59 | 12 006 | 50% |
| Palermo | Palermo Nuov a Citta | Shopping mall | 1990 | 9 | 907 | 100% |
| Piacenza | San Rocco Al Porto | Shopping mall | 1992 | 36 | 6 974 | 100% |
| Pompei | Pompei | Shopping mall | 1990 | 18 | 3 488 | 100% |
| Rescaldina | Rescaldina | Shopping mall | 2000 | 83 | 19 242 | 100% |
| Riv oli | Riv oli | Shopping mall | 1986 | 18 | 1 448 | Leasing |
| Roma | Collatina | Shopping mall | 1999 | 7 | 375 | 100% |
| Sassari | Sassari Predda Niedda | Shopping mall | 1990 | 57 | 16 737 | 50% |
| Taranto | Taranto Porte Dello Jonio | Shopping mall | 1999 | 76 | 16 606 | 100% |
| Venaria | Venaria | Shopping mall | 1982 | 23 | 2 348 | 100% |
| Vimodrone | Vimodrone | Shopping mall | 1989 | 54 | 9 114 | 100% |
| **Italy** | **Management contract - 20 locations** | | | | **248 946** | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Portugal** | **Property / Leased asset - 10 locations** | | | **699** | **162 951** | |
| Alfragide | Alegro Alfragide (managed by Ceetrus) | Shopping mall | 1988 | 127 | 9 886 | 50% |
| Canidelo | Canidelo | Shopping mall | 2009 | 8 | 417 | Leasing |
| Castelo Branco | Alegro Castelo Branco | Shopping mall | 1991 | 44 | 7 656 | 100% |
| Famalicão | Centro Comercial Jumbo Famalicão | Shopping mall | 1996 | 31 | 3 339 | 100% |
| Maia | Centro Comercial Jumbo Da Maia | Shopping mall | 1991 | 34 | 7 437 | 100% |
| Montijo | Forum Montijo | Shopping mall | 2003 | 140 | 57 087 | 100% |
| Santo Tirso | Centro Comercial Pão Açucar Sto. Tirso | Shopping mall | 1996 | 7 | 670 | 100% |
| Setubal | Alegro Setubal (managed by Ceetrus) | Shopping mall | 1992 | 117 | 13 928 | 50% |
| Sintra | Centro Comercial Jumbo Sintra | Shopping mall | 2015 | 17 | 749 | 100% |
| | Forum Sintra | Shopping mall | 2011 | 157 | 41 682 | 100% |
| | Sintra Retail Park | Retail park | 2000 | 17 | 20 102 | 100% |
| **Portugal** | **Management contract - 2 locations** | | | | **2 423** | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Spain** | **Property / Leased asset - 32 locations** | | | **1 207** | **325 851** | |
| Alboraya, Valencia | Alcampo Alboraya | Shopping mall | 1985 | 17 | 2 570 | 100% |
| | Retail park Alboraya | Retail park | 1985 | 2 | 1 163 | 100% |
| Alcalá de Henares, Madrid | Alcampo La Dehesa | Shopping mall | 1991 | 72 | 10 938 | 100% |
| | Retail park La Dehesa | Retail park | 1991 | 8 | 55 351 | 100% |
| Alcorcón, Madrid | Alcampo Alcorcon | Shopping mall | 1994 | 35 | 4 293 | 100% |
| | Retail park Alcorcon | Retail park | 1994 | 2 | 434 | 100% |
| Burgos, Castilla la Mancha | Alcampo Burgos | Shopping mall | 1996 | 50 | 7 838 | 87% |
| Colmenar Viejo, Madrid | Alcampo Colmenar Viejo | Shopping mall | 2007 | 68 | 12 861 | 100% |
| | Colmenar Viejo New Units | Shopping mall | 2016 | 1 | 2 106 | 100% |
| | Retail park Colmenar Viejo | Retail park | 2007 | 9 | 5 784 | 100% |
| Cuenca, Cuenca | Alcampo Cuenca | Shopping mall | 1996 | 15 | 1 308 | 100% |
| | Retail park Cuenca | Retail park | 1996 | 2 | 450 | 100% |
| Ferrol, La Coruña | Alcampo Ferrol | Shopping mall | 1986 | 26 | 2 363 | 100% |
| | Retail park Ferrol | Retail park | 1986 | 3 | 330 | 100% |
| Gijón, Asturias | Alcampo Gijon | Shopping mall | 1982 | 19 | 1 305 | 100% |
| Granada, Granada | Alcampo Granada | Shopping mall | 1989 | 26 | 3 964 | 100% |
| | Retail park Granada | Retail park | 1989 | 3 | 1 961 | 100% |
| Jerez | Jerez | Shopping mall | 2010 | 11 | 1 500 | Leasing |
| La Coruña, La Coruña | Alcampo La Coruña | Shopping mall | 1985 | 16 | 823 | 100% |
| | Retail park La Coruña | Retail park | 1985 | 1 | 170 | 100% |
| Linares, Jaen | Alcampo Linares | Shopping mall | 1996 | 21 | 1 752 | 100% |
| | Retail park Linares | Retail park | 1996 | 2 | 995 | 100% |
| Logroño, La Rioja | Alcampo Logroño | Shopping mall | 1989 | 63 | 16 682 | 100% |
| | Retail park Logroño | Retail park | 1989 | 2 | 1 170 | 100% |
| Madrid, Madrid | Alcampo Pio Xii | Shopping mall | 1996 | 23 | 1 392 | 100% |
| | Retail park Pio Xii | Retail park | 1996 | 2 | 305 | 100% |
| | Alcampo Moratalaz | Shopping mall | 1986 | 24 | 1 719 | 100% |
| | Retail park Moratalaz | Retail park | 1986 | 2 | 552 | 100% |
| | Alcampo Vallecas | Shopping mall | 1982 | 11 | 400 | 100% |
| | Retail park Vallecas | Retail park | 1982 | 2 | 525 | 100% |
| Marraxtí, Islas Baleares | Alcampo Marratxi | Shopping mall | 1993 | 46 | 6 436 | 100% |
| | Retail park Marratxi | Retail park | 1993 | 5 | 6 940 | 100% |
| Motril, Granada | Alcampo Motril | Shopping mall | 1998 | 13 | 572 | 100% |
| | Retail park Motril | Retail park | 1998 | 3 | 3 998 | 100% |
| Nalón, Asturias | Alcampo Nalon | Shopping mall | 2003 | 63 | 14 340 | 100% |
| | Retail park Nalon | Retail park | 2003 | 2 | 253 | 100% |
| Oiartzun, Guipúzcoa | Oiartzun New Units | Shopping mall | 2016 | 1 | 1 403 | 100% |
| Orihuela | Zenia Boulevard *(managed by Ceetrus)* | Shopping mall | 2012 | 158 | 67 682 | 50% |
| Tenerife | Alcampo La Laguna | Shopping mall | 1992 | 53 | 9 741 | 100% |
| Sant Adriá, Barcelona | Alcampo Sant Adria | Shopping mall | 2001 | 36 | 6 569 | 100% |
| Sant Boi, Barcelona | Alcampo Sant Boi | Shopping mall | 1997 | 66 | 5 437 | 100% |
| | Sant Boi New Units | Shopping mall | 2016 | 4 | 1 952 | 100% |
| | Retail park Sant Boi | Retail park | 1997 | 1 | 330 | 100% |
| Sant Quirtze, Barcelona | Alcampo Sant Quirze | Shopping mall | 1990 | 23 | 1 888 | 100% |
| | Retail park Sant Quirze | Retail park | 1990 | 2 | 221 | 100% |
| Sevilla, Sevilla | Alcampo Sevilla | Shopping mall | 1990 | 35 | 12 224 | 100% |
| Telde, Las Palmas | Alcampo Telde | Shopping mall | 1997 | 28 | 3 146 | 100% |
| Utebo, Zaragoza | Alcampo Utebo | Shopping mall | 1981 | 27 | 2 502 | 100% |
| | Retail park Utebo | Retail park | 1981 | 4 | 5 587 | 100% |
| Vigo, Pontevedra | Alcampo Vigo 1 | Shopping mall | 1981 | 7 | 1 025 | 100% |
| | Alcampo Vigo 2 | Shopping mall | 1988 | 16 | 1 354 | 100% |
| | Hotel Vigo | Hotel | 2018 | | 990 | 100% |
| | Retail park Vigo 1 | Retail park | 1981 | 1 | 128 | 100% |
| | Retail park Vigo 2 | Retail park | 1988 | 2 | 449 | 100% |
| Zaragoza, Zaragoza | Alcampo Los Enlaces Zaragoza | Shopping mall | 1997 | 23 | 7 410 | 100% |
| | Office Los Enlaces Zaragoza | Office | 2016 | 1 | 689 | 100% |
| **Spain** | **Management contract - 0 locations** | | | | | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Hungary** | **Property / Leased asset - 18 locations** | | | **690** | **184 801** | |
| Budakalasz | Budakalasz | Shopping mall | 2012 | 36 | 3 520 | 100% |
| | Budakalasz | Retail park | 2012 | 1 | 1 160 | 100% |
| Budaors | Budaors | Shopping mall | 1998 | 62 | 6 531 | 100% |
| | Budaors | Retail park | 2017 | 1 | 2 773 | 100% |
| Csömör | Csomor | Shopping mall | 2002 | 25 | 1 493 | 100% |
| | Csomor | Retail park | 2002 | 1 | 1 160 | 100% |
| Debrecen | Debrecen | Shopping mall | 2012 | 27 | 443 | 100% |
| Dunakeszi | Dunakeszi | Shopping mall | 2001 | 67 | 9 382 | 100% |
| | Dunakeszi | Retail park | 2001 | 7 | 61 115 | 100% |
| Fot | Fot | Shopping mall | 2012 | 50 | 7 118 | 100% |
| Kecskemét | Kecskemét | Shopping mall | 2002 | 35 | 5 386 | 100% |
| | Kecskemét | Retail park | 2002 | 1 | 3 000 | 100% |
| Maglód | Maglod | Shopping mall | 2009 | 48 | 6 165 | 100% |
| | Maglod | Retail park | 2009 | 2 | 4 624 | 100% |
| Miskolc | Miskolc 1 | Shopping mall | 2008 | 45 | 6 228 | 100% |
| | Miskolc 2 | Shopping mall | 2012 | 31 | 3 578 | 100% |
| | Miskolc | Retail park | 2008 | 3 | 9 016 | 100% |
| Óbuda | Óbuda | Shopping mall | 2003 | 19 | 692 | 100% |
| Solymár | Solymar | Shopping mall | 2005 | 22 | 1 939 | 100% |
| | Solymar | Retail park | 2005 | 2 | 5 735 | 100% |
| Soroksar | Soroksar | Retail park | 2000 | 6 | 14 474 | 100% |
| | Soroksar | Shopping mall | 2000 | 66 | 6 130 | 100% |
| Szeged | Szeged | Shopping mall | 2012 | 22 | 3 466 | 100% |
| Szekesfeherv ar | Szekesfeherv ar | Shopping mall | 2001 | 23 | 1 443 | 100% |
| | Szekesfeherv ar | Retail park | 2005 | 3 | 4 452 | 100% |
| Szigetszentmiklós | Szigetszentmiklos | Shopping mall | 2002 | 25 | 1 783 | 100% |
| Szolnok | Szolnok | Shopping mall | 2012 | 22 | 4 883 | 100% |
| Torokbalint | Torokbalint | Shopping mall | 2012 | 38 | 7 111 | 100% |
| **Hungary** | **Management contract - 0 locations** | | | | | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Romania** | **Property / Leased asset - 24 locations** | | | **802** | **215 695** | |
| Bacau | Bacau | Shopping mall | 2014 | 12 | 808 | Leasing |
| Baia Mare | Baia Mare Gallery | Shopping mall | 2015 | 16 | 4 579 | 100% |
| Brasov | Brasov Vest Gallery | Shopping mall | 2014 | 16 | 755 | 100% |
| | Coresi Gallery | Shopping mall | 2015 | 118 | 30 800 | 100% |
| | Coresi Business Park | Office | 2016 | 97 | 46 393 | 100% |
| | Coresi Retail Park | Retail park | 2015 | 13 | 13 748 | 100% |
| Bucuresti | Berceni Gallery | Shopping mall | 2015 | 18 | 1 205 | 100% |
| | Crangasi Gallery | Shopping mall | 2012 | 25 | 2 234 | 100% |
| | Drumul Taberei Gallery | Shopping mall | 2014 | 83 | 12 032 | 100% |
| | Pallady Gallery | Shopping mall | 2015 | 14 | 1 918 | 100% |
| | Titan | Shopping mall | 2006 | 67 | 7 133 | Leasing |
| | Vitan Gallery | Shopping mall | 2014 | 20 | 2 667 | 100% |
| Cluj | Cluj Gallery | Shopping mall | 2015 | 24 | 12 822 | 100% |
| Constanta | Constanta Gallery | Shopping mall | 2015 | 21 | 4 314 | 100% |
| Craiov a | Craiov a Gallery | Shopping mall | 2014 | 34 | 6 655 | 100% |
| | Craiov a Retail Park | Retail park | 2016 | 1 | 1 128 | 100% |
| Galati | Galati Gallery | Shopping mall | 2015 | 0 | 19 304 | 100% |
| Oradea | Oradea Gallery | Shopping mall | 2015 | 27 | 5 755 | 100% |
| Pitesti | Pitesti | Shopping mall | 2007 | 37 | 4 787 | Leasing |
| | Pitesti Gav ana Gallery | Shopping mall | 2015 | 25 | 10 532 | 100% |
| Ploiesti | Ploiesti Gallery | Shopping mall | 2015 | 17 | 1 870 | 100% |
| Satu Mare | Satu Mare Gallery | Shopping mall | 2015 | 21 | 5 660 | 100% |
| Sibiu | Sibiu | Shopping mall | 2014 | 17 | 938 | Leasing |
| Targu Mures | Targu Mures Gallery | Shopping mall | 2014 | 17 | 4 029 | 100% |
| Timisoara | Timisoara Nord Gallery | Shopping mall | 2015 | 31 | 7 128 | 100% |
| | Timisoara Sud Gallery | Shopping mall | 2015 | 31 | 6 503 | 100% |
| **Romania** | **Management contract - 0 locations** | | | | | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Russia** | **Property / Leased asset - 18 locations** | | | **836** | **169 238** | |
| Altufiev o | Altufiev o | Shopping mall | 2005 | 53 | 6 741 | 100% |
| Andreev ka | Andreev ka/Zelenograd | Shopping mall | 2010 | 19 | 997 | 100% |
| Iv anov o | Iv anov o | Shopping mall | 2008 | 26 | 6 264 | 100% |
| Izhev sk | Izhev sk | Shopping mall | 2011 | 19 | 1 416 | 100% |
| Lefortov o | Lefortov o | Shopping mall | 2009 | 21 | 985 | 100% |
| Marfino | Marfino | Shopping mall | 2003 | 58 | 5 141 | 100% |
| Moscou | Pushkino | Shopping mall | 2019 | 104 | 29 934 | 100% |
| Mytischi | Mytischi | Shopping mall | 2002 | 41 | 4 923 | 100% |
| Rostov Orbitalnaya | Rostov Orbitalnaya | Shopping mall | 2008 | 26 | 1 526 | 100% |
| Rostov -Gorizont | Rostov -Gorizont | Shopping mall | 2009 | 31 | 5 713 | 100% |
| Ryazanka | Ryazanka | Shopping mall | 2006 | 14 | 759 | 100% |
| Sokolniki | TDK Troika | Shopping mall | 2008 | 104 | 18 709 | 100% |
| Krasnogorsk | Auchan Krasnogorsk | Shopping mall | 2004 | 24 | 1 689 | 100% |
| Tambov | Tambov | Shopping mall | 2009 | 48 | 13 825 | 100% |
| Togliatti | Aquarelle, Togliatti | Shopping mall | 2017 | 52 | 11 401 | 100% |
| Tumen | Auchan Tumen Crystal | Shopping mall | 2013 | 20 | 955 | 100% |
| Volgograd | Volgograd Aquarelle | Shopping mall | 2013 | 176 | 58 260 | 100% |
| | Auchan Volgograd | Shopping mall | 2013 | 18 | 3 247 | 100% |
| **Russia** | **Management contract - 22 locations** | | | | **39 079** | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Poland** | **Property / Leased asset - 24 locations** | | | **1 354** | **220 551** | |
| Bielany | Bielany | Shopping mall | 2003 | 79 | 22 836 | 100% |
| Bielskobiala | Bielsko-Biala | Shopping mall | 2001 | 47 | 4 674 | 100% |
| | Bielskobiala | Retail park | 2001 | 3 | 2 572 | 100% |
| Bronowice | Galeria Bronowice | Shopping mall | 2013 | 167 | 34 799 | 100% |
| Bydgoszcz | Bydgoszcz | Shopping mall | 2001 | 46 | 6 034 | 100% |
| Czestochowa | Czestochowa | Shopping mall | 2001 | 63 | 11 768 | 100% |
| Gdansk | Gdansk | Shopping mall | 1998 | 70 | 15 300 | 100% |
| Gliwice | Gliwice | Shopping mall | 2010 | 49 | 6 597 | 100% |
| Hetmanska | Hetmanska | Shopping mall | 2008 | 59 | 11 564 | 100% |
| Katowice | Katowice | Shopping mall | 2000 | 31 | 3 087 | 100% |
| Kolbaskowo | Kolbaskowo | Shopping mall | 2008 | 40 | 5 182 | 100% |
| Komorniki | Komorniki | Shopping mall | 2001 | 54 | 5 626 | 100% |
| Krasne | Rzeszow/Krasne | Shopping mall | 2006 | 38 | 6 045 | 100% |
| Legnica | Legnica | Shopping mall | 2002 | 42 | 3 794 | 100% |
| Lomianki | Lomianki | Shopping mall | 2012 | 94 | 16 384 | 100% |
| Mikolow | Mikolow | Shopping mall | 2000 | 56 | 4 992 | 100% |
| Modlinska | Modlinska | Shopping mall | 1998 | 19 | 1 026 | 100% |
| Piaseczno | Piaseczno | Shopping mall | 1996 | 54 | 7 239 | 100% |
| Plock | Płock Shopping Centre | Shopping mall | 2001 | 29 | 3 131 | 100% |
| | Plock | Retail park | 2001 | 3 | 2 866 | 100% |
| Produkcyjna | Produkcyjna | Shopping mall | 2000 | 54 | 7 361 | 100% |
| Rumia | Port Rumia | Shopping mall | 2007 | 85 | 21 177 | 100% |
| Sosnowiec | Sosnowiec | Shopping mall | 1999 | 52 | 4 120 | 100% |
| Swadzim | Swadzim | Shopping mall | 2000 | 52 | 6 386 | 100% |
| Walbrzych | Walbrzych | Shopping mall | 2004 | 45 | 4 266 | 100% |
| Zory | Zory | Shopping mall | 2001 | 23 | 1 724 | 100% |
| **Poland** | **Management contract - 0 locations** | | | | | |

| Geographical Location | Asset name | Asset type | Year of construction | Number of units | SURFACE GLA sqm | Share % |
|---|---|---|---|---|---|---|
| **Ukraine** | **Property / Leased asset - 5 locations** | | | **130** | **20 502** | |
| Belitchi | Belitchi | Shopping mall | 2009 | 29 | 1 470 | Leasing |
| Chernigiv ska | Chernigiv ska | Shopping mall | 2014 | 7 | 737 | Leasing |
| Kiev | Retail Park Petriv ka | Retail park | 2008 | 8 | 10 941 | 100% |
| | Petrov ka | Shopping mall | 2008 | 35 | 2 147 | Leasing |
| | Riv e Gauche 1 | Shopping mall | 2018 | 51 | 5 207 | Leasing |
| **Ukraine** | **Management contract - 3 locations** | | | | | |

## SIGNIFICANT EVENTS AND MAIN CHANGES IN SCOPE DURING THE YEAR

### EVOLUTION DU PARC IMMOBILIER

Ceetrus is present in 10 countries across several business sectors such as retail, residential and offices. On 31 December 2019, Ceetrus managed 295 commercial sites, including 219 owned, 23 leased and 53 under a management mandate.

| | Total | O | L | M |
|---|---|---|---|---|
| France | 82 | 75 | 1 | 6 |
| Western Europe | 99 | 63 | 14 | 22 |
| Eastern Europe | 114 | 81 | 8 | 25 |
| Total | 295 | 219 | 23 | 53 |

*O: Owned; L: Leased; M: Management mandate*

With a desire to support the changing face of retail and changing lifestyles, Ceetrus continues to reinvent its commercial sites and is co-constructing new community spaces combining shops, housing, offices, recreational areas and services with local regions.

During 2019, the company renovated, transformed or enlarged community and commerce spaces across Europe, made a major acquisition in Italy, opened 2 new shopping centres in Luxembourg and Russia and sold 2 asset portfolios in France.

### SIGNIFICANT EVENTS DURING THE PERIOD

#### StatioNord Project

On 22 February 2019, Ceetrus and SNCF Gares & Connexions signed the partnership agreements for the 2024 Gare du Nord transformation project. A single-purpose semi-public company (SEMOP) was established, of which 34% is owned by SNCF Gares & Connexions and 66% by Ceetrus.

*StatioNord - Projet Gare du Nord*

#### EuropaCity Project

On 7 November 2019, following the third *Conseil de défense écologique*, the government announced that the EuropaCity project was to be abandoned. Forecasts of the compensation for the damage caused by this decision by excess of power were analysed with the Group's lawyers. The situation reflected in the consolidated financial statements of 31 December 2019 corresponds to the most likely estimation of the future situation.

#### Disposals in France

On 11 March 2019, disposal of a portfolio of sites consisting of 9 assets (totalling 55,000 sqm) to Carlyle, an associate company of Othrys.

On 2 April 2019, disposal of a portfolio of sites consisting of 10 assets (totalling 17,000 sqm) to BDG Invest.

#### In France:

- On 18 November 2019, Aushopping Noyelles Godault in France opened the second phase of its extension (65 stores and 24,000 sqm of additional space). Primark is scheduled to open on the site in April 2020. Today, it is home to the "Quartier Godault", with its 7 restaurants grouped around a "local square".


*Quartier Godault - Restaurant area*

- Following the remodelling of the Bordeaux Lac shopping centre in 2018, Primark opened its doors there in April 2019 and a cluster of 9 restaurants named "l'Escale des Saveurs" was installed between October and December 2019. Footfall to the site has increased by 10% since then and seen the creation of 300 jobs.

*France - Bordeaux le Lac*

### In Western Europe:

- On 17 January 2019, Ceetrus Luxembourg acquired 2,000 sqm of offices and car parks near the JBBK and KUBIK offices, in the Kirchberg district.
- Inauguration of La Cloche d'Or shopping centre in Luxembourg on 28 May 2019 (75,000 sqm of retail space, 130 international stores)


*Luxembourg - La Cloche D'Or*

- In Spain, Ceetrus launched the Xperience concept with the opening of Sant Boi Xperience, a new centre comprising leisure facilities, restaurants and a retail park near Barcelona (14,500 sqm; 350 direct and indirect jobs created) and the Parque Rioja Xperience, in Logroño (GLA: 9,500 sqm of GLA dedicated to innovative leisure and restaurant facilities; 200 direct and indirect jobs created)


*Spain - Sant Boi Xperience*

- On 21 May 2019 Merlata Sviluppo was founded by Ceetrus Italy (30%) and Immobiliare Europea (70%). The purpose of this operation was the creation of a major shopping centre near Milan.
  On 9 July 2019, Merlata Sviluppo completed the acquisition of Merlata Mall Spa, owner of the Merlata Mall shopping centre construction project north-west of Milan (development of up to 70,000 sqm of commercial space housing more than 160 stores and a leisure centre by 2021)
- Renovation of the Belpò shopping mall in Piacenza, Italy (65 stores) and the opening of a medical clinic and a gym.

### In Eastern Europe:

- Opening of the Pushkino site in December 2019, considered to be "*the most innovative centre in the Moscow region*" It also received the prize for the best Russian commercial development in 2019 with the opening of 100 stores across 30,500 sqm.
- Ceetrus Hungary is launching the second phase of its housing development program on the Kecskemét commercial site (63 housing units by 2020).


*Hungary - Boroka Park II housing*

## NEW FINANCING

- On 27 January 2019, Ceetrus concluded an €80 million financing agreement maturing in 2022.
- On 27 June 2019, the Romanian company that owns the Coresi Business Park project signed a credit agreement for an amount of €31 million, maturing in 2024.
- In June 2019, Ceetrus Russia concluded a credit agreement for an amount of 1,500 million Rubles (approximately 21 million euros) maturing in 2024.

### 1st S&P rating

On 31 October 2019, S&P Global Ratings assigned Ceetrus a BBB- financial rating for its credit rating (aligned with the rating of Auchan Holding) and a BBB standalone rating.

### Green bond

On 26 November 2019 Ceetrus raised 300 million euros via a green bond issue, maturing in November 2026, with a 2.75% coupon.

These transactions are aimed at diversifying the Group's sources of financing and ensuring its liquidity in the medium and long term.

## OTHER SIGNIFICANT EVENTS

### Assets held for sale

Ceetrus has decided to sign a sales protocol concerning the disposal of a property complex located in Luxembourg. The property complex is made up of shopping centres and offices owned by Ceetrus and hypermarkets owned by Auchan Retail.

## PARTNERSHIPS

### Lyon Shop Design

With its regional expertise, the Ceetrus group is supporting the Lyon Shop Design strategy for its commitment to transform retail through design. This partnership is an opportunity to share good practices about the transformation of retail. The Ceetrus group aims to bring together local operators, including the retailers present in its shopping centres, by making them aware of the importance of architecture and design in their sales spaces.

Lyon Shop Design is a competition created by the CCI of Lyon, which showcases original shop creations or renovations, implemented by retailers in tandem with architects and/or designers.

### CineComedies

For the second year in a row, Aushopping has sponsored the CineComedies Festival in France, organised by the association les amis CineComedies. A selection of 20 short films was screened during the Festival in front of a public audience and a jury of professionals in Lille.

### Aushopping / Racing Club de Lens partnership

The Aushopping Noyelles Shopping Centre became an official partner of RC Lens in 2019. The professional team will now wear the logo of the centre on the sleeve of their claret and gold shirts for their Domino Ligue 2 championship matches.

### Partner of the festival of lights in Lyon

The Aushopping Caluire, Lyon Saint-Priest and Lyon Dardilly shopping centres offer exciting broadcasts from one of the most visited events in the world. It is the 2nd consecutive year that Ceetrus has been a partner to the event. The work sponsored by Ceetrus this year is "Les Cueilleurs de Nuages" on Fourvière Hill, by CozTen. The artist was inspired by inventions created by researchers to capture the water stored in clouds to compensate for the drought brought on by global warming.

### La Cravate Solidaire Bordeaux Partnership

La Cravate Solidaire is an association that collects and then redistributes clothing from the professional world: suits, shoes, jackets, shirts, trousers, ties and accessories. The association then prepares the long-term unemployed for job interviews. Since the start of 2019, the association has opened its doors to around a hundred people and offered them support. And the result? A rate of access to employment or training of around 70%.

Ceetrus has renovated a unit on the Bordeaux Lac retail park and given it to the Cravate Solidaire Association for it to house its centre. Just like other shops on the retail park and in the shopping centre, the Association appears on the website of the Aushopping Bordeaux Lac retail park.

# COMMENTS ON THE 2019 FINANCIAL YEAR

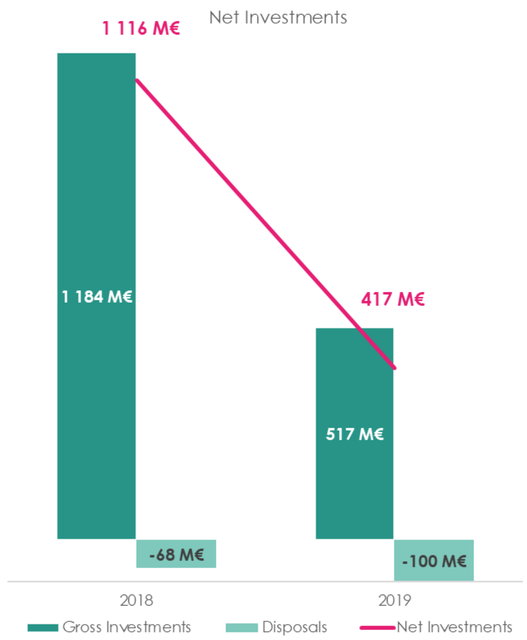
Ceetrus continues to benefit from the impact of the acquisitions made in 2018 and a very strong rental performance, in a context that remains strained, particularly in the field of personal and household equipment. Costs remained controlled as the company focused on the transformation of its sites. Investments made in 2019 are lower than in 2018.

## COMMENTS ON INVESTMENTS

During 2018, Ceetrus' net investments were particularly high, notably due to major acquisitions in Portugal and Luxembourg and investments in ongoing projects.

During 2019, Ceetrus continued to invest in its emblematic projects such as StatioNord and La Cloche d'Or, which opened in May 2019. Acquisitions and partnerships represented 30% of investments in 2019.

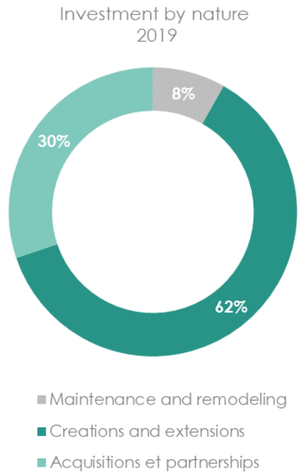
As part of its asset rotation strategy, in March and April 2019, Ceetrus disposed of 19 non-strategic assets in France.

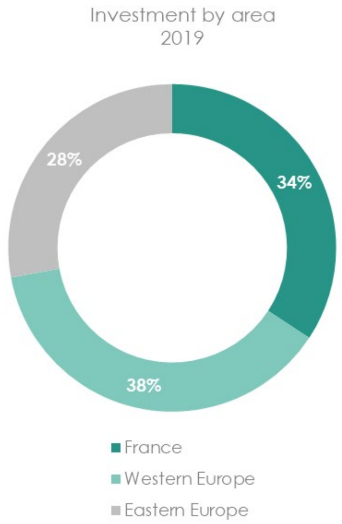



The largest projects currently being created reflect the preponderance of investments in mixed projects.

| | | | |
|---|---|---|---|
| La Cloche d'Or | Luxembourg | Creation | Residential |
| Casina Merlata | Italy | Creation | Shopping Centre |
| Vigo Station | Spain | Creation | Shopping centre + Train Station |
| StatioNord | France | Creation | Shopping Centre + Offices + Train Station |
| Milanord 2 | Italy | Creation | Shopping Centre + Leisure |

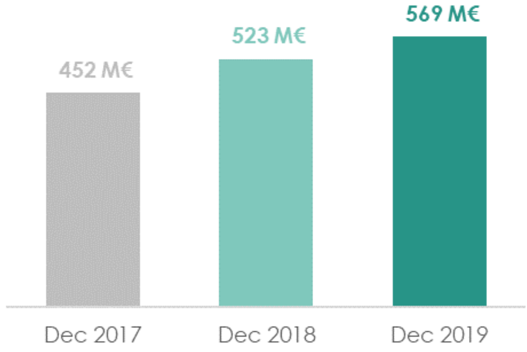
In 2019, Ceetrus' gross investments totalled €517 million, broken down as follows:



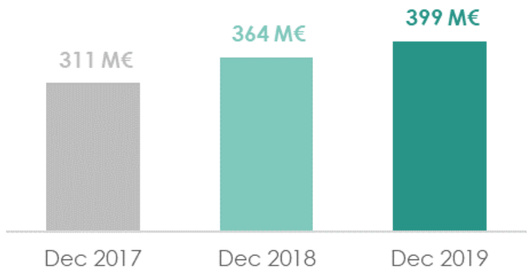



## COMMENTS ON THE OPERATING RESULT

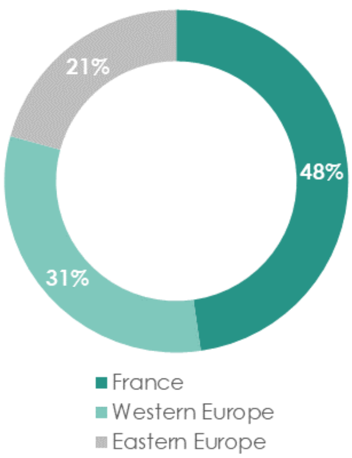
Gross rental income increased by 8.8% compared to 31 December 2018. This increase is mainly due to the opening of extensions in France and acquisitions in Luxembourg. On a like-for-like basis, rents increased by 1.4%.



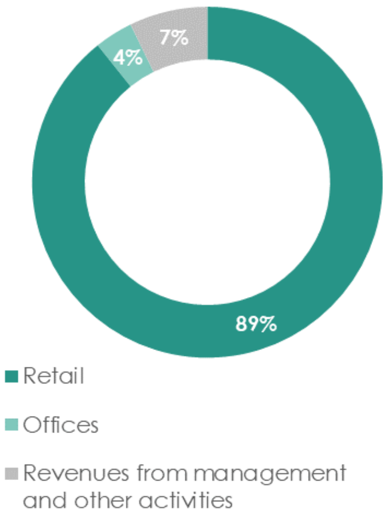

Similarly, EBITDA is up 9.6% with regard to the comparable period. This increase is explained by the strong growth in revenues related to expansion, combined with controlled expenses and fees.




Geographical distribution of gross rental income:




Commercial property remains Ceetrus' core business. In 2019, this activity contributed to 89% of revenues.

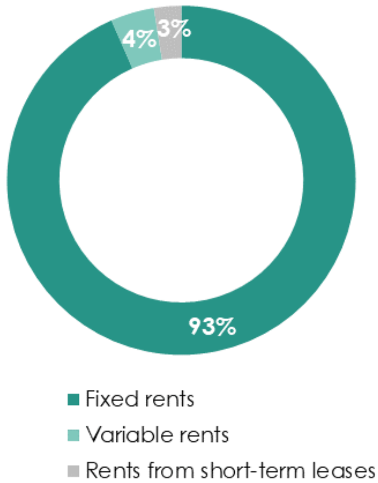



The weighted average of rents per sqm of the shopping centre portfolio by geographic area is as follows:

| Shopping centres | Rents in €/sqm [1] |
|---|---|
| France | €366/sqm |
| Western Europe | €296/sqm |
| Eastern Europe | €183/sqm |

*[1] Average annual rent (minimum guaranteed rent and variable rent) per asset and per sqm*

Variable rents and short-term rents represent a total of 7% of gross rental income:

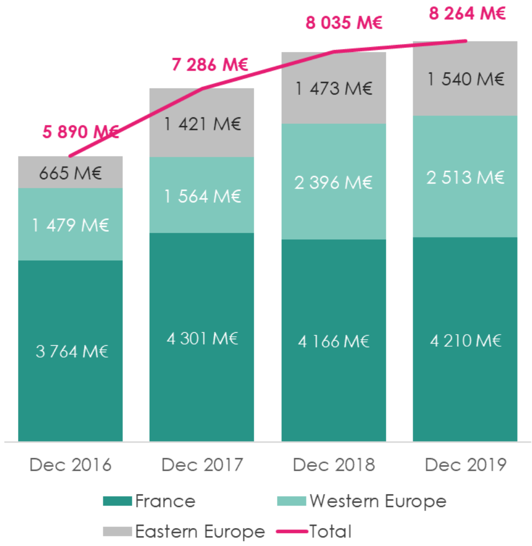


## COMMENTAIRES SUR LA JUSTE VALEUR

From a portfolio perspective, 2019 was marked by an increase in the fair value of assets of 2.8%.

On 31 December 2019, the fair value of investment properties amounted to €8,264 million (excluding transfer taxes), which represents an increase of 2.3% on a like-for-like basis in comparison to 31 December 2018.

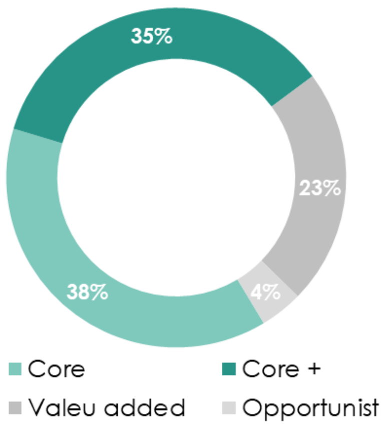
Fair Value
Exluding transfer taxes




Ceetrus has the special characteristic of having an asset portfolio that is very diversified by its number and its geographical presence while holding more than 50% of its fair value in France.

Note the ongoing transformation of Ceetrus' portfolio aimed at increasing the weight of Core or Core+[1] mixed regional sites. With the dual effect of disposals and investments to densify existing sites, the size of the assets has increased significantly since 2016. In 2019, 73% of assets fell into the Core or Core+ category.

Fair Value by asset category




Ceetrus also holds assets in companies consolidated under the equity method. On 31 December 2019, Ceetrus' share of the fair value of investment properties held by companies accounted for under the equity method amounted to €577.3 million (compared to €438.6 million on 31 December 2018).

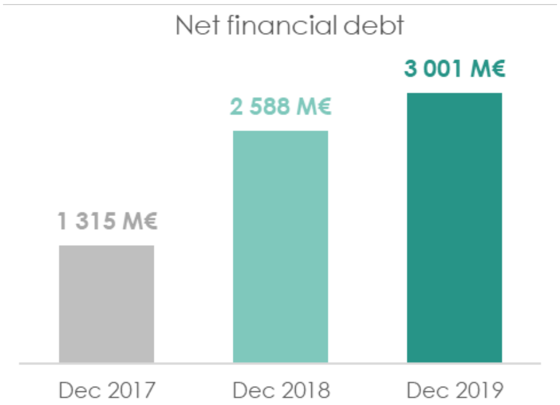
## COMMENTAIRES SUR LA SITUATION FINANCIERE

## COMMENTS ON THE FINANCIAL SITUATION

In 2019, the level of net bank indebtedness increased by €413 million. This change is mainly linked to the launch of a green bond issue by Ceetrus SA worth €300 million, the establishment of a new bilateral bank line worth €80 million and the increase in outstanding financing on projects.

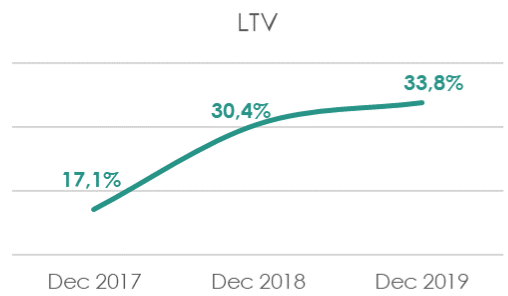
The increase in Ceetrus' net debt between 2017 and 2018 is mainly related to subscribed external financing (the "Club Deal" worth €500 million, the bond loan of €60 million, loans in Portugal and Luxembourg worth €308 million) and financing by Auchan Holding's treasury facility.

[1] Classification according to: geographic location, general asset type, works required, type of leases, level of vacancy, potential for value creation




On 31 December 2019, the *Loan to Value (LTV)* ratio stood at 33.8%. As a reminder, the ratio went from 17.1% to 30.4% between 2017 and 2018. This change was linked to the very high level of investment.

Ceetrus' LTV ratio remains below the real estate industry average.




## Calculation of the LTV ratio:

| €M | Dec. 2017[1] | Dec. 2018[3] | Dec. 2019[3] |
|---|---|---|---|
| Fair value of investment properties [2] | 7,286 | 8,035 | 8,264 |
| Shares and investments in companies accounted for by the equity method | 238 | 294 | 347 |
| Other non-current financial assets | 168 | 174 | 269 |
| **Total assets** | **7,692** | **8,503** | **8,880** |
| | | | |
| Gross financial borrowing | 1,501 | 2,855 | 3,278 |
| Cash and cash equivalents | -114 | -159 | -146 |
| Other current financial assets | -71 | -107 | -130 |
| **Net financial debt [4]** | **1,315** | **2,588** | **3,001** |
| | | | |
| **LTV** | **17.1%** | **30.4%** | **33.8%** |

1) Consolidated balance sheet pro forma of operations in Italy

[2] Excluding spreading of rent free periods, step rents, key money, rents paid in advance and "right-of-use" assets

[3] See additional information in the notes to the financial statements: Investment properties note 4.4, Companies accounted for using the equity method note 5, Other financial assets note 7.2, financial borrowing note 6.2

[4] Calculated according to bank and bond covenants

Reconciliation of the fair value of the investment properties used in the calculation of the ratios and the figures presented in the consolidated balance sheet:

| €M | Dec. 2017[1] | Dec. 2018[2] | Dec. 2019[2] |
|---|---|---|---|
| Fair value of investment properties before restatement [3] | 7,269 | 8,012 | 8,368 |
| "Right-of-use" assets [2] | *n/a* | *n/a* | -135 |
| Restatement of spreadings [4] | 17 | 23 | 31 |
| **Fair value of investment properties after restatement** | **7,286** | **8,035** | **8,264** |

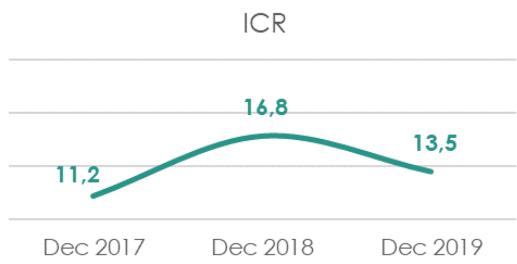
[1] Consolidated balance sheet proforma of operations in Italy

[2] See additional information in the notes to the consolidated financial statements: Investment properties note 4.4

[3] Including assets held for sale

[4] Spreading of rent-free periods, step rents, key money and rents paid in advance

Thanks to favourable financing conditions, Ceetrus continues to post an *Interest Coverage Ratio (ICR)* superior to that of the market.




## Calculation of the ICR:

| | Dec. 2017[1] | Dec. 2018[1] | Dec. 2019 |
|---|---|---|---|
| EBITDA [2] | 311 | 364 | 399 |
| Net cost of financial debt | -28 | -22 | -30 |
| | | | |
| **ICR** | **11.2×** | **16.8×** | **13.5×** |

[1] Consolidated Income Statement - Pro Forma of operations in Italy
[2] Excluding IFRS 16 restatements

In conclusion, Ceetrus has easily absorbed its massive investments in 2018 and maintained a stable financial position during 2019.

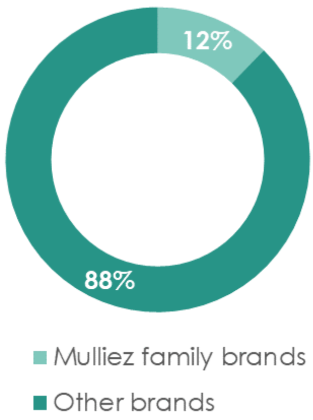
## COMMENTS ON RETAIL ACTIVITY

On 31 December 2019, Ceetrus managed 2,281,000 sqm GLA of shopping centres, which is 45,000 sqm more than in 2018:

| *GLA surface (in thousands of sqm)* | Total | O | L | M |
|---|---|---|---|---|
| France | 698 | 618 | 2 | 78 |
| Western Europe | 921 | 589 | 68 | 264 |
| Eastern Europe | 662 | 607 | 23 | 32 |
| Total | 2,281 | 1,814 | 93 | 374 |

*O: Owned / L: Leased / M: Management mandate*

Brands (% surface)

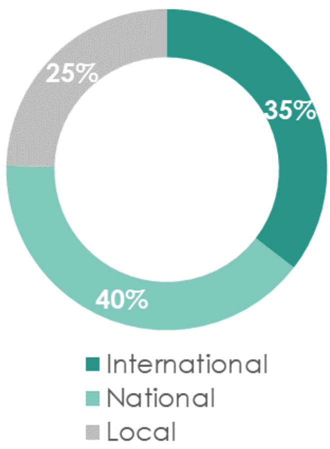


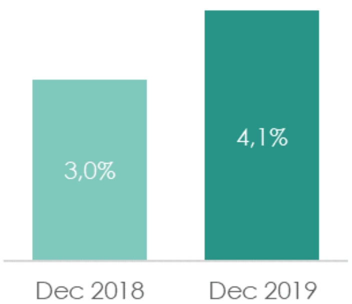

Ceetrus welcomes just over 1 billion visitors a year. Site footfall has increased by 4% in the past 12 months.

This attractiveness is enhanced by the deep desire to create a link between citizens (customers, residents, retailers, employees, associations, local authorities…). The teams organised around 15,000 events in 2019.

Ceetrus' like-for-like rental vacancy rate increased slightly compared to 31 December 2018, from 3.0% to 4.1%. The increase is linked to difficulties in the personal equipment sector, marked by the liquidation procedures.

Brand by type (% surface)




The customer risk is under control despite the economic difficulties faced by certain brands. In 2019, bad debts, bad debt provisions and rebates represented 2.9% of revenues, a slight decrease compared to 2018 (3.0%).

## COMMENTS ON OFFICE ACTIVITY

Office activity accounts for 4% of rents.

Ceetrus has offices located in Luxembourg and Romania:

- JBBK in Luxembourg
- Kubik in Luxembourg
- Coresi Business Park in Romania

In Villeneuve d'Ascq, in northern France, Ceetrus is building a new office building called "Wellice". In line with the economic development strategy being led by the Lille European Metropolis, it will help to provide new jobs while contributing to the renewal of the city centre and the development of tertiary activities. Located on the former site of a car park on a retail site, "Wellice" is part of an urban redevelopment operation. It is remarkable for its high-quality services and its strong environmental approach. With its construction work launched in 2019, it will be delivered in the 3rd quarter of 2021.

*France - Wellice*

## COMMENTS ON RESIDENTIAL ACTIVITY

Ceetrus is taking part in 6 residential property development projects in partnership with specialist local companies in the sector:

- 59 homes delivered in Hungary at the Kecskemét site, Boroka Park. 63 additional homes are planned to be delivered in 2020 in the second phase of the project.
- 1,560 apartments, out of 2,230, were delivered in Romania on the Coresi site. A second phase of 2,300 additional homes is planned.
- 250 apartments under construction in Luxembourg on the Cloche d'Or site, in response to strong local demand
- In Saint-André-Lez-Lille, France, "Quai 22" is a global development project of 86,000 sqm with 700 homes eventually planned. Planned delivery of the first homes: 4th quarter 2022.
- 52 homes planned in France as part of the project "Quadrilatère des Piscines" in Tourcoing (59). The project includes 2,200 sqm of offices and 1,400 sqm of shops with delivery scheduled for 3rd quarter 2022.
- 52 homes planned in France as part of the "Quadrilatère des Piscines" project in Tourcoing (59) in a co-development project with Bouygues Immobilier. The project includes 2,200 sqm of offices and 1,400 sqm of shops with delivery scheduled for 3rd quarter 2022.

# OUTLOOK FOR 2020

Continuing on from the 2019 financial year, Ceetrus will continue the transformation it launched a year ago.

The economic context for the coming year promises to be in line with the previous months:

- Economic difficulties for certain brands present on Ceetrus sites and increased vacancies;
- Proven impact of Coronavirus on the supply chain of lessee clients and on the footfall of end customers at sites;
- Modification of consumer habits.

Despite this restrictive global economic environment, Ceetrus managed to maintain the attractiveness of its sites and limit the increase in its vacant assets in 2019. This resilience, which will be at the heart of the objectives for the 2020 fiscal year, will push Ceetrus to focus its efforts and investments on existing sites. The company's desire to act as closely as possible to Ceetrus citizens (lessees, customers, employees) remains the main concern **"With citizens - for citizens".**

However, this streamlined spending will be linked to the Corporate Vision. Because Ceetrus is leading responsible and ambitious projects for the future, the company will continue to develop the sites of tomorrow across all of its territories.

This means that the 2020 financial year will demonstrate Ceetrus' desire to meet the expectations of the inhabitants of each territory with a mixed offer adapted to each of its sites:

- The office activity will continue to expand, in particular with the delivery of workspaces in France;
- The residential development will make it possible to offer housing with, among other things, the second phase of Boroka Park in Hungary being placed on the market;
- Ceetrus will continue to develop its main activity, retail, through future projects that meet the expectations of tomorrow's consumers;
- The projects of StatioNord in France, Milanord 2 in Italy and Vigo in Spain are the main projects on which Ceetrus will focus its efforts in 2020.

# FINANCIAL RISK MANAGEMENT

Ceetrus and the companies in the scope of consolidation are exposed to liquidity, interest rate, credit and currency risks during the normal course of their business.

They use derivative financial instruments to mitigate these risks. The Group has set up an organisation to manage these risks centrally.

On 31 December 2019, these derivatives are recorded on the balance sheet at market value as current and non-current assets and liabilities. Market risk management is controlled and monitored by a specialised committee that meets at least twice a year. General Management is represented in this body, which is responsible for assessing compliance with the hedging policy and therefore the level of the hedges put in place, their adequacy to the underlying financial instruments and the quality of the various counterparties.

## LIQUIDITY RISK

The Ceetrus group's policy is to permanently have sufficient funding in the medium and long term while having significant room for manoeuvre. During this financial year, the Ceetrus Group continued to access liquidity on favourable terms, while benefiting from financing granted by Auchan Holding.

### Covenants and financial ratios

The ability of the Ceetrus Group to raise new debts, to refinance its existing debts or, more generally, to raise funds on the financial markets, will depend on many factors, including the rating of the Ceetrus Group by rating agencies.

Certain agreements that the entities of the Ceetrus group have concluded contain financial covenants and commitments that must be observed. In the event of an uncorrected or non-remedied default, the creditors concerned could terminate their commitment and/or demand the immediate payment of the sums due. This could activate the cross default clauses in the context of other financing agreements concluded by Ceetrus or other group entities, which would have a significant negative effect for the Ceetrus group.

## RATE RISK

The Ceetrus group's loans and deposits are taken out at variable interest rates, mainly based on Euribor plus or minus a margin, but also at fixed rates. The Ceetrus group applies a prudent debt management policy by maintaining a limited exposure to interest rate risk. This management involves the subscription of interest rate derivatives whose sole purpose is to reduce the exposure of the Ceetrus group to fluctuations in interest rates on its debt, with a strict objective of hedging. As part of this management, the Group may use different types of instruments, including swaps, caps or swaptions.

## CREDIT RISK

For Ceetrus and its subsidiaries, credit risk or counterparty risk mainly concerns cash and cash equivalents of the banking institutions at which these cash resources are invested. This may also concern the financial instruments subscribed, when the trading conditions lead these institutions to pay flows to Ceetrus or its subsidiaries. Lastly, the Group is exposed to the risk of default by its lessees.

Regarding investments, without exception, the policy of Ceetrus and companies in the scope of consolidation is to place surpluses with authorised counterparties in amounts and decided by the Financial Committee, according to a score sheet. The Group only uses banks considered to be robust.

In the same way, Ceetrus only works with a list of banks authorised by the Group's Management in relation to financing and interest rate and exchange rate derivative operations. Wherever possible, signed contracts provide for the termination of transactions and the application of a cleared net balance in the event of a change in the initial contractual balance, including the default of the counterparty. In addition, the Group ensures that risk is sufficiently dispersed by working with several leading banking institutions.

The fair value measurement of derivatives carried by Ceetrus and the companies in the scope of consolidation includes a "counterparty risk" component and a "clean credit risk" component for derivatives. The credit risk measurement is determined using standard mathematical models for market participants, taking into account, in particular, historical statistical data. Over the periods presented, the adjustments booked for counterparty risk and own credit risk are not material.

As mentioned elsewhere, trade receivables and other receivables mainly correspond to receivables with regard to lessees. The Group has procedures to ensure the credit quality of clients and third parties before signing contracts with them. The Group believes that it is not significantly exposed to the concentration of credit risk among its lessees, given a diversified exposure across countries and clients. Impairment losses on receivables are generally estimated on an individual basis. Losses on rents are historically low, since the existence of deposits ensures proper management of any outstanding payments.

### EXCHANGE RATE RISK

The entities making up the Ceetrus group are exposed to exchange rate risk on internal and external financing denominated in a currency other than the euro (balance sheet exchange rate) as well as on the value of the real estate assets and the rental income of its subsidiaries in foreign currencies (Hungarian forint, Polish zloty, Romanian lei, US dollar, Russian ruble). Internal financing denominated in a currency other than the euro is systematically hedged by means of derivative instruments.

# INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

## IMPLEMENTED FOR ALL COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION RELATED TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

### PROCEDURE FOR THE PRODUCTION OF FINANCIAL STATEMENTS

#### Management and structure of the Ceetrus SA Finance Department

The Chairman of the Board of Directors relies on the finance department to produce the financial statements. The accounting, consolidation, management control, legal, tax and treasury departments are placed under the direct responsibility of the Chief Financial Officer.

The finance department of Ceetrus, made up of the different divisions mentioned above, has established a timetable:

- monthly closings;
- monthly reporting of cash and management control;
- quarterly, half-yearly and annual closings;
- quarterly, half-yearly and annual consolidation reports;
- development of the plan and objectives.

The management control department produces the analytical information for the purposes of the Group's operational management.

Throughout the company, a CFO and/or a management controller supervises a chief accountant and an accounting team.

The company uses qualified accounting employees that ensures proper accounting and complies with accounting principles. These employees have been trained in the accounting computer tools used.

#### Accounting computer systems

Accounting transactions and events are either entered directly into standard accounting software or entered in upstream applications (internal or standard software). These entries generate accounting entries that are then automatically discharged or entered manually into standard accounting software. These interfaces or inputs are subject to automatic or manual control procedures.

Standard accounting software is implemented and configured by functional and technical administrators who define the functionalities, accounting framework and financial statements that can be created.

#### Accounting framework

The consolidated financial statements of Ceetrus are prepared in accordance with IFRS (International Financial Reporting Standards, standards published by the International Accounting Standards Board and approved by the European Union on 31 December 2019).

These statements are prepared on the basis of the information provided by the financial departments of the subsidiaries. As such, a reporting and consolidation framework (manual of accounting principles and rules, chart of accounts) has been established and distributed to subsidiaries. It is subject to periodic updates and is available on the intranet, including for the statutory auditors.

#### Procedures for releasing the corporate financial statements and consolidated financial statements

Ceetrus and its subsidiaries release both the corporate financial statements and the consolidated financial statements on a quarterly basis. The 30 June and 31 December statements are subject to a limited review and audit by the Statutory Auditors respectively and are also presented to the Ceetrus Audit Committee. The statements of 31 March and 30 September are sent to the members of the Audit Committee and the Statutory Auditors, but are not subject to an audit or a limited review.

The main steps to follow are:

#### Regarding the corporate financial statements

Intermediate statements are drawn up using the same valuation and presentation methods as on 31 December. All statements are finalised before the end of the month following the quarter.

#### Regarding the consolidated financial statements

The consolidation is carried out with the common Hypérion (HFM) computer tool which is used in Ceetrus subsidiaries. It is based on the shared chart of accounts for consolidation, a methodology updated each quarter and a set of accounting rules and methods in line with IFRS International Accounting Standards. The chart of accounts is defined and documented by the Ceetrus consolidation department.

Data is transmitted by the subsidiaries according to a prescribed format, using the unique Hypérion consolidation tool (HFM) which is used to prepare financial information for all phases of consolidation, ensuring the consistency and uniformity of the data that it is comprised of.

The half-year and annual reporting and consolidation process integrates, via this same single tool, the inventory of the information needed to prepare the appendix to Ceetrus consolidated financial statements.

### Pre-closing meetings

The closing process described above is supplemented by pre-closing meetings with the main scopes during June (for the closing of 30 June), during November (for the closing of 31 December). The main managers of the financial department and the financial team of the subsidiary concerned take part in these meetings.

The pre-closing meetings serve to prepare for the accounting period by anticipating the processing of significant events and specific transactions such as acquisitions, disposals, mergers and the identification and estimation of risks.

### Accounts closing meetings

The annual and consolidated financial statements are audited and presented to the Audit Committee during the month of February. The half-year consolidated financial statements are audited and presented to the Audit Committee during the month of August.

## PROCEDURES HAVING AN IMPACT ON ACCOUNTING AND FINANCIAL INFORMATION

### Procedures for monitoring fixed assets

A current procedure governs the investment approval rules for any project of a significant amount. Agreement is given on the basis of internal rates of return (IRR) and rates of return on capital employed.

The recoverable value of PPE and intangible assets is tested in accordance with IFRS.

For investment properties, a half-year valuation is carried out by independent experts to determine their fair value. These evaluations are carried out exhaustively for Ceetrus' holdings.

### Procedures for monitoring and inventorying benefits granted to employees

The company registers and records all benefits granted to employees. According to the laws and customs of each country, the subsidiary takes part in constituting the pensions of its personnel.

### Cash monitoring procedures

Ceetrus financial debt and financial result reporting consolidates the actual data as well as the 3-month forecast data. Reporting is carried out using the same software used by the consolidation department and the management control department.

This reporting allows the Ceetrus Treasury Department (Ceetrus Finance) to monitor the evolution of the financial debt and the financial result in relation to the budget. This reporting is communicated to management halfway through each month.

A treasury charter defining precisely the roles and responsibilities of the various entities has been distributed to all subsidiaries.

In addition, at the end of each quarter, the subsidiaries send the treasury department a cash report in a standard format detailing the authorised, used and available credit facilities and investments. This data is consolidated and a quarterly liquidity report is drawn up and communicated to management.

### Legal and tax policies

Legal and tax policies as well as major operations in these domains are regularly presented to the Management Committee and the Board of Directors. The validation of the legal structures is the responsibility of the legal and tax department, in consultation with the finance departments of the subsidiaries and is updated quarterly.

# DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

In each category below, the Ceetrus group presents the most significant risks, taking into account the negative impact of these risks and the probability of their occurrence.

## MACROECONOMIC AND SECTORAL RISKS

### The Ceetrus group is exposed to risks linked to an unfavourable evolution of macroeconomic factors

The property assets of the Ceetrus group include 295 assets (on 31 December 2019, divided into shopping centres - 77% of the total value, retail parks - 12%, land - 4%, offices - 6% and others - 1% ) located in Western Europe and Eastern Europe for a total value of around 8.3 billion euros.

The development activities and the valuation of the property assets of the Ceetrus group could be affected by a changing political environment as well as by unfavourable changes in the main macroeconomic factors in the countries where it operates, such as the fall in gross domestic product, employment, purchasing power, consumer spending, indices serving as a basis for adjusting rents, rising interest rates and difficulties in obtaining financing from potential buyers.

An unfavourable evolution of the above economic factors could have an impact on the activity, financial situation and results of the Ceetrus group by increasing the following risks:

- reduced ability to rent space;
- a deterioration in the financial situation of lessees, co-owners or partners (joint ventures);
- a decrease in rental income;
- unfavourable movements in the valuation of assets; and
- reduced ability to undertake development activity.

### The recession and weak growth conditions in its main markets could adversely affect the Ceetrus group

On 31 December 2019, approximately 51% of the appraised value of the Ceetrus group's property assets was located in France. The concentration of its assets on French territory means that a significant deterioration in the economic situation would have a greater impact on the results and the financial situation of the Ceetrus group than those of a property development company whose property portfolio is more widely distributed in Europe or internationally.

In particular, a fall in rents on the French market would lead to a decrease in the rental income of the Ceetrus group in the medium term.

The Ceetrus group also owns and operates shopping centres in other countries. These countries may present risk profiles different from those of the French market, particularly in terms of economic conditions and regulations. These cumulative risks in other countries could have a negative impact on the activities and financial situation of the Ceetrus group.

### Changing consumer habits and purchasing preferences may lead to a drop in consumption at Ceetrus group shopping centres

A significant part of the Ceetrus group's income depends on the ability of lessees to generate and maintain their turnover and thus guarantee rent for the group. If the Ceetrus group, or its lessees, cannot respond to changes in consumer behaviour, this could lead to a decrease in rental income and financial results.

Indeed, consumer spending could be increasingly directed towards other sales channels, such as local points of sale and e-commerce. A shift in consumer spending to alternative sales channels could lead to a drop in consumer traffic in the Ceetrus group's shopping centres. This could translate, among other things, into a decrease in rental income and a fall in demand for retail space. Each of these situations may have a negative impact on its activity, financial situation and operating results.

## LEGAL AND REGULATORY RISKS

### Regulatory changes could have a negative effect on the Ceetrus group's revenues or impose higher costs and responsibilities on it

The Ceetrus group is subject to the regulation of commercial leases in the exercising of its activities. In France, the contractual provisions relating to the duration of the lease, its termination, its nullity, its renewal and the indexation of rents can be qualified as provisions of public order. These provisions could limit the conditions for increasing rents.

In addition, the rent for certain types of leases can only be revised every three years, evictions for non-payment of rent may be subject to long delays, and the validity of leases which include indexation floors may be disputed.

More generally, the Ceetrus group is subject to a wide range of strict regulations, particularly with regards to environmental laws. For example, under certain environmental laws, owners or operators of property may be held liable for costs and damages resulting from the contamination of soil or water by hazardous substances.

Failure to comply with laws, regulations or standards to which the group is subject in the different countries in which it operates, may result in significant unforeseen costs for the Ceetrus group, impair its ability to sell or rent assets or borrow money on acceptable terms.

### Corruption and unethical business practices by employees or third parties in the conduct of business could, under certain circumstances, damage the reputation and financial situation of the Ceetrus group.

The property sector is particularly sensitive to a whole series of corrupt practices, insofar as the development of projects requires government authorisations and significant investments in which many property operators are involved. Since Ceetrus operates in countries classified as having high levels of corruption this concerns it even more.

In France, law no. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of economic life (also known as the "Sapin II law") requires companies to take measures to prevent and identify acts of corruption or insider trading. This law may also result in administrative or criminal sanctions for the group.

### Risks related to regulations regarding urban development, construction, security and operation of shopping centres

Ceetrus' activities are subject to town planning regulations, criteria for obtaining building permits and binding commercial authorisations. These regulations can vary significantly depending on the general orientation of local, regional and national policies. On some of its projects, the Ceetrus group is exposed to regulatory factors over which the political authorities have a significant influence. In addition to administrative sanctions for non-compliance with these requirements, fines and criminal sanctions may also be imposed, depending on the jurisdiction.

Any regulatory change concerning the organisation or security requirements of establishments open to the public could increase the restrictions or constraints linked to the development of shopping centres and thus limit the opportunities and prospects for the Ceetrus group. Conversely, any relaxation of commercial zoning regulations could lower the value of property assets.

### Valuations of the Ceetrus group's property portfolio may vary from year to year

The Ceetrus group has chosen to use the fair value option for its investment properties in accordance with IAS 40. The method for determining the fair value of investment properties is described in Note 4.4 to the 2019 annual consolidated financial statements.

A property valuation process has been put in place to estimate the fair value of investment properties. Two independent property experts are appointed to provide assessments of the investment properties of the Ceetrus group. The property valuation process is carried out by property valuers according to the best knowledge of the market, on the basis of comparable transactions but also of pending transactions not yet finalised but which reflect the appetite of investors to date. However, this estimate requires important judgements to determine the appropriate assumptions, in particular return and discount rates, market rental values, evaluation of the budgets for the work to be carried out and the estimated date of completion (in particular for assets in the development phase). Consequently, the value of the property portfolio is sensitive to increases and decreases in the criteria used by independent valuers.

The valuation of the assets of the Ceetrus group may therefore be subject to significant variations which could have an impact on the financial situation of the Ceetrus group.

## OPERATIONAL RISKS

### The level of footfall at Ceetrus group shopping centres rests on the presence and attractiveness of the Auchan group's hypermarkets

The Ceetrus group benefits from the presence, and therefore from the image and reputation, of the Auchan group's hypermarkets for the vast majority of the shopping centres it operates. The presence of these hypermarkets under the Auchan group brand is a major factor in the attractiveness of adjoining shopping centres and contributes significantly to visitor footfall, which benefits all of the Ceetrus group's retailer-lessees.

A loss of attractiveness of the Auchan brand would probably have a significant negative effect on the footfall at Ceetrus group shopping centres and on the activity of its lessees and therefore, on total rental income and on the Ceetrus group's financial situation.

### The Ceetrus group is exposed to risks linked to the renovation, restructuring and expansion projects of its shopping centres

As part of its strategy to renovate and develop its property portfolio, the Ceetrus group is carrying out renovation, restructuring and expansion projects in its shopping centres.

These projects are subject to a number of risks, including the following:

- the administrative authorisations requested by the Ceetrus group and needed to carry out the renovations and extensions could be delayed or refused;

- the Ceetrus group may not obtain financing for its projects under satisfactory conditions;

- rental income could be lower than initially budgeted or expected. The pre-letting contracts signed may not be honoured with their initial conditions and the Ceetrus group may encounter difficulties in renting spaces which have not been rented in the pre-letting phase;

- the cost of renovating the assets could prove to be higher than the initial valuations. The renovation phases could be longer than expected and technical difficulties or delays in their execution could arise due to the complexity of certain projects.

In addition, if the Ceetrus group intends to continue offering a high-quality experience to meet the expectations of its lessees and customers, this requires regular expenses and investments. Any prolonged and significant dissatisfaction of its customers could affect the reputation and attractiveness of the Ceetrus group for the retail brands currently present. These sources of dissatisfaction could also lead to a drop in site footfall, and therefore have a significant negative effect on the activities and financial situation of the Ceetrus group.

### The Ceetrus group is exposed to crisis situations that can affect its activities in an unpredictable way (terrorist attacks, natural disasters, blocking of sites, health risks, etc…)

Terrorist attacks, strikes, health crises and associated preventive measures could lead to a decrease in visitor footfall or even the closure of the Ceetrus group's shopping centres. More generally, these events can create economic and political uncertainties which could have a negative impact on the activity, financial situation and operating results of the Ceetrus group. Shopping centres could also be affected by natural disasters such as floods and fires, which could make the sites inaccessible or call for major reconstruction. Such events, in particular if the Ceetrus group's insurance policies did not cover all the related damage, could have a significant negative effect on the Ceetrus group.

### The Ceetrus group is exposed to risks linked to information systems

The Ceetrus group uses a certain number of information systems which play an essential role in the conduct of its activities, such as for rent invoicing and financial and accounting management. Any failure, interruption, compromise of information systems or loss of data could lead to failures or interruptions in the activities of the Ceetrus group, generating significant costs for the recovery of data.

The Ceetrus group could be held responsible if the measures put in place to prevent such attacks were deemed insufficient.

### The Ceetrus group may not be able to attract and retain key employees

The Ceetrus group relies on the commitment and expertise of its leaders. The Ceetrus group's management is made up of experienced executives and employees, chosen for their proven skills and expertise in the management of the property businesses.

The Ceetrus group management team has significant experience in the sector. The success of the Ceetrus group depends in part on the part played by this team. Losing members from the Ceetrus group's management could have a negative impact on its ability to develop and implement an effective business plan. In addition, the Ceetrus group may not be able to find suitable replacements. A loss of key employees from the Ceetrus group could also lead to losses of technical or specific skills, which could slow down or modify certain activities or projects. Any failure by the Ceetrus group to retain highly qualified personnel or to attract and train new employees could reduce the effectiveness of its organisation and its ability to fulfil its strategy.

## ANTI-CORRUPTION SYSTEM

Ceetrus has deployed an anti-corruption system which is an extension of the Auchan Holding Ethics Charter and the implementation of the program resulting from the law known as the Sapin II law.

The Auchan Holding Ethics Charter is common to all countries and to the 2 companies, Auchan Retail and Ceetrus. For Auchan Holding, it clearly states all of the ethical principles that guide its relationships with its employees, customers, partners, shareholders and its environment. It states its zero tolerance for all acts of corruption.

Ceetrus has made the Holding Ethics Charter available in the form of a code of ethics for employees which has been communicated to employees and digitally signed (except for countries where constraints did not allow an electronic signature and which therefore undertook manual signature monitoring).

The code of ethics for employees provides a practical illustration of the implementation of ethical principles. Situations are therefore illustrated by concrete cases.

A code of ethics for partners will be initially distributed to lessees and will be extended to all Ceetrus partners.

The code of ethics is incorporated into the internal regulations or local equivalent. The disciplinary system has been modified accordingly. It therefore sets out that in the event of active corruption (improper offer of money or similar) or passive corruption (improper acceptance of money or similar) disciplinary sanctions may be incurred up to and including dismissal.

Alongside this, Ceetrus has deployed an ethics alert platform for both obtaining advice or answers to questions related to ethics but also for reporting situations that seem contrary to our codes.

The site is accessible in all the languages of the Ceetrus community, in other words Ceetrus employees, with the addition of English.

Whatever option is taken by the person who connects to the platform to post a message, they benefit from whistle-blower protection.

The system developed by Ceetrus has been entrusted to a certified service provider for its compliance with standards and guarantees the hosting of the platform, encryption, conservation and confidentiality of data. The servers are compliant for all the countries where Ceetrus is established.

The "speakup.ceetrus.org" platform enables you to raise an alert, obtain advice or a response. The alerts are confidential making them compliant for all the countries of operation.

The response time is 48 hours whether it is an alert, a request for advice or information.

The platform will be open to third parties and it also lists all the company's ethical documents for consultation.

To date, only one Ceetrus representative has access to alerts: the Compliance Director, who is responsible for reporting processing times and responses to the Ceetrus Audit Committee. Since the first half of 2019, more than 2,000 visits have been made to the platform for a potential of 950 employees.

The "corruption risk" section of the risk mapping is regularly updated.

The mapping of corruption risks has been entrusted to internal audit, which has strengthened its approach to corruption risk. The audit is also responsible for regularly updating this and reporting this to the Audit Committee.

This mapping is used to guide the training offered to the most exposed personnel as well as the establishment of strengthened third-party controls.

Depending on the risks established by the mapping or during specific operations, checks and reinforced assessments of third parties are carried out. These are entrusted to external certified or sworn third parties.

With regard to training, during the launching process of the enhanced ethics process, Ceetrus sent all its employees in all countries an online self-assessment game that enabled them to measure their areas for improvement on 4 major subjects including corruption.

Training was provided for the most exposed personnel targeting legal, asset management, marketing and members of the Management Committees. The employee ethics code was presented to the Board.

## VIGILANCE PLAN

To date, Ceetrus is in line with the Auchan Holding group's vigilance plan. Auchan Holding has prioritised its risks around the activities of Auchan Retail and in particular supply and food products.

Ceetrus has also ensured that the general risks identified by the Audit are considered in its implementation and that the whistleblowing line takes account of vigilance risks: environment, fundamental human rights…

The ethical codes of employees and partners devote an important part to the prevention and/or reporting of attacks on the environment and fundamental rights:

- respect for employment standards, child labour & forced labour
- health, hygiene and safety, working conditions
- fair remuneration, respect for working hours,
- fight against discrimination,
- respect for the environment
- fight against corruption

The partners' code of ethics includes a section dedicated to the risk of subcontracting and opaque subcontracting.

"The Partner undertakes to comply with this and must ensure that it is respected by its own subcontractors and Partners. This code is the common frame of reference for strong ethics, at the heart of partnerships, with stakeholders, and within various companies, with employees.

Ceetrus acts to promote Human Rights, Fundamental Rights and the protection of the environment.

Putting ethics at the heart of all it does is what Ceetrus aims to achieve every day. »

Corrective actions: "When the facts are attributable to a subcontractor or a representative, the same penalty applies to the Partner, unless they can prove that they have put in place an effective system to combat corruption, forced or concealed labour, child labour and that the fraudulent facts are the work only of the subcontractor or their representative. »

Finally, the effectiveness review of the actions implemented is subject to control by the internal audit.

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## PRIOR INFORMATION

### Publication log of Ceetrus extra-financial data

Since the entry into force of the Grenelle 2 law, article 225, Ceetrus has been communicating its qualitative and quantitative information to the Auchan Holding. The latter is then obliged to communicate information relating to its entire scope (Retail, Banking, Property).

### CSR strategy

Committed to a transformation process, the Ceetrus group launched a process to rewrite its CSR commitments in 2018.

With more than 700 people questioned and more than thirty interviews carried out with employees, shareholders and partners, the Ceetrus group's CSR strategy defined in 2019 is centred on a two-pronged aim: "Carbon - & Territories +".

"Carbon - ": with its desire to play its part in preserving the climate, in the management of its sites and projects the Ceetrus group undertakes to:

- reduce its carbon footprint to reduce global warming by implementing the "1.5° trajectory"
- produce a positive impact on the territory by boosting the ecological value of its land plots and its sites and by developing biodiversity
- drive the transition towards sustainable consumption by offering responsible retail in its centres and helping retailers to develop a positive impact offer

For 2025, the aim of the Ceetrus group is to ensure that 100% of its sites and projects are compatible with a "1.5° trajectory":

- 100% of projects to be "Low Carbon"
- 100% of projects with a clear improvement in biodiversity
- 100% connected sites that are accessible by public transport
- 100% of sites with a "biodiversity" action plan
- 100% of our projects and major sites certified "Breeam excellent" and "Breeam in use excellent"
- 100% of leases including a responsible clause
- 100% of sites and projects with a responsible and 2nd hand offer

"Territories +": with the desire to generate a positive impact for territories, the Ceetrus group undertakes, within the framework of the management of its sites and projects, to:

- involve communities and local stakeholders by listening to the needs of citizens and the territory, co-constructing its projects and transforming centres into spaces that create links
- foster citizen action by turning its partner centres into local initiatives and creating events that serve the very best purpose
- boost the territory's economy and influence by supporting the territory's retailers and entrepreneurs and promoting local jobs

For 2025, the ambition of the Ceetrus group is to have a positive impact through 100% of its sites and projects:

- 100% of sites with space available for citizens to use
- 100% of projects developed through a co-construction process with citizens
- 100% of the events with an educational aim
- 100% of sites and projects supporting the employment and employability of citizens

## ENVIRONMENTAL INFORMATION

### The first global results

The Ceetrus group's CSR strategy is already bringing concrete achievements

80% of the Ceetrus group's sites have a public transport solution within 250 meters, with the objective of reaching 100% by 2025 to promote low-carbon mobility

Between 2014 and 2019, site energy consumption was reduced by 24%

40% of the electricity consumed at Ceetrus sites comes from green energy (produced by hydraulics, photovoltaics, etc.)

More than 80% of the sites developed by the Ceetrus group are BREEAM New Building certified and 40% of the value of the asset portfolio is BREEAM In Use certified or in the process of being certified

Since 2011, the Ceetrus group has committed to systematically integrating a BREEAM New Building environmental certification approach for its "Major Development Projects" and to increasing the share of its existing BREEAM In Use certified fleet.

32 French shopping centres are in partnership with Too Good To Go, a community that combats food waste through an app that allows citizens to collect unsold products from super and hypermarkets. In 2019, more than 140,000 baskets were saved, the equivalent of more than 300 tonnes of CO2 emissions avoided.

### Initiatives and launches in 2019

In line with its "Carbon - Territories +" vision, the Ceetrus group has implemented carbon assessments in each of its 10 countries of operation. In 2018, the total of the Ceetrus group's direct and indirect emissions amounted to around 380,000 tonnes of CO2 equivalent. These carbon assessments are the first step in implementing a climate strategy compatible with warming limited to 1.5°C.

In addition, to better understand the impact of climate change on its activity, the Ceetrus group has launched an analysis of the physical risks linked to climate change on its assets. The objective is to improve the adaptability of its buildings to current changes and to anticipate risks during future projects.

Finally, with a desire to set up a responsible offer in its chopping centres, the Ceetrus group launched a test on the Roncq site in France with the "Bouquinerie du Sart", a social enterprise offering to collect books, CDs, DVDs, video games and vinyl records for free to give them a second life. This association offers employment to people without a home and houses them in accommodation centres in the Lille metropolis, to help them regain their independence. It employs 6 people on the Roncq site and plans to diversify its second-hand offer to other products.

### 2019 achievements

In order to limit urban sprawl and its negative consequences, the Ceetrus group prioritises the reclassification of land and the densification of its sites by providing a mix of uses such as housing or offices. In Saint-André-lez-Lille, in the North of France, Ceetrus France is participating in the redevelopment of 60 ha of industrial wasteland in partnership with regional operators. Ultimately, a new 10-hectare living area called "Quai 22" will combine 700 homes (3 blocks), 15,000 sqm of space dedicated to residences with a targeted population, 10,000 sqm of offices, 6,500 sqm of retail space, 6,000 sqm of areas dedicated to services, activities and leisure and a 3,000 sqm hotel. The first deliveries are scheduled for the end of 2022.

In addition, near the retail sites, the Ceetrus group is working in partnership with Auchan Retail to promote urban agriculture. The perched urban garden of Caluire, successfully created in June 2018 on the roof of the Auchan hypermarket, was expanded in 2019. Over 1,000 sqm of vertical and container crops, a 220 sqm hall and new activities (bar, dance and yoga area, etc.) have been added to the plantings (more than 3 tonnes of organic fruit, vegetables and herbs harvested in 2019 ), the 6 hives occupied by 2 million bees, and its co-working space ...

In 2019, the Ceetrus group strengthened its ethical commitment by distributing an internal code of ethics. For employees and managers, it highlights the company's desire to become recognised for its ethics. As part of a progress initiative, it aims to help everyone identify the best options in difficult situations and advise them when they are facing difficulties so that they can carry out their work with integrity. Presented during regional meetings for the France teams, the international finance seminar, the international HR forum and via a presentation module intended for local communication managers, the code was signed by every employee. Training was provided for the most exposed personnel targeting legal, asset management, marketing and members of the Management Committees and Board of Directors. A partners code of ethics has also been published and distributed, first to lessees, before being distributed to all of the partners of the Ceetrus group.

Finally, an ethics whistleblowing line means anyone can obtain advice and recommendations or raise an alert. It lists ethical documents and standards.

## SOCIAL AND SOCIETAL INFORMATION

### The Ceetrus group, a driver of employment

As a driver of employment, the Ceetrus group had almost 950 employees at the end of 2019, across 10 countries. Relying on the strength provided by collective intelligence, the company feeds on the diversity of its employees' profiles to transform and progress. Training remains a major driver of motivation, commitment and development for everyone.

In terms of career management, the actions taken to improve the career paths of employees in 2019 are:

- The formalisation of all career path processes
- The organisation of a team dedicated to career path management
- The launch of skills assessment workshops to define collective and individual training needs for the property development profession
- The negotiation in progress of an agreement on the management of career paths and careers with social partners

### Foundation for the Ceetrus Social Entrepreneur

Founded in 2009, the mission of the Foundation for the Ceetrus Social Entrepreneur is to support citizen entrepreneurs with a project that is useful for society and a source of employment. It operates in more than 90 urban areas across the French territory. At the end of 2019, 12 projects were supported worth a total amount of €157,000. Each project is supported and assisted by skills sponsorship by an employee.

In 2019, for example, the Foundation decided to finance "Stars and women", a scheme that combines the world of gastronomy and a back to work initiative. Each year, 12 long-term unemployed and particularly motivated women follow a diploma course (CAP cuisine at the Lycée Hôtelier Alexandre Dumas in Strasbourg) and undertake work placements in 12 renowned restaurants in Strasbourg.

# IFRS

## Consolidated Financial Statements

### December 31st, 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS *(in millions of euros)* | Notes | 31/12/2019 | 31/12/2018 | 31/12/2017 |
|---|---|---|---|---|
| Goodwill | 4.1 | 206.1 | 206.1 | 29.0 |
| Other intangible assets | 4.2 | 19.4 | 19.8 | 21.0 |
| Property, plant and equipment (PPE)[1] | 4.3 | 57.4 | 57.9 | 27.9 |
| Investment properties[1] | 4.4 | 7,749.3 | 8,012.3 | 6.423.9 |
| Shares and investments in companies accounted for using the equity method | 5 | 319.5 | 293.9 | 490.7 |
| Non-current derivatives | 6.3 | 6.8 | 9.1 | 0.8 |
| Other non-current financial assets | 7.2 | 268.9 | 174.4 | 20.7 |
| Deferred tax assets | 9.2 | 34.6 | 24.0 | 4.0 |
| **NON-CURRENT ASSETS** | | **8661.9** | **8,797.4** | **7,018.0** |
| Investments held for sale | 4.4 | 646.2 | - | - |
| Client receivables | 7.1 | 179.0 | 138.6 | 56.0 |
| Current tax receivables | 9.2 | 11.8 | 0.3 | 0.8 |
| Current derivatives | 6.3 | 0.2 | 4.9 | - |
| Other current financial assets | 7.2 | 130.3 | 107.0 | 71.2 |
| Other current assets | | 338.9 | 318.2 | 222.3 |
| Cash and cash equivalents | 6.2 | 146.3 | 159.2 | 103.8 |
| **CURRENT ASSETS** | | **1452.8** | **728.2** | **454.0** |
| **TOTAL ASSETS** | | **10 114.7** | **9,525.6** | **7,472.0** |

*[1] In accordance with IFRS 16 under the simplified retrospective method, the 2017 and 2018 statements of financial position have not been restated.*

| SHAREHOLDERS' EQUITY AND LIABILITIES (in millions of euros) | Notes | 31/12/2019 | 31/12/2018 | 31/12/2017 |
|---|---|---|---|---|
| Share capital | 14.1 | 635.8 | 635.8 | 635.8 |
| Additional paid-in capital | | 840.8 | 840.8 | 840.8 |
| Consolidated reserves | | 2,960.3 | 3,121.9 | 2,983.2 |
| Consolidated result | | 184.1 | 119.3 | 274.5 |
| **Shareholders' equity - Owners of the parent** | | **4 621.0** | **4,717.8** | **4,734.3** |
| Non-controlling interests | | 156.6 | 167.1 | 173.4 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **4 777.6** | **4,884.9** | **4,907.7** |
| Non-current provisions | 10 | 5.6 | 4.4 | 4.2 |
| Non-current loans and borrowings | 6.2 | 2 349.4 | 1,586.0 | 48.7 |
| Non-current lease liabilities[1] | 7.3 | 135.5 | - | - |
| Non-current derivatives | 6.3 | 15.4 | 10.8 | - |
| Other non-current liabilities | | 192.5 | 145.6 | 77.3 |
| Deferred tax liabilities | 9.2 | 1 120.7 | 1,102.2 | 973.0 |
| **NON-CURRENT LIABILITIES** | | **3 8919.2** | **2,848.9** | **1,103.2** |
| Current provisions | 10 | 33.7 | 25.4 | 15.9 |
| Current loans and borrowings | 6.2 | 928.4 | 1,268.8 | 1,079.3 |
| Current lease liabilities[1] | 7.3 | 19.2 | - | - |
| Current derivatives | 6.3 | 9.2 | 2.2 | 0.5 |
| Trade payables | 7.5 | 144.9 | 153.0 | 92.2 |
| Tax liabilities | | 32.5 | 10.6 | 5.1 |
| Other current liabilities | | 349.9 | 331.8 | 268.1 |
| **CURRENT LIABILITIES** | | **1 517.8** | **1,791.8** | **1,461.1** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **10 114.7** | **9,525.6** | **7,472.0** |

*[1] In accordance with IFRS 16 under the simplified retrospective method, the 2017 and 2018 statements of financial position have not been restated.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *in millions of euros* | Notes | 31/12/2019 | 31/12/2018 |
|---|---|---|---|
| Gross rental income | | 569.2 | 442.1 |
| *Service charge income* | | *129.2* | *95.6* |
| *Service charge expenses* | | *-148.5* | *-103.1* |
| Non-recovered rental expenses | | -19.2 | -7.5 |
| Property expenses | | -13.2 | -22.7 |
| **Net rental income** | 8.1 | **536.7** | **411.9** |
| Revenues from administrative management and other activities | 8.2 | 46.3 | 23.6 |
| Other operating income | | 1.0 | -0.0 |
| Payroll expenses | 11 | -68.0 | -55.0 |
| Other general expenses | 8.3 | -84.5 | -72.0 |
| **Gross operating income** | | **431.6** | **308.6** |
| Amortization and impairment of intangible assets and PPE | 4 | -24.1 | -12.9 |
| Provisions and reversals | 10 | 4.6 | -3.0 |
| Change in value of investment properties | 4.4 | -72.0 | -171.2 |
| *Proceeds from disposal of fixed assets* | | *113.1* | *399.3* |
| *Carrying value of fixed assets* | | *-110.6* | *-284.1* |
| Income from disposal of fixed assets | | 2.6 | 115.2 |
| Goodwill impairment | 4.1 | 0.0 | -10.9 |
| **Operating result** | | **342.7** | **225.7** |
| *Financial income* | | *4.4* | *1.8* |
| *Financial expenses* | | *-34.1* | *-18.3* |
| Net cost of financial debt | | -29.6 | -16.5 |
| Other financial income | | 13.1 | -4.3 |
| Other financial expense | | -33.4 | |
| Other financial income and expense | | -20.3 | |
| Change in value of financial instruments | | 0.0 | 0.0 |
| **Financial result** | 6.1 | **-49.9** | **-20.7** |
| Share of the profit or loss of companies accounted for using the equity method | 5 | 5.0 | -41.3 |
| Income tax expenses | 9.3 | -103.7 | -40.2 |
| NET RESULT OF THE CONSOLIDATED ENTITY | | 194.2 | 123.5 |
| *Of which* | | | |
| Attributable to owners of the parent | | 184.1 | 119.3 |
| Non-controlling interests | | 10.1 | 4.2 |
| NET RESULT PER SHARE - Attributable to owners of the parent | | | |
| Undiluted | 14.3 | 5.79 | 3.75 |
| Diluted | 14.3 | 5.79 | 3.75 |

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **Net result of the consolidated entity** | 194.2 | 123.5 |
| **Other comprehensive income which can be recycled through profit and loss** | **18.3** | **-47.1** |
| of which cash flow hedges | -10.5 | -5.9 |
| of which foreign currency translation gains and losses | 25.0 | -42.8 |
| of which tax effects | 3.8 | 1.7 |
| **Other comprehensive income which cannot be recycled through profit and loss** | **0.4** | **0.6** |
| of which employee benefits (including actuarial gains and losses) | -0.1 | 0.8 |
| of which tax effects | 0.4 | -0.2 |
| NET COMPREHENSIVE INCOME OF THE CONSOLIDATED ENTITY | 212.8 | 77.1 |
| *Of which* | | |
| Attributable to owners of the parent | 203.3 | 73.8 |
| Non-controlling interests | 9.5 | 3.3 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| in millions of euros | Notes | 31/12/2019 | 31/12/2018 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net result of the consolidated entity** | | **194.2** | **123.5** |
| Allowances for amortization, provisions and impairment | | 30.2 | 27.7 |
| Change in value of investment properties | | 72.0 | 171.2 |
| Change in value of financial instruments | | 0.0 | 0.0 |
| Share of the profit or loss of companies accounted for using the equity method | 5.1 | -5.0 | 41.3 |
| Dividends received from companies accounted for using the equity method | | -2.9 | 0.0 |
| Income from disposals, net taxes | | 8.5 | -112.6 |
| **Cash flows from operations after cost of financial debt net of taxes** | | **296.9** | **251.1** |
| Net cost of financial debt | 6.1 | 40.1 | 16.5 |
| Income tax expenses (including deferred taxes) | | 103.7 | 40.2 |
| **Cash flows from operations after cost of financial debt net of taxes** | | **440.7** | **307.7** |
| Taxes collected/paid | | -93.1 | -62.9 |
| Changes in working capital requirement (operating activities) | | -36.8 | -0.2 |
| *of which property development stocks* | | *-0.3* | *0.0* |
| *of which trade receivables* | | *-40.5* | *-16.4* |
| *of which other receivables* | | *-43.0* | *4.2* |
| *of which trade payables* | | *-9.5* | *8.2* |
| *of which other debts* | | *58.2* | *3.8* |
| **Net Cash flows from operating activities** | | **312.9** | **244.7** |
| **INVESTMENT ACTIVITIES** | | | |
| *Intangible assets, property plant and equipment and investment properties* | | *-229.5* | *-560.6* |
| Acquisitions of fixed assets | 4.4.1 | -316.9 | -637.8 |
| Disposals of fixed assets | | 87.4 | 77.2 |
| *Consolidated securities* | | 2.9 | *-981.3* |
| Acquisitions of consolidated securities (including cash acquired) | 4.4.1 | -0.1 | -1,309.3 |
| Disposals of consolidated securities (including transferred cash) | 2.2.4 | 3.0 | 328.0 |
| *Non-consolidated securities (including investments accounted for using the equity method)* | | *-161.8* | *-8.8* |
| Acquisitions and financing of non-consolidated securities | 5.1 | -161.8 | -8.8 |
| Disposals of non-consolidated securities | | 0.0 | 0.0 |
| Dividends received from unconsolidated companies | 5.1 | 9.4 | 26.4 |
| **Net cash flows from investment activities** | | **-379.0** | **-1,524.2** |
| **FINANCING ACTIVITIES** | | | |
| Capital increase | | 0.0 | 0.0 |
| Buybacks, disposals and other movements of treasury shares and share capital decrease | | -10.5 | 1.2 |
| Dividends paid during the financial year | | -327.8 | -124.0 |
| New loans and financial borrowings (and premium paid hedging instruments) | 6.2.1 | 1565.3 | 1724.4 |
| Repayment of loans, financial borrowings and hedging instruments | 6.2.1 | -486.3 | -884.7 |
| Repayment of lease liabilities[(1)] | | -18.3 | 0.0 |
| Net financial interest paid | | -42.3 | -18.2 |
| Change in financial receivables | | 11.5 | -14.5 |
| Change in current accounts | 6.2.1 | -638.1 | 640.5 |
| Other movements related to financing operations | | -6.4 | 7.5 |
| **Net cash flow from financing activities** | | **47.1** | **1,335.2** |
| CHANGES IN CASH AND CASH EQUIVALENTS | | -15.0 | 53.6 |
| **Net Cash and Cash equivalents at opening** | | 155.7 | 103.2 |
| Effects of exchange rate differences on Cash and Cash equivalents | | 5.1 | 2.7 |
| **Net Cash and Cash equivalents at closing** | | 140.7 | 155.7 |
| *of which Cash and Cash equivalents* | | *146.3* | *159.2* |
| *of which Bank overdrafts (excluding accrued interests)* | | *-5.6* | *-3.5* |

[(1)] *In accordance with IFRS 16 under the simplified retrospective method, the 2018 cash flow table has not been restated.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *in millions of euros* | Share capital | Additional paid-in capital | Treasury shares | Cash flow hedge reserves, translation reserves and actuarial gains and losses | Consolidated reserves and result | Shareholders' equity: Attributable to owners of the parent | Shareholders' equity: Non-controlling interests | Shareholders' equity: TOTAL |
|---|---|---|---|---|---|---|---|---|
| **December 31st, 2017** | **635.8** | **840.8** | **-0.2** | **-40.7** | **3,298.6** | **4,734.3** | **173.4** | **4,907.7** |
| Net result for the year | | | | | 119.3 | 119.3 | 4.2 | 123.5 |
| Foreign currency translation differences | | | | -33.5 | -8.6 | -42.1 | -0.7 | -42.8 |
| Actuarial gains and losses | | | | 0.6 | | 0.6 | | 0.6 |
| Gains and losses on cash flow hedging | | | | -4.1 | | -4.1 | -0.2 | -4.3 |
| **Net comprehensive income of the period** | **635.8** | **840.8** | **-0.2** | **-77.7** | **3,409.3** | **4,808.1** | **176.7** | **4,984.8** |
| Capital increases | | | | | | | | |
| Capital decreases | | | | | | | | |
| Treasury share transactions | | | | | | | | |
| Dividend distributions | | | | | **-117.9** | **-117.9** | **-6.2** | **-124.1** |
| Changes in scope | | | | | **25.5** | **25.5** | **-3.6** | **21.9** |
| Variations in put options granted to non-controlling interests | | | | | | | | |
| Other variations | | | | | **2.2** | **2.2** | **0.2** | **2.4** |
| **December 31st, 2018** | **635.8** | **840.8** | **-0.2** | **-77.6** | **3,319.1** | **4,717.8** | **167.1** | **4,884.9** |
| Net result for the year | | | | | 184.1 | 184.1 | 10.1 | 194.2 |
| Foreign currency translation differences | | | | 24.0 | | 24.8 | 0.2 | 25 |
| Actuarial gains and losses | | | | | 0.4 | 0.4 | | 0.4 |
| Gains and losses on cash flow hedging | | | | -6.7 | 0.8 | -5.9 | -0.6 | -6.5 |
| **Net comprehensive income of the period** | **635.8** | **840.8** | **-0.2** | **-59.6** | **3,504.3** | **4,921.1** | **176.8** | **5,097.9** |
| Capital increases | | | | | | | | |
| Capital decreases | | | | | | | | |
| Treasury share transactions | | | | | | | | |
| Dividend distributions | | | | | -321.7 | -321.7 | -6.1 | -327.8 |
| Changes in scope | | | | | 13.3 | 13.3 | -13.3 | 0 |
| Variations in put options granted to non-controlling interests | | | | | 3.9 | 3.9 | | 3.9 |
| Other variations | | | | | 4.4 | 4.4 | -0.6 | 3.8 |
| **December 31st, 2019** | **635.8** | **840.8** | **-0.2** | **-59.6** | **3 204.1** | **4 621.0** | **170.8** | **4 777.7** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTENTS

## NOTE 1 - DESCRIPTION OF THE GROUP AND MAIN EVENTS

### 1.1 DESCRIPTION OF THE GROUP

Ceetrus SA, the holding company in the scope of consolidation, is a company incorporated under French law, whose registered office is located at Business Pôle les Près 18 rue Denis Papin 59650 VILLENEUVE D'ASCQ. Ceetrus is a subsidiary of Auchan Holding.

Founded in 1976 as a property development subsidiary of Auchan Holding, Immochan has been undergoing a transformation project since 2016 to become a global property development operator. The company changed its name in June 2018 and became Ceetrus, moving from a mainly commercial property business to a mixed property developer.

An urban designer that listens to the needs of the regions, it creates diverse living spaces: shopping centres, housing, offices, major urban infrastructures, etc. Its skills extend to the professions of redeveloper-developer, property manager, investor and innovator. Having based its expertise on its ability to bring customers and brands together, Ceetrus now wants to achieve this for inhabitants and the town or city. The company is accelerating its development by investing in new areas of activity around its core business: neighbourhood redevelopment, construction of housing, offices, service industry and leisure properties.

Ceetrus SA and the companies included in the scope of consolidation managed assets in 10 countries on 31st December 2019.

Ceetrus SA is controlled by Auchan Holding SA.

### 1.2 MAIN EVENTS

**Ceetrus - New financing**

On 27 January 2019, Ceetrus concluded an €80 million financing agreement maturing in 2022.

On 27 June 2019, the Romanian company owner of Coresi Business Park project signed a €31 million credit contract maturing in 2024.

In June 2019, Ceetrus Russia concluded a 1 500 million Ruble (approximately €21 million) credit contract maturing in 2024.

**First S&P Rating**

On 31 October 2019, S&P Global Ratings assigned Ceetrus a BBB- rating (corresponding to the rating of Auchan Holding) and a BBB stand-alone rating.

**Green bond**

On 26 November 2019, Ceetrus raised €300 million via green bond emission, maturing in 2026, with a coupon of 2.75%.

These transactions are aimed at diversifying the Group's sources of financing and ensuring its liquidity in the medium and long term.

**France - StatioNord Project**

On 22 February 2019, Ceetrus and SNCF Gares & Connexions signed a partnership agreement for the 2024 Gare du Nord transformation project. A single-purpose semi-public company (SEMOP) was established, of which 34% is owned by SNCF Gares & Connexions and 66% by Ceetrus.

**France – EuropaCity**

On 7 November 2019, following the third ecological defense council, the French government announced his intention to abandon the EuropaCity project.

The perspective for compensation for the damage caused by this decision by excess of power were analyzed with the lawyers of the Group. The situation reflected in the consolidated financial statements at December 31, 2019 corresponds to the most probable future estimated situation.

**France - Disposals**

On 11 March 2019, disposal of a portfolio consisting of 9 assets (total GLA 55,000 sqm) to the company Carlyle, an associate company of Othrys.

On 2 April 2019, disposal of a portfolio consisting of 10 assets (total GLA 17,000 sqm) to BDG Invest.

**Luxembourg – Office Acquisition**

On 17 January 2019, Perf 8 acquired offices and car parks near the JBBK and KUBIK office buildings.

**Luxembourg – Investment properties held for sale**

Ceetrus decided to sign a sale agreement regarding a real estate complex located in Luxembourg. The real estate complex is composed of shopping centres and offices owned by Ceetrus and hypermarkets owned by Auchan Retail.

Ceetrus' investment properties have been presented on the line "Investments held for sale" in the 31/12/2019 balance sheet as they are comply with IFRS 5 criteria as defined bellow:

- investment properties are immediately available for sale in their present condition;
- The sale is highly probable within one year;
- The board directors is committed to the disposal plan of the assets.

Financial liabilities related to this group of asset have been reclassified on the line "Current loans and borrowings" in Shareholders' equity and liabilities.

### 1.3 POST BALANCE SHEET EVENTS

On 13 February 2020, Perf 8 has bought additional office space near JBBK and KUBIK offices.

**Italy - Acquisition Cascina Merlata**

On 21 May 2019 Merlata Sviluppo was set up by Ceetrus (30%) and Immobiliare Europea (70%). The aim of this operation is the creation of a major shopping centre near Milan.

On 9 July 2019, the company Merlata Sviluppo created in partnership with IE concluded the acquisition of the company Merlata Mall Spa, owner of the Merlata Mall shopping mall project.

The main changes in the scope of consolidation in 2019 and their impact on the consolidated financial statements are described in Note 2.2.

## NOTE 2 - GENERAL ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

### 2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Ceetrus' consolidated financial statements were approved by the Board of Directors on 5 March 2020. These accounts will not be final until approved by the Ordinary Shareholders' Meeting scheduled for 18 May 2020.

#### 2.1.1 Statement of conformity

The consolidated financial statements of Ceetrus SA are established in accordance with international accounting standards as approved by the European Union on 31 December 2019 which include IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and their interpretations published by the IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Standards Interpretations Committee). These documents are available for consultation on the website of the EU Commission at :

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr).

These financial statements are the first to take into account the IFRS 16 standard. The changes in accounting policies that have had significant impacts are described in note 2.1.2.

#### 2.1.2 Applied framework

The following accounting policies have been applied for the consolidated financial statements on 31 December 2019 are in line with those used for the financial statements on 31 December 2018, except for the regulatory changes that are applicable since 1 January 2019:

| Standards | |
|---|---|
| IFRS 16 | Leases |
| IFRIC 23 | Uncertainty over income tax treatments |
| Amendments to IFRS 9 | Prepayment features with negative compensation |
| Amendments to IAS 19 | Plan amendment, curtailment or settlement |
| Amendments to IAS 28 | Long-term interests in associates and joint ventures |
| Annual improvements to IFRS | 2015-2017 cycle |

##### 2.1.2.1 Application of IFRS 16 on 1 January 2019

The Group adopted IFRS 16 for the first time on 1 January 2019.

IFRS 16 introduces a single model for the accounting of lease contracts for the lessee. The lessee recognises a "right-of-use" asset which represents their right to use the underlying asset, and a lease liability for their obligation to pay the rent.

For the lessor, accounting remains similar to previous accounting methods.

The Group applied IFRS 16 using the simplified retrospective method, which recommends recording the cumulative effect of initial application of IFRS 16 as an adjustment to the non-distributed equity as at 1 January 2019.

As a result, the comparative information presented for 2018 has not been restated and is therefore presented, as before, in accordance with the IAS 17 standard and its interpretations. The resulting changes in accounting methods are explained in detail below.

***As a lessee***

The group is a lessee of certain assets that fall into the investment property category and also offices, equipment and vehicles that are classified as PPE.

The Group recognises a "right-of-use" asset and a lease liability at the commencement date of the lease. The "right-of-use" asset is initially measured at cost and then at cost less any accumulated depreciation and accumulated impairment losses, the amount could be adjusted for any remeasurement of the lease liability. When a "right-of-use" asset corresponds to the definition of an investment property, it is presented in the latter category.

The lease liability is initially measured at the discounted value of the rents that are due, but not yet paid at the commencement date. The discount rate used is the implicit interest rate of the contract or, if it cannot be readily determined, the incremental borrowing rate. It is this last rate that the Group generally uses as a discount rate.

The lease liability is then increased by the interest expense minus the rent amounts paid. The liability is revalued in the event of a change in future rents following a change in indexation or rate, a new estimate of the expected amount to be paid under a residual value guarantee or, where applicable, a revaluation of the exercising of a purchase option or the extension or non-exercising of an option to cancel (which then becomes reasonably certain).

The Group exercised its judgement in determining the lease term providing for an extension option. The fact that the Group has determined that it is reasonably certain to exercising such option, has an impact on the lease term and has a significant impact on the amount of rent liability and the "right-of-use" asset recorded in the accounts.

At the transition date, rent liabilities for contracts classified as operating leases in accordance with IAS 17 were valued at the value of the remaining lease payments, discounted using the incremental borrowing rate on 1 January 2019. "right-of-use" assets are valued either:

- at their book value, as if IFRS 16 had been applied since the beginning of the contract, discounted using the lessee's incremental borrowing rate at the date of the first application (01/01/2019) - this is the approach that the Group has chosen for its main investment property lease contract; or
- at an amount equal to that of the lease liability, restated for rents paid in advance or remaining due on the balance sheet - this is the approach chosen by the Group for all its other lease contracts.

The Group has used the following practical simplification measures:

- lease payments corresponding to low value assets are accounted for directly as expenses and do not result in the accounting of an asset and a liability;
- short-term leases (less than 12 months) are accounted directly as expenses and do not result in the accounting of an asset and a liability;
- contracts corresponding to a short-term residual duration (less than 12 months) on the transition date are accounted directly as expenses and do not result in the accounting of an asset and a liability;
- the Group has relied on past experience to determine the duration of the contract if this included options for extension or termination;
- for finance leases under IAS17, the "right-of - use" asset and corresponding lease liability on 1 January were determined as those of the underlying asset and lease liability that had been calculated in accordance with IAS17 prior to that date;

***As a lessor***

As a lessor, the Group leases its investment properties including the "right-of-use" for those that are leased themselves. The Group has classified these contracts as operating leases.

The accounting policies applicable to the Group as a lessor do not differ from those that prevailed in accordance with IAS 17.

***Impacts of the transition on financial statements:***

As part of the transition to IFRS 16, the Group has recorded "right-of-use PPE" assets and "right-of-use investment property" assets on the asset side of the balance sheet and lease liabilities on the liabilities side, with a recognition of the difference in equity. The effects of the first application of the standard are detailed below.

In order to value the lease liabilities of contracts that were previously classified as operating leases, the Group has updated lease payments using the incremental borrowing rate applicable on 1st January 2019.

| ASSETS *(in millions of euros)* | 31/12/2018 Published | Impact of IFRS 16 | 01/01/2019 with IFRS 16 |
|---|---|---|---|
| Goodwill | 206.1 | | 206.1 |
| Other intangible assets | 19.8 | | 19.8 |
| Property, plant and equipment (PPE) | 57.9 | | 57.9 |
| Right-of-use PPE | - | 7.9 | 7.9 |
| Investment properties | 8,012.3 | | 8,012.3 |
| Right-of-use investment properties | - | 135.3 | 135.3 |
| Shares and investments in companies accounted for using the equity method | 293.9 | | 293.9 |
| Non-current derivatives | 9.1 | | 9.1 |
| Other non-current financial assets | 174.4 | | 174.4 |
| Deferred tax assets | 24.0 | | 24.0 |
| **NON-CURRENT ASSETS** | **8,797.4** | **143.2** | **8,940.6** |
| Investments held for sale | - | | - |
| Client receivables | 138.6 | | 138.6 |
| Current tax receivables | 0.3 | | 0.3 |
| Current derivatives | 4.9 | | 4.9 |
| Other current financial assets | 107.0 | | 107.0 |
| Other current assets | 318.2 | - 0.4 | 317.8 |
| Cash and cash equivalents | 159.2 | | 159.2 |
| **CURRENT ASSETS** | **728.2** | **- 0.4** | **727.8** |
| TOTAL ASSETS | 9,525.6 | 142.8 | 9,668.4 |

| SHAREHOLDERS' EQUITY AND LIABILITIES *(in millions of euros)* | 31/12/2018 Published | Impact of IFRS 16 | 01/01/2019 with IFRS 16 |
|---|---|---|---|
| Share capital | 635.8 | | 635.8 |
| Additional paid-in capital | 840.8 | | 840.8 |
| Consolidated reserves | 3,121.7 | | 3,121.7 |
| Consolidated result | 119.3 | | 119.3 |
| **Shareholders' equity – Owners of the parent** | **4,717.8** | | **4,717.8** |
| Non-controlling interests | 167.1 | | 167.1 |
| **TOTAL SHAREHOLDERS' EQUITY** | **4,884.9** | | **4,884.9** |
| Non-current provisions | 4.4 | | 4.4 |
| Non-current loans and borrowings | 1,586.0 | | 1,586.0 |
| Non-current lease liabilities | - | 128.4 | 128.4 |
| Non-current derivatives | 10.8 | | 10.8 |
| Other non-current liabilities | 145.6 | | 145.6 |
| Deferred tax liabilities | 1,102.2 | | 1,102.2 |
| **NON-CURRENT LIABILITIES** | **2,848.9** | **125.5** | **2,977.3** |
| Current provisions | 25.4 | | 25.4 |
| Current loans and borrowings | 1,268.8 | | 1,268.8 |
| Current lease liabilities | - | 16.9 | 16.9 |
| Current derivatives | 2.2 | | 2.2 |
| Trade payables | 153.0 | - 2.5 | 150.4 |
| Tax liabilities | 10.6 | | 10.6 |
| Other current liabilities | 331.8 | | 331.8 |
| **CURRENT LIABILITIES** | **1,791.8** | **14.4** | **1,806.2** |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 9,525.6 | 142.8 | 9,668.4 |

The following table reconciles the off-balance sheet operating leases reported on 31st December 2018 and lease liabilities related of lease contracts in application of IFRS16 restated on 1 January 2019:

*in millions of euros*

| | |
|---|---|
| **Commitments given under operating leases as of 31st December 2018** | **170.8** |
| Effects related to contracts exempted from the application of IFRS 16 | - 26.5 |
| Effects related to contracts out of scope of commitments given by virtue of lease contracts as of 31st December 2018 | 6.8 |
| Effects related to optional periods not taken into account in off-balance sheet commitments | - 1.0 |
| Effects related to differences in the date of availability | - |
| Effects related to sublease agreements with Auchan Holding | 25.1 |
| Other effects | 1.5 |
| **Lease obligations before discounting** | **176.6** |
| **Discount effect** | - 31.1 |
| **Lease obligations after discounting** | **145.4** |
| **Lease obligations restated on 1st January 2019 after first application of IFRS 16** | **145.4** |

***Impacts on the accounts of the period***

As a result of the application of IFRS 16 to lease contracts previously classified as operating leases, the Group recorded €167.5 million of right-of-use assets (including investments properties) and €154.8 million euros in lease liabilities as of 31 December 2019.

In addition to these leases, the Group recorded amortisation and interest charges instead of rent expenses associated with operating leases. For the twelve months ended 31 December 2019, it therefore recorded € 3.7 million of amortisation and €10.5 million of interest charges on these lease contracts. The amortisation recorded for the right-of-use investment properties asset is included as a change in fair value in the Group's financial statements.

#### 2.1.2.2 IFRIC 23

The provisions of IFRIC 23 interpretation were applied by the Group on 1 January 2019. In the absence of tax risks, its application has no impact on the consolidated financial statements at 31 December, 2019.

#### 2.1.2.3 Other principles, amendments and interpretations issued by the International Accounting Standards Board (IASB) not yet adopted by the European Union

- Amendments limited to IFRS 3 "Definition of a business" applicable on 1 January 2020 according to the IASB (not yet approved by the EU);
- Amendments to the conceptual framework, applicable on 1 January 2020 according to the IASB (not yet approved by the EU);
- Amendments to IAS 1 and IAS 8 "Definition of Material", applicable on 1 January 2020 according to the IASB (not yet approved by the EU).

The impacts and interpretation of these amendments are still under review.

Amendments to IFRS 7, IAS 39 and IFRS 9 related to the reform of reference yields (IBOR) are not applied by anticipation. This fundamental reform of reference yields is in progress at global level. Timing and transition methods for the replacement of reference yields existing (IBOR) by alternative yields remain uncertain.

IBOR yields are still used as reference yields on financial markets and for valuation of financial instruments which maturation dates exceed the date of the end of these yields.

Thus, the group considers that the current structure of the market justifies the continuity of hedge accounting at 31 December 2019.

### 2.1.3 Use of estimates and judgements

The preparation of the consolidated financial statements requires Management to exercise its judgement, make estimates and formulate assumptions that may affect the carrying amount of certain assets, liabilities, income and expenses as well as the information given in the notes.

In the preparation of the consolidated financial statements, significant judgements made by Management in the application of accounting policies and principal estimates include the following:

- The valuation of tangible and intangible assets as well as investment property with the help of independent experts (see note 4);
- The valuation of provisions and evaluation of employee benefits and liabilities (see note 11);
- The valuation of deferred tax assets including those relating to tax loss carry-forwards (see note 9)
- Fair value valuation of identifiable assets and liabilities in business combinations (see note 2.2);
- Fair value of financial assets excluding derivative instruments (see note 6);
- The duration of leases and the determination of the incremental borrowing rate of debt in the scope of IFRS 16 (see note 2.1.2.1).

These estimates are based on a going concern assumption and are based on past experience and other factors that are considered reasonable in light of the circumstances and information available at inception. Estimates may be revised if the circumstances on which they were based change or because of new information. Actual values could be different from estimated values.

Finally, in application of the principle of relevance and in particular the concept of materiality that results from it, only the information considered useful for the users' understanding of the consolidated financial statements is presented.

### 2.1.4 Foreign currency transactions

Ceetrus' functional currency and the presentation currency of the consolidated financial statements are Euros.

#### Conversion of financial statements of foreign companies

Since Ceetrus does not have a subsidiary operating in hyperinflation economies, the financial statements of all foreign companies whose functional currency is different from the Euro are converted into Euros by applying the following method:

- Balance sheet items, with the exception of shareholders' equity, which are maintained at historical rates, are converted at the exchange rate prevailing on the balance sheet date;
- Income statement items are converted at the average exchange rate for the period;
- The flows are converted at the average exchange rate of the period.

The translation differences resulting from the application of this method are recognised under "Exchange differences" in other comprehensive income in the consolidated statement of comprehensive income and are recognised in the income statement upon the transfer of the net investment.

#### Accounting for foreign currency transactions

Transactions denominated in foreign currencies are converted into Euros at the exchange rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies, hedged or unhedged, are converted into Euros at the exchange rate applicable at the end of the financial year; the resulting exchange rate differences are recognised in the result of the period.

Non-monetary assets and liabilities denominated in foreign currencies which are measured at fair value are converted at the exchange rate on the date that fair value was determined.

### 2.1.5 Presentation of financial information

The amounts shown in the consolidated financial statements are rounded to the nearest million Euros and include individually rounded figures. Mathematical calculations on the basis of rounded elements may differ from the aggregates or subtotals displayed.

#### Statement of financial position

Assets and liabilities included in the normal business cycle are classified as current elements. Other assets and liabilities are classified as current or non-current items depending on whether their expected date of recovery or settlement occurs within 12 months from the accounting date.

#### Cash flow statement

The cash flow statement is prepared in accordance with IAS 7, according to the indirect method using the net result of the consolidated entity and is broken down into three categories:

- Cash flow from operating activities (including taxes);
- Cash flow from investment activities;
- Cash flow from to financing activities.

## 2.2 CONSOLIDATION SCOPE AND METHODS

### 2.2.1 Principles and methods of consolidation

A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it is exposed or is entitled to variable returns because of its relationship with the entity and has the ability to influence these returns because of the power it holds over it.

Non-controlling interests represent the portion of interest that is not attributable directly or indirectly to the Group. They are presented on a separate line of shareholders' equity "Non-controlling interests" and in the result of the consolidated entity "Non-controlling interests".

Companies in which Ceetrus exercises either joint control or has significant direct or indirect influence over management and financial policy without having control are accounted for using the equity method. Ceetrus' share of the profits or losses of the companies accounted for using the equity method is recognised in the income statement on the line "Share of the result of companies accounted for using the equity method". If Ceetrus' share of the losses of an associate is equal to or greater than its stake in it, Ceetrus, in its consolidated accounts, will no longer recognise its share of losses unless it has a legal or implicit obligation or has to make payments on behalf of the associate.

#### Closing date

The consolidation is carried out on the basis of the accounts signed off on December 31st for all entities included in the scope of consolidation. The consolidated financial statements include the accounts of companies acquired with effect from the takeover date control and those of the companies disposed of until the date control is lost.

#### Transactions eliminated in the consolidated financial statements

For fully consolidated companies (FC), all internal transactions and positions are completely eliminated in consolidation. For companies accounted for using the equity method, only internal margins and dividends are eliminated up to the Group's share of interest.

The list of the main companies included in the scope of consolidation is presented in note 15.

### 2.2.2 Business combinations (IFRS 3)

In the case of an acquisition transaction, an analysis is conducted to determine whether it relates to a business combination or the acquisition of an isolated asset.

The acquisition of securities of legal entities, holding one or more investment properties as their main asset, is accounted for according to the principles described below;

- If the acquired group of assets does not meet the definition of a "business" then the transaction is recognised as an asset acquisition. The acquisition price is then allocated to individual identifiable assets and liabilities based on their fair values at the acquisition date;
- If the group of assets acquired fulfils the definition of a "business" then the transaction is booked as a business combination according to the acquisition method, in accordance with IFRS 3 with effect from the takeover date.

In the latter case, pursuant to the acquisition method, all identifiable elements of assets acquired and liabilities assumed are measured and recognised at fair value on the takeover date (with some exceptions provided for in the standard). The amount transferred in return (acquisition cost) is measured at the fair value of the assets transferred, shareholders' equity issued and liabilities incurred on the date of the exchange. Costs directly related to business combinations are recorded as expenses for the period.

*Goodwill* corresponds to:

- the fair value of the amount transferred in return;
- plus the amount booked for any non-controlling stake in the acquired business (measured at its fair value or up to its share of net identifiable assets - option exercised on a case-by-case basis);
- less the net amount booked (generally at fair value) for identifiable assets acquired and liabilities assumed;
- if the business combination is achieved in stages, the fair value of any previously held stake in the acquired company.

When the difference is negative, a profit with regard to the acquisition on favourable terms is booked immediately in the income statement.

*Goodwill* is determined on the takeover date of the acquired entity and is not subject to any subsequent adjustment beyond the measurement period. Subsequent changes in the shares of interest in a subsidiary that do not result in a loss of control are booked directly in the group's shareholders' equity.

In the case of an acquisition in stages, the share previously held by Ceetrus and its subsidiaries is remeasured at fair value. The difference between the fair value and the net carrying amount of the stake is recorded in the income statement when one of the stages leads to a takeover. Upon the loss of control of a subsidiary, the share, if any, retained directly or indirectly by Ceetrus, is remeasured at its fair value in the income statement.

The *goodwill* related to an associate accounted for using the equity method is booked under "Shares and investments companies accounted for using the equity method".

In the case of negative *goodwill*, it is immediately recorded in the income statement.

In its financial statements, Ceetrus has a period of 12 months from the takeover date to refine the initial assessments of identifiable assets and liabilities, of the amount transferred in return and the non-controlling interests provided that the elements used to adjust these amounts correspond to new information brought to the attention of the acquirer and originating from facts and circumstances prior to the acquisition date.

The purchase price adjustments are included in the acquisition cost for their fair value on the takeover date, even if they are contingent and in return for shareholders' equity or debt (depending on the method of settlement). During the measuring period, subsequent revisions to these price additions are recorded as *goodwill* when they relate to facts and circumstances that existed at the time of the acquisition ; beyond that, purchase price adjustments are recorded through the income statement, unless they are offset by an equity instrument.

### 2.2.3 Change in scope 2018

| *in number of companies* | 31/12/2017 | Acquisitions | Creations | Disposals | Absorption, Dissolution, Deconsolidation | Change of consolidation method | 31/12/2018 |
|---|---|---|---|---|---|---|---|
| Subsidiaries in FC | 92 | 11 | 4 | | -5 | 7 | 109 |
| Equity method | 35 | 1 | 1 | -1 | | -7 | 29 |
| **TOTAL** | **127** | **12** | **5** | **-1** | **-5** | **0** | **138** |

Significant changes in the scope of consolidation during the year 2018 are:

**Portugal - Acquisition of 5 companies**

On 1 March 2018, Ceetrus Portugal signed the acquisition of 2 shopping centres (Forum Montijo, Forum Sintra) and a retail park (Sintra Retail Park) in Lisbon by acquiring 5 companies.

The acquisition has been treated as a business combination under the terms of IFRS 3. The accounting of a deferred tax liability on the unrealized appreciation of investment properties led to the recognition of *goodwill* of €43.2 million.

Since the acquisition date, the assets have made a contribution worth €21.9 million to the Group's gross leasing revenues. If the acquisition took place on 1 January 2018, the companies' contribution to the Group's gross leasing revenues would have been approximately €27 million.

**Portugal - Acquisition of a stake in Neutripromo**

On 26 February 2018, Ceetrus Portugal acquired a 50% stake in Neutripromo, an owner of land and commercial licences. The 50% stake and the governance arrangements lead Ceetrus to exercise significant influence within the scope of collective control and therefore to recognize this company using the equity method in the consolidated financial statements. The operation has been treated as a business combination under the terms of IFRS 3. A *goodwill* of €6.7 million was booked and allocated to the item "Shares and investments in companies accounted for using the equity method".

**Italy - Ceetrus Italy Acquisition**

On 20 December 2018, Ceetrus sold Auchan Retail its 42% stake in Auchan Spa for a sale price of €318.8 million.

In addition, on 20 December 2018 Ceetrus acquired the share of Ceetrus Italy shares held by Auchan Retail for €710 million. This acquisition increased the holding rate to 100% and gave control of Ceetrus Italy.

The operation has been treated as a business combination achieved in stages under the terms of IFRS 3. The Group remeasured its previously held stake in the acquired company at fair value and therefore booked a profit of €121.5 million in the income statement. Subsequently, all identifiable elements of assets and liabilities assumed have been measured and booked at fair value. *Goodwill* of €144 million was booked as corresponding principally to deferred taxes on unrealized capital gains on investment properties since deferred taxes were not taken into account when determining the acquisition price of the units and future cash flows from ongoing property developments not taken into account in the appraisal values.

If the acquisition took place on January 1st, 2018, the companies' contribution to the Group's gross leasing revenues would have been approximately €81 million.

**Luxembourg - Acquisition of JBBK and Kubik offices**

Ceetrus Luxembourg acquired two assets (JBBK on 30 August 2018 and KUBIK on 30 November 2018) intended to be transformed into a mix of offices, housing, shops and leisure.

The acquisition transactions of these companies were treated as acquisitions of isolated assets.

Since the acquisition date, the two assets have made a contribution worth €4.7 million to the Group's gross leasing revenues.

If the acquisition took place on 1 January 2018, the companies' contribution to the Group's gross leasing revenues would have been €17.2 million.

### 2.2.4 Changes in scope 2019

| *in number of companies* | 31/12/2018 | Acquisitions | Creations | Disposals | Absorption, Dissolution, Deconsolidation | Change of consolidation method | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Subsidiaries in FC | 109 | | 4 | | -8 | | 105 |
| Equity method | 29 | 1 | 2 | | | 2 | 34 |
| **TOTAL** | 138 | 1 | 6 | 0 | -8 | 2 | 138 |

Significant changes in the scope of consolidation during the year 2019 are:

**France - StatioNord Project**

On 24 January 2019, creation of Ceetrus Paganor.

On 6 February 2019, Ceetrus and SNCF Gares & Connexions proceeded to the creation of a single-purpose semi-public company (SEMOP) "Gare du Nord 2024". The company is 34% owned by SNCF Gares & Connexions and 66% by Ceetrus (shares held by Ceetrus Paganor). The company is jointly controlled and consolidated under the equity method.

**Italy - Cascina Merlata**

Constitution of Merlata Sviluppo on 21 May 2019. The company is 30% owned by Ceetrus Italy and 70% by Immobiliare Europea. As Ceetrus has a significant influence on this company, its consolidated under the equity method.

Acquisition of 100% of shares of the company Merlata Mall Spa by the company Merlata Sviluppo the 9 July 2019. The company carries a shopping mall project and is also consolidated under the equity method.

**Italy – Mergers**

On 21 mars 2019, merger of LSGII8 into Galleria Cinisello.

On 22 November 2019, merger of GCN2 into Galleria Cinisello.

**Hungary - Creation Boroka Park 2**

Creation of the Boroka Park2 company on 9 May 2019, 90% owned by Ceetrus Hungary and 10% by ZEF KFT. The company carries a real estate development project.

**Poland - Mergers**

On 21 March 2019, merger of the Challenge Twenty One into Marisella.

On 23 September 2019, merger of Yucaba into Real Estate Alpha 3 with retroactive effect as of 30 June 2019.

## NOTE 3 - OPERATING SEGMENTS

### Accounting principles

In application of IFRS 8 *Operating segments*, the operating segments are determined on the basis of the information made available to Management (Principal Operational Decision Maker) to evaluate the performance and activity of the entity constituted by Ceetrus and its subsidiaries and the different segments that make it up.

An operating segment is a component of the scope of consolidation that engages in activities from which it may derive revenue or incur expenses, including revenues and expenses related to transactions with other components.

Ceetrus is organised, for management requirements, by site. A site groups together a set of property assets (shopping centres, offices, housing, leisure, etc.) within a defined geographical area. Management monitors operational result and makes strategic decisions about each site separately. Given that no site information monitored by management exceeds the quantitative thresholds in accordance with IFRS 8, the segments presented correspond to a grouping of sites by geographical area. This grouping corresponds to a set of sites with similar characteristics from an economic, regulatory and environmental point of view.

These operating segments are structured as follows:

- **France**;
- **Western Europe** which includes Italy, Spain, Portugal and Luxembourg;
- **Eastern Europe** which includes Poland, Russia, Ukraine, Romania and Hungary

A "**Holding and other activities**" column includes in particular the holding companies as well as the company in charge of financing and monitoring the Treasury on behalf of the Group.

### 3.1 INCOME STATEMENT BY OPERATING SEGMENTS

| 2019<br>in millions of euros | France | Western Europe | Eastern Europe | Holdings and other activities | GROUP TOTAL 31/12/2019 |
|---|---|---|---|---|---|
| **Net rental income** | **253.2** | **161.1** | **114.5** | **-0.1** | **536.7** |
| Revenues from administrative management and other activities | 11.9 | 27.9 | 6.5 | 0.0 | 46.3 |
| Gross operating income | 198.6 | 147.8 | 91.2 | -6.0 | 431.6 |
| **Operating result** | **181.1** | **122.1** | **47.3** | **-7.7** | **342.7** |
| Financial result | | | | | -49.9 |
| Share of result of companies accounted for using the equity method | | | | | 5.0 |
| Income tax expenses | | | | | -103.7 |
| NET RESULT OF THE CONSOLIDATED ENTITY | | | | | 194.2 |

| 2018<br>in millions of euros | France | Western Europe | Eastern Europe | Holdings and other activities | GROUP TOTAL 31/12/2018 |
|---|---|---|---|---|---|
| **Net rental income** | **247.0** | **63.0** | **102.1** | **-0.2** | **411.9** |
| Revenues from administrative management and other activities | 10.9 | 7.2 | 5.4 | 0.0 | 23.6 |
| Gross operating income | 202.7 | 53.9 | 77.1 | -25.1 | 308.6 |
| **Operating result** | **-50.1** | **90.5** | **90.0** | **95.3** | **225.7** |
| Financial result | | | | | -20.7 |
| Share of result of companies accounted for using the equity method | | | | | -41.3 |
| Income tax expenses | | | | | 40.2 |
| NET RESULT OF THE CONSOLIDATED ENTITY | | | | | 123.5 |

### 3.2 SIMPLIFIED BALANCE SHEET BY OPERATING SEGMENTS

| 2019<br>ASSETS *(in millions of euros)* | France | Western Europe | Eastern Europe | Holdings and others | GROUP TOTAL 31/12/2019 |
|---|---|---|---|---|---|
| Goodwill | 14.4 | 191.3 | 0.4 | - | 206.1 |
| PPE and intangible assets[1] | 54.5 | 6.7 | 8.4 | 7.2 | 76.8 |
| Investment properties[1] | 4,184.4 | 1,986.0 | 1,578.9 | - | 7,749.3 |
| Shares and investments in companies accounted for using the equity method | 48.8 | 254.0 | 10.4 | 6.3 | 319.9 |
| Other non-current assets | 7.7 | 207.2 | 10.8 | 84.6 | 310.3 |
| Other current assets | 323.5 | 947.6 | 141.1 | 40.6 | 1 452.8 |
| TOTAL ASSETS | 4 633.3 | 3 592.7 | 1 749.9 | 138.7 | 10 144.7 |

[1] including "right-of-use" assets

| 2018<br>ASSETS *(in millions of euros)* | France | Western Europe | Eastern Europe | Holdings and others | GROUP TOTAL 31/12/2018 |
|---|---|---|---|---|---|
| Goodwill | 14.4 | 191.3 | 0.4 | - | 206.1 |
| PPE and intangible assets | 66.6 | 4.4 | 4.7 | 2.0 | 77.6 |
| Investment properties | 4,137.6 | 2,394.5 | 1,480.2 | - | 8,012.3 |
| Shares and investments in companies accounted for using the equity method | 41.1 | 232.1 | 6.4 | 14.3 | 293.9 |
| Other non-current assets | 2.9 | 182.8 | 7.0 | 14.8 | 207.5 |
| Other current assets | 284.8 | 225.7 | 176.2 | 41.6 | 728.2 |
| TOTAL ASSETS | 4,547.4 | 3,230.6 | 1,674.9 | 72.7 | 9,525.6 |

## NOTE 4 - INVESTMENT PROPERTIES, PPE AND INTANGIBLE ASSETS, GOODWILL

### 4.1 GOODWILL

**Accounting principles**

The determination of *goodwill* resulting from business combinations is described in note 2.2.2. *Goodwill* is not amortized but rather reviewed annually at the end of the financial year using an impairment test and when events or circumstances indicate that a write-down is likely to occur. For this test, fixed assets are grouped into Cash-Generating Units (CGUs). For Ceetrus, CGUs correspond to the smallest group of assets whose continuous use generates cash flows largely independent of the cash flows generated by other groups of assets.

*Goodwill* from business combinations is allocated to CGUs or groups of CGUs that can benefit from the synergies of business combinations. On this basis, Ceetrus' *goodwill* is tested at the level of each country.

Significant losses in value are recorded on the line "*Goodwill impairment*" of the income statement.

In the case of *goodwill* being generated by the recognition of a deferred tax liability for the revaluation at fair value of an investment property, the deferred tax liability is deducted from the carrying amount of *goodwill* for the purposes of the impairment tests carried out on the cash-generating unit (CGU).

**Goodwill impairment**

IAS 36 standard defines the procedures that a company must apply to ensure that the net book value of its tangible fixed assets, including rights of use assets, intangible assets including goodwill, does not exceed its recoverable value, that is, the amount that will be recovered through their use or sale.

The recoverable amount of an asset is defined as the highest between its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be obtained from the sale of an asset in an orderly transaction between market participants on the valuation date, minus exit costs. Value in use is the present value of estimated and expected future cash flows from the continued use of an asset and its disposal at the end of its useful life.

For property, plant and equipment (including right-of-use) and intangible assets (including goodwill), the recoverable value is tested as soon as there are any indications impairment. This test is also carried out once a year (in practice as of 31 December 31 take into account the seasonality of the activity) for assets with an indefinite lifespan.

Cash flows after tax are estimated on the basis of updated 3-year plans for the past year. Beyond that, the flows are extrapolated for 6 years by applying a constant growth rate over a period which corresponds to the estimated useful life of the tangible asset. For the tests relating to the assets of a country (including goodwill), the flows are therefore estimated over a period of 9 years with taking into account a terminal value, calculated from the updating to infinity of the Grade 9 data. Perpetual growth rates are determined based on data from the International Monetary Fund.

The flows are discounted at the weighted average cost of capital after tax, plus a risk premium specific to each country.

For this test, fixed assets are grouped into cash generating units (CGUs). CGUs are sets of assets whose continued use generates cash inflows which are largely independent of the cash inflows generated by other groups of assets. Ceetrus has defined the shopping centre as a CGU. An impairment loss is recognized as soon as the carrying amount of the asset or CGU to which it belongs exceeds its recoverable amount. Goodwill is tested by country and by activity, and the assets of the CGU group then include tangible and intangible assets, goodwill related to the country and the activity and its working capital requirement.

| *in millions of euros* | 31/12/2017 | Business combination | Disposal | Impairment | Other changes [1] | 31/12/2018 |
|---|---|---|---|---|---|---|
| Gross value | 29.5 | 188.0 | 0.0 | | -0.0 | 217.5 |
| Impairment | -0.5 | 0.0 | 0.0 | -10.9 | 0.0 | -11.4 |
| **NET VALUE** | **29.0** | **188.0** | **0.0** | **-10.9** | **-0.0** | **206.1** |

[1] *including translation differences and transfers from one post to another*

The increase in goodwill in 2018 is mainly related to:

- the acquisition of Ceetrus Italy's share held by Auchan Retail. The transaction treated as a business combination under the terms of IFRS 3 resulted in the recognition of a goodwill of €144.3 million;

- the acquisition of the two shopping centres and a retail park in Portugal led to the recognition of a goodwill of €43 million.

The goodwill impairment in 2018 concerns:

- the impairment of part of the goodwill related to the acquisition of the company Petit Menin (-€9.0 million);

- the total impairment of the goodwill related to the acquisition of the company Immopic (-€1.9 million).

| *in millions of euros* | 31/12/2018 | Business combination | Disposal | Impairment | Other changes [1] | 31/12/2019 |
|---|---|---|---|---|---|---|
| Gross value | 217.5 | 0.0 | -0.5 | | -0.0 | 217.0 |
| Impairment | -11.4 | 0.0 | 0.5 | | 0.0 | -10.9 |
| **NET VALUE** | **206.1** | **0.0** | **0.0** | **0.0** | **-0.0** | **206.1** |

[1] *including translation differences and transfers from one post to another*

| *in millions of euros* | 31/12/2018 | 31/12/2019 |
|---|---|---|
| France | 14.4 | 14.4 |
| Western Europe | 191.3 | 191.3 |
| Eastern Europe | 0.4 | 0.4 |
| Holdings et other activities | 0.0 | 0.0 |
| **VALEUR NETTE** | **206.1** | **206.1** |

### 4.2 INTANGIBLE ASSETS (EXCLUDING GOODWILL)

**Accounting principles**

An intangible asset is identifiable if it is separable from the acquired entity or if it results from legal or contractual rights. Other intangible assets mainly consist of software acquired or developed internally.

Intangible assets acquired separately from companies within the scope of consolidation are booked at cost and those acquired through business combinations at their fair value. In accordance with the provisions of IAS 38, intangible assets with indefinite useful lives are not amortized and are subject to a review of their valuation if events that may call their value into question occur, and in all cases at least once a year. When their recoverable value is lower than their net carrying amount, an impairment is recorded.

Other intangible assets, classified as intangible assets with finite lives, are amortized on a straight-line basis over periods corresponding to their expected useful lives. Thus, licences and computer software acquired and software developed internally, which fulfil all the criteria imposed by the IAS 38 standard, are capitalized and amortized over a useful life of 3 years. As an exception, ERP type software, which are very structuring for the business and whose functional and technical architecture has a longer probable useful life, are amortized over 5 years. These fixed assets are subject to impairment tests in a potential loss of value is indicated.

| *in millions of euros* | 31/12/2017 | Acquisitions and investments | Disposals, decommissioning | Changes in scope | Amortization/ Impairment | Reclassification and other changes [1] | 31/12/2018 |
|---|---|---|---|---|---|---|---|
| Gross value | 49.6 | 4.6 | -0.0 | 2.7 | - | 3.8 | 60.6 |
| Amortization and impairment | -28.5 | 0.0 | 0.0 | -1.8 | -10.5 | 0.1 | -40.8 |
| **NET VALUE** | **21.0** | **4.6** | **-0.0** | **0.9** | **-10.5** | **3.8** | **19.8** |

*[1] including translation differences and transfers from one post to another*

| *in millions of euros* | 31/12/2018 | Acquisitions and investments | Disposals, decommissioning | Changes in scope | Amortization/ Impairment | Reclassification and other changes [1] | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Gross value | 60.6 | 4.6 | -4.6 | 0.0 | | 10.4 | 71.2 |
| Amortization and impairment | -40.8 | 0.0 | 4.6 | 0.0 | -15.6 | 0.0 | -51.7 |
| **NET VALUE** | **19.8** | **4.6** | **-0.0** | **0.0** | **-15.6** | **10.4** | **19.5** |

*[1] including translation differences and transfers from one post to another*

The intangible assets item mainly consists of acquired software and software licences, and internally developed software.

Investments on 2019 are mainly attributable to Ceetrus France (+€3.3 million). The change to the Aushopping platform in April 2019 led to the scrapping of fixed assets related to the previous platform for a total of €4.6 million.

The reclassification of €10.4 million corresponds to the commissioning of IT developments.

## 4.3 PROPERTY, PLANT AND EQUIPMENT (PPE)

### Accounting principles

In accordance with IAS 16, Property, plant and equipment are measured at historical cost less accumulated amortization and any impairment losses. Amortization is calculated using the component method, based on the useful life of the asset. Amortization is thus calculated according to the following durations:

- Constructions (structural work): 30 years
- Roof waterproofing, sanitation and flooring: 20 years
- Fixtures and fittings: 6 and 2/3 years and 8 years
- Technical installations, equipment and tools: 3 to 10 years
- Other fixed assets: 3 to 5 years

Property, plant and equipment include operating assets (sites occupied by the group when the group owns them) such as equipment and other office equipment.

In application of IFRS 16, property, plant and equipment also include "right-of-use" assets, which correspond to the remaining payments for the lease of operating assets (mainly offices), vehicle rental contracts and other office equipment and materials.

The "right of use" asset is initially valued at cost and then amortized on a straight-line basis over the estimated duration of the contract. The value of the asset can also be adjusted to take account of certain revaluations of the lease liabilities and, where applicable, reduced by any impairment losses, in accordance with IAS 36.

The Group has chosen not to recognize "right of use" assets for short-term lease contracts whose duration is less than 12 months and the lease of low-value assets. The Group recognizes the rental charges linked to these lease contracts as expenses.

| *in millions of euros* | 31/12/2017 | Acquisitions and investments | Disposals, decommissioning | Changes in scope | Amortization/ Impairment | Reclassification and other changes [1] | 31/12/2018 |
|---|---|---|---|---|---|---|---|
| Land, buildings and fixtures | 26.1 | 1.2 | -0.1 | -0.0 | | 2.6 | 29.8 |
| Materials and other fixed assets | 7.5 | 0.7 | -0.2 | 4.6 | | 0.3 | 12.8 |
| Property, plant and equipment in progress (WIP) | 27.9 | 21.4 | 0.0 | -0.0 | | 3.9 | 53.2 |
| Right-of-use PPE | - | | | | | | - |
| **Gross value** | **61.5** | **23.3** | **-0.3** | **4.6** | **0.0** | **6.8** | **95.9** |
| Amortization and impairment of land, buildings and fixtures | -16.1 | 0.0 | 0.0 | -0.0 | -1.4 | -0.1 | -17.6 |
| Amortization and impairment of materials and other fixed assets | -5.7 | 0.0 | 0.0 | -1.2 | -0.9 | -0.0 | -7.8 |
| Impairment of PPE in progress | -11.9 | 0.0 | 0.0 | 0.0 | 0.0 | -0.7 | -12.6 |
| Amortization and impairment of right-of-use PPE | - | | | | | | - |
| **Amortization and impairment** | **-33.6** | **0.0** | **0.0** | **-1.2** | **-2.3** | **-0.9** | **-38.0** |
| **NET VALUE** | **27.9** | **23.3** | **-0.2** | **3.3** | **-2.3** | **5.9** | **57.9** |

[1] *including translation differences and transfers from one post to another*

The increase in tangible assets under construction in 2018 mainly concerns Ceetrus France for €19.3 million.

Changes in the scope of consolidation in 2018 is mainly due to Italy's entry into full consolidation.

| in millions of euros | 31/12/2018 | Acquisitions and investments | Disposals, decommissioning | Changes in scope | Amortization/ Impairment | Reclassification and other changes [1] | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Land, buildings and fixtures | 29.8 | 1.4 | -1.5 | -0.0 | | 1.4 | 31.1 |
| Materials and other fixed assets | 12.8 | 0.5 | -0.2 | 0.0 | | 1.8 | 14.9 |
| Property, plant and equipment in progress (WIP) | 53.2 | | -1.8 | -0.0 | | -22.4 | 41.9 |
| Right-of-use PPE | | | | | | 19.6 | 17.8 |
| **Gross value** | **95.9** | **13.0** | **-1.2** | **-0.0** | | **0.4** | **105.7** |
| Amortization and impairment of land, buildings and fixtures | -17.6 | | 03 | 0.0 | -2.3 | -0.3 | -19.9 |
| Amortization and impairment of materials and other fixed assets | -7.8 | | 0.2 | 0.0 | -2.1 | -0.1 | -9..8 |
| Impairment of PPE in progress | -12.6 | | | | **-0.5** | **-2.4** | **-15.5** |
| Amortization and impairment of right-of-use PPE | | | 0.5 | | -3.7 | 0.0 | -3.2 |
| **Amortization and impairment** | **-38.0** | | **0.9** | **-0.0** | **-8.6** | **-2.8** | **-48.4** |
| **NET VALUE** | **57.9** | **5.7** | **-2.6** | **0.0** | **-8.6** | **-2.4** | **57.4** |

[1] *including translation differences and transfers from one post to another*

The increase in tangible assets under construction in 2018 mainly concerns Ceetrus France for €4.6 million.

PPE in progress decreased by €22.9 million following the commissioning of intangible assets for €9.6 million and reclassification as investment property of €12 million in Ceetrus France.

## 4.4 INVESTMENT PROPERTIES

### Accounting principles

#### Investment properties (excluding "right-of-use" assets)

An investment property is a property held by an owner for the purposes of earning rent or capital appreciation, or both. Investment properties also include properties that are under construction or developed for future use as investment property. Shopping centres, business parks and land plots held by the group are therefore accounted for as investment properties.

Investment properties, entered on a separate line of assets in the consolidated balance sheet, are initially measured at cost, including the purchase price, the various transaction costs (including non-recoverable taxes, transfer taxes, fees, commissions and legal fees), the costs directly attributable to putting the investment property to the Management's intended use of and, where applicable, the costs of eviction and borrowing costs.

Ceetrus has opted, in accordance with the option offered by IAS 40, for the fair value accounting of its investment properties. After initial recognition, investment properties are recorded at their fair value, as defined by IFRS 13. Fair value corresponds to the price at which a transfer could be made between knowledgeable, willing parties in an arm's length transaction. The value used in the consolidated financial statements is the value excluding transfer taxes.

The income statement thus records the change in fair value of each property over the year, determined as follows:

Market value y - (market value y - 1 + increase in investment property in period y).

Increases in investment properties consist of capital expenditures, eviction costs, capitalized financial interest and other development costs (certain internal employee expenses and directly attributable identified costs can be capitalized during construction or restructuring phases).

Investment properties under construction are also measured at fair value if this can be reliably determined. When this is not the case, investment properties under construction are measured at cost less impairments, until fair value can be determined reliably. This is done by taking into consideration, among other things, the degree of progress in obtaining administrative, construction and commercial authorisations.

In the event of restructuring for future and ongoing use as an investment property, the asset continues to be recognised as an investment property.

For investment properties measured at cost, an impairment test is carried out as soon as there is an indication of impairment. When this type of indication exists, if the recoverable value is lower than the carrying amount, an impairment is recorded.

In the event of a disposal, the capital gain on disposal is determined by the difference between the income from disposal net of transaction costs and the net carrying amount of the asset. It is stipulated that when an asset is disposed of, the balance of the receivable arising from the spreading of the rent incentives granted to the lessees (mainly rent free periods and step rents) is fully recorded and booked as "Income from disposal of fixed assets". The same treatment is applied to the debts resulting from spreading of key money collected.

In accordance with IAS 40, when determining the fair value of an investment property, the Group should not recognise separate assets and liabilities twice. The fair values provided by property appraisers are analysed and corrected if they take into account elements recognised elsewhere in the balance sheet. In practice the following items are restated:

- the effects of spreading rent free periods and step rents granted to lessees;
- the effects of spreading key money received by the Group;
- the effects of prepaid rents in the context of operating leases.

When the lessor cancels a current lease, he pays eviction indemnities to the lessee. This is booked as a cost of the fixed asset if its payment modifies the performance level of the asset (new lease at higher financial conditions, in case of recovery of the premises for extension works or transfer of former lessees to a new site). In other cases, eviction indemnities are booked as expenses.

### Right-of-use of investment properties

In some cases, the Group enters into a lease contract of real estate which falls into the investment property category according to IAS 40. In this case, according to IFRS 16, the Group recognizes a "right of use" asset in the "investment properties " on the balance sheet.

The "right-of-use" asset is initially valued at cost (initial amount of lease liability plus all costs incurred, minus lease incentives received) and then amortized on a straight-line basis over the estimated duration of the contract. The value of the asset can also be adjusted to take account of certain revaluations of the lease liabilities and, where applicable, reduced by any impairment losses, in accordance with IAS 36.

The Group has chosen not to recognize "right of use" assets for short-term lease contracts whose duration is less than 12 months and the lease of low-value assets. The Group recognizes the rental charges linked to these lease contracts as expenses.

### Investment property held for sale

Assets held for sale are classified as non-current asset held for sale if the asset or group of assets is available for immediate sale and if its sale is highly probable within a period not exceeding one year. These assets are then presented on the line "Investments held for sale" on the balance sheet. Liabilities relating to this asset or group of assets are presented, if applicable, on a separate line in liabilities.

To meet this qualification, the group must have signed a binding promise to sell without any unusual conditions precedent. At the transfer date, the asset (or group of assets) held for sale is measured on the basis of fair value.

### Evaluation of the fair value of investment properties

A property appraisal process has been put in place to estimate the fair value of investment properties. Two independent property appraisers are involved and divide up the valuation of the investment properties of the entire group. This assignment was entrusted to Jones Lang Lasalle & CBRE, after a tender selection process, for a period of three years. Appraisals are carried out according to professional standards, and in particular: the Property valuation charter for France, TEGoVA (The European Group of Valuers' Association) published in the Blue Book, and the Red Book Standards of the Royal Institution of Chartered Surveyors (RICS). These various texts govern, in particular, the qualification of the appraisers, the ethical principles as well as the valuation methodologies. The appraisers are remunerated on a fixed rate basis according to the number of lots and the complexity of the assets valued. The remuneration is completely independent from the valuation of the assets.

Investment properties are mainly valued by appraisers using the discounted cash flow method (or DCF). This method involves projecting the future income generated during the potential holding period and then determining the sale price at the end of the period using an exit rate on revenue in the year of the disposal. Future revenues are then discounted at the value date using a discount rate reflecting the perceived level of risk.

This exercise is conducted according to the best market knowledge by the appraisers, based on comparable transactions but also ongoing transactions not yet finalised but that reflect the appetite of investors to date. However, this estimate requires significant judgements to determine the appropriate assumptions, including rates of return and discount, market leasing values, evaluation of budgets for the work to be completed and the estimated date of completion (particularly for assets in the development phase) and any accompanying measures with benefits to be granted to lessees. Specific information such as the nature of each property and/or its location is also taken into account. Given the estimated nature of this type of valuation, the income from disposal of certain assets may differ from the valuations carried out.

Land plots and properties under development (if they meet the criteria defined above) are also valued at fair value. The methods used by the appraisers mainly include the developer's balance sheet method and/or the discounting of cash flows complemented in certain situations by the comparison method. The developer's balance sheet method consists of drawing up the project's financial balance sheet according to the approach of a property developer to whom the land would be offered. Using the selling price of the building at delivery, the expert deducts all the costs to be incurred, construction costs, fees and margin, financial expenses as well as the amount that could be assigned to land charges. For buildings under development, the remaining work costs to be paid and the carrying cost are deducted from the estimated selling price of the building to determine the fair value. In principle, projects under development are valued on the basis of an identified project.

For each survey, the assessments made by the independent property appraisers are reviewed by Ceetrus teams. During this review, Ceetrus ensures the consistency of the methods used to evaluate investment properties by the panel of experts. In addition, the process includes discussions on the assumptions made by the appraisers and the results of the valuations.

Except in particular cases, the principle used is that the Ceetrus-owned properties are subject to an appraisal, with the exception of:

- properties held for sale, under a promise to sell at the closing date or for which an offer has been received and which are valued on the basis of the proposed price less estimated selling costs.
- properties acquired less than six months before the half-yearly or annual closing date, which are valued at their acquisition cost.

The values communicated by the appraisers are inclusive and exclusive of transfer taxes, with the values exclusive of transfer taxes being determined after deduction of any legal fees and transfer costs calculated by the appraisers.

Fair value measurements of investment properties are considered as a whole to be included in Level 3 as defined by IFRS 13, notwithstanding the consideration of certain observable level 2 data (see note 6.5 for definition). When using a valuation technique based on data of different levels, the fair value level is then constrained by the lowest level. Ceetrus has not identified an optimal use of an asset different from its current use.

**Valuation methods**

### Assessment of the fair value of properties on 31st December 2018 and 31st December 2019

On 31st December 2018 and 31st December 2019, Ceetrus had expert valuations carried out by independent property valuers for all property assets in France and abroad and used these values for the fair value accounting of investment properties on that date.

For buildings under construction, the values corresponding to the costs actually spent were used. For land plots, the external expert valuations carried out on 31st December 2019 were used.

Assessment of the fair value of properties on 31st December 2017 is detailed in note 4.4 of Ceetrus consolidated financial statements on 31st December 2018.

### 4.4.1 Investment properties

| *in millions of euros* | Investment properties at fair value | Investment properties at cost | Right-of-use investment properties | TOTAL Investment properties |
|---|---|---|---|---|
| **ON 31 DECEMBER 2017** | **6,084.4** | **339.5** | **-** | **6 423.9** |
| Entries into scope | 1,282.2 | 15.7 | | 1,297.8 |
| Investments | 583.2 | 53.4 | | 636.5 |
| Disposals and exits from scope | -66.1 | -38.0 | | -104.1 |
| Reclassifications and other changes | 182.6 | -192.3 | | -9.7 |
| Exchange rate differences | -55.4 | -5.7 | | -61.0 |
| Change in fair value | -171.1 | 0.0 | | -171.1 |
| **ON 31 DECEMBER 2018** | **7,839.7** | **172.6** | **-** | **8,012.3** |
| Entries into scope | | | | - |
| Investments | 337.3 | | 15.8 | 353.1 |
| Disposals and exits from scope | -96.3 | -11.4 | | -107.7 |
| Reclassifications and other changes | -527.4 | -79.3 | 136.4 | -470.3 |
| Exchange rate differences | 28.0 | 5.1 | 0.7 | 33.7 |
| Change in fair value | -54.5 | | -17.5 | -72.0 |
| **ON 31 DECEMBER 2019** | **7 526.8** | **87.0** | **135.4** | **7 749.3** |

#### Change during the period

The main investments during this period concern:

- completions of works on the Cloche d'Or site in Luxembourg and acquisition of offices for €65 million;
- works on a shopping centre in Moscow and acquisition of two shopping centre in Russia for €48 million;
- development works on the site in Brasov, acquisitions of plots and renovations in Romania for €32 million;
- renovations and extensions of shopping centres and retail parks and acquisition of plots for €100 million in France;
- development works and extensions in Spain and Italy for €40 million.

Disposals of the year 2019 mainly concern France, following disposals of two portfolios of assets (19 assets in total) in March and April 2019 and one disposal of land plot.

The line « reclassification and other changes » includes the put into service of investment properties, the recognition of “right-of-use” assets according to IFRS 16 and the reclassification of Luxembourg assets as “Investments held for sale”.

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Investment property at fair value | 7 546.1 | 7,862.6 |
| Investment property at cost | 87.0 | 172.6 |
| **INVESTMENT PROPERTIES BEFORE RESTATEMENTS** | **7 633.9** | **8,035.3** |
| Right-of-use investment properties | 135.4 | - |
| Restatement related to spreadings[1] | -20.0 | -22.7 |
| **TOTAL INVESTMENT PROPERTIES** | **7 749.3** | **8,012.5** |

*[1] spreading of rent-free periods, step rents, key money and rents paid in advance*

The following table presents the main assumptions used in the assessment of the fair value of the Group's investment properties as of 31 December 2019:

| **Shopping centres** (weighted average) | Rents in €/sqm[1] | Discount rate (%)[2] | Exit yield (%)[3] |
|---|---|---|---|
| **France** | €366/sqm | 6.58% | 5.43% |
| **Western Europe** | €296/sqm | 7.88% | 6.58% |
| **Eastern Europe** | €183/sqm | 10.48% | 9.00% |

[1] Average annual rent (minimum guaranteed rent and variable rent) per asset and per sqm

[2] *Rate used to discount future cash flows*

[3] *Exit yield used to capitalize revenues of the exit year in order to calculate the exit value of the asset*

### Sensitivity of fair values

An increase in rates of return or discount rates would result in a decrease in the total value of investment property, and vice versa.

An increase in rents would increase the fair value of investment properties and vice versa.

### 4.4.2 Investments held for sale

Ceetrus decided to sign a sale agreement regarding a real estate complex located in Luxembourg. The real estate complex is composed of shopping centres and offices owned by Ceetrus.

Ceetrus' investment properties have been presented on the line "Investments held for sale" in the 31/12/2019 balance sheet.

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Investment property at fair value held for sale | 612,5 | - |
| Investment property at cost held for sale | 17,6 | - |
| Shares and investments in companies accounted for using the equity method held for sale | 27,5 | - |
| **INVESTMENTS HELD FOR SALE BEFORE RESTATEMENT** | **657,6** | **-** |
| Restatement related to spreadings[1] | -11,4 | - |
| **TOTAL INVESTMENTS HELD FOR SALE** | **646,2** | **0,0** |

[1] *spreading of rent-free periods, step rents, key money and rents paid in advance*

## NOTE 5 - SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING EQUITY METHOD

**Accounting principles**

The accounting principles are detailed in note 2.2 "Scope and consolidation methods".

### 5.1 EVOLUTION OF SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The changes in the value of shares and investments in companies valued by the equity method can be explained as follows:

| *In millions of euros* | Group share |
|---|---|
| **DECEMBER 31, 2017** | **490,7** |
| Net result of the year [1] | -41,3 |
| Dividends received | -27,5 |
| Capital increases and reductions | 0,8 |
| Changes in scope | -129,9 |
| Other changes [2] | 1,0 |
| **DECEMBER 31, 2018** | **293,9** |
| Net result of the year [1] | 5.0 |
| Dividends received | -4.6 |
| Capital increases and reductions | 44.0 |
| Changes in scope | 1.8 |
| Other changes [2] | -20.6 |
| **DECEMBER 31, 2019** | **319.5** |

[1] *including change in fair value of investment properties*
[2] *including translation differences*

The item "Increases and decreases in capital" is mainly composed of the capital increase in companies carrying development projects of shopping centres in Italy for €35 million.

"Other changes" mainly concerns investments in Luxembourg reclassed on the line "Investments held for sale".

On 31 December 2019, 35 companies were accounted for using the equity method, compared with 29 companies on 31 December 2018.

The main companies accounted for using the equity method are:

| | | Control % | | Equity value | |
|---|---|---|---|---|---|
| **Country** | **Companies** | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| **France** | | | | | |
| | Immaucom - SA | 20.00% | 20.00% | 39.6 | 39.9 |
| | Gare du Nord 2024 - SA | 66.00% | - | 3.2 | 0.0 |
| **Spain** | | | | | |
| | C.C Zenia, Sociedad Limitada | 50.00% | 50.00% | 73.6 | 71.5 |
| **Luxembourg** | | | | | |
| | Galerie Commerciale de Kirchberg - SA | 20.00% | 20.00% | 0.0 | 27.1 |
| **Portugal** | | | | | |
| | Alegro Alfragide - SA | 50.00% | 50.00% | 41.6 | 39.7 |
| | Alegro de Setubal - SA | 50.00% | 50.00% | 23.4 | 24.5 |
| | Neutripromo - SA | 50.00% | 50.00% | 3.0 | 9.2 |
| **Italy** | | | | | |
| | Galleria Cinisello - SRL | 50.00% | 50.00% | 81.7 | 39.9 |
| | Patrimonio Real Estate - SPA | 49.99% | 49.99% | 21.2 | 5.5 |
| | LSGII8 - SRL | 0.00% | 50.00% | 0.0 | 12.4 |
| | Others | | | 32.7 | 24.1 |
| **Total value of shares and investments in companies accounted for using the equity method** | | | | **319.5** | **293.9** |

## 5.2 SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The main balance sheet and income statement data for companies accounted for using the equity method are presented in the table below.

Information relating to companies accounted for using the equity method is grouped together because they are all subsidiaries with the same activities and with the same risk and return characteristics.

| | 31/12/2019 | | 31/12/2018 | | 31/12/2017 | |
|---|---|---|---|---|---|---|
| *in millions of euros* | 100% | Group Share | 100% | Group share | 100% | Group share |
| **BALANCE SHEET** | | | | | | |
| Property, plant and equipment (PPE) | 11.9 | 6.6 | 39.8 | 20.6 | 1,068.7 | 453.0 |
| Investment properties | 1,312.9 | 577.3 | 997.9 | 438.6 | 1,600.3 | 665.6 |
| Other non-current assets | 121.5 | 33.7 | 117.1 | 36.3 | 635.6 | 251.3 |
| Other current assets | 441.2 | 188.2 | 306.6 | 118.5 | 1,439.8 | 590.8 |
| **NON-CURRENT AND CURRENT ASSETS** | **1 884.1** | **805.8** | **1,461.4** | **614.0** | **4,744.4** | **1,960.7** |
| Group financial debts (current and non-current) | 129.2 | 68.8 | 61.7 | 31.7 | 1,198.5 | 508.7 |
| External financial debts (current and non-current) | 558.5 | 254.9 | 392.8 | 196.0 | 361.3 | 163.4 |
| Other non-current liabilities | 250.9 | 65.8 | 60.7 | 17.6 | 360.9 | 146.2 |
| Other current liabilities | 192.0 | 96.9 | 152.8 | 74.9 | 1,551.5 | 651.7 |
| **NON-CURRENT AND CURRENT LIABILITIES** | **1 130.6** | **486.4** | **668.0** | **320.2** | **3,472.1** | **1,469.9** |
| **NET ASSETS** | **756.9** | **319.4** | **793.4** | **293.9** | **1,272.3** | **490.8** |
| **INCOME STATEMENT** | | | | | | |
| Gross operating income | 52.0 | 22.8 | 18.8 | 8.2 | 32.7 | 14.0 |
| Amortizations, impairments and provisions | -11.4 | -6.2 | -420.7 | -177.7 | -212.0 | -89.6 |
| Change in value of investment properties | 31.7 | 13.4 | 28.5 | 10.3 | 100.1 | 54.1 |
| Income from disposal | -0.1 | -0.0 | 297.8 | 125.2 | 7.0 | 3.0 |
| Other income and expenses | -19.6 | -17 | 1.2 | 0.6 | -5.3 | -1.7 |
| Financial result | -6.7 | -3.7 | -21.9 | -10.6 | 8.4 | 2.5 |
| Income tax expenses | -9.2 | -3.8 | 5.8 | 2.7 | -50.5 | -21.5 |
| **NET RESULT** | **35.8** | **5.0** | **-90.6** | **-41.3** | **-119.5** | **-39.2** |

## NOTE 6 - FINANCING AND FINANCIAL INSTRUMENTS

### 6.1 FINANCIAL RESULT

#### Accounting principles

The net cost of financial debt consists of interest on financial debts and borrowings including the effect of spreading of set-up or issuance costs (under the effective interest rate method), income from loans or receivables related to equity investments, income from the sale of marketable securities and the impact of interest rate swaps in the context of interest rate hedging transactions. It also includes the interest expense attached to any lease financing contracts.

**Borrowing costs related to acquisition and construction operations**

In accordance with IAS 23, borrowing costs directly attributable to the acquisition or construction of qualifying assets are included in the cost of the corresponding assets. When a loan is not directly affected, Ceetrus uses the group's average cost of financing applied to the average outstanding amount for work carried out.

Income and expenses of a financial nature that are not part of the "net cost of financial debt" presented on line "other financial income and expenses", include dividends received from non-consolidated companies, disposal result of non-cash financial assets and any discount or currency effects.

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Interest expenses on financial debts | -31.7 | -18.2 |
| Interest income and expenses on derivatives | -2.2 | -0.2 |
| **Gross cost of financial debt** | **-33.9** | **-18.4** |
| Financial income on advances granted to non-consolidated entities | 4.4 | 1.9 |
| **Net cost of financial debt** | **-29.6** | **-16.5** |
| Other financial income and expenses including: | -20.3 | 4.3 |
| *Income from guarantee commissions* | 3.9 | 3.9 |
| *Income from financing commissions* | 9.2 | |
| *Income/Expenses on Cross Currency Swaps* | -9.9 | -6.6 |
| *Financial expenses - IFRS 16* | -10.5 | - |
| *Other financial income/expenses* | -13.1 | -2.2 |
| **FINANCIAL RESULT** | **-49.9** | **-20.7** |

#### Financial result 2019

As a result of the diversification of Ceetrus' financial resources, the "interest expenses on financial debts" item was composed in 2019 of interest expenses to other companies in Auchan Holding for €8.3 million and €23.4 million to external counterparties.

"Other financial income and expenses" consist of financial expenses of €9.9 million corresponding mainly to hedging transactions implemented (cross-currency swaps and foreign exchange swaps) on foreign currency financing issued by Ceetrus Finance to property companies outside the Euro zone and €9.2 million of financial income related to financing of companies accounted for using the equity method. In addition, €10.5 million of financial expenses are linked to the application of IFRS 16.

#### Financial result 2018

The item "interest expenses on financial debts" in 2018 mainly consisted of interest expenses to other companies in Auchan Holding for €15.2 million.

«Other financial income and expenses» mainly consisted of €6 million of financial expenses corresponding to the hedging transactions implemented (cross currency swaps and foreign exchange swaps) on foreign currency financing issued by Ceetrus Finance to property companies outside the Euro zone, €3.9 million of financial income related to the cost of a counter guarantee paid by Ceetrus Italy to Auchan Holding's treasury, the spreading of external financing commissions subscribed during the financial year and the cost of unused credit lines with Auchan Holding.

## 6.2 NET FINANCIAL DEBT

### Accounting principles

The net financial debt of Ceetrus consists of current and non-current loans and borrowings, accrued interest on these items, less net cash position of bank overdrafts and loans and advances granted to non-consolidated interests (mainly companies accounted for using the equity method).

### 6.2.1 Changes in net financial debt

#### Change in net financial debt between December 31st, 2017 and December 31st 2018

| *in millions of euros* | 31/12/2017 | Cash movement | Fair value through P&L | Fair value through OCI [1] | Changes in the scope of consolidation | Other changes | Exchange rate differences | 31/12/2018 |
|---|---|---|---|---|---|---|---|---|
| **Loans and borrowings** | **1,128.0** | **1,301.7** | **-** | **-** | **236.4** | **197.6** | **-9.0** | **2,854.8** |
| *non-current* | 48.6 | 1,429.7 | - | - | 110.9 | - | -3.4 | 1,585.8 |
| *current* | 1,079.4 | -128.0 | - | - | 125.4 | 197.6 | -5.6 | 1,269.0 |
| Group cash advances | -22.5 | -5.2 | - | - | -46.9 | - | 1.1 | (73.5) |
| Cash and cash equivalents | -103.8 | -12.7 | - | - | -44.7 | - | 2.0 | (159.2) |
| Derivative assets and liabilities | -0.3 | -1.6 | -5.9 | 5.7 | 1.1 | - | - | (1.0) |
| **NET FINANCIAL DEBT** | **1,001.5** | **1,282.3** | **-5.9** | **5.7** | **145.8** | **197.6** | **-5.9** | **2,621.1** |

*[1] other comprehensive income*

The change in the item "Loans and borrowings" is mainly due to Italy' entry in the scope of consolidation (€236 million), external financing (the Club Deal for €500 million, a bond issuance for €60 million, borrowings in Portugal and Luxembourg for €308 million) and financing with Auchan Holding's treasury facility for €649 million. The increase of cash and cash equivalents come from entries in the scope of consolidation (Italy, Portugal and Luxembourg).

#### Change in net financial debt between December 31st, 2018 and December 31st, 2019

| *in millions of euros* | 31/12/2018 | Cash movement | Fair value through P&L | Fair value through OCI [1] | Changes in the scope of consolidation | Other changes | Exchange rate differences | 31/12/2019 |
|---|---|---|---|---|---|---|---|---|
| **Loans and borrowings** | **2,854.8** | **438.5** | | | **0.0** | **-17.9** | **2.4** | **3 277.8** |
| *non-current* | 1,585.8 | 939.1 | | | | -175.3 | -0.3 | 2 349.4 |
| *current* | 1,269.0 | -500.7 | | | 0.0 | 157.4 | 2.7 | 928.4 |
| Group cash advances | -73.5 | -1.3 | | | | 33.2 | -0.5 | -42.1 |
| Cash and cash equivalents | -159.2 | 14.7 | | | -0.1 | -0.0 | -2.0 | -146.3 |
| Derivative assets and liabilities | -1.0 | -1.0 | 8.8 | 10.8 | | 0.1 | | 17.6 |
| **NET FINANCIAL DEBT** | **2,621.1** | **451.0** | **8.8** | **10.8** | **-0.1** | **15.4** | **-0.1** | **3 106.9** |

*[1] other comprehensive income*

The change in the item "Loans and borrowings" is mainly related to the issuing of a Green Bond by Ceetrus S.A for €300 million, the increase of financing in Luxembourg for €46 million and a new bilateral agreement with banks for €80 million.

### 6.2.2 Components of financial debt

**Accounting principles**

Financial debts mainly consist of loans and advances granted by Auchan Holding to Ceetrus and its subsidiaries, bank loans and bank overdrafts. These interest-bearing elements are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, loans are recognized at amortized cost using the "effective interest rate method", which incorporates an actuarial amortization of premiums and issuing costs.

Finance lease agreements, which transfer to the Group almost all the risks and rewards of ownership of the leased asset, are recognised in the balance sheet at the beginning of the lease period at the fair value of the leased asset, or, if this is lower, at the discounted value of the minimum lease payments.

Lease expenses are divided between financial expenses and amortization of the loan. Future payments under the terms of finance lease agreements are recorded in the Group's balance sheet as financial liabilities.

#### Breakdown of loans and financial debts

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Bonds and private placements | 358 | 60.1 |
| Loans and borrowings with credit institutions | 938.3 | 962.7 |
| Loans and borrowings with related parties (1) | 1 050.0 | 560.0 |
| Other financial borrowings | 3.1 | 0.9 |
| **Non-current loans and borrowings** | **2 349.4** | **1,585.8** |
| Loans and borrowings with credit institutions | 200.5 | 2.4 |
| Loans and borrowings with related parties (1) | 402.3 | 295.5 |
| Current accounts with related parties (1) | 315.1 | 967.2 |
| Other financial borrowings | 4.8 | 0.0 |
| Commercial papers | 0.0 | 0.0 |
| Bank overdrafts | 5.6 | 3.5 |
| **Current loans and borrowings** | **928.4** | **1,268.8** |
| **GROSS FINANCIAL DEBT** | **3 277.8** | **2,854.6** |

*(1) mainly covers current accounts and advances granted by Auchan Holding*

In 2019, the Group continued to diversify its sources of financing by setting up new bank and bond financing for €471.6 million The Auchan Holding financing have being rebalanced in order to reduce the current part (due in less than one year). Following these operations, the average maturity of Ceetrus' financing is now established at 3.5 years.

## Gross financial debt - Payment schedule by interest rate type

| *in millions of euros* | Balance sheet value 31/12/2018 | CURRENT | NON-CURRENT | |
|---|---|---|---|---|
| | | Less than one year | From 1 to 5 years | More than 5 years |
| Bonds and private placements | 60.1 | 0.1 | - | 60.0 |
| Loans and borrowings with credit institutions | 135.0 | - | - | 135.0 |
| Loans and borrowings with related parties (1) | 0.5 | 0.5 | - | - |
| Other financial borrowings | 3.1 | 1.0 | 0.5 | 1.7 |
| Commercial papers | 0.0 | - | - | - |
| **Fixed rate debt** | **198.8** | **1.6** | **0.5** | **196.7** |
| Bonds and private placements | - | - | - | - |
| Loans and borrowings with credit institutions | 830.1 | - | 659.8 | 170.3 |
| Loans and borrowings with related parties (1) | 855.2 | 296.5 | 558.6 | - |
| Current accounts with related parties (1) | 967.2 | 967.2 | - | - |
| Borrowings on financial lease contracts | - | - | - | - |
| Other financial borrowings | - | - | - | - |
| Bank overdrafts | 3.5 | 3.5 | - | - |
| **Variable rate debt** | **2,656.0** | **1,267.2** | **1,218.4** | **170.3** |
| **GROSS FINANCIAL DEBT** | **2,854.8** | **1,268.8** | **1,218.9** | **367.0** |

| *in millions of euros* | Balance sheet value 31/12/2019 | CURRENT | NON-CURRENT | |
|---|---|---|---|---|
| | | Less than one year | From 1 to 5 years | More than 5 years |
| Bonds and private placements | 358.0 | - | - | 358.0 |
| Loans and borrowings with credit institutions | 135.0 | - | 11.0 | 124.0 |
| Loans and borrowings with related parties (1) | 2.4 | 2.4 | - | - |
| Other financial borrowings | 8.0 | 5.9 | | 2.1 |
| Commercial papers | 0.0 | - | - | - |
| **Fixed rate debt** | **503.3** | **8.2** | **11.0** | **484.1** |
| Bonds and private placements | - | - | - | |
| Loans and borrowings with credit institutions | 1,003.8 | 203.4 | 760.3 | 40.1 |
| Loans and borrowings with related parties (1) | 1,450.0 | 400.0 | 824.0 | 226.0 |
| Current accounts with related parties (1) | 315.1 | 315.1 | - | - |
| Borrowings on financial lease contracts | - | - | | |
| Other financial borrowings | - | - | - | - |
| Bank overdrafts | 5.6 | 5.6 | - | - |
| **Variable rate debt** | **2,774.5** | **924.1** | **1,584.3** | **266.1** |
| **GROSS FINANCIAL DEBT** | **3,277.8** | **934.3** | **1,595.3** | **748.1** |

(1) *mainly covers current accounts and advances granted by Auchan Holding*

## Main characteristics of loans and financial debts

| Borrowing company | Date of issue | Maturity date | Rate | Type | Amount at the start | Nominal value 31/12/2018 | Nominal value 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Ceetrus SA | Dec-18 | Dec-25 | 3.000% | Euro PP | 60.0 | 60.0 | 60.0 |
| Ceetrus S.A | Nov.-19 | Nov.-26 | 2.750% | Greenbond | 300.0 | n.a | 300.0 |
| **Bonds and private placements** | | | | | **60.0** | **60.0** | **360.0** |
| Gallerie Commerciali Sardegna | Dec-16 | Dec-21 | Euribor + Margin | Loan | 118.0 | 106.0 | 102.8 |
| SCI Petit Menin | Sept-16 | Sept-23 | Euribor + Margin | Loan | 60.0 | 46.1 | 46.1 |
| LCO1 | Nov-18 | Nov-26 | Euribor + Margin | Loan | 168.0 | 127.8 | 166.7 |
| LCO1 | Nov-18 | Nov-20 | Euribor + Margin | Credit line | 12.1 | 0.0 | 7.4 |
| Ceetrus SA | Jul-18 | Jul-23 | Euribor + Margin | Loan | 500.0 | 500.0 | 500.0 |
| Ceetrus SA | Jun-19 | Jun-22 | Euribor + Margin | Loan | 80.0 | n.a. | 80.0 |
| Ceetrus Russia | Jun-19 | Jun-24 | Key Rate + Margin | Credit line | 31.0 | n.a. | 21.4 |
| Coresi Business Park | Jul-19 | Jul-24 | Euribor + Margin | Loan | 31.0 | n.a | 29.8 |
| Glorirequinte, Brafero, Multi 25, Forum Montijo | Dec-18 | Dec-25 | 2.350% | Loan | 135.0 | 135.0 | 135.0 |
| Glorirequinte, Brafero, Multi 25, Forum Montijo | Dec-18 | Dec-25 | Euribor + Margin | Loan | 45.0 | 45.0 | 45.0 |
| **Loans and borrowings with credit institutions** | | | | | **1 170.5** | **959.9** | **1 134.3** |

The maturity dates correspond to the maturity dates of the loans and credit lines. Draws on credit lines are generally made over a period of 3 months and are renewed.

| Maturity | Borrowing company | Nominal value 31/12/2018 | Nominal value 31/12/2019 |
|---|---|---|---|
| less than 1 year | Holding | 295.0 | 400.0 |
| | France | - | - |
| | Western Europe excl. France | - | - |
| | Central and Eastern Europe | - | - |
| 1 year and + | Holding | 560.0 | 1050.0 |
| | France | - | - |
| | Western Europe excl. France | - | - |
| | Central and Eastern Europe | - | - |
| **Loans and borrowings with related parties** | | **855.0** | **1 450.0** |

Loans and financial debts from related parties bear interest based on the currency concerned plus a margin between 0.50% and 1.21%.

## Cash and cash equivalents

### Accounting principles

Cash and cash equivalents include cash, current bank accounts, deposits and UCITS with maturities of 3 months or less from the date of acquisition which are subject to an insignificant risk of value change and that are used by the Group in the management of short-term commitments.

In accordance with IFRS 9, UCITS are booked at fair value through the income statement to the extent that their contractual terms give rise to cash flows that are not solely reflective of repayments of the principal and interest payments on the principal.

| *in millions of euros* | 31/12/2019 | **31/12/2018** |
|---|---|---|
| Marketable securities, term deposits | 1.6 | 0.7 |
| Cash | 144.7 | 158.5 |
| **CASH AND CASH EQUIVALENTS** | **146.3** | **159.2** |
| Bank overdrafts | 5.6 | 3.5 |
| **NET CASH** | **140.7** | **155.7** |

## 6.3 FINANCIAL RISK MANAGEMENT AND DERIVATIVES

### Accounting principles

The Group has adopted the new IFRS 9 hedge accounting model which requires it to ensure that its hedging relationships are consistent with its objectives and risk management strategy, and to adopt a more qualitative approach to assessing its hedging.

In the case of cash flow hedging and net investment hedging relationships, derivatives are measured and booked at fair value on the balance sheet and their changes are recorded in shareholders' equity.

Hedge accounting is applicable if the following three criteria are met:

1. the hedging instruments and the hedged elements constituting the hedging relationship are all eligible for this relationship;
2. a formal designation and structured documentation of the hedging relationship, as well as the objective and strategy of setting up the hedge, are formally established at the start of the hedging relationship;
3. the hedging relationship meets all of the following effectiveness criteria:

- there is an economic link between the hedged item and the hedging instrument;
- the effect of credit risk is not the dominant factor in the value changes that result from this economic relationship; and
- the hedging ratio between the hedged item and the hedging instrument is appropriate

Most of the derivatives used by Ceetrus are eligible for hedge accounting.

For derivatives eligible for hedge accounting, recognition as hedging instruments reduces the volatility of the income related to the change in value of the derivatives concerned.

There are 3 models of hedge accounting according to IFRS 9: the fair value hedge, the cash flow hedge and the net investment hedge.

- For derivatives documented as hedges of assets or liabilities recorded in the balance sheet (fair value hedge), hedge accounting allows the recognition in the income statement of the change in the fair value of the derivative; this is offset by the impact of the change in fair value of the hedged item as a result of the hedged risk. These two valuations offset each other in the same columns in the income statement and neutralise each other perfectly if the hedging is totally effective.
- For derivatives that are documented as highly probable cash flow hedges, changes in the value of the derivative are recognised in "Other comprehensive income" (cash flow hedge reserve) for the effective part of the hedge. These reserves are recycled in the income statement when the hedged transaction impacts the result or are included in the non-financial asset or liability when this is recognised in the balance sheet. Changes in value of the portion deemed ineffective are booked in the income statement.
- For derivatives documented as net investment hedges, the change in value of the hedging instruments is recorded in “Other comprehensive income”, the objective of these hedges being to neutralise the change in the value in euros of a part of the net assets of subsidiaries in foreign currencies.

Most of the derivatives used by Ceetrus are eligible for hedge accounting. For derivatives documented as cash flow hedges, changes in the value of the derivative are recorded in "Other comprehensive income" for the effective part. These reserves can be reclassified to the income statement symmetrically to the hedged item. Changes in value corresponding to the ineffective part of the hedging relationship are booked through the income statement within changes in value of financial instruments.

For derivative financial instruments that are not documented as hedge accounting instruments, changes in fair value are booked in financial result as changes in the value of financial instruments, excluding the cost of net debt.

Derivatives whose maturity is greater than one year are presented in the balance sheet as non-current assets or liabilities. Other derivatives are classified as current assets or liabilities. For derivatives, the accounting date is the transaction date.

### Derivatives: fair value

| *in millions of euros* | Fair value 31/12/18 | Acquisitions/Subscriptions | Change in the scope of consolidation | Fair value change through P&L | Fair value change through OCI [1] | Other / Reclassification | Fair value 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Interest Rate Swaps - Payer | -6.1 | | | | -9.5 | -0.1 | -15.7 |
| Swaptions | - | 0.8 | | -0.4 | -0.4 | | 0.0 |
| CAP | 0.0 | 0.1 | | -0.2 | -0.9 | 1.0 | 0.1 |
| Tunnels | - | | | | | | - |
| Currency Swaps | - | | | | | | - |
| **Instruments qualified for hedge accounting** | **-6.1** | **0.9** | **-** | **-0.6** | **-10.8** | **1.0** | **-15.6** |
| Interest Rate Swaps - Payer | - | | | | | | - |
| Swaptions | - | | | | | | - |
| CAP | 1.0 | | | | | -1.0 | - |
| Tunnels | - | 0.1 | | -0.1 | | | 0.0 |
| Currency Swaps | 6.1 | | | -8.1 | | | -2.0 |
| **Instruments not qualified for hedge accounting** | **7.1** | **0.1** | **-** | **-8.2** | **-** | **-1.0** | **-2.0** |
| **TOTAL DERIVATIVES** | **1.0** | **1.0** | **-** | **-8.2** | **-10.8** | **-0.1** | **-17.6** |

[1] *other comprehensive income*

### Derivatives: notional amounts by maturity

Portfolio breakdown as of December 31st, 2019 - Interest rate risk hedging

| *in millions of euros* | Less than one year | From 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|
| Interest Rate Swaps - Payer | - | 1,163.8 | 376.0 | 1,539.8 |
| Swaptions | 300.0 | | - | 300.0 |
| CAP | 514.5 | 250.0 | - | 764.5 |
| Tunnels | | | | |
| **Instruments qualified for hedge accounting** | **814.5** | **1,413.8** | **376.0** | **2,604.3** |
| Interest Rate Swaps - Payer | - | - | - | - |
| Swaptions | - | - | - | - |
| CAP | - | - | - | - |
| Tunnels | | 28.6 | | 28.6 |
| **Instruments not qualified for hedge accounting** | **-** | **28.6** | **-** | **28.6** |
| **TOTAL DERIVATIVES** | **814.5** | **1,442.4** | **376.0** | **2,632.9** |

The table below includes derivatives with a starting date “forward” for a nominal value of €765 million.

Portfolio breakdown as of December 31st, 2018 - Interest rate risk hedging

| *in millions of euros* | Less than one year | From 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|
| Interest Rate Swaps - Payer | - | 438.0 | - | 438.0 |
| Swaptions | - | - | - | - |
| CAP | 95.8 | 187.9 | - | 283.8 |
| **Instruments qualified for hedge accounting** | **95.8** | **625.9** | **-** | **721.8** |
| Interest Rate Swaps - Payer | - | - | - | - |
| Swaptions | - | - | - | - |
| CAP | - | 250.0 | - | 250.0 |
| **Instruments not qualified for hedge accounting** | **-** | **250.0** | **-** | **250.0** |
| **TOTAL DERIVATIVES** | **95.8** | **875.9** | **-** | **971.8** |

Portfolio detail on December 31st, 2019 - Foreign exchange risk hedging

On December 31st, 2019

| *in millions of euros* | HUF | PLN | RON | RUB | USD |
|---|---|---|---|---|---|
| Intercompany financing | 52.9 | 127.1 | 85.7 | 60.0 | - |
| **Gross balance sheet exposure** | **52.9** | **127.1** | **85.7** | **60.0** | **-** |
| Currency swaps | -52.9 | -127.1 | -85.7 | -60.0 | - |
| **NET EXPOSURE** | - | - | - | - | - |

On December 31st, 2018

| *in millions of euros* | HUF | PLN | RON | RUB | USD |
|---|---|---|---|---|---|
| Intercompany financing | 60.8 | 99.3 | 66.5 | 69.0 | 10.9 |
| **Gross balance sheet exposure** | **60.8** | **99.3** | **66.5** | **69.0** | **10.9** |
| Currency swaps | -60.8 | -99.3 | -66.5 | -69.0 | -10.9 |
| **NET EXPOSURE** | **-** | **-** | **-** | **-** | **-** |

## 6.4 FINANCIAL RISK MANAGEMENT

Ceetrus and the companies in the scope of consolidation are exposed to liquidity, interest rate, credit and currency risks during the normal course of their business.

They use derivative financial instruments to mitigate these risks. The Group has set up an organisation to manage these risks centrally.

On 31st December 2019, these derivatives are recorded on the balance sheet at market value in current and non-current assets and liabilities. Market risk management is controlled and monitored by a specialised committee that meets at least twice a year. General Management is represented in this body, which is responsible for assessing compliance with the hedging policy and therefore the level of the hedges put in place, their adequacy to the underlying financial instruments and the quality of the various counterparties.

### 6.4.1 Liquidity risk

The Group's policy is to permanently dispose of sufficient medium and long-term financing while having a significant margin for manoeuvre. During this financial year, the Group continued to access liquidity under favourable conditions, while benefiting from financing granted by Auchan Holding.

#### Covenants and financial ratios

Loans contracted by Ceetrus may be subject to covenants based on financial ratios, the main ones of which are presented below. In particular, the LTV ratio (Loan to Value) expresses the ratio of net financial debt to the fair value of investment properties. The hedging ratio of financial expenses expresses the ratio of EBITDA to the cost of financial debt. Generally, the contracts subscribed to also include a limitation of the securities granted to other lenders. Depending on the case, these ratios can be assessed differently at Group level, at the level of the company that contracts the loan or at the level of the investment properties. The ratios presented below are respected as of 31st December 2019.

In addition, certain financing lines may include a change of control clause, which may entail a repayment obligation in the event of Auchan Holding's loss of control of Ceetrus. Generally, the contracts have crossed default clauses.

| | | Covenants | 31/12/2019 |
|---|---|---|---|
| Bank LTV | Maximum | < 50% | Respected |
| ICR | Minimum | >2 | Respected |
| Debts guaranteed by real securities | Maximum | < 20% | Respected |

*Establishment of covenants from 2018*

### Exposure to liquidity risk

The remaining maturities of the financial liabilities are analysed as follows (including interest payments).

| *in millions of euros* | Balance sheet value 31/12/2019 | Expected cash flow | | | |
|---|---|---|---|---|---|
| | | Total | < 1 year | 1 to 5 years | > 5 years |
| Bonds and private placements | 358.0 | 427.9 | 10.1 | 40.2 | 377.6 |
| Loans and borrowings with credit institutions | 1 138.8 | 1 187.6 | 242.8 | 767.3 | 177.5 |
| Loans and borrowings with related parties | 1 452.4 | 1 497.8 | 417.3 | 853.6 | 226.9 |
| Current accounts with related parties | 315.1 | 315.2 | 315.2 | - | - |
| Other financial borrowings | 8.0 | 7.9 | 7.9 | - | - |
| Bank overdrafts | 5.6 | 5.6 | 5.6 | - | - |
| Trade payables | 144.9 | 144.9 | 144.9 | - | - |
| Current tax debts | 32.5 | 32.5 | 32.5 | - | - |
| **TOTAL FINANCIAL LIABILITIES: EXCLUDING DERIVATIVES** | **3 455.3** | **3 619.3** | **1 176.3** | **1 661.0** | **782.0** |
| Current derivatives | 9.2 | 9.2 | 9.2 | - | - |
| Non-current derivatives | 15.4 | 15.4 | 0.1 | 14.2 | 1.1 |
| **TOTAL FINANCIAL LIABILITIES: DERIVATIVES** | **24.6** | **24.6** | **9.2** | **14.2** | **1.1** |

### 6.4.2 Interest rate risk

The resulting changes in financial markets and interest rates expose the Group to a possible increase in the cost of financing and refinancing.

In this context, the Group applies a policy of prudent management of its debt by maintaining a limited exposure to interest rate risk. This management involves the subscription of interest rate derivatives whose sole purpose is to reduce the Group's exposure to interest rate fluctuations on its debt with a strict objective of hedging (notwithstanding the possibility that certain transactions, particularly macro-hedges, are not eligible for hedge accounting as defined by IFRS). As part of this management, the Group may use different types of instruments, including swaps, caps or swaptions.

The Group determines the existence of an economic link between the hedging instrument and the hedged instrument according to the reference interest rates, the durations for which they are established, the dates of determination, the maturity date, as well as notional or nominal amounts. It uses a hypothetical derivative to determine whether the designated derivative in each hedging relationship is expected to be effective in offsetting changes in the cash flows of the hedged item.

The main sources of inefficiency in these hedging relationships are:

- The effect of the credit risk of the counterparty and the Group on the fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to changes in interest rates; and
- Differences in repricing dates between swaps and loans.

| in millions of euros | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **Financial assets** | | |
| Fixed rate | 146.3 | 159.2 |
| Floating rate | 42.1 | 73.5 |
| **Financial liabilities** | | |
| Fixed rate | (503.3) | (198.8) |
| Floating rate | (2,774.5) | (2,656.0) |
| **NET EXPOSURE BEFORE HEDGING** | | |
| **FIXED RATE** | (357.0) | (39.6) |
| **FLOATING RATE** | (2,732.4) | (2,852.5) |
| | | |
| **Interest rate hedging instruments** | | |
| Fixed rate | - | - |
| Floating rate | (1,867.9) | (971.8) |
| | | |
| **NET EXPOSURE AFTER HEDGING** | | |
| **FIXED RATE** | (357.0) | (39.6) |
| **FLOATING RATE** | (864.5) | (1,610.7) |

### Sensitivity analysis

The cash flow sensitivity analysis for variable rate instruments was determined taking into account all variable flows of non-derivative instruments and derivative instruments. The analysis is prepared on the assumption that the amount of financial debts and derivatives on 31st December remains constant over a year. For the purposes of this analysis, all other variables, especially exchange rates, are assumed to remain constant. Ceetrus has modified the curve of the Euro and other currencies at -1.0%/+1.0%.

### Impact on the profit and loss and shareholders' equity

A 1.0% rise in the interest rate curve would result in:

On the basis of the financial position on 31 December 2019, an increase in the cost of debt of €10.3 million until 31 December 2020. Shareholders' equity would be impacted upwards by €51.4 million.

A 1.0% drop in the interest rate curve would result in:

On the basis of the financial position on 31st December 2019, an increase in the cost of debt of €0.6 million until 31 December 2020. Shareholders' equity would be impacted downwards by €30.5 million.

### 6.4.3 Credit risk

For Ceetrus and its subsidiaries, credit risk or counterparty risk mainly concerns cash and cash equivalents of the banking institutions at which these cash resources are invested. This may also concern the financial instruments subscribed, when the trading conditions lead these institutions to pay flows to Ceetrus or its subsidiaries. Lastly, the Group is exposed to the risk of default by its lessees.

Regarding investments, with some exceptions, the policy of Ceetrus and companies in the scope of consolidation is to place surpluses with authorised counterparties in amounts and decided by the Financial Committee, according to a score sheet. The Group only uses banks considered to be robust, giving preference to institutions with a minimum rating of A-.

In the same way, Ceetrus only works with a list of banks authorised by the Group's Management in relation to financing and interest rate and exchange rate derivative operations. Wherever possible, signed contracts provide for the termination of transactions and the application of a cleared net balance in the event of a change in the initial contractual balance, including the default of the counterparty. In addition, the Group ensures that risk is sufficiently dispersed by working with several leading banking institutions.

The fair value measurement of derivatives carried by Ceetrus and the companies in the scope of consolidation includes a "counterparty risk" component and a "clean credit risk" component for derivatives. The credit risk measurement is determined using standard mathematical models for market participants, taking into account, in particular, historical statistical data. Over the periods presented, the adjustments booked for counterparty risk and own credit risk are not material.

As mentioned elsewhere, trade receivables and other receivables mainly correspond to receivables with regard to lessees. The Group has procedures to ensure the credit quality of clients and third parties before signing contracts with them. The Group believes that it is not significantly exposed to the concentration of credit risk among its lessees, given a diversified exposure across countries and clients. Impairment losses on receivables are generally estimated on an individual basis. Losses on leases are historically low, since the existence of deposits ensures proper management of any outstanding payments.

#### 6.4.4 Exchange rate risk

The entity made up of Ceetrus and its subsidiaries is exposed to exchange rate risk on internal and external financing denominated in a currency other than the Euro (balance sheet exchange rate) as well as on the value of property assets and lease income of its subsidiaries in currencies. The hedged currencies are the Hungarian forint, the Polish zloty, the Romanian leu, the US dollar and the Russian rouble. Although these transactions are carried out for hedging purposes, they are not documented in the hedge as a natural compensation is recognised in profit and loss by the symmetrical effect of the revaluation of derivatives and intra-group financing.

In addition, given the organisation of the Group, the subsidiaries are instructed to pay the expenses incurred using revenues generated in the corresponding currency to limit volatility effects and exposure to the currency concerned.

### 6.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

**Hierarchy of fair values**

Financial assets and liabilities are treated and presented in the financial statements in accordance with IAS 39, IAS 32, IFRS 7, IFRS 13 and IFRS9.

IFRS 13 defines fair value levels and distinguishes 3 categories based on valuation methods.

**Level 1:** financial instruments quoted in an active market

**Level 2:** financial instruments measured at fair value using valuation techniques based on observable market parameters

**Level 3:** financial instruments of which all or part of the fair value is not based on observable parameters.

The carrying amount of trade receivables, trade payables and other current assets and liabilities is considered a reasonable approximation of their fair value given their short-term nature.

The following tables present the financial assets and liabilities booked at fair value by fair value levels as defined by the applicable IFRS standard:

| *in millions of euros* | **IFRS 9 category** | **Carrying amount/Fair Value 31/12/2018** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|---|
| **CURRENT AND NON-CURRENT ASSETS** | | | | | |
| Receivables | Amortized cost | 138.6 | | 138.6 | |
| Derivatives | Fair value through P&L or OCI[1] | 14.0 | | 14.0 | |
| Other financial assets | Fair value through OCI[1] | 132.5 | | 132.5 | |
| Other financial assets | Amortized cost | 148.9 | | 148.9 | |
| Cash equivalents | Fair value through P&L | 159.2 | | 159.2 | |
| **CURRENT AND NON-CURRENT LIABILITIES** | | | | | |
| Bonds and private placements | Amortized cost | 60.1 | | 60.1 | |
| Loans and debts with credit institutions | Amortized cost | 965.1 | | 965.1 | |
| Loans, debts and current accounts with related parties | Amortized cost | 1,823.0 | | 1,823.0 | |
| Finance lease debts | Amortized cost | 2.2 | | 2.2 | |
| Derivatives | Fair value through P&L or OCI[1] | 13.0 | | 13.0 | |
| Trade payables | Amortized cost | 153.1 | | 153.1 | |
| Other financial debts | Amortized cost | 0.9 | | 0.9 | |
| Bank overdrafts | Amortized cost | 3.5 | | 3.5 | |

[1] *Other comprehensive income*

| *in millions of euros* | **IFRS 9 category** | **Carrying amount/Fair Value 31/12/2019** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|---|
| **CURRENT AND NON-CURRENT ASSETS** | | | | | |
| Receivables | Amortized cost | 179.0 | | 179.0 | |
| Derivatives | Fair value through P&L or OCI[1] | 7.1 | | 7.1 | |
| Other financial assets | Fair value through OCI[1] | 132.5 | | 132.5 | |
| Other financial assets | Amortized cost | 266.7 | | 266.7 | |
| Cash equivalents | Fair value through P&L | 146.3 | | 146.3 | |
| **CURRENT AND NON-CURRENT LIABILITIES** | | | | | |
| Bonds and private placements | Amortized cost | 358.0 | | 358.0 | |
| Loans and debts with credit institutions | Amortized cost | 1 138.8 | | 1 138.8 | |
| Loans, debts and current accounts with related parties | Amortized cost | 1 767.4 | | 1 767.4 | |
| Derivatives | Fair value through P&L or OCI[1] | 24.6 | | 24.6 | |
| Trade payables | Amortized cost | 144.9 | | 144.9 | |
| Other financial debts | Amortized cost | 8.0 | | 8.0 | |
| Bank overdrafts | Amortized cost | 5.6 | | 5.6 | |

[1] *Other comprehensive income*

## NOTE 7 - OTHER BALANCE SHEET ITEMS

### 7.1 CLIENT RECEIVABLES AND OTHER RECEIVABLES

#### Accounting principles

Client receivables and other receivables are valued at their nominal value (considered to be a reasonable approximation of their fair value and amortized cost) less any impairment calculated in accordance with the terms of IFRS 9, in accordance with a model of expected losses.

In the context of accounting property development contracts using the percentage-of-completion method, contract assets are booked when the revenues booked on a percentage-of-completion basis exceed the amount invoiced or which the Group is entitled to invoice. Contract liabilities are booked when the invoiced amount or that which the Group has the right to invoice is higher than the revenue booked on a percentage-of-completion basis.

| *in millions of euros* | 31/12/2017 | Changes during the year | Changes in scope | Other changes | 31/12/2018 |
|---|---|---|---|---|---|
| Gross value | 75.8 | 22.3 | 78.5 | -1.0 | 175.6 |
| Impairment | 19.8 | 5.8 | 11.5 | -0.2 | 37.0 |
| **NET VALUE** | **56.0** | **16.4** | **67.0** | **-0.8** | **138.6** |

| *in millions of euros* | 31/12/2018 | Changes during the year | Changes in scope | Other changes | 31/12/2019 |
|---|---|---|---|---|---|
| Gross value | 175.6 | 38.9 | 0.0 | -0.1 | 214.4 |
| Impairment | 37.0 | -1.6 | 0.0 | 0.1 | 35.4 |
| **NET VALUE** | **138.6** | **40.5** | **0.0** | **-0.1** | **179.0** |

### 7.2 OTHER FINANCIAL ASSETS

| *in millions of euros*<br>**Asset balance sheet item** | **IFRS 9 category** | 31/12/2017 | Changes during the year | Changes in scope | Other changes | 31/12/2018 |
|---|---|---|---|---|---|---|
| Equity and other securities | Non-consolidated securities at fair value | 3.9 | -0.3 | 132.2 | 0.4 | 136.3 |
| Loans and receivables issued by the company | Amortized cost | 16.8 | -0.3 | 21.6 | 0.0 | 38.1 |
| **NON-CURRENT FINANCIAL ASSETS** | | **20.7** | **-0.5** | **153.8** | **0.4** | **174.4** |
| Current financial receivables | Amortized cost | 48.7 | 14.0 | -29.3 | 0.0 | 33.5 |
| Short-term loans and receivables issued by the company | Amortized cost | 22.5 | 5.2 | 46.9 | -1.1 | 73.5 |
| **CURRENT FINANCIAL ASSETS** | | **71.2** | **19.2** | **17.6** | **-1.1** | **107.0** |

| *in millions of euros* Asset balance sheet item | IFRS 9 category | 31/12/2018 | Changes during the year | Changes in scope | Other changes | 31/12/2019 |
|---|---|---|---|---|---|---|
| Equity and other securities | Non-consolidated securities at fair value | 136.3 | -0.6 | 0.0 | 0.1 | 135.8 |
| Loans and receivables issued by the company | Amortized cost | 38.1 | 94.6 | 0.0 | 0.4 | 133.1 |
| **NON-CURRENT FINANCIAL ASSETS** | | **174.4** | **94.6** | **0.0** | **0.5** | **268.9** |
| Current financial receivables | Amortized cost | 33.5 | 1.7 | 0.0 | 53.0 | 88.2 |
| Short-term loans and receivables issued by the company | Amortized cost | 73.5 | 1.3 | 0.0 | -32.7 | 42.1 |
| **CURRENT FINANCIAL ASSETS** | | **107.0** | **3.0** | **0.0** | **20.3** | **130.3** |

### 7.3 LEASE LIABILITIES

**Accounting principles**

In application of IFRS 16, the Group recognizes a lease liability at the commencement date of the lease.

The lease liability is initially measured at the discounted value of the rents that are due, but not yet paid at the commencement date. For discounting purposes, the Group uses the incremental borrowing rate that would be obtained for a duration equivalent to that of the estimated rental period.

The lease liability is then increased by the interest expense minus the rent amounts paid.

The lease liability is revalued in the event of a change in future rents resulting from a change in indexation or discount rate or if the Group changes its assessment of the rental period in case of a significant event, in accordance with IFRS 16.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or the adjustment is recognized in the income statement if the amount of the right-of-use asset has been reduced to zero.

| *in millions of euros* | 31/12/2018 | Changes during the year | Changes in the scope of consolidation | Other changes | Exchange rate differences | 31/12/2019 |
|---|---|---|---|---|---|---|
| Non-current lease liabilities | 0.0 | 21.2 | -0.0 | 113.6 | 0.7 | 135.5 |
| Current lease liabilities | 0.0 | -12.6 | 0.0 | 31.8 | -0.0 | 19.2 |
| **LEASE LIABILITIES** | **0.0** | **8.6** | **-0.0** | **145.4** | **0.7** | **154.8** |

### 7.4 TAX LIABILITIES

| *in millions of euros* | 31/12/2017 | Changes during the year | Changes in scope | Other changes | Exchange rate differences | 31/12/2018 |
|---|---|---|---|---|---|---|
| Tax liabilities | 5.1 | -1.6 | 7.1 | 0.0 | 0.0 | 10.6 |
| **NET VALUE** | **5.1** | **-1.6** | **7.1** | **0.0** | **0.0** | **10.6** |

| *in millions of euros* | 31/12/2018 | Changes during the year | Changes in scope | Other changes | Exchange rate differences | 31/12/2019 |
|---|---|---|---|---|---|---|
| Tax liabilities | 10,6 | 21,2 | 0,0 | 0,7 | 0,0 | 32.5 |
| **NET VALUE** | **10,6** | **21,2** | **0,0** | **0,7** | **0,0** | **32.5** |

### 7.5 TRADE PAYABLES

| *in millions of euros* | 31/12/2017 | Changes during the year | Changes in scope | Other changes | Exchange rate differences | 31/12/2018 |
|---|---|---|---|---|---|---|
| Trade payables | 92.2 | 47.9 | 14.7 | -1.8 | 0.0 | 153.1 |
| **NET VALUE** | **92.2** | **47.9** | **14.7** | **-1.8** | **0.0** | **153.1** |

| *in millions of euros* | 31/12/2018 | Changes during the year | Changes in scope | Other changes | Exchange rate differences | 31/12/2019 |
|---|---|---|---|---|---|---|
| Trade payables | 153.1 | -8.2 | -2.6 | 0.0 | 2.7 | 144.9 |
| **NET VALUE** | **153.1** | **-8.2** | **-2.6** | **0.0** | **2.7** | **144.9** |

## NOTE 8 - GROSS OPERATING INCOME

### 8.1 NET RENTAL INCOME

#### Accounting principles

IFRS 16 "Leases" replaces IAS 17 from 1 January 2019. The standard has no significant impact on the treatment of lease contracts by the lessor.

Leases in which the Group is a lessor correspond to operating leases in accordance with IFRS 16. The leasing of investment properties held by the Group generates leasing revenues; the invoiced amounts are booked on a straight-line basis over the lease term.

**Net rental income**

Net rental income corresponds to the difference between gross rental income and related expenses. These expenses directly attributable to the assets include property taxes and leasing expenses not re-invoiced to lessees, as well as expenses on buildings that are not recoverable by nature. These expenses do not include expenses booked by the Group as "Other general expenses" and "Payroll expenses". On the other hand, they include lease expenses or fees for investment properties for which the group does not own the land or the building.

**Treatment of rent-free periods, step rents and other rent incentives**

In application of IFRS 16, rent-free periods, step rents and other lease incentives granted to lessees are spread in a linear basis. The reference period used for the spreading is the first firm period of the lease plus reasonably certain renewal periods.

**Key money**

In accordance with IFRS 16, the financial consequences of all the provisions defined in a lease contract are spread, from the availability of the premises, over the fixed term of the lease taking into account reasonably certain renewals. This is the case with any key money payments collected.

**Minimum guaranteed rent and variable rent**

In some leases, the rent corresponds to a percentage of the turnover realized by the lessee. The rate applied differs according to the activity and results from negotiations between the lessee and the lessor. This rent cannot generally be less than a minimum guaranteed rent. The accounting rules do not differ from those of fixed rents.

**Assets received as collateral**

Entities within the scope of consolidation receive security deposits for real estate properties that they lease. The historical value of these deposits is a good estimate of the fair value and subsequent amortized cost of the security deposits. It is kept by the lessor until the departure of the lessee.

**Non-recovered rental expenses**

According to IFRS 15, revenue is recognized when control of goods or services is transferred to a client for the amount that the company expects to receive. Since rental income is excluded from the scope of IFRS 15, only rental charges re-invoiced to lessees and income from management, administration and other activities are recognized in accordance with IFRS 15.

The Group acts on its own account as the owner of the building (and not as an agent) and reinvoices charges to lessees based on the contractual clauses of commercial leases. The Group is identified responsible to provide services and is able to determine the price of the services provided. Consequently, the income and expenses related to the re-invoicing of rental expenses are presented on separate lines of the income statement.

### Detail of non-recovered rental expenses

| in millions of euros | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Service charge income | 129,2 | 95,6 |
| Service charge expense | -148,5 | -103,1 |
| **NON-RECOVERED RENTAL EXPENSES** | **-19,2** | **-7,5** |

### 8.2 REVENUES FROM ADMINISTRATIVE MANAGEMENT AND OTHER ACTIVITIES

These revenues essentially include the fees related to the services provided under property management contracts. They can also, at the margin, represent turnover on divers other activities, drawn, for example, from the developing digital activities or catering at some shopping centres. Revenue from services is booked in the period during which the service is provided.

### 8.3 OTHER GENERAL EXPENSES

Structural costs consist mainly of head office costs, operating expenses of the company and maintenance expenses and costs related to non-capitalized projects.

## NOTE 9 - INCOME TAXES

### 9.1 CURRENT TAX EXPENSE

The current tax expense is determined on the basis of the applicable provisions (and in particular the approved or quasi-approved tax rates) in each country where the Group's subsidiaries are established for the period to which the results relate to.

### 9.2 TAX ASSETS AND LIABILITIES

**Accounting principles**

Deferred taxes are booked in order to record the tax on all temporary differences between the tax base of assets and liabilities and their carrying amount, with the exception of temporary differences related to the initial recognition of non-tax-deductible *goodwill*, the initial recognition of an asset or liability outside business combinations that does not affect either accounting profit or taxable profit, and stakes in subsidiaries, joint ventures or associates insofar as the group is able to control the reversal date of the temporary differences and it is likely that they will not be reversed in the foreseeable future.

Current and deferred taxes are calculated at the tax rates adopted or virtually adopted at the closing date of the consolidated accounts. They are booked in the income statement unless they relate to business combinations, elements booked directly in shareholders' equity or in other comprehensive income.

Deferred tax assets and liabilities are offset when an enforceable legal right of compensation exists and when these fall under the same tax authority. They are not discounted and are classified in the balance sheet as non-current assets and liabilities. Tax losses and other temporary differences give rise to the recognition of a deferred tax asset only when their allocation to future tax benefits is likely within a reasonable period taking into account the reversal of taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which the asset is realized and the liability settled. The valuation of the deferred tax must reflect the tax consequences that would result from the way the Group expects, on the closing date, to collect or settle the carrying amount of its assets and liabilities. For these purposes, the assumption that the carrying amount of investment properties measured at fair value will be settled through a sale has not been refuted.

#### CVAE [Contribution on the Added Value of Companies] and CFE [Companies' Real Estate Tax]

Examination of the accounting treatment of this tax in France under IFRS leads to separate recognition of these two contributions:

- the CFE, the amount of which depends on property rental values, is booked in operating expenses;
- in accordance with IAS 12, the CVAE has been classified as an income tax and is booked as such. This also leads to deferred taxes being booked in relation to temporary differences. The deferred tax expense is presented on the line "Tax expense". In addition, the total amount of the current and deferred expense related to the CVAE is presented on this same line.

A deferred tax liability is recorded on the basis of the net value of the depreciable assets of the entities subject to CVAE, the impairment allowances not being allowed as a deduction from the added value on which the CVAE is based.

Acquisitions of fixed assets made outside of business combinations benefit, as of 2010, from the exemption provided for by IAS 12 for the initial recognition of a deferred tax asset or liability. In addition, a deferred tax asset is booked on impairment of current assets.

### Non recognised deferred taxes

Deferred tax assets of €60.5 million on 31 December 2019 (€58.8 million on 31 December 2018) relating to tax loss carry-forwards, tax credits and other temporary differences are not booked because their recovery is not deemed probable under the terms of IAS 12.

| *in millions of euros* | 31/12/2018 | Recorded through P&L | Recorded through OCI | Reclassifications and others [1] | Changes in scope | 31/12/2019 |
|---|---|---|---|---|---|---|
| Fixed assets | 1,085.7 | 16.5 | 0.0 | 2.9 | 0.0 | 1,105.0 |
| Tax losses carried forward | -5.4 | -3.9 | 0.0 | 0.4 | 0.0 | -8.9 |
| Other | -2.2 | -2.2 | -4.2 | -1.4 | 0.0 | -10.0 |
| **DEFERRED TAX ASSETS/LIABILITIES** | **1,078.1** | **10.4** | **-4.2** | **1.8** | **0.0** | **1,086.1** |

[1] *including translation differences*

## 9.3 INCOME TAX EXPENSES

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Expenses/Income | | |
| Current tax | -81.3 | -63.5 |
| Adjustments to current taxes and tax adjustments related to previous years | -3.2 | -0.1 |
| Current tax on other operating income and expenses | -8.7 | 0.8 |
| **Current tax** | **-93.3** | **-62.9** |
| | | |
| Variation of temporary differences | -11.3 | 7.2 |
| Impact of rate changes | -1.0 | -2.1 |
| Deferred tax on losses carried forward | 3.9 | 5.0 |
| Deferred tax on other operating income and expenses | -2.1 | 12.6 |
| **Deferred tax** | **-10.5** | **22.7** |
| | | |
| **TAX EXPENSES** | **-103.7** | **-40.2** |

### Effective tax rate (ETR)

The difference between the level of tax resulting from the application of the theoretical tax rate in France and the amount of tax actually recorded in the year is broken down as follows:

| *in millions of euros* | 31/12/2019 | ETR 31/12/2019 | 31/12/2018 | ETR 31/12/2018 |
|---|---|---|---|---|
| Net result of companies before tax | 292.9 | | 205.0 | |
| *Theoretical rate (current French rate)* | *34.43%* | | *34.43%* | |
| **Theoretical tax expenses** | **100.83** | **34.43%** | **70.57** | **34.43%** |
| Difference of rates between parent companies and subsidiaries | -9.5 | -3.24% | -29.6 | -14.45% |
| Difference of deferred tax rate at opening | 4.1 | 1.41% | 2.3 | 1.12% |
| Tax reduction, tax credits and taxes at reduced rates | -0.5 | -0.18% | 0.0 | 0.02% |
| Non-recognised tax losses in the financial year | 10.4 | 3.54% | 28.9 | 14.09% |
| Use of non-recognised losses carried forwards | -3.4 | -1.15% | -2.2 | -1.09% |
| Activation of previous losses | 0.0 | 0.00% | 0.0 | 0.00% |
| Tax adjustments and adjustments of previous years | -0.5 | -0.18% | 2.2 | 1.06% |
| Contribution on the added value of companies (CVAE) | 2.0 | 0.69% | 2.2 | 1.07% |
| Permanent differences/Non-booked deferred taxes | 0.3 | 0.10% | -34.2 | -16.67% |
| **Actual tax expense** | **103.7** | **35.42%** | **40.2** | **19.60%** |
| **TAX EXPENSES** | **103.7** | **35.42%** | **40.2** | **19.60%** |

## NOTE 10 - PROVISIONS AND CONTINGENT LIABILITIES

### 10.1 PROVISIONS

**Accounting principles**

In accordance with IAS 37, provisions are booked when, at the end of the financial year, Ceetrus SA or one of its subsidiaries has an obligation with respect to a third party that results from a past event and for which it is probable or certain that it will cause an outflow of resources for the benefit of this third party, representative of economic benefits and the amount of which can be reliably estimated. This obligation may be legal, regulatory or contractual. These provisions are estimated according to their type taking into account the most probable assumptions.

Provisions in the normal business cycle and the share of other provisions at less than one year are classified as current liabilities. Provisions that do not meet these criteria are classified as non-current liabilities.

#### 10.1.1 Non-current provisions

| *in millions of euros* | Provisions for litigation | Provisions for employee benefits | Other provisions | TOTAL |
|---|---|---|---|---|
| **TOTAL AT 31/12/2017** | **0.9** | **2.5** | **0.8** | **4.2** |
| Provisions | 0.0 | 0.7 | 0.0 | 0.7 |
| Reversals of used provisions | 0.0 | -0.1 | -0.2 | -0.3 |
| Reversals of non-used provisions | 0.0 | 0.0 | 0.0 | 0.0 |
| Actuarial differences booked through other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications and other changes [1] | 0.2 | -0.3 | 0.0 | -0.2 |
| **TOTAL AT 31/12/2018** | **1.1** | **2.7** | **0.6** | **4.4** |
| Provisions | 0.0 | 1.4 | 0.0 | 1.4 |
| Reversals of used provisions | 0.0 | -0.1 | 0.0 | -0.1 |
| Reversals of non-used provisions | 0.0 | 0.0 | 0.0 | 0.0 |
| Actuarial differences booked through other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications and other changes [1] | 0.0 | 0.0 | -0.2 | -0.2 |
| TOTAL AT 31/12/2019 | 1.1 | 4.2 | 0.4 | 5.6 |

*[1] including the effects of changes in scope*

### 10.1.2 Current provisions

| *in millions of euros* | Provisions for litigation | Provisions for employee benefits | Other provisions | TOTAL |
|---|---|---|---|---|
| **TOTAL AT 31/12/2017** | **5.7** | **0.0** | **10.2** | **15.9** |
| Provisions [1] | 0.8 | 0.0 | 7.2 | 8.0 |
| Reversals of used provisions | -1.0 | 0.0 | -3.2 | -4.1 |
| Reversals of non-used provisions | -0.4 | 0.0 | -0.3 | -0.6 |
| Actuarial differences booked through other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications and other changes [2] | 0.0 | 0.0 | 6.3 | 6.3 |
| **TOTAL AT 31/12/2018** | **5.2** | **0.0** | **20.2** | **25.4** |
| Provisions [1] | 1.0 | 0.0 | 1.4 | 2.4 |
| Reversals of used provisions | -0.6 | 0.0 | -1.1 | -1.6 |
| Reversals of non-used provisions | -3.5 | 0.0 | -0.8 | -4.2 |
| Actuarial differences booked through other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications and other changes [2] | 0.8 | 0.0 | 10.9 | 11.7 |
| TOTAL AT 31/12/2019 | 2.9 | 0.0 | 30.7 | 33.7 |

*[1] including the effects of changes in scope*
*[2] mainly concerns the effects of changes in scope, and the cancellation of the reclassification of negative equity-accounted securities for France*

### 10.2 CONTINGENT LIABILITIES

The companies in the scope of consolidation are involved in a number of lawsuits or litigation in the normal course of operations, including litigation with the tax authorities. The resulting expenses, deemed as probable by Ceetrus and/or its subsidiaries and their experts, have been the subject of provisions. Contingent liabilities are not booked and information in the appendix is given unless the amounts at stake can reasonably be estimated to be low. To the best of the knowledge of Ceetrus and its subsidiaries, no other exceptional event or litigation exists that is likely to significantly affect the activity, results, assets or financial position of Ceetrus and/or its subsidiaries that has not been the subject of provisions deemed necessary at the end of the financial year.

## NOTE 11 - PAYROLL EXPENSES AND EMPLOYEE BENEFITS

### 11.1 PAYROLL EXPENSES

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Employee remuneration including social security contributions | -62.0 | -51.2 |
| Employee profit-sharing and incentives | -4.6 | -3.5 |
| CICE (Tax credit for competitiveness and employment) | 0.0 | 0.3 |
| Employee benefits and share-based payments | -1.4 | -0.6 |
| **NET AMOUNT IN THE STATEMENT OF COMPREHENSIVE INCOME** | **-68.0** | **-55.0** |

| *Number of employees* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| France | 318 | 309 |
| Western Europe | 245 | 215 |
| Eastern Europe | 282 | 282 |
| Holdings and other activities | 109 | 85 |
| **TOTAL GROUPE** | **954** | **891** |

The average number of employees on a "full time equivalent" basis in the Group is 954 in 2019, compared with 891 in 2018. The variation is mainly due to the increase in the number of staff in Italy, in Portugal and in France.

### 11.2 EMPLOYEE BENEFITS

#### Accounting principles

In accordance with IAS19 - *Employee benefits*, all entities within the scope of consolidation identify and record all the benefits granted to employees. Thus, Ceetrus and its subsidiaries, according to the laws and practices of each country, are involved in constituting the pensions of its employees.

Depending on country-specific rules and practices, company employees benefit from long-term or post-employment benefits.

These additional benefits take the form of either defined contribution plans or defined benefit plans.

**Defined contribution plans**

Defined contribution plans are characterised by periodic contributions to external bodies that provide them with administrative and financial management. These contributions are recorded as expenses when they are incurred.

Defined contributions amount to €3.0 million in 2019 (€2.9 million in 2018).

**Defined benefit plans**

Commitments arising from defined benefit plans are determined using the projected credit unit method. Valuations, carried out by external actuaries, take place each year for the largest plans and at regular intervals for other plans. The actuarial assumptions used to determine the commitments vary according to the specific characteristics of each company (turnover rate, salary increase) and according to the conditions prevailing in the country in which the plan is based (discount rate, inflation).

Plans can be either financed, with their assets then managed separately and independently from those of the group, or non-financed.

For non-financed defined benefit plans, the liability booked in the balance sheet corresponds to the present value of the obligations. The cost of past services, which is the change in an obligation as a result of a plan amendment or curtailment, is booked immediately as an expense on the date of the change.

For financed defined benefit plans, the shortfall or excess of the fair value of the assets over the present value of the obligations is booked as a liability or as an asset in the balance sheet. However, a surplus of assets can only be booked in the balance sheet to the extent that it represents future economic advantages that are actually available to Ceetrus and/or one of its subsidiaries. If such a surplus of assets is not available or does not represent future economic advantages, the amount of assets booked in the balance sheet is capped.

Revaluations of the net liability with regard to the benefits defined include actuarial gains and losses, the return from the plan assets (excluding the amounts included in the calculation of net interest on the net liability) and the change in the effect of the cap on assets (excluding amounts included in the calculation of net interest on net liabilities, where appropriate). In the consolidated accounts, Ceetrus books these immediately in "Other comprehensive income" and all other expenses for defined benefit plans are recorded in the income statement as payroll expenses.

The expense booked in the income statement for the defined benefit plans includes the cost of services provided during the year (booked as employee expenses), net finance cost (booked in other financial income and expenses) and the cost of past services from the year. In the consolidated accounts, Ceetrus and its subsidiaries determine the net interest expense on the net defined benefit liability for the period, applying the discount rate used at the beginning of the year to measure the net liability obligation.

Defined benefit plans mainly concern retirement benefits in France (IFC) and severance benefits in Italy (TFR).

In France, the plans are financed; the assets are managed by the AG2R La Mondiale Group, a French insurance mutual, rated A-. AG2R La Mondiale has set up a dual system to protect its customers from counterparty risk. Firstly, by isolating the retirement part in Arial Assurance, a dedicated insurance subsidiary, and, secondly, by granting Arial Assurance the collateral of the securities held within the general assets of La Mondiale to the level of the commitments.

The commitments of companies included in the scope of consolidation in Italy mainly concern legal end-of-career indemnities, known as "TFR" (Trattemento di Fine Rapporto). This plan was the subject of a major reform in 2007: since that date, the employer has been obliged to pay a releasing contribution to an independent pension fund; the commitment that remains for Ceetrus' subsidiaries in Italy therefore only concerns rights acquired before that date.

Provisions (non-current and current) for employee benefits amount to €4.1 million on 31 December 2019 (compared with €2.7 million on 31 December, 2018), for post-employment benefits.

The main actuarial assumptions used to estimate the obligations are as follows:

| | 31/12/2019 | | 31/12/2018 | | 31/12/2017 | |
|---|---|---|---|---|---|---|
| **Actuarial assumptions** | France | Italy | France | Italy | France | Italy |
| Discount rate on January 1 | 1.80 % | 1.80 % | 1.80% | 1.80% | 2.00% | 1.50% |
| Discount rate on December 31 | 1.10 % | 1.80 % | 1.80% | 1.80% | 1.80% | 1.80% |
| Expected salary increase rate | 2.00 % | 3.00 % | 2.00% | 3.00% | 2.00% | 2.00% |

In France and Italy, the discount rate was defined on the basis of the main AA-rated bond benchmarks with a duration equivalent to that of existing commitments.

The salary rate increase assumptions correspond, for each country, to the sum of inflation assumptions and forecasts of individual increases. The assumption adopted at the end of 2019 is an increase in inflation of 2% in France and 3% in Italy (on 31 December 2018, 2% for France and 3% for Italy).

The assumptions about mortality and employee turnover take into account the economic conditions specific to each country or company within the scope of consolidation.

### Sensitivity to hypotheses

Lowering the discount rate by 50 base points would increase the value of the obligation by 5% in France and by 4% in Italy (impact in other comprehensive income).

The change in the present value of the defined benefit obligation is as follows:

| Variation (in millions of euros) | 31/12/2019 | 31/12/2018 | 31/12/2017 |
|---|---|---|---|
| **Updated value of the obligation on January 1st** | **5.2** | **5.0** | **4.6** |
| Financial cost | 0.1 | 0.1 | 0.1 |
| Cost of services provided | 0.3 | 0.5 | 0.3 |
| Cost of past services | 1.0 | 2.1 | 0.8 |
| Reductions liquidations | 0.0 | -2.1 | 0.0 |
| Services paid | -0.0 | -0.0 | 0.0 |
| Actuarial gains and losses | -0.8 | -0.4 | -1.1 |
| Exchange rate differences | -0.0 | -0.0 | 0.0 |
| Other | 0.0 | 0.1 | 0.3 |
| Changes in scope | 0.0 | 0.0 | 0.0 |
| **UPDATED VALUE OF THE OBLIGATION ON DECEMBER 31** | **5.9** | **5.2** | **5.0** |
| *of which financed commitments* | **5.4** | **4.7** | **4.9** |

The estimate of the contributions to be paid in respect of 2020 amounts to €0.128 million euros.

The change in the fair value of defined benefit plan assets is as follows:

| *in millions of euros* | 31/12/2019 | 31/12/2018 | 31/12/2017 |
|---|---|---|---|
| **Fair value of assets on January 1st** | 2.5 | 2.5 | 2.6 |
| Expected returns on assets | 0.0 | 0.0 | 0.0 |
| Contributions paid | 0.0 | 0.0 | 0.0 |
| Services paid | 0.0 | 0.0 | 0.0 |
| Actuarial gains and losses | -0.8 | -0.0 | -0.1 |
| **FAIR VALUE OF ASSETS ON JANUARY 1** | **1.8** | **2.5** | **2.5** |

The breakdown of the assets of defined benefit plans in France by broad categories is as follows:

| *in millions of euros* | 2019 | 2018 |
|---|---|---|
| Assets in euros | 59 % | 60% |
| Fonds Club 3 | 40 % | 39% |
| Shares | 1 % | 1% |

Assets in euros are invested mainly in government bonds or quality issuers (82.35 %), in international shares (9.75 %) as well as office real estate (7.90 %).

Fonds Club 3 is invested for a minimum of 70 % in assets in euros and for a maximum of 30 % in a diversified portfolio providing greater exposure to growth assets.

The share portfolio is completely invested in multi-strategy UCITS. The strategic allocation in shares is 69.77% Europe and 30.23% rest of the world.

In the context of the financial management of its end-of-career indemnity contract, the Group has used asset-backed management in euros (general assets and Fonds Club 3 consisting of shares and bonds) with a floor rate guarantee for general and capital assets for the Fonds Club 3, and units of share accounts valued at fair value. Gross returns attributed for 2018 have been fixed at 2.37% for euro assets and 3.01% for Fonds Club 3, respectively. The expected gross floor rate for the year 2020 is 0.50% for assets in euros and 0% for the Fonds Club 3.

The reconciliation of balance sheet data with the actuarial obligation of defined benefit plans is broken down as follows:

| Actuarial assumptions | 2019<br>TOTAL | of which France | Of which Italy | 2018<br>TOTAL | Of which France | Of which Italy |
|---|---|---|---|---|---|---|
| Updated value of obligations | 5.9 | 5.4 | 0.5 | 5.2 | 4.7 | 0.5 |
| Fair value of assets | -1.8 | -1.8 | 0.0 | -2.5 | -2.5 | 0.0 |
| **Deficit / (Excess)** | 4.1 | 3.6 | 0.5 | 2.7 | 2.2 | 0.5 |
| **NET LIABILITIES RECOGNISED IN THE BALANCE SHEET** | **4.1** | **3.6** | **0.5** | **2.7** | **2.2** | **0.5** |

The net provision booked in the balance sheet has changed as follows:

| *in millions of euros* | 2019 | 2018 |
|---|---|---|
| **Provision on balance sheet on January 1st** | 2.7 | 2.4 |
| Actuarial differences booked in other comprehensive income | -0.1 | -0.4 |
| *of which actuarial differences on plan liabilities* | -0.8 | -0.4 |
| *of which actuarial differences on plan assets* | 0.8 | -0.0 |
| *of which return on plan assets* | -0.0 | 0.0 |
| Net expenses | 1.4 | 0.5 |
| Contributions paid | 0.0 | 0.0 |
| Services paid | -0.0 | -0.0 |
| Other | 0.1 | 0.1 |
| Changes in the scope of consolidation | 0.0 | 0.0 |
| **BALANCE SHEET PROVISION ON DECEMBER 31 2019** | **4.1** | **2.7** |

Expenses booked as defined benefit plans are broken down as follows:

| *in millions of euros* | 2019 | 2018 |
|---|---|---|
| Cost of services provided | 0.3 | 0.5 |
| Net financial cost | 0.1 | 0.0 |
| Cost of past services | 1.0 | 2.1 |
| Reductions, liquidations | 0.0 | -2.1 |
| **TOTAL EXPENSES BOOKED** | **1.4** | **0.5** |
| *of which employee expenses* | 1.4 | 0.5 |
| *of which other financial income and expenses* | 0.0 | 0.0 |

### 11.3 SHARE-BASED PAYMENTS

#### Accounting principles

In return for the services provided, the Group has granted certain employees share purchase option plans, free share plans or long-term profit-sharing plans settled in cash.

**Share purchase option plans and free share plans**

In accordance with IFRS 2 - Share-based payments. an employee expense is booked in respect of these benefits. This expense is spread over the period during which the beneficiaries acquire the rights. The counterpart of the employee expense is recognised in shareholders' equity.

The amount of this expense is determined as follows:

- determination of the fair value of the options at the closing date through the application of a valuation model;
- application of a probability coefficient according to the specific conditions of presence.

The fair value of the options corresponds to the fair value of the services provided by the beneficiaries. It is equivalent to the value of a call determined by the application of the binomial model on the basis of the following elements:

- remaining term of the option;
- strike price of the option;
- interest rate (risk-free interest rate);
- annual valuation of the security by a panel of independent experts;
- historical volatility observed.

The value of the underlying asset has been used by including the impact of the dividends paid.

Free share plans are subject to a presence condition and sometimes to a performance condition. This performance condition is based on the annualized average change in Auchan Holding's equity, Ceetrus' parent company. The valuation of Auchan Holding's equity is carried out each year by a panel of independent experts.

In order to be a definitive beneficiary of all or part of the free shares granted, the performance condition must first reach a minimum threshold. When the minimum threshold is reached, the step change, established in percentages of the average annualized change over the period of acquisition of the rights, determines the number of shares definitely awarded.

The valuation of the services provided by the beneficiaries of free share plans is carried out using an extension of the Black and Scholes model (Merton formula).

**Long term profit-sharing plans**

Auchan Holding has set up two types of long-term profit-sharing plans for some employees, including those of Ceetrus:

- long-term profit-sharing on a condition of presence;
- long-term profit-sharing on a condition of presence and performance.

Long-term profit-sharing, settled in cash, gives rise to the recognition of an employee expense spread over the period of acquisition of the rights in return for a debt.

The fair value of the plans, with a duration of 4 years, corresponds to the fair value of the services provided by the beneficiaries. It is valued on the assignment date by an independent actuary and reviewed annually, using separate mathematical models:

- long-term profit-sharing on a condition of presence: application of the binomial model integrating a probability coefficient according to the specific conditions of presence;
- long-term profit-sharing on a condition of presence and performance: application of a Black & Scholes model (Merton formula). The performance condition is a function of the annual change in the value of a scope whose profit each beneficiary is sharing, taking into account a profit-sharing "floor" and "ceiling". The valuation of the reference scope is carried out each year by a panel of independent experts.

### 11.3.1 Share option purchase plans granted by Auchan Holding

**Change in the number of options and the weighted average price over the 2019 and 2018 periods**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Weighted average price (in €) | Number of options | Weighted average price (in €) | Number of options |
| Options at the beginning of the financial year | 408.04 | 2,157 | 413.59 | 3,095 |
| Correction of the number of options [1] | - | - | - | - |
| Options granted during the financial year | - | - | - | - |
| Options exercised during the financial year | - | - | - | - |
| Options cancelled or lost | - | - | - | - |
| Options expired | 408.04 | 2,157 | - | 938 |
| Options at the end of the financial year | 0.0 | 0.0 | 408.04 | 2,157 |
| *Price range* | 0.0 | | 408.04 / 426.34 | |
| *Weighted average contractual life* | - | | 8 months | |
| Options that can be exercised at the end of the financial year | - | - | - | - |

[1] Adjustment of the number of options following the completion of Shareholders' equity transactions

| | Plan granted during the year | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Fair value of options | N/A | N/A | N/A | N/A | 5.25 |
| Share price (value 2018) | N/A | N/A | N/A | N/A | 400.24 |
| Strike price | N/A | N/A | N/A | N/A | 408.04 |
| Expected volatility | N/A | N/A | N/A | N/A | 5.06% |
| Residual life of the option | N/A | N/A | N/A | N/A | 8 months |
| Expected dividends | N/A | N/A | N/A | N/A | 0.0% |
| Risk free interest rate | N/A | N/A | N/A | N/A | 0.0% |
| Type of model | N/A | N/A | N/A | N/A | binomial |

Volatility was determined with an analysis of historical volatility based on 8-year equity performance.

### 11.3.2 Free allocation plans by Auchan Holding

**Change in the number of free shares**

| | 2019 Number of shares |
|---|---|
| Free shares at the beginning of the financial year | 10 119 |
| Correction of the number of free shares [1] | 50 |
| Free shares granted during the financial year | - |
| Free shares discounted during the financial year | 2,594 |
| Free shares cancelled or lost | 4,398 |
| Free shares at the end of the financial year | 3,177 |

[1] Adjustment of the number of options following the completion of Shareholders' equity transactions

**Characteristics of free share plans**

**Date of implementation of the 2016/2020 plan: 31 August 31 2016**

- Value of the underlying stock: €318.53
- Final assignment date: 1 September 2020
- End of the retention period: 1 September 2022

**Date of implementation of the 2018/2019 plan on condition of performance: 16 January 2018**

- Value of the underlying stock: €318.53
- Final assignment date: 1 September 2019
- End of the retention period: 1 September 2021

**Date of implementation of the 2018/2019 plan: 16 January 2018**

- Value of the underlying stock: €318.53
- Final assignment date: 1 July 2019
  End of the retention period: 1 July 2022

**Date of implementation of the 2018/2021 plan on condition of performance: 16 January 2018**

- Value of the underlying stock: €318.53
- Final assignment date: 1 July 2021
- End of the retention period: 1 July 2023

**Date of implementation of the 2018/2021 plan: 16 January 2018**

- Value of the underlying stock: €318.53
- Final assignment date: 1 July 2021
- End of the retention period: 1 July 2023

The free share plans established are plans with a condition of presence. Three of the five plans also have a performance condition.

This performance condition is based on the annualized average change in the value of Auchan Holding's equity. As such, a minimum threshold must first be reached. Then levels established as percentages must be attained to be awarded all or part of the free shares.

### 11.3.3 Long-term profit-sharing plans

Since 2012, most share-based payment plans take place through long-term profit-sharing plans, which have been settled in cash and no longer in the form of shares.

From 2015 onwards, profit-sharing plans with a condition of presence were replaced by "value-creation remuneration" whose characteristics are defined below.

#### Profit-sharing plans

| Plan name | Condition | Plan | Date set up | Underlying asset | Date of assignment | Duration |
|---|---|---|---|---|---|---|
| RCV* | Presence | 2016/2020 | 01/10/2016 | Value of each reference scope by a panel of independent experts | 30/04/2020 | 43 months |
| RCV* | Presence | 2017/2021 | 01/10/2017 | Value of each reference scope by a panel of independent experts | 30/04/2021 | 43 months |
| RCV* | Presence | 2018/2022 | 01/10/2022 | Value of each reference scope by a panel of independent experts | 30/04/2021 | 43 months |

** RCV: Rémunération création de valeur (Value Creation Remuneration)*

The performance conditions are a function of the annual change in the value of a scope whose profit each beneficiary is sharing. A profit-sharing "floor" and "ceiling" has been defined.

#### Impact on shareholders' equity and the income statement of share-based payments (employee expenses)

For share option plans granted by Auchan Holding:

- the amount booked in shareholders' equity equalled €0.3 million on 31 December 2018 compared to €0.3 million on 31 December 2019;
- the total impact of the plans booked in the income statement amounts to €0.3 million in 2018 (compared to €0.3 million in 2017).

For ILT (long-term profit-sharing) and RCV (Value Creation Remuneration) plans:

- the amount in shareholders' equity on 31 December 2019 totalled €0.6 million (excluding social security contributions);
- the expenses relating to the plans set out above amount to €0.5 million in 2019 (excluding social security contributions).

## NOTE 12 - RELATED PARTIES

### 12.1 MAIN TRANSACTIONS

**The main transactions** carried out with related parties are those carried out:

- with the member companies of Auchan Holding. They relate in particular to financing transactions (presented at Ceetrus terminals as external financing), any leases granted to Auchan Holding's brands, service provision agreements and a set of contractual relations with the same counterparties. Property development transactions may also be concluded with these counterparties (generally in the form of CPIs or VEFA contracts), and in this context the Group generally undertakes to deliver buildings or sales areas within shopping centres or business parks. Finally, acquisitions or disposals of assets or portfolios of property assets may be concluded between Ceetrus and Auchan Holding, particularly with a view to streamlining Auchan Holding's property management, with Ceetrus being responsible for any property not directly operated by Auchan Holding.
- with companies accounted for under the equity method. These are mainly loans and current account advances and interest paid or received in this context, as well as the fees received by Ceetrus in the framework of the assignments entrusted to it, mainly for the lease and facility management of shopping centres held by these companies accounted for under the equity method.

#### Service agreement with Auchan Holding

The Company has entered into a service agreement with Auchan Holding, the purpose of which is to organise, particularly in certain countries, the supply to Ceetrus SA or its subsidiaries of services representative of the support functions necessary for its operation, in particular in administrative, accounting and IT domains.

In this context, Ceetrus or its subsidiaries paid an amount of €8.9 million in 31 December 2019 (compared to €9 million on 31 December 2018).

#### Property management agreement with Auchan Holding

Ceetrus is currently responsible for, on behalf of Auchan Holding and mainly on the sites jointly operated by Auchan Holding and Ceetrus, the lease management and facility management of the surfaces held by Auchan Holding.

Ceetrus received a fee of €1.7 million for this mission on 31 December 2019 (compared to €1 million on 31 December 2018).

#### Loans and current account advances with Auchan Holding

Ceetrus has entered into various loan agreements and current account advances with Auchan Holding. These agreements are concluded under normal conditions. The principal amounts of these loans and current account advances are presented in note 6.2.

#### Acquisition and sale of assets or portfolios of investment properties. Property development operations.

Various acquisition transactions have been concluded with Auchan Holding companies. These transactions may concern either acquisitions of assets or direct sales, or acquisition or disposal transactions via securities transactions. These transactions may be paid in cash or through capital transactions.

### Positions and exchanges with related parties

| in millions of euros | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **Income and expenses** | | |
| ***With Auchan Holding*** | | |
| Rents paid to Auchan Holding | 22.4 | 26.2 |
| Property management fees received by Ceetrus | 1.7 | 0.8 |
| Service fees paid to Auchan Holding | 8.9 | 8.6 |
| Income from disposal with Auchan Holding | 5.5 | -82.8 |
| Net financial expenses of loans. current accounts and advances | 9.1 | 11.5 |
| Payroll expenses | 2.6 | 1.9 |
| Miscellaneous costs | 9.5 | 7.7 |
| ***With Equity Method companies*** | | |
| Financial income from loans and current accounts | 0.8 | 0.7 |
| Property management fees received by Ceetrus | 2.4 | 2.0 |
| Miscellaneous costs | -0.2 | 0.0 |
| **Assets and Liabilities** | | |
| ***With Auchan Holding*** | | |
| **Assets** | | |
| Trade receivables | 10.7 | |
| Other receivables | 17.6 | 11.3 |
| Loans and current accounts granted | 34.3 | 19.1 |
| | | 42.0 |
| **Liabilities** | | |
| Loans and current accounts received | 1 743.8 | 1.810.8 |
| Trade payables | 26.4 | 25.2 |
| Other debts | 34.2 | 10.1 |
| ***With Equity Method companies*** | | |
| **Assets** | | |
| Loans and current accounts granted to EM companies | 198.7 | 27.4 |
| Receivables | 19.3 | 5.8 |
| **Liabilities** | | |
| Loans and current accounts received | 2.3 | |
| Other debts | 0.1 | |

### 12.2 REMUNERATION OF CORPORATE OFFICERS

A limited company under French law, Ceetrus SA opted for the structure with a Board of Directors. On December 31st, 2019, its board comprised six members including the chairman and two independents administrators. The remuneration shown below is that of the corporate officers as defined by IAS 24, which for the Group correspond to the board of directors and the members of the management committee.

| *in millions of euros* | **2019** |
|---|---|
| **Short-term benefits (Salaries, bonuses, etc.)** | 2.2 |
| Share-based payments | 0.2 |
| Attendance fees | 0.1 |
| **TOTAL** | **2.5** |

## NOTE 13 - OFF BALANCE SHEET COMMITMENTS

### 13.1 OFF-BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

| *in millions of euros* | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **Off-balance sheet commitments related to operating activities** | **6.7** | **142.8** |
| Land and buildings purchase options | *6.7* | 141.9 |
| Purchases conditional on future fixed assets | *0.0* | 0.9 |
| **Off balance sheet commitments related to financing** | ***915.8*** | **520.9** |
| Off balance sheet commitments received related to financing | *0.0* | 0.0 |
| Off balance sheet commitments given related to financing | *399.4* | 4.4 |
| Debts with guarantees | *516.4* | 516.4 |
| **Off balance sheet commitments related to scope** | ***16.9*** | **14.7** |
| Firm commitments to purchase securities | *0.0* | 0.0 |
| Share purchase options | *16.9* | 14.7 |

#### Commitments related to the scope of consolidation

Ceetrus Luxembourg has share option commitments with respect to the minority interests of certain of its subsidiaries.

#### Commitments related to financing

These commitments, for the off-balance sheet portion, are most often made up of credit lines, for the undrawn share.

#### Commitments related to operational activities

The Group may, as part of its real estate activity (especially housing), have to sign contracts of reservations (or promises of sale) with its clients, whose regularization is subject to the lifting or otherwise of conditions precedent. In addition, the constitution of the land portfolio in this same activity can give rise to the signing of promises on the targeted land, promises which can themselves be subject to the fulfilment of conditions precedent.

### 13.2 Minimum rent to be paid and received

| In millions of euros | 2019 | 2018 |
|---|---|---|
| **Minimum rents to receive** | | |
| Less than one year | 357.0 | 344.8 |
| Between 1 and 5 years | 1 085.1 | 1.073.6 |
| More than 5 years | 885.6 | 642.1 |
| **TOTAL** | **2 327.7** | **2.060.5** |

The rents presented above correspond to the minimum rents to be received over the firm term of the leases, or to be paid under simple leasing contracts. For variable rents, the minimum guaranteed rent is used.

## NOTE 14 - OTHER INFORMATION

### 14.1 CAPITAL

| | Number of ordinary shares | SHARE CAPITAL in millions of euros |
|---|---|---|
| **Share capital at 31/12/2017** | 31,790,080 | 635.8 |
| Capital increases | - | - |
| **SHARE CAPITAL 31/12/2018** | 31,790,080 | 635.8 |
| Capital increases | - | - |
| **SHARE CAPITAL 31/12/2019** | 31,790,080 | **635.8** |

The capital of Ceetrus SA is 99.99% owned by Auchan Holding.

### 14.2 DIVIDEND DISTRIBUTIONS

The General Meeting of 17 May 2019 decided to distribute, in cash, a dividend of €321.7 million (€10.12 per share).

### 14.3 NET RESULT PER SHARE

Net result per share is determined by dividing net result for the period attributable to common shareholders by the weighted average number of outstanding ordinary shares excluding treasury shares during the period.

Diluted net result per share is calculated by dividing net result for the period attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares excluding treasury shares during the period adjusted for the effects of dilutive options.

*Calculation of the weighted average number of shares*

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Number of shares in circulation on January 1 | 31,790,080 | 31,790,080 |
| Weighted average of capital increases | | |
| Weighted average of capital redemptions | | |
| **Weighted average number of shares in circulation (excluding treasury shares) used to calculate basic earnings per share** | **31,790,080** | **31,790,080** |
| **Weighted average number of shares in circulation (excluding treasury shares) used to calculate diluted earnings per share** | **31,790,080** | **31,790,080** |

*Calculation of earnings per share*

| **Net earnings per share of the consolidated entity** | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Weighted average number of shares in circulation: | 31,790,080 | 31,790,080 |
| Net result of the consolidated entity - attributable to owners of the parent (in € million) | 184 | 119 |
| *Per share (in €)* | *5.79* | *3.75* |
| **Diluted earnings per share** | **31/12/2019** | **31/12/2018** |
| Weighted average number of shares in circulation: | 31,790,080 | 31,790,080 |
| Net result of the consolidated entity - attributable to owners of the parent (in € million) | 184 | 119 |
| *Per share (in €)* | *5.79* | *3.75* |

### 14.4 AUDIT FEES

The following table shows the amount, excluding taxes, of the fees (excluding disbursements) paid by Ceetrus SA and its fully consolidated subsidiaries to statutory auditors:

| *in millions of euros* | KPMG 2019 | PWC 2019 | TOTAL 2019 |
|---|---|---|---|
| **Certification. examination of individual and consolidated accounts** | | | |
| Issuer | 0.1 | 0.3 | **0.4** |
| Fully consolidated subsidiaries | 0.3 | 0.5 | **0.8** |
| **Services other than certification of accounts** | | | |
| Issuer | 0.0 | 0.0 | **0.0** |
| Fully consolidated subsidiaries | 0.0 | 0.0 | **0.0** |
| **TOTAL** | **0.5** | **0.8** | **1.3** |

Services other than the certification of accounts include fees for work required by law, including authorisation to grant free shares, capital reductions, as well as certificates and procedures agreed.

## NOTE 15 - CONSOLIDATION SCOPE

List of the main companies entering the scope of consolidation:

| Country | Companies | % of share | | % control | | Consolidation method [1] | |
|---|---|---|---|---|---|---|---|
| | | 12/2019 | 12/2018 | 12/2019 | 12/2018 | 12/2019 | 12/2018 |
| **France** | | | | | | | |
| | Ceetrus - SA | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| | Ceetrus France -SA | 98.40 | **97.72** | 98.40 | **97.72** | FC | **FC** |
| | Du Petit Menin - SCI | 98.40 | **97.72** | 100.00 | **100.00** | FC | **FC** |
| | Grand Fontenay - SCI | 61.12 | **60.70** | 62.12 | **62.12** | FC | **FC** |
| | Gare du Nord 2024 - SA | 64.94 | **-** | 66.00 | **-** | EM | **-** |
| | Immaucom - SA | 20.00 | **20.00** | 20.00 | **20.00** | EM | **EM** |
| | Les Saisons de Meaux - SASU | 98.40 | **97.72** | 100.00 | **100.00** | FC | **FC** |
| **Belgium** | | | | | | | |
| | Ceetrus Finance - SA | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| **Spain** | | | | | | | |
| | C.C Zenia. Sociedad Limitada - LLC | 48.92 | **49.20** | 50.00 | **50.00** | EM | **EM** |
| | Ceetrus Urban Player Spain - S.A.U - SA | 97.84 | **98.41** | 100.00 | **100.00** | FC | **FC** |
| **Hungary** | | | | | | | |
| | Ceetrus Hungary - KFT | 98.72 | **98.72** | 98.72 | **98.72** | FC | **FC** |
| **Italy** | | | | | | | |
| | Galleria Cinisello - SRL | 50.00 | **50.00** | 50.00 | **50.00** | EM | **EM** |
| | Ceetrus Italy – SPA | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| | Patrimonio Real Estate - SPA | 49.99 | **49.99** | 49.99 | **49.99** | EM | **EM** |
| | Gallerie Commerciali Sardegna - SRL | 50.23 | **50.23** | 50.23 | **50.23** | FC | **FC** |
| | LSGII8 - SRL | - | **50.00** | - | **50.00** | - | **EM** |
| **Luxembourg** | | | | | | | |
| | Galerie Commerciale de Kirchberg - SA | 20.00 | **20.00** | 20.00 | **20.00** | EM | **EM** |
| | Joseph Bech Building Kirchberg S.N.C | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| | Kubik Kirchberg - SA | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| | LCO1 - SA | 85.00 | **85.00** | 85.00 | **85.00** | FC | **FC** |
| **Poland** | | | | | | | |
| | Ceetrus Polska - sp z.o.o. | 99.49 | **99.49** | 99.49 | **99.49** | FC | **FC** |
| **Portugal** | | | | | | | |
| | Alegro Alfragide - SA | 49.31 | **49.29** | 50.00 | **50.00** | EM | **EM** |
| | Alegro de Setubal - SA | 49.31 | **49.29** | 50.00 | **50.00** | EM | **EM** |
| | Brafero - SA | 98.29 | **98.24** | 100.00 | **100.00** | FC | **FC** |
| | Ceetrus Portugal - SA | 98.29 | **98.24** | 100.00 | **100.00** | FC | **FC** |
| | Forum Montijo - SA | 98.29 | **98.24** | 100.00 | **100.00** | FC | **FC** |
| | Multi 25 - SA | 98.29 | **98.24** | 100.00 | **100.00** | FC | **FC** |
| | Neutripromo - SA | 49.14 | **49.12** | 50.00 | **50.00** | EM | **EM** |
| | Sintra Retail Park - SA | 98.29 | **98.24** | 100.00 | **100.00** | FC | **FC** |
| **Romania** | | | | | | | |
| | Ceetrus Romania - LLC | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| | Coresi Business Park - SA | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |
| **Russia** | | | | | | | |
| | Ceetrus LLC - SARL | 99.25 | **98.77** | 100.00 | **100.00** | FC | **FC** |
| **Ukraine** | | | | | | | |
| | Ceetrus Ukraine - LLC | 100.00 | **100.00** | 100.00 | **100.00** | FC | **FC** |

[1] FC: Full Consolidation; EM: Equity Method

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# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 DECEMBER 2019)

**Opinion**

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying consolidated financial statements of CEETRUS S.A. for the year ended 31 December 2019.

In our opinion, the consolidated financial statements are, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, regular and sincere and give a true and fair view of the result of operations of the year, as well as the financial situation and the asset portfolio for the year ended 2019, for the group made up of the persons and entities included in the scope of consolidation.

The opinion expressed above is consistent with the content of our report to the audit committee.

See complete version of the statutory auditors report in the French version of the 2019 Financial Report