

FREY

# ANNUAL RESULTS



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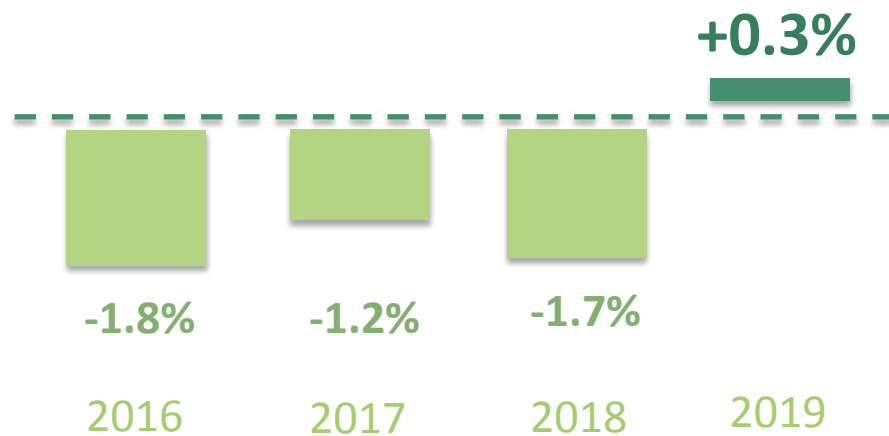
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# Market **1** context

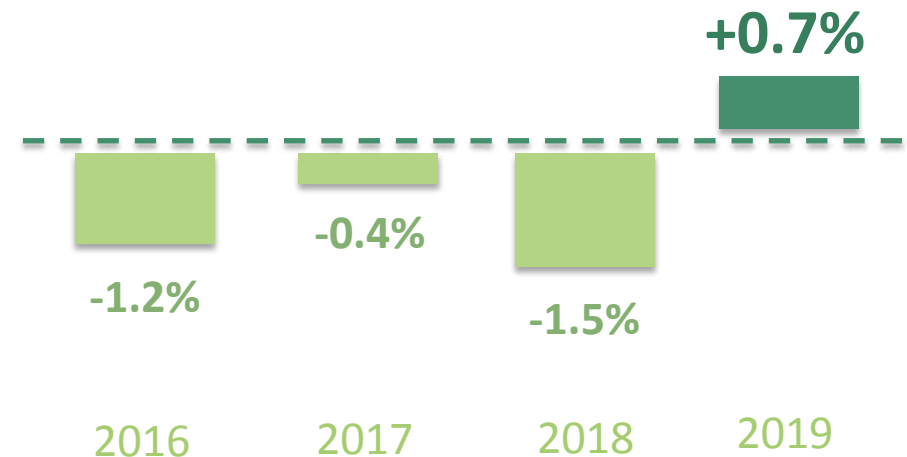
# Upturn in the performance of Retail in France

IN A TENSE SOCIAL CONTEXT  
(strikes and “yellow jackets”)

## Footfall



## Retailers' sales revenue



Data for France - 12 months rolling at the end of December for each year - CNCC

# E-commerce and physical retail: the convergence continues

**€103.4bn**  
*+11.6% in revenue*

**1.7 billion**  
*in orders / +15.7%*

**10%**  
*of retail trade*

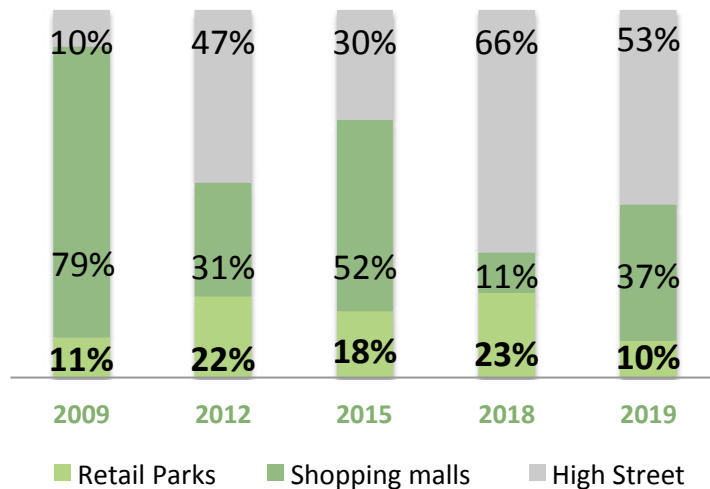
- Only 45% of sales revenue attributed to on physical goods
- More than 50% of online purchases are generated by traditional retailers, and 50% are collected in-store (click & collect)
- Halo effect of networks of stores on online sales
- Opening of stores by e-retailers

*Fevad – 2019 review of e-commerce in France*

# Nearing the end of Retail Bashing

**€6.1bn invested <sup>(1)</sup>**

in France in 2019 (+38.6% in one year)



**€600m**

for retail parks in 2019

**Slowdown linked to a mismatch  
between supply and demand**



**Targeted appetite of institutional investors  
for new generation retail parks**

**FREY = 27%**

market share of transactions in 2019 <sup>(2)</sup>

(1) UP! Real-Estate - The French commercial real estate investment market in 2019.

(2) €161 million in asset disposals carried out by FREY in 2019 (100% of amount).

FREY

# 2 An effective growth strategy



# 2019 perfectly illustrates our strategy

## 3 PRIORITIES, 1 FINANCIAL DISCIPLINE

**1** TRANSFORM  
OUT-OF-TOWN RETAIL  
AREAS WITH  
SHOPPING PROMENADE



*2 delivered, 2 in progress, 3 in the pipeline*

**2** INTERNATIONALISE  
OUR MODEL BY  
DEVELOPMENT AND  
ACQUISITIONS



*2 major transactions signed*

**3** SHOWCASE  
OUR KNOW-HOW IN  
MIXED-USE URBAN  
PROJECTS



*7 award-winning projects & under  
exclusivity (260,000 m<sup>2</sup>)  
2 projects in finals (76,000 m<sup>2</sup>)*



## MAINTAIN A STRICT FINANCIAL DISCIPLINE

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- Upgrade the quality of the portfolio  
*(€161 million in assets sold)*
- Maintain a funding strategy offering significant room for manoeuvre  
to seize market opportunities  
*(€305 million in funds raised)*

# Our open-air shopping centres concept is perfectly in tune with new aspirations

Shopping Promenade®

ALWAYS OFFERING +



TO VISITORS

+ PRACTICAL  
& EXPERIENTIAL

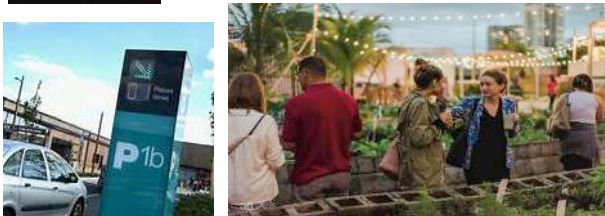


TO LOCAL AUTHORITIES

+ AUTHENTIC  
& FRIENDLY

TO BRANDS  
(MORE FOR LESS)

+ URBAN  
& ACCEPTABLE



+ EFFICIENT  
& COMPETITIVE

A SOCIAL SPACE FOR SHOPPING AND LEISURE

# Attracting new brands

## A RENEWED RENTAL BASE

28

new brands  
out of 127 signed in 2019

FREY once again voted  
“retailers’  
preferred lessor”

SITES  
COMMERCIAUX

H&M

NOCIBÉ  
la beauté libérée

X<sup>AND</sup>O  
IKKS . ONE STEP

fnac

RITUALS  
COSMETICS

LA CHAISE  
LONGUE  
DES OBJETS ET DES IDÉES

adidas

KAPORAL  
JEANS

NEWYORKER

Emilie AND THE COOL KIDS

MOA

Levi's®

KUSMI TEA  
PARIS

CAFÉ COTON  
Paris

PITAYA  
THAI STREET FOOD

Leonidas  
Fresh Belgian Chocolates

orange™

BIG FERNAND  
L'ATELIER  
DU HAMBURGÉ

VAPIANO®  
PASTA | PIZZA | BAR

IT ITALIAN  
TRATTORIA

HAPIK  
Plus haut est le sommet, plus beau est le sourire !

# Once again an outstanding operational performance in France

	2018	2019	
<b>Footfall <sup>(1)</sup>:</b>	<b>+1.4%</b>	<b>+3.1%</b>	<i>CNCC: +0.3%</i>
<b>Retailers' sales <sup>(1)</sup>:</b>	<b>+1.2%</b>	<b>+5.0%</b>	<i>CNCC: +0.7%</i>
<b>Net rental income, like-for-like <sup>(2)</sup>:</b>	n/a	<b>+4.3%</b>	
<b>Occupancy cost ratio <sup>(3)</sup>:</b>	<b>8.4%</b>	<b>8.0%</b>	
<b>Occupancy rate <sup>(4)</sup>:</b>	<b>96.7%</b>	<b>97.1%</b>	<i>(+40 bp vs 2018)</i>

(1) Scope: France. Sites equipped with footfall measures in France, and sales figures reported by retailers.

(2) Net rental income corresponds to rents net of Non recoverable service charges and property tax from the economic portfolio.

(3) Annualised rental income including VAT charged / Revenue including VAT over 12 months for France.

(4) Based on the EPRA vacancy rate for the economic portfolio in operation.

# The 1<sup>st</sup> Shopping Promenade in Amiens confirms a match with its catchment area



**5.3 million**  
visitors in 2019

**+10%**  
footfall

**+6.8%**  
retailers' sales revenue

**98.2%**  
occupancy rate

*Shopping Promenade*<sup>®</sup>  
COEUR PICARDIE



FREY

# 2019 highlights



# The 2<sup>nd</sup> Shopping Promenade in Arles confirms the open-air shopping centre success

**37** stores - **9** restaurants

**1** huge play area

**700** trees planted

**€2,500/m<sup>2</sup>**  
retailer's sale revenue

**9.3%**  
occupancy cost ratio <sup>(1)</sup>

**91%**  
occupancy rate

**240**  
jobs created on the site



**NEW YORKER**

**LE SOCIAL CLUB**  
Bienvenue chez vous!



**H&M**

**fnac**

**BASIC FIT**

**MAXI BAZAR**

FR

(1) Rent to turnover ratio and return annualised on the basis of Q4 2019 results.

# Woodshop, a case study of FREY's know-how to turn around an asset



**33,000 m<sup>2</sup>**  
retail/leisure

**54% => 99.1%**  
occupancy rate

**37** stores

**+ €15m**  
value creation since acquisition

**+ 1** food court  
in spring 2020





# End 2020 : 2 Shopping Promenade to open in major shopping areas

Shopping Promenade

CLAYE SOUILLY

Shopping Promenade

COEUR ALSACE



**98,000 m<sup>2</sup>**

total GLA

**€16.4m**

potential annualised  
rental income

**€210m\***

investment

**≈ 83%**

preletting rate, end 2019

**H&M**



Smile AND THE COOL KIDS

**NEWYORKER**



**KAPORAL**  
JEANS

**fnac**

**VAPIANO**  
FRIGATE | PIZZA | BAR

**BIG FERNAND**  
L'ATELIER  
DU HAMBURGÉ

**FREY**

\* Data excluding the 12,000 m<sup>2</sup> of surface area dedicated to property development.

# A 1<sup>st</sup> Shopping Promenade in Spain in Lleida

**NEW DEVELOPMENT PROJECT**  
A FREY (70%) / EUROFUND (30%) PARTNERSHIP

Shopping Promenade®  
LLEIDA

**56,000 m<sup>2</sup>**  
retail/leisure

**1 mix of brands**  
both local and international

**1** hypermarket



**1** multiplex cinema

**€120 million**  
in investment

**7.25%**  
yield of cost



**2020** launch of works - **2023** planned opening

# Algarve Shopping: a dominant, high-potential asset

SHOPPING PROMENADE REVAMPING AND EXTENSION PROJECT (9,000 m<sup>2</sup>)  
A LONG-TERM PARTNERSHIP WITH BNP PARIBAS DIVERSIPIERRE (30%)



**60,000 m<sup>2</sup>**  
retail/leisure

**133 stores**

**7.5 million**  
visitors in 2019

**€14.3 million**  
annual rental income

**100%**  
occupancy rate

*Opened in 2001*



PULL&BEAR



Bershka

fnac



worten



# 2 mixed-use projects awarded *Citizens* BY FREY

## Renaissance / Palais du Commerce - Rennes (18,000 m<sup>2</sup>)



**5.000 m<sup>2</sup>** of retail space

**7** cafés and restaurants

**4.200 m<sup>2</sup>** of office & co-working space

**1** 105-room hotel

**1** training school for Cooking & Hotel management

**€80 million** in investment

**2025** planned opening

**DECATHLON**  
city

**C**  
citadium

**AM**  
**PM**

**LA POSTE**

**aloft** **M**  
HOTELS MARRIOTT

**CUISINE**  
**MODE**  
**D'EMPLOI(S)**  
LA FORMATION AUX MÉTIERS  
DE LA RESTAURATION  
AVEC THIERRY MARX

# 2 mixed-use projects awarded *Citizens* BY FREY

## Nouvel R - Paris 13



**94,000 m<sup>2</sup>** in total surface area

**20,000 m<sup>2</sup>** of shopping, food market and leisure

Project developed as part of a group: FREY, AG REAL ESTATE, ICADE, LES NOUVEAUX CONSTRUCTEURS, NEXITY

**2024** planned opening

# A constant disposal policy

## TO UPGRADE AND REFOCUS THE PORTFOLIO

€161m

disposals completed in 2019 <sup>(1)</sup>

- Search for high-quality assets
- Various investor profiles (private investors, Retail specialists, SCPI/OPCI)



*La Francheville in Charleville Mézières (16,000 m<sup>2</sup>)*





*Z'Aisne in Saint-Quentin (10,000 m<sup>2</sup>)*

(1) At 100% (FREY and Frey Retail Fund), i.e. €81m in FREY percentage of interest, with assets sold on average above the last appraisal value.

# 4 Financial performance

# Continued growth of the property portfolio in operation <sup>(1)</sup>

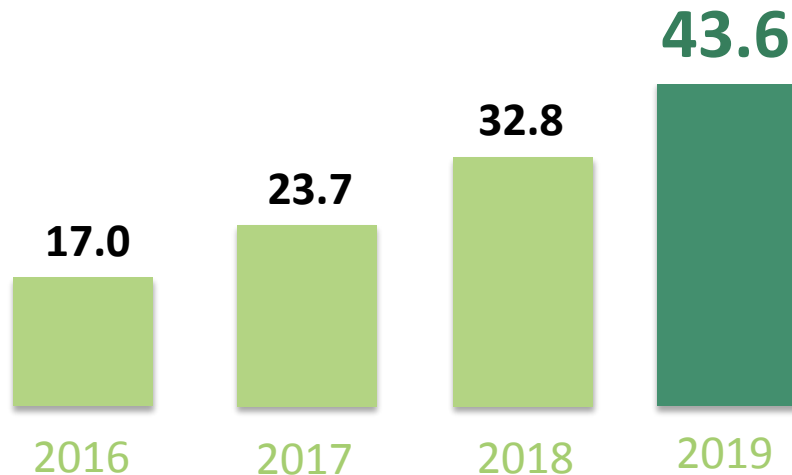
				
surface area (m <sup>2</sup> )	<b>398,000</b>	<b>+9%</b>	78%	22%
annualised gross rental income	<b>€54.2m</b>	<b>+27%</b>	70%	30%
occupancy rate (EPRA)	<b>97.7%</b>	<b>+100 bp</b>	97.1%	99.0%
valuation excluding stamp duty	<b>€902.2m</b>	<b>+23%</b>	73%	27%

(1) Variation vs 2018, concerning the economic rental portfolio, which includes the assets in operation that are wholly-owned by FREY, together with the assets in operation that are jointly-held, in proportion to the percentage interest held.

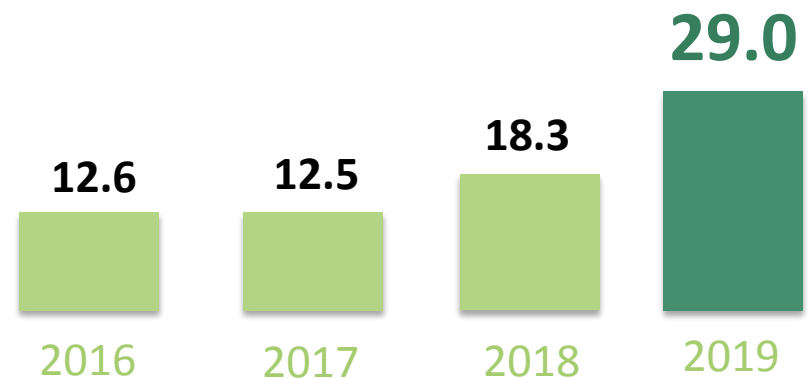


# An effective operational model

Gross rental income (€m)



Profit from recurring operations (€m)

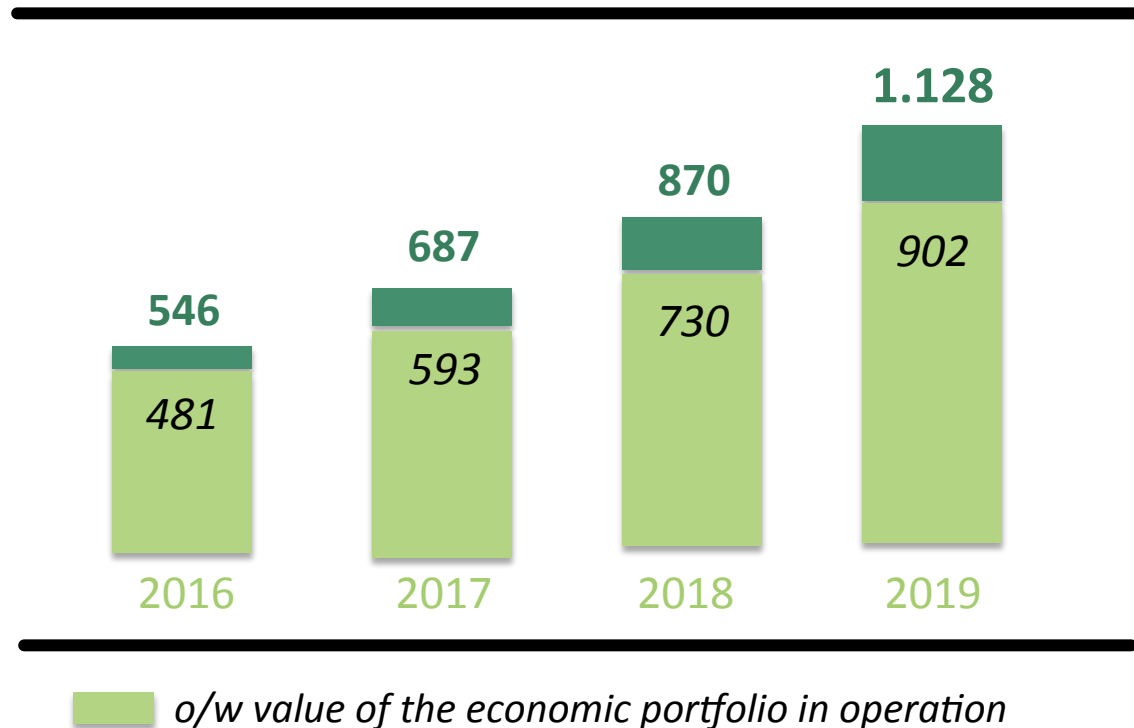


➤ **High growth in rental income**, driven by deliveries in France, improvement in occupancy rate and international development

➤ **Good control of overhead costs** in a context of active development

# FREY's portfolio exceeds €1.1 billion

Value of economic portfolio<sup>(1)</sup> (in €m)



**+ €50.1m**  
change in fair value  
of investment property 2019



Assets under operation  
Acquisitions & Development

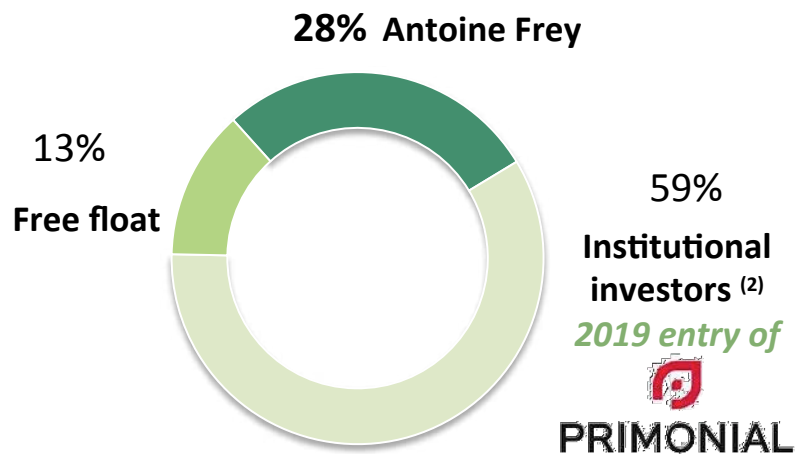
**+ €3.1m**  
**+ €47.0m**

# A rigorous but agile financial discipline

€305m

funds raised in 2019 <sup>(1)</sup>

Capital increase  
€161.5m



2

new long-term partners

Portugal equity syndication <sup>(3)</sup>  
€43.8m

**FREY**  
retail experience

**BNP PARIBAS**  
**DIVERSIPIERRE**  
OPCI managed by BNP Paribas REIM

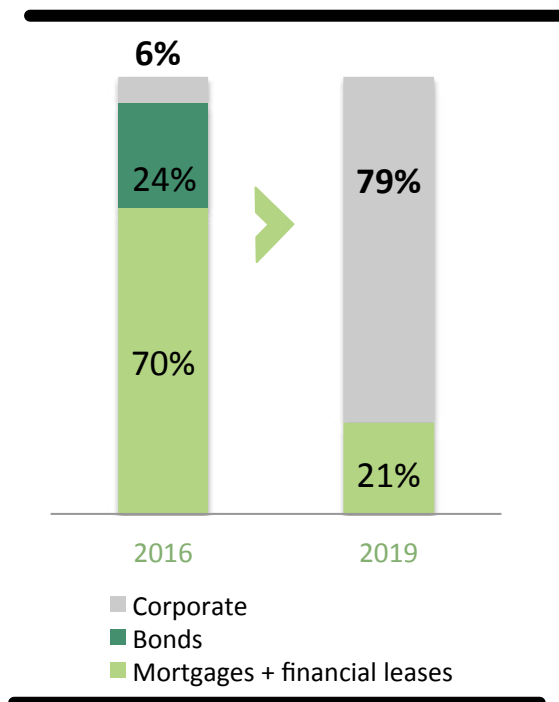


(1) Of which €100 million in additional corporate facilities signed in 2019.

(2) 19.3% Predica, 11.4% Sogecap, 11.4% Cardif Assurance Vie, 10% AG Real Estate, 6.9% SCI Primonial Capimmo.

(3) Consolidating partnership according to full consolidation method.

# An optimised financing



**Bonds**



Reimbursement in 2019 of the EURO PP and OPIRNANE bonds for €62.1 million

**Maturity**



5.5 years

**Flexibility**

- A diverse and robust pool of partners
- Ratchet margin based to LTV ratio
- Capacity for partial drawdowns and reimbursements
- Consolidated “traditional” ratios with comfortable room for manoeuvre

# A robust and flexible financial structure

Average cost <sup>(1)</sup>

1.73%



Significant fall (-22 bp) in 2019

Debt coverage ratio

91.3%



Secured cost of debt

LTV <sup>(2)</sup>

(including stamp duty)

23.1%



Comfortable room for manoeuvre

Liquidity <sup>(3)</sup>

€314m



Capacity to seize opportunities

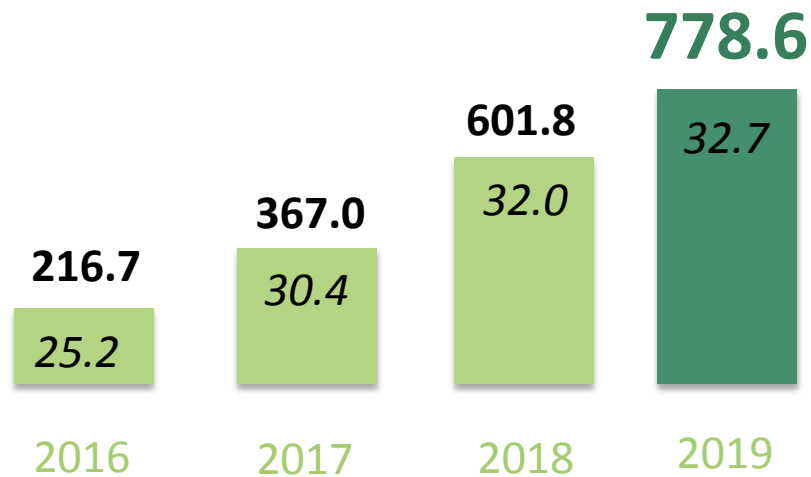
(1) Average cost after hedging, including margin, after hedging of rate and with a 3-month Euribor as of 31/12/2019 at (0.383)%.

(2) 2018 restated following the reimbursement of the EURO PP bond issue, for data comparability (2018: 25.1% vs 26.1% published).

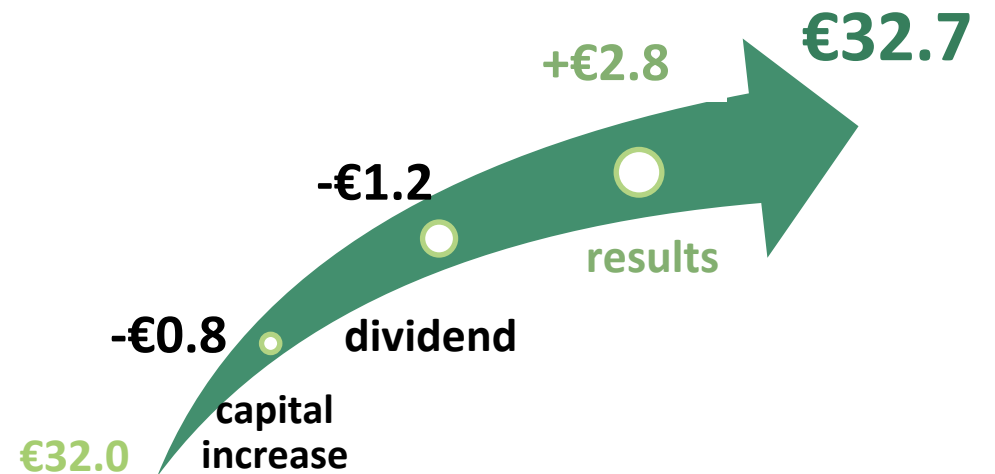
(3) €217 million in corporate facilities and €97.3 million in cash available.

# Sustained growth In EPRA NNNAV

EPRA NNNAV (€m and €/share)



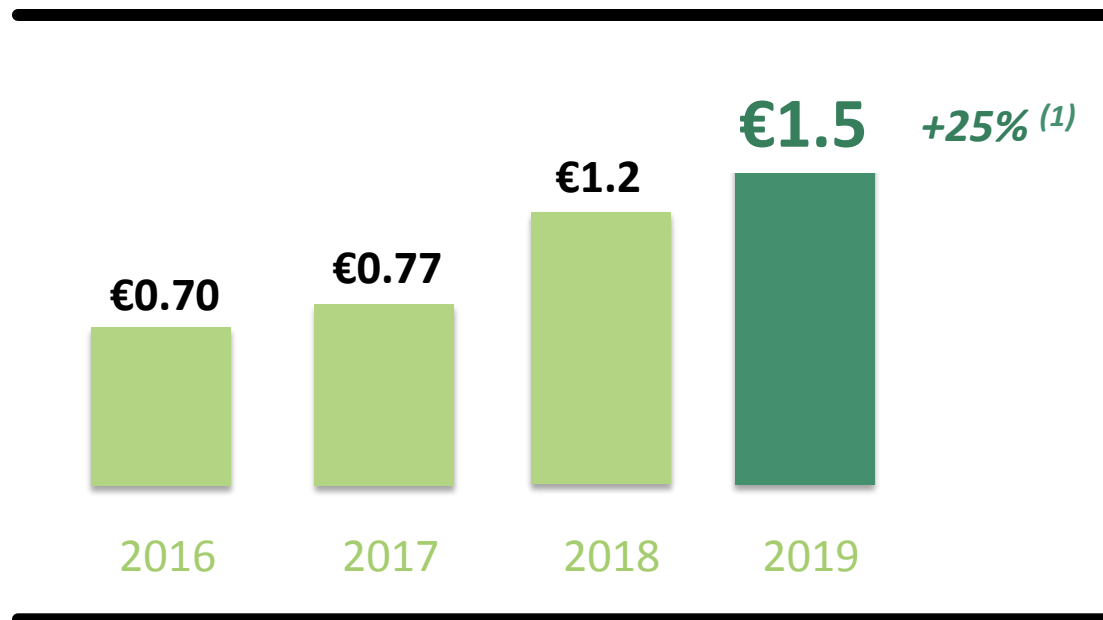
EPRA NNNAV/share in 2019



# A growing, high-yield property company

DOUBLING OF THE DIVIDEND/SHARE IN FOUR YEARS

Increase of the proposed dividend  
(€/share)



(1) Dividend proposed at the General Meeting held on 21 May 2020 for 2019.

FREY

# 5 Outlook



# Holding the course

1

## DELIVER THE PROJECTS IN THE PIPELINE 2020 OPERATIONS

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### 2 openings

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*Claye-Souilly (77) and Strasbourg (67)*

**€230m** in investment

*(developed for FREY and 3<sup>rd</sup> parties account)*

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### 2 works to be launched

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*Lleida (Spain) and Saint-Genis (01)*

**€270m** in investment

*(developed for FREY and 3<sup>rd</sup> parties account)*



# Holding the course

## 2 RELOAD THE SHOPPING AND MIXED-USE PIPELINE IN MAJOR CITIES IN FRANCE AND ABROAD

**€1.1bn**

investments<sup>(1)</sup>

**15** projects

developed for FREY  
and 3<sup>rd</sup> parties account

*Citizens*  
BY FREY

*7 award-winning projects  
& under exclusivity*

260,000 m<sup>2</sup>



(1) Of which out of 450,000 m<sup>2</sup> in development, 344,000 m<sup>2</sup> and investments of €880 million relating to assets that the Group intends to retain in the asset portfolio, and which represent potential rental income of €65.7 million.

# Holding the course

3

**SEIZE OPPORTUNITIES FOR ACQUIRING ASSETS  
TO BE TRANSFORMED OR TO BE TURNED AROUND  
IN FRANCE AND ABROAD**



*Extension project for Algarve Shopping*



*Future food court for Woodshop*

# A strong CSR policy based on 2 pillars to be implemented in 2020

## 1 CARBON-FREE CITY



## 2 SOCIAL LINK



CSR benchmark  
indicator

€42.8m

2019 Carbon-weighted  
Net profit Group share <sup>(1)</sup>



FREY is the 1<sup>st</sup> property company to publish  
a “Carbon-weighted Net profit Group share”

*(1) 2019 Carbon-weighted net profit group share = Net income attributable to the owners of the company of €49.7 million minus FREY Group's 2019 carbon charge (€6.9 million) and before the implementation of the Group's CSR policy. The carbon charge means FREY Group's total annual emissions multiplied by an internal carbon price of €25 per tonne. Unaudited data.*

# A reinforced ambition



# FREY: an attractive model for investors

- Leading property development and investment company in the deep and liquid market for outdoor shopping malls and active in mixed-use urban projects
- Inventor of innovative and mixed property concepts for local authorities, retailers and customers
- Ambition: hold €2 billion of assets attributable to the company, in France and 30% internationally
- Business model combining value creation and returns
- A funded growth strategy
- Strong entrepreneurial spirit combined with the presence of major institutional partners

## TOTAL PORTFOLIO

€1.1bn

## OF WHICH ECONOMIC PORTFOLIO UNDER OPERATION

€902m

€54.2m

annualised rental income

## GLOBAL PIPELINE

€1.1bn

in investment

## FINANCIAL INDICATORS

€32.7/share

EPRA NNAV

€1.5/share

Dividend proposed for 2019

## DEBT

1.73%

average cost

5.5 years  
maturity

23.1%

LTV  
(incl. stamp duty)

Key figures as of 31/12/2019