



2018 ANNUAL RESULTS



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1

Market context

A retail industry undergoing structural changes

An unusual year for retailers

- Events that were not particularly helpful for retail: strikes, weather, 'yellow vest' protesters
- Poor sector performance



2018 data - 12 months - CNCC

A retail industry undergoing **structural**

Continued growth of e-commerce...

- Almost 1.5 billion orders (+21%)
- An average spend that continues to fall with the growing influence of day-to-day purchases (€60)
- Only 41% of sales revenue earned on physical goods

€92.6 billion

+13.4% in revenue in 2018

9.7%

of retail

Fevad – 2018 review of e-commerce in France

... which impacts retailers' strategies

A retail industry undergoing structural changes

Best results for renewed retailers...

OC&C – Ranking of French people's favourite retail brands at end 2018

2014	2015	2016	2017	2018
	amazon	amazon	DECATHLON	1.
amazon			Cultura	2.
				3.
	DECATHLON		fnac	4.
vente privée		Cultura	amazon	5.
		DECATHLON	SEPHORA	6.
	vente privée	SEPHORA		7.
DECATHLON		TRUFFAUT		8.
	Cultura			9.
Cultura		MAISONS		10.



...who meet consumers' new aspirations

A retail industry undergoing structural changes

Retailers under pressure...

- Certain sectors more affected



- Strategic alliances between e-retailers and retail networks

and partnerships



spartoo &
HELL MODEN FOR DINE FODDER



GALE RIES
Lafayette

& La Redoute



MONOPRIX

&

sarenza



- Convergence between brick-and-mortar sales outlets and online sales: *halo effect* for last-mile logistics



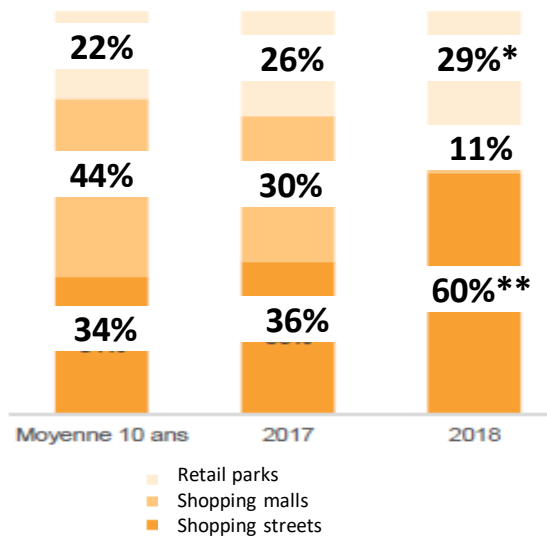
... and set to rationalise their store networks

A retail industry undergoing structural changes

Decrease in acquisition volumes and expected drop in development volumes

€4.4 billion invested

in France in 2018 (14% decrease over 10 years)



Knight Frank

ELAN law

Moratorium on the territorial revitalisation scheme (ORT)

80% of French territory affected via ORTs

Constraints on developments (creation or expansion): Prefects have the right to suspend operations

*i.e €1 billion.

** o/w 48% related to 2 transactions (Apple/Champs Elysées and Monoprix).



2

Operational performance

Outstanding performance of FREY's business model

IN A DEMANDING CONTEXT

Poor retail performances

Retailers
under pressure

Retail property
less attractive



FREY'S 2018 PERFORMANCE

Footfall ⁽¹⁾ : +1.4%
Retailers sales revenue ⁽¹⁾ : +1.2%
Rents like-for-like ⁽²⁾ +2.8%

Occupancy rate ⁽²⁾ 96.7%
Leases signed (+26%) €10.8 m
Works in progress 144,000 m²

Acquisitions €88.2 m
Disposals/Property dev. ⁽³⁾ €41.6 m
Fund-raising €322 m

(1) Scope: France. Respectively +8.2% for footfall and +1.3% for retailers' sales revenues for France & Spain.

(2) Economic portfolio in operation.

(3) o/w €26.4m disposals (at 100%), i.e. €5.3m attributable to owners of the company – Transactions made above the appraisal values.

The reasons for this outstanding performance

Frey gives more to visitors

more practical

more of an experience



places that are managed like entertainment venues

The reasons for this outstanding performance

Frey gives more to visitors

more authenticity **more of a welcome**



places that foster social ties

The reasons for this outstanding performance

Frey gives retailers more for less

more

unbeatable

space for expression

occupancy cost ratio

‘Showroom’ style stores
where the last-mile
logistics and omnichannel
strategy can be integrated

7.8%⁽¹⁾

FREY occupancy cost ratio

Retailers’
preferred lessor

Retailers will maintain the stores that contribute most

(1) Charged occupancy cost ratio (excluding tax) - Assets owned more than 50% in France and Spain.

The reasons for this outstanding performance

A know-how sought by municipalities for their urban renewal projects

more diversity

more urban life



- MORE acceptable projects
- Projects LESS in opposition to city centre areas



2018 highlights

Shopping Promenade: first year of success

Shopping Promenade
— COEUR PICARDIE —



4.9 million
visitors

97.9 %
Occupancy rate

New retailers arrived on site in 2018



The roll-out of Shopping Promenade in France

3 major projects underway

Shopping Promenade
COEUR ALSACE

Shopping Promenade
CLAYE SOUILLY

Shopping Promenade
ARLES

Sites in progress



119,000 m²
Total GLA

€245 m
investments

€19.5 m
potential rental
income

H&M

Emile
AND THE COOL KIDS

NEWYORKER

adidas

KAPORAL
JEANS

fnac

VAPIANO®
PASTA | PIZZA | BAR

BIG
FERNAND
L'ATELIER
DU
HAMBURG

* Data in a patrimonial approach. The total surface area of these projects (incl. Property development) is 132,000 m².

Frey's return to the international scene

Parc Vallès – Barcelona

47,000 m² (1)

retail/leisure

13.2 million

visitors in 2018

€5.9 m

annual rental income

100%

Occupancy rate

46

stores & restaurants

1 multiplex cinema



MANGO



MediaMarkt



(1) 42,000 m² acquired in April 2018 and 5,000 m² in February 2019.

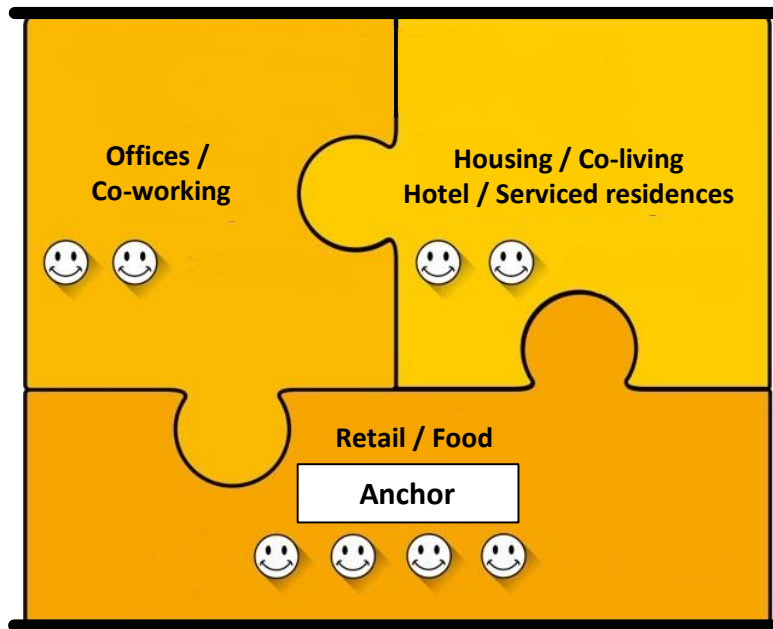
Creation of a 'mixed use' entity



New business unit specialised
in identifying and designing mixed urban projects



Direct sourcing & participation to auction process
First success in Rennes in early 2019



Desirability

A secured and efficient
business model



An attractive investment product
thanks to the commercial anchor
and complementarity
between the asset classes
that increases profitability



4

Financial performance

Ramp up of the **property investment company**

Economic portfolio in operation

365,000 m²

+18%

surface area

€42.6 m

+27%

annualised rental income

96.7%

+170 bps

occupancy rate (EPRA)

€729.8 m

+23%

valuation ⁽¹⁾

(1) The economic portfolio 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. The wholly-owned portfolio of assets in operations accounted for 301,300 m² at end 2018, generated €35.2 m of annualised gross rental income and had a value of €606 m, excluding stamp duty.

Financial performance **confirmed**

High value creation

€32.8 m

+38%

gross rental income



Acquisitions in 2017 and 2018: €5.7 m

Deliveries in 2017 and 2018 €2.7 m

+2.8% on a like-for-like basis

€18.3 m

+46%

profit from recurring operations



Very strong growth in profit from recurring operations

Good control of overhead costs in a context of active development

2017

2018

€53.8 m

€35.7 m

change in fair value of investment property



On a like-for-like basis:

Acquisitions:

IAS 40r development:

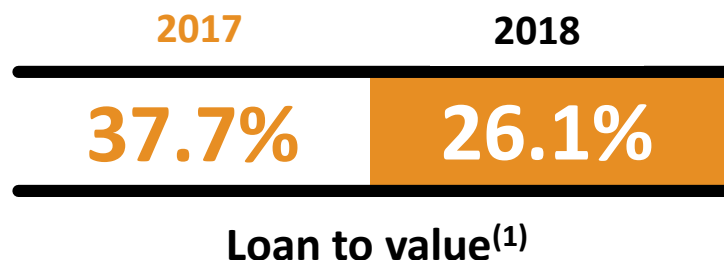
2018

+€7.2 m

+€4.4 m

+€24,1m

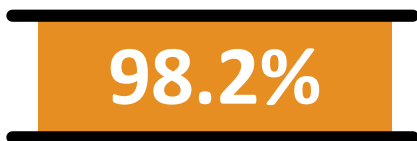
Financial structure: **more robust**



Average cost ⁽²⁾



1.29% for corporate facilities
2.85% for other bank financing



Debt coverage ratio



Debt duration



Liquidity ⁽³⁾

(1) Including stamp duty.

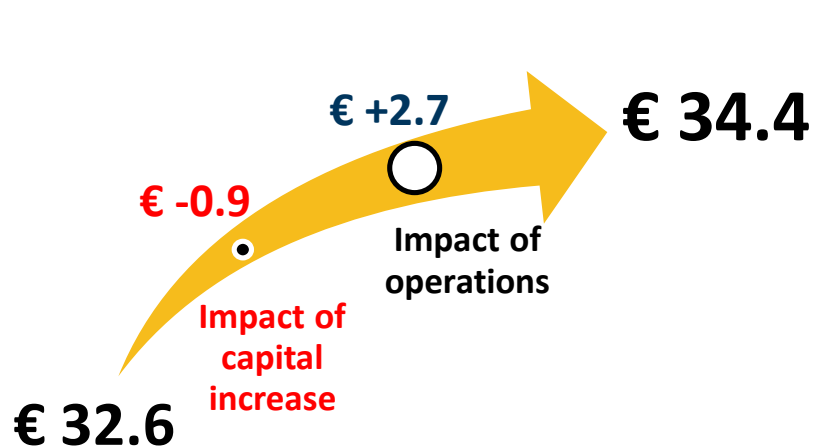
(2) Average cost after hedging (including margin, after hedging of rate and with a 3-month Euribor as of 31/12/2018 at (0.309)%.)

(3) €247 million in corporate facilities and €78 million in cash available.

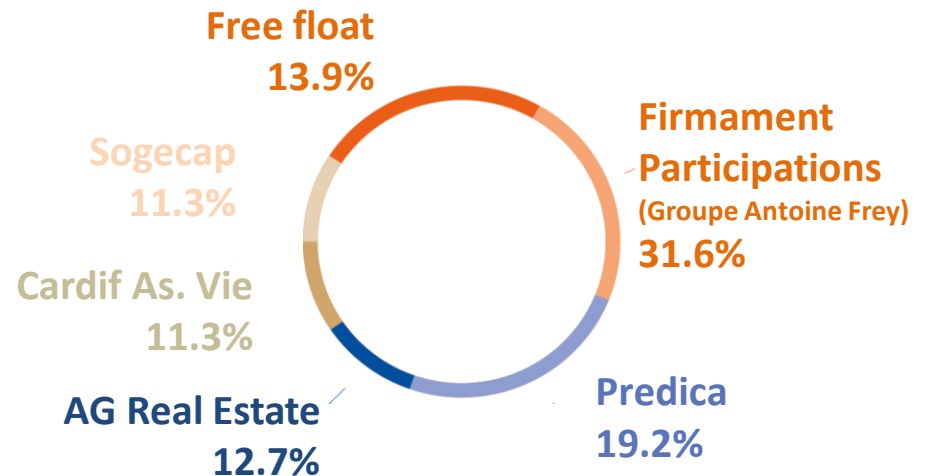
NAV and shareholding

capital increase

€202 m



Going concern NAV per share



Shareholder structure

2018 dividend
submitted to the 2019 General Assembly
approval

€1.20/share

+20%



5

Strategy and outlook

The e-commerce **glass ceiling**

Between 20-30%

of French retail



Due to its **economic model**
and to its **logistics constraints**

Brick-and-mortar retail is not going to disappear

Retail is evolving



**A threat for certain real estate players
but an opportunity
for specialists like FREY**

Our strategy

Capture the essence of FREY's know-how...

DESIGNING
BUYING
DEVELOPING
TRANSFORMING
BUILDING
FINANCING
MANAGING
ENTERTAINING
SELLING



*the only operator
with genuine
end-to-end
retail property
expertise*

...to become 'the driver of retail transformation'

Capture the essence of our **unique know-how**

A - Pursue out-of-town retail regeneration projects



2020 project

Shopping Promenade
— ODE À LA MER —

- 111,000 m²**
- 90,000 m²**
retail/leisure
- 74** stores
- 24** cafés and restaurants
- 1** multiplex
- 15,000 m²** of office space
- 1 hotel**
with 102 rooms

Capture the essence of our **unique know-how**

B - On an opportunistic basis, acquire assets sold by their owners, in order to convert them into brand new concepts



Renovation-extension project over the next 3 years to capitalize on its excellent fundamentals and strengthen its leadership

Capture the essence of our **unique know-how**

C - Promote the urban retail anchor by developing dense mixed projects

Case study: Palais du Commerce in Rennes (18,000 m²)



5.000 m² of retail space



7 cafés and restaurants

4.200 m² of office & co-working space

1 105-room hotel managed by Marriott

1 cookery and hotel trade training centre

Our medium-term **strategic priorities**

1

**Speed up
the transformation
of out-of-town retail
areas with
Shopping Promenade**



€989 m

investments⁽¹⁾

2

**Speed up
the transformation
of major French cities
with dense mixed
projects via Citizers**



6

operations in study

3

**Continue the
internationalisation
of our model,
by focusing on Spain
and Portugal**



30%

assets in value

(1) 14 sites in progress on 31.12.2018 excluding the Rennes project awarded in 2019.

Frey: an attractive model for investors

- **Property development and investment company leader**
in the deep and liquid market for outdoor shopping centres
and urban mixed use projects
- **Inventor of innovative and mixed property concepts**
for local authorities, retailers and customers
- **Ambition: holding €1.5 billion of assets**
group share, in France and internationally
- **A high value creation business model**
supported by a portfolio of secure projects
- **Optimal financial strategy**
Combining regular distribution and moderate financial leverage
- **Strong entrepreneurial spirit**
combined with the presence of major institutional partners

ECONOMIC PORTFOLIO IN OPERATION

€729.8 m

365,000 m²

€42.7 m

Annualised rental income

GLOBAL PIPELINE

€989 m

in investment

FINANCIAL INDICATORS

€34.40/share

Going concern NAV

26.1%

Net LTV
including stamp duty

DEBT

1.94%

average cost⁽¹⁾

5.9 years

debt duration

Key figures as of 31/12/2018

(1) Average cost after hedging (including margin, after hedging of rate and with a 3-month Euribor as of 31/12/2018 at (0.309)%.)