Public limited company (société anonyme) with a Board of Directors and share capital of €47,104,162.50
Registered office: 1 rue René Cassin – 51430 BEZANNES
398 248 591 REIMS Trade and Companies Registry

2018 REGISTRATION DOCUMENT
Including the Annual Financial Report

The French version of this Registration Document was filed with the French Financial Market Authority (AMF) on 12 April 2019, in accordance with Article 212-13 of the AMF General Regulations.

It can be used to support a financial transaction if it is accompanied by an issue prospectus that carries the approval of the AMF.

This Registration Document was prepared by the issuer and binds its signatories.

In accordance with Article 28 of European Regulation No 809/2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- The Group's consolidated financial statements for the financial year ended 31 December 2016 and the report of FREY's Statutory Auditors on said consolidated financial statements, which can be found on pages 229 and 281 in the Chapter entitled "Annual Financial Report" of the Registration Document filed on 13 April 2017 with the AMF under number D.17-379 (the "2016 Registration Document");
- The special report prepared by FREY's Statutory Auditors on the related-party agreements and undertakings for the financial year ended 31 December 2016, which are set out in the Chapter entitled "Related-party transaction" (page 343) of the 2016 Registration Document;
- A review of FREY's financial position and results for the financial year ended 31 December 2016 taken from the chapter entitled "2016 Management Report" of the 2016 Registration Document (pages 39-75).
- The Group's consolidated financial statements for the financial year ended 31 December 2017 and the report of FREY's Statutory Auditors on said consolidated financial statements, which can be found on pages 175 and 228 in the Chapter entitled "Annual Financial Report" of the Registration Document filed on 28 March 2018 with the AMF under number D.18-0195 (the "2017 Registration Document");
- The special report prepared by FREY's Statutory Auditors on the related-party agreements and undertakings for the financial year ended 31 December 2017, which are set out in the Chapter entitled "Related-party transaction" (page 257) of the 2017 Registration Document;
- A review of FREY Group's financial position and results for the financial year ended 31 December 2017 taken from the chapter entitled "2017 Management Report" of the 2017 Registration Document (pages 22-44).
- The sections of these documents that are not included are either not relevant for investors or are covered elsewhere in this Registration Document.

Copies of the 2016 Registration Document, of the 2017 Registration Document, and of this Registration Document, are available free of charge from FREY, 1 rue René Cassin - 51430 BEZANNES and from the Company's website at www.FREY.fr, as well as on the French Financial Markets Authority's website www.amf-france.org.

CONTENTS

INTERVIEW WITH ANTOINE FREY
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

“2018, the year in which the FREY model came of age.

What's your assessment of 2018?

ANTOINE FREY: Although the years can blend into each other, 2018 stands out as a vintage year. We secured financing for our pipeline of projects thanks to a €201.9 million capital increase and the removal of a significant corporate debt. 2018 was also the year we made an international comeback, with the acquisition of a major asset in Barcelona. The Group also celebrated the first anniversary of the new Shopping Promenade® concept in Amiens and launched three other construction projects in Strasbourg, Claye-Souilly, the Paris region and Arles. Lastly, we successfully crowned the tenth year of our listing on the stock exchange, delivering to our shareholders the highest growth in RNAV (revalued net asset value) per share for the period of any SIIC (listed real estate investment companies).

Why did you create Citizers?

ANTOINE FREY: The aim of this new Group entity is to promote our expertise in “retail construction”, something most real estate developers do not possess. Our expertise in mixed-use projects in a dense urban network makes FREY a unique urban designer. As Citizers’ initial success in Rennes illustrates, this new entity also reflects our desire not to be pigeon-holed as an out-of-town operator, but to operate right in the heart of the city. The aim is to roll out projects, including retail, which always forms the basis of towns, and on which our role as a public space developer is built.

What are the challenges for 2019?

ANTOINE FREY: There are many, ranging from the delivery and opening to the public of the Shopping Promenade® in Arles, the continued work on the projects in Claye-Souilly and Strasbourg, due to open in 2020, plus new projects that are coming to maturity, such as the one in Marseille. We must also ensure we build on the lessons learned from the Rennes pilot to set Citizers on the right track, by investing in one or more new projects. Lastly, we must continue our international expansion. Having dipped our toes into Spain, FREY must roll out its business model there and build up a team to develop its assets.

What will a FREY project look like in the future?

ANTOINE FREY: It will, of course, be exemplary in environmental terms, but also adaptable to future changes in usage. Above all, it will be mixed-use (shops, offices, housing, hotels, etc.), a city space that is socially connected to the places where people live, a place that forms part of their everyday lives. As such, our plan must create a place where people feel at home, thanks to a multitude of little details, a place where they want to bump into each other and where the community flourishes on a daily basis. A genuinely sociable place, just like FREY's core image. We don't just build square metres, we create a ‘Feel Good’ atmosphere.

Antoine FREY,
Chairman and Chief Executive Officer

History of the Group

2022

FREY will inaugurate “Ode à la Mer” in Montpellier, the Group’s first major urban development, offering mixed uses in a completely new district.

2019

FREY wins the Palais de Commerce competition in Rennes. Developed by Citizers, its entity dedicated to mixed-use urban developments, this 2015 city centre project offers shops, offices, a hotel and many innovative services.

2017

Inauguration in Amiens of FREY's first Shopping Promenade® concept, the next generation of open-air shopping centres, designed to offer an “enhanced experience” to its users, in a real living space.

2013

FREY completes the first repurposing of an out-of-town shopping centre in France in Troyes, initiating a positive movement towards the urban and commercial regeneration of out-of-town areas.

2008

Antoine Frey takes over FREY, transforming it into a real estate investment company listed on the Paris stock exchange (SNC) and changing its business model.

2005

Retail goes green. With the creation of the Greencenter® concept, FREY becomes a pioneer in eco-friendly retail parks.

1983

Creation of Immobilière FREY, which builds the first out-of-town business parks, at the time based on a horizontal sprawl of “metal-clad boxes”.

KEY FIGURES

ECONOMIC PORTFOLIO [1]

€729.8m

up 23%

ANNUALISED RENTAL INCOME [1]

€42.6m

up 27%

Net profit attributable to owners of the company

€45.1m

Going concern NAV per share

€34.40

up 5.5%

Net LTV including duty

26.10%

down 116 bp

Proposed dividend per share

€1.20

up 20%

[1] *The economic portfolio and the annualised rental income can be found in Section 1.1.6 of the Management Report*

HISTORICAL FINANCIAL INFORMATION

The quantified data set out below are expressed in millions of euros, and have been extracted from FREY SA's consolidated financial statements at 31 December 2018 and 31 December 2017, prepared in accordance with IFRS and certified by the Statutory Auditors.

Condensed statement of financial position at 31 December 2018 and 31 December 2017

ASSETS (€m)	Consolidated data - IFRS	
	31/12/2018	31/12/2017
Investment property	746.2	569.7
Equity interests in associates	54.2	50.4
Other non-current assets	18.4	16.3
Non-current assets	**818.8**	**636.3**
Inventories	25.1	17.2
Cash and cash equivalents	78.0	70.0
Other current assets	65.1	39.9
Current assets	**168.2**	**127.0**
TOTAL ASSETS	**987.0**	**763.3**

EQUITY AND LIABILITIES (€m)	Consolidated data - IFRS	
	31/12/2018	31/12/2017
Equity	**600.5**	**366.8**
Long-term financial liabilities	280.0	339.4
Other non-current liabilities	19.1	12.3
Total non-current liabilities	**299.1**	**351.4**
Short-term financial liabilities	44.6	7.8
Other current liabilities	42.8	37.3
Total current liabilities	**87.4**	**45.1**
TOTAL LIABILITIES	**987.0**	**763.3**

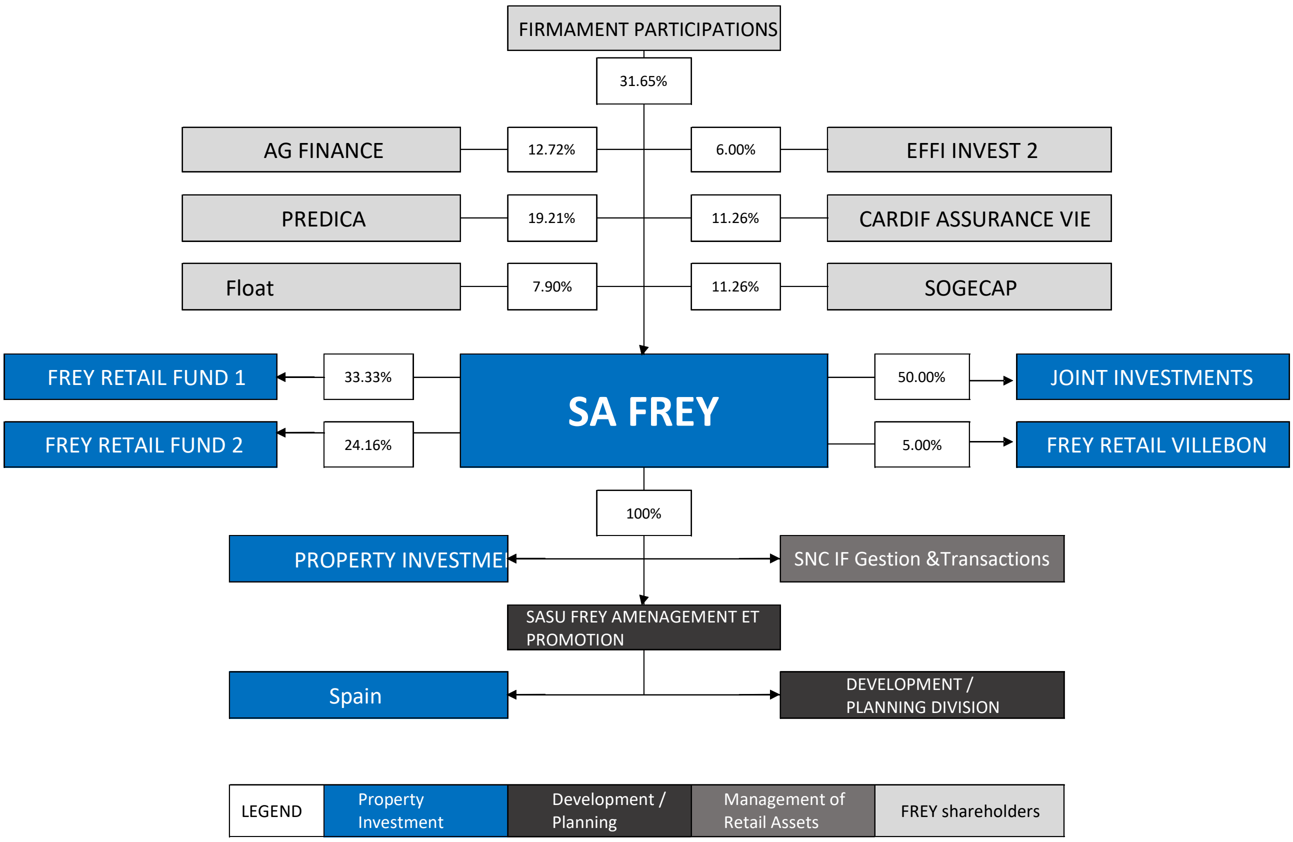
Condensed income statements at 31 December 2018 and 31 December 2017

(€ millions)	Consolidated data - IFRS	
	31/12/2018	**31/12/2017**
Revenue	56.7	29.4
Purchase cost of goods sold	(17.4)	(2.4)
Overheads & Non-recoverable expenses	(19.6)	(12.3)
Other income and expenses	0.5	0.2
Taxes and similar payments	(1.1)	(1.0)
Allocations to and reversals of depreciation, amortisation and provisions	(0.9)	(1.3)
Profit from recurring operations	**18.3**	**12.5**
Other operating income and expenses	(0.9)	(1.1)
Fair value adjustments of investment property	35.7	53.8
Operating profit	**53.1**	**65.2**
Share of net profit from associates	7.2	9.0
Operating profit after share of net profit from associates	**60.2**	**74.2**
Cost of net financial debt	(9.3)	(9.2)
Fair value adjustments of financial assets	(3.1)	(3.2)
Income tax	(2.8)	(0.7)
Net profit/(loss)	**45.1**	**61.1**
Attributable to owners of the company	**45.1**	**61.1**
Net earnings per share (€) - attributable to owners of the company	*2.9*	*5.6*
Diluted earnings per share (€) - attributable to owners of the company	*2.7*	*5.3*

Cash flow statement for the financial years ended 31 December 2018 and 31 December 2017

(€ millions)	Consolidated data - IFRS	
	31/12/2018	**31/12/2017**
Cash flow from operating activities	(9.4)	0.9
Cash flow from investing activities	(83.4)	(70.4)
Cash flow from financing activities	100.9	127.2
Change in net cash and cash equivalents	**8.1**	**57.6**
Cash and cash equivalents - Opening balance	69.8	12.2
Cash and cash equivalents - Closing balance	77.9	69.8

GROUP OVERVIEW
AS OF 31/12/2018



A comprehensive list of the Company's subsidiaries is provided in Appendix 3 of the Management Report for the financial year ended 31 December 2018, which is included in full in this Registration Document.

We would also refer you on this point to Section 4 "*Consolidation scope*" of the consolidated financial statements for the financial year ended 31 December 2018, which is included in full in this Registration Document.

Management Report Annual General Meeting Financial year ended 31/12/2018

FREY

Public limited company with a share capital of €47,104,162.50
Registered office: 1 rue René Cassin – 51430 BEZANNES
398 248 591 REIMS Trade and Companies Registry

MANAGEMENT REPORT TO THE ANNUAL ORDINARY GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Ladies, Gentlemen, Dear Shareholders,

In accordance with the Law and the Articles of Association, we have convened an Annual Ordinary General Meeting to report on the financial position and operations of the Company and Group entities for the financial year ended 31 December 2018, and to submit for approval the parent company and consolidated financial statements for the said financial year.

The following reports will be submitted to you at the Meeting:

- The Management Report of the Board of Directors on the financial statements for the financial year just ended, incorporating the report of the Board of Directors on corporate governance in a separate section;
- The additional report by the Board of Directors on the use of the authorisation to increase the share capital with preferential subscription rights
- The special report of the Board of Directors on allocations of free shares for the 2018 financial year;
- the various Statutory Auditors' reports.

The reports listed above, the parent company and consolidated financial statements for the financial year just ended as well as any other related documents are available for you to read at the registered office under the conditions and within the time limits provided for by law.

We will provide you with any further details and complementary information in relation to these reports and documents.

You will be able to hear the various reports from the Statutory Auditors in due course.

The annual financial statements have been prepared and submitted in accordance with the relevant general rules in force, in compliance with the principle of prudence and pursuant to applicable regulations.

The accounting principles used to prepare the consolidated annual financial statements comply with IFRS and their interpretations as adopted by the European Union at 31 December 2018.

This framework includes IFRS (International Financial Reporting Standards) 1 to 13 and IAS (International Accounting Standards) 1 to 41, as well as their interpretations as adopted within the European Union.

CONTENTS

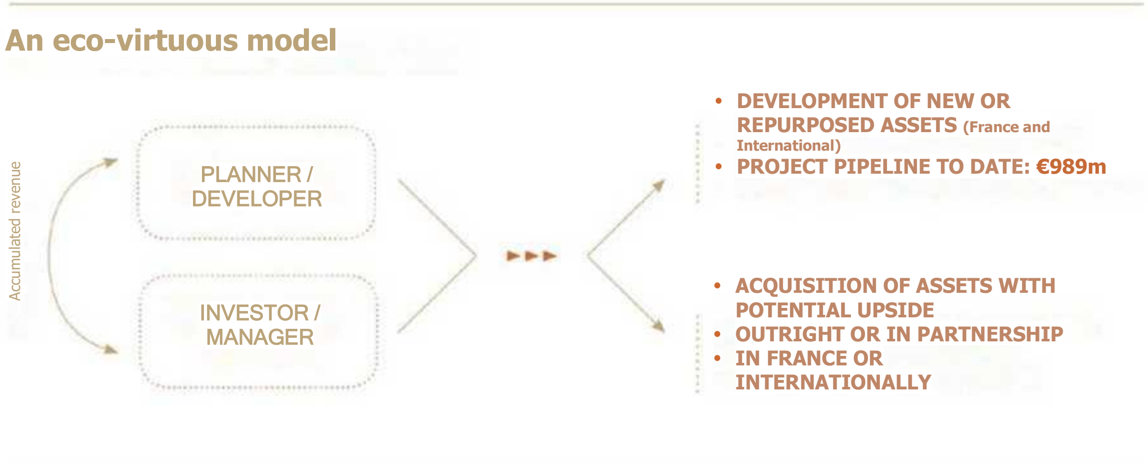
1.

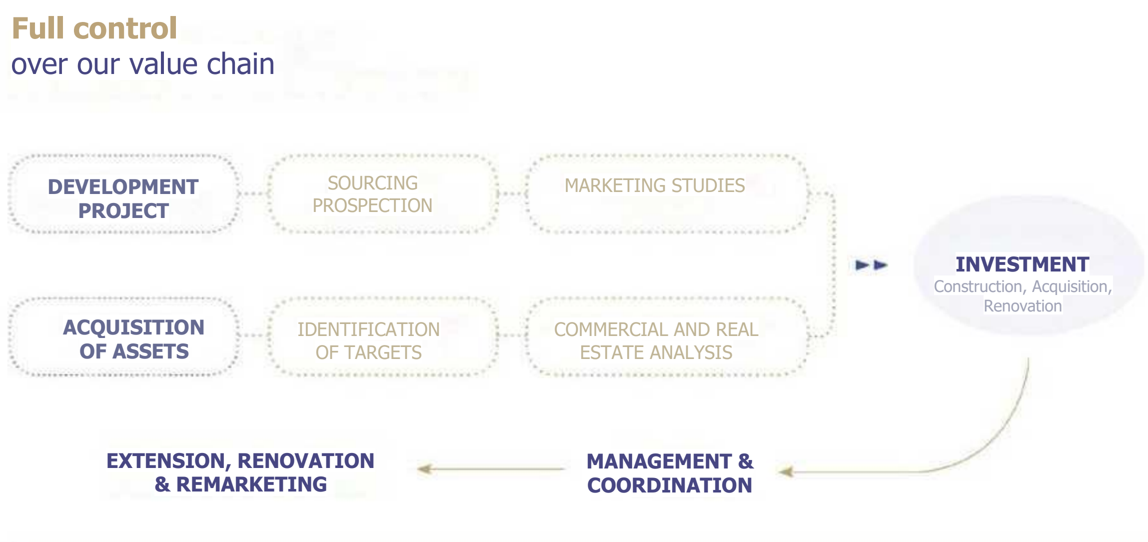
COMPANY AND GROUP ACTIVITIES

1.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

FREY is a property investment company specialised in outdoor shopping centres.

The Group's business model is based on:





1.1.1 WHOLLY-OWNED RENTAL PORTFOLIO

The Group's business activities were specifically characterised by the following events during the 2018 financial year:

- ✓ March 2018: Acquisition of shares in Parc Valles Inversiones Inmobiliarias, which owns a 42,000 m2 asset in Barcelona in Spain;
- ✓ March 2018: Delivery of a retail park in Saint-Quentin (02) covering an area of 9,500 m2
- ✓ May 2018: purchase of 5 additional units in the Clos du Chêne asset in Marne-la-Vallée (77) covering an area of 2,400 m2;

The Group's wholly-owned leasable area at 31 December 2018 totalled 301,300 m2 compared with 247,400 m2 at end-2017. They generated €32.8 million in gross rental income in 2018 (compared with €23.7 million in the 2017 financial year).

At 31 December 2018, the appraised value of this asset portfolio, excluding stamp duty, was €746.2 million, including €606.0 million for operated assets at that date.

1.1.2 ECONOMIC PORTFOLIO

The property investment company's economic portfolio consists of the wholly-owned assets, plus the assets held by the associates, in proportion to the percentage interest held in those associates.

The investments made by the Group (deliveries and acquisitions) in the economic portfolio in 2018 amounted to €88.2 million.

At 31 December 2018, the Group's economic portfolio represented a leasable area of 365,000 m2 with annualised rental income of €42.6 million (including variable rental income).

On a like-for-like basis, rental income across the economic portfolio in operation was up 2.2%

In 2018, the footfall in the Group's French assets that are equipped with a footfall measuring system, which enables visitors to be counted, namely around 235,000 m2, increased by 1.4% compared with 2017. Over the same period, footfall at shopping centres (CNCC[1]index) was down 1.7%.

In the 2018 financial year, the Group saw a 1.2% increase in revenue reported by retailers across the economic portfolio held in France

1.1.3 ASSET PORTFOLIO UNDER MANAGEMENT

The leasable area managed by the Group at 31 December 2018 amounted to 551,800 m2 compared with 524,600 m2 at end-2017. It represented annualised rental income of €67.7 million compared with €61.0 million at end-2017.

This GLA consists of the following items:

- ✓ Asset portfolio wholly-owned by the Group;
- ✓ Asset portfolio owned by the Group via partnerships (wholly-owned);
- ✓ Asset portfolio managed by the Group on behalf of third parties.

1.1.4 ACQUISITION OF NEW SUBSIDIARIES

On 19 April 2018, the Spanish company Parc Vallès Inversiones Immobiliarias, S.L.U., which in turn owned Sociedad Gestora Santa Margarida S.L., was acquired. This company, wholly owned by Frey Invest and fully consolidated, owns a 42,000 m2 asset in Barcelona-Terrassa in Spain.

1.1.5 ASSET DISPOSALS

On 16 November 2018, nine companies were dissolved without liquidation with all assets being transferred:

- To SA FREY:
  - SNC Pôle Europe;
  - SNC IF Neuilly Sous Clermont;
  - SNC IF Quadrant Nord;
  - SNC IF Sud-Ouest;
  - SCI de L'Isle Saint-Hubert;
- To SAS Frey Aménagement et Promotion:
  - SNC Rive de la Garonne;
  - SAS EPC;
  - SNC Pierry 01;
- To SCI Seclin 01:
  - SCI IF Cormontreuil 02

(1) French Council of Shopping Centres (Conseil National des Centres Commerciaux)

1.1.6 SUMMARY OF THE GROUP'S ASSET PORTFOLIO

Following these transactions, the Group's asset portfolio at 31 December 2018 is set out in the following table:

VALUE OF THE ASSET PORTFOLIO (Excl. stamp duty - € millions)		ANNUALISED RENTAL INCOME (€ millions)	
Investment property IFRS statement of financial position	746.2	Rents recognised	32.8
Projects under development	(140.2)	Impact of disposals during the period	(0.3)
		Impact of acquisitions / deliveries during the period	3.1
		Impact of vacancies during the period	0.5
		Rent-free periods and step rents invoiced	0.8
		Reinvoicing of works and staggering of rent-free periods	(1.7)
Wholly-owned assets in operation	**606.0**	**Annualised rental income from the wholly-owned asset portfolio**	**35.2**
+		+	
Jointly-owned assets in operation in proportion to the percentage interest held	123.8	Annualised rental income from jointly-owned assets in operation in proportion to the percentage interest held	7.5
Economic portfolio	**729.8**	**Annualised rental income from the economic portfolio**	**42.6**
+		+	
Co-owned operated assets – non-FREY share	553.3	Annualised rental income from co-owned operated assets – non-FREY share	25.0
Total wholly-owned asset portfolio	**1,283.1**	**Annualised rental income from the wholly-owned asset portfolio**	**67.7**
+		+	
Assets managed on behalf of third parties	-	Annualised rental income from assets managed on behalf of third parties	-
Asset portfolio under management	**1,283.1**	**Annualised rental income under management**	**67.7**

1.1.7 DEVELOPMENT ON BEHALF OF THIRD PARTIES

Revenue from property development sales for the 2018 financial year amounted to €21.6 million (compared with €2.8 million at 31 December 2017), and was primarily generated by two projects:

- ✓ A unit in the Cesson Woodshop (77) asset, covering an area of 1,100 m2;
- ✓ A 12,100 m2 asset located in Laval-Saint Berthevin (53).

1.1.8 DEVELOPMENT

At end-2018, three projects were delivered:

- ✓ A 11,300 m2 asset in Saint Quentin (02), retained in the asset portfolio;
- ✓ A 12,100 m2 asset located in Laval-Saint Berthevin (53), divested at end-2018;
- ✓ A 8,100 m2 asset located in Bonneuil-sur-Marne (94), developed as part of a 50:50 joint venture, retained in the asset portfolio.

Work is ongoing on seven projects, representing a total area of 144,000 m2 with deliveries scheduled for between 2019 and 2020:

- ✓ The Shopping Promenade® Claye-Souilly (77) representing 44,000 m2, retained in the asset portfolio;
- ✓ The Shopping Promenade® Cœur Alsace in Strasbourg-Vendenheim (67) representing 70,200 m2, 56,200 m2 of which will be retained in the asset portfolio;

- ✓ The Shopping Promenade Arles (13) representing 18,400 m2, retained in the asset portfolio;
- ✓ A 5,200 m2 asset located in Calais (62), which will be sold;
- ✓ An 850 m2 asset in Bezannes (51) divested to two restaurants in 2018 with the remainder scheduled to be sold in 2019;
- ✓ A 3,400 m2 asset located in Tinqueux (51), which will be sold;
- ✓ A 2,600 m2 asset located in Terville (57), retained in the asset portfolio in a vehicle owned 50/50 with an outside partner

1.1.9 CAPITAL INCREASE

On 5 June 2018, the Company initiated a capital increase with preferential subscription rights for a total of €201.9 million, with the offering period ending on 18 June 2018.

This capital increase was fully subscribed, with the Company issuing 6,729,165 new ordinary shares with a par value of €2.50 each, thereby increasing the Company's share capital from €30,281,250 to €47,104,162.50.

This successful issuance increased the Group’s equity and will allow it to continue its development and funding projects that may come to fruition in the coming months.

1.1.10 FINANCING

On 11 October 2018, Frey agreed a €50 million increase in the syndicated credit facility arranged in June 2017, thereby raising it to €350 million and an option to extend it out to 2025.

On 28 November 2018, FREY also signed a €70 million corporate loan with a new banking pool, for an initial five-year period with an option to extend.

These credit facilities will provide funding for ongoing development projects or those that may come to fruition over the coming months.

These facilities make it possible to lock in favourable financial terms reflecting current credit market liquidity, improve FREY’s financial flexibility and strengthen the Group’s strong relations with its long-standing banking partners, while diversifying its banking partners.

1.1.11 DIVIDEND PAID

The General Meeting, on the recommendation of the Board of Directors, decided on 20 June 2018 to pay a dividend of €1.0 per share on the 12,112,500 existing shares, i.e. a total dividend of €12.1 million.

1.2 PROGRESS MADE AND DIFFICULTIES ENCOUNTERED DURING THE FINANCIAL YEAR

FREY did not encounter any major difficulties during 2018, and the construction, sale, and delivery timetables were complied with overall. The Group continues to implement a proactive development strategy.

1.3 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Rennes (35) competition won:
With the conversion of the Palais du Commerce, an iconic historic building in Rennes city centre, FREY successfully marked its arrival as a specialist in major mixed-use urban development projects.
The 18,000 m2 project (including the extension) will offer an unprecedented range of mixed uses for the Rennes metropolitan area.

No other significant events have occurred since the end of the financial year.

1.4 INFORMATION ON TRENDS

1.4.1 OUTLOOK AND STRATEGY

The FREY property investment company has pursued an active development policy since its foundation. The size of the projects developed has increased over the years, while the Group has been able to change its structure and organisation, in order to become a standard-setting property investment company in the outdoor shopping centre sector in France.

FREY designs projects that are environmentally-friendly and efficient and are created in order to be enjoyable shopping areas for the family.

The Group is currently developing 14 major medium-term projects encompassing 435,000 m2, representing a €989 million investment[1] (145,000 m2 and €281 million of which relating to the four projects on which work has already begun). These projects, including projects awarded via competitive tender, reflect the trust felt by major contractors and retail brands.

1.4.2 EXISTENCE OF ANY KNOWN TREND, UNCERTAINTY, OR REQUEST, OR ANY UNDERTAKING OR EVENT THAT IS REASONABLY LIKELY TO HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S OUTLOOK.

FREY's business activities are sensitive to changes in the economic environment and consumer spending, as well as to changes in interest rates.

Despite ongoing headwinds for the economy, FREY is not aware of any factors that are reasonably likely to have a significant impact on its outlook. The Group will pursue its development in 2019 in the manner announced to the market and to shareholders.

Work is ongoing on seven projects with deliveries scheduled for 2019 and 2020. The list of projects can be found in Section 1.1.8 "*Development*" herein.

The Company sets itself a sustained growth target by relying on its excellent organisational abilities, and the quality of its teams.

In line with current market conditions, the Company will continue to use bank financing for its built (completed) properties, for which the leverage compared with the economic value of its asset portfolio (fair value) will amount to a maximum LTV (so-called Loan-to-Value) ratio including stamp duty of 55%.

The Company does not rule out raising further funds on the financial markets if favourable opportunities arise.

The materialisation of certain risks described in Chapter 4 "Risk Factors" in this Management Report could have an impact on the Company's business activities, and on its ability to achieve its growth target.

1.5 PROFIT FORECASTS OR ESTIMATES

The Company does not issue any profit forecasts or estimates.

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[1] *Of which 331,000 m2 and investments of €829 million relating to assets that the Group intends to retain in the asset portfolio, and which represent potential rental income of €64.6 million.*

1.6 PRESENTATION OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF EARNINGS

1.6.1 CONSOLIDATED FINANCIAL STATEMENTS

1.6.1.1 Key figures

We present the main aggregates in the consolidated financial statements for the financial year ended 31 December 2018 below:

Income statement (€ millions)	31/12/2018	31/12/2017	Change %
Revenue	**56.7**	**29.4**	**93.0%**
Profit from recurring operations	18.3	12.5	45.5%
Economic profit from recurring operations (Including associates)	25.4	19.2	32.6%
Change in fair value of investment property	35.7	53.8	(33.5)%
Change in fair value of investment property of associates	1.3	4.3	(69.0)%
Cost of net debt	(9.3)	(9.2)	0.6%
Profit before tax	47.8	61.8	(22.6)%
Net profit of non-controlling interests	0.0	0.0	-
Net profit – attributable to owners of the company	**45.1**	**61.1**	**(26.2)%**

Statement of financial position (€ millions)	31/12/2018	31/12/2017	Change %
Equity attributable to owners of the company	**600.5**	**366.8**	**63.7%**
Equity	600.5	366.8	63.7%
Financial debt	255.7	278.2	(8.1)%
Bonds	62.2	63.7	(2.3)%
Investment property	**746.2**	**569.7**	**31.0%**
Property development inventory	25.1	17.2	46.4%
Cash and marketable securities	78.0	70.0	11.5%

The Group posted Profit from recurring operations of €18.3 million at 31 December 2018, up on 2017 and comprising a number of factors:

- ✓ Steady growth in the rental business (delivery and acquisition of operated assets);
- ✓ Control of overheads and financial costs, in line with the property investment company's growth;

The fall in Net Profit was due to a smaller change in fair value on investment property than in 2017.

The €37.1 million change in the fair value at 31 December 2018 (€35.7 million for the fully consolidated companies and €1.3 million for the associates) as compared to €58.1 million at 31 December 2017 (€53.8 million for the fully consolidated companies and €4.3 million for the associates).

The positive change is explained by the increase in the value of the assets held in the asset portfolio at 31 December 2017, combined with the tightening of the capitalisation rates used by appraisers (see the calculation regarding the sensitivity of the investment property to changes in the capitalisation rates set out in Section 4.2.1.6 "*Risks related to the valuation of assets*" below), and to the successful marketing of vacant units during 2017, as well as to the value created on assets included in the consolidation scope (project launches, deliveries, and acquisitions).

The valuations of land, operated assets, and assets under construction in accordance with IAS 40, revised, are performed by independent expert appraisers (Colomer Expertises, Cushman & Wakefield and JLL France), in accordance with the recommendations in the reference documents for property valuation appraisals.

The added value generated by the Group on the wholly-owned asset portfolio in 2018 broke down as follows:

1. Acquisitions €4.4 million
2. Projects under development €24.1 million
3. Like-for-like basis €7.2 million

The development business inventory is valued at its construction cost.

An assessment of the debt and of the financial ratios is set out below in Section 1.6.1.7 "*FREY Group's financial position and debt*" of this Management Report.

1.6.1.2 Net Asset Value (NAV) at 31 December 2018

The Group publishes three NAV indicators, two of which are calculated in accordance with the recommendations published by EPRA[1].

The EPRA NAV corresponds to consolidated equity, including the addition or subtraction of the following items:

- ✓ Impact of dilution of securities granting access to the share capital;
- ✓ cancellation of the impact of the fair value adjustment to the hedging instruments and the OPIRNANE derivative;
- ✓ deferred taxes on the unrealised capital gains on assets that are not eligible for REIT status.

The EPRA triple net NAV corresponds to the EPRA NAV, including the addition or subtraction of the following items:

- ✓ cancellation of the positive or negative impact of the fair value adjustment to the cash flow hedging instruments, and the OPIRNANE derivative;
- ✓ effective tax on unrealised capital gains of assets not eligible for REIT status;
- ✓ effective stamp duty on the investment property, which is valued excluding stamp duty in the consolidated financial statements.

The diluted going concern NAV corresponds to the EPRA triple net NAV, to which the following items are added or subtracted:

- ✓ stamp duty, disposal expenses, and deferred taxes on the investment property valued in accordance with an approach based on the long-term retention of the assets;
- ✓ any dilutive instruments.

The equity used as the reference for the EPRA NAV calculation includes the net profit for the reference period.

The NAV is calculated on an attributable to owners of the company and diluted share basis, after cancelling the treasury shares held under the liquidity (market-making) agreement and the free share allocation plans (see Section 5.11.2 "*Options and free shares granted to employees*" of this Management Report), after factoring in the potentially dilutive impact of share subscription or share purchase options and excluding the potentially dilutive impact of the OPIRNANE (see Section 1.6.1.7 "*FREY Group's financial position and debt*" of this Management Report).

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[1] European Public Real estate Association, "Best Practice Recommendations", published in November 2016 and available at www.epra.com.

Tables of EPRA NAV and EPRA triple net NAV

(€ millions)	31/12/2018	31/12/2017	Change
Consolidated equity - attributable to owners of the company	**600.5**	**366.8**	**64%**
Impact of securities giving access to the capital	0.0	0.0	
Other unrealised capital gains	0.0	0.0	
Adjustment of financial instruments	4.7	3.7	
Deferred tax on the statement of financial position on non-REIT assets	7.4	0.5	
Adjustment of associates	0.1	0.6	
EPRA NAV	**612.7**	**371.6**	**65%**
Market value of financial instruments	(4.7)	(3.7)	
Effective tax on unrealised capital gains of non-REIT assets	(7.4)	(0.5)	
Optimisation of stamp duty and expenses	1.3	0.1	
Adjustment of associates	(0.1)	(0.2)	
EPRA triple net NAV	**601.8**	**367.3**	**64%**
Diluted number of shares	18,841,665	12,112,500	
Treasury shares	30,337	17,671	
Corrected number of shares	18,811,328	12,094,829	
EPRA triple net NAV per share (€)	**32.0**	**30.4**	**5%**

The change in EPRA triple net NAV per share was due to:
- The -€0.2 impact of the capital increase;
- Impact of 2018 operations (net profit - dividend paid + consolidated adjustments) of +€1.8.

Table of going concern NAV

(€ millions)	31/12/2018	31/12/2017	Change
EPRA triple net NAV	**601.8**	**367.3**	**64%**
Reinstatement of duty and actual disposal costs	29.7	20.6	
Reinstatement of tax on unrealised capital gains	7.4	0.5	
Dilution instruments	0.0	0.0	
Adjustment of associates	7.7	6.2	
Diluted going concern NAV	**646.6**	**394.6**	**64%**
Diluted number of shares	18,841,665	12,112,500	
Treasury shares	30,337	17,671	
Corrected number of shares	18,811,328	12,094,829	
Diluted going concern NAV per share (€)	**34.4**	**32.6**	**5%**

The change in diluted going concern NAV per share was due to:
- The -€0.9 impact of the capital increase;
- Impact of 2018 operations (net profit - dividend paid + consolidated adjustments) of +€2.7.

1.6.1.3 EPRA performance indicators

FREY's performance indicators at 31 December 2018 have been prepared in accordance with best practices as defined by EPRA[(1)] in its recommendations and are summarized below.

EPRA net profit

The EPRA net profit corresponds to the profit from operating activities.

The EPRA definition shows a calculation that starts from IFRS net profit and moves upwards, deleting non-recurring items. For greater simplicity and understanding, FREY has decided to present its calculation starting from IFRS profit from recurring operations and moving downwards towards Net Profit.

(€ millions)	31/12/2018	31/12/2017
IFRS profit from recurring operations	**18.2**	**12.5**
-/+ Developer's profit/(loss)	(4.2)	(0.3)
-/+ Capital gains or losses on investment property disposals *	-	0.2
-/+ Recurring financial expenses	(9.3)	(8.4)
-/+ Recurring taxes on non-REIT activities	(0.5)	(0.2)
EPRA net profit from associates	5.6	5.1
EPRA net profit	**9.8**	**8.8**
EPRA earnings per share	**€0.52**	**€0.73**

**: a positive figure corresponds to the cancellation of a loss, and vice versa*

EPRA earnings per share are determined on the basis of the number of shares at 31 December each year, not adjusted for treasury stock.

EPRA NAV and EPRA triple net NAV

The definitions of EPRA NAV and EPRA triple net NAV are provided in Section 1.6.1.2 "*Net Asset Value at 31 December 2018*" of this Management Report.

(€ millions)	31/12/2018	31/12/2017
EPRA NAV (€ millions)	612.7	371.6
EPRA NAV per share (€)	32.6	30.7
EPRA triple net NAV (€ millions)	601.8	367.3
EPRA triple net NAV per share (€)	32.0	30.4
Change in EPRA triple net NAV per share	5%	20%

EPRA yield

Net initial yield as defined by EPRA corresponds to the ratio of annualised contractual rental income, after non-recoverable expenses, to the gross market value of the assets, stamp duty included.

"Topped-up" net initial yield as defined by EPRA corresponds to the ratio of annualised contractual rental income, excluding rent-free periods granted and after non-recoverable expenses, to the gross market value of the assets, stamp duty included.

[(1)] *European Public Real estate Association, "Best Practice Recommendations", published in November 2016 and available at www.epra.com.*

To ensure a better understanding of the changes in these ratios, FREY performs its calculation on the basis of the stabilised economic portfolio[1], i.e. the portfolio that was delivered at least one year ago and isn't being restructured.

(€ millions)	31/12/2018	31/12/2017
Net asset value (excl. stamp duty)	729.8	592.8
Value of assets that are not stabilised or being restructured (excl. stamp duty)	(73.5)	(120.9)
Stamp duty in conveyance for consideration on stabilised assets	34.7	22.4
Market value of property holdings, incl. stamp duty (A)	**691.1**	**494.2**
Annualised rental income from the economic portfolio	42.6	33.5
Annualised rental income from the asset portfolio that is non-stabilised or being restructured	(4.1)	(7.3)
Non-recoverable expenses on stabilised assets	(2.3)	(1.0)
"Topped-up" annualised net rental income (B)	**36.3**	**25.2**
Rent-free periods granted	(0.9)	(0.4)
Annualised net rental income (C)	**35.3**	**24.9**
EPRA "Topped-up" net initial yield (B/A)	**5.2%**	**5.1%**
EPRA net initial yield (C/A)	**5.1%**	**5.0%**

EPRA vacancy rate

The EPRA vacancy rate corresponds to the ratio of market rents for vacant areas to the market rents for the total area (rented areas + vacant areas).

To ensure a better understanding of the changes in this ratio, FREY performs its calculation on the basis of the stabilised economic portfolio[1], i.e. the portfolio that was delivered at least one year ago and isn't being restructured.

(€ millions)	31/12/2018	31/12/2017
Market rent of stabilised vacant areas	**1.3**	**1.5**
Market rent of stabilised economic portfolio	**38.7**	**27.5**
EPRA vacancy rate	**3.3%**	**5.5%**

Table of EPRA CAPEX

(€ millions)	31/12/2018		31/12/2017	
	100%	Attributable to owners of the company	100%	Attributable to owners of the company
Acquisitions incl. stamp duty	**96.1**	**96.1**	18.2	18.2
Work on existing asset portfolio excluding development	**7.6**	**6.1**	6.6	2.9
Developments	**47.7**	**39.9**	56.2	77.0
TOTAL CAPEX	**151.5**	**142.2**	**81.0**	**77.0**

[1] *The economic portfolio corresponds to the total value of the investment based on percentage ownership of each asset.*

1.6.1.4 Operating segments

IFRS 8 requires the disclosure of information regarding the Group's operating segments: This standard determines an operating segment as follows:

"An operating segment is a component of an entity:

- ✓ *that engages in business activities from which it may earn revenues and incur expenses;*
- ✓ *whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and*
- ✓ *for which discrete financial information is available."*

NB: In this context, the term "operating results" does not relate to the IFRS definition, but to the results of the various activities and/or operating segments identified by the chief operating decision maker. The "operating results" monitored separately by FREY are the gross margin.

The standard also specifies: *"An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. "*

FREY Group's growth management process requires it to monitor its business activities in a summary manner in terms of both the indicators and profitability.

FREY Group discloses its segment information in such a way as to reflect the guidance tools used by Management and to meet the criteria in the standard.

- The Group's Management identifies three operating segments:
  - ✓ Property investment (rental income and other income from portfolio assets);
  - ✓ Property development (development and planning of Retail Parks);
  - ✓ Other activities (invoicing of services and support activities).
- Rental income and expenses that cannot be re-invoiced are the subject of an allocation between stabilised assets (delivered over one year ago) and non-stabilised assets (delivered within less than one year).
- The indicators monitored for each operating segment are as follows:
  - ✓ Revenue (rental income, sales, fees);
  - ✓ Expenses that cannot be re-invoiced to tenants;
  - ✓ the cost of sales.
- The other items that cannot be allocated on the basis of "discrete financial information" are disclosed on an aggregate basis.

The Group takes the view that each development project and each investment property represents a CGU, and that each CGU can be assigned to one or more operating segments depending on its economic purpose.

At 31 December 2018

The main aggregates of the statement of financial position by operating segment were as follows:

Assets at 31.12.2018 (€ millions)	Property investment	Property development	Other	Total
Investment property	746.1	-	-	**746.1**
Investments in associates	54.1	-	-	**54.1**
Inventories and work-in-progress	-	25.1	-	**25.1**

Equity & Liabilities at 31.12.2018 (€ millions)	Property investment	Property development	Other	Total
Investments in associates	-	-	-	**-**
Non-current financial liabilities	278.0	-	1.9	**279.9**
Current financial liabilities	44.2	-	0.3	**44.5**

The main aggregates of the income statement by operating segment were as follows:

€ millions - at 31 December 2018	Property investment	Property development	Other	Total
Rental income from stabilised assets	**29.9**			
Non-recoverable expenses on stabilised assets	(1.7)			
Net rental income from stabilised assets	**28.2**			**28.2**
Rental income from unstabilised assets	**2.9**			
Non-recoverable expenses on unstabilised assets	(0.5)			
Net rental income from unstabilised assets	**2.4**			**2.4**
Sales		**21.6**		
Purchase cost of goods sold		(17.4)		
Developer's profit		**4.2**		**4.2**
Other revenue			**2.2**	**2.2**
Gross profit				**37.0**
External services				(8.5)
Payroll expenses				(8.8)
Other income and expenses				0.5
Taxes and similar payments				(1.1)
Amortisation, depreciation and provision charges				(0.9)
Profit from recurring operations				**18.3**
Other operating income and expenses				(0.9)
Adjustment of values of investment property				35.7
Operating profit				**53.0**
Share of net profit from associates				7.2
Operating profit after share of net profit from associates				**60.2**
Cost of net debt				(9.3)
Adjustment of values of financial assets				(3.1)
Profit before tax				**47.8**
Income tax				(2.7)
Net profit of consolidated companies				**45.1**
Non-controlling interests				0.0
Net profit attributable to owners of the company				**45.1**

The Group's rental income rose €9.1 million from December 2017 to December 2018, thanks in particular to the delivery of Shopping Promenade Cœur Picardie® in Amiens (80) and of Z'aisne Shopping in Saint-Quentin (02), and the acquisition in Spain in April 2018.

Development business rose significantly in financial year 2018 mainly following the off-plan sale (VEFA) of the asset located in Laval-Saint-Berthevin (53).

At 31 December 2017

The main aggregates of the statement of financial position by operating segment were as follows:

Assets at 31.12.2017 (€ millions)	Property investment	Property development	Other	Total
Investment property	569.7	-	-	**569.7**
Investments in associates	50.3	-	-	**50.3**
Inventories and work-in-progress	-	17.2	-	**17.2**

Equity & Liabilities at 31.12.2017 (€ millions)	Property investment	Property development	Other	Total
Investments in associates	-	-	-	**-**
Non-current financial liabilities	337.1	0.1	2.2	**339.4**
Current financial liabilities	7.5	0.1	0.2	**7.8**

The main aggregates of the income statement by operating segment were as follows:

€ millions - at 31 December 2017	Property investment	Property development	Other	Total
Rental income from stabilised assets	**22.9**			
Non-recoverable expenses on stabilised assets	(1.6)			
Net rental income from stabilised assets	**21.3**			**21.3**
Rental income from unstabilised assets	**0.8**			
Non-recoverable expenses on unstabilised assets	(0.4)			
Net rental income from unstabilised assets	**0.4**			**0.4**
Sales		**2.8**		
Purchase cost of goods sold		(2.4)		
Developer's profit		**0.4**		**0.4**
Other revenue			**2.8**	**2.8**
Gross profit				**24.9**
External services				(3.6)
Payroll expenses				(6.7)
Other income and expenses				0.2
Taxes and similar payments				(1.0)
Amortisation, depreciation and provision charges				(1.3)
Profit from recurring operations				**12.5**
Other operating income and expenses				(1.1)
Adjustment of values of investment property				53.8
Operating profit				**65.2**
Share of net profit from associates				9.0
Operating profit after share of net profit from associates				**74.2**
Cost of net debt				(9.2)
Adjustment of values of financial assets				(3.2)
Profit before tax				**61.8**
Income tax				(0.7)
Net profit of consolidated companies				**61.1**
Non-controlling interests				0.0
Net profit attributable to owners of the company				**61.1**

The Group's rental income increased by €6.7 million between 2016 and 2017, as the disposals carried out in 2016 (Parla Natura in Spain and So Green® at Lille-Seclin (59)) were largely offset by deliveries and acquisitions in 2016 (Times Square® at Reims-Cormontreuil (51), Cap Emeraude® at Dinard-Pleurtuit (35), Claye-Souilly (77) and Woodshop at Cesson (77)) and by the delivery of Shopping Promenade Cœur Picardie® at Amiens (80) in 2017.

1.6.1.5 Subsidiaries and equity investments

The table summarising the information regarding all of the Company's subsidiaries at 31 December 2018 is provided in **Appendix 3** of this Management Report.

In accordance with Article L. 233-6 of the French Commercial Code, we are reporting to you on the companies that have their registered office in France, and in which the Company acquired an interest representing over one twentieth, one tenth, one fifth, one third, or half, or over which it took control during the 2018 financial year.

Company	% ownership
None	None

1.6.1.6 Activities and results of the main operating subsidiaries during the financial year just ended

The Company's consolidation scope includes the companies placed under its exclusive control, as well as the companies over which the Company exercises a significant control or has a material influence.

The table summarising the information regarding all of the Company's subsidiaries, as well as the scope used for the consolidation of the Group at 31 December 2018 is provided in **Appendix 3** of this Management Report.

The information provided below concerns the Group's main operating subsidiaries during the financial year just-ended.

Activities and results of FREY AMENAGEMENT ET PROMOTION SAS

FREY AMENAGEMENT ET PROMOTION, a wholly-owned subsidiary of FREY, does the development and project management work for all projects developed by the Group.

Its own subsidiaries carry out most of the Group's property projects intended for sale, regardless of whether these sales are outside or inside the Group.

The financial position of FREY AMENAGEMENT ET PROMOTION at 31 December 2018 is summarised in the following tables:

(€ millions)	31/12/2018	31/12/2017
Revenue	3.2	5.6
Operating profit/(loss)	(4.5)	(1.6)
Net financial income/(loss), incl. share of subsidiaries' profits/(losses)	(1.5)	(3.8)
Net profit/(loss)	(2.9)	(5.3)
Equity	(5.9)	(3.0)
Debt	0.0	0.0

FREY AMENAGEMENT ET PROMOTION and its subsidiaries recognise their revenue and profit margin on off-plan transactions via the completion method.

Activities and results of SNC IF GESTION ET TRANSACTIONS

IF Gestion et Transactions, a subsidiary in which FREY owns a 99% interest, and in which Frey Aménagement et Promotion owns a 1% interest, performs the following services on behalf of Group companies and of external companies:

- ✓ Marketing / Remarketing;
- ✓ Rental management.

It also provides the following services to companies in the FRF Division and to Frey Retail Villebon:

- ✓ Acquisition;
- ✓ Asset management;
- ✓ Administrative, tax, accounting, and legal affairs management.

The company generated revenue of €4.2 million during the 2018 financial year, which consisted exclusively of the fees invoiced for these services.

A net loss of €1.3 million was recorded in the 2018 financial year.

Activities and results of SNC IF PLEIN EST

SNC IF PLEIN EST is a subsidiary in which FREY owns a 99% interest and FREY AMENAGEMENT ET PROMOTION owns a 1% interest.

It owns the SuperGreen® asset, which has an area of 23,500 m2, and is in Thionville-Terville (57).

Revenue for the period amounted to €2.5 million, and primarily consisted of rental income.

A €0.9 million profit was recorded in the 2018 financial year.

Activities and results of SNC IF PLEIN SUD

SNC IF PLEIN SUD is a subsidiary in which FREY owns a 99% interest and FREY AMENAGEMENT ET PROMOTION owns a 1% interest.

Its asset portfolio consists of Greencenter Green7®, which is in Salaise-sur-Sanne (38).

Revenue for the period amounted to €2.5 million and consisted exclusively of rental income.

A €0.94 million profit was recorded in the 2018 financial year.

Activities and results of SAS CHANTELOUP 01

SAS CHANTELOUP 01 is a wholly-owned subsidiary of SAS IF CLOS DU CHÊNE, which is in turn a wholly-owned subsidiary of FREY.

In 2018, the company acquired a 890 m2 property complex in Marne la Vallée-Montévrain (77).

Following this, it owns an asset portfolio of 6,880 m2, all of which is in Marne la Vallée-Montévrain (77).

Revenue for the period amounted to €0.9 million and consisted exclusively of rental income.

A €0.2 million profit was recorded in the 2018 financial year.

Activities and results of SAS CHANTELOUP 02

SAS CHANTELOUP 02 is a wholly-owned subsidiary of SAS IF CLOS DU CHÊNE, which is in turn a wholly-owned subsidiary of FREY.

In 2018, the company acquired a 3,480 m2 commercial unit in Marne la Vallée-Montévrain (77) and also disposed of 409 m2 of the common area.

Following this, it owns an asset portfolio of 16,421 m2, all of which is in Marne la Vallée-Montévrain (77).

Revenue for the period amounted to €2.1 million and consisted exclusively of rental income.

A €0.4 million profit was recorded in the 2018 financial year.

Activities and results of SNC IF CHENE VERT

SNC IF CHÊNE VERT is a subsidiary in which IF CLOS DU CHÊNE owns a 99% interest and FREY AMENAGEMENT ET PROMOTION owns a 1% interest.
SNC IF CHÊNE VERT's asset portfolio consists of the Greencenter® Clos du Chêne 2 in Marne la Vallée-Montévrain (77), which has an area of 23,600 m2.

In 2018, the company acquired a 328 m2 property complex in Marne la Vallée-Montévrain (77).

Revenue for the period amounted to €3.2 million, and primarily consisted of rental income.

A €0.8 million profit was recorded in the 2018 financial year.

Activities and results of SAS LA PLAINE

SAS LA PLAINE is a subsidiary in which FREY owns a 99% interest and FREY AMENAGEMENT ET PROMOTION owns a 1% interest.

Its assets comprised the WOODSHOP outdoor shopping centre (formerly called Maisonément) with an area of 41,900 m2, located in Melun-Sénart (77).

Work to reconfigure the site began in 2018 and is still ongoing.

One building (1,100 m2) was sold off-plan in September 2018.

Revenue for the period amounted to €3.6 million, comprising rental income of €2.2 million plus €1.4 million in proceeds from the sale of the building.

A loss of €0.4 million was recorded in the 2018 financial year.

Activities and results of SNC IF PLEIN OUEST

SCI IF PLEIN OUEST is a subsidiary in which FREY owns a 99% interest, and FREY AMENAGEMENT ET PROMOTION owns a 1% interest.

It owns Cap Emeraude, a 10,800 m2 asset in Dinard-Pleurtuit (35).

Revenue for the period amounted to €0.7 million, and primarily consisted of rental income.

A €0.03 million profit was recorded in the 2018 financial year.

Activities and results of SCI FRP III

SASU FRP III is wholly-owned by SCI LES SABLONS 1, which is itself 99.9% owned by FREY and 0.1% by FREY AMENAGEMENT ET PROMOTION.

This company owns a 17,900 m2 property complex in Claye-Souilly (77).

FRP III's revenue amounted to €2.9 million in 2018 and consisted entirely of rental income.

A €0.9 million profit was recorded in the 2018 financial year.

Activities and results of SCI PAI 02

SCI PAI 02 is a wholly-owned subsidiary of IF SAINT PARRES, which is itself 99% owned by FREY and 1% by FREY AMENAGEMENT ET PROMOTION.

SCI PAI 02 owns Be Green®, a 20,750 m2 Greencenter®, located in Troyes- Saint-Parres-Aux-Tertres (10).

SCI PAI 02's revenue amounted to €2.3 million in 2018 and consisted entirely of rental income.

A loss of €0.6 million was recorded in the 2018 financial year.

Activities and results of Parc Valles

Parc Valles is a wholly-owned subsidiary of FREY INVEST, which is in turn a wholly-owned subsidiary of FREY.

Parc Valles owns a 42,000 m2 asset in Terrassa in Spain (near Barcelona).

Parc Valles's revenue amounted to €3.9 million in 2018 and consisted entirely of rental income.

A €1.2 million profit was recorded in the 2018 financial year.

1.6.1.7 FREY Group's financial position and debt

Information regarding FREY Group's financing

BANK DEBT

On 11 October 2018, Frey agreed a €50 million increase in the syndicated credit facility arranged in June 2017, thereby raising it to €350 million and an option to extend it out to 2025.

On 28 November 2018, FREY also signed a syndicated loan for the sum of €70 million with a new banking pool, for an initial five-year period.

This credit facility is intended, along with the capital increase carried out in June 2018, to fund projects under development or those that may come to fruition in the coming months.

These facilities enjoy favourable financial terms reflecting current credit market liquidity, improve FREY's financial flexibility and strengthen the Group's strong relations with its long-standing banking partners, while diversifying its partner banks.

Following these transactions, the balance of the bank debt (excluding bonds) drawn down by Group companies (excluding associates) at 31 December 2018 was €259.1 million, including €173.0 million under credit facilities.

(€ millions)	31/12/2018	31/12/2017
IFRS non-current bank loans (incl. credit facilities)	218.4	237.6
IFRS non-current finance lease liabilities (CBI)	33.0	36.2
IFRS current bank loans (incl. credit facilities)	1.0	1.3
IFRS current finance lease liabilities (CBI)	3.2	3.0
Less accrued interest	(0.1)	(0.2)
IFRS adjustment of loan issue costs	3.6	3.0
TOTAL BANK DEBT	**259.1**	**280.9**

The maturity of the Group's bank debt works out at 5.9 years, compared with 5.3 years at end-2017.

At 31 December 2018, 78% of Group debt (bank + bonds) is variable rate (3-month Euribor). However, as a result of the arrangement of interest rate hedges (swaps), 98% of the Group's debt (bank + bonds) is no longer exposed to interest rate movements.

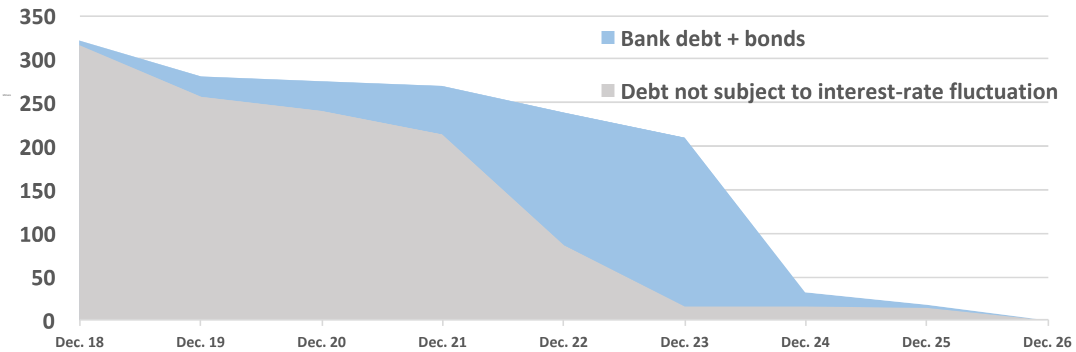
The average spread on the Group's bank debt was 1.64% at 31 December 2018.

The average interest rate of the Group's bank debt, including spread, at this date, after including the interest-rate hedges and with a 3-month EURIBOR at 31 December 2018 of (0.309%) worked out at 1.95%, breaking down into an average rate of 2.85% on the mortgage loans and 1.29% on the corporate finance.

The following table sets out the impact of a potential (upward or downward) fluctuation of 100 and 50 basis points in the 3-month Euribor:

Revenue in € millions	**-100 pts**	**-50 pts**	**(0.309)%**	**+50 pts**	**+100 pts**
Net cost of debt	(8.1)	(8.7)	**(9.3)**	(9.7)	(9.8)
Impacts	1.2	0.6	-	(0.4)	(0.5)

The change in the debt not exposed to interest rate movements is presented in the chart below:



BONDS

At 31 December 2018, Group companies had outstanding bonds of €61.4 million, representing 19.3% of the Group's total debt.

(€ millions)	**31/12/2018**	**31/12/2017**
IFRS non-current bonds	25.2	62.8
IFRS current bonds	37.1	0.9
Less accrued interest	(0.9)	(0.9)
TOTAL BONDS	**61.4**	**62.8**

These bonds consist of OPIRNANE (Property Performance Bonds Redeemable in Cash and/or in New or Existing Shares) issued in 2012 and of (Euro PP) bonds issued in 2014.

1. Issue of OPIRNANE bonds (November and December 2012)

FREY issued OPIRNANE bonds (Property Performance Bonds redeemable in Cash and/or in New or Existing Shares) in November and December 2012, which enabled it to diversify its sources of financing and to extend the maturity of its debt.

The characteristic features of this bond were as follows at issue:

Type of bond issue	OPIRNANE
Issue date	11/2012 and 12/2012
Issue size (€ millions)	30
Issue/conversion price (€)	18.50
Conversion ratio	1.02
Number of securities issued	1,621,691
Nominal rate (minimum)	6%
Maturity	10 years

In November 2018, FREY bought back and cancelled 102,358 OPIRNANE, representing around 6.3% of outstanding bonds prior to cancellation, for a unit value of €25.50.

At 31 December 2018, there were 1,519,333 outstanding bonds with a par value of €18.50, representing a total nominal amount of €28.1 million.

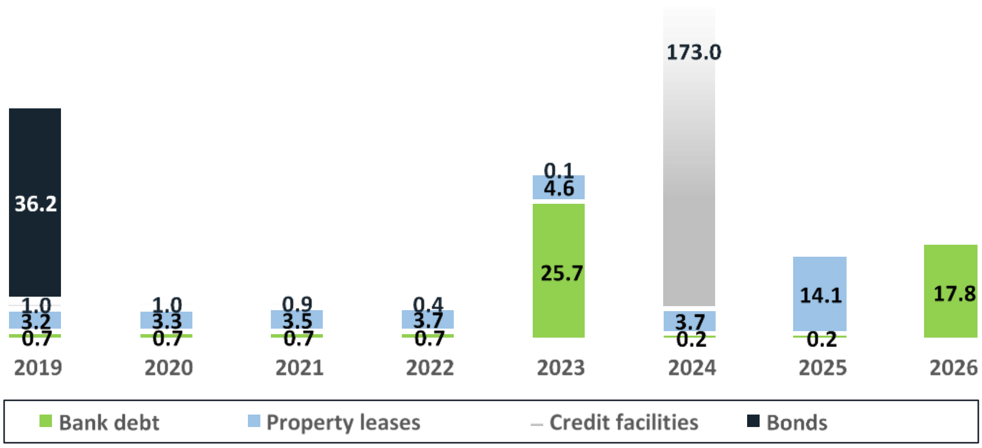
2. Bond issue (Euro PP) (August and December 2014)

The Group also issued bonds amounting to €36.2 million in August and December 2014, as part of a private placement with institutional investors in the form of a bond issue with a nominal value of €100,000 per unit bearing interest at 4.375% per year and with a five-year maturity.

These bonds are listed under ISIN Code FR0012084119 on the Euronext Paris regulated market.

Debt maturity schedule

The chart below sets out the overall redemption schedule for the Group's debt, including the credit facilities drawn down and the Euro PP bond issue.



Financial instruments

Pursuant to IFRS standards, the Group recognises changes in the fair value of its hedging transactions in its consolidated statement of financial position. These changes in fair value, which are calculated based on the difference between the hedging transaction arranged and the discounted expectations for interest rates at the reporting date, may have a positive or negative impact on consolidated equity.

The financial instruments held at 31 December 2018 had a value of €(14.5) million, including €10.9 million for the OPIRNANE derivative, compared with €(12.1) million at 31 December 2017 including €9.3 million for the OPIRNANE derivative.

The impact of the change in the fair value of the financial instruments was recognised in profit or loss for €(3.1) million, specifically taking account of a (€2.3) million change in the OPIRNANE derivative.

Bank covenants

The Group is subject to covenants, which are usual as part of such financing (LTV, DSCR, ICR, secured debt, unencumbered asset portfolio).

At 31 December 2018, all of the undertakings and covenants entered into with financial partners by FREY and the Group were complied with.

Generally speaking, for project financing, no covenant is intended to apply during the draw-down stage, which corresponds to the period of the works.

The Group has significant room for manoeuvre between the results achieved and the percentages provided for in the covenants for the various forms of financing.

The level of the main ratios on the basis of which the main covenants were established is set out in the tables below:

Ratios relating to specific assets:

The **DSCR** is the ratio of rental income to borrowing costs (repayment of capital and payment of interest).

DSCR RATIOS		
Relevant debt	Required ratios	Ratios at 31/12/2018
€46.6m	>120%	294% to 396%

The ICR ratio is the ratio of rental income to interest.

ICR RATIOS		
Relevant debt	Required ratios	Ratios at 31/12/2018
€46.6m	>2.0	5.4 – 8.6

The LTV ratio is the ratio of outstanding debt to the value of the asset financed excluding stamp duty.

LTV RATIOS		
Relevant debt	Required ratios	Ratios at 31/12/2018
€27.1m	<60.0%	48.8%
€19.5m	<65.0%	40.6%

Ratios relating to the consolidated financial statements:

Consolidated Ratios	DSCR	ICR		LTV		Collateralised debt
Relevant debt	€36.2m	€36.2m	€173.0m	€36.2m	€173.0m	€173.0m
Required ratios	>= 110%	>= 1.5	>= 2	<= 70.0%	<= 60.0%	<20.0%
Ratios at 31/12/2018	192%	2.7	3.3	26.1%	25.1%	9.6%

The change in the Group's net LTV[(1)] ratio is set out in the following table:

(€ millions)	31/12/2018	31/12/2017
Non-current financial liabilities	280.0	339.4
Current financial liabilities	44.5	7.8
Adjustment of debt component of OPIRNANE bonds	(25.4)	(26.9)
Adjustment of debts not related to investment property (*)	(3.8)	(3.2)
Cash	(78.0)	(70.0)
Total debt (A)	**217.3**	**247.1**
Investment property	746.2	569.7
Registered office (recognised in property, plant and equipment)	7.2	6.2
Adjustment of non-recoverable costs on projects	(24.8)	(16.8)
Stamp duty	29.7	20.6
Total property holdings including stamp duty (B)	**758.3**	**579.7**
Investment property including duty	124.2	123.5
Debt	(52.4)	(49.7)
Cash	2.8	2.2
Unencumbered assets of associates (C)	**74.6**	**76.1**
Net LTV - incl. stamp duty [A / (B + C)]	**26.1%**	**37.7%**

(*) including deposits and guarantees received and IFRS treatment of debt issuance costs

[(1)] *Net LTV including stamp duty, including credit facilities and excluding OPIRNANE bonds.*

Cash flow

Consolidated data (€ millions)	31/12/2018	31/12/2017
Cash flow from operating activities	**(9.4)**	0.8
Cash flow from investing activities	**(83.4)**	(70.4)
Cash flow from financing activities	**100.9**	127.2
Change in net cash and cash equivalents	**8.1**	57.6
Cash and cash equivalents - Opening balance	**69.8**	12.2
Cash and cash equivalents - Closing balance	**77.9**	69.8

The Group's consolidated cash position showed an investment and cash balance of €77.9 million at 31 December 2018 compared with €69.8 million at 31 December 2017.

Cash flow from operating activities in 2018 resulted from cash flow of €19.5 million, a €31.5 million increase in working capital requirements, and €3.3 million in dividends received from associates. The resulting cash flow generated by the business activities was -€9.4 million.

Cash flow from investing activities in 2018 recorded a net outflow of €83.4 million relating to the projects underway and to the acquisitions made over the period.

Cash flow from financing activities was plus €100.9 million thanks to the capital increase, financing the Group's development and the construction of the new assets.

Restrictions on the use of capital resources that have materially affected, or could directly or indirectly materially affect the issuer's operations

To the best of the Company's knowledge, there are no restrictions on the use of capital resources which have had or may have a significant direct or indirect impact on its operations.

Expected sources of financing

The Company will use various financing methods, such as increasing its equity and resorting to bank debt, in order to be able to make all of its future investments.

The Group also has €247.0 million in available credit facilities.

Group financing plan

The projects under construction at 31 December 2018 have already been financed via credit facilities.

1.6.2 PARENT COMPANY FINANCIAL STATEMENTS – FREY SA

The financial year just-ended, which ran for a period of 12 months, covered the period from 1 January 2018 to 31 December 2018.

1.6.2.1 Revenue

Revenue for the financial year ended 31 December 2018 amounted to €12.9 million, and broke down as follows:

Revenue (€ millions)	31/12/2018	31/12/2017
Rental income	7.2	3.7
Provision of intra-group services	4.7	4.7
Off-plan sales – Construction	0.7	2.9
Entry fees	0.1	0.1
Rebilling of work	0.2	0.8
TOTAL	**12.9**	**12.2**

The intra-Group services correspond to all of the strategic, administrative, accounting and legal services provided to its subsidiaries by FREY SA.

1.6.2.2 Results for the Financial Year

The amounts of the most significant items in the parent company financial statements for the financial year ended 31 December 2018 are set out in the following table:

Income statement (€ millions)	31/12/2018	31/12/2017
Revenue	12.9	12.2
Operating profit/(loss)	(5.0)	(5.0)
Net financial income/(expense)	3.4	7.1
Pre-tax profit	(1.6)	2.1
incl. share of subsidiaries' profits/(losses) and dividends	9.1	9.6
Net non-recurring income	(1.0)	0.1
Net profit/(loss)	(2.5)	2.3
Statement of financial position (€ millions)	**31/12/2018**	**31/12/2017**
Equity	343.9	157.5
Bond issues	65.2	67.1
Bank debt	176.5	194.7
Current accounts (net receivable)	325.2	207.5
Cash and marketable securities	66.9	61.1
Gross land + buildings	116.1	100.7

FREY delivered Shopping Promenade in Saint Quentin (02) during the financial year covering an area of 11,225 m2. It will be retained in the asset portfolio.

FREY's asset portfolio amounted to 82,700 m2 at 31 December 2018, with annualised rental income of €8.5 million.

The revenue for the financial year is set out below.

The operating loss in 2018 is primarily explained as follows:

- ✓ The higher expenses and depreciation charges resulting from the delivery of the following assets:

  In 2018: The Z'Aisne asset in Saint-Quentin (02)

  In 2017: Shopping Promenade Coeur Picardie® in Amiens (80)
- ✓ The acquisition of assets located in Chanteloup (77).
- ✓ Fees connected with the Group's financing.

Net non-recurring income totalled €(1) million and mainly related to the OPIRNANE buyback.

1.6.2.3 Parent company profit or loss for the financial year – proposed appropriation – payment of dividends

The parent company generated a loss of €2.5 million in the financial year.

The General Meeting will be asked to pay a dividend amounting to €22,609,998 (i.e. €1.20 per share) payable exclusively in cash, on the understanding that the shares held as treasury shares at the payment date will not be entitled to this dividend.

Appropriation of earnings (euros)	31/12/2018
2018 earnings	(2,546,118)
Retained earnings of previous financial years	(1,952,625)
Balance of retained earnings account following the appropriation of 2018 earnings	**(4,498,743)**

Distributable reserves (euros)	31/12/2018
2018 earnings	0
Issue premium	299,567,667
Distributable reserves	**299,567,667**

Dividend paid	31/12/2018
Deduction to be recognised in profit and loss for the financial year	0
Deduction to be made to the issue premium account	22,609,998
Dividends	**22,609,998**

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount corresponding to the treasury shares held by the Company, including as part of the liquidity (market-making) contract, at the date when the dividend is paid, as well as any amount that the shareholders may have waived, will be assigned to the "Retained Earnings" account.

Given the fact that it has opted for REIT status, FREY has the following payment obligations:

- ✓ At least 95% of the profits derived from its property investment business must be paid out before the end of the financial year following their realisation. As the property investment business made a loss, this obligation did not apply in respect of the 2018 financial year.
- ✓ At least 60% of the capital gains resulting from the disposal of assets must be distributed before the end of the second financial year following their realisation.
- ✓ 100% of the dividends received from a subsidiary that has opted for REIT status.

The total of these three obligations is limited to the REIT taxable income for the financial year net of tax losses carried forward from the previous financial year and was €34,648 for the 2018 financial year.

A breakdown of the tax deductions for the dividends distributed in this regard is for all practical purposes:

In Euros	Balance available following payment of the 2018 dividend	2018 taxable income	Tax deduction of the dividends	Balance available following payment of the 2018 dividend
REIT income	3,009,178	1,069,295	0	4,078,473
Other distributable earnings and reserves	5,648,038	(748,728)	0	4,899,310
Totals	**8,657,215**	**320,567**	**0**	**8,977,783**

In the case of shareholders who are private individuals, we would remind you that dividends paid by REITs and deducted from tax-exempt income are not covered by the 40% tax credit.

Lastly, we would remind you that shares in REITs may no longer be registered in French Share Savings Plans as from 21 October 2011. However, the shares registered in a Share Savings Plan at 21 October 2011 may remain in the plan after that date: the income and capital gains generated by these shares will therefore continue to benefit from the income tax exemption arrangements.

From a tax standpoint, the dividends deducted from issue premiums correspond to the redemption of contributions, to the extent that all of the earnings and other reserves (except for the legal reserve) have been distributed beforehand. Accordingly, these amounts are not taxable for shareholders who are either legal entities or private individuals.

1.6.2.4 Amount of dividends distributed over the last three financial years

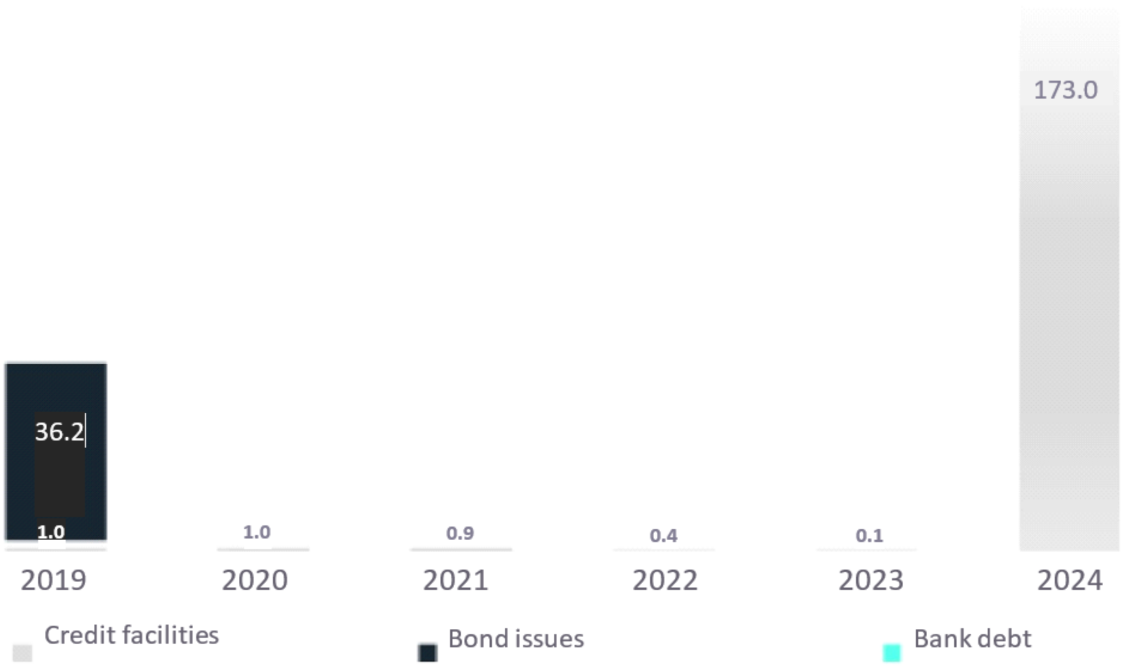
In accordance with the law, we hereby inform you of the amount of the dividends distributed in respect of the last three financial years:

In Euros	Dividends per share	Dividend paid
Financial year ended 31/12/2015	0.70	6,014,800.40
Financial year ended 31/12/2016	0.77	9,318,108.03
Financial year ended 31/12/2017	1.00	12,088,669

1.6.2.5 FREY SA's financial position and debt

At 31 December 2018, the Company's debt stood at €212.5 million and broke down into €36.2 million in EURO PP bonds and €176.3 million in credit facilities.

The chart below shows the repayment schedule for the bank debt.



The rental yield on the assets held by the Company enables it to guarantee the servicing of the debt that it has taken out.

All of the covenants included in the loan deeds signed by FREY SA were complied with at 31 December 2018.

Consolidated Ratios	DSCR	ICR		LTV		Collateralised debt
Relevant debt	€36.2m	€36.2m	€173.0m	€36.2m	€173.0m	€173.0m
Required ratios	>= 110%	>= 1.5	>= 2	<= 70.0%	<= 60.0%	<20.0%
Ratios at 31/12/2018	192%	2.7	3.3	26.1%	25.1%	9.6%

1.6.2.6 Five-year financial performance

Pursuant to the provisions of Article R. 225-102 of the French Commercial Code, a table showing the Company's earnings over the last five financial years is appended to this Management Report (**Appendix n°1**).

2.

ASSET PORTFOLIO AT 31 DECEMBER 2018

2.1 INVESTMENT PROPERTY

The value of the Group's operated investment property, excluding stamp duty, at 31 December 2018, as determined by applying the percentage interest in each asset, amounted to €727.7 million, €113.8 million of which was held via finance leases.

Investment property excl. stamp duty (€ millions)	31.12.2018	31.12.2017
FREY-operated assets	604.9	478.2
Assets under construction recognised at FREY JV level	111.7	74.1
Land recognised at FREY JV level	0.5	0.5
Assets under construction recognised at the FREY cost	29.1	16.8
IFRS investment property	**746.2**	**569.7**
FRF operated assets	70.4	74.3
Assets operated by Other associates	52.4	40.3
Assets under construction recognised at Other associates JV level	1.0	2.7
Assets under construction recognised at FRF + Other associates cost	0.4	0.5
Investment property of associates	**124.2**	**117.8**
TOTAL Economic investment property	**870.4**	**687.5**
Of which operated economic portfolio	***727.7***	***592.8***

You will find a table summarising the Group's economic portfolio[1] at 31 December 2018 below.

Name of asset	Location	Date opened and/or acquired	% ownership	Area at 100%
PARC VALLES	Barcelona - Spain	2018	100.00%	42,000m²
MAISONNEMENT	Melun - Sénart	2016	100.00%	41,900m²
SHOPPING PROMENADE Cœur Picardie	Amiens (80)	2017	100.00%	36,900m²
SUPERGREEN	Terville - Thionville (57)	2015	100.00%	23,500m²
CLOS DU CHENE 1	Marne-la-Vallée - Montévrain (77)	2007	100.00%	26,800m²
CLOS DU CHENE 2	Marne-la-Vallée - Montévrain (77)	2013	100.00%	23,600m²
GREEN 7	Salaise-sur-Sanne (38)	2012	100.00%	21,700m²
BE GREEN	Troyes - Saint-Parres-aux-Tertres (10)	2013	100.00%	20,700m²
CLAYE FRP III	Claye-Souilly (77)	2016	100.00%	17,900m²
CAP EMERAUDE	Dinard - Pleurtuit (35)	2016	100.00%	10,800m²
PARC DES MOULINS	Soissons (02)	2010	100.00%	9,800m²
SAINT QUENTIN	Saint Quentin (02)	2013	100.00%	9,500m²
Saint Quentin - Offices	Saint Quentin (02)	2016	100.00%	0m²
TIMES SQUARE	Reims - Cormontreuil (51)	2016	100.00%	7,600m²
ESPACE LEMAN	Thonon-les-Bains (74)	2013	100.00%	2,900m²
VENDENHEIM	Strasbourg - Vendenheim (67)	2017	100.00%	3,500m²
2 SCATTERED ASSETS	Bayonne (64), Thoiry (01)		100.00%	2,200m²
TOTAL WHOLLY-OWNED ASSETS				301,300m²
Name of asset	**Location**	**Date opened and/or acquired**	**% ownership**	**Area at 100%**
O'GREEN	Agen - Baé (47)	2013	50.00%	20,000m²
BACS THILLOIS	Reims - Thillois (51)	2012	50.00%	8,600m²
SAINT PARRES BACS	Troyes - Saint-Parres-aux-Tertres (10)	2015	50.00%	5,400m²
TERVILLE GIFI	Terville - Thionville (57)	2016	50.00%	3,500m2
BONNEUIL RETAIL PARK	Bonneuil-sur-Marne (95)	2013	50.00%	8,000m²
APPOLO DOUAI DECHY	Douai - Dechy (59)	2016	24.16%	29,700m²
APPOLO MAUREPAS	Maurepas (78)	2016	24.16%	20,300m²
GRAND PARC	Charleville-Mézières - La Francheville (08)	2013	24.16%	16,600m²
ZONE A and ZONE DU GOLF	Belfort - Bessancourt (90)	2015	24.16%	13,600m²
TORCY BAY 3	Torcy (77)	2013	24.16%	8,800m²
APPOLO RENNES PACE	Rennes - Pace (35)	2016	24.16%	8,300m²
TORCY BAY I	Torcy (77)	2013	24.16%	7,000m²
APPOLO ROUBAIS LYS LES LANNOY	Roubaix- Lys-les-Lannoy (59)	2016	24.16%	4,400m²
LE PONTET	Avignon - Le Pontet (84)	2012	24.16%	6,000m²
ILOT GAUCHE	Reims - Cormontreuil (51)	2009	24.16%	5,200m²
APPOLO VILLIERS SUR MARNE	Villiers-sur-Marne (94)	2016	24.16%	4,200m²
APPOLO TOULON GRAND VAR	Toulon (83)	2016	24.16%	3,800m²
SECLIN	Lille – Seclin (59)	2012	24.16%	2,600m²
CHANTEPIE	Rennes (35)	2014	24.16%	3,200m²
ENGLOS	Lille - Englos (59)	2014	24.16%	2,500m²
AVRANCHES	Avranches (50)	2014	24.16%	2,700m²
VILLEBON	Villebon-sur-Yvette (91)	2016	5.00%	46,200m²
18 SCATTERED ASSETS	Cambrai (59), Chambray les Tours (37), Narbonne (11), Arras (62), Bordeaux (33), Reims-Cormontreuil (51)	-	24.16% to 33.33%	19,900m²
TOTAL JOINTLY OWNED ASSETS (figures at 100%)				250,500m²
GRAND TOTAL				551 ,800m²

[1] *The economic portfolio corresponds to the company's total portfolio based on percentage ownership of each asset.*

2.2 PROPERTY, PLANT AND EQUIPMENT

Other property plant and equipment amounted to €7.9 million at 31 December 2018, and primarily consisted of the Company's head office, which was purchased via a finance lease.

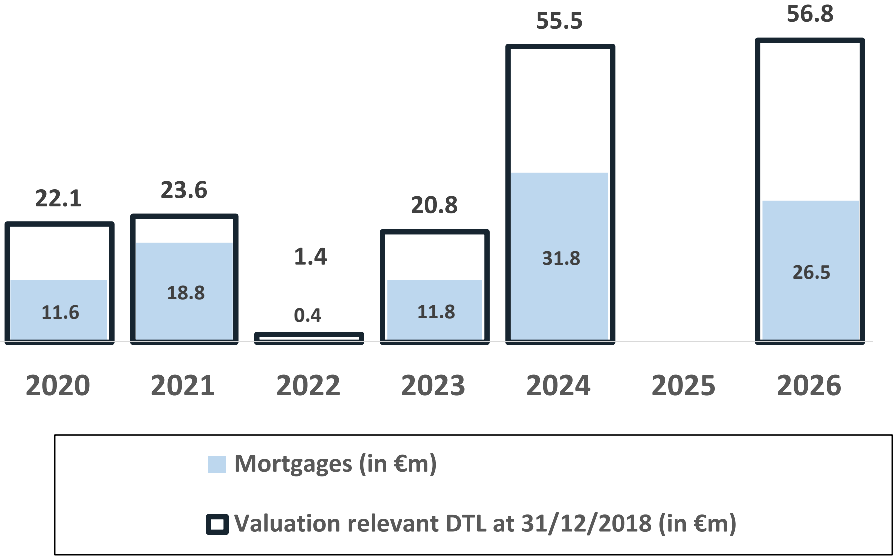
2.3 LEASED PROPERTY

In the course of its business FREY leases its Paris offices, under operating leases, at an annual rental expense of €0.2 million in 2018 (including an 8-month rent-free period. This lease expires in over a year with an annual rental expense of €0.6 million.

2.4 GUARANTEES ON PROPERTY

A31 December 2018, the Group had granted mortgages and pledges totalling €101.0 million on assets with a total value excluding stamp duty of €180.3 million, as part of the financing granted to FREY or its subsidiaries by credit institutions.

The chart below sets out the mortgages and pledges encumbering the Company's and Group's assets at 31 December 2018 according to their maturity date, as well as the valuation of the corresponding properties at 31 December 2018.



3.

ENVIRONMENT AND ACTIVITIES

Historical Note

In 1983, the FREY family began a Retail Park property development business and has since become one of the leading French players in this sector.

Such shopping facilities intended to house medium and large stores are usually called Retail Parks or Outdoor Shopping Centres.

FREY was therefore one of the pioneering companies in the field of out-of-town retail parks, developing, along with a core of retailers, the first out-of-town shopping areas.

The growing commercial success of these types of shopping facilities, offering a mainstream customer base huge retail areas and free parking, has led ever greater numbers of retailers to join these parks.

These national and international retailers, which FREY has assisted in their development for the past 30 years, now have stores in most major French metropolitan cities and are now beginning to build greater coverage across the country by opening points of sale in customer catchment areas with populations of less than 150,000.

Mindful of the potential of these openings, FREY is now assisting its historical clients in this area.

It is the particularly enduring quality of these investments that has led FREY to specialise in retail property. Commercial tenants are particularly loyal since the commercial licences authorising their operations are attached to the retail premises (and therefore to the lessor) and not to the operator; as a result, should it wish to relocate its business, the operator must once again undertake the particularly cumbersome and complex procedure to obtain a new prior "CDAC" (Commission Départementale d'Aménagement Commercial - Departmental Commission for Commercial Development) authorisation (see Section 3.3.1 "Legislation relating to Commercial Urban Planning")

The CDAC's regulatory role therefore prevents any unauthorised development that would disrupt the commercial equilibrium within the area.

As a result, investments in retail premises are only marginally impacted by the vacancy effects that other property sectors (office, logistics, etc.) may experience.

Moreover, it should be noted that FREY does not undertake any project without a minimum level of leasing agreed in advance.

Drawing on close to 40 years' experience, FREY has successfully developed its expertise both in France and at international level with a subsidiary in Spain (FREY INVEST).

The Company's strategy entails retaining the assets it develops. A secondary business involving off-plan sales is however maintained, notably through the sale of certain units within a project to retailers considered attractive in order to secure and sustain the success of a new project.

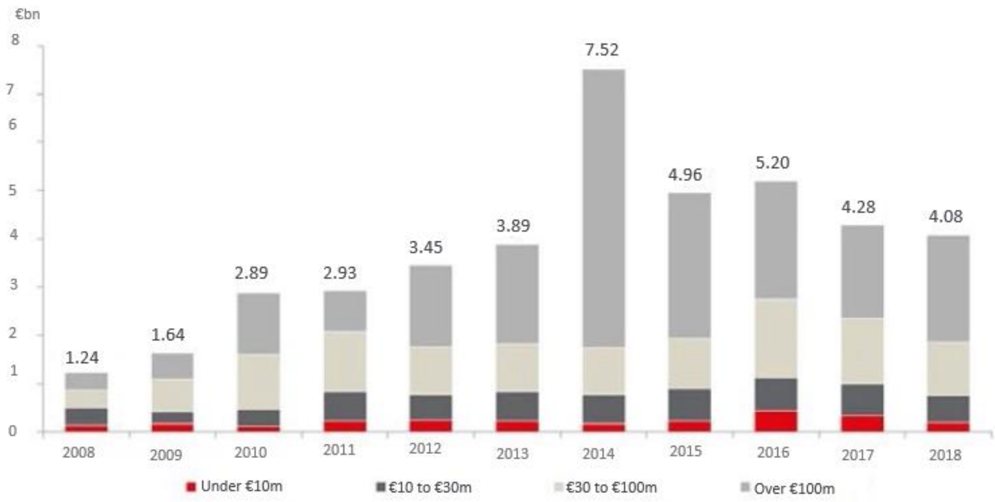
3.1 GROUP ENVIRONMENT

3.1.1 THE COMMERCIAL REAL ESTATE MARKET

JLL - The retail investment market in France in 2018

- €4.1 billion was invested in the retail market in 2018, not far off 2017 levels (€4.3 billion)
- The market managed to stay the course despite a significant drop-off in the number of deals (140 in 2018 compared with 195 in 2017), offset by an increase in the average deal size to €29 million (€22 million in 2017). This increase was driven by large deals (in excess of €100 million) with in particular the Apple Store on Champs Elysées being sold for €600 million and 67 Monoprix stores sold for €742 million.

Here is a breakdown of retail investments by deal size:



- Shopping centres and malls were considered the highest risk with investors preferring to refocus on ground floors of buildings and the latest generation retail parks. The latter are becoming increasingly appealing because of the low cost base and innovative designs that make them more attractive to both retailers and consumers:
    - Floors of buildings with record investment of €2.7 billion, accounting for 67% of total investment.
    - Out-of-town retail continues to perform well, attracting close to €1 billion on the back of greater investor appetite for such products.
    - Lastly, shopping centres, which only won some 9% of funds invested in retail, saw one of their worst performances due to the lack of prime products in this segment
- 66% of the total investment came from French investors. Moreover, 55% of investors were real estate companies.

Rates of return on ground floors of buildings are still at historic lows of 2.75%, at 4.50% for shopping centres (rates eased 25bps) and 5.00% for retail parks. This gap, which is more pronounced with more secondary products, provides opportunities for value and opportunistic investors.

3.1.2 COMPETITIVE ENVIRONMENT

FREY operates in the retail property sector in France. In France, as a “developer” or “investor / developer” FREY faces competition from a large number of both international and national players whose typology may be summarised as follows:

- ✓ Developers who design, produce and sell their developments to independent investors or those backed by leading construction industry groups. These companies generally operate at national and international level.
- ✓ Investor developers who operate and invest in France and at international level.
- ✓ Retailers with their own in-house or third-party development structure.

3.2 THE GROUP’S MAIN ACTIVITIES

3.2.1 AN INTEGRATED PROPERTY INVESTMENT COMPANY

FREY is focusing on an effective value creation model that maximises the profitability of its property investment business based on its ability to construct its own buildings.

FREY manages all the processes involved in its business in-house.

Once the location of potential sites has been identified, FREY entrusts the following tasks to its subsidiary FREY AMENAGEMENT ET PROMOTION:

- ✓ Design of products that satisfy their market;
- ✓ Property prospecting and acquisitions (signature of acquisition agreement subject to the condition precedent of receipt of the necessary authorisations, thereby avoiding taking a risk on the property);
- ✓ Preparation of applications, submission and receipt of the administrative authorisations required for the construction and commercial operation of the buildings;
- ✓ Procurement and coordination of the work;
- ✓ Delivery of the buildings.

The Investment Committee is consulted and must issue a reasoned opinion concerning the ultimate scope of the investment.

The dedicated subsidiary IF Gestion & Transactions then ensures the marketing for rental to the retailers (prior to the submission of the CDAC) and the management of operated assets (property and facility management).

The usual minimum period for this process is 24 months for a basic transaction and 48 months for a more complex transaction (decontamination, demolition, etc.).

FREY can also partner up with other investors on certain assets (e.g.: the Agen project with Philippe Ginestet Group).

FREY develops its assets and retains ownership of them, thereby generating value creation (difference between the value of an asset excluding stamp duty and its cost price).

3.2.2 A POLICY OF SUPPORTING HISTORICAL PARTNER RETAILERS

FREY's historical partners are national retailers whose development it has been supporting for more than 40 years in large French cities, and that it is currently helping become established in smaller towns.

Supporting the development of retailers in smaller towns.

FREY's strategy is to create commercial complexes located next to the leading hypermarkets in the customer catchment zone. This unquestionably ensures the project has prime position within the locality.

In certain cases, FREY itself generates the site's attractiveness by building a hypermarket to complement a Retail Park of medium-sized stores and shops, such as for example the Clos du Chêne (77) asset.

The merchandising must be varied in order to offer the consumer a comprehensive range (personal goods, beauty, household goods, leisure, culture, places to eat and services).

The quality of the architecture makes it possible to avoid the shortcomings experienced by major out-of-town areas 30 years ago.

Supporting the presence of retailers in large urban centres, in areas where they are not yet present

All the major retailers have "gaps" in their coverage that, for various reasons, they have never succeeded in plugging.

FREY keeps an updated exhaustive list detailing the needs of each of these retailers, in order to be able to seize the opportunities to satisfy such requirements as they arise.

These mainly involve small scale transactions on land reclaimed within the heart of the retail areas targeted by these retailers. FREY then acquires these pieces of "wasteland" to offer them to the retailers in question.

The margin (in the case of a sale) or profitability of these transactions is generally good since they offer the retailers concerned locations that they have often been targeting for a long time.

3.2.3 AN INNOVATIVE APPROACH TO HIGH-QUALITY PLANNING: THE NEXT GENERATION OUTDOOR SHOPPING CENTRE

30 years ago, commercial developers paid little attention to major city gateways, merely providing them with stereotypical shopping areas.

Even today, these facilities too often offer an identical mix of retailers, the most basic services for customers, a non-existent architecture, minimal landscaping and basic and poorly organised maintenance, all helping to further undermine the image of these retail premises that are moreover lacking in security.

The shopping experience is relegated in importance behind a rapid response to an urgent need in terms of creating retail facilities.

Conscious of this situation, for several years FREY has been leading ongoing discussions, with well-known architects and landscape designers, in a process aimed at eliminating these failings and making open air shopping synonymous with an enjoyable “shopping experience”.

In this way, Jean Marie Duthilleul, Jean Michel Wilmotte, Michel Desvignes, L35, Chapman Taylor and a number of other internationally renowned architects have collaborated with FREY in order to create a new generation of shopping facilities.

The aim is simple - without compromising on the principle of free parking and the amount offered, these parking areas are surrounded by green spaces, giving pedestrians wide and safe walkways.

The architecture and landscaping take care to incorporate HQE (Haute Qualité Environnementale or High Environmental Quality) objectives and high-quality services for users.

The retail offering is also innovative. A very varied mix of merchandising with the presence of leading retailers in personal and household goods, culture, leisure, places to eat, beauty, services and specialist food all help to provide the customer with a comprehensive offering.

Large and mid-range stores mix with smaller shops, which have the chance to take advantage of the low rents and charges offered by “outdoor shopping”, in comparison with those charged in shopping centres.

This new kind of shopping facility is managed like a shopping centre with maintenance and security services as well as ongoing sales initiatives.

The GREENCENTER® concept

With the Greencenter® concept, developed in 2015, FREY has created the first HQE Commerce® fully environmentally certifiable outdoor shopping centre. Since then, nine Greencenters® have been designed and completed, representing a total area of almost 200,000 m2.

This concept implements techniques and processes such as natural air conditioning, the recycling of rainwater and the park’s waste, lighting using photovoltaic panels, green roofing, the use of recycled building materials, a totally green environment, aquatic gardens, etc. Both the park and its management have been designed to minimise their environmental impact.

The SHOPPING PROMENADE® concept

In response to profound changes in consumer expectations and to reflect new norms in the retail sector, FREY has created and designed SHOPPING PROMENADE®. This is intended to be a multi-purpose space that taps into the powerful trends of creativity and innovation, combines offerings and uses, an inviting space that is respectful of people and their environment and in tune with today’s aspirations. A new model fit for our times.

SHOPPING PROMENADE: A CONCEPT BUILT AROUND 3 DIMENSIONS

- **An empowering environment**, offering a retail stroll out in the fresh air in exceptional surroundings;
  A diverse design: inspired by town centre architectural codes, SHOPPING PROMENADE offers an experience punctuated by diversity and breaks in its buildings as well as the various materials in its façades (wood, brick, stone or metal).

✓ **A diverse offering** at the heart of an unbeatable shopping destination, mix-merchandising combining retail and restaurant offerings. New trendy retailers round off the retail offering by adding proximity, services and brand new and attractive leisure offerings.

✓ **An enhanced experience** that surprises and excites and creates positive emotions and links.
This living space designed by the FREY teams is punctuated by a calendar of events throughout the year, a popular destination for the whole family.

Just like Shopping Promenade in Amiens (80), the site is built around the following:

- ✓ An exceptional environment for a responsible project;
  An unusual level of greenery: 3 hectares of green areas dotted with plants offering a myriad of aromas and some 800 trees, including a hundred trees ranging up to 12 metres tall in the case of the most impressive specimens.
- ✓ Water triggering emotions:
  2 fountains mark the pedestrian entrances to the shopping street, creating an enjoyable and peaceful visual and audible environment for visitors.
- ✓ A responsible site:
  High Environmental Quality certified (NF Bâtiment Tertiaire) by Certivéa for its Planning and Design phases, just like the other open-air shopping centres developed by FREY;

Currently up and running in Amiens (80), the Shopping Promenade concept will open in three new cities by 2020. Arles (13) will be the first and is scheduled to be completed in 2019. The sites in Claye Souilly (77) and Strasbourg (67) will follow. Work has already started on these sites and will continue in 2019.

The VALORPARK® label

Nine of the retail parks owned by FREY at 31 December 2018, namely close to 70% of the area of the Group's economic portfolio, have been awarded the Valorpark® accreditation label from CNCC (Centre National des Centres Commerciaux - French Council of Shopping Centres), including the most recent Shopping Promenade Cœur Picardie® in Amiens (80).

3.2.4 TOWARDS VERY EARLY INCLUSION OF ADDED VALUE

The potential offered by this new kind of outdoor shopping centre is not limited to under equipped localities, but also exists in towns seeking to restructure their outskirts by demolishing existing commercial complexes and thus regenerating obsolete property in favour of these pleasant facilities that are in step with their era.

Winning back urban environments: the development and restructuring of wasteland

FREY has historically developed a vast majority of its activities in out-of-town areas on unused available land.

A large number of towns are beginning large scale changes to whole swathes of their territory often in order to pull from town centres activities that are no longer suited, or in order to clean up old polluted industrial sites which, formerly on the outskirts of these towns, have been caught up by an urban expansion that is incompatible with such situations.

Mindful of this potential of new operations to win back the urban environment, FREY has successfully acquired specific expertise in the regeneration of heavily polluted industrial wasteland.

Incorporating the role of planner: development of the business and the planning strategy

All major French metropolitan areas are currently faced with the same challenge:

- ✓ How should out-of-town areas be redeveloped?
- ✓ How should these vast suburban business and retail areas that are caught up in urban expansion be redeveloped?
- ✓ How to redevelop a local economy using joint initiatives to transform zones into occupied sites?

Without common awareness, yesterday's urban failures will inevitably become tomorrow's economic failures. So how to respond to these growing expectations? How to deal with the multiple challenges inherent in redeveloping these retail areas?

By developing unique expertise as a planner, developer and investor, FREY is now responding to these challenges and is positioning itself as a true partner of metropolitan areas in their projects to restructure out-of-town retail offerings.

DECREPIT AND DEHUMANISED AREAS

Created in the 80s to underpin car use in shopping, these areas are both incredible economic successes, generating jobs and revenue, and dismal urban failures, forcing millions of French people to undergo a wholly dehumanised shopping experience every day.

This addition of unsightly metal boxes, the only positive of which has long been to offer easy access and free parking, no longer meets the expectations of consumers, who feel out of sync with the decrepit surroundings, retailer expectations, who see their image undermined in these retail non-places, but also the expectations of local authorities, who want to see these single use areas evolve rather than become desertified.

Although enjoying a preferential position, there is a disjointed feel between the various out-of-town areas.

The range of urban functions in these areas (primarily retail areas, sometimes mixing in industrial, craft and logistics areas, the original town centre fabric or housing) are not really interconnected. The functional mix is also underdeveloped, and indeed sometimes difficult to identify.

On top of this tapestry of disjointed functions comes a range of mobility issues: traffic logjams, lack of environmentally-friendly modes of transport, lack of public transport.

The transport infrastructure is thus frequently overloaded, further exacerbating the fragmentation of the area.

Some joined up thinking is absolutely required to improve everyone's understanding.

MULTIPLE URBAN & REGIONAL CHALLENGES

Through its planning service, FREY aims to help local authorities meet their Urban and Retail Renewal challenges.

The first step is dialogue with users and understanding day-to-day usage, uses in the functioning and dysfunctioning both in public spaces (accessibility, congestion, separation of heavy-vehicle, pedestrian, truck, intermodal modes) and in private spaces (type, uses, addressing, information…).

FREY looks to rethink all these issues in a holistic manner at different levels: the place of the environment and landscape, mobility within the new uses and new meshing of functions in order to reposition new hubs and new public or common spaces.

The operational and joined up thinking approach can be seen in the 4 themes considered by FREY in imagining how to move forward:

Theme 1: URBAN DEVELOPMENT & PLANNING: Re-imagining, creating value and unifying

The need to re-imagine an area's structure and economy means that it is now essential to undertake the following urban actions:

- ✓ Repair the urban fabric;
- ✓ Restructure and better integrate out-of-town retail having regard to changes in consumption patterns and the digitalisation of retail;
- ✓ Identify sectors that have potential for economic development (creation and extension) or changes in use;
- ✓ Identify the installations, public spaces to be recreated and/or redeveloped.

Theme 2: MOBILITY & TRAVEL: Reducing congestion & responding to current and future uses

Reducing the congestion of transport infrastructure, and in particular car traffic, inevitably requires the development of an ambitious mobility policy.

The major challenge is to bring together the mobility expertise within an area. Reflecting and taking steps to resolve travel flow issues requires particular focus on better sharing of the public areas between all modes of transport.

Theme 3: ECONOMIC DEVELOPMENT: Boosting the various strands, increasing attractiveness

Making a success of the economic development of an out-of-town areas requires a twin strategy: boost what is already there while encouraging innovations.

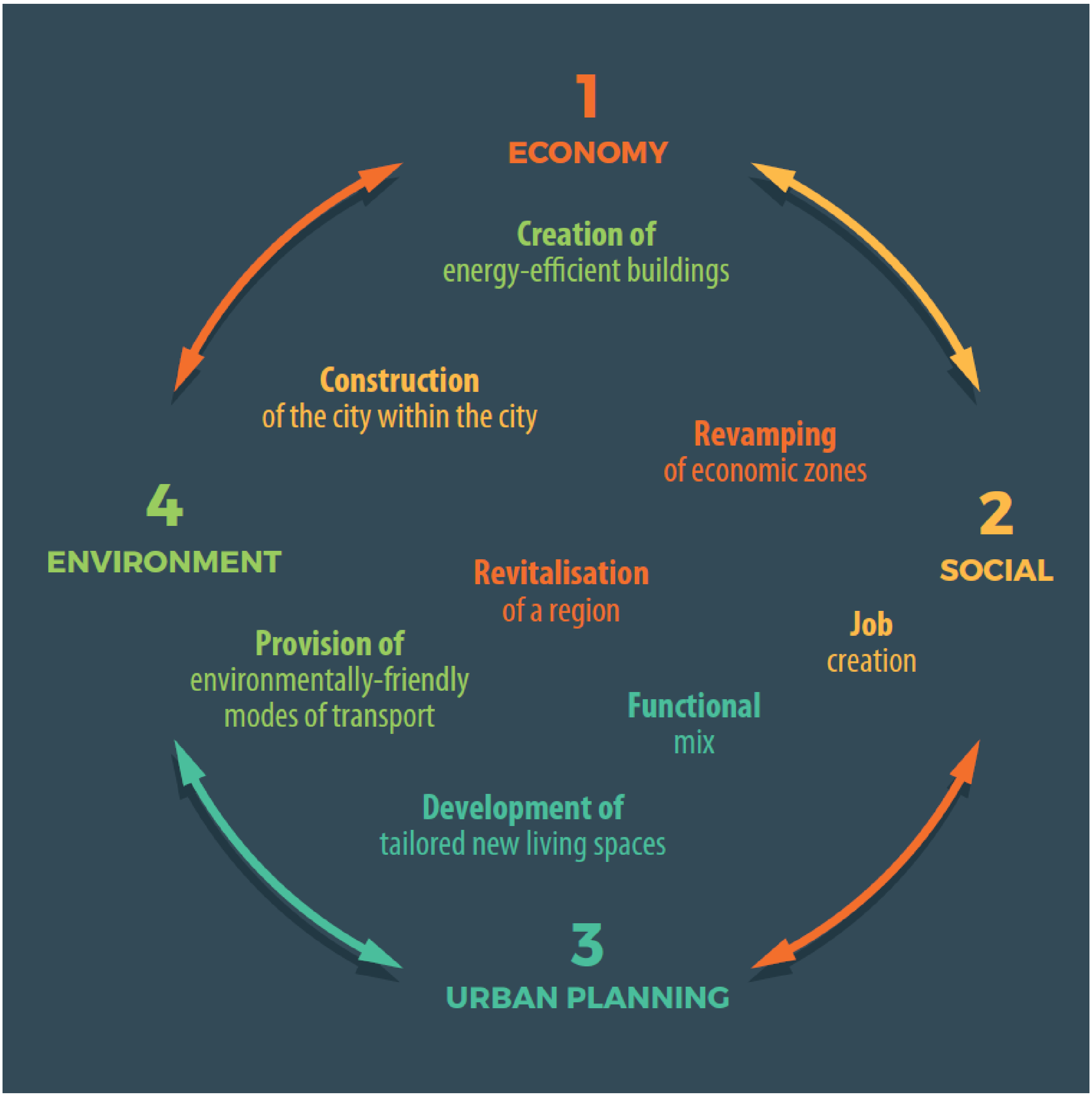
Urban and retail renewal projects must thus focus on:

- ✓ Job creation;
- ✓ Commercial reach, for example guiding the development of an ecosystem linked to this commercial sector;
- ✓ The hosting of logistics sites: urban and/or local logistics.

Theme 4: SUSTAINABILITY & INNOVATION

All the challenges detailed meet a twin vision: operational and sustainable. This sustainable performance automatically incorporates a sustainable planning approach.

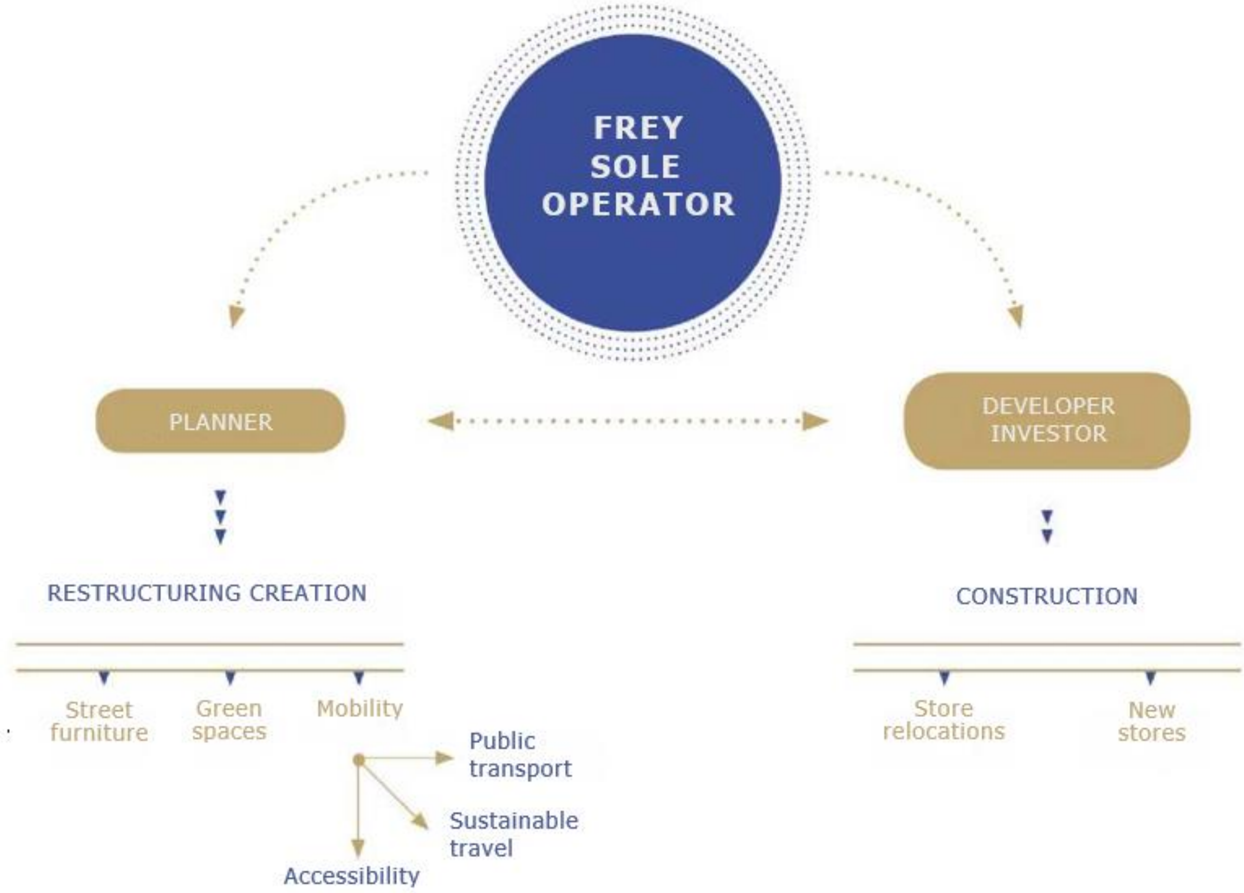
These themes, and the responses offered by FREY in these planning activities, are based on the four cornerstones of an Urban and Retail Renewal project:



SPECIFIC AND TAILORED METHODOLOGY

The success of an Urban and Retail Renewal project lies in the partnership between public and private players. The implementation requires the local authority to use a planning process that reflects the issues faced by out-of-town areas: the planning concession.

The special nature of Urban and Retail Renewal projects means that the local authority needs to appoint an operator with the twin role of planner and investor in order to fully restructure the zone and develop new living spaces.



This structure allows a strategy to be drawn up that meets the needs of an area, to develop special financial arrangements and transfer land management support tools.

FREY is now recognised as the sole French operator specialised in these Urban and Retail Renewal projects on the back of the following two projects:

- ✓ <u>L'Aire des Moissons – TROYES (10)</u>

Following a call for tenders, the Troyes Métropole Metropolitan Area appointed FREY planner and investor for the L'Aire des Moissons ZAC (joint development zone) in 2009.

Covering 30 hectares, this ZAC consisted of an existing 20 hectare retail area plus a 10 hectare expansion.

The project involved:

- Redesigning traffic flow through the creation of new access routes involving the knocking down of certain commercial buildings, the creation of protected environmentally-friendly mobility areas, the refurbishment of existing routes;
- Boosting existing stores by creating green areas in the public zones, creating architectural and landscaping requirements for existing buildings, offering of tailored façade kits);
- Creating additional retail offering by building an extension that is tailored to the area and is environmentally friendly.

Thanks to this project, Frey has become the first French operator to be tasked with the planning and redevelopment of a major out-of-town retail area.

✓ <u>Zone Commerciale Nord – STRASBOURG (67)</u>

Following a call for tenders in 2013, Eurométropole de Strasbourg appointed FREY to do the planning. The focus on the operational aspect of the urban renewal project in its role as planner-investor drove the local authority's decision: an innovative urban and retail renewal project.

The project is not based on merely refurbishing the stores in ZCN, but rather successfully delivering an urban and retail renewal project built around careful choreographing of a series of operational steps designed to transfer stores to allow for a building programme and an upgraded public infrastructure programme:

- The creation of a new access route from a motorway interchange;
- The creation of a shopping boulevard making it possible to split out transit and service flows;
- The upgrading of existing routes, adding non-existent environmentally-friendly modes of transport;
- The creation of new retail hubs to the North and South and in the heart of the zone;
- The dismantling of low-quality retail and craft units to the North of the ZCN to build a mixed collective housing zone comprising 40,000 m2 of long-term housing;
- The development of an Agroparc combining areas for selling locally grown agricultural produce, restaurant zones using local produce and a market garden open to the public, comprising a teaching recourse on local agriculture;
- The creation of P+R in connection with TER train stations;

The planning component is intended to improve the quality of life in this area by means of green spaces, pedestrian links, chill-out areas and leisure zones, in order to offer a top-quality point of access to the Strasbourg metropolitan area. To this end, Architectural, Landscaping and Environmental Specifications were drawn up to ensure a coherent approach and maximum integration of the project into its surroundings.

This project means that Frey is operating the largest Urban and Retail Renewal project in France.

AN OPERATOR SERVING A LOCAL PROJECT

A successful Urban and Retail Renewal project requires the design to take account of its surroundings and all interplays. But this is also dependent on its successful implementation, which is the upshot of the earlier design work.

The operational phase is tricky, regardless of the site, because it involves the reconversion of an occupied site.

FREY thus brings all its urban retail expertise and its experience in such projects to all areas looking to deal with the challenges of another out-of-town area.

3.2.5 AN ENVIRONMENTAL APPROACH: SUSTAINABLE DEVELOPMENT

Environmental approach reaffirmed

In order to ensure its planning is sustainable, FREY uses an environmental approach that embodies Sustainable Development principles that makes it possible to apply smart forward-looking practices at all project stages (planning and construction).

In addition to having its retail development work BREEAM certified, the aim is for all planning activities to be certified under HQE Aménagement®.

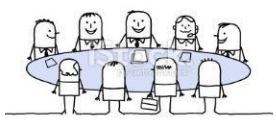
The HQE™ Aménagement approach

HQE™ Aménagement is an approach developed by Association HQE and its partners to ensure sustainable planning processes. It asks local authorities and planners to take a holistic cross-disciplinary approach designed to combine environmental, labour, economic and urban issues within a planning project.

Issued by Certivéa, the approach does not define the requirement level or priority theme, but calls for the project managers to, in the course of the process, do an in-depth analysis, separate site and operating related issues, set ambitious goals that meet these challenges, and ensure throughout the programme that these objectives are satisfied. HQE™ Aménagement is an operational planning project management team comprising:

- ✓ A non-prescriptive thematic approach with 17 sustainable planning themes. They comprise a check-list of sustainable operational planning concerns that may help inform the general discussions of project managers:
  - Ensure the integration and consistency of the area with the urban fabric and the other political levels: Local considerations – Density – Mobility and accessibility – Heritage, landscape and identity - Adaptability and scalability.
  - Preserve natural resources and promote the environmental and health performance of the planning: Water - Energy and climate - Materials and equipment – Waste – Biodiversity – Natural and technological risks – Health.
  - Promote a local social life and underpin economic dynamics: Economics of the project – Functions and mix – Atmosphere and public spaces – Integration and training – Attractiveness, economic dynamic and local channels.

- ✓ Of an Operations Management System (OMS): Real backbone of a quality approach, define the requirements pertaining to the key steps of a planning project in terms of oversight, participation and ongoing assessment.



APPLICATION OF SUSTAINABLE DEVELOPMENT OVER THE SIX KEY PHASES OF THE LIFE OF A PROJECT

- ✓ Phase 1: Launch including the managerial requirements and management of the planning project (Expectations and motivation of local authorities, commitment of the planner and the local authorities to the HQE Aménagement™ approach, stakeholder participation…);

- ✓ Phase 2: Initial analysis (Diagnostic of the site in terms of Sustainable Development, review of regulations and regional initiatives, sharing of this diagnostic with stakeholders, appropriateness of the project from a Sustainable Development perspective);

- ✓ Phase 3: Selecting and contracting objectives (Thematic analysis of initial studies, ranking of the sustainable planning challenges of the project and breaking them down into targets, involvement in and raising awareness of stakeholders regarding the process, charter of sustainable planning objectives);

- ✓ Phase 4: Design of project to incorporate sustainable development (Project planning, sustainable planning component);

- ✓ Phase 5: Implementation (Oversight and monitoring during implementation, site management, raising awareness and informing buyers and future users, notification of local authorities and managers);

- ✓ Phase 6: Review and capitalisation (Review of the project and certification, Capitalisation and post-operating monitoring).

Each of the above phases includes specific requirements and recurring requirements, which need be achieved, maintained and above all updated during each project phase (oversight, assessment and participation).

Example of Zone Commerciale Nord – STRASBOURG (67):

The borders of the ZAC and of the ZCN are within the bounds of the municipalities of Lampertheim, Mundolsheim, Vendenheim and Reichstett, in the Bas-Rhin department, 10 km North of Strasbourg. The development of the ZAC and of the ZCN is a major goal of Eurométropole, involving a major redevelopment of the existing area, which is strategic for the Strasbourg Metropolitan area. That is why FREY offered to have the project to restructure the ZCN HQE™ Aménagement certified, which is a guarantee of quality in terms of management, covering environmental, economic and social themes.

The goal was to design a top-quality project, reflecting the goals of the EMS and the four partner municipalities, but also a pilot in terms of Sustainable Development. To this end, FREY partnered with INGEROP, L35 Architects and Acte2paysage for the design and Polyexpert Environnement for its support managing HQE™ Aménagement.

The project, which had 3 components, involves a mostly residential quarter (Northern component), a restructured retail quarter (centre component) and a retail expansion (Southern component).

Sustainable development targets were set based on the 17 themes of the HQE™ Aménagement certification. Various issues were addressed and actions implemented (non-exhaustive list):

- ✓ **The development of mobility for everyone**: implementation of separate access for heavy vehicles, pedestrian routes and dedicated lanes for bikes, creation of a bus stop;

- ✓ **The implementation of a low environmental impact site**: application of a clean site charter that includes recommendations regarding waste sorting and recovery, limiting noise and visual pollution as well as monitoring of potential pollution;

- ✓ **The implementation of an urban heating network** for the residential quarter;

- ✓ **The preservation of ecosystems and biodiversity**: management of rainwater via landscaped ponds, consideration of wetlands and landscape continuity created with a portion of the green and blue tram located near the site. The two Wetlands in the area are compensated and wholly recreated to allow the species living there to flourish. The same applies for the habitat of the Podarcis muralis, a protected species, that will be wholly rebuilt.

- ✓ **Promotion of inclusion and attractiveness of local channels:** Inclusion clauses were included in the various tender documents.

A perfect example of FREY's environmental ambitions, the project incorporates an Agroparc that will be developed at the heart of the new area. This concept is based on the development of a supermarket with a short supply chain, a picking / market garden space and a restaurant the operators of which were chosen following a call for tenders launched with local farmers.

The application of various actions, during the design, made it possible to obtain HQE™ Aménagement certification from phase 1 to 4. Work is currently ongoing on the following phases of site implementation and capitalisation.

A perfect example of commitment and specific illustration of the models to be developed now to ensure a more sustainable future for everyone.

3.2.6 THE CREATION OF TWO INVESTMENT VEHICLES WITH TOP TIER PARTNERS

In November 2011, FREY, in partnership with PREDICA and AG REAL ESTATE, launched two investment vehicles: FREY RETAIL FUND 1 and FREY RETAIL FUND 2, which were allocated an initial investment budget of €200 million, raised to €300 million in 2015, the financing of which meets an LTV criterion of 50%.

The Company has partnered up with two leading players in property investment:

- **PREDICA – CREDIT AGRICOLE ASSURANCES:**

The leading banking life insurer in France and a subsidiary of Crédit Agricole Assurances, which brings together insurance activities both in France and at international level and includes Predica for personal insurance, Pacifica for non-life insurance, Caci for credit insurance, international subsidiaries, Caagis for IT management and services and Spirica and LifeSide Patrimoine for life insurance.

In summary, at 31/12/2017, the key figures for Crédit Agricole Assurances Group were:

- ✓ €30.4 billion in revenue
- ✓ €279 billion in life insurance assets
- ✓ 4,400 employees

- **AG REAL ESTATE:**

The leading Belgian property group and a subsidiary of AG Insurance AG Real Estate, a wholly-owned subsidiary of AG Insurance, is active in various property sectors: Asset & Property Management and Development & Construction Management as well as Car Park Management via its subsidiary, Interparking. AG Real Estate has a portfolio under management, both for its own account and on behalf of third parties, of approximately €4.5 billion.

It has more than 200 employees with multiple profiles and skills. Almost 2,000 people are employed in the management of car parks in nine European countries.

In addition to its past achievements and references, all these skills represent AG Real Estate's greatest assets as its approaches the future.

Given the acquisitions and contributions made by FREY since the end of 2011, the total assets of the FRF vehicle stood at over 158,600 m2 at the end of 2018, representing an appraised value excluding stamp duty of €289.7 million.

The investment period of these two vehicles ended in December 2017.

A management policy was agreed by the partners, including potential disposals depending on market opportunities.

3.2.7 INTERNATIONAL

It seemed perfectly natural when FREY began its international expansion more than 10 years ago.

A great many French retailers, long-standing clients of FREY were the first to export their expertise internationally. FREY therefore only had to build on its exceptionally close relationships with its long-standing partners in order to support them outside France.

Spain

Spain is the only foreign country in which FREY has established itself, via its subsidiary FREY INVEST.

In 15 years, FREY INVEST has delivered almost 85,000 m2, all of which has been sold off.

In 2018, FREY acquired a 42,000 m2 asset located in Terrassa-Barcelona in Spain.

Opening into new countries

FREY is currently conducting studies to select countries within Europe that could lend themselves to its international expansion, with a specific interest in Italy, Belgium and Portugal.

However, caution remains the byword: the selection of any new country will be motivated by the same fundamentals that led to FREY's success in France and, in particular, the appetite of its partner retailers for the country targeted, its growth outlook and lastly, the existence of a sufficiently developed system of commercial licences to offer the investments the same guarantees of sustainability as the French system by limiting the uncontrolled development of shopping facilities.

3.2.8 SUMMARY OF ONGOING DEVELOPMENT PROJECTS IN 2018

Over the 2018 financial year, FREY sold the following assets off plan:

- ✓ A unit from the Cesson Woodshop asset with a surface area of 1,100 m2.
- ✓ A 560 m2 asset located in Bezannes (51) disposed of to two restaurants in 2018.
- ✓ A 12,100 m2 asset located in Laval-Saint Berthevin (53), disposed of at end-2018.

In line with the business model adopted by FREY, the Group will maintain an off-plan activity in the coming years.

3.3 APPLICABLE REGULATIONS

3.3.1 COMMERCIAL URBAN PLANNING AND CONSTRUCTION LAW

3.3.1.1 Commercial operating permit

Under Articles L.752-1, L.752-2 and L.752-3 of the French Commercial Code, certain transactions involving retail space are subject to prior permission, and specifically over 1,000 m2 of retail space.

The commercial operating permit is issued by the Departmental Commercial Development Commission (Commission Départementale d'Aménagement Commercial – CDAC) following an analysis of the likely effects of the project on land planning, sustainable development, consumer protection and commercial mix in urban centres.

3.3.1.2 Planning permission

Construction projects require prior receipt of one or more building permits covered by Articles L.421-1 et seq. of the French Urban Planning Code, encompassing three types of permission (building permit, conversion permission and demolition permission) and one prior declaration.

The land use permits cover construction, planning and demolition activities on land.

Decree 2015-165 of 12 February 2015 relating to commercial planning implementing Law n° 2014-626 of 18 June 2014 on craft industries, trade and micro-businesses, known as the "Pinel Law", introduced a single procedure combining, when a project requires construction, the building permit and the commercial operating permit.

This building permit which can serve as a commercial operating permit is intended to simplify the process of applying for previously separate permits by introducing a local one-stop shop for applications and shortening appeal time-scales by allowing cases to be referred directly to administrative courts of appeal that have sole jurisdiction in relation to planning permission.

3.3.1.3 Environmental assessment

Depending on its nature, size and location, the project may have an impact on the environment or human health and shall, prior to being undertaken, be subject to the environmental assessment covered in Articles L.122-1 et seq. of the French Environmental Code.

In this instance, the project owner must prepare an environmental impact study, assessing the impact of the project primarily on the local population and human health, the ground, water, air, weather or indeed the cultural heritage and landscape.

The permission granted by the competent environmental authority will differ depending on whether the project is subject to a prior permission regime or a reporting regime.

3.3.2 MANDATORY INSURANCE

As part of its property investment business, the Company requires the tenant to provide evidence to the lessor both of its insurance covering the operation of its business as well as payment of the related premiums.

As part of its Project Ownership activities, the Company has taken out the mandatory insurance pursuant to Law n°78-12 of 4 January 1978 covering firstly the work executed (Structural Damage insurance) and secondly the liability of the Project Owner (called Contractor Non-Developer insurance). Construction Defects ("CD") and Contractor Non-Developer ("CND") insurance are the subject of an annual agreement with the insurance company.

3.3.3 REGULATIONS GOVERNING COMMERCIAL LEASES

As part of the activity managing the property assets it holds, the Company has concluded commercial leases with each of its tenants.

The regulations relating to commercial leases are stipulated in Articles L. 145-1 et seq. of the French Commercial Code and supplemented by the uncodified rules of the Decree of 30 September 1953 and the French Civil Code relating to building leases, the main elements of which are summarised below.

In general terms, these regulations ensure extensive protection for the tenant, who fulfils its application conditions, for which renting premises is a prerequisite for exercising its activity and must enable it to ensure the stability of its commercial operations.

The French Commercial Code accordingly lays down certain public policy rules covered by Articles L.145-15 and L.145-16, such as the minimum commercial lease period of nine years, the capping of lease payments or the tenant's right to renew the lease.

Law no. 2014-626 of 18 June 2014 relating to craft industries, trade and micro-businesses, known as the "Pinel Law", created new rules aimed at improving relations between commercial lessors and tenants.

Implementation Decree n°2014-1317 of 3 November 2014 notably defines the taxes and repair works that must remain the responsibility of lessors, specifies the disclosure requirements imposed on tenants regarding the estimates of expenditure to be made in the building, and establishes a departmental conciliation committee in relation to charges and works.

Commercial leases are also subject to the provisions of Article L.125-9 of the French Environmental Code, which requires that an environmental appendix be added to all commercial leases involving over 2,000 m2.

This environmental appendix defines the steps that need to be taken to monitor and improve the energy consumption of the leased premises.

3.3.4 REGULATIONS APPLICABLE TO PROPERTY ASSETS

As part of its ownership of property assets, the Company is subject to various regulations and must therefore meet requirements concerning the prevention of risks related to health, respect for personal safety and the protection of the environment. The key features of these regulations are detailed below, it being specified that this presentation is not intended to provide an exhaustive analysis of the regulations to which the Group is subject, merely to give an overview.

3.3.4.1 Asbestos regulations

The regulations relating to the prevention of risks to health concerning the presence of asbestos are set out in Articles R.1334-14 to R.1334-29 of the French Public Health Code.

Under the regulations, the owner of a building with a building permit granted before 1 July 1997 is required to look for the presence of asbestos in the building it owns, and to prepare and update the asbestos technical report.

In the event of sale, an asbestos assessment must be attached to the provisional sale agreement if the owner wants to be exempt from the warranty on hidden defects.

Currently, no building developed by the Company is covered by these regulations, since they were all granted building permits after 1 July 2017.

3.3.4.2 Regulations relating to establishments that are open to the public

The properties and shopping centres that the Company owns and that are open to the public must be developed and operated under the conditions set out in Articles R. 111-19 et seq. of the French Construction and Housing Code on accessibility for people with disabilities and Articles R. 123-1 et seq. of said Code, which prevent risks related to fire and panic.

With respect to the latter point, an establishment being open to the public is subject to mayoral permission, with permission to open being issued following verification by the relevant safety committee of the measures taken.

These establishments are then subject to regular inspections and unannounced visits by the relevant safety committee in order to check their compliance with safety standards.

3.3.4.3 Regulations relating to safeguarding the environment

Risks related to classified facilities

Certain activities of the Company's tenants, such as large food retailers, may be subject to legislation governing classified facilities. They accordingly constitute facilities classified for environmental protection ("ICPE").

The ICPEs are placed under the control of the Prefect and the Regional Agency for Industry, Research and the Environment (DRIRE) specifically responsible for organising the inspection of these installations.

Moreover, when the classified installation is shut down, its operator must first notify the Prefect who may require it to carry out monitoring or return the site to its original condition.

Water regulations

Large-scale assets must comply with regulations on water usage and the waste they generate, and in particular the obligation regarding the treatment of waste water pursuant to the provisions of the French Public Health Code and French General Local Authorities Code, as well as the qualitative and quantitative management of rainwater, in accordance with Articles L.210-1 et seq. of the French Environmental Code.

Consideration for the management of this natural resource is also built into the design of construction projects, which are subject to permission or prior reporting by the competent environmental authority depending on their scale, in accordance with Articles L.214-1 et seq. of the French Environmental Code.

Given its strong environmental commitments, the Company pays particular attention to finding alternative solutions for managing rainwater discharged from both roofs and car parks.

Natural and technological risks

Purchasers or tenants of property located in areas covered by a plan for the prevention of natural, technological or mining risks, shall be notified of the existence of such risks by the seller or lessor.

Said notification is provided by means of attachment to any provisional sale or purchase agreement, and to any contract concluding or registering the sale.

A statement of risks, called "Statement of hazards and pollution" and prepared using a template defined by ministerial decree, is attached to the lease or any provisional sale or purchase agreement, and to any contract concluding or registering the sale.

Regulations applicable to the method of ownership of certain property assets

Some of the Company's property assets are, due to their distinctive characteristics, subject to specific rules regarding co-ownership and/or division by volume.

The co-ownership system is defined by Law no. 65-557 of 10 July 1965 and decree no. 67-223 of 17 March 1967.

Under this system, each co-owner is the holder of a block comprising the exclusive ownership of a private area and a proportionate share of co-ownership in the common areas (main walls, stairwells, halls, common parking areas, common green areas, etc.).

In this way, each co-owner may freely enjoy the common areas, subject to not violating the rights of the other co-owners.

The area and location of the block allow the shares held in the common areas to be determined, which serve as a basis for fixing the voting rights at meetings of co-owners and the charges related to the maintenance of the common areas.

The common areas are managed by a Syndic, the executive body of the union of co-owners appointed by the co-owners at the meeting.

3.3.5 REGULATIONS RELATING TO THE LISTED REAL ESTATE INVESTMENT TRUST STATUS

3.3.5.1 Option

It is noted that as of 1 January 2009 the Company opted into the REIT (French SIIC) tax scheme covering listed real estate investment trusts provided for in Articles 208 C, C (a) and C (b) of the French General Tax Code, a scheme reserved for companies whose main purpose is to acquire or construct buildings with the aim of the leasing, or the direct or indirect ownership of companies with an identical corporate purpose.

This system grants exemption from the payment of corporate tax, subject to the distribution, in relation to the rental income from the properties and capital gains realised on the transfer to unrelated persons of buildings, property rights, securities in the company belonging to individuals and subsidiaries who have themselves opted into this scheme as well as the dividends paid by these subsidiaries.

The conditions for opting into this scheme, as well as the REIT reporting requirements, have been set out by Decree 2003-645 of 11 July 2003 (codified in Article 46 (b) A of Appendix III to the French General Tax Code). An order included in “Bulletin Officiel des Impôts” (official tax bulletin) 4 H-5-03 n° 158 (a) of 25 September 2003, revised in BOFIP BOI-IS-CHAMP-30-20 on 12 September 2012, provided guidance on this system.

This option concerns FREY and its eligible subsidiaries.

The REITs are not subject to a rule of exclusivity in relation to their corporate purpose. Carrying out, on an ancillary basis, activities other than those fulfilling their main purpose is not therefore likely to result in their losing the benefit of the scheme. However, the revenues derived from these other activities are taxable under the conditions laid down by ordinary law, including financial revenues, without a distribution requirement.

Subsidiaries 95% of whose capital is held either directly or indirectly, jointly with other REITs or variable capital companies that invest mainly in property (SPPICAVs), subject to corporate tax, and with an identical purpose, may opt into this scheme.

For information purposes, the FREY subsidiaries having opted for REIT status are:

- ✓ SCI Seclin 01, a subsidiary 99.9% owned by FREY SA, opted in as of 1 January 2010;
- ✓ SAS FREY Retail Fund 1, a subsidiary jointly owned with SPPICAVs, opted in upon its formation in December 2011;
- ✓ SAS IF Clos du Chêne, a wholly-owned subsidiary of FREY SA, opted in as of 1 January 2012;
- ✓ SCI Chanteloup 01, a wholly-owned subsidiary of SAS IF Clos du Chêne, opted in as of 1 January 2012;
- ✓ SCI Chanteloup 02, a wholly-owned subsidiary of SAS IF Clos du Chêne, opted in as of 1 January 2012;
- ✓ SAS La Plaine, a subsidiary 99.9% owned by FREY SA, opted in upon its formation in October 2016;

- ✓ SCI Les Sablons 1, a subsidiary 99.9% owned by FREY SA, opted in as of 1 September 2016;
- ✓ SAS FRP III, a wholly-owned subsidiary of SCI Les Sablons 1, opted in as of 1 January 2017;

The earnings of partnerships covered by Article 8 of the French General Tax Code whose corporate purpose is identical to that of their REIT partners or subsidiaries that have opted for the REIT scheme qualify for exemption subject to the pro rata distribution of the rights of the REIT partners. There is no minimum condition regarding the amount of capital held in these companies by the REITs, or by their subsidiaries subject to corporate tax that have opted for this REIT scheme.

3.3.5.2 Consequences of opting in

Opting in, which is definitive and all-encompassing, entails discontinuance of the business inasmuch as the businesses concerned totally or partially cease being subject to the payment of corporate tax. Exercising this option specifically entails the application of unrealised capital gains on buildings, property rights and transparent property company securities, taxation generally referred to as an “exit tax”.

Since Finance Law n°2008-1425 published on 28 December 2008, the rate of this exit tax has been 19%. It is payable in four equal instalments beginning on 15 December of the year of the opt-in and for the three following years.

The remaining tax losses carried forward that were not used at the time of the opt-in to the REIT scheme (should any exist) may be offset against the proceeds from the sale including it in the base used to calculate the exit tax. The balance not offset is definitively lost.

Eligible companies controlled by FREY, previously subject to corporate tax, will also be liable to pay the exit tax if they opt for the REIT scheme under the same conditions. Similarly, when buildings, property rights and shareholdings in companies covered by the partnership tax system become eligible for exemption from corporate tax following selection of this scheme, the unrealised capital gains recognised on these assets must also be subject to the exit tax payable at the rate of 19% over four years.

3.3.5.3 Tax scheme

REITs are exempt from corporate tax subject to compliance with the following distribution conditions:

- ✓ 95% of profits from leasing buildings under the activity covered by this scheme must be distributed before the end of the financial year following the financial year in which they were generated;
- ✓ 60% of the capital gains on the sale of buildings, property rights or shareholdings in the companies covered by Article 8 with an identical corporate purpose to the REITs or in respect of subsidiaries liable for tax on companies that opted for the REIT system, must be distributed before the end of the second financial year following the financial year in which they were generated. The rate is raised to 70% for financial years ending on or after 31 December 2018;
- ✓ Dividends received from subsidiaries that opted for the REIT scheme (or of another REIT that it controls) must be redistributed in full during the financial year following the financial year in which they were received.

If the REITs or subsidiaries that have opted-in do not to make the necessary distributions, within the time limit and proportion required, they risk losing the exemption for all revenues (profits, capital gains, dividends) for the financial year concerned (except under exceptional circumstances).

Companies are taxed on revenues derived from the exercise of ancillary activities under the conditions set out by ordinary law. The result of the taxable segment has no influence on the result of the exempt segment and does not influence the distribution obligations related to the exempt transactions. The REITs and their subsidiaries must allocate the corresponding income and expenses to the exempt and taxable segments and during distribution they must distinguish between the portion of the profits resulting from exempt activities and those from taxable activities.

Furthermore, a 20% levy is due on the dividends paid to shareholder entities which hold, either directly or indirectly, at least 10% of the Company’s share capital and which are not taxed at a rate at least equal to one third of the French tax rate.

3.3.5.4 Opting out of the scheme

Non-compliance with the conditions of access to the scheme during the financial years following entry into the scheme will result in the REIT, and consequently the subsidiaries that opted for it, exiting the scheme.

In the event that the Company opts out of the REIT scheme in the ten years following its opting in, it would be required to pay supplementary corporate tax at the standard rate of 33.33% on the amount of the capital gains that were taxed at the reduced rate of 19% as a result of its opting in to the REIT scheme.

It would also be liable for a 25% levy on the amount of any unrealised capital gains made during the exemption period, decreasing by one tenth for each year spent in the exemption scheme.

Lastly, the Company would also be liable to add back to taxable profit for the year when it loses REIT status any exempt profits from prior years not paid out.

4.

RISK FACTORS

Investors are encouraged to consider all the information contained in this document before deciding whether to acquire shares or securities in the Company.

The Company has carried out a review of the risks which may have a significantly adverse effect on its operations, financial position and financial results, and considers that there are no other significant risks apart from those presented hereafter.

However, the Company cannot guarantee that other risks might not arise in the future and have a material adverse effect on the Company, its business, financial position, results or development.

4.1 RISKS RELATED TO THE GROUP'S ENVIRONMENT

4.1.1 RISKS RELATED TO THE ECONOMIC ENVIRONMENT

The Group's property assets consist of retail space in retail parks, located in France. Fluctuations in key French and European macroeconomic indicators are liable to affect the Company's rental income and the value of its property portfolio, as well as its investment policy and its policy on developing new assets, and therefore its growth outlook.

The Company's business is sensitive to economic growth and consumption as well as interest rates and the commercial rental index (indice des loyers commerciaux – ILC), which replaced the construction cost index (indice du coût de la construction – ICC) following the Economic Modernisation Law of 4 August 2008 (loi de Modernisation de l'Economie – LME).

At 31 December 2018, 48% of the leases signed by the Company contained additional variable rent tied to the tenants' turnover. Three leases, accounting for 0.9% of 2018 economic rents, solely consist of variable rent.

In this respect, the average rental burden [(1)] of retailers reporting their turnover is 7.8%.

As a result, a potential decline in the revenue of retail tenants is not likely to have a material adverse effect on the overall yield of the assets in question, or on their valuation, or significantly affect the business, results, financial position and outlook of FREY.

Variable rental clauses applied in 2018 on the basis of 2017 revenue generated €0.5 million in additional rental income.

The Company takes these various parameters into account in its strategic development and retailer selection decisions.

4.1.2 RISKS RELATED TO THE COMMERCIAL PROPERTY MARKET

Commercial property rent and valuations are heavily influenced by supply and demand for commercial property space. An unfavourable trend in demand relative to supply could affect the Company's results, business, assets, financial position and outlook.

Furthermore, an unfavourable trend in the commercial property market could force the Company to delay completion of certain commercial developments and/or undertake certain unplanned selective disposals, and/or undertake certain necessary and/or planned selective disposals at less favourable terms.

4.1.3 RISKS RELATED TO THE COMPETITIVE ENVIRONMENT

In the course of their business, the Company and the Group are faced with a wide variety of operators and a high level of competition, particularly in connection with their asset construction business. They also face significant competition in their rental business.

However, thanks to its strong founding principles, FREY remains a major player in the open-air shopping centre market.

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[1] *Actual rental burden, before tax, of assets more than 50% owned in France and in Spain*

4.1.4 MARKET RISKS

4.1.4.1 Interest rate risks / Risks related to the level of Company debt

The value of the Company's and the Group's assets is and will continue to be influenced by interest rates. For the past few years, the property business has benefited from a favourable environment characterised by historically low long-term interest rates.

Implementing the Group's growth strategy means investing substantial amounts in developing new assets. Part of the cost of these developments is financed through debt, though the Company does not rule out the possibility of seeking capital market funding or using its own equity to finance its growth strategy. In 2018, rates remained low throughout the period. An interest rate hike could have an impact on asset valuations and hence on the Group's asset portfolio.

An analysis of the Group's financial position is provided in Section 1.6.1. "*Consolidated financial statements*" of this Management Report.

4.1.4.2 Liquidity risks

The Company has conducted a specific review of its liquidity risk and that of the Group and considers that it is in a position to meet future financial commitments.

Development of the Company's and the Group's property investment business relies heavily on bank borrowing. Neither the Company nor the Group has been affected by the crisis experienced by the banking system.

To support its expansion and diversify its sources of funding, the Group notably issued €30 million in OPIRNANE bonds in 2012 and €36.2 million in EURO PP bonds in 2014.

FREY also arranged a €35 million facility in 2015 and on 1 June 2017 a €300 million credit facility that in particular made it possible to re-finance a portion of the Group's existing debt. On 11 October 2018, Frey agreed a €50 million increase in the syndicated credit facility arranged in June 2017, thereby raising it to €350 million and an option to extend it out to 2025.

On 28 November 2018, FREY also signed a €70 million corporate loan with a new banking pool, for an initial five-year period with an option to extend.

These facilities make it possible to lock in favourable financial terms reflecting current credit market liquidity, improve FREY's financial flexibility and strengthen the Group's strong relations with its long-standing banking partners.

The Group also has in place short-term overdraft facilities to cater for any temporary cash shortfalls.

The Group also strengthened its capital base in May 2017 and June 2018 by way of a capital increase with retention of the preferential subscription right for a total gross amount (including issue premiums) of €99.9 million and €201.9 million, respectively. This increased the Company's share capital from €21,515,625 to €47,104,162.5.

The success of these transactions enabled the Group to rely more heavily on equity to fund its development, help finance projects that may come to fruition over the coming months and, where applicable, switch sources of funding for certain assets and projects.

The Group currently has a surplus cash position that is sufficient to cover overheads and business development requirements of the companies within the Group.

For more details on the Group's debt, see Section 1.6.1.7 "*FREY Group's financial position and debt*" of this Management Report.

Since 1 December 2010, FREY has had a cash pooling agreement with each of its subsidiaries to centrally manage the Group's cash.

4.1.4.3 Risks related to failure to obtain or delays in obtaining financing for new projects

Failure to obtain or delays in obtaining financing required for the 14 major medium-term projects under development by FREY (435,000 m2; €989 million in investment) could adversely affect the Group's financial position.

However, since commercial property and, in particular, the open-air shopping centre is a very sought-after asset class by investors for the past number of years, and since the Group's sources of funding are highly diversified (mortgage loans, credit facilities, bonds and market financing), this risk is significantly limited and managed.

For more details on the Group's debt, see Section 1.6.1.7 "*FREY Group's financial position and debt*" of this Management Report.

4.1.4.4 Risk of failure to comply with a financial covenant

The Group's financing agreements, and in particular credit facilities, establish requirements for the debt service coverage ratio (DSCR) and interest cover ratio (ICR) and/or a minimum LTV ratio.

Failure to comply with these ratios would trigger early repayment of the borrowing(s) in question (cross-default clauses).

The Group monitors these covenants on a six-monthly basis and has sufficient room for manoeuvre between its actual results and the required percentage LTV, DSCR, ICR, secured borrowing and free asset ratios, thus limiting the risk of breaching these covenants.

For further information regarding the Group's commitments in relation to financial covenants, please refer to Sections 1.6.1.7 "*FREY Group's financial position and debt*" of this Management Report and 3.13 *"Derivative financial instruments*" of the Group's consolidated financial statements.

It is also specified that banking institutions that grant bank overdrafts directly connected with assets generally require collateral in the manner described in Sections 2.4 "*Guarantees on property*" of this Management Report and 5.4.2 "*Other commitments given*" of the Group's Consolidated Financial Statements.

4.1.4.5 Counterparty risks

The Group has receivables and/or commitments given by some of these financial partners.

As such, default by any of those partners could adversely affect the Group's financial position.

However, since the Group only enters into financial transactions with top-tier banking institutions, this risk is very limited.

In accordance with IFRS 13, the Group measures the fair value of its financial assets and liabilities on the basis of the price that would be received to sell or transfer a net position with regard to a specific risk in an orderly transaction between market participants at the measurement date.

To determine this net position, the Group takes into account any existing arrangements that would reduce credit risk in the event of default (e.g. a master netting agreement with the counterparty). The fair value measurement takes into account the likelihood of such an arrangement being legally binding in the event of default. The calculated impact is not material.

4.1.4.6 Equity risk

At the date of this document, no Group company has any equity interest in any listed company. As such, no Group company is exposed to equity risk.

FREY holds treasury stock for the purposes of (i) a liquidity (market-making) agreement, which complies with the AMAFI Charter, entered into with Kepler Chevreux in March 2017, (ii) an independent buyback programme signed in November 2017 with Kepler Chevreux, and (iii) free share allocation plans for employees working with Banque Transatlantique.

Further details on these agreements can be found in Sections 5.9 "*Treasury shares*", 5.11.2 "*Options and free shares granted to employees"* and 5.13 "*Report on trading under the free share buyback programmes" of this Management Report*.

The employee free share allocation plans are described in more detail in Section 5.11 "*Employee shareholding*" of this Management Report.

Apart from shares acquired under this programme, the Company has no securities other than shares in the subsidiaries described and presented in Section 1.6.1.5 "*Subsidiaries and equity investments*" and **Appendix 3** of this Management Report.

4.1.4.7 Foreign exchange risk

At the date of this document, the Group generates all its revenue in the Euro zone and incurs all its expenses (including both operating and capital expenditure) in euros. Consequently, no Group company is exposed to foreign exchange risk.

4.2 RISKS RELATED TO THE BUSINESS AND APPLICABLE REGULATIONS

4.2.1 RISKS RELATED TO ASSETS

4.2.1.1 Risks related to the development of new assets

The main risks associated with FREY's property development business are as follows:

- ✓ The construction cost of assets could prove higher than initially estimated: the construction phase could take longer than planned, technical difficulties or implementation delays could arise as a result of the complexity of certain projects, and the price of construction materials could rise;
- ✓ FREY's investments (for new projects, renovations and extensions) are contingent upon securing administrative permits which could be granted late or even refused to FREY or its partners;
- ✓ FREY's projects require consent from third parties such as flagship retailers, creditors, and partners for developments delivered on a partnership basis; such consent could be refused, or granted on terms less favourable than expected;
- ✓ FREY could fail to secure financing for its projects on satisfactory terms;
- ✓ It is not generally possible to defer or cancel costs incurred at the outset (e.g. design costs) if a project is delayed or cancelled.

Consequently, such risks could lead to investment transactions being delayed or cancelled, or completed at a higher cost than initially estimated, which could affect the Group's results.

Development of new commercial property and retail parks also depends on the availability of suitable land. which in turn depends on the successful identification of land and its acquisition cost.

The Company and the Group have highly skilled staff dedicated to developing new projects with the aim of finding available land suitable for open-air shopping centres. However, competition from other players could drive up the price of land to a degree not compatible with the Group's objectives. This could adversely affect FREY's business, results and development outlook.

Furthermore, unlike in France, where land prospecting teams can enter into preliminary agreements with landowners, subject to the required permissions being granted (thus making it possible to kick off development without incurring any financial risk on the land), other countries like Spain, for example, require firm ownership of a substantial proportion of the land in question before an application for permission can be submitted, giving rise to a financial risk.

Before carrying out preliminary design work, the Company and the Group simulate a forecast budget for each planned project. If the estimated return on the project meets the criteria laid down by the Company's management, operational staff proceed with the associated design work.

To limit the risk of non-completion of projects, the Company and the Group carry out preliminary technical feasibility studies, make initial contact with retailers and analyse potential appeal across the relevant customer catchment area. The associated expenses are controlled and identified for cost accounting purposes.

Purchases of land are negotiated at estimated reasonable market prices, subject to conditions precedent that limit the Company's and the Group's exposure: since the price of land is not paid until after all preliminary administrative permissions have been obtained, FREY can kick off developments without carrying the financial risk associated with purchasing the land.

It should also be borne in mind that, given regulations applicable to administrative permission, commitments to acquire land are never entered into unless the Group has received firm tenancy commitments from retailers. Consequently, for each new project, FREY negotiates and enters into agreements with retailers before obtaining the administrative permits needed to launch the project, so as to secure maximum commercial uptake.

Construction of new assets is subcontracted to construction firms. Default by one of these subcontractors could have negative financial and legal consequences and adversely affect the Group's delivery timelines.

4.2.1.2 Environmental risks

Although the Company always conducts analyses of ground and sub-soil quality and pollution before purchasing land, ground and sub-soil pollution and/or quality problems can arise, resulting in clean-up costs.

The Company's business is also subject to laws and regulations pertaining to the environment and public health. These laws and regulations notably concern ownership or use of facilities liable to constitute a source of pollution (classified facilities), use of toxic substances or materials during construction, and their storage and handling.

Furthermore, the Company's assets may be exposed to problems related to public health and safety, including in particular asbestos and legionella for commercial property assets and ground pollution. Although the occurrence of such problems is likely to mainly affect the Company's suppliers, subcontractors and tenants, and the latter's suppliers and subcontractors, the Company could nevertheless be held liable if it were found to have breached its obligation to monitor and control the facilities it owns.

In accordance with applicable environmental regulations, the Company is committed to complying with standards and provisions relating to asbestos.

4.2.1.3 Risks related to administrative permissions

The commercial property and open-air shopping centre development market is subject to major constraints, mainly of an administrative nature.

When a project involves construction, decree 2015-165 of 12 February 2015 implementing Law 2014-626 of 18 June 2014 on craft industries, trade and micro-businesses, known as the "Pinel Law", introduced a single procedure combining the building permit and the commercial operating permit.

This new single application process requires that the building permit application be completed and the prerequisite studies done by the commercial operating permit application stage.

The Company does a systematic audit of applications for permission in order to ensure compliance with applicable regulations, and thus feels that these new provisions do not generate additional financial risk.

The building permit serving as a commercial operating permit is issued by the local Mayor of the municipality where the project is located, once a favourable opinion has been obtained from the Departmental Commercial Development Commission (Commission Départementale d'Aménagement Commercial – CDAC) or the National Commercial Development Commission (Commission Nationale d'Aménagement Commercial - CNAC).

It should be noted that when the project doesn't involve construction but only a commercial operating permit, the CDAC and, as the case may be, the CNAC, don't give opinions but rather decisions.

Decisions or opinions from the CDAC may be appealed by means of a mandatory preliminary administrative appeal to the CNAC, which will issue an opinion or a decision, which may in turn be appealed to the administrative court of appeal with sole jurisdiction, with a possible further appeal to the Conseil d'Etat.

Appeals against building permits are reviewed, in the event of successive appeals, by the administrative court, the administrative court of appeal and the Conseil d'Etat.

Where the building permit serves as a commercial operating permit, appeals are brought directly before the administrative court of appeal with sole jurisdiction, with a possible further appeal to the Conseil d'Etat.

At this stage of the process, the risks therefore mainly relate to the filing of administrative or judicial appeals against the permits issued, potentially delaying their implementation for a relatively long time

Over the past few years, certain legislative and regulatory steps have been taken to speed up how urban planning disputes are dealt with and to prevent manipulation or abuse, including stricter control of standing or the bringing of actions to make good the damage caused by these appeals.

French Act no. 2018-1021 of 23 November 2018 on housing, land management and the digital economic, referred to as the "ELAN Act", strengthens this approach by in particular introducing various defences and sanctions against appeals that are considered unreasonable.

The Company considers that these provisions help strengthen the urban planning permissions issued to it in connection with its activities, and thus improve its ability to successfully complete its property projects.

Moreover, there is clearly a desire to reduce the number of CDAC permits for certain zones, reflecting a more restrictive planning policy for retail developments on the outskirts of urban areas, something that might over time have an adverse impact on the Company's development.

The Company is focusing its business on redeveloping existing areas in keeping with public policy on regional redevelopment and regeneration (through consultations, competitive tenders and joint development zones): such developments are discussed at an early stage with public authorities and local government, who clearly define their requirements. This means the Company is able to more easily secure the administrative permissions required for such projects.

In Spain

Spain is covered by a national general retail law. Since this law is applied in a wide variety of ways in each of the country's 17 provinces, it is very important to have a detailed understanding of applicable legislation in the region in which a project is being developed.

The provinces regularly impose moratoria during which no commercial licences may be issued.

Commissions are solely provincial, with no appeal possible at the national level. Their members are trade union representatives, professionals and politicians.

When permission is issued, it remains valid for one to two years and cannot be appealed.

4.2.1.4 Risks related to the acquisition of new assets

The Group's strategy requires it to acquire and dispose of assets. If the market were to prove highly competitive and/or assets were limited in number, the Group could find it difficult to achieve its strategic objectives.

Failure to correctly assess the value of an asset or company could result in the Group acquiring that asset or company for more than its actual value. Defects may be hidden and not noticed by the Group until after an asset has been acquired. For example, a dispute with a tenant may not be divulged by the seller.

To protect against such risks, exhaustive due diligence is carried out before all acquisitions and independent appraisals are always obtained.

Seller's warranties and/or warranties against hidden defects are also required as part of negotiations.

4.2.1.5 Risks related to the cost and availability of appropriate insurance

The cost of insurance and the level of cover obtained depend on FREY's ability to negotiate. Given the size of the asset portfolio to be insured and the level of cover sought, FREY could fail to obtain adequate insurance, or to obtain such insurance at an appropriate cost, and this could result in FREY bearing a higher level of risk and/or could significantly affect its business, results, financial position and growth outlook.

The Group's property assets are currently insured by ALLIANZ and ALBINGIA.

The Group uses insurance brokers to secure cover at the best possible price.

The insurance taken out by the Company covers reconstruction of all property assets.

Generally speaking, FREY considers the insurance policies it has in place to be appropriate relative to the value of the assets insured and the risk incurred.

4.2.1.6 Risks related to the valuation of assets

In accordance with the recommendations set out in the Barthes de Ruyter report, the Company's and the Group's assets are appraised at least twice yearly by independent appraisers.

Built property is generally appraised by (i) capitalising net revenue based on observed market yields and (ii) using the discounted cash flow method consisting of discounting future income and expenses over a long period. The market value of a portfolio of assets depends on the relationship between market supply and demand at a given point in time, and on many other factors that are liable to vary significantly, notably depending on the economic environment.

Land is valued using the 'tone of the list' method and the investment cost method (based on total land-related development costs) to estimate the difference between the potential selling price and the developer's construction cost.

Given these methodologies, the valuation of FREY's assets is sensitive to changes in indicators used by appraisers to determine fair value, namely:

- ✓ The capitalisation rate which corresponds to the return expected by the Company from the sale or long-term use of the asset; this is the ratio of revenue from the asset to its selling price or market value, expressed as a percentage).
- ✓ A study on the sensitivity of investment property to the capitalisation rate is presented below.
- ✓ Rental value (annual rental income excluding taxes and charges – either actual under a signed lease or expected for an empty unit).
- ✓ The occupancy rate (ratio of the number of leased units to the total number of commercial units in the portfolio).
- ✓ Supply and demand in the market for commercial property assets.

At 31 December 2018, assets and land intended for the Company's and the Group's future projects were independently appraised by COLOMER EXPERTISES, CUSHMAN & WAKEFIELD or JONES LANG LASALLE (JLL) to determine their fair value.

Appraisals are apportioned among appraisers in accordance with the following rules:

- ✓ Cushman & Wakefield and JLL are appointed to appraise assets located in France with a total area in excess of 2,000 m2
- ✓ Colomer Expertise is appointed to appraise assets located in France with a total area of less than 2,000 m2 (scattered assets). For these assets, the only valuation method used is the method that consists of capitalising net revenue.

At 31 December 2018, Cushman & Wakefield accounted for 59.6% of the valuation excluding stamp duty of the economic portfolio[1] operated by the Group, JLL accounting for 38.9% and Colomer Expertises 1.5%.

(1) The economic portfolio corresponds to the total value of the investment based on percentage ownership of each asset.

Sensitivity of investment property valuations to the capitalisation rate

At 31 December 2018, the average capitalisation rate including stamp duty from investment property owned and operated by FREY came in at 5.80%.

In accordance with IAS 40 revised, FREY recognises investment property under construction at fair value. The average capitalisation rate including stamp duty from such assets under construction came in at 5.95%.

As such, the average capitalisation rate including stamp duty from all of the Group's investment property at 31 December 2018 came in at 5.85%.

Change in capitalisation rate	**31/12/2018**		**31/12/2017**	
	Valuation in €M	Cap rate	Valuation in €M	Cap rate
Operated assets	606.0	5.80%	478.2	5.63%
Assets being appraised at fair value	110.6	5.95%	74.1	5.76%
Assets being appraised at historical cost	29.6	-	17.4	-
TOTAL INVESTMENT PROPERTY	**746.2**	**5.85%**	**569.7**	***5.67%***

The following table shows the impact on the valuation of investment property of a 100 basis point and 50 basis point increase and decrease in the capitalisation rate including stamp duty.

Sensitivity to capitalisation rate (€ millions)	**-100 pts**	**-50 pts**	**5.85%**	**+50 pts**	**+100 pts**
Investment property valuation	935.6	831.8	**746.2**	674.2	613.0
Valuation differential	189.4	85.7	**-**	(71.9)	(133.2)

4.2.2 RENTAL RISK

As of the date of this document, the financial occupancy rate of the Group's stabilised economic[1] portfolio[1] was 96.7% compared with 95% at end-2017.

4.2.2.1 Risks related to tenants' solvency

Given the increase in income generated by renting its property assets to third parties, default on or delays in rental payments are liable to affect the Company's and the Group's results.

This risk is assessed in light of FREY's diversification policy, which aims to limit the proportion of total revenue accounted for by any one tenant.

At 31 December 2018, the top ten customers accounted for 30.0% of the rental income from the Group's economic portfolio(2), and none of these groups accounted for over 4% of that economic rental income.

It should be specified that the limitation period for civil action in relation to unpaid rent was shortened from 30 years to 5 years pursuant to the new provisions of Law 2008-561 of 17 June 2008.

Furthermore, for each of its tenants, the Group has a security deposit or bank guarantee in the amount of three months' rent.

(1) The stabilised asset portfolio comprises those assets that have been delivered for a least a year and are not being restructured.
(2) The economic portfolio corresponds to the wholly-owned assets, plus the assets held by associates, in proportion to the percentage interest held in those associates.

4.2.2.2 Risks related to retailers

The Company and the Group hold a portfolio of assets located in retail parks that are mainly rented to national and international retailers. Should the Company's present or future partners encounter difficulties, their brands lose their appeal or their business slow down or cease, this could lead to a reduction in the variable portion of their rentals, where the latter is indexed to sales, or even to non-payment of rent and/or non-renewal or termination of their commercial leases.

A reduction in rent from assets leased to these partners, or difficulties the Company or the Group might encounter in re-letting such assets on favourable terms, could have a material adverse effect on the total rental yield from the assets in question, or on their valuation. Such an eventuality could be detrimental to the Company's and the Group's business, results, financial position and outlook.

To limit this risk, before signing any lease the Company and the Group undertake a financial appraisal of the retailer (based on its budget, statement of financial position and income statement).

Furthermore, after close to 40 years of operation, the Company and the Group have the perspective and experience needed to assess a retailer's quality.

4.2.2.3 Risks related to rent indexing

Given the growing importance of FREY's property business, the latter is increasingly sensitive to trends in two indices used to index rents: the commercial rent index (indice des loyers commerciaux – ILC), created by the Economic Modernisation Law of 4 August 2008, and the construction cost index (indice du coût de la construction – ICC).

4.2.2.4 Risks related to regulations governing leases and non-renewal of leases

In France, legislation on commercial leases is very strict with regard to lessors. In particular, contractual provisions relating to the term, termination, renewal and indexing of such leases limit the possibility of increasing rental amounts to ensure they are correlated with market rents.

Furthermore, upon expiry of the lease and every three years, the lessee has the option of vacating the premises or tacitly renewing the lease.

Upon expiry of the lease, if the lessor refuses to renew it, the lessee is entitled to receive eviction compensation.

FREY cannot guarantee that it will be able to quickly re-let its assets at the same rental value when leases expire.

The lack of revenue from vacant premises and the associated fixed charges are liable to adversely affect the Company's results.

Furthermore, upon renewing leases, the Company may be faced with a different market environment not favourable to lessors, or with legislative or regulatory changes or changes in case law resulting in new or stricter restrictions on rent reviews.

Changes in the applicable rules governing commercial leases, notably concerning their term, indexing and capping of rents, and the calculation of eviction compensation payable to tenants, could adversely affect the valuation of the Company's assets, as well as its results, business and financial position.

To take into account changes arising from the introduction of new legislation and regulations that could materially affect the Group's position and the development of its business, the Group's legal department, assisted by various relevant functions, works with FREY's network of external consultants to collect, process, and disseminate within the Group appropriate information on legislation in the various countries in which the Group has interests.

The Group is continually in discussion with partner retailers, collects quarterly sales data from key tenants and analyses trends in visitor numbers through its properties using a vehicle counting system. Taken as a whole, this information enables the Group to anticipate risks of non-renewal and, where necessary, to re-let vacated units as quickly as possible.

To limit the risk of increasing vacancy rates at its properties, FREY focuses on securing prime locations, pre-marketing sites before land is even purchased, setting rent and charges at attractive levels and delivering high-quality promotional activity at its retail parks.

The non-renewal risk schedule for the Group's leases is as follows:

4.2.2.5 Risks arising from tenants failing to fulfil their obligations

The measures put in place by the Company to ensure that its tenants are and will remain compliant with applicable regulations are as follows:

a) When renting out an asset for the first time:

All the tenants' obligations are stipulated in the lease. The Company undertakes a comprehensive due diligence process, in particular to verify that the tenant is compliant with all relevant regulations.

B) During the life of the asset:

Tenants are required to provide proof of insurance annually.

The Company monitors the regulatory landscape to keep abreast of regulatory developments.

Random visits to properties are regularly undertaken to identify any potential breaches of regulations.

Where a property is let, tenants are advised of all their obligations in the lease and compliance with those obligations is monitored, in particular when a tenant carries out work on the premises.

For complex and jointly-owned properties, specific instructions on arrangements for monitoring regulatory compliance are provided to the managing agent and/or technical manager.

Complex assets and tenants identified as representing a risk of regulatory non-compliance are subject to specific monitoring.

Starting in 2013, all of the Group's retail parks in excess of 10,000 m2 have been covered by policies and procedures reiterating, in particular, all obligations incumbent upon tenants.

4.3 Other risks

4.3.1 Risks related to constraints arising from the tax regime applicable to real estate investment trusts (REIT, SIIC in French), loss of REIT status or potential change in the terms of this status

Eligibility for REIT status is contingent upon redistribution of a significant proportion of profits made (95% of profits from property rental, 60% - 70% for the financial years ended 31 December 2018 - over two years of capital gains on disposal of certain assets, and 100% of dividends received from subsidiaries that have opted for REIT status). Compliance with this redistribution obligation could constitute a constraint that could limit the Group's ability to finance its own operations from cash flows and to implement a strategy of developing its asset base and could thus have an unfavourable effect on the Group's outlook and results in the medium term.

It should also be noted that eligibility for REIT status can be temporarily or permanently forfeited in certain circumstances.

One of the conditions of application of the REIT regime is that a company that has opted for it must not be directly or indirectly owned by one or more shareholders acting in concert as defined in Article L.233-10 of the French Commercial Code (other than companies that are themselves subject to REIT status), representing 60% or more of its share capital or voting rights (subject to a small number of temporary exceptions concerning certain restructuring transactions or acquisition of at least 95% by another REIT): however, if this event occurs for the first time during the ten years following the date on which the REIT option is taken up, or during the following ten years, and provided that the maximum ownership limit is once again met at the end of the financial year in question, the company does not lose its REIT status but merely loses its exemption from corporate income tax in respect of the financial year in which the maximum ownership limit is exceeded, thereby dragging down the REIT's results; when the company moves back into the regime, it must pay corporate income tax at a rate of 19% on any unrealised capital gains made during the period when it was temporarily outside the regime

Conversely, where a company that has opted for REIT status permanently loses REIT status within ten years of opting for such status, it is liable for a corporate income tax supplement bringing the taxation rate on unrealised capital gains on property and shares in companies primarily operating a property business subject to the exit tax at the date on which the REIT option was taken up to 33.33%, and this could have a potentially material adverse effect on its assets and results. It must also pay a 25% levy on the amount of any unrealised capital gains made during the exemption period, decreasing by one tenth for each year of exemption, and add back to taxable profit any earnings not paid out that correspond to exempt profits. Lastly, it must add back to taxable profit for the year when it loses REIT status any exempt profits from prior years not paid out.

Finally, any substantial changes in the provisions applicable to real estate investment trusts could also affect the Company's business, financial position and results.

4.3.2 Risks associated with the departure of key individuals

The conduct of the Group's business and the achievement of its development objectives are partly dependent on the loyalty of certain of its managers, non-executive members of the Company's Management Committee and members of its administrative bodies, who have significant experience and are well known within the property sector.

The departure of one or more of these individuals could have a material adverse effect on FREY's ability to achieve its target returns and profits and to continue to pursue its development strategy.

To limit the risk of voluntary departure of key individuals, the Company puts in place arrangements designed to retain them, notably though free share allocation plans.

The first plan of this type was adopted at the 21 February 2014 meeting of the Board of Directors (see Section 5.11.2 "*Options and free shares granted to employees*" of this Management Report).

However, the Company considers that, should it dismiss one of these individuals, or should one of them resign, FREY would be able to ensure that the duties vacated by the individual in question were performed, where applicable following an adjustment period, without such vacancy having a material adverse effect on the Company's and the Group's continued operations.

4.3.3 RISKS RELATED TO EXCEPTIONAL EVENTS AND LITIGATION

There are no governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, whether pending or threatened, that are liable to have or that have had over the past 12 months a significant impact on the financial position or profitability of the Company and/or the Group.

4.3.4 RISKS RELATED TO FRAUD

The Company is aware of the costs and risks that can arise from various types of fraud inflicted on businesses (hacking, identity theft, use of the Company's internal processes, etc.). As such, it has adapted its policies and behaviour in recent years to limit its exposure to this risk.

In particular, the Company's employees are made aware of behaviours they should adopt to protect sensitive information and to safeguard information systems against malicious acts and intrusion, as well as methods of preventing financial fraud and identity theft.

Furthermore, the Company's and the Group's operational managers are asked to exercise particular vigilance in their day-to-day monitoring of the Company's operations, and to notify internal control and management whenever they are faced with suspected or attempted fraud.

5. INFORMATION ON THE SHARE CAPITAL

5.1 AMOUNT OF SHARE CAPITAL

At 31 December 2018, the share capital totalled €47,104,162.5. It was divided into 18,841,665 shares with a par value of €2.50 each, all of the same class and fully paid up.

As of the date of drafting of this Report, there were no securities that could ultimately be converted into Company equity, except for OPIRNANE (Property Performance Bonds Redeemable in Cash and/or in New or Existing Shares) the terms and characteristics of which are discussed in Section 5.10.1 "*Potential Share Capital"* of this section.

5.2 CHANGES IN THE SHARE CAPITAL

June 2018 capital increase

On 5 June 2018, the Company initiated a capital increase with preferential subscription rights for a total gross amount (including issue premiums) of €201.9 million, with the offering period ending on 18 June 2018.

This capital increase was fully subscribed, with the Company issuing 6,729,165 new ordinary shares with a par value of €2.50 each, thus increasing its share capital from €30,281,250 to €47,104,162.50.

This successful issuance increased the Group's equity and will allow it to continue its development, funding projects that may come to fruition in the coming months, and, where applicable, switch sources of funding for certain assets and projects.

There were no other changes to the share capital in 2018.

5.3 MAJOR SHAREHOLDERS

Percentage voting rights and shareholdings set out in the following table have been calculated based on information on the total number of voting rights and shares making up FREY's share capital as stated in the press release issued on 28 June 2018, in accordance with Article L.233-8 II of the French Commercial Code and Article 223-16 of the AMF General Regulation (it being specified that the total number of shares and voting rights have not changed since that date, with the exception of the number of exercisable voting rights, which may have changed non-materially due to the number of treasury shares held by the Company), namely:

Date	Number of shares in the share capital	Number of voting rights
28/06/2018	18,841,665	Theoretical: 18,841,665 Exercisable [1]: 18,817,834

[1] The number of exercisable voting rights is the number of theoretical voting rights (or the total number of voting rights attached to the shares) after deducting shares without voting rights (i.e., shares held by the Group under the liquidity (market-making) agreement and the free share allocation plan).

The following table shows a breakdown of the Company's share capital and voting rights over the past three years:

SHAREHOLDING STRUCTURE	31/12/2018			31/12/2017			31/03/2017		
	Number of shares	% share capital	% voting rights (1)	Number of shares	% share capital	% voting rights (1)	Number of shares	% share capital	% voting rights (1)
Major shareholders:									
Firmament Participations (2)	5,964,179	31.65%	31.70%	4,458,779	36.81%	36.85%	3,619,106	42.05%	42.11%
PREDICA	3,620,411	19.21%	19.24%	2,162,463	17.85%	17.87%	1,721,262	20.00%	20.03%
AG FINANCE							1,721,300	20.00%	20.03%
FONCIERE AG REAL ESTATE	2,395,793	12.72%	12.73%	2,162,463	17.85%	17.87%			
EFFI INVEST II	1,130,460	6.0%	6.01%	1,130,460	9.33%	9.34%	865,558	10.06%	10.07%
CARDIF	2,121,857	11.26%	1.28%	663,908	5.48%	5.49%			
SOGECAP	2,121,857	11.26%	1.28%	663,908	5.48%	5.49%			
IDPE(4)	99,995	0.53%	0.53%						
CARUSO(5)	17,500	0.09%	0.09%						
Corporate officers (3)	8,608	0.05%	0.05%	5,170	0.04%	0.04%	5,247	0.06%	0.06%
Treasury shares	24,354	0.13%	N/A	11,237	0.09%	N/A	12,515	0.15%	N/A
Own shares	None			None			None		
Free float:									
- bearer shares	1,326,454	7.04%	7.05%	844,974	6.98%	6.98%	653,576	7.56%	7.57%
- registered shares	10,197	0.05%	0.05%	9,138	0.08%	0.08%	10,373	0.12%	0.12%
TOTAL	**18,841,665**	**100.00%**	**100.00%**	**12,112,500**	**100.00%**	**100.00%**	**8,606,250**	**100.00%**	**100.00%**

(1) Percentage voting rights shown in this table are calculated taking into account treasury shares held by the Company, which carry no voting rights, in accordance with the provisions of Article L.225-210 of the French Commercial Code.
(2) FIRMAMENT PARTICIPATIONS is registered in the Reims Trade and Companies Register under number 801 282 476. Circa 52.9% of its share capital is held by Antoine Frey and his wife Aude Frey, 36.9% by CM-CIC Investissement SCR, 5.9% by Immobilière Rimbaud (subsidiary of Caisse d'Epargne Grand Est Europe) and 4.3% by others. The statutory manager of FIRMAMENT PARTICIPATIONS is its general partner, FIRMAMENT GESTION SAS, registered in the Reims Trade and Companies Register under number 800 554 982, and which is wholly owned by Antoine Frey. FIRMAMENT PARTICIPATIONS operates as the lead holding company.
(3) The Corporate officers' subtotal includes the shares held by the Chief Operating Officers François Vuillet-Petite and Pascal Barboni. These are direct holdings by officers.
(4) IDPE SA (Importation et Distribution de Produits Exotiques) is controlled by the Lemarchand family, which owns Groupe Nature et Découvertes
(5) Caruso SAS is a holding company for Company managers (including François Vuillet-Petite, Pascal Barboni and Sébastien Eymard, Chief Operating Officers),

5.4 CROSSING OF THRESHOLDS

The crossing of statutory thresholds prior to 1 January 2018 are referenced on the website of the AMF (Autorité des Marchés Financiers).

As of the date of drafting of this Report, and pursuant to the provisions of Article L. 233-7 of the French Commercial Code, the declarations filed with respect to the financial year ended 31 December 2018 are detailed below:

- In a letter received on 28 June 2018, FIRMAMENT PARTICIPATIONS(1) gave notice that, on 28 June 2018, it had crossed under the threshold of 1/3 of the Company's share capital and voting rights and held 5,958,779 Company

(1) FIRMAMENT PARTICIPATIONS (located at 14 rue Cliquot Blervache, 51100 REIMS) is 52.9% controlled by Antoine Frey and Aude Frey.

shares and the same number of voting rights, representing 31.63% of the Company's share capital and voting rights. This crossing under of thresholds was due to the dilutive effect of the failure to subscribe for all preferential subscription rights offered as part of the Company's capital increase.

- In a letter received on 2 July 2018, Cardif Assurance Vie[1] gave notice that, on 28 June 2018, it had crossed over the threshold of 10% of the Company's share capital and voting rights and held 2,121,857 Company shares and the same number of voting rights, representing 11.26% of the Company's share capital and voting rights.

  This crossing of thresholds results from subscription to the Company's capital increase.

- In a letter received on 3 July 2018, Sogecap [2] gave notice that, on 28 June 2018, it had crossed over the threshold of 10% of the Company's share capital and voting rights and held 2,121,857 Company shares and the same number of voting rights, representing 11.26% of the Company's share capital and voting rights.

  This crossing of thresholds results from subscription to the Company's capital increase.

Shareholders' Agreement – Agreement referred to in Article L.233-11 of the French Commercial Code

Prédica[3], AG Real Estate[4], Antoine Frey and Firmament Participations[5] are party to a Shareholders' Agreement dated 30 April 2013, as amended by amendments nos. 1, 2 and 3 respectively signed on 15 May 2014, 3 July 2017 and 24 November 2017, for the purposes of governing their relationships as Company shareholders (the "Shareholders' Agreement") [6].

The main provisions of the Shareholders' Agreement are as follows:

- **Absence of action in concert**

  The parties to the Shareholders' Agreement declared that they do not intend to act in concert in relation to FREY and do not envisage exercising their voting rights in FREY for the purposes of implementing a common policy.

- **Governance**

  Composition of the Board of Directors: The number of members of FREY's Board of Directors was reduced from 12 to 10 members, with five members being appointed from candidates nominated by Firmament Participations (including Antoine Frey) (the Firmament Participations directors), one director appointed from candidates nominated by AG Finance (the AG director), one director appointed from the candidates nominated by Prédica (the Prédica director) and three directors deemed independent pursuant to the rules in the AFEP/MEDEF Code mutually agreed by the parties, including one director representing Sogecap, one director representing Cardif and one further independent director.

  It should nevertheless be noted that at the 20 December 2018 meeting of the Board of Directors, SA RE-INVEST, representing AG Real Estate, informed Board members that he was resigning as director with effect from the end of that meeting.

  The Board of Directors may also have up to five observers, it being noted that two observers will be appointed from candidates nominated by Firmament Participations, that one observer will be appointed from candidates nominated by AG Finance (the AG observer) and that one observer will be appointed from the candidates nominated by Prédica (the Prédica observer). The observers will be bound by the rules of procedure of the Board of Directors.

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[1] Cardif Assurance Vie SA (located at 1 boulevard Haussmann, 75009 Paris) is controlled by BNP Paribas.
[2] Sogecap (17 place des Reflets, Tour D2, 92919 Paris la Défense Cedex) is controlled by Société Générale.
[3] Controlled by Crédit Agricole SA
[4] Foncière AG Real Estate SAS (located at 69 boulevard Malesherbes, 75008 Paris) signed up to the Shareholders' Agreement by means of an amendment dated 24 November 2017 replacing AG Finance following the latter's sale, on 24 November 2017, of all 2,162,463 Company shares it held to Foncière AG Real Estate, as part of a restructuring of AG Insurance Group's equity interest in the Company.
[5] Following the merger of FIRMAMENT CAPITAL DÉVELOPPEMENT and FIRMAMENT CAPITAL INVESTISSEMENT, the Shareholders' Agreement was formally renewed by means of an amendment dated 18 April 2014, without any substantial changes, by FIRMAMENT PARTICIPATIONS once the latter's registered office had been transferred from Luxembourg to France.
[6] See Financial Information & Decisions no. 213C0543 dated 13 May 2013, no. 214C0854 dated 21 May 2014, no. 217C1718 dated 26 July 2017 and no. 217C2989 dated 21 December 2017 which may be viewed on the AMF website (http://www.amf-france.org)

Were Firmament Participations to hold less than 20% of the Company's share capital and a shareholder were to, directly or indirectly, hold more Company shares than Firmament Participations, Firmament Participations undertakes to reduce the number of Firmament Participations directors by one.
Were Prédica and/or AG Finance to hold less than 10% of the Company's share capital, Prédica or AG Finance, as applicable, would lose the right to appoint an observer, and

- Should the crossing under the 10% threshold be the result of the dilution of its holding as a result of a capital increase, Prédica or AG Finance, as applicable, shall retain the right to be represented by one director on the Board of Directors;
- Should the crossing under the 10% threshold be the result of the sale of a share block representing 10% of the Company's share capital to a third party, the latter would at the same time also obtain the right to representation on the Company's Board of Directors; Predica or AG Finance, as applicable, shall lose the right to be represented on the Board of Directors. It should be added that were Predica or AG Finance, as applicable, to retain an equity interest of at least 5% following said sale, the parties undertake to negotiate in good faith in order to determine the best way for Predica or AG Finance, as applicable, to retain representation on the Board of Directors, having regard to shareholder representation on it as of the date of crossing under the threshold, and in such a way that Predica's or AG Finance's, as applicable, rights to representation on the Board of Directors shall be compatible with those granted on the same date to other institutional investors with a comparable equity interest.

The parties agree that Antoine Frey will be nominated as Chairman and Chief Executive Officer of the Company at the first meeting of the Board of Directors that will be held immediately following the General Meeting called to approve the financial statements for the financial year ended 31 December 2016, at which shareholders will be asked to reappoint him. Should Antoine Frey be temporarily incapable of serving as Chairman and Chief Executive Officer for a period of up to six months, he will be replaced by the Chief Operating Officer, François Vuillet-Petite, throughout the period of this temporary incapacity.

Throughout the Shareholders' Agreement, the Parties undertake to take all necessary steps to ensure that the composition of the Board of Directors is as set out above. Decisions will be made by majority vote by members, with each member having one vote; the Chairman shall not have a casting vote.

The rules of procedure of the Board of Directors will moreover stipulate that the following decisions will be submitted to it for prior approval(1):

1. Approval of the Company's areas for strategic development, business plan and annual budget and their implementation, as well as any significant subsequent amendments thereto(2);
2. Investments and firm undertakings given by the Company, whether directly or via a subsidiary, provided that (i) they have not been approved by the Board of Directors under point (1) above and (ii) the amount, excluding taxes, per asset or per development project exceeds €20 million, irrespective of the project's outcome;
3. Disposals of assets (excluding development projects) or investments, if (i) such disposal has not been approved by the Board of Directors under point (1) above and (ii) the value of the assets concerned or their underlying assets exceeds €20 million;
4. Borrowing (including by issuing bonds) or taking on liabilities, provided that (i) this has not been approved by the Board of Directors under points (1), (2) and (3) above and (ii) its amount exceeds €20 million;
5. Setting the remuneration of the Chairman and Chief Executive Officer and Chief Operating Officers;
6. Annual authorisation to be granted to the Chairman and Chief Executive Officer to give deposits, sureties and guarantees in respect of commitments by the Company's subsidiaries, including for transactions covered by points (2), (3) and (4) above, and for an amount to be proposed by the latter;
7. Appointment or dismissal of the Chairman and Chief Executive Officer and Chief Operating Officers.

Lastly, the Board shall authorise the granting of deposits, sureties and guarantees to be given by the Company on behalf of third parties other than subsidiaries of the Company where these have not been approved under points (1), (2), (3) and (4) below or authorised under point (6) above.

(1) The parties specified that these decisions concern only significant and non-routine transactions.
(2) The parties noted that these decisions may not result in the company being deadlocked.

The decisions covered by point (7) above shall be validly adopted by the Board by a majority vote by the members in attendance or represented, provided that half the members are in attendance, the Chairman not having a casting vote in the event of a tie. The decisions covered by points (1) to (6) (inclusive) above shall be validly adopted by a two thirds (⅔) majority vote by the members in attendance or represented, provided that half the members are in attendance.

Investment Committee: The Company shall have a six-strong Investment Committee appointed by FREY's Board of Directors from among the directors and observers for the period of their term of office, including 2 Firmament Participations directors, 1 AG director or AG observer, 1 Prédica director or Prédica observer and 2 independent directors.

The Investment Committee shall have an advisory role and shall not make decisions. Its opinions to be issued to the Board of Director shall be adopted by a majority vote by 3/4 of members, with any three of its members forming a valid quorum. It shall review commitments, investments and disposals by the Company, directly or via a subsidiary, (i) that have not been approved by the Board of Directors, or that fall outside an approved budget, under the Company's annual budget or business plan, and (ii) where:

- total pre-development costs (charges, costs, expenses and fees of any kind including binding financial commitments consequential to controlling the land or asset) linked to a planned investment that will be borne by the Company, regardless of the outcome of the project, exceed €5 million per planned investment;
- the investment to be made on assets already owned by the Company, directly or via a subsidiary, excluding assets to be redeployed, exceeds €5 million; and
- disposals of assets (excluding development projects) or equity holdings concern assets, including their underlyings, whose value exceeds €5 million per asset.

More broadly, the Chairman of the Board shall inform the Investment Committee in advance of the various planned investments and/or disposals under consideration by the Company and its subsidiaries and of the commitments made in this regard where (i) their overall value excluding taxes exceeds €15 million per project, (ii) said Investment Committee has not already issued an advisory opinion on them, and (iii) they have not been approved by the Board of Directors as part of the Company's annual budget or business plan.

Audit Committee: The Audit Committee shall have five members appointed by the Board of Directors from among the directors for the period of their term of office, including 1 Firmament Participations director (other than Antoine Frey), 1 AG director, 1 Prédica director and 2 independent directors. The Committee shall have an advisory role and shall not make decisions. Its opinions shall be adopted by simple majority, with any three of its members forming a valid quorum.

Appointments and Remuneration Committee: The Appointments and Remuneration Committee shall have five members appointed by the Board of Directors from among the directors and observers for the period of their term of office, including 1 Firmament Participations director (other than Antoine Frey), 1 AG director or AG observer, 1 Prédica director or Prédica observer and 2 independent directors. The Committee shall have an advisory role and shall not make decisions. Its opinions shall be adopted by simple majority, with half of its members forming a valid quorum.

➢ **Transfer of shares**

Free transfer: Each party may freely transfer its FREY shares at any time:

- To any affiliate (namely any entity in which it directly or indirectly owns at least (⅔) of the share capital and voting rights);
- To any third party a number of shares representing up to a net maximum of 2% of the Company's share capital over a period of 12 consecutive months (*i.e*. 2% of the Company's share capital plus the shares acquired by the party in question over the rolling 12-month period in question);
- To any third party whose purchase offer covers a number of shares representing at least 10% of the Company's share capital, subject to i) having given prior notice to the other parties by registered letter with acknowledgement of receipt sent 8 business days prior to the sale and ii) except in the scenario covered

above, demonstrating the irrevocable and unqualified adherence by the affiliate or, as the case may be, by the acquiring third party to FREY's Shareholders' Agreement.

Right of first refusal: Except in the case of free transfer and a tender offer for the shares, if a party (the transferor) plans to transfer a portion of its shares, it must, prior to taking any other steps, notify the other parties (the beneficiaries) of the number of shares it plans to transfer and indicate that the other parties can exercise their right of first refusal. The beneficiaries shall thus have a right of first refusal to purchase all the shares on offer, it being noted that the beneficiaries shall have 40 business days from the date of notification of the transfer in which to submit a non-binding offer to the transferor for the shares on offer.

Regardless of who the transferor is, each party shall enjoy the right of first refusal *pari passu*. If the number of shares that the parties offer to purchase under the right of first refusal exceeds the total number of shares on offer, the number of shares on offer that each party may purchase shall, unless they agree to split them otherwise, be equal to the number of shares on offer multiplied by the ratio of the number of shares they hold to the number of shares held by the other parties, up to a maximum of the number of shares on offer that each wanted to purchase.

Prédica no longer has a pre-emptive right vis-à-vis Firmament Participations, should AG Finance be the transferor. Conversely, AG Finance no longer has a pre-emptive right vis-à-vis Firmament Participations, should Prédica be the transferor.

Should the transferor accept the non-binding offer(s), the beneficiaries shall have 20 business days from the date of said acceptance in which to send the transferor a registered letter with acknowledgement of receipt containing a binding offer copying the other beneficiary at the same time and, as the case may be, allowing any reputable institutional investor (not acting in concert with the beneficiaries) to purchase the shares on offer at the price indicated in the non-binding offer(s). The aforementioned period of 20 business days shall be extended to 60 business days where the shares on offer represent over 4% of the Company's share capital. The purchase of the shares on offer referred to in the binding offer shall be done within 10 business days of notification to the transferor.

Purchase option in the event of a change of control: In the event that (i) Antoine Frey (and/or his spouse and direct descendants and assigns) should no longer directly or indirectly hold at least 33.33% of the share capital and voting rights of Firmament Participations, or at least 50.01% of the share capital and voting rights of Firmament Gestion[1], or (ii) Firmament Gestion should lose its status as statutory manager and general partner of Firmament Participations, Firmament Participations grants pari passu to both Predica and AG Finance a purchase option relating to all shares held by Firmament, up to a total number of shares equal (for each) to the difference between the number of FREY shares representing 29.5% of the share capital and the number of shares held individually by Predica and AG Finance. The price per share purchased shall be equal to the lower of (i) the latest net asset value (EPRA Net Asset Value) per share published by the Company before the date of exercise of the purchase option and (ii) the average of the share price at the date of exercise of the purchase option and the latest NAV per share published by the Company before the date of exercise of the purchase option.

Should the beneficiaries not exercise the purchase option within 40 business days of the aforementioned notification or the discovery of a change in control, as the case may be, the parties have agreed that, unless Prédica and AG Finance jointly agree in writing that FREY's Shareholders' Agreement is maintained it shall terminate early.

All entitlements pertaining to the shares purchased, including the provisions pertaining to governance, shall also be automatically transferred to the assignees (Prédica and/or AG Finance and/or the substituting third party purchasers) on the date of execution of the option.

- **Duration of the Shareholders' Agreement**

The Shareholders' Agreement is entered into for a period running from its date of signature to midnight on 2 July 2022. On the date of expiry, it shall be tacitly renewed for successive three-year periods, unless one party notifies the other parties and the Company of its decision not to renew it upon expiry. Notification of termination must be sent at least six months before its date of expiry.

[1] *SAS controlled by Antoine Frey.*

To the Company's knowledge, there are no other shareholders' agreements relating to the Company's shares.

5.5 VOTING RIGHTS OF THE PRINCIPAL SHAREHOLDERS OF FREY SA

Pursuant to the provisions of Article 11 of the Articles of Association of FREY SA (as amended at the General Meeting of 27 June 2014), each share entitles its holder to one vote; double voting rights may no longer be attached to shares.

The principal shareholders of FREY SA shown in the table set out in Section 5.3 above have no different voting rights.

5.6 CONTROL OF THE ISSUER

At the date of preparation of this document, based on the information set out in Section 5.3 above, Major shareholders (i.e. share capital consisting of 18,841,665 shares and 18,817,358 exercisable voting rights), Antoine Frey holds, either directly or indirectly via FIRMAMENT PARTICIPATIONS, 31.65% of the Company's share capital and 31.70% of its voting rights.

Consequently, no shareholder controls the Company within the meaning of Article L.233-3 of the French Commercial Code.

To the Company's knowledge, there are no other actions in concert within the Company.

5.7 AGREEMENTS THAT MAY RESULT IN A CHANGE IN CONTROL

To the Company's knowledge, there are no agreements whose implementation could, at a later date, have an impact on control of the Company.

5.8 OWN SHARES

No Company shares are held by other Group entities.

5.9 TREASURY SHARES

At 31 December 2018, the Company had 24,354 treasury shares valued at €672,170.40.

5.9.1 SHARE BUYBACK

The Combined General Meeting of 20 June 2018 renewed, for a period of 18 months with effect from 20 June 2018, the authorisation granted to the Board of Directors, with the option to sub-delegate in accordance with applicable legal and regulatory provisions, allowing the Company to purchase or arrange the purchase of its own shares as part of a share buyback programme with a view to:

- providing liquidity and making a market in the Company's shares via an investment services provider, acting independently for and on behalf of the Company under the terms of a liquidity (market-making) agreement that complies with the AMAFI Charter as recognised by the AMF; or
- deliver shares upon the exercise of rights attached to financial securities and/or marketable securities giving the right to the allocation of shares in the Company through reimbursement, conversion, exchange, presentation of a warrant or in any other manner;
- retaining or subsequently transferring shares (in exchange, consideration or other) as part of financial transactions or potential acquisitions, mergers, demergers or asset contribution transactions of the Company; or
- reducing the share capital by cancelling the shares thereby bought back; or
- allocating shares to employees or corporate officers of the Company or related companies, notably by way of profit-sharing, under an employee savings plan or for free share allocation plans under the terms laid down in Articles L.225-197-1 et seq. of the French Commercial Code; or
- implementing any Company stock option plan under the provisions of Articles L. 225-177 et seq. of the French Commercial Code.

This authorisation is valid until 20 December 2019 and the General Meeting called to approve the financial statements for the financial year ended 31 December 2018 will be asked to renew it.
In financial year 2018, the share buyback programme was used to make a market in the stock under the current liquidity (market-making) agreement (see below) and to allocate shares free of charge to its employees (see below).

It should moreover be noted that on 18 October 2017 the Company signed a purchase mandate with Kepler Cheuvreux under which the Company asked Kepler Cheuvreux to buy back shares for it under the share buyback programme (excluding market-making).

The report on transactions done under the Company's share buyback programme can be found in Section 5.13 "Report on transactions under the authorised share buyback programme" in this Management Report.

5.9.2 LIQUIDITY (MARKET-MAKING) AGREEMENT

The Company's liquidity (market-making) agreement is managed by Kepler Cheuvreux under the agreement signed on 3 March 2017. This liquidity (market-making) agreement, which complies with the AMAFI charter approved by the AMF, is designed to ensure a market in the Company's stock.

At 31 December 2018, the following were held in the liquidity (market-making) account:

- 10,382 shares representing €286,543.20 in stock;
- €433,010.00 in cash.

In financial year 2018, 11,226 shares were purchased and 12,081 shares sold under these two liquidity (market-making) agreements.

5.9.3 ALLOCATION OF SHARES TO EMPLOYEES

In financial year 2018, the Company purchased 13,521 shares to allocate them to shareholders under the free share allocation plans in place for certain employees and corporate officers.

At 31 December 2018, the Company had allocated 13,972 treasury shares for this purpose.

5.10 POTENTIAL SHARE CAPITAL

5.10.1 POTENTIAL SHARE CAPITAL

Real estate performance bonds redeemable in cash and/or in new and/or existing shares ('OPIRNANE' bonds)

In November and December 2012, the Company conducted two bond issues totalling €30 million, represented by a total of 1,621,691 real estate performance bonds redeemable in cash and/or in new and/or existing shares ('OPIRNANE' bonds) maturing on 15 November 2022, subscribed for at a unit price of €18.50.

These issues were the subject of two offering circulars approved by the AMF on 30 October 2012 (no. 12-526) and 5 December 2012 (no. 12-589) respectively. These are available from the Company's website (www.frey.fr) and the AMF's website www.amf-france.org).

These OPIRNANE bonds are admitted to trading on the NYSE Euronext Paris market (ISIN: FR0011337864).

On 21 November 2018, 102,358 OPIRNANE, representing 6.3% of bonds outstanding prior to the transaction, were bought back and cancelled by the Company. 1,519,333 OPIRNANE are still thus outstanding.

The main characteristics of the OPIRNANE bonds are summarised in the table below.

OPIRNANE	
Number of bonds issued	1,621,691
Nominal value of the bonds	€18.50
Unit issue price	€18.50
Coupon	Annual interest equal to the higher of the following: - 6% of the par value of a bond, i.e. €1.11 per bond; and - the product of the amount of the dividend per FREY share decided upon at the Ordinary General Meeting preceding the interest payment date in question and the share allocation ratio, adjusted as applicable.
Normal repayment of bonds	The Bonds shall be redeemed at the Company's choice, in full on 15 November 2022 (or, if that date is not a business day, on the first business day following), either at par in cash plus any applicable cash redemption premium, or in shares in accordance with the share allocation ratio plus any applicable redemption premium (which in turn may be paid in either cash or shares). Redemption premiums shall be determined by reference to the Company's operating performance, calculated on the basis of the increase in consolidated equity attributable to the parent company per share between the issue date and the redemption date of the Bonds. **Early redemption of Bonds at the Company's option** With effect from the seventh anniversary of the Issue Date, and during certain windows up to the Maturity Date, the redemption terms shall be the same as those that apply to normal repayment. **Early redemption of Bonds at the holders' option** Should Antoine FREY cease to serve as Chief Executive Officer of FREY and should the FIRMAMENT grouping's shareholding fall below certain thresholds, repayment shall be made exclusively by redemption in shares by applying the share allocation ratio (with no redemption premium).
Share allocation ratio	Subject to any adjustments needed to maintain Bondholders' rights and, where applicable, collection of the Redemption Premium in shares, each OPIRNANE bond shall entitle its holder to one new or existing ordinary FREY share.
Number of outstanding bonds as of 31 December 2018	1,519,333
Dilution	In the event that only new shares are awarded to Bondholders in respect of the redemption of Bonds in accordance with the share allocation ratio, and that Redemption Premium B is paid in cash, a shareholder holding 1% of the share capital before the issue would hold 0.81% once all bonds have been exercised. In the event that only new shares are awarded to Bondholders in respect of the redemption of Bonds in accordance with the share allocation ratio, and that Redemption Premium B is paid in new shares up to the maximum amount stipulated in the delegated financial authorisation in force granted at the Company's Extraordinary General Meeting of 30 June 2011, a shareholder holding 1% of the share capital before the issue would hold 0.77% once all bonds have been exercised.

The characteristics of OPIRNANE bonds, together with their potential impact on the proportion of equity held by FREY SA shareholders, are set out in the aforementioned offering circulars.

5.10.2 AUTHORISED UNISSUED CAPITAL

The summary table of delegations of authority and financial authorisations granted to the Board of Directors in **Appendix 2** to this document shows a summary of the various delegations of authority and financial authorisations currently in force and granted to the Board of Directors at the General Meetings of 23 June 2016, 23 June 2017 and 20 June 2018 to allow the Board of Directors as much flexibility as possible to call on the financial markets or raise funds through a public offering or private placement within shorter time frames, thus providing the Company, as and when the Board sees fit, with the financial resources needed to develop its business.

As of the date of this document, in the course of the financial year the Board of Directors had used the powers granted in the 14th resolution of the Combined General Meeting of 20 June 2018 to establish two new free share allocation plans, further details on which can be found in Section 5.11.2 "Employee Shareholding" of this report.

5.11 EMPLOYEE SHAREHOLDING

5.11.1 BONUS SCHEMES AND PROFIT-SHARING AGREEMENTS

During the financial year ended 31 December 2018, and since the beginning of the current financial year, the Company has purchased 5,983 shares intended for employees under free share allocation plans put in place in accordance with the terms set out in Section 5.11.2 below, "Options and free shares granted to employees".

At the date of preparation of this Management Report, the Company has not put in place any employee savings plan enabling employees to directly or indirectly purchase shares in the Company or related companies.

However, in April 2007 the Company put in place a profit-sharing agreement covering all employees with at least three months' service. This agreement, entered into for a term of three years with effect from 1 January 2007, was renewed in April 2018 for a further period of three years.

Under this agreement, the individual profit-sharing bonus for each employee is determined on 31 December each year.

5.11.2 OPTIONS AND FREE SHARES GRANTED TO EMPLOYEES

5.11.2.1 Free shares granted to employees

Nine free share allocation plans have been put in place by the Board of Directors on the dates and terms indicated below.

Information on free share awards				
Date of General Meeting	**Plan No. 1**	**Plan No. 2**	**Plan No. 3**	**Plan No. 4**
Date of Board meeting	21/02/2014	25/03/2015	22/09/2015	06/07/2016
Number of shares allocated	9,625	6,005	1,486	3,348
Of which awarded to corporate officers	4,000	974	0	788
Date shares vested	21/02/2016	25/03/2017	22/09/2017	06/07/2018
Retention period ends	21/02/2018	25/03/2019	22/09/2019	06/07/2020
Number of shares cancelled or lapsed at 31 December 2018	0	1,675	1,486	0
Number of shares vested at 31 December 2018	9,625	4,330	0	3,348
Number of shares that can be awarded at 31 December 2018	0	0	0	0

Information on free share awards					
Date of General Meeting	**Plan No. 5**	**Plan No. 6**	**Plan No. 7**	**Plan No. 8**	**Plan No. 9**
Date of Board meeting	22/09/2016	10/05/2017	10/05/2017	20/06/2018	20/06/2018
Number of shares allocated	2,635	4,101	31,020	41,826	1,301
Of which awarded to corporate officers	2,635	4,101	10,893	14,016	292

Date shares vested	22/09/2018	10/05/2019	10/05/2019	20/06/2020	20/06/2020
Retention period ends	22/09/2020	10/05/2021	10/05/2021	20/06/2022	20/06/2022
Number of shares cancelled or lapsed at 31 December 2018	0	0	833	2,000	18
Number of shares vested at 31 December 2018	2,635	0	0	0	0
Number of shares that can be awarded at 31 December 2018	0	4,101	30,187	39,826	1,283

5.11.2.2 Share capital held by employees

The shares held by employees within the framework defined by Articles L.225-102 and L.225-197-1 of the French Commercial Code represent 0.09% of FREY's share capital.

5.11.2.3 Options to purchase or subscribe for shares granted to employees

There are no share subscription and/or purchase option plans in force within the Company.

Information on employees and the Company's pay policy is set out in the Company's CSR report found in Chapter 8 of this Management Report, 'Corporate Social Responsibility'.

5.12 PLACE OF LISTING AND CHANGES IN THE SHARE PRICE

The Company's shares have been listed on NYSE Euronext (ISIN: FR0010588079; Ticker: FREY) since 2 April 2008, the date of its IPO. The Company's shares are not listed on any other market.

Based on the Company's share price of €27.60 at 31 December 2018, the Company's market capitalisation was €520 million.

The following chart shows changes in FREY's stock price from 1 February 2018 to 31 January 2019:

5.13 REPORT ON TRADING UNDER THE AUTHORISED SHARE BUYBACK PROGRAMMES

The report on share purchases and sales between 1 January 2018 to 31 December 2018 is as follows:

Position at 31 December 2018	
Percentage of share capital directly or indirectly held as treasury shares	Not material
Number of shares cancelled over the past 24 months	None
Number of treasury shares (*)	24,354
Carrying amount of the portfolio at 31 December 2018 (euros)	672,170
Market value of the portfolio at 31 December 2018(**) (euros)	672,170

(*) 10,382 shares of which were allocated to the liquidity (market-making) agreement and 13,972 shares for allocation to employees.
(**) On the basis of the closing price of €27.60 at 31 December 2018.

Aggregate gross flows at 31 December 2018	*Purchases*	*Sales*
Number of shares	24,747	12,081
Average trading price, including trading fees (euros)	27.61	27.76
Amounts (euros)	683,251.56	335,363.51

6.

CORPORATE GOVERNANCE

6.1 STATEMENT OF CORPORATE GOVERNANCE COMPLIANCE

FREY adopted the December 2009 MiddleNext Corporate Governance Code for small and mid-cap companies on 18 April 2011. This Code was revised in September 2016 and can be found on the MiddleNext website (www.middlenext.com).

The Board of Directors has, in particular, familiarised itself with the aspects of the 'Watch-points and recommendations' sections of the MiddleNext Code.

The Company's application of the recommendations of the MiddleNext Code as detailed in the table below:

Recommendations	Compliance by FREY
R1: Code of Ethics for Board members	YES
R2: Conflict of interests	YES
R3: Membership of the Board of Directors – Inclusion of independent members	NO, at present and following the crossing, on 28 June 2018, of the threshold of 10% of the Company's share capital and voting rights by the directors Cardif and Sogecap, the Board of Directors now only has a single independent director as per the criteria in the MiddleNext Code. A recruitment process was started to comply with this recommendation.
R4: Notification of Board members	YES
R5: Holding of Board and Committees meetings	YES
R6: Establishment of Committees	YES
R7: Establishment of Board rules of procedure	YES
R8: Selection of each director	YES
R9: Length of terms of office of Board members	YES
R10: Remuneration of directors	YES
R11: Evaluation of the work of the Board	YES
R12: Investor relations	YES
R13: Definition and transparency of remuneration of executive corporate officers	YES
R14: Preparation of executive succession	Not applicable
R15: Aggregate employment contract and corporate office	YES
R16: Retirement benefits	Not applicable
R17: Supplementary pension plans	Not applicable
R18: Stock options and allocations of free shares	YES
R19: Review of watch-points	YES

6.2 ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE BODIES

6.2.1 BOARD OF DIRECTORS

6.2.1.1 Membership of the Board of Directors

The main qualities expected of a member of the Board of Directors are experience of the Company, personal commitment to the Board's work, an understanding of the economic and financial world, the ability to work as part of a team while respecting others' opinions, freedom to express what may be minority positions, a sense of responsibility toward shareholders and other stakeholders, and integrity.
FREY's Board of Directors had (15) members in the 2018 financial year, comprising ten (10) directors and five (5) observers.
At the 20 December 2018 meeting of the Board of Directors, SA RE-INVEST informed Board members that it was resigning as director with effect from the end of that meeting.
A recruitment process is underway to replace SA RE-INVEST with an independent director and thereby fill the vacant position.

Membership of the Board of Directors in the 2018 financial year:

Antoine Frey - Chairman of the Board of Directors and Chief Executive Officer

Date first appointed: 24/06/2013

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in 1974 in Reims

Legal background: R. Schuman University in Strasbourg

While pursuing his university studies, Antoine Frey entered the free print media business, and then specialist retailing.

From the late 1990s to 2005, he completed his first suburban commercial property developments in entities owned by him. He collaborated with the Company periodically on large-scale projects.

The decision to forge closer ties with the Company was made in 2005.

In January 2006, Antoine Frey was appointed Co-CEO of the Company and took up the position of Chairman in November of the same year.

He is married to Aude Frey, who is the permanent representative of FIRMAMENT PARTICIPATIONS on the Board of Directors.

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Chairman: SAS Fideltasun Chairman of the Supervisory Board: SCA Firmament Participations Manager: SCI KEFREN SCI KEOPS 02	SCI KEOPS SCCV BAYDEV (legal representative: Kefren) SC NP Le Nid SCI Le Nid d'Aigle	Chairman: SASU Firmament Gestion SAS Valdev (legal representative: Firmament Gestion) Manager: SCCV l'Orgeval 02 (legal representative: Firmament Gestion) SARL Horus Director: Akir Finances

Aude Frey - representative of FIRMAMENT PARTICIPATIONS

PERSONAL INFORMATION

Personal details: French national, born in 1975 in Reims

Aude Frey is a Doctor of Pharmacy.

She is married to Antoine Frey, Chairman of the Board of Directors and Chief Executive Officer.

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Manager: SELARL Pharmacie Saint Maurice	Member of the Supervisory Board: SCA Firmament Participations	Nil

FIRMAMENT PARTICIPATIONS - Member of the Board of Directors - Represented by Aude Frey,

Date first appointed: co-opted by the Board on 10/05/2017, ratified by the General Meeting of 23/06/2017

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Private company limited by shares registered in the Reims Trade and Companies Register under number 801 282 476

Registered office: 14 rue Cliquot Blervache – 51100 Reims

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Nil	Nil

Jean-Pierre Cedelle - Member of the Board of Directors

Date first appointed: 24/06/2013

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in 1953.

Post-graduate education / Degrees: Ecole du Bâtiment et des Travaux Publics (EBTP)

Professional experience: Methods engineer at several international locations (Saudi Arabia, Iraq, Nigeria); Chief Technical Officer, Immobilière FREY; Chairman, Immobilière FREY

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Chairman:		Member of the Board of Directors:
SASU F. EVENTS		Stade de Reims
SASU JPC CONSULTING		Aviron Bayonnais
SASU Firmament Gestion		Member of the Supervisory Board:
		SCA Firmament Participation

Thomas Riegert - Member of the Board of Directors

Appointment: co-opted by the Board on 10/05/2017, ratified by the General Meeting of 23/06/2017

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in 1970 in Strasbourg

He has been manager of SARL Cafés Reck since 2001, a roasting family firm in Alsace. Board and elected member of the Chamber of Commerce and Industry of Strasbourg and of Bas Rhin. Prior to 2001, Thomas Riegert held a number of positions within Cafés Reck.

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Manager:	SCI TR Oroverde	Manager:
Société Civile TR AND CO	Member of the Supervisory Board:	SARL Compagnie des Vosges
SCI Jomalito	SCA Firmament Participations	Sarl TR Participations

Jean-Noël Dron - Member of the Board of Directors

Date first appointed: 24/06/2013

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in 1972 in Laxou.

At the same time as studying law, Jean-Noël Dron began working in free print media alongside Antoine Frey, before moving into the restaurant sector. He has since expanded his operations in this sector, acquiring a number of gastro pubs in Alsace. He heads the largest independent restaurant group in Alsace.

CURRENT POSITIONS		
Chairman of the Management Board: SAS SORERES Chairman: SAS SESM SA BROGLIE SAS Trasco HP SAS Société d'exploitation de débit de vins au Clou SAS Café Max SAS EXCELSIOR SAS FLO REIMS SAS GRANDES BRASSERIES DE L'EST SAS SOREREP SAS FLO – PARIS SAS JULIEN	Manager: SARL Trasco SARL Trasco – Belle Epoque SARL Trasco – Ambassy SARL Trasco - Lyes SARL Trasco – Société Messine de Restauration SARL Groupement des Viticulteurs SARL Werner-Brucker SARL Chez André SARL JNC INVEST SAS TRASCO – SAR SARL TRASCO - CK SCI Chaîne d'Or SCI DRON SCI DRON 01 SCI Kammerzell	SCI Kleber 1 SCI Kleber 2 Managing Director: SAS ALSACE A TABLE Member of the Supervisory Board: SCA Firmament Participation **OTHER POSITIONS HELD DURING THE LAST FIVE YEARS** SAS ALSACE A TABLE: Chairman of the Management Board: GIE Soretras: Chairman

Brigitte Gouder de Beauregard, permanent representative of RE-INVEST

PERSONAL INFORMATION

Personal details: Belgian national, born in 1948.

Position: Permanent representative of RE-INVEST

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Chairman: SAS Cristal	SAS AG Real Estate France

RE-INVEST - Member of the Board of Directors to 20 December 2018 - Represented by Brigitte Gouder de Beauregard

Date first appointed: co-opted by the Board on 11/03/2016, ratified by the General Meeting of 23 June 2016

End of term of office: following the resignation submitted at the Board meeting of 20 December 2018 taking effect from the date of said meeting

DETAILS

Belgian Limited company (société anonyme), registered in the Register for Legal Entities under number 0436.020.344

Registered office: 34 avenue de Saturne, 1180 UCCLE (Belgium)

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS	
• **French companies** None • **Foreign companies** None	• **French companies** Director: OPCI Immo Nation Managing Director: SAS Louvresses Development III SAS AG Real Estate France Hexa Logistics SAS SAS Immo Parkings SAS Louvresses Development II SAS Louvresses Development IV SAS Louvresses Development V FONCIERE AG REAL ESTATE	• **Foreign companies** Director: SA Parc des Louvresses III SIR AEDIFICA (independent mandate) SA AG Real Estate SA Parc des Louvresses I SA Parc des Louvresses II SA Parc des Louvresses IV SA Parc des Louvresses V SA Optiland Hold SA AG Real Estate Development SA Citymo

Magali Chessé - representative of PREDICA – PREVOYANCE DIALOGUE DU CREDIT AGRICOLE

PERSONAL INFORMATION

Personal details: French national, born in 1974.

Head of Equity Investment Strategies - Crédit Agricole Assurances

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
• **French companies** Member of the Supervisory Board / Board of Directors: SA Indigo Infra, SAS Arcapark (Indigo Group) SA ELIS Permanent representative: SA RAMSAY-GENERALE DE SANTE (CAA Member of the Board of Directors) SCA Effi Invest II (PREDICA Member of the Supervisory Board)	SA SEMMARIS (PREDICA Member of the Supervisory Board) Siparex Associés SA (PREDICA, observer on the Board of Directors) SAS Tivana France Holdings (PREDICA, observer on the Supervisory Board) • **Foreign company** Director: SPA 2i AEROPORTI	• **French companies** Director: Mezzanis Fund SA SA Prédica Infrastructure SA Ramsay Santé SCA Effi Invest I (PREDICA member of the Supervisory Board) • **Foreign company** None

PREDICA – PREVOYANCE DIALOGUE DU CREDIT AGRICOLE - Member of the Board of Directors - Represented by Magali Chessé

Date first appointed: 24/06/2013

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

DETAILS

Limited company registered in the Paris Trade and Companies Register under number 334 028 123

Registered office: 50/56 rue de la Procession, 75015 PARIS

CURRENT POSITIONS		
• **French companies** Director: La Médicale de France Previseo Obseques Lesica Korian OPCI B2 Hôtel Invest Fonds Nouvel Investissement 1 Fonds Nouvel Investissement 2 Covivio (formerly Foncière des Régions) AEW Immocommercial Aéroport de Paris CAA Commerces 2 CAAM Mone Cash Gecina OPCI Messidor Prédica Bureaux Prédica Commerces Prédica Habitations River Ouest	Patrimoine & Commerce Foncière Développement Logement B Immobilier Carmila Semmaris Member of the Supervisory Board: CA Grands Crus Preim Haelthcare Sopresa Ofelia Effi-Invest II Covivio Hôtels (formerly Foncière des Murs) Interfimmo Altarea Unipierre Assurance Chairman: Fonds Stratégique de Participations Observer: Siparex Associés Tivana France Holding	• **Foreign company** Member of the Supervisory Board: Immeo Wohnen GmbH Co-Manager: Predicare **OTHER POSITIONS HELD DURING THE LAST FIVE YEARS** Director: SANEF Urbis Park Ramsay générale de santé Eurosic Louvresses Développement I CA Life Greece Chairman: Citadel Citadel Holding Member of the Supervisory Board: Effi-Invest I

Jean Lavieille - Member of the Board of Directors

Date first appointed: 24/06/2013

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in 1951.

Post-graduate education / Degrees-Training: Institut National des Sciences Appliquées (INSA), Institut Français de Gestion (IFG), Institut Européen d'Administration des Affaires (INSEAD), Certificate in Business Administration (IFA Science Po)

Consultant

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS	
Director: BATILEASE SA **OTHER POSITIONS HELD DURING THE LAST FIVE YEARS** • **French companies** Chairman: SASU PREF 24 Director: SPPICAV AEW IMCOM UN Manager: EURL Entrepôts Bonneuil en France II EURL Entrepôts Eurocentre Toulouse II	EURL Logisitis Entrepôts 22 EURL Distripole Dourges II EURL Entrepôts Clesud II EURL Entrepôts Porte les Valences II SARL Euroffice 411 Member of the Management Board: SPPICAV Logistis • **Foreign companies** Manager: SRL San Salvo SRL Carpiano 2 SRL Castel San Giovanni 1 SRL Logistica Bentivoglio	SRL Fagnano SRL Brignano Logistica SRL Brignano Logistica Due SPRL Seagate Ostende SRL Naces Constanti (Co-Manager) SRL Castel San Giocanni 3 (Co-Manager) SPRL Euroffice 461 Leasehold (Co-Manager) Member of the Supervisory Board: BV Anatol Invest 1 BV Anatol Invest Holding Member of the Board of Directors: AS IBC AS Myslbek

SOGECAP - Member of the Board of Directors - Represented by Yann Briand

Date first appointed: co-opted by the Board on 10/05/2017, ratified by the General Meeting of 23/06/2017

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

DETAILS

Life insurance and endowment limited company registered in the Nanterre Trade and Companies Register under number 086 380 730

Registered office: Tour D2 – 17 bis place des Reflets – 92919 Paris La Défense 2

CURRENT POSITIONS		
• **French companies** Director: SA Oradea Vie SA Carmila SPPICAV Oteli SA Covivio Hôtels SAS Orientex Holdings Chairman: SAS SGI Holding SIS Manager: Sogevimmo Pierre Patrimoine Sogepierre Château Mazeyres Pomerol	SGI Immo 1 SGI Healthcare SGI Immo 3 SGI Immo 4 SGI Kosmo SGI 1-5 Astorg SGI 10-16 Ville l'Evêque SGI Caen SGI Villette SGI Visitation 89 Grande Armée 83-85 Grande Armée Massy 30 avenue Carnot	• **Foreign companies** Director: SA BG1 (Luxembourg) SA Sogelife (Luxembourg) SA La Marocaine Vie (Morocco) **OTHER POSITIONS HELD DURING THE LAST FIVE YEARS** • **French company** Manager: Clichy Nuovo • **Foreign company** Director: SA Sogecap Liban

Nathalie Robin - permanent representative of CARDIF ASSURANCE VIE

PERSONAL INFORMATION

Personal details: French national, born in 1962.

Position: Head of Real Estate

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Director: SPPICAV AEW immocommercial SA Carmila SPPICAV SA BNP PARIBAS Diversipierre SAS Powerhouse Habitat SAS SPPICAV High Street Retail Member of the Supervisory Board: SCA Covivio Hôtels (formerly Foncière des Murs) SE Covivio Immobilier (formerly Immeo) SPPPICAV SAS PWH SPPICAV SAS Plein Air Property Fund	SA BNP PARIBAS REIM France SCPI Opera Rendement SCPI France Investipierre SCI Primonial Capimmo SA Dauchez SA CFH SCPI Placement Cilоger 3 SCI FLI Member of the Supervisory Board: SAS Preim Healthcare SCPI Accès Valeur Pierre SCI Hemisphère	SA Foncière Développement Logements

CARDIF ASSURANCE VIE - Member of the Board of Directors - Represented by Nathalie Robin

Date first appointed: co-opted by the Board on 10/05/2017, ratified by the General Meeting of 23/06/2017

Date term expires: Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

DETAILS

Limited company registered in the Paris Trade and Companies Register under number 732 028 154

Registered office: 1, boulevard Haussmann, 75009 Paris

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
• **French companies** Director: SA Assu-Vie Société Française d'Assurances sur la Vie SA Health Property Fund 1 SA Shopping Property Fund 1 Manager: SCI 68/70 rue de Lagny-Montreuil SCI BNP Paribas Pierre 1 SCI BNP Paribas Pierre 2 SCI Bobigny Jean Rostand SC Cardimmo SCI Citylight Boulogne SC Corosa SCI Défense Etoile SCI Défense Vendôme SCI Etoile du Nord SCI Fontenay Plaisance SCI Le Mans Gare	SCI Nanterre Guilleraies SCI Nantes Carnot SCI Odyssée SCI Pantin Les Moulins SCI Paris Batignolles SCI Cardif Logements SCI Paris Cours de Vincennes SCI Saint-Denis Jade SCI Rue Moussorgski SCI Rueil Ariane SCI Reuil-Caudron SNC Les Résidences SCI Saint-Denis Landy SCI Saint-Denis Mitterrand SCI Valeur Pierre Epargne SCI Villeurbanne Stalingrad • **Foreign company** Director: SAS Cardif El Djazair	• **French company** Director: SICAV Cardif Trésorerie SA Office Français de Prévoyance Funéraire Manager: SCI Clichy Nuovo • **Foreign companies** Director: PLC Cardif Pinnacle Insurance Holdings PLC Cardif Pinnacle Management ServicesPLC Pinnacle Insurance •

6.2.1.2 Independent directors

Based on the various criteria used to determine independence of members of the Board of Directors (and in particular the absence of close family ties with a corporate officer and independence vis-à-vis major FREY shareholders), only Jean Laveille may be considered an independent member of the Board of Directors.

In fact, following the crossing, on 28 June 2018, of the threshold of 10% of the Company's share capital and voting rights by SOGECAP, represented by Yann Briand [1] and CARDIF ASSURANCE VIE, represented by Nathalie Robin [2], the latter not satisfying the conditions laid down in the MiddleNext Code for classification as independent directors.

A recruitment process was started to appoint a second independent member.

[1] In light of the crossing of the threshold of 10% of the voting rights by SOGECAP notified to the AMF (no. 218C1174) on 3 July 2018 and the declaration of intent the same day in which it was stated that the company did not intend to take control of FREY, the Board of Directors will have to consider classification as an independent director on the grounds that the company has no relationship with any other shareholder and that is not affected by any conflict of interest likely to impair their judgement.

[2] In light of the crossing of the threshold of 10% of the voting rights by CARDIF ASSURANCE VIE notified to the AMF (no. 218C1169) on 2 July 2018 and the declaration of intent the same day in which it was stated that the company did not intend to take control of FREY, the Board of Directors will have to consider classification as an independent director on the grounds that the company has no relationship with any other shareholder and that is not affected by any conflict of interest likely to impair their judgement.

Disclosures regarding members of the Board of Directors

No director of the Company:

- has been convicted of fraud, charged with any other offence, or had any official public disciplinary action taken against them by the statutory or regulatory authorities;

- has been involved in a bankruptcy, receivership or liquidation as a senior executive or corporate officer;

- has been barred from serving as a member of an administrative, management or supervisory body of an issuer, or from participating in its management.

Principle of gender balance on the Board

In the 2018 financial year, the Board has six (6) men and four (4) women, bringing the percentage of female directors to 40% (not including the observers), in accordance with French Law no. 2011-103 of 27 January 2011 that imposes a quota of at least 40% women on the boards of directors or supervisory boards of companies listed on a regulated market as of 1 January 2017.

To comply with applicable regulations and following the resignation of SA RE-INVEST, represented by Brigitte Gouder de Beauregard, on 20 December 2018, a recruitment process was started to replace the director who had resigned.

6.2.2 CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

6.2.2.1 Duties of the Board of Directors

The Board of Directors determines the direction of FREY's activities and sees to their implementation.

Subject to the powers explicitly granted to shareholders' meetings and within the framework of the Company's corporate purpose, the Board takes responsibility for any matter relating to the proper operation of FREY and settles any matter concerning the Company by way of its deliberations.

The Board of Directors carries out any controls or checks it deems appropriate.

6.2.2.2 Information of the Board of Directors

The work of the Board of Directors is prepared on the basis of information communicated by the Chairman and Chief Executive Officer, who provides each member of the Board with the information he/she needs to perform his/her duties.

Board members may ask to be provided with any additional information or documents before or during Board meetings, at which FREY's Chairman and Chief Executive Officer and its Chief Financial Officer may furthermore comment on such documents or information.

Moreover, the Board of Directors is constantly kept informed by any means, by the Chairman and Chief Executive Officer or the Group's management, of all events and/or significant transactions relating to FREY or any of its subsidiaries.

6.2.2.3 FREY executive management

The Chairman of the Board of Directors also serves as Chief Executive Officer of FREY.

There are no stipulations, in the Articles of Association or elsewhere, limiting or restricting the Chairman and Chief Executive Officer's remit and powers under legislation and regulations in force, with the exception of stipulations contained in the rules of procedure amended by the Board of Directors at its meeting of 23 June 2017; the limitations in question are set out in the following paragraphs dedicated to the rules of procedure and to committees of the Board of Directors.

The Board of Directors is assisted by three Chief Operating Officers.

At its meeting of 24 June 2013, the Board of Directors appointed François Vuillet-Petite Deputy Chief Executive Officer for a term of five years, with the role of assisting the Chairman and Chief Executive Officer, to whom he reports, with day-to-day management and administration of FREY. He was reappointed at the 20 June 2018 meeting of the Board of Directors.

The Board of Directors, at its meeting of 21 September 2017, appointed, for a period of five years from 1 October 2017:

- Sébastien Eymard, Chief Operating Officer, Finance and Strategy, is legally empowered to represent FREY.
- Pascal Barboni, Chief Operating Officer, Development, is legally empowered to represent FREY.

The Board of Directors unanimously decided, at its 20 June 2018 meeting, to align the terms of office of the Chief Operating Officers with that of the Chief Executive Officer and thus end following the Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

Pascal Barboni - Chief Operating Officer, Development

Date first appointed: 21/09/2017

Term of office: 3 years from 20 June 2018, expiring following the Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in Paris in 1976.

Degree from the Ecole Spéciale des Travaux Publics (ESTP)

Pascal Barboni joined FREY Group on 5 September 2016, as Director of Operations.

He previously held a number of positions in property companies, and in particular at Unibail since 2006.

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
None	None

Sébastien Eymard - Chief Operating Officer, Finance and Strategy

Date first appointed: 21/09/2017

Term of office: 3 years from 20 June 2018, expiring following the Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

PERSONAL INFORMATION

Personal details: French national, born in Nîmes in 1978.

Graduate of École Centrale and CFA Charterholder

Sébastien Eymard joined FREY on 5 September 2016 as Director of Growth and Strategy.

He began his career as an analyst at Arthur Andersen. He then held a number of positions within the Investment Banking division of Crédit Agricole CIB.

CURRENT POSITIONS	OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
None	None

François Vuillet-Petite - Chief Operating Officer

Date first appointed: 24/06/2013

Term of office: 3 years from 20 June 2018 expiring following the Annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019

Former member of the Board of Directors

Date first appointed: co-opted by the Board on 11/03/2016, ratified by the General Meeting of 23 June 2016 - End of term of office following the Board's decision on 10/05/2017

PERSONAL INFORMATION

Personal details: French national, born in Reims in 1968.

Holds a business school degree

François Vuillet-Petite has been with FREY for over 20 years. He held the position of Sales Manager and Programme Leader before being appointed Chief Operating Officer.

CURRENT POSITIONS		OTHER POSITIONS HELD DURING THE LAST FIVE YEARS
Manager: SCI LEONTINE Member of the Board of Directors: SEM Agencia	SAS Patrimoniale de la Marne Accredited member: CCI Marne Champagne	Manager: SNC PIERRY 01 Member of the Board of Directors FREY SA

No Chief Operating Officer:

- has been convicted of fraud, charged with any other offence, or had any official public disciplinary action taken against them by the statutory or regulatory authorities;

- has been involved in a bankruptcy, receivership or liquidation as a senior executive or corporate officer;

- has been barred from serving as a director or member of an administrative, management or supervisory body of an issuer, or from participating in its management.

6.2.2.4 Operation of the Board of Directors

Organisation of the work of the Board of Directors:

The Chairman and Chief Executive Officer organises the work of the Board of Directors, meetings of which he convenes, in accordance with legislation and regulations, as often as necessary and, in particular, whenever justified by FREY's and the Group's business.

The Board of Directors is a collegiate body whose decisions are binding upon all members.

Rules of procedure:

At its meeting of 23 June 2017, the Board of Directors unanimously adopted new Board Rules of Procedure, amending those adopted on 17 December 2014, under the terms of which certain decisions must be subject to prior approval by the Board, namely:

- Approval of FREY's areas for strategic development, business plan and annual budget and their implementation, as well as any significant subsequent amendments thereto;
- Investments and firm undertakings given by FREY, whether directly or via a subsidiary, provided that (i) they have not been approved by the Board of Directors under point (1) above and (ii) the amount, excluding taxes, per asset or per development project exceeds €20 million, irrespective of the project's outcome;
- Disposals of assets (excluding development projects) or investments, if (i) such disposal has not been approved by the Board of Directors under point (1) above and (ii) the value of the assets concerned or their underlying assets exceeds €20 million;
- Borrowing (including by issuing bonds) or taking on liabilities, provided that (i) this has not been approved by the Board of Directors under points (1), (2) and (3) above and (ii) its amount exceeds €20 million;
- Setting the remuneration of the Chairman and Chief Operating Officers;
- Annual authorisation to be granted to the Chairman and Chief Executive Officer to give deposits, sureties and guarantees and in respect of liabilities of FREY's subsidiaries, including for transactions covered by points (2), (3) and (4) above, and for an amount to be proposed by the latter;
- Appointment or dismissal of the Chairman and Chief Operating Officers.

Deposits, securities and guarantees to be given by FREY on behalf of third parties other than subsidiaries of the Company must also be authorised by the Board where these have not been approved under points (1), (2), (3) and (4) above or authorised under point (6) above.

It is furthermore provided that decisions covered by point (7) above shall be validly adopted by the Board by majority vote of its members, provided that half of all members are in attendance, with the Chairman of the Board not having a casting vote in the event of a tie, and that decisions covered by points (1) to (6) inclusive above shall be validly adopted by two-thirds (2/3) majority vote by members in attendance or represented, provided that half of all members are in attendance.

Committees within the Board of Directors

The Board of Directors has formed a number of committees tasked with assisting it in its work, namely:

- an Investment Committee;
- an Appointments and Remuneration Committee, and
- an Audit Committee.

The members of these committees are chosen from among the members of the Board (director or observer). The role of these committees is to study and prepare for certain Board deliberations and to submit opinions, proposals and recommendations. These committees have an advisory role only.

In fulfilling their remit, these committees may, after informing the Chairman of the Board, undertake or arrange to have undertaken, at the Company's expense, studies likely to inform the Board's deliberations, and hold hearings of the Statutory Auditors. They report on any opinions so obtained.

Each committee reports (via its Chair) to the Board of Directors on its work, opinions, proposals and recommendations. A description of the activities of these Committees is included in FREY's annual report every year.

The Rules of Procedure determine the remit and operating procedures of each Committee.

- **Investment Committee**

The Investment Committee consists of six (6) members chosen from among the members of the Board for the duration of their term of office. They are appointed by the Board by absolute majority vote (Rules of Procedure – Title 2).

The Investment Committee had the following members in the 2018 financial year:

- Antoine Frey;
- Jean-Pierre Cedelle;
- Nathalie Robin, permanent representative of CARDIF ASSURANCE VIE;
- Yann Briand, permanent representative of SOGECAP;
- Brigitte Gouder de Beauregard, permanent representative of RE-INVEST;
- Françoise Debrus (PREDICA observer).

At least three (3) members of the Investment Committee must be in attendance for meetings to be valid.

The Investment Committee has an advisory role and does not make decisions. In particular, it discusses FREY's commitments, investments and divestments, whether made directly or via a subsidiary, (i) where these have not been approved by the Board of Directors either specifically or as part of an overall package, and (ii) where:

- total pre-development costs (charges, costs, expenses and fees of any kind including binding financial commitments consequential to controlling the land or asset) linked to a planned investment that will be borne by the Company, regardless of the outcome of the project, exceed €5 million per planned investment;
- the investment to be made on assets already owned by the Company, directly or via a subsidiary, excluding assets to be redeployed, exceeds €5 million; and
- disposals of assets (excluding development projects) or equity holdings concern assets, including their underlyings, whose value exceeds €5 million per asset.

The Investment Committee may be convened by the Chairman and Chief Executive Officer for advice on any investment project, disposal or plans to take on more debt.

The Chairman of the Board keeps the Investment Committee informed of the various planned investments and/or disposals under consideration by the Company and its subsidiaries and of the commitments made in this regard where (i) their overall value excluding taxes exceeds €15 million per project, (ii) said Investment Committee has not already given advice on them under this Article, and (iii) they have not been approved by the Board of Directors.

Opinions of the Investment Committee are adopted by two-thirds (2/3) majority vote by members in attendance or represented.

The Investment Committee met two (2) times in the 2018 financial year, on 2 July and 23 November 2018.

- **Appointments and Remuneration Committee**

The Appointments and Remuneration Committee consists of five (5) members chosen from among the members of the Board for the duration of their term of office. They are appointed by the Board by absolute majority vote (Rules of Procedure – Title 3).

The Appointments and Remuneration Committee had the following members in the 2018 financial year:

- Yann Briand, permanent representative of SOGECAP;
- Jean-Noël Dron;
- Brigitte Gouder de Beauregard, permanent representative of RE-INVEST;
- Magali Chessé, permanent representative of PREDICA;
- Jean Lavieille.

At least half the members of the Appointments and Remuneration Committee must be in attendance for meetings to be valid.

The duties of the Appointments and Remuneration Committee are notably to:

- examine proposed appointments of directors to be put to the vote at a General Meeting and submit opinions to the Board of Directors on such proposed appointments;
- examine proposed appointments of observers by the Board of Directors;
- prepare recommendations for the re-appointment or succession of the Chairman of the Board of Directors and the Chief Executive Officer as expiry of the latter's term of office approaches;
- review the mode and amount of remuneration paid to the Company's executives;
- review stock option and free share allocation plan and their rules and allocation, as well as any incentive plan or programme within the Company.

Opinions of the Appointments and Remuneration Committee are adopted by simple majority vote by members in attendance or represented.

The Appointments and Remuneration Committee met three (3) times in the 2018 financial year, on 5 March, 16 July and 20 December 2018.

- **Audit Committee**

The Audit Committee consists of five members chosen from among the members of the Board for the duration of their term of office. They are appointed by the Board by absolute majority vote (Rules of Procedure – Title 4).

The Audit Committee had the following members in the 2018 financial year:

- Jean Lavieille;
- Jean-Pierre Cedelle;
- Nathalie Robin, permanent representative of CARDIF ASSURANCE VIE;
- Magali Chessé, permanent representative of PREDICA;
- Brigitte Gouder de Beauregard, permanent representative of RE-INVEST.

At least three (3) members of the Audit Committee must be in attendance for meetings to be valid.

The duties of the Audit Committee are notably to:

- Monitor the process of preparing financial information and, where applicable, make recommendations to ensure its integrity;
- Monitor the effectiveness of the internal control and risk management systems, as well as where applicable the internal audit systems, as regards the procedures for preparing and processing accounting and financial information, without prejudice to its independence;
- Make a recommendation regarding the Statutory Auditors the General Meeting is asked to appoint. This recommendation, which is sent to the Board, is prepared in accordance with regulations. It also makes a recommendation to the Board when any auditor is being reappointed in the manner set out by regulation;
- Monitor the work of the Statutory Auditors and have regard to the findings and conclusions of the Haut Conseil du Commissariat aux Comptes (Audit Office Control Board) following checks carried out pursuant to regulations;
- Ensure the Statutory Auditors remain independent as per the regulations;
- Approve the provision of services other than statutory auditing in line with applicable regulations;
- Regularly report to the Board of Directors on the performance of their work. It also reports on the outcome of the statutory auditing, on the manner in which the work improved the integrity of the financial information and the role it played in this process. It gives immediate notification of any difficulties.

Opinions of the Audit Committee are adopted by simple majority vote by members in attendance or represented.

The Audit Committee reports to the Board on its work, expresses opinions and suggestions as it sees fit and notifies the Board of any points requiring a decision by the Board.

Meetings of the Audit Committee are chaired by Jean Lavieille, an independent director, in accordance with the recommendations of the MiddleNext Code.

The Audit Committee met three (3) times in the 2018 financial year on 5 March, 5 September and 12 December 2018. The Board of Directors followed all the recommendations by the Audit Committee in the 2018 financial year.

Confidentiality of information:

The directors, and any other persons attending meetings of the Board of Directors, are bound by a strict obligation of confidentiality and discretion with regard to information disclosed to them by FREY, which they receive in connection with Board deliberations, and information that is confidential in nature or that is presented as such by the Chairman of the Board of Directors.

Members of the Board of Directors are made aware of the provisions of the French Monetary and Financial Code and of the AMF General Regulations on, in particular, access to and use of inside information as well as the duty of abstinence on all insiders.

In particular, if a member of the Board of Directors is aware of a specific piece of confidential information that is liable, upon publication, to have a significant impact on the price of the Company's shares, s/he must refrain from disclosing that information to any third party until such time as it has been made public and from trading in the Company's shares.

In accordance with the provisions pertaining to the MAR Regulation no. 596/2014 of 16 April 2014 on the prevention of insider trading, in the 2017 financial year Management introduced an Insider Trading Code alongside an updated list of FREY permanent insiders.

Meetings of the Board of Directors

At least half of Board members must be in attendance for deliberations to be valid.

Decisions are made by majority vote by those members in attendance or represented, with each director having one vote. The Chairman does not have a casting vote.

The Board of Directors met nine (9) times in the 2018 financial year, on 8 March, 4 May, 30 May, 20 June, 5 July, 19 September, 17 October, 28 November and 20 December 2018, with an average attendance rate of 80% (not including observers).

In the course of those meetings, FREY's Board of Directors notably dealt with the following key topics:

- Review and approval of the parent company financial statements for the financial year ended 31 December 2017;
- Review and approval of the consolidated financial statements for the financial year ended 31 December 2017;
- Ratification of the related-party agreement entered into on 28 July 2017 between the Company and Firmament Participations, the leading shareholder and company director
- Preparation of the report of the Board of Directors on free share allocations in the financial year ended 31 December 2017;
- Draft free share allocation plan for Company employees and corporate officers, acting on the recommendation of the Appointments and Remuneration Committee;
- Review of the achievement of the performance criteria and calculation of the amount of variable remuneration and merit payments awarded to executive corporate officers in respect of their position in the Company for the past financial year, acting on the recommendation of the Appointments and Remuneration Committee;
- Setting of the principles and criteria for determining, apportioning and allocating the fixed, variable and extraordinary items of the total remuneration and benefits of all kinds attributable to executive corporate officers for the current financial year in respect of their position in the Company, acting on the recommendation of the Appointments and Remuneration Committee;
- Setting of the proposed allocation of directors' fees to be awarded to the Board of Directors by the General Meeting for the 2018 financial year, acting on the recommendation of the Appointments and Remuneration Committee;
- Proposed renewal of expiring delegations of authority and financial authorisations granted to the Board of Directors;
- Annual update on the Company's policy on equal pay and gender equality, pursuant to the provisions of Article L.225-37-1 of the French Commercial Code;
- Preparation of the report of the Board of Directors on the Company's management and on the Group's activities during the past financial year, including in a special section of the report of the Board of Directors on corporate governance provided for in Article L. 225-37 (6) of the French Commercial Code;
- Preparation of the report of the Board of Directors to the Combined General Meeting and the draft resolutions to be submitted to shareholders;
- Review and authorisation to be given to the Chairman and Chief Executive Officer to carry out a planned increase in the Company's share capital;
- Proposed renewal of the delegation to be granted to the Board of Directors to increase the share capital (i) either by issuing, with preferential subscription rights, ordinary shares and/or marketable securities of any kind whatsoever giving immediate or future access to the company's share capital (or share capital of companies in which the company directly or indirectly owns more than half of the share capital), (ii) or by incorporation of share premiums, reserves, earnings or other items;
- Early reappointment of Antoine Frey as the Company's Chief Executive Officer for the period of his term of office as Chairman of the Board of Directors;
- Reappointment of François Vuillet-Petite as the Company's Chief Operating Officer for the term of office of the Chief Executive Officer;
- Shortening of the terms of office of Pascal Barboni and of Sébastien Eymard as Chief Operating Officers of the Company to the term of office of the Chief Executive Officer;
- Review and implementation of free share allocation plan for FREY Group employees and corporate officers under the authorisation granted in Resolution 14 of the extraordinary general meeting of 20 June 2018;
- Implementation of the new share buyback programme pursuant to the authorisation granted in Resolution 11 of the Combined General Meeting of 20 June 2018;
- Discussions on FREY Group's strategic guidelines and development;

- Preparation of the additional report on the final terms and conditions of the Company's capital increase pursuant to the authorisation granted in Resolution 21 of the Extraordinary General Meeting of 23 June 2017;
- Half-yearly update on the implementation of the liquidity (market-making) agreement;
- Endorsement of the Company's corporate financing terms and conditions via (i) the renegotiation of the financial terms and conditions of the €300 million credit facility originally approved by the Board of Directors on 9 March 2017 with a corresponding €50 million increase and (ii) the implementation of a new €50 million credit facility;
- Approval of the simplification of FREY Group's structure by means of the dissolution-merging of some wholly-owned subsidiaries
- Presentation of the half-yearly report of the Company and its subsidiaries;
- Review and strategic trade-offs with respect to progress on the Company's major development project
- Approval of the changes to the Company's corporate finance via the €20 million increase in the "Ouranos" credit facility approved by the Board of Directors on 19 September 2018;
- Renewal of the powers granted to the Chairman and Chief Executive Officer to give deposits, securities and guarantees on the Company's behalf;
- Review of the terms and conditions of the development project undertaken in LLEIDA (Catalonia, Spain). Green-lighting of the required investments and the terms of this project done in partnership with Eurofund Group;
- Cancellation of 102,358 OPIRNANE disposed of via INVEST SECURITIES;
- Update on OPIRNANE; discussion and opinion on early or bullet repayment;
- Update on the operation of the Board of Directors and of the Company's Investment Committee;
- Review and approval of FREY Group's five-year business plan;
- Update on the liquidity (market-making) agreement – Annual and half-yearly review.

Attendance at Board meetings by video-conference:

Directors attending meetings of the Board of Directors by video-conference or other forms of telecommunication are included for the purposes of calculating quorums and majorities, except with respect to decisions concerning the preparation of the annual parent company and consolidated financial statements and the Management Report.

FREY has video-conferencing equipment whose technical characteristics meet the applicable legal and regulatory requirements and constraints.

During the financial year just ended, the Board of Directors made use of the aforementioned video-conferencing equipment at some of its meetings.

Minutes of meetings:

Deliberations of the Board of Directors are recorded in minutes held in a special loose-leaf register, with each page numbered and initialled. This register is signed by those members of the Board of Directors attending each Board meeting and records the names of those directors in attendance or considered to be in attendance or represented as defined in Article L.225-37 of the French Commercial Code. It also records the names of any directors attending each meeting by video-conference or other forms of telecommunication.

Copies or excerpts of these minutes to be provided to third parties and public authorities are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officers or a duly authorised signing officer.

Evaluation of the work of the Board and Specialist Committees:

Each year, when the Board reviews the annual parent company and consolidated financial statements for the financial year just ended, the Chairman of the Board invites the members to give an opinion on the operation of the Board and the preparation of its work.

Furthermore, members of the Board may give an opinion on the operation of the Board and the preparation of its work as and when they see fit.

These discussions are noted in the minutes of the meeting.

At the meeting of 9 March 2018, having been invited to give an opinion on these points, the members of the Board put forward no particular observations and suggested no potential improvements.

Given FREY's size, the Board's mode of operation is considered satisfactory and management feels there is no need to provide for an *ad hoc* system for evaluating the work of the Board or its committees.

6.2.2.5 Financial delegations

Summary table of delegations of authority and financial authorisations granted to the Board of Directors in **Appendix 2** to this Management Report.

6.2.3 MANAGEMENT TEAM

The Board of Directors and the Chief Operating Officers are assisted by a four-strong management team:

<u>François-Xavier Anglade</u>, Director of Asset Management and Acquisitions

A graduate of the ESCP (MS Audit), he held a number of different positions in property companies, notably Unibail-Rodamco and Simon Ivanhoé.

<u>Guillaume Artaud,</u> Director of Legal Affairs

With an Advanced Master's (DESS) in Urban Planning and Construction Law (Bordeaux), he was a property legal expert with Décathlon before joining FREY.

<u>Emmanuel La Fonta,</u> Finance & Human Resources Director

With an Advanced Master's in Management Science (MSG) from Paris Dauphine, an Advanced Master's (DESS) in Finance and a General Management MBA from ESSEC, he was hired in June 2008 as Chief Financial Officer. After seven years in banking as a financial analyst, since 2000 he has had various roles in the financial management of property companies.

<u>Mathieu Molliere</u>, Director of Marketing, Communications & Innovation: Holds a degree in history and is a graduate from the Ecole Supérieure de Journalisme de Paris. He worked as a reporter at TF1 for six years before establishing his own communications and audiovisual production company. He has been Head of Communications and Marketing at FREY since 2012.

6.2.4 DIRECTORS' POTENTIAL CONFLICTS OF INTERESTS

No directors have agreed to any restriction on the sale, within a certain period of time, of their stake in the share capital of the issuer, with the exception of the right of first refusal granted by PREDICA, Foncière AG Real Estate and FIRMAMENT PARTICIPATIONS under the terms of the Shareholders' Agreement signed on 30 April 2013 as amended on 15 May 2014, 3 July 2017 and 24 November 2017 (hereinafter the "Shareholders' Agreement"), (see 5.3 "Main shareholders" in this Management Report).

There are no potential conflicts of interest between the duties to the Company and the private and/or other interests of the directors.

There are no arrangements or agreements concluded with the main shareholders, clients, suppliers, or other parties by virtue of which any of the directors was selected as a member of an administrative, management or supervisory body, or as a member of senior management.

Nonetheless, please note that pursuant to the Shareholders' Agreement:

- Antoine Frey, Jean-Pierre Cedelle, Thomas Riegert, Jean-Noël Dron and FIRMAMENT PARTICIPATIONS (represented by Aude Frey) were appointed to the Board of Directors at the behest of FIRMAMENT PARTICIPATIONS.
- PREDICA (represented by Magali Chessé) was appointed to the Board of Directors at the behest of PREDICA;

- Re-Invest (represented by Brigitte Gouder de Beauregard) was appointed to the Board of Directors originally at the behest of AG FINANCE.
- SOGECAP (represented by Yann Briand) was appointed to the Board of Directors at the behest of SOGECAP; and
- Cardif Assurance Vie (represented by Nathalie Robin) was appointed to the Board of Directors at the behest of Cardif Assurance Vie.

As of the date of this Management Report, no assets belonging directly or indirectly to any of the directors or the members of their families are used by FREY.

In addition, pursuant to Article L. 225-102-1 of the French Commercial Code, as far as the Company is aware, there is no agreement entered into directly or via an intermediary, between, on the one hand, and as the case may be, the Chief Executive Officer, one of the Chief Operating Officers, a director, or a shareholder holding over 10% of the Company's voting rights, and on the other hand, another company in which she/he/it holds, directly or indirectly, more than half of the share capital.

6.2.5 TRADING IN THE COMPANY'S SHARES BY CORPORATE OFFICERS AND SIMILAR INDIVIDUALS AND THEIR FAMILIES

During the past financial year, the AMF was notified of the following trades in accordance with the provisions of Article L.621-18-2 of the French Monetary and Financial Code and Article 19 of EU Regulation no. 596/2014 of 16 April 2014 on market abuse:

- off-exchange purchase on 6 June 2018 by CARUSO SAS, an entity related to Mathieu Molliere, the Company's Head of Marketing, of 31,500 preferential subscription rights detached from Company shares for a total of €0.01, notified to the AMF on 8 June 2018 (notice no. 2018DD563827);
- subscription on 5 June 2018 by Predica SA, a member of the Company's Board of Directors, for 1,201,365 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 8 June 2018 (notice no. 2018DD563885);
- free purchase off-exchange on 12 June 2018 by Cardif Assurance Vie, a member of the Company's Board of Directors, of 1,498,549 preferential subscription rights detached from Company shares, notified to the AMF on 18 June 2018 (notice no. 2018DD564868);
- subscription on 14 June 2018 by CARUSO SAS, an entity related to Mathieu Molliere, the Company's Head of Marketing, of 17,500 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 18 June 2018 (notice no. 2018DD564930);
- subscription on 13 June 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, for 1,500,000 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 18 June 2018 (notice no. 2018DD564937);
- exercise on 8 June 2018 by Sogecap SA, a member of the Company's Board of Directors, of 2,162,457 preferential subscription rights detached from Company shares with 9 preferential subscription rights converted to 5 shares, notified to the AMF on 18 June 2018 (notice no. 2018DD564938);
- off-exchange sale on 6 June 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, of 1,758,766 preferential subscription rights detached from Company shares for a total of €4.90, notified to the AMF on 19 June 2019 (notice no. 2018DD565071);
- subscription on 28 June 2018 by Cardif Assurance Vie, a member of the Company's Board of Directors, for 1,201,365 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 2 July 2018 (notice no. 2018DD566548);
- subscription on 28 June 2018 by Sogecap SA, a member of the Company's Board of Directors, for 1,457,949 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 3 July 2018 (notice no. 2018DD566820);

- subscription on 28 June 2018 by Predica SA, a member of the Company's Board of Directors, for 256,583 new Company shares in a capital increase with preferential subscription rights at a unit price of €30, notified to the AMF on 17 July 2018 (notice no. 2018DD568870);
- purchase on Euronext Paris on 11 October 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, of 1,900 Company shares at a unit price of €28.80 per share, notified to the AMF on 23 October 2018 (notice no. 2018DD580853);
- purchase on Euronext Paris on 1 November 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, of 400 Company shares at a unit price of €28.40 per share, notified to the AMF on 2 November 2018 (notice no. 2018DD582526);
- purchase on Euronext Paris on 6 November 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, of 900 Company shares at a unit price of €28.40 per share, notified to the AMF on 8 November 2018 (notice no. 2018DD583301);
- purchases on Euronext Paris on 13 and 14 November 2018 by Firmament Participations SCA, a member of the Company's Board of Directors, of 2,000 Company shares at a unit price of €28 per share, notified to the AMF on 15 November 2018 (notice no. 2018DD584217);

These notices can be found on the AMF website: www.amf-france.org

6.2.6 Participation of shareholders in General Meetings

The terms and conditions of participation of shareholders in General Meetings are described in Articles 16 to 23 of the Articles of Association.

The participation of shareholders in General Meetings is also governed by current laws and regulations applicable to companies whose securities are admitted to trading on a regulated market.

6.3 Remuneration and benefits

6.3.1 Remuneration of corporate officers and senior executives for the 2017/2018 financial years

The tables and information in this chapter have been prepared in accordance with the AMF Position-recommendation no. 2014-14, as amended on 13 April 2015, the "Guide d'élaboration des documents de référence adapté aux valeurs moyennes" (guide to compiling registration documents for mid-caps).

6.3.1.1 Table of all Remuneration and Benefits

Beneficiaries	Gross remuneration (€)				Benefits and other items of remuneration			Any and all commitments made by the Company to its corporate officers and corresponding to items of remuneration due or likely to be due as a result of the commencement, termination or change of these duties or subsequent to them.
	Fixed	Variable	Exceptional	Directors' fees	Benefits in kind / in cash in €	Allocation of free shares / subscription or share purchase options	Other equity securities, debt securities, securities giving access to the Company's capital, or to the allocation of debt securities	
Antoine Frey	344,167	220,726	N/A	9,000	30,660	N/A	None	None
Jean-Pierre Cedelle	115,472(1)	None	None	12,500	None	None	None	None
Thomas Riegert	None	None	None	5,000	None	None	None	None
Jean-Noël Dron	None	None	None	2,250	None	None	None	None
Jean Lavieille	None	Nil	Nil	22,750	Nil	Nil	Nil	Nil
FIRMAMENT PARTICIPATIONS	Nil	Nil	Nil	7,000	Nil	Nil	Nil	Nil
PREDICA	Nil	Nil	Nil	12,750	Nil	Nil	Nil	Nil
RE-INVEST	Nil	Nil	Nil	13,750	Nil	Nil	Nil	Nil
SOGECAP	Nil	Nil	Nil	8,250	Nil	Nil	Nil	Nil
CARDIF ASSURANCE VIE	Nil	Nil	Nil	11,000	Nil	Nil	Nil	Nil
Jean Christophe Littaye(2)	Nil	Nil	Nil	4,500	Nil	Nil	Nil	Nil
Benoît Mercier(2)	Nil	Nil	Nil	500	Nil	Nil	Nil	Nil
Gilles Emond(2)	Nil	Nil	Nil	4,000	Nil	Nil	Nil	Nil
Françoise Debrus(2)	Nil	Nil	Nil	1,500	Nil	Nil	Nil	Nil
Franck Mathé(2)	Nil	Nil	Nil	3,500	Nil	Nil	Nil	Nil
François Vuillet-Petite	179,167(1)	110,462(1)	Nil	Nil	8,640(1)	4,818 shares(1)	Nil	Nil
Pascal Barboni	195,833(1)	148,154(1)	Nil	Nil	7,080(1)	4,745 shares(1)	Nil	Nil
Sébastien Eymard	195,833(1)	148,154(1)	Nil	Nil	6,240(1)	4,745 shares(1)	Nil	Nil

(1) *remuneration under an employment contract*
(2) *as observer*

The above table gives the remuneration and benefits of all kinds paid by the Company and by the companies it controls to each corporate officer or senior executive during the past financial year, in respect of their term of office as corporate officers, an employment contract, or for special assignments or offices.

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, having regard to the vote of the General Meeting of 20 June 2018 approving the planned remuneration policy for the 2018 financial year, the General Meeting called to approve the financial statements for the financial year ended 31 December 2018 will be asked to approve the fixed, variable and extraordinary items in the overall remuneration and benefits of all kinds paid or awarded during the financial year ended 31 December 2018 to Antoine Frey, in consideration for his position as Chairman and Chief Executive Officer, and to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard in consideration for their positions as Chief Operating Officers, as set out in more detail below.

Please note that, with the exception of the variable remuneration paid to Antoine Frey, François Vuillet-Petite, Pascal Barboni and Sébastien Eymard and directors' fees, all the remuneration listed above was paid during 2018.

Neither the Company nor any of its subsidiaries have set aside or recognised any amounts paid in respect of pensions, retirement or other benefits for the members of the Board of Directors.

6.3.1.2 Summary table of the remuneration, options and shares granted to executive corporate officers

(€)	Antoine Frey Chairman and Chief Executive Officer		François Vuillet-Petite Chief Operating Officer	
	2018	2017	2018	2017
Remuneration due for the financial year[1]	604,533	602,575	298,269	290,279
Value of multi-year variable remuneration granted during the financial year	N/A	N/A	N/A	N/A
Value of options granted during the financial year	N/A	N/A	N/A	N/A
Value of free shares granted	N/A	N/A	132,977	102,402
Total	**604,553**	**602,575**	**431,246**	**392,681**

(€)	Pascal Barboni Chief Operating Officer, Development		Sébastien Eymard Chief Operating Officer, Finance and Strategy	
	2018	2017	2018	2017
Remuneration due for the financial year[1]	351,067	289,320	350,227	288,480
Value of multi-year variable remuneration granted during the financial year	N/A	N/A	N/A	N/A
Value of options granted during the financial year	N/A	N/A	N/A	N/A
Value of free shares granted	130,962	102,402	130,962	169,596
Total	**482,029**	**391,722**	**481,189**	**458,076**

[1] *The table below presents the breakdown of remuneration due*
[2] *Section 6.2.4 below gives the breakdown of free shares granted*
[3] *Valuation at closing price in 2017 and 2018*

6.3.1.3 Table of remuneration and benefits due and paid to executive corporate officers

(€)	Antoine Frey Chairman and Chief Executive Officer				François Vuillet-Petite Chief Operating Officer*			
	FY 2018		FY 2017		FY 2018		FY 2017	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	344,167	344,167	315,000	315,000	179,167	179,167	172,500	172,500
Annual variable remuneration	220,726(1)	145,399(2)	145,399	126,121	110,462(1)	102,521(2)	106,159	49,779
Multi-year variable remuneration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Extraordinary remuneration	N/A	N/A	100,000(3)	100,000(3)	0	0	0	0
Directors' fees	9,000(4)	11,000(5)	11,000	5,500	N/A	3,750(5)	3,750	5,000
Benefits in kind	30,660(6)	30,660(6)	31,176(6)	31,176(6)	8,640(7)	8,640(7)	7,870	7,870
Total	**604,553**	**531,226**	**602,575**	**577,797**	**298,269**	**280,503**	**290,279**	**235,149**

* employed by FREY SA since 1 September 1991

(€)	Pascal Barboni Chief Operating Officer, Development				Sébastien Eymard Chief Operating Officer, Finance and Strategy			
	FY 2018		FY 2017		FY 2018		FY 2017	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	195,833	195,833	163,750	163,750	195,833	195,833	163,750	163,750
Annual variable remuneration	148,154(1)	74,238(2)	76,061	16,920	148,154(1)	74,238(2)	76,061	78,239
Multi-year variable remuneration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Extraordinary remuneration	0	42,429	42,429	0	0	42,429	42,429	0
Directors' fees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefits in kind	7,080(7)	7,080(7)	7,080	7,080	6,240(7)	6,240(7)	6,240	6,240
Total	**351,067**	**319,580**	**289,320**	**187,750**	**350,227**	**318,740**	**288,480**	**248,229**

(1) variable remuneration payable in 2019 in respect of the 2018 financial year (see section below relating to variable remuneration)
(2) variable remuneration paid in 2018 in respect of the 2017 financial year (see section below relating to variable remuneration)
(3) extraordinary remuneration in respect of the 2017 financial year in recognition of the successful capital increase, the bringing in of two new institutional investors and the reworking of the debt profile.
(4) directors' fees payable in 2019 in respect of the 2018 financial year (see section below relating to the policy for the apportionment of directors' fees)
(5) directors' fees paid in 2018 in respect of the 2017 financial year (see section below relating to the policy for the apportionment of directors' fees)
(6) benefits in kind corresponding to a company car and air travel
(7) benefits in kind corresponding to a company car

6.3.1.4 Variable remuneration of the Chairman and Chief Executive Officer and of the Chief Operating Officers

Variable remuneration of the Chairman and Chief Executive Officer

The Board of Directors meeting on 8 March 2018, acting on the recommendation of the Remuneration Committee meeting of 5 March 2018, agreed to maintain the variable remuneration arrangements for the Chairman and Chief Executive Officer, adjusting the targets for the 2018 financial year and amending the goal achievement curve and the progressiveness of the bonus, to reflect the Company's performance criteria:

- Set annually for all Group employees;
- Four (4) types of goals, which are independent of each other;
- Make it possible to determine an annual variable bonus, calculated on a progressive basis according to the cumulative attainment of criteria, with a threshold for the payment of the bonus set at 30% and an out-performance cap set at 200%.

If 100% of the criteria/targets are met, and subject to the approval of the General Meeting, Antoine Frey will receive an annual variable bonus equal to eight (8) times his gross monthly remuneration (compared with 5 previously).

In respect of the 2018 financial year, the performance criteria are broken down into four main categories:

1 - FREY's operational aggregates: Securing of the rental base / signing of new leases / Minimum economic occupancy rate of FREY assets.

2 - FREY's growth: Administrative securing of projects / Identification of new projects.

3 - FREY's Business Model: Broadening of FREY's rental base / FREY's European expansion

4 - FREY's financial performance: Growth in going concern NAV per share (adjusted for the effects of the capital increase) / Growth in Operating Cash Flow per share (adjusted for the effects of the capital increase)

It should be noted that the payment of this annual variable remuneration for the 2018 financial year is subject to approval by the General Meeting called to approve the financial statements for the financial year ended 31 December 2018.

Variable remuneration of Chief Operating Officers

The Board of Directors meeting on 20 June 2018, acting on the recommendation of the Appointments and Remuneration Committee meeting of 5 March 2018, retained the annual variable bonus for Pascal Barboni, Sébastien Eymard and François Vuillet-Petite, Chief Operating Officers, under their employment contracts.

The bonus is conditional upon the achievement of individual and collective targets set each year:

- The individual targets (60% of the bonus) are set and assessed by the Chairman and Chief Executive Officer based in particular on business development, financial performance, and Company management criteria;
- The collective targets (40% of the bonus) are set by the management team for all Company employees; they are independent of each other, and set on the basis of business development and financial performance criteria;
- The individual and collective targets are used to determine an annual variable bonus, calculated on a progressive basis according to the cumulative attainment of criteria, with a threshold for the payment of the bonus set at 30% and a cap set at 200%.

If 100% of the individual and collective criteria/targets are met, Pascal Barboni, Sébastien Eymard and François Vuillet-Petite will receive an annual variable bonus equal to eight (8) times his gross monthly remuneration. Moreover, to ensure alignment with shareholders' interests, the portion of the variable bonus rewarding a possible out-performance may be paid in free shares rather than cash provided the person in question is still with the company on the date the shares vest.

In respect of the 2018 financial year, the performance criteria are broken down into four main categories:

1 - FREY's operational aggregates: Securing of the rental base / signing of new leases / Minimum economic occupancy rate of FREY assets.

2 - FREY's growth: Administrative securing of projects / Identification of new projects.

3 - FREY's Business Model: Broadening of FREY's rental base / FREY's European expansion

4 - FREY's financial performance: Growth in going concern NAV per share (adjusted for the effects of the capital increase) / Growth in Operating Cash Flow per share (adjusted for the effects of the capital increase)

It should be noted that the payment of this annual variable remuneration for the 2018 financial year is subject to approval by the General Meeting called to approve the financial statements for the financial year ended 31 December 2018.

6.3.1.5 Policy for the apportionment of directors' fees

On 8 March 2018, the Board of Directors decided that directors' fees would be allocated as follows for directors attending meetings either in person or by video-conference:

- €1,000 gross for each Board of Directors meeting and for the first meeting of the Audit Committee;
- €500 gross per Investment Committee meeting;
- €250 gross per meeting of the Appointments and Remuneration Committee;
- The maximum payable to each director is €15,000;
- An additional €10,000 gross for independent directors, subject to providing proof of actual attendance at least two-thirds (2/3) of the meetings of the Board of Directors and the Committees on which they sit and held during the financial year in question.

On 8 March 2018, the Board of Directors decided to grant the observers remuneration out of the directors' fee annual budget approved by the General Meeting to the Board of Directors in the following amounts and subject to the following conditions:

- €500 gross per meeting of the Board of Directors;
- €500 gross per meeting of the Investment Committee, the Audit Committee or the Appointments and Remuneration Committee;

The Board of Directors also decided on 8 March 2018 that the additional annual sum of €10,000 gross would only be allocated to independent members who are individuals excluding independent members that are legal entities.

The General Meeting on 20 June 2018 voted to set €200,000 as the maximum payable in directors' fees to the members of the Board of Directors in respect of the 2018 financial year.

Directors	FY 2018		FY 2017	
	Directors' fees paid (€)	Other remuneration paid (€)	Directors' fees paid (€)	Other remuneration paid (€)
Antoine Frey	9,000	531,226[4]	11,000	572,297
Aude Frey[2]	Nil	Nil	7,000	Nil
Jean-Pierre Cedelle	12,500	115,472[1]	13,000	115,472[1]
Thomas Riegert	5,000	Nil	6,000	Nil
Jean-Noël Dron	2,250	Nil	7,250	Nil
Jean Lavieille	22,750	Nil	22,750	Nil
RE-INVEST	13,750	Nil	2,000	Nil
FIRMAMENT PARTICIPATIONS	7,000	Nil	Nil	Nil
PREDICA	12,750	Nil	Nil	Nil
SOGECAP	8,250	Nil	6,750	Nil
CARDIF ASSURANCE VIE	11,000	Nil	8,500	Nil
Jean Christophe Littaye[3]	4,500	Nil	Nil	Nil
Benoît Mercier[3]	500	Nil	Nil	Nil
Gilles Emond[2][3]	4,000[3]	Nil	3,500	Nil
Françoise Debrus[3]	1,500	Nil	Nil	Nil
Franck Mathé[3]	3,500	Nil	Nil	Nil
Magali Chessé[2]	Nil	Nil	11,250	Nil
Nicolas Urbain[2]	Nil	Nil	1,000	Nil
Hugues Grimaldi[2]	Nil	Nil	4,250	Nil
Valérie Pancrazi[2]	Nil	Nil	4,750	Nil
François Vuillet-Petite[2]	Nil	280,503[1]	3,750	235,149[1]
TOTAL	**€118,250**	**€927,201**	**€112,750**	**€922,918**

[1] remuneration under an employment contract
[2] The terms of office of Aude Frey, Magali Chessé, Gilles Emond, Nicolas Urbain, Hugues Grimaldi, Valérie Pancrazi and François Vuillet-Petite ended on 10/05/2017.
[3] as observer
[4] remuneration for his position as Chairman and Chief Executive Officer

6.3.1.6 Disclosures concerning the existence for executive corporate officers of FREY SA of: an employment contract, supplementary pension plans, payments or benefits due or liable to be due as a result of termination or change of role or subsequent to them, or payments relating to a non-compete clause

Senior Executives / Corporate Officers	Employment contract	Supplementary pension plan	Payments or benefits due or liable to be due as a result of termination or change of role	Payments relating to a non-compete clause
Antoine Frey Chairman and Chief Executive Officer	NO	NO	NO	NO
Pascal Barboni Chief Operating Officer, Development	YES	NO	NO	NO
Sébastien Eymard Chief Operating Officer, Finance and Strategy	YES	NO	NO	NO
François VUILLET – PETITE Chief Operating Officer	YES	NO	NO	NO

Remuneration and benefits in kind received by Pascal Barboni, Sébastien Eymard and François Vuillet-Petite in respect of their salaried employment in FREY Group are detailed in the table in the previous section “Remuneration of Corporate Officers and Senior Executives”.

For your information, Jean-Pierre Cedelle, currently a member of the Board Directors and former Chairman of the Supervisory Board, has a permanent employment contract with FREY Group.

6.3.1.7 Total amounts set aside or recognised by the Company or its subsidiaries to provide pensions, retirement or other benefits

During the past two financial years, neither the Company nor any of its subsidiaries have set aside or recognised any amounts paid in respect of pensions, retirement or other benefits for any members of the Board of Directors, the Management Committee, or the Supervisory Board.

6.3.1.8 Free shares

The table below details the number and characteristics of the free shares granted to the corporate officers by FREY SA’s Board of Directors at its meetings on 21 February 2014 (Plan no. 1, as amended by the Board of Directors on 25 March 2015), 25 March 2015 (Plan no. 2), 6 July 2016 (Plan no. 4), 10 May 2017 (Plan no. 6) and 20 June 2018 (Plan no. 8 and Plan no. 9), the terms and conditions of which are described in 5.11.2 of this report.

Pascal Barboni, Sébastien Eymard and François Vuillet-Petite are the only corporate officers in receipt of free Company shares.

Free shares granted to each corporate officer or senior executive						
Names of corporate officers and senior executives	**Plan number and allocation date**	**Number of shares allocated**	**Share value according to the method used in the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
François Vuillet-Petite (Senior executive)	1 21/02/2014	4,000	€100,200	Shares vested since 21/02/2016	21/02/2018	**1. Change in consolidated equity attributable to owners of the company (*)** **2. Change in consolidated property investment business**[1] (invoiced rent)
	2 25/03/2015	974	€28,150	Shares vested since 25/03/2017	25/03/2019	**1. Change in consolidated equity attributable to owners of the company (*)** **2. Change in property investment business**[1] (invoiced rent)
	4 06/07/2016	788	€20,495	06/07/2018	06/07/2020	**1. Change in consolidated equity attributable to owners of the company** [1] **2. Change in property investment business**[1] (invoiced rent)
	6 10/05/2017	4,101	€102,402	10/05/2019	10/05/2021	**80% of shares are subject to the following criteria:** **1. Growth in diluted going concern NAV per share**[1] **2. Growth in diluted operating cash flow per share**[1]
	8 20/06/2018	4,672	€128,947	20/06/2020	20/06/2022	**1. 50% of shares subject to growth in diluted going concern NAV per share**[1] **2. 50% of shares subject to growth in diluted operating cash flow per share**[1]
	9 20/06/2018	146	€4,030	20/06/2020	20/06/2022	None[8]
Pascal Barboni (Senior executive)	5 22/09/2016	2,635	€68,536	22/09/2018	22/09/2020	None[7]
	7 10/05/2017	4,101	€102,402	10/05/2019	10/05/2021	None[7]
	8 20/06/2018	4,672	€128,947	20/06/2020	20/06/2022	**1. 50% of shares subject to growth in diluted going concern NAV per share**[1] **2. 50% of shares subject to growth in diluted operating cash flow per share**[1]
	9 20/06/2018	73	€2,015	20/06/2020	20/06/2022	None[8]
Sébastien Eymard (Senior executive)	7 10/05/2017	6,792	€169,596	10/05/2017	10/05/2019	None[7]
	8 20/06/2018	4,672	€128,947	20/06/2020	20/06/2022	**1. 50% of shares subject to growth in diluted going concern NAV per share**[1]

Free shares granted to each corporate officer or senior executive						
Names of corporate officers and senior executives	**Plan number and allocation date**	**Number of shares allocated**	**Share value according to the method used in the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
						2. 50% of shares subject to growth in diluted operating cash flow per share(1)
	9 20/06/2018	73	€2,015	20/06/2020	20/06/2022	None(8)
TOTAL	**-**	**37,699**	**€986,682**	**-**	**-**	**-**

(1) Based on the consolidated financial statements audited and certified by the Statutory Auditors
(2)Baseline as at 31 December 2013
(3)Out-performance = exceeding the initial target by more than 75%
(4)Baseline as at 31 December 2014
(5)Baseline as at 31 December 2015
(6)Baseline as at 31 December 2016
(7) Appointment of Chief Operating Officer on 01/10/2017
(8) Shares awarded to all employees for out-performing collective targets.

For more detailed information on the terms and conditions of the free share allocation plans presented in the table above, please see Section 5.11.2.1 of this report.

It should be recalled that corporate officers qualifying for a free share allocation plan must keep at least one third of the shares vesting under such plans throughout their offices with the Company or any related company as per Article L. 225-197-2 of the French Commercial Code.

Free shares awarded becoming available for each executive corporate officer			
Free shares awarded becoming available for each executive corporate officer	Plan no. and date	Number of shares becoming available during the financial year	Vesting terms and conditions
François Vuillet-Petite	No.: 1 Date: 21/02/2014	4,000	4,000
TOTAL		**4,000**	**4,000**

6.3.1.9 Option to subscribe for and/or purchase shares allocated to corporate officers

As of the date of this report, the Company has not granted any options to corporate officers to subscribe for and/or purchase shares. Therefore, Tables 4, 5, 8, and 9 of Appendix 2 of AMF position-recommendation No. 2014-14 on options to subscribe for and/or purchase shares do not apply.

6.3.2 REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

6.3.2.1 Remuneration policy for the 2019 financial year

Pursuant to Article L. 225-37-2 of the French Commercial Code, at its meeting on 7 March 2019 the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, approved the principles and criteria for determining, apportioning and allocating the fixed, variable and extraordinary items of the total remuneration and benefits of all kinds to be awarded to the Chairman and Chief Executive Officer and to the Chief Operating Officers for the 2019 financial year.

The Company's Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2018 will be asked, on the basis of these items, to approve the remuneration policy for executive corporate officers as approved by the Board of Directors, it being noted that should the General Meeting not approve this remuneration policy, the remuneration of the executive corporate officers will be determined in accordance with the remuneration policy approved for the previous financial year, or, in the absence of a previously approved remuneration policy, in accordance with the remuneration awarded for the previous financial year or, in the absence of remuneration awarded for the previous financial year, in accordance with existing practice within the Company.

Pursuant to Article L. 225-100 of the French Commercial Code, the Board of Directors will also ask the Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2019 to approve the fixed, variable and extraordinary items of the total remuneration and benefits of all kinds paid or awarded for the 2019 financial year, under this remuneration policy, to each executive corporate officer.

Principles and criteria applicable to all executive corporate officers

More broadly, the remuneration policy put in place by the Board of Directors within FREY Group is designed to help:

- Achieve the operational and financial development strategy;
- Safeguard the interests of all stakeholders in the development strategy (shareholders, officers, employees); and
- Ensure the long-term survival of the Group.

As regards the core principles underpinning the remuneration of executive corporate officers, FREY Group has put in place a system built around:

- FREY's DNA and entrepreneurial values;
- unwavering and demanding rules regarding the expected results (correlation between performance and short, medium and long-term remuneration);
- overall performance appraisal, both from an operational perspective (e.g.: receipt of administrative permits) and a financial perspective (e.g.: improvement in an indicator or a financial ratio), while ensuring Group practices comply with all applicable regulatory constraints; and
- incentives that align the Group's interests and those of its shareholders, ensuring a remuneration package that is competitive in the various markets in which the Group operates, while avoiding potential conflicts of interests that could give rise to reckless risk-taking for short-term gain.

In short, the main goals of this remuneration policy for executive corporate officers are to:

- Attract, develop and incentivize scarce expertise and top talent;
- Encourage higher performance; and
- Align remuneration levels with the Company's results.

Remuneration policy applicable to the Chairman and Chief Executive Officer

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors approved the principles and criteria underpinning the items of remuneration of the Chairman and Chief Executive Officer, in order to bring it into line with his changing role within the Company.

Except for removing the exceptional remuneration, this remuneration policy remains unchanged on the 2018 financial year.

The overall structure of the remuneration is based on three main pillars: a fixed component, a short-term variable component subject to performance criteria and a long-term variable component also subject to performance criteria.

In short, the uncertain portion of total remuneration of the Chairman and Chief Executive Officer (short-term and long-term variable remuneration) represents a substantial component of his remuneration structure, more directly aligning his remuneration with the Group's operational strategy and shareholder interests.

Annual variable remuneration

The amount of the fixed component of the annual remuneration was determined on the basis of the level of responsibility, experience of the Chairman and Chief Executive Officer and market practices.

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors set the annual fixed remuneration of the Chairman and Chief Executive Officer at €350,000 gross for the 2019 financial year.

Short-term variable remuneration

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors approved the principles and criteria applicable to the annual variable remuneration of the Chairman and Chief Executive Officer for the 2019 financial year. These principles are unchanged from those approved for the 2018 financial year, though the criteria were adapted to reflect operational and financial developments at the Group.

For example, for the financial year ended 31 December 2018, the annual variable component of the remuneration of the Chairman and Chief Executive Officer was €220,726.

The annual variable component of the remuneration of the Chairman and Chief Executive Officer is determined on the basis of attainment of the collective targets applicable to all Group employees the definition of which is based on:

- a breakdown into mutually independent categories;
- qualitative and quantitative criteria;
- references to economic indicators that are material for the Group's business.

The operational and financial performance criteria for 2019 include references to the following items (with a weighting, tailored on the basis of the company’s priorities, to reach 100%):

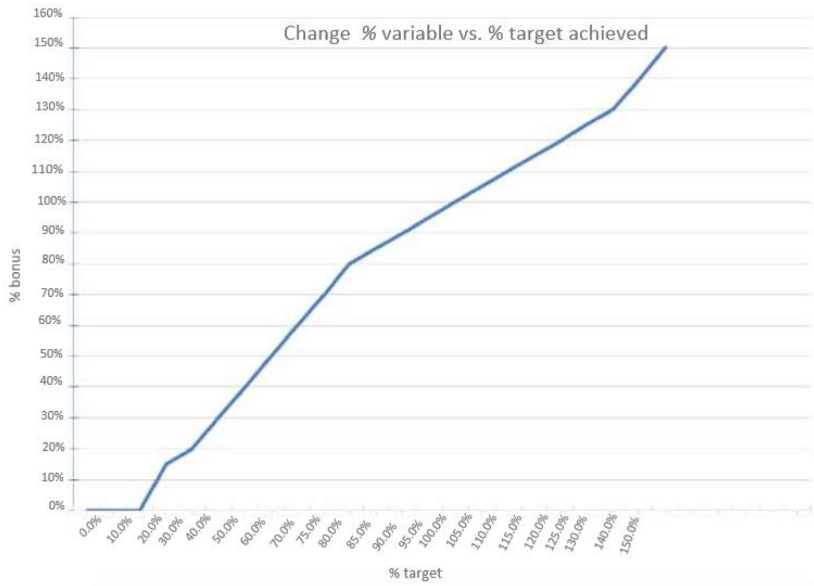
- FREY’s operational aggregates (securing of minimum guaranteed rent, signing of new leases, attaining an occupancy rate target, increase in the rent invoiced);
- FREY’s growth (administrative safeguards and identification of new projects, acquisition of assets outside France);
- FREY’s financial performance (growth in triple net NAV per share and profit from recurring operations).

The specific terms and conditions of each target are not included in this report for confidentiality reasons.

The total short-term variable bonus of the Chairman and Chief Executive Officer may total an amount equivalent to eight months of his fixed remuneration if the targets are 100% achieved.

For the 2019 financial year, a progression curve will apply to the overall percentage of the targets for this bonus. No variable bonus may be paid out if the targets are not at least 30% achieved. Above the 30% threshold, the amount of the variable bonus will follow a curve that will factor in any out-performance, up to a ceiling set at 150% (against 200% for the 2018 financial year).

The progression curve is as follows for 2019:



It should be noted that the payment of items of annual variable remuneration to the Chairman and Chief Executive Officer is subject to the approval of the Company's Annual Ordinary General Meeting.

Short-term variable remuneration

In order to align the long-term variable remuneration of the Chairman and Chief Executive Officer with that of the Chief Operating Officers and, given the fact that free shares cannot be awarded to the Chairman and Chief Executive Officer, the Board of Directors, at its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, reapplied the principles and criteria used in the 2018 financial year, subject to the adjustment of certain performance criteria, to calculate the items of long-term variable remuneration for the Chairman and Chief Executive Officer.

This long-term variable remuneration is subject to a four-step process:

- A vesting / performance criteria assessment period of two years;
- Vesting subject to the achievement of two performance criteria (growth in triple net NAV per share and profit from recurring operations);
- Payment of the remuneration following a two-year period (equivalent to the mandatory lock-in period for free share awards); and
- The continued employment of the Chairman and Chief Executive Officer on the vesting date (unless the Board of Directors decides otherwise on the recommendation of the Appointments and Remuneration Committee, and except in the case of disability, death and retirement).
- The total long-term variable bonus of the Chairman and Chief Executive Officer may total an amount equivalent to eight months of his 2019 fixed remuneration if the performance criteria are 100% achieved.

For example, the long-term variable bonus determined in 2019 will be subject to a vesting period running to 2021 and, subject to (i) the continued employment of the Chairman and Chief Executive Officer and (ii) the achievement of the performance criteria calculated on the basis of the consolidated financial statements for the financial year ended 31 December 2020 compared with the consolidated financial statements for the financial year ended 31 December 2018, will be paid in 2023.

Benefits in kind

In light of his duties as Company representative, the Chairman and Chief Executive Officer enjoys the following benefits in kind:

(i) A company car;

(ii) An annual entitlement to 10 hours' flying time in a plane jointly acquired by FREY, with any overshoot in this flying time either being set against the number of available hours for the subsequent financial year or paid for personally by the Chairman and Chief Executive Officer.

For the financial year ended 31 December 2018, it should be noted that the amount of benefits in kind awarded to the Chairman and Chief Executive Officer totalled €30,660.

It should also be noted that i) these entitlements are subject to the recognition of a benefit in kind subject to tax and social security in line with the URSSAF schedule and ii) that each hour of flying time is assessed at a flat fee of €1,385 for 2019.

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors decided to propose the renewal of these benefits in kind for the 2019 financial year for €30,900 including the use of the company car and the annual flying time entitlement.

Directors' fees

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors renewed the directors' fee policy approved by the Board meeting of 8 March 2019, namely:

(i) Ask the Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2018 to allocate a total of €200,000 in directors' fees;

(ii) That the directors' fees would be allocated as follows for directors attending meetings either in person or by video-conference:

- €1,000 gross for each meeting of the Board of Directors and Audit Committee;
- €500 gross per Investment Committee meeting;
- €250 gross per meeting of the Appointments and Remuneration Committee;
- The maximum payable to each director is €15,000 gross;
- An annual additional €10,000 gross for independent directors who are natural persons, subject to providing proof of actual attendance at least two-thirds (2/3) of the meetings of the Board of Directors and the Committees on which they sit and held during the financial year in question.

In this regard, the Chairman and Chief Executive Officer may be awarded directors' fees in respect of his position as Chairman of the Board of Directors.

For reference, it should be noted that the Chairman and Chief Executive Officer was awarded €9,000 in directors' fees for the 2018 financial year.

Remuneration policy applicable to Chief Operating Officers

It should firstly be noted that François Vuillet-Petite, Pascal Barboni and Sébastien Eymard, Chief Operating Officers, all hold employment contracts with the Company, under which they are paid, as applicable, fixed, variable and extraordinary items of remuneration and awarded any benefits in kind they enjoy.

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors approved the principles and criteria underpinning the items of remuneration of the Chief Operating Officers.

This remuneration policy is broadly unchanged for the 2019 financial year, aside from the elimination of the extraordinary remuneration component.

The overall structure of the remuneration of the Chief Operating Officers is based on three main pillars: a fixed component, a short-term variable component subject to performance criteria and a long-term profit-sharing mechanism also subject to performance criteria.

Fixed remuneration

The criteria used to set the level of fixed remuneration of each Chief Operating Officer are determined having regard to the Company's general good, and factor in the level of responsibility and challenges facing each executive corporate officer in question, the experience and seniority of each holder, remuneration practices in companies carrying on comparable businesses.

Based on these criteria, the fixed remuneration paid to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard under their employment contracts for the financial year ended 31 December 2018 respectively totalled €179,167, €195,833 and €195,833 gross (remuneration calculated on a pro rata basis for the increase at 01.03.2018).

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors decided to roll forward the annual fixed remuneration of the Chief Operating Officers, namely €180,000 gross for François Vuillet-Petite and €200,000 gross for Pascal Barboni and Sébastien Eymard.

Variable remuneration

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2018, the Board of Directors approved the principles and criteria applicable to the annual variable remuneration of the Chief Operating Officers for the 2019 financial year.

These principles are broadly unchanged from those approved for the 2018 financial year, though the criteria were adapted to reflect operational and financial developments at the Group.

For reference, for the financial year ended 31 December 2018, the variable portion of the remuneration of François Vuillet-Petite totalled €110,462 and Pascal Barboni and Sébastien Eymard €148,154, including profit-sharing, under their employment contracts.

Each Chief Operating Officer is eligible for a variable remuneration component, the amount of which depends on the achievement of:

- collective targets, applicable to all Group employees receiving variable remuneration, split into mutually independent categories, based on qualitative and quantitative criteria, and determined with reference to economic indicators that are material for the Company's business, and
- individual targets, split into mutually independent categories, based on qualitative and quantitative criteria, partly determined on the basis of the annual appraisal interview with the Chairman and Chief Executive Officer relating to the previous financial year.

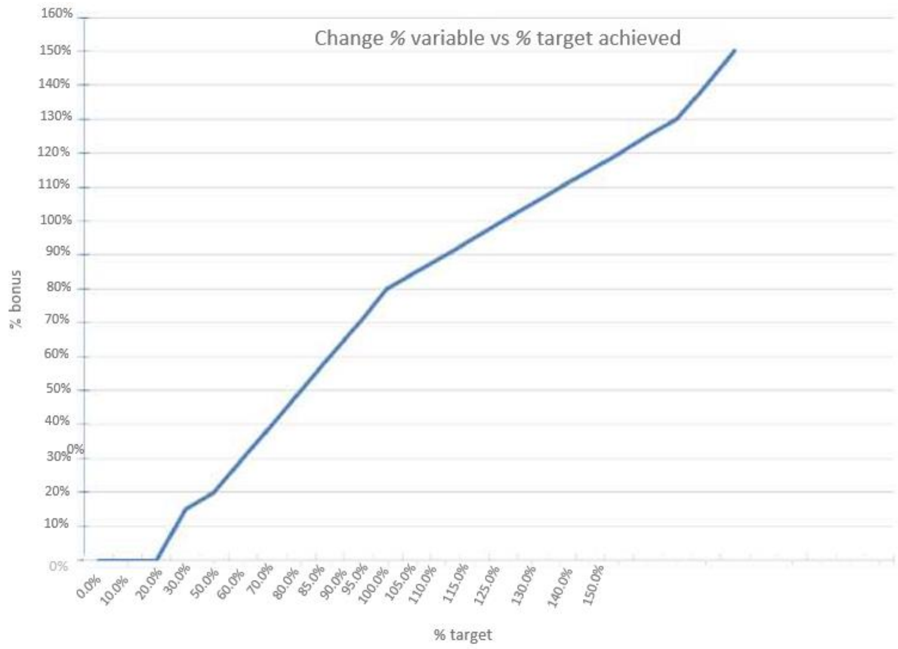
The total variable bonus for François Vuillet-Petite may represent the equivalent of eight months of his fixed remuneration and that of Pascal Barboni and Sébastien Eymard the equivalent of ten months (compared with eight months for the 2018 financial year) of their fixed remuneration, assuming targets are 100% achieved, including:

- 40% of the amount equivalent to eight or ten months of fixed remuneration for collective targets identical to those set for the Chairman and Chief Executive Officer (see Section 1.2.2 above);
- 60% of the amount equivalent to eight or ten months of fixed remuneration for individual targets clearly established by the Board of Directors at its meeting of 7 March 2019 acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, and correlated with the success of key deals for the Company, with the specific terms and conditions of each target not being disclosed in this report so as to protect the confidentiality of the deals in question.

For the 2019 financial year, a progression curve will apply to the overall percentage of the targets for this bonus.

No variable bonus may be paid out if the targets are not at least 30% achieved. Above the 30% threshold, the amount of the variable bonus will follow a curve that will factor in any out-performance, up to a ceiling set at 150% (compared with 200% for the 2018 financial year).

The progression curve for the 2019 financial year is unchanged from the 2018 one and looks as follows:



It should be noted that the payment of annual variable items of remuneration to each Chief Operating Officer is subject to the approval of the Company's Annual Ordinary General Meeting.

Benefits in kind

Each Chief Operating Officer enjoys a company car under his employment contract.

For the financial year ended 31 December 2018, it should be noted that the benefits in kind awarded to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard under their employment contracts totalled €8,640, €7,080 and €6,240, respectively.

It should also be added that these entitlements are subject to tax and social security in line with the URSSAF schedule.

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, for the 2019 financial year the Board of Directors decided to propose to increase the benefits in kind awarded to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard to €9,000, €8,760 and €6,720 factoring in the planned change in his company car.

Awards of free performance shares

At its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors approved the principles and criteria applicable to the long-term profit-sharing of the Company's Chief Operating Officers for the 2019 financial year.

The long-term profit-sharing of the Chief Operating Officers will be by means of awards of free performance shares. This long-term profit-sharing is designed to create a long-term framework for the work of the Chief Operating Officers but also to retain them and ensure their interests are aligned with those of the shareholders. The vesting of the performance shares awarded will be subject to the Appointments and Remuneration Committee finding that the performance conditions set by the Board of Directors are satisfied when they are awarded. The performance criteria chosen must be challenging, linked to the Company's and Group's performance, and will cover a horizon of at least two years.

Unless otherwise decided by the Board of Directors acting on the recommendation of the Appointments and Remuneration Committee and except in the cases applicable in the event of death or disability and in the event of retirement, the termination of the office of each Chief Operating Officer before the end of the vesting period for the performance shares will trigger the cancellation of the awards in question.

In this respect, the Board of Directors at its meeting of 7 March 2019, acting on the recommendation of the Appointments and Remuneration Committee meeting of 4 March 2019, approved in principle the introduction of an eighth free share award plan, pursuant to the terms and conditions of Articles L.225-197-1 to L.225-197-6 of the French Commercial Code, for in particular the Company's Chief Operating Officers.

The main terms and conditions of this plan would be as follows:

- Vesting period and date: 2 years from allocation
- Mandatory lock-in period: two years with effect from the vesting date, with closed periods following the lock-in period (10 trading days before and 3 trading days after publication of the financial statements; throughout the holding period and for 10 days following the publication of inside information)
- Continued employment on the vesting date, unless the Board of Directors decides otherwise on the recommendation of the Appointments and Remuneration Committee, and except in the case of disability, death [and retirement].
- Performance criteria (i) 50% based on the liquidation NAV per fully diluted share adjusted for the impact of the transactions affecting the equity or quasi equity over the two years post-award and (ii) 50% based on profit from recurring operations net of allocations to and reversals of depreciation, amortisation and provisions over the two years post-award.

It should be recalled that François Vuillet-Petite, Pascal Barboni and Sébastien Eymard received free shares for their positions as Chief Operating Officers in the 2018 financial year (see Section 6.3.1.8 "Free shares" of this report), and as a result of the out-performance of the Group's collective targets in 2017.

6.4 DRAFT RESOLUTION SUBMITTED TO THE GENERAL MEETING PURSUANT TO THE ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE

(Approval of the principles and criteria for determining, apportioning and allocating the fixed, variable and extraordinary items of the total remuneration and benefits of all kinds attributable to executive corporate officers by virtue of their office in the Company)

The General Meeting, deliberating pursuant to the quorum and majority requirements for Ordinary General Meetings, having reviewed Section 6.3.2 "Remuneration policy for executive corporate officers for the 2019 financial year" of the Management Report of the Board of Directors, and in accordance with Article L.225-37-2 of the French Commercial Code, approves the principles and criteria for determining, apportioning and allocating the fixed, variable and extraordinary items of the total remuneration and benefits of all kinds to be awarded to the Chairman and Chief Executive Officer and the Chief Operating Officers in consideration for their offices, as detailed in this report.

6.5 *FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING*

To the Company's knowledge, and in accordance with Article L. 225-100-3 of the French Commercial Code there are no factors that seem likely to have an impact in the event of a public offer for FREY. It should, however, be noted that:

- ✓ the structure of the share capital is set out in Section 5.1 above;
- ✓ no shares have special control rights;
- ✓ to the Company's knowledge, there are no agreements between shareholders that could entail restrictions on the transfer of shares or the exercise of voting rights or clauses containing preferential Company share purchase or sale conditions applicable in the event of a public offering, except for the purchase option offered *pari passu* to Predica and Foncière AG Real Estate in the event of a change in control at Firmament Participations, as defined in the Shareholders' Agreement (see Section 5.3 "Major shareholders" in this report);
- ✓ with regard to the powers of the Board of Directors, concerning in particular the issuance or buyback of shares, a list of delegations of authority and financial authorisations in force is provided in Appendix 2 to this report;
- ✓ the holders of OPIRNANE bonds (see Sections 5.1 and 5.10.1 of this report) qualify for early redemption in FREY SA shares under the terms laid down in offering circulars approved by the AMF under numbers 12-526 and 12-589, should Antoine Frey cease to serve as Chief Executive Officer of FREY and should Firmament Participations (i) passively fall below the threshold of 22% of voting rights in the Company as a result of a financial transaction by the Company (issuance, tender or exchange of securities) and (ii) actively fall below the threshold of 33.33% of voting rights, but only if this threshold is crossed under as a result of selling shares by Firmament Participations.

7. INTERNAL CONTROL

You are reminded that FREY:

- became a member of the Fédération des Sociétés Immobilières et Foncières (Federation of Real Estate Companies) in 2010, and thus signed up to its code of ethics;
- adopted the December 2009 Corporate Governance Code for Small and Mid-cap Companies in 2011, which became the MiddleNext Corporate Governance Code in September 2016;
- became a member of the European Public Real Estate Association (EPRA) in 2015.

7.1 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

7.1.1 CONCEPTUAL FRAMEWORK

In addition to the key principles of corporate governance that FREY endeavours to apply, such as executives' responsibility and integrity, the Board of Directors' informed and collective exercise of its supervisory power, or the transparency and dissemination of information, the main goals of the procedures currently applied within FREY are as follows:

- to ensure that management activities and the carrying out of transactions as well as staff behaviour comply with the policies defined by the governing bodies, with applicable laws and regulations, and with the Company's internal rules, values, and standards;
- to verify that the accounting, financial and management information reported to FREY's governing bodies fairly reflects the operations and position of the Company.

Internal control strives to provide reasonable assurance regarding the achievement of these goals, but obviously cannot provide an absolute guarantee that the identified risks will not come to fruition.

Any control and management system has limits that may result from a number of factors, uncertainties, dysfunctions, and failures that may not be attributable to FREY, the Group and/or its employees.

7.1.2 SCOPE OF INTERNAL CONTROL

The internal control system covers all the activities of FREY and its subsidiaries. FREY applies its internal control system to companies included in the scope of consolidation of its financial statements, from the moment they are created or acquired.

7.1.3 INTERNAL CONTROL STAKEHOLDERS

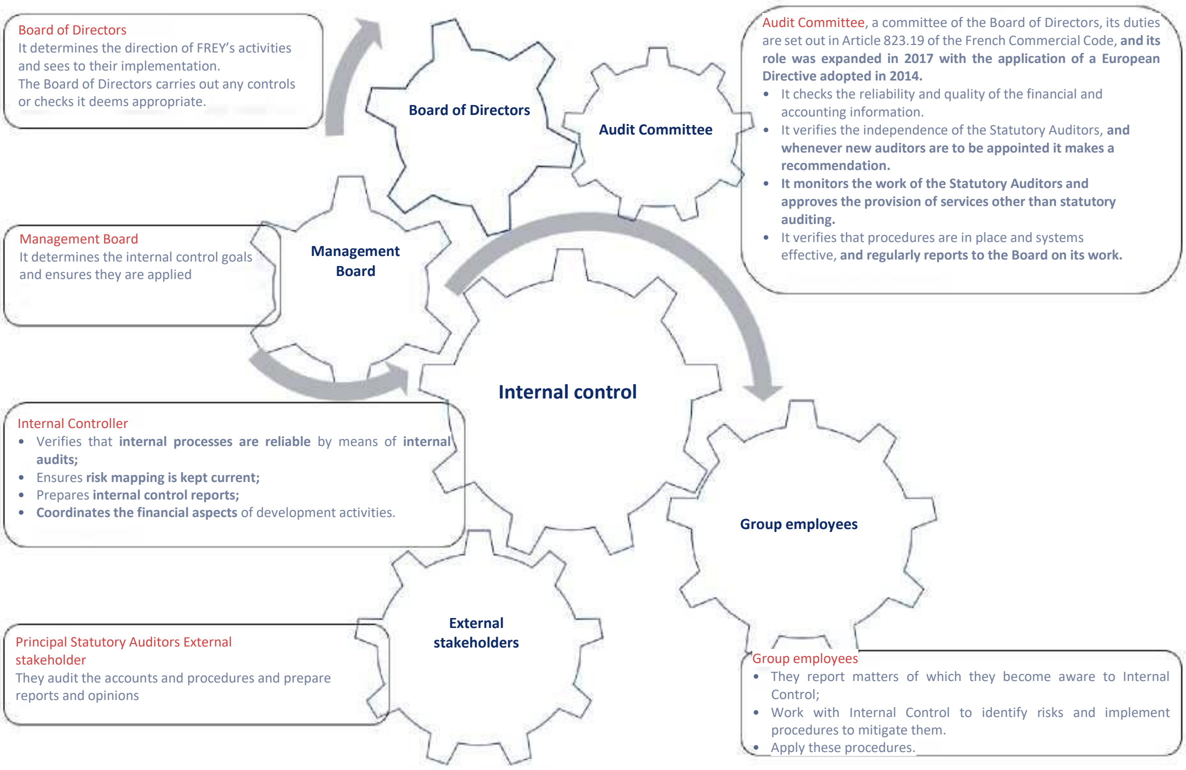
During the 2014 financial year, FREY commissioned a full audit of the Management team and operational services to determine the model most suited to its growth.

As such, several actions were identified and implemented during the 2014, 2015 and 2016 financial years, in particular (i) establishment of a Management Committee composed of Senior Management, Directors of Operational Departments and Support Services, a department responsible for growth and strategy, (ii) creation of a department centralising FREY's development and promotional activities, (ii) creation of a Human Resources department, (iii) and the creation of an internal control role ('Internal Controller'), to strengthen internal control and risk management related to the Company's activity.

Internal control is exercised under the responsibility of FREY's Management Committee. This Committee initiates the procedures and makes them mandatory, while also assuming a role in implementation, control, advice and expertise.

The key internal control stakeholders at FREY are:

- Board of Directors;
- Audit Committee;
- Management Committee;
- Finance Department;
- Internal Controller;
- FREY's staff;
- external stakeholders.



Together they are in charge of implementing the internal control system. They organise and coordinate suitable operations and the supervisory measures required to achieve the goals described above.

7.1.3.1 The Board of Directors

Reference is made in this regard to all the information contained in Chapter 6 - Corporate Governance in this document.

7.1.3.2 Management Committee

The Management Committee currently has eight (8) members:

Chairman and Chief Executive Officer	Antoine Frey
Chief Operating Officer, Development	Pascal Barboni
Chief Operating Officer, Finance and Strategy	Sébastien Eymard
Chief Operating Officer	François Vuillet-Petite
Director of Asset Management and Acquisitions	François-Xavier Anglade
Director of Legal Affairs	Guillaume Artaud
Director of Finance and Human Resources	Emmanuel La Fonta
Director of Communications, Marketing and Innovation	Mathieu Molliere

FREY's Management Committee meets at least once a month. It examines business performance and its compatibility with budgetary and financial goals, sign off on development projects, and conducts budget reviews.

The members of FREY's Management Committee are presented in Section 6.1.3 of the Board of Directors' management report on the position and operations of the Company and FREY Group for the financial year ended 31 December 2018.

7.1.3.3 FREY Finance Department

The financial, accounting and budgetary data for each Group company is reviewed and analysed jointly by the Chief Financial Officer and Accounting Director, before presentation to the Chairman and Chief Executive Officer and Management Committee each half-year.

7.1.3.4 Internal Controller

The Internal Controller reviews the reliability of Group processes through internal audits, monitors risk mapping, establishes internal control reporting, and coordinates the financial aspects of development operations.

In order to carry out his duties as effectively as possible the Internal Controller reports directly to the Chairman and Chief Executive Officer of the Group.

7.1.3.5 FREY's staff

Each Group employee is aware of the importance of complying with the internal control system. Operational managers ensure processes are consistent with the goals they have been assigned.

7.1.3.6 External stakeholders

The Group uses the services of specialist firms which are entrusted with specific consulting, assistance or audit assignments that can help improve the internal control system.

7.1.4 INTERNAL CONTROL PROCEDURES

7.1.4.1 Organisation and structure

Internal control is conducted primarily by FREY's Management Committee, assisted by the Internal Controller.

Control procedures have been established to ensure the implementation and optimisation of the operations decided by governing bodies, and of the risk management (i) resulting or potentially resulting from FREY's activity and that of its subsidiaries, (ii) related to the preparation of accounting and financial information, (iii) related to social and environmental issues.

Data comparison between the Management Committee and the operational management of the FREY AMENAGEMENT ET PROMOTION and IF GESTION & TRANSACTIONS subsidiaries affords a critical review of the performance and risks associated with each of the Group's activities.

The operational organisation of FREY and the Group is based on the in-house expertise of the Management Committee, the Finance and Legal Affairs Departments, the managers of the Group's various entities, each subsidiary's management teams, and finally of all Group employees.

Lastly, a human resources team, responsible for the management, coordination and development of FREY's workforce, strengthens the operational organisation.

This organisation also provides flexibility and responsiveness for FREY and the Group in managing its activities and operations.

7.1.4.2 Process contributing to the preparation of accounting and financial information

The preparation of accounting and financial information for shareholders - which not only covers conformity with generally accepted accounting principles, but also the accounting and financial analysis of the Group's activity - is specifically ensured by General Management and the Accounting & Finance Department.

- General Management oversees the closing of the financial statements, and determines the schedule and specific key items (commitments, provisions, etc.);
- the Accounting & Finance Department (accounting, treasury and management control), under the direct responsibility of the Chairman and Chief Executive Officer, is responsible for the fairness and reliability of the accounts of Group companies and their regulatory compliance, in particular regarding tax matters. This department, which also liaises with the Statutory Auditors, currently consists of 11 people.

At the initiative of General Management, the budget process starts during the third quarter of the financial year. The assumptions used as a basis for preparing subsidiaries' budgets are validated by the Management Committee and then consolidated to establish the final budget approved by the Board of Directors at the beginning of the year.

Organisation of financial information is centralised at FREY:

- The accounting and financial information of each Group company is routinely logged by FREY's accounting department, and is reviewed every six months by Accounting & Finance Management and General Management.
- Property investment management is carried out using rental management software that covers the client and supplier circuits related to all of the Group's operating sites.
- The accounting data extracted from the software is integrated into the accounting software via an automatic interface.
- Supplier invoices are systematically checked by the Accounting & Finance Department after approval by the department concerned.
- Payments issued require dual-signature authentication as well as the establishment, in almost all cases, of electronic wire transfers with secure validation.
- Bank reconciliations and all standard accounting controls are carried out systematically.
- The Chief Financial Officer regularly ensures that the accounting department is keeping proper accounts for FREY and its subsidiaries.
- The parent company and consolidated financial statements are prepared by the Accounting & Finance Department under the responsibility of the Board of Directors, which approves the financial statements after consulting the Audit Committee.

In 2016, the Finance Department brought consolidation of the Group's financial statements in-house with the recruitment of a Consolidation and Reporting Analyst, who uses Viareport consolidation software. For technical aspects and IFRS regulatory monitoring, FREY Group is assisted by an external accounting firm belonging to an international network with a solid reputation. This firm is a leader in its field and regularly works with listed companies.

The parent company and consolidated financial statements are audited by the Statutory Auditors. The consolidated interim financial information is subject to a limited review. FREY's Chief Financial Officer coordinates with the work of the Statutory Auditors.

7.1.4.3 Operational-level control procedures

At operational level, all corporate risks are analysed by FREY's Management Committee and the operational department of the two specialised subsidiaries FREY AMENAGEMENT ET PROMOTION and IF GESTION & TRANSACTIONS. Appropriate measures to limit their potential impact at Group level are approved by the Chairman and Chief Executive Officer and by the Management Committee.

7.1.4.4 Risk analysis and management

FREY implements monitoring and risk management system processes suited to its activities, capacities and organisation.

During the 2016 financial year, FREY mapped all of its risks, including risks specific to each subsidiary, pursuant to the COSO framework[1], and set up a half-year review process for this mapping.

FREY has also developed an Internal Audit Plan allowing the Management Committee to define audit priorities for the Internal Controller.

FREY attaches special importance to financial risks related to the effects of climate change. Through the HQE Commerce® certification of its open-air shopping centres of more than 15,000 m2, and the Low-carbon Building certification of its head office, FREY is implementing a long-term strategy to reduce carbon emissions in all aspects of its business;

[1] *COSO is an internal control framework aimed at deterring fraud in company financial reports:* https://www.coso.org

For more information on how FREY factors in environmental considerations, please see Sections 3.2.5 "*Environmental approach: sustainable development*" and 3.3.4.3 "*Environmental regulations*" of this Management Report.

FREY has carried out a review of the risks that may have a significantly adverse effect on its operations, financial position and results in order to draft its internal control procedures and considers that no other significant risks apart from those presented in the Management Report need to be taken into account by these procedures.

FREY cannot guarantee that other risks might not arise in the future and have a material adverse effect on the Company, its business, financial position, results or development.

These major risks are detailed in Chapter 4 "Risk Factors" of this Management Report.

7.2 OTHER INFORMATION ON INTERNAL CONTROL

7.2.1 REMUNERATION OF CORPORATE OFFICERS

The remuneration and benefits of all kinds awarded to corporate officers during the past financial year are presented in Section 6.3 "*Remuneration and Benefits*" of this Management Report.

7.2.2 RULES OF PROCEDURES, COMMITTEES

It should be noted that Committees have been established within the Board of Directors, namely: an Investment Committee, an Appointments and Remuneration Committee, and an Audit Committee.

The Rules of Procedure determine the remit and operating procedures of each Committee.

Reference is made in this regard to the information contained in Chapter 6 "*Corporate Governance*" in this Management Report.

Since 2014, FREY has set up nine (9) free share allocation plans, whose key terms and conditions are presented in Sections 6.3.1.8 "*Free shares*" and 5.11 "*Employee shareholding*" of this Management Report.

7.3 ASSESSMENT OF AND CHANGES TO THE INTERNAL CONTROL AND RISK MANAGEMENT PROCESS

In light of the Group's size, FREY has not established a periodic assessment procedure for its internal control.

However, it is continually improving its internal control and risk management procedures through:

- Structuring and strengthening both its operational and support teams;
- Formalising procedures in in the form of a manual;
- Monitoring the internal audit plan and programme relating to the monitoring of mapping of all risks to which FREY is exposed.

8. Related-party agreements

The Statutory Auditors of the Company will present, in their special report, the related-party agreements and commitments referred to in Article L. 225-86 of the French Commercial Code that were signed during the past financial year, or which continued in 2018.

After reviewing the Statutory Auditors' special report, the Ordinary Annual General Meeting of FREY shareholders will be asked to vote on the aforesaid agreements and commitments.

9. Other information

9.1 RESEARCH AND DEVELOPMENT

Given the nature of its business, neither the Company nor any other Group company has incurred any research and development costs during the past financial year.

9.2 PAYMENT TERMS

In accordance with the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, **Appendix 4** of this Management Report sets out the payment terms in effect on 31 December 2018.

9.3 OVERHEADS - LAVISH SPENDING

9.3.1 EXCESSIVE OVERHEADS OR THOSE NOT APPEARING ON THE SPECIAL STATEMENT

During the past financial year, the Company did not incur any excessive overheads or overheads not appearing on the special statement within the meaning of Articles 223d and 39-5 of the French General Tax Code.

9.3.2 LAVISH SPENDING

During the past financial year, the Company recorded and reinstated for tax purposes lavish spending as defined by Article 39-4 of the French General Tax Code totalling €133,178, representing a potential additional tax charge of €7,843 on taxable income and a potential additional distribution obligation of €99,910 on non-taxable income.

• APPENDIX 1 – FREY SA RESULTS OVER THE LAST FIVE FINANCIAL YEARS

In Euros	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Financial position at the end of the financial year					
Share capital	**47,104,163**	30,281,250	21,515,625	21,515,625	17,212,500
Number of shares issued	**18,841,665**	12,112,500	8,606,250	8,606,250	6,885,000
Number of convertible bonds	**1,519,264**	1,621,691	1,621,691	1,621,691	1,621,691
Comprehensive income of actual operations					
Net revenue	**12,849,435**	12,244,414	8,552,216	12,791,793	6,796,203
Earnings before tax, depreciation, amortization and provisions	**2,943,628**	6,351,662	1,956,690	(1,656,025)	(782,142)
Income tax	**0**	0	46,789	0	0
Earnings after tax, depreciation, amortization and provisions	**(2,546,118)**	2,275,293	(4,237,493)	(4,587,004)	(1,830,772)
Earnings distributed	**0**	0	0	0	0
Operating earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.16**	0.59	0.23	(0.19)	(0.09)
Earnings after tax, depreciation, amortization and provisions	**(0.14)**	0.19	(0.49)	(0.53)	(0.27)
Dividend paid on each share	**1.20**	1.00	0.77	0.70	0.84
Workforce					
Average workforce for the financial year	**26**	25	26	20	18
Total payroll for the financial year	**2,523,561**	2,410,364	2,142,069	1,785,702	1,526,251
Amount of benefits paid (social security, charitable works, etc.).	**1,364,565**	1,590,173	1,226,288	1,308,369	762,330

• APPENDIX 2 – TABLE OF CURRENT FINANCIAL AUTHORISATIONS

Issues with preferential subscription rights				
Shares involved	**Source (Resolution No.)**	**Duration of the authorisation and expiry**	**Use of the authorisation**	**Maximum nominal amount of capital increase in Euros**
(1) Capital increase (i) either by issuing, with preferential subscription rights, ordinary shares and/or marketable securities of any kind whatsoever giving immediate or future access to the Company's share capital (or share capital of companies in which the Company directly or indirectly owns more than half of the share capital), (ii) or by incorporation of share premiums, reserves, earnings or other items.	AGM 20/06/2018 16th resolution	12 months (deferred) as of 01/09/2018 as of 01/09/2019		Up to the maximum ceiling of €20 million (specific ceiling and overall maximum ceiling)

Issues without preferential subscription rights				
Shares involved	**Source (Resolution No.)**	**Duration of the authorisation and expiry**	**Use of the authorisation**	**Maximum nominal amount of capital increase in Euros**
(2) Capital increase by issuing, without preferential subscription rights, ordinary shares and/or marketable securities of any kind whatsoever giving immediate or future access to the Company's share capital or share capital of companies in which the Company directly or indirectly owns more than half of the share capital.	AGM 23/06/2017 22nd resolution	as of 23/06/2017 as of 23/08/2019		Up to €20 million, this amount being deducted from the overall ceiling set out in (1)
Determination of the issue price of ordinary shares and/or marketable securities granting access to the share capital for issues decided as part of the delegation of powers referred to in (2) and within the annual limit of 10% of share capital per year	AGM 23/06/2017 23rd resolution	as of 23/06/2017 as of 23/08/2019		Up to 10% of the share capital per year and up to the overall maximum ceiling of €20 million set out in (1)
Increase of the amount of issues referred to in (1) and (2) in the event of over-subscription	AGM 23/06/2017 24th resolution	as of 23/06/2017 as of 23/08/2019		Within 30 days of the end of the subscription of the initial issue, up to 15% and within the overall maximum ceiling of €20 million set out in (1)
Capital increase by issuing ordinary shares, marketable securities and/or financial securities granting access to the share capital by means of an offer referred to in Section II of Article L.411-2 of the French Monetary and Financial Code with waiving of preferential subscription rights	AGM 23/06/2017 25th resolution	as of 23/06/2017 as of 23/08/2019		Up to 20% of the share capital per year and up to the ceiling of €20 million set out in (1)
Issue of ordinary shares and marketable securities giving access to the share capital in case the Company initiates a public exchange offering	AGM 23/06/2017 26th resolution	as of 23/06/2017 as of 23/08/2019		Up to €20 million, this amount being deducted from the overall ceiling set out in (1)

Issues without preferential subscription rights

Shares involved	Source (Resolution No.)	Duration of the authorisation and expiry	Use of the authorisation	Maximum nominal amount of capital increase in Euros
Issue of financial securities and/or marketable securities giving immediate or future rights to a proportion of the share capital, with waiving of preferential subscription rights in favour of certain categories of persons pursuant to Article L. 225-138 of the French Commercial Code.	AGM 20/06/2018 13th resolution	18 months as of 20/06/2018 as of 20/12/2019		Up to €20 million, this amount being deducted from the overall ceiling set out in (1)
Issue of ordinary shares in order to remunerate contributions in kind to the Company and consisting of shares or marketable securities giving access to the share capital of another company (excluding a public exchange offering initiated by the Company).	AGM 23/06/2017 29th resolution	as of 23/06/2017 as of 23/08/2019		Up to 10% of the share capital per year and up to a ceiling of €20 million, this amount being deducted from the overall ceiling set out in (1)
Allocation free of charge of existing shares or new shares to employees of the Company or corporate officers or certain categories thereof	AGM 20/06/2018 14th resolution	38 months as of 20/06/2018 as of 20/08/2021		Up to 10% of the share capital
Share subscription or purchase options in favour of Company employees or of certain categories thereof.	AGM 23/06/2016 13th resolution	as of 23/06/2016 as of 23/08/2019		Up to 10% of the share capital and up to the overall maximum ceiling of €20 million set out in (1)
Capital reduction				
Shares involved	**Source (Resolution No.)**	**Duration of the authorisation and expiry**	**Use of the authorisation**	**Maximum nominal amount of capital increase in Euros**
Capital reduction by cancelling treasury shares	AGM 23/06/2017 30th resolution	as of 23/06/2017 as of 23/08/2019		Up to 10% of the shares in the Company's share capital for a period of 24 months

Furthermore, it is recalled that the 11th resolution of the General Meeting of 20 June 2018 authorised the Board of Directors, for a period of 18 months from the Meeting, to purchase or arrange for the purchase of Company shares, as provided for by Articles L. 225-209 et seq. of the French Commercial Code, up to a maximum of 10% of the share capital on that date.

• APPENDIX 3 – SUMMARY TABLE OF CORPORATE INFORMATION ABOUT FREY SA SUBSIDIARIES

POSITION AT 31 DECEMBER 2018

Company	SIRET	Registered office Address	Last reporting date	% share capital owned by FREY	Consolidation method	Net book value of securities	Revenue excl. VAT (100%)	Equity (100%)	Net profit for last financial year (100%)
SAS Chanteloup 01	495 260 952 00025	Bezannes	31/12/2018	100%	FC	€2,255,400	€849,627	€118,898	€207,512
SAS Chanteloup 02	495 271 140 00032	Bezannes	31/12/2018	100%	FC	€4,326,000	€2,169,906	€(303,764)	€420,706
SASU Ecoparc Aménagement	828 134 262 00017	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(21,144)	€(17,314)
SASU F. Events	800 496 374 00011	Bezannes	31/12/2018	100%	FC	€150,000	€2,000,187	€795,432	€1,209,418
SASU Frey Aménagement et Promotion	500 202 049 00028	Bezannes	31/12/2018	100%	FC	€3,757,500	€3,245,466	€(5,849,771)	€(2,890,955)
SCI Frey Murs 01	794 375 758 00016	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(1,149)	€(11,149)
SASU Frey Murs 02	813 822 640 00013	Bezannes	31/12/2017	100%	FC	€10,000	€0	€(42,063)	€(21,371)
SASU FRP III	518 311 337 00019	Bezannes	31/12/2018	100%	FC	€28,038,177	€2,930,949	€(8,743,732)	€872,479
SCI IF Allondon	790 403 372 00010	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(51,502)	€(61,502)
SNC IF Bener	518 272 075 00020	Bezannes	31/12/2018	100%	FC	€10,000	€0	€3,205	€(6,794)
SNC IF Bezannes	512 278 334 00028	Bezannes	31/12/2018	100%	FC	€10,000	€374,549	€(16,849)	€(26,750)
SNC IF Chêne Vert	502 925 084 00043	Bezannes	31/12/2018	100%	FC	€40,205	€3,226,984	€845,407	€835,407
SAS IF Clos du Chêne	533 187 316 0013	Bezannes	31/12/2018	100%	FC	€16,252,450	€50,507	€8,699,252	€536,407
SCI IF Ecopole	807 934 997 00014	Bezannes	31/12/2018	100%	FC	€500,000	€0	€200,445	€(299,554)
SNC IF Gestion & Transactions	494 334 477 00028	Bezannes	31/12/2018	100%	FC	€13,750	€4,189,401	€(1,264,357)	€(1,274,357)
SNC IF Plein Est	533 350 658 00019	Bezannes	31/12/2018	100%	FC	€10,000	€2,358,648	€90,251	€80,251
SNC IF Plein Ouest	533 140 646 00019	Bezannes	31/12/2018	100%	FC	€10,000	€696,770	€36,188	€26,188
SNC IF Plein Sud	512 278 409 00028	Bezannes	31/12/2018	100%	FC	€10,000	€2,526,119	€954,092	€944,092
SNC IF Saint Parres	520 914 581 00027	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(92,797)	€(102,797)
SCI IF Valentine	790 402 242 00016	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(112,394)	€(122,394)
SCI IF ZCN Investissement	81 041 888 900 012	Bezannes	31/12/2018	100%	FC	€10,000	€301,204	€(88,540)	€(98,540)
SAS La Plaine	823 261 185 00016	Bezannes	31/12/2018	100%	FC	€10,000	€3,634,435	€(385,992)	€(396,992)
SCI Les Sablons	819 843 368 00013	Bezannes	31/12/2018	100%	FC	€10,000	€0	€(441,392)	€(451,392)
SCI Massonex	508 376 787 00018	Bezannes	31/12/2018	100%	FC	€267,195	€2,233	€(6,148)	€(13,159)
SCI PAI 01	520 281 957 00024	Bezannes	31/12/2018	100%	FC	€5,001	€0	€(271,483)	€(18,894)
SCI PAI 02	522 765 502 00029	Bezannes	31/12/2018	100%	FC	€6,523,688	€2,294,730	€(2,997,484)	€(593,662)
SNC Retail Prodev	820 821 908 00010	Bezannes	31/12/2018	100%	FC	€10,000		€3,611,709	€3,601,709
SCI Seclin 01	382 460 707 00021	Bezannes	31/12/2018	100%	FC	€4,050,400	€0	€16,310,124	€94,992

Company	SIRET	Registered office Address	Last reporting date	% share capital owned by FREY	Consolidation method	Net book value of securities	Revenue excl. VAT (100%)	Equity (100%)	Net profit for last financial year (100%)
SARL Vensud	328 580 196 00033	Bezannes	31/12/2018	100%	FC	€2,214,303	€180,200	€353,169	€108,413
SAS ZCN Aménagement	800 827 842 00017	Bezannes	31/12/2018	99%	FC	€49,500	€0	€(364,509)	€(218,081)
Frey Durango	Spanish company	Barcelona	31/12/2018	100%	FC	€3,000	€0	€654,058	€(18,476)
Frey Invest	Spanish company	Barcelona	31/12/2018	100%	FC	€100,000	€0	€(4,660,748)	€(775,675)
Parla Natura	Spanish company	Barcelona	31/12/2018	100%	FC	€3,156,056	€0	€(798,857)	€(71,219)
Santa Margarida	Spanish company	Barcelona	31/12/2018	100%	FC	€20,341	€971,084	€13,974	€122,548
Parc Valles	Spanish company	Barcelona	31/12/2018	100%	FC	€26,020,102	3,891,652	6,363,696	1,223,111
SCI L'Agenaise d'Investissement	750 095 143 00012	Bezannes	31/12/2018	50%	EA	€3,000	€1,985,574	€(4,614,616)	€(516,658)
SCI Sopic Frey	517 826 111 00026	Bezannes	31/12/2018	50%	EA	€1,754,336	€989,460	€4,416,816	€972,476
SCCV AAP	515 348 746 00022	Bezannes	31/12/2018	50%	EA	€50,000	€0	€90,931	€(9,068)
SCI Tervilloise d'Investissement	818 725 392 00018	Bezannes	31/12/2018	50%	EA	€5,000	€439,230	€(66,465)	€48,344
SCI BONNEUIL RETAIL PARK	821 629 607 00010	Bezannes	31/12/2018	50%	EA	€5,000	€365,035	€51,496	€41,496
SAS FRF 1	538 460 650 00012	Bezannes	31/12/2018	33%	EA	€658,968	€315,195	€2,145,289	€146,113
SCI FRF 2	538 486 143 00018	Bezannes	31/12/2018	24%	EA	€19,358,742	€0	€84,093,199	€11,714,426
SCI FRF 2 – La Francheville	539 695 783 00016	Bezannes	31/12/2018	24%	EA	€6,000	€1,528,858	€557,749	€567,609
SCI FRF 2 – Torcy	539 682 930 00018	Bezannes	31/12/2018	24%	EA	€6,000	€1,899,505	€667,149	€804,223
SCI FRF 2 – Torcy II	513 302 703 00022	Bezannes	31/12/2018	24%	EA	€2,346,000	€123,717	€98,968	€88,968
SCI FRF 2 – Brest Saint Dié	539 681 270 00010	Bezannes	31/12/2018	24%	EA	€6,000	€89,189	€168,670	€215,436
SCI FRF 2 – Le Pontet	751 194 861 00017	Bezannes	31/12/2018	24%	EA	€6,000	€829,265	€392,239	€392,881
SCI FRF 2 – Seclin	788 846 350 00015	Bezannes	31/12/2018	24%	EA	€6,000	€269,010	€24,250	€80,955
SCI FRF 2 – Narbonne	485 096 705 00036	Bezannes	31/12/2018	24%	EA	€2,123,325	€185,802	€3,750,885	€3,747,807
SNC IF Cormontreuil 01	508 928 314 00022	Bezannes	31/12/2018	24%	EA	€7,858,770	€1,471,855	€790,874	€780,874
SCI Zone A	488 512 286 00029	Bezannes	31/12/2018	24%	EA	€4,007,253	€1,453,251	€863,266	€763,266
SCI FRF2 - Belfort	794 430 454 00015	Bezannes	31/12/2018	24%	EA	€6,000	€0	€(6,215)	€(12,215)
SCI FRF2 Khepri 1	800 283 236 00019	Bezannes	31/12/2018	24%	EA	€6,000	€1,722,812	€2,209,003	€2,203,003
SCI FRF2 Chantepie	800 283 285 00016	Bezannes	31/12/2018	24%	EA	€6,000	€470,532	€123,114	€117,114
SCI FRF2 APOLLO	812 955 680 00010	Bezannes	31/12/2018	24%	EA	€6,000	€9,141,471	€3,285,001	€3,279,001
SCI PI	803 896 661 00011	Bezannes	31/12/2018	50%	EA	€5,000	€472,058	€120,678	€110,678
SC FREY RETAIL VILLEBON	817 676 240 00010	Bezannes	31/12/2018	5%	EA	€1,846,005	€8,724,869	€39,207,236	€2,287,131

FC : Full consolidation EA: Equity-accounting of joint ventures (associates)

- ***APPENDIX 4 – PAYMENT TERMS IN EFFECT ON 31 DECEMBER 2018***

	Article D. 441 I. - 1 of the French Commercial Code: Invoices received that were past due but not settled on the reporting date						Article D. 441 I. - 2 of the French Commercial Code: Invoices issued that were past due but not settled on the reporting date					
	0 days (illustrative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	**Total (1 day and more)**	**0 days (illustrative)**	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	**Total (1 day and more)**
(A) Late payment tranche												
Number of invoices involved	**30**					**8**	**29**					**191**
Total amount of invoices in questions Including VAT	**€210,241**	€0.00	€36,004	€50,292	€(31,812)	**€54,484**	**€192,950**	€9,043	€(14,454)	€181,501	€1,015,940	**€1,192,030**
Percentage of total purchases / sales for the financial year including VAT *	**0.36%**	0.00%	0.06%	0.09%	-0.05%	**0.09%**	**1.25%**	0.06%	-0.09%	1.18%	6.59%	**7.73%**
(B) Invoices excluded from (A) relating to disputed payables and receivables or unrecognised												
Number of invoices excluded	**0**	0	0	0	0	**0**	**0**	0	0	0	53	**53**
Total amount of invoices excluded including VAT	**€0**	€0	€0	€0	€0	**€0**	**€0**	€0	€0	€0	€283,065	**€283,065**
(C) Baseline payment terms used (contractual or statutory time-limit - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used for the calculation of payment terms	- Statutory time-limits: 30 Days End-of-Month						- Statutory time-limits: Cash					

CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

CONTENTS

1. FINANCIAL INFORMATION REGARDING THE ASSETS, FINANCIAL POSITION AND RESULTS OF FREY GROUP

1.1 INCOME STATEMENT AS AT 31 DECEMBER 2018

(€ K)	Note	31/12/2018 12 months	% revenue	31/12/2017 12 months	% revenue
Revenue	5.1.1	**56,682**	**100%**	**29,370**	**100%**
Purchases consumed	5.1.3	**-28,197**	**-50%**	**-8,018**	**-27%**
Employee costs	5.1.4	-8,773		-6,717	
Other income	5.1.5	953		5,088	
Other expenses	5.1.5	-434		-4,892	
Taxes and similar payments	5.1.6	-1,114		-1,023	
Allocation to and writebacks of depreciation and impairment	5.1.7	-867		-1,266	
Profit from recurring operations		**18,250**	**32%**	**12,542**	**43%**
Other operating income	5.1.8	-		141	
Other operating expenses	5.1.8	-918		-1,240	
Adjustment of values of investment property	5.2.3	35,740		53,760	
Operating profit		**53,072**	**94%**	**65,203**	**222%**
Share of net profit (loss) of associates	5.2.4	7,149		8,998	
Operating profit after share of net profit from associates		**60,221**	**106%**	**74,201**	**253%**
Cost of net debt	5.1.9	-9,295		-9,238	
of which financial income		*612*		*562*	
of which financial expenses		*-9,907*		*-9,800*	
Other financial income and expenses	5.1.9	-3,082		-3,164	
Profit before tax		**47,844**	**84%**	**61,799**	**210%**
Income tax	5.1.10	-2,750		-688	
Net profit of consolidated companies		**45,094**	**80%**	**61,111**	**208%**
Net profit attributable to non-controlling interests		2		1	
Net profit attributable to owners of the company		**45,096**	**80%**	**61,112**	**208%**
Earnings per share	5.1.11	2.90		5.63	
Diluted earnings per share	5.1.11	2.73		5.33	

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2018

(€ K)	Note	31/12/2018 12 months	31/12/2017 12 months
Net profit of consolidated companies		**45,094**	**61,111**
Gains and losses taken directly to equity:			
Change in fair value of hedge instruments	3.13	-	-
Impact of deferred tax on hedge instruments		-	-
Subtotal of comprehensive income items recyclable in profit or loss		**-**	**-**
Actuarial gains and losses on pension commitments net of tax		16	8
Sub-total of comprehensive income items not recyclable in profit or loss		**16**	**8**
Total gains and losses taken directly to equity:	**1.5**	**16**	**8**
Comprehensive income		**45,112**	**61,119**
Comprehensive income attributable to owners of the company		45,114	61,120
Comprehensive income attributable to non-controlling interests		-2	-1

1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

- Assets

(€ K)	Note	31/12/2018	31/12/2017
Intangible assets	5.2.1	493	383
Property, plant and equipment	5.2.2	7,858	6,927
Investment property	5.2.3	746,182	569,677
Investments in associates	5.2.4	54,176	50,378
Other non-current assets	5.2.5	9,391	7,984
Deferred tax assets	5.2.12	653	974
Total non-current assets		**818,753**	**636,323**
Inventories and work-in-progress	5.2.6	25,107	17,151
Trade receivables		31,074	4,777
Other current assets	5.2.8	33,997	35,109
Current financial assets		-	8
Cash and cash equivalents	5.2.9	78,017	69,959
Total current assets		**168,195**	**127,004**
Assets held for sale			
Total assets		**986,948**	**763,327**

- Liabilities

(€ K)	Note	31/12/2018	31/12/2017
Share capital		47,104	30,281
Reserves & share premium		508,330	275,444
Retained earnings		45,096	61,112
Equity attributable to owners of the company	**1.5**	**600,530**	**366,837**
Non-controlling interests	1.5	-4	-1
Total equity	**1.5**	**600,526**	**366,836**
Provisions for liabilities and charges	5.2.13	641	526
Non-current financial derivative liabilities	3.13	10,891	9,342
Non-current financial liabilities	5.2.10	279,993	339,412
Deferred tax liabilities	5.2.12	6,381	-
Other non-current liabilities		1,151	2,117
Total non-current liabilities		**299,057**	**351,397**
Trade payables		9,591	4,004
Other current liabilities	05/02/2014	29,592	30,464
Current financial derivative liabilities	3.13	3,615	2,807
Current financial liabilities	05/02/2015	44,567	7,819
Total current liabilities		**87,365**	**45,094**
Liabilities related to a group of assets held for sale		-	-
Total liabilities		**986,948**	**763,327**

1.4 STATEMENT OF CASH FLOWS

(€ K)	Note	31/12/2018 12 months	31/12/2017 12 months
Cash flow from operating activities			
Net profit of consolidated companies		45,094	61,111
Derecognition of income and expenses with no impact on cash or not from operations			
- Amortisation, depreciation & provisions		743	846
- Cost of debt		9,821	9,469
- Change in taxes	5.1.10	2,750	688
- Change in fair value of investment property	5.2.3	-35,740	-53,760
- Change in fair value of hedge instruments	5.1.9	3,100	3,164
- Capital gains and losses on disposals		177	479
- Share of net profit from associates	5.2.4	-7,149	-8,998
- Acquisition costs on equity securities		723	
- Other non-cash income and expenses		-	-
Cash flow of consolidated companies		**19,519**	**12,999**
Dividends received from associates		3,312	2,640
Tax paid		-647	-1,480
Change in working capital requirement related to operating activities	5.3.2	- 31,551	-13,289
Net cash flow from operating activities (1)		**-9,367**	**870**
Cash flow from investment activities			
Acquisition of fixed assets	5.3.3	-60,510	-61,720
Change in loans, advances and other financial assets		2,420	-6,105
Disposal of fixed assets	5.2.1-3	-	4,510
Change in other investments		-	851
Impact of changes in consolidation scope	5.3.4	-25,329	-7,948
Cash flow from investment activities (2)		**- 83,419**	**-70,412**
Cash flow from financing activities			
Dividends paid to shareholders of the parent company		-12,088	-9,318
Dividends paid to minority shareholders of consolidated entities		-	-
Increases and decreases in share capital	1.5-2.1.2	201,086	98,946
Amounts paid on a change in holdings without loss of control		-	-
Cost of financial debt		-10,844	-10,779
Increase in borrowings	5.2.10-15	148,000	216,733
Repayment of borrowings	5.2.10-15	-225,040	-168,505
Change in other financing		-196	77
Cash flow from financing activities (3)		**100,918**	**127,154**
Change in cash flow (1+2+3)		**8,132**	**57,612**
Cash and cash equivalents - opening balance	*5.3.1*	*69,792*	*12,180*
Cash and cash equivalents - closing balance	*5.3.1*	*77,924*	*69,792*
Change in cash		**8,132**	**57,612**

1.5 CHANGE IN SHAREHOLDERS' EQUITY

(€ K)	Share capital	Share premium	Liquidity agreement shares	Reserves and retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
Total as at 31 December 2016	**21,516**	**46,548**	**-205**	**148,067**	**215,926**	**-**	**215,926**
Net profit for the period				61,112	61,112	-1	61,111
Dividends paid		-9,318			-9,318	-	- 9,318
Capital increase	8,766	90,180			98,946	-	98,946
Change in consolidation scope				-34	-34	-	-34
Other			-71	276	205	-	205
Total as at 31 December 2017	**30,282**	**127,410**	**-276**	**209,421**	**366,837**	**-1**	**366,836**
Net profit for the period				45,096	45,096	-2	45,094
Dividends paid		-12,088			-12,088	-	-12,088
Capital increase	16,822	184,246			201,068	-	201,068
Other			-189	-194	-383	-1	-384
Total as at 31 December 2018	**47,104**	**299,568**	**-465**	**254,323**	**600,530**	**-4**	**600,526**

2. MAJOR EVENTS DURING THE PERIOD

2.1 TRANSACTIONS INVOLVING THE GROUP'S SHAREHOLDERS

2.1.1 DIVIDENDS PAID

The General Meeting of 20 June 2018 decided to pay a dividend of €1.0 per share on the 12,112,500 existing shares, i.e. a total dividend amount of €12.1 million, on the recommendation of the Board of Directors.

2.1.2 CAPITAL INCREASE

On 28 June 2018, FREY carried out a capital increase for a gross amount of €201.9 million, by issuing 6,729,165 new shares. The share capital was thus increased to €47.1 million.

2.1.3 SIGNING OF CORPORATE LINES

On 11 October 2018, Frey signed an additional clause of €50 million and an extension to 2025 on the line of credit of €300 million.

On 28 November 2018, Frey also contracted a corporate loan totalling €70 million with a new banking pool, for an initial five-year period with an extension option.

These lines of credit will enable financing of projects under development or projects that may materialise in the next few months.

They are used to benefit from favourable financial conditions reflecting the current liquidity of the credit market, to improve FREY's financial flexibility and to strengthen the Group's good relations with its traditional banking partners.

2.1.4 LIQUIDITY AGREEMENT AND SHARE BUYBACK PROGRAMME

The General Meeting of 20 June 2018 authorised the Board of Directors, with the option to sub-delegate under the conditions provided for in law, to purchase or have purchased shares in the Company, under the conditions provided for by Articles L. 225-209 of the French Commercial Code, in order to:

- ensure liquidity and activity in the market for the Company's shares via an investment service provider as part of a liquidity agreement recognised by the AMF,
- deliver shares upon the exercise of rights attached to financial securities and/or marketable securities giving the right to the allocation of shares in the Company through reimbursement, conversion, exchange, presentation of a warrant or in any other way.

Accordingly, the shares may be purchased, held, and exchanged or transferred, where applicable, via any means, and in accordance with the applicable stock market regulations and the market practices accepted and published by the AMF.

The terms and conditions determined by the General Meeting are as follows:

- Maximum share of capital limited to 10%,
- Maximum purchase price set at €50 per unit,
- The funds earmarked to implement this programme have been capped at €60.6 million;
- Implementation for a period of 18 months from the date of the General Meeting.

2.2 CHANGES IN CONSOLIDATION SCOPE

- ***Increase in consolidation scope***

Two companies were acquired in 2018:

- Spanish company Parc Vallès Inversiones Immobiliarias, S.L.U., on 19 April 2018. This company, which is wholly owned by FREY Invest, is fully consolidated.

- Spanish company Sociedad Gestora Santa Margarida S.L., wholly owned by Parc Vallès Inversiones Immobiliarias, on the same date. This company is fully consolidated.

- ***Decrease in consolidation scope***

On 16 November 2018, nine companies were dissolved without liquidation by universal transfer of assets, in order to simplify the Group's organisational structure.

To SA FREY:
- SNC Pôle Europe
- SNC IF Neuilly Sous Clermont
- SNC IF Quadrant Nord
- SNC IF Sud Ouest
- SCI de L'Isle Saint-Hubert

To SAS Frey Aménagement et Promotion:
- SNC La Rive de la Garonne
- SAS EPC
- SNC Pierry 01

To SCI Seclin 01 :
- SCI IF Cormontreuil 02

2.3 PROJECTS AND DEVELOPMENT

In 2018, the Group delivered several programmes representing a surface area of 31,500 m², including 17,600 m² conserved in managed assets: the St Quentin (02) project in the first half of 2018, and the Laval St Berthevin (53) and Bonneuil sur Marne (94) projects in the second half of 2018.

At 31 December 2018, seven projects were under construction for scheduled deliveries between 2019 and 2020:

- Shopping Promenade Claye-Souilly® (77)
- Shopping Promenade Cœur Alsace® in Strasbourg-Vendenheim (67),
- Shopping Promenade Arles (13)
- Calais (62)
- Bezannes Place Gourmande (51)
- Tinqueux (51)
- Terville North extension (57)

These assets represent a surface area of around 133,000 m², of which around 119,000 m² will be conserved as managed assets.

3. ACCOUNTING PRINCIPLES AND CONSOLIDATION METHODS

The Group's parent company, as presented in the statements below, is FREY, with registered office at 1 rue René Cassin, 51430 Bezannes.

FREY Group has been developing next-generation open-air shopping centres for over 35 years. Its new concept, Shopping Promenade®, is a response to the far-reaching changes that have been transforming the world of retail. Shopping Promenade® offers shoppers a day out in the open air in a location that respects people and their environment, a multi-faceted retail offering at the heart of an unmissable destination: an augmented experience.

As a result of new projects and the extension of existing business parks, FREY Group is also the leading private operator involved in the regeneration of commercial zones on the outskirts of towns, which will provide a significant development reserve over the coming years. Accordingly, FREY Group provides comprehensive solutions, which include the functions of planner, developer, and of a property investment company focused on growth.

It is listed in Compartment B of the Euronext Paris stock exchange.

3.1 ACCOUNTING FRAMEWORK

The accounting principles used to prepare the consolidated annual financial statements comply with IFRS and their interpretations as adopted by the European Union and in effect at 31 December 2018.

This reference framework includes IFRSs (International Financial Reporting Standards) 1 to 13 and IASs (International Accounting Standards) 1 to 41, as well as their interpretations as adopted in the European Union.

The accounting principles and methods used for the consolidated financial statements as at 31 December 2018 are the same as those used to present the consolidated annual financial statements for the year ended 31 December 2017, except for the entry into force of the following standards and interpretations applicable to the Group as of 1 January 2018:

- IFRS 15, application of which is retrospective and without material effect on the Group's financial statements prepared as at 31 December 2018 and as at 31 December 2017 (see below)
- IFRS 19, application of which is retrospective for provisions relating to financial assets and has no effect on the consolidated financial statements; the Group has opted for prospective application of provisions relating to hedge instruments
- the amendment to IAS 40, which has no effect on the period

On 31 October 2017, the European Union adopted IFRS 16, application of which is mandatory for annual reporting periods starting on or after 1 January 2019, with early application permitted. This standard ends the existing distinction between operating leases and finance leases. This means that all leases that meet the definition of an operating lease will be recognised in the assets and liabilities of lessees as right-of-use assets leased with a contra-entry in lease liabilities. The Group has identified the leases and their main provisions, and the effects of this new standard are being assessed. The methods of first application have not yet been defined by the Group.

Change of method as of 1 January 2018:

- **IFRS 15**

The European Union adopted IFRS 15 on 22 September 2016 and the related clarifications on 31 October 2017. The effects of this standard on the Group concern revenue from off-plan property sales promotions. The application of the standard does not call into question the recognition of revenue according to the percentage of completion for those transactions for which the transfer of control of the sold asset is carried out continuously over the duration of the transaction.
However, the modalities for determining the measurement of the transfer of control (technical progress) have changed, as all costs relating to the cost price, including the cost of land, is taken into account in the calculation base.
This standard was not applied early by the Group as at 1 January 2017. Application is mandatory as of 1 January 2018 and the Group has opted to apply the simplified retrospective method as at 1 January 2018, which involves the inclusion of the cumulative effects of the transition to equity in the opening balance of this financial year, i.e. 1 January 2018.
The company has retained the simplification measures proposed by the standard: the Group did not restate contracts that started and ended during the same year or contracts that were completed at the beginning of the first period presented. Accordingly, there was no effect on the year ended 31 December 2017 (and therefore no effect on equity as at 1 January 2018), as all projects had been delivered at this date.

- **IFRS 9**

On 22 November 2016, the European Union adopted IFRS 9, application of which is mandatory for annual reporting periods starting on or after 1 January 2018, retrospectively. This standard defines new principles for the classification and measurement of financial instruments, impairment of financial assets for credit risk, and hedge accounting. The principles of application of IFRS 9 had no effect on the classification of consolidated financial assets and liabilities. The methods for determining impairment of trade receivables fall within the scope of IFRS 9, which introduces an expected loss model (rather than an incurred loss model), and taking into account its practice, the methodology for writing down receivables have not been changed.
In terms of hedging, the Group has opted to continue to apply the provisions of IAS 39 and will prospectively apply the hedge accounting provisions of this standard to new instruments.

3.2 BASIS FOR MEASUREMENT, JUDGEMENTS AND USE OF ESTIMATES

The financial statements were prepared on a historical cost basis, except for investment property, derivatives, and marketable securities equivalent to cash, which are recognised at fair value. The preparation of the financial statements in accordance with the IFRS conceptual framework requires estimates to be made and assumptions to be formulated which affect the amounts presented in the financial statements. The material estimates used by the Group to prepare the financial statements primarily relate to:

- Fair value measurement of investment property,
- Measurement of derivative financial instruments,
- Measurement of operating assets, including the percentage of completion for ongoing projects,
- Measurement of provisions.

Due to the uncertainty inherent in any measurement process, the Group reviews its estimates on the basis of information that is updated on a regular basis. The future results of the transactions concerned may differ from these estimates.

In addition to the use of estimates, the Group's management uses its judgement in order to determine the appropriate accounting treatment for certain business activities and transactions, where IFRS and the related interpretations in effect do not specifically cover the accounting issues in question.

3.3 CONSOLIDATION SCOPE AND METHOD

The consolidation scope includes companies placed under FREY Group's control, as well as companies over which the Group exercises joint control or significant influence.

The Group takes account of all the facts and circumstances when assessing the potential control that it holds over a controlled entity. This concept of control is reviewed if the facts and circumstances indicate a change in one or more of the factors set out above.

The consolidation method is determined in accordance with the control exercised:

- Control: full consolidation. An investor controls an entity when it has exposure or rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

- Joint control: this is the contractually agreed sharing of the control exercised over an operation, which only exists in the event that decisions regarding the relevant activities require the unanimous consent of the parties who share control. The classification of a partnership as a joint arrangement or joint venture depends on the rights and obligations of the parties to the operation.

    - ❖ Each party accounts for its share of assets, liabilities and transactions in a joint operation, including their jointly generated share. These assets, liabilities, and transactions are recognised in accordance with the corresponding IFRSs.

    - ❖ Each party to a joint operation must recognise its interests in a joint-venture in the same manner as that used for an investment in an associate, i.e. in accordance with the equity method.

- Significant influence: consolidation by equity method. Significant influence means having the power to participate in the financial and operating policy decisions of the entity held, but without being able to control those policies. This is assumed if the Group directly or indirectly holds more than 20% of an entity's voting rights.

3.4 BUSINESS COMBINATIONS

In respect of business combinations, the acquisition cost is measured as the total fair value, on the transaction date, of assets transferred, liabilities incurred or assumed and equity instruments issued by the Group in consideration for control of the acquired entity. According to IFRS 3 (Revised), the acquisition costs of securities are expensed.

On the acquisition date, the identifiable assets, liabilities, off-balance sheet items and contingent liabilities pursuant to IFRS 3 of the acquired entities are measured individually at fair value, irrespective of allocation. The assessments and appraisals required for the initial measurement of these items and any potential adjustments in the event of new information may be conducted within a period of 12 months from the acquisition date.

Any positive difference between the acquisition cost of the entity and the share of net assets acquired that is re-measured in this way is recognised under the “Goodwill” heading in consolidated statement of financial position assets; in the event that the difference is negative, it is immediately recorded in profit or loss.

3.5 TRANSLATION OF FOREIGN CURRENCY-DENOMINATED FINANCIAL STATEMENTS

As all of the consolidated foreign companies are based in the Euro zone, no foreign exchange impact needs to be recorded in the Group’s financial statements.

3.6 INTANGIBLE ASSETS

Intangible assets that may be separated and sold, transferred, franchised under licence, leased or exchanged, either on an individual basis or as part of an agreement, with a related asset or liability, or that result from contractual rights or other legal rights, whether assignable or separable, are recorded in intangible assets. Following their initial recognition, intangible assets are recognised at cost, less any cumulative amortisation and impairment charges.

Assets with a finite useful life are amortised on a straight-line basis over the said life. Useful lives are reviewed annually, and an impairment test is performed as soon as there is evidence of impairment.

3.7 PROPERTY, PLANT AND EQUIPMENT

The procedures for applying IAS 16 – Property, Plant and Equipment adopted by the Group consist in valuing buildings excluding investment property (registered office), technical facilities, fixtures and equipment, and other property, plant and equipment at their historical cost.

The main depreciation periods applied on a straight-line basis are as follows:

- Structure of buildings 35 years
- Façades 25 years
- General facilities 20 years
- Technical facilities 4-10 years
- Fixtures and equipment 4-10 years

Depreciated buildings do not form part of asset management activities and are not regarded as investment property.

3.8 INVESTMENT PROPERTY

Investment property is defined as property held to earn rentals or for capital appreciation or both.

IAS 40 applies to the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease.

The property assets of FREY Group, excluding the registered office, are recognised as investment property.

Pursuant to the preferred method proposed by IAS 40, investment property is valued at its market value, excluding stamp duty, and is no longer depreciated or impaired.
According to IFRS 13, fair value is defined as the price that would be received on the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market participants at the measurement date (exit value).

Planned future improvements or alterations to an asset must be taken into account in the appraisal, in order to reflect its optimal use.

The market value is determined by independent expert appraisers every six months. It corresponds to the price at which an asset or a property right could be sold at the time of appraisal under normal supply and demand conditions.

The market value is determined as follows:

- land: by reference to the market prices recorded on the market for property complexes that are equivalent in type and location (comparative method), and by reference to the potential market value of the property complex calculated by estimating the difference between the sale price and the planner cost (investment property cost method or planner's balance sheet method);
- assets leased under a construction lease: by discounting the forecast net income over the term of the construction lease and determining the residual contractual value at the end of the lease; and
- completed buildings: by capitalising the net income depending on the yields observed on the market (capitalisation method) and by the discounted cash flow method (discounting of future rents).

The net income is determined by deducting the actual and potential rents (on vacant premises), and the property charges that cannot be recovered from tenants depending on the leases concerned, as well as the charges relating to vacant premises, determined on the basis of an estimated re-leasing period. In the event that a site has a structural vacancy, these deductions would be accompanied by the loss of the corresponding potential income.

In accordance with IAS 40 (Revised), buildings in the process of construction or development with a view to their subsequent use as investment property are classified as investment property and measured at fair value, if the criteria for the reliability of the fair value (administrative, marketing, and technical criteria) are fulfilled.

Changes in the fair value of investments are taken to profit or loss during the period when they occur. Any gain or loss realised as the result of the sale of a property investment is recognised during the realisation period; the gain or loss is equal to the difference between the net proceeds from the sale and the latest estimated fair value.

3.9 IMPAIRMENT OF ASSETS

To assess the existence of any evidence that an asset may have been impaired, the following must be considered as a minimum:

- the asset's market value has decreased significantly during the period,
- significant changes have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates,
- market interest rates or other market rates of return on investments have increased during the period, affecting the discount rate used in calculating an asset's value in use.

3.10 FINANCIAL ASSETS AND LIABILITIES

- Financial assets

The "financial assets" category specifically includes investments in marketable securities that do not fulfil the criteria for classification as cash equivalents.

Dividends received are recorded once they have been approved. Interest is recorded in profit or loss on the basis of an effective interest rate.

When loans are initially recognised, directly related transaction costs are included if the amount is material.

Loans are measured at their amortised cost at each year-end. In addition, write-downs are established when there is an objective indication that the value of the asset may have been impaired as a result of an event arising after its initial recognition.

- Financial liabilities

Financial liabilities include loans (including bonds) and other interest-bearing liabilities.

Upon initial recognition, they are measured at fair value, increased by transaction costs that are directly attributable to the issuance of the liability. They are subsequently recognised at amortised cost based on the effective interest rate. The effective interest rate includes the stated interest rate and the actuarial amortisation of issue expenses and issue and redemption premiums.

The portion of financial debt maturing within one year is classified within current financial liabilities.

3.11 OTHER NON-CURRENT ASSETS

Other assets are recorded at their acquisition cost. These assets are the subject of impairment tests as soon as there is evidence of impairment, and at least on an annual basis.

3.12 FINANCIAL ASSETS AND LIABILITIES AVAILABLE FOR SALE

Assets and liabilities that are immediately available for sale, and where the sale is highly probable, are classified under assets and liabilities available for sale. When several assets are intended to be sold as part of a single transaction, the group of assets is considered as a whole, together with the related liabilities.

Assets or groups of assets available for sale are measured at the lower of their net book value and their fair value net of disposal costs. If the assets intended for sale correspond to investment property, this property is measured at fair value net of marketing costs (based on the expert appraisal or at the sale price if that price is known, after deducting the costs relating to the sale). Non-current assets classified as held for sale are no longer depreciated. Where the assets intended for sale are consolidated companies, a deferred tax charge is recorded on the difference between the consolidation value of the securities sold and their taxable value pursuant to IAS 12 and the tax arrangements in effect.

Assets and liabilities available for sale are classified respectively on two lines of the consolidated statement of financial position, while the respective income and expense accounts remain consolidated on a line-by-line basis in the Group's income statement. In the case of assets and liabilities that are related to discontinued operations, the income and expense accounts are grouped on a single line in the Group's income statement.

The value of the assets and liabilities is reviewed at each year-end, in order to determine whether it is appropriate to record a loss or a profit in the event that their fair value net of disposal costs has changed.

No assets were concerned in the financial statements as at 31 December 2018 (see 5.2.3 Investment property).

3.13 DERIVATIVE FINANCIAL INSTRUMENTS

The measurement and recognition of financial instruments and disclosure are determined by IAS 32, IAS 39, IFRS 7 and IFRS 13.

FREY Group only uses derivatives as part of its policy aimed at hedging the interest-rate risk on its debt. These instruments, which are presented at their notional off-balance-sheet value according to French accounting standards, constitute financial assets and liabilities under IFRS, and must be recorded on the statement of financial position at their fair value.

These instruments must be classified or not classified as hedges, the effectiveness of which must be verified. Where the hedging relationship has been established (cash flow hedges), the change in the value of the instrument, which only corresponds to the effective portion of the hedge, is recorded in equity. The change in the fair value of the ineffective portion of the hedge is recognised in profit or loss in accordance with the MTM valuations communicated by the credit institutions concerned.

In all other cases the change in value is directly recorded in profit or loss.
Given the cost of carrying out the effectiveness tests and taking into account the impact of changes in value recognised in equity on comprehensive income, the Group decided not to test its financial instruments and therefore to recognise all the changes in profit or loss.

The cash balances relating to these financial instruments are recognised as a change in value.

Exposure to counterparty credit risk

The Group, which holds groups of financial assets or financial liabilities, is exposed to market risk or credit risk on each of its counterparties, as defined by IFRS 7. The Group uses the exception provided by IFRS 13, which makes it possible to measure at fair value the group of financial assets or financial liabilities based on the price that would be received for the sale or transfer of a net position in relation to a particular risk in a normal transaction between market participants on the valuation date.

To determine this net position, the Group takes into account any existing arrangements that would reduce credit risk in the event of default (e.g. a master netting agreement with the counterparty). The fair value measurement takes into account the likelihood of such an arrangement being legally binding in the event of default.

As the impact is not material, the measurement of these derivatives does not take account of the credit value adjustment (CVA), and the debit value adjustment (DVA).

The financial instruments held at 31 December 2018 had a value of -€3.6 million (excluding accrued interest), compared with -€2.8 million at 31 December 2017.

The impact of the change in fair value was recognised in profit or loss for a negative amount of €0.8 million, excluding deferred tax.

Hybrid financial instruments

FREY issued Property Performance Bonds Redeemable in Cash and/or in New or Existing Shares (OPIRNANE) in November and December 2012, which enabled it to diversify its sources of financing and to extend the maturity of its debt.

On issue, the characteristic features of this bond are as follows:

Type of bond issue	OPIRNANE
Issue date	11/2012 and 12/2012
Issue size (€ millions)	30.00
Issue/conversion price (€)	18.50
Conversion ratio	1.02
Number of securities issued	1,621,691
Nominal rate (minimum)	6%
Maturity	10 years

A property performance bond redeemable in cash and/or new or existing shares (OPIRNANE) is a hybrid instrument that includes a host contract, net of issue fees, measured at amortised cost in accordance with the effective interest rate method, and an embedded derivative, which must be detached and recognised at fair value through profit or loss. This fair value is determined on the basis of the interest rate, price and volatility of FREY shares, and of consolidated shareholders' equity attributable to owners of the company, per share.

In November 2018, FREY bought back and cancelled 102,358 OPIRNANE bonds, i.e. around 6.3% of the bonds in issue before cancellation, for a unit value of €25.50.

As at 31 December 2018, 1,519,333 bonds remained in issue, with a nominal value of €18.50, representing a total nominal amount of €28.1 million.

The OPIRNANE derivative was valued at a negative €10.9 million at 31 December 2018, compared with a negative €9.3 million at 31 December 2017. This decrease of €1.6 million breaks down into a change of -€2.3 million in the fair value of the derivative and a redemption impact of €0.7 million on net profit for the period.

Asset and liability measurement methods

The main methods and assumptions used to classify financial instruments are set out in the following table (for the material statement of financial position items concerned):

Amounts in € K	Classification	31/12/2018	31/12/2017
ASSETS			
Intangible assets	C	493	383
Property, plant and equipment	C	7,858	6,927
Investment property	B	746,182	569,677
Other non-current assets	D	9,391	7,984
Inventories and work-in-progress	D	25,107	17,151
Trade receivables	D	31,074	4,777
Other current assets	D	33,997	35,109
Derivative financial instruments	E	-	8
Cash and cash equivalents	B	78,017	69,959
Assets held for sale	A	-	-
EQUITY AND LIABILITIES			
Non-current derivative financial instruments (interest rate)	E	-	-
Non-current derivative financial instruments (borrowings)	B	10,891	9,342
Non-current financial liabilities	B/C	279,993	339,412
Deferred tax liabilities	D	6,381	-
Other non-current liabilities	D	1,151	2,117
Trade payables	D	9,591	4,004
Other current liabilities	D	29,592	30,464
Current derivative financial instruments	E	3,615	2,807
Current financial liabilities	B/C	44,567	7,819
Liabilities related to a group of assets held for sale	C	-	-

A: Assets held for sale
B: Fair value through profit or loss
C: Measured at amortised cost
D: Measured at cost
E: Fair value through equity or profit or loss according to effectiveness

There are three levels of fair value, depending on whether the instrument is listed on an active market (Level 1), whether its measurement involves valuation techniques that rely on existing market data at year-end (Level 2), or if reliance is placed on non-observable data (Level 3).

Assets measured at fair value (€ K)	Classification	31/12/2018	31/12/2017
Investment property	Level 3	746,182	569,677
Marketable securities	Level 1	61	62
Total		**746,243**	**569,739**

Financial liabilities measured at fair value (€ K)	Classificatio n	31/12/2018	31/12/2017
Non-current liability derivatives (hedge instruments)	Level 2	-	-
Convertible bond derivatives (OPIRNANE)	Level 2	10,891	9,342
Current liability derivatives (trading instruments)	Level 2	3,615	2,807
Total		**14,506**	**12,149**

Management of financial risks

- ***Foreign exchange risk***

All revenues are generated in Europe and in Euros. The financing of investments is denominated in Euros. Accordingly, there is no foreign exchange risk.

- ***Interest rate risk***

The Group's financial debt contracted with credit institutions amounted to €345.4 million at 31 December 2018, compared with financial debt of €280.9 million at 31 December 2017, excluding associates' current accounts and excluding short-term lines of credit. The net financial debt is primarily variable-rate debt.

The Group has entered into several hedging contracts in the form of swaps, thus reducing its exposure to interest rate risk. The percentage of the Group's total debt (bank and bonds) not subject to interest-rate fluctuations was 98.2% at 31 December 2018 compared with 84.3% at 31 December 2017.

The following table shows the impact on Group net financial income of a 100 basis point and 50 basis point increase and decrease in the Euribor 3-month rate:

At 31 December 2018	-100 pts	-50 pts	E3M	+50 pts	+100 pts
Cost of net debt	-8,112	-8,703	-9,295	-9,735	-9,807
Impacts	1,183	592	-	-440	-512

Amounts in € K

- ***Sensitivity of investment property to the capitalisation rate***

The average capitalisation rate used by independent experts in the valuation of investment property was 5.85% compared with 5.67% for the year ended 31 December 2017, linked to the impact of projects under construction.

The following table shows the impact on the valuation of investment property of a 100 basis point and 50 basis point increase and decrease in the capitalisation rate:

Capitalisation rate at 31 December 2018	-100 pts	-50 pts	5.85 %	+50 pts	+100 pts
Investment property valuation	935,614	831,837	746,182	674,248	612,962
Valuation differential	189,432	85,655	-	-71,934	-133,220

Amounts in € K

The change in the capitalisation rate does not affect investment property measured at cost, or land measured in accordance with the comparative method or property investment cost method (combined method).

- ***Liquidity risk***

The rental yield on the assets held by the Group enables it to guarantee the servicing of the debt that it has raised.

All of the covenants included in the loan documents signed by FREY Group were complied with at 31 December 2018.

The ratios are follows:

LTV		
Relevant debt	€27.1m	€19.5m
Required ratios	<60.0%	<65.0%
Ratios at 31/12/2018	48.8%	40.6%

DSCR	
Relevant debt	€46.6m
Required ratios	>120%
Ratios at 31/12/2018	294% to 396%

ICR	
Relevant debt	€46.6m
Required ratios	> 2.0
Ratios at 31/12/2018	5.4 – 8.6

CONSOLIDATED RATIOS	LTV		DSCR	ICR		Collateralised debt
Relevant debt	€36.2m	€173.0m	€36.2m	€36.2m	€173.0m	€173.0m
Required ratios	<= 70.0%	<= 60.0%	>= 110%	>= 1.5	>= 2	<20.0%
Ratios at 31/12/2018	26.1%	25.1%	192%	2.7	3.3	9.6%

- ***Counterparty risk***

The Group carries out financial transactions with top-tier banks, in terms of both loans and amounts invested.

The main tenants of the Group's assets are top-tier companies, for which the Group has not identified any insolvency risk.

Furthermore, when signing the leases, the tenants give the Group financial guarantees, either in the form of a security deposit, or in the form of a bank guarantee.

3.14 INVENTORIES AND WORK-IN-PROGRESS

Land and property in inventory are measured at their acquisition cost or at their purchase cost excluding any other financial charges. An impairment loss is recorded in order to take the economic value of each asset into account.

3.15 RECEIVABLES

Receivables are recorded at their nominal value. They are the subject of regular value tests, which enable any long-term losses identified to be expensed.

3.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, short-term deposits and money market funds that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Marketable money-market securities have been recognised at their fair value in the financial statements.

3.17 DEFERRED TAX

The Group applies IAS 12 – Income Taxes.

The business activities subject to tax are taxed at the standard rate. The deferred taxation of business activities subject to corporation tax is taken into account. Deferred tax is calculated in accordance with the liability method for all the future differences between the accounting and taxable profits or losses, which appear where the book value of an asset or liability is different from its taxable value. These temporary differences generate tax assets and liabilities, which are classified as deferred.

Deferred tax on the items recognised in shareholders' equity is also recognised in shareholders' equity.

The deferred tax assets resulting from temporary differences and from tax losses carried forward correspond (or are limited) to the amount of the recoverable tax.

The Group' s parent company, its fiscally transparent subsidiaries, and FRP III, La Plaine, Les Sablons 1, FRF 01, IF Clos du Chêne, Chanteloup 01, Chanteloup 02 and Seclin 01 are subject to tax arrangements for REITs. No deferred tax was recorded on transactions that fall within the scope of these arrangements.
Frey Aménagement et Promotion opted for tax consolidation from 1 January 2017, including its subsidiaries ZCN Aménagement, F. Events, Ecoparc Aménagement and Ven-Sud.

3.18 TREASURY SHARES

As part of the liquidity agreement arranged by FREY, the treasury shares are recorded as a deduction to shareholders' equity at their acquisition cost. The gains or losses on the disposal of the securities are recognised in shareholders' equity, and do not contribute to the profit or loss for the financial year.

FREY held 30,337 shares as part of the liquidity agreement and buyback agreement at 31 December 2018, i.e. with a value of €0.8 million on the basis of the most recent share price.

3.19 PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, provisions are recorded when, at closing date, the Group has an actual, legal, or implicit obligation that results from a past generating event, and where the amount can be estimated in a reliable manner and it is probable that an outflow of resources representing economic benefits will be required to settle the obligation. This obligation may be legal, regulatory or contractual in nature. These provisions are estimated according to their nature, by taking the most probable scenarios into account. The amounts are discounted when the effect of the passage of time is material.

3.20 BORROWING COSTS

IAS 23 provides that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Other borrowing costs are expensed.

Groups are not required to apply the standard to borrowing costs that are directly attributable to the acquisition, construction, or production:

- of a qualifying asset measured at fair value, which can be the case for an investment property;
- of inventory that is manufactured or otherwise produced in large amounts.

At FREY Group, the borrowing costs borne over the period relate to assets recognised as investment property at fair value; IAS 23 therefore has only a presentation impact on the Group's financial statements.

3.21 EMPLOYEE COMMITMENTS

IAS 19 determines the procedures for recognising benefits awarded to employees. It applies to all of the remuneration paid in consideration for services provided, except for share-based remuneration amounts, which are dealt with by IFRS 2.

The Group's employees receive short-term benefits (paid leave and sick leave) and post-employment benefits (end-of-career and/or retirement).

Retirement benefits are paid to the employees of French companies at the time when they retire, depending on their seniority, and their salary at retirement age. These benefits are in the defined-benefit scheme category.

FREY Group companies have calculated retirement benefits based on the assumption of voluntary departure, in accordance with the property development sector collective-bargaining agreement.

The main parameters used for the actuarial valuation of these commitments are as follows:

- Retirement age calculated on the basis of a contribution period of 41 years capped at age 67,
- Trend in wages 1.50%,
- Employer contribution rate 40.00%,
- Discount rate 1.62%.

3.22 REVENUE RECOGNITION

Income relating to development is recognised in accordance with the percentage of completion method. All off-plan sales transactions are concerned by the entry into force of IFRS 15, described in § 3.1 above.

Rental income consists of the rental of property assets, and is recognised in accordance with the terms and conditions and expiry dates provided for in each lease and at the invoicing date; where applicable, the income for a rental period after the closing date is taken to prepaid income.

Entry fees, rent free periods, and significant step-ups are spread over the fixed term of the lease.

3.23 LEASES

According to IAS 17, a lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, the lessee recognises finance leases as assets and liabilities in its statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Fixed assets acquired via finance leases are depreciated according to the useful lives applied by the Group.

An operating lease is any lease other than a finance lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

- ***FREY Group's leases as a lessor***

FREY Group's rental income is generated by operating leases.

- ***FREY Group's leases as a lessee***

Leases are classified as operating leases if no transfer of ownership is planned when the term of the lease expires. Otherwise, they are finance leases.

Six property finance leases, including three relating to the joint ventures, were restated in the consolidated financial statements as at 31 December 2018.

3.24 OTHER OPERATING INCOME AND EXPENSES

Non-recurring transactions where the amount is significant and could jeopardise operating performance are classified on two lines entitled “Other income” and “Other expenses”. These lines specifically include:

- costs relating to discontinued projects,
- one-off amounts that are individually significant but not directly related to the business activities,
- capital gains or losses on disposal and/or dilution or a significant and unusual impairment of non-current assets.

3.25 DERECOGNITION OF INTRA-GROUP TRANSACTIONS

Transactions, and reciprocal assets and liabilities held by the fully consolidated companies are derecognised, together with internal Group profits and losses (dividends, provisions for liabilities and charges recorded as the result of losses suffered by the consolidated companies, provisions for the impairment of intra-group current accounts, and capital gains or losses realised at the time of disposals within the Group). The derecognition of internal profits or losses is divided between the portion attributable to owners of the company and the non-controlling interests held in the company that generated the profit or loss.

Intra-group losses between consolidated companies are only derecognised to the extent that they do not have to be written down.

3.26 OPERATING SEGMENTS

IFRS 8 requires the disclosure of information regarding the Group's operating segments.

This standard determines an operating segment as follows:
"An operating segment is a component of an entity:

- *that engages in business activities from which it may earn revenues and incur expenses;*
- *whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and*
- *for which discrete financial information is available. "*

NB: In this context, the term "operating results" does not relate to the IFRS definition, but to the results of the various activities and/or operating segments identified by the chief operating decision maker. The "operating results" monitored separately by FREY are the gross margin.

The standard also specifies: *"An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. "*

FREY Group's growth management process requires it to monitor its business activities in a summary manner in terms of both indicators and profitability.

FREY Group therefore presents its segment information as follows:

- Three operating segments are identified by the Group's management:
  - ❖ Property investment (rental income and other income from portfolio assets);
  - ❖ Property development (development and planning of Retail Parks);
  - ❖ Other activities (invoicing of services and support activities).

- Rents and charges that cannot be re-invoiced are the subject of an allocation between the stabilised assets (delivered or purchased over one year before year-end) and the unstabilised assets (delivered or purchased less than one year before year-end).

- The indicators monitored for each operating segment are as follows:
  - ❖ revenue (rental income, sales, fees);
  - ❖ expenses that cannot be re-invoiced to tenants;
  - ❖ the cost of sales.

- The other items that cannot be allocated on the basis of "discrete financial information" are disclosed on an aggregate basis.

The Group takes the view that each development programme and each investment property represents a CGU, and that each CGU can be assigned to one or several operating segments depending on its economic purpose.

- ***Information as at 31 December 2018***

€ K - at 31 December 2018	Property investment activity	Property development	Other	Total
Rental income from stabilised assets	**29,924**			29,924
Non-recoverable expenses on stabilised assets	-1,712			-1,712
Net rental income from stabilised assets	**28,212**			**28,212**
Rental income from unstabilised assets	**2,895**			2,895
Non-recoverable expenses on unstabilised assets	-528			-528
Net rental income from unstabilised assets	**2,367**			**2,367**
Sales		**21,590**		21,590
Purchase cost of goods sold		-17,366		-17,366
Developer's profit		**4,224**		**4,224**
Other revenue			**2,273**	**2,273**
Gross profit				**37,076**
External services				-8,591
Payroll expenses				-8,773
Other income and expenses				519
Taxes and similar payments				-1,114
Amortisation, depreciation and provisions				-867
Profit from recurring operations				**18,250**
Other operating income and expenses				-918
Value adjustments of investment property				35,740
Operating profit				**53,072**
Share of net profit (loss) of associates				7,149
Operating profit after share of net profit (loss) of associates				**60,221**
Cost of net debt				-9,295
Value adjustments of financial assets				-3,082
Profit before tax				**47,844**
Income tax				-2,750
Net profit of consolidated companies				**45,094**
Non-controlling interests				2
Net profit attributable to owners of the company				**45,096**

The Group's rental income increased by €9.1 million between December 2017 and December 2018, mainly due to the delivery of Shopping Promenade Cœur Picardie® in Amiens (80) and Z'aisne Shopping in Saint-Quentin (02) and the acquisition carried out in Spain in April 2018.
Development business rose significantly in financial year 2018, mainly due to the sale of the asset at Laval-Saint-Berthevin (53).

The main aggregates of the statement of financial position by operating segment were as follows:

- Assets

€ K - at 31 December 2018	Property investment activity	Property development	Other	Total
Investment property	746,182	-	**-**	**746,182**
Investments in associates	54,130	46	-	**54,176**
Inventories and work-in-progress	-	25,107	-	**25,107**

- Liabilities

€ K - at 31 December 2018	Property investment activity	Property development	Other	Total
Investments in associates	13	-	-	**13**
Non-current financial liabilities	278,034	58	1,901	**279,993**
Current financial liabilities	44,248	52	267	**44,567**

- ***Information at 31 December 2017***

€ K - at 31 December 2017	Property investment activity	Property development	Other	Total
Rental income from stabilised assets	**22,935**			22,935
Non-recoverable expenses on stabilised assets	-1,585			-1,585
Net rental income from stabilised assets	**21,350**			**21,350**
Rental income from unstabilised assets	**790**			790
Non-recoverable expenses on unstabilised assets	-404			-404
Net rental income from unstabilised assets	**386**			**386**
Sales		**2,780**		2,780
Purchase cost of goods sold		-2,437		-2,437
Developer's profit		**343**		**343**
Other revenue			**2,865**	**2,865**
Gross profit				**24,944**
External services				-3,592
Payroll expenses				-6,717
Other income and expenses				196
Taxes and similar payments				-1,023
Amortisation, depreciation and provisions				-1,266
Profit from recurring operations				**12,542**
Other operating income and expenses				-1,099
Value adjustments of investment property				53,760
Operating profit				**65,203**
Share of net profit (loss) of associates				8,998
Operating profit after share of net profit (loss) of associates				**74,201**
Cost of net debt				-9,238
Value adjustments of financial assets				-3,164
Profit before tax				**61,799**
Income tax				-688
Net profit of consolidated companies				**61,111**
Non-controlling interests				1
Net profit attributable to owners of the company				**61,112**

The main aggregates of the statement of financial position by operating segment were as follows:

- Assets

€ K - at 31 December 2017	Property investment activity	Property development	Other	Total
Investment property	569,677	-	**-**	**569,677**
Investments in associates	50,339	39	-	**50,378**
Inventories and work-in-progress	-	17,151	-	**17,151**

- Liabilities

€ K - at 31 December 2017	Property investment activity	Property development	Other	Total
Investments in associates	14	-	-	**14**
Non-current financial liabilities	337,136	112	2,164	**339,412**
Current financial liabilities	7,481	79	259	**7,819**

3.27 EARNINGS PER SHARE

Undiluted earnings per share (basic earnings per share) correspond to the net profit attributable to owners of the company for the financial year attributable to the ordinary shares divided by the weighted average number of shares outstanding during the financial year. The average number of ordinary shares outstanding during the financial year is the number of ordinary shares outstanding at the beginning of the financial year, adjusted for the number of ordinary shares bought back or issued during the financial year.

To calculate diluted earnings per share, the average number of shares outstanding is adjusted, in order to factor in the dilutive effect of equity instruments issued by the Company that are likely to increase the number of shares outstanding.

A single dilutive instrument existed at 31 December 2018. This was the property performance bonds redeemable in cash and/or new or existing shares (OPIRNANE) issued by FREY during the 2012 financial year.

There were no other securities granting access to FREY's share capital.

4. CONSOLIDATION SCOPE

Entities included in consolidation scope	Consolidation method	31/12/2018		31/12/2017	
		% interest	% control	% interest	% control
SA FREY SIRET No. 398 248 591 00065 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC Pôle Europe SIRET No. 451 915 748 00029 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SCI Seclin 01 SIRET No. 382 460 707 00021 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC La Rive de la Garonne N°SIRET 484 964 903 00021 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SAS EPC SIRET No. 484 553 326 00022 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SNC Pierry 01 SIRET No. 452 928 971 00020 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SNC IF Gestion et Transactions SIRET No. 494 334 477 00028 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SAS Frey Aménagement et Promotion SIRET No. 500 202 049 00028 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC IF Neuilly Sous Clermont SIRET No. 501 640 007 00024 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SNC IF Chêne Vert SIRET No. 502 925 084 00043 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SCI IF Bener SIRET No. 518 272 075 00020 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC IF Quadrant Nord SIRET No. 508 939 741 00023 1 rue René Cassin – 51430 Bezannes	NC (1)	-	-	100.00%	100.00%
SNC IF Plein Sud SIRET No. 512 278 409 00028 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC IF Bezannes SIRET No. 512 278 334 00028 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SCI PAI 01 SIRET No. 520 281 957 00024 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SCI PAI 02 SIRET No. 522 765 502 00029 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC IF Saint Parres SIRET No. 520 914 581 00027 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%

Entities included in consolidation scope	Consolidation method	31/12/2018		31/12/2017	
		% interest	% control	% interest	% control
SCI IF Cormontreuil 02 SIRET No. 529 494 783 00028 1 rue René Cassin – 51430 Bezannes	**NC [1]**	-	-	100.00%	100.00%
SAS IF Clos du Chêne SIRET No. 533 187 316 00013 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SNC IF Plein Est SIRET No. 533 350 658 00019 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SNC IF Plein Ouest SIRET No. 533 140 646 00019 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SAS Chanteloup 01 SIRET No. 495 260 952 00033 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SAS Chanteloup 02 SIRET No. 495 271 140 00032 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SNC IF Sud Ouest SIRET No. 538 185 620 00019 1 rue René Cassin – 51430 Bezannes	**NC [1]**	-	-	100.00%	100.00%
SCI de L'Isle Saint-Hubert SIRET No. 478 679 731 00040 1 rue René Cassin – 51430 Bezannes	**NC [1]**	-	-	100.00%	100.00%
SCI IF Allondon SIRET No. 790 403 372 00010 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SCI IF Valentine SIRET No. 790 402 242 00016 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SCI Frey Murs 01 SIRET No. 452 928 758 00016 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SAS ZCN Aménagement SIRET No. 800 827 842 00017 1 rue René Cassin – 51430 Bezannes	**FC**	99.00%	99.00%	99.00%	99.00%
SAS F. Events SIRET No. 800 496 374 00011 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SCI IF Ecopole SIRET No. 807 934 997 00014 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SCI Massonex SIRET No. 508 376 787 00026 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SCI IF ZCN Investissement SIRET No. 810 418 889 00012 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%
SAS Frey Murs 02 SIRET No. 813 822 640 00013 1 rue René Cassin – 51430 Bezannes	**FC**	100.00%	100.00%	100.00%	100.00%

Entities included in consolidation scope	Consolidation method	31/12/2018		31/12/2017	
		% interest	% control	% interest	% control
SCI Les Sablons 1 SIRET No. 819 843 368 00013 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SNC Retail Prodev SIRET No. 820 821 908 00010 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SAS FRP III SIRET No. 518 311 337 00027 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SAS La Plaine SIRET No. 823 261 185 00016 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SASU Ecoparc Aménagement SIRET No. 828 134 262 00017 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SARL Vensud SIRET No. 328 580 196 00041 1 rue René Cassin – 51430 Bezannes	FC	100.00%	100.00%	100.00%	100.00%
SL Frey Invest Spain	FC	100.00%	100.00%	100.00%	100.00%
SL Parla Natura Spain	FC	100.00%	100.00%	100.00%	100.00%
Frey Durango Spain	FC	100.00%	100.00%	100.00%	100.00%
Parc Vallès Inversiones Immobiliarias S.L.U. Spain	FC	100.00%	100.00%	-	-
Sociedad Gestora Santa Margarida S.L.U. Spain	FC	100.00%	100.00%	-	-
SCCV AAP SIRET No. 515 348 746 00022 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SCI L'Agenaise d'Investissement SIRET No. 750 095 143 00012 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SCI Sopic Frey SIRET No. 517 826 111 00026 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SCI La Patroclienne d'Investissement SIRET No. 803 896 661 00011 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SCI Tervilloise d'Investissement SIRET No. 818 725 392 00018 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SCI Bonneuil Retail Park SIRET No. 821 629 607 00010 1 rue René Cassin – 51430 Bezannes	EA - JV:	50.00%	50.00%	50.00%	50.00%
SAS FRF1 SIRET No. 538 460 650 00012 1 rue René Cassin – 51430 Bezannes	EA - JV:	33.33%	33.33%	33.33%	33.33%
SCI FRF2 SIRET No. 538 486 143 00018 1 rue René Cassin – 51430 Bezannes	EA - JV:	24.16%	24.16%	24.16%	24.16%
SCI IF Cormontreuil 01 SIRET No. 508 928 314 00022 1 rue René Cassin – 51430 Bezannes	EA - JV:	24.16%	24.16%	24.16%	24.16%

Entities included in consolidation scope	Consolidation method	31/12/2018		31/12/2017	
		% interest	% control	% interest	% control
SCI FRF 2 Torcy II SIRET No. 513 302 703 00022 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 La Francheville SIRET No. 539 695 783 00016 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 Torcy SIRET No. 539 682 930 00018 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 Narbonne SIRET No. 485 096 705 00036 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 Le Pontet SIRET No. 751 194 861 00017 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 Brest Saint-Dié SIRET No. 539 681 270 00010 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI FRF 2 Seclin SIRET No. 788 846 350 00015 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SC FRF 2 Belfort SIRET No. 794 430 454 00015 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SCI Zone A SIRET No. 488 512 286 00029 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SC FRF 2 Khépri 1 SIRET No. 800 283 236 00019 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SC FRF 2 Chantepie SIRET No. 800 283 285 00016 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
SC FRF2 Apollo SIRET No. 812 955 680 00010 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	24.16%	24.16%	24.16%	24.16%
Frey Retail Villebon SIRET No. 817 676 240 00010 1 rue René Cassin – 51430 Bezannes	**EA - JV:**	5.00%	5.00%	5.00%	5.00%

FC : Fully consolidated **EA - JV**: Equity accounting of joint ventures

[1] SNC Pôle Europe, SNC Rive de la Garonne, SAS EPC, SNC Pierry 01, SNC IF Neuilly Sous Clermont, SNC IF Quadrant Nord, SCI IF Cormontreuil 02, SNC IF Sud-Ouest and the SCI of L'Isle Saint-Hubert were dissolved without liquidation by universal transfer of assets on 16 November 2018.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

5.1 NOTES TO THE INCOME STATEMENT

5.1.1 REVENUE

Breakdown of revenue by geographic region (€ K)	31/12/2018 12 months	31/12/2017 12 months
France	52,958	29,301
Spain	3,724	69
Total	**56,682**	**29,370**

The increase in Spanish revenue was due to the acquisition of a company holding one asset in Terrassa, Barcelona, in April 2018.

The increase in revenue in France is explained in section 3.26 above.

5.1.2 DETAILS ON THE RECOGNITION OF LONG-TERM CONTRACTS ACCORDING TO THE PERCENTAGE OF COMPLETION METHOD

No off-plan contracts signed were in progress at 31 December 2018.

5.1.3 PURCHASES CONSUMED

Details of purchases consumed (€ K)	31/12/2018 12 months	31/12/2017 12 months
Purchase cost of goods sold	17,366	2,437
Non-recoverable expenses on assets	2,240	1,989
External services	8,591	3,592
Purchases consumed	**28,197**	**8,018**

The increase in purchases consumed mainly reflected a promotional operation.

5.1.4 PAYROLL EXPENSES

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Salaries and wages	6,072	4,840
Employer contributions	2,701	1,877
Total	**8,773**	**6,717**

Headcount – breakdown by category Headcount at year-end	31/12/2018 12 months	31/12/2017 12 months	Change
Employees	**24**	**21**	3
Managers	**61**	**60**	1
Total	**85**	**81**	**4**

(*) Includes permanent, fixed-term, and work-study contracts.

The reported decrease in the headcount relates to the IFRS treatment of fees re-invoiced internally. The scale of the projects undertaken by the Group in 2017 resulted in the generation of significant internal re-invoicing compared with 2018.

5.1.5 OTHER INCOME AND EXPENSES

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Income from asset disposals (1)	-	4,807
Expenses related to asset disposals	-	-297
Entry fees and compensation received	124	195
Other project-related income	375	376
Miscellaneous income from day-to-day operations	454	7
Book value of assets sold (1)	-7	-4,758
Directors' fees	-114	-104
Miscellaneous expenses for day-to-day operations	-313	-30
Other income and expenses	**519**	**196**

(1) In 2017, two investment properties were sold for €4.8 million. .

5.1.6 TAXES AND SIMILAR PAYMENTS

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Taxes and duties on salaries and wages	280	228
Other taxes and duties: Town planning tax, property taxes, housing management duties	834	795
Total	**1,114**	**1,023**

5.1.7 ALLOCATIONS TO AND WRITE-BACKS OF DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Fixed assets	-825	-493
Inventories	222	-551
Trade receivables	-213	-222
Provisions for liabilities and charges	-51	-
Total	**-867**	**-1,266**

The change to allocations to inventories corresponds to the write-back of depreciation of land at Cormontreuil that was sold.

5.1.8 OTHER OPERATING INCOME AND EXPENSES

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Expenses on discontinued projects	-	-21
Impact related to the consolidation scope (*)	-723	-264
Other operating income and expenses	-195	-814
Total	**-918**	**-1,099**

(*) The changes in scope in 2018 resulted from the acquisition of the shares of two Spanish companies: Parc Vallès Inversiones Immobiliarias and Sociedad Gestora Santa Margarida. In 2017, the changes in scope were the result of the additional acquisition of PAI01 and PAI02 securities.

5.1.9 COST OF NET DEBT AND VALUE ADJUSTMENTS OF FINANCIAL ASSETS

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Interest expense	-8,381	-7,300
Financial instrument expenses and income	-1,440	-1,379
Financial expenses (*)	-89	-1,121
Financial income	615	562
Cost of net debt	**-9,295**	**-9,238**
Value adjustment of financial instruments	-3,100	-3,164
interest rate derivatives	*-817*	*567*
convertible bond derivatives	*-2,283*	*-3,731*
Other financial income and expenses	18	-
Other financial income and expenses	**-3,082**	**-3,164**
Total	**-12,377**	**-12,402**

5.1.10 INCOME TAX

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Consolidated pre-tax profit	47,844	61,799
- Share of net profit (loss) of associates	-7,149	-8,998
- Reclassification affecting income tax	-554	-227
Operating profit before tax and share of net profit (loss) of associates	**40,141**	52,574
Theoretical income tax rate	33.33%	33.33%
Theoretical income tax	**13,380**	**17,524**
Effect on theoretical income tax of:		
Impact of non-taxable sector	-10,870	-18,281
Discounted exit tax	-11	146
Permanent differences	-1,496	125
Non-capitalised losses	738	313
Deferred tax rate variance over the financial year	-545	-33
Other	1,000	667
Effective income tax rate	5.47%	0.88 %
Effective income tax	**2,196**	**461**
+ Reclassification affecting income tax	554	227
Effective income tax	**2,750**	**688**

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Tax payable	1,122	4,910
Deferred tax	1,628	- 4,222
Total	**2,750**	**688**

In this breakdown, a "-" sign means tax income, while a "+" sign means a tax charge.

In the context of a tax investigation into a Spanish subsidiary, the Group received a tax recovery notice for €1.7 million (excluding interest and penalties). The Group has disputed the grounds for this recovery and believes, given the facts of the case, that it can obtain a favourable ruling from the competent Spanish court. No provision was therefore booked at 31 December 2018.

5.1.11 EARNINGS PER SHARE

(€ K)	31/12/2018 12 months	31/12/2017 12 months
Net profit attributable to owners of the company	45,096	61,112
Potential dilutive impact of OPIRNANE bonds	1,535	5,531
Diluted net profit attributable to owners of the company	46,631	66,643
Number of ordinary shares outstanding at year end	18,841,665	12,112,500
Average number of shares taken into account before dilutive impact	15,560,045	10,854,092
Potential dilutive impact of OPIRNANE bonds	1,549,720	1,654,125
Average number of shares taken into account after dilutive impact	17,109,765	12,508,217
Undiluted net earnings per share	**€2.90**	**€5.63**
Diluted net earnings per share	**€2.73**	**€5.33**

There are no rights, liens, or restrictions relating to the shares.

The shares held as part of the liquidity agreement and treasury shares were not restated in the number of shares, due to the low impact that this had on earnings per share.

5.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.2.1 INTANGIBLE ASSETS

Changes at 31 December 2018

Gross values (€ K)	31/12/2017	Increase	Decrease	Reclassification	31/12/2018
Other intangible assets	1,008	226	-	63	1,297
Intangible assets in progress	-	7	-	-	7
Advances and prepayments on intangible assets	-	-	-	-	-
Amortisation	-625	-156	-	-30	-811
Total	**383**	**77**	**-**	**33**	**493**

5.2.2 PROPERTY, PLANT AND EQUIPMENT

Changes at 31 December 2018

Gross values (€ K)	31/12/2017	Increase	Decrease	Other changes	31/12/2018
Land	585	-	-	-	585
Buildings	5,614	-	-	-1,114	4,500
Other property, plant & equipment(*)	2,937	1,805	-227	1,182	5,697
PPE under construction	125	-	-	-53	72
Advances and prepayments on property, plant and equipment	-	-	-	-	-
Depreciation	-2,334	-670	56	-48	-2,996
Total	**6,927**	**1,135**	**-171**	**-33**	**7,858**
Of which net fixed assets under finance leases	4,229	-59	-	-	4,170

(*) The changes correspond to fittings relating to the rearrangement of the Group's Paris offices.

5.2.3 INVESTMENT PROPERTY

Values in € K	Operated assets	Assets under construction (including vacant land)	Total investment property
31/12/2017	**478,248**	**91,429**	**569,677**
Reclassifications			
Inventories	-1,128	5,872	4,744
Discontinued projects	-	-6	-6
Property, plant and equipment	-	-	-
Acquisitions	13,766	-	13,766
Works	3,098	35,060	38,158
Disposals (*)	-	-	-
Additions to the consolidation scope	84,103	-	84,103
Reclassification	15,811	-15,811	-
Value creation	-	9,287	9,287
Change in fair value	10,994	15,459	26,453
31/12/2018	**604,892**	**141,290**	**746,182**

(*) This amount corresponds to the net book value of the assets disposed of and transferred.

The valuation methods used by the independent expert appraisers are set out in Section 3.8 “Investment property”. The determining assumption when performing the appraisals is the capitalisation rate. A review of this capitalisation rate and of the impact of any changes to that rate on the valuation of the Company’s investment property is set out in Section 3.13 “Management of financial risk”.

The value of the investment property acquired under finance leases amounted to €91.7 million at 31 December 2018, compared with €88.7 million at 31 December 2017.

The assets held in Spain represent 12% of investment property, i.e. €88 million at 31 December 2018.

The value of investment property in progress measured at cost amounted to €29.6 million at 31 December 2018 compared with €16.8 million at 31 December 2017.

At the time of initial recognition of a plot of land or property at fair value, the goodwill recorded is called “Value creation”. In subsequent years, the change in this goodwill corresponds to the “Change in fair value”.

Reconciliation of the change in fair value in the income statement

(€ K)	Change in fair value	
	31/12/2018	31/12/2017
Amount in the income statement	**35,740**	**53,760**
Value creation	9,287	29,648
Delivery of assets	1,192	-
Change in fair value	25,261	24,112
Total change in the income statement	**35,740**	**53,760**

5.2.4 INVESTMENTS IN ASSOCIATES

Changes at 31 December 2018

Gross values (€ K)	31/12/2017	Retained earnings	Dividends	Change in capital	Other changes	31/12/2018
Associate FRF Group	30,576	3,255	-2,724	-	-	31,107
Other associates	19,802	3,896	-629	-	-	23,069
Sub-total assets	**50,378**	**7,151**	**-3,353**	**-**	**-**	**54,176**
Associate FRF Group	14	2	-3	-	-	13
Other associates	-	-	-	-	-	-
Sub-total liabilities	**14**	**2**	**-3**	**-**	**-**	**13**
Total	**50,364**	**7,149**	**-3,356**	**-**	**-**	**54,163**

Changes at 31 December 2017

Gross values (€ K)	31.12.2016	Retained earnings	Dividends	Change in capital	Other changes	31/12/2017
Associate FRF Group	29,861	2,695	-2,183	-120	323	30,576
Other associates	22,345	4,528	-453	-	-6,618	19,802
Sub-total assets	**52,206**	**7,223**	**-2,636**	**-120**	**-6,295**	**50,378**
Associate FRF Group	1,513	-1,780	-42	-	323	14
Other associates	115	5	-	-	-120	-
Sub-total liabilities	**1,628**	**-1,775**	**-42**	**-**	**203**	**14**
Total	**50,578**	**8,998**	**-2,594**	**-120**	**-6,498**	**50,364**

Changes in other associates correspond to the transition to full consolidation of PAI 01 and PAI 02

Joint ventures

Joint ventures are entities over which FREY Group exercises joint control.

The groupings take into account the various financial communications used within the Group, but without identifying a company as this would be revealing confidential and strategic information.

The main items relating to the joint ventures' financial position and income statement are set out below. These items include consolidation adjustments, and are presented on a fully consolidated basis.

- FRF Group

Simplified statement of financial position in € K	31/12/2018	31/12/2017
Investment property	289,880	306,139
Other non-current assets	25	25
Current assets	10,872	10,783
Total assets	**300,777**	**316,947**
Adjusted equity	127,219	125,288
Financial liabilities	128,170	135,665
Other non-current liabilities	-	-
Current liabilities	45,388	55,994
Total liabilities	**300,777**	**316,947**

Simplified income statement in € K	31/12/2018	31/12/2017
Revenue	20,350	19,604
Profit from recurring operations	18,880	16,829
Value adjustments of investment property	-2,126	3,972
Net profit/(loss)	**13,376**	**18,423**

- Other associates

Simplified statement of financial position in € K	31/12/2018	31/12/2017
Investment property	264,363	242,269
Other non-current assets	185	32
Current assets	7,811	6,275
Total assets	**272,359**	**248,576**
Adjusted equity	92,882	82,039
Financial liabilities	112,830	104,380
Other non-current liabilities	-	-
Current liabilities	66,647	62,157
Total liabilities	**272,359**	**248,576**

Simplified income statement in € K	31/12/2018	31/12/2017
Revenue	13,582	13,185
Profit from recurring operations	12,394	12,036
Value adjustments of investment property	5,240	9,638
Net profit/(loss)	**15,866**	**17,481**

5.2.5 OTHER NON-CURRENT ASSETS

Changes at 31 December 2018

Gross values (€ K)	31/12/2017	Increase	Decrease	Other changes	31/12/2018
Guarantees and deposits	7,844	689	-42	767	9,258
Other financial investments	143	-	-9	-	134
Financial provisions	-3	-	2	-	-1
Total	**7,984**	**689**	**-49**	**767**	**9,391**

"Other changes" correspond to the reclassification of guarantees and deposits to less than one year.

The increase in deposits and guarantees is mainly due to the payment of a security deposit on a project under development.

5.2.6 INVENTORIES AND WORK-IN-PROGRESS

(€ K)	31/12/2018	31/12/2017
Work-in-progress	26,587	18,854
Goods	-	-
Provisions	-1,480	-1,703
Total	**25,107**	**17,151**

5.2.7 CHANGE IN INVENTORIES NET OF PROPERTY DEVELOPMENT

(€ K)	Opening balance	Acquisitions	Disposals	Reclassification	Other	Closing balance
2017	**6,109**	18,321	-3,305	-4,394	420	**17,151**
2018	**17,151**	38,366	-17,006	-13,404	-	**25,107**

The reclassifications concern transfers from "Investment property" to "Inventory".
The "Other" column corresponds to the adjustment of margins on completion.

The change in inventories was mainly due to the acquisition of the asset of Tinqueux (51) and Shopping Promenade Cœur d'Alsace®, and the delivery of Saint-Berthevin (53).

5.2.8 OTHER CURRENT ASSETS

(€ K)	31/12/2018	31/12/2017
Loans, deposits and other receivables within one year	661	1,408
Advances and prepayments paid on orders	698	225
Associates' current accounts	16,990	19,244
Tax receivables	13,097	11,835
Other receivables	2,234	1,912
Prepaid expenses	317	485
Total	**33,997**	**35,109**

5.2.9 CASH AND CASH EQUIVALENTS

(€ K)	31/12/2018	31/12/2017
Marketable securities	62	62
Cash	77,955	69,897
Total	**78,017**	**69,959**

5.2.10 NON-CURRENT FINANCIAL LIABILITIES

Changes at 31 December 2018

	Change (€ K)	31/12/2017	Increase in consolidation scope	Increase	Decrease	Reclassification (*)	31/12/2018
cash	Bond issues	66,201	-		-1,893	-36,200	28,108
	Bank loans	239,921	-	148,000	-165,000	-1,663	221,258
	Finance lease liabilities	19,229	-	-	-	13,771	33,000
	Guarantees and deposits received	2,499	902	1,235	-106	-1,405	3,125
non cash	Bond issues	-3,359	-	-	418	-	-2,941
	Bank loans	-2,332	-	-1,315	71	708	-2,868
	Finance lease liabilities	16,942	-	-	-	-16,942	-
	Guarantees and deposits received	311	-	-	-	-	311
	Total	**339,412**	**902**	**147,920**	**-166,510**	**-41,731**	**279,993**

(*) This is the reclassification of liabilities maturing within one year (see Note 5.2.15).

Breakdown by maturity (€ K)	1 to 5 years	More than 5 years	Total
Bond issues	25,167	-	25,167
Bank loans	27,314	191,076	218,390
Finance lease liabilities	15,137	17,863	33,000
Guarantees and deposits received	3,164	272	3,436
Total	**70,782**	**209,211**	**279,993**

- Breakdown of bank loans and finance-lease liabilities by type of interest rate before hedging

Net financial debt (€ K)	31/12/2018	31/12/2017
Fixed rate	7,687	9,151
Variable rate	251,405	271,719
Total	**259,092**	**280,870**

- Unused drawdown rights

At 31 December 2018, the Group had unused drawdown rights of €247 million on corporate lines.

- Average interest rate on debt

After taking hedges into account, the average interest rate on the Group's debt based on market conditions at 31 December 2018 (margin included) was 1.95%, compared with 1.82% at 31 December 2017..
This rate of 1.95% breaks down into an average rate of 2.85% on mortgages and 1.29% on corporate loans.

- Breakdown of nominal value of hedge instruments by maturity

Breakdown by maturity (€ K)	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial instruments	20,967	210,960	13,698	**245,625**

The percentage of financial debt (bank and bonds) not subject to interest-rate fluctuations was 98.2% at 31 December 2018 compared with 84.3% at 31 December 2017.

5.2.11 EMPLOYEE COMMITMENTS

(€ K)	31/12/2018	31/12/2017
Opening balance	**512**	**455**
Allocations	111	66
Reversals	-	-
Actuarial gains and losses	-20	-9
Closing balance	**603**	**512**

5.2.12 DEFERRED TAX

(€ K)	31/12/2018		31/12/2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
IFRS – Investment property	-780	7,601	-457	-
PIDR	112	-	90	-
Capitalisation of losses carried forward	1,316	-	1,338	-
Other	5	-1,220	3	-
Total	**653**	**6,381**	**974**	**-**

- Reconciliation of deferred tax variances between the statement of financial position and the income statement

(€ K)	Change in deferred tax	
	31/12/2018	31/12/2017
Change in the statement of financial position	**-6,702**	**4,187**
Amount in the income statement	-	-
Increase in consolidation scope	5,070	34
Impact of hedge financial instruments	-	-
Impact of pension commitments	3	1
Total change in the period	**-1,629**	**4,222**

5.2.13 PROVISIONS FOR LIABILITIES AND CHARGES

(€ K)	31/12/2017	Increase	Reversals used	Reversals not used	Other changes	31/12/2018
Provisions for litigation	-	-	-	-	-	-
Other provisions for liabilities	-	293	-268	-	-	25
Provisions for retirement benefits (see 3.22)	512	111		-	-20	603
Investments in associates (*)	14		-	-	-1	13
Total	**526**	**404**	**-268**	**-**	**-21**	**641**

(*) corresponds to the securities accounted for using the equity method where the value is negative.

5.2.14 OTHER CURRENT LIABILITIES

(€ K)	31/12/2018	31/12/2017
Liabilities for asset acquisitions	12,275	18,823
Customers – Advances and prepayments received	643	91
Social security liabilities	4,210	3,330
Tax liabilities	9,000	5,002
Other liabilities	2,024	2,317
Prepaid income	1,440	901
Total	**29,592**	**30,464**

5.2.15 CURRENT FINANCIAL LIABILITIES

	Change (€ K)	31/12/2017	Increase in consolidation scope	Increase	Decrease	Reclassification and other changes	31/12/2018
cash	Bond issues	869	-	-	-	35,331	36,200
	Bank loans due within 1 year	1,762	31,410	-	-33,173	1,663	1,662
	Finance lease liabilities due within 1 year	1,607		-	-3,015	4,580	3,172
	Guarantees and deposits received	2,089	-	21	-697	1,405	2,818
	Bank overdrafts (liabilities)	-	-	-	-	-	-
	Bank overdrafts (cash)	31	-	-	-31	-	-
	Associates' current accounts	413	21,958	-	-21,958	8	421
non cash	Bond issues	-	-	855	-869	869	855
	Bank loans due within 1 year	-497	-	-94	645	-708	-654
	Finance lease liabilities due within 1 year	1,409	-	-	-	-1,409	-
	Guarantees and deposits received	-	-	-	-	-	-
	Bank overdrafts (liabilities)	-	-	-	-	-	-
	Bank overdrafts (cash)	136	-	-	-43	-	93
	Associates' current accounts	-	-	-	-	-	-
	Total	**7,819**	**53,368**	**782**	**-59,141**	**41,739**	**44,567**

(*) This is the reclassification of liabilities maturing within one year (see Note 05/02/2010).

5.3 NOTES TO THE STATEMENT OF CASH FLOWS

5.3.1 RECONCILIATION OF CASH IN THE STATEMENT OF FINANCIAL POSITION AND CASH IN THE STATEMENT OF CASH FLOWS

The cash and bank overdrafts shown in the consolidated statement of cash flows include the following items:

(€ K)	31/12/2018	31/12/2017
Cash and cash equivalents (Note 5.2.9)	78,017	69,959
Marketable securities – Other investments	-	-
Bank overdrafts (Note 5.2.15)	-93	-167
Reclassification of bank overdrafts consisting of short-term financial debt	-	-
Total	**77,924**	**69,792**

Bank overdrafts correspond entirely to cash. These liabilities are included in the cash flow from financing activities, in accordance with IAS 7.

At 31 December 2018, the Group had two corporate lines of a total nominal amount of €420 million, €173 million of which had been drawn down.

5.3.2 BREAKDOWN OF THE "CHANGE IN THE WORKING CAPITAL REQUIREMENT RELATED TO OPERATIONS"

(€ K)	31/12/2018	31/12/2017
Inventories (see Notes 5.2.6 and 5.2.7)	-12,700	-9,763
Trade receivables	-25,677	-548
Other receivables	-1,846	-3,378
Trade payables	4,958	-338
Other liabilities	3,714	738
Total	**-31,551**	**-13,289**

The change in trade receivables is mainly due to a promotion carried out in late 2018 and payable in 2019.

5.3.3 BREAKDOWN OF "ACQUISITION OF FIXED ASSETS"

(€ K)	31/12/2018	31/12/2017
Acquisition of intangible assets	-233	-266
Acquisition of property, plant and equipment	-1,805	-179
Investment property valuation	-51,924	-67,369
Change in liabilities on acquisitions of fixed assets	-6,548	6,094
Total	**-60,510**	**-61,720**

5.3.4 BREAKDOWN OF "CHANGES IN CONSOLIDATION SCOPE"

(€ K)	31/12/2018	31/12/2017
Flows related to equity investments	-25,329	-2,152
Flows related to changes in ownership percentage	-	-5,796
Total	**-25,329**	**- 7,948**

5.4 OFF-BALANCE SHEET COMMITMENTS

5.4.1 LEASE COMMITMENTS – LESSEE

The total amount of the minimum future payments to be made in relation to finance leases, including the registered office at Bezannes (51), amounted to:

(€ K)	31/12/2018	31/12/2017
Less than one year	4,251	4,182
One to five years	18,320	17,302
More than five years	18,615	24,790
Amount of finance lease payments	**41,186**	**46,274**

(€ K)	31/12/2018	31/12/2017
Less than one year	4,209	4,159
One to five years	17,115	16,237
More than five years	16,091	21,257
Present value of finance lease payments	**37,415**	**41,653**

At 31 December 2018, annual rents on the basis of signed subleases amounted to €4.8 million, compared with €4.8 million at 31 December 2017. Taking into account the firm periods of these leases, future payments that the company expects to receive on non-cancellable sub-lease agreements amount to €4.6 million, compared with €8.3 million at 31 December 2017.

5.4.2 OTHER COMMITMENTS GIVEN

Commitments given	31/12/2018	31/12/2017
Mortgage guarantees	€53,687,000	€59,156,000
Pledges of mortgaged assets	€5,904,000	€1,200,000
Deposits and earnest payments	€3,883,000	€4,432,000
Other securities and deposits	-	€5,292,000

We would remind you that there are bank covenants linked to the financing subscribed by FREY Group (Note 3.13).

At the time of the acquisition of the shares of PAI 01, the Group undertook to pay to the assignors a contingent price supplement corresponding to 50% of the fees potentially collected by PAI 01 for future rights to be built during the term of its development concession, its extension or its renewal.

There were no commitments given relating to Group companies' interests in joint ventures at 31 December 2018.

5.4.3 LEASE COMMITMENTS – LESSOR

The amount of the minimum future payments to be made in relation to operating leases amounted to:

(€ K)	31/12/2018	31/12/2017
Less than one year	30,937	27,085
One to five years	50,945	51,548
More than five years	3,453	11,679
Amount of operating lease payments	**85,335**	**90,312**

5.4.4 OTHER COMMITMENTS RECEIVED

Commitments received	31/12/2018	31/12/2017
Bank deposits (leases signed with lessors)	€3,417,000	€2,771,000
Bank deposits (completion of retail units)	€5,153,000	€2,153,000
Residual drawing rights on long-term borrowings	€247,000,000	€142,000,000

Commitments received	31/12/2018	31/12/2017
Other commitments received in connection with the disposal of assets	-	-

There were no commitments received relating to Group companies' interests in joint ventures at 31 December 2018.

5.5 RELATED ENTITIES

IAS 24 recommends specifying the entities affiliated to the consolidated Group, as well as the nature of the cash flows between those entities and the Group.

The existing relationships between FREY Group and the joint ventures are as follows:

(€ K)	31/12/2018	31/12/2017
Provision of services (a)	1,337	1,319
Marketing fees (b)	193	179
General expenses (c)	-	19
Financial expenses	-	-
Net current account interest received (d)	146	195
Total FRF Group	**1,676**	**1,712**
Provision of services (a)	659	664
Marketing fees (b)	-72	160
General expenses (c)	-1	-1
Net current account interest received (d)	96	78
Total other associates	**682**	**901**

a) Invoicing by FREY Group of administrative and other services.

b) Marketing fees invoiced to the joint ventures by FREY Group.

c) Re-invoicing of the general expenses incurred on behalf of the joint ventures (overheads, telephone expenses, travel expenses, and property levy, etc.).

d) Joint-venture financing relationship.

The main positions with the joint ventures in the statement of financial position are as follows:

(€ K)	31/12/2018	31/12/2017
Trade receivables	650	357
Current accounts	8,147	10,109
Total FRF Group	**8,797**	**10,466**
Trade receivables	223	252
Current accounts	8,543	7,628
Total other associates	**8,766**	**7,880**

The existing relations between FREY Group and the other affiliated companies are as follows:

- Firmament Participations, with a shareholding of 31.63%: a liquidity agreement was signed in July 2017 between Firmament Participations and FREY, for a half-yearly amount of €10,000. No other flows were recorded during the year except the dividend approved by the General Meeting of 20 June 2018.

- Market investors, with a shareholding of 7.92%: there were no flows with the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.
- Effi Invest 1, with a shareholding of 6.00%: there were no flows with the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.
- AG Finance, with a shareholding of 12.72%: there were no flows with the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.
- Prédica, with a shareholding of 19.21%: there were no flows between the shareholder and the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.
- Cardif Assurance Vie, with a shareholding of 11.26%: there were no flows between the shareholder and the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.
- Sogecap, with a shareholding of 11.26%: there were no flows between the shareholder and the Group during the year, except for the dividend approved at the General Meeting of 20 June 2018.

5.6 SENIOR EXECUTIVE REMUNERATION

The senior executives received remuneration from the Company amounting to €1.4 million for the 12-month period between 1 January 2018 and 31 December 2018; this remuneration amounted to €0.6 million for the same 12-month period in the previous financial year. This change was due to the appointment of two new senior executives in September 2017.

5.7 STATUTORY AUDITORS' FEES

The amount of the Statutory Auditors' fees paid by FREY Group was as follows:

31 December 2018	F.C.N.	Grant Thornton	Other	Total
Parent company	116	129	-	245
Subsidiaries (France and Spain)	67	37	26	130
Ancillary assignments	7	12	6	25
Total	**190**	**178**	**32**	**400**

Amounts in € K

31 December 2017	F.C.N.	Grant Thornton	Other	Total
Parent company	109	111		220
Subsidiaries (France and Spain)	81	32	21	134
Ancillary assignments	-	8	7	15
Total	**190**	**151**	**28**	**369**

Amounts in € K

6. EVENTS AFTER 31 DECEMBER 2018

Rennes (35) competition success:

With the transformation of the Palais du Commerce, a historic, iconic building in Rennes city centre, FREY has made a successful entry as a specialist in major mixed-use city centre urban projects.

With over 18,000 m², the project (including the extension) will offer an unprecedented range of mixed uses for the Rennes metropolitan area.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory Auditors' report on the consolidated financial statements

FREY

Financial year ended 31 December 2018

To the shareholders of FREY,

Opinion

In accordance with the terms of the assignment entrusted to us by your General Meeting, we have audited the consolidated financial statements of the company **FREY** for the year ended 31 December 2018, as attached to this report.

In our opinion, the consolidated financial statements, prepared in accordance with IFRS as adopted in the European Union, provide a true and fair view of the consolidated financial position, assets and liabilities and profit or loss of the group comprising the persons and business units within the consolidation scope.

The opinion formulated above is consistent with the contents of our report to the audit committee.

Basis of opinion

Auditing standards

We conducted our audit in accordance with professional standards applicable in France. We believe that our audit provides a reasonable basis for our opinion.

Our responsibilities under these standards are set out in the section entitled "Statutory Auditors' responsibilities in relation to the audit of the consolidated financial statements" herein.

Independence

We carried out our audit assignment in accordance with the independence rules applicable to us, in the period from 1 January 2018 to the date of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the code of professional ethics for statutory auditors.

Justification of our assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the year, as well as the responses we have provided to these risks.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements taken as a whole, and the issuance of the opinion expressed above. We have not expressed an opinion on the elements of these consolidated financial statements in isolation.

Investment property valuation

Risk identified

Investment property has been recognised as a net value in the statement of financial position of €746 million, representing 76% of total assets as at 31 December 2018.

Pursuant to IAS 40, FREY has opted to value and recognise its investment property according to the fair value method, as indicated in Note 3.8 of the notes to the consolidated financial statements.

Due to the estimates inherent in the valuation methods used by property experts to measure investment property at fair value, we considered the valuation of investment property to be a key point in our audit.

Audit procedures implemented in response to the risks identified

We carried out the following procedures:

- assessing the independence and competence of the experts;
- reconciling the fair values of the assets with the property appraisals carried out by the independent external expert used by the company;
- assessing the consistency of the rental data used by the expert with the various rental statements obtained during our work;
- assessing the documentation provided for the measurement at fair value of ongoing projects;
- assessing the origin of material changes in fair values in the period and reviewing the sensitivity calculations on rates of return.

Specific verification

We also performed, in accordance with accepted professional standards in France, the specific verification required by the statutory and regulatory texts regarding the information about the group provided in the Board of Directors' management report.

We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Information resulting from other statutory and regulatory obligations

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of FREY by the General Meetings of 30 October 2007 (Grant Thornton) and 29 June 2010 (FCN).

At 31 December 2018, Grant Thornton was in the eleventh consecutive year of its assignment, and FCN in its ninth year.

Responsibilities of management and the persons constituting corporate governance in relation to the consolidated financial statements

Management is responsible for preparing the consolidated financial statements, presenting a true and fair view in accordance with IFRS as adopted in the European Union, and establishing the internal control that it considers necessary to prepare consolidated financial statements without material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is the responsibility of management to assess the company's ability to continue to operate, to present in these financial statements, where appropriate, the necessary information relating to the continuity of operations and to apply the going concern accounting principle, unless the company is to be wound up or cease trading.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and, where applicable, internal audit, with regard to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the consolidated financial statements

Audit objective and approach

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Misstatements may arise due to fraud or error and are considered material if it can reasonably be expected that they, taken individually or as a whole, may influence the economic decisions that account users take based on them.

As specified by Article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

In the context of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgement throughout this audit. It also:

- Identifies and assesses the risks that the consolidated financial statements contain material misstatements due to either fraud or error, defines and implements audit procedures to address these risks, and collects the elements that it regards as a sufficient and appropriate basis for its opinion. The risk of failing to detect a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumvention of internal control;
- Duly notes the internal control relevant to the audit in order to define audit procedures appropriate for the circumstances, and not with the aim of expressing an opinion on the effectiveness of the internal control;
- Assesses the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- Assesses the appropriateness of management's application of the going concern accounting principle and, depending on the elements gathered, the existence or otherwise of material uncertainty related to events or circumstances likely to bring into question the company's ability to continue as a going concern. This assessment is based on the elements gathered up to the date of its report, although it should be remembered that subsequent circumstances or events could jeopardise the continuity of operations. If it concludes that there

is material uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements about this uncertainty or, if this information is not provided or is not relevant, formulates a certification with reservations or a refusal to certify;

- Assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view thereof;
- With regard to financial information relating to the entities included in the scope of consolidation, collects elements that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for managing, overseeing and conducting the audit of the consolidated financial statements and the opinion expressed on these financial statements.

Audit committee's report

We submit a report to the audit committee outlining the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also disclose, where appropriate, any material weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the audit committee are the risks of material misstatement that we consider to have been most important for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of the rules applicable in France as set forth in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Neuilly-sur-Seine and Reims, 7 March 2019

The Statutory Auditors

Grant Thornton French member of Grant Thornton International	FCN
Christian Bande Partner	Jean-Michel François Partner

PARENT COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

Parent company financial statements – FREY SA

Financial year ended 31/12/2018

Statement of financial position at 31/12/2018

ASSETS

(in euros)	Gross	Amort / Depr / Prov	31/12/2018	31/12/2017
Intangible assets	826,104	363,179	462,925	431,532
Property, plant and equipment	152,745,908	15,491,634	137,254,274	107,877,519
Equity investments and other financial investments	57,815,007	3,900,000	53,915,007	52,211,866
Fixed assets	**211,387, 019**	**19,754, 812**	**191 632 206**	**160 520 917**
Work-in-progress	2,751,150		2,751,150	3,527,047
Advances and prepayments paid on orders	317,665		317,665	59,148
Trade receivables	8,707,173	236,034	8,471,139	7,751,103
Other receivables	350,684,645	2,018,349	348,666,295	240,836,519
Marketable securities (treasury shares)	390,434		390,434	160,657
Cash	66,531,313		66,531,313	60,910,133
Current assets	**429,382, 380**	**2,254, 383**	**427,127, 996**	**313,244, 608**
Prepaid expenses	135,105		135,105	169,400
Loan issue costs to be amortised	3,783,485		3,783,485	3,343,441
Bond redemption premiums	23,603		23,603	62,907
Accruals	**3,942,193**	**0**	**3,942,193**	**3,575,748**
GRAND TOTAL	**644,711,593**	**22,009,196**	**622,702,396**	**477 341 273**

LIABILITIES

(in euros)	31/12/2018	31/12/2017
Share capital	47,104,163	30,281,250
Issue, merger and contribution premiums	299,567,667	127,410,077
Legal reserve	1,721,250	1,721,250
Other reserves	612	612
Retained earnings	-1,952,625	-4,227,919
Net profit/(loss) for the year	-2,546,118	2,275,294
Equity	**343,894, 947**	**157 460 564**
Provisions for liabilities	51,015	264,121
Provisions for liabilities and charges	**51,015**	**264,121**
Convertible bonds	65,162,499	67,070,441
Other borrowings and financial debt	177,578,671	195,492,993
Advances and prepayments received on orders in	9,312	
Trade payables	2,187,510	1,940,646
Liabilities for non-current assets	8,732,274	23,562,596
Tax and social security liabilities	2,690,476	2,450,033
Other liabilities	22,256,841	28,885,400
Liabilities	**278,617, 584**	**319 402 109**
Prepaid income	138,849	214,479
GRAND TOTAL	**622,702,396**	**477 341 273**

Income statement as at 31/12/2018

(in euros)	France	Export	31/12/2018	31/12/2017
Net revenue	12,849,435		12,849,435	12,244,414
Other income	3,766,338		3,766,338	4,113,956
Operating revenue	**16,615,773**		**16,615,773**	**16,358,370**
Purchase of raw materials and other supplies			-653,687	-2,377,794
External costs			-10,898,660	-9,696,498
Tax and duties			-1,136,716	-644,970
Payroll expenses			-4,271,988	-4,369,888
Operating liabilities			-4,411,254	-4,062,251
Other operating expenses			-233,523	-165,204
Operating expenses			-21,605,828	-21,316,606
OPERATING PROFIT/(LOSS)			**-4,990,055**	**-4,958,236**
Financial income			16,813,374	14,739,414
Financial expenses			-13,392,970	-7,644,337
NET FINANCIAL			**3,420,403**	**7,095,077**
PROFIT/(LOSS) FROM			**-1,569,652**	**2,136,841**
Non-recurring income			240,694	248,997
Non-recurring expenses			-1,229,724	-119,459
NET NON-RECURRING			**-989,031**	**129,538**
Income tax			-12,564	8,914
NET PROFIT/(LOSS)			**-2,546,118**	**2,275,294**

Significant events

Operations

- ✓ In March 2018, FREY delivered its asset “Z’aisne” in Saint Quentin, which has a surface area of 11,225 m².
- ✓ In 2018, FREY developed new offices in Paris (rue Auber) to accommodate staff.

Capital increase

- ✓ In June 2018, FREY carried out a capital increase for a gross amount of €201.9 million, by issuing 6,729,165 new shares. The share capital was thus increased to €47.1 million.

Borrowing and credit facilities

- ✓ In October 2018, FREY signed an extension of the corporate line for an initial amount of €300 million for a period of six years, with the option to extend for an additional year. At 31 December 2018, €173 million of this line had been drawn down.

- ✓ In November 2018, FREY signed a corporate line for €70 million for a period of five years, with the option of extending for two years.

Bonds

- ✓ In November 2018, FREY bought back 102,358 OPIRNANE bonds for €2.6 million.

Securities and equity investments

- ✓ FAP transferred to FREY its equity investment in the subsidiary FREY INVEST, in exchange for its current account and the participatory loan that it held with respect to this subsidiary.

- ✓ In October 2018, the company carried out five universal transfers of assets. These transactions exclusively related to the subsidiaries of FREY SA that no longer had any businesses at that date.

- ✓ En 2018, FRF2 made an interim advance payment on 2018 earnings, i.e. €2.7 million to FREY.

Dividends

The shareholders voted for the payment of a dividend of €1 per share at the General Meeting of 20 June 2018, i.e. a distributed amount of €12,088,669. The shares held as part of the liquidity agreement at the payment date did not give entitlement to this dividend.

Accounting rules and methods

Principles and general conventions

The annual financial statements are prepared in accordance with the rules specified by ANC Regulation 2014-03 of 5 June 2014, relating to the general chart of accounts, ANC Regulation 2016-07 and generally accepted accounting principles in France.

Generally accepted accounting principles have been applied in compliance with the principle of prudence and in accordance with the following basic assumptions:

- ✓ Comparability principle
- ✓ Matching principle
- ✓ Going concern assumption

The financial statements are prepared in euros.

The statement of financial position total for the financial year before the appropriation of earnings was €622,702,396 and the net accounting loss was €2,546,118.

The financial year covers a period of 12 months, from 1 January 2018 to 31 December 2018.

The basis used for assessing the information provided in the financial statements is the historical cost method.

The main accounting policies used are as follows:

Non-current assets

Intangible assets and property, plant and equipment

These items are measured at their acquisition cost, which is the purchase price plus ancillary purchase costs.
Interest on loans specifically relating to the acquisition or to the production of non-current assets has not been capitalised.
Amortisation charges are calculated on a straight-line basis according to the useful life of the asset:

▪ Software	2 to 3 years
▪ Equipment and tools	3 to 5 years
▪ Office and IT equipment	3 to 5 years
▪ Furniture	3 to 10 years
▪ Fixtures 20 years	
▪ Buildings – structures	35 years
▪ Buildings – frontage	25 years
▪ Buildings – general fixtures	20 years

Assets (land + completed buildings) held by FREY are the subject of expert appraisals at each year-end.

The market value is determined by independent expert appraisers. It corresponds to the price at which an asset or a property right could be sold at the time of the appraisal under normal supply and demand conditions.

The market value is determined as follows:

- land: by reference to the market prices recorded on the market for property complexes that are equivalent in type and location (comparative method), and by reference to the potential market value of the property complex calculated by estimating the difference between the sale price and the planner cost (investment property cost method or planner's balance sheet method);
- assets leased under a construction lease: by discounting the forecast net income over the term of the construction lease and determining the residual contractual value at the end of the lease; and
- completed buildings: by capitalising the net income depending on the yields observed on the market (capitalisation method) and by the discounted cash flow method (discounting of future rents).

The net income is determined by deducting the actual and potential rents (on vacant premises), and the property charges that cannot be recovered from tenants depending on the leases concerned, as well as the charges relating to vacant premises, determined on the basis of an estimated re-leasing period. In the event that a site has a structural vacancy, these deductions would be accompanied by the loss of the corresponding potential income.

The company records provisions for write-downs of its asset portfolio as soon as the book value determined by reference to the appraisal value, excluding stamp duty (market value) proves to be lower than the net book value. This impairment test enables the consistency between the net book value and the recovery value (appraisal value) to be confirmed.

Financial assets, related receivables and/or current accounts

Financial assets are recorded at their acquisition cost.

The subsidiaries and equity investments table presents the characteristics of the associated securities and receivables held.

The losses of the transparent subsidiaries for which FREY in its capacity as manager will propose allocation to a shareholder’s current account and an impairment loss is recorded in the current account at each closing date.

A value-in-use for the securities is estimated by management and determined for each subsidiary on a case-by-case basis.
This value is defined on the basis of a multi-criteria approach taking into account the proportionate share of net assets, prospective income and long-term development. The market value of the assets held by the subsidiaries or sub-subsidiaries is taken into account.
A provision on investments is established where the value in use is lower than the book value of the securities.
If the securities’ value-in-use becomes negative, the receivables held against the subsidiary concerned are also impaired, and a provision for liabilities and charges may also be recorded, if necessary.

Treasury shares

The treasury shares held as part of a free share allocation plan are presented in marketable securities, and are the subject of a provision for charges, where applicable, when the allocation conditions have been fulfilled.

Shares held under the liquidity agreement (delegation to the Board of Directors granted by the General Meeting of 20 June 2018 for a period of 18 months under the conditions provided for in Articles L225-209 et seq. of the French Commercial Code) are recorded at their acquisition cost in financial investments. Losses or gains on the disposal of the shares are recorded in other financial income or expense.

If the book value at 31 December is lower than the acquisition price, a provision for impairment is recorded.

The terms and conditions determined by the General Meeting are as follows:
- A maximum acquisition price of €50 per share.
- The total shares held by the company on any given date may not exceed 10% of the total share capital at that date.

Accordingly, the shares may be purchased, held, and exchanged or transferred, where applicable, via any means, and in accordance with the applicable stock market regulations and the market practices accepted and published by the AMF.

Receivables and liabilities

Receivables and liabilities are recorded at their nominal value.
A provision for write-downs is established where this value is higher than the book value.

Inventories

Land and property in inventory are measured at their acquisition cost or at their external purchase cost excluding any other financial charges.
Provisions for impairment and/or reversals of provisions for impairment are recorded in order to take account of the economic value of each asset, which is determined by independent expert appraisers.

Financial debt

Bank debt consists of bonds, redeemable loans and lines usable through draw-downs. Subsequent draw-downs are recorded at their nominal value in the financial statements, while the residual borrowing capacity amounts to an off-balance-sheet commitment.

A bond loan issued in 2012, maturing in ten years and for an initial nominal amount of €30,000 thousand, is represented by property performance bonds repayable in cash and/or new and/or existing shares with a nominal unit value of €18.50.
In 2018, the company bought back and cancelled 102,358 bonds for €2,610 thousand. The total amount of the bonds therefore decreased to €28,108 thousand.
A bond loan (Euro pp) carried out in 2014, maturing in five years and for a nominal amount of €36,200 thousand, is represented by bonds in the form of dematerialised bearer securities with a nominal unit value of €100 thousand.

The issue costs of bonds and bank loans are deferred via a reclassification of expenses, and then amortised over the term of the financing. The redemption premiums are amortised over the term of the loan, in proportion to the interest accrued.

Term deposits

Releasable deposits are included within “cash”.
The value of term deposits is measured at the subscription amount, and a provision may be recorded on the interest receivable, where applicable.

Revenue

Revenue consists of income from the land business, the sale of land and buildings, the re-invoicing of works and the provision of ancillary services. These services correspond to the annual invoices issued to its subsidiaries by FREY SA for services and advice provided in the financial, legal, human resources, strategy and General Management fields.

Significant entry fees are recognised in other income, and are taken to prepaid income for the portion relating to lease annuities subsequent to the financial year, and to be recovered over the term of the lease.
At 31 December 2018, they amounted to €139 thousand.

Recognition of the profit or loss from property transactions

The revenue and profit or loss from all property transactions are recognised in accordance with the completion method.

Reclassification of expenses

Reclassified expenses primarily consist of the amortisation of loan issue costs, the re-invoicing to tenants of the expenses and taxes relating to the property investment company’s properties and amounts re-invoiced to the subsidiaries.

Non-recurring income and expenses

Non-recurring income and expenses include items that are not related to the company’s ordinary business activities, as well as items of an exceptional nature in view of their amount.

Financial instruments

The purpose of the financial instruments used is to hedge interest rate risk. These instruments are swaps and participatory collars, the use of which guarantees a fixed interest rate. They are not recognised in the financial statements when they are arranged, but constitute off-balance-sheet commitments. Conversely, the difference between the interest rate paid or received pursuant to these agreements is recognised in financial income or expense for the financial year.

A provision for financial liabilities and charges on unrealised losses on qualified financial instruments in an isolated open position is established at the end of each financial year, if applicable.

Corporate income tax

As a result of opting for REIT tax arrangements, and therefore for the calculation of the tax for the financial years beginning from 1 January 2009, two business segments have been identified, one of which is subject to corporate income tax, and the other of which is exempt.

The exempt segment includes the expense and income inherent to the benefit of operating lease transactions, and includes the dividends received from the REIT subsidiaries.
The taxable segment includes all other transactions, and the dividends received from the non-REIT subsidiaries.

Commitments for pensions and retirement benefits

The estimated pension commitments at 31 December 2018 amounted to €205 thousand, compared with €192 thousand at 31 December 2017.
Retirement benefits are paid to the employees of French companies at the time when they retire, depending on their seniority, and their salary at retirement age. These benefits are in the defined-benefit scheme category.

FREY Group companies have calculated retirement allowances based on the assumption of voluntary departure, in accordance with the property development sector collective-bargaining agreement.

The main parameters used for the actuarial valuation of these commitments at 31 December 2018 are as follows:

- Retirement age calculated on the basis of a contribution period of 41 years capped at age 67,
- Trend in wages 1.5%,
- Employer contribution rate 40%,
- Discount rate 1.62%.

Actuarial assumptions other than the discount rate have not been changed.

Additional information

Average headcount

Employee headcount for the financial year: 26.25 people
Employee headcount for the previous financial year: 24.91 people

Senior executive remuneration

The senior executives received €915 thousand in remuneration from the Company for the financial year; this remuneration amounted to €815 thousand for the previous financial year.

Identity of consolidating entity

FREY is the parent company of the FREY consolidation group.

Related-party transactions

Cash and cash equivalents

On 1 December 2010, FREY entered into a cash pooling agreement with each of its subsidiaries to centrally manage the Group's cash. As a result of these various agreements, the Company reported current-account assets amounting to a total of €345,612 thousand at 31 December 2018 and current-account liabilities amounting to a total of €20,405 thousand.

The return on these current accounts generated financial income of €4,428 thousand for FREY, and financial expense of €341 thousand.

Provision of services

FREY provided the following services on behalf of its subsidiaries during the 2018 financial year:

Accounting assistance:
The corresponding income in the parent company financial statements amounted to €348 thousand for the 2018 financial year;

Management fees:
The corresponding income in the parent company financial statements amounted to €4,325 thousand for the 2018 financial year.

Rental management
The Group's rental management services (pooling of invoices and management of the cash received) are provided by IF Gestion & Transactions, a subsidiary of FREY. The corresponding expenses amounted to €340 thousand for FREY, compared with invoiced rents amounting to €7,106 thousand.

Transactions performed with related parties are ordinary transactions for our Group, which are entered into under normal conditions, and for which no further details are provided herein.

Events after the reporting date

Rennes (35) competition success:
With the transformation of the Palais du Commerce, a historic, iconic building in Rennes city centre, FREY has made a successful entry as a specialist in major mixed-use city centre urban projects.
With over 18,000 m², the project (including the extension) will offer an unprecedented range of mixed uses for the Rennes metropolitan area.

Notes to the statement of financial position

STATEMENT OF NON-CURRENT ASSETS

(in euros)	31/12/2017	Increases	Reclassifications	Decreases	31/12/2018
Intangible assets	**702,806**	**123,298**			**826,104**
Land (1)	18,239,376	1,767,630		8,908	19,998,098
Buildings, fixtures and fittings (1)	82,482,483	4,821,440	8,884,388	54,065	96,134,245
Other property, plant & equipment (2)	2,098,217	2,303,645		226,934	4,174,928
Assets under construction (3)	17,400,983	23,922,042	-8,884,388		32,438,637
Advances and prepayments					
Property, plant and equipment	**120,221,059**	**32,814,757**		**289,907**	**152,745,908**
Equity investments (4)	54,925,506	27,293		2,665,038	52,287,761
Receivables from equity investments (5)		4,078,422			4,078,422
Other financial investments	1,186,361	487,183		224,720	1,448,823
Of which liquidity agreement	*682,418*	*70,743*		*33,608*	*719,553*
Financial investments	**56,111,866**	**4,592,898**		**2,889,758**	**57,815,006**
TOTAL	**177,035,731**	**37,530,953**		**3,179,665**	**211,387,019**

Retail investments (P.21)					
SNC Pierry	60			60	
IF Neuilly (4)	9,900	228		10,128	
Pôle Europe (4)	525,000	27,000		552,000	
IF Quadrant Nord (4)	9,900	31		9,931	
ISLE Saint Hubert (4)	2,082,986	1		2,082,987	
Sud-Ouest (4)	9,900	32		9,932	
Frey Invest (5)		1			1
Dormant companies	52,287,760				52,287,760
TOTAL	**54,925,506**	**27,293**		**2,665,038**	**52,287,761**

(1) In 2018, the company purchased a plot in Chanteloup (77) and delivered its project in Saint-Quentin (02).
(2) Mainly comprising the development of the Paris offices (rue Auber).
(3) Development of the Arles (13) and Claye Souilly (77) projects.
(4) Five subsidiaries were subject to a universal transfer of assets by the company.
(5) FAP transferred to FREY its equity investment in the subsidiary FREY INVEST, in exchange for current accounts and the participatory loan that it held with respect to this subsidiary.

STATEMENT OF DEPRECIATION, AMORTISATION AND PROVISIONS ON NON-CURRENT ASSETS

(in euros)	31/12/2017	Charges	Decreases	31/12/2018
Intangible assets	**271,274**	**91,905**		**363,179**
Land				
Buildings, fixtures and fittings	4,668,001	3,090,147	54,066	7,704,082
Technical facilities, machinery and tools	16,145	10,563		26,708
Other property, plant & equipment	401,968	353,456	56,351	699,073
Property, plant and equipment	**5,086,114**	**3,454,166**	**110,416**	**8,429,864**
TOTAL	**5,357,388**	**3,546,071**	**110,416**	**8,793,043**

STATEMENT OF OTHER PROVISIONS

(in euros)	31/12/2017	Charges	Reversals not used	Reversals used	31/12/2018
Provisions for liabilities and charges	264,121	51,015		264,121	51,015
Provisions for property, plant and equipment (1)	7,257,426	30,808			7,061,770
Provisions for equity investments	3,900,000				3,900,000
Provisions for bad debts	112,279	191,686		67,932	236,034
Provisions for impairment of current accounts (2)	898,665	2,018,349		898,665	2,018,349
TOTAL	**12,432,493**	**2,291,859**		**1,457,182**	**13,267,168**

(1) Impairment of the asset located in Bayonne.

(2) Impairment of losses of transparent subsidiaries (for the year)

STATEMENT OF RECEIVABLES AND LIABILITIES

Statement of receivables (€)	31/12/2018			31/12/2017
	Gross value	Less than 1 year	More than 1 year	
Receivables from equity investments	4,078,422		4,078,422	
Other financial investments	1,398,824	884,561	514,263	1,136,361
Of which concerning related entities				
Trade receivables	8,707,173	7,187,753	1,519,420	7,863,383
Of which concerning related entities	*5,485,213*	*5,485,213*		*5,268,882*
Personnel and related accounts	21,158	21,158		21,158
Social security and similar bodies	2,792	2,792		294
Income tax	12,564	12,564		55,530
State – Value added tax	4,370,935	4,370,935		6,146,964
Other taxes and duties				
Group and associates (1)	345,611,882	345,611,882		235,097,317
Of which concerning related entities	*345,611,882*	*345,611,882*		*235,097,317*
Miscellaneous debtors	665,314	665,314		413,922
Of which concerning related entities				
Prepaid expenses	135,105	135,105		169,400
Of which concerning related entities	*80,150*	80,150		*27,592*
TOTAL	**365,004,169**	**358,892,063**	**6,112,105**	**250,904,328**

Statement of liabilities (€)	31/12/2018 Amount Gross	Less than 1 year	More than 1 year and less than 5 years	More than 5 years	31/12/2017
Bond issues	65,162,499	37,054,839	28,107,661		67,070,441
With credit institutions					
• Less than 1 year on inception (1)	123,137,340	123,137,340			140,255,083
• More than one year on inception (1)	53,350,000	1,000,000	2,350,000	50,000,000	54,450,000
Guarantees and deposits received	1,091,332	484,800	584,234	22,297	787,910
Trade payables	2,187,510	2,187,510			1,940,646
Of which concerning related entities	*908,534*	*908,534*			94,680
Personnel and related accounts	937,792	937,792			749,426
Social security and similar bodies	627,124	627,124			552,281
State – Income tax					
State – Value added tax	995,586	995,586			965,965
State - Other taxes and duties	129,975	129,975			182,361
Liabilities for non-current assets	8,732,274	8,732,274			23,562,596
Of which concerning related entities	*5,400*	*5,400*			*6,840,848*
Group and associates (1)	20,405,207	20,405,207			27,634,517
Of which concerning related entities	*20,405,207*	*20,405,207*			*27,634,517*
Other liabilities	1,851,634	1,851,634			1,250,884
Prepaid income	138,849	53,199	85,650		214,479
TOTAL	**278,747,121**	**197,597,280**	**31,127,545**	**50,022,297**	**319,616,588**

(1) Presentation within one year in the absence of agreement to the contrary, but no payment or reimbursement required within one year.

FINANCIAL POSITION AND FINANCIAL DEBT

Bond issues

FREY successfully issued two property performance bonds (OPIRNANE) in November and December 2012, which enabled it to diversify and increase the Group's sources of financing intended for the development of its portfolio of identified projects. The total initial amount of this loan is €30,001 thousand and it consists of 1,621,691 bonds subscribed in cash, which will be redeemed after a period of 10 years. The annual interest rate is a minimum of 6% gross (excluding fees, commissions, and tax) for 10 years.

In 2018, the company bought back 102,358 bonds for €2,610 thousand. The total amount of the bonds therefore decreased to €28,108 thousand.

The repurchased bonds were allocated to the account "bonds and warrants issued by the company" and then cancelled. The costs of the transaction were booked as non-recurring expenses, as were the related issue costs on a prorated basis.

FREY issued two bonds in August and December 2014, which enabled it to diversify and increase the Company and Group's sources of financing, and to potentially choose between the financing for certain assets or projects. The amount of this loan is €36,200 thousand and it consists of 362 bonds subscribed in the form of bearer shares with no certificate, for a period of five years. The annual interest rate is 4.375% gross (excluding fees, commissions and tax).

Bank debt

At 31 December 2018, the outstanding amount of credit drawn by the Company was €176,350 thousand, consisting of long-term loans repayable within six years.

The average interest rate on the debt, after including the interest-rate hedges and with a 3-month EURIBOR of (0.309%) at 31 December 2018, was 1.32%.

Cash investments

FREY manages its excess cash via investments in the form of term accounts or deposits.

ACCRUED EXPENSES

Accrued expenses included in the following statement of financial position headings (in euros)	**31/12/2018**	**31/12/2017**
Loans and financial debt from credit institutions (accrued interest)	137,340	255,083
Accrued interest BONDS	854,839	869,158
Trade payables	1,839,768	1,642, 328
Liabilities relating to non-current assets	8,605, 845	21,102,343
Personnel and related accounts	1,443,922	1,182,445
Tax and social security liabilities	927,737	1,053,384
Other liabilities	473,400	14,012
TOTAL	**14,282,851**	**26 118 752**

DEFERRED INCOME

Deferred income included in the following statement of financial position headings (in euros)	**31/12/2018**	**31/12/2017**
Trade receivables	7,125,574	7,049,775
State – Value added tax	1,744,353	3,854,483
Accrued interest receivable	219,397	30,667
Other deferred income		12,962
TOTAL	**9,089,324**	**10,947,887**

DEFERRED EXPENSES

At 31 December 2018, the amount of the costs related to the bond issue still to be amortised amounted to €744 thousand and the borrowing costs related to the corporate line amounted to €3,040 thousand.

They will be amortised over the term of the bonds and the credit.

PREPAID EXPENSES AND INCOME

At 31 December 2018, prepaid expenses were €135 thousand, compared with €169 thousand at 31 December 2017. They relate exclusively to operating expenses.

At 31 December 2018, prepaid income amounted to €139 thousand, compared with €214 thousand at 31 December 2017. This income corresponds to entry fees.

COMPOSITION OF SHARE CAPITAL

	Number	Nominal value
Shares comprising the share capital at the start of the year	12,112,500	€2.50
Shares issued during the year	6,729,165	€2.50
Shares redeemed or cancelled during the year		
Shares comprising the share capital at the end of the year	**18,841,665**	**2,50 €**

At 31 December 2018, the Company held:

- 10,382 of its own shares with a book value of €287 thousand as part of the liquidity agreement set out in the significant events for the financial year at the beginning of these notes.
  This book value was determined on the basis of the share price at 31 December 2018.

- 13,972 shares with a book value of €386 thousand purchased as part of the Employee Free Share Allocation Plan approved by the Board of Directors.

CHANGE IN EQUITY

	31/12/2017	Allocation of net profit	Dividends paid	Capital increase	31/12/2018
Share capital	30,281,250			16,822, 913	47,104,163
Issue premium	127,410,077		-12,088,669	184,246,259	299,567,667
Regulated reserves	612				612
Legal reserve	1,721,250				1,721,250
Other reserves					
Retained earnings	-4,227,919	2,275,293			-1,952,625
Profit/(loss) 31/12/2017	2,275,293	-2,275,293			
Profit/(loss) 31/12/2018		-2,546,118			-2,546,118
TOTAL	**157,460,563**	**-2,546,118**	**-12,088,669**	**201,069,172**	**343,894,948**

ANALYSIS OF INCOME TAX AT 31/12/2018

	Profit before tax	Tax credit	Net profit/(loss)
Profit from recurring	-1,569,651	12,563	-1,557,088
Net non-recurring	-989,030		-989,030
TOTAL	**-2,558,681**	**12,563**	**-2,546,118**

Notes to the income statement

REVENUE

Revenue for the financial year ended 31 December 2018 amounted to €12,849,435 and breaks down as follows:

(in euros)	31/12/2018	31/12/2017
Rental income	7,105,506	3,648,714
Provision of intra-group services	4,669,877	4,734,168
Off-plan sales (land and buildings)	677,792	2,911,530
Re-invoicing of work	215,622	816,957
Entry fees	75,630	71,018
Rental management fees	67,496	9,945
Miscellaneous income	37,511	52,082
TOTAL	**12,849,435**	**12,244,414**

The 94% increase in rents is due to the prorated effect of the delivery in 2017 of the Shopping Promenade in Amiens, the delivery in 2018 of the Saint Quentin site and the acquisition in 2018 of the units in Chanteloup.

FINANCIAL INCOME

(in euros)	31/12/2018	31/12/2017
Financial income from equity investments	4,565,992	3,081,231
Dividends	6,505,431	7,262,292
Current account interest	4,428,139	2,920,485
Clos du Chêne ORA interests		465,750
Reversal of write-downs of financial	898,666	914,688
Miscellaneous (o/w interest on term deposits)	415,145	94,968
TOTAL	**16,813,374**	**14,739,414**

FINANCIAL EXPENSES

(in euros)	31/12/2018	31/12/2017
Loan interest	2,264,189	1,601,352
Other financial expenses – Hedges	791,533	417,418
Current account interest	340,589	470,729
Interest on bonds	3,369,508	3,383,827
Other financial expenses (Mali) (1)	2,615,209	
Bank charges		65
Share of net profit/(loss) from	1,930,723	786,883
Financial write-down charges (2)	2,057,653	938,077
Other	23,567	45,986
TOTAL	**13,392,970**	**7,644,337**

(1) Financial expenses on business units subject to universal transfers of assets

(2) Impairment of losses of transparent subsidiaries in current accounts of €2,018 thousand

NET NON-RECURRING INCOME/(EXPENSE)

Net non-recurring income/(expense) for the financial year ended 31 December 2018 totalled -€989,030 and can be analysed as follows:

(in euros)	**Expenses**	**Income**
Value of property, plant and equipment and intangible assets disposed of	-186,221	3,694
Sale of securities		34
Impact of buyback of OPIRNANE(1)	-773,324	
Provision for expenses	-1,300	
Penalties / Tax adjustments /	-42,415	10,501
Transfers and reversals of asset write-downs	-226,465	226,465
TOTAL	**-1,229,724**	**240,694**

(1) This sum corresponds to the capital loss on the purchase and the accelerated amortisation of a portion of the activated issue costs.

Other information

OFF-BALANCE SHEET

Commitments given

	31/12/2018	31/12/2017
Deposits and earnest	€3,883 thousand	€4,335 thousand

Commitments received

	31/12/2018	31/12/2017
Bank deposits (leases signed with lessors)	€1,218 thousand	€836 thousand
Bank deposits (completion of retail units)	€4,452 thousand	€2,149 thousand

At 31 December 2018, the Company also had a residual draw-down right of €247 million on the financing signed with its financial partners.

Covenants

All of the covenants included in the loan documents signed by FREY SA were complied with at 31/12/2018.

Consolidated ratios	LTV		DSCR	ICR		Collateralised debt
Relevant debt	€36.2M	€173.0M	€36.2M	€36.2M	€173.0M	€173.0M
Required ratios	<= 70.0%	<= 60.0%	>= 110%	>= 1.5	>= 2	<20.0%
Ratios at 31/12/2018	26.1%	25.1%	192%	2.7	3.3	9.6%

Financial instruments

Hedge type	Start Date	Initial amount	Mark to Market	Provision in the statement of	Expiry date
CADIF SWAP	24/05/2017	€25,000	€(226) thousand	No	24/05/2022
CACIB SWAP	24/05/2017	€25,000	€(226) thousand	No	24/05/2022
CIC SWAP	29/12/2017	€50,000	€(503) thousand	No	30/12/2022
CIC SWAP	23/12/2016	€8,352	€(53) thousand	No	23/12/2021
LCL SWAP	28/07/2017	€50,000	€(523) thousand	No	28/07/2022
Palatine SWAP	25/11/2013	€3,200	€(7) thousand	No	31/01/2019
Palatine SWAP (St Hubert)	29/11/2012	€2,725	€(26) thousand	No	12/11/2019
Palatine SWAP (St Hubert)	15/04/2013	€371	€(5)	No	30/04/2020
BNP SWAP	30/03/2017	€9,233	€(96) thousand	No	30/09/2019
BNP SWAP	30/03/2017	€6,219	€(76) thousand	No	30/09/2019

(*) As at 31 December 2018, all hedges are allocated to the corporate credit; there are no instruments in an isolated open position that need to be provisioned.

➢ **Free share allocation plans in effect within the Company at 31 December 2018**

The table below shows the free share allocation plans in effect within the Company at 31 December 2018:

Information on free share allocations								
	Plan No. 2	**Plan No. 3**	**Plan No. 4**	**Plan No. 5**	**Plan No. 6**	**Plan No. 7**	**Plan No. 8**	**Plan No. 9**
Date of General Meeting:	24/06/2013	24/06/2013	23/06/2016	23/06/2016	23/06/2016	23/06/2016	20/06/2018	20/06/2018
Date of Board meeting:	25/03/2015	22/09/2015	06/07/2016	22/09/2016	10/05/2017	10/05/2017	20/06/2018	20/06/2018
Total number of shares allocated free of charge of which:	6,005	1,486	3,348	2,635	4,101	31,020	41,826	1,301
Corporate officers								
- François Vuillet-Petite	974	-	788	-	4,101	-	4,672	146
- Pascal Barboni	-	-	-	2,635	-	4,101	4,672	73
- Sébastien Eymard	-	-	-	-	-	6,792	4,672	73
Date shares vested:	25/03/2017	22/09/2017	06/07/2018	22/09/2018	10/05/2019	10/05/2019	20/06/2020	20/06/2020
Retention period ends:	25/03/2019	22/09/2019	06/07/2020	22/09/2020	10/05/2021	10/05/2021	20/06/2022	20/06/2022
Number of shares vested at 31 December 2018:	4,330	0	3,348	2,635	0	0	0	0
Cumulative number of shares cancelled or lapsed:	1,675	1,486	0	0	0	833	2,000	18
Free shares allocated and outstanding at 31 December 2018:	0	0	0	0	4,101	30,187	39,826	1,283

SUBSIDIARIES AND EQUITY INVESTMENTS

	Equity	Equity	% of share capital held	Net book value of securities	Revenue Ex. tax	Net profit of last financial year
1. Subsidiaries (interest over 50%)						
SNC IF GT	€ 10,000	-€1,264,357	99.00%	€ 9,990	€4,189,401	€-1,274,357
SCI Seclin 01	€ 3,400,000	€16,310,124	99.997%	€ 4,050,000	€ 0	€94,992
SASU FAP	€ 3,757,500	-€5,849,771	100.00%	€ 3,757,500	€3,245,466	-€2,890,955
SL Frey Invest	€ 100,000	€ 4,660,748	100.00%	€1	€ 0	€ -775,675
SNC IF Plein Sud	€ 10,000	€ 954,092	99.00%	€ 9,990	€2,526,119	€ 944,092
SNC IF Bezannes	€ 10,000	€ -16,849	99.00%	€ 9,990	€374,549	-€26,850
SNC IF Bener	€ 10,000	€3,205	99.00%	€ 9,990	€ 0	-€6,794
SNC IF Saint Parres	€ 10,000	-€92,797	99.00%	€ 9,990	€ 0	-€102,797
SNC IF Plein Ouest	€ 10,000	€36,188	99.00%	€ 9,990	€696,770	€26,188
SNC IF Plein Est	€ 10,000	€871,601	99.00%	€ 9,990	€2,523,206	€871,601
SAS IF Clos du Chêne	€ 10,000,000	€8,699,252	100.00%	€16,252,450	€50,507	€536,407
SCI FREY MURS 01	€ 10,000	-€1,149	99.00%	€ 9,990	€0	-€11,149
SCI IF VALENTINE	€ 10,000	-€112,394	99.00%	€ 9,990	€0	-€122,394
SCI IF ALLONDON	€ 10,000	-€51,502	99.00%	€ 9,990	€0	-€61,502
SCI IF ECOPOLE	€ 500,000	€200,445	99.00%	€ 495,000	€0	-€299,554
SCI IF ZCN Investissement	€ 10,000	-€88,540	99.00%	€ 9,990	€301,204	-€98,540
SAS LA PLAINE	€ 10,000	-€385,992	99.00%	€ 9,990	€3,634,435	-€396,992
SCI LES SABLONS 1	€ 10,000	-€441,392	99.90%	€ 9,990	€0	-€451,392
SASU FREY MURS 02	€ 10,000	-€42,063	100.00%	€ 10,000	€0	-€21,371
2. Equity investments (1% to 50% interest)						
SCI Sopic Frey	€ 3,444,340	€4,416,816	50.00%	€ 1,754,336	€989,460	€972,476
SCI Agenaise d'Investissement	€ 6,000	-€4,614,616	50.00%	€ 3,000	€1,985,574	-€516,658
SAS Frey Retail Fund 1	€1,976,904	€2,145,289	33.33%	€658,968	€315,195	€146,113
SNC Frey Retail Fund 2	€ 80,127,244	€84,093,199	24.16%	€ 19,358,742	€0	€11,714,426
SCI PI	€ 10,000	€120,678	50.00%	€ 5,000	€472,058	€110,678
SC FREY RETAIL VILLEBON	€ 6,161,684	€39,207,236	5.00%	€ 1,846,005	€8,724,869	€2,287,131
SCI Tervilloise	€ 10,000	-€66,465	50.00%	€ 5,000	€439,230	€48,344

DIVIDENDS RECEIVED

SAS Frey Retail Fund 1	€50,231
SCI Seclin 01	€6,234,570
SAS La Plaine	€220,631

STATEMENT OF LOANS AND ADVANCES GRANTED TO SUBSIDIARIES

	Current accounts
1. Subsidiaries (interest over 50%)	
SASU FAP	€59,503,015
SNC IF Plein Sud	€23,609,215
SL Frey invest	€85,030,890
SNC IF Bezannes	€911,643
SNC IF Bener	€784,186
SNC IF Saint Parres	€12,894,882
SNC IF Plein Ouest	€9,806,092
SNC IF Plein Est	€35,068,892
SAS IF Clos du Chêne	€29,928,771
SCI Frey Murs 01	€345,472
SCI IF Valentine	€6,304,565
SCI IF Allondon	€3,394,321
SCI IF Ecopole	€11,552,911
SNC IF Gestion et Transaction	€399,348
SCI IF ZCN Investissement	€12,028,675
SAS La Plaine	€11,048,351
SCI Les Sablons 1	€25,841,184
SASU Frey Murs 02	€1,647,855
2. Equity investments (1% to 50% interest)	
SCI Agenaise d'Investissement	€4,470,063
SNC Frey Retail Fund 2	€8,138,823
SCI La Patroclienne d'Investissement	€372,757
SC Frey Retail Villebon	€2,157,419
SCI Tervilloise d'Investissement	€372,552

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Statutory Auditors’ report on the parent company financial statements

FREY

Financial year ended 31 December 2018

To the shareholders of FREY,

- ***OPINION***

In accordance with the terms of the assignment entrusted to us by your general meeting, we have audited the annual financial statements of the company **FREY** for the year ended 31 December 2018, as attached to this report.

In our opinion, in accordance with French accounting principles and methods, the annual financial statements provide a true and fair view of the financial position, assets and liabilities and profit or loss of the company for the financial year.

The opinion formulated above is consistent with the contents of our report to the audit committee.

- ***BASIS OF OPINION***

Auditing standards

We conducted our audit in accordance with professional standards applicable in France. We believe that our audit provides a reasonable basis for our opinion. Our responsibilities under these standards are set out in the section entitled “Statutory Auditors' responsibilities in relation to the audit of the annual financial statements” herein.

Independence

We carried out our audit assignment in accordance with the independence rules applicable to us, in the period from 1 January 2018 to the date of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the code of professional ethics for statutory auditors.

- ***JUSTIFICATION OF OUR ASSESSMENTS – KEY POINTS OF THE AUDIT***

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided to these risks.

These assessments were made within the framework of our audit, which focuses on the annual financial statements taken as a whole, and the issuance of the opinion expressed above. We have not expressed an opinion on the elements of these annual financial statements in isolation.

Valuation of equity investments, related receivables and current accounts

Risk identified
At 31 December 2018, the equity investments appearing in the statement of financial position of €48 million and the related receivables and current accounts of €348 million represented, overall, 60% of total assets. They are recognised at their acquisition date at their acquisition cost and depreciated on the basis of their value in use.
As indicated in the section entitled "Financial assets, related receivables and/or current accounts" of the notes, value in use is estimated by management using a multi-criteria approach that includes the proportionate share of revalued net asset value and prospective profit margins.

When it estimates the value in use of these securities, management is required to exercise its judgement when choosing which elements to consider according to the investments concerned: depending on the case, these elements may correspond to historic (revalued net position) or provisional elements.
Given the weight of equity investments, related receivables and current accounts in the statement of financial position, the diversity of the models used and the estimates inherent to the valuation methods, we considered the valuation of the equity investments, related receivables and current accounts to be a key point of our audit.

Audit procedures implemented in response to the risks identified
We duly noted the process for determining the value in use of the equity investments and current accounts. Our work also consisted of:

- duly noting the valuation methods used and the assumptions underlying the determination of the value in use of the equity investments and current accounts, which includes an assessment of the reasonableness of the estimates of the fair values of the investment property (the main underlying assets) used by management;
- calculating the proportionate share of the revalued net asset value (excluding stamp duty) on the basis of source data taken from the audited financial statements of the subsidiaries (and sub-subsidiaries), targeted reviews and analytical procedures;
- assessing the risk of non-recovery of current accounts in debit;
- assessing the provisional margins for development projects;

With this objective, we, in particular:

- duly noted the process of valuing the underlying property assets (mainly investment property operated by subsidiaries and equity investments), assessed the property appraisals and corroborated the assumptions and valuation methods underlying the valuations and implemented by the independent experts;
- assessed the assumptions underlying cash flow projections for the margins of property development projects;
- verified the provisioning of losses by transparent subsidiaries for the year, for which a current account allocation is expected.

Assessment of tangible operating assets

Risk identified
At 31 December 2018, operating assets (land and buildings) are shown on the statement of financial position for €108 million, representing 16% of the total. They are recognised at their acquisition date at their acquisition cost, depreciated on a straight-line basis over the useful lives defined for each depreciable component and, where applicable, written down on the basis of their value in use.
As indicated in the section entitled "Intangible assets and property, plant and equipment" in the notes, the value in use is based on the market values determined by independent experts.

Due to the estimates inherent in the valuation methods used by property experts to assess the value in use of the tangible operating assets, we considered this to be a key point in our audit.

Audit procedures implemented in response to the risks identified
In particular, we ascertained that the depreciation methods previously defined for each component were complied with and that additional provisions were made for impairment if necessary.

With this objective, we, in particular:

- assessed the consistency of depreciation recognised by component in accordance with defined depreciation plans;
- corroborated the assumptions and valuation methods underlying the valuations implemented by the independent experts;
- compared the net book values of the operating assets with the appraisal values excluding stamp duty;
- verified, where applicable, that impairment was correctly provisioned.

• Specific verifications

We have also performed, in accordance with accepted professional standards in France, the specific verifications provided for by the statutory and regulatory texts.

Information in the management report and in other documents provided to shareholders on the financial situation and annual financial statements

We have no comments to make concerning the fairness and consistency with the annual financial statements of the information provided in the management report of the Board of Directors and in the documents provided to the shareholders on the financial situation and the annual financial statements.
We confirm that the information relating to payment periods pursuant to Article D. 441-4 of the French Commercial Code is fair and consistent with the annual financial statements.

Information relating to corporate governance

We certify that the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code is included in the section of the management report dedicated to corporate governance.

Concerning the information provided in accordance with the provisions of Article L.225-37-3 of the French Commercial Code on remuneration and benefits paid to the corporate officers as well as commitments given in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and if necessary, with data collected by your company from its parent company or subsidiaries. On the basis of this work, we confirm the accuracy and fairness of this information.

We verified that the information relating to the elements that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to the provisions of Article L.225-37-5 of the French Commercial Code, complies with the documents from which they were taken and which were communicated to us. On the basis of this work, we have no comments to make concerning this information.

Other information

As required by law, we have ensured that the various disclosures concerning the identity of holders of the share capital or voting rights has been provided to you in the management report.

• Information resulting from other statutory and regulatory obligations

Appointment of Statutory Auditors

We were appointed as statutory auditors of FREY by the General Meeting of 30 October 2007 (Grant Thornton) and 29 June 2010 (FCN).

At 31 December 2018, Grant Thornton was in the eleventh consecutive year of its assignment, and FCN in its ninth year.

• Responsibilities of management and the persons constituting corporate governance in relation to the annual financial statements

Management is responsible for preparing the annual financial statements, presenting a true and fair view in accordance with the French accounting principles and methods, and establishing the internal control that it considers necessary to prepare annual financial statements without material misstatements, whether due to fraud or error.

When preparing the annual financial statements, it is the responsibility of management to assess the company's ability to continue to operate, to present in these financial statements, where appropriate, the necessary information relating to the continuity of operations and to apply the going concern accounting principle, unless the company is to be wound up or cease trading.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and, where applicable, internal audit, with regard to procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

- ***RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS***

Audit objective and approach

We are responsible for preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect any material misstatement. Misstatements may arise due to fraud or error and are considered material if it can reasonably be expected that they, taken individually or as a whole, may influence the economic decisions that account users take based on them.

As specified by Article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

In the context of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgement throughout this audit. It also:

- Identifies and assesses the risks that the annual financial statements contain material misstatements due to either fraud or error, defines and implements audit procedures to address these risks, and collects the elements that it regards as a sufficient and appropriate basis for its opinion. The risk of failing to detect a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumvention of internal control;
- Duly notes the internal control relevant to the audit in order to define audit procedures appropriate for the circumstances, and not with the aim of expressing an opinion on the effectiveness of the internal control;
- Assesses the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the annual financial statements;
- Assesses the appropriateness of management's application of the going concern accounting principle and, depending on the elements gathered, the existence or otherwise of material uncertainty related to events or circumstances likely to bring into question the company's ability to continue as a going concern. This assessment is based on the elements gathered up to the date of its report, although it should be remembered that subsequent circumstances or events could jeopardise the continuity of operations. If it concludes that there is material uncertainty, it draws the attention of readers of its report to the information provided in the annual financial statements about this uncertainty or, if this information is not provided or is not relevant, formulates a certification with reservations or a refusal to certify;
- Assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events in such a way as to give a true and fair view thereof.

Audit committee's report

We submit a report to the audit committee outlining the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also disclose, where appropriate, any material weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the audit committee are the risks of material misstatement that we consider to have been most important for the audit of the annual financial statements for the year and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of the rules applicable in France as set forth in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Neuilly-sur-Seine and Reims, 7 March 2019

The Statutory Auditors

Grant Thornton **French member of** **Grant Thornton International**	**FCN**
Christian Bande Partner	Jean-Michel François Partner

RELATED-PARTY TRANSACTIONS

1. RELATED-PARTY TRANSACTIONS

All transactions between FREY SA and related parties are detailed in the special report of the Statutory Auditors for the past three financial years, namely:

- the special report for the financial year ended 31 December 2018 can be found in this section of the 2018 Registration Document;
- the special report for the financial year ended 31 December 2017 can be found in the "Related-party transactions" section of the 2017 Registration Document;
- the special report for the financial year ended 31 December 2016 can be found in the "Related-party transactions" section of the 2016 Registration Document.

We would also refer you on this point to Note 5.5 to the consolidated financial statements as at 31 December 2017, which is included in the section entitled "Consolidated financial statements" of this Registration Document.

2. STATUTORY AUDITORS' SPECIAL REPORT

Statutory Auditors' special report on related-party agreements and commitments

FREY

Annual General Meeting to approve the financial statements for the financial year ended 31 December 2018

Dear Shareholders,

As the Company's Statutory Auditors, we hereby present our report on related-party agreements and commitments.

Our role is to provide you, on the basis of the information given to us, with the characteristics, the essential terms and conditions of, and justification for the Company of the agreements and commitments brought to our attention, or which we would have discovered as part of our assignment, without having to issue an opinion on whether or not these agreements or commitments are useful or warranted. Under the terms of Article R.225-31 of the French Commercial Code, it is your responsibility to assess the benefits resulting from these agreements prior to their approval.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the financial year just ended of agreements and commitments already approved by the General Meeting.

We have carried out the procedures we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These procedures consisted in verifying that the information we were given was consistent with the source documents from which they were taken.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorised during the financial year just ended that required approval from the General Meeting pursuant to Article L.225-40 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved during previous financial years that remained in effect during the financial year just ended

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements and commitments authorised in previous financial years continued to apply during the financial year just ended.

Performance agreement

Persons concerned: Antoine Frey, Aude Frey, Thomas Riegert and Jean-Noël Dron

On 28 July 2017, SCA Firmament Participations and FREY SA signed a promotion agreement, under which FREY SA retains SCA Firmament Participations, which is the leading shareholder of FREY SA and a member of its Board of Directors, to actively help promote the performance of FREY Group and participate in discussions on its development. Under the agreement, Firmament Participations receives remuneration of €20,000 before tax each year.

Neuilly-sur-Seine and Reims, 7 March 2019

The Statutory Auditors

Grant Thornton French member of Grant Thornton International	FCN
Christian Bande Partner	Jean-Michel François Partner

INFORMATION ON EMPLOYEES AND PAY POLICY

INFORMATION ON SOCIAL AND SOCIETAL ISSUES

Scope adopted	All Group employees (on permanent, fixed-term or work-study contracts), excluding replacement fixed-term contracts, interns and temporary workers present between 1 January and 31 December 2018.
Reference period of the report	It begins on 1 January 2018 and ends on 31 December 2018
Key indicators	Gender equality: 40 women and 45 men 98% permanent contracts - 1% fixed-term contracts - 1% work-study contracts Rate of absenteeism: 2.13%

1. EMPLOYMENT

Total workforce and analysis of employees by gender, age and geographic region at 31/12/2018

At the end of 2018, FREY had 85 employees.

'Support' includes financial, legal, and human resources staff, as well as assistants and technical personnel (maintenance, welcome, etc.).

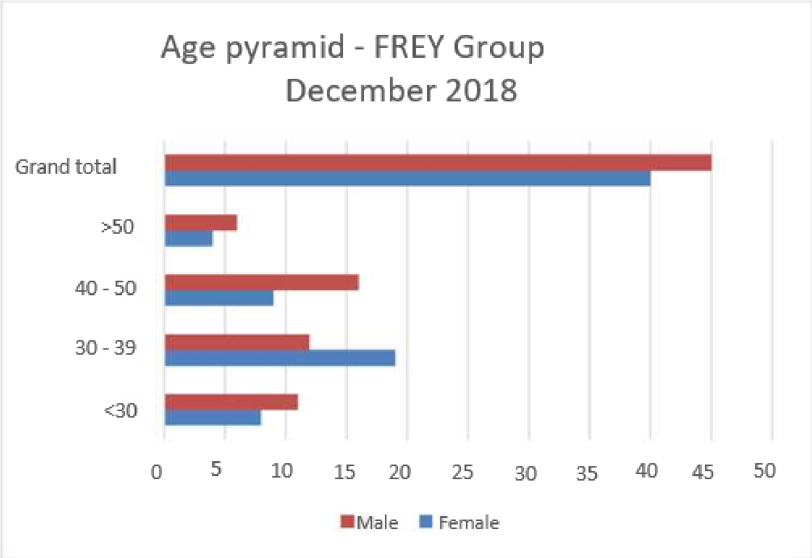
Headcount at year-end	2015	2016	2017	2018
Managers	38	50	60	61
Non-managers	25	24	21	24
TOTAL	**63**	**74**	**81**	**85**

Headcount at year-end	2015	2016	2017	2018
Senior management	8	8	8	8
Operational staff	30	34	40	46
Support staff	25	32	33	31
Total workforce	**63**	**74**	**81**	**85**

Headcount at year-end	2015	2016	2017	2018
Fixed-term contracts	3	2	1	0
Permanent contracts	57	69	79	84
Professional training contracts	3	3	1	1
Total workforce	**63**	**74**	**81**	**85**

Average age:	Sum of ages of total workforce / Total workforce

The average age at 31/12/2018 is 39, unchanged from the previous year.



Age category	Female	Male	Total
< 30	8	11	19
30 - 39	19	12	31
40 - 50	9	16	25
> 50	4	6	10
Grand total	**40**	**45**	**85**

Recruitment and redundancies

In 2018, FREY recruited 9 new employees, and 6 staff members left the company. Of these 9 recruitments, 5 were for positions created during 2018, with a turnover rate excluding job creation of 5.90%.

Since 2015, FREY has used professional training contracts to encourage the employment of young people and also to train staff specifically for both support and operational services.

PEOPLE COMING IN	New positions	Replacements	Total
Permanent contracts	5	4	**9**
Fixed-term contracts	-	-	**-**
Professional training contracts	-	-	**-**
Grand total	**5**	**4**	**9**

PEOPLE GOING OUT	Contracts ending	Resignations	Contracts terminated	Trial period terminated	Total
Permanent contracts	-	2	4	-	**6**
Fixed-term contracts	-	-	-	-	**-**
Professional training contracts	-	-	-	-	**-**
Grand total	**-**	**2**	**4**	**-**	**6**

2. CHANGE IN AVERAGE SALARY

Workforce on a like-for-like basis	This is the number of people employed throughout 2018 on permanent or fixed-term contracts, excluding interns and temporary workers.
Average salary excluding bonuses on a like-for-like basis	Sum of gross salaries for the 2018 workforce / 2018 workforce
Change in average salary excluding bonuses on a like-for-like basis	Change in average salary excluding bonuses on a like-for-like basis (2018 - 2017) / Average salary excluding bonuses on a like-for-like basis in 2017

The average salary excluding bonuses on a like-for-like basis changed as follows:

Change in average salary excluding bonuses	2015	2016	2017	2018
	3.11%	3.72%	4.92%	**6.93%**

3. WORK ORGANISATION

Working week

The length of the company's working week is set at 37.50 hours for all FREY non-manager employees.

Overtime is paid on the hours on top of the statutory working time of 35 hours/week, in accordance with applicable legislation, partly offset by time off in lieu of overtime pay.

6% of the workforce, i.e. 5 people, have chosen part-time employment, working between 21% and 97% of the working time of a full-time employee (151h67).

As from 1 January 2018, management employees are subject to a flat-rate agreement of 218 days per annum.

Absenteeism

Absenteeism rate	Number of days' absence / Theoretical number of days

Absenteeism includes absences due to illness, whether occupational or not, and any work- or commute-related accidents.

Absenteeism is calculated over full-year 2018.

Absences are counted in business days.

Table of evolution of absenteeism

Absenteeism trend	2015	2016	2017	2018
	0.65%	0.64%	0.75%	**2.13%**

Work accidents, particularly their frequency and severity, and occupational illnesses

4 work accidents were reported in 2018, resulting in 11 days lost.
A work accident was reported in 2017 whilst no work accident with lost time has been reported for three years.

4. EMPLOYEE RELATIONS

The human scale of the Group's various entities allows for a one-to-one relationship between staff and management.

Social and Economic Committee has been in place in IF Gestion et Transactions and Frey Aménagement et Promotion since 2018.

No collective bargaining agreement or agreement with unions was signed in financial year 2018.

100% of the workforce is covered by a collective labour agreement, specific to the country in which the employee works.
Internal communication has been improved since late 2015 with the distribution of a quarterly newsletter.

5. CAREER AND REMUNERATION MANAGEMENT

The individual Annual Performance Appraisals, implemented in December 2012, were further developed in 2015 with the inclusion of formal individual goals and precise elements to assess performance factors, particularly managerial performance. The Group also does a follow-up appraisal designed to help managers support their teams in carrying out actions agreed at the appraisal.

Thus at least once every year employees and managers meet for an individual appraisal that is an opportunity to specifically review achievements, performance factors, goals, potential, and possible training requirements.

The first Professional Appraisals were held in 2015, both for current employees and those returning from special leave; they now continue pursuant to applicable regulations, and provide an opportunity to periodically review each employee's career aspirations and their relevance to the Company's requirements, as well as any training needed to support identified development prospects. In doing so, managers are assisted by HR to ensure the quality of appraisals and their contribution to each employee's individual development.

Since 2015, FREY has implemented a performance-based remuneration system, taking into account collective performance factors as well as individual performance as assessed during the aforementioned Appraisals. All FREY employees are concerned and so each employee, without exception, is eligible for variable remuneration.

Each employee's performance is reviewed annually by HR appraisal and remuneration committees.

With this goal in mind the Group-wide bonus scheme was renewed in 2018, benefiting all staff who have at least 3 months' seniority.

As part of this scheme, individual bonuses are determined on 31 December each year.

Since 2015, employees who so wish receive meal vouchers, with half of the cost being covered by FREY.

The Welfare and Healthcare Costs contracts were fully reviewed during the last quarter of 2016, and are regularly brought into line with contractual and regulatory changes, in particular to comply with regulations governing so-called 'responsible' contracts.
FREY pays 85% of contributions for non-executives and 65% for executives specifically for Healthcare Cost contracts.

6. Well-being at work

FREY has identified all the risks in the workplace. Given the Company's tertiary activity these are mainly limited to business trips and psychosocial risks.

Consequently, FREY pays particular attention to managing its fleet of vehicles and, via the Automotive Charter included in the internal rules of procedure, makes employees aware of the need to respect the Highway Code.

FREY also supports employee well-being, and since 2012 has installed a fitness room at head office, where three sports coaches lead seven weekly sessions (paid for in full by the employer): PARTICIPATION FI POUR LES PARISIENS

- Strengthening exercises;
- Pilates: balance and good posture are the core concepts of this sport which is based on breathing and correct body posture;
- Yoga.

In order to facilitate work-life balance and to benefit its employees, FREY takes care of cot reservation with local nurseries.

FREY also constantly monitors employee working conditions, and the following improvements have been made:

- Ergonomic office chairs for all employees;
- Soundproofing for open spaces and meeting rooms;
- Area for eating and rest equipped with household appliances and television;
- Fully-equipped gym;
- Showers.

Since the beginning of 2017, FREY has also offered any employee who so wants individual monitoring by a professional nutritionist.

Each year, FREY organises an end-of-year party for its employees + PARTNERS, as well as an annual seminar combining talks, training, and games that encourage personal reflection, objective detachment, and team bonding.

7. Training

Average number of hours' training per employee (one day of training equates to 7 hours)	$\frac{\text{Number of training hours}}{\text{Average 2018 workforce}}$
Training rate	$\frac{\text{Number of people trained}}{\text{Average 2018 workforce}}$

The Company's current training plan is mainly based on dialogue between employees and managers at annual performance appraisals, reflecting FREY's organisational and developmental challenges. The Group offers each employee the chance to make proposals regarding the type of training s/he feels is needed to properly do his/her job or grow within the Group.

In 2018, 1,153 hours of training, including coaching, took place. Almost 68% of staff have benefited from training, receiving an average of 20 hours per employee, on topics relating not only to the continuous adaptation to workstations but also skills development or personal development. The cost of this training accounts for 1.06% of the Group's payroll, well above the statutory requirement of 0.2%.

The employee on a professional training contract in 2018 also received 444 hours of training.

8. EQUAL OPPORTUNITY

The Group aims to promote equality and create a working environment free from discrimination based on age, gender, disability, origin, ethnicity or any other criteria.

The percentage of women in the company rose slightly in 2018 to 47%.

FREY continually works with recruitment firms and temp agencies that are very mindful of diversity and equal opportunity.

9. PROMOTION AND COMPLIANCE WITH THE PROVISIONS OF THE ILO FUNDAMENTAL CONVENTIONS

FREY, as an employer of Spanish and French staff, complies with the labour code provisions of both these countries as well as the fundamental conventions of the International Labour Organization, in particular:

- Elimination of discrimination in employment and occupation
- Elimination of forced or compulsory labour
- Effective abolition of child labour
- Assuring freedom of association and the right to collective bargaining

The service providers with whom FREY works are governed by French and Spanish law; none of these companies are located in countriesthat have not ratified the ILO fundamental conventions.

CROSS-REFERENCE TABLE AND CLASSIFICATION ACCORDING TO MATERIALITY OF THEMES

In this report, FREY lists information on the 43 themes in compliance with Article 225 of the Grenelle II law.
FREY's level of materiality of these 43 themes was defined by taking into account the activity (in particular the Environmental and Societal Guidelines published by the French Council of Shopping Centres in June 2013, itself aligned with EPRA best practices) and the strategy implemented by the Group.

Materiality according to CNCC		
M= Material	R = Relevant	N/A = Not applicable

Article 225 themes	Themes	Sections	Pages	Materiality
ENVIRONMENTAL INFORMATION				
General environmental policy	Organisation of the Company to address environmental issues	8.2.2	124	R
	Environmental assessment or certification	8.2.2	124	M
	Employee training and information pertaining to environmental protection	8.2.2	125	R
	Resources allocated to avoiding environmental and pollution risks	8.2.3	126	R
	Amount of provisions and guarantees for environmental risks	8.2.6	133	R
Pollution and waste management	Measures for preventing, reducing and remediating air, water and soil emissions that severely affect the environment	8.2.3	126	R
	Measures to prevent, recycle, reuse, and other forms of recovery and disposal of waste, and actions to combat food waste	8.2.3	128	R
	Taking into account noise pollution and, where relevant, all types of pollution specific to a particular activity	8.2.3	129	R
Sustainable use of resources	Consumption and supply of water in line with local constraints	8.2.4	129	R
	Consumption of raw materials and measures taken to make their use more energy efficient	8.2.4	129	R
	Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	8.2.4	130	M
	Land use	8.2.4	131	R
Climate change	Greenhouse gas emissions	8.2.5	131	M
	Adaptation to the consequences of climate change	8.2.5	133	R
Protecting biodiversity	Measures to preserve or develop biodiversity	8.2.6	133	R
SOCIETAL INFORMATION				
Local, economic and social impact of activities	Employment and regional development impact on neighbouring and local populations	8.3.1	133	M
Relationships with people or organisations affected by the Company's activities	Basis of dialogue with these individuals or organisations	8.3.2	135	M
	Acts of partnership or sponsorship	8.3.2	136	R
Subcontractors and suppliers	Purchasing policies that take into account social and environmental issues	8.3.3	137	M
	Significance of sub-contracting and its inclusion in relationships with suppliers and subcontractors regarding their corporate, social and environmental responsibilities	8.3.3	137	M
Fair practices	Measures taken to prevent corruption	8.3.3	137	M
	Measures taken to safeguard the health and safety of consumers	8.3.3	138	M
	Other measures taken to safeguard Human Rights	8.3.4	138	R

Article 225 themes	Themes	Sections	Pages	Materiality
SOCIAL INFORMATION				
Employment	Total workforce	8.4.1	139	R
	Analysis of employees by gender, age and geographic region	8.4.1	139	R
	Recruitment and redundancies	8.4.1	140	M
	Remuneration and changes in remuneration	8.4.2 8.4.4 8.4.5	140 141 141	M
Work organisation	Organisation of working time	8.4.3	140	R
	Absenteeism	8.4.3	140	R
Employee relations	Organisation of social dialogue - in particular procedures for notifying, consulting and negotiating with personnel	8.4.4	141	R
	Collective bargaining agreements	-	-	N/A
Health and safety	Health and safety conditions at work	8.4.6	142	M
	Agreements signed with trade unions or staff representatives regarding health and safety conditions at work	-	-	N/A
	Work accidents, particularly their frequency and severity, and occupational diseases	8.4.3	142	R
Training	Training policies implemented	8.4.7	143	M
	Total number of training hours	8.4.7	143	M
Equal opportunity	Measures taken to promote gender equality	8.4.8	144	R
	Measures taken to promote the employment and integration of disabled employees	8.3.3	137	R
	Anti-discrimination policy	8.4.8	144	R
Promotion of and compliance with ILO conventions	Respect for freedom of association and collective bargaining	8.4.9	144	R
	Elimination of discrimination in employment and occupation	8.4.9	144	R
	Elimination of forced or compulsory labour	8.4.9	144	R
	Effective abolition of child labour	8.4.9	144	R

ADDITIONAL INFORMATION

1. INFORMATION RELATING TO THE COMPANY

1.1 INFORMATION ON THE COMPANY

Company name

The Company's name since June 2009 has been: FREY SA

Registered office

Parc d'Affaires TGV Reims Bezannes
1 rue René Cassin
51430 Bezannes
Tel: +33 (0)3.51.00.50.50
www.frey.fr

Registration office and number

The Company is registered in the Reims Trade and Companies Register under number 398 248 591.
The Company's APE code is 6820 B: Leasing of land and other property assets.

Date of incorporation and term

The Company has been registered with the Reims Commercial Court since 15 September 1994. The Company's term is set at 99 years from the date of its registration in the Trade and Companies Register, i.e. until 14 September 2093, unless the Company is dissolved early or its term extended.

Legal form and applicable law

The Company, which is subject to French law, is governed by its Articles of Association as well as by the legal and regulatory provisions regarding commercial companies in the French Commercial Code.

FREY is a French public limited company (société anonyme) with a Board of Directors.

The Company's shares are admitted to trading on the regulated Euronext Paris market, Compartment B (ISIN: FR0010588079).

1.2 ARTICLES OF ASSOCIATION

1. CORPORATE PURPOSE (ARTICLE 2)

The purpose of the Company, both in France and internationally is to:

- acquire and/or build, directly or indirectly, alone or as an association, partnership, grouping or company created with any other persons or companies, all types of land, buildings, property assets and rights to lease them, manage, rent, lease, and develop all land, buildings, property assets and rights, furnish all property developments to lease them, and exercise any other activities related or connected with the aforementioned activity;
- participate, by any means available, in all transactions that may relate to its corporate purpose via the purchase of any interests and equity investments, by any means and in any form whatsoever, in any French or international company, particularly via acquisitions, the creation of new companies, or subscriptions or purchases of securities or corporate rights, contributions, mergers, partnerships, joint ventures, or economic interest groups or other, as well as the administration, management, and control of these interests and equity investments;
- and, generally speaking, conduct all real estate and financial transactions that could potentially, directly or indirectly, relate to its corporate purpose or any similar or associated purposes that may facilitate the realisation of, or support the extension or development of its corporate purpose, including through the selective disposal of its assets, particularly via sales.

2. PROVISIONS OF COMPANY ARTICLES OF ASSOCIATION, CHARTER OR BYLAWS CONCERNING THE MEMBERS OF THE BOARD OF DIRECTORS

On this point reference is made to the information provided in Section 6 ("Corporate governance") of the management report reproduced herein.

3. RIGHTS ATTACHED TO SHARES (ARTICLES 9 TO 11)

<u>Article 9 - Form of shares</u>

Fully-paid up shares are registered or held in bearer form, at the option of the shareholder.

However, any shareholder other than a natural person who comes to hold, directly or indirectly (within the meaning of Article L. 233-3 of the French Commercial Code), a percentage of the Company's dividend rights at least equal to that referred to in Article 208 C II c of the French General Tax Code (Relevant Shareholder) must necessarily register all the shares for which they are the registered owner, and ensure that the entities they control within the meaning of Article L. 233-3 of the French Commercial Code lists all the shares they own in registered form.

Any Relevant Shareholder who fails to comply with this obligation no later than the third working day prior to the date of any Company Shareholders' General Meeting, would see their voting rights, directly or indirectly (within the meaning of Article L. 233-3 of the French Commercial Code), capped at the applicable General Meeting to one-tenth of the shares they hold respectively. The aforementioned Relevant Shareholder shall recover all voting rights attached to the shares they hold, directly or indirectly (within the meaning of Article L. 233-3 of the French Commercial Code), at the next Shareholders' General Meeting, subject to regularisation of their situation by registering all the shares they hold, directly or indirectly (within the meaning of Article L. 233-3 of the French Commercial Code) in registered form, no later than the third working day prior to this General Meeting.

Shares are registered in an account under the conditions and formalities provided for by applicable legal and regulatory provisions.

The Company is authorised to invoke at any time the provisions set out by Articles L. 228-2 et seq. of the French Commercial Code in relation to the identification of holders of securities conferring, with immediate or future effect, the right to vote in its own shareholders' meetings.

<u>Article 10 – Sale and transfer of shares</u>

The shares may be transferred and traded freely. Their sale is completed in accordance with legal and regulatory provisions.

The transfer of shares occurs by inter-account transfer according to the conditions and formalities provided for by applicable legislation.

<u>Article 11 – Rights and obligations attached to shares</u>

a) General rights

The rights and obligations attached to the share shall be transferred to any owner thereof. Ownership of a share automatically implies agreement to be bound by the Company's Articles of Association and the decisions taken at General Meetings.

Each share entitles the holder to a share in the company's assets, profits and liquidations dividend in proportion to the capital it represents.

Shareholders are held liable for no more of Company liabilities than the amount of their contributions.

Each share entitles the holder thereof to voting rights and representation at Shareholders' General Meetings, as well as the right to be informed on the Company's performance and to obtain disclosure of certain company documents at the times and under the conditions set out in the law and Articles of Association.

Each share entitles its holder to one vote. There is no entitlement to double voting rights for shareholders whose securities have been registered for any particular period of time.

Heirs, creditors or beneficiaries of a shareholder may not call for the affixing of seals on the assets and valuables of the Company, or call for a division or sale by auction thereof, or interfere in any manner whatsoever in its administration; for the exercise of their rights, they shall be bound by the statements of corporate assets and liabilities and decisions of the General Meeting.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it shall be up to holders that do not possess such number to group together and, if necessary, to purchase or sell the requisite number of shares or rights.

Pursuant to Article L. 228-35-10 of the French Commercial Code, the Company may demand the redemption of all of its own non-voting preference shares or of certain categories thereof, with each category being determined by its date of issue.

b) Withholding Tax referred to in Article 208 C II c of the French General Tax Code

Any Relevant Shareholder whose specific situation or that of their partners makes the Company liable for the withholding tax (Withholding Tax) referred to in Article 208 C II c of the French General Tax Code (Shareholder Subject to Withholding Tax) shall be required to compensate the Company for the withholding tax due as a result of the distribution of dividends, reserves, premiums, other income or 'income deemed distributed' within the meaning of the French General Tax Code.

Any Relevant Shareholder is deemed to be a Shareholder Subject to Withholding Tax. If a shareholder declares they are not a Shareholder Subject to Withholding Tax, they must prove this to the Company by providing no later than five (5) working days prior to the distributions payment date a satisfactory and unconditional legal opinion from a firm of lawyers of international repute and with recognised expertise in the field of French tax law stating that they are not a Shareholder Subject to Withholding Tax and the distributions payable to them do not make the Company liable for the Withholding Tax.

In the event that the Company holds, directly or indirectly, a percentage of the dividend rights at least equal to that provided for in Article 208 C II c of the French General Tax Code in one or more real estate investment companies referred to in Article 208 C of the General Tax Code (REIT Subsidiary) and where the REIT Subsidiary, due to the situation of the Shareholder Subject to Withholding Tax, would have paid the Withholding Tax, the Shareholder Subject to Withholding Tax shall, as appropriate, compensate the Company either for the amount paid as compensation by the Company to the REIT Subsidiary as payment of the Withholding Tax by the REIT or, in the absence of compensation paid to the REIT Subsidiary by the Company, for an amount equal to the Withholding Tax paid by the REIT Subsidiary multiplied by the percentage of dividend rights of the Company in the REIT Subsidiary, so that other Company shareholders shall not financially bear any part of the Withholding Tax paid by any of the REITs in the chain of interests due to the Shareholder Subject to Withholding Tax (Additional Compensation). The amount of Additional Compensation shall be borne by each of the Shareholders Subject to Withholding Tax in proportion to their respective dividend entitlements divided by the total dividend entitlement of Shareholders Subject to Withholding Tax.

The Company shall be entitled to offset its claims for damages against any Shareholder Subject to Withholding Tax on the one hand, and the amounts to be paid by the Company thereto, on the other hand. Therefore, amounts deducted from Company profits exempt of corporate income tax pursuant to Article 208 C II of the French General Tax Code must, for each share held by said Shareholder Subject to Withholding Tax be paid to it in application of the aforementioned distribution decision or of a share buyback, will be reduced by virtue of said offsetting, up to the amount of the Withholding Tax owed by the Company for the distribution of such amounts and/or the Additional Compensation.

The amount of any compensation owed by a Shareholder Subject to Withholding Tax shall be calculated so that the Company is placed, after payment thereof and taking into account any taxation which may be applicable, in the same situation as if the Withholding Tax had not become due.

The Company and the Relevant Shareholders shall cooperate in good faith in order to take all necessary steps to limit the amount of Withholding Tax owed or owing, and of compensation that has resulted or would result as a consequence.

c) Dividends paid to certain shareholders

In the event where (i) it is established, after a distribution of dividends, reserves or premiums, other income or 'income deemed distributed' within the meaning of the French General Tax Code deducted from Company profits or a REIT

Subsidiary exempt from income tax pursuant to Article 208 C II of the French General Tax Code, that a shareholder was a Shareholder Subject to Withholding Tax on the date of payment of said amounts and where (ii) the Company or the REIT Subsidiary should have paid the Withholding Tax in respect of amounts thus paid, without such amounts having been offset as per Article 11.b above, the Shareholder Subject to Withholding Tax will be required to pay the Company as compensation for damage suffered by the latter, an amount equal to, firstly, the Withholding Tax which would have been paid by the Company for each Company share that it held on the day of payment of the relevant distribution (dividends, reserves or premiums, other income or 'income deemed distributed' within the meaning of the French General Tax Code) and, secondly, if applicable, the amount of Additional Compensation (Indemnity).

The calculation of Indemnity shall take into account any penalties applied by the tax authorities and any taxation that would be applicable to the Indemnity in order that the Company be placed in the same situation as if the Withholding Tax had not become due.

If applicable, the Company shall be entitled to proportionally offset against its claim for damages any amounts that may be paid later to this Shareholder Subject to Withholding Tax without prejudice, if applicable, to the prior application on said amounts of the offsetting provided for under the fourth sub-paragraph of Article 11.2 above. In the event that, after such offsetting, the Company remains a creditor of the aforementioned Shareholder Subject to Withholding Tax with respect to the Indemnity, the Company shall be entitled to further offset any amounts that may subsequently be paid to this Shareholder Subject to Withholding Tax until said debt is finally extinguished.

4. TERMS AND CONDITIONS FOR AMENDING SHAREHOLDERS' RIGHTS

The Company's Articles of Association do not stipulate any particular rules derogating from ordinary company law.

5. SHAREHOLDERS' GENERAL MEETINGS (ARTICLES 16 TO 23)

Collective decisions by the shareholders are taken at General Meetings, which are either ordinary, extraordinary or special according to the nature of the decisions which they have been called to take.

The decisions taken by General Meetings are binding on all shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

NOTICE AND LOCATION OF GENERAL MEETINGS

General meetings shall be called by the Board of Directors or, failing that, by the Statutory Auditors, or by a court officer in accordance with the law.

The meetings take place at the registered office or any other place specified in the notice of meeting.

General meetings are called in accordance with applicable legal and regulatory provisions.

If the meeting has been unable to deliberate due to lack of the required quorum, the second meeting - deferred if necessary - shall be called pursuant to applicable laws and regulations.

AGENDA

The party calling the meeting draws up the meeting agenda.

One or more shareholders who together hold shares representing at least the required amount of share capital and acting in accordance with the terms and conditions and within the time frame specified by law may request items to be added to the draft resolutions on the agenda of the General Meeting by registered letter with acknowledgement of receipt.

The Works Council may also request the inclusion of draft resolutions on meeting agendas.

The meeting may only discuss matters that are on the agenda. Nevertheless, it may, under any circumstances, remove one or several members of the Supervisory Board and replace them.

ADMISSION TO MEETINGS - POWERS

Any shareholder is entitled to attend General Meetings and deliberations personally or by proxy, regardless of the number of shares held but providing their shares are fully paid up.

Should a shareholder not personally attend the meeting, they may be represented at General Meetings under the conditions and in the manner provided for by applicable laws and regulations.

The right to attend, participate and/or be represented at General Meetings is subject to the shareholder proving their capacity as a Company shareholder under the conditions, time limits and in the manner provided for by applicable laws and regulations.

Two members of the Works Council, appointed by the Council under the conditions laid down by law, may attend General Meetings. They must, upon request, be heard at all proceedings requiring the unanimous approval of shareholders.

ATTENDANCE SHEET - COMMITTEE - MINUTES

General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Board member duly authorised for that purpose by the Board. Failing this, the Meeting elects its own Chairman. Where the meeting is called by the Statutory Auditors or a court officer, the meeting is chaired by the person or persons responsible for calling it.

The duty of tellers shall be performed by the two shareholders with the largest number of shares, attending and accepting the duty in their own name or acting as proxies.

Together the Chairman of the Meeting and the tellers form the Meeting Committee. The Meeting Committee then designates a secretary who may be chosen from outside the shareholders.

An attendance sheet is drawn up in accordance with legal provisions.

The minutes are drafted and copies or extracts of proceedings are issued and certified by the Chairman of the Board of Directors, by a member of the Board of Directors or the Secretary of the Meeting.

ORDINARY GENERAL MEETINGS

It meets at least once a year, within the applicable legal and regulatory time periods, to approve the financial statements for the previous financial year.

Its deliberations are only valid if the shareholders present, represented or voting by post own, on first call, at least a fifth of shares with voting rights. No quorum is required on second call.

It requires a majority of votes of present or represented shareholders, including shareholders who voted by post.

EXTRAORDINARY GENERAL MEETINGS

The deliberations of the Extraordinary General Meeting are only valid if the shareholders present or represented own, on first call, at least a quarter, and on second call a fifth of shares with voting rights. Failing this latter quorum, the second meeting can be deferred to a date up to two months after the one on which it had been scheduled; for this second deferred Meeting, the same quorum of one fifth of shares is required.

It requires a two-thirds majority of votes of present or represented shareholders, including shareholders who voted by post.

SPECIAL MEETINGS

If there are several classes of shares, no changes can be made to the rights of the shares of one of these categories, without a requisite vote of an Extraordinary General Meeting open to all shareholders and, in addition, without the requisite vote of a Special Meeting open only to owners of shares of the relevant class.

The deliberations of the Special Meetings are only valid if the shareholders present or represented own, on first call, at least a third, and on second call a fifth of shares of the relevant class.

Failing this latter quorum, the second meeting can be deferred to a date up to two months after the one on which it had been scheduled, with the same quorum of one fifth of shares.

Otherwise they are called and held under the same conditions as Extraordinary General Meetings subject to specific provisions applicable at Meetings of holders of non-voting preference shares.

6. PROVISIONS OF THE ARTICLES OF ASSOCIATION, CHARTERS OR REGULATIONS OF THE COMPANY THAT COULD DELAY, DEFER OR PREVENT A CHANGE IN ITS CONTROL

No other provision of the Company's Articles of Association would have the effect of delaying, deferring or preventing a change of control.

7. CROSSING THRESHOLDS (ARTICLE 10.3)

Any person, acting alone or in concert, who, directly or indirectly or via companies it controls within the meaning of Article L.233-3 of the French Commercial Code, holds a fraction of the share capital, voting rights or securities equating to or in excess of 2% or a multiple of this percentage, or any (ii) legal threshold referred to in Article L.233-7 of the French Commercial Code, shall be obliged to notify any crossing of these thresholds within the timeframe, terms and conditions and provisions provided for by Articles L.233-7 et seq. of the French Commercial Code.

In the absence of disclosure in the aforementioned conditions, unreported shares in excess of the fraction are deprived of voting rights for any shareholders' meeting that may be held within a two-year period from the date it is properly reported. In these same circumstances, voting rights attached to such shares for which proper notification has not been made, may not be exercised or delegated by the defaulting shareholder. Pursuant to the provisions of Section VI of Article L. 233-7 of the French Commercial Code, and by way of exception to the first 2 sub-paragraphs of Article L. 233-14 of said French Commercial Code, shares exceeding the fraction that should have been notified shall be deprived of voting rights if failure to notify is acknowledged and recorded in the minutes of the General Meeting at the request of one or more shareholders holding 5% of the capital or voting rights.

In addition to the aforementioned disclosure requirements, there are also requirements that may be borne by the person who crossed one of these thresholds under the provisions of the French Commercial Code, the General Regulations of the French Financial Markets Authority, or Euronext Rules applicable to the market on which the securities issued by the Company are recorded at the transaction date.

8. CHANGES IN SHARE CAPITAL (ARTICLE 7)

Legal provisions govern changes in share capital, as the Company's Articles of Association do not stipulate any specific provisions in that respect.

1.3 SHARE CAPITAL OF FREY SA SUBJECT TO PLEDGES

Name of pure registered shareholder	Beneficiaries	Inception date of pledge	Expiry date of pledge	Condition for exercise of pledge	Number of shares pledged	% of capital pledged
Firmament Participations	Caisse d'Epargne Grand Est Europe	17/07/2015	Until complete repayment of sums due	In the event of non-payment	750,000	3.98%
		24/04/2017			1,400,000	7.43%
	CIC-EST	19/04/2017			500,000	2.65%
	LCL & CIC-EST				689,656	3.66%
TOTAL					**3,339,656**	**17.72%**

2. THIRD-PARTY INFORMATION, STATEMENTS BY EXPERTS, DECLARATIONS OF INTERESTS

As recommended by the Committee of European Securities Regulators (CESR) in February 2005, the Company has appointed as independent experts for an assessment of the Company's assets:

- Patrick Colomer (Chartered Surveyor MRICS and Appraiser to the Paris Court of Appeal) (Colomer & Expertises);
- Patrice Roux (MRICS – ERV) (Cushman & Wakefield)
- Christopher Adam (MRICS) (Jones Lang LaSalle Expertises)

Patrick Colomer, Patrice Roux and Christopher Adam are well-known in the property sector and in this respect have all the skills required to implement the appraisal requested by the Company.

Neither Patrick Colomer nor Patrice Roux nor Christopher Adam have any material interest in the Company that would affect their independence.

These appraisals meet the national professional standards of the property appraisal charter, and have been prepared according to the report of the working group chaired by Georges Barthes de Ruyter on property asset appraisals of public companies (COB Bulletin, February 2000).

Appraisals are conducted twice a year (with a view to closing accounts each 30 June and 31 December), and experts' visits are scheduled every other year.

The appraisal methods used by the independent experts are described in Section 3.9 'Investment Property' of the Consolidated Financial Statements at 31/12/2018 listed under the heading 'Annual Financial Report' of this Registration Document.

The critical assumption in conducting appraisals is the capitalisation rate which corresponds to the rate of return on the seller's side or with a view to day-to-day operation. This rate expresses as a percentage the ratio between the income of the property and its selling price, or its market value.

The study of this capitalisation rate and the impact of its possible variation on the valuation of the Company's investment property is presented in Section 4.2.1 'Risks related to assets' of the Board of Directors' Management Report on the position and operations of FREY Company and Group for the financial year ended 31 December 2018 listed under the heading 'Annual Financial Report' of this Registration Document.

The rate of return (investor's side) expresses as a percentage the ratio between the gross or net income of the property and the capital invested by the purchaser (purchase price + fees and stamp duty).

The rates used by experts for their appraisals are appraisal tools. They result from observations of property markets, and vary over time. They should thus not be confused with rates observed on historical values.
Insofar as the Company is aware, the information pertaining to these appraisals has been accurately reproduced and no facts have been omitted which would render the information inaccurate or misleading.

Pursuant to the February 2005 recommendations of the Committee of European Securities Regulators (CESR), a summary hereby follows of the appraisal reports of the property asset portfolio as drawn up by Patrick Colomer, Patrice Roux and Christopher Adam.

This summary has been reproduced in full with the agreement of Patrick Colomer, Patrice Roux and Christopher Adam.

REPORT OF THE INDEPENDENT EXPERTS

Condensed report according to the guidelines of the French Financial Markets Authority (AMF) on behalf of FREY

I. Context of the assignment

Pursuant to the Ethics Code for Real Estate Investment Trusts (REIT) published in July 2008 after consultation with the French Financial Markets Authority, the REIT must use an independent and external property appraisal expert to conduct an appraisal of its assets preferably every 6 months or at an earlier date if substantial changes are made either to the property itself or to the relevant property markets.

The task that FREY (hereinafter referred to as 'the Principal') has entrusted the appraisal department of each company (hereinafter referred to as 'the Appraiser') to appraise every 6 months the market value of part of the property assets of the Principal and its constituent companies: FRV, FRF1, FRF2 Narbonne, FRF2 Torcy, FRF2 Torcy II, FRF2 Brest Saint Dié, FRF2 La Francheville, FRF2 Le Pontet, FRF2 Seclin, FRF2 Khepri 1, FRF2 Chantepie, FRF2 Apollo, Zone A, IF CORMONTREUIL 01, AI, PAI 02, PI, TI, IF Plein Sud, IF Plein Est, IF Plein Ouest, FRP III, La Plaine, Chanteloup 01, Chanteloup 02, IF Clos du Chêne, IF Chêne Vert, Massonex, ZCN Investissement, Sopic Frey, Bonneuil Retail Park, Rive de la Garonne, Frey Aménagement et Promotion and FREY SA.

II. Conditions and Appraisal Criteria

We confirm that our appraisals were conducted independently and declare we are free from any conflict of interests with FREY.

The usage methods retained by the Appraisal Department of our company are the methods most frequently used by the profession.

The professional ethics and appraisal methods applied by the Appraiser are those set out in:

- the Charter of Property Appraisal, established by the French Institute of Property Appraisal (IFEI) in partnership with the foremost recognised professional organisations.
This Charter implies respect for the rules of ethics, methodology and privacy of the profession of Appraiser.
As is the rule for an Appraiser, the latter formally undertakes to respect, under all circumstances, the confidentiality of information collected or provided during the assignment.

All employees are bound by professional secrecy and the obligation of absolute discretion in all aspects relating to the facts, data, surveys and decisions that they have gained knowledge of in conducting their business.

They are prohibited from any written or oral disclosure on these topics and from issuing any documents to third parties without written consent from the Principal.

- The seventh edition of the "Red Book" of the Royal Institution of Chartered Surveyors (RICS) effective on 2 May 2011, in particular pursuant to the requirements of Section PS6 "Practice Statement" titled "Valuation Reports" and Section UK PS3 titled "Valuation of Loan Facilities".

- The 'Blue Book' describing all the European Standards approved by TEGoVA (The European Group of Valuers' Associations).

As a property appraiser, the Appraiser declares they are primarily engaged in property asset appraisal, and they have the experience, skills and organisation required to perform their duties (see IAS 40 §75 e).

They state that the terms of their assignment as specified in the engagement letter are consistent with the COB working group's report dated 3 April 2000 on property asset appraisals for public companies (Barthès de Ruyter report).

They state that the appraisal methods used are consistent with the recommendations of said report.

The surveys and research, based on which all our estimates are made, are carried out by General Practice Chartered Surveyors conducting the investigations required for estimation.

Our survey is based on the rules described below, unless expressly waived in our report.

1. Pollution risks and conditions

In the absence of specific instructions to conduct a study of the structure, to test the operation of technical equipment, or to carry out an environmental assessment, our estimates are based on the following presumptions:

i) That no material that is deleterious, hazardous or able to endanger the property's stability has been used during construction.

ii) That the property has been constructed in accordance with applicable regulations and legislation.

iii) That the site is materially suitable for construction or, if applicable, reconstruction, and that no special or unusual additional costs would be incurred during the laying of foundations and construction of infrastructure.

iv) That no form of pollution affects the property complex and subsoil.

v) However, we take into account the general apparent state of the asset as determined during our visit, together with any defects that may have been reported to us. These elements are mentioned in our report.

2. Ownership and occupation

We rely on the information you have provided regarding the type of ownership, its extent, the tenure of the property, the authorised use(s) and any other information.

We presume this information is accurate, up-to-date and comprehensive. We assume that your legal advisors are able to confirm the trustworthiness of the information described in our report, and that the property under estimate is unimpaired for selling purposes. We would be perfectly willing to review the report prepared by your legal advisors on property ownership in order to determine whether it can affect our estimate.

We have not consulted property ownership or inspected land management and we therefore assume that, apart from the items mentioned in our report, the property is not burdened with registrations, mortgages or pledges of any kind, nor any particular rights or easements. We assume that repairs included in the leases are the responsibility of the tenants.

Our conclusions therefore assume that the properties are in good standing with regard to applicable laws and regulations.

3. Urban planning and roads

We have orally interviewed the local authorities responsible for urban planning and roads, and we assume that the information thus collected is accurate. No deed or planning certificate was required. Unless expressly stated otherwise, we have been informed that there is no urban planning or road construction project which could lead to a forced sale or directly affect the property.

4. Surface areas

We did not carry out any surface area measurements.

The surface areas specified are those that were provided by the managers of the property and which we presume to be accurate.

5. Equipment and materials

We include in our appraisal the equipment, fixtures and fittings normally deemed to be part of the property's installations, and which would remain attached to the building in the event of sale or rental. We exclude any items of equipment and materials as well as their specific bases and mounts, furniture, vehicles, inventory, and operating implements as well as tenants' fixtures and fittings.

We have not conducted detailed inspection or tests on materials and capital goods, therefore no assurances can be given concerning their effectiveness, efficiency, safety and suitability for any use that is made of them or concerning their overall condition.

6. Maintenance status of assets

We noted the overall condition of each asset during our visits. Our assignment does not include a technical component with regard to property structure.

The assets were appraised on the basis of information provided by the Company whereby no hazardous material was used in their construction.

7. Properties under construction

For properties under construction, we state the construction phase attained and expenditure already incurred as well as future expenses at the date of the estimate, such as these projections were given to us. We took into account the contractual commitments of the parties involved in the construction as well as any estimated expenses collected from the professional advisors working on the project.

However, we give neither a guarantee whether or not this expenditure will be incurred nor its adequacy with project completion.

For recently completed properties, we do not take account of detentions, pending construction expenses, fees, or any other expenditure for which an undertaking has been made.

8. Appraisal Date

Property values may vary significantly over a relatively short period of time. If you wish to sell the property in whole or in part, or to accept the registration of the property as security for a loan after the date of the estimate, we highly recommend that you request a new appraisal from our firm.

9. Implementation costs

In our estimates, we do not take into account transaction costs, nor liable for any tax that may be payable in the event of a disposal, nor a mortgage or any other financial registration for this type of property. Our estimates are exclusive of VAT.

10. Confidentiality

The Estimate and Report are drawn up for the stated purpose and for the personal and exclusive use of FREY and all its subsidiaries to which they are sent, for their professional advisors, as well as for any person or institution whom the Appraisers have been previously informed of in writing as having an interest in the appraisal. No third party may rely on the estimate without express written permission from the Appraiser concerned, and in any event no liability shall be incurred as regards any third party.
In all cases, our report may only be disclosed to third parties in full, unless otherwise agreed with our company to disclose excerpts.

11. Exclusions

We excluded from our considerations any reference to a specific prospective buyer who, because of particular interest or circumstances, may wish to purchase the property or company.

Although we have examined the general effects of taxation on market value, we have not taken into account any liability to tax that may occur during an existing or future disposal, and at no point have we deducted income tax, Value Added Tax, or any other type of taxation.

The amount of the estimate stated in this report excludes VAT. We have not conducted a survey to determine whether the disposal of the property would be subject to VAT or not.

12. Use of data or documents provided by FREY

Our assignment is to find any information in these documents or data relevant to our appraisal. We have not carried out a legal or accounting audit of said documents, as this is the responsibility of other professionals.

III. Methodology used for appraisals

The appraisal methods used were selected independently by the Appraiser (see below), according to the type of property estimated, the market in which the property is registered, and the type of prospective purchaser.

The Appraiser used one or two appraisal methods (capitalisation and/or DCF). They considered that a direct comparison method was not relevant in the case of rented property assets and was therefore less appropriate.

- **Comparison methods:**

This method involves starting directly from transaction references made on the property market for properties with characteristics and location comparable to that of the appraised property.

In some cases, these methods can be used to appraise a property or interest by assigning it a value derived from the analysis of sales of similar or related properties. Depending on the type of property, the measures chosen may be the unit or surface area (car-park, bedroom, bed, chair, etc.).

However, in the present case of leased properties this method appeared less significant, as it is more often used for unoccupied buildings which are mostly new and generally put up for sale on the users' market rather than that of investors.

- **Income capitalisation method:**

Income capitalisation methods can be used to apply an ad hoc rate of return to an actual or potential rental income (if vacant premises exist the rate of return is applied on the market rental value, net of costs).

Several capitalisation methods can be used by the Appraiser depending on whether the building is leased at market terms (capitalisation of net income in perpetuity), below (Expiry & Reversion if rent caps have been lifted) or above market rental value (Hardcore-Topslice).

1. Capitalisation in perpetuity

Supposing a property is rented under current market terms, this method consists of capitalising the actual net rent received at an adequate rate of return.

2. Capitalisation Expiry & Reversion

Like capitalisation in perpetuity, this method is suitable for leased properties. It distinguishes between the rental flows received during the closed lease periods and those received after possible deadlines or the end of leases.

Initially the rent, net of all expenses non-recoverable by the lessor, is capitalised at an appropriate rate of return until the 'Expiry' of the next possible lease expiration.

In addition, on 'Reversion', and if uncapping conditions allow it or if there is a high risk of the tenant departing, or other potential reversion, the market rental value is capitalised in perpetuity, while being updated for the remaining closed period.

In the case of the departure of the tenant, the following are deducted, if applicable: a rental vacancy period and related vacancy costs, a rent-free period, maintenance work, and fees to re-market the property to be leased again, etc.

Likewise, in the event of specific lease terms such as the implementation of progressive rent over several years, this method allows very precise management of different layers.

3. Discounted Cash Flow

This method is based on the principle that for any investor the cost of an investment must match the discounted amount of income that can be expected from it.

The value of the asset is presumed to equal the discounted amount of net income expected by the investor, or rather the expected financial flows (revenue and expenditure), which include resale at the end of the ownership period.

By signing this condensed Report, each Appraiser does so on their own account and only for their own appraisal.

IV. Comments on the appraisals with respect to IFRS 13

The IFRS 13 accounting standard (International Financial Reporting Standards) was approved by EU Regulation No. 1255/2012 on 11 December 2012. IFRS 13 applies to IFRSs that require or permit appraisals at fair value or the disclosure of information on fair value.

The IFRS standard defines a Fair Value hierarchy based on inputs selected by the expert according to 3 levels.

Level 1 is an appraisal for which the inputs used are certain and perfectly measurable. Level 2 involves appraisals whose inputs are measurable in light of a significant number of transactions. Inputs should only need minor adjustments. Level 3 corresponds to appraisals whose main inputs are subject to substantial adjustments due to the lack of completely comparable information.

As part of this appraisal of all FREY's property assets, fair value is deemed to be the market value, and equates to the property with the 'Highest and best use' for each asset in question.

We considered that all of the fair values of the asset portfolio are Level 3 due to the contamination of unobservable inputs used in our appraisals.

Patrick Colomer Appraiser to the Paris Court of Appeal Chartered Surveyor MRICS	**Patrice Roux** MRICS - REV International Partner	**Christopher Adam** MRICS France Country Manager
On behalf of Colomer Expertises	On behalf of Cushman & Wakefield Valuation France	On behalf of Jones Lang LaSalle Expertise

Major Contracts

Over the past two years, all contracts entered into by the Company have been within the normal scope of business.

Information concerning contracts signed with related companies is provided in the "Related-party transactions" section below.

3. RESEARCH AND DEVELOPMENT, PATENTS, TRADEMARKS AND LICENCES

FREY and its subsidiaries do not own any patents. In the course of their business, none of the Group's companies has entered into a licence agreement covering patents owned by third parties.

To date, the Group's trademark portfolio includes:

- 13 French trademarks registered with the French National Industrial Property Institute (INPI),
- 11 trademarks registered in the European Union with the Office for International Registration.

FREY also owns 71 internet domain names.

These trademarks and domain names mainly cover company names, open-air shopping centre logos, and the "Greenpark", "GreenCenter" and "Shopping Promenade" concepts.

No Group company has granted a licence on any of the portfolio brands.

In the course of its business FREY is contractually allowed to use the intellectual property rights of third parties for commercial purposes, within the limits of the rights it has been granted to promote its asset portfolio and investments.

FREY is thus expressly authorised to use the 'Valorpark®' label and logo at:

- **Trois Frontières** in Mont Saint Martin – Longwy (54), certified in 2007;
- **Clos du Chêne** in Marne La Vallée (77), certified in 2008;
- **Parc des Moulins** in Soissons (02), certified in 2010;
- **So Green** in Seclin (59), certified in 2012;
- **Green 7** in Salaise sur Sanne (38) certified in 2012;
- **O'Green** in Agen-Boé (47), **Be Green** in Troyes-Saint Parres aux Tertres (10) and **Clos du Chêne 2** in Montévrain (77), certified in 2015;
- **SuperGreen** in Thionville – Terville (57), certified in 2016;
- **Woodshop** (formerly called Maisonément) in Cesson (77), acquired by FREY in 2016 and certified in 2008.
- **Shopping Promenade Cœur Picardie** in Amiens (80), certified in 2017.

By virtue of its real estate investment activities FREY does not have a research and development policy.

Furthermore, the Company does not consider itself dependent on any trademark, patent or licence for its business or profitability.

4. PERSONS RESPONSIBLE FOR INFORMATION CONTAINED IN THE REGISTRATION DOCUMENT

Person responsible for the Registration Document

Antoine FREY,
Chairman and Chief Executive Officer
1 rue René Cassin
51430 Bezannes

Tel: +33 (0)3.51.00.50.50

Person responsible for financial information

Emmanuel La Fonta,
Director of Finance and Human Resources
1 rue René Cassin
51430 Bezannes

Tel: +33 (0)3.51.00.50.50

5. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

“I hereby certify, having taken all reasonable measures to this effect, that the information in this Reference Document is, to my knowledge, accurate and does not omit anything which could change that view.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all consolidated companies and that the Management Report in the Chapter entitled “Management Report intended for the Annual Ordinary General Meeting” in this document accurately details the business performance, results and financial position of the Company and of all consolidated companies, together with a description of the main risks and uncertainties they face.

I have obtained an end of assignment letter from the Statutory Auditors, which states that they have verified the information relating to the financial position and the financial statements presented in this Registration Document and that they have reviewed the entire Registration Document.

The end-of-assignment letter does not contain any comments or reservations.” "

Bezannes, 12 April 2019
Antoine Frey
Chairman and Chief Executive Officer

6. STATUTORY AUDITORS

7.1 PRINCIPAL STATUTORY AUDITORS

GRANT THORNTON

French member of GRANT THORNTON INTERNATIONAL

Represented by Christian Bande

29 rue du Pont – 92200 Neuilly-sur-Seine

Date first appointed: General Meeting of 30 October 2007

Current term of office expires: Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2018.

FCN

Represented by Jean-Michel François

45 rue Cliquot Blervache – 51100 Reims

Date first appointed: General Meeting of 29 June 2010

Current term of office expires: Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2021.

7.2 ALTERNATE STATUTORY AUDITORS

IGEC

Represented by Pascal Leclerc

22 rue Garnier – 92200 Neuilly-sur-Seine

Date first appointed: General Meeting of 30 October 2007

Current term of office expires: Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2018.

FCF

Represented by Nathalie Drouard

45 rue Cliquot Blervache – 51100 Reims

Date first appointed: General Meeting of 29 June 2010

Current term of office expires: Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2021.

7.3 Statutory Auditors' fees

	FCN		Grant Thornton	
	Financial year ended 31/12/2018	Financial year ended 31/12/2017	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Audit				
- Audit of financial statements				
¤ *Issuer*	€116,000	€109,000	€129,000	€111,000
¤ *Subsidiaries*	€67,000	€81,000	€37,000	€32,000
- Ancillary assignments	€7,000	-	€12,000	€8,000
SUB-TOTAL	**€190,000**	**€190,000**	**€178,000**	**€151,000**
Other services				
- Legal, fiscal, labour	-	-	-	-
- Information technology	-	-	-	-
- Internal audit	-	-	-	-
- Other (if > 10% audit fees)	-	-	-	-
SUB-TOTAL	**-**	**-**	**-**	**-**
TOTAL	**€190,000**	**€190,000**	**€178,000**	**€151,000**

	Safir		Ernst & Young	
	Financial year ended 31/12/2018	Financial year ended 31/12/2017	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Audit				
- Audit of financial statements				
¤ *Issuer*	-	-	-	-
¤ *Subsidiaries*	€5,600	€5,600	€15,400	€20,400
- Ancillary assignments	-	-	€7,000	€6,000
SUB-TOTAL	**€5,600**	**€5,600**	**€22,400**	**€26,400**
Other services				
- Legal, fiscal, labour	-	-	-	-
- Information technology	-	-	-	-
- Internal audit	-	-	-	-
- Other (if > 10% audit fees)	-	-	-	-
SUB-TOTAL	**-**	**-**	**-**	**-**
TOTAL	**€5,600**	**€5,600**	**€22,400**	**€26,400**

7. DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity period of this Registration Document, material versions of the following documents (or copies thereof) may be consulted at the Company's head office: 1 Rue René Cassin - 51430 Bezannes:

- the Company's Memorandum and Articles of Association;
- the historical financial information of the Company and its subsidiaries for the two financial years preceding the publication of this Registration Document;
- all reports, correspondence and other documents, historical financial information, appraisals and statements prepared by an expert at the Company's request, where such documents are required by law, and more broadly all other documents required by law.

Regulated information, as defined by the French Financial Markets Authority's General Regulations, is also provided on the Company's website (www.FREY.fr).

GLOSSARY

CDAC	Departmental Commercial Development Commission (Commission Départementale d’Aménagement Commercial)
CNAC	National Commercial Development Commission (Commission Nationale d'Aménagement Commercial)
CNCC	French Council of Shopping Centres (Conseil National des Centres Commerciaux)
DSCR	Debt Service Coverage Ratio Ratio of rental income received and debt servicing (interest + principal)
CCI	Construction Cost Index (Indice du Coût de la Construction)
ICR	Interest Cover Ratio Ratio of rental income received and financial interest paid
CRI	Commercial Rent Index (Indice des Loyers Commerciaux)
EMA	Economic Modernisation Act (Loi de Modernisation de l’Economie) of 4 August
LTV	Loan to value Ratio of outstanding debt to the value of an asset
OPIRNANE	Real estate performance bonds redeemable in cash and/or in new and/or existing shares
CB	Convertible bonds
LUDP	Local urban development plan (Plan Local d’Urbanisme)
TCS	Territorial cohesion scheme (Schéma de Cohérence Territoriale)
SIIC	French REIT (Société d’Investissement Immobilier Cotée)

CROSS-REFERENCE TABLE

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CROSS-REFERENCE TABLE OF THE REGISTRATION DOCUMENT

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