



**UNIVERSAL
REGISTRATION
DOCUMENT**
2019

including the annual financial report
(New version of the Registration Document)

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THE ELEMENTS OF THE ANNUAL FINANCIAL REPORT ARE IDENTIFIED IN THE TABLE OF CONTENTS USING THE PICTOGRAM **AFR**

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UNIVERSAL REGISTRATION DOCUMENT 2019

including the annual financial report

(New version of the Registration Document)



www.frey.fr



The Universal Registration Document was filed on 22 April 2020 with the French Financial Markets Authority in its capacity as the competent authority pursuant to regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of a public offer of financial securities or for the admission of financial securities to trading on a regulated market if it is supplemented by an offering circular and, where applicable, a summary of all amendments made to the Universal Registration Document. The documents thus combined shall be approved by the French Financial Markets Authority in accordance with regulation (EU) No. 2017/1129.

In application of Article 19 of regulation (EU) No. 2017/1129, the following information is included by reference in the present Universal Registration Document:

- the consolidated financial statements of the Group on 31 December 2017 and the report from FREY's Statutory Auditors on the said consolidated financial statements presented in the chapters "Consolidated Financial Statements" and "Report by the Statutory Auditors on the consolidated financial statements" of the Registration Document filed on 28 March 2018 with the French Financial Markets Authority under reference D.18-0195 (the "2017 Registration Document") on pages 175 and 223;
- 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 258) 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 16-44);
- the consolidated financial statements of the Group on 31 December 2018 and the report from FREY's Statutory Auditors on the said consolidated financial statements presented in the chapters "Consolidated Financial Statements" and "Report by the Statutory Auditors on the consolidated financial statements" of the Registration Document filed on 12 April 2019 with the French Financial Markets Authority under reference D.19-0327 (the "2018 Registration Document") on pages 151 and 199;
- the special report prepared by FREY's Statutory Auditors on the related-party agreements and undertakings for the financial year ended 31 December 2018, which are set out in the chapter entitled "Related-party transaction" (page 232) of the 2018 Registration Document;
- a review of FREY Group's financial position and results for the financial year ended 31 December 2018 taken from the chapter entitled "2018 management report" of the 2018 Registration Document (pages 16-44);
- the non-included parts of these documents are either irrelevant for the investor or covered in another area in this Universal Registration Document.

Copies of the 2017 Registration Document, the 2018 Registration Document and the present Universal Registration Document are available free of charge from FREY, 1 rue René Cassin - 51430 Bezannes, and on its website (www.FREY.fr), as well as on the website of the French Financial Markets Authority (www.amf-france.org).

MEETING WITH ANTOINE FREY

“Tomorrow,
become,
the number
one European
real estate
investment
company
in terms of
conviviality.

What is your assessment of 2019?

2019 will remain an excellent year for FREY, because, once again, **all our indicators grew very strongly**.

Our operational indicators; whether this concerns footfall in our assets, revenue from our tenants or the increase in net rent invoiced and our rental burden outclass all comparables in the market and national indices.

Our financial indicators are not to be outdone, since, once again, they all show double-digit rates of increase.

But if I had to pick just one “symbolic” number for the year just ended, it would be **our portfolio, which exceeded a billion euros in 2019**.

This multiplication of the portfolio by 10 in 10 years confirms our ability to successfully capitalise on our know-how in matters of commerce and the development of convivial places around our 3 strategic growth policies: the transformation of out-of-town shopping areas, setting up our model in Spain and Portugal, and the development, *via* Citizers, of mixed projects within the large cities.

What are the objectives and challenges for 2020?

The beginning of 2020 was disrupted by the COVID-19 health crisis, the impact and consequences of which still cannot be measured. However, we retain the objective of delivering our two large projects in France at the end of the year, which will become major assets in our portfolio: the Shopping Promenades® at Claye-Souilly and Strasbourg-Vendenheim. We will follow and scrupulously apply governmental measures, but we retain the objective of starting work on another large project in France, “Open”, at Saint-Genis-Pouilly, just outside Geneva, as well as continuing our international development, particularly in

Spain, with the development of a Shopping Promenade® at Lleida in Catalonia. We are and will remain attentive to the opportunities for acquisitions which may occur on the Iberian Peninsula. 2020 will also be the year when Citizers expands. Our business unit specialising in large mixed urban projects, already backed by two successes in 2019 with wins for the tenders at the Palais du Commerce in Rennes and Nouvel R in Paris (14th), is continuing its development and confirming that its services match the requirements for the transformation of cities, in Greater Paris and at the heart of large French cities. More than ever, FREY has the ambition of becoming the number one European real estate investment company in terms of conviviality.

Why choose carbon as a catalyst for CSR at FREY?

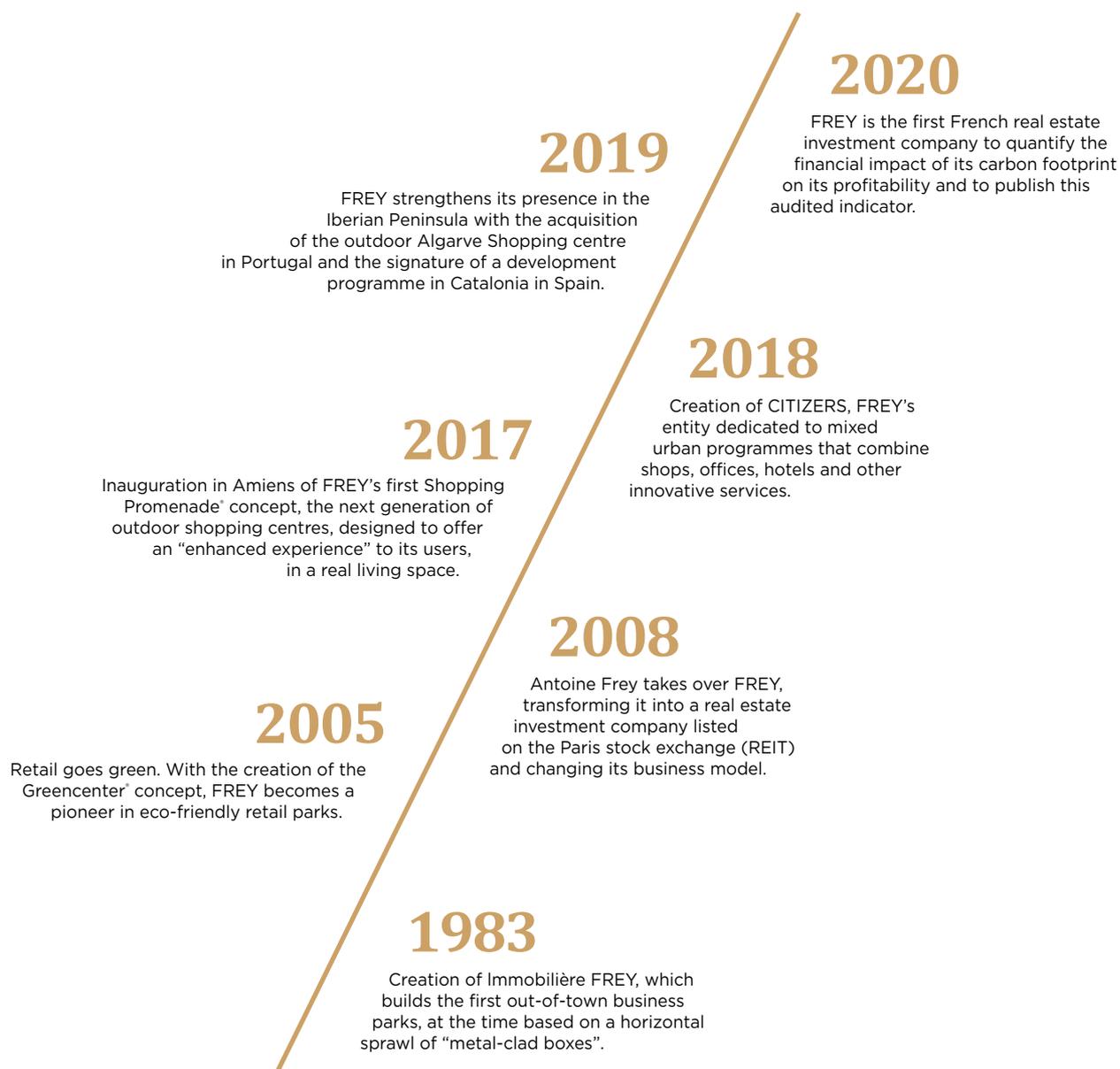
Since it was founded, FREY has always been a pioneering group in matters of Sustainable Development, and, for the past 15 years, we have constantly developed projects that are increasingly responsible. Nevertheless, carbon still strongly impacts our value chain, from design to the operation of the premises which we create and run. We have therefore decided to make it our high priority, with a clearly stated ambition: to be fully de-carbonised by 2030. In order to ground this approach in a detailed and quantified roadmap, and to be able to regularly report progress, we have decided to publish our Net Carbon Profit/Loss Attributable to Owners of the Company. FREY is thus the first French real estate investment company to quantify the financial impact of its carbon footprint on its profitability and to publish this audited indicator in its financial statements.

To summarise, I would say that FREY remains true to its DNA as a pioneer and proudly displays, in addition to its financial performance, its *raison d'être*, which drives all of its employees every day: the creation of positive interactions between people in a decarbonised city.

ANTOINE FREY,
Chairman and Chief Executive Officer



HISTORY OF THE GROUP



KEY FIGURES

ECONOMIC PORTFOLIO⁽¹⁾

€902.2m / +23%

ANNUALISED RENTAL INCOME⁽¹⁾

€54.2m / +27%

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

€49.7m / +10%

GOING CONCERN NAV PER SHARE

€35.10m / +2%

NET LTV INCLUDING STAMP DUTY

23.10% / -200 bps

PROPOSED DIVIDEND PER SHARE⁽²⁾

€1.50 / +25%

(1) The economic portfolio and the annualised rental income can be found in Section 1.6.2 of the management report.

(2) The terms and conditions for the payment of the 2019 dividend are presented in Section 1.1.6.2.3 page 30.

HISTORICAL FINANCIAL INFORMATION

The quantified data set out below are expressed in millions of euros and have been extracted from SA FREY's consolidated financial statements at 31 December 2019 and 31 December 2018, prepared in accordance with IFRS, presented in Chapter 3 of this document and certified by the Statutory Auditors.

CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

<i>Assets (in €m)</i>	Consolidated data - IFRS	
	31/12/2019	31/12/2018
Goodwill	11.1	-
Investment property	1,094.1	746.2
Equity interests in associates	57.5	54.2
Other non-current assets	21.8	18.4
NON-CURRENT ASSETS	1,184.5	818.8
Inventories	44.7	25.1
Cash and cash equivalents	97.4	78.0
Other current assets	48.9	65.1
CURRENT ASSETS	191.0	168.2
TOTAL ASSETS	1,375.5	987.0

<i>Equity and Liabilities (in €m)</i>	Consolidated data - IFRS	
	31/12/2019	31/12/2018
EQUITY	789.2	600.5
Long-term financial liabilities	428.0	280.0
Other non-current liabilities	26.9	19.1
TOTAL NON-CURRENT LIABILITIES	454.9	299.1
Short-term financial liabilities	19.4	44.6
Other current liabilities	112.0	42.8
TOTAL CURRENT LIABILITIES	131.4	87.4
TOTAL LIABILITIES	1,375.5	987.0

CONDENSED INCOME STATEMENTS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

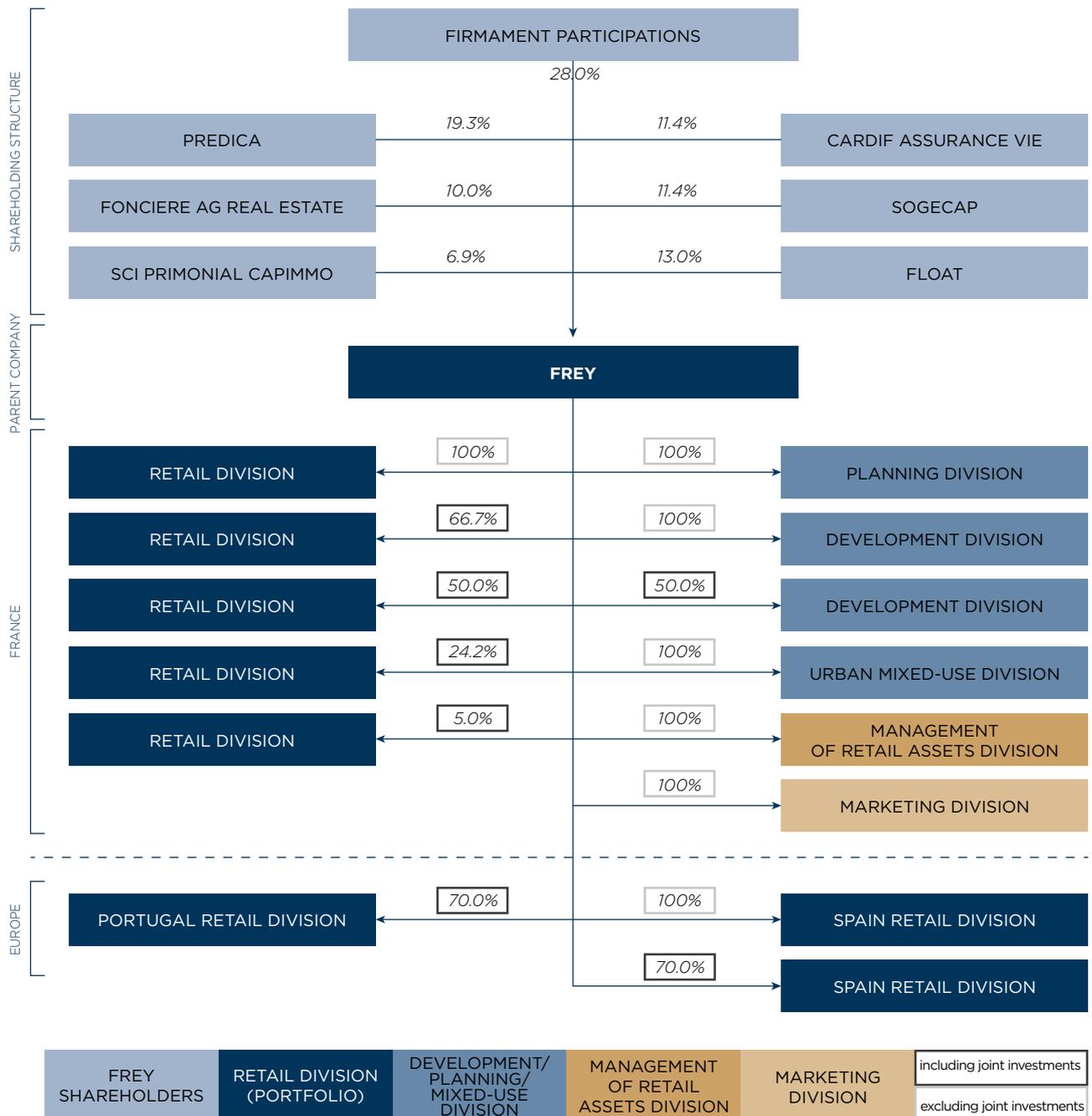
<i>(In €m)</i>	Consolidated data - IFRS	
	31/12/2019	31/12/2018
Revenue	69.3	56.7
Purchase cost of goods sold	-11.5	-17.4
Overheads & Non-recoverable expenses	-26.6	-19.6
Other income and expenses	0.9	0.5
Taxes and similar payments	-1.6	-1.1
Allocations to and reversals of depreciation, amortisation and provisions	-1.4	-0.9
PROFIT/(LOSS) FROM RECURRING OPERATIONS	29.0	18.3
Other operating income and expenses	-2.7	-0.9
Fair value adjustments of investment property	50.1	35.7
OPERATING PROFIT/(LOSS)	76.4	53.1
Share of net profit/(loss) of associates	8.7	7.1
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) FROM ASSOCIATES	85.2	60.2
Cost of net financial debt	-10.4	-9.3
Fair value adjustments of financial assets	-5.3	-3.1
Income tax	-10.4	-2.8
NET PROFIT/(LOSS)	59.1	45.1
Attributable to owners of the Company	49.7	45.1
<i>Net earnings per share (in €) - attributable to owners of the Company</i>	2.6	2.9
<i>Diluted earnings per share (in €) - attributable to owners of the Company</i>	2.6	2.7

CASH FLOW STATEMENT FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

<i>(In €m)</i>	Consolidated data - IFRS	
	31/12/2019	31/12/2018
Cash flow from operating activities	28.7	-9.4
Cash flow from investing activities	-216.7	-83.4
Cash flow from financing activities	207.4	100.9
CHANGE IN NET CASH AND CASH EQUIVALENTS	19.4	8.1
Cash and cash equivalents - Opening balance	77.9	69.8
Cash and cash equivalents - Closing balance	97.3	77.9

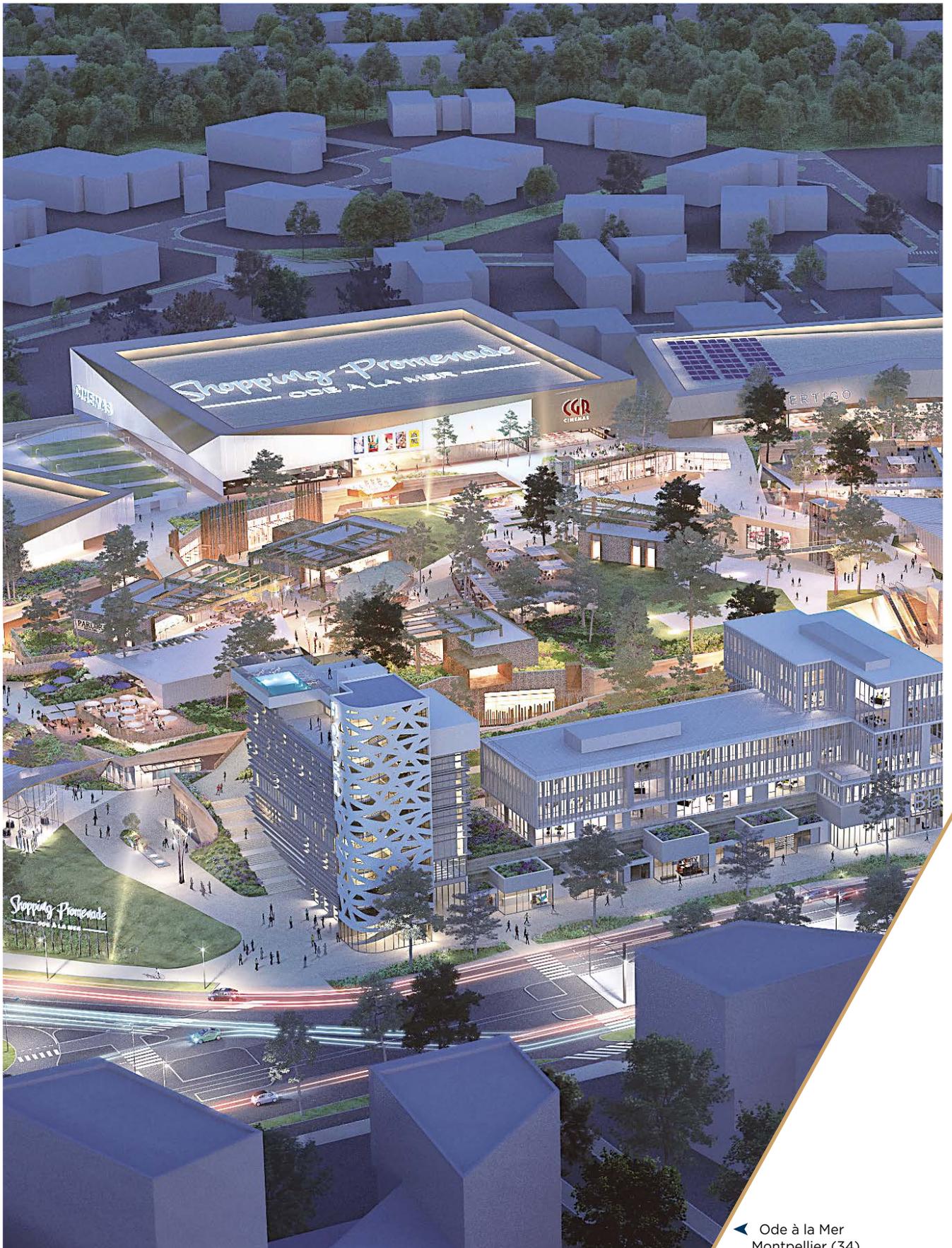
In the press release of 9 March 2020, the cash flows related to operational activities include €13 million of interest paid for the early redemption of bonds reclassified as cash flows from financing activities in the above version approved by the Board of Directors of 6 March 2020.

GROUP OVERVIEW AS OF 31 DECEMBER 2019



A comprehensive list of the Company's subsidiaries is provided in Appendix 3 of the management report for the financial year ended 31 December 2019, which is included in full in this Universal 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 2019, which is included in full in this Universal Registration Document.



◀ Ode à la Mer
Montpellier (34)

1

MANAGEMENT REPORT

Management report to the Annual Ordinary General Meeting

Financial year ended 31 December 2019

Ladies, Gentlemen, 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 2019 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 2019 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 2019.

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.



◀ SuperGreen Terville Thionville (57)

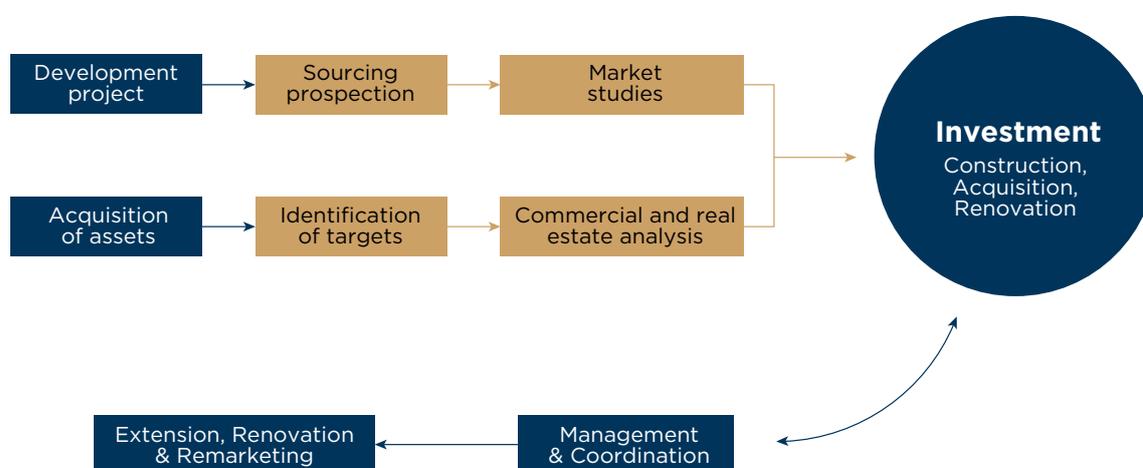
1.1 Company and Group activities

1.1.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

FREY is a property investment company specialised in outdoor shopping centres and large mixed-used urban developments through its subsidiary Citizers.

The Group's business model is based on:

Full control over our value chain



1.1.1.1 Wholly-owned rental portfolio

The Group's business activities were specifically characterised by the following events during the 2019 financial year:

- April 2019: purchase of four units at Parc Vallès in Terrassa, Barcelona (Spain), covering an area of 4,900 m²;
- October 2019: sale of the retail park in Saint-Quentin (02) covering an area of 9,500 m²;
- October 2019: delivery of the Shopping Promenade* in Arles (13) covering an area of 18,600 m²;
- December 2019: purchase of two additional units at the Clos du Chêne asset in Marne-la-Vallée (77), covering a total area of 400 m².

The Group's wholly-owned leasable area at 31 December 2019 totalled 309,150 m² compared with 301,300 m² at end-2018. They generated €38.0 million in gross rental income in 2019 (compared with €32.8 million in the 2018 financial year).

At 31 December 2019, the appraised value of this asset portfolio, excluding stamp duty, was €857.5 million, including €664.5 million for operated assets at that date.

1.1.1.2 Economic portfolio

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

In 2019, the investments made by the Group (deliveries, acquisitions and works) in the economic portfolio amounted to €265.5 million.

At 31 December 2019, the Group's economic portfolio represented a leasable area of 398,662 m² with annualised rental income of €54.2 million (including variable rental income), compared with 365,000 m² and €42.6 million in 2018.

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

In 2019, footfall at the Group's French assets equipped with a footfall measuring system, which enables visitors to be counted, increased by 3.1% compared with 2018. Over the same period, footfall at shopping centres (CNCC index⁽¹⁾) was up slightly, by 0.3%.

During the 2019 financial year, the Group saw a 5.0% increase in revenue reported by retailers across the economic portfolio held in France.

1.1.1.3 Asset portfolio under management

The leasable area managed by the Group at 31 December 2019 amounted to 556,650 m² compared with 551,800 m² at end-2018. It represented annualised rental income of €79.1 million compared with €67.7 million at end-2018.

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

1.1.1.4 Acquisition of new subsidiaries

Created in July 2019, the Portuguese subsidiary FREYPROP, UNIPESSOAL LDA acquired 100% of the shares of the four companies ALGARVESHOPPING CENTRO COMMERCIAL SA, IMOCONTI SA, PROJECT GUIA SA and ALBUFEIRA RETAIL PARK LDA on 31 July 2019.

On 9 December 2019, 30% of the shares of FREYPROP, UNIPESSOAL LDA were sold to OPCI BNP Paribas Diversipierre, managed by BNP Paribas REIM France. However, this partnership does not affect the consolidation method, since these five companies remain fully consolidated.

On 29 July 2019, 70% of the shares of the Spanish company Eurofund Parc Lleida SL were acquired by FREY Invest SLU.

Eurofund Parc Lleida SL was set up to develop and maintain a 56,000 m² retail asset.

1.1.1.5 Change in percentage interest

On 13 December 2019, FREY bought 578,968 shares in SAS FRF1, taking its stake from 33.33% to 66.67%. Since the shareholders' agreement remains unchanged, the Company is still accounted for using the equity method.

On 12 June 2019, the company FREY Aménagement et Promotion bought 50 shares in ZCN AMÉNAGEMENT, taking its stake from 99% to 100%.

1.1.1.6 Overview of the Group's asset portfolio

The Group's asset portfolio at 31 December 2019 following these transactions is shown in the table below (in € million, excluding stamp duty):

Value of wholly-owned asset portfolio		Annualised rental income from wholly-owned assets		
	Investment property	885.0	Rents recognised	38.0
	Projects under development	-193.0	Impact of disposals during the period	-0.6
	Projects under development measured at cost	-27.5	Impact of acquisitions/deliveries during the period	3.3
			Rent-free periods and step rents invoiced	-1.2
			Reinvoicing of works and staggering of rent-free periods	-0.3
			Other	-1.0
(A)	VALUE OF WHOLLY-OWNED OPERATED ASSETS	664.5	ANNUALISED RENTAL INCOME FROM WHOLLY-OWNED ASSETS	38.3
	Value of jointly owned assets (FREY share)		Annualised rental income from jointly owned assets (FREY share)	
	Investment property held in partnership	146.4	Annualised rental income from property held in partnership	9.9
	Projects under development at cost held in partnership	-5.4		
	Equity-accounted investment property	96.7	Equity-accounted annualised rental income	6.0
	Equity-accounted projects under development at cost	-		
(B)	VALUE OF JOINTLY OWNED OPERATED ASSETS (FREY SHARE)	237.7	ANNUALISED RENTAL INCOME FROM JOINTLY OWNED ASSETS (FREY SHARE)	15.9
(C) = (A) + (B)	OPERATED ECONOMIC PORTFOLIO	902.2	ANNUALISED RENTAL INCOME FROM ECONOMIC PORTFOLIO	54.2
(D)	Jointly owned operated assets (non-FREY share)	411.5	Jointly owned operated assets (non-FREY share)	24.9
(C) + (D)	TOTAL OPERATED PORTFOLIO	1,313.7	TOTAL ANNUALISED RENTAL INCOME	79.1

1.1.1.7 Development on behalf of third parties

Revenue from property development sales for the 2019 financial year amounted to €13.6 million (compared with €21.6 million at 31 December 2018) and was primarily generated by two projects:

- a 3,400 m² asset in Tinquieux (51);
- three catering units in Bezannes (51) covering a total area of 720 m².

1.1.1.8 Development

At end-2019, five projects were delivered:

- units covering a total area of 10,300 m² at an asset in Cesson Woodshop (77), retained in the asset portfolio;
- an 18,500 m² asset in Arles (13), retained in the portfolio;
- a 3,400 m² asset in Tinquieux (51), sold at end-2019;
- a 5,100 m² asset in Calais (62), in inventory;

- catering units covering a total area of 840 m² in Bezannes (51), of which 120 m² due to be retained in the portfolio.

Work is ongoing on three projects, representing a total area of 113,000 m², with deliveries scheduled for 2020:

- the Shopping Promenade Claye-Souilly* (77) representing 46,000 m², retained in the asset portfolio;
- the Shopping Promenade Cœur Alsace* in Strasbourg-Vendenheim (67) representing an area of 65,700 m², of which 52,000 m² will be retained in the asset portfolio;
- catering units covering a total area of 1,400 m² in Cesson Woodshop (77).

1.1.1.9 Capital increase

On 13 November 2019, the Company initiated a capital increase with preferential subscription rights for a total of €161.5 million, with the offering period ended on 27 November 2019.

This capital increase was fully subscribed, with the Company issuing 5,383,332 new ordinary shares with a par value of €2.50 each, thus increasing its share capital from €47,104,162.50 to €60,562,492.50.

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.

1.1.1.10 Financing

On 25 July 2019, FREY took out a €100 million loan for an initial six-year period, with an extension option.

The two credit facilities for €350 million and €70 million were extended for a year.

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, improve FREY's financial flexibility and strengthen the Group's strong relations with its banking partners.

1.1.1.11 Dividends paid

The General Meeting of 21 May 2019 decided to pay a dividend of €1.20 per share on the 18,841,665 existing shares, *i.e.* a total dividend amount of €22.6 million, on the recommendation of the Board of Directors. Adjusting for treasury shares, the amount paid was €22.1 million.

1.1.2 PROGRESS MADE AND DIFFICULTIES ENCOUNTERED DURING THE FINANCIAL YEAR

FREY did not encounter any major difficulties during 2019, and the construction, sale, and delivery timetables were complied with overall. The Group continues to implement a proactive development strategy.

1.1.3 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

Note: This information is not included in the management report approved by the Board of Directors on 6 March 2020.

Due to the Covid-19 epidemic, the Group has added a paragraph on the impact of this health crisis in Section 1.1.4.2, page 16; Section 1.4.2.1, page 48; and Section 1.4.2.3, page 51.

1.1.4 TREND INFORMATION

1.1.4.1 Prospects and strategy

The property investment company FREY 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 15 major medium-term projects encompassing 450,000 m², representing a €1,100 million investment⁽¹⁾ (of which 113,000 m² and €228 million relate to the three 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.

1.1.4.2 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 2020 in the manner announced to the market and to shareholders.

Work is under way on three projects scheduled for delivery in 2020. The list of projects can be found in Section 1.1.8 "Development".

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) Of which 344,000 m² and investments of €880 million relating to assets that the Group intends to retain in the asset portfolio, and which represent potential rental income of €65.7 million.

Note: This information is not included in the management report approved by the Board of Directors on 6 March 2020.

The Covid-19 epidemic, which appeared in China in late 2019, has now spread extensively across all of Europe.

Under these circumstances, FREY's priority is to protect the health and safety of its employees, customers, suppliers and service providers. Arrangements have therefore been made for employees to work remotely. All of the Group's work sites have been suspended at the request of the service providers working on them, pending the implementation of essential protective measures.

The three countries where the Group operates, France, Spain and Portugal, are now subject to restrictions allowing only essential businesses to be open, and the populations are under lockdown restrictions. A large majority of the Group's tenants have therefore been required to close their doors. However, whether a store is open or closed, there is ongoing communication between the Group's employees and its tenants. In particular, discussion is ongoing on how to navigate this unprecedented situation. In response to the Covid-19 health crisis, at the start of the lockdown period FREY suspended rental payments for all of its tenants belonging to a sector in which operations were disrupted.

In addition, the Group set up a €15 million support fund to offset the burden of rent throughout the crisis for all of the Group's retail partners. This support will be proportionate to

the impact of the crisis, so it will cover 100% of the rent for the closure period, 50% for the first month of reopening, 25% for the second month and 10% for the third month. For example, a business that is authorised to reopen on 11 May would have all of its rent covered by the fund in an amount equal to 2.6 months of rent. In concrete terms, this fund will cover half of this cost directly through financial contributions paid to FREY's tenants, and the other half through the establishment of 24-month interest-free loans beginning 1 January 2021⁽¹⁾.

Given the complete lack of certainty surrounding the development of the situation and how long the aforementioned preventive measures will need to stay in place, at this time it is not possible to assess the operational and financial impacts of this crisis for FREY.

Nevertheless, the Group reiterates that it has a robust financial structure, surplus cash and cash equivalents, and undrawn credit facilities that will allow it to honour these obligations, even if the crisis is prolonged. At 31 December 2019, the Group had €314 million in available liquidity, of which €97 million in cash and cash equivalents and €217 million in credit facilities. On that same date, the net LTV ratio was 23.1%.

FREY is therefore entirely confident in its ability to resume and successfully carry out its active development strategy as soon as the health crisis subsides..

1.1.5 PROFIT FORECASTS OR ESTIMATES

The Company does not issue any profit forecasts or estimates.

1.1.6 PRESENTATION OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF EARNINGS

1.1.6.1 Consolidated financial statements

1.1.6.1.1 Key figures

We present the main aggregates in the consolidated financial statements for the financial year ended 31 December 2019 below:

Income statement (in €m)	31/12/2019	31/12/2018	Change
REVENUE	69.3	56.7	22.2%
Profit from recurring operations	29.0	18.3	58.5%
Economic profit from recurring operations (Including associates)	39.1	25.4	53.9%
Change in fair value of investment property	50.1	35.7	40.3%
Change in fair value of investment property of associates	0.1	1.3	-92.3%
Net cost of debt	-10.4	-9.3	11.8%
Profit before tax	69.5	47.8	45.4%
Net profit of non-controlling interests	-9.4	0.0	-
NET PROFIT - ATTRIBUTABLE TO OWNERS OF THE COMPANY	49.7	45.1	10.2%

(1) See the press release "FREY announces creation of €15 million fund to support tenants", published on 16 April 2020 by the Company and available on its website

Statement of financial position (in €m)	31/12/2019	31/12/2018	Change
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	777.9	600.5	29.5%
Equity	789.2	600.5	31.4%
Financial debt	384.0	255.7	50.2%
Bonds	-	62.2	-
INVESTMENT PROPERTY	1,094.1	746.2	46.6%
Property development inventory	44.7	25.1	77.9%
Cash and marketable securities	97.5	78.0	24.9%

The Group posted Profit from recurring operations of €29 million at 31 December 2019, up on 2018 and comprising a number of factors:

- international growth in Spain and Portugal;
- steady growth in the rental business (delivery and acquisition of operated assets);
- control of overheads, in line with the property investment Company's growth.

The increase in net profit was due to a more significant change in the fair value of investment property than in 2018, together with control of financial costs.

The €50.2 million change in the fair value at 31 December 2019 (€50.1 million for the fully consolidated companies and €0.1 million for the associates) as compared to €37.0 million at 31 December 2018 (€35.7 million for the fully consolidated companies and €1.3 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 2018, 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 below) and to the successful marketing of vacant units during 2019, 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 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 change in fair value generated by the Group on the wholly-owned asset portfolio in 2019 breaks down as follows:

1. acquisitions €38.4 million;
2. projects under development €8.6 million;
3. like-for-like basis €3.1 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 the section of this document entitled "FREY Group's financial position and debt".

1.1.6.1.2 Net Asset Value (NAV) at 31 December 2019

Following the new definitions of this indicator published in the EPRA Best Practice Recommendations in October 2019, EPRA NAV and EPRA triple net NAV will be replaced with effect from financial years beginning on or after 1 January 2020. However, the Company has decided to present these new ratios in Section 1.6.1.3 of this document.

TABLES OF EPRA NAV AND EPRA TRIPLE NET NAV

<i>(In €m)</i>	31/12/2019	31/12/2018	Change
CONSOLIDATED EQUITY - ATTRIBUTABLE TO OWNERS OF THE COMPANY	777.9	600.5	30%
Impact of securities giving access to the capital	0.0	0.0	
Other unrealised capital gains	0.0	0.0	
Adjustment of financial instruments	4.6	4.7	
Deferred tax on the statement of financial position on non-REIT assets	15.9	7.4	
Adjustment of associates	0.2	0.1	
EPRA NAV	798.6	612.7	30%
Market value of financial instruments	-4.6	-4.7	
Effective tax on unrealised capital gains of non-REIT assets	-15.9	-7.4	
Optimisation of stamp duty and expenses	0.7	1.3	
Adjustment of associates	-0.2	-0.1	
EPRA TRIPLE NET NAV	778.6	601.8	29%
Diluted number of shares	24,224,997	18,841,665	
Treasury shares	430,969	30,337	
Corrected number of shares	23,794,028	18,811,328	
EPRA TRIPLE NET NAV PER SHARE <i>(in €)</i>	32.7	32.0	2%

The change in EPRA triple net NAV per share was due to:

- the -€0.8 impact of the capital increase;
- impact of 2019 operations (net profit - dividend paid + consolidated adjustments) of +€1.6.

TABLE OF GOING CONCERN NAV

<i>(In €m)</i>	31/12/2019	31/12/2018	Change
EPRA TRIPLE NET NAV	778.6	601.8	29%
Reinstatement of duty and actual disposal costs	34.3	29.7	
Reinstatement of tax on unrealised capital gains	15.9	7.4	
Dilution instruments	0.0	0.0	
Adjustment of associates	5.7	7.7	
DILUTED GOING CONCERN NAV	834.5	646.6	29%
Diluted number of shares	24,224,997	18,841,665	
Treasury shares	430,969	30,337	
Corrected number of shares	23,794,028	18,811,328	
DILUTED GOING CONCERN NAV PER SHARE <i>(in €)</i>	35.1	34.4	2%

The change in diluted going concern NAV per share was due to:

- the -€1.5 impact of the capital increase;
- impact of 2019 operations (net profit - dividend paid + consolidated adjustments) of +€2.2.

1.1.6.1.3 EPRA performance indicators

FREY's performance indicators at 31 December 2019 have been prepared in accordance with best practices as defined by EPRA⁽¹⁾ in its recommendations and are presented below.

NAV NRV, NAV NTA and NAV NDV

For information purposes, and in addition to the NAV calculated in Section 1.6.1.2, the Group presents NAV NRV, NAV NTA and NAV NDV as defined by the EPRA recommendations⁽¹⁾ for financial years beginning on or after 1 January 2020.

(In €m)	EPRA NRV	EPRA NTA	EPRA NDV
CONSOLIDATED EQUITY - ATTRIBUTABLE TO OWNERS OF THE COMPANY	777,920	777,920	777,920
<i>Including/excluding:</i>			
i) Hybrid instruments	-	-	-
DILUTED NAV	777,920	777,920	777,920
<i>Including:</i>			
ii.a) Revaluation of investment property (if opting for IAS 40 at cost)	-	-	-
ii.b) Revaluation of property under construction (if opting for IAS 40 at cost)	-	-	-
ii.c) Revaluation of other non-current investments	-	-	-
iii) Revaluation of finance leases	-	-	-
iv) Revaluation of commercial property	-	-	-
DILUTED NAV AT FAIR VALUE	777,920	777,920	777,920
<i>Excluding:</i>			
v) Deferred tax on the fair value of investment property	15,932	15,932	
vi) Fair value of financial instruments	4,579	4,579	
vii) <i>Goodwill</i> resulting from deferred tax	-	-	-
viii.a) <i>Goodwill</i> according to IFRS balance sheet		-*	-*
viii.b) Intangible assets according to IFRS balance sheet		-374	-374
<i>Including:</i>			
ix) Fair value of fixed-rate debt			-
x) Revaluation of intangible assets at fair value	-		
xi) Stamp duty	40,666	647	
NAV	839,097	798,945	777,546
Diluted number of shares	24,224,997	24,224,997	24,224,997
Treasury shares	430,969	430,969	430,969
Corrected number of shares	23,794,028	23,794,028	23,794,028
NAV PER SHARE (in €)	35.3	33.6	32.7

* LLEIDA project (Spain): includes goodwill (corresponding to an earnout payment) of €11.1 million, net of allocated debt of €11.1 million. If this project does not go ahead, the goodwill and its allocated debt will be reversed with no impact on equity.

(1) European Public Real Estate Association, "Best Practice Recommendations", published in October 2019 and available at www.epra.com.

EPRA net profit (loss)

The EPRA net profit (loss) corresponds to the profit/loss from operating activities.

The EPRA definition shows a calculation that starts from IFRS net profit (loss) and moves upwards, deleting non-recurring items.

For greater simplicity and understanding, FREY has decided to present its calculation starting from IFRS profit (loss) from recurring operations and moving downwards towards Net Profit (loss).

(In €m)	31/12/2019	31/12/2018
IFRS PROFIT (LOSS) FROM RECURRING OPERATIONS	29.0	18.2
-/+ Developer's profit/(loss)	-2.1	-4.2
-/+ Capital gains or losses on investment property disposals*	-0.3	-
-/+ Recurring financial expenses	-10.3	-9.3
-/+ Recurring taxes on non-REIT activities	-0.5	-0.5
EPRA net profit (loss) from associates	12.8	5.6
EPRA NET PROFIT (LOSS)	28.6	9.8
EPRA EARNINGS PER SHARE	€1.18	€0.52

* 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 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.

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 is not being restructured.

(In €m)	31/12/2019	31/12/2018
Value of the operated economic portfolio (excl. stamp duty)	902.2	729.8
Value of assets that are not stabilised or being restructured (excl. stamp duty)	-101.7	-73.5
Stamp duty in conveyance for consideration on stabilised assets	35.4	34.7
Market value of property holdings, incl. stamp duty (A)	835.9	691.1
Annualised rental income from the economic portfolio	54.2	42.7
Annualised rental income from the asset portfolio that is non-stabilised or being restructured	-5.6	-4.1
Non-recoverable expenses on stabilised assets	-2.1	-2.3
"Topped-up" annualised net rental income (B)	46.6	36.3
Rent-free periods granted on stabilised assets	-1.7	-0.9
Annualised net rental income (C)	44.9	35.3
EPRATOPPED-UP NET INITIAL YIELD (B/A)	5.6%	5.2%
EPRA NET INITIAL YIELD (C/A)	5.4%	5.1%

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, i.e. the portfolio that was delivered at least one year ago and is not being restructured.

(In €m)	31/12/2019	31/12/2018
Market rent of stabilised vacant areas	1.1	1.3
Market rent of stabilised economic portfolio	48.8	38.7
EPRA VACANCY RATE	2.3%	3.3%

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

Table of EPRA CAPEX

(In €m)	31/12/2019		31/12/2018	
	100%	Attributable to owners of the Company	100%	Attributable to owners of the Company
Acquisitions incl. stamp duty	191.6	137.8	96.1	96.1
Work on existing asset portfolio excluding development	6.1	5.1	7.6	6.1
Developments	122.6	122.6	47.7	39.9
TOTAL CAPEX	320.2	265.5	151.5	142.2

1.1.6.1.4 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 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 represent a CGU, and that each CGU can be assigned to one or more operating segments depending on its economic purpose.

At 31 December 2019

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

Assets at 31/12/2019 (in €m)	Property investment activity	Property development	Other	Total
Investment property	1,094.1	-	-	1,094.1
Investments in associates	57.5	-	-	57.5
Inventories and work-in-progress	-	44.7	-	44.7

Equity & Liabilities at 31/12/2019 (in €m)	Property investment activity	Property development	Other	Total
Investments in associates	-	-	-	-
Non-current financial liabilities	382.6	0.2	45.2	428.0
Current financial liabilities	18.9	0.1	0.4	19.4

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

<i>At 31/12/2019 (in €m)</i>	Property investment activity	Property development	Other	Total
Rental income from stabilised assets	39.9			
Non-recoverable expenses on stabilised assets	-1.9			
NET RENTAL INCOME FROM STABILISED ASSETS	38.0			38.0
Rental income from unstabilised assets	3.7			
Non-recoverable expenses on unstabilised assets	-0.2			
NET RENTAL INCOME FROM UNSTABILISED ASSETS	3.5			3.5
Sales		13.6		
Purchase cost of goods sold		-11.5		
DEVELOPER'S PROFIT		2.1		2.1
OTHER REVENUE			2.2	2.2
GROSS PROFIT				45.8
External services				-5.8
Employee costs				-8.8
Other income and expenses				0.9
Taxes and similar payments				-1.6
Amortisation, depreciation and provisions				-1.4
PROFIT (LOSS) FROM RECURRING OPERATIONS				29.0
Other operating income and expenses				-2.7
Value adjustments of investment property				50.1
OPERATING PROFIT (LOSS)				76.5
Share of net profit (loss) of associates				8.7
OPERATING PROFIT (LOSS) AFTER SHARE OF NET PROFIT (LOSS) OF ASSOCIATES				85.2
Net cost of debt				-10.4
Value adjustments of financial assets				-5.3
PROFIT (LOSS) BEFORE TAX				69.5
Income tax				-10.4
NET PROFIT (LOSS) OF CONSOLIDATED COMPANIES				59.1
Non-controlling interests				-9.4
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY				49.7

The Group's rental income increased by €10.7 million between December 2018 and December 2019, mainly due to the delivery of Z'aisne Shopping in Saint-Quentin (O2), Shopping Promenade Arles Montmajour* (I3) and Woodshop in Cesson (77), and the

acquisitions carried out in Spain in April 2018 (Parc Vallès - Barcelona) and Portugal in July 2019 (Algarve Shopping & Albufeira Retail Park).

At 31 December 2018

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

<i>Assets at 31/12/2018 (in €m)</i>	Property investment activity	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

<i>Equity & Liabilities at 31/12/2018 (in €m)</i>	Property investment activity	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:

At 31 December 2018 (in €m)	Property investment activity	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
Employee costs				-8.8
Other income and expenses				0.5
Taxes and similar payments				-1.1
Amortisation, depreciation and provisions				-0.9
PROFIT FROM RECURRING OPERATIONS				18.3
Other operating income and expenses				-0.9
Value adjustments of investment property				35.7
OPERATING PROFIT (LOSS)				53.0
Share of net profit (loss) of associates				7.2
OPERATING PROFIT (LOSS) AFTER SHARE OF NET PROFIT (LOSS) OF ASSOCIATES				60.2
Net cost of debt				-9.3
Value adjustments of financial assets				-3.1
PROFIT (LOSS) 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

1.1.6.1.5 Subsidiaries and equity investments

The table summarising the information regarding all of the Company's subsidiaries at 31 December 2019 is provided in **Appendix 3** of this 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 2019 financial year.

Company	% ownership
None	None

1.1.6.1.6 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 2019 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 Aménagement et Promotion SAS

FREY Aménagement 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 Aménagement et Promotion at 31 December 2019 is summarised in the following tables:

(In €m)	31/12/2019	31/12/2018
Revenue	4.4	3.2
Operating profit/(loss)	-2.5	-4.5
Net financial income/(loss), incl. share of subsidiaries' profits/(losses)	3.2	1.5
Net profit/(loss)	0.7	-2.9
Equity	-5.1	-5.9
Debt	0.0	0.0

FREY Aménagement 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:

- marketing/remarketing;
- rental management;
- acquisition.

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 €5.9 million during the 2019 financial year, which consisted exclusively of the fees invoiced for these services.

A net loss of €0.6 million was recorded in the 2019 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 Aménagement 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 €2.7 million and primarily consisted of rental income.

A €0.9 million profit was recorded in the 2019 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 Aménagement et Promotion owns a 1% interest.

Its asset portfolio consists of Greencenter Green7[®], which has a GLA of 21,700 m² and is in Salaise-sur-Sanne (38).

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

A €1.2 million profit was recorded in the 2019 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 2019, the Company sold 87.84 m² of common areas located in Marne-la-Vallée-Montévrain (77).

As a result, it now owns an asset portfolio of 5,992 m² GLA, 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 2019 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 2019, the Company sold 223.17 m² of common areas located in Marne-la-Vallée-Montévrain (77).

As a result, it now owns an asset portfolio of 17,000 m² GLA, 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 €0.29 million profit was recorded in the 2019 financial year.

Activities and results of SNC IF CHÊNE VERT

SNC IF CHÊNE VERT is a subsidiary in which IF Clos du Chêne owns a 99% interest and FREY Aménagement 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).

In 2019, the Company acquired 1,004 m² of land in Marne-la-Vallée-Montévrain (77), and sold 24.02 m² of common areas.

As a result, it now owns an asset portfolio of 24,333 m² GLA, all of which is in Marne-la-Vallée-Montévrain (77).

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

A €0.2 million profit was recorded in the 2019 financial year.

Activities and results of SAS LA PLAINE

SAS LA PLAINE is a subsidiary in which FREY owns a 99% interest and FREY Aménagement et Promotion owns a 1% interest.

Its portfolio is composed of the WOODSHOP outdoor shopping centre (previously known as Maisonément) in Melun-Sénart (77), with a GLA of 33,600 m² and which is being entirely redeveloped.

The first phase of the work is complete and opened on 1 October 2019.

The second phase is under way and is scheduled to open in spring 2020.

Revenue for the period amounted to €2.2 million and primarily consisted of rental income.

A loss of €0.5 million was recorded in the 2019 financial year.

Activities and results of SCI IF PLEIN OUEST

SCI IF PLEIN OUEST is a subsidiary in which FREY owns a 99% interest, and FREY Aménagement et Promotion owns a 1% interest.

It owns Cap Émeraude, an asset with a GLA of 10,800 m² in Dinard - Pleurtuit (35).

Revenue for the period amounted to €0.8 million and primarily consisted of rental income.

A €0.2 million profit was recorded in the 2019 financial year.

Activities and results of SCI FRP III

SCI FRP III is wholly-owned by SCI LES SABLONS 1, which is itself 99.9% owned by FREY and 0.1% by FREY Aménagement et Promotion.

This company owns a complex with a GLA of 18,200 m² in Claye-Souilly (77).

FRP III's revenue amounted to €2.9 million in 2019 and consisted entirely of rental income.

A €0.6 million profit was recorded in the 2019 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 Aménagement et Promotion.

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

SCI PAI 02's revenue amounted to €2.3 million in 2019 and consisted entirely of rental income.

A loss of €0.8 million was recorded in the 2019 financial year.

Activities and results of Parc Vallès (Spain)

Parc Vallès is a wholly-owned subsidiary of FREY Invest, which is in turn a wholly-owned subsidiary of FREY.

Parc Vallès owns a 47,000 m² asset in Terrassa in Spain (near Barcelona).

Parc Vallès's revenue amounted to €6.3 million in 2019 and consisted entirely of rental income.

A €1.8 million profit was recorded in the 2019 financial year.

Activities and results of Albufeira Retail Park (Portugal)

Albufeira Retail Park is a wholly-owned subsidiary of FREYPROP, which in turn is 70% owned by FREY.

Albufeira Retail Park owns a 11,300 m² asset in Albufeira, Portugal.

Since its acquisition in July 2019, Albufeira Retail Park has generated revenue of €0.7 million, consisting entirely of rental income.

During the same period, its net profit amounted to €0.5 million.

Activity and results of Algarve Shopping (Portugal)

Algarve Shopping is a wholly-owned subsidiary of FREYPROP, which in turn is 70% owned by FREY.

Algarve Shopping owns a 47,200 m²-asset in Albufeira, Portugal.

Since its acquisition in July 2019, Algarve Shopping has generated revenue of €5.0 million, consisting entirely of rental income.

During the same period, its net profit amounted to €2.8 million.

1.1.6.1.7 FREY Group's financial position and debt

Information regarding FREY Group's financing

BANK DEBT

On 25 July 2019, FREY took out a €100 million loan for an initial six-year period, with an extension option.

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, improve FREY's financial flexibility and strengthen the Group's strong relations with its banking partners.

Following these transactions, the balance of the bank debt (excluding bonds) drawn down by Group companies (excluding associates) at 31 December 2019 was €384.3 million, including €303.0 million under credit facilities.

(In €m)	31/12/2019	31/12/2018
IFRS non-current bank loans (incl. credit facilities)	346.4	218.4
IFRS non-current finance lease liabilities (CBI)	29.7	33.0
IFRS current bank loans (incl. credit facilities)	1.4	1.0
IFRS current finance lease liabilities (CBI)	3.3	3.2
Less accrued interest	-	-0.1
IFRS adjustment of loan issue costs	3.5	3.6
TOTAL BANK DEBT	384.3	259.1

The maturity of the Group's bank debt works out at 5.5 years, compared with 5.9 years at end-2018.

At 31 December 2019, 98.4% of Group debt (bank + bonds) is variable rate (3-month Euribor). However, as a result of the arrangement of interest rate hedges (swaps), 91.3% of the Group's debt (bank + bonds) is no longer exposed to interest rate movements.

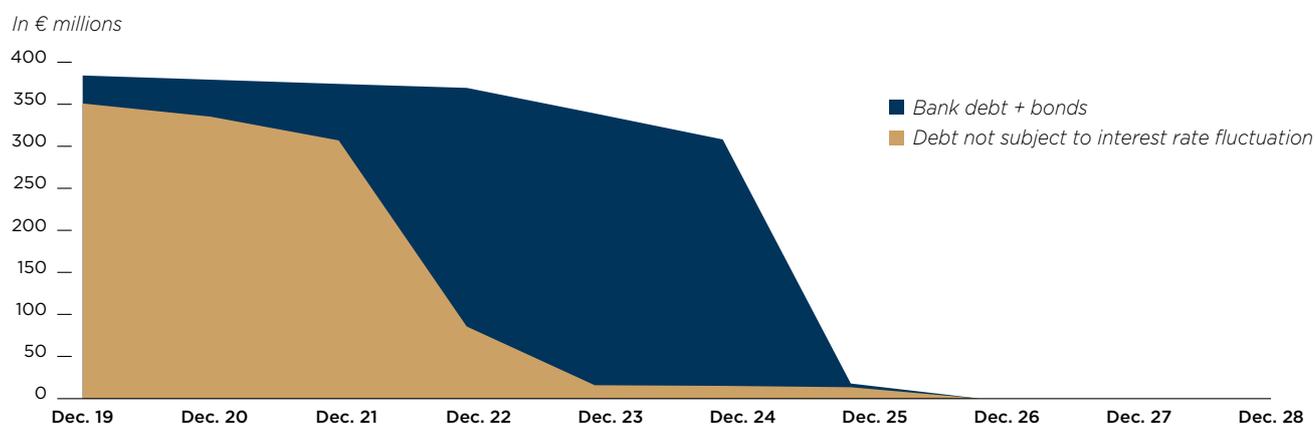
The average spread on the Group's bank debt at 31 December 2019 was 1.52%, versus 1.64% at 31 December 2018.

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 2019 of (0.383%) worked out at 1.73%, breaking down into an average rate of 2.86% on the mortgage loans and 1.40% 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:

(In €m)	-100 pts	-50 pts	-0.383%	+50 pts	+100 pts
Net cost of debt	-7.8	-9.0	-10.4	-11.5	-11.7
Impacts	2.5	1.3	-	-1.1	-1.3

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



BONDS

There were no bonds outstanding at 31 December 2019.

(In €m)	31/12/2019	31/12/2018
IFRS non-current bonds	-	25.2
IFRS current bonds	-	37.1
Less accrued interest	-	-0.9
TOTAL BONDS	-	61.4

In 2018, these bonds consisted 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.

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.

In November 2019, FREY bought back and cancelled 1,519,264 OPIRNANE bonds, i.e. all of the bonds in issue before cancellation, for a unit value of €27.08.

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

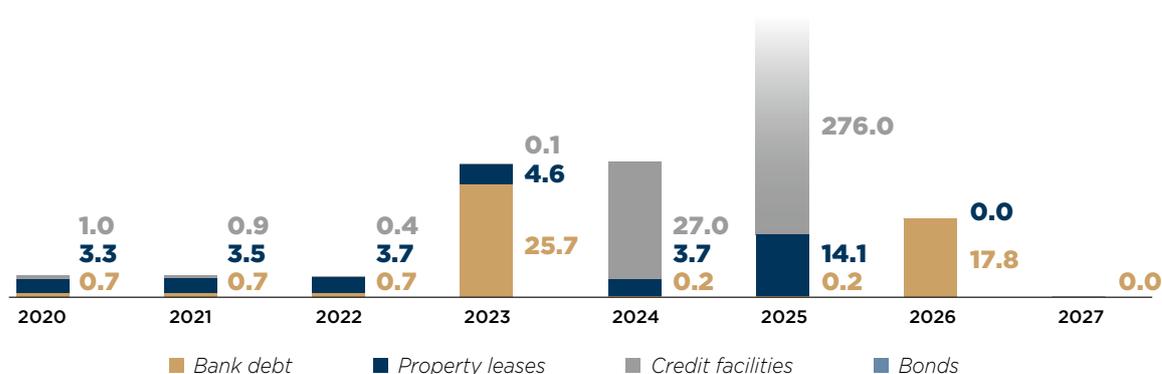
The Group also issued bonds amounting to €36.2 million in August and December 2014, as part of a private placement with institutional investors in the form of a bond issue with a nominal value of €100,000 per unit bearing interest at 4.375% per year and with a five-year maturity.

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

In August 2019, the Group repaid the Euro PP in full at maturity.

DEBT MATURITY SCHEDULE

The chart below sets out the overall repayment schedule for the Group's debt, including the credit facilities drawn down.



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 2019 had a value of -€4.6 million, including €10.9 million for the OPIRNANE derivative, compared with -€14.5 million at 31 December 2018, including €10.9 million for the OPIRNANE derivative.

The impact of the change in fair value of financial instruments was recognised in profit or loss for -€1.0 million and is due solely to the change in interest rate hedges.

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 2019, 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 31/12/2019
€45.9 million	> 120%	367% - 376%

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

ICR ratios

Relevant debt	Required ratios	Ratios at 31/12/2019
€45.9 million	> 2.0	7.0 - 8.0

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 31/12/2019
€26.7 million	< 60.0%	46.9%
€19.3 million	< 65.0%	34.6%

RATIOS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated ratios	LTV	ICR	Collateralised debt
Relevant debt	€303.0 million	€303.0 million	€303.0 million
Required ratios	<= 60.0%	>= 2	< 20.0%
Ratios at 31/12/2019	23.1%	4.9	6.7%

Cashflow

Consolidated data (in €m)	31/12/2019	31/12/2018
Cash flow from operating activities	28.7	-9.4
Cash flow from investing activities	-216.7	-83.4
Cash flow from financing activities	207.4	100.9
Change in net cash and cash equivalents	19.4	8.1
Cash and cash equivalents - Opening balance	77.9	69.8
Cash and cash equivalents - Closing balance	97.3	77.9

The Group's consolidated cash position showed an investment and cash balance of €97.3 million at 31 December 2019 compared with €77.9 million at 31 December 2018.

Cash flow from operating activities in 2019 resulted from cash flow of €27.9 million, a €0.7 million decrease in working capital requirements and €4.3 million in dividends received from associates. The resulting cash flow generated by the business activities was €30.5 million.

Cash flow from investing activities in 2019 recorded a net outflow of €173.4 million relating to the projects underway and to the acquisitions made over the period.

Cash flow from financing activities was plus €162.4 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 €217.0 million in available credit facilities.

Group financing plan

The projects under construction at 31 December 2019 have already been financed *via* credit facilities.

1.1.6.2 Parent company financial statements - SA FREY

The financial year just ended, which ran for a period of 12 months, covered the period from 1 January 2019 to 31 December 2019.

1.1.6.2.1 Revenue

Revenue for the financial year ended 31 December 2019 amounted to €13.6 million, and broke down as follows:

Revenue (in €m)	31/12/2019	31/12/2018
Rental income	7.4	7.1
Provision of intra-group services	5.5	4.7
Off-plan sales - Construction	0.4	0.7
Entry fees	0.1	0.1
Rental management fees	0.1	0.1
Re-invoicing of work	0.1	0.2
TOTAL	13.6	12.9

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

1.1.6.2.2 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 2019 are set out in the following table:

Income statement (in €m)	31/12/2019	31/12/2018
Revenue	13.6	12.9
Operating profit/(loss)	-5.9	-5.0
Net financial income/(expense)	-9.7	3.4
Pre-tax profit (loss)	-15.6	-1.6
incl. share of subsidiaries' profits/(losses) and dividends	4.1	9.1
Net non-recurring income	-5.6	-1.0
Net profit/(loss)	-10.0	-2.5

Statement of financial position (in €m)	31/12/2019	31/12/2018
Equity	472.5	343.9
Bond issues	0	65.2
Bank debt	305.8	176.5
Current accounts (net receivable)	372.2	325.2
Cash and marketable securities	51.4	66.9
Gross land + buildings	138.3	116.1

During the financial year, FREY delivered Shopping Promenade* in Arles (13), covering an area of around 18,000 m². This asset will be retained in the portfolio.

FREY's asset portfolio amounted to 82,228 m² at 31 December 2019, with annualised rental income of €10 million.

The operating loss in 2019 is primarily explained as follows:

- the increase in depreciation expenses and allowances relating to the delivery of the Z'Aisne asset in Saint-Quentin (02) in 2018 and the delivery of Shopping Promenade Arles Montmajour* (13);

- impairment of the asset located in Bayonne (64);
- increase in staff costs related to the acquisition of free shares;
- fees connected with the Group's financing.

Net non-recurring income totalled €5.6 million and mainly related to the capital gain on disposal of the Saint Quentin asset.

1.1.6.2.3 Parent company profit or loss for the financial year - proposed appropriation - payment of dividends

The parent company generated a loss of €10 million in the financial year.

The General Meeting will be asked to pay a dividend amounting to €36,337,495.50 (i.e. €1.50 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.

Note: This information is not included in the management report approved by the Board of Directors on 6 March 2020.

Option of partial payment of the dividend in shares

On 8 April 2020, FREY's Board of Directors decided to recommend at its General Meeting to be held on 20 May 2020 that the shareholders have the option, in respect of the payment of the dividend of €1.50/share for FY 2019, of choosing:

- either a payment exclusively in cash;
- or a partial payment in shares for an amount of 30% of the dividend (i.e. €0.45/share and for an amount of 70% in cash (i.e. €1.05/share).

Terms of the dividend payment and provisional schedule

As part of the payment of the dividend in shares, the share issue price will be determined in accordance with current regulations as follows on the day of the General Meeting:

- the average of the first opening share prices of the 20 trading sessions preceding said General Meeting;

- to which the maximum authorised discount of 10% will be applied;
- and restated for the net dividend amount (i.e. €1.50 per share).

The key dates of the projected dividend payment schedule are as follows:

- 20 May:** General Meeting;
- 25 May:** record date, last trading day permitting the acquisition of securities giving access to the 2019 dividend;
- 26 May (inclusive):** beginning of the option period for the dividend in shares (for 30% of the amount);
- 08 June (inclusive):** end of the option period for the dividend in shares;
- 12 June:** payment of the dividend in cash for all shareholders and delivery of new shares under the option for partial payment in shares.

Allocation of net profit (in €)	31/12/2019
2019 earnings	-10,000,742
Retained earnings of previous financial years	-4,498,744
BALANCE OF RETAINED EARNINGS ACCOUNT FOLLOWING THE APPROPRIATION OF 2019 EARNINGS	-14,499,486

Distributable reserves (in €)	31/12/2019
2019 earnings	0
Issue premium	424,726,621
DISTRIBUTABLE RESERVES	424,726,621

Dividends paid	31/12/2019
Deduction to be recognised in profit and loss for the financial year	0
Deduction to be made to the issue premium account	36,337,496
DIVIDENDS	36,337,496

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 2019 financial year;

- at least 70% of the capital gains resulting from the disposal of assets must be distributed before the end of the second financial year following their realization;
- 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 €)	Balance available following payment of the 2019 dividend	2019 taxable income	Tax deduction of the dividends	Balance available following payment of the 2019 dividend
REIT income	4,078,473	18,532,483	0	22,610,957
Other distributable earnings and reserves	4,899,310	-4,645,317	0	253,993
TOTALS	8,977,783	13,887,167	0	22,864,950

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.

1.1.6.2.4 Amount of dividends paid over the last three financial years

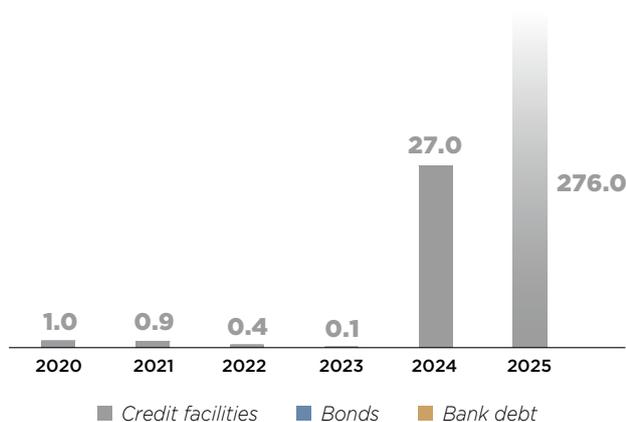
In accordance with the law, we hereby inform you of the amount of the dividends distributed in respect of the last three financial years:

(In €)	Dividends per share	Dividend paid
Financial year ended 31/12/2016	0.77	9,318,108.03
Financial year ended 31/12/2017	1.00	12,088,669
Financial year ended 31/12/2018	1.20	22,097,570

1.1.6.2.5 SA FREY's financial position and debt

At 31 December 2019, the Company's debt stood at €305.4 million and was composed solely of 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 SA FREY were complied with at 31 December 2019.

Consolidated ratios	LTV	ICR	Collateralised debt
Relevant debt	€303.0 million	€303.0 million	€303.0 million
Required ratios	<= 60.0%	>= 2	< 20.0%
Ratios at 31/12/2019	23.1%	4.9	6.7%

1.1.6.2.6 Results over the last five financial years

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 no. 1**).

1.2 Asset portfolio at 31 December 2019

1.2.1 INVESTMENT PROPERTY

The value of the Group's operated investment property, excluding stamp duty, at 31 December 2019, as determined by applying the percentage interest in each asset, amounted to €902.2 million, €113 million of which was held *via* finance leases.

Investment property excl. stamp duty (in €m)	31/12/2019	31/12/2018
Wholly-owned assets		
Operated assets	664.5	604.9
Projects under development measured at fair value	193.0	111.7
Land measured at fair value	0.5	0.5
Projects under development measured at cost	27.0	29.1
IFRS INVESTMENT PROPERTY - WHOLLY-OWNED	885.0	746.2
Partnerships - Percentage interest held		
Operated assets	140.9	-
Projects under development measured at fair value	-	-
Projects under development measured at cost	5.5	-
IFRS INVESTMENT PROPERTY - 70% OWNED	146.4	746.2
Associates - Percentage interest held		
FRF operated assets	49.2	70.4
Assets operated by Other associates	47.6	52.4
Projects under development at fair value Other associates	-	1.0
Projects under development at cost FRF + other associates	0.0	0.4
INVESTMENT PROPERTY OF ASSOCIATES	96.8	124.2
TOTAL ECONOMIC INVESTMENT PROPERTY	1,128.1	870.4
OF WHICH OPERATED ECONOMIC PORTFOLIO	902.2	727.7

Below is a summary table of the Group's operated economic portfolio⁽¹⁾ at 31 December 2019 with the certifications issued for each asset (the various certifications are described on pages 37 and 38).

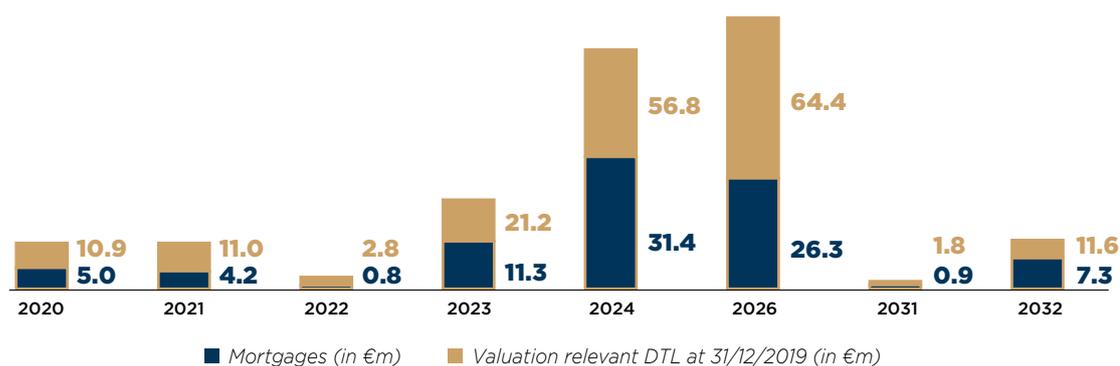
Name of asset	Location	Date opened and/or acquired	% ownership	Area at 100%
PARC VALLÈS 	Barcelona - Spain	2018	100%	47,000 m ²
WOODSHOP 	Melun - Sénart (77)	2016	100%	33,600 m ²
SHOPPING PROMENADE® Cœur Picardie 	Amiens (80)	2017	100%	37,400 m ²
SHOPPING PROMENADE® Arles 	Arles (18)	2019	100%	18,600 m ²
SUPERGREEN 	Terville - Thionville (57)	2015	100%	23,300 m ²
CLOS DU CHÊNE 1 	Chanteloup-En-Brie/ Montévrain (77)	2007	100%	26,900 m ²
CLOS DU CHÊNE 2 	Montévrain (77)	2013	100%	24,500 m ²
GREEN 7 	Salaise-sur-Sanne (38)	2012	100%	21,700 m ²
BE GREEN 	Saint-Parres-aux-Tertres (10)	2013	100%	20,750 m ²
CLAYE FRP III	Claye-Souilly (77)	2016	100%	18,200 m ²
CAP ÉMERAUDE 	Dinard - Pleurtuit (35)	2016	100%	10,800 m ²
PARC DES MOULINS 	Soissons (02)	2010	100%	9,800 m ²
TIMES SQUARE	Reims - Cormontreuil (51)	2016	100%	8,000 m ²
ESPACE LEMAN 	Thonon-les-Bains (74)	2013	100%	2,900 m ²
VENDENHEIM	Strasbourg - Vendenheim (67)	2017	100%	3,500 m ²
2 SCATTERED ASSETS	Bayonne (64), Thoiry (01)		100%	2,200 m ²
TOTAL WHOLLY-OWNED ASSETS				309,150 M²
ALGARVE SHOPPING	Albufeira - Portugal	2019	70%	58,500 m ²
O'GREEN 	Agen - Boé (47)	2013	50%	20,900 m ²
BACS THILLOIS	Reims - Thillois (51)	2012	50%	0 m ²
SAINT PARRS BACS	Troyes - Saint-Parres-aux-Tertres (10)	2015	50%	5,400 m ²
TERVILLE GIF	Terville - Thionville (57)	2016	50%	6,000 m ²
BONNEUIL RETAIL PARK	Bonneuil-sur-Marne (94)	2018	50%	8,000 m ²
APPOLO DOUAI DECHY	Douai - Dechy (59)	2016	24.16%	29,600 m ²
ZONE A and ZONE DU GOLF	Belfort - Bessancourt (90)	2015	24.16%	13,600 m ²
TORCY BAY 3	Torcy (77)	2013	24.16%	8,800 m ²
APPOLO RENNES PACE	Rennes - Pacé (35)	2016	24.16%	8,300 m ²
TORCY BAY I	Torcy (77)	2013	24.16%	7,000 m ²
LE PONTET	Avignon - Le Pontet (84)	2012	24.16%	6,000 m ²
ILOT GAUCHE	Reims - Cormontreuil (51)	2009	24.16%	5,200 m ²
APPOLO VILLIERS SUR MARNE	Villiers-sur-Marne (94)	2016	24.16%	4,200 m ²
APPOLO TOULON GRAND VAR	Toulon (83)	2016	24.16%	3,800 m ²
CHANTEPIE	Rennes (35)	2014	24.16%	0 m ²
ENGLOS	Lille - Englos (59)	2014	24.16%	2,500 m ²
VILLEBON	Villebon-sur-Yvette (91)	2016	5%	46,200 m ²
SEVEN SCATTERED ASSETS	Arras (62), Reims-Cormontreuil (51), Le Mans (72), etc.	-	24.16% to 66.66%	13,500 m ²
TOTAL JOINTLY OWNED ASSETS (FIGURES AT 100%)				247,500 M²
GRAND TOTAL				556,650 M²

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

1.2.2 PROPERTY, PLANT AND EQUIPMENT

Other property plant and equipment amounted to €9.7 million at 31 December 2019 and primarily consisted of the Company's head office, which was purchased *via* a finance lease, and Paris offices acquired under an operating lease in accordance with IFRS 16.

The chart below sets out the mortgages and pledges encumbering the Company's and Group's assets at 31 December 2019 according to their maturity date, as well as the valuation of the corresponding properties at 31 December 2019.



1.2.3 GUARANTEES ON PROPERTY

At 31 December 2019, the Group had granted mortgages and pledges totalling €87.1 million on assets with a total value excluding stamp duty of €180.5 million, as part of the financing granted to FREY or its subsidiaries by credit institutions.

1.3 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) and a subsidiary in Portugal (FREYPROP).

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.

1.3.1 GROUP ENVIRONMENT

1.3.1.1 Commercial real estate market

JLL – The retail investment market in France in 2019

- A total of €6 billion was invested in retail in 2019, up 31% on 2018 (€4.6 billion) and 46% higher than the long-term average.
- The number of transactions remains relatively unchanged from 2018 (176 transactions in 2019, compared with 181 in 2018). The increase in invested volumes is driven by large deals (in excess of €100 million), such as Nike-Champs Élysées (€613 million) and the sale of Italie 2 in Paris for €470 million.
- Ground-floor retail premises continue to dominate investments, at the expense of out-of-town retail sites:
 - ground-floor retail premises posted another record year with €3.1 billion in investment, representing 51% of total investment;
 - retail investment rebounded sharply with €2.3 billion in total investment, including both the “Italie 2” deal and the sale by Mercialis of a Casino portfolio for nearly €400 million;
 - investment in retail parks, accounting for 10% of the total, were down at €0.7 billion.
- 65% of the total investment came from French investors. In addition, 61% of investors are funds.
- Yields remained stable in 2019 at 5% for Prime retail parks.

1.3.1.2 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.

1.3.2 THE GROUP'S MAIN ACTIVITIES

1.3.2.1 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 Aménagement 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 with other investors on certain assets (e.g. the Agen project with Philippe Ginestet Group and the Lleida project in Spain with Eurofund 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).

1.3.2.2 FREY's commercial strategy: a diversified and balanced offering

Responding to retailers' needs with the consolidation of our long-standing partnerships: the out-of-town retail complex

For more than 35 years, FREY has been building strong, long-term partnerships with major retailers (such as Boulanger, Decathlon, Kiabi, Intersport, Leroy Merlin and Truffaut).

The commercial strategy applied to its outdoor shopping centres is designed principally to address the absence of certain retailers in a particular catchment area, or their unsuitable locations or formats.

A key aspect of developing these assets is matching the sites developed with the local commercial potential, and always based on market research.

FREY selects prime out-of-town sites to meet the needs of partner retailers and to secure the long-term future of the asset.

Responding to consumers' needs with Shopping Promenade®

With its unique customer experience, original, attractive architecture, intelligent layout and exciting programme of events, Shopping Promenade® is fast becoming a major lifestyle, cultural and social hub.

Shopping Promenade® takes an innovative approach to merchandising, offering a unique setting for leading international brands (H&M, New Yorker, Superdry, Lacoste, Nike, Adidas, Rituals, Kusmi Tea, etc.). As a result of the increased focus on restaurants and recreational activities, these have become a key pillar of the commercial strategy.

Lastly, these assets have obtained internationally recognised certification (HQE, BREEAM) for their committed environmental policies, reflecting the new standards demanded by retailers and customers alike.

Responding to future needs through urban mixed-use developments

With the creation of Citizers, and after winning the recent tender in Rennes (35) for the Palais du Commerce, the FREY Group has embarked on the diversification of its rental portfolio.

Keeping pace with the changing urban environment and making people central to the thought process, the FREY Group designs original, convivial spaces: central, inspirational and surprising places that reach out and bring people together to share amazing experiences and become a hub for the local area.

Like its retail partners, FREY is branching out and reimagining its relationship with the customer through hotels, offices, co-working spaces and other service sector activities. The Group is therefore diversifying its asset base and becoming an expert both in the high street and in sectors not currently present in its portfolio.

FREY offers retailers a wide range of legal options, including off-plan leases and sales, construction leases, long-term leases and land sales.

1.3.2.3 A new approach to quality planning: the new-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 outdoor 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.; everything is thought out to minimise the impacts on the environment, both in the design of the park and its management.

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 three dimensions

The three pillars of Shopping Promenade®

An advantageous setting

Shopping Promenade® is an outdoor retail experience on a site that puts people and their environment first. Mindful of the well-being of all visitors, it features urban codes that delight at every turn, such as its multi-purpose and diversified design, which creates the perfect environment for a delightful stroll.



A multi-purpose offering

The Shopping Promenade® is a vital destination with a wide variety of offerings to satisfy every taste: on-trend retailers, creative restaurant offerings, local services and original, appealing recreational activities for the whole family.

An enhanced experience

The Shopping Promenade® is first and foremost a community-oriented hub that brings people together and helps to foster social bonds and community spirit.

It features a year-round calendar of events designed to put a smile on peoples' faces. Families flock to its large, free playgrounds.

- **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: three 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: two 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 outdoor shopping centres developed by FREY.

Currently up and running in Amiens (80) and Arles (13), the Shopping Promenade® concept will open at two more locations in 2020, Claye-Souilly (77) and Strasbourg (67).

The different labels

Eight of the retail parks owned by FREY at 31 December 2019, namely 50% of the Group's operated economic portfolio by area, have been awarded the Valorpark[®] accreditation label by the CNCC (*Centre National des Centres Commerciaux* - French Council of Shopping Centres).

In 2019, BREEAM In-Use certification was awarded to the Shopping Promenade Coeur Picardie[®] in Amiens (80) and to Supergreen in Terville (57). The newly opened Shopping Promenade[®] in Arles (13) is certified Breeam Very Good.

1.3.2.4 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 rehabilitation 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.

Run-down and dehumanised areas

Created in the 1980s 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 deserted.

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, etc.

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 seeks to help local authorities meet their Urban Renewal and Retail 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, etc.) and in private spaces (type, uses, addressing, information, etc.).

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 four themes considered by FREY in imagining how to move forward:

Theme 1: URBAN DEVELOPMENT & PLANNING: Reimagining, (re)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 and 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 area requires a twin strategy: boost what is already there while encouraging innovations.

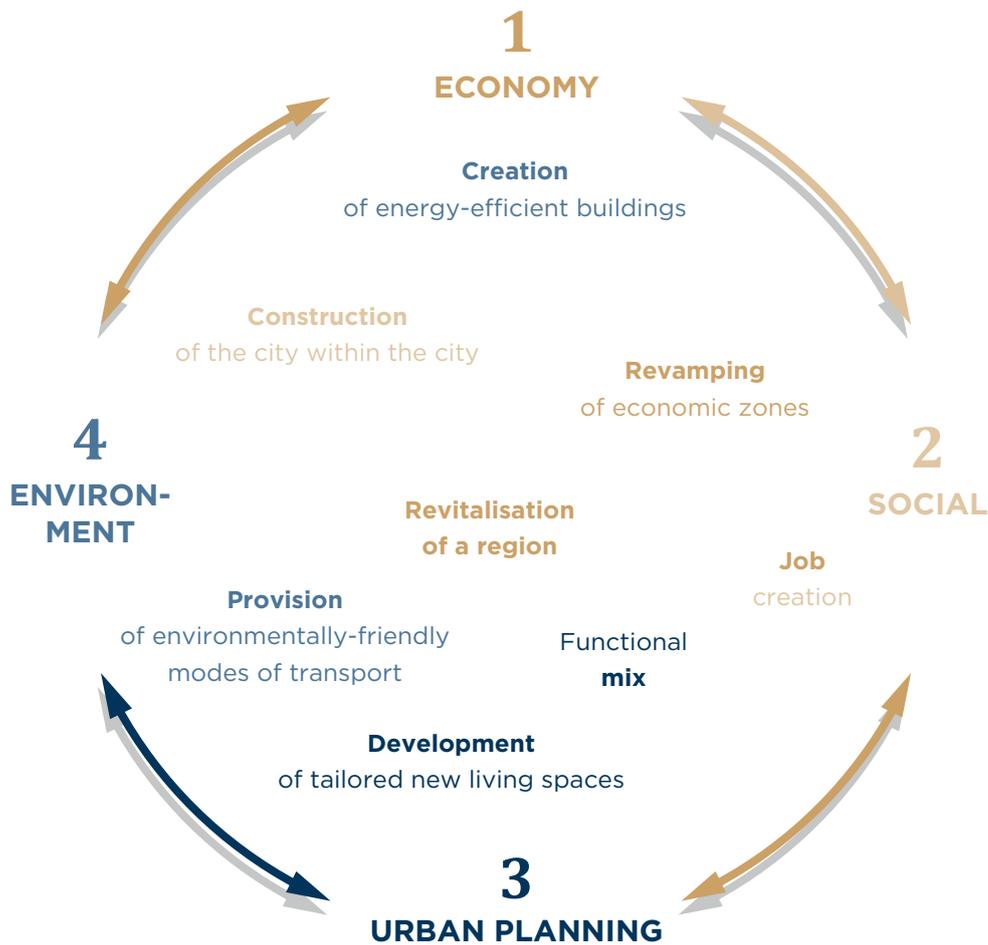
Urban and Retail Renewal projects must thus focus on:

- 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.

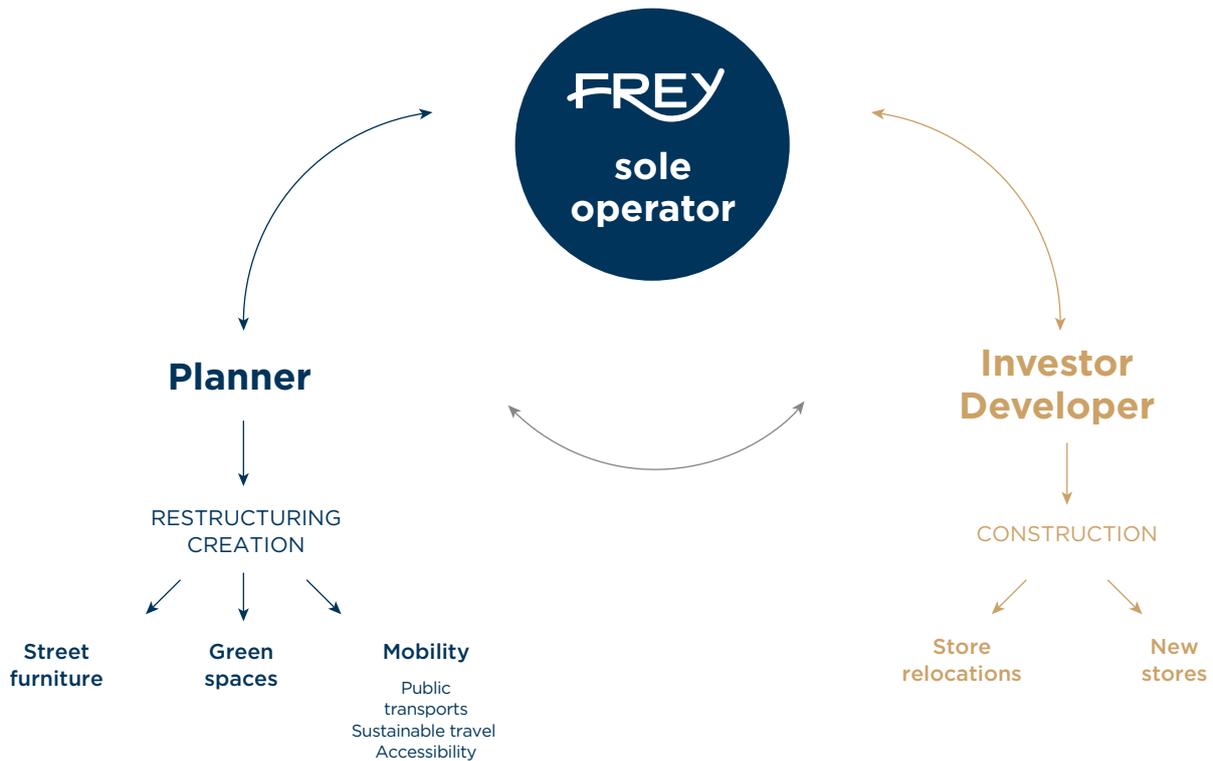
These themes, and the responses offered by FREY in these planning activities, are based on the four cornerstones of an Urban and Retail Renewal project:



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:

- **L'Aire des Moissons – TROYES (10)**

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 and 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.

- **Zone Commerciale Nord – STRASBOURG (67)**

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 eventually comprising 40,000 m² of 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 to connect 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.

1.3.2.5 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[®].

HQE[™] Aménagement approach

The following FREY developments have been awarded HQE[™] Aménagement certification:

- **Be Green** in Troyes – Saint-Parres-aux-Tertres (10);
- **Zone Commerciale Nord** in Strasbourg-Vendenheim (67).

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 and project management tool 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 dynamics and local channels;
- an Operations Management System (OMS): real backbone of a quality approach, defining 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 project life cycle

Phase 1: Launch including managerial requirements and project management (Expectations and motivation of local authorities, commitment of the planner and the local authorities to the HQE Aménagement[™] approach, stakeholder participation, etc.).

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 three 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 Company is working with a local collective of around 40 farmers to provide them with an Agroparc covering more than five hectares in the new zone, where they can grow organic produce.

The collective will have a shop and restaurant selling organically-farmed produce with virtually zero food miles.



As a result of the various actions taken during the design phase, phases 1 to 4 received HQE™ Aménagement certification. Work is continuing 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.

HQE™ Commerce approach

The following FREY assets have received HQE™ Commerce certification for their high environmental standards:

- **Parc des Moulins** in Soissons (02);
- **Woodshop** in Cesson (77);
- **Shopping Promenade® Cœur Picardie** in Amiens (80);
- **SuperGreen** in Thionville - Terville (57);
- **Clos du Chêne** in Montévrain - Chanteloup-En-Brie (77);
- **Green 7** in Salaise-sur-Sanne (38);
- **Be Green** in Troyes - Saint-Parres-aux-Tertres (10);
- **Cap Émeraude** in Dinard - Pleurtuit (35);
- **Espace Leman** in Thonon-les-Bains (74);
- **O'Green** in Agen-Boé (47).

BREEAM® approach

The following FREY assets have received BREEAM® certification:

- **Shopping Promenade® Arles-Montmajour**, certified BREEAM® Construction - Very Good in 2019;
- **Shopping Promenade® Cœur Picardie** in Amiens (80), certified BREEAM® In-Use in 2019;
- **SuperGreen** in Thionville - Terville (57), certified BREEAM® In-Use in 2019.

1.3.2.6 The creation of two investment vehicles with top-tier partners

Created in November 2011 in partnership with Prédica and AG REAL ESTATE, the two investment vehicles (FREY Retail Fund 1 and FREY Retail Fund 2) closed their investment period in December 2017.

A management policy has since been agreed by the partners, including potential disposals depending on market opportunities. Taking into account the disposals made during the year, at end-2019, the investment vehicles held assets representing an area of 102,500 m², with an appraisal value of €196 million excluding stamp duty, compared with 158,600 m² and €289.7 million at 31 December 2018.

FREY has partnered with two leading players in property investment:

Prédica - Crédit 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 Prédica 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 31/12/2018, the key figures for Crédit Agricole Assurances Group were:

- €33.5 billion in revenue;
- €285 billion in assets under management;
- 4,600 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 €6.5 billion.

It has more than 250 employees with multiple profiles and skills. Almost 2,500 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 it approaches the future.

1.3.2.7 Internationally

In 2019, FREY has stepped up its operations on the Iberian Peninsula by completing two acquisitions and becoming a partner in a major project under development.

Spain

Spain was the first foreign country in which FREY 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. In 2019, FREY acquired another asset at the site, taking its total holding to 47,000 m².

It has also put the full weight of its expertise behind a development launched in partnership with Eurofund. The project is in Lleida, Catalonia, and will eventually cover an area of 56,000 m².

Portugal

In 2019, FREY acquired an outdoor shopping centre in southern Portugal: Algarve Shopping. This complex, comprising an outdoor shopping centre and retail park, covers around 60,000 m² and is located in Albufeira, in the Algarve. The site also has buildable land reserves.

The project enables FREY to leverage its management and development know-how, which are sources of value creation for the shareholder.

At end-2019, FREY sold 30% of the shares of the companies holding this asset to a real estate investment fund (OPCI) while retaining control, allowing the full consolidation of this asset in FREY's consolidated financial statements.

Opening into new countries

FREY is currently conducting studies to identify countries in Europe that could lend themselves to its international development, with particular interest in Italy and Belgium.

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.

As part of this diversification process, FREY intends to pursue a policy of acquisitions or project development for up to 40% of the total value of its economic portfolio.

1.3.3 APPLICABLE REGULATIONS

1.3.3.1 Commercial Urban Planning and Construction Law

1.3.3.1.1 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.

French Law no. 2018-1021 of 23 November 2018 on housing, land management and the digital economy, referred to as the "ELAN Law", and its implementing legislation, supplemented the existing arrangements with various measures designed to facilitate planning, urban development and construction, including commercial development.

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.

1.3.3.1.2 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 no. 2015-165 of 12 February 2015 relating to commercial planning implementing Law no. 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.

French Law no. 2018-1021 of 23 November 2018 on housing, land management and the digital economy, referred to as the "ELAN Law", introduced changes to planning permission (see above).

1.3.3.1.3 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.

1.3.3.2 Mandatory insurance

As part of its property investment business, the Company requires the lessee 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 no. 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 policies are the subject of an annual agreement with the insurance company.

1.3.3.3 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 no. 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.

The French PACTE Law (Law no. 2019-486 of 22 May 2019) on business growth and transformation amended Article L. 642-7 of the French Commercial Code to ensure that any clause imposing on the assignee of a commercial lease joint and several provisions with the assignor cannot prevent the takeover of companies undergoing insolvency or compulsory liquidation proceedings.

1.3.3.4 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.

1.3.3.4.1 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.

1.3.3.4.2 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.

1.3.3.4.3 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" is prepared using a template defined by ministerial decree, and 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 fixed share of 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 co-owners' association is formed of all co-owners of a building.

The co-ownership trustee is the natural or legal person responsible for representing the co-owners' association. The trustee is also responsible for administration of the common areas and efficient management of the building, with the assistance and under the supervision of the association's Board. The trustee is appointed for a fixed term of up to three years and may be reappointed indefinitely.

The Board is composed of a small team of (at least three) co-owners appointed by the Annual General Meeting of co-owners, which is a statutory requirement. Its role is to assist the co-ownership trustee and to oversee management. The Board elects its own Chairman and holds periodic Board meetings.

Order no. 2019-1101 of 30 October 2019 recasts the provisions of the co-Ownership Law. This text clarifies, among other things, the contractual relations between the trustee and the co-owners' association and strengthens the powers of the association's Board. Most of the provisions enter into force on 1 June 2020 at the earliest. A bill to ratify the order was tabled in the French Senate on 15 January 2020.

1.3.3.5 Regulations relating to listed real estate investment trust status

1.3.3.5.1 Opting in

It is noted that as of 1 January 2009 the Company opted for 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 for this scheme, as well as the REIT reporting requirements, have been set out by Decree no. 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 no. 158 (a) of 25 September 2003, revised in BOFIP BOI-IS-CHAMP-30-20 on 27 March 2019, 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 them 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 (SPICAVs), 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 SA FREY, opted in as of 1 January 2010;
- SAS FREY Retail Fund 1, a subsidiary jointly-owned with SPICAVs, opted in upon its formation in December 2011;
- SAS IF Clos du Chêne, a wholly-owned subsidiary of SA FREY, 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% owned by SA FREY, opted in upon its formation in October 2016;
- SCI Les Sablons 1, a subsidiary 99.9% owned by SA FREY, 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 share capital held in these companies by the REITs, or by their subsidiaries subject to corporate tax that have opted for this REIT scheme.

1.3.3.5.2 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 no. 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.

1.3.3.5.3 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 relating to tax-exempt profits and paid to shareholder entities which hold, either directly or indirectly, at least 10% of the Company's share capital and which are not subject to a rate at least equal to one third of the French tax rate.

1.3.3.5.4 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 in, 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.

1.4 Risk factors

In addition to the information contained in this Universal Registration Document, investors are encouraged, among other things, to carefully consider the risks set out below before deciding whether to invest in the Company's securities.

In order to meet the requirements of the new "Prospectus 3" regulation applicable since 21 July 2019, the presentation of the "Risk factors" chapter of this document has been revised to make it clearer. In accordance with the new regulation, only material risks specific to the Company and its Group are presented in this chapter.

The Company has identified the main categories and the most material risks in each category. The risks are presented in decreasing order of importance, as determined by the Company at the time of writing.

The three categories identified are as follows:

- risks related to the Group's environment;
- risks related to the regulations applicable to the Group;
- risks related to the Group's operating activities.

Within these categories, the Group identified 14 major risks. It assessed how critical these risks were for its business, assets and financial position, image and outlook, and then allocated a score to each one:

- 1: low risk;
- 2: medium risk;
- 3: high risk.

The score reflects the Group's current perception of the materiality of these risk factors, based on the perceived probability that the risks will materialise and the estimated scale of their adverse impact, after taking into account the controls put in place by the Company to mitigate the occurrence and/or impact of the risks identified.

The time horizon defined for the risk scoring process is five years.

The scale of both the impact and probability is scored on a level from 1 to 4:

Scale	Probability	Impact
Level 1	Very rare	Limited
Level 2	Rare	Significant
Level 3	Probable	Critical
Level 4	Highly probable	Catastrophic

However, investors should be aware that other risks – which are either completely unknown or only partially known and considered unlikely to occur at the date of filing this Universal Registration Document – may exist and could have an adverse impact on the Group's business.

The risk analysis is summarised in the table below.

1.4.1 SUMMARY

Risk factors	Score		
	Probability	Impact	Criticality
Group environment			
• Competitive environment	Rare	Critical	2
• Commercial real estate market	Rare	Critical	2
• Economic environment	Rare	Critical	2
• Rent indexation	Rare	Limited	1
Regulations applicable to the Group			
• Regulation of leases and non-renewal	Probable	Critical	3
• Administrative permits	Highly probable	Critical	3
• REIT status	Rare	Critical	2
Group's operating activities			
• Failure to <i>comply</i> with a financial covenant	Very rare	Catastrophic	3
• Failure to obtain financing or financing obtained on less favourable terms	Rare	Critical	2
• Solvency of tenants	Highly probable	Limited	2
• Retailers	Probable	Significant	2
• Development of new assets	Probable	Significant	2
• Acquisition of new assets	Very rare	Significant	1
• Interest rate	Rare	Limited	1

1.4.2 DETAILED PRESENTATION OF EACH RISK

1.4.2.1 Risks related to the Group's environment

Risks related to the competitive environment

In carrying on its various businesses, the Group competes with different stakeholders, property companies and developers that are managing or developing projects in the same architectural category (outdoor shopping centres) and operating in the same regions as the Group (i.e. France and the Iberian Peninsula).

In its development business, the Group competes with other players in the property development sector who could limit the Group's ability to purchase real estate or develop projects efficiently and on attractive financial terms, particularly if those competitors are better funded.

The Company also faces significant competition in its rental business. The development, near to the Group's commercial sites, of competing retail space with a similar offering could affect both the Group's ability to let its retail premises and the amount of rent charged, and thus have a negative impact on earnings.

For the past few years, the Group has also had to cope with the growth of e-commerce, which has led to changes in consumer habits (ease of comparison, access to a wider range, removal of geographical constraints, etc.). This competition could be detrimental to the property management business if sales of the Group's tenants are affected.

Tougher competition within these business segments and/or inadequate measures taken by the Group to differentiate itself would be likely to affect the Group's business, assets and financial position, as well as its image and outlook.

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

The Group starts marketing its sites even before the land has been purchased. It is intent on creating a unique shopping experience, notably through its Shopping Promenade® concept which offers an attractive landscaped setting that customers can wander around, huge free outdoor playgrounds, a mix of on-trend brands covering a wide range of products, and an enticing and imaginative selection of restaurants, while prioritising affordable levels of rent and charges.

Risks related to the commercial property market

The Group's business, rent levels and commercial property valuations are heavily influenced by supply and demand for commercial property space, which in turn is affected by changing consumer trends and preferences.

A fall in demand relative to supply and/or the Group's inability to cater for new demand could affect the Group's business, assets, financial position, image and outlook.

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

The Group takes all these parameters into account in its strategic decision-making and constantly strives to maintain a distinctive, resilient model for the development and management of its assets, notably through the Shopping Promenade® and Citizens® concepts.

Risks related to the economic environment

The Group's property portfolio consists of retail assets located in retail parks in France and on the Iberian Peninsula. The Group's business is sensitive to changes in consumption and the economic environment.

A decline or slowdown in the main French and European macroeconomic indicators is likely to affect, in the medium and long term, the rental income generated by the Group. In effect, a potential decline in consumption and the revenue of retail tenants is likely to have a material adverse effect on the ability of some tenants to pay their rent, on the renewal of leases on terms at least identical to the current terms, on the occupancy rate and on the overall yield of the assets in question, or their valuation, which could significantly impact the Group's business, assets, financial position and outlook.

Moreover, a sustained economic slowdown could result in an unfavourable market environment for lessors. This could have a material impact on the Group's investment policy and on its policy for developing new assets, and thus on its growth prospects.

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 termination and non-renewal and to re-let units before they become vacant.

However, the Group takes all these parameters into account in its strategic development and management choices, as well as in the selection of retailers and the negotiation of financial clauses and guarantees included in its commercial leases.

Note: This information is not included in the management report approved by the Board of Directors on 6 March 2020.

In addition, the start of 2020 was deeply affected by the uncertainties surrounding the Covid-19 epidemic. The three countries where the Group operates, France, Spain and Portugal, are now subject to restrictions allowing only essential businesses to be open, and the populations are under lockdown restrictions. A large majority of the Group's tenants have therefore been required to close their doors.

As it waits to ascertain the scope of the Covid-19 health crisis and find out about any government measures, FREY believes that there is the possibility of deferment of rent and service charges due over the lockdown period by the tenants that belong to one of the sectors in which operations have been disrupted, as was decreed by the Portuguese authorities on 2 April.

Furthermore, due to the health crisis related to the Covid-19 epidemic, the Group's work sites were suspended at the request of the service providers working on them so they could implement the necessary protective measures; these sites include the two largest ones: the Claye-Souilly Shopping Promenade® (77) and the Strasbourg Shopping Promenade® (67), which are scheduled to be delivered in autumn 2020.

Once these measures have been put in place, the work sites will resume, but we can expect that they will progress at a slower pace due to social-distancing guidelines. As of the filing date of this Universal Registration Document, it is not yet possible to assess the operational and financial impacts of this crisis for FREY. However, a prolonged duration of the epidemic, and therefore government measures as referred to above, would inevitably have repercussions on the economic environment and could impact the Group's operations in 2020.

The Group has implemented the preventive and organisational measures needed to limit the spread of the virus while best allowing for its business activities to continue.

Risks related to rent indexing

All leases signed by the Group are linked to two public-sector indices (the Commercial Rent Index and the Construction Cost Index) for the indexation of rents. This limits the ability of lessors to increase rents and optimise their rental income.

In view of the growing importance of the Group’s property investment business, the Group is increasingly sensitive to changes in the two indices used for rent indexation. A fall in these indices or an increase which is too small relative to market rents could have an adverse impact on the Group’s property rents and consequently on its earnings and the valuation of its assets.

1.4.2.2 Risks related to the applicable regulations

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 required by the regulations relating to the term, termination, renewal and rent indexation 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 decides not to renew it, the lessee is entitled to eviction compensation. This is based on

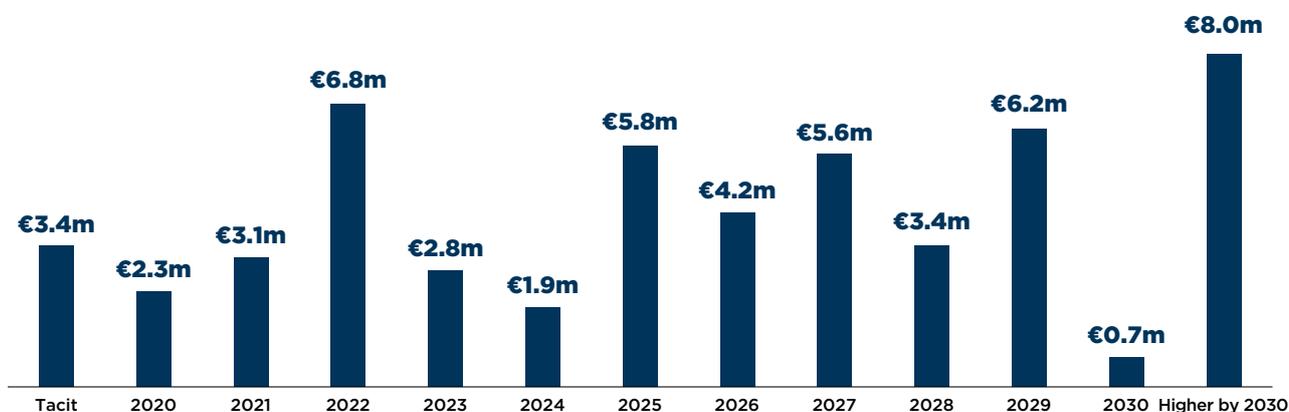
the value of the lessee’s business, and could therefore have a material adverse impact on the Group’s financial position.

Furthermore, upon renewing leases or letting new assets, the Company may be faced with changes in legislation, regulations or case-law imposing new or tighter restrictions on rent reviews, the term of the lease, the indexation and capping of rents and the calculation of eviction compensation payable to tenants. These changes to the rules applicable to commercial leases could have a negative impact on the Group’s business, assets and financial position.

The Group cannot guarantee that it will be able to re-let its vacant units quickly and at the equivalent rental value. The absence of rental income generated by these vacant premises and the related fixed costs are likely to affect the Group’s financial position.

To take into account changes arising from the introduction of new legislation and regulations that could adversely affect the Group’s position and the development of its business, the Group’s Legal Department works with the Group’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, namely France, Spain and Portugal.

At 31 December 2019, the timing of the risk of non-renewal of the Group’s leases was as follows:



Risks related to administrative permissions

The property development and outdoor shopping centre market is subject to major constraints, mainly of an administrative nature, due to the need to obtain planning permission and/or retail permits.

The risks are mainly due to the delays in the processing of applications by the relevant administrative departments (from two to five months, provided the file is complete) and the filing of administrative or legal appeals against the permits granted. This could lead to relatively long delays in implementation and result in additional costs or even the shelving of projects, and thus have unfavourable consequences for the Group’s business and earnings.

To minimise this risk, the Company routinely audits the applications due to be filed to ensure compliance with the applicable regulations.

Moreover, there is clearly a desire to reduce the number of permits issued 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 Group’s development and growth prospects.

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

Eligibility for REIT status, which applies to FREY, all its fiscally transparent subsidiaries and its six subsidiaries that opted for this status, is contingent upon redistribution of a significant proportion of the profits made (95% of the profits generated by the property investment business, 70% of the capital gains on disposal of property 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 assets and financial position and its outlook 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 for the application of the REIT regime is that the Company opting for this must not be owned, directly or indirectly, by one or more shareholders acting in concert as defined in Article L. 233-10 of the French Commercial Code (other than companies that have REIT status themselves), representing 60% or more of its capital or voting rights (subject to a limited number of temporary exemptions related to certain restructuring operations or the acquisition of at least 95% by another REIT).

However, if this event occurs for the first time within 10 years of opting for REIT status or in the ensuing 10 years, and provided that it is still below the ownership threshold at year-end, the Company does not leave the REIT regime but simply forfeits the corporate income tax exemption in respect of the year in which it exceeded the threshold. This could then have a detrimental impact on the Company's earnings.

Upon rejoining the REIT regime, the Company must pay corporate income tax at the rate of 19% on unrealised capital gains made while it was temporarily outside the regime.

Therefore, the loss of REIT status would be liable to have a material impact on the Group's assets and financial position.

Furthermore, the loss of REIT status would mean forgoing the corresponding tax savings, which could also affect the Group's business, earnings and image.

In addition, any substantial changes to the regulatory provisions applicable to REITs could equally affect the Group's business and financial position.

The Company works with a renowned tax consultancy to monitor legislation and ensure that it remains fully compliant with its obligations as a French real estate investment trust.

1.4.2.3 Risks related to operating activities

Risk of failure to comply with a financial covenant

The Group's financing agreements, and in particular its credit facilities, representing 79% of the Group's total debt at 31/12/2019, establish requirements for the debt service coverage ratio (DSCR) and interest coverage ratio (ICR) and/or a minimum loan to value (LTV) ratio.

The ratios on the basis of which the main covenants were established are set out in the tables below.

- The **DSCR** is the ratio of rental income to borrowing costs (repayment of capital and payment of interest).
- The **ICR** ratio is the ratio of rental income to interest.
- The **LTV** ratio is the ratio of outstanding debt to the value of the asset including stamp duty.

Individual ratios (in €m)	LTV	DSCR	ICR
Relevant debt	€26.7m	€19.3m	€45.9m
Required ratios	< 60.0%	< 65.0%	> 120%
Ratios at 31/12/2019	46.9%	34.6%	367% - 376%
			7.0 - 8.0

The Group is also subject to ratios calculated on the basis of the consolidated financial statements:

Consolidated ratios	LTV	ICR	Collateralised debt
Relevant debt	€303.0m	€303.0m	€303.0m
Required ratios	<= 60.0%	>= 2	< 20.0%
Ratios at 31/12/2019	23.1%	4.9	6.7%

Failure to comply with these ratios would mean early repayment of the financing concerned, which would have significant adverse consequences on the Group's financial position, business, image and outlook.

The Company monitors these covenants on a six-monthly basis and ensures that there is sufficient headroom between the contractually required ratios and the ratios calculated on the basis of the interim financial statements.

At 31 December 2019, all of the undertakings and covenants entered into with financial partners by the FREY Group were complied with.

Risks related to the failure to obtain finance or obtaining finance on less favourable terms

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 Group

does not rule out the possibility of seeking capital market funding or using its own equity to finance its growth strategy.

Depending on the economic environment, changes in the regulatory environment and the assessment of the risk that the Group poses to individual lenders, access to these resources may be blocked, in whole or in part, or granted on less favourable terms than existing terms.

Failure to obtain financing, obtaining financing on less favourable terms or delays in obtaining financing required for the medium-term projects under development by the Group could adversely affect the Group's financial position and growth prospects.

Risks related to tenants' solvency

The relationship between a lessor and a lessee is determined by the terms of the lease. The lessee must pay the lessor all the amounts contractually defined in the lease (rent, charges, marketing fund, etc.), irrespective of the economic environment

or any exceptional events (industrial action, extreme weather event, etc.).

Given the share of the Group's income generated by renting its property assets to third parties, which currently account for nearly all its revenue, any default on or delay in rental payments is liable to have a significant effect on the Group's results.

This risk is assessed in light of the Group's diversification policy, which seeks to limit the proportion of total revenue accounted for by any one tenant. At 31 December 2019, the top ten customers accounted for 23.3% of the rental income from the Group's economic portfolio, and none of these groups accounted for more than 3.3% of that economic rental income.

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

Risks related to retailers

The Group's assets are leased to national and international retailers, as well as small groups, franchisees and sole traders. These retailers may run into difficulties or become less attractive due to strategic errors in their choice of products and services or market positioning, an economic downturn or even the closure of their business.

The materialisation of these risks could reduce the variable proportion of sales-based rent (which at 31 December 2019 accounted for 3.3% of the total annual amount of economic rent received by the Group) and lead to non-payment of rents and/or the termination or non-renewal of their commercial leases.

A reduction in rent, or difficulties encountered by the Group in re-letting vacant units on favourable terms, could have a material adverse effect on the total rental yield from the assets in question or their valuation. Such an eventuality could be detrimental to the Group's business, assets, financial position and outlook.

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

After close to 40 years of operation, the Group has the perspective and experience needed to assess a retailer's quality.

Risks related to the development of new assets

The material risks associated with the Group'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;
- the Group's investments (for new projects, renovations and extensions) are contingent upon securing administrative permits which could be granted late or even refused to the Group or its partners;
- the Group'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;
- the Company 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 projects being delayed or cancelled, or completed at a higher cost than initially estimated, which could affect the Group's assets, financial position and outlook.

The development of new properties and retail parks also depends on the availability of land reserves as a raw material. The availability of this raw material depends on being successfully able to search for land and negotiate a price.

The Group has highly skilled staff dedicated to developing new projects, with the aim of finding available land suitable for outdoor shopping centres. However, competition from other players and/or changes in the economic environment could drive up the price of land to a degree not compatible with the Group's objectives. This could adversely affect the Group's business, financial position and development prospects.

Note: This information is not included in the management report approved by the Board of Directors on 6 March 2020.

Due to the health crisis related to the Covid-19 epidemic, the Group's work sites were suspended at the request of the service providers working on them so they could implement the necessary protective measures; these sites include the two largest ones: the Claye-Souilly Shopping Promenade* (77) and the Strasbourg Shopping Promenade* (67), which are scheduled to be delivered in autumn 2020.

Once these measures have been put in place, the work sites will resume, but we can expect that they will progress at a slower pace due to social-distancing guidelines.

As of the filing date of this Universal Registration Document, it is not yet possible to assess the operational and financial impacts of this crisis for FREY. However, a prolonged duration of the epidemic, and therefore government measures as referred to above, would inevitably delay the scheduled opening dates and potentially lead to additional costs and could impact the Group's operations in 2020.

Risks related to the acquisition of new assets

The Group's strategy requires it to acquire and dispose of assets.

However, a hidden defect not noticed prior to purchase, a dispute with a lessee not disclosed by the seller, or an incorrect valuation of the asset or company could lead to it being purchased for more than it is actually worth. This would entail the recognition of an impairment loss on this asset in the Group's financial statements and thus would have a detrimental impact on its financial position.

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.

Moreover, as this is a competitive market and the assets to be sold are limited in number, the objectives of this strategy could be difficult to achieve, which could have an impact on the Group's growth prospects.

Interest rate risk

As part of its development, the Group uses bank and/or bond financing.

The Group's financial debt with credit institutions amounted to €384.3 million at 31 December 2019, excluding associates' current accounts and short-term lines of credit.

Most of the financing taken out by the Group is based on a variable interest rate (3-month Euribor). A significant rise in this

rate could therefore have a negative impact on earnings due to the resulting increase in financial expenses.

To counter the adverse effect of a rise in interest rates on its earnings, 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 91.3% at 31 December 2019.

(In €m)	-100 pts	-50 pts	E3M	+50 pts	+100 pts
Net cost of debt	-7.8	-9.0	-10.4	-11.5	-11.7
Impacts	2.5	1.3	-	1.1	-1.3

A sharp rise in interest rates could also have an adverse impact on the valuation of the Group's assets, since the yields applied by

real estate experts to value commercial property are determined in part by the level of interest rates.

1.5 Information on the share capital

1.5.1 AMOUNT OF SHARE CAPITAL

At 31 December 2019, the share capital totalled €60,562,492.50. It was divided into 24,224,997 shares with a par value of €2.50 each, all of the same class and fully paid-up.

As of the date of this report, no securities exist that are convertible to future equity in the Company.

representing a total investment of €378 million, €342 million of which are for assets. The net proceeds of the capital increase will cover the share of equity needed to finance the projects under development, taking into account their value creation. If the opportunity arises, they may also be used to finance the purchase of new property assets so as to contribute to the Group's medium-term goal of having an economic portfolio of more than €1.5 billion (Group share), while maintaining an LTV ratio of less than 50%.

There were no other changes to the share capital in 2019.

1.5.2 CHANGES IN THE SHARE CAPITAL

November 2019 capital increase

On 13 November 2019, the Company initiated a capital increase with preferential subscription rights for a total gross amount (including issue premiums) of €161.5 million, with the offering period ending on 27 November 2019.

This capital increase was fully subscribed, with the Company issuing 5,383,332 new ordinary shares with a par value of €2.50 each, thus increasing its share capital from €47,104,162.50 to €60,562,492.50.

The success of this operation strengthened the Company's financial and shareholding structure. Specifically, it secures the launch of several projects in the development portfolio, which includes four projects with an overall area of 189,000 m² and

1.5.3 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 2 December 2019, 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
02/12/2019	24,224,997	Theoretical: 24,224,997 Exercisable*: 23,799,955

* 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 buyback programme as defined in Section 5.9.1 of this management report).

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

Shareholding structure	31/12/2019			31/12/2018			31/12/2017		
	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⁾	6,787,143	28.02%	28.52%	5,964,179	31.65%	31.70%	4,458,779	36.81%	36.85%
Prédica	4,686,160	19.34%	19.69%	3,620,411	19.21%	19.24%	2,162,463	17.85%	17.87%
FONCIÈRE AG REAL ESTATE	2,429,125	10.03%	10.21%	2,395,793	12.72%	12.73%	2,162,463	17.85%	17.87%
EFFI Invest II	1,130,460	4.67%	4.75%	1,130,460	6.0%	6.01%	1,130,460	9.33%	9.34%
CARDIF	2,759,449	11.39%	11.60%	2,121,857	11.26%	11.28%	663,908	5.48%	5.49%
Sogecap	2,759,449	11.39%	11.60%	2,121,857	11.26%	11.28%	663,908	5.48%	5.49%
SCI PRIMONIAL CAPIMMO	1,666,666	6.88%	7.00%						
IDPE ⁽⁴⁾	99,995	0.41%	0.42%	99,995	0.53%	0.53%			
CARUSO ⁽⁵⁾	17,500	0.07%	0.07%	17,500	0.09%	0.09%			
Corporate officers ⁽³⁾	22,888	0.09%	0.10%	8,608	0.05%	0.05%	5,170	0.04%	0.04%
Treasury shares	430,969	1.78%	N/A	24,354	0.13%	N/A	11,237	0.09%	N/A
Own shares	NONE			NONE			NONE		
Free float:									NONE
• bearer shares	1,406,663	5.81%	5.91%	1,326,454	7.04%	7.05%	844,974	6.98%	6.98%
• registered shares	28,530	0.12%	0.12%	10,197	0.05%	0.05%	9,138	0.08%	0.08%
TOTAL	24,224,997	100.00%	100.00%	18,841,665	100.00%	100.00%	12,112,500	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 50.66% owned by Antoine Frey and his wife Aude Frey, 35.32% by Crédit Mutuel Equity and 14.02% 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 Sébastien Eymard, 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).

1.5.4 CROSSING OF THRESHOLDS

The crossing of statutory thresholds prior to 1 January 2019 is referenced on the website of the AMF (Autorité des Marchés Financiers).

As of the date 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 2019 are detailed below:

- in a letter received on 3 December 2019, Firmament Participations⁽¹⁾ gave notice that, on 2 December 2019, it had crossed under the threshold of 30% of the Company's share

capital and voting rights and held 6,785,537 Company shares and the same number of voting rights, representing 28.01% of the Company's share capital and voting rights;

This crossing of thresholds results from a capital increase of the Company with maintenance of preferential subscription rights;

- in a letter received on 5 December 2019, EFFI Invest II⁽²⁾ gave notice that, on 4 December 2019, it had crossed under the threshold of 5% of the Company's share capital and voting rights and held 1,130,460 Company shares and the same number of voting rights, representing 4.67% of the Company's share capital and voting rights.

(1) Firmament Participations (14 rue Cliquot Blervache, 51100 Reims) is 50.66% controlled by Antoine Frey and Aude Frey.

(2) EFFI Invest II (6 rue de Téhéran, 75008 Paris) is controlled by Efficap.

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

- in a letter received on 9 December 2019, PRIMONIAL CAPIMMO⁽¹⁾ gave notice that, on 4 December 2019, it had crossed over the threshold of 5% of the Company's share capital and voting rights and held 1,666,666 Company shares and the same number of voting rights, representing 6.88% 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

On 15 May 2019, Prédica, Foncière AG Real Estate, Firmament Participations and Antoine Frey signed a new shareholders' agreement governing their shareholder relations within the Company (the "**shareholders' agreement**"). This agreement cancels and replaces, as of its date of signature, the original shareholders' agreement of 30 April 2013 between the same parties in relation to the Company, as amended by its Amendments 1, 2 and 3 (the "**Original Agreement**").

The purpose of the shareholders' agreement is (i) to reflect the resignation of Re-Invest as director of FREY on 17 December 2018 and the waiver by Foncière AG Real Estate of its right to nominate a member to FREY's Board of Directors, (ii) to establish the rules of representation on FREY's Board of Directors and on its various committees, reflecting the breakdown of FREY's shareholding structure and in accordance with industry best practice in terms of governance, and (iii) to extend the term of the original shareholders' agreement.

The parties to the shareholders' agreement declare that they do not intend to act in concert in relation to the Company and do not envisage exercising their voting rights in the Company for the purposes of implementing a common policy.

With the aforementioned agreement, the parties sought to govern their shareholder relations with the Company and agreed on the following clauses in particular:

Governance

Composition of the Board of Directors: FREY's Board of Directors is composed of 10 members, including:

- five directors appointed from among the candidates nominated by Firmament Participations (including Antoine Frey) (the "**Firmament directors**");
- one director appointed from among the candidates nominated by Prédica (the "**Prédica director**");
- two directors nominated by the Board of Directors from among FREY's minority shareholders holding more than 10% of the share capital and voting rights (the "**minority shareholder directors**"); and
- two independent directors as defined in the Middenext Code (the "**independent directors**").

The Board of Directors may also include up to five observers, including one observer appointed from among the candidates nominated by Foncière AG Real Estate and one observer appointed from among the candidates nominated by Prédica. The observers will be bound by the rules of procedure of the Board of Directors.

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.

If Prédica were to hold less than 10% of the Company's share capital, Prédica 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 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 and Prédica would lose the right to be represented on the Board of Directors. It should be added that if Prédica were 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 Prédica 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 Prédica's 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.

In the event that Foncière AG Real Estate were to hold less than 5% of the Company's share capital, Foncière AG Real Estate would lose the right to appoint an observer.

The parties agree that Antoine Frey will be reappointed as Chairman and Chief Executive Officer of the Company at the first meeting of the Board of Directors held immediately following the General Meeting called to approve the financial statements for the financial year ended 31 December 2019, at which shareholders will be asked to reappoint him as a director. Should Antoine Frey be temporarily incapable of serving as Chairman and Chief Executive Officer for a period of up to six months, he would be replaced by one of the Chief Operating Officers throughout the period of this temporary incapacity.

Throughout the shareholders' agreement, the Parties undertake to take all necessary or advisable measures to ensure that the composition of the Board of Directors is as set out above. In addition, in the event of a transfer of FREY securities, the parties have undertaken to conduct negotiations in good faith so that the transferee's rights of representation on FREY's Board of Directors are consistent with those enjoyed by other institutional shareholders with a comparable equity interest at the same date.

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 two Firmament directors, one Foncière AG Real Estate observer, one Prédica director or Prédica observer and two members appointed from among minority shareholders and/or independent directors.

(1) PRIMONIAL CAPIMMO SCI (36 rue de Naples, 75008 Paris) is a company in which Suravenir holds more than 25%; Suravenir in turn is an insurance subsidiary that is wholly owned by Crédit Mutuel Arkéa, a regional cooperative bank.

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 one Firmament director, one Prédica director and three members appointed from among minority shareholders and/or independent directors. The Chairman of the Audit Committee will be selected in accordance with the recommendations of the Middlednext Code.

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 one Firmament director, one Foncière AG Real Estate observer, one Prédica director or Prédica observer and two members appointed from among minority shareholders and/or independent directors. The Chairman of the Appointments and Remuneration Committee will be selected in accordance with the recommendations of the Middlednext Code.

Transfer of shares

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

- (i) to any affiliate (*i.e.* any entity that controls this party, that is controlled by this party or that is controlled by an entity controlling this party, it being specified that the term “control” has the meaning given to it in Article L. 233-3 I of the French Commercial Code);
- (ii) to any third party within the limit of a number of shares representing a maximum of 2% of the Company’s net share capital over a period of 12 consecutive months (*i.e.* 2% of the Company’s share capital plus the shares acquired by the relevant party over the rolling 12-month reference period); or
- (iii) 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 eight 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 the shareholders’ agreement.

Right of first refusal: Except in the case of free transfer and a tender offer for the FREY shares, if a party (the transferor) plans to transfer a portion of its FREY 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.

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 options in the event of a change in control: In one of the following cases where (i) Antoine Frey (and/or, as the case may be, his wife, heirs and assigns) no longer holds, directly or indirectly, 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, and (ii) Firmament Gestion ceases to be statutory manager and general partner of Firmament Participations, Firmament Participations grants *pari passu*, to each of Prédica and Foncière AG Real Estate, an option to purchase all the shares held by Firmament Participations, up to a total number of shares equal (for each of them) to the difference between a number of FREY shares representing 29.5% of the Company’s share capital and the number of shares held respectively by each of Prédica and Foncière AG Real Estate. 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 Foncière AG Real Estate 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 Real Estate 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 15 May 2024. 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.

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

1.5.5 VOTING RIGHTS OF THE PRINCIPAL SHAREHOLDERS OF SA FREY

Pursuant to the provisions of Article 11 of the Articles of Association of SA FREY (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 SA FREY shown in the table set out in Section 5.3 above do not have different voting rights.

1.5.6 CONTROL OF THE ISSUER

At the date of this document, based on the information set out in Section 5.3 "Major shareholders" above (*i.e.* share capital consisting of 24,224,997 shares and 23,794,028 exercisable voting rights), Antoine Frey holds, either directly or indirectly *via* Firmament Participations, 28.02% of the Company's share capital and 28.52% 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.

1.5.7 ARRANGEMENTS WHICH MAY RESULT IN A CHANGE IN CONTROL OF THE ISSUER

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

1.5.8 OWN SHARES

No Company shares are held by other Group entities.

1.5.9 TREASURY SHARES

At 31 December 2019, the Company had 430,969 treasury shares valued at €14,351,267.70.

1.5.9.1 Share buyback

The General Meeting of 21 May 2019 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:

- provide liquidity and make 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 a Code of Ethics as 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 manner;
- retain or subsequently transfer shares (in exchange, consideration or other) as part of financial transactions or potential acquisitions, mergers, demergers or asset contribution transactions of the Company;
- reduce the share capital by cancelling the shares thereby bought back;
- allocate 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; and/or
- implement any Company stock option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code.

This programme would also be intended to enable the Company to operate for any other purpose currently permitted or permitted in future under applicable law or regulations, and in particular to implement any market practice that may be accepted by the AMF.

Accordingly, the shares may be purchased, held and, where applicable, exchanged or transferred, *via* any means, on or off-market, and in accordance with the applicable stock market regulations, using, where appropriate, any derivatives or options traded on regulated markets or over the counter.

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 €94.2 million;
- implementation for a period of 18 months from the date of the General Meeting.

At 31 December 2019, the Company held 430,969 own shares, or 1.78% of its share capital at that date, divided between the following two contracts:

- 2,490 shares held under the liquidity agreement signed on 3 March 2017 for market-making purposes;
- 428,479 shares held under the buyback agreement to achieve the other objectives authorised by the Board of Directors.

1.5.9.1.1 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 2019, the following were held in the liquidity (market-making) account:

- 2,490 shares representing €82,917 in stock;
- €673,127.07 in cash.

In financial year 2019, 6,432 shares were purchased and 14,324 shares sold under the liquidity (market-making) agreement.

1.5.9.1.2 Other buybacks

In financial year 2019, the Company purchased 448,795 shares for the reasons given in Section 5.9.1, and specifically to allocate them to shareholders under the free share allocation plans in place for certain employees and corporate officers.

1.5.10 POTENTIAL SHARE CAPITAL

1.5.10.1 Potential share capital

Real estate performance bonds redeemable in cash and/or in new and/or existing shares (OPIRANE 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 ("OPIRANE" 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: FRO011337864).

In November 2019, FREY bought back and cancelled 1,519,264 OPIRNANE bonds, i.e. all of the bonds still in issue before cancellation, for a unit value of €27.08.

1.5.10.2 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 20 June 2018 and 21 May 2019 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, the Board of Directors had made use during the financial year of (i) the authority delegated under the 14th resolution of the Combined General Meeting of 20 June 2018 for the purpose of implementing two new free share allocation plans, the features of which are described in more detail in Section 5.11 "Employee shareholding", and (ii) the authority delegated under the 15th resolution of the Combined

General Meeting of 21 May 2019 in the context of the capital increase, launched on 13 November 2019, with maintenance of shareholders' preferential subscription rights, for an overall amount (including issue premium) of €161.5 million.

1.5.11 EMPLOYEE SHAREHOLDING

1.5.11.1 Bonus schemes and profit-sharing agreements

During the year ended 31 December 2019 and under the free share allocation plans, the Company allocated 34,288 shares to employees corresponding to plan nos. 6 and 7. The free share allocation plans were put in place in accordance with the procedures set out in Section 5.11.2 "Options and free shares granted to employees" below.

As of the date of this management report, the Company has not put in place any employee savings plan enabling employees to purchase, directly or indirectly, 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.

1.5.11.2 Options and free shares granted to employees

1.5.11.2.1 Free shares granted to employees

Eleven 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 allocations

Plan No.	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
End of retention period	21/02/2018	25/03/2019	22/09/2019	06/07/2020
Number of shares cancelled or lapsed at 31 December 2019	0	1,675	1,486	0
Number of shares vested at 31 December 2019	9,625	4,330	0	3,348
Number of shares that can be awarded at 31 December 2019	0	0	0	0

Information on free share allocations

Plan No.	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8
Date of Board meeting	22/09/2016	10/05/2017	10/05/2017	20/06/2018
Number of shares allocated	2,635	4,101	31,020	41,826
Of which awarded to corporate officers	2,635	4,101	10,893	14,016
Date shares vested	22/09/2018	10/05/2019	10/05/2019	20/06/2020
End of retention period	22/09/2020	10/05/2021	10/05/2021	20/06/2022
Number of shares cancelled or lapsed at 31 December 2019	0	0	833	5,544
Number of shares vested at 31 December 2019	2,635	4,101	30,187	0
Number of shares that can be awarded at 31 December 2019	0	0	0	36,282

Information on free share allocations

Plan No.	Plan No. 9	Plan No. 10	Plan No. 11
Date of Board meeting	20/06/2018	07/03/2019	10/07/2019
Number of shares allocated	1,301	35,502	4,567
Of which awarded to corporate officers	292	14,010	0
Date shares vested	20/06/2020	07/03/2021	10/07/2021
End of retention period	20/06/2022	07/03/2023	10/07/2023
Number of shares cancelled or lapsed at 31 December 2019	238	3,007	0
Number of shares vested at 31 December 2019	0	0	0
Number of shares that can be awarded at 31 December 2019	1,063	32,495	4,567

1.5.11.2.2 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 0.22% of FREY's share capital.

1.5.11.2.3 Options to purchase or subscribe for shares granted to employees

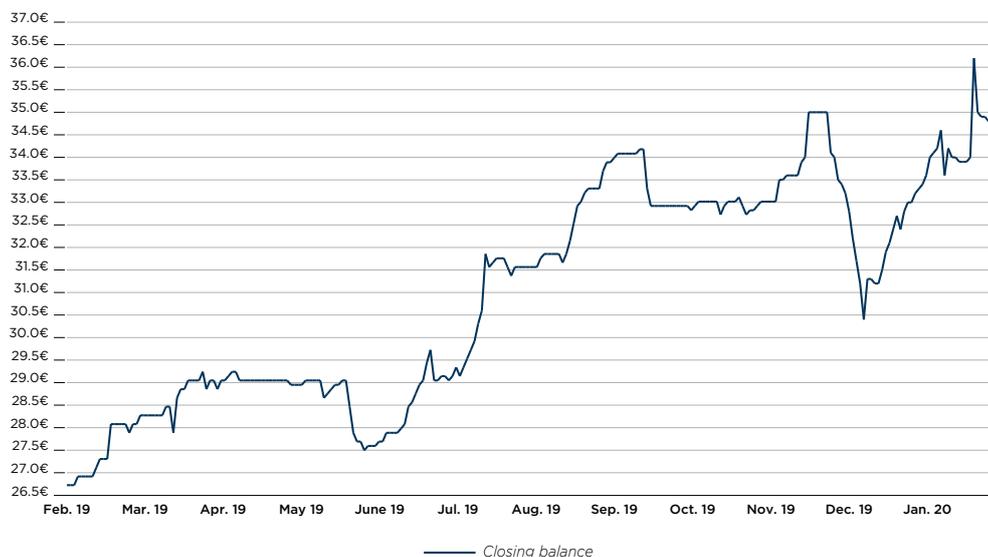
There are no share subscription and/or purchase option plans in force within the Company.

1.5.12 PLACE OF LISTING AND CHANGES IN THE SHARE PRICE

The Company's shares have been listed on NYSE Euronext (ISIN: FRO010588079; 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 €33.30 at 31 December 2019, the Company's market capitalisation was €807 million.

From 1 February 2019 to 31 January 2020, FREY's share price was as follows:



1.5.13 REPORT ON TRADING UNDER THE AUTHORISED SHARE BUYBACK PROGRAMMES

The report on share purchases and sales between 1 January 2019 to 31 December 2019 is as follows:

Position at 31 December 2019

Percentage of share capital directly or indirectly held as treasury shares	1.78%
Number of shares cancelled over the past 24 months	None
Number of treasury shares ⁽¹⁾	430,969
Carrying amount of the portfolio at 31 December 2019 (in €)	11,493,803
Market value of the portfolio at 31 December 2019 ⁽²⁾ (in €)	14,351,268

(1) Of which 2,490 shares were allocated to the liquidity (market-making) agreement and 428,479 shares purchased under the buyback programme.

(2) On the basis of the closing price of €33.30 at 31 December 2019.

Aggregate gross flows at 31 December 2019	Purchases	Sales
Number of shares	455,227	14,324
Average transaction price (in €)	31.10	31.23
Amounts (in €)	14,155,725.42	447,321.12

1.6 Corporate governance

This section presents the Board of Directors' report on corporate governance as provided for in Article L. 225-37 of the French Commercial Code.

1.6.1 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	YES
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 – Senior Management is formed of the Chairman and Chief Executive Officer and the three Chief Operating Officers
R15: Aggregate employment contract and corporate office	YES
R16: Retirement benefits	Not applicable – No retirement benefits have been granted
R17: Supplementary pension plans	Not applicable – No supplementary pension plan has been put in place
R18: Stock options and allocations of free shares	YES
R19: Review of watch-points	YES

1.6.2 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

1.6.2.1 Board of Directors

1.6.2.1.1 Membership of the Board of Directors and positions held by 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.

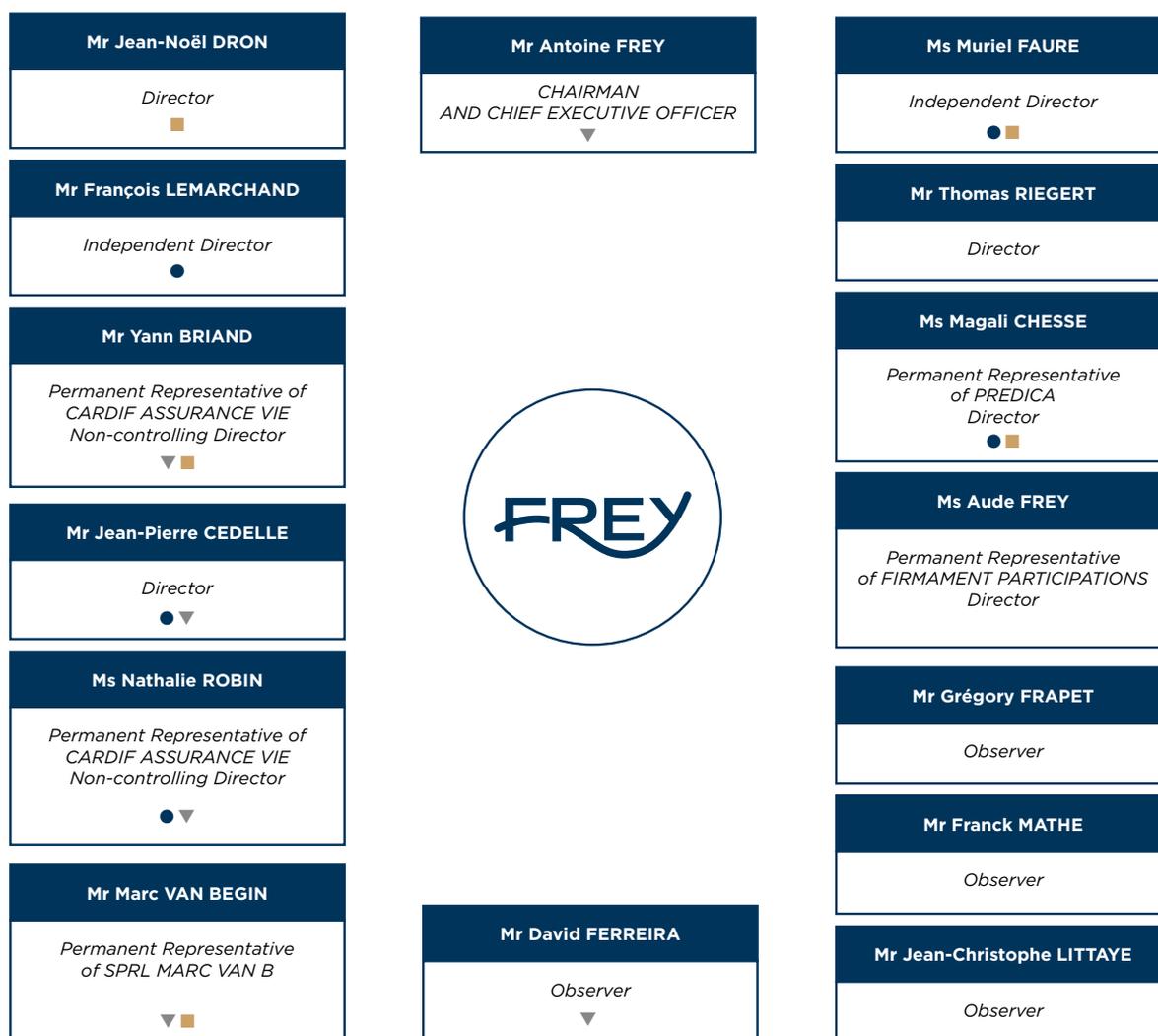
In addition to these main qualities, it is expected that members of the Board of Directors will make their decisions with an awareness of the environmental and social issues related to the Company's business.

FREY's Board of Directors currently has fifteen (15) members: ten (10) directors and five (5) observers.

Following the resignation of Re-Invest as Company director with effect from 20 December 2018, the Board of Directors, at its meeting of 18 April 2019, co-opted Muriel Faure to replace Re-Invest for the remaining term of office of her predecessor, *i.e.* until the General Meeting to approve the financial statements for the year ended 31 December 2019. This co-optation was ratified by the Company's General Meeting of 21 May 2019. At its meeting of 18 April 2019, the Board of Directors also appointed Muriel Faure as new member of the Audit Committee and the Appointments and Remuneration Committee, both of which she chairs.

In addition, at its meeting of 10 July 2019, the Board of Directors noted the resignation of Jean Lavielle and co-opted a new director, François Lemarchand, to replace him for the remaining term of office of his predecessor, *i.e.* until the General Meeting to approve the financial statements for the financial year ended 31 December 2019. This co-optation will be submitted for ratification at the next General Meeting. He is also a member of the Audit Committee.

The composition of the Company's Board of Directors currently complies with the recommendations of the MiddleNext Code on the inclusion of two independent directors on the Board.



● Audit committee ▼ Investment committee ■ Nomination and remuneration committee

Current directors and permanent representatives

ANTOINE FREY

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

PERSONAL DETAILS:

French national,
born in 1974 in Reims

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

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.

Since 2006, Antoine Frey has been Chairman of the Company and has transformed the FREY Group into a dynamic and successful property company in the commercial property market.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Within the Group:

French company:

Manager:

- SARL Ven-Sud

Foreign company:

Chairman of the Board of Directors:

- FREY Invest SLU (Spain)

Outside the Group:

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
- SC Groupement Forestier des Roches

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Chairman:

- SASU Firmament Gestion
- SAS Valdev (legal representative: Firmament Gestion)

Manager:

- SCCV l'Orgeval 02 (legal representative: Firmament Gestion)
- SARL Horus

AUDE FREY

REPRESENTATIVE OF FIRMAMENT PARTICIPATIONS

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.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Manager:

- SELARL Pharmacie Saint Maurice

Member of the Supervisory Board:

- SCA Firmament Participations

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Director:

- SA FREY

SOCIÉTÉ FIRMAMENT PARTICIPATIONS

DIRECTOR WHOSE PERMANENT REPRESENTATIVE IS AUDE FREY

DETAILS:

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

DATE FIRST APPOINTED:

Co-opted by the Board on 10 May 2017, ratified by the General Meeting of 23 June 2017

CURRENT TERM OF OFFICE

EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Private company limited by shares registered in the Reims Trade and Companies Register under number 801 282 476.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

None

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

None

JEAN-PIERRE CEDELLE

DIRECTOR

PERSONAL DETAILS:

French national, born in 1953 in Soissons

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE

EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Post-graduate education/Degrees: École 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

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Chairman:

- SASU F. EVENTS
- SASU JPC CONSULTING
- SASU Firmament Gestion

Member of the Supervisory Board:

- SCA Firmament Participations

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Member of the Board of Directors:

- Stade de Reims
- Aviron Bayonnais

THOMAS RIEGERT

DIRECTOR

PERSONAL DETAILS:

French national, born in 1970 in Strasbourg

DATE FIRST APPOINTED:

23 June 2017

CURRENT TERM OF OFFICE

EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Since 2001, Mr Riegert has been manager of Cafés Reck SARL, a family-owned coffee roasting business 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.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Manager:

- Société Civile TR AND CO
- SCI JOMALITO
- SCI TR OROVERDE

Member of the Supervisory Board:

- SCA Firmament Participations

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Manager:

- SARL Compagnie des Vosges
- Sarl TR PARTICIPATIONS

JEAN-NOËL DRON

DIRECTOR

PERSONAL DETAILS:

French national,
born in 1972 in Laxou

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Qualifications: Law degree.

Company founder and manager.

At the same time as his studies, 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.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

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-SAR
- SARL Trasco - Belle Époque
- SARL Trasco - Embassy
- SARL Trasco - Lyes
- SARL Trasco - Société Messine de Restauration
- SARL Groupement des Viticulteurs
- SARL Werner-Brucker
- SARL Chez André
- SARL JNC INVEST
- SARL TRASCO - CK
- SCI Chaîne d'Or
- SCI DRON
- SCI DRON 01
- SCI Kammerzell
- SCI Kleber 1
- SCI Kleber 2

Managing Director:

- SAS ALSACE À TABLE

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Chairman of the Management Board:

- SAS ALSACE À TABLE

MURIEL FAURE

INDEPENDENT DIRECTOR

PERSONAL DETAILS:

French national,
born in 1959 in Le Raincy

DATE FIRST APPOINTED:

21 May 2019

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Muriel Faure is a graduate of the ESSEC Business School and the Société Française des Analystes Financiers. She began her career as a financial analyst, before becoming a fund manager for various international equity funds within the ABN-AMRO, Fortis, BNP-Paribas and Crédit Lyonnais groups. In 1994, Ms Faure co-founded IT Asset Management (now FOURPOINTS Investment Managers, following a merger), a fund management company specialising in investments in listed technology companies, where she held the position of Chief Executive Officer until July 2016. In January 2017, she founded strategy consultancy firm LUMHIO, and was appointed Senior Advisor at investment management company *J.de Demandolx* Gestion in the same year. Ms Faure is also in charge of innovation at the Association Française de la Gestion Financière. She has served on the Board of the Autorité des Marchés Financiers (French Financial Markets Authority) since June 2016.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Chairman:

- Lumhio

Director:

- Groupama Asset Management
- Iznes
- Independent administrative authority Board member appointed by the French Minister for the Economy and Finance

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Director:

- Fourpoints IM

Senior Management:

- Fourpoints IM

FRANÇOIS LEMARCHAND INDEPENDENT DIRECTOR

PERSONAL DETAILS:

French national,
born in 1948 in Rouen

DATE FIRST APPOINTED:

Co-opted by the Board
on 10 July 2019, awaiting
ratification by the next General
Meeting

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General
Meeting to approve the
financial statements for
the financial year ended
31 December 2019

François Lemarchand is a graduate of the École supérieure de commerce de Paris and holds an MBA from Harvard Business School.

In 1976, he founded the family-owned holding company Mercator SA, which he still chairs. He began his entrepreneurial career in the 1970s with the creation of Pier Import France, serving as its Chairman until 1988. In 1990, he established the retail chain Nature et Découvertes, with a commitment to promote biodiversity and raise public awareness of environmental issues. He served as Chairman of Nature et Découvertes until 2011.

Drawing on his commitment to sustainability and the environment, Mr Lemarchand set up the “François Lemarchand” foundation at the same time. He is also involved in other foundations linked to the environment and corporate philanthropy.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Chairman of the Board of Directors:

- Mercator SA
- Importation et Distribution de Produit Exotiques SA

Director:

- Société Anonyme Immobilière de Villemiland-Wissous
- Nature & Découvertes SA

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

None

JEAN LAVIEILLE INDEPENDENT DIRECTOR

PERSONAL DETAILS:

French national,
born in 1951
in Saint-Yrieix-le-Déjalat

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE EXPIRES:

Following resignation with
effect from 10 July 2019

Post-graduate education/Qualifications and training:

- Institut National des Sciences Appliquées (INSA)
- Institut Français de Gestion (IFG)
- Institut Européen d'Administration des Affaires (INSEAD)
- Certificate in Company Direction from the Institut Français des Administrateurs (IFA) and Sciences Po
- Consultant

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

Director:

- BATILEASE SA

POSITIONS HELD OUTSIDE THE GROUP 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 Logistis Entrepôts 22
- EURL Distripole Dourges II
- EURL Entrepôts Clesud II
- EURL Entrepôts Porte les Valences II
- SARL Eurooffice 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 Giovanni 3 (Co-Manager)
- SPRL Eurooffice 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 Myslibek

SOGECAP

DIRECTOR WHOSE PERMANENT REPRESENTATIVE IS YANN BRIAND

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 DEFENSE 2

DATE FIRST APPOINTED:

Co-opted by the Board on 10 May 2017, ratified by the General Meeting of 23 June 2017

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Life insurance and endowment limited company registered in the Nanterre Trade and Companies Register under number 086 380 730.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

French companies:

Director:

- SA Oradea Vie
- SA Carmila
- SA FREY
- SPPICAV Oteli
- SA Covivio Hôtels
- SAS Orientex Holdings
- SA Fonds Stratégique de Participations

Chairman:

- SAS SGI Holding SIS

Manager:

- Sogevimmo
- Pierre Patrimoine
- Sogepierre
- Château Mazeyres Pomerol
- SGI Immo 1
- SGI Healthcare
- SGI Immo 3
- SGA 48-56 Desmoulins
- SGA Immo 5
- 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)

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Foreign company:

Director:

- SA Sogecap Liban

YANN BRIAND

REPRESENTATIVE OF SOGECAP

PERSONAL DETAILS:

French national,
born in 1974 in Carhaix Plouguer

Head of Real Estate, Sogecap

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

French companies:

Director (as permanent representative of Sogecap):

- SA CARMILA
- SA COVIVIO HÔTELS
- SPPICAV OTELI France

Other appointments held (in his own name):

- SAS Sogecap REAL ESTATE

Foreign companies:

Director (as permanent representative of Sogecap):

- BG1 SA (Luxembourg)

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

None

CARDIF ASSURANCE VIE

DIRECTOR WHOSE PERMANENT REPRESENTATIVE IS NATHALIE ROBIN

DETAILS:

Limited company registered in the Paris Trade and Companies Register under number 732 028 154

Registered office 1 Boulevard Haussmann - 75009 Paris

DATE FIRST APPOINTED:

Co-opted by the Board on 10 May 2017, ratified by the General Meeting of 23 June 2017

CURRENT TERM OF OFFICE EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Limited company registered in the Paris Trade and Companies Register under number 732 028 154.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

French companies:

Director:

- SA Assu-Vie Société Française d'Assurances sur la Vie
- SPPICAV SA Health Property Fund 1
- SPPICAV 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 Étoile
- SCI Défense Vendôme
- SCI Étoile du Nord
- SCI Fontenay Plaisance
- SCI Le Mans Gare
- SCI Nanterre Guillaeraies
- SCI Nantes Carnot
- SCI Odyssée
- SCI Pantin Les Moulins
- SCI Paris Batignolles
- SCI Cardiff 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
- SCI Paris Turenne
- SCI Bouleragny
- SCI Vendôme Athènes
- Société Civile pour l'Étude et l'Aménagement du Centre d'Affaires Régional de Rungis (SECAR)

Foreign company:

Director:

- SAS Cardif El Djazair

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

French companies:

Director:

- SA Office Français de Prévoyance Funéraire

Manager:

- SCI Clichy Nuovo (resigned 12/04/2018)

Foreign companies:

Director:

- PLC Cardiff Pinnacle Insurance Holdings
- PLC Cardiff Pinnacle Management Services
- PLC Pinnacle Insurance

NATHALIE ROBIN

REPRESENTATIVE OF CARDIF ASSURANCE VIE

PERSONAL DETAILS:

French national,
born in 1962 in Paris

Head of Real Estate, Cardif Assurance Vie

**MAIN POSITIONS AND ROLES HELD
AT 31/12/2019 OR AT THE TIME
OF RESIGNATION, WHERE APPLICABLE**
French companies:**Director:**

- SPPICAV SA AEW immocommercial
- SA Carmila
- SPPICAV SA BNP PARIBAS Diversipierre
- SAS Powerhouse Habitat
- SPPICAV SAS ICADE HEALTHCARE EUROPE

Member of the Supervisory Board:

- SCA Covivio Hôtels (formerly Foncière des Murs)
- SE Covivio Immobilier (formerly Immeo)
- SA BNP PARIBAS REIM France
- SCPI Opera Rendement
- SCPI France Investipierre
- SCI Primonial Capimmo
- SA Dauchez
- SA CFH
- SCPI Placement Ciloger 3
- SCI FLI
- SCPI Accès Valeur Pierre

Member of the Supervisory Board:

- SCI Hémisphère
- SAS Preim Healthcare
- SPPICAV SAS Plein Air Property Fund
- SPPICAV SAS PWH
- SICAV CERTIVIA 2

**POSITIONS HELD OUTSIDE THE GROUP
DURING THE LAST FIVE YEARS**
French company:

- SA Foncière Développement Logements

PRÉDICA

DIRECTOR WHOSE PERMANENT REPRESENTATIVE IS MAGALI CHESSE

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

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE

EXPIRES:

Annual Ordinary General Meeting to approve the financial statements for the financial year ended 31 December 2019

Limited company registered in the Paris Trade and Companies Register under number 334 028 123.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

French companies:

Member of the Supervisory Board (within CAA Group):

- CA GRANDS CRUS
- PREIM HEALTHCARE
- SOPRESA

Director (within CAA Group):

- LA MÉDICALE DE FRANCE
- PREVISEO OBSÈQUES
- LESICA

Member of the Supervisory Board (outside CAA Group):

- EFFI-INVEST II
- COVIVIO HÔTELS
- (formerly Foncière des Murs, listed company)
- INTERFIMMO
- ALTAREA (listed company)

Director (outside CAA Group):

- KORIAN
- Fonds Nouvel Investissement 1
- Fonds Nouvel Investissement 2
- Fonds Stratégique de Participations
- COVIVIO (formerly FONCIÈRE DES RÉGIONS - listed company)
- AÉROPORT DE PARIS (listed company)
- ARGAN
- CAA Commerces 2
- CAAM Mone Cash
- GECINA (listed company)
- OPCI Messidor
- Patrimoine & Commerce
- CARMILA
- SEMMARIS
- AEW IMMOCOMMERCIAL

Observer (outside CAA Group):

- SIPAREX Associés
- TIVANA France Holding

Chairman (outside CAA Group):

- PREDI RUNGIS

Foreign companies:

Co-manager (within CAA Group):

- PREDICARE

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Member of the Supervisory Board:

- EFFI-INVEST I
- Immeo Wohnen GmbH

Director:

- EUROSIC (listed company)
- SANEF (listed company)
- LOUVRESSES DEVELOPMENT I
- URBIS PARK
- CA LIFE GREECE
- RAMSAY GENERALE DE SANTE (listed company)
- Foncière Développement Logement (listed company)
- RIVER OUEST

Chairman:

- CITADEL
- CITADEL HOLDING

MAGALI CHESSE
REPRESENTATIVE OF PRÉDICA

PERSONAL DETAILS:

French national,
born in 1977 in Strasbourg

Head of Equity Investment Strategies – Crédit Agricole Assurances.

MAIN POSITIONS AND ROLES HELD AT 31/12/2019 OR AT THE TIME OF RESIGNATION, WHERE APPLICABLE

French companies:

Member of the Supervisory Board/Board of Directors:

- SA Indigo Infra, SAS Arcapark (Indigo Group)
- ELIS SA (listed company)
- ARCAPARK, SAS
- CASSINI, SAS

Permanent representative:

- RAMSAY-GÉNÉRALE DE SANTE SA (CAA member of the Board of Directors – listed company)
- SCA EFFI Invest II (Prédica Member of the Supervisory Board)
- SA SEMMARIS (Prédica director)
- Siparex Associés SA (Prédica, observer on the Board of Directors)
- Tivana France Holdings SAS (Prédica, observer on the Supervisory Board of TDF Group)

Foreign company:

Director:

- SPA 2i AEROPORTI (Italy)

POSITIONS HELD OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

French companies:

Director:

- Mezzanis Fund SA
- SA Prédica Infrastructure
- SA Ramsay Santé
- SCA EFFI Invest I (Prédica member of the Supervisory Board)
- SA FREY

1.6.2.1.2 Independent directors

With regard to the various criteria used to ascertain the independence of members of the Board of Directors, namely:

- is not and has not been, in the last five years, an employee or executive corporate officer of the Company or of another company in the same Group;
- does not have and has not had, in the last two years, a significant business relationship with the Company or its Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.);
- is not a major shareholder of the Company and does not hold a significant percentage of the voting rights;
- has no close or family ties with a corporate officer or major shareholder;
- has not served as a Statutory Auditor for the Company in the last six years.

Muriel Faure, Jean Lavieille (until his resignation) and François Lemarchand met the independence criteria to qualify as independent directors during the 2019 financial year.

Statements concerning 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 director or 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 2019 financial year, the Board had 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, which 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.

1.6.2.2 Preparation and organisation of the work of the Board of Directors

1.6.2.2.1 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.

1.6.2.2.2 Information about 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.

1.6.2.2.3 FREY's Senior 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 as Chief Operating 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, legally empowered to represent FREY;
- Pascal Barboni, Chief Operating Officer, Development, legally empowered to represent FREY.

On 20 June 2018, the Board of Directors unanimously decided to align the terms of office of the Chief Operating Officers with that of the Chief Executive Officer; the terms will thus end following the Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

List of positions held by Chief Operating Officers

FRANÇOIS VUILLET-PETITE CHIEF OPERATING OFFICER

PERSONAL DETAILS:

French national;
born in 1968 in Reims

DATE FIRST APPOINTED:

24 June 2013

CURRENT TERM OF OFFICE EXPIRES:

After 3 years, i.e. at the conclusion of the Annual General Meeting approving the financial statements for the year ended 31 December 2019

A business school graduate, François Vuillet-Petite has been with FREY for more than 25 years. He held the position of Sales Manager and Programme Leader before being appointed Chief Operating Officer in 2013.

MAIN POSITIONS AND ROLES HELD WITHIN THE GROUP AND OUTSIDE THE GROUP AT 31/12/2019

Outside the Group:

French companies:

Manager:

- SCI Léontine

Member of the Board of Directors:

- SEM Agencia
- SAS Patrimoine de la Marne

Associate member:

- CCI Marne Champagne

POSITIONS HELD WITHIN THE GROUP AND OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

Within the Group:

French companies:

Manager:

- SNC Pierry 01

Director:

- SA FREY

Foreign companies:

Co-Manager:

- FREYprop, Unipessoal Lda (before change in legal form)

PASCAL BARBONI

CHIEF OPERATING OFFICER, DEVELOPMENT

PERSONAL DETAILS:

French national;
born in 1976 in Paris

DATE FIRST APPOINTED:

21 September 2017

CURRENT TERM OF OFFICE EXPIRES:

After 3 years, i.e. at the conclusion of the Annual General Meeting approving the financial statements for the year ended 31 December 2019

A graduate of the École spéciale des Travaux Publics (ESTP), Pascal Barboni has held a number of different positions in property companies, including Unibail in 2006.

He joined FREY in September 2016 as Director of Operations, before becoming Chief Operating Officer, Development in September 2017.

MAIN POSITIONS AND ROLES HELD WITHIN THE GROUP AND OUTSIDE THE GROUP AT 31/12/2019

Within the Group:

French company:

- Chairman:**
- Citizers by SA FREYSU

Foreign companies:

- Director:**
- FREY Invest SLU (Spain)

Member of the Supervisory Board:

- FREYprop SA (Portugal)

POSITIONS HELD WITHIN THE GROUP AND OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

None

SÉBASTIEN EYMARD

CHIEF OPERATING OFFICER, FINANCE AND STRATEGY

PERSONAL DETAILS:

French national;
born in 1978 in Nîmes

DATE FIRST APPOINTED:

21 September 2017

CURRENT TERM OF OFFICE EXPIRES:

3 years from 20 June 2018, at the conclusion of the Annual General Meeting approving the financial statements for the year ended 31 December 2019

Sébastien Eymard is a graduate of École Centrale and a CFA Charterholder. He began his career as an analyst with Arthur Andersen, before going on to hold a series of roles in the Investment Banking division of Crédit Agricole CIB.

He joined FREY in September 2016 as Director of Growth and Strategy, before becoming Chief Operating Officer, Finance and Strategy in September 2017.

MAIN POSITIONS AND ROLES HELD IN THE GROUP AND OUTSIDE THE GROUP AT 31/12/2019

Within the Group:

Foreign companies:

Chairman of the Board of Directors:

- Parla Natura SL
- FREY Durango SL
- Parc Vallès Inversiones Inmobiliarias SLU
- Sociedad Gestora Santa Margarida SLU
- Eurofund Parc Lleida SL

Director:

- FREY Invest

Chairman of the Supervisory Board:

- FREYprop SA

POSITIONS HELD WITHIN THE GROUP AND OUTSIDE THE GROUP DURING THE LAST FIVE YEARS

None

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.

1.6.2.2.4 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 Executive Officer 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 Executive Officer 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 2019 financial year:

- Antoine Frey;
- Jean-Pierre Cedelle;
- Nathalie Robin, permanent representative of Cardif Assurance Vie;
- Yann Briand, permanent representative of Sogecap;
- Marc Van Begin, permanent representative of SPRL Marc Van Begin;
- David Ferreira.

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;

- 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 three times in the 2019 financial year, on 27 March, 12 July and 14 October 2019.

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 2019 financial year:

- Yann Briand, permanent representative of Sogecap;
- Jean-Noël Dron;
- Marc Van Begin, permanent representative of SPRL Marc Van Begin;
- Magali Chesse, permanent representative of Prédica;
- Muriel Faure.

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 Officers as expiry of the term of office of the latter 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 2019 financial year, on 4 March, 15 April and 8 July 2019.

AUDIT COMMITTEE

The Audit 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 4).

The Audit Committee had the following members in the 2018 financial year:

- Muriel Faure;
- Jean-Pierre Cedelle;
- Nathalie Robin, permanent representative of Cardif Assurance Vie;
- Magali Chesse, permanent representative of Prédica;
- François Lemarchand.

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 the regulations. It also makes a recommendation to the Board when any auditor is being reappointed in the manner set out by the regulations;
- 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 Muriel Faure, an independent director, in accordance with the recommendations of the Middledenext Code.

The Audit Committee met twice in the 2019 financial year, on 4 March and 10 September 2019. The Board of Directors followed all the recommendations by the Audit Committee in the 2019 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 Regulation 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 times in the 2019 financial year, on 7 March, 4 April, 18 April, 21 May, 10 July, 23 July, 25 September, 18 October and 19 December 2019, with an average attendance rate of 76% (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 2018;
- review and approval of the consolidated financial statements for the financial year ended 31 December 2018;
- preparation of the report of the Board of Directors on free share allocations in the financial year ended 31 December 2018;
- 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 2019 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;
- 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 13 of the Combined General Meeting of 21 May 2019;
- discussions on FREY Group's strategic guidelines and development;
- half-yearly update on the implementation of the liquidity (market-making) agreement;
- presentation of the half-yearly report of the Company and its subsidiaries;
- approval of a new syndicated credit facility for €100 million;
- review of the terms and impact of the early repayment of OPIRNANE bonds;
- review and strategic trade-offs with respect to progress on the Company's major development project;
- renewal of the powers granted to the Chairman and Chief Executive Officer to give deposits, securities and guarantees on the Company's behalf;
- preparation of the additional report on the final terms and conditions of the Company's capital increase pursuant to the authorisation granted in Resolution 15 of the Extraordinary General Meeting of 21 May 2019;
- review and approval of FREY Group's five-year business plan;
- update on the liquidity (market-making) agreement - Annual and half-yearly review;
- presentation of the FREY Group's "zero-carbon" action plan and CSR policy.

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 7 March 2019, 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.

1.6.2.2.5 Procedure applicable to non-related-party agreements concerning transactions occurring in the normal course of business and entered into on arm's-length terms

At its meeting on 6 March 2020, the Board of Directors approved an internal procedure in accordance with AMF Recommendation No. 2012-05 of 2 July 2012, as amended on 5 October 2018, and specifically its Proposal No. 4.1, as well as the procedure for the review of agreements concerning transactions occurring in the normal course of business and entered into on arm's-length terms, introduced by Law No. 2019-486 of 22 May 2019 on business growth and transformation (the "Pacte" Law).

The purpose of this charter is to clarify the rules applied within the Company relating to the review and assessment of non-related-party agreements concerning transactions occurring in the normal course of business and entered into on arm's-length terms.

As part of this procedure, the Finance Department and the Legal Department conduct a review to assess, on a case-by-case basis, whether a draft agreement comes under the related-party agreements procedure, whether it is an agreement entered into with a wholly-owned subsidiary, or whether it meets the criteria for agreements entered into on arm's-length terms in the light of the criteria described in the charter. Following this review, the Finance Department and the Legal Department may seek the opinion of the Board of Auditors in case of doubt over the classification of a draft agreement.

Each year, prior to the adoption of the financial statements for the previous financial year, the Finance Department sends the Audit Committee the list of agreements entered into on arm's-length terms and any observations it may have. If, during the annual review, the Audit Committee considers that an agreement previously considered as being in the normal course of business and entered into on arm's-length terms no longer meets the aforementioned criteria, it will refer the matter to the Board of Directors. Where appropriate, the Board will reclassify the agreement as a related-party agreement, approve it and submit it to the next General Meeting for ratification, accompanied by a special report by the Statutory Auditors, in accordance with the provisions of Article L. 225-42 of the French Commercial Code. Note that pursuant to paragraph 2 of Article L. 225-39 of the French Commercial Code, persons with a direct or indirect interest in the agreement will not be involved in its assessment.

1.6.2.2.6 Financial delegations

The summary table of delegations of authority and financial authorisations granted to the Board of Directors can be found in Appendix 2 to this document.

1.6.2.3 Presentation of the management team

The Board of Directors and the Chief Operating Officers are assisted by a five-strong management team:

François-Xavier Anglade, 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.

Emmanuel La Fonta, 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.

Mathieu Mollière, Director of Marketing, Communication & Innovation

Mathieu Mollière has a bachelor's degree in history and is a graduate of the École 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.

Roger Barbary, Chief Executive Officer of CITIZERS BY FREY

A graduate of the École Spéciale Militaire de Saint-Cyr and holder of an HEC Entrepreneurs Master's degree, Roger Barbary held various managerial posts in distribution before joining Unibail-Rodamco, where he spent 12 years as Head of Retail Development France and Head of Group Operations. He went on to join SNCF, where he was Marketing and Sales Director for Gares & Connexions and Chief Executive Officer of A2C for three years. Finally, before joining the FREY Group to create Citizers, he set up his own property development consultancy based on innovation and customer experience.

Pascal Allançon, Chief Executive Officer of CITIZERS BY FREY

Pascal Allançon holds a postgraduate diploma in economic analysis. He worked in various roles, from marketing to development, at BNPRE and Eiffage, before joining Hertel, a property development and investment company. He returned as Head of Development in 1996 before serving as Chairman of the Executive Board for more than 15 years. In 2018, he joined the FREY Group to create and co-manage the new Citizers BU.

1.6.2.4 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 Prédica, Foncière AG Real Estate and Firmament Participations under the terms of the shareholders' agreement signed on 15 May 2019 (hereinafter the "shareholders' agreement"), (see Section 5.3 "Major shareholders" of 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 nominated as members of the Board of Directors by Firmament Participations;
- Prédica (represented by Magali Chesse) was appointed to the Board of Directors at the behest of Prédica;
- SPRL Marc Van Begin (represented by Marc Van Begin) was appointed as observer to the Board of Directors at the original behest of FONCIÈRE AG REAL ESTATE;
- 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. 225-37-4 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 controlled by the former within the meaning of Article L. 233-3, except for agreements concerning transactions occurring in the normal course of business and entered into on arm's-length terms.

1.6.2.5 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:

- purchase on Euronext Paris on 3 June, 4 June, 5 June and 6 June 2019 by Firmament Participations, a member of the Board of Directors, of 410 shares at a unit price of €28.50 per share for the first two trades, €28.51 for the third trade, and €28.60 for the fourth trade, notified to the AMF on 7 June 2019 (notice no. 2019DD610425);
- purchase on Euronext Paris on 7 June and 10 June 2019 by Firmament Participations, a member of the Board of Directors, of 200 shares at a unit price of €28.80 per share, notified to the AMF on 11 June 2019 (notice no. 2019DD610660);
- purchase on Euronext Paris on 11 June 2019 by Firmament Participations, a member of the Board of Directors, of 100 shares at a unit price of €28.80 per share, notified to the AMF on 12 June 2019 (notice no. 2019DD611003);
- purchase on Euronext Paris on 12 June and 13 June 2019 by Firmament Participations, a member of the Board of Directors, of 200 shares at a unit price of €28.80 and €28.85 per share, notified to the AMF on 14 June 2019 (notice no. 2019DD611319);
- purchase on Euronext Paris on 14 June and 17 June 2019 by Firmament Participations, a member of the Board of Directors, of 250 shares at a unit price of €29 and €29.30 per share, notified to the AMF on 18 June 2019 (notice no. 2019DD611602);
- purchase on Euronext Paris on 18 June and 19 June 2019 by Firmament Participations, a member of the Board of Directors, of 225 shares at a unit price of €29.25 and €29.70 per share, notified to the AMF on 21 June 2019 (notice no. 2019DD612027);
- purchase on Euronext Paris on 21 June 2019 by Firmament Participations, a member of the Board of Directors, of 50 shares at a unit price of €30 per share, notified to the AMF on 24 June 2019 (notice no. 2019DD612218);
- purchase on Euronext Paris on 24 June 2019 by Firmament Participations, a member of the Board of Directors, of 150 shares at a unit price of €30.33 per share, notified to the AMF on 25 June 2019 (notice no. 2019DD612507);
- purchase on Euronext Paris on 25 June and 26 June 2019 by Firmament Participations, a member of the Board of Directors, of 300 shares at a unit price of €30.6147 and €30.2667 per share, notified to the AMF on 28 June 2019 (notice no. 2019DD613051);
- purchase on Euronext Paris on 27 June and 5 July 2019 by Firmament Participations, a member of the Board of Directors, of 100 shares at a unit price of €30 and €30.1 per share, notified to the AMF on 1 July 2019 (notice no. 2019DD613307);
- purchase on Euronext Paris on 2 July and 1 July 2019 by Firmament Participations, a member of the Board of Directors, of 150 shares at a unit price of €30 and €30.3 per share, notified to the AMF on 5 July 2019 (notice no. 2019DD624003);

- purchase on Euronext Paris on 5 July, 8 July and 9 July 2019 by Firmament Participations, a member of the Board of Directors, of 189 shares at a unit price of €30.1767, €30.30 and €30.50 per share, notified to the AMF on 9 July 2019 (notice no. 2019DD624457);
- purchase on Euronext Paris on 10 July, 11 July and 12 July 2019 by Firmament Participations, a member of the Board of Directors, of 261 shares at a unit price of €30.70, €30.8180 and €31.20 per share, notified to the AMF on 15 July 2019 (notice no. 2019DD624999);
- purchase on Euronext Paris on 15 July and 16 July 2019 by Firmament Participations, a member of the Board of Directors, of 279 shares at a unit price of €31.60 and €31.80 per share, notified to the AMF on 18 July 2019 (notice no. 2019DD625558);
- purchase on Euronext Paris on 1 August and 2 August 2019 by Firmament Participations, a member of the Board of Directors, of 620 shares at a unit price of €32.60 per share, notified to the AMF on 5 August 2019 (notice no. 2019DD628031);
- purchase on Euronext Paris on 5 August and 6 August 2019 by Firmament Participations, a member of the Board of Directors, of 200 shares at a unit price of €32.60 and €32.75 per share, notified to the AMF on 8 August 2019 (notice no. 2019DD628570);
- purchase on Euronext Paris on 8 August, 9 August, 12 August and 13 August 2019 by Firmament Participations, a member of the Board of Directors, of 400 shares at a unit price of €32.90 per share, notified to the AMF on 13 August 2019 (notice no. 2019DD628917);
- purchase on Euronext Paris on 14 August, 15 August and 16 August 2019 by Firmament Participations, a member of the Board of Directors, of 300 shares at a unit price of €32.90 per share for the first two trades and €33.10 for the third trade, notified to the AMF on 17 August 2019 (notice no. 2019DD629131);
- purchase on Euronext Paris on 19 August and 20 August 2019 by Firmament Participations, a member of the Board of Directors, of 85 shares at a unit price of €33.4413 and €33.8545 per share, notified to the AMF on 22 August 2019 (notice no. 2019DD629376);
- off-exchange sale on 18 November 2019 by Firmament Participations, a member of the Board of Directors, of 3,110,540 preferential subscription rights detached from Company shares for a unit amount of €0.01, to SCI Primonial Capimmo and notified to the AMF on 18 November 2019 (notice no. 2019DD659344);
- subscription on Euronext Paris on 18 November 2019 by Prédica SA, a member of the Board of Directors, for 1,034,402 new shares of the Company as part of a capital increase with preferential subscription rights for a unit price of €30 per share, notified to the AMF on 19 November 2019 (notice no. 2019DD659499);
- off-exchange subscription on 25 November 2019 by Firmament Participations, a member of the Board of Directors, for 816,666 Company shares at a unit price of €30, notified to the AMF on 26 November 2019 (notice no. 2019DD660233);
- subscription on Euronext Paris on 3 December 2019 by Prédica SA, a member of the Board of Directors, for 31,347 new shares of the Company as part of a capital increase with preferential subscription rights for a unit price of €30 per share, notified to the AMF on 4 December 2019 (notice no. 2019DD661149);
- subscription on 4 December 2019 by Cardif Assurance Vie, a member of the Board of Directors of the Company, for 637,592 new shares of the Company as part of a capital

increase with preferential subscription rights for a unit price of €30 per share, notified to the AMF on 5 December 2019 (notice no. 2019DD661317);

- subscription on 4 December 2019 by Sogecap SA a member of the Board of Directors of the Company, for 637,592 new shares of the Company as part of a capital increase with preferential subscription rights for a unit price of €30 per share, notified to the AMF on 6 December 2019 (notice no. 2019DD661566);
- purchase on Euronext Paris on 9 December, 10 December and 11 December 2019 by Firmament Participations, a member of the Board of Directors, of 600 shares at a unit price of €31.30 per share for the first two trades and €31.20 for the last trade, notified to the AMF on 13 December 2019 (notice no. 2019DD662286);
- purchase on Euronext Paris on 13 December, 16 December, 17 December and 18 December 2019 by Firmament Participations, a member of the Board of Directors, of 600 shares at a unit price of €31.3667, €31.7667, €32.10 and €32.3333 per share, notified to the AMF on 20 December 2019 (notice no. 2019DD663054);
- purchase on Euronext Paris on 19 December, 20 December, 24 December and 27 December 2019 by Firmament Participations, a member of the Board of Directors, of 406 shares at a unit price of €32.6333, €32.60 and €33 per share, notified to the AMF on 28 December 2019 (notice no. 2019DD663585).

These notices can be found on the AMF website: www.amf-france.org.

1.6.2.6 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.

1.6.3 REMUNERATION AND BENEFITS

1.6.3.1 Remuneration of corporate officers and senior executives for the 2018/2019 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).

This chapter contains all the information required under Article L. 225-37-3 I of the French Commercial Code for each corporate officer of the Company. In accordance with Article L. 225-100 II of the French Commercial Code, the Board of Directors will put a draft resolution on said information to the vote of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2020.

1.6.3.1.1 Table of remuneration and benefits

Beneficiaries	Gross remuneration (in €)			Benefits and other items of remuneration				
	Fixed	Variable	Extra-ordinary	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 share capital or to the allocation of debt securities	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
Antoine Frey	350,000	230,087	N/A	10,500	30,660	N/A	Nil	Nil
Jean-Pierre Cedelle	115,472 ⁽¹⁾	Nil	Nil	12,500	Nil	Nil	Nil	Nil
Thomas Riegert	Nil	Nil	Nil	3,000	Nil	Nil	Nil	Nil
Jean-Noël Dron	Nil	Nil	Nil	4,250	Nil	Nil	Nil	Nil
Jean Lavieille	Nil	Nil	Nil	12,333	Nil	Nil	Nil	Nil
FIRMAMENT PARTICIPATIONS	Nil	Nil	Nil	5,000	Nil	Nil	Nil	Nil
François Lemarchand	Nil	Nil	Nil	2,000	Nil	Nil	Nil	Nil
SPRL Marc VAN BEGIN ⁽²⁾	Nil	Nil	Nil	3,000	Nil	Nil	Nil	Nil
Sogecap	Nil	Nil	Nil	10,000	Nil	Nil	Nil	Nil
Cardif Assurance Vie	Nil	Nil	Nil	12,000	Nil	Nil	Nil	Nil
Jean Christophe Littaye ⁽²⁾	Nil	Nil	Nil	3,000	Nil	Nil	Nil	Nil
Muriel Faure	Nil	Nil	Nil	12,917	Nil	Nil	Nil	Nil
Gilles Emond ⁽²⁾	Nil	Nil	Nil	2,000	Nil	Nil	Nil	Nil
Franck Mathé ⁽²⁾	Nil	Nil	Nil	3,500	Nil	Nil	Nil	Nil
François Vuillet-Petite	180,000	115,732	Nil	Nil	8,640	4,348 shares	Nil	Nil
Pascal Barboni	200,000	170,739	Nil	Nil	8,340	4,831 shares	Nil	Nil
Sébastien Eymard	200,000	175,739	Nil	Nil	6,560	4,831 shares	Nil	Nil

(1) Remuneration under a permanent employment contract with FREY, signed on 1 July 1986, under the terms of which he is notably in charge of site surveys and the negotiation of works.

(2) As observer.

The above table gives the remuneration and benefits of all kinds paid by or due from the Company and 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.

The payment and/or allocation of all remuneration and benefits to the Company's corporate officers in respect of the 2019 financial year took place in strict compliance with (i) the remuneration policy approved by the General Meeting of Shareholders of the Company on 21 May 2019 for all executive corporate officers of the Company and (ii) existing practices within the Company regarding the criteria for the apportionment of directors' fees among members of the Board of Directors.

The items of variable remuneration, both short and long-term, of executive corporate officers, the allocation of which is contingent on the fulfilment of strict performance criteria, represent a substantial part of their overall remuneration. This aligns their interests with those of the Company and improves the Group's performance over the long term.

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 21 May 2019 approving the planned remuneration policy for the 2019 financial year, the General Meeting called to approve the financial statements for the financial year ended 31 December 2019 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 2019 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 2019.

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.

1.6.3.1.2 Summary table of the remuneration, options and shares granted to executive corporate officers

(In €)	Antoine Frey Chairman and Chief Executive Officer		François Vuillet-Petite Chief Operating Officer	
	2019	2018	2019	2018
Remuneration due for the financial year ⁽¹⁾	621,247	604,533	304,372	298,269
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 ^{(2) (3)}	N/A	N/A	144,788	132,977
TOTAL	621,247	604,553	449,160	431,246

(In €)	Pascal Barboni Chief Development Officer		Sébastien Eymard Chief Operating Officer, Finance and Strategy	
	2019	2018	2019	2018
Remuneration due for the financial year ⁽¹⁾	379,079	351,067	382,299	350,227
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 ^{(2) (3)}	160,872	130,962	160,872	130,962
TOTAL	539,951	482,029	543,171	481,189

(1) The table above presents the breakdown of remuneration due.

(2) Section 5.11.2.1 above gives the breakdown of free shares granted.

(3) Valuation at closing price in 2018 and 2019.

1.6.3.1.3 Table of remuneration and benefits due and paid to executive corporate officers

(In €)	Antoine Frey Chairman and Chief Executive Officer				François Vuillet-Petite Chief Operating Officer*			
	FY 2019		FY 2018		FY 2019		FY 2018	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	350,000	350,000	344,167	344,167	180,000	180,000	179,167	179,167
Annual variable remuneration	230,087 ⁽¹⁾	220,726 ⁽²⁾	220,726	145,399	115,732 ⁽¹⁾	110,462 ⁽²⁾	110,462	102,521
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	N/A	N/A	N/A	N/A	N/A	N/A
Directors' fees	10,500 ⁽³⁾	9,000 ⁽⁴⁾	9,000	11,000	N/A	N/A	N/A	3,750
Benefits in kind	30,660 ⁽⁵⁾	30,660 ⁽⁵⁾	30,660 ⁽⁵⁾	30,660 ⁽⁵⁾	8,640 ⁽⁶⁾	8,640 ⁽⁶⁾	8,640	8,640
TOTAL	621,247	610,386	604,553	531,226	304,372	299,102	298,269	280,503

* Employed by SA FREY since¹ September 1991.

(In €)	Pascal Barboni Chief Operating Officer, Development				Sébastien Eymard Chief Operating Officer, Finance and Strategy			
	FY 2019		FY 2018		FY 2019		FY 2018	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	200,000	200,000	195,833	195,833	200,000	200,000	195,833	195,833
Annual variable remuneration	170,739 ⁽¹⁾	148,154 ⁽²⁾	148,154	74,238	175,739 ⁽¹⁾	148,154 ⁽²⁾	148,154	74,238
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	N/A	42,429	N/A	N/A	0	42,429
Directors' fees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefits in kind	8,340 ⁽⁶⁾	8,340 ⁽⁶⁾	7,080	7,080	6,560 ⁽⁶⁾	6,560 ⁽⁶⁾	6,240	6,240
TOTAL	379,079	356,494	351,067	319,580	382,299	354,714	350,227	318,740

(1) Variable remuneration payable in 2020 in respect of the 2019 financial year (see section below relating to variable remuneration).

(2) Variable remuneration paid in 2019 in respect of the 2018 financial year (see section below relating to variable remuneration).

(3) Directors' fees payable in 2020 in respect of the 2019 financial year (see section below relating to the policy for the apportionment of directors' fees).

(4) Directors' fees paid in 2019 in respect of the 2018 financial year (see section below relating to the policy for the apportionment of directors' fees).

(5) Benefits in kind corresponding to a company car and air travel.

(6) Benefits in kind corresponding to a company car.

1.6.3.1.4 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 7 March 2019, acting on the recommendation of the Remuneration Committee meeting of 4 March 2019, agreed to maintain the variable remuneration arrangements for the Chairman and Chief Executive Officer, adjusting the targets for the 2019 financial year and amending the target achievement curve and the progressiveness of the bonus, to reflect the Company's performance criteria:

- set annually for all Group employees;
- three (3) types of targets, 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 150%.

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.

In respect of the 2019 financial year, the performance criteria are broken down into three main categories:

- 1 - FREY's operational aggregates:** Securing of the rental base/ Signing of leases with new, high-quality, innovative retailers/ Increase in NOI/Minimum EPRA economic occupancy rate of FREY assets;
- 2 - FREY's growth:** Securing administrative permits for mixed-use projects/Securing of development projects/Acquisition or development outside France;
- 3 - FREY's financial performance:** Increase in profit from recurring operations/Increase in NAV.

At its meeting on 6 March 2020, on the advice of the Appointments and Remuneration Committee, the Company's Board of Directors noted that these criteria were 98.61% achieved, with variable

remuneration representing 8 months' gross fixed remuneration paid for the 2019 financial year.

Thus, his variable remuneration and fixed remuneration account for 27% and 41%, respectively, of his total remuneration.

It should be noted that the payment of this annual variable remuneration for the 2019 financial year is subject to approval by the General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

Variable remuneration of Chief Operating Officers

At its meeting on 7 March 2019, on the advice of the Appointments and Remuneration Committee meeting of 4 March 2019, the Board of Directors 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 150%.

If 100% of the individual and collective targets are met, Pascal Barboni and Sébastien Eymard will receive an annual variable bonus equal to 10 (ten) times their gross fixed monthly remuneration and François Vuillet-Petite will receive an annual variable bonus equal to eight (8) times his gross fixed monthly remuneration.

In respect of the 2019 financial year, the performance criteria are broken down into three main categories:

- 1 - FREY's operational aggregates:** Securing of the rental base/ Signing of leases with new, high-quality, innovative retailers/ Increase in NOI/Minimum EPRA economic occupancy rate of FREY assets;
- 2 - FREY's growth:** Securing administrative permits for mixed-use projects/Securing of development projects/Acquisition or development outside France;
- 3 - FREY's financial performance:** Increase in profit from recurring operations/Increase in NAV.

At a meeting on 6 March 2020, on the advice of the Appointments and Remuneration Committee, the Company's Board of Directors noted that these collective criteria were 98.61% achieved and that the individual targets of Pascal Barboni, Sébastien Eymard and François Vuillet-Petite were 105%, 110% and 95% achieved, respectively, with variable remuneration representing 10, 10 and 8 months, respectively, of their gross fixed remuneration paid in respect of the 2019 financial year.

Thus, the proportions of Pascal Barboni's variable and fixed remuneration (excluding profit-sharing) relative to his total remuneration (including benefits in kind) are 44% and 54%, respectively. The proportions of Sébastien Eymard's variable and fixed remuneration relative to his total remuneration are 45% and 54%, respectively. The proportions of François Vuillet-Petite's variable and fixed remuneration relative to his total remuneration are 36% and 61%, respectively.

It should be noted that the payment of this annual variable remuneration for the 2019 financial year is subject to approval by the General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

1.6.3.1.5 Policy for the apportionment of directors' fees

On 7 March 2019, 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 meeting of the Board of Directors and Audit Committee;
- €500 gross for each meeting of the Investment Committee;
- €250 gross for each 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 a minimum of 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 7 March 2019, 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 for each meeting of the Board of Directors and Investment and Audit Committees;
- €250 gross for each meeting of the Appointments and Remuneration Committee.

The Board of Directors also decided on 7 March 2019 that the additional annual gross sum of €10,000 would only be allocated to independent members who are individuals, and not to independent members that are legal entities.

The General Meeting of 21 May 2019 voted to set €200,000 as the maximum payable in directors' fees to the members of the Board of Directors in respect of the 2019 financial year.

Directors	FY 2019		FY 2018	
	Directors' fees paid (in €)	Other remuneration paid (in €)	Directors' fees paid (in €)	Other remuneration paid (in €)
Antoine Frey	10,500	610,386 ⁽³⁾	9,000	531,226 ⁽³⁾
Jean-Pierre Cedelle	12,500	115,472 ⁽¹⁾	12,500	115,472 ⁽¹⁾
Thomas Riegert	3,000	Nil	5,000	Nil
Jean-Noël Dron	4,250	Nil	2,250	Nil
Jean Lavieille	12,333	Nil	22,750	Nil
RE-INVEST	Nil	Nil	13,750	Nil
Firmament Participations	5,000	Nil	7,000	Nil
François Lemarchand	2,000	Nil	Nil	Nil
SPRL Marc VAN BEGIN	3,000	Nil	Nil	Nil
Prédica	Nil	Nil	12,750	Nil
Sogecap	10,000	Nil	8,250	Nil
Cardif Assurance Vie	12,000	Nil	11,000	Nil
Jean Christophe Littaye ⁽²⁾	3,000	Nil	4,500	Nil
Muriel Faure	12,917	Nil	Nil	Nil
Benoît Mercier ⁽²⁾	Nil	Nil	500	Nil
Gilles Emond ⁽²⁾	2,000	Nil	4,000 ⁽²⁾	Nil
Françoise Debrus ⁽²⁾	Nil	Nil	1,500	Nil
Franck Mathé ⁽³⁾	3,500	Nil	3,500	Nil
François Vuillet-Petite	Nil	299,102	Nil	280,503 ⁽¹⁾
TOTAL	€96,000	€1,024,960	€118,250	€927,201

(1) Remuneration under a permanent employment contract with FREY, signed on 1 July 1986, under the terms of which he is notably in charge of site surveys and the negotiation of works.

(2) As observer.

(3) Remuneration for his position as Chairman and Chief Executive Officer.

1.6.3.1.6 Disclosures concerning the existence for executive corporate officers of SA FREY 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 these, 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 at 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 of Directors and former Chairman of the Supervisory Board, has a permanent employment contract with FREY Group signed on 1 July 1986, under the terms of which he is notably in charge of site surveys and the negotiation of works.

1.6.3.1.7 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.

1.6.3.1.8 Free shares

The table below details the number and characteristics of the free shares granted to the corporate officers by SA FREY'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), 20 June 2018 (Plan no. 8 and Plan no. 9), 7 March 2019 (Plan no. 10) and 10 July 2019 (Plan no. 11), 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
	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⁽¹⁾ 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⁽¹⁾ 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)
François Vuillet-Petite (Senior Executive)	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⁾
	10 07/03/2019	4,348	144,788	07/03/2021	07/03/2023	1. 50% of shares subject to growth in fully diluted liquidation NAV per share, restated for the impact of equity or quasi-equity transactions during the two years post-allocation⁽¹⁾ 2. 50% of shares subject to growth in profit from recurring operations net of depreciation, amortisation and provisions during the two years post-allocation⁽¹⁾

(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) Appointed as Chief Operating Officer on 1 October 2017.

(8) Shares awarded to all employees for out-performing collective targets.

* Change calculated between 31 December 2018 and 31 December 2020.

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
Pascal Barboni (Senior Executive)	5 22/09/2016	2,635	€68,536	22/09/2018	22/09/2020	None ⁽⁶⁾
	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⁾
	10 07/03/2019	4,831	€160,872	07/03/2021	07/03/2023	2. 50% of shares subject to growth in fully diluted liquidation NAV per share, restated for the impact of equity or quasi-equity transactions during the two years post-allocation* ⁽¹⁾ 2. 50% of shares subject to growth in profit from recurring operations net of depreciation, amortisation and provisions during the two years post-allocation ⁽¹⁾
	7 10/05/2017	6,792	€169,596	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⁾
	10 07/03/2019	4,831	€160,872	07/03/2021	07/03/2023	3. 50% of shares subject to growth in fully diluted liquidation NAV per share, restated for the impact of equity or quasi-equity transactions during the two years post-allocation* ⁽¹⁾ 2. 50% of shares subject to growth in profit from recurring operations net of depreciation, amortisation and provisions during the two years post-allocation ⁽¹⁾
	TOTAL	-	51,709	1,453,214	-	-

(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) Appointed as Chief Operating Officer on 1 October 2017.

(8) Shares awarded to all employees for out-performing collective targets.

* Change calculated between 31 December 2018 and 31 December 2020.

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 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
François Vuillet-Petite	No. 2 Date: 25/03/2015	974	974
TOTAL		4,974	4,974

1.6.3.1.9 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.

1.6.3.1.10 Pay ratios and annual change in remuneration of each senior executive

The Company has determined the pay ratios for each executive corporate officer of the Company using the following method:

- scope: all employees of FREY and its consolidated subsidiaries, excluding executive corporate officers;

- mean ratio for each year N: ratio between the gross annual remuneration of each executive corporate officer and the gross annual mean remuneration of all employees (on a full-time equivalent basis);
- median ratio for each year N: ratio between the gross annual remuneration of each executive corporate officer and the gross annual median remuneration of all Group employees (on a full-time equivalent basis);
- remuneration covered: as the numerator and denominator, fixed and variable remuneration, special bonuses and free shares and benefits in kind actually allocated in respect of year N.

The following table shows the ratios for the past five years:

For Antoine Frey, Chairman and Chief Executive Officer:

x times	2015	2016	2017	2018	2019
Mean ratio	7.75	6.91	9.68	8.66	7.92
Median ratio	10.74	10.20	12.51	10.69	9.98
Change in EPRA triple net NAV	38.5%	14.1%	69.4%	64.0%	29.4%
Change in total remuneration of the Chairman and Chief Executive Officer	N/A	-4.9%	27.9%	0.3%	2.8%
Change in average employee remuneration	N/A	6.6%	-8.7%	12.2%	12.3%

For François Vuillet-Petite, Chief Operating Officer:

x times	2015	2016	2017	2018	2019
Mean ratio	4.06	4.74	5.04	4.57	5.62
Median ratio	5.63	7.01	6.51	5.64	7.08
Change in EPRA triple net NAV	38.5%	14.1%	69.4%	64.0%	29.4%
Change in total remuneration of the Chief Operating Officer	N/A	24.7%	-3.0%	1.7%	38.1%
Change in average employee remuneration	N/A	6.6%	-8.7%	12.2%	12.3%

For Pascal Barboni, Chief Operating Officer, Development:

x times	2015	2016	2017	2018	2019
Mean ratio	N/A	N/A	4.65	6.04	6.57
Median ratio	N/A	N/A	6.00	7.45	8.28
Change in EPRA triple net NAV	N/A	N/A	N/A	64.0%	29.4%
Change in total remuneration of the Chief Operating Officer	N/A	N/A	N/A	45.7%	22.3%
Change in average employee remuneration	N/A	N/A	N/A	12.2%	12.3%

For Sébastien Eymard, Chief Operating Officer, Finance and Strategy:

x times	2015	2016	2017	2018	2019
Mean ratio	N/A	N/A	4.63	5.02	7.76
Median ratio	N/A	N/A	5.99	6.19	9.77
Change in EPRA triple net NAV	N/A	N/A	N/A	64.0%	29.4%
Change in total remuneration of the Chief Operating Officer	N/A	N/A	N/A	21.4%	73.7%
Change in average employee remuneration	N/A	N/A	N/A	12.2%	12.3%

1.6.3.2 Remuneration policy for corporate officers for the 2020 financial year

1.6.3.2.1 Provisions common to all corporate officers

Implementation process for the remuneration policy

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board of Directors, at its meeting on 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, adopted the remuneration policy for all corporate officers of the Company for the 2020 financial year. As Chairman and Chief Executive Officer of the Company, Antoine Frey did not take part in the deliberations or vote on this decision.

All items of remuneration and other benefits covered by this remuneration policy are reviewed annually for each corporate officer, on an individual and collective basis, at the same time as the adoption of the financial statements for the previous financial year. The Board of Directors conducts the review on the recommendation of the Appointments and Remuneration Committee, composed solely of non-executive members and chaired by an independent director.

Accordingly, the Company's Annual General Meeting called to approve the financial statements for the year ended 31 December 2019 will be asked to vote on the remuneration policy for executive corporate officers as approved by the Board of Directors for the 2020 financial year. 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.

The remuneration policy for the 2020 financial year remains broadly unchanged from 2019. As a reminder, the Company's Combined General Meeting of Shareholders of 21 May 2019 approved 99% of the remuneration policy applicable to the

executive corporate officers for 2019. No opinion was expressed by shareholders at that meeting.

The remuneration policy applies to all corporate officers of the Company, namely the Chairman and Chief Executive Officer, the Chief Operating Officers and members of the Board of Directors. Apart from minor changes not requiring the approval of the Company's Ordinary General Meeting, the relevant terms of the remuneration policy will also apply to the Company's corporate officers who are newly appointed or reappointed during the financial year.

However, in exceptional circumstances, to protect the Company's interests and ensure the Company's long-term future, the Board of Directors reserves the right to deviate temporarily from the remuneration policy. This would be subject to consultation of the Appointments and Remuneration Committee and would apply to the [variable][fixed] items of remuneration envisaged for executive corporate officers in the remuneration policy.

The Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, ascertains the fulfilment and/or level of attainment of the performance criteria adopted for the previous financial year for the variable and/or share-based remuneration allocated to executive corporate officers of the Company. The evaluation methods applied vary according to the type of criteria adopted by the Board. For quantitative criteria, the verification is based on the consolidated financial statements or other internal financial reporting documents. For qualitative criteria, the verification is carried out empirically, on the basis of contracts signed, administrative permits issued, milestones validated, etc.

Remuneration policy principles and criteria

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 and 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;
- part of the variable portion of executive remuneration, taking into account the attainment of collective targets applicable to all Group employees;
- 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 incentivise scarce expertise and top talent;
- encourage higher performance; and
- align remuneration levels with the Company's results.

1.6.3.2.2 Provisions specific to each corporate officer

Remuneration policy applicable to directors

CRITERIA FOR DISTRIBUTING THE FIXED ANNUAL AMOUNT ALLOCATED BY THE GENERAL MEETING TO DIRECTORS

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors renewed its policy for the fixed annual remuneration of members of the Board of Directors, namely:

- (i) to ask the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2019 to allocate fixed annual remuneration totalling €200,000;
- (ii) that the fixed annual remuneration 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 for each meeting of the Investment Committee,
 - €250 gross for each meeting of the Appointments and Remuneration Committee,
 - the maximum gross amount payable to each director is €15,000.

An additional annual gross amount of €10,000 for independent directors who are natural persons, subject to providing proof of actual attendance at a minimum of 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.

For the observers, remuneration taken out of the annual budget allocated by the General Meeting to the Board of Directors in the following amounts and subject to the following conditions:

- €500 gross for each meeting of the Board of Directors and Investment and Audit Committees;
- €250 gross for each meeting of the Appointments and Remuneration Committee.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, sought to bring clarification to the additional remuneration applicable in the event of the departure, or arrival, of a director during the financial year (*the pro rata temporis* rule): irrespective of the date of arrival or departure, and if the director can prove that he or she attended more than two-thirds of meetings of the Board and committees on which he or she sits, that director will receive additional remuneration of €10,000, calculated on a *pro rata* basis for each whole month's presence or part thereof.

EXTRAORDINARY REMUNERATION

Furthermore, in accordance with Article L. 225-46 of the French Commercial Code, the Board of Directors reserves the right to allocate extraordinary remuneration to non-executive members of the Board of Directors for specific assignments or duties. This extraordinary remuneration would then be subject to the related-party agreements procedure.

Remuneration policy applicable to the Chairman and Chief Executive Officer

Antoine Frey was reappointed as Chairman and Chief Executive Officer of the Company by the Combined General Meeting of 7 June 2017 and by the Board of Directors at its meeting of 7 June 2017 for a three-year term expiring at the conclusion of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2019. Under Article 14.2 of the Company's Articles of Association, the Chairman and Chief Executive Officer may be dismissed at any time by decision of the Board of Directors.

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, 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.

This remuneration policy remains broadly unchanged from 2019.

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, or 53% of his total remuneration, more directly aligning his remuneration with the Group's operational strategy and shareholder interests.

ANNUAL FIXED 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 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors set the gross annual fixed remuneration of the Chairman and Chief Executive Officer at €400,000 for the 2020 financial year.

SHORT-TERM VARIABLE REMUNERATION

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors approved the principles and criteria applicable to the annual variable remuneration of the Chairman and Chief Executive Officer for the 2020 financial year. These principles are unchanged from those approved for the 2019 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 2019, the annual variable component of the remuneration of the Chairman and Chief Executive Officer was €230,087.

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 2020 include references to the following items (with a weighting, tailored on the basis of the Company's priorities, to reach 100%):

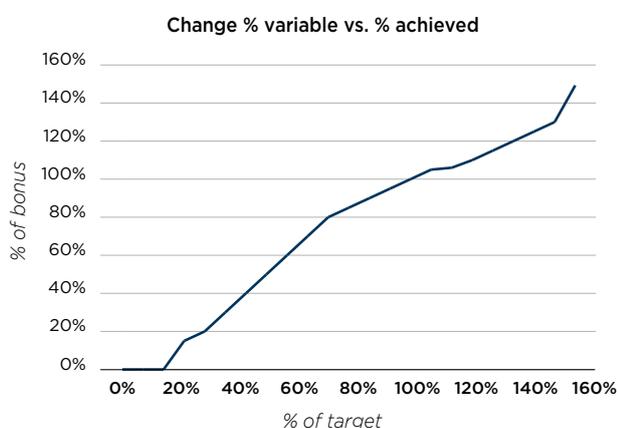
- FREY's operational aggregates (securing of minimum guaranteed rent, signing of new leases, attaining an occupancy rate target, growth in rental income);
- FREY's growth (securing administrative permits and identifying new projects, sourcing development projects in France, disposal of projects, asset acquisition or development outside France);
- FREY's financial performance (growth in liquidation 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 12 months of his fixed remuneration if the targets are 100% achieved.

For the 2020 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%.

The progression curve is as follows for 2020:



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.

LONG-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 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, suspended its decision to reapply the principles and criteria used in the 2019 financial year to 2 April 2020, subject to the adjustment of certain performance criteria, allowing the establishment of 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 2020 will be subject to a vesting period running to 2022 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 2021 compared with the consolidated financial statements for the financial year ended 31 December 2019, will be paid in 2024.

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 2019, 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 €1,425 for 2020.

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors decided to propose the

renewal of these benefits in kind for the 2020 financial year for an amount of €35,892 including the use of the company car and the annual flying time entitlement.

DIRECTORS' FEES

The Chairman and Chief Executive Officer may be awarded fixed annual remuneration in respect of his position as Chairman of the Board of Directors, in accordance with the allocation criteria adopted by the Board of Directors as part of the remuneration policy applicable to directors for the 2020 financial year.

For reference, it should be noted that the Chairman and Chief Executive Officer was awarded €10,500 in directors' fees for the 2019 financial year.

OTHER ITEMS OF REMUNERATION

Under the remuneration policy, the Chairman and Chief Executive Officer is not eligible for any extraordinary remuneration, share-based remuneration, severance benefit, non-compete indemnity or supplementary pension scheme.

Remuneration policy applicable to the 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.

The Chief Operating Officers were reappointed by the Board of Directors of the Company on 7 June 2017 for a three-year term expiring at the conclusion of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2019. Under Article 14.4 of the Company's Articles of Association, the Chief Operating Officers may be dismissed at any time by decision of the Board of Directors.

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors approved the items of remuneration for the Chief Operating Officers.

For the 2020 financial year, this remuneration policy remains broadly unchanged from 2019.

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 gross remuneration paid to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard under their employment contracts for the financial year ended 31 December 2019 respectively totalled €180,000, €200,000 and €200,000.

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors decided to increase the annual fixed gross remuneration of Pascal Barboni and Sébastien Eymard to €230,000 and to maintain the annual fixed gross remuneration of François Vuillet-Petite at €180,000.

VARIABLE REMUNERATION

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors approved the principles and criteria applicable to the annual variable remuneration of the Chief Operating Officers for the 2020 financial year.

These principles are broadly unchanged from those approved for the 2019 financial year, though the criteria were adapted to reflect operational and financial developments of the Group.

For reference, for the financial year ended 31 December 2019, the variable portion of remuneration came to €115,732 for François Vuillet-Petite, €170,739 for Pascal Barboni and €175,739 for Sébastien Eymard, 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.

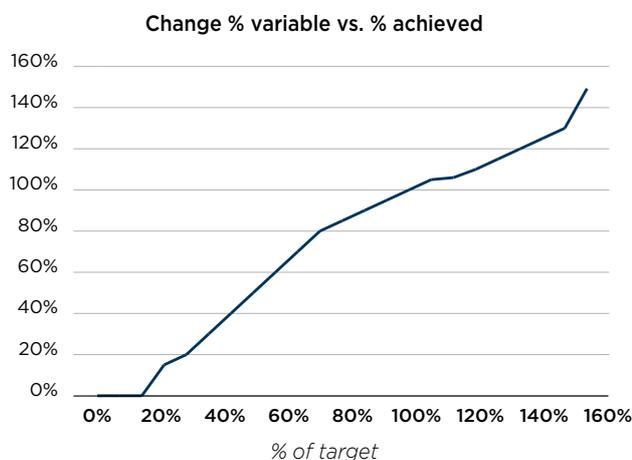
The total variable bonus for François Vuillet-Petite may represent the equivalent of eight months of his fixed remuneration and that of Pascal Barboni and Sébastien Eymard the equivalent of 12 months, assuming targets are 100% achieved, including:

- 40% of the amount equivalent to eight or twelve 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 twelve months of fixed remuneration for individual targets clearly established by the Board of Directors at its meeting of 6 March 2020 acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, 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 2020 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%.

The progression curve for the 2020 financial year is unchanged from the 2019 one and is 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 2019, 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, €8,340 and €6,560, 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 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, for the 2020 financial year the Board of Directors decided to maintain the benefits in kind awarded to François Vuillet-Petite, Pascal Barboni and Sébastien Eymard at €6,564, €5,388 and €4,104, respectively, factoring in the change in calculation method for company cars as a benefit in kind.

AWARDS OF FREE PERFORMANCE SHARES

At its meeting of 6 March 2020, acting on the recommendation of the Appointments and Remuneration Committee meeting of 3 March 2020, the Board of Directors decided to postpone its decision until the Appointments and Remuneration Committee meeting in April 2020, pending a comparative study in association with the firm Willis Towers Watson on free shares granted by other property companies or listed companies similar to the FREY Group to establish whether this award is standard or not, particularly as regards the Chief Operating Officers.

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 2019 financial year (see Section 6.3.1.8 "Free shares" of this report).

OTHER ITEMS OF REMUNERATION

Under the remuneration policy, the Chief Operating Officers are not eligible for any extraordinary remuneration, severance benefit, non-compete indemnity or supplementary pension scheme.

1.6.4 DRAFT RESOLUTION SUBMITTED TO THE GENERAL MEETING PURSUANT TO ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE

Approval of the remuneration policy of all corporate officers of 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 corporate officers for the 2020 financial year" of the Board of Directors' management report, and in accordance with Article L. 225-37-2 of the French Commercial Code, approves the remuneration policy for all corporate officers of the Company, as detailed in this report.

1.6.5 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

To the Company's knowledge, and in accordance with Article L. 225-37-5 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 Prédica 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.

1.7 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 Middlednext Corporate Governance Code in September 2016;
- became a member of the European Public Real Estate Association (EPRA) in 2015.

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.

1.7.1 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

1.7.1.1 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

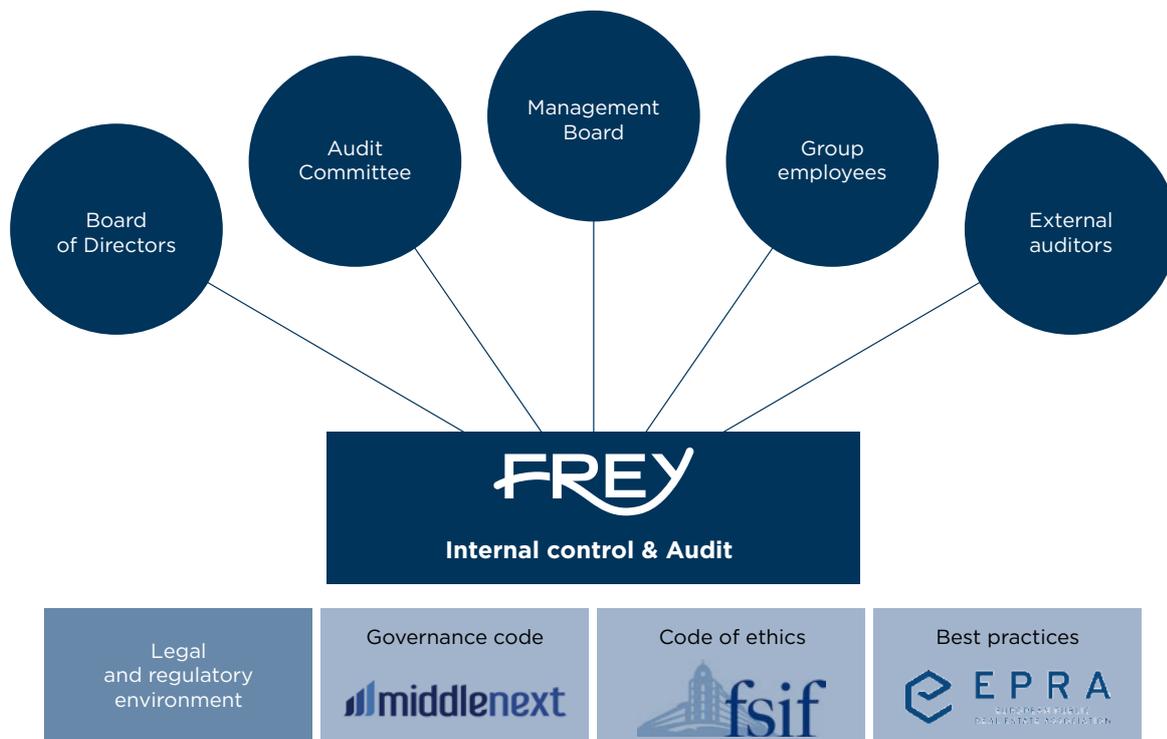
1.7.1.2 Scope of internal control

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.

1.7.1.3 Internal control stakeholders

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 control, advice and expertise.

The key internal control stakeholders within the Group are shown in the chart below:



Together, they organise and coordinate the risk management policy so that it is suitable and effective in facilitating the achievement of the Group's goals.

1.7.1.3.1 Board of Directors

The Board of Directors ensures that the Company takes appropriate risks on the basis of a thorough and effective assessment of those risks.

Reference is made in this regard to all the information contained in Chapter 1.6 "Corporate Governance" in this document.

1.7.1.3.3 Management Committee

The Management Committee defines the internal control policy, ensures that the objectives are met, provides impetus and sets a good example.

The Management Committee currently has seven (7) 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 Finance and Human Resources	Emmanuel La Fonta
Director of Communications, Marketing and Innovation	Mathieu Mollière

FREY's Management Committee examines business performance and its compatibility with budgetary and financial goals, signs 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 2019.

1.7.1.3.4 Risk Manager

The Risk Manager defines the structure of the risk management system, mainly using the risk map, and ensures that the methodology is sound. The Risk Manager ensures the overall coherence of the policies put in place.

He or she periodically audits the system and decides on the actions to be taken in conjunction with the operational managers, who are the risk owners.

The Risk Manager reports to the Management Committee and the Audit Committee on the handling of major risks and changes to the risk management system.

The Risk Manager creates added value by recommending improvements and sharing insights derived from a risk-based approach.

He or she is involved in training and raising awareness of staff on topics relating to internal control.

In order to carry out his or her duties as effectively as possible, the Risk Manager reports directly to the Chairman and Chief Executive Officer of the Group.

1.7.1.3.5 FREY's staff

All Group employees are regularly reminded of the importance of complying with the internal control system.

They are involved in identifying and assessing risks within their area of expertise. They also suggest and implement internal control processes linked to their assigned goals, together with suitable action plans to facilitate the attainment of those goals.

1.7.1.3.2 Audit Committee

The Audit Committee is composed of members of the Board of Directors.

It closely monitors the effectiveness of internal control systems.

Reference is made in this regard to all the information contained in Chapter 1.6 "Corporate Governance" in this document.

1.7.1.3.6 External auditors

The Statutory Auditors verify the fairness and compliance of the Company's accounting with the applicable standards. They present their observations and recommendations for improving procedures and the internal control system in place.

1.7.1.4 Internal control procedures

1.7.1.4.1 Organisation and structure

Internal control is conducted primarily by FREY's Management Committee, assisted by the Risk Manager.

Control procedures have been established to ensure the implementation and optimisation of the operations decided by governing bodies and the management of risks (i) resulting or potentially resulting from FREY's activity and that of its subsidiaries, (ii) related to the preparation of accounting and financial information, or (iii) related to social and environmental issues.

Data comparison between the Management Committee and the operational management of the FREY Aménagement 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 Group's operational organisation is based on the expertise of the Management Committee, of the back-office departments (Finance and Legal Affairs), of the operational managers of the Group's various entities, 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 provides flexibility and responsiveness for the Group in managing its day-to-day activities and operations.

1.7.1.4.2 Process contributing to the preparation of accounting and financial information

The preparation of accounting and financial information for shareholders – which not only covers compliance with generally accepted accounting principles, but also the accounting and financial analysis of the Group's activity – is specifically ensured by Senior Management and the Finance & Accounting Department:

- Senior Management oversees the closing of the financial statements and determines the schedule and specific key items (commitments, provisions, etc.);
- the Finance & Accounting Department (accounting, treasury and tax), 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 Senior 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 in December.

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 the Finance & Accounting Department and Senior 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 Finance & Accounting 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 Finance & Accounting Department under the responsibility of the Board of Directors, which approves the financial statements after consulting the Audit Committee.

To make the preparation of its consolidated financial statements more reliable, and liaising directly with the Group's consolidation team, FREY calls on an external firm of accountants from a highly

renowned international network to handle technical matters and provide IFRS regulatory oversight. 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. The Group's Chief Financial Officer coordinates with the work of the Statutory Auditors.

1.7.1.4.3 Operating 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 Aménagement 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.

1.7.1.4.4 Risk analysis and management

The Group implements risk monitoring and management processes suited to its activities, capacities and organisation.

Since 2016, all risks identified, including those specific to each subsidiary, have been monitored using a risk map, in accordance with the 2013 COSO framework⁽¹⁾ and in line with the reference framework on risk management and internal control systems for small and midcaps published by the AMF in 2010.

Following the creation of the Risk Manager position in late 2019, the risk map will be completely revised in 2020 in line with the internal audit plan. This will enable the Management Committee to identify which areas to prioritise during audits.

FREY attaches special importance to financial risks related to the effects of climate change.

Through the HQE Commerce^{*} and BREEAM^{*} certification of its assets covering more than 15,000 m², the HQE Aménagement^{*} certification of its development operations and the BBC low-energy certification of its head office, FREY is implementing a long-term strategy to reduce carbon emissions in all aspects of its business.

For more information on FREY's environmental initiatives, please see Sections 3.2.5 and 3.3.4.3 of this document.

In developing its internal control procedures, FREY reviewed the risks that could have a material adverse effect on its business, financial position, assets and earnings. It concluded that the Group is not exposed to any material risks other than those described in this management report.

FREY cannot guarantee that other risks might not arise in the future and have a material adverse effect on the Group, its business, financial position, assets, earnings or development.

These major risks are detailed in Chapter 1.4 of this management report.

(1) COSO is an internal control framework aimed at deterring fraud in company financial reports: <https://www.coso.org>.

1.7.2 OTHER INFORMATION ON INTERNAL CONTROL

1.7.2.1 Remuneration of corporate officers

The remuneration and benefits of all kinds awarded to corporate officers during the past financial year are presented in Section 6.3.1 of this management report.

1.7.2.2 Rules of Procedure, 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 1.6 "Corporate Governance" in this management report.

Since 2014, FREY has set up eleven (11) free share allocation plans, whose key terms and conditions are presented in Section 5.11.2 of this management report.

1.7.3 ASSESSMENT OF AND CHANGES TO THE INTERNAL CONTROL AND RISK MANAGEMENT PROCESS

In light of the Group's size, no periodic assessment procedure for its internal control has been put in place.

However, the internal control and risk management procedures are continually being improved through:

- structuring and strengthening both its operational and support teams;
- formalising procedures in the form of a manual;
- monitoring the internal audit plan in line with the mapping of all risks to which the Group is exposed.

1.8 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 2019.

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.

1.9 Other information

1.9.1 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.

1.9.2 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 2019.

1.9.3 OVERHEADS – SUMPTUARY EXPENSES

1.9.3.1 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 223 (d) and 39-5 of the French General Tax Code.

1.9.3.2 Sumptuary expenses

During the past financial year, the Company recorded and reinstated for tax purposes sumptuary expenses as defined by Article 39-4 of the French General Tax Code totalling €103,091, representing a potential additional tax charge of €16,458 on taxable income and a potential additional distribution obligation of €4,608 on non-taxable income.

APPENDIX 1 – SA FREY RESULTS OVER THE LAST FIVE FINANCIAL YEARS

(In €)	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Financial position at the end of the financial year					
Share capital	60,562,493	47,104,163	30,281,250	21,515,625	21,515,625
Number of shares issued	24,224,997	18,841,665	12,112,500	8,606,250	8,606,250
Number of convertible bonds	0	1,519,264	1,621,691	1,621,691	1,621,691
Comprehensive income of actual operations					
Revenue excl. tax	13,565,588	12,849,435	12,244,414	8,552,216	12,791,793
Earnings before tax, depreciation, amortisation and provisions	-3,819,596	2,943,628	6,351,662	1,956,690	-1,656,025
Income tax	0	0	0	46,789	0
Earnings after tax, depreciation, amortisation and provisions	-10,000,742	-2,546,118	2,275,293	-4,237,493	-4,587,004
Earnings distributed	0	0	0	0	0
Operating earnings per share					
Earnings after tax but before depreciation, amortisation and provisions	-0.16	0.16	0.59	0.23	-0.19
Earnings after tax, depreciation, amortisation and provisions	-0.41	-0.14	0.19	-0.49	-0.53
Dividend paid on each share	1.50	1.20	1.00	0.77	0.70
Workforce					
Average workforce for the financial year	28	26	25	26	20
Total payroll for the financial year	2,737,528	2,523,561	2,410,364	2,142,069	1,785,702
Amount of benefits paid (social security, charitable works, etc.)	2,251,326	1,364,565	1,590,173	1,226,288	1,308,369

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 €)
(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 21/05/2019 15 th resolution	from 21/05/2019 to 21/07/2021	The Board of Directors made use of this authority on 18 October 2019 to launch a capital increase.	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 €)
(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 21/05/2019 16 th resolution	from 21/05/2019 to 21/07/2021		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 the share capital per year	AGM 21/05/2019 17 th resolution	from 21/05/2019 to 21/07/2021		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 21/05/2019 18 th resolution	from 21/05/2019 to 21/07/2021		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 21/05/2019 19 th resolution	from 21/05/2019 to 21/07/2021		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 21/05/2019 20 th resolution	from 21/05/2019 to 21/07/2021		Up to €20 million, this amount being deducted from the overall ceiling set out in (1)

Issues without preferential subscription rights (continued)

Shares involved	Source (Resolution No.)	Duration of the authorisation and expiry	Use of the authorisation	Maximum nominal amount of capital increase (in €)
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 21/05/2019 21 st resolution	18 months from 21/05/2019 to 21/11/2020		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 21/05/2019 23 rd resolution	from 21/05/2019 to 21/07/2021		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 14 th resolution	38 months from 20/06/2018 to 20/08/2021	The Board of Directors made use of this authority on 7 March and 10 July 2019 for 0.21% of the share capital.	Up to 10% of the share capital
Share subscription or purchase options in favour of Company employees or of certain categories thereof.	AGM 21/05/2019 24 th resolution			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 €)
Capital reduction by cancelling treasury shares	AGM 21/05/2019 25 th resolution	from 21/05/2019 to 21/07/2021		Up to 10% of the shares in the Company's share capital for a period of 24 months

Furthermore, it is recalled that the 13th resolution of the General Meeting of 21 May 2019 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, subject to a maximum of 10% of the share capital on that date.

APPENDIX 3 – SUMMARY TABLE OF CORPORATE INFORMATION ABOUT SA FREY SUBSIDIARIES

Position at 31 December 2019

Company	SIRET	Registered office Address	Last reporting date
SAS Chanteloup 01	495 260 952 00025	Bezannes	31/12/2019
SAS Chanteloup 02	495 271 140 00032	Bezannes	31/12/2019
SASU Ecoparc Aménagement	828 134 262 00017	Bezannes	31/12/2019
SASU F. Events	800 496 374 00011	Bezannes	31/12/2019
SASU FREY Aménagement et Promotion	500 202 049 00028	Bezannes	31/12/2019
SCI FREY Murs 01	794 375 758 00016	Bezannes	31/12/2019
SASU FREY Murs 02	813 822 640 00013	Bezannes	31/12/2019
SASU FRP III	518 311 337 00027	Bezannes	31/12/2019
SCI IF Allondon	790 403 372 00010	Bezannes	31/12/2019
SNC IF Bener	518 272 075 00020	Bezannes	31/12/2019
SNC IF Bezannes	512 278 334 00028	Bezannes	31/12/2019
SNC IF Chêne Vert	502 925 084 00043	Bezannes	31/12/2019
SAS IF Clos du Chêne	533 187 316 0013	Bezannes	31/12/2019
SCI IF Ecopole	807 934 997 00014	Bezannes	31/12/2019
SNC IF Gestion & Transactions	494 334 477 00028	Bezannes	31/12/2019
SNC IF Plein Est	533 350 658 00019	Bezannes	31/12/2019
SNC IF Plein Ouest	533 140 646 00019	Bezannes	31/12/2019
SNC IF Plein Sud	512 278 409 00028	Bezannes	31/12/2019
SNC IF Saint Parres	520 914 581 00027	Bezannes	31/12/2019
SCI IF Valentine	790 402 242 00016	Bezannes	31/12/2019
SCI IF ZCN Investissement	81,041,888,900,012	Bezannes	31/12/2019
SAS La Plaine	823 261 185 00016	Bezannes	31/12/2019
SCI Les Sablons	819 843 368 00013	Bezannes	31/12/2019
SCI Massonex	508 376 787 00018	Bezannes	31/12/2019
SCI PAI 01	520 281 957 00024	Bezannes	31/12/2019
SCI PAI 02	522 765 502 00029	Bezannes	31/12/2019
SNC Retail Prodev	820 821 908 00010	Bezannes	31/12/2019
SCI Seclin 01	382 460 707 00021	Bezannes	31/12/2019
SARL Vensud	328 580 196 00033	Bezannes	31/12/2019
SAS ZCN Aménagement	800 827 842 00017	Bezannes	31/12/2019
SAS Citizers By FREY	847 878 683 00014	Bezannes	31/12/2019
FREY Durango	Company under Spanish law	Barcelona	31/12/2019
FREY Invest	Company under Spanish law	Barcelona	31/12/2019
Parla Natura	Company under Spanish law	Barcelona	31/12/2019
Santa Margarida	Company under Spanish law	Barcelona	31/12/2019
Parc Vallès	Company under Spanish law	Barcelona	31/12/2019
FREYProp	Company under Portuguese law	Lisbon	31/12/2019
Albufeira Retail Park	Company under Portuguese law	Lisbon	31/12/2019
Algarve Shopping	Company under Portuguese law	Lisbon	31/12/2019

FC: Fully consolidated.

EA: Equity-accounting of joint ventures (associates).

% share capital held by FREY	Consolidation method	Net book value of securities	Revenue (excl. tax) (100%)	Equity (100%)	Net profit for last financial year (100%)
100%	FC	€2,255,400	€851,947	€210,822	€166,827
100%	FC	€4,326,000	€2,169,308	-€8,912	€294,851
100%	FC	€10,000	€0	-€41,753	-€20,609
100%	FC	€150,000	€2,000,187	€795,432	€1,209,418
100%	FC	€3,757,500	€4,402,548	-€5,093,364	€731,416
100%	FC	€10,000	€0	-€267,741	-€277,741
100%	FC	€10,000	€0	-€33,201	€8,863
100%	FC	€28,038,177	€2,945,007	-€8,162,274	€581,459
100%	FC	€10,000	€0	-€56,540	-€66,540
100%	FC	€10,000	€0	€4,440	-€5,559
100%	FC	€10,000	€382,428	€27,515	€17,515
100%	FC	€40,205	€3,179,080	€183,247	€173,247
100%	FC	€16,252,450	€58,110	€9,642,806	€943,553
100%	FC	€500,000	€0	€217,379	-€282,620
100%	FC	€13,750	€5,887,551	-€576,352	-€586,352
100%	FC	€10,000	€2,735,421	€924,735	€914,735
100%	FC	€10,000	€771,236	€216,257	€206,257
100%	FC	€10,000	€2,566,822	€1,224,368	€1,214,368
100%	FC	€10,000	€0	-€83,103	-€212,036
100%	FC	€10,000	€0	-€101,640	-€111,640
100%	FC	€10,000	€326,783	-€453,655	-€463,655
100%	FC	€10,000	€2,235,453	-€854,847	-€468,855
100%	FC	€10,000	€0	-€369,121	-€379,121
100%	FC	€267,195	€0	-€22,679	-€16,531
100%	FC	€5,001	€62,258	-€225,115	€46,369
100%	FC	€6,523,688	€2,260,488	-€3,753,302	-€755,817
100%	FC	€10,000	€13,500,414	€1,888,435	€1,878,435
100%	FC	€4,050,537	€0	€16,520,725	€210,601
100%	FC	€2,214,303	€180,200	€461,818	€108,648
100%	FC	€49,500	€35,897,318	-€798,577	-€434,068
100%	FC	€10	€741,022	-€61,154	-€66,154
100%	FC	€3,000	€0	€37,2558	-€5,813
100%	FC	€100,000	€0	-€3,792,598	€868,150
100%	FC	€3,156,056	€0	-€828,297	-€29,440
100%	FC	€20,341	€1,427,266	€13,974	€0
100%	FC	€26,020,102	€6,278,252	€8,186,172	€1,822,476
70%	FC	€1,400,000	€0	€4,913,200	€2,913,200
70%	FC	€14,766,470	€747,317	€15,208,165	€484,044
70%	FC	€88,792,099	€4,967,286	€80,730,910	€2,799,314

Company	SIRET	Registered office Address	Last reporting date
Imoconti	Company under Portuguese law	Lisbon	31/12/2019
Project Guia	Company under Portuguese law	Lisbon	31/12/2019
SCI L'Agenaise d'Investissement	750 095 143 00012	Bezannes	31/12/2019
SCI Sopic FREY	517 826 111 00026	Bezannes	31/12/2019
SCCV AAP	515 348 746 00022	Bezannes	31/12/2019
SCI Tervilloise d'Investissement	818 725 392 00018	Bezannes	31/12/2019
SCI BONNEUIL RETAIL PARK	821 629 607 00010	Bezannes	31/12/2019
SAS FRF 1	538 460 650 00012	Bezannes	31/12/2019
SCI FRF 2	538 486 143 00018	Bezannes	31/12/2019
SCI FRF 2 - La Francheville	539 695 783 00016	Bezannes	31/12/2019
SCI FRF 2 - Torcy	539 682 930 00018	Bezannes	31/12/2019
SCI FRF 2 - Torcy II	513 302 703 00022	Bezannes	31/12/2019
SCI FRF 2 - Brest Saint Dié	539 681 270 00010	Bezannes	31/12/2019
SCI FRF 2 - Le Pontet	751 194 861 00017	Bezannes	31/12/2019
SCI FRF 2 - Seclin	788 846 350 00015	Bezannes	31/12/2019
SCI FRF 2 - Narbonne	485 096 705 00036	Bezannes	31/12/2019
SNC IF Cormontreuil 01	508 928 314 00022	Bezannes	31/12/2019
SCI Zone A	488 512 286 00029	Bezannes	31/12/2019
SCI FRF2 - Belfort	794 430 454 00015	Bezannes	31/12/2019
SCI FRF2 Khepri 1	800 283 236 00019	Bezannes	31/12/2019
SCI FRF2 Chantepie	800 283 285 00016	Bezannes	31/12/2019
SCI FRF2 APOLLO	812 955 680 00010	Bezannes	31/12/2019
SCI PI	803 896 661 00011	Bezannes	31/12/2019
SC FREY RETAIL VILLEBON	817 676 240 00010	Bezannes	31/12/2019

FC: Fully consolidated.

EA: Equity-accounting of joint ventures (associates).

% share capital held by FREY	Consolidation method	Net book value of securities	Revenue (excl. tax) (100%)	Equity (100%)	Net profit for last financial year (100%)
70%	FC	€17,036,465	€556,835	€1,252,332	€79,136
70%	FC	€1,461,767	€0	€1,005,794	-€8,452
50%	EA	€3,000	€2,149,290	-€5,454,233	-€839,616
50%	EA	€154,336	€533,661	€20,509,147	€20,264,807
50%	EA	€50,000	€0	€90,841	-€9,159
50%	EA	€5,000	€542,216	€632,117	€698,582
50%	EA	€5,000	€1,011,522	€345,106	€335,106
66%	EA	€1,583,961	€279,991	€1,894,159	€127,679
24%	EA	€19,358,742	€0	€84,123,232	€16,686,901
24%	EA	€6,000	€1,200,670	€7,392,313	€7,386,313
24%	EA	€6,000	€1,874,550	€809,071	€721,734
24%	EA	€2,346,000	€126,319	€100,961	€90,961
24%	EA	€6,000	€0	-€7,153	-€13,153
24%	EA	€6,000	€846,487	€432,380	€426,380
24%	EA	€6,000	€282,047	€1,680,583	€1,674,583
24%	EA	€2,123,325	€0	-€1,542	-€2,542
24%	EA	€7,858,770	€1,444,658	€638,960	€628,960
24%	EA	€4,007,253	€1,569,273	€979,740	€879,740
24%	EA	€6,000	€0	-€5,790	-€11,790
24%	EA	€6,000	€994,551	€1,712,644	€1,706,644
24%	EA	€6,000	€144,942	€1,301,454	€1,295,454
24%	EA	€6,000	€7,602,403	€1,573,595	€1,567,595
50%	EA	€5,000	€482,819	€117,196	€107,196
5%	EA	€1,846,005	€9,293,634	€39,712,459	€22,792,354

APPENDIX 4 – PAYMENT TERMS IN EFFECT ON 31 DECEMBER 2019

Article D. 441 I. -1 of the French Commercial Code:
Invoices received that were past due but not settled on the reporting date

	0 day (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	35					13
Total amount of invoices in questions including VAT	€892,171	€0.00	€398,080	-€20,346	€43,641	€421,374
Percentage of total purchases for the financial year including VAT*	1.03%	0.00%	0.46%	-0.02%	0.05%	0.48%
Percentage of revenue for the financial year including VAT						
(B) Invoices excluded from (A) relating to disputed payables and receivables or unrecognised						
Number of invoices excluded	0	0	0	0	0	0
Total amount of invoices excluded including VAT	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00
(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	<ul style="list-style-type: none"> • Statutory time-limits: 30 days end-of-month 					

Article D. 441 I. - 2 of the French Commercial Code:
Invoices issued that were past due but not settled on the reporting date

0 day (illustrative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
64					107
€525,830	-€103,700	€315,485	€46,800	€1,227,467	€1,486,053
3.23%	-0.64%	1.94%	0.29%	7.54%	9.13%
0	0	0	0	53	53
€0.00	€0.00	€0.00	€0.00	€599,517.38	€599,517.38

- Statutory time-limits: Cash



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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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2.1 FINANCIAL INFORMATION REGARDING THE ASSETS, FINANCIAL POSITION AND RESULTS OF FREY GROUP

2.1.1 CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2019

(In €K)	Note	31/12/2019 12 months	% revenue	31/12/2018 12 months	% revenue
REVENUE	5.1.1.	69,348	100%	56,682	100%
PURCHASES CONSUMED	5.1.3	-29,358	-42%	-28,197	-50%
Employee costs	5.1.4	-8,784		-8,773	
Other income	5.1.5	23,826		953	
Other expenses	5.1.5	-22,915		-434	
Taxes and similar payments	5.1.6	-1,640		-1,114	
Allocations to and write-backs of depreciation, amortisation and write-downs	5.1.7	-1,431		-867	
PROFIT FROM RECURRING OPERATIONS		29,046	42%	18,250	32%
Other operating income	5.1.8	1,572		-	
Other operating expenses	5.1.8	-4,261		-918	
Value adjustments of investment property	5.2.3	50,088		35,740	
OPERATING PROFIT/(LOSS)		76,445	110%	53,072	94%
Share of net profit/(loss) of associates	5.2.4	8,717		7,149	
OPERATING PROFIT AFTER SHARE OF NET PROFIT/(LOSS) OF ASSOCIATES		85,162	123%	60,221	106%
Net cost of debt	5.1.9	-10,364		-9,295	
<i>of which financial income</i>		360		612	
<i>of which financial expenses</i>		-10,724		-9,907	
Other financial income and expenses	5.1.9	-5,281		-3,082	
PROFIT/(LOSS) BEFORE TAX		69,517	100%	47,844	84%
Income tax	5.1.10	-10,417		-2,750	
NET PROFIT/(LOSS) OF CONSOLIDATED COMPANIES		59,100	85%	45,094	80%
NET PROFIT/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		-9,386		2	
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		49,714	72%	45,096	80%
Earnings per share	5.1.11	2.57		2.90	
Diluted earnings per share	5.1.11	2.57		2.73	

2.1.2 NET CONSOLIDATED COMPREHENSIVE INCOME STATEMENT AT 31 DECEMBER 2019

<i>(In €K)</i>	Note	31/12/2019 12 months	31/12/2018 12 months
NET PROFIT OF CONSOLIDATED COMPANIES		59,100	45,094
GAINS AND LOSSES TAKEN DIRECTLY TO EQUITY			
Change in fair value of hedge instruments		-	-
Impact of deferred tax on hedge instruments		-	-
Sub-total of comprehensive income recyclable through profit or loss		-	-
Actuarial gains and losses on pension commitments net of tax		6	16
Sub-total of comprehensive income not recyclable through profit or loss		6	16
TOTAL GAINS AND LOSSES TAKEN DIRECTLY TO EQUITY	1.5	6	16
COMPREHENSIVE INCOME		59,106	45,112
Comprehensive income attributable to owners of the Company		49,720	45,114
Comprehensive income attributable to non-controlling interests		9,386	-2

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2.1.3 CONSOLIDATED FINANCIAL POSITION AT 31 DECEMBER 2019

Assets

<i>(In €K)</i>	Note	31/12/2019	31/12/2018
Goodwill	2.3	11,110	-
Intangible assets	5.2.1	374	493
Property, plant and equipment	5.2.2	9,728	7,858
Investment property	5.2.3	1,094,110	746,182
Investments in associates	5.2.4	57,511	54,176
Other non-current assets	5.2.5	11,106	9,391
Deferred tax assets	5.2.12	545	653
TOTAL NON-CURRENT ASSETS		1,184,484	818,753
Inventories and work-in-progress	5.2.6	44,666	25,107
Trade receivables	5.3.2	10,087	31,074
Other current assets	5.2.8	38,821	33,997
Current financial assets		-	-
Cash and cash equivalents	5.2.9	97,451	78,017
TOTAL CURRENT ASSETS		191,025	168,195
Assets held for sale		-	-
TOTAL ASSETS		1,375,509	986,948

Liabilities

<i>(In €K)</i>	Note	31/12/2019	31/12/2018
Equity		60,562	47,104
Reserves & share premiums	2.1.2	667,644	508,330
Retained earnings		49,714	45,096
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1.5	777,920	600,530
Non-controlling interests	1.5	11,294	-4
TOTAL EQUITY	1.5	789,214	600,526
Provisions for liabilities and charges	5.2.13	710	641
Non-current financial derivative liabilities	3.13	-	10,891
Non-current financial liabilities	5.2.10	428,011	279,993
Deferred tax liabilities	5.2.12	15,169	6,381
Other non-current liabilities	2.3	10,966	1,151
TOTAL NON-CURRENT LIABILITIES		454,856	299,057
Trade payables		12,397	9,591
Other current liabilities	5.2.14	95,027	29,592
Current financial derivative liabilities	3.13	4,579	3,615
Current financial liabilities	5.2.15	19,436	44,567
TOTAL CURRENT LIABILITIES		131,439	87,365
Liabilities related to a group of assets held for sale		-	-
TOTAL LIABILITIES		1,375,509	986,948

2.1.4 STATEMENT OF CASH FLOWS

(In €K)	Note	31/12/2019 12 months	31/12/2018 12 months
<i>Cash flow from operating activities</i>			
Net profit of consolidated companies		59,100	45,094
<i>Derecognition of income and expenses with no impact on cash or not from operations</i>			
• Amortisation, depreciation & provisions		703	743
• Cost of financial debt	5.1.9	9,817	9,821
• Other financial income and expenses	5.1.9	4,318	
• Change in taxes	5.1.10	10,417	2,750
• Change in fair value of investment property	5.2.3	-50,088	-35,740
• Change in fair value of financial instruments	5.1.9	963	3,100
• Capital gains and losses on disposals		145	177
• Share of net profit from associates	5.2.4	-8,717	-7,149
• Acquisition costs on equity securities		1,281	723
• Other non-cash income and expenses		-	-
CASH FLOW OF CONSOLIDATED COMPANIES		27,939	19,519
Dividends received from associates		4,385	3,312
Tax paid		-2,625	-647
Change in working capital requirement related to operating activities	5.3.2	-1,032	-31,551
CASH FLOW GENERATED FROM OPERATING ACTIVITIES (1)		28,667	-9,367
<i>Cash flow from investment activities</i>			
Acquisition of fixed assets and investment property	5.3.3	-117,604	-60,510
Change in loans, advances and other financial assets		-23,008	2,420
Disposal of fixed assets	5.2.1-3	22,914	-
Change in other investments		-	-
Impact of changes in consolidation scope	5.3.4	-98,942	-25,329
CASH FLOW FROM INVESTMENT ACTIVITIES (2)		-216,640	-83,419
<i>Cash flow from financing activities</i>			
Dividends paid to shareholders of the parent company	2.1.1	-23,773	-12,088
Dividends paid to minority shareholders of consolidated entities		-	-
Increases and decreases in share capital	1.5-2.1.2	160,074	201,086
Disposal (acquisition) net of treasury shares		-11,006	-196
Amounts paid on a change in holdings without loss of control		-	-
Increase in borrowings	5.2.10-15	433,431	148,000
Repayment of borrowings (including finance leases)	5.2.10-15	-327,657	-225,040
Repayment of lease liabilities	5.2.10-15	-901	
Interest paid (including on lease obligations)		-22,784	-10,844
Change in other financing		-	-
CASH FLOW FROM FINANCING ACTIVITIES (3)		207,384	100,918
CHANGE IN CASH FLOW (1 + 2 + 3)		19,410	8,132
<i>Cash and cash equivalents – opening balance</i>	5.3.1	77,924	69,792
<i>Cash and cash equivalents – closing balance</i>	5.3.1	97,334	77,924
CHANGE IN CASH		19,410	8,132

2.1.5 CHANGE IN SHAREHOLDERS' EQUITY

(In €K)	Equity	Share premiums	Reserves and retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
TOTAL AS AT 31 DECEMBER 2017	30,282	127,410	209,145	366,837	-1	366,836
Net profit/(loss) 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
Treasury shares			-189	-189		-189
Other			-194	-194	-1	-195
TOTAL AS AT 31 DECEMBER 2018	47,104	299,568	253,858	600,530	-4	600,526
Net profit/(loss) for the period			49,714	49,714	9,386	59,100
Dividends paid		-22,098		-22,098	-	-22,098
Capital increase	13,458	147,257		160,715	-	160,715
Treasury shares			-10,733	-10,733		-10,733
Changes in consolidation scope				-	1,912	1,912
Other			-208	-208		-208
TOTAL AS AT 31 DECEMBER 2019	60,562	424,727	292,631	777,920	11,294	789,214

2.2 MAJOR EVENTS DURING THE PERIOD

2.2.1 TRANSACTIONS INVOLVING GROUP SHAREHOLDERS

2.2.1.1 Dividends paid

The General Meeting of 21 May 2019 decided to pay a dividend of €1.20 per share on the 18,841,665 existing shares, *i.e.* a total dividend amount of €22.6 million, on the recommendation of the Board of Directors. Adjusting for treasury shares, the amount paid was €22.1 million.

2.2.1.2 Capital increase

On 4 December 2019, FREY carried out a capital increase for a gross amount of €161.5 million, by issuing 5,383,332 new shares. The share capital was thus increased to €60.6 million.

2.2.1.3 Liquidity (market-making) agreement and share buyback programme

The General Meeting of 21 May 2019 authorised the Board of Directors, with the option to sub-delegate under the conditions provided for by 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:

- provide liquidity and make 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 a Code of Ethics as 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 manner;
- retain or subsequently transfer shares (in exchange, consideration or other) as part of financial transactions or potential acquisitions, mergers, demergers or asset contribution transactions of the Company;
- reduce the share capital by cancelling the shares bought back;
- allocate 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; and/or
- implement any Company stock option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code.

This programme would also be intended to enable the Company to operate for any other purpose currently permitted or permitted in future under applicable law or regulations, and in particular to implement any market practice that may be accepted by the AMF.

Accordingly, the shares may be purchased, held and, where applicable, exchanged or transferred, *via* any means, on- or off-market, and in accordance with the applicable stock market regulations, using, where appropriate, any derivatives or options traded on regulated markets or over the counter.

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 €94.2 million;
- implementation for a period of 18 months from the date of the General Meeting.

At 31 December 2019, the Company held 430,969 own shares, or 1.78% of its share capital at that date, divided between the following two contracts:

- 2,490 shares held under the liquidity agreement signed on 3 March 2017 for market-making purposes;
- 428,479 shares held under the buyback agreement to achieve the other objectives authorised by the Board of Directors.

2.2.2 FINANCING

2.2.2.1 Signing of corporate lines

On 25 July 2019, FREY took out a €100 million loan for an initial six-year period, with an extension option.

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, improve FREY's financial flexibility and strengthen the Group's strong relations with its banking partners.

2.2.2.2 OPIRNANE

In November 2019, FREY bought back and cancelled 1,519,264 OPIRNANE bonds, *i.e.* all of the bonds in issue before cancellation, for a unit value of €27.08.

At 31 December 2019, there are no more bonds in circulation.

2.2.3 CHANGES IN CONSOLIDATION SCOPE

Increase in consolidation scope

- On 1 February 2019, the company CITIZERS BY FREY was established. Its purpose is to perform and provide services, studies, consultancy and assistance of any type including in the areas of business, property and real estate or other development strategy; devising and implementing corporate communication and organisation strategies, as well as organising events or promotional and advertising campaigns; setting up partnerships and introducing operators and investors to potential prospects.

This company, in which FREY Aménagement et Promotion owns a 99% interest, and FREY a 1% interest, is fully consolidated.

- On 19 July, the Portuguese Company, FREYPROP, UNIPESOAL LDA was established and is wholly-owned by SA FREY.

On 31 July, this Portuguese company acquired 100% of the shares in the four companies: ALGARVESHOPPING CENTRO COMMERCIAL SA, IMOCONTI SA, PROJECT GUIA SA and ALBUFEIRA RETAIL PARK LDA.

In terms of the treatment of the business combination under IFRS 3, since the transaction took place in July 2019, the net book values at 31 July 2019 and the fair value of assets and liabilities as shown in the deed of sale (price based on equity excluding deferred tax liabilities) were used resulting in an estimated valuation difference allocated to investment property (€1.1 million net of tax) and the cancellation of deferred tax liabilities (€27.1 million) related to previous revaluations in the parent company financial statements that are no longer applicable with the prospect of the sale of securities of legal structures rather than disposal of assets. Given the total acquisition price of €122.1 million (earn-out payment included), negative goodwill of €1.0 million was immediately recorded as a loss under the item "Other operating income" in the income statement. However, the Group is still within the price allocation period at 31 December 2019.

Pro forma information was presented in Note 7 in accordance with AMF Recommendation 2013-08 and updated on 21 July 2019.

On 9 December, 30% of shares in the company FREYPROP, UNIPESOAL LDA were sold for €0.6 million. However, this partnership does not affect the consolidation method, since these five companies remain fully consolidated. Furthermore, gains on the disposal are negligible.

- On 29 July, 70% of the shares of the Spanish company Eurofund Parc Lleida SL were acquired by FREY Invest SLU at the price of €3 million.

This wholly-owned partnership is subject to a potential earn-out payment, calculated on the basis of the return on investment upon delivery of the property. As such, in accordance with the provisions of IFRS 3, this potential earn-out payment has been recognised and resulted in recording goodwill of €11.0 million in the 2019 financial statements. However, the Group is still within the price allocation period at 31 December 2019.

Change in percentage interest

- On 13 December 2019, FREY bought 578,968 shares in SAS FRF1, taking its stake from 33.33% to 66.67%. Since the shareholders' agreement remains unchanged, the Company is still accounted for using the equity method.
- On 12 June 2019, the company FREY Aménagement et Promotion bought 50 shares in ZCN AMÉNAGEMENT, taking its stake from 99% to 100%.

2.2.4 PROJECTS AND DEVELOPMENT

In the course of 2019, the Group delivered two projects representing a surface area of around 38,300 m², of which 29,000 m² is to be retained as managed assets: the projects of Arles (13) and Cesson Woodshop (77).

At 31 December 2019, three projects were under construction for scheduled deliveries in 2020:

- Shopping Promenade® Claye-Souilly (77);
- Shopping Promenade® Cœur Alsace in Strasbourg-Vendenheim (67);
- Cesson Woodshop restoration lots (77).

These assets represent a surface area of around 111,400 m², of which around 97,700 m² will be conserved as managed assets.

2.3 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 outdoor shopping centres for over 35 years. Planner, developer, investor and manager, FREY is a property investment company specialising in major urban renewal projects as well as developing and managing outdoor shopping centres. Its Shopping Promenade, outdoor shopping areas, offer a comprehensive range of services, combining shopping and leisure activities to create an "enhanced experience" for the whole family. Through its unique expertise, FREY has become a French leader renowned in this resilient category of assets in this deep market (creation, extension and renovation) and perfectly aligned with the expectations of consumers, retailers and local authorities. Another key pillar of FREY's expertise: the large mixed-use urban developments it is working on with the support of its dedicated subsidiary, CITIZERS. It is listed in Compartment B of the Euronext Paris stock exchange.

2.3.1 ACCOUNTING FRAMEWORK

The accounting principles and methods used to prepare the consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union and in force at 31 December 2019 and are the same as those used to present the consolidated annual financial statements for the year ended 31 December 2018, except for the entry into force of IFRS 16 adopted by the European Union on 31 October 2017, which is mandatory for financial years beginning 1 January 2019. The impact on FREY Group is presented below.

IFRS 16 "Leases"

This new standard, application of which is mandatory from 1 January 2019, replaces IAS 17 and related interpretations. It abandons the previous distinction between finance leases and operating leases. It results in a right-of-use for the leased asset and a lease liability in respect of the rent payment obligation for all contracts that fall under the definition of a lease being recorded on the statement of financial position of the lessees for the term of the lease.

As part of the transition on 1 January 2019, the Group implemented IFRS 16, applying the following provisions:

Transitional measures at 1 January 2019

- Option for the modified retrospective approach, the effects of the transition are included as equity at the start of the financial year with no restatement of comparative periods;
- Contracts that had not been previously identified as containing a lease, under IAS 17 and IFRIC 4 are not accounted for;
- The lease liability corresponds to the current value of future outstanding rental payments due over the term of the lease and the term of which is determined by the management;
- The right-of-use is equal to the lease liability adjusted for rent paid upfront or to be paid;
- Exclusion of initial direct costs of the appraisal of the right-of-use.

Permanent exemption measure

- Exclusion of contracts with a remaining term of 12 months or less and contracts relating to an asset of less than \$5,000.

As lessee, the main impacts of IFRS 16 for the Group are:

- recognition of a right-of-use depreciated under Property, plant and equipment to offset a lease liability in respect of operating leases. The main impact of this standard is due to the lease of offices in Paris. Vehicle fleets and land are also restated. The right-of-use and lease liability for these have been classified as assets on the statement of financial position under the aggregate "Property, plant and equipment" and as liabilities under "Financial liabilities" respectively (5.2.10-15). The discount rate used is the Group's average debt rate at 31 December 2018, *i.e.* 1.95%;
- restatement of a redeemable right-of-use recorded under Property, plant and equipment to offset a previously recognised lease liability under IAS 17 and recognised as a financial liability;
- investment properties under finance leases continue to be recognised as investment properties on the statement of financial position. These are now identified as rights-of-use. The lease liability already recognised under IAS 17 continues to be recognised as a financial liability;

- the impact on the statement of financial position:

(In €K)	Note	31/12/2018 published	IFRS 16 impacts	01/01/2019
Relevant item under assets				
Property, plant and equipment	5.2.2	7,858	3,645	11,503
<i>Of which right-of-use – finance lease*</i>				3,308
<i>Of which right-of-use – operating lease</i>			3,645	3,645
Investment property	5.2.3	746,182		746,182
<i>Of which right-of-use – finance lease*</i>				91,700
Relevant item under liabilities				
Equity		600,526	-334	600,192
Non-current financial liabilities	5.2.10	279,993	3,079	283,072
Current financial liabilities	5.2.15	44,567	901	45,468

* Reclassification therefore no impact on statement of financial position.

The reconciliation of off-statement of financial position commitments at 31 December 2018, recognised in accordance with IAS 17, with IFRS 16 lease liabilities, is presented in the table below:

Estimated undiscounted lease liabilities under IFRS 16 at 31 December 2018	€4,207 thousand
Impact of discounting	-€227 thousand
Right-of-use liabilities at 1 January 2019	€3,980 thousand

On the income statement, rents previously recognised as operating profit are now replaced by an allocation to depreciation of the right-of-use of €788 thousand and a financial expense of €30 thousand at 31 December 2019.

In the cash flow statement, the application of IFRS 16 affects financing flows for the repayment of the principal of the lease liability and cash flows for the payment of interest on this.

On the lessor side, IFRS 16 results in no changes to the statement of financial position.

Moreover, in terms of the income statement, rebilled rental expenses and underlying rental expenses are now recognised under "Revenue" and "Purchases consumed" respectively.

2.3.2 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.

2.3.3 SCOPE AND METHOD OF CONSOLIDATION

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 operation 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 the 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.

2.3.4 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-statement of financial position 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" item in consolidated statement of financial position assets; in the event that the difference is negative, it is immediately recorded in profit or loss under other operating income.

2.3.5 CONVERSION OF FINANCIAL STATEMENTS EXPRESSED IN FOREIGN CURRENCY

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.

2.3.6 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.

2.3.7 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:

• Building structures	35 years
• Façades	25 years
• General facilities	20 years
• Technical facilities	4 to 10 years
• Fixtures and equipment	4 to 10 years

Depreciated buildings do not form part of asset management activities and are not regarded as investment property.

2.3.8 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 the appraisal under normal supply and demand conditions.

The market value is determined as follows:

- for 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 statement of financial position method);
- for properties under construction, using the Discounted Cash Flow method which involves determining the market value of a property by discounting provisional cash flow that it is likely to generate over a given time-frame, whilst taking into account any works-related spending;

- for 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
- for completed buildings, by capitalising the net income depending on the yields observed on the market (capitalisation method) and by the Discounted Cash Flow method.

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.

2.3.9 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.

2.3.10 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 under current financial liabilities.

2.3.11 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.

2.3.12 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 are affected in the financial statements at 31 December 2019. (see 5.2.3 Investment Property).

2.3.13 DERIVATIVE FINANCIAL INSTRUMENTS

The measurement and recognition of financial instruments and disclosure are determined by IAS 32, IFRS 9, 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.

Hybrid financial instruments

In November and December 2012, FREY issued property performance bonds redeemable in cash and/or new or existing shares (OPIRNANE).

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 (in €m)	30.00
Issue/conversion price (in €)	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.

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 an arm's length 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 2019 had a value of -€4.6 million (excluding accrued interest), compared with -€3.6 million at 31 December 2018.

The impact of the change in fair value was recognised in profit or loss for a negative amount of €1 million, excluding deferred tax.

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.

In November 2019, FREY bought back and cancelled 1,519,264 OPIRNANE bonds, i.e. all of the bonds in issue before cancellation, for a unit value of €27.08.

At 31 December 2019, there are no more bonds in circulation.

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):

(In €K)	Classification	31/12/2019	31/12/2018
ASSETS			
Goodwill	D	11,110	-
Intangible assets	C	374	493
Property, plant and equipment	C	9,728	7,858
Investment property	B/D	1,094,110	746,182
Other non-current assets	D	11,106	9,391
Inventories and work-in-progress	D	44,666	25,107
Trade receivables	D	10,087	31,074
Other current assets	D	38,821	33,997
Derivative financial instruments	E	-	-
Cash and cash equivalents	B	97,451	78,017
Assets held for sale	A	-	-
LIABILITIES			
Non-current derivative financial instruments (interest rate)	E	-	-
Non-current derivative financial instruments (borrowings)	B	-	10,891
Non-current financial liabilities	B/C	428,011	279,993
Deferred tax liabilities	D	15,169	6,381
Other non-current liabilities	D	10,966	1,151
Trade payables	D	12,397	9,591
Other current liabilities	D	95,027	29,592
Current derivative financial instruments	E	4,579	3,615
Current financial liabilities	B/C	19,436	44,567
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 (in €K)	Classification	31/12/2019	31/12/2018
Investment property	Level 3	1,094,110	746,182
Marketable securities	Level 1	242	61
TOTAL		1,094,352	746,243

Financial liabilities measured at fair value (in €K)	Classification	31/12/2019	31/12/2018
Non-current liability derivatives (hedge instruments)	Level 2	-	-
Convertible bond derivatives (OPIRNANE)	Level 2	-	10,891
Current liability derivatives (trading instruments)	Level 2	4,579	3,615
TOTAL		4,579	14,506

Management of financial risks

Foreign exchange risk

All revenue is 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 €384.3 million at 31 December 2019, compared with

financial debt of €259.1 million at 31 December 2018, 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 91.3% at 31 December 2019 compared with 98.2% at 31 December 2018.

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 2019

(In €K)	-100 pts	-50 pts	E3M	+50 pts	+100 pts
Net cost of debt	-7,839	-9,049	-10,364	-11,462	-11,656
Impacts	2,525	1,315	-	1,098	-1,292

Sensitivity of investment property to the capitalisation rate

The average capitalisation rate used by independent experts in the valuation of investment property was 5.96% compared with 5.85% for the year ended 31 December 2018, 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 2019

(In €K)	-100 pts	-50 pts	5,96%	+50 pts	+100 pts
Investment property valuation	1,326,895	1,199,412	1,094,110	1,004,994	929,112
Valuation differential	232,785	105,302	-	-89,116	-164,998

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 2019.

The ratios are follows:

DSCR

Relevant debt	€45.9m
Required ratios	> 120%
Ratios at 31/12/2019	367% - 376%

LTV

Relevant debt	€26.7m	€19.3m
Required ratios	<60.0%	< 65.0%
Ratios at 31/12/2019	46.9%	34.6%

ICR

Relevant debt	€45.9m
Required ratios	> 2,0
Ratios at 31/12/2019	7,0 - 8,0

Consolidated ratios	LTV	ICR	Collateralised debt
Relevant debt	€303.0m	€303.0m	€303.0m
Required ratios	<= 60.0%	>= 2	< 20.0%
Ratios at 31/12/2019	23.1%	4.9	6.7%

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.

2.3.14 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.

2.3.15 RECEIVABLES

Receivables are recorded at their nominal value. They are the subject of regular impairment tests, which enable any long-term losses identified to be expensed.

2.3.16 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.

2.3.17 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.

2.3.18 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 430,969 shares as part of the liquidity agreement and buyback agreement at 31 December 2019, *i.e.* with a value of €14.4 million on the basis of the most recent share price.

2.3.19 PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, provisions are recorded when, at the 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.

2.3.20 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.

2.3.21 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 upon retirement. 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;
- change in salaries 1.50%;
- employer contribution rate 40.00%;
- discount rate 0.62%.

2.3.22 INCOME RECOGNITION

Income relating to development is recognised in accordance with the percentage of completion method.

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.

2.3.23 LEASES

Under IFRS 16, a lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

At the commencement of the lease term, the lessee recognises rights-of-use 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* leases are depreciated according to the useful lives applied by the Group.

FREY Group's leases as a lessor

Rebilled rental expenses and underlying rental expenses are recognised under "Revenue" and "Purchases consumed" respectively.

FREY Group's leases as a lessee

Six property finance leases, including three relating to the joint ventures, were restated in the consolidated financial statements as at 31 December 2019.

In the case of operating leases, the main restatement relates to the leasing of the offices in Paris.

2.3.24 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.

2.3.25 ELIMINATION OF INTRA-GROUP TRANSACTIONS

All income and expenses, as well as reciprocal assets and liabilities, related to internal operations between fully consolidated entities are eliminated. The elimination 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 eliminated to the extent that they do not have to be written down.

2.3.26 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 and 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.

Information at 31 December 2019

<i>(In €K) - at 31 December 2018</i>	Property investment activity	Property development	Other	Total
Rental income from stabilised assets	39,906			39,906
Non-recoverable expenses on stabilised assets	-1,947			-1,947
NET RENTAL INCOME FROM STABILISED ASSETS	37,959			37,959
Rental income from unstabilised assets	3,657			3,657
Non-recoverable expenses on unstabilised assets	-169			-169
NET RENTAL INCOME FROM UNSTABILISED ASSETS	3,488			3,488
Sales		13,612		13,612
Purchase cost of goods sold		-11,538		-11,538
DEVELOPER'S PROFIT		2,074		2,074
OTHER REVENUE			2,284	2,284
GROSS PROFIT				45,805
External services				-5,815
Employee costs				-8,784
Other income and expenses				911
Taxes and similar payments				-1,640
Amortisation, depreciation and provisions				-1,431
PROFIT/(LOSS) FROM RECURRING OPERATIONS				29,046
Other operating income and expenses				-2,689
Value adjustments of investment property				50,088
OPERATING PROFIT/(LOSS)				76,445
Share of net profit (loss) of associates				8,717
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF ASSOCIATES				85,162
Net cost of debt				-10,364
Value adjustments of financial assets				-5,281
PROFIT/(LOSS) BEFORE TAX				69,517
Income tax				-10,417
NET PROFIT/(LOSS) OF CONSOLIDATED COMPANIES				59,100
Non-controlling interests				-9,386
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY				49,714

The Group's rental income increased by €10.7 million between December 2018 and December 2019, mainly due to the delivery of Z'aisne Shopping in Saint-Quentin (02), Shopping Promenade® Arles Montmajour (13) and Woodshop in Cesson (77), and the

acquisitions carried out in Spain in April 2018 (Parc Vallès - Barcelona) and Portugal in July 2019 (Algarve Shopping & Albufeira Retail Park).

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

ASSETS

<i>(In €K) - at 31 December 2018</i>	Property investment activity	Property development	Other	Total
Investment property	1,094,110	-	-	1,094,110
Investments in associates	57,465	46	-	57,511
Inventories and work-in-progress	-	44,666	-	44,666

LIABILITIES

<i>(In €K) - at 31 December 2018</i>	Property investment activity	Property development	Other	Total
Investments in associates	13	-	-	13
Non-current financial liabilities	382,658	184	45,169	428,011
Current financial liabilities	18,952	114	370	19,436

Information at 31 December 2018

<i>(In €K) - at 31 December 2018</i>	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
Employee costs				-8,773
Other income and expenses				519
Taxes and similar payments				-1,114
Amortisation, depreciation and provisions				-867
PROFIT/(LOSS) FROM RECURRING OPERATIONS				18,250
Other operating income and expenses				-918
Value adjustments of investment property				35,740
OPERATING PROFIT/(LOSS)				53,072
Share of net profit/(loss) of associates				7,149
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF ASSOCIATES				60,221
Net cost of debt				-9,295
Value adjustments of financial assets				-3,082
PROFIT/(LOSS) BEFORE TAX				47,844
Income tax				-2,750
NET PROFIT/(LOSS) OF CONSOLIDATED COMPANIES				45,094
Non-controlling interests				2
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY				45,096

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

ASSETS

<i>(In €K) - at 31 December 2018</i>	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

<i>(In €K) - at 31 December 2018</i>	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

2.3.27 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.

Following the redemption in full of the OPIRNANES in full in November 2019, there were no remaining dilutive instruments at 31 December 2019.

There were no other securities granting access to FREY's share capital.

2.4 CONSOLIDATION SCOPE

Entities included in consolidation scope	Consolidation method	31/12/2019		31/12/2018	
		% 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%
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 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 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 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%
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%

FC: Fully Consolidated **EA - JV:** Equity accounting of joint ventures.

* Given the governance rules defined by its associates, FREY Retail Villebon was consolidated by the equity method in the Group's consolidated financial statements.

Entities included in consolidation scope	Consolidation method	31/12/2019		31/12/2018	
		% interest	% control	% interest	% control
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. 794 375 758 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	100.00%	100.00%	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%
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%
Citizers By FREY SIRET No. 847 878 683 00014 1 rue René Cassin – 51430 Bezannes	FC	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%

FC: Fully Consolidated EA – JV: Equity accounting of joint ventures.

* Given the governance rules defined by its associates, FREY Retail Villebon was consolidated by the equity method in the Group's consolidated financial statements.

Entities included in consolidation scope	Consolidation method	31/12/2019		31/12/2018	
		% interest	% control	% interest	% control
FREY Durango Spain	FC	100.00%	100.00%	100.00%	100.00%
Parc Vallès Inversions Immobiliarias SLU Spain	FC	100.00%	100.00%	100.00%	100.00%
Sociedad Gestora Santa Margarida SLU Spain	FC	100.00%	100.00%	100.00%	100.00%
Eurofund Parc Lleida SL Spain	FC	70,00%	70,00%	-	-
FREYPROP, UNIPESOAL Lda Portugal	FC	70.00%	70.00%	-	-
Algarve Shopping - Centro Comercial, SA Portugal	FC	70.00%	70.00%	-	-
ALBRP Albufeira Retail Park, Lda Portugal	FC	70.00%	70.00%	-	-
Immoconti - Sociedade Imobiliária, SA Portugal	FC	70.00%	70.00%	-	-
Project Guia, SA Portugal	FC	70.00%	70.00%	-	-
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	66.67%	66.67%	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%
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%

FC: Fully Consolidated **EA - JV:** Equity accounting of joint ventures.

* Given the governance rules defined by its associates, FREY Retail Villebon was consolidated by the equity method in the Group's consolidated financial statements.

Entities included in consolidation scope	Consolidation method	31/12/2019		31/12/2018	
		% interest	% control	% interest	% control
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.

* Given the governance rules defined by its associates, FREY Retail Villebon was consolidated by the equity method in the Group's consolidated financial statements.

2.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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NOTE 1 | NOTES ON THE INCOME STATEMENT

1.1 Revenue

Breakdown of revenue by geographic region (in €K)	31/12/2019 12 months	31/12/2018 12 months
France	55,861	52,958
Spain	7,242	3,724
Portugal	6,245	-
TOTAL	69,348	56,682

Revenue at 31 December 2019 includes €9,888 thousand in rebilled rental expenses.

The increase in Spanish revenue was due to the acquisition of a company holding one asset in Terrassa, Barcelona, in April 2018 and its extension in March 2019.

The increase in revenue in Portugal was due to the acquisition of a group of companies holding two neighbouring assets, ALBUFEIRA RETAIL PARK and ALGARVE SHOPPING.

The change in revenue in France is explained in Section 3.26 above.

Revenue from variable rent accounts for 2.0% of consolidated revenue at 31 December 2019.

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 2019.

1.3 Purchases consumed

Details of purchases consumed (in €K)	31/12/2019 12 months	31/12/2018 12 months
Purchase cost of goods sold	11,538	17,366
Recoverable rental expenses*	9,888	-
Non-recoverable expenses on assets*	2,116	2,240
External services	5,816	8,591
PURCHASES CONSUMED	29,358	28,197

* See Note 3.1 for the change in presentation of rebilled rental expenses and rental expenses presented on separate lines since 2019.

The change in purchases consumed is due to a smaller number of development projects in 2019 than in 2018 as well as the application of IFRS 16.

1.4 Payroll expenses

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Salaries and wages	6,472	6,072
Employer contributions	2,312	2,701
TOTAL	8,784	8,773

Headcount - breakdown by category Headcount at year-end	31/12/2019 12 months	31/12/2018 12 months	Change
Employees	23	24	-1
Managers	68	61	7
TOTAL	91	85	6

* Includes permanent, fixed-term, and work-study contracts.

1.5 Other Income and Expenses

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Income from asset disposals*	22,914	-
Expenses related to asset disposals	-	-
Entry fees and compensation received	637	124
Other project-related income	199	375
Miscellaneous income from day-to-day operations	76	454
Book value of assets sold	-22,572	-7
Remuneration of directors	-86	-114
Other project expenses	-	-
Miscellaneous expenses for day-to-day operations	-257	-313
OTHER INCOME AND EXPENSES	911	519

* In 2019, two investment properties were sold for €22.9 million.

1.6 Taxes and duties

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Taxes and duties on salaries and wages	144	280
Other taxes and duties: Regional economic tax (CET), property taxes, housing management duties, etc.	1,496	834
TOTAL	1,640	1,114

1.7 Allocations to and write-backs of depreciation, amortisation and impairment

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Non-current assets	-1,563	-825
Inventories	276	222
Trade receivables	-144	-213
Provisions for liabilities and charges	-	-51
TOTAL	-1,431	-867

1.8 Other Operating income and expenses

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Expenses on discontinued projects	-1,156	-
Impact related to the consolidation scope*	-1,053	-723
Other operating income and expenses	-480	-195
TOTAL	-2,689	-918

* The changes in scope in 2018 resulted from the acquisition of the shares of two Spanish companies: Parc Vallès Inversions Immobiliarias and Sociedad Gestora Santa Margarida.

In 2019, changes in consolidation scope are mainly the result of:

- the acquisition of four Portuguese companies and the Spanish company Eurofund parc Lleida:
 - controlling interest: negative goodwill (+€1 million) and cost related to business combinations (-€2 million),
 - disposal of 30% without loss of control: disposal price of €0.6 million resulting in almost zero net profit; and
- the Spanish company Eurofund parc Lleida: acquisition cost (€0.1 million).

1.9 Cost of net debt and value adjustments of financial assets

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Interest expense	-7,345	-7,453
Interest expense on lease obligations - finance leases	-842	-928
Interest expense on lease obligations - leases	-30	-
Financial instrument expenses and income	-1,600	-1,440
Other financial income and expenses	-547	526
COST OF NET DEBT	-10,364	-9,295
Value adjustment of financial instruments (see 3.13)	-963	-3,100
<i>of which Interest rate derivatives</i>	-963	-817
<i>of which Convertible bond derivatives</i>	-	-2,283
Other financial income and expenses*	-4,318	18
OTHER FINANCIAL INCOME AND EXPENSES	-5,281	-3,082
TOTAL	-15,645	-12,377

* In 2019, other financial income and expenses are made up of the cash impact of the redemption of OPIRNANes of €13.0 million less the unwinding of the embedded derivative of €8.7 million.

1.10 Income tax

(In €K)	31/12/2019 12 months	31/12/2018 12 months
Consolidated pre-tax profit	69,517	47,844
• Share of net profit (loss) of associates	-8,717	-7,149
• Reclassification affecting income tax	-753	-554
OPERATING PROFIT BEFORE TAX AND SHARE OF NET PROFIT (LOSS) OF ASSOCIATES	60,047	40,141
Theoretical income tax rate	33.33%	33.33%
THEORETICAL INCOME TAX	20,015	13,380
Effect on theoretical income tax of:		
Impact of non-taxable sector	-11,127	-10,870
Permanent differences	85	-1,496
Non-capitalised losses	1,142	738
Deferred tax rate variance over the financial year	-5,057	-545
Other	4,606	989
Effective income tax rate	16.09%	5.47%
EFFECTIVE INCOME TAX	9,664	2,196
+ Reclassification affecting income tax	753	554
EFFECTIVE INCOME TAX	10,417	2,750

<i>(In €K)</i>	31/12/2019 12 months	31/12/2018 12 months
Tax payable	1,761	1,122
Deferred tax	8,656	1,628
TOTAL	10,417	2,750

In this breakdown, a “-” sign means tax income, while a “+” sign means a tax charge.

1.11 Earnings per share

<i>(In €K)</i>	31/12/2019 12 months	31/12/2018 12 months
Net profit attributable to owners of the Company	49,714	45,096
Potential dilutive impact of OPIRNANE bonds	-	1,535
Diluted net profit attributable to owners of the Company	49,714	46,631
Number of ordinary shares outstanding at year-end	24,224,997	18,841,665
Average number of shares taken into account before dilutive impact	19,357,875	15,560,045
Potential dilutive impact of OPIRNANE bonds	-	1,549,720
Dilutive impact of treasury shares	-430,969	-30,337
Average number of shares taken into account after dilutive impact	18,926,906	17,049,041
UNDILUTED NET EARNINGS PER SHARE	€2.57	€2.90
DILUTED NET EARNINGS PER SHARE	€2.57	€2.73

There are no rights, liens or restrictions relating to the shares.

NOTE 2 | NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1 Intangible assets

CHANGES AT 31 DECEMBER 2019

<i>Gross values (in €K)</i>	31/12/2018	Increases	Decreases	Reclassification	31/12/2019
Other intangible assets	1,297	64	-9	7	1,359
Intangible assets in progress	7	-	-	-7	-
Advances and prepayments on intangible assets	-	-	-	-	-
Amortisation	-811	-183	9	-	-985
TOTAL	493	-119	-	-	374

2.2 Property, plant and equipment

Gross values (in €K)	31/12/2018	Change in method	01/01/2019	Increases	Decreases	Other changes	31/12/2019
Land	585	372	957	-	-	-	957
Buildings	4,500	3,143	7,643	-	-	-	7,643
Other property, plant & equipment	5,697	912	6,609	116	-791	-	5,934
Assets under construction	72	-	72	-	-	-72	-
Advances and prepayments on property, plant and equipment	-	-	-	-	-	-	-
Amortisation	-2,996	-782	-3,778	-1,417	304	85	-4,806
TOTAL	7,858	3,645	11,503	-1,301	-487	13	9,728
<i>Of which right-of-use - finance lease</i>	<i>3,308</i>	<i>-</i>	<i>3,308</i>	<i>-118</i>	<i>-</i>	<i>-</i>	<i>3,190</i>
<i>Of which right-of-use - operating lease</i>	<i>-</i>	<i>3,645</i>	<i>3,645</i>	<i>-788</i>	<i>-</i>	<i>-</i>	<i>-2,857</i>

2.3 Investment property

Values (in €K)	Operated assets	Assets under construction (including vacant land)	Total investment property
31/12/2018	604,892	141,290	746,182
Reclassifications			
<i>Inventories</i>	-	-1,272	-1,272
<i>Discontinued projects</i>	-	-	-
<i>Property, plant and equipment</i>	-	-	-
Acquisitions	10,540	-	10,540
Works	6,097	134,710	140,807
Disposals*	-16,160	-6,410	-22,570
Increase in consolidation scope	162,767	7,496	170,263
<i>Of which Portugal</i>	<i>162,767</i>	<i>-</i>	<i>162,767</i>
<i>Of which Spain</i>	<i>-</i>	<i>7,496</i>	<i>7,496</i>
Reclassification	55,721	-55,649	72
Value creation	-	-	-
Change in fair value	39,786	10,302	50,088
31/12/2019	863,643	230,467	1,094,110

* 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 €90.6 million at 31 December 2019, compared with €91.7 million at 31 December 2018.

The assets held in Spain represent 10% of investment property, i.e. €106 million at 31 December 2019.

The assets held in Portugal represent 18% of investment property, i.e. €201 million at 31 December 2019.

The value of investment property in progress measured at cost amounted to €35.3 million at 31 December 2019 compared with €29.6 million at 31 December 2018.

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".

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

Notes to the consolidated financial statements as at 31 December 2019

Reconciliation of the change in fair value in the income statement:

(In €K)	Change in fair value	
	31/12/2019	31/12/2018
AMOUNT IN INCOME STATEMENT	50,088	35,740
Value creation	-	9,287
Delivery of assets	1,506	1,192
Change in fair value	48,582	25,261
TOTAL CHANGE IN INCOME STATEMENT	50,088	35,740

2.4 Investments in associates

CHANGES AT 31 DECEMBER 2019

Gross values (in €K)	31/12/2018	Retained earnings	Dividends	Change in capital	Other changes	31/12/2019
Associate FRF Group	31,107	2,078	-4,149	-	1,036	30,072
Other associates	23,070	6,641	672	-1,600	-	27,439
SUB-TOTAL ASSETS	54,177	8,719	-4,821	-1,600	1,036	57,511
Associate FRF Group	13	3	-3	-	-	13
Other associates	-	-	-	-	-	-
SUB-TOTAL LIABILITIES	13	3	-3	-	-	13
TOTAL	54,164	8,716	-4,818	-1,600	1,036	57,498

CHANGES AT 31 DECEMBER 2018

Gross values (in €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	-	-	23,070
SUB-TOTAL ASSETS	50,378	7,151	-3,353	-	-	54,177
Associate FRF Group	14	2	-3	-	-	13
Other associates	-	-	-	-	-	-
SUB-TOTAL LIABILITIES	14	2	-3	-	-	13
TOTAL	50,364	7,149	-3,356	-	-	54,164

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)	31/12/2019	31/12/2018
Investment property*	196,025	289,880
Other non-current assets	3	25
Current assets	11,560	10,872
TOTAL ASSETS	207,588	300,777
Adjusted equity	117,569	127,219
Financial liabilities*	61,439	128,170
Other non-current liabilities	-	-
Current liabilities	28,580	45,388
TOTAL LIABILITIES	207,588	300,777

Simplified income statement (in €K)	31/12/2019	31/12/2018
Revenue	16,630	20,350
Profit/(loss) from recurring operations*	13,024	18,880
Value adjustments of investment property	-1,895	-2,126
NET PROFIT/(LOSS)	8,402	13,376

* Changes under investment properties, financial liabilities and profit from recurring operations are due to the sale of nine assets in 2019.

Other associates

Simplified statement of financial position (in €K)	31/12/2019	31/12/2018
Investment property	251,906	264,363
Other non-current assets	3	185
Current assets	35,653	7,811
TOTAL ASSETS	287,562	272,359
Adjusted equity	105,730	92,882
Financial liabilities	115,674	112,830
Other non-current liabilities	-	-
Current liabilities	66,158	66,647
TOTAL LIABILITIES	287,562	272,359

Simplified income statement (in €K)	31/12/2019	31/12/2018
Revenue	14,520	13,582
Profit/(loss) from recurring operations	21,199	12,394
Value adjustments of investment property	1,096	5,240
NET PROFIT/(LOSS)	19,508	15,866

2.5 Other non-current assets

Gross values (in €K)	31/12/2018	Increases	Decreases	Other changes	31/12/2019
Guarantees and deposits	9,258	2,521	-22	-784	10,973
Other financial investments	134	-	-	-	134
Financial provisions	-1	-	-	-	-1
TOTAL	9,391	2,521	-22	-784	11,106

“Other changes” correspond to the reclassification of guarantees and deposits to less than one year.

2.6 Inventories and work-in-progress

(In €K)	31/12/2019	31/12/2018
Work-in-progress	45,871	26,587
Goods	-	-
Provisions	-1,205	-1,480
TOTAL	44,666	25,107

2.7 Change in inventories net of property development

(In €K)	Opening balance	Acquisitions	Disposals	Reclassification	Other	Closing balance
2018	17,151	38,366	-17,006	-13,404	-	25,107
2019	25,107	33,721	-12,641	-1,797	276	44,666

The reclassifications concern transfers from “Investment property” to “Inventory”.

2.8 Other current assets

(In €K)	31/12/2019	31/12/2018
Loans, deposits and other receivables within one year	1,435	661
Advances and prepayments paid on orders	231	698
Associates' current accounts	10,340	16,990
Tax receivables	18,365	13,097
Other receivables	4,346	2,234
Prepaid expenses	4,104	317
TOTAL	38,821	33,997

2.9 Cash and cash equivalents

(In €K)	31/12/2019	Increase in consolidation scope Portugal	31/12/2018
Marketable securities	242		62
Cash	97,209	3,420	77,955
TOTAL	97,451	3,420	78,017

2.10 Non-current financial liabilities

	Change (in €K)	31/12/2018	Change in method	01/01/2019	Additions to the consolidation scope Portugal	Additions to the consolidation scope Spain	Increases	Decreases	Reclassifi- cation ⁽¹⁾	31/12/2019
	Bond issues	28,108		28,108	-		-	-28,108	-	-
	Bank loans	221,258		221,258	32,875		349,000	-251,875	-1,662	349,596
	Right-of-use liabilities - finance lease	33,000		33,000	-		-	-	-3,336	29,664
cash	Right-of-use liabilities - operating lease	-	3,079	3,079	-		-	-	-909	2,170
	Other ⁽²⁾			-	6,382	1,965	43,208	-6,639		44,916
	Guarantees and deposits received	3,125		3,125	-	-	1,427	-268	289	4,573
	Bond issues	-2,941		-2,941	-		-	768	2,173	-
	Bank loans	-2,868		-2,868	-		-945	41	553	-3,219
	Right-of-use liabilities - finance lease	-		-	-		-	-	-	-
non cash	Right-of-use liabilities - operating lease	-		-	-		-	-	-	-
	Guarantees and deposits received	311		311	-		-	-	-	311
	TOTAL	279,993	3,079	283,072	39,257	1,965	392,690	-286,081	-2,892	428,011

(1) This is the reclassification of liabilities maturing within one year (see Note 5.2.15).

(2) This is liabilities to other associates in partner companies.

Breakdown by maturity (in €K)	1 to 5 years	> 5 years	Total
Bond issues	-	-	-
Bank loans	52,817	293,560	346,377
Finance lease liabilities	15,548	14,116	29,664
Right-of-use liabilities	2,015	155	2,170
Guarantees and deposits received	4,424	45,376	49,800
TOTAL	74,804	353,207	428,011

Breakdown of bank loans and finance lease liabilities before hedging

Net financial debt (in €K)	31/12/2019	31/12/2018
Fixed rate	6,292	7,687
Variable rate	377,965	251,405
TOTAL	384,257	259,092

Unused drawdown rights

At 31 December 2019, the Group had unused drawdown rights of €217 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 2019 (margin included) was 1.73%, compared with 1.95% at 31 December 2018.

This rate of 1.73% breaks down into an average rate of 2.86% on mortgages and 1.4% on corporate loans.

Breakdown of nominal value of hedge instruments by maturity

Breakdown by maturity (in €K)	Under 1 year	1 to 5 years	Over 5 years	Total
Financial instruments	14,280	316,867	13,512	344,659

The percentage of financial debt (bank and bonds) not subject to interest-rate fluctuations was 91.3% at 31 December 2019 compared with 98.2% at 31 December 2018.

2.11 Employee commitments

(In €K)	31/12/2019	31/12/2018
OPENING BALANCE	603	512
Charges	83	111
Reversals	-	-
Actuarial gains and losses	-7	-20
CLOSING BALANCE	679	603

2.12 Deferred tax

(In €K)	31/12/2019		31/12/2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
IFRS - Investment property	-783	16,355	-780	7,601
PIDR	126	-	112	-
Capitalisation of losses carried forward	1,176	-	1,316	-
Other	26	-1,186	5	-1,220
TOTAL	545	15,169	653	6,381

Reconciliation of deferred tax variances between the statement of financial position and the income statement:

(In €K)	Change in deferred tax	
	31/12/2019	31/12/2018
CHANGE IN THE STATEMENT OF FINANCIAL POSITION	-8,996	-6,702
Amount in the income statement	-	-
Increase in consolidation scope	237	5,070
Impact of hedge financial instruments	-	-
Impact of pension commitments	-	3
Impact of restatement	3	-
TOTAL CHANGE IN THE PERIOD	-8,656	-1,629

2.13 Provisions for liabilities and charges

(In €K)	31/12/2018	Increases	Reversals used	Reversals not used	Other changes	31/12/2019
Provisions for litigation	-	-	-	-	-	-
Other provisions for liabilities	25	26	-33	-	-	18
Provisions for retirement benefits (see 3.22)	603	83	-	-	-7	679
Investments in associates*	13	-	-	-	-	13
TOTAL	641	109	-33	-	-7	710

* Corresponds to the securities accounted for using the equity method where the value is negative. In the context of a tax investigation into a Spanish subsidiary, in the previous financial year 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 booked at 31 December 2019.

2.14 Other current liabilities

(In €K)	Note	31/12/2019	Additions to consolidation scope Portugal	31/12/2018
Liabilities on asset acquisitions	5.3.3	70,620	20,077	12,275
Customers - Advances and prepayments received		604	11	643
Social security liabilities		3,690		4,210
Tax liabilities		10,220	1,017	9,000
Other liabilities		3,694	952	2,024
Prepaid income		6,199	1,323	1,440
TOTAL		95,027	3,380	29,592

2.15 Current financial liabilities

	Change (in €K)	31/12/2018	Change in method	01/01/2019	Increases	Decreases	Reclassification*	31/12/2019
	Bond issues	36,200		36,200	-	-36,200	-	-
	Bank loans	1,662		1,662	-	-1,663	1,662	1,661
	Right-of-use liabilities - finance lease	3,172		3,172	-	-3,172	3,336	3,336
cash	Right-of-use liabilities - operating lease	-	901	901	-	-901	909	909
	Guarantees and deposits received	2,818		2,818	1,518	-491	-289	3,556
	Bank overdrafts (liabilities)	-		-	-	-	-	-
	Bank overdrafts (cash)	-		-	-	-	-	-
	Associates' current accounts	421		421	9,670	-	-	10,091
	Bond issues	855		855		-855	-	-
	Bank loans	-654		-654	404	569	-553	-234
	Right-of-use liabilities - finance lease	-		-	-	-	-	-
non cash	Right-of-use liabilities - operating lease	-		-	-	-	-	-
	Guarantees and deposits received	-		-	-	-	-	-
	Bank overdrafts (liabilities)	-		-	-	-	-	-
	Associates' current accounts	-		-	-	-	-	-
	TOTAL	44,567	901	45,468	11,592	-42,689	5,065	19,436

* This is the reclassification of liabilities maturing within one year (see Note 5.2.10).

NOTE 3 | NOTES ON THE STATEMENT OF CASH FLOWS

3.1 Reconciliation of cash on the statement of financial position and the statement of cash flows

The cash and bank overdrafts shown in the consolidated statement of cash flows include the following items:

(In €K)	31/12/2019	31/12/2018
Cash and cash equivalents (Note 5.2.9)	97,451	78,017
Marketable securities - Other investments	-	-
Bank overdrafts (Note 5.2.15)	-117	-93
Reclassification of bank overdrafts consisting of short-term financial debt	-	-
TOTAL	97,334	77,924

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 2019, the Group had three corporate lines of a total nominal amount of €520 million, €303 millions of which had been drawn down.

3.2 Breakdown of the “Change in the working capital requirement related to operations”

(In €K)	31/12/2019	31/12/2018
Inventories (see Notes 5.2.6 and 5.2.7)	-18,377	-12,700
Trade receivables	21,541	-25,677
Other receivables	-6,929	-1,846
Trade payables	2,158	4,958
Other liabilities	575	3,714
TOTAL	-1,032	-31,551

The change in trade receivables is mainly due to a development project carried out in late 2018 and paid in 2019.

3.3 Breakdown of “Acquisition of fixed assets”

(In €K)	31/12/2019	31/12/2018
Acquisition of intangible assets	-64	-233
Acquisition of property, plant and equipment	-135	-1,805
Investment property valuation*	-151,347	-51,924
Change in liabilities on acquisitions of fixed assets	-33,942	-6,548
TOTAL	-117,604	-60,510

* This refers to the acquisition of operated assets and assets under construction (4.2.3).

In 2019, the change in debts from the acquisition of assets is mainly due to the progression of works on assets under construction, delivered in 2020.

3.4 Breakdown of changes in consolidation scope

(In €K)	31/12/2019	31/12/2018
Flows related to equity investments*	-98,942	-25,329
Flows related to changes in ownership percentage	-	-
TOTAL	-98,942	-25,329

* In 2019, this mainly refers to net cash flows from disbursements related to the acquisition of the Portuguese companies.

NOTE 4 | OFF-STATEMENT OF FINANCIAL POSITION ITEMS COMMITMENTS

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:

(In €K)	31/12/2019	31/12/2018
Less than one year	4,311	4,251
One to five years	18,234	18,320
More than five years	14,391	18,615
AMOUNT OF FINANCE LEASE PAYMENTS	36,936	41,186

(In €K)	31/12/2019	31/12/2018
Less than one year	4,270	4,209
One to five years	17,079	17,115
More than five years	12,715	16,091
PRESENT VALUE OF FINANCE LEASE PAYMENTS	34,064	37,415

At 31 December 2019, annual rents on the basis of signed subleases amounted to €4.7 million, compared with €4.8 million at 31 December 2018.

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 €10.6 million, compared with €4.6 million at 31 December 2018.

4.2 Other commitments given

(In €K)	31/12/2019	31/12/2018
Mortgage guarantees	52,921	53,687
Pledges of mortgaged assets	4,704	5,904
Deposits and earnest payments	9,685	3,883
Other securities and deposits	680	-

We would remind you that there are bank covenants linked to the financing subscribed by FREY Group (Note 3.13).

At time of the acquisition of the shares of PAI 01, the Group undertook to pay to the assignors an earn-out payment 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 2019.

4.3 Lease commitments - Lessor

The amount of the minimum future payments to be received in relation to operating leases amounted to:

(In €K)	31/12/2019	31/12/2018
Less than one year	45,514	30,937
One to five years	80,170	50,945
More than five years	13,873	3,453
AMOUNT OF OPERATING LEASE PAYMENTS	135,557	85,335

4.4 Other commitments received

(In €K)	31/12/2019	31/12/2018
Bank deposits (leases signed with lessors)	3,800	3,417
Bank deposits (completion of retail units)	6,081	5,153
Residual drawing rights on long-term borrowings	217,000	247,000
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 2019.

NOTE 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:

(In €K)	31/12/2019	31/12/2018
Provision of services ⁽¹⁾	1,076	1,337
Marketing fees ⁽²⁾	43	193
Overheads ⁽³⁾	-	-
Financial expenses	-	-
Net current account interest received ⁽⁴⁾	69	146
TOTAL FRF GROUP	1,188	1,676
Provision of services ⁽¹⁾	649	659
Marketing fees ⁽²⁾	100	-72
Overheads ⁽³⁾	3	-1
Net current account interest received ⁽⁴⁾	35	96
TOTAL OTHER ASSOCIATES	787	682

(1) Invoicing by FREY Group of administrative and other services.

(2) Marketing fees invoiced to the joint ventures by FREY Group.

(3) Re-invoicing of the general expenses incurred on behalf of the joint ventures (overheads, telephone expenses, travel expenses, property levy, etc.).

(4) Joint-venture financing relationship.

The main positions with the joint ventures in the statement of financial position are as follows:

(In €K)	31/12/2019	31/12/2018
Trade receivables	538	650
Current accounts	357	8,147
TOTAL FRF GROUP	895	8,797
Trade receivables	272	223
Current accounts	-102	8,543
TOTAL OTHER ASSOCIATES	170	8,766

The existing relations between FREY Group and the other affiliated companies are as follows:

- Firmament Participations, with a shareholding of 28%: 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 21 May 2019;
- Market investors, with a shareholding of 5.9%: there were no flows with the Group during the year, except for the dividend approved at the General Meeting of 21 May 2019;
- AG Finance, with a shareholding of 10%: there were no flows with the Group during the year, except for the dividend approved at the General Meeting of 21 May 2019;
- Prédica, with a shareholding of 19.3%: there were no flows between the shareholder and the Group during the year, except for the dividend approved at the General Meeting of 21 May 2019;
- Cardif Assurance Vie, with a shareholding of 11.4%: an agreement was signed between Cardif and FREY in November 2019 which provided for the sale of 30% of the shares in FREY's Portuguese subsidiary, FREYPROP, UNPESSOAL, LDA to OPCI BNP Paribas Diversipièrre. OPCI is managed (through its subsidiary, DVP EUROPEAN CHANNEL) by BNPP REIM, which has a capital relationship with Cardif. No other flows were recorded during the year except the dividend approved by the General Meeting of 21 May 2019;
- Sogecap, with a shareholding of 11.4%: there were no flows between the shareholder and the Group during the year, except for the dividend approved at the General Meeting of 21 May 2019.

NOTE 6 | REMUNERATION OF SENIOR EXECUTIVES

The senior executives received remuneration from the Company amounting to €1.6 million for the 12-month period between 1 January 2019 and 31 December 2019; this remuneration amounted to €1.4 million for the same 12-month period in the previous financial year.

NOTE 7 | STATUTORY AUDITORS' FEES

The amount of the Statutory Auditors' fees paid by FREY Group was as follows:

31 DECEMBER 2019

<i>(In €K)</i>	FCN	Grant Thornton	Other	Total
Parent company	115	115	-	230
Subsidiaries (France and Spain)	81	37	6	124
Ancillary assignments	-	18	-	18
TOTAL	196	170	6	372

31 DECEMBER 2018

<i>(In €K)</i>	FCN	Grant Thornton	Other	Total
Parent company	116	129	-	245
Subsidiaries (France and Spain)	67	37	6	110
Ancillary assignments	7	12	-	19
TOTAL	190	178	6	374

2.6 EVENTS AFTER 31 DECEMBER 2019

FREY has not identified any significant impact of the coronavirus (Covid-19) epidemic on the implementation of its 2020 operating plan (operations and footfall, deliveries and site launches in particular). However, the Group is not in a position to

rule out such an impact, particularly in the event that extended lockdown measures are implemented in France or within the countries where the Group has a presence (Spain and Portugal).

2.7 PRO FORMA FINANCIAL INFORMATION AT 31 DECEMBER 2018 AND 31 DECEMBER 2019

In light of the merger with FREYPROP, in Chapter 2 of the Universal Registration Document filed on 12 November 2019, FREY has published *pro forma* financial information at 31 December 2018.

This *pro forma* financial information was prepared as if the merger and its direct consequences on financing had taken effect at 1 January 2018. The effects of the disposal of 30% were not taken into account given that the consolidation method (full consolidation) was unchanged.

The *pro forma* financial information presented below is intended to show the reader the effects that the business combination would have had on the main consolidated aggregates at 31 December 2019 and 31 December 2018, had it occurred at 1 January 2018, in light of the accounting framework in place at 31 December 2019.

2.7.1 SIMPLIFIED PRO FORMA FINANCIAL POSITION

ASSETS

(In €m)	Consolidated data ⁽¹⁾ 31/12/2019	Pro forma ⁽²⁾ 31/12/2018	IFRS 16 ⁽³⁾	Pro forma 31/12/2018
Investment property	1,094	910		910
Cash and cash equivalents	97	39		39
Other assets	184	165	4	168
TOTAL ASSETS	1,376	1,113	4	1,116

LIABILITIES

(In €m)	Consolidated data ⁽¹⁾ 31/12/2019	Pro forma ⁽²⁾ 31/12/2018	IFRS 16 ⁽³⁾	Pro forma 31/12/2018
Equity	789	601	0	601
Non-current financial liabilities	428	380	3	383
Short-term financial liabilities	19	65	1	65
Other liabilities	139	67		67
TOTAL LIABILITIES	1,376	1,113	4	1,116

(1) Data from statement of financial position presented in Note 1.3 to the financial statements.

(2) Data taken from Chapter 2 of the Universal Registration Document filed on 12 November 2019.

(3) Impact of applying IFRS 16 presented in Note 3.1 to the financial statements.

2.7.2 PRO FORMA OPERATING PROFIT

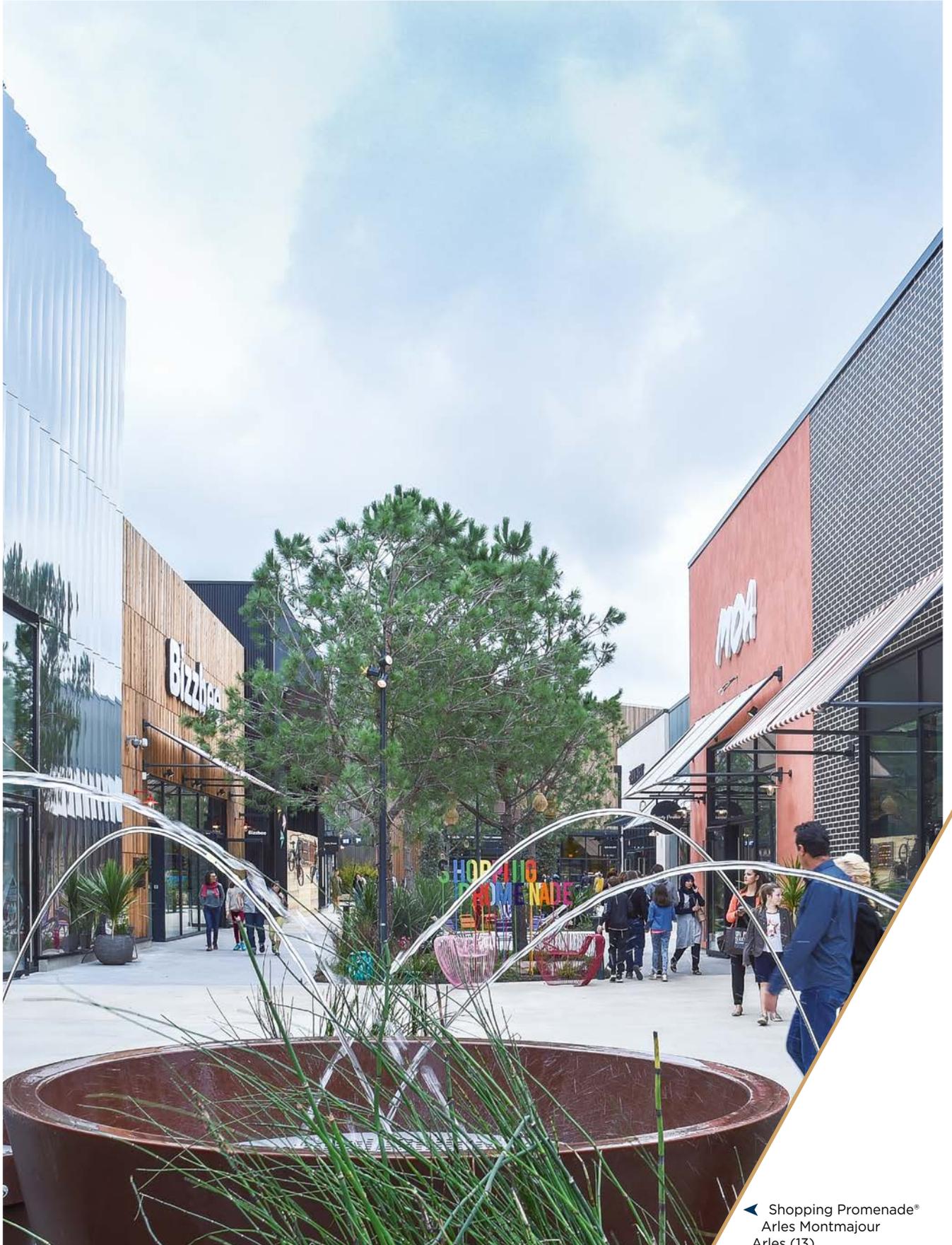
(In €m)	Consolidated data ⁽¹⁾ 31/12/2019	Restated ⁽⁴⁾	Pro forma 31/12/2019	Pro forma ⁽²⁾ 31/12/2018	IFRS 16 ⁽³⁾	Pro forma 31/12/2018
Revenue	69	12	82	73	8	80
<i>Of which rental income</i>	53	12	66	57	8	64
Purchases consumed	-29	-4	-33	-34	-8	-41
Employee costs	-9	-	-9	-9	-	-9
Other income and expenses	-2	-	-	-2	-	-2
PROFIT FROM RECURRING OPERATIONS	29	9	38	29	0	29
Other operating income	2	-1	1	-	-	-
Other operating expenses	-4	2	-2	-1	-	-1
Value adjustments of investment property	50	9	59	31	-	31
OPERATING PROFIT	77	18	96	59	0	58

(1) Data from statement of financial position presented in Note 1.3 to the financial statements.

(2) Data taken from Chapter 2 of the Universal Registration Document (URD) filed on 12 November 2019.

(3) Impact of applying IFRS 16 presented in Note 3.1 to the financial statements (mainly recognition of rebilled expenses).

(4) Restatements related to factoring in a full year and restatement of expenses and income related to changes in scope (Note 5.1.7) since assumption of business combination at 1 January 2018 in this pro forma information.



◀ Shopping Promenade®
Arles Montmajour
Arles (13)

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2019

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 2019, 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 2019 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.

OBSERVATION

Without calling into question the opinion expressed above, we hereby draw your attention to Note 3.1 "Accounting principles and consolidation methods" in the notes to the consolidated financial statements which sets out, in particular, the effect of the first-time application of IFRS 16 "Leases".

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

In the statement of financial position, property has been recognised at a net book value of €1,094 million, representing 79.5% of total assets as at 31 December 2019.

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 variations in scope over the period and 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 values of the property appraisals with the values in the consolidated financial statements;
- through surveys, 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.

Finally, we verified that the information provided in the notes to the consolidated financial statements, in particular information on changes in scope and *pro forma* financial information, was appropriate.

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 Meeting of 30 October 2007 (Grant Thornton) and 29 June 2010 (FCN).

At 31 December 2019, Grant Thornton was in the twelfth consecutive year of its assignment, and FCN in its tenth 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.

3 / STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, 9 March 2020

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International
Amandine Huot-Chailleux
Partner

FCN
Jean-Michel François
Partner



◀ Clos du Chêne
Montevrain (77)

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PARENT COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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Financial year ended 31 December 2019

4.1 STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

ASSETS

(In €)	Gross	Amort./Depr./Prov.	31/12/2019	31/12/2018
Intangible assets	862,052	463,774	398,278	462,925
Property, plant and equipment	201,537,841	19,719,578	181,818,262	137,254,274
Equity investments	158,840,303	3,900,000	154,940,303	52,516,183
Other financial investments	11,357,647		11,357,647	1,398,824
FIXED ASSETS	372,597,842	24,083,352	348,514,489	191,632,206
Work-in-progress	4,723,932		4,723,932	2,751,150
Advances and prepayments paid on orders	7,564		7,564	317,665
Trade receivables	11,039,972	501,414	10,538,558	8,471,139
Other receivables	406,232,201	2,352,518	403,879,683	348,666,295
Marketable securities (treasury shares)	1,971,786		1,971,786	390,434
Cash	49,404,541		49,404,541	66,531,313
CURRENT ASSETS	473,379,996	2,853,932	470,526,064	427,127,996
Prepaid expenses	151,082		151,082	135,105
Loan issue costs to be amortised	3,455,559		3,455,559	3,783,485
Bond redemption premiums				23,603
ACCRUALS	3,606,641		3,606,641	3,942,193
GRAND TOTAL	849,584,479	26,937,284	822,647,195	622,702,396

LIABILITIES

(In €)	31/12/2019	31/12/2018
Share capital	60,562,493	47,104,163
Issue, merger and contribution premiums	424,726,621	299,567,667
Legal reserve	1,721,250	1,721,250
Other reserves	612	612
Retained earnings	-4,498,744	-1,952,625
Net profit/(loss) for the year	-10,000,742	-2,546,118
EQUITY	472,511,490	343,894,947
Provisions for liabilities	18,015	51,015
PROVISIONS FOR LIABILITIES AND CHARGES	18,015	51,015
Convertible bonds		65,162,499
Other borrowings and financial debt	307,282,083	177,578,671
Advances and prepayments received on orders in progress	47,664	9,312
Trade payables	3,414,926	2,187,510
Liabilities for non-current assets	7,963,169	8,732,274
Tax and social security liabilities	2,815,436	2,690,476
Other liabilities	28,508,764	22,256,841
LIABILITIES	350,032,042	278,617,584
Prepaid income	85,647	138,849
GRAND TOTAL	822,647,195	622,702,396

4.2 INCOME STATEMENT AT 31 DECEMBER 2019

	France	Export	31/12/2019	31/12/2018
Net revenue	13,565,588		13,565,588	12,849,435
Other income	4,150,276		4,150,276	3,766,338
OPERATING INCOME	17,715,864		17,715,864	16,615,773
Purchase of raw materials and other supplies			-428,007	-653,687
External costs			-10,555,492	-10,898,660
Tax and duties			-1,469,829	-1,136,716
Employee costs			-5,172,004	-4,271,988
Operating liabilities			-5,874,321	-4,411,254
Other operating expenses			-148,837	-233,523
OPERATING EXPENSES			-23,648,490	-21,605,828
OPERATING PROFIT/(LOSS)			-5,932,627	-4,990,055
Financial income			14,985,072	16,813,374
Financial expenses			-24,649,324	-13,392,970
NET FINANCIAL INCOME/(EXPENSE)			-9,664,252	3,420,403
PRE-TAX PROFIT			-15,596,878	-1,569,652
Non-recurring income			18,532,259	240,694
Non-recurring expenses			-12,951,251	-1,229,724
NET NON-RECURRING INCOME/(EXPENSE)			5,581,008	-989,031
Income tax or tax credit			15,128	12,564
NET PROFIT/(LOSS)			-10,000,742	-2,546,118

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4.3 SIGNIFICANT EVENTS

OPERATIONS

- In June 2019, FREY delivered a unit on the Times Square site in CORMONTREUIL (51).
- In September 2019, FREY delivered a unit in AMIENS (80).
- In October 2019, FREY delivered its Shopping Promenade* in Arles (13), with a surface area of around 18,000 m².
- In October and December 2019, FREY sold its asset in St-Quentin (02).

CAPITAL INCREASE

- In December 2019, FREY carried out a capital increase for a gross amount of €161.5 million, issue premium included, by issuing 5,383,332 new shares. The share capital was thus increased to €60.6 million.

BORROWING AND CREDIT FACILITIES

- In September and November, FREY signed a one-year extension on its €350 million and €70 million loan.
- In July 2019, FREY signed a corporate line for €100 million for a period of six years, with the option of extending for two years.

BONDS

- In August 2019, FREY redeemed its €36 million bond.
- In November 2019, FREY redeemed all OPIRNANES for a total amount of €28.1 million. As such, at 31 December 2019 the Company has redeemed all of its bonds.

SHARES

- In January and February 2019, the Company carried out two treasury share buybacks for €11.6 million.

SECURITIES AND EQUITY INVESTMENTS

- In January 2019, FREY subscribed to the share capital of CITIZERS.
- In July 2019, the Company formed FREYPROP which acquired companies with assets in Portugal, then disposed of 30% of its equity investment in December 2019.
- In October 2019, SOPIC reduced its share capital with no bearing on the equity investment.
- In 2019, FAP sold its equity investment in the subsidiary SECLIN 01 to FREY with a view to carrying out the universal transfer of assets in 2020. This company is no longer operating.

- In 2019, FREY purchased a number of shares in FRF1 following a capital reduction. Currently, FREY has a shareholding of 66.67%.

- In 2019, FRF2 paid interim dividends of €3.9 million to FREY.

DIVIDENDS

The shareholders voted for the payment of a dividend of €1.2 per share at the General Meeting of 21 May 2019, *i.e.* a distributed amount of €22,097,570. The shares held as part of the liquidity agreement at the payment date did not give entitlement to this dividend.

4.4 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 of 4 November 2016 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.

The financial statements are prepared in euros.

The statement of financial position total for the financial year before the appropriation of earnings was €822,647,195 and the net accounting loss was €10,000,742.

The financial year ran for a 12-month period from 1 January 2019 to 31 December 2019.

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 and depreciation charges are calculated on a straight-line basis according to the useful life of the asset:

● Software	2 to 3 years
● Fixtures and equipment	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 – façades	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:

- for 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);

- for buildings under construction, by using the Discounted Cash Flow method involving calculating the market value of a building through discounting;
- for 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
- for 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. In the absence of a specific allocation or objective, they are recognised as financial assets.

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 L. 225-209 *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;
- 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 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-statement of financial position commitment.

The ten-year bond issued in 2012 for an initial nominal value of €30,000 thousand, then €28,108 thousand in 2018, represented by real estate performance bonds redeemable in cash and/or in new and/or existing shares, at a unit price of €18.50, was fully redeemed in November 2019 for €41,146 thousand.

The five-year bond (Euro pp) issued in 2014, for a nominal amount of €36,200 thousand, represented by bonds in the form of dematerialised bearer shares, for a nominal unit value of €100 thousand, reached maturity and was redeemed in August 2019 for a total amount of €37,786 thousand.

The issue costs of 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 for development projects, the re-invoicing of works and the provision of ancillary services. These services correspond to the annual invoices issued to its subsidiaries by SA FREY for services and advice provided in the financial, legal, human resources, strategy and Senior 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 2019, they amounted to €86 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 re-invoicing to tenants of the expenses and taxes relating to the property investment company's properties, the amortisation of loan issue costs and amounts re-invoiced to subsidiaries.

They form the bulk of "Other income" on the income statement.

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 participating 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-statement of financial position 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 2019 amounted to €227 thousand, compared with €205 thousand at 31 December 2018.

Retirement benefits are paid to the employees of French companies at the time when they retire, depending on their seniority and their salary upon retirement. 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 at 31 December 2019 are as follows:

- retirement age calculated on the basis of a contribution period of 41 years capped at age 67;
- change in salaries 1.5%;
- employer contribution rate 40%;
- discount rate 0.62%.

Actuarial assumptions other than the discount rate have not been changed.

4.5 ADDITIONAL INFORMATION

AVERAGE HEADCOUNT

Employee headcount for the financial year: 27.72 people.
Employee headcount for the previous financial year: 26.25 people.

SENIOR EXECUTIVE REMUNERATION

The senior executives received €1,263 thousand in remuneration from the Company for the financial year; this remuneration amounted to €915 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 €399,021 thousand at 31 December 2019 and liabilities amounting to €26,785 thousand.

The return on these current accounts generated financial income of €6,163 thousand for FREY and financial expense of €321 thousand.

Provision of services

FREY provided the following services on behalf of its subsidiaries during the 2019 financial year:

Accounting assistance

The corresponding income in the parent company financial statements amounted to €347 thousand for the 2019 financial year.

Management fees

The corresponding income in the parent company financial statements amounted to €5,117 thousand for the 2019 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 €367 thousand for FREY, compared with invoiced rents amounting to €7,433 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

None.

4.6 NOTES TO THE STATEMENT OF FINANCIAL POSITION

NOTE 1 | STATEMENT OF NON-CURRENT ASSETS

(In €)	31/12/2018	Increases	Reclassifications	Decreases	31/12/2019
INTANGIBLE ASSETS	826,104	45,337		9,389	862,052
Land ⁽¹⁾	19,998,098		4,634,140	2,342,132	22,290,106
Buildings, fixtures and fittings ⁽¹⁾	96,134,246		29,181,609	9,305,564	116,010,290
Other property, plant & equipment	4,174,928	68,427	380,305	1,549	4,622,112
Assets under construction ⁽²⁾	32,438,637	60,379,352	-34,196,055	6,601	58,615,332
Advances and prepayments					
PROPERTY, PLANT AND EQUIPMENT	152,745,908	60,447,780		11,655,847	201,537,841
Equity investments ⁽³⁾	52,287,761	3,005,540		2,280,000	53,013,301
Receivables from equity investments ⁽⁴⁾	4,078,422	148,906,529		47,207,950	105,777,002
Other financial investments	1,448,823	10,590,661		631,838	11,407,647
<i>Of which liquidity agreement</i>	<i>719,553</i>	<i>303,059</i>		<i>266,568</i>	<i>756,044</i>
<i>Of which Banque Transat antique treasury shares</i>		<i>9,439,101</i>			<i>9,439,101</i>
FINANCIAL INVESTMENTS	57,815,006	162,502,731		50,119,788	170,197,949
TOTAL	211,387,019	222,995,847		61,785,024	372,597,842
Retail investments (P.21)					
FRF1 ⁽³⁾		658,968	1,004,993	80,000	1,583,961
Citizers ⁽³⁾			10		10
SOPIC ⁽³⁾		1,754,336		1,600,000	154,336
Seclin ⁽³⁾		4,050,000	537		4,050,537
FreyProp ⁽³⁾			2,000,000	600,000	1,400,000
Dormant companies		45,824,457			45,824,457
TOTAL		52,287,761	3,005,540	2,280,000	53,013,301

(1) In 2019, FREY delivered its Shopping Promenade® in Arles as well as units on the sites of Cormontreuil Times Square, Amiens and Soissons, then disposed of its asset in St-Quentin (O2).

(2) Project development of Claye-Souilly (77), Arles, Cormontreuil, Amiens and Chanteloup.

(4) Following the acquisition of FREYPROP, FREY granted a loan of €145 million. This was partially redeemed in December 2019 following a partial disposal of shares.

NOTE 2

STATEMENT OF DEPRECIATION, AMORTISATION AND PROVISIONS ON NON-CURRENT ASSETS

31/12/2018	31/12/2018	Charges	Decreases	31/12/2019
INTANGIBLE ASSETS	363,179	109,984	9,389	463,774
Land				
Buildings, fixtures and fittings	7,704,082	3,338,149	506,382	10,535,849
Technical facilities, machinery and tools	26,708	7,674		34,382
Other property, plant & equipment	699,073	448,464	604	1,146,933
PROPERTY, PLANT AND EQUIPMENT	8,429,864	3,794,287	506,986	11,717,164
TOTAL	8,793,043	3,904,271	516,375	12,180,939

NOTE 3

STATEMENT OF OTHER PROVISIONS

31/12/2018	31/12/2018	Charges	Reversals unused	Reversals used	31/12/2019
Provisions for liabilities and charges	51,015			33,000	18,015
Provisions for property, plant and equipment ⁽¹⁾	7,061,770	1,168,102		227,459	8,002,413
Provisions for equity investments	3,900,000				3,900,000
Provisions for bad debts	236,034	268,200		2,820	501,414
Provisions for impairment of current accounts ⁽²⁾	2,018,349	2,352,518		2,018,349	2,352,518
TOTAL	13,267,168	3,788,820		2,281,628	14,774,361

(1) Impairment of the asset located in Bayonne.

(2) Impairment of losses of transparent subsidiaries (for the financial year).

NOTE 4 | STATEMENT OF RECEIVABLES AND LIABILITIES

Statement of receivables (in €)	31/12/2019			31/12/2018
	Gross amount	Up to 1 year	Over 1 year	
Receivables from equity investments	105,777,002	1,161,734	104,615,267	4,078,422
Other financial investments	11,357,647	10,524,825	832,822	1,398,824
<i>Of which concerning related entities</i>				
Trade receivables	11,039,972	9,144,026	1,895,946	8,707,173
<i>Of which concerning related entities</i>	6,184,483	6,184,483		5,485,213
Personnel and related accounts	21,158	21,158		21,158
Social security and similar bodies	12,572	12,572		2,792
Income tax	15,128	15,128		12,564
State - Value-added tax	5,968,606	5,968,606		4,370,935
Other taxes and duties				
Group and associates ⁽¹⁾	399,020,866	399,020,866		345,611,882
<i>Of which concerning related entities</i>	399,020,866	399,020,866		345,611,882
Miscellaneous debtors	1,193,872	1,193,872		665,314
<i>Of which concerning related entities</i>	183,331	183,331		
Prepaid expenses	151,082	149,667	1,415	135,105
<i>Of which concerning related entities</i>	38,949	38,949		80,150
TOTAL	534,557,903	427,212,453	107,345,450	365,004,169

Statement of liabilities (in €)	31/12/2019				31/12/2018
	Gross amount	Up to 1 year	More than 1 year and less than 5 years	Over 5 years	
Bond issues					
• Less than 1 year on inception					65,162,499
With credit institutions					
• Less than 1 year at inception*	153,477,445	153,477,445			123,137,340
• More than one year at inception	152,350,000	1,000,000	1,350,000	150,000,000	53,350,000
Guarantees and deposits received	1,454,638	605,511	611,156	237,971	1,091,332
Trade payables	3,414,926	3,414,926			2,187,510
<i>Of which concerning related entities</i>	135,368	135,368			908,534
Personnel and related accounts	914,231	914,231			937,792
Social security and similar bodies	510,904	510,904			627,124
State - Income tax					
State - Value-added tax	1,239,230	1,239,230			995,586
State - Other taxes and duties	151,071	151,071			129,975
Liabilities for non-current assets	7,963,169	7,963,169			8,732,274
<i>Of which concerning related entities</i>	778,634	778,634			5,400
Group and associates*	26,784,567	26,784,567			20,405,207
<i>Of which concerning related entities</i>	26,784,567	26,784,567			20,405,207
Other liabilities					
• Less than 1 year on inception	1,724,197	1,724,197			1,851,634
Prepaid income	85,647	33,664	51,983		138,849
TOTAL	350,070,026	197,818,916	2,013,139	150,237,971	278,747,121

* Presentation within one year in the absence of agreement to the contrary, but no payment or reimbursement required within one year.

NOTE 5 | 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 was €30,001 thousand and consisted of 1,621,691 bonds subscribed in cash, redeemable after a period of 10 years. The annual interest rate was 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, bringing the total amount of the bonds 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 are booked as non-recurring expenses, as were the related issue costs on a pro rata basis.

In 2019, the bonds were redeemed in cash in full for €41,145 million, comprising a redemption premium of €13.036 million, 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.

FREY issued two bonds (Euro PP) 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 was €36.2 million and consisted of 362 bonds subscribed in the form of dematerialised bearer shares, for a period of five years with an annual rate of 4.375% gross (excluding commission and tax). It was redeemed in full in 2019.

Bank debt

At 31 December 2019, the outstanding amount of credit drawn by the Company was €305.35 million, 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 0.383% at 31 December 2019, was 1.42%.

Cash investments

The Company manages its excess cash *via* investments in the form of term accounts or deposits.

NOTE 6 | ACCRUED EXPENSES

Accrued expenses included in the following statement of financial position headings (in €)	31/12/2019	31/12/2018
Loans and financial debt from credit institutions (accrued interest)	477,445	137,340
Accrued interest Bonds		854,839
Trade payables	1,979,976	1,839,768
Liabilities relating to non-current assets	6,371,828	8,605,845
Personnel and related accounts	1,299,259	1,443,922
Tax and social security liabilities	1,123,945	927,737
Other liabilities	174,930	473,400
TOTAL	11,427,383	14,282,851

NOTE 7 | DEFERRED INCOME

Deferred income included in the following statement of financial position headings (in €)	31/12/2019	31/12/2018
Trade receivables*	8,925,185	7,125,574
State - Value added tax	1,370,665	1,744,353
Accrued interest receivable		219,397
Other deferred income	474,664	
TOTAL	10,770,514	9,089,324

* Of which €6,140 thousand relates to billing of fees.

NOTE 8 | DEFERRED EXPENSES

At 31 December 2019, loan issue costs under the Corporate items amounted to €3,456 thousand. They will be amortised over the term of the bonds and the credit.

NOTE 9 | PREPAID EXPENSES AND INCOME

At 31 December 2019, prepaid expenses were €151 thousand, compared with €135 thousand at 31 December 2018. They relate exclusively to operating expenses.

At 31 December 2019, prepaid income amounted to €86 thousand, compared with €139 thousand at 31 December 2018. This income corresponds to entry fees.

NOTE 10 | COMPOSITION OF SHARE CAPITAL

	Number	Nominal value
Shares comprising the share capital at the start of the year	18,841,665	€2.50
Shares issued during the year	5,383,332	€2.50
Shares redeemed or cancelled during the year		
SHARES COMPRISING THE SHARE CAPITAL AT THE END OF THE YEAR	24,224,997	€2.50

At 31 December 2019, the Company held:

- 2,490 of its own shares with a book value of €82.9 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 2019;

- 74,407 shares with a book value of €1,972 thousand purchased as part of the Employee Free Share Allocation Plan approved by the Board of Directors;
- 354,072 shares vested without a specific allocation, for a book value of €9,439 thousand.

NOTE 11 | CHANGE IN SHAREHOLDERS' EQUITY

	31/12/2018	Allocation of earnings	Dividends paid	Capital increase	31/12/2019
Share capital	47,104,163			13,458,330	60,562,493
Issue premium	299,567,667		-22,097,570	147,256,524	424,726,621
Regulated reserves	612				612
Legal reserve	1,721,250				1,721,250
Other reserves					
Retained earnings	-1,952,625	-2,546,118			-4,498,744
Profit/(loss) 31/12/2018	-2,546,118	2,546,118			
Profit/(loss) 31/12/2019		-10,000,742			-10,000,742
TOTAL	343,894,948	-10,000,742	-22,097,570	160,714,854	472,511,490

NOTE 12 | BREAKDOWN OF INCOME TAX AT 31 DECEMBER 2019

	Profit before tax	Tax credit	Net profit/(loss)
Profit from recurring operations	-15,596,878	15,128	-15,581,750
Net non-recurring income/(expense)	5,581,008		5,581,008
TOTAL	-10,015,870	15,128	-10,000,742

4.7 NOTES TO THE INCOME STATEMENT**NOTE 13** | REVENUE

Revenue for the financial year ended 31 December 2019 amounted to €13,565,588 and broke down as follows:

(In €)	31/12/2019	31/12/2018
Rental income	7,432,803	7,105,506
Provision of intra-group services	5,464,682	4,669,877
Off-plan sales (land and buildings)	364,997	677,792
Re-invoicing of work	125,115	215,622
Entry fees	53,202	75,630
Rental management fees	97,969	67,496
Miscellaneous income	26,820	37,511
TOTAL	13,565,588	12,849,435

The 17% increase in the provision of intra-group services is due to the increase in payroll expenses in 2019 and expenses associated with this increase. Rents increased by 5% due to

the pro rata effect of the delivery in 2018 of the Saint Quentin site, the acquisition in 2018 of the units in Chanteloup and the delivery in 2019 of the "Shopping Promenade*" in Arles.

NOTE 14 | FINANCIAL INCOME

(In €)	31/12/2019	31/12/2018
Financial income from equity investments	2,628,196	1,894,487
Interim dividends (FRF2)	3,865,600	2,671,506
Dividends	46,269	6,505,431
Current account interest	6,163,221	4,428,139
Reversal of write-downs of financial assets	2,018,349	898,666
Miscellaneous (o/w interest on term deposits)	263,437	415,145
TOTAL	14,985,072	16,813,374

NOTE 15 | FINANCIAL EXPENSES

(In €)	31/12/2019	31/12/2018
Loan interest	-2,840,607	-2,264,189
Other financial expenses - hedges	-711,756	-791,533
Current account interest	-321,376	-340,589
Interest on bonds	-2,415,371	-3,369,508
Other financial expenses (deficit) ⁽¹⁾		-2,615,209
OPIRNANE redemption premium ⁽³⁾	-13,547,597	
Share of net profit/(loss) from transparent subsidiaries	-2,436,495	-1,930,723
Financial write-down charges ⁽²⁾	-2,376,122	-2,057,653
Other		-23,567
TOTAL	-24,649,324	-13,392,970

(1) Financial expenses on business units having been subject to universal transfers of assets.

(2) Impairment of losses of transparent subsidiaries in current accounts of €2,353 thousand.

(3) The 1,519,333 remaining OPIRNANEs were redeemed in full in cash on 15 November 2019 for a unit price of €27.08 (at par, i.e. €18.50, plus redemption premium based on the Company's performance, of €8.58 per OPIRNANE).

NOTE 16 | **NET NON-RECURRING INCOME/(EXPENSE)**

Net non-recurring income/(expense) for the financial year ended 31 December 2019 totalled €5,581,008 and broke down as follows:

(In €)	Expenses	Income
Value of property, plant and equipment and intangible assets disposed of ⁽¹⁾	-11,142,260	16,738,579
Disposal of fixed assets - other	-6,601	8,150
Disposal of equity investments ⁽²⁾	-600,000	600,000
Shares held for employees	-924,871	924,871
Penalties/Tax adjustments/Disputes/Bonuses	-50,060	33,200
Transfers and reversals of asset write-downs	-227,459	227,459
TOTAL	-12,951,251	18,532,259

(1) Disposal of the St Quentin asset.

(2) Disposal of FREYPROP equity investment in Portugal.

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4.8 OTHER INFORMATION**OFF-STATEMENT OF FINANCIAL POSITION****Commitments given**

	31/12/2019	31/12/2018
Deposits and earnest payments	€5,560K	€3,883K

Commitments received

	31/12/2019	31/12/2018
Bank deposits (leases signed with lessors)	€1,377K	€1,218K
Bank deposits (completion of retail units)	€4,640K	€4,452K

At 31 December 2019, the Company also had a residual draw-down right of €217 million on the financing signed with its financial partners.

COVENANTS

All of the covenants included in the loan documents signed by SA FREY were complied with at 31 December 2019.

Consolidated ratios	LTV	ICR	Collateralised debt
Relevant debt	€303.0m	€303.0m	€303.0m
Required ratios	<= 60.0%	>= 2	< 20.0%
Ratios at 31/12/2019	23.1%	4.9	6.7%

FINANCIAL INSTRUMENTS

Hedge type	Start date	Initial amount	Mark-to-Market	Provisions on statement of financial position*	Expiry date
BNP SWAP	25/07/2019	€120,000K	€11K	No	25/07/2022
CADIF SWAP	24/05/2017	€25,000K	-€387K	No	24/05/2022
CACIB SWAP	24/05/2017	€25,000K	-€431K	No	24/05/2022
CIC SWAP	29/12/2017	€50,000K	-€909K	No	30/12/2022
CIC SWAP	23/12/2016	€8,352K	-€52K	No	23/12/2021
LCL SWAP	28/07/2017	€50,000K	-€790K	No	28/07/2022
Palatine SWAP (St Hubert)	15/04/2013	€371K	-€2K	No	30/04/2020

* As at 31 December 2019, 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 2019

The table below shows the free share allocation plans in effect within the Company at 31 December 2019:

INFORMATION ON FREE SHARE ALLOCATIONS

	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11
Date of General Meeting	23/06/2016	23/06/2016	23/06/2016	23/06/2016	20/06/2018	20/06/2018	20/06/2018	20/06/2018
Date of Board meeting	06/07/2016	22/09/2016	10/05/2017	10/05/2017	20/06/2018	20/06/2018	07/03/2019	10/07/2019
Total number of shares allocated free of charge of which:	3,348	2,635	4,101	31,020	41,826	1,301	35,502	4,567
<i>Corporate officers</i>								
• François Vuillet-Petite	788	-	4,101	-	4,672	146	4,348	-
• Pascal Barboni	-	2,635	-	4,101	4,672	73	4,831	-
• Sébastien Eymard	-	-	-	6,792	4,672	73	4,831	-
Date shares vested	06/07/2018	22/09/2018	10/05/2019	10/05/2019	20/06/2020	20/06/2020	07/03/2021	10/07/2021
Retention period ends	06/07/2020	22/09/2020	10/05/2021	10/05/2021	20/06/2022	20/06/2022	07/03/2023	10/07/2023
Number of shares vested at 31 December 2019	3,348	2,635			0	0	0	0
Cumulative number of shares cancelled or lapsed	0	0	0	833	5,544	238	3,007	0
Free shares allocated and outstanding at 31 December 2019	0	0	4,101	30,187	36,282	1,063	32,495	4,567

SUBSIDIARIES AND EQUITY INVESTMENTS

	Share capital	Equity	Percentage of share capital held	Net book value of securities	Revenue excl. tax	Net profit of last financial year
1. Subsidiaries (interest over 50%)						
SNC IF GT	€10,000	-€576,352	99.00%	€9,900	€5,887,551	-€586,352
SCI Seclin 01	€3,400,000	€16,520,725	100.00%	€4,050,537	€0	€210,601
SASU FAP	€3,757,500	-€5,093,364	100.00%	€3,757,500	€4,402,548	€731,416
SL FREY Invest	€100,000	-€3,792,598	100.00%	€1	€0	€868,150
SNC IF Plein Sud	€10,000	€1,224,368	99.00%	€9,900	€2,566,823	€1,214,368
SNC IF Bezannes	€10,000	€27,515	99.00%	€9,900	€382,428	€17,515
SNC IF Bener	€10,000	€4,441	99.00%	€9,900	€0	-€5,559
SNC IF Saint Parres	€10,000	-€202,036	99.00%	€9,900	€0	-€212,036
SNC IF Plein Ouest	€10,000	€216,258	99.00%	€9,900	€771,237	€206,258
SNC IF Plein Est	€10,000	€924,735	99.00%	€9,900	€2,735,421	€914,735
SAS IF Clos du Chêne	€10,000,000	€9,642,806	100.00%	€16,252,450	€58,111	€943,554
SCI FREY MURS 01	€10,000	-€267,741	99.00%	€9,900	€0	-€277,741
SCI IF VALENTINE	€10,000	-€101,640	99.90%	€9,990	€0	-€111,640
SCI IF ALLONDON	€10,000	-€56,541	99.90%	€9,990	€0	-€66,541
SCI IF ECOPOLE	€500,000	€217,380	99.00%	€495,000	€0	-€282,620
SCI IF ZCN Investissement	€10,000	-€453,655	99.00%	€9,900	€326,783	-€463,655
SAS LA PLAINE	€10,000	-€854,847	99.00%	€9,900	€2,235,453	-€468,855
SCI LES SABLONS 1	€10,000	-€369,121	99.90%	€9,990	€0	-€379,121
SASU FREY MURS 02	€10,000	-€33,201	100.00%	€10,000	€0	€8,863
SA FREYPROP	€2,000,000	€4,961,428	70.00%	€1,400,000	€0	€2,961,428
2. Equity investments (0% to 50% interest)						
SCI Sopic FREY	€244,340	€20,509,147	50.00%	€154,336	€533,661	€20,264,807
SCI Agenaise d'Investissement	€6,000	-€5,454,233	50.00%	€3,000	€2,149,290	-€839,616
SAS FREY Retail Fund 1	€1,736,904	€1,894,160	66.67%	€1,583,961	€279,992	€127,679
SNC FREY Retail Fund 2	€80,127,244	€100,123,233	24.16%	€19,358,742	€0	€16,686,901
SCI PI	€10,000	€117,196	50.00%	€5,000	€482,819	€107,196
SC FREY RETAIL VILLEBON	€6,161,684	€39,712,459	5.00%	€1,846,005	€9,293,634	€2,792,354
SCI Tervilloise d'Investissement	€10,000	€632,117	50.00%	€5,000	€542,216	€698,582
SAS Citizers	€5,000	-€61,154	0.20%	€10	€741,022	-€66,154

DIVIDENDS RECEIVED

SAS FREY Retail Fund 1 (Subject to corporation tax)	€46,269
SCI FREY Retail Fund 2 (subject to income tax)	€3,865,600

STATEMENT OF LOANS AND ADVANCES GRANTED TO SUBSIDIARIES

Loans

1. Subsidiaries (interest over 50%)

SL FREY Invest	€4,823,217
SA FREYprop	€100,953,784,€

Current accounts

2. Subsidiaries (interest over 50%)

SASU FAP	€44,745,156
SNC IF Plein Sud	€23,417,684
SL FREY Invest	€103,329,510
SNC IF Bezannes	€771,586
SNC IF Bener	€793,888
SNC IF Saint Parres	€13,495,313
SNC IF Plein Ouest	€10,733,996
SNC IF Plein Est	€34,015,193
SAS IF Clos du Chêne	€28,620,207
SCI FREY Murs 01	€373,247
SCI IF Valentine	€6,287,946
SCI IF Allondon	€3,435,792
SCI IF Ecopole	€12,929,609
SNC IF Gestion et Transaction	€878,913
SCI IF ZCN Investissement	€61,710,923
SAS La Plaine	€17,546,048
SCI Les Sablons 1	€25,544,052
SASU FREY Murs 02	€1,691,375
3. Equity investments (1% to 50% interest)	
SCI Agenaise d'Investissement	€5,370,849
SNC FREY Retail Fund 2	€356,078
SCI La Patroclienne d'Investissement	€433,477
SC FREY Retail Villebon	€2,157,419
SAS Citizers	€5,134
SCI Tervilloise d'Investissement	€377,469



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Barcelona
Spain

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STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Financial year ended 31 December 2019

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 2019, 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 2019 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 2019, the equity investments appearing in the statement of financial position of €49 million, the related receivables and current accounts of €502 million represented, overall, 61% 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 2019, €128 million in operating assets (land and buildings) are shown on the statement of financial position, representing 15.5% 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 2019, Grant Thornton was in the twelfth consecutive year of its assignment, and FCN in its tenth 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, 9 March 2020

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International
 Amandine Huot-Chailleux
Partner

FCN
 Jean-Michel François
Partner

6 / NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY - CARBON

Contents



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NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – CARBON

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6.1 A PIONEERING PLAN AND AMBITIOUS STANDARDS

Having published its 2019 carbon footprint (275,887 T CO₂-eq.), which was produced by EcoAct, and audited and approved by Grant Thornton, the Company's objective is to take action on the three scopes:

- direct emissions (carbon, fuel and gas);
- indirect emissions (from electricity consumption and heat);
- so-called "other" emissions from asset operations (constructions, lessees, transport, etc.).

Thus, for the first time, alongside the 2019 results, FREY is publishing its Net profit/(loss) attributable to owners of the Company for carbon, which calculates the theoretical financial impact of its carbon footprint on the Group's profitability.

Net profit attributable to owners of the Company for 2019 is €42.8 million, less FREY Group's carbon cost for 2019, *i.e.* €6.9 million*. The total carbon cost corresponds to total annual Group emissions multiplied by an internal carbon price of €25 per tonne. This internal carbon price will become a key CSR indicator for the Group.

This unprecedented and voluntary initiative sends a strong message and is a practical way of encouraging employees and stakeholders to get behind the carbon neutrality strategy and make it operational. The value chosen is consistent with corporate practices, the idea being first and foremost to develop awareness of the carbon debt and instigate a movement.

6.2 2019 NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY – CARBON IN FIGURES

	On 2018 results		On 2019 results	
Corporate emissions	1,408,1408	T CO ₂ -eq.	1,408,1408	T CO ₂ -eq.
Wholly-owned asset portfolio m2	333,488	m2	387,766	m2
Emissions from wholly-owned asset portfolio	124,295	T CO ₂ -eq.	144,525	T CO ₂ -eq.
Financial flows - development	9,873,991	€	110,190,000	€
Development emissions	11,645	T CO ₂ -eq.	129,954	T CO ₂ -eq.
TOTAL ANNUAL EMISSIONS	137,348	T CO₂-EQ.	275,887	T CO₂-EQ.
SIMULATED CARBON PRICE: €25	€3,433,710*		€6,897,179*	

Net profit attributable to owners of the Company before impact	€49.7m
Net profit attributable to owners of the Company – carbon	€42.8m

6.3 METHODOLOGY

The Company's methodology is as follows:

- the reporting scope takes into account the impact of FREY's offices ("Corporate emissions"), the operation of assets ("Emissions from wholly-owned asset portfolio", including everything that falls within FREY's responsibility and that of lessees, as well as the impact of visitor travel) and the construction of assets ("Development emissions", excluding developments within the lessees' scope due to the lack of data available);
- the FREY Group's carbon footprint was produced using the *bilan carbone*¹ methodology based on available emission factors;
- the underlying assumptions for calculating input data and the emissions factors used result in high levels of uncertainty which are commonly seen when using this methodology, including around 38% in the case of visitor travel, which produces nearly 50% of total annual emissions.



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**LIMITED ASSURANCE REPORT BY
ONE OF THE STATUTORY AUDITORS
BASED ON SELECTED CONSOLIDATED
NON-FINANCIAL INFORMATION
PRESENTED IN THE 2019 UNIVERSAL
REGISTRATION DOCUMENT**

Financial year ended 31 December 2019

To the General Meeting of Shareholders,

In our capacity as FREY's Statutory Auditors, we hereby present our limited assurance report on a selection of consolidated non-financial information (hereinafter the "Information") for the financial years ended 31 December 2018 and 2019 presented in the 2019 Universal Registration Document, on which we carried out specific work at the Company's request.

The Information selected by the Company is identified with an "*" in Chapter 6 of the 2019 Universal Registration Document.

COMPANY'S RESPONSIBILITY

It is the Board of Director's responsibility to produce Information in accordance with the Company's procedures (see the "Framework"), the significant portions of which are presented in the 2019 Universal Registration Document and available from the Company's registered office on request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and our professional Code of Ethics. Moreover, we have implemented a quality control process which includes documented policies and procedures aimed at ensuring compliance with ethical rules, professional standards and the relevant legal and regulatory texts.

STATUTORY AUDITORS' RESPONSIBILITY

It is our responsibility, on the basis of our work and as requested by the Company, to express an opinion with supporting arguments with a limited assurance conclusion as to the true and fair nature of the Information selected by the Company and presented in the 2019 Universal Registration Document.

NATURE AND SCOPE OF WORK

Our work described below was conducted in accordance with the professional standards of the *Compagnie nationale des Commissaires aux Comptes* relevant to this assignment and in accordance with international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information). We conducted work that has enabled us to assess the accuracy of Information:

- we assessed the appropriateness of the Framework in terms of its relevance, comprehensiveness, reliability, neutrality and understandability, taking into account best practices within the industry;
- we familiarised ourselves with internal control and risk management procedures implemented by the entity and assessed the collection process implemented by the entity to produce comprehensive and accurate Information;
- we conducted interviews with those individuals in the Company responsible for preparing the Information for the purposes of rolling out and applying the Framework;
- for the selected quantitative Information we implemented:
 - analytical procedures to verify the proper consolidation of any data collected as well as the consistency of any changes over time,
 - detailed tests on the basis of sampling, aimed at verifying the proper use of definitions and procedures and reconciling the data from documentary sources.

We exercised our professional judgement in our work, enabling us to reach a conclusion of limited assurance; a higher level of assurance would have required more extensive verification work.

MEANS AND RESOURCES

We called on Sustainable Development and corporate social responsibility experts to assist us with our work.

CONCLUSION

In the course of our work, we did not identify any significant anomalies that might call into question the non-financial performance statement's compliance with applicable regulatory provisions or the fact that the information, taken as a whole, is presented fairly, in accordance with the Framework.

Neuilly-sur-Seine, 17 April 2020

One of the Statutory Auditors

Grant Thornton
French member of Grant Thornton International
Amandine Huot-Chailleux
Partner



◀ Clos du Chêne
Montevrain (77)

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RELATED-PARTY TRANSACTIONS

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8.2 STATUTORY AUDITORS' SPECIAL
REPORT ON RELATED-PARTY
AGREEMENTS 190

8.1 RELATED-PARTY TRANSACTIONS

All transactions between SA FREY 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 2019 can be found in this section of the 2019 Universal Registration Document;
- the special report for the financial year ended 31 December 2018 can be found in the “Related-party transactions” 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.

On this matter we also refer you to Note 5 to the consolidated financial statements as at 31 December 2019, which is included in the section entitled “Consolidated financial statements” of this Universal Registration Document.

8.2 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Annual General Meeting to approve the financial statements for the financial year ended 31 December 2019

To the shareholders of FREY,

As your Company's Statutory Auditors, we hereby present our report on related-party agreements.

Our role is to provide you, on the basis of the information given to us, with the characteristics, the essential terms and conditions and justification for the Company of the agreements brought to our attention, or which we have discovered as part of our assignment. We are not required to issue an opinion on whether or not these agreements are useful or warranted and it is not part of our duties to verify the existence of other agreements. 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 already approved by the General Meeting.

We have carried out the procedures we deemed necessary in the light of the professional standards of the 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 SUBMITTED FOR APPROVAL BY THE GENERAL MEETING

Pursuant to Article L. 225-40 of the French Commercial Code, we have been notified of the following agreement entered into in the financial year just ended and pre-approved by your Board of Directors.

Partnership agreement

Person concerned

Cardif Assurance Vie, director of SA FREY, represented by Nathalie Robin, with commercial ties to the firm BNPP REIM, which itself manages the OPCI BNP Paribas Diversipierre.

Nature and purpose

Partnership with the OPCI BNP Paribas Diversipierre (via its subsidiary, DVP EUROPEAN CHANNEL) through the sale of part of its Portuguese holding company, FREYPROP, which was wholly-owned by SA FREY.

Terms

Sale of 30% of securities and current accounts of shareholders in the Portuguese holding company FREYPROP, on the basis of the purchase price in the case of the securities and of the nominal value in the case of the shareholders' current accounts.

Why it is in your Company's interest

To enable FREY Group to free up investment capacity for new acquisition and/or expansion operations.

Pre-approval by the Board of Directors

25 September 2019.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

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 SA FREY signed a promotion agreement, under which SA FREY retains SCA Firmament Participations, which is the leading shareholder of SA FREY 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 this agreement, Firmament Participations receives remuneration of €20,000 before tax each year.

Neuilly-sur-Seine and Reims, 9 March 2020

Grant Thornton
French member of Grant Thornton International
Amandine Huot-Chailleux
Partner

FCN
Jean-Michel François
Partner



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INFORMATION ON EMPLOYEES AND PAY POLICY

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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 2019.

Reference period of the report

It begins on 1 January 2019 and ends on 31 December 2019

Key indicators

Gender equality: 47 women and 44 men
 99% permanent contracts – 1% work-study contracts
 Rate of absenteeism: 1.56%

9.1 EMPLOYMENT

TOTAL WORKFORCE AND BREAKDOWN OF EMPLOYEES BY GENDER AND AGE CATEGORIES AT 31 DECEMBER 2019

At the end of 2019, FREY had 91 employees.

“Support” includes financial, legal and human resources staff, as well as assistants and technical personnel (maintenance, reception, etc.).

Workforce at year-end	2015	2016	2017	2018	2019
Managers	38	50	60	61	68
Non-managers	25	24	21	24	23
TOTAL	63	74	81	85	91

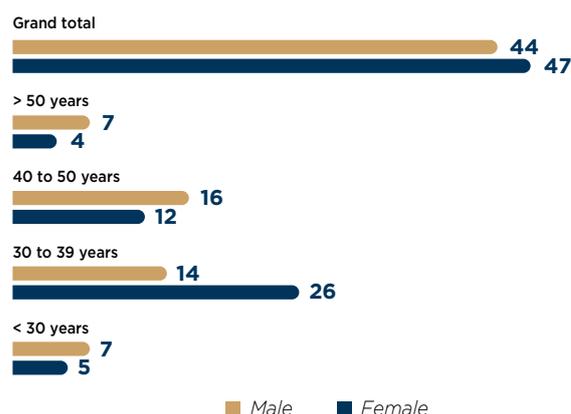
Workforce at year-end	2015	2016	2017	2018	2019
Senior management	8	8	8	8	10
Operational staff	30	34	40	46	46
Support staff	25	32	33	31	35
TOTAL WORKFORCE	63	74	81	85	91

Workforce at year-end	2015	2016	2017	2018	2019
Fixed-term contracts	3	2	1	0	0
Permanent contracts	57	69	79	84	90
Work-study contracts	3	3	1	1	1
TOTAL WORKFORCE	63	74	81	85	91

Average age	Sum of ages of total workforce Total workforce
--------------------	---

The average age at 31 December 2019 is 39, unchanged from the previous year.

AGE PYRAMID – FREY GROUP – DECEMBER 2019



Age category	Female	Male	Total
< 30	5	7	12
30 - 39	26	14	40
40 - 50	12	16	28
> 50	4	7	11
GRAND TOTAL	47	44	91

RECRUITMENT AND REDUNDANCIES

In 2019, FREY recruited 14 new employees and 8 staff members left the Company. Of these 14 recruitments, 11 were for positions created during 2019, with a turnover rate excluding job creation of 6.47%.

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.

Recruitment	New positions	Replacements	Total
Permanent contracts	10	3	13
Fixed-term contracts	-	-	-
Work-study contracts	1	-	1
GRAND TOTAL	11	3	14

Departures	Contracts ending	Resignations	Contracts terminated	Trial period terminated	Total
Permanent contracts	-	2	6	-	8
Fixed-term contracts	-	-	-	-	-
Professional training contracts	-	-	-	-	-
GRAND TOTAL	-	2	6	-	8



9.2 CHANGE IN AVERAGE SALARY

Workforce on a like-for-like basis	This is the number of people employed throughout 2019 on permanent or fixed-term contracts, excluding interns and temporary workers.
Average salary excluding bonuses on a like-for-like basis	$\frac{\text{Sum of gross salaries for the 2019 workforce}}{\text{2019 workforce}}$
Change in average salary excluding bonuses on a like-for-like basis	$\frac{\text{Change in average salary excluding bonuses on a like-for-like basis (2019-2018)}}{\text{Average salary excluding bonuses on a like-for-like basis in 2018}}$

The average salary excluding bonuses on a like-for-like basis changed as follows:

2015	2016	2017	2018	2019
3.11%	3.72%	4.92%	6.93%	3.44%

9.3 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.

4% of the workforce, *i.e.* four people, have chosen part-time employment, working between 21% and 97% of the working time of a full-time employee (151 hours 67).

As from 1 January 2018, management employees are subject to a flat-rate agreement of 218 days per annum.

ABSENTEEISM

Absenteeism rate	$\frac{\text{Number of days' absence}}{\text{Theoretical number of days}}$
-------------------------	--

Absenteeism includes absences due to illness, whether occupational or not, and any work- or commute-related accidents.

Absenteeism is calculated over full-year 2019. Absences are counted in business days.

TABLE OF EVOLUTION OF ABSENTEEISM

Absenteeism trend	2015	2016	2017	2018	2019
	0.65%	0.64%	0.75%	2.13%	1.56%

WORK ACCIDENTS, PARTICULARLY THEIR FREQUENCY AND SEVERITY, AND OCCUPATIONAL ILLNESSES

Two work accidents were reported in 2019, resulting in five days lost.

Four accidents were reported in 2018.

9.4 EMPLOYEE RELATIONS

The human scale of the Group’s various entities allows for a one-to-one relationship between staff and management.

A Social and Economic Committee has been in place in IF Gestion et Transactions and FREY Aménagement et Promotion since 2018 and in FREY since 2019.

No collective bargaining agreement or agreement with unions was signed in financial year 2019.

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.

9.5 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 three 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 Cost 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.



9.6 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, psychosocial risks and musculoskeletal disorders. In 2019, awareness-raising measures were implemented to encourage the adoption of the correct posture at work and adapted equipment was offered.

FREY Group 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 Group also supports employee well-being, and in particular installed a gym at head office in 2012, where three sports coaches lead seven weekly sessions (paid for in full by the employer) and subsidises membership for employees in Paris:

- 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 Group subsidises childcare places at local nurseries.

FREY Group 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 Group has also offered employees individual sessions with a professional nutritionist in the form of one-to-one chats.

Each year, FREY Group organises an end-of-year party for employees, their spouses and children, and an annual seminar including lectures, training and recreational activities to promote reflection, greater perspective and team-building.

9.7 TRAINING

Average number of training hours per employee (a training day is seven hours long)	Number of training hours Average 2019 workforce
Training rate	Number of people trained Average 2019 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 2019, 670.25 hours of training, including coaching, took place. Almost 53% of staff have benefited from training, receiving an average of 15 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 represents 0.69% of the Group's total payroll. The training plan was heavily affected by the strikes in late 2019.

In 2019, training hours for employees on work-study contracts (apprenticeships and professional training contracts) came to 581 hours.

9.8 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 2019 to 52%.

FREY Group continually works with recruitment firms and temp agencies that are very mindful of diversity and equal opportunity.

9.9 PROMOTION OF 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 Organisation, in particular:

- elimination of discrimination in employment and occupation;
- elimination of forced or compulsory labour;

- effective abolition of child labour;
- respect for freedom of association and the right to collective bargaining.

The service providers with which FREY works are governed by French and Spanish law; none of these companies are located in countries that have not ratified the ILO fundamental conventions.



Algarve Shopping
Albufeira
Portugal

10

ADDITIONAL INFORMATION

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10.1 INFORMATION RELATING TO THE COMPANY

10.1.1 INFORMATION ON THE COMPANY

Company name

The Company's name since June 2009 has been: SA FREY.

Registered office

Parc d'Affaires TGV Reims Bezannes

1 rue René Cassin

51430 Bezannes

Tel: +33 (0)3 51 00 50 50

FREY'S LEI Code

969500JTN8BU5BW6UW36

Website

FREY's website is: <https://frey.fr/>. We draw the reader's attention to the fact that, unless otherwise stated in this Universal Registration Document, the information featured on this website is not part of this document.

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 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).

10.1.2 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 the Company's 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 1.6 ("Corporate governance") of the management report reproduced herein.

3. Rights attached to the shares (Articles 9 to 11)

Article 9 - Form of shares

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 (b) 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 list 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.

Article 10 – Sale and transfer of shares

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.

Article 11 – Rights and obligations attached to the shares

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 (b) 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 (b) 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 (b) 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 shareholder subject to withholding tax in proportion to their respective dividend entitlements divided by the total dividend entitlement of shareholder 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 due, for each share held by said shareholder subject to withholding tax, to be paid to it in application of the aforementioned distribution decision or of a share buyback, will be reduced by virtue of said offsetting, in 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, 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 Meeting

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 Meeting

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 Company's Articles of Association, charter or bylaws that may delay, postpone or prevent a change of 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 (i) a fraction of the share capital, voting rights or securities equating to or in excess of 2% or a multiple of this percentage, or (ii) any 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 two 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 Company's share 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 the 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.

10.1.3 SHARE CAPITAL OF SA FREY SUBJECT TO PLEDGES

Name of pure registered shareholder	Beneficiaries	Inception date of pledge	Expiry date of pledge	Condition for exercise of pledge	Number of FREY shares pledged
Firmament Participations	Caisse d'Epargne Grand Est Europe	24/04/2017	Until complete repayment of sums due	In the event of non-payment	1,400,000
		20/05/2019			1,400,000
	CIC-EST	19/04/2017			500,000
	LCL & CIC-EST	14/06/2018			668,013
	CIC-EST	18/11/2019			235,000
	SG	20/11/2019	300,000		
TOTAL					4,503,013

10.2 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 Barthès 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 2.3.8 "Investment Property" of the Consolidated Financial Statements at 31 December 2019 listed under the heading "annual financial report" of this Universal 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 1.4.2.1 "Risks related to operating activities" of the Board of Directors' management report on the position and operations of FREY and the Group for the financial year ended 31 December 2019 listed under the heading "annual financial report" of this Universal 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 of the appraisal reports of the property asset portfolio as drawn up by Patrick Colomer, Patrice Roux and Christopher Adam is set out below.

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 six 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 to the Appraisal Department of each company (hereinafter referred to as "the Appraiser") consists of appraising the market value every six months of part of the property assets of the Principal and its constituent companies: FRV, FRF1, FRF2 Torcy, FRF2 Torcy II, FRF2 Le Pontet, 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, Bonneuil Retail Park, Rive de la Garonne, FREY Aménagement et Promotion, Parc Vallès Inversiones, Algarve shopping - Centro Comercial, ALBRP Albuferia Retail Park, Immoconti and SA FREY.

II. Appraisal conditions and 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, published by the French Institute of Property Appraisal (IFEI) in partnership with the leading 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 study 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 that could 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. Transaction and other 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 the 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 METHODS

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 - Top Slice).

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, 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 (revenues 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.

4. 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 appraiser according to three levels.

ADDITIONAL INFORMATION

Third-party information, statements by experts, declarations of interests

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
On behalf of Colomer Expertises

Patrice Roux

MRICS - REV
Director
On behalf of Cushman & Wakefield

Christopher Adams

MRICS
Chairman

10.3 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 eighty (80) internet domain names.

These trademarks and domain names mainly cover company names, outdoor 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:

- **Clos du Chêne** in Montévrain – Chanteloup-En-Brie (77), partially certified in 2008 then in 2015 for the second part;
- **Parc des Moulins** in Soissons (02), certified in 2010;
- **Green 7** in Salaise sur Sanne (38) certified in 2012;
- **O'Green** in Agen-Boé (47), certified in 2015;
- **Be Green** in Troyes – Saint-Parres-aux-Tertres (10) certified 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.

FREY is also authorised to use the "BREEAM" Construction" logo for its certified assets:

- **Shopping Promenade® Arles-Montmajour** (BREEAM Construction – Very Good), certified in 2019.

FREY is also authorised to use the "BREEAM" In Use" logo for its certified assets:

- **Shopping Promenade® Cœur Picardie** in Amiens (80), certified in 2019;
- **SuperGreen** in Thionville – Terville (57), certified in 2019.

Finally, FREY is authorised to use the "HQE" Aménagement" logo for those of its operations that have been awarded that certification:

- **Be Green** in Troyes – Saint-Parres-aux-Tertres (10);
- **Shopping Promenade® Cœur Alsace** in Strasbourg-Vendenheim.

FREY is also authorised to use the "HQE" Commerce" label for its certified assets:

- **Parc des Moulins** in Soissons (02);
- **Woodshop** in Cesson (77);
- **Shopping Promenade® Cœur Picardie** in Amiens (80);
- **SuperGreen** in Thionville – Terville (57);
- **Clos du Chêne** in Montévrain – Chanteloup-En-Brie (77);
- **Green 7** in Salaise-sur-Sanne (38);
- **Be Green** in Troyes – Saint-Parres-aux-Tertres (10);
- **Cap Émeraude** in Dinard – Pleurtuit (35);
- **Espace Leman** in Thonon-les-Bains (74);
- **O'Green** in Agen-Boé (47).

By virtue of its real estate investment activities FREY does not have a research and development policy. An Innovation Department is responsible for scoping and coordination:

- of rolling out new services offered to stores and visitors;
- of transformation strategies (digital and Sustainable Development).

Furthermore, the Company does not consider itself dependent on any trademark, patent or licence for its business or profitability.

10.4 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED WITHIN THE UNIVERSAL REGISTRATION DOCUMENT

Person responsible for the Universal 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 the 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

10.5 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby certify, having taken all reasonable measures to this effect, that the information in this Universal Registration 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, and that it describes the main risks and uncertainties they face".

Bezannes, 22 April 2020

Antoine Frey

Chairman and Chief Executive Officer

10.6 STATUTORY AUDITORS

10.6.1 PRINCIPAL STATUTORY AUDITORS

GRANT THORNTON

French member of GRANT THORNTON INTERNATIONAL

Represented by Amandine Chailleux

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 ending 31 December 2024.

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.

10.6.2 ALTERNATE STATUTORY AUDITORS

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.

10.6.3 STATUTORY AUDITORS' FEES

	FCN		Grant Thornton		Safir Audit	
	Financial year ended 31/12/2019	Financial year ended 31/12/2018	Financial year ended 31/12/2019	Financial year ended 31/12/2018	Financial year ended 31/12/2019	Financial year ended 31/12/2018
Audit						
• Audit of financial statements						
<i>Issuer</i>	€114,591	€116,113	€115,421	€129,212	-	-
<i>Subsidiaries</i>	€80,708	€67,286	€74,182*	€37,135	€5,583	€5,713
• Ancillary assignments	-	€7,000	€17,925	€11,500	-	-
SUB-TOTAL	€195,299	€190,399	€207,528	€177,847	€5,583	€5,713
Other services						
• Legal, fiscal, labour	-	-	-	-	-	-
• Information technology	-	-	-	-	-	-
• Internal audit	-	-	-	-	-	-
• Other (if > 10% of audit fees)	-	-	-	-	-	-
SUB-TOTAL	-	-	-	-	-	-
TOTAL	€195,299	€190,399	€207,528	€177,847	€5,583	€5,713

* Fees for reviewing components are not included in the information provided in the consolidated financial statements.

10.7 DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity period of this Universal Registration Document, material versions of the following documents (or copies thereof) may be consulted at the Company's registered 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 Universal 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).

CROSS-REFERENCE TABLE

The cross-reference table below can be used to identify the information required under annexes 1 and 2 of Delegated Regulation (EC) no. 2019/980 of 14 March 2019 in accordance with the URD framework.

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