

Bezannes, 25 July 2022, 5:00pm - 2022 half-year results

FREY posted strong growth in its half-year results

A resilient business model with enhanced performance

Financial occupancy rate: **98.0%**⁽¹⁾

H1 2022 collection rate⁽²⁾: **97.0%**

Group OCR ratio⁽³⁾: **8.8%**

Growing and increasingly international property portfolio

Economic portfolio: **€1.6 billion**⁽⁴⁾ (+10.6%)

Internationalisation of the portfolio: **28%**⁽⁵⁾

Annualised rents Group share: **€89.5 million** (+11.0%)

Solid recurring profitability, combined with an efficient financial structure

Rental income: **€42.2 million** (+30.4%)

Profit from recurring operations: **€30.1 million** (+30.8%)

Net Income Group Share: **€70.9 million** (x2.8)

EPRA NTA NAV⁽⁶⁾: **€32.5 per share** (-0.8% vs. end-2021 and +3.8% vs. 30/06/2021⁽⁷⁾)

LTV ratio (incl. transfer tax): **37.5%**

Available liquidity: **€234.8 million**⁽⁸⁾

“FREY has an extremely sound balance sheet in support of the deployment of its growth strategy. A strategy that is based on the development of assets perfectly in line with the aspirations of a more sustainable society. This half-year performance demonstrates once again the relevance of the more sustainable business model of FREY’s open-air shopping centres. FREY has a unique portfolio that combines value creation and recurring profitability.” said Antoine Frey, Chairman and Chief Executive Officer of FREY.

(1) At 30 June 2022, the vacancy rate calculated in accordance with the EPRA Best Practices Recommendations stood at 2.0%.

(2) Charged rents received relative to charged rents invoiced after deduction of tenant support.

(3) Rolling 12 months / FREY Group scope (France, Spain and Portugal). 8.2% OCR in France

(4) Incl. Finestrelles Shopping Centre acquired in June 2022 (excl. Parque Mediterráneo).

(5) Calculated based on annualised rents including Finestrelles Shopping Centre (excl. Parque Mediterráneo).

(6) Calculated according to the standard developed and published by the European Public Real Estate Association (EPRA).

(7) 3,404,016 new shares in 2021 following the capital increase of €102m in December 2021 and 359,524 dividend-related shares in 2021.

(8) €60 million for corporate lines and €174.8 million in free cash flow.

Key figures - In €million - 6 months	30.06.2022	30.06.2021	Chg.
Consolidated revenue	59.6	42.3	+40.8%
o/w property investment activity (gross rental income)	42.2	32.4	+30.4%
Profit from recurring operations	30.1	23.0	+30.8%
Change in fair value of investment property	33.2	7.9	+317.8%
Net income Group share	70.9	25.0	+183.0%
Balance sheet indicators - In €million	30.06.2022	31.12.2021	Chg.
EPRA NAV Net Tangible Assets (NTA)	918.1	926.2	-0.9%
<i>i.e. per share</i>	32.5	32.7	-0.8%
LTV (incl. transfer tax)	37.5%	32.2%	+53 pt

On 25 July 2022, the Board of Directors of FREY approved the half-year consolidated financial statements for the period ended 30 June 2022. The half-year financial statements received a limited review by the statutory auditors. The statutory auditors' reports on the half-year financial information were unconditionally issued.

HIGHLIGHTS OF THE FIRST HALF OF 2022

- **Confirmed outperformance of FREY's open-air shopping centres**

Despite a still disrupted health situation, the concept of an open-air commercial promenade, combined with a balanced mix merchandising, perfectly suits to the needs of consumers and demonstrates the relevance of a more sustainable and more profitable business model for retailers.

In a normalising operating environment, the success of FREY's open-air shopping centre model was confirmed once again in the first half of this year, with indicators outperforming national indices ⁽⁹⁾:

- **On a like-for-like basis, FREY tenants' revenue was up +5.2%** compared to 2019 and significantly outperformed the CNCC sector index (-8.5%);
- **FREY's site footfall returned to its pre-crisis highs at 97%** (compared to H1 2019), while the CNCC reported a drop of -15.6%.

The normalisation of activity was also confirmed in the rental collection rate ⁽¹⁰⁾, which reached 97.0% for the 1st half of 2022, versus 94.5% for the full year 2021 when it was published (increased to 97.8% to date).

(9) Merchant revenue from January to May 2022, changes versus comparable periods in 2019 for FREY data and the CNCC sector index for all formats - Change in traffic in the France scope for FREY equipped sites with footfall for January and June 2022, changes versus comparable periods in 2019 for FREY data and the CNCC sector index for all formats combined.

(10) Rents and expenses collected relative to rents and expenses invoiced, Group share.

- **Strong rental momentum**

FREY successfully carries out the leasing of the Docks de St-Ouen project ⁽¹¹⁾, a lively, user friendly and committed retail city centre of over 24,000 m². The programme consists of a cultural and food Hall and an animated shopping street “Le Cours des Lavandières” (50 shops and 6 medium-sized stores) for which the first leases are effective with major national brands such as Intermarché or Biocoop, as well as healthcare and local services players (an emergency centre, an analysis lab, a pharmacy, an optician, etc.).

Overall, during the 1st half of 2022, FREY signed 58 leases, on the portfolio in operations or under development, for €6.2 million in rental income (€4.9m Group share). For renewals and reletting, the average up-lift was at +5.6%.

Thanks to sustained leasing activity, the **EPRA occupancy rate worked out at 98.0% at 30 June 2022** (stable vs 31/12/2021).

FREY continues the diversification of its rental risk with the **Top 10 tenants representing 19% of the rental base** ⁽¹²⁾ (versus 21% at the end of 2021) with national and international players all leaders in their sector (Cultura, Boulanger, Intersport, Beaumanoir Group, Maisons du Monde, Fnac Darty, Inditex, etc.).

- **Continued internationalisation with two high potential acquisitions on the Iberian Peninsula**

Since the beginning of the year, FREY has accelerated its international development with the acquisition of two open-air centres with solid fundamentals:

- **Finestrelles Shopping Centre** in Barcelona (39,250 m²) benefits from a strategic location and a large catchment area (470,000 inhabitants within 10 minutes with a purchasing power higher than the average for both Spain & Catalonia). Leased at 96.5%, the asset is expected to generate nearly €8.1m in annual net rental income in 2022. **It was acquired for a total amount of €127.5 million at the end of June and was consolidated in the financial statements for H1 2022;**
- **Parque Mediterráneo** located at 5 km from the port city of Cartagena in the southeast of Spain is one of the largest retail parks in Spain (66,000 m²). As the first commercial destination on the Murcia coast, the centre currently generates €6m in secure annual rental income and has a strong potential for optimisation, which will enable FREY to deploy all its management and development know-how (current occupancy rate of 94% and potential for extension with 6,000 m² in building rights). **Acquired at the beginning of July for a total amount of €83m, it will be consolidated in the financial statements for H2 2022.**

These two assets are in addition to Parc Vallès in Barcelona and the Algarve Shopping in Portugal, acquired in 2018 and 2019, respectively, bringing FREY’s international presence to 33% ⁽¹³⁾.

(11) Developed in three phases (autumn 2022, mid-2023 and mid-2024).

(12) Calculated based on annualised rents including Finestrelles Shopping Centre (excl. Parque Mediterráneo).

(13) Calculated on the basis of 2022 annualised rents, including Finestrelles Shopping Centre and Parque Mediterráneo.

FINANCIAL PERFORMANCE IN H1 2022

- **Change in portfolio**

At 30 June 2022, FREY's portfolio in operations ⁽¹⁴⁾:

- covers a surface area of **571,800 m²** (vs. 551,200 m² at end-2021), taking into account the acquisition of Finestrelles in Spain and arbitrage transactions carried out over the period ⁽¹⁵⁾;
- were valued at **€1,473.7 million excluding transfer tax** (including €385 million internationally), up +10.9% compared to end-2021 (€1,328.7 million);
- offered **€89.5m in annualised gross rents**, up +11.0% compared with the end of 2021 (€80.6m);
- posted a **EPRA vacancy rate ⁽¹⁶⁾ of 2.0%** (i.e. an occupancy rate of 98.0%).

At 30 June 2022, the total value of the portfolio excluding transfer taxes (economic portfolio in operations + projects in progress for €101.3 million) amounted to **€1,574.9 million** compared with €1,422.9 million at the end of 2021.

With Parque Mediterráneo, the total value of the portfolio excluding transfer taxes amounted to **€1,657.9m**.

- **Rental income: €42.2 million (+30.4%)**

At 30 June 2022, rental income from the consolidated portfolio amounted to **€42.2 million, an increase of +30.4%** compared to the end of June 2021 (€32.4m). This positive change is mainly due to the delivery of Shopping Promenade® Claye Souilly (77) and Shopping Promenade® Cœur Alsace (67) in March 2021 and the acquisition of Carré Sud in Nîmes (30) in July 2021.

On a like-for-like basis, invoiced rents increased by 7.1% compared to H1 2021.

As such, FREY's consolidated revenue amounted to **€59.6m** (vs. €42.3m in H1 2021).

- **Profit from recurring operations: €30.1 million (+30.8%) - Net income Group Share: €70.9 million (+183.0%)**

Profit from recurring operations amounted to €30.1m at end-June 2022, compared with €23.0m in June 2021 thanks to the increase in revenue, as described above.

Operating profit at €61.5 million (versus €31.0 million in 2021) benefited from a **change in fair value of €33.2 million**, including €20.1 million on the portfolio on a like-for-like basis (i.e. +1.5%).

Consolidated net profit Group share amounted to €70.9m at end-June 2022 (versus €25.0m in June 2021) after the positive effect of an adjustment in the value of financial assets of €25.7m, after taking into account a net cost of debt of (€6.3m) and income tax.

⁽¹⁴⁾ the portfolio in operations includes assets 100% held by FREY, plus assets held in partnership up to their share of ownership.

⁽¹⁵⁾ FREY sold five assets (24,800 m²) for a cumulative amount of €47 million at 100% (€32.5 million for Group share), with a premium on appraisal values at end-December 2021 of 1% for Group share.

⁽¹⁶⁾ Calculated in accordance with the EPRA Best Practices Recommendations.

- **EPRA NTA NAV ⁽¹⁷⁾ at €32.5 per share (-0.8% vs. end-2021 and +3.8% vs. 30/06/2021 ⁽¹⁸⁾)**

Shareholders' equity Group share increased by +€24.5m in H1 2022 compared with 31 December 2021 to stand at €931.6m, taking into account the profit of the period and the distribution of a dividend of €45.4m.

Therefore, EPRA Revalued Net Tangible Assets (NTA) (excluding transfer tax) amounted to €918.1 million at end-June 2022 versus €926.2 million at 31 December 2021 (-0.9%). Per share, EPRA NTA NAV worked out at €32.5 per share, versus €32.7 per share at the end of 2021, i.e. a -0.8% change, directly linked to the distribution of a dividend of €1.60 per share during the half-year period.

- **Solid financial structure and sustainable financing policy**

In line with its responsible financing strategy as a B Corp certified "entreprise à mission", FREY announced in early 2022 that it has combined all of its corporate financing with ESG (environmental, social and governance) performance criteria with its long-standing banking partners. Responsible bank loans with a CSR component thus account for 100% of the Group's corporate financing arrangements.

In February 2022, FREY signed a similar credit line (5-years) for a total amount of €70 million with Natixis. This credit was increased to €100 million in May.

At end-June 2022, the Group's bank debt amounted to €849.0 million (vs. €606.4 million at 31 December 2021) and FREY had **€234.8 million in liquidity** (€308 million at 31 December 2021) consisting of €60 million in undrawn cash lines and €174.8 million in available cash. **The maturity of bank debt is 3.8 years ⁽¹⁹⁾** (compared with 4.3 years as at 31 December 2021).

After taking interest rate hedges into account (hedging rate of 90.0%), **the average interest rate on bank debt based on market conditions at 30 June 2022 stood at 1.39%** (compared with 1.38% at 31 December 2021).

The consolidated LTV ratio (including transfer tax) stood at 37.5%, compared with 32.2% at the end of 2021. The Group maintained a comfortable LTV level, in a context of strong growth.

STRATEGY AND OUTLOOK

FREY is actively pursuing its strategy with the ambition of becoming the European leader for sustainable retail. This growth strategy is based on its expertise in the investment, development and management of open-air shopping centres that are more sustainable, more practical, friendlier and with a more profitable business model for retailers.

FREY will also pursue its long-term expansion strategy through urban renewals of retail areas at city entrances and the acquisition of open-air retail assets to transform them and bring them up to the standards of its property portfolio.

⁽¹⁷⁾ Calculated according to the standard developed and published by the European Public Real Estate Association (EPRA).

⁽¹⁸⁾ 3,404,016 new shares in 2021 following the capital increase of €102m in December 2021 and 359,524 dividend-related shares in 2021.

*This press release is available on the website [frey.fr/en](https://www.frey.fr/en), under Finance/Results and Press Releases
The half-year financial report is available (in French version) under Finance/Regulatory Information*

About FREY

Developer, investor and manager, FREY is a real estate company specialising in the development and operation of open-air shopping centres in France, Spain, and Portugal. A pioneer in environmentally-friendly retail parks with its Greencenter concept and inventor of next generation open-air shopping centres Shopping Promenade, mission-led company, B Corp™ certified, FREY is fully engaged in a more responsible, greener society that is socially beneficial to its ecosystem and its stakeholders. As the company knows just how essential retail is to urban diversity, social link, local economic resilience and environmental transition, its mission is restoring retail as a service for the common good. FREY also conducts major urban renewal operations and mixed-purpose projects.

FREY is listed on compartment B of Euronext Paris. ISIN: FR0010588079 - Memo: FREY

CONTACTS:

Sébastien Eymard - Deputy Chief Executive Officer

Mathieu Mollière – Communication, Marketing and Innovation Director

m.molliere@frey.fr

Victoire Birembaux – Corporate Communication and Public Relations Manager

v.birembaux@frey.fr – Tél. : +33 (0)6 07 35 64 04

APPENDICES - Financial statements at 30 June 2022

- **Figures relating to the portfolio in operation (in € million, excluding transfer tax)**

In €million	(Excluding transfer tax)	30.06.2022
	Consolidated investment property	1,656.2
+	Properties held for sale	3.2
-	Projects under development	(39.8)
-	Projects underway valued at cost	(64.6)
=	CONSOLIDATED PORTFOLIO IN OPERATION	1,555.0
-	Assets in operation in partnerships (non-Frey share)	(117.7)
+	Assets in operation in the associates (Frey share)	36.4
=	ECONOMIC PORTFOLIO IN OPERATION	1,473.7
+	Assets in operation in partnerships (non-Frey share)	117.7
+	Assets in operation in the associates (non-Frey share)	183.6
=	TOTAL PORTFOLIO IN OPERATION	1,775.0

- **IFRS Consolidated simplified income statement**

In €million	30.06.2022	30.06.2021	Chg.
Gross rental income	42.2	32.3	30.4%
Income from third-party development	4.6	0.0	
Income from other real estate management activities	1.0	1.1	
Re-invoiced expenses - IFRS 16	11.8	8.9	
Revenue	59.6	42.3	40.8%
Purchases consumed	(22.7)	(14.2)	
Payroll expenses	(5.1)	(3.7)	
Other income and expenses	0.4	0.4	
Taxes and similar payments	(0.4)	(0.5)	
Amortisation and depreciation	(1.7)	(1.4)	
Profit from recurring operations	30.1	23.0	30.8%
Other operating income and expenses	(1.8)	(0.0)	
<i>o/w rent waivers of rents granted</i>	-	(0.6)	
Adjustment of investment property values	33.2	7.9	
Operating profit	61.5	31.0	98.6%
Share of net profit (loss) of associates	1.8	1.3	
Operating profit after share of net profit from associates	63.3	32.3	95.9%
Cost of net debt	(6.3)	(5.4)	
Other financial income and expenses	26.3	1.8	
Profit before tax	83.3	28.7	190.0%
Income tax	(7.8)	(1.1)	
Net profit	75.5	27.6	172.3%
<i>Net profit attributable to non-controlling interests</i>	<i>(4.6)</i>	<i>(2.6)</i>	
Net profit Group share	70.9	25.0	183.0%

• *IFRS simplified consolidated balance sheet*

ASSETS in €m	30.06.2022	31.12.2021
Non-current assets	1,716.8	1,547.1
o/w Investment property	1,656.2	1,487.9
o/w share of associates	16.0	14.6
Current assets	319.2	195.6
o/w Cash and cash equivalents	174.8	84.5
Assets held for sale	-	12.8
LIABILITIES in €m		
Equity	993.4	966.3
Non-current liabilities	926.0	699.4
o/w long-term financial debt	868.1	658.5
Current liabilities	119.8	89.8
o/w short-term financial debt (including bond issues)	50.7	15.5
Liabilities related to assets held for sale	-	-
Total statement of financial position	2,039.2	1,755.5

• *IFRS consolidated cash flow statement*

In €million	30.06.2022	30.06.2021
Cash flow from operations	24.1	23.4
Dividends received from associates	-	-
Tax paid	(0.7)	(0.9)
Change in WCR related to the activity	3.7	(2.6)
Net cash generated by operating activities (1)	27.1	19.9
Acquisitions of fixed assets	(23.3)	(46.0)
Changes in loans, advances and other financial assets	0.3	0.2
Disposal of fixed assets	24.3	17.7
Disposal of financial assets	-	0.1
Impact of changes in consolidation scope and miscellaneous	(127.6)	(14.0)
Change in other investments	-	-
Net cash flow from investment activities (2)	(126.3)	(42.0)
Dividends paid to shareholders of the parent company	(45.4)	(26.6)
Capital increase	-	-
Net sale (acquisition) of treasury shares	(1.1)	(0.1)
Issuance of loans	345.2	110.3
Loan repayments (including finance leases)	(102.2)	(59.3)
Repayment of lease liabilities	(0.5)	(0.5)
Interest paid (including on lease obligations)	(6.3)	(4.9)
Change in other financing	-	-
Net cash flow to financing (3)	189.7	18.9
Change in cash (1+2+3)	90.5	(3.2)

- *Net Asset Value*

The Group presents the Net Reinstatement Value (NRV) and Net Disposal Value (NDV) as defined by the EPRA recommendations for fiscal years beginning on or after 1 January 2020.

In €million		30.06.2022	31.12.2021	Chg.	30.06.2021
EPRA NAV Net Disposal Value	(NDV)	930.6	906.3	+2.7%	765.4
<i>EPRA NAV Net Disposal Value per share (€)</i>		<i>32.9</i>	<i>32.0</i>	<i>+2.8%</i>	<i>30.7</i>
EPRA NAV Net Tangible Assets (NTA)		918.1	926.2	-0.9%	780.1
<i>EPRA NAV Net Tangible Assets per share (€)</i>		<i>32.5</i>	<i>32.7</i>	<i>-0.8%</i>	<i>31.2</i>
EPRA NAV Net Reinstatement Value (NRV)		985.0	985.0	+0.0%	833.6
<i>EPRA NAV Net Reinstatement Value per share (€)</i>		<i>34.8</i>	<i>34.8</i>	<i>+0.1%</i>	<i>33.4</i>
<i>Number of diluted shares</i>		<i>28,366,803</i>	<i>28,366,803</i>		<i>24,962,787</i>
<i>Number of treasury shares held in the liquidity contract</i>		<i>93,058</i>	<i>73,605</i>		<i>22,316</i>
<i>Number of adjusted shares</i>		<i>28,273,745</i>	<i>28,293,198</i>		<i>24,940,471</i>