

Bezannes, 27 July 2023, 5.00 p.m. - 2023 Half-year Results



FREY posts excellent half-year results and is preparing to seize opportunities

1st open-air shopping platform with solid fundamentals

Economic portfolio: **€1.7 billion** (+0.2% like-for-like)
 Annualised rents Group share: **€101.2 million** (+3.6% like-for-like)
 Financial occupancy rate ⁽¹⁾: **98.0%** (stable)
 H1 2023 collection rate ⁽²⁾: **97.6%**
 Group OCR ⁽³⁾: **8.3%**
 Growth in tenants' sales ⁽⁴⁾: **+5.5%**

1st project in the innovative partnership with the Caisse des Dépôts Group ⁽⁵⁾

Montigny-lès-Cormeilles in the second retail zone of France ⁽⁶⁾: 55,000,000 visitors/year
 Program: **24,000 m²** of shops, restaurants, activities and services
900 new housing dwellings

Excellent operating performance

Rental income: **€54.1 million** (+28.3% vs. H1 2022)
 Profit from recurring operations: **€42.6 million** (+41.5% vs. H1 2022)
 Net income Group share: **€36.6 million**
 EPRA NAV NDV ⁽⁷⁾: **€34.7/share** (-0.9% vs. end-2022 and +5.5% vs. H1 2022)

Solid financial structure

Optimised cost of debt: **2.0%**
Debt hedging rate of more than 95% over the next 5 years
 Financing raised: **€210 million**
 LTV ratio: **39.9%** (38.9% end-2022)
 Available liquidity ⁽⁸⁾: **€287.0 million** increased to €417.0 million after the end of the period.

“In the current uncertain context, the excellent H1 performances demonstrate once again the relevance of FREY’s unique portfolio, combining robust property value and recurring profitability. FREY continues to execute its strategic plan and is securing the financial resources to seize new opportunities that will inevitably arise in current market. FREY is reiterating more than ever its aim to become the European leader in sustainable retail.” Antoine Frey, Chairman and Chief Executive Officer of FREY.

⁽¹⁾ At 30 June 2023, the vacancy rate calculated in accordance with the EPRA Best Practices Recommendations (European Public Real Estate Association) stood at 2.0%.

⁽²⁾ Charged rents collected relative to charged rents invoiced.

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

⁽⁴⁾ Retailer sales from January to June 2023, Groupe FREY scope (France, Spain and Portugal), changes vs. comparable periods in 2022.

⁽⁵⁾ FREY, with La Banque des Territoires and CDC Habitat, has created a vehicle to carry commercial assets and consolidate land.

⁽⁶⁾ Source: Data Stories #4 MyTraffic 2023 - number of visitors in 2022.

⁽⁷⁾ Calculated according to the standard developed and published by the EPRA.

⁽⁸⁾ €147.0m in cash and €140.0m in corporate credit lines.

Key figures - In € million - 6 months	30.06.2023	30.06.2022	% Change
Consolidated revenue	70.4	59.6	+18.1%
o/w property investment activity (gross rental income)	54.1	42.2	+28.3%
Profit from recurring operations	42.6	30.1	+41.5%
Change in fair value of investment property	9.4	33.2	-71.7%
Net income Group share	36.6	70.9	-48.4%
Balance sheet indicators - In € million	30.06.2023	31.12.2022	Change
EPRA NAV NDV	972.1	989.2	-1.7%
<i>i.e. per share</i>	€34.7	€35.0	-0.9%
LTV ratio (incl. transfer tax)	39.9%	38.9%	-1pt

On 27 July 2023, FREY's Board of Directors approved the half-year consolidated financial statements for the period ended 30 June 2023. 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.

KEY EVENTS IN H1-2023

Success of the business model of FREY's open-air shopping centres

The performance of FREY's open-air shopping centres demonstrates the relevance of the business model of a more sustainable and more profitable business model for retailers, combined with a comprehensive and diversified merchandising mix that perfectly meets the needs of consumers.

- The sales of ⁽⁹⁾ FREY retailers grew 5.1% relative to H1 2022 – in step with the sector index +5.2% H1 2023⁽¹⁰⁾ (vs. -8.5% H1 2022⁽¹¹⁾) – and confirming the growth already achieved last year (+5.2% H1 2022⁽¹²⁾).
- FREY footfall ⁽¹³⁾ reached extremely high levels, with growth of +12.8% compared with H1 2022, while FACT posted a limited increase of +3.7%.

The rental collection rate ⁽¹⁴⁾ reached 97.6% in the first half of 2023 versus 97.0% at 30/06/22.

- **Dynamic rental activity**

FREY signed 76 leases overall in first-half 2023, on the portfolio in operations or under development, for €7.1 million in rents (€6.2 million attributable to the Group). For renewals and reletting, the average up-lift¹⁵ came out at +5.4%.

Thanks to strong rental activity, the EPRA occupancy rate remained at 98.0% at 30 June 2023 (stable vs. 31/12/2022).

(9) Tenants' sales in France from January to June 2023, changes versus comparable periods for FREY data.

(10) The sector index of the Federation of Regional Trade Actors (FACT) / Quantaflo all formats combined from January to May 2023.

(11) Tenants' sales in France, changes versus comparable periods in 2019 for the sector index.

(12) Tenants' sales in France, changes versus comparable periods in 2019 for FREY data.

(13) Trend in footfall in France for FREY sites from January to June 2023, changes versus comparable periods for FREY data and the FACT/MyTraffic index for all formats combined.

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

(15) Calculated on guaranteed minimum rent.

FREY maintained the strong diversification of its rental risk with the **top 10 tenant brands accounting for 19% of the rental base** ⁽¹⁶⁾ (stable vs. end-2022) with national and international players, all of them leaders in their sector (Cultura, Decathlon, Boulanger, Intersport, Beaumanoir Group, Maisons du Monde, Inditex, etc.).

- **FREY is successfully pursuing the leasing of the Docks de St-Ouen project near Paris** ⁽¹⁷⁾

With the 2024 Olympic Games fast approaching, a true retail city centre now graces the new Docks de Saint-Ouen district of St-Ouen:

- A 12,000 m² hall, named **“Communale”**, set to open in autumn 2023, with a large market for fresh produce; small catering kiosks; 4 restaurants; 4,000 m² of offices; a production/radio studio; a shared kitchen; an incubator and a 250-seat events venue.
- **Cours des Lavandières**, a lively shopping street with a retail surface area of 12,000 m² featuring 50 shops, of which 6 medium-sized, 90% leased for the first phase, with major national brands, healthcare players and local services and shops.

**1st project of the FREY & Groupe Caisse des Dépôts partnership:
Montigny lès Cormeilles (95)**

FREY undertakes the transformation of the emblematic retail area of Montigny-lès-Cormeilles, which welcomed 55 million visitors in 2022:

All major French cities are now facing the same challenge of restructuring their entrances to the city. These urban areas represent a huge stock of already developed land on which cities will reinvent themselves in the future. To support this necessary **transformation, FREY, Banque des Territoires and CDC Habitat** announced in December 2022 that they had joined forces to transform these zones by creating a €200 million land carry vehicle ⁽¹⁸⁾: SAS Repenser la Ville. On 1 June 2023, the group presented **the first retail area to benefit from this new carry and land consolidation tool: La Patte-d’oie d’Herblay (95) in Montigny-lès-Cormeilles.**

The programme provides for the implementation of:

- a school;
- a 750-metre long open-air walkway, connected to the surrounding public spaces;
- 24,000 m² for small and medium-sized shops, restaurants, services and leisure activities;
- 900 housing dwellings in 5-storey buildings by 2030;
- 20,062 m² of integrated green spaces; and the surface area to be desilted increases from 10 to 20%;
- 14,506 m² of public spaces, including public squares, small squares and pathways;
- 2,000 parking spaces underground and raised parking with around 400 spaces.

Stronger debt structure

- **Financial resources secured**

In line with its B Corp™-certified responsible financing strategy, **FREY has signed two new medium-term financing lines with ESG performance criteria for a total €210 million for 5 years** (with two additional year extension options) with its long-standing banking partners. The financial conditions are linked to compliance with three of FREY’s major CSR commitments: **obtaining BREEAM In-Use**

(16) Calculated on the basis of annualised rents.

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

(18) Total investment after applying 50% leverage.

certification for large-scale property assets, with a target of 100% of assets certified by 2027; **developing low-carbon mobility by installing charging points for electric and hybrid vehicles**, with a target of 5% of the total number of parking spaces by 2025 and 7% by 2027; **strong commitments in terms of reducing greenhouse gases (GHG), with a target for scopes 1 & 2 (direct emissions) and another target for scope 3 (indirect emissions linked mainly to construction and energy consumption by tenants, excluding visitor travel).**

- **Optimisation of debt hedging rate**

To better control the Group's average cost of debt, FREY optimised several hedging transactions in first-half 2023, thus improving its hedging profile and bringing it into line with the average maturity of its debt. Based on the current debt level, the debt was hedged at 94.5% at 30 June 2023 and is secured at least 95% over the next 5 years.

FINANCIAL PERFORMANCE IN H1 2023

Change in portfolio

At 30 June 2023, FREY's economic portfolio ⁽¹⁹⁾ in operation:

- **Occupied a surface area of 628,874 m²** (632,810 m² at end-2022) ⁽²⁰⁾;
- **Were valued at €1,549.2 million excluding transfer tax**, including €478 million internationally, up +0.4% from end-2022 (€1,542.8 million) and +0.3% like-for-like;
- **Offered €101.2m in annualised gross rents**, up +3.6% like-for-like compared with the end of 2022;
- **Posted a limited EPRA vacancy rate ⁽²¹⁾ of 2.0%** (i.e. an occupancy rate of 98.0%).

A 30 June 2023, **the total value of the portfolio excluding transfer taxes** (economic portfolio in operations €1,549.2 million + projects in progress for €131.5 million) **amounted to €1,680.7 million** at end-2022, compared with €1,661.9 million at end-2022.

Rental income: €54.1 million (+28.3%)

At 30 June 2023, rental income from consolidated portfolio amounted to €54.1 million, an increase of +28.3% compared with June 2022 (€42.2 million). This positive trend was driven primarily by the integration of the acquisitions of Finestrelles Shopping Center and Parque Mediterráneo in Spain.

On a like-for-like basis, invoiced rents increased by 8.0% compared with H1 2022.

FREY's consolidated revenue amounted to €70.4 million (vs. €59.6 million in H1 2022).

Profit from recurring operations: €42.6 million (+41.5%) - Net income Group share: €36.6 million

Profit from recurring operations amounted to €42.6 million at end-June 2023, compared with €30.1m in June 2022, a result of the increase in revenue detailed above and the firm control of expenses in a context of strong development.

(19) The economic portfolio in operation includes assets 100% held by FREY, plus assets held in partnership up to their share of ownership.

(20) FREY sold three assets (7,000 m²) for €21.5 million at 100% (€11.0 million for Group share), with a premium on appraisal values at end-December 2022 of 2.4% Group share.

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

Operating profit (ROP), at €51.9 million (compared with €61.5 million in H1 2022), benefited from a **positive change in fair value of +€9.4 million**, driven by the work of asset management on portfolio assets and development businesses.

Consolidated net income Group share was €36.6 million at end-June 2023 vs. €70.9 million in June 2022, down -48.4%. This fall in net income was mainly due to a lower revaluation of investment properties and a stable value of hedging instruments between 2022 and 2023 (-€50.2m), which was not offset by the increase in property investment activity linked to acquisitions in Spain.

EPRA NAV NDV⁽²²⁾ at €34.7 per share (-0.9% vs. end-2022 and +5.5% vs. 30/06/2022)

At 30 June 2023, Group shareholder's equity totalled €973.0 million, compared with €990.1 million at 31 December 2022. This trend resulted primarily from the income for the period (€36.6 million) and the distribution of dividends voted at the General Meeting of 9 May 2023 for €47.7 million.

Therefore, EPRA NAV NDV (excluding transfer taxes) stood at €972.1 million at end-June 2023 versus €989.2 million at 31 December 2022 (-1.7%). Per share, EPRA NVA NDV worked out at €34.7 per share, versus €35.0 per share at the end of 2022, a -0.9% decrease directly linked to the distribution of a dividend of €1.70 per share during first-half 2023.

Solid financial structure and sustainable financing policy

Two corporate financings were secured for a total of €210 million for 5 years (with two additional year extension options) consisting of a first line for a total amount of €80 million and a second for a total €130 million.

FREY is thus pursuing its objective to strengthen liquidity with the systematic implementation of its ESG commitments. All new corporate financing includes a margin adjustment mechanism based on the achievement of three sustainable development criteria consistent with FREY's major CSR commitments by 2030 on obtaining environmental certification, developing low-carbon mobility and reducing greenhouse gas emissions.

At end-June 2023, the Group's bank debt stood €913.6 million (vs. €806.3 million at 31 December 2022) and **€287.0 million in liquidities** (€277 million at 31 December 2022) consisting of €140.0 million in undrawn cash facilities and €147.0 million in available cash. Liquidities increased today to €417.0 million following the second financing of €130.0 signed on July 2023. **The duration** of bank debt was **3.6 years** at 30 June 2023 (from 3.7 years at 31 December 2022), increased to 4.0 years after the end of the period.

After taking interest rate hedges into account, the **average interest rate on Group's bank debt** based on market conditions at 30 June 2023 (margin included) was **2.02%**, compared with 1.82% at 31 December 2022.

The consolidated LTV ratio (including transfer tax) stood at 39.9%, vs. 38.9% at end-2022. The Group maintained comfortable leverage in the current economic environment and given its strong growth.

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

STRATEGY AND OUTLOOK

FREY is pursuing its growth strategy with the aim of becoming the European leader in sustainable retail.

This strategy is based on its expertise in the investment, development and management of open-air shopping centres and the relevance of their business model: more sustainable, more practical, more user-friendly for customers and more profitable business model for retailers. FREY will also continue its long-term development strategy, harnessing all its expertise to contribute to the urban renewal of territories.

In line with its development strategy, FREY worked to secure additional resources to support its organic growth by developing a pipeline of projects and seizing market opportunities.

*This press release is available on the website frey.fr/en, under Finance/Results and Press Releases
The half-year financial report is available under Finance/Regulatory Information*

About FREY

A developer, investor and manager, FREY is a real estate company specialising in the development and operation of outdoor shopping centres in Europe. 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. The Group also leads major urban and commercial renewal operations.

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

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APPENDICES - Financial statements at 30 June 2023

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

In € million	(Excluding transfer tax)	30.06.2023
	Consolidated investment property	1,763.5
+	Properties held for sale	6.8
-	Projects under development	(63.9)
-	Projects underway valued at cost	(72.0)
=	CONSOLIDATED PORTFOLIO IN OPERATION	1,634.4
-	Assets in operation in the partnerships (non-Frey share)	(113.3)
+	Assets in operation in the associates (Frey share)	28.1
=	ECONOMIC PORTFOLIO IN OPERATION	1,549.2
+	Assets in operation in the partnerships (non-Frey share)	113.3
+	Assets in operation in the associates (non-Frey share)	172.0
=	TOTAL PORTFOLIO IN OPERATION	1,834.5

• **IFRS consolidated simplified income statement**

In € million	30.06.2023	30.06.2022	Change
Gross rental income	54.1	42.2	+28.3%
Income from third-party development	0.2	4.6	
Income from other real estate management activities	1.0	1.0	
Re-invoiced expenses - IFRS 16	15.1	11.8	
Revenue	70.4	59.6	+18.1%
Purchases consumed	(21.4)	(22.7)	
Payroll expenses	(4.3)	(5.1)	
Other income and expenses	0.6	0.4	
Taxes and similar payments	(0.7)	(0.4)	
Amortisation, depreciation and impairment	(2.0)	(1.7)	
Profit from recurring operations	42.6	30.1	+41.5%
Other operating income and expenses	(0.2)	(1.8)	
Adjustment of investment property values	9.4	33.2	
Operating profit	51.9	61.5	-15.6%
Share of net profit (loss) of associates	1.1	1.8	
Operating profit after share of net profit from associates	53.0	63.3	-16.3%
Cost of net debt	(7.9)	(6.3)	
Other financial income and expenses	(0.7)	26.3	
Profit before tax	44.4	83.3	-46.7%
Income tax	(3.5)	(7.8)	
Net profit	40.9	75.5	-45.8%
<i>Net profit attributable to non-controlling interests</i>	<i>(4.3)</i>	<i>(4.7)</i>	
Net profit Group share	36.6	70.9	-48.4%

• **IFRS consolidated simplified balance sheet**

ASSETS in € million	30.06.2023	31.12.2022
Non-current assets	1,812.7	1,798.1
o/w Investment property	1763.5	1,739.0
o/w share of associates	13.3	17.5
Current assets	329.5	250.7
o/w Cash and cash equivalents	147.0	72.1
Assets held for sale	6.7	1.9
LIABILITIES in €m		
Equity	1,038.4	1053.2
Non-current liabilities	1,013.4	871.0
o/w long-term financial debt	971.0	826.4
Current liabilities	97.2	126.5
o/w short-term financial debt (including bonds issues)	17.0	51.4
Liabilities related to assets held for sale	-	-
Total statement of financial position	2,149.0	2,050.7

• **IFRS consolidated cash flow statement**

In € million	30.06.2023	30.06.2022
Cash flow from operations	45.7	24.1
Dividends received from associates	-	-
Tax paid	(0.3)	(0.7)
Change in WCR related to the activity	(4.7)	3.7
Net cash generated by operating activities (1)	40.7	27.1
Acquisitions of fixed assets and investment properties	(25.1)	(23.3)
Changes in loans, advances and other financial assets	7.0	0.3
Disposal of fixed assets	1.9	24.3
Disposal of financial assets	-	-
Impact of changes in consolidation scope and miscellaneous	5.0	(127.6)
Change in other investments	-	-
Net cash flow from investment activities (2)	(11.3)	(126.3)
Dividends paid to shareholders of the parent company	(47.7)	(45.4)
Capital increase	-	-
Net sale (acquisition) of treasury shares	(6.4)	(1.1)
Increase in borrowings	186.1	345.2
Loan repayments (including finance leases)	(78.8)	(102.2)
Repayment of lease liabilities	(0.5)	(0.5)
Interest paid (including on lease obligations)	(7.2)	(6.3)
Change in other financing	-	-
Net cash flow to financing (3)	45.6	189.7
Change in cash (1+2+3)	75.0	90.5

- **Net Asset Value (NAV)**

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

In € million	30.06.2023	31.12.2022	Change	30.06.2022
EPRA NAV Net Disposal Value (NDV)	972.1	989.2	-1.7%	930.6
<i>EPRA NAV Net Disposal Value per share (€)</i>	<i>34.7</i>	<i>35.0</i>	<i>-0.9%</i>	<i>32.9</i>
EPRA NAV Net Tangible Assets (NTA)	919.4	934.7	-1.6%	918.1
<i>EPRA NAV Net Tangible Assets per share (€)</i>	<i>32.9</i>	<i>33.1</i>	<i>-0.6%</i>	<i>32.5</i>
EPRA NAV Net Reinstatement Value (NRV)	988.7	1002.2	-1.3%	985.0
<i>EPRA NAV Net Reinstatement Value per share (€)</i>	<i>35.3</i>	<i>35.5</i>	<i>-0.6%</i>	<i>34.8</i>
<i>Number of diluted shares</i>	<i>28,366,803</i>	<i>28,366,803</i>		<i>28,366,803</i>
<i>Number of treasury shares, held as part of the liquidity contract and in respect of the free share allocation plan.</i>	<i>383,079</i>	<i>145,510</i>		<i>125,800</i>
<i>Number of adjusted shares</i>	<i>27,983,724</i>	<i>28,221,293</i>		<i>28,241,003</i>