

Bezannes, 25 September 2019 – 6.00 pm



2019 half-year results

Deployment of Shopping Promenade in France
Two mixed-use projects won by Citizers
Accelerating European expansion on the Iberian Peninsula

Strong operating performance of the economic portfolio⁽¹⁾

Valuation: €739.1 million (+1.3%) - Annualised rental income: €42.0 million
 Footfall⁽²⁾: +3.4% - Tenants' sales⁽²⁾: +4.9%
 Occupancy rate⁽¹⁾: 97.0% (+30 bp)

Profit from recurring operations: €10.1 million (+48%)

EPRA NNAV⁽³⁾: €31.70/share (-0.9%)

excluding the impact of the dividend distributed in respect of 2018, liquidation NAV increased by 2.8%

Change in relation to 31.12.2018

Key figures - In € million - 6 months	30.06.2019 ⁽⁴⁾	30.06.2018	Change
Consolidated revenues	24.8	17.6	+41%
Property investment activity (gross rental income)	17.2	15.4	+12%
Profit from recurring operations	10.1	6.8	+48%
Fair value adjustment of investment property	6.1	21,1	n/a
Net income group share	15.2	25.2	-40%
Balance sheet indicators - In € million	30.06.2019 ⁽⁴⁾	31.12.2018	Change
Going concern NAV (including transfer duties)	627.0	646.6	-3.0%
<i>i.e. per share</i>	34.00 €	34.40 €	-0.9%
EPRA NNAV (EPRA triple net asset value)⁽³⁾	583.4	601.8	-3.0%
<i>i.e. per share</i>	31.70 €	32.00 €	-0.9%
Net LTV⁽⁵⁾	31.6%	26.1%	+550 bps

At its meeting on 25 September 2019, Frey's Board of Directors approved the consolidated financial statements for the 1st half of 2019. The audit has been prepared by the Statutory Auditors.

(1) The economic portfolio in operation comprises assets wholly-owned by FREY or jointly held with associates, in proportion to FREY's percentage interest in those associates.

(2) On a like-for-like basis. Assets owned more than 50% in France.

(3) Triple net NAV calculated according to the standards developed and published by the EPRA (European Public Real Estate Association).

(4) The Group has applied IFRS 16 (Leases) since 1 January 2019 using the simplified retrospective method (the financial statements for 2018 have not been restated). The impacts on the financial statements at 30 June 2019 are presented in the Appendix to this press release and detailed in the half-yearly financial report available on Frey's website under the heading Finance/Regulated Information.

(5) Including transfer duties, excluding Opirmane.

HIGHLIGHTS SINCE THE BEGINNING OF 2019

- **7 projects under construction in France**

Frey develops its portfolio in France at a good pace. Thus, as at 30 June 2019, 7 projects are under construction for deliveries planned between 2019 and 2020, including mainly the 3 Shopping Promenade located in Claye-Souilly (77), Strasbourg-Vendenheim (67) and Arles (13). The Group is also continuing the restructuring of the 42,000 m² Woodshop (formerly Maisonément) in Cesson (77).

These assets represent over 140,000 m², of which approximately 118,000 m² for the patrimonial part.

- **Two successes for Citizers in Rennes and Paris⁽¹⁾**

Launched in 2018, Citizers, Frey's subsidiary dedicated to the identification and design of mixed-use urban projects, achieved its first success in February by winning (in association with Engie) the competition for the transformation of the Palais du Commerce de Rennes (35), an iconic building in the city centre. Designed as a place for living, sharing and communicating, with over 18,000 m², the project will gather an unprecedented offer in the Rennes metropolitan area.

In March 2019, Frey and Citizers achieved their second success in Paris by winning the *Nouvel R* project, alongside the consortium of developers comprising AG Real Estate, Icade, Les Nouveaux Constructeurs and Nexity. This future district (nearly 100,000 m²) aims to create a real link between Paris and Ivry-sur-Seine (94). Citizers will develop and animate the retail part of the project, including shops, restaurants, leisure and cultural areas).

- **Accelerated deployment on the Iberian Peninsula in July⁽²⁾**

Frey carried out two new international operations with the development of a 56,000 m² outdoor shopping centre in Lleida (Catalonia, Spain) in partnership with Eurofund Group and the acquisition of a 60,000 m² outdoor shopping complex in Albufeira (Algarve, Portugal). These two projects allow the Group to continue its international expansion at a good pace.

EVOLUTION OF PROPERTY PORTFOLIO

As at 30 June 2019, FREY's⁽³⁾ economic portfolio:

- is valued at **€739.1 million excluding** transfer duties, up 1.3% compared with 31 December 2018,
- develops a surface area of 369,000 m² (compared to 365,000 m² at 31 December 2018) following the extensions carried out on several operating assets and the acquisition of co-ownerships on the Parc Vallès asset in Barcelona,
- generates **€20.9 million in gross rents for the first-half of 2019** (up 14% compared to the first half of 2018),
- and has an occupancy rate (EPRA)⁽⁴⁾ of 97.0%, compared with 96.7% at the end of 2018.

At 30 June 2019, the value (excluding duties) of projects under construction amounted to €191.0 million, bringing the total value of assets (economic portfolio + projects in progress) to €930.1 million (excluding duties).

¹ See press releases issued on 07 February 2019 for the "Palais du Commerce in Rennes" and on 13 March 2019 concerning the "Nouvel R project", available on Frey's website.

² See press releases issued on 29 July 2019 for the Spanish project and on 1 August 2019 for the Portuguese project, available on Frey's website.

⁽³⁾ The economic portfolio comprises assets in operation that are wholly-owned by FREY or jointly held with associates, in proportion to FREY's percentage interest in those associates.

⁽⁴⁾ Delivered over a year ago and excluding strategic restructuring.

HALF-YEAR 2019 FINANCIAL PERFORMANCE

- **Revenue and rental income**

As at 30 June 2019, the growth of the property company brought **gross rental income from the 100%-owned property (306,500 m²) to €17.2 million, up +11.7% year-on-year**. This increase is due to a very significant scope effect with the delivery of Z'aisne to Saint-Quentin in March 2018, the acquisitions made in 2018 (mainly Parc Vallès in Spain) and the ongoing restructuring of Woodshop (formerly Maisonnément) in Cesson (77).

The performance on a like-for-like basis remains strong (+2.8%) driven by the commercial activity and the improvement in the occupancy rate of the assets in the portfolio.

Promotional activity remains marginal and represented €2.4 million in revenue at 30 June 2019 compared with €1.1 million at 30 June 2018.

Overall, Frey's revenues amounted to €24.8 million at 30 June 2019, compared with €17.6 million at 30 June 2018, up +41%, reflecting the growth momentum of property under development.

- **Profit from recurring operations of €10.1 million (up 48%)**

Profit from recurring operations, up sharply by 48%, stood at €0.1 million at 30 June 2019, compared with €6.8 million at 30 June 2018. The Group continues to control efficiently its structural costs in a context of active development.

Operating profit amounted to €15.8 million (compared with €27.4 million at 30 June 2018, or -42%). In the first half of 2018, this result benefited from the recognition of very strong value creation (+€21.1 million) related to the launch of works for the two major Shopping Promenade in Strasbourg and Claye Souilly.

Net profit Group share amounted to €15.2 million at 30 June 2019, after taking into account a stable net cost of debt of €(4.9) million and an impairment loss on financial instruments linked to changes in interest rate expectations of €(2.2) million.

- **EPRA NNAV per share of €31.70 (-0.9%) after payment of the 2018 dividend of €1.20 per share**

The Group's shareholders' equity was down 3% compared to 31 December 2018 at €582.7 million, mainly due to the distribution of the 2018 dividend on 28 May 2019.

As a result, the EPRA NNAV (including transfer duties) amounted to €583.4m at 30 June 2019, down 3% compared to 31 December 2018 (€601.8m). Adjusted per share, triple net NAV was €31.70 at 30 June 2019 (-0.9%). Excluding the impact of the 2018 dividend, EPRA NNAV per share increased by 2.8% to €32.90.

- **Financial position and bank debt**

The net consolidated LTV ratio including transfer duties, excluding Opirnane, was 31.6% compared with 26.1% at the end of 2018. As a reminder, the particularly low LTV level was due to the strengthening of equity and the increase in value of investment properties over the year.

The average interest rate on bank debt after taking into account interest rate hedges and with 3-month Euribor at 30 June 2019 of (0.346%) **was 1.52%** (compared with 1.95% at 31 December 2018).

The duration was 5.4 years (compared with 5.9 years at 31 December 2018) and the debt coverage rate at 79.0% (compared with 98.2% at 31 December 2018).

At 30 June 2019, the Group had €255 million of available liquidity. At the end of July 2019, the Group also set up a new €100 million 6-year syndicated credit facility with two optional one-year extension.

OUTLOOK AND PROGRESS OF PROJECTS UNDER DEVELOPMENT

The Group will pursue its growth strategy aimed at leveraging its unique know-how in retail real estate. FREY intends to take advantage of new development and value creation opportunities offered by current changes in retail universe:

- **win restructuring projects of retail areas on the outskirts of towns**, such as in Strasbourg or Montpellier;
- **acquire assets sold by their owners, in order to convert them into the brand new concepts**, such as WoodShop (formerly Maisonnément in Cesson), Parc Vallès in Barcelona, or the recently acquired commercial complex in Albufeira in Portugal;
- **promote the urban retail anchor by developing dense mixed projects via Citizers**;
- **continue the Group's international expansion** to uplift the share of its international portfolio to 30% in the medium term, with a focus on the Iberian Peninsula, as with the acquisition of the development project in Lleida (Catalonia) in partnership with Eurofund Group.

Frey's HY 2019 financial report is available on frey.fr, under Finance/Regulated Information

About FREY

A planner, developer, investor and manager, FREY is a real estate company specialising in major urban renewal operations as well as the development and operation of open-air shopping centres. Its Shopping Promenade®, an open-air shopping centre, offers a complete range of shopping and leisure activities to create an "enhanced experience" for the whole family. Thanks to its unique expertise, Frey has become a recognised French leader in this resilient asset class, with a deep market (creation, extension, renovation) and in perfect harmony with the expectations of consumers, brands and local authorities. Another structuring pillar of FREY's know-how is the large mixed urban projects, which it develops with the support of its dedicated subsidiary CITIZERS.

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

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APPENDICES – Financial statements at 30 JUNE 2019
Impacts of the application of IFRS 16 (Leases)

Frey has applied IFRS 16 since 1 January 2019, using the simplified retrospective method.

The main impacts on the financial statements at 30 June 2019 are:

- on the assets side of the balance sheet, the distinction between a right of use under operating leases of €3.6 million and on the liabilities side of the balance sheet, an impact on shareholders' equity of (€0.4) million, an increase in current financial liabilities of €3.1 million and an increase in non-current financial liabilities of €0.9 million.
- in the income statement, the rents previously recognised in operating income are replaced by a €0.4 million depreciation charge for the right-of-use and a €0.02 million financial charge.

Figures relating to the portfolio

In € million

Portfolio value (excl. transfer duties)

Investment property - IFRS statement of financial position	809.8
Projects under development	(191.0)

Wholly-owned assets in operation	618.8
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Jointly-owned assets in operation in proportion to the percentage interest held	120.3
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Economic portfolio	739.1
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Assets in operation, jointly-owned (share non-FREY)	412.4
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Total wholly-owned asset portfolio	1,151.5
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IFRS consolidated simplified income statement

In € million	30.06.2019	30.06.2018	Change
<i>Gross rental income</i>	17.2	15.4	+12%
Income from third-party development	2.4	1.1	
Income from other real estate management activities	1.0	1.1	
Re-invoiced charges – IFRS 16	4.1	-	
Revenue	24.8	17.6	+41%
Purchases consumed	(9.4)	(6.1)	
Payroll expenses	(4.4)	(3.7)	
Other income and expenses	0.4	0.0	
Taxes and similar payments	(0.6)	(0.6)	
Amortisation and depreciation	(0.7)	(0.4)	
Profit from recurring operations	10.1	6.8	+49%
Other operating profit and expenses	(0.5)	(0.5)	
Adjustment of values of investment property	6.1	21.1	
Operating profit	15.8	27.4	-42%
Share of net profit (loss) of associates	7.0	3.7	
Operating profit after share of net profit (loss) of associates	22.8	31.1	-27%
Cost of net debt	(4.9)	(4.9)	
Adjustment of values of derivatives instruments	(2.2)	0.0	
Profit before tax	15.6	26.1	-40%
Income tax	(0.4)	(0.9)	
Net income attributable to owners of the company	15.2	25.2	-40%

IFRS simplified consolidated statement of financial position

In € million	30.06.2019	31.12.2018
ASSETS		
Non-current assets	890.7	818.8
of which Investment property	809.8	746.2
Of which Shares of associates	59.0	54.2
Current assets	165.3	168.2
of which Cash and cash equivalents	81.9	78.0
EQUITY AND LIABILITIES		
Equity	582.7	600.5
Non-current liabilities	374.1	299.1
of which long-term financial debt (including bond issues)	354.8	280.0
Current liabilities	99.1	87.4
of which short-term financial debt (including bond issues)	48.4	44.6
Total statement of financial position	1,056.0	987.0

Loan to value

	30.06.2019	31.12.2018
Non-current financial liabilities	354.8	280.0
Current financial liabilities	48.4	44.5
Adjustment of OPIRNANE bonds	(26.4)	(25.4)
Adjustment of debts not related to investment property (*)	(10.0)	(3.8)
Cash	(81.9)	(77.7)
Total debt (A)	284.9	217.6
Investment property	809.8	746.2
Registered office (recognised in property, plant and equipment)	7.0	7.2
Adjustment of non-recoverable costs on projects	(29.2)	(24.8)
Transfer duties	31.3	29.7
Total property holdings including transfer duties (B)	818.9	758.3
Investment property including transfer duties	129.6	124.2
Debt	(50.9)	(52.4)
Cash	4.7	2.8
Total free assets of associates (C)	83.4	74.6
Net LTV including transfer duties (A / (B + C))	31.6%	26.1%

(*) including deposits and guarantees received and IFRS treatment of debt issuance costs and IFRS 16

IFRS consolidated cash flow statement

In € million	30.06.2019	31.12.2018
Cash flow from operations	10.7	19.5
Dividends received from associates	1.7	3.3
Tax paid	(0.1)	(0.7)
Change in working capital requirement	3.6	(31.6)
Net cash generated by operating activities (1)	16.0	(9.4)
Fixed asset acquisitions	(48.4)	(60.5)
Fixed asset disposals	-	-
Impact of change in consolidation scope and miscellaneous	(0.0)	(25.3)
Change in other financial assets	-	-
Net cash related to investment (2)	(47.9)	(83.4)
Dividends paid to shareholders of the parent company	(22.1)	(12.1)
Capital increase	-	201.1
Loan issue	115.0	148.0
Loan repayment (including finance leases)	(43.4)	(225.0)
Remboursement des dettes de location	(0.4)	-
Cost of debt (including on rental obligations)	(2.6)	(10.8)
Change in other financing	(10.7)	(0.2)
Net cash related to financing (3)	35.8	100.9
Change in cash (1+2+3)	3.9	8.1

Net asset value

In € million	30.06.2019	31.12.2018	Change
Consolidated equity - attributable to owners of the company	582.7	600.5	-3.0%
Adjustment of financial instruments	5.8	4.7	
Deferred tax on the statement of financial position on non-REIT assets	7.3	7.4	
Adjustment of associates	0.3	0.1	
EPRA NAV	596.2	612.7	-2,7%
Market value of financial instruments	(5.8)	(4.7)	
Effective tax on unrealised capital gains of non-REIT assets	(7.3)	(7.4)	
Optimisation of transfer duties and expenses	0.7	1.3	
Adjustment of associates	(0.3)	(0.1)	
EPRA triple net NAV (EPRA NNNAV)	583.4	601.8	-3.0%
EPRA NNNAV per share	31.7	32.0	-0.9%
Reintegration of transfer duties and actual disposal costs	31.3	29.7	
Reintegration of tax on unrealised capital gains	7.3	7.4	
Adjustment of associates	5.0	7.7	
Diluted going concern NAV	627.0	646.6	-3.0%
Diluted going concern NAV per share	34.0	34.4	-0.9%
Diluted number of shares	18,841,665	18,841,665	
Number of shares and treasury shares held in the liquidity contract	427,091	30,337	
Corrected number of shares	18,414,574	18,811,328	