

Outperformance of FREY's open-air shopping centres

Rental income: **€32.4m** (+21%)

H1 2021 collection rate⁽¹⁾: **84%**

Excellent financial occupancy rate: **97.8%**

Profit from recurring operations: **€23.0m** (+44%)

EPRA NTA⁽²⁾: **€31.2 per share** (-2.2% vs dec 2020)
after taking into account the dividend payment of €1.50/per share in June

LTV ratio including transfer tax: **35.4%**

Available liquidity: **€182.8**⁽³⁾

FREY confirms its responsible and pioneering approach by becoming the 1st French real estate company to adopt "société à mission" status and the 1st listed company to obtain the highly demanding international B Corp certification

" FREY is pursuing its strategy very actively despite a context still disrupted by the health crisis. The very limited impact on the collection rate, the delivery of more than 100,000 m² fully marketed, are the demonstration of the relevance of our open-air shopping centres: more sustainable, more practical, more user-friendly for consumers and more efficient for retailers. This semester has also enabled us to transform FREY into a "société à mission" and to obtain the highly demanding B CORP certification, a first in France for a listed company. We are thus giving all our stakeholders the guarantee of the level of excellence of our Environmental, Social and Governance (ESG) commitments but also to always develop, invest and manage a business as a service for common good. "
Antoine Frey, Chairman and CEO.

(1) Rents and charges collected compared to rents and charges invoiced (Group share).

(2) EPRA NTA (Net Tangible Assets) calculated according to the standard developed and published by the European Public Real Estate Association (EPRA) and applicable to financial years beginning on or after 1 January 2020.

(3) €130 million in corporate facilities and €52.8 million in available cash.

Key figures - In € million - 6 months	30.06.2020	30.06.2021	Change
Consolidated revenue	40.1	42.3	+5%
o/w property investment business (gross rental income)	26.7	32.4	+21%
Operating profit from recurring operations	16.0	23.0	+44%
Change in fair value of investment property	(15.6)	7.9	N/A
Net income Group Share	(3.3)	25.0	N/A
Balance sheet indicators - In € million	31.12.2020	30.06.2021	Change
EPRA NDV (Net Disposal Value)	767.4	765.4	-0.3%
Per share:	€ 31.20	€ 30.70	-1.6%
EPRA NTA (Net tangible Asset)	784.7	780.1	-0.6%
Per share:	€ 31.90	€ 31.20	-2.2%
LTV (including transfer tax)	32.4%	35.4%	+300 bp

On 23 September 2021, the FREY Board of Directors approved the consolidated financial statements for the six months ended 30 June 2021. The half-year financial statements were subject to a limited review by the statutory auditors. The statutory auditors' reports on the half-year financial information were issued without reservation.

SIGNIFICANT EVENTS SINCE THE BEGINNING OF THE FINANCIAL YEAR

- **A more limited impact of COVID-19 related operating restrictions on open-air shopping centres than on shopping malls**

The third wave of the COVID-19 pandemic continued to disrupt our tenants' business with an average of **1.9 months of closures in the first half of 2021** in the three countries in which the Group operates (France, Spain and Portugal).

The Group has not renewed the support fund deployed in 2020, given the upcoming aid announced by the French government. As a result, the rental collection rate⁽⁴⁾ for the first half of the year was 84%⁽⁵⁾ (93% in Q1 and 76% in Q2). Overall, the impact of the health crisis on the income statement as at 30 June 2021 amounts to -€3.2 million⁽⁶⁾.

Excluding periods of closure, FREY's assets have retained their full appeal. The open-air Shopping Promenade concept combined with a comprehensive merchandising mix (fashion, beauty, sports, DIY, gardening, restaurants, leisure, free play areas, services, click & collect, for families) is perfectly aligned with consumers' needs.

As a result, on a like-for-like basis, the main performance indicators for shopping centres in France are higher than those recorded over the comparable period in 2019:

- **footfall** increased 7% between mid-May and end-June 2021 and 3% between mid-May and end-August, on a like-for-like basis, compared to the comparable periods in 2019. Open-air shopping centres are not affected by the implementation of the sanitary pass;
- **tenant's sales** saw a sharp rise of 20% between mid-May and end-June 2021 versus 2019, with the trend remaining strong in July and August.

- **Successful opening of two Shopping Promenade**

(4) Rents and charges collected compared to rents and charges invoiced (Group share).

(5) This collection rate reached 95% for the year 2020.

(6) The impact was recognised in revenue for -€3.2 million, in other income for €0.5 million, in other operating expenses for -€0.6 million and in net income from non-controlling interests for €0.1 million.

In the first half of the year, FREY inaugurated two new open-air shopping centres in mid-March, totalling 111,000 m² and representing a total investment of €232 million:

- **Shopping Promenade Claye-Souilly (77):** enjoying a merchandising mix combining the major worlds of retail (fashion, furniture and decoration, culture and leisure) through 55 stores, cafés and restaurants and 9,000 m² of leisure activities (cinema, indoor go-carting, bowling, laser game, etc.). It also offers two spacious free play areas and a Social Club (*House of culture & associations*), in a green environment decorated by large street-art works on the façade;
- **Shopping Promenade Cœur Alsace in Strasbourg-Vendenheim (67):** Here again, the retail offer is diversified, with 86 international, national and local brands. The Promenade provides numerous social areas: fountains, picnic and birthday tables, participatory libraries, terraces, petanque, hopscotch, mini-golf and a small planted maze for children, along with two large play areas with ping-pong tables, table football, a Ferris wheel and a carousel. In addition to the Social Club, it offers an agripark (5 hectares of land cultivated by a collective of local producers) and the first Social Market developed by FREY. This new solidarity store concept, entirely dedicated to giving a second life to products, is run by associations promoting the social and inclusive economy and local businesses to facilitate recycling and support integration through employment.

The two sites have opened with a particularly high combined sales rate of 98.5%, a sign of the confidence that retailers have in the Shopping Promenade concept, both on the part of the traditionally successful brands for this type of asset (Decathlon, Kiabi, Boulanger, Leroy Merlin), and for new retailers attracted by the format (Fnac, Nature & Découvertes, Cultura, Nocibé, Rituals, Nike, Adidas, Superdry, New Yorker, Etam, La Chaise Longue, Kusmi Tea, Haribo, Starbucks, Big Fernand, etc.).

- ***FREY confirms its status as a pioneer in the real estate industry: 1st real estate company to adopt “société à mission” status and 1st French listed company to be B Corp certified***

FREY is daily committed to a more responsible society, respectful of the environment and socially beneficial to its ecosystem and its stakeholders. As further proof of this commitment, in 2021 FREY became:

- the **1st real estate company to adopt “société à mission” status** integrating its mission statement “Restoring retail as a service for the common good” into its by-laws,
- the **1st French listed company to obtain the highly demanding B CORP (Benefit Corporation) certification** after a rigorous and in-depth audit of the Group's governance and social and environmental performance. The teams at B LAB, the non-profit organisation in charge of certification, awarded FREY an outstanding score of 102.2 points, which guarantees to all its stakeholders the level of excellence of its Environmental, Social and Governance (ESG) commitment.

FINANCIAL PERFORMANCE IN THE 1st HALF OF 2021

- ***Change in the portfolio***

As at 30 June 2021, FREY's economic portfolio⁽⁷⁾ in operation:

- **covers a surface area of 525,400 m²** (compared with 433,800 m² at end-2020) following the delivery of Shopping Promenade Cœur Alsace and Shopping Promenade Claye-Souilly in March 2021,
- is **valued at €1,225.6m excluding transfer tax** (of which €229.9m internationally), up 25.8% compared to the end of 2020 (€947.5m at 31 December 2020),
- **for €74.7m in annualised gross rents** (+26.4% compared to 31 December 2020),
- has a **vacancy rate⁽⁸⁾ of 2.2%**, i.e. an occupancy rate of 97.8%, compared with 97.6% at the end of 2020.

⁽⁷⁾ The economic portfolio in operation comprises assets that are wholly-owned by FREY, plus assets held in partnership, in proportion to FREY's percentage interest.

⁽⁸⁾ Calculated in accordance with EPRA Best Practices Recommendations.

As at 30 June 2021, the **total value of the portfolio (economic portfolio in operation + projects underway for €49.0 million) was €1,274.6 million** (excluding transfer tax), compared with €1,249.7 million at the end of 2020.

At the end of July, FREY also completed its presence in the south-east of France with the acquisition of the Carré Sud open-air shopping centre in Nîmes (€85.7m investment for 34,500 m², €5.4m annual rent and 100% occupancy rate).

- **Rental income: €32.4m (up 21%)**

As at 30 June 2021, **rental income from the consolidated portfolio amounted to €32.4 million, representing growth of 21%** compared to June 2020, benefiting from the development of the real estate company's rental portfolio, mainly due to the two deliveries made at the beginning of the year.

FREY's consolidated revenue rose by 5% to €42.3 million (compared with €40.1 million in the first half of 2020).

- **Profit from recurring operations: €23.0 million (+44%) – Net profit Group Share: 25.0 million**

Profit from recurring operations grew very sharply to €23.0 million at end-June 2021, compared with €16.0 million in 2020, thanks to the increase in the property investment business, as described above, and good control of overheads.

Operating profit at €31.0m (compared with €0.1m in H1 2020) benefited from a **positive change in fair value of €7.9m** related to recent deliveries (in H1 2020, operating profit was penalised by a negative change of €15.6m as a direct consequence of the impact of the health crisis being taken into account by the experts).

Consolidated net profit Group Share was €25.0 million at end-June 2021 (compared with -€3.3 million in June 2020), after taking into account the share of profit of associates (€1.3 million), a cost of net debt of -€5.5 million and €1.1 million in income taxes.

- **Net asset value: EPRA NTA⁽⁹⁾ per share to €31.2/share (-2.2%) after payment of the 2020 dividend of €1.50/share**

The Group's shareholders' equity was stable compared to 31 December 2020 at €821.3 million, with earnings for the period offsetting the payment of the 2020 dividend⁽¹⁰⁾ which took place on 4 June 2021. On that date, the company made a partial payment of its dividend in shares (option subscribed to by 92.95% of shareholders), thereby enabling it to retain €10.3 million in equity.

As a result, the EPRA NTA (Net tangible assets) (excluding transfer tax) was €780.1 million at the end of June 2021, compared with €784.7 million at 31 December 2020 (-0.6%), and given the increase in the number of shares outstanding, the EPRA NTA was €31.2/share, compared with €31.9/share at the end of 2020 (-2.2%).

- **Strong financial structure**

The consolidated LTV ratio including transfer tax was 35.4%, compared with 32.4% at the end of 2020. The Group maintains a comfortable LTV level, in a context of strong development activity.

At the end of June 2021, the Group's bank debt amounted to €573.2 million (including €460.9 million in corporate lines) and FREY had **€182.8 million in liquidity**, consisting of €130.0 million in undrawn cash lines and €52.8 million in cash and cash equivalents. **The maturity of the bank debt amounts to 4.1 years** (compared with 4.5 years at end-2020).

(9) EPRA continuation NAV, or EPRA NTA (net tangible assets) NAV.

(10) Payment of the dividend in cash for a total amount of €26.6 million and creation of 359,524 new shares under the option for partial payment of the dividend in shares (92.95% subscribed), thereby retaining equity by €10.3 million.

After taking interest rate hedges into account (hedging rate of 83.4%), **the average interest rate on bank debt** based on market conditions at 30 June 2021 **amounted to 1.18%**, (compared with 1.48% at 31 December 2020), i.e. a decline of 30 bp.

2021 OUTLOOK

Over the next 12 months, the Group will pursue its growth strategy based on the development of retail assets perfectly suited to the health context (open-air retail, optimal value for consumers and retailers, user-friendliness and support for the local economic fabric) with **the launch of three projects**: Village des Docks in Saint-Ouen, Shopping Promenade Lleida in Spain and Open near the Swiss border (128,000 m² (of which 111,000 m² will be retained as an asset), €370 million in investment and €25.5 million in annual rental income in total).

*This press release is available on the website 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

A planner, developer, investor and manager, FREY is a real estate company specialising in the development and operation of open-air shopping centres. A pioneer in environmentally friendly retail parks (with its Greencenter® concept) and inventor of next generation “Feel Good” open-air shopping centres (Shopping Promenade®), the “entreprise à mission”, 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 it is to urban diversity, social contact, local economic resilience and environmental transition, its mission is to restore retail as a service for the common good.

FREY also supports major urban regeneration operations and mixed-use projects through its dedicated subsidiary CITIZERS.

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

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APPENDICES - Financial statements as at 30 June 2021

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

In € million	(Excluding transfer tax)	30.06.2021
	Consolidated investment property	1,350.7
-	Projects under development	-
-	Projects underway valued at cost	(51.6)
=	CONSOLIDATED PORTFOLIO IN OPERATION	1,299.1
-	Assets in operation in the partnerships (non-FREY share)	(120.4)
+	Assets in operation in the associates (FREY share)	46.8
=	ECONOMIC PORTFOLIO IN OPERATION	1,225.6
+	Assets in operation in the partnerships (non-FREY share)	120.4
+	Assets in operation in the associates (non-FREY share)	193.9
=	TOTAL PORTFOLIO IN OPERATION	1,539.8

- IFRS consolidated simplified income statement

In € million	30.06.2021	30.06.2020	Change
Gross rental income	32.3	26.7	+21%
Income from third-party development	0.0	5.6	
Income from other real estate management activities	1.1	0.9	
Re-invoiced expenses – IFRS 16	8.9	6.9	
Revenue	42.3	40.1	+5%
Purchases consumed	(14.2)	(17.1)	
Payroll expenses	(3.7)	(5.0)	
Other income and expenses	0.4	(0.3)	
Taxes and similar payments	(0.5)	(0.6)	
Amortisation and depreciation	(1.4)	(1.1)	
Profit from recurring operations	23.0	16.0	+44%
Other operating profit and expenses	(0.0)	(0.3)	
<i>Of which waivers of rents granted</i>	<i>(0.6)</i>	-	
Value adjustments of investment property	7.9	(15.6)	
Operating profit	31.0	0.1	N/A
Share of net profit (loss) of associates	1.3	(0.6)	
Operating profit after share of net profit from associates	32.3	(0.5)	N/A
Cost of net debt	(5.4)	(4.0)	
Other financial income and expenses	1.8	(0.1)	
Profit before tax	28.7	(4.6)	N/A
Income tax	(1.1)	1.1	
Net profit	27.6	(3.5)	N/A
<i>Net profit attributable to non-controlling interests</i>	<i>(2.6)</i>	0.2	
Net profit Group Share	25.0	(3.3)	N/A

- *IFRS simplified consolidated balance sheet*

ASSET In € million	30.06.2021	31.12.2020
Non-current assets	1,403.7	1,367.6
of which Investment property	1,350.7	1,316.2
Of which shares of associates	17.8	16.9
Current assets	164.5	171.5
of which Cash and cash equivalents	52.8	56.2
Assets held for sale	21.9	17.7
EQUITY AND LIABILITIES In € million		
Equity	821.3	822.4
Non-current liabilities	636.5	573.9
of which long-term financial debt	611.6	549.2
Current liabilities	124.1	149.4
of which short-term financial debt (including bond issues)	27.4	27.8
Liabilities related to assets held for sale	8.2	11.1
Total statement of financial position	1,590.1	1,556.8

- *IFRS consolidated cash flow statement*

In € million	30.06.2021	31.12.2020
Cash flow from operations	23.4	37.7
Dividends received from associates	-	10.5
Tax paid	(0.9)	(1.7)
Change in working capital requirement related to the activity	(2.6)	(8.7)
Net cash generated by operating activities (1)	19.9	37.8
Fixed asset acquisitions	(46.0)	(83.2)
Change in loans, advances and other financial assets	0.2	(11.9)
Fixed asset disposals	17.8	3.1
Impact of change in consolidation scope and miscellaneous	(14.0)	(14.6)
Change in other investments	-	0.6
Net cash flow from investment activities (2)	(42.0)	(106.0)
Dividends paid to shareholders of the parent company	(26.6)	(25.7)
Capital increase	-	-
Net sale (acquisition) of treasury shares	(0.1)	(6.4)
Increase in borrowings	110.3	152.2
Repayment of loans (including finance leases)	(59.3)	(84.2)
Repayment of lease liabilities	(0.5)	(0.9)
Interest paid (including on lease obligations)	(4.9)	(8.3)
Change in other financing	-	-
Net cash related to financing (3)	18.9	26.7
Change in cash (1+2+3)	(3.2)	(41.4)

- **Net asset value (NAV)**

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

In € million	30.06.2021	31.12.2020	Change
EPRA NDV	765.4	767.4	-0.3%
<i>per share (€)</i>	<i>30.7</i>	<i>31.2</i>	<i>-1.6%</i>
EPRA NTA	780.1	784.7	-0.6%
<i>per share (€)</i>	<i>31.2</i>	<i>31.9</i>	<i>-2.2%</i>
EPRA NRV	833.6	831.1	0.3%
<i>per share (€)</i>	<i>33.4</i>	<i>33.8</i>	<i>-1.2%</i>
<i>Diluted number of shares</i>	<i>24,962,787</i>	<i>24,603,263</i>	
<i>Number of shares and treasury shares held in the liquidity contract</i>	<i>22,316</i>	<i>15,127</i>	
<i>Corrected number of shares</i>	<i>24,940,471</i>	<i>24,588,136</i>	