

2021 Half-year Results and Activity

Continued investments and strong growth of financial results

As lockdowns due to the COVID-19 health crisis gradually wind down and following a year start indicating economic recovery, SELECTIRENTE is maintaining its pace of investment with 2021 half-year results that demonstrate the resilience of its business model and the effectiveness of its positioning in city-center retail, thanks to *its* portfolio's fundamentals.

Strong growth in results:

- **Current Cash Flow in progression to €8.6 million** (vs €6.4 million in 1H 2020, +34 %)
- Net result up to €5.9 million (vs €2.6 million in 1H 2020, +124%)

Strong operating performances:

- **Rents up significantly: +29.0 %**
- Average financial occupancy rate of 94.3% (over the last 12 months)
- Rent collection rate for 1H 2021 of 82% at June 30, 2021 (compared with 74% for the same period in 2020)

Investments and asset valuation:

- Acquisitions: €47.8m, of which €45.6m in direct real estate and €2.2m in indirect real estate
- **Assets' valuation at €462 million** compared to €414 million at end 2020, +0.6% on a like-for-like basis, reflecting the resilience of appraised values as of June 30th 2021
- **60% of assets located in Paris** and 11% in the Paris region
- EPRA NAV NDV: €85.86/share (compared with €86.58/share at 2020 year-end)

Robust financial structure:

- Debt ratio: **Net LTV at 22.0%**, gross LTV at 32.2%
- Cash balance of nearly €47 million at end of June 2021
- Average residual maturity of bank debt: 9 years
- Average cost of debt down to 1.72%

Post-closing events:

- Further investments: €1.3 million of asset purchases completed since July 1st 2021 and **commitments of nearly €40 million to date**
- Initiation of an assets disposal program to externalize value creation and optimize the portfolio quality

The board of SELECTIRENTE met on July 28th 2021 and reviewed the 2021 Half-year results and activity. The audit procedures are currently being finalized.



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Context related to the end of lockdowns due to the COVID-19 health crisis

Selectirente believes that its exposure to retail tenants affected by temporary administrative closures has been gradually reduced during the second quarter of 2021. While maintaining the necessary barrier measures, all of SELECTIRENTE's tenants have resumed their activities and have benefited from a momentum in French household consumption since mid-June. The retail business climate indicator also recovered well in 2021, at 90 points in April 2021, compared with an average of 87.4 points in 2020 and 61 in April 2020.

Despite its exposure to the temporary administrative closure of certain retail tenants, SELECTIRENTE is showing resilient operating performance, recording an average financial occupancy rate of 94.3% over the past 12 months and 94.8% for the 2nd quarter of 2021. The collection rate of its invoiced rents in the first half of 2021 is very satisfactory at 85% as of July 20th 2021 (compared with 74% at the same time last year).

Operational activity in the first half

€47.8 M investments signed during the first year-half

During the 2021 first year-half, which was marked by the recovery of the economic activity after a third lockdown, SELECTIRENTE undertook a major investment program.

Since the start of the 2021 financial year, the Company has continued to expand, cautiously and selectively, making €45.6 million in direct quality assets investments with a strong potential to increase rental income over time.

SELECTIRENTE has acquired 31 properties (both individually and three portfolios) located in Paris, in the Paris region and in large metropolitan cities, as well as a flagship asset located in the Rue de Metz shopping street in Toulouse (France), for a total purchase price of €45.6 million¹ :

- 11 retail properties, of which six are located in Paris, the others being located in Lyon (69), Toulouse (31), Bordeaux (33), Clermont-Ferrand (63) and Annemasse (74), for a total cost price of €13.7 million;
- a local cinema located on rue des Ecoles in Paris (5th arrondissement) for a total cost price of €1.3 million;
- a portfolio of 6 retail units and an apartment in Paris (18th), Clermont-Ferrand (63) and Menton (06) for a total cost price of €5.5 million;
- a portfolio of 9 shops and 4 apartments in Paris (16th and 20th), Levallois-Perret (92), Asnières-sur-Seine (92), and Courbevoie (92) for a cost price of €4.7 million
- a portfolio of two well-situated stores in Paris (17th) and Versailles (78) for a cost price of €4.2 million;
- an emblematic mixed-use building (retail/office) located at the corner of rue de Metz and rue des Arts in Toulouse (31) and currently leased to 14 tenants, for a total cost price of €16.2 million.

Since July 1st 2021, the Company has acquired and/or is already committed to acquire several assets for a total investment of more than €41 million.

In addition, SELECTIRENTE acquired 13,127 additional shares in Vastned Retail NV for €0.5 million, bringing its total stake in the Dutch listed real estate company to 640,855 shares, or 3.37%.

Lastly, SELECTIRENTE has acquired 5,602 shares (i.e. 1.85% of the capital) of the SCPI IMMORENTE 2, which specializes in city-center shops, for a total of €1.6 million, i.e. a unit price of €288.75 including costs.

¹ Including purchase costs and excluding investment commissions



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29% year-on-year growth in rental income

SELECTIRENTE turnover totaled €10.6 million as at June 30th 2021, up +28.6% compared with the first half of 2020. Rental income alone was up +29% compared with the first half of 2020 and 0.3% on a like-for-like basis.

<i>In thousands of Euros</i>	1Q21 <i>(3 months)</i>	2Q21 <i>(3 months)</i>	1S21 <i>(6 months)</i>	Variation 1S21 / 1S20
Rental income	4 989	5 445	10 434	+ 29.0%
Related income	97	60	157	+ 8.4%
Gross rental income	5 085	5 505	10 591	+ 28.6%

Since the beginning of the year, and despite the health crisis linked to COVID-19, actions carried out in terms of leasing activity (re-rentals, renewals and disposals with leases' despecialization) have been active, resulting in an increase (+1.6%) in annual rents for the 29 leases concerned to €1,441 thousand (compared with €1,419 thousand previously).

A stable financial occupancy rate of 94.3% over the last twelve months

The financial occupancy rate remains high at 94.3% on average over the last twelve months, compared with an average of 95.1% for the year 2020. The financial occupancy rate for the second quarter of 2021 has increased by 130 basis points compared to the previous quarter and stood at 94.8% (vs 93.5% in Q1 2021). This growth is explained by the work of the asset management teams, who were able to re-let 12 temporarily vacant properties assets, such as those located on Boulevard Haussmann in Paris (8th), Boulevard Voltaire in Paris (12th) and in Namur in Belgium, as well as a part of the asset located on *Rue de la Liberté* in Dijon (the lease for the other part having already been signed and are subject to suspensive conditions of local administrative authorizations).



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Financial performance of the first 2021 semester

Net result and current cash flow up sharply, respectively by +124% and +34% year-on-year

KEY FIGURES	In K€			In euros per share ⁽¹⁾	
	1S20	1S21 (Under audit)	Variation 1S21 / 1S20	1S20	1S21 (Under audit)
Net Revenue	8 234	10 591	+ 28.6%	1.97	2.54
- Real estate expenses	-409	-368	- 10.0%	-0.10	-0.09
- Operating expenses	-1 242	-1 740	+ 40.1%	-0.30	-0.42
- Net allocations / depreciation and provisions	-3 156	-3 638	+ 15.2%	-0.76	-0.87
+ Financial income	935	1 576	+ 68.6%	0.22	0.38
- Financial expenses	-1 161	-1 237	+ 6.5%	-0.28	-0.30
- Corporate income taxes	-28	-56	+ 99.7%	-0.01	-0.01
- Foreign taxes	-81	-163	+ 101.5%	-0.02	-0.04
Recurring net result	3 091	4 965	+ 60.6%	0.74	1.19
Non-recurring financial & operating income / expenses	0	0	N/A	0.00	0.00
Capital gain on disposals of real estate assets	1	0	N/S	0.00	0.00
Capital gain on disposals of financial assets	0	0	N/A	0.00	0.00
Depreciation and other	-469	921	N/A	-0.11	0.22
Net result	2 624	5 886	+ 124.3%	0.63	1.41
Current Cash Flow	6 424	8 621	+ 34.2%	1.54	2.07

(1) Average number of diluted shares outstanding during the period

N/A: not applicable

N/S: not significant

SELECTIRENTE is reporting recurring net income after tax of €4.965 million in the first half of 2021, up by 60.6% year-on-year. This robust increase is explained both by the rental income the increase linked to the investments made in the second half of 2020 and the first half of 2021 and, to a lesser extent, by the stability of financial expenses despite the strong growth in assets (cross-effect of the €19-million increase in debt and the 10-bps reduction in financing costs compared with the first half of 2020). In addition, the investment in shares of the real estate company Vastned Retail N.V. resulted in a €1.1 million dividend in financial income.

Over the first half of 2021, rent deductibles and waivers amounted to €0.2 million (1.7% of invoiced rent). Residual unpaid rents for the first half of 2021, amounting to €2.2 million (20.8% of invoiced rents), are subject to deferral agreements for €0.1 million and provisions for €0.8 million, in view of ongoing discussions with the tenants concerned.

Net result and current cash flow have risen in line with the portfolio's excellent operating performance, with increases of +124% and +34% respectively over one year.

Finally, a reversal of provisions of €1.2 million on equity investments was recorded in the accounts at June 30th 2021, as a result of the rise in the share price of the listed real estate company Vastned Retail N.V.

Portfolio valuation and net asset value

Increase of +0.6% in real estate valuations at a constant scope as of June 30th 2021

SELECTIRENTE's revalued assets stood at €462 million ⁽²⁾ excluding transfer duties at June 30th 2021, compared with €414 million at December 31st 2020, an increase of 12%.

⁽²⁾ The revalued portfolio as of June 30, 2021 (€462 million) is composed of directly held real estate assets for €435 million (appraised value excluding taxes) and indirect real estate investments consisting of shares in SCPIs and OPCIs for €10.5 million, usufructs of SCPI shares for €0.6 million, and shares in the listed real estate company Vastned Retail NV for €15.8 million.



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SELECTIRENTE's direct property portfolio is now subject to an independent valuation on a half-yearly basis by the real estate expert Cushman & Wakefield.

At June 30th 2021, given the quality of the Company's portfolio of properties, the valuation of its direct real estate assets was once again resilient, despite the health context. Thus, these appraised values show an overall growth of +0.6% on a like-for-like basis over the last 6 months.

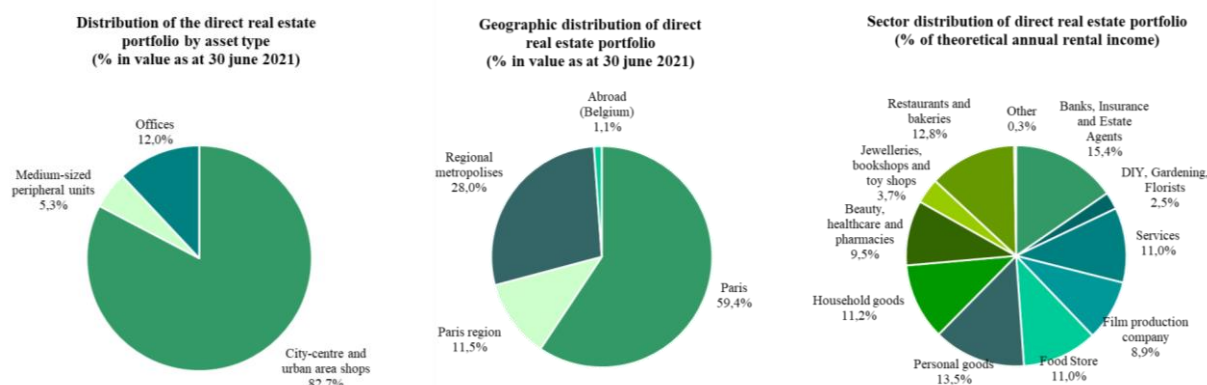
The values of city-center stores, which represent 83% of the overall portfolio, are up (+0.7%), with a more marked increase for out-of-town stores (+1.6%). Geographically, appraised values are up slightly across Paris (+0.7%) and the Paris region (+0.4%), which account for nearly 70% of the overall portfolio, and in the French regions (+0.5%), while the increase is more pronounced in Belgium (+2.3%). As at the end of June 2021, the yields resulting from these appraisals (including transfer taxes) were 4.6% for city-center retail premises (including an average of 4.2% for Parisian premises estimated at between 2.8% and 6.0%, and 5.5% in the Paris region), and 7.9% for out-of-town premises, i.e., an average yield of 4.8% for the entire portfolio that is broadly stable compared with the end of 2020.

The net asset value per share, net of disposal value under EPRA standards, was €85.86 at June 30th 2021, compared to €86.58 at December 31st 2020, i.e. a decline of -0.8%, mainly due to the payment of the annual dividend of €3.25 per share and the precipitous dividend of €0.325 per share to the Company Manager, offset by the increase in the appraisal values of assets in the first half of 2021.

<i>Euros per action</i>	30/06/2020	31/12/2020	30/06/2021	Variation 30/06/2021 - 31/12/2020
Going concern NAV incl. duties per share	92.31	94.18	96.55	+ 2.5%
EPRA NAV Net Disposal Value	85.64	86.58	85.86	- 0.8%

The property portfolio, directly owned and located in city-centers, represents 83% of the total portfolio and is at 59% located in Paris

The value of SELECTIRENTE's direct real estate properties composed of 486 city-center retail premises mainly located in Paris and the Paris region, a ground-floor office space in Paris (15th *arrondissement*) and two mixed-use properties (retail/office) in Bordeaux and Toulouse, amounts to €435.1 million (excluding transfer duties) at the end of June 2021, and breaks down as follows:





Decreasing cost of debt

As at June 30th 2021, SELECTIRENTE's bank financing amounted to €148.7 million and was characterized by:

- 130 mortgage lines without financial covenants;
- A net LTV ratio of 22.0% in the first half of 2021 and a gross LTV ratio of 32.2%, compared with 11.2% and 35.2% respectively at December 31, 2020;
- an average cost of debt for the first half down to 1.72% (1.82% in 2020);
- an average residual maturity of almost 9 years and a duration of over 6 years;
- 93% of debt is at fixed rates and 7% at floating rates.

General Meeting held on June 4th 2021:

All resolutions presented at the June 4th General Meeting were approved by the shareholders and the dividend (€3.25 per share) for fiscal year 2020 was paid on June 15th 2021.

Outlooks

The economic outlook for the second half of 2021 remains uncertain in light of the evolution of the COVID-19 epidemic and, in particular, the pace and extent of the economic recovery and household consumption. Since the beginning of this epidemic, Selectirente remains confident in the resilience of its portfolio, both in terms of cash-flow generation and valuations, and intends to rely on its robust fundamentals to get through this period: premium locations, quality of the assets and mutualization of the rental risk.

Given its financial structure, SELECTIRENTE has a good capacity to seize acquisition opportunities in the short and medium term.

As of July 19th 2021, several transactions for a total amount of over €40 million have been secured with a view to acquiring several retail properties, mainly in Paris.

■ SELECTIRENTE

Created in 1997 at the initiative of SOFIDY and real estate professionals, SELECTIRENTE was listed on the stock exchange in October 2006 and adopted SIIC status on 1st January 2007. SELECTIRENTE is one of the few property companies focused on local city center retail properties.

SELECTIRENTE is managed by SELECTIRENTE GESTION, manager and general partner since February 3, 2021, which itself relies on the know-how and skills of the service provider SOFIDY (part of the real estate activities of the Tikehau Capital group) in terms of asset management, property management and the execution of investment, arbitrage and financing programs.

With a real estate portfolio of more than €450 million, more than 60% of which is located in Paris, the Company's strategic objective is to develop and enhance the value of its city center retail assets in the most dynamic French and European cities.

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Annex to the press release on business activity and H1 2021 results

Financial statements as of June 30th 2021 (*under audit*)

- Balance sheet
- Income statement

Methodological note



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Financial statements as of June 30th 2021 (under audit)

Balance Sheet – Assets

<i>Assets (in €)</i>	30 june 2021	31 december 2021
Intangible assets	606 442	715 520
Tangible assets	371 134 924	328 277 103
<i>Property, Plant and Equipment Land</i>	<i>165 012 300</i>	<i>144 654 117</i>
<i>Constructions</i>	<i>205 408 194</i>	<i>182 258 228</i>
<i>Assets under acquisitions / construction</i>	<i>714 430</i>	<i>1 364 758</i>
Financial assets	27 478 143	24 009 968
<i>Equity investments</i>	<i>16 063 851</i>	<i>14 317 250</i>
<i>TIAP⁽¹⁾</i>	<i>10 439 764</i>	<i>8 861 294</i>
<i>Other financial asset</i>	<i>974 528</i>	<i>831 424</i>
FIXED ASSETS	399 219 508	353 002 590
Clients and all other receivables	7 311 135	3 828 827
Cash, Cash instruments & cash equivalents	47 018 208	99 310 526
CURRENT ASSETS	54 329 343	103 139 353
Expenses to be spread over several years ⁽²⁾	587 576	
GRAND TOTAL	454 136 427	456 141 943

(1) Long term portfolio investment securities

(2) Change of accounting method linked to the refinancing operations

Balance Sheet – Liabilities

<i>Liabilities (in €)</i>	30 june 2021	31 december 2021
<i>Share Capital</i>	<i>66 767 008</i>	<i>66 767 008</i>
<i>Share premiums</i>	<i>202 619 937</i>	<i>202 619 937</i>
	<i>16 430 759</i>	<i>20 425 962</i>
<i>Retained earnings</i>	<i>642 263</i>	<i>15 327</i>
Profit (loss) of the exercise	5 885 713	10 907 724
EQUITY	292 345 681	300 735 957
PROVISIONS FOR RISKS AND LIABILITIES	533 832	500 451
Debt from credit institutions	148 897 038	145 810 280
All other liabilities	12 359 876	9 095 255
LIABILITIES	161 256 914	154 905 535
GRAND TOTAL	454 136 427	456 141 943



Property Investment company specialized in city-center retail stores

Financial statements as of June 30th 2021 (*under audit*)

Income Statement

<i>In Euros</i>	30 june 2021 (6 months)	30 june 2020 (6 months)
Rent income	10 433 957	8 089 890
Other income	156 626	144 427
Net Revenue	10 590 583	8 234 317
Rebillable rental expenses and taxes	1 573 016	900 062
Reversal of depreciation, amortisation, provisions, transfers & other income	610 533	277 455
Total operation revenues	12 774 132	9 411 834
Rebillable rental expenses and taxes	1 573 016	900 062
Non-rebillable rental expenses	154 057	196 304
Non-rebillable taxes	214 175	213 050
Other external expenses	1 524 433	1 184 491
Amortisation, depreciation & provisions	4 248 082	3 427 069
Other operating expenses	215 455	64 135
Total operating expenses	7 929 218	5 985 112
OPERATING PROFIT (LOSS)	4 844 914	3 426 722
Total financial income	2 780 631	934 730
Total financial expenses	1 339 050	1 161 246
FINANCIAL INCOME (EXPENSES)	1 441 581	-226 517
RECURRING INCOME/(LOSS) BEFORE TAXES	6 286 495	3 200 205
Total non-recurring income	153 035	328 130
Total non-recurring expenses	334 517	795 222
NET NON-RECURRING INCOME/(EXPENSES)	-181 482	-467 092
Taxes	-219 299	-109 105
Net income	5 885 713	2 624 009



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Methodological Note

Loan-to-value

- The loan-to-value ratio corresponds to the bank debt (€ 148,719 thousands as of June 30th 2021) compared to the revalued value (excluding rights) of the Company's assets (€ 462,098 thousands as of June 30th 2021).
- The net loan-to-value ratio corresponds to the bank debt net of cash (€ 101,700 thousands at June 30th 2021) compared to the revalued value (excluding rights) of the Company's assets (€ 462,098 thousands at June 30th 2021).

Revalued value of assets

The revalued value (excluding fees) of the Company's assets was determined on the following basis:

- the direct real estate assets at their appraised value as of June 30th 2021, or their acquisition price excluding fees and charges for acquisitions made after May 6th 2021,
- indirect real estate investments, consisting of:
 - SCPI shares held in full ownership retained at their withdrawal or market value on June 30th 2021,
 - OPCI shares held at their last known net asset value as of June 30th 2021,
 - Shares of the Rose company at their last known net asset value, and
 - The shares of Vastned Retail N.V. retained for their stock market price on June 30th 2021.

Current Cash-Flow

The current cash flow corresponds to the net result for the year (€ 5,886 thousands at June 30th 2021) adjusted for net depreciation and provisions for the year (€ 2,735 thousands at June 30th 2021) and capital gains or losses on disposals net of tax (€0 at June 30th 2021).

Rents on a like-for-like basis

The change in rental income at constant scope is determined as follows:

Rent 1S20	8 090
- Neutralized 1S20 rent of the 1S20 acquisitions	-163
+ Semestralisation of the 1S20 rent of the 1S20 acquisitions	884
- Neutralisation of the 1S20 rent of the 1S20 disinvestments	-9
- Neutralisation of the 1S20 rent of the 1S21 disinvestments	-164
Pro-forma 1S20 rent	8 637
Rent 1S21	10 434
- Neutralisation of the 1S21 rent of the 1S21 disinvestments	0
- Neutralized 1S21 rent of the 1S21 acquisitions	-1 770
Pro-forma 1S21 rent	8 664
Variation in %	+ 0,3 %