



2021 annual results: strong earnings growth, assets under management exceed €500m

Pierre Vaquier, Chairman of the Supervisory Board, said:

“2021 was marked by a clear improvement in financial performance and strong growth in SELECTIRENTE’s portfolio, which broke through the symbolic €500 million assets under management barrier. The quality of our fundamentals and the resilience of the local retail sector, combined with our solid investment capacity and the recent debt refinancing, mean that we can look ahead with confidence to a new year characterised by fresh growth opportunities in Paris and the major French cities, which SELECTIRENTE will not fail to seize.”

Significant improvement in earnings:

- EPRA earnings of €16.8m (vs €12.4m in 2020, +36%)
- Operating cash flow of €17.9m (vs €13.1m in 2020, +37%)
- IFRS net income up sharply at €17.1m (vs €2.5m in 2020)

Investments and disinvestments:

- Acquisitions: €109.1m, including €106.7m in direct and €2.4m in indirect real estate assets
- Disposals: €17.6m, generating a distributable capital gain of nearly €14m

Operating performance:

- Rents up 28% at €22.4m (+2% on a like-for-like basis)
- Average financial occupancy rate of 95.1% in 2021
- 2021 rent collection rate of 92% at the end of 2021 (and 95% year to date)

Portfolio and valuation:

- Portfolio value: €510m at the end of 2021 (vs €415m at the end of 2020)
- 54% of assets located in Paris and 14% in the Paris region
- Appraisal values at 31 December 2021: +1.7% on a like-for-like basis since 30 June 2021 and +2.4% over the full year
- EPRA NDV (NAV): €88.71 per share (vs €86.58 per share at 31 December 2020 and €85.86 per share at 30 June 2021)



Financial structure

- Debt ratios: net LTV ratio of 26.7%, gross LTV ratio of 31.3%
- Cash: €23.4m at end-2021
- Average cost of debt: 1.68%

Post balance sheet events and dividends:

- Successful refinancing:
 - Concluded on 4 February 2022 with BECM, HSBC, Crédit du Nord and Société Générale, SELECTIRENTE's long-standing bank partners, the refinancing consists of two separate credit tranches: a 5-year €100 million corporate loan, which will be used mainly to repay a large part of the Company's amortising mortgage debt, and a 3-year €140 million revolving credit facility (RCF) giving the company increased investment capacity.
 - This defining transaction allows SELECTIRENTE to benefit from greater flexibility and controlled financing costs. More broadly, it will enable the Company to step up its growth policy by pursuing its strategy of acquiring assets in Paris and the major French cities, which are dynamic communities with areas of high commercial density.
- Continued investment since 1 January 2022, with commitments of over €27.5 million to date
- Proposed dividend of €3.60 per share, up 10.8% from the dividend paid in 2021, subject to approval by the General Meeting on 3 June 2022

The SELECTIRENTE Supervisory Board met on 16 February 2022 under the chairmanship of Pierre Vaquier and reviewed the French GAAP and IFRS financial statements for the year ended 31 December 2021. Audit procedures are in progress.

As part of the development of its activities, the shift towards an institutional shareholder base and changes in its organisation, SELECTIRENTE has voluntarily undertaken to adopt IFRS and is presenting the main impacts of international accounting standards on its financial reporting.

SELECTIRENTE's financial statements will henceforth be presented in accordance with IFRS. Driven by its desire for transparency and its goal of expanding internationally, the Company believes that using the same accounting basis as the majority of companies in the sector will allow better evaluation and comparison of its economic and financial performance.

Moreover, SELECTIRENTE will also henceforth publish EPRA performance indicators, which form the basis of financial reporting by listed real estate companies in Europe.



2021 business review

In 2021, a year marked by gradual economic recovery, SELECTIRENTE once again demonstrated the appropriateness of its strategic positioning on local retail assets in city centres. This sector has proven its capacity for resilience in respect of the economic environment and shown that it can gain traction from the rebound in household consumption in 2021. The advent of the phygital channel (the blending of physical commerce and e-commerce) and quick commerce also testifies to the adaptability of this category of stores, particularly in the major urban centres where SELECTIRENTE is established.

Pursuing its development strategy, SELECTIRENTE invested €109.1 million during the year, resulting in an increase of nearly 23% in its portfolio, which now exceeds €500 million. Meanwhile, the Company demonstrated its resilience, with average financial occupancy of 95.1% over the year and as much as 96.4% in Q4 2021. The annual rent collection rate was 92% at 31 December 2021, up compared with the previous year. The collection rate has firmed to nearly 95% at the date of this press release.

SELECTIRENTE remains convinced of the resilience of local shops in city centres, thanks to consumer support, favourable changes in consumer habits and the development of soft mobility, which tends to make these shops more accessible.

With its financial structure strengthened by the early February 2022 refinancing, SELECTIRENTE still boasts robust long-term fundamentals:

- quality locations (nearly 54% of assets located in Paris, 14% in the Paris region and 15% in France's six largest regional cities);
- reasonable rents compared to market rental values;
- strong portfolio granularity (over 550 rental units) and extensive pooling of rental risk;
- limited debt (net LTV ratio of 26.7% and gross LTV ratio of 31.3% at the end of 2021) and available cash of €23.4 million;
- disciplined and responsive management by a recognised and experienced team.

Operating activity in 2021

Nearly €110 million in investment in 2021, almost exclusively in local shops

SELECTIRENTE has continued its development by undertaking a major investment programme since the beginning of the 2021 financial year.

Without compromising on its strict selectivity criteria, the Company ended the year with €106.7 million in direct real estate investments in quality assets offering reasonable rents compared to market rental values. Acquisitions include a total of 109 well located ground-floor retail units (€84.6 million including individual units and seven portfolios), mainly in Paris (31%), the Paris region (18%), Lyon, Bordeaux, Toulouse and Aix-en-Provence, as well as two office assets in Marseille and Toulouse and a well-located mixed retail and office building in Rue de Metz, Toulouse. The yield on these investments made in 2021 averaged 5.1%.



Acquisitions continued in the fourth quarter of 2021 representing a total cost price of €58 million in that quarter alone:

- a portfolio of 29 retail premises and 2 office premises in Paris and other major French cities for a total cost price of €27.5 million, let mainly to MAAF insurance company;
- a portfolio of 42 ground-floor retail properties throughout France, including a significant portion in Paris, for a total cost price of €20.9 million;
- 3 individual shops in Lyon (8th arrondissement), Bayonne and Toulouse for €0.8 million, €4.3 million and €4.4 million respectively.

Strategic refocus and disinvestments

In 2021, SELECTIRENTE carried out strategic disinvestments reflecting a dual objective:

- “value creation”: sale of a portfolio of 10 assets located in Paris and Boulogne for a net sale price of €17.1 million, generating an IFRS capital gain of €0.5 million and a distributable capital gain of nearly €14 million,
- “strategic refocus” of its portfolio: sale of 2 assets (located in Sancerre and Saint Jean Bonnefonds) for a total net sale price of €240,000 and generating an accounting capital gain of €13,000.

At 31 December 2021, the Company was committed to selling two assets located in Beauvais and Arpajon for a net sale price of €1 million.

Rental activity: rising rents and a high average financial occupancy rate

SELECTIRENTE’s rental income was €22.6 million in 2021, up 27% on the previous year. On a like-for-like basis, rental income alone increased by nearly 2.0%, thanks mainly to the increase in occupancy rates recorded by the management team on a number of re-letting, letting and lease renewal transactions.

| <i>Income statement - IFRS</i> | | | | <i>Income statement - French GAAP</i> | | | |
|--------------------------------|---------------|---------------|-----------------|---------------------------------------|---------------|-----------------|----------------|
| <i>(€000)</i> | 2021 | 2020 | % change | 2021 | 2020 | % change | <i>(€000)</i> |
| Net rent | 22 420 | 17 530 | 28% | 21 926 | 17 441 | 26% | Rent |
| Related income | 229 | 267 | -14% | 350 | 254 | 38% | Other income |
| Rental income | 22 649 | 17 797 | 27% | 22 275 | 17 695 | 26% | Revenue |

In 2021, rental management operations (re-letting, renewals and disposals with despecialisation of leases) concerned 45 commercial premises, resulting in an increase of €56,000 (+2.4%) in the annual rents of the stores concerned. In addition, the Company received €54,000 in despecialisation compensation on the transfer of a lease with a change in the tenants’ business.

The financial occupancy rate remains high, averaging 95.1% in 2021, up more than 0.80 percentage point compared with the first half of 2021 (94.3%) and even reaching 96.4% in the fourth quarter of 2021 alone.

Financial results

| Income statement - IFRS | | | Income statement - French GAAP | | |
|---|---------------|---------------|--------------------------------|---------------|---|
| (€000) | 2021 | 2020 | 2021 | 2020 | (€000) |
| Net rent | 22 420 | 17 530 | 21 926 | 17 441 | Rent |
| Rental income | 22 649 | 17 797 | 22 275 | 17 695 | Revenue |
| Non-recoverable property charges and taxes | 1 278 | 881 | 1 694 | 736 | Reversals of depreciation, amortisation and provisions and other income |
| Management fees and other overheads | 2 918 | 2 832 | 997 | 881 | Non-recoverable property charges and taxes |
| Change in value of investment properties | 354 | 13 531 | 9 038 | 7 555 | Depreciation, amortisation and impairment |
| Gains/losses on disposal of investment properties | 470 | 33 | 3 545 | 3 122 | Other expenses |
| Other | 438 | 986 | - | - | |
| Operating income | 18 131 | 400 | 10 388 | 6 873 | Operating profit/(loss) |
| Dividends | 2 201 | 1 212 | 4 488 | 16 973 | Financial income |
| Net financial expense | 3 169 | 2 268 | 5 526 | 13 925 | Financial expenses |
| Gains/losses on disposal and change in financial values | 250 | 4 007 | - | - | |
| Net financial income/(expense) | 718 | 2 951 | 1 037 | 3 048 | Net financial income/(expense) |
| | - | - | 9 351 | 9 921 | Recurring income/(loss) before tax |
| | - | - | 12 006 | 1 033 | Net non-recurring income/(expense) |
| Earnings before tax | 17 413 | 2 551 | - | - | |
| Tax | 351 | 29 | 300 | 46 | Tax |
| Net income | 17 062 | 2 522 | 21 057 | 10 908 | Group profit/(loss) |

The separate financial statements show a near doubling of net income, mainly driven by growth in rental income and capital gains on strategic disinvestments.

IFRS net income was also up sharply, mainly driven by the increase in rental income and change in the value of investment properties.

Summary of EPRA performance indicators

In accordance with the recommendations of the European Public Real Estate Association (EPRA), of which it is a member, SELECTIRENTE will henceforth publish the main performance indicators designed to promote transparency and comparability in the financial results of listed real estate companies in Europe.

| EPRA KPIs | 31/12/2021 | | 31/12/2020 | |
|---|------------|---------|------------|---------|
| | €m | €/share | €m | €/share |
| EPRA earnings | 16.8 | 4.04 | 12.4 | 2.98 |
| EPRA NRV | 403.0 | 96.69 | N/A | N/A |
| EPRA NTA | 367.4 | 88.15 | N/A | N/A |
| EPRA NDV | 369.8 | 88.71 | 360.8 | 86.58 |
| Net initial yield | 4.8% | | 4.7% | |
| Net initial yield excluding rent relief | 4.9% | | 4.7% | |
| Vacancy rate | 2.8% | | 4.8% | |
| Cost ratio (including vacancy costs) | 19.6% | | 20.1% | |
| Cost ratio (excluding vacancy costs) | 19.1% | | 19.3% | |

Net asset value per share, or Net Disposal Value under EPRA standards, was €88.71 at 31 December 2021, compared with €86.58 at the end of 2020, representing growth of 2.5% year-on-year and 3.3% versus the second half of 2021.



Portfolio valuation

Increase in real estate valuations

SELECTIRENTE's net asset value has broken the symbolic €500 million barrier and stood at €510 million⁽¹⁾ excluding transfer duties at 31 December 2021, up 22.9% from €415 million at 31 December 2020.

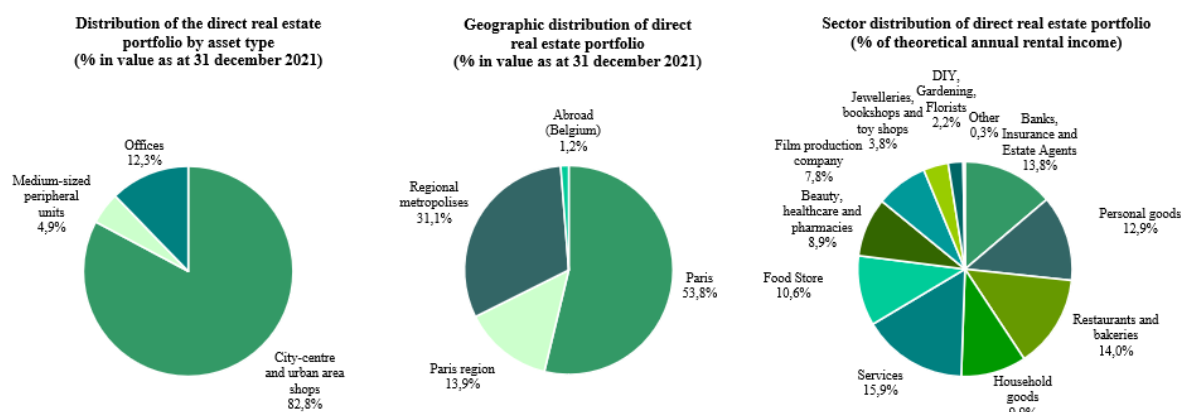
Thanks to the quality of its locations and despite the continued deterioration in the health environment, the Company achieved good growth in the value of its direct real estate assets in the year ended 31 December 2021. As such, appraisal values show growth of 2.4% on a like-for-like basis over the year and 1.7% on a like-for-like basis since 30 June 2021.

In detail, the value of city centre stores, which represent 83% of the overall portfolio, recorded year-on-year growth on a like-for-like basis (+2.2%), as did offices (+2.3%). The increase was more pronounced for out-of-town stores (+4.3%). Geographically, appraisal values were up mainly in Paris (+2.6%) and the Paris region (+1.1%), which together account for nearly 73% of the total portfolio. Lastly, regional assets also recorded good growth (+2.1%); the increase was even more pronounced in Belgium (+5.0%).

At the end of December 2021, the average yield resulting from these appraisals (including transfer duties) was 4.7% on the entire portfolio, stable overall compared with the end of 2020. Rental yields stand at 4.6% for city-centre 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 7.8% for out-of-town retail premises (which represent 4.9% of the overall portfolio value).

83% of the property portfolio is directly owned and located in city centres, including 54% in Paris

The value of SELECTIRENTE's direct real estate assets, consisting of 559 retail premises, single-storey office space in Paris and two mixed-use developments (retail and office) in Bordeaux and Toulouse, amounted to €483 million (excluding transfer duties) at the end of December 2021, mainly consisting of city-centre retail premises in Paris and the Paris region. This portfolio breaks down as follows:



⁽¹⁾ The revalued portfolio at 31 December 2021 (€509.7 million) comprised directly held real estate assets valued at €482.5 million (appraisal values excluding transfer duties) and indirect property investments consisting of shares in SCPI and OPCI real estate investment companies valued at €10.6 million, SCPI share usufructs valued at €0.7 million and shares in the listed property company Vastned Retail NV valued at €15.7 million.



Financial structure: refinancing through corporate debt

At 31 December 2021, SELECTIRENTE's bank financing amounted to €159 million and was characterised by:

- a net LTV ratio of 26.7% in the second half of 2021 and a gross LTV ratio of 31.3%, compared with 11.0% and 34.9% respectively at 31 December 2020;
- a decrease in the average annual cost of debt to 1.68% (from 1.82% in 2020);
- 91.4% fixed-rate debt and 8.6% floating-rate debt.

In 2021, SELECTIRENTE reviewed its financial structure and above all its debt profile. On 4 February 2022, SELECTIRENTE accordingly completed a €100 million transaction with BECM, HSBC, Crédit du Nord and Société Générale, the Company's long-standing bank partners, to refinance its mortgage debt by means of a five-year corporate loan enabling it to repay over €80 million in existing mortgage debt. The Company has also signed a €140 million three-year revolving credit facility (RCF) to boost its investment capacity.

This defining transaction will enable the Company to step up its growth policy by pursuing its strategy of acquiring assets in Paris and the major French cities, which are dynamic communities with areas of high commercial density.

Increase in dividend per share (+10.8%)

SELECTIRENTE's Supervisory Board will propose to the next General Meeting a dividend of €3.60 per share for the 2021 financial year, an increase of 10.8% on last year's dividend (€3.25), which was revised down slightly in view of the COVID-19 pandemic.

2022 outlook

SELECTIRENTE is looking ahead to 2022 with confidence, backed by robust fundamentals, a proven commercial asset selection strategy and investment capacity strengthened by the successful refinancing of its debt.

SELECTIRENTE will endeavour to continue its investments in catchment areas with large pedestrian zones, including in the major regional cities.

At the date of publication of this press release, several transactions totalling €27.5 million had been undertaken since the start of 2022.

2022 financial calendar:

04/05/2022 (after close of trading): Q1 2022 business and revenue

03/06/2022: Annual General Meeting

27/07/2022: H1 2022 business and results



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About SELECTIRENTE

Founded in 1997 at the initiative of SOFIDY and real estate professionals, SELECTIRENTE was listed in 2006 and opted for the SIIC (French REIT) regime on 1 January 2007. SELECTIRENTE is one of the few real estate companies specialising in local retail premises.

SELECTIRENTE is managed by SELECTIRENTE GESTION, the new manager and general partner since 3 February 2021, which in turn relies on the know-how and skills of service provider SOFIDY (part of the Tikehau Capital group's real estate business) in the fields of asset management, property management and the execution of investment, disinvestment and financing programmes.

With a property portfolio valued at over €500 million, almost 55% of which is located in Paris, the Company's strategic objective is to develop and increase the value of its city-centre retail assets in the most dynamic French and European cities.



Appendices to the 2021 business and results press release

- IFRS financial statements for FY 2021 (under audit)

o Balance sheet (simplified)

| <i>Assets (€000)</i> | in IFRS | |
|---|-------------------------|-------------------------|
| | 31 December 2021 | 31 December 2020 |
| Investment properties | 481 580 | 390 750 |
| Property, plant and equipment | | |
| Intangible assets | | 1 |
| Portfolio securities | 26 372 | 23 503 |
| Other financial assets, including derivatives | 1 513 | 1 397 |
| Deferred tax assets | 25 | 76 |
| Non-current assets | 509 490 | 415 726 |
| Trade receivables and related accounts | 4 333 | 3 249 |
| Tax and other receivables | 4 913 | 496 |
| Cash and cash equivalents | 23 364 | 99 311 |
| Non-current assets held for sale | 1 025 | |
| Current assets | 33 634 | 103 056 |
| TOTAL ASSETS | 543 124 | 518 782 |

| <i>Liabilities (€000)</i> | in IFRS | |
|--|-------------------------|-------------------------|
| | 31 December 2021 | 31 December 2020 |
| Share capital | 66 767 | 66 767 |
| Premiums | 202 620 | 202 620 |
| Reserves | 80 967 | 93 174 |
| Net income | 17 062 | 2 522 |
| Equity | 367 416 | 365 083 |
| Borrowings | 131 837 | 132 263 |
| Deferred tax liabilities | | |
| Security deposits | 5 879 | 4 737 |
| Provisions | 70 | 70 |
| Non-current liabilities | 137 786 | 137 069 |
| Borrowings | 27 466 | 12 535 |
| Trade and other payables | 8 422 | 3 548 |
| Current tax and social security payables | 2 034 | 547 |
| Current liabilities | 37 923 | 16 630 |
| Total liabilities | 175 709 | 153 699 |
| TOTAL EQUITY AND LIABILITIES | 543 124 | 518 782 |



IFRS income statement (simplified)

| | in IFRS | |
|---|---------------|---------------|
| | 2021 | 2020 |
| | (€000) | |
| Gross rental income | 22 420 | 17 530 |
| Related income | 229 | 267 |
| Rebilled rental expenses | 3 341 | 2 184 |
| Rental charges and property taxes | - 4 620 | - 3 065 |
| Net rental income | 21 371 | 16 916 |
| Management fees and other overheads | - 2 918 | - 2 832 |
| Change in value of investment properties | - 354 | - 13 531 |
| Gains/losses on disposal of investment properties | 470 | 33 |
| Impairment losses on trade receivables | - 355 | - 1 183 |
| Other non-recurring income and expenses | - 83 | 197 |
| Operating income | 18 131 | 400 |
| Dividends | 2 201 | 1 212 |
| Financial income | 88 | 240 |
| Financial expenses | - 3 257 | - 2 508 |
| Change in value of financial assets and financial instruments | 250 | 4 007 |
| Gains/losses on disposal of financial assets | | |
| Net financial income/(expense) | - 718 | 2 951 |
| Earnings before tax | 17 413 | 2 551 |
| Corporate tax | - 351 | - 29 |
| Net income | 17 062 | 2 522 |

Operating cash flow statement

| | 2021 | 2020 | Change |
|---|---------------|---------------|------------|
| | (€000) | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | 17 062 | 2 522 | 577% |
| Elimination of non-cash or non-operating income and expenses | | | |
| - Changes in fair value of investment properties | 354 | 13 531 | -97% |
| - Gains/losses on disposal of investment properties | - 470 | 33 | 1324% |
| - Reclassification of financial interests and other items of financial income and expense | 718 | 2 951 | -124% |
| - Current and deferred tax expense | 351 | 29 | 1099% |
| Cash flow before tax and working capital | 18 015 | 13 098 | 38% |
| Taxes paid | - 131 | 32 | 314% |
| Change in operating working capital requirement | 1 052 | 213 | -594% |
| Net cash flow from operating activities (A) | 18 936 | 12 853 | 47% |



- Methodological notes

Conversion of 31/12/2019 balance sheet from French GAAP to IFRS

| <i>In thousands of euros</i> | Balance sheet at 31/12/2019 | | |
|---|-----------------------------|------------------------------|----------------|
| | French GAAP | Impact of transition to IFRS | IFRS |
| Investment properties | - | 305 624 | 305 624 |
| Property, plant and equipment | 234 469 | - | 234 469 |
| Intangible assets | 1 | - | 1 |
| Portfolio securities | 8 894 | 332 | 9 225 |
| Other financial assets, including derivatives | 1 583 | 253 | 1 329 |
| Deferred tax assets | - | 60 | 60 |
| Non-current assets | 244 945 | 71 294 | 316 239 |
| Trade receivables and related accounts | 2 314 | - | 2 314 |
| Tax and other receivables | 745 | 92 | 837 |
| Cash and cash equivalents | 198 143 | 14 | 198 156 |
| Non-current assets held for sale | - | - | - |
| Current assets | 201 201 | 106 | 201 307 |
| TOTAL ASSETS | 446 147 | 71 400 | 517 546 |
| Share capital | 66 767 | - | 66 767 |
| Premiums | 202 620 | - | 202 620 |
| Reserves | 26 257 | 72 871 | 99 127 |
| Net income | 8 775 | - | 8 775 |
| Equity | 304 418 | 72 871 | 377 289 |
| Borrowings | 122 566 | 1 030 | 121 535 |
| Deferred tax liabilities | - | - | - |
| Security deposits | 3 650 | - | 3 650 |
| Provisions | 511 | 441 | 70 |
| Non-current liabilities | 126 727 | 1 471 | 125 256 |
| Borrowings | 11 690 | - | 11 690 |
| Trade and other payables | 2 979 | - | 2 979 |
| Current tax and social security payables | 332 | - | 332 |
| Current liabilities | 15 002 | - | 15 002 |
| Total liabilities | 141 729 | 1 471 | 140 258 |
| TOTAL EQUITY AND LIABILITIES | 446 147 | 71 400 | 517 546 |



Conversion of 2020 income statement from French GAAP to IFRS

| | 2020 income statement | | | |
|---|-----------------------|---------------|------------------------------|---------------|
| | (€000) | French GAAP | Impact of transition to IFRS | IFRS |
| Gross rental income | | 17 441 | 88 | 17 530 |
| Related income | | 267 | - | 267 |
| Rebilled rental expenses | | 2 184 | - | 2 184 |
| Rental charges and property taxes | | - 3 065 | - - | 3 065 |
| Net rental income | | 16 828 | 88 | 16 916 |
| Management fees and other overheads | | - 2 832 | - - | 2 832 |
| Change in value of investment properties | | - 6 955 | - 6 576 - | 13 531 |
| Gains/losses on disposal of investment properties | | 1 833 | - 1 800 | 33 |
| Impairment losses on trade receivables | | - 1 183 | - - | 1 183 |
| Other non-recurring income and expenses | | 215 | - 18 | 197 |
| Operating income | | 7 906 | - 8 306 - | 400 |
| Dividends | | 1 212 | - | 1 212 |
| Financial income | | 240 | - | 240 |
| Financial expenses | | - 2 491 | - 18 - | 2 508 |
| Change in value of financial assets and financial instruments | | 4 086 | - 79 | 4 007 |
| Gains/losses on disposal of financial assets | | | | |
| Net financial income/(expense) | | 3 048 | - 96 | 2 951 |
| Earnings before tax | | 10 953 | - 8 402 | 2 551 |
| Corporate tax | | - 46 | 16 - | 29 |
| Net income | | 10 908 | - 8 386 | 2 522 |



○ Impacts of the transition to IFRS accounting standards

This press release presents the 2020 financial statements under French GAAP, as presented to the June 2021 General Meeting, and the comparative 2020 financial statements prepared in accordance with IFRS, allowing for greater transparency and comparison with other market players. Given the nature of SELECTIRENTE's business, the main impacts of the transition to IFRS relate to the recognition of fixed assets and financial instruments, as well as revenue recognition and rental income.

Accounting for fixed assets

In application of IAS 40, investment properties are now valued according to the "fair value" method, as is the case for the majority of real estate companies, and in accordance with EPRA recommendations. Buildings are therefore no longer depreciated and the impact of market changes on their valuation is recorded through profit or loss. This valuation method will be preferred for its ability to show the true value of the portfolio and highlight the value creation work done by the management teams.

Accounting for financial instruments

Under IAS 32 and IFRS 9, treasury shares are recognised as a deduction from equity, while gains and losses on disposal are not recognised. Equity and debt financial instruments are recognised at fair value through profit or loss. Bank loans are measured at fair value less transaction costs and carried at amortised cost, using the EIR method.

Deferred taxes

Under IAS 12, the identification of temporary differences arising from the difference between the tax base and the carrying amount of assets and liabilities gives rise to the recognition of deferred taxes.

Rent

Under IAS 16, benefits granted to lessees and considered to be lease incentives (rent-free periods, rent escalators, financing of work by lessees since the date of granting these benefits) are spread over the term of the lease.

In accordance with IFRS 8 and in order to allocate available resources to segments efficiently and transparently and assess their performance, SELECTIRENTE presents a single operating segment.

- Financial data is monitored indiscriminately regardless of the building in question
- Buildings owned and managed by SELECTIRENTE are ground-floor retail assets subject to the French service sector market and located in city centres. In this sense, they have similar economic characteristics.

Impact on 2020 equity and consolidated net income

The application of IFRS had the following impact on SELECTIRENTE's opening consolidated equity and consolidated net income:

- on 2020 results: – €8,386,000
- on equity at 01/01/2020: + €71,400,000



○ Glossary

Loan-to-value

The gross loan-to-value ratio corresponds to the ratio of bank borrowings (€159,978,000 at 31 December 2021) to the reassessed value (excl. transfer duties) of the Company's portfolio (€508,977,000 at 31 December 2021).

The net loan-to-value ratio corresponds to the ratio of bank borrowings (€136,614,000 at 31 December 2021) to the reassessed value (excl. transfer duties) of the Company's portfolio (€508,977,000 at 31 December 2021).

Reassessed value of the portfolio

The reassessed value (excl. transfer duties) of the Company's portfolio is based on the following:

- the direct real estate portfolio is recognised at its appraisal value at 31 December 2021 or its acquisition cost excluding transfer duties and fees for acquisitions after 29 November 2021;
- indirect real estate investments, consisting of:
 - fully-owned SCPI shares recorded at their withdrawal value or market value as at 31/12/2021,
 - OPCI shares recorded at their most recent net asset value as at 31/12/2021,
 - Rose shares recorded at their most recent net asset value, and
 - Vastned Retail N.V. shares recorded at their stock market price at 31 December 2021.

Operating cash flow

Operating cash flow corresponds to IFRS net income for the financial year restated for changes in the fair value of investment properties, gains/losses on disposal of investment properties, the reclassification of financial interests and other financial items, current and deferred tax charges and change in operating working capital requirements.

Rents on a like-for-like basis

The change in rents on a like-for-like basis (in € thousands) is determined as follows:

| | |
|---|----------------------|
| <i>FY20 rent</i> | <i>17 530</i> |
| <i>- Neutralised FY20 rent of the FY20 acquisitions</i> | <i>-1 775</i> |
| <i>+ Semestralisation of the FY20 rent of the FY20 acquisitions</i> | <i>4 475</i> |
| <i>- Neutralisation of the FY20 rent of the FY20 disinvestments</i> | <i>-262</i> |
| <i>- Neutralisation of the FY20 rent of the YTD21 disinvestments</i> | <i>-740</i> |
| <i>Pro-forma FY20 rent</i> | <i>19 228</i> |
| <i>YTD21 rent</i> | <i>22 420</i> |
| <i>- Neutralisation of the YTD21 rent of the YTD21 disinvestments</i> | <i>-705</i> |
| <i>- Neutralised YTD21 rent of the YTD21 acquisitions</i> | <i>-2 101</i> |
| <i>Pro-forma YTD21 rent</i> | <i>19 614</i> |
| <i>Change as %</i> | <i>2.0%</i> |