



H1 2023 business and results: Resilient income and portfolio valuation

Growth in recurring income

- Recurring EPRA earnings up 20% to €10.9 million, or €2.61/share
- Net operating cash flow up 13% to €10.8 million, or €2.60/share
- IFRS net income of €5.0 million, or €1.20/share

Operating performances

- Rental income up 17% compared to the first half of 2022 (up 2.9% on a like-for-like basis).
- Increase in average financial occupancy rate over the year to 96.2%
- H1 2023 rent collection rate of 93.2% at 30 June 2023 (vs 91.3% at 30 June 2022)

Portfolio and valuation

- Disposals: 9 assets for a sale price of €6.9 million, generating a distributable capital gain of €1 million
- Portfolio valuation: €592 million at the end of June 2023 (vs €604 million at the end of 2022)
- 59% of assets located in Paris and 12% in the Paris region
- Appraisal values at 30 June 2023: down 0.4% on a like-for-like basis since 31 December 2022
- EPRA NAV NDV: €90.59/share (vs €93.11/share at 31 December 2022)

Financial structure

- Debt ratio: EPRA LTV at 39.8%
- Average cost of debt: 2.0%
- Average maturity of 4.1 years and average duration of 3.5 years
- Hedged fixed-rate and floating-rate debt: 100%
- Cash: €9.9 million at end-June 2023
- Undrawn bank financing: €55 million

Post balance sheet events and dividend

- Ongoing disposals with disposal commitments currently totalling €7 million
- During the General Meeting of Shareholders held on 2 June 2023, shareholders approved the proposed dividend of €3.80/share (up 5.6% from the dividend paid in 2022), which was paid on 15 June 2023.



SELECTIRENTE's Supervisory Board met on 26 July 2023 under the chairmanship of Pierre Vaquier and reviewed the French GAAP and IFRS financial statements for the first half ended 30 June 2023. Audit procedures are in progress.

H1 2023 business review

Despite persistent macroeconomic and geopolitical uncertainties related to the ongoing war in Ukraine, inflationary pressures and rising interest rates, the French commercial real estate market is showing favourable momentum, despite a slowdown in investment since March.

According to a Knight Frank study, the overall volume of investment in commercial real estate fell sharply to €6.2 billion in the first half of 2023, a drop of 51% compared to the first half of 2022. However, the retail segment has proved resilient: €1.7 billion was invested in the retail segment, representing 28% of the total volume. These solid figures illustrate the recovery of the retail sector in the French real estate market.

More specifically, there has been a significant reduction in the vacancy rate for local city-centre retail premises throughout France: for instance, according to the same Knight Frank study, this rate fell to 5.8% on average over the first half of 2023, compared to 6.8% in 2022 and 9% in 2021 in Paris, with the capital city accounting for almost 60% of the value of SELECTIRENTE's portfolio.

SELECTIRENTE therefore remains confident in the sustainability of local city-centre retail premises. Retailers are benefiting in particular from the commitment of consumers, the growth in soft mobility, which is helping to improve access to these stores, the advent of the "15-minute city" and the phenomenon of metropolisation, all of which are enhancing their attractiveness.

Bolstered by its strong financial structure, SELECTIRENTE still boasts robust long-term fundamentals:

- **quality locations:** nearly 59% of assets located in Paris, 12% in the Paris region and 16% in five of France's ten largest provincial cities;
- **reasonable rents** compared to market rental values;
- **strong portfolio granularity** (over 440 assets and 570 leases) reflecting solid pooling of rental risk;
- **limited debt** (EPRA LTV of 39.8% at end-June 2023), available cash of nearly €10 million after the €10 million repayment of the RCF during the first half, and an undrawn line of credit worth €55 million;
- **disciplined and responsive management by a recognised and experienced team.**

The Company once again demonstrated its resilience, recording a persistently high average financial occupancy rate of 96.2% over the past twelve months alongside a slight dip in the appraisal value of its portfolio, excluding transfer duties, of 0.4% on a like-for-like basis.

H1 2023 rent collection rate stood at 93.2% at 30 June 2023, compared to 91.3% at 30 June 2022. The collection rate has firmed to nearly 95% at 21 July 2023.



H1 2023 operating activity

After a particularly buoyant 2022 marked by €106.1 million in direct real estate investments, SELECTIRENTE did not make any investments over the period and focused on the successful execution of its disposal programme.

Keen to preserve its solid financial position, the Company is adopting a cautious approach, continuing to pursue a rigorous and selective investment policy.

Strategic refocusing disposals

During the first half of the year, SELECTIRENTE carried out a number of disposals reflecting the “strategic refocus” aim for its portfolio: sale of eight retail premises in Pavillons-sous-Bois (93), Brest (29), Menton (06), Lorient (56), Saintes (17), Bourgoin-Jallieu (38), two retail premises in Corbeil-Essonnes (91) and an apartment in Paris (7th arrondissement) for a total net sale price of €6.9 million, 10% higher than the appraisal value excluding transfer duties at the end of 2021, and generating a distributable capital gain of almost €1.0 million.

At 30 June 2023, the Company was also in the process of selling seven assets located in Le Raincy (93), Manosque (04), Nanterre (92), Brest (29), Argenteuil (95) and two assets in Corbeil-Essonnes (91), for a total net sale price of €3.9 million.

Since 1st July, SELECTIRENTE has signed the deed of sale for the asset located in Le Raincy (93) for a net sale price of €0.8 million, and is also committed to the sale of two additional retail premises in La-Tour-du-Pin (38) and Manosque (04) for a total net sale price of €3.1 million.

Rental activity: rents up 17%

SELECTIRENTE’s rental income came to €15.3 million in H1 2023, up 17% year-on-year. **Rental income alone rose nearly 2.9% on a like-for-like basis.**

(€000)	30/06/2023	30/06/2022	% change
Gross rental income	15,111	12,905	17%
Related income	158	143	10%
Total gross rental income	15,268	13,049	17%

Over H1 2022, rental property management operations (lease renewals and re-lettings) concerned 27 commercial premises, resulting in a 5% net increase (from €1,297,000 to €1,361,000 in the annual rents of the premises concerned).

In addition, SELECTIRENTE received €29,000 in despecialisation compensation on the transfer of two leases involving a change in business.

The Company estimates that 45% of its rental income could be affected by the 3.5% cap on indexation for 2023 voted by the French Parliament in favour of VSEs and SMEs, which was recently renewed for 2024. In the short term, only 12 applications for capping have been submitted and accepted by the Company, representing €392,000 in annual rental income out of a total of potentially eligible annual rents of €13.6 million, i.e. less than 3%. This estimate will be revised when more precise information is available regarding the tenants affected by the cap. Discussions with these tenants are underway to verify their eligibility for this scheme.



Increase in average financial occupancy rate over the year to 96.2%

The financial occupancy rate continued to grow and stood at 96.2% on average over the last 12 months, up by 40 basis points compared to the rate recorded at 30 June 2022 (95.8%). For Q2 2023 alone, the financial occupancy rate is also 96.2%.

H1 2023 financial performance

Fall in net income mainly due to the valuation of properties

Statement of comprehensive income under IFRS

(€000)	30/06/2023	30/06/2022
Gross rental income	15 111	12 905
Related income	158	143
Rebilled rental expenses	2 348	2 256
Rental charges and property taxes	(3 053)	(2 746)
Net rental income	14 563	12 558
Management fees and other overheads	(1 866)	(2 072)
Change in value of investment properties	(3 976)	2 178
Gains/losses on disposal of investment properties	(1)	(51)
Impairment losses on trade receivables	(189)	(68)
Other income and expenses	49	(33)
Operating income	8 579	12 512
Dividends	1 204	1 168
Financial income	319	-
Financial expenses	(3 802)	(2 782)
Change in value of financial assets/instruments and gains/losses on disposal of financial assets	(1 120)	(1 890)
Net financial income (expense)	(3 399)	(3 504)
Profit (loss) before tax	5 180	9 008
Corporate tax	(171)	85
Net income	5 009	9 093
Recurring net income	10 891	9 111
Net current cash flow	10 841	9 561

Net income under IFRS was down, mainly due to a fall in the value of investment properties resulting in particular from higher yields from the independent property valuer. This drop in income was offset by the increase in rental income (up 17%), the smaller decline in the value of financial assets between H1 2022 and 2023 (up €0.9 million) and a dip in overheads.



Summary of EPRA performance indicators

EPRA KPIs	30/06/2023		30/06/2022	
	€m	€/share	€m	€/share
EPRA earnings	10,9	2,61	9,1	2,19
EPRA NRV	393,6	94,39	403,4	96,76
EPRA NTA	351,8	84,37	360,0	86,33
EPRA NDV	377,8	90,59	371,5	89,11
Net initial yield	5,1%		4,8%	
Net initial yield excluding rent relief	5,1%		4,8%	
Vacancy rate	2,8%		2,3%	
Cost ratio (including vacancy costs)	17,0%		20,3%	
Cost ratio (excluding vacancy costs)	16,3%		19,7%	
EPRA LTV	39,8%		41,0%	

In accordance with the recommendations of the European Public Real Estate Association (EPRA), of which SELECTIRENTE is a member, the Company publishes the main performance indicators designed to promote transparency and comparability in the net financial income (expenses) of listed real estate companies in Europe.

Net asset value per share, or Net Disposal Value under EPRA standards, was €90.59 at 30 June 2023, compared to €93.11 at the end of 2022, representing a 2.7% drop over the first half of 2023 and a 1.7% increase versus H1 2022.

Portfolio valuation

Slight dip in portfolio valuation on a like-for-like basis

At 30 June 2023, SELECTIRENTE's revalued portfolio stood at €592 million ⁽¹⁾ excluding transfer duties, compared to €604 million at 31 December 2022.

Thanks to the quality of its locations and despite the increased economic uncertainty and inflationary pressure, the Company's direct real estate portfolio held up well in terms of valuation in the half year ended 30 June 2023. Appraisal values remained almost stable at -0.4% on a like-for-like basis over the past six months.

In detail, the value of city-centre retail premises, which account for 83% of the overall portfolio, fell by 1.0% on a like-for-like basis, offset by an increase in the value of office space (up 2.0%) and medium-sized retail peripheral units (up 4.3%). Geographically, appraisal values rose in major French cities outside Paris (up 0.6%), representing almost 30% of the overall portfolio, compared to a downward trend in Paris and the Paris region, with moderate declines of -0.9% and -0.3% respectively.

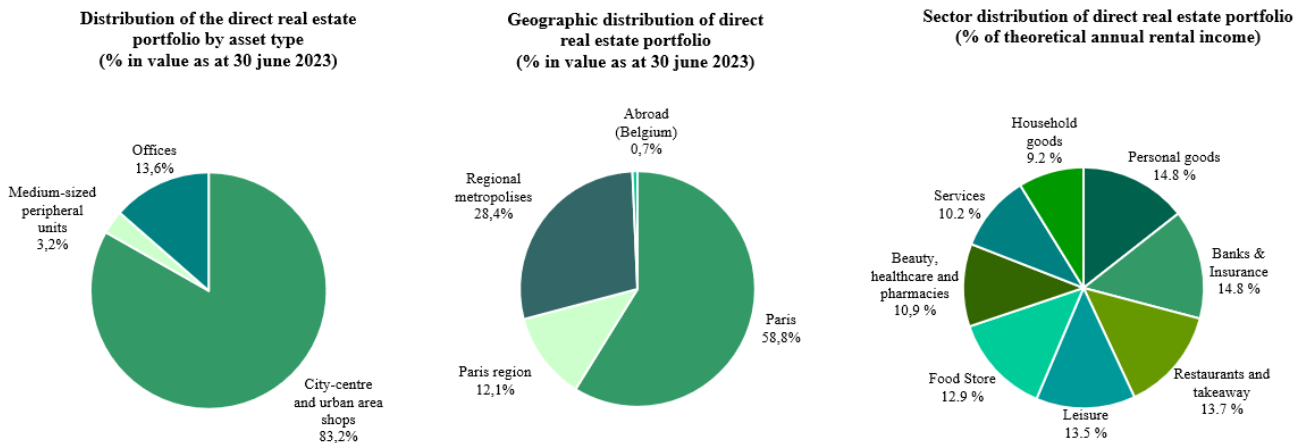
¹ The revalued portfolio at 30 June 2023 (€591.6 million) comprised directly held real estate assets valued at €568.3 million (appraisal values excluding transfer duties) and indirect property investments consisting of shares in SCPI and OPCI real estate investment companies valued at €10.2 million, SCPI share usufructs valued at €0.4 million and shares in the listed property company Vastned Retail NV valued at €12.7 million.



At the end of June 2023, the average yield resulting from these appraisals (including transfer duties) was 5.0% across the entire portfolio, almost stable compared to the end of 2022. Rental yields stood at 5.0% for city-centre retail premises (including an average of 4.7% for Parisian premises estimated between 2.3% and 6.5%, and 5.8% in the Paris region), 4.5% for offices and 7.4% for out-of-town retail premises (which represent 3.2% of the overall portfolio value).

A directly-held real estate portfolio comprising 83% city-centre retail premises and 59% assets located in Paris

The value of SELECTIRENTE's direct real estate portfolio, comprising 442 assets with a total surface area of over 110,000 m² and 577 leases, stood at €568.3 million (excluding transfer duties) at end-June 2023. This portfolio, mainly consisting of city-centre retail premises in Paris and the Paris region, breaks down as follows:



Financial structure: repayment of part of the RCF

As a reminder, on 4 February 2022, SELECTIRENTE entered into a transaction to refinance its mortgage debt by means of a five-year corporate loan and a three-year revolving credit facility (RCF), in order to boost its investment capacity.

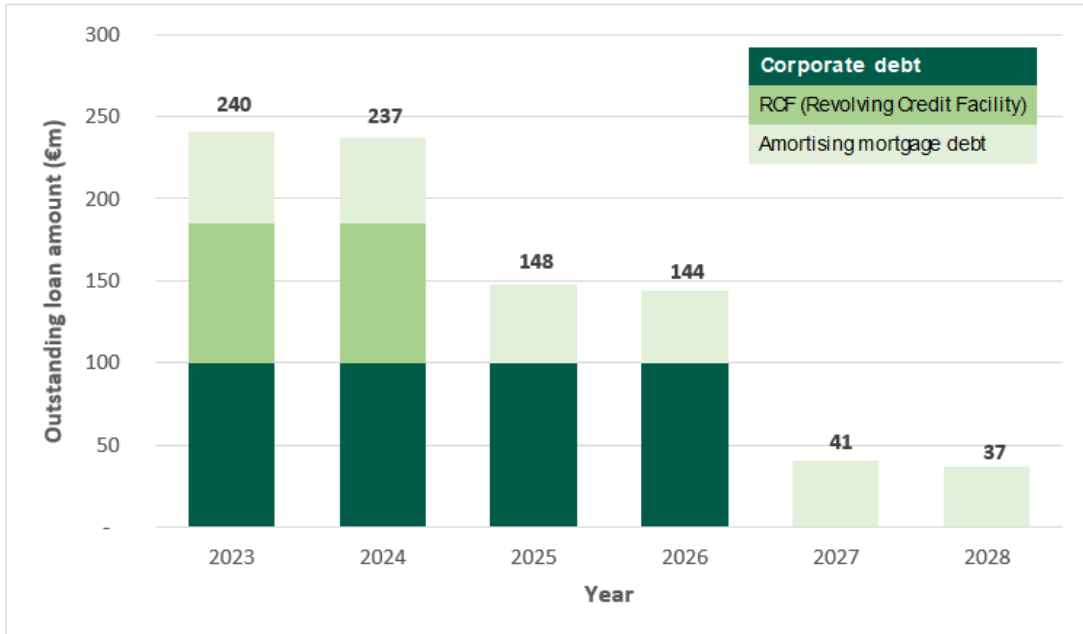
At 27 June 2023, the Company had renewed only €85 million of the €95 million RCF drawn, thereby repaying €10 million in RCF debt. This transaction is part of a scheme to reduce the Company's debt and a cautious approach in light of the current economic uncertainty.

As a result, at 30 June 2023, SELECTIRENTE's IFRS bank financing amounted to €240 million (vs €254 million at end-2022) and was characterised by:

- 24% mortgage debt at fixed rate and 76% corporate debt at floating rate;
- an EPRA LTV ratio of 39.8%;
- an average cost of debt at 2.0%;
- an average maturity of 4.1 years and average duration of 3.5 years;
- hedging of 100% of fixed-rate and/or floating-rate debt until the maturity of the corporate debt in 2027.



The principal amount outstanding on SELECTIRENTE's current debt is presented below, with the next material maturity scheduled for 2025:



General Meeting of Shareholders: 2 June 2023

All resolutions submitted to the General Meeting of Shareholders on 2 June 2023 were approved by the shareholders and the dividend of €3.80 per share for the 2022 financial year was paid on 15 June 2023.

Outlook

While macroeconomic and geopolitical uncertainties are likely to continue to impact economic activity and financial markets, SELECTIRENTE intends to (1) continue its disposal policy intended to strategically refocus its portfolio, (2) keep its level of debt under control at around 40% maximum and (3) seize any opportunities that may arise in the current economic environment.

The Company, with the intention of creating long-term value, will continue to maintain dynamic and sustainable lease management all while strengthening its presence in major French cities, Paris and the Paris region.

2023 financial calendar:

27/09/2023: H1 2023 financial report

02/11/2023: Q3 2023 business and revenue



Contacts

Dany Abi Azar – Chief Financial Officer, Selectirente Gestion – +33 (0)1 69 87 02 00 – dany.abiazar@selectirente.com

Aliénor Kuentz – SHAN communications agency – +33 (0)1 42 86 82 45 - alienor.kuentz@shan.fr

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 €590 million, almost 60% 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.

Regulated listed market: Euronext Paris Compartment B (SELER) – ISIN : FRO004175842

More information : www.selectirente.com



Appendices to the H1 2023 business and results press release

- IFRS financial statements for H1 2023 (under audit)
 - o IFRS statement of financial position (simplified)

<i>Assets (€000)</i>	30/06/2023	31/12/2022
Investment properties	564,347	576,657
Intangible assets	86	122
Portfolio securities	22,921	24,376
Other non-current financial assets	1,390	1,459
Deferred tax assets	34	
Non-current assets	588,778	602,614
Trade receivables and related accounts	6,144	5,243
Tax and other receivables	4,352	4,776
Cash and cash equivalents	9,852	20,374
Fair value of interest rate hedging instruments - share at less than a year	15,136	14,855
Non-current assets held for sale	3,938	1,140
Current assets	39,422	46,388
TOTAL ASSETS	628,200	649,002
<i>Liabilities (€000)</i>	30/06/2023	31/12/2022
Share capital	66,767	66,767
Premiums	202,620	202,620
Reserves	77,441	81,606
Other items in the overall income	14,902	14,670
Net income	5,009	13,408
Equity	366,739	379,071
Borrowings	235,239	249,943
Deferred tax liabilities		16
Security deposits	7,372	7,230
Provisions	61	110
Non-current liabilities	242,672	257,300
Borrowings	5,098	4,098
Trade and other payables	12,440	8,523
Current tax and social security payables	1,250	10
Current liabilities	18,788	12,631
Total liabilities	261,461	269,931
TOTAL EQUITY AND LIABILITIES	628,200	649,002



○ Statement of comprehensive income under IFRS (simplified)

(€000)	30/06/2023	30/06/2022	% change
Net rental income	14,563	12,558	16%
Management fees and other overheads	(1,866)	(2,072)	-10%
Change in value of investment properties	(3,976)	2,178	-283%
Gains/losses on disposal of investment properties	(1)	(51)	-98%
Impairment losses on trade receivables	(189)	(68)	177%
Other income and expenses	49	(33)	-248%
Operating income	8,579	12,512	-31%
Dividends	1,204	1,168	3%
Financial income	319	-	N/A
Financial expenses	(3,802)	(2,782)	37%
Change in value of financial assets/instruments and gains/losses on disposal of financial assets	(1,120)	(1,890)	-41%
Net financial income (expense)	(3,399)	(3,504)	-3%
Profit (loss) before tax	5,180	9,008	-42%
Corporate tax	(171)	85	-302%
Net income	5,009	9,093	-45%
Recurring net income	10,891	9,111	19.5%

- Glossary

Reassessed value of the portfolio

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

- the direct real estate portfolio is recognised at its appraisal value at 30 June 2023 or its acquisition cost excluding transfer duties,
- indirect real estate investments, consisting of:
 - fully-owned SCPI shares recorded at their withdrawal value or market value as at 30 June 2023,
 - OPCI shares recorded at their most recent net asset value as at 30 June 2023,
 - Rose shares recorded at their most recent net asset value, and
 - Vastned Retail N.V. shares recorded at their stock market price at 30 June 2023.

Net 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, changes in the fair value of income statement items, and current and deferred tax charges.



Rents on a like-for-like basis

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

<i>2022 rent</i>	<i>13.0</i>
<i>- 2022 rent neutralised of 2022 acquisitions</i>	<i>-0.4</i>
<i>+ 2022 rent semi-annualised from 2022 acquisitions</i>	<i>2.6</i>
<i>- 2022 rent neutralised of 2022 disposals</i>	<i>-0.3</i>
<i>- 2022 rent neutralised of 2023 disposals</i>	<i>-0.2</i>
<i>Restated 2022 rent</i>	<i>14.7</i>
<i>2023 rent</i>	<i>15.2</i>
<i>- 2023 rent neutralised of 2023 disposals</i>	<i>-0.1</i>
<i>- 2023 rent neutralised of 2023 acquisitions</i>	<i>-0.1</i>
<i>Restated 2023 rent</i>	<i>15.1</i>
<i>Change in amount</i>	<i>0.42</i>
<i>% change</i>	<i>2.9%</i>