

# **THE FRENCH LISTED PROPERTY COMPANY SPECIALISED IN CITY-CENTRE RETAIL STORES**

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**Investor Presentation  
November 2024**

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# **SELECTIRENTE IN A NUTSHELL**

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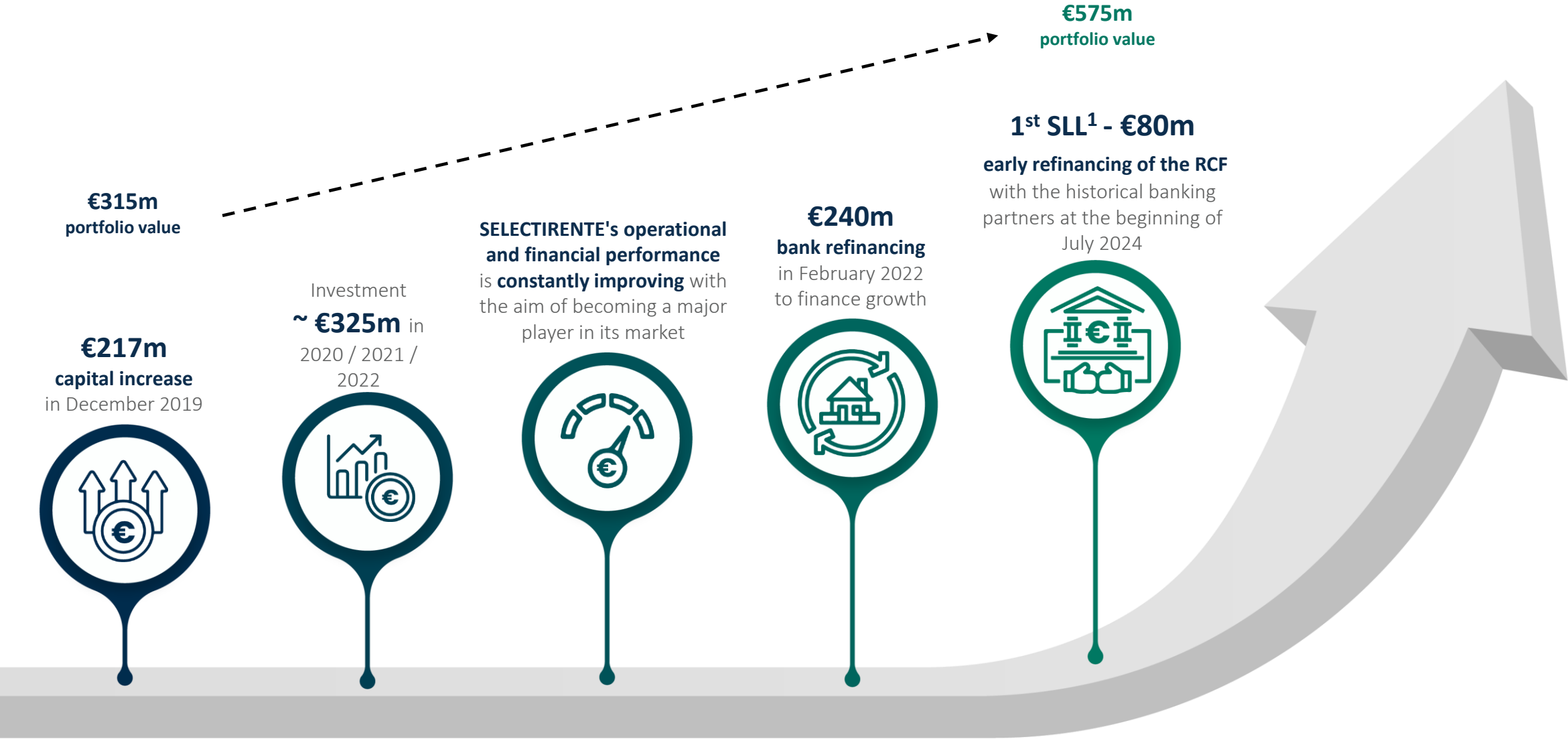
# DNA OF THE SIIC

- Managed by SELECTIRENTE GESTION: a subsidiary wholly owned by **SOFIDY**, one of the main players in real estate fund management, belonging to the **TIKEHAU CAPITAL Group** (AUM €45.6bn as at 30/06/2024)
- One of the only **pure player** European **listed property companies** specialised in city-centre retail stores
- Strong growth and significant development of assets since 2019
- **A dedicated expert management team**
- An entrepreneurial culture, **long-term** and unique vision of the commercial property market
- **Asset quality** and **resilience** of the traditional city-centre retail sector in major cities
- **Robust financial structure**
- **Sustainable** and **proactive** distribution policy

- Member of **EPRA**, **IEIF**, **CNCC**, **OID** and **FEI** (Ex FSIF)



# EVOLUTION OF THE COMPANY



1 - Sustainability-Linked Loan



# A UNIQUE AND OPPORTUNISTIC INVESTMENT



A **niche** and **resilient asset class** with strong **growth opportunities**

A **high quality, well-diversified** portfolio, mainly located inside Paris and in the city-centres of major French metropolises, generating **stable and predictable** cash flow over the **long term**

A **value creating** business model generating **high** and **sustainable returns on investment**

**Supported** by its **shareholders**, its **manager SELECTIRENTE GESTION** as well as the **track record** of its main partner, Sofidy, and unique capacity (35 years) to **source** and **manage** this **resilient asset class**

SELECTIRENTE aims to **generate secure rental income** and to **optimize the value and yield of the assets held**, with a view to long-term ownership

# STRONG MANAGEMENT TEAM

Expert in property management and investment with +20 years of experience



**Jérôme DESCAMPS**

Has been Chairman of SELECTIRENTE Gestion since March 2021. He has more than **20 years of experience** in financial management in the asset management industry, including 15 years as a financial director, member of the executive committee and board of directors of listed real estate investment companies: Société de la Tour Eiffel in France and Cofinimmo in Belgium.



**Dany ABI AZAR**

CFO of SELECTIRENTE Gestion, has held **various positions in the financial departments** of French and international companies.

He is now managing the financial operations of the company. He is responsible for financing policy, strategic planning, managing treasury, accounting, business control and risk monitoring.



**Elisabeth DHONDT**

Director of real estate and operations of SELECTIRENTE gestion, worked at Sofidy for **+15 years as a retail asset manager**.

She is now responsible for analysing investment opportunities and valuing and managing the assets at SELECTIRENTE.



## SELECTIRENTE

With a strong ambitions for maintaining growth momentum and continuing to create value

- Strengthening position in the **top 10 French cities** and **seizing opportunistic positions** across Continental Europe
- Continuing **sectoral and commercial diversification** of tenants
- Continuing **asset sharing**
- Maintaining a **dynamic, disciplined and rigorous property management** approach

Active an recognized member of the leading associations



# **RIGOUROUS AND DYNAMIC PORTFOLIO MANAGEMENT**

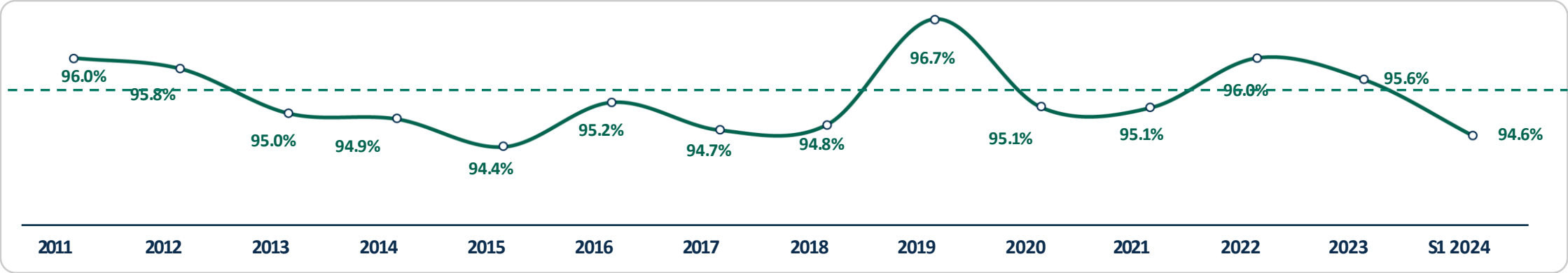
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# DYNAMIC RENTAL MANAGEMENT EVOLUTION & RESILIENCE



HIGH AND STABLE FINANCIAL OCCUPANCY RATE OVER TIME (AVERAGE 95,3%) GENERATING SUSTAINABLE INCOME

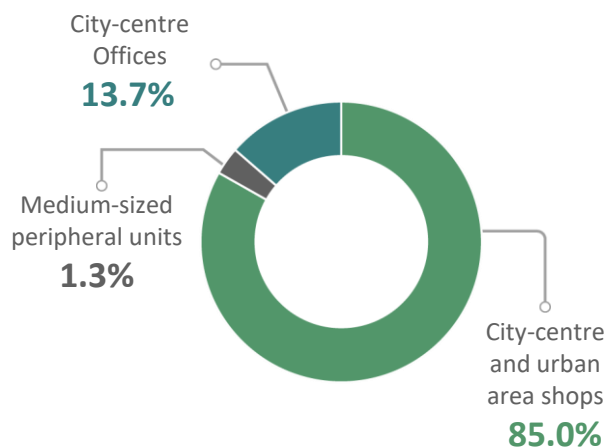


# DIVERSIFICATION OF THE PORTFOLIO AT THE END OF JUNE 2024

**A granular & diversified portfolio of high quality**, directly owned properties, with 85% of the portfolio consisting of city-centre retail properties, more than 60% of which are located in Central Paris

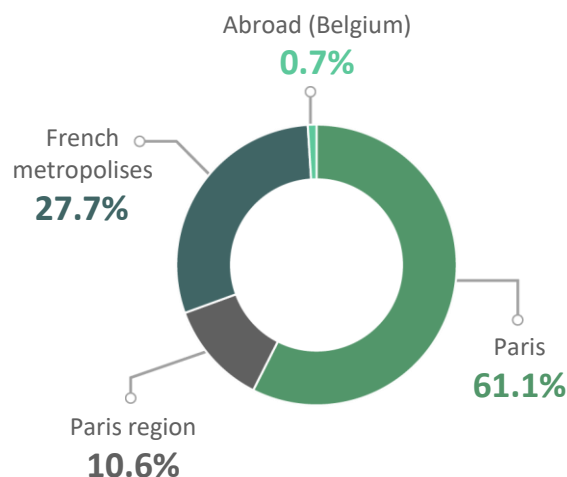
**Distribution of the direct real estate portfolio by asset type**

(% in value)



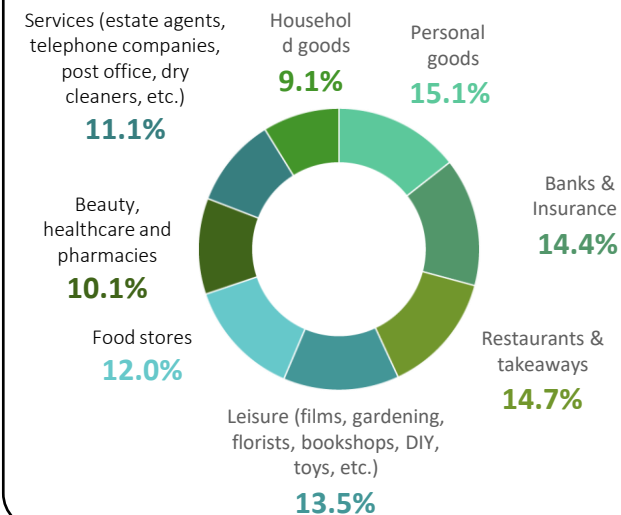
**Geographic distribution of direct real estate portfolio**

(% in value)



**Sector distribution of direct real estate portfolio**

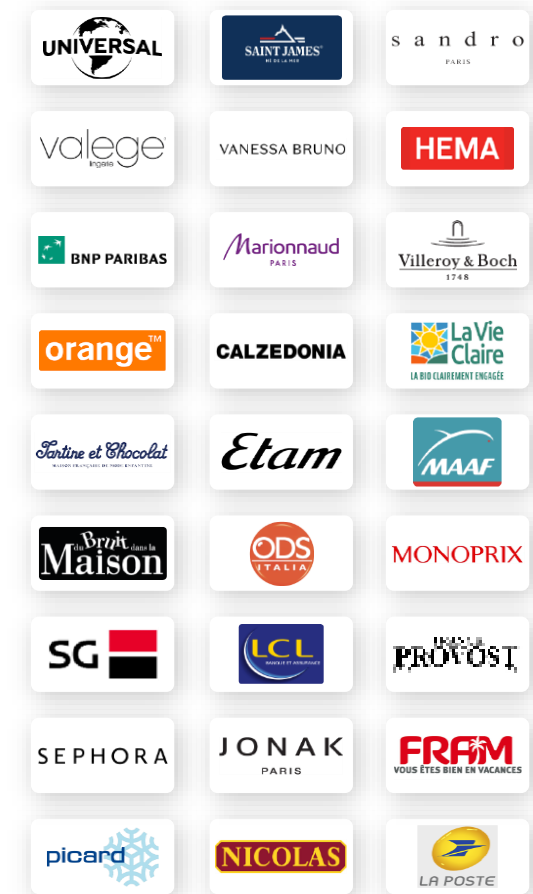
(% of theoretical annual rental income)



# GRANULARITY OF THE PORTFOLIO AT THE END OF JUNE 2024

The **granularity & diversification of Selectirente's tenants** is in the core DNA and investment strategy of the company

Tenant	Activities	Number of rental units	% of rent out of all rent
Universal Studios (IMG)	Film and short film producer	7	7,4%
Société Générale	Banking services	6	5,2%
Maaf Assurances	Insurance	29	4,7%
BNP PARIBAS	Banking services	6	1,7%
La Poste	Postal services	2	1,5%
Rallye	F&B	6	1,4%
BZB	Ready-to-wear	1	1,4%
Hema France	Household items	1	1,3%
IWG	Office rental	1	1,3%
Crédit Agricole	Banking services	6	1,1%
LVMH	Luxury	3	1,1%
BPCE	Banking services	7	1,1%
Maisons du Monde	Furniture	2	1,1%
Exki France	Restaurants and take-away	1	1,1%
Total		78	31,4%
<b>TOTAL PORTFOLIO</b>		<b>532</b>	<b>30 M€</b>





The background features a blurred image of a lightbulb, with green and white geometric shapes overlaid. A diagonal line runs from the top-left to the bottom-right, separating the green areas from the white area.

# **SELECTIRENTE**

## **STRATEGY**

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# A DUAL GROWTH STRATEGY

Ability to identify projects that will create value

## 01 The local retail trade mainly...

Retailers and brands in city-centres, mainly in Paris and the Île-de-France region, with particular attention paid to the reputation of tenants and sectoral diversification



## 02 ...and an opportunistic & value accretive development

focused on the phenomenon of metropolisation (sectoral and commercial mix, whole buildings, promotion/development of new districts, development of small urban logistics, etc.)

... through strict compliance with prudent acquisition criteria and a track record in investment

## INVESTMENT FUNDAMENTALS

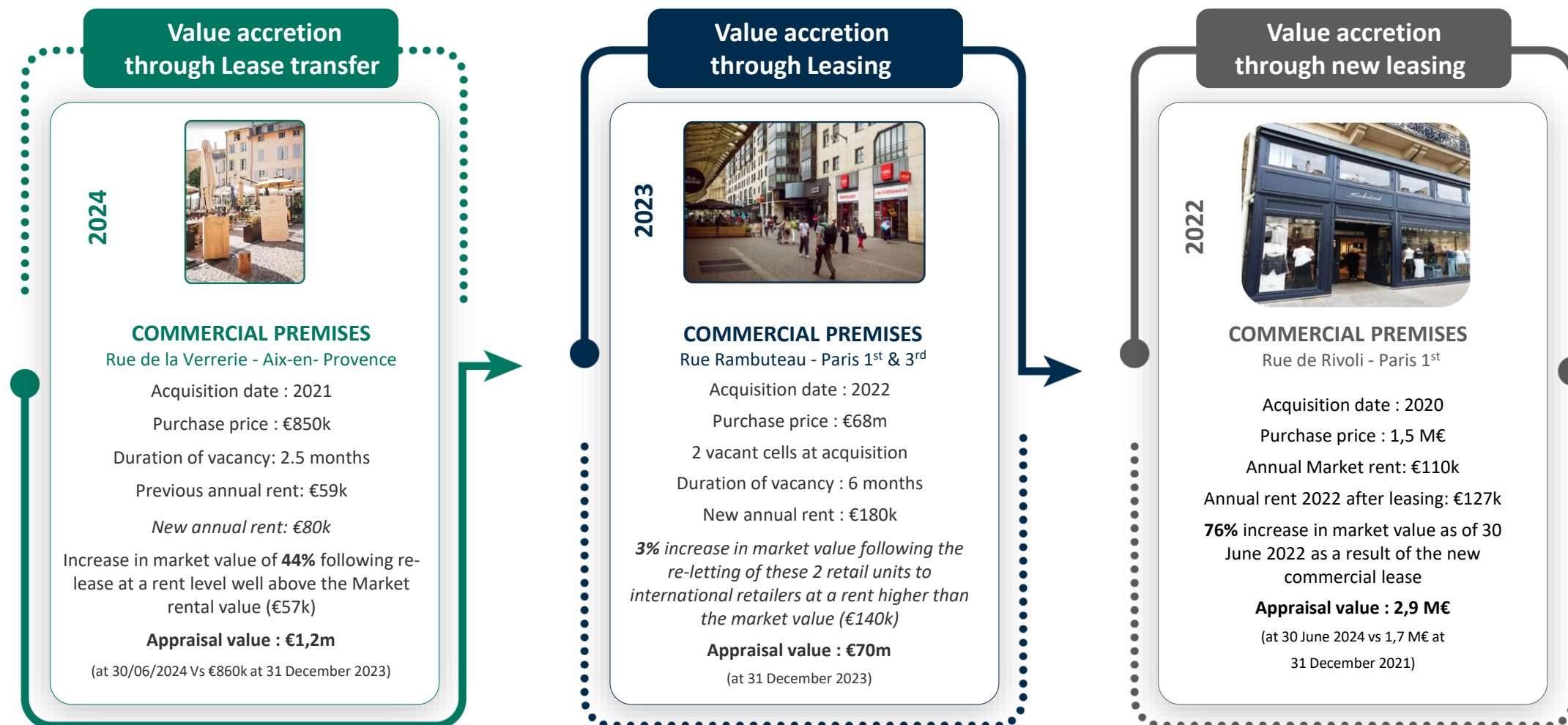
Quality of locations

High granularity of assets

Reasonable rents in relation to market values

Tenant mutualisation and diversity

# ASSET MANAGEMENT IS A KEY PILLAR OF GROWTH





# STRATEGIC DISPOSALS: DRIVING GROWTH AND MAXIMIZING VALUE

Since its creation, SELECTIRENTE has demonstrated its great resilience and ability to create value by selling non-strategic or mature assets at attractive prices to optimise its portfolio

## CREATING VALUE

Results through **capital gains** from the sale of mature assets:

- **Value creation** already achieved and **market value** at the top
- **Proven market liquidity** to optimise asset sale price



## REFOCUSING THE ASSETS

- **Selling assets** that no longer correspond to SELECTIRENTE's investment target
- Protecting against **future vacancies**
- Assets requiring future **capital expenditure**
- Preferably **sold** to a user or a developer

## FOCUS 2022, 2023 & H1 2024

- **2022, disposal programme** to strategically refocus SELECTIRENTE's portfolio with 16 assets sold: net sale price of **€11m** and **€5.1m** distributable value
- **2023, strategic refocusing of the portfolio** with 24 assets sold: net sale price of **> €21m** and **€11m** distributable value
- **H1 2024, strategic refocusing programme** with the sale of 6 retail units: net sale price of **€8.1m** and **€3.8m** distributable value



**SELECTIRENTE**

**COMMERCIAL PROPERTY  
A RESILIENT MARKET THROUGH CYCLES**

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# ZOOM ON PARIS: PARIS, THE DRIVING FORCE BEHIND RETAIL ACTIVITY

Increased footfall and dynamic high street shopping, with a marked return of air traffic to the *Île-de-France* region.

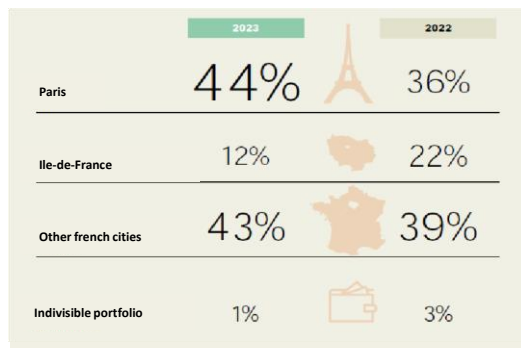
Tourism remains on a positive trajectory, with attractive exchange rates - Paris remains a favored destination and will benefit from opportunities after the 2024 Olympic Games.

Changes in Parisian retailing: a proliferation of pop-up stores, communication shops and ephemeral shops, and a hybridization of retail formats.

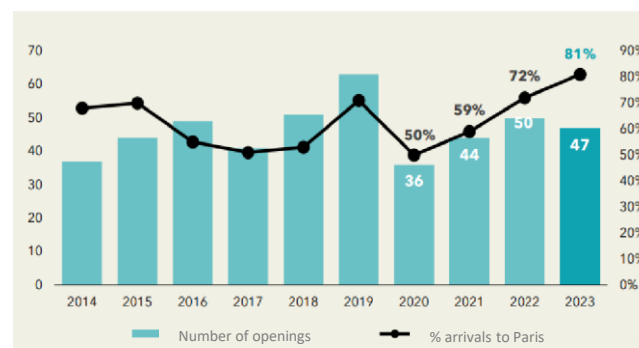
## INVESTMENT MOMENTUM

- » **Paris** and the *Île-de-France* region accounted for **52%** of the volume invested in France in 2023.
- » The **vacancy rate for Paris retail** premises remains very **low and is falling**, to **5.2%** at 31 December 2023.
- » **Prime rents** in Paris are stabilizing at around around **4,25%** yield.
- » The **Golden Triangle** remains as **attractive** as ever for retailers - particularly in the **luxury sector**. **Competition for the best locations** in Paris continues to intensify.
- » **Paris remains particularly attractive to foreign retailers**, accounting for 81% of the 47 new retailers to set up shop in France in 2023.

### Geographical breakdown of retail investment volumes (in France, in % of total volume)



### Growth in the number of new chains in France



With more than 60% of its portfolio located in Paris, SELECTIRENTE is fully in line with this recovery and intends to strengthen its presence in the capital



# GOOD MOMENTUM FOR RETAIL STORES AND CITY CENTRES



Household consumption:

**+0.7%**

estimated in 2024



**75%**

of French people try to shop in physical stores rather than on the internet\*\*



Retail investment:

**€0.9bn**

in H1 2024



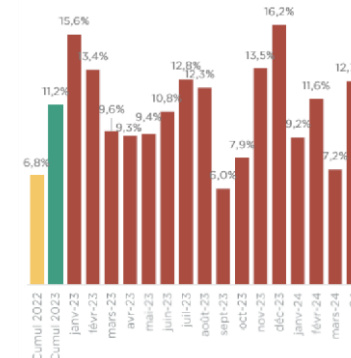
**64%**

of consumers believe that physical shops are an important contact point, even if they buy online from the same retailer\*\*.

## Major trends favoring local retail in France

- **Food shops transactions** accounted for more than **25%** of the volume invested in France during the first semester of 2024. Renewed interest in **short distribution channels** and "consuming local"
- The concept of the "quarter-hour city": traffic **flows** are at the heart of town centre activity. There are fewer and fewer cars in cities, with the development of soft mobility, and retailers are rolling out their "city" concept (IKEA, Decathlon, Leroy Merlin, Castorama, Boulanger, etc.)
- Return of **foreign retailers** (47 new retailers by 2023) and proliferation of **new retailers** catering to the needs of the **Y, Z and Silver generations**
- **Dynamic tourist flow** and positive impact of the 2024 Olympic Games (15 million visitors in Paris) for some of the best Parisian locations (vacancies down)
- **Consumption expected to pick up** - backdrop of steady decline in inflation and a recovery in purchasing power

## City-center footfall



\*Sources : Knight Frank, LSA, INSEE, OCDE, Banque de France

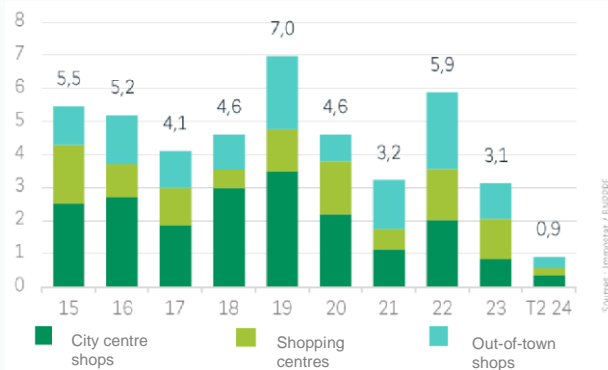
\*\*Fédération des acteurs du commerce and Quantaflow, in partnership with OpinionWay

# UNLOCKING VALUE IN FRANCE'S LOCAL RETAIL MARKET

Against a relatively turbulent macroeconomic backdrop, **city-centre retail property** continues to prove its **resilience** and **remains promising**. **Footfall** in city-centres continues to rise, fuelled by the **French people's attachment** to their local shops, the **renewed dynamism** of **tourism** and **new consumer trends**.

## Retail volumes invested by asset type

(In France, in %)



## Change in prime retail yields

(In France, in %)



## Retail investment volumes by nationality

(in France, at the end of Q2 2024, as a % of total volume)



Property market still attractive to foreign investors: retail properties remain an asset class that holds its place in the market

Secured property is proving highly resilient, with a risk premium that remains attractive. The flattening of the yield curve now offers greater visibility

Prime yields on retail premises at the foot of buildings are generally falling - to 4.25-4.50% on the best shopping streets A readjustment of values that has restored attractiveness

The contractual environment linked to indexation is fuelling an increase in rents (decree 1953) due to a market with limited supply.

# **ESG COMMITMENTS**

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# ESG COMMITMENTS

Selectirente has been strongly committed to developing and implementing a rigorous ESG policy for several years. At the end of January 2023, SELECTIRENTE published its Sustainable Development Commitments



## SOCIAL

### Working towards the development of dynamic urban centres

- + 97% of assets under management at the end of 2023 are local shops

### Participating in the diversification of local shops for activities that contribute to society

- By reaching 50% of the number of assets whose activity is contributing or particularly contributing to the society
- In 2023, 57% of the leases signed involved retail tenants specialized in activities that contribute to society

### Continuing to invest in assets close to environmentally friendly mobility solutions

- In 2023, 99,6% of the assets are located within 500 meters of public transport and/or access to soft mobility and/or electric vehicle charging stations



## ENVIRONMENT

### Monitoring and reducing the GHG emissions and energy consumption of its assets

- A 2023 carbon footprint covering the 3 emission scopes: 20 kgCO<sup>2</sup>eq/sqm
- Energy intensity of Selectirente's portfolio in 2023: 275 kWhEF/sqm.

### Analyzing the climate risks of assets to improve their resilience

- Climate risks analyzed on 100% of assets, at acquisition AND annually on existing assets.

### Working to improve the quality of waste sorting and sustainable water management

- In 2023, an eco-guide was attached to 100% of new leases and lease renewals signed



## GOVERNANCE

### Integrating ESG issues into investment and tenant selection

- Exclusion policy implemented since 2022 for 100% of tenants during the selection phase
- ESG analysis on 100% of assets during preinvestment phase (11 criteria) but also in the acquisition phase (45 criteria)

### Integrating stakeholders into its ESG approach

- ESG Risks cartography conducted in January 2023 and updated as from 2024.

### Integrating ESG issues into HR processes

- 100% of employees with a part of variable remuneration indexed to ESG criteria.

### Maintaining a policy of taking ESG risks into account

- Climate risks were analysed for 100% of assets acquired and 100% of existing assets.
- 100% of employees with a part of variable remuneration indexed to ESG criteria

# SLL AND ESG KPIs

- SELECTIRENTE has strengthened its commitments to **sustainable development** by converting two credit lines into Sustainability-Linked Loans (SLL)
- These loans integrate **ESG objectives** linked to **three extra-financial performance** criteria that can affect the banking margins



KPI #1

## Climate

Climate change adaptation of assets



Objectif 2031

80% of the assets under management will be provided with a study of their exposure to climate change, along with a tailored action plan.



KPI #2

## Energy

Reduction of the primary energy consumption of assets



Objectif 2031

Achieve an average primary energy consumption ratio target of 239 kWhPE/m<sup>2</sup>/ year.



KPI #3

## Data collection

Increase data collection related to the energy performance of assets



Objectif 2031

Significantly increase the collection of tenants' energy consumption data, with 98% of the assets under management covered by an up-to-date energy performance certificate (EPC) and 35% of the asset's surface area covered by real data collection

## Margin adjustment mechanism

- Depending on the achievement of **annual targets across 3 ESG KPIs**, the margin of this new refinancing will be impacted yearly, either up or down

# **STRONG OPERATIONAL AND FINANCIAL PERFORMANCE**

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# **Strong operational and Financial performances**

**A. Highlights & Performances  
at 30 June 2024**

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# KEY FIGURES OF THE 1<sup>ST</sup> SEMESTER 2024

**€575m**

Value of assets excluding  
transfer duties

**94.6%**

Average annual financial  
occupancy rate

**406** Assets  
and  
**532** tenants

**€15.0m**

Gross rental income  
(Stable vs H1 2023)

**€2.56**/share

EPRA Earnings  
(vs €2.61 /share in H1 2023)

**€3.17**/share

IFRS net income  
(vs. €1.2 /share in H1 2023)

**€89.33**/share

EPRA NDV  
(- 1% vs. 2023)

**€2.60**/share

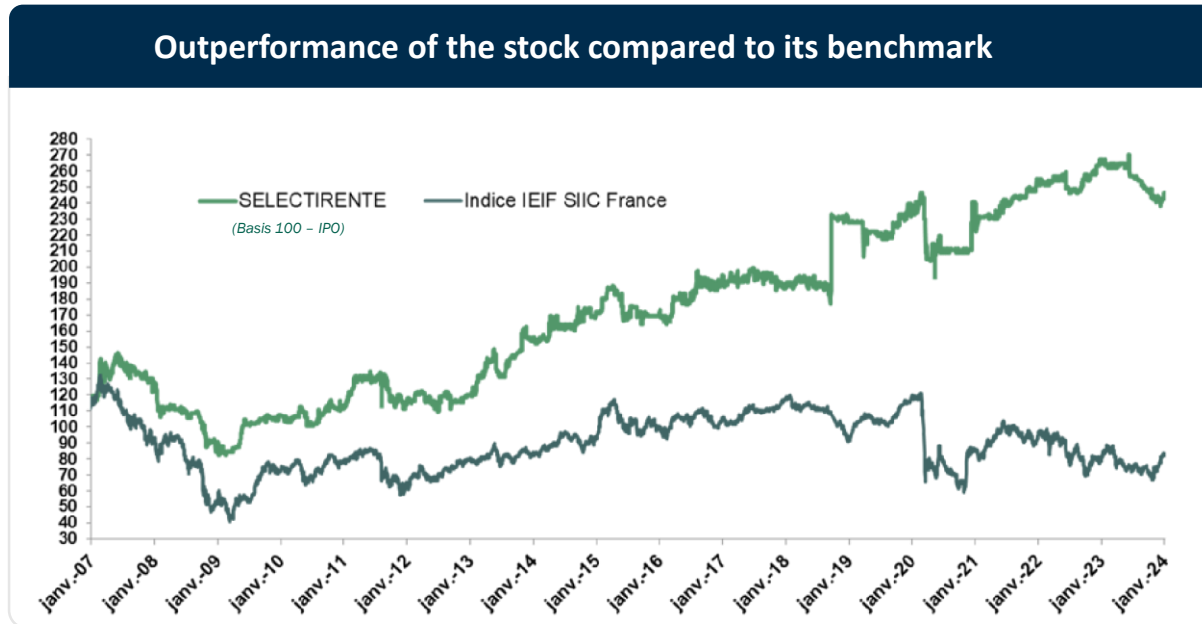
Net Operating Cash Flow  
(+ 13% vs. H1 2023)

**37.5%**

EPRA LTV

# CREATION OF VALUE FOR SHAREHOLDERS

**Outperformance** of the stock compared to its benchmark



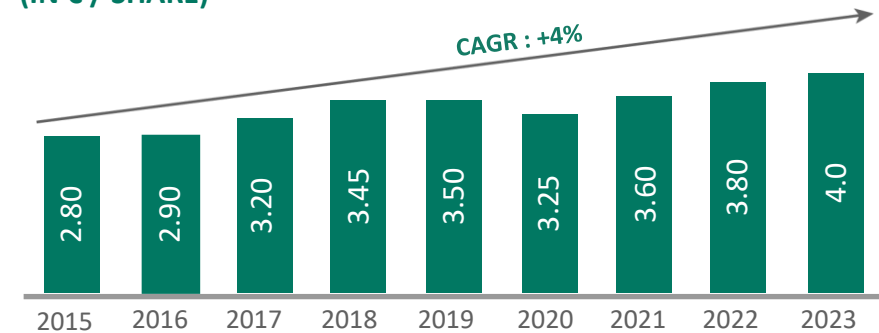
**MARKET CAPITALISATION ~ €355m (June 2024)**

**SELECTIRENTE - EURONEXT Paris Compartment B**

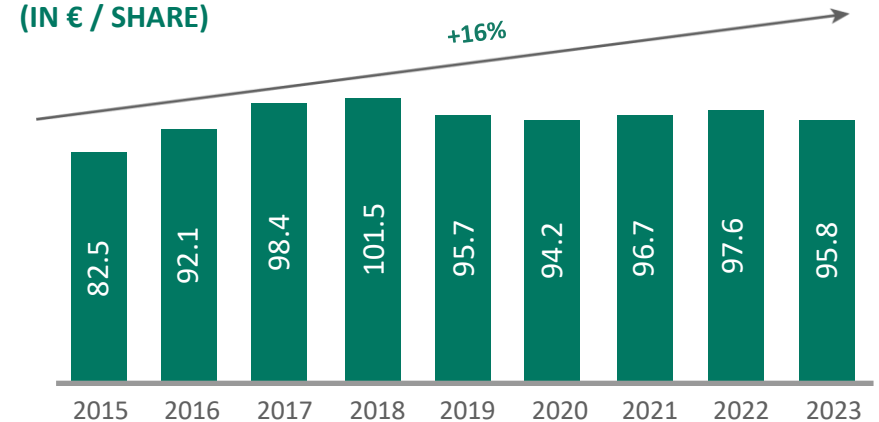
TICKER – SELER

ISIN – FR0004175842

**CHANGE IN Dividends  
(IN € / SHARE)**



**CHANGE IN EPRA NRV  
(IN € / SHARE)**



[Past performance is not a reliable indicator of future performance]

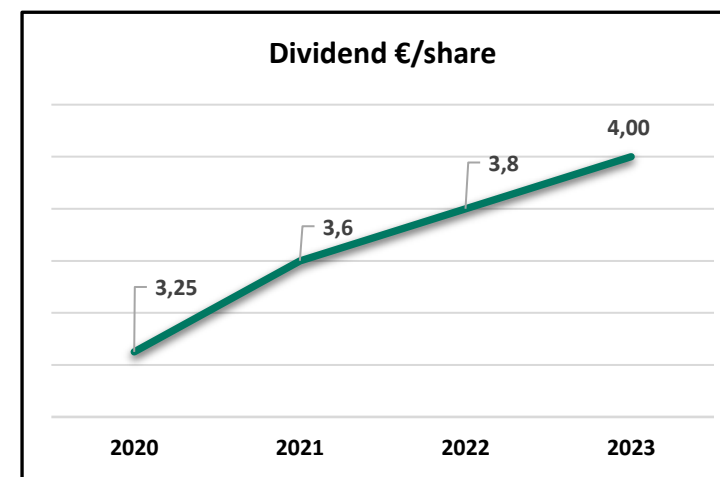
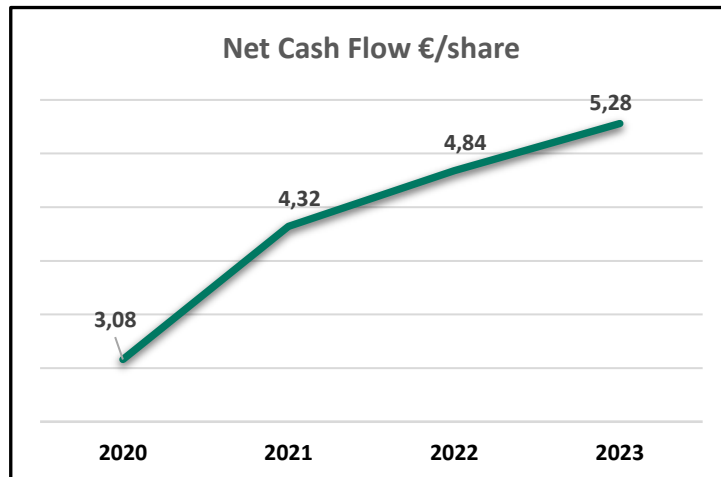
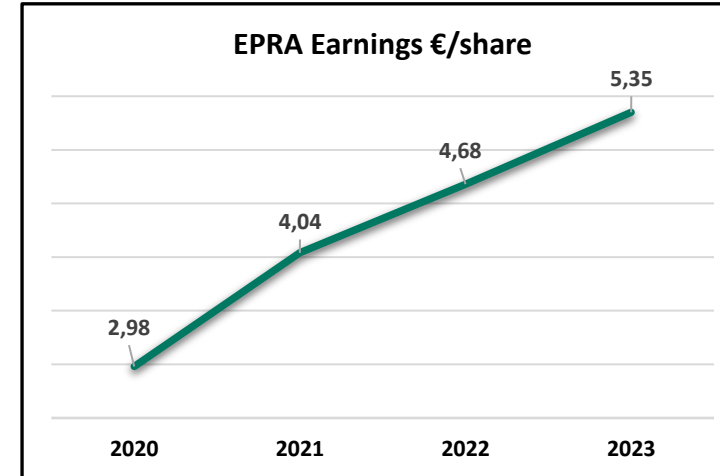
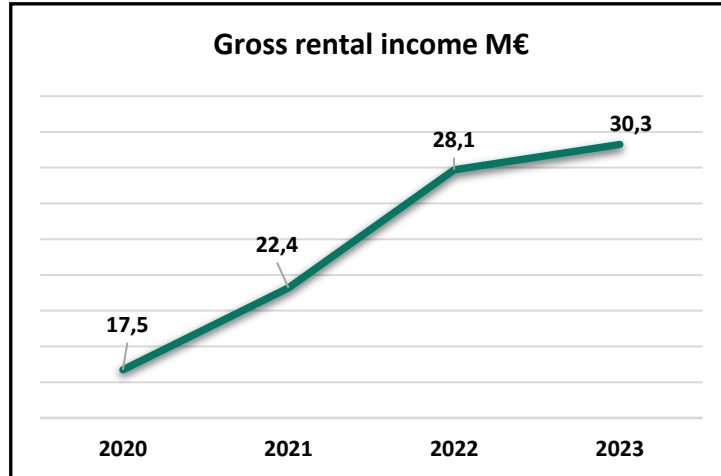
# **Strong operational and Financial performance**

## **B. Evolution**

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# SIGNIFICANT GROWTH IN KEY PERFORMANCE KPIs

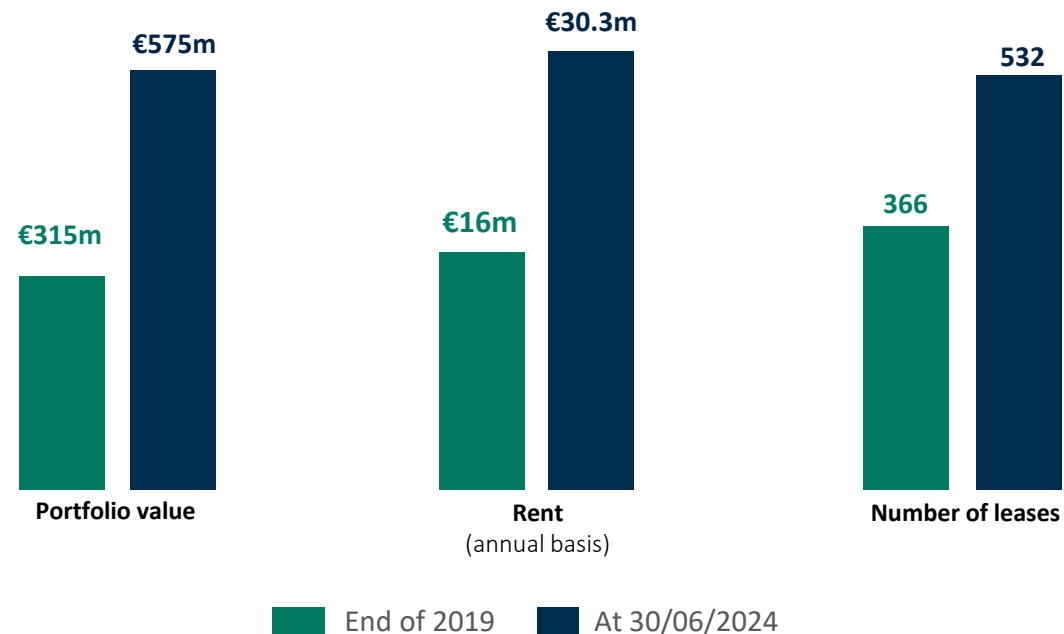
CONTINUOUS GROWTH SINCE 2020



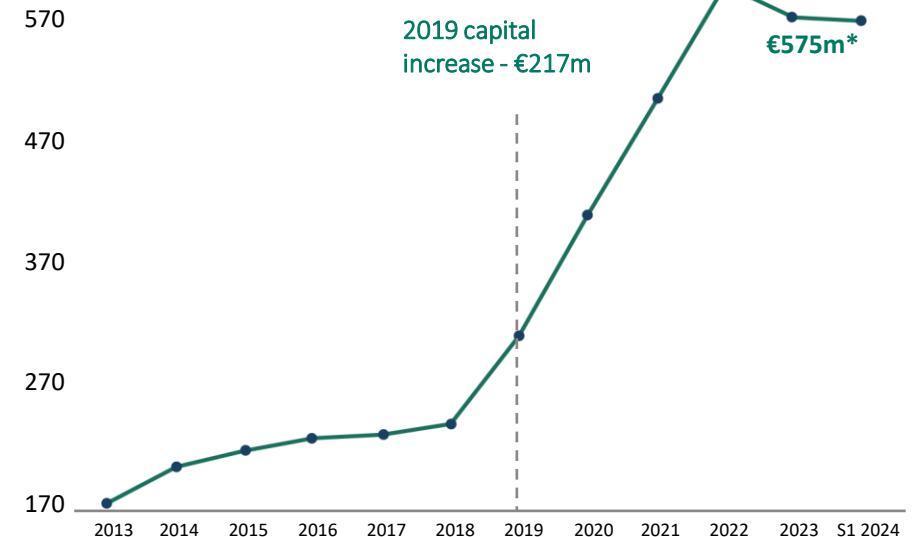


# SUSTAINED STRONG GROWTH SINCE 2019

## FOCUS 2019 - 2024



## PORTFOLIO (appraisal value excluding duties transfer) (In €m)



\*Disposal of 24 assets to strategically refocus the portfolio (€21m) in 2023 and 7 assets in the first half of 2024

- **Appraised values held up well, up 0.1%** in the first half of 2024 (on a like-for-like basis)
- A stronger presence in Paris and major French cities (Bordeaux, Lyon, Toulouse, Nice, Marseille, Nantes)
- Consolidation of the financial structure; €217m of outstanding debt (LTV: 37.5%)

# EVOLUTION OF THE FINANCING STRUCTURE



## STRUCTURING OPERATION TO ACCELERATE THE COMPANY'S GROWTH

In February 2022 with BECM, HSBC, Crédit du Nord and Société Générale

- **Corporate loan of €100m** - mainly to repay portions of the pre-existing mortgage debt (€84m)
- **RCF of €140m** over 3 years - giving the Company increased investment capacity



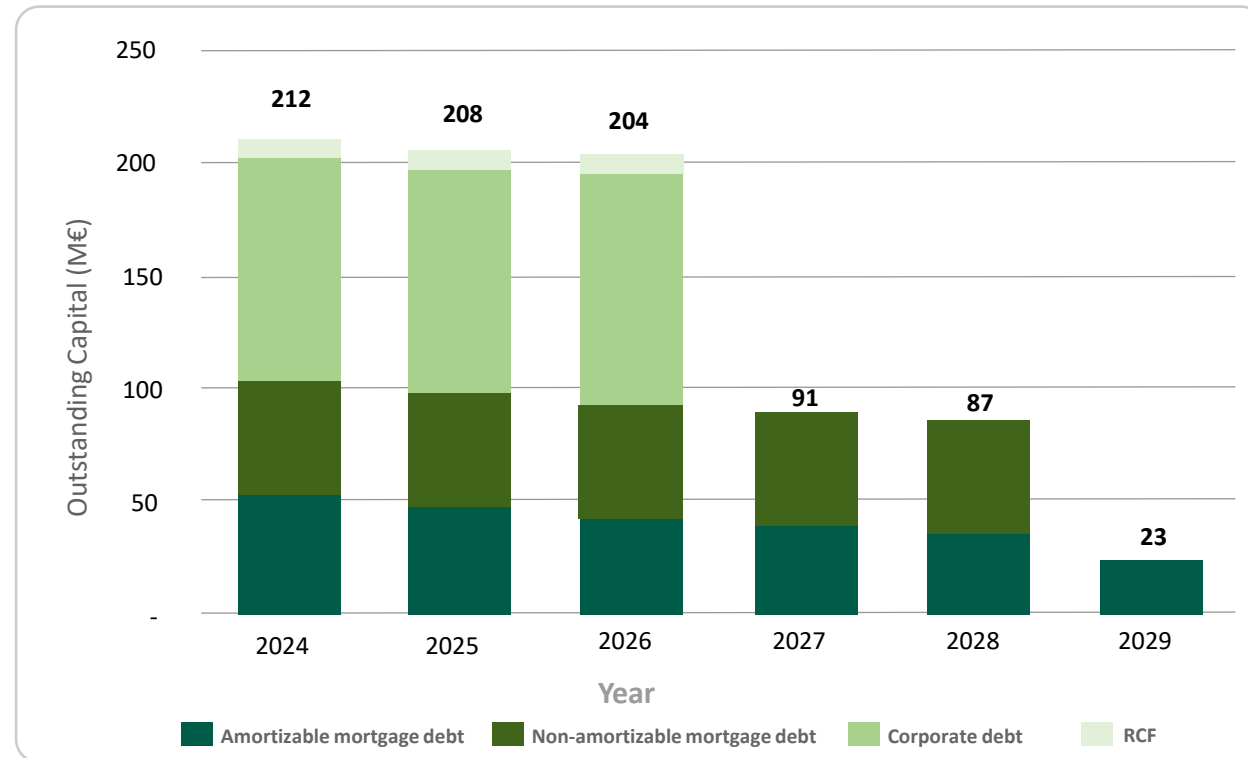
In July 2024 with the same historical banking partners

- A **€50m 5-year term corporate mortgage loan** with two one-year extension options;
- A **new 3-year RCF of €30m**, with a one-year extension option, to finance the Company's growth, in particular through opportunistic acquisitions.

- **Debt maturity** extended to almost 5 years
- New financial resources to take advantage of opportunities to **acquire assets** in Paris and other major French cities
- **Consolidation of the financial structure** in line with investment requirements

# OUTSTANDING DEBTS POST-REFINANCING

## Evolution of the outstanding capital by year and by type of debt



### As at 12 July 2024:

- Cash and cash equivalents: ~€5m
- Undrawn bank financing: €20m
- Average residual maturity: ~5 years
- Share of debt at fixed rate: 25% and at floating rate: 75%
- Proportion of fixed rate and/or hedged debt: 100%
- No significant debt maturities until 2027

- On 30<sup>th</sup> October 2024, SELECTIRENTE successfully transformed the 2 **refinancing lines of €80m** into a Sustainability-Linked Loan including 3 Sustainable Performance Targets (Climate, Reduction of Energy & Data collection) over the maturity of the 2 debt lines.

# **Strong operational and Financial performance**

## **C. Outlook 2025**

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# DETAILED SELECTIRENTE 2025 OUTLOOK

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## Pursuing the wise and selective growth dynamic ...

- By capitalising on:
  - its resilient asset base, with **strong cash flow generation** and **positive valuation trends**
  - its **solid investment fundamentals** and its strengthened **financial structure**
  - its goal to reach critical size
- Broadening the **shareholder base** and **liquidity** of the stock: leveraging future investment opportunities to attract international investors who provide **long-term support**
- By maintaining a **proactive distribution** so that shareholders can benefit from value creation.
- By intensifying **ESG practices** to become a leading ESG model in listed real estate

## ....and keeping the value creation strategy

- through **disciplined and rigorous property management** based on the expertise and track record of the operational teams (property and asset management)
- by using the **dynamics of increasing densification** of large metropolises and the **attractiveness** of some central cities in their region or particularly touristy ones
- by strengthening SELECTIRENTE's position in Paris and the **main French metropolises** and then developing investments in Europe
- through **regular asset rotation** to maximise return to shareholders
- providing the financial resources to **seize investment opportunities and pursue growth**

**... in order to establish SELECTIRENTE as THE UNIQUE listed property company for convenient shops in Europe**

# SELECTIRENTE

Manager and General Partner : **SELECTIRENTE**  
**GESTION**



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