

## Activity and Revenue Report for Q3 2024

In a constrained macroeconomic and sectoral environment, with promising prospects for household consumption growth in 2025 due to decreasing inflation and rising wages<sup>1</sup>, **SELECTIRENTE continues to demonstrate strong operational performance:**

- **Rental Growth:** Rentals increased by 2.3% on a like-for-like basis over the first nine months of the year compared to the same period in 2023.
- **High Occupancy Rate:** The average financial occupancy rate remained strong at 94.1% over the last twelve months.
- **Refinancing Achievement:** In July, proactive refinancing of €80 million in corporate loans, which was converted at the end of October into a Sustainability Linked Loan, correlated to three ESG criteria.

### Q3 Activity Report

As of September 30, 2024, SELECTIRENTE reported a revenue of €22.6 million under IFRS standards, reflecting a slight decline of 1.9% compared to the same period last year. This decrease in revenue is primarily attributed to **strategic disposals** made in 2023 and during the first three quarters of 2024.

On a like-for-like basis, rental income increased by 2.3% compared to the first three quarters of 2023. This growth is driven by several factors: rent indexation (+ 4.4%) and effective property management initiatives (+ 3.2%). However, this was partially offset by vacancy rate increase (-2.7%), vacancy from asset transformation (CAPEX; -0.4%) & ongoing collective proceedings (-2.2%)

(€ 000)	Sept 30, 2023 (YTD)	Sept 30, 2024 (YTD)	Variation YTD24 / YTD23
Gross rental income	22 791	22 310	- 2%
Other related income <sup>(1)</sup>	236	269	+ 14%
<b>Gross rental income</b>	<b>23 027</b>	<b>22 579</b>	<b>- 1,9%</b>

(1) Ancillary Rental Income

Since the beginning of the year, the 35 actions taken in property management (including relocations, lease renewals, and lease assignments with despecialized activity) have successfully secured new rental income across the French portfolio, resulting in an increase of +0.8% in rental income (from €2,365K to €2,386K). In Belgium, two additional assets were re-leased, which saw an overall decline in rental income from €187K to €100K. This drop was primarily concentrated on one asset that was previously leased to a bank agency located in a small town.

These efforts illustrate SELECTIRENTE's commitment to optimizing its rental portfolio despite market challenges.

<sup>1</sup> Source Banque de France



The average financial occupancy rate (over the last twelve months) remains high at 94.1%, showing a slight decrease compared to the same period in 2023. For the single third quarter of 2024, the financial occupancy rate is reported at 93.4%. This decline is principally attributed to collective proceedings involving some independent tenants, reflecting the broader trend of business failures recorded in France. Out of the 28 assets left vacant due to judicial liquidations in 2023 and 2024, the company has already re-leased 12, with an annual rent increase of 20%. This financial occupancy rate is expected to improve in the coming quarters, supported by ongoing negotiations (and current applications under review).

## Strategic Disposals

In the third quarter of 2024, SELECTIRENTE pursued its strategic realignment of its portfolio. Since the beginning of the year, the company has sold 13 retail properties, mainly located in medium-sized cities, including Auch (32), Bourges (18), Dorlisheim (67), Épinay-sur-Seine (93), Le Touquet (62), Arpajon (91), Longjumeau (91), Nanterre (92), Rueil-Malmaison (92), Vendôme (41), Pontoise (95), Courbevoie (92), Asnières-sur-Seine (92), and Paris (7<sup>th</sup> arrondissement). **These sales totalled a net selling price of €12.3 million, which is 15% higher than the appraised value (excluding fees) at the end of 2023**, generating a distributable capital gain of nearly €5.3 million (€1.27 per share).

As of September 30, 2024, the company was engaged in the sale of three additional assets located in Toulouse (31), Le Mans (72), and Dreux (28), with a total net selling price of €1.1 million.

Since October 1<sup>st</sup>, 2024, SELECTIRENTE has signed the official sale agreements for assets in Le Mans (72) and Anost (71), totalling €0.3 million. Additionally, the company is committed to selling three more assets in Maurepas (78), Amiens (80), and Albertville (73) for a total net selling price of €0.8 million.

This dynamic and successful disposal strategy, maintained over several quarters, illustrates SELECTIRENTE's agility. With a highly granular asset portfolio, the company demonstrates its ability to create value despite a challenging market environment for sellers. As a result, SELECTIRENTE has additional resources to seize current investment opportunities in the market.

## Key Highlights

### - **Refinancing Operation of €80 Million, Converted to SLL at the End of October**

Anticipating the maturity of its Revolving Credit Facility (RCF) in February 2025, which was contracted in February 2022, SELECTIRENTE successfully completed a refinancing operation on July 12, 2024, amounting to €80 million. This refinancing consists of:

- €50 Million in Mortgage Corporate Debt, an "in fine" loan with a duration of 5 years, including two one-year extension options,
- €30 Million New RCF, a 3-year facility with a one-year extension option, aimed at financing the company's growth, particularly through opportunistic acquisitions.

This refinancing, which accounted for 35% of SELECTIRENTE's total debt as of June 30, 2024, provides an extension of the overall maturity of its debt, now approaching 5 years. This allows the company to strengthen its financial structure, with available liquidity exceeding €30 million and no significant debt maturities until 2027.



In order to fully hedge against interest rate fluctuations related to this refinancing, SELECTIRENTE has subscribed three new interest rate hedging instruments with a deferred effect starting February 4, 2025 (upon expiration of the current hedges): a €25 Million SWAP & a €25 Million Collar maturing on July 12, 2029, and an additional €30 Million Collar maturing on July 12, 2027. These measures enhance SELECTIRENTE's financial stability and risk management in an evolving interest rate environment.

On October 30<sup>th</sup>, 2024, SELECTIRENTE converted its €80 million refinancing into a Sustainability-Linked Loan (SLL), further strengthening its commitments to sustainable development. This inaugural sustainable financing incorporates three non-financial performance criteria (climate, energy, and data collection), which may impact the bank margins depending on the evolution of these criteria as of December 31 each year, audited by an Independent Third-Party Organization (ITO), in line with the annual sustainable performance targets set with the Company's banking partners.:

- Asset Adaptation to Climate Change,
- Reduction of Primary Energy Consumption use across the portfolio,
- Increased Data Collection on Energy Performance related to the energy efficiency of assets.

These criteria demonstrate SELECTIRENTE's dedication to integrating sustainability into its financial strategy, aligning economic goals with environmental responsibility.

#### - **EPRA Awards**

In September 2024, SELECTIRENTE received, for the first time, the **sbPR Bronze Award** from EPRA (*European Public Real Estate Association*) for the quality of its non-financial communication regarding sustainable development. Additionally, SELECTIRENTE was honoured with the **Most Improved Award**, which recognizes companies that have made significant progress year over year. Notably, SELECTIRENTE's score increased by 45% compared to 2023.

For the third consecutive year, the company also received the BPR Gold Award, the highest level of distinction established by EPRA for financial reporting. This award highlights the excellence of the practices implemented by SELECTIRENTE in this area and reflects the quality of its communication with shareholders and investors.

These accolades underscore SELECTIRENTE's commitment to transparency and excellence in both sustainability and financial reporting.

## Outlook

Despite the challenging macroeconomic and geopolitical context impacting the dynamics of European financial markets, SELECTIRENTE plans to 1) maintain its focus on strategic asset disposals to realign its portfolio, 2) seize investment opportunities capitalizing on favourable conditions within the real estate investment landscape and 3) enhance visibility among both French and international investors.

SELECTIRENTE is dedicated to **creating long-term value** by maintaining a dynamic and responsible property management approach while reinforcing its presence in major French metropolitan areas, particularly in Paris and the surrounding region.

## **Financial Calendar**

- 02/13/2025: 2024 annual Results

This press release is available on [www.selectirente.com](http://www.selectirente.com)



## Contacts

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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 €575 million, almost 61% of which 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: FR0004175842

More information : [www.selectirente.com](http://www.selectirente.com)

