

PRESS RELEASE

2022 HALF-YEAR RESULTS

Paris, September 8, 2022

At its meeting on September 7, 2022, the Patrimoine & Commerce Supervisory Board reviewed the Company's operations and approved the 2022 half-year financial statements, prepared by Management.

- **Group share of net profit multiplied by two at € 28.4m**
- **Net rental income growing by +6.6%**
- **Funds from operations growing by +9.2%**
- **Collection rate at 98% on rents and service charges**
- **Portfolio valuation of € 856m**

Key figures:

Key financials	30/06/2022 6 months	30/06/2021 6 months	Var. %
Net Rental Income	€ 21.1m	€ 19.8m	+6.6%
Funds from operations	€ 14.1m	€ 12.9m	+9.2%
Group share of net profit	€ 28.4m	€ 14.4m	+96.9%

Alternative Performance Measures	30/06/2022	31/12/2021	Var. %
Asset appraisal value (excluding transfer taxes) ⁽¹⁾	€ 856.0m	€ 807.0m	+6.1%
Capitalization rate ⁽²⁾	7.0%	7.2%	n.a
LTV ratio ⁽³⁾	44.9%	45.2%	n.a
NAV (excluding transfer taxes - €/share)	€ 27.3	€ 26.7	+2.3%
NAV (excluding transfer taxes)	€ 409.0m	€ 400.2m	+2.2%

Eric Duval, Managing Director and Founder of Patrimoine & Commerce declared: « *Patrimoine & Commerce achieved good results over the first six months of 2022, on the operational side as well as on the financial side. This strong performance comes from the quality of the portfolio and our robust financial structure. The selective acquisitions made over the first half of 2022 will consolidate the position of Patrimoine & Commerce as the leader of low-cost retail park market players in France and contribute to the sustainable growth for our shareholders.* »

Operational performance

Over the first half of 2022, Patrimoine & Commerce had a sustained leasing activity and signed 21 leases (of which 8 renewals). The financial occupancy rate improved at 94% ⁽⁴⁾. The collection rate on rents, service charges and taxes stands at 98% on the first quarter of 2022 and 97% on the second quarter ⁽⁵⁾.

Financial performance

Over the first half of 2022, Patrimoine & Commerce continued to deliver a solid financial performance.

As of June 30, 2022, Patrimoine & Commerce reported gross rents of € 23.0m, against € 21.7m as of June 30, 2021:

in millions of euros - 6 months	30/06/2022	30/06/2021	Var. %
Like-for-like	20.8	20.1	+3.8%
Acquisitions	1.5	-	n.a.
Disposals	0.2	1.2	n.a.
Properties under restructuring	0.4	0.4	n.a.
Gross rental income	23.0	21.7	+6.0%

The increase of gross rental income is mainly driven by acquisitions and disposals completed over 2021 and 2022 (+€ 0.6m), as well as contractual indexation, and the decrease in the amortization of Covid-19 rent free periods.

Net rental income is increasing by +6.6% between 2021 and 2022, with the gross to net ratio slightly improving (92% of gross rental income in 2022 vs. 91% in 2021), mainly composed of unrecovered rental expenses and provisions for credit losses:

in millions of euros - 6 months	30/06/2022	30/06/2021	Var. %
Gross rental income *	23.0	21.7	+6.0%
Entry fees	0.0	0.1	n.a.
Gross rental revenue	23.0	21.8	+5.7%
Unrecovered rental expenses	(1.5)	(1.6)	(5.3%)
Other building expenses	(0.4)	(0.4)	n.a.
Net rental income	21.1	19.8	+6.6%

* incl. rental guarantees

Operating expenses and other revenues remained under control at € 2.7m (vs. € 2.5m in 2021). Current operational result reached € 18.4m as of June 30, 2022.

Net cost of debt amounted to € 4.4m as of June 30, 2022, decreasing by -1.9% compared to June 30, 2021. The Company has a low exposure to interest rate risk with 72% of fixed or variable rate debt hedged. The average interest rate on debt of 1.97% over the first half of 2022 (against 2.04% for the same period in 2021).

Recurring net result (FFO) amounted to € 14.1m as of June 30, 2022, against € 12.9m as of June 30, 2021:

in millions of euros - 6 months	30/06/2022	30/06/2021	Var. %
Restated current operational result	18.8	17.6	+6.7%
Restated net cost of debt	(4.4)	(4.5)	(2.2%)
Current taxes	(0.3)	(0.2)	n.a.
Funds from operations (FFO) ⁽⁶⁾	14.1	12.9	+9.2%
Diluted FFO per share	0.94	0.88	+6.9%

The external appraisal valuation campaign resulted in a fair value adjustment of +€ 12.3m in the 2022 half-year accounts, reflecting mainly the indexation of rents.

Including the share of the result of companies accounted for using the equity method (+€ 0.5m) and the fair value adjustment on financial instruments (+€ 1.6m), the net profit amounted to € 28.1m as of June 30, 2022 and € 28.4m in group share, increasing by +96.9% compared to last year.

Decrease of the LTV ratio and increase of the NAV per share at € 27.3 (+2.3%)

The Group consolidated restated net debt of € 376.5m as of June 30, 2022, implies a Loan-to-Value ratio of 44.9%, leaving a significant investment capacity compared to the target of 50% set by Patrimoine & Commerce.

Besides, Patrimoine & Commerce enacted the extension of the €30.0m bond subscribed by Suravenir (initial terms of September 30, 2022 and September 30, 2023 respectively postponed to September 30, 2025 and September 30, 2026).

in millions of euros	30/06/2022	31/12/2021
Restated Net Debt	376.5	358.4
<i>o/w cash and bank overdraft</i>	<i>(53.9)</i>	<i>(50.7)</i>
<i>o/w deposits on real estate projects</i>	<i>0.0</i>	<i>(0.3)</i>
<i>o/w financial instruments</i>	<i>(0.3)</i>	<i>1.3</i>
Net debt excl. Financial instruments	376.8	357.1
Property valuation (excl. Transfer taxes)	838.4	789.9
Loan To Value	44.9%	45.2%

Net asset value per share amounted to € 27.3 (€ 409.0m) as of June 30, 2022, an increase of +2.3% versus 2021, despite the distribution of the dividend relative to 2021 fiscal year.

in millions of euros	30/06/2022	31/12/2021
NAV, excl. Transfer taxes	409.0	400.2
NAV per share, excl. Transfer taxes (in euros)	27.29	26.67
Number of shares (excl. Treasury shares)	14 986 880	15 006 681

Development and optimization of the portfolio

As of June 30, 2022, the portfolio valuation (excluding transfer taxes and including properties accounted for using the equity method), reached € 856.0m, increasing by +6.1% compared to December 31, 2021. The capitalization rate of the properties in operation stands at 7.0% (vs. 7.2% as of December 31, 2021).

in millions of euros	Variation
Net balance as of January 1, 2022	807.0
Acquisitions	57.5
Disposals	(21.3)
Fair value impact	12.7
Net balance as of June 30, 2022	856.0

Over the first six months of 2022, Patrimoine & Commerce continued its development through the acquisition of a retail property in Thonon-les-Bains (Auvergne-Rhône-Alpes), of a portfolio comprising five properties in Villefranche-de-Rouergue (Occitanie), Gonesse (Île-de-France), Tavers (Centre-Val de Loire), Avranches (Normandie) and Colomiers (Occitanie) and of a retail park in Saint-Paul-lès-Romans (Auvergne-Rhône-Alpes). Those investments totalled € 53.6m in 2022. Other investments were made on the existing portfolio, for a global amount of € 3.9m.

Patrimoine & Commerce also completed the disposal of several assets in Epagny (Auvergne-Rhône-Alpes), Vitrolles (Provence-Alpes-Côte d'Azur), Sarreguemines (Grand Est), and an office property in Guadeloupe for a total consideration of € 21.3m, in line with external appraisers' valuations.

ESG Commitment

Regardful ESG issues, with the willingness to go beyond the regulatory constraints of the *Décret Tertiaire*, Patrimoine & Commerce set up a 2021-2025 roadmap on the themes of environment, governance and social issues.

This roadmap is structured around key sub-themes (energy efficiency, biodiversity, carbon emissions, occupant comfort and well-being, circular economy, business ethics).

A ESG committee (composed of members of the Supervisory Board of Patrimoine & Commerce) has been set up to ensure the implementation of the roadmap.

Approval of the € 1.25 dividend per share

The Annual General Meeting held on June 16, 2022 approved the distribution of a dividend of € 1.25 per share, for a global amount of € 19.2m. The option for the payment in additional shares was proposed to the shareholders. Therefore, by decision of July 21, 2022, the Management noted the issue of 193,680 new shares at a value of € 16.78 each.

Agenda

October 6, 2022 Third-Quarter 2022 activity

About Patrimoine & Commerce

Patrimoine & Commerce owns and operates a real estate portfolio, largely comprising retail property, covering a total surface area of more than 500,000 sqm. The assets are mainly located in retail parks near mid-sized towns throughout France. Patrimoine & Commerce benefits from a significant identified deal flow that will enable it to feed its growth, in terms of both assets under development and operating assets.

Notes : ¹ Incl. Group share of Cherbourg and Studio Prod and assets held for sale.

² Based on annualized rents (or market rental value for vacant spaces) and on property valuation excl. transfer taxes

³ Adjusted for security deposits and hedging instruments

⁴ Excluding strategic vacancy

⁵ After deduction of abatements granted

⁶ As of June 30, 2022, the current operational result and the net cost of debt are restated from operating expenses, other income and financial expenses of the real estate development activity (-€ 0,4m)

*Patrimoine & Commerce is listed on NYSE Euronext Paris.
ISIN code: FR0011027135 – Mnémo code: PAT*

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