

2018 ANNUAL RESULTS

GROWTH IN FFO OF +7.6%

DIVIDEND UP BY +4.3%

ASSET VALUATION OF €760M, UP BY +3.3%

SIGNING OF A €50M CORPORATE LOAN

Boulogne-Billancourt, 28th February 2019

At the occasion of its 27 February 2019 meeting, the Patrimoine & Commerce Supervisory Board reviewed the Company's operations and approved the 2018 financial statements, prepared by Management.

Key figures	31/12/2018 12 months	31/12/2017 12 months	Variation %
Gross rental income	€43.1m	€41.1m	+4.8%
Funds From Operation ¹	€25.9m	€24.0m	+7.6%
Group Share Net Income	€24.2m	€29.5m	(18.0)%

Alternative Performance Measures ²	31/12/2018	31/12/2017	Variation %
Asset appraisal value (excluding transfer taxes) ³	€760.4m	€736.3m	+3.3%
Capitalization rate	7.2%	7.2%	n.a
LTV ratio ⁴	45.0%	47.2%	n.a
NAV (excluding transfer taxes - €/share)	€26.0	€25.8	+1.0%
NAV (excluding transfer taxes)	€361.6m	€343.4m	+5.3%

Gross rental income growth: +4.8%

For the fiscal year ended 31 December 2018, Patrimoine & Commerce reported consolidated gross rental revenues of €43.1m compared with €41.1m for the fiscal year ended 31 December 2017, up by +4.8%, primarily driven by 2018 acquisitions and the full-year impact of 2017 acquisitions. Like-for-like gross rent increased by +0.7%, mostly driven by rent indexation.

During the period, the portfolio underwent minor changes in tenancy (tenant turnover rate of around 2.1%) despite a challenging economic environment. The occupancy rate remains high at 94%⁵ for the whole portfolio and the rental overdue rate of 1.9% attests to the quality and resilience of the Company's portfolio.

Increase in recurring net income: +7.6%

Operating expenses and other incomes amounted to an expense of €4.8m, compared to an expense of €4.6m in 2017¹.

Net cost of debt totaled €9.4m in 2018, up by +5.8% compared to fiscal year 2017. The Company was able to take advantage of the low interest rate environment, specifically with the financing at attractive rates of Champagne-au-Mont-d'Or (Rhône), Lannion (Côtes d'Armor), Poitiers (La Vienne), Istres (Bouches-du-Rhône), Pau (Pyrénées Atlantiques), Frouard (Meurthe-et-Moselle), Champniers Tranche 3 (Charente), and Grenoble Echirolles (Isère). The average interest rate on debt is 2.68% for the 12 months ending 31 December 2018 (versus 2.83% in 2017).

Recurring net income (FFO) amounted to €25.9m (€1.86 per share), an increase of +7.6% compared with 2017.

Including changes in fair value of properties (-€1.3m) and financial instruments (+€0.4m), equity method revenues (-€1.8m), and other expense and income (+€0.2m), net income totaled €24.0m as of 31 December 2018.

After accounting for minority interests, Group share net income amounted to €24.2m.

Asset valuation: +€24.1m

As of 31 December 2018, independent appraisal of assets (excluding transfer taxes and including group share of equity method entities and assets held for sale) amounted to €760.4M, an increase of +3.3% compared with 31 December 2017. The capitalization rate of assets in use remain stable at 7.2%.

Patrimoine & Commerce pursued its selective acquisition strategy with the acquisitions of assets in Poitiers (La Vienne), Istres (Bouches-du-Rhône), Champagne-au-Mont-d'Or (Rhône), Frouard (Meurthe-et-Moselle), Pau (Pyrénées Atlantiques), Bourg-en-Bresse (Ain), and Lannion (Côtes d'Armor). Those investments summed €25.1m for a net yield of 7.2%.

Patrimoine & Commerce pursue its portfolio turnover policy of non-strategical assets. The Group disposed of high-street retail units located in Gif-sur-Yvette (Essonne), Montfermeil (Seine-Saint-Denis) and Paris, independent commercial properties located in Jouy-aux-Arches (Moselle), Quetigny (Côte-d'Or) and Plérin (Côtes-d'Armor), as well as two vacant units in Salon-de-Provence (Bouches-du-Rhône). Asset disposal reached a total of €16.2m, in line with expert valuations.

Monitored LTV and Net Asset Value per share growth at €26.0 (+1.0%)

The group's consolidated net debt, €335.7m as of 31 December 2018, enables the Company to present a Loan-To-Value ratio of 45.0%, which remains well below the average target of 50% that Patrimoine & Commerce has set for itself.

Net asset value amounted to €361.6m (€26.0 per share), an increase of +1.0% versus 31 December 2017.

Dividend growth: +4.3%

At the annual meeting of Patrimoine & Commerce shareholders on the 27th of June 2019, shareholders will be asked to approve a dividend distribution of €1.20 per share. This dividend payout is +4.3% higher than in 2017 and represents a 4.6% yield on 31/12/2018 net asset value per share as well a 7.3% yield on the current share price.

Signing of a €50m corporate loan

At the beginning of year 2019, the Company signed an agreement for a €50m corporate loan with LCL Bank. This loan will balance the Company debt maturity with a higher share of non-redeemable debt and it will secure a low interest rate over the next years. This credit line is divided in two tranches of €25m each with a 6 and 7-year maturity and margins of 1.55% and 1.65%⁶.

Outlook

Eric Duval, Managing Director and Founder of Patrimoine & Commerce declared: "2018 results demonstrate the attractiveness, resilience, and financial stability of our low-cost retail park business model implemented in France by Patrimoine & Commerce. Our unique and renowned know-how has driven our growth and profitability over the past years. We will maintain this dynamic in our expansion and reinforce our competitive positioning as the first listed low-cost retail park specialist in France."

About Patrimoine & Commerce

Patrimoine & Commerce owns and operates a real estate portfolio, largely comprising retail property, covering a total surface area of 458,000 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 Excluding Cergy operation capital gain in 2017.

² Alternative Performance Measures (Cap rate, LTV, NAV, etc.) defined in the 2018 Annual Financial Report published on the Company's website.

³ Incl. Cherbourg and Studio Prod for the stake held and the assets held for sale.

⁴ Adjusted for security deposits and hedging instruments.

⁵ Calculated on the basis of rents or estimated rental value in case of vacancy (excluding strategic vacancy).

⁶ EUR3M + 1.55% and EUR3M + 1.65%. Floor at 0% in case of a negative 3-month Euribor rate

Patrimoine & Commerce is listed on NYSE Euronext Paris.

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For further information, go to: www.patrimoine-commerce.com

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