

2017 HALF-YEAR RESULTS

GROWTH IN GROUP NET INCOME OF +23.1%
ASSET VALUATION OF €678M, UP BY +1.7%
INCREASED GROSS RENTAL INCOME BY +0.7%
SUCCESSFUL PAYMENT OF DIVIDEND IN STOCKS

Boulogne-Billancourt, 27th September 2017

At its 26 September 2017 meeting, the Patrimoine & Commerce Supervisory Board reviewed the Company's operations and approved the 2017 financial statements prepared by Management for the first half of fiscal year 2017.

Key figures	30/06/17 6 months	30/06/16 6 months	Variation %
Gross rental income	€20.6M	€20.5M	+0.7%
Recurring net income (EPRA Earnings) ¹	€12.0M	€12.6M	-4.5%
Group Net Income	€12.4M	€10.1M	+23.1%

Alternative Performance Measures ²	30/06/17	31/12/16	Variation %
Asset appraisal value (excluding transfer taxes) ³	€677.5M	€666.4M	+1.7%
Capitalization rate	7.20%	7.30%	n.a
LTV ratio ⁴	43.70%	43.60%	n.a
NAV (excluding transfer taxes - €/share)	€24.60	€24.70	-0.5%
NAV (excluding transfer taxes)	€314.9M	€316.5M	-0.5%

Gross rental income growth: +0.7%

For the first half of fiscal year 2017, Patrimoine & Commerce reported consolidated gross rental revenues of €20.6M compared with €20.5M as at 30 June 2016, up by +0.7%, primarily driven by the full-year impact of acquisitions and projects delivered in 2016 and partially offsetted by the disposal of non-strategical assets.

During the period, the portfolio underwent minor changes in tenancy (tenant turnover rate of around 1.2%) despite a challenging economic environment. The occupancy rate remains high at 95%³ for the portfolio as a whole, and the rental payment default rate of 1.5% attests to the quality and resilience of the Company's portfolio.

As at 30 June 2017, net rental income amounted to €19.0M, a decrease of -4.3% compared with the first half of fiscal year 2016. Non-rebillable rental expenses, particularly on shopping malls, explain the variation.

Increase in group net income: +23.1%

Net cost of debt totaled €4.5M over the first semester of 2017, down by 8.3%. The Company was able to take advantage of the low interest rate environment, specifically with the financing at attractive rates of assets such as Mantes-la-Jolie (78), Poitiers (86), Lempdes (63), and Bourg-en-Bresse (01). The average interest rate on debt is 2.8% for the 6 months ending 30 June 2017 (versus 3.2% over the first semester of 2016).

Group net income amounted to €12.4M, an increase of +23.1% compared with the prior fiscal year.

Asset valuation: +€11M

As of 30 June 2017, independent appraisal of assets (excluding transfer taxes and assets held for sale) amounted to €638M (€678M if the assets of equity method investees and assets held for sale are included), an increase of +1.3% compared with 31 December 2016. Indeed, Patrimoine & Commerce had an active acquisition and development policy throughout the first semester of 2017, investing a total of €16.0M. In addition to these acquisitions, several negotiations representing a significant amount of investment are in progress for completion during the second half of 2017.

The change in the fair value of investment properties had a positive impact of +€0.1M on net income. The capitalization rate of assets in use is at 7.2%.

Net Asset Value per share constant at €24.6

The group's consolidated net debt, €289.6M as of 30 June 2017, enables the Company to present a Loan-To-Value ratio of 43.7%, which remains well below the average target of 50% that Patrimoine & Commerce has set for itself.

EPRA NNAV amounted to €314.9M (€24.6 per share) as at 30 June 2017.

Successful stock dividend payment

At the annual meeting of Patrimoine & Commerce shareholders on the 27th of June 2017, shareholders approved a dividend distribution of €1.08 per share, an increase of dividend payout of +8% compared with 2016. Total dividend amounted to €14.1M.

A dividend payment option in new shares of the company was offered to shareholders. More than 80% opted for a payment in new shares of the Company.

Asset portfolio growth and optimization

In 2017, Patrimoine & Commerce continued its expansion with a sale and lease-back deal of 9 Leader Price assets located throughout France and the acquisition of commercial property located in Bourg-en-Bresse (01). Those acquisitions summed €10.7M in investment for a net return of 7.1%. In addition, the Company invested in projects under construction such as Lexy (54) for a total amount of €4.5M.

Patrimoine & Commerce pursue its portfolio turnover policy of non-strategical assets with the disposal of an office property in Blagnac (31) and a commercial property in Quetigny (21) for total amount of €3.3M, in line with independent appraisal.

Outlook

Eric Duval, Managing Director and Founder of Patrimoine & Commerce said: « Patrimoine & Commerce continue to develop semester after semester favoring controlled growth and performance. The option of payment in the form of shares was a great success with a subscription of over 80%. I wanted to thank the shareholders of Patrimoine & Commerce for their confidence, which demonstrates the wisdom of our development strategy. Our results reinforce the financial position of our low-cost retail park Company».

About Patrimoine & Commerce

Patrimoine & Commerce owns and operates a real estate portfolio, largely comprising retail property, covering a total surface area of 395,000 m². 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 Groupe Sepric income and expenses have been reposted to net income
² Alternative Performance Measures (Cap rate, LTV, NAV, etc.) defined in the Interim Financial Report published on 30 June 2017 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).

*Patrimoine & Commerce is listed on NYSE Euronext Paris.
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For further information, go to: www.patrimoine-commerce.com

For information, please contact:

PATRIMOINE & COMMERCE

Eric DUVAL
Managing Director
Tel.: +33(0)1 46 99 47 61

KEIMA COMMUNICATION

Emmanuel DOVERGNE
Tel.: +33(0)1 56 43 44 63
emmanuel.dovergne@keima.fr