



PATRIMOINE & COMMERCE

2020 ANNUAL RESULTS

NET RENT INCREASE OF +0.4%
GROWTH IN FFO OF +7.0%
DIVIDEND YIELD ON NAV OF +4.9%

Boulogne-Billancourt, 2nd March 2021

At the occasion of its 1 March 2021 meeting, the Patrimoine & Commerce Supervisory Board reviewed the Company's operations and approved the 2020 financial statements, prepared by Management.

Key figures	31/12/2020 12 months	31/12/2019 12 months	Variation %
Gross rental income	€45.8m	€46.1m	(0.7)%
Net rent	€43,0m	€42,8m	+0,4%
Funds From Operation ¹	€30.1m	€28.1m	+7.0%
Net Income	€19.4m	€23.6m	(17.7)%

Alternative Performance Measures ¹	31/12/2020	31/12/2019	Variation %
Asset appraisal value (excluding transfer taxes) ²	€804.2m	€816.1m	(1.5)%
Capitalization rate	7.2%	7.2%	n.a
LTV ratio ³	46.8%	48.2%	-140 bps
NAV (excluding transfer taxes - €/share)	€25.7	€26.7	(3.6)%
NAV (excluding transfer taxes)	€381.6m	€368.9m	+3.4%

Unprecedented health crisis: measures in line with the challenge

Patrimoine & Commerce was severely impacted by the health crisis. During the two lockdowns implemented in France, from 17th March to 11th May 2020 and from 30th October to 28th November 2020, retail stores considered as non-essential were shut down. In response to this crisis, the Group took all necessary actions to keep all employees safe and support all its tenants individually. Patrimoine & Commerce granted rent-free periods as well as payment by monthly instalments for all closed tenants.

Based on solid long-term relations with its retailers and aiming at sensible agreements, the Group negotiate a counterpart for each rent-free period granted (renouncement to the lease next break option, lease renewal...). As at 31 December 2020, 163 deals have been finalized, including with nationwide retailers. Rent-free periods represent €4.7M (including €0.7M in tax credit). Negotiations are still in progress with some tenants.

Retail park solid fundamentals (reasonable surface, outdoor traffic flow, sensible rent and tenant expenses, nationally renowned retailers) demonstrate once more its resilience. In this context, Patrimoine & Commerce 2020 collection rent reaches 96% and demonstrated a dynamic rental activity with 37 new leases signed in 2020 (excluding covid deals).

In addition, to secure an elevated cash position, Patrimoine & Commerce negotiated with financial institutions to suspend instalments of mortgage loans and financial leases for a period 6 months. Suspended instalments represented €15M at the end of 2020.

Stable Gross rental income

For the fiscal year ended 31 December 2020, Patrimoine & Commerce reported consolidated gross rental revenues of €45.8m compared with €46.1m for the fiscal year ended 31 December 2019. The minor decrease in gross rent is mostly due to Covid-19 related rent-free periods and asset disposals offset by acquisitions in 2019 and 2020. Contractual rent indexation reached +1.9% for the whole portfolio.

As at 31 December 2020, approved "Covid-19 rent-free period" represent €5.4m and €4.7M after state support in the form of tax credits. In line with IFRS norms, rent-free periods are spread until the next lease break option date. It represents a charge of €1.4m after tax credit in the Group's Profit and Loss statement.

During the period, the portfolio underwent minor changes in tenancy (tenant turnover rate of around 2.0%) despite a challenging economic environment. The occupancy rate remains high at 93%⁴ for the whole portfolio and the rental overdue rate of 1.7% confirm the quality and resilience of the Company's portfolio.

Increase in recurring net income: +7.0%

Operating expenses and other incomes amounted to an expense of €3.8m, compared to an expense of €4.6m in 2019.

Net cost of debt totaled €9.1m in 2020, down by -10.5% compared to fiscal year 2019. The Company was able to take advantage of the low interest rate environment. The average interest rate on debt is 2.35% for the 12 months ending 31 December 2019 (versus 2.50% in 2019). Patrimoine & Commerce refinanced assets located in Beynost (Ain), Echirolles (Isère), and Istres (Bouches-du-Rhône) at attractive rates.

Recurring net income (FFO) amounted to €30.1m (€2.05 per share), an increase of +7.0% compared with 2019.

Including changes in fair value of properties (-€9.7m), equity method revenues (-€0.6m), and fair value of financial instruments (+€0.6m), and other incomes and expenses (-€1,0m), net income totaled €19.4m as of 31 December 2020.

After accounting for minority interests, Group share net income amounted to €17.8m.

Development and optimization of asset portfolio

As of 31 December 2020, independent appraisal of assets (excluding transfer taxes and including group share of equity method entities and assets held for sale) amounted to €804.2m, a decrease of -1.5% compared with 31 December 2019. The capitalization rate of assets in use remain stable at 7.2%.

Patrimoine & Commerce pursued its expansion with the acquisitions of an asset in Alençon (Orne). This investment summed €4.8m.

Patrimoine & Commerce disposed of units in a shopping mall in Tours (Indre-et-Loire), three commercial units in Epinal (Vosges), two commercial units in Forbach (Moselle), two isolated commercial units respectively in Thionville (Moselle) and Pierrelaye (Val d'Oise), representing a total consideration of €8.2m, in line with appraisal value.

Monitored LTV and Net Asset Value per share growth at €25.7 (-3.6%)

The group's consolidated net debt reached €370.7m as of 31 December 2020, enables the Company to present a Loan-To-Value ratio of 46.8%, which remains below the average target of 50% that Patrimoine & Commerce has set for itself.

Net asset value per share amounted to €25.7 (€381.6m), a decrease of -3.6% versus 31 December 2019.

Sustained dividend at €1.25 per share

Strengthened by Patrimoine & Commerce resilient business model, but given current economic uncertainties, the Supervisory Board decided to propose to shareholders a dividend payment of €1.25 per share, same amount as last year. Shareholders can opt for a newly emitted share payment.

This dividend payout implies a 4.9% yield on 31st December 2020 net asset value per share as well as an 8.5% yield on 25th February 2021 share price.

Emission price for the share dividend payment is determined by opening stock price average of the 20 days preceding the Annual Shareholder's Meeting, after deduction of the dividend amount.

Outlook

Eric Duval, Managing Director and Founder of Patrimoine & Commerce declared: "The Group's 2020 performances are robust, even in middle of an unseen health and economic crisis. It demonstrates the resilience of our business model based on long-term partnerships with retailers and our strategic positioning as the first low-cost retail park REIT in France. Healthy results in 2020 and a solid financial structure guarantee long-term growth for our shareholders."

About Patrimoine & Commerce

Patrimoine & Commerce owns and operates a real estate portfolio, largely comprising retail property, covering a total surface area of 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 Alternative Performance Measures (Cap rate, LTV, NAV, etc.) defined in the 2020 Universal Registration Document published on the Company's website.

² Incl. Cherbourg and Studio Prod for the stake held and the assets held for sale.

³ Adjusted for security deposits and hedging instruments.

⁴ 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.

ISIN code: FR0011027135 – Mnémo code: PAT

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