Press release

2017 full-year results

- **Gross rental income up[1] 3.2%**
- **Portfolio value[2]: €199.6m (+0.9%)**
- **Solid progress in the investment plan dedicated to retail properties**
- **Proposed payout[3] of €0.11 per share, in line with last year**

Paris, 23 February 2018: MRM (Euronext code ISIN FR0000060196), a real estate investment company specialising in retail property, announced today its results for the financial year ended 31 December 2017. This publication follows the review and approval of the audited financial statements[4] by MRM's Board of Directors at its meeting of 22 February 2018.

Portfolio of €199.6 million at 31 December 2017

The value[2] of MRM's portfolio was €199.6 million at 31 December 2017, up 0.9% relative to 31 December 2016.

Portfolio value	**31.12.2017**		31.12.2016	Change	Like-for-like change[5]
	€m	**% of total**	€m		
Retail	159.0	*80%*	152.8	+4.0%	+4.1%
Offices	40.6	*20%*	45.0	-9.8%	-9.8%
Total	**199.6**	*100%*	197.8	+0.9%	+0.9%

[1] Like-for-like. Revenues are calculated on a like-for-like basis by deducting the rental income generated by acquired assets from the revenues reported for the current year and deducting the rental income generated from assets sold from the revenues reported for the previous year.
[2] Value excluding transfer taxes based on valuations issued on 31 December 2017 by JLL, including assets held for sale, which are recognised in accordance with IFRS 5.
[3] Proposed payout of premiums subject to approval by shareholders at the Annual General Meeting to be held on 31 May 2018.
[4] Audit procedures have been performed and audit reports for MRM SA's financial statements and the Group's consolidated financial statements are currently being issued.
[5] Change in portfolio adjusted for asset sales carried out since 1 January 2017.

Retail

MRM reminds that the retail portfolio is undergoing a significant value-enhancement plan that involves seven out of the nine existing properties owned by MRM.

The launch of the various value-enhancement programs has been phased since 2016, with the last one due to be completed in 2019. Consequently, new leases related to these programs will be coming into effect until that date.

In 2017, the value of the retail portfolio increased by 4.0% relative to 31 December 2016. Investment amounted to €8.0 million, split between €6.2 million spent on value-enhancement programs and €1.8 million to buy the only retail unit not yet owned by MRM at Aria Parc in Allonnes. MRM also sold one of the 13 garden centres in the portfolio for an immaterial amount.

Eleven leases were signed during 2017 representing an annual rental income of €0.8 million. In particular, MRM signed a lease for household equipment retailer Maison Dépôt regarding a 3,300 sqm unit, as part of the projected 2,300 sqm extension of the Aria Parc shopping centre in Allonnes.

The change in the rental situation was contrasting depending on the property. MRM benefited in 2017 from nine leases coming into effect, but at the same time several retailers experiencing difficulties on a national level gave notice to quit. This concerns specifically three mid-size stores: 2,800 sqm in the centre of Reims vacated by Go Sport, 1,275 sqm at Les Halles du Beffroi in Amiens vacated by La Grande Récré and 1,900 sqm at Aria Parc in Allonnes vacated by Tati. To date, the mid-size store in Amiens has already been relet with a lease that will come into effect at the end of the first quarter of 2018. The reletting of the other two mid-size stores is currently in progress.

Net annualised rental income[6] stood at €7.4 million at 1 January 2018, down 6.1% relative to 1 January 2017, and the occupancy rate for the retail portfolio was 76% compared with 84% one year earlier.

Offices

There is no change of scope of the office portfolio over the year. It comprises two remaining properties (Nova in La Garenne-Colombes and Urban in Montreuil), for which the selling process is underway.

Progress has been made in the rental situation with a further increase in the occupancy rate at Nova. Three new leases have been signed since January 2017, increasing the occupancy rate of the building from 68% to 81% at present.

The 9.8% fall in the value of the office portfolio in 2017 follows administrative difficulties and the change in the transfer tax regime applicable to Nova, resulting in higher taxes payable at the time of sale of the building and mechanically resulting in a lower value excluding transfer taxes.

[6] Excluding taxes, rent-free periods and support measures for lessees

Rental income and net profit or loss

Consolidated revenues	**2017**		2016	*Change (reported)*	*Like-for-like change[1]*
	€m	*% of total*	€m		
Retail	9.0	*80%*	8.9	*+1.4%*	*+0.9%*
Offices	2.2	*20%*	4.1	*-46.8%*	*+13.8%*
Gross rental income	**11.2**	*100%*	13.0	*-13.8%*	*+3.2%*
Non-recovered property expenses	(3.4)		(3.5)	*-3.5%*	
Net rental income	**7.8**		9.5	*-17.7%*	

Gross rental income totalled €11.2 million in 2017, down 13.8% compared with 2016. This fall was due to the three sales of office buildings carried out in 2016 and, to a lesser extent, the sale of a garden centre in the first half of 2017. On a like-for-like basis, i.e. adjusted for the impact of these asset sales and the acquisition of a unit occupied by Basic-Fit at Aria Parc, annual gross rental income increased by 3.2%.

Retail gross rental income rose by 1.4% like-for-like. The arrival of new tenants at premises redeveloped since mid-2016 more than made up for rent reductions granted and premises being left strategically vacant within the framework of value-enhancement programs, as well as the freeing up of office space within the Carré Vélizy mixed-use property[7].

Regarding office buildings, gross rental income rose by 13.8% like-for-like, reflecting the improved occupancy rate at Nova.

Overall, and taking account of non-recovered property expenses of €3.4 million, net rental income totalled €7.8 million compared with €9.5 million in 2016.

Operating expenses came to €2.8 million, down 14.1% year-on-year. Taking account of a net provision reversal of €0.3 million (compared with a net charge of €0.8 million a year earlier) and other non-recurring net operating expenses[8] of €1.4 million (compared with other net operating income of €0.6 million a year earlier), operating income before disposals and change in fair value was €4.0 million in 2017 compared with €6.1 million in 2016.

Taking account of the amount of investments made during the period, MRM recorded a negative change of €6.4 million in the fair value of the portfolio in 2017, compared with a positive change of €4.3 million in 2016.

As a result, despite improvement in financial result – representing a net expense of €2.1 million in 2017 compared with €2.4 million in 2016 – MRM sustained a consolidated net loss of €4.6 million in 2017 compared with a consolidated net profit of €5.1 million in 2016.

The simplified income statement is provided in appendices.

[7] Carré Vélizy is a mixed-use retail and office complex included in the retail portfolio.
[8] Including the payment of deferred transfer taxes relating to the acquisition of Urban in 2007 and eviction compensation to tenants.

Net operating cash flow

Net operating cash flow[9] €m	2017	2016
Net rental income	**7.8**	9.5
Operating expenses	(2.8)	(3.2)
Other operating income and expense	(1.4)	0.6
EBITDA	**3.6**	6.9
Net cost of debt	(1.9)	(1.9)
Net operating cash flow	**1.7**	4.9

EBITDA came to €3.6 million in 2017. This fall was due to both the reduction in net rental income and non-recurring net other operating expenses (see explanation above). Taking account of a slight reduction in the cost of debt compared with 2016, MRM generated a positive net operating cash flow of €1.7 million in 2017.

Adjusted for non-recurring items, net operating cash flow came to €3.1 million in 2017 compared with €4.3 million in 2016.

Sound financial position

Gross debt decreased slightly from €96.0 million at 31 December 2016 to €95.3 million at 31 December 2017.

Taking into account, in particular, investments for €8.0 million and 2016 dividend for €4.8 million paid in 2017, MRM had cash and cash equivalents of €13.3 million at 31 December 2017 compared with €25.0 million at 31 December 2016.

Net debt therefore stood at €81.9 million at 31 December 2017 compared with €71.0 million at 31 December 2016. The LTV ratio was 41.0% compared with 35.9% a year earlier.

In October 2017, MRM took out a new €15.2 million bank loan maturing at the end of October 2022. This loan allowed MRM to refinance a €14.8 million credit facility secured against a retail property that matured in December 2017. MRM's bank debt has therefore been significantly rescheduled, with over 90% now having a maturity of four years or more. In addition, the €22.0 million loan granted by SCOR, secured against the Nova building and due to mature in January 2018 has been extended by one year.

As a result in particular of the dividend paid in respect of the 2016 financial year (€4.8 million), net operating cash flow generated during the year (€1.7 million) and the negative change in the fair value of properties (€6.4 million), EPRA NNNAV was €118.0 million, down relative to 31 December 2016 (€127.3 million). Adjusted for the dividend[10] paid in respect of the 2016 financial year, NNNAV fell by 3.7%.

[9] Net operating cash flow = consolidated net income before tax adjusted for non-cash items.
[10] Payout of dividends and premiums.

Net asset value	**31.12.2017**		31.12.2016	
	total €m	**per share €**	total €m	per share €
EPRA NNNAV	**118.0**	**2.70**	127.3	2.92
Replacement NAV	**133.2**	**3.05**	139.1	3.19
Number of shares (adjusted for treasury stock)	*43,632,801*		*43,623,633*	

Proposed payout

MRM's Board of Directors has decided to propose the payment of premiums of €0.11 per share in respect of the 2017 financial year, identical to the amount paid out in respect of the previous year. This will be subject to approval at the general shareholders' meeting of 31 May 2018. The intended ex-dividend date will be 6 June 2018 and payment will be made on 8 June 2018.

Outlook

Since June 2013, MRM has been pursuing a strategy of gradually refocusing its activities on retail property. Out of the nine office buildings held by MRM at this time, seven have already been sold for a total of €88 million excluding transfer taxes. MRM intends to complete its withdrawal from the office property segment in 2018 with the sale of the last two properties still in its portfolio.

MRM is continuing to roll out its investment plan dedicated to its retail portfolio. The plan concerns seven properties, with the creation of 6,900 sqm of new space. Three projects have already been completed: the renovation and upgrading of Les Halles du Beffroi in Amiens, the partial redevelopment and renovation of the Sud Canal shopping centre in Saint-Quentin-en-Yvelines, and the extension of retail space at the Carré Vélizy mixed-use complex in Vélizy-Villacoublay.

Out of a total estimated amount of €35.0 million at 31 December 2017, investments committed in 2016-17 represent a total of €13.6 million. MRM is preparing – barring unforeseen circumstances – to commit the remaining €21.4 million in 2018, concerning in particular the extension/redevelopment of the shopping gallery at the Valentin shopping centre in Besançon. This project – the largest in the plan – will begin in the second quarter of 2018 and is due to be completed in the second half of 2019. In addition, the value-enhancement plan for Aria Parc in Allonnes will continue. This aims in particular at creating a mid-size store for retailer Maison Dépôt, a new anchor for the site. Two other smaller programs are still to be completed: the refurbishment of La Galerie du Palais in Tours and the redevelopment of the ground floor of Le Passage de la Réunion in Mulhouse.

Considering the additional areas yet to be built[11] and assuming a 95% occupancy rate of the portfolio, MRM targets a minimum €10 million annualised net rental income[6] post completion of value-enhancement programs (excluding acquisitions or disposals), scheduled by the end of 2019, compared with €7.4 million at 1 January 2018.

[11] 4,900 sqm to be built in the Valentin shopping centre and Aria Parc.

Calendar

Revenues for the first quarter of 2018 are due on 4 May 2018 before market opening. The general shareholders' meeting to approve the financial statements for 2017 will be held on 31 May 2018.

About MRM

MRM is a listed real estate investment company that owns and manages a portfolio in France consisting primarily of retail properties across several regions of France. Its majority shareholder is SCOR SE, which owns 59.9% of share capital. MRM is listed in Compartment C of Euronext Paris (ISIN: FR0000060196 - Bloomberg code: MRM:FP – Reuters code: MRM.PA). MRM opted for SIIC status on 1 January 2008.

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Appendix 1: Income statement

Simplified IFRS income statement €m	**2017**	**2016**
Net rental income	**7.8**	**9.5**
Operating expenses	(2.8)	(3.2)
Provisions net of reversals	0.3	(0.8)
Other operating income and expense	(1.4)	0.6
Operating income before disposals and change in fair value	**4.0**	**6.1**
Net gains/(losses) on disposal of assets	(0.0)	(2.8)
Change in fair value of properties	(6.4)	4.3
Operating income	**(2.5)**	**7.5**
Net cost of debt	(1.9)	(1.9)
Other financial income and expense	(0.2)	(0.5)
Net income before tax	**(4.6)**	**5.1**
Tax	0.0	0.0
Consolidated net income	**(4.6)**	**5.1**

Appendix 2: Quarterly rental income

Consolidated revenues €m	**Q4 2017**	Q4 2016	*Change*	*Like-for-like change[1]*
Retail	**2.22**	2.31	*-3.6%*	*-4.6%*
Offices	**0.53**	0.74	*-29.0%*	*+26.7%*
Total gross rental income	**2.75**	3.05	*-9.8%*	*+0.2%*

Appendix 3: Balance sheet

Simplified IFRS balance sheet €m	**31.12.2017**	31.12.2016
Investment properties	158.5	152.8
Assets held for sale	41.1	45.0
Current receivables/assets	7.0	8.9
Cash and cash equivalents	13.3	25.0
Total assets	**219.9**	231.8
Equity	118.0	127.4
Financial debt	95.3	96.0
Other debt and liabilities	6.6	8.3
Total equity and liabilities	**219.9**	231.8