Press release

First half 2017 results

- **Gross rental income up 5.6% like-for-like[1]**
- **Portfolio value: €200.7m (up 1.4%)**
- **Good momentum in retail value-enhancement plans**

Paris, 28 July 2017: MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail and office property, today announced its results for the first half of 2017 ended June 30, 2017. This publication follows the review and approval of the financial statements[2] by MRM's Board of Directors at its meeting of 27 July 2017.

Asset portfolio of €200.7 million at end-June 2017

The value[3] of MRM's portfolio was €200.7 million at 30 June 2017, an increase of 1.4% since 31 December 2016.

Portfolio value	**30.06.2017**		31.12.2016	Change	Like-for-like change[4]
	€m	*% of total*	€m		
Retail	157.4	*77%*	152.8	+3.0%	+3.0%
Offices	43.3	*23%*	45.0	-3.8%	-3.8%
Total	**200.7**	*100%*	197.8	+1.4%	+1.5%

[1] 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] The financial statements have been subject to a limited review by the statutory auditors. The auditors' report on the financial information for the first half of 2017 has been issued without observation or reservation.
[3] Value excluding transfer taxes based on valuations at 30 June 2017 issued by JLL, including assets held for sale, which are recorded in the financial statements in accordance with IFRS 5.
[4] Change adjusted for disposals carried out since 1 January 2017.

Retail

The value of the retail property portfolio rose by 3.0% relative to end-December 2016.

During the first half of the year, five leases were signed representing annual rental income of €0.5 million. In particular, MRM signed a lease with a furniture and home decor retailer for a 3,300sqm unit at Aria Parc in Allonnes, which will be achieved through a 2,300sqm projected extension to a currently vacant 1,000sqm unit.

There was a contrasting change in the rental situation depending on asset. Although five new leases took effect, several tenants also gave notice to quit at the end of their lease, including the retailer occupying the 2,700sqm mid-size high street store in Reims, due to leave at end December 2017.

Annualised net rental income therefore amounted to €7.9 million at 1 July 2017, a slight increase of 0.2% relative to 1 January 2017. The occupancy rate for the retail portfolio remained virtually stable at 83% versus 84% six months earlier.

Investments made during the first half totalled €5.4 million, including €3.6 million on value-enhancement programs and €1.8 million for the acquisition of the only unit not already owned by MRM at Aria Parc in Allonnes. This acquisition, coupled with the 2,300sqm extension project referred to above, will increase the total retail space at Aria Parc from 9,000sqm to 12,800sqm, MRM being from now on the sole owner of the entire park. MRM also sold one out of the thirteen garden centres in the portfolio (for a non-material amount).

Offices

During the first half of 2017, there was no change in the scope of consolidation for the office portfolio, which comprises the last two assets held for sale (Nova in La Garenne-Colombes and Urban in Montreuil).

MRM continued the letting process of the Nova building with a view to optimising its sale value. Two new leases signed since 1 January 2017 have raised the building's occupancy rate from 68% to 78%.

The 3.8% decrease in the office portfolio value in the first half of 2017 was due to a change in the tax rules applicable to the Nova building, leading to an increase in the registration fees payable upon sale, which automatically reduces its market value excluding transfer taxes.

Rental income and current operating income

Consolidated revenues	**H1 2017**		H1 2016	*Like-for-like change*	*Like-for-like change*[1]
	€m	*% of total*	€m		
Retail	4.5	*79%*	4.4	*+3.5%*	*+4.0%*
Offices	1.1	*21%*	2.4	*-53.6%*	*+12.6%*
Gross rental income	**5.7**	*100%*	6.8	*-16.8%*	*+5.6%*

Consolidated revenues for the first half of 2017 amounted to €5.7 million, a decrease of 16.8% relative to the first half of 2016, mainly due to the sale of office buildings completed in 2016. On a like-for-like basis, revenues for the first six months grew by 5.6%.

Rental income from retail properties rose by 4.0% on a like-for-like basis in the first half of 2017. The arrival of new retailers in redevelopments completed since mid-2016 comfortably offset the lower rents negotiated, the strategic vacancies held under the value-enhancement programs and the vacation of office space at Carré Vélizy[5].

Rental income from office properties rose by 12.6% on a like-for-like basis, reflecting the increased occupancy rate in the Nova building.

Non-recovered property expenses totalled €2.1 million, down 9.1% relative to the first half of 2016 following the sale of office buildings completed in 2016 and the letting of office and retail premises.

All in all, net rental income amounted to €3.6 million compared with €4.5 million in the first half of 2016. Taking into account a net provision reversal of €0.5 million compared with a net provision charge of €0.2 million in first half 2016 and other non-recurring net operating expense of €1.1 million (including payment of deferred registration fees on the 2007 acquisition of Urban and eviction compensation paid to a tenant), operating income before disposals and change in fair value came to €1.2 million in the first half of 2017 compared with €2.7 million the previous year.

Including investments for the period, the change in fair value of the portfolio in the first half of 2017 was a negative €2.7 million.

Consequently, despite an improvement in financial expense (a €1.2 million charge versus €1.4 million the previous year), MRM incurred a consolidated net loss of €2.6 million in the first half of 2017.

The simplified income statement is attached in an appendix.

Net operating cash flow

Net operating cash flow[6] €m	**H1 2017**	H1 2016
Net rental income	**3.6**	4.5
Operating expenses	(1.8)	(1.8)
Other operating income and expense	(1.1)	0.2
EBITDA	**0.7**	2.9
Net cost of debt	(1.0)	(1.1)
Net operating cash flow	**(0.3)**	1.8

[5] Carré Vélizy is a mixed retail and office property, held in the retail portfolio.
[6] Net operating cash flow = consolidated net income before tax adjusted for non-cash items

EBITDA amounted to €0.7 million in the first half of 2017 compared with €2.9 million the previous year. The decrease was due to the fall in net rental income plus the €1.1 million of other non-recurring net operating expenses (as explained above).

In addition, in the first half of the year, net operating cash flow is also affected by the application of the IFRIC 21 accounting standard, which requires all non-recovered annual property taxes to be recognised at 1 January.

For the full year 2017, MRM is expecting a positive net operating cash flow.

Solid financial position

Gross debt remained stable at end-June 2017 compared with end-December 2016, at €96.0 million.

MRM had cash and cash equivalents of €16.3 million at 30 June 2017, compared with €25.0 million at 31 December 2016.

Net debt therefore amounted to €79.7 million compared with €71.0 million at 31 December 2016. The net LTV ratio stood at 39.8% at 30 June 2017 compared with 35.9% at 31 December 2016.

EPRA NNNAV came to €120.0 million at 30 June 2017, down from €127.3 million at 31 December 2016. Adjusted for the €4.8 million dividend payout[7] in respect of 2016, EPRA NNNAV was down 2.1% due mainly to the negative change in fair value during the period.

Net asset value	**30.06.2017**		31.12.2016	
	Total €m	**Per share €**	Total €m	Per share €
EPRA NNNAV	**120.0**	**2.75**	127.3	2.92
Replacement NAV	**134.3**	**3.08**	139.1	3.19
Number of shares (adjusted for treasury stock)	*43,656,891*		*43,623,633*	

Outlook

Since June 2013, MRM has been pursuing a strategy of gradually refocusing on retail property. Of the nine office buildings owned at that time, seven have already been sold for a total of €88 million (excluding transfer taxes). Over the next few quarters, MRM intends to complete its withdrawal from the office property market with the sale of its remaining two assets (Nova in La Garenne-Colombes and Urban in Montreuil).

[7] Dividends and premiums.

With its solid financial structure, MRM has set out an ambitious investment plan for 2016-2019 seeking to exploit the value-enhancement potential of its retail assets. Two projects were completed in 2016 (Les Halles in Amiens and Sud Canal in Saint-Quentin-en-Yvelines). Two more completions are scheduled for 2017: the new retail space in the mixed Carré Vélizy asset in Vélizy-Villacoublay and phase I of the redevelopment of Passage de la Réunion in Mulhouse. During the first half of 2017, MRM has also committed its share of refurbishment works in the Ecole-Valentin shopping centre in Besançon (which is co-owned). MRM will launch the Aria Parc program in Allonnes during the second half of the year.

Of the €35 million total projected investment amount at 30 June 2017 (i.e. 22% of the portfolio value at that date), the investment budget committed since the beginning of 2016 is expected to reach €13 million by the end of 2017. The commitments scheduled for 2018 include the Ecole-Valentin shopping centre extension, phase II of the redevelopment of Le Passage de la Réunion, and Galerie du Palais in Tours.

MRM is expecting positive net operating cash flow for the full year 2017 and plans to pursue its active shareholder remuneration policy.

Calendar

Revenues for the third quarter of 2017 are due out on 9 November 2017 before market opening.

About MRM

MRM is a listed real estate company with a portfolio worth €200.7 million (excluding transfer taxes) as at end of June 2017, comprising retail properties (78%) and offices (22%). Since 29 May 2013, SCOR SE has been MRM's main shareholder, holding a 59.9% stake. MRM is listed in compartment C of NYSE 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)	H1 2017	H1 2016
Net rental income	**3.6**	**4.5**
Operating expenses	(1.8)	(1.8)
Provisions net of reversals	0.5	(0.2)
Other operating income and expense	(1.1)	0.2
Operating income before disposals and change in fair value of properties	**1.2**	**2.7**
Net gains/(losses) on disposals of assets	0.0	0.0
Change in fair value of properties	(2.7)	0.3
Operating income	**(1.5)**	**3.0**
Net cost of debt	(1.0)	(1.1)
Other financial income and expense	(0.2)	(0.3)
Net income before tax	**(2.6)**	**1.6**
Income tax	0.0	0.0
Consolidated net income	**(2.6)**	**1.6**

Appendix 2: Quarterly rental income

Consolidated revenues (€m)	Q2 2017	Q2 2016	*Change*	*Like-for-like change*[1]
Retail	**2.3**	2.2	*+3.6%*	*+4.6%*
Offices	**0.5**	1.2	*-56.4%*	*+4.7%*
Total gross rental income	**2.8**	3.4	*-18.0%*	*+4.6%*

Appendix 3: Balance sheet

Simplified IFRS balance sheet (€m)	30.06.2017	31.12.2016
Investment properties	156.9	152.8
Assets held for sale	43.8	45.0
Current receivables/assets	9.3	9.0
Cash and cash equivalents	16.3	25.0
Total assets	**226.3**	231.8
Equity	120.0	127.4
Financial debt	96.0	96.0
Other debt and liabilities	10.3	8.4
Total equity and liabilities	**226.3**	231.8