



## Press Release

### First half 2015 results

- **Gross rental income up 7.7% on a like-for-like basis<sup>1</sup>**
- **Net consolidated income of €3.0m**
- **Net operating cash flow<sup>2</sup> up 21.5%**
- **Strong improvement in net LTV ratio to 41.7%**

**Paris, 31 July 2015:** MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail and office property, announced today its results for the first half of 2015. This publication followed the review and approval of the audited<sup>3</sup> financial statements by MRM's Board of Directors at its meeting of 30 July 2015.

Application of the IFRIC 21<sup>4</sup> accounting standard to consolidated accounts for the first half of 2015 resulted in the Group making a pro forma restatement of accounts for the first half of 2014. Percent changes in this release have been calculated by comparing half-year 2015 accounts with half-year 2014 pro forma accounts. The application of IFRIC 21 will not impact the full-year consolidated accounts.

### Asset portfolio of €220.3m at end-June 2015

The value<sup>5</sup> of MRM's asset portfolio was €220.3m at 30 June 2015, from €232.2m at 31 December 2014. This change reflected in particular a further disposal of an office building,

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<sup>1</sup>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.

<sup>2</sup>Net operating cash flow = net income before tax adjusted for non-cash items.

<sup>3</sup>The financial statements have been subject to a limited review by the statutory auditors. The auditors' report on financial information for the first half of 2015 has been issued without observation or reservation.

<sup>4</sup>Consolidated financial statements at 30 June 2015 were drawn up in accordance with IFRIC 21 for the first time. This resulted in the Group recognising on 1 January 2015 the entirety of non-recovered annual property and office taxes, which had previously been recognised on an accruals basis at 30 June. Consolidated financial statements at 30 June 2014 have been restated on a pro forma basis in order to ensure comparability between periods.

<sup>5</sup>Value excluding transfer taxes based on valuations issued on 30 June 2015 by Savills and Jones Lang LaSalle, including assets held for sale, which are recorded in financial statements in accordance with IFRS 5.

the Plaza in the 12<sup>th</sup> arrondissement of Paris, for €16.8m (excluding transfer taxes). Restated for the effect of this disposal, the value of the asset portfolio rose by 2.0%.

During the first half, investments totalled €2.1m and the fair value of the asset portfolio increased by €2.2m relative to 31 December 2014.

Value <sup>5</sup> of MRM's portfolio	30.06.2015		31.12.2014 €m	Change like-for-like <sup>6</sup>
	€m	% of total		
Retail	143.8	65%	144.1	-0.2%
Offices	76.5	35%	88.1	+6.4%
<b>Total MRM</b>	<b>220.3</b>	<b>100%</b>	232.2	<b>+2.0%</b>

### Retail

The value<sup>5</sup> of the retail portfolio was virtually unchanged relative to end-December 2014, reflecting the overall stability of the rental situation and incorporating the launch of the restructuring plan at Les Halles in Amiens.

Over the course of the first half, seven new leases or lease renewals were signed, representing annual rent of €0.3m. At 1 July 2015, the occupancy rate of the retail portfolio was 84%, from 83% six months earlier.

At 1 July 2015, the annualised net rental income for the retail assets was €8.3m, the same level as at 1 January 2015.

### Offices

The total value<sup>5</sup> of the office portfolio rose by 6.4% on a like-for-like basis<sup>6</sup> compared with end-December 2014. This reflected progress in letting of certain buildings which are still partially vacant, together with the execution of renovation investment for two buildings.

Over the course of the first half, nine leases were signed, corresponding to €1.2m in annual rent. Three of these leases covered a total floor area of 7,250 sqm at Cap Cergy in Cergy-Pontoise. These leases will come into effect from the first quarter of 2016, taking the occupancy rate of this building from 27% at present to 85%. Another lease concerned Nova in La Garenne-Colombes. This will also come into effect in early 2016 and will boost the occupancy rate of this building to 72%. Given the start date of these leases and the disposal of Plaza, which had an occupancy rate of 85%, the occupancy rate of the office assets in operation fell slightly to 52% at 1 July 2015, from 54% at 1 January 2015. The marketing of available floor space in renovated and restructured buildings continues.

At 1 July 2015, the annualised net rental income for the office buildings in operation was €3.2m.

<sup>6</sup>Adjusted for disposals made in the first half of 2015.

## Increased rental income and positive net income over the first half of 2015

Consolidated revenues	H1 2015		H1 2014 €m	Change (unadjusted)	Change like- for-like <sup>1</sup>
	€m	% of total			
Retail	4.8	68%	4.6	+3.1%	+3.1%
Offices	2.3	32%	2.9	-20.4%	+18.9%
<b>Total gross rental income</b>	<b>7.0</b>	<b>100%</b>	7.5	-5.9%	+7.7%

Gross rental income from retail properties and offices grew by 3.1% and 18.9% respectively compared to the first half of 2014, the significant growth in office rental income being explained by the entry into force of new leases.

On a reported basis, gross rental income fell by 20.4%, due to disposals of office properties since 1 January 2014. Overall revenues were 5.9% lower, at €7.0m, but rose by 7.7% on a like-for-like basis<sup>1</sup>.

A further reduction in non-recovered property expenses<sup>4</sup> (down -7.8% relative to the first half of 2014) helped limit the fall in net rental income to 4.8%, taking it to €4.6m.

Current operating income was €2.4 million, 4.7% lower than the first half of 2014. Given the €2.2m increase in the fair value of the asset portfolio and the €0.5m reduction in financial costs, MRM's net income was positive at €3.0m, compared to a loss of €6.7m in the first half of 2014.

## Increase in net operating cash flow

Net operating cash flow <sup>2</sup> €m	H1 2015	H1 2014 pro forma <sup>4</sup>	Change	H1 2014
<b>Net rental income</b>	<b>4.6</b>	4.8	-4.8%	5.6
Operating expense	(1.8)	(2.2)	-15.4%	(2.2)
Other operating income and expense	(0.0)	(0.0)	n/a	(0.0)
<b>Gross operating income</b>	<b>2.7</b>	2.6	+3.3%	3.4
Net cost of debt	(1.2)	(1.4)	-13.1%	(1.4)
Other financial income and expense	0.0	0.0		0.0
<b>Net operating cash flow</b>	<b>1.5</b>	1.2	+21.5%	2.0

The €0.4m reduction in operating expenses to €1.8m (-15.4%) was due primarily to the introduction of a new structure for the asset management of retail properties. This resulted in a reduction in the scope of action of CBRE Global Investors and also by an expansion of the mission entrusted to the property managers and MRM's recruitment of a Head of Asset Management. These two factors have not yet had an effect on the financial statements. Gross operating income increased slightly to €2.7m, from €2.6m in the first half of 2014.

The net cost of debt continued to fall, reaching €1.2m (-13.1%). MRM thus generated net operating cash flow of €1.5m, from €1.2m in the first half of 2014.

## MRM's solid balance sheet

With cash and cash equivalents of €20.1m at end-June 2015, MRM reduced its net debt by 15.8% relative to end-December 2014, to €91.9m. The net LTV ratio, which stood at 47.0% at 31 December 2014 improved further over the first half, to 41.7% at 30 June 2015.

Given the dividend<sup>7</sup> paid against 2014 results (€4.4m), the net operating cash flow in the first half (€1.5m) and the increase in fair value of the asset portfolio (€2.2m), the liquidation NAV decreased slightly to €122.3m at 30 June 2015, from €123.7m at 31 December 2014.

Net Asset Value	30.06.2015		31.12.2014	
	Total €m	per share €	Total €m	per share €
Liquidation NAV	<b>122.3</b>	<b>2.80</b>	123.7	2.84
Replacement NAV	<b>135.0</b>	<b>3.09</b>	137.2	3.14
<i>Number of shares (adjusted for treasury stock)</i>	<b>43,633,061</b>		<b>43,624,766</b>	

## Outlook

Since June 2013, MRM has undertaken a strategy of gradually refocusing on its retail property business. The further sale of an office property in the first half of 2015 brings the number of disposals of the nine office properties owned by MRM in June 2013 to four. One further office property is currently under sale agreement.

With its solid financial structure, MRM seeks to exploit the potential for enhancing the value of its retail assets. Following the work done in order to adjust the value-enhancement plans, in the first half the Group launched a first programme for the Les Halles shopping mall in Amiens. Of a total of €27.5m in forecast investment identified for the retail properties, €8.5m is likely to be committed over the next twelve months.

## Calendar

Revenues for the third quarter of 2015 are due on 5 November 2015 before market opening.

<sup>7</sup>Distribution of reserves and premiums.

## About MRM

MRM is a listed real estate company with a portfolio worth €220.3 million (excluding transfer taxes) as at 30 June 2015, comprising retail properties (65%) and offices (35%). 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) and opted for the SIIC status on 1 January 2008.

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## Appendix 1: Simplified IFRS income statement

Simplified IFRS income statement €m	H1 2015	H1 2014 pro forma <sup>4</sup>	Change	H1 2014
<b>Gross rental income</b>	<b>7.0</b>	7.5	<b>-5.9%</b>	7.5
Non-recovered property expenses	(2.5)	(2.7)	-7.8%	(1.9)
<b>Net rental income</b>	<b>4.6</b>	4.8	<b>-4.8%</b>	5.6
Operating expense	(1.8)	(2.2)	-15.4%	(2.2)
Provisions net of reversals	(0.4)	(0.1)	n/a	(0.1)
<b>Current operating income</b>	<b>2.4</b>	<b>2.5</b>	<b>-4.7%</b>	3.3
Net gains/(losses) on disposal of assets	(0.1)	(0.0)	n/a	(0.0)
Change in fair value of properties	2.2	(6.9)	n/a	(6.9)
Other operating income and expense	(0.0)	(0.1)	n/a	(0.1)
<b>Operating income</b>	<b>4.4</b>	<b>(4.6)</b>	<b>n/a</b>	(3.9)
Net cost of debt	(1.2)	(1.4)	-11.5%	(1.4)
Other financial income and expense	(0.2)	(0.6)	n/a	(0.6)
<b>Net income before tax</b>	<b>3.0</b>	<b>(6.6)</b>	<b>n/a</b>	(5.9)
Income tax	(0.0)	(0.1)	n/a	(0.1)
<b>Consolidated net income</b>	<b>3.0</b>	<b>(6.7)</b>	<b>n/a</b>	(5.9)

## Appendix 2: Quarterly rental income

Consolidated revenues €m	Q1 2015	Q2 2015	Q2 2014	Change	Change like- for-like
Retail properties	2.33	<b>2.44</b>	2.28	+6.5%	<b>+6.5%</b>
Offices	1.23	<b>1.03</b>	1.35	-23.3%	<b>+17.7%</b>
<b>Total gross rental income</b>	3.56	<b>3.47</b>	3.63	-4.5%	<b>+9.7%</b>

## Appendix 3: Balance sheet at 30 June 2015

Simplified IFRS balance sheet €m	30.06.2015	31.12.2014
Investment properties	210.6	212.4
Assets held for sale	9.7	19.8
Current receivables/assets	11.6	10.4
Cash and cash equivalents	20.1	22.4
<b>Total assets</b>	<b>252.0</b>	<b>265.0</b>
Equity	122.3	123.7
Financial debt	112.0	131.5
Other debt/liabilities	17.7	9.8
<b>Total liabilities and equity</b>	<b>252.0</b>	<b>265.0</b>

## Appendix 4: Asset sales since 1 January 2013

Assets sold	Date of sale	Price excl. transfer taxes (€m)
Office building, Rue de la Bourse, Paris (2 <sup>nd</sup> arrondissement)	December 2013	10.4
Office building, Rue Cadet, Paris (9 <sup>th</sup> arrondissement)	April 2014	12.0
Delta office building complex, Rungis (94)	September 2014	10.5
Plaza office building, Rue de la Brèche-aux-Loups, Paris (12 <sup>th</sup> arrondissement)	April 2015	16.8