# Press Release

## First half 2016 results

- **Gross rental income up 1.4% like-for-like[1]**
- **Net operating cash flow[2] strongly up by 19.8%**
- **Solid progress in retail value-enhancement programs**

**Paris, 29 July 2016:** MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail and office property, today announced its results for the first half of 2016. This publication followed the review and approval of the audited[3] financial statements by MRM's Board of Directors at its meeting of 28 July 2016.

### Asset portfolio of €224.4m at end-June 2016

The value[4] of MRM's asset portfolio was €224.4m at 30 June 2016, from €226.0m at 31 December 2015. This change reflects in particular a further disposal of an office building, the Cytéo building in Rueil-Malmaison.

The value of MRM's asset portfolio at 31 December 2015 restated for the Cytéo disposal was €220.0m. During the first half, investments totalled €3.8m and the fair value of the asset portfolio increased by €0.6m. Overall, the value of the asset portfolio rose by 2.0% on a like-for-like basis[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] Net operating cash flow = net income before tax adjusted for non-cash items.
[3] 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 2016 has been issued without observation or reservation.
[4] Value excluding transfer taxes based on valuations at 30 June 2016 issued by Jones Lang LaSalle, including assets held for sale, which are recorded in financial statements in accordance with IFRS 5.
[5] Adjusted for disposals carried out in the first half of 2016.

| Value of MRM's portfolio | 30.06.2016 | | 31.12.2015 | *Like-for-like[5] change* |
|---|---|---|---|---|
| | **€m** | *% of total* | €m | |
| Retail | 149.0 | *66%* | 144.0 | *+3.5%* |
| Offices | 75.4 | *34%* | 82.0 | *-0.8%* |
| **Total MRM** | **224.4** | *100%* | 226.0 | *+2.0%* |

Retail properties

The value of the retail property portfolio rose by 3.5% relative to end-December 2015, reflecting the good progress made on value-enhancement programs, particularly those at Les Halles (Amiens), Sud Canal (Saint-Quentin-en-Yvelines) and Passage de la Réunion (Mulhouse).

During the first half, letting activity was strong. Nine new leases or lease renewals were signed in the period, representing an annual rent of €0.9m. Six of these concerned pre-letting of space as part of ongoing value-enhancement programs (Les Halles, Sud-Canal and Carré Vélizy at Vélizy-Villacoublay) and had not taken effect by the end of the first half.

Investment over the first half was €2.4m and was dedicated to value-enhancement programs at Les Halles, Sud Canal and Passage de la Réunion.

At 1 July 2016, the occupancy rate of the retail portfolio was broadly stable, at 81% from 82% six months earlier. The vacancy rate reflects ongoing works during the first half at Les Halles and Sud Canal, as well as strategic vacancies at Passage de la Réunion and Galerie du Palais .

Annualised net rents was €7.6m at 1 July 2016, 3.0% lower than at 1 January 2016, reflecting the departure of tenants and temporary rent reductions granted within the framework of the value-enhancement programs.

Offices

During the first half, MRM sold the Cytéo building in Rueil-Malmaison for €6.3m net of transfer taxes.

On a like-for-like basis5, the value of the office portfolio saw a small fall of 0.8% relative to end-December 2015.The Solis building (Les Ulis), the sale of which was completed in July 2016, has been booked in accounts at 30 June 2016 at its contract value net of transaction costs.

At 1 July 2016, annualised net rents from office properties in operation was €4.7m, a significant increase of 23.4% relative to 1 January 2016, linked to new leases that came into effect at Cap Cergy (Cergy-Pontoise). These took to 95% the occupancy rate of this building, allowing the launch of the sale process.

## Growth in rental income and current operating income

| Consolidated revenues | **H1 2016** | | H1 2015 | *Change* | *Like-for-like[1] change* |
|---|---|---|---|---|---|
| | **€m** | *% of total* | €m | | |
| Retail | 4.4 | *64%* | 4.8 | *-7.8%* | *-7.8%* |
| Offices | 2.4 | *36%* | 2.3 | *+7.1%* | *+23.6%* |
| **Gross rental income** | **6.8** | *100%* | 7.0 | *-3.0%* | *+1.4%* |

The 7.8% fall in gross rental income from retail properties was due in particular to the strategic vacancy and rental conditions granted during the the implementation of value-enhancement plans. It should be noted that new leases signed since the fourth quarter of 2015 as part of these value-enhancement plans, which represent a total amount of €1m in additional rent, or a potential reduction of 8.5 points in the vacancy rate, have not yet come into effect in the first half.

In offices, gross rental income was 23.6% higher on a like-for-like basis[1]. This strong increase was due to new leases coming into effect, which more than offset the impact of disposals, as rental income rose by 7.1% on a reported basis.

Total consolidated revenues were 3.0% lower, at €6.8m, but rose by 1.4% on a like-for-like basis[1].

A further reduction in non-recovered property expenses (down by 6.6% relative to the first half of 2015) helped limit the fall in net rental income to 1.1%, taking it to €4.5m.

Current operating income was €2.5 million, 5.9% higher than in the first half of 2015.

MRM thus recorded consolidated net income of €1.6m, from €3.0m in the first half of 2015. This fall was due mainly to the lower growth in fair value in the first half of 2016 (€0.3m[6]) compared to that recorded in the first half of 2015 (€2.2m).

## Strong growth in net operating cash flow

| **Net operating cash flow[2]** €m | **H1 2016** | H1 2015 | *Change* |
|---|---|---|---|
| Net rental income | **4.5** | 4.6 | *-1.1%* |
| Operating costs | (1.8) | (1.8) | *-0.9%* |
| Other operating income and expense | 0.2 | (0.0) | |
| **EBITDA** | **2.9** | 2.7 | *+5.2%* |
| Net cost of debt | (1.1) | (1.2) | *-13.1%* |
| **Net operating cash flow** | **1.8** | 1.5 | *+19.8%* |

[6] Amount net of reclassification of rent-free periods to be staggered relating to buildings held for sale in the amount of €0.3 million.

Despite the scope effect due to disposals, the favourable impact of the reduction in non-recovered property expenses on net rental income and the fall in net operating costs resulted in EBITDA of €2.9m, an increase of 5.2% compared to the first half of 2015.

The net cost of debt continued to fall, reaching €1.1m (-13.1%). MRM thus generated net operating cash flow of €1.8m, a 19.8% increase on the first half of 2015.

## Solid balance sheet

During the first half, MRM repaid a fallen due €27.2m bank debt by means of a new €22.0m loan maturing in January 2017, with the remaining amount repaid using the Group's cash. Considering repayment relating to the sale of Cytéo and contractual repayments during the first half, net financial debt fell by €10.0m from its level at 31 December 2015.

At end-June 2016, MRM had cash and cash equivalents of €6.3m, from €13.4m at 31 December 2015. Net debt was thus €94.7m at 30 June 2016, from €97.6m at 31 December 2015, a reduction of 3%.

The net LTV ratio continued to fall and stood at 42.2% at 30 June 2016, from 43.2% at 31 December 2015.

EPRA NNNAV was €123.8m, slightly lower than the €126.5m recorded at 31 December 2015. Restated for a dividend[7] of €4.4m paid against 2015 results, EPRA NNNAV rose by 1.4%, thanks to consolidated net income of €1.6m in the first half.

| **Net Asset Value** | **30.06.2016** | | 31.12.2015 | | 30.06.2015 | |
|---|---|---|---|---|---|---|
| | **total €m** | **per share €** | total €m | per share € | total €m | per share € |
| **EPRA NNNAV** | **123.8** | **2.84** | 126.5 | 2.90 | 122.2 | 2.80 |
| **Replacement NAV** | **137.5** | **3.15** | 140.0 | 3.21 | 135.0 | 3.09 |
| *Number of shares (adjusted for treasury stock)* | *43,623,633* | | *43,612,702* | | *43,633,061* | |

## Outlook

Since June 2013, MRM has launched a strategy of gradually refocusing on its retail property. Two new sales of office buildings since the beginning of 2016 take the total number of disposals to six out of the nine properties owned by MRM in June 2013. The total value of these disposals to date is €66.9m (net of transfer taxes). MRM will pursue its disposal plan for the remaining office properties in its portfolio (Cap Cergy, Nova in La Garenne-Colombes and Urban in Montreuil) over the coming quarters, and aims for a full withdrawal from the office segment by late 2016 or early 2017.

7 Distribution of dividend and premiums.

With its solid balance sheet, MRM has set out an ambitious investment plan that will seek to exploit the value-enhancement potential of its retail assets. The two programs of work launched during the first half at Les Halles and Sud Canal will be completed in 2016. Two other programs have been committed, with delivery planned in 2017: Carré-Vélizy and Passage de la Réunion. Of the €32.0m total projected investment for the retail portfolio (21% of its value at 30 June 2016), the investment budget committed in 2016 is likely to be €12m.

Following the signature of an agreement with Carrefour Property in the first half, launch of extension and renovation works for the Ecole-Valentin shopping centre in Besançon is now planned for 2017. MRM also plans to start projects at Galerie du Palais and the Allonnes retail park (Le Mans) during next year. Thus, barring unforeseen circumstances, all the value-enhancement programs identified for retail assets will have been launched by the end of 2017.

## Calendar

Revenues for the third quarter of 2016 are due on 10 November 2015 before market opening.

## About MRM

MRM is a listed real estate company with a portfolio worth €224.4 million (excluding transfer taxes) as at 30 June 2016, comprising retail properties (66%) and offices (34%). Since 29 May 2013, SCOR SE has been MRM's main shareholder, holding a 59.9% stake. MRM is listed in compartment C of Euronext Paris (ISIN: FR0000060196 - Bloomberg code: MRM: FP – Reuters code: MRM.PA) and opted for the SIIC status on 1 January 2008.

**For more information:**

**MRM**
5, avenue Kléber
75795 Paris Cedex 16
France
T +33 (0)1 58 44 70 00
relation_finances@mrminvest.com

Isabelle Laurent, **DDB Financial**
54, rue de Clichy
75009 Paris
France
T +33 (0)1 53 32 61 51
isabelle.laurent@ddbfinancial.fr

**Website: www.mrminvest.com**

## Appendix 1: Simplified IFRS income statement

| **Simplified IFRS income statement**<br>**€m** | **H1 2016** | H1 2015 | *Change* |
|---|---|---|---|
| **Gross rental income** | **6.8** | 7.0 | *-3.0%* |
| Non-recovered property expenses | (2.3) | (2.5) | *-6.6%* |
| **Net rental income** | **4.5** | 4.6 | *-1.1%* |
| Operating costs | (1.8) | (1.8) | *-0.9%* |
| Provisions net of reversals | (0.2) | (0.4) | |
| **Current operating income** | **2.5** | 2.4 | *+5.9%* |
| Net gains/(losses) on disposal of assets | 0.0 | (0.1) | |
| Change in fair value of properties | 0.3 | 2.2 | |
| Other operating income and expense | 0.2 | (0.0) | |
| **Operating income** | **3.0** | 4.4 | *-31.7%* |
| Net cost of debt | (1.1) | (1.2) | *-13.1%* |
| Other financial income and expense | (0.3) | (0.2) | |
| **Net income before tax** | **1.6** | 3.0 | |
| Income tax | 0.0 | (0.0) | |
| **Consolidated net income** | **1.6** | 3.0 | |

## Appendix 2: Quarterly rental income

| **Consolidated revenues**<br>**€m** | **Q2 2016** | Q2 2015 | *Like-for-like change* |
|---|---|---|---|
| Retail | 2.2 | 2.4 | *-10.5%* |
| Offices | 1.2 | 1.0 | *+30.9%* |
| **Gross rental income** | **3.4** | 3.5 | *+1.0%* |

## Appendix 3: Balance sheet at 30 June 2016

| **Simplified IFRS balance sheet**<br>**€m** | **30.06. 2016** | 31.12. 2015 |
|---|---|---|
| Investment properties | 189.1 | 216.3 |
| Assets held for sale | 35.4 | 9.7 |
| Current receivables/assets | 11.8 | 8.4 |
| Cash and cash equivalents | 6.3 | 13.4 |
| **Total assets** | **242.5** | 247.8 |
| Shareholders' equity | 123.9 | 126.6 |
| Financial debt | 101.0 | 111.0 |
| Other debt/liabilities | 17.5 | 10.2 |
| **Total equity and liabilities** | **242.5** | 247.8 |

## Appendix 4: Disposals made since 1 January 2013

| **Assets sold** | **Date of sale** | **Price excl. transfer taxes €m** |
|---|---|---|
| Office building,<br>Rue de la Bourse, Paris (2nd arrondissement) | December 2013 | 10.4 |
| Office building,<br>Rue Cadet, Paris (9th arrondissement) | April 2014 | 12.0 |
| Delta office building complex,<br>Rungis (94) | September 2014 | 10.5 |
| Plaza office building,<br>Rue de la Brêche-aux-Loups, Paris (12th arrondissement) | April 2015 | 16.8 |
| Cytéo office building,<br>Rueil-Malmaison (92) | April 2016 | 6.3 |
| Solis office building,<br>Les Ulis (91) | July 2016 | 11.0 |