Press release

First half 2018 results

- **Portfolio[1] value: €162.6m after sale of the Nova office building marking the end of refocusing on retail properties**
- **Increase in net operating cash flow to €1.1m**
- **Annualised net rents[2]: €8.3m, up 12%**
- **Launch of 2 shopping centre extension projects**
- **Confirmation of target[3] of annualised net rents over €10m post completion of the value-enhancement plan, scheduled for late 2019**

Paris, 27 July 2018: MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail property, today announced its half-year results as of June 30, 2018. This publication follows the review and approval of the half-year financial statements[4] by MRM's Board of Directors at its meeting of 26 July 2018.

Asset management and letting activity in the 1st half of the year

Sale of the Nova office building

On 15 May 2018, MRM sold the Nova office building in La Garenne-Colombes on the outskirts of La Défense for €38 million (excluding transfer taxes). Representing a total floor area of 10,600 sqm, this multi-tenant building was sold with an occupancy rate of 81%.

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[1] Value excluding transfer taxes based on valuations issued on 30 June 2018 by JLL, including assets held for sale, which are recognised in accordance with IFRS 5.
[2] 12-month projection of guaranteed minimum rent in place, excluding taxes, rent-free periods and support measures for lessees.
[3] Taking account of space currently being created and assuming a retail portfolio occupancy rate of 95%.
[4] The financial statements have been subject to a limited review by the statutory auditors. The statutory auditors' report on financial information for the first half of 2018 has been issued without any observations or reservations.

This sale of MRM's last office building in operation marks the end of the process initiated in 2013 of gradually refocusing its real estate investment business on the ownership and management of retail properties. This brings the total proceeds of office property sales carried out by MRM since this date to €126 million (excluding transfer taxes).

Following this asset sale, the Office category within MRM's property portfolio now comprises only Urban, a vacant building due to be sold as it stands.

Solid progress in letting operations during the 1st half of the year

Regarding letting activity during the first half of the year, nine leases (new leases or renewals) were signed, representing an annual rent of €0.8 million.

Ten leases came into effect during the same period, corresponding in particular to the reletting of a several mid-size units: Le Grand Bazar took over the 2,800 sqm high-street unit in Reims, Basic-Fit opened a 1,275 sqm store at Les Halles du Beffroi in Amiens, and retailers V&B and MaxiZoo now occupy 1,400 sqm within Aria Parc in Allonnes. These leases took effect on a staggered basis between February and the end of June 2018.

Good progress of letting activity in the first half of the year resulted in a sharp increase in the occupancy rate to 83% at 1 July 2018 compared with 76% at 1 January 2018. As a result, annualised net rents[2] rose by 12% to €8.3 million at 1 July 2018 compared with €7.4 million at 1 January 2018.

Asset portfolio of €162.6 million at end-June 2018

The value of **MRM's portfolio** was €162.6 million at 30 June 2018, down 18.5% compared with €199.6 million at 31 December 2017. This fall is due to the sale of the Nova building in May 2018. On a like-for-like basis[5], the value of the portfolio rose by 0.2%, reflecting the slight increase in value of retail properties.

The value of **retail properties**, which was €159.5 million at 30 June 2018, rose by 0.4% compared with €159.0 million at end-December 2017. On a like-for-like basis, i.e. adjusted for the sale of the freehold of a garden centre during the period, this represents an increase of 0.5%.

Investments over the first half of the year totalled €5.5 million, corresponding to the launch of the two largest projects still to be committed. This concerns:

- The partial redevelopment and 2,600 sqm extension of the Valentin shopping centre near Besançon, due to be completed at the end of 2019;
- The 2,300 sqm extension programme at Aria Parc in Allonnes to create a mid-size store to be taken up by Maison Dépôt at the end of 2018.

[5] Change in portfolio adjusted for asset sales carried out since 1 January 2018.

Rental income and net income

Consolidated revenues €m	**H1 2018** €m	H1 2017 €m	*Change (reported)*	*Change like-for-like*[6]
Retail	4.3	4.5	*-5.9%*	*-6.9%*
Offices	0.8	1.1	*-30.4%*	*+2.5%*
Gross rental income	**5.1**	**5.7**	***-10.8%***	*-5.6%*
Non-recovered property expenses	(1.8)	(2.1)	*-12.7%*	
Net rental income	**3.2**	**3.6**	***-9.7%***	

Gross rental income for the first half of the year totalled €5.1 million, down 10.8% relative to the first half of 2017, mainly due to the sale of the Nova building during the period (15 May 2018) and the temporary drop in the retail occupancy rate. On a like-for-like basis, gross rental income fell by 5.6%.

Gross rental income from retail properties came to €4.3 million in the first half of 2018. This 5.9% fall relative to the year-earlier period was due to:

- The negative effect of the vacating of three mid-size units representing a total of 6,000 sqm (termination notices received in 2017 for the Reims property, Aria Parc in Allonnes and Les Halles du Beffroi in Amiens). Leases were signed during the first half of the year for two of these units , but because of the date they take effect, the impact on rental income for the period was only partial;
- The positive impact of leases corresponding in particular to the 1,050 sqm of retail space created within Carré Vélizy (taking effect in the second half of 2017) and the 1,000 sqm units let to Freeness since end-2017 by Freeness at Le Passage de la Réunion in Mulhouse;
- Rent paid by the tenant of the 1,500 sqm unit acquired in June 2017 within Aria Parc. Not taking account of this acquisition, revenues for the retail property portfolio fell by 6.9% like-for-like compared with the first half of 2017.

Office rental income reflects rents received from tenants of the Nova building until 15 May 2018, when the property was sold.

Non-recovered property expenses decreased further in the first half of 2018, benefiting from the lower vacancy rate for retail properties, cost-cutting efforts and the higher occupancy rate for Nova.

Net rental income came to €3.2 million compared with €3.6 million in the first half of 2017.

Operating expenses fell sharply, mainly thanks to the end of the CBRE Global Investors contract in the third quarter of 2017, down 18.6% at €1.4 million. While MRM benefited from net reversals of provisions of €0.5 million in the first half of 2017, provisions net of reversals totalled €0.4 million in the first half of 2018.

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[6] 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.

Meanwhile, other operating income and expense increased from -€1.1 million[7] to +€0.2 million. As a result, operating income before asset sales and change in fair value increased to €1.6 million compared with €1.2 million a year earlier.

Including investments for the period and taking account of the higher yield applied by expert appraisers at the end of the first half of the year, MRM recorded a negative change in the fair value of its portfolio of €5.2 million.

Consequently, despite an 11.9% reduction in cost of net debt, MRM posted a consolidated net loss of €4.9 million for the first half of 2018, compared with a loss of €2.6 million in the first half of 2017.

The simplified income statement is attached in an appendix.

Increase in net operating cash flow

Net operating cash flow [8] **€m**	**H1 2018**	H1 2017
Net rental income	**3.2**	3.6
Operating expenses	(1.4)	(1.8)
Other operating income and expense	0.2	(1.1)
EBITDA	**2.0**	0.7
Net cost of debt	(0.8)	(1.0)
Net operating cash flow	**1.1**	(0.3)

EBITDA rose from €0.7 million in the first half of 2017 to €2.0 million in the first half of 2018 despite the decline in net rental income. This improvement was thanks to lower operating expenses and the recognition of a net amount of €0.2 million in other operating income, compared with a net amount of €1.1 million in other operating expenses[7] that affected the financial statements for the first half of 2017.

Net cost of debt decreased to €0.8 million from €1.0 million in the first half of 2017.

Consequently, net operating cash flow was €1.1 million compared with -€0.3 million in the first half of 2017. Adjusted for non-recurring items, net operating cash flow was also up at €1.0 million in the first half of 2018 compared with €0.8 million in the first half of 2017.

Solid financial position

Gross financial debt decreased from €95.3 million at 31 December 2017 to €72.3 million at 30 June 2018. This significant reduction was due to the repayment of the €22.0 million loan from SCOR following the sale of the Nova building.

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[7] Including the payment of deferred registration fees relating to the acquisition of Urban in 2007 and eviction compensation paid to a tenant.
[8] Net operating cash flow = consolidated net income before tax adjusted for non-cash items.

Consequently, and taking account of the refinancing operations carried out by MRM in the fourth quarter of 2017, no significant loan repayments are due before the end of 2021.

At the end of June 2018, MRM had cash and cash equivalents of €18.5 million compared with €13.3 million at 31 December 2017.

Net debt therefore stood at €53.8 million at 30 June 2018 compared with €81.9 million at 31 December 2017. The net LTV ratio was 33.1% compared with 41.0% six months earlier.

As a result in particular of the dividend[9] paid in respect of 2017 (€4.8 million), net operating cash flow generated during the year (€1.1 million) and the change in the fair value of properties (-€5.2 million), EPRA NNNAV was €108.2 million, down 8.3% relative to 31 December 2017 (€118.0 million). Adjusted for the dividend payout in respect of 2017, EPRA NNNAV fell by 4.4%

Net asset value	**30.06.2018**		31.12.2017	
	Total €m	**Per share €**	Total €m	Per share €
EPRA NNNAV	**108.2**	**2.48**	118.0	2.70
Replacement NAV	**119.4**	**2.74**	133.2	3.05
Number of shares (adjusted for treasury stock)	*43,617,801*		*43,632,801*	

Outlook

MRM is continuing to carry on the investment plan dedicated to its retail portfolio. This plan, which concerns seven of the nine retail properties in the portfolio, includes a total of 6,900 sqm of additional space, of which 2,000 sqm has already been completed.

Three programmes have already been completed: the refurbishment 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.

During the first half of the year, MRM committed a total of €20.4 million in investment corresponding primarily to extension projects at the Valentin shopping centre and Aria Parc in Allonnes, which will result in the creation of a total of 4,900 sqm of additional space, representing a 6% increase in the total space at end-June 2018 of the retail property portfolio (84,000 sqm). MRM also launched the more modest renovation project at La Galerie du Palais in Tours. At end-June 2018, a total of €34 million was committed in respect of the value-enhancement plan, while the total investment budget is still estimated at €35 million over the 2016-2019 period.

Taking account rents on additional space and assuming a retail portfolio occupancy rate of 95%, MRM confirms its target of total annualised net rents[2] of over €10 million at the end of the value-enhancement plan, scheduled for late 2019 (excluding acquisitions or asset sales).

[9] Distribution of premiums.

Calendar

Revenues for the third quarter of 2018 are due out on 9 November 2018 before market opening.

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	**H1 2018**	**H1 2017**
Net rental income	**3.2**	**3.6**
Operating expenses	(1.4)	(1.8)
Provisions net of reversals	(0.4)	0.5
Other operating income and expense	0.2	(1.1)
Operating income before disposals and change in fair value of properties	**1.6**	**1.2**
Net gains/(losses) on disposals of assets	(0.1)	0.0
Change in fair value of properties	(5.2)	(2.7)
Operating income	**(3.8)**	**(1.5)**
Net cost of debt	(0.8)	(1.0)
Other financial income and expense	(0.3)	(0.2)
Net income before tax	**(4.9)**	**(2.6)**
Income tax	0.0	0.0
Consolidated net income	**(4.9)**	**(2.6)**

Appendix 2: 2018 second-quarter revenues

Consolidated €m	**Q2 2018**	Q2 2017	*Change*	*Like-for-like change*[8]
Retail	**2.14**	2.25	*-5.1%*	*-6.1%*
Offices	**0.26**	0.53	*-51.6%*	*0.0%*
Total gross rental income	**2.40**	2.79	*-14.0%*	*-5.5%*

Appendix 3: Balance sheet

Simplified IFRS balance sheet €m	**30.06.2018**	31.12.2017
Investment properties	159.3	158.5
Assets held for sale	3.3	41.1
Current receivables/assets	7.5	7.0
Cash and cash equivalents	18.5	13.3
Total Assets	**188.6**	**219.9**
Equity	108.2	118.0
Financial debt	72.3	95.3
Other debt and liabilities	8.1	6.6
Total Equity and liabilities	**188.6**	**219.9**