



## Press Release

### First half 2014 results

- **Gross rental income down 2.0% on a like-for-like basis<sup>1</sup>**
- **Net operating cash flow increased fivefold to €2.0m thanks to reduced charges**
- **Portfolio value at €244.1 million**
- **Liquidation NAV of €2.9 per share after dividend**
- **A further improvement in the Net LTV ratio at 46.7%**

**Paris, 31 July 2014** - MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail and office property, announced today its results for the first half of 2014. This publication followed the review and approval of the audited<sup>2</sup> financial statements for the period ended 30 June 2014 by MRM's Board of Directors at its meeting on 30 July 2014.

#### **Asset portfolio of €244.1m at end-June 2014**

The value<sup>3</sup> of MRM's asset portfolio was €244.1 million at 30 June 2014, from €261.1 million at 31 December 2013. This change primarily reflects the implementation of the strategy of gradual withdrawal from the office segment. During the first half, MRM completed the disposal of an office building located rue Cadet in Paris (9<sup>th</sup> district), which was sold at a price of €12 million excluding transfer taxes. Restated for the effect of this disposal, the value of the asset portfolio fell by 2.2%.

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<sup>1</sup>Like-for-like figures are established by subtracting from the reported figure for year n any rental income from assets acquired over the period and subtracting from the reported figure for year n-1 any rental income for assets sold over the period.

<sup>2</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 2014 has been issued without observation or reservation.

<sup>3</sup>Value excluding transfer taxes based on valuations issued on 30 June 2014 by Catella, Savills and Jones Lang LaSalle, including assets held for sale, which are recorded in financial statements in accordance with IFRS5.

During the first half of 2014, investments totalled €1.5 million and the fair value of the asset portfolio was reduced by €6.9 million relative to 31 December 2013.

<b>Value<sup>3</sup> of MRM's portfolio</b> in € million	<b>30.06.2014</b>	31.12.2013	Change like-for-like
Retail	147.5	151.4	-2.6%
Offices	96.5	109.8	-1.6%
<b>Total MRM</b>	<b>244.1</b>	261.1	<b>-2.2%</b>

#### Retail

The value of the retail portfolio (60% of the total) is €147.5 million. The 2.6% decline on a like-for-like basis relative to end-December 2013 is mainly due to adjusted rental conditions granted on some lease renewals, adjustments in the rental values of some units to current market conditions and the on-going re-letting process for vacant space.

During the first half of 2014, six new leases were signed, representing annual rent of €0.4 million. At 30 June 2014, the occupancy rate for the retail portfolio was stable at 84% compared to 31 December 2013. At 1 July 2014, annualised net rental income of the retail properties was €8.5 million.

#### Offices

The total value of the office portfolio (40% of the total) is €96.5 million, a slight decline of 1.6% on a like-for-like basis compared with end-December 2013. This results mainly from the decision to put up for sale a property which is not fully let.

Despite the sale of the fully-let building located rue Cadet, the occupancy rate for the office portfolio at 30 June 2014 was 53%, from 52% on 31 December 2013. This reflected a mixed occupancy rate of the assets, while MRM actively continuing the letting of available space in its renovated and restructured buildings.

Over the course of the first half, five new leases were signed, corresponding to €1.3 million in additional annual rent. Three of these leases concerned Nova (La Garenne-Colombes) and when they come into effect in the fourth quarter of 2014 they will take the occupancy rate of this 10,700 sqm building to 65%. At 1 July 2014, annualised net rental income for the office buildings in operation was €3.9 million.

## H1 2014 rental income

### Gross rental income

MRM generated consolidated revenues of €7.5 million. The 6.0% fall compared with consolidated revenues for the first half of 2013 was primarily due to the disposal of buildings since the beginning of 2013<sup>4</sup>. On a like-for-like basis, consolidated revenues were down 2.0%.

Consolidated revenues	H1 2014		H1 2013 €m	Change	Change like-for- like <sup>1</sup>
	€m	% of total			
Retail	4.6	61.8%	5.3	-12.7%	-12.7%
Offices	2.9	38.2%	2.7	+7.5%	+22.4%
<b>Total gross rental income</b>	<b>7.5</b>	<b>100%</b>	<b>7.9</b>	<b>-6.0%</b>	<b>-2.0%</b>

Gross rental income from retail properties was 12.7% lower than in the first half of 2013. In weak conditions for consumer spending in France, the decrease in revenues was due to changes to rental terms granted to certain tenants and the vacating of retail space which is now in a re-letting process.

On a like-for-like basis, gross rental income from offices rose by 22.4%, thanks to the progress made in letting available space. On a current basis, the increase was smaller (+7.5%) due to the disposals of office properties since 1 January 2013.

### Net rental income up 4.0%

Net rental income increased by €0.2 million at €5.6 million (+4.0%). This was due to a €0.7 million reduction in non-recovered property expenses, which totalled €1.9 million over the period.

## Results

Current operating income increased by 29.2% in the first half of 2014, to €3.3 million.

Given the change in the fair value of the asset portfolio (-€6.9 million over the period), MRM consolidated net income was a loss of -€5.9 million in the first half of 2014 versus a profit of €34.5 million in the first half of 2013 which was positively impacted by the recapitalisation and restructuring of MRM's liabilities.

<sup>4</sup> A list of assets sold is provided in the appendix.

## Strong growth in net operating cash flow

<b>Net operating cash flow</b> in € million	<b>H1 2014</b>	H1 2013	<i>Change</i>
<b>Gross rental income</b>	<b>7.5</b>	7.9	-6.0%
Non-recovered property expenses	(1.9)	(2.5)	-26.7%
<b>Net rental income</b>	<b>5.6</b>	5.4	+4.0%
Operating expenses	(2.2)	(2.6)	-15.6%
Other operating income and expense	0.0	(0.0)	
<b>Gross operating income</b>	<b>3.4</b>	2.8	+22.7%
Net cost of debt	(1.4)	(2.4)	-41.8%
Other financial income and expense	0.0	(0.0)	
<b>Net operating cash flow</b>	<b>2.0</b>	0.4	x5

The €0.4 million reduction in operating expenses to €2.2 million (-15.6%), reflects the reduction in fees resulting from the new asset management contract concluded with CBRE Global Investors in May 2013. Thus gross operating income was 22.7% higher, rising €0.6 million, from €2.8 million in the first half of 2013 to €3.4 million in the first half of 2014.

As a result of the restructuring of liabilities that took place in May 2013, the net cost of debt was reduced by €1.0 million to €1.4 million in the first half of 2014. Given this significant 41.8% reduction, MRM generated a net operating cash flow of €2.0 million, from €0.4 million in the first half of 2013.

## A solid balance sheet

At end-June 2014, MRM's debt, consisting solely of bank loans, stood at €134.3 million, down by €12.4 million compared to end-December 2013, following the disposal of the property on rue Cadet and contractual loan repayments made over the course of the first half. The net LTV ratio, which stood at 48.5% at 31 December 2013, improved further over the first half of 2014, to 46.7%.

<b>Simplified IFRS balance sheet</b> in € million	<b>30.06.2014</b>	<b>31.12.2013</b>
Investment properties	229.5	233.3
Assets held for sale	14.6	27.8
Current receivables/assets	11.1	10.9
Cash and cash equivalents	20.2	19.9
<b>Total assets</b>	<b>275.4</b>	<b>291.9</b>
Equity	124.7	135.0
Bank loans	134.3	146.7
Other debt/liabilities	16.4	10.2
<b>Total liabilities and equity</b>	<b>275.4</b>	<b>291.9</b>

Given the dividends paid against 2013 results (€4.4 million), net operating cash flow in the first half (€2.0 million) and the reduction in fair value of the asset portfolio (€6.9 million), liquidation NAV decreased to €124.7 million at 30 June 2014, from €135.0 million at 31 December 2013.

Net asset value	30.06.2014		31.12.2013	
	total €m	per share €	total €m	per share €
Liquidation NAV	<b>124.7</b>	<b>2.9</b>	135.0	3.1
Replacement NAV	<b>139.2</b>	<b>3.2</b>	149.7	3.4
<i>Number of shares (adjusted for treasury stock)</i>	<b>43,647,591</b>		<b>43,649,803</b>	

## Outlook

Since June 2013, MRM has been benefitting from an improved financial position and has undertaken a strategic refocusing of its activities on retail properties.

By end-2016, MRM aims at implementing plans to enhance the value of its retail properties while adjusting such plans to market changes, along with the gradual disposal of its office properties.

## Calendar

Revenues for the third quarter of 2014 are due on 6 November 2014 before market opening.

## About MRM

MRM is a listed real estate company with a portfolio worth €244.1 million (excluding transfer taxes) as at 30 June 2014, comprising retail properties (60%) and offices (40%). Since 29 May 2013, SCOR SE has been MRM's main shareholder, holding a 59.9% stake. MRM is advised by CBRE Global Investors on the management of its properties. 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

<b>Simplified IFRS income statement</b> in € million	<b>H1 2014</b>	H1 2013	<i>Change</i>
<b>Gross rental income</b>	<b>7.5</b>	7.9	-6.0%
Non-recovered property expenses	(1.9)	(2.5)	
<b>Net rental income</b>	<b>5.6</b>	5.4	4.0%
Operating expenses	(2.2)	(2.6)	-15.6%
Provisions net of reversals	(0.1)	(0.3)	
<b>Current operating income</b>	<b>3.3</b>	2.5	29.2%
Net gains/(losses) on disposal of assets	(0.0)	0.0	
Change in fair value of properties	(6.9)	(2.0)	
Other operating income and expense	(0.1)	(0.0)	
<b>Operating income</b>	<b>(3.9)</b>	0.5	
Net cost of debt	(1.4)	(2.4)	-41.8%
Other financial income and expense	(0.6)	36.7	
<b>Net income before tax</b>	<b>(5.9)</b>	34.8	
Income tax	(0.1)	(0.2)	
<b>Consolidated net income</b>	<b>(5.9)</b>	34.5	

## Appendix 2: Quarterly rental income

<b>Consolidated revenues</b> in € million	<b>Q1 2014</b>	Q1 2013	<i>Change</i>	<i>Change like-for-like</i>
Retail properties	<b>2.33</b>	2.69	-13.3%	<b>-13.3%</b>
Offices	<b>1.50</b>	1.42	5.9%	<b>14.1%</b>
<b>Total gross rental income</b>	<b>3.83</b>	4.11	-6.7%	<b>-4.3%</b>

  

<b>Consolidated revenues</b> in € million	<b>Q2 2014</b>	Q2 2013	<i>Change</i>	<i>Change like-for-like</i>
Retail properties	<b>2.28</b>	2.60	-12.2%	<b>-12.2%</b>
Offices	<b>1.35</b>	1.23	9.5%	<b>33.2%</b>
<b>Total gross rental income</b>	<b>3.63</b>	3.83	-5.2%	<b>0.6%</b>

### Appendix 3: Asset sales since 1 January 2013

<b>Assets sold</b>	<b>Date of sale</b>	<b>Price excl. transfer taxes (€m)</b>
Office building, Rue de la Bourse, Paris (2 <sup>nd</sup> district)	December 2013	10.4
Office building, Rue Cadet, Paris (9 <sup>th</sup> district)	April 2014	12.0

