Press release

First-half 2020 financial information

- **Consolidated revenues up 2.8% to €4.7m**
- **Impact of the public health crisis on financial performance**
  - **Net operating cash flow down 21.2% to €1.3m**
  - **Portfolio value down 2.9% to €163.3m**
- **Healthy financial position and strengthened liquidity position**
- **Annualised net rents at 1 July 2020 up 1.2% to €8.6m**

Paris, 29 July 2020: MRM (Euronext code ISIN: FR0000060196), a real estate company specialising in retail property, today announced its first-half 2020 results. This press release follows on from the review and approval of the interim financial statements by MRM's Board of Directors at its meeting on 28 July 2020.

Impact of the public health crisis during the first half and measures taken

Restriction of retail activity

The restrictions introduced in France to stop the spread of the covid-19 virus severely curtailed retail activity during the lockdown from 17 March 2020 until 11 May 2020.

During this period, only stores selling essential goods were allowed to remain open in MRM's portfolio. Given their retail mix, five of MRM's shopping centres including stores allowed to trade remained open to the public. Garden centres remained open. Conversely, the medium-sized city centre unit in Reims and retail units at Carré Vélizy (Vélizy) and Passage de la Réunion (Mulhouse) stayed closed. Retailers that stopped their operations accounted for close to 75% of annualised gross rents at 1 January 2020.

All stores were able to reopen from 11 May 2020 except for restaurants and fitness centres, which were allowed to open as from 2 June 2020.

Operating measures

While maintaining the means necessary to keep people and properties safe, MRM took measures to reduce property operating expenses at its shopping centres during the lockdown period.

In line with the recommendations issued by the Conseil National des Centres Commerciaux, it suspended the collection of rent and service charges during April and May 2020 from all tenants forced to close down.

MRM has since established a dedicated committee to manage and supervise discussions with tenants and to assess on a case-by-case basis conditions and criteria for the recovery or write-off, in whole or in part, of rents and service charges, payment of which has been suspended, as well as counterparties to seek from tenants.

The estimated amount of rent write-offs that MRM is planning to grant stands at €1.2 million, €0.9 million of which in relation with the second quarter and thus reflected in the financial statements for the first half of 2020. The remainder will be recognised in the third quarter. In addition, additional support measures may be provided on a case-by-case basis during the second half to continue supporting tenants with getting their business going again.

Initiatives to strengthen MRM's liquidity position

Given the uncertainty as to how long the public health crisis will continue for and its impact on activity levels, MRM's Board of Directors decided during its 14 May 2020 meeting to cancel the proposed pay-out of €0.11 per share in respect of the 2019 financial year, which had been announced on 28 February. While MRM's financial situation is in good shape, with its debt firmly under control, the Board of Directors took this decision for caution's sake, considering that it was in the best interests of the Company and its stakeholders.

In addition, MRM reached agreement in June 2020 with its main banking partner to extend by six months until June 2022 and June 2023 the maturity of its two loans making up 80% of the Company's total bank debt. The €1.2 million loan amortizations falling in the second and third quarters of 2020 were postponed until the two quarters preceding the new maturity date of the credit lines.

Portfolio value: €163.3 million

(€ million)	**30 June 2020**	31 December 2019	*Change*
Portfolio value (excluding transfer taxes)	**163.3**	168.1	*-2.9%*

No change was made to the scope of the portfolio during the period. The portfolio's value stood at €163.3 million at 30 June 2020, down 2.9% from its level at 31 December 2019, with trends varying from one type of property to another. Average capitalisation rates increased, as well as letting periods for vacant space and rent-free periods for tenants.

A total of €1.2 million in capital expenditure was committed during the first half of 2020. This spending reflected progress made with the redevelopment/extension project at the Valentin shopping centre, where works had to be stopped temporarily during the lockdown.

Growth in gross and net rental income

First-half consolidated revenues (€ million)	**H1 2020**	H1 2019	*Change*
Gross rental income	**4.7**	4.6	***+2.8%***
Non-recovered property expenses	(0.9)	(1.2)	*-19.0%*
Net rental income	**3.8**	3.4	***+10.2%***

First-half 2020 consolidated revenues reflect gross rent billed, and, as such, were not affected by the support measures to be granted to tenants. Tenant support measures gave rise instead to the recognition of a provision for impairment in trade receivables.

As a result, MRM's first-half 2020 consolidated revenues came to €4.7 million, up 2.8% compared with the first half of 2019. This increase in gross rental income largely reflects the new leases taking effect. Several came into force during 2019, which more than made up for the impact of the termination of a 1,000 sqm lease for two units within the Valentin shopping centre (close to Besançon) owing to the redevelopment/extension works underway there. Indexation also had a positive impact, albeit a modest one.

The fall in non-recovered property expenses during the first half 2020 compared with the same period of the previous year resulted predominantly from improved recovery levels of expenses on certain retail assets and, to a lesser extent, from the positive impact of the sale of the Urban building in late January 2019, which was completely vacant.

Net rental income rose by 10.2% to €3.8 million, versus €3.4 million in the year-earlier period.

Operating income depressed by the public health crisis and its economic impact

Operating expenses decreased by 7.2% in the first half of 2020.

Provisions totalled €1.4 million, including €0.8 million for rent write-offs in connection with tenant support measures.

In addition, note that in the first half of 2019, the 3,300 sqm medium-sized unit in Allonnes, which did not open, led to the recognition of income reflecting the contractual penalties billed to the tenant, which was offset by a provision for impairment of the corresponding receivable. An amicable lease termination protocol was entered into in January 2020 leading to the write-off of the contractual penalties and the payment of termination compensation to MRM. Accordingly, the first-half 2020 figures include the reversal of the provision for impairment recorded in the first half of 2019, offset by the write-off of the contractual penalties.

All in all, **operating income before disposals and change in fair value** stood at €1.4 million, down 31.6%.

Taking into account the period's capital expenditure, the decline in appraisal values resulted in a fall in the portfolio's fair value of €6.0 million, compared with an increase in the first half of 2019.

Net financial expense was stable at €0.7 million.

As a result, the first-half 2020 **consolidated net loss** came to €4.9 million, versus consolidated net profit of €2.4 million in the first half of the previous year.

A condensed income statement is included in the appendix.

Net operating cash flow[1] dampened by tenant support measures

(€ million)	**H1 2020**	H1 2019	*Change*
Net rental income	**3.8**	3.4	*+10.2%*
Tenant support measures	**(0.8)**	-	
Operating expense	**(1.2)**	(1.3)	*-7.2%*
Other operating income and expense	**(0.2)**	0.2	
EBITDA	**1.5**	2.3	*-32.7%*
Net gains/(losses) on disposal of assets	**0.4**	-	
Cost of net debt	**(0.6)**	(0.6)	
Net operating cash flow	**1.3**	1.7	*-21.2%*

Despite lower operating expense (down 7.2%), **EBITDA** declined 32.7% to €1.5 million as a result of rent write-offs in respect of the second quarter of 2020.

The payment during the first half of the balance of the price sale of the Urban building gave rise to a disposal gain of €0.4 million. The net cost of debt remained stable at €0.6 million.

All in all, **net operating cash flow** fell 21.2% to €1.3 million from €1.7 million in the first half of 2019.

Healthy financial position

Gross debt totalled €76.6 million at 30 June 2020, down from €77.1 million at 31 December 2019.

As a result of the agreement with its main banking partner covering two credit lines accounting for 80% of its total bank debt, MRM has no major debt repayments to make for the next two years (June 2022).

At 30 June 2020, 80% of its debt carries a fixed rate, with an average cost of 159 bp in the first half of 2020 (vs. 158 bp in 2019).

MRM held €10.7 million in **cash and cash equivalents** at 30 June 2020, down from €12.3 million at 31 December 2019. The net LTV ratio was 40.3% vs. 38.8% six months earlier.

MRM has a €0.9 million available credit line arranged to finance part of its capital expenditure, and its maturity has been deferred until June 2022.

Taking into account chiefly the €1.3 million in net operating cash flow generated during the first half and the €6.0 million decrease in the fair value of properties, the **EPRA NDV**[2] came to €95.1 million (€2.18 per share) compared with €100.3 million (€2.30 per share) at 31 December 2019 (see table in the appendix).

[1] Net operating cash flow = consolidated net income before tax adjusted for non-cash items.

[2] Net disposal value, reflecting the portion of net assets attributable to shareholders in the event of disposal. This indicator replaces the EPRA NNNAV.

Getting operational activities moving again

At 1 July 2020, MRM had a portfolio of 133 leases. Only 4 new leases and renewals were agreed during the first half of 2020, as retailers' development activity was severely curtailed during the lockdown.

The financial occupancy rate was 87%, thanks to the lease termination compensation received in respect of the unit in Allonnes that did not open during 2019, as this payment covered rent and service charges due until October 2021. The physical occupancy rate was 82%.

Annualised net rents came to €8.6 million, up 1.2% compared to 1 January 2020 as a result of an increase in annualised gross rents combined with lower non-recovered expenses.

All MRM's tenant retailers had reopened for business by 1 July 2020, with business trends varying according to the type of store and type of property.

Even so, MRM's retail mix is relatively favourable, with a high proportion of food and household equipment tenants and limited exposure to sectors under greatest pressure, such as clothing and restaurants.

Letting activities have resumed with two new leases agreed in June (440 sqm at the Passage du Palais in Tours and 420 sqm in office space at the Carré Vélizy building), and subsequently the letting of a 1,100 sqm medium-sized unit in the Valentin shopping centre extension.

Outlook

The current situation remains clouded by uncertainties concerning future economic trends and how long it will take for the economy to return to its pre-pandemic level. In addition, the crisis has accelerated existing trends in the sector (search for convenience and meaning in the act of purchase, , development of digital and online sales), with consumers showing greater awareness of the health and safety profile of products and shopping venues, as well as of retailers' ESG policies.

In this context, MRM has set the following priorities for the second half of 2020:

- Continued relaunch of letting, reletting and tenant rotation activities;
- Completion of the value-enhancement plan, the renovation (1,000 sqm in space) and extension (+2,600 sqm) at the Valentin shopping centre being now scheduled for completion in the fourth quarter of this year as a result of the suspension of works during the lockdown as well as the review by tenants of the opening timetable for their store;
- Extension / ramp-up of measures taken since 2015, with an emphasis on cutting energy and water consumption as well as on producing less waste.

MRM maintains its target of total annualised net rents in excess of €10 million, assuming a physical occupancy rate of 95%. This target is based on the current portfolio excluding acquisitions and disposals.

On another note, MRM is formally establishing an ESG programme covering environmental, societal and governance issues in its operational and governance framework with the adoption of a Climate Plan by the Board of Directors and the creation of a CSR Committee chaired by Valérie Ohannessian.

Lastly, MRM's Board of Directors is preparing the succession of its Chief Executive Officer

About MRM

MRM is a listed real estate investment company that owns and manages a portfolio 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: Second quarter 2020 rental income

€m	Q2 2020	Q2 2019	Change
Total gross rental income	**2.30**	2.30	*+0.1%*

Appendix 2: Simplified IFRS income statement

€m	H1 2020	H1 2019	Change
Net rental income	**3.8**	3.4	*+10.2%*
Operating expenses	(1.2)	(1.3)	*-7.2%*
Reversals of provisions and impairment	1.8	0.0	
Provisions	(1.4)	(1.8)	
Other operating income and expenses	(1.6)	1.6	
Operating income before disposals and change in fair value	**1.4**	2.0	*-31.6%*
Net gains/(losses) on disposal of assets	0.4	(0.0)	
Change in fair value of properties	(6.0)	1.2	
Operating income	**(4.2)**	3.1	
Net cost of debt	(0.6)	(0.6)	*+1.4%*
Other financial income and expense	(0.1)	(0.1)	
Net income before tax	**(4.9)**	2.4	
Tax	-	-	
Consolidated net income	**(4.9)**	2.4	

Appendix 3: Simplified IFRS balance sheet

€m	30 June 2020	31 December 2019
Investment properties	163.1	167.9
Assets held for sale	0.2	0.2
Current receivables and other assets	8.8	7.6
Cash and cash equivalents	10.7	12.3
Total assets	**182.8**	188.0
Equity	96.2	101.1
Bank debt	76.6	77.1
Other debt and liabilities	10.0	9.8
Total equity and liabilities	**182.8**	188.0

Appendix 4: Net Asset Value

	30 June 2020		31 December 2019	
	Total M€	**Per share €**	Total M€	Per share €
ANR EPRA NDV[1]	**95.1**	**2.18**	100.3	2.30
ANR EPRA NRV[2]	**107.0**	**2.45**	112.2	2.57
Number of shares (adjusted for treasury stock)	*43,606,694*		*43,631,618*	

[1] EPRA Net Disposal Value (EPRA NDV): liquidation NAV which reflects the shareholder's share of net assets in the event of disposal - This indicator replaces the EPRA NNNAV.
[2] EPRA Net Reinstatement Value (EPRA NRV) - This indicator replaces the Replacement NAV