Press release

Full-year results 2010

- **Gross rental income: €25.3m**
- **Net operating cash flow[1]: €5.5m**
- **Successful implementation of asset disposal programme and sharp reduction in bank debt**
- **Slight like-for-like increase in value of asset portfolio**
- **Post year-end, after restructuring a large part of the debt maturing in 2011: liquidation NAV[2] stands at €12 per share**

Paris, 24 February 2011: MRM (Euronext code ISIN FR0000060196), a mixed real estate company specialising in retail and office property, today announced its rental income and results for 2010. This announcement follows the review of MRM's audited financial statements for the year ended 31 December 2010 by the Board of Directors during its meeting on 23 February 2011.

Summary

2010 was marked by an acceleration in the asset disposal programme initiated by MRM in early 2009. In 2010, total disposals reached €151m (of which €2.5m conditional), helping the company to reduce its net debt by €126m. The reduction in bank loans was accompanied by a significant restructuring of credit lines, notably with regard to short-term maturities.

MRM's accounts for 2010 reflect the reduction in the size of its asset portfolio from €491.8m at 31 December 2009 to €339.7m at 31 December 2010. Despite the compression in yields in the second half, the change in fair value for the full year was -€9.2m, resulting from an increase of €4.3m in the stabilised assets portfolio and a reduction of €13.5m in the value-added opportunities portfolio. This fall in value mainly affects the vacant office properties.

[1] Net operating cash flow = net income before tax adjusted for non-cash items
[2] Estimated at 24 February 2011 and based on the value of the portfolio at 31 December 2010

Considering the disposals made, MRM's gross rental revenue fell 16.6% to €25.3m. On a like-for-like basis[3], however, rental income held up well, falling just by 2.5%. MRM recorded current operating income of €16.0m, vs €19.4m in 2009. Benefiting from a further reduction in the net cost of debt, and despite asset disposals made in 2010, MRM recorded a positive net operating cash flow[1] of €5.5m vs €6.7m in 2009.

Capital expenditures on assets under management amounted to €11.1m in 2010, reflecting the selective implementation of programmes to enhance the valuation of the asset portfolio. As the value[4] of the portfolio and the amount of bank loans fell in relatively similar proportions during the year, the consolidated LTV ratio (ratio of bank loans to appraisal value) improved slightly to 79.9% vs 80.2% at the end of 2009. On the other hand, liquidation NAV fell from €10.7 per share at the end of 2009 to €5.4 per share at the end of 2010.

On 17 February 2011, the Group signed a restructuring agreement on a €83.6m credit line maturing on 27 September 2011. This agreement leads to an increase in liquidation NAV[2] to €12 per share from €5.4 at year-end 2010 and cut the consolidated LTV ratio[2] to 71.6% from 79.9% at year-end 2010.

Evolution of the portfolio

At 31 December 2010, the value[4] of MRM's portfolio was €339.7m, up 0.6% like-for-like, that is to say compared with the value at 31 December 2009 adjusted for assets sold in 2010.

As part of the disposal plan initiated at the beginning of 2009, MRM completed sales in 2010 for a total price excluding transfer taxes of €151m (of which €2.5m conditional). These sales involved four freehold properties being operated as Pizza Hut restaurants in the Paris region, two stand alone retail properties (one in Brétigny-sur-Orge, the other in Angoulême), three office properties (located in Nanterre, in Clichy-la-Garenne and in Levallois-Perret) and the Marques Avenue A6 factory outlet centre in Corbeil-Essonnes.

In a continuation of MRM's selective and phased approach to its value-enhancement programmes, the Group's capex in 2010 was limited to €11.1m. This amount includes the acquisition of a 1,100 sqm unit in the Carrefour Ecole-Valentin shopping centre in Besançon for €2.4m excluding transfer taxes. This acquisition was made in connection with the projected extension of the shopping center. The change in the portfolio's fair value, amounted to -€9.2m at the end of December 2010. The €4.3m increase in the value of MRM's portfolio of stabilised assets was not enough to offset the decline in value recorded by certain vacant office assets .

At 31 December 2010, the 15 office properties located in the Paris region represented 58% of the value of MRM's asset portfolio, with the retail properties located in the Paris region and provinces accounting for the remaining 42%. The portfolio represented a total area of 171,956 sqm, comprising 87,741 sqm of offices and 84,215 sqm of retail properties.

[3] Compared with 2009, adjusted for asset disposals
[4] Value excluding transfer taxes, based on appraisals as of 31 December 2010 performed by Catella (offices) and Savills (retail) and including held-for-sale assets recognised in accordance with IFRS

Appraisal value[4] (excluding transfer taxes) in €m at 31.12.2010	**Offices**	**Retail**	**Total MRM**
Stabilised assets	116.6	102.0	218.6
Assets with value-added opportunities	80.8	40.4	121.1
Total MRM	197.3	142.4	339.7

Stabilised assets now represent 64% of the total portfolio, vs 75% at 31 December 2009, with assets with value-added opportunities making up the remaining 36%, compared with 25% at 31 December 2009. This is due to the asset disposal programme, which mainly concerned the stabilised assets, where value-enhancing programmes had been completed.

Operations

Office portfolio

The stabilised office portfolio represented net annualised rental income[5] of €8.4m at 1 January 2011, up 5.6% compared with 1 January 2010. This increase was due to the positive effect of rent indexation and the signing of new leases[6]. In 2010, 5 leases[6] relating to multi-occupation areas within properties were signed for an annual rental income of €0.4m. The occupancy rate for this subportfolio was maintained at 95% at 31 December 2010.

In 2010, as part of MRM's selective and phased approach to capital expenditures, €4.6m was invested in programmes relating to offices with value-added opportunities. These involved the completion of phase I of the redevelopment of the 10,800 sqm Nova building in La Garenne-Colombes (92), which has received the NF Tertiary Building – HQE® (High Environmental Quality) certification for the programme and design. During 2010, 13 leases[6] were signed for a total of €1.8m. The occupancy rate for the portfolio of offices with value-added opportunities was 15% at 31 December 2010.

Retail portfolio

The stabilised retail portfolio represented net annualised rental income[5] of €6.7m at 1 January 2011, down 3.1% compared with 1 January 2010 adjusted for disposals in 2010. This decrease stemmed from tenant departures. In 2010, 8 leases[6] were signed for an annual rental income of €0.5m. The occupancy rate of the stabilised retail portfolio remained high, at 94% on 31 December 2010.

The occupancy rate for the portfolio of retail assets with value-added opportunities, which still have potential for value-enhancement, was 84% at 31 December 2010. Investments of €4.3m made in 2010 mainly concerned the partial redevelopment of the Galerie du Palais (37), a 7,000 sqm shopping centre in the city-centre of Tours. The first phase of work involving 2,000 sqm of floor space has been completed, including the opening of two retail spaces in the front part of the mall and the modernization of the frontage. In December 2010, MRM acquired a 1,100 sqm unit in the Carrefour Ecole-Valentin shopping centre in Besançon (25), rented to Cafétéria Casino, at a price of €2.4m excluding transfer taxes. The Group now owns the entire mall adjacent to the Carrefour hypermarket. This represents a retail area of 4,000 sqm divided into 32 fully let stores. In 2010, 7 leases[6] were signed for the retail assets with value-added opportunities, representing an annual rental income of €0.5m. The net annualised rental[5] income amounted to €1.8m on 1 January 2011.

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[5] Excluding taxes, charges, rent-free periods and improvements
[6] New leases or leases renegotiated on improved terms

Rental income and 2010 results

MRM achieved consolidated revenues of €25.3m in 2010, with office properties accounting for 50% of gross rental income, and retail properties the other 50%. The 16.6% decline in consolidated revenues compared with 2009 mainly reflects the major disposal programme implemented in 2010. On a like-for-like basis[3], 2010 annual consolidated revenues were down by just 2.5% compared with 2009.

Revenues from offices fell by 3.1%, mainly because of revised rents for two leases at Rueil-Malmaison and Puteaux, following their early renewal for a fixed period of 7 years, and tenant removals. The impact of new leases[6] coming into effect only partly offsets the freeing up of some rental space, including that in the Solis building in Les Ulis in May 2010.

Rental income from retail assets fell by 2.0%, because of the negative impact of indexing and the freeing up of rental space, notably in Tours in order to carry out the refurbishment of the Galerie du Palais. These impacts were only partly offset by new leases[6] coming into effect.

IFRS simplified income statement €m	**2010**	2009	Change 2010/09
Gross rental income	**25.3**	**30.4**	**-17%***
. of which Offices	12.7	16.2	
. of which Retail	12.6	14.2	
Non-recovered property expenses	(2.6)	(3.4)	
Net rental income	**22.7**	**26.9**	**-16%**
Current operating income and expenses	(6.7)	(7.5)	-10%
Current operating income	**16.0**	**19.4**	**-18%**
Net book value of assets disposed	(12.1)	(2.0)	
Change in fair value of investment properties	(9.2)	(37.1)	
Other operating income and expenses	0.5	1.2	
Operating income	**(4.9)**	**(18.4)**	
Net cost of debt	(10.4)	(13.2)	-21%
Other financial expenses	(3.2)	(2.2)	
Net income before tax	**(18.5)**	**(33.8)**	
Tax	(0.1)	(0.1)	
Consolidated net income	**(18.6)**	**(34.0)**	
Net earnings per share (€)	**(5.34)**	**(9.76)**	

* Or -2.5% like-for-like

Rental income net of non-recovered expenses amounted to €22.7m in 2010.

Current operating income and expenses fell by 10%, from €7.5m in 2009 to €6.7m in 2010. Given the lower rental income, current operating income fell by 18% to €16.0m vs €19.4m in 2009.

After allowing for the (non cash) charge of €12.1m relating to the disposal of assets, the change in the fair value of the portfolio (-€9.2m) and other non current operating income and expenses (+€0.5m), operating income amounted to -€4.9m vs -€18.4m in 2009 as MRM recorded a significant reduction to the fair value of its assets in 2009 (-€37.1m).

Against a backdrop of still low interest rates and given the significant reduction in bank borrowings, the net cost of MRM's debt, which amounted to €13.2m in 2009, fell still further to €10.4m. All in all, the full-year net income for 2010 amounted to a loss of €18.6m (-€5.34 per share) compared with a loss of -€34.0m in 2009.

Net operating cash flow[1]

Despite the fall in rental income caused by disposals made, the net operating cash flow[1] was positive in 2010, standing at €5.5m vs €6.7m for 2009, thanks to the reduction in operating costs and in net financial expenses.

Net operating cash flow €m	**2010**	2009	Change 2010/09
Net rental income	**22.7**	**26.9**	**-16%**
Other operating income	0.6	1.6	
Operating expenses	(6.5)	(7.4)	
Other operating charges	(0.1)	(0.4)	
Gross operating income	**16.7**	**20.7**	**-19%**
Net cost of debt	(11.2)	(14.0)	-20%
Net operating cash flow	**5.5**	**6.7**	**-17%**

Balance sheet, cash position and NAV

In April 2010, MRM carried out a major refinancing by setting up a new €91.2m loan that the Group used to repay bank borrowings of €93.7m due in April 2010. The new loan, backed by a portfolio of retail assets, comprises a tranche of €85.8m due in 2015 and a tranche of €5.4m due in 2011. The latter was reduced to €4.5m at 31 December 2010.

At the end of June 2010, the disposal of a company owning two office assets in Clichy-la-Garenne (92) and Levallois-Perret (92), valued at €39.5m, enabled MRM to repay a bank loan falling due in August 2010 while also contributing to its cash requirements.

At the end of July 2010, MRM sold the 10,600 sqm Crysalis office property in Nanterre (92) for €49.2m excluding transfer taxes. Allocated to repaying a credit line due in 2012, the income from this sale, for a price above the appraisal value, enabled MRM to continue to reduce its bank borrowings substantially.

In December 2010, MRM sold Marques Avenue A6, the 13,200 sqm brand centre in Corbeil-Essonnes (91), Sud-Francilien, for €50m excluding transfer taxes, of which €2.5m conditional. Apart from contributing to MRM's cash requirements, the income from the disposal enabled the Group to repay the bank loans backed by the asset sold, i.e. €35.6m.

The disposals made in 2010 thus enabled the Group to reduce its bank loans to €271.3m at 31 December 2010 vs €394.6m at 31 December 2009. Bank loans represented 79.9% of appraisal value at 31 December 2010. The average margin on this debt is 142 basis points (excluding setup costs). It is fully hedged by financial instruments of the cap type. MRM also benefits from a €54m bond, maturing in 2013.

The reduction in assets held for sale from €204.6m at 31 December 2009 to €71.8m at 31 December 2010 reflects the successful implementation of the asset disposal plan launched in 2009.

IFRS simplified balance sheet €m	**31.12.2010**	**31.12.2009**
Investment properties	267.9	287.3
Assets held for sale	71.8	204.6
Current receivables/assets	17.1	18.4
Cash and cash equivalents	12.2	9.5
Total assets	**369.0**	**519.7**
Equity	18.8	37.4
Issued bonds	54.0	54.0
Bank loans	271.3	394.6
Other debts/liabilities	24.9	33.7
Total equity and liabilities	**369.0**	**519.7**

Capex in 2010 amounted to €11.1m. On the assets side, the Group's net cash position increased to €12.2m at 31 December 2010 vs €9.5m one year earlier.

At 31 December 2010, the liquidation NAV was €5.4 share and the replacement NAV €10.9 per share.

Net asset value	**31.12.2010**	**31.12.2009**
Liquidation NAV per share	**€5.4**	€10.7
Replacement NAV per share	**€10.9**	€18.1

Recent events and outlook

2010 unfolded in accordance with the priorities set in 2009. The disposal programme picked up momentum. Disposals[7] made in 2010 amounted to €151m (of which €2.5m conditional). Total net cash of €17.4m was generated by these disposals and MRM's net debt was reduced by €126m during the year.

On 17 February 2011, the Group and its banking partner signed an agreement to restructure a credit line maturing on 27 September 2011, which amounted to €83.6m at 31 December 2010. This credit line is backed by a portfolio of five office properties.

Following this agreement, two credit lines were set up. The first, totalling €49.5m, will mature at the end of 2013. The second, worth €10m, was subject to a €4m repayment upon signing, with repayment of the remaining €6m spread over three years. The agreement, which provides for the sale of the five assets by the end of 2013, includes a provision for the bank to share in the proceeds from the disposals.

The agreement also provides for an additional credit line to be made available to finance works remaining to be carried out on some assets, notably the completion of the redevelopment of the Nova building in La Garenne-Colombes (92).

[7] A list of disposals is provided in the appendix

Following this agreement, the value of MRM's bank loans maturing in 2011 fell from €114.6m on 31 December 2010 to €31.8m. The total amount of bank loans was reduced from €271.3m on 31 December 2010 to €243.1m. This restructuring agreement had the effect of increasing liquidation NAV[2] from €5.4 per share at 31 December 2010 to €12 per share.

MRM will continue its selective investment policy. Capex planned for 2011 includes the following:

- phase II of the work on the 10,800 sqm Nova office building in La Garenne-Colombes (92), mainly involving interior refitting of the premises;
- works to adapt Solis building to the needs of the tenant following the signing of a lease with a firm 6 year period in December 2010 for the entire building, a mixed offices/warehouse surface of 10,700 sqm in Les Ulis (91); the office surface area will be increased by 2,300 sqm by refitting areas currently used for warehousing and by building an additional 1,200 sqm; the tenant is scheduled to move in during the fourth quarter of 2011.

The Group will also continue working to the letting of vacant office spaces that have already been renovated.

Jacques Blanchard, Chairman and Chief Executive Officer of MRM, commented: ***"While achieving a number of milestones in the management of our property portfolio, we successfully carried out the plan to adjust our operations which we initiated at the end of 2008. In particular, we managed to complete in parallel an ambitious disposal programme and the overhauling of our short-term bank debt. The recent agreement to restructure our debt maturing in September 2011 has put the reduction in our net debt at €154 million since year-end 2009 and restored our liquidation NAV to €12 per share. We now have a far healthier balance sheet that will allow us to consider confidently several options for the future, including a recapitalisation of MRM. In the short term, our priority is to complete our plans to enhance the value of certain of our assets".***

Calendar

Revenues for the 1st quarter of 2011 are due on 12 May 2011 before market opening.

About MRM

For more information:

MRM
65/67, avenue des Champs-Elysées
75008 Paris
France
T +33 (0)1 58 62 55 55
relation_finances@mrminvest.com

Isabelle Laurent
DDB Financial
55, rue d'Amsterdam
75008 Paris
France
T +33 (0)1 53 32 61 51
isabelle.laurent@ddbfinancial.fr

Website: www.mrminvest.com

Appendix

Assets sold	Area	Date of sale	Price excl. transfer taxes
Groundfloor stores, Paris (8e)	1,800 sqm	Feb/Mar 2009	**€13.2m**
Retail unit in Portes de l'Oise, Chambly (60)	5,300 sqm	July 2009	**€7.3m**
Retail building, Saint-Priest (69)	900 sqm	Sept 2009	**€2.2m**
Freehold on Pizza Hut restaurants, Paris region	1,900 sqm	Feb 2010	**€6.5m**
Retail asset, Brétigny-sur-Orge (91)	1,200 sqm	April 2010	**€2.4m**
Office buildings, Clichy-la-Garenne (92) and Levallois-Perret (92)	10,800 sqm	June 2010	**€39.5m**
Crysalis office building, Nanterre (92)	10,600 sqm	July 2010	**€49.2m**
Retail building, Angoulême (16)	2,300 sqm	October 2010	**€3.4m**
Marques Avenue A6 centre, Corbeil-Essonnes (91)	13,200 sqm	December 2010	**€50.0m**
TOTAL	**48,000 sqm**	**2009-2010**	**€173.7m**