Press release

2018 full-year results

- **Refocusing on retail properties complete**
- **Portfolio value: €164.7m, up 1.5% like-for-like**
- **Increase in net operating cash flow to €2.4m**
- **Annualised net rents from retail properties up 11% at €8.2m**
- **Solid progress in the investment plan**
- **Sound financial situation**
- **Proposed payout[1] of €0.11 per share**

Paris, 22 February 2019: MRM (Euronext code ISIN FR0000060196), a real estate investment company specialising in retail property, today announced its results for the financial year ended 31 December 2018. This publication follows the review and approval of the audited financial statements[2] by MRM's Board of Directors at its meeting of 21 February 2019.

Asset management and rental activity during the year

Sale of the Nova office building

On 15 May 2018, MRM sold Nova, the last office building in operation. Located in La Garenne-Colombes, on the outskirts of La Défense, this 10,600 sqm multi-tenant building was sold for €38 million (excluding transfer taxes) with an occupancy rate of 81%. Following this asset sale, as at 31 December 2018, MRM's office property portfolio comprised only Urban, a vacant building under sale agreement (since sold, see "Subsequent events").

[1] Proposed payout of premiums subject to approval by shareholders at the Annual General Meeting to be held on 29 May 2019.
[2] Audit procedures have been performed and audit reports for MRM SA's financial statements and the Group's consolidated financial statements are currently being issued.

Dynamic management of retail assets

Letting activity was very robust in 2018: 26 contracts (new leases or renewals) were signed, representing annual rental income of €1.7 million. Of these leases, 10 concern the Valentin shopping centre, for which redevelopment /extension works are in progress.

During the period, a number of attractive new retailers opened their doors to the public at MRM's shopping centres. These include in particular *Basic-Fit*, *LDLC.com, Le Grand Bazar, Maxizoo, Optical Center* and *V&B*. A total of 22 leases representing total annual rent of €1.5 million came into effect on a staggered basis over the year. This includes the reletting of three medium-sized units and the coming into force of the lease for the new retail space created at Aria Parc in Allonnes.

Strong letting progress over the year resulted in a sharp increase in the occupancy rate to 84% at 1 January 2019 compared with 76% at 1 January 2018. As a result, annualised net rents rose by 11% to €8.2 million at 1 January 2019 compared with €7.4 million at 1 January 2018.

Portfolio of €165 million at 31 December 2018

The value of **MRM's portfolio** was €164.7 million at 31 December 2018, down 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[3], the value of the portfolio rose by 1.5%.

The value of **retail properties** was €159.3 million at 31 December 2018, up 0.2% 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 0.4%.

Investments made in 2018 reached €14.5 million, relating to the two largest projects included in MRM's retail properties value-enhancement plan. These are:

- The partial redevelopment and 2,600 sqm extension of the Valentin shopping centre near Besançon, due to be opened to the public in early 2020;
- The 2,300 sqm extension programme at Aria Parc in Allonnes to create a 3,300 sqm medium-sized unit that was taken up by *Maison Dépôt* in October 2018.

[3] Development of the portfolio adjusted for asset sales carried out in 2018.

Rental income

€m	2018	2017	*Change reported*	*Change like-for-like*[4]
Retail	8.7	9.0	*-3.0%*	*-3.5%*
Offices	0.8	2.2	*-64.0%*	*+2.5%*
Gross rental income	**9.5**	**11.2**	***-14.9%***	*-3.0%*
Non-recovered property expenses	(2.9)	(3.4)	*-15.1%*	
Net rental income	**6.7**	**7.8**	***-14.8%***	

Gross rental income in 2018 totalled €9.5 million, down 14.9% relative to 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 3.0%.

Gross rental income from **retail properties** came to €8.7 million in 2018. This 3.0% fall relative to the previous year results primarily to the vacating of three medium-sized 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), only partly offset by new leases, which came into effect on a staggered basis in the course of 2018.

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

Non-recovered property expenses decreased further in 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 €6.7 million in 2018 compared with €7.8 million in 2017, generated entirely by retail properties. Taking account of the sale of Nova in May 2018 and the amount of non-recovered expenses relating to Urban, net rental income from offices was zero in 2018.

[4] 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.

Sharp increase in net operating cash flow[5]

€m	2018	2017	Change (reported)
Net rental income	**6.7**	7.8	*-14.8%*
Operating expenses	(2.5)	(2.8)	*-11.0%*
Other operating income and expense	(0.3)	(1.4)	
EBITDA	**3.9**	3.6	*+7.2%*
Net cost of debt	(1.5)	(1.9)	*-21.4%*
Net operating cash flow	**2.4**	1.7	*+38.5%*

EBITDA increased to €3.9 million compared with €3.6 million in 2017, despite the decline in net rental income. This growth is due to the reduction in operating expenses and a lower level of non-recurring expenses in 2018 relative to 2017.

Net cost of debt decreased to €1.5 million compared with €1.9 million in 2017 as a result of the reduction in debt following the sale of Nova (see "Solid financial position" below).

Consequently, net operating cash flow increased significantly to €2.4 million compared with €1.7 million in 2017.

Impact of change in fair value on net income

While MRM benefited from net reversals of provisions of €0.3 million in 2017, charges net of reversals totalled €0.2 million in 2018, leading to an operating profit before asset sales and change in fair value of €3.7 million in 2018 compared with €4.0 million in 2017.

The amount of investments during the period being offset by higher yields and lower market rental values applied by experts for the year end appraisal, MRM recorded a negative change in the fair value of its portfolio of €12.1 million.

Consequently, despite a significant reduction in net cost of debt, MRM posted a consolidated net loss of €10.4 million in 2018, compared with a loss of €4.6 million in 2017.

The simplified income statement is attached in an appendix.

Solid financial position

Gross debt decreased from €95.3 million at 31 December 2017 to €74.1 million at 31 December 2018. This significant reduction was due to the repayment of the €22.0 million loan from SCOR following the sale of the Nova building.

As a result, and taking account of drawings in the amount of €3.4 million on a credit facility dedicated to financing the retail value-enhancement plan, no significant loan repayments are due before the end of 2021. Furthermore, at 31 December 2018, 85% of debt was at fixed rates, with an average cost of debt down 168 bp in 2018.

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

At the end of December 2018, MRM had cash and cash equivalents of €13.5 million compared with €13.3 million at 31 December 2017.

Net debt therefore stood at €60.6 million at 31 December 2018 compared with €81.9 million at 31 December 2017. The LTV ratio was 36.8% compared with 41.0% a year earlier.

Taking into account the dividend[6] paid in 2018 in respect of the 2017 financial year (€4.8 million), the net operating cash flow generated during the year (€2.4 million) and the negative change in the fair value of properties (-€12.1 million), EPRA NNNAV was €102.7 million compared with €118.0 million at 31 December 2017.

Net Asset Value	**31.12.2018**		31.12.2017	
	Total €m	**Per share €**	Total €m	Per share €
EPRA NNNAV	**102.7**	**2.35**	118.0	2.70
Replacement NAV	**113.4**	**2.60**	133.2	3.05
Number of shares (adjusted for treasury stock)	*43,597,305*		*43,632,801*	

Subsequent events

On 30 January 2019, MRM announced the sale of Urban, an unoccupied 8,000 sqm office building in Montreuil, for €6.35 million. This transaction marks the completion of the disposition plan initiated in June 2013 and aiming at refocusing MRM's portfolio on retail properties.

This transaction brought the total cumulative sales of office property by MRM since mid-June 2013 to €132 million, an amount which is 9.8% above appraisal values as at 30 June 2013 plus CAPEX.

Proposed payout

MRM's Board of Directors has decided to propose the payment of premiums of €0.11 per share in respect of the 2018 financial year, identical to the amount paid out in respect of the previous year. This will be subject to approval at the general shareholders' meeting of 29 May 2019. The intended coupon date will be 5 June 2019 and payment will be made on 7 June 2019.

[6] Distribution of premiums.

Outlook

In 2019, MRM will complete the rollout of the investment plan dedicated to its retail portfolio, concerning seven of the nine properties in the portfolio.

During 2018, MRM committed a total of €21.0 million in investment corresponding primarily to the launch of its largest project, the redevelopment/extension of the Valentin shopping centre, as well as the extension of a vacant lot with a view to creating a medium-sized unit within Aria Parc in Allonnes. This was taken up in October 2018 by *Maison Dépôt*, which has not yet opened its doors to the public.

At end-December 2018, a total of €34 million of investment was committed in respect of the retail property value-enhancement plan, while the total investment budget is estimated at €35.5 million over the period from 2016-2019. Four projects have already been completed (Les Halles du Beffroi in Amiens, Sud Canal in Saint-Quentin-en-Yvelines, Carré Vélizy in Vélizy-Villacoublay and Aria Parc in Allonnes). In total, out of the 6,900 sqm projected additional space, 4,300 sqm has already been built, bringing the size of MRM's total retail portfolio to 86,400 sqm at the end of December 2018.

2019 will be dedicated to the continuation of works at the Valentin shopping centre with a view to opening the extension to the public in early 2020, as well as two smaller programmes concerning the refurbishment of La Galerie du Palais in Tours and the redevelopment of the ground floor of Le Passage de la Réunion in Mulhouse.

Taking account new space currently being created and assuming a retail portfolio occupancy rate of 95%, MRM confirms its target of total annualised net rents of over €10 million on completion of the value-enhancement plan, scheduled for early 2020 (excluding acquisitions or asset sales).

Composition of the Board of Directors

At its meeting of 21 February 2019, MRM's Board of directors co-opted Valérie Ohannessian to replace Gérard Aubert, who died on 30 December 2018. This co-opting follows that of Gilles Castiel, decided by the Board of directors during its meeting of 6 December 2018, to replace Jean Guitton, who resigned as Board member following his retirement. Valérie Ohannessian and Gilles Castiel have both joined the Audit Committee.

As at 21 February 2019, the Board of Directors therefore consisted of six members, including two independent members, as follows:

- François de Varenne, Chairman of the Board of Directors
- Jacques Blanchard, Chief Executive Officer and Board member
- Brigitte Gauthier-Darcet, independent Board member
- Valérie Ohannessian, independent Board member
- Gilles Castiel, Board Member
- SCOR SE, Board member represented by Karina Lelièvre

The co-opting of Valérie Ohannessian and of Gilles Castiel will be proposed to shareholders for ratification at the Annual General Meeting to be held on 29 May 2019.

Calendar

Revenues for the first quarter of 2019 are due on 10 May 2019 before market opening. The general shareholders' meeting to approve the financial statements for 2018 will be held on 29 May 2019.

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.

For more information:

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

Isabelle Laurent, **DDB Financial**
T +33 (0)1 53 32 61 51
M +33 (0)6 42 37 54 17
isabelle.laurent@ddbfinancial.fr

Appendix 1: Income statement

Simplified IFRS income statement €m	2018	2017
Net rental income	**6.7**	**7.8**
Operating expenses	(2.5)	(2.8)
Provisions net of reversals	(0.2)	0.3
Other operating income and expense	(0.3)	(1.4)
Operating income before disposals and change in fair value	**3.7**	**4.0**
Net gains/(losses) on disposal of assets	(0.1)	(0.0)
Change in fair value of properties	(12.1)	(6.4)
Operating income	**(8.5)**	**(2.5)**
Net cost of debt	(1.5)	(1.9)
Other financial income and expense	(0.4)	(0.2)
Net income before tax	**(10.4)**	**(4.6)**
Tax	0.0	0.0
Consolidated net income	**(10.4)**	**(4.6)**

Appendix 2: Quarterly rental income

€m	Q4 2018	Q4 2017	*Change*	*Change like-for-like*[4]
Retail	**2.29**	2.22	*+4.9%*	*+2.9%*
Offices	**-**	0.53	-	-
Total gross rental income	**2.29**	2.75	*+4.9%*	*+2.9%*

Appendix 3: Balance sheet

Simplified IFRS balance sheet €m	31.12.2018	31.12.2017
Investment properties	159.1	158.5
Assets held for sale	5.7	41.1
Current receivables/assets	6.3	7.0
Cash and cash equivalents	13.5	13.3
Total assets	**184.6**	219.9
Equity	102.7	118.0
Financial debt	74.1	95.3
Other debt and liabilities	7.8	6.6
Total equity and liabilities	**184.6**	219.9