Press release

2023 annual results

- **Full effect of the integration of the Flins and Ollioules shopping centres acquired in late 2022**
  - Net rental income up 56% at €12.7m
  - Improvement in ratio of operating expenses to net rental income
  - Net operating cash flow up 19% at €4.8m
- **Good operating performance**
  - Retailer revenues up 3%
  - 28 leases signed, corresponding to 10% of the rental base and limiting the impact of vacated units
- **Resilient key indicators**
  - Debt under control: net LTV ratio of 47.8% despite 3.8% reduction in portfolio value
  - EPRA NDV of €38.5 per share
- **Target of annualised net rents of over €16m by 2025 confirmed**
  - Annualised net rents of €14.5m as at 1 January 2024, including the impact of strategic vacancy within the Flins shopping centre for a redevelopment / renovation project currently under study
- **Proposed payout of €1.30 per share**

Paris, 7 March 2024: MRM (Euronext code ISIN FR00140085W6), a real estate investment company specialising in retail property, today announces its annual results for the financial year ended 31 December 2023. This press release follows on from the review and closing of the financial statements by the Board of Directors at today's meeting.

François Matray, Chief Executive Officer of MRM, states: ***"This is the first year that MRM benefited from the full effect of acquisitions carried out in late 2022. This change of dimension is reflected by growth of around 50% in gross rental income and much better absorption of***

operating expenses. After taking account of our higher financial expenses, net operating cash flow increased by 19%. Our rental activity remained particularly brisk, limiting the effect of units vacated due to the growing number of struggling retailers. We have also created a strategic vacancy at the Flins shopping centre with a view to carrying out redevelopment/renovation works, which we are still looking into. This would provide the opportunity to apply our expertise in management and value-enhancement of assets. We are also very proud of our performance in terms of reducing our energy consumption and greenhouse gas emissions. Finally, we reiterate our target of annualised net rents of €16 million in 2025."

Increase in retailer revenues

The retailers in MRM's portfolio achieved year-on-year revenue growth[1] of 3% in 2023, in line with figures from French retail federation Procos showing an average increase in specialised retail of 3.5% for France as a whole.

Following growth of 6% in the first half of the year, sales by retailers in MRM's portfolio were stable in the second half of the year.

This full-year growth came from a 2% increase in revenues from stores of over 500 sqm and a 3% increase for retailers in units of less than 500 sqm.

Good rental activity

Rental activity remained brisk throughout 2023. This is reflected by the signing of 28 new leases or lease renewals, representing a total floor area of 11,850 sqm and cumulative rents of €1.6 million, equal to 10% of MRM's rental base. The average reversion rate was +7%.

MRM signed 12 new leases, in particular:

- A lease signed with Carrefour for a total of 3,500 sqm at Les Halles du Beffroi in Amiens. The retailer – which currently occupies 2,900 sqm of retail space – plans to extend its store by 600 sqm by taking over a vacant unit. This lease is still subject to the condition precedent of obtaining the necessary commercial authorisations.
- Three new retailers (beauty clinic Qipao, La Retoucherie et Fitness Record) have moved into Le Passage du Palais in Tours, enhancing the range of services offered by the city centre shopping gallery. Food anchor Auchan also renewed its lease.
- Three new leases at the Flins shopping centre acquired in November 2022. MRM specifies that due to planned redevelopment/renovation works currently being considered, the shopping centre had a strategic vacancy of 1,700 sqm at the end of December 2023, with an additional 1,200 sqm due to become vacant in the near future. This 2,900 sqm in total represents 29% of the space owned by MRM within the shopping centre.

With conditions remaining challenging for many companies in the retail sector, MRM's solid letting performance limited the impact from a number of units being made vacant by struggling retailers, both national chains in liquidation and independent retailers.

[1] Based on revenue figures available for tenants already in place during the comparison period

The physical occupancy rate was 90% at end-December 2023, stable relative to the level at end-December 2022. Meanwhile, the financial occupancy rate increased by 2 points, also to 90%. These figures, which exclude the strategic vacancy of the Flins shopping centre, take account of leases signed but not yet in effect as well as known departures, apart from Habitat at the Carré-Vélizy centre. Although the 2,500 sqm medium-sized unit occupied by the insolvent retailer has not yet been returned, MRM states that it has already received a number of letters of interest from attractive retailers for the site.

Annualised net rents totalled €14.5 million at 1 January 2024, compared with €14.9 million the previous year. This is due to the combination of:

- a positive indexation effect of €0.8 million;
- the increase in non-recovered operating expenses and the impact of tenant rotation, representing -€0.7 million;
- the strategic vacancy of the Flins shopping centre, representing -€0.5 million.

Change in portfolio value

The portfolio value stood at €235.5 million at 31 December 2023, down 3.8% year-on-year, reflecting the increase in appraised capitalisation rates of an average of 50 basis points.

€m	**31.12.2023**	31.12.2022	*Change*
Portfolio value excl. transfer taxes	**235.5**	244.9	*-3.8%*

Financial results

Full effect of acquisitions on net rental income

Gross rental income rose by 48.5% to €15.2 million in 2023. On a like-for-like basis[2], i.e. excluding the acquisition of the Flins and Ollioules shopping centres, the increase was 0.7%. This evolution comes from, on the one hand, a positive indexation effect, and on the other hand, the tenant rotation within the existing portfolio.

Despite the acquisitions carried out in late 2022, non-recovered property expenses saw a relatively modest increase from €2.1 million in 2022 to €2.5 million in 2023. This includes the effect of changes in the scope of consolidation, the impact of strategic vacancies and higher costs as a result of inflation.

Net rental income totalled €12.7 million compared with €8.1 million in 2022, up 55.7%.

Net rental income €m	**2023**	2022	*Change*	*Like-for-like change[6]*
Gross rental income	**15.2**	10.2	*+48.5%*	*+0.7%*
Non-recovered property expenses	(2.5)	(2.1)	*+19.0%*	
Net rental income	**12.7**	8.1	*+55.7%*	

[2] Like-for-like changes are calculated by deducting rents generated by assets acquired from reported gross rental income for year n, and rents generated by assets sold from reported gross rental income for year n-1.

Increase in net operating cash flow[3]

Taking account of the rise in net rental income and better absorption of operating expenses, which represented 23.7% of net rental income compared with 29.5% in 2022, EBITDA increased by 61.2% to €9.4 million in 2023.

Net cost of debt rose from €1.8 million in 2022 to €4.6 million in 2023. This was due to the full-year effect of the new bank loan taken out in November 2022 to help finance the acquisition of the Flins and Ollioules shopping centres, coupled with higher interest rates.

Net operating cash flow came to €4.8 million, up 18.9% compared with €4.0 million in 2022. However, net operating cash flow per share fell from €1.80 to €1.50 taking account of the increase in the weighted average number of shares between 2022 and 2023 due to the capital increases carried out in 2022.

€m	**2023**	2022	*Change*
Net rental income	**12.7**	8.2	*+54.9%*
Tenant support measures	**-**	0.4	
Operating expenses	**(3.0)**	(2.4)	*+24.9%*
Other operating income and expenses	**(0.4)**	(0.4)	
EBITDA	**9.4**	5.8	*+61.2%*
Net cost of debt	**(4.6)**	(1.8)	
Net operating cash flow	**4.8**	4.0	*+18.9%*

Solid financial position maintained

Despite the reduction in the value of the portfolio, net LTV remained at a controlled level of 47.8% at end-December 2023 compared with 43.6% a year earlier.

Outstanding bank debt totalled €118.7 million at end-December 2023 compared with €116.7 million at the end of 2022.

The average cost of debt was 377 basis points in 2023 compared with 207 basis points in 2022. All of this debt is subject to interest at a variable rate and 75% is covered by caps[4].

MRM does not have any significant debt repayments falling due before the end of 2028 and benefits from an available credit facility of €2.8 million for investment in value-enhancement projects or energy efficiency and decarbonisation works.

At the end of December 2023, MRM had cash and cash equivalents of €6.0 million.

After the financial year-end date, MRM took out a revolving credit facility in January 2024 of up to €5 million to finance its corporate spending. It also took out new hedging instruments over a period of four years.

[3] Net income before tax adjusted for non-cash items
[4] Strike rate of 1% to 2.5%

NAV of €38.5 per share at end-December 2023

EPRA NDV stood at €123.3 million at end-December 2023, down 11.3% compared with €139.0 million at the end of 2022. Adjusted for the payout to shareholders in respect of 2022, EPRA NDV was down 7.4%. This is primarily due to the fall in the fair value of investment properties and, to a lesser extent, the fair value of hedging instruments.

Adjusted for dividend payouts, EPRA NDV per share fell from €41.6 at end-2022 to €38.5 at end-December 2023.

Non-financial performance: focus on climate concerns

At the end of 2023, MRM was ahead of schedule in achieving the energy efficiency and decarbonisation targets set for its property portfolio by 2030:

- Energy consumption totalled €73 kWh per sqm in 2023, down 45% relative to the baseline years[5] and 5 points ahead of the target of a 40% reduction by 2030 in line with the French Tertiary Decree. In total, 90% of the portfolio already complies with the 2030 regulation, seven years ahead of schedule.
- Greenhouse gas emissions decreased by 48% relative to the baseline years[5] at 10.3 kg of CO_2eq per sqm in 2023, a level for 2023 below the theoretical trajectory towards the target of 8.1 kg of CO_2eq per sqm by 2030. This trajectory is aligned with a scenario of +1.5° global warming by 2030 according to the Carbon Risk Real Estate Monitor (CRREM), a benchmark which has nevertheless been tightened in 2023.

Payout to shareholders

MRM's Board of Directors has decided to propose a payout premiums of €1.30 per share in respect of 2023, corresponding to a total payout of €4.2 million.

This amount is down by 0.5 euro per share compared to last year's distribution. This change reflects the decrease in net operating cash flow per share taking account of the increase in the weighted average number of shares between 2022 and 2023 as well as MRM's willingness to invest in its assets.

This would represent a yield of 6.8% on the share price as at 6 March 2024. This payout will be submitted to shareholders for approval at the general shareholders' meeting on 5 June 2024. The ex date is expected to be 10 June 2024 with a payment date of 12 June 2024.

Outlook

MRM will continue in 2024 to pursue its asset management strategy based on:

- Analysing and implementing investment programmes aimed at enhancing the value of the properties in its existing portfolio as well as the two shopping centres acquired in late 2022: one of the priorities is the partial redevelopment/renovation of the Flins regional shopping centre.
- Proactive management of the retailer mix and letting of available space: MRM intends to take advantage of opportunities for repositioning vacated units to expand its offering while also adapting to market conditions, maintaining the convenience positioning of its centres, and continuing to capitalise on discount retail.

[5] The Tertiary Decree and the CRREM (Carbon Risk Real Estate Monitor) threshold apply relative to a baseline year defined on a case-by-case basis for each building

- The rollout of the ESG action plan and the Climate Plan adopted by the Company, paying particular attention to continuing to reduce energy consumption and greenhouse gas emissions.

MRM confirms its target of annualised net rents of over €16 million in 2025. This target is based on the current portfolio (excluding any acquisitions and disposals).

Finally, MRM intends to continue to look into potential acquisitions and disposals, and maintain its policy of regular payouts to shareholders.

Calendar

Financial information for the 1st quarter of 2024 will be published before the market opens on 16 May 2024.

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 currently owns 56.6% of share capital. MRM is listed in Compartment C of Euronext Paris (ISIN: FR00140085W6 - Bloomberg code: MRM:FP – Reuters code: MRM.PA). MRM opted for SIIC status on 1 January 2008.

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Appendix 1: Retail mix

Sector breakdown (CNCC classification) As % of annualised gross rents	**31.12.2023[6]**	**31.12.2022**
Household goods	19%	18%
Food and drink	18%	18%
Health and beauty	16%	16%
Personal goods	14%	17%
Culture, gifts and leisure	12%	11%
Services	9%	8%
Recreation	8%	7%
Offices	4%	5%

Appendix 2: Income statement

Simplified IFRS income statement €m	**2023**	**2022**
Net rental income	**12.7**	**8.1**
Operating expenses	(3.0)	(2.4)
Provisions net of reversals	(0.5)	0.8
Other operating income and expenses	(0.6)	(1.1)
Operating income before disposals and change in fair value	**8.5**	**5.4**
Change in fair value of properties	(11.9)	(8.8)
Operating income	**(3.4)**	**(3.4)**
Net cost of debt	(4.6)	(1.8)
Other financial income and expenses	(2.0)	1.6
Net income before tax	**(10.0)**	**(3.6)**
Tax	-	-
Consolidated net income	**(10.0)**	**(3.6)**

Appendix 3: Balance sheet

Simplified IFRS balance sheet €m	**31.12.2023**	**31.12.2022**
Investment properties	235.5	244.9
Current receivables and other assets	9.3	11.0
Cash and cash equivalents	6.0	10.0
Total assets	**250.8**	**265.9**
Equity	123.2	139.0
Bank debt	118.7	116.7
Other debt and liabilities	8.9	10.2
Total equity and liabilities	**250.8**	**265.9**

[6] Total percentages do not correspond to exactly 100% because of figures being rounded

Appendix 4: Net Asset Value

Net Asset Value	31.12.2023		31.12.2022	
	Total €m	**Per share** €	**Total** €m	**Per share** €
EPRA NDV	123.2	38.5	139.0	43.4
EPRA NRV	138.1	43.1	152.8	47.7
Number of shares (adjusted for treasury stock)	*3,200,263*		*3,201,950*	