2011 Annual Report

# Contents

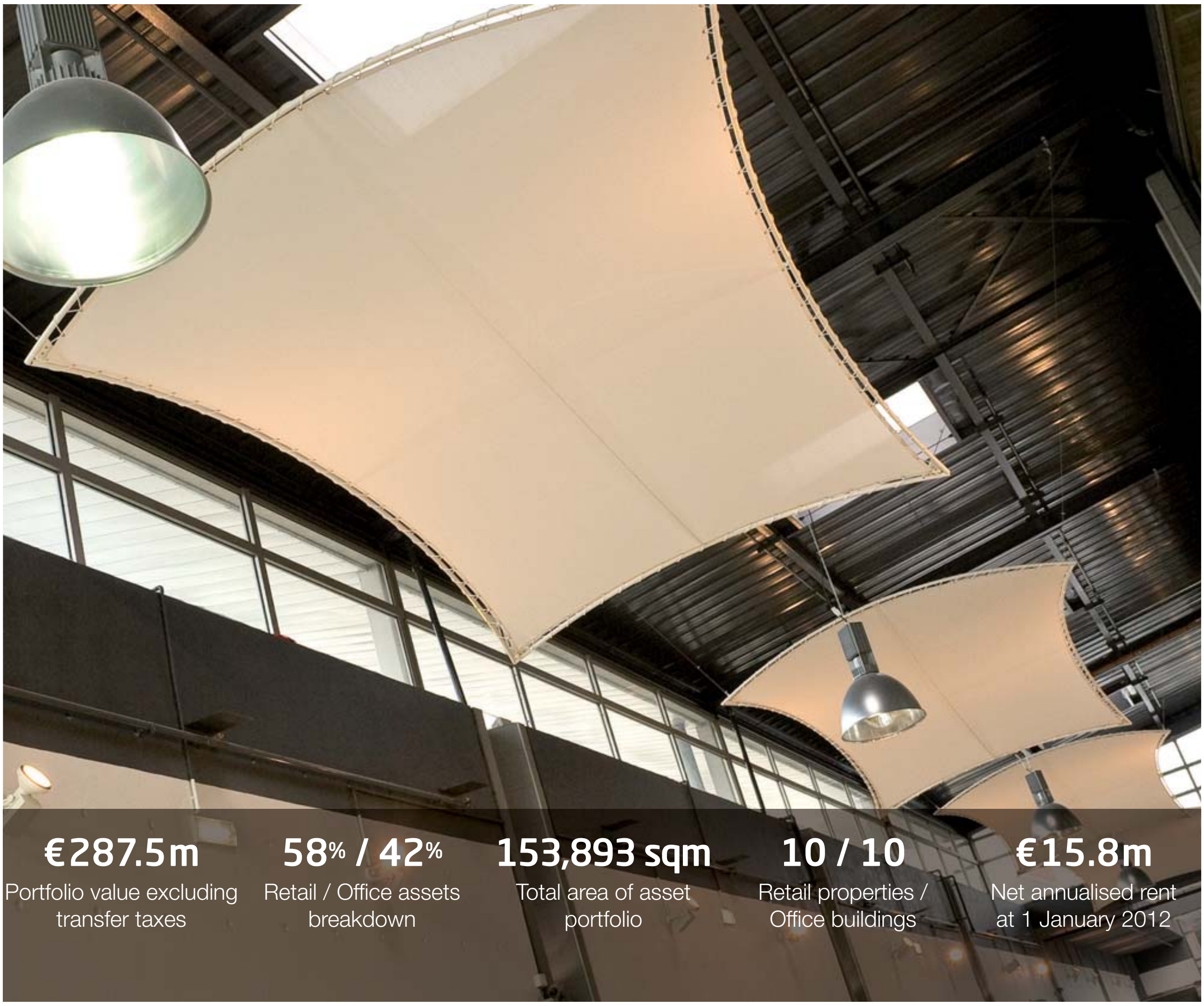
# MRM, listed real estate investment company (SIIC, French REIT)

MRM owns a portfolio comprising retail properties situated in Ile-de-France and other French regions, as well as office buildings in Paris and its region.

MRM's strategy is based on intensive management of stabilised properties providing secure revenue streams, and on asset repositioning programmes offering potential for value creation.

MRM's portfolio has been gradually built up since 2007 with the contribution of properties from two investment companies created and managed by CBRE Global Investors, and acquisitions carried out directly by its subsidiaries.

CBRE Global Investors is in charge of MRM's property operations.
MRM is listed on Compartment C of Euronext Paris.



| €287.5m | 58% / 42% | 153,893 sqm | 10 / 10 | €15.8m |
|---|---|---|---|---|
| Portfolio value excluding transfer taxes | Retail / Office assets breakdown | Total area of asset portfolio | Retail properties / Office buildings | Net annualised rent at 1 January 2012 |

*Data at 31 December 2011*

# Interview

with Jacques Blanchard
Chairman and Chief Executive Officer of MRM

« *2011 was a turning point for MRM.* »

*How did MRM start off the year in 2011?*

Over the past two years, we have been committed to implement the plan decided on at the end of 2008 in order to adapt our operations to the fallout from the financial crisis. We first decided to focus on our existing asset portfolio.
Our plan included selective investment programmes, significant asset disposals and negotiation to repay, refinance and reschedule bank credit lines which were falling due. This plan was succesfully implemented, but at the start of 2011, we again faced major repayment dates on our bank debt. Our portfolio of office with value-added opportunities had a high vacancy rate and it had not been possible to launch on the final phase of the investment programme.

*How did you manage to launch your investment programme?*

The first half of 2011 was crucial for MRM. By signing two major debt restructuring and rescheduling agreements for two bank loans, not only did we bring the debt due in 2011 down to almost nothing, but we also negotiated two additional credit lines for almost €10 million, which enabled us to go ahead with the investment programmes we wanted to implement. In financial terms, we reached a major milestone in reorganising our balance sheet by significantly reducing our bank loan-to-value ratio.



*What were your priorities in the second half?*

In the months that followed we proceeded to dispose of stabilised assets, which helped to finance our investments. This also allowed us to continue deleveraging and to clear almost all of the debt due in 2012. This meant that we were able to carry out work on the Solis office asset to adapt it to the needs of its tenant and launch the final phase of work on the Nova building. At the same time, we made significant progress in letting the available office space. The occupancy rate of our portfolio of offices with value-added opportunities thus rose from 15% to 29% in the space of a year. Overall, almost 17,000 sqm of office space was let in 2011.

*How is 2012 shaping up?*

We began the year having cleared almost all of our bank debt due in 2012 and with three quarters of the portfolio consisting of office properties and retail properties generating a solid and secure revenue stream. We will continue the dynamic management of our operating assets, and I know that in this respect I can rely on the commitment of the teams at CBRE Global Investors. In particular we will complete the Nova value-enhancement programme, which is the main investment planned for this year, at the end of which we will have completely restructured the building and brought it into line with current environmental criteria. At the same time, we are continuing to market the premises which are still available. In terms of the future of MRM, we will continue to look at different strategies, tailoring our approach to changes in the market.

JACQUES BLANCHARD
Chairman and Chief Executive Officer of MRM

Jacques Blanchard has more than 25 years of experience in real estate.

He joined CBRE Global Investors in 2003 as head of value-added investment strategy in retail property in France.
He previously held management roles at Hammerson in France and Marks & Spencer for continental Europe.

# An experienced Board of directors

The MRM group is governed by a Board of directors composed of six members, two of them independent. The maximum term of office for directors is four years.

The experience of directors in terms of managing property investments enhances MRM's strategic approach. The Board of directors determines MRM business policy and oversees its implementation. It is closely involved in examining and approving the interim and annual financial statements. In 2011, the Board of directors met nine times.

The Board of directors is supported by the Audit committee, which is tasked with examining the accounts and ensuring the relevance and continuity of accounting policies, in addition to the efficiency of internal control and risk management systems. The Audit committee also monitors the process for preparing financial disclosures. It has three members: Brigitte Gauthier-Darcet (Chairman), Gérard Aubert and Jérôme Lacombe, who represents SPE Finance SÀRL. It met 11 times in 2011.

## CBRE Global Investors' management mandate

CBRE Global Investors, which previously managed the investment companies Dynamique Bureaux and Commerces Rendement, whose assets were transferred to MRM in 2007, is in charge of all of the Group's property operations. Its exclusive management mandate includes consulting on strategic decisions relating to property investment, providing management support, enhancing the value, managing and selling property assets and overseeing the legal, accounting and fiscal administration of MRM group subsidiaries.

As part of MRM's internal control procedures, meetings are held regularly with the teams at CBRE Global Investors in order to review the market and asset management policy, monitor changes in the implementation of value enhancement strategies, update the operational targets and marketing strategy, validate the multiannual programme of work and update it for the coming year.

# Composition of the Board of directors

**GÉRARD AUBERT**
**Independent director**

Gérard Aubert has more than 40 years of professional experience in real estate. He oversaw CBRE's operations in France between 1983 and 2006 and is currently chairman of consultancy firm Trait d'Union.

**BRIGITTE GAUTHIER-DARCET**
**Independent director**

Brigitte Gauthier-Darcet has more than 30 years of experience in the construction and investment sectors, having held financial and general management positions at Serete and Lagardère Active. Since 2006 she has been a director and deputy chief executive officer at CIPM International and is a member of the IFA.

**CBRE GLOBAL INVESTORS SAS, Represented by John Ozinga**

Chairman of CBRE Global Investors in France, John Ozinga has more than 20 years of experience in real estate. He previously served as Chief Executive Officer of Carrefour Property France and Head of International Development for the Casino Group.

**SPE OFFICE SÀRL, Represented by Marc Reijnen**

Director of a pan-European investment fund specialising in shopping centres and managed by CBRE Global Investors, Marc Reijnen has more than 22 years of experience in real estate.

**SPE FINANCE SÀRL, Represented by Jérôme Lacombe**

Chief Financial Officer of investment funds managed by CBRE Global Investors in France, Jérôme Lacombe has 19 years of experience in the banking and real estate sectors.

# A turning point

Significant progress was made in 2011, both in terms of bank debt management and asset management.

## Two major agreements on bank debt

FEBRUARY 2011
Restructuring of a credit line for €83.6m

- Original due date: September 2011
- Credit line secured on a portfolio of five office properties
- Early repayment of €4m
- Outstanding amount reduced to €55.5m, for the most part due in December 2013
- Disposition of the assets planned by the end of 2013 with a profit-sharing scheme for the bank.
- Additional credit line put in place to contribute to the financing of works, mainly for the Nova building in La Garenne-Colombes

JUNE 2011
Extension of a credit line for €26.5m

- Original due date: July 2011
- Line secured on a portfolio of office properties
- Maturity deferred until June 2014
- Additional credit line put in place to contribute to the financing of works for Solis in Les Ulis

## Disposition of assets

SALE OF STABILISED ASSETS FOR €55.3m

- Net cash generated: €8.9m
- Contribution towards financing the latest committed investment programmes



## Completion of the latest investment programmes

SOLIS,
Les Ulis (91):

Completion of the value enhancement programme

- Adaptation of the property to the requirements of the sole tenant
- Creation of additional office space and renovation of the facades
- Signing of a nine-year lease with a firm period of 6.5 years

CAP CERGY,
Cergy-Pontoise (95):

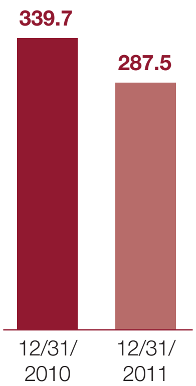
Launch of the letting process

- Works to adapt to multi-occupant usage
- Signing of two leases effective from December 2011 and January 2012, taking the building occupancy rate to 26%

NOVA,
La Garenne-Colombes (92):

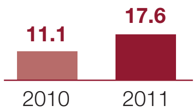
Launch of the final phase of the works

- Interior fit out
- Construction of a double-height entrance hall and creation of service areas
- Completion of all redevelopment work in April 2012



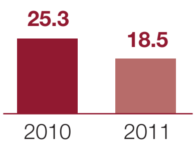

**Value of the property portfolio (in € m)**

In addition to the impact of the disposals (i.e. -€ 53.9 million), the value of the property portfolio at the end of 2011 indicated a negative fair value adjustment of € 15.9 million, largely due to the significant drop in the valuation of vacant properties. At 31 December 2011, portfolio value was divided between retail assets (58%), stabilised office properties (19%) and office with value-added oppotunities (23%).



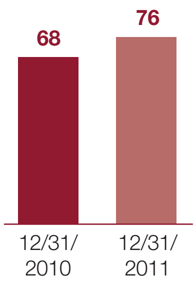

**Investments (in € m)**

The availability of additional bank credit facilities and net cash generated from disposals have allowed investments to be made in office buildings with value-added opportunities.



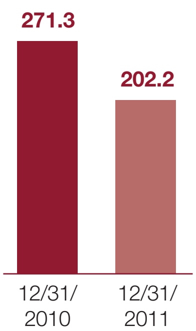

**Gross rental income (in € m)**

The fall in rental income reflects the disposals made since the start of 2010. On a like-for-like basis, this has increased by 5.4%, mainly due to the higher occupancy rate.



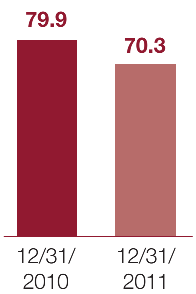

**Occupancy rate (as a % of area)**

Letting operations were particularly active in 2011 with more than 19,000 sqm of space let, mainly in office buildings. Excluding offices with value-added opportunities, the occupancy rate is 94%




**Bank debt (in € m)**

The agreement signed in February 2011, in addition to asset disposals and contractual repayment during the year, led to a 25% reduction in the amount of bank debt. In addition, whereas MRM began 2011 with € 146.7 million in credit lines due to expire in 2011 and 2012, at the start of 2012 the group is cleared from all its bank debts falling due until 2013.




**Bank LTV (as a % of portfolio value)**

Due to the significant reduction in MRM's bank debt, the consolidated bank LTV ratio improved significantly.

# Diversified retail properties

## Asset portfolio at 12/31/2011

### LES HALLES

7,600 sqm shopping centre with 27 stores in the heart of the city of **Amiens (80)**.

Built on the site of the town's old indoor market, the shopping centre, next to a fresh food market was bought in 2005 before being fully renovated. Reopened in 2009 under its new configuration, it is notably occupied by Carrefour Market and La Grande Récré.

### LA GALERIE DU PALAIS

Town centre shopping gallery with around 20 stores covering an area of 6,900 sqm situated in the shopping district of **Tours (37)**.

The first phase of the renovation project, focusing on the front of the gallery, was completed in 2010. The second phase, which involves improving the pedestrian area and making the site more commercially attractive, is under way.

### GAMM VERT PORTFOLIO

Portfolio composed of 13 garden centres and a logistics platform covering an area of 24,900 sqm and situated in **Ile de France** and in the **Centre** region.

This portfolio, acquired between 2007 and 2008 under a sale and leaseback agreement, is operated under the Gamm Vert brand.





### ÉCOLE VALENTIN

4,000 sqm shopping center of the Carrefour Ecole-Valentin hypermarket on the outskirts of **Besançon (25)**.

Following its acquisition in 2007, MRM has optimised and secured the mall's rental situation by renewing leases with around 30 existing tenants. A 3,000 sqm extension project is currently under review.

### ALLONNES

Retail park with around nine medium-sized units, covering a total surface area of 10,100 sqm at the Vivier shopping centre in **Allonnes (72)**.

Situated on the outskirts of Le Mans, this property, bought as a sale before completion transaction (VEFA) in 2005, has been in operation since 2006 notably with Tati, La Halle and Gemo. It offers potential for extension.

### CARRÉ VÉLIZY

11,300 sqm mixed retail and office complex in **Vélizy-Villacoublay (78)**.

At the centre of a thriving retail and business park in west Paris, Carré Vélizy comprises two medium-sized retail units occupied by Habitat and Office Depot and two multi-occupant office buildings. The site was partially refurbished following its acquisition in 2005. From 2014, it will benefit from its proximity to the future Vélizy2 station on line 6 of the Ile-de-France tramline, currently under construction.

The retail portfolio represents a total area of

## 90,500 sqm

which is

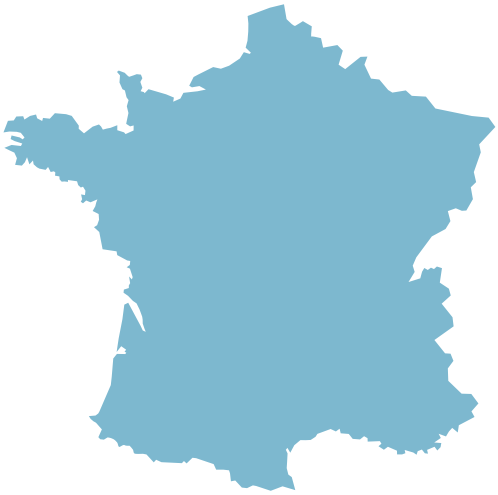
## 93%

occupied, mainly by national and international brands.

Retail property provides a solid and secure revenue stream with net annualised rent of

## €10.2 million

at 1 January 2012.



### BOX PORTFOLIO

Five out-of-town retail properties situated in the **Paris region** and covering a total area of 5,600 sqm.

Fully let to French retail chains and located in established commercial districts, these assets were sold in February 2012.

### PASSAGE DE LA RÉUNION

6,000 sqm shopping centre with around 20 stores in **Mulhouse (68)**.

This property, purchased in 2005, was completely renovated in 2007 and is mainly occupied by Chapitre.com. It also includes 700 sqm of office space.





### REIMS

Street-level store covering an area of 2,500 sqm in **Reims (51)** town centre.

This property, acquired in 2004, is occupied by the French chain Go Sport.

### SUD CANAL

11,600 sqm shopping centre in the regional commercial hub of **Saint-Quentin-en-Yvelines (78)**.

Sud Canal has around 30 retail units. This centre, fully occupied, is home, in particular, to the Bricorama and Dia retail groups.

# Office buildings in the Paris region

## Asset portfolio at 12/31/2011

The portfolio of **stabilised office buildings** represents a total area of

19,300 sqm

and is

100%

occupied.

It provides a solid and secure revenue stream with a net annualised rent of

€4.1 million

at 1 January 2012.

The four medium-sized, multi-occupant buildings in Paris are situated in areas which are popular to small and medium-sized enterprises.

### BRÊCHE AUX LOUPS

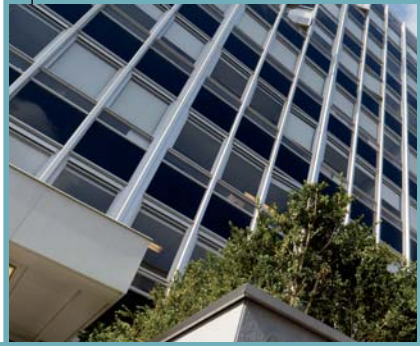
2,900 sqm office building situated at 43 rue de la Brêche aux Loups, **Paris (12th arrondissement)**.

The property was renovated following its acquisition in 2006 and the office space, which was then vacant, has since been let.

### NIEPCE

1,700 sqm office building situated at 13 rue Niepce, **Paris (14th arrondissement)**.

At this property, partially occupied when it was purchased in 2006, leases have been renewed and the rental situation optimised.



### BOURSE

1,100 sqm office building purchased in 2008 and situated at 12 rue de la Bourse, **Paris (2nd arrondissement)**.

Situated in a business district in central Paris, this mid-19th century building consists of office space with ground floor retail premises.

### CADET

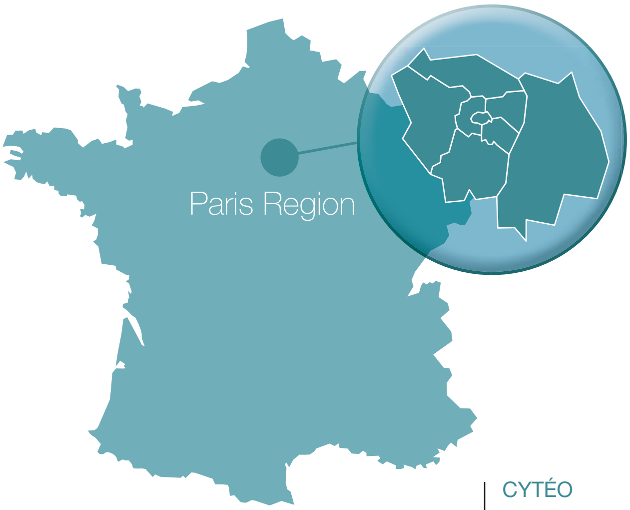
2,300 sqm office building situated at 5 rue Cadet, **Paris (9th arrondissement)**.

Following its acquisition in 2006, the communal areas, surroundings and open spaces, vacant due to the natural rotation of its occupants, were refurbished between 2009 and 2011.

### SOLIS

11,400 sqm site accommodating two office and warehouse buildings in **Les Ulis (91)**.

Located within the ZAC de Courtaboeuf business park, the site, purchased at the end of 2006, was completely redeveloped and has been occupied since the end of 2011 by Telindus, the French subsidiary of Belgacom.




The portfolio of **office properties with value-added opportunities**, represents a total area of

44,100 sqm.

It includes office properties undergoing value-enhancement programmes, at various stages of completion or in the process of being let.
However, at 1 January 2012 the

29%

occupancy rate generated

€1.6 million

in net annualised rent.

### CYTÉO

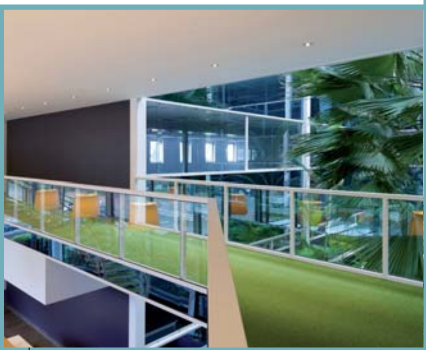
Multi-occupant office building covering an area of 4,000 sqm situated in **Rueil-Malmaison (92)**.

In this building, purchased in 2006, the lobbies and vacant units have been renovated, and a cafeteria has been created. In 2012, MRM continues to market the last units available.

### NOVA

10,600 sqm office building purchased in 2007 and situated in **La Garenne-Colombes (92)**.

Following extensive internal and external redevelopment, since 2012 MRM owns an office building close to La Défense, which offers its future occupants functionality and convenience. The excellent public transport access will be further improved by the T2 tramline, due to open in 2012. HQE certification (for high environmental quality) was obtained in 2010 for the planning and design phases.



### CAP CERGY

Two adjacent office buildings with an area of 12,800 sqm situated in **Cergy-Pontoise (95)**.

This asset, acquired in 2007, was adapted for multi-occupant use in 2011. Pôle emploi moved in December 2011, then joined by Enertrag in January 2012. The remaining available areas will continue to be let in 2012.

### DELTA

Two office buildings covering an area of 8,700 sqm in **Rungis (94)**.

At this site, purchased in 2007, the lobbies and vacant units have been refurbished, making it more attractive for multi-occupant use. At the start of 2012, some space is still to be let.

### URBAN

8,000 sqm building situated next to the La Croix de Chavaux subway station in **Montreuil (93)**.

This property, bought in 2007, is currently subject to a sale agreement and will be sold in its current state.

# 2011 results

## Simplified consolidated balance sheet

### Assets

| *(in millions of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Investment properties | 243.2 | 267.9 |
| Other non-current assets | 0.0 | 0.0 |
| **Non-current assets** | **243.2** | **267.9** |
| Assets held for sale | 44.3 | 71.8 |
| Trade receivables | 2.4 | 4.1 |
| Other receivables | 9.3 | 12.5 |
| Other current assets | 0.3 | 0.5 |
| Cash and cash equivalents | 2.4 | 12.2 |
| **Current assets** | **58.7** | **101.1** |
| **TOTAL ASSETS** | **301.9** | **369.0** |



### Equity and liabilities

| *(in millions of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| **Equity** | **21.3** | **18.8** |
| Bonds | 54.0 | 54.0 |
| Bank debts | 175.5 | 156.7 |
| Security deposits received | 2.1 | 2.6 |
| **Non-current liabilities** | **231.6** | **213.3** |
| Current borrowings | 35.0 | 122.7 |
| Other current liabilities | 9.7 | 3.9 |
| Other liabilities and accruals | 4.3 | 10.3 |
| **Current liabilities** | **49.0** | **136.9** |
| **TOTAL EQUITY AND LIABILITIES** | **301.9** | **369.0** |

# Simplified consolidated income statement

| *(in millions of euros)* | **2011** | **2010** |
|---|---|---|
| Gross rental revenues | 18.5 | 25.3 |
| External property expenses not recovered | (3.1) | (2.6) |
| **Net rental revenues** | **15.4** | **22.7** |
| Operating expenses | (6.5) | (6.5) |
| Provision net of reversal | 0.5 | (0.3) |
| **Current operating income** | **9.3** | **16.0** |
| Result on disposal of investment properties | (0.6) | (12.1) |
| Change in fair value of properties | (15.9) | (9.2) |
| Other operating income and expenses | (1.1) | 0.5 |
| **Operating income** | **(8.3)** | **(4.9)** |
| **Financial profit (loss)** | **10.9** | **(13.6)** |
| Taxes | (0.1) | (0.1) |
| **CONSOLIDATED NET INCOME** | **2.5** | **(18.6)** |
| Net earnings per share (in euros) | 0.72 | (5.34) |

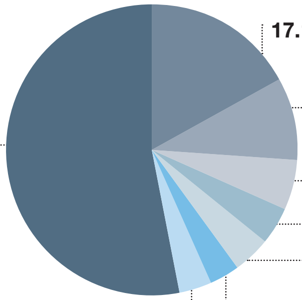


A Registration Document, including the consolidated financial statements presented above, has been filed with the French Financial Markets Authority (AMF) and is available on the CD-ROM accompanying this brochure.

Copies of this Registration Document are also available free of charge from MRM, 65-67 Avenue des Champs-Élysées 75008 Paris, and on its website (www.mrminvest.com), as well as the AMF website (www.amf-france.org).

# MRM listed real estate company

## Shareholding structure at 31 December 2011






## MRM share

**Listed on:** EURONEXT PARIS – Compartment C
**Type:** Ordinary stock – Daily double fixing
**Mnemonic:** MRM since 01/14/2008 (formerly: MSCH)
**ISIN code:** FR0000060196
**Bloomberg code:** MRM : FP – **Reuters code:** MRM.PA
**Number of shares at 31 December 2011:** 3,501,977
**Market capitalisation at 31 December 2011:** €21,992,416

## 2012 agenda

- **10 May 2012**
  First quarter 2012 revenues
- **7 June 2012**
  General Meeting of Shareholders
- **26 July 2012**
  Second quarter 2012 revenues
- **13 September 2012**
  First half 2012 results
- **8 November 2012**
  Third quarter 2012 revenues

*« We keep our shareholders informed of the various events concerning MRM by organising key moments of communication, particularly when our results are published. In addition, general shareholders' meetings and individual meetings also provide opportunities for stimulating and face-to-face discussion with our shareholders. »*

MARINE PATTIN,
MRM Finance Director

## Communication policy

MRM complies with the requirements for regular and transparent disclosure which apply to listed companies. The group issues press releases to announce its annual and half-year results, quarterly revenue figures and all other news.

Twice a year, when the results are published, a meeting is held to review the market context, achievements during the period, changes in portfolio and future plans.

The MRM Newsletter is also sent out four times a year to the Group's shareholders.

All information is available in the Finance section of the Group's website: **www.mrminvest.com.**

2011 Registration Document

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AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

## Approval from the French Financial Markets Authority (Autorité des Marchés Financiers)

This registration document was filed with the AMF on 26 April 2012. It may be used for the purposes of a financial transaction where supplemented by a transaction summary (“*note d’opération*”) that has been approved by the AMF. This document was prepared by the issuer and the signatories are responsible for its contents.

Copies of this registration document are available free of charge from M.R.M., 65-67 Avenue des Champs-Élysées, 75008 Paris, and on its website (http://www.mrminvest.com), as well as the AMF website (http://www.amf-france.org).

**Pursuant to Article 28 of European Regulation no. (EC) 809/2004, the following information is incorporated by reference in this registration document:**

- the separate and consolidated financial statements and statutory auditors’ reports on the separate and consolidated financial statements for the financial year ended 31 December 2010, as presented in the registration document filed with the AMF under number D. 11-0407 on 29 April 2011;
- the separate and consolidated financial statements and statutory auditors’ reports on the separate and consolidated financial statements for the financial year ended 31 December 2009, as presented in the registration document approved by the AMF under visa number R. 10-032 on 30 April 2010.

# 1.

# INFORMATION ON M.R.M.'S ACTIVITIES

# 1.1 Business overview

M.R.M., a mixed listed real estate investment company which opted for SIIC status from 1 January 2008, holds a portfolio of office and retail property assets, part of which are stabilised while others still offer value-added opportunities.

Value-added opportunities correspond to properties acquired as they stand and requiring renovation before being let. The intention of these works is to bring these properties into line with tenants' expectations in terms of appearance and facilities, in particular electrical equipment, IT and air conditioning.

M.R.M.'s asset portfolio was constituted *via* merger and contributions by Dynamique Bureaux and Commerces Rendement, dated 12 December 2007, and by acquisitions made directly or indirectly through M.R.M.'s subsidiaries since September 2007.

M.R.M., whose property transactions are managed by CBRE Global Investors, a subsidiary of the world leader in real estate services CBRE, implements a dynamic strategy of value-enhancement and asset management, combining yield and capital gains.

# 1.2 Key figures

## 1.2.1 The Group's asset profile

### Data at 31 December 2011

| M.R.M. Asset portfolio | 12/31/2011 |
|---|---|
| Portfolio (1) value excluding transfer taxes | €287.5m |
| Total area | 153,893 sqm. |
| Value breakdown | 58% retail/19% stabilised offices/ 23% offices with value-added opportunities |
| Dispositions made in 2011 | €53.9m |

*(1) Based on appraisals by Catella Valuation and Savills.*
*Compared to 31 December 2010, the asset portfolio was down 15% in value following the dispositions in 2011. However, on a like-for-like basis, namely excluding the effect of 2011 dispositions, the value of the asset portfolio was up 1.3%.*

*Changes in the asset portfolio, as they are reported in the consolidated financial statements at 31 December 2011 (see paragraph 3.7 of this registration document), break down as follows:*

| | |
|---|---|
| ***Asset portfolio at 31 December 2010*** | ***€339.7m*** |
| *Dispositions 2011* | *-€53.9m* |
| *Investments 2011* | *+€17.6m* |
| *Change in fair value in 2011* | *-€15.9m* |
| ***Asset portfolio at 31 December 2011*** | ***€287.5m*** |

*The €15.9 million fall in fair value at end-December 2011 primarily stemmed from the lower appraisal values of office properties on the market and those of leased properties located in the Outer Rim of Paris. This reduction, which was heavily accentuated in the second half of 2011, reflects changes in the investment market on the back of macro-economic uncertainties that has seen demand focussed on prime assets in the central business district of Paris that generate rental revenue secured by long-term leases.*

The Group's entire asset portfolio at 31 December 2011 was appraised by two appraisal companies, Catella Valuation and Savills. These two companies are independent: they are not related and have no conflict of interests with CBRE. The valuations were carried out using recognised methods which were consistent over time, in accordance with French and international valuation standards, namely the "*Charte de l'Expertise Immobilière*" (property valuation charter) implemented by all French property valuation associations and the RICS ("Appraisal and Valuation Manual" published by the Royal Institution of Chartered Surveyors).

Previous appraisal valuations were carried out in June 2011.

The Group values its property assets twice a year. With a view to complying with the SIIC Code of professional conduct, the Group plans to put into place a rotation system for its appraisers.

The methodology chosen by the appraisers is based on the combined implementation of different valuation techniques. Namely, the capitalisation approach and the discounted future cash flow approach.

## Appraisers' details

| | |
|---|---|
| Catella Valuation | Savills |
| 25 boulevard de l'Amiral-Bruix | 14 rue Auber |
| 75116 Paris, France | 75009 Paris, France |
| Tel.: +33 (0)1 56 79 79 79 | Tel.: +33 (0)1 44 51 73 00 |

## Methodology

All appraisal valuations are based on an in-depth visit of the property assets.

In addition, the experts consult the legal, administrative, technical and financial documentation relating to each of the property assets. Consultation of the documentation for the properties is a vital first step to any asset valuation. On a case by case basis, depending on the specific attributes of each property, the valuation phase uses the following methods in accordance with the definitions of the French property valuation charter.

### Ownership and occupancy

The appraiser uses information provided by the Company concerning the type of ownership, its scope, the vesting of rights to the property, authorised uses and other information.

The appraiser assumes that this information is accurate, up to date and complete and that the properties comply with applicable laws and regulations.

### Town planning and roads

As regards town planning and roads, the information collected verbally from responsible local authorities is assumed to be accurate. No town planning deeds or certificates are requested within the framework of appraisal valuations. The appraiser also checks that there are no town planning or roadway projects planned that could result in a forced sale or directly affect ownership of the properties in question.

### Areas

Areas are generally not measured by the appraiser.

The areas stated are those provided by the architects or the managers of the property and are assumed to be accurate.

### Equipment and material

Appraisal valuations include equipment and facilities normally considered to form part of the property's fixtures and fittings and which would remain attached to the property if it is sold or let. Equipment and material and their specific foundations and supports, furniture, vehicles, stock and operating tools, as well as tenants' equipment, are excluded from valuations.

### Properties under construction or redevelopment

For properties under construction or redevelopment, the appraiser sets out the stage of the development, expenditure already committed as well as future expenditure on the date of the valuation, according to the information supplied by the Company. Contractual commitments of the parties involved in the construction and any figures for estimated expenditure obtained from the consultants working on the project are taken into account.

For recently completed properties, retentions, construction expenses in the process of being settled, fees, or any other expenditure for which a commitment has been made, are not taken into account.

### Realisation costs

In their valuations, appraisers do not take account of transaction costs, any taxes that may be payable if the property is sold or any mortgages or other financial commitments relating to the property. Valuations are exclusive of VAT.

### Asset valuation methods

The conclusions formed by the appraisers refer to the notion of monetary value and the notion of rental value.

The market rental value corresponds to the financial compensation (yearly or monthly) for properties valued:

- under market conditions on the day of the valuation, for use of the property within the framework of a new lease;
- under normal operating conditions corresponding to the current allocation of the property.

The market monetary value of a property indicates "the estimated amount at which the property would be sold at the date of valuation between a willing buyer and seller, under normal market conditions, after a reasonable marketing period during which both parties have acted knowledgeably, prudentially and with no constraints."

## Income capitalisation approach

These methods consist, on the basis of either reported or existing income, or theoretical or potential income (market rent or market rental value), of capitalising this income by applying a rate of return.

Income-based methods are also known as "income capitalisation" or "return" methods. They can be applied in a number of ways depending on the income base in question (effective rent, market rent, net income) to which specific rates of return correspond.

The capitalisation rates correspond to the yield on the seller's side or with a view to a management year. The capitalisation rate expresses, as a percentage, the relationship between the gross or net income of the property and its monetary value. It is called gross or net depending on whether the gross or net income of the property is chosen.

At 31 December 2011, the average capitalisation rate was 7.5% for office properties and 7.1% for retail properties.

The yield rate corresponds to the yield for the buyer or investor. The yield rate expresses, as a percentage, the relationship between the gross or net income of the property and the capital committed by the buyer (acquisition price + transfer fees and duties = gross monetary value commission and fees included).

## Discounted cash flow method

This forward-looking method is based on estimated income and expenses relating to the property, determining a "final value" or exit value after the analysis period and discounting all cash flows.

Over a given period and on a forward-looking basis, it involves anticipating all events (reflected as financial flows) that will have a positive or negative impact on the life of the property (rents, charges, vacancies, works, etc.). By discounting, all future financial flows are stated at today's value in order to determine the present value of the property.

This method is notably used for assets with value-added opportunities.

## Summary of appraisal valuations by segment of activity

| Stabilised Offices | 12/31/2011 |
|---|---|
| Appraiser | Catella Valuation |
| Date of the latest visits | 100% of assets [1] visited less than 12 months ago |
| Type of ownership | five assets held in full title |
| Appraisal value excluding transfer taxes | €54.8m |
| Value in the consolidated financial statements | €54.5m |
| The (€0.3) million difference between the appraisal value and the carrying amount stemmed from properties held for sale booked at their appraisal values net of costs to sell. | |
| Capitalisation rates | Between 5.3% and 8.8% (i.e. 6.7% on average) |
| Net yield rate | Between 6.0% and 8.7% (i.e. 7.0% on average) |
| Occupancy rate [2] | 100% |

*(1) By value at 31 December 2011.*
*(2) Ratio of area let to area available for letting.*

| Offices with value-added opportunities | 12/31/2011 |
|---|---|
| Appraiser | Catella Valuation |
| Date of the latest visits | 94% of assets [1] visited less than 12 months ago<br>6% of assets [1] visited more than 12 months ago |
| Type of ownership | three assets held in full title<br>two assets held in co-ownership |
| Appraisal value excluding transfer taxes | €67.5m |
| Value in the consolidated financial statements | €67.4m |
| The (€0.1) million difference between the appraisal value and the carrying amount in the consolidated financial statements stemmed from a building subject to a sale agreement that is recognised at the sale value in the agreement net of costs to sell. | |
| Capitalisation rates | Between 7.8% and 9.9% (i.e. 8.1% on average) |
| Potential net yield rate | Between 9.8% and 12.3% (i.e. 9.8% on average) |
| Occupancy rate [2] | 29% |

*(1) By value at 31 December 2011.*

*(2) Ratio of area let to area available for letting.*

| Retail | 12/31/2011 |
|---|---|
| Appraisers | Savills<br>and Catella Valuation |
| Date of the latest visits | 72% of assets [1] visited less than 12 months ago<br>26% of assets [1] visited 12-24 months ago<br>2% of assets [1] visited more than 24 months ago |
| Type of ownership | 19 assets held in full title<br>three assets held in co-ownership<br>five assets in "lots de volume" |
| Appraisal value excluding transfer taxes | €164.4m |
| Value in the consolidated financial statements | €165.6m |
| The (€1.2) million difference between the appraisal value and the carrying amount in the consolidated financial statements stemmed, on the one hand, from properties held for sale booked at their appraisal value net of costs to sell and, on the other, from properties subject to a sale agreement that are recognised at the sale value in the agreement net of costs to sell. | |
| Capitalisation rates | Between 6.5% and 8.3% (i.e. 7.1% on average) |
| Net yield rate | Between 5.7% and 9.1% (i.e. 7.2% on average) |
| Occupancy rate [2] | 93% |

*(1) By value at 31 December 2011.*

*(2) Ratio of area let to area available for letting.*

## 1.2.2 Financial data

### ► SIMPLIFIED BALANCE SHEET IN IFRS

| *(in millions of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Investment properties | 243.2 | 267.9 |
| Properties held for sale | 44.3 | 71.8 |
| Current receivables/assets | 12.0 | 17.1 |
| Cash and cash equivalents | 2.4 | 12.2 |
| **TOTAL ASSETS** | **301.9** | **369.0** |
| Equity | 21.3 | 18.8 |
| Bonds | 54.0 | 54.0 |
| Bank loans | 202.2 | 271.3 |
| Other current debts and liabilities | 24.4 | 24.9 |
| **TOTAL LIABILITIES** | **301.9** | **369.0** |

### ► SIMPLIFIED INCOME STATEMENT IN IFRS

| *(in millions of euros)* | 2011 | 2010 |
|---|---|---|
| **GROSS RENTAL REVENUES** | **18.5** | **25.3** |
| Office assets | 9.1 | 12.7 |
| Retail assets | 9.4 | 12.6 |
| Property expenses not recovered | (3.1) | (2.6) |
| **NET RENTAL REVENUES** | **15.4** | **22.7** |
| Current operating income and expenses | (6.1) | (6.7) |
| **CURRENT OPERATING INCOME** | **9.3** | **16.0** |
| Other operating income and expenses | (1.1) | 0.5 |
| Result on disposal of investment properties | (0.6) | (12.1) |
| Change in fair value of investment properties | (15.9) | (9.2) |
| **OPERATING INCOME** | **(8.3)** | **(4.9)** |
| Net borrowing cost | (9.0) | (10.4) |
| Other financial income and expenses | 19.9 | (3.2) |
| **NET PROFIT (LOSS) BEFORE TAX** | **2.6** | **(18.5)** |
| Tax | (0.1) | (0.1) |
| **CONSOLIDATED NET INCOME** | **2.5** | **(18.6)** |
| **NET EARNINGS PER SHARE** *(IN EUROS)* | **0.72** | **(5.34)** |

### ► DEBT

At 31 December 2011, bank loans amounted to €202.2 million, or 70.3% of the value of the asset portfolio. The average margin on such debt relative to Euribor is 148 basis points (excluding impact of set-up fees). It is entirely hedged by financial instruments (caps). At 31 December 2011, all Group companies respected all their commitments to their banking partners as regards LTV and ICR covenants.

On 17 February 2011, the Group signed an agreement with HSH to restructure the credit facility expiring on 27 September 2011 which totalled €83.6 million at 31 December 2010. This credit facility is backed by a portfolio of five office properties.

Following this agreement, two credit lines were put in place. The first, a €49.5 million credit line, will mature at the end of 2013. The second, for an amount of €10 million, of which €4 million was repaid at the time of signature and the remaining €6 million will be repaid in instalments spread over three years. This agreement, which involves a plan to dispose of the five assets by the end of 2013, includes a share for the bank in the proceeds from the sales (including those from the Boulogne property sold on 30 September 2011).

The agreement also includes an additional credit line to finance works yet to be carried out on certain assets, including completing the redevelopment of the Nova building.

This restructuring agreement considerably boosted Net Asset Value and improved the Group's bank LTV from 79.9% at end-2010 to 70.3% at 31 December 2011.

On 9 June 2011, the Group announced that it had signed a deal with ING Real Estate Finance France, to extend by three years a €26.5 million credit facility backed by a portfolio of office buildings. This facility, originally due to expire in July 2011, will now expire in June 2014.

The agreement also provides an additional credit facility to help finance work on adapting the mixed-use office/warehouse Solis site at Les Ulis to the needs of its new tenant.

The M.R.M. group also benefits from a 5% fixed-rate issued bond of €54 million. These bonds are issued at a par value of €1 and mature on 31 December 2013. The Company may redeem the bonds early at any time.

In accordance with the option provided for under the terms and conditions of the bond, the Group decided to suspend payment of the bond coupon from the fourth quarter of 2008. Interest on arrears, recognised at an annual interest rate of 5.0%, calculated on the basis of actual days elapsed and a year of 360 days, due daily and compounded annually, has been accrued in this respect. Its projected short term cash situation having improved, the Group resumed payment of bond interest from the first quarter of 2011 onwards. At 31 December 2011, the total amount of interest on arrears stood at €6.587 million and was recognised under "Accrued interest" on the consolidated balance sheet.

| | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Bonds | €54.0m | €54.0m |
| fixed rate | 5% | 5% |
| Bank loans | €202.2m | €271.3m |
| average margin (1) | 148 bps | 142 bps |
| Cash and cash equivalents | €2.4m | €12.2m |
| **LOAN TO VALUE (LTV) (2)** | **70.3%** | **79.9%** |

*(1) Excluding impact of set-up fees.*
*(2) Bank debt on asset portfolio appraisal value excluding transfer taxes.*

| | |
|---|---|
| At 31 December 2011, the net bank debt was: | €199.8m |
| With a gross bank debt of: | €202.2m |
| And cash of: | €2.4m |

### MATURITY AND HEDGING OF THE BANK DEBT

At 31 December 2011, the bank debt schedule was as follows:

| Maturity | Amount | % of the total bank debt |
|---|---|---|
| 2012 | €3.8m | 1.9% |
| 2013 | €82.4m | 40.7% |
| 2014 | €28.3m | 14.0% |
| 2015 | €77.2m | 38.2% |
| 2016 | €0.3m | 0.1% |
| 2017 and beyond | €10.3m | 5.1% |
| **TOTAL** | **€202.2m** | **100.0%** |

The €3.8 million in debt maturing in 2012 consists of contractual repayments.

The variable-rate bank debt totalled €196.7 million and is wholly hedged by Euribor three-month caps set between 3% and 5.25%:

| Euribor Strike | Amount |
|---|---|
| 3.00% - 3.50% | €77.9m |
| 3.51% - 4.00% | €80.9m |
| 4.01% - 4.50% | €26.3m |
| 4.51% - 5.00% | €0.0m |
| 5.01% - 5.25% | €11.6m |

### NET ASSET VALUE AND BALANCE SHEET

At 31 December 2011, the liquidation Net Asset Value was €6.1 per share and the replacement Net Asset Value was €10.6 per share, compared with €5.4 and €10.9 on 31 December 2010.

The NAV (Net Asset Value) is an indicator which measures the realisable value of a real estate company. It represents the difference between the value of the Company's portfolio (as assessed by independent appraisers) and the sum of the debts. The NAV was not subject to any restatements insofar as the investment property and the property held for sale were entered at "market value" on the Group consolidated balance sheet at 31 December 2011. The liquidation NAV corresponds to the NAV excluding transfer taxes, with the properties taken at their values excluding transfer taxes according to the appraisal valuations made by the independent appraisers. The replacement NAV corresponds to the NAV including transfer taxes, with the properties taken at their values including transfer taxes according to the appraisal valuations made by the independent appraisers.

| NAV Data | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Net Asset Value | €21.3m | €18.8m |
| Liquidation NAV/share | €6.1 | €5.4 |
| Replacement NAV/share | €10.6 | €10.9 |

# 1.3 Company history

M.R.M. was initially a holding company heading up a group organised around three business lines: manufacturing and sales of velvet products (JB Martin), clothing design and retailing in Mexico (Edoardos Martin) and the production and sale of plastic tubes and cables (MR Industries). Over the last few years, M.R.M. has committed itself to an active strategy of refocusing its business activities on the first two operations, gradually disposing of all companies within MR Industries, the latter company having been sold, with its sole subsidiary Tecalemit Fluid System, to JB Martin Holding for €1 on 29 June 2007.

**29 June 2007:** Dynamique Bureaux, a property investment company managed by CB Richard Ellis Investors, took over M.R.M., a company listed on the Eurolist of Euronext Paris, *via* acquisition of 70.03% of its share capital. Prior to that acquisition, M.R.M. had sold all its operational businesses, grouped together in the subsidiary JB Martin Holding.

**31 July 2007:** Dynamique Bureaux launched a simplified public tender offer for all the shares of M.R.M.

**30 August 2007:** At the end of the simplified tender procedure, Dynamique Bureaux held 96.93% of the share capital and voting rights of M.R.M.

**28 September 2007:** M.R.M. began to carry out its first acquisitions of office buildings through property companies.

**9 November 2007:** After obtaining the visa for the E.07-163 document from AMF on 8 November 2007, M.R.M. announced its plans to change its business and move towards that of a mixed listed real estate investment company. The project took the form of Dynamique Bureaux's merger-absorption into M.R.M. and the contribution by Commerces Rendement of its shares (directly and indirectly with the contribution of all of Investors Retail Holding's shares, a company whose sole assets were its holdings in Commerces Rendement).

**12 December 2007:** The General Meeting of M.R.M. Shareholders held on 12 December 2007 approved, among other items, the following transactions:

- contribution of all Commerces Rendement shares not held by Investors Retail Holding;
- contribution of all shares held by Investors Retail Holding;
- absorption of Dynamique Bureaux;
- ratification of co-opting directors on 29 June 2007;
- transferring the head office to 65/67 avenue des Champs-Élysées, Paris (75008);
- redrafting the Company's Articles of Association;
- authorisation to proceed to capital increases.

**30 January 2008:** M.R.M. opted for SIIC status as from 1 January 2008.

The tax regime for "*Sociétés d'Investissements Immobiliers Cotées*" (SIIC) (listed property investment companies), laid down in Article 208 C of the French General Tax Code, exempts eligible companies which opt for this status from corporate tax on income from letting buildings, and from capital gains tax on sales of buildings and shares in real estate companies.

Conditions for eligibility are twofold:

- one condition concerns the company's business: at least 80% of its business must derive from property holding and management;
- one condition concerns the shareholding structure: no one shareholder can hold more than 60% of the share capital and voting rights of the company, and at least 15% of the share capital and voting rights must be held by shareholders accounting for less than 2% of the share capital and voting rights.

The company must opt for the SIIC status before the end of the fourth month from the beginning of the financial period for which the company requests application of the regime. It takes effect as from the first day of the applicable financial period and is irrevocable. The resulting change in tax status gives rise to the discontinuation of a company's business (taxation of unrealised capital gains, payment of any deferred tax and any unpaid corporate tax on operating income).

Such corporate tax on unrealised capital gains, plus deferred taxation and taxation of operating income not yet declared (generally referred to as "exit tax"), levied at a 16.5% rate, must be paid in instalments of 25%, on 15 December of the first year of the option, and of each following year.

SIIC listed property companies and their subsidiaries having opted for the special tax regime are exempt from corporate tax on the part of their earnings derived from:

- letting buildings, provided that 85% of such earnings be distributed before the end of the financial period during which they are generated;

- capital gains realised on dispositions of buildings, shares in partnerships as described in Article 8 of the General Tax Code, and whose purpose is identical to that of the SIIC, and/or shares in subsidiaries having opted for the special tax regime provided that 50% of such capital gains are distributed before the closing of the second financial period following their realisation;
- dividends received from subsidiaries having opted for the special tax regime and deriving from tax-exempt income or capital gains, provided that they are entirely redistributed during the financial period following the dividend payout.

**25 March 2008:** M.R.M. joins the Euronext IEIF SIIC index.

# 1.4 The Company

The market data provided in this chapter is taken from reports published by CBRE and the 2011-2012 annual activity report of the national body for shopping centres, the "*Conseil National des Centres Commerciaux*".

The reader may refer to the management report in section 3.6 of this document for further details about the M.R.M. Group.

## 1.4.1 Business overview

The purpose of M.R.M. as a real estate company is the acquisition, holding, value-enhancement, rental and arbitrage of property assets. The Group manages the structure of its portfolio in order to maintain a balance between stabilised assets and assets with value-enhancement opportunities. This means targeting the acquisition of assets that offer either secure rental potential or value enhancement.

Growth lies in selecting investments, diversifying revenues, enhancing property value, optimising financing methods and in combining internal development with growth *via* acquisitions.

The Group operates on the office and retail property markets, each with their own characteristics. These businesses require in-depth knowledge of investing and rental activities, of laws and regulations, and the competitive environment.

M.R.M. enjoys access to the expertise and databases of CBRE Global Investors and CBRE on tertiary property markets. In France, CBRE has a ten-strong research team, who are constantly monitoring the market, publish about 100 benchmark studies per annum and enjoy access to comprehensive databases: more than 20,000 office transactions in the greater Paris region, 4,000 investment references in France, with municipal rental archives going back further than ten years, covering 10 million sqm of available space classified according to probability of market entry and foreseeable date of market entry, as well as databases covering 28 urban areas.

### Office properties

In the office property segment, demand is concentrated in Paris and the suburbs, and to a lesser extent in large cities in the French provinces. Developments in this market are described in 1.4.2. Upon investing, the key indicators include the volume of property exchanged and variances in capitalisation rates used to value the properties.

Vacancy rates and changing rental values are two key criteria for the rental market. Although the investment and rental markets have differences, they do have some determining factors in common.

With regard to rent regulations, the INSEE construction cost index (ICC), which has been very volatile over the last few years, will be gradually replaced by the commercial property rental index (ILAT), a new index that is more closely correlated with changes in GDP. French environmental legislation is being revamped following the Grenelle Environmental Forum, in the guise of the Building Plan designed to improve the energy performance of buildings and help combat global warming, notably with the coming into force of the 2012 Thermal Regulations. In parallel with the particular focus on personal safety (asbestos, construction materials, etc.), regulations are also evolving in relation to the protection of the environment (energy standards, greenhouse gas emissions, the introduction of buildings into the environment, natural landscaped surroundings, etc.) and the disabled.

The competitive environment in which the Company operates is becoming fragmented, in regard to both the type of assets involved and the players, which include a number of listed French real estate companies (the bulk of which operate under the SIIC regime), French and foreign investment funds, and institutional investors (insurance companies, pension funds). No one player among them controls a significant share of the different market segments.

Certain property players can be considered as competitors as they operate entirely or in part on the same market segment as the Company, mainly some listed real estate companies and investment funds such as Foncière des Régions, Affine, Société de la Tour Eiffel, Compagnie de la Lucette and Eurosic (property companies), and MSREF, Whitehall, Proudreed, and LFPI (funds). In addition, some private individuals and smaller real estate companies may also be interested in certain assets targeted by the Company.

## Retail properties

Retail property is a highly specific market segment subject to a particular economic and regulatory sector. Developments in this market are described in 1.4.2. The development of retail and distribution can be observed in the endurance of suburban retail parks and the refurbishment of existing town-centre facilities. In addition, the size and demography of the French market foster the development of chains by domestic and international retailers. Finally, e-commerce is also developing strongly and represents a significant distribution channel in certain consumer sectors (travel ticketing, electronic goods, etc.).

These retailers are now operating in most large cities in France, and are beginning to penetrate deeper into the territory by opening outlets in smaller catchment areas, although continuing to scrutinise entry conditions, given the difficult economic environment.

The balance of power between tenants and lessors is determined by the strength of the retail property and business, which belongs to the tenants and therefore strongly influences their attachment to the premises, and by the regulation of available supply of premises, which is determined by the authorisation required prior to opening any mid-size or mass retail outlet, governed by urban planning laws, a reform wich is currently being discussed. These changes are being followed closely by players in this market.

As a consequence, investments made in commercial property are subject to a lesser extent to the vacancy constraints known in other property sectors.

Against the backdrop of the volatility of the index traditionally used (the construction cost index – ICC), the regulations now allow the use of a new index (retail rents index – ILC) incorporating certain retail activity indicators by volume in order to weight the construction cost index (ICC). However, the change in index is not statutory and in order to be applied it needs an agreement between the parties.

The competitive environment in which the Company operates is fragmented: the main players include a certain number of French and international listed real estate companies, specialising in retail property or with a significant proportion of their assets on this segment, such as Unibail-Rodamco, Klépierre, Mercialys, Altaréa or Corio.

## Asset value-enhancement policy

The main strategy of the M.R.M. group is to keep a significant portion of assets with value-added opportunities in its portfolio. These are assets which show potential for substantially higher yields.

The first stage of this strategy consists in identifying, negotiating and acquiring undervalued assets. Once acquired, the Group has several sources of leverage to enhance their value:

- refurbishing assets can improve their standing and lift them to higher market standards;
- realignment of rental incomes to market rates.

## 1.4.2 The real estate market in 2011, office and retail segments

### The investment market in France

*Source: CBRE study of Q4 2011 entitled "Market View – Investment France"*

#### Economic and financial background

2011 was a mixed year, with growth of close to +1.6% versus +1.4% in 2010. The worsening of the eurozone sovereign debt crisis from the summer of 2011 led to a sharp drop in confidence. Household spending rose a mere +0.6% in 2011 (+1.3% in 2010) and is expected to see modest growth in 2012 of circa +0.5% (weak confidence, high savings rate, possible increases in mandatory contributions, budget cuts, unemployment, etc.). Inflation should be more subdued this year at around +1.5%, compared to +2% in 2011. Business investment rose by close to +4% in 2011 (+2% in 2010) and is expected to see a further modest rise this year (more unfavourable financing conditions, uncertain economic outlook, low cash reverses of businesses, etc.). The trade deficit is expected to have exceeded -€70 billion in 2011 (rising commodity prices, poor competitiveness, euro relatively strong, etc.) and should remain substantial in 2012.

Although the European Central Bank and the Member States of the eurozone took action in response to the resurgence of the sovereign debt crisis (austerity plans, French-German and European summits, etc.), it wasn't enough to reassure the markets. The Eurostoxx 50 and the CAC 40, having respectively risen by around +1% and +2% in the first half of 2011, fell -19.5% and -21% in the second half. In a sign of market defiance, the spread between German bonds and those of certain European countries rose. Ten-year French Government bonds in fact rose 80 basis points between September and November 2011, before easing back a little in December (monthly average). The record high levels of bank deposits with the European Central Bank seen in early 2012 were primarily driven by a lack of confidence in the banking sector.

Given the high levels of uncertainty, 2012, an election year, will not be the year of recovery that was promissed, with anticipated growth of +0.4%. A whole series of challenges remain (resolving the euro crisis, cleaning up public finances, restoring confidence, improving competitiveness, dealing with the loss of the triple A, etc.), and economic recovery and calming of the markets depend on their resolution.

#### Rising volumes

In 2011, close to €15.1 billion was invested in standard commercial property in France representing a year-on-year increase of 29%. Against all expectations, the market was back up at pre-crisis levels, leaving aside the 2006-2007 peak, despite just coming out of the European sovereign debt crisis. Following a relatively calm first half, the second half of 2011 was very active. In particular, the traditional pressure to close out negotiations at the end of the year once again played a major role, seasonal swings having become very marked since the crisis. In fact, with some €6.5 billion invested, the final quarter of 2011 was one of the top five quarters ever recorded in terms of volumes. The scheduled end of 210-E, the uncertainties regarding future price trends, the need for certain players to unlock capital gains to offset property losses made it possible to provide a fresh supply of quality products to the market, with the market being clearly dominated by sellers from the autumn on.

#### An active but tight market

Despite the increased scarcity of credit, there was sustained demand as a result of the high level of capital looking to invest in property. This kept prime yields low, even pushing them down in certain market segments, with the best office space in Paris enjoying a liquid volume of new deals of around 4.5%. Capital was available for all market niches regardless of size, including for the sort of major deals that had been few and far between in 2010. As a result, deals worth over €100 million accounted for close to half of all deals, with seven deals for over €300 million being completed in 2011. There was notably a doubling of portfolio dispositions compared to 2010, even if the proportion thereof remained low (18%). As a result, the two largest deals in the fourth quarter were bundled sales: the acquisition by La Française AM of a Carrefour portfolio for €365 million and that by the Norges Bank/AXA REIM joint-venture of three prime properties in the Paris region from Seb ImmoInvest for €307 million.

This market improvement, stronger than expected, reaffirms the fact that investors view property as a safe investment. In the midst of economic and financial turmoil, property, a real and tangible asset, looks more than ever like a safe medium/long-term investment. However, although the market was active, it also remained prudent. The likelihood of an economic slowdown, with an indeterminate impact on the rental market, and uncertainties regarding the outlook for securities against the background of highly volatile financial ratios revived investor prudence and froze market fundamentals. The market also remained relatively tight.

A whole range of assets was withdrawn from the market throughout the year, sometimes involving substantial volumes, where expected prices were out of line with investor strategies. This reflects strong buyer selectivity as regards assets considered prime and the difficulty of satisfying seller expectations, often based on appraisal values, for more secondary products. Overall, buyers focussed on locations seen as the most prestigious as well as on higher quality assets. Paris and the Western Crescent (West of Paris) on their own accounted for 58% of volumes committed, and new or recent products once again accounted for close to half of investments.

### Offices continue to flourish

Of all asset types, investor interest is more than ever focussed on offices. This segment performed particularly well in 2011 (€11.9 billion bought and sold, +49% year-on-year), placing it third in terms of volumes behind 2006 and 2007. There was a real resumption in off-plan sales, even if still weak, with in particular a marked acceleration at the end of the year, with deals of over one billion euros in this segment alone. Above all, although buyers mainly focussed on assets with long-term leases at market rates, they accepted a certain level of risk in order to buy quality properties, against a background of a widespread lack of fresh rental supply. As a result, in 2011, 80% of office off-plan sales were speculative (not pre-let).

The retail market for its part was slow for most of the year. In fact, retail assets were very much in demand but supply dried up, in particular as regards large volumes, following two very active years in 2009 and 2010. As a result, only €1.1 billion in commitments had been booked at 1 October 2011. This figure nevertheless doubled over the final quarter, thanks in particular to the signing of two large portfolios, such deals having been virtually absent for a number of quarters. Overall, with close to €2.3 billion committed, the retail market saw a limited decline compared to 2010 (-20%). Shopping centres (41%) continued to be the product favoured by investors, in particular small and mid-size regional centres, for between €50 and €100 million. The town centre store segment, where unit values are more accessible, performed well (23%). Conversely, the retail park market is still viewed with suspicion due to a fall-off in consumer spending in the outskirts of towns and cities.

The logistics/light industrial premises market continued to suffer from investor disaffection with the manufacturing sector, deemed riskier and less liquid, and the lack of prime logistics products, where demand was focussed. Investment volumes remained unchanged on 2010 (€0.9 billion bought and sold), with the recovery seen in the second half of the year just offsetting a very poor first half of 2011.

### Dominance of French institutional investors

While the market remained tight in terms of the types of assets sought, there was also a significant concentration in terms of number and type of players. There was a real preponderance of institutional investors throughout 2011, with the latter virtually being the only ones with the resources to get involved in the largest deals. They thus accounted for over 75% of volumes signed on deals involving over €150 million. Furthermore, the market was mainly restricted to players from France and Europe, in the broadest sense.

Insurers were once again very active and are expected to remain so, even if some of them have been heavily hit by the sovereign debt crisis and others may be tempted to increase their exposure to real estate by taking positions in the financing market. SCPIs continued to enjoy exceptionally high fund inflows, allowing them to once again be very active, including in high unit amounts. They passed a new milestone in 2011 with €1.8 billion in commitments recorded, close to half of which were in the fourth quarter. OPCIs and pension funds were also active in the market. On the other hand, open funds were net divestors following a major sell-off at the end of the year, something that could continue in 2012.

Leveraged investors or investors with more opportunistic strategies were once again net sellers. By virtue of this, investment funds, even if more active in the second half of the year, in particular in the off-plan sales segment, once again did more selling than buying in 2011. The same was true of real-estate companies, in particular SIICs which, hit by the fall in their stock market values, resumed their financial restructuring policies that had been halted in 2010, not including those on sale or in the process of being sold.

### Outlook for 2012: limited decline

The commercial estate investment market is seeing mixed signals. The worsening of the sovereign debt crisis and stock market volatility heighten the view of real estate as a safe haven asset. There will thus continue to be substantial amounts of capital looking to invest in this market, even if the economic climate doesn't look very inviting for international investors (foreign exchange risk for investors outside the euro zone, poor visibility regarding the French and European economy in general). Nevertheless, banks will continue to face liquidity problems and challenges generating returns on their capital. Financing conditions (availability and cost of credit) will thus inevitably tighten, resulting in less competition as a result of the barriers faced by leveraged players to enter the market. Furthermore, equity will become more expensive by virtue of its scarcity, resulting in a rise in long-term rates. Rental yields can thus be expected to start rising, in particular in less liquid segments and where large volumes are involved.

Against this backdrop, it seems inevitable that there will be an adjustment in certain prices and buyer strategies, potentially resulting in the market seizing up somewhat in the first months of 2012. On the other hand, the second half could be driven by the thaw in the "secondary plus" market. In fact, banks will likely be much less accommodating than in previous years as regards debt renegotiations. This could force certain players to sell and result in assets or even debt being placed on the market. Overall, we anticipate a somewhat limited fall-off in the investment market, with between €12 and €14 billion in commitments expected for 2012 as a whole.

## The office market in Île-de-France

*Source: CBRE study of Q4 2011 entitled "Market View – Offices Île-de-France"*

### Sustained occupier requirements

Despite the worsening economic climate, occupier requirements generally held up well throughout the year. Nevertheless, users took a wait-and-see approach, thereby dragging out negotiations. The trend is towards more opportunism with users testing markets, before in some instances ultimately renegotiating.

### A year of major deals

In 2011, take-up in the Paris region totalled over 2.4 million sqm, an increase of +14% on 2010. This solid performance was primarily the result of the signing of a number of major deals (13 over 20,000 sqm), including seven in a record third quarter (760,900 sqm). The fourth quarter, on the other hand, saw much smaller volumes by virtue of the fact that few major deals were undertaken, with a total of 496,000 sqm placed on the market (-5% compared with the fourth quarter of 2010).

68 deals of over 5,000 sqm were recorded in 2011, on a par with the number in 2010 (70) but with average deal sizes sharply up, bringing total take-up to circa 1 million sqm in this market (+31%). Three "mega deals" (over 70,000 sqm) were also completed during the year: SFR in Saint-Denis (124,000 sqm), Carrefour in Massy (85,000 sqm) and Thalès in Gennevilliers (78,600 sqm).

The small and medium unit market (under 5,000 sqm) performed in line with 2010, with a little over 1.4 million sqm taken up. In Paris Centre West, volumes held up although with a slowdown in the fourth quarter. Take-up in Southern Paris rose, however, with this region representing an alternative for users looking for quality premises.

The Western Crescent (West of Paris) saw increased take-up during the year, driven by deals for between 1,000 sqm and 5,000 sqm At La Défense, the market is proving slow to recover, in particular in the over 5,000 sqm niche. In the suburbs, aside from the major deals, the market trended downward although the Outer Rim held up better, on the back in particular of the opportunities created by the drop in prices.

The new/redeveloped component is high, at 39%, and the renovated at 23%.

The breakdown of take-up by business sector has been affected by the major deals. The manufacturing sector (in the broadest sense) and banking/insurance were the main market players in 2011. Companies involved in information and communication technologies and the transport/logistics/distribution sector were generally busier than in 2010.

### Growing pressure on new supply

Since end-2009, ready supply hasn't changed much, reflecting zero net take-up. Not surprisingly, ready supply in Île-de-France thus totalled 3.61 million sqm, representing a vacancy rate of 6.6%.

This stability in the Paris region nevertheless hides a certain number of geographic and structural disparities, which have consistently trended in the same direction for a number of quarters.

Thus, supply within Paris continues to fall, although this is offset by an increase in the suburbs, in the broadest sense. The vacancy rate in Paris dropped under 4.5% whereas in the Western Crescent (West of Paris) it is above 10% and 9% in the Inner Rim.

Structurally, the new/redeveloped component has fallen across the board for a number of consecutive quarters, a trend that is even more marked in Paris, a market that has traditionally generated little new supply, and which moreover offers small and mid-sized units.

In the Paris region as a whole, this component stands at 23%. It thus dropped two percentage points within the past year and five percentage points over the past two years, thereby reflecting the progressive take-up of new areas as they come on the market, even though deliveries remain limited.

### Are we in for a new wave of speculative developments?

New supply over 5,000 sqm (confirmed and probable) rose +5% year-on-year, having contracted in the previous quarters, to 4 million sqm.

Confirmed new supply over 5,000 sqm thus totals 1.35 million sqm, up +21% on the same period the previous year and +16% in the fourth quarter alone. Although more numerous than in previous quarters, very few speculative developments are being undertaken, in particular those bought off-plan during the year. They totalled 11 in the fourth quarter, consisting of seven new and four redeveloped. The increase in confirmed new supply also stemmed from a series of refurbishment works.

Probable supply totalled 2.68 million sqm, -2% year-on-year but +4% over a period of three months, reflecting progress on a number of new building projects.

### Rent increases in Paris, continued falls in the suburbs

At 1 January 2012, the average rent in the Paris region for new, redeveloped or renovated areas went down to €298 net/sqm pa (-1.3% year-on-year), under the €300/sqm threshold for the first time since the first quarter of 2010. The average rent for in-use areas saw a more marked fall (-3.6%), dragged down by the secondary markets, to €216.

In Paris, the heightened pressure on quality supply, combined with sustained demand, has resulted in an increase in nominal rental values, which notably range from €446 on average in Southern Paris (+5.4%) to €541 in Paris Centre West (+4.2%). In the Western Crescent (West of Paris) and La Défense, the fall in values continued (-6%). In the Inner and Outer Rims, rents have been heavily discounted, partly to reflect demands from users looking to save money.

Rents for in-use offices are holding up in Paris but continue to fall in the suburbs, in particular in sub-markets where potential tenants still have a choice.

### Prime Paris rents sensitive to supply scarcity

The average prime rent in Paris Centre West rose during the quarter (+7%) following the resurgence of flagship deals with values of up to €830, thereby pushing prime to €748. The deals signed for the couple of quality products in the 7th arrondissement set Parisian prime at €781.

Average prime rent in the Western Crescent (West of Paris) also saw a sharp rise over the closing months to €462, as a result of a number of major deals in Neuilly-sur-Seine.

The average prime rent in La Défense (€494), was relatively stable over the year but dropped -9% in six months as a result of the low number of material deals signed since mid-year.

The commercial concessions agreed remain high despite a decline in nominal rents in the suburbs. Some owners prefer to keep nominal rents unchanged, although are willing to offer substantial rent-free periods, ranging from one and a half to two months for each year of commitment.

### 2012: towards new market balances

Although 2011 was a good year for offices, it was still marked by economic and financial upheaval. Uncertainties will continue to drag down confidence and thereby impact corporate behaviour and could further imperil property strategies. Deals will continue to be broadly driven by the quest for cost savings. Similarly, demand will remain opportunistic in market conditions that are favourable to users. This is particularly true where rental values are most favourable and/or supply reflects the needs of users.

The first half of the year should see a decline in major deals, with there currently being few active requests. There is room for deals but large users are expected to take a wait-and-see approach for a number of months. Furthermore, the first half of the year will be affected by the presidential elections and as usual some companies may hold back pending the outcome.

2012 should resemble 2010 in terms of volumes taken up. This is expected to reach or even exceed 2 million sqm.

The Parisian market should be adversely affected by falling supply both in volume terms but also in terms of a reduction in the range of products offered (little or nothing in the way of low rents and serious lack of quality and prime areas). Other regions could thus benefit from this shortage, including the Inner Periphery, starting with the Western Crescent (West of Paris).

Completions will remain limited this year. Increases in supply will largely come from renovated areas on which work began a couple of months ago, an alternative taken by owners looking to quickly (and more cost effectively) put relatively high-quality premises on the market.

Overall, ready supply should be pretty unchanged at around 3.6 million sqm, representing a vacancy rate that remains around 7%.

Against a challenging backdrop in which users remain to be convinced, rents are generally expected to continue to fall. While certain micro-markets – in which demand exceeds supply – will preserve their value, most should expect a fall. Accordingly, commercial concessions, in particular rent-free periods, are not expected to increase further and and should stabilise at around one and a half months per year of commitment.

## The retail market

*Source: Taken from the 2011-2012 Report of the CNCC Observatory.*

### Economic performance of shopping centres

#### The key figures

In 2011, there were 730 shopping centres in France (excluding retail parks) representing over 15 million sqm of GLA and hosting over 33,000 retail outlets. Year-on-year, the area encompassed by shopping centres expanded by some 380,000 sqm.

In 2011, shopping centres generated total revenue of over €118 billion, representing a quarter of retail spending. Over this period, they also generated 15,000 direct jobs, net.

#### 2011 visits to French shopping centres

The 2011 index for the number of visits to shopping centres (base 100 = 2010) was 98.7 on revenue of 99.2. Visits were therefore down 1.3% at the end of December 2011, in line with 2010 when the index also fell 1.3%. It should be noted that since November the number of visits seems to have stabilised, and it is indeed possible that they may not fall any further in 2012.

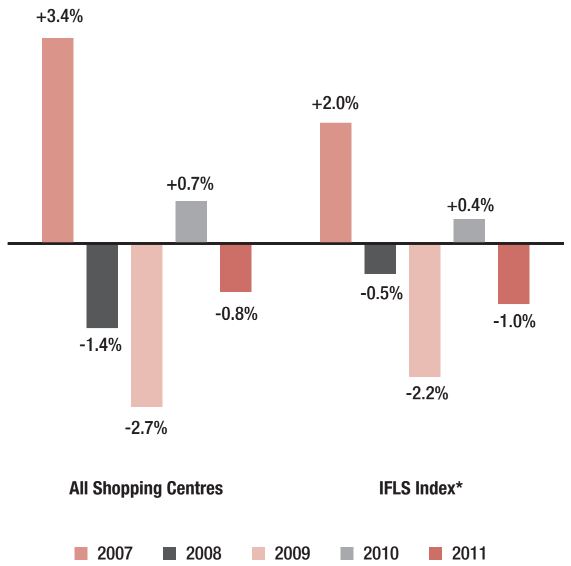
The two peak periods were in June and December: June thanks to the summer sales and December having seen substantial end-of-year purchases. In both cases, the calendar was favourable over the period.

Overall, 2011 was a year of adjustment in terms of visit numbers. In addition to the recovery from the crisis, a number of negative factors can also be cited including the rise in oil prices and the increased popularity of e-commerce: against this background, shopping centres surveyed customers and the CNCC carried out a number of studies during the year, which concluded that consumers still intend to spend big in shopping centres.

#### 2011 performance of shopping centres

In 2011, French growth was +1.7% following +1.5% in 2010 (INSEE).

Shopping centres saw a -0.8% decline in revenues. Nevertheless, compared with other bricks and mortar retail formats, shopping centres held up better during the crisis.




Following a substantial fall in 2008 and 2009 and a recovery in 2010, the renewed fall in 2011 was relatively moderate reflecting the ability of shopping centres to respond to economic upheavals, in particular through aggressive marketing and by substantially refreshing their offering.

The Health & Beauty, Personal Goods and Food and Restaurant sectors held up best and on their own accounted for close to two thirds of the revenue of shopping centres.

In summary, French consumers kept spending at a very measured level, reflecting their prudence in balancing spending/saving and this was true across all retail channels: bricks and mortar, online, Drive, etc.

Of all shopping centres, centres serving several communes performed the best (+0.3%) for the second year running. Regional centres (-1.2%) and traditional town centre centres (-1.4%) saw modest falls.

On the basis of initial results for January 2012, revenue is in line with 2011, namely a very mixed year.

New retail group concepts and shopping centres that refresh their offering make it possible to sustain growth.

This year in particular, the retail outlet format was essential, as can be seen from the difference in performance between stores and specialised superstores in the Household Products, and Culture, Gifts, Leisure sectors.

While at first glance the Internet represents a threat for individual stores, it can be an opportunity for shopping centres that build partnerships with pure players; the Internet can also be a flow vector when used as a collection point; and finally mobile tools (applications, newsletters, etc.) cater to hyper-connected consumers, giving an advantage to shopping centres at the forefront of inovation.

Consumers are definitely watching their spending and even spreading it across different items: the Health & Beauty sector enjoyed an upswing thanks to an affordable product offering, but also as a creator of well-being, a non-negligible added value in times of crisis!

## Property transactions

### The retail property market

A remarkable second half: €2.4 billion invested compared to a mere €800 million over the first six months of the year. A total of some €3.2 billion invested over 2011 as a whole, representing a fall of around 10%.

The commercial estate investment market performed really well in 2011, in particular thanks to a marked improvement in the sums invested in offices. Commitments totalled around €16.1 billion in 2011, representing a marked 46% year-on-year improvement. The elimination of tax incentives such as the end of Article 210-E of the French General Tax Code, and the mechanism adopted by the French Government in September with respect to exemptions from capital gains tax helped drive liquidity in the second half.

Investor interest was particularly strong in the office investment market, which saw transactions of around €12 billion, an extraordinary increase of around 80%. This asset class took in virtually three quarters of the sums invested in commercial estate.

Market trends in retail property were somewhat different. In fact, commitments were down around 10% on 2010. With over €3.2 billion invested, the retail property investment market nevertheless held up somewhat with the third best year ever.

The retail property portion of commercial estate fell and currently accounts for some 20%, compared to 33% in 2010 and 25% in 2009.

The retail property highlights in 2011 were as follows:

- the first half of 2011 was more or less inactive. With only €800 million invested, a number of concerns hung over the market at end-June 2011. Nevertheless, the second half saw extraordinary performances, with €2.4 billion invested, namely three times the amount in the first six months;
- investors view the "Retail" asset class as a safe haven. They are, nevertheless, faced with a scarcity of products on the market. It is still a holding market with most owners private individuals and institutions, who intend to hold their assets over the long-term;
- even though tax system changes definitely boosted liquidity, current owners either intended to hold for the long term, or were looking at opportunities to sell on a case-by-case basis where they would exceed appraisal values and/or recent comparable transactions;
- there was a clear mismatch between supply and demand. Investors were primarily targeting prime products and were faced with a relatively restricted market supply;
- shopping centres did not see the same remarkable levels of investment, with only €1.3 billion invested in 2011 compared with €2.7 billion in 2010. This asset class currently accounts for 42% of the sums invested in retail property, compared with 68% in 2009 and 73% in 2010. The lack of major deals, and in particular the sale of regional shopping centres, partly explains this fall-off in commitments;

- property outsourcing once again became a promising niche, with a marked improvement in liquidity in 2011 and over €760 million being booked, making 2011 the second best year in terms of commitments. This asset class saw a sharp rise in its market share with 24% of sums invested in retail property, compared with 7% in 2010.

A more difficult and more selective market, except for investment products in top-line shopping centres, resulted in longer negotiations, while values for intermediate quality products held up. The tax changes scheduled to come into effect in early 2012, and which will impact a certain number of investment vehicles, also led investors to sell.

Following a decline in the number of centres sold in the first half, a fall that was expected given the extraordinary level of transactions for very large centres the previous year (Cap 3000, Espace Saint-Quentin and O'Parinor), the second half was particularly disappointing up to 21 December with deals only totalling €411.66 million, compared with €1.431 billion in the second half of 2010, a fall of some 71.2%. However, over the final ten days of 2011 eight deals for eight shopping centres were reported for an additional €362.8 million. Thus, 26% of centres sold over the year took place in December, accounting for 27% of total annual volumes.

A marked proportion of deals undertaken during the year were not completed because of difficulties obtaining bank financing, in particular for small investors. It is clear that the yields currently on offer in intermediate risk categories are still too low for small investors who need external financing for their purchase.

2011 thus closed the year close to 2009 levels.

There were probably a small number of additional deals that haven't yet been reported, potentially bringing the annual total close to the €1.4 billion completed in 2009. The total identified to date is €1.343 billion, consisting of 33 deals for 34 centres. It should be noted that no shopping centre portfolio was sold and that the sum invested per centre was down, returning to the relatively low average of around €40 million per centre already seen in the past.

Most centres sold were in intermediate risk categories, whereas deals for "Core" and "Opportunity" centres were few and far between. The percentage of transactions with yields in the intermediate range of between 6.1 to 8 0/1;1 was relatively stable at 50% of the total number of deals, compared with 60% on average over the past seven years.

In general, the change in yields in 2011 reflected the greater proportion of mid-range centres exchanged (from 6.1% to 7%), representing the riskiest "Core +" centres and the best "Added Value" centres, which accounted for 42% of the total number of deals, a percentage equal to the average over the past seven years, but markedly up on the 38% seen in 2010. The same number of centres in the "Core" ranges between 4% and 6% were sold as in 2010, with 43% of the total number of deals.

Lastly, for the ranges comprising Secondary centres (the riskiest "Value Added" centres and the "Opportunity" centres) the percentage was slightly down on 2010, although the proportion in the above 9% yield range doubled, from 4% to 8%, possibly pointing to an increase in forced sales and a future widening of yields between the "Core" and "Opportunity" categories.

### The retail park investment market

2011 was marked by a return of institutional investors, mainly looking for next generation products.

The "retail parks" asset class benefited from a real return by French and foreign investors looking, by virtue of the low number of shopping centres on the market, for so-called "next generation retail park" products ranging from €10 to €50 million and above all enjoying secured long-term revenues.

However, there are few such products on the market. Current owners either intend to hold for the long-term or are looking at opportunities to sell, on a case-by-case basis and only where they would exceed appraisal values.

Supply was more plentiful in independent medium-sized suburban units, popularly called "commercial premises". Some sellers, primarily private ones, decided in the second half to sell their assets, as a result of the tightening of capital gains tax rules.

A net increase in sums invested: +38% year-on-year.

The second half was much busier than the first half. In fact, the second half accounted for 84% of total volumes over the full-year.

This solid performance made it possible to make up the ground lost in the first half. The sums invested were thus up sharply, some 38% between 2010 and 2011, to around €400 million. They thus reached the level seen in 2008 but are still far off the levels seen in 2007 (€675 million).

This asset class thus saw its market share increase in 2011 and now accounts for 13% of total retail property volumes, compared with 7% in 2010. For reference, this asset class enjoyed a 24% market share in 2008.

It is important to emphasise that, given the lack of transparency in market reporting, in particular for "small" deals (under €5 million), the sums invested in retail parks are undoubtedly slightly underestimated.

The main trends in "retail parks" in 2011 were as follows:

- heightened emphasis on quality: investors have raised their expectations and now pay particular attention to certain asset quality criteria, such as location, construction quality, and above all rental risk and the raising or downward renegotiation of rent;
- a wait-and-see attitude among owners, which was the main reason behind the lack of "Core" products on the market. Owners, not currently subject to real financial constraints, are not really sellers. No forced sale has yet been seen;
- more plentiful supply of so-called "medium-sized suburban units", stemming from the fact that certain owners responded to the changes in the capital gains tax exemption scheme due to come into force on 1 February 2012. Certain private owners in fact decided to switch some of their assets prior to this change;
- a growing proportion of structured products in terms of deals concluded: in 2011, new retails parks accounted for 54% of retail park volumes. Definite liquidity was seen on products ranging from €10 to €20 million.

A 50 basis point year-on-year fall in prime yields. The downward trend in prime yields has now been going on for two years.

In fact, while 2010 saw yields drop below the 7% threshold, in 2011 there were a number of deals with yields under the 6% psychological threshold.

The tightening of yields has also continued across all structured (retail parks) and independent products (medium-sized specialised units) that are well located and offer secured revenues.

On more secondary products, yields haven't followed the same trend and were unchanged on 2010. In this risk category, yields ranged between 7% and 8%.

## The market: 2011 results and outlook for 2012

### Changing demand

Following the recovery seen in 2010, the expansion of major international retail groups accelerated - both those which had recently moved into metropolitan France (Fossil, Desigual) and the more established groups. Accordingly, H&M continued to expand its network in mid-sized towns and recently announced the development of Cheap Monday and Monki stores.

New entrants also invigorated the French market. Openings by UK and US retail groups such as Banana Republic and Marks & Spencer on the Champs-Elysées, illustrated the strong appeal of major Parisian thoroughfares. The influx of new foreign players also reaffirmed the appeal of the country's major shopping centres (Hollister in Carré Sénart, JO Sports in Lyon Part-Dieu). These newcomers also spurred on marketing of new projects, like the Italian and Spanish retail groups, which previously had no presence in metropolitan France, and which moved into Le Millénaire in Aubervilliers IOVS, Alcott, Decimas, etc. Helping to refresh the commercial offering, the arrival of newcomers nevertheless heightened competition between retail groups, forcing many of them to adapt. As a result, Go Sport and Mexx readjusted their positioning and Benetton added a high-end concept under the George Hogg brand. Other modernisation drives followed the acquisition of certain Groups, such as the new 10 Kids concept encompassing, near Lille, the various ID Group brands (Okaïdi, Jacadi, Eveil and Jeux, etc.).

However, the strength of the retail property market should not hide the wariness of a growing number of players in light of the deteriorating economic climate and declining consumer spending. The streamlining of their store network and of their property costs continues to be one of their main priorities. This caution also explains the ongoing desire of international retail groups, both the well-established ones and newcomers in France, for top-line sites and locations that enable them to control the risks associated with their openings. Shopping centres and retail parks that have proven themselves and new projects enjoying massive catchment areas thus continue to be the top targets for the retail groups.

### Changes in supply

Retail groups can still benefit on occasion from asset sales forced upon certain groups in difficulty and sales by certain players looking to streamline their network of stores. In general, prime premises are becoming increasingly difficult to find, with international retail groups first targeting top-line locations in metropolitan France to the detriment of secondary or recent sites that suffer from the uncertainties associated with the economic climate. This change is all the more worrying in that the level of store openings in France, all formats combined, has stayed at a high level, rising from 710,000 sqm to 730,000 sqm from one year to the next. The addition of new shopping centres, retail parks and brand centres thus continues to threaten a dilution of retail group revenue.

In a highly competitive environment, the main challenge facing operators of commercial sites is to avoid the trivialisation of their offering, and explains the care taken in developing new projects and in improving existing ones through extension and redevelopment operations. In addition to the arrival of new retail groups, the desire to build flows contributes to an increasing theatricalisation, as is shown, for example, by the partnership between Cirque du Soleil and Unibail-Rodamco at some of the latter's shopping centres. Driven by technological development, the growing convergence between bricks and mortar and e-commerce also reflects the desire to enchant Consumers; for example the mirrors linked to social networks at the new Morgan flagship on the Champs-Elysées. It also underlines the central role of multi-channel, illustrated by the recent takeover bid by Altarea of the pure player Rueducommerce.com and the success of "drive" concepts that allow stores to streamline their logistics while more closely reflecting the expectations of consumers who are looking to avoid unnecessary trips.

These examples of adaptation and modernisation of the commercial offering go hand in hand with an improvement in the shopping environment. The efforts made on the architecture of new retail parks ("green centre" concept by Frey) or brand village projects (Nailloux Fashion Village) and the bringing on board of new sustainable development standards are there for all to see. In fact, close to 700,000 sqm in retail space is HQE-compliant and many existing sites or sites under development have been awarded international certification, such as the Millénaire centre in Aubervilliers (Breeam "very good") or Les Docks 76 in Rouen (Breeam "in use, very good").

### Changing rental values

The consistent appeal of the best locations explains why prime rental values have held up at strategic sites across Ile-de-France and the provinces. The general stability seen in the shopping centre and retail park market nevertheless hides contrasting performances across different formats and location qualities.

Aside from the best established regional centres in metropolitan France, with high rental values and that continue to be a necessary step in the development of new entrants, 2011 nevertheless saw a hardening of negotiations between store operators and shopping centre lessors. Faced with retail groups weakened from the scale of their efforts, owners have been forced, in order to limit vacancies across their properties, to cut certain rents and to offer support in other ways (part paying for refurbishments, progressive rents). This trend notably affected new centres, where trading conditions are still suffering from the difficult start for recently opened projects. Shopping centres are also suffering from the comparison with retail parks. The latter in fact offer a lower cost base at a time when declining consumer spending is hitting groups' bottom lines. This format doesn't in any way escape the desire of retail groups to negotiate. Lessors have, for example, been able to write in marketing clauses, both for shopping centres and retail parks.

### Outlook

Despite a strong start to the year, 2011 has dampened hopes of an out-and-out economic recovery. Forecasters are all pointing to economic stagnation in France in 2012, the weakening of the jobs market continuing to be one of the key factors for the French retail property market. The impact on growth of the government's austerity measures, in the run-up to major elections, will thus play a critical role. But there is no doubt that the economic climate will impact consumer spending habits, with changes therein expected to confirm the advantages of formats prized since the start of the crisis. e-commerce, convenience stores, etc. The retail groups will thus have no choice but to continue adapting their offering to rapidly changing consumer habits, in what has become a highly competitive environment as a result of the upsurge in e-commerce and the arrival of new foreign entrants looking for growing drivers beyond their bases. Retail groups will thus accelerate the rationalisation of their store networks and will endeavour to take the occasional opportunity to acquire the best locations in metropolitan France, with a view to limiting the risks of new openings in what is a challenging climate for the retail sector.

## 1.4.3 The Group's analysis of market trends

### A resilient portfolio

Macro-economic uncertainties and, since summer 2011, the sovereign debt crisis impacted the valuation of the asset portfolio held by M.R.M to the extent that assets without secured rental revenues saw a further drop in valuations. However, thanks to M.R.M.'s business model the Group is able to resist the fall in the value of its asset portfolio. This is due to three main factors:

- the asset portfolio consisting of retail properties with long-term rental revenues on account of the quality of their location and commercial lease regulations is an asset class which is naturally less affected by real estate cycles;
- the asset management activity for certain properties in the portfolio with value-added opportunities help make it possible to continue creating value, even in a less favourable market;
- M.R.M.'s office assets are mainly located in Paris and in the markets surrounding the Paris region. The average rent of the stabilised portfolio, at €214/sqm, plus the fact that 39% is tied in for over three years, provides protection against a significant fall in rental revenues.

Overall, in 2011, the value of the asset portfolio, adjusted for dispositions during the year, rose 1.2% to €287.5 million. Furthermore, the fact that interest rates were kept at historically low levels in 2011 created a favourable environment for M.R.M., since virtually all of its bank debt is at variable rates. Early 2012 saw a continued fall in the three-month Euribor, following the massive injection of liquidity into the banking system by the European Central Bank. A very low average rate is expected over the coming months given the desire to support a still very weak economy.

## 1.4.4 Stock market environment

Following the upswing seen in 2010, listed real-estate companies saw falls in 2011 with the Euronext IEIF SIIC France total performance index down 16.55% compared to losses of 17% on the CAC 40 over the same period.

At end-2011, the Net Asset Value of listed real estate companies was trading at an average 20% discount, the discount being more marked for companies with short-term debt.

There are 41 SIIC listed real estate companies, representing a stock market capitalisation at the end of 2011 of €40.6 billion, *i.e.* 3.4% of the capitalisation of Euronext Paris.

## 1.4.5 M.R.M.'s asset portfolio as of 31 December 2011

At 31 December 2011, the M.R.M. group had a mixed portfolio combining office and retail properties, valued excluding transfer taxes at a total of €287.5 million, compared with €339.7 million on 31 December 2010. This reduction reflects the €53.9 million in dispositions made by the Group in 2011, an amount which corresponds to the fair value of the properties disposed of at 31 December 2010.

At the end of 2011 the asset portfolio was comprised of 63,405 sqm of office properties and 90,488 sqm of retail properties.

**Subsequent to the takeover of M.R.M. by Dynamique Bureaux and its conversion into a listed investment company in the second half of 2007, the Group's asset portfolio was built up in three phases:**

- Dynamique Bureaux/M.R.M. merger.

  A merger contribution by Dynamique Bureaux appraised at €162 million excluding transfer taxes at 31 August 2007.

  The portfolio then contained nine office property assets representing a total area of 53,650 sqm. The transaction was approved in M.R.M.'s Combined General Meeting of 12 December 2007, retroactive to 1 September 2007;
- Contribution of Commerces Rendement to M.R.M.

  A contribution from Commerces Rendement appraised at €143 million excluding transfer taxes at 31 August 2007.

There were 19 retail property assets in the portfolio for a total area of 75,582 sqm The transaction was approved in M.R.M.'s Combined General Meeting of 12 December 2007;

- Acquisitions and disposals by M.R.M.

  Acquisitions from 1 September 2007 to 31 December 2007: office buildings acquired in September and October 2007 worth €65.5 million, retail property assets acquired in September 2007 for €3.8 million, and mixed office and retail space acquired in November and December 2007 for €80.4 million (purchase price excluding transfer taxes).

  Acquisitions made in 2008: an office building acquired in April 2008 for €6 million, retail property (two garden centres and five Pizza Hut restaurant properties) acquired in May and July 2008, for €11.3 million (acquisition price excluding transfer taxes).

  Acquisitions made in 2009: no acquisitions were made in 2009.

  Dispositions made in 2009: three retail properties sold between February and September 2009 for a total of €22.7 million excluding transfer taxes.

  Acquisitions made in 2010: a 1,000 sqm unit.

  Dispositions made in 2010: the premises of four Pizza Hut restaurants in the Paris region, two retail assets (one in Brétigny-sur-Orge and the other in Angoulême), three office properties (located in Nanterre, Clichy-la-Garenne and Levallois-Perret) and the Marques Avenue A6 outlet centre in Corbeil-Essonnes for a total of €151 million excluding transfer taxes.

  Acquisitions made in 2011: no acquisitions were made in 2011.

  Dispositions made in 2011: five retail assets (in Barjouville, Moulin les Metz, Vineuil and two in Chambray les Tours), and three office properties (in Boulogne-Billancourt, Rueil-Malmaison and Puteaux) for a total of €55.3 million.

## A balanced mixed portfolio

| | Data at 12/31/2011 | Data at 12/31/2010 |
|---|---|---|
| **Value excl. transfer taxes:** | **€288m** | **€340m** |
| | -15.34% vs. 12/31/2010 | -30.9% vs. 12/31/2009 |
| | +1.3% excl effect of dispositions | +0.6% excl effect of dispositions |
| **Total area:** | **153,893 sqm** | **171,956 sqm** |
| Breakdown in value: | 58% retail/19% stabilised offices/ 23% offices with value-added opportunities | 42% retail/34% stabilised offices/ 24% offices with value-added opportunities |

The asset portfolio breaks down into 63% of stabilised properties, as against 64% at end-December 2010, and 37% of properties with value-enhancement opportunities, as against 36% at end-December 2010. This seeming stability stemmed from a combination of factors: the removal from the asset portfolio of certain stabilised assets following their sale was offset by the reclassification of the Solis office property from the "value-added opportunities" sub-portfolio to the "stabilised" sub-portfolio and by valuation adjustments to the assets classified as "value-added opportunities".

## Office portfolio

Office property assets are located in parks of mixed office and light industrial spaces in the Paris region. The Group's policy is to focus on the Paris region, which accounts for the great majority of business in this segment, but without ruling out other opportunities.

The stabilised office portfolio covers a total area of 19,377 sqm and a total value of €54.5 million excluding transfer taxes. In 2011, four leases (1) were signed for annual rent of €1.7 million. Its occupancy rate improved further and now stands at 100%. The stabilised office portfolio generated net annualised rent (2) (of €4.1 million at 1 January 2012, up 2.4% on 1 January 2011 following adjustments for changes made to the portfolio during the year. The changes in the stabilised office portfolio in 2011 stemmed from:

- asset sales: M.R.M. sold off an office complex in Boulogne-Billancourt for €10.3 million excluding transfer taxes in

*(1) New leases or renewals of leases at increased values.*
*(2) Excl. taxes, charges, rent-free periods and improvements.*

September as well as two office properties in Puteaux and Rueil-Malmaison for €39.6 million in October;

- the exclusion of the mixed Carré Vélizy complex, which is now part of the retail property portfolio;
- the inclusion of the Solis property in Les Ulis in this portfolio following the completion of its value-enhancement programme (described in the next section).

The portfolio of offices with value-added opportunities, with a total area of 44,068 sqm and a total value of €67.4 million excluding transfer taxes, is 29% occupied and therefore has a high level of potential in terms of letting and additional rental income. Ongoing refurbishment programmes represent an anticipated investment of €7.1 million for 2012. Overall, after value enhancement, the expected net rent [2] is €4.0 million per annum (compared with €1.6 million at present). In 2011, €17.1 million was invested in programmes for offices with value-enhancement opportunities. Two projects were finished off in 2011 and involved:

- Solis, Les Ulis: the property underwent work to reconfigure it in line with the requirements of the tenant, Telindus, which occupies all areas under a lease that took effect on 1 December 2011 for a period of nine years, of which a six and a half year firm period. With the completion of the value-enhancement programme for this asset, Solis is now included in the stabilised office portfolio;
- Cap Cergy, Cergy-Pontoise: reconfiguration work was carried out on this complex of two adjoining properties covering a total area of 12,800 sqm, in order to enable multi-occupier use. Two leases were signed in 2011: the first with Pole emploi (the Employment service), for an area of 2,800 sqm, came into effect in December for a period of nine years, including a firm period of six years, and the second with Enertrag, for an area of 600 sqm, which came into effect on 1 January 2012. M.R.M. continues to let Cap Cergy, with 27% of the area currently occupied.

The final phase of the work on the Nova property in La Garenne-Colombes, the largest project in the M.R.M. portfolio, was launched in the first half of 2011 and is expected to be completed in April 2012.

In 2011, five leases [1] were signed for €0.8 million for office buildings currently being reconfigured for multi-tenant use (Cap Cergy in Cergy-Pontoise, Cytéo in Rueil-Malmaison and Delta in Rungis). The occupancy rate of this sub-portfolio was 29% at 31 December 2011.

### ► BREAKDOWN OF OFFICE PROPERTY PORTFOLIO, STABILISED AND WITH VALUE-ADDED OPPORTUNITIES (LOCATION, AREA)

| Office | Location | Total area (in sqm) |
|---|---|---|
| ***Stabilised offices*** | | |
| Paris 12th arrondissement (75) – 43 rue de la Brêche-aux-Loups | Paris | 2,872 |
| Paris 9th arrondissement (75) – 5 rue Cadet | Paris | 2,318 |
| Paris 14th arrondissement (75) – 13 rue Niepce | Paris | 1,667 |
| Paris 2nd arrondissement (75) – 12 rue de la Bourse | Paris | 1,114 |
| Solis, Les Ulis (91) – ZA Courtaboeuf – 12 avenue de l'Océanie | Île-de-France | 11,366 |
| Total stabilised | | 19,337 |
| ***Offices with value-added opportunities*** | | |
| Delta, Rungis (94) – 3-5 rue du Pont-des-Halles | Île-de-France | 8,739 |
| Nova, La Garenne-Colombes (92) – 71 boulevard National | Île-de-France | 10,546 |
| Cytéo, Rueil-Malmaison (92) – 147 avenue Paul-Doumer | Île-de-France | 4,025 |
| Cap Cergy, Cergy-Pontoise (95) – 4-6 rue des Chauffours | Île-de-France | 12,788 |
| Urban, Montreuil (93) – 14-20 boulevard de Chanzy | Île-de-France | 7,970 |
| Total with value-added opportunities | | 44,068 |
| **TOTAL OFFICES** | | **63,405** |

*(1) New leases or renewals of leases at increased values.*

*(2) Excl. taxes, charges and indexation.*

| Stabilised offices | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Portfolio value (1) | €54.5m | €116.6m |
| Total area | 19,337 sqm | 32,577 sqm |
| Occupancy rate (2) | 100% | 95% |
| Net annualised rent (3) | €4.1m | €8.4m |
| Projected capex | €0.6m | €0.4m |

*(1) Value excl. transfer taxes.*

*(2) Calculated on the basis of area.*

*(3) Excl. taxes, charges, rent-free periods and improvements.*

| Offices with value-added opportunities | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Portfolio value (1) | €67.4m | €80.8m |
| Total area | 44,068 sqm | 55,164 sqm |
| Occupancy rate (2) | 29% | 15% |
| Projected capex | €7.1m | €23.0m |
| Net annualised rent (3) | | |
| • current | €1.6m | €1.2m |
| • expected (4) | €4.0m | €10.8m |

*(1) Value excl. transfer taxes.*

*(2) Calculated on the basis of area.*

*(3) Excl. taxes, charges, rent-free periods and improvements plus charges for buildings undergoing restructuring.*

*(4) Excl. taxes, charges and indexation.*

### ► LEASE MATURITIES OF MAIN TENANTS

| Tenants | % of office property rents | % of Group rents | Type of lease/Maturity |
|---|---|---|---|
| Tenant no. 1 | 19.7% | 7.2% | 6.5-9 year lease/Nov. 2020 |
| Tenant no. 2 | 8.1% | 2.9% | 6-9 year lease/Oct. 2020 |
| Tenant no. 3 | 5.9% | 2.2% | 6-9 year lease/May 2016 |
| Tenant no. 4 | 4.9% | 1.8% | 3-6-9 year lease/June 2018 |
| Tenant no. 5 | 4.1% | 1.5% | 6-9 year lease/June 2017 |
| Tenant no. 6 | 3.9% | 1.4% | 3-6-9 year lease/Oct. 2012 |
| Tenant no. 7 | 3.6% | 1.3% | 9 year lease/Aug. 2018 |
| Tenant no. 8 | 2.1% | 0.8% | 3-6-9 year lease/Dec. 2015 |
| Tenant no. 9 | 2.0% | 0.7% | 3-6-9 year lease/Aug. 2018 |
| Tenant no. 10 | 1.9% | 0.7% | 3-6-9 year lease/Nov. 2019 |
| **TOTAL RENTS OF TOP 10 TENANTS** | **56.2%** | **20.5%** | |
| ***Annual rents of office properties*** | ***100.0%*** | ***36.6%*** | |

## Retail property portfolio

The Group's retail properties are located in the Paris region and in large cities in the provinces. The type of assets in this category is highly diversified and consists of shopping centres and malls, shops on the ground floor of buildings, independent suburban retail premises or premises in retail parks. The large majority of the 157 tenants in the retail units are national and international brands. Together, these retail groups account for 74% of the rents received.

At 1 January 2012, the retail property portfolio represented an area of 90,488 sqm and a value of €165.6 million excluding transfer taxes. It continues to enjoy a high occupancy rate of 93%. In 2011, €0.3 million was primarily invested on La Galerie du Palais, a 7,000 sqm shopping centre located in Tours town centre. In 2011, 13 leases [(1)] were signed for an annual rent of €0.6 million.

Projected investments for restructuring and refurbishment from 2012 total €2.3 million. Net annualised rent [(2)], currently at €10.2 million, is expected to rise [(3)] to €13.3 million.

Retail dispositions in 2011 totalled €5.4 million excluding transfer taxes for a total area of some 3,665 sqm They involved five retail assets: one each in Vineuil, Barjouville and Moulins-les-Metz and two in Chambray-les-Tours.

### ► BREAKDOWN OF THE RETAIL PROPERTY PORTFOLIO (LOCATION, AREA)

| Retail | Type | Location | Area *(in sqm)* |
|---|---|---|---|
| Créteil (94) – 6 rue de la Haute-Quinte | Retail park | Île-de-France | 600 |
| Pierrelaye (95) – 234 boulevard du Havre | Retail park | Île-de-France | 1,599 |
| Montigny-lès-Cormeilles (95) – 42 boulevard Victor-Bordier | Retail park | Île-de-France | 1,000 |
| Coignières (78) – Route Nationale-10 | Retail park | Île-de-France | 1,200 |
| Claye-Souilly (77) – ZA Les Sablons | Retail park | Île-de-France | 1,180 |
| Sud Canal, Saint-Quentin-en-Yvelines (78) – 41 boulevard Vauban, Montigny-le-Bretonneux | Shopping mall | Île-de-France | 11,619 |
| Passage de la Réunion, Mulhouse (68) – 25 place de la Réunion | Shopping mall | Mulhouse | 6,018 |
| Allonnes (72) – ZAC du Vivier – Route de la Bérardière | Retail park | Le Mans | 10,143 |
| Reims (51) – 2-10 rue de l'Étape | Ground floor | Reims | 2,471 |
| Les Halles, Amiens (80) – Place Maurice-Vast | Shopping centre | Amiens | 7,578 |
| Carré Vélizy, Vélizy-Villacoublay (78) – 16-18 avenue Morane-Saulnier | Mixed complex | Île-de-France | 11,265 |
| Brie-Comte-Robert (77) – Gamm Vert – ZI de La Haye-Passart | ISRP | Île-de-France | 1,122 |
| Nozay (91) – Gamm Vert – ZA de la Butte | ISRP | Île-de-France | 2,400 |
| Cour Cheverny (41) – Gamm Vert – 24 boulevard Carnot | ISRP | Centre | 851 |
| Montoire-sur-le-Loir (41) – Gamm Vert – 23 rue de la Paix | ISRP | Centre | 826 |
| Montrichard (41) – Gamm Vert – Quai Jean-Bart | ISRP | Centre | 494 |
| Onzain (41) – Gamm Vert – 10 rue Lecoq | ISRP | Centre | 542 |
| Selles-sur-Cher (41) – Gamm Vert – 2 place Charles-de-Gaulle | ISRP | Centre | 450 |
| Saint-Aignan (41) – Gamm Vert – 2 rue des Vignes | ISRP | Centre | 590 |
| Vierzon (18) – Gamm Vert – rue Étienne-Dolet | ISRP | Centre | 683 |
| Salbris (41) – Gamm Vert – Avenue de la Résistance | ISRP | Centre | 1,888 |
| Mer (41) – Gamm Vert – 21 route d'Orléans | ISRP | Centre | 545 |
| Mer (41) – Gamm Vert – Portes de Chambord | ISRP | Centre | 9,712 |
| Lamotte-Beuvron (41) – Gamm Vert – 9-11 avenue de l'Hôtel-de-Ville | ISRP | Centre | 1,539 |
| Romorantin (41) – Gamm Vert –ZAC de Plaisance | ISRP | Centre | 3,222 |
| Galerie du Palais, Tours (37) – 19 place Jean-Jaurès | Shopping mall | Tours | 6,935 |
| École-Valentin, Besançon (25) – 6 rue Chatillon | Shopping mall | Besançon | 4,016 |
| **TOTAL** | | | **90,488** |

*ISRP: independent suburban retail property.*

*(1) New leases or renewals of leases at increased values.*
*(2) Excl. taxes, charges,rent-free periods and improvements.*
*(3) Excl. taxes, charges and indexation.*

| Retail | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Portfolio value [(1)] | €165.6m | €142.4m |
| Total area | 90,488 sqm | 84,215 sqm |
| Location | 57% in the provinces<br>43% in the Paris area | 71% in the provinces<br>29% in the Paris area |
| Occupancy rate [(2)] | 93% | 94% |
| Net annualised rent [(3)] | €10.2m | €8.5m |
| Projected capex | €2.4m | €16.4m |
| Overview of tenants: | | |
| • number of tenants | 157 | 142 |
| • proportion of national and international brands | 74% of received rents (Gamm Vert, Bricorama, Office Depot, Habitat, Go Sport, ED, Besson Chaussures, Carrefour Market, Simply Market, Interior's) | 84% of received rents (Gamm Vert, Bricorama, Go Sport, Gemo, Besson Chaussures, ED, Carrefour Market, King Jouets, Interior's) |

*(1) Value excl. transfer taxes.*

*(2) Calculated on the basis of area.*

*(3) Excl. taxes, charges, rent-free periods and improvements.*

### ► LEASE MATURITIES OF MAIN TENANTS

| Tenants | % of retail rents | % of Group rents | Type of lease/Maturity |
|---|---|---|---|
| Tenant no. 1 | 10.1% | 6.4% | 9 year lease/Dec. 2016 |
| Tenant no. 2 | 5.9% | 3.7% | 3-6-9-12 year lease/Nov. 2012 |
| Tenant no. 3 | 4.0% | 2.6% | 6-9-12 year lease/Jan. 2021 |
| Tenant no. 4 | 3.6% | 2.3% | 6-9-12 year lease/July 2021 |
| Tenant no. 5 | 3.6% | 2.3% | 9 year lease/tacit renewal Aug. 2007 |
| Tenant no. 6 | 2.1% | 1.3% | 6-9 year lease/Oct. 2014 |
| Tenant no. 7 | 2.0% | 1.3% | 9 year lease/Jan. 2015 |
| Tenant no. 8 | 1.8% | 1.2% | 12 year lease/Sept. 2020 |
| Tenant no. 9 | 1.6% | 1.0% | 9 year lease/tacit renewal December 2011 |
| Tenant no. 10 | 1.5% | 1.0% | 9 year lease/Jul. 2015 |
| **TOTAL RENTS OF TOP TEN TENANTS** | **36.2%** | **23.0%** | |
| ***Annual rents of retail properties*** | ***100.0%*** | ***63.4%*** | |

► PORTFOLIO OVERVIEW AT 12/31/2011

| | Office | | Retail | Total |
|---|---|---|---|---|
| | Stabilised | With value-added opportunities | | |
| Area | 19,337 sqm | 44,068 sqm | 90,488 sqm | 153,893 sqm |
| Appraisal value | €54.5m | €67.4m | €165.6m | €287.5m |
| Occupancy rate | 100% | 29% | 93% | 76% |
| Net annualised rent (1) | €4.1m | €1.6m | €10.1m | €15.8m |
| Projected capex | €0.6m | €7.1m | €2.4m | €10.1m |
| Expected net rents (1) (2) after restructuring programmes | €4.1m | €4.0m | €13.3m | €21.4m |

*(1) At 1 January 2012, excl. rent-free periods, improvements and charges for buildings undergoing restructuring.*
*(2) Excl. indexation.*

## 1.4.6 Operations since 31 December 2011 and ongoing projects

On 8 February 2012, M.R.M. announced the sale of five retail assets in the suburbs covering a total area of 5,580 sqm, and located around the Paris region in Montigny-les-Cormeilles, Pierrelaye, Coignières, Claye-Souilly and Créteil, for a total of €14.2 million excluding transfer taxes.

At the date of drafting, the Urban office property, in Montreuil, is subject to a sale agreement for properties, with the intention to sell it in its unrefurbished condition.

## 1.4.7 Major investments carried out by the Company over the past three financial years

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| ***Office*** | | | |
| Acquisitions | - | - | - |
| Investments/Capex(1) | €17.3m | €4.9m | €14.7m |
| ***Retail*** | | | |
| Acquisitions | - | €2.5m | - |
| Investments/Capex(1) | €0.3m | €3.7m | €1.4m |
| **TOTAL** | **€17.6m** | **€11.1m** | **€16.1m** |

*(1) Including capitalisable financial expenses.*

In 2011, €17.6 million was invested, primarily in value-enhancement programmes (refurbishment and restructuring work), a high level made possible by the net cash proceeds of dispositions and through the arrangement of new credit lines. It mainly involves offices with value-added opportunities and comprises:

- reconfiguration work on the Solis property in Les Ulis in line with the requirements of the tenant, Telindus, which occupied all areas under a lease that took effect on 1 December 2011 for a period of nine years, with a firm period of six and a half years;
- reconfiguration work on the Cap Cergy complex in Cergy-Pontoise comprising two adjoining properties covering a total area of 12,800 sqm, in order to enable multi-occupier use;
- the final phase of restructuring work on Nova in La Garenne-Colombes, which began in the first half of 2011, consisting of interior improvements, the construction of a lobby and a

porch, as well as the refitting of service areas on the ground floor, and which is scheduled to be completed in April 2012.

Total planned investments over the coming years total €10.1 million, €8.8 million of which for 2012 basically to complete Nova.

## 1.4.8 Strategy and outlook

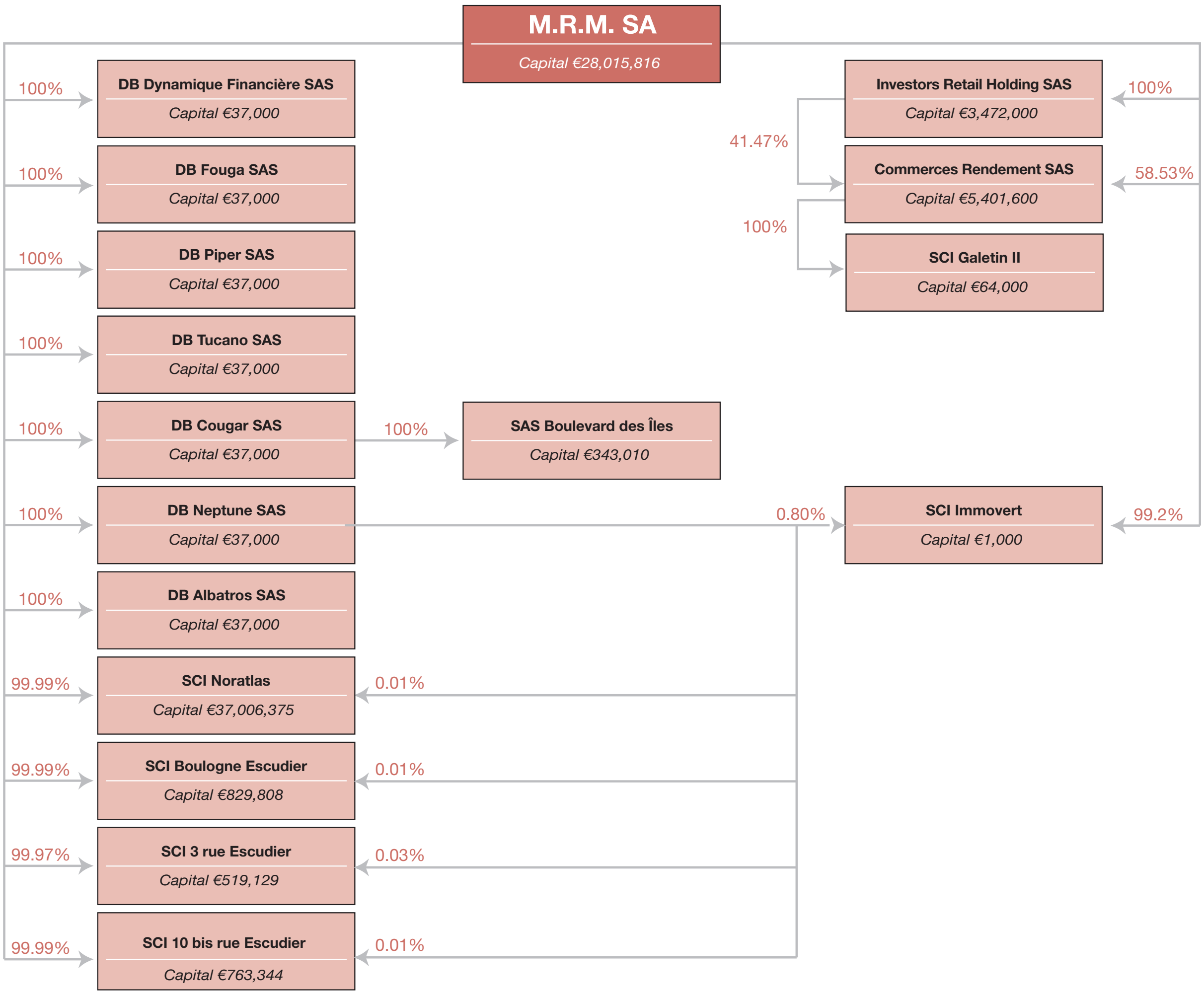
After having successfully undertaken an adjustment plan in 2009, 2010 and 2011 comprising a significant programme of property dispositions, the management of its maturing banking facilities, and the realisation of selective investments in the existing portfolio, the M.R.M. group intends to benefit from the solid revenue base generated by stabilised office and retail properties and the value-creation potential of assets with value-added opportunities currently in the portfolio.

The management of property assets will be continued both in terms of letting vacant premises, in particular the Nova office property in La Garenne-Colombes, and the renewal of leases or where necessary putting them back on the market. Planned investments over the next two financial years total €10.1 million. In 2012, the Company anticipates selling certain assets arriving at maturity and selling off the Urban office building in Montreuil, in its unrefurbished condition. The Company still plans, when market conditions permit, to raise funds in the financial markets in order to reduce its debt level (Loan to Value ratio of 70.3% at 31 December 2011), and to resume its development by taking opportunities that arise in both the office and retail sectors.

# 1.5 Group ownership structure

The list of companies in the scope of consolidation at 31 December 2011 can be found on page 91 of this document. See 3.7 "Consolidated Financial Statements for the year ended 31 December 2011", Note 3.1. "List of consolidated companies" in the Notes to the financial statements.

At the date of this report, the Group ownership structure is as follows:



# 1.6 Group organisation

CBRE Global Investors is an international real estate investment fund manager. CBRE Global Investors, previously called CB Richard Ellis Investors, is a merger of the investment and property asset management operations of ING Group N.V. (ING REIM) by CB Richard Ellis Group, Inc (CBRE), and of CB Richard Ellis Investors, an independent subsidiary of CBRE. The company currently has around 1,100 employees across 21 countries. It works on behalf of over 600 institutional clients worldwide and offers a broad range of property investment programmes across the risk/return spectrum.

With the acquisition of the operations of ING Clarion Real Estate Securities on 1 July 2011, of ING REIM in Asia on 3 October 2011 and of ING REIM in Europe (including the worldwide activities of the ING Real Estate Select umbrella fund) on 31 October 2011, CBRE Global Investors had around $94.8 billion in assets under management.

CBRE is the leading global real estate services company and has 34,000 employees in some 65 countries worldwide. CBRE Global Investors uses the resources of its parent company in certain areas including research and sourcing.

For further information on CBRE Global Investors: www.cbreglobalinvestors.com

CBRE Global Investors, which holds approximately 17% of the share capital of the M.R.M. group, manages the property operations of the Company's subsidiaries, and is remunerated in the form of consultancy fees for acquisitions, plus asset management fees.

**Duties and responsibilities of CBRE Global Investors:**

- advising the subsidiaries of the Company on property asset acquisitions;
- identifying and presenting investment opportunities in the property sector which fit the investment plan;
- evaluation of investment projects;
- financial analysis and valuation of investment projects and drawing up corresponding business plans;
- supervising verification, audit, and due diligence prior to and after acquisitions;
- advising the subsidiaries of the Company in negotiating acquisitions;
- advising the subsidiaries of the Company on determining asset management policies, in conducting and implementing strategies for upgrading property assets, letting property assets, determining and implementing asset-switching policies, sales and setting the selling prices for property assets;
- CBRE Global Investors will choose and recommend to the Company's subsidiaries certified property agents, who may be tasked with managing or marketing property assets, among other services;
- CBRE Global Investors may recommend the services of any outside party it deems useful;
- supervising the administration of property assets;
- supervising accounting, legal and tax administration for the subsidiaries of the Company.

**CBRE Global Investors is remunerated as follows:**

- **consultancy fees for acquisitions with the following thresholds:**
  - 2%, excluding VAT, of the purchase price excluding transfer taxes if the acquisition price excluding transfer taxes is lower than €5 million, otherwise 2% excluding VAT of the first €5 million of the acquisition price excluding transfer taxes,
  - 1.5% excluding VAT of the part of the acquisition price excluding transfer taxes exceeding €5 million if the acquisition price excluding transfer taxes is below €20 million, otherwise 1.5% excluding VAT of the part of the acquisition price excluding transfer taxes between the first €5 million and the first €20 million,
  - 1% excluding VAT of the part of the purchase price excluding transfer taxes exceeding €20 million if the purchase price excluding transfer taxes is above €20 million.

The sale of property assets does not result in the payment of fees.

- **asset management fees (an annual 1% excluding VAT of the cost price of properties).**

  The cost price of a property asset refers, for each property acquired, to the price excluding transfer taxes/excluding taxes paid to the seller by the Company in the case of a direct purchase, or the valuation agreed between the seller and the buyer of the property or properties in the case of the acquisition of a company owning one or more properties, plus the following:
  - charges and fees relating to the implementation of external financing;
  - taxes and duties relating to the acquisition (VAT, registration duties, solicitors' fees, land registrar fee, etc.);

- works and expenses relating to the property assets and recorded in the balance sheet of the company owning the property;
- any compensation paid to tenants.

These asset management fees are payable quarterly.

Services charged to subsidiaries of M.R.M. totalled €3.2 million in 2011, i.e., on equivalent amount to 2010.

The obligations of CBRE Global Investors are set out below:

- to perform its tasks and duties as set out in the management procedures and in the best interests of the subsidiaries of the Company;
- to keep the Chairman informed of the performance of its tasks;
- to use all means available to it, mainly human and material resources, necessary for the correct execution of its duties.

The management procedures already agreed or subsequently agreed by M.R.M.'s subsidiaries and CBRE Global Investors shall run for eight years but may be terminated at any time. In the event of termination by an M.R.M. subsidiary, where CBRE Global Investors SAS has complied with its contractual obligations, the latter shall be entitled to an additional flat fee equivalent to one year of asset management fees, *i.e.*, 1% excluding VAT of the cost price of properties as recorded in the accounts of the subsidiary on the date of termination. Should CBRE Global Investors default on any of its obligations, the agreement shall be automatically terminated without indemnity, 45 days after the subsidiary serves formal notice, unless CBRE Global Investors remedies the situation.

## 1.7 Human resources

In 2011, the Company had one employee working as Finance Director, reporting to the Board of directors, and in particular the Chairman.

After the 2011 reporting date, it was decided that the sole Company employee would become an employee of CBRE Global Investors SAS in the first quarter of 2012, retroactive to 1 January 2012. As a result, the Company no longer has employees.

## 1.8 Research and development

M.R.M., due to the nature of its business as a diversified real estate invesment company, has no research and development policy. It has registered the domain name "www.mrminvest.com".

The Company does not consider that its business or profit capacity is in any way dependent on any particular brand, patent or licence.

## 1.9 Environmental policy

The Group's strategy consists in maintaining a balance between so- called "stabilised" assets and those "with value-added opportunities". Its stabilised assets meet the highest criteria and standards of quality in their respective segments, office properties and retail properties. Assets with value-added opportunities are managed *via* an active policy favouring refurbishment and the improvement of their energy balance sheet, which is consistent with the Group's sustainable development objectives.

Strategically, the Group adheres to France's HQE proces (High Environmental Quality, described on the website www.assohqe.org), which takes full account of the challenges of sustainable development, by limiting the impact of property construction on the environment and opting for a harmonious integration, perfectly adapted to the needs and comfort of the users of such buildings.

For its heavy restructuring operation of the Nova building in La Garenne-Colombes, M.R.M. adapted its works to incorporate the HQE process, despite the need to account for the constraints of the site and structure of the existing building. The additional costs incurred by the adoption of the procedure are controlled and M.R.M. sees them as investments which contribute to value creation. At the start of 2010, the Nova building located in La Garenne-Colombes received NF Tertiary Sector Buildings-HQE Standards certification for the Planning and Design phases. This approach will also adopted for the use of the building, once completed, as M.R.M. intends to obtain the "HQE Exploitation" and "Beeam in Use" labels.

In its operations, the Company adheres to and sees that its service providers adhere rigorously to environmental regulations in all stages of property investing (acquisition, design, property management).

This concerns, as an example, detection of asbestos and other harmful or hazardous materials contained in properties considered for acquisition, drawing up and updating technical reports on asbestos for properties in the portfolio, as well as on insulation and energy performance standards for properties undergoing restructuring. As to the properties being renovated, M.R.M. pays great attention to the treatment of communal areas and landscaped spaces. M.R.M. plans to reposition its properties in their environment by incorporating the changes in town planning and the enhancement of natural landscaped surroundings.

As a company keenly aware of the importance of sustainable development, M.R.M. closely follows the changes in regulations, particularly where existing tertiary sector properties for which texts are expected in the coming months, and where shopping centres are concerned, the company keeps abreast of consumers' expectations. Regarding water management, the Vivier shopping centre in Allonnes is equipped with a system for recovering and storing rainwater in a 55 $m^3$ underground cistern, used for watering landscaped areas on site by a drip system, thus saving on water consumption while making the area more pleasant for users.

# 1.10 Insurance

The Group's property assets are insured under multi-risk policies covering property damage, rental loss and the property owner's third party liability.

Risks commonly covered under insurance policies, generally speaking, are: theft, water damage, broken glass and machines, damage due to storms, hail, falling objects, terrorist attacks, vandalism and riots, third party liability and special risks.

In addition, the Company subscribes to contractors' risk insurance when conducting works on property assets, for the entire duration of such works; coverage includes damage to the property, natural catastrophes when declared by ministerial order and published in the French Official Journal of legal announcements, owner's third party liability during the works, as well as, where applicable, insurance for property damage during works which guarantee reimbursement or repair for claims covered by the ten year guarantee.

M.R.M. has taken out, on its own account as well as for its subsidiaries, from 27 July 2007 onwards, an insurance policy for the proprietary liability of the directors of M.R.M. and of its subsidiaries with an annual policy limit of €5 million excluding excess.

Exceptionally, the guarantee amounts to €2.5 million per claim on securities.

In addition, for this guarantee amount, the excess amounts to a maximum of:

- 15% per claim of the amount of each loss following a securities claim (if certain conditions are met) insofar as M.R.M. can take responsibility for payment of the loss;
- 15% per claim of the amount of each loss following a securities claim (if certain conditions are met).

This insurance policy covers:

- the legal directors (any private individual who has been, is or will be director of M.R.M., *i.e.* a properly appointed corporate officer of M.R.M. by virtue of the law, or by the Articles of Association or the bodies of M.R.M.); and
- the *de facto* directors (any private individual who serves M.R.M. as an employee or voluntary worker when their personal liability is called into question as a director in fact of M.R.M. or through an offence committed within the framework of their management-, director- related or supervisory functions exercised with or without mandate or authorisation).

## 1.11 Judicial and arbitration proceedings

The Company is involved in a certain number of disputes generally related to its ongoing business. At the date of this document, there is no other governmental, legal, or arbitrage procedure, including any procedure the Company knows of, that is pending or with which it is threatened, likely to have, or having had over the last 12 months, significant impact on the financial position or profitability of the Company and/or the Group. However, M.R.M. cannot guarantee that it will remain uninvolved by any disputes in the future.

## 1.12 Significant changes in the financial or commercial situation

2011 was M.R.M.’s fourth full financial year as a listed real estate investment company. Since Dynamique Bureaux took control of the Company on 29 June 2007, the latter’s business has been reoriented towards that of a real estate investment company. Its financial position was consequently affected by the asset contributions approved by the General Meeting of Shareholders on 12 December 2007 and by acquisitions carried out since September 2007.

The economic crisis, which started in the fourth quarter of 2008, led M.R.M. to implement an adjustment plan of its operations in order to adapt to a harsher environment. As such, M.R.M. established the following measures in 2009 and 2010, which had a considerable impact on its financial situation:

- refocusing investments on the existing portfolio;
- more selective investments over three years;
- cost revisions;
- an important arbitration programme;
- renegotiating of its credit lines.

# 2.

# RISK FACTORS

The Company has assessed the risks which could have a significant negative effect on its activity, its financial situation or its results (or on its capacity to achieve its objectives) and it believes that there are no significant risks other than those presented. Investors should be aware that the list of risks that follows is not exhaustive, and that other risks either unknown or not considered material at the date of this registration document, and which could have an adverse impact on the Company, its activity, financial position, earnings or share price, could still exist.

Procedures set up for risk management are mentioned in the report of the Chairman of the Board of directors on the operations of the Board and internal control procedures, contained in paragraph 4.5 of this document.

# 2.1 Legal risks

## Risks associated with unfavourable developments in commercial lease regulations

French legislation on commercial leases is relatively constrictive for the lessor. Provisions on term of leases, renewal, and rent revisions while the lease is running and for renewed leases are part of public policy, tending to limit any leeway owners might have to increase rents to market levels. Any changes in rules applying to commercial leases, especially with regard to duration, revision and capping of rents, calculating eviction compensation due to tenants in case of non-renewal, could have negative consequences on the value of the Company's assets, earnings, business or financial position. The activity of the Company may particularly be influenced by the new retail rents index (ILC) likely to replace the construction cost index (ICC). See paragraph "Economic Risk" in section 2.2 of this document, for more information on the ILC.

## SIIC regime risk

Since 1 January 2008, the Company has been benefiting from the SIIC status governed by Article 208-C of the General Tax Code, and is accordingly exempt from corporate income tax, pending distribution of profits, on the part of the profit from areas such as the rental of its properties, the capital gains realised on the sale of buildings or of certain stakes in real estate companies, and of certain dividends.

In order to maintain the advantages of the SIIC regime, the Company must distribute a significant part of its profits, which can affect its financial position and cash flow. In addition, failure to meet this distribution obligation during the financial period would mean that the exemptions would not apply to that year.

Furthermore, the Company would lose the benefit of the SIIC regime if one or several shareholders of the Company acting in concert (other than listed companies benefiting from the SIIC regime) held 60% or more of the shares or voting rights of the Company. The Company currently does not envisage one of its shareholders directly or indirectly holding 60% or more of its shares. However, the Company cannot guarantee that market operations on its shares, or shareholders acting in concert will not cause this threshold to be surpassed. In addition, this mechanism could have the effect of preventing any change of control or of discouraging any bid for its shares.

Finally, the Company is exposed to the risk of future modifications in the SIIC regime or the interpretation of its provisions by the tax and accounting authorities, which could affect the activity, results and financial position of the Company.

## Risks associated with unfavourable developments in property regulations

Apart from the specific constraints mentioned above, in conducting its business the Company must comply with several restrictive regulations governing construction, town planning, operating retail space, the environment, public health and human safety.

Any modification making these regulations substantially more restrictive would entail significant costs for the Company, particularly in terms of bringing property into regulatory compliance, which could have a significant impact on the revenue, results and financial position of the Company.

## Litigation and exceptional circumstances

The Company is involved in a certain number of disputes generally related to its ongoing business. As of the date of this document, there is no other governmental, legal, or arbitrage procedure, including any procedure the Company knows of, that is pending or with which it is threatened, likely to have, or having had over the last 12 months, significant impact on the financial position or profitability of the Company and/or the Group.

However, M.R.M. cannot guarantee that it will remain uninvolved by any disputes in the future.

# 2.2 Industrial and environmental risks

These risks are the main risks that might affect the Company in its development as a real estate investment company, a business in which it has been active since its takeover on 29 June 2007 by Dynamique Bureaux. The economic crisis we've been going through since the fourth quarter of 2008, followed in 2011 by the sovereign debt and euro crises, materialised a certain number of risks, the impact of which at 31 December 2011, notably those caused by a relative stagnation of the market and a slight decline in the value of office assets with value-enhancement opportunities during the past financial year, are presented below.

## Property asset valuation risk

The Company's property portfolio is subject to an appraisal every six months, on 30 June and 31 December of each year. The details of the Group's appraisers and the methodology used by the latter in their appraisals are set out in paragraph 1.2.1 "The Group's asset profile" of this document.

The appraisal valuations carried out on 31 December take the form of a detailed report, whilst those carried out on 30 June are an update. The M.R.M. group has opted to use the fair value accounting method for its property assets. In accordance with the option offered by IAS 40, this involves entering the investment property at its fair value and registering changes in value in the income statement. Positive or negative changes in the valuation of assets held by the various Group companies have a direct impact on Group income. In this respect, at 31 December 2011, the change in the fair value of properties cut Group income by €15.901 million.

Assessing the value of the property portfolio depends on a number of factors, mainly involving the balance between market supply and demand, interest rates, the global economic climate and applicable regulations, which can vary significantly, with a direct impact on the value of the Company's property assets and, as an indirect consequence, on the various Loan to Value (LTV) ratios used as indicators of the Group's debt and liquidity risk. The appraised value of the Group's properties and their final value on disposal may not be identical. In addition, such valuations are based on a number of assumptions which may not prove to be correct. Because M.R.M.'s property assets are booked at market value by outside appraisers, the value thereof can be affected by variations in the bases used in the valuation methods (property market trends, mainly in terms of received rents, changing interest rates especially with regard to discount and capitalisation rates employed).

In addition, the valuation of the Company's property assets, when published, corresponds to an appraisal carried out by the property appraisers at a precise moment in time. Given the gap between the moment when the appraisal valuations are carried out and the moment when this information is made public, the valuation of the Company's property assets could have changed by the time that the information is published.

As of 31 December 2011, on a like-for-like basis, *i.e.* after restatement for asset dispositions in 2011, the ongoing fall in certain sectors but also a certain recovery in the property market on the back of the current economic environment has had the following effects on the Company in terms of property valuation, on the basis of appraisal value excluding transfer taxes, prepared by two independent appraisers, Catella and Savills:

| Value of property assets (excluding transfer taxes) *(in millions of euros)* | 12/31/2010 restated* | 12/31/2011 | Change | Change *(in %)* |
|---|---|---|---|---|
| Stabilised offices | 49.3 | 54.5 | +5.2 | +10.5% |
| Offices with value-added opportunities | 72.0 | 67.4 | -4.6 | -6.4% |
| Retail | 162.6 | 165.6 | +3.0 | +1.8% |
| **M.R.M. ASSET PORTFOLIO** | **283.9** | **287.5** | **+3.6** | **+1.3%** |

* *Restated for dispositions made in 2011.*

With the exception of offices with value-added opportunities, the value of properties thus rose in 2011 compared with 2010. The market recovery nevertheless remains uncertain and it is difficult at present to predict with certainty that it will continue to improve in 2012.

A sensitivity study simulating a change in capitalisation rates at 31 December 2011 shows that a 50 basis point increase in these rates would have an €18.210 million negative impact on the asset portfolio value (*i.e.* -6%), whereas a 50 basis point reduction would have a €19.934 million positive impact on the asset portfolio value (*i.e.* +7%).

## Economic risk

Since the Company's real estate portfolio is made up of office and retail properties located in France, changes in the main French macroeconomic indicators are likely to affect M.R.M.'s business, its rental income, the value of its property portfolio, as well as its policy relating to investment in and development of new properties, and consequently its growth prospects.

Consequently, changes in the economic environment in which the Company operates, such as economic growth rates, interest rates and the INSEE construction cost index (ICC) could significantly affect its business and development, and thus its growth prospects.

- An economic slowdown at the national or international level and/or of the property market could continue to entail:

(i) weaker demand for renting the Company's property assets, increasing the risk of vacancy if a tenant leaves, which would in turn have an adverse impact on the value of the Company's property portfolio and on its operating income,

(ii) lower capacity of tenants to fulfil their obligations to the Company, notably to pay their rent,

(iii) a decline in the rental value of property assets, affecting the Company's ability to negotiate new rental contracts and renew leases, and to increase or even to maintain rents;

- A decline or a slowdown in the growth of the indexes on which the rents paid by tenants of the Company's property assets are indexed could also weigh on its rental revenues (invoiced rents and key money received). Since 2009, in addition to the ICC published by INSEE, a new index, also published by INSEE, has appeared: the retail rent index (ILC) consisting 25% of the ICC, 25% of the ICAV index of retail revenue and 50% of the consumer prices index (IPC). Following a significant decline in the ICC in the 12 months from the fourth quarter of 2008 to the third quarter of 2009, the ICC stabilised in 2010, with the cost of building materials also having stabilised. In 2011, the ICC rose once again. In the third quarter of 2011 it stood at 1,624 points, up 6.84% on the third quarter of 2010, and 1.9% on the previous quarter. It is the sharpest rise in the ICC since the third quarter of 2008. As expected, the ICC not only continues to trend upwards but the pace has even picked up, thereby exceeding the average since 2000 (3.30% per annum). The accelerated increase in the ICC notably reflects the improvement in the BT01 index. Over the coming months, the ICC is expected to continue rising;
- A substantial increase in interest rates could entail:

(i) higher costs for investment operations (acquisition or refurbishing property assets), which are debt-financed,

(ii) a decline in the value of the Company's property portfolio, insofar as the valuation of a property depends mostly on how much the owner can sell it for, which in turn depends on purchasers' financing capacity and ability to leverage.

In addition, the current economic environment, combined with a drying- up of finance from the banks, could have a significant impact on the Company's business and consequently slow down its development needs. It could also have an effect on the occupancy rate of the property assets and on tenants' capacity to pay their rent.

The capacity of Group companies to maintain or increase rents when leases are renewed is also affected by changes in both supply and demand, which are influenced by the general economic environment.

The value of the Company's property portfolio also depends on a number of factors including the level of market supply and demand, factors which themselves develop depending on the general economic environment. The level of the Group's rental revenues and its results, the value of its asset base and its financial position, as well as its development prospects could therefore be negatively influenced by these factors.

## Competition risk

In its property dealings, the Company is faced with stiff competition from other sector players. This competition occurs on seeking acquisition targets as well as on letting out properties and/or renewing expired leases. The Company can encounter competitors in the acquisition of property assets, who may have greater competitive advantages, mainly financial means at their disposal. In addition, seeking to acquire property assets could become difficult due to scarcity of supply and the highly competitive property market. This could hinder the Company's ability to pursue its growth strategy, which could adversely affect its future growth prospects and earnings.

In the rental business, when leases expire, other players could offer tenants better terms, or properties which better meet their requirements at conditions more attractive than those proposed by the Company.

## Risk of non-renewal of leases and vacation of properties

The Company's business consists of letting its property assets to third parties and allowing them to set up commercial activities and/or offices therein.

The tenant is entitled to vacate the premises as provided by law and regulations, or if applicable, according to the contract; in all cases, prior notice is mandatory. Upon expiry of the lease, the tenant may request its renewal or vacate the premises.

In certain cases, if the lessor refuses to renew, the lessee is entitled to an eviction indemnity, which can be a substantial amount. Whatever the reason for a tenant's leaving the premises, the Company cannot guarantee that it can re-let the premises in question rapidly under terms which are as favourable as those of the present lease. The lack of income from vacated premises and the corresponding fixed costs must then be borne by the Company and this is liable to affect the Company's revenue, operating income and profitability. In addition, at the end of a lease period there is always the possibility that the Company might have to deal with different market conditions, unfavourable for lessors.

In fact, the current economic situation, which saw the euro and public debt crises in 2011, could notably lead to leases not being renewed or early notice to leave due to bankruptcies of tenants, as well as difficulties re-letting certain premises.

## Dependence on main tenants – counterparty risk

All of the Group's revenue is generated by letting out property assets to third parties. It follows from this that any default on rent payments can affect the Company's earnings.

Certain tenants account for a significant proportion of the Company's annual invoiced rents. The contractually legitimate termination of one or several leases could have an impact on the level of rents received by the Company, and on its profitability.

However, the principal tenants are bound by firm leases that can run for between 3 and 12 years, with expiration dates stated in paragraph 1.4.5 of this document. Clauses in such leases can provide for termination indemnities.

### The top ten tenants in the office property portfolio

At the date of this document, the top tenant in the office property portfolio accounts for 7% of the Group's rents and 20% of the rents in the office property portfolio. The 5 most significant tenants account for 16% of the Group's rents and 43% of the rents in the office property portfolio. Finally, the top ten tenants account for 21% of Group rents and 56% of rents in the office portfolio.

### The top ten tenants in the retail property portfolio

At the date of this document, the top tenant in the retail property portfolio accounts for 6% of the Group's rents and 10% of the rents in the retail property portfolio. The five most significant tenants account for 17% of the Group's rents and 27% of the rents in the retail property portfolio. Finally, the ten most significant tenants account for 23% of the Group's rents and 36% of the rents in the retail property portfolio.

## Risks associated with the Company's disposition of certain property assets

The Company, as part of the dynamic management of its property assets, and more specifically as part of its arbitrage plan established in early 2009 and continued over subsequent financial years in order to respond to tougher market conditions, ended up selling certain assets, mainly in order to release new funds with which to carry out other projects.

In view of the continued economic downturn, or of financial and operational risks, particularly through potential problems linked to respect of planned asset disposition schedules, the Company may not be able to sell part of its property assets under satisfactory terms.

## Risks in connection with late completion or non-completion of planned investments

In its strategy of enhancing the value of its property portfolio, and in making its properties more attractive and valuable, the Company must make the necessary investments for refurbishing and restructuring existing sites.

In order to deal with the current economic environment that remains uncertain, the Company has concentrated its investments on the existing asset base and continues to be more selective in its investments, reducing budgets for works where it has not yet committed and by cutting costs.

Delays or non-completion of certain planned investments, or completion at higher costs than planned - due not only to the expense of conducting prior studies, but also to administrative, technical or marketing hurdles - may slow down the pace of the Company's development strategy, delay the letting out of the property and have a negative impact on its business and earnings.

## Environmental risks associated with public health

The Company's activities are subject to laws and regulations relating to the environment and public health. These laws and regulations concern in particular the ownership or use of facilities that may be a source of pollution or have an impact on public health (especially epidemics in shopping centres), the presence or use of toxic substances or materials in construction, their storage and manipulation. If the thresholds set by these regulations were to become stricter, the Company could be exposed to additional costs.

Certain properties of the Company are exposed to problems related to public health and safety, especially asbestos and legionnaires' disease. Although the monitoring of such problems may primarily involve suppliers and subcontractors, the Company may nevertheless be held liable if it fails to meet its obligation to monitor and control the facilities it owns. Such problems could have a negative impact on the financial position, the results and the reputation of the Company, and also on its capacity to sell, let or refurbish an asset or to use it as collateral on a loan.

The Company's retail assets are subject to specific regulations covering the safety of people (ERP public safety regulations). Although the managers of these assets are responsible for taking the necessary measures in relation to these regulations, any breaches of these obligations could have a negative effect on the Company's reputation and the traffic in its shopping centres.

Climate or health risks could also have consequences in terms of the number of visitors to our shopping centres, a reduction in revenue for the traders and lost rent for the Company on the site concerned, and also in terms of the Company's image.

In addition, if the sites for planned shopping centres are on a flood plain, they may be refused planning permission. Plans to extend shopping centres are also affected by the progressive introduction of PPR (Risk Prevention Plans) by local authorities. These PPRs can prevent the extension of a given shopping centre and represent a significant loss in earnings for the Company.

### Dependence on third parties

At the date of this document, the Company considers that it is not dependent on any third party whatsoever. CBRE Global Investors currently holds approximately 17% of the Company's share capital and 18% of the voting rights.

The terms of the management agreements described in section 1.6, which have been or will be entered into by M.R.M. subsidiaries and CBRE Global Investors, were negotiated in the Company's interest. In addition, the agreements may be terminated under the conditions mentioned in said paragraph.

## 2.3 Market risks – financial risks

### Foreign exchange risk

At the date of this document, M.R.M. engages in no business which could expose it to any foreign exchange risks.

### Interest rates risk

All of the bank loans taken out by the M.R.M. Group are at a variable rate. The Group systematically hedges its contracted variable-rate debt by subscribing caps. The main characteristics of the financial instruments held are described in Note 6 of the notes to the consolidated financial statements of the financial year ended 31 December 2011, presented in paragraph 3.7 of this registration document.

Accordingly, to hedge the debt at 31 December 2011, 100% of the loans for financing office property acquisitions are capped (Euribor three-month instruments at rates between 3.00% and 4.20% until the loans are entirely paid off).

Loans for financing retail properties are also fully capped (Euribor three-month instruments at rates between 3.75% and 5.25% until the loans are entirely paid off).

A 1% change in the interest rate would impact the Group's financial expenses to the tune of €1.970 million. Since current interest rates are quite low, the caps subscribed by the Group are not in the money.

### Liquidity risk

The presentation of all of the Group's financial liabilities, by nature and expiry date, are described in Note 10 of the notes to the consolidated financial statements of the financial year ended 31 December 2011, presented in paragraph 3.7 of this registration document.

The Company performed a special study of its liquidity risk and it considers that it can meet its current obligations.

The Company's level of leverage could affect its capacity to take out further loans. The Group's liquidity policy is to ensure that the total amount of rents is at all times higher than its working capital requirements to cover operating expenses, interest and repayment of its entire existing financial debt and the leverage it seeks to implement its investment programme.

Certain loan agreements entered into by the Group or its subsidiaries contain or may in the future contain early repayment clauses and covenants.

These covenants define the thresholds to be respected for a number of ratios, in particular the LTV ratio (Loan to Value), defined as the ratio of the amount of the loan to the market value of the property financed, and the ICR ratio (Interest Coverage Rate), representing the coverage rate of interest expenses by rents. Covenants relating to LTV ratios set maximum thresholds between 65% and 90%. Covenants relating to ICR ratios set minimum thresholds of between 120% and 130%.

As of 31 December 2011, the Group has respected all of its commitments to its banking partners in the area of LTV and ICR covenants.

The table summarising the credit lines of the M.R.M. group is in Note 10 to the consolidated accounts for the financial year ended on 31 December 2011, appended to paragraph 3.7 of this registration document.

### Pledges and mortgages in favour of the banks

There is information in Note 25 of the notes to the consolidated financial statements of the financial year ended 31 December 2011, presented in paragraph 3.7 of this registration document.

The property assets acquired by the Group or its subsidiaries with bank loans are mortgaged to the lending banks, and the shares of its subsidiaries are pledged to such banks.

### Information on the portion of the issuer’s share capital that has been pledged

To the Company’s knowledge, no portion of M.R.M.’s share capital has been pledged.

## 2.4 Insurance

The Group’s property assets are insured under multi-risk policies covering property damage, rental loss and the property owner’s third party liability.

Risks commonly covered under insurance policies, generally speaking, are: theft, water damage, broken glass and machines, damage due to storms, hail, falling objects, terrorist attacks, vandalism and riots, third party liability and special risks.

In addition, the Company subscribes to contractors’ all risk insurance when conducting works on property assets, for the entire duration of such works; coverage includes damage to the property, natural catastrophes when declared by ministerial order and published in the French Official Journal of legal announcements, owner’s third party liability during the works, as well as, where applicable insurance for property damage during works which guarantees reimbursement or repair for claims covered by the ten year guarantee.

M.R.M. has taken out, on its own account as well as for its subsidiaries, from 27 July 2007 onwards, an insurance policy for the proprietary liability of the directors of M.R.M. and of its subsidiaries with an annual policy limit of €5 million excluding excess.

Exceptionally, the guarantee amounts to €2.5 million per claim on securities.

In addition, for this guarantee amount, the excess amounts to a maximum of:

- 15% per claim of the amount of each loss following a securities claim (if certain conditions are met) insofar as M.R.M. can take responsibility for payment of the loss;
- 15% per claim of the amount of each loss following a securities claim (if certain conditions are met).

This insurance policy covers:

- the legal directors (any private individual who has been, is or will be director of M.R.M., *i.e.* a properly appointed corporate officer of M.R.M. by virtue of the law, or by the Articles of Association or the bodies of M.R.M.); and
- the *de facto* directors (any private individual who serves M.R.M. as an employee or voluntary worker when their personal liability is called into question as a director in fact of M.R.M. or through an offence committed within the framework of their management, director-related or supervisory functions exercised with or without mandate or authorisation).

# 3. GENERAL INFORMATION ON THE ISSUER AND ITS SHARE CAPITAL

# 3.1 General information

## 3.1.1 Company name

The name of the Company is M.R.M. (Article 2 of the Articles of Association).

## 3.1.2 Company registration place and number

The Company is registered with the Trade and Companies Register of Paris under number 544 502 206.

## 3.1.3 Head office, legal status and law governing company business

The Company's head office is located at:

65/67 avenue des Champs-Élysées Paris (75008), France.

Its telephone number is +33 (0)1 58 62 55 55.

The Company is a French limited company (*société anonyme*) with a Board of directors governed by the laws and regulations in force in France, in particularly book II of the French Commercial Code and decree no. 67-236 of 23 March 1967, as well as by its Articles of Association.

## 3.1.4 Consultation of legal documents

Legal documents are available for consultation at the head office and on the Company's website: www.mrminvest.com.

## 3.1.5 Lifetime of the Company

Unless the Company is dissolved early or its lifespan is extended by resolution of the Extraordinary General Meeting of Shareholders, the Company shall expire on 20 April 2038 (Article 5 of the Articles of Association). The Company was founded on 21 January 1992.

## 3.1.6 Finance period of the Company

The financial period is for twelve months from 1 January to 31 December of each year (Article 18 of the Articles of Association).

## 3.1.7 Purpose

The purpose of the Company worldwide is:

- primarily, the acquisition, construction, division into lots, management, maintenance and outfitting of any and all property assets with a view to letting them, or holding directly or indirectly equity interests in corporate entities having the same purpose, subject to tax laws governing partnerships or to corporate income tax;
- additionally, the provision of assistance services in technical, accounting, administrative, financial, marketing or management areas to its subsidiaries.

The Company may carry out any transactions compatible with this purpose, or relating to it and contributing to their accomplishment (Article 3 of the Articles of Association).

## 3.1.8 Appropriation of earnings according to the Articles of association

"First, after any appropriation of losses carried forward, if applicable, five per cent shall be deducted from the annual income and appropriated to the legal reserve fund. This deduction is no longer mandatory once the reserve fund is equivalent to the legal minimum.

Out of the available balance, upon the proposal of the Board of directors or the Management Board (depending on the chosen mode of administration), the General Meeting can appropriate the amounts it deems adequate, either to carry forward to the next period or to allot to one or several general or special reserve funds.

The balance, if any, shall be distributed among the shareholders as a bonus dividend.

Any and all shareholders other than private individuals:

(i) holding directly or indirectly at the time the dividend is declared, at least 10% of the total dividend rights in the Company; and

(ii) whose situation, or that of its partners holding, for the payment of any distribution, directly or indirectly 10% or more of the total dividend rights, renders the Company liable for the payment of the 20% levy referred to in Article 208 C II *ter* of the General Tax Code (the "Tax Levy") (such shareholders are hereafter referred to as "tax-paying shareholders"),

shall be liable to the Company upon payment of any amount distributed for an amount equivalent to the Tax Levy due by the Company in relation to such payment."(Article 18 of the Articles of Association).

## 3.1.9 Management and administration

See paragraph 4.5, "Report of the Chairman of the Board of directors on the functioning of the Board and on internal control".

## 3.1.10 General Meetings

"General Meetings of Shareholders are called and held under the terms and conditions established by law.

The notice of General Meetings in which dividends are decided upon shall reiterate shareholders' obligations under Article 8 of the Articles of Association. Any shareholder, other than natural persons, who holds directly or indirectly 10% or more of the total dividend rights in the Company shall confirm whether or not it is in the class of "tax-paying shareholders" as declared according to Article 8 of the Articles of Association, no later than three days prior to the date of the General Meeting.

Shareholders' Meetings are held either at the Head Office or in another venue in Paris or its neighbouring *Départements* or in any other place indicated in the notice of meeting.

Any shareholder may take part in the meetings, personally or by proxy, provided that his/her shares are registered in his/her name or the name of the agent registered on his/

her behalf, according to Article L. 228-1 paragraph 7 of the French Commercial Code, at midnight on the third business day prior to the meeting, or in the registered share accounts held by the Company, or in bearer share accounts held by an authorised intermediary.

For the purposes of determining a quorum and majority, those shareholders that attend the General Meeting by video conference or by telecommunications media permitting their identification and which comply with applicable regulations, when the Board of directors decides on such methods of participation, prior to sending notice of the General Meeting, shall be counted."(Article 16 of the Articles of Association)

### 3.1.11 Shareholders' rights

"Voting rights attached to equity shares or bonus shares are equal to the portion of the capital they represent, and each share carries at least one voting right. Double voting rights are granted to all fully paid-up shares which have been registered for at least two years in the name of the same shareholder under the terms and conditions provided for by law.

In the case where share ownership rights are split, the usufructuary has the voting rights in Ordinary General Meetings and the bare owner has the voting rights in Extraordinary General Meetings.

Any natural or legal person which crosses, either up or down, a share ownership or voting rights threshold in the Company equal to 2.5% or a multiple thereof (*i.e.*, thresholds of 2.5%, 5%, 7.5%, etc.) is bound to notify the Company, within 15 days after the threshold is crossed, of the number of shares or voting rights that it holds. This obligation ceases to apply above a threshold of 32.5% of the share capital or, depending on the case, voting rights." (Article 8 of the Articles of Association.)

Shareholders' rights can be modified as provided by law.

## 3.2 Information about the share capital

### 3.2.1 Share capital

The share capital totals €28,015,816. It is split into 3,501,977 shares with a par value of €8 each, fully paid up. Full paid-up shares are either registered or bearer, at the discretion of the shareholder, subject to applicable mandatory provisions in Articles 6 and 7 of the Articles of Association.

The share capital can be changed as provided by law.

### 3.2.2 Unissued authorised share capital

As of 31 December 2011, no authorisation was in force empowering the Board of directors to carry out capital increases by means of the issue of shares or securities convertible immediately or in the future into Company equity.

### 3.2.3 Convertible securities

None.

### 3.2.4 Non-equity securities

At the date of this registration document, there are no securities existing which do not represent the Company's share capital.

### 3.2.5 Securities giving access to capital

None.

### 3.2.6 Summary of current valid authorisations

None.

### 3.2.7 Shares held by or on behalf of the Company

As of 31 December 2011, the Company held 26,919 of its treasury shares representing 0.77% of the share capital and voting rights in the Company.

### 3.2.8 Complex securities

None.

### 3.2.9 Options or agreements involving the Company's share capital

None.

### 3.2.10 Pledged shares

To the Company's knowledge, no portion of M.R.M.'s share capital has been pledged.

## 3.2.11 Changes in the share capital

### Share Capital

At the date of filing of this registration document, the share capital of M.R.M. totals €28,015,816, divided into 3,501,977 shares with a par value of €8, fully paid-up and all of the same class.

### Changes in the share capital since 2002

| Date | Nature of transaction | Capital increase/ decrease | Issue or contribution or merger premium | Number of shares issued | Par value | Aggregate number of shares | Post-transaction share capital |
|---|---|---|---|---|---|---|---|
| 01/01/2002 | | | | | €8 | 571,838 | €4,574,704 |
| 12/12/2007 | Remuneration contribution of Commerces Rendement shares | €7,544,304 | €11,316,584.39 | 943,038 | €8 | | |
| 12/12/2007 | Remuneration contribution of IRH shares | €5,794,616 | €8,691,892 | 724,327 | €8 | | |
| 12/12/2007 | Merger-absorption of Dynamique Bureaux by M.R.M. | €14,542,248 | €21,813,377 | 1,817,781 | €8 | | |
| 12/12/2007 | Cancellation of treasury shares | (€4,440,056) | (€6,659,884.41) | (555,007) | €8 | 3,501,977 | €28,015,816 |

### Operations affecting the breakdown of the share capital

In 2007, a simplified tender offer was launched for M.R.M.

## 3.2.12 Shareholders

### Changes in the shareholder structure

Since 17 December 2009, in accordance with Article 8 of the Articles of Association, certain shareholders have acquired double voting rights, taking the total number of exercisable voting rights at the date of this registration document from 3,501,977 to 6,367,506.

The table below sets out the changes in the shareholder structure, in capital and voting rights, over the past three years:

| | At date of filing of this registration document | | End-2011 | | End-2010 | | End-2009 | |
|---|---|---|---|---|---|---|---|---|
| Shareholders | Share capital | Voting rights | Share capital | Voting rights | Share capital | Voting rights | Share capital | Voting rights |
| CBRE Global Investors | 17.1% | 19.0% | 17.1% | 19.0% | 17.1% | 18.7% | 17.1% | 17.1% |
| CARAC | 9.2% | 10.3% | 9.2% | 10.3% | 9.2% | 10.0% | 9.2% | 9.2% |
| SC TF Entreprises | 5.5% | 6.1% | 5.5% | 6.1% | 5.5% | 6.0% | 5.5% | 5.5% |
| SNC CAM Développement | 4.3% | 4.7% | 4.3% | 4.7% | 4.3% | 4.7% | 4.3% | 4.3% |
| SCI PIMI Foncière | 4.1% | 4.5% | 4.1% | 4.5% | 4.1% | 4.5% | 4.1% | 4.1% |
| PREFF | 3.4% | 3.7% | 3.4% | 3.7% | 3.4% | 3.7% | 3.4% | 3.4% |
| Specials Fund | 3.4% | 3.7% | 3.4% | 3.7% | 3.4% | 3.7% | 3.4% | 3.4% |
| Treasury shares | 0.8% | - | 0.8% | - | 0.7% | - | 0.5% | - |
| Public | 52.4% | 47.9% | 52.4% | 47.9% | 52.3% | 48.7% | 52.5% | 53.0% |
| **TOTAL** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

To the best of the Company's knowledge, no other shareholder holds more than 5% of the share capital or voting rights. No shareholder controls the Company either directly or indirectly.

In accordance with Article L. 621-18-2 of the French Monetary & Financial Code, no action was taken on the Company's shares during the financial year ended 31 December 2011 by the individuals mentioned in this article (Company managers, senior managers, and individuals to whom they are closely tied).

On 24 December 2007, M.R.M. signed a liquidity agreement with CM-CIC Securities for the purpose of improving liquidity and the regularity of quotations. At the start of the 2011 financial year, the Company held 23,560 treasury shares representing 0.67% of the share capital. In FY 2011, the Company acquired 5,153 treasury shares, for a value of €34,183.55, and disposed of 1,794 shares for a value of €13,185.72. These transactions were carried out under the aforementioned liquidity agreement.

The Company therefore held 26,919 treasury shares, at the closing date for the past reporting period, representing 0.77% of the Company's share capital. These securities are entered as Company assets in its parent company financial statements, and deducted from equity in the consolidated financial statements.

### Shareholder identification

The Company may at any time, according to applicable laws and regulations, request the central depository system which keeps track of the stock issued by the Company for the names, or where it concerns a corporate body, for the names, nationalities and addresses of the holders of shares that confer, immediately or in the future, voting rights in its General Meetings of Shareholders, as well as the number of shares held by each one and, if applicable, any restrictions on those shares (Article 7 of the Articles of Association).

## 3.3 Share price

The table below sets out the data concerning the price of the Company's shares, on a monthly basis, over the past three years:

| Month | Highest | Lowest | Average closing price | Trading volume |
|---|---|---|---|---|
| January 2009 | 16.90 | 16.00 | 16.45 | 22 |
| February 2009 | 16.00 | 13.00 | 15.50 | 70 |
| March 2009 | 16.90 | 16.90 | 16.90 | 28 |
| April 2009 | 16.90 | 16.40 | 16.83 | 16 |
| May 2009 | 16.90 | 10.50 | 14.19 | 683 |
| June 2009 | 11.80 | 9.30 | 9.90 | 7,205 |
| July 2009 | 9.44 | 8.15 | 8.97 | 1,531 |
| August 2009 | 9.44 | 8.00 | 9.10 | 2,432 |
| September 2009 | 9.29 | 8.50 | 8.96 | 4,065 |
| October 2009 | 8.50 | 8.00 | 8.25 | 2,041 |
| November 2009 | 8.30 | 7.95 | 8.25 | 5,480 |
| December 2009 | 8.25 | 7.99 | 8.15 | 3,564 |
| January 2010 | 8.00 | 7.70 | 7.91 | 1,199 |
| February 2010 | 7.80 | 7.70 | 7.72 | 1,940 |
| March 2010 | 8.00 | 7.75 | 7.97 | 799 |
| April 2010 | 7.99 | 7.69 | 7.77 | 910 |
| May 2010 | 8.00 | 7.69 | 7.86 | 149 |
| June 2010 | 8.01 | 7.65 | 7.75 | 251 |
| July 2010 | 8.91 | 8.00 | 8.59 | 244 |
| August 2010 | 8.87 | 8.00 | 8.64 | 1,926 |
| September 2010 | 8.20 | 7.99 | 8.00 | 631 |
| October 2010 | 7.99 | 7.31 | 7.60 | 3,842 |
| November 2010 | 7.41 | 6.60 | 7.19 | 3,207 |
| December 2010 | 7.51 | 6.99 | 7.17 | 2,513 |
| January 2011 | 7.40 | 7.39 | 7.39 | 192 |
| February 2011 | 7.59 | 7.30 | 7.42 | 1,313 |
| March 2011 | 7.50 | 7.10 | 7.38 | 1,986 |
| April 2011 | 7.75 | 7.40 | 7.50 | 136 |
| May 2011 | 7.50 | 7.49 | 7.49 | 232 |
| June 2011 | 7.49 | 7.46 | 7.47 | 22 |
| July 2011 | 7.30 | 7.27 | 7.27 | 221 |
| August 2011 | 7.27 | 6.51 | 6.70 | 1,860 |
| September 2011 | 6.52 | 6.49 | 6.51 | 2,058 |
| October 2011 | 6.50 | 5.99 | 6.29 | 1,852 |
| November 2011 | 6.29 | 6.29 | 6.29 | 52 |
| December 2011 | 6.30 | 6.28 | 6.29 | 51,529 |
| January 2012 | 6.28 | 6.00 | 6.20 | 1,063 |
| February 2012 | 6.19 | 5.98 | 5.99 | 1,221 |
| March 2012 | 5.98 | 5.80 | 5.97 | 202 |

M.R.M.'s stock market capitalisation at 31 December 2011, based on the final closing price of FY 2011, *i.e.* €6.28, amounted to €21,992,416.

# 3.4 Employee profit sharing plan

None.

# 3.5 Dividend payout policy

The dividend payout policy will comply with SIIC rules. In particular, 85% of earnings from building lettings will be paid out before the end of the financial year following the one during which such earnings are realised, and 50% of capital gains from the sales of buildings, shares in tax-transparent property companies or shares of subsidiaries liable for corporate income tax having the option, will be paid out in dividends prior to the end of the second financial year following the one in which they were realised; and dividends received from subsidiaries having opted for it to be redistributed in full during the financial year that follows their collection.

# 3.6 Management report for the financial year ended 31 December 2011

## Combined General Meeting of 7 June 2012

Ladies and Gentlemen,

This Annual General Meeting has been called in compliance with the Articles of Association and the French Commercial Code, to report on the Company's business activities during the financial year ended 31 December 2011, as well as on the resultant earnings and its outlook, and to seek approval for the separate and consolidated financial statements for said financial year. Those financial statements are attached.

You were duly notified and called to the meeting, as prescribed by law, and all mandatory documents under rules and regulations in force were put at your disposal within the legal time frame.

## 1 Company Business and Situation

### 1.1 Situation and business of the Company over the previous financial year

#### 1.1.1 Business overview

A listed property investment company, M.R.M. holds a portfolio of office and retail properties, comprising stabilised properties and properties with value-enhancement opportunities. Its asset portfolio has been progressively expanded since the second half of 2007 following asset transfers from Dynamique Bureaux and Commerces Rendement, two investment companies founded and managed by CBRE Global Investors, and the acquisitions made by its subsidiaries in their own right.

MRM is listed on Eurolist in Compartment C of NYSE Euronext Paris (France) (ISIN code:FR0000060196 – Bloomberg code: MRM:FP - Reuters code: MRM:PA).

MRM, whose property transactions are managed by CBRE Global Investors, an investment management subsidiary of the global leader in real estate services, CBRE, employs a dynamic strategy of value-enhancement and asset management, combining yield and capital gains.

In order to quickly adapt to a more challenging market environment, in 2009 and 2010 M.R.M. took steps to readjust its operations. These consisted of:

- refocusing investments on the existing portfolio;
- more selective investments;
- cost revisions;
- arbitrages with a target of €120 million in sales during the 2009-2010 period;
- and renegotiating the financing lines with the earliest maturities.

In 2011, M.R.M. worked to restructure its short-term debt and to fulfil the value-enhancement plans for its portfolio assets, except for the Urban property in Montreuil which is to be sold off in its un-refurbished condition, while continuing to actively manage its asset portfolio.

### 1.1.2 Company history

Prior to its restructuring, M.R.M. was originally a holding company, the head of a group built around three business activities: manufacturing and sales of velvet products (JB Martin Holding), clothing design and retailing in Mexico (Edoardos Martin), and the production and sale of plastic cables and tubes (MR Industries).

### 1.1.3 Principal dates in the past financial period

**24 February 2011:** M.R.M. published its 2010 annual results and announced the signing of an agreement to restructure an €83.6 million credit line, which was to expire on 27 September 2011.

**27 April 2011:** M.R.M. sold off five retail assets for €5.4 million excluding transfer taxes.

**2 May 2011:** M.R.M. announced the publication and availability of the 2010 registration document.

**12 May 2011:** M.R.M. published financial information for the first quarter of 2011.

**9 June 2011:** The Combined General Meeting of Shareholders of M.R.M. held on 9 June 2011 approved the following items:

- **ordinary decisions:**
  - review and approval of the separate financial statements for the financial year ended 31 December 2010;
  - appropriation of income for the financial year ended 31 December 2010;
  - review and approval of the consolidated financial statements for the financial year ended 31 December 2010;
  - statutory auditors' special report on the agreements falling within the scope of Article L. 225-38 of the French Commercial Code;
  - directors' fees;
  - reappointment of four directors;
  - reappointment of a principal auditor and of a deputy auditor;
  - appointment of a principal auditor and of a deputy auditor;
  - authorisation of the Board of directors allowing the company to buy back its own shares;
  - determination of directors' remuneration.
- **extraordinary decisions:**
  - authorisation of the Board of directors to carry out a capital increase reserved for members of Group employee savings plans.

**9 June 2011:** M.R.M. announced a three year extension of the maturity of a €26.5 million debt that was due in July 2011.

**28 July 2011:** M.R.M. published financial information for the second quarter of 2011.

**29 August 2011**: M.R.M. announced the disposition of two office properties, valued at €39.6 million, in Puteaux and Rueil-Malmaison.

**12 September 2011:** Change to the Board of directors of M.R.M. following the resignation of Séverine Farjon.

**15 September 2011:** M.R.M. published the interim results for 2011 and announced the publication and availability of the 2011 interim financial report.

**20 September 2011:** M.R.M. signed a sale agreement for properties subject to a number of pre-conditions for the Urban office property in Montreuil, which is currently vacant.

**5 October 2011:** M.R.M. announced the sale of office properties in Boulogne-Billancourt for €10.3 million.

**7 October 2011:** The Extraordinary General Meeting of Shareholders of M.R.M. resolved, in a unanimous decision of all shareholders present and represented, the continuation of company operations.

**10 November 2011:** M.R.M. published financial information for the third quarter of 2011.

**29 November 2011:** Change within the Board of directors of M.R.M. following the appointment of Brigitte Gauthier-Darcet as director, filling the position vacated by CBRE European Warehousing Sàrl. The Board of directors classified Brigitte Gauthier-Darcet as an independent director.

### 1.1.4 Equity stakes and controlling interests taken in companies with head offices in France

No acquisition of shares or control occurred during the financial year ended 31 December 2011.

However, on 28 October 2011, M.R.M. sold its interest in SCI 325/345 avenue Georges Clémenceau, which had been wholly owned. Furthermore, on 23 January 2011, SAS Immomarque was dissolved without liquidation with all assets and liabilities transferred to SAS Commerces Rendement.

As of 31 December 2011, M.R.M. thus controlled 16 companies, compared to 18 at 31 December 2010.

The list of equity interests is appended to this report.

## 1.2 Research & Development

In accordance with Article L. 232-1 of the French Commercial Code, we hereby inform you that the Company performed no research and development activity during the past financial year.

## 1.3 Situation and activity of companies controlled by M.R.M. and their property portfolios

It should be recalled that M.R.M. is a dedicated holding company, all property assets being held by its subsidiaries, and it being noted that the bond was issued by DB Dynamique Financière (purpose explained in Note 10 to the consolidated financial statements). The list of subsidiaries and affiliates can be found in the notes to the statement of financial position.

### 1.3.1 Office portfolio

The office portfolio is directly or indirectly held by SAS DB Albatros, SAS DB Cougar, SAS DB Fouga, SAS DB Neptune, SAS DB Piper, SAS DB Tucano, SCI Noratlas, SAS Boulevard des Iles, SCI Boulogne Escudier, SCI du 3 rue Escudier à Boulogne-Billancourt and SCI du 10 bis rue Escudier à Boulogne-Billancourt. The Group ownership structure can be found in Chapter 1 of the registration document.

The stabilised office portfolio generated net annualised rent of €4.1 million at 1 January 2012, 8.1% down on 1 January 2011 adjusted for dispositions in 2011 (three properties in Boulogne, Puteaux and Rueil-Malmaison). This change resulted from the mixed-purpose Carré Vélizy property being moved to the retail property portfolio, which was partly offset by the addition to the portfolio of stabilised office properties of the Solis property, after the lease with Télindus came into effect and in view of the positive effect of indexation of rents. In 2011, four leases or lease renewals were signed with respect to this sub-portfolio, representing annual rent of €1.7 million. As of 31 December 2011, the properties in this sub-portfolio were fully rented.

In 2011, €17.1 million were invested in three programmes on offices with value-added opportunities. This is phase II of the refurbishment of the Nova property and of the reconfiguration work on the Cap Cergy property and the Solis property.

In 2011, five leases were signed with respect to this sub-portfolio for €0.8 million. The occupancy rate of the portfolio of offices with value-added opportunities thus rose from 15% at end-2010 to 29% at 31 December 2011. A sale of property agreement has been signed for the sale, in its un-refurbished condition, of the Montreuil property, subject to pre-conditions.

### 1.3.2 Retail property portfolio

The retail property portfolio is directly or indirectly held by the following subsidiaries: SAS Commerces Rendement, SAS Investors Retail Holding, SCI Immovert and SCI Galetin II. The Group ownership structure can be found in Chapter 1 of the registration document.

As of 1 January 2012, the net annualised rent of the retail property portfolio was €10.2 million, up 27% on 1 January 2011, restated for dispositions in 2011 (five "Box" type assets located in the provinces). This change mainly stemmed from the fact that the mixed-purpose Carré Vélizy property was moved to the retail property portfolio.

In 2011, 13 leases were signed for an annual rent of €0.6 million. Retail occupancy rates were still very high, at 93% at 31 December 2011.

In 2011, investment on the retail property portfolio totalled €0.3 million, primarily on Galerie du Palais, a 6,935 sqm shopping centre in downtown Tours.

### 1.3.3 Changes to the portfolio

At end-December 2011, M.R.M.'s asset portfolio stood at €287.5 million, up 1.3% on a like-for-like basis, *i.e.* compared with the value at 31 December 2010 restated for the assets sold in 2011.

In fact, in 2011 M.R.M. sold off assets totalling €55.3 million, excluding transfer taxes. These sales were of a portfolio of five retail assets located in the provinces as well as three office properties in Boulogne-Billancourt, Puteaux and Rueil-Malmaison.

Furthermore, in 2011 M.R.M. carried out a major investment programme amounting to €17.6 million, primarily on the restructuring of the Nova office property in La Garenne-Colombes as well as the reconfiguration work on the Cap Cergy office property in Cergy-Pontoise and the Solis office property in Les Ulis.

The fair value of the asset portfolio was down €15.9 million at end-December 2011.

This fall primarily stemmed from the lower appraisal values of office properties on the market and those of leased properties located in the Outer Rim of Paris. This reduction, which was heavily accentuated in the second half of 2011, reflects changes in the investment market on the back of macro-economic uncertainties that have seen demand focus on prime assets in the central business district of Paris, which generate rental revenue secured by long-term leases.

At end-December 2011, the ten office properties in Île-de-France accounted for 42% of the value of M.R.M.'s asset portfolio, with the ten retail complexes in Île-de-France and the regions accounting for the remaining 58%. It should be noted that the Carré Vélizy mixed retail/office complex, which was originally classified under office assets was reclassified under retail assets at 31 December 2011. The overall asset portfolio covers a total area of 153,893 sqm, split into 63,405 sqm of office space and 90,488 sqm of retail space.

| Portfolio value (excluding transfer taxes) *in millions of euros at 31 December* | Office | | Retail | | M.R.M. Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Stabilised | 54.5 | 116.6 | 126.8 | 102.0 | 181.3 | 218.6 |
| Value-added opportunities | 67.4 | 80.8 | 38.8 | 40.4 | 106.2 | 121.1 |
| **M.R.M. TOTAL** | **121.9** | **197.3** | **165.6** | **142.4** | **287.5** | **339.7** |

The asset portfolio breaks down into 63% of stabilised properties, as against 64% at end-December 2010, and 37% of properties with value-added opportunities, as against 36% at end-December 2010. This seeming stability stemmed from a combination of factors: the removal from the asset portfolio of certain stabilised assets following their sale was offset by the reclassification of the Solis office property from the "value-added opportunities" sub-portfolio to the "stabilised" sub-portfolio and by valuation adjustments to the assets classified as "value-added opportunities".

### 1.3.4 Net Asset Value

In 2011, investments amounted to €17.6 million, compared to €11.1 million in 2010. On the asset side, the Group net cash stood at €2.4 million at end-2011, compared to €12.2 million the previous year.

As of 31 December 2011, the liquidation Net Asset Value was €6.1 per share and the replacement Net Asset Value was €10.6 per share, compared with €5.4 per share and €10.9 per share respectively at 31 December 2010.

| Net Asset Value | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Liquidation NAV/share | €6.1 | €5.4 |
| Replacement NAV/share | €10.6 | €10.9 |

### 1.3.5 Net operating cash flow

In light of the decline in rental revenues following the various dispositions and the costs incurred by the Group to substantially restructure its debt in February 2011, the net operating cash flow stood at minus €1.5 million. For reference, it stood at €5.5 million in 2010.

| Net operating cash flow *in millions of euros* | 2011 | 2010 | Change 2011/10 |
|---|---|---|---|
| Net rental revenues | 15.4 | 22.7 | -32% |
| Other operating income | 1.2 | 0.6 | |
| Operating expenses | (6.5) | (6.5) | |
| Other operating expenses | (0.4) | (0.1) | |
| **EBITDA** | **9.6** | **16.7** | **-43%** |
| Net cost of debt | (9.6) | (11.2) | -14% |
| Other financial expenses | (1.4) | - | |
| **Net operating cash flow** | **(1.5)** | **5.5** | |

#### 1.3.6 Debt

The asset dispositions carried out in 2011 plus the significant debt restructuring in February 2011, notably comprising a reduction in outstanding bank debt following a debt write-off, played a large part in cutting bank debt to €202.2 million at 31 December 2011 from €271.3 million at end-2010. It now represents 70.3% of the value of the asset portfolio. The average margin on such debt is 148 basis points (excluding impact of set-up fees). It is 100% hedged by cap-type financial instruments.

M.R.M. also has an issued bond of €54 million maturing at end 2013. Since the first quarter of 2011, M.R.M. has once again been paying interest on this bond, following a two-year suspension.

Finally, at 31 December 2011 M.R.M. is in compliance with all its commitments in terms of Loan to Value Ratio (LTV) and Interest Cover Ratio (ICR).

### 1.4 Foreseeable changes and outlook

In 2011, M.R.M. completed the restructuring of its short-term bank debt and undertook the necessary steps to fulfil the value-enhancement plans for all its portfolio assets, except for the Montreuil asset that is being sold in its un-refurbished condition. At this time, this work is almost complete. This major investment drive is financed by bank loans and, for the most part, by Group equity. This was made possible by the success of the asset disposition plan put in place in early 2011, including the disposition of five retail assets announced on 8 February 2012, which generated the expected net proceeds following repayment of bank financing backed to the assets that were sold.

The asset dispositions carried out since 2009, totalling €243.2 million, resulted in a sharp reduction in the size of the M.R.M. Group's asset portfolio. Since mid-2011, the Company's Board of directors has, with the assistance of a financial adviser, undertaken a review of the various directions in which M.R.M. might focus its business activities in the future.

Furthermore, in 2012 the Group will continue the asset management work undertaken and in particular the marketing of vacant office space.

### 1.5 Major events since the reporting date

On 8 February 2012, M.R.M. announced the sale of five retail assets in the suburbs covering a total area of 5,580 sqm, and located in the Paris region in Montigny-les-Cormeilles and Pierrelaye, Coignières, Claye Souilly and Créteil, for a total of €14.2 million excluding transfer taxes.

### 1.6 Principal risks and uncertainties facing the Company

The risks and uncertainties facing the Company are, on the date of this report, those which could have a material adverse impact on the Company, its business, its position, its earnings or share price, and which are important with regard to investment decisions. The Company has assessed the risks that could have a significant adverse effect on its business activities, its financial position or its earnings (or on its ability to achieve its goals) and believes that there are no significant risks other than those presented in Chapter 2 of the 2011 registration document and, with regard to financial risks, in the notes to the consolidated financial statements for the financial year ended 31 December 2011.

## 2 Presentation of the separate financial statements – Earnings for the past financial year

### 2.1 Separate financial statements

The separate financial statements for the year ended 31 December 2011, which we submit to you for approval, (appended hereto) were drawn up according to the format and using the valuation methods prescribed by rules and regulations in force. Presentation and valuation rules used were the same as for the previous financial year.

M.R.M.'s business over the period was that of a holding company. 2011 earnings reflect:

- €346 thousand in operating income (compared with €132 thousand at 31 December 2010);
- reversal of the provisions for the share of net assets of SCI Noratlas and reversal of provisions on current accounts vis-à-vis SCI Noratlas and Immovert, for a total of €31.517 million. As of 31 December 2010, provision reversals totalled €2.271 million;
- €1.183 million in other external purchases and expenses (compared with €1.306 million at 31 December 2010);
- €172 thousand in employee benefits expense (compared with €123 thousand at 31 December 2010);
- provisions for current accounts of €2.460 million (primarily SAS DB Tucano). In 2010, impairment on non-current assets and current assets amounted to €18.532 million;
- financial profit of €789 thousand, including €723 thousand in financial profit from equity investments (revenue on current accounts) and €66 thousand in reversals on provisions for equity investments (primarily SAS Investors Retail Holding and SCI du 3 rue Escudier). Financial expenses totalled

€18.457 million, and notably comprised provisions for equity investments (primarily SCI Noratlas), thereby generating a financial loss of €17.668 million. As of 31 December 2010, the financial profit totalled €3.815 million.

Consequently, accounting net income was a €10.258 million profit. As of 31 December 2010, accounting net income was a €11.553 million loss.

Following the losses in the financial period ended 31 December 2010, the Company's equity dropped under half the share capital. Pursuant to the provisions of Article L.225-248 of the French Commercial Code, the Extraordinary General Meeting of Shareholders of 7 October 2011 resolved, as provided by law, to not dissolve the company and to continue the company operations.

Following this decision, the Company is required to build back up its equity to over half the share capital by, at the latest, the end of the second financial year following the one in which the losses were recognised. As of the end of the 2011 financial period, the Company's equity had been duly brought back above half the share capital.

As of the end of the financial year, total assets stood at €61.370 million, mostly comprised of equity securities from subsidiaries, directly or indirectly wholly-owned; of current accounts between the Company and its subsidiaries; and of the Company's cash assets.

The table showing the Company's results is appended hereto, as set out by Article R. 225-102 of the French Commercial Code.

## 2.2 Consolidated financial statements

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements at 31 December 2011 of M.R.M. group were prepared in accordance with the standards and interpretations applicable on that date, published by the International Accounting Standards (IASB) and adopted by the European Union at the date of issue of the financial statements by the Board of directors.

The new standards and amendments to existing standards and interpretations mandatory at 1 January 2011 are as follows:

- amendment to IAS 32 – Classification of Rights Issues;
- amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;
- revised IAS 24 – Related Party Disclosures;
- annual improvements to IFRS standards (6 May 2010);
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

These new standards had no significant impact on the Group's financial statements at 31 December 2011.

### 2.2.1 Changes in scope

In FY 2011, no new company was consolidated by M.R.M.

However, on 23 January 2011, SAS Immomarque was dissolved without liquidation with all assets and liabilities transferred to SAS Commerces Rendement. It should also be noted that on 28 October 2011, SCI du 325-345 Avenue Georges Clémenceau was deconsolidated following the disposal of all shares held.

### 2.2.2 Consolidated income statement

Consolidated gross rental revenue from investment properties totalled €18.472 million, mainly comprising rents and rental income on the Group's asset portfolio. On a like-for-like basis, gross rental revenues were up 5.4% on 2010.

Unrecovered external property expenses totalled minus €3.097 million resulting in net rental revenues of €15.375 million.

Current net operating expenses, totalling minus €6.059 million in 2011, were down 10% on 2010: they mainly broke down into operating expenses of minus €6.535 million and a €476 thousand net reversal in provisions.

Current operating income thus amounted to €9.316 million, compared with €15.992 million at end-2010.

Net of losses on the disposition of assets of minus €571 thousand, of the change in fair value affecting property assets of minus €15.901 million and non-current net operating expenses of minus €1.145 million (primarily comprised of losses on bad debts, bank arrangement fees and indemnities), operating income totalled minus €8.301 million. For reference, at 31 December 2010, it totalled minus €4.870 million.

The financial profit amounted to €10.883 million at 31 December 2011, and broke down as follows:

- net cost of debt, namely minus €9.006 million (minus €8.999 million in interest and related expenses, €8 thousand in interest received, and minus €15 thousand in net expenses on disposition of marketable securities);

- change in value of the financial instruments and funds, namely minus €427 thousand;
- discounting of payables and receivables, namely minus €2.112 million;
- other financial income of €23.872 million relating to the debt settlement obtained as part of the bank restructuring that took place on 17 February 2011;
- other financial expenses of minus €1.444 million in fees paid as part of the bank restructuring that took place on 17 February 2011.

As of 31 December 2010, the financial loss totalled minus €13.592 million.

In light of the preceding, and the recognition of a tax expense of €76 thousand, profit for the period after tax was €2.507 million, equivalent to earnings per share of €0.72. At end-2010, the loss for the period was €18.563 million.

#### 2.2.3 Consolidated balance sheet

As of 31 December 2011, net non-current assets stood at €243.211 million, compared with €267.934 million at 31 December 2010. The reduction in these items over the financial year was due to the falling value of the portfolio, partly offset by work done during the financial year, as well as the reclassification of properties between "investment properties" and "properties held for sale". As of 31 December 2011, investment properties totalled €243.190 million.

Current assets totalled €58.712 million at 31 December 2011, compared with €101.072 million at 31 December 2010. This mainly broke down into properties held for sale (€44.349 million), trade receivables (€2.388 million), other receivables such as service charges, tax receivables, etc. (€9.256 million) and cash and cash equivalents (€2.416 million).

On the liabilities side, consolidated equity amounted to €21.305 million at the end of the financial year. As of 31 December 2010, this item totalled €18.800 million.

Non-current liabilities amounted to €231.629 million at 31 December 2011, compared with €213.280 million at 31 December 2010. These are Group debts payable at over one year, made up of a bond of €54 million, bank debt of €175.507 million and €2.122 million in guarantee deposits received from tenants.

Current liabilities, payable at under a year, totalled €48.989 million at 31 December 2011, compared with €136.926 million at 31 December 2010. This was primarily comprised of bank debt on properties held for sale and accrued interest of €35.010 million, debts to vendors of goods and services and non-current assets of €9.710 million, the current component of the exit tax of €2.088 million and other tax and operating debts of €2.180 million.

In accordance with Articles L. 225-100 and L. 233-16 of the French Commercial Code, we hereby ask you to approve the consolidated financial statements attached hereto.

### 2.3 Appropriation of income

We propose the appropriation of the profit for the financial year ended 31 December 2011, of €10,257,604, as follows:

- Origin:

| | |
|---|---|
| Income for the year: | profit of €10,257,604 |

- Appropriation

| | |
|---|---|
| Retained earnings: | €10,257,604 |

### 2.4 Dividends paid out in previous years

In accordance with Article 243 bis of the General Tax Code, we point out that no dividends have been distributed over the previous three financial years.

### 2.5 Non-tax-deductible expenses

Pursuant to Articles 223 *quater* and 223 *quinquies* of the General Tax Code, we point out that the financial statements for the previous year do not take account of expenses non-deductible for tax purposes.

## 3 Information concerning the share capital at 31 December 2011

### 3.1 Changes in the share capital in the past financial year

As of 1 January 2011, the share capital was €28,015,816, split into 3,501,977 fully paid-up shares, each with a par value of €8. This situation remained unchanged at 31 December 2011, since there were no transactions on the share capital during the past financial year.

Shares are in either registered or bearer form, at the discretion of the shareholder, subject to the mandatory provisions laid down in Articles 6 and 7 of the Articles of Association.

## 3.2 Information on shareholding

In accordance with Article L. 233-13 of the French Commercial Code, we indicate the identity of those natural and legal persons holding, directly or indirectly at 31 December 2011, more than 5%, 10%, 15%, 20%, 25%, one-third, 50%, two-thirds, 90%, or 95% of the share capital or voting rights in General Meetings. We furthermore inform you of the change in the total number of voting rights in the Company, as a result of the registration as bearer shares of certain shares that were previously registered, resulting in the loss of a certain number of double voting rights, bringing the total number of theoretical voting rights down from 6,390,476 at 31 December 2010 to 6,285,668 at the date of this report. The tables below reflect this new number of voting rights.

**More than 5% and less than 10%:**

| Shareholders | As of the date of this report | As of 31 December 2011 | As of 31 December 2010 |
|---|---|---|---|
| CARAC (veterans' pension fund) | 9.2% of share capital<br>10.3% of voting rights | 9.2% of share capital<br>10.3% of voting rights | 9.2% of share capital<br>10.0% of voting rights |
| Société Civile TF Entreprises | 5.5% of share capital<br>6.1% of voting rights | 5.5% of share capital<br>6.1% of voting rights | 5.5% of share capital<br>6.0% of voting rights |

**More than 10% and less than 20%:**

| Shareholders | As of the date of this report | As of 31 December 2011 | As of 31 December 2010 |
|---|---|---|---|
| CBRE Global Investors Group:<br>- CB Richard Ellis European Warehousing Sàrl<br>- CB Richard Ellis Investors Europe Holding BV<br>- CB Richard Ellis Investors DB Co-invest LLC | 17.1% of share capital<br>19.0% of voting rights | 17.1% of share capital<br>19.0% of voting rights | 17.1% of share capital<br>18.7% of voting rights |

For your information, at the date of this report, Jacques Blanchard, Chairman and Chief Executive Officer of the Company, held 42,839 shares, 42,838 of which through his personal holding company, SC JAPA. Therefore, he holds 1.2% of the share capital and 1.4% of the voting rights, directly and indirectly.

**Cross-shareholdings**

At the reporting date of the past financial year, companies controlled by the Company held no stake in the Company.

**Treasury shares – share buyback plan**

At the start of FY 2011, the Company held 23,560 treasury shares.

On 24 December 2007, M.R.M. signed a liquidity agreement with CM-CIC Securities for €18,000 per annum ex. VAT, with a view to improving trading liquidity and share price stability.

In addition, a buyback programme was implemented in FY 2011 with the following objectives:

- to take steps on the market for the purpose of stabilising the price of the Company's shares or ensuring the liquidity of the Company's shares *via* the intermediary of an investment services provider;
- to hold shares as treasury stock for subsequent remittance in exchange or payment for acquisitions;
- to ensure coverage of share purchase option plans and other forms of share allocation to employees and/or corporate officers of the Group in accordance with legal requirements, particularly in respect of profit sharing, Company savings plans or bonus share allocations;
- to ensure coverage of marketable securities entitling the holder to the allocation of shares in the Company within the framework of applicable regulations.

These objectives are presented without prejudice to the effective order of use of the authorisation to buy back shares, which would be dependent on needs and opportunities. The number of shares purchased by the Company with a view to being held as treasury stock for subsequent remittance in exchange or payment for a merger, de-merger or contribution may not exceed 5% of its share capital.

In FY 2011, the Company bought 5,153 treasury shares at an average purchase price of €6.63 per share (representing a total average purchase price of €34,184 at 31 December 2011), and sold 1,794 at an average price of €7.35 per share, these transactions having all been carried out under the liquidity agreement in furtherance of the first objective of the share buyback programme set out above.

The Company thus held 26,919 treasury shares at the end of the past financial year, representing 0.77% of the Company's share capital and a par value of €215,352. These securities are entered as Company assets in its parent company financial statements, and deducted from equity in the consolidated financial statements.

The General Meeting of Shareholders of 7 June 2012 will be asked to approve the renewal of this authorisation to buy back shares.

### 3.3 Delegations for capital increases

Pursuant to Article L. 225-100 (paragraph 7) of the French Commercial Code, no authorisation by the General Meeting of Shareholders to the Board of directors in the realm of capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, was in force at 31 December 2011.

### 3.4 Employees holding equity stakes

In accordance with Article L. 225-102 of the French Commercial Code, we hereby inform you:

- that no employee held any interest in the Company's share capital at the last day of FY 2011;
- that no shares have been acquired for the purpose of allotting them to employees under a profit-sharing scheme.

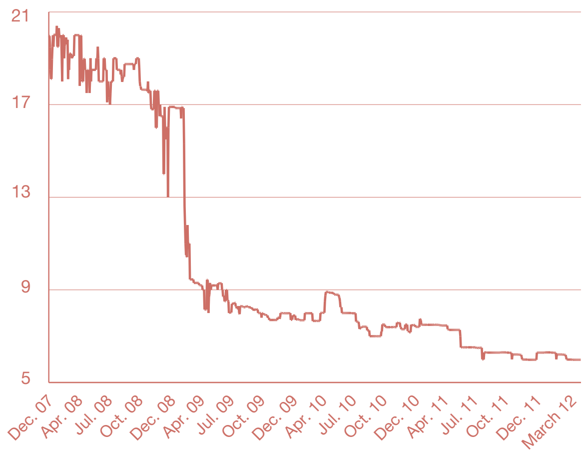
Pursuant to Articles L. 225-184 and L. 225-197-4 paragraph 1 of the French Commercial Code, we hereby inform you:

- that the Company has no warrant or stock option plans;
- that no bonus shares have been attributed free of charge to salaried staff or managers of the Company.

### 3.5 Stock price performance

M.R.M.'s stock market capitalisation at 31 December 2011, based on the final closing price of FY 2011, namely €6.28, amounted to €21,992,416.

Below is a graph showing the change in the share price:




In accordance with Article L. 621-18-2 of the French Monetary & Financial Code, there was no trading in the Company's shares during the financial year ended 31 December 2011 by the individuals falling within the scope of this article (Company managers, executives, and individuals with whom they have close ties).

### 3.6 Items likely to have an impact in the event of a takeover bid

There are no items likely to have an impact in the event of a takeover bid within the meaning of Article 225-100-3 of the French Commercial Code.

## 4 Social and environmental information

Continuing to promote the restructuring and upgrading of its properties, the Company pursued its commitment to the development process during FY 2011, reconciling environmental conservation, economic efficiency, and social equity.

The Company's employees include one person in an executive position, employed on an open-ended contract. There were no new hires in 2011.

Subsequent to the FY 2011 reporting date, it was decided that the sole Company employee would become an employee of CBRE Global Investors SAS in the first quarter of 2012, retroactive to 1 January 2012. As a result, as from that date, the Company will no longer have an employee.

During the past financial year, the Company continued to apply France's HQE (High Environmental Quality) initiative, which takes full account of the challenges of sustainable development, by limiting the impact of building construction on the environment and opting for harmonious integration, wholly reflecting the needs and comfort required by users.

As part of its substantial restructuring of the Nova property in La Garenne-Colombes, M.R.M. adapted its projects to incorporate the HQE initiative, both in the design phase and in the course of the operation of the building, despite the need to take on board the constraints of the site and of the structure of the existing building. The additional costs incurred by the adoption of this initiative are seen by M.R.M. as investments that contribute to value creation. At the start of 2010, the Nova building located in La Garenne-Colombes received NF Tertiary Sector Buildings-HQE Standards certification for the Planning and Design phases. This approach will also adopted for the use of the building, once completed, as M.R.M. intends to obtain the "HQE Exploitation" and "Breeam in Use" labels.

In its operations, the Company adheres to and sees that its service providers adhere rigorously to environmental regulations in all stages of property investing (acquisition, design, property management).

This concerns, as an example, detection of asbestos and other harmful or hazardous materials contained in properties considered for acquisition, drawing up and updating technical reports on asbestos for properties in the portfolio, as well as on insulation and energy performance standards for properties undergoing restructuring. As to the properties being renovated, M.R.M. pays great attention to the treatment of communal areas and landscaped spaces. M.R.M. plans to reposition its properties in their environment by incorporating the changes in town planning and the enhancement of natural landscaped surroundings.

As a company keenly aware of the importance of sustainable development, M.R.M. anticipates changes in regulations, and where shopping centres are concerned, to consumers' expectations. Regarding water management, the Vivier shopping centre in Allonnes is equipped with a system for recovering and storing rainwater in a 55 $m^3$ underground cistern, used for watering landscaped areas on site by a drip system, thus saving on water consumption while making the area more pleasant for users.

## 5 Agreements subject to Articles L. 225-38 and L. 225-39 of the French Commercial Code

Pursuant to applicable laws and regulations, we provide you with the statutory auditors' special report on the agreements falling within the scope of Articles L. 225-38 *et seq.* of the French Commercial Code.

We would also like to point out that the list and purpose of current agreements entered into in the normal course of business which, due to their purpose or financial implications, are material for the parties, have been notified to the members of the Board of directors and the statutory auditors.

## 6 Statutory auditors

Our statutory auditors provide details in their reports on the responsibilities attributed to them by law.

We hereby inform you that no statutory auditor has come up for reappointment at this General Meeting.

## 7 Information on payment terms for the Company's suppliers

As of 31 December 2011, the Company's trade payables totalled €272 thousand, all outstanding for less than 60 days, compared with €8 thousand at 31 December 2010, also all outstanding for less than 60 days.

## 8 Information on corporate officers and general management

On 12 September 2011, the Board of directors of M.R.M. took formal note of the resignation, effective on 9 September 2011, of Séverine Farjon from her position as independent director and Chairwoman of the Audit Committee, following her decision to take up new operating responsibilities at another property company.

Furthermore, the Board of directors, at its meeting of 29 November 2011, appointed Brigitte Gauthier-Darcet as director, filling the position vacated by CBRE European Warehousing Sàrl, for the latter's remaining term of office, namely up to the General Meeting called to approve the 2012 financial statements. The General Meeting of Shareholders of 7 June 2012 will be asked to ratify this decision.

Following a review of her position on the basis of the criteria set out in the AFEP-MEDEF Corporate Governance Code for listed companies, the Board of directors, at its meeting of 29 November 2011, classified Brigitte Gauthier-Darcet as an independent director. Brigitte Gauthier-Darcet was also appointed Chairwoman of the M.R.M. Audit Committee.

As of 31 December 2011, the Board of directors of M.R.M. had the following members:

- Jacques Blanchard, Chairman and Chief Executive Officer of M.R.M.;
- Gérard Aubert, independent director;
- Brigitte Gauthier-Darcet, independent director;
- CBRE Global Investors SAS, director, company represented by Jean Lamothe;
- SPE Finance Sàrl, director, company represented by Frank Vitaglione;
- SPE Office Sàrl, director, company represented by Marine Pattin.

In light of the changes in Board membership since the reporting date, Board membership now stands as follows:

- Jacques Blanchard, Chairman and Chief Executive Officer of M.R.M.;
- Gérard Aubert, independent director;
- Brigitte Gauthier-Darcet, independent director;
- CBRE Global Investors SAS, director, company represented by John Ozinga;
- SPE Finance Sàrl, director, company represented by Jérôme Lacombe;
- SPE Office Sàrl, director, company represented by Marc Reijnen.

Detailed information on the members of the Board of directors can be found in Chapter 4 of the 2011 registration document.

The Board of directors is in compliance with French Act no. 2011-103 which came into force on 27 January 2011 on the balanced representation of men and women in boards of direction, as it already counts at least one representative of each gender.

Pursuant to Article L. 225-102-1 (paragraph 3) of the French Commercial Code, a list of all offices and positions held in any company by each of the Company's corporate officers is appended hereto.

### 8.1 Remuneration and benefits paid to corporate officers

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we now report the total remuneration and benefits of any nature paid by the Company or by companies under its control within the meaning of Article L. 223-16 of the French Commercial Code and by the Company controlling the company within the meaning of the same Article, to each of the corporate officers during FY 2011.

With the exception of Gérard Aubert, Séverine Farjon and Brigitte Gauthier-Darcet, the Company's corporate officers received no remuneration or benefits of any kind with respect to membership of the Board from the Company or the companies it controls, as defined in Article L. 233-16 of the French Commercial Code.

The corporate officers receive no benefit.

The following Company corporate officers are not remunerated for their directorships:

- Jacques Blanchard, Chairman and Chief Executive Officer of M.R.M. SA;
- CBRE Global Investors SAS, company represented by John Ozinga, director;
- SPE Office Sàrl, company represented by Marc Reijnen, director;
- SPE Finance Sàrl, company represented by Jérôme Lacombe, director;

Independent directors received the following director's fees:

- Gérard Aubert: €6,750 for his work on the Board of directors in 2011;
- Séverine Farjon: €11,250 for her work on the Board of directors and the Audit Committee in 2011;
- Brigitte Gauthier-Darcet: €1,500 for her work on the Board of directors and the Audit Committee in 2011.

## 8.2 Renewal of corporate offices

We hereby inform you that no director is up for reappointment at this General Meeting.

The only term of office that the General Meeting of 7 June 2012 will be asked to vote on is the ratification of the appointment of Brigitte Gauthier-Darcet.

## 8.3 Procedures for general management

Pursuant to Article R. 225-102 of the French Commercial Code, we hereby indicate that the procedures for the general management of the Company were not amended during the past financial year. The Board of directors deliberated on the procedures for general management at its meeting of 11 June 2009 and decided that the Chairman of the Board of directors would continue to be responsible for general management as authorised by Article L. 225-51-1 of the French Commercial Code.

We hope that the above will meet with your approval and that you will vote in favour of the resolutions proposed to you.

Paris, 24 February 2012

The Board of directors

## List of appendices



### 1 Summary of company results over the past five financial years

| Financial years/Type | 12/31/11 | 12/31/10 | 12/31/09 | 12/31/08 | 12/31/07 |
|---|---|---|---|---|---|
| Share Capital | 28,015,816 | 28,015,816 | 28,015,816 | 28,015,816 | 28,015,816 |
| Number of shares: | | | | | |
| Existing ordinary | 3,501,977 | 3,501,977 | 3,501,977 | 3,501,977 | 3,501,977 |
| Existing preferred shares (without voting rights) | | | | | |
| Maximum number of future shares to be created: | | | | | |
| Through conversion of bonds | | | | | |
| Through exercise of subscription rights | | | | | |
| Operating performance and results for the financial year: | | | | | |
| Revenue excluding VAT | 346,243 | 132,000 | 198,946 | 204,000 | 52,803 |
| Profit (loss) before tax, employee profit-sharing, amortisation, depreciation and provisions | (1,779,783) | 417,750 | (2,059,530) | (1,736,354) | (8,234,589) |
| Income tax | 0 | 0 | 0 | (0) | 23,100 |
| Employee profit-sharing for the period | | | | | |
| Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions | 10,257,604 | (11,552,840) | (25,837,055) | (19,882,685) | (1,062,557) |
| Income distributed | | | | | |
| Earnings per share: | | | | | |
| Profit (loss) after tax, employee profit-sharing, but before amortisation, depreciation and provisions | (1) | 0 | (1) | (1) | (2) |
| Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions | 3 | (3) | (7) | (6) | (0) |
| Dividend per share | | | | | |
| Workforce: | | | | | |
| Average number of employees during the period | 1 | 1 | 1 | 1 | 1 |
| Payroll for the period | 124,094 | 94,076 | 67,133 | 47,659 | 22,717 |
| Amount paid in employee benefits (social security, social welfare…) | 47,493 | 35,565 | 27,609 | 19,184 | 9,823 |

### 2 List of offices and positions held by the corporate officers

Pursuant to Article L. 225-102-1 (paragraph 3) of the French Commercial Code, a list of all offices and positions held in any company by each of the Company's corporate officers is presented below.

### Jacques Blanchard, Chairman and Chief Executive Officer of M.R.M. SA

**Main positions and offices held within the Group:**

- Managing Director at CBRE Global Investors.

**Other positions and offices held outside the Group:**

- Managing Partner of SC JAPA.

**Other offices and positions held in the previous five financial years:**

- Director of CB Richard Ellis Investors SGR p.A.;
- Co-manager of SCI Immovert;
- Co-manager of SCI Galetin 2.

### Gérard Aubert, Director

**Main positions and offices held outside the Group:**

- Chairman of SASU Trait d'Union;
- Director of Sogeprom SA;
- Director of Eurosic;
- Member of the Supervisory Board of Hoche Gestion Privée.

**Other offices and positions held in the previous five financial years:**

- Managing Partner of Gestion Immobilière Marrakech.

### CBRE Global Investors SAS, company represented by John Ozinga, Director

**Other offices and positions held in the previous five financial years:**

- Chairman of Dynamique Bureaux SAS;
- Chairman of Commerces Rendement SAS;
- Chairman of Dynamique Hôtels SAS.

### Brigitte Gauthier-Darcet, Director:

**Main positions and offices held outside the Group:**

- Director and Deputy Chief Executive Officer of CIPM International (SA);
- Non-partner Chief Executive Officer of Financière du Château des Rentiers (SAS);
- Director of Transport'Air (SA) (wholly owned subsidiary of CIPM International);
- Director of Groupe Express-Roularta (SA);
- Manager of SARL Neufbis'ness;
- Manager of SCI B2V.

**Other offices and positions held in the previous five financial years:**

- Chairman and Chief Executive Officer of Equipements Collectifs et Immobiliers (SA);
- Member of the Management Board of Investissements Saliniers (SA);
- Member of the Management Board of Salins du Midi Participations (SAS);
- Vice-Chairman and Deputy Chief Executive Officer of Compagnie des Salins du Midi et des Salines de l'Est (SA);
- Chairman and Chief Executive Officer of Salins du Cap Vert (SA);
- Chairman and Chief Executive Officer of Salins Réalisations (SA);
- Chairman of Villeroy Finance Corporation (Panama) (SA);
- Director of Rock (SAS);
- Director of SA de la Mine de Sel Saint Laurent;
- Director of SA Compagnia Italiana Sali (Italy) (SA);
- Director of Compañia Salinera Salins Ibérica (Spain) (SARL);
- Director of Unión Salinera de España (Spain) (SA) ;
- Director of Nueva Compañia Arrendataria de las Salinas de Torrevieja (Spain) (SA);
- Director of Salins Ibérica Packing (Spain) (Sàrl).

The other corporate officers of M.R.M., namely SPE Office Sàrl, company represented by Marc Reijnen (Director) and SPE Finance Sàrl, company represented by Jérôme Lacombe (Director) do not hold any office or position in any other company.

## 3 List of M.R.M. SA's equity interests

► SCOPE AT 31 DECEMBER 2011

| | Method of consolidation | Interest | Control |
|---|---|---|---|
| SA M.R.M. | Parent | 100% | 100% |
| SAS BOULEVARD DES ILES | FC | 100% | 100% |
| SAS COMMERCES RENDEMENT | FC | 100% | 100% |
| SAS DB ALBATROS | FC | 100% | 100% |
| SAS DB COUGAR | FC | 100% | 100% |
| SAS DB DYNAMIQUE FINANCIÈRE | FC | 100% | 100% |
| SAS DB FOUGA | FC | 100% | 100% |
| SAS DB NEPTUNE | FC | 100% | 100% |
| SAS DB PIPER | FC | 100% | 100% |
| SAS DB TUCANO | FC | 100% | 100% |
| SAS INVESTORS RETAIL HOLDING | FC | 100% | 100% |
| SCI BOULOGNE ESCUDIER | FC | 100% | 100% |
| SCI DU 10 BIS RUE ESCUDIER | FC | 100% | 100% |
| SCI DU 3 RUE ESCUDIER | FC | 100% | 100% |
| SCI GALETIN II | FC | 100% | 100% |
| SCI IMMOVERT | FC | 100% | 100% |
| SCI NORATLAS | FC | 100% | 100% |

*FC: Full consolidation.*

All Group companies are registered in France.

The address used by all Group companies is: 65/67 avenue des Champs-Elysées - 75008 Paris, France

## 4 Annual report on the liquidity agreement

With respect to the liquidity agreement entered into by M.R.M. with CM-CIC Securities, at 31 December 2011 the following resources were allocated to the liquidity account:

- 23,359 shares;
- €20,824.17 in cash.

It should be recalled that at the most recent interim update, on 30 June 2011, the following resources were in the liquidity account:

- 19,507 shares;
- €45,585.30 in cash.

# 3.7 Consolidated financial statements for the financial year ended 31 December 2011

## Statement of the consolidated financial position

► ASSETS

| *(in thousands of euros)* | Note | 12/31/2011 | 12/31/2010 |
|---|---|---|---|
| Intangible assets | Note 1 | 20 | 20 |
| Investment properties | Note 2 | 243,190 | 267,910 |
| Deposits paid | | 1 | 5 |
| NON-CURRENT ASSETS | | 243,211 | 267,934 |
| Properties held for sale | Note 3 | 44,349 | 71,794 |
| Payments on account | | 236 | 249 |
| Trade receivables | Note 4 | 2,388 | 4,094 |
| Other receivables | Note 5 | 9,256 | 12,455 |
| Derivatives | Note 6 | 68 | 304 |
| Cash and cash equivalents | Note 7 | 2,416 | 12,175 |
| CURRENT ASSETS | | 58,712 | 101,072 |
| **TOTAL ASSETS** | | **301,923** | **369,006** |

► EQUITY AND LIABILITIES

| *(in thousands of euros)* | Note | 12/31/2011 | 12/31/2010 |
|---|---|---|---|
| Share capital | | 28,016 | 28,016 |
| Additional paid-in capital | | 42,834 | 42,834 |
| M.R.M. treasury shares | | (277) | (275) |
| Reserves and retained earnings | | (51,774) | (33,211) |
| Profit (loss) for the period | | 2,507 | (18,563) |
| GROUP EQUITY | | 21,305 | 18,800 |
| Non-controlling interests | | 0 | 0 |
| EQUITY | | 21,305 | 18,800 |
| Provisions | Note 8 | 0 | 0 |
| Tax liabilities | Note 9 | 0 | 0 |
| Bonds | Note 10 | 54,000 | 54,000 |
| Bank debts | Note 10 | 175,507 | 156,685 |
| Guarantee deposits received | Note 10 | 2,122 | 2,595 |
| NON-CURRENT LIABILITIES | | 231,629 | 213,280 |
| Current borrowings | Note 10 | 35,010 | 122,747 |
| Trade payables | | 3,711 | 2,473 |
| Debts payable against non-current assets | Note 11 | 5,999 | 1,380 |
| Other liabilities | Note 12 | 4,268 | 10,326 |
| CURRENT LIABILITIES | | 48,989 | 136,926 |
| **TOTAL EQUITY AND LIABILITIES** | | **301,923** | **369,006** |

# Statement of the consolidated comprehensive income

## Consolidated income statement

| *(in thousands of euros)* | Note | 12/31/2011 | 12/31/2010 |
|---|---|---|---|
| Gross rental revenues | Note 13 | 18,472 | 25,315 |
| External property expenses not recovered | Note 14 | (3,097) | (2,577) |
| **Net rental revenues** | | **15,375** | **22,738** |
| Operating expenses | Note 15 | (6,535) | (6,476) |
| Reversals of provisions | | 869 | 249 |
| Provisions | | (393) | (520) |
| **Total current operating income and expenses** | | **(6,059)** | **(6,747)** |
| CURRENT OPERATING INCOME | | **9,316** | **15,992** |
| Other operating income | Note 16 | 33 | 568 |
| Other operating expenses | Note 17 | (1,178) | (93) |
| Result on disposal of investment properties | Note 18 | (571) | (12,111) |
| Change in fair value of investment properties | Notes 2 and 3 | (15,901) | (9,225) |
| OPERATING INCOME | | (8,301) | (4,870) |
| Gross borrowing cost | Note 19 | (8,999) | (10,044) |
| Income from cash and cash equivalents | Note 19 | (7) | (11) |
| Change in fair value of financial instruments and marketable securities | Note 20 | (427) | (643) |
| Discounted payables and receivables | | (2,112) | (2,521) |
| Other financial income | Note 21 | 23,872 | 0 |
| Other financial expenses | Note 22 | (1,444) | (373)* |
| FINANCIAL PROFIT (LOSS) | | 10,883 | (13,592) |
| Other non-operating income and expenses | | 0 | 0 |
| NET PROFIT (LOSS) BEFORE TAX | | 2,582 | (18,462) |
| Tax expense | Note 23 | (76) | (102) |
| PROFIT (LOSS) FOR THE PERIOD | | 2,507 | (18,563) |
| Profit (loss) for the period attributable to owners of the parent company *(in thousands of euros)* | | 2,507 | (18,563) |
| Profit (loss) for the period attributable to non-controlling interests *(in thousands of euros)* | | 0 | 0 |
| Net earnings per share *(in euros)* | | 0.72 | (5.34) |
| Diluted net earnings per share *(in euros)* | | 0.72 | (5.34) |

** In the comparative consolidated income statement at 31 December 2010, "Other financial expenses" were presented separately from "Income from cash and cash equivalents".*

## Consolidated comprehensive income

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| PROFIT (LOSS) FOR THE PERIOD | 2,507 | (18,563) |
| Change in revaluation surplus | 0 | 0 |
| Actuarial difference on defined benefit pension obligation | 0 | 0 |
| Profits and losses resulting from translation of financial statements of foreign operations | 0 | 0 |
| Profits and losses related to revaluation of financial assets available for sale | 0 | 0 |
| Actual share of profits and losses on hedging instruments in a cash flow hedge | 0 | 0 |
| OTHER ITEMS OF COMPREHENSIVE INCOME | 0 | 0 |
| Tax expense for other items of comprehensive income | 0 | 0 |
| **COMPREHENSIVE INCOME** | **2,507** | **(18,563)** |
| Comprehensive income for the period attributable to non-controlling interests *(in thousands of euros)* | 0 | 0 |
| Comprehensive income for the period attributable to owners of the parent Company *(in thousands of euros)* | 2,507 | (18,563) |

## Statement of the consolidated cash flows

| *(in thousands of euros)* | Note | 12/31/2011 | 12/31/2010 |
|---|---|---|---|
| Cash flow: | | | |
| **Consolidated Profit (Loss)** | | **2,507** | **(18,563)** |
| Elimination of non-cash expenses and income | | | |
| Change in amortisation, depreciation, impairment, provisions and deferred expenses | | (476) | 271 |
| Change in fair value of investment properties | Notes 2 and 3 | 15,901 | 9,225 |
| Change in fair value of financial instruments | Note 6 | 427 | 643 |
| Discounted receivables and payables | | 2,112 | 2,521 |
| Net borrowing cost | Note 19 | 9,006 | 10,055 |
| Other financial expenses | Note 22 | 1,444 | 373 |
| Result on disposal of investment properties | Note 18 | 571 | 12,111 |
| Other items with no impact on cash flow | | (24,568) | (1,168) |
| CASH FLOW | | 6,924 | 15,468 |
| Change in operating working capital | | | |
| Trade receivables | | 608 | (428) |
| Other receivables | | 1,593 | (2,241) |
| Trade payables | | 735 | 200 |
| Other payables | | (3,784) | (5,965) |
| CHANGE IN OPERATING WORKING CAPITAL | | (847) | (8,435) |
| CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES | | 6,077 | 7,034 |
| Acquisition of intangible assets | | 0 | 0 |
| Purchases of investment property | Notes 2 and 3 | (17,601) | (11,136) |
| Sales of investment property | | 18,013 | 105,695 |
| Change in non-current financial assets | | 3 | (3) |
| Change in debts payable against non-current assets | Note 11 | 4,637 | (2,574) |
| Acquisition of shares in consolidated companies net of acquired cash | | 0 | 0 |
| Disposal of shares in consolidated companies net of cash disposed of | | 5,093 | 7,871 |
| CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES | | 10,145 | 99,853 |
| Change in debt: | | | |
| Increase in bank debts | Note 10 | 3,724 | 95,934 |
| Decrease in bank debts | Note 10 | (20,648) | (191,687) |
| Change in other borrowings | | (31) | (637) |
| Other changes: | | | |
| Financial Instruments | Note 6 | (192) | (276) |
| Treasury share buybacks | | (2) | (7) |
| Interest paid | | (7,989) | (7,092) |
| Other financial expenses paid | | (844) | (373) |
| CHANGE IN CASH FLOWS FROM FINANCING ACTIVITIES | | (25,983) | (104,136) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (9,761) | 2,751 |
| Initial cash and cash equivalents | | 12,175 | 9,425 |
| Closing cash and cash equivalents | | 2,414 | 12,175 |
| *Cash* | *Note 7* | *2,180* | *10,950* |
| *Bank overdrafts* | *Note 10* | *(1)* | *0* |
| *Other cash items* | *Note 7* | *235* | *1,226* |
| **CHANGE IN CASH POSITION** | | **(9,761)** | **2,751** |

In the comparative cash flow statement at 31 December 2010, “Other financial expenses” were presented separately from “Net borrowing costs and interest paid” so as to show interest paid on its own line.

Over the period, the Group generated €6.077 million in cash flows from operating activities. This cash flow from operating activities was first and foremost used to pay net interest (€7.989 million).

The proceeds from the disposition of properties and equity investments (€23.105 million) were on the other hand used for early repayment of the loans taken out on the buildings that were sold (€15.305 million), in line with banking covenants. The cash surplus resulting from asset dispositions, net of the aforementioned financing flows, was allocated to finance work on portfolio properties (€9.240 million) and to meet contractual repayments on bank loans (€5.343 million).

Acquisitions of non-current assets (€17.601 million), corresponding to work carried out on the properties and financial expenses capitalised in accordance with IAS 23 were financed by increased debts on non-current assets (€4.637 million), draw-downs on credit lines (€3.724 million) and out of equity (€9.240 million).

The reduction in bank debts (€20.648 million) reflects €5.343 million of contractual repayments financed out of equity and €15.305 million in early loan repayments following the disposition of investment properties.

The increase in bank borrowings (€3.724 million) in turn reflects the draw-downs from the credit lines to finance the aforementioned work.

In FY 2011, the combined cash flows generated by the Group resulted in a €9.761 million deterioration in the cash position.

## Statement of the changes in consolidated equity

| *(in thousands of euros)* | Share capital | Additional paid-in capital | Treasury shares | Reserves and retained earnings | Profit (loss) for the period | GROUP EQUITY |
|---|---|---|---|---|---|---|
| ***Equity at 12/31/2009*** | ***28,016*** | ***42,834*** | ***(269)*** | ***767*** | ***(33,978)*** | ***37,370*** |
| Appropriation of 2009 income | - | - | - | (33,978) | 33,978 | 0 |
| Purchase of treasury shares | - | - | (7) | - | - | (7) |
| Profit (loss) for 2010 | - | - | - | - | (18,563) | (18,563) |
| ***Equity at 12/31/2010*** | ***28,016*** | ***42,834*** | ***(275)*** | ***(33,211)*** | ***(18,563)*** | ***18,800*** |
| Appropriation of 2010 income | - | - | - | (18,563) | 18,563 | 0 |
| Purchase of treasury shares | - | - | (2) | - | - | (2) |
| Profit (loss) for 2011 | - | - | - | - | 2,507 | 2,507 |
| **EQUITY AT 12/31/2011** | **28,016** | **42,834** | **(277)** | **(51,774)** | **2,507** | **21,305** |

# Notes to the consolidated financial statements



## Section 1 Company profile

### 1.1 General information

M.R.M. is a public limited company (*société anonyme*) registered on the Paris Trade and Companies Register. Its head office is at 65-67 Avenue des Champs-Élysées 75008, Paris, France

M.R.M., parent company of the consolidated Group, is a holding company with subsidiaries dedicated to holding and managing office and retail properties. It also owns a subsidiary, DB Dynamique Financière, which issues bonds and acts as lender, providing intra-group loans for Group companies. The consolidated financial statements for the 12-month period ending 31 December 2011 encompass the Company and its subsidiaries (hereinafter referred to as the "Group").

The Company is listed on Eurolist, in Compartment C of Euronext Paris (France).

The publication of the Group's consolidated financial statements at 31 December 2011 was authorised by the Board of directors on 24 February 2012. The consolidated financial statements will be submitted to the General Meeting of Shareholders of 7 June 2012 for approval. They are denominated in thousands of euros, unless stated otherwise. The functional currency of each Group entity is the euro.

For reference, the annual reporting period for all Group companies ends on 31 December.

### 1.2 SIIC status

On 31 January 2008, the Company opted for SIIC (listed property investment company) status, with effect from 1 January 2008.

The SIIC regime, introduced by Article 11 of the 2003 French Finance Act, is open to listed companies with share capital of over €15 million that are wholly engaged in property activities. It provides companies having opted for SIIC status on an irrevocable basis with an income tax exemption for the portion of their net profit generated from property activities, subject to the following payout requirements:

- 85% of profits from the letting of buildings;
- 50% of the capital gains on the disposition of buildings;
- 100% of dividends received from subsidiaries having opted in.

The adoption of SIIC status in 2008 resulted in the immediate taxation of unrealised capital gains on properties and investments in property companies at the reduced rate of 16.5%, payable over four years.

The M.R.M. stock was added to the Euronext IEIF SIIC France index on 25 March 2008.

### 1.3 Highlights of the period

Since the start of 2009, M.R.M. has been engaged in a plan to readjust its operations to suit the more challenging market climate. The plan set five key priorities:

- refocusing investments on the existing portfolio;
- increased selectivity made possible by the option of spreading out the implementation of value-enhancement programmes over time;
- cost reductions;
- the planned disposition of €120 million of assets in 2009-2010;
- and renegotiating the financing lines with the earliest maturities.

Significant progress was made in 2010 and major plan milestones passed, providing the Group with more room for manoeuvre:

- First, M.R.M. met its target of €120 million in dispositions set by the arbitrage plan of early 2009;
- At the same time, M.R.M. refinanced or repaid credit lines that were falling-due in 2010.

In 2011, M.R.M. completed the restructuring of its short-term borrowings and raised the financial resources it would need to complete the value enhancement of assets currently under way, while continuing to actively manage its property portfolio. It therefore completed the renegotiation of credit lines expiring in 2011, signing two agreements with its banking partners. On 17 February 2011, M.R.M. completed the restructuring of an €83.6 million credit line due to expire on 27 September 2011. The Group then repaid early €4 million, reducing outstanding debt to €55.5 million, most of it maturing in December 2013. On 9 June 2011, M.R.M. announced that it had signed a deal with ING Real Estate Finance France, to extend by three years a €26.5 million credit line due to expire in July 2011.

Regarding the value-enhancement programmes, the second phase of work of the Nova offices was begun, work to partially redevelop the Solis building to meet the needs of the tenant were completed, as was work to allow the Cap Cergy building to be split up for marketing. As a result, €17.6 million was committed to investment in 2011, and gross rental revenue for 2011 was €18.5 million, a 5.4% increase on 2010 on a like for like basis.

Net operating cash flow was negative €1.537 million in 2011. This includes €1.444 million in advisory fees for the bank restructuring completed on 17 February 2011 (see Financing).

Also, in a challenging market climate, the Company benefited from the quality of its portfolio, maintaining high occupancy rates at its stabilised properties: 93% for retail properties and 100% for stabilised offices.

## Investment and Management Policy

Of the €25.4 million investment that the Group planned to commit in 2011-2012 under its value-enhancement programme €17.6 million was invested in 2011. Most of this went on work to redevelop the Nova office building at La Garenne-Colombes and to reconfigure the Cap Cergy office building at Cergy-Pontoise and the Solis mixed office/warehouse building in Les Ulis.

Also in 2011, the retail property portfolio saw 13 leases being signed or renewed, representing €0.6 million in annual rent. In the case of the office portfolio, nine leases were signed or renewed, representing €2.5 million in annual rent.

The occupancy rate for retail buildings rose slightly, from 92% in December 2010 to 93% at 31 December 2011.

Stabilised office buildings are now fully let so their occupancy rate has gone from 95% at end-December 2010 to 100% at 31 December 2011.

### Redeveloping the Nova property in La Garenne-Colombes

Nova is an office building undergoing redevelopment encompassing an area of 10,300 sqm, located in La Garenne-Colombes near the La Défense business district and has been awarded NF Bâtiments Tertiaires – HQE Standards certification for the Planning and Design phases. The first phase of work, involving cleaning the building, putting up a new façade, structural work, separation of building equipment from the adjoining residential units and creating a show area on the 14th floor for the marketing of rental units was completed in 2010. Following the release of further bank financing in February 2011 (see Financing), the final phase, encompassing the technical and architectural works, which is scheduled to last 15 months, was launched in February 2011 for delivery in the first quarter of 2012.

### Solis in Les Ulis

A nine year lease, including a six and a half year firm term for the whole of Solis, an 11,400 sqm mixed office/warehouse building in Les Ulis, was signed with Telindus in December 2010. This lease required the execution of reconfiguration work on the building to meet Telindus's needs, increasing the office space by 2,300 sqm, by redeveloping the areas formerly set aside for warehouse use and building an additional 1,200 sqm. Work began in March 2011, was completed by end-December 2011 and the tenant moved in on 1 September 2011.

As of 31 December 2011, Solis was counted among the stabilised portfolio.

### Cap Cergy at Cergy-Pontoise

Considerable progress has been made towards marketing the Cap Cergy office building at Cergy-Pontoise, which has a 12,800 sqm area. On 1 July 2011 the Group agreed to lease 2,800 sqm to Pôle emploi, the French government employment agency. This is a nine year lease, six years being firm, and took effect from the fourth quarter of 2011. In addition, a second lease for 600 sqm was signed with Enertrag in the third quarter 2011, starting 1 January 2012. These agreements increase the occupancy rate to 26% in a building that had been completely vacant since 2009.

To adapt the building to multi-occupant use by the new tenants a certain amount of reconfiguration work was carried out in the second half of 2011.

### The Galerie du Palais in Tours

Having completed the first phase of redevelopment work on 2,000 sqm of the 6,500 sqm "Galerie du Palais" shopping centre in Tours town centre in the fourth quarter of 2010, marketing continued successfully in 2011, raising the occupancy rate from 73% in December 2010 to 87% in December 2011 (*i.e.* 500 sqm of space let).

## Disposition of assets

On 27 April 2011, M.R.M. sold five retail assets for €5.4 million excluding transfer taxes.

On 20 September 2011 M.R.M. signed a sale agreement subject to various suspensive conditions on the currently vacant Urban office building in Montreuil.

On 30 September 2011, M.R.M. disposed of the office property at Boulogne-Billancourt for €10.3 million excluding transfer taxes.

On 28 October 2011, M.R.M. disposed of two office buildings at Puteaux and Reuil by selling shares in their holding company at a total valuation of €39.6 million.

These dispositions allowed M.R.M. to further reduce its bank debt and net cash from the transactions will help fund investment planned for 2011 and 2012.

Finally, in 2011, three premises with a combined area of 898 sqm were leased in the Marques Avenue A6 outlet centre, sold by the Group in December 2010. This triggered additional payments under the sale contract. Marketing on the last four empty units will continue in 2012.

## Financing

On 17 February 2011, the Group signed an agreement with HSH bank to restructure the credit facility expiring on 27 September 2011 and which totalled €83.6 million at 31 December 2010. This credit facility is backed by a portfolio of five office properties.

Following this agreement, two credit lines were put in place. The first, a €49.5 million credit line, will mature at the end of 2013. The second, for an amount of €10 million, of which €4 million was repaid at the time of signature and the remaining €6 million will be repaid in instalments spread over three years. This agreement, which involves a plan to dispose of the five assets by the end of 2013, includes a share for the bank in the proceeds from the sales (including the Boulogne property sold on 30 September 2011).

The agreement also includes an additional credit line to finance works yet to be carried out on certain assets, including finishing the redevelopment of the Nova building (see Investment and Management Policy).

This restructuring agreement made a big contribution to the growth in the Group's Net Asset Value and improved in its banking Loan to Value ratio, which fell form 79.9% at end-2010 to 70.3% at 31 December 2011.

On 9 June 2011, the Group signed a deal with ING Real Estate Finance France, to extend by three years a €26.5 million credit line backed by a portfolio of office buildings. The credit line had been due to expire in July 2011 but will now run until June 2014.

The agreement also includes an additional credit line to help finance reconfiguration for the new tenant of the mixed office/warehousing Solis building at Les Ulis (see Investment and Management Policy).

In 2011, M.R.M. repaid the junior tranche of the loan granted by SaarLB bank in April 2010, due to mature in 2011 and whose initial principal was €5.4 million.

Finally, since the first quarter of 2011, M.R.M. has resumed interest payments on its bond, after a two year suspension.

## Other highlights

### Implementation of a share buyback programme

On 9 June 2011, the Board of directors resolved to implement, from 10 June 2011 the buyback programme approved for a period of 18 months in the fourteenth resolution of the General Meeting of 9 June 2011.

The goals of the buyback programme are as follows:

- market making or ensuring stock liquidity by an investment services provider under a liquidity agreement that complies with the AMF-recognised AMAFI (French Financial Markets Authority) ethics charter;
- buying shares in order to hold them and subsequently use them in consideration or in exchange as part of acquisitions as an AMF-approved practice;
- allocating shares to employees and/or corporate officers (in compliance with legal and regulatory provisions), in particular as part of a stock option scheme, bonus share awards or a company savings plan;
- allocate shares to holders of securities giving access to the Company's capital by exercising the rights attached to said securities, pursuant to the regulations in force.

The above goals are presented without prejudice to the actual order in which the authorisation to buy back shares is used, something that would be dependent on needs and opportunities.

The number of shares purchased by the Company with a view to being held as treasury stock for subsequent remittance in exchange or payment for a merger, de-merger or contribution may not exceed 5% of its share capital. These share purchases may be made by any means, including by purchase of blocks of securities, whenever the Board of directors sees fit, including during public offer periods, insofar as permitted under stock market regulations.

As of 31 December 2011, the Company had 26,919 treasury shares. In 2011, 5,153 shares were purchased under the liquidity agreement at an average price of €6.63, with 1,794 shares being sold at an average price of €7.35.

### 1.4 Events after the reporting period

On 8 February 2012, M.R.M. announced the sale of five retail properties on the outskirts of Paris with a combined surface area of 5,580 sqm at Montigny-les-Cormeilles, Pierrelaye, Coignières, Claye Souilly and Créteil, for a total of €14.2 million excluding transfer tax.

## Section 2 Accounting principles and methods

**The main accounting methods applied in preparing the consolidated financial statements are stated below. Unless stated otherwise, these methods have been applied consistently across all periods presented.**

### 2.1 Going concern principle

The financial statements at 31 December 2011 were prepared on the basis of the going concern principle. This principle is satisfied by virtue of the actions undertaken by the Company and its subsidiaries to meet repayments coming due to HSH bank in June and December 2012, including:

- reaching a sale agreement for the Urban office building at Montreuil, effective on 20 June 2012, in line with the disposal programme agreed with HSH;
- planned asset disposals (see Part 4 – Note 3 Assets held for sale).

The Company's 12-month cash projections incorporate the various assumptions for planned disposals.

## 2.2 Presentation of the consolidated financial statements in accordance with the IFRS accounting basis

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the M.R.M. Group at 31 December 2011 were prepared in accordance with the standards and interpretations applicable at 31 December 2011 published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date of issue of the financial statements by the Board of directors.

This accounting basis, which can be found on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm), encompasses the international accounting standards (IAS and IFRS), interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The Group's consolidated financial statements have been prepared on the basis of the historical cost principle, except for investment properties, financial instruments and assets held for sale which are measured at fair value, as per IAS 40, IAS 32 & 39 and IFRS 5.

Preparing the financial statements in accordance with IFRS requires certain critical accounting estimates to be made. The Group is also required to exercise its judgement when applying accounting methods. The most critical areas in terms of judgement or complexity, or those for which the assumptions and estimates are material with respect to the consolidated financial statements, are set out in paragraph 2.6.3.2 on the fair value of investment properties.

### Changes in accounting principles since 1 January 2011

- Standards, amendments to standards and interpretations applied for the first time from the year beginning 1 January 2011:
  - Amendments to IAS 32 – Classification of Rights Issues;
  - Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;
  - Revised IAS 24 – Related Party Disclosures;
  - Annual improvements to IFRS (6 May 2010);
  - IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

These new texts published by the IASB had no material impact on the Group's financial statements.

- Standards and interpretations published but not yet in force.

**Texts adopted by the European Union at the reporting date:**

- Amendment to IFRS 7 – Financial Instruments: Disclosures on transfers of financial assets (applicable from 1 July 2011);

  The Group did not adopt this new amendment early and expects its adoption to have no material impact on its financial statements.

**Texts published by the IASB for mandatory application as form 31 December 2011 but not yet adopted by the European Union**

- Amendment to IAS 12 - Deferred tax: Recovery of Underlying Assets (applies to years beginning on or after 1 January 2012);
- Amendment to IAS 19 – Employee Benefits: Defined Benefit Plans (applies to years beginning on or after 1 January 2013);
- Amendment to IFRS 7 – Presentation – Offsetting Financial Assets and Financial Liabilities (applies to years beginning on or after 1 January 2013);
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities (applies to years beginning on or after 1 January 2014);
- IFRS 9 – Financial Instruments: Classification and Measurement (applies to years beginning on or after 1 January 2013);
- IFRS 10 – Consolidated Financial Statements (applies to years beginning on or after 1 January 2013);
- IFRS 11 – Joint Arrangements (applies to years beginning on or after 1 January 2013);
- IFRS 12 – Disclosures of interests in other entities (applies to years beginning on or after 1 January 2013);
- IFRS 13 – Fair Value Measurement (applies to years beginning on or after 1 January 2013);
- Revised IAS 27 – Separate Financial Statements (applies to years beginning on or after 1 January 2013);
- Revised IAS 28 – Investments in Associates (applies to years beginning on or after 1 January 2013);
- Revised IAS 1 – Presentation of Financial Statements (applies to years beginning on or after 1 January 2013).

The Group is in the process of examining the impact of these new standards but does not expect them to materially impact the Group's financial position.

### 2.2.1 Consolidated statement of financial position

The statement of financial position is presented by separating current and non-current assets and liabilities:

- non-current assets consist of investment property, of property, plant and equipment and intangible assets, and of deposits paid;
- current assets represent all operating and tax-related receivables and any other assets with an initial maturity of under one year or undated;
- liabilities are classified as current or non-current depending on their due date.

As a result, bank borrowings, guarantee deposits received and tax-related liabilities have been split into liabilities of under one year and liabilities of over one year, in accordance with the repayment schedules. Operating payables with a maturity of under one year constitute current liabilities.

### 2.2.2 Consolidated statement of comprehensive income

The income and expense items recognised during the period are presented in two statements.

- one statement detailing profit or loss items: the consolidated income statement;
- one statement starting with profit (loss) for the period and itemizing the other items of comprehensive income: consolidated comprehensive income.

As per the AMF's recommendation regarding the preparation of the 2010 financial statements, for 2011 and 2010 the Company calculated current operating income in line with CNC recommendation 2009 R-03.

The consolidated income statement thus splits out the following items:

- current operating income, as per the definition of CNC recommendation 2009 R-03, includes recurring items of current income but does not include changes in the fair value of investment properties, gains (losses) on disposition or the scrapping of investment properties (total or partial) or other operating income and expenses;
- operating income includes current operating income, changes in the fair value of investment properties, gains (losses) on the disposition or scrapping of investment properties (total or partial) and other operating income and expenses;
- financial profit (loss) is the sum of financial income and expenses, other financial income and expenses, changes in the value of financial instruments (caps, marketable securities, etc.) and the discounting of payables and receivables;
- net profit (loss) before tax is the sum of operating income, financial profit (loss) and other non-operating income and expenses.

Other items of comprehensive income include income and expenses (including adjustments and reclassifications) that are not recognised in profit or loss as required or permitted by certain IFRS.

## 2.3 Key accounting estimates and judgements

When preparing the financial statements, the Company uses estimates and makes judgements, which are regularly updated and are based on historical information and other factors, in particular forecasts regarding future events deemed reasonable in light of the circumstances.

The estimates carrying a substantial risk of causing a material adjustment to the carrying amount of assets and liabilities during the subsequent period primarily involve the calculation of the fair value of the property portfolio, which is notably based on the valuation of the portfolio by independent appraisers using the methods described in paragraph 2.6.3.2.

Financial market instability has resulted in a significant drop in the number of representative transactions. Transactions completed in an economic crisis may not reflect the estimates of the independent appraisers.

Given the estimative nature of such valuations, it is possible that the income from the sale of certain properties may substantially differ from the valuation made, even were a sale to take place within a few months of the reporting date.

As such, the valuations of the Company's portfolio, carried out by independent appraisers, could vary significantly depending on the sensitivity of the following data:

- the market rental value of the Company's portfolio;
- the yield, this being calculated on the basis of yields used in the property market.

Since these data are tied to the market, they may vary significantly in the current context. They may thus have a material upward or downward impact on the fair value measurement of the property portfolio.

## 2.4 Consolidation methods

### 2.4.1 Subsidiaries

Subsidiaries are companies controlled by the Group. A subsidiary is controlled where the Group has the power to directly or indirectly manage the financial and operating policies of the company so as to obtain benefits from its activities. In general, subsidiaries are deemed to be controlled where M.R.M. directly or indirectly holds more than 50% of the voting rights.

The financial statements of subsidiaries are fully consolidated from the date control is obtained and are no longer consolidated when control is transferred outside the Group. The consolidated financial statements include all of the subsidiary's assets, liabilities, income and expenses. Equity distinguishes between Group share and minority shares.

*As of 31 December 2011, all companies within the scope of consolidated are wholly controlled by the Group and are accordingly fully consolidated.*

### 2.4.2 Entities under joint control

Entities under joint control are companies in which the Group exercises joint control, generally under a contractual agreement. The financial statements of entities under joint control are proportionally consolidated, with each joint owner recognising in its consolidated financial statements its share of the assets, liabilities, income and expenses of the entity under joint control.

The financial statements of entities under joint control are consolidated from the date control is obtained until it is lost.

*As of 31 December 2011, the Group did not have any jointly controlled companies.*

### 2.4.3 Affiliates

Affiliates are companies in which the Group exercises significant influence in terms of operating and financial policy without having control of the Company. In general, significant influence is obtained when the Group owns at least 20% of the voting rights. The Group's investments in affiliates are accounted for under the equity method, which consists of recognising in the consolidated financial statements:

- in the statement of financial position, the value of shares stated at the acquisition cost of shares including goodwill plus or minus the change in the Group's share of the net assets of the affiliate, net of any necessary consolidation adjustments;
- in the statement of comprehensive income, a separate line showing the Group's share of profit of affiliates net of consolidation adjustments. The financial statements of affiliates are recognised in the consolidated financial statements from the date significant influence begins until it is lost.

*As of 31 December 2011, the Group did not have any affiliates.*

### 2.4.4 Transactions eliminated from the consolidated financial statements (intra-group transactions)

Items in the statement of financial position, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated when preparing the consolidated financial statements. Gains resulting from transactions with affiliates are eliminated *via* investments in affiliates in proportion to the Group's interest in the company in question. Unrealised losses are eliminated in the same way as unrealised gains but only insofar as they reflect an impairment loss.

## 2.5 Business combinations and asset purchases

### 2.5.1 Business combinations

Following the revision of IFRS 3, acquisition cost is measured at the fair value of the assets transferred, equity issued and liabilities incurred at the date of the transaction. The identifiable assets and liabilities of the acquiree are measured at fair value on the date of acquisition. Costs directly attributable to the acquisition are recognised under "Other operating expenses".

Positive differences between the cost of acquisition of stock and the share in the fair value of the identifiable assets and liabilities on the date control is obtained are recognised on the asset side as goodwill.

Negative differences are representative of badwill and are recognised directly in profit or loss for the period under "Other non-operating income and expenses".

Goodwill is not amortised. In accordance with IAS 36, "Impairment of assets", goodwill is tested for impairment at least annually and more frequently if there are indications of impairment. These tests are designed to ensure that the recoverable amount of the cash-generating unit to which goodwill is allocated is at least equal to its net carrying amount. If impairment is observed, an impairment charge is recorded as operating income under "Other operating income and expenses".

### 2.5.2 Asset purchases

Where the Group acquires an entity comprised of a group of assets and liabilities but that does not constitute a business as per IFRS 3, these acquisitions are not considered to be business combinations within the meaning of that standard and are recognised as an acquisition of assets and liabilities, without any goodwill being recognised.

Any difference between the cost of acquisition and the fair value of assets and liabilities acquired is allocated on the basis of the relative fair values of the Group's identifiable individual assets and liabilities at the date of acquisition.

In accordance with IAS 12 paragraph 15 (b) on entities subject to income tax, no deferred tax is recognised on the acquisition of assets and liabilities.

## 2.6 Measurement rules and methods

### 2.6.1 Intangible assets

In accordance with IAS 38, intangible assets are measured at historical cost less cumulative depreciation and impairment. They are not subject to any revaluation.

Intangible assets that have indefinite useful lives are not amortised. They are tested for impairment annually or more frequently if there are indications of impairment. If the value in use is lower than the net carrying amount, an impairment charge is recognised.

Intangible assets with definite useful lives are amortised on a straight-line basis over their estimated useful lives.

*The Group's only intangible assets are a licence to sell alcohol and a trademark.*

### 2.6.2 Property, plant and equipment

#### 2.6.2.1 Cost of acquisition of property, plant and equipment

Items with determinable costs and for which it is likely that the future economic benefits will flow to the Group are recognised as non-current assets. Property, plant and equipment are recognised at cost less cumulative depreciation and impairment. Where components of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment.

#### 2.6.2.2 Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated over their useful lives.

Depreciation is expensed on a straight-line basis over the estimated useful life for each component of property, plant and equipment.

#### 2.6.2.3 Impairment of property, plant and equipment

Where events or new circumstances result in indications of impairment, impairment tests are carried out. The asset's net carrying amount is compared with its recoverable amount. If the recoverable amount is lower than the net carrying amount of the assets, an impairment charge is recognised.

### 2.6.3 Investment properties

IAS 40 "Investment property" defines investment property as property held by the owner or by the lessee under a lease to earn rentals or for capital appreciation.

Investment property is presented on a separate line item of the statement of financial position under non-current assets.

#### 2.6.3.1 Valuation method for investment property

In accordance with the measurement models proposed by IAS 40 and in line with the recommendations of EPRA (European Public Real Estate Association), the Group has opted to use the fair value method on a permanent basis and measures investment property at fair value. Investment property being redeveloped is subject to the classification and (fair value) measurement rules set out in IAS 40.

Investment property is valued at fair value and any resulting changes are recognised in the income statement. No depreciation is recognised. This method is applied as follows:

At the date of acquisition, investment property is recognised at cost of acquisition, corresponding to the purchase price plus any associated costs. At the end of the reporting period, it is measured at fair value. The difference between the initial cost and fair value is recognised in the income statement.

Changes in the fair value of investment property are determined as follows:

Market value N - [market value N-1 + amount of works and capitalised expenses for the year – scrapped assets from properties being redeveloped].

Scrapped assets from properties being redeveloped are presented on a separate line of the statement of comprehensive income.

The market value of these assets excludes any transfer taxes relating to their sale. Gains on the disposition of investment property are calculated on the basis of the most recent fair value recognised in the statement of financial position.

#### 2.6.3.2 Definition of fair value

The fair value of all the Group's investment properties is the value excluding transfer taxes determined by independent appraisers who value the Group's portfolio each year on 30 June and 31 December.

The Group has retained the following independent appraisers to value its portfolio:

- Catella Valuation;
- FPD Savills.

Appraisal values are carried out in accordance with the rules set out in the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors (RICS). The Company's entire portfolio has been subject to market and competition studies.

The valuation of the property portfolio depends on a number of factors, relating primarily to assumptions regarding future cash flows and interest rates, the balance between supply and demand on the market, economic conditions and applicable regulations. These factors can vary significantly impacting the valuation of properties. The valuation of these properties may thus not reflect their realisable value in the event they are sold.

The methodology used by the appraiser is based on a combination of various valuation techniques, namely the capitalisation method and the discounted future cash flow method. Values determined with reference to these two methods are corroborated by means of the comparable method and/or the replacement cost method. Appraisers' methods comply with professional standards (in particular RICS).

The method of capitalisation of rental income is based on the principle of applying a yield for comparable properties on the market to net rental revenues, taking account of the effective rent level relative to the market price.

The discounted cash flow method is based on assessing future revenues on the basis of parameters such as vacancy rates, projected rent rises, recurring maintenance costs and ordinary expenses required to keep the property in operating condition.

Investment properties undergoing redevelopment are valued on the basis of a valuation of the building after redevelopment, insofar as the Company has reasonable assurance that the project will be completed due to the absence of major uncertainties, particularly with regard to administrative authorisations (building permits, CDEC etc.). Works still to be carried out are then deducted from this valuation on the basis of the development budget or contracts negotiated with builders or service providers.

The key assumptions used in estimating fair value are those having to do with the following items: expected future rents as per the firm lease undertaking, market rents, periods of vacancy, property occupancy rates, maintenance requirements, appropriate discount rates and yields. These valuations are regularly compared to market data on yields, the Company's actual transactions, and those published by the market. Expert appraisals thus reflect the best estimate at 31 December 2011, basing their assumptions on recent market data and generally accepted appraisal methodologies within the industry. These valuations cannot anticipate every possible change in the market.

### 2.6.4 Financial assets

The Group classifies its financial assets on the basis of the following categories:

- at fair value through the statement of comprehensive income;
- as loans and receivables.

Classification depends on the reasons for acquiring financial assets.

#### 2.6.4.1 Financial assets at fair value through the statement of comprehensive income

In this category, the Group classifies the derivatives to which it subscribes. Derivatives are initially recognised at fair value; attributable transaction costs are recognised in income when incurred.

They are re-measured at fair value at each reporting date. Any changes in fair value are recognised in income under "Financial profit (loss)".

For the Group, this relates to instruments put in place for hedging purposes (purely caps) - see Section 2.6.10. Derivatives. The fair value of these instruments at the reporting date was based on valuations supplied by the issuing financial institutions employing valuation techniques using observable market data.

#### 2.6.4.2 Loans, deposits, sureties and other non-current receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, apart from those maturing over 12 months from the reporting date.

These are classified as non-current assets (these assets are initially recognised at fair value and subsequently measured at amortised cost).

### 2.6.5 Trade receivables

Receivables are stated at fair value on initial recognition, and subsequently at amortised cost less any impairment losses.

Impairment of trade receivables is recognised when there are objective indications that the Group will not be able to recover the full amounts due as per the initial terms of the transaction. Serious financial difficulties faced by the debtor, the likelihood of bankruptcy or financial restructuring of the debtor and payment default are indicators of the impairment of a receivable.

As a general rule, the Group writes down tenant receivables older than six months, applying an impairment rate of up to 100% (depending on the risk estimated by the Group) of the pre-tax amount of the receivable, minus the guarantee deposit.

The amount of impairment is recognised in the statement of comprehensive income under "Provisions".

### 2.6.6 Cash and cash equivalents

"Cash and cash equivalents" includes cash, sight bank accounts, other very liquid short-term investments with initial maturities of up to three months.

Marketable securities are classified as cash equivalents if they meet the criteria of maturity, liquidity and lack of volatility.

They are measured at fair value through the statement of comprehensive income.

### 2.6.7 Assets and liabilities held for sale

Under IFRS 5, assets and liabilities that the Company has decided to sell and the carrying amount of which will be recovered principally through a sale transaction rather than through continuing use are to be classified as "assets held for sale" and "liabilities held for sale".

For the sale to be highly likely, an asset sale plan must have been undertaken, and an active programme for finding a buyer must have been launched.

The properties in this category continue to be measured using the fair-value model, as follows:

- property under sale agreement: sale value in the sale agreement for purchase net of the costs and commission required to complete the sale;
- properties for sale: appraisal value excluding transfer taxes net of costs and commission required to complete the sale.

As of 31 December 2011, the Box and Gamm Vert retail portfolios and two office properties were recognised on the held for sale asset line for €44.349 million.

### 2.6.8 Borrowings

Financial liabilities comprise borrowings and other interest-bearing liabilities.

On initial recognition, they are measured at fair value, taking account of transaction costs directly attributable to the issuance of the financial liability. They are subsequently recognised at amortised cost using the effective interest rate method. The effective interest rate includes the nominal interest rate and actuarial amortisation of issue expenses and issue and redemption premiums.

Borrowings of less than one year are classified as "current borrowings".

### 2.6.9 Borrowing costs

Revised IAS 23 "Borrowing costs" removes the option of expensing borrowing costs and requires companies to capitalise borrowing costs directly attributable to the purchase, construction or production of a qualifying asset as a component of the cost of the asset.

The Group borrows money specifically for the acquisition, construction or production of a specific qualifying asset. Financial expenses directly associated with this asset are accordingly easily determined and capitalised in the cost of the qualifying asset.

The application of Revised IAS 23 thus meant that in 2011 the Group capitalised interest of €648 thousand, namely 100% of the interest associated with said properties, in the costs of qualifying properties.

### 2.6.10 Derivatives

The Group uses derivatives to hedge its exposure to market risks stemming from interest rate fluctuations.

Derivatives are used as part of the Group's policy for managing interest rate risk.

The Group uses derivatives to hedge its variable-rate debt against interest rate risk (cash flow hedging).

Given the nature of its debt, the M.R.M. group has elected not to apply hedge accounting as per IAS 39 and classifies financial assets and liabilities held as such as "Financial assets and liabilities at fair value through profit or loss".

All derivatives are therefore recognised in the statement of financial position at fair value, and any changes from one period to the next are recognised in the statement of comprehensive income under "Financial profit (loss)".

The valuation of such financial instruments is supplied quarterly by the issuing financial institutions employing valuation techniques using observable market data.

### 2.6.11 Treasury shares

M.R.M. shares held by the Group are deducted from consolidated equity at their cost of acquisition. All transactions involving treasury shares are recognised directly in consolidated equity.

### 2.6.12 Provisions

A provision is booked when the Group has an obligation to a third party arising from a past event, settlement of which is expected to result in an outflow of resources to this third party. This obligation may be legal, regulatory or contractual.

It may also result from the entity's past practices, its stated policy or sufficiently overt public commitments that have created a legitimate expectation amongst the relevant third parties that it will assume certain responsibilities.

The estimated amount of a provision reflects the outflow of resources the Group would incur to settle its obligation. It is estimated on the basis of information known at the date of issue of the financial statements.

Where the time value effect is material, the amount of the provision is determined by discounting estimated resource outflows at a rate based on a pre-tax risk-free market interest rate, plus - where applicable - risks specific to the relevant liability.

*As of 31 December 2011, no provisions were booked in the Group's financial statements.*

### 2.6.13 Employee benefits

IAS 19 requires that any current or future benefits or remuneration granted by the Company to its employees or a third party be recognised over the vesting period.

The Group, which has only one employee, felt that the amount of defined benefit pension obligations was not material and accordingly did not measure this obligation at 31 December 2011.

### 2.6.14 Receivables and payables with deferred payments

IAS 32 requires the discounting of any sums the payment or receipt of which is deferred in a manner that deviates from standard practice.

The amounts of these receivables or payables are discounted and a financial profit or loss recognised in the statement of comprehensive income over the deferred payment period.

The only deferred payments identified concern:

- guarantee deposits from tenants;
- exit tax.

The discount rate applied represents the one used for the discounting of cash flow and the capitalisation of rent for the purposes of property valuation by the independent appraiser.

*As of 31 December 2011, it was 7.36% for office property and 7.64% for retail property.*

### 2.6.15 Current taxes and deferred taxes

#### 2.6.15.1 The Group's tax status

In early 2008, M.R.M. opted for SIIC status as a listed property investment company, the scope of which covered all Group companies, except for Dynamique Financière due to its inter-Group financing activity.

SIIC status allows for tax exemption on:

- profits from the letting of buildings and the sub-letting of buildings that are lease financed;
- capital gains on the disposition of buildings, rights relating to property lease finance agreements, investments in partnerships or investments in subsidiaries that have opted for SIIC status; and
- dividends received from subsidiaries subject to SIIC status.

In exchange for this exemption, companies with SIIC status are required to pay out:

- 85% of tax-exempt profits from rental activities;
- 50% of capital gains on the disposition of buildings or of certain investments in property companies;
- all dividends received from subsidiaries having opted for SIIC status.

Companies having opted for SIIC status pay a reduced rate of exit tax of 16.5% on unrealised capital gains on buildings and investments in partnerships exempt from income tax. This tax is payable in quarters over four years, on 15 December from the year in which this option is taken.

Exit tax liability is discounted on the basis of the initial payment schedule determined from the first day the relevant entities adopt SIIC status.

The discount rate used represents the average discount rate used by appraisers for the purposes of the discounted future cash flow method.

The nominal value of the exit tax is reduced by the discounting gain upon initial recognition. A discounting financial expense is recognised at each reporting date in order to bring the exit tax liability to its discounted value at the date of issue of the financial statements.

#### 2.6.15.2 Deferred tax

Deferred taxes are recognised for activities and companies subject to tax using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are determined using tax rates (and tax regulations) that have been enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability settled. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be allocated.

Deferred taxes are recognised on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of these temporary differences is controlled by the Group and it is likely that this reversal will not take place in the foreseeable future.

Having opted for SIIC status, no income tax is due in respect of the letting of buildings, directly or indirectly *via* income received from subsidiaries, and no deferred tax was recognised at 31 December 2011. Likewise, capital gains on the disposition of buildings or investments in subsidiaries enjoying the same status are exempt.

The Group is still liable for income tax on transactions falling outside the scope of the SIIC regime.

### 2.6.16 Revenue recognition

IAS 17 "Leases" sets rules for the treatment of rental revenue from operating leases and the indirect costs incurred by the lessor. Rental revenue should be "recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the staggering over time of the diminishment in the benefit drawn from the use of the leased asset".

Leases currently signed by the Group meet the definition of operating leasing as set out in IAS 17.

Under SIC 15 "Operating Leases – Incentives", the financial impact of all lease terms is staggered over the term of the lease. The same applies to rent-free periods, stepped rents and key money. For pre-2010 leases, the staggering was over the full term of the lease whereas the staggering period for leases coming into effect from 1 January 2010 is the fixed portion.

### 2.6.17 Finance leases

A finance lease transfers substantially all of the benefits and risks inherent in the ownership of an asset to the lessee. Eventually, ownership may or may not be transferred.

Property lease agreements are considered to be finance leases.

Lease finance agreements are recognised as assets and liabilities in the statement of financial position for amounts equal to the financial value of the leased asset.

Lease payments are broken down into the financial expense and the repayment of the outstanding debt.

Lease finance agreements do not give rise to amortisation if the asset is deemed to be an investment property (Fair Value Measurement).

*The Group has not had any finance leases since 31 December 2008.*

### 2.6.18 Other operating income and expenses

Other operating income and expenses represents unusual, abnormal or infrequent events covered in paragraph 28 of the IASB Framework.

They generally consist of fees paid out or collected from tenants and insurance.

### 2.6.19 Earnings or operating data per share

Earnings per share are calculated by dividing consolidated data by the number of shares outstanding excluding treasury shares on the reporting date, namely 3,475,058 shares at 31 December 2011.

### 2.6.20 Segment information

IFRS 8: Operating Segments, applicable since 1 January 2009, details the manner in which information is to be presented for each operating segment.

The operating segments determined on the basis of internal reporting are defined as:

- representing an income-generating activity for which expenses are incurred;
- whose operating results are regularly examined by the entity's primary operating decision-maker in order to allocate resources to segments and assess their performance;
- for which discrete financial information is available.

On the basis of these criteria, for operating segment purposes the Group has used the breakdown of the investment property portfolio by the real-estate market in which the properties are located. Namely the office and retail letting segments.

These operating segments are the ones that provide the best basis for evaluating the nature and financial effects of the business activities in which the company engages and the economic environments in which it operates.

The Group also retained one non-operating segment, the Head Office, to which transactions that cannot be assigned to an operating segment are allocated.

### 2.6.21 Key money

Any key money received by the lessor is deemed to represent additional rent.

The key money is part of the net amount exchanged by lessor and lessee under a lease.

As such, the accounting periods in which this net amount is recognised must not be affected by the form of the agreement or the payment schedule. These fees are to be spread over the first firm lease period.

### 2.6.22 Termination fees

Termination fees may be collected from lessees where they terminate the lease before its contractual expiry date.

Where applicable, these fees are related to the former agreement and are recognised in income when they arise.

### 2.6.23 Eviction fees

If the lessor terminates a current lease, it may be liable to pay eviction fees to the tenant in place.

#### Replacement of a tenant

If payment of an eviction fee means it is possible to change or maintain the asset's performance (increase in rent and hence in the asset's value), this expense, in accordance with revised IAS 16, may be capitalised in the cost of the asset so long as the increase in value is confirmed by appraisal. Otherwise, the expense is posted in charges.

#### Renovation of a property requiring the departure of tenants in place

If payment of an eviction fee is part of the major refurbishment or reconstruction of a property for which the tenants must vacate prior to commencement, this cost is considered a preliminary expense included as an additional component further to the refurbishment.

### 2.6.24 Management of share capital

M.R.M.'s policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support the future development of its business. The Board of directors monitors return on equity, defined as the ratio of operating income to total equity.

The Company has signed a liquidity agreement, under the terms of which it occasionally buys back its own shares on the market. The rate of these share buybacks depends on the share price and market movements.

### 2.6.25 Financial risk management

#### Foreign exchange risk

At the date of this document, M.R.M. engages in no business which could expose it to any foreign exchange risks.

### Interest rates risk

The M.R.M. group systematically hedges its contracted variable-rate debt by arranging caps.

Accordingly, with respect to the debt at 31 December 2011, 100% of the loans to finance office property were capped (Euribor three month instruments at rates between 3% and 4.20%).

Loans to finance retail properties are also fully capped (Euribor three month instruments at rates between 3.75% and 5.25% until the loans are fully repaid).

A 100 basis point increase in interest rates would, on an annual basis, have an impact of €1.970 million on the Group's financial performance. Since current interest rates are quite low, the caps subscribed by the Group are not in the money.

### Liquidity risk

The Company's level of leverage could affect its capacity to take out further loans. The Group's liquidity policy is to ensure that the total amount of rents is at all times higher than its working capital requirements to cover operating expenses, interest and repayment of its entire existing financial debt and the leverage it seeks to implement its investment programme.

Certain loan agreements entered into or that may be entered into by the Group or its subsidiaries contain or may in the future contain standard early repayment clauses and covenants.

These covenants define the thresholds to be respected for a number of ratios, in particular the LTV ratio (Loan to Value ratio), defined as the ratio of the amount of the loan to the market value of the property financed, and the ICR ratio (interest coverage rate), representing the coverage rate of interest expenses by rents. Covenants relating to LTV ratios set maximum thresholds between 65% and 90%. Covenants relating to ICR ratios set minimum thresholds of between 120% and 130%.

As of 31 December 2011, the Group complied with the LTV and ICR covenants agreed with its banking partners.

### Credit risk

Credit risk represents the risk of a financial loss for the Group in the event that a client or financial instrument counterparty fails to meet its contractual obligations.

For the Group, this risk relates to its trade receivables. The Group's counterparties for the financial assets it owns are top-rated financial institutions. Its financial assets consist solely of derivatives (caps).

The Company has defined a credit policy that allows it to limit its exposure. Procedures are in place to ensure leases are entered into with clients whose solvency is assessed and which meets the Group's risk criteria. Certain tenants account for a significant proportion of the Company's annual invoiced rents. The termination of one or more leases could have an impact on the level of rents received by the Company, and hence on its profitability. However, the main leases are recent and certain tenants are bound by leases with fixed terms ranging from three to nine years.

### Property asset valuation risk

The Company's property portfolio is valued on a six-monthly basis. Such valuation depends on a number of factors, mainly involving the balance between market supply and demand, economic conditions and applicable regulations, which can vary significantly, with a direct impact on the valuation of the Company's assets and accordingly an indirect effect on the Loan to Value ratios used as indicators of the Group's debt risk.

The appraised value of the Group's properties and their final value on disposition may not be identical. In addition, such valuations are based on a number of assumptions which may not prove to be correct. Because M.R.M.'s property portfolio is recognised at market value on the basis of valuations by independent appraisers, its value can be affected by changes in the bases used in the valuation methods (property market trends, mainly in terms of rents received, changing interest rates especially with regard to discount and capitalisation rates employed).

# Section 3 Scope of consolidation

## 3.1 List of consolidated companies

The financial statements fully consolidate the financial statements of all companies in which M.R.M. exercises exclusive direct or indirect control.

The scope of consolidation at 31 December 2011 was as follows:

| | Method of consolidation | Interest | Control |
|---|---|---|---|
| SA M.R.M. | Parent | 100% | 100% |
| SAS BOULEVARD DES ILES | FC | 100% | 100% |
| SAS COMMERCES RENDEMENT | FC | 100% | 100% |
| SAS DB ALBATROS | FC | 100% | 100% |
| SAS DB COUGAR | FC | 100% | 100% |
| SAS DB DYNAMIQUE FINANCIERE | FC | 100% | 100% |
| SAS DB FOUGA | FC | 100% | 100% |
| SAS DB NEPTUNE | FC | 100% | 100% |
| SAS DB PIPER | FC | 100% | 100% |
| SAS DB TUCANO | FC | 100% | 100% |
| SAS INVESTORS RETAIL HOLDING | FC | 100% | 100% |
| SCI BOULOGNE ESCUDIER | FC | 100% | 100% |
| SCI DU 10 BIS RUE ESCUDIER | FC | 100% | 100% |
| SCI DU 3 RUE ESCUDIER | FC | 100% | 100% |
| SCI GALETIN II | FC | 100% | 100% |
| SCI IMMOVERT | FC | 100% | 100% |
| SCI NORATLAS | FC | 100% | 100% |

*FC: Full consolidation.*

On 23 January 2011, the simplified joint stock company Immomarque was dissolved without liquidation with assets universally transferred to Commerces Rendement.

On 28 October 2011, the SCI company of 325-345 Avenue Georges Clémenceau was deconsolidated following the disposition of all shares in the company.

All of the Group’s companies are registered in France.

The address used by all Group companies is 65/67 avenue des Champs-Élysées, 75008 Paris, France.

# Section 4 Notes to the statement of financial position and the statement of comprehensive income

## Note 1 Intangible assets

As of 31 December 2011, intangible assets corresponded to a licence to sell alcohol and a trademark owned by Commerces Rendement.

| *(in thousands of euros)* | 12/31/2010 | Increase | Decrease | 12/31/2011 |
|---|---|---|---|---|
| Intangible assets | 20 | 0 | 0 | 20 |
| **TOTAL** | **20** | **0** | **0** | **20** |

## Note 2 Investment properties

| *(in thousands of euros)* | |
|---|---|
| Opening net balance | 267,910 |
| Reclassification as assets held for sale | (34,480) |
| Reclassification of assets held for sale as investment properties | 10,295 |
| Acquisitions and works | 11,876 |
| Change in fair value | (12,411) |
| **CLOSING NET BALANCE** | **243,190** |

### Description and summary of investment properties

#### Breakdown of investment properties

As of 31 December 2011, the portfolio broke down as follows:

- Retail properties: €137.810 million;
- Office properties: €105.380 million.

## Description of the portfolio

| | Address | Date of acquisition | Area (sqm) | Division |
|---|---|---|---|---|
| Saint-Quentin-en-Yvelines - Sud Canal | 24/26 place Étienne Marcel et 41 Bd Vauban, 78180 Montigny le Bretonneux | 10/27/2004 | 11,619 | Retail |
| Reims | 2 rue de l'Étape, 51100 Reims | 11/10/2004 | 2,471 | Retail |
| Mulhouse - Passage de la Réunion | 25 place de la Réunion, 68100 Mulhouse | 04/15/2005 | 6,018 | Retail |
| Tours - Galerie du Palais | 17/19 place Jean Jaurès, 37000 Tours | 06/16/2006 and 09/28/2007 | 6,935 | Retail |
| Amiens - Les Halles | Place Maurice Vast, 80000 Amiens | 08/31/2006 | 7,578 | Retail |
| Allonnes | ZAC du Vivier, route de la Berardière, 72700 Allonnes | 12/20/2005 | 10,143 | Retail |
| École Valentin | 6 rue Chatillon, 25000 Besançon | 12/27/2007 | 4,016 | Retail |
| Vélizy Villacoublay - Carré Vélizy | 16-18 avenue Morane Saulnier, 78140 Vélizy-Villacoublay | 12/30/2005 | 11,265 | Retail |
| SUBTOTAL - RETAIL PROPERTIES | | | 60,045 | |
| Brêche-aux-Loups | 43 rue de la Brêche aux Loups, 75012 Paris | 06/15/2006 | 2,872 | Office |
| Cadet | 5 rue Cadet, 75009 Paris | 11/29/2006 | 2,318 | Office |
| Niepce | 13 rue Niepce, 75014 Paris | 11/29/2006 | 1,667 | Office |
| Rueil-Malmaison - Cytéo | 147 avenue Paul Doumer, 92500 Rueil-Malmaison | 12/28/2006 | 4,025 | Office |
| La Garenne-Colombes – Nova | 71 boulevard National, 92250 La Garenne Colombes | 09/28/2007 | 10,546 | Office |
| Rungis - Delta | 3-5 rue du Pont des halles, 94150 Rungis | 09/28/2007 | 8,739 | Office |
| Cap Cergy | 4-6 rue des Chauffours, 95000 Cergy-Pontoise | 09/28/2007 | 12,788 | Office |
| Bourse | 12 rue de la Bourse, 75002 Paris | 04/24/2008 | 1,114 | Office |
| SUBTOTAL - OFFICE PROPERTIES | | | 44,069 | |
| **TOTAL** | | | **104,114** | |

## Capitalisation and discount rates used by the independent appraisers for valuation purposes at 31 December 2011

| | Capitalisation rates | Discount rates |
|---|---|---|
| Office properties | Between 6.2% and 12.0% | Between 6.5% and 8.5% |
| Retail properties | Between 6.4% and 9.0% | N/A |

The capitalisation rate reflects the seller side yield or the yield generated in the normal course of management. The capitalisation rate expresses, in percentage terms, the ratio of gross or net revenue from the property to its monetary value. It is called gross or net depending on whether the gross or net revenue of the property is chosen.

## Note 3 Properties held for sale

| *(in thousands of euros)* | |
|---|---|
| Opening net balance | 71,794 |
| Reclassification of investment properties as assets held for sale | 34,480 |
| Reclassification of assets held for sale as investment properties | (10,295) |
| Acquisitions and works | 5,725 |
| Change in fair value | (3,490) |
| Change in scope of consolidation | (39,066) |
| Asset disposals | (14,799) |
| **CLOSING NET BALANCE** | **44,349** |

As of 31 December 2011 assets held for sale totalled €44.349 million compared to €71.794 million at 31 December 2010. The reduction follows the disposition of five retail buildings at Chambray-lès-Tours, Barjouville, Vineuil and Moulins-lès-Metz and three office buildings at Boulogne-Billancourt, Rueil-Malmaison and Puteaux.

Also, the Allonnes shopping centre was reclassified to investment properties as it is no longer expected to be sold in the next 12 months.

As of 31 December 2011, the following properties were held for sale:

- the Urban office building in Montreuil;
- the Solis Building in Les Ulis;
- Five retail buildings in Pierrelaye, Montigny-lès-Cormeilles, Claye-Souilly, Coignières and Créteil;
- the Gamm Vert garden centres portfolio.

All these properties are currently being actively marketed with a view to their disposition within the coming 12 months. At present, the Montreuil office building is under a sale agreement and the five retail buildings have been sold.

## Note 4 Trade receivables

Trade receivables break down as follows:

| | 12/31/2011 | | | 12/31/2010 |
|---|---|---|---|---|
| *(in thousands of euros)* | Gross | Impairment | Net | Net |
| Trade receivables [(1)] | 2,696 | 308 | 2,388 | 4,094 |
| **TOTAL** | **2,696** | **308** | **2,388** | **4,094** |

*(1) Including €1.291 million in rent-free periods spread over the lease term, compared to €1.980 million at 31 December 2010.*

## Note 5 Other receivables

Other receivables break down as follows:

| | 12/31/2011 | | | 12/31/2010 |
|---|---|---|---|---|
| *(in thousands of euros)* | Gross | Impairment | Net | Net |
| Company receivables | 0 | 0 | 0 | 0 |
| Tax receivables [(1)] | 3,725 | 0 | 3,725 | 2,334 |
| Current accounts in debit | 20 | 20 | 0 | 0 |
| Other receivables [(2)] | 3,397 | 0 | 3,397 | 8,598 |
| Funds deposited with third parties [(3)] | 1,127 | 62 | 1,065 | 709 |
| Marketing fees [(4)] | 707 | 0 | 707 | 470 |
| Prepaid expenses | 362 | 0 | 362 | 344 |
| **TOTAL OTHER RECEIVABLES** | **9,338** | **82** | **9,256** | **12,455** |

*(1) This amount essentially corresponds to VAT on goods and services and non-current assets.*
*(2) This amount primarily relates to service charges payable to owners.*
*(3) This primarily concerns funds deposited with notaries.*
*(4) This relates to marketing fees spread over the lease term.*

## Note 6 Derivatives

The M.R.M. group has put in place financial instruments (caps) that do not qualify as hedging instruments for accounting purposes, but as financial assets recognised at fair value through profit or loss.

All borrowings are hedged by a cap. These financial instruments were originally recognised as assets at fair value, something that is supplied by the issuing institutions.

Differences in the value of financial instruments between reporting dates are recognised in the income statement under "Change in fair value of financial instruments and marketable securities". The fair value measurement of caps at 31 December 2011 was reflected in the recognition of a financial asset of €68 thousand.

The change in fair value of caps over the period breaks down as follows:

| *(in thousands of euros)* | |
|---|---|
| Value of financial instruments at 12/31/2010 | 304 |
| Caps bought | 192 |
| Caps sold | 0 |
| Change in fair value | (429) |
| **VALUE OF FINANCIAL INSTRUMENTS AT 12/31/2011** | **68** |

Principal characteristics of financial instruments held

| Contract type | Notional in thousands of euros | Benchmark rate | Guaranteed rate | Fair value in thousands of euros | Under one year | One to five years | Over five years |
|---|---|---|---|---|---|---|---|
| CAP | 6,362 | 3-months EURIBOR | 4.20% | 3 | - | 3 | - |
| CAP | 34,563 | 3-months EURIBOR | 3.00% | 25 | - | 25 | - |
| CAP | 15,992 | 3-months EURIBOR | 4.20% | 8 | - | 8 | - |
| CAP | 4,146 | 3-months EURIBOR | 4.20% | 3 | - | 3 | - |
| CAP | 9,193 | 3-months EURIBOR | 5.25% | 0 | 0 | - | - |
| CAP | 144 | 3-months EURIBOR | 5.25% | - | - | - | - |
| CAP | 2,374 | 3-months EURIBOR | 5.25% | 0 | 0 | - | - |
| CAP | 6,516 | 3-months EURIBOR | 5.25% | 1 | - | 1 | - |
| CAP | 45,000 | 3-months EURIBOR | 3.00% | 14 | - | 14 | - |
| CAP | 85,369 | 3-months EURIBOR | 3.75% | 14 | - | 14 | - |
| CAP | 1,588 | 3-months EURIBOR | 3.75% | 0 | - | 0 | - |
| | | | **TOTAL** | **68** | **0** | **68** | **-** |

A 100 basis point increase in interest rates would, on an annual basis, have an impact of €1.970 million on the Group's financial expenses. With current interest rates being low, the caps put in place by the Group are not in the money.

## Note 7 Cash and cash equivalents

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Marketable securities | 235 | 1,226 |
| Cash | 2,180 | 10,950 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **2,416** | **12,175** |

## Note 8 Provisions

A provision is recognised when, at the reporting date, the Group has a constructive or present legal obligation as a result of past events that can be reliably estimated and settlement of which will result for the Company in an outflow of resources embodying economic benefits.

The estimated amount set aside represents the outflow of resources that the Group will likely incur to settle its obligation.

As of 31 December 2011, no provision had been recognised.

## Note 9 Non-current tax liabilities

As detailed in the consolidation principles and methods section, as a result of adopting SIIC status in January 2008, which exempts the Company from income tax, no deferred tax has been recognised.

Exit tax liabilities are associated with entry into this tax regime.

The payment of the exit tax is staggered over four years; the portion payable in more than a year is classified as a non-current tax liability whereas the portion payable within a year is classified in other current liabilities. As of 31 December 2011, there was no longer a non-current liability.

The exit tax liability was discounted at a rate of 7.36% for office properties and 7.64% for retail properties.

## Note 10 Loans and borrowings

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Issued bonds | 54,000 | 54,000 |
| Bank debts | 175,507 | 156,685 |
| Guarantee deposits received | 2,122 | 2,595 |
| NON-CURRENT | 231,629 | 213,280 |
| Bank debts | 26,718 | 114,585 |
| Accrued interest | 7,493 | 7,584 |
| Bank overdrafts | 1 | 0 |
| Other payables | 5 | 0 |
| Guarantee deposits received | 793 | 578 |
| CURRENT | 35,010 | 122,747 |
| **TOTAL LOANS AND BORROWINGS** | **266,639** | **336,027** |

The increase in the non-current bank debts between 31 December 2010 and 31 December 2011 reflects the extension of the maturities on the Group's debt.

The breakdown of loans and borrowings by maturity is as follows:

| *(in thousands of euros)* | 12/31/2011 | One year | One to five years | More than five years |
|---|---|---|---|---|
| Issued bonds | 54,000 | 0 | 54,000 | 0 |
| Bank debts | 202,225 | 26,718 | 175,507 | 0 |
| Guarantee deposits received | 2,916 | 793 | 1,025 | 1,098 |
| Accrued interest | 7,493 | 7,493 | 0 | 0 |
| Bank overdrafts | 1 | 1 | 0 | 0 |
| Other borrowings | 5 | 5 | 0 | 0 |
| **TOTAL LOANS AND BORROWINGS** | **266,639** | **35,010** | **230,531** | **1,098** |

The bonds were issued by an M.R.M. subsidiary and are not convertible. These bonds are issued at a nominal value of €1, maturing on 31 December 2013. The terms and conditions of the bonds allow the issuer to redeem them early at any time. Its projected short term cash situation having improved, the Group resumed payment of bond interest from the first quarter of 2011 onwards, ending a nine-quarter suspension. As of 31 December 2011, overdue interest totalled €6.587 million recognised under "Accrued interest".

Debt maturing within a year consists of all contractual repayments to be made over the next 12 months and:

- a €11.6 million credit line expiring December 2022 on buildings classed as "Assets held for sale", which was reclassified as current debt;
- a €7.5 million credit line expiring April 2015 on buildings classed as "Assets held for sale", which was reclassified as current debt;
- a €4.1 million credit line expiring June 2014 on buildings classed as "Assets held for sale", which was reclassified as current debt.

As of 31 December 2011, the Group complied with the LTV and ICR covenants agreed with its banking partners.

### Principal characteristics of bank debts

| Lending institution | Credit agreement date | Maturity | Total facility in thousands of euros | Total draw-downs at 12/31/2011 | Outstanding amount at 12/31/2011 |
|---|---|---|---|---|---|
| HSH Nordbank [(1)] | 02/17/2011 | 06/30/12 and 12/31/13 | 51,824 | 46,699 | 47,892 |
| HSH Nordbank | 02/17/2011 | 12/31/12 to 12/31/13 | 10,000 | 10,000 | 5,488 |
| Saar LB | 12/21/2007 | 12/20/2022 | 12,200 | 12,200 | 11,575 |
| Saar LB | 04/24/2008 | 04/23/2013 | 30,431 | 30,431 | 30,074 |
| ING Real Estate | 07/24/2008 | 06/08/2014 | 6,814 | 6,814 | 6,322 |
| ING Real Estate | 07/24/2008 | 06/08/2014 | 17,127 | 17,127 | 15,882 |
| ING Real Estate | 07/24/2008 | 06/08/2014 | 5,440 | 4,440 | 4,107 |
| SaarLB | 04/19/2010 | 04/19/2015 | 92,827 | 92,827 | 80,886 |
| | | | **226,663** | **220,537** | **202,225** |

*(1) Debt at 31 December 2011 includes capitalised interest.*

Given the draw-downs made up to 31 December 2011, the available funds at that date were €6.126 million.

### Change in bank debts

| *(in thousands of euros)* | 12/31/2011 |
|---|---|
| Opening net balance | 271,270 |
| Opening reclassification | 0 |
| Increases | 3,724 |
| Decreases | (20,648) |
| Written-off liabilities [(1)] | (23,872) |
| Deconsolidation | (30,936) |
| Other (debt issue expenses, capitalisation of interest and discounting) | 2,687 |
| **CLOSING NET BALANCE** | **202,225** |

*(1) See paragraph 1.3 Highlights of the period – Financing.*

Decreases were mainly due to debt repaid over the period as a result of the disposition of buildings and contractual repayments.

### Bank debt – fixed/variable rate

| *(in thousands of euros)* | Fixed rate | Variable rate | Total |
|---|---|---|---|
| Banks loans and borrowings | 5,488 | 196,737 | 202,225 |

## Note 11 Debts payable against non-current assets

Debts on non-current assets at 31 December 2011 primarily related to the Noratlas and Tucano companies (office properties).

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Retail properties | 479 | 440 |
| Office properties | 5,520 | 939 |
| **TOTAL DEBTS ON NON-CURRENT ASSETS** | **5,999** | **1,380** |

## Note 12 Other liabilities

Other liabilities break down as follows:

| *(in thousands and euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Payments on accounts received | 33 | 56 |
| Company liabilities | 48 | 51 |
| Tax liabilities (1) | 614 | 876 |
| Other payables (2) | 1,463 | 5,850 |
| Current exit tax | 2,088 | 2,916 |
| Prepaid income | 21 | 577 |
| **TOTAL OTHER LIABILITIES** | **4,268** | **10,326** |

*(1) Tax liabilities concern essentially VAT that has been collected.*
*(2) Other debts concern essentially charges made to tenants.*

## Note 13 Gross rental revenues

Gross rental revenues consist of rents and similar income (e.g. parking revenues, etc.). Rent-free periods, stepped rents and key money are spread over the lease term. For pre-2010 leases, the staggering was over the full term of the lease whereas the staggering period for leases coming into effect from 1 January 2010 is the firm period.

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Retail properties | 9,354 | 12,596 |
| Office properties | 9,118 | 12,720 |
| **TOTAL RENTAL REVENUES** | **18,472** | **25,315** |

Of the €18.5 million in gross rental revenues, variable rents totalled €187 thousand.

### Rents receivable under firm leases in the portfolio

| *(in thousands of euros)* | 12/31/2011 |
|---|---|
| **Future minimum payment amounts** | |
| Under one year | 14,969 |
| Over one year and under five years | 28,249 |
| Over five years | 4,304 |
| **TOTAL FUTURE PAYMENTS** | **47,523** |

## Note 14 External property expenses not recovered

Expenses paid for and billed back break down as follows:

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Land tax and tax on offices and retail property | 1,342 | 670 |
| Rental and co-ownership expenses | 1,755 | 1,907 |
| **TOTAL EXTERNAL PROPERTY EXPENSES NOT RECOVERED** | **3,097** | **2,577** |

The change in "Land tax and tax on offices and retail property" mainly consists of changes to the amount and scope of tax on the Île-de-France offices following the application in 2011 of the 2010 Amending Finance Law.

## Note 15 Operating expenses

Overheads break down as follows:

| *(in thousands of euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Insurance | 202 | 278 |
| Fees (1) | 5 198 | 5 210 |
| Bank charges | 69 | 34 |
| Other external purchases and expenses | 781 | 721 |
| Other taxes and duties | 113 | 110 |
| Employee benefits expense | 172 | 123 |
| **TOTAL OPERATING EXPENSES** | **6 535** | **6 476** |

*(1) Fees are primarily composed of management fees and legal fees.*

## Note 16 Other operating income

Other operating income amounted to €33 thousand and includes €19 thousand in termination, insurance and other indemnities.

## Note 17 Other operating expenses

Other operating expenses amounted to €1.178 million and are primarily comprised of:

- €739 thousand in losses on receivables written off as irrecoverable;
- €192 thousand in arrangement fees;
- €100 thousand in work indemnities and other indemnities.

## Note 18 Result on disposals of investment properties

Gains (losses) on the deconsolidation of assets break down as follows:

| | 12/31/2011 | | 12/31/2010 | |
|---|---|---|---|---|
| *(in thousands of euros)* | Disposition of property | Sale of shares | Disposition of property | Sale of shares |
| Sales proceeds net of expenses | 16,366 | 5,868 | 108,112 | 7,897 |
| Net book value of disposed assets | (14,799) | (6,669) | (114,567) | (9,190) |
| Reversal of adjustment entries (1) | (18) | (1,319) | (2,884) | (1,478) |
| **RESULT ON DISPOSAL** | **1,550** | **(2,120)** | **(9,339)** | **(2,771)** |

*(1) The reversals related to the derecognition of rent-free periods and marketing fees that had been staggered over the lease term.*

## Note 19 Net borrowing cost

The net borrowing cost breaks down as follows:

| *(in thousands of euros)* | 12/31/2011 | 12/31/2011 |
|---|---|---|
| Interest received | 8 | 10 |
| Capital gains/loss and net income on sale of securities | (15) | (21) |
| Interest and similar expenses (1) | (8,999) | (10,044) |
| **NET BORROWING COST** | **(9,006)** | **(10,055)** |

*(1) The "Interest and similar expenses" line item includes interest charges on bank debt as well as interest on bonds.*

In the comparative consolidated income statement at 31 December 2010, other financial expenses were presented separately from net cost of debt.

## Note 20 Change in fair value of financial instruments and marketable securities

This negative €427 thousand fair value change almost wholly stemmed from the change in the fair value of caps (see Note 6).

## Note 21 Other financial profit

This profit relates to the write-off of €23.872 million in financial liabilities under the bank restructuring that took place on 17 February 2011 (see paragraph 1.3 Highlights of the period – Financing).

## Note 22 Other financial expenses

This principally concerns €1.444 million of fees related to the bank restructuring of 17 February 2011 (see paragraph 1.3 Highlights of the period – Financing).

## Note 23 Tax expense

As detailed in the consolidation principles and methods section, as a result of adopting SIIC status, which exempts the Company from income tax, no deferred tax has been recognised on activities within the scope of this regime.

The Group is nevertheless still liable for income tax on activities falling outside the scope of the SIIC regime. The tax expense recognised in 2011 with respect to purely financial activities amounted to €76 thousand.

Given that there was no temporary difference between the tax base of assets and liabilities falling outside the scope of the SIIC regime and their carrying amount in the consolidated financial statements, no deferred tax asset was recognised.

## Note 24 Segment information

As detailed in the consolidation principles and methods section, for operating segment purposes the Group has used the breakdown in its property portfolio by the real estate market in which they are located. Namely the office and retail segments.

During 2011, the mixed office/retail Carré Vélizy building, initially classified in the office property operating segment was reclassified in retail.

The main line items of the standalone income statement are thus as follows:

### Consolidated income statement at 12/31/2011

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| NET RENTAL REVENUES | 6,383 | 8,992 | 0 | 15,375 |
| Operating expenses | (2,983) | (2,385) | (1,167) | (6,535) |
| Reversals of provisions | 517 | 348 | 5 | 869 |
| Provisions | (258) | (136) | 0 | (393) |
| **TOTAL CURRENT OPERATING INCOME AND EXPENSES** | **(2,723)** | **(2,173)** | **(1,163)** | **(6,059)** |
| CURRENT OPERATING INCOME | 3,660 | 6,818 | (1,163) | 9,316 |
| Other operating income | 16 | 2 | 15 | 33 |
| Other operating expenses | (720) | (433) | (25) | (1,178) |
| Result on disposals of invesment properties | (1,353) | 783 | 0 | (571) |
| Change in fair value of investment properties | (19,270) | 3,369 | 0 | (15,901) |
| **OPERATING INCOME** | **(17,668)** | **10,539** | **(1,173)** | **(8,301)** |
| Gross borrowing cost | (2,896) | (2,981) | (3,123) | (8,999) |

### Consolidated income statement at 12/31/2010

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| NET RENTAL REVENUES | 10,890 | 11,849 | 0 | 22,738 |
| Operating expenses | (2,626) | (2,883) | (967) | (6,476) |
| Reversals of provisions | 10 | 239 | 0 | 249 |
| Provisions | (280) | (241) | 0 | (520) |
| **TOTAL CURRENT OPERATING INCOME AND EXPENSES** | **(2,895)** | **(2,885)** | **(967)** | **(6,747)** |
| CURRENT OPERATING INCOME | 7,995 | 8,964 | (968) | 15,992 |
| Other operating income | 126 | 435 | 7 | 568 |
| Other operating expenses | 90 | (174) | (9) | (93) |
| Result on disposals of invesment properties | (4,874) | (7,237) | 0 | (12,111) |
| Change in fair value of investment properties | (8,593) | (633) | 0 | (9,225) |
| **OPERATING INCOME** | **(5,256)** | **1,355** | **(969)** | **(4,870)** |
| Gross borrowing cost | (3,669) | (3,404) | (2,972) | (10,044) |

The main line items in the statement of financial position are as follows:

### Consolidated statement of financial position - Assets at 12/31/2011

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| Investment properties | 105,380 | 137,810 | 0 | 243,190 |
| Assets held for sale | 16,542 | 27,807 | 0 | 44,349 |
| Cash and cash equivalents | 1,333 | 926 | 156 | 2,416 |

### Consolidated statement of financial position - Equity and liabilities at 12/31/2011

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| Non-current exit tax | 0 | 0 | 0 | 0 |
| Bonds | 0 | 0 | 54,000 | 54,000 |
| Non-current bank debts | 83,378 | 88,333 | 3,796 | 175,507 |
| Current borrowings | 5,380 | 21,351 | 8,280 | 35,010 |
| Debts payable against non-current assets | 5,520 | 479 | 0 | 5,999 |
| Current exit tax | 477 | 1,611 | 0 | 2,088 |

### Consolidated statement of financial position - Assets at 12/31/2010

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| Investment properties | 141,250 | 126,660 | 0 | 267,910 |
| Assets held for sale | 56,081 | 15,713 | 0 | 71,794 |
| Cash and cash equivalents | 1,567 | 6,947 | 3,661 | 12,175 |

### Consolidated statement of financial position - Equity and liabilities at 12/31/2010

| *(in thousands of euros)* | Office properties | Retail properties | Head office | Total |
|---|---|---|---|---|
| Non-current exit tax | 0 | 0 | 0 | 0 |
| Bonds | 0 | 0 | 54,000 | 54,000 |
| Non-current bank debts | 61,080 | 95,605 | 0 | 156,685 |
| Current borrowings | 110,475 | 5,785 | 6,487 | 122,747 |
| Debts payable against non-current assets | 939 | 440 | 0 | 1,380 |
| Current exit tax | 1,465 | 1,451 | 0 | 2,916 |

## Note 25 Off-statement of financial position commitments

### Commitments given

Commitments given are primarily comprised of:

| *(in thousands of euros)* | 12/31/2011 |
|---|---|
| Debts guaranteed by collateral (principal and related) (1) | 223,746 |
| Pledging of securities (2) | |
| • Direct subsidiaries | 48,598 |
| • Sub-subsidiaries | 6,346 |
| • Pledged accounts | 39 |
| Other commitments | |
| • Sureties and guarantees | 10,463 |

*(1) Carrying amount of borrowings.*
*(2) Purchase price of securities in separate financial statements.*

Certain bank accounts of subsidiaries have been pledged to financial institutions.

### Commitments received

Commitments received essentially comprise:

- €1.734 million in tenant deposits;
- €848 thousand for a financial performance bond;
- €500 thousand in liability guarantees.

## Note 26 Related parties

Transactions between M.R.M. group companies and related parties are entered into on an arm's length basis (primarily agreements to provide services, property management and asset management).

Advisory fees paid by the Group to CBRE Global Investors in respect of 2011, pursuant to management protocols, totalled €3.2 million. In the statement of financial position, the trade payables line item contains €48 thousand with respect to these fees. Also, in the statement of financial position, the trade receivables line item contains €96 thousand with respect to rebilled fees.

## Note 27 Information on the number of shares outstanding

The number of shares in the share capital, each with a par value of €8, was unchanged between 31 December 2010 and 31 December 2011 at 3,501,977. As of 31 December 2011, the Group held 26,919 treasury shares.

# 3.8 Statutory auditors' report on the consolidated financial statements, Year ended 31 December 2011

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of MRM S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## 1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion expressed above, we draw your attention to the note 2.1. " Going Concern Principle" to the financial statements which sets out the actions undertaken by the Company in order to contend with the scheduled repayments of bank loans in June and December 2012.

## 2 Justification of our assessments

The financial crisis and accompanying economic crisis have brought about multiple consequences for businesses in terms of their activity and financing. These factors were considered by your company in appraising the appropriateness of the going concern agreement applied for the submission of financial statements at 31 December 2011. The lack of liquidity in the property market and the certain difficulty in ascertaining the economic outlook create specific conditions this year for the preparation of financial statements, especially with regard to the accounting estimates required under accounting principles. As such, we have made our own appraisals, which we submit to you under Article L. 823-9 of the French Commercial Code.

### Going Concern

Based on our work and the information disclosed to us at this date, and as part of our appreciation of the accounting principles followed by your company, we analyzed the actions undertaken, as well as the assumptions used by the company, which underlie the upholding of the going concern principle as set out in the notes “Going Concern Principle” to the financial statements. We have verified that the note to the financial statements provide appropriate information.

### Accounting estimates

The note 2.6.3 “Investment Properties” included in part 2, “Accounting Principles and Methods” in the notes to the financial statements sets out the accounting method used for the valuation of investment property.

Investment properties are accounted at fair value, which is determined by independent appraisers who value the property assets of the company as at 31 December of each year.

Our works consisted in examining the independent appraisers’ reports, analyzing the data and assumptions retained in order to determine the overall valuations, ensuring that independent appraisers take into account the real estate market situation, and verifying that the notes 2.6.3 “Investment properties” (Part 2) and 2 “Investment properties” (Part 4) to the financial statements provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## 3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory auditors

| | |
|---|---|
| Paris La Défense, 16th April 2012 | Lyon, 16th April 2012 |
| KPMG Audit FS I | RSM CCI Conseils |
| French original signed by Régis Chemouny | French original signed by Pierre-Michel Monneret |

# 3.9 Annual financial statements for the financial year ended 31 December 2011

## Balance sheet

### ► STATEMENT OF FINANCIAL POSITION - ASSETS

| *(in euros)* | Gross | Depreciation and amortization | Net 12/31/2011 | Net 12/31/2010 |
|---|---|---|---|---|
| Set-up costs | 18,403 | 18,403 | - | 248 |
| ***Intangible assets*** | ***18,403*** | ***18,403*** | ***-*** | ***248*** |
| Equity investments | 80,894,951 | 30,736,968 | 50,157,983 | 52,413,504 |
| Other long-term investment securities | 47,285 | 24,928 | 22,357 | 26,344 |
| ***Non-current financial assets*** | ***80,942,236*** | ***30,761,896*** | ***50,180,340*** | 52,439,848 |
| NON-CURRENT ASSETS | 80,960,640 | 30,780,299 | 50,180,340 | 52,440,096 |
| Trade receivables | 414,107 | - | 414,107 | - |
| Other receivables | 21,317,121 | 10,800,376 | 10,516,746 | 14,274,967 |
| ***Receivables*** | ***21,731,228*** (1) | ***10,800,376*** | ***10,930,853*** | ***14,274,967*** |
| Marketable securities | 279,111 | 83,299 | 195,812 | 243,165 |
| Cash | 53,491 | - | 53,491 | 2,548,216 |
| Prepaid expenses | 9,303 | - | 9,303 | 7,209 |
| ***Cash and cash equivalents*** | ***341,905*** | ***8,299*** | ***258,606*** | ***2,798,590*** |
| Current assets | 22,073,133 | 10,883,674 | 11,189,458 | 17,073,558 |
| **TOTAL** | **103,033,772** | **41,663,974** | **61,369,799** | **69,513,654** |

(1) *Of which at more than one year: 20,148,782.*

### ► STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

| *(in euros)* | 12/31/2011 | 12/31/2010 |
|---|---|---|
| Company or individual share capital | 28,015,816 | 28,015,816 |
| Additional paid-in capital | 42,833,996 | 42,833,996 |
| Revaluation reserves | 339,807 | 339,807 |
| Legal reserve | 197,501 | 197,501 |
| Other reserves | 3,140,147 | 3,140,147 |
| Retained earnings | (65,353,030) | (53,800,190) |
| Profit (loss) for the period | 10,257,604 | (11,552,840) |
| ***Net equity*** | ***19,431,841*** | ***9,174,237*** |
| Regulated provisions | 445,946 | 341,270 |
| EQUITY | 19,877,787 | 9,515,507 |
| Provisions for risk | - | 29,911,098 |
| PROVISIONS FOR LIABILITIES AND CHARGES | - | 29,911,098 |
| Bank loans and overdrafts | - | - |
| Loans and other borrowings | 35,364,994 | 29,685,041 |
| ***Borrowings*** | ***35,364,994*** | ***29,685,041*** |
| Trade payables | 529,924 | 352,450 |
| Tax and company liabilities | 89,964 | 40,365 |
| Other payables | 5,507,130 | 9,193 |
| ***Miscellaneous liabilities*** | ***6,127,018*** | ***402,008*** |
| LIABILITIES | 41,492,012 (1) | 30,087,049 (2) |
| **TOTAL** | **61,369,799** | **69,513,654** |

*(1) Of which less than one year: €22,292,936*
*(2) Of which less than one year: €13,722,897*

## Income statement

| *(in euros)* | France | Exports | 12/31/2011 | 12/31/2010 |
|---|---|---|---|---|
| Revenue on sale of services | 346,243 | - | 346,243 | 132,000 |
| **Net revenue** | **346,243** | **-** | **346,243** | **132,000** |
| Reversals of depreciation and amortisation, transfer of expenses | | | 31,516,827 | 2,271,281 |
| Other revenues | | | 406 | 11 |
| OPERATING INCOME | | | 31,863,476 | 2,403,292 |
| Other external purchases and expenses | | | 1,182,985 | 1,305,810 |
| ***External expenses*** | | | ***1,182,985*** | ***1,305,810*** |
| ***Taxes, duties and similar payments*** | | | ***(1,661)*** | ***32,402*** |
| Wages and salaries | | | 124,094 | 86,961 |
| Social charges | | | 47,493 | 35,565 |
| ***Employee benefits expense*** | | | ***171,587*** | ***122,526*** |
| Depreciation of non-current assets | | | 248 | 3,229 |
| Charges to provisions for current assets | | | 2,460,373 | 4,470,169 |
| Charges to provisions for liabilities and charges | | | - | 14,062,562 |
| ***Operating provisions*** | | | ***2,460,621*** | ***18,535,960*** |
| ***Other operating expenses*** | | | ***24,547*** | ***19,507*** |
| OPERATING EXPENSES | | | 3,838,079 | 20,016,205 |
| OPERATING PROFIT (LOSS) | | | 28,025,397 | (17,612,913) |
| Financial income from investments | | | 722,519 (1) | 842,425 (2) |
| Other interest and similar income | | | - (1) | - (2) |
| Reversals of provisions and transfer of expenses | | | 65,656 | 4,431,325 |
| Net income on sales of marketable securities | | | 494 | 3,925 |
| ***Financial income*** | | | ***788,669*** | ***5,277,675*** |
| Depreciation and amortisation - financial items | | | 16,970,654 | 35,931 |
| Interest and similar expensess | | | 1,467,115 (3) | 1,402,202 (4) |
| Net expenses on sales of marketable securities | | | 18,987 | 24,921 |
| ***Financial expenses*** | | | ***18,456,756*** | ***1,463,054*** |
| FINANCIAL PROFIT (LOSS) | | | (17,668,086) | 3,814,621 |
| CURRENT PROFIT (LOSS) BEFORE TAX | | | 10,357,311 | (13,798,292) |
| Exceptional income on management operations | | | 5,000 | - |
| Exceptional income on capital operations | | | - | 8,419,886 |
| Reversals of provisions and transfer of expenses | | | - | - |
| ***Exceptional income*** | | | ***5,000*** | ***8,419,886*** |
| Exceptional expenses on management operations | | | 31 | (10,877) |
| Exceptional expenses on capital operations | | | - | 6,084,006 |
| Depreciation and amortisation - exceptional items | | | 104,675 | 101,305 |
| ***Exceptional expenses*** | | | ***104,706*** | ***6,174,434*** |
| EXCEPTIONAL PROFIT (LOSS) | | | (99,706) | 2,245,452 |
| Income tax | | | - | - |
| TOTAL INCOME | | | 32,657,145 | 16,100,853 |
| TOTAL EXPENSES | | | 22,399,541 | 27,653,693 |
| **PROFIT (LOSS) FOR THE PERIOD** | | | **10,257,604** | **(11,552,840)** |

*(1) Of which income involving affiliates: €720,519.*
*(2) Of which income involving affiliates: €851,035.*
*(3) Of which income involving affiliates: €1,467,115.*
*(4) Of which interest involving affiliates: €1,402,202.*

The financial year ended 31 December 2011, which covered a period of 12 months just like the prior year, presents a statement of financial position total for the financial year prior to appropriation of income of €61,369,799 and an accounting profit of €10,257,604.

## Highlights of the year

(French Commercial Code Article R 123-196 3)

### Equity investments

On 17 February 2011, the company increased its equity investment in the following companies:

- SCI du 3 rue Escudier à Boulogne-Billancourt by €130,270;
- SCI Boulogne Escudier by €220,854;
- SCI du 10 bis rue Escudier à Boulogne by €156,874;
- SCI Noratlas by €14,134,176.

The increase in the equity interests in the above companies was the result of capital increases by those companies.

On 7 October 2011, the Extraordinary General Meeting voted the continuation of company operations following a fall in equity levels below half the share capital.

As of 31 December 2011, equity levels had once again risen above half the share capital.

### Liquidity agreement

On 24 December 2007, M.R.M. entered into a liquidity agreement with CM-CIC Securities with a view to improving liquidity and share price stability, in order to:

- trade in the market in order to stabilise the Company's stock price and provide liquidity for the Company's stock *via* an investment services provider;
- hold shares bought back for subsequent use as consideration or in exchange as part of acquisitions;
- ensure coverage of stock option plans and other means of granting shares to employees and/or corporate officers of the Group in compliance with legal and regulatory provisions, in particular as part of profit sharing, a company savings plan or bonus share awards;
- to ensure coverage of marketable securities entitling the holder to the allocation of shares in the Company within the framework of applicable regulations.

These objectives are presented without prejudice to the effective order of use of the authorisation to buy back shares, which would be dependent on needs and opportunities. The number of shares purchased by the Company with a view to being held as treasury stock for subsequent remittance in exchange or payment for a merger, de-merger or contribution may not exceed 5% of its share capital.

At the start of the financial year, the Company held 23,560 treasury shares with a purchase value of €275,267. During FY 2011, it bought 5,153 treasury shares for €34,183 and sold 1,794 shares for €13,186. At the reporting date, it thus held 26,919 treasury shares, representing 0.769% of the share capital.

### Appropriation of 2010 income

The Combined General Meeting of 9 June 2011 resolved to appropriate the 2010 loss of €11,552,840 to retained earnings, thereby reducing retained earnings to minus €65,353,030.

### Appropriation of subsidiaries' 2011 income

Subsidiaries with the legal status of property holding companies or "*Société Civile Immobilière*" (SCI) have opted for their income to be allocated to retained earnings. This does not include SCI du 3 rue Escudier à Boulogne-Billancourt which paid the company dividends of €60,565 in 2011.

For reference, all subsidiaries share the same reporting date of 31 December. Consequently, the company's financial profit (loss) at 31 December 2011 does not include the 2011 share of profit of the property holding companies it owns.

## Accounting policies and methods

(French Commercial Code – Articles R. 123-196 1 & 2)

(French National Accounting Code (PCG) Article 531-1/1)

### General principles and conventions

The annual financial statements are prepared in accordance with the rules of the 1999 French National Accounting Code (PCG) and generally accepted accounting principles in France.

General accounting conventions have been applied in accordance with the principle of prudence and the following basic assumptions:

- consistency of accounting methods;
- matching principle;
- going concern.

The recommendations set out in the Professional Guide for companies in the sector have been observed.

The financial year covers a period of 12 months from 1 January to 31 December 2011.

Accounting items are measured using the historical cost method.

The notes or tables provided below form an integral part of the annual financial statements.

### 1 Going concern principle

The financial statements at 31 December 2011 were prepared on the basis of the going concern principle. This principle is satisfied by virtue of the actions undertaken by the Company and its subsidiaries to meet repayments falling due to HSH bank in June and December 2012, such as:

- reaching a sale agreement for the Urban office building at Montreuil effective on 20 June 2012, in line with the disposal programme agreed with HSH;

- planned asset disposals.

The Company's 12-month cash projections incorporate the various assumptions for planned disposals.

The main accounting methods used are as follows:

### 2 Adoption of SIIC (listed property investment company) status

On 31 January 2008, the Company opted for SIIC status, with effect from 1 January 2008.

The SIIC regime, introduced by Article 11 of the 2003 French Finance Act, is open to listed companies with share capital of over €15 million that are wholly engaged in property activities. It provides companies having opted for SIIC status on an irrevocable basis with an income tax exemption for the portion of their net profit generated from property activities, subject to the following payout requirements:

- 85% of profits from the letting of buildings;
- 50% of the capital gains on the disposal of buildings;
- 100% of dividends received from subsidiaries having opted in.

In 2008, the adoption of SIIC status resulted in the immediate taxation of unrealised capital gains on properties and investments in property companies at the reduced rate of 16.5%, payable over four years. As such, no tax liability was recorded following the allocation of prior losses.

### 3 Non-current assets

The Company applies the provisions of CRC Regulation 2002-10 of 12 December 2002 and Regulation 2004-06 of 23 November 2006 on the definition, recognition, measurement, depreciation & amortisation and impairment of assets.

#### 3.1 Intangible assets

Intangible assets are measured at cost (purchase price plus ancillary expenses). As of 31 December 2011, these were comprised of set-up costs and costs relating to the capital increase.

Set-up costs (primarily legal costs) of €181,122 were incurred in the creation of Dynamique Bureaux. These costs were borne by M.R.M., with a contribution value of €16,771. These costs, originally amortised over five years, are amortised over their remaining life. As of 31 December 2011, they had been fully amortised.

Costs of €12,575 relating to the capital increase (legal costs) were incurred by Dynamique Bureaux in July 2006. These costs were borne by M.R.M., with a contribution value of €1,632. These costs were originally amortised over five years, and were fully amortised at 31 December 2011.

## 4 Non-current financial assets

### 4.1 Equity investments

Equity investments are recognised on the statement of financial position at cost in accordance with the provisions of CRC regulation 2004-06 on the definition, recognition and measurement of assets. Pursuant to the option provided by Article 321.10 of the French National Accounting Code, the Company has opted for acquisition costs to be included in the value of securities. These acquisition costs are subject to excess tax depreciation over normal depreciation (accelerated depreciation) over a period of five years.

The majority of equity investments held by M.R.M. are property companies owning one or more office or retail properties.

At each reporting date, M.R.M. assesses the value of its equity investments relative to their value in use. The value in use of each subsidiary is determined with reference to the share of the net equity owned, remeasured on the basis of the value of property assets it owns, and with reference to its outlook. Property assets are subject to valuation by independent appraisers at each reporting date.

If the resulting value in use is under the carrying amount, an impairment loss is recognised.

### 4.2 Other non-current financial assets

These correspond to treasury shares held by M.R.M. outside the liquidity agreement.

Treasury shares acquired within the framework of the liquidity agreement are presented as marketable securities.

## 5 Current accounts associated with equity investments

M.R.M. has entered into an agreement on current account advances with some of its subsidiaries. These advances are classified as assets under “Other receivables”.

Current accounts in credit in M.R.M.’s books at the reporting date are classified as liabilities under “Loans and other borrowings”.

At each reporting date, where the net equity of subsidiaries owned by the company is negative, the current accounts are impaired up to the amount of the share of the net equity owned less existing provisions on investments.

## 6 Marketable securities and treasury shares

The gross amount represents the acquisition cost excluding ancillary expenses. When the net asset value falls below the gross amount, the difference is impaired. The net asset value of treasury shares is based on the average share price over the month preceding the end of the reporting period.

The gross amount of other long-term securities and investment securities represents the acquisition cost excluding ancillary expenses.

## 7 Receivables and payables

Receivables and payables are stated at face value.

As regards receivables, the risk of non-collection is assessed at each reporting date and an impairment loss recognised where the net asset value falls below the carrying amount.

## 8 Provisions

Provisions are valued in accordance with the provisions of CRC regulation 2000-06. Provisions have in particular been funded for the negative net equity of property holding companies (SCIs) owned, less provisions already recognised on the asset side (on investments and current accounts).

## 9 Concept of current and exceptional profit (loss)

Items stemming from ordinary activities, including those that are exceptional in terms of their frequency or amount, are included in current profit (loss). Only items not relating to the company’s ordinary activities are recognised as exceptional items.

## Notes to the annual financial statements

### ► BREAKDOWN OF NON-CURRENT ASSETS

| Type *(in euros)* | Gross amount at start of period | Increases through revaluation | Increases through acquisition |
|---|---|---|---|
| Set-up and development costs | 18,403 | - | - |
| ***Intangible assets*** | ***18,403*** | **-** | **-** |
| Other investments | 66,252,777 | - | 14,642,174 |
| Other long-term investment securities | 47,285 | - | - |
| ***Non-current financial assets*** | ***66,300,063*** | **-** | ***14,642,174*** |
| **TOTAL** | **66,318,466** | **-** | **14,642,174** |

| Type *(in euros)* | Reductions through transfers | Reductions through dispositions | Gross amount at end of period | Remeasurement Cost price at end of period |
|---|---|---|---|---|
| Set-up and development costs | - | - | 18,403 | - |
| ***Intangible assets*** | **-** | **-** | ***18,403*** | **-** |
| Other investments | - | - | 80,894,951 | - |
| Other long-term investment securities | - | - | 47,285 | - |
| ***Non-current financial assets*** | **-** | **-** | ***80,942,237*** | **-** |
| **TOTAL** | **-** | **-** | **80,960,640** | **-** |

### ► BREAKDOWN OF AMORTISATION AND DEPRECIATION

Positions and movements over the period:

| Depreciable non-current assets *(in euros)* | Amount at start of period | Increases/ charges | Decreases/ reversals | Amount at end of period |
|---|---|---|---|---|
| Set-up and research & development costs | 18,155 | 248 | - | 18,403 |
| ***Intangible assets*** | ***18,155*** | ***248*** | **-** | ***18,403*** |
| **TOTAL** | **18,155** | **248** | **-** | **18,403** |

Breakdown of depreciation and amortisation for the period:

| Depreciable non-current assets *(in euros)* | Straight-line amortisation | Declining balance amortisation | Exceptional amortisation | Accelerated amortisation |
|---|---|---|---|---|
| Set-up and research & development costs | 248 | - | - | - |
| ***Intangible assets*** | ***248*** | **-** | **-** | **-** |
| **TOTAL** | **248** | **-** | **-** | **-** |

### ► BREAKDOWN OF PROVISIONS

| Type *(in euros)* | Amount at start of period | Increases/ charges | Decreases Used | Decreases Not used | Amount at end of period |
|---|---|---|---|---|---|
| Accelerated amortisation | 341,270 | 104,675 | - | - | 445,946 |
| **Regulated provisions** | **341,270** | **104,675** | **-** | **-** | **445,946** |
| Other provisions for liabilities and charges | 29,911,098 | - | 29,911,098 | - | - |
| **Provisions for liabilities and charges** | **29,911,098** | **-** | **29,911,098** | **-** | **-** |
| Provisions for long-term investments | 13,839,273 | 16,944,650 | 46,955 | - | 30,736,968 |
| Provisions for other non-current financial assets | 20,941 | 3,987 | | - | 24,928 |
| Provisions for accounts receivable | 4,684 | - | 4,684 | - | |
| Other provisions for impairment | 10,011,885 | 2,463,689 | 1,591,900 | - | 10,883,674 |
| **Provisions for impairment** | **23,876,783** | **19,412,326** | **1,643,538** | **-** | **41,645,571** |
| **TOTAL** | **54,129,151** | **19,517,001** | **31,554,636** | **-** | **42,091,517** |
| *Of which charges and reversals:* | | | | | |
| • *Operating* | | *2,460,373* | *31,507,682* | | |
| • *Financial* | | *16,970,654* | *65,656* | | |
| • *Exceptional* | | *104,675* | | | |

Other investments break down as follows:

- wholly owned companies:
  - DB Cougar: the gross amount of the shares at 12/31/2011 was €381,250. As of that date, the shares were fully impaired,
  - DB Albatros: the gross amount of the shares at 12/31/2011 was €17,348,176. As of that date, €15,987,015 in impairment losses had been recognised for the shares,
  - DB Tucano: the gross amount of the shares at 12/31/2011 was €216,271. As of that date, the shares were fully impaired,
  - DB Neptune: the gross amount of the shares at 12/31/2011 was €16,265. As of that date, the shares were fully impaired;
- companies between 50% and 100% owned:
  - SCI Noratlas: the gross amount of the shares at 12/31/2011 was €14,135,175. As of that date, the shares were fully impaired,
  - SCI Immovert: the gross amount of the shares at 12/31/2011 was €992. As of that date, the shares were fully impaired.

The other impairment provisions were primarily for the impairment of the current accounts of subsidiaries. These mainly involved DB Tucano (€4,503,621), SCI Noratlas (€4,004,388) and SCI Immovert (€1,888,235).

## ► SCHEDULE OF RECEIVABLES AND PAYABLES

| Schedule of receivables *(in euros)* | Gross amount | Within one year | Over one year |
|---|---|---|---|
| Other trade receivables | 414,107 | 414,107 | - |
| Government - Value added tax | 180,267 | 180,267 | - |
| Group and partners | 20,808,833 | 660,051 | 20,148,782 |
| Miscellaneous debtors | 328,021 | 328,021 | - |
| Prepaid expenses | 9,303 | 9,303 | - |
| **TOTAL** | **21,740,531** | **1,591,749** | **20,148,782** |

| Schedule of payables *(in euros)* | Gross amount | Within one year | One to five years | Over five years |
|---|---|---|---|---|
| Loans and other borrowings | 16,334,114 | 935,038 | 15,399,076 | - |
| Trade payables | 529,924 | 529,924 | - | - |
| Loans to employees | 8,274 | 8,274 | - | - |
| Social security and other | 11,016 | 11,016 | - | - |
| Government - Value added tax | 67,864 | 67,864 | | |
| Other taxes and duties | 2,810 | 2,810 | - | - |
| Group and partners | 19,030,880 | 19,030,880 | - | - |
| Other payables | 5,507,130 | 1,707,130 | 3,800,000 | - |
| **TOTAL** | **41,492,012** | **22,292,936** | **19,199,076** | **-** |
| LOANS TAKEN OUT DURING THE FINANCIAL YEAR | 897,925 | | | |
| LOANS REPAID DURING THE FINANCIAL YEAR | 1,863,000 | | | |

## ► BREAKDOWN OF THE SHARE CAPITAL

(French Commercial Code Article R. 123-197)

(French National Accounting Code (PCG) Articles 531-3 & 532-12)

| Various share classes | Par values in euros | Number of shares | | | |
|---|---|---|---|---|---|
| | | Opening | Created | Cancelled | Closing |
| Shares | 8 | 3,501,977 | - | - | 3,501,977 |

## ► CHANGES IN EQUITY (IN EUROS)

| Account title | Opening balance | Appropriation of income | Increase | Decrease | Closing balance |
|---|---|---|---|---|---|
| Paid-up capital | 28,015,816 | | | | 28,015,816 |
| Additional paid-in capital | 42,833,996 | | | | 42,833,996 |
| Reserves | 3,337,648 | | | | 3,337,648 |
| Revaluation reserves | 339,807 | | | | 339,807 |
| Retained earnings | (53,800,190) | (11,552,840) | | | (65,353,030) |
| Profit (loss) for the period | (11,552,840) | 11,552,840 | 10,257,604 | | 10,257,604 |
| Regulated provisions | 341,270 | | 104,675 | | 445,946 |
| **TOTAL EQUITY** | **9,515,507** | | **10,362,279** | | **19,877,787** |

### ► ACCRUED INCOME

(French Commercial Code Article R. 123-196)

| Accrued income included in the following statement of financial position items *(in euros)* | Amount |
|---|---|
| Trade receivables | 414,107 |
| Other receivables | 129 |
| **TOTAL** | **414,236** |

### ► ACCRUED EXPENSES

(French Commercial Code Article R. 123-196)

| Accrued expenses included in the following statement of financial position items *(in euros)* | Amount |
|---|---|
| Loans and other borrowings | 1,467,124 |
| Trade payables | 258,012 |
| Tax and company liabilities | 14,294 |
| Other payables | 3,750 |
| **TOTAL** | **1,743,179** |

### ► PREPAID INCOME AND EXPENSES

(French Commercial Code Article R. 123-196)

| Prepaid expenses | Amount |
|---|---|
| Operating expenses | 9,303 |
| **TOTAL** | **9,303** |

### ► ITEMS RELATING TO A NUMBER OF STATEMENT OF FINANCIAL POSITION ITEMS

(French Commercial Code Article R.123-181)

| Statement of financial position items *(in euros)* | Amount concerning companies | | Amount of payables and receivables comprised of bills of exchange |
|---|---|---|---|
| | That are affiliates | In which the Company has an equity interest | |
| Equity investments | 50,157,983 | | |
| Other receivables | 20,788,846 | | |
| Loans and other borrowings | 16,334,114 | | |
| Other payables | 19,030,880 | | |

### ► BREAKDOWN OF NET REVENUE

(French Commercial Code Article R.123-198-4)

(French National Accounting Code (PCG) Article 531-2/15)

| Breakdown by business segment | Amount |
|---|---|
| Remuneration of Chairman | 132,000 |
| Rebilling of expenses | 214,243 |
| **TOTAL** | **346,243** |

| Breakdown by geographic segment | Amount |
|---|---|
| Paris region | 346,243 |
| **TOTAL** | **346,243** |

### ► AVERAGE NUMBER OF EMPLOYEES

(French Commercial Code Article R. 123-198)

(French National Accounting Code (PCG) Article 531-3)

| Number of employees | Employees | Staff seconded to the Company |
|---|---|---|
| Management | 1 | - |
| **TOTAL** | **1** | **-** |

### ► FINANCIAL INCOME AND EXPENSES INVOLVING AFFILIATES

(French Commercial Code Article R. 123-197)

(French National Accounting Code (PCG) Articles 531-2 & 532-12)

| | Financial expenses | Financial income |
|---|---|---|
| **TOTAL** | **18,456,756** | **788,669** |
| *Of which affiliates* | *18,437,769* | *786,272* |

### ► FEES PAID TO THE STATUTORY AUDITORS

The total fees paid to the statutory auditors recognised in the income statement for the financial year amounted to €190,251.

### ► FINANCIAL COMMITMENTS

(French Commercial Code Article R. 123-196)

(French National Accounting Code (PCG) Article 531-2/9)

| Commitments given *(in euros)* | | Amount |
|---|---|---|
| ***Other commitments given*** | | ***48,598,055*** |
| Pledging of DB Fouga shares | 3,117,117 | |
| Pledging of DB Piper shares | 1,873,551 | |
| Pledging of DB Cougar shares | 381,250 | |
| Pledging of SCI Noratlas shares | 14,135,175 | |
| Pledging of SCI 3 rue Escudier shares | 2,514,112 | |
| Pledging of SCI Boulogne Escudier shares | 4,467,557 | |
| Pledging of SCI 10 bis rue Escudier shares | 3,031,142 | |
| Pledging of SCI Immovert shares | 992 | |
| Pledging of DB Tucano shares | 216,271 | |
| Pledging of Commerces Rendements shares | 18,860,888 | |
| **TOTAL** (1) | | **48,598,055** |
| *(1) Of which involving subsidiaries* | | 48,598,055 |

| Commitments received *(in euros)* | |
|---|---|
| Representations and warranties | 500,000 |
| **TOTAL** | **500,000** |

## ► LIST OF SUBSIDIARIES AND AFFILIATES

(French Commercial Code Articles L. 233-15 and R. 123-197)

(French National Accounting Code (PCG) Articles 531-3 & 532-12)

| Subsidiaries and equity investments | Share capital | Equity | Percentage capital owned | Carrying amount of shares owned | | Revenue for year ended | Net profit for year ended | Loans and advances granted and not repaid |
|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | |
| A. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES | | | | | | | | |
| ***1. Subsidiaries (Over 50% of the share capital):*** | | | | | | | | |
| DB Cougar | 37,000 | (3,374,193) | 100.00% | 381,250 | - | 12,000 | (1,216,027) | 342,222 |
| DB Dynamique Financière | 37,000 | 359,708 | 100.00% | 1 | 1 | - | 87,305 | - |
| DB Fouga | 37,000 | 3,173,511 | 100.00% | 3,117,117 | 3,117,117 | 3,082,799 | 482,958 | - |
| DB Albatros | 37,000 | 1,324,161 | 100.00% | 17,348,176 | 1,361,161 | 10,000 | (2,810,474) | - |
| DB Piper | 37,000 | (1,307,982) | 100.00% | 1,873,551 | 1,873,551 | 1,968,795 | (488,882) | 1,137,441 |
| DB Tucano | 37,000 | (6,821,594) | 100.00% | 216,271 | - | 27,394 | (2,006,362) | 8,213,370 |
| Investors Retail Holding | 3,472,000 | 11,944,501 | 100.00% | 14,486,508 | 14,486,508 | - | 955,944 | - |
| DB Neptune | 37,000 | (137,453) | 100.00% | 16,265 | - | - | 7,949 | 41,922 |
| SCI du 10 bis rue Escudier | 763,344 | 3,261,276 | 99.99% | 3,007,033 | 3,007,033 | 167,538 | 2,659,540 | - |
| SCI Boulogne Escudier | 829,808 | 4,671,189 | 99.99% | 4,434,114 | 4,434,114 | 276,545 | 4,270,140 | - |
| SCI Noratlas | 37,006,375 | (56,579,431) | 99.99% | 14,135,175 | - | 1,531,311 | (19,420,392) | 6,496,523 |
| SCI du 3 rue Escudier | 519,129 | 2,442,435 | 99.97% | 2,493,892 | 2,493,892 | 154,599 | 165,884 | - |
| SCI Immovert | 1,000 | (2,344,445) | 99.20% | 992 | - | 1,270,569 | 500,984 | 3,168,424 |
| Commerces Rendement | 5,401,600 | 19,697,502 | 58.53% | 18,860,888 | 18,860,888 | 10,241,023 | 789,053 | 1,122,509 |
| ***2. Affiliates (10-50% of the share capital)*** | | | | | | | | |
| B. GENERAL INFORMATION ON OTHER SUBSIDIARIES AND AFFILIATES | | | | | | | | |
| ***1. Subsidiaries not included in A:*** | | | | | | | | |
| French | | | | | | | | |
| Foreign | | | | | | | | |
| ***2. Affiliates not included in A:*** | | | | | | | | |
| French | | | | | | | | |
| Foreign | | | | | | | | |

## ► RESULTS AND OTHER MATERIAL ITEMS FOR THE PAST FIVE YEARS

(French Commercial Code Article R 225-102)

| Type | 12/31/2011 | 12/31/2010 | 12/31/2009 | 12/31/2008 | 12/31/2007 |
|---|---|---|---|---|---|
| ***Share capital at end of period*** | | | | | |
| Share Capital | 28,015,816 | 28,015,816 | 28,015,816 | 28,015,816 | 28,015,816 |
| Number of shares: | | | | | |
| • Existing ordinary | 3,501,977 | 3,501,977 | 3,501,977 | 3,501,977 | 3,501,977 |
| • Existing preferred shares (without voting rights) | | | | | |
| Maximum number of future shares to be created: | | | | | |
| • Through conversion of bonds | | | | | |
| • Through exercise of subscription rights | | | | | |
| ***Operating performance and results for the period*** | | | | | |
| Revenue excluding VAT | 346,243 | 132,000 | 198,946 | 204,000 | 52,803 |
| Profit (loss) before tax, employee profit-sharing, amortisation, depreciation and provisions | (1,779,783) | 417,750 | (2,059,530) | (1,736,354) | (8,234,589) |
| Income tax | | | - | - | 23,100 |
| Employee profit-sharing for the period | | | | | |
| Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions | 10,257,604 | (11,552,840) | (25,837,055) | (19,882,685) | (1,062,557) |
| Income distributed | | | | | |
| ***Earnings per share*** | | | | | |
| Profit (loss) after tax, employee profit-sharing, but before amortisation, depreciation and provisions | (0.51) | 0.12 | (0.59) | (0.50) | (2.36) |
| Profit (loss) after tax, employee profit-sharing, amortisation, depreciation and provisions | 2.93 | (3.30) | (7.38) | (5.68) | (0.30) |
| Dividend per share | | | | | |
| ***Number of employees*** | | | | | |
| Average number of employees during the period | 1 | 1 | 1 | 1 | 1 |
| Payroll for the period | 124,094 | 86,961 | 67,133 | 47,659 | 22,717 |
| Amount paid in employee benefits for the period | 47,493 | 35,565 | 27,609 | 19,184 | 9,823 |

# 3.10 Statutory auditors' report on the annual financial statements for the financial year ended 31 December 2011

*This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

*This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying financial statements of MRM S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## 1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion expressed above, we draw your attention to the note "Going Concern Principle" included in part "Accounting Principles and Methods" to the financial statements, which sets out the actions undertaken by the company and its subsidiaries in order to contend with the scheduled repayments of bank loans in June and December 2012.

## 2 Justification of our assessments

The financial crisis and accompanying economic crisis have brought about multiple consequences for businesses in terms of their activity and financing. These factors were considered by your company in appraising the appropriateness of the going concern agreement applied for the submission of financial statements at 31 December 2011. The lack of liquidity in the property market and the certain difficulty in ascertaining the economic outlook create specific conditions this year for the preparation of financial statements, especially with regard to the accounting estimates required under accounting principles. As such, we have made our own appraisals, which we submit to you under Article L. 823-9 of the French Commercial Code.

### Going Concern

Based on our work and the information disclosed to us at this date, and as part of our appreciation of the accounting principles followed by your company, we analyzed the actions undertaken as well as assumptions used by the company, which underlie the upholding of the going concern principle as set out in the note "Going Concern Principle" to the financial statements. We have verified that the notes to the financial statements provide appropriate information.

### Accounting estimates

The note 3 included in the part "Rules and accounting policies" to the financial statements sets out the rules and methods adopted concerning accounting and valuation of financial assets.

As part of our assessment of the accounting rules and principles followed by your company, we verified the appropriateness of the accounting methods described above and the information provided in the notes to the financial statements. We have ensured their correct application.

Our works consisted in assessing the reasonable nature of the methods adopted by your company on this matter and performing some tests in order to ensure their application. The recoverable value of the shares in company that holds tangible assets depends on the market value of these assets; we have verified that these assets were valued by an independent appraiser. Our works consisted notably in examining the appraisers' reports, analyzing the data and assumptions retained in order to establish all the estimates and appreciating the approval processes of these estimates by management.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to our opinion we form which is expressed in the first part of this report.

## 3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code («Code de commerce») relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

The statutory auditors

| | |
|---|---|
| Paris La Défense, 16th April 2012 | Lyon, 16th April 2012 |
| KPMG Audit FS I | RSM CCI Conseils |
| French original signed by Régis Chemouny | French original signed by Pierre-Michel Monneret |

# 4.

# CORPORATE GOVERNANCE

# 4.1 Information on the management

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, we hereby inform you that your Board of directors has chosen one of the two methods of exercising general management provided by Article L. 225-51-1 of the French Commercial Code, deciding that the Chairman of the Board of directors will also be responsible for the general management of the Company. The Board of directors once again approved this method of exercising the general management of the Company in its session of 11 June 2009.

# 4.2 Board of directors

There are currently six directors on the Board of directors. Two of the directors are independent as per the criteria established by the AFEP/MEDEF corporate governance Code published in December 2008 (hereinafter the "AFEP-MEDEF Code").

The Board of directors consists of a minimum of three members and a maximum of 12, unless it has special legal dispensation. Directors are appointed by the Ordinary General Meeting, which may also remove them from office at any time. In the event of absence due to death or the resignation of one or more directors' seats, the Board of directors may make provisional appointments between two General Meetings. If the number of directors falls below three, the remaining director(s) must immediately call an Ordinary General Meeting with a view to adding members to the Board. Provisional appointments made by the Board are subject to ratification from the next Ordinary General Meeting. A director appointed to replace another member remains in office for the remaining term of office of their predecessor.

Each director must own at least one Company share (Article 11 of the Articles of Association). The directors' term of office lasts four years and expires at the end of the Ordinary General Meeting to approve the financial statements for the past year, held in the year in which the term expires.

The number of directors having reached the age of 70 may not exceed one-third of members of the Board of directors. If this limit is reached, the oldest director is expected to step down at the end of the Ordinary General Meeting to approve the financial statements for the year in which the above-mentioned one-third limit is exceeded (Article 11 of the Articles of Association).

The Board of directors appoints one of its members as Chairman. The Chairman must be a natural person and the Chairman's term of office cannot exceed their term of office as a director. The Board may terminate their term of office at any time. When the Board votes on the termination of the Chairman's term of office, the Chairman does not take part in this vote (Article 12 of the Articles of Association). The age limit for holding office as Chairman is 68.

All offices held by the directors in the last five financial years are set out in the following paragraphs.

## 4.2.1 Composition of the Board of directors

Board membership changed in 2011. The report of the Chairman of the Board of directors on the functioning of the Board and on internal control, included in section 4.5 of this registration document, provides full details of Board membership in 2011.

In 2011, M.R.M. only had a single employee, and since 1 January 2012 has none. Accordingly, the Board of directors has no elected employee representative.

No censor has been appointed.

At the date of this report, Board membership was as follows:

| Director's name | Position | Other offices and main positions held within the Group [1] | Other offices and main positions held outside the Group [1] | Other offices and positions held in the previous five years |
|---|---|---|---|---|
| **Jacques Blanchard**<br>Born on: 02/18/1951<br>First appointment: 29 June 2007<br>End of current office: General Meeting to approve the 2012 financial statements<br>Directly holds one share of the Company and 42,838 shares via the company JAPA, which he controls | Chairman of the Board of directors holding the position of Chief Executive Officer of M.R.M. SA | Managing Director of CBRE Global Investors | Managing Partner of SC JAPA | Director of CB Richard Ellis Investors SGR p.A.<br>Co-manager of SCI Immovert<br>Co-manager of the SCI Galetin II |
| **Gérard Aubert**[2]<br>Born on: 02/15/1944<br>First appointment: 20 April 2009<br>End of current office: General Meeting to approve the 2012 financial statements<br>Holds one share of the Company | Independent director<br>Member of the Audit Committee | | Chairman of the SASU Trait d'Union<br>Director of Sogeprom SA<br>Member of the Supervisory Board of Hoche Gestion Privée<br>Director of Eurosic | Managing Partner of Gestion Immobilière Marrakech |
| **Brigitte Gauthier-Darcet**<br>Born on: 03/7/1955<br>Appointed on 29 November 2011[3]<br>End of current office: General Meeting to approve the 2012 financial statements<br>Holds one share of the Company | Independent director<br>Chairman of the Audit Committee of M.R.M. SA | | Director and Deputy Chief Executive Officer of CIPM International (SA)<br>Non-partner Chief Executive Officer of Financière du Château des Rentiers (SAS)<br>Director of Transport'Air (SA) (wholly owned subsidiary of CIPM International)<br>Director of Groupe Express-Roularta (SA)<br>Manager of SARL Neufbis'ness<br>Manager of SCI B2V | Chairman and Chief Executive Officer of Equipements Collectifs et Immobiliers (SA)<br>Member of the Management Board of Investissements Saliniers (SA)<br>Member of the Management Board of Salins du Midi Participations (SAS)<br>Vice-Chairman and Deputy Chief Executive Officer of Compagnie des Salins du Midi et des Salines de l'Est (SA)<br>Chairman and Chief Executive Officer of Salins du Cap Vert (SA)<br>Chairman and Chief Executive Officer of Salins Réalisations (SA)<br>Chairman of Villeroy Finance Corporation (Panama) (SA)<br>Director of Rock (SAS)<br>Director of SA de la Mine de Sel Saint Laurent<br>Director of SA Compagnia Italiana Sali (Italy) (SA)<br>Director of Compañia Salinera Salins Ibérica (Spain) (SARL)<br>Director of Unión Salinera de España (Spain) (SA)<br>Director of Nueva Compaña Arrendataria de las Salinas de Torrevieja (Spain) (SA)<br>Director of Salins Ibérica Packing (Spain) (SARL) |

| Director's name | Position | Other offices and main positions held within the Group (1) | Other offices and main positions held outside the Group (1) | Other offices and positions held in the previous five years |
|---|---|---|---|---|
| **CBRE Global Investors SAS**(4) represented by **John Ozinga**(5) its Chairman<br>First appointment: 20 April 2009<br>End of current office: General Meeting to approve the 2014 financial statements<br>Holds one share of the Company | Director | | | Chairman of Dynamique Bureaux SAS<br>Chairman of Commerces Rendement SAS<br>Chairman of Dynamique Hôtels SAS |
| **SPE Office Sàrl** represented by **Marc Reijnen**(6) its permanent representative<br>First appointment: 20 April 2009<br>End of current office: General Meeting to approve the 2014 financial statements<br>Holds one share of the Company | Director | | | |
| **SPE Finance Sàrl** represented by **Jérôme Lacombe**(7) its permanent representative<br>First appointment: 11 June 2009<br>End of current office: General Meeting to approve the 2014 financial statements<br>Holds one share of the Company | Director<br>Member of the Audit Committee of M.R.M. SA | | | |

*(1) Any company with a direct or indirect link to M.R.M. capital is considered part of the Group.*

*(2) Gérard Aubert was appointed to the Audit Committee during the meeting of the Board of directors of 18 April 2012.*

*(3) Brigitte Gauthier-Darcet was appointed, filling the position vacated by CB Richard Ellis European Warehousing Sàrl, which resigned as director, on 29 November 2011.*

*(4) Previously called CB Richard Ellis Investors SAS.*

*(5) John Ozinga succeeded Jean Lamothe as permanent representative of CBRE Global Investors SAS on the Board of directors of M.R.M. on 23 February 2012 as well as Chairman of CBRE Global Investors SAS on 2 March 2012.*

*(6) Marc Reijnen succeeded Marine Pattin as permanent representative of SPE Office Sàrl on the Board of directors of M.R.M. on 23 February 2012.*

*(7) Jérôme Lacombe succeeded Frank Vitaglione as permanent representative of SPE Finance Sàrl on the Board of directors of M.R.M. on 23 February 2012.*

The General Meeting of Shareholders of 7 June 2012 will be asked to ratify the appointment of Brigitte Gauthier-Darcet.

The Board of directors has an Audit Committee, which is notably responsible for (see report of the Chairman of the Board of directors on the functioning of the Board and on internal control, included in section 4.5 of this registration document):

- to examine the financial statements and ensure the relevance and consistency of the accounting methods adopted to prepare the separate and consolidated financial statements;
- to monitor the process used to prepare the financial information;
- to monitor the effectiveness of the internal control and risk management systems.

At its meeting of 29 November 2011, the Board of directors appointed Brigitte Gauthier-Darcet as an independent member of the Board and as member and Chairwoman of the Audit Committee. During its meeting of 18 April 2012, the Board of directors appointed Gérard Aubert as an independent director, and as a member of the Audit Committee. At this time, therefore, the Audit Committee is made up of:

- Brigitte Gauthier-Darcet, independent director and Chairwoman of the Audit Committee;
- Gérard Aubert, independent director;
- SPE Finance Sàrl, represented by Jérôme Lacombe.

Finally, in order to comply with the AFEP/MEDEF Code, the Chairman, in his report to the Board of directors on the Board's functioning and on internal control, commented on the Company's implementation of the provisions of the AFEP/MEDEF Code during FY 2011. Following Gérard Aubert's appointment to the Audit Committee -which took place after the Chairman's Report was approved- there are three members of the Audit Committee, two of whom are independent. Therefore, at the date of this registration document, the Company is in compliance with recommendation 14.1 of the AFEP/MEDEF Code.

The content of the Chairman's report was approved during the Board of directors' meeting on 24 February 2012 and is included in paragraph 4.5 of this registration document. The approach taken by the Company to ensure compliance with the AFEP/MEDEF Code together with any possible change in corporate governance standards is presented in the first point of this report.

## 4.2.2 Professional experience of the directors

| | |
|---|---|
| **Jacques Blanchard** | Jacques Blanchard has been Managing Director of CBRE Global Investors since March 2003 and is in charge of retail property investment strategies in France. He has almost 20 years of experience in retail property. Before joining CBRE Global Investors, he was Chief Executive Officer of the shopping centres division of the French subsidiary of the British property company Hammerson. Previously, as Property Director of Marks & Spencer for Continental Europe, he acquired more than 50,000 sqm of retail premises for 14 stores in France and other European countries. He also completed major restructuring/extension operations involving shops on Boulevard Haussmann in Paris and Rue Neuve in Brussels. Jacques Blanchard is a graduate of HEC and has a degree in Business Law. |
| **Gérard Aubert** | Gérard Aubert is a well-known figure in the property industry, with over 40 years of professional experience in the sector. From April 1979 to the end of 2006, he successively held the positions of Deputy Chief Executive Officer and then Chief Executive Officer of CBRE, and, finally, Chairman since 1983. He is currently Chairman of the property consultancy firm Trait d'Union. |

| | |
|---|---|
| **CBRE Global Investors SAS** | CBRE Global Investors SAS, previously called CB Richard Ellis Investors SAS, is a merger of the investment and property asset management operations of ING Group N.V. (ING REIM) by CB Richard Ellis Group, Inc (CBRE), and of CB Richard Ellis Investors, an independent subsidiary of CBRE. It is a real estate investment management company with around €95 billion in assets under management worldwide. It manages investment programmes offering various risk/yield profiles on behalf of its customers. The CBRE Global Investors Group operates in North America, Europe and Asia with over 1,100 professionals in 21 countries. As an independent subsidiary of CBRE, CBRE Global Investors combines its real estate investment expertise with the resources of CBRE, the worldwide leader in commercial estate services. CBRE Global Investors SAS is represented on the Board of Directors of M.R.M. by John Ozinga. He brings the Board strong experience built up, in particular, in the retail property sector having held, among others, the following various positions and offices over the past five years: Chairman of Carrefour Property Gestion and of Carrefour Property Asset Management, Chief Executive Officer of Immobilière Carrefour, member of the Management Committee of Carrefour Property and Director of the French National Council of Shopping Centres. John Ozinga also brings his expertise in managing listed companies having been on the boards of various international listed retail companies including Grupo Exito (Colombia), Big C Supercenter (Thailand), and Super de Boer (the Netherlands) where he was also a member of the Supervisory Board. In addition, John Ozinga is currently Chairman of CBRE Global Investors SAS and of CBRE Global Investors France SAS, and a member of the Supervisory Board of Defta (a supplier in the automotive sector). |
| **SPE Office Sàrl** | SPE Office Sàrl is a Luxembourg limited liability company, with a capital of €93,200 and registered office at 35 boulevard Prince-Henri - L-1724 Luxembourg; it is identified under number B 94169 in the Luxembourg Trade and Companies Register. A subsidiary of CB Richard Ellis European Warehousing Sàrl, its main activity is the ownership of equity investments in property investment companies in France and Italy. |
| **SPE Finance Sàrl** | SPE Finance Sàrl is a Luxembourg limited liability company, with a capital of €12,500 and registered office at 35 boulevard Prince-Henri - L-1724 Luxembourg; it is identified under number B 94402 in the Luxembourg Trade and Companies Register. A subsidiary of CB Richard Ellis European Warehousing Sàrl, its main activity is the ownership of financial investments in property investment companies. |

## 4.2.3 Director whose appointment is submitted for ratification to the Ordinary General Meeting of 7 June 2012

| | |
|---|---|
| **Brigitte Gauthier-Darcet** | Brigitte Gauthier-Darcet has an engineering degree from the Ecole Centrale de Paris and is a graduate of the Institut d’Etudes Politique de Paris. She has over 30 years’ professional experience in the fields of engineering, construction, communications and investment. Having started her career at Serete where she headed the finance department, she held a number of financial and senior management positions at Lagardère Active. She subsequently carried out a number of consultancy and management assignments and has, since 2006, been Director and Deputy Chief Executive Officer of CIPM International. Brigitte Gauthier-Darcet is a member of Institut Français des Administrateurs (IFA). |

## 4.2.4 Family connections between these individuals

None.

## 4.3 Corporate governance

During the last five financial years:

- none of the directors has been found guilty of fraud;
- none of the directors has been associated as a corporate officer in any insolvency, sequestration proceedings or liquidation;
- none of the directors has been accused of any offence and/or been the subject of any official public penalty imposed by the statutory or regulatory authorities;
- none of the directors has been the subject of a court order preventing them from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or conduct of the affairs of any company;
- none of the directors is linked to the Company or any of its subsidiaries by a service agreement granting any specific benefits.

The directors of the Company and their representatives, in the case of corporate entities, report to the Board of directors on any actual or potential conflicts of interest to which they are or may be exposed. In this respect, it should be noted that various companies from the CBRE Global Investors group hold a combined 17.1% of the Company's shareholding, and that CBRE Global Investors SAS, a Company shareholder, is one of the directors. There is therefore a potential conflict of interest to which the Company pays particular attention and aims to prevent, in particular by means of the appointment of two independent directors to the Board of directors (Gérard Aubert and Brigitte Gauthier-Darcet).

In this respect, we would draw attention to the fact that CBRE Global Investors SAS receives substantial fees from the Company's subsidiaries. €3.2 million were thus received in 2011. This remuneration was received under property management agreements signed between CBRE Global Investors SAS and the Company's subsidiaries, the terms of which can be found in full in section 1.6 of this registration document. These agreements were initially signed on a date prior to the consolidation of the subsidiaries in question within the M.R.M. Group. M.R.M.'s Board of directors gives an opinion on the amounts due under these agreements annually.

In fact, M.R.M.'s asset portfolio was established following the merger and contributions of the Dynamique Bureaux and Commerces Rendement companies on 12 December 2007 (as presented in the offer document approved by the AMF under number E.07-163 dated 8 November 2007), and said management protocols were signed with the Commerces Rendement company and subsidiaries of Dynamique Bureaux at the time of their creation between January 2004 and September 2007. The Company is aware that these protocols do give rise to a potential conflict of interest and is considering a procedure to manage these conflicts, which also forms part of the framework for updating the internal regulations of the Company's Board of directors (cf. paragraph 1.1 of the Chairman of the Board of directors' report on the functioning of the Board and internal control, included in paragraph 4.5 of this registration document).

The members of the Board of directors, persons with close links to the management, as well as other management must, pursuant to the regulations in force, declare transactions made on the Company's shares and refrain from personally intervening in transactions involving M.R.M. shares during the following periods:

- during the two-week period before the date on which the Company's consolidated financial statements, or in the absence of these the annual financial statements, are made public;
- during the period between the date on which management obtains information which, if made public, could have a significant influence on the price of the Company shares and the date on which this information is made public.

## 4.4 Remuneration

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code and those of European Regulation 809/2004 (referred to as the Prospectus Directive), we now report the total remuneration and benefits of any nature paid by the Company or by companies under its control within the meaning of Article L. 223-16 of the French Commercial Code and by the Company controlling the Company within the meaning of the same Article, to each of the corporate officers during the financial year ended.

The Company's managing corporate officer in FY 2011 was:

- Mr Jacques Blanchard, Chairman of the Board of directors responsible for general management since 20 April 2009.

The Company's non-executive corporate officers for financial year 2011 are:

- Mr Gérard Aubert, director since 20 April 2009;
- CBRE Global Investors SAS (previously called CB Richard Ellis Investors SAS), director since 20 April 2009;
- SPE Office Sàrl, director since 20 April 2009;
- SPE Finance Sàrl, director since 11 June 2009;
- Séverine Farjon, director up until 9 September 2011;
- CB Richard Ellis European Warehousing Sàrl, director until 29 November 2011;
- Brigitte Gauthier-Darcet, director appointed on 29 November 2011.

The corporate officers do not benefit from any deferred or conditional remuneration. As a result, the Company and its subsidiaries have not made provisions for the payment of pensions, retirement or other benefits.

The corporate officers did not receive any share subscription or purchase options or bonus shares, given that the Company did not set up any stock options or bonus share allocation plans.

During its meeting on 9 June 2011, the Board of directors decided to the use the sum of €30,000 in directors' fees, which had been allocated to the directors for the financial year ending 31 December 2011 by the General Meeting of 9 June 2011, to remunerate the attendance of independent directors. The other directors are not remunerated.

The following table summarises the remuneration received by executive corporate officers over the last two years:

| Summary of remuneration and options and shares allocated to the Chairman and Chief Executive Officer | 2010 | 2011 |
|---|---|---|
| Jacques Blanchard: | - | - |
| Remuneration due for the financial year | - | - |
| Value of options allocated during the financial year | - | - |
| Value of performance-related options allocated during the financial year | - | - |

| | Employment contract | | Supplementary retirement plan | | Compensation or benefits due following severance or a change in position | | Compensation due under a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Jacques Blanchard | | X | | X | | X | | X |

The following table summarises the remuneration received by non-executive corporate officers over the last two years:

| Directors' fees and other remuneration received by directors | Amounts paid in 2010 | Amounts paid in 2011 |
|---|---|---|
| Gérard Aubert | | |
| Directors' fees | €6,000 | €6,750 |
| Other remuneration | - | - |
| CBRE Global Investors SAS[(1)] | | |
| Directors' fees | - | - |
| Other remuneration | - | - |
| CB Richard Ellis European Warehousing Sàrl[(2)] | | |
| Directors' fees | - | - |
| Other remuneration | - | - |
| SPE Office Sàrl. | | |
| Directors' fees | - | - |
| Other remuneration | - | - |
| Séverine Farjon[(3)] | | |
| Directors' fees | €13,500 | €11,250 |
| Other remuneration | - | - |
| Brigitte Gauthier-Darcet[(4)] | | |
| Directors' fees | - | €1,500 |
| Other remuneration | - | - |
| SPE Finance Sàrl | | |
| Directors' fees | - | - |
| Other remuneration | - | - |
| **TOTAL** | **€19,500** | **€19,500** |

*(1) Previously called CB Richard Ellis Investors SAS.*
*(2) Director until 29 November 2011.*
*(3) Director until 9 September 2011.*
*(4) Director appointed on 29 November 2011 to fill the position vacated by CB Richard Ellis European Warehousing Sàrl.*

Because no remuneration other than directors' fees was actually paid, the Company considers it adequate to only present summary tables for remuneration, as recommended by the AFEP-MEDEF Code and repeated in the AMF guide for preparing registration documents, dated 20 December 2010, rather than detailed tables, as these would essentially be empty.

# 4.5 Report of the Chairman of the Board of directors on the functioning of the Board and on internal control

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the purpose of this report is to set out the manner in which the work of the Company's Board of directors is prepared and organised, together with the internal control procedures put in place by the Company, and to present any limitations imposed by the Board of directors on the powers of the Chief Executive Officer. This report was prepared by the Chairman and Chief Executive Officer of the Company. In preparing this report, the Chairman relied on the AMF reference framework issued in July 2010, on the AMF implementation guide for small and medium caps issued in July 2010, the DDAC (*Diverses Dispositions d'Adaptation au Droit Communautaire*) Law of 3 July 2008 concerning various provisions for adapting French company law to European Community legislation, on the AMF 2010 report on corporate governance and executive remuneration of 12 July 2010, on the AMF Final report on audit committees of 22 July 2010, as well as on AMF recommendation 2012-02 of 9 February 2012.

The following steps were taken to prepare this report:

- Meetings between the Property Managers, the Asset Manager, Financial Management and the Chairman and Chief Executive Officer;
- Meetings with the Audit Committee, noting that the Chairman and Chief Executive Officer participated in those meetings for the sole purpose of establishing this report and that he does not attend ordinary meetings of the Audit Committee;
- Meetings between the chartered accountants, Financial Management and the Chairman and Chief Executive Officer.

## 1 Declaration of compliance with the AFEP/MEDEF corporate governance Code

Following discussions of the Board of directors on 24 November 2008, it was decided that the Company would gradually comply with the AFEP/MEDEF recommendations relating to corporate governance, including the recommendation of 6 October 2008 on the remuneration of executive corporate officers of listed companies, as incorporated in the AFEP/MEDEF Corporate Governance Code of December 2008, as amended in April 2010 (hereinafter the "AFEP/MEDEF Code"). The Company is pursuing in 2012 its review, started in 2011, of a potential adoption of the accounting standards recommended in the MIDDLENEXT Corporate Governance Code for small and medium caps of December 2009, which may be more appropriate to the size of the Company.

The aforementioned AFEP/MEDEF Code may be consulted at the Company's registered office.

In accordance with the provisions of Article L. 225-37 paragraph 7 of the French Commercial Code, the present report details the reasons why certain provisions of the AFEP/MEDEF Code, which the Company voluntarily adopted, have been dismissed.

### 1.1 Internal regulations of the Board of directors

In their current form, the internal regulations of the Board of directors, adopted on 27 February 2008, only refer to the frequency of Board meetings and the use of video conferencing and telecommunications for Board meetings. Amendments to the internal regulations are currently under consideration to complete said regulations, in particular with regard to the need to submit certain specific transactions for prior approval of the Board, the means by which the Board is informed of the Company's financial position, cash position and commitments, the specific rights and obligations of the directors, as well as the means for evaluating the Board.

### 1.2 Proportion of independent directors on the Board of directors

The Company applies the definition and criteria for independence established in point 8 of the AFEP/MEDEF Code. A director is independent when *"he/she has no relationship of any kind whatsoever with the Company, its Group or its management, which may interfere with the exercise of his or her free judgement"*.

The Company has two independent directors (out of six total) at the date of this report: Gérard Aubert and Brigitte Gauthier-Darcet, *i.e.*, a third of its membership, which corresponds to the proportion the AFEP/MEDEF Code recommends for controlled companies. Even though no shareholder owns a majority of voting rights and/or shares of the Company, the CBRE Group, although a minority in terms of share capital and voting rights, has significant influence over the management of the Company, especially since four of the six directors are from this group.

Pursuant to the AFEP/MEDEF Code, the Board takes into account the following criteria when deciding on the independence of a director:

- *"The independent director is not an employee or corporate officer of the Company, an employee or director of the parent company or of one of its consolidated companies and has not been in the last five years;*
- *is not a corporate officer of a company in which the Company, directly or indirectly, acts as a director or in which an employee designated as such or a corporate officer of the Company (currently or in the last five years) is a director;*
- *is not a client, supplier, commercial banker or investment banker:*
  - *with significant weighting for the Company or its Group,*
  - *or for which the Company or its Group represents a significant share of their business;*
- *does not have any close family ties with a corporate officer of the Company;*
- *has not been an auditor for the Company in the last five years;*
- *has not been a director of the Company for more than 12 years."*

At its meeting of 20 April 2009, the Board deliberated on the independence of Gérard Aubert with respect to the aforementioned criteria and determined that his situation differs from the independence criteria set out in the AFEP/MEDEF Code in the following two regards:

- Gérard Aubert was a corporate officer in one of the Group companies less than five years prior to his appointment as a company director;
- Gérard Aubert's daughter-in-law is still a corporate officer of one of the Group companies.

However, given that Gérard Aubert is not only without any financial interest in the Group and has a strong personality that is unlikely to be influenced, as he demonstrated both when he managed a Group company and at the meetings of the Board of directors on which he has served since he was appointed, the Board of directors approved his status as an independent director.

## 1.3 Composition and number of Specialist Committees

The proportion of independent directors on the Audit Committee, currently half of the Committee members, is below the two-thirds recommended by the AFEP/MEDEF Code. This proportion is related to the relatively reduced number of major players in the Company's market and the specific nature of its business, which make it more difficult to recruit directors that are competent in this sector and have no links whatsoever with the CBRE Group.

As at the date of the present report, the Company does not have any other specialist committee. This is due in particular to the specific nature of the Company in terms of size, activities and given that it only has one employee.

The duties of a Remuneration Committee, as defined in the AFEP/MEDEF Code, are currently directly performed by the Board of directors. At the moment, such a Committee seems unnecessary, as the executive corporate officers are not remunerated by the Company and only independent directors are paid directors' fees, based on the allocation rules presented in paragraph 2.10 of this report.

The duties of a Nomination Committee, as defined in the AFEP/MEDEF Code, are currently directly performed by the Board of directors.

## 1.4 Relationship between the Chairman and Chief Executive Officer and the CBRE Group

Jacques Blanchard, Chairman and Chief Executive Officer of the Company, receives a salary from CBRE Global Investors SAS, a CBRE Group company, in which that group holds an interest through some of its subsidiaries.

## 1.5 Methods of evaluating the Board of directors

The Board has not implemented any evaluation process for its operating procedures. The implementation of such a process is currently under review as a possible amendment to the Company's internal regulations (see paragraph 1.1 above).

## 2 Conditions for preparing and organising the work of the Board of directors

### 2.1 Rules governing the composition of the Board of directors

The Company is governed by a Board of directors of at least three and a maximum of 12 members, appointed by the Ordinary General Meeting of Shareholders for a period of four years. Exceptionally, the General Meeting that introduced the renewal of director appointments by rotation also decided to appoint several directors for a term of office under four years. As a result, half of the members of the Board of directors are now replaced every two years. The terms of office of outgoing directors may be renewed. The directors may be dismissed at any time by the Ordinary General Meeting. The number of directors having reached the age of 70 may not exceed one-third of the total number holding office.

The Board of directors appoints one of its members as Chairman. The Chairman must be a natural person and the Chairman's term of office may not exceed their term of office as a director. The Board may terminate their term of office at any time. Since the General Meeting of 11 June 2009, it is specified in Article 12 of the Articles of Association that when the Board votes on whether to end the Chairman's term of office, the Chairman will abstain from voting. The age limit for holding office as Chairman is 68.

The Board of directors may appoint one or more Vice-Chairmen if it deems it useful.

The Board of directors currently comprises three members which are corporate entities and three members which are natural persons. (see paragraph 2.2 below).

### 2.2 Changes in the composition of the Board of directors

The M.R.M.'s Board of directors meeting of 12 September 2011 duly noted the resignation, effective on 9 September 2011, of Séverine Farjon from the offices of independent director and Chairwoman of the Audit Committee, as she assumed operational roles with a different real estate investment company. As Séverine Farjon has not been replaced, the number of Board members dropped from seven to six directors.

At its meeting of 29 November 2011, the Board of directors decided to appoint Brigitte Gauthier-Darcet as a director, effective on that date, to replace CBRE European Warehousing Sàrl, which had resigned, for its remaining term of office until the General Meeting called to approve the financial statements for the year ended 31 December 2012. In accordance with the law, this decision shall be submitted for approval by the General Meeting of Shareholders to be held on 7 June 2012.

After reviewing her situation in view of the criteria set out by the AFEP/MEDEF Code of Corporate Governance for Listed Companies, the Board of directors acknowledged that Brigitte Gauthier-Darcet is an independent director. Brigitte Gauthier-Darcet was also appointed Chairwoman of the M.R.M.'s Audit Committee.

Since the 2011 year-end, the permanent representatives of the three corporate entity directors have changed: John Ozinga replaced Jean Lamothe as permanent representative of CBRE Global Investors SAS (formerly CB Richard Ellis Investors SAS), Marc Reijnen replaced Marine Pattin as permanent representative of SPE Office Sàrl and Jérôme Lacombe replaced Frank Vitaglione as permanent representative of SPE Finance Sàrl.

The current members of the Board of directors are:

- Jacques Blanchard, Chairman of the Board of directors and Chief Executive Officer, whose director term will expire at the end of the General Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2012;
- Gérard Aubert, independent director, whose term will expire at the end of the General Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2012;
- Brigitte Gauthier-Darcet, independent director, whose term will expire at the end of the General Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2012, subject to the approval of her appointment by the General Meeting of Shareholders scheduled for 7 June 2012;
- CBRE Global Investors SAS, whose term will expire at the end of the General Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2014, represented by John Ozinga, a Dutch citizen;
- SPE Office Sàrl, whose term will expire at the end of the General Meeting of Shareholders called to approve the

financial statements for the year ending 31 December 2014, represented by Marc Reijnen, a Dutch citizen;

- SPE Finance Sàrl, whose term will expire at the end of the General Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2014, represented by Jérôme Lacombe.

The Board includes one female director, Brigitte Gauthier-Darcet.

The positions held by directors are listed in chapter 4.2 of this registration document, as well as information relating to their age and date of first appointment.

## 2.3 Duties of the Board of directors

In accordance with the provisions of Article L. 225-35 of the French Commercial Code, the Board of directors determines the Company's business policies and monitors their implementation. Subject to the powers expressly attributed by the law to Shareholders' Meetings and within the limits of the corporate purpose, the Board may consider any matter related to the successful operation of the Company, and makes decisions governing any matters that concern it.

In particular, the Board of directors examines and approves the interim and annual financial statements (separate and consolidated financial statements), approves the terms of the reports on the activity and results of the Company, and examines the Chairman's report on internal control.

The Board of directors may conduct any inspections or audits that it deems necessary. Each director receives all the information necessary to carry out their duties, and can obtain all the documents that they deem necessary.

## 2.4 Duties and powers of the Chairman and Chief Executive Officer

The Chairman of the Board of directors has overall responsibility for the general management of the Company. This method of general management did not change during the financial year ended 31 December 2011.

The Chairman organises and directs the work of the Board of directors, and reports thereon to the General Meeting. The Chairman ensures the proper operation of the Company's decision-making bodies, and in particular ensures that the directors are able to fulfil their duties.

The Chairman and Chief Executive Officer has the widest powers to act in all circumstances on behalf of the Company. He exercises those powers subject to the powers that are expressly attributed by the law to Shareholders' Meetings and those that are especially reserved for the Board of directors, and within the limits of the corporate purpose. He represents the Company in its relations with third parties.

The powers of the Chairman and Chief Executive Officer are not subject to any statutory or other limitation.

No annual authorisation was given by the Board of directors to the Chairman and Chief Executive Officer to give bonds, securities and guarantees to the tax and customs authorities and/or with respect to third parties on the Company's behalf, for a period not exceeding one year and, except in the case of guarantees given to tax and customs authorities, subject to the limitations of an overall upper limit set by the Board. Thus every bond, security or guarantee made by the Company to guarantee commitments entered into by third parties must be authorised in advance by the Board of directors, in accordance with the provisions of Article L. 225-35 of the French Commercial Code.

Throughout the financial year ended 31 December 2011 and to date, the Company has not had and does not have a Deputy Chief Executive Officer.

## 2.5 Meetings and decisions of the Board of directors

The Board of directors meets as often as required in the interests of the Company, either at the registered office or in any other place specified in the notice of meeting. Board meetings may be convened by the Chairman by any means. If the Board has not met for more than two months, one third of its members may ask the Chairman to call for a meeting to consider a particular agenda. If the Chairman is not responsible for general management, the Chief Executive Officer can also ask the Chairman to call for a meeting of the Board of directors to consider a particular agenda.

Meetings are chaired by the Chairman of the Board of directors. In the event that the Chairman is absent, the Board is chaired either by a Vice-Chairman (if one has been appointed) or, in the absence of any Vice-Chairman, by one of its members appointed by the Board to chair the meeting.

The Board can only validly deliberate if at least half of its members are present. Decisions are taken by a majority of the votes of the members present or represented.

The Board of directors of the Company has internal regulations that were adopted at the meeting of the Board of 27 February 2008. Those internal regulations, currently being rewritten, are made available on the Company's website (www.mrminvest.com).

In particular, the Board's internal regulations provide that it must meet at least four times per year in accordance with a timetable arranged sufficiently in advance to enable its members to attend. The Board also organises the use of video conferencing or telecommunications technology for Board meetings, and allows the directors who participate in Board meetings by such means to be considered as present for the purposes of calculating quorum and majority, subject to the limitations and conditions laid down by current legislation and regulations. These provisions do not apply to Board meetings called to approve the separate financial statements, consolidated financial statements and management report.

## 2.6 Meetings of the Board of directors during the 2011 financial year

During the financial year ended 31 December 2011 the Board of directors met nine times:

- on 1 February 2011, with four members present, the Board approved the terms of the agreement negotiated with the bank partner on the restructuring of the loan falling due in September 2011;
- on 23 February 2011, with six members present (including two representatives), the Board approved the separate and consolidated financial statements and proposed the allocation of the earnings for the financial year ended 31 December 2010, approved the reports of the Board of directors, and reviewed the asset disposition plan, the 12 month cash flow forecast and the associated action plan. At the same meeting, the Chairman presented his report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code;
- on 16 March 2011, with six members present, the Board discussed a development project that was intended to be submitted for approval by the General Meeting of 9 June 2011, reviewed the options for rebuilding the Company's equity, which had dropped to half of the share capital due to losses for the financial year ended 31 December 2010, and decided to resume the payment of interest on bonds from the first quarter of 2011;
- on 14 April 2011, with five members present, the Board approved the terms of the amendement no. 2 to the loan agreement dated 19 April 2010, decided to convene the Annual Combined Ordinary and Extraordinary General Meeting of Shareholders on 9 June 2011, set that General Meeting's agenda, prepared and approved the draft text of the resolutions to be voted on by that General Meeting, and discussed the outlook of the Company and the various strategic options under consideration;
- on 31 May 2011, with all of its seven members present, the Board approved the terms of the amendement no. 2 to the loan agreement and the Rider-letter to the subordination agreement dated 24 July 2008, reviewed the various medium-term strategic options for the Group and heard proposals from advisory banks Rothschild and BNP Paribas, reviewed the Group's 12 month cash flow forecast and the remuneration policy for the Asset Manager (CBRE Global Investors) for 2012 and subsequent years based on expected trends in the Group's real estate portfolio;
- on 9 June 2011, with all of its seven members present, the Board implemented the share buyback program approved by the General Meeting of 9 June 2011, defined the remuneration policy for independent directors, and heard proposals from the advisory bank Morgan Stanley in the context of the review of the Group's medium-term strategic options;
- on 4 August 2011, with five members present, the Board prepared and approved the draft text of the resolutions intended to be voted on by the Extraordinary General Meeting of 7 October 2011 on continuing the Company's operations, and authorised the guarantees to be granted by the Company to the purchaser as part of the planned sale of all shares of the SCI 325/345 avenue Georges Clémenceau;
- on 12 September 2011, with five members present, the Board duly noted Séverine Farjon's resignation, acknowledged the Board's downsizing to six directors, and approved the interim consolidated financial statements for the period ended 30 June 2011 as well as the corresponding interim financial report;
- on 29 November 2011, with four members present, the Board appointed Brigitte Gauthier-Darcet as an independent director starting from that date, discussed with the advisory bank BNP Paribas the Group's medium-term strategic options, conducted an overall review of the Group's business, the 12 month cash flow forecast and the progress made on the asset disposition plan, and authorised guarantees related to staggering the final payment due for the exit tax.

## 2.7 Meetings of the Board of directors during the 2012 financial year

Since 1 January 2012, there has been one meeting of the Board of directors:

- On 13 January 2012, with four members present, the Board reviewed the appraisal values of portfolio assets at 31 December 2011 and the change in their fair value, the asset disposal plan and the 2012/2013 cash flow forecast, as well as the BNP Paribas bank's mandate for advising the Company on the Group's medium-term strategic options.

## 2.8 Composition and duties of the Audit Committee

On 20 April 2009, the Board of directors decided to establish an Audit Committee within the Board, with the following duties:

- to examine the financial statements and ensure the relevance and consistency of the accounting methods adopted to prepare the separate and consolidated financial statements; and
- to monitor:
  - the process of preparing the financial information,
  - the effectiveness of the internal control and risk management systems,
  - the auditing of the separate financial statements and, if needed, the consolidated financial statements by the statutory auditors,
  - the independence of the statutory auditors.

The members of the Audit Committee are:

- Brigitte Gauthier-Darcet, independent director, Chairwoman of the Audit Committee;
- SPE Finance Sàrl, represented by Jérôme Lacombe.

Brigitte Gauthier-Darcet, Chairwoman of the Audit Committee, has special expertise in finance and accounting. She has more than 30 years of professional experience in engineering, construction, communication and investment. Having started her career at Serete, where she headed the finance department, Brigitte Gauthier-Darcet held a number of finance and general management positions at Lagardère Active.

Jérôme Lacombe also has special expertise in finance and accounting. He began his career in banking, notably advising large retailers, before joining an entity specialised in residential real estate in Spain. He then spent six years at ING Real Estate Investment Management (ING REIM) and joined CBRE Global Investors when the latter purchased the European and Asian assets of ING REIM.

The Audit Committee is responsible for auditing the financial statements for the financial years beginning on or after 1 January 2009. The Committee is governed by internal regulations. These internal regulations are made available on the Company's website (www.mrminvest.com).

## 2.9 Review of the Audit Committee's work during the 2011 financial year

The Audit Committee met nine times during the 2011 financial year, and these meetings included:

- meetings with the statutory auditors and Financial Management regarding the preparation of the interim consolidated financial statements;
- preparation of the interim financial report;
- meetings with the Statutory Auditors and Financial Management regarding the preparation of the annual separate and consolidated financial statements;
- monitoring of the procedure for the sale of certain property assets owned by the Company;
- exchanges with the statutory auditors, general management and Financial Management as part of monitoring renegotiations of credit maturities between the Group and certain banking institutions;
- monitoring of the Group's 12 month cash flow forecast;
- Preparation of the monthly report on monitoring the cash position under the agreement negotiated with the banking institution on the restructuring of the loan due in September 2011.

## 2.10 Remuneration of corporate officers

The Ordinary General Meeting of 9 June 2011 allocated an overall amount of €30,000 for directors' fees for the financial year ended 31 December 2011.

During its meeting of 9 June 2011, the Board decided to use this amount to remunerate the attendance of the independent directors, within the following limits:

- €750 per Board of directors' meeting attended by the independent director;
- €750 per Audit Committee's meeting attended by the independent director.

The other directors are not remunerated. The Board of directors did not allocate any remuneration to the Chairman and Chief Executive Officer of the Company.

## 2.11 Participation of shareholders in the General Meeting

In accordance with the provisions of Article L. 225-37 paragraph 8 of the French Commercial Code, the methods relating to shareholders' participation in the General Meeting are outlined in Article 16 of the Company's Articles of Association.

### 2.12 Factors likely to have an impact in the event of a public offering

The information required by Article L. 225-100-3 of the French Commercial Code is published in the Board of directors' management report for the financial year ended 31 December 2011 and is included in chapter 3 of the registration document.

### 2.13 Resolutions concerning delegation of authority proposed at the General Meeting

The text of the resolutions is included in chapter 7 of the registration document.

### 2.14 Management of conflicts of interest

The policy for managing conflicts of interest is included in chapter 4.3 of the registration document.

The Board of directors does not have a procedure for designating a lead director in regard to conflicts of interest.

## 3 Internal control procedures

The Company and its subsidiaries, which are all included in the scope of consolidation, are subject to internal control.

### 3.1 Objectives of internal control procedures

The control procedures implemented by the M.R.M. group (*i.e.*, the Company and all entities over which the Company directly or indirectly exercises control) aim to:

- ensure compliance with the established values, strategies and objectives and to ensure that management actions are consistent with the Company's corporate purpose and the strategic objectives defined by the Board of directors, in compliance with current laws and regulations, the Company's corporate interest and that of each of its subsidiaries;
- improve the efficiency of the Company's operations and enable the efficient use of resources;
- coordinate the successful communication of accounting, financial and management information between external parties and the management of the M.R.M. group; and
- prevent and manage risks associated with the M.R.M. group's activities, and the risks of errors or fraud, in particular in the fields of accounting and finance.

Internal control cannot however provide an absolute guarantee that the Company's objectives will be achieved.

### 3.2 Internal control parties

#### 3.2.1 The Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is responsible for the communication and coordination of financial information between the various parties involved, and in particular the Asset Manager, in pursuit of the defined strategy. This person ensures the quality of the internal control and risk management systems.

The Chairman and Chief Executive Officer and the Board of directors oversee the companies in the M.R.M. group in general and make sure that their legal, contractual, financial, fiscal and administrative obligations are fulfilled so that the Company is managed in the best and most efficient way.

In order to carry out his duties successfully, the Chairman and Chief Executive Officer makes sure he is informed by the Asset Manager about all matters relating to the companies in the M.R.M. group, takes any steps necessary to collect such information, approves the decisions taken and alerts the competent bodies of the potentially unfavourable consequences of decisions left unresolved.

The Chairman and Chief Executive Officer oversees the actions of the Asset Manager and is responsible for the preparation and presentation of the general budget and business plan setting out the objectives and strategy in the short- and medium-term.

The Board of directors' annual management report to the General Meeting identifies and describes the management of the main risks that could impact the Company's activities and those of the M.R.M. group.

### 3.2.2 The Audit Committee

The Audit Committee monitors the processes used to prepare the separate and consolidated financial statements and assesses the validity of the methods selected to process significant transactions. It reports to the Board of directors.

The Committee's audit of the financial statements is performed in conjunction with the statutory auditors' assignment and it focuses on the nature of the methods used to prepare and audit the financial statements.

To perform its duties, the Audit Committee mainly:

- requests information of every person that it may wish to and, in particular, the Chairman and Chief Executive Officer, the statutory auditors, the Asset Manager, the Property Managers, Financial Management and the Accounting and Treasury managers within the M.R.M. group;
- checks the existence of internal procedures used to maintain, prepare and check the financial statements and the existence of internal control systems and risk management systems;
- verifies significant transactions when these could give rise to a conflict of interest.

In particular, the Audit Committee hears the statutory auditors on:

- their plan and methodology for auditing the financial statements;
- the main choices made in preparation of the financial statements and the possible alternative options to accounting choices made by the Company, indicating, in the latter case, the accounting treatment which they prefer;
- the examinations, verifications and tests they have completed;
- the main risks not reflected in the financial statements (in particular, market risks and significant commitments not included in the balance sheet);
- the main problems encountered when performing their duties; and
- any limitations placed on their audits.

The Audit Committee examines the main areas of risks and uncertainties on the separate and consolidated financial statements (including any interim statements) identified by the statutory auditors, their auditing approach and any difficulties encountered in the execution of their assignment.

The Audit Committee also examines the methods used to ensure the reliability of the accounting and financial information provided to shareholders and the market. The examination process differs depending on whether the financial information distributed is periodic or permanent information.

The examination of the methods used to ensure the reliability of the periodical financial information occurs in the context of the examination of the methods used to prepare and check the financial statements. This examination will in principle be conducted prior to any official announcement by the Company.

The speed at which the permanent information must be distributed usually prevents prior examination by the Audit Committee of the information distributed by the Company. This examination will therefore almost always be conducted a posteriori.

### 3.2.3 The Asset Manager

The M.R.M. group has appointed CBRE Global Investors SAS as its sole agent (the "Asset Manager"), for the purposes of:

- advising the Company's subsidiaries on strategic decisions relating to the property investments that they intend to make;
- assisting the Company's subsidiaries with the management, valuation, administration and disposition of property assets;
- supervising the legal, accounting and fiscal administration of the M.R.M. group companies.

The agreements between the Asset Manager and the Company's subsidiaries provide for and organise the information and reporting obligations to which the Asset Manager is subject in carrying out its duties.

Pursuant to its duties and in the context of monitoring the administration of the M.R.M. group companies, the Asset Manager is responsible for supervising the companies' accounting (subcontracted to accountancy firms), managing cash and filing tax returns. In addition, and if necessary, the Asset Manager recommends the services of an external service provider that it deems necessary to consult, for example lawyers, tax advisers, economists, surveyors, technicians or others, who will be chosen by the Chairman and Chief Executive Officer.

The Asset Manager informs the Chairman and Chief Executive Officer and the Audit Committee of any event or circumstance having a significant negative or positive effect on the value of the properties, and of the periodic valuation of the property assets (using the services of a property appraiser).

The Chairman and Chief Executive Officer, the Asset Manager and Financial Management meet regularly through a management committee, in particular to:

- review the market and management policy, and decide on the treatment of the property assets;
- track developments in the conduct and implementation of the valuation strategies applicable to the property assets, update the management objectives and commercial strategy, approve the multi-year programme of works and update it during the coming year;
- review issues related to the administrative, financial and fiscal management of the M.R.M. group companies, including cash management and bank debt;
- set out the arbitrage policy, select the advisors and agents responsible for the disposition the assets, follow up on the progress of negotiations, and approve the terms and conditions of the transfer agreements;
- evaluate, in coordination with the Audit Committee, the system for communicating financial information, in particular its performance, development and interconnections.

### 3.2.4 The Property Managers

The Property Managers manage the receipts and expenditures relating to the properties, in accordance with the accounting regulations in force in France. They are responsible for the computerised recording of payments, payment reminders, settlements, disputes and their results, so that the Asset Manager can have access to clear and up-to-date information.

The agreements between the Property Managers and the M.R.M. group subsidiaries provide for and organise the information and reporting obligations to which the Property Managers must adhere in performing their duties.

Whenever necessary, the Property Managers provide the Asset Manager with the information required to prepare tax and social security returns. In this context, the information required to ensure that the accounting records are properly maintained is sent on a monthly basis and as soon as possible.

The Asset Manager and Property Managers meet as often as necessary to evaluate the management of the properties. At such meetings, the Property Managers provide the Asset Manager with a management report on the activity, any significant events that have occurred and the proposed actions in the following months.

### 3.2.5 The Financial Management (until 31 December 2011)

In April 2008, an internal financial controller was hired. As an employee of the Company, this person is responsible for (i) financial, accounting and regulatory reporting on transactions performed by the Company and (ii) administrative and financial management of the Company and its subsidiaries. In September 2009, the financial controller was appointed Finance Director of the Company.

The Finance Director is responsible for:

- gathering operational, financial and accounting information for the preparation of the activity reports and annual, interim, quarterly and monthly regulatory information, if necessary;
- coordinating and supervising the work of service providers (chartered accountants, property managers, lawyers, advisors, etc.) for the preparation of said reports;
- supervising the preparation of separate and consolidated financial statements, within the given deadlines, in accordance with the laws and accounting standards in force, in particular with IFRS;
- ensuring that the Company's financial and accounting information is comprehensive and consistent;
- participating in communications for investors and the financial markets (press releases, management of the Internet portal, etc.).

Concerning the administrative and financial management of the Company and the companies it owns, the Finance Director is responsible for:

- managing the cash and banking transactions of these companies;
- supervising the preparation of all tax returns and legal disclosures of the Company and its subsidiaries;
- managing the administration of the companies and coordinating the work of various external advisors and auditors;
- conducting internal control assessments of the Company and its subsidiaries;
- informing the Audit Committee of the results of its internal control assessments; and, more generally,
- managing the relationship with third parties involved in the areas for which the Finance Director is responsible.

If necessary, the Finance Director participates in raising capital and similar transactions.

The Finance Director follows the instructions provided or authorised by the Board of directors, under the supervision of the Chairman and Chief Executive Officer, and in general must comply with all instructions provided to him.

After 31 December 2011, it was decided that the Finance Director would join the staff of CBRE Global Investors SAS during the first quarter of 2012 but would continue to exercise all of his functions and duties for the Company and its subsidiaries. The internal control procedures shall be revised accordingly. CBRE Global Investors SAS shall perform all tasks entrusted to the Finance Director to date.

## 3.3 Risk mapping

The following are the main risks to which the Company could be exposed:

### 3.3.1 Business risks

- Tougher economic environment;
- Ever more competitive environment;
- Unfavourable developments in applicable laws and regulations, in particular as regards commercial leases and listed real estate investment companies (*SIIC* or French REITs);
- Non-renewal of leases and the vacation of assets;
- Non-payment of rents;
- Dependence on certain tenants;
- Failure of IT tools and information systems;
- Damaging financial consequences associated with the acquisition of certain property assets by the Company;
- Damaging financial consequences linked to the sale of certain property assets of the Company;
- The non-completion or delays in the completion of investment projects;
- Inaccurate valuation of the Company's property assets;
- Employment risks;
- Dependence on third parties other than tenants.

### 3.3.2 Company risks

- Lack of liquidity of the Company's shares;
- Conflicts of interest with other real estate investment funds managed in France by CBRE Global Investors.

### 3.3.3 Legal risks

- Proceedings or litigation likely to have a significant impact on earnings.

### 3.3.4 Financial risks

- Foreign exchange risk;
- Interest rate risk;
- Liquidity risk;
- Risks associated with the pledging of property assets to banks.

These risks and the associated hedging policies are presented in detail in Chapter 2 of the registration document.

## 3.4 Preparation and monitoring of the accounting and financial information provided to shareholders

The preparation of the separate and consolidated financial statements is entrusted to chartered accountants working closely with the Chairman and Chief Executive Officer, the Finance Director, the Audit Committee and the members of the Board of directors. The main options to be adopted in terms of the choice of accounting methods are discussed in advance between the chartered accountants, the statutory auditors, General and Financial Management, the Audit Committee and, if necessary, the Board of directors.

The preparation of the accounting and financial information distributed to shareholders relies on the collaboration between the Chairman and Chief Executive Officer, the Finance Director, the Audit Committee, the Board of directors (if necessary), and the external parties involved (chartered accountants and statutory auditors).

The Chairman, the Finance Director, the Audit Committee and the Board of directors are responsible for the preparation and monitoring of the accounting and financial information provided to the shareholders, in collaboration with the chartered accountants and under the supervision of the statutory auditors.

Regular meetings are organised between the Chairman and Chief Executive Officer, the Finance Director and the chartered accountants in the context of the preparation of financial information.

### 3.5 Monitoring the effectiveness of the internal control and risk management systems

The Audit Committee questions the Finance Director and the statutory auditors on the internal procedures used to collect, record, report and review the information necessary to prepare the separate and consolidated financial statements or to prepare the press releases issued to the market.

The Committee evaluates the methods used to ensure permanent improvement, reliability and review of the application of these procedures.

It reports annually to the Board of directors on the evaluation of these procedures. It is informed of the Finance Director's work schedule.

In compliance with Article L. 225-235 of the French Commercial Code, the statutory auditors will present you with their observations on the internal procedures described above relating to the preparation and processing of accounting and financial information, in a report attached to this report.

Paris, 24 February 2012.

Jacques Blanchard

Chairman and Chief Executive Officer

## 4.6 Statutory auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code ("*Code de commerce*") on the report prepared by the Chairman of the Board of directors of the company

*This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of M.R.M. SA, and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

## 1. Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

## 2. Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

The statutory auditors

| | |
|---|---|
| Paris La Défense, 16th April 2012 | Lyon, 16th April 2012 |
| KPMG Audit FS I | RSM CCI Conseils |
| French original signed by Régis Chemouny | French original signed by Pierre-Michel Monneret |

# 4.7 Statutory auditors' report on regulated agreements and commitments

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we would have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225 31 of the French commercial code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

However, we are required, where applicable, to inform you in accordance with Article R. 225 31 of the French commercial code of the implementation of the agreements and commitments which were already approved by the shareholders' meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national institute of auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the underlying documentation from which it was extracted.

## 1 AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

### Agreements and commitments authorized during the year

We inform you that it was given to us no notice of any agreement or undertaking authorized in fiscal year to be submitted to the approval of the annual general meeting in application of article l. 225 - 38 of the French commercial code.

### Agreements and commitments authorized after the year-end

We have been advised of the following agreements, approved after the year-end, which have been previously authorized by your Board of Directors.

#### Contract of services:

- With :

The company CBRE Global Investors Holding (France) SAS.

- Person concerned :

The company CBRE Global Investors Holding (France) SAS, member of the board of directors of your company.

- Nature and purpose :

Your company has signed on April 18, 2012, after prior authorization by your board of directors, a contract for services of administrative and financial management with the company CBRE Global Investors Holding (France) SAS.

- Terms and conditions:

This contract begun on April 18, 2012 for an indefinite period. The annual fee equals to the salary (including bonuses and payroll taxes) paid for the year by CBRE Global Investors Holding (France) SAS to Mrs. Marine PATTIN from January 1, 2012 date of transfer of the employment contract (see infra).

There is no charge recorded in the accounts of your company under this contract in the financial statements of 2011.

### Agreements and commitments not previously authorized

Pursuant to articles l. 225 - 42 and l. 823 - 12 of the code of commerce, we inform you that the following commitments and conventions were not previously authorized by your Board of Directors.

We have to communicate to you why the authorization procedure has not been followed.

### Tripartite agreement of transfer of employment contract:

- With:

The company CBRE Global Investors Holding (France) SAS (formerly named CBRE Global Investors SAS) and Mrs. Marine PATTIN, M.R.M. employee.

- Person concerned:

The company CBRE Global Investors SAS, member of the Board of directors of your company.

- Nature and purpose:

Your company has transferred on February 28, 2012 the employment contract of Mrs. Marine PATTIN, Chief Financial Officer of your company to CBRE Global Investors SAS.

- Terms and conditions:

The effective date of the transfer of the employment contract is January 1, 2012.

Your company has estimated that this convention falls within article l. 225 - 39 of the Code of commerce and, accordingly, that the prior authorization procedure provided for in article L. 225-38 of this Code was not applicable.

## 2 AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

### Agreements and commitments approved in prior years whose implementation continued during the year

In accordance with Article R. 225-30 of the French commercial code, we have been advised that the following agreements and commitments, which were approved in prior years, continued to be implemented during the year.

#### Agreement on current accounts:

- With the following companies:
  - Boulevard des Iles SAS
  - SCI du 325/345 avenue Georges Clémenceau
  - SCI Galetin II
  - DB Piper SAS
  - DB Tucano SAS
  - Investors Retail Holding SAS
  - Commerces Rendement SAS
  - SCI Immovert
  - DB Fouga SAS
  - DB Neptune SAS
  - DB Albatros SAS
  - DB Cougar SAS
  - SCI Noratlas
  - Immomarque SAS
- Entity concerned:

Mr. Jacques BLANCHARD as Chairman of your Board of Directors and representative of your company which is Chairman of all co-contracting subsidiaries.

- Nature and purpose:

Your company signed on August 27, 2008 an agreement on current accounts for a period of five years with nineteen of its subsidiaries and sub-subsidiaries.

The company Immomarque SAS acceded to this convention on June 10, 2009.

- Terms and conditions

Advances are paid at the maximum tax deductible rate which is 3.99% for the year 2011.

These advances and related interest amount to the following figures at December 31, 2011:

| Companies | Balance of current accounts as at 31 December 2011 debtors (positive amounts) or creditors (negative amounts) | Expense (negative amounts) or income (positive amounts) recorded in the books of M.R.M. in the course of the fiscal year ended as at 31 December 2011 |
|---|---|---|
| Boulevard des Iles SAS | -2,036 | -86 |
| SCI du 325/345 avenue Georges Clémenceau | 0 | -182 |
| SCI Galetin II | 266 | 10 |
| DB Piper SAS | 1,137 | 55 |
| DB Tucano SAS | 8,213 | 147 |
| Immomarque | 0 | 0 |
| Investors Retail Holding SARL | -1,194 | -47 |
| Commerces Rendement SAS | 1,123 | 133 |
| SCI Immovert | 3,168 | 149 |
| DB Fouga SAS | -4,033 | -116 |
| DB Neptune SAS | 42 | 2 |
| DB Albatros SAS | -11,767 | -101 |
| DB Cougar SAS | 342 | 13 |
| SCI Noratlas | 6,497 | 150 |

The company SCI du 325/345 avenue Georges Clémenceau was sold on October 28, 2011.

In addition the company SAS Immomarque was merged into the company SAS Commerces Rendement on January 23, 2011.

The agreement on current account between M.R.M. SA and the companies SCI du 325/345 avenue Georges Clémenceau and SAS Immomarque was therefore terminated during the fiscal year

The statutory auditors

| Paris La Défense, 25th April 2012 | Lyon, 25th April 2012 |
|---|---|
| KPMG Audit FSI | RSM CCI Conseils |
| Régis Chemouny | Pierre-Michel Monneret |
| Partner | Partner |

# 4.8 Statutory auditors

## Permanent statutory auditors

**KPMG Audit FS I SAS**

Le Palatin

3 cours du Triangle

92939 Paris-La Défense Cédex, France

Represented by Régis Chemouny.

Date of first appointment: Combined General Meeting of 9 June 2011.

Date of expiry of term of office: The General Meeting called to approve the financial statements for the financial year ended 31 December 2016.

**RSM CCI CONSEILS**

2 bis rue Tête d'Or

69006 Lyon

Represented by Pierre-Michel Monneret.

Date of first appointment: Ordinary General Meeting of 29 June 2005.

Date of expiry of term of office: the General Meeting called to approve the financial statements for the financial year ended 31 December 2016.

## Deputy statutory auditors

**KPMG Audit FS II SAS**

Le Palatin

3 cours du Triangle

92939 Paris-La Défense Cedex

Represented by Malcolm McLarty.

Date of first appointment: Combined General Meeting of 9 June 2011.

Date of expiry of term of office: The General Meeting called to approve the financial statements for the financial year ended 31 December 2016.

**Roland Carrier**

2 bis rue Tête d'Or

69006 Lyon

Date of first appointment: Ordinary General Meeting of 29 June 2005.

Renewal date: Combined General Meeting of 9 June 2011.

Date of expiry of term of office: The General Meeting called to approve the financial statements for the financial year ended 31 December 2016.

# 4.9 Fees paid to the statutory auditors

► FINANCIAL YEARS COVERED: 2011 AND 2010

| | KPMG AUDIT | | | | RSM CCI CONSEILS | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount excluding VAT | | % | | Amount excluding VAT | | % | |
| *(in thousands of euros)* | N | N-1 | N | N-1 | N | N-1 | N | N-1 |
| Auditing, certifying and examining the separate and consolidated financial statements (a) (b) | | | | | | | | |
| • Issuer | 115.0 | 115.2 | 57% | 55% | 57.2 | 57.2 | 100% | 100% |
| • Globally-integrated subsidiaries | 86.5 | 95.0 | 43% | 45% | - | - | 0% | 0% |
| Other services directly associated with duties as a statutory auditor (c) | | | | | | | | |
| • Issuer | | | | | | | | |
| • Globally-integrated subsidiaries | | | | | | | | |
| SUB-TOTAL | 201.5 | 210.2 | 100% | 100% | 57.2 | 57.2 | 100% | 100% |
| Other services rendered by the network to globally-integrated subsidiaries (d) | | | | | | | | |
| • Legal, fiscal, social | | | | | | | | |
| • Others (specify if > 10% of the audit fees) | | | | | | | | |
| SUB-TOTAL | - | - | 0% | 0% | - | - | 0% | 0% |
| **TOTAL** | **201.5** | **210.2** | **100%** | **100%** | **57.2** | **57.2** | **100%** | **100%** |

*(a) In the period in question, these are services provided during an accounting year recognised in the income statement.*

*(b) Including the services of independent experts or members of the statutory auditors' network that the statutory auditor may call upon in the certification of the statements.*

*(c) This heading includes due care and directly related services provided to the issuer or to its subsidiaries:*

- *- provided by the statutory auditor in compliance with the provisions of Article 10 of the Code of professional conduct.*
- *- provided by a member of the network in compliance with the provisions of Articles 23 and 24 of the Code of professional conduct.*

*(d) These are non-auditing services provided in compliance with the provisions of Article 24 of the Code of professional conduct by a member of the network to the subsidiaries of the issuer whose financial statements are certified.*

# 4.10 Transactions with affiliated companies

## 4.10.1 Regulated agreements

See the statutory auditors' special report on regulated agreements and commitments, presented in 4.7.

## 4.10.2 Other agreements with related parties

None.

# 5. SIGNIFICANT CONTRACTS

M.R.M.'s subsidiaries are bound by management agreements with CBRE Global Investors, the main terms of which are summarised in sections 1.6 and 4.3 of this document, respectively entitled "Group organisation" and "Corporate governance".

# 6. INFORMATION ON INVESTMENTS

A list of the companies within the scope of consolidation of the M.R.M. group can be found in section 3.7 of this document entitled “Consolidated financial statements for the financial year ended 31 December 2011”, in part 3.1 of the notes to the financial statements.

The Group’s subsidiaries are also presented in paragraph 1.5 of this document, entitled “Group ownership structure”.

# 7.

# COMBINED GENERAL MEETING OF 7 JUNE 2012

## Agenda of the Ordinary General Meeting

- Examination and approval of the separate financial statements for the financial year ended 31 December 2011;
- Appropriation of income for the financial year ended 31 December 2011;
- Examination and approval of the consolidated financial statements for the financial year ended 31 December 2011;
- Statutory auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code;
- Ratification of the cooptation of a director;
- Directors' fees;
- Authorisation to be granted to the Board of directors for the Company to buy back its own shares.

## Agenda of the Extraordinary General Meeting

- Transfer of head office;
- Powers of attorney.

# Draft resolutions

## Ordinary resolutions

### First resolution

***(Approval of the separate financial statements for the financial year ended 31 December 2011)***

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the management report of the Board of directors and the report of the statutory auditors, approves the annual financial statements for the financial year ended 31 December 2011, comprising the balance sheet, the income statement and the notes to the financial statements, as presented to it by the Board of directors, together with the transactions reflected in these financial statements and summarised in said reports, showing a profit of €10,257,604.

Having noted that the Combined General Meeting of 9 June 2011, called to approve the financial statements for the financial year ended 31 December 2010, recorded a loss of €11,552,840, that it resolved to appropriate the whole of said loss to «retained earnings» which thus totalled a negative €65,353,030 at 31 December 2010, that, as a result of this loss, the Company's equity fell to less than half of the Company's share capital and that, pursuant to Article L. 225-248 of the French Commercial Code, the Extraordinary General Meeting of Shareholders of 7 October 2011 resolved not to dissolve the Company and to continue the company operations.

The General Meeting notes that, as a result of the profit generated in the year ended 31 December 2011, equity is now once again above the threshold of half of share capital and that it will therefore record an amendment in the Trade and Companies Register, noting the regularisation of the Company's circumstances.

The General Meeting notes that the Company did not incur any expenditure or charge of the kind referred to in Article 39-4 of the French General Taxation Code during the financial year ended 31 December 2011.

### Second resolution

***(Appropriation of income for the financial year ended 31 December 2011)***

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, acting on the proposal of the Board of directors, resolves to allocate the profit for the financial year ended 31 December 2011 totalling €10,257,604 to "retained earnings" which will thereby rise from minus €65,353,030 to minus €55,095,426.

The General meeting notes that the Company has not paid out any dividends in the last three financial years.

### Third resolution

***(Approval of the consolidated financial statements for the financial year ended 31 December 2011)***

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the management report of the Board of directors and the report of the statutory auditors, approves the consolidated financial statements for the financial year ended 31 December 2011, comprising the statement of financial position, consolidated income statement and the notes to the financial statements, as presented to it by the Board of directors, as well as the transactions reflected in these financial statements and summarised in these reports, showing a profit of €2,506,543.

### Fourth resolution

***(Statutory auditors' special report on the agreements referred to in Article L. 225-38 and L. 225-39 of the French Commercial Code)***

The Chairman reminds the shareholders at the meeting that the list of agreements falling within the scope of application of Articles L. 225.38 and L. 225.39 of the French Commercial Code was forwarded to the statutory auditors with a view to the preparation of their report. He presents the aforesaid report and the agreements mentioned therein.

After examination of the dealings reflected in this report, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, notes the conclusions of this report and, insofar as required, approves the terms thereof.

## Fifth resolution

***(Ratification of the co-opting of a director)***

The General Meeting, in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the report of the Board of directors, hereby ratifies the co-opting of Brigitte Gauthier-Darcet as director, as approved at the Board of directors' meeting of 29 November 2011, to replace the company CB Richard Ellis European Warehousing Sàrl, which resigned, for the remaining term of her predecessor's appointment until the end of the General Meeting called to approve the financial statements for the financial year ended 31 December 2012.

## Sixth resolution

***(Directors' fees)***

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, and pursuant to the provisions of Article L. 225-45 of the French Commercial Code, resolves to set the overall amount of directors' fees allocated to members of the Board of directors for the current financial year, starting 1 January 2012, at €30,000.

## Seventh resolution

***(Authorisation to be granted to the Board of directors for the Company to purchase its own shares)***

The General Meeting, in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the report of the Board of directors, authorises the Board of directors, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and European Regulation no. 2273/2003 of 22 December 2003, to purchase the Company's own shares.

This authorisation is granted for the following, if necessary:

- market making or ensuring stock liquidity by an investment services provider under a liquidity agreement that complies with the AMF-recognised (French Financial Markets Authority) AMAFI ethics charter;
- buying shares in order to hold them and subsequently use them in consideration or in exchange as part of acquisitions as an AMF-approved practice;
- the allocation of shares to employees and/or corporate officers (on the terms and conditions established by law), in particular within the framework of a stock option scheme, bonus share awards or a company savings plan;
- allocate shares to holders of securities giving access to the Company's capital by exercising the rights attached to said securities, pursuant to the regulations in force.

The above-mentioned acquisition, sale or transfer operations described above may be performed by any means permitted by law and the regulations in force, including the use of derivative financial instruments and block purchases or sales.

These transactions may be performed at any time, including during a tender offer, subject to the abstention periods established in the legal provisions and regulations in force.

The General Meeting fixes the maximum number of shares that may be acquired under this resolution as of 10% of the Company's capital at the date of this meeting. This corresponds to 350,197 shares with a nominal value of €8, it being specified (i) that when using this authorisation, the number of treasury shares must be taken into account to ensure that the Company remains continuously within the limit for treasury shares, with a maximum equal to 10% of the share capital and (ii) that the number of treasury shares to be delivered as payment or in exchange under the framework of a merger, demerger or capital contribution operation may not exceed 5% of the capital.

The General Meeting decides that the total sum invested in these acquisitions cannot exceed €3 million and that the maximum purchase price cannot exceed €12 per share.

In the event of a capital increase by means of the incorporation of share premiums, reserves, retained earnings or other items in the form of bonus share awards during the term of this authorisation as well as in the case of share splits or combinations, the maximum unit price indicated above will be adjusted by applying a multiplier equal to the ratio of the number of shares in the share capital before the transaction and the number of shares following the transaction.

The General Meeting grants the Board of directors, with the power to delegate on the terms and conditions established by law, all powers required to:

- decide to implement this authorisation;
- approve stock market orders, conclude any agreements with a view to, in particular, maintaining records of share purchases and sales, in accordance with the regulations in force;
- prepare all declarations and complete all other formalities and, in general, perform all that may be necessary.

The Board of directors will notify shareholders at their Annual Ordinary General Meeting of all transactions performed in accordance with this resolution.

The present authorisation is granted for a term of 18 months as from the date of this Meeting. It cancels and replaces the authorisation previously granted in the fourteenth resolution of the General Meeting of 9 June 2011.

## Extraordinary resolutions

### Eighth resolution

***(Transfer of head office)***

The General Meeting, in accordance with the quorum and majority requirements for Extraordinary General Meetings, having considered the report of the Board of directors, hereby resolves to transfer the head office, effective from 1 July 2012, to the following address: 11 Place Édouard VII in Paris (75009).

The General Meeting also resolves to amend Article 4 of its Articles of Association, which shall, as from 1 July 2012, read as follows:

"ARTICLE 4 - HEAD OFFICE

The Company's head office is at 11 place Édouard VII, PARIS (75009)."

### Ninth resolution

***(Powers of Attorney)***

The General Meeting hereby gives full powers to the bearer of an original, copy or extract of these resolutions to carry out any legal formalities.

# 8.

# PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Jacques Blanchard

Chairman of the Board of directors and Chief Executive Officer.

# 9. FINANCIAL CALENDAR

| | |
|---|---|
| *10 May 2012:* | First quarter 2012 revenue |
| *7 June 2012:* | General Meeting of Shareholders |
| *26 July 2012:* | Second quarter 2012 revenue |
| *13 September 2012:* | 2012 interim results |
| *8 November 2012:* | Third quarter 2012 revenue |

# 10. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of this registration document are available free of charge from the Company, on its website (www.mrminvest.com) and from the French Financial Markets Authority (*Autorité des Marchés Financiers*) (www.amf-france.org).

All legal and financial documents that must be made available to shareholders, in accordance with applicable regulations, may be consulted at M.R.M.'s head office: 65/67 avenue des Champs-Élysées Paris (75008), France.

In particular, the following documents can be consulted:

**(a)** the issuer's deed of incorporation and Articles of Association;

**(b)** any reports, letters and other documents, historic financial information, valuations and declarations prepared by an expert at the issuer's request, part of which is included or referred to in the registration document;

**(c)** historic financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the registration document.

The "Regulated information" section of the Company's website is available at the following address: http://ir.finance.mrminvest.com

This section includes all the regulated information distributed by M.R.M. in accordance with the provisions of Articles 221-1 *et seq.* of the General Regulations of the AMF (*Autorité des Marchés Financiers*).

# 11.

# CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

## 11.1 Person responsible for the registration document

Mr Jacques Blanchard, Chairman and Chief Executive Officer of M.R.M.

## 11.2 Certification by the person responsible for the registration document

Having taken all reasonable steps for this purpose, I hereby certify that the information contained in this registration document is, to the best of my knowledge, true and that it does not contain any omissions likely to alter its scope.

I also certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and provide a fair view of the asset portfolio, financial position and results of the Company and the companies included within the scope of consolidation, and that the management report (included in section 3.6) presents a fair view of the evolution of the business, results and financial position of the Company and the companies included within the scope of consolidation included, as well as a description of the main risks and uncertainties facing these.

I have received a letter from the statutory auditors confirming that they have completed their work and stating that they have verified the information relating to the financial position and the financial statements provided in this registration document, which they have read in full.

The historic financial information presented in this document formed the subject of the statutory auditors' report, included in pages 105 and 119. The statutory auditors' report referring to the annual financial statements at 31 December 2009 and 31 December 2010 included comments. The statutory auditors' report referring to the consolidated financial statements at 31 December 2011 and the statutory auditors' report referring to the annual financial statements at 31 December 2011 both contain a comment on the actions undertaken by the Company in order to cope with the repayments of loans due in June and December 2012, and which justify the continuation of the going concern principle.

Jacques Blanchard

Chairman and Chief Executive Officer

# 12.

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To facilitate the reading of this document, the above check-list allows you to identify in this registration document, the information comprising the annual financial report that must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers*).

# Notes

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