



MRM Newsletter

Shareholders, investors, analysts



Key figures at 30.06.2019

Portfolio Value
€163.5m
+2.6% like-for-like
(value excl. tt)

Net Rental Income
€3.4m
+5.5%

Net Operating Cash Flow
€1.7m
+49.0%

EPRA NNAV
€2.30
per share

Find the full press release and
the first half 2019 results presentation in
the Finance section of the MRM website:
www.mrminvest.com

Dear Readers and Shareholders,



Having become a pure-play retail property investment company since early 2019, MRM delivers a robust operating performance. During the first half of the year, letting activity was buoyant, with new leases signed bringing the projected occupancy rate up to 87% of portfolio floorspace. The store mix remains favorable in light of sector trends, with significant exposure to home and garden, food & foodservice and fitness, and limited exposure to the clothing sector, which now represents only 7% of our annualised gross rents.

Net rental income has increased despite the decline in gross rental income caused by the absence of office rents, which were still contributing to revenues last year. The increase was driven by new retail leases and savings on non-recovered property expenses following the sale of our last remaining office buildings, which were partially or totally vacant. Coupled with a reduction in operating costs and financial expenses, this led to a sharp rise in net operating cash flow.

We are actively pursuing our retail asset value-enhancement plan, which is reflected in the growth in value of the portfolio at end-June 2019. The Valentin shopping centre redevelopment and extension project has progressed well and the former Galerie du Palais in Tours, now renamed Passage du Palais, was refurbished and repositioned during the first half of the year.

Our financial structure remains extremely robust after taking into account the implementation of our investment plan and a €4.8 million dividend¹ payment in respect of 2018 fiscal year. Debt ratio remains moderate and no significant loan repayments fall due before the end of 2021. We are therefore confidently entering the final phase of our investment plan, which will end upon completion of the Valentin extension works scheduled for the second quarter of 2020.

Meanwhile, we will continue to pursue our letting, re-letting and tenant rotation activities aimed at adjusting our retail mix to customer needs and trends in consumer behaviour. We thus confirm our target of annualised net rents in excess of €10 million, assuming a portfolio occupancy rate of 95%, excluding asset acquisitions or sales. Furthermore, with our solid financial position we can actively seek acquisition opportunities, even though current conditions in the retail property market call for the utmost discipline, and we do not rule out the possibility of future asset disposals as part of a rotation of our retail portfolio. Lastly, MRM intends to pursue an active, regular dividend distribution policy.

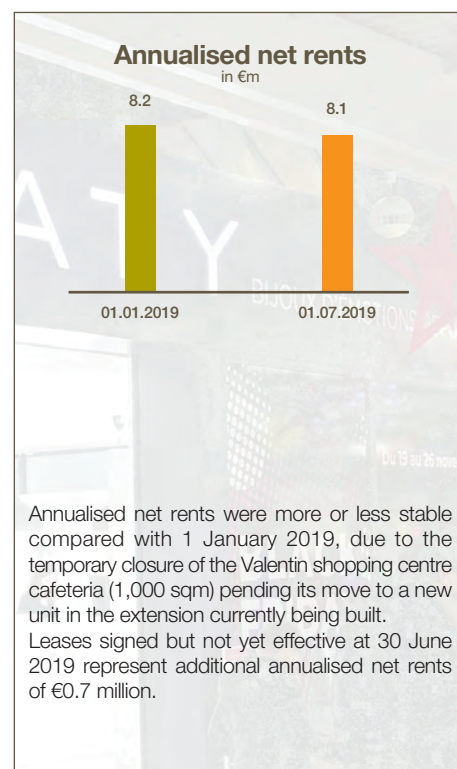
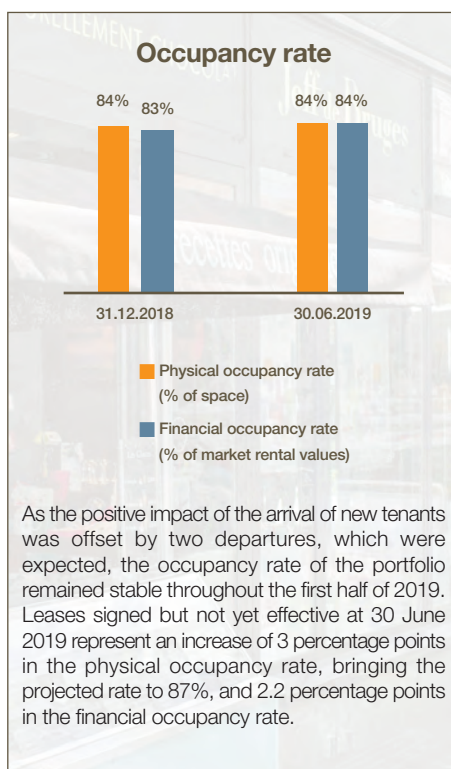
I thank you for your continued loyalty.

Jacques Blanchard
Chief Executive Officer

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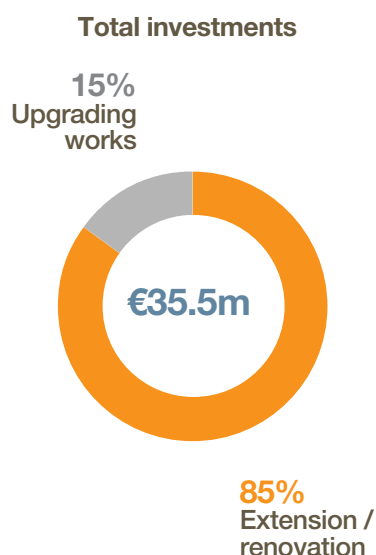
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Buoyant rental and letting activity



Valentin shopping center, Besançon

2016-2020 investment plan

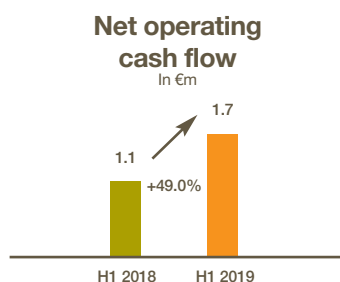
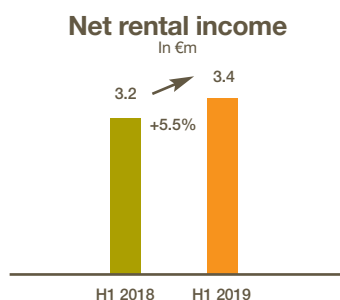
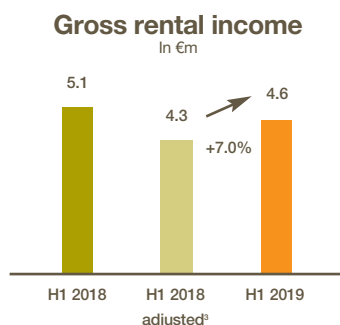
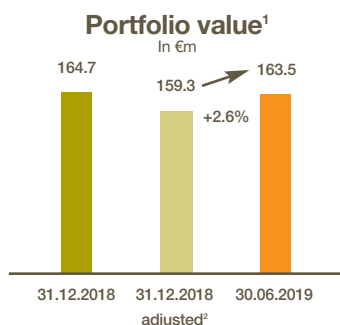


MRM is in the final phase of its investment plan devoted to seven of its nine retail asset lines. The plan has been implemented on a staged basis since 2016. All renovation and extension programmes have now begun and five have already been completed (Halles du Beffroi in Amiens, Sud Canal in Saint-Quentin-en-Yvelines, Carré Vélizy in Vélizy-Villacoublay, Aria Parc in Allonnes and Passage du Palais in Tours). At 30 June 2019, the total investment yet to be paid stood at €12.4 million. The remaining work outstanding includes:

- Completion of the 1,000 sqm redevelopment and 2,600 sqm extension of the Valentin shopping centre, MRM's biggest investment programme, the shell units being due for delivery to the lessees in the second quarter of 2020 for public opening in the third quarter of 2020;
- The smaller redevelopment programme on the ground floor of Passage de la Réunion in Mulhouse.



First-half 2019 results



¹ Based on appraisal values excl. tt
² Adjusted for the asset sale carried out in H1 2019
³ Adjusted for asset sales carried out since 01.01.2018

Net rental income up 5.5%

Revenues for first half 2019 correspond entirely to gross rental income from retail assets. They increased by 7.0% driven mainly by the impact of new leases. Rent indexation had a positive but moderate impact. Like-for-like gross rental income fell by 9.6% compared with first-half 2018, which included €0.8 million of rent from the Nova office building before it was sold. Non-recovered property expenses fell significantly by 36.3% thanks to the sale of Urban, which was vacant, and Nova, which was 80% occupied, coupled with new lettings and work on reducing property expenses on some retail assets. All in all, net rental income rose sharply to €3.4 million.

Strong growth in net operating cash flow: +49.0%

Net operating cash flow amounted to €1.7 million, a sharp rise compared with the first half of 2018 driven by the combined effect of growth in net rental income, a reduction in operating expenses and lower financial expenses due to the reduction in the Group's debt.

Positive operating income and net income

Growth in net rental income coupled with the decrease in operating expenses and a positive change in portfolio fair value resulted in operating income of €3.1 million versus a loss of €3.8 million the previous year. Net financial expense amounted to €0.7 million compared with €1.1 million in the first half of 2018. This decrease was driven by the reduction in the Group's debt following the sale of Nova in particular. Consequently, consolidated net income for first-half 2019 came to €2.4 million compared with a loss of €4.9 million in the same period the previous year.

Solid financial position

Gross debt stood at €73.2 million at 30 June 2019 compared with €74.1 million at end-December 2018. No significant loan repayments fall due before end 2021. Taking into account MRM's cash position at end-June 2019, net debt stood at €61.3 million. At 30 June 2019, the net LTV ratio was 37.5% compared with 36.8% six months earlier. EPRA NNNAV came to €100.2 million at 30 June 2019. Adjusted for the dividend paid in respect of 2018, EPRA NNNAV increased by 2.4%, driven by growth in net operating cash flow and portfolio fair value during the first half.



Passage du Palais, Tours

Increase in portfolio value on a like-for-like basis

At 30 June 2019, the portfolio comprised only retail assets, the value of which stood at €163.5 million, an increase of 2.6% over six months. This growth resulted from carried-out investments coupled with a slightly favourable yield effect on some assets due either to an improvement in their rental situation or to progress in investments during the period. On a reported basis, i.e. including Urban, MRM's last remaining office building which was sold in January 2019, the portfolio value declined slightly by 0.6% compared with 31 December 2018.

Investments carried-out during the first half amounted to €3.0 million, mainly relating to:

- Continued redevelopment and extension work on the Valentin shopping centre, due for completion in the second quarter of 2020;
- Refurbishment and repositioning of Galerie du Palais in Tours, now renamed Passage du Palais. The customer pathway has been redesigned and services improved to create a lively city-centre facility that meets the needs of the town's residents.

Reinforcing the commercial momentum

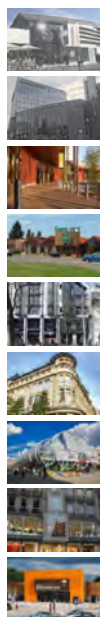
When refurbishing and extending its shopping centres, MRM pays close attention to services for the retail stores, the customer pathway, the common parts and the general atmosphere of the place.

In addition, work is done on the positioning and store mix of each individual shopping centre to ensure that the retail and service offering is suited to and meets the needs of its clientele.

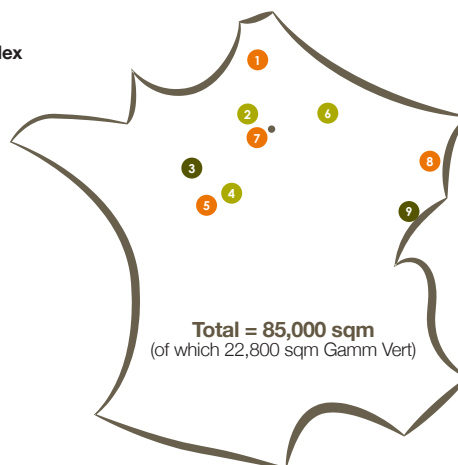
Blending in with the environment, signage, surrounding areas and soft transport access also contribute to the attractiveness of its shopping centres.

Lastly, local communication campaigns are organised on a regular basis (name, visual identity, commercial actions, events, activities).

A portfolio of six shopping centres and three independent assets



- 1 Halles du Beffroi
Amiens
- 2 Carré Vélizy mixed-use complex
Vélizy-Villacoublay
- 3 Aria Parc
Allonnes
- 4 Gamm Vert portfolio
Centre and Ile de France regions
- 5 Passage du Palais
Tours
- 6 2 rue de l'Étape
Reims
- 7 Sud Canal
St-Quentin-en-Yvelines
- 8 Passage de la Réunion
Mulhouse
- 9 Valentin shopping center
Besançon



Total = 85,000 sqm
(of which 22,800 sqm Gamm Vert)

- City-centre shopping centres
- Suburban shopping centres
- Independent properties

Focus:

Value-enhancement work over time at Carré Vélizy

The Carré Vélizy mixed-use complex is ideally located at the heart of a large multi-activity cluster some ten kilometres from Paris, adjacent to the Westfield Vélizy 2 shopping centre and a regional transport hub. Its retail space was extended to 5,500 sqm in 2017 and is fully occupied by three stores and a restaurant. It is also positioned as a prime business centre, with entrance halls, landscaped areas and parking facilities largely refurbished since 2016. At the end of June 2019, the 6,100 sqm of office space was more than two-thirds let compared with about 50% six months earlier. MRM pursues the letting of the available renovated office units.



Carré Vélizy, Vélizy-Villacoublay

About MRM

MRM is a listed real estate investment company that owns and manages a portfolio of retail properties across several regions of France. Its majority shareholder is SCOR SE, which owns 59.9% of share capital. MRM is listed in Compartment C of Euronext Paris (ISIN: FR0000060196 - Bloomberg code: MRM:FP - Reuters code: MRM.PA). MRM opted for SIIC status on 1 January 2008.

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Next publications

8 November 2019

Third quarter 2019 financial information

28 February 2020

2019 annual results

MRM share information

Ticker: MRM / ISIN code FR0000060196

Market: EURONEXT PARIS - Compartment C

Included in the IEIF SIIC France index

Type: Ordinary shares – Daily double fixing

Press releases can be downloaded from the Finance section of the website.

For more information, visit the website: www.mrminvest.com

If you would like to receive MRM publications directly, please send a request with your email address to the contacts mentioned above.

