



Press release

2016 full-year results

- **Gross rental income up 3.2% like-for-like¹**
- **Net operating cash flow² up 12.9%**
- **Increase in portfolio value of 5.7% like-for-like³**
- **Proposed dividend⁴ of €0.11 per share, up 10%**

Paris, 24 February 2017: MRM (Euronext code ISIN FR0000060196), a real estate company specialising in retail and office property, today announced its results for the financial year ended 31 December 2016. This publication follows the review and approval of the audited financial statements⁵ by MRM's Board of Directors at its meeting of 23 February 2017.

Portfolio of €197.8 million at 31 December 2016

The value⁶ of MRM's portfolio was €197.8 million at 31 December 2016, compared with €226.0 million at 31 December 2015. This change reflects notably the acceleration of disposals of office properties over the course of the year. Three office properties were sold for a total of €38.0 million (excluding transfer taxes). On a like for like basis, the value of the portfolio increased by 5.7%.

During 2016, investment in retail value-enhancement programs totalled €5.8 million (primarily Sud Canal in Saint-Quentin-en-Yvelines and Les Halles in Amiens). MRM also made an investment of €1.5 million on office properties that were sold later on.

The fair value of the portfolio increased by €5.0 million relative to 31 December 2015.

¹ Revenues are calculated on a like-for-like basis by deducting the rental income generated by acquired assets from the revenues reported for the current year and deducting the rental income generated from assets sold from the revenues reported for the previous year.

² Net operating cash flow = consolidated net income before tax adjusted for non-cash items.

³ Adjusted for asset sales carried out in 2016.

⁴ Proposed pay-out of dividends and premiums in respect of the 2016 financial year, subject to approval by shareholders at the annual general meeting to be held on 1 June 2017.

⁵ Audit procedures have been performed and audit reports for MRM SA's financial statements and the Group's consolidated financial statements are currently being issued.

⁶ Value excluding transfer taxes based on valuations issued on 31 December 2016 by Jones Lang LaSalle, including assets held for sale, which are recognised in accordance with IFRS 5.

| Portfolio value ⁶ | 31.12.2016 | | 31.12.2015 | Like-for-like change ³ |
|------------------------------|--------------|-------------|------------|-----------------------------------|
| | €m | % of total | €m | |
| Retail | 152.8 | 77% | 144.0 | +6.1% |
| Offices | 45.0 | 23% | 82.0 | +4.5% |
| Total | 197.8 | 100% | 226.0 | +5.7% |

Retail

The value⁶ of the retail portfolio as at 31 December 2016 increased by 6.1% relative to 31 December 2015, reflecting the solid progress made in value-enhancement programs.

Over the course of the year, 26 new leases or lease renewals were signed, representing total annual rental income of €2.2 million. In particular, MRM signed leases within the framework of value-enhancement plans at Sud-Canal in Saint-Quentin-en-Yvelines (5 leases of which Action, Fitness Park and Joué Club), Les Halles in Amiens (Bistro Régent), Carré Vélizy in Vélizy-Villacoublay (Indiana Café) and Le Passage de la Réunion in Mulhouse (Freeness, a fitness centre). In addition, 11 leases were renewed for the GammVert garden centres portfolio.

The occupancy rate for the retail portfolio was 84% as at 1 January 2017. Taking account leases signed that have not yet taken effect at that time, the occupancy rate is 86%.

Net annualised rental income for retail properties was €7.9 million as at 1 January 2017, up 0.7% relative to 1 January 2016. This was partly due on the one hand to the first retailers arriving at redeveloped premises and, on the other hand, to the departure of tenants, rent reductions granted within the framework of value-enhancement programs and lease renewals. Concerning Carré Vélizy, a mixed-use office/retail complex included in the retail portfolio, departure of tenants concerned office space.

Offices

2016 was a busy year in terms of management of the office portfolio, with three additional sales (Cytéo in Rueil-Malmaison, Solis in Les Ulis and Cap Cergy in Cergy-Pontoise).

Adjusted for asset sales carried out during the year, the value of the office portfolio at 31 December 2016 was up 4.5% compared with 31 December 2015 at €45.2 million. This portfolio now comprises just two properties (Nova in La Garenne-Colombes and Urban in Montreuil) for which the selling process has already been initiated.

At 31 December 2016, the office portfolio accounted for just 23% of the total value of the portfolio compared with 43% at 30 June 2013, reflecting the progress made in MRM's strategy of refocusing on retail properties.

Like-for-like increase in rental income

| Consolidated revenues | 2016 | | 2015 | Change (reported) | Like-for-like change ¹ |
|----------------------------------|-------------|-------------|------|-------------------|-----------------------------------|
| | €m | % of total | €m | | |
| Retail | 8.9 | 68% | 9.3 | -4.8% | -4.8% |
| Offices | 4.1 | 32% | 4.3 | -4.8% | +26.1% |
| Total gross rental income | 13.0 | 100% | 13.6 | -4.8% | +3.2% |

Gross rental income totalled €13.0 million in 2016, down 4.8% compared with 2015. This includes the effect of disposals of office properties since 1 January 2015. On a like-for-like basis¹, gross rental income increased by 3.2%.

Gross rental income from retail properties fell by 4.8% over the full year in 2016. However, the arrival of new tenants at recently redeveloped premises was staggered as of July 2016. This only partly made up for strategic vacancies, the adjustment of rental terms granted and the departure of tenants. New leases allowed for a return to positive growth in rental income for the retail portfolio as from the third quarter of 2016.

Gross rental income from office properties fell by 4.8% on a reported basis due to asset sales but increased by 26.1% on a like-for-like basis¹. This reflects the improved occupancy rate for buildings during the quarters before they were sold.

Increase in net operating cash flow

| Net operating cash flow² €m | 2016 | 2015 | <i>Change</i> |
|--|-------------|-------|---------------|
| Net rental income | 9.5 | 9.8 | -2.9% |
| Operating expenses | (3.2) | (3.1) | +2.1% |
| Other operating income and expense | 0.6 | 0.0 | n/a |
| EBITDA | 6.9 | 6.7 | +2.9% |
| Net cost of debt | (1.9) | (2.3) | -16.2% |
| Net operating cash flow | 4.9 | 4.4 | +12.9% |

The reduction in net rental income relating to asset sales was more than offset by an increase in other non-recurring net operating income, allowing for an EBITDA of €6.9 million in 2016, up 2.9%.

Further reduction in debt coupled with historically low interest rates allowed for a further 16.2% reduction in net cost of debt to €1.9 million in 2016.

MRM therefore generated net operating cash flow of €4.9 million, up 12.9% compared with 2015.

Solid balance sheet and significant rescheduling of debt

MRM had cash and cash equivalents of €25.0 million at 31 December 2016 compared with €13.4 million at 31 December 2015. Taking account of asset sales and contractual repayments, bank debt decreased by €15.0 million. In total, net debt was reduced by 27% compared with 31 December 2015, to €71.0 million. The net LTV ratio once again decreased over the course of the year to 35.9% at 31 December 2016 compared with 43.2% at 31 December 2015.

In December 2016, MRM signed a bank loan with SaarLB maturing at the end of 2021, comprising two credit facilities. The first €48.6 million credit facility, secured against part of the retail portfolio, replaces the credit facility of the same amount that was due to mature at the end of 2017. The second €15.2 million credit facility is intended for financing retail value-enhancement programs. In addition, MRM announced in December 2016 the one-year extension, under the same terms, of a €22.0 million loan that was due to mature in January 2017. MRM's bank debt has therefore been significantly rescheduled, with the percentage of loans maturing in less than two years reduced from 92% of the total as at 31 December 2015 to 41% as at 31 December 2016.

Considering the dividend⁷ paid in respect of the 2015 financial year (-€4.4 million), net operating cash flow generated during the year (+€4.9 million), the change in the fair value of properties (+€4.3 million) and impact from asset sales in 2016 (-€2.8 million), EPRA NNNAV rose to €127.3 million compared with €126.5 million at 31 December 2015.

| Net asset value | 31.12.2016 | | 31.12.2015 | |
|---|-------------------|----------------|-------------|----------------|
| | total €m | per share € | total €m | per share € |
| EPRA NNNAV | 127.3 | 2.92 | 126.5 | 2.90 |
| Replacement NAV | 139.1 | 3.19 | 140.0 | 3.21 |
| <i>Number of shares (adjusted for treasury stock)</i> | 43,644,452 | | 43,612,702 | |

Dividend

MRM's Board of Directors has decided to propose the payment of a dividend⁴ of €0.11 per share for 2016, representing an increase of 10% compared with the amount paid out for each of the last three financial years. The ex-dividend date will be set on 7 June 2017 and the dividend will be paid on 9 June 2017. This pay-out will be subject to approval at the annual general meeting to be held on 1 June 2017.

Outlook

MRM's strategy of refocusing its activities on retail properties was stepped up in 2016. Following the three asset sales carried out in 2016, the office portfolio - which comprised nine office properties in June 2013 - now comprises only two properties, for which the selling process is under way. MRM is aiming to complete the process of withdrawing from the office property sector in 2017.

With its solid balance sheet, MRM has also launched a large investment plan with the aim of increasing the value of its retail properties. This represents a total projected investment of €32 million, of which €9 million was launched in 2016.

In 2016, the Group completed the redevelopment and reletting process of a 5,000 sqm area within Sud Canal in Saint-Quentin-en-Yvelines, giving the entire site a new commercial momentum. Work on the redevelopment and repositioning of the Les Halles shopping centre in Amiens was completed.

MRM is planning to complete two other development projects in 2017 (Carré Vélizy in Vélizy-Villacoublay and the first phase of the value-enhancement program at Le Passage de la Réunion in Mulhouse). MRM is also planning the commitment of three new programs for 2017-2018 (Ecole-Valentin shopping mall, Allonnes retail park and Galerie du Palais in Tours). In total, €8 million should be committed in 2017.

All of the retail value-enhancement programs identified should - barring any unforeseen events - be launched in 2017-2018.

With MRM well on its way to withdrawing from the office property sector, the Group will now be able to focus all of its resources on its retail property portfolio. This will be achieved primarily by carrying out the value-enhancement programs identified, as well as the possibility of opportunistic acquisitions or disposals to initiate a dynamic portfolio management.

⁷ Pay-out of dividend and premiums.

Calendar

Revenues for the first quarter of 2017 are due on 11 May 2017 before market opening. MRM's annual general meeting will take place on 1 June 2017.

About MRM

MRM is a listed real estate company with a portfolio worth €197.8 million (excluding transfer taxes) as at 31 December 2016, comprising retail properties (77%) and offices (23%). Since 29 May 2013, SCOR SE has been MRM's main shareholder, holding a 59.9% stake. MRM is listed in compartment C of NYSE 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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Appendix 1: Simplified IFRS income statement

| Simplified IFRS income statement (€m) | 2016 | 2015 | Change |
|---|------------|-------------|--------|
| Net rental income | 9.5 | 9.8 | -2.9% |
| Operating expenses | (3.2) | (3.1) | |
| Provisions net of reversals | (0.8) | (0.5) | |
| Other operating income and expense | 0.6 | 0.0 | |
| Operating income before disposals and change in fair value of properties | 6.1 | 6.1 | -0.9% |
| Net gains/(losses) on disposal of assets | (2.8) | (0.1) | |
| Change in fair value of properties | 4.3 | 4.1 | |
| Operating income | 7.5 | 10.1 | -25.6% |
| Net cost of debt | (1.9) | (2.3) | -16.2% |
| Other financial income and expense | (0.5) | (0.5) | |
| Net income before tax | 5.1 | 7.3 | -30.3% |
| Income tax | 0.0 | (0.0) | |
| Consolidated net income | 5.1 | 7.3 | -30.2% |

Appendix 2: Quarterly rental income

| Consolidated revenues (€m) | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q4 2015 | Q4 2016 vs. Q4 2015 | Q4 change like-for-like |
|----------------------------------|---------|---------|---------|-------------|---------|---------------------|-------------------------|
| Retail | 2.21 | 2.18 | 2.19 | 2.31 | 2.27 | +1.6% | +1.6% |
| Offices | 1.21 | 1.22 | 0.94 | 0.74 | 0.64 | -29.6% | +16.0% |
| Total gross rental income | 3.42 | 3.40 | 3.13 | 3.05 | 2.91 | -8.3% | +4.7% |

Appendix 3: Simplified balance sheet

| Simplified IFRS balance sheet (€m) | 31.12.2016 | 31.12.2015 |
|---------------------------------------|--------------|--------------|
| Investment properties | 152.8 | 216.3 |
| Assets held for sale | 45.0 | 9.7 |
| Current receivables/assets | 8.9 | 8.4 |
| Cash and cash equivalents | 25.0 | 13.4 |
| Total assets | 231.8 | 247.8 |
| Equity | 127.4 | 126.6 |
| Financial debt | 96.0 | 111.0 |
| Other debt and liabilities | 8.3 | 10.2 |
| Total equity and liabilities | 231.8 | 247.8 |