



# 2015 Combined Annual General Meeting



2 June 2015

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# Presentation

**Introduction - François de Varenne, Chairman**

**2014 Highlights - Jacques Blanchard, Chief Executive Officer**

**2014 Consolidated accounts - Marine Pattin, Chief Financial Officer**

**Review of assets - Jacques Blanchard**

**New asset management organisation - Jacques Blanchard**

**Conclusion - François de Varenne**







# Introduction



### **Execution of the strategy adopted after SCOR SE's investment in MRM (June 2013)**

- Healthy financial position and profitability restored
- Decision to refocus on retail properties, gradual withdrawal from the office sector
- Expected timeframe of **3** to **4** years for optimal implementation of the strategy

### **Retail properties**

- Necessary adjustment of value-enhancement plans in line with the economic situation and new sector trends

### **Office properties**

- Favourable context for the disposal of secure assets

**MRM's strategy on track**

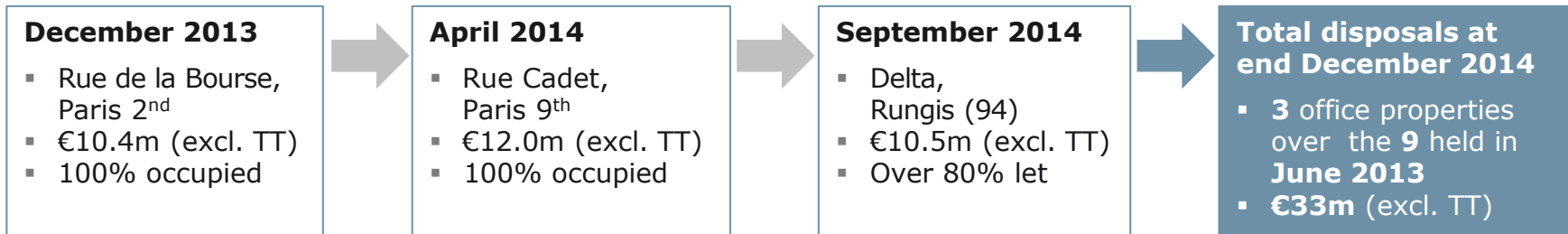
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# Highlights



# Execution of the refocusing strategy

▪ **Office properties sold from mid-2013 to the end of 2014**



+ A preliminary agreement to sell Plaza in Paris (12<sup>th</sup> district) for €16.8m was signed in December 2014 (sale completed in April 2015)

▪ **Portfolio breakdown by value**





### Satisfactory progress for office operations

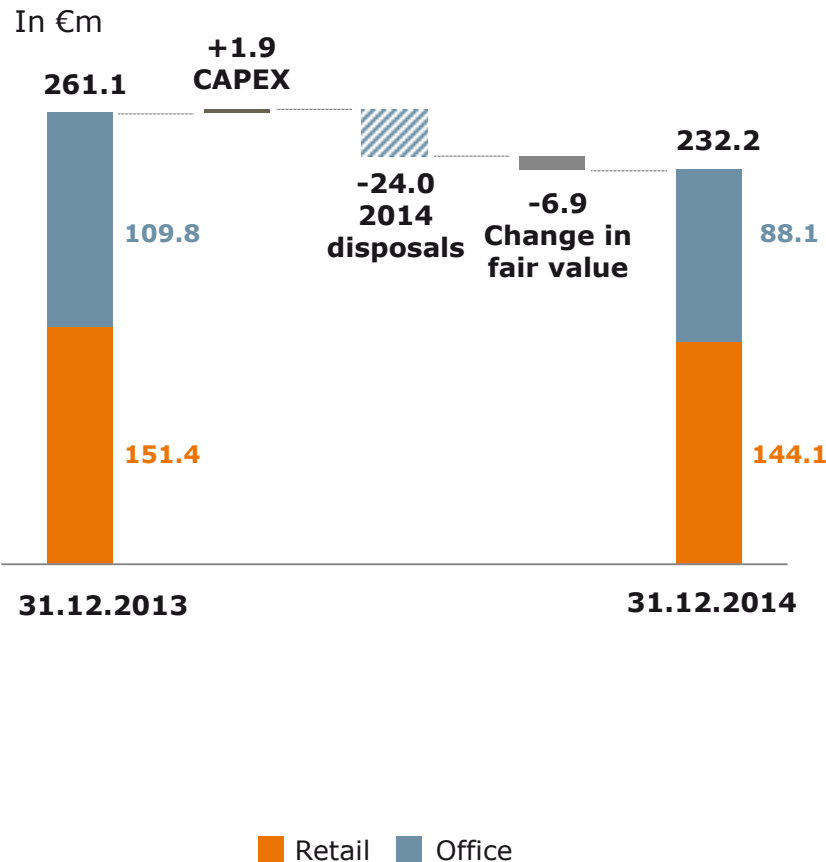
- Investors' appetite for secure properties in good locations
- **12** leases were signed, for a total annual rental income of **€2.1m**, mainly:
  - **Nova**, La Garenne-Colombes
  - **Delta**, Rungis (sold in Sept. 2014)
  - **Plaza**, Paris
- Increase in the portfolio occupancy rate:
  - **64%** of total area was let at 31.12.2014 vs **57%** a year earlier (excl. properties sold in 2014 and Urban in Montreuil, which is to be sold vacant)

### Difficult year for retail properties

- The economic environment depressed consumer spending and consumer habits are changing
- Tougher rental market
- Management of specific issues
  - Re-letting of available premises underway:
    - **Passage de la Réunion**, in Mulhouse,
    - **Sud Canal**, in Saint-Quentin-en-Yvelines
- Virtually flat occupancy rate:
  - **83%** at 31.12.2014 vs **84%** a year earlier
- Adapting value-enhancement plans and preparing to launch the operational phase
  - Estimated CAPEX budget: **€27m**



# Change in property portfolio value<sup>1</sup> in 2014

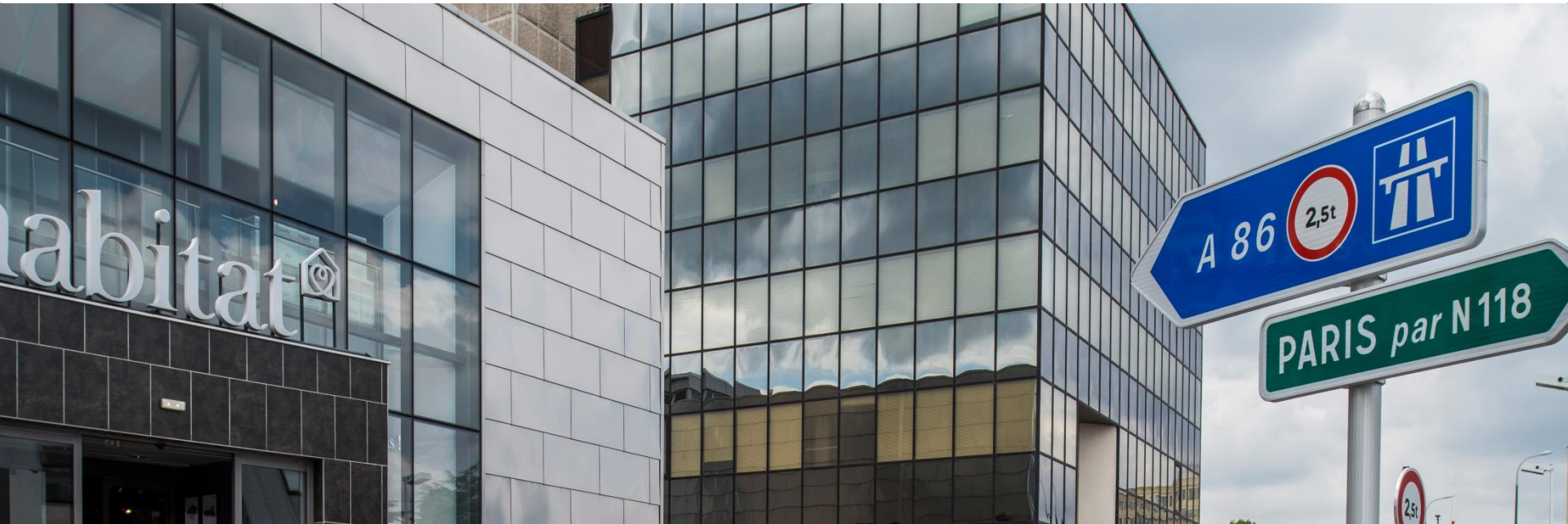


- **Impact of office property disposals**
- **Low CAPEX in 2014**
- **Change in fair value:**
  - Negative impact from the rental situation of the retail assets on their value
  - Like-for-like increase in portfolio value, mainly related to **Nova** and **Plaza**

<sup>1</sup> Based on appraisal values from Savills and Jones Lang Lasalle (excluding transfer taxes)



## 2014 Consolidated Accounts



<b>2014 % total</b>	<b>Consolidated Revenue</b>	<b>2014 in €m</b>	<b>2013 in €m</b>	<b>Actual change</b>	<b>Like-for-like change<sup>1</sup></b>
64%	Retail	9.3	10.4	-11.1%	-11.1%
36%	Office	5.2	5.5	-4.5%	22.7%
<b>100%</b>	<b>Total gross rental income</b>	<b>14.5</b>	<b>15.9</b>	<b>-8.9%</b>	<b>-1.3%</b>

- **Negative impact from the rental situation of retails assets**
- **Scope effect due to disposal of office properties**
- **Positive impact from increased office occupancy rate**

**Gross rental income down slightly like-for-like**

# Consolidated income statement

<b>Simplified IFRS income statement</b> in €m	<b>2014</b>	<b>2013</b>	<i>Change</i>
<b>Gross rental income</b>	<b>14.5</b>	<b>15.9</b>	-8.9%
Non-recovered property expenses	(3.4)	(4.5)	-25.3%
<b>Net rental income</b>	<b>11.1</b>	<b>11.4</b>	-2.3%
Operating expenses	(4.2)	(4.7)	
Provisions net of reversals	(0.4)	(0.5)	
<b>Current operating income</b>	<b>6.6</b>	<b>6.1</b>	+7.7%
Net gain/(loss) on disposal of assets	(2.2)	2.5	
Change in fair value of properties	(6.9)	(3.0)	
Other operating income and expenses	(0.6)	0.2	
<b>Operating income</b>	<b>(3.1)</b>	<b>5.8</b>	
Net cost of debt	(2.7)	(3.9)	-29.1%
Other financial income and expenses	(0.9)	36.3	
<b>Net income before tax</b>	<b>(6.8)</b>	<b>38.3</b>	
Income tax	(0.1)	0.0	
<b>Consolidated net income</b>	<b>(6.9)</b>	<b>38.3</b>	

**Increase of current operating income**  
**Impact of change in fair value on net income**



# Increase in net operating cash flow

In €m	2014	2013	Change
<b>Net rental income</b>	<b>11.1</b>	<b>11.4</b>	-2.3%
Operating expenses	(4.2)	(4.7)	-11.9%
Other operating income and expenses	(0.2)	0.3	
<b>EBITDA</b>	<b>6.8</b>	<b>6.9</b>	-2.1%
Net cost of debt	(2.7)	(3.9)	-29.1%
Other financial income and expenses	0.0	0.0	
<b>Net operating cash flow</b>	<b>4.0</b>	<b>3.0</b>	+32.4%

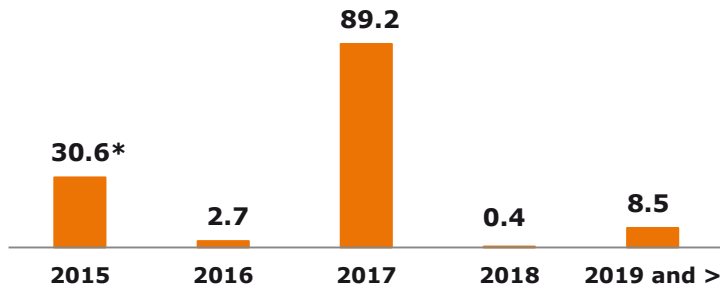
- **Decrease in operating expenses**
- **Decrease in financial expenses due to debt reduction**

**Full-year effect of May 2013 restructuring  
on cash generation**

# Consolidated balance sheet

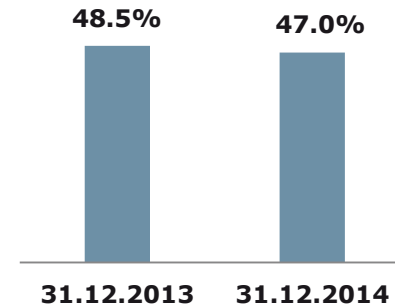
<b>Simplified IFRS balance sheet</b> in €m	<b>31.12. 2014</b>	<b>31.12. 2013</b>		<b>31.12. 2014</b>	<b>31.12. 2013</b>
Investment properties	212.4	233.3	Equity	123.7	135.0
Assets held for sale	19.8	27.8	Bank debt	131.5	146.7
Current receivables / assets	10.4	10.9	Other debt and liabilities	9.8	10.2
Cash and cash equivalents	22.4	19.9			
<b>Total assets</b>	<b>265.0</b>	<b>291.9</b>	<b>Total equity and liabilities</b>	<b>265.0</b>	<b>291.9</b>

**Bank debt maturity schedule**  
in €m



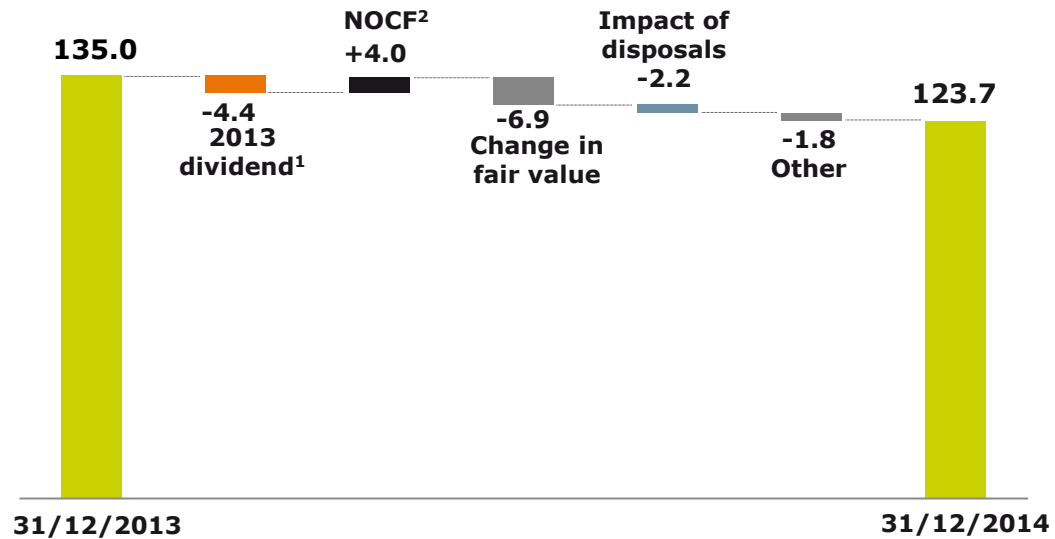
\* of which 87% is due at 31 December 2015

**Net LTV ratio**



**Solid balance sheet**  
**Further reduction in LTV**

**Change in the liquidation NAV**  
in €m



**Decrease in NAV mainly attributable to the change in fair value and the payment of the 2013 dividend<sup>1</sup>**

<sup>1</sup> Distribution of reserves and premiums

<sup>2</sup> Net operating cashflow

- **Q1 2015 revenue: up 5.9% like-for-like**

<b>Q1 2015 % total</b>	<b>Consolidated revenue</b>	<b>Q1 2015 in €m</b>	<b>Actual change</b>	<b>Like-for-like change<sup>1</sup></b>
65%	Retail	2.33	-0.3%	-0.3%
35%	Office	1.23	-17.8%	+19.9%
<b>100%</b>	<b>Total gross rental income</b>	<b>3.56</b>	<b>-7.1%</b>	<b>+5.9%</b>

- **Continuing office property disposals**

### April 2015

- Completion of sale of **Plaza** (Paris 12<sup>th</sup>)
- **€16.8m** (excl. TT)



### Total disposals at 2 June 2015

- **4** office assets over the **9** held in **June 2013**
- **€49.6m** (excl. TT)





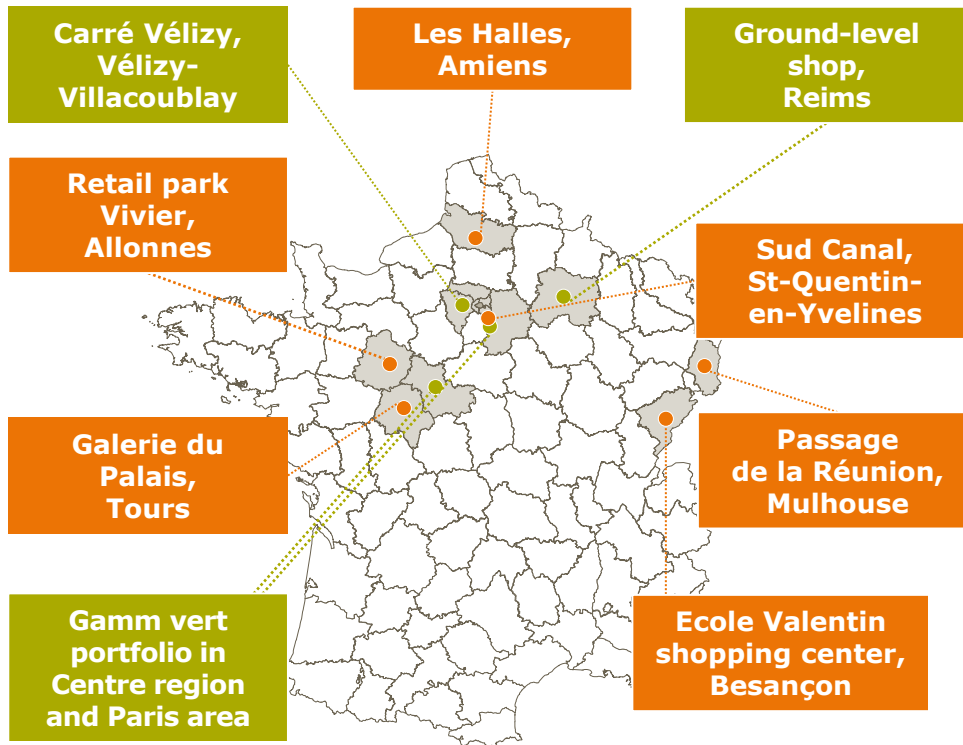
## The new organisation for managing assets set up during **H1 2015**



- **Adaptation of the scope of CBRE Global Investors' work**
  - Continuing management of the **3 stand alone retail units**
  - Continuing management of the **office assets**
- **Partial insourcing of asset management**
  - Recruitment of a Head of Asset Management who will start work in September
  - Direct management of the **6 shopping centres**
  - Closer monitoring of each asset and strengthened management control
- **More tasks entrusted to retail property managers, under new contracts**

**Strengthened control over operations and costs aiming at enhancing retail portfolio value in an optimal manner**

# The diversity of retail asset management



- **A portfolio of 9 retail property lines in the Paris area and in regions**
- **Composed of:**
  - 6** shopping centres
  - 3** stand alone units
- **Total area of 84,781 sqm**
- **147 tenants**
- **Main tenants**
  - Gamm vert, Office Depot, Habitat, Go Sport, Carrefour Market, Dia, Simply Market, Géméo, La Grande Récré

**Positioning studies, letting and re-letting processes, rental and real estate management, marketing and shopping centre management, design of works and execution, management of parking facilities.**

# Les Halles, Amiens (80)



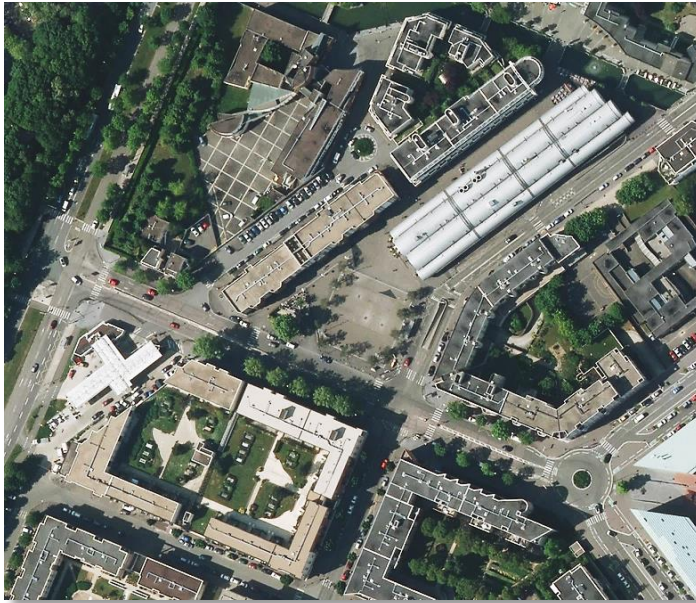
Projected view by ERTIM Architects

- **Located in the heart of the city**
- **Catchment area of 400,000 people**
- **7,600 sqm on 2 levels**
- **24 stores and 2 mid-sized units**
  - Main retailers: Carrefour Market (2,900 sqm), La Grande Récré, MIM, La Générale d'Optique and LCL
- **550 parking lots**
- **Potential commercial synergies with adjoining La Halle au Frais** (25 upscale food merchants)
- **Redevelopment plan**
  - Planning application under review
  - Completion expected in **early 2016**

**Strengthening the positioning of the shopping centre:  
food stores, restaurants and services**



# Sud Canal, Saint-Quentin-en-Yvelines (78)



- **In the heart of the Saint-Quentin-en-Yvelines commercial area**
- **An attractive catchment area**
  - **63,000** people < 10 min. away
  - Over **475,000** people < 20 min. away
  - **8,900** businesses and **110,000** jobs
  - **16,000** students
- **An "open air" shopping centre**
  - Some **30** units covering **11,600 sqm**
  - Food stores, restaurants, services and cultural products
  - **470** parking lots
- **Project to redevelop the Loggias unit**
  - Covering **5,000 sqm**
  - Pre-letting underway
  - Multiple division options

**Letting available premises with a retailer mix that will increase the shopping centre's appeal**

# The Carrefour Ecole-Valentin shopping center, Besançon Agglomeration (25)



Source: Agence Economique du Doubs [www.doubs.org](http://www.doubs.org)

- **A 4,000 sqm mall**
  - Adjoining Carrefour hypermarket
  - **32** stores
- **98% occupancy rate**
  - Main retailers: Caf t ria Casino, Cama ieu, Douglas, Jules, Lynx Optique, Marionnaud, Maty
- **At the A36/RN57 motorway intersection north of Besan on, in a dynamic commercial area**
- **Catchment area: 236,000 people**
- **Building rights owned**
- **Project to renovate the mall and create a 3,000 sqm extension**

**Leveraging the possibility of extension to take full advantage of the site's potential**

# Two other city-centre shopping centres and a retail park

**Galerie du Palais,  
Tours (37)**



- **6,800 sqm** in the heart of the city
- **20 stores**
  - Incl. Simply Market, La Grande Récré, NewLita (restaurant) and services



**Redevelopment project to increase the food anchor tenant space**

**Passage de la Réunion,  
Mulhouse (68)**



- **6,000 sqm** in the city centre
- **Some 20 stores on 3 levels:**
  - Incl. Littera, Le Café Mozart, Uncle Hansi and Subway
  - **700 sqm** of office space
  - **190** parking lots



**Pursue repositioning to take advantage of the city centre's revitalisation**

**Parc du Vivier,  
Allonnes (72)**



- **Retail park**
- **10,100 sqm**
- **9 units**
  - Notably operated under Gemo, La Halle, La Halle aux chaussures, Noz and Tati brands



**Letting management**



# Carré Vélizy, Vélizy-Villacoublay (78)



Architect's rendering

- A mix retail/office facility at the heart of a major retail and business area
- Very close to the Vélizy2 shopping centre and the T6 tram line, opened in December 2014
- **11,300 sqm** with **82%** occupancy
- Retail tenants: Habitat and Office Dépôt
- Project to create a mid-sized unit and a restaurant, adding over **1,400 sqm** of retail space and including **560 sqm** of new space
  - Pre-letting underway
  - Application for planning permission currently being prepared for filing over the coming months
  - Completion is scheduled for **2016**

**Enhancing the retail component of the facility  
to take advantage of the site's potential**

## Two other independent retail lines

### Ground-level shops in Reims (51)



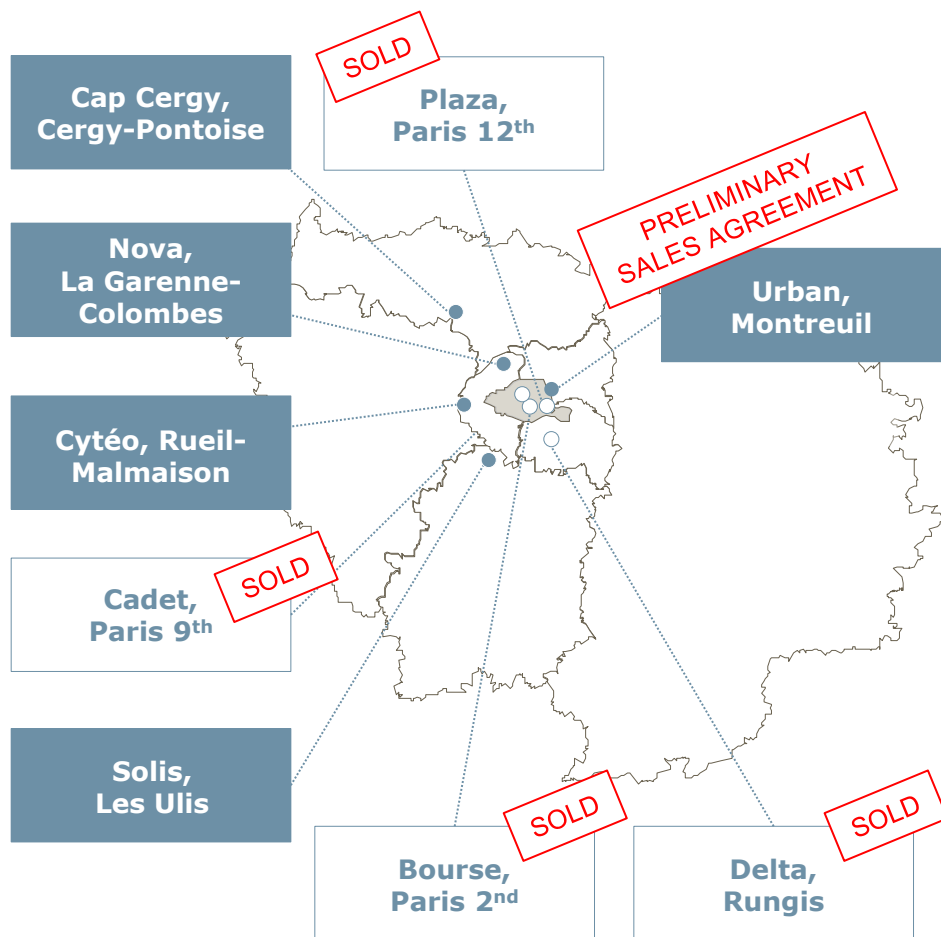
- In the heart of the city
- A mid-sized store of **2,500 sqm** occupied by Go Sport

### Gamm vert portfolio



- **13** garden centres and **1** warehouse
- **1** sole lessee
- In the Paris area and the Centre region

# The disposal of office properties is well underway



- **The office portfolio still comprises 5 office properties**
  - Including **Urban**, under preliminary agreement to sell as it is (vacant)
- **A total area of 46,808 sqm**
- **27 tenants**
- **63% area occupancy rate<sup>1</sup>**

**Active continuation of the letting process  
for optimal selling conditions**

<sup>1</sup> Buildings in operation as at today



# Nova, La Garenne-Colombes (92)



- **10,000 sqm, within 5 minutes from the La Défense district by the T2 tram line, in the heart of a dynamic tertiary center in La Garenne-Colombes**
- **Complete redevelopment, completed in 2012**
- **17 levels, 250 parking spaces and a multi-company cafeteria**
- **Occupancy rate at 01.06.2015: 65% (vs 0% at 01.01.2013)**

**Completing the letting process**

# Three other office buildings in service

**Solis,  
Les Ulis (91)**



- A campus facility with a total area of **11,500 sqm** on a landscaped site at the Courtabœuf ZAC services park
- Occupied by a sole tenant

**Cytéo,  
Rueil-Malmaison (92)**



- A **4,000 sqm** building
- Close to downtown
- Multi-tenants use (**20 units**)

**Cap Cergy,  
Cergy-Pontoise (95)**



- A **12,800 sqm** building
- Close to Cergy Préfecture train station
- Partly let

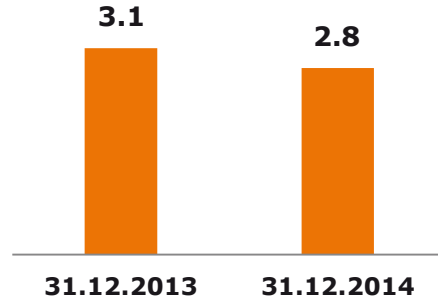


# Conclusion

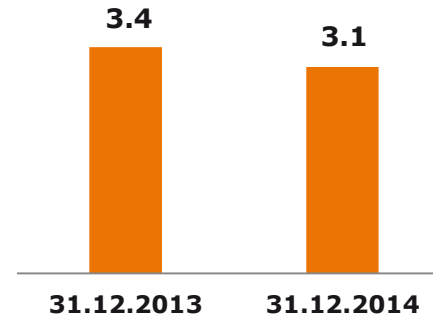


# Net asset value vs share price

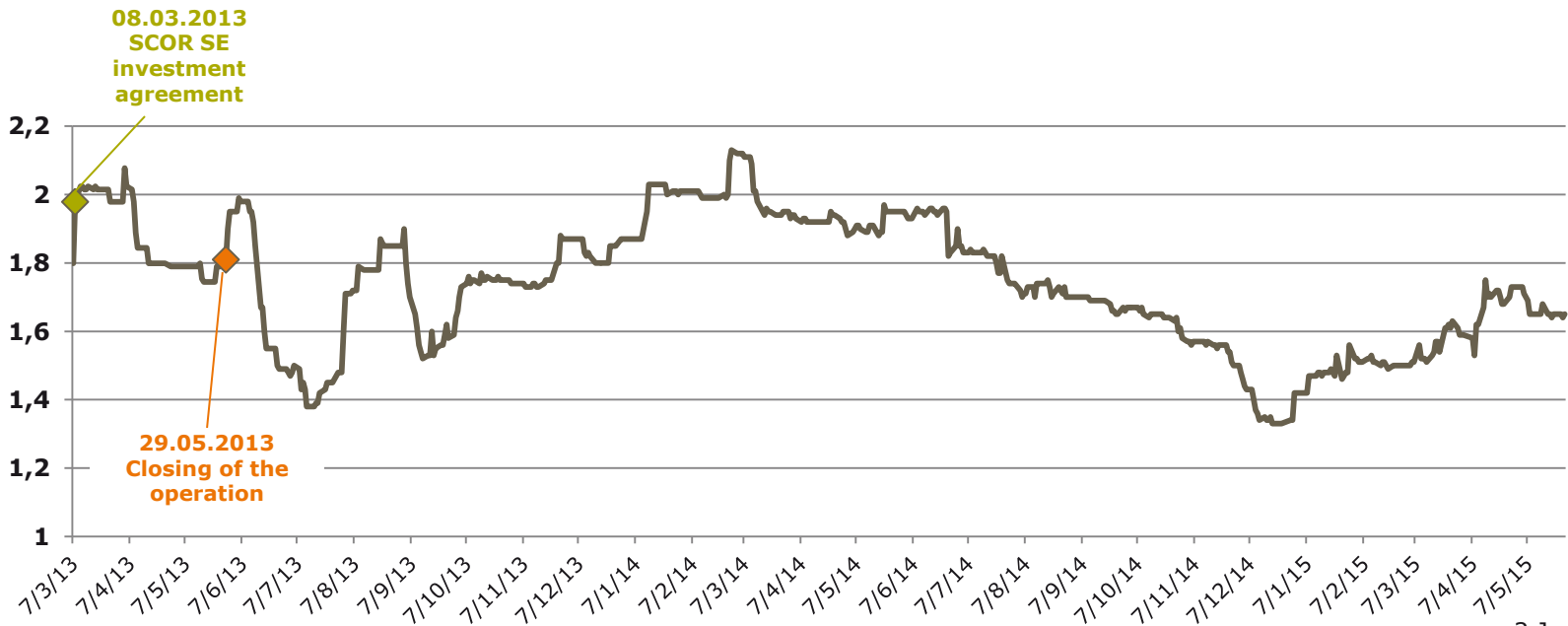
**Liquidation NAV in €/share**



**Replacement NAV in €/share**



**MRM share price performance since 07.03.2013 (as of 28.05.2015)**



### Proposed dividend for 2014

- Amount proposed: **€0.10/share**, i.e. more than **90%** of the NOCF<sup>1</sup>
- Distribution of an amount equal to last year's
- Subject to shareholders' vote at this AGM
- A **6.2%** dividend yield (calculated on the basis of the share price at 01.06.2015)



### Launching the operational phase of CAPEX programmes for retail properties

- Sufficient leeway to finance these plans
- Preparatory phases completed in **2014**
- Estimated CAPEX budget: **€27m**

### Pursuing the office disposal plan

- **1** disposal completed since the beginning of the year
- **1** asset under preliminary sale agreement
- Letting of available space
- Staggered launch of disposals so that exit from office sector is achieved by the **end of 2016**

**MRM's strategy on track**





# Appendix



# The property portfolio at 31.12.2014

	Retail	Office	Total
Area	<b>84,781 sqm</b>	<b>49,679 sqm</b>	<b>134,460 sqm</b>
Value <sup>1</sup>	<b>€144.1m</b>	<b>€88.1m</b>	<b>€232.2m</b>
Occupancy rate <sup>2</sup>	<b>83%</b>	<b>54%</b>	<b>72%</b>
Annualised net rent <sup>3</sup>	<b>€8.3m</b>	<b>€4.0m</b>	<b>€12.3m</b>
Net yield	<b>5.7%</b>	<b>4.5%</b>	<b>5.3%</b>

<sup>1</sup> Excluding transfer taxes <sup>2</sup> including properties in operation as at 01.01.2015(occupancy rate: 64%) and Urban (vacant)

<sup>3</sup> Properties operated at 01.01.2015, excluding taxes, rent-free periods and incentive measures for tenants