



## Press release

### 2019 full-year results

- **Portfolio refocused on retail properties**
- **Portfolio value: €168.1m, up 5.5% like-for-like**
- **Net rental income up 10.2%**
- **Net operating cash flow up sharply to €3.0m**
- **Proposed payout of €0.11 per share**

**Paris, 28 February 2020:** MRM (Euronext code ISIN FR0000060196), a real estate investment company specialising in retail property, today announced its results for the financial year ended 31 December 2019. This publication follows the review and approval of the financial statements<sup>1</sup> by MRM's Board of Directors at its meeting on 27 February 2020.

#### **Asset management and rental activity during the period**

##### **Sale of the Urban building**

On 30 January 2019, MRM announced the sale of Urban, a vacant 8,000 sqm office building forming part of the La Croix de Chavaux property complex located in Montreuil, for €6.3 million (excluding transfer taxes). This sale marks the completion of the process of refocusing MRM's portfolio on retail property initiated in June 2013.

Nova, MRM's last occupied office building, was sold in May 2018.

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<sup>1</sup> 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.

## Dynamic management of retail assets

Letting activity was particularly robust in 2019: 41 contracts (new leases or renewals) were signed, representing a total of annual rents of €2.1 million.

They included:

- 10 leases (1,300 sqm) concerning the Valentin shopping centre, which is currently being redeveloped and extended;
- 9 leases (2,100 sqm) signed for office space at the Carré Vélizy mixed-use property. The office space (6,100 sqm) is currently 75% let compared with 51% a year ago, while the retail space (5,500 sqm) is fully occupied;
- 9 leases concerning the GammVert garden centres with a firm period of six or nine years depending on sites;
- 1 lease (1,200 sqm) signed for Aria Parc in Allonnes;
- 1 lease (450 sqm) signed for Les Halles du Beffroi in Amiens.

Leases that came into effect during the year more than made up for the lease termination on a 1,000 sqm unit affected by redevelopment works at the Valentin shopping centre.

This strong letting activity is reflected by an increase in the physical occupancy rate to 88% as at 31 December 2019 compared with 84% as at 31 December 2018. The financial occupancy rate rose from 83% as at 31 December 2018 to 87% as at 31 December 2019. This improved occupancy rate coupled with the related reduction in non-recovered property expenses resulted in annualised net rents of €8.5 million as at 1 January 2020, a year-on-year increase of 4%.

Out of the leases signed, 11 have not yet taken effect. These represent additional annualised net rents of €0.5 million.

## Portfolio value up 5.5% like-for-like

€m	31.12.2019	31.12.2018	Change (reported)	Change like-for-like <sup>2</sup>
Retail	168.1	159.3	+5.5%	+5.5%
Offices	-	5.4	-100.0%	-
<b>Portfolio value (excl. TT)</b>	<b>168.1</b>	<b>164.7</b>	<b>+2.0%</b>	<b>+5.5%</b>

As at 31 December 2019, the portfolio comprised only retail assets, the scope of which did not change during the year. Its value was €168.1 million as at 31 December 2019, up 5.5% compared with 31 December 2018. This growth resulted in part from investments made during the year and in part from a moderately favourable capitalisation rate effect on some assets due to improvement in their rental situation and/or progress in investments made during the period.

<sup>2</sup> Adjusted for the asset sale carried out in 2019.

Investments made in 2019 amounted to €8.0 million, relating to:

- Continued redevelopment/extension works 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 shopping experience has been upgraded and customer services improved to create a true city-centre living place that meets the needs of the town's residents.

On a reported basis, i.e. including Urban, MRM's last remaining office building which was sold in January 2019, the portfolio value increased by 2.0% compared with 31 December 2018.

### Net rental income up 10.2%

€m	2019	2018	Change (reported)	Change like-for-like <sup>3</sup>
<b>Retail</b>	<b>9.1</b>	<b>8.7</b>	<b>+4.3%</b>	<b>+4.3%</b>
Offices	-	0.8	-100.0%	-
<b>Gross rental income</b>	<b>9.1</b>	<b>9.5</b>	<b>-4.3%</b>	<b>+4.3%</b>
Non-recovered property expenses, of which:	(1.8)	(2.9)	-38.0%	
• Retail	(1.8)	(2.1)	-16.8%	
• Offices	(0.0)	(0.8)	-97.8%	
<b>Net rental income</b>	<b>7.3</b>	<b>6.7</b>	<b>+10.2%</b>	

2019 revenues correspond entirely to **gross rental income** from retail assets, which increased by 4.3% to €9.1 million. This growth was driven mainly by the entry into force of new leases, including the full year impact of the lease started in 2018 for the medium-sized unit in the retail district of Reims and a number of leases coming into effect at Sud Canal in 2019. Rent indexation also had a positive albeit moderate impact.

Reported gross rental income fell by 4.3% compared with 2018, which included €0.8 million of rent from the Nova office building until 15 May 2018, when it was sold.

Non-recovered property expenses decreased further in 2019, benefiting from:

- The favourable impact of the sale of Urban, which was vacant, and Nova, which was 80% occupied;
- Retail lettings and work on reducing property expenses on some retail assets.

All in all, the decrease in non-recovered property expenses more than offset the decline in reported gross rental income. Consequently, **net rental income** rose by 10.2% to €7.3 million versus €6.7 million the previous year.

<sup>3</sup> The change in revenues is 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.

## Net operating cash flow<sup>4</sup> up 23.3%

€m	2019	2018	Change
<b>Net rental income</b>	<b>7.3</b>	6.7	+10.2%
Operating expenses	(2.5)	(2.5)	-0.1%
Other operating income and expenses	(0.7)	(0.3)	
<b>EBITDA</b>	<b>4.2</b>	3.9	+7.6%
Net cost of debt	(1.2)	(1.5)	-17.4%
<b>Net operating cash flow</b>	<b>3.0</b>	2.4	+23.3%

EBITDA increased to €4.2 million compared with €3.9 million in 2018, despite the increase in other operating expenses relating to various non-recurring items.

Net cost of debt decreased to €1.2 million compared with €1.5 million in 2018 as a result of notably the repayment of a loan following the sale of the Nova building in May 2018.

Consequently, net operating cash flow rose by 23.3% to €3.0 million compared with €2.4 million in 2018.

## Positive operating income and net income

Operating expenses remained more or less stable in 2019. Recognition of lease default penalties, which contributed to a €0.8 million positive net balance of other operating income and expenses, was offset in full by the write-down of the corresponding receivable.

All in all, **operating income before asset sales and change in fair value** increased by 5.7% to €3.9 million.

After deducting capital expenditures during the period, the rise in appraisal values resulted in a positive change in the portfolio fair value of €0.8 million compared with a negative change in 2018.

Net financial expense amounted to €1.4 million compared with €1.9 million in 2018.

Consequently, **consolidated net income** for 2019 came to a €3.2 million profit compared with a loss of €10.4 million the previous year.

The simplified income statement is attached in appendix.

## Solid financial position

Gross debt stood at €77.1 million at 31 December 2019 compared with €74.1 million a year earlier. This increase reflects drawdowns of €5.4 million on the investment credit facility, partly offset by partial loan repayments made during the period. No significant loan repayments fall due before the end of 2021.

<sup>4</sup> Net operating cash flow = consolidated net income before tax adjusted for non-cash items.

At 31 December 2019, 79.5% of debt was fixed rate, with an average cost of debt down 10 bps (158 bps in 2019 compared with 168 bps in 2018).

Cash and cash equivalents at end-December 2019 amounted to €12.3 million compared with €13.5 million at 31 December 2018. Net debt increased from €60.6 million to €64.8 million in 2019. The net LTV ratio was 38.6% at end-December 2019 compared with 36.8% a year earlier.

Taking into account the premiums paid out in 2019 in respect of the 2018 financial year (€4.8 million), net operating cash flow generated during the year (€3.0 million) and the positive change in fair value of the portfolio (€0.8 million), EPRA NNAV came to €100.3 million compared with €102.1 million at end-December 2018.

Net Asset Value	31.12.2019		31.12.2018 <sup>5</sup>	
	Total €m	Per share €	Total €m	Per share €
<b>EPRA NNAV</b>	<b>100.3</b>	<b>2.30</b>	102.1	2.34
<b>Replacement NAV</b>	<b>111.4</b>	<b>2.55</b>	112.8	2.59

*Number of shares (adjusted for treasury stock)*

*43,631,618*

*43,597,305*

## Proposed payout

MRM's Board of Directors has decided to propose the payment of premiums of €0.11 per share in respect of the 2019 financial year, identical to the amount paid out in respect of the previous year. This will be subject to approval at the general shareholders' meeting of 26 May 2020. The intended coupon date will be 2 June 2020 and payment will be made on 4 June 2020.

## Outlook

The €35.5 million investment plan initiated in 2016 and devoted to seven of MRM's nine retail property lines is close to being completed. Five projects 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). All in all, out of the 6,900 sqm of additional space in the investment plan, 4,300 sqm have already been built or acquired, bringing MRM's total retail portfolio<sup>6</sup> to 85,000 sqm at end-December 2019.

At 31 December 2019, investments still to be paid out totalled €6.8 million, corresponding to the Valentin shopping centre extension project and, to a lesser extent, a budget related to the letting of ground floor units at Passage de la Réunion in Mulhouse.

As regards the 1,000 sqm redevelopment and 2,600 sqm extension of the Valentin shopping centre, MRM's biggest investment project, the shell units hand over is scheduled in the second quarter of 2020 and public opening in the third quarter of 2020.

<sup>5</sup> For the calculation of the NAV, the restatement of the fair value of fixed-rate debt at 31 Decembre 2018 has been adjusted.

<sup>6</sup> To which will also be added 1,000 sqm temporarily closed at the Valentin shopping centre pending completion of the Redevelopment stage of this project.

Going forward, MRM will pursue its letting, re-letting and tenant rotation activities and confirms its target of total annualised net rents in excess of €10 million, assuming a physical occupancy rate of 95%. This target is based on the current portfolio excluding acquisitions and disposals.

## Calendar

First quarter 2020 revenues will be published on 7 May 2020 before market opening. The general shareholders' meeting to approve the financial statements for 2019 will be held on 26 May 2020.

## 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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### Appendix 1: Income statement

<b>Simplified IFRS income statement €m</b>	<b>2019</b>	2018
<b>Net rental income</b>	<b>7.3</b>	6.7
Operating expenses	(2.5)	(2.5)
Provisions net of reversals	(1.8)	(0.2)
Other operating income and expenses	0.8	(0.3)
<b>Operating income before disposals and change in fair value</b>	<b>3.9</b>	3.7
Net gains/(losses) on disposal of assets	(0.0)	(0.1)
Change in fair value of properties	0.8	(12.1)
<b>Operating income</b>	<b>4.6</b>	(8.5)
Net cost of debt	(1.2)	(1.5)
Other financial income and expense	(0.2)	(0.4)
<b>Net income before tax</b>	<b>3.2</b>	(10.4)
Tax	-	-
<b>Consolidated net income</b>	<b>3.2</b>	(10.4)

### Appendix 2: Quarterly rental income

<b>€m</b>	<b>Q4 2019</b>	Q4 2018	<i>Change</i>	<i>Change like-for-like<sup>4</sup></i>
<b>Retail</b>	<b>2.30</b>	2.29	+0.7%	+0.7%
<b>Offices</b>	-	-	-	-
<b>Total gross rental income</b>	<b>2.30</b>	2.29	+0.7%	+0.7%

### Appendix 3: Balance sheet

<b>Simplified IFRS balance sheet €m</b>	<b>31.12.2019</b>	31.12.2018
Investment properties	167.9	159.1
Assets held for sale	0.2	5.7
Current receivables/assets	7.6	6.3
Cash and cash equivalents	12.3	13.5
<b>Total assets</b>	<b>188.0</b>	184.6
Equity	101.1	102.7
Bank debt	77.1	74.1
Other debt and liabilities	9.8	7.8
<b>Total equity and liabilities</b>	<b>188.0</b>	184.6